

SPECIAL WORK SESSION AGENDA



**Casper City Council
City Hall, Council Chambers
Monday, May 18, 2020, 4:30 p.m.**

This meeting will not be open to the public, per the order issued by Governor Gordon and the Natrona County Public Health Officer.

Work Sessions are always available for citizens to watch live on the City's website (casperwy.gov) via YouTube and on cable channel 192. There is no public comment at work sessions, but citizens are welcome to email City Council with any questions or concerns at councilcomments@casperwy.gov before the work session.

Special Work Session Agenda		Recommendation	Allotted Time	Beginning Time
Recommendations = Information Only, Move Forward for Approval, Direction Requested				
1.	Budget Session – Part 1	Direction Requested	2 hours	4:30
Approximate End Time:				6:30


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CITY OF CASPER, WYOMING

May 18, 2020

MEMO TO: His Honor the Mayor, and Members of the City Council

FROM: J. Carter Napier, City Manager 

SUBJECT: Budget Message for Fiscal Year 2021

Introduction

Pursuant to the direction of the City Council and as required by State law, the proposed Fiscal Year 2021 (FY 21) budget is attached for Council's review. The attached budget represents a balanced approach for funding the operations of the City of Casper and providing services to the citizens of Casper for FY 21. The attached budget however is staff's collective suggestion as to how the funds should be allocated for the next year. Council now has the responsibility to review the draft budget materials, make changes as necessary, and provide further direction as Council sees fit. The budget should reflect the will of the Council as to the City's finances for FY 21; it is our hope that the budget work sessions will help draw that direction into the discussions and the budget document. The proposed total budget for FY 21 is \$134,033,031.ⁱ

Summary Overview

The statement that has been recited over and over again throughout the closing quarters of FY 20 is that we are experiencing unprecedented times. The reality behind this phrase has demonstrated itself in several ways. For one, there is not a time in memory where the majority of the local and national economy was shut down and turned off in order to weather a pandemic's course. The speed by which the Nation's fortunes changed from really doing very well to eclipsing record highs in unemployment claims and unmatched stock market drops is absolutely blinding and surreal. Coupled with this devastating impact, the oil market has taken such a hit to the extent that portions of that market experienced a negative value, which is unheralded by many accounts. Accordingly, the predictions for the State's revenue shortfalls are historically enormous. Unprecedented also means not having much history to draw upon where the collision of these major economic shortcomings occurs.

Without a doubt, the oil crash is the bigger story here in terms of how long a local recovery can get underway here in Casper. Pursuant to the last oil crash of the 2015-2016 years, it is quite interesting to note that the real bottom for sales tax collections occurred in FY 17 nearly a year or more later.ⁱⁱ The design of the FY 21 budget overall attempts to balance the idea of trying to mimic and go further than the worst energy economy to hit us in recent years while not overreacting in the face of the possibility of a robust energy rebound.ⁱⁱⁱ The community's observances of the protocols and the State's support for restoring local business more aggressively than most have been helpful and will hopefully mitigate the revenue losses incurred by virtue of the pandemic. A later surge in the virus will be devastating. The oil market's economic damage and a potential rebound can be as difficult to predict as well. These matters will undoubtedly shade budget discussions indelibly for some time.

Revenue

General Fund

For the general fund, FY 21 will start out on a surprisingly positive note given the outcomes following the advent of the pandemic during the final quarters of FY 20. Understanding that indeed there will be some steep revenue declines anticipated for the balance of the current fiscal year, favorable operational revenues combined with some unanticipated operational savings may result with a \$1.0M general fund surplus to start FY 21.^{iv} While at first blush this would appear to present some opportunities for the Council, it is recommended that this funding not get laced into ongoing, operational needs for FY 21 since these dollars may be needed to balance the general fund for the remainder of the current fiscal year; the need of which will not be known until closer to July 2020. Preserving revenues and reserves will be an ongoing theme throughout this message given the significant unknowns staff is still trying to predict and anticipate in this budget proposal. Staff had planned a year ago that any growth in the revenues of the general fund would be used to offset our ongoing dependence upon direct distribution dollars in an exchange of revenue type approach. While indeed the budget was very clearly on track toward that end, progress along these lines is not expected to continue in FY 21.

The overall imbalance between the general fund's expenses and the projected revenues started out at just over \$6M. The primary revenue source in the general fund is the sales and use tax dollars. A \$15.15M projected being used for FY 21, is below the lowest threshold of revenue in this revenue category in recent memory.^v The actual difference over projected receipts for FY 20 will be about \$3.5M in this important revenue category alone. This marks a 20% revenue reduction year over year for sales taxes. If Council elects to follow the cost containment measures staff has built into the budget and otherwise recommended, that imbalance could be reduced to \$1.6M. As Council will learn later in this message, significant losses in levels of service would be further needed to shrink that deficit further. The challenge is that going beyond this type of discount for planning purposes at this stage may prove to be an overreaction; it certainly could prove to be a significant under reaction as well.

This imbalance discussed here would be pale in comparison to what would happen if indeed the State decides to pull back on direct distribution. As the Council has heard a number of times, direct distribution plays a significant role in the operational revenue outlook for the general fund. In fact, the \$3.9M being planned for in the operations of the general fund in the FY 21 proposal accounts for nearly 9% of the operating revenue stream all by itself.^{vi} The tenuous position the city is in now is made worse by the fact that the State is currently meeting to discuss an emergency budget meeting in the fall to determine how in fact to make up for the imbalances their general fund has incurred given the negative impacts of both the pandemic and the crash the oil market incurred. Prior to any of these impacts being made known at the legislative level, Senate President Drew Perkins was quoted to say that the direct distribution will go away "probably very soon."^{vii} The imbalance created by this loss of funding would inflate the imbalance in the general fund alone to nearly \$7M over and above the proposed \$4.4M in cuts that have been incurred in only the general fund so far.

The funding outlook being proposed in the FY 21 budget does not assume any rescue funding from the Federal Government save one important exception. The Federal Transit Administration

has indeed come forward very effectively and early in getting funding into the hands of the local transit authorities not only for the year being currently worked on, but potentially for next year too. This means that in terms of anticipated funding that provides direct aid to the operational status of the general fund, the City has been able to take advantage of \$363K that otherwise would have to provide in the form of subsidies to CATC.

The primary federal dollars designated for pandemic relief effort have proven to be much more complicated and unhelpful thus far. Foremost of concern, the CARES law has been resolute in its inability to provide for revenue lost because of pandemic impacts for cities under 500K in population. Recently, additional direction came forward that indicated that while direct COVID related expenses are eligible, payroll or benefit expenses for non-public health personnel are ineligible. The direction would also indicate that for the number of employees who helped out on a significant basis to man the Emergency Operations Center whose background is not in public safety, will not be eligible for reimbursement.^{viii} Staff is working with WAM and Sustainable Strategies in order to free up as many federal dollars as possible and offset the financial burden this commitment on the City's part has been so far. With the character of these dollars not being consistent with ongoing operational needs, they really can only be considered as a reimbursement for expenses incurred in the current fiscal year, that will come once with a timing that is uncertain as of the writing of this message.

Certainly, a revenue that has a great potential to be impacted by a reduced energy economy will be that of building permits. Building valuations were really starting to improve with calendar year 2019 ending with an improved \$73M; calendar year 20 will also have an improved forecast of \$76.5M. The year that follows is typically the problem however that generates drops in the associated permitting revenue. While staff anticipates a strong closing for FY 20 of \$1.25M in permitting revenue, FY 21 will hopefully come in right at \$1M. This level of revenue would indicate a building environment of potentially around \$60M in total building valuations which is a low range of potential projects. The other problem Council can expect with this source of revenue is that of a lag in recovery as well particularly in the face of government projects not being on the horizon once the State building project is complete.^{ix} Consequently, a trend of total valuations being at \$60M through FY 22 is likely, which means the reliance of this revenue source providing improving collections will be unlikely until maybe FY 23.

Another significant issue in regards to general fund revenue on the near horizon is the \$897K received annually since the adoption of the most recent power franchise FY 18 through end of FY 21. This franchise fee is a very stable income but one that potentially has a limited life to it. Council allowed the franchise agreement with the rate increase to be incorporated for a period of four years at which point the increases would need to be considered for continuance or not. Council will recall that 1%+ (\$433K for FY 21) of the franchise is dedicated directly to economic development (Advance Casper), which leaves 6% of the current rate dedicated to general fund operational support. With the potential loss of the 2% through Rocky Mountain Power's franchise after FY 21, only 4% would remain to be dedicated to general fund support, which means that an additional cut of expenses in the operation of the general fund by \$897K would be required. Losing portions of a very stable revenue stream like this one would be tough to replace, particularly during a time of recovery that FY 22 will hopefully be. Council will need

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to have this discussion prior to the end of FY 21 in order for this part of the revenue portfolio to be adequately prepared for one way or the other. ^x

As for some other general fund revenue trends, there are a couple things additionally to be aware of. The operations of the general fund do have the years' worth of impact funds being included in the projections (\$327K.) It is hoped that this would be a temporary inclusion of dollars in the operations of the general fund in that while these dollars were meant to deal with unanticipated impact, they were not necessarily designed for COVID impact. Staff would hope that if federal dollars to become available to help with COVID impact, this would be an important issue to adjust. In light of losing at least \$270K due to the temporary closure of gaming operations here in Natrona County, this will probably be an adjustment not needed in the future since gaming will likely not lose much steam once they are allowed to commence.

Enterprise Funds

Unlike the General Fund, the Enterprise Funds, or business entities of the City of Casper are much more predictable and plannable and are managed by policy decisions made independently at the local level. While there are pressures to maintain rate structures that are not overly dependent on large, annual increases, Council has taken great strides in recent years to review much more often and closely the performance of these funds. Council takes seriously the oversight of these funds to ensure safe, dependable and effective services managed by these fee-based dollars.

Water

As of the formal review in November 2019, the water fund was performing at a level that is above the optimal performance level. The existing margin is absorbing the cost increases that have occurred in the fund without having to assess ratepayers for that difference for FY 18.

The 1% increase the Council approved will be incurred for FY 20 - FY 21 and is imposing an average residential impact of \$.92 monthly. Council will note that despite the sizable increase of the cost of purchasing water for this utility, (which is slated to increase that expenditure by 3%) the overall health of the fund has helped to absorb a larger correction being otherwise needed.

Another challenge for this fund during the pandemic is holding back on the capital projects after having made so much better progress in line replacement over the last couple years. With the significant slow down of 1%#16 income projected for FY 21, the associated projects are slated to be slowed down as well. The rate model will incur some repairs and replacements in the form of \$1.9M in higher priority repairs, but will not have the added value of the \$2.5M of 1%#16 funding to enhance the line replacement program.

If the pandemic does not impact the purchase of water by our citizens and corporate neighbors too horribly, the fund will incur positive cash activity of \$620K. This inflow of funding adds to the existing balances creating an overall reserve of \$6.5M.

Sewer/WWTP

This fund (which is technically two funds) has been one that will likely need a series of rate increases next year and beyond to keep ahead of not only increasing costs, but also the rather sizeable plant upgrades on the near horizon. Council is aware that a number of interim repairs are needed to the plant prior to the major renovation coming in 7-10 years (which is estimated to be approximately \$20M). The interim repairs, most of which are mechanical, will require \$4-5M additionally. These interim repairs are currently built into the rate model and are what contribute to the need for a consistent 6% increases for the next four or five years. For FY 21, this would mean an additional \$1.47 from the typical residential customer every month which would generate an additional \$300K for the year. Given the significant balances this fund has had over the last several years, many projects have been able to be leveraged while still allowing this fund to perform at an optimal level, particularly if the rates can be maintained as discussed.

Like the Water fund, the Wastewater fund will also have to slow down the capital agenda to the tune of some \$500K of 1% dollars to offset the costs of much needed sewer line repairs starting in FY 21. The reserves will fund \$577K sewer line replacements and \$2.3M plant improvements and repairs on the WWTP side of this utility.

This fund will also have the added burden of supplying funding back for the cost of the North Platte Sanitary Sewer Rehabilitation/Interceptor project. This financing will carry with it an average interest expense of \$77K/annually.^{xi} Despite the fact that 25% of the original loan through the State will be forgiven, the \$6M principal will be on the books being repaid for the next twenty years.

Refuse/Balefill

The symbiotic relationship enjoyed with these two funds has proven to be a very reasonable means of isolating costs and providing independent revenues needed for the respective improvements these funds host. Pursuant to the rate model Council approved, the Balefill will actually enjoy a \$315K influx of funding over the next year needed to prepare for the closure and opening of disposal cells starting in FY 22. These dollars will grow the cash balance over and above the reserve requirement for this fund to \$2.8M. The funds needed to accommodate the significant capital projects come due at the landfill have been gathered for some time now. The cell projects could require as much as \$5M to complete.

The typical residential trash costs will need to go up by \$.66 monthly to continue to help address these large capital needs. The adjustment would also require that for those who bring a ton of trash to the balefill, they should expect to pay an additional \$2.44/ ton. It is arguable that even with these cost increases, at \$51.34/ton and \$17.10/household, respectively, the balefill and refuse collection rates are among the lowest in the State.^{xii} Our citizens can be proud of the leverage these modest amounts accomplish by way of projects accomplished, other dollars obtained, and equipment maintained with relatively minimal impact while still staying extremely competitive from a price standpoint.

Recycling is taking a front and center position in the public dialogue as of the writing of this message, the results of which can certainly influence the revenue strategy for this fund. A 0% rate of contamination requirement being foisted upon recycling brokers is translating to a very

difficult and expensive burden for most municipalities to incur that decide to stay in the local recycling business. Casper is no different. Recycling depots are proving to be a very inefficient means of gathering recyclables given their propensity for cross contamination and garbage introduction, while coming to the Materials Recovery Facility (MRF) as the only means of recycling is very inconvenient. At this moment in time, it seems as though the rate payers are indicating a willingness to pay an increased rate for the cost to keep the nine recycling depots open and operate the MRF. The \$1.70 monthly increase being discussed right now coupled with the imbedded portion of costs in the current sanitation rate model, is expected to offset the added \$528K necessary to maintain the services necessary to guarantee the no contamination threshold.

The other rather unique circumstance that the rate payers of Casper endure, is that of providing recycling services to the rest of the County and in the other communities, for free. Given the increasing costs of recycling for the Casper rate payers and the added challenges maintaining a program into the future will now include, this arrangement should be reconsidered. Accordingly, the rate payers deserve a more calculated analysis as to the management of these costs and the charges necessary to maintain this valued service. This oversight should include serious evaluation of the arrangement made some ten or more years ago with the neighboring communities and the rate payers' ability to fund those services without compensation from the partner communities. Currently those services require a \$45K subsidy from the rate payers of Casper in order to provide the citizens of the surrounding municipalities this service.

Expenses

Human Resources

As is probably of no surprise to anyone, the largest category of expenses in the citywide budget is dedicated to the support of our Human Resources. Close to 50% of the budget is tied to employee wages and benefits kinds of expenses.

