

# CITY OF FREMONT

FY 2021/22 Proposed Budget

May 18, 2021

# Overview

- ▶ Economic Update and General Fund Revenues
- ▶ FY 2021/22 Proposed Budget (\$364.1 million)
  - General Fund - \$231.4 million
  - All Other Funds - \$132.7 million
- ▶ Summary

# Economic Update

- ▶ National Economy Recovering from Recession
  - GDP grew 6.4% in first quarter of 2021
  - Unemployment rate rose slightly to 6.1% in April 2021
  - Further economic expansion and job gains expected during second quarter 2021
- ▶ Local Revenues Gradually Improving
  - Projected FY 2021/22 General Fund revenues only slightly above FY 2020/21 estimated actual level
- ▶ Fiscal Recovery Funds Supplement Ongoing Revenue
  - Stabilize Recreation Cost Center - \$2.1 million
  - Restore services in the General Fund - \$20.0 million

# Ongoing Resources Add 0.5% in FY 2021/22

Dollars in Millions	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Proposed	FY 2022/23 Projected	FY 2023/24 Projected
Property Tax	\$106.6	\$112.8	\$116.3	\$122.3	\$128.6
Sales Tax	52.1	57.8	56.2	58.4	60.8
Business Tax	11.7	10.5	10.6	11.5	11.9
Franchise Fees	10.4	10.6	10.7	11.0	11.0
Hotel Tax	5.9	2.8	3.4	3.7	4.1
Charges for Services	6.2	5.8	5.6	5.6	5.6
Other	8.7	6.0	5.8	5.9	6.0
<b>Revenue Subtotal</b>	<b>201.6</b>	<b>206.3</b>	<b>208.6</b>	<b>218.4</b>	<b>228.0</b>
Transfers In	7.3	7.6	6.4	5.4	5.4
<b>Total Resources</b>	<b>\$208.9</b>	<b>\$213.9</b>	<b>\$215.0</b>	<b>\$223.8</b>	<b>\$233.4</b>
Percent Change		4.4%	0.5%	4.1%	4.3%

\* For comparison purposes, fiscal recovery funds to be received in FY 2020/21 and FY 2022/23 have been excluded from the ongoing resources shown above.

