



**FY 2020-21 Budget Update
COVID-19
Finance, Fiscal Affairs and
Investment Advisory Committee
June 9, 2020**

**(Revised to Include June Tax and Sales Tax Notes:
Slides 4 and 8**

Mike Loftin, Assistant City Manager

Conclusions (No Change)

- Economic impact of COVID-19 and record low oil prices still emerging
- It appears that it might be potentially short-lived but more likely will have a longer term impact
- In the meantime major financial decisions should be approached with care and concern for the multi year impact of those decisions



Property Tax Roll



Tax Year	Fiscal Year	Initial Value	Value Lost in Protests	Net taxable Value	Percent Loss in Protests	Net Increase	Initial Increase
2007	2008	\$4,173,803,003	(\$153,530,255)	\$4,020,272,748	-3.7%		
2008	2009	\$4,397,647,451	(\$90,707,745)	\$4,306,939,706	-2.1%	7.1%	9.4%
2009	2010	\$3,867,916,387	(\$172,881,661)	\$3,695,034,726	-4.5%	-14.2%	-10.2%
2010	2011	\$4,339,578,504	(\$295,077,791)	\$4,044,500,713	-6.8%	9.5%	17.4%
2011	2012	\$4,312,300,922	(\$118,014,116)	\$4,194,286,806	-2.7%	3.7%	6.6%
2012	2013	\$4,510,802,981	(\$187,955,326)	\$4,322,847,655	-4.2%	3.1%	7.5%
2013	2014	\$4,686,443,571	(\$151,378,426)	\$4,535,065,145	-3.2%	4.9%	8.4%
2014	2015	\$4,901,091,851	(\$138,178,611)	\$4,762,913,240	-2.8%	5.0%	8.1%
2015	2016	\$5,484,694,099	(\$189,588,687)	\$5,295,105,412	-3.5%	11.2%	15.2%
2016	2017	\$6,160,829,855	(\$315,289,572)	\$5,845,540,283	-5.1%	10.4%	16.3%
2017	2018	\$6,498,782,493	(\$325,700,110)	\$6,173,082,383	-5.0%	5.6%	11.2%
2018	2019	\$6,446,502,802	(\$111,602,802)	\$6,334,900,000	-2.2%	2.6%	4.4%
2019	2020	\$6,912,000,000	(\$227,196,697)	\$6,684,803,303	-3.6%	5.5%	9.1%
2020	2021 Forecast	\$7,722,326,000	(\$602,300,000)	\$7,120,026,000	-7.8%	6.5%	15.5%

Revenue increase will include new construction, TIRZ 12 & 14 value, and as much as 3.5 percent net M&O increase over last year. Too few hearings results to draw any trend yet.

FY20 Sales Tax Forecast

(Updated June 16, 2020)



TOTAL SALES TAX SUMMARY (INCLUDING IDC)

Month Tax Collected by Merchant	Month Received from State	FY 2020 Budget	Projected April 2020*	Actual Receipts*	Actual Over/ (Under) April Est.
October	December	\$1,597,000	\$1,644,735	\$1,644,735	\$0
November	January	\$1,471,000	\$1,541,912	\$1,541,912	\$0
December	February	\$2,005,000	\$2,153,777	\$2,153,777	\$0
January	March	\$1,513,000	\$1,607,717	\$1,607,717	\$0
February	April	\$1,508,000	\$1,517,903	\$1,517,903	\$0
March	May	\$2,147,000	\$1,922,700	\$1,817,404	(\$105,296)
April	June	\$1,775,000	\$1,093,100	\$1,403,458	\$310,358
May	July	\$1,887,000	\$1,175,600		
June	August	\$2,484,000	\$1,754,700		
July	September	\$2,332,000	\$1,840,000		
August	October	\$2,100,000	\$1,748,400		
September	November	\$2,081,000	\$1,884,600		
		\$22,900,000	\$19,885,144	\$11,686,906	\$205,062

May Sales Tax is announced on the State Comptroller's Office website, July 8 at

<https://mycpa.cpa.state.tx.us/allocation/AllocDetail>

Projected General Fund share as of April was \$14.9 million.

