

**Mayor Jenny Wilson**

# 2020 Proposed June Budget

June 2, 2020

# Mayor Wilson June Budget Presentation

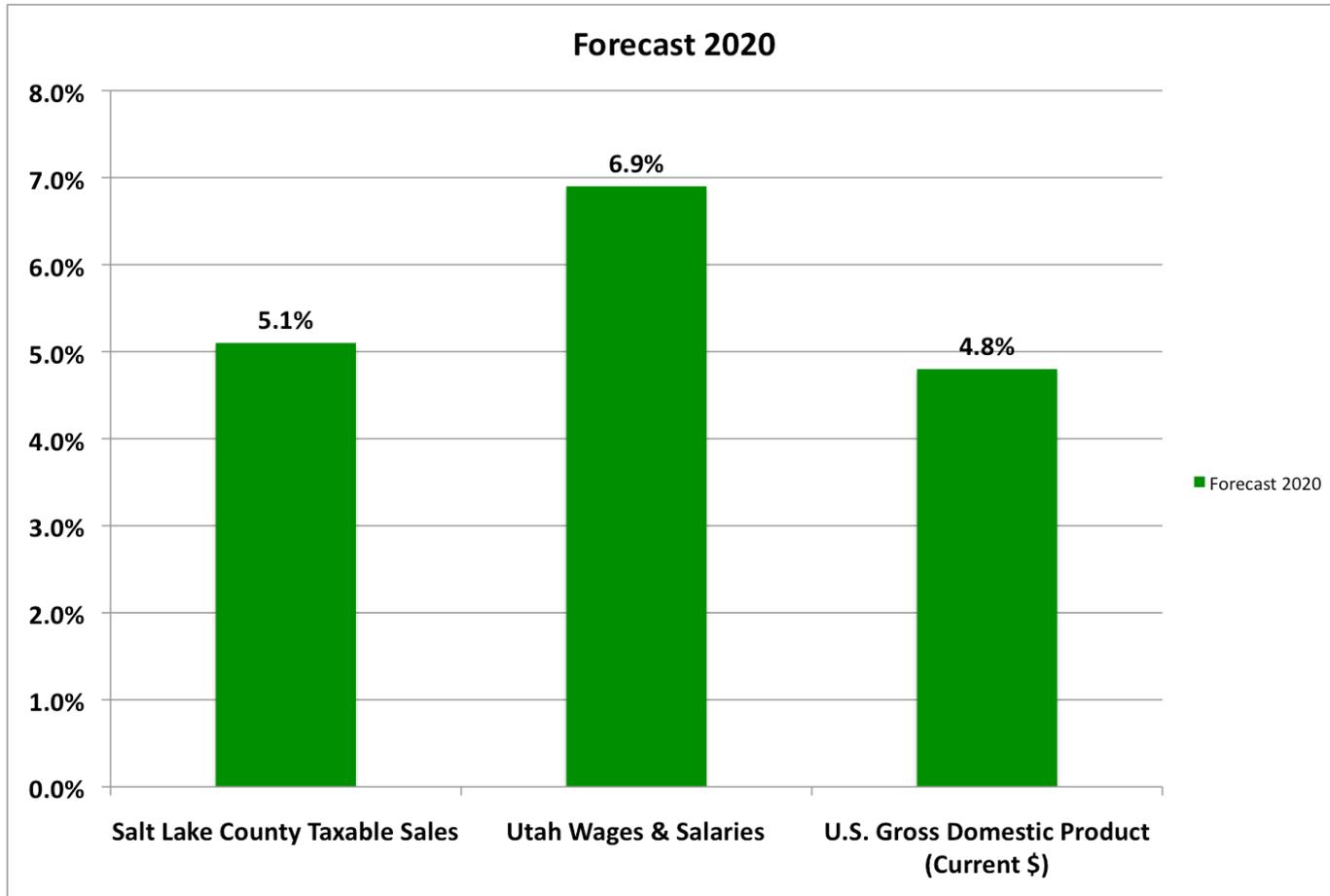
- Economic Overview
  - Doug Macdonald, Econowest Associates
  - Scott Smith, Econowest Associates
- Revenue Update – Rod Kitchens, Robert Reed
- Proposed Budget Adjustments – Darrin Casper

Doug Macdonald

# **ECONOMIC OVERVIEW**

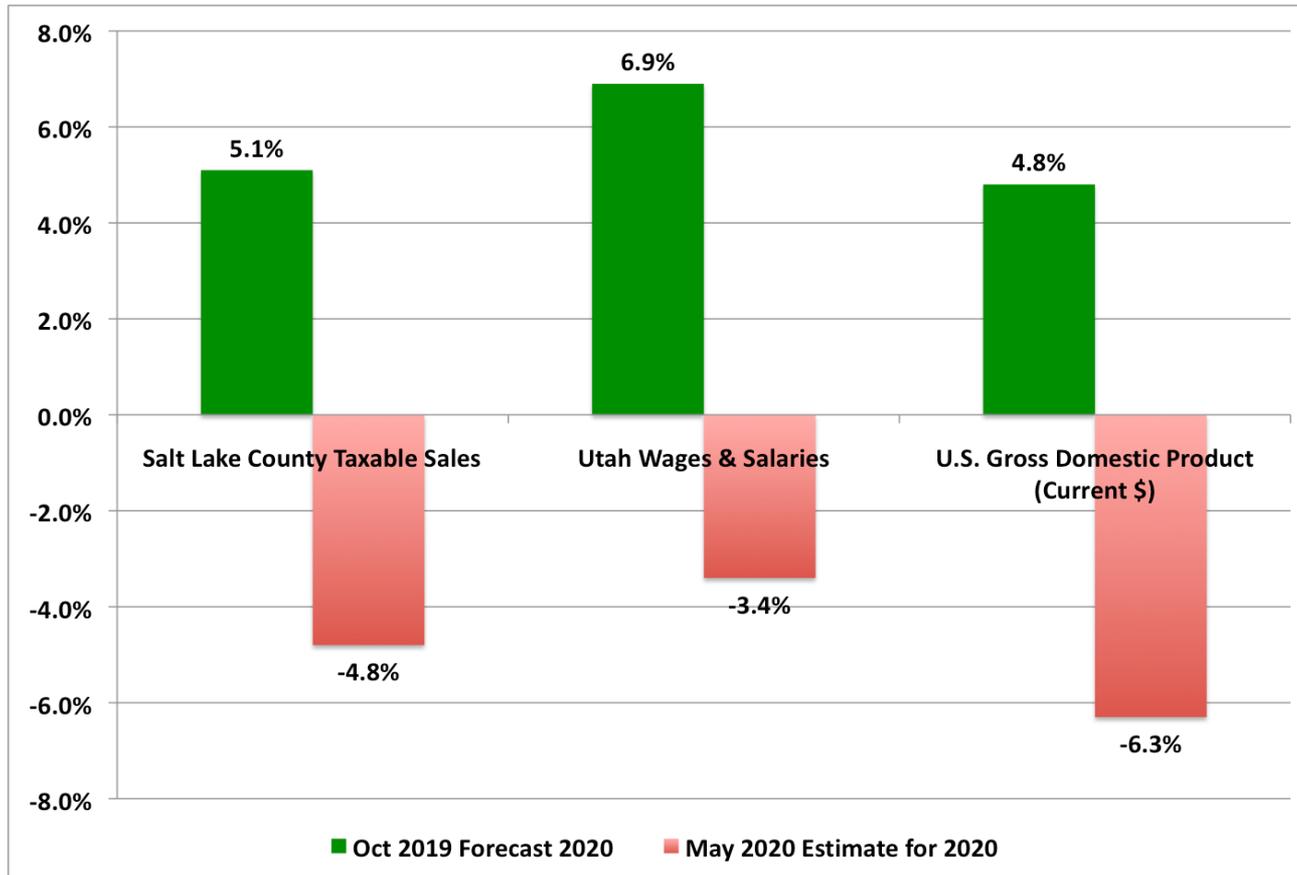


# October 2019 Projection: 2020 Taxable Sales +5%





# 2020 Taxable Sales Forecast Falls from +5% to -5%



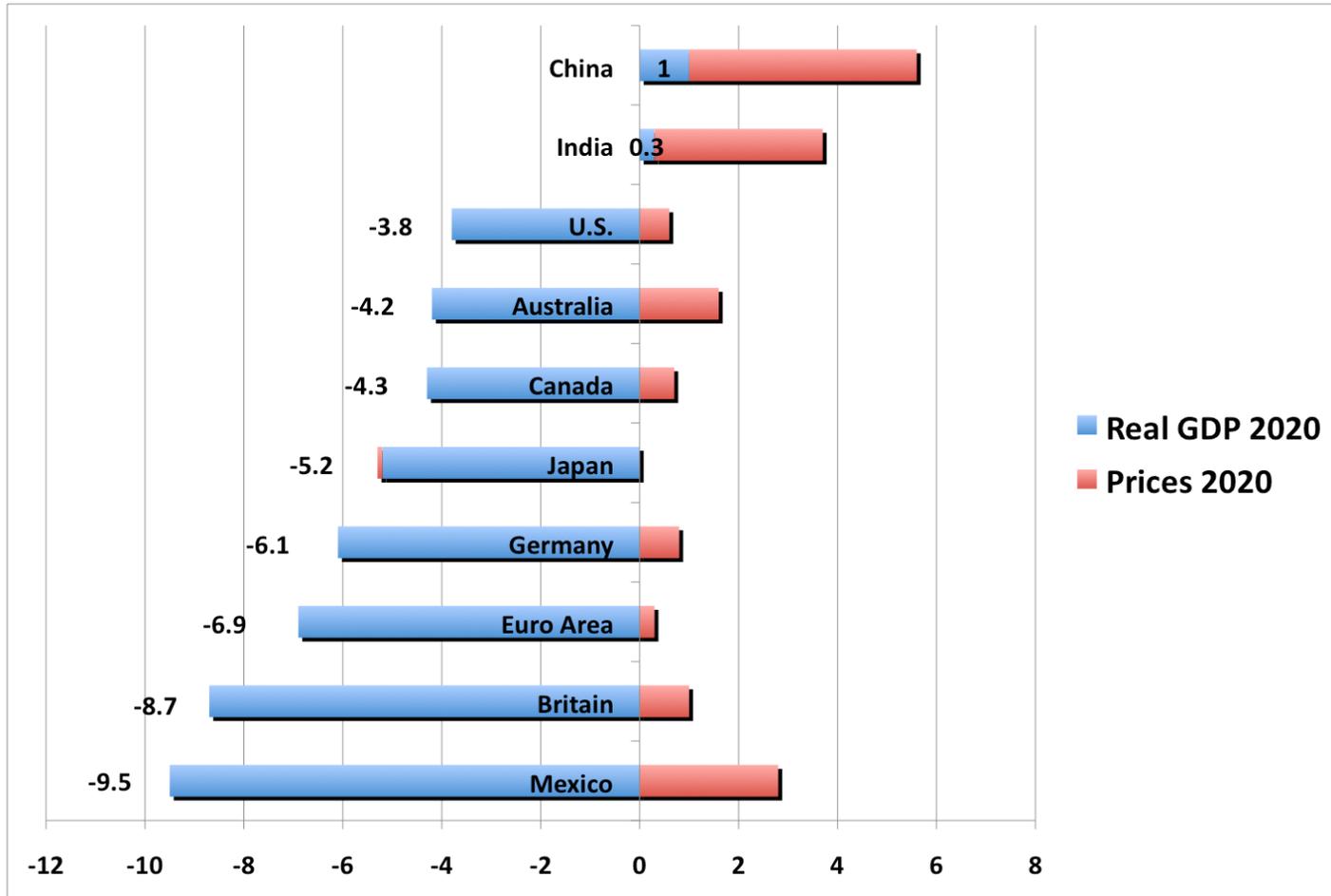


# The World





# World Real Growth Declines in 2020



Source: The Economist, May 23, 2020



# The Nation





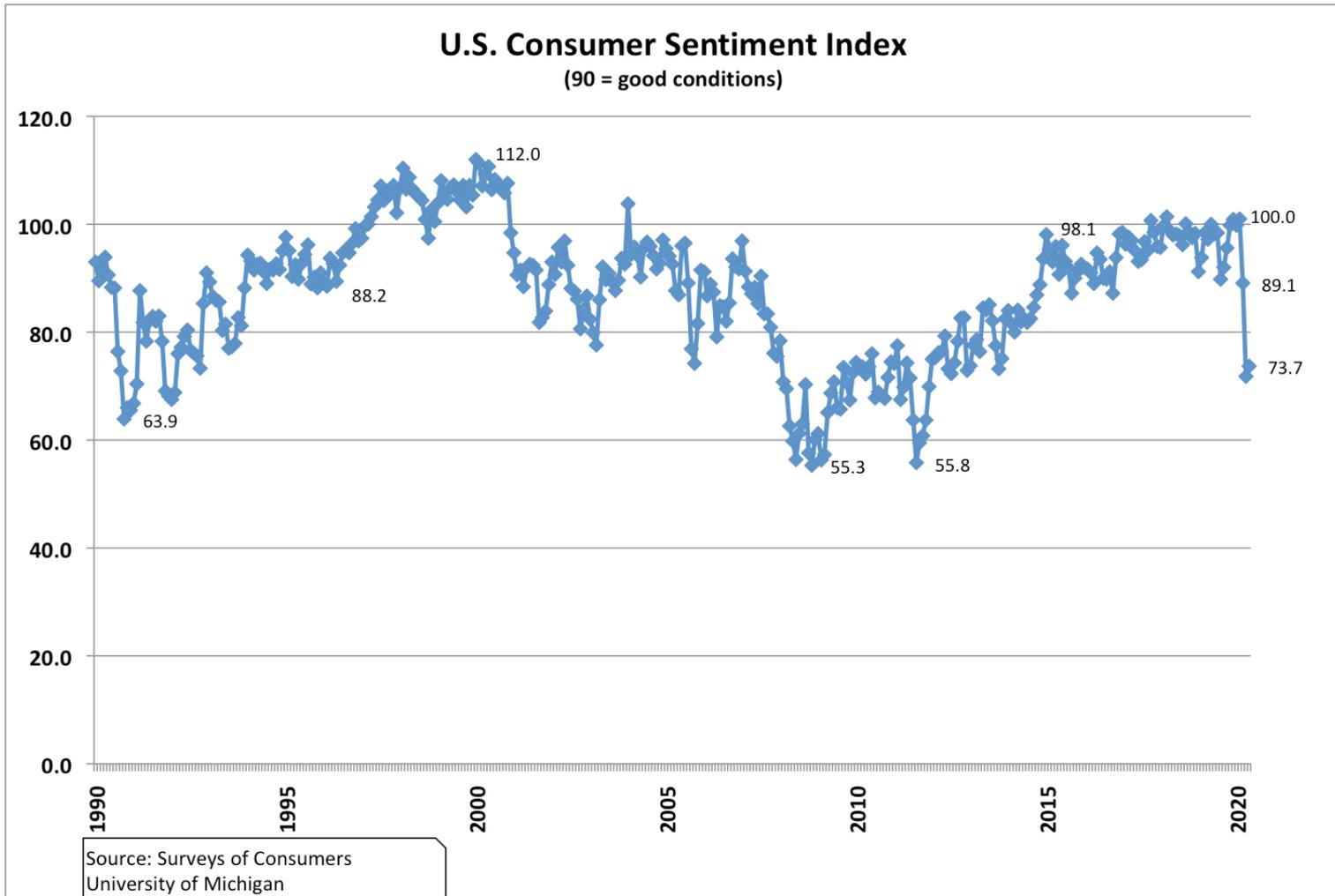
# 2020 U.S. GDP Declines 7.3%

from +2.3% in 2019

- **C – Personal Consumption - 8.3%**
- **I – Investment -11.2**
- **G – Government 1.3**
- **X – Exports -10.2**
- **Minus M – Imports -16.9**
- **Total GDP - 7.3%**



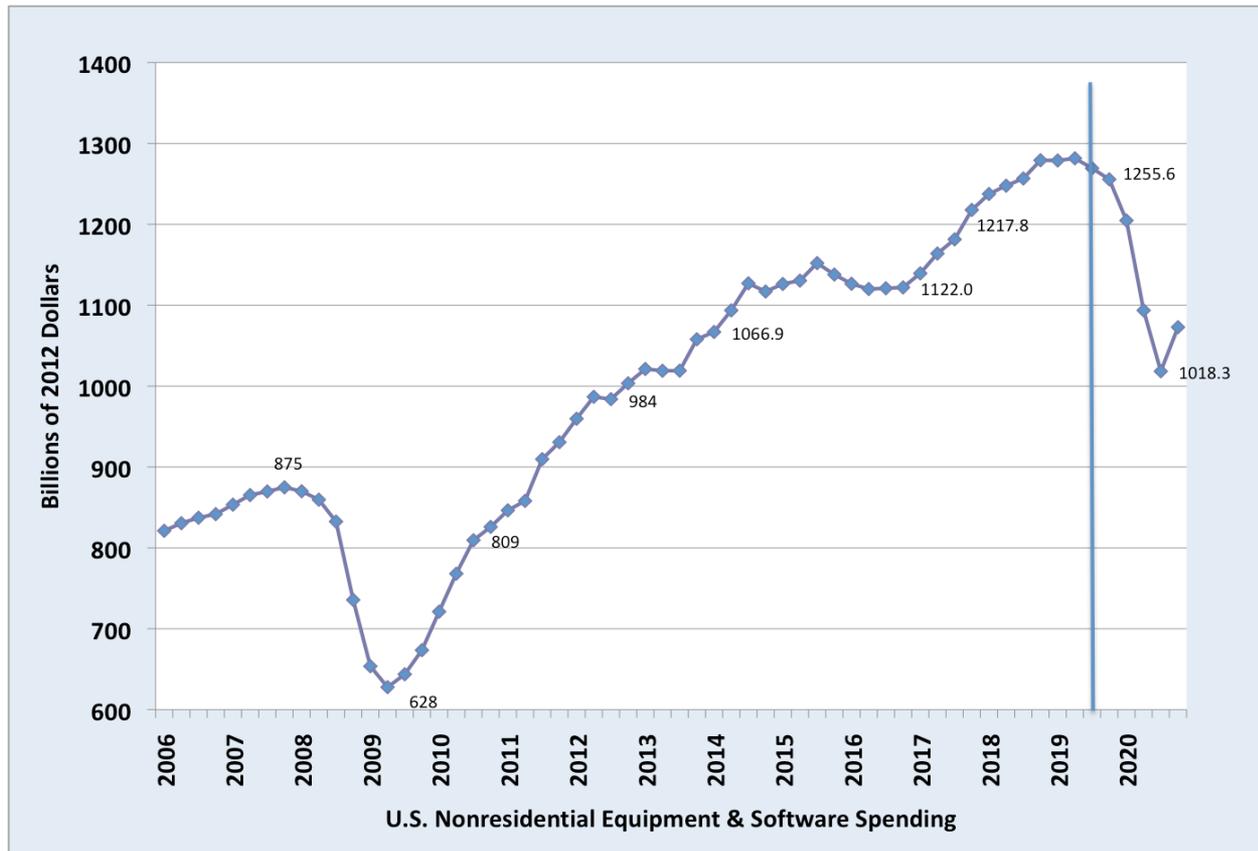
# Consumer Confidence Started Falling in March