# Fiscal Recovery Funds Balance FY 2021/22

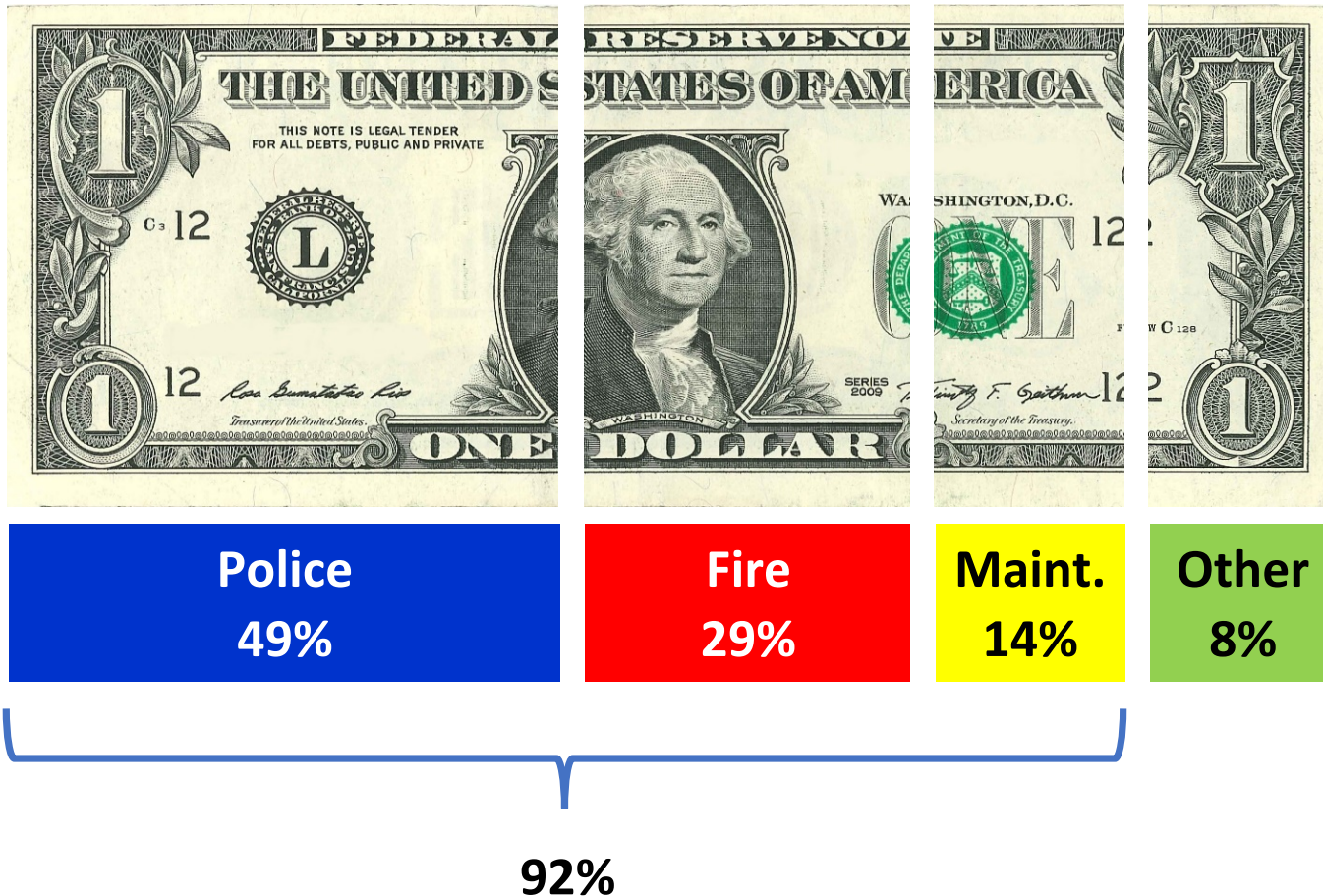
Dollars in Millions	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Proposed	FY 2022/23 Projected	FY 2023/24 Projected
<b>Sources of funds</b>					
Encumbrance reserve	\$ 2.0	\$ 1.4	\$ 0.0	\$ 0.0	\$ 0.0
Unreserved fund balance	14.7	0.0	20.0	0.0	6.5
Revenues and transfers in	208.9	233.9	215.0	245.9	233.4
<b>Total sources of funds</b>	<b>225.6</b>	<b>235.3</b>	<b>235.0</b>	<b>245.9</b>	<b>239.9</b>
<b>Uses of funds</b>					
Expenditures and transfers out	216.5	216.4	231.4	236.4	239.4
Encumbrance balance	1.4	0.0	0.0	0.0	0.0
<b>Total uses of funds</b>	<b>217.9</b>	<b>216.4</b>	<b>231.4</b>	<b>236.4</b>	<b>239.4</b>
<b>Addition to Reserves</b>	<b>10.5</b>	<b>-1.1</b>	<b>3.6</b>	<b>3.0</b>	<b>0.5</b>
<b>Unreserved fund balance</b>	<b>\$ -2.8</b>	<b>\$ 20.0</b>	<b>\$ 0.0</b>	<b>\$ 6.5</b>	<b>\$ 0.0</b>

\* American Rescue Act fiscal recovery funds are included in revenue in FY 2020/21 (\$20.0 million) and FY 2022/23 (\$22.1 million).

