

City of Ashland Financial Update

CITY COUNCIL STUDY SESSION

NOVEMBER 16, 2020

Financial Update

- Fourth Quarter FY2020 Status
- First Quarter FY2021 Status
- Wastewater Debt Options
- COVID Impacts
- Going Forward:
 - Budget Environment- Constrained revenues, continued service demands and increasing costs of service
 - Focus on Structure and Resilience building- policy focus and basic service priorities
 - Maintenance of options- keep flexibility for future adjustments and to implement long-term strategic plan

All Funds Revenues & Expenditures- Actual through June 30, 2020

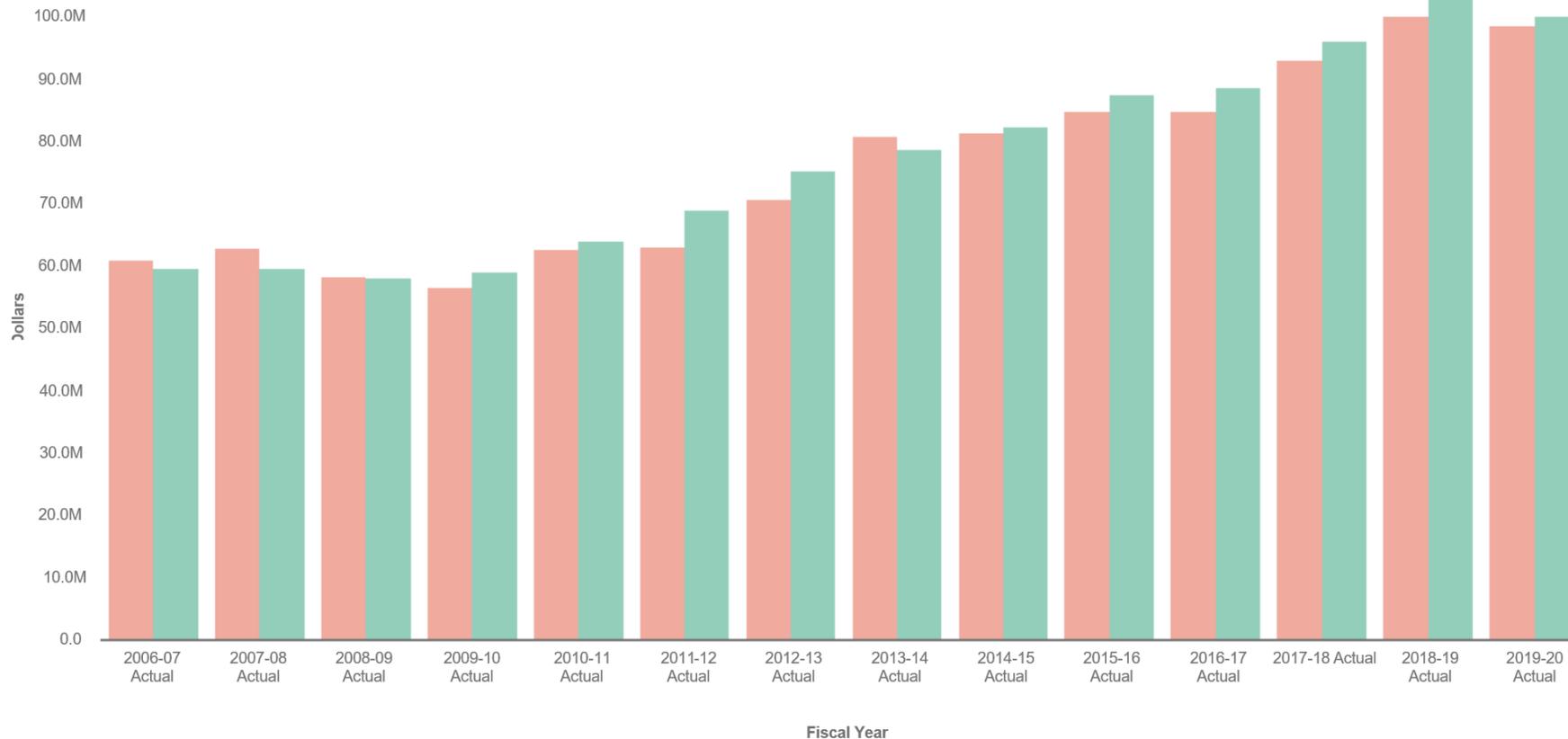
Annual- All Funds



Sort By Chart of Accounts ▼

- Revenues
- Expenses

Visualization



FY2020 Fourth Quarter Highlights

- Revenues declined but not as drastically as original projections
- Expenditures tightly controlled through operations

