

COVID-19 BUDGET IMPACTS & MITIGATION EFFORTS

In March of 2020, the COVID-19 pandemic began generating economic impacts across multiple sectors throughout the country. Abrupt changes in consumer spending due to shelter-in-place orders caused significant reductions in city revenues typically generated through Sales Tax, Transient Occupancy Tax (hotel tax), and Gas Tax. Both Sales Tax and Transient Occupancy Tax dollars go to the General Fund.

Over \$7 million in General Fund revenues are estimated to be lost in FY 2020-21 due to the COVID-19 health crisis. A continued decline in local sales tax is anticipated in FY 2020-21 as the country begins a slow recovery from the pandemic. Of the \$7 million estimated to be lost, \$500k is for additional contributions to fund balance, \$5.7 million is being mitigated by budget reductions (see below), and the remaining \$800k is being drawn from fund balance for one-time costs.

Below are examples of spending reductions for FY 2020-21 that help mitigate the impacts of estimated losses in General Fund revenues:

- No new positions. The FY 2020-21 Proposed Budget assumes 10 unfunded positions including 5 Sworn Police Officers. These 10 positions are assumed to remain vacant and unfunded until FY 2022-23. **NET SPENDING REDUCTION: \$1.6million**
- No transfer of Recycling & Waste Franchise Fee revenue to the Capital Reserve Fund. **NET SPENDING REDUCTION: \$1.2million**
- Withholding advance prepayment of the City's PERS unfunded accrued liabilities (UAL). **NET SPENDING REDUCTION: \$900,000**
- Suspension of the General Fund Deficit Forgiveness contribution to the Transit Fund **NET SPENDING REDUCTION: \$835,304**
- Deferring the purchase of Information Technology equipment **NET SPENDING REDUCTION: \$600,000**
- Reduced Operating Costs **NET SPENDING REDUCTION: \$600,000**

\$7 million
GENERAL FUND REVENUE LOSS ESTIMATE
in FY 2020-21 due to the COVID-19 health crisis

CARES ACT FUNDING SUPPORT

The State of California Budget Act of 2020 allocates funding from the Coronavirus Relief Fund in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address the public health and public safety impacts of COVID-19. The City of Elk Grove has been allocated \$2,174,997.

The City has experienced and will continue to incur expenses related to the COVID-19 response. The City anticipates using these funds for the following purposes:

CARES ACT GRANT AWARD
\$2,174,997

City COVID-19 Direct Expenditures:
\$1,000,000

Community Programs: \$1,122,000

Great Plates Delivered
Homeless Meal Support
Non-profit Emergency Funding
Small Business Grants

Other-Eligible Expenditures: \$52,997

Federal law specifies that these funds may only be used for COVID-19 response costs incurred between March 1, 2020 and December 30, 2020. All funds must be spent by the end of the calendar year.



BUDGET FACT SHEET

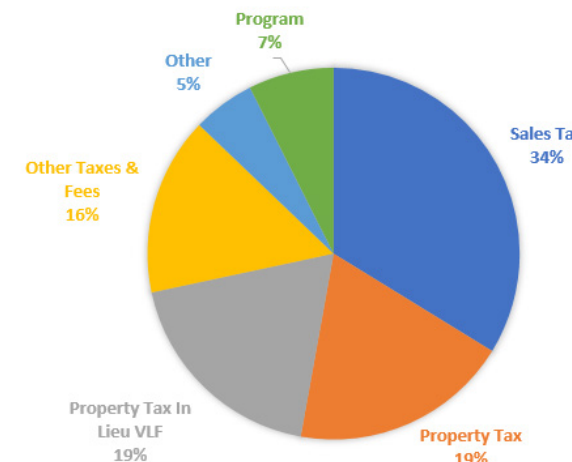
FY 2020-21

The Elk Grove City Council unanimously adopted a balanced budget (plus \$800k for one-time costs) for the 2020-21 fiscal year. This guide shows where city tax dollars including distribution of property tax dollars are allocated based on goals established by the City Council. These goals guide our work and funding priorities for the coming year.

WHERE DOES THE MONEY COME FROM?

Sales tax is the single largest source of revenue to the General Fund. For every dollar you spend in taxable items in Elk Grove, 1¢ of your purchase supports critical services like public safety.

