



To: Mayor and City Councilmembers
From: Tho Kraus, Assistant City Manager/Administrative Services
Through: John J. Caulfield, City Manager
Date: June 22, 2020
Subject: COVID-19 Financial Update

PURPOSE

A discussion of the potential impact of COVID19 on the City's finances occurred as part of the 2020 carry forward budget adjustment presentation at the April 27, 2020 City Council study session. We committed to follow-up with an updated financial forecast and scenarios for the current year 2020 through the upcoming biennium 2021/2022.

The following updates will be presented:

- Impact of COVID-19 pandemic on City General Fund revenues for 2020, 2021 and 2022 as part of three different scenarios;
- A continuation of the financing bridge strategy for 2020 that does not result in either elimination of services or a reduction in services while we wait for Congress to consider relief funds in support of local governments; and
- A synopsis of the type and magnitude of service cuts if Congressional relief is not provided in the next few months.

BACKGROUND

There is no doubt that these are unprecedented times for our economy, locally, regionally and nationally. Economic activity continues to weaken across the country, the result of the shutdown of the economy caused by COVID-19. Currently, there is not an end in sight for when the nation's faltering economy will fully open back up.

The result has been massive layoffs and furloughs, growing level of unemployment not seen since the Great Depression in the 1930s, a huge slowdown in consumer spending, and uncertain financial markets. Cities and counties throughout the country are feeling the impact of the situation. Lakewood is no exception. How this saga will unfold this year and beyond (e.g., 2021, 2022, 2023) is still unclear, however it is already showing to be very harmful to our local economy and the City's finances.

We must remember that this significant and devastating economic downturn was not caused by economic problems; it is the result of a global public health pandemic. The fact is that the economic fundamentals of our national, regional and local economy was quite strong and could recover more quickly than anyone could imagine or it could totally falter, thus our approach to evaluate three financing scenarios. Also, the \$2.2 trillion CARES Act coupled with another \$500 billion stimulus package (Phase 3.5) represents at least 10% of the total economic output of the annual US economy, which is a huge influx into the national economy.

Even when the economy begins to improve, it will be some time before our country will return to pre-March 2020 levels. While there are signs of recovery, our region is still in phase 2 of the State's Stay Home, Stay Healthy proclamation. True economic recovery cannot begin until phase 4, which may not occur until later this summer, at the earliest.

The difficulty for cities may just be beginning, since local government finances tend to lag behind changing economic conditions by 18 months to several years. For this reason, the worse effects of the economic downturn upon local governments may be 2021, and perhaps continue into 2022 and even 2023.

As we look into the future, we are beginning to focus on our recovery and what that will look like, specifically as it relates to City finances that in turn will impact service delivery. Two points to begin.

- First, we are not going to jump to conclusions without having some type of understanding or empirical data to support our assumptions. One challenge cities face is that good strong empirical data on revenue collections such as sales tax and state-shared revenues will not be available until later this summer/fall, given the lag in collecting, reporting and distribution by the State. Until that information is available later this summer and into the fall, we will be relying on our experiences post 9-11 and from the housing crisis from ten years ago as well as other economic downturns going back 30 years, though we already know this downturn will be more severe.
- Secondly, a key attribute of the City's financial successes in recent years are the adopted comprehensive financial policies that provide a vital framework for governance and decision-making, especially in regards to issues that substantively impact the City's finances. While these policies have served the City very well during our region's recent economic prosperity, they will also serve as the foundation for the City's recovery to a more sustainable financial future.

ACTION STRATEGIES

The 2019-2020 Biennial Budget adopted by City Council in November 2018 was prepared and finalized before anyone even knew of COVID-19. Despite this, the budget's conservative assumptions for revenue growth in 2020 will make our forecast even more conservative as we look out to 2021 and 2022. Because of this conservative approach, the City's 2019 finances ended in a much stronger position than originally projected.

On March 3, 2020, the City Manager issued a directive to pause all general government expenditures to address the projected decrease in General Fund revenues. As we begin to plan the development of the 2021-2022 Proposed Biennial Budget, priorities will focus on life/health/safety, legal mandates, and City Council goals and priorities. In the meantime, the March 3, 2020 directive will remain in place along with the following other action strategies to mitigate the downturn in our revenue collections for 2020 and into 2021 caused by the impact of COVID-19.

- All current and future vacant positions (regular full-time, regular part-time, limited term, temporary, interns, seasonal) will not be filled for the foreseeable future. There may be exceptions given funding sources, legal mandates and/or reporting requirements.
- All discretionary spending (i.e. supplies, travel, training, overtime, equipment, temporary help, etc.) are on hold indefinitely. Only those expenditures related to basic services (e.g., employee compensation; mandated training & certifications; basic services such as street maintenance, park maintenance, public safety, code enforcement, code compliance, ROW maintenance, street sweeping; and community outreach and information).
- Anything not covered above shall be approved in advance after review by the ACM/Administrative Services and City Manager.
- Fleet & equipment, information technology, and property management projects and replacement shall only include essential items as well as those that will be completed by December 31, 2020. All other projects

and purchases will be considered as part of the development of the 2021-2022 Proposed Biennial Budget dependent upon the state of the economy.

- Transportation, parks and sewer improvement projects will continue as planned for 2020 given these projects are funded with very limited general government funds.
- Excess real estate excise taxes (REET) will be set aside to offset any decrease in 2020 REET collections and to ensure payment of debt service in 2020 and 2021.

In addition to the directive and action strategies outlined above, we have also been reviewing the following options to address revenue losses in 2020, 2021 and 2022:

- Use of financial reserves or contingency accounts to temporarily maintain services

Although the City has funds set aside for unanticipated events (\$4.9 million), it is financially prudent to hold off on using all of these dollars at this time since these reserves are one-time funds and may be needed in 2021 and 2022 if the economy does not improve and/or if Congress does not provide the financial assistance currently under consideration for local governments. More importantly, the current economic conditions has created a huge structural problem in the General Fund, meaning the use of reserves now does not address the ongoing loss of tax revenues. In the meantime, we do have unanticipated fund balances totaling \$3.1 million that are recommended to be used to help with revenue shortfalls in 2020. However, the use of these funds will have an impact on funding one-time projects in 2021 and 2022, specifically in support of parks and transportation improvement projects.

- Reduction or elimination of operating programs

The City will need to consider changes in the delivery of services to include significant budget reductions unless there financial relief is provided by Congress. Without a federal stimulus bill that provides fiscal assistance to local governments, the City will have to reduce and/or eliminate programs given the revenue losses brought on by COVID-19. Included in this report is a summary of programs representing approximately 20% of the General Fund that has been identified for reduction or elimination given the projected revenue loss is approaching 15% annually.

- Reduction or elimination of capital improvement projects

The city's capital improvement projects for transportation, parks and sewers are funded primarily with revenue specific funding sources coupled with some limited one-time funds that are dedicated specifically for these types of projects and cannot be used for General Fund operating activities. Although a reduction in transportation and park improvement projects could temporarily save some money in the General Fund, doing so creates a higher cost in the long term because this infrastructure deteriorate at a faster rate as they age. In other words, if we delay or cancel these projects, we will have more expensive projects in the future. In addition, most projects for 2020 have been bid out or are the bid process. It will also eliminate our ability to leverage these resources with state and federal funds to continue to revitalize our basic infrastructure system in support of transportation and parks.

FEDERAL RELIEF

On the federal front, we have been in contact with our federal delegation communicating the projected negative economic impact to the City's finances. To date, the following legislation has been introduced by Congress that would provide financial relief to local governments:

- Earlier this spring, the House of Representatives introduced the Coronavirus Community Relief Act (HR 6467), new legislation to provide \$250 billion in stabilization funds for mid-sized local communities, cities, and towns under 500,000 population across the United States that are struggling amidst the COVID-19 pandemic. Local jurisdictions could use the funds for costs due to COVID-19 during March 1, 2020 to October 31, 2020. "Costs" are defined as "lost revenue, reimbursement for expenses already incurred, and

increases in costs reasonably believed to be the direct or indirect result of, or direct or indirect responses to circumstances caused by, the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).”

- In mid-May, the House introduced HR 6800, The HEROES Act, a \$3 trillion coronavirus relief bill that includes \$375 billion to assist local governments with the fiscal impacts from caused by COVID-19. According to the Speaker of the House Nancy Pelosi’s website, the City of Lakewood would receive \$28.5 million in 2020 and \$14.2 million in 2021 for a total of \$42.7 million
- Subsequent to the HEROES Act, the State and Municipal Assistance for Recovery and Transition (SMART) Act was introduced to the Senate by U.S. Senators Bill Cassidy, M.D. (R-LA) and Bob Menendez (D-NJ), which would provide \$500 billion in emergency funding to every state, county and community in the country. Monies would be distributed to states through three equally divided tranches based on population size, infection rates and revenue losses.

The latest update from Washington DC is that Congress may consider federal legislation to provide financial relief to local governments when both the House and Senate are in session during the first week of July.

FINANCIAL SCENARIOS

In the meantime, we have develop three financial scenarios illustrating what the impact COVID-19 will have on the City’s finances, specifically the general and street funds given these are the two funds that will be most negatively impacted. We also updated the City’s financial forecast for the coming biennium based on how we ended 2019 coupled with the strong local and regional economy, the pre-COVID-19 update. The strength of how we ended 2019 had the City very well positioned heading into 2021 and 2022. However, that is now all behind us.

We have developed three financial scenarios specific to impacts to the City’s General Fund:

- Scenario 1 (30% Probability)
Significant economic downturn in 2020 followed by recovery beginning in early 2021.

Scenario 1	2020	2021	2022
Total Projected Revenue Loss	(\$5,748,097)	(\$2,580,201)	\$647,124

- Scenario 2 (50% Probability)
Significant economic downturn in 2020 that continues into 2021 with recovery beginning in early 2022.

Scenario 2	2020	2021	2022
Total Projected Revenue Loss	(\$5,748,097)	(\$5,128,733)	(\$971,386)

- Scenario 3 (20% Probability)
Significant economic downturn in 2020 that continues through 2022 with recovery beginning in early 2023.

Scenario 3	2020	2021	2022
Total Projected Revenue Loss	(\$5,748,097)	(\$7,318,266)	(\$3,354,301)

Our current analysis, which is based on limited revenue collections through March/April 2020 shows a revenue decline in the General Fund totaling \$5.7 million or 14% in 2020, \$5.1 million or 12.6% in 2021 and \$971 thousand or 2.4% in 2022. This totals \$11.8 over the three year period, 2020 through 2022.

2020 BALANCING STRATEGY

The following 2020 proposed balancing strategy provides the City time without having to drastically cut or reduce services between now and later this year when better information will be available specific to actual revenue losses. This approach also provides a balancing strategy for 2020 as Congress contemplates legislation to provide financial assistance to local governments.

2020 Balancing Strategy	
Total General Fund Revenue Loss	(\$5,748,097)
Plus Increase in General Fund Subsidy to Street Fund due to Fuel Tax Revenue Loss	(\$195,397)
Less Decrease in Reserves Requirement Due to Decreased Revenues	\$705,484
Subtotal - Ending Fund Balance Deficit	(\$5,238,009)
Estimated Expenditure Savings	\$602,731
Excess Ending Fund Balance (portion of \$3,183,538)	\$2,335,278
Strategy - Interfund Loan from Fleet & Equipment Fund	\$2,300,000
Ending Fund Balance Deficit	\$0

NEXT STEPS

- Financial Forecast
 - Continue updating as new and updated information, specifically revenue collection trends becomes available
 - Begin evaluation of service reductions beginning later this year and into 2021 and 2022 biennium if federal relief funds are not provided by Congress in early July.
 - July and August
- Quarterly Financial Report
 - September 14, 2020 Study Session – 2nd Quarter, 2020
 - December 14, 2020 Study Session – 3rd Quarter, 2020
- 2021/2022 Proposed Biennial Budget
 - October 5, 2020 Regular Meeting – Presentation of the Proposed Budget
 - October 7, 2020 Special Meeting – Department Budget Presentation
 - October 14, 2020 Special Meeting – Department Budget Presentations
 - November 2, 2020 Regular Meeting – Public Hearing
 - November 9, 2020 Study Session – Review of Proposed Biennial Budget (tentative, as needed)
 - November 18, 2020 Regular Meeting – Adoption
- 2020 Year-End Budget Adjustment
 - October 26, 2020 Study Session – Review
 - November 2, 2020 Regular Meeting – Public
 - November 18, 2020 Regular Meeting – Adoption

Note – the above schedule is subject to change.

2021/2022 BIENNIAL BUDGET ASSUMPTIONS - PERSONNEL

The current 2021/2022 forecast assumes all regular and full-time employees identified in the 2019/2020 budget are included. This equates to 212.75 FTEs for all funds.