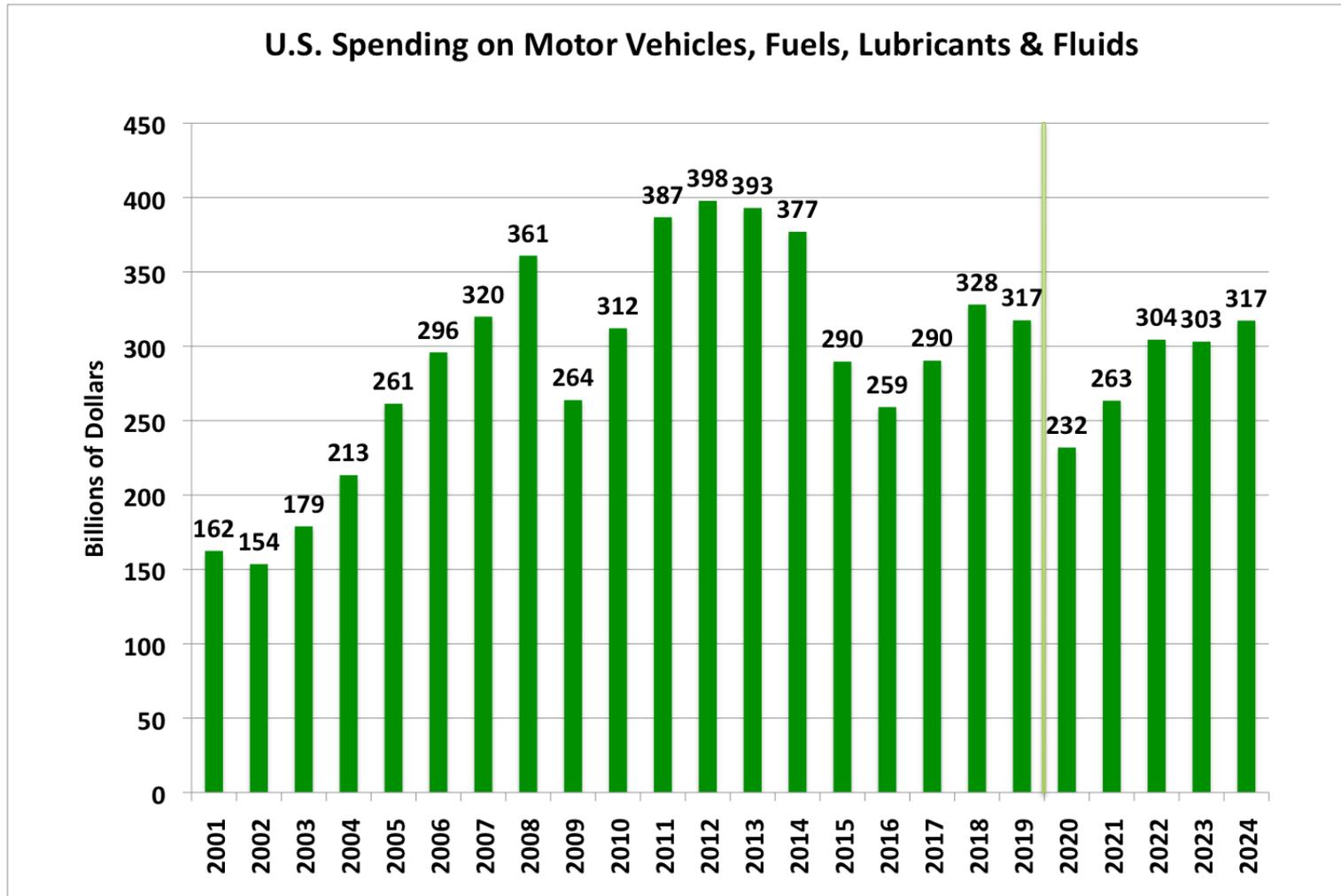
# U.S. Business Equipment & Software

Following Strong 5% & 7% Growth in 2017 & 2018, Falls 14% in 2020





# U.S. Motor Vehicle Spending Drops 27% in 2020





# What Could Go Wrong?





## What Could Go Wrong?

➤ If IHS Markit Pessimistic Scenario Plays Out:

GDP -15%

Consumer Spending -16%

Business Equipment -29%

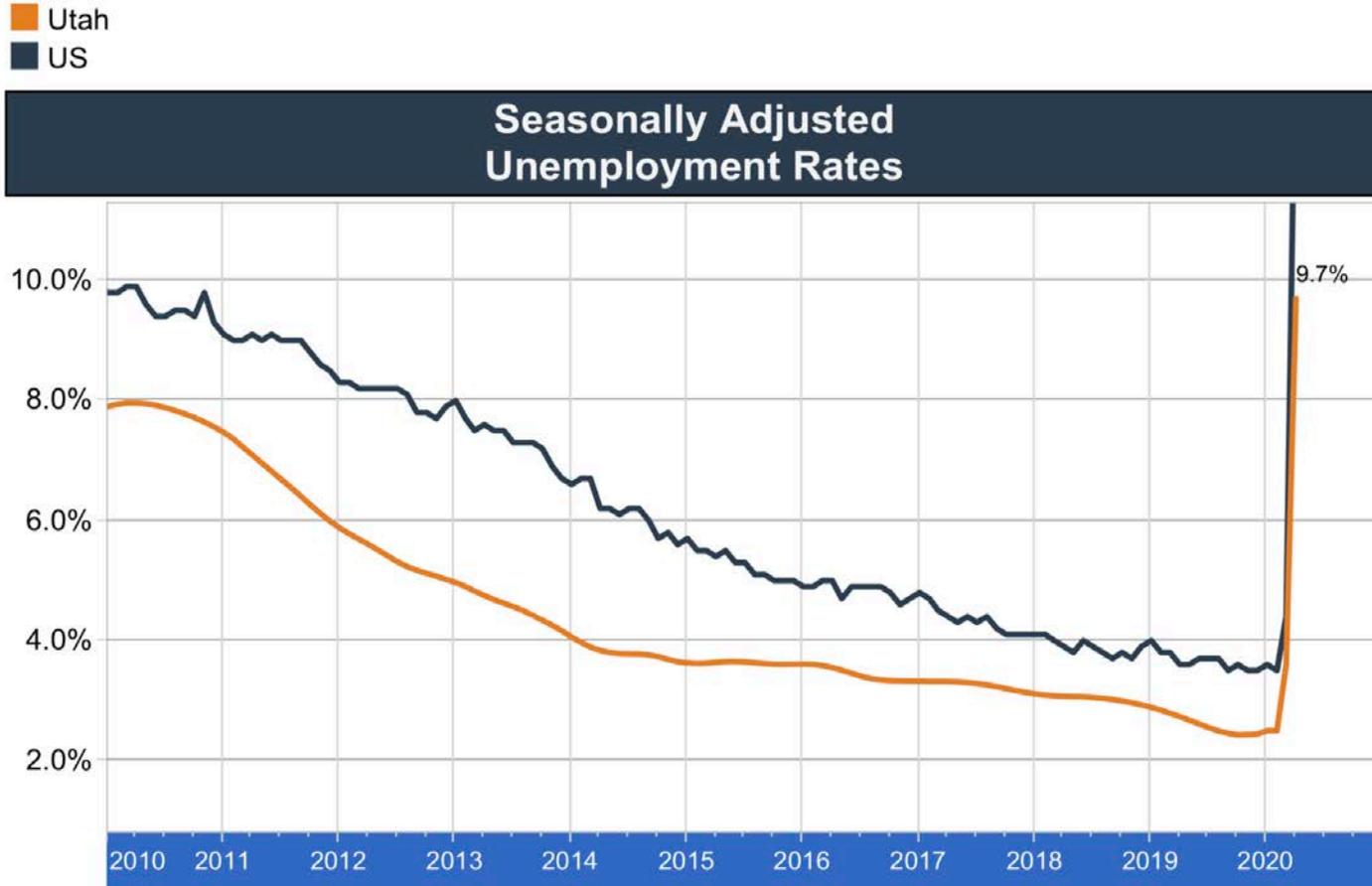
Personal Income -12%

Salt Lake County Taxable Sales -12.6%  
or less



# Utah Unemployment Rate at 9.7%

## Salt Lake County at 11.2%

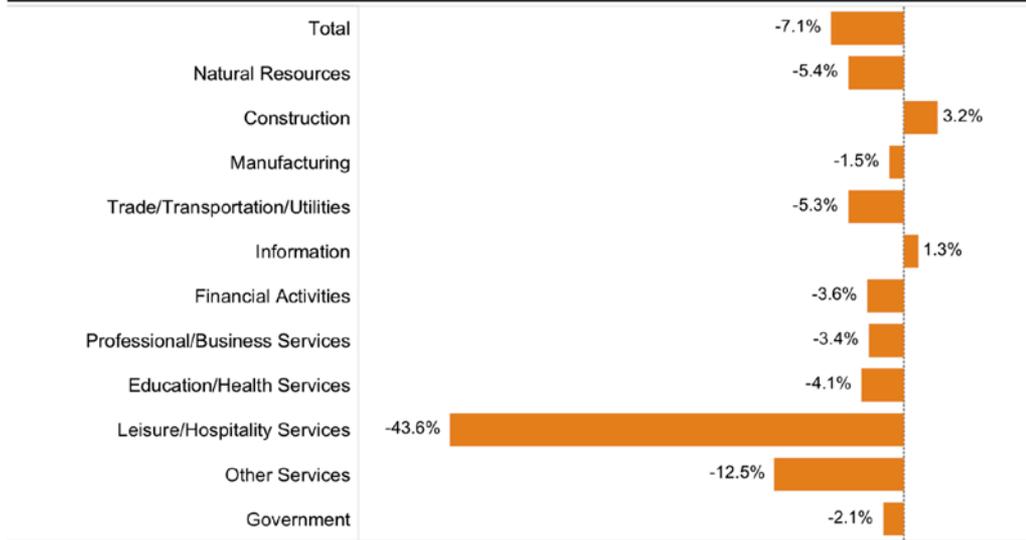


Source: U.S. Bureau of Labor Statistics

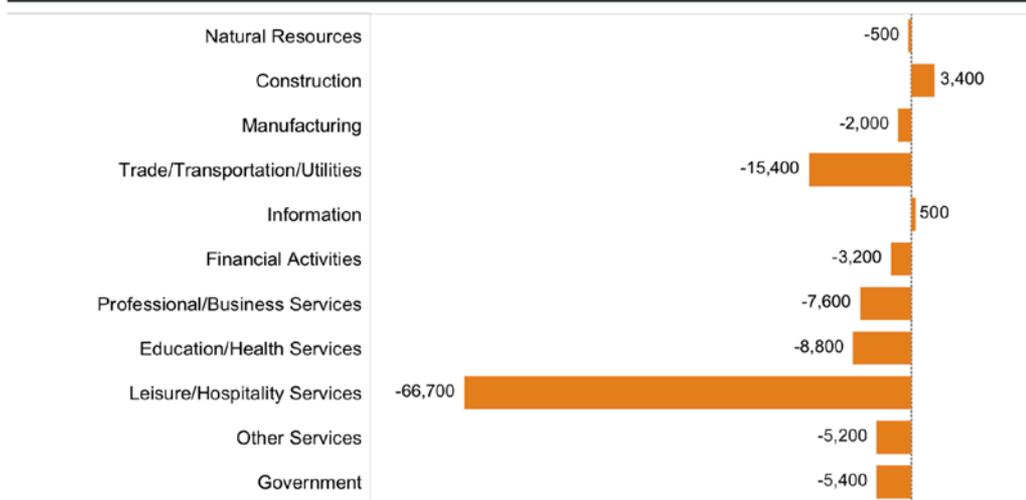
“Utah’s strong economy preceding this pandemic offered more cushion against disruption than seen across the rest of the country.”

Mark Knold, Senior Economist,  
Dept. of Workforce Services

### Utah Nonfarm Industry Profiles April 2019 - 2020 Percent Change



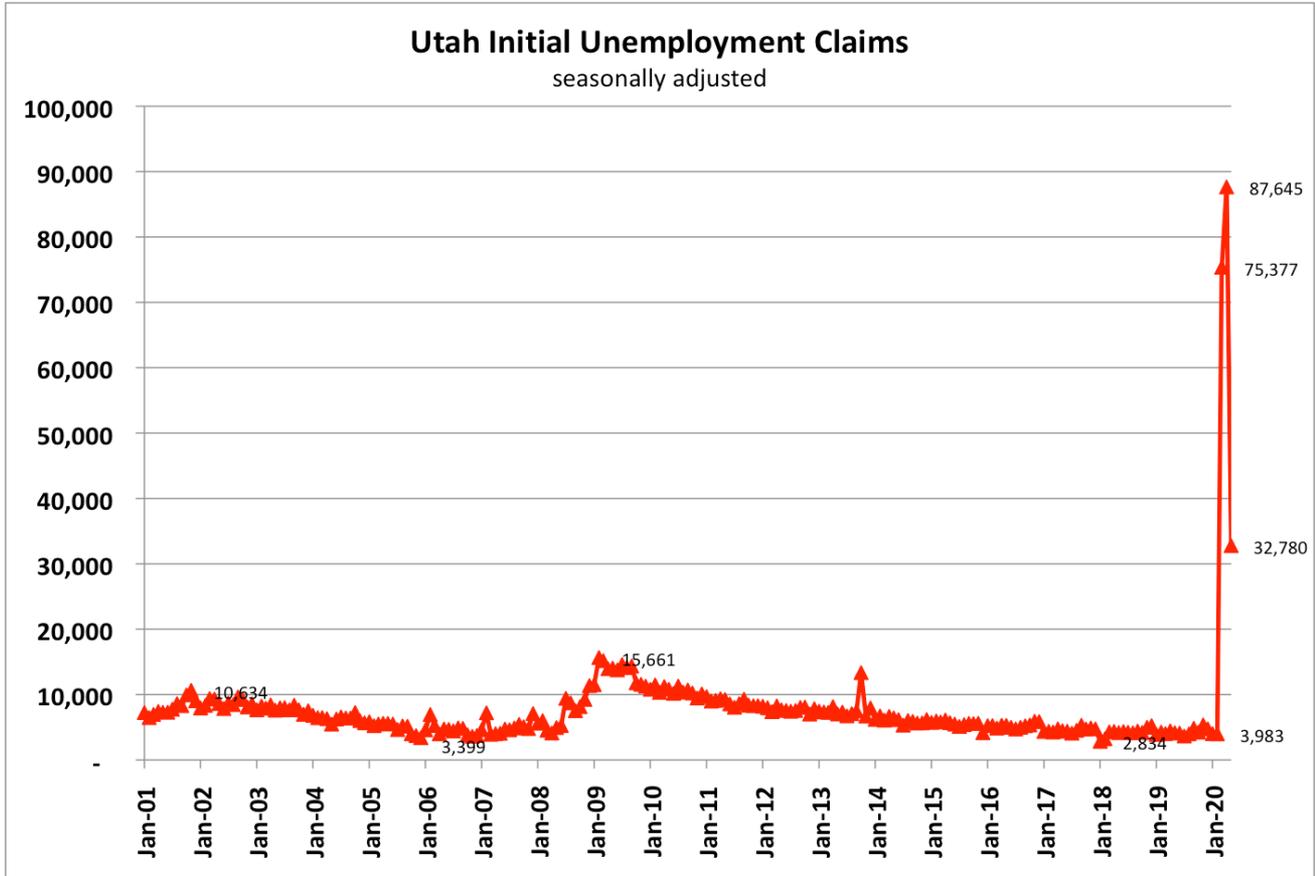
### Numeric Change





# Unemployment Claims at New Highs

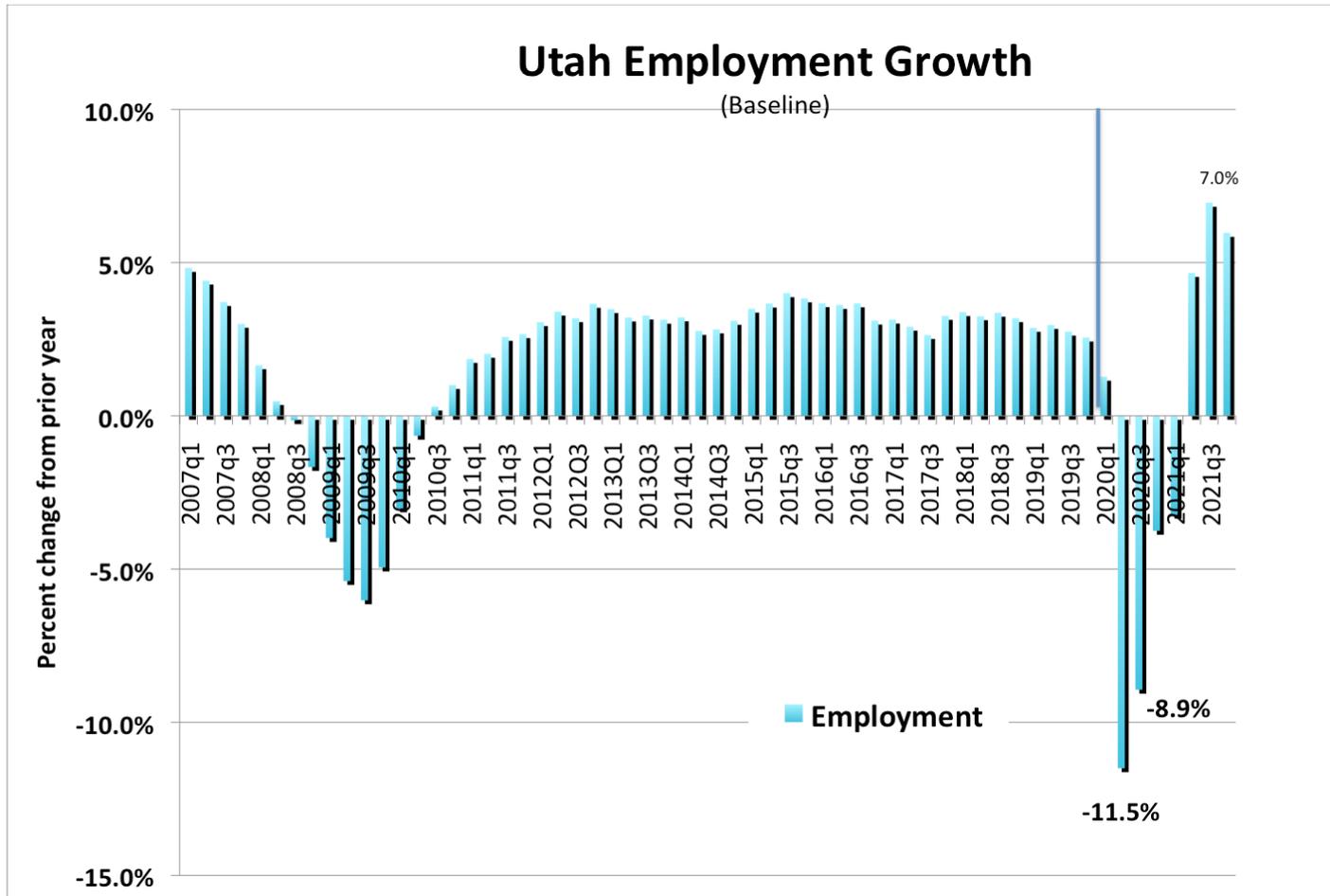
(6 Month Leading Indicator for Job Growth)





