



COVID-19 Budget Update

April 13, 2020





Mission

Deliver exceptional services to support a high quality of life and place for our community



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



Values

Integrity, Respect, Excellence, Accountability, People

Agenda



- Estimated impact on revenues
- Adjustments implemented in early March
- Budget adjustments to balance current year
- Additional measures that could be implemented
- Realigning capital investments
- Enterprise funds

**Decline expected
to be sharper than
ever experienced**



**Long-term
recovery that will
span multiple
fiscal years**



**Limited data and
uncertainty of
crisis will make
forecasting
difficult**



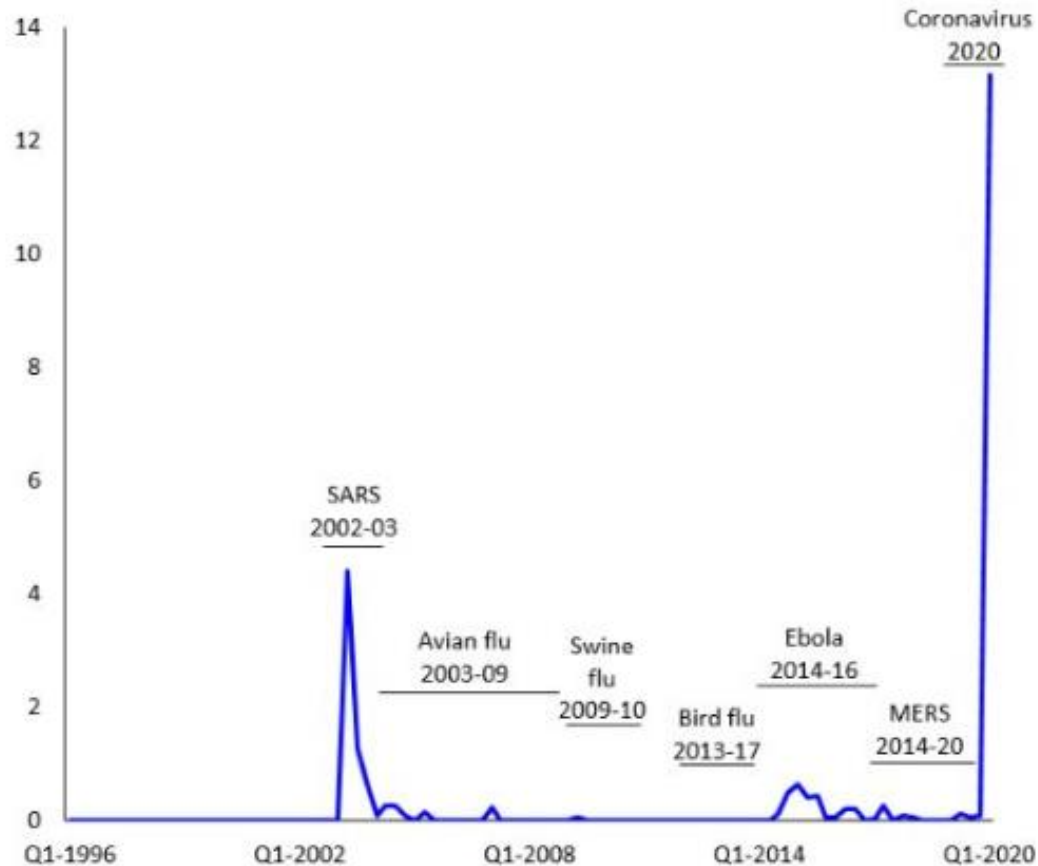
COVID-19 Health & Financial Crisis



Global Uncertainty Around Pandemics

As the coronavirus goes global, the World Pandemics Uncertainty Index surges to a record high in the first quarter of 2020.

(World Pandemics Uncertainty Index—WPUI, simple average)



Source: Ahir, Bloom, and Furceri (2018).

Note: The WPUI is the number of times that a word out of 100,000 in a given EIU country report mentions the word uncertainty near a word related to pandemics or epidemics. A higher number means higher global uncertainty around pandemics/epidemics and vice-versa. The numbers for 2020Q1 are based on the reports for March or the latest available. The WPUI is a sub-index of the World Uncertainty Index (<https://worlduncertaintyindex.com/>).