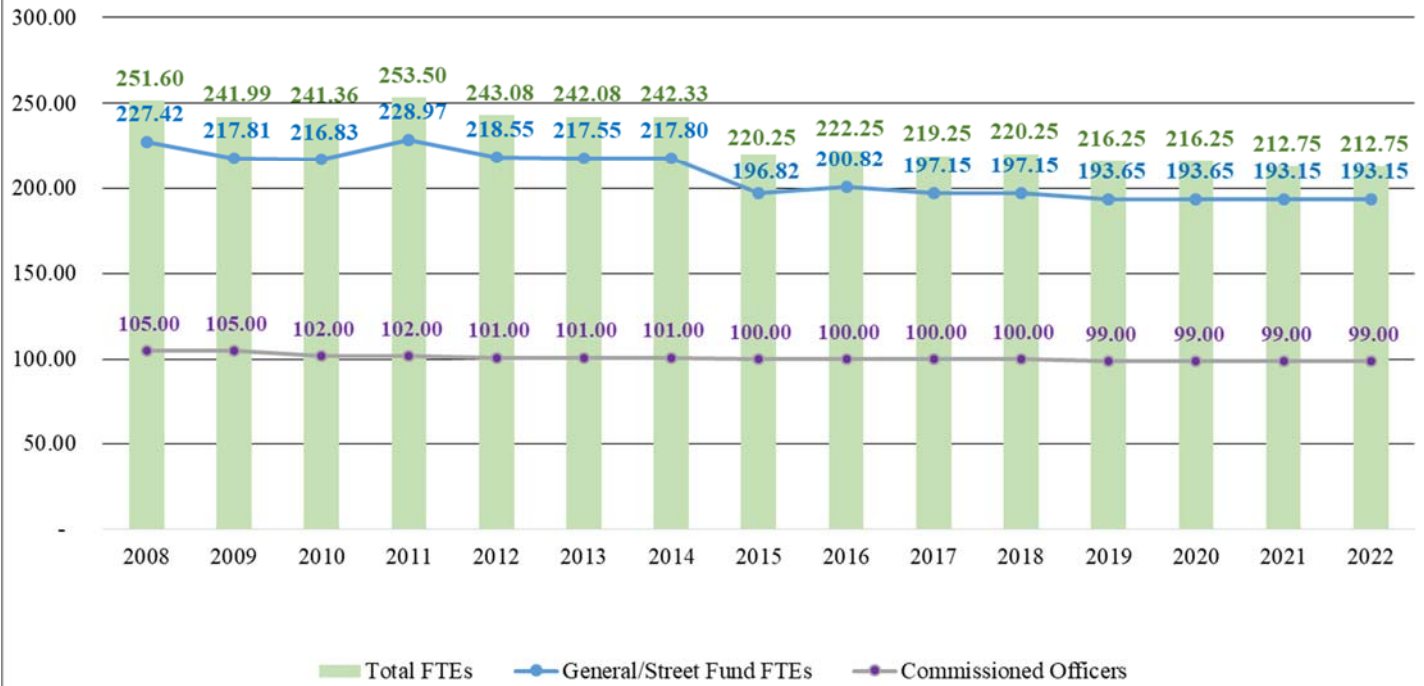
Limited term positions authorized through 2020 and are not included in the 2021/2022 forecast include:

- 0.50 FTE Municipal Court Clerk (General Fund)
- 1.0 FTE Abatement/Rental Housing Safety Program Coordinator (Abatement/RHSP Fund)
- 1.0 FTE Construction Inspector (0.25 FTE in SWM Fund / 0.75 FTE in Transportation CIP Fund)
- 1.0 FTE Associate Engineering Technician (Transportation CIP Fund)

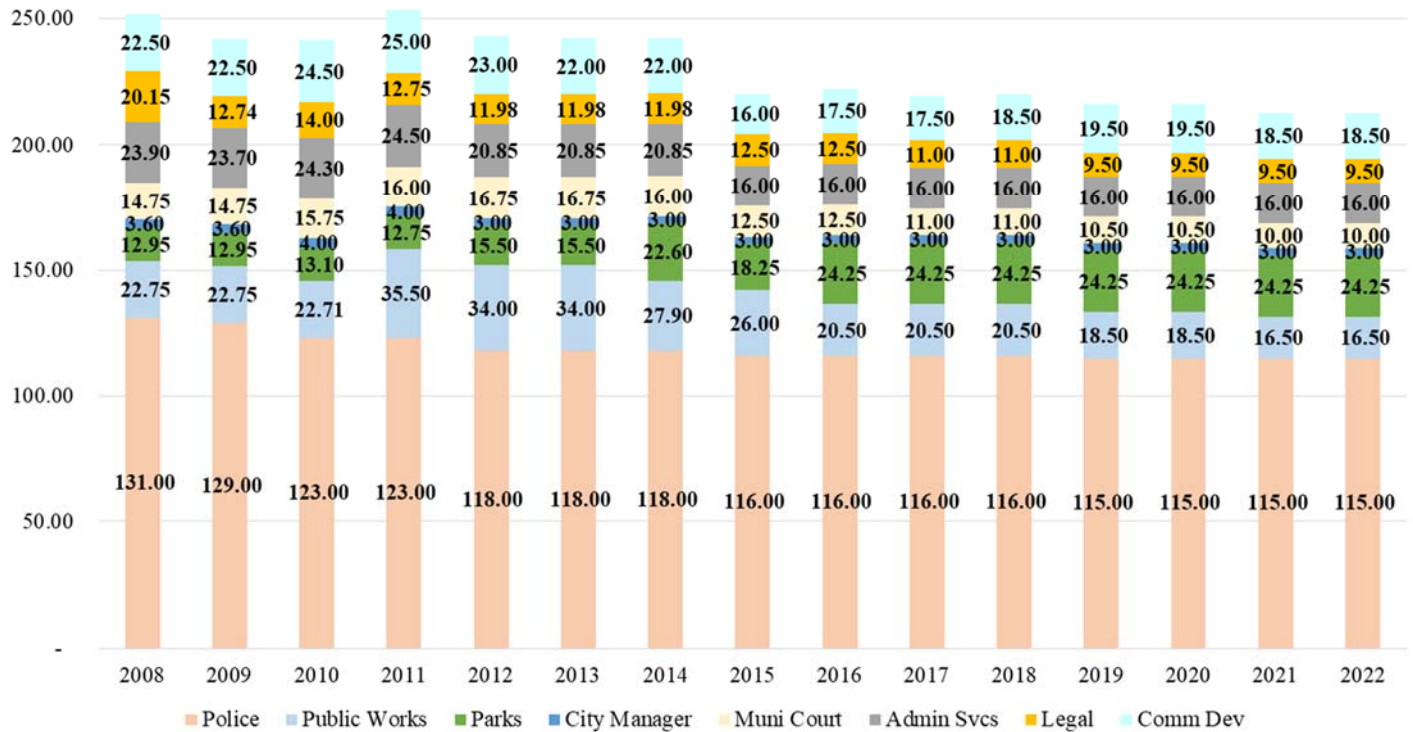
CITY-WIDE POSITION INVENTORY- By Department															
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Muni Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00	10.50	10.50	10.00	10.00
Admin Svcs	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00	9.50	9.50	9.50	9.50
Comm Dev	22.50	22.50	24.50	25.00	23.00	22.00	22.00	16.00	17.50	17.50	18.50	19.50	19.50	18.50	18.50
Parks	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	24.25	24.25	24.25	24.25	24.25	24.25	24.25
Public Works	22.75	22.75	22.71	35.50	34.00	34.00	27.90	26.00	20.50	20.50	20.50	18.50	18.50	16.50	16.50
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00	115.00	115.00	115.00	115.00
Total All Funds	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	222.25	219.25	220.25	216.25	216.25	212.75	212.75

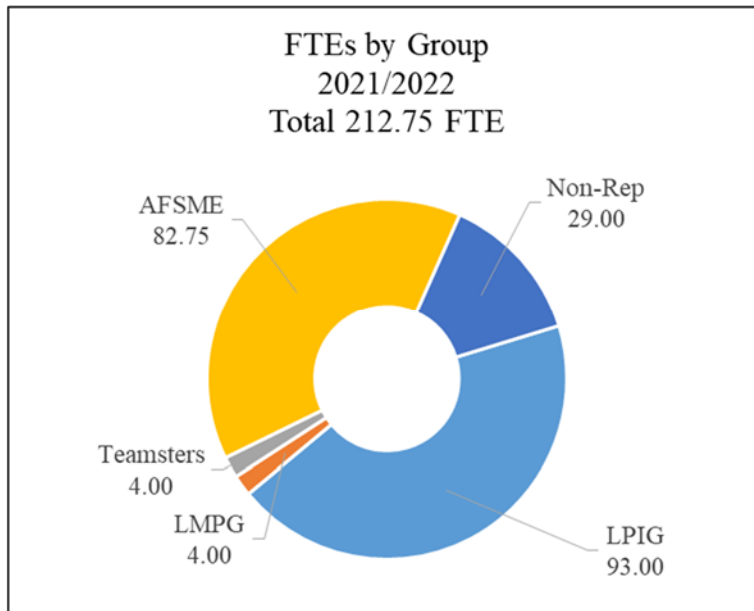
CITY-WIDE POSITION INVENTORY - By Fund															
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Muni Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00	10.50	10.50	10.00	10.00
Admin Svcs	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00	9.50	9.50	9.50	9.50
Comm Dev	18.85	18.85	20.50	21.00	19.00	18.00	18.00	12.00	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Parks	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	24.25	24.25	24.25	23.75	23.75	23.75	23.75
Public Works	2.22	2.22	2.18	14.97	13.47	13.47	7.37	6.57	3.07	2.40	2.40	2.40	2.40	2.40	2.40
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00	115.00	115.00	115.00	115.00
Subtotal General Fund	227.42	217.81	216.83	228.97	218.55	217.55	217.80	196.82	200.82	197.15	197.15	193.65	193.65	193.15	193.15
RHSP/Abate	-	-	-	-	-	-	-	-	-	-	1.00	2.00	2.00	1.00	1.00
SSMCP	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CDBG	1.65	1.65	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Transp CIP	7.91	7.91	7.91	7.91	7.91	7.91	7.91	8.11	6.11	10.10	10.10	7.85	7.85	6.10	6.10
SWM	12.62	12.62	12.62	12.62	12.62	12.62	12.62	11.32	11.32	8.00	8.00	8.75	8.75	8.50	8.50
Subtotal Other Funds	24.18	24.18	24.53	24.53	24.53	24.53	24.53	23.43	21.43	22.10	23.10	22.60	22.60	19.60	19.60
Total All Funds	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	222.25	219.25	220.25	216.25	216.25	212.75	212.75

FTEs History



Position Inventory by Department





The forecast does not assume any adjustments for unsettled or expired collective bargaining contracts.

AFSCME

- Includes 82.75 FTEs
- Current contract expired, negotiations in progress.
- Previous contract period is for January 1, 2017 through December 31, 2019.
- Projected for step increases only in 2021/2022; does not include COLA.

Teamsters

- Includes 4.0 FTEs
- Current contract period is for January 1, 2019 through December 31, 2021.
- Projected for step increases and 2.5% COLA in 2021 in accordance with contract.

LPIG (Lakewood Police Independent Guild)

- Includes 93.00 FTEs
- Current contract period is for January 1, 2016 through December 31, 2021.
- Projected for step increases only in 2021/2022; does not include COLA.

LMPG (Lakewood Management Independent Guild)

- Includes 4.00 FTEs
- Current contract period is for January 1, 2020 through December 31, 2022.
- Projected for step increases and 3% COLA increase in 2021 and 3% COLA increase in 2022 in accordance with contract.

Non-Represented

- Includes 29.00 FTEs
- Projected for step increases only in 2021/2022; does not include COLA.

The 2021/2022 forecast also includes a 10% increase for medical and 3% increase for orthodontia, vision, and dental. The projections for each position was completed in advance of AWC announcing their preliminary (subject to change) 2021 projected rates of 7% to 11% increase for medical, 0% to 3% for dental and no increase for vision.

SCENARIOS – GENERAL FUND

The focus of the analysis is on the General Fund, the City’s main operating fund and includes an analysis of the Street Operations & Maintenance Fund since the fund is over 50% of the fund is subsidized by the General Fund.

The current 2021/2022 forecast includes the following contributions to other funds:

- \$700,000 to Transportation CIP
- \$80,000 to Parks CIP
- \$50,000 to SSMCP
- \$35,000 in support of Property Abatement

Summary of Scenarios

A forecast of Pre-Covid19 shows the City is in a strong position with operating revenues exceeding operating expenditures by \$681K in 2020, \$273K in 2021 and \$338K in 2022 and ending fund balance exceeding reserve requirements by \$3.7M in 2020, \$3.1M in 2021 and \$2.5M in 2020. Scenarios due to the pandemic paint a substantially different picture as shown in the second table below.

