

Budget Update

September 15, 2020

Presentation Outline

- General and Police, Fire & Parks (PFP) Fund Overview
- FY 19/20 & FY 20/21 Budget Background
- General & PFP Fund Forecast
- CARES Act Funding
- Community Service Fee Usage
- Police Fire & Parks Fund Balancing
- Remaining Gap Balancing
- Department Adjustments
- Summary

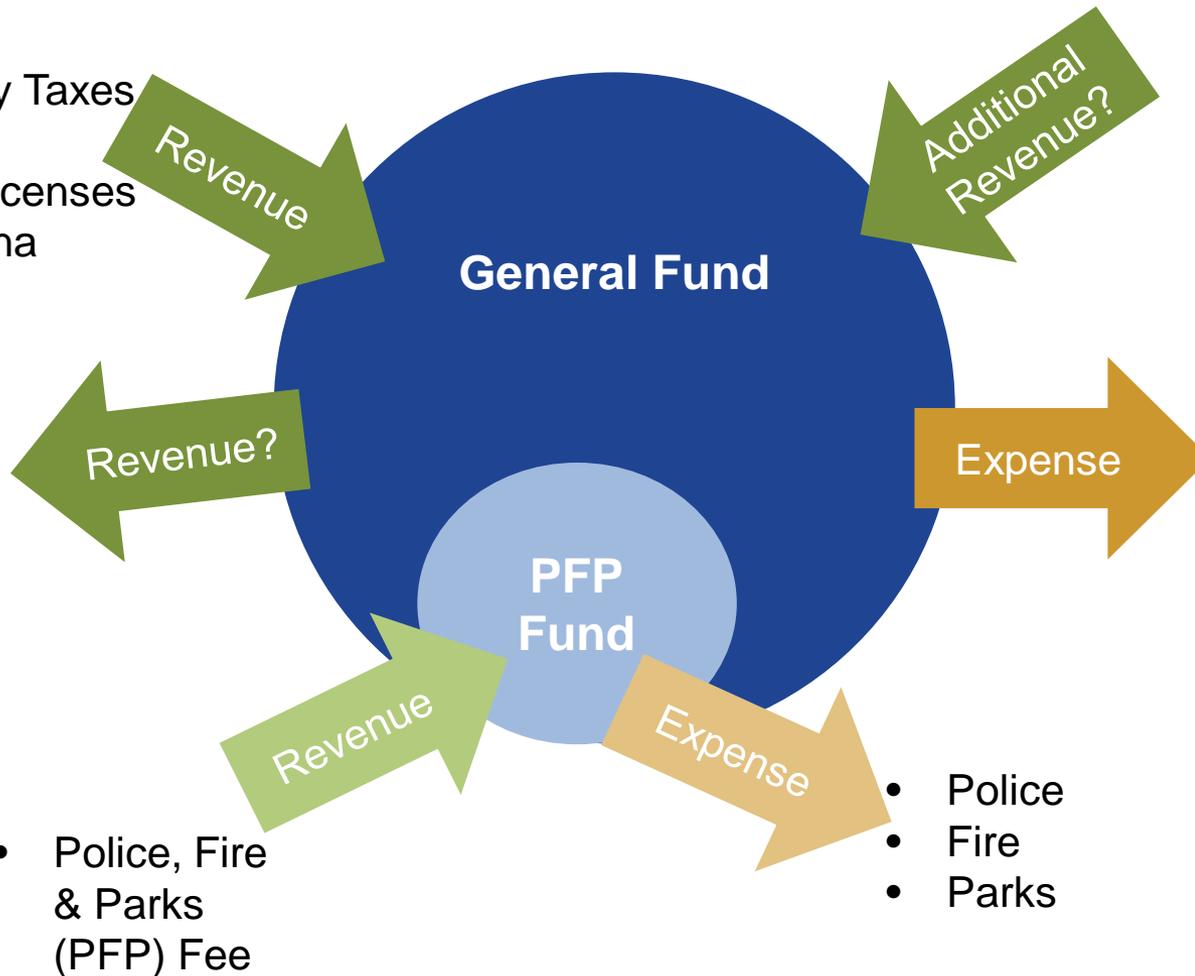
Council Policy Development Meeting – September 22, 2020

- Next steps for CARES Reimbursement
- Community Service Fee Usage
- Police, Fire & Parks Fund Balancing

