FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
NOVEMBER 24, 2020
8:30 A.M. – 9:26 A.M.
REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR PRATT

COUNCIL ABSENT: COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, PERI EDMONDS

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY DEPUTY MAYOR PRATT AND MAYOR RYDER

2020 THIRD QUARTER FINANCIAL REPORT

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Staff presented the 2020 Third Quarter Financial Report, which focused on the General Fund Expenditures and Revenues, Utility Funds, Projected Labor Costs and 2021 recommendations.

Through the third quarter, sales tax is 3.9 percent higher than the previous year mostly due to sales tax collections from new construction. Other categories are showing higher collections due to the shift to local shopping relating to the early COVID-19 restrictions. Increases from new construction have never been considered sustainable, and the current building permit and plan check fees are indicating construction activity may slow in 2021. Building permit fees through the third quarter 2020 are down $454,759 or 31.3 percent. There are also signs that general retail may be slowing. The general merchandise stores sales tax category, the largest single category, has experienced declines for the past two reporting months.

Labor is the City’s most critical asset, but it also is the most expensive expense category in the General Fund. Historically, labor costs represent about two-thirds of all General Fund operating expenditures.

The projected 2021 General Fund salary and wages increase is $676,506 or 3.2 percent. During the most recent ten-year period (2009-2019), the total General Fund salary and wage cost increase averaged 3.9 percent per year.

Recent history (2009-2019) indicates that employee benefits in total have increased 5.9 percent annually. The projected 2021 General Fund benefit cost increase is $232,694 or 3.0 percent.

The continuously changing COVID-19 impact, unknown economic impact, and uncertain recovery curve supports the conservative 2021 revenue projections and related expenditure proposal.

The consumption based taxes and fees (sales taxes, B&O taxes, utility taxes, admissions taxes, fees for services) are expected to be lower throughout the public health emergency and subsequent recovery period.

Staff recommends the 2021 Budget not depart from its cautious approach. The City's conservative budget approach has provided much financial success in the past, and should greatly improve the City's response and ability to continue to maintain service levels despite the COVID-19 public health emergency's impact to the local economy.

BUDGET RESERVES DISCUSSION

STAFF:	TROY WOO, FINANCE DIRECTOR
ACTION:	INFORMATION ONLY
STATUS:	COMMITTEE RECOMMENDED AN ADDITIONAL $100,00 TO THE CR2 PLAN BUDGET RESERVE ORDINANCE WILL BE ON THE DECEMBER 17, 2020, COUNCIL MEETING AGENDA FOR CONSIDERATION

Staff briefed the Committee on the status of cash and reserves, and current and proposed classifications.

Highlights included:

- Increase Reserves to $3 million
- Strategic Investment Program
- Pedestrian Crossing – College Street and Woodland Square
- Parks & Recreation Comp Plan Priorities
- Proposed Long-term Parks & Recreation Financial Plan
- CR2 Plan

- Strategic Facility Plan – City Hall and Maintenance and Operations Center
- Septic-to-Sewer
- Police Equipment and Facility Improvements
- Public Art Reserves

The Committee recommended adding an additional $100,000 to the CR2 Plan, which would increase the total to $300,000.

The Committee recommended moving the budget reserve ordinance to the full Council for consideration.