



TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Town Council

Board Meeting Date: 5/12/2020

File #: 20-283, **Version:** 1

SUBJECT: GENERAL BUSINESS

Follow-up from May 5th Study Session Discussion of 2020 Forecast - COVID-19 Impact, Options, Actions and Reopening Plans

DEPARTMENT: Administration

PRESENTER: Malcolm Fleming, Town Administrator

TIME ESTIMATE: 15 minutes

RECOMMENDATION:

Confirm Board support for staff to execute the updated list of “A” list items on the “Staff Recommendations and Other Options for Reducing the Pandemic Impact to General Fund Reserve”, or provide staff with direction on other actions the Board wants to implement.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

On April 24th the Town Administrator sent an email to the Board of Trustees and Town staff with a memo outlining a summary of staff’s financial forecast, a review of the Town’s General Fund and other fund reserves, background on the Town’s fiscal situation, important factors to consider when deciding a plan of action, a comparison of Erie’s situation to other municipalities, and a list of recommended actions and other options to address the potential impact of the pandemic on the Town’s budget. That memo and the related documents are attached to this agenda item.

During the May 5 study session, staff reviewed this information with the Board and addressed the Board’s questions. Based on the Board’s comments and general direction during the study session, it appears the Board supports staff’s recommended plan of action with one change: adding back into the list of capital projects \$50,000 for Trail Wayfinding Signage. During the study session, Board members also asked staff for more information on:

- The number of employees who would be potentially affected by targeted furloughs and/or pay reductions (neither of which is an action staff recommends taking at this time)
- Potential sponsors for disk golf and other activities.
- An evaluation of July 4th options to celebrate while still maintaining public and staff safety and complying with likely public health orders.

Staff has added information on the first point above to the attached updated summary sheet of recommended actions. Staff is also working on the last two points above and will review that information with the Board on May 12.

Additionally, on May 7th, staff received the latest May sales tax receipts (for the March filing month). Actual revenue was much better than anticipated, thanks to strong grocery store, liquor store and internet sales. The strength of these categories was expected, but came in much better than projected. We also benefited from a one-time payment of \$236,240.

Total receipts were \$1,109,406 compared to a forecast of \$544,671. Adjusted for the one-time payment, sales tax receipts were \$873,166. This is \$119,817, or 16%, better than April receipts.

Relatively few businesses made no remittance of sales tax for the month as permitted by the Governor's Orders. Most of these non-filers were local businesses (especially restaurants). Only around 12% of the Town's retail sales tax base comes from Erie businesses that are not grocery stores, liquor stores or drug stores, which currently account for around 38% of the Town's sales tax base. Internet sales currently accounts for 17% of the Town's sales tax base, and this portion is growing.

The one-time payment is an unusual event and we do not count on that happening again. However, if the other sales tax trends continue, sales tax revenue will be much higher than projected in the forecast. Staff will wait to see at least one more month's receipts before we make any significant changes to the forecast, because next month's receipts will reflect the first full month of the pandemic shutdown and the effect of some of the job layoffs. Consequently, we have updated the forecast only to include the actual receipts for May, rather than the projected receipts that were lower. With actual receipts for May \$564,735 higher than projected, the forecast-including the staff recommended 12 actions to reduce expenditures-now reflects a year-end available fund balance in the General Fund of \$20.5 million, or 91% of budgeted 2020 personnel, operating and maintenance expenditures.

With the reserve this strong, and based on these initial receipts, staff does not recommend at this time any of the actions beyond those in the "A" list.

Because the Board cannot take final action in a study session, and in light of this new information, staff asks the Board to either confirm Board support for staff to execute the updated list of "A" list items on the "Staff Recommendations and Other Options for Reducing the Pandemic Impact to General Fund Reserve", or to provide staff with direction on other actions the Board wants to implement.

ATTACHMENTS:

1. Staff Recommendations and Other Options for Reducing the Pandemic Impact to General Fund Reserves (2020.05.08 Updated Version)
2. April 24th email and attachments