Efforts to open legislative channels this past year allowing cities and towns to participate in the State's health insurance pool proved to be successful. Staff maintains that the pool organized for servicing State employees and agencies that now includes school districts, cities, towns, and counties will serve to be a good option for a larger government organization like ours to minimize the impact of our bad history cycles and shield the Council from the need for ongoing cash infusions over and above employer-share rate increases.

While the change in insurance plans will rid the City of the need to infuse large, unexpected sums of cash from time to time, the bottom line expense for health insurance is a costlier burden for the City as the employer on an ongoing, operational basis. The budget accounts for a \$730K increase in the expenses associated with participation in the State plan as the employer. A feature of the State's plan design that undoubtedly contributes to the higher cost for the City comes at the feet of the selection an employee can make wherein if that employee selects basic dental or basic life as their only choice of needed coverage, the entire cost of the medical health premium is then incurred by the employer. This means that for the 22 employees who did not select the medical health benefit but did select basic life or basic dental, the City as the employer incurs the full premium cost without the offsetting revenue that would ordinarily be collected

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with a full benefit selection. This amounts to about \$240K per year being paid on these employees' behalf without receiving a full medical benefit for those employees. To be clear, the employee did not do anything wrong or unallowed by the plan, this is simply a funding strategy for the plan that the City has not had to pay previously in such a lopsided, uncompensated way.

By virtue of the City participating in a larger pool and leaving a self-funded paradigm, the City does not enjoy the autonomy of deciding plan design or funding approaches unilaterally. A real-time example of this came as of the writing of this message in the form of a 10% rate increase that was not anticipated nor understood coming into this budget preparation period. This is on the heels of a 12% increase that occurred just as the City was signing on to the program. Accordingly, the City, as the employer, experienced an approximately \$300K impact seemingly over night that staff did not get to address prior to this happening. Ironically, this type of cost impact will serve to increase the difficulty by which funds like the general fund will have to cushion employees from adverse financial impacts during FY 21.

For a service provider like any other City in the country, trying to aggressively cut budgets without impacting employees negatively is virtually impossible, incredibly challenging, and maybe not appropriate given the amount of taxpayers who are without a job at all right now nationally and the 32K Wyomingites who have filed for unemployment.^{xiii} The budget proposal does utilize some strategies that are designed to bring needed relief to the operations that employees will be adversely impacted by. It seems that the least egregious means of exacting savings at the expense of employees is through a furlough program.^{xiv} The model that is being proposed assumes that for the highest wage earners, the more unpaid days will be required while the lower wage earners are required to give the least amount of unpaid days off. As an example, the City Manager and the department heads will be required to provide six days off uncompensated, while employees who earn less than \$30K annually will be required to provide three days. Even though this program will net the entire budget a \$826K needed operational savings budget-wide, it is recommended that this happen before the end of the calendar year to make room for additional furloughs should they be needed in the second half of the FY 21.^{xv}

Unfortunately, furloughs will not do enough to satisfy the discrepancies a revenue loss of this magnitude requires. Staff would also suggest putting a freeze on the automatic 5% increases a portion of our employees are currently incurring for FY 21. This freeze would also include those who are slated to naturally progress into higher pay bands by virtue of their certification accomplishments or other longevity/achievement-related means of climbing through the respective pay band. This initiative will net \$445K worth of savings to the general fund alone.

It is hard to recommend initiatives of this nature without critically considering positions that have yet to be filled and were otherwise slated to be opened, along with new position requests that were on the table prior to COVID-related impacts. The inability to fill already authorized positions further exacerbates service issues in that twelve positions heavily utilized in the City's operations will not be filled until revenues can be restored. Some of the positions being defunded but retaining authorization include, an entry level Planner (Community Dev.), the Safety Technician (Risk), the Community Relations Coordinator (CMO), Recreation Coordinator (Rec), and an Irrigation Tech (Parks). The largest segment of the positions that were defunded also include several officer positions in the Police Department.

Despite what has been very creative and forward-thinking efforts on the part of the department lately, getting up to full authorized levels of sworn staff has been an elusive goal for several years. The bottom line for the department is that despite the best efforts of the Career Services division, the department will not fill its ranks to the extent of needing funding for six of the sworn positions in FY 21. The department will be requested however to continue pursuing that goal nonetheless and if needed, the appropriate funding requests will be made to Council to sustain whatever hiring thresholds are obtained. This funding model will save the general fund \$535K if in fact all of those six positions do not get filled for the full fiscal year.^{xvi} It is hoped that the department will still achieve full, sworn strength in FY21; if they don't however, the need for those funds now will not be lost on positions that never came to be filled for whatever reason.

The total value for all of the positions that have been temporarily defunded is \$1M.

The new position requests, while all very important in improving the service delivery provided for our citizens, have been taken off of the table unilaterally for FY 21. This amounts to fourteen more positions at a value of \$1.4M not being built into the operations of the City's budget.^{xvii} It should be noted that the department heads brought these positions forward as a means to filling critical service gaps that helped to shore up areas leading to citizens' dissatisfaction in a few areas of the City's operations. Hopefully, Council will be open to considering these roles in our future as the financial fortunes for the City continue to improve over the next couple years. Other programs like the educational reimbursement, various training opportunities, and wellness can hopefully come back into play relatively sooner.

Capital

Much of the Council's time has already been dedicated to planning the capital agenda for FY 21. However, with the closing in of the pandemic during the later quarters of FY 20, a complete shift has been undertaken that amounts to roughly a 61% drop in what was originally requested for the 1%#16 - FY 21 capital program. Additionally, Council should note that staff will only be requesting project support pursuant to dollars already collected and on hand instead of trying to guess what dollars might be gathered throughout the upcoming fiscal year. (This will be a particularly bad year for basing programs and budgets on guessing!)

This shift in approach for funding capital work does provide the sounder footing of basing a capital budget on dollars we have already gathered over the past year instead of trying to bet on what dollars will come over the upcoming year. In other words, should a year produce fewer capital dollars than the previous year, Council will not have the misfortune of finding that out too late requiring reserve dollars to make up the difference in projects that may already be underway. Council will simply sign up for less projects and have the surety that those projects are already funded and can happen regardless of what occurs in the upcoming year. Conversely, if the year proves to be a more profitable year, Council will have the luxury of conducting a more aggressive agenda without the worry that projections may turn out to be wrong in twelve months.

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If Council can support a transition year of significantly reduced capital work, the City will find itself in a much better planning position from now on despite what economic conditions might beset the City. As for some of the more significant projects the FY 21 budget accounts for:

- Water Distribution Garage Addition – The existing facility is over 50-years old and significantly undersized for current operations. The improvements will accommodate both a consolidation of Meter Services staff and Water Distribution as well as get heavy equipment inside out of the weather for storage. \$1M
- Industrial Avenue Reconstruction – Phase I between Spruce Street and Elm Street will be constructed in FY 21. \$400K
- Goodstein Parking Lot – This Opportunity Fund-funded project will reconstruct the parking lot between Ash St. and David St., and Midwest Ave. and Collins Ave. in accordance with the recent agreement entered into with the State. \$1M.
- Poplar and 1st. St – By virtue of a cooperative agreement with the State, the City will replace water and sewer mains as part of WyDOT's project. Enhancements including decorative lights, enhanced sidewalks, and pathway connections will also be the responsibility of the City. \$400K (1%#16), \$1.5M (Utilities)
- Return Activated Sludge Piping – This re-budgeted project from FY20 will replace the very aged piping in the RAS room. \$1.2M
- Balefill Projects – FY 21 will host the needed engineering services for the anticipated opening and closing of landfill cells being constructed in FY 22. Additionally, the purchase of thermal monitors will take place to help monitor yard waste piles to watch for and prevent fire events. \$400K
- Court Software – Staff learned recently that the current software was being transitioned out for support by the company. While the related Tyler module is highly desired, the implementation was originally anticipated to be a couple years out yet. \$275K
- Lifesteps Drainage – This project is highly needed given the backflow that is occurring into the basement of some of the existing buildings thereby preventing needed occupancy. \$200K
- Golf Course Clubhouse Fire Suppression – While not anticipated in the original design, this final step does insure the appropriate safety needed in this 40-year old facility. With a new facility not projected for the next five years or more, this improvement will give the building the life it needs until a new facility can be funded, if ever, over the long-term. \$100K
- Public Safety Fleet – Both Fire and Police have very critical fleet purchases they need to make in FY 21. Fire would like to purchase Fire Engine 3 for \$600K. Police have some needed rotations they need to make for nine of their patrol units in the amount of \$950K.

On the whole, the most highly prioritized projects proposed for FY 21 will require \$5.6M funded by 1%#16 already collected and yet unused. Non-enterprise projects not needing 1% funding will require an additional \$2.0M in other dollars already on hand or grants staff will pursue in FY 21. Enterprise-based projects will require \$8.9M in needed replacements and upgrades funded through the respective enterprise funds without the aid of 1% dollars. All told, the reduced capital program will still engage some \$16.5M in needed work throughout the next fiscal year, all with dollars already gathered.

Subsidies

Much discussion has occurred in regards to the level of subsidy the general fund should be providing to the facilities and programs relating to the City's leisure or recreational services. Typically, the need for these added dollars, which is slated to be in excess of \$2.4M, mostly provided by the general fund, is because the amount of revenues these areas collect do not meet the amount of expenses needed to provide the respective services. While the Council should be pleased with the new approach of looking at these operations in a much more business plan approach, the reality of fully eliminating a need for subsidy does not comport with the reality of what the rest of the industry experiences. Regardless, Staff will keep pushing for lower subsidies where possible.

The largest subsidy by far is provided for the operations of the Events Center. The subsidy request of the \$994,919 benchmark is driven by the contract the City has with Spectra Venue Management. This contract is binding until November 23, 2022. Although the contract requires this subsidy figure for planning purposes, the actual subsidy required could be much less year to year. Spectra has a fiduciary responsibility to reduce the subsidy in any way possible.

However, it is possible for the subsidy to exceed \$994,919 but it is not typically probable. The most likely scenario is the subsidy required will be less than \$994,919. The looming question is how much. If COVID protocols prevents CEC from reopening in FY21, the subsidy required will be much less. If CEC is reopened in a limited capacity, the subsidy will be much closer to the benchmark depending on the COVID limitations. City staff will be working closely with Spectra to make good decisions to prevent subsidy requirements.

There are stipulations that are triggered should the costs to operate the center exceed the amount required for the subsidy. Those stipulations are designed to both share in the savings as well as require the operator to share in the losses. For FY 17, which was the partial year that the Events Center shifted to a private operator, the subsidy was \$1.2M. FY 18 saw some improvement in that it dropped to \$1.018M (after penalties). The FY 19 payment was at \$991,282K, a little better than the bottom line subsidy. For FY 20, it is anticipated that the bottom line subsidy will be in effect. This does not mean necessarily that there was perfect balance in what it cost to run the facility and what the City pays in subsidy, but rather the losses were not to the degree that the City would then have to provide any extra funding.^{xviii} The ideal of course is to see the need for that subsidy to be reduced. However, seeing the trend move in a downward direction, less COVID impacted to the season, is a welcome pattern. The contract with Spectra will not be eligible to be evaluated until the CY 22 in preparation for implementation in early FY 23.

In order to try and help the general fund for FY 21, the budget is designed to consume much of the interest income from the perpetual care fund to offset the required subsidies for many of the general fund-dependent, recreation-based funds.^{xix} While staff does not necessarily believe that the projected interest income will fall below the \$500K, a figure of \$451K was used instead so as to be just a little more conservative in our calculations. This interest income amount was divided up as follows:

- \$87,024 Ice Arena toward operations
- \$261,272 Rec Center toward operations
- \$102,704 Hogadon toward operations

Each of these contributions do reduce the amount of operational dollars the general fund would otherwise have to provide for if this interest income were not used to offset these subsidy amounts. The down side for this approach is that any capital needs these dollars would have otherwise been used for will need to be deferred for later years. However, if the fund does net an income stream greater than the \$451K being used in this fashion, those dollars will be able to be applied to maintenance and repairs on a cash on hand basis for FY 22. Hopefully, perpetual care income will not have to be used in this way again, thereby allowing for needed maintenance type repairs to then resume.

Despite the interest income being used to offset the Casper Recreation Center's needs from the general fund, there will certainly still be a need to garner dollars in the form of an added subsidy. The second largest subsidy the City contends with is for the Casper Recreation Center. That subsidy for FY 21 is expected to be at \$709K.

Aquatics has a fairly high subsidy as well. The difference with the subsidy given to this function is that a large portion of the subsidy comes directly out of 1% dollars. This has been a practice supported by the voters for quite some time.^{xx} The FY 21 budget does assume that \$325K continues to be drawn from 1%. However, there is still a \$176K subsidy from the general fund required to make up the true cost of providing low cost and in some cases, free swimming to the public.

This year the problem for pool usage is that the protocols are not being eased enough in time for the pools' opening to correctly coincide with an adequate hiring schedule. Furthermore, the likely requirement of distancing, even with improved threat categories, will impact the numbers by which swimmers will be allowed into the pool areas. With all of this in mind, the facilities will be hampered in the capacity to garner very needed revenues. The result of which will serve to increase the need for more general fund dollars over and above what the 1% fund already covers and what a normal year of operations requires (see above). As an alternative, Council could consider a one-year infusion of one cent dollars to relieve the potentially \$200K offset normally exacted from operational resources in the general fund. This alternative can only make sense if community health protocols can allow this type of activity this summer.^{xxi}

The Golf fund is not a fund that typically needs an infusion of cash for it to balance. In fact, depending on the season, golf can actually provide resources back to its reserve requirement or indeed give money back to the general fund.^{xxii} This year will prove to be a telling one in that we have hired a new golf pro under the auspices of that pro being a full-time employee. Furthermore, the City has entered into an agreement with a very popular restaurant concessioner that will prove to generate quite an energy for the course overall. Both of these developments have very positive implications for the earning power of this facility for the City. Over the last forty years the City has not had the opportunity to realize the full gains through the driving range feature, the pro shop, cart rental concessions, nor the classes taught by the pro. In recent memory, the reliance upon a consistent food and beverage vendor has been non-existent. The budget has been planned in such a way that the costs of having the pro as an employee and the added seasonal employees should at the very least be covered by these new revenue opportunities. Given these exciting changes, Staff is very hopeful to find that by the end of the

CITY OF CASPER, WYOMING

fiscal year, the fund will be able to realize an infusion of dollars back into the reserves to start the repayment of the costs for remodeling the clubhouse and prove to be a more reliable source of revenue moving forward^{xxiii}.

Hogadon is another service that indeed has a sizeable need for offset by the general fund. FY 21 will require a \$309K infusion from the general fund. The City will get to experience how the service will fare with FY 21 being the first fiscal year for night skiing if COVID protocols do not kill the season again. The Ice Arena will need some \$239K to break even in FY 21 as well.

