



# City of Longview

1525 Broadway  
Longview, WA 98632  
www.ci.longview.wa.us

## City Council

*Mayor MaryAlice Wallis  
Mayor Pro Tem Michael Wallin  
Council Member Ruth Kendall  
Council Member Chet Makinster  
Council Member Steve Moon  
Council Member Christine Schott  
Council Member Hillary Strobel*

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Thursday, May 21, 2020

6:00 PM

Virtual Meeting

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**NOTICE IS HEREBY GIVEN**, in accordance with RCW Chapter 42.30, that the City Council of the City of Longview, Washington, will conduct a virtual Zoom meeting on Thursday, May 21<sup>st</sup>, at 6:00 p.m.

All members of the public are encouraged to listen in to the meeting and participate via a moderator. For information about Zoom accessibility, please contact the City Clerk's Office at 360-442-5041.

Please click the link below to join the meeting:

<https://us02web.zoom.us/j/83253272052>

Telephone options (you may need to try more than one number if you receive a busy signal):

Dial any of the following numbers:

1-253-215-8782

1-346-248-7799

1-408-638-0968

1-669-900-6833

1-301-715-8592

1-312-626-6799

1-646-876-9923

Meeting ID: 832 5327 2052

1. CALL TO ORDER
2. ROLL CALL
3. WORKSHOP

**20-000239 BUDGET WORKSHOP – REVIEW BUDGET MODEL GUIDING PRINCIPLES AND  
EVALUATE BUDGET PROGRAM PRIORITIZATION WORKSHEET**

**RECOMMENDED ACTION:  
DEVELOP BUDGET PROGRAM PRIORITIZATION LIST.**

**4. ADJOURNMENT**

**NEXT REGULAR COUNCIL MEETINGS:  
THURSDAY, MAY 28, 2020 - 7:00 P.M.  
THURSDAY, JUNE 11, 2020 - 7:00 P.M.**



# City of Longview

## Agenda Summary

### **BUDGET WORKSHOP – REVIEW BUDGET MODEL GUIDING PRINCIPLES AND EVALUATE BUDGET PROGRAM PRIORITIZATION WORKSHEET**

#### **RECOMMENDED ACTION:**

**DEVELOP BUDGET PROGRAM PRIORITIZATION LIST.**

#### **COUNCIL STRATEGIC INITIATIVE ADDRESSED:**

Council Initiative: Continue effective financial management

#### **CITY ATTORNEY REVIEW: REQUIRED**

#### **SUMMARY STATEMENT:**

Staff will review the budget model guiding principles and present the budget program prioritization worksheet for Council review/discussion.

#### **STAFF CONTACT:**

Kurt Sacha, City Manager

#### Attachments:

1. COUNCIL BUDGET WORKSHOP (2020 0522)

The background of the slide is a blue-tinted image showing numerous US dollar bills falling from the top. In the lower-left corner, a large, detailed portion of a \$100 bill is visible, featuring the portrait of Benjamin Franklin. Other bills of various denominations are scattered throughout the frame, creating a sense of motion and financial focus.

