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**CITY COUNCIL MEMO**

*TOPIC: CASCADES CLOSING – REVENUE LOSS*  
*DATE: NOV 15, 2023*  
*CITY COUNCIL DISCUSSION*

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With Cascades pulling out, coupled with the reserve fund balance challenges in our current and forecasted budget we will need to make some decisions about how we balance our budget.

Staff has prepared an analysis of revenue impact. The estimated annual revenue loss is nearly \$1.4 million. Of that, the impact to the General Fund is approximately \$364k.

	General Fund	Community Development	Water / Storm	Sewer
Property Taxes	218,718			
Franchise Fees	145,570			
Utilities User Charges			81,374	576,554
Lease	-	300,000	-	-
	364,287	300,000	81,374	576,554

Approximately \$552,000 will impact the current fiscal year budget. The property tax shortfall will hit in Nov 2024. Even with other prospective industries coming in, we will not regain the lost property tax revenues until at least FY2025.

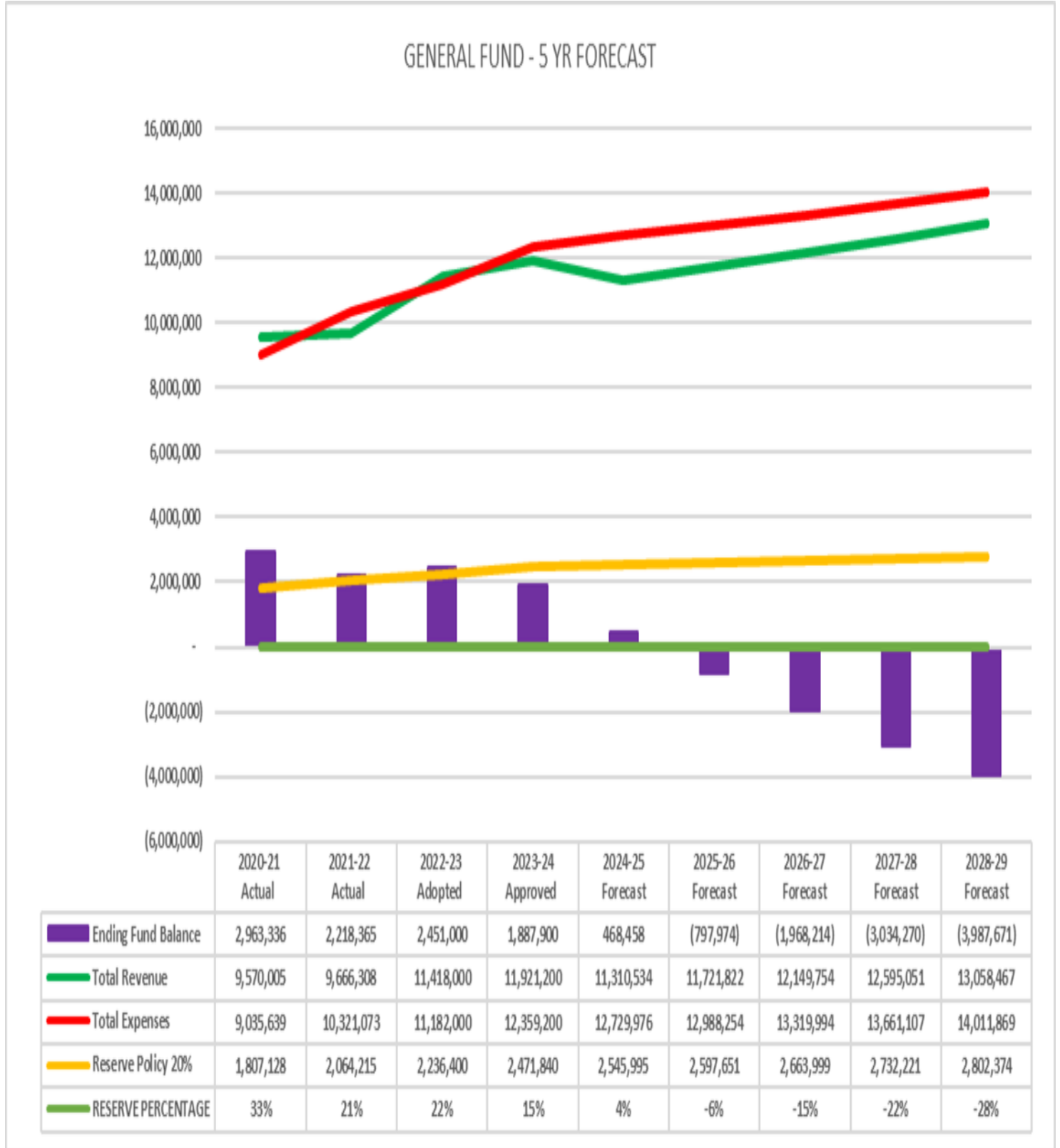
This compounds the problem that was discussed during the budget committee meetings where we have a declining fund balance reserve in the General Fund. As a reminder, City policy is to maintain a 20% fund balance reserve. For FY2024 the budgeted reserve is 15%, with a forecasted 4% in FY2025.

