

City Council

FY 20-21 Budget Adoption

Monday, June 29, 2020



Key Messages

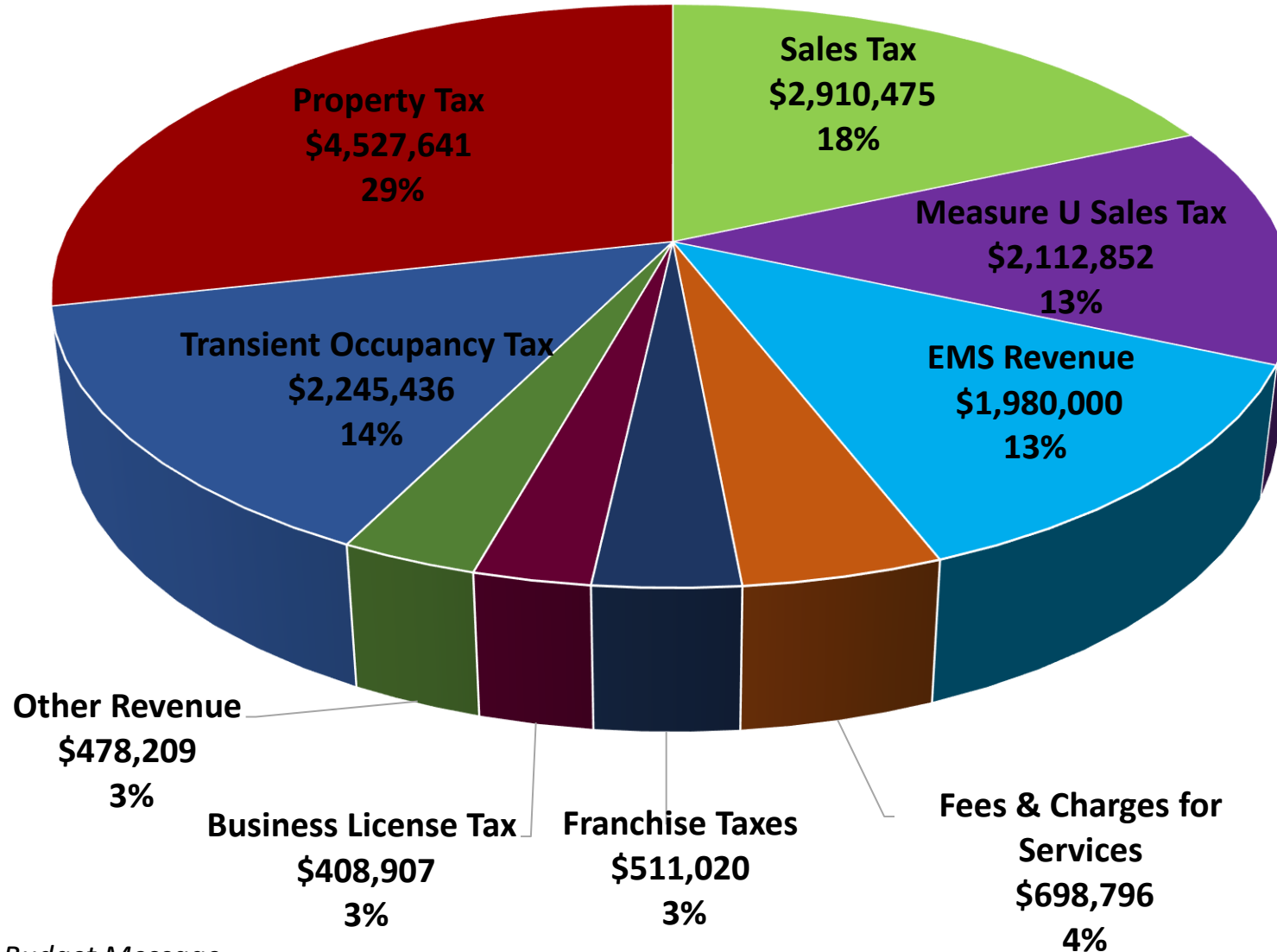
- **Unprecedented times** in how **sudden and dramatic** the impacts are; and in **level of uncertainty**.
- Our revenue forecast is **driven primarily by TOT and sales tax**. With a tourism-based economy, we will be affected not only by changes in the SiP restrictions but also by changes in consumer/traveler behavior.
- First year that we brought a **5-year General Fund Forecast Tool** to Council as part of budget process. Forecast is always a useful tool, and ours was in the works prior to pandemic, but going forward it takes on increased importance.
- FY 20/21 Budget – Begins the adjustment of lower revenue projections right away. Balanced with a **combination of spending reductions, revenue increases, and use of reserves**.
- No consensus on what future will bring; our goal is to provide an educated/**informed assessment** for City Council to use in making decisions. Budget will be a top focus area for Council for at least next 6 months.
- City has **healthy reserves, rainy day** funds. Emergency reserve is there for costs of responding to pandemic. Operating reserve is there to help us to mitigate the economic effects of the pandemic and allow time to adjust our operations. **Use, but be judicious**.
- **Set a course, keep monitoring, and be able to adjust along the way**.