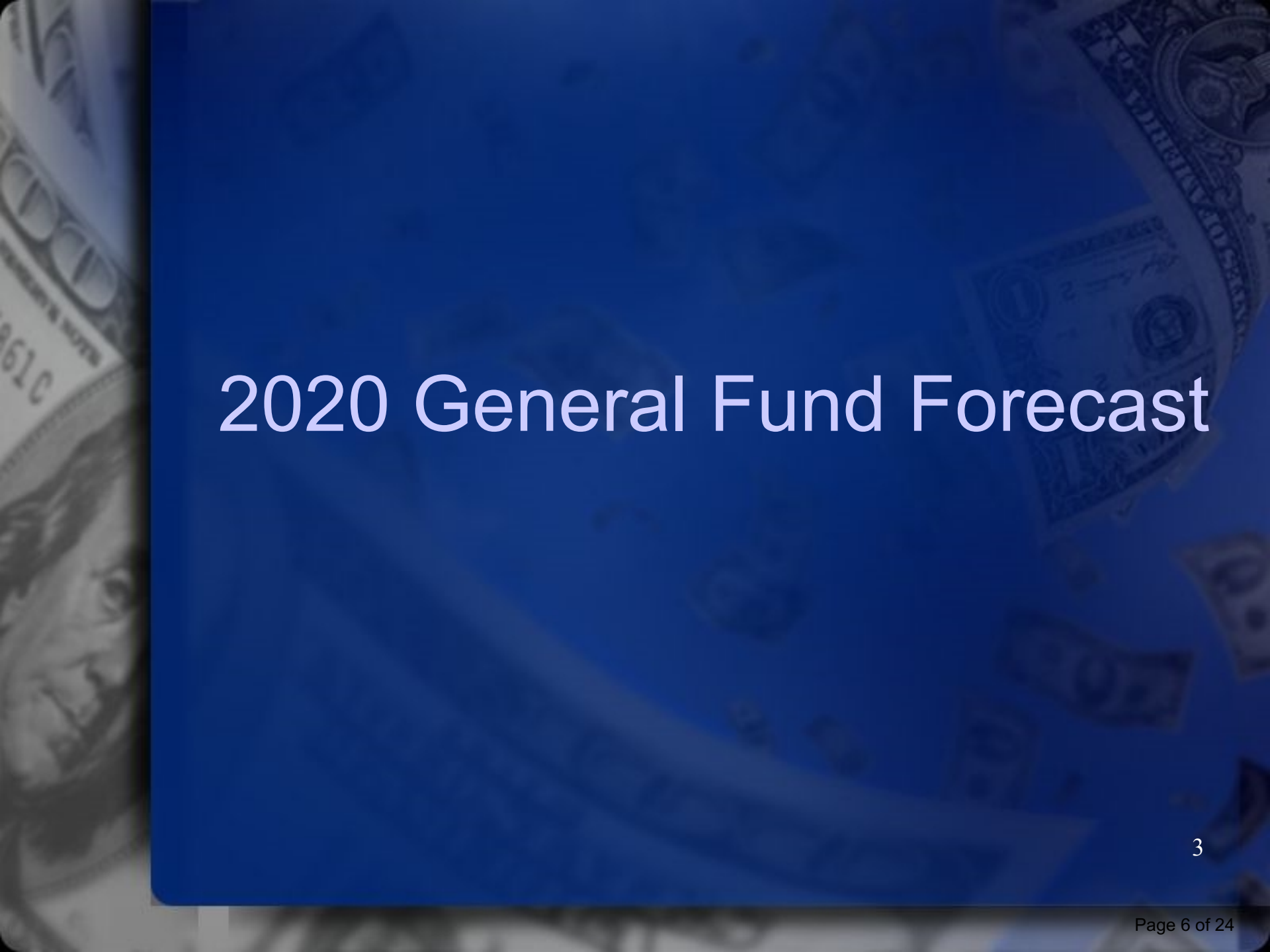
# City of Longview

## Council Budget Workshop

May 22, 2020

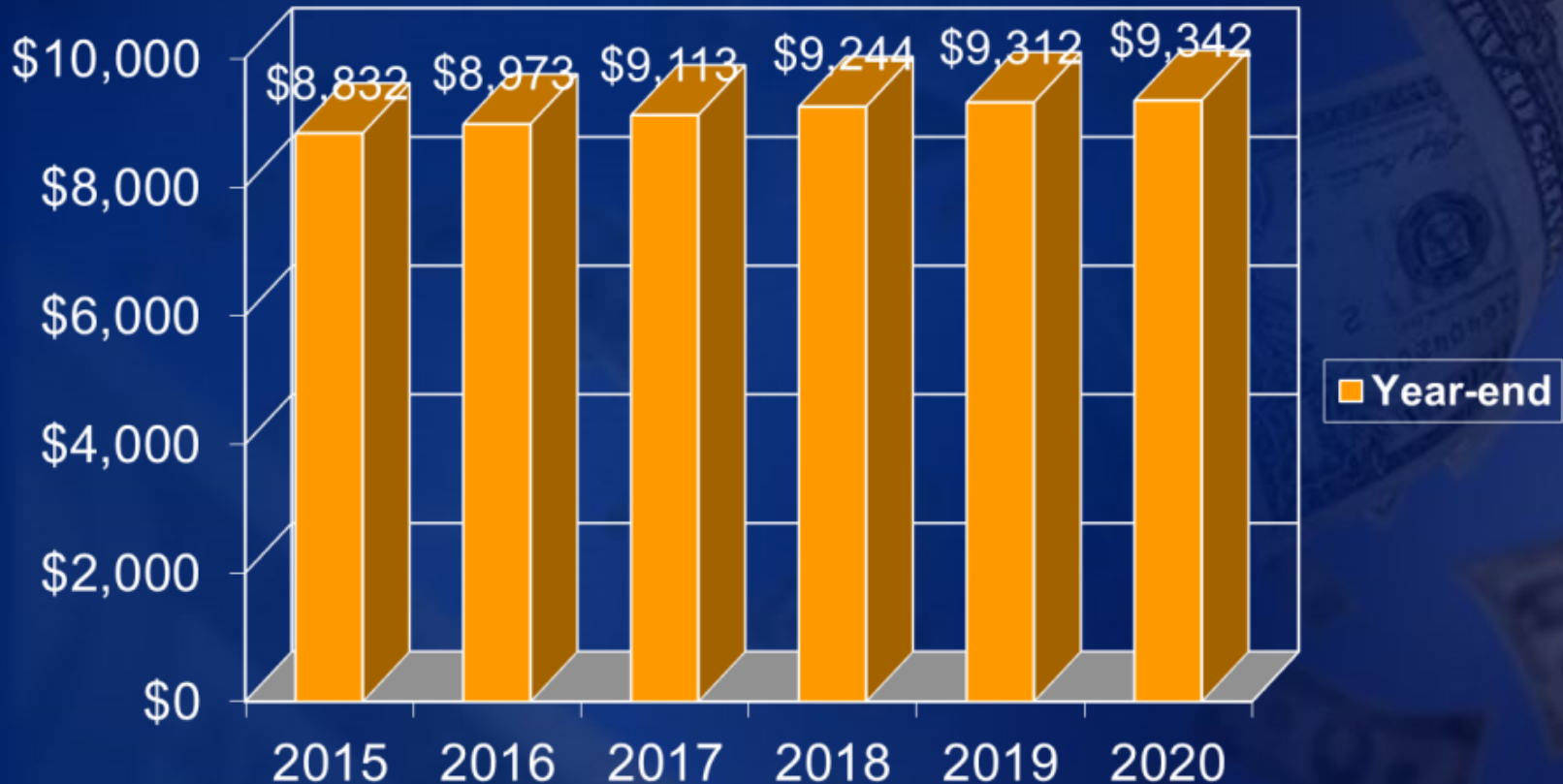
# Agenda

- 2020 General Fund COVID-19 Forecast
- Budget Reductions
- 2020 General Fund Summary
- Budget Model/Guiding Principles
- 2021-2022 Budget Saving Measures
- Budget Model Worksheet

The background of the slide features a collage of US dollar bills. On the left, a portion of a \$100 bill with Benjamin Franklin's face is visible. On the right, a \$1 bill is partially shown. The bills are slightly out of focus, creating a textured, financial backdrop for the title.