# Fiscal Recovery Funds Restore Services

- ▶ Relax hiring freeze on non-essential positions
  - Eliminate delayed recruitments for essential positions
- ▶ Restore funding for police overtime
  - Bring back part-time and temporary staff
- ▶ Fully fund internal service contributions
  - Support information technology and vehicle replacement
- ▶ Reinstate annual maintenance transfers
  - Streets and sidewalks, parks and street medians, public buildings, ADA-compliant upgrades
- ▶ Fund special events sponsorship program
  - Support community groups conducting public events

# Budget Targets Council and Community Priorities



# Reserves Provide Service Continuity

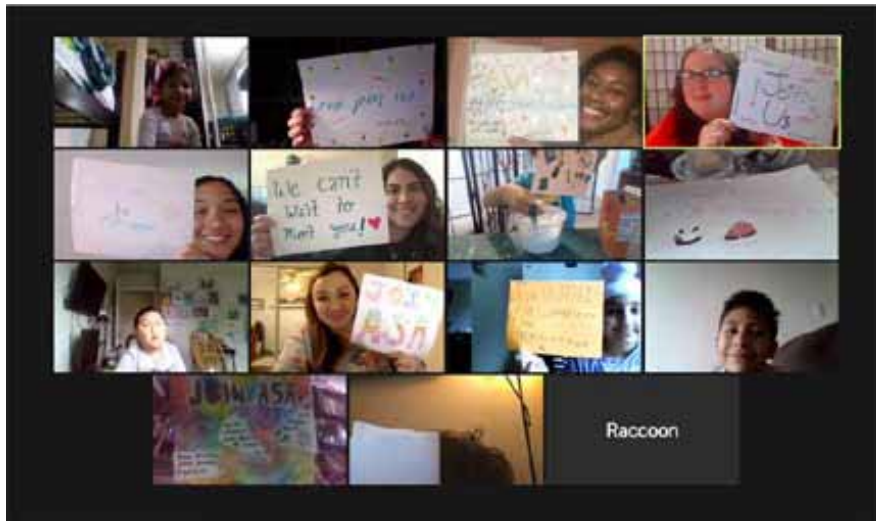
- ▶ Contingency Reserve fully funded in Proposed Budget
- ▶ \$5.5 million Budget Uncertainty Reserve unused in FY 2020/21
  - Could restore to \$8.3 million pre-pandemic level if resources become available

Reserves	Proposed Funding July 1, 2021
<b>Contingency Reserve</b> – 16.7% of expenditures and transfers out (natural disasters, unforeseen events, new revenue-generating initiatives)	\$38.6 Million
<b>Budget Uncertainty Reserve</b> – 3 years of revenue/expenditure risk (revenue shortfalls, unanticipated cost increases)	5.5 Million
<b>Total Reserves</b>	<b>\$44.1 Million</b>



# City Operations - Cost Centers and Human Services Special Revenue Fund

- ▶ Development
- ▶ Recreation
- ▶ Human Services



# Staffing Changes Address Priority Services

Function	FY 2020/21 Estimate	FY 2021/22 Proposed	Staffing Change
<b>Public Safety</b>			
Fire	162.0	162.0	0.0
Police	320.5	319.5	-1.0
<b>Other Community Services</b>			
Community Development	81.6	81.6	0.0
Community Services	97.0	98.0	1.0
Economic Development	4.0	4.0	0.0
Human Services	70.1	72.1	2.0
Public Works	136.3	136.3	0.0
<b>Administrative Services</b>	91.9	91.9	0.0
<b>Total</b>	<b>963.4</b>	<b>965.4</b>	<b>2.0*</b>

\* General Fund (1.0 positions eliminated): Police (-1.0 police records specialist).

Other funds (3.0 new positions): Community Services (1.0 environmental specialist), Human Services (1.0 counselor and 1.0 human services specialist).

# Summary

- ▶ National economy recovering from recession
  - Local revenues gradually improving
- ▶ Fiscal recovery funds available to restore services
  - Close \$19.3 million General Fund shortfall in FY 2021/22
  - Stabilize Recreation Cost Center
  - Maintain services in FY 2022/23 and FY 2023/24
- ▶ Expanded or enhanced services depend on strength of economic recovery
  - A voter-approved revenue measure would provide additional resources to address evolving community needs

# Budget Schedule

- ▶ June 8      First Public Hearing
- ▶ June 15     Second Public Hearing and Budget Adoption