City Council Retreat: Fiscal Year 2020-21 Budget Planning

March 13, 2020

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Presentation Overview

- Budget process context.
- Financial update.
- Next year challenges and opportunities.

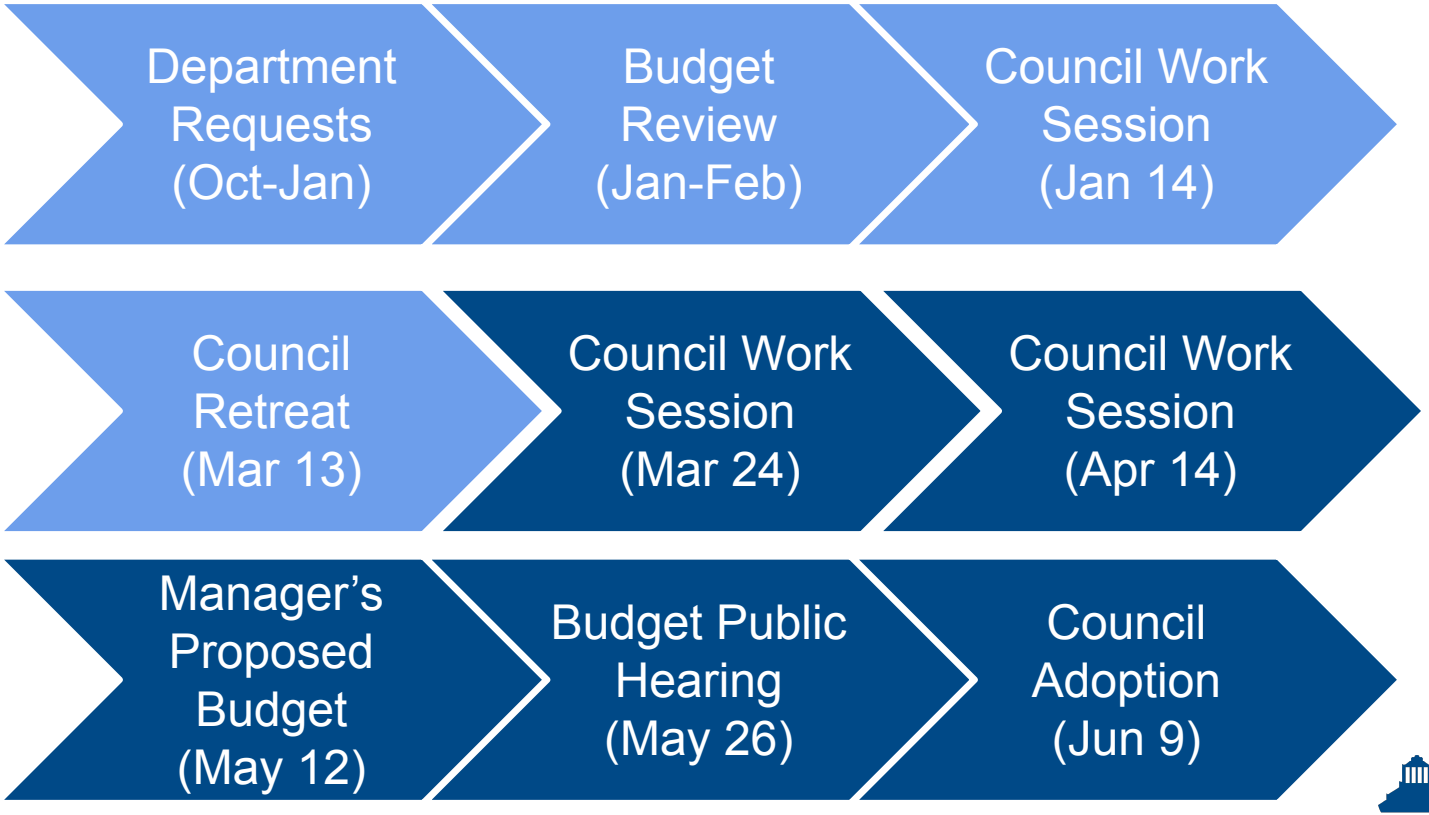
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Key Takeaways

- Uncertain economic outlook.
- Revenue growth will be used up by ongoing operating cost increases.
- Additional revenue will be needed to fund any new capital and operating investments.