Note:

The “Perfect World / Pre-COVID 19 2020 year-end operating expenditure estimate of \$39,944,576 is lower than the amount shown under Scenarios 1-3 of \$40,119,176. The reason for the expenditure increase is due primarily to the additional General Fund subsidy to the Street O&M Fund resulting from a decrease in fuel tax revenue.

001 GENERAL FUND	2020 Revised Budget	PERFECT WORLD / PRE-COVID19		
		2020 YND	2021 Est	2022 Est
Operating Revenue	\$40,087,923	\$40,625,959	\$40,550,240	\$41,135,017
Operating Expenditures	\$39,923,781	\$39,944,576	\$40,277,448	\$40,796,908
OPERATING INCOME (LOSS)	\$164,142	\$681,383	\$272,792	\$338,109
Other Financing Sources	\$40,808,386	\$41,371,422	\$40,650,490	\$41,235,317
Other Financing Uses	\$42,571,357	\$42,592,153	\$41,266,198	\$41,765,658
Total Revenues and Other Sources	\$40,808,386	\$41,371,422	\$40,650,490	\$41,235,317
Total Expenditures and other Uses	\$42,571,357	\$42,592,153	\$41,266,198	\$41,765,658
Beginning Fund Balance:	\$9,874,049	\$9,874,049	\$8,653,318	\$8,037,610
Ending Fund Balance:	\$8,111,077	\$8,653,318	\$8,037,610	\$7,507,269
EFB Reserved - Total Target 12% of Gen/Street Oper Rev	\$4,927,539	\$4,989,607	\$4,980,629	\$5,050,802
Excess EFB Reserved For for 1-Time Use	\$3,183,538	\$3,663,711	\$3,056,981	\$2,456,467
Ending Fund Balance Deficit	\$0	\$0	\$0	\$0

Scenario 1 (50% Probability): Downturn 2020 / Recovery Early 2021

001 GENERAL FUND	2020 Revised Budget	SCENARIO 1 (30% Probability) Downturn 2020 / Recovery Early 2021		
		2020 YND	2021 Est	2022 Est
OPERATING REVENUES:				
Taxes	\$28,604,900	\$23,866,600	\$26,997,100	\$29,627,800
Property Tax	7,400,000	6,660,000	7,861,200	7,968,400
Local Sales & Use Tax	10,630,000	8,800,000	9,405,000	10,659,000
Sales/Parks	650,900	531,200	609,300	690,500
Brokered Natural Gas Use Tax	40,000	32,000	36,000	40,000
Criminal Justice Sales Tax	1,166,200	962,400	1,104,300	1,251,500
Admissions Tax	496,000	101,000	257,500	360,500
Utility Tax	5,415,800	4,296,000	4,929,300	5,552,900
Leasehold Tax	5,000	4,000	4,500	5,000
Gambling Tax	2,801,000	2,480,000	2,790,000	3,100,000
Franchise Fees	4,335,700	4,270,000	4,398,000	4,530,100
Development Service Fees	1,744,000	1,656,800	1,673,100	1,778,600
Licenses & Permits	421,525	319,600	359,600	399,500
Business License	276,525	221,200	248,900	276,500
Alarm Permits & Fees	105,000	67,200	75,600	84,000
Animal Licenses	40,000	31,200	35,100	39,000
State Shared Revenues	1,178,900	916,000	1,030,500	1,145,000
Criminal Justice	154,000	134,400	151,200	168,000
Criminal Justice High Crime	241,800	130,400	146,700	163,000
Liquor Excise Tax	291,700	264,000	297,000	330,000
Liquor Board Profits	491,400	387,200	435,600	484,000
Intergovernmental	424,134	420,689	492,085	561,710
Police FBI, SS911 & Other Misc	15,000	21,600	24,300	27,000
Police-Animal Svcs - Steilacoom & DuPont	50,245	40,200	46,000	52,000
Muni Court-University Place Contract	251,187	251,187	250,290	286,443
Muni Court-Town of Steilacoom Contract	72,137	72,137	92,700	106,090
Muni Court-City of Dupont	35,565	35,565	78,795	90,177
Charges for Services & Fees	1,467,700	1,281,800	1,400,400	1,430,500
Parks & Recreation Fees	313,700	144,400	259,300	288,200
Police - Various Contracts	11,500	5,400	7,900	8,800
Police - Towing Impound Fees	12,000	1,500	2,700	3,000
Police - Extra Duty	775,000	775,000	775,000	775,000
Police - Western State Hospital Comm Policing	355,500	355,500	355,500	355,500
Fines & Forfeitures	1,483,400	1,265,900	1,409,200	1,483,400
Municipal Court	783,400	665,900	744,200	783,400
Photo Infraction	700,000	600,000	665,000	700,000
Miscellaneous/Interest/Other	142,964	121,700	108,500	114,200
Interfund Transfers - From SWM	284,700	284,700	284,700	284,700
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$38,153,185	\$41,355,510
% Revenue From 2020 Budget / Prior Year	-5.22%	-14.18%	10.90%	8.39%
OPERATING EXPENDITURES:				
City Council	155,073	155,073	155,087	155,104
City Manager	735,971	735,971	721,724	725,208
Municipal Court	2,165,074	2,165,074	2,101,275	2,128,126
Administrative Services	1,877,297	1,877,297	1,935,721	1,961,970
Legal	1,688,196	1,688,196	1,790,613	1,760,986
Community & Economic Development	2,353,919	2,353,919	2,347,177	2,396,124
Parks, Recreation & Community Services	2,986,335	2,986,334	3,047,539	3,081,171
Police	25,950,745	25,950,745	25,987,359	26,352,277
Non-Departmental	133,960	133,960	133,960	133,960
Transfer To Fund 101 Street O&M	1,400,723	1,596,120	1,717,000	1,623,000
Transfer To Fund 105 RHSP/Abatement Program	35,000	35,000	35,000	35,000
Transfer To Fund 201 GO Bond Debt Service	441,487	441,487	448,493	445,481
Subtotal Operating Expenditures	\$39,923,781	40,119,176	\$40,420,948	\$40,798,407
% Expenditure Change over Prior Year	3.62%	0.49%	0.75%	0.93%
OPERATING INCOME (LOSS)	\$164,142	(\$5,715,387)	(\$2,267,763)	\$557,103
As a % of Operating Expenditures	0.41%	-14.25%	-5.61%	1.37%

Scenario 1 (50% Probability): Downturn 2020 / Recovery Early 2021 (continued)

	2020 Revised Budget	SCENARIO 1 (30% Probability) Downtown 2020 / Recovery Early 2021		
		2020 YND	2021 Est	2022 Est
001 GENERAL FUND				
OTHER FINANCING SOURCES:				
Grants, Donations/Contrib	720,463	656,500	75,000	100,000
Transfer In - Fund 501 Fleet & Equipment	-	-	-	-
Subtotal Other Financing Sources	\$720,463	656,500	75,000	100,000
OTHER FINANCING USES:				
Municipal Court	131,752	131,752	-	-
City Council	-	-	-	-
City Manager	17,830	17,830	-	-
Administrative Services & I/S Charges to Be Allocated	42,702	42,702	159,000	139,000
Legal/Clerk	71,138	71,138	-	-
Community & Economic Development	527,735	527,735	-	-
Parks, Recreation & Community Services	301,848	301,848	-	-
Police	508,777	508,777	-	-
Transfer Out - Fund 101 Street	243,119	243,119	-	-
Transfer Out - Fund 105 Property Abatement/RHSP	50,000	50,000	-	-
Transfer Out - Fund 106 Public Art	-	-	-	-
Transfer Out - Fund 192 SSMCP	50,000	50,000	50,000	50,000
Transfer Out - Fund 301 Parks CIP	282,129	282,129	80,000	80,000
Transfer Out - Fund 302 Transportation CIP	393,547	393,547	700,000	700,000
Transfer Out - Fund 311 Sewer	27,000	27,000		
Subtotal Other Financing Uses	\$2,647,577	2,647,577	989,000	969,000
Total Revenues and Other Sources	\$40,808,386	\$35,060,289	\$38,228,185	\$41,455,510
Total Expenditures and other Uses	\$42,571,357	\$42,766,753	\$41,409,948	\$41,767,407
Beginning Fund Balance:	\$9,874,049	\$9,874,049	\$2,167,585	(\$1,014,178)
Ending Fund Balance:	\$8,111,077	\$2,167,585	(\$1,014,178)	(\$1,326,075)
EFB (Ending Fund Balance) as a % of Gen/Street Oper Rev	19.8%	6.2%	-2.6%	-3.1%
EFB Reserved - Total Target 12% of Gen/Street Oper Rev	\$4,927,539	\$4,222,055	\$4,675,762	\$5,077,261
2% Contingency Reserves	\$821,256	\$703,676	\$779,294	\$846,210
5% General Fund Reserves	\$2,053,141	\$1,759,189	\$1,948,234	\$2,115,526
5% Strategic Reserves	\$2,053,141	\$1,759,189	\$1,948,234	\$2,115,526
Excess EFB Reserved For for 1-Time Use	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538
Ending Fund Balance Deficit	-	(\$5,238,009)	(\$8,873,479)	(\$9,586,875)

Scenario 1 (50% Probability): Downturn 2020 / Recovery Early 2021 (continued)

001 GENERAL FUND Operating Revenue Change From Prior Year	2020 Revised Budget	SCENARIO 1 (30% Probability) Downturn 2020 / Recovery Early 2021		
		2020 YND	2021 Est	2022 Est
Taxes - \$	(\$1,592,557)	(\$4,738,300)	\$3,130,500	\$2,630,700
Taxes - %	-5.3%	-16.6%	13.1%	9.7%
Property Tax - \$	240,557	(740,000)	1,201,200	107,200
Property Tax - %	3.4%	-10.0%	18.0%	1.4%
Local Sales & Use Tax - \$	(1,325,004)	(1,830,000)	605,000	1,254,000
Local Sales & Use Tax - %	-11.1%	-17.2%	6.9%	13.3%
Sales/Parks - \$	(12,755)	(119,700)	78,100	81,200
Sales/Parks - %	-1.9%	-18.4%	14.7%	13.3%
Brokered Natural Gas Use Tax - \$	(10,477)	(8,000)	4,000	4,000
Brokered Natural Gas Use Tax - %	-20.8%	-20.0%	12.5%	11.1%
Criminal Justice Sales Tax - \$	(12,858)	(203,800)	141,900	147,200
Criminal Justice Sales Tax - %	-1.1%	-17.5%	14.7%	13.3%
Admissions Tax - \$	(8,879)	(395,000)	156,500	103,000
Admissions Tax - %	-1.8%	-79.6%	155.0%	40.0%
Utility Tax - \$	(159,551)	(1,119,800)	633,300	623,600
Utility Tax - %	-2.9%	-20.7%	14.7%	12.7%
Leasehold Tax - \$	(4,779)	(1,000)	500	500
Leasehold Tax - %	-48.9%	-20.0%	12.5%	11.1%
Gambling Tax - \$	(298,813)	(321,000)	310,000	310,000
Gambling Tax - %	-9.6%	-11.5%	12.5%	11.1%
Franchise Fees - \$	190,562	(65,700)	128,000	132,100
Franchise Fees - %	4.6%	-1.5%	3.0%	3.0%
Development Service Fees - \$	(5,026)	(87,200)	16,300	105,500
Development Service Fees - %	-0.3%	-5.0%	1.0%	6.3%
Licenses & Permits - \$	5,851	(101,925)	40,000	39,900
Licenses & Permits - %	1.4%	-24.2%	12.5%	11.1%
Business License - \$	(15,964)	(55,325)	27,700	27,600
Business License - %	-5.5%	-20.0%	12.5%	11.1%
Alarm Permits & Fees - \$	20,652	(37,800)	8,400	8,400
Alarm Permits & Fees - %	24.5%	-36.0%	12.5%	11.1%
Animal Licenses - \$	1,163	(8,800)	3,900	3,900
Animal Licenses - %	3.0%	-22.0%	12.5%	11.1%
State Shared Revenues - \$	34,527	(262,900)	114,500	114,500
State Shared Revenues - %	3.0%	-22.3%	12.5%	11.1%
Criminal Justice - \$	(13,506)	(19,600)	16,800	16,800
Criminal Justice - %	-8.1%	-12.7%	12.5%	11.1%
Criminal Justice High Crime - \$	79,023	(111,400)	16,300	16,300
Criminal Justice High Crime - %	48.5%	-46.1%	12.5%	11.1%
Liquor Excise Tax - \$	(38,576)	(27,700)	33,000	33,000
Liquor Excise Tax - %	-11.7%	-9.5%	12.5%	11.1%
Liquor Board Profits - \$	7,594	(104,200)	48,400	48,400
Liquor Board Profits - %	1.6%	-21.2%	12.5%	11.1%
Intergovernmental - \$	(103,952)	(3,445)	71,396	69,625
Intergovernmental - %	-19.7%	-0.8%	17.0%	14.1%
Police FBI, SS911 & Other Misc - \$	(31,720)	6,600	2,700	2,700
Police FBI, SS911 & Other Misc - %	-67.9%	44.0%	12.5%	11.1%
Police-Animal Svcs - Steilacoom & DuPont - \$	(1,019)	(10,045)	5,800	6,000
Police-Animal Svcs - Steilacoom & DuPont - %	-2.0%	-20.0%	14.4%	13.0%
Muni Court-University Place Contract - \$	97,866	-	(897)	36,153
Muni Court-University Place Contract - %	63.8%	0.0%	-0.4%	14.4%
Muni Court-Town of Steilacoom Contract - \$	(83,139)	-	20,563	13,390
Muni Court-Town of Steilacoom Contract - %	-53.5%	0.0%	28.5%	14.4%
Muni Court-City of Dupont - \$	(85,940)	-	43,230	11,382
Muni Court-City of Dupont - %	-70.7%	0.0%	121.6%	14.4%
Charges for Services & Fees - \$	(181,138)	(185,900)	118,600	30,100
Charges for Services & Fees - %	-11.0%	-12.7%	9.3%	2.1%
Parks & Recreation Fees - \$	34,159	(169,300)	114,900	28,900
Parks & Recreation Fees - %	12.2%	-54.0%	79.6%	11.1%
Police - Various Contracts - \$	(17,527)	(6,100)	2,500	900
Police - Various Contracts - %	-60.4%	-53.0%	46.3%	11.4%
Police - Towing Impound Fees - \$	5,700	(10,500)	1,200	300
Police - Towing Impound Fees - %	90.5%	-87.5%	80.0%	11.1%
Police - Extra Duty - \$	(203,470)	-	-	-
Police - Extra Duty - %	-20.8%	0.0%	0.0%	0.0%
Police - Western State Hospital Comm Policing - \$	-	-	-	-
Police - Western State Hospital Comm Policing - %	0.0%	0.0%	0.0%	0.0%
Fines & Forfeitures - \$	(279,437)	(217,500)	143,300	74,200
Fines & Forfeitures - %	-15.9%	-14.7%	11.3%	5.3%
Municipal Court - \$	(29,373)	(117,500)	78,300	39,200
Municipal Court - %	-3.6%	-15.0%	11.8%	5.3%
Photo Infraction - \$	(250,064)	(100,000)	65,000	35,000
Photo Infraction - %	-26.3%	-14.3%	10.8%	5.3%
Miscellaneous/Interest/Other - \$	(274,978)	(21,264)	(13,200)	5,700
Miscellaneous/Interest/Other - %	-65.8%	-14.9%	-10.8%	5.3%
Interfund Transfers - From SWM - \$	-	-	-	-
Interfund Transfers - From SWM - %	0.0%	0.0%	0.0%	0.0%
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$38,153,185	\$41,355,510
% Revenue Change over Prior Year	-5.22%	-14.18%	10.90%	8.39%

