



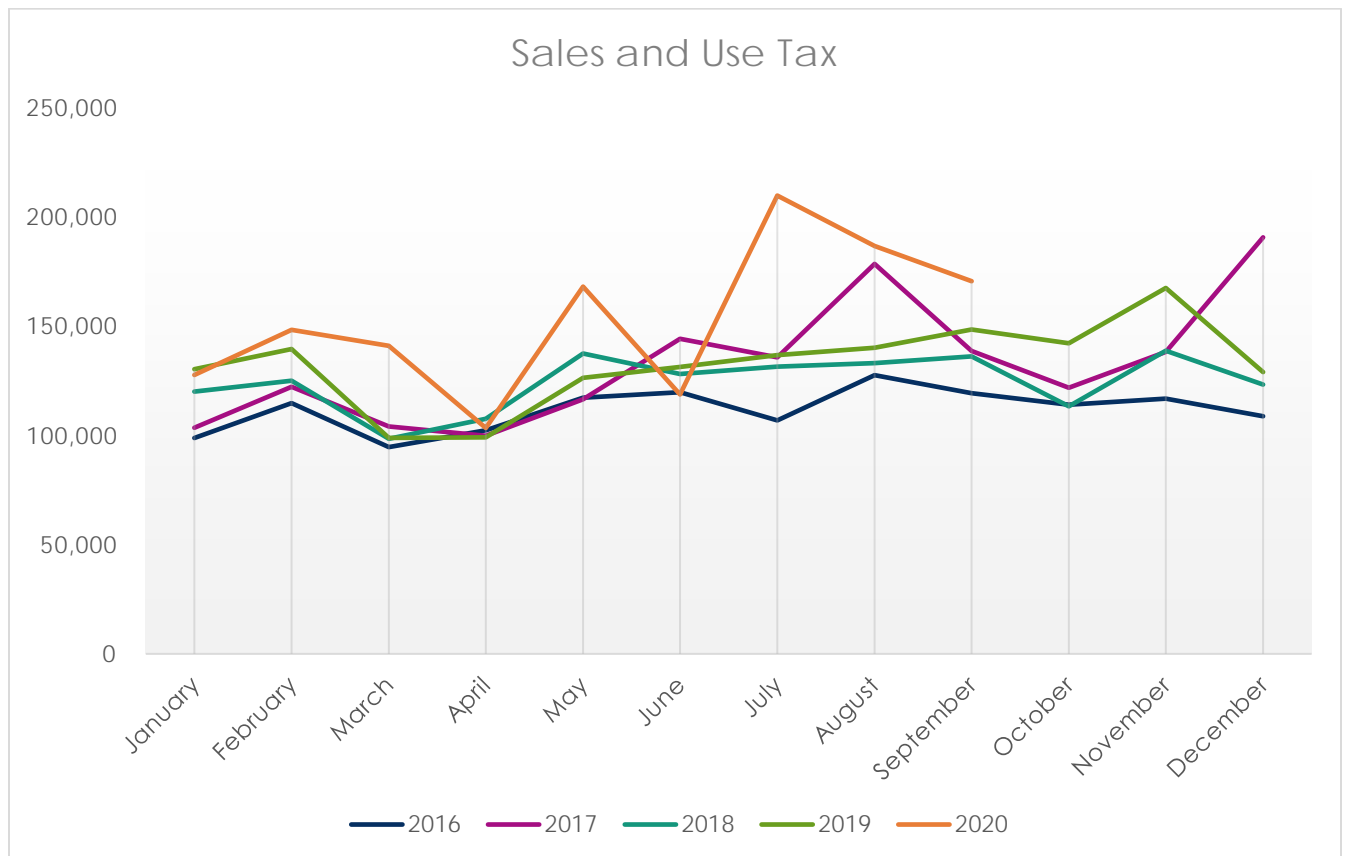
Top 10 Things You Need to Know About the Budget

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 \$1,347,278 or 83% of anticipated sales tax receipts for the year. This is a \$223,289, or about 19%, increase over the same period in 2019. As we discussed in previous reports, much of this boom is related to ongoing construction activity and should be treated as one-time revenue.