Although not a leisure/recreation type service, CATC is a subsidized service by virtue of general fund and 1% dollars. The City had some great fortune come about in the form of the CARES Act.^{xxiv} This CARES Act funding is able to be used to cover 100 percent of the costs associated with implementing transit programs, with NO local match required. The funding will support capital, operating, and personnel expenses to maintain transit services. The Casper Metropolitan Area qualifies as a small urbanized area and was granted \$2,965,326 by the FTA to be used on expenses incurred beginning, January 20, 2020, and until expended in full. What this means to the City of Casper's budget is this:

- **FY20** will see the infusion of \$711,480 in revenue from the CARES grant, which will have the following impacts:
 - Reduce the Transfers In from the General Fund by \$104,835.
 - Reduce the Contributions from the participating MPO municipalities by \$262,000.
 - Replace the remaining funds from the existing federal grant (5307) by \$344,645 while maintaining projected Operating budget.
- **FY21** will see the infusion of \$2,253,846 in revenue from the CARES grant, which will have the following impacts:
 - Reduce the Transfers in from the General Fund and 1% by approximately \$728,000.
 - Provide Capital to purchase technology for CATC at \$360,000.
 - Provide Capital to purchase light equipment (ADA, 4-wheel drive van) at \$72,000.
 - Cover the Operating costs for CATC for most of FY21 at \$ 1,803,346 (CATC budget is \$2,270,186).

The regular federal grant (5307) that is used to support CATC will kick in after the CARES funding is entirely spent. This infusion of Federal assistance will be a tremendous help to the general fund and 1%. Hopefully, some of this can be made available to FY 22 budget as well.^{xxv}

Reserves

The reserves are an important feature of any well-planned and well-managed City organization, particularly for Wyoming communities where they are forced to rely on funding that is not controlled locally and is very volatile. The reserves are generally monies held in place by some sort of policy and management directive. Council has done well to allow for certain reserves to be bolstered recently as well as allowed for others to be created even if time is needed to meet the goals of the respective fund reserve. Perpetual Care, as an example, does have a solid

balance still available to support the intentions of the fund, and has been strengthened with the recent Council decision to require \$30M as the corpus. Perpetual Care is being bolstered right now with the repayment dollars that are being serviced back to the fund from the loans that were paid both to the Casper Housing Authority and the Regional Water System. The value of that fund will be at \$31M when those loans are retired in the coming years. As a point of interest, Council pointed to this fund as one that is eligible to be used for loans to quasi-government entities for projects of high public interest. No other funds have this newly minted designation.

The general fund has a reserve set aside for its operations and those of the GF-dependent funds. Council recently set the goal on a formal basis to an operational balance equivalent of 120 days. For the beginning of FY 21, that requirement translates to \$15.5M on hand.^{xxvi} However, for the first time in a while, this reserve will be engaged in balancing the needs of the general fund to the extent that if all of the recommendations proposed during the budget process are accepted, will provide funding at a rate that will take eight years to fully deplete this balance. If the losses being projected are not enough due to the actual receipts that are collected in FY 21, then the rate by which these funds will be depleted will be accelerated accordingly. How and when this gets paid back per Council's requirement is very unclear right now, although this will be an ongoing conversation Council will want to weigh in on.

Several years ago, Council was wise to set aside the excess 1%#14 dollars in a fund entitled Opportunity Fund. That balance is currently at \$7.8M and has not been accessed for the last couple years. With the advent of the Goodstein project in FY 21, the year-end balance will drop to \$6.8M. As of the conclusion of FY 20, this fund has officially been designated as a repository for excess 1% dollars that are collected over and above what Council commits to spend via each 1% resolution passed from now on.

The revolving land fund (Fund 14) was created with the idea that this fund would be available to facilitate real estate transactions that Council would be interested in from time to time. Indeed, this is the fund that facilitated the purchase of the Plains block, the land the downtown Starbuck's sits on, the land associated with the Source Gas property, and the buildings by which Racca's and Art 321 came to pass. The residual dollars that were in this fund for years did contribute to the project meant to remodel City Hall; although this project is officially put on hold for now.

Council wisely directed recently to require that a residual balance of \$1M be maintained in this fund. With the projected sales of City-owned land envisioned for FY 21, a balance of around \$880K may very well be achieved bringing this fund close to its requisite balance by year end. The question of other City-held land being converted to private use will need to be a discussion Council entertains into FY 21 despite the challenges the next year will inevitably see in the real estate market.

Cash Balances

Cash balances on the other hand are monies that have accrued and have the appearance of being more like left over cash. Those balances have had some informal oversight and directive over the years; the volume of which is dwindling given recent capital programs. Fortunately, these

balances have been primarily used for capital kinds of uses and not linked to ongoing, operational costs.

The largest example of the declining volume of residual dollars would be best viewed in the Fund 30 program. Fund 30 exists primarily for the facilitation of capital projects. Therefore, the funds that have collected there over the years have really been the result of an accumulation of savings from non-1% projects. The dollars that have been residual in this fund have been used to do a number of projects which includes \$360K in projects slated for FY 21. Three years ago, the fund's balance was at \$9M; by the end of FY 21, it will be at \$500K.

Nonetheless, it is fully expected that Fund 30 will continue to gain at least a modicum of residual dollars over time, but not to the extent that has been in the past given the expected absence of general fund capital dollars to do projects for the time being. It is also anticipated that projects funded through 1%#16 will provide savings and with the new policy measures be gathered into the Opportunity Fund.

Fund 31 has been set aside to facilitate and/or supplement equipment purchases and has also developed a residual balance of cash. While not as dramatic a shift in this fund as in Fund 30, two years ago this fund enjoyed a balance of \$3.4M while the FY 21 year-end balance will be at \$1.6M.

As these balances continue to shrink, the ability to do the volume of projects and supplement 1% shortfalls without replacement dollars coming to bare, shrinks as well. Should Council reengage the idea of isolating direct distribution dollars out of the operations of the general fund (as was initiated one year ago), the reliance upon temporary, residual cash balances becomes less important and Council can pursue projects not only afforded by the 1% program, which also means not having to be limited by the directives of 1% surveys either.^{xxvii}

Another helpful possibility in the face of these rapid declines over the long-term comes as the organization shifts from a projected revenue stream to fund capital to one that only builds a proposal based upon the previous year's receipts. Thanks to prudent analysis by department head staff, critical needs for FY 21 will be met by 1%#16 dollars already collected while retaining a residual balance of \$1.2M. These dollars will be added to whatever the City collects through 1%#16 throughout FY 21 to be made available for capital needs starting FY 22. The balances in the other funds and other cash balances however will continue to have a limited life moving forward which will be a bigger problem in the absence of proactive policies like these two being discussed.

Conclusion

In most budget years, the adopted budget is really only dealt with again to reconcile proposed revenues and expenses to the changes relative to what actually occurs throughout the year through amendments. The exceptionally challenging part with regard to this budget process is that Council is indeed faced with the prospect that the projections may not have been aggressive enough in planning for the year's shortages and downturns. The review of this budget should include the understanding that the economic conditions the budget is designed around may need to be completely rethought which may precipitate significant rework at some point in FY 21 in response to a slower than expected recovery and potential resurgences of the virus.

Accordingly, measures to keep downward pressure on expenses needs to likewise be a dynamic process so that those helpful measures can be fluidly brought forward throughout the year as necessary. There are without a doubt a number of additional service areas where further cost impacts can be realized. It is unclear at this point in time, to really know what exigent responses can be taken without crossing a line and reaching an unwanted service encroachment. In any case, with the right perspective in place, this budget's downfalls will be anticipated correctly and adjusted pragmatically. This type of nimble approach is what is needed now more than ever in order to effectively deal with economic conditions that are more difficult to predict than ever before.

ⁱ This figure does not account for the funds held in trust with regards to the funds the City holds for the Central Wyoming Regional Water System. This represents a reduction overall in excess of \$10M over last year.

ⁱⁱ FY16: \$17.51M
FY17: \$15.65M
FY18: \$17.00M
FY19: \$18.93M

ⁱⁱⁱ The data in the previous endnote suggests very positive and favorable sales tax revenues starting a year after the worst sales tax performance of some time. That subsequent behavior could certainly have been buoyed by the eclipse activities of that same time period. Recession data from '08-'09 shows a similar pattern.

^{iv} In our estimate, we tried to reduce expenses and determine which monies we could rely upon yet to be received despite a marked loss in sales tax dollars in order to calculate a reasonable overage.

^v During the crash around 2015-2016, the lowest sales tax dollars collected was \$15.65M. FY21 assumes a sales tax receipt level of \$500K less (\$15.15M). This is the lowest amount projected for sales taxes collections in 15 years.

^{vi} The State reduced the amount of direct distribution dollars to Casper by nearly \$100K pursuant to the Bebout amendment that passed in the recent legislative session.

^{vii} "Bill giving cities option for extra sales tax approved in Senate" Wyoming Tribune Eagle, Tom Coulter, March 5, 2020. Appeared in Gillette News Record.

^{viii} The City of Casper contributed twenty employees who came from the Parks and Rec department. Their value of time contributed equates to approximately \$50K as of the closure of the EOC.

^{ix} In recent years, the building environment was buoyed substantially by the construction of the high schools and the State building project. Commercial/private construction will have to come a long way to absorb those positive trends and keep revenue in this category at least flat moving forward.

^x Pursuant to the associated agreement and in order to account for unforeseen delays, the schedule would have to start no later than as follows;

Work Session: July 13, 2021

1st Reading: July 20, 2021

2nd Reading: August 3, 2021

3rd Reading: August 17, 2021

+2 days for Mayor's signature: August 19, 2021

+2 days to prepare notice: August 21, 2021

+14 days (mailing/margin): September 4, 2021

+60 days (effective date): November 4, 2021

Instead, having this discussion Spring of 2021 would be more helpful in that the corresponding budget changes for FY 22 would be easier to make during the budget design process.

^{xi} With principal forgiveness, the 20-year total interest expense will be \$1.5M.

^{xii} The average residential municipal sanitation rate in WY is \$20.26. The average tipping fee in WY is \$62.70/ton.

^{xiii} As of the writing of this message, US News and World Report states that one fifth of the members of the workforce in America will likely be unemployed by next month (May 10, 2020, *Trump Officials Unemployment could pass 20%: Joblessness nears levels seen during the Great Depression*, Susan Milligan.) May 7, 2020 edition discusses the impacts in Wyoming specifically and cited that rate as being 515% greater year over year (*Wyoming Unemployment Claims Top 32K, Down From Prior Week*, AP wire.)

^{xiv} An informal process of gathering feedback from the employees indicated this as a more favored means of dealing with revenue shortfalls compared to layoffs or reductions in force.

^{xv} This includes a total savings of \$658K general fund and general fund dependent funds.

^{xvi} If later in the fiscal year three of that remaining six positions does get filled, staff will request the requisite funding to be made available to get through the rest of the fiscal year. Meaning, if they are hired in January, the balance of funds needed to get those positions funded from January through June would be all that would be need in a budget amendment.

^{xvii} The sanitation enterprise may very well get new positions if the survey from our citizens along with the appropriate Council direction authorizes the creation of the adequate number of positions to support a recycling enterprise. This workforce enhancement will be accompanied by a dedicated revenue stream that will be supported by rates implemented by the Council to provide the needed services. These revenues are rate based and would not require subsidies from sales or other tax revenues.

^{xviii} Spectra's total exposure to losses is set at \$66K which is the amount refunded back to the City through reductions in their management fee. Should Spectra lose more than the \$66K, then the City covers the whole difference from that point forward.

^{xix} This is not a practice that has been used historically to offset general fund subsidy dollars very often if at all.

^{xx} Of the list of priorities provided by the voters in 2018, public swimming is in the top ten although of medium priority.

^{xxi} Threat level yellow is the highest threat condition that would accommodate swimming.

^{xxii} These reserves have proven very helpful in that they have been utilized to shore up the conditions of the clubhouse that hopefully will help the building to last another 5-7 years (that cost was \$125K).

^{xxiii} The new policy governing this fund requires one year of annual depreciation expense as directed by the most recent audit. Generally speaking, this would equate to \$200K typically.

^{xxiv} To help the nation's public transportation systems respond to COVID-19 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Federal Transit Administration (FTA) has made \$22.7 billion available to large and small urban areas.

^{xxv} Our normal course of business is for the Feds to provide a one-to-one match up to a certain cap that the CATC program ordinarily takes full advantage of. Typically, any losses from an operational subsidy standpoint reduces the Federal match by an equal amount.

^{xxvi} Given the reduction of operational expenses over FY 20, the requirement for this reserve actually dropped by \$600K.

^{xxvii} Staff has tried to be very careful with regard to how 1% dollars and non-1% (GF) dollars are accounted for so that appropriate accountabilities can be provided, typically with relation to renewing subsequent 1% programs.



2020-21 Budget Presentation

May 18, 2020



FY 21 Budget Preview

- The budget is balanced with the use of reserves (pending Council direction)
- The budget has a burn rate of reserves at 17.48% which will last 5.5 years at this rate
- The budget has a more conservative approach with revenue due to economic downturn.
- One Cent fund utilization is in accordance with Council's resolution.
- Capital budget has alternative measures incorporated for cash flow preservation.