General Fund Forecast – Base Scenario

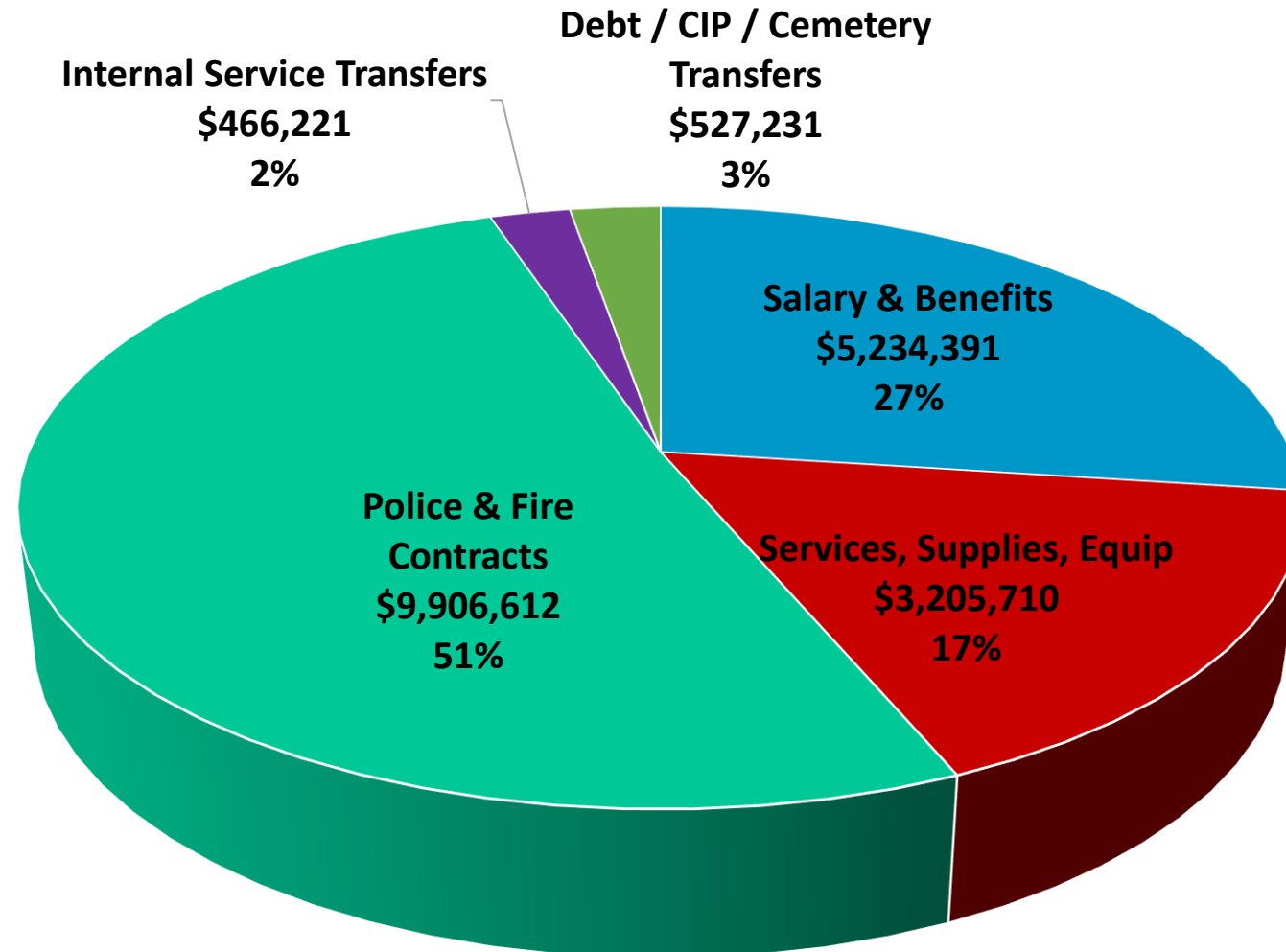
A look at the horizon so that you can adjust course.