Sales Tax for Affected Industry Groupings



Month of Sales	Lodging	Restaurants & Eateries	Bars	Recreation and Entertainment	Essential Retail	Other Retail
Mar-19	\$45,445	\$232,091	\$14,149	\$36,665	\$296,265	\$208,852
Apr-19	\$54,119	\$251,880	\$19,050	\$31,135	\$284,845	\$216,782
May-19	\$42,687	\$434,600	\$29,021	\$61,693	\$465,889	\$307,711
Jun-19	\$62,302	\$350,071	\$23,766	\$40,676	\$375,881	\$311,807
Jul-19	\$51,196	\$359,215	\$26,161	\$61,194	\$374,754	\$294,749
Aug-19	\$53,212	\$495,272	\$34,995	\$154,537	\$531,603	\$354,723
Sep-19	\$52,303	\$498,292	\$33,663	\$181,108	\$424,417	\$344,243

Data obtained from Sales Tax detailed confidentiality report available to City Manager's designated officials for use in forecasting, auditing and identifying revenue amounts needed for economic agreements with specific businesses.

Affected Industry Groupings



Lodging	Restaurants and Eateries	Essential Retail
Hotels	Other Restaurants	Auto Part Stores
Other Accommodations	Restaurants	Home Centers
RV Parks and Campgrounds	Fast Food	Supermarkets
Entertainment	Cafeteria Style Restaurants	Convenience Stores
Historical Sites	Speciality Foods	Liquor Stores
Zoos and Botanical Gardens	Food Service Contractors	Drug Stores
Amusement and Theme Parks	Caterers	Gas Stations with Convenience Stores
Golf Courses & Country Clubs	Mobile Food Services	Sporting Goods Stores
Marinas	Full Service Restaurants	Big Box Retail
Fitness and Recreational Sports Centers	Limited Service Restaurants	Other Retail
All Other Amusement & Rec Centers	Cafeterias and Buffets	Furniture Stores
Bars (Alcoholic)	Snack and Nonalcoholic Beverage Bars	Medium Size Retail

Sales tax revenues are presented for each North American Industry Code (NAIC) in order to protect the anonymity of specific businesses and their sales tax paid.

Sales Tax Methodology



Month Tax Collected by Merchant	Month Received from State	FY 2019 Actuals	Current Model FY 2020	Hospitality Losses	Retail Losses	Estimated FY 2020 Amount	FY 2020 Budget	(Under) Budget
March	May	\$2,039,771	\$2,306,400	(\$222,800)	(\$169,700)	\$1,913,900	\$2,147,000	(\$233,100)
April	June	\$1,871,434	\$1,725,000	(\$322,800)	(\$309,100)	\$1,093,100	\$1,775,000	(\$681,900)
May	July	\$1,777,843	\$1,639,000	(\$234,300)	(\$229,100)	\$1,175,600	\$1,887,000	(\$711,400)
June	August	\$2,373,396	\$2,185,000	(\$226,300)	(\$204,000)	\$1,754,700	\$2,484,000	(\$729,300)
July	September	\$2,272,460	\$2,105,000	(\$178,900)	(\$86,100)	\$1,840,000	\$2,331,000	(\$491,000)
August	October	\$2,029,978	\$1,881,000	(\$87,100)	(\$45,500)	\$1,748,400	\$2,100,000	(\$351,600)
September	November	\$2,097,694	\$1,943,000	(\$31,700)	(\$26,700)	\$1,884,600	\$2,081,000	(\$196,400)
	Remainder of FY 2020	\$14,462,576	\$13,784,400	(\$1,303,900)	(\$1,070,200)	\$11,410,300	\$14,805,000	(\$3,394,700)
					YTD Total	\$8,415,358	\$8,095,000	\$320,358
					FY 2020 Projected Total	\$19,825,658	\$22,900,000	(\$3,074,342)
					General Fund Share	\$14,869,244		
					IDC Share	\$4,956,414		