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Key Budget Dates for Council



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Council Priority Strategies

1. **Implement Transit Master Plan** (E.2).
2. **Affordable housing development** (D.2).
3. Partner with ACS through the **Equity Collaborative** (A.5).
4. **Amend the UDO** (B.1).
5. Develop a **business inclusion program** (F.1).
6. Review and update **Comprehensive Housing Affordability Strategy** (D.1).
7. **Foster economic mobility** (A.6).
8. Reduce **municipal carbon footprint** by 4% per year (C.2).
9. Partner with BCTDA to develop a **capital investment plan** (H.8).
10. Dedicated **revenue for transit** (H.9).
11. **Develop new tax revenue** (H.11).
12. Complete **corridor studies** (B.3).
13. **Maintenance, new construction and operational needs** (H.1).

Budget Development Guiding Principles

Essential service delivery
Ensuring departments have the resources required to meet service delivery expectations.

Enhancing customer value
Ensuring efficient service delivery that improves the customer experience.

Strategic alignment
Aligning resources (new and existing) to achieve community, Council and staff goals.

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Current Year General Fund Summary

	Jan Est.	Mar Est.
Revenues	$ 133.4M	$ 133.4M
Expenses	$ 132.6M	$ 132.8M
Rev. vs. Exp.	$ 0.8M	$ 0.6M
Transit Shortfall	($ 0.5M)	($ 0.3M)
Rev. vs. Exp.	$ 0.3M	$ 0.3M

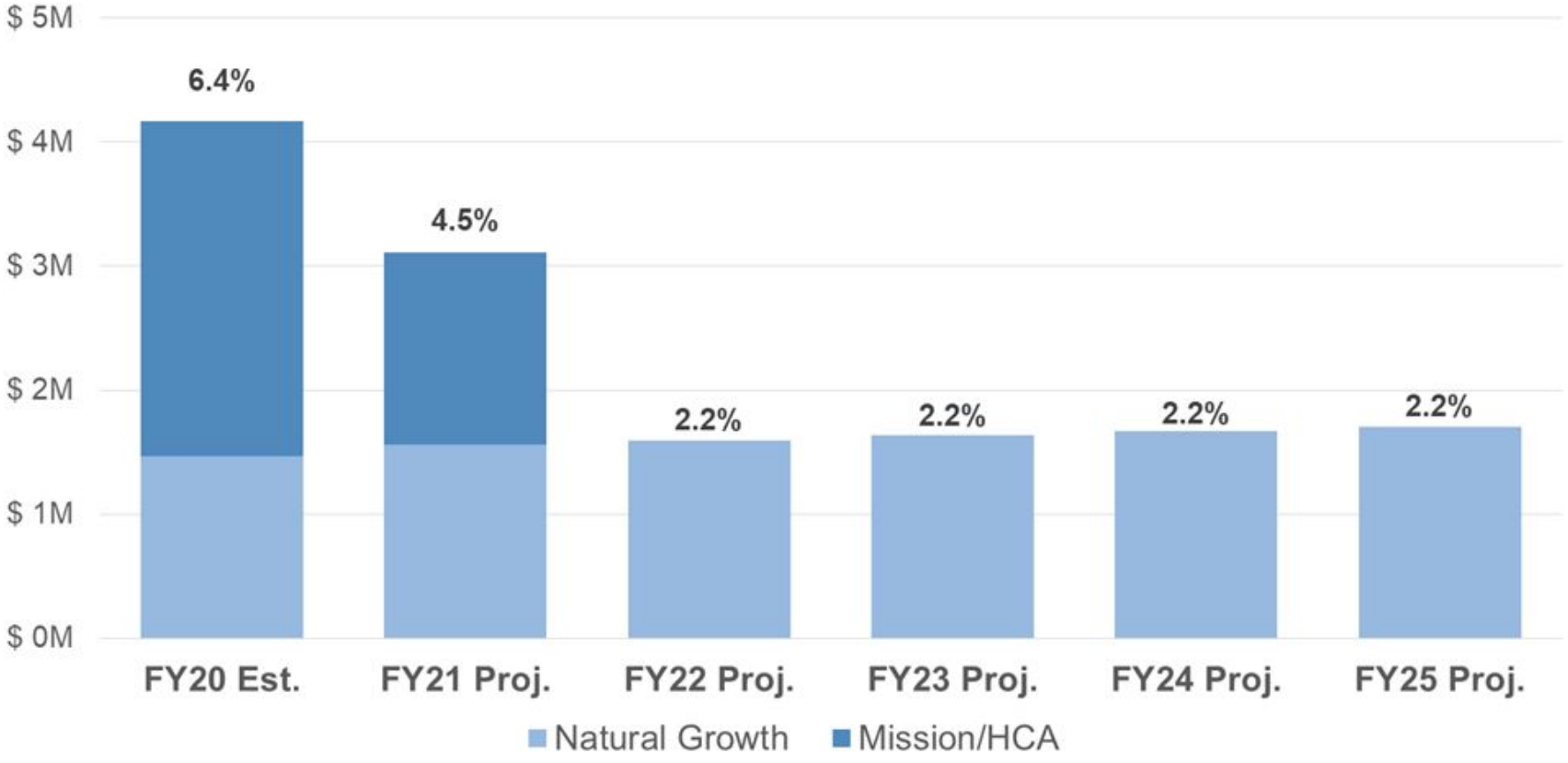
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Fiscal Year 2020-21 Budget
Baseline Revenues & Expenditures