In the Urban Renewal Agency, the loss is impacting project funding.

It's important to note that the budget for the last 3 years has been inflated with ARPA funds and other Federal subsidies.

The chart below is from the budget document as a reminder of the forecasted fund balance reserves.

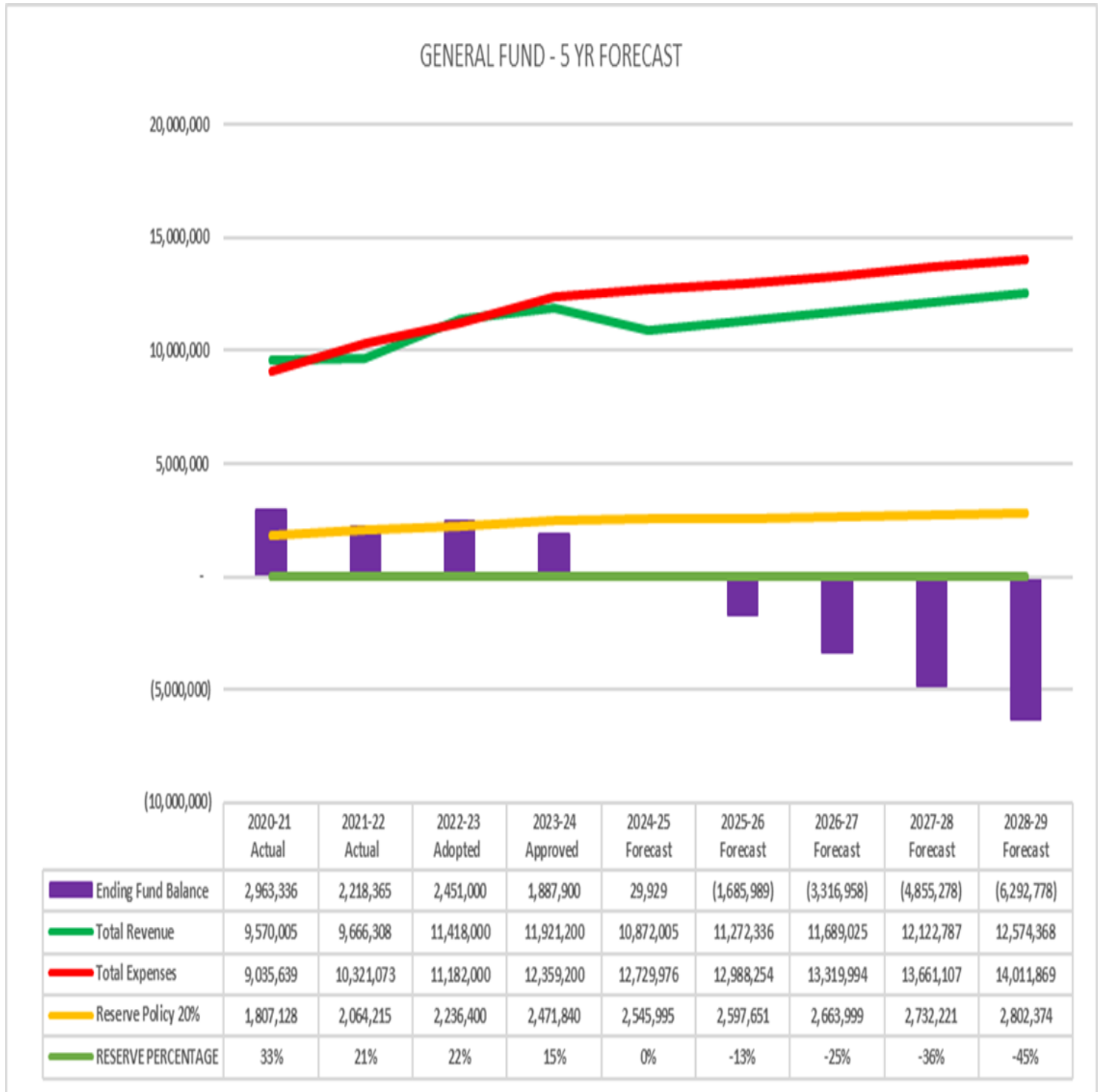
FY2024 Adopted Budget (Current Budget)



**Fund Balance Reserves Impact from Cascades**

The following chart shows the impacts to the FB reserves if no adjustments are made.