**Health impact
that is causing a
corresponding
financial impact**



**Implementation of
Strategic Plan in 2015
has led to significant
investment in priorities
(ex. streets, public
safety, quality of life)**



**Every tool and
resource created
in the last 5 years
will be needed to
address this
challenge**



- We have sharpened our tools over the past several years and will need all of them to address the challenges we will face
 - Fund balance buildup
 - Strong management practices
 - Revenues created to fund priorities
 - Ability to be agile and make the appropriate adjustments to service delivery

- Recent debt issued in Feb., prior to current market crash (our constant monitoring of the market allowed us to take advantage of low interest rates)
- Since 2014, increased reserves by \$18.2 million, or 54%
- \$30 million in annual pay-go revenue for priorities
- \$2.7 million for recently created the budget stabilization fund
- \$46 million in debt refinancing savings since 2016
- \$6.4 million in cost savings and avoidance through LSS projects
- Legislative Agendas – Federal and State to provide assistance
- Four consecutive years with no audit findings
- \$19.2 million in MPO reimbursement through improved processes
- Removed From "High Risk" Category for HUD Environmental Compliance

- Proactive measures were implemented in early March
- Remainder of current year
 - Continuously estimating the impact (General Fund and Enterprise Funds)
 - Managing the decline by utilizing financial tools
 - Operational cost containment
 - Realigning capital investments



COVID-19 Impact (General Fund)



**Presented
2/4/2020**
**COVID-19
Impact**

FY 2019-2020 General Fund Year -End Financial Report (\$ in Millions)	Year-End Projection	Year-End Projection
Beginning Fund Balance (as of 9/1/2019).....	\$51.6	\$51.6
Estimated Operating Revenues		
Subtotal Operating Revenues.....	\$465.0	\$431.7
Estimated Operating Expenditures		
Subtotal Operating Expenditures.....	\$458.9	\$458.1
Estimated Ending Fund Balance (as of 8/31/2020).....	\$57.7	\$25.2
Projected Surplus / (Deficit).....	\$6.1	(\$26.4)

- \$33.3 million impact (change in estimated revenues)
- Projected \$26.4 million deficit is before implemented reductions



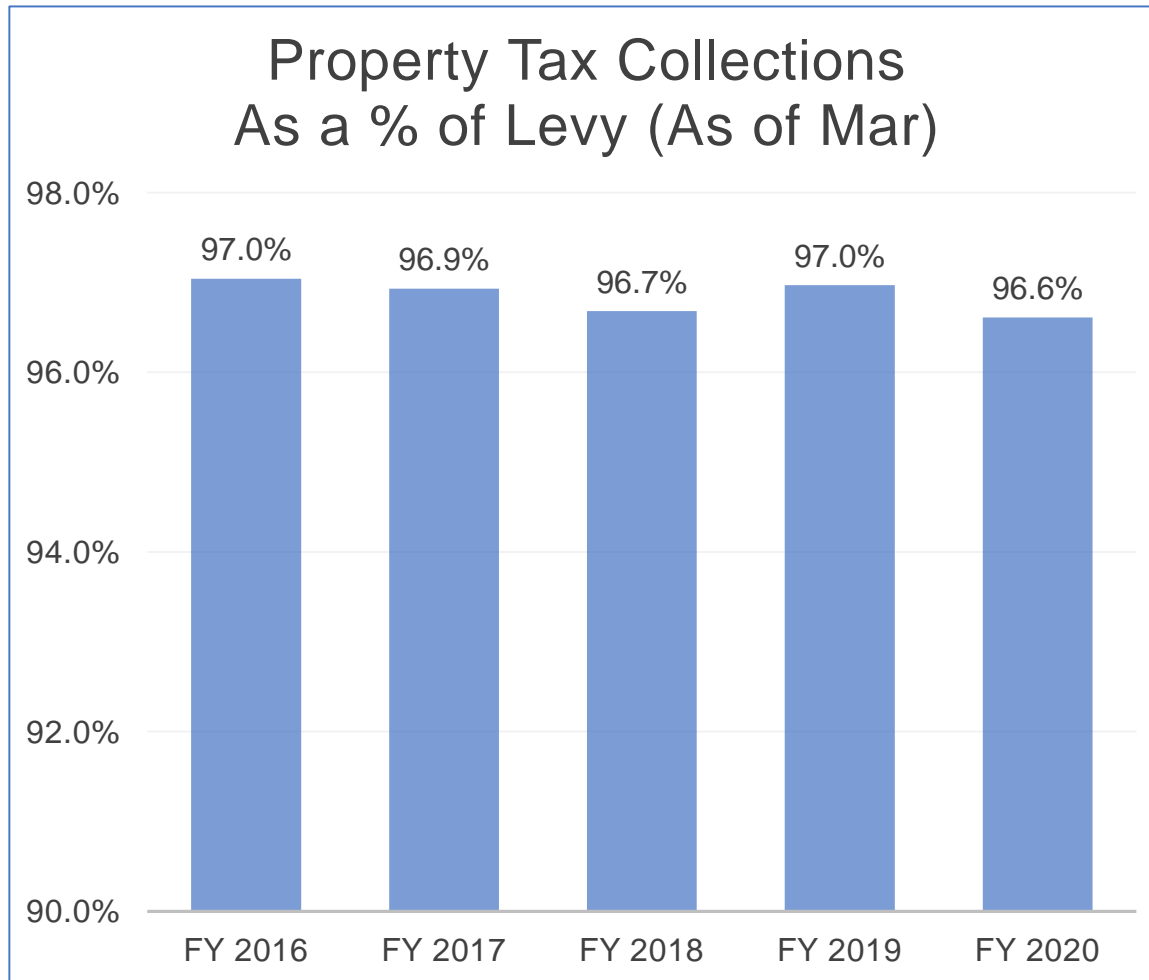
COVID-19 Revenue Impact (General Fund)