Budget Concerns For FY21

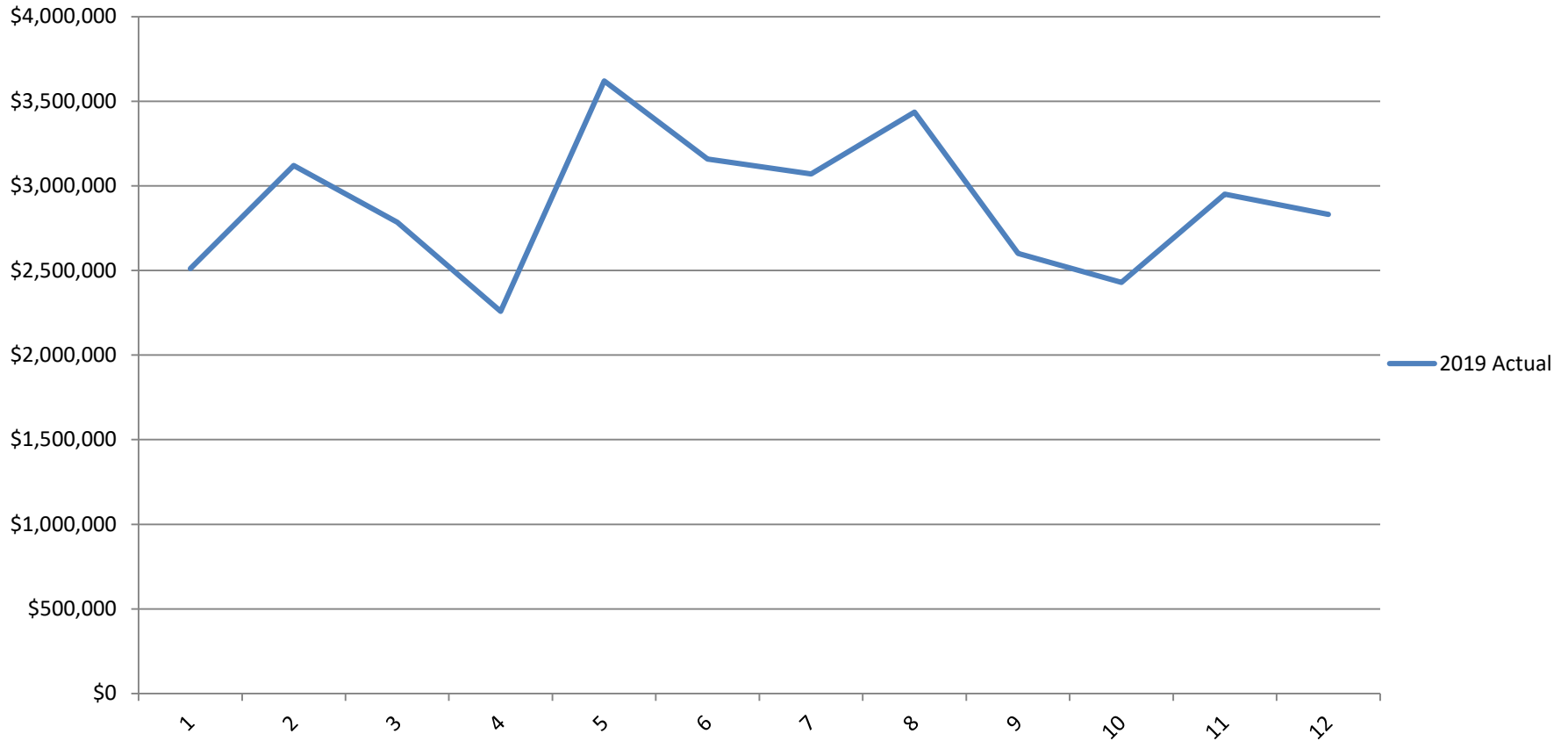
- Health insurance mid-year increase of 5.75%
- Estimated 20% decrease in sales tax revenue
- Use of reserves and burn rate on actual expenditures
- Capital Budget cost reductions