General & PFP Fund Overview

General / PFP Fund Overview

- Property Taxes
- BIT
- Utility Licenses
- Marijuana
- Other



- Police, Fire & Parks (PFP) Fee

- Police
- Fire
- Parks

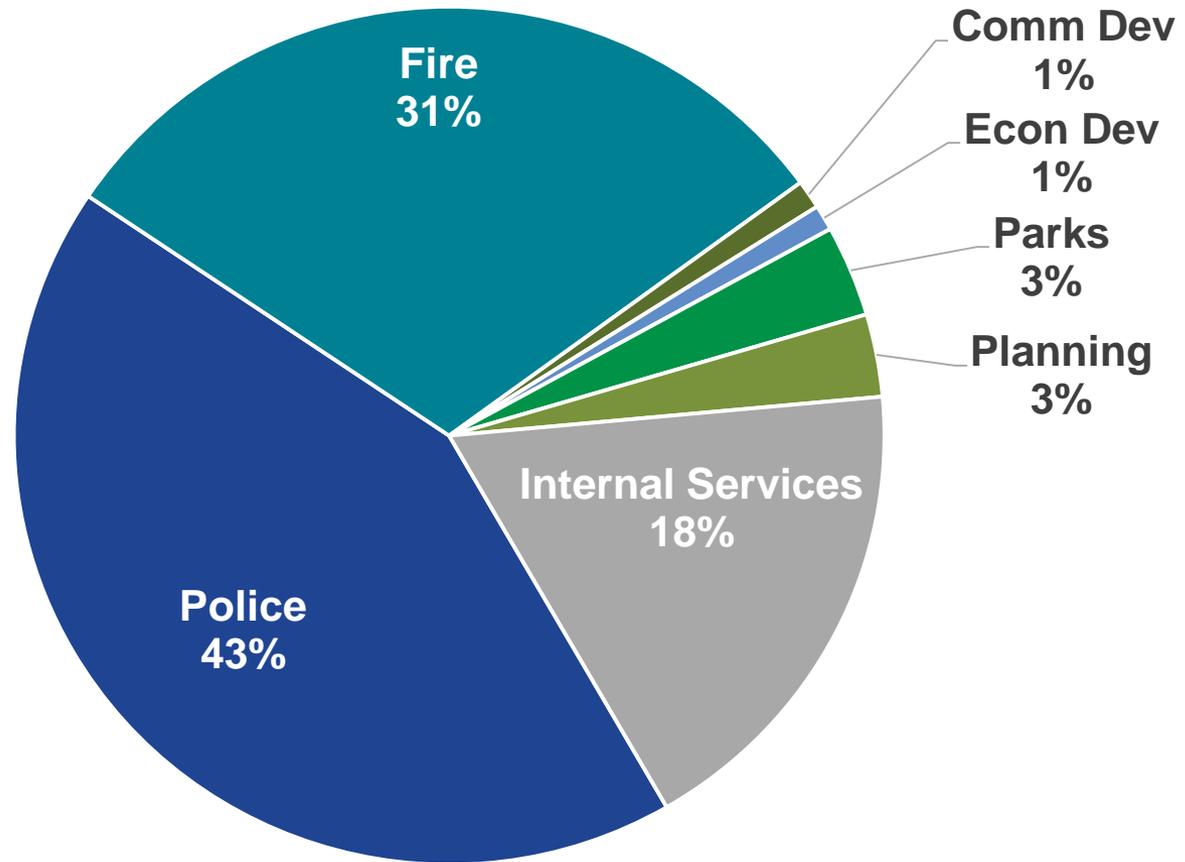
FY 20/21 Adopted Budget

- Police
- Fire
- Parks
- Planning
- Economic Dev
- Community Dev

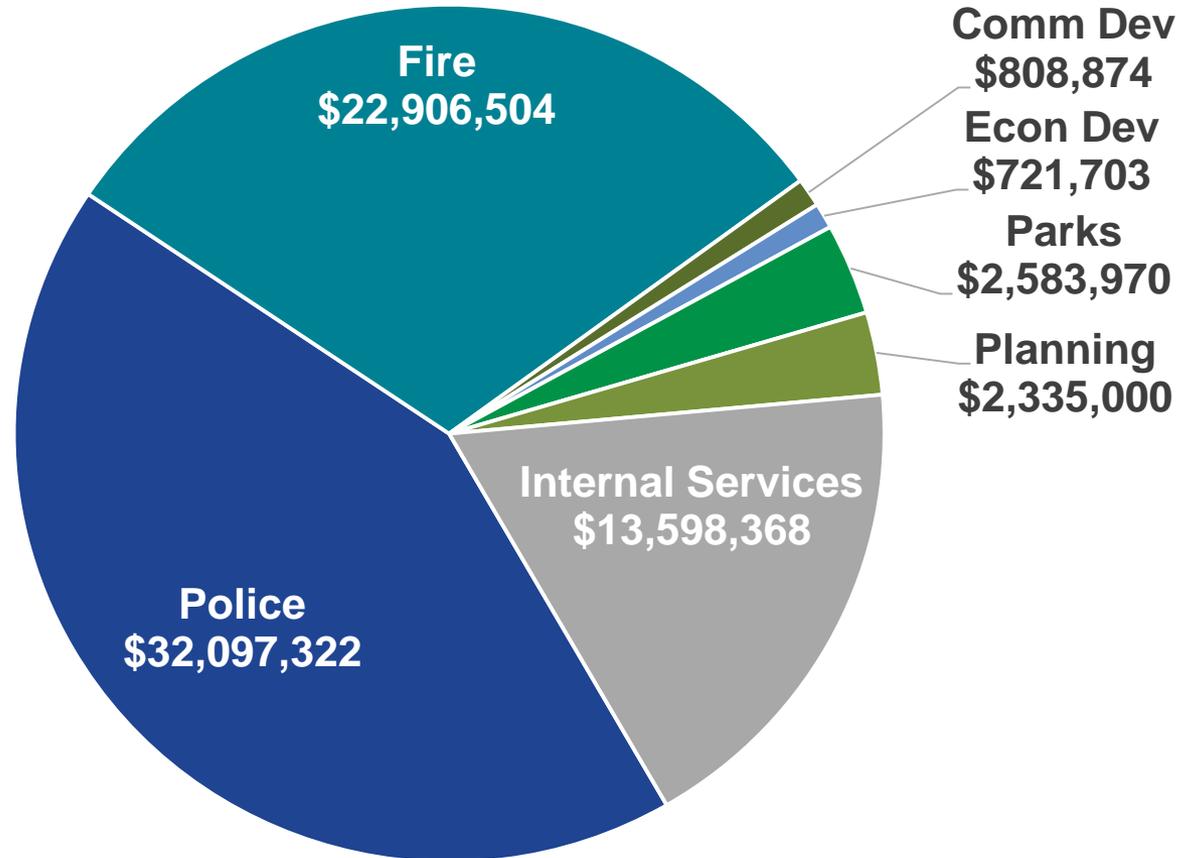
Internal Services

- City Administration
- Budget / Finance
- Communications
- HR
- IT / GIS
- City Attorney
- Fleet / Facilities
- Code Enforcement
- Neighborhoods

General / PFP Fund Expenses



General / PFP Fund Expenses



FY 19/20 & FY 20/21 Budget Background

Background

- **April 2019:** Start with FY19/20 Budget Committee
Projected \$1,049,000 in GF Ending Fund Balance
- **May 2019:** Budget Leadership Team (BLT) formed
- **Summer/Fall 2019:** Series of reductions including holding many positions vacant
- **Winter 2019:** City Council took action on some additional revenue
- **Winter/Spring 2020:** City Manager/BLT worked to develop FY 20/21 Proposed Budget

Background

- **March 2020:** COVID impacted the City directly mid-March
- **April 2020:** Budget Committee met and recommended approval of FY 20/21 budget
- **June 2020:** City Council adopted FY 20/21 budget
- **June 2020:** Leadership changes