Scenario 2 (50% Probability): Downturn 2020 / Recovery Early 2022

	2020 Revised Budget	SCENARIO 2 (50% Probability) Downturn 2020 / Recovery Early 2022		
		2020 YND	2021 Est	2022 Est
001 GENERAL FUND				
OPERATING REVENUES:				
Taxes	\$28,604,900	\$23,866,600	\$25,473,600	\$28,529,600
Property Tax	7,400,000	6,660,000	7,412,000	8,038,000
Local Sales & Use Tax	10,630,000	8,800,000	8,882,500	10,126,100
Sales/Parks	650,900	531,200	575,500	656,000
Brokered Natural Gas Use Tax	40,000	32,000	34,000	38,000
Criminal Justice Sales Tax	1,166,200	962,400	1,043,000	1,188,900
Admissions Tax	496,000	101,000	231,800	257,500
Utility Tax	5,415,800	4,296,000	4,655,500	5,275,300
Leasehold Tax	5,000	4,000	4,300	4,800
Gambling Tax	2,801,000	2,480,000	2,635,000	2,945,000
Franchise Fees	4,335,700	4,270,000	3,738,300	4,303,600
Development Service Fees	1,744,000	1,656,800	1,497,000	1,689,700
Licenses & Permits	421,525	319,600	339,600	379,600
Business License	276,525	221,200	235,000	262,700
Alarm Permits & Fees	105,000	67,200	71,400	79,800
Animal Licenses	40,000	31,200	33,200	37,100
State Shared Revenues	1,178,900	916,000	973,300	1,087,800
Criminal Justice	154,000	134,400	142,800	159,600
Criminal Justice High Crime	241,800	130,400	138,600	154,900
Liquor Excise Tax	291,700	264,000	280,500	313,500
Liquor Board Profits	491,400	387,200	411,400	459,800
Intergovernmental	424,134	420,689	464,753	533,700
Police FBI, SS911 & Other Misc	15,000	21,600	23,000	25,700
Police-Animal Svcs - Steilacoom & DuPont	50,245	40,200	43,400	49,400
Muni Court-University Place Contract	251,187	251,187	236,385	272,100
Muni Court-Town of Steilacoom Contract	72,137	72,137	87,550	100,800
Muni Court-City of Dupont	35,565	35,565	74,418	85,700
Charges for Services & Fees	1,467,700	1,281,800	1,385,500	1,415,600
Parks & Recreation Fees	313,700	144,400	244,900	273,800
Police - Various Contracts	11,500	5,400	7,500	8,400
Police - Towing Impound Fees	12,000	1,500	2,600	2,900
Police - Extra Duty	775,000	775,000	775,000	775,000
Police - Western State Hospital Comm Policing	355,500	355,500	355,500	355,500
Fines & Forfeitures	1,483,400	1,265,900	1,335,100	1,409,200
Municipal Court	783,400	665,900	705,100	744,200
Photo Infraction	700,000	600,000	630,000	665,000
Miscellaneous/Interest/Other	142,964	121,700	102,800	108,500
Interfund Transfers - From SWM	284,700	284,700	284,700	284,700
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$35,594,653	\$39,742,000
% Revenue From 2020 Budget / Prior Year	-5.22%	-14.18%	3.46%	11.65%
OPERATING EXPENDITURES:				
City Council	155,073	155,073	155,087	155,104
City Manager	735,971	735,971	721,724	725,208
Municipal Court	2,165,074	2,165,074	2,101,275	2,128,126
Administrative Services	1,877,297	1,877,297	1,935,721	1,961,970
Legal	1,688,196	1,688,196	1,790,613	1,760,986
Community & Economic Development	2,353,919	2,353,919	2,347,177	2,396,124
Parks, Recreation & Community Services	2,986,335	2,986,334	3,047,539	3,081,171
Police	25,950,745	25,950,745	25,987,359	26,352,277
Non-Departmental	133,960	133,960	133,960	133,960
Transfer To Fund 101 Street O&M	1,400,723	1,596,120	1,879,500	1,765,000
Transfer To Fund 105 RHSP/Abatement Program	35,000	35,000	35,000	35,000
Transfer To Fund 201 GO Bond Debt Service	441,487	441,487	448,493	445,481
Subtotal Operating Expenditures	\$39,923,781	40,119,176	40,583,448	40,940,407
% Expenditure Change over Prior Year	3.62%	0.49%	1.16%	0.88%
OPERATING INCOME (LOSS)	\$164,142	(\$5,715,387)	(\$4,988,795)	(\$1,198,407)
As a % of Operating Expenditures	0.41%	-14.25%	-12.29%	-2.93%

Scenario 2 (50% Probability): Downturn 2020 / Recovery Early 2022 (continued)

	2020 Revised Budget	SCENARIO 2 (50% Probability) Downturn 2020 / Recovery Early 2022		
		2020 YND	2021 Est	2022 Est
001 GENERAL FUND				
OTHER FINANCING SOURCES:				
Grants, Donations/Contrib	720,463	656,500	85,000	95,000
Transfer In - Fund 501 Fleet & Equipment	-	-	-	-
Subtotal Other Financing Sources	\$720,463	656,500	85,000	95,000
OTHER FINANCING USES:				
Municipal Court	131,752	131,752	-	-
City Council	-	-	-	-
City Manager	17,830	17,830	-	-
Administrative Services & I/S Charges to Be Allocated	42,702	42,702	159,000	139,000
Legal/Clerk	71,138	71,138	-	-
Community & Economic Development	527,735	527,735	-	-
Parks, Recreation & Community Services	301,848	301,848	-	-
Police	508,777	508,777	-	-
Transfer Out - Fund 101 Street	243,119	243,119	-	-
Transfer Out - Fund 105 Property Abatement/RHSP	50,000	50,000	50,000	50,000
Transfer Out - Fund 106 Public Art	-	-	-	-
Transfer Out - Fund 192 SSMCP	50,000	50,000	50,000	50,000
Transfer Out - Fund 301 Parks CIP	282,129	282,129	80,000	80,000
Transfer Out - Fund 302 Transportation CIP	393,547	393,547	700,000	700,000
Transfer Out - Fund 311 Sewer	27,000	27,000		
Subtotal Other Financing Uses	\$2,647,577	2,647,577	1,039,000	1,019,000
Total Revenues and Other Sources	\$40,808,386	\$35,060,289	\$35,679,653	\$39,837,000
Total Expenditures and other Uses	\$42,571,357	\$42,766,753	\$41,622,448	\$41,959,407
Beginning Fund Balance:	\$9,874,049	\$9,874,049	\$2,167,585	(\$3,775,210)
Ending Fund Balance:	\$8,111,077	\$2,167,585	(\$3,775,210)	(\$5,897,617)
EFB (Ending Fund Balance) as a % of Gen/Street Oper Rev	19.8%	6.2%	-10.4%	-14.5%
EFB Reserved - Total Target 12% of Gen/Street Oper Rev	\$4,927,539	\$4,222,055	\$4,349,238	\$4,866,420
2% Contingency Reserves	\$821,256	\$703,676	\$724,873	\$811,070
5% General Fund Reserves	\$2,053,141	\$1,759,189	\$1,812,183	\$2,027,675
5% Strategic Reserves	\$2,053,141	\$1,759,189	\$1,812,183	\$2,027,675
Excess EFB Reserved For for 1-Time Use	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538
Ending Fund Balance Deficit	-	(\$5,238,009)	(\$11,307,987)	(\$13,947,576)

Scenario 2 (50% Probability): Downturn 2020 / Recovery Early 2022 (continued)

