



FY20-21

Budget Hearing

JULY 9, 2020

Current Situation

- ▶ Pecos is HEAVILY dependent on sales tax, as this is the most responsive revenue source, and is representative of the fast growth we have been experiencing since 2010
- ▶ We are seeing Reduced Revenues in Sales Tax, Hotel Occupancy Tax
 - ▶ COVID-19
 - ▶ Increased unemployment
 - ▶ Inability to access oilfields
 - ▶ Reduced Cost per barrel of Oil
- ▶ Sales Tax Currently seeing a 35-55% Reduction over FY19
- ▶ HOT seeing a 50% Reduction over FY19
- ▶ **Must** Reduce Services and Level of Service

Budget Approach

- ▶ Reduced salaries and benefits in GENERAL FUND from approximately 80% of budget to 50% of budget by:
 - ▶ eliminating positions
 - ▶ freezing positions
 - ▶ reassigning employees to other funds, and
 - ▶ duty sharing
- ▶ Reduced expenditures
 - ▶ No/limited equipment and vehicle purchases
 - ▶ Reduced Training
 - ▶ No/limited new capital expenditures
 - ▶ Austerity Measures, Increased Scrutiny
- ▶ Indirect cost allocation
- ▶ Introduction of Franchise Fees for City Utilities (Sanitation, Water/Sewer)

Budget Approach

- ▶ Maintain fund reserves “as-is”
- ▶ Maintain a **basic** level of service for all departments
 - ▶ May/Will see increased turnaround times
 - ▶ Will not see as quick progress on progress
- ▶ Maintain the “Must-dos”
 - ▶ Licensure
 - ▶ State Permits
 - ▶ Compliance issues
 - ▶ Debt Obligations