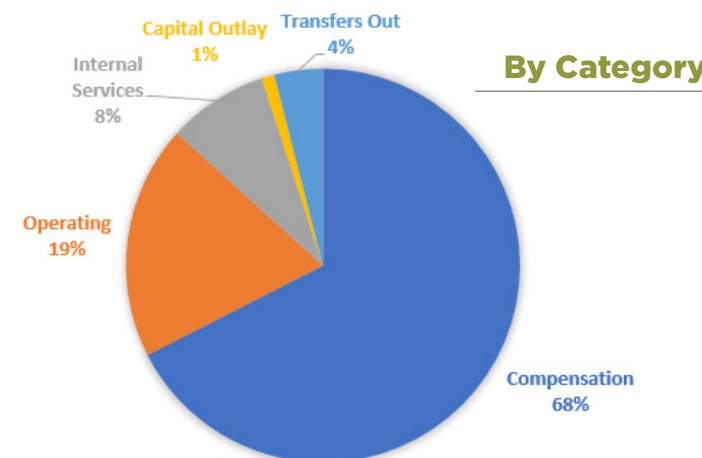
GENERAL FUND REVENUE:
\$73,581,685



WHERE DOES THE MONEY GO?

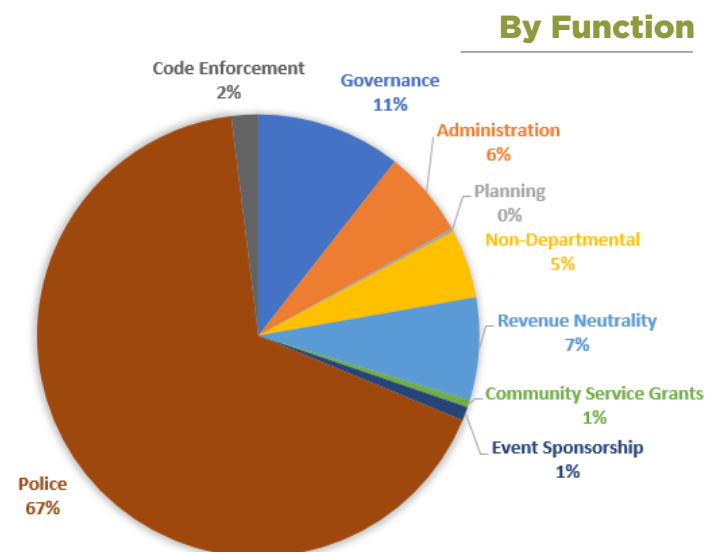
GENERAL FUND EXPENDITURES: **\$74,368,185**

(Includes \$800k for one-time expenditures)



City of Elk Grove FY 2020-21 Budget:

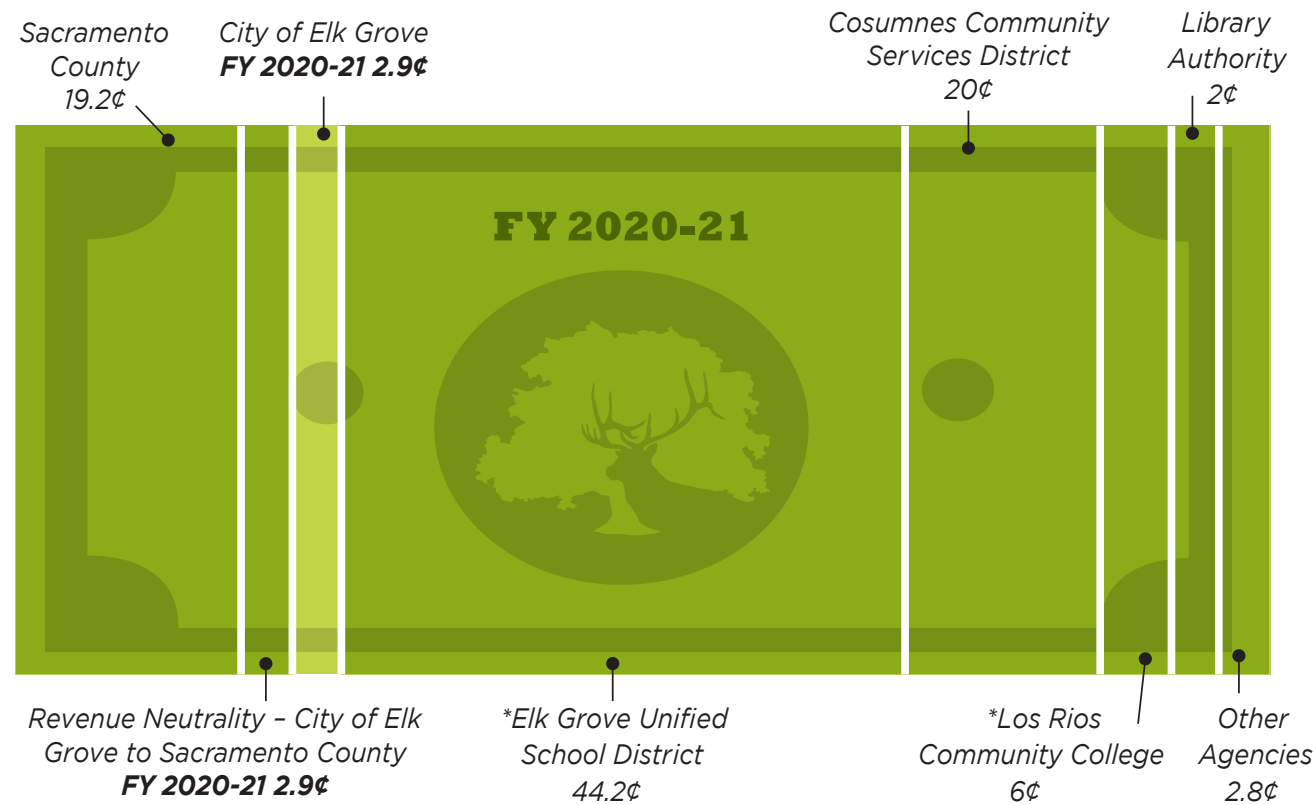
- 1 MAINTAINS LEVELS OF SERVICE TO THE RESIDENTS OF ELK GROVE, WITH CONTINUED EFFORTS ON PUBLIC SAFETY AND ECONOMIC DEVELOPMENT.**
 - Continues programs that retain and recruit targeted industries and employers.
 - Supports projects and business that expand retail, dining and entertainment offerings.
 - Maintains law enforcement funding, including support for innovative programs such as Domestic Violence Response Team, Mobile Crisis Unit, Unmanned Aircraft System and Real Time Information Center.
- 2 EXHIBITS FISCAL RESPONSIBILITY BY REDUCING SPENDING AS A RESPONSE TO REVENUE LOSSES FROM THE COVID-19 PANDEMIC.**
 - No new positions, 10 unfunded positions, spending cutbacks in operations, transfers and capital equipment.
- 3 MAINTAINS TARGETED RESERVES AND ALIGNS RESERVE ALLOCATIONS FOR ECONOMIC UNCERTAINTY.**
 - Adequately retains the City's "rainy day fund".
 - Provides resources for future potential strategic opportunities.
- 4 PRIORITIZE INFRASTRUCTURE FUNDING FOR AMENITIES THAT WILL IMPROVE QUALITY OF LIFE.**
 - Starts construction of the District56 Nature Area and Kammerer Road from Lent Ranch Rd to Bruceville Rd and completes construction of Old Town Plaza.



QUESTIONS ABOUT THE BUDGET? Contact City Budget Manager, Shay Narayan at snarayan@elkgrovecity.org. View the entire budget at elkgrovecity.org/finance