# 2020 General Fund Forecast

# History of Property Taxes (in 000's)

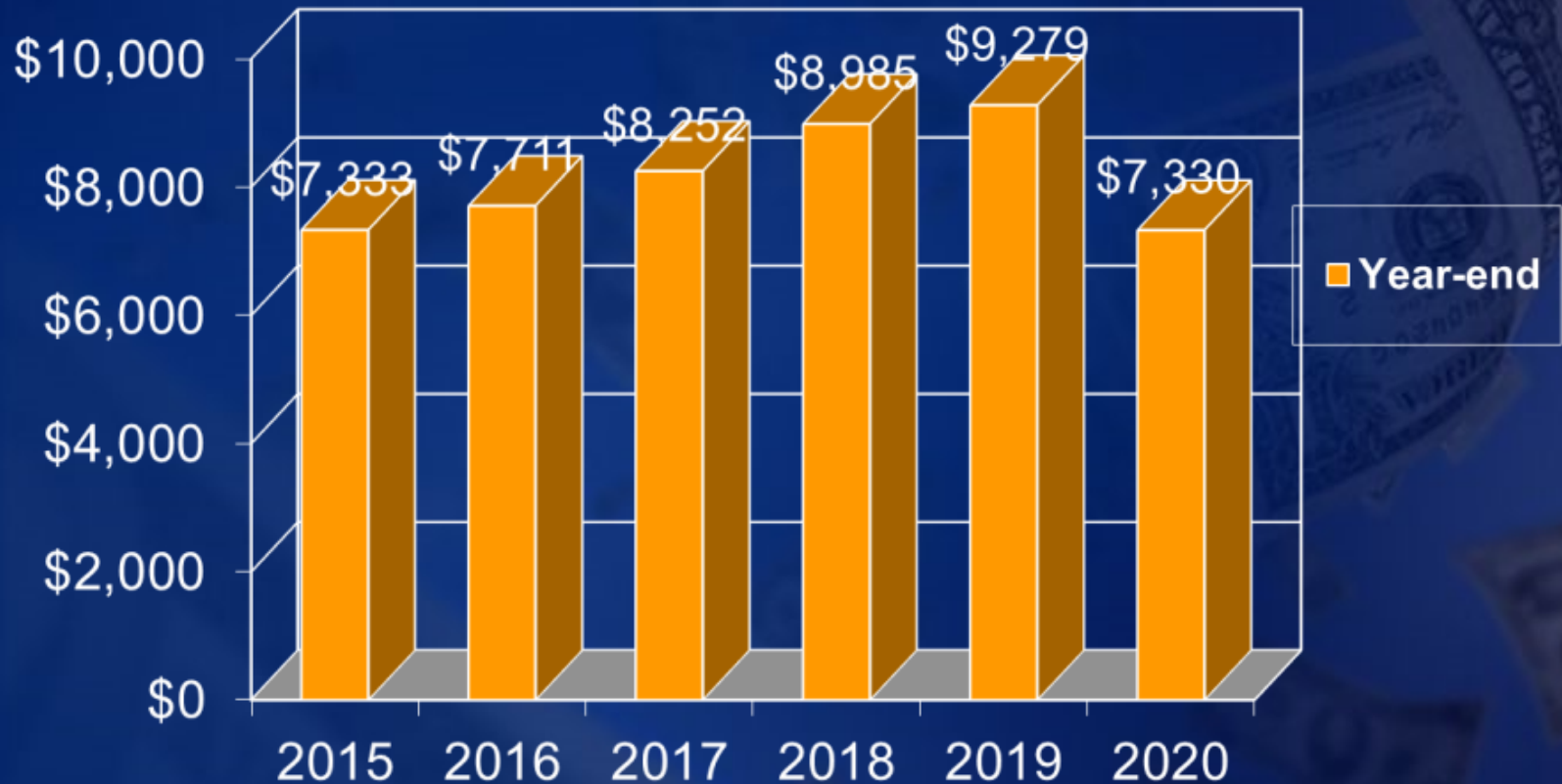


**2020 Budgeted Property Tax = \$9,560,930**

Comment: "Projected 2020 property tax collections of \$9.35m are on track with those of 2019 as the City of Longview's property tax levy rate did not increase in 2020."