- **Summer 2020:** BLT re-engaged to start to address ongoing budgetary challenges
- Brings us to today...

Positions Eliminated in FY 20/21 Budget

Police

- Crime Analyst
- Police Officer (4.0)
- Police Records Specialist
- Administrative Assistant

Parks

- Public Utility Worker
- College Intern

**26.8 Positions eliminated
totaling more than \$ 3.2 million**

All Other Departments

- Assistant City Attorney
- Finance & Mgmt Services Director
- IT Services Coordinator
- Administrative Analyst
- Chief Information & Innovation Officer
- Project Manager
- Assistant to the Mayor
- Administrative Assistant (1.1)
- Development Planner
- College Intern
- Economic Development Specialist (2.0)
- Public Utility Worker
- UR Project Coordinator (2.0)
- Environmental Specialist (0.2)
- ERP Backfill Positions (2.5)

General & PFP Fund Forecast

General / PFP Fund Forecast: Pre-COVID

	FY 20/21 Adopted Budget	FY 21/22 Forecast
Beginning Balance	\$ 10.6 million	\$ 4.9 million
Revenue	\$ 71.9 million	\$ 75.1 million
Total Resources	\$ 82.5 million	\$ 80.0 million
Expenditures	\$ 77.6 million	\$ 82.7 million
Ending Fund Balance	\$ 4.9 million	(\$ 2.7 million)
Required Ending Fund Balance*	\$ 4.8 million	\$ 5.2 million
Difference	\$ 0.1 million	(\$ 7.9 million)

