FY2021 Budget Process Approaching Uncertainty

CITY OF AVONDALE, AZ

OCTOBER 26, 2020

Budget Timeline

Retreats	August: Staff 1	October: St[redacted]	December: Council
Budget Work Sessions	January: Overview	February: Revenue & General Fund	[redacted]arch: Ent[redacted]e Funds & C[redacted]ital
Budget Adoption	April: Recommended	May: Tentative	June: Final

Financial Outlook: Before COVID-19

	FY2021
Beginning Balance	$51.2 M
Sources	**75.2 M**
Operating Uses	**72.0 M**
Transfer to Capital	11.9 M
Transfer to Operations	1.5 M
Interfund Loans	6.8 M
Ending Balance	$34.3 M
35% Reserve	$23.1 M
Amount Above Reserve	$11.2 M

City Manager's Recommended Budget

CITY COUNCIL MEETING

APRIL 6, 2020

Agenda

Addressing Uncertainty

Recommended Budget Overview

Next Steps

Budget Process Review

Date	Activity	Date	Activity
December 2	Council Retreat		
January 21	Process Overview		
February 3	Revenue Discussion		
February 18	General Fund(s)		
March 2	Enterprise Funds	March 11	AZ Emergency
March 23	Capital Funds	March 13	National Emergency
April 6	Recommended		

Headlines vs Data

TOO SOON TO SAY

Process Reminders

- Expenditure limitation: requires appropriation to spend
- Tentative Budget establishes the maximum
  - Budget may decrease up to Final Budget and throughout year
  - Budget may not increase up to Final Budget and throughout year
- 8 weeks between Recommended Budget and Final Budget

Points of Budget Flexibility

FY2021 Recommended Budget	Amount
Ongoing sources greater than ongoing uses	$3.2 M
Transfers/loans to pay for one-time capital	$18.6 M
Reserves of 35%	$23.1 M

Recommendation

Proceed with Baseline Recommended Budget (as published)

Includes certain additions subject to resource availability

Detailed schedules to be distributed next week

Addressing Uncertainty

Two new categories for both operating and capital budgets

- Recommended for Funding
- Contingent on Future Resources

General Governmental Distribution

Operations

Funded

	On-going	1 x	FTE
Supplementals	$2.9 M	$4.7 M	16.5

Contingent

	On-going	1 x	FTE
Supplementals	$1.7 M	$0.7 M	15.5

Approach to CIP

CIP Key Terminology: Typical Approach

- Funded – Resources identified and expenses budgeted. First year of CIP is funded as part of budget process
- Planned – Resources identified and in the five year CIP plan
- Unfunded – Project identified; resources not identified

CIP Key Terminology: Recommended Approach

- Funded – Resources identified and expenses budgeted. 1st year of CIP funded as part of budget process
- Planned – Resources identified and in the five year CIP plan
- Contingent – Anticipated to be funded. Waiting on more information
- Unfunded – Project identified; resources not identified

General Governmental Distribution

Capital/Asset Replacement

Funded

	Amount
5-Year Total	$54.3 M

Contingent

	Amount
5-Year Total	$61.9 M

General Guidance

Know Your Tools

- Reserves
- Contingencies
- Structural Surplus/Shortfall
- Departmental "Fluff"
- Contributions to Capital
- Contributions to Asset Replacement
- Accounting for Vacancy Savings
- Identification of One-Time Resources

Influencers: Experiences and Biases

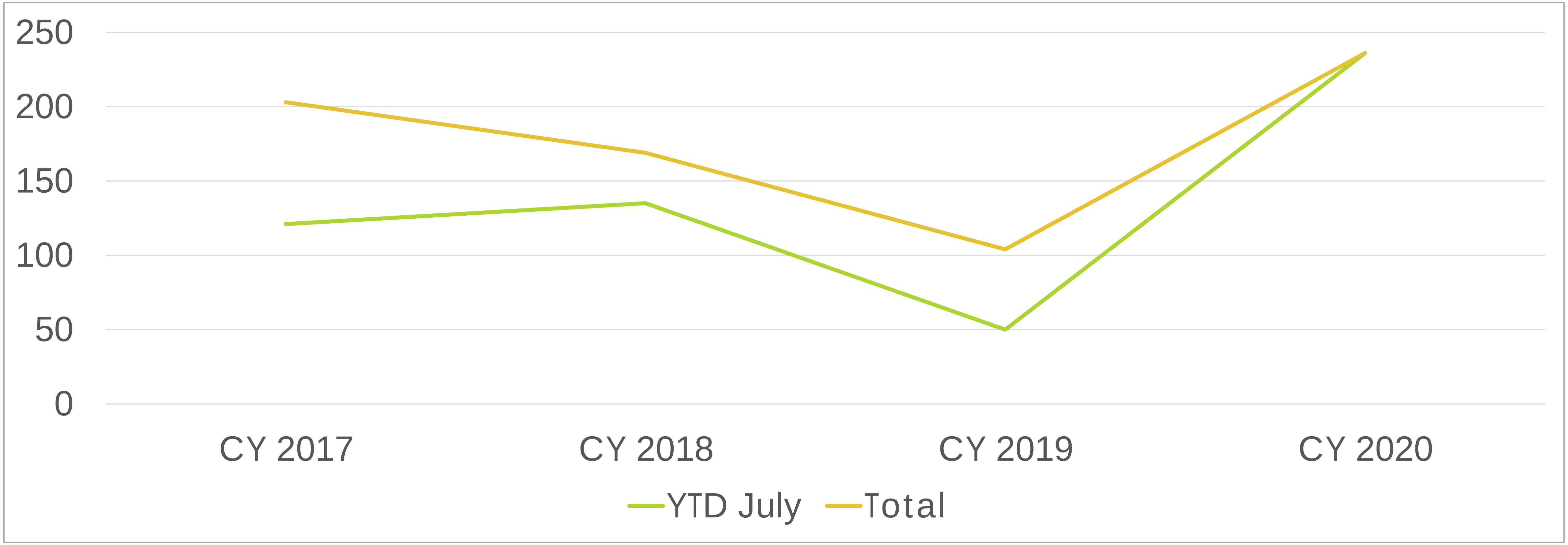
GET TO THE DATA… THE RIGHT DATA

Engineering, Planning, Public Works

DRIVEN BY CONSTRUCTION

Counting Single Family Permits

“Year to Date Single Family Permits are up 372% over the prior calendar year!” July 2020



Permits Issued
2,500
2,000
1,500
1,000
500
0
FY2001
FY2002
FY2003
FY2004
FY2005
FY2006
FY2007
FY2008
FY2009
FY2010
FY2011
FY2012
FY2013
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020

Economic Development

CONNECTED TO BUSINESS COMMUNITY

Economic Development

- Business closures?
- Ribbon cuttings?
- Construction stalling out?
- Office and retail vacancy statistics?

Human Resources

REMEMBERS THE LAST ROUND OF STAFFING REDUCTIONS

Human Resource Data

- What are other cities planning for wages and benefits
- Applicant data
  - Police officer
  - Customer service
  - Administrative positions

The Players

- The Worrier
- The Eternal Optimist
- The Amateur Economist
- The Follower
- The Finance Officer

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