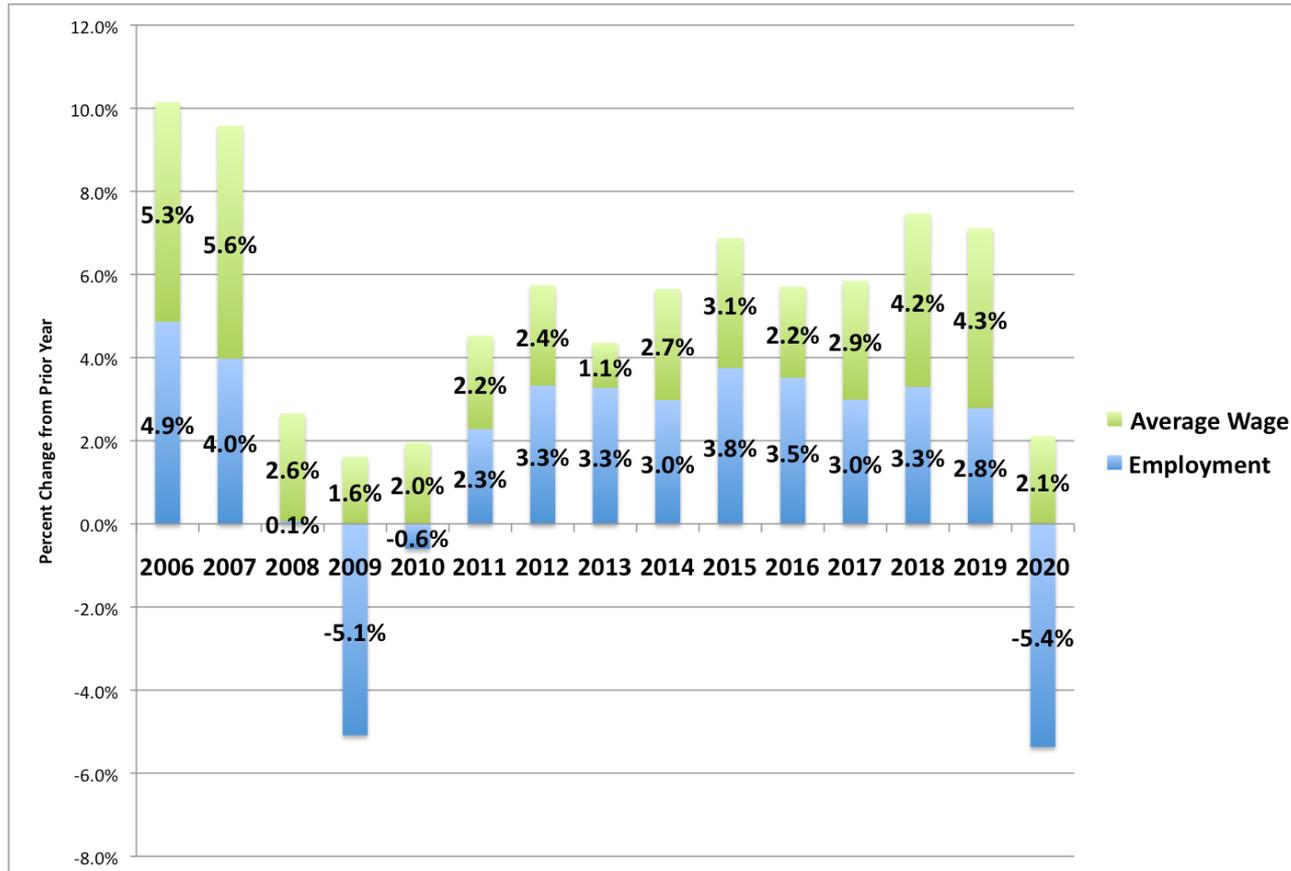
# Utah Employment Growth

Instead of up 3.6% in 2020, down 5%



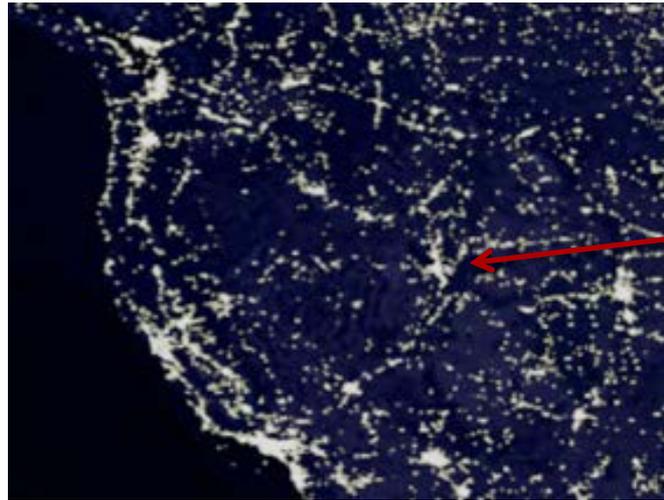


# Instead of Growing 7%, Utah Wages Will Decline 3.3% in 2020

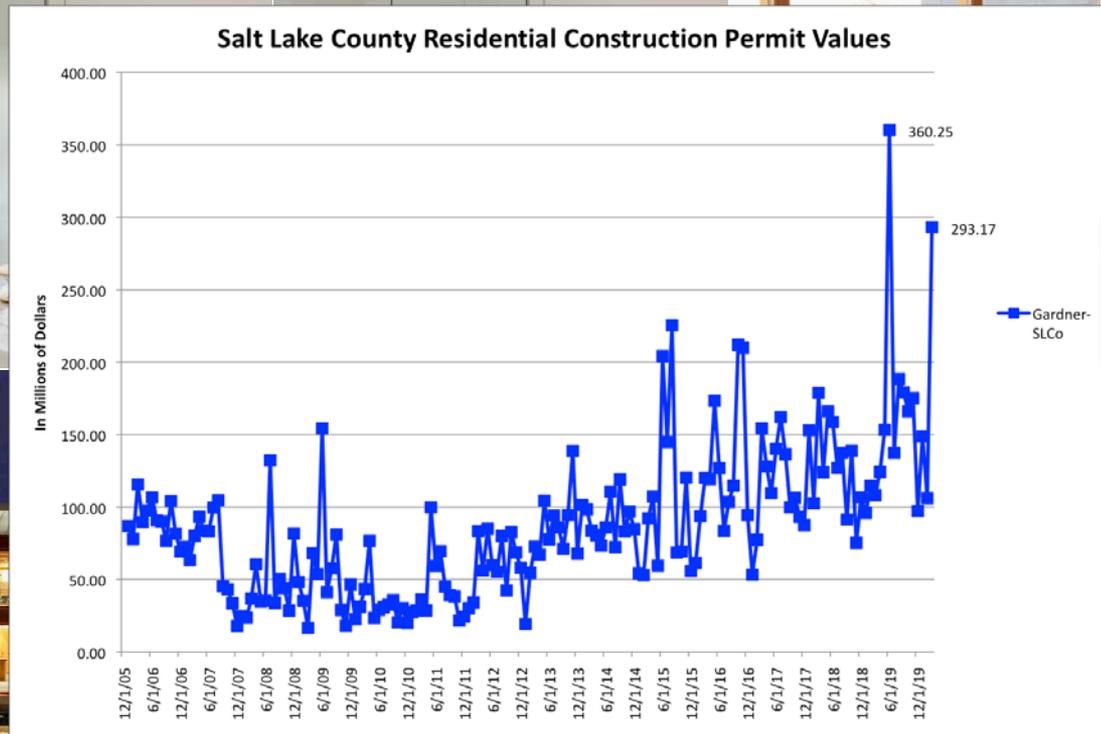




# The County Economy



# SL County New Residential Construction Still Strong in 1<sup>st</sup> Quarter 2020



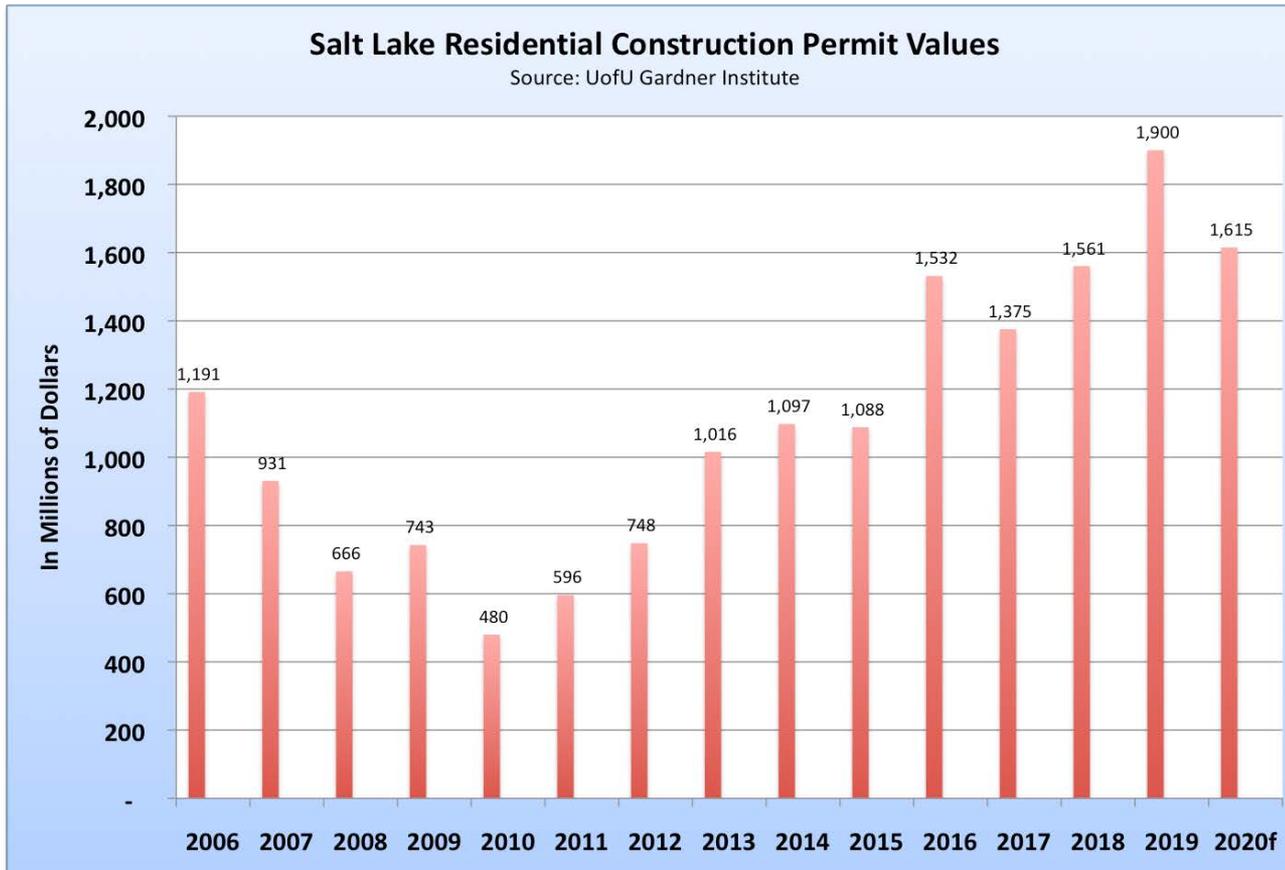
Source: Gardner Institute, University of Utah



# The County Economy

## Salt Lake County New Residential Construction

Spurred by Low Interest Rates and Hot Job Growth, Jumped 22% in 2019

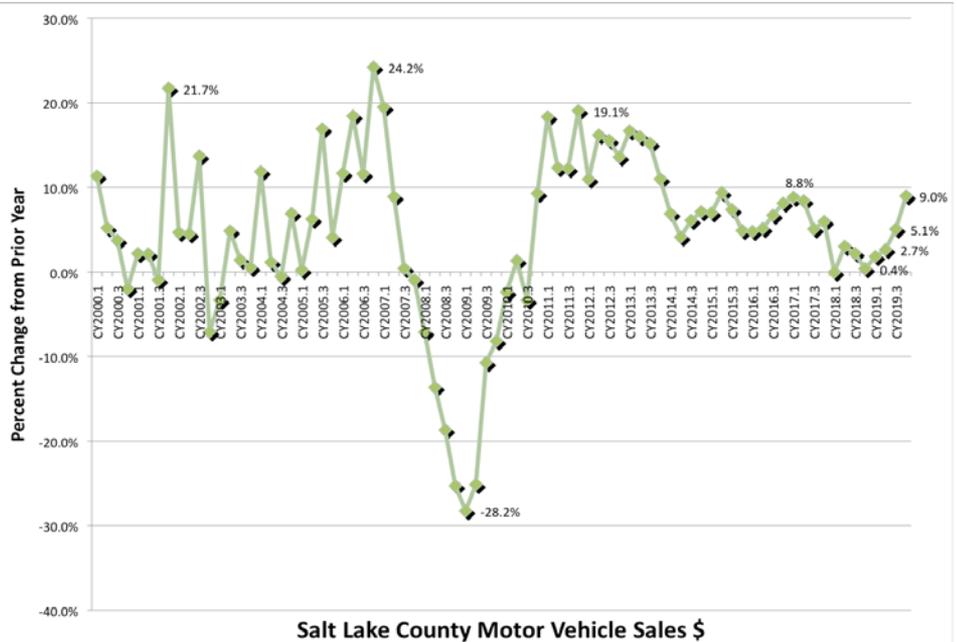




# Car & Truck Sales

## Things Were Looking Up

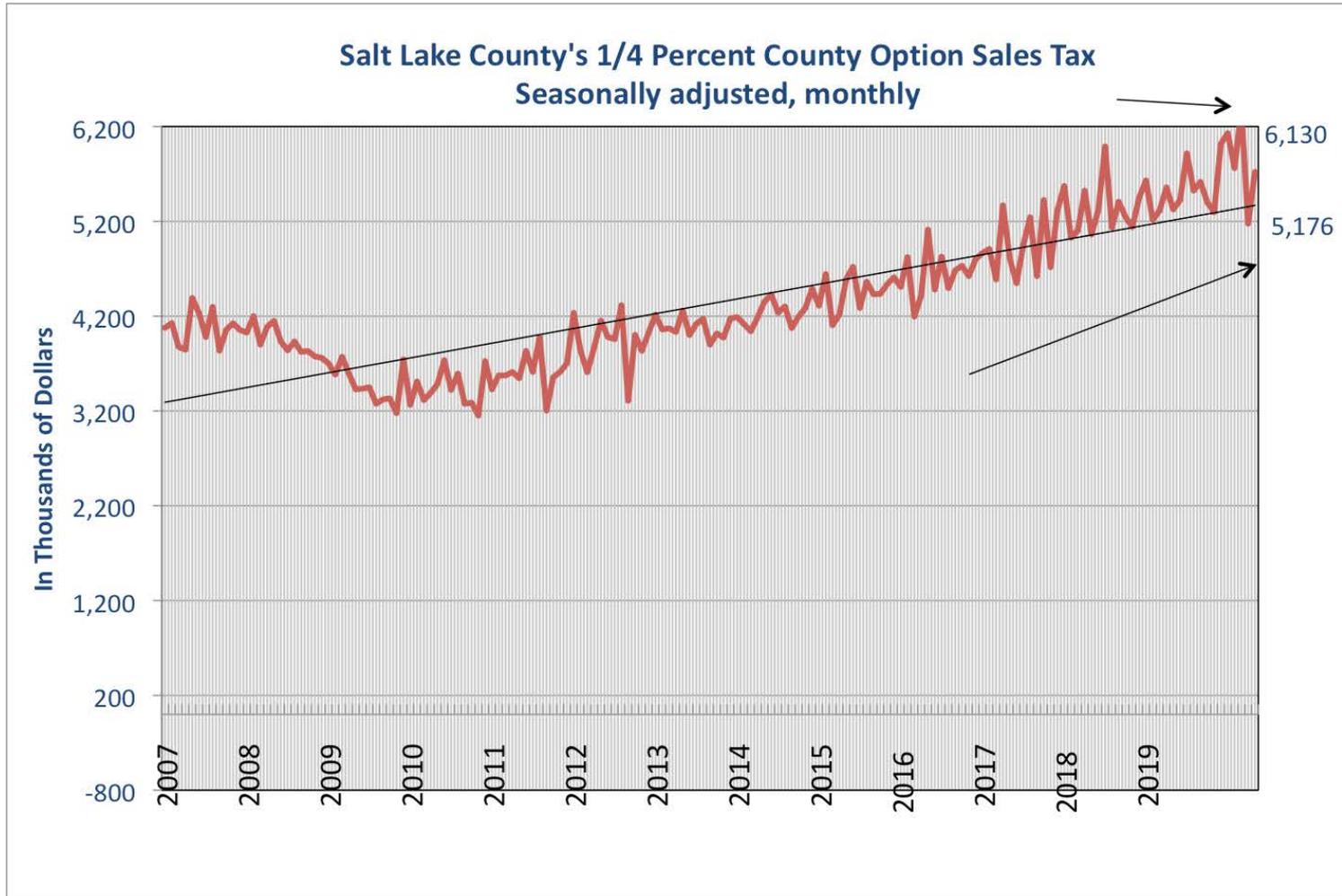
Salt Lake County \$Billion		
2016	\$ 2.99	6.2%
2017	\$ 3.20	7.0%
2018	\$ 3.25	1.5%
2019	\$ 3.41	4.9%
2020 f	\$ 2.46	- 28.0%



Source: Tax Commission



# Seasonally Adjusted Sales Tax Continues 9-year Upward Trend in May 2020





(In thousands of dollars)	May 2019 Dist. Mar 2019 Sales 22-May-2019	May 2020 Dist. Mar 2020 sales 20-May-2020	Year over % Change (9th fiscal month)	Last 3 Months Fiscal YTD
<b>Statewide 1.0%</b>	<b>\$ 58,176</b>	<b>\$ 62,767</b>	<b>7.9%</b>	<b>7.1%</b>
<b>Salt Lake City</b>	<b>5,739</b>	<b>5,980</b>	4.2%	<b>3.7%</b>
Sandy	1,962	2,055	4.7%	2.7%
West Valley	2,472	2,665	7.8%	8.4%
West Jordan	1,843	2,108	14.4%	9.1%
Murray	1,422	1,372	-3.5%	0.6%
South Salt Lake	1,100	1,199	9.0%	10.6%
South Jordan	1,374	1,519	10.6%	12.3%
Draper	1,234	1,260	2.1%	4.8%
Millcreek	938	1,046	11.5%	11.3%
Taylorsville	840	891	6.1%	8.7%
Midvale	689	790	14.7%	9.7%
Holladay	419	480	14.5%	7.9%
<b>County 0.25% Sales Tax</b>				
				<b>Last 3 Months</b> Fiscal YTD
<b>Statewide</b>	<b>14,643</b>	<b>15,793</b>	7.9%	8.1%
<b>Salt Lake County</b>	<b>5,844</b>	<b>6,278</b>	7.4%	<b>6.9%</b>
Davis County	1,450	1,557	7.3%	8.2%
Utah County	2,559	2,872	12.3%	10.5%
Weber County	1,113	1,220	9.6%	8.9%
Washington County	843	923	9.4%	10.9%
<b>SLCoUnincorp.@1%</b>	<b>490</b>	<b>412</b>	-15.9%	<b>-22.6%</b>

Salt Lake County's  
1<sup>st</sup>  
Quarter  
Up 6.9%





# 2020 Utah Booming Economy Runs into COVID19 Shock

Econowest for Salt Lake County	
May 2020	
Real GDP	-7.3%
Utah Wages	-3.4%
Utah Employment	-5.4%
Residential Construction	-22.7%
Taxable Sales (Utah, Salt Lake County)	-4.8%



# 2020 Utah Booming Economy Runs into COVID19 Shock

	State of Utah Revenue Assumptions Committee April 2020
Real GDP	-5.4%
Utah Wages	-2.4%
Utah Employment	-6.2%
Residential Construction	-19.3%
Taxable Sales (Utah, Salt Lake County)	-11.8%



# Other Factors from COVID19 Shock

	Impact on Sales Tax Revenues	Included in Forecast Model
1. Savings Rate Up from 8% to 18%	-3.0%	Yes
2. Leisure, Hospitality and Retail Trade Wage Impact 44% of Average	+ 2.8%	Filters Down thru GDP...Maybe
3. Increased Unemployment Benefits from Fed. Government	+ 5.4% (Offsets \$3.4B in 7.2% Job Decline in April)	No



# 2020 Utah Booming Economy Runs into COVID19 Shock

	County $\frac{1}{4}$ % Sales Tax	Tourist-Base Sales Taxes
Optimistic	-1.6%	-9.3%
Baseline (annual)	-4.8%	<b>-31.8%</b>
Pessimistic	-12.6%	

