



# 2020 Budget Update

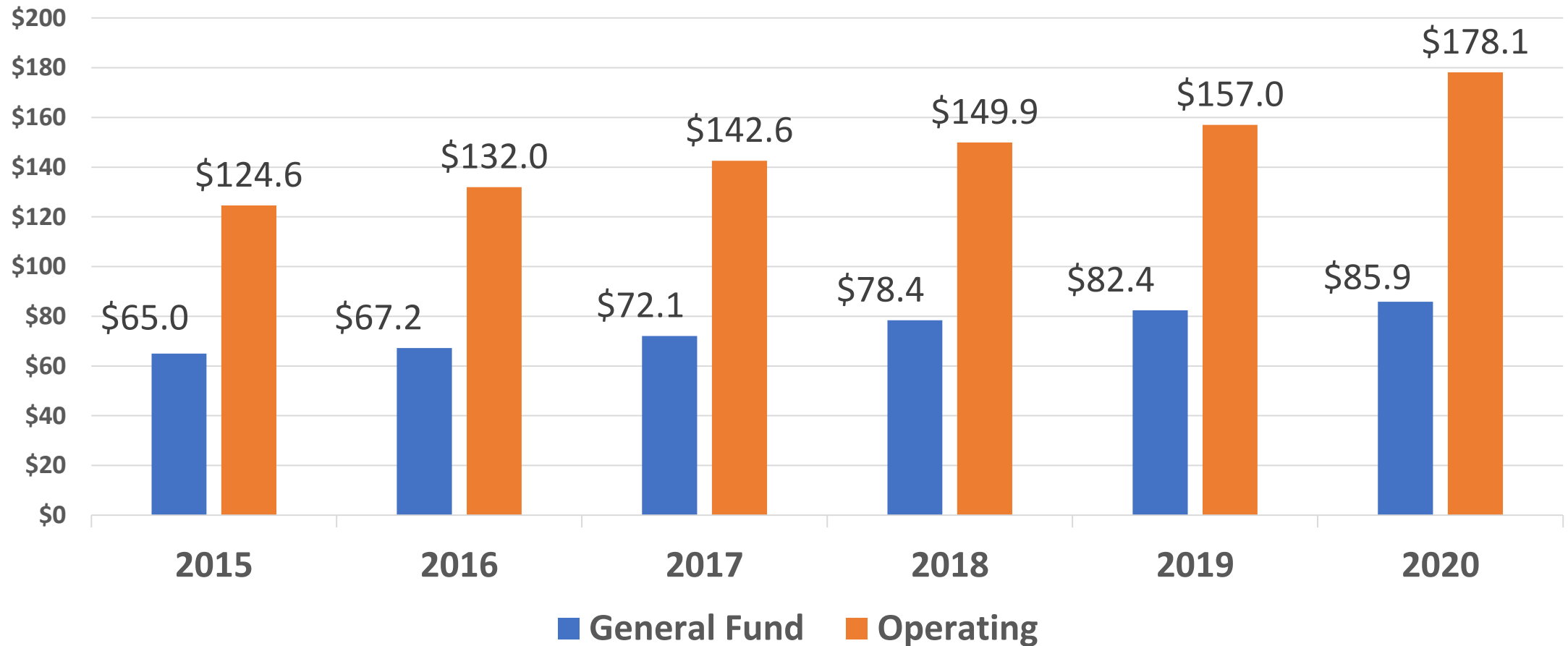
City Council  
August 25, 2020

# Agenda

- Olympia's Budget History
- 2020 – Where We Started
- 1<sup>st</sup> round Re-projections – March 31<sup>st</sup>
- 3-Tier Financial Resiliency Plan
- Budget to Actual – June 30<sup>th</sup>
- 2<sup>nd</sup> Round Re-Projections – June 30<sup>th</sup>
- Updated Financial Resiliency Option
- Next Update
- 2021 Budget Calendar