Table 1: Sales and Use Tax – 5 Year Comparison



Due to the closure of many non-essential businesses, job loss, and required COVID-19 quarantine we have seen and expect to continue to see impacts to our local businesses and this funding. Below is a chart that reflects sales and use tax receipts from July of 2020 as compared to July of 2019. I have also include the same data for April 2020 and 2019. This illustrates both the immediate impact that COVID-19 took on our community, and how things have changed over the last few months.

Table 2: Sales and Use Tax – By Category – July 2020 vs. July 2019

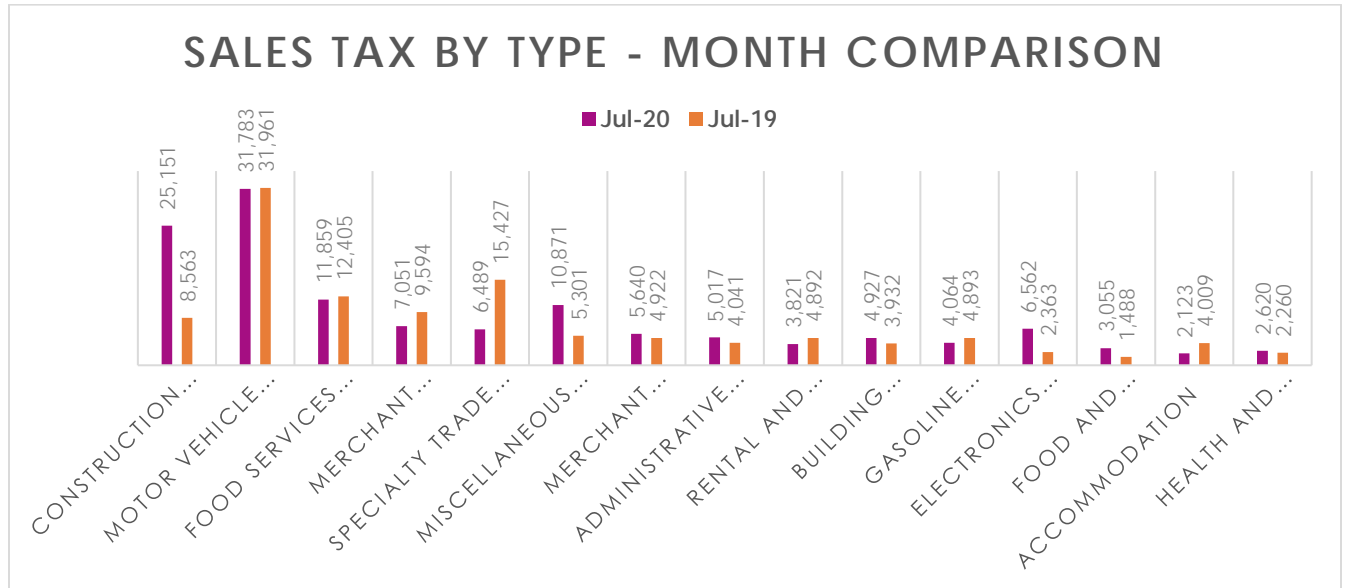
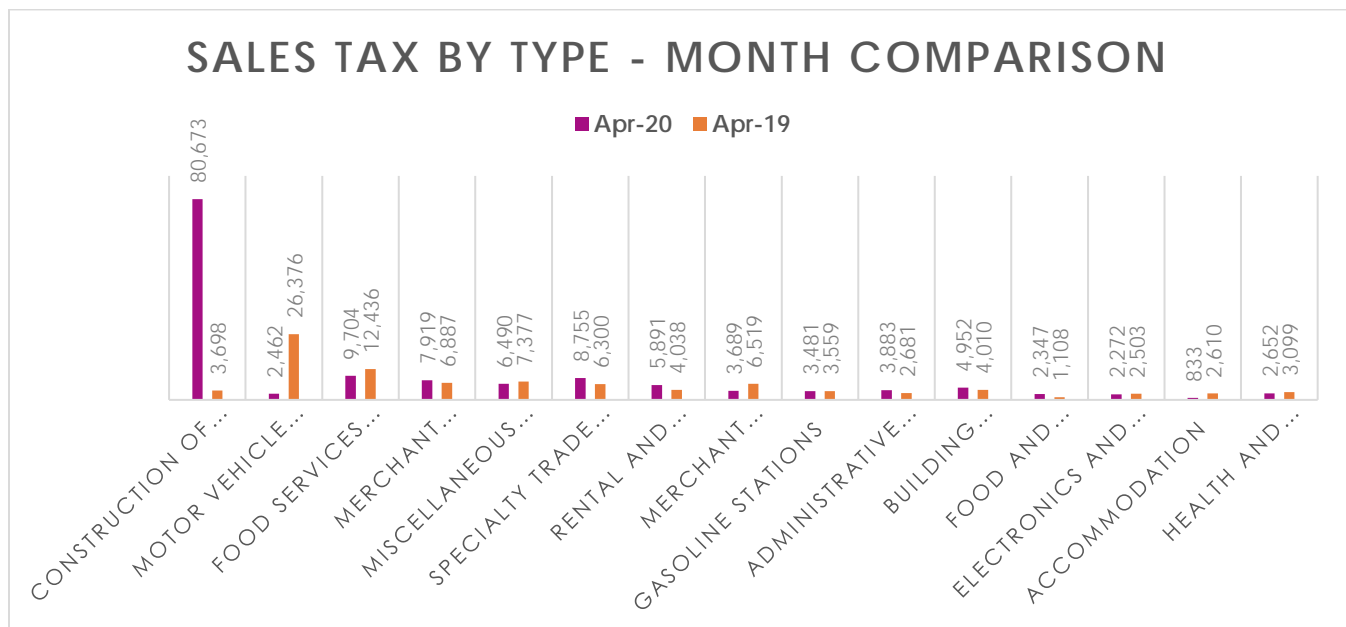