Sales & Use Tax

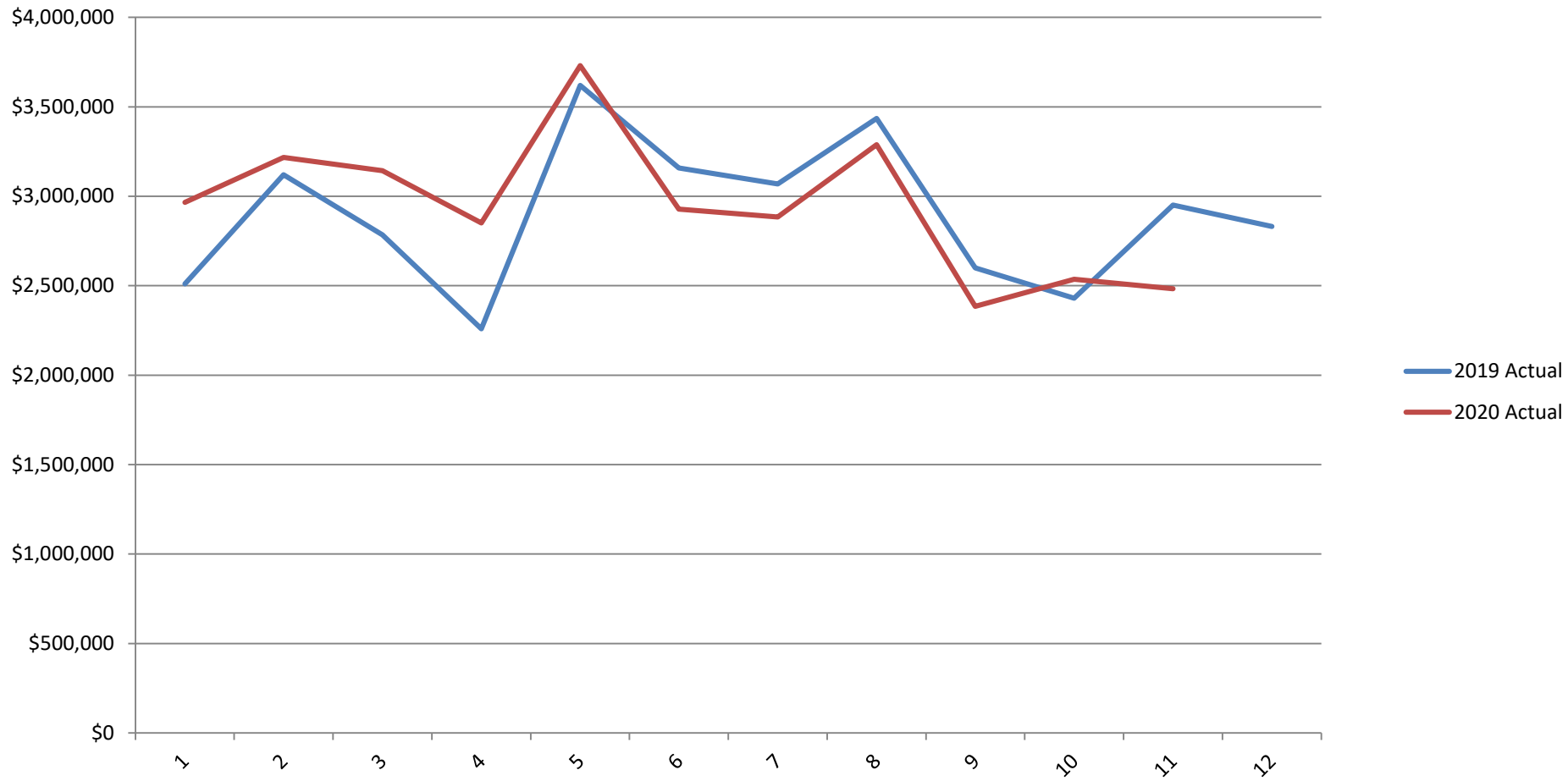


Monthly Sales Tax



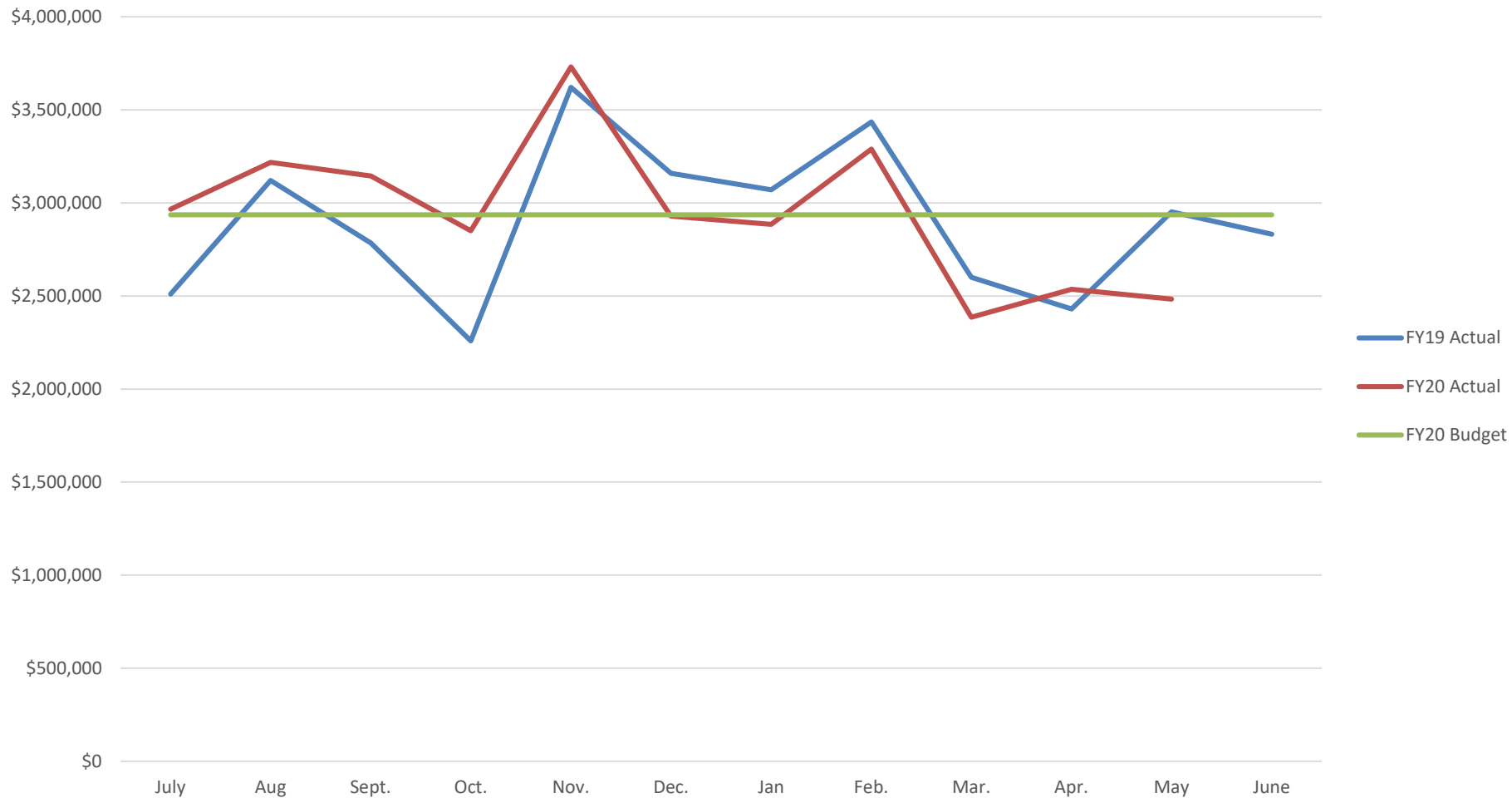


Monthly Sales Tax



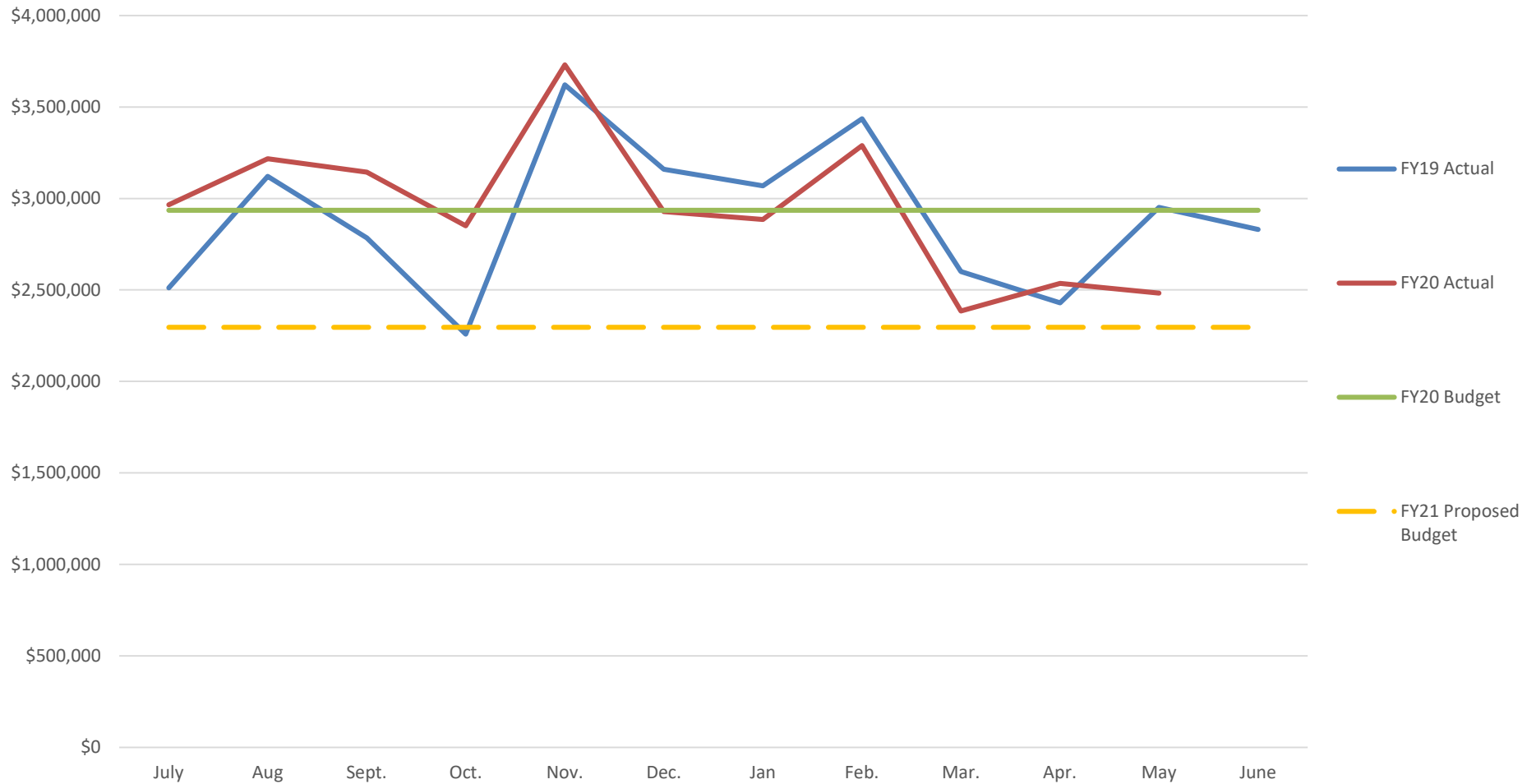


Monthly Sales Tax



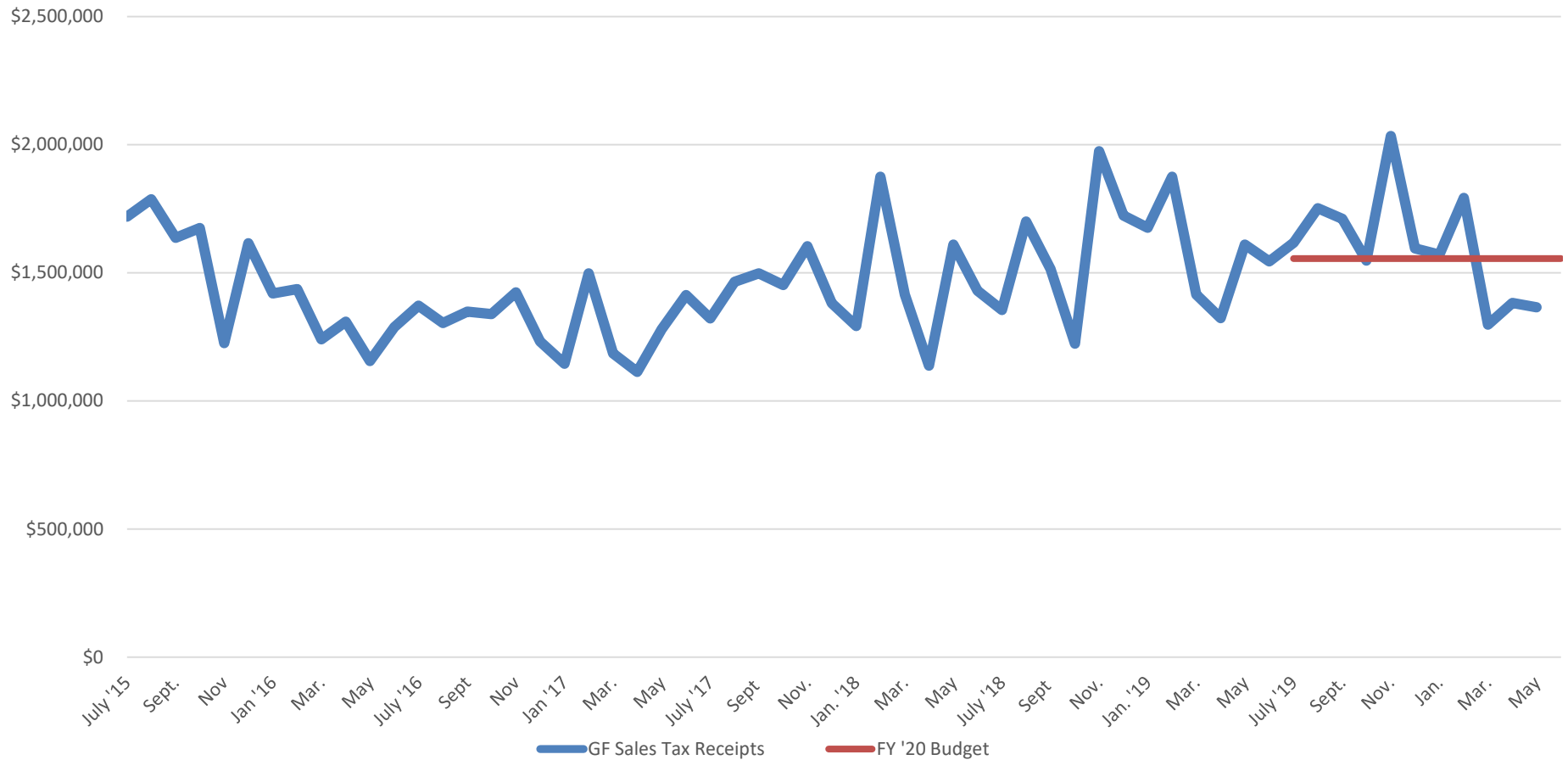


Monthly Sales Tax





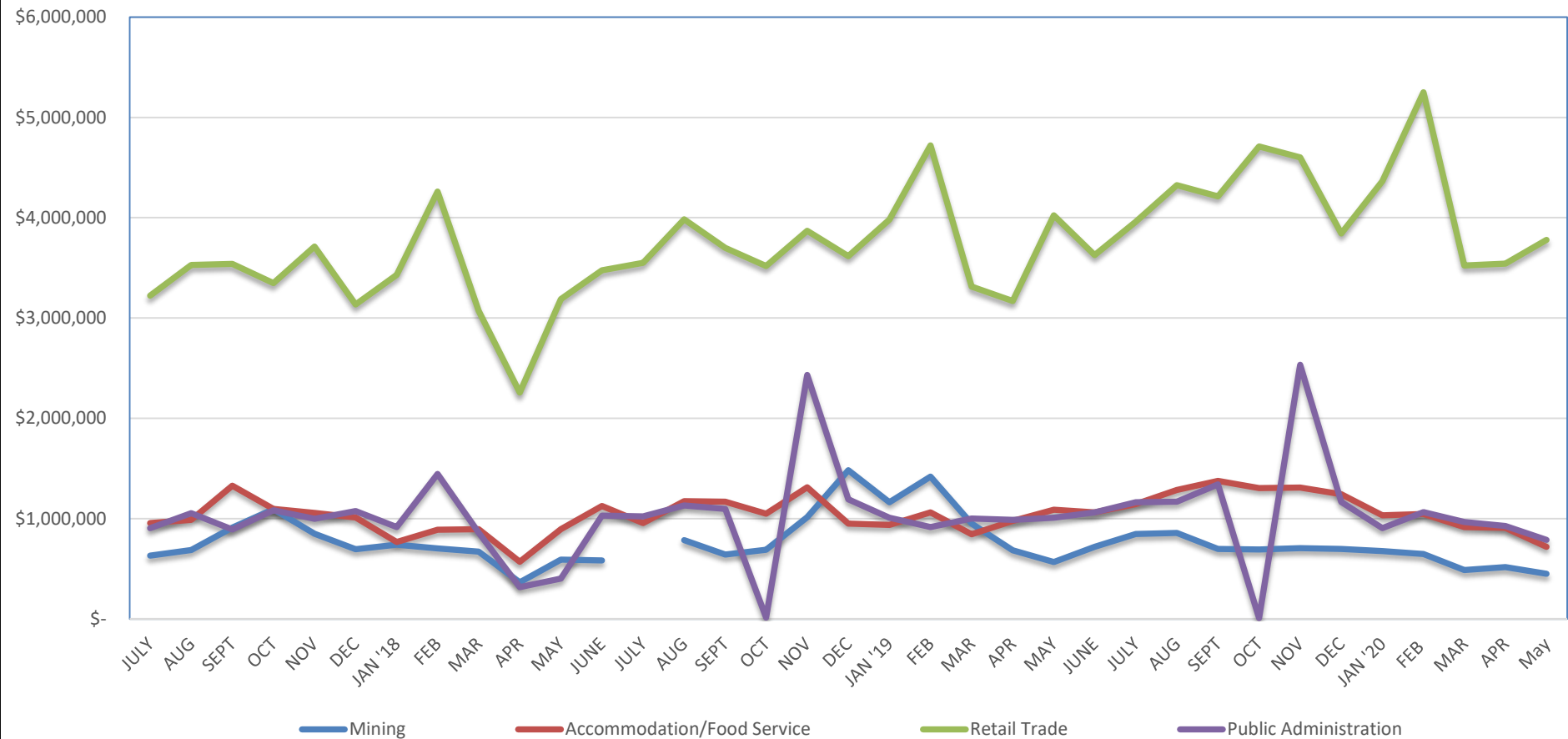
General Fund Sales Tax History





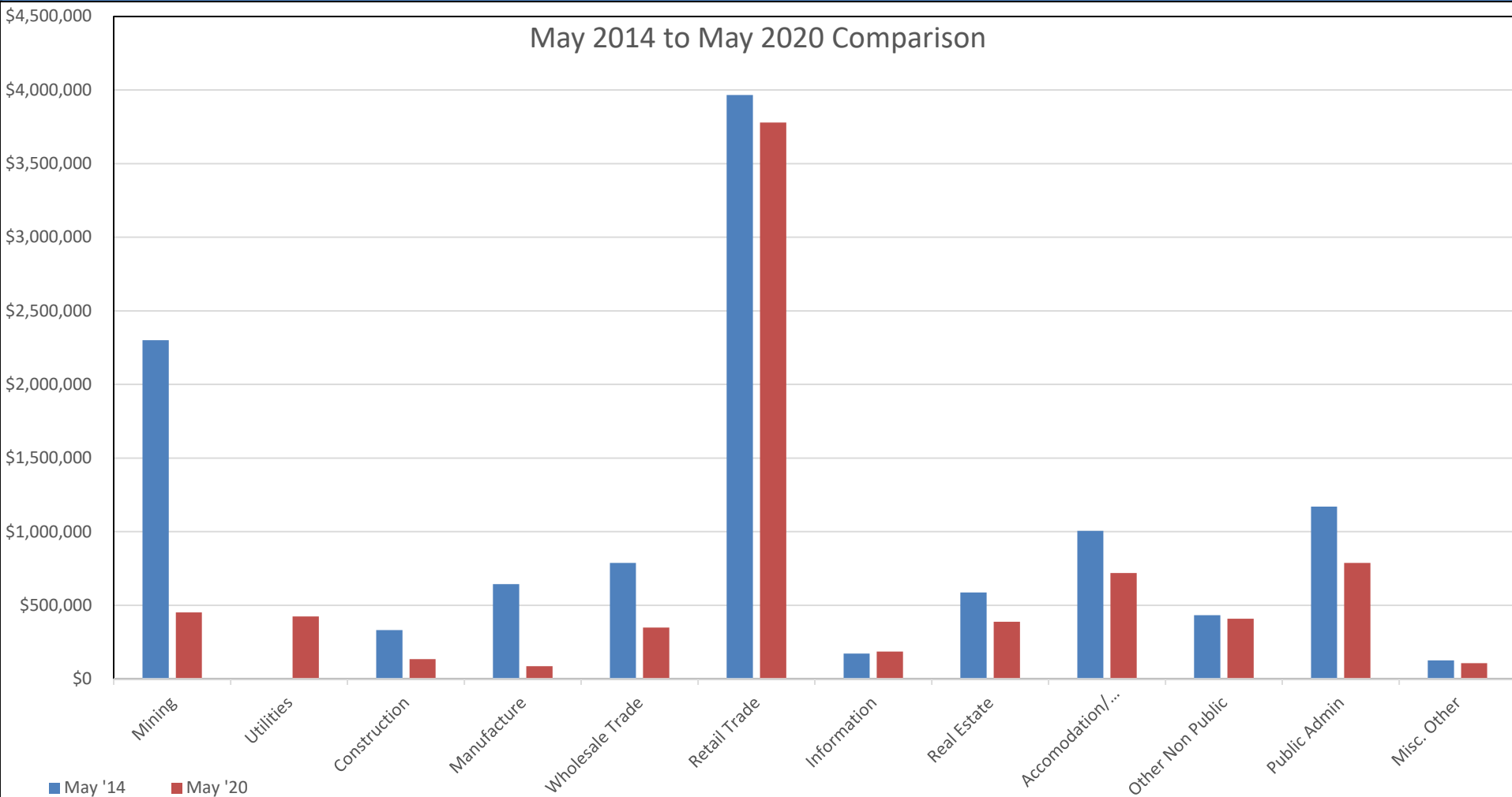
Top Four Major Industry Classes

TOP FOUR MAJOR INDUSTRY CLASS





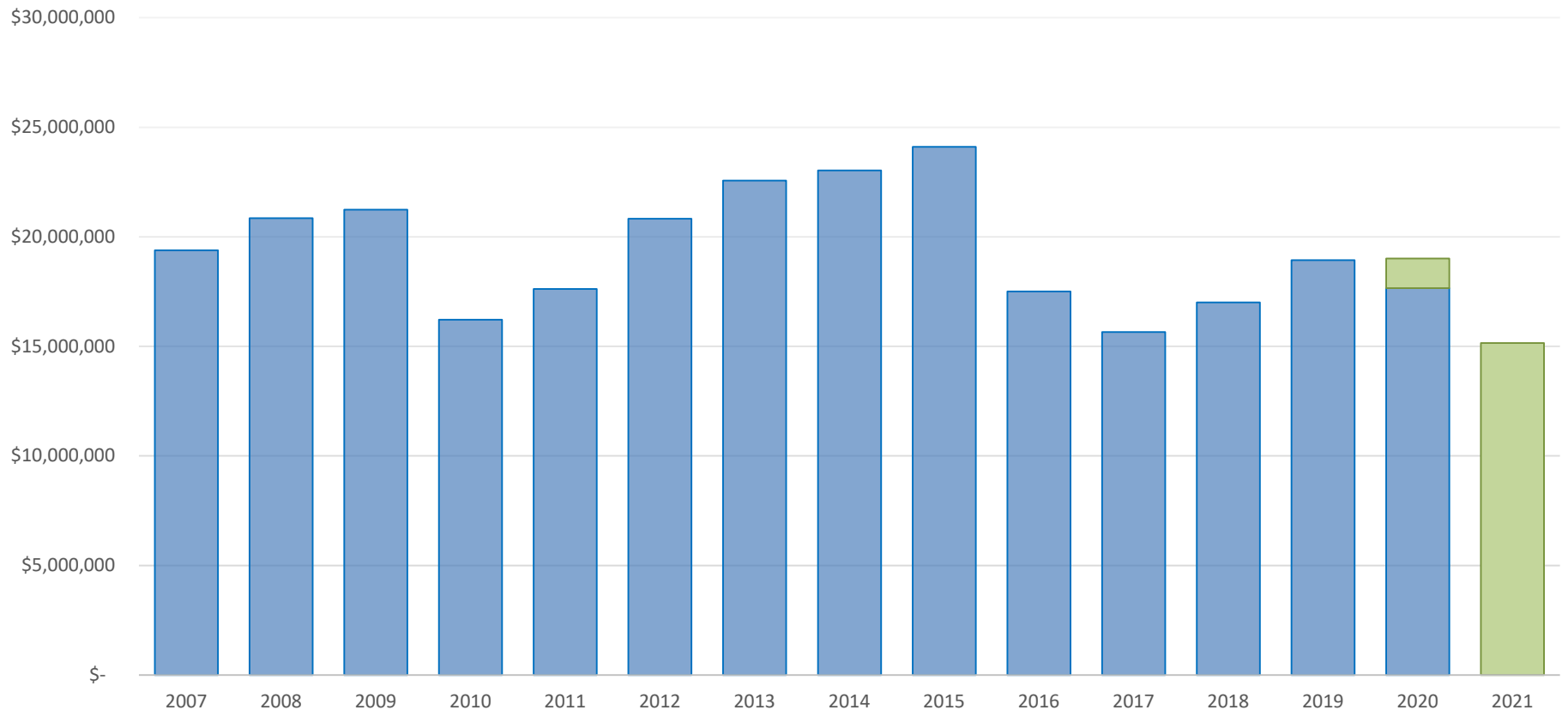
Taxable Sales by Major Industry





General Fund Sales Tax History

History of Sales Tax FY 2007 to Proposed FY 2021





General Fund



General Fund

Projected 7/01/20 Cash Balance	\$ 16,920,676
Less: Amounts Restricted	\$ -
Designated Funds	\$ (269,261)
Operating Reserves	\$ (15,504,853)
Add: FY '20 Excess Budgeted Revenues	\$ -
FY '20 Expense Savings	\$ -
Projected 7/01/20 Available Cash Balance	\$ 1,146,561



General Fund

Projected 7/01/20 Cash Balance	\$ 16,920,676
Less: Amounts Restricted	\$ -
Designated Funds	\$ (269,261)
Operating Reserves	\$ (15,504,853)
Add: FY '20 Excess Budgeted Revenues	\$ -
FY '20 Expense Savings	\$ -
Projected 7/01/20 Available Cash Balance	\$ 1,146,561
FY 21 Budgeted Operating Revenues	\$ 39,989,661
FY 21 Budgeted Non-Operating Revenues	\$ 4,313,176
Total Revenues	\$ 44,302,837



General Fund

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Designated Funds	\$ (269,261)
Operating Reserves	\$ (15,504,853)
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FY 21 Budgeted Operating Revenues	\$ 39,989,661
FY 21 Budgeted Non-Operating Revenues	\$ 4,313,176
Total Revenues	\$ 44,302,837
FY 21 Budgeted Operating Expenditures	\$ 46,845,384
FY 21 Capital/Non-Operating Expenditures	\$ 367,603
Total Expenditures	\$ 47,212,987



