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City Council

2020 Budget Update

Agenda Date: 8/25/2020
Agenda Item Number: 6.B
File Number: 20-0661

Type: discussion **Version:** 1 **Status:** Filed

Title

2020 Budget Update

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Briefing only. No action requested.

Report

Issue:

Whether to receive a 2020 Budget Update.

Staff Contact:

Nanci Lien, Finance Director, 360.753.8465

Presenter(s):

Jay Burney, City Manager

Nanci Lien, Finance Director

Background and Analysis:

The City's adopted 2020 General Fund Operating Budget is \$85.6 million. Over 65% of the revenue to support General Fund expenditures comes from taxes - property tax, sales tax, business tax, utility tax, and others.

In the first three months of 2020, Olympia's sales tax revenue was healthy, coming in 14% over the same period for 2019. In fact, in the first quarter of 2020, all General Fund revenue groups were coming in at projected levels or slightly higher. The arrival of the COVID-19 pandemic emergency hit our around mid-March and quickly changed what was a positive economic outlook to one of concern. The Governor's stay-at-home orders, many non-essential businesses shutdown and day-to-day economic activities were impacted resulting in the longest economic expansion in U.S. history abruptly coming to an end.

Almost immediately, the City began taking proactive steps to understand the likely economic

downturn. Work began to re-project 2020 resources, and City staff focused on developing a strategy to address the anticipated General Fund budgetary gap. On May 12th, the Financial Resiliency Strategy was presented to Council. The Strategy included a three-tier approach to address then anticipated \$3 - \$10.5 million revenue shortfall.

The City Manager and Staff will provide an update on the 2020 Budget and the status of the Financial Resiliency Strategy.

Neighborhood/Community Interests (if known):

Sustaining City services to support the community is imperative, especially during a crisis. There is also interest in the impacts to Parks, Public Safety, and Housing because voters have approved several initiatives to financially support and expand these programs.

Options:

1. Receive the update.
2. Do not receive the update.
3. Receive the update at another time.

Financial Impact:

Financial Resiliency projected a \$3 - \$10.5 million loss in revenue as a result of the pandemic.

Attachments:

None