- Balance increasing or stable in: General Fund, Central Services Fund,
- Balances declining in: Streets Fund
- Balances of concern in: Insurance Fund

- Enterprise Funds are stable with capital balances building in anticipation of pending projects

FY2021 First Quarter Update

All Funds 1st Quarter

	FY2020 Actual	FY2021 Budget*	% Change	FY2020 1st Quarter	FY2021 1st Quarter	% Change
Taxes	25,394,514	27,858,098	9.70%	2,459,484	2,409,116	-2.05%
Charges and Fees	65,158,731	66,619,740	2.24%	18,278,114	16,856,587	-7.78%
Permits and Fines	1,514,114	1,557,050	2.84%	369,954	640,532	73.14%
Transfers	675,144	989,672	46.59%	218,465	202,824	-7.16%
Miscellaneous	7,588,295	32,677,827	330.63%	1,276,942	904,707	-29.15%
Resources TOTAL	100,330,798	129,702,386	29.27%	22,602,959	21,013,765	-7.03%
Personnel Services	34,126,944	37,429,278	9.68%	8,628,424	8,044,499	-6.77%
Materials & Services	49,033,460	54,314,802	10.77%	13,353,531	12,460,434	-6.69%
Debt Service	4,925,855	4,329,864	-12.10%	1,244,441	1,608,810	29.28%
Capital	9,982,999	36,296,507	263.58%	2,728,882	2,313,947	-15.21%
Transfers	675,144	2,406,731	256.48%	218,465	202,824	-7.16%
Expenses TOTAL	98,744,402	134,777,182	36.49%	26,173,743	24,630,514	-5.90%

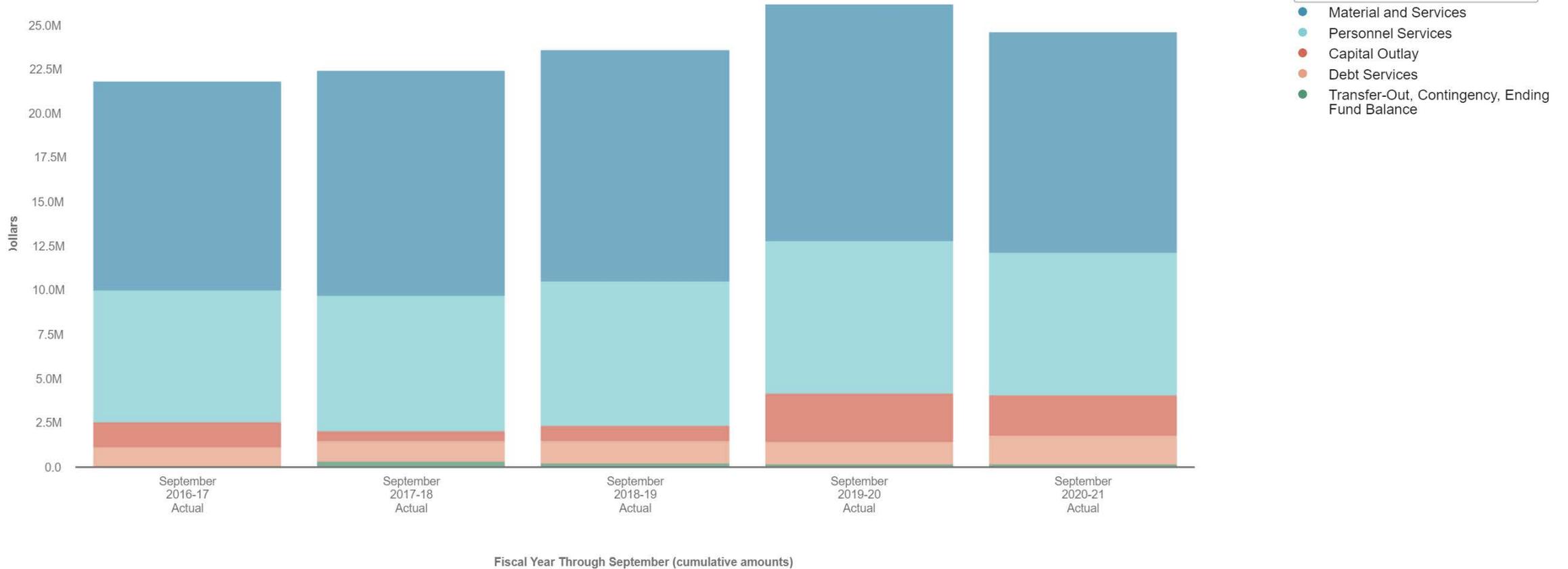
All Funds Expenditures- Year over Year through September 30, 2020