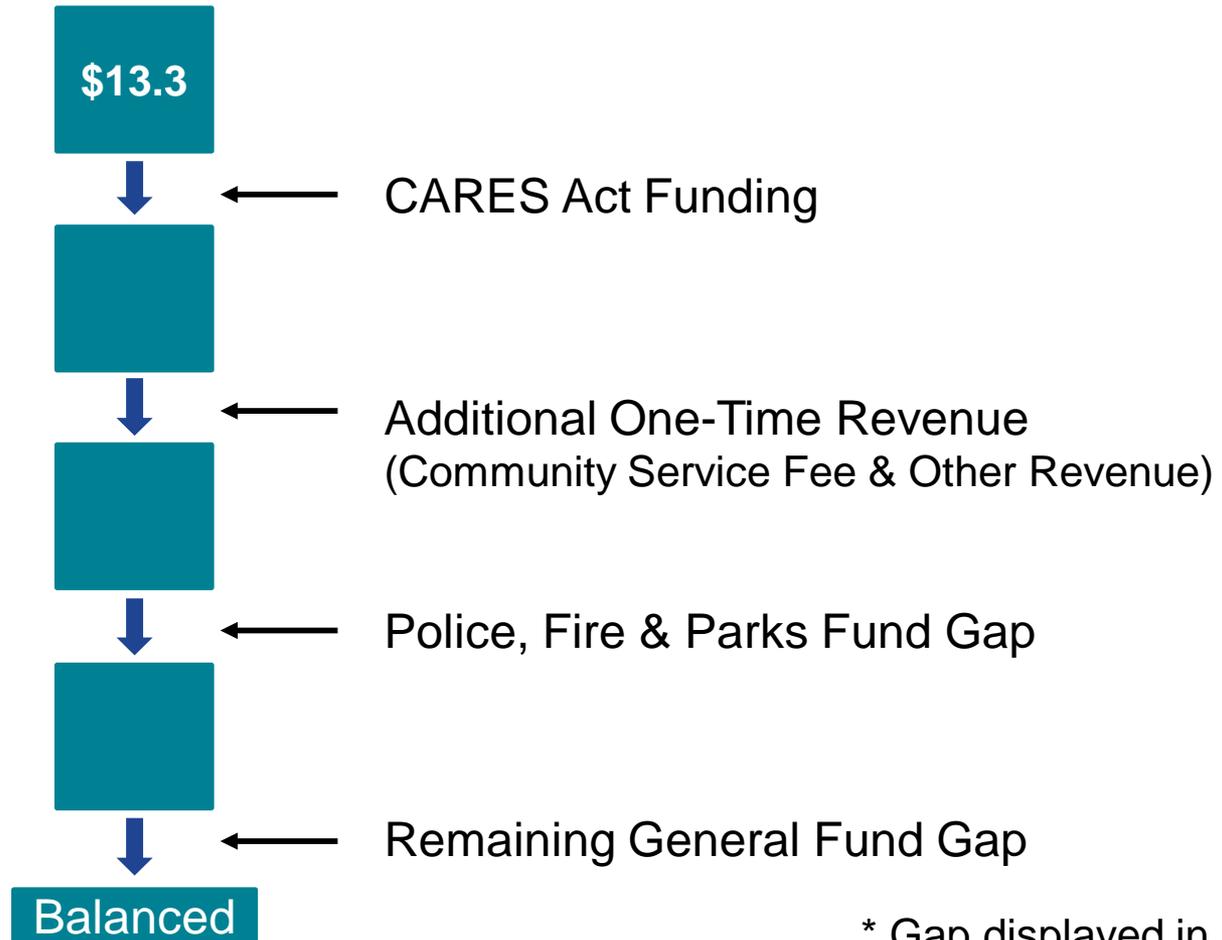
* Per City of Gresham's Adopted Financial Policy

General / PFP Fund Forecast: With COVID

	FY 20/21 Forecast	FY 21/22 Forecast
Beginning Balance	\$ 9.3 million	(\$ 0.2 million)
Revenue	\$ 68.1 million	\$ 74.8 million
Total Resources	\$ 77.4 million	\$ 74.6 million
Expenditures	\$ 77.6 million	\$ 82.7 million
Ending Fund Balance	(\$ 0.2 million)	(\$ 8.1 million)
Required Ending Fund Balance*	\$ 4.8 million	\$ 5.2 million
Difference	(\$ 5.0 million)	(\$ 13.3 million)