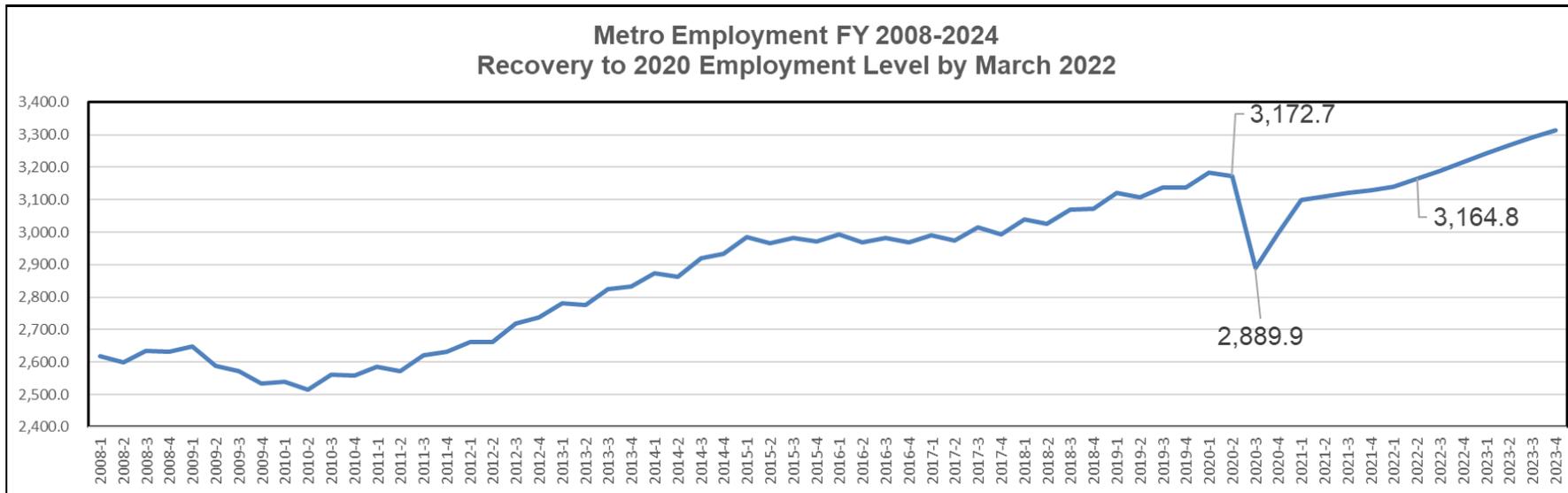
Sales Tax Notes



At-Risk Losses	May	June	July	August	Septemeber	October	November	Total
April Assumptions	\$392,500	\$631,900	\$463,400	\$430,300	\$265,000	\$132,600	\$58,400	\$2,374,100
May Assumptions	\$284,293	\$682,200	\$584,600	\$624,500	\$468,100	\$302,300	\$174,500	\$3,120,493
June Assumptions	\$284,293	\$368,309	\$273,200	\$277,000	\$194,600	\$96,800	\$35,600	\$1,529,801

Baseline Estimate			
April Assumptions	\$22,200,000		
May Assumptions		\$21,984,000	
June Assumptions			\$22,068,000

Base less Losses	Totals	GF Only
April Estimate	\$19,825,900	\$14,869,000
May Estimate	\$18,863,508	\$14,148,000
June Estimate	\$20,538,199	\$15,404,000