	FY 2020 Budget	Year-End Projection	\$ Variance
Property Taxes	214,383,503	214,549,834	166,331
Sales Taxes	97,069,368	88,711,191	(8,358,177)
Franchise Fees	52,718,813	48,557,415	(4,161,398)
Charges For Services	33,741,955	30,643,059	(3,048,896)
Other Sources*	33,667,906	28,983,408	(4,684,498)
Licenses And Permits	13,414,986	9,993,561	(3,504,396)
Fines And Forfeitures	8,695,126	5,716,371	(2,975,755)
Rents And Other	2,821,945	2,968,329	146,384
Intergovernmental Revenues	984,329	1,158,627	174,298
Interest	591,609	500,000	0
Total Revenues	\$458,089,541	\$431,698,824	(\$26,390,717)

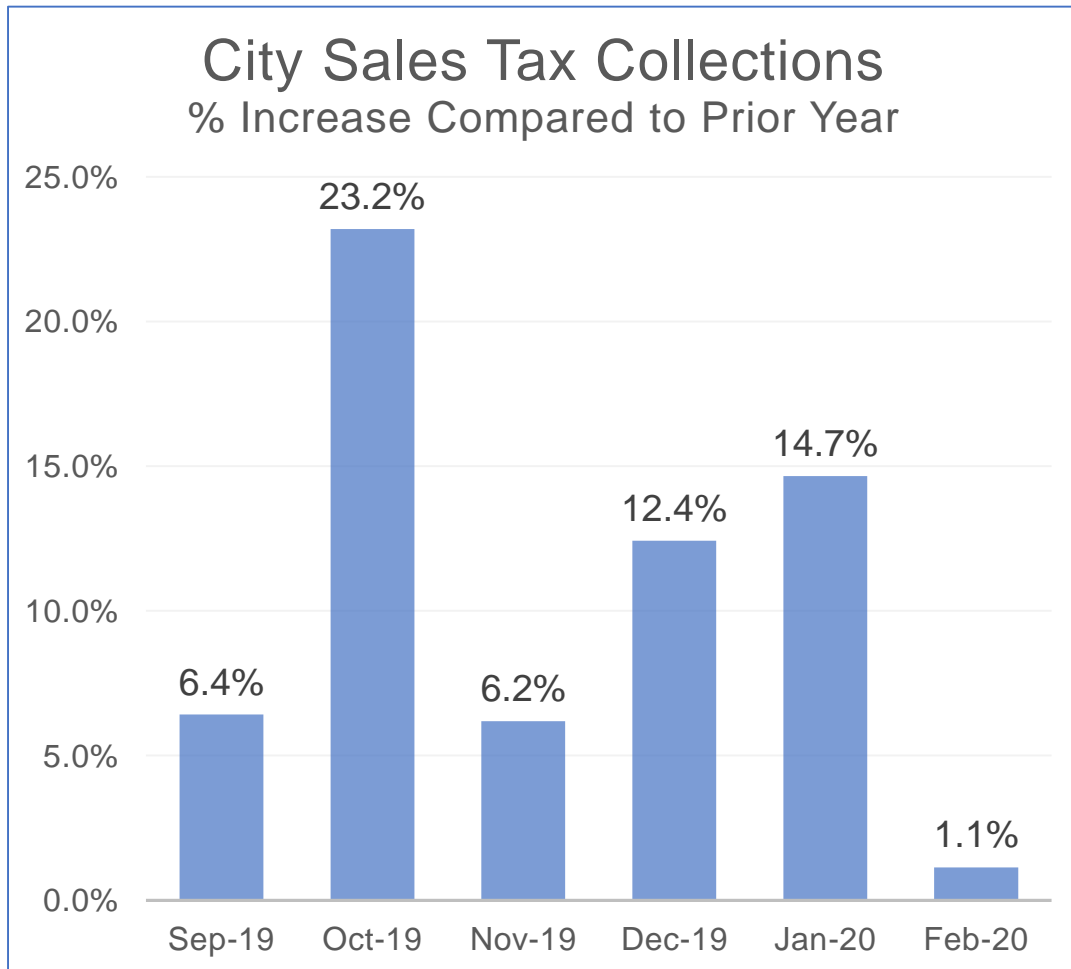
*Other Sources includes payments from airport, mass transit, solid waste, and bridges