Rod Kitchens

# REVENUE UPDATE

# Revenue Update

## 2020 Proposed June Budget

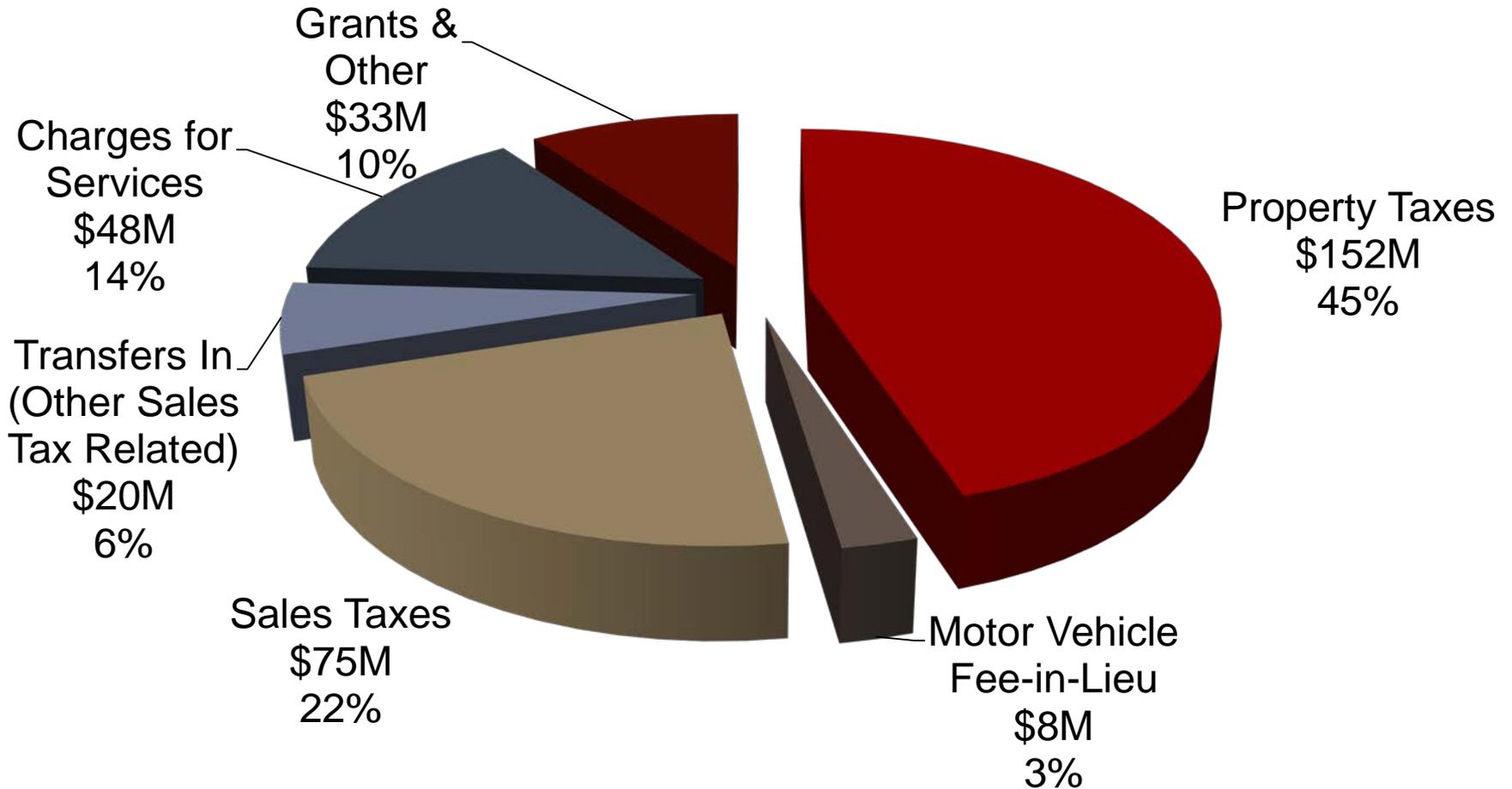
- Sales Taxes
- Property Tax Collection Rates
- Motor Vehicle Fees
- Recorder Fees
- Operating and Other Revenue
- Summary



# 2019 Major Revenues

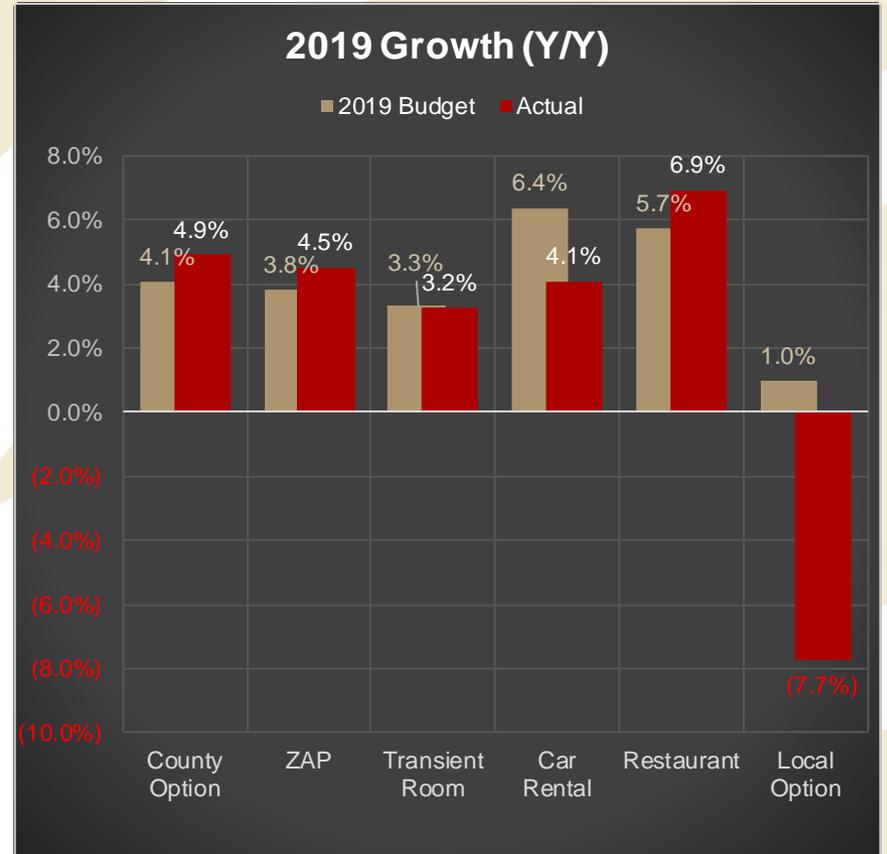
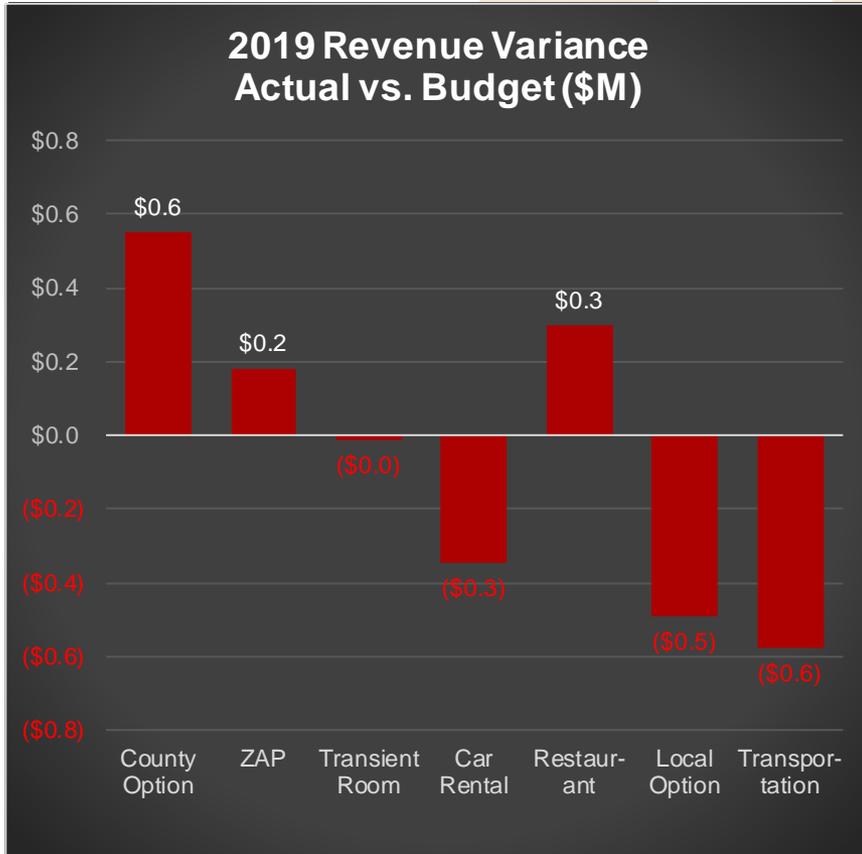
## General Fund

\$381M Total



# 2019 Sales Taxes

## Actual vs. Budget



# 2020 Sales Tax Revenue

- Projections for 2020 based on local and national economic indicators
- Information available from the Tax Commission on a two-month lag
  - Currently have actuals through March 2020
  - April information not available until June 21st
- New Legislation (SB168) effective 10/1/2019
  - Marketplace Facilitators required to collect sales taxes
  - Thresholds (>\$100k sales and >200 transactions) apply to the marketplace rather than individual sellers
- Projections vetted with the Revenue Committee

# June 2020 Sales Tax Projection

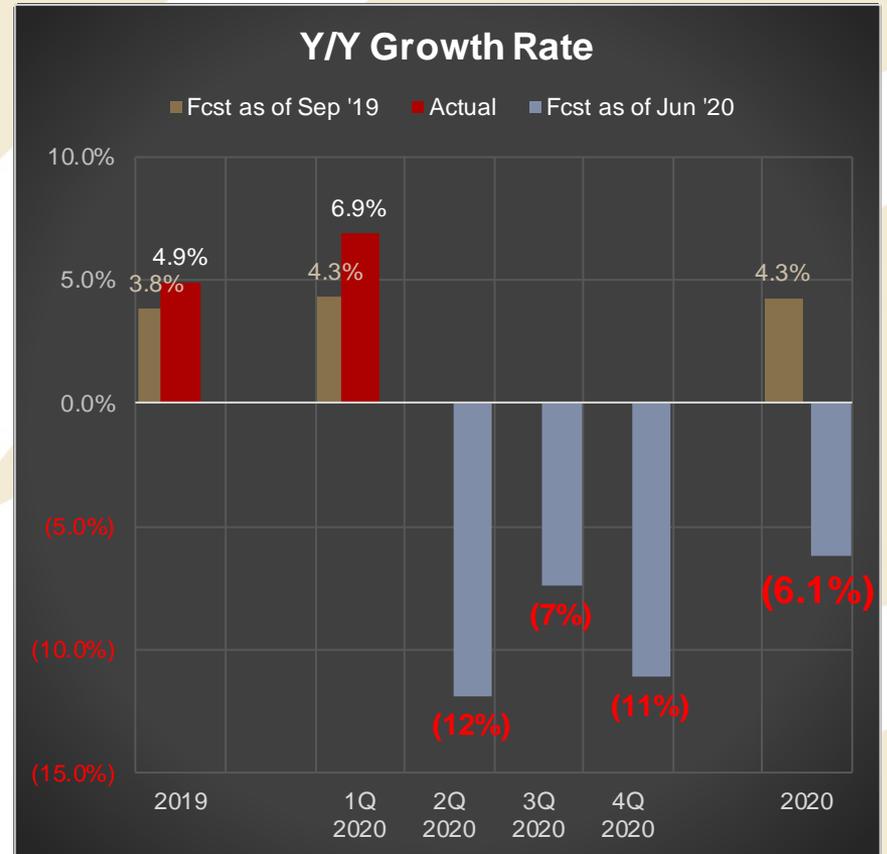
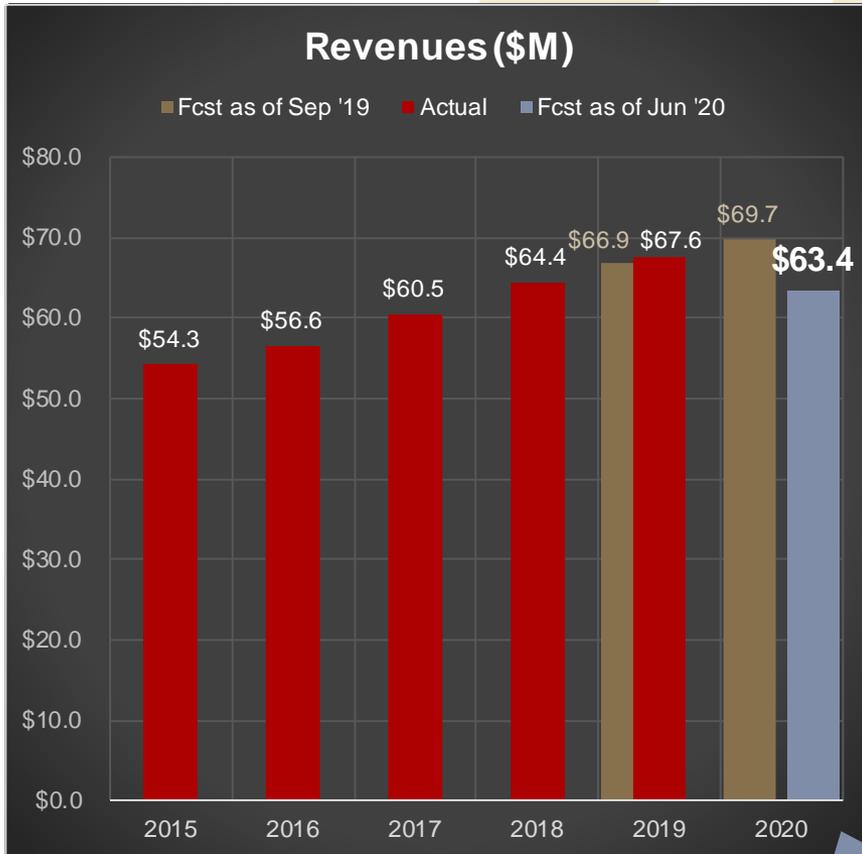
Sales Tax by Fund (\$M)		2020 June Adj Budget	2020 Adopted Budget	<i>Change</i>	
<b>General Fund</b>	County Option	63.4	69.7	(6.3)	(9.0%)
	ZAP	7.3	8.0	(0.8)	(9.6%)
	<b>TOTAL</b>	<b>70.7</b>	<b>77.7</b>	<b>(7.1)</b>	<b>(9.1%)</b>
<b>Visitor Promo Fund</b>	Transient Room	<b>12.0</b>	<b>21.3</b>	<b>(9.3)</b>	<b>(43.7%)</b>
<b>TRCC Fund</b>	Transient Room Supp.	1.7	3.0	(1.3)	(44.1%)
	Car Rental	9.0	15.9	(6.9)	(43.4%)
	Restaurant	16.6	28.2	(11.6)	(41.1%)
	<b>TOTAL</b>	<b>27.3</b>	<b>47.1</b>	<b>(19.8)</b>	<b>(42.1%)</b>
<b>ZAP Fund</b>	ZAP	<b>17.3</b>	<b>19.2</b>	<b>(1.8)</b>	<b>(9.6%)</b>
<b>Unincorp Muni Svcs</b>	Local Option	<b>4.4</b>	<b>4.9</b>	<b>(0.5)</b>	<b>(10.2%)</b>
<b>Transportation Fund</b>	Transportation	<b>12.4</b>	<b>13.6</b>	<b>(1.2)</b>	<b>(8.8%)</b>
<b>TOTAL</b>		<b>144.1</b>	<b>183.8</b>	<b>(39.7)</b>	<b>(21.6%)</b>

# June 2020 Sales Tax Projection

Sales Tax by Fund (\$M)		2020 June Adj Budget	2019 Actual	Change	
<b>General Fund</b>	County Option	63.4	67.6	(4.2)	(6.1%)
	ZAP	7.3	7.9	(0.6)	(7.5%)
	<b>TOTAL</b>	<b>70.7</b>	<b>75.4</b>	<b>(4.7)</b>	<b>(6.3%)</b>
<b>Visitor Promo Fund</b>	Transient Room	<b>12.0</b>	<b>21.1</b>	<b>(9.1)</b>	<b>(43.1%)</b>
<b>TRCC Fund</b>	Transient Room Supp.	1.7	2.9	(1.3)	(43.5%)
	Car Rental	9.0	15.6	(6.6)	(42.1%)
	Restaurant	16.6	26.9	(10.3)	(38.3%)
	<b>TOTAL</b>	<b>27.3</b>	<b>45.4</b>	<b>(18.1)</b>	<b>(39.9%)</b>
<b>ZAP Fund</b>	ZAP	<b>17.3</b>	<b>18.7</b>	<b>(1.4)</b>	<b>(7.5%)</b>
<b>Unincorp Muni Svcs</b>	Local Option	<b>4.4</b>	<b>5.2</b>	<b>(0.8)</b>	<b>(15.5%)</b>
<b>Transportation Fund</b>	Transportation	<b>12.4</b>	<b>37.9</b>	<b>(25.5)</b>	<b>(67.3%)</b>
<b>TOTAL</b>		<b>144.1</b>	<b>203.7</b>	<b>(59.7)</b>	<b>(29.3%)</b>

# County Option Sales Tax

(0.25% tax — to General Fund)



Decreasing Forecast \$6.3M

# County Option Sales Tax Projection

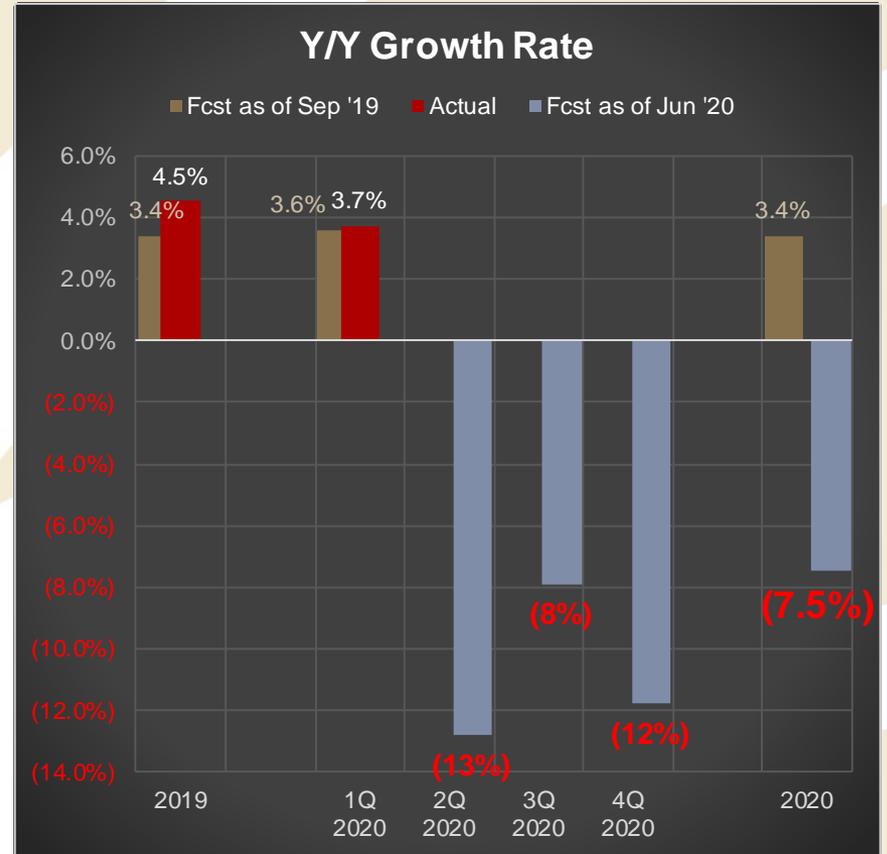
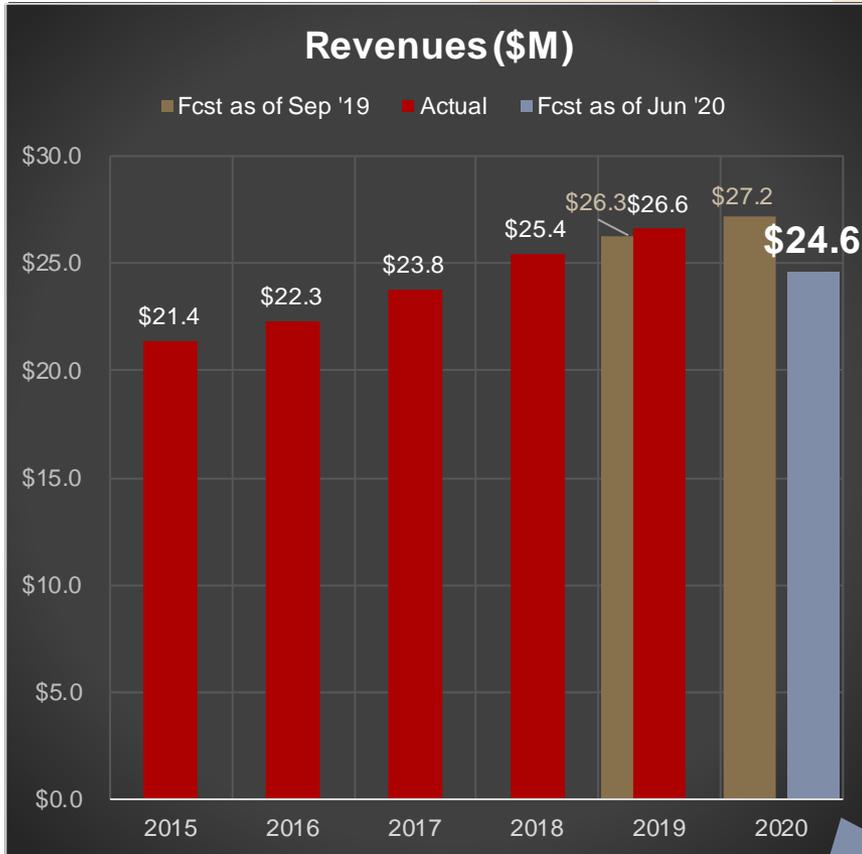
(for Direct Point of Sale Portion, ~55% of Total)

