

City of Newark



Budget Work Session 2020 – 2022 Biennial Budget

May 28, 2020

Agenda

- Economic Update
- Forecast Overview
- Proposed Budget Review
- Budget Mitigation Strategies
- Departmental Budget Impacts
- Next Steps 2020 – 2022 Budget Process

Economic Forecast (Pre-Pandemic)

National

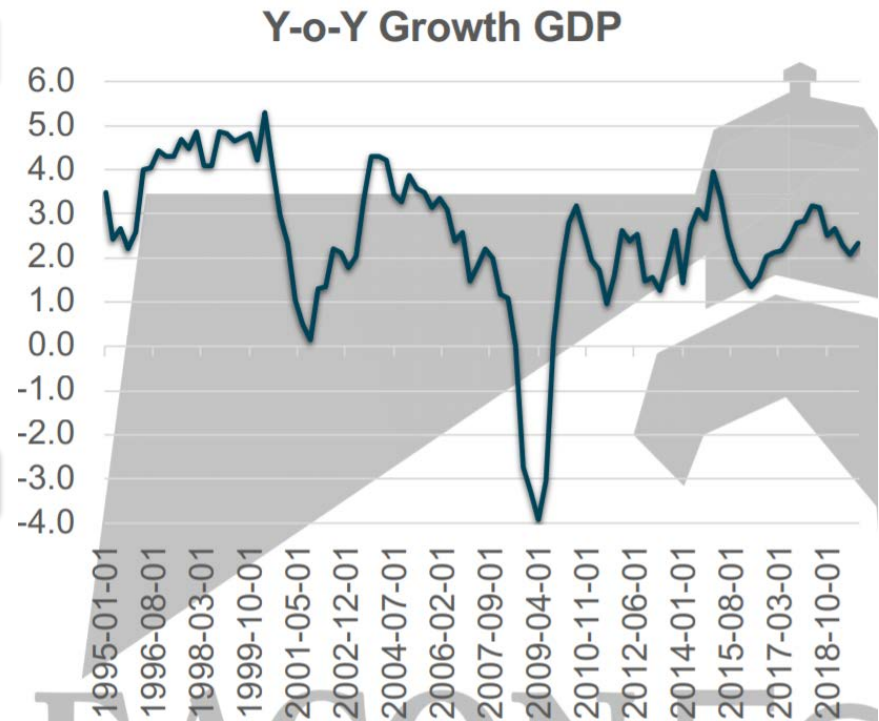
GDP: Slow and steady growth.

Economists says possible
downturn late next year.

State

Governor's Budget – Mild
recession difficult to
forecast.

Pension Concerns.



Economic Update

National Economy

- GDP fell 4.8% in first quarter of 2020
- Unemployment rate rose to 14.7% in April 2020

State Economy

- Governor's May Revise proposed a multi-year approach
- Good News: No State takeaway or borrowing of City revenues

No Consensus on Economic Trajectory

- Depth of economic contraction
- Rate and extent of recovery
- Potential second wave of COVID-19 infections
- No guaranteed stimulus/recovery funding from state or federal

Forecast Assumptions



STAY-AT-HOME ORDER



PHASED APPROACH
FOR REOPENING



NO RESURGENCE OF
CASES



NO ADDITIONAL STAY-
AT-HOME ORDERS

- Current economic conditions continue
- Phased approach for reopening different types of businesses with modification approved by County and State
- No 2nd wave resurgence of cases
- No additional stay at home orders added once lifted

Projected Fiscal Year-End 2019-2020

(\$ Millions)	Budgeted 2019-2020	Projected 2019-2020	Over/(Under) Budget	% of Budget
Property Tax	21.40	22.10	0.70	35.66%
Sales & Use Tax	17.76	15.27 ↓	(2.50)	24.64%
Transient Occupancy Tax (TOT)	7.91	5.06 ↓	(2.86)	8.16%
Utility Users Tax (UUT)	3.65	2.75 ↓	(0.90)	4.43%
Other Taxes	2.12	2.24	0.11	3.61%
Licenses, Permits & Fees	7.55	7.32 ↓	(0.23)	11.81%
Fines & Forfeitures	0.87	0.84	(0.02)	1.36%
Investment Earnings	0.38	1.31	0.93	2.11%
Revenue From Other Agencies	1.66	1.71	0.05	2.76%
Charges for Services	5.76	3.23 ↓	(2.53)	5.22%
Other Revenue	0.51	0.15	(0.36)	0.25%
Total Revenues	69.57	61.96	(7.61)	100.00%
Personnel	35.51	32.01	(3.50)	51.99%
Non-personnel	28.15	25.32	(2.83)	41.12%
Civic Center Project	4.63	3.49	(1.14)	5.66%
Debt Service	0.86	0.76	(0.11)	1.23%
Total Expenditures	69.16	61.58	(7.58)	100.00%
Net Operating Results	0.41	0.39		

