



# CITY COUNCIL AGENDA REPORT

**MEETING DATE:** March 1, 2021

**TO:** City Council Members

**FROM:** Mary Rose Rutikanga, City Administrator  
Chris Gorsky, Administrative Services Director

**SUBJECT:** FY2020/21 Mid-Year Budget Update

## RECOMMENDATION

1. Accept the Fiscal Year (FY) 2020/21 Mid-Year Budget Update with recommended changes to account for the effects of the COVID-19 pandemic on the City's revenues and expenditures.
2. Approve related budget adjustments and accompanied budget transfer; requires a 4/5s vote.

## DISCUSSION

City Council adopted the FY2020/21 Budget in August 2020 with the assumption the outbreak of COVID-19 would be subsiding and additional progress to normality would have been made. As a result, staff have revised the City's revenues and expenditure estimates for the remainder of the Fiscal Year ending June 30, 2021. The proposed budget changes reflect the revised estimates to revenues and expenditures necessitating an additional need for funding from reserves to fund the remainder of the fiscal year.

## FISCAL IMPACT

**Table 1. Recommended Budget Adjustments based on revised estimates.**

	<b>FUND</b>	<b>- DEPARTMENT</b>	<b>- ACCOUNT</b>	<b>DESCRIPTION</b>	<b>BUDGET CHANGE</b>
<b>Revenues:</b>					
	001	- 4000	- 40210	- Sales and Use Tax	\$ 75,000
	001	- 4000	- 40220	- Transient Occupancy Tax	\$ 30,000
	001	- 4000	- 41040	- Cannabis Public Benefit Fee	\$ 15,000
	001	- 4000	- 41210	- Business License	\$ (8,000)
	001	- 4900	- 47010	- Interest	\$ (14,000)
	001	- 5000/6000	- 41540	- Charges for Services	\$ (10,000)
	001	- 8000	- 47510	- Opera Hall	\$ (8,500)
	<b>TOTAL NET CHANGE TO REVENUES</b>				<b>\$ 79,500</b>
<b>Expenditures:</b>					
	001	- 1100	- 54010	- Legal Fees	\$ 125,000
	001	- 2200	- 53050	- Engineering	\$ 20,000
	001	- 4900	- 53010	- Visitors Bureau	\$ 7,500
	001	- 7100	- 55010	- Facility Maintenance	\$ 2,000
	001	- 7100	- 52060	- Internet	\$ 600
	<b>TOTAL NET CHANGE TO EXPENDITURES</b>				<b>\$ 155,100</b>
	<b>NET CHANGE TO FY20/21 BUDGET</b>				<b>\$ 75,600</b>
	<b>USE OF RESERVES FY20/21 BUDGET</b>				<b>\$ 344,111</b>
	<b>USE OF RESERVES FY20/21 MID-YEAR UPDATE</b>				<b>\$ 419,711</b>

## **CONCLUSION**

Preparing a budget for a city has its share of unknowns. Budgeting in the middle of an economic shutdown during a global pandemic elevates the task to a new level of uncertainty. At the Federal level, we saw some hope of relief from the CARES Act turn into false hope when the total funding the City received was \$58,242. An amount that did not cover the COVID-19 related costs of PPE and supplies for staff. There is a new federal bill making its way through congress which includes a \$1.9 trillion Economic Relief Plan that contains \$350 billion in aid to state and local governments. This relief effort is designed to assist with the budget gaps created by the crisis and its economic shutdowns. This would potentially cover multiple fiscal years and allow the City to backfill its revenue gaps created by COVID-19 and restore City reserves to pre-pandemic levels. As we begin to strategize for the Fiscal Year 21/22 budget cycle the hope is economic activities return to normal and the City can get back to planning for needed projects and improvements.

**Attachments:** Mid-Year Budget Update Report  
Department Detail Report  
Budget Transfer