



2021 BUDGET: BUDGET STATUS

Shelton City Council Study Session
15 September 2020



Agenda

- 2021 Budget Calendar
- 2021 Budget Process
- 2021 current revenue assumptions
- 2021 current base budget expense assumptions
- Budgeted FTE
- Capital Investment
- COVID Contingency

Budget Process

- The 2021 budget is being built using realistic, albeit conservative, revenue assumptions and matching expenses to those revenues.
 - *Budgeting decisions were made with an eye toward available on-going resources to fund operations. One-time resources, including accumulated fund balance, are only budgeted to fund one-time expenses.*
 - *The budget process was again challenging this year. General Fund needs are far more than available resources can fund. The budget includes a General Fund reduction of 4 FTE from 2020 and still the started the budget process in a deficit position.*
 - *All Funds are balanced with on-going revenues funding on-going operations and where appropriate, fund balance is used to fund 1x expenses.*

Budget Calendar

<u>Due Date</u>	<u>Activity</u>
23-Jun	OpenGov Budget Builder training
25-Jun	2021 budget instance open to users
30-Jun	Current labor allocations to users
1-Jul	Supplemental form and instructions to users
14-Jul	June YTD actuals to departments for estimate process
17-Jul	Labor costs updated for current CPI and benefit cost increases
28-Jul	2020 Year-End estimates due to finance for upload
5-Aug	2021 Base Budget and Budget Supplemental due to finance
Week of Aug 10	Department meetings with finance
Week of Aug 17	Department meetings with CM and finance
12-Aug	Leadership Team supplemental meeting
18-Aug	Council Study Session
28-Aug	CM preliminary budget decisions
2-Sep	Preliminary decisions to Leadership Team
3-Sep	Court of Last Resort, if needed
4-Sep	CM final budget decisions
15-Sep	Council Study Session
Sept	Proposed budget created
6-Oct	Proposed budget presentation to Council
Oct/Nov	Council consideration of budget
Dec	Council adopts 2021 budget

Current Revenue Assumptions

- Property Tax: will increase by 1.15%
 - *1% based on state statutory maximum,*
 - *.15% new construction and delinquent penalties,*
 - *Actual collections will be based on County Assessor valuations.*
- Sales Tax: budgeted at same level as current 2020 estimates.
- B&O: budgeted at same level as current 2020 estimates.
- City and Non-City Utility Tax: budgeted at 2020 estimated level.
- Building & Permitting: budgeted at 2020 estimated levels, roughly \$40K decrease.
- SRO contract revenue deleted from 2021 revenue,
- Utility Services Revenue: increase based on service fee changes on estimated actuals less 1x revenues.
- Other revenue is assumed to be in-line with current estimates.

Current Base Budget Expense

- Current labor assumptions:
 - *COLA: budgeted at 3.0% increase,*
 - *Healthcare: budgeted at 6.0% increase,*
 - *Delta Dental: budgeted at 3.0% increase,*
 - *PERS (Retirement): budgeted at a 0.12% increase.*

- Service contracts: budgeted at 2.50% increase.

- All other expenses are budgeted at 2020 levels.

Budget FTE

City-Wide FTE by Fund				
	2018	2019	2020	2021
General Fund				
City Council	7.55	7.80	7.80	7.00
Municipal Court	4.50	4.50	4.50	4.50
City Clerk*				2.00
City Manager	8.60	3.40	4.40	2.00
Human Resources**		2.00	3.00	2.85
Information Technology**		2.00	2.00	1.15
Finance	10.65	9.85	9.85	8.05
Public Works	10.00	6.10	4.60	3.60
Police	20.50	21.50	21.50	22.50
Comm Dev./Parks/Facilities	11.82	11.30	12.30	12.30
Total General Fund	73.62	68.45	69.95	65.95
Other City Funds				
Street Operating	3.31	3.65	4.65	4.90
Water Utility	8.02	8.40	8.40	8.65
Sewer Utility	8.80	9.30	10.30	10.55
Storm Drainage Utility	3.00	4.50	7.00	7.25
Equip. Maint. & Rental	1.05	1.20	1.20	1.20
Total Other Funds	24.18	27.05	31.55	32.55
Grand Total City	97.80	95.50	101.50	98.50
*City Clerk functions are included in City Council, City Manager & Finance prior to 2021.				
**The Human Resources and Information Technology functions are included in the City Manager FTE count prior to 2019				

2021 Capital Investment (Significant)

- Civic Center Parking Lot - \$400K
- Parks Capital Improvements - \$271K
- Advanced Metering - \$1.7 Million
- Laydown Yard - \$600K
- Well 1 Pipe Replacement - \$265K
- Residential Paving - \$380K
- Slack Tide Tank - \$300K
- Membrane Bio Reactor Upgrade - \$425K
- EM&R Equipment - \$337K

COVID Contingency

- Through August the City has not experienced a significant change in revenue however, there are unknowns that could still impact 2020 and 2021:
 - *\$600 weekly unemployment subsidy down to \$300 (with caveats),*
 - *Further roll-backs from the Governor's Office,*
 - *Continued impacts Order banning utility shut-off for non-payment,*
 - *Economic changes from the November election,*
 - *Long-term impact on spending habits.*

- We are preparing our 2021 with an eye toward these unknowns but without significant assumptions related to them. If there are revenue impact in the second half of the year it will likely be too late for a significant change to the proposed budget in the time available.
 - *If that is the case, we will recommend Council adopt the proposed budget with a clear understanding that we will bring a supplemental budget change in the first quarter of 2021.*