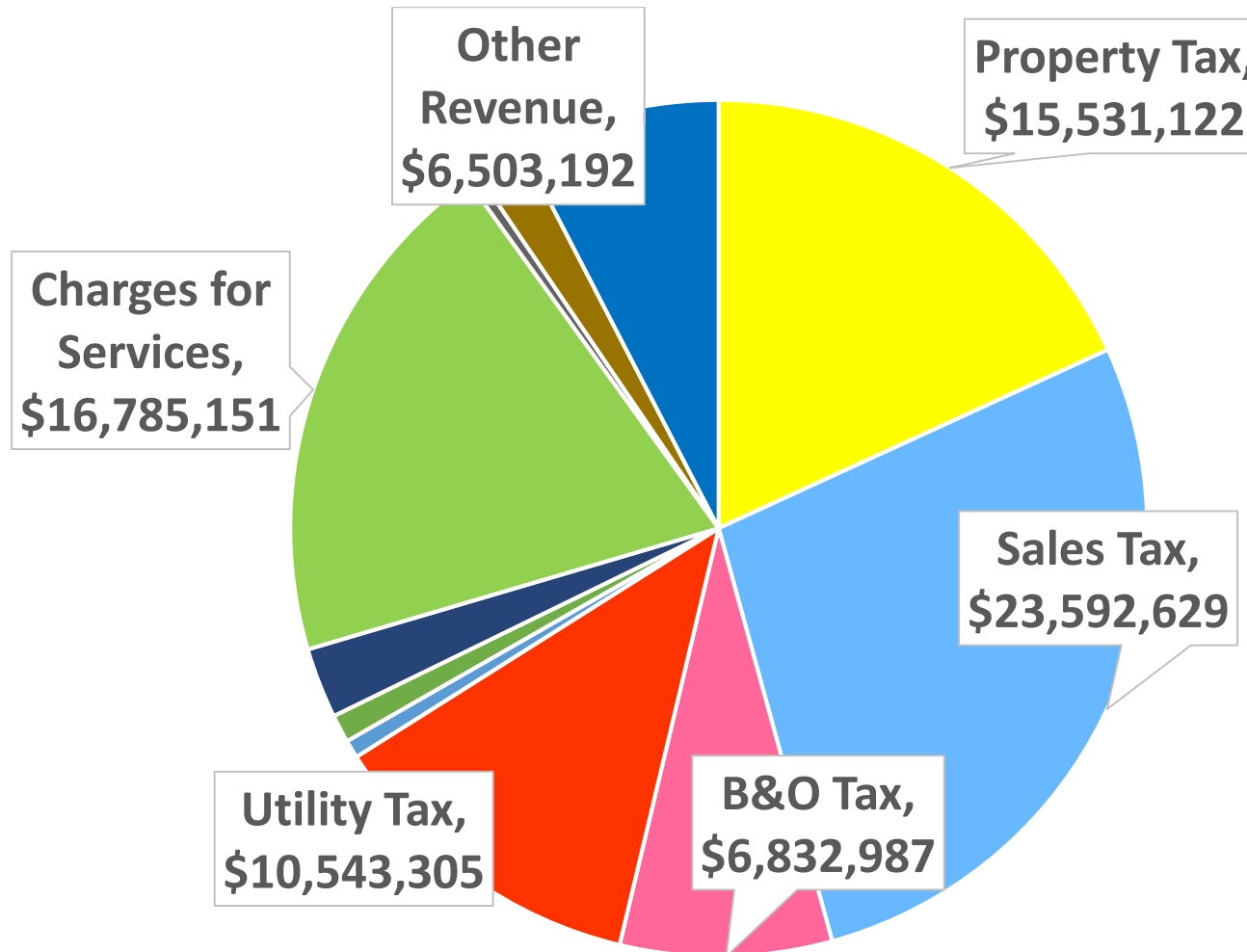
# General Fund & Operating Budget History

2015- 2020



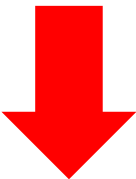
# 2020 - Where We Started

- Property Tax
- Sales Tax
- B&O Tax
- Utility Tax
- Other Taxes
- License & Permits
- Intergovernmental
- Charges for Services
- Fine & Penalties
- Rents & Leases
- Other Revenue