General Fund

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Less: Amounts Restricted	\$ -
Designated Funds	\$ (269,261)
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Total Expenditures	\$ 47,212,987
FY 21 Budgeted Activity Cash Impact	\$ (2,910,150)



General Fund

Projected 7/01/20 Cash Balance	\$ 16,920,676
Less: Amounts Restricted	\$ -
Designated Funds	\$ (269,261)
Minimum Reserve Per Finance Policy	\$ (15,504,853)
Projected 7/01/20 Available Cash Balance	\$ 1,146,561
FY 21 Budgeted Operating Revenues	\$ 39,989,661
FY 21 Budgeted Non-Operating Revenues	\$ 4,313,176
Total Revenues	\$ 44,302,837
FY 21 Budgeted Operating Expenditures	\$ 45,767,772
Platte River Volunteer Day	\$ -
CNFR	\$ 49,000
Municipal Band	\$ 144,199
Health Dept. Operations	\$ 513,000
Community Promotions	\$ 25,000
CAEDA	\$ 346,413
FY 21 Capital/Non-Operating Expenditures	\$ 367,603
Transfer Out- Spectra Contractual Obligation	\$ 868,424
Total Expenditures	\$ 47,212,987
FY 21 Budgeted Activity Cash Impact	\$ (2,910,150)



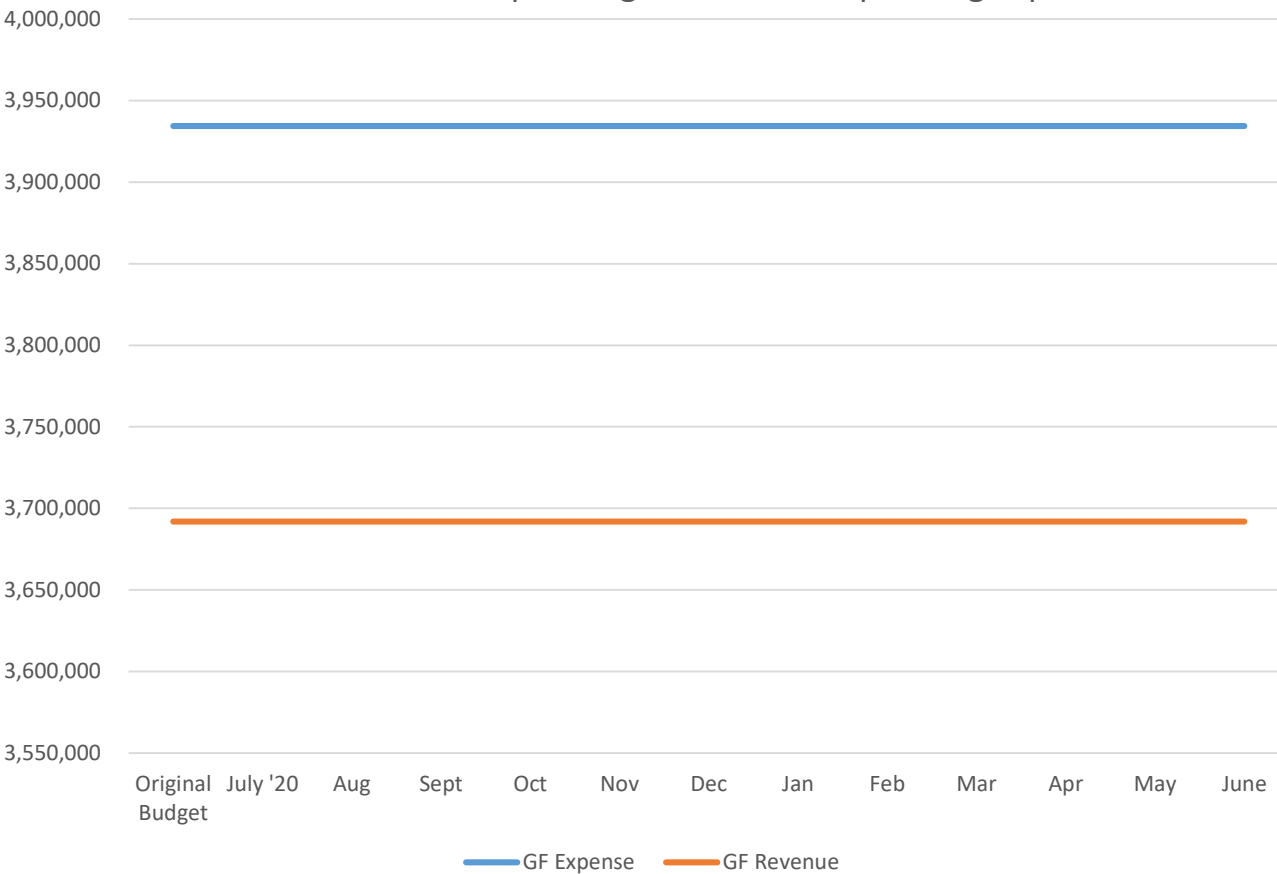
General Fund

FY 21 Budgeted Activity Cash Impact	\$ (2,910,150)
Proposed Expense Reductions	
Salary Step Freeze	\$ 445,000
Furloughs	\$ 658,000
Sales Tax Repayment Deferral	\$ 185,551
Pool Closures	
Marion Kreiner	\$ 35,176
Washington Park	\$ 25,723
Paradise Valley	\$ 46,006
Mike Sedar	\$ 808
Total Expense Reductions	\$ 1,396,264
Operational Activity Shortage	\$ (1,513,886)

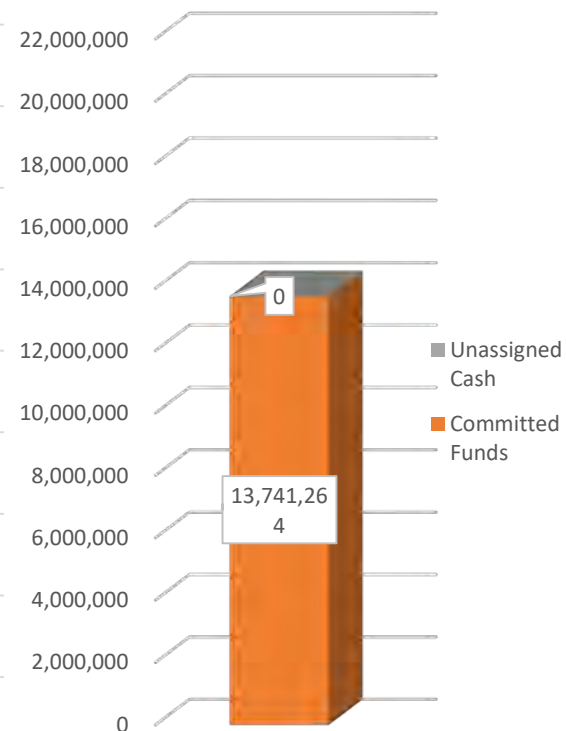


General Fund

FY '21 General Fund Operating Revenue vs. Operating Expense



FY '21 Projected GF Cash Balance





General Fund

Furlough Model

Employee Salary	No. of Days
\$90,000 or Higher	6
\$60,000 to \$89,999	5
\$30,000 to \$59,999	4
Less than \$30,000	3



Enterprise Funds



Sewer Fund

Projected 7/01/20 Cash Balance	\$ 3,500,129
Less: Amounts Restricted	\$ -
Minimum Reserve Per Finance Policy	\$ (2,143,947)
Projected 7/01/20 Available Cash Balance	\$ 1,356,182
FY 21 Budgeted Operating Revenues	\$ 6,209,889
FY 21 Budgeted Non-Operating Revenues	\$ 204,450
Total Revenues	\$ 6,414,339
FY 21 Budgeted Operating Expenditures	\$ 6,093,806
FY 21 Capital/Non-Operating Expenditures	\$ 797,050
Total Expenditures	\$ 6,890,856
FY 21 Budgeted Activity Cash Impact	\$ (476,517)
Projected FY 21 YE Available Cash	\$ 879,665

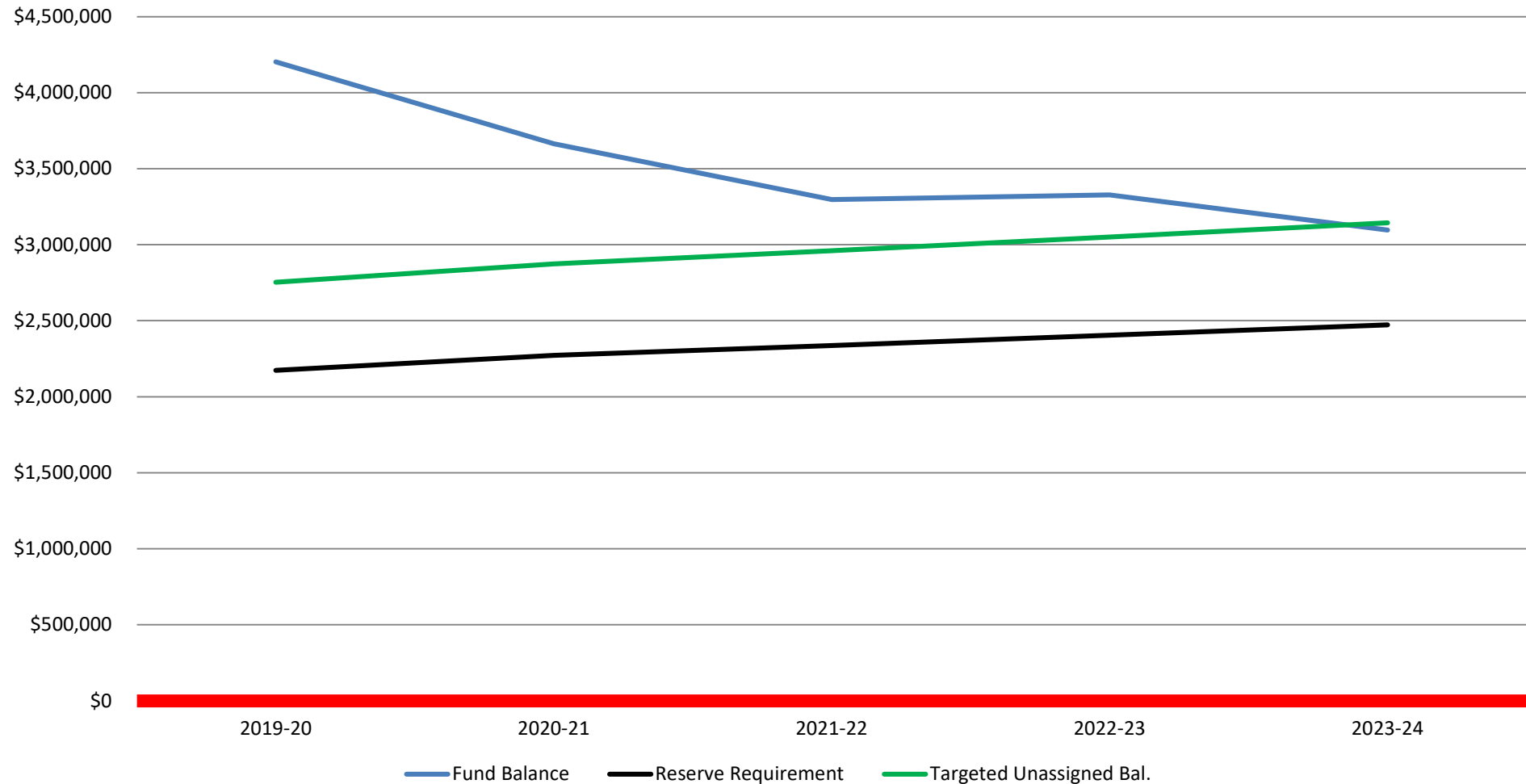


Sewer Fund

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Minimum Reserve Per Finance Policy	\$ (2,143,947)
Projected 7/01/20 Available Cash Balance	\$ 1,356,182
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Total Revenues	\$ 6,414,339
FY 21 Budgeted Operating Expenditures	\$ 6,093,806
FY 21 Capital/Non-Operating Expenditures	\$ 797,050
Total Expenditures	\$ 6,890,856
FY 21 Budgeted Activity Cash Impact	\$ (476,517)
Projected FY 21 YE Available Cash	\$ 879,665



Sewer Fund Pro Forma





Water Distribution Fund

Projected 7/01/20 Cash Balance	\$ 8,158,663
Less: Amounts Restricted	\$ (850,000)
Minimum Reserve Per Finance Policy	\$ (5,840,720)
Projected 7/01/20 Available Cash Balance	\$ 1,467,943
FY 21 Budgeted Operating Revenues	\$ 12,976,533
FY 21 Budgeted Non-Operating Revenues	\$ 1,302,108
Total Revenues	\$ 14,278,641
FY 21 Budgeted Operating Expenditures	\$ 11,516,132
FY 21 Capital/Non-Operating Expenditures	\$ 3,610,682
Total Expenditures	\$ 15,126,814
FY 21 Budgeted Activity Cash Impact	\$ (848,173)
Projected FY 21 YE Available Cash	\$ 619,770