# History of Sales Taxes

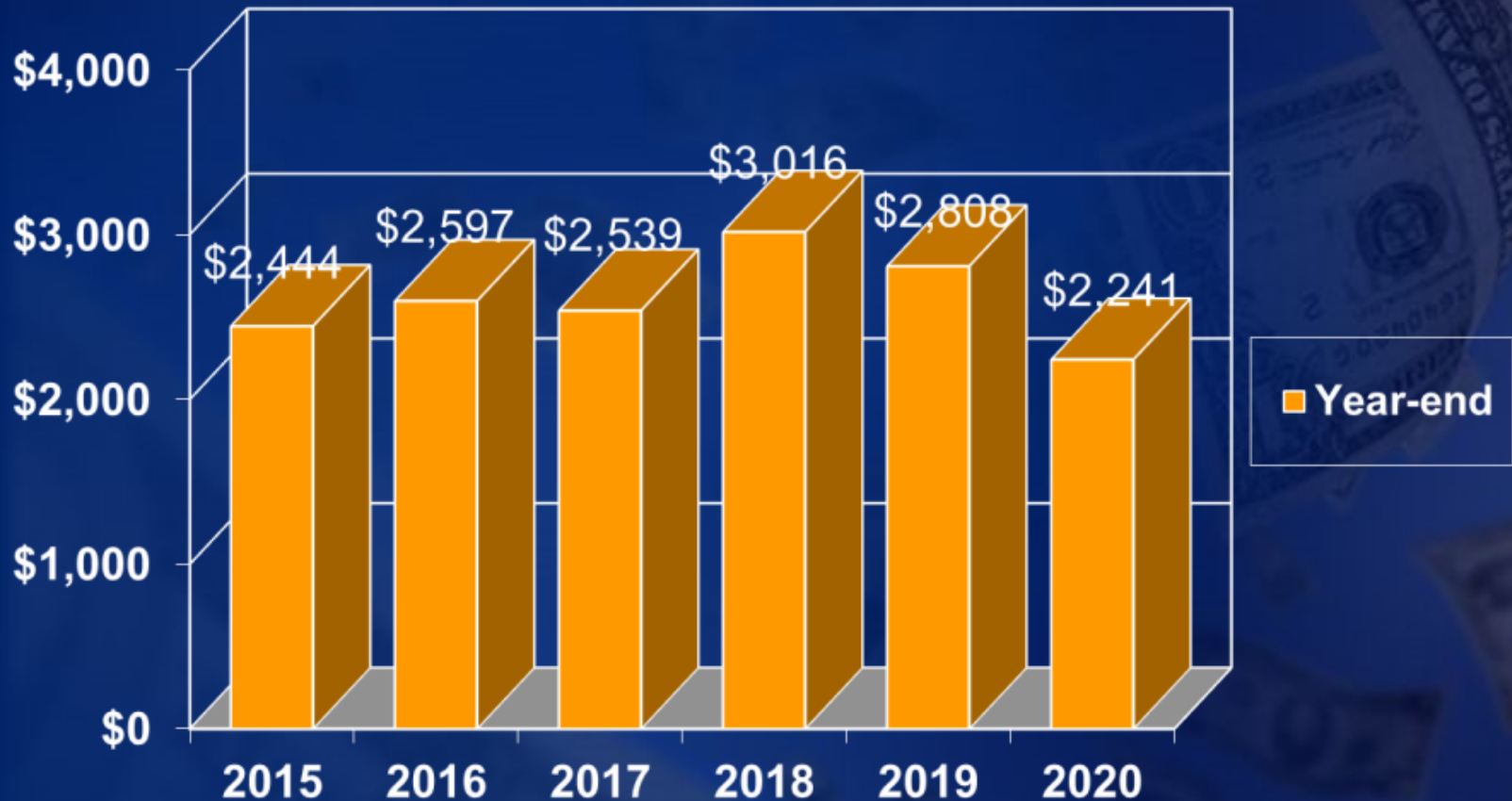
(in 000's)



**2020 Budgeted Sales Tax = \$9,131,190**

Comment: "2020 sales tax revenues in the amount of \$7.3M are \$1.8m less than budget and represent a 19.7% decrease."

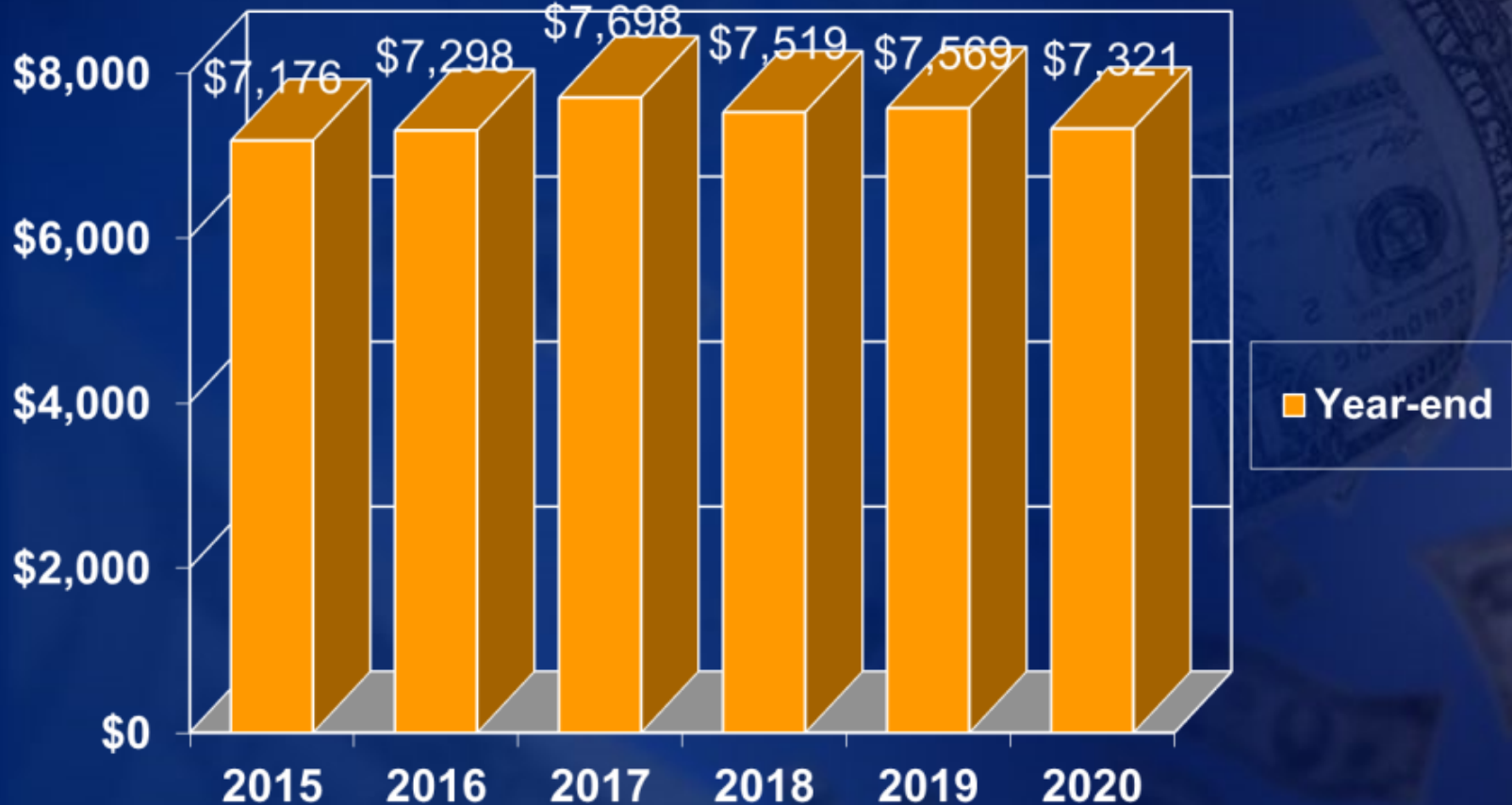
# History of Business B&O Taxes (in 000's)