2020

County Option Sales Tax		2020															
SIC Groupings	2019	% of total	2019 (vs. 2018)	'09 vs '07	Actual	Actual	Actual	Estim.	Estim.	Estim.	Estim.	Estim.	Estim.	Estim.			
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
A - A - Agriculture, forestry, fishing	61,030	0.2%	3%	(15%)	(11%)	(17%)	42%	0%	0%	0%	0%	0%	0%	0%	0%		
B - B - Mining	66,455	0.2%	(49%)	44%	(79%)	(27%)	(42%)	-	-	-	-	-	-	-	-		
C - C - Construction	585,950	1.6%	(3%)	(8%)	79%	(6%)	28%	10%	10%	10%	-	-	-	(33%)	(33%)	(33%)	
D - D - Manufacturing	1,366,182	3.7%	5%	(37%)	26%	(8%)	7%	5%	5%	5%	(10%)	(10%)	(10%)	(15%)	(15%)	(15%)	
E - 40-47 - Other transportation	107,928	0.3%	32%	1%	(16%)	21%	30%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
E - 48 - Communications (telephone, cable, other)	782,890	2.1%	(10%)	1%	4%	(7%)	(3%)	1%	1%	1%	1%	1%	1%	1%	1%	1%	
E - 49 - Electric, gas, and sanitary services	1,157,765	3.1%	(0%)	7%	5%	8%	(3%)	2%	2%	2%	(1%)	(1%)	(1%)	1%	1%	1%	
F - 50 - Wholesale trade--durable goods	3,419,300	9.2%	6%	(42%)	8%	(21%)	29%	10%	10%	10%	-	-	-	(33%)	(33%)	(33%)	
F - 51 - Wholesale trade--nondurable goods	452,525	1.2%	6%	(27%)	5%	(11%)	23%	1%	1%	1%	1%	1%	1%	2%	2%	2%	
G 52 - Building materials, hardware, garden suppl	1,650,697	4.4%	6%	(35%)	(20%)	6%	75%	12%	12%	12%	6%	6%	6%	(12%)	(12%)	(12%)	
G 53 - General merchandise stores	3,090,243	8.3%	(3%)	(4%)	78%	6%	21%	(15%)	(15%)	(8%)	(5%)	(5%)	(5%)	(3%)	(3%)	(3%)	
G 54 - Food stores	2,532,706	6.8%	1%	(4%)	14%	6%	41%	21%	21%	21%	17%	17%	17%	14%	14%	14%	
G 5511 - New and used car dealers	2,726,961	7.3%	4%	(33%)	11%	(4%)	(22%)	(40%)	(40%)	(40%)	(21%)	(21%)	(21%)	(17%)	(17%)	(17%)	
G 5521 - Used car dealers	773,094	2.1%	4%	(31%)	7%	(2%)	(21%)	(60%)	(60%)	(60%)	(32%)	(32%)	(32%)	(26%)	(26%)	(26%)	
G 5531 - Auto and home supply stores	274,865	0.7%	8%	(10%)	(6%)	7%	(15%)	(40%)	(40%)	(40%)	(21%)	(21%)	(21%)	(17%)	(17%)	(17%)	
G 5541 - Gasoline service stations	542,412	1.5%	4%	76%	18%	7%	48%	(20%)	(20%)	(15%)	(10%)	(10%)	(10%)	(10%)	(10%)	(10%)	
G 5551-5571 Boat, Recreational Vehicle, motorcy	307,142	0.8%	(2%)	(47%)	51%	(23%)	(12%)	(32%)	(32%)	(32%)	(23%)	(23%)	(23%)	(11%)	(6%)	(3%)	
G 5599 - Automotive dealers, nec	77,726	0.2%	29%	(25%)	(7%)	122%	84%	-	-	-	-	-	-	-	-	-	
G 56 - Apparel and accessory stores	1,083,582	2.9%	1%	(3%)	3%	(25%)	(44%)	(89%)	(60%)	(50%)	(36%)	(36%)	(36%)	(36%)	(28%)	(28%)	(28%)
G 5712-5732 - Misc furniture, floor, appliance sto	932,139	2.5%	(4%)	(31%)	33%	(16%)	(31%)	(18%)	(18%)	(18%)	(16%)	(16%)	(16%)	(15%)	(15%)	(15%)	
G 5734 - Computer and software stores	247,201	0.7%	4%	(48%)	(4%)	(21%)	25%	5%	-	-	-	-	-	-	-	-	
G 58 - Eating and drinking places	3,237,810	8.7%	6%	(8%)	4%	(23%)	(21%)	(65%)	(55%)	(50%)	(43%)	(43%)	(43%)	(38%)	(38%)	(38%)	
G 5921,5993 - Liquor stores plus Tobacco stores	289,711	0.8%	6%	59%	14%	(7%)	30%	6%	6%	6%	6%	6%	6%	6%	6%	6%	
G 5941-5949 - Sporting,jewelry,gift,stationary,bo	754,211	2.0%	3%	(17%)	(2%)	(6%)	(9%)	(25%)	(25%)	(25%)	(9%)	(9%)	(9%)	(8%)	(8%)	(8%)	
G 5999 - Miscellaneous retail stores, nec (5735-57	1,510,127	4.1%	3%	(46%)	9%	(20%)	4%	(2%)	(2%)	(2%)	(4%)	(4%)	(4%)	(4%)	(4%)	(4%)	
H - H - Finance, Insurance, Real Estate	133,364	0.4%	(6%)	(62%)	8%	(3%)	9%	(62%)	(62%)	(62%)	(53%)	(53%)	(53%)	(27%)	(13%)	(7%)	
I - 70-71 - Hotels, rooming houses, camps, and oth	831,048	2.2%	3%	(1%)	34%	(14%)	(37%)	(80%)	(76%)	(70%)	(60%)	(45%)	(45%)	(35%)	(30%)	(25%)	
I - 72 - Personal services	172,198	0.5%	0%	(7%)	(10%)	(17%)	(10%)	(25%)	(25%)	(25%)	(3%)	(3%)	(3%)	(2%)	(1%)	(0%)	
I - 73 - Business services	1,282,399	3.5%	5%	(45%)	35%	13%	43%	(6%)	(6%)	(6%)	(5%)	(5%)	(5%)	(1%)	(1%)	(1%)	
I - 7513-7520 - Truck, Car, trailer rental and leasin	502,665	1.4%	1%	(31%)	60%	(20%)	0%	(60%)	(60%)	(60%)	(35%)	(20%)	(15%)	(8%)	(4%)	(2%)	
I - 7521-7549,76 - Misc auto repair shops, wash, se	697,062	1.9%	0%	(22%)	(11%)	(17%)	7%	(22%)	(22%)	(22%)	(15%)	(15%)	(15%)	(7%)	(4%)	(2%)	
I - 78-79 - Motion Pictures, Amusement & Rec sen	558,854	1.5%	(1%)	(18%)	6%	(36%)	(54%)	(90%)	(90%)	(50%)	(35%)	(20%)	(15%)	(8%)	(4%)	(2%)	
I - 80-83,86-89 - Mgmt, Engineer, Educ, Health, ot	276,427	0.7%	15%	(26%)	(19%)	(13%)	25%	(26%)	(26%)	(26%)	(18%)	(18%)	(18%)	(9%)	(4%)	(2%)	
I - 84 - Museums, art galleries, botanical & zoologi	27,285	0.1%	2%	(2%)	(48%)	(79%)	(55%)	(90%)	(90%)	(50%)	(35%)	(35%)	(30%)	(15%)	(8%)	(4%)	
J - J - Public Administration (Exec, legislative, gen g	54,716	0.1%	(3%)	(13%)	101%	(23%)	(5%)	(13%)	(13%)	(13%)	(15%)	(15%)	(15%)	(8%)	(4%)	(2%)	
Z - Z - Unknown Division +UT TC (incl. internet sell	4,578,380	12.3%	24%	n.m.	48%	(3%)	32%	25%	25%	25%	20%	20%	20%	7%	7%	7%	
<b>DF DPOS - Direct Point of Sale</b>	<b>37,145,050</b>	<b>100.0%</b>	<b>4%</b>	<b>(16%)</b>	<b>21%</b>	<b>(7%)</b>	<b>11%</b>	<b>(14%)</b>	<b>(13%)</b>	<b>(9%)</b>	<b>(8%)</b>	<b>(7%)</b>	<b>(7%)</b>	<b>(11%)</b>	<b>(11%)</b>	<b>(11%)</b>	
<b>X - X - Formula Distribution, Fees &amp; Adj.</b>	<b>30,405,556</b>		<b>5%</b>	<b>(17%)</b>													

# Zoo, Arts, & Parks Tax

(0.1% tax to ZAP Fund and General Fund\*)

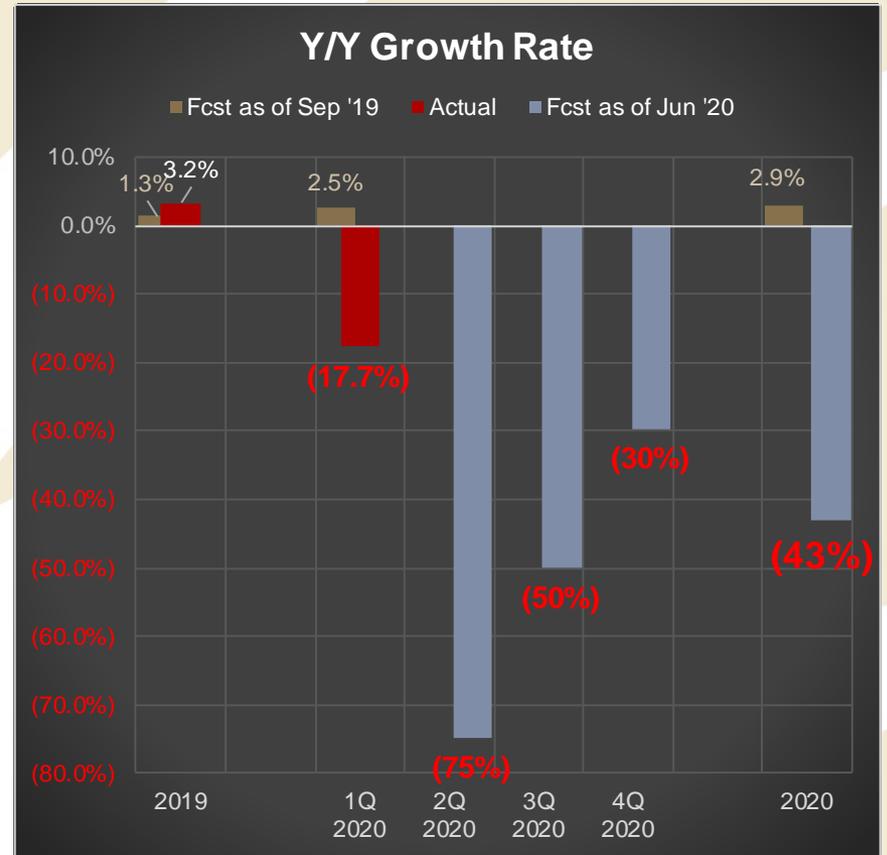
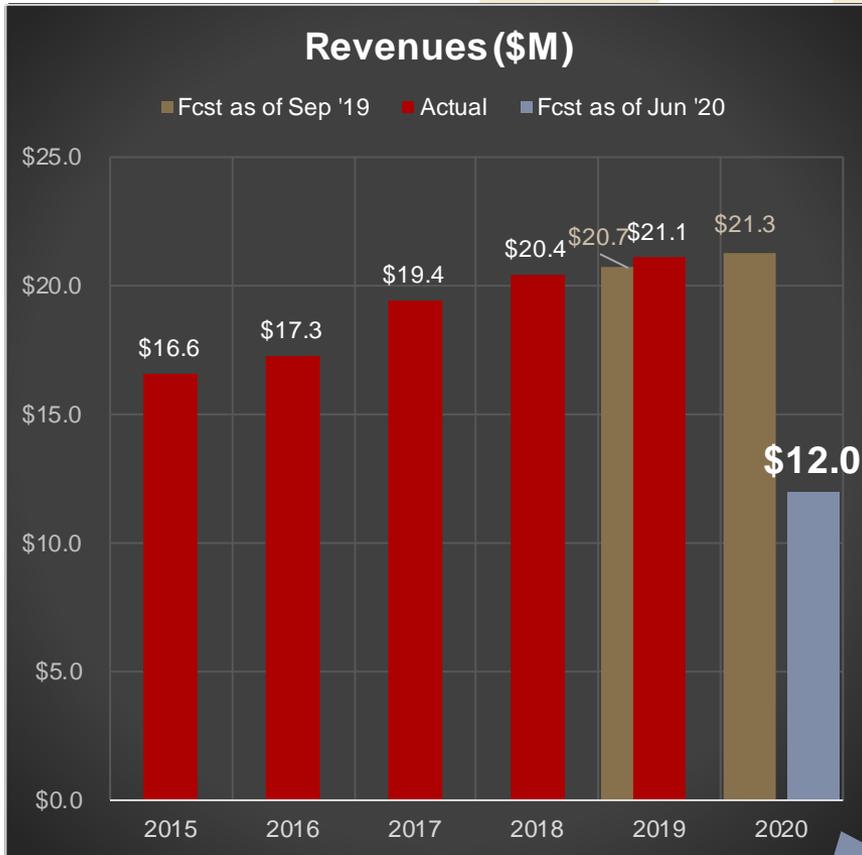


Decreasing Forecast \$2.6M

\* Approximately 70.5% to ZAP fund and 29.5% to General Fund for Recreation

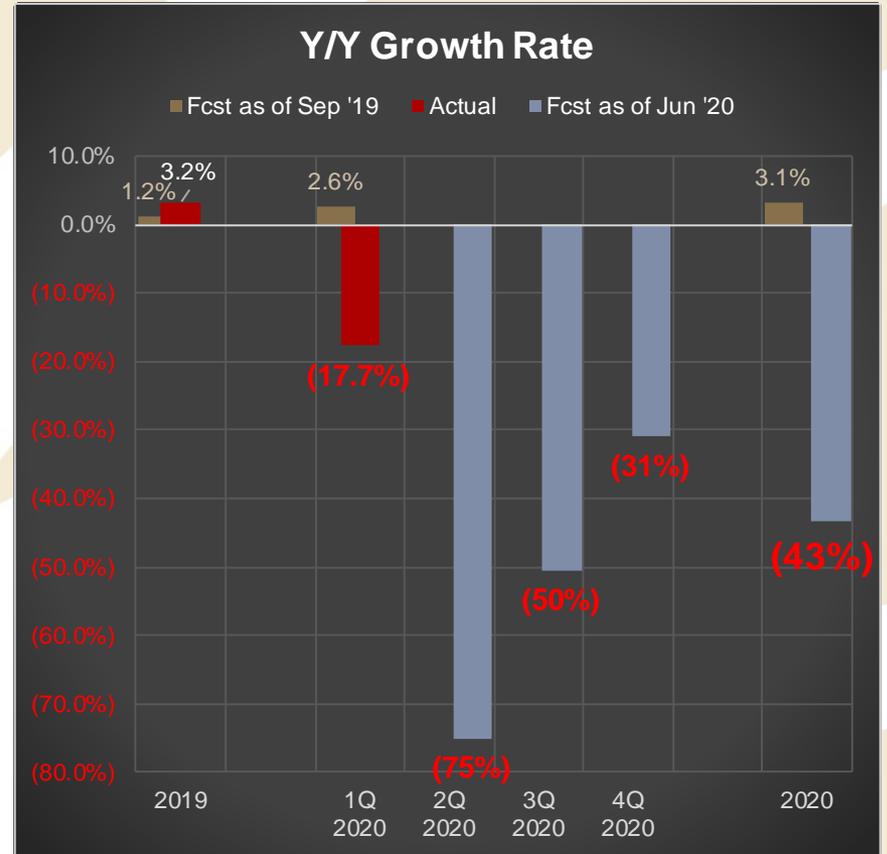
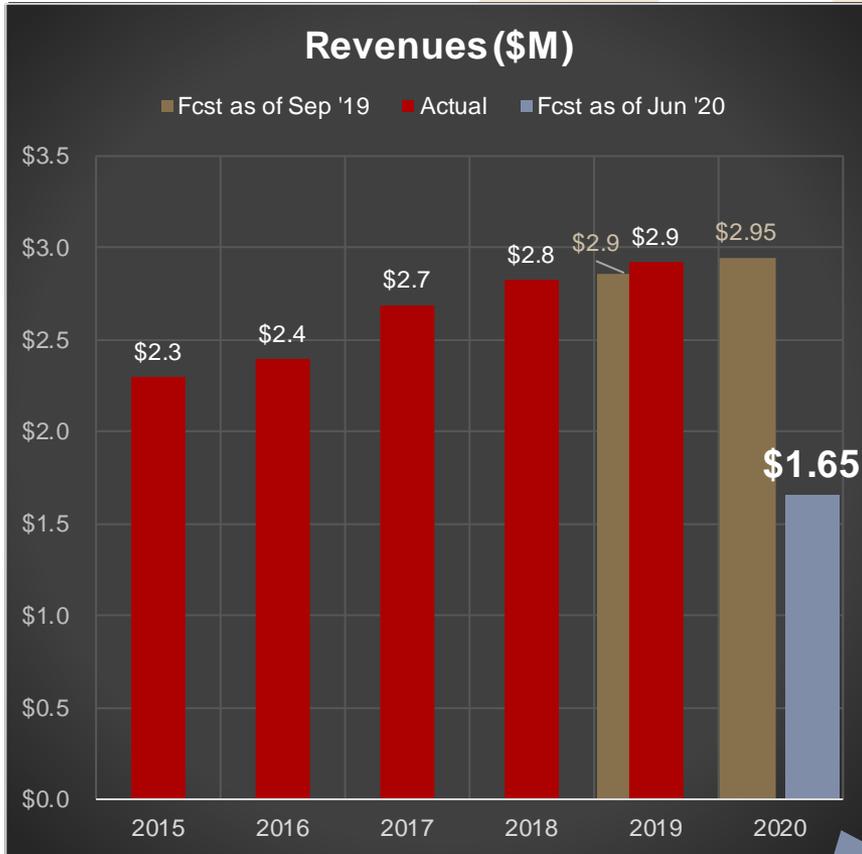
# Transient Room Tax