Table 3: Sales and Use Tax – By Category – April 2020 vs. April 2019

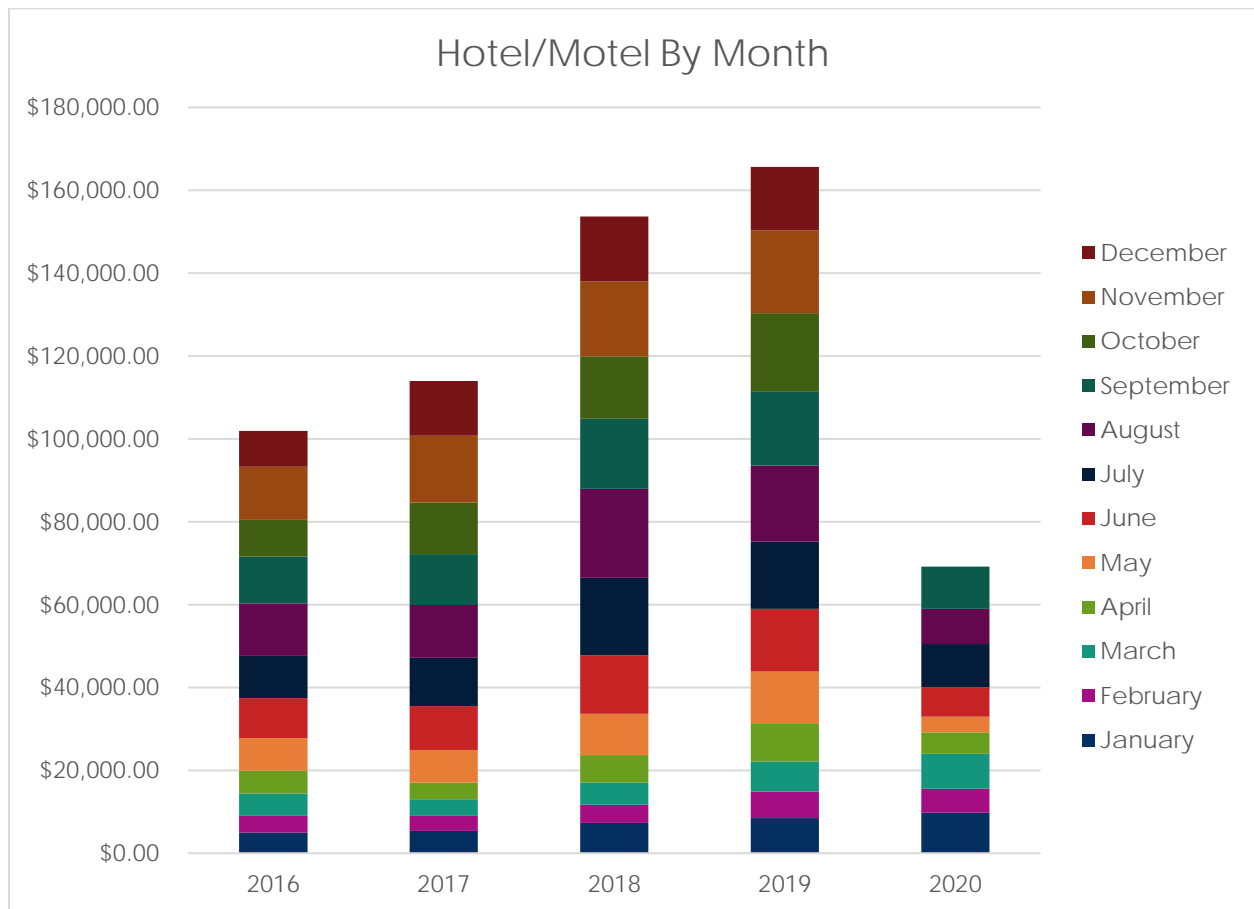


#9: Lodging Tax Funds

To date, we have received \$69,164 or only 50% of anticipated Hotel/Motel Tax receipts for the year. Additionally, we have received \$35,983 in TPA funds, which equates to 45% of the anticipated revenue for the year. Collectively, these receipts reflect a loss of \$51,294 over the same period in 2019. This equates to a 33% **loss**.

This is an area significantly impacted by COVID-19 public health emergency. Community events, family vacations, and other travel have all been cancelled, postponed or suspended until further notice.