**General Fund  
Revenue  
\$85.5 Million**

# 1st Round of Revenue Re-Projections

- General Fund Revenue
- March 31, 2020
- 12% 
- (\$10.57 million)



# 2020 General Fund Revenue Re-Projections

## 3/31/2020

3/31/2020			
<b>2020 General Fund Revenue - High Level View</b>			
\$ 85,558,562	Original 2020 Budgeted Revenue		
\$ (4,435,060)	Projected Sales Tax Shortfall		-19%
\$ (1,685,844)	Projected B&O Tax Shortfall		-25%
\$ -	Utility Tax (No Change Projected at this Time)		0%
\$ (4,651,179)	Projected Program Revenue Shortfall		50%
\$ (799,355)	Other Non-Program Revenue Shortfall		50%
\$ (10,574,917)	Total Projected Loss - % of Total GF Fund Revenue		-12%
\$ 74,983,645	Projected Revised General Fund Revenue		88%
\$ 10,574,917	General Revenue Shortfall		12%

# 3-Tier Financial Resiliency Revenue Shortfall Response Plan

## Tier 1 \$3 million

- 2020 Gen Fund Exp Savings \$2,700,000
- 2019 Fund Balance \$300,000

## Tier 2 \$6 million

- 2020 Gen Fund Exp Savings \$3,465,000
- 2019 Fund Balance \$935,000
- Budget Stabilization Reserve \$1,600,000

## Tier 3 \$10.5 million

- 2020 Gen Fund Exp Savings \$4,706,000
- 2019 Fund Balance \$935,000
- Public Safety Reserves \$935,000
- Budget Stabilization Reserve \$3,000,000
- Voted Utility Tax \$500,000
- Non-Voted Utility Tax \$424,000

# COVID-19 – Revenue Projection Challenges

- Lack of/inconsistent data
- Revenue deferrals
- Changing variables
- Unknown duration
- Behavioral changes




# Revenue Projection Guidelines

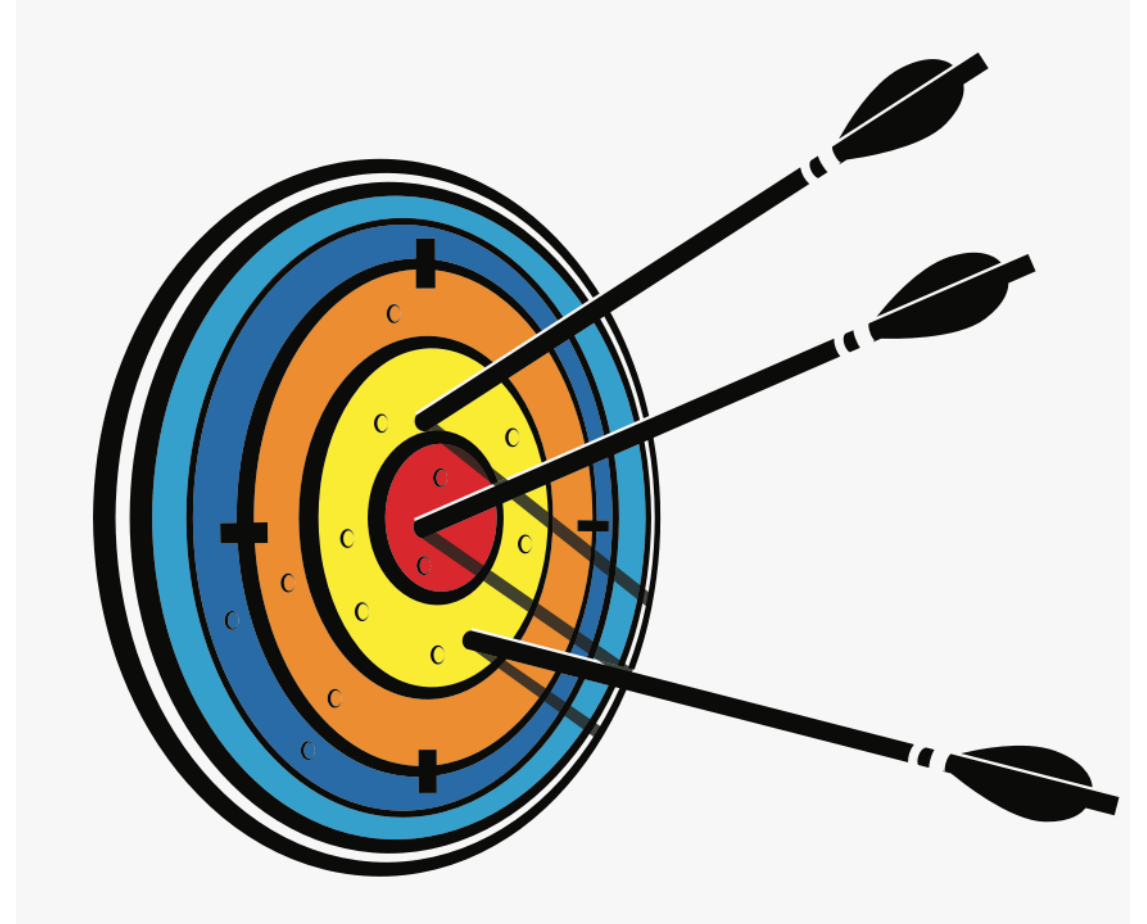
- Be conservative
- Focus on major revenue sources
- Project revenue by month
- Consider data from multiple sources
- Make decisions based on data