**2020 Budgeted Business B&O Tax = \$2,738,900**

Comment: "2020 Business B&O taxes in the amount of \$2.2 million are \$498k less than budget and represents a 17.7% decrease."

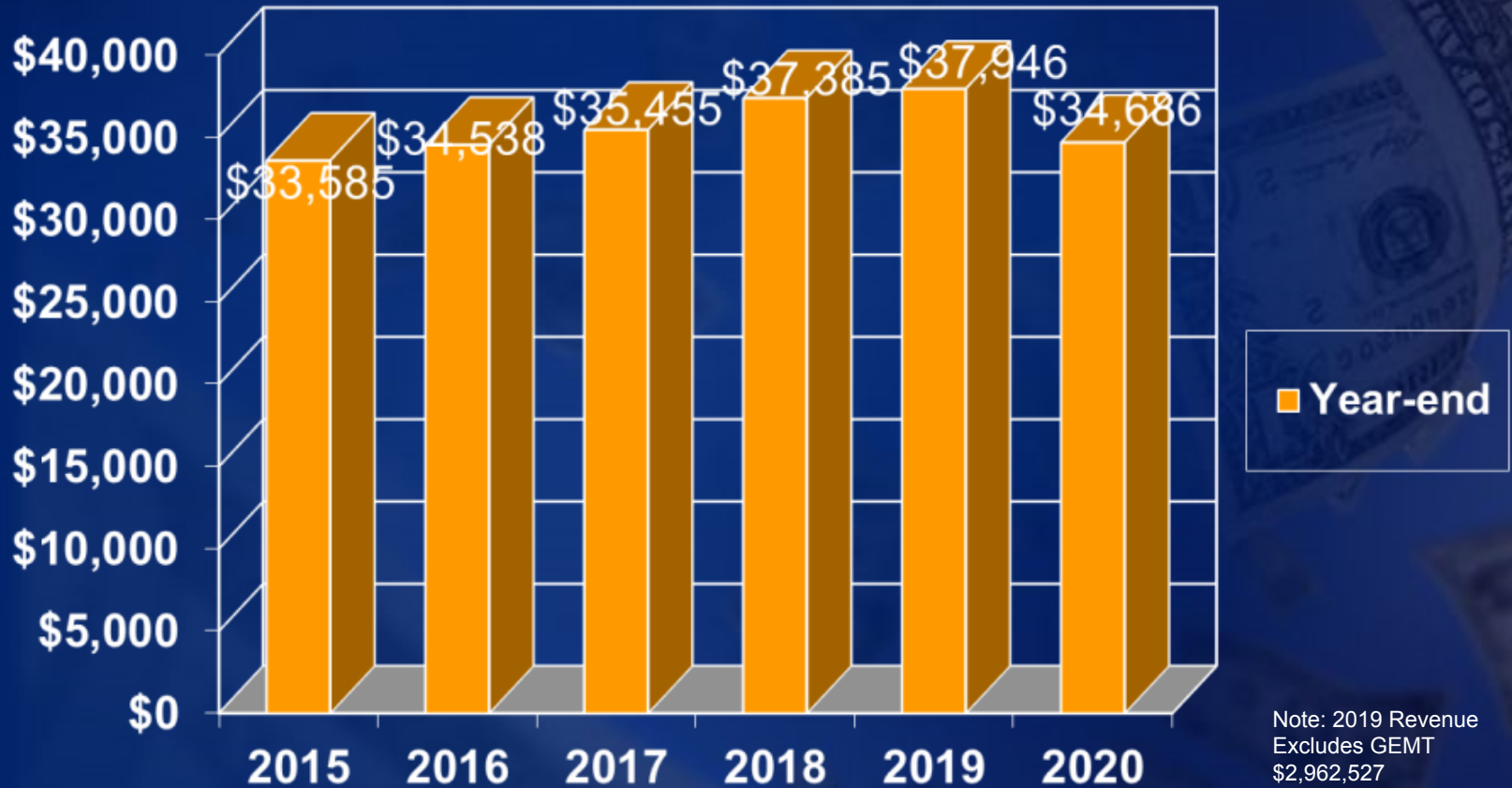
# History of Utility B&O Taxes (in 000's)



**2020 Budgeted Utility B&O Tax = \$7,869,530**

Comment: "2020 Utility B&O taxes in the amount of \$7.3 million are \$548k less than budget and represents a 7.0% decrease."

