

It is anticipated that FY 2020/21 revenues will also see a reduction of \$745,093 as compared to current fiscal year revenues. Most of the impacts are ERAF revenue reductions from the State, reductions in service charges, and in particular, building permits and encroachment permits.

A slow-down in construction may have a ripple effect on property tax values down the line but operationally it can likely be weathered. More evaluation is necessary; but in the long term, assuming property values remain relatively stable, the Town will be able to maintain a healthy gap between revenues and expenditures. Our reserves are a function of our operational expenditures so they will go up or down based on those costs. We may not have as much discretionary spending to play with but overall, the outlook is sustainable at this time.

Budget Expenditures

If COVID-19 persists, there could be operational changes at all levels of public and private sector operations for an extended period of time. Building department expenditures are driven by issuance of permits and therefore the expense of the Department is correlated with revenues. Public Works and Planning budgets are not designed that way, but those revenues are not independently funding those operations. Planning operations can be scaled down based on need thereby reducing cost. Public Works is field and basic CIP work. The Public Works Operational Budget is \$2.4 million against a permit revenue of roughly \$500,000. While that work may be slowed to extend cost horizons, the work will continue.

Overall Preliminary General Fund expenditures for FY 2020/21 are estimated at \$15.07 million. Expenditures continue to be evaluated based on operational needs to provide consistent services to the community. Staff is currently working with department operational expenditures budgets and identifying known expenditure adjustments as we complete the FY 2020/21 budget process. More analysis and detail will be included with the May 6 Staff Report for the Study Session.

Operational Expenditures	FY 2019/20 Adjusted Budget	COVID-19 IMPACT	FY 2020/21 Projected Budget
Council	55,834		57,509
Administration	836,994		862,104
Attorney	364,600		210,120
Finance	779,314		802,693
Planning	337,781		347,914
Building	1,322,150	(15%)	1,123,828
Inter-department	787,867		811,503
Police	7,971,446		8,410,968
DPW	2,402,359		2,449,022
Total Amount	\$14,858,354	\$14,593,915	\$15,075,661

Total Budget Summary Potential Impact

During mid-year budget review, Town revenues, inclusive of ERAF, were \$18,233,372. This provided a net positive change in fund balance of \$3,375,027 at year-end and an anticipated ending fund balance of \$25,838,096 (inclusive of the mandatory reserves).

Revenue	FY 2019/20 Adjusted Budget	COVID-19 Impact	FY 2020/21 Projected Budget
General Fund	\$16,449,281	\$15,634,336	\$16,388,279
ERAF Revenues	\$1,784,091	\$1,784,091	\$1,100,000
Total General Fund Revenue Sources	\$18,233,372	\$17,418,427	\$17,488,279
Expenditures			
General Fund Expenditures	\$14,858,345	\$14,593,915	\$15,075,661
Total General Fund Expenditures	\$14,858,345	\$14,593,915	\$15,075,661
Net Change In Fund Balance	\$3,375,027	\$2,824,512	\$2,412,6188

The FY 2019/20 beginning total fund balance is \$22,573,067 (inclusive of the mandatory reserves). At the conclusion of this fiscal year, after the transfer outs and the above-reflected departmental adjustments, the end of year fund balance projection is \$25,838,096 (this includes all mandatory reserves).

	FY 2019/20 Adjusted Budget	COVID-19 Impact
FY 2019/20 Beginning Fund Balance	\$22,573,067	\$22,573,067
FY 2019/20 Projected Revenues	\$18,233,372	\$17,418,427
Total Available Funds	\$40,806,439	\$39,991,494
Transfer out FY 2019/20 Workers' Comp	(\$110,000)	(\$110,000)
Net Mid-Year Adjustments	(\$242,310)	
FY 2019/20 Expenditures (Original Budget)	(\$14,616,035)	
General Fund Expenditures COVID-19 /FY20/21		(\$14,593,915)
FY 2019/20 Projected Year End Balance	\$25,838,096	\$25,287,579

With COVID-19, the end of year fund balance projection is \$25,287,579. The projected year end fund balance was reduced by \$550,517, compared to the mid-year 2019/20 projected year-end balance.

The beginning FY 2019/20 General Fund Balance was \$22,573,067. The FY 2019/20 projected COVID-19 impact year-end fund balance is \$25,287,579. This includes the ERAF revenues, as allocated. With the inclusion of the preliminary projected expenditures for FY 2020/21, there is a total General Fund projected year end fund balance of \$27,700,167.

FY 2019/20 Ending Fund Balance COVID-19	\$25,287,579
FY 2020/21 Projected Revenues (Inclusive of ERAF)	\$17,488,279
Total Available Funds	\$42,775,858
FY 2020/21 Expenditures (Preliminary Projected Budget)	(\$15,075,661)

FY 2020/21 Projected Year End Balance	\$27,700,197

POLICY FOCUS

This Revenue and Expenditure Report provides and updates on the potential impacts of the COVID-19 and the known unanticipated changes to the operations of the Town. It provides an opportunity to make adjustments and any priorities that the Council wishes to address in the upcoming Fiscal Year 2020/21 budget process.

FISCAL IMPACT

The overall fiscal impact to the General Fund as a result of the COVID-19 Health Emergency could produce a reduction in General Fund balance of \$550,517 for 2019/20 Fiscal year end. There is a potential of reduction in revenue in the amount of \$745,123 from adjusted FY 2019/20 budget and the projected FY 2020/21 revenue budget.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town’s electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town’s electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service provides (water, power, and sewer), and regional elected officials.

ATTACHMENT

None