



**TOWN MANAGER'S
RECOMMENDED
FY 2020-21
BUDGET:
OUR APPROACH TO
ADDRESS COVID-19**

Town Council Meeting

April 15, 2020



Purpose of Presentation

Discuss Our Approach and Process to Address the Financial Impacts of COVID-19 on the Town Manager's Recommended FY 20-21 Budget

Staff Responsibilities

Estimate Revenue Impacts

Identify Expense Reductions



Today's Thoughts

- Financial Impacts are Tied to Severity and Duration of the Health Crisis
 - Consumer Confidence
 - Labor Pool
- Type of Recovery?
 - Short (“V”)
 - Medium (“U”)
 - Long (“Nike Swoosh”)





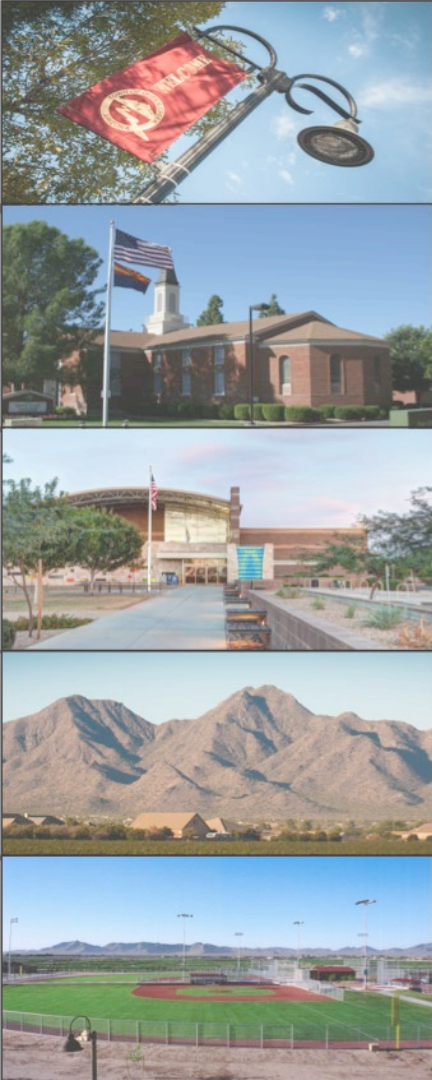
Today's Thoughts (concluded)

- Lack of Information Exists
 - Develop Processes and Methods to Measure Activity Timely
- Impacts Will Vary by Sector
 - Retail, Food Services, Tourism, Entertainment,
- Federal Stimulus Matters
- “Look Past It” for Long-Term Decisions

State Financial Perspective

- Environment is highly unpredictable
- Pandemic will have implications until at least through end of FY 20-21
- JLBC reports FY21 shortfall to be \$1.1B but could vary by \$500M – in either direction
- Will revisit in June





Queen Creek Perspective

- All categories of revenues and expenditures are under review
- Forecasts under reexamination include, but are not limited to:
 - Restaurants and Bars make up ~15% of the sales tax and this will be down substantially, perhaps as much as 50% for FY 20-21
 - General Retail Sales Taxes will also be impacted and this figure will be revised downward
 - Construction Sales Taxes will be impacted and revised downward
 - Corresponding fees paid for building reviews, services
- Finalizing scenarios that will give the Council options throughout the fiscal year to adequately make timely adjustments depending on the length of the “economic sudden stop”



Guiding Principles

1. \$21M 6/30/19 Reserves Will Not Be Used to Mitigate Revenue Reductions
 - Preserve Its Use Later if Situation Warrants
2. Public Safety and Transportation Remains a Town Council Priority
 - Create a Police Department
 - Build 2 New Fire Stations, Rebuild 1 Station, and a Resource Center
 - Continue with 10-Year \$286M 10-Year Transportation Plan

Guiding Principles (continued)

3. Re-Balance the 5-Year Operating Budget Plan (Not Just FY 20-21)
4. Protect Existing Essential Service Levels
5. Identify Expense Reductions that Directly Correlate to Revenue Reductions





Guiding Principles (concluded)

6. Develop Multiple Expense Reduction Packages Based on Severity and Duration of Revenue Loss
7. Process Matters !!!
 - Monitor, Monitor, Monitor
 - Report, Report, Report
 - Discuss, Discuss, Discuss
 - Reconcile, Reconcile, Reconcile

KEY BUDGET DATES



Date	Item
April 23	Revised FY21 Recommended Budget Ready
May 11, 12	Budget Committee Meeting(s). May 12, as needed
May 25	Materials Due to Town Clerk for June 3 Council Meeting
June 3	Tentative Budget Approval
June 17	Final Budget Adoption
July 15	Property Tax Levy Adopted



DISCUSSION AND QUESTIONS