Major Revenue Sources

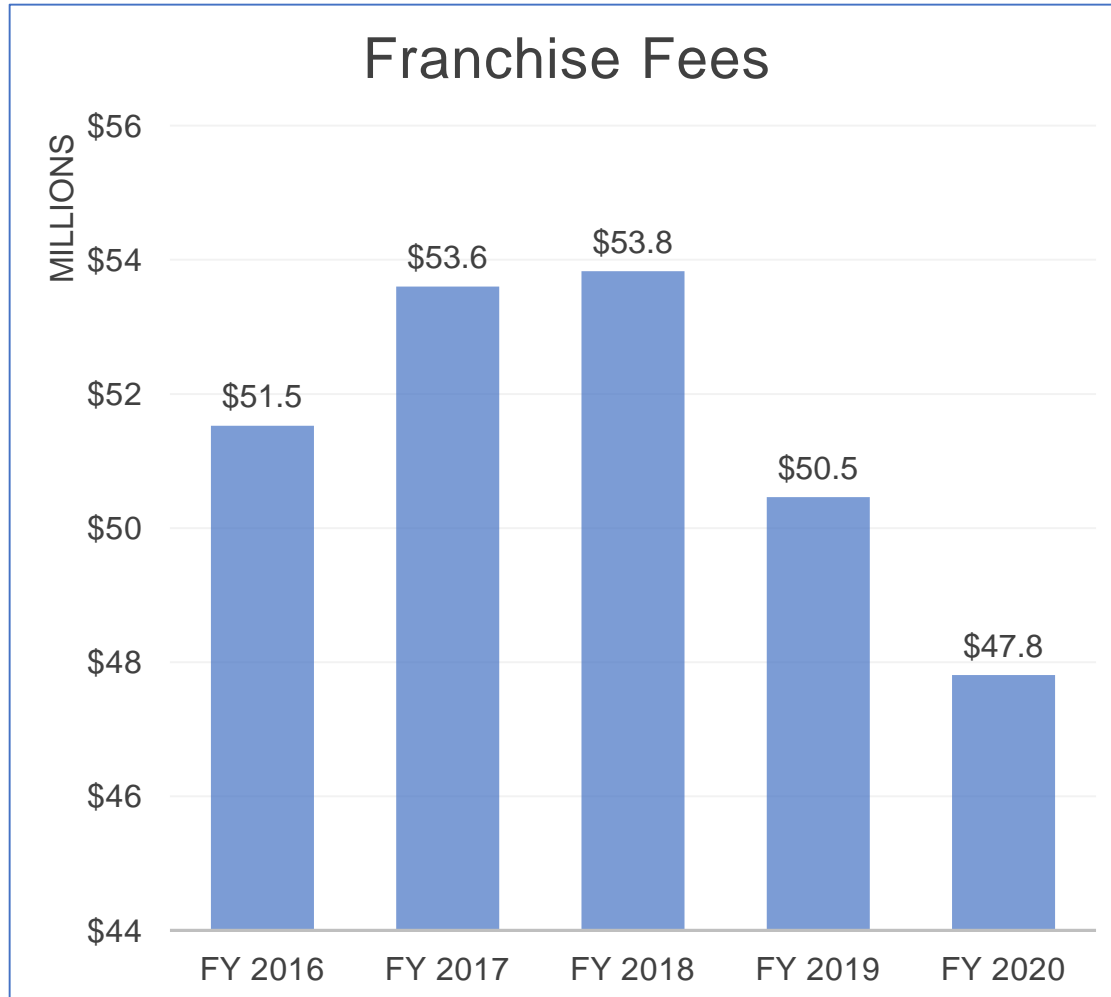


- Collections on target compared to historical data
- We have collected data through April 3
- Projecting property tax revenue to finish on budget

Major Revenue Sources



- Sales tax collections are up 10.5% through Feb. compared to last year
- February sales tax collection included **(\$239K)** in state sales tax audit.
- March sales tax amount will be posted on Wed. 5/13/2020
- Projecting overall decrease of **(7.4%)** by end of fiscal year



- Most payments are collected quarterly
- 3rd quarter payments will not be received until May 15
- Projecting overall decrease of **(5.3%)** by end of fiscal year

- Since early March we have:
 - Implemented hiring freeze for non-essential
 - Suspended implementation of compensation study
 - Implemented route adjustments for Sun Metro
 - Suspended streetcar service
 - Closed multiple facilities and delayed opening of new amenities
 - Started analysis of slowing down on capital projects