Baseline: continuation of current trends in revenues and operating costs assuming no significant changes in economic conditions or service delivery.

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Annual Property Tax Growth



Moderating County Sales Tax Growth



Expense Drivers: Personnel Examples

General Pay Raise	$ 1,600,000
Additional Retirement	$ 700,000
Health Care	$ 500,000
AFD Grant Staffing	$ 316,000
$31,200 & Compression	$ 300,000
Total	**$ 3,416,000**

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Expense Drivers: Operating Examples

Additional Gen. Fund Transit Support	$ 1,720,000
River Arts Maintenance	$ 504,000
Add'l Capital Debt	$ 838,000
Total	**$ 3,062,000**

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$6.8M in revenue growth will be used up by ongoing operating cost increases.

Discussion

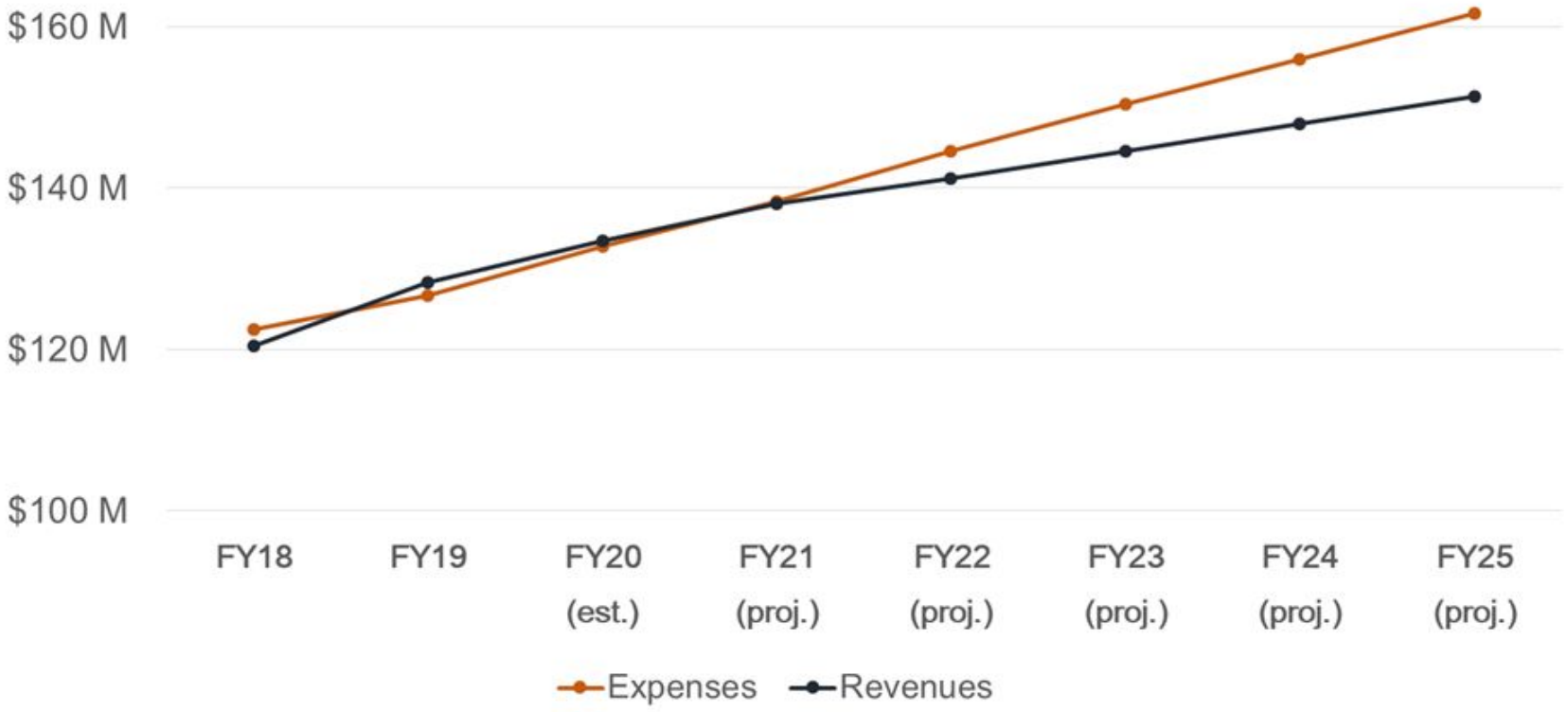
Five Year Forecast

Future Year Items to Consider

- Growing risk of economic recession.
- Revaluation will impact FY22 revenues.
- Cost of Fire Station 13 coming online.
- Unknown impact of
  - Compensation Study implementation.
  - Recycling contract.
  - Technology.
  - Deferred maintenance.

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Five Year Forecast (at baseline)



Discussion

FY21 Challenges & Opportunities

Funding Challenges

- Significant additional capital and operating identified through departmental budget requests - no capacity to fund.