Year over Year



Visualization

Sort **Large to Small**



FY2021 First Quarter Highlights

- Flat revenues; still lower than pre-COVID but not continuing to decline
- Expenditures tightly controlled through operations

- Balance increasing or stable in: General Fund, Central Services Fund,
- Balances declining in: Streets Fund
- Balances of concern in: Insurance Fund

- Enterprise Funds are stable; anticipated rate increase was not implemented so will need review in BN2021-2023

Transient Occupancy Tax 10-year History



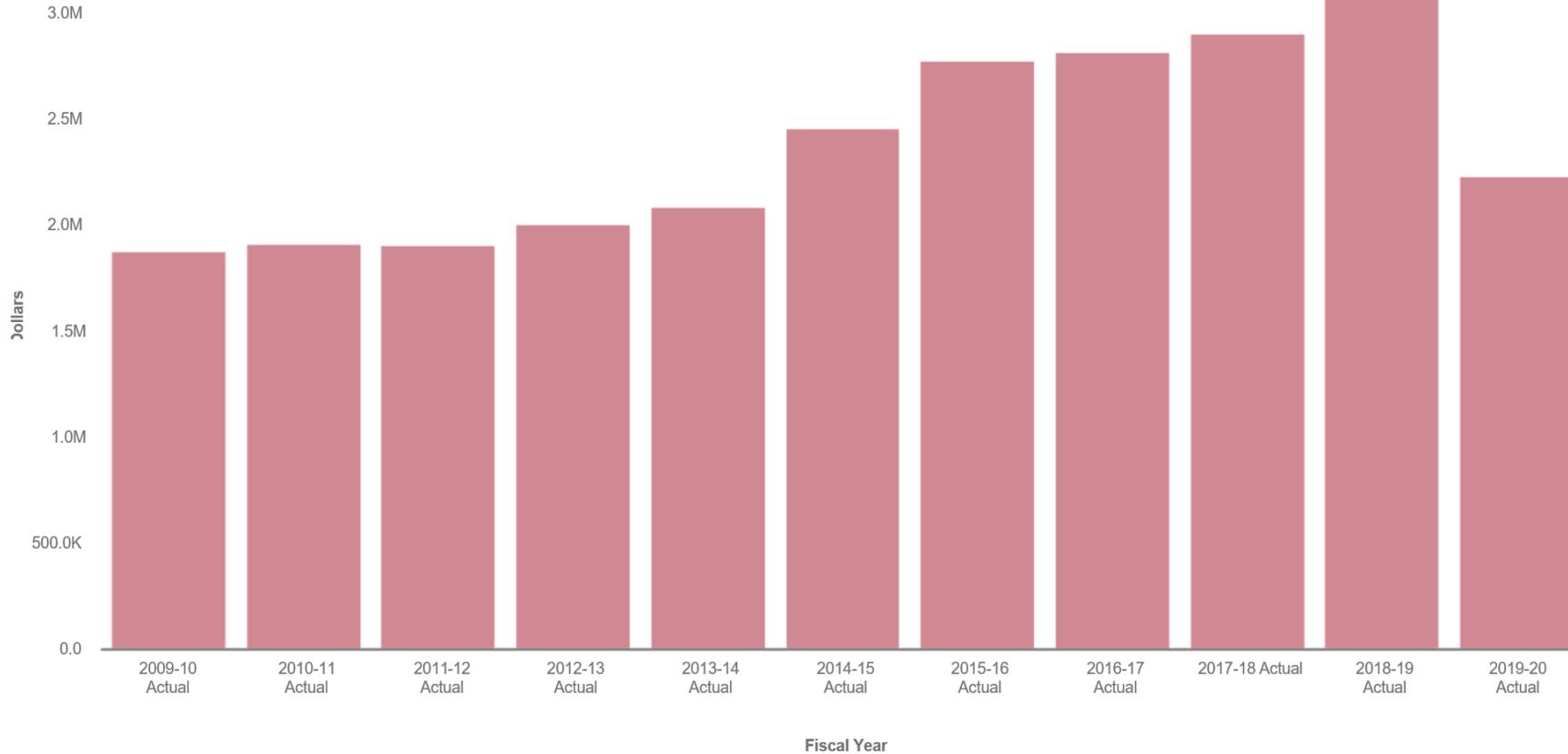
Annual - Lodging Tax



Sort By Chart of Accounts

Lodging TOT Tax

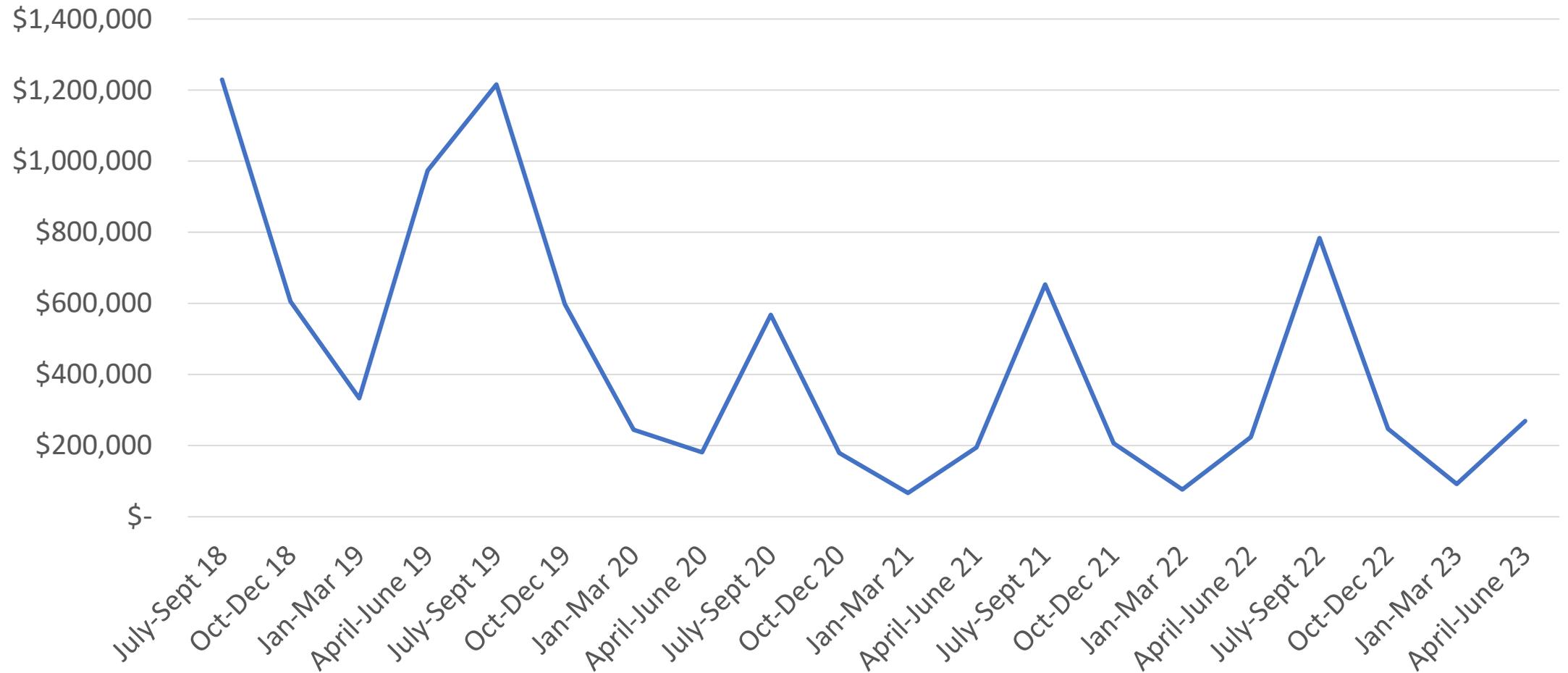
Visualization



	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
Lodging TOT Tax	\$ 1,880,401	\$ 1,917,685	\$ 1,910,699	\$ 2,009,478	\$ 2,091,530	\$ 2,460,010	\$ 2,777,401	\$ 2,818,165	\$ 2,909,529	\$ 3,134,108	\$ 2,236,782
Total	\$ 1,880,401	\$ 1,917,685	\$ 1,910,699	\$ 2,009,478	\$ 2,091,530	\$ 2,460,010	\$ 2,777,401	\$ 2,818,165	\$ 2,909,529	\$ 3,134,108	\$ 2,236,782

