



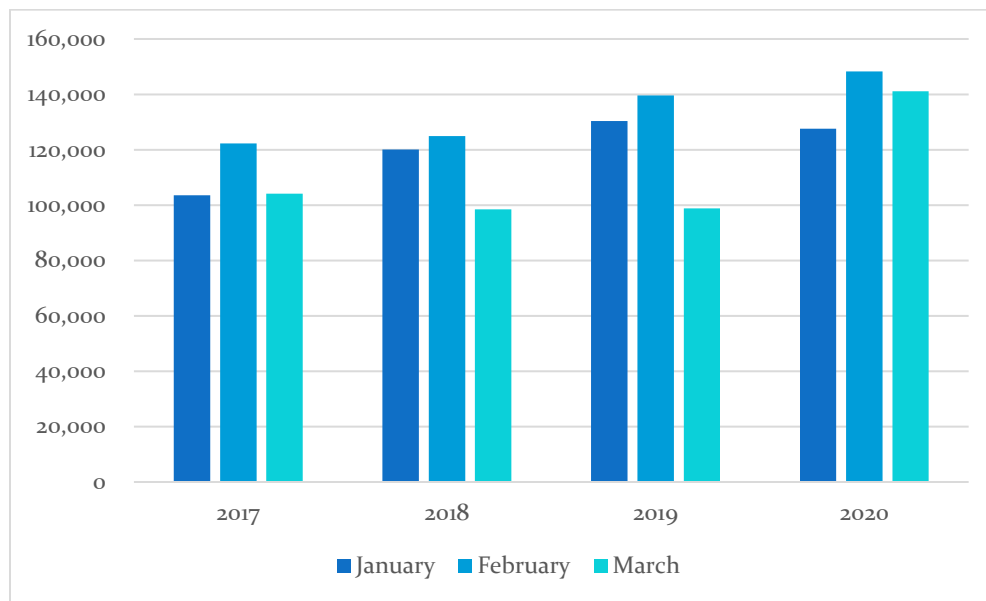
Top 10 Things You Need to Know About the Budget

Each year the City Council approves an operating budget. This budget allocates funds to be spent and collected for a variety of programs and purposes. This review is intended to provide the reader with some helpful information about the financial condition of the City and budget compliance. The Finance Department can be contacted at (509)786-2332, to answer questions about this report or other financial questions.

#10: Sales Tax Receipts

To date, we have received \$417,021 or 25% of anticipated sales tax receipts for the year. This is a \$48,278 increase over the same period in 2019. While we are still seeing and tracking the impacts of some retail closures last year, we are also tracking some significant increases related to current construction projects in our community. These returns are excellent and, before March, we were hopefully that this would continue through the rest of the year. Later in this report I will talk a little more about the impacts of COVID-19, and sales tax is going to be one of the topics.

In the 2020 Budget we anticipated \$1,650,000 in sales tax revenue. In 2019, we collected \$1,589,527. We are hopeful that our conservative budgeting will assist us in the strange time.



#9: Lodging Tax Funds

To date, we have received \$23,971 or 17% of anticipated Hotel/Motel Tax receipts for the year. Additionally, we have received \$11,742 in TPA funds, which equates to 18% of the anticipated revenue

for the year. Collectively, these receipts reflect a \$2,272 increase over the same period in 2019. Again, very hopeful figures that we expect to be significantly impacted by COVID-19.

Currently, I am working in conjunction with the Chamber of Commerce, PEDDA, and HDPDA on a grant application to USDA which would fund a marketing study for Prosser. The aim of this study would be to provide us information about how our visitors see us, how we can reach visitors more efficiently, and give us some guidance that we can use collectively to better our tourism industry. The objectives could then be placed into the annual LTAC funding to ensure we are using our funds most efficiently. We will know more in the next few months about the success of our application.

#8: Transportation Funding

As you know, late last year Initiative – 976 (I-976) was passed by voters. This ballot item removed fees attached to vehicle license such as Transportation Benefit District (TBD) fees. As you know, Prosser has a TBD which in 2019, assessed a \$25 car tab fee. These funds were used last year to make improvements to Yakima Ave and in 2020, improvements were scheduled to begin on Margaret Street.