* Per City of Gresham's Adopted Financial Policy

General / PFP Funding Gap Through FY 21/22 *



* Gap displayed in millions

CARES Act Funding

Federal CARES Act Summary

Federal Appropriation \$139.0 billion

↳ Total Oregon Share: \$1.64 billion

↳ Multnomah County: \$28.1 million

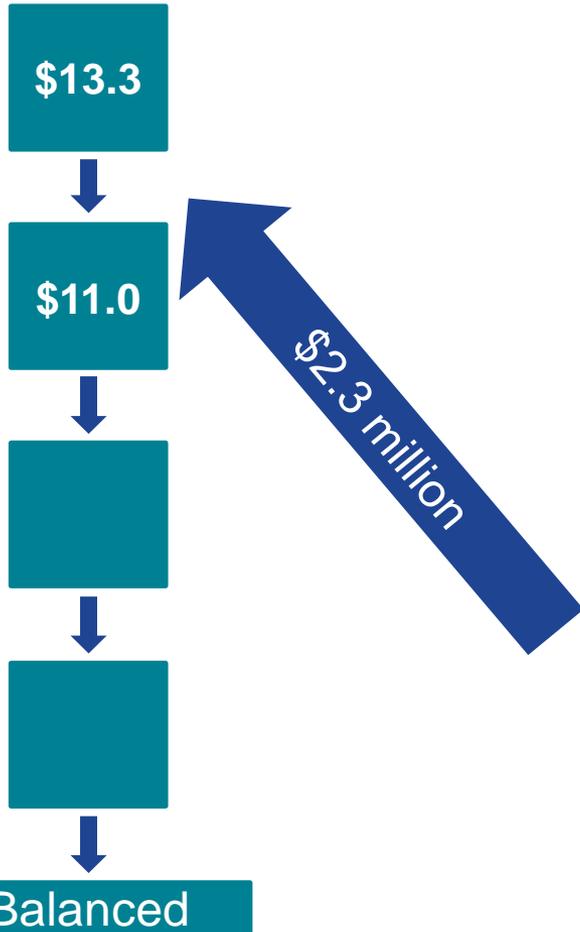
↳ City of Portland: \$114.3 million

↳ East County Share (5 cities): \$5.0 million

↳ **Gresham Share: \$3.94 million**

- 5 East County cities split proportionately based on population
- Funds must be used for eligible expenses and spent by December 31, 2020

CARES Funding



CARES Eligible Expenses (Est Through 12/31/20)

Public Safety Expenses	\$ 2,240,000
Small Business Grants	\$ 600,000
COVID Community Support (Staff)	\$ 200,000
Mandated COVID Leave	\$ 700,000
Other COVID Expenses	\$ 200,000
Total	\$3,940,000

Expected Reimbursement

General Fund	\$ 2,300,000
All Other Funds	\$ 1,600,000

Policy Question: Next steps for CARES Reimbursement

Community Service Fee Usage

Enterprise Zone – Community Service Fee

History

- March 21, 2006: Enterprise Zone Established
- April 5, 2016: Enterprise Zone Renewed

Regulations

- ORS 285.C relates to Economic Development, including Enterprise Zones
- Gresham Resolution 3310 outlines Gresham's current program requirements
 - Fees are to be used for job creation and economic development
 - Requires Council approval for Community Service Fee usage

Current Status

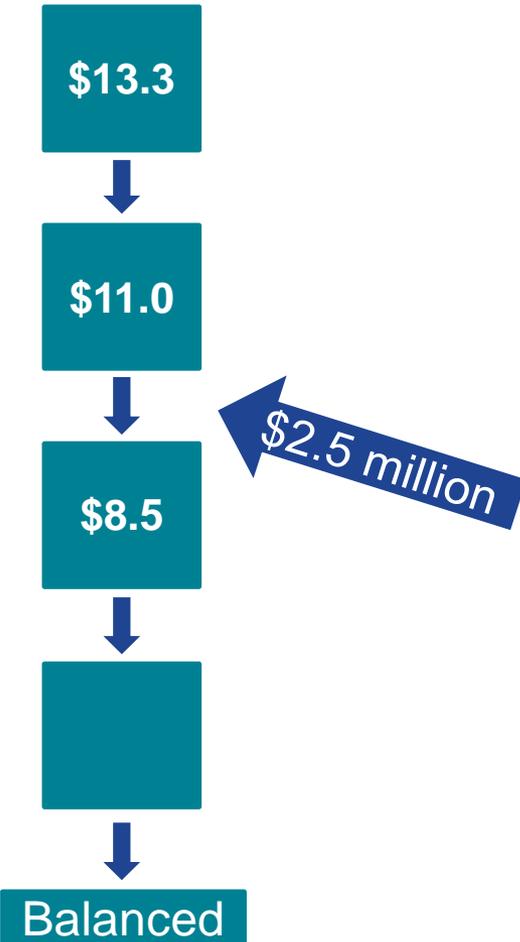
- Approximately \$2.9 million cash balance.
- Funds used for COVID Small Business Emergency Grants
- Budgeted \$1.7 million in CSF revenue for FY 20/21.
- COVID may impact projected revenues in current and future years

Proposed Community Service Fee Usage

Department	Proposed Use	FY 20/21	FY 21/22
Comm Dev	Commercial Business & Dev	\$ 180,000	\$ 180,000
Econ Dev	Economic Development	\$ 400,000	\$ 400,000
Planning	Permit Center	\$ 110,000	\$ 110,000
Planning	Comprehensive Planning	\$ 200,000	\$ 200,000
Communications	Econ Dev Related Services	\$ 210,000	\$ 210,000
Subtotal		\$ 1,100,000	\$ 1,100,000
2 Year Total			\$ 2,200,000