Table 4: Hotel/Motel by Month – 5 Year Comparison



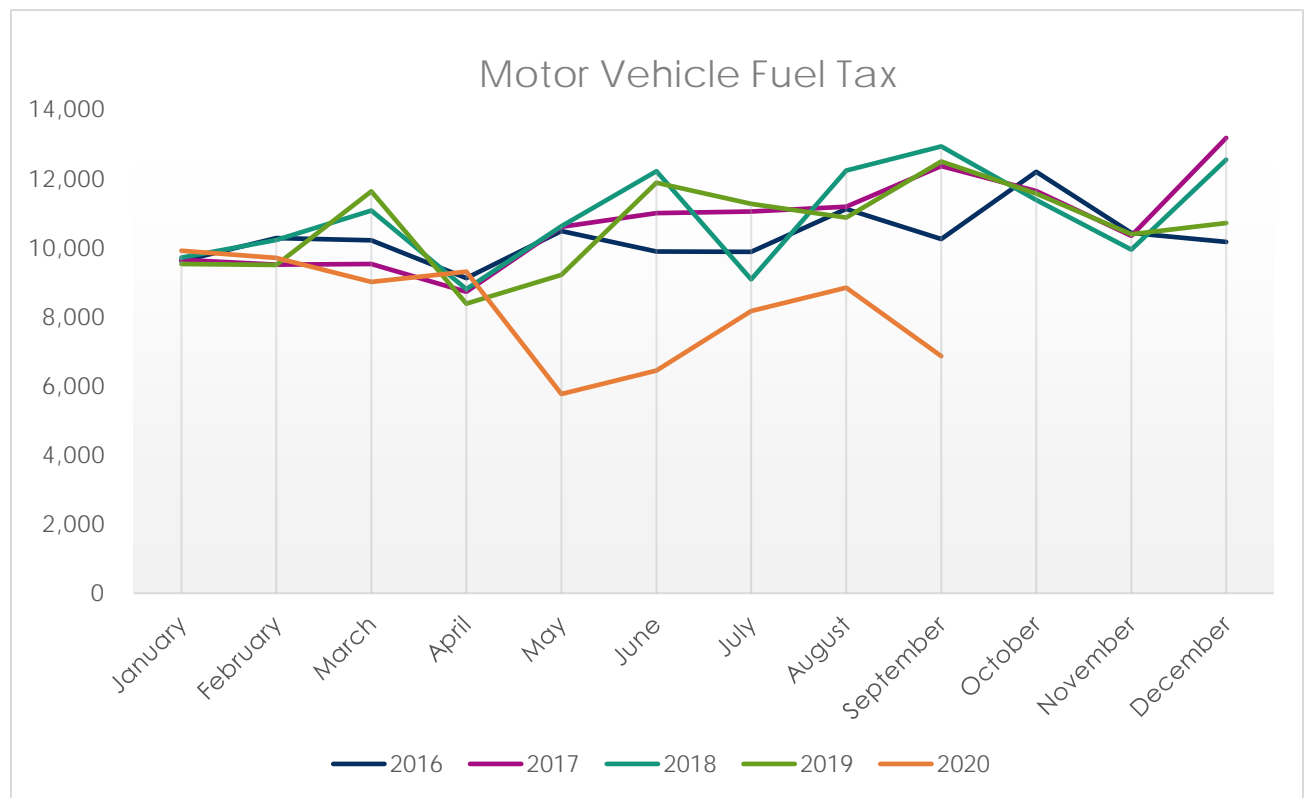
In the 2021 Proposed Budget we have been conservative with our revenue projections and available LTAC funding. In 2020, \$190,000 was made available for award. Thankfully, cash reserves were available and as a result it was not necessary to reduce those awards as a result of the unexpected revenue loss. For 2021, \$140,000 has been made available for funding. As this revenue rebounds, it is my suggestion that we reserve 50% of the additional revenue to payback the reserve funds expended and then allocate the remaining 50% for LTAC awards through mid year awards.