Several cities have challenged the ballot item and it is currently making its way through the court system. We continue to monitor this item and are working on recommendations for Council’s consideration should the funding be reduced or eliminated.

Another area we are monitoring related to transportation funding is Motor Vehicle Fuel Tax. This tax of \$0.494 is applied to each gallon of gas sold and then distributed to Cities and Counties. This single source provides 21% of the Street Funds revenue. This is another area expected to be impacted by COVID-19.

#7: Property Tax Receipts

To date we have received only \$36,542.65 or 5% of property tax receipts for the year. Generally, property taxes are collected in to big chunks. One chunk comes in April when the first payment is due and the second comes in October, when the second portion is due. So it is not surprising that the amounts collected at this point are low.

#6: Budget Amendment

The following budget amendments were approved:

Project or Item	Amount	Fund
COVID -19	To Be Determined	Several
RCO Pool	\$8,100	309 – RCO Grant – Pool Improvements 115 – General Fund Reserve
Street Sweeper USDA Grant/Loan	USDA Grant - \$45,000 USDA Loan - \$177,000 City - \$60,000	Street Fund and Reserve
Thrive – HIDTA Grant	\$35,000	153 – Community Involvement Fund

#5: General Fund Projects

Item	Cost	Status
Fire Engine Storage	\$7,440	Worked with WBRFA to remove apparatus. Parks department took down storage shed and prepped ground for curb gutter sidewalk and asphalt patch back.
Community Center HVAC	\$12,000	Waiting for electrical inspections by L&I – delayed by COVID -19.
Pool Deck Improvements – RCO	\$55,000	Concrete removal/disposal, grade preparation, and starting platform anchor installation including ground wire for pool deck project (West side of pool). W.M. Smith out of Ellensburg has the contract for this project, which includes new starting platforms

#4: Street Fund Projects

Item	Cost	Status
Yakima Avenue Reclamation	\$120,000	Holding due to I-976
Sign Trailer	\$6,000	Holding due to COVID and Sweeper
6 th Street Railroad	\$45,000	Holding for BNSF
Concord Way Storm water	\$30,000	Holding for SVID

#3: Water Fund Projects

Item	Cost	Status
Paint for 3mg Reservoir	\$190,000	
Chlorine Analyzer	\$88,000	Bids exceeded budget allotment, adjusting scope to fit budget
HVAC Well 4B	\$17,500	In Progress
Meter System	\$21,500	In Progress

#2: Sewer Fund Projects

Item	Cost	Status
Reclaimed Water	\$30,000	Bids exceeded budgeted amount. Consider doing a portion of the work this year and complete in 2021.

SBR 1 – Unplanned Project	\$47,000	Purchased a new pump for SBR 1 - \$47,000. The existing pump failed and repairs quoted were in excess of \$20,000. Sewer department will perform the installation. We plan to keep the old pump and budget for repairs next year so we have a backup pump.
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#1: COVID-19

As I stated earlier, we expect that COVID-19 will have significant impacts on our 2020 budget. We as department managers are aware of the issue and we are working together to monitor our revenues and are being conservative in our purchasing decisions. Although, there is not a lot of information or guidance available to tell us what to look for or what will happen next, we are tuned into this issue and engaging with resources to be as ahead of it as we can be. Some areas we are monitoring include:

- Sales and Use Tax – slowing due to business closures, but possible increase in home shopping/delivery.
- Lodging Funds – With the cancellation of several events including not only community events but family vacation, weddings, and even construction projects, we expect heavy losses in the next quarter.
- Motor Vehicle Fuel Tax – with so many staying home, they are not driving which means they are not getting gas, which then means reductions in this revenue source.
- Water and Sewer fees – Our industries are a very important contributor to our revenues and they are continuing to operate. If that changes, it could have a very big impact on utilities.
- Support Programs – we are looking into grants and other support programs to aid our business owners and families. I along, with Sue Jetter (grantwriter), the Chamber of Commerce, HDP, and PEDA are gathering and distributing information about available programs and resources to help people through this difficult time.

Is that it? No way! The budget is a very complicated and ever-changing machine. If there is something you would like the Finance Department to particularly highlight we would be happy to do it. This report is only meant to provide the headlines. Thanks for reading!