001 GENERAL FUND Operating Revenue Change From Prior Year	2020 Revised Budget	SCENARIO 2 (50% Probability) Downturn 2020 / Recovery Early 2022		
		2020 YND	2021 Est	2022 Est
Taxes - \$	(\$1,592,557)	(\$4,738,300)	\$1,607,000	\$3,056,000
Taxes - %	-5.3%	-16.6%	6.7%	12.0%
Property Tax - \$	240,557	(740,000)	752,000	626,000
Property Tax - %	3.4%	-10.0%	11.3%	8.4%
Local Sales & Use Tax - \$	(1,325,004)	(1,830,000)	82,500	1,243,600
Local Sales & Use Tax - %	-11.1%	-17.2%	0.9%	14.0%
Sales/Parks - \$	(12,755)	(119,700)	44,300	80,500
Sales/Parks - %	-1.9%	-18.4%	8.3%	14.0%
Brokered Natural Gas Use Tax - \$	(10,477)	(8,000)	2,000	4,000
Brokered Natural Gas Use Tax - %	-20.8%	-20.0%	6.3%	11.8%
Criminal Justice Sales Tax - \$	(12,858)	(203,800)	80,600	145,900
Criminal Justice Sales Tax - %	-1.1%	-17.5%	8.4%	14.0%
Admissions Tax - \$	(8,879)	(395,000)	130,800	25,700
Admissions Tax - %	-1.8%	-79.6%	129.5%	11.1%
Utility Tax - \$	(159,551)	(1,119,800)	359,500	619,800
Utility Tax - %	-2.9%	-20.7%	8.4%	13.3%
Leasehold Tax - \$	(4,779)	(1,000)	300	500
Leasehold Tax - %	-48.9%	-20.0%	7.5%	11.6%
Gambling Tax - \$	(298,813)	(321,000)	155,000	310,000
Gambling Tax - %	-9.6%	-11.5%	6.3%	11.8%
Franchise Fees - \$	190,562	(65,700)	(531,700)	565,300
Franchise Fees - %	4.6%	-1.5%	-12.5%	15.1%
Development Service Fees - \$	(5,026)	(87,200)	(159,800)	192,700
Development Service Fees - %	-0.3%	-5.0%	-9.6%	12.9%
Licenses & Permits - \$	5,851	(101,925)	20,000	40,000
Licenses & Permits - %	1.4%	-24.2%	6.3%	11.8%
Business License - \$	(15,964)	(55,325)	13,800	27,700
Business License - %	-5.5%	-20.0%	6.2%	11.8%
Alarm Permits & Fees - \$	20,652	(37,800)	4,200	8,400
Alarm Permits & Fees - %	24.5%	-36.0%	6.3%	11.8%
Animal Licenses - \$	1,163	(8,800)	2,000	3,900
Animal Licenses - %	3.0%	-22.0%	6.4%	11.7%
State Shared Revenues - \$	34,527	(262,900)	57,300	114,500
State Shared Revenues - %	3.0%	-22.3%	6.3%	11.8%
Criminal Justice - \$	(13,506)	(19,600)	8,400	16,800
Criminal Justice - %	-8.1%	-12.7%	6.3%	11.8%
Criminal Justice High Crime - \$	79,023	(111,400)	8,200	16,300
Criminal Justice High Crime - %	48.5%	-46.1%	6.3%	11.8%
Liquor Excise Tax - \$	(38,576)	(27,700)	16,500	33,000
Liquor Excise Tax - %	-11.7%	-9.5%	6.3%	11.8%
Liquor Board Profits - \$	7,594	(104,200)	24,200	48,400
Liquor Board Profits - %	1.6%	-21.2%	6.3%	11.8%
Intergovernmental - \$	(103,952)	(3,445)	44,064	68,947
Intergovernmental - %	-19.7%	-0.8%	10.5%	14.8%
Police FBI, SS911 & Other Misc - \$	(31,720)	6,600	1,400	2,700
Police FBI, SS911 & Other Misc - %	-67.9%	44.0%	6.5%	11.7%
Police-Animal Svcs - Steilacoom & DuPont - \$	(1,019)	(10,045)	3,200	6,000
Police-Animal Svcs - Steilacoom & DuPont - %	-2.0%	-20.0%	8.0%	13.8%
Muni Court-University Place Contract - \$	97,866	-	(14,802)	35,715
Muni Court-University Place Contract - %	63.8%	0.0%	-5.9%	15.1%
Muni Court-Town of Steilacoom Contract - \$	(83,139)	-	15,413	13,250
Muni Court-Town of Steilacoom Contract - %	-53.5%	0.0%	21.4%	15.1%
Muni Court-City of Dupont - \$	(85,940)	-	38,853	11,282
Muni Court-City of Dupont - %	-70.7%	0.0%	109.2%	15.2%
Charges for Services & Fees - \$	(181,138)	(185,900)	103,700	30,100
Charges for Services & Fees - %	-11.0%	-12.7%	8.1%	2.2%
Parks & Recreation Fees - \$	34,159	(169,300)	100,500	28,900
Parks & Recreation Fees - %	12.2%	-54.0%	69.6%	11.8%
Police - Various Contracts - \$	(17,527)	(6,100)	2,100	900
Police - Various Contracts - %	-60.4%	-53.0%	38.9%	12.0%
Police - Towing Impound Fees - \$	5,700	(10,500)	1,100	300
Police - Towing Impound Fees - %	90.5%	-87.5%	73.3%	11.5%
Police - Extra Duty - \$	(203,470)	-	-	-
Police - Extra Duty - %	-20.8%	0.0%	0.0%	0.0%
Police - Western State Hospital Comm Policing - \$	-	-	-	-
Police - Western State Hospital Comm Policing - %	0.0%	n/a	0.0%	0.0%
Fines & Forfeitures - \$	(279,437)	(217,500)	69,200	74,100
Fines & Forfeitures - %	-15.9%	-14.7%	5.5%	5.6%
Municipal Court - \$	(29,373)	(117,500)	39,200	39,100
Municipal Court - %	-3.6%	-15.0%	5.9%	5.5%
Photo Infraction - \$	(250,064)	(100,000)	30,000	35,000
Photo Infraction - %	-26.3%	-14.3%	5.0%	5.6%
Miscellaneous/Interest/Other - \$	(274,978)	(21,264)	(18,900)	5,700
Miscellaneous/Interest/Other - %	-65.8%	-14.9%	-15.5%	5.5%
Interfund Transfers - From SWM - \$	-	-	-	-
Interfund Transfers - From SWM - %	0.0%	0.0%	0.0%	0.0%
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$35,594,653	\$39,742,000
% Revenue Change over Prior Year	-5.22%	-14.18%	3.46%	11.65%

Scenario 3 (20% Probability): Downturn 2020 / Recovery Early 2023

	2020 Revised Budget	SCENARIO 3 (20% Probability) Downturn 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est
001 GENERAL FUND				
OPERATING REVENUES:				
Taxes	\$28,604,900	\$23,866,600	\$23,987,800	\$26,799,200
Property Tax	7,400,000	6,660,000	7,001,000	7,689,000
Local Sales & Use Tax	10,630,000	8,800,000	8,360,000	9,405,000
Sales/Parks	650,900	531,200	541,600	609,300
Brokered Natural Gas Use Tax	40,000	32,000	32,000	36,000
Criminal Justice Sales Tax	1,166,200	962,400	981,600	1,104,300
Admissions Tax	496,000	101,000	206,000	231,800
Utility Tax	5,415,800	4,296,000	4,381,600	4,929,300
Leasehold Tax	5,000	4,000	4,000	4,500
Gambling Tax	2,801,000	2,480,000	2,480,000	2,790,000
Franchise Fees	4,335,700	4,270,000	3,518,400	3,958,200
Development Service Fees	1,744,000	1,656,800	1,409,000	1,585,100
Licenses & Permits	421,525	319,600	319,600	359,600
Business License	276,525	221,200	221,200	248,900
Alarm Permits & Fees	105,000	67,200	67,200	75,600
Animal Licenses	40,000	31,200	31,200	35,100
State Shared Revenues	1,178,900	916,000	916,000	1,030,500
Criminal Justice	154,000	134,400	134,400	151,200
Criminal Justice High Crime	241,800	130,400	130,400	146,700
Liquor Excise Tax	291,700	264,000	264,000	297,000
Liquor Board Profits	491,400	387,200	387,200	435,600
Intergovernmental	424,134	420,689	437,420	492,085
Police FBI, SS911 & Other Misc	15,000	21,600	21,600	24,300
Police-Animal Svcs - Steilacoom & DuPont	50,245	40,200	40,900	46,000
Muni Court-University Place Contract	251,187	251,187	222,480	250,290
Muni Court-Town of Steilacoom Contract	72,137	72,137	82,400	92,700
Muni Court-City of Dupont	35,565	35,565	70,040	78,795
Charges for Services & Fees	1,467,700	1,281,800	1,370,400	1,400,400
Parks & Recreation Fees	313,700	144,400	230,500	259,300
Police - Various Contracts	11,500	5,400	7,000	7,900
Police - Towing Impound Fees	12,000	1,500	2,400	2,700
Police - Extra Duty	775,000	775,000	775,000	775,000
Police - Western State Hospital Comm Policing	355,500	355,500	355,500	355,500
Fines & Forfeitures	1,483,400	1,265,900	1,068,100	1,335,100
Municipal Court	783,400	665,900	564,100	705,100
Photo Infraction	700,000	600,000	504,000	630,000
Miscellaneous/Interest/Other	142,964	121,700	97,700	114,200
Interfund Transfers - From SWM	284,700	284,700	284,700	284,700
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$33,409,120	\$37,359,085
% Revenue From 2020 Budget / Prior Year	-5.22%	-14.18%	-2.89%	11.82%
OPERATING EXPENDITURES:				
City Council	155,073	155,073	155,087	155,104
City Manager	735,971	735,971	721,724	725,208
Municipal Court	2,165,074	2,165,074	2,101,275	2,128,126
Administrative Services	1,877,297	1,877,297	1,935,721	1,961,970
Legal	1,688,196	1,688,196	1,790,613	1,760,986
Community & Economic Development	2,353,919	2,353,919	2,347,177	2,396,124
Parks, Recreation & Community Services	2,986,335	2,986,334	3,047,539	3,081,171
Police	25,950,745	25,950,745	25,987,359	26,352,277
Non-Departmental	133,960	133,960	133,960	133,960
Transfer To Fund 101 Street O&M	1,400,723	1,596,120	2,026,500	1,912,500
Transfer To Fund 105 RHSP/Abatement Program	35,000	35,000	35,000	35,000
Transfer To Fund 201 GO Bond Debt Service	441,487	441,487	448,493	445,481
Subtotal Operating Expenditures	\$39,923,781	40,119,176	40,730,448	41,087,907
% Expenditure Change over Prior Year	3.62%	0.49%	1.52%	0.88%
OPERATING INCOME (LOSS)	\$164,142	(\$5,715,387)	(\$7,321,328)	(\$3,728,822)
As a % of Operating Expenditures	0.41%	-14.25%	-17.98%	-9.08%

Scenario 3 (20% Probability): Downturn 2020 / Recovery Early 2023 (continued)

	2020 Revised Budget	SCENARIO 3 (20% Probability) Downtown 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est
001 GENERAL FUND				
OTHER FINANCING SOURCES:				
Grants, Donations/Contrib	720,463	656,500	81,000	95,000
Transfer In - Fund 501 Fleet & Equipment	-	-	-	-
Subtotal Other Financing Sources	\$720,463	656,500	81,000	95,000
OTHER FINANCING USES:				
Municipal Court	131,752	131,752	-	-
City Council	-	-	-	-
City Manager	17,830	17,830	-	-
Administrative Services & I/S Charges to Be Allocated	42,702	42,702	159,000	139,000
Legal/Clerk	71,138	71,138	-	-
Community & Economic Development	527,735	527,735	-	-
Parks, Recreation & Community Services	301,848	301,848	-	-
Police	508,777	508,777	-	-
Transfer Out - Fund 101 Street	243,119	243,119	-	-
Transfer Out - Fund 105 Property Abatement/RHSP	50,000	50,000	50,000	50,000
Transfer Out - Fund 106 Public Art	-	-	-	-
Transfer Out - Fund 192 SSMCP	50,000	50,000	50,000	50,000
Transfer Out - Fund 301 Parks CIP	282,129	282,129	80,000	80,000
Transfer Out - Fund 302 Transportation CIP	393,547	393,547	700,000	700,000
Transfer Out - Fund 311 Sewer	27,000	27,000		
Subtotal Other Financing Uses	\$2,647,577	2,647,577	1,039,000	1,019,000
Total Revenues and Other Sources	\$40,808,386	\$35,060,289	\$33,490,120	\$37,454,085
Total Expenditures and other Uses	\$42,571,357	\$42,766,753	\$41,769,448	\$42,106,907
Beginning Fund Balance:	\$9,874,049	\$9,874,049	\$2,167,585	(\$6,111,743)
Ending Fund Balance:	\$8,111,077	\$2,167,585	(\$6,111,743)	(\$10,764,565)
EFB (Ending Fund Balance) as a % of Gen/Street Oper Rev	19.8%	6.2%	-18.0%	-28.3%
EFB Reserved - Total Target 12% of Gen/Street Oper Rev	\$4,927,539	\$4,222,055	\$4,067,534	\$4,560,970
2% Contingency Reserves	\$821,256	\$703,676	\$677,922	\$760,162
5% General Fund Reserves	\$2,053,141	\$1,759,189	\$1,694,806	\$1,900,404
5% Strategic Reserves	\$2,053,141	\$1,759,189	\$1,694,806	\$1,900,404
Excess EFB Reserved For for 1-Time Use	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538
Ending Fund Balance Deficit	-	(\$5,238,009)	(\$13,362,816)	(\$18,509,074)

Scenario 3 (20% Probability): Downturn 2020 / Recovery Early 2023 (continued)