#8: Transportation Funding

Just this week Initiative – 976 (I-976) was invalidated. As a reminder, this ballot item that was approved by voters last fall removed fees attached to vehicle license such as Transportation Benefit District (TBD) fees. What does this ruling mean? Well, on the surface this would restore our TBD car tab fee. Annually, the City receives \$125,000 for the established Prosser TBD car tab fee of \$25. These funds are currently dedicated to the OIE Reclamation Project and various local road improvements. Most recently these funds supported improvements to a portion of Yakima Avenue. We will continue to monitor activity around these car tabs and the court decision and report back to you.

Another area we are monitoring related to transportation funding is Motor Vehicle Fuel Tax (MVFT). 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 impacted by COVID-19.

Table 5: Motor Vehicle Fuel Tax – 5 Year Comparison



As we discussed in my report to Council, MVFT funds that are collected in our community are not directly returned to our community. The funds are collected by the state and reallocated based on population. So even though our gas stations seem overflowing and busy, that does not connect with this revenue source. I do expect that in the next few months that this revenue source will rebound, possibly faster than others impacted, as counties open up, people go on vacations, and return to work.

#7: Budget Position Summary*General Fund*

	Adopted Budget	YTD Amount (9/30/2020)	% collected/spent
Revenue	\$5,390,600	\$4,001,721	74%
Expense	\$5,413,150	\$3,371,675	62%

Street Fund

	Adopted Budget	YTD Amount (9/30/2020)	% collected/spent
Revenue	\$869,430	\$567,485	65%
Expense	\$871,080	\$527,002	60%

Water Fund

	Adopted Budget	YTD Amount (9/30/2020)	% collected/spent
Revenue	\$3,065,340	\$2,117,842	70%
Expense	\$3,087,300	\$2,160,331	70%

Sewer Fund

	Adopted Budget	YTD Amount (9/30/2020)	% collected/spent
Revenue	\$2,665,500	\$1,677,934	63%
Expense	\$2,663,650	\$1,630,732	61%

Sept = 75%

#6: Budget Amendment

The following budget amendments are under development:

Project or Item	Amount	Fund	Status
COVID -19/CARES	To Be Determined	Several	Pending
RCO Pool Deck	None	309 – RCO Project Fund	Close Fund
USDA Community Center – 2018	\$22,300	105 – General Fund Small Project Fund	Project Close Out and return remaining funds to General Fund Reserve (115)
Bennett Avenue	To Be Determined	308 – Bennett Avenue Project Fund	Project Close Out and returning remaining funds to Street Reserve (104).