(4.25% tax to Visitor Promotion Fund)



Decreasing Forecast \$9.3M

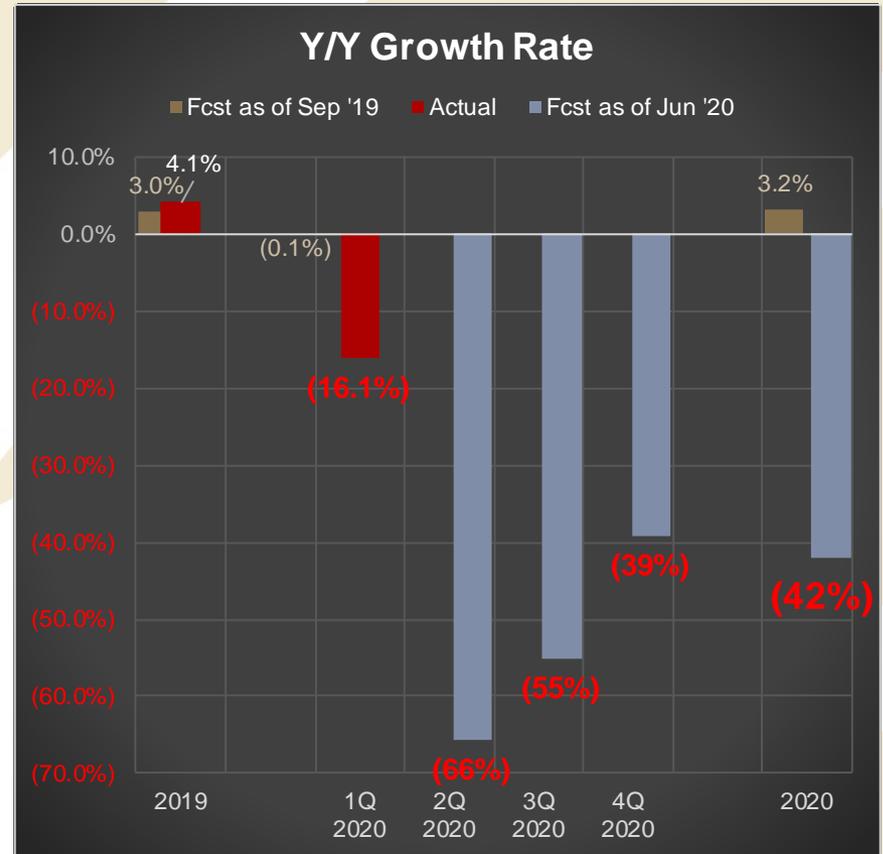
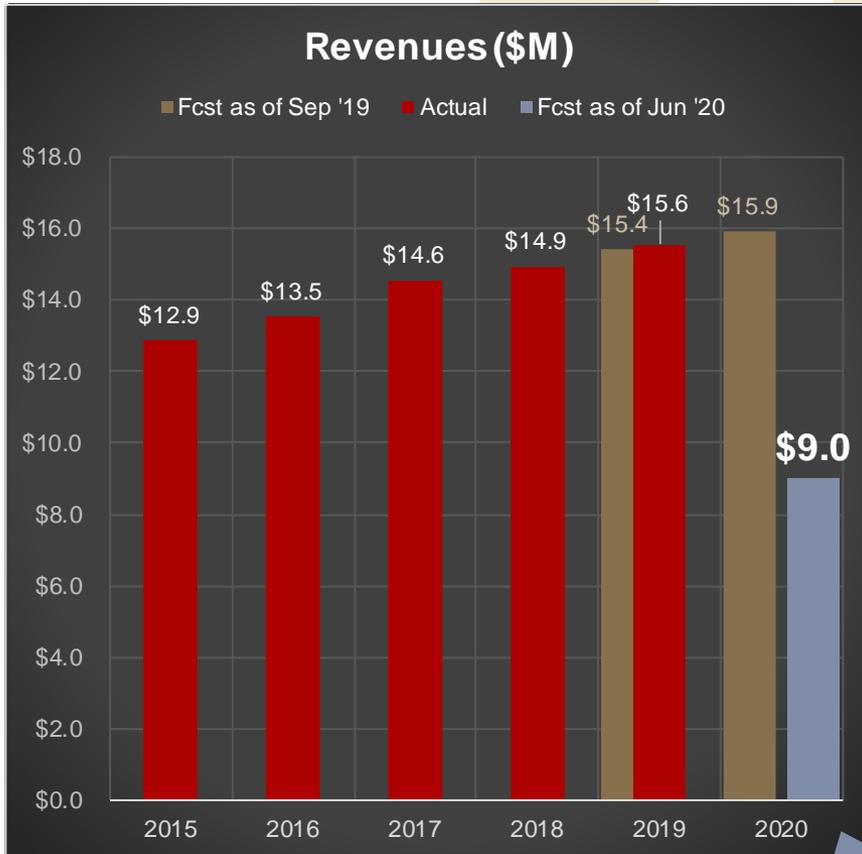
# Transient Room Tax - Supplemental (0.5% tax to TRCC Fund)



Decreasing  
Forecast \$1.3M

# Car Rental Tax

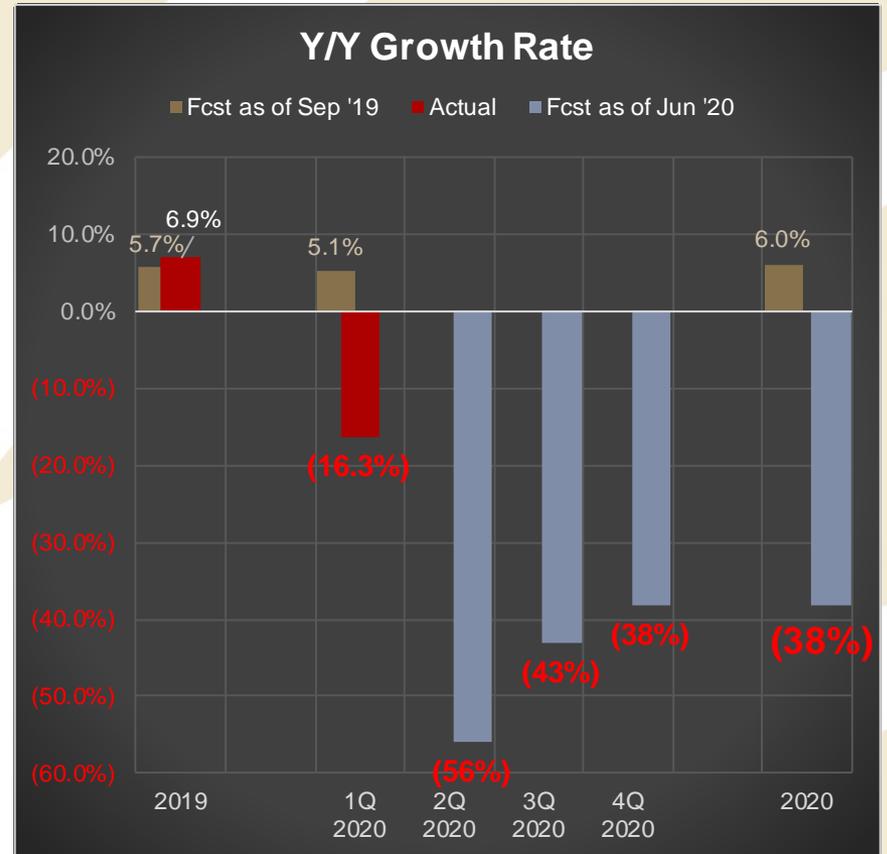
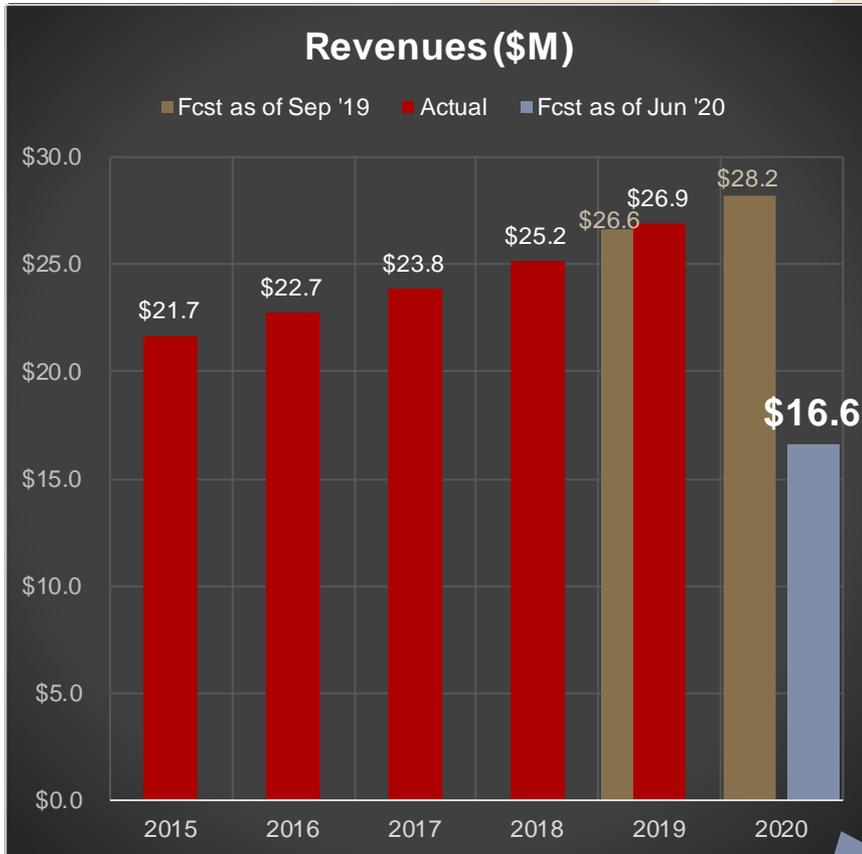
(3% & 4% tax to TRCC Fund)



Decreasing Forecast \$6.9M

# Restaurant Tax

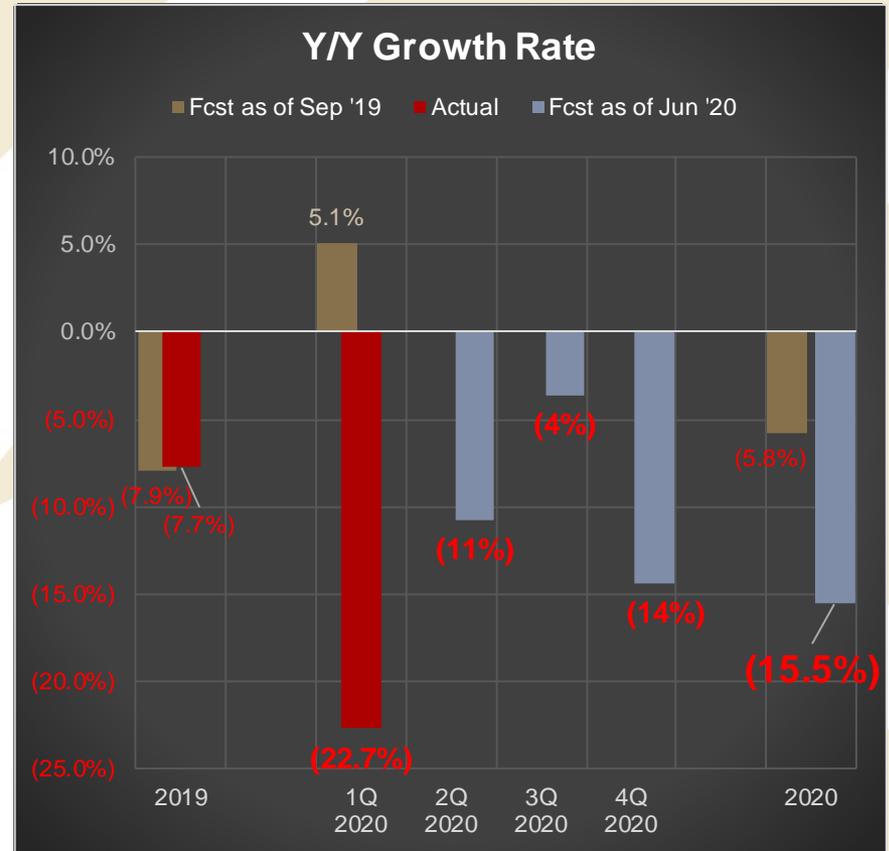
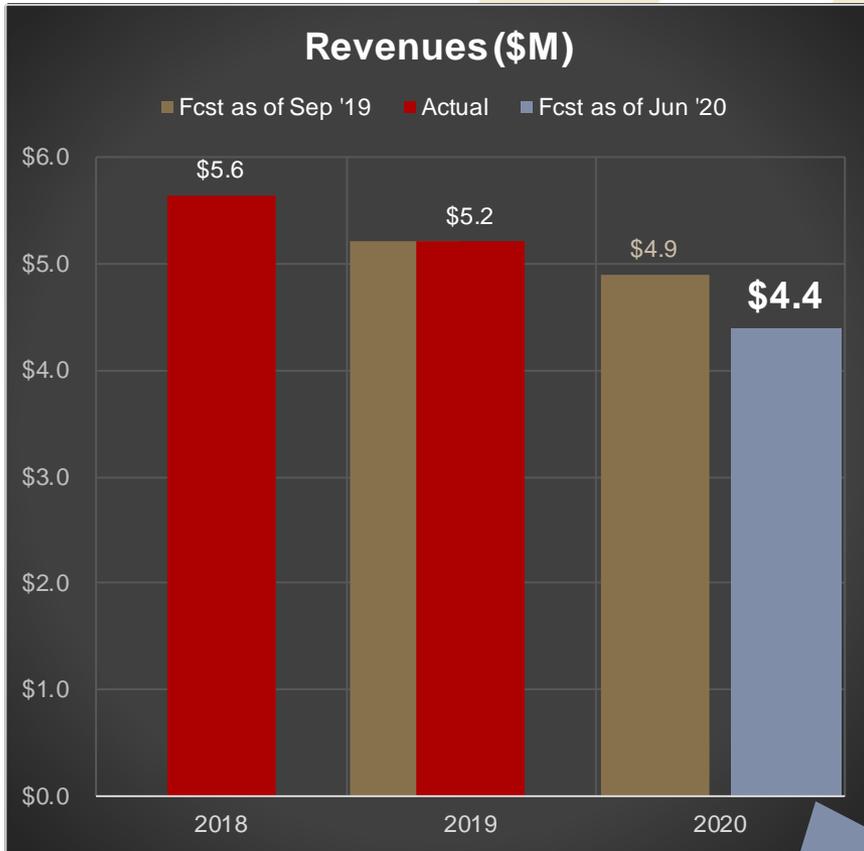
(1% tax to TRCC Fund)



Decreasing Forecast \$11.6M

# Local Option Sales Tax

(1% tax to Unincorporated Municipal Services Fund)

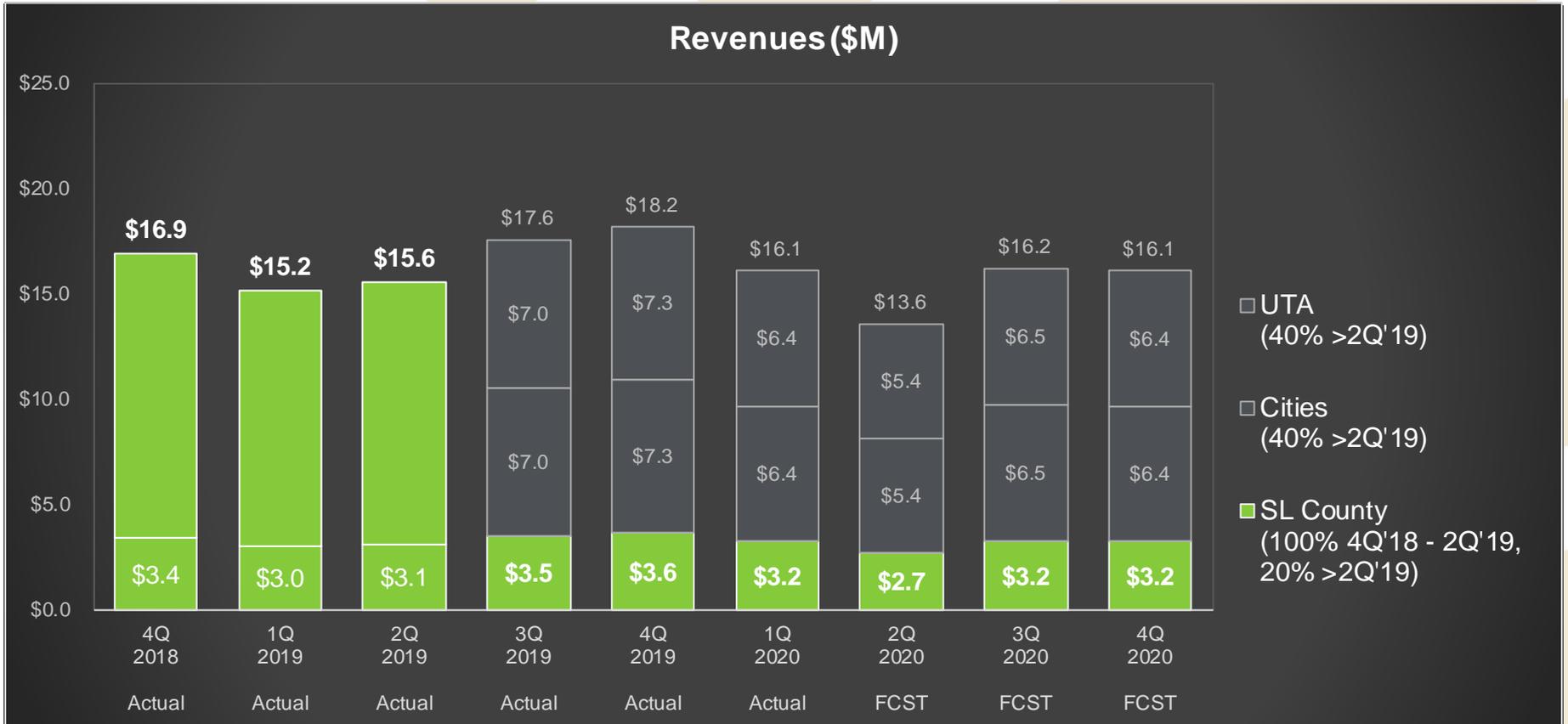


**Decreasing Forecast  
\$0.5M**

\* Figures for the first half of 2017 include some Millcreek taxes that are excluded in later quarters due to their incorporation. Impact from Brighton incorporation in Jan 2020 were included in the Adopted Budget and increased by \$55K in the June Adjusted Budget.