Transient Occupancy Tax

Transient Occupancy Tax



Food & Beverage Tax 10-year History



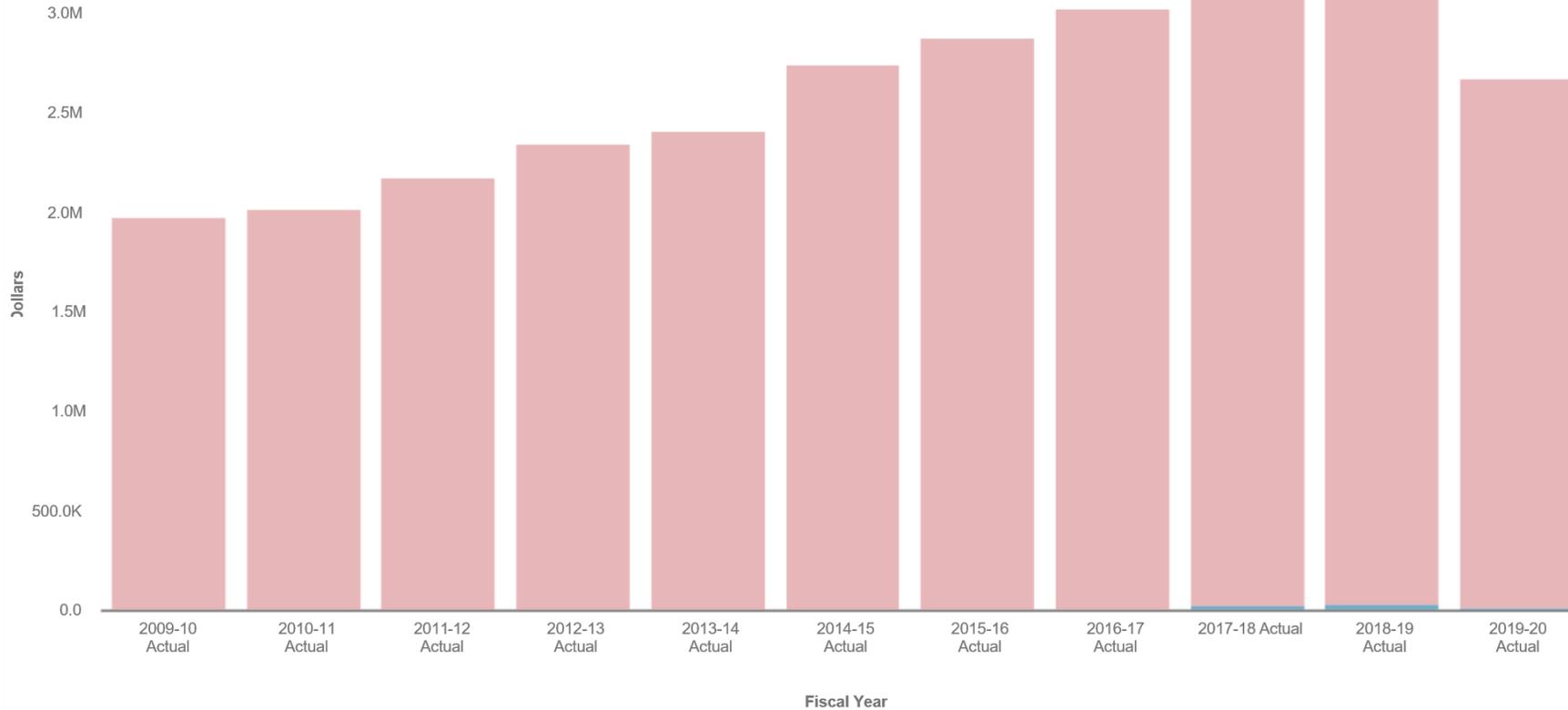
Annual F&B