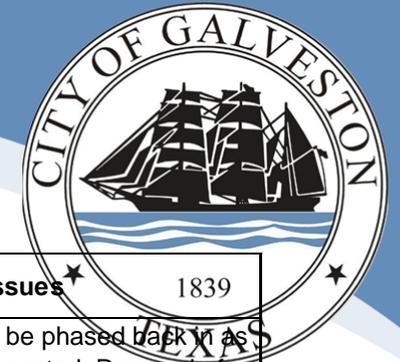


Water Billed by Cycle and Month



Water					
Charge Month	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020
Consumption Month	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
1A	264,398.17	259,106.51	274,647.88	275,518.49	283,416.72
1B	172,550.33	174,301.22	160,593.88	161,430.12	151,693.85
2A	67,442.56	70,573.55	70,698.25	69,110.93	63,997.02
2B	75,348.86	75,480.06	77,178.26	79,316.62	74,380.34
3A	154,624.72	167,788.62	156,335.21	159,782.04	136,022.32
3B	177,637.71	169,482.58	186,885.43	150,236.30	148,691.53
4A	246,181.95	257,810.51	235,259.50	260,236.19	255,533.31
4B	72,973.25	78,219.56	71,503.03	80,115.86	95,061.78
5A	112,095.48	107,575.12	103,431.38	118,656.95	132,751.48
Totals	1,343,253.03	1,360,337.73	1,336,532.82	1,354,403.50	1,341,548.35
Sprinkler					
Charge Month	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020
Consumption Month	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
1A	26,102.74	26,178.76	22,433.89	21,466.36	29,824.00
1B	14,205.45	13,374.35	10,701.67	13,805.95	15,084.65
2A	9,930.73	10,729.13	8,888.93	7,136.88	8,342.58
2B	13,716.76	8,727.02	34,526.65	35,096.91	6,118.72
3A	31,118.63	24,629.71	19,578.18	25,968.83	34,289.23
3B	9,221.11	9,274.12	6,874.46	7,976.91	11,911.22
4A	56,931.72	42,715.19	33,233.50	44,958.99	91,703.04
4B	52,065.08	48,147.96	47,099.76	49,001.26	72,602.82
5A	34,052.34	30,619.24	25,925.38	32,585.71	49,054.81
Totals	247,344.56	214,395.48	209,262.42	237,997.80	318,931.07

COVID-19 Grants as of June 8, 2020 Page 1



GRANT	Amount of Grant	Eligible Costs/ Activities	Our Focus	Impact/Issues
Coronavirus Relief Fund (CARES Act) Federal Transit Grant	\$4,675,000	Any normally eligible FTA program cost; regular annual grant will continue to be received and can be banked for use when cares grant runs out.	Pick up all but \$73,000 of this year's General Fund Island Transit subsidy and all but \$31,000 next fiscal year; minimize the Convention Center	General Fund subsidy can be phased back in as federal grant funds are exhausted. Renewal of City's urban system status beyond 2020 requires Congressional intervention or regular grant drops significantly.
CARES Act TxDOT Airport Grant	\$30,000	Can be used for any operating cost as long as Airport continues to employ 90% of its workforce.	Maintain the Airport staff. Little to no COVID-19 impact being felt.	Minor impact on \$1 million per year in revenue and cost but it helps
Moody Foundation Grant	\$150,000	Technology for first responders	Purchase technology equipment (routers) and licenses for every patrol car.	Will be matched with %75,000 in existing City funds to equip entire Police patrol fleet
Moody Endowment Grant	\$100,000	Personal protective equipment (PPE - masks, gloves, sanitizer)	Procure 30 day supply that we will maintain.	
CARES Act	\$2,730,090	Operating costs from March 1 through December 31, 2020 that are necessary due to the public health emergency including personal protective equipment (PPE), personnel cost for public health response and related operating costs that were not a part of the budget plan in effect on March 27th 2020; Wide variety of expenses are eligible but grant cannot be used for revenue replacement.	Public health and public safety, FY 2020 costs through June 3 of \$602,000.	75% spent on mitigation preparation including virtual environment, protective furnishings for employees that deal directly with the public. Funds must be expended by December 31 2020.
CARES Act DOJ grant	\$54,000	Police response to COVID-19.		
CARES Act CDBG-CV	\$714,670	COVID-19 prevention and response activities that meet CDBG public service criteria to serve low and moderate income (LMI) persons.	Testing for COVID-19 for LMI workers who come in direct contact with tourists to Galveston (\$442,934); balance for eligible CDBG activities that meet the COVID-19 purpose.	CDBG program requirements require funds be spent in expeditious manner.
TOTAL	\$8,453,760			



Questions and Discussion