Additional One-Time Revenue

GF/PFP Gap



Community Service Fee

Estimated Available Cash	\$ 2.9 million
FY 20/21 Proposed Usage	(\$ 1.1 million)
FY 21/22 Proposed Usage	(\$ 1.1 million)
Remaining Balance	\$ 0.7 million

Other Internal Revenue Sharing (2 Year totals)

Rental Inspection	\$ 0.2 million
Metro Housing Bond (GF impact)	\$ 0.1 million
	\$ 0.3 million

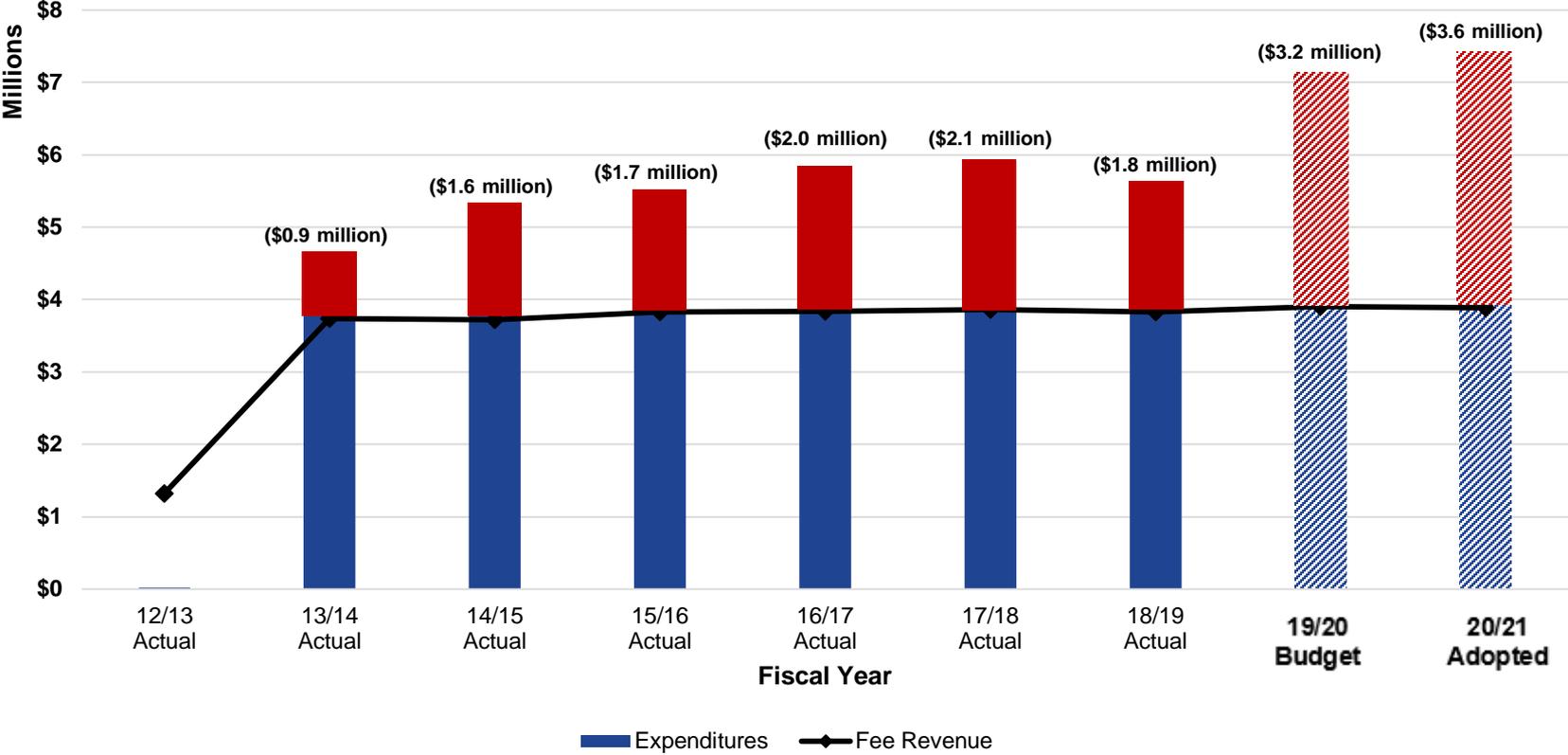
Police, Fire & Parks Fund Balancing

Police, Fire & Parks Fee Background

- December 2012: 17-month Police, Fire & Parks Fee Adopted
- June 2014: Permanent Police, Fire & Parks Fee Adopted
- Fee Distribution
 - Public Safety (Police & Fire) – 95%
 - Parks – 5%
- **Fee has not been adjusted since inception**
- **Scope of services within the fund has been consistent since inception**