#5: Projects

Below is a listing of only some of the projects that were included in the 2020 Budget and a little information about each of them:

Department	Item	Cost	Status
Parks	Fire Engine Storage	\$7,440	Complete!
Facilities	Community Center HVAC	\$12,000	Complete!
Pool	Pool Deck Improvements – RCO	\$55,000	Complete!
Facilities	Community Center Windows	\$19,000	Complete!
Streets	Sign Trailer	\$6,000	Holding due to Sweeper
Streets	6 th Street Railroad	\$45,000	Holding for BNSF
Streets	Concord Way Storm water	\$30,000 \$36,000 (updated 6/2020)	SVID is expected to install the crossing this year (\$6625) and remaining work will be completed by contractor or city staff as time and budget allows. Rolling into 2021 Proposed Budget
Streets	Street Sweeper	\$281,288	Complete!
Water	Paint for 3mg Reservoir	\$190,000	Bid Awarded, work underway
Water	Chlorine Analyzer	\$88,000	Complete!
Water	HVAC Well 4B	\$17,500	Complete!
Water	Meter System	\$21,500	In Progress
Sewer	Reclaimed Water	\$30,000	Project included in 2021 Proposed Budget
Sewer	SBR 1 Pump – Unplanned Project	\$47,000	Complete!
Water & Sewer	I-82 Crossing	\$1.9m	Bid awarded and funding secured for phase 2.

#4: Wind Storm Damage

On September 7th Prosser experienced an extraordinary wind storm. As a result of the high and sustained wind speed, a lot of trees were damaged and fell on cars, houses, in the roadways.... frankly all over the place! On September 8th, Mayor Taylor declared a local emergency which was later ratified by the City Council. Below is a preliminary summary of the costs associated with the clean-up efforts:

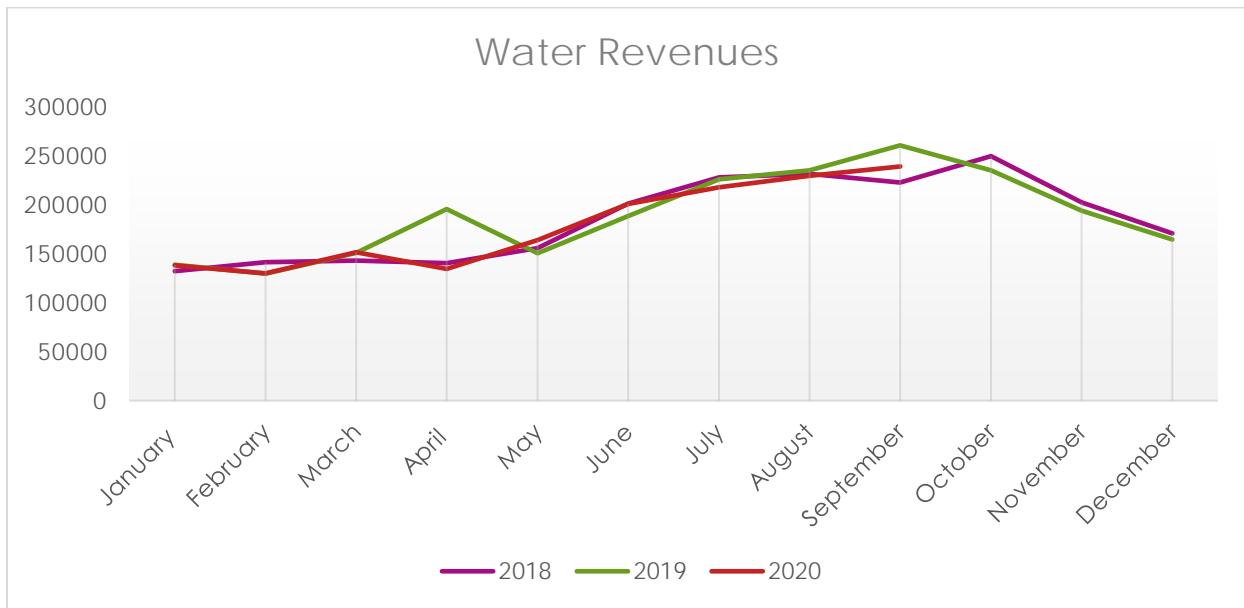
Project or Item	Cost
Tree and limb removals	\$25,000
Community Dumpster	\$6,500
Community Center Walk in Freezer damage	\$7,000
Wine Country Rd and Bridge Light damage	\$4,500
Well 6 generator damage	\$5,000
WWTP generator damage	\$5,000
WWTP Ethernet failure	\$3,000
Staff Overtime – Emergency Response	\$4,000
Staff Clean up	\$28,000
Preliminary TOTAL	\$88,000

The amounts above are based on estimates as we are waiting for invoices to arrive and as they do, I will update this information and report to Council with a final summary. Additionally, The City is working with representatives from BCES, Governor Inslee’s Office and our insurance provider to manage these costs and are seeking funding assistance.