Economic Forecast Overview

(\$ Millions)	Budgeted 2019-2020	Projected 2019-2020	Year Over Year	Proposed 2020-2021	Year Over Year	Proposed 2021-2022	Year Over Year
Property Tax	21.40	22.10	↑ 7%	22.25	↑ 1%	22.96	↑ 3%
Sales & Use Tax	17.76	15.27	↓ -20%	14.56	↓ -5%	15.44	↑ 6%
Transient Occupancy Tax (TOT)	7.91	5.06	↓ -25%	1.68	↓ -67%	2.48	↑ 48%
Utility Users Tax (UUT)	3.65	2.75	↓ -16%	2.20	↓ -20%	0.00	↓ -100%
Other Taxes	2.12	2.24	↓ -7%	1.75	↓ -22%	1.75	↑ 0%
Licenses, Permits & Fees	7.55	7.32	↓ -4%	7.13	↓ -3%	7.33	↑ 3%
Fines & Forfeitures	0.87	0.84	↓ -13%	0.84	→ 0%	0.84	→ 0%
Investment Earnings	0.38	1.31	↓ 0%	1.09	↓ -16%	1.09	→ 0%
Revenue From Other Agencies	1.66	* 1.71	↑ 71%	0.67	↓ -61%	0.67	→ 0%
Charges for Services	5.76	3.23	↓ -34%	2.92	↓ -10%	4.32	↑ 48%
Other Revenue	0.51	0.15	↓ -70%	0.15	→ 0%	0.15	→ 0%
Total Revenues	69.57	61.96	↓ -10%	55.23	↓ -11%	57.03	↑ 3%
Personnel	35.51	32.01	-9%	33.84	6%	34.89	3%
Non-personnel	28.15	25.32	8%	25.28	0%	25.23	0%
Civic Center Project	4.63	3.49	-25%	3.16	-9%	3.38	7%
Debt Service	0.86	0.76	-12%	0.82	9%	0.82	1%
Total Expenditures	69.16	61.58	-4%	63.10	2%	64.33	2%
Net Operating Results	0.41	0.38	-91%	(7.87)	-2154%	(7.30)	-7%

* Includes one time revenue sources (BSCC AB74 Car Break-In Prevention)

Budget Mitigation Strategies

- Reduced temporary staff budgets in all departments
- Froze vacant positions
- Reduction of Citywide supplies
- Reduction of contractual services
- Cancellation of non-essential trainings and travel
- Elimination of non-contractual salary increases

Community Development Budget Reduction Impacts

Freeze Senior Planner and Community Preservation Manager positions (\$360,000 per year)

Reduce professional planning consultant services (\$158,000 per year); offset \$100,000 by increase in economic development professional services

Reduce overall department non-personnel expenditures by 18% (\$140,600 per year)

Management & Support Services

Budget Reduction Impacts

Freeze Accountant and Human Resources Technician positions
(\$315,000 per year)

Reduce professional services for human resources consulting and
other specialized support (\$185,000 per year)

Reduce City Manager's Office supplies, travel, memberships and
training (\$31,000 per year)

Elimination of Sunday hours at Library (\$120,000 per year)

Police

Budget Reduction Impacts

Reduce Records and Communications supplies, leases and training (\$61,000 per year)

Eliminate police trainee hotel expenses (\$50,000 per year)

Reduce patrol-related supplies, recruiting incentives, and reserve officer expenses (\$47,000 per year)

Public Works Dept – Bldg. Insp & Engineering

Budget Reduction Impacts

Freeze Plan Check Engineer position (\$165,200 per year)

Reduce Building Inspection services and supplies (\$50,000 per year)

Reduce engineering contractual services budget capacity and limit utilization of specialists and development services (\$484,000 per year)

Public Works Dept. - Maintenance Division

Budget Reduction Impacts

Freeze two (2) General Laborer positions (\$225,400 per year)

Reduce contractual services capacity for maintenance of City vehicles and equipment, building maintenance, and janitorial services (\$290,000 per year)

Reduce seasonal positions and contractual services capacity for landscape and park maintenance and tree pruning (\$225,000 per year)

Reduce contractual services capacity for potholes, sidewalk grinding, and roadside cleanups (\$41,000 per year)

Recreation & Community Services

Budget Reduction Impacts

Freeze Aquatics Coordinator position (\$145,000 per year)

Reduce part-time/seasonal/temporary staff (\$598,000 in FY2020-21)

Reduce supplies, marketing, and contract services Non-salary supplies reduced (\$126,800 per year)

Transition to online only Activities Guide (\$47,400 per year)

