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Agenda Date: 4/8/2021
Council Meeting

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CITY OF FRESNO
CITY CLERK'S OFFICE

FRESNO CITY COUNCIL



Information Packet

ITEM(S)

File ID 21-484 (3-B)

Workshop - Fiscal year 2021 mid-year budget review

Contents of Supplement: Presentation.

Item(s)

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

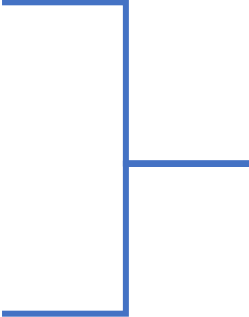
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FY 2021 Mid-Year Budget Review

FY 2021 Mid-Year Budget Review

GENERAL FUND – 10101	
REVENUES	
Sales Tax	
Property Tax	
Business License	
Room Tax	
Franchise Fees	
Other Taxes and Fees	
Charges for Current Services	
All Other Revenue	
Total Annual Operating Revenue	
Total Available Funding	

These revenue sources represent greater than 70% of the City’s Total Annual Operating Revenue.

1. These revenue sources are the best indicators of the level of economic activity in our community.
2. Increased Business Tax revenue means increased business revenue from increased sales of goods and services by local businesses.
3. Increased Sales Tax revenue means residents are spending more money in the economy for goods and services.
4. Increased Room Tax means more people are visiting the City for work, family, or leisure.

The higher the level of economic activity, the greater the revenue generated for the City.

FY 2019 and FY 2020 Actual Revenues

GENERAL FUND - 10101	FY 2019 Actuals	FY 2020 Actuals
PRIOR YEAR CARRYOVER	18,228,000	24,806,000
REVENUES		
Sales Tax	100,831,000	95,060,000
Property Tax	137,207,000	141,332,000
Business License	20,030,000	19,805,000
Room Tax	14,113,000	12,152,000
Franchise Fees	14,216,000	14,931,000
Other Taxes and Fees	5,642,000	5,672,000
Charges for Current Services	37,348,000	38,671,000
All Other Revenue	28,262,000	23,817,000
Total Annual Operating Revenue	357,649,000	351,440,000
Total Available Funding	375,877,000	376,246,000

1. FY 2019 – Last non-COVID19 economic cycle for the City.
2. FY 2020 – Revenue reductions were reported for Sales Tax, Business License, and Room Tax.
3. FY 2020 – Without the FY 2019 Carryover (\$24.8MM), a revenue reduction of **\$24.4MM** would have been reported for FY 2020 in Total Available Funding.

FY 2021 Adopted Budget – Revenue

GENERAL FUND - 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted (10/29/20)	
PRIOR YEAR CARRYOVER	18,228,000	24,806,000	25,332,000	
REVENUES				
Sales Tax	100,831,000	95,060,000	91,526,000	FY 2021 Adopted Budget forecasted a continued decline in economic activity.
Property Tax	137,207,000	141,332,000	149,247,000	<ul style="list-style-type: none"> Less Sales Tax Less Business Tax Less Room Tax
Business License	20,030,000	19,805,000	18,828,000	Projected sales tax at pre-Pandemic trend (avg. annual growth rate of 4.8%) would have been:
Room Tax	14,113,000	12,152,000	10,204,000	FY20: 105,753 FY21: 110,915
Franchise Fees	14,216,000	14,931,000	15,339,000	Projected Business License at pre-Pandemic trend (avg annual growth rate of 2.98%) would have been:
Other Taxes and Fees	5,642,000	5,672,000	5,698,000	FY20: 20,626,000 FY21: 21,240,000
Charges for Current Services	37,348,000	38,671,000	38,726,000	Projected Room Tax at pre-Pandemic trend (avg annual growth rate of 2.51%) would have been:
All Other Revenue	28,262,000	23,817,000	25,394,000	
Total Annual Operating Revenue	357,649,000	351,440,000	354,962,000	
Total Available Funding	375,877,000	376,246,000	380,293,000	FY20: 14,467,000 FY21: 14,830,000

FY 2021 Adopted and Revised – Revenue

GENERAL FUND - 10101	FY 2019 Actuals (Pre-Pandemic)	FY 2021 Adopted (10/29/20)	FY 2021 Estimate (4/8/21)
PRIOR YEAR CARRYOVER	18,228,000	25,332,000	25,332,00
REVENUES			
Sales Tax	100,831,000	91,526,000	98,694,000
Property Tax	137,207,000	149,247,000	149,484,000
Business License	20,030,000	18,828,000	18,500,000
Room Tax	14,113,000	10,204,000	11,103,000
Franchise Fees	14,216,000	15,339,000	15,339,000
Other Taxes and Fees	5,642,000	5,698,000	4,750,000
Charges for Current Services	37,348,000	38,726,000	36,799,000
All Other Revenue	28,262,000	25,394,000	24,274,000
Total Annual Operating Revenue	357,649,000	354,962,000	358,943,000
Total Available Funding	375,877,000	380,293,000	384,274,000

Revised FY 2021 Revenue Estimate (April 2021)

1. Revenue Forecast
Increases: Sales Tax, Property Tax, Room Tax, and Other Revenue.
2. Revenue Forecast
Decreases: Business License, Other Taxes, and Charges for Service
3. FY 2020 Carryover:
Without the FY 2020 Carryover (\$25.3MM), a revenue reduction of **\$17.3MM** would be forecasted FY 2021 in Total Available Funding.

FY 2021 Mid-Year Estimate – Carryover

GENERAL FUND - 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Estimate (4/8/21)
Total Annual Operating Revenue	357,649,000	351,440,000	358,943,000
Total Annual Available Funding	375,877,000	376,246,000	384,274,000
Total Annual Operating Expenses	-317,325,000	(339,615,000)	(404,826,000)
Total Annual Operating Transfers	-33,043,000	(11,300,000)	43,311,000
Ending Balance	25,509,000	25,331,000	22,759,000
FY 21-FY 22 Carryover Commitments			
Budgeted Items:	United Health Care Centers		(\$10,000,000)
	Economic Incentive Payments		(\$1,400,000)
	Motion #24 - Police Reform Commission		(\$500,000)
	Motion #13 - \$5M to PARCS		(\$2,383,000)
	FY 19 to FY 21 Park Improvement Projects		(\$3,250,000)
	FY 2021 Capital Projects (not complete)		(\$1,016,000)
Remaining Balance (Budget Surplus)	\$4,210,000		
Unbudgeted Items:	CDBG Repayment		(\$2,600,000)
	Repay Housing Trust Fund/Multi-Gen Project		(\$700,000)
	Homeless Housing Initiative (Travel Inn)		(\$600,000)
Carryover to Following Year	25,509,000	25,332,000	310,000

Next Steps – Build the FY 22 Budget

1. Revenue Forecast
 - a. Base Operating Revenue
 - i. Add for Measure P
 - ii. Add for Cannabis
 - b. American Rescue Plan
2. Expense Forecast
 - a. Base Operating Expenses
 - i. Department Expansion Recommendations
 - ii. District Priorities
 - iii. Mayoral Priorities
 - b. American Rescue Plan