001 GENERAL FUND Operating Revenue Change From Prior Year	2020 Revised Budget	SCENARIO 3 (20% Probability) Downturn 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est
Taxes - \$	(\$1,592,557)	(\$4,738,300)	\$121,200	\$2,811,400
Taxes - %	-5.3%	-16.6%	0.5%	11.7%
Property Tax - \$	240,557	(740,000)	341,000	688,000
Property Tax - %	3.4%	-10.0%	5.1%	9.8%
Local Sales & Use Tax - \$	(1,325,004)	(1,830,000)	(440,000)	1,045,000
Local Sales & Use Tax - %	-11.1%	-17.2%	-5.0%	12.5%
Sales/Parks - \$	(12,755)	(119,700)	10,400	67,700
Sales/Parks - %	-1.9%	-18.4%	2.0%	12.5%
Brokered Natural Gas Use Tax - \$	(10,477)	(8,000)	-	4,000
Brokered Natural Gas Use Tax - %	-20.8%	-20.0%	0.0%	12.5%
Criminal Justice Sales Tax - \$	(12,858)	(203,800)	19,200	122,700
Criminal Justice Sales Tax - %	-1.1%	-17.5%	2.0%	12.5%
Admissions Tax - \$	(8,879)	(395,000)	105,000	25,800
Admissions Tax - %	-1.8%	-79.6%	104.0%	12.5%
Utility Tax - \$	(159,551)	(1,119,800)	85,600	547,700
Utility Tax - %	-2.9%	-20.7%	2.0%	12.5%
Leasehold Tax - \$	(4,779)	(1,000)	-	500
Leasehold Tax - %	-48.9%	-20.0%	0.0%	12.5%
Gambling Tax - \$	(298,813)	(321,000)	-	310,000
Gambling Tax - %	-9.6%	-11.5%	0.0%	12.5%
Franchise Fees - \$	190,562	(65,700)	(751,600)	439,800
Franchise Fees - %	4.6%	-1.5%	-17.6%	12.5%
Development Service Fees - \$	(5,026)	(87,200)	(247,800)	176,100
Development Service Fees - %	-0.3%	-5.0%	-15.0%	12.5%
Licenses & Permits - \$	5,851	(101,925)	-	40,000
Licenses & Permits - %	1.4%	-24.2%	0.0%	12.5%
Business License - \$	(15,964)	(55,325)	-	27,700
Business License - %	-5.5%	-20.0%	0.0%	12.5%
Alarm Permits & Fees - \$	20,652	(37,800)	-	8,400
Alarm Permits & Fees - %	24.5%	-36.0%	0.0%	12.5%
Animal Licenses - \$	1,163	(8,800)	-	3,900
Animal Licenses - %	3.0%	-22.0%	0.0%	12.5%
State Shared Revenues - \$	34,527	(262,900)	-	114,500
State Shared Revenues - %	3.0%	-22.3%	0.0%	12.5%
Criminal Justice - \$	(13,506)	(19,600)	-	16,800
Criminal Justice - %	-8.1%	-12.7%	0.0%	12.5%
Criminal Justice High Crime - \$	79,023	(111,400)	-	16,300
Criminal Justice High Crime - %	48.5%	-46.1%	0.0%	12.5%
Liquor Excise Tax - \$	(38,576)	(27,700)	-	33,000
Liquor Excise Tax - %	-11.7%	-9.5%	0.0%	12.5%
Liquor Board Profits - \$	7,594	(104,200)	-	48,400
Liquor Board Profits - %	1.6%	-21.2%	0.0%	12.5%
Intergovernmental - \$	(103,952)	(3,445)	16,731	54,665
Intergovernmental - %	-19.7%	-0.8%	4.0%	12.5%
Police FBI, SS911 & Other Misc - \$	(31,720)	6,600	-	2,700
Police FBI, SS911 & Other Misc - %	-67.9%	44.0%	0.0%	12.5%
Police-Animal Svcs - Steilacoom & DuPont - \$	(1,019)	(10,045)	700	5,100
Police-Animal Svcs - Steilacoom & DuPont - %	-2.0%	-20.0%	1.7%	12.5%
Muni Court-University Place Contract - \$	97,866	-	(28,707)	27,810
Muni Court-University Place Contract - %	63.8%	0.0%	-11.4%	12.5%
Muni Court-Town of Steilacoom Contract - \$	(83,139)	-	10,263	10,300
Muni Court-Town of Steilacoom Contract - %	-53.5%	0.0%	14.2%	12.5%
Muni Court-City of Dupont - \$	(85,940)	-	34,475	8,755
Muni Court-City of Dupont - %	-70.7%	0.0%	96.9%	12.5%
Charges for Services & Fees - \$	(181,138)	(185,900)	88,600	30,000
Charges for Services & Fees - %	-11.0%	-12.7%	6.9%	2.2%
Parks & Recreation Fees - \$	34,159	(169,300)	86,100	28,800
Parks & Recreation Fees - %	12.2%	-54.0%	59.6%	12.5%
Police - Various Contracts - \$	(17,527)	(6,100)	1,600	900
Police - Various Contracts - %	-60.4%	-53.0%	29.6%	12.9%
Police - Towing Impound Fees - \$	5,700	(10,500)	900	300
Police - Towing Impound Fees - %	90.5%	-87.5%	60.0%	12.5%
Police - Extra Duty - \$	(203,470)	-	-	-
Police - Extra Duty - %	-20.8%	0.0%	0.0%	0.0%
Police - Western State Hospital Comm Policing - \$	-	-	-	-
Police - Western State Hospital Comm Policing - %	0.0%	0.0%	0.0%	0.0%
Fines & Forfeitures - \$	(279,437)	(217,500)	(197,800)	267,000
Fines & Forfeitures - %	-15.9%	-14.7%	-15.6%	25.0%
Municipal Court - \$	(29,373)	(117,500)	(101,800)	141,000
Municipal Court - %	-3.6%	-15.0%	-15.3%	25.0%
Photo Infraction - \$	(250,064)	(100,000)	(96,000)	126,000
Photo Infraction - %	-26.3%	-14.3%	-16.0%	25.0%
Miscellaneous/Interest/Other - \$	(274,978)	(21,264)	(24,000)	16,500
Miscellaneous/Interest/Other - %	-65.8%	-14.9%	-19.7%	16.9%
Interfund Transfers - From SWM - \$	-	-	-	-
Interfund Transfers - From SWM - %	0.0%	0.0%	0.0%	0.0%
Subtotal Operating Revenues	\$40,087,923	\$34,403,789	\$33,409,120	\$37,359,085
% Revenue Change over Prior Year	-5.22%	-14.18%	-2.89%	11.82%

001 GENERAL FUND	2020 Revised Budget	PERFECT WORLD / PRE-COVID19			SCENARIO 1 (30% Probability) Downtown 2020 / Recovery Early 2021			SCENARIO 2 (50% Probability) Downtown 2020 / Recovery Early 2022			SCENARIO 3 (20% Probability) Downtown 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est
OPERATING REVENUES:													
Taxes	\$ 28,604,900	\$ 29,287,000	\$ 28,987,000	\$ 29,407,300	\$ 23,866,600	\$ 26,997,100	\$ 29,627,800	\$ 23,866,600	\$ 25,473,600	\$ 28,529,600	\$ 23,866,600	\$ 23,987,800	\$ 26,799,200
Franchise Fees	4,335,700	4,270,000	4,398,000	4,530,100	4,270,000	4,398,000	4,530,100	4,270,000	3,738,300	4,303,600	4,270,000	3,518,400	3,958,200
Development Service Fees	1,744,000	1,744,000	1,761,200	1,778,600	1,656,800	1,673,100	1,778,600	1,656,800	1,497,000	1,689,700	1,656,800	1,409,000	1,585,100
Licenses & Permits	421,525	399,525	399,525	399,500	319,600	359,600	399,500	319,600	339,600	379,600	319,600	319,600	359,600
State Shared Revenues	1,178,900	1,145,000	1,145,000	1,145,000	916,000	1,030,500	1,145,000	916,000	973,300	1,087,800	916,000	916,000	1,030,500
Intergovernmental	424,134	436,134	546,765	561,717	420,689	492,085	561,710	420,689	464,753	533,700	420,689	437,420	492,085
Charges for Services & Fees	1,467,700	1,433,000	1,430,450	1,430,500	1,281,800	1,400,400	1,430,500	1,281,800	1,385,500	1,415,600	1,281,800	1,370,400	1,400,400
Fines & Forfeitures	1,483,400	1,483,400	1,483,400	1,483,400	1,265,900	1,409,200	1,483,400	1,265,900	1,335,100	1,409,200	1,265,900	1,068,100	1,335,100
Miscellaneous/Interest/Other	142,964	143,200	114,200	114,200	121,700	108,500	114,200	121,700	102,800	108,500	121,700	97,700	114,200
Interfund Transfers - From SWM	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700
Subtotal Operating Revenues	\$40,087,923	\$40,625,959	\$40,550,240	\$41,135,017	\$34,403,789	\$38,153,185	\$41,355,510	\$34,403,789	\$35,594,653	\$39,742,000	\$34,403,789	\$33,409,120	\$37,359,085
% Revenue From 2020 Budget / Prior Year	-5.22%	1.34%	-0.19%	1.44%	-14.18%	10.90%	8.39%	-14.18%	3.46%	11.65%	-14.18%	-2.89%	11.82%
OPERATING EXPENDITURES:													
City Council	155,073	155,073	155,087	155,104	155,073	155,087	155,104	155,073	155,087	155,104	155,073	155,087	155,104
City Manager	735,971	735,971	721,724	725,208	735,971	721,724	725,208	735,971	721,724	725,208	735,971	721,724	725,208
Municipal Court	2,165,074	2,165,074	2,101,275	2,128,126	2,165,074	2,101,275	2,128,126	2,165,074	2,101,275	2,128,126	2,165,074	2,101,275	2,128,126
Administrative Services	1,877,297	1,877,297	1,935,721	1,961,970	1,877,297	1,935,721	1,961,970	1,877,297	1,935,721	1,961,970	1,877,297	1,935,721	1,961,970
Legal	1,688,196	1,688,196	1,790,613	1,760,986	1,688,196	1,790,613	1,760,986	1,688,196	1,790,613	1,760,986	1,688,196	1,790,613	1,760,986
Community & Economic Development	2,353,919	2,353,919	2,347,177	2,396,124	2,353,919	2,347,177	2,396,124	2,353,919	2,347,177	2,396,124	2,353,919	2,347,177	2,396,124
Parks, Recreation & Community Services	2,986,335	2,986,334	3,047,539	3,081,171	2,986,334	3,047,539	3,081,171	2,986,334	3,047,539	3,081,171	2,986,334	3,047,539	3,081,171
Police	25,950,745	25,950,745	25,987,359	26,352,277	25,950,745	25,987,359	26,352,277	25,950,745	25,987,359	26,352,277	25,950,745	25,987,359	26,352,277
Non-Departmental	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960	133,960
Transfer To Fund 101 Street O&M	1,400,723	1,421,520	1,573,500	1,621,500	1,596,120	1,717,000	1,623,000	1,596,120	1,879,500	1,765,000	1,596,120	2,026,500	1,912,500
Transfer To Fund 105 RHSP/Abatement Program	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Transfer To Fund 201 GO Bond Debt Service	441,487	441,487	448,493	445,481	441,487	448,493	445,481	441,487	448,493	445,481	441,487	448,493	445,481
Subtotal Operating Expenditures	\$39,923,781	\$39,944,576	\$40,277,448	\$40,796,908	\$40,119,176	\$40,420,948	\$40,798,407	\$40,119,176	\$40,583,448	\$40,940,407	\$40,119,176	\$40,730,448	\$41,087,907
% Expenditure Change over Prior Year	3.62%	0.05%	0.83%	1.29%	0.49%	0.75%	0.93%	0.49%	1.16%	0.88%	0.49%	1.52%	0.88%
OPERATING INCOME (LOSS)	\$164,142	\$681,383	\$272,792	\$338,109	(\$5,715,387)	(\$2,267,763)	\$557,103	(\$5,715,387)	(\$4,988,795)	(\$1,198,407)	(\$5,715,387)	(\$7,321,328)	(\$3,728,822)
As a % of Operating Expenditures	0.41%	1.71%	0.68%	0.83%	-14.25%	-5.61%	1.37%	-14.25%	-12.29%	-2.93%	-14.25%	-17.98%	-9.08%
Subtotal Other Financing Sources	720,463	745,463	100,250	100,300	656,500	75,000	100,000	656,500	85,000	95,000	656,500	81,000	95,000
Subtotal Other Financing Uses	2,647,577	2,647,577	988,750	968,750	2,647,577	989,000	969,000	2,647,577	1,039,000	1,019,000	2,647,577	1,039,000	1,019,000
Total Revenues and Other Sources	\$40,808,386	\$41,371,422	\$40,650,490	\$41,235,317	\$35,060,289	\$38,228,185	\$41,455,510	\$35,060,289	\$35,679,653	\$39,837,000	\$35,060,289	\$33,490,120	\$37,454,085
Total Expenditures and other Uses	\$42,571,357	\$42,592,153	\$41,266,198	\$41,765,658	\$42,766,753	\$41,409,948	\$41,767,407	\$42,766,753	\$41,622,448	\$41,959,407	\$42,766,753	\$41,769,448	\$42,106,907
Beginning Fund Balance:	\$9,874,049	\$9,874,049	\$8,653,318	\$8,037,610	\$9,874,049	\$2,167,585	(\$1,014,178)	\$9,874,049	\$2,167,585	(\$3,775,210)	\$9,874,049	\$2,167,585	(\$6,111,743)
Ending Fund Balance:	\$8,111,077	\$8,653,318	\$8,037,610	\$7,507,269	\$2,167,585	(\$1,014,178)	(\$1,326,075)	\$2,167,585	(\$3,775,210)	(\$5,897,617)	\$2,167,585	(\$6,111,743)	(\$10,764,565)
EFB (Ending Fund Balance) as a % of Gen/Street Oper Rev	19.8%	20.8%	19.4%	17.8%	6.2%	-2.6%	-3.1%	6.2%	-10.4%	-14.5%	6.2%	-18.0%	-28.3%
EFB Reserved - Total Target 12% of Gen/Street Oper Rev	\$4,927,539	\$4,989,607	\$4,980,629	\$5,050,802	\$4,222,055	\$4,675,762	\$5,077,261	\$4,222,055	\$4,349,238	\$4,866,420	\$4,222,055	\$4,067,534	\$4,560,970
2% Contingency Reserves	\$821,256	\$831,601	\$830,105	\$841,800	\$703,676	\$779,294	\$846,210	\$703,676	\$724,873	\$811,070	\$703,676	\$677,922	\$760,162
5% General Fund Reserves	\$2,053,141	\$2,079,003	\$2,075,262	\$2,104,501	\$1,759,189	\$1,948,234	\$2,115,526	\$1,759,189	\$1,812,183	\$2,027,675	\$1,759,189	\$1,694,806	\$1,900,404
5% Strategic Reserves	\$2,053,141	\$2,079,003	\$2,075,262	\$2,104,501	\$1,759,189	\$1,948,234	\$2,115,526	\$1,759,189	\$1,812,183	\$2,027,675	\$1,759,189	\$1,694,806	\$1,900,404
Excess EFB Reserved For for 1-Time Use	\$3,183,538	\$3,663,711	\$3,056,981	\$2,456,467	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538	\$3,183,538
Ending Fund Balance Deficit	\$0	\$0	\$0	\$0	(\$5,238,009)	(\$8,873,479)	(\$9,586,875)	(\$5,238,009)	(\$11,307,987)	(\$13,947,576)	(\$5,238,009)	(\$13,362,816)	(\$18,509,074)