# 2020 – Expenditures Budget to Actuals

Department/Program	2020 Budgeted Expenditures	2020 Actual Expenditures (Jan - Jun)	YTD % Spent
General Government	\$6,438,281	\$2,540,237	35%
Municipal Court	\$1,993,016	\$785,554	39%
Administrative Services	\$8,489,708	\$3,385,077	40%
Community Planning and Development	\$7,808,120	\$3,328,662	38%
Fire Department	\$17,255,324	\$7,792,704	45%
Police Department	\$20,650,484	\$7,845,948	37%
Parks, Arts and Recreation	\$9,780,643	\$3,375,406	34%
Public Works	\$13,434,783	\$5,242,387	38%
<b>Total General Fund Expenditures</b>	<b>\$85,850,359</b>	<b>\$34,295,975</b>	<b>39%</b>

# 2<sup>nd</sup> Round of Revenue Re-Projections

- General Fund Revenue
- 6/30/2020
- 8% 
- (\$6.75 million)



# 2020 General Fund Revenue Re-Projections

## 6/30/2020

6/30/2020			
<b>2020 General Fund Revenue - High Level View</b>			
\$ 86,894,010	Amended 2020 Budgeted Revenue		
\$ (2,900,288)	Projected Sales Tax Shortfall		-12%
\$ (1,210,872)	Projected B&O Tax Shortfall		-18%
\$ (306,281)	Utility Tax Shortfall		-3%
\$ (2,279,725)	Projected Program Revenue Shortfall		-9%
\$ (61,235)	Other Non-Program Revenue Shortfall		0%
\$ (6,758,401)	Total Projected Shortfall - % of Total GF Fund Revenue		-8%
\$ 80,135,609	Projected Revised General Fund Revenue		92%
\$ 6,758,401	General Revenue Shortfall		8%

# Financial Resiliency Revenue Shortfall Response Plan – Tier “2.5”

## **Tier 2.5 - \$6.75 million**

# Continued Strategies Moving Forward

- Remain conservative on revenue projections
- Keep all expenditure reductions in place
- Continue with hiring freeze
- Continue to review Rev & Exp monthly
- If Revenues rebound – reconsider use of VUT & NVUT
- Continue to evaluate 2020 going into **2021**

# Next 2020 Budget Update

- October 20, 2020
- Status as of September 30<sup>th</sup>

# High-Level 2021 Budget Calendar

- ▶ Preliminary to Council – October 20<sup>th</sup>
- ▶ Public Hearing – November 10<sup>th</sup>
- ▶ Final Budget Review – December 1<sup>st</sup>
- ▶ Approve Budget Ordinance – December 8<sup>th</sup>
- ▶ Adopt Final Budget – December 15<sup>th</sup>
- ▶ Last Council Meeting – December 22<sup>nd</sup>





# 2020 Budget Update Questions?