Police, Fire & Parks Fund History

Police, Fire & Parks Fund



Police, Fire & Parks Fund Balancing

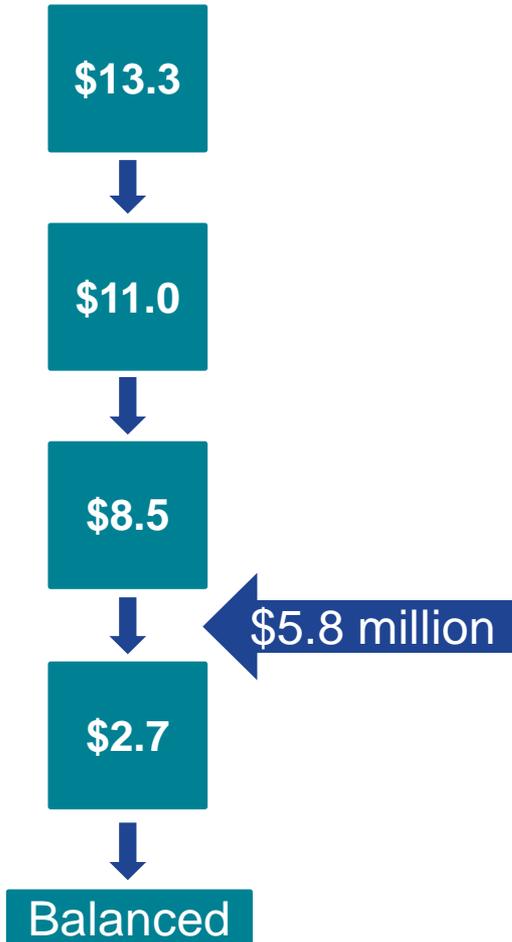
Desired Outcome	Rate Impact (Monthly)	Additional Revenue	PFP Expenses
Maintain Service Level	\$7.50 Increase	\$ 3,889,000	\$ 296,000
Partially Reduce Service Level	\$3.75 Increase	\$ 1,945,000	(\$ 1,648,000)
Reduce Service Level	No Fee Change	\$ 0	(\$ 3,593,000)

Notes:

- The Police, Fire & Parks Fee has been flat since inception. Annual indexing is recommended
- Other ways to address the structural gap would be to implement alternative revenue sources

Police, Fire & Parks Fund

GF/PFP Gap



	%	FY 20/21 Adopted	Budget Impact
Revenue		\$ 3,889,000	
Police	53%	\$ 3,935,000	(\$ 1,889,000)
Fire	42%	\$ 3,175,000	(\$ 1,525,000)
Parks	5%	\$ 372,000	(\$ 179,000)
Total	100%	\$ 7,482,000	(\$ 3,593,000)

FY 20/21 (Reductions effective Jan 1, 2021)	(\$ 1,800,000)
FY 21/22 (Forecasted reduction)	(\$ 4,000,000)
Total	(\$ 5,800,000)

Remaining Gap

Remaining Gap (GF Impact)

GF/PFP Gap



Department	2 Year Total (GF Impact)
Planning	\$ 500,000
Community Development	\$ 150,000
Economic Development	\$ 50,000
Internal Services	\$ 1,000,000
	\$ 1,700,000
Remaining Gap	\$ 1,000,000
(Proportionally split between Police, Fire, Parks)	

Department Adjustments

FY 20/21 Operating Department Adjustments

Department	GF/PFP Budget*	Adjustments	Adjusted Budget ***	% Change
Police**	\$ 32,097,000	(\$ 1,739,000)	\$ 30,358,000	(5.4%)
Fire**	\$ 22,907,000	(\$ 1,156,000)	\$ 21,751,000	(5.0%)
Parks	\$ 2,584,000	(\$ 131,000)	\$ 2,453,000	(5.1%)
Planning	\$ 2,335,000	(\$ 221,000)	\$ 2,114,000	(9.5%)
Community Dev	\$ 809,000	(\$ 120,000)	\$ 689,000	(14.8%)
Economic Dev	\$ 722,000	(\$ 38,000)	\$ 684,000	(5.2%)

* Budget shown does not include Support Services Divisions

** Reflects changes in department specific revenues

*** Includes a requirement that departments underspend their budget by 1% for FY 20/21

FY 20/21 Internal Services Adjustments

Department	FY 20/21 Budget	Adjustments	Adjusted Budget*	% Change
City Administration	\$ 2,854,000	(\$ 112,000)	\$ 2,742,000	(3.9%)
City Attorney's Office	\$ 1,160,000	(\$ 86,000)	\$ 1,074,000	(7.4%)
Comm Livability	\$ 1,756,000	(\$ 72,000)	\$ 1,684,000	(4.1%)
Budget / Finance	\$ 4,359,000	(\$ 316,000)	\$ 4,043,000	(7.3%)
Information & Innov	\$ 510,000	(\$ 51,000)	\$ 459,000	(10.1%)
Communications	\$ 1,111,000	(\$ 39,000)	\$ 1,072,000	(3.5%)
Facilities & Fleet	\$ 5,104,000	(\$ 302,000)	\$ 4,802,000	(5.9%)
Human Resources	\$ 1,176,000	(\$ 41,000)	\$ 1,135,000	(3.4%)
IT / GIS	\$ 5,130,000	(\$ 157,000)	\$ 4,973,000	(3.1%)