- Operating: $ 12.3M ($ 9.2 recurring).
- Capital: $ 600M over next 10 years
  ($ 330M identified last year).

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Examples of Additional Capital Requests

Parks stormwater improvements	$ 2.0M
Public safety facilities	$ 10.6M
Solar installations	$ 4.2M



Herb Watts Park

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Deferred Infrastructure Examples

Cost of deferring street maintenance

Asphalt overlay	$ 18.60/square yard
Full rebuild	$ 131.80/square yard

Existing sidewalk maintenance

A new $500k/year allocation would fund replacement of all sidewalks currently rated “poor” in 25 years.

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Strategic Investment Requests

Transportation & Accessibility	• Transit Master Plan implementation.
Clean & Healthy Environment	• Waste reduction planning & staff. • Urban forestry planning & staff. • Sustainability initiatives.
Well-Planned & Livable Community	• Initiate UDO overhaul. • Noise Ordinance implementation. • Winter seasonal shelter funding. • UNCA track renovation.

Strategic Investment Requests (Cont.)

Financially Resilient City	• Compensation study implementation. • Facility, technology and infrastructure maintenance.
Connected & Engaged Community	• Participatory budgeting through neighborhood grants.
Equitable & Diverse Community	• Additional summer programs for youths and teens. • Business inclusion training. • Extended hours at community centers.