Options to Balance the Budget

- Use of reserves
- Layoffs
- Furloughs
- Labor concessions

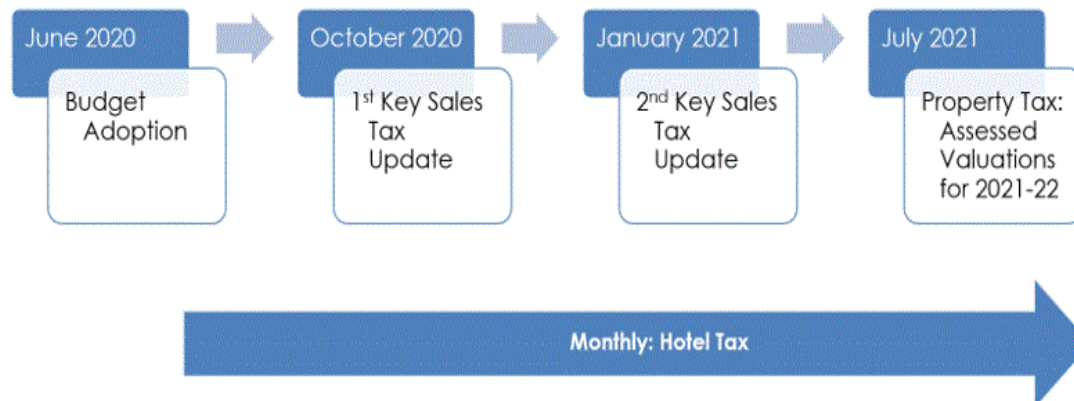
General Fund Reserves

General Fund Reserves	As of June 30, 2019 (\$ Millions)
Pension/OPEB	\$ 10.8
Equipment Replacement	3.1
Emergency & Catastrophic	7.8
Fiscal Uncertainty	5.2
Unallocated	14.3
Total	\$ 41.2

Next Steps

- June 11
 - Detail review of five year forecast and biennial budget document
- June 25
 - Adoption of 2020-2022 budget and five-year forecast

Key milestone dates for updating financial projections:



Questions?

2020 - 2022
Capital Improvement Plan

Recommended Gas Tax Projects

	FY 2020-21	FY 2021-22
Street Asphalt Concrete Overlay Program	\$1,200,000	\$1,350,000
Curb, Gutter & Sidewalk Replacement	\$300,000	\$350,000
Street Tree Maintenance	\$220,000	\$250,000
Traffic Calming Measures	\$80,000	\$80,000
Citywide Accessible Pedestrian Ramps	\$50,000	\$60,000
Traffic Signals – LED Lamps & Accessories	\$25,000	\$25,000
Thermoplastic Street Striping	\$15,000	\$15,000
Old Town PDA Streetscape – Design	\$500,000	
Crosswalk Evaluation & Modifications	\$150,000	\$150,000
Arterial Bicycle Lanes	\$150,000	
Safe Route to School Improvements		\$250,000
Thornton Ave Complete Streets – Design		\$700,000
Fiscal Year Subtotals	\$2,690,000	\$3,230,000
TOTAL	\$5,920,000	

Recommended Capital Fund Projects

	FY 2020-21	FY 2021-22
Silliman Center Water Tanks/Heater Replacement	\$100,000	
Senior Center Flooring Replacement	\$75,000	
Police Department – Barn Car Patrol Vehicle	\$80,000	
Police Department – Patrol Vehicle	\$80,000	
PD – Replace Scheduling & Workforce Mgt Software	\$75,000	
Fire Station No. 27 Fencing	\$20,000	
Fire Station No. 29 Fencing	\$8,000	
Public Works Maintenance Vehicles (2)	\$60,000	\$60,000
Public Works Maintenance Truck		\$80,000
Silliman Center Air Handler #2 Replacement		\$350,000
Silliman Center Hot Tub Replacement		\$300,000
Silliman Center Partial Roof Replacement		\$325,000
Fiscal Year Subtotals	\$498,000	\$1,115,000
TOTAL	\$1,613,000	

Park Improvement & Community Development Fund Projects

PARK IMPROVEMENT PROJECTS	FY 2020-21	FY 2021-22
Mel Nunes Sportsfield Park Softball Outfield Net Replacement	\$30,000	
Citywide Parks Signage Program – Phase 1	\$80,000	
Fiscal Year Subtotals	\$110,000	\$ 0
TOTAL	\$110,000	

COMMUNITY DEVELOPMENT MAINTENANCE PROJECTS	FY 2020-21	FY 2021-22
Citywide Building Needs Assessment	\$100,000	
Citywide Rail Station Alternatives Study	\$80,000	
Quiet Zones Study	\$60,000	
Fiscal Year Subtotals	\$240,000	\$ 0
TOTAL	\$240,000	

Thank You