



# Sandy City Council

## Memorandum

June 16, 2020

To: Council Members  
Subject: FY2020-21 Budget Proposal Option 2

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### Description/Background:

In light of COVID-19 and the currently unknown economic situation in Sandy City and after extensive Council Member discussions, the attached Budget Proposal has been put together to help mitigate possible economic impacts.

Please consider the following while reviewing the proposed budget.

1. The Administration has reduced the Sales Tax revenue coming into the General Fund from the original proposed budget (January timeframe) by 4% or \$2.3M to account for the possible COVID-19 economic impacts.
2. The employee compensation plan has been reduced from \$2.5M (January) to \$1.1M, which is a 1% increase over the base compensation for FY2020.
3. Hiring Freeze of 23 open positions is in place which will save approximately \$1.8M in general revenue funds if continued throughout FY2021.
4. Sales Tax Revenue

	Original Rev Budget	Post COVID Rev Budget	Actual	Difference / Notes
March 2020	\$1.9M	\$1.6M	\$2.05M	+\$90K over Original
April 2020	\$1.6M	\$1.093	\$1.462M (Prelim Estimate)	+\$370K over Post COVID

5. County COVID-19 CARES Act money \$29 per resident.
  - a. At this time there is approx. \$400K of expenses being tracked – we do not have confirmation on what is eligible yet.
6. Possible 4<sup>th</sup> Federal Stimulus Package that includes Direct Funding to cities. Estimated \$2-\$4 Million depending on final passage around July.
7. State Code requires Sandy City to have a balanced budget, meaning we cannot spend (expenses) more than we have (revenue). To make sure this is happening, monthly review of revenue and appropriate cost cuts are in place for each department for FY2021. Areas specifically being looked at for cost cutting include, but are not limited to: Capital Projects, Professional Services, Capital Equipment, Fleet, Hiring Freeze, Non-Departmental/Special Programs and Travel.



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	Reduction	% Reduction of TTL Sales Tax Revenue	Adjusted Sales Tax Revenue (Beg. \$55,353,771)
Post COVID-19 Sales Tax Reductions	\$2.3M	4%	\$53,053,771
Proposed Reductions	\$2M	3.8%	\$51,050,934
Hiring Freeze Estimated Saving for FY2020-21	\$1.8M	3.4%	\$49,250,934
<b>Totals</b>		<b>11.2%</b>	<b>\$3,802,837</b>

**Fiscal Impact:**

With this proposal General Taxes & Special Assessments Revenue will be decreased by \$2,002,837 which is a 3.4% Reduction.

**Recommended Action and/or Suggested Motion:**

- 1 – Discussion of the budget proposal to work through Councilmember opinions and possible compromise.
- 2 – Motion to approve budget proposal or approve high-level direction so future council discussions can continue around smaller department adjustments.
- 3 – In addition to monthly revenue reports, reviews should happen as needed to determine if revenue has been lower, met or exceeded projections so expenses can be approved (fleet, hiring, etc.) or not.