



MEMO TO: Finance and Administration Committee

FROM: Malisa Files, Finance Director

DATE: July 28, 2020

SUBJECT: June Monthly Financial Report and Quarterly Overtime Report

I. PURPOSE For Information Only Potential Agenda Item

II. RECOMMENDATION

Discussion of the Monthly Financial Report through June 2020.

III. DEPARTMENT CONTACTS

Malisa Files, Finance Director

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IV. DESCRIPTION/BACKGROUND

Each month the Finance Department reviews the prior month's financial performance. The June Financial Report continues to show the impacts of the pandemic mainly in ongoing revenue. However, one-time revenue from construction projects continues to remain steady.

General Fund Revenues

- Sales tax collections for June equaled \$57.4 million over the biennium with approximately \$12 million due to one-time sales tax on construction collections.
- As of the May report, Property taxes has almost caught up to where it should be at this point in the biennium. Property Tax is slightly under collected by approximately \$500,000. Early in the pandemic, King County extended the deadline for payment of property taxes until the end of July and the under collection is most likely a result of the extension. Property taxes should catch up by the next monthly report.
- Utility taxes are under targets due to Microsoft switching to wholesale power as well as the lack of consumption from the closure of businesses.
- Intergovernmental revenues are temporarily below targets by 35%. These revenues are dependent on the King County contracts for basic and emergency life support programs as well as payments from Fire District 34. Council approved the contracts on 4/21/2020 which will allow the City to be reimbursed for these programs. The revenue should increase as soon as payments are received from the various agencies.

- Miscellaneous revenue has increased due to the sale of investments.

General Fund Expenses

- The General Fund continues to be underexpended by 11.5% or \$18.1 million. These underexpenditure rates will continue to be high due to the curtailment of expenses as outlined in the budget reductions discussed by Council and the hiring freeze currently in place.

Recreation Activity Fund

- The Recreation Activity Fund has seen revenue decline significantly due to the cancellation of recreation programs and refunds for programs that needed to be canceled. Staff expects a \$1.2 million loss in the fund in 2020.

Utility Funds

- The latest forecast shows the utility revenues as a whole will decline by approximately \$1.2 million. Staff continues to analyze factors, such as weather, consumption and development activities.
- The Water/Wastewater Fund is showing a sharp decline in commercial consumption. However, the utility has been able to balance its finances so costs remain in line with lower revenues.

Capital Investment Program

- The Capital Investment Program continues to spend at a lower rate than in past years. The City is continuing to work on projects that are important to the health and safety of the community as well as building rehabilitation projects, such as the pool.

Quarterly Overtime Report

As of June 30, 2020, the target for overtime spending is 75% of the biennial budget. At this time, overtime spending for the entire City has reached 94% of budget, with spending varying among departments as shown in Attachment B.

COVID Expenses

From the period between March 2 and July 12, 2020, total FEMA reimbursable costs expended by the City totaled \$414,461. The City has been assigned a FEMA representative to help Redmond through the reimbursement process. Total direct and indirect costs equal approximately \$5.2 million which includes all staff time and expenses related to the response to the pandemic. On July 21, Council approved the documentation for the City to seek reimbursement which has been finalized with FEMA.

V. TIME CONSTRAINTS

None

VI. LIST OF ATTACHMENTS

Attachment A: Monthly Financial Report
Attachment B: Quarterly Overtime Report
Attachment C: COVID Expenses to Date