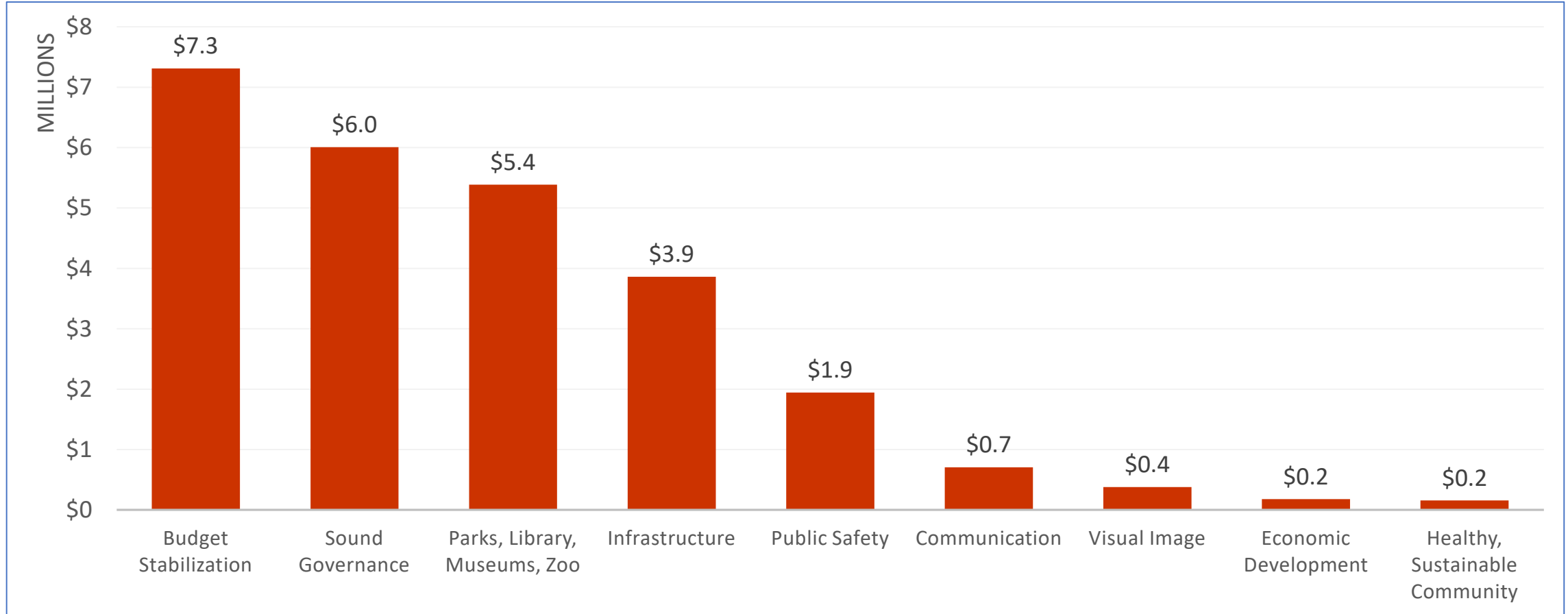
COVID-19 Related Budget Adjustments



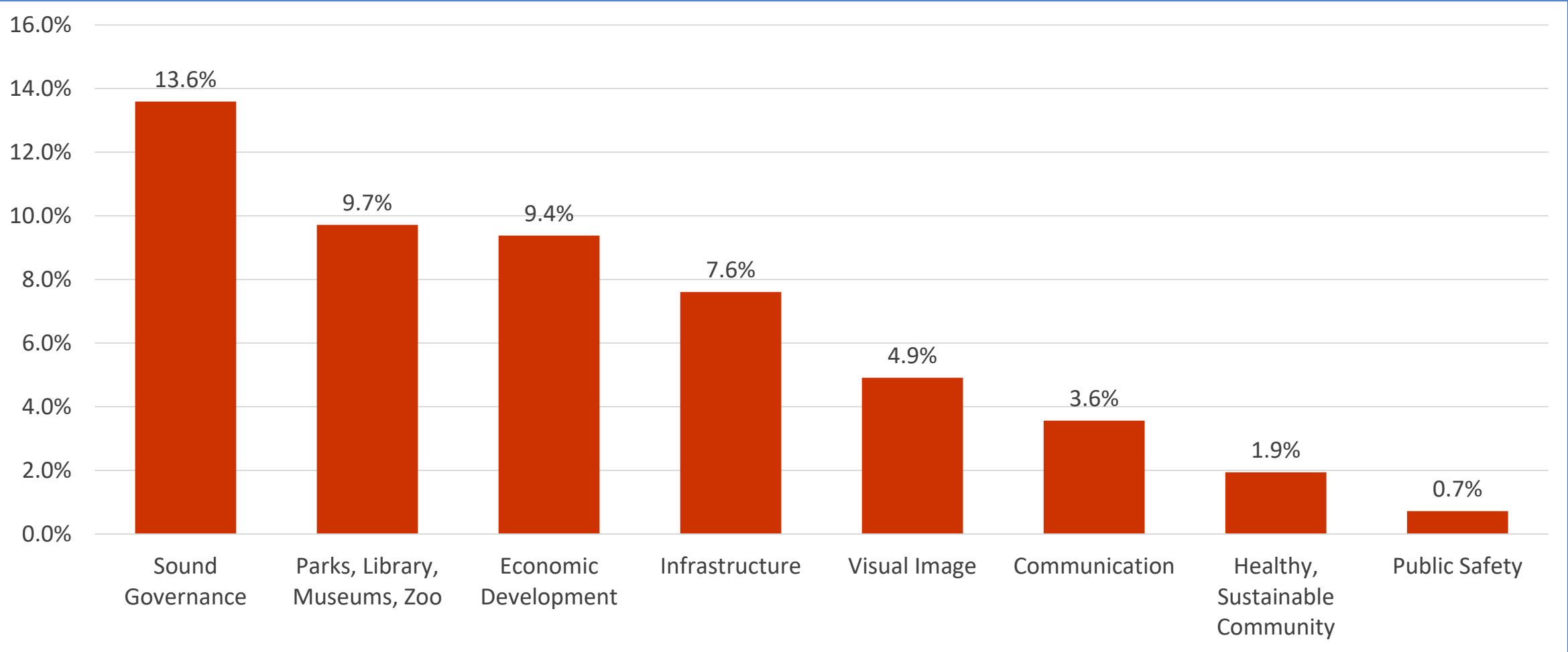
Revenue Shortfall		(\$26,390,717)
General Fund Adjustments	\$14,063,913	
Vacancy Savings (through end of fiscal year)	\$4,562,523	
Residential Street Maintenance (budget stabilization fund)	\$6,600,000	
Salary adjustments	\$452,453	
Budget Stabilization Fund*	\$711,828	
Total Adjustments		\$26,390,717

*Budget Stabilization Fund balance would be \$1,988,172

FY 2020 General Fund Budget Reductions



Reductions as a % of Budget



General Fund Adjustments



- Law books and legal notices
- Cancellation of the Neighborhood Academy
- Travel, seminars, and continuing education
- Minor operating expenditures
- Citywide Information Technology contracts and postponement of software acquisition
- Miscellaneous operating costs due to facility closures
- Salary reserve and roll back rate contingency
- Electricity, vehicle maintenance, and gasoline
- Facility renovation and sport court resurfacing pay-go
- Salary adjustments

- Following the Mayor's initiative of creating an Economic Recovery Task Force, we have already begun the process:
 - \$2 million for **El Paso Small Business Emergency Relief Program** (City/County partnership w/ \$1M each)
 - \$100,000 for **El Pasoans Fighting Hunger** (unbudgeted expenditure will be covered by salary adjustments)
 - \$50,000 for daycare - Workforce Solutions (unbudgeted expenditure will be covered by salary adjustments)
 - \$650,000 assistance for the homeless

25+

stakeholder partners included
on cross functional team

\$650K

CARES Act Stimulus, Emergency
Solutions Grant initial investment in our
most vulnerable