# Transportation Sales Tax

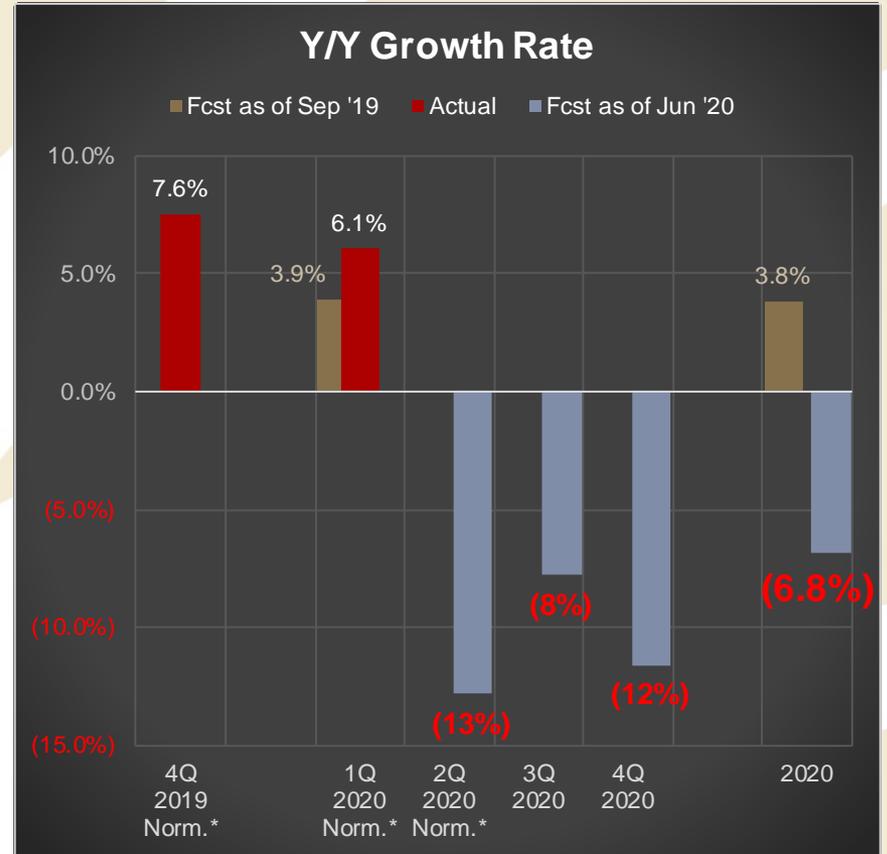
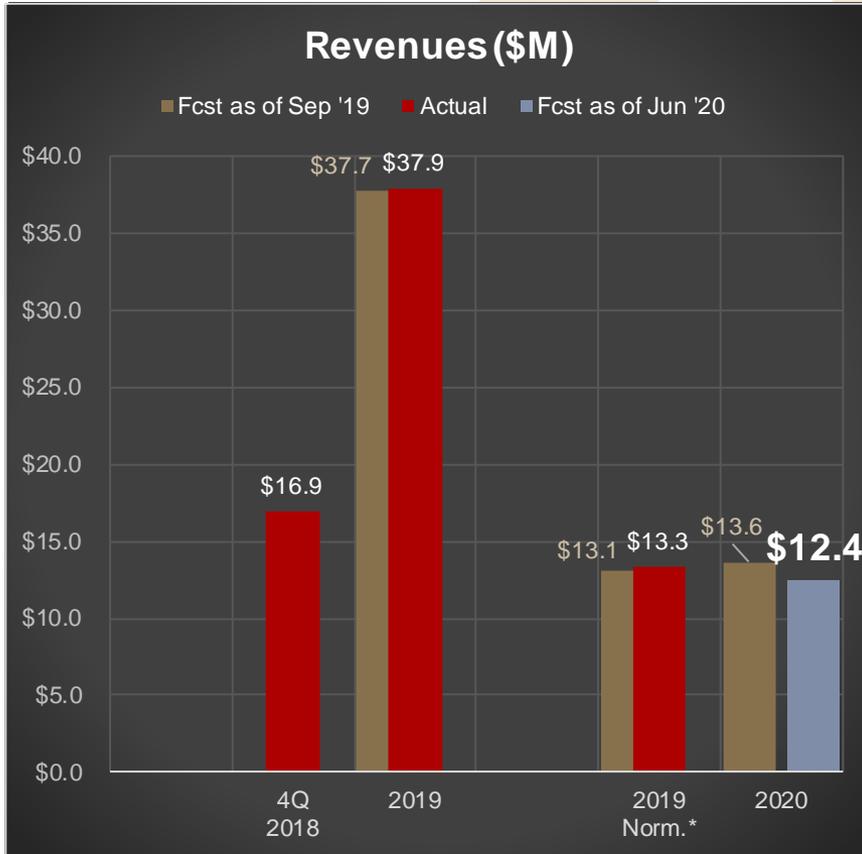
(20% of 0.25% tax to Transportation Fund)



\* Salt Lake County received 100% of this new tax from 4Q 2018 through 2Q 2019 and then 20% thereafter.

# Transportation Sales Tax

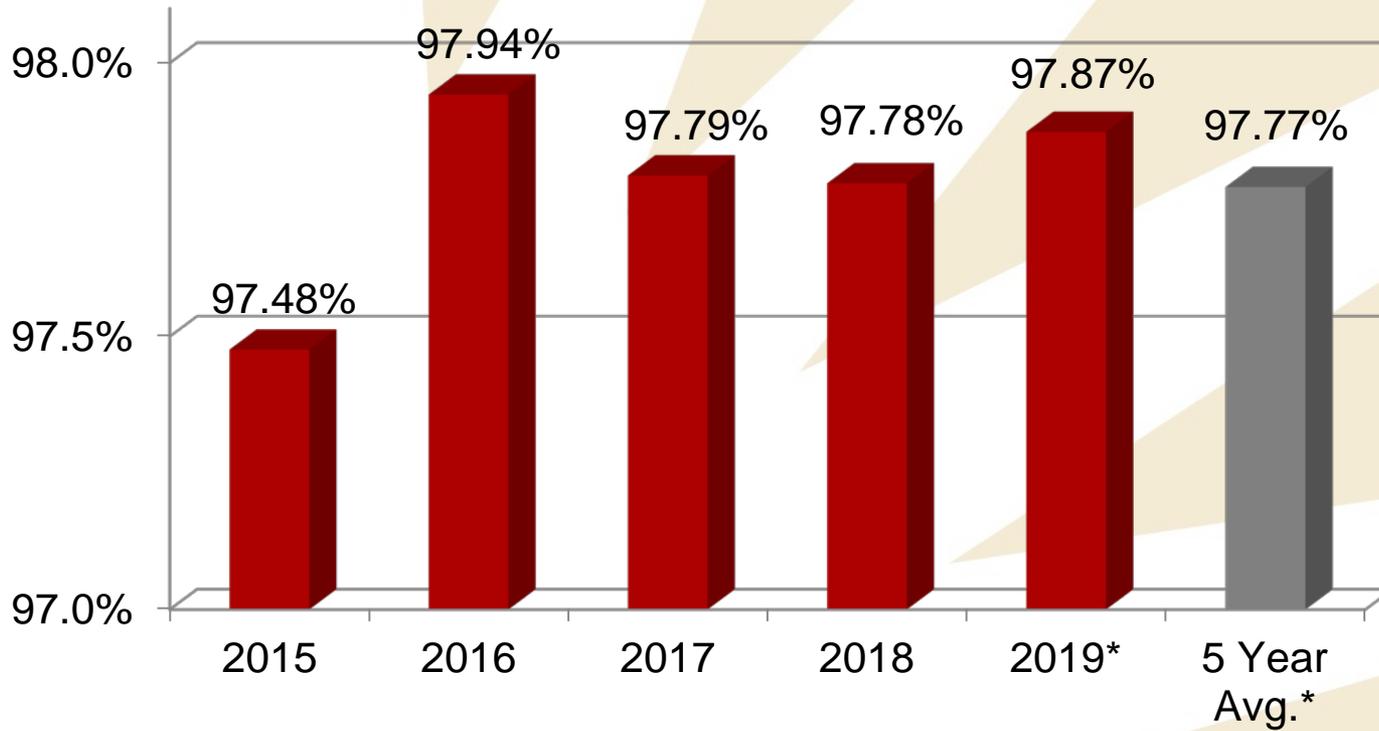
(20% of 0.25% tax to Transportation Fund)



\* Normalized for comparison purposes by multiplying the County's revenue by 20% prior to 3Q 2019, to match the current ongoing allocation %.

# **PROPERTY TAX & MOTOR VEHICLE FEE-IN-LIEU REVENUES**

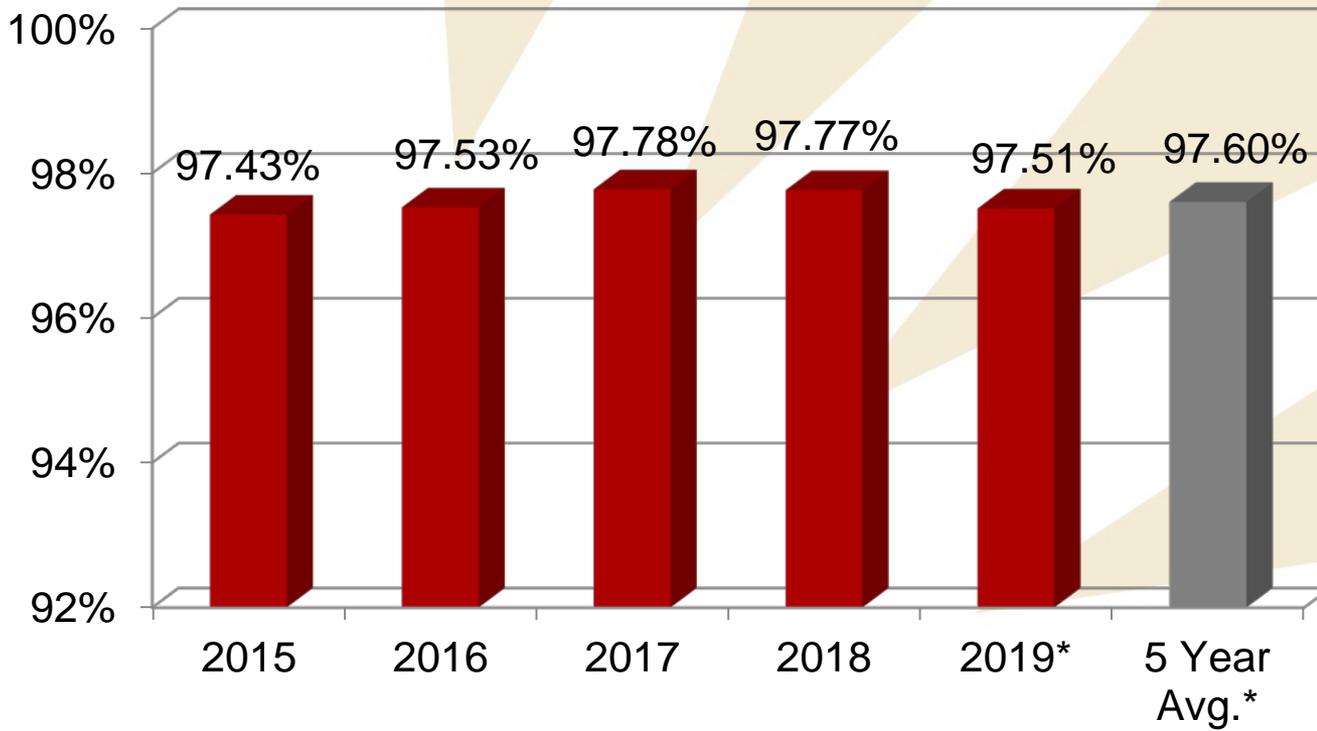
# Collection Rates Countywide



\* Still Preliminary as of 6/2/2020

decline to 97.0% = \$1.8M  
decline to 95.5% = \$5.2M

# Collection Rates Library



\* Still Preliminary as of 6/2/2020

decline to 96.8% = \$0.3M  
decline to 94.9% = \$1.1M

# Motor Vehicle Fee-In-Lieu

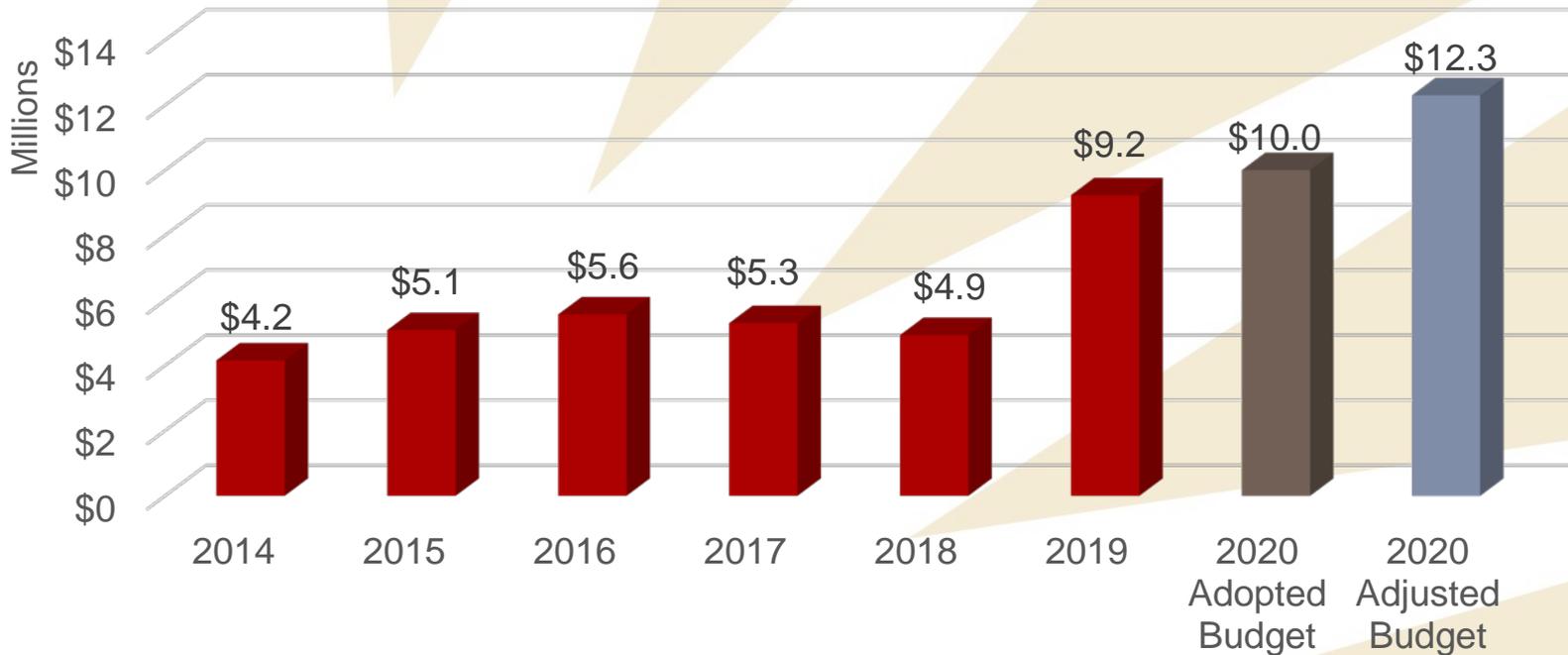
Fund (\$M)	2020 Budget	2019 Actual	<i>Change</i>	
<b>General</b>	7.59	8.45	(0.85)	(10.1%)
<b>Flood Control</b>	0.27	0.31	(0.03)	(10.1%)
<b>Health</b>	0.62	0.69	(0.07)	(10.1%)
<b>Governmental Immunity</b>	0.09	0.10	(0.01)	(10.2%)
<b>Tax Administration</b>	1.21	1.30	(0.09)	(6.7%)
<b>Capital Improvements</b>	0.31	0.34	(0.03)	(10.1%)
<b>Clark Planetarium</b>	0.15	0.16	(0.02)	(10.1%)
<b>Library</b>	2.23	2.42	(0.19)	(7.9%)
<b>Bond Debt Service</b>	1.29	1.55	(0.26)	(16.8%)
<b>TOTAL</b>	<b>13.75</b>	<b>15.31</b>	<b>(1.55)</b>	<b>(10.2%)</b>

No change to forecast

# **RECORDER FEES & OTHER REVENUES**

# Recorder Revenue

Due to the passage of HB247, the fees charged by the Recorders Office were increased effective May 14, 2019.



**Increased 2020 Forecast \$2.3M**

\* This increase changed general recording fees from \$10 for the first page, \$2 for each additional pages to \$40 per recording (1st page + up to 10 pages of descriptions). It also increases plat fees from \$30 per sheet and \$1 per lot or unit to \$50 per sheet and \$2 per lot or unit.

# OPERATING REVENUES

# Revenue Scenarios

<i>In millions \$</i>	<b>Optimistic</b>	<b>Baseline</b>	<b>Pessimistic</b>
<b>Total Sales Taxes</b>	(26.8)	<b>(39.7)</b>	(60.5)
<b>Property Tax Collection Rate (not budgeted)</b>	(1.0)	<b>(2.1)</b>	(6.3)
<b>Recorder Revenue</b>	2.3	<b>2.3</b>	2.3
<b>Operating Revenue: Salt Palace</b>	(7.4)	<b>(7.4)</b>	(7.4)
<b>Operating Revenue: Mtn America Expo Center</b>	(1.4)	<b>(1.4)</b>	(1.4)
<b>CS OpRev: Parks</b>	(0.7)	<b>(0.7)</b>	(0.7)
<b>CS OpRev: Recreation</b>	(5.7)	<b>(7.9)</b>	(7.9)
<b>CS OpRev: Planetarium</b>	(0.5)	<b>(1.0)</b>	(1.0)
<b>CS OpRev: Equestrian Park</b>	(0.1)	<b>(0.3)</b>	(0.3)
<b>CS OpRev: Equestrian Park boarding only</b>			(0.3)
<b>CS OpRev: Arts &amp; Culture</b>	(0.7)	<b>(1.9)</b>	(1.9)
<b>CS OpRev: Eccles Theater</b>	(1.7)	<b>(4.7)</b>	(4.7)
<b>CS OpRev: Golf</b>	(2.1)	<b>(3.3)</b>	(3.3)
<b>CS OpRev: Library</b>	(0.3)	<b>(0.3)</b>	(0.3)
<b>TRCC (delayed contribution)</b>	(2.0)	<b>(2.0)</b>	(2.0)
<b>Total</b>	<b>(48.2)</b>	<b>(70.4)</b>	<b>(95.7)</b>

# Revenue Summary

- Property tax revenue and rates not final until next week
- Most sales tax projections based on one actual data point (March 2020) with lockdowns occurring mid-March
- Utilized IHS GDP model and other economic projections for Q3 – Q4 recovery assumptions
  - Both Q2 and longer projections have been highly volatile
- COVID-19 epidemiology still dynamic
- Budgeted the baseline scenario but a pessimistic scenario could easily play out
- Will need to constantly monitor local and global results

# June Budget 2020

Mayor Jenny Wilson

Presented by Darrin Casper



# 2020 Budget Goals

- Create a two-year solution for a \$70 - \$96 million loss of revenue
- Begin attaining structural balance
- Cut discretionary spending items from budget
- Attain workable reductions from all elected officials and departments
- Bolster General Fund balance
- Draw down other fund balances
- Prepare County for 2021
- Avoid RIF



# 2020 Budget Direction

- Requested proposals for budget reductions of 3%, 5%, and 10% of County Funding
- Community Services prepared a 50% expense cut scenario
- New requests discouraged