Measures Taken

The following measures are in place as directed by the City Manager on March 3, 2020 to help mitigate the negative economic impact caused by the COVID-19 pandemic:

- Hiring freeze.

There are currently 12.5 FTEs vacant:

- Vacant Plans Examiner (currently filled by contracted services)
 - Vacant Building Inspector (currently filled by contracted services)
 - Vacant Police Officers (3.0 FTEs)
 - Vacant Community Services Officer
 - Vacant Evidence Technician
 - Vacant Signal Technician (2.0 FTEs, work currently filled with contracted services)
 - Vacant Finance Analyst (currently filled by contracted services)
 - Vacant Legal Office Assistant (0.50 FTE)
 - Vacant Parks Maintenance Worker
 - Vacant Communications Manager (partially filled by contracted services with all other duties assigned to Senior Policy Analyst)
- Pause on all discretionary spending (non-mandatory training, supplies, certifications, etc.).
 - Exceptions in discretionary spending shall require prior approval by ACM/Administrative Services and City Manager.
 - Internal Service Funds projects and replacement shall only include essential items and those that will be completed by December 31, 2020.
 - Excess real estate excise taxes (REET) will be set aside to offset any decrease in 2020 REET collections and to ensure payment of debt service in 2020 and 2021.

Strategies to be Considered as Potential Options:

- Use of financial reserves or contingency accounts to temporarily maintain services
- Reduction and/or elimination of operating programs
- Reduction and/or elimination of capital improvement projects

Other Potential Funds

- CARES Federal Grant Funds
- FEMA Public Assistance
- Legislative Funds to Backfill Revenue Loss
- Financial Relief from US Congress

2021/2022 Budget Reduction Options by Department

As directed by the City Manager, departments submitted options for a 20% operating budget reduction (less than 20% for those departments that generate revenues for cost recovery). Departments with capital projects provided the impact of potentially eliminating the \$700,000 annual general fund contributions to transportation CIP and \$80,000 to parks CIP.

The following are options and resulting service level impacts from broad perspective. We are currently evaluating the proposed options and will identify the specific budgetary savings and associated service level impacts for each item selected for reduction in the 2021/2022 proposed biennial budget.

In general, legally mandated and core functions would continue, however, important and discretionary functions would be eliminated or reduced.

The table below provides a summary of the potential reductions by department.

Department	2020 Operating Budget	20% Target Reduction	Current FTEs	FTE Reduction	FTE % Change
City Council	\$ 155,073	\$ (31,000)	-	-	-
City Manager	735,971	(147,000)	3.00	(1.00)	-33%
Municipal Court	2,165,074	(323,000)	10.00	(3.90)	-39%
Admin Services & Non-Departmental	2,011,257	(402,000)	12.00	(4.00)	-33%
Legal	1,688,196	(338,000)	9.50	(1.50)	-16%
Community & Economic Development	2,353,919	(187,000)	13.50	(1.50)	-11%
Parks, Recreation & Cultural Services	2,986,335	(721,000)	21.80	(5.50)	-25%
Police	25,950,745	(5,190,000)	115.00	(35.00)	-30%
Public Works Engineering	1,400,723	(140,000)	2.40	-	0%
Total General/Street Fund	\$ 39,447,293	\$ (7,479,000)	187.20	(52.40)	-28%
Admin Services - Risk Management	1,449,659	(290,000)	-	-	-
Admin Services - Fleet & Equipment	755,720	(151,000)	-	-	-
PRCS - Property Management	686,284	(137,000)	1.95	(1.00)	-51%
Admin Services - Information Technology	1,709,939	(342,000)	4.00	(2.00)	-50%
Total General/Street Fund	\$ 4,601,602	\$ (920,000)	5.95	(3.00)	-50%
	\$ 44,048,895	\$ (8,399,000)	193.15	(55.40)	-29%

Note: Municipal Court target reduction does not include Public Defender.

PW, CED, and PRCS target reduced by revenues generated.

Current FTEs does not include limited-term positions that expire 12/31/2020.

City Council:

- Target Reduction = \$31,000
- Reduce meeting supplies.
- Reduce AWC conference attendance to one attendee.
- Reduce Washington DC Federal Advocacy attendance to one attendee.
- Reduce budget for mileage reimbursement.
- Reduce budget for business cards.
- Reduce budget for Community Connector Event.
- Reduce budget for Make a Difference Day.
- Eliminate Youth Council shirts.
- Cancel all Sister City events.
- Cancel Annual International Festival.

City Manager:

- Target Reduction = \$147,000
- Eliminate 1.0 FTE.
- Eliminate ICMA, WCMA and NAGC conferences.
- Reduce AWC conference attendance to one attendee.
- Reduce Washington DC Federal Advocacy travel to one trip.
- Eliminate NAGC membership dues
- Reduce Connections Magazine to eight pages.
- Reduce/eliminate supplies (camera).
- Eliminate/reduce state and federal government relations advocacy contracts (current budget \$110,000).

Administrative Services

- Target Reduction = \$375,000 General Fund + \$26,000 General Fund Non-Departmental and \$290,000 Risk Management + 151,000 Fleet & Equip + \$342,000 Information Technology

General Fund Administrative Services:

- Eliminate 4.0 FTEs within Finance and Human Resources.
Specifics to be determined (elimination of FTEs/reduced hours).
- Impact to Important Functions – Elimination, reduced and/or delayed levels in:
 - Accounts receivable billing, monitoring, collections, and lien placement.
 - Accounts payable timely processing and review of required documentation.
 - Grant accounting, reimbursements, accuracy, compliance and timely reporting of required financial reports.
 - Capital projects accounting, budgeting, monitoring and financial statement asset reporting.
 - Fixed assets accounting, budgeting, ensuring accuracy of financial statement asset reporting.
 - General accounting, including support to departments in reviewing and correcting input from various systems such as permits and licenses and general cash receipting.
 - Banking Fees – implement credit card fees to recover merchant fees for citywide credit card acceptance.

Findings in could negatively impact the City’s opportunity for future grant funding and places the City as a high risk entity which results in increased audit scope and audit costs.

- Equity Team
- Coordination/Hiring Handbook
- WorkSafe Employer Certification
- Wellness Program
- Volunteer Program
- Non-Mandatory Training and Development
- Classification and Compensation
- Recruitment and Hiring
- Risk Management

Elimination, reduction and/or delay negatively impacts: the City’s goal of diversity and inclusion; ensuring the City and its employees are in compliance with state laws and City personnel policies; promoting employee wellness and carrying out programs to secure medical premium reductions; recruitment of diverse and quality employees; supporting individual and community goals through the volunteer program with minimal cost to the City; and efforts to decrease the City’s exposure through the risk management.

- Impact to Discretionary Functions – Elimination, reduced and/or delayed levels in:
 - Reduce quarterly financial reporting detail.
 - Reduced biennial budget document detail.
 - Reduce proposed budget adjustment (carry forward, mid-biennium, year-end) detail.
 - Eliminate production of the CAFR (Comprehensive Annual Financial Report)

- Eliminate production of the PAFR (Popular Annual Financial Report)

Reduced financial reporting, production of detailed documents and elimination of participation in GFOA Award Programs (CAFR, PAFR, Budget) greatly reduces the City's goal of financial transparency, and puts the City in a less favorable position when it comes to bond issuances and bond ratings.

General Fund Non-Departmental:

- Eliminate postage budget for Connections Magazine.
 - Electronic distribution only may not reach all citizens.
- Reduce membership budget – majority of membership budget is for AWC (Association of Washington Cities) and PSRC (Puget Sound Regional Council).
 - Impact of eliminating AWC membership includes advocacy tools, training and events, data and resources, and member pooling programs such as AWC Benefit Trust and AWC Workers' Comp Retro.
 - Impact of eliminating PRSC membership includes participation and access to regional growth strategy, transportation planning and funding, economic development and access to regional data.

Internal Service Funds:

- Risk Management
 - Reduce WCIA (Washington Cities Insurance Authority) coverage for auto, liability and property resulting in potential increase in City's deductible payments.
- Fleet & Equipment
 - Reduce repairs and maintenance budget – defer maintenance, impacting operations.
 - Reduce fuel budget – will not be able to address fluctuating (higher fuel prices) unless usage changes.
- Information Technology
Eliminate 2.0 FTEs within Information Technology.
Specifics to be determined (elimination of FTEs/reduced hours).

Eliminates or significantly reduces the following services (not limited to):

- Slow and delayed technical support to all departments, including public safety.
- Detection of existing and new threats (potential increasing cyber security issues).
- Installation, maintenance and oversight of computer network systems.
- Effective management of network crisis.
- Negotiation with vendors for cost containment and cost control.
- Strategic planning.
- Implementation and support of existing and new systems.
- Decreased automation and decreased efficiencies.
- Telecommunications systems maintenance.
- GIS support.
- Public records disclosure requests.
- Cost of a compromised system could run into the hundreds of thousands and millions, well exceeding the annual cost savings from eliminating positions.

Community & Economic Development:

- Target Reduction = \$187,000
- Eliminate Economic Development Manager 1.0 FTE.
 - Significant impact to economic recovery efforts.
 - Position is an excellent conduit to the business community and other agencies.
 - Loss of position would slow the Lakewood Landing development and impacts the MFTE (Multi-Family Tax Exemption) program.
 - Some economic development assignments would be transferred to the Planning Manager for Special Projects.
- Eliminate 0.50 FTE Administrative Assistant
 - Full-time FTE split between Public Works and CED.
 - Loss of CED's portion of position reduces support to LHAB (Landmarks and Heritage Advisory Board and planning commission).
 - Administrative assignments (supplies, board/commission meeting preparation, records management) would also have to be subsumed within the department, which may result in decrease in permitting efficiencies.

Parks, Recreation & Cultural Services:

- Target Reduction = \$381,000 General Fund + \$340,000 Street O&M + \$137,000 Property Management
- General Fund (net revenue reduction)
 - Eliminate 2.50 FTEs (positions to be determined)
 - Recreation & Programs – eliminate or reduce:
 - Youth Services – part time staff, professional services, lifeguards, and afterschool sports.
 - Night Market
 - SummerFest
 - Senior Services
 - Maintenance – eliminate or reduce:
 - Temporary workers – reduce level of service at neighborhood parks, sports field preparation, weekend rounds and event support.
 - Small tools and equipment – reduce level of service for parks and facilities maintenance.
 - Irrigation – no irrigation at all parks except for Fort Steilacoom Park.
 - Raw materials and supplies – reduce gravel, soil, flowers, seed and fertilizer.
- Street O&M – eliminate or reduce:
 - Temporary workers – reduce 311 support in trash and vegetation, support patching and crack sealing.
 - Raw materials – reduce salt/brine supply for seasonal issues.
 - Irrigation – reduce watering of mow strips along roadside and landscaping.
 - Eliminate 2.0 FTE Traffic Signal Technicians and related tools, equipment and supplies.
 - Street Lights – Reduce electricity, capital replacement and small tools and equipment.
- Property Management Fund – eliminate or reduce:
 - Eliminate 1.0 FTE (position to be determined)
 - Reduce operating supplies for City Hall, Police and Sounder Station.
 - Reduce small tools and equipment budget.
 - Delay capital maintenance.
 - Reduce number of light bulb recycling pickups.