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative Impact on Reserves (with no action years 2-5)
	2019/20 Projected (after reductions)	2020/21 Projected	2021/22 Projected	2022/23 Projected	2023/24 Projected	
BASE SCENARIO						
Total Operating Revenue	\$ 18,081,650	\$ 16,844,877	\$ 18,839,891	\$ 20,292,306	\$ 21,400,922	
Total Operating Expenditures	\$ 19,273,346	\$ 21,486,940	\$ 21,628,592	\$ 22,468,967	\$ 22,624,343	
GENERAL FUND SURPLUS (DEFICIT):	\$ (1,191,696)	\$ (4,642,063)	\$ (2,788,701)	\$ (2,176,661)	\$ (1,223,421)	\$ (12,022,542)
Deficit as % of Expenditures:		22%	13%	10%	5%	

General Fund – Revenue Chart -- \$17,246,277



General Fund – Expenditure Chart - \$19,305,165



One-Time Items for FY 20/21

ITEM	FY 20/21 General Fund	FY 20/21 Other Funds
Plaza Tree Assessment	\$35,000	
Citywide Fee Study	\$5,000	
Historic Railroad District Plan	\$15,000	
Gates for Casa Grande Parking Lot	\$30,000	
FY18-19 Audit Services	\$36,920	
November 2020 Election	\$50,000	
Computer Security		\$52,384
Hazardous Mitigation Grant	\$15,000	
SUBTOTAL OPERATING:	\$186,920	\$52,384
Transfer to CIP	\$5,000	
TOTAL OPERATING & CIP	\$191,920	\$52,384

Capital Improvement Budget – Page 1

Total Funding Request by Project for Fiscal Year 2020/21 Capital Improvement Program

CIP #	Project Name	FY20/21 New Funding Request	Estimated Available Prior Funding	FY 20/21 Active Projects
TRANSPORTATION: Keeping Sonoma Moving Safely				
T-1	Chase Street Bridge Replacement Project	\$1,781,422	\$171,603	Construction in Summer 2021, pending of Federal grant funds
T-2	Fryer Creek Pedestrian & Bicycle Bridge Project	\$501,000	\$142,643	Proposed for construction Summer 2021
T-3	Bi-Annual Slurry Seal Projects	\$198,609	\$0	
T-4	Citywide Sidewalk Inspection & Repair Program	\$55,000	\$0	Annual program
T-5	Ongoing Pavement Rehabilitation & Water Services Replacement Projects	\$0	\$0	Shovel ready for Federal infrastructure funds
T-6	Citywide Roadway Safety Improvement Projects	\$100,000	\$0	Pending design
T-9	Citywide Bicycle & Pedestrian Improvement Projects	\$30,000	\$0	Pending design
SUBTOTAL		\$2,666,031		
CREEKS & DRAINAGE: Reducing Flooding & Protecting Water Quality				
CD-5	Depot Park First Street West Frontage Improvements	\$0	\$196,000	Construction Summer/Fall 2020
SUBTOTAL		\$0	\$0	

Capital Improvement Budget – Page 2

Total Funding Request by Project for Fiscal Year 2020/21 Capital Improvement Program

CIP #	Project Name	FY20/21 New Funding Request	Estimated Available Prior Funding	FY 20/21 Active Projects
WATER: Providing High Quality, Dependable Water				
W-6	Fire Flow Improvements - Upsizing Asbestos Cement (AC) & Unknown Material Pipelines	\$0	\$1,500,000	Construction in 2020/21
W-8	2020 Urban Water Management Plan & Minor Water Master Plan Update	\$75,000	\$0	Required in 2021
W-10	Water Meter System Upgrades	\$0	\$75,000	Work on Request for Proposals
SUBTOTAL		\$75,000		
PARKS: Making Life Better				
P-1	Plaza & Depot Park Enhancement Project	\$60,000	\$200,000	Including connectivity elements
P-2	Neighborhood Park Reinvestment & Maintenance Plan	\$0	\$25,000	
P-3	Sonoma Overlook Trail Maintenance & Rehabilitation Project	\$0	\$30,000	Trailhead signage
P-6	Montini Trail Connection & Enh Project	\$0	\$200,000	Trail concept plan, env, design
SUBTOTAL		\$60,000		
BUILDINGS & FACILITIES: Maintaining Critical Assets				
BF-6	Carnegie Building Improvements Project	\$0	\$312,700	Construction pending prior funds
SUBTOTAL		\$0		
TOTAL CIP FOR FY 2020/21		\$2,801,031		

Financial Planning ... the Road through Uncertainty

ADDED SLIDE

The road through uncertainty

Tough decisions

Flexibility to adapt to a rapidly changing situation

Readiness to act quickly if/when required



April 2020

- ✓ Throttle down expenses
- ✓ Run EOC

March 2020

- ✓ Pandemic
- ✓ Local emergency
- ✓ EOC Full Operation
- ✓ Shelter in Place
- ✓ Businesses shut down
- ✓ Staff working more ...