80+

overflow individuals
at the Opportunity Center
sheltered today



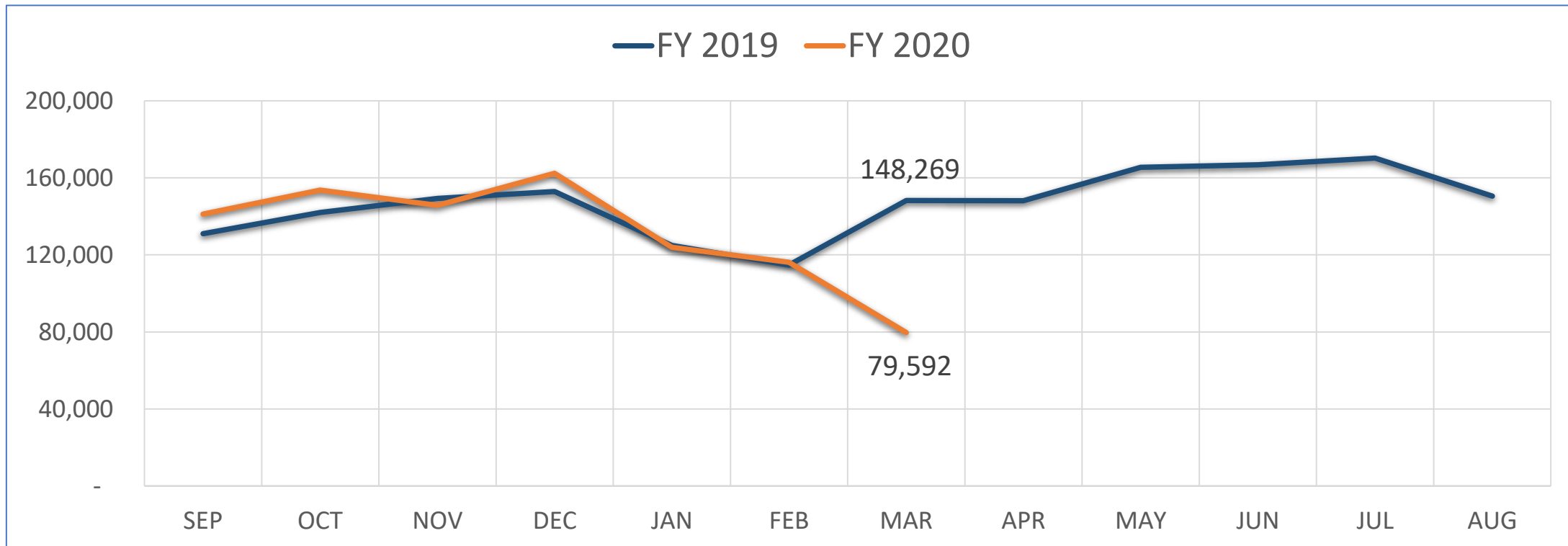
Assistance for the Homeless

- Established the **Vulnerable Population Support Task Force**: Over 25 public, private, philanthropic and non-profit agency partners
- **Delta Site Alternative Emergency Shelter** established
 - Acosta Recreation Center / Hilos de Plata Senior Center
- \$650,000 in **Emergency Solutions Grant (ESG-CV)** funding part of a \$1.9 million allocation

- 93 active economic incentive agreements
 - Currently reviewing all agreements
 - Reaching out to our recipients to assess the status of their situations
 - Will provide assistance where possible and as necessary

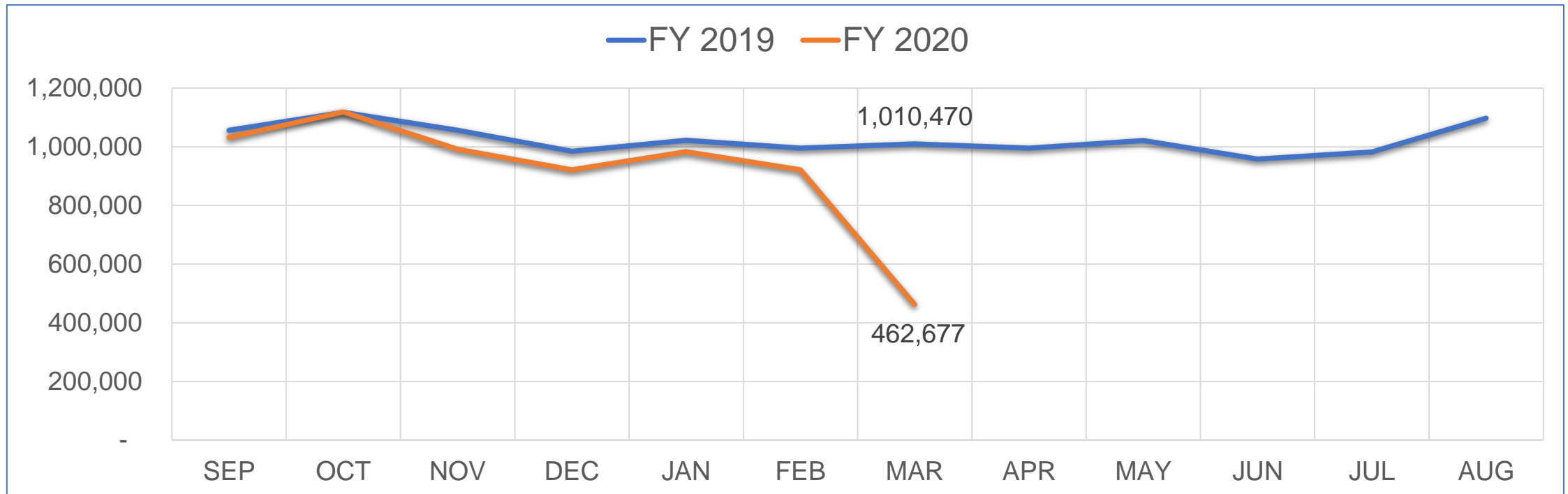
- Refinancing opportunity for a portion of ballpark debt
- Reserves
- Reallocate bridge funds collected from P3 to General Fund
- Utilize Police tow lot reserves for General Fund
- Reduce contracts with vendors
- Facility closures – seasonal and part-time employees will not be needed due to suspension of services
- Furloughs and layoffs