Debt Obligations

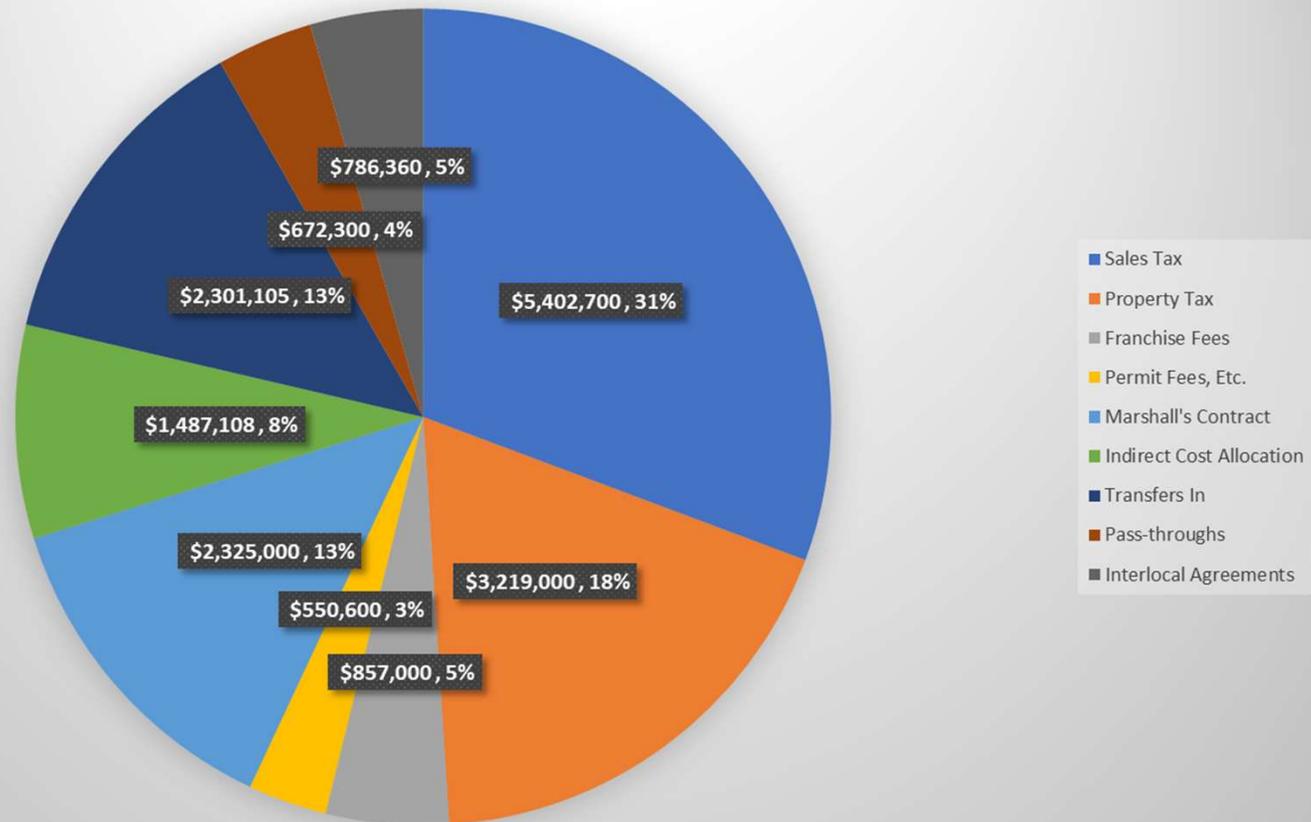
Bond Debt Service Breakdown

Debt Service

| Period Ending | Comb Tax & Rev C/O Ser 2000A | Comb Tax & Rev C/O Ser 2000B | TWRDB Loan (Sewer Plant) 2008 | GO Ref Bds Taxable Ser 2013 | GO Bds Ser 2014 | Comb Tax & Rev C/O Ser 2015 | Comb Tax & Rev C/O Ser 2016 | Combined Tax & Revenue Certificates of Obligation Bonds, Series 2019 | Government Capital Loan 2020 (Dump Trucks, Vaccon) | Government Capital Loan 2020 (Dump Trucks, Vaccon) | John Deere Backhoe Lease* | John Deere Backhoe Lease* | John Deere Backhoe Lease* | Internal Loan (W/W to GF)- purchase of 513 acres (W Pecos) | Internal Loan (W/S to GF)- Christmas Decorations | A2 Lease - Compactor | Total | | | | |
|---------------|------------------------------|------------------------------|-------------------------------|-----------------------------|-----------------|-----------------------------|-----------------------------|--|--|--|---------------------------|---------------------------|---------------------------|--|--|----------------------|-------|--------------|-------------------|-------------------|--------------|
| 9/30/2020 | 616,100 | 37,047.50 | 275,000.00 | 464,912.50 | 548,195.50 | 486,240.75 | 414,842.25 | 848,276.94 | | | 24,609.29 | 58,013.58 | 19,065.93 | | | | | 3,792,304.24 | General Fund | | 1,169,198.76 |
| 9/30/2021 | | | 275,000.00 | 463,512.50 | 552,487.00 | 481,841.00 | 417,194.25 | 849,582.50 | 130,143.00 | 219,754.39 | 24,609.29 | 58,013.58 | 19,065.93 | 160,367.82 | 109,795.69 | 153,000.00 | | 3,914,366.95 | W/S Fund 2008 TWD | \$ 275,000 | 463,156.58 |
| 9/30/2022 | | | 275,000.00 | 465,025.00 | 551,476.00 | 482,254.50 | 414,367.00 | 846,575.25 | 130,143.00 | 219,754.39 | 24,609.29 | 58,013.58 | 42,370.80 | 160,367.82 | 109,795.69 | 153,000.00 | | 3,932,752.32 | HOT Funds | annual until 2034 | 849,582.50 |