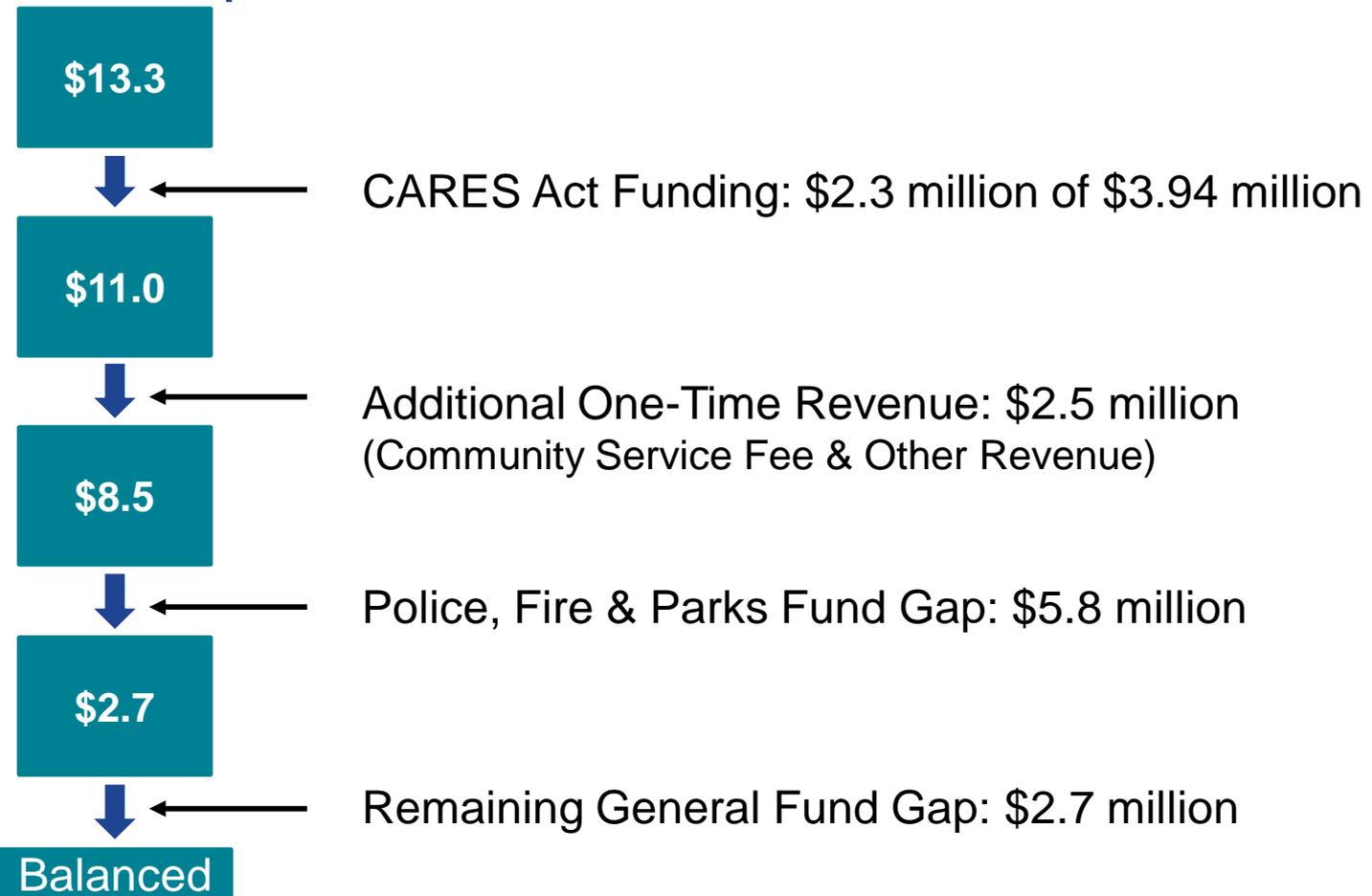
GF Impact FY 20/21 = \$ 528,000

* Includes a requirement that departments underspend their budget by 1% for FY 20/21

Summary

Recap of Proposed Actions

GF/PFP Gap



Next Steps

- Meetings with Department Directors
- Finance Committee Meeting – September 16, 2020
- Council Policy Development Meeting – September 22, 2020
 - Next steps for CARES Reimbursement
 - Community Service Fee Usage
 - Police, Fire & Parks Fund Balancing
- City Manager Decision and Implementation of FY 20/21 adjustments