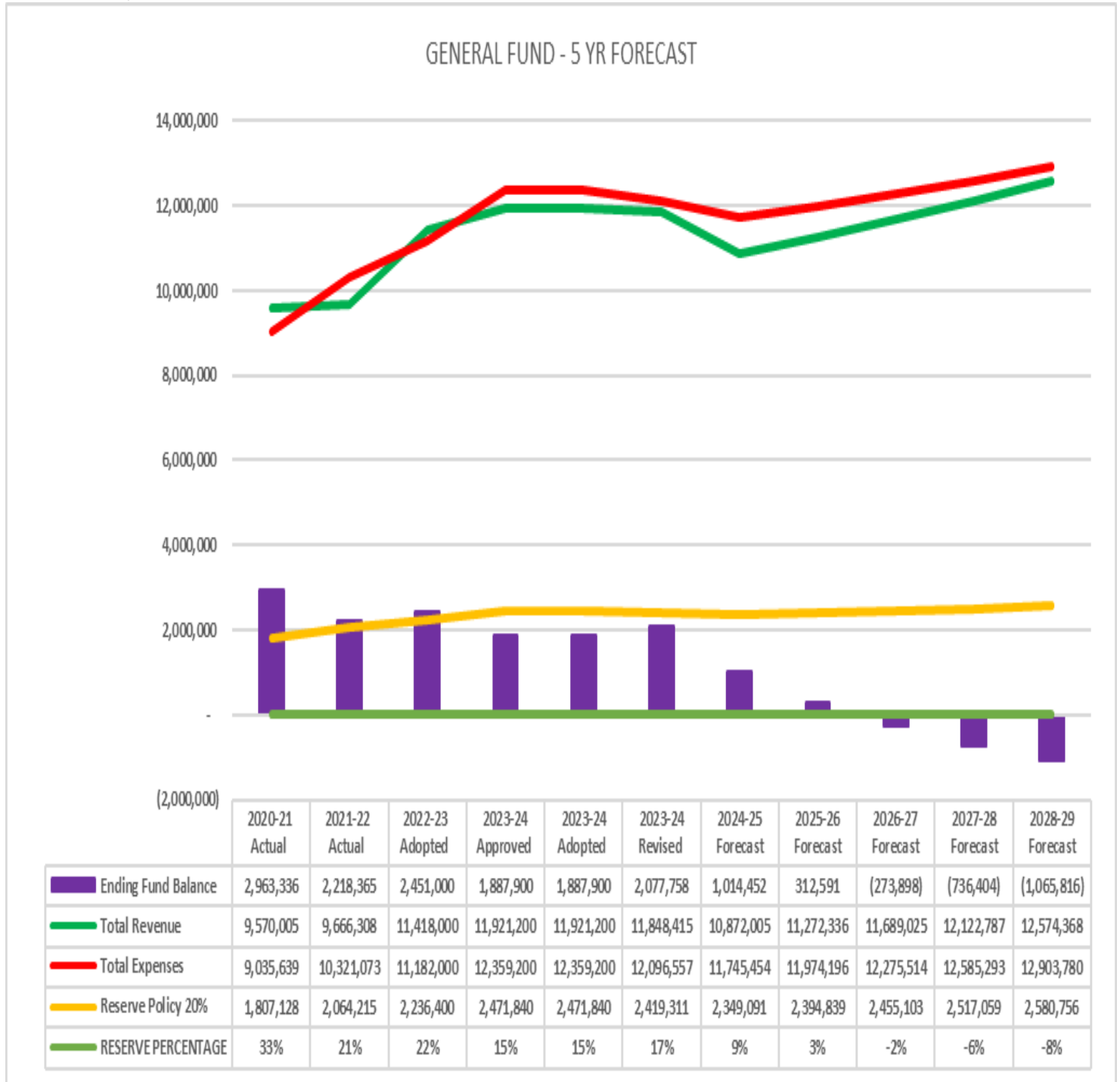
Revenue Loss from Cascades



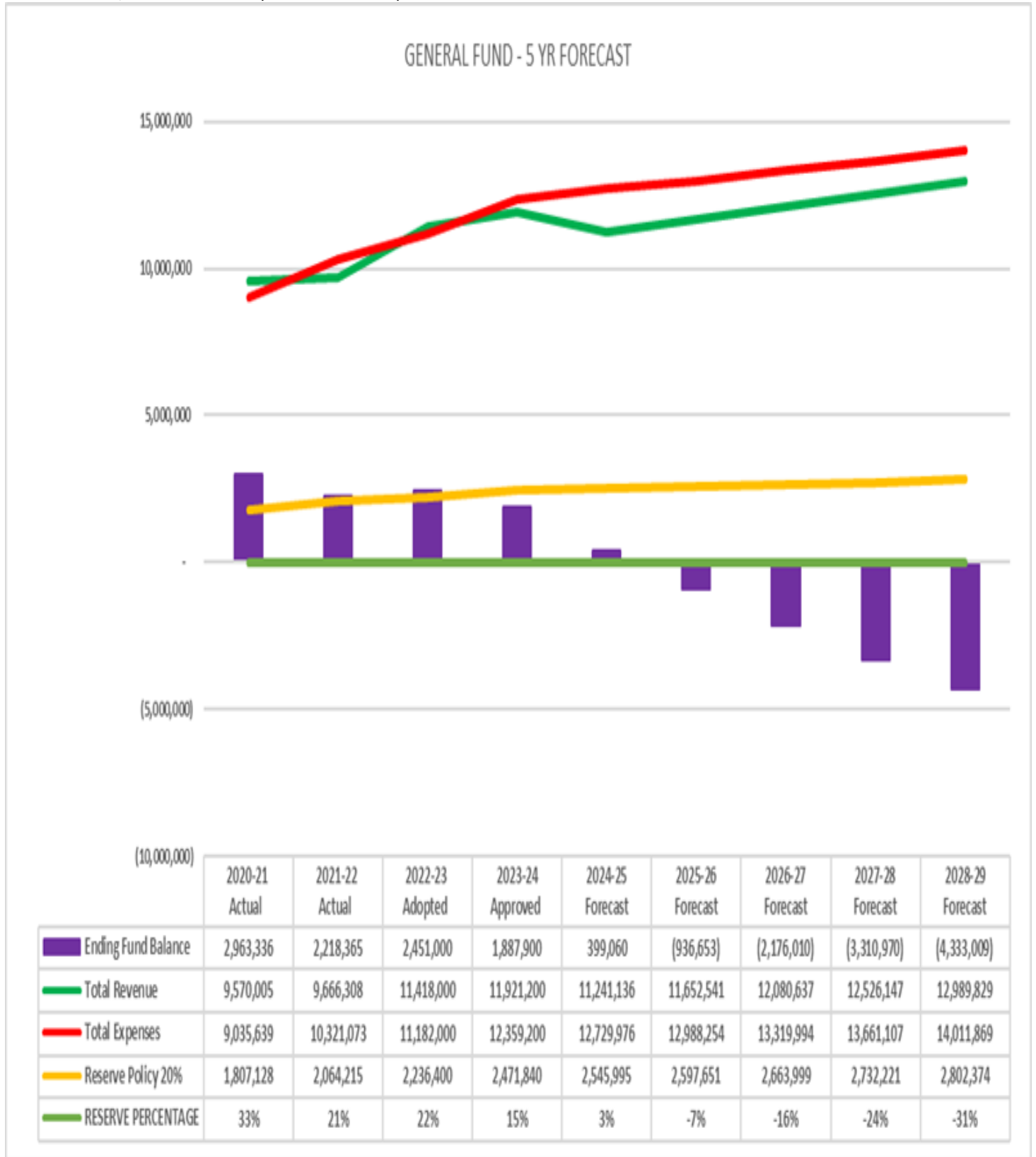
Staff have done some analysis of revenue replacement and eliminating city positions / programs cuts. With the addition of a General Service Fee, we could recover the lost revenue from Cascade and with service or program cuts, we could save approximately \$282K in FY2024 and \$436k 2025 (based on estimated retirement payouts).

Some options include a Local Option Levy, Service Fees(s), a Local Tax / Gas Tax.

Cascade Loss / Service Cuts



Cascade Loss / Add \$5 GS Fee (No Service Cuts)



Below chart shows how an added \$5 GS Fee and reduction of \$282,016k in FY2024 and \$435,788 in FY2025 would affect the General Fund reserve.

Cascades Loss / Add \$5 GS Fee / Service Reductions