City crews, contractors, and residents worked together on the clean-up efforts and all deserve recognition for their hard work!

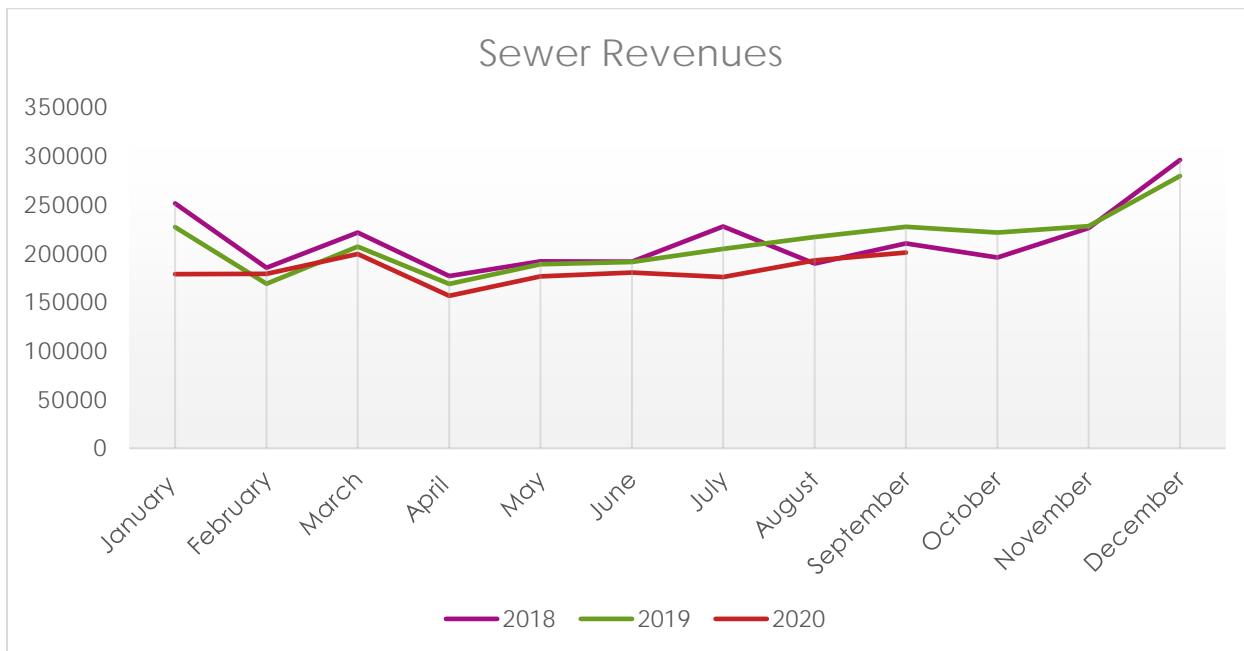
#3: Water Revenue

Table 6: Water Revenue – 3 Year Comparison



#2: Sewer Revenue

Table 7: Sewer Revenue – 3 Year Comparison



Revenues, particularly in sewer are lagging behind revenues from the previous years. It is assumed that this is due to the impacts of COVID-19, but is difficult to determine.

#1: CARES Funding

Project or Item	Spent thru 9/30/2020
Police Wages 13% of wages and benefits	\$ 107,052.51
COVID Leave Leave provided by FED for school closure and COVID-19 illness	\$ 10,233.58
IT items Total approved amount of \$35,000	\$ 24,960.60
Admin Admin staff time spent of COVID related items	\$ 35,561.00
Community Funding provided to small business in Prosser Total allocation amount of \$14,000	\$ 5,000.00
Boys & Girls Club For essential worker child care	\$ 38,965.07
Other PPE & Sanitation	\$ 4,531.93
Spent Funds	\$ 226,304.69
TOTAL CARES FUNDS	\$ 276,525.00
Unspent Funds (10/13/2020)	\$ 50,220.31

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!