# General Fund Revenue (in 000's)



**2020 Budgeted Revenue = \$38,565,720**

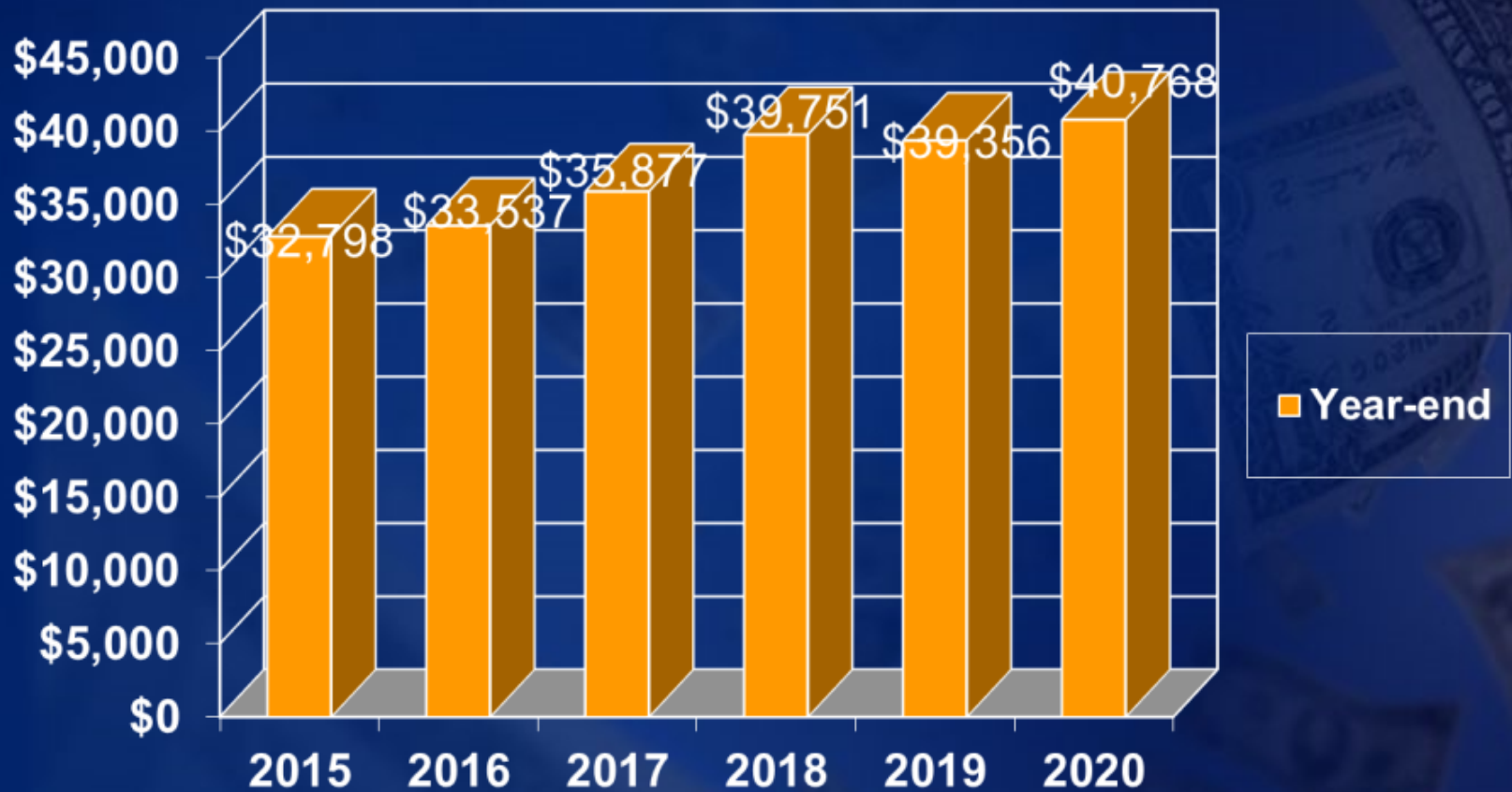
Comment: "2020 General Fund revenue in the amount of \$34.7m is \$3.9m less than budget and reflects a 10.2% decrease."

# 2020 General Fund Revenue

| Revenue:             | 2020 Budget    | 2020 Projected | 2019 Actual    |
|----------------------|----------------|----------------|----------------|
| Taxes                | \$30,053,620   | \$26,906,804   | \$29,802,781   |
| Licenses & Permits   | 1,021,310      | 757,860        | 849,173        |
| Intergovernmental    | 2,589,020      | 2,586,426      | 2,256,195      |
| Charges for Services | 3,537,420      | 3,472,232      | 3,393,863      |
| Fines & Forfeits     | 441,700        | 514,892        | 571,060        |
| Miscellaneous        | 383,200        | 410,997        | 528,935        |
| Transfers            | <u>539,450</u> | <u>36,855</u>  | <u>543,552</u> |
| Total Revenue        | \$38,565,720   | \$34,686,066   | \$37,945,559   |

Comment: “2020 revenues of \$34.7m are \$3.3m less than 2019 revenues of \$37.9m and reflect the impact of a fractured economy.”