- Enplanements through February up 3.5% compared to the same period last year
- Preliminary information indicates a drop of (46.3%) in March compared to last year



*March 2020 Enplanements Data is preliminary associated with individuals going through TSA Checkpoints

- Ridership through February is down (4.3%) compared to the same period last year
- March ridership shows a decline of (54.2%) compared to last year



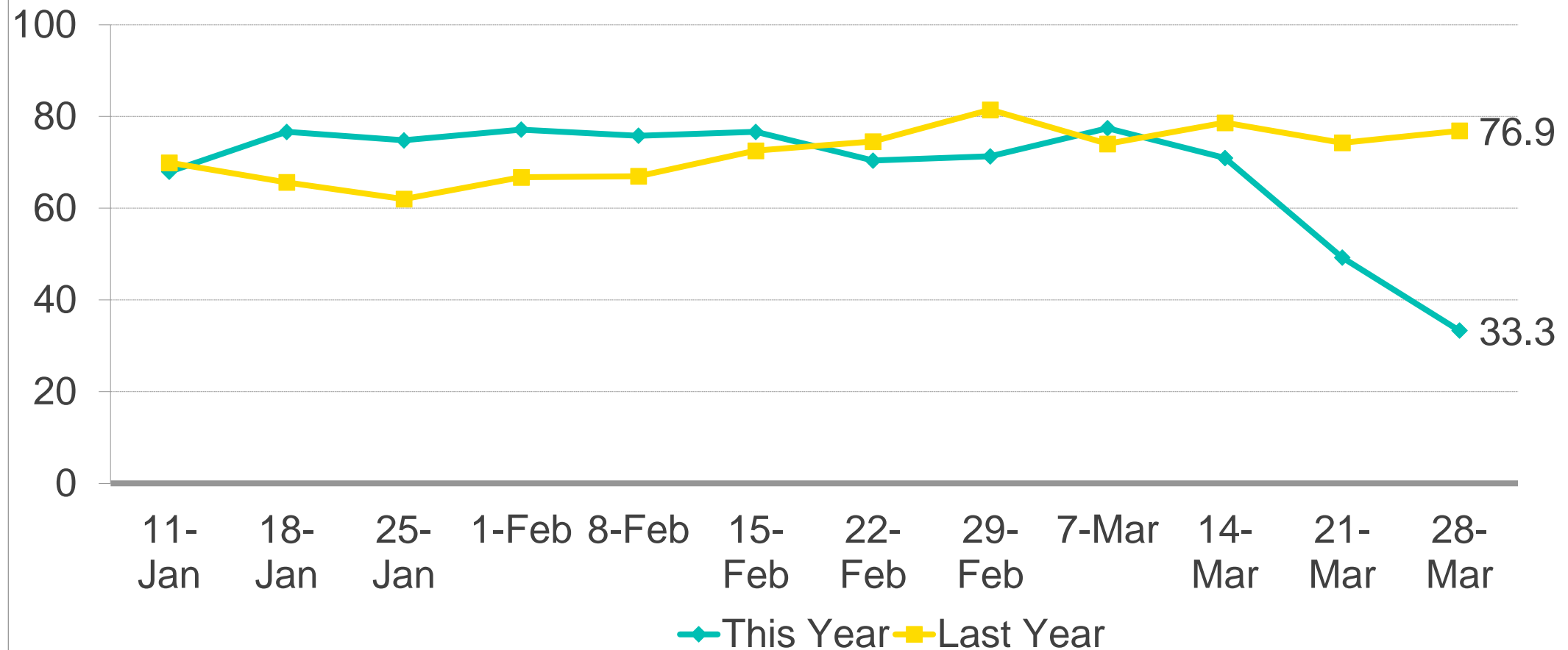
- Southbound Traffic
 - Pedestrian
 - 2.1% increase through February
 - **(39.2%)** decline in March over last year
 - Vehicle
 - 1.6 % increase through February
 - **(19.9%)** decline in March over last year

- Southbound Traffic
 - Cargo
 - 8.6%% increase through February
 - 9.5% increase in March over last year

Personal vehicles per day (7-day moving average) 04/05/2020



Weekly Occupancy (%) - Jan 11, 2020 to Mar 28, 2020



Realigning Capital Improvement Program

Presentation by Sam Rodriguez