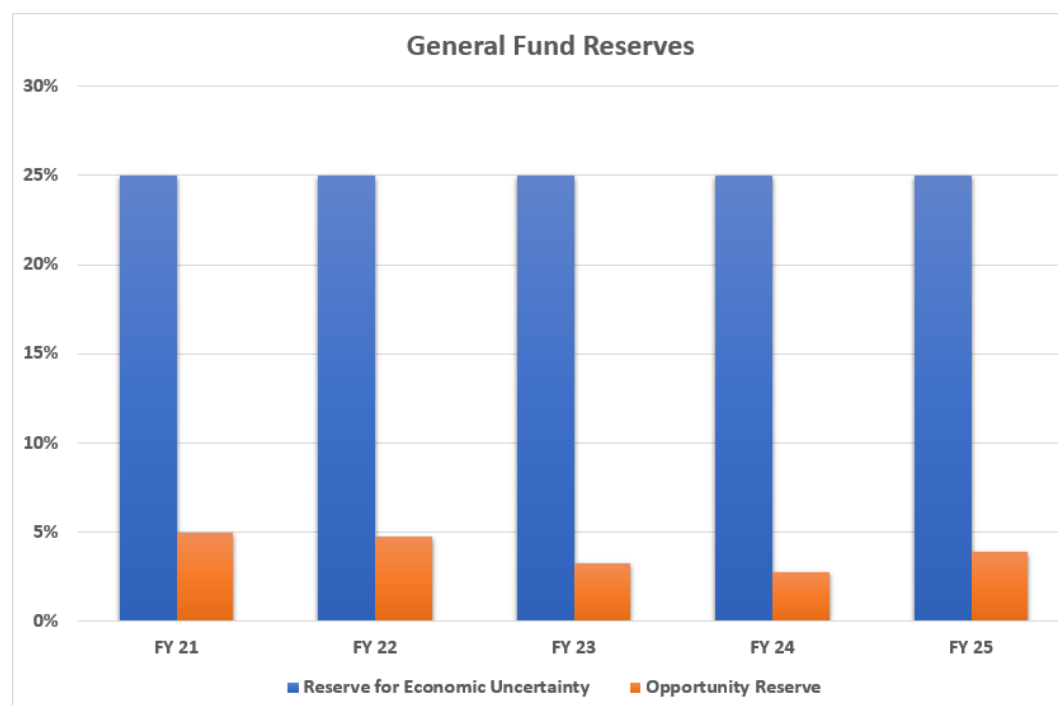
WHERE DO YOUR PROPERTY TAXES GO?

The City has many funding sources to provide services to its residents, including property taxes. Your property tax dollars are allocated to many different agencies that also provide services within city limits. For every dollar paid in property taxes, funds are allocated to governmental agencies and shown below.



*The dollar bill chart includes the Educational Revenue Augmentation Fund (ERAF) distribution.

GENERAL FUND OVER 5 YEARS



The Reserve for Economic Uncertainty maintains its Council approved target of 25% in all five years. The Opportunity Reserve level varies over the five-year period and is drawn down at times to provide funding for Council priority projects or unforeseen opportunities.

See page 23 of the FY 2020-21 budget book.

CAPITAL IMPROVEMENT PLAN HIGHLIGHTS

The City's five year Capital Improvement Plan (CIP) is a long-range plan which outlines the City's transportation and infrastructure projects and provides a schedule with financing options. The majority of funding comes from sources other than the general fund. Highlights of the plan for Fiscal Year (FY) 2020-21 include:



KAMMERER ROAD WIDENING AND EXTENSION

- Establishes a divided two-lane extension of Kammerer Road from Lent Ranch Parkway to Interstate 5. This is the first phase of a larger four-lane project.
- Lent Ranch Rd to Bruceville Rd - divided two-lane extension
 - Construction scheduled to begin Spring 2021
- Bruceville Rd to I-5 - divided two-lane extension: Grant funding being actively pursued.

Old Town Plaza



OLD TOWN PROJECTS

Old Town Plaza Phase 2 and 3

- Improvements include an entrance plaza, seat wall, walkways, bike parking, lawn and landscaped areas and a pavilion structure.
 - Construction underway

The Railroad Street Improvement Project

- Reconstructs Railroad Street and Grove Street along the Old Town Plaza.
- Adds two public parking lots and extends utilities
 - Construction underway

Old Town Area Streetscape Phase 2

- Further improves access for pedestrians, bicyclists, and transit users
 - Construction planned for 2021

District56 Facilities



DISTRICT56 FACILITIES

- The District56 Preserve will include a beautiful pond, boardwalks, meandering walkways, fitness court, picnic area, children's play area, great lawn and a kinetic art sculpture.
 - Construction underway

LAGUNA RIDGE PARKS

- Oasis Park - **construction in progress**
- Singh and Kaur Park - **construction in progress**
- Oasis Park Community Building - **construction planned for 2021**