February 2020

- ✓ Best ever YTD revenues

September / October 2020

- ✓ Review status
- ✓ Make additional reductions if necessary

July / August 2020

- ✓ Implement reductions
- ✓ Adjust operations
- ✓ Monitor revenues
- ✓ Monitor business activity – Chamber/VB

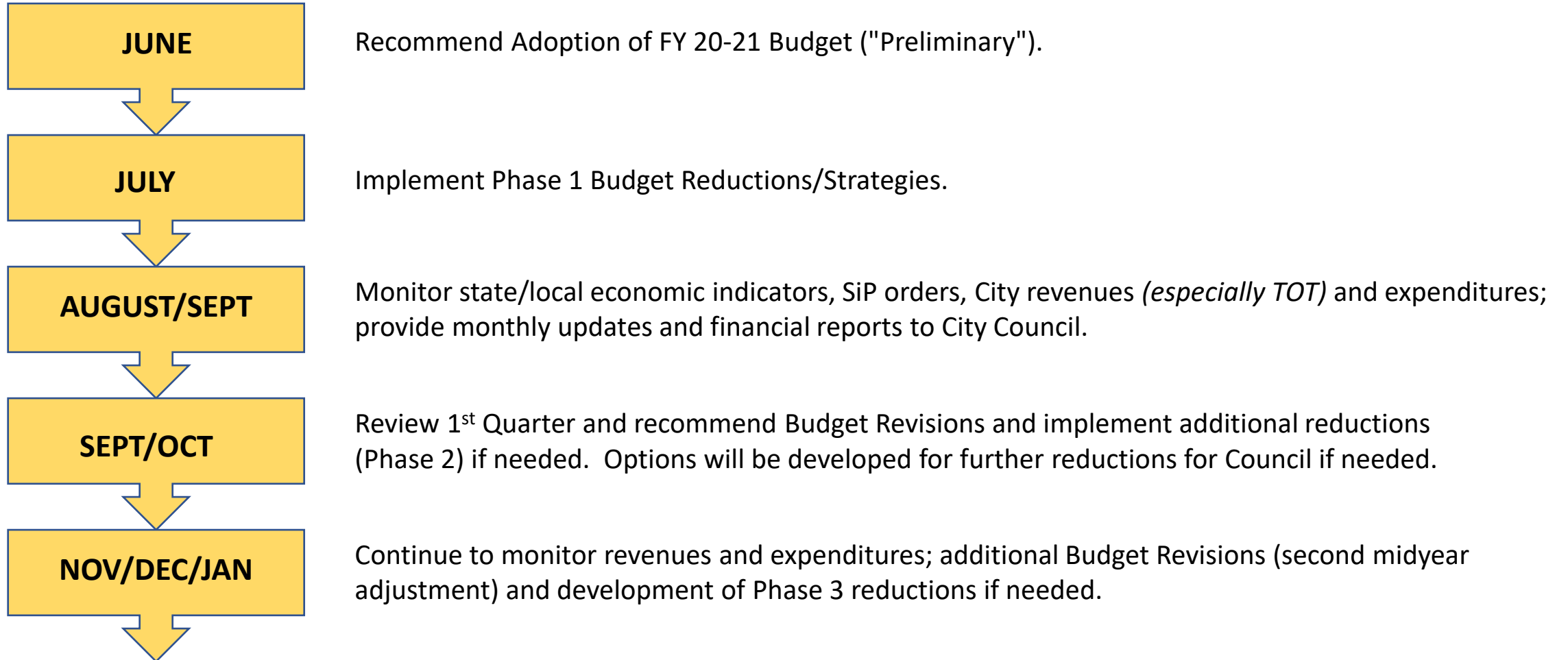
January 2021

- ✓ Review status
- ✓ Make adjustments as necessary

May / June 2020

- ✓ FY 19/20 Budget Adjustments
- ✓ Refine 5-year Forecast
- ✓ Develop budget reduction plan
- ✓ Initiate reductions
- ✓ Develop FY 20/21 budget

FY 20-21 Budget: Act, Monitor, and Adjust



Questions, Discussion & Direction