Public Works Engineering:

- Target Reduction = \$140,000
 - Shift current general fund supporting personnel allocation to SWM.
 - Reduce various line item budgets such a non-mandatory/non-certification travel and training, temporary help for pavement and database management, consultant for traffic counts, supplies, tools and equipment.

Capital Projects – Parks

- Eliminate General Fund support of \$80,000/year in 2021/2022:
 - Eliminates funding for project support, opportunity to shift parks capital project support to Public Works Engineering.
 - If playgrounds breakdown or resurfacing is needed, those areas would be boarded up.

Capital Projects – Transportation

- Eliminate General Fund support of \$700,000/year in 2021/2022:
 - Reduce budget for personnel charged to transportation capital projects.
 - Total 8.0 FTEs allocated to CIP (50% is recovered from grants and other CIP projects).
 - Eliminates staffing needed to manage design and construction of projects underway.
 - Eliminates ability of City to complete grant funded projects.
 - May require repayment of some spent grant funds on projects underway.
 - Severely impacts City’s ability to manage transportation network.
 - Eliminates ability to work with Police Department on traffic related issues.
 - Eliminates City Engineer position, a position that is required by state law.
 - Eliminates City’s Certified Agency status with WSDOT which would require WSDOT to provide oversight of all grant funds and draw from the funds for their own staff support.
 - Requires City to find alternative means to manage traffic signal system (e.g. trouble shooting, signal synchronization, etc.)
 - Specific CIP Project Impact:
 - Steilacoom Boulevard – elimination of General Fund contribution without replacement funds will require the City to return grant funds and potentially significant funds already spent which were precursors to the current phase of work.

Legal:

- Target Reduction = \$338,000
- Eliminate 1.0 FTE Office Assistant
 - No person will be at City Hall front desk (1st first floor)
 - Services will be absorbed by the current kiosk located in the main lobby of City Hall and Police Station.
- Eliminate 0.50 FTE Office Assistant (currently vacant) and reducing 1.0 FTE Office Assistant to 36 hours per week (criminal prosecution support)
 - Will result in system delays such as a response time for filing criminal complaints with the Court and response to public records requests.
 - Current PDR processing time through NextRequest is 20.77 days and GovQA is 13.99 days, would anticipate processing time to increase by 1.5 weeks for each system.
 - Additional delays to implementation of document management system may occur.
 - Will take about to process PRAs rather than the current 2-3 weeks and about a week to file criminal complaints rather than a few days.
- Eliminate travel and training and attend free training provided by WCIA and other organizations.

Municipal Court:

- Target Reduction = \$323,000
- Eliminated and/or Reduced Services:
 - Eliminate Veterans Court (will require federal grant to be returned).
 - Permanently close public facing counter.
 - Reduce phone service to three hours per day.
 - Eliminate all probation services.
 - Eliminate work crew program.
 - Eliminate photo infraction program.
- Budget Reduction
 - Reduce Judge to 0.80 FTE.
 - Reduce Court Administrator to 0.80 FTE.
 - Reduce five Court Clerks to 0.70 FTE each (total 1.50 FTE reduction).
 - Eliminate Code Compliance Officers 2.0 FTEs.
 - Reduce professional services.
 - Reduce interpreter services.
 - Eliminate work crew sanitization Costs.

The public defense contract and budget of \$550,000 is not addressed as part of the Municipal Court proposed reduction as this is a contract entered into with the City of Lakewood, not the Municipal Court. It continues to be the Court's position that this budget items should not be included in the Court's budget for ethical reasons as well as best practices.

Police:

- Target Reduction = \$5,190,000
- Reduced Services:
 - Eliminate Lieutenant (1.0 FTE)
 - Eliminate Special Operations (7.00 FTEs)
 - No proactive or prolonged drug or vice investigations
 - Eliminate Traffic Unit (8.00 FTEs)
 - No dedicated traffic enforcement.
 - Collision investigations would fall to patrol so response times will be delayed.
 - In-depth collision investigations would be farmed out to another agency.
 - Eliminate CSRT (11.00 FTEs)
 - No Code Enforcement.
 - No Animal Control.
 - No Neighborhood Police Officers.
 - No Behavioral Health Contact Team.
 - Would require elimination of Western State Hospital contract with DSHS
 - No community coordination.
 - No staffing at front desk.
 - The one remaining CSO 0.50 FTE would be retained to review photo enforcement tickets.
 - Close Police Lobby
 - Citizens would need to call the non-emergency number to have an officer meet them at the Police Station.
 - Eliminate Property ProAc Investigative Unit (8.0 FTEs)
 - No dedicated investigations for follow-up on most property crimes reports.

OTHER FUNDS

A forecast of the Real Estate Excise Tax Fund and Hotel/Motel Lodging Tax are also included.

The use of these funds are currently restricted by state law. We have expressed our support of legislation that will allow flexibility on the use of these funds for general purposes.

101 STREET O&M FUND	2020 Revised Budget	SCENARIO 1 (30% Probability) Downtown 2020 / Recovery Early 2021			SCENARIO 2 (50% Probability) Downtown 2020 / Recovery Early 2022			SCENARIO 3 (20% Probability) Downtown 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est
<i>REVENUES:</i>										
Permits	111,500	89,000	95,000	112,000	89,000	76,000	95,000	89,000	57,000	76,000
Engineering Review Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Motor Vehicle Fuel Tax	862,400	690,000	715,500	842,000	690,000	572,000	715,500	690,000	429,000	572,000
Subtotal Operating Revenues	\$ 974,900	\$ 780,000	\$ 811,500	\$ 955,000	\$ 780,000	\$ 649,000	\$ 811,500	\$ 780,000	\$ 487,000	\$ 649,000
<i>EXPENDITURES:</i>										
Street Lighting	416,476	416,476	407,000	409,000	416,476	407,000	409,000	416,476	407,000	409,000
Traffic Control Devices	421,344	421,344	393,000	399,000	421,344	393,000	399,000	421,344	393,000	399,000
Snow & Ice Response	45,500	45,500	46,000	46,000	45,500	46,000	46,000	45,500	46,000	46,000
Road & Street Preservation	1,559,982	1,559,982	1,670,000	1,710,000	1,559,982	1,670,000	1,710,000	1,559,982	1,670,000	1,710,000
I/S Charges to be Allocated		-	-	-	-	-	-	-	-	-
Subtotal Operating Expenditures	\$2,443,302	\$2,443,302	\$2,516,000	\$2,564,000	\$2,443,302	\$2,516,000	\$2,564,000	\$2,443,302	\$2,516,000	\$2,564,000
OPERATING INCOME (LOSS)	(\$1,468,402)	(\$1,663,302)	(\$1,704,500)	(\$1,609,000)	(\$1,663,302)	(\$1,867,000)	(\$1,752,500)	(\$1,663,302)	(\$2,029,000)	(\$1,915,000)
<i>OTHER FINANCING SOURCES:</i>										
Judgments, Settlements/Miscellaneous	-	-	-	-	-	-	-	-	-	-
Permits Deposits for Professional Services	2,500	2,000	2,500	2,500	2,000	2,500	2,500	2,000	2,500	2,500
Transfer In From General Fund	1,643,842	1,839,239	1,717,000	1,623,000	1,839,239	1,879,500	1,765,000	1,839,239	2,026,500	1,912,500
Subtotal Other Financing Sources	\$1,646,342	\$1,841,239	\$1,719,500	\$1,625,500	\$1,841,239	\$1,882,000	\$1,767,500	\$1,841,239	\$2,029,000	\$1,915,000
<i>OTHER FINANCING USES:</i>										
Grants/Other	-	-	-	-	-	-	-	-	-	-
Building, Vehicles, Equipment	167,727	167,727	-	-	167,727	-	-	167,727	-	-
Construction - Traffic Control	15,000	15,000	15,000	16,500	15,000	15,000	15,000	15,000	-	-
Subtotal Other Financing Uses	\$182,727	\$182,727	\$15,000	\$16,500	\$182,727	\$15,000	\$15,000	\$182,727	\$0	\$0
Total Revenues and Other Sources	\$2,621,242	\$2,621,239	\$2,531,000	\$2,580,500	\$2,621,239	\$2,531,000	\$2,579,000	\$2,621,239	\$2,516,000	\$2,564,000
Total Expenditures and other Uses	\$2,626,028	\$2,626,029	\$2,531,000	\$2,580,500	\$2,626,029	\$2,531,000	\$2,579,000	\$2,626,029	\$2,516,000	\$2,564,000
Beginning Fund Balance:	\$4,790	\$4,790	\$0	\$0	\$4,790	\$0	\$0	\$4,790	\$0	\$0
Ending Fund Balance:	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

102 REET	2020 Revised Budget	SCENARIO 1 (30% Probability) Downtown 2020 / Recovery Early 2021			SCENARIO 2 (50% Probability) Downtown 2020 / Recovery Early 2022			SCENARIO 3 (20% Probability) Downtown 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est
REVENUES:										
Real Estate Excise Tax	1,700,000	1,500,000	1,620,000	1,800,000	1,500,000	1,530,000	1,710,000	1,500,000	1,440,000	1,620,000
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Transfer In - Fund 301 Parks CIP	100,000	100,000	-	-	100,000	-	-	100,000	-	-
Total Revenue	\$1,800,000	\$1,600,000	\$1,620,000	\$1,800,000	\$1,600,000	\$1,530,000	\$1,710,000	\$1,600,000	\$1,440,000	\$1,620,000
EXPENDITURES:										
Transfer Out - Fund 201 GO Bond Debt Service	1,110,000	1,110,000	1,292,000	1,292,000	1,110,000	1,292,000	1,292,000	1,110,000	1,292,000	1,292,000
Transfer Out - Fund 301 Parks CIP	519,589	519,589	-	-	519,589	-	-	519,589	-	-
Transfer Out - Fund 302 Transportation CIP	670,681	670,681	-	-	670,681	-	-	670,681	-	-
Total Expenditures	\$2,300,270	\$2,300,270	\$1,292,000	\$1,292,000	\$2,300,270	\$1,292,000	\$1,292,000	\$2,300,270	\$1,292,000	\$1,292,000
Beginning Fund Balance:	\$800,270	\$800,270	\$100,000	\$428,000	\$800,270	\$100,000	\$338,000	\$800,270	\$100,000	\$248,000
Ending Fund Balance:	\$300,000	\$100,000	\$428,000	\$936,000	\$100,000	\$338,000	\$756,000	\$100,000	\$248,000	\$576,000

104 LODGING TAX FUND	2020 Revised Budget	SCENARIO 1 (30% Probability) Downtown 2020 / Recovery Early 2021			SCENARIO 2 (50% Probability) Downtown 2020 / Recovery Early 2022			SCENARIO 3 (20% Probability) Downtown 2020 / Recovery Early 2023		
		2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est	2020 YND	2021 Est	2022 Est
REVENUES:										
Special Hotel/Motel Lodging Tax (5%)	\$571,429	571,000	607,000	714,000	571,000	536,000	607,000	571,000	500,000	536,000
Transient Rental income Tax (2%)	228,571	229,000	243,000	286,000	229,000	214,000	243,000	229,000	200,000	214,000
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$800,000	\$800,000	\$850,000	\$1,000,000	\$800,000	\$750,000	\$850,000	\$800,000	\$700,000	\$750,000
EXPENDITURES:										
Lodging Tax Programs	662,250	662,250	\$1,189,957	850,000	662,250	1,189,957	750,000	662,250	1,189,957	700,000
Lodging Tax Programs-Transfer Out to Fund 301 Parks CIP	461,034	461,034	-	-	461,034	-	-	461,034	-	-
Total Expenditures	\$1,123,284	\$1,123,284	\$1,189,957	\$850,000	\$1,123,284	\$1,189,957	\$750,000	\$1,123,284	\$1,189,957	\$700,000
Beginning Fund Balance:	\$1,513,241	\$1,513,241	\$1,189,957	\$850,000	\$1,513,241	\$1,189,957	\$750,000	\$1,513,241	\$1,189,957	\$700,000
Ending Fund Balance (earmarked for next year's grant awards)	\$1,189,957	\$1,189,957	\$850,000	\$1,000,000	\$1,189,957	\$750,000	\$850,000	\$1,189,957	\$700,000	\$750,000