Visualization

Sort By Chart of Accounts ▾

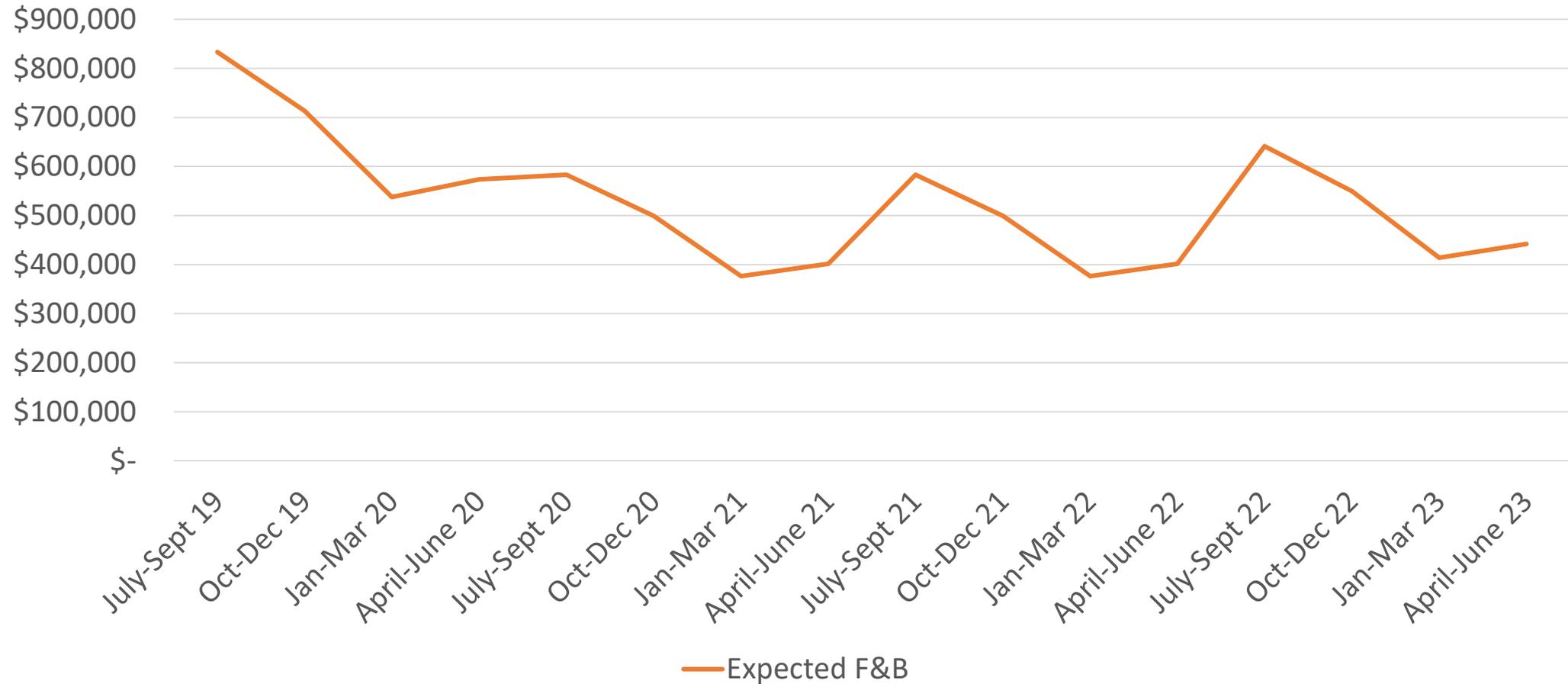
- Food and Beverage Tax
- F & B Late & Interest