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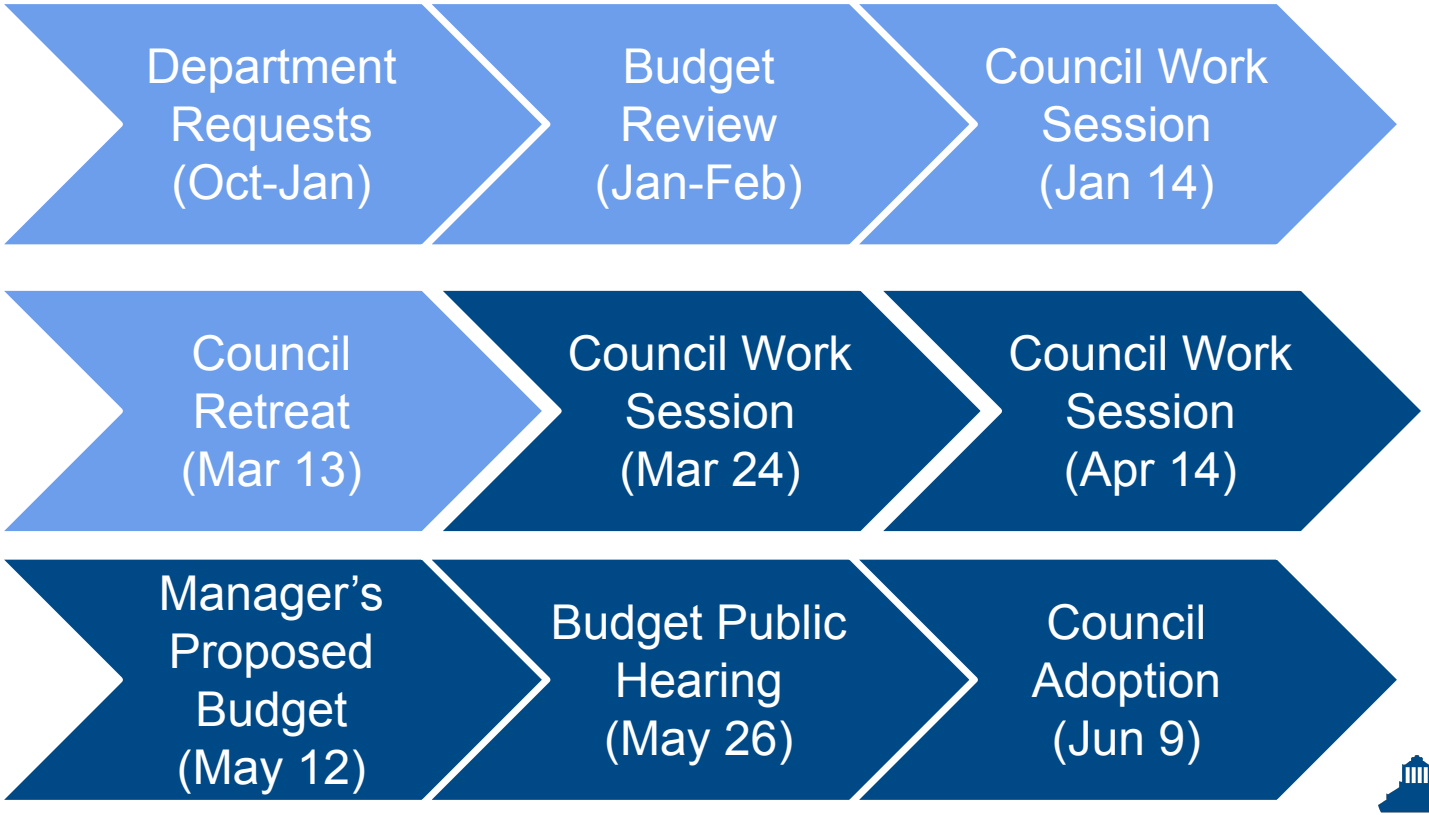
Discussion

Topics for Afternoon

Transportation & Accessibility (E.2)	• Transit Master Plan implementation.
Clean & Healthy Environment (C.2)	• Sustainability initiatives.
Financially Resilient City (H.1)	• Compensation study implementation.

End of the Day Summary

Key Budget Dates for Council



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March 24 Council Work Session

- Options to fund capital and operating needs for review.
- Not including additional investment in capital limits ability to continue effective service delivery.

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