| 9/30/2023 | | | 275,000.00 | | 550,223.00 | 482,419.00 | 416,360.50 | 848,002.75 | 130,143.00 | 219,754.39 | 24,609.29 | 58,013.58 | | 160,367.82 | 109,795.69 | 153,000.00 | | 3,427,689.02 | CJC Fund | | 463,512.50 |
| 9/30/2024 | | | 275,000.00 | | 553,667.50 | 482,334.50 | 418,115.00 | 848,784.25 | 130,143.00 | 219,754.39 | 24,609.29 | 58,013.58 | | 160,367.82 | 109,795.69 | 153,000.00 | | 3,433,585.02 | Streets Sales | | 571,552.93 |
| 9/30/2025 | | | 275,000.00 | | 551,809.50 | 482,001.00 | 414,690.25 | 848,919.75 | 130,143.00 | 219,754.39 | | | | 160,367.82 | 109,795.69 | 153,000.00 | | 3,345,481.40 | Sanitation | | 397,363.68 |
| 9/30/2026 | | | 275,000.00 | | 549,709.50 | 486,356.25 | 416,086.25 | 848,409.25 | | | | | | 160,367.82 | 109,795.69 | | | 2,845,724.76 | | | 3,914,366.95 |
| 9/30/2027 | | | 275,000.00 | | 552,307.00 | 485,400.25 | 417,243.25 | 847,252.75 | | | | | | 160,367.82 | 109,795.69 | | | 2,847,366.76 | | | |
| 9/30/2028 | | | 275,000.00 | | 554,541.50 | 484,195.25 | 413,221.00 | 845,450.25 | | | | | | 160,367.82 | 109,795.69 | | | 2,842,571.51 | | | |
| 9/30/2029 | | | | | 546,534.00 | 482,741.25 | 414,019.50 | 847,921.00 | | | | | | 160,367.82 | 109,795.69 | | | 2,561,379.26 | | | |
| 9/30/2030 | | | | | | 485976 | 414,579.00 | 849,584.25 | | | | | | 160,367.82 | 109,795.69 | | | 2,020,302.76 | | | |
| 9/30/2031 | | | | | | | 414,899.50 | 845,520.75 | | | | | | 160,367.82 | 109,795.69 | | | 1,530,583.76 | | | |
| 9/30/2032 | | | | | | | | 845,730.50 | | | | | | 160,367.82 | 109,795.69 | | | 1,115,894.01 | | | |
| 9/30/2033 | | | | | | | | 850,052.00 | | | | | | 160,367.82 | 109,795.69 | | | 1,120,215.51 | | | |
| 9/30/2034 | | | | | | | | 848,485.25 | | | | | | 160,367.82 | 109,795.69 | | | 1,118,648.76 | | | |
| | | | | | | | | | | | | | | 160,367.82 | 109,795.69 | | | 270,163.51 | | | |
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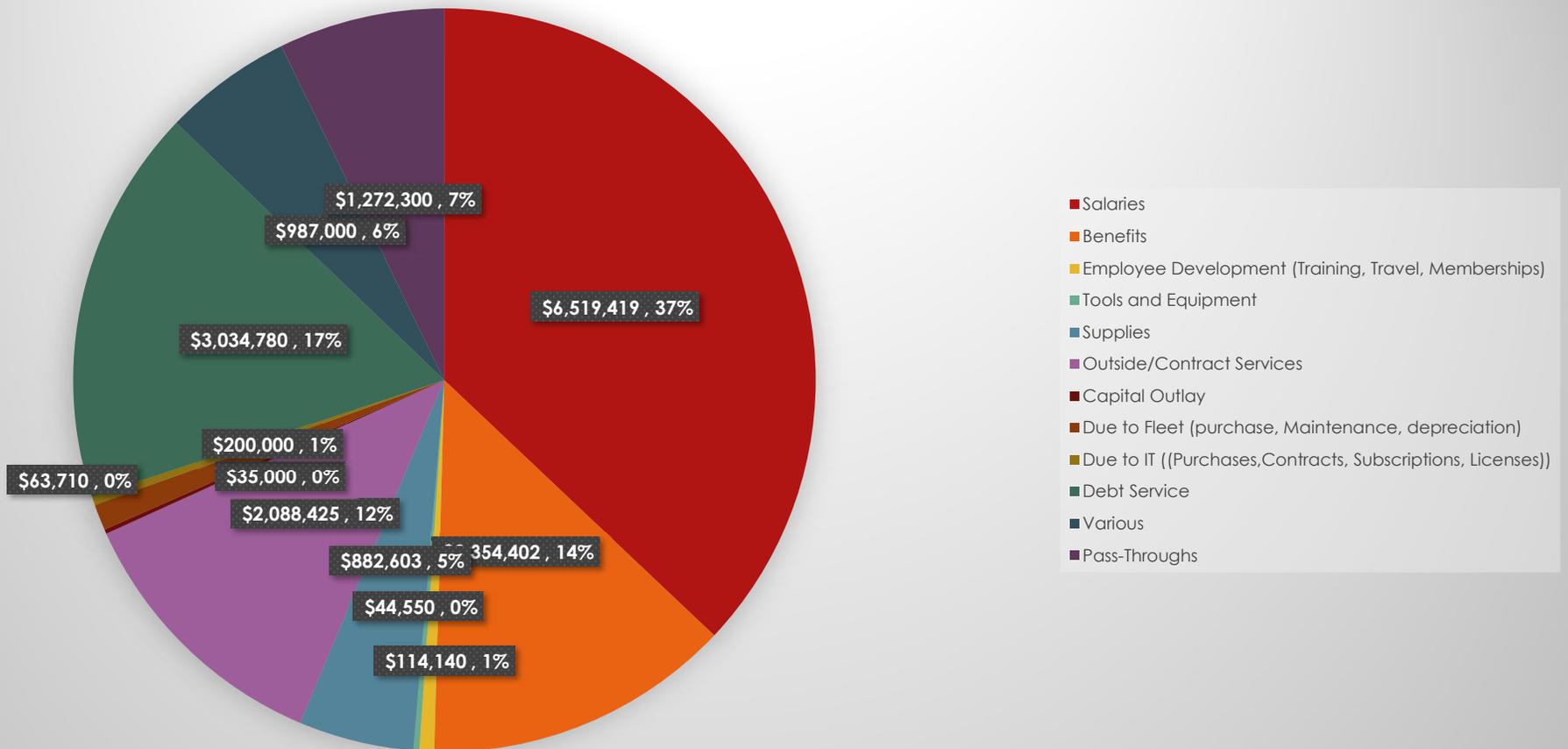
Anticipated General Fund Revenue