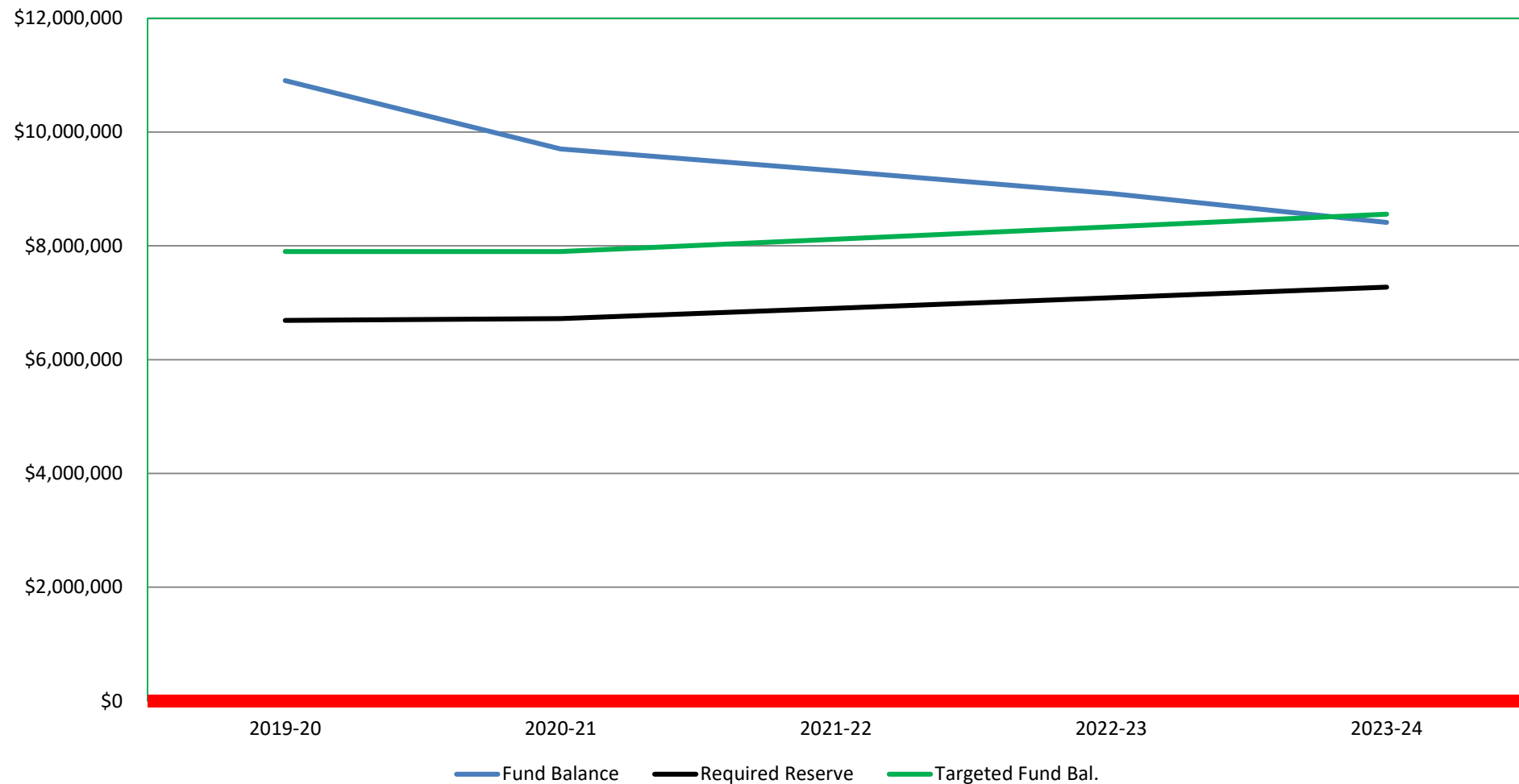


Water Distribution Fund

Projected 7/01/20 Cash Balance	\$ 8,158,663
Less: Amounts Restricted	\$ (850,000)
Minimum Reserve Per Finance Policy	\$ (5,840,720)
Projected 7/01/20 Available Cash Balance	\$ 1,467,943
FY 21 Budgeted Operating Revenues	\$ 12,976,533
FY 21 Budgeted Non-Operating Revenues	\$ 1,302,108
Total Revenues	\$ 14,278,641
FY 21 Budgeted Operating Expenditures	\$ 11,516,132
FY 21 Capital/Non-Operating Expenditures	\$ 3,610,682
Total Expenditures	\$ 15,126,814
FY 21 Budgeted Activity Cash Impact	\$ (848,173)
Projected FY 21 YE Available Cash	\$ 619,770



Water Distribution Fund Pro Forma





Refuse Fund

Projected 7/01/20 Cash Balance	\$ 1,720,265
Less: Amounts Restricted	
Minimum Reserve Per Finance Policy	\$ (2,033,499)
Projected 7/01/20 Available Cash Balance	\$ (313,234)
FY 21 Budgeted Operating Revenues	\$ 7,257,926
FY 21 Budgeted Non-Operating Revenues	\$ 11,201
Total Revenues	\$ 7,269,127
FY 21 Budgeted Operating Expenditures	\$ 6,256,049
FY 21 Capital/Non-Operating Expenditures	\$ 1,870,100
Total Expenditures	\$ 8,126,149
FY 21 Budgeted Activity Cash Impact	\$ (857,022)
Projected FY 21 YE Available Cash	\$ (1,170,256)

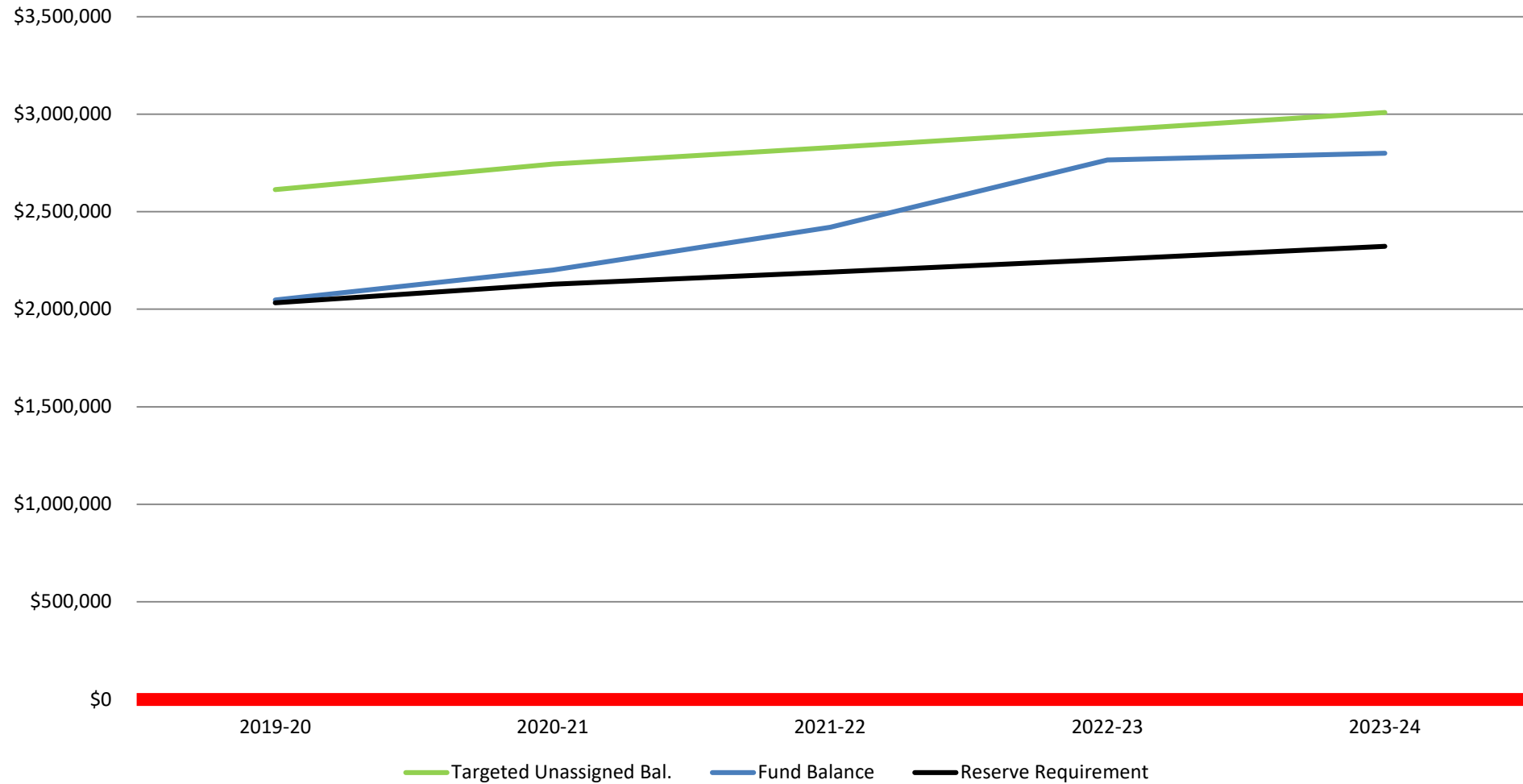


Refuse Fund

Projected 7/01/20 Cash Balance	\$ 1,720,265
Less: Amounts Restricted	
Minimum Reserve Per Finance Policy	\$ (2,033,499)
Projected 7/01/20 Available Cash Balance	\$ (313,234)
FY 21 Budgeted Operating Revenues	\$ 7,257,926
FY 21 Budgeted Non-Operating Revenues	\$ 11,201
Total Revenues	\$ 7,269,127
FY 21 Budgeted Operating Expenditures	\$ 6,256,049
FY 21 Capital/Non-Operating Expenditures	\$ 1,870,100
Total Expenditures	\$ 8,126,149
FY 21 Budgeted Activity Cash Impact	\$ (857,022)
Projected FY 21 YE Available Cash	\$ (1,170,256)

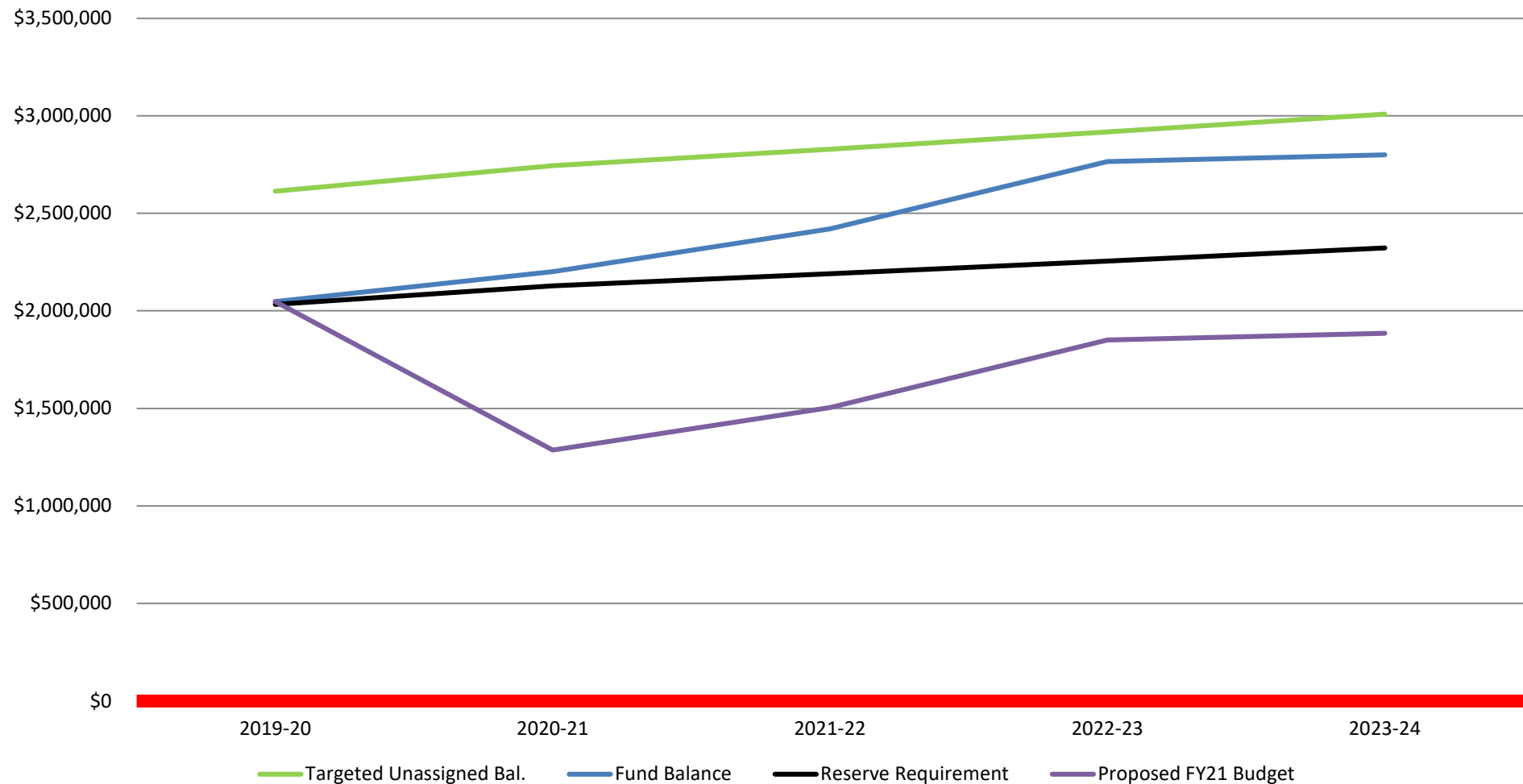


Refuse Fund Pro Forma





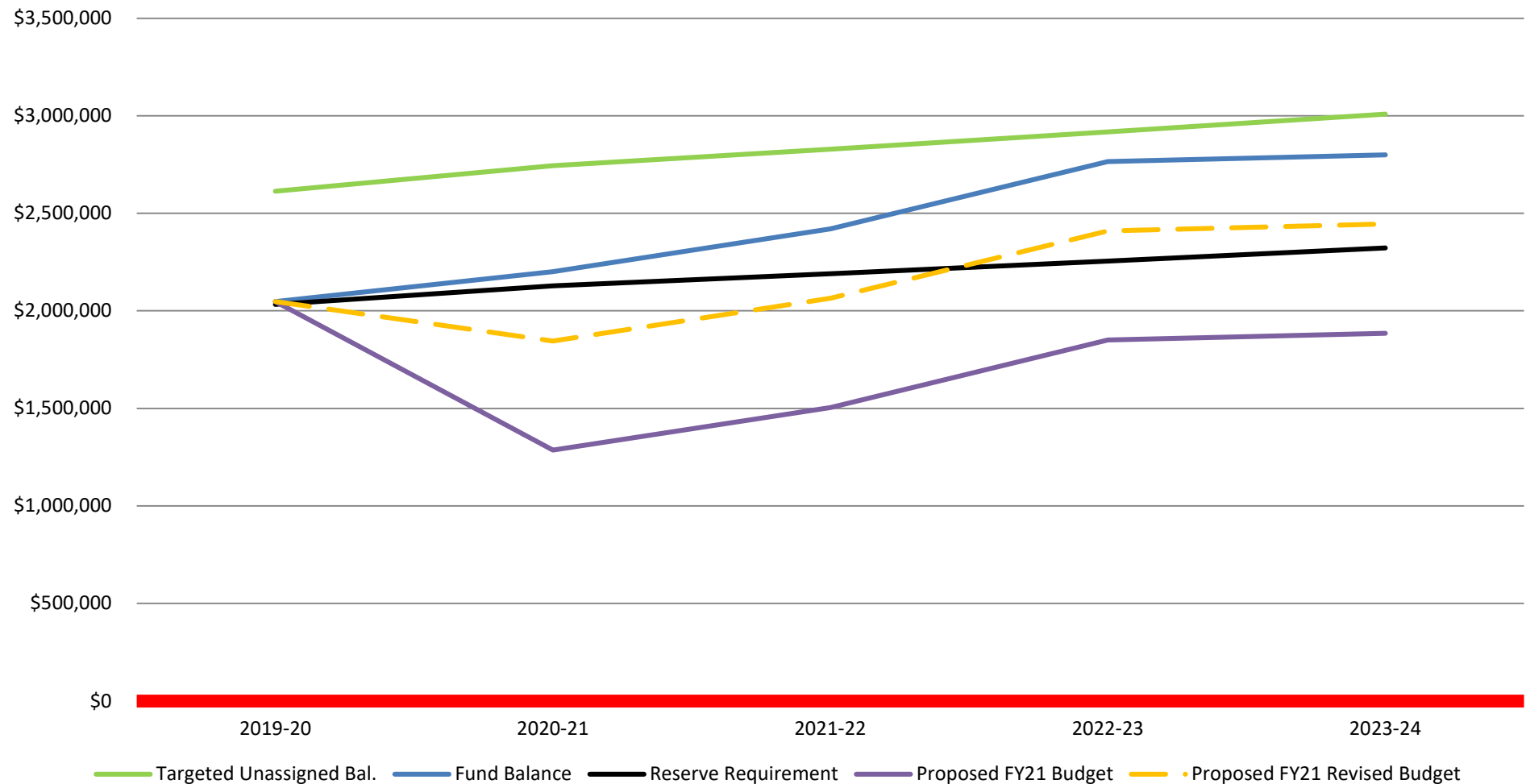
Refuse Fund Pro Forma-Revised





Refuse Fund

Pro Forma- Revised Budget





Balefill Fund

Projected 7/01/20 Cash Balance	\$ 5,955,137
Less: Amounts Restricted	\$ -
Minimum Reserve Per Finance Policy	\$ (3,381,105)
Projected 7/01/20 Available Cash Balance	\$ 2,574,032
FY 21 Budgeted Operating Revenues	\$ 7,807,240
FY 21 Budgeted Non-Operating Revenues	\$ 145,703
Total Revenues	\$ 7,952,943
FY 21 Budgeted Operating Expenditures	\$ 5,147,326
FY 21 Capital/Non-Operating Expenditures	\$ 2,488,979
Total Expenditures	\$ 7,636,305
FY 21 Budgeted Activity Cash Impact	\$ 316,638
Projected FY 21 YE Available Cash	\$ 2,890,670