	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
Food and Beverage Tax	\$ 1,979,759	\$ 2,021,847	\$ 2,180,749	\$ 2,346,521	\$ 2,412,855	\$ 2,743,621	\$ 2,882,378	\$ 3,029,331	\$ 3,135,746	\$ 3,114,437	\$ 2,658,308
F & B Late & Interest	195	65	57	225	1,680	1,204	566	1,379	27,708	33,430	19,717
Total	\$ 1,979,954	\$ 2,021,913	\$ 2,180,806	\$ 2,346,746	\$ 2,414,535	\$ 2,744,824	\$ 2,882,944	\$ 3,030,710	\$ 3,163,454	\$ 3,147,867	\$ 2,678,025

Food and Beverage Tax

Food and Beverage Tax



Responses to COVID-19 impacts

- Targeted Expenditure Reductions
 - Materials & Services
 - Personnel Services- not filling vacant positions across all departments, reducing temporary and seasonal filled positions
 - Layoffs and furloughs in Parks
- Shift expenses to CARES funding- \$1.115 Million including increased public facilities cleaning, equipment, and mandated leave.
- Operational Adjustments
 - Use of City staff in lieu of volunteers and reduced service
 - Parks maintenance
 - PD presence in downtown, house check program, and mail distribution between departments and agencies
 - Cover legally mandated leave time (FMLA, FCCRA)
 - Track and report COVID costs, grants, time, efforts
 - Shift from in-person service to drop-off and mail processing; some increase in online activity

Wastewater Treatment Debt Options

- Staff recommends paying the debt off one year early using Wastewater Fund balance without reimbursement from Food & Beverage taxes.
- If there is Council consensus on an action, the following steps will follow:
 - Amend the BN19-21 Budget
 - Amend the F&B Allocation Ordinance
 - If there is agreement on paying the debt off earlier, staff will make the payment before December 31, 2020 to capture the full savings.

Going Forward

- Estimated three- year economic recovery; will shift primary sectors
 - Flat revenues through the biennium
- Pressures on expenditures continue
 - PERS – likely within current projections until next biennium due to smoothing
 - Healthcare – estimated at 5% annual growth; may change with COVID-19 in market
 - Infrastructure – inventory of maintenance, repairs and rehabilitation, and new projects
 - Insurance Fund – insufficient balances to absorb ongoing claims
- Opportunities/ Tools to Strengthen position
 - Economic development
 - Citizen engagement
 - Regional partnerships
 - Long-term planning

Going Forward – Balancing Priorities



- Move from catch-up to sustainable to resilient
 - Avoid band-aids or short-term solutions
- Revenue Analysis and opportunities
- Operations Analysis and Capital Planning
- Transparency and Communication

Going Forward

- Decisions for policy-makers
 - What **Policies** set our Foundations?
 - Which **Priorities** give our Direction?
- December 2020 – Adopt Financial Policies
- January 2021 – Kickoff Budget with City Council
- March 2021 – Kickoff Budget with Ashland Parks & Recreation Commission
- March 2021 – Kickoff Budget process with Citizen Budget Committee
- April – May 2021 – Citizen Budget Committee review and adoption of BN2021-2023 Budget
- May 2021 – APRC review and adoption of BN2021-2023 Parks Budget
- June 2021 – City Council review and adoption of BN2021-2023 Budget