FY21 Anticipated General Fund Revenues



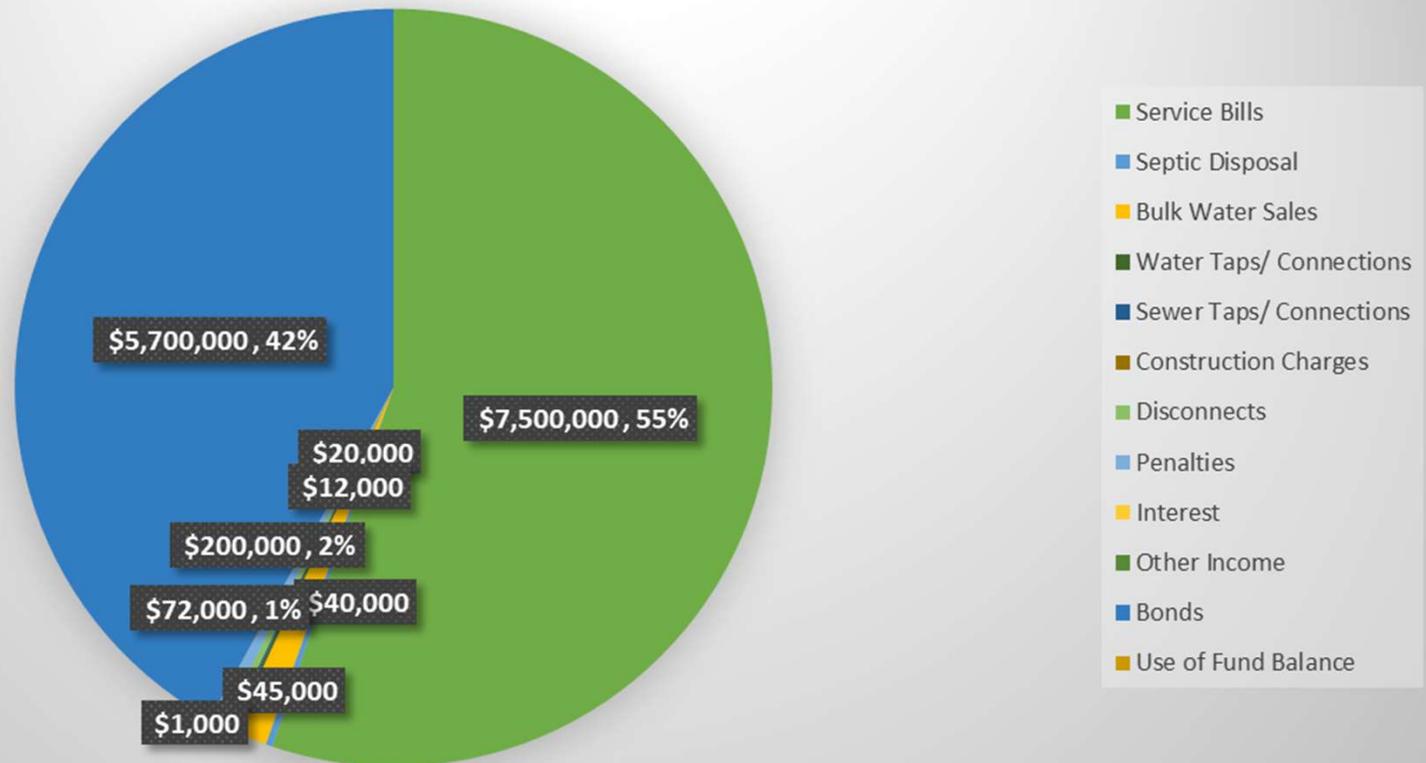
Proposed General Fund Expenses

FY21 General Fund Breakdown by Use