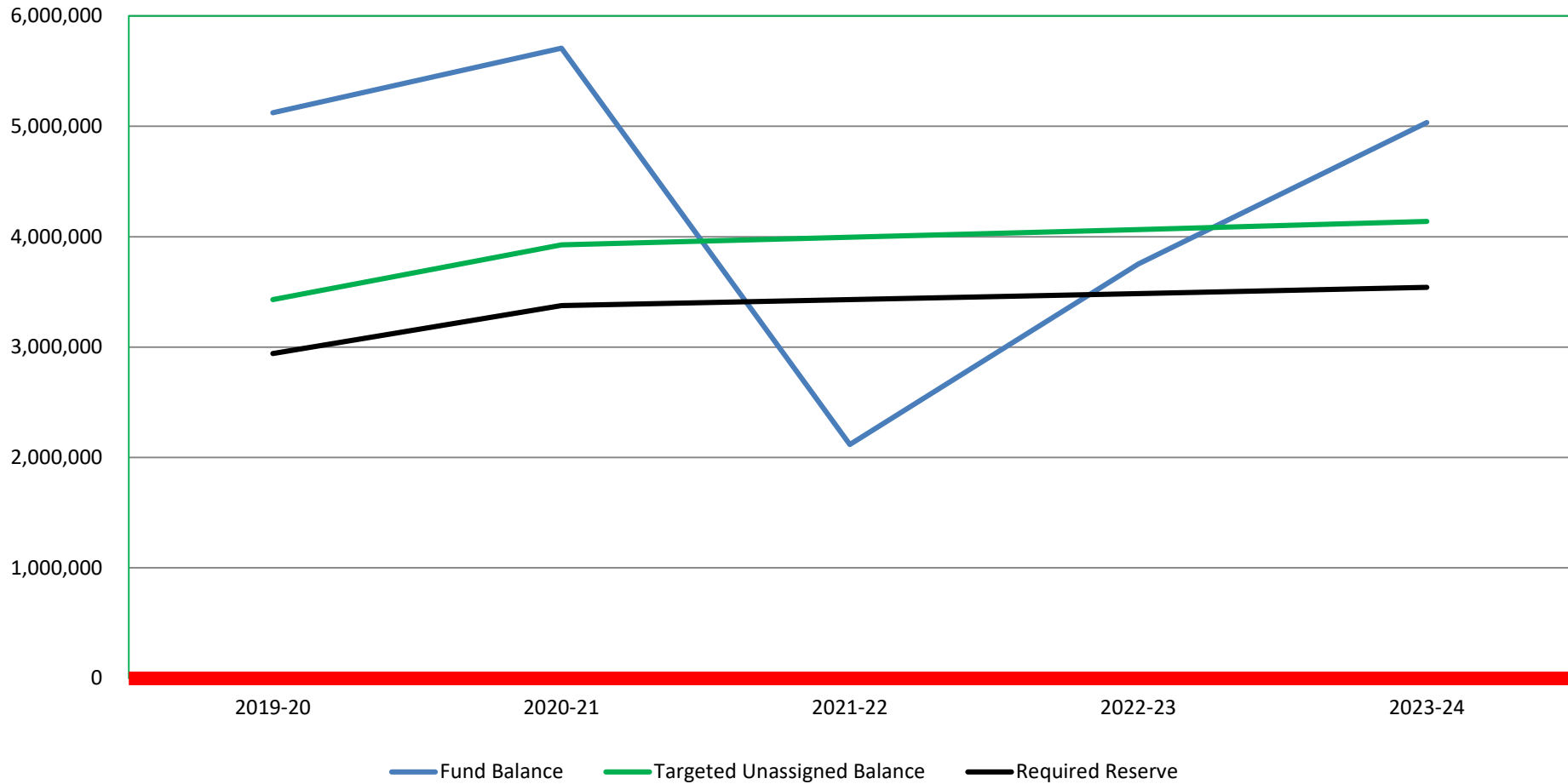


Balefill Fund

Projected 7/01/20 Cash Balance	\$ 5,955,137
Less: Amounts Restricted	\$ -
Minimum Reserve Per Finance Policy	\$ (3,381,105)
Projected 7/01/20 Available Cash Balance	\$ 2,574,032
FY 21 Budgeted Operating Revenues	\$ 7,807,240
FY 21 Budgeted Non-Operating Revenues	\$ 145,703
Total Revenues	\$ 7,952,943
FY 21 Budgeted Operating Expenditures	\$ 5,147,326
FY 21 Capital/Non-Operating Expenditures	\$ 2,488,979
Total Expenditures	\$ 7,636,305
FY 21 Budgeted Activity Cash Impact	\$ 316,638
Projected FY 21 YE Available Cash	\$ 2,890,670



Balefill Fund Pro Forma





Budget Myths



Budget Myth #1

- The City has hundreds of millions of dollars in savings and reserves.



Budget Myth #1

- ~~• The City has hundreds of millions of dollars in savings and reserves.~~
- FACT: The City has reserves set for the General Fund equivalent to 120 days of operational costs which nets to about \$15.5 million for FY21. All other reserves such as Utility Fund Reserves, Perpetual Care, and Opportunity funds have other specific purposes of use.



Budget Myth #2

- The economy will bounce right back and the revenues will increase.



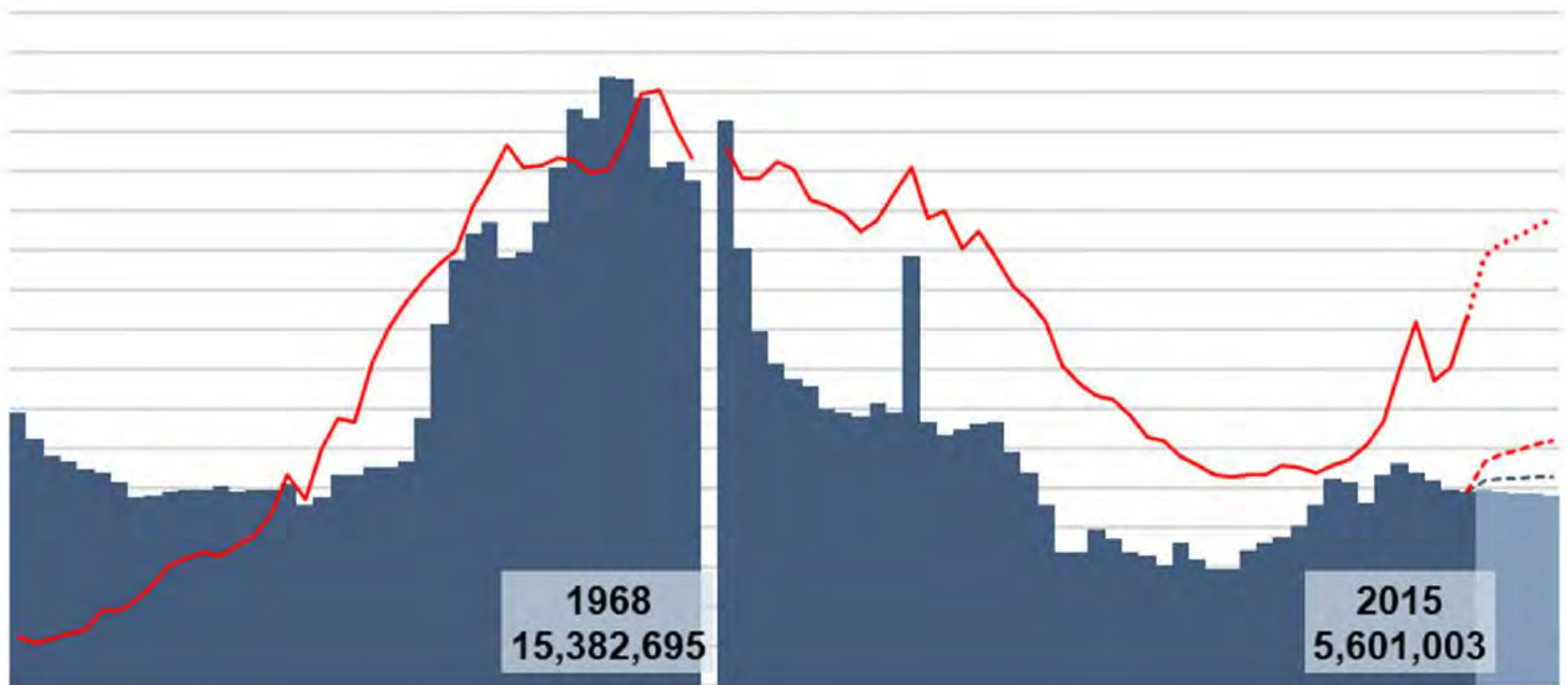
Budget Myth #2

- ~~• The economy will bounce right back and the revenues will increase.~~
- FACT: The economy tends to have a slow recovery and historically revenues such as sales tax revenue have never recovered to the peak period between FY2012 to FY2015.



Budget Myth #2

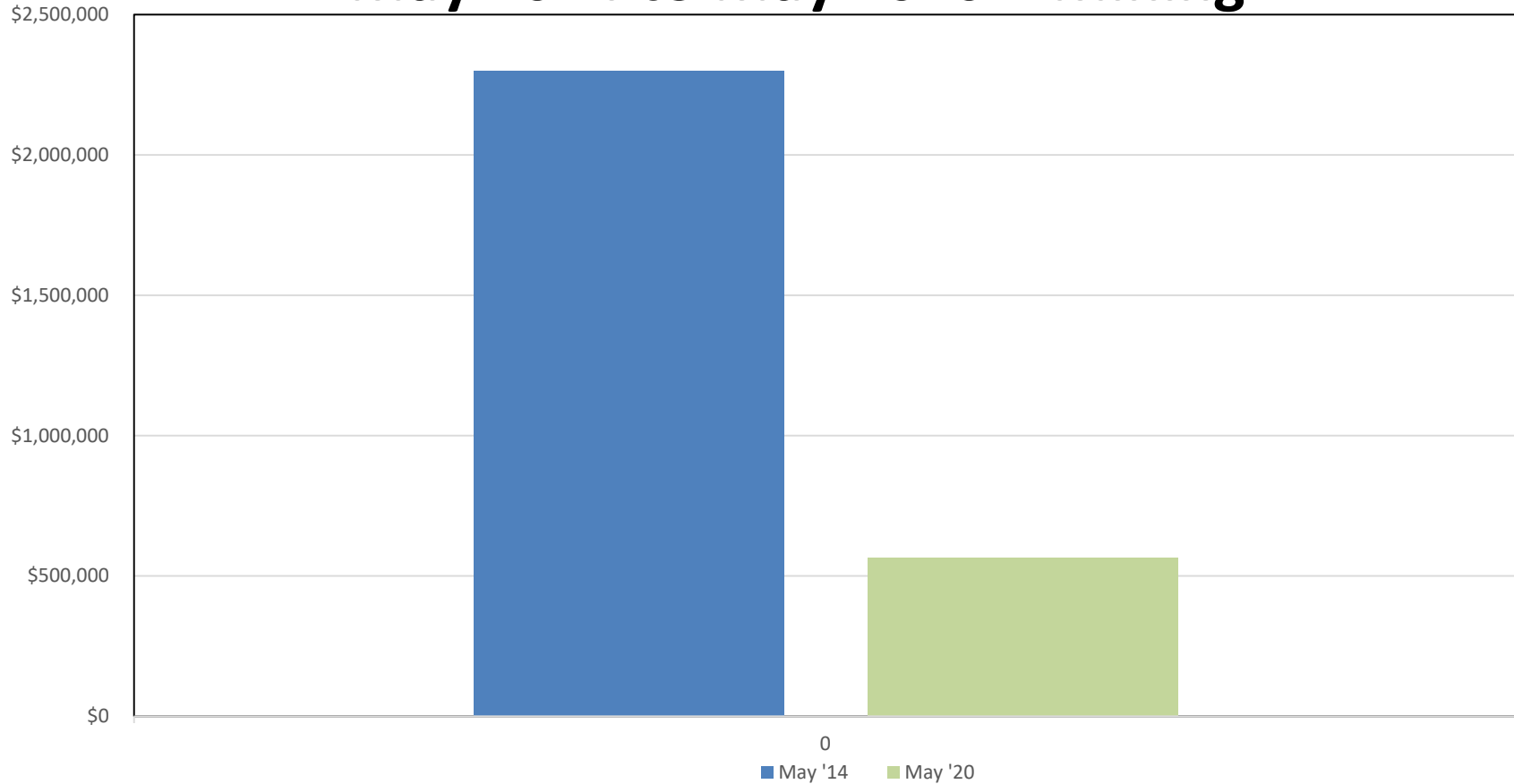
Natrona Co. Oil Production





Budget Myth #2

May 2014 to May 2020 – Mining





Budget Myth #3

- There are millions of dollars worth of Federal money for the City to use.



Budget Myth #3

- ~~• There are millions of dollars worth of Federal money for the City to use.~~
- FACT: The CARES Act limited municipalities with a population less than 500,000 to receive nothing in federal funding for lost revenue. Exception- The CARES Act did provide funding to the Transit Fund (CATC) through the Federal Transportation Administration.



Budget Myth #4

- We don't have to discuss FY21 budget at the conclusion of these sessions.



Budget Myth #4

- ~~• We don't have to discuss FY21 budget at the conclusion of these sessions.~~
- FACT: Given the nature of economy and the pandemic, the discussion on the FY21 budget is highly probable. These discussions may include additional cuts to expenses as the City realizes actual revenue.



FY21
&
Beyond



Recommendations For FY21

- Renew Rocky Mountain Power Franchise Fee
- Recycling Rate increase
- Compensation and Class study findings and implementation
- Keep newly proposed capital budget plan
- Consider alternatives if direct distribution dollars are scaled down