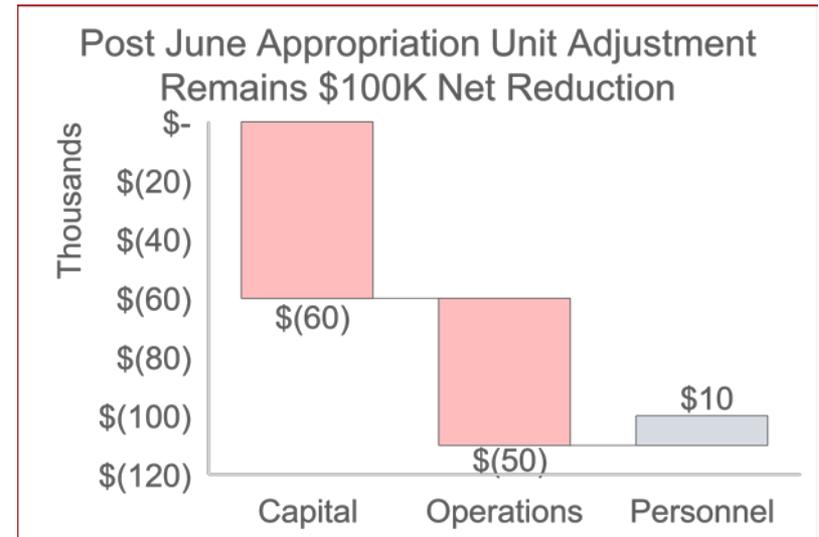
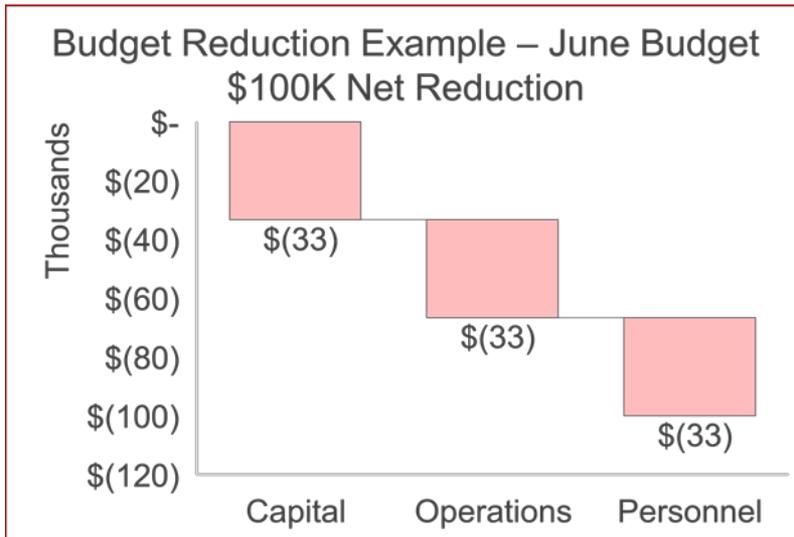
# Highlights for June 2020

- Cuts from all sources total \$77 million, to combat revenue losses from all sources of \$70 - \$96 million
- Elected/Department county funding reductions from 3% to over 10%
- County is well positioned for 2021
- May be structurally balanced, depending on extent of ongoing revenue losses
- Continue to maintain a bias for further reductions based on historic revenue losses and unemployment (wildly unpredictable)
- Amidst historic unemployment and loss to GDP, must be prepared to act quickly as future events and data points unfold



# Management Flexibility/Strategies

- Propose loosening appropriation unit controls at organization level
- Propose utilizing COVID contra accounts at each appropriation unit
  - Each reduction could be flexible and adjusted at management’s request (i.e., one goes up, the other down)
  - COVID accounts could be decreased (meaning more funding) depending on future revenue projections





# Macro Level Decision Groups

- Hiring Freeze
- Organizational Reductions
- Financing Options
  - Close bond funds
  - Issue reimbursement debt
- Sale of assets – land
- County-wide reductions/draws on fund balances
  - ESR
  - Generic compensation in Stat & General
  - OPEB
  - Unrestrictions and Other
- Capital project reductions/delays
  - TRCC
  - Energy efficiency projects
- Major fund balance transfer changes to accommodate new direction



# Organizational Reductions

## Mayor/Departments

<i>in thousands \$</i>	Expense	Operating Revenue	County Funding
<b>Community Services County Wide Funds</b>	(5,689)	(7,037)	1,348
<b>UPACA Eccles Theater</b>	(1,962)	(4,942)	2,980
<b>Golf</b>	(760)	(3,332)	2,572
<b>Library</b>	(412)	(308)	(104)
<b>ZAP Admin</b>	(15)		(15)
<b>Human Services</b>	(5,435)	1,422	(6,857)
<b>Convention &amp; Visitor Services</b>	(16,409)	(6,879)	(9,530)
<b>Criminal Justice Advisory Council</b>	(240)		(240)
<b>Mayor Administration</b>	(491)		(491)
<b>Public Works</b>	(1,421)	(37)	(1,384)
<b>Regional Development</b>	(603)		(603)
<b>Mayor Financial Administration</b>	(269)		(269)
<b>Administrative Services</b>	(2,577)		(2,577)
<b>Employee Services Reserve</b>	(67)		(67)
<b>Human Resources</b>	(191)		(191)
<b>Total Mayor</b>	<b>(36,792)</b>	<b>(21,113)</b>	<b>(15,679)</b>



# Organizational Reductions

## Elected Offices

<i>in thousands \$</i>	Expense	Operating Revenue	County Funding
<b>Assessor</b>	(762)		(762)
<b>Auditor</b>	(286)		(286)
<b>Clerk</b>	(1,000)		(1,000)
<b>Council</b>	(309)		(309)
<b>District Attorney</b>	(1,754)		(1,754)
<b>Justice Courts</b>	(20)		(20)
<b>Recorder</b>	(266)		(266)
<b>Sheriff</b>	(6,527)	(436)	(6,092)
<b>Surveyor</b>	(66)		(66)
<b>Treasurer</b>	(240)		(240)
<b>Total Elected Offices</b>	<b>(11,230)</b>	<b>(436)</b>	<b>(10,795)</b>
<b>Total Mayor and Elected Offices</b> (w/o TRCC, Energy Mgmt. project, ZAP)	<b>(48,023)</b>	<b>(21,549)</b>	<b>(26,474)</b>



# Balance Sheet / Financing Actions

<i>in millions \$</i>		<b>Amount</b>
<b>Financing Options</b>	Issue reimbursement debt for prior land purchase	\$6.2
	Close out bond project funds	\$2.5
<b>Sale of Assets - Land</b>	Park Operations Properties (land) sale	\$3.0
	Marv Jenson Property sale	\$1.4
<b>County-wide reductions/ draws on fund balances</b>	ESR	\$0.5
	Generic compensation in Stat & General	\$1.0
	OPEB	\$1.0
	Uncommit Fund Balance in Visitor Promotion Fund	\$4.5
	Unrestrict UPACA/Eccles Theater Operating Reserve	\$1.0
	Unrestrict Cultural Core Fund Balance in Arts & Culture	\$0.3
<b>Total</b>		<b>\$21.4</b>



# TRCC Proposal

- Mayor's Proposed Budget aligns with Advisory Board recommendations
- 49.6% of TRCC revenues to Parks and Rec ops
- Proposed ending fund balance \$1.47M

## Revenue

*in thousands \$*

Sales Tax Decline	(19,800)
Contribution Deferral	(2,000)
Transfers In - Visitor Promotion	(1,100)
Transfers In - Land, Open Space, Other	1,515
Beginning Fund Balance - 2019 Projection	<u>(3,151)</u>
	<b>(24,536)</b>

## Expense

Transfers Out - Recreation, Parks, other	(5,783)
Government Contributions	(4,280)
Non-Government Contributions	(204)
Cultural Facilities Support Program Contr.	(3,568)
Other Contributions	(1,989)
P&R Equipment Repair & Replacement	(1,244)
Projects and Other	<u>(6,089)</u>
	<b>(23,158)</b>

**Net Fund Balance Increase/(Decrease)**

**(1,378)**



# Parks and Recreation

## Appropriations vs. General Fund County Funding

*in millions \$*

	<b>2020 Adj. Budget</b>	<b>2020 Budget</b>	<b>2019 Budget</b>	<b>2018 Budget</b>
Expenses Less Operating Revenue	<b>36.2</b>	<b>31.7</b>	<b>29.5</b>	<b>27.8</b>
TRCC Transfer to the General Fund <sup>(1)</sup>	(13.1)	(18.3)	(17.7)	(16.4)
TRCC Transfer to the General Fund for Open Space Maintenance	(0.4)	(0.4)	(0.39)	(0.38)
Visitor Promotion transfer to General Fund <sup>(2)</sup>	(6.5)	(2.0)	(2.0)	(2.0)
Parks & Recreation Restricted General Fund Sales Taxes	(7.4)	(8.0)	(7.8)	(7.4)
<b>Reliance on General Fund</b>	<b>4.53</b>	<b>3.00</b>	<b>1.65</b>	<b>1.61</b>

(1) TRCC fund transfers to Parks & Recreation operations, currently at 49.5% vs. the usual 40% max. recommended by the TRCC Advisory Board.

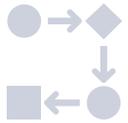
(2) Visitor Promotion fund transfer to the General Fund for Recreation operations subsidy.



# Other Reductions

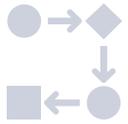
*in thousands \$*

<b>Capital Project Reductions / Delays</b>	<b>Amount</b>
Energy Management Project	(\$1,023)
<b>ZAP Contributions Reductions</b>	<b>Amount</b>
Tier I Organizations	(\$1,152)
Tier II Organizations	(\$230)
Zoological Organizations	(\$410)
<b>Total</b>	<b>(\$1,793)</b>



# Major Fund Balance Transfers

Description	Change Amount
Reduce TRCC transfer to Parks & Rec (lost sales tax revenue)	(\$5,150,000)
Increase Recreation operating subsidy from Visitor Promotion Fund	4,500,000
Reverse prior year Visitor Promotion Fund transfers to Salt Palace & Mountain America Expo due to cancelled capital projects	4,200,000
Eliminate current year Visitor Promotion Fund transfer to Salt Palace & Mountain America Expo capital projects	(3,500,000)
Reduce General Fund transfer to Grant Programs Fund	(4,200,000)
Rebate excess ESR Fund Health Reserve back to departments	2,997,379
Close out bond project funds to General Fund for completed bond projects	2,520,689
Increase Arts & Culture operating subsidy from TRCC	1,180,000
Eliminate TRCC Fund transfer for Arts & Culture equipment replacement & capital improvements	(316,546)
Eliminate Visitor Promotion Fund transfer to TRCC	(1,100,000)
Reverse two years of TRCC Fund transfers to Open Space due to cancelled projects	750,000



# Major Fund Balance Transfers [cont.]

Description	Change Amount
Eliminate energy management project transfers from other funds to the General Fund	(728,831)
General Fund reimbursement to TRCC for land purchase near homeless resource center	710,131
Eliminate TRCC Fund transfer for Salt Palace & Mountain America Expo equipment replacement	(618,000)
Eliminate TRCC Fund transfer for Open Space purchase	(500,000)
General Fund to UPACA/Eccles Theater Fund to stabilize fund	836,211
Visitor Promotion Fund transfer to Golf to stabilize fund	1,525,000
Reduce Equestrian Park operating subsidy & capital improvements from TRCC	(336,523)
Pause Cultural Core transfer from General Fund to Arts & Culture Fund	(250,000)
General Fund reserved funds (for 2019 transfer of functions to the MSD) to Public Works to offset overhead charges on transferred orgs <i>(Technical)</i>	518,662
Loan from Library Fund to Library Bond Projects Fund – Granite Library <i>(Technical)</i>	4,454,756



# Significant New Requests

*in thousands \$*

Org	Description	Amount	FTE
<b>Parks</b>	Restore 2019 PO cancelled in error	\$160	
<b>Regional Development</b>	Americorp Grant Expense correction	\$165	
	MSD Position from .75 to 1.0 using RDA funds	\$21	0.25
<b>Golf</b>	Mountain View Irrigation Repairs	\$89	
<b>Clerk</b>	Government Center Rent	\$217	
<b>Sheriff</b>	Sworn Tier II 2.27% pick up	\$209	
<b>Total</b>		<b>\$861</b>	<b>0.25</b>



# COVID-19 Response

## New Fund 140: COVID Response Fund

*in millions \$*

<b>Org 1040000000: Public Health &amp; Economic Recovery</b>	Personnel costs	\$74.5
	Operations costs	31.5
	Interlocal Agreements	34.0
	Assistance and Grants	50.0
		190.1
<b>Org 1041000000: COVID Mitigation</b>	Personnel costs	4.8
	Operations costs	8.7
		13.5
<b>Total Fund 140</b>		<b>\$203.6</b>



# FTE Changes

## Interim & June Budget Adjustments

	New County Funding	Fully or Partially Funded by New Revenue	Transfer	Time Limited	Other
Mayor Administration			-1.00		
Human Resources			1.00		
Unincorp Municipal Services			-0.75		
Office of Regional Development			1.00		
<b>Totals</b>			<b>0.25</b>		

Total Employee FTE: 4,004



# 2020 Ending Fund Balances

\$M	Original Adopted Budget		June Adjusted Budget*		Change	
	Budget	Projection	Budget	Projection	Budget	Projection
General	41.8	55.5	74.3	74.4	32.5	18.9
Flood Control	0.5	4.6	1.9	2.0	1.4	(2.6)
Health	3.0	3.7	4.7	4.8	1.7	1.1
Planetarium	1.0	0.9	0.9	1.0	(0.1)	0.1
Tax Admin	1.6	3.6	4.1	4.2	2.5	0.6
Library	8.3	11.6	6.0	6.0	(2.3)	(5.6)
TRCC	2.8	3.6	1.5	1.5	(1.3)	(2.1)

\* Certified tax rates are not yet available, so property tax revenues have not been updated in the budget



# 2020 Financing Plans

- Sales Tax Revenue and Refunding Bonds (Shelter The Homeless projects) \$67M
  - Taxable bond closing June 2020
  - Tax-Exempt bond closing May 2021
- TRANS – \$65M July



# 2020 Budget Recap

## All Funds

- All funds are balanced
- Net appropriations at approximately \$1.5 B
- We recommend ratifying all previously approved interim budget adjustments for formal adoption
- Next Steps
  - Monthly revenue reporting
  - Track versus baseline or pessimistic scenarios





## Mayor's Proposed Budget, including this presentation is available online:

*<http://slco.org/mayor-finance/budget/2020-budget-information/>*

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Note: Some pages in this document contain additional information or corrections that were identified after the initial presentation.

- Page 64: Increased UPACA Eccles Theater reductions. Amounts were (575), (4,719), 4,144. Corrected to (1,962), (4,942), 2,980.
- Page 65: Changed subtotal to exclude TRCC, Energy Mgmt project, and ZAP, since they are shown on other pages. Amounts changed from (59,983), (19,337), (40,646) to (48,023), (21,549), (26,474), left to right.
- Page 66: Added new unrestriction after row 8. Unrestrict UPACA/Eccles Theater Operating Reserve, \$1.0M. Updated total from \$20.4 to \$21.4.
- Page 69: Added table for ZAP Contributions Reductions and changed title from "Capital Project Reductions/Delays" to "Other Reductions".
- Page 71: Added additional fund transfer after row 4. General Fund to UPACA/Eccles Theater Fund to stabilize fund, \$836,211.
- Page 73: Allocations to accounts were listed incorrectly. Changes: Personnel costs was \$50.6, corrected \$74.5; Operations costs was 21.4, corrected 31.5; Interlocal Agreements was 68, corrected 34.
- Page 75: Reduced the General Fund June Adjusted Budget ending balances by \$0.8M for the fund transfer to Eccles Theater. June Budget was 75.1, corrected 74.3; Projection was 75.2, corrected 74.4, Budget Change was 33.3, corrected 32.5; Projection Change was 19.7, corrected 18.9.

# 2020 June Adjusted Budget Property Tax Revenue Update

June 16, 2020

# Taxable Values

(\$B)	2020	2019	<i>Change</i>	
Countywide	114.9	106.4	8.5	8.0%
Tax Admin	122.1	112.3	9.8	8.7%
Library	80.0	74.8	5.2	6.9%

# New Growth in Taxable Values

(\$B)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 Proj.	2020
Countywide	-0-	-0-	-0-	\$1.8	\$1.5	\$1.6	\$1.9	\$3.1	\$3.6*	\$3.9	\$2.6
Tax Admin	-0-	-0-	-0-	\$1.8	\$4.1**	\$1.9	\$2.2	\$3.6	\$4.0*	\$4.3	\$2.8
Library	-0-	-0-	-0-	\$1.6	\$1.1	\$0.9	\$1.4	\$2.3	\$2.2*	\$2.3	\$2.2

\* 2019 New Growth includes an adjustment to the incremental value to keep the County whole in implementation of SB77.

\*\* Beginning in 2015 New Growth was tracked separately for the Tax Administration levy. New Growth that year reflects a significant one-time technical adjustment in that levy.

# 2020 Countywide Tax Rates

Fund	2019 Adopted Tax Rate	2019 Actual Revenue (\$Millions)	2020 Certified Tax Rate	2020 Proposed Tax Rate	2020 Budgeted Revenue (\$Millions)
110-General Fund	.001409	149.9	.001334	.001407	161.6
115-Gov't Immunity	.000016	1.7	.000015	.000015	1.7
250-Flood Control	.000051	5.4	.000051	.000058	6.7
370-Health	.000115	12.2	.000109	.000139	16.0
390-Planetarium	.000027	2.9	.000026	.000026	3.0
410-Bonded Debt	.000258	27.4	Sufficient	.000231	26.5
450-Capital Improvements	.000057	6.1	.000054	.000072	8.3
340-Tax Admin	.000216	24.3	.000203	.000211	25.8

# 2020 Other Property Tax Rates

Fund	2019 Certified Tax Rate	2019 Budgeted Revenue (\$Millions)	2020 Certified Tax Rate	2020 Proposed Tax Rate	2020 Budgeted Revenue (\$Millions)
232-Municipal Services Tort Liability	.000053	.26	.000060	.000060	0.24
360-Library	.000536	40.1	.000515	.000515	41.2

# June Adjusted Property Tax Revenues

(\$000's)

Fund	2020 Adopted Budget	2020 June Adjusted Budget	Change	
110–General Fund	163,623	\$161,602	(\$2,021)	-1.2%
115–Governmental Immunity Fund	\$1,760	\$1,723	(\$37)	-2.1%
250–Flood Control Fund	\$6,673	\$6,662	(\$11)	-0.2%
370–Health Fund	\$15,942	\$15,965	\$23	0.1%
390–Planetarium Fund	\$2,969	\$2,986	\$17	0.6%
450–Capital Improvements Fund	\$8,289	\$8,269	(\$20)	-0.2%
<b>Subtotal</b>	<b>\$199,256</b>	<b>\$197,207</b>	<b>(\$2,049)</b>	<b>-1.0%</b>
410–Bond Debt Service	\$27,440	\$26,490	(\$950)	-3.5%
232–Gov Immunity-Unincorp Fund	\$257	NA	NA	NA
360–Library Fund	\$41,215	\$41,192	(\$23)	-0.1%
340–State Tax Administration Levy	\$26,087	\$25,764	(\$323)	-1.2%

\* Includes both the 401005–General Property Tax and 401023–Property Tax RDA revenue accounts.

Rod Kitchens

# FUND BALANCES

# 2020 Fund Balances

\$M	Beginning Balance	Ending Balance		
	Actual	Original Adopted Budget	June Adjusted Budget	<i>Change to Budgeted Ending Balance</i>
<b>General</b>	66.6	41.8	<b>72.3</b>	30.5
<b>Flood Control</b>	2.7	0.5	<b>1.9</b>	1.4
<b>Health</b>	5.3	3.0	<b>4.7</b>	1.8
<b>Planetarium</b>	1.4	1.0	<b>0.9</b>	(0.1)
<b>Tax Admin</b>	4.7	1.6	<b>3.8</b>	2.3
<b>Library</b>	13.0	8.3	<b>6.0</b>	(2.3)
<b>TRCC</b>	9.6	2.8	<b>1.5</b>	(1.4)

# 2020 June Budget Information

- The back up documentation has been sent to the Council office
- This presentation is available online:  
<http://slco.org/mayor-finance/budget/2020-budget-information/>