# General Fund Expenditures (in 000's)



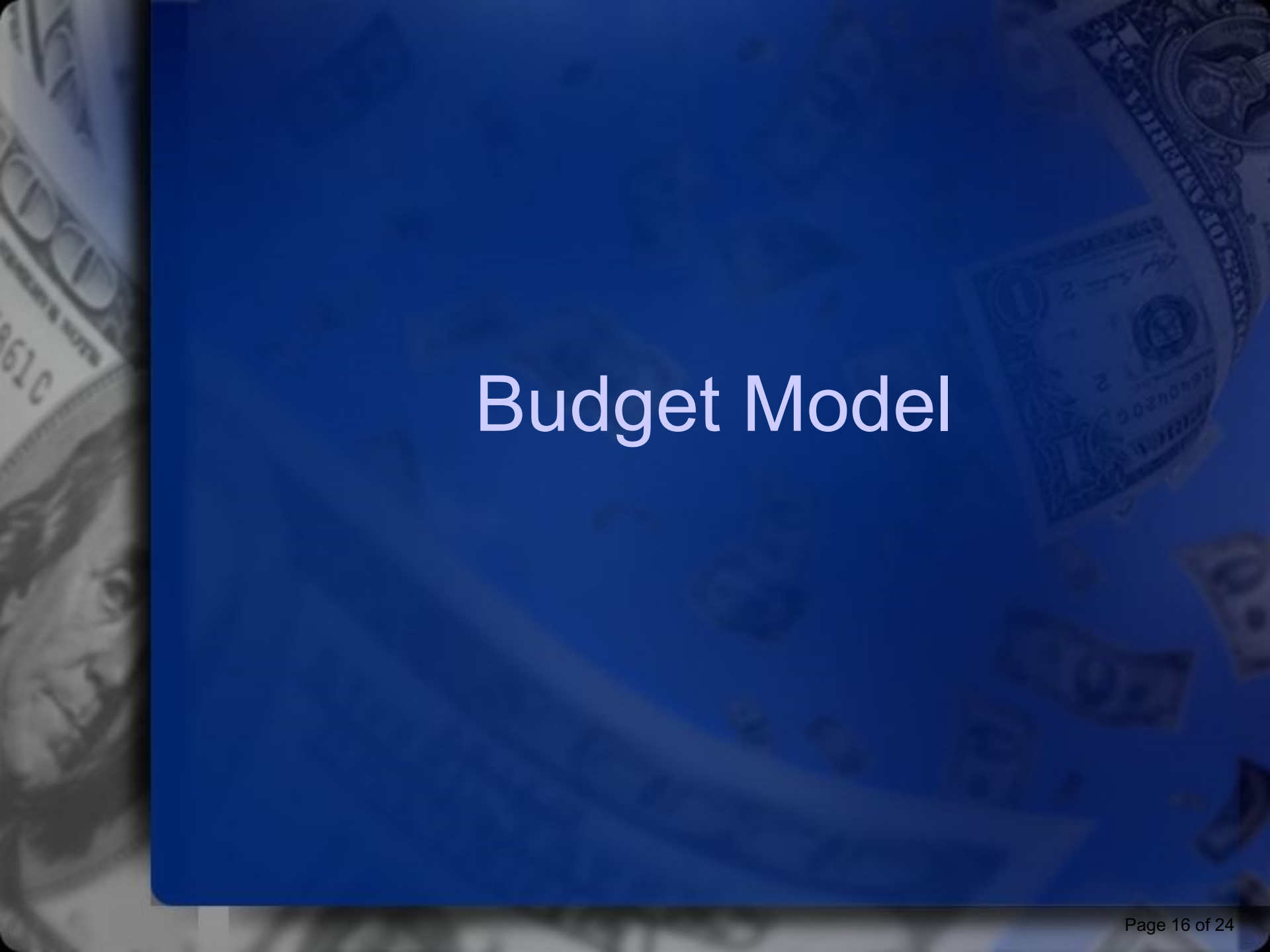
2020 Budgeted Expenditures = \$40,768,420

# 2020 Budget Reductions

| Measure:                              | 2020 Reduction |
|---------------------------------------|----------------|
| Hiring Freeze                         | \$728,870      |
| Suspend Travel & Training             | 185,630        |
| Reduce EBR Transfers                  | 167,140        |
| Reduce MV Depreciation                | 250,000        |
| Suspend Building Depreciation         | 400,000        |
| Eliminate 2 <sup>nd</sup> Street Crew | 385,000        |
| Intergovernmental Services            | <u>346,210</u> |
| Total General Fund Savings            | \$2,462,850    |

# 2020 General Fund Overview

|                     | 2020 Budget | 2020 Projected |
|---------------------|-------------|----------------|
| Beg Fund Balance    | \$7,796     | \$10,299       |
| Revenue             | \$38,566    | \$34,686       |
| Coronavirus Relief  | =           | + 1,143        |
| Total Revenue       | \$38,566    | \$35,829       |
|                     |             |                |
| Expenditures        | \$40,768    | \$40,768       |
| Expenditure Savings | =           | - 2,463        |
| Total Expenditures  | \$40,768    | \$38,305       |
| Beg Cash Required   | (\$2,202)   | (\$2,476)      |
| End Fund Balance    | \$5,594     | \$7,823        |
| % of End Fund Bal   | 13.7%       | 20.4%          |

The background of the slide features a collage of US dollar bills. On the left, a portion of a \$100 bill with Benjamin Franklin's face is visible. On the right, there are \$20 and \$10 bills. The bills are slightly out of focus and overlap each other. A large, solid blue rectangle is positioned in the center, serving as a backdrop for the title text.

# Budget Model

# Four Stages of Budget Prioritization

## Stage 2

Expenditures exceed revenues and ending fund balance is projected to be greater than 15%.

(This scenario is a basic status quo budget where all core services and non-mandated programs are maintained through existing revenues and the use of reserves).

# Guiding Principles for Application of Budget Model

(adopted 2005 Council Retreat w/ budget model)

- 1) Commitment to efficiency  
All stages- City services are adjusted to obtain the greatest efficiency
- 1) Seek revenue enhancement  
Example- Motor vehicle fuel tax; equipment depreciation transfers
- 1) Allocation of expenditures to appropriate fund  
All funds pay their fair share
- 1) Full cost recovery (Stages 3 & 4)  
“Pay ourselves first” (i.e. CDBG/HOME)
- 5) Reduction of services (Stages 3 & 4)  
Least impacted areas first
- 6) Sustain or enhance communications  
Enhance communications; City will issue a “state of fiscal emergency” declaration at Stage 4

# Guiding Principles for Application of Budget Model

(adopted 2005 Council Retreat w/ budget model)

## 7) No subsidized events

City will not subsidize community events during Stage 4 (i.e. Go 4<sup>th</sup>, Cruise, parades)

## 7) Preserve positions/services

Preserve positions when possible

## 7) Accept more risk

During Stage 4 City will accept more risk if forced to reduce positions

## 7) Reduce travel costs

During Stage 4 City Council and staff will reduce or eliminate city subsidized travel

## 7) Initiate other measures

Immediately implement measures as they are identified and agreed upon to address budget crisis at hand

# Guiding Principles for Application of Budget Model

(adopted 2005 Council Retreat w/ budget model)

## 12) Leadership obligation clause

During Stage 4 City Council may invoke a “leadership obligation principle” that would require the Council to give citizens the opportunity to tax themselves before reduction of certain core or vital services are implemented

## 12) First out – First In

When the economic cycle improves those programs and services reduced or eliminated will be considered for reinstatement on a first out – first in basis

The background of the slide features a collage of US dollar bills. On the left, a portion of a \$100 bill with Benjamin Franklin's portrait is visible. On the right, there are images of \$1 and \$20 bills. The entire background is overlaid with a semi-transparent dark blue rectangle.

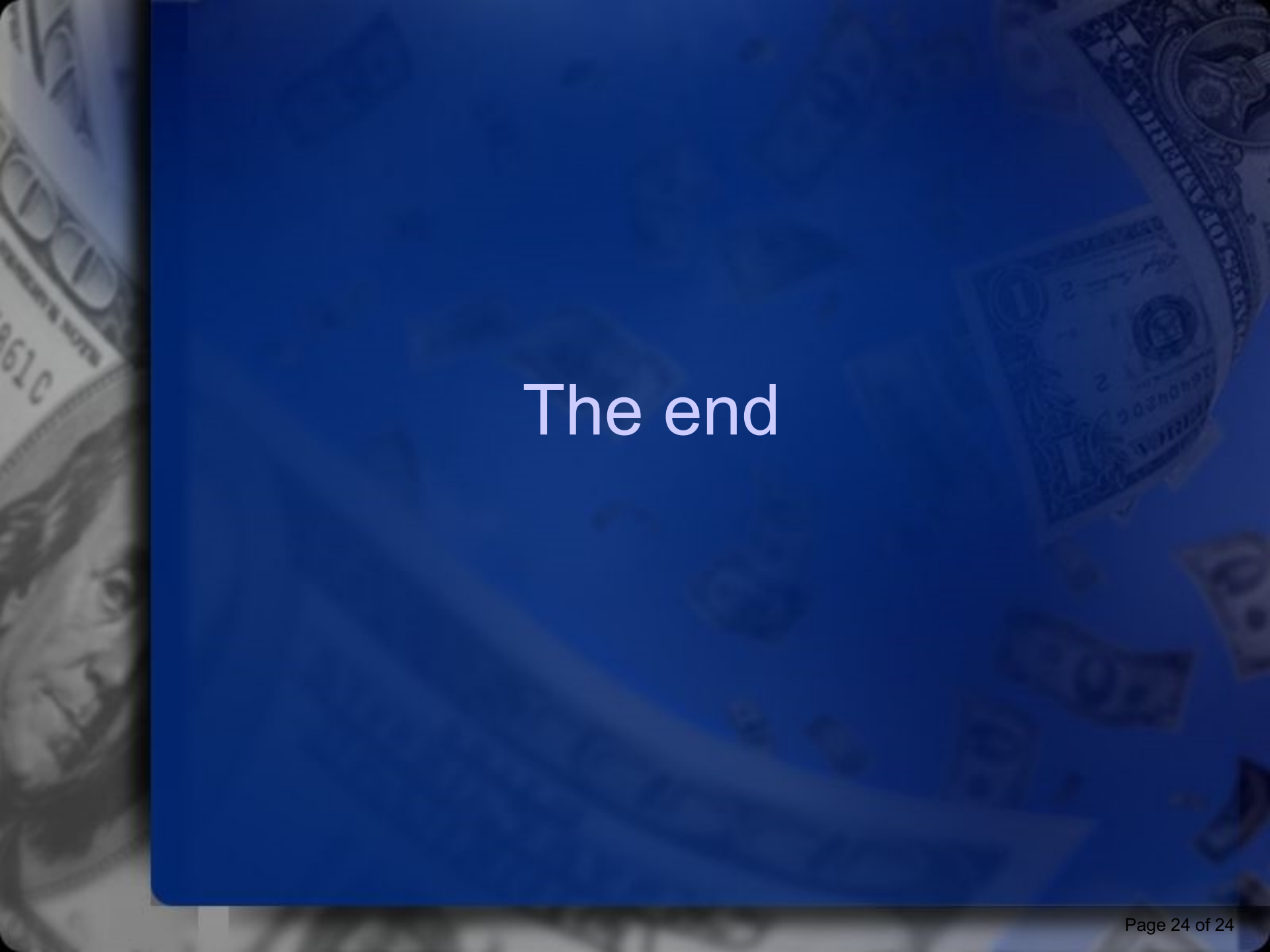
# 2021-2022 Budget Saving Measures

# 2021-22 Budget Saving Measures

- Prepare a balanced 2021-22 biennial budget
- Preserve regular full-time positions to the extent possible
- Eliminate overtime where practical and possible
- Eliminate seasonal/temporary
- Hold O&M expenditures to a minimum
- Suspend operating transfers
- Evaluate reserve contributions
  - Vehicle depreciation
  - Building Depreciation
  - Unemployment compensation
  - Employee Benefits Reserve

# 2021-22 Budget Saving Measures

- Other Budget Considerations
  - Employ hiring freeze
  - Consider furloughs
  - Evaluate retirement incentives
  - Offer job sharing
  - Forego COLAs
  - Restrict Travel & Training

The background of the slide features a collage of US dollar bills. On the left, a portion of a \$100 bill with Benjamin Franklin's face is visible. On the right, a \$1 bill is prominent. Other bills of various denominations are scattered across the background, creating a sense of wealth and finance. A large, solid blue rectangle is overlaid on the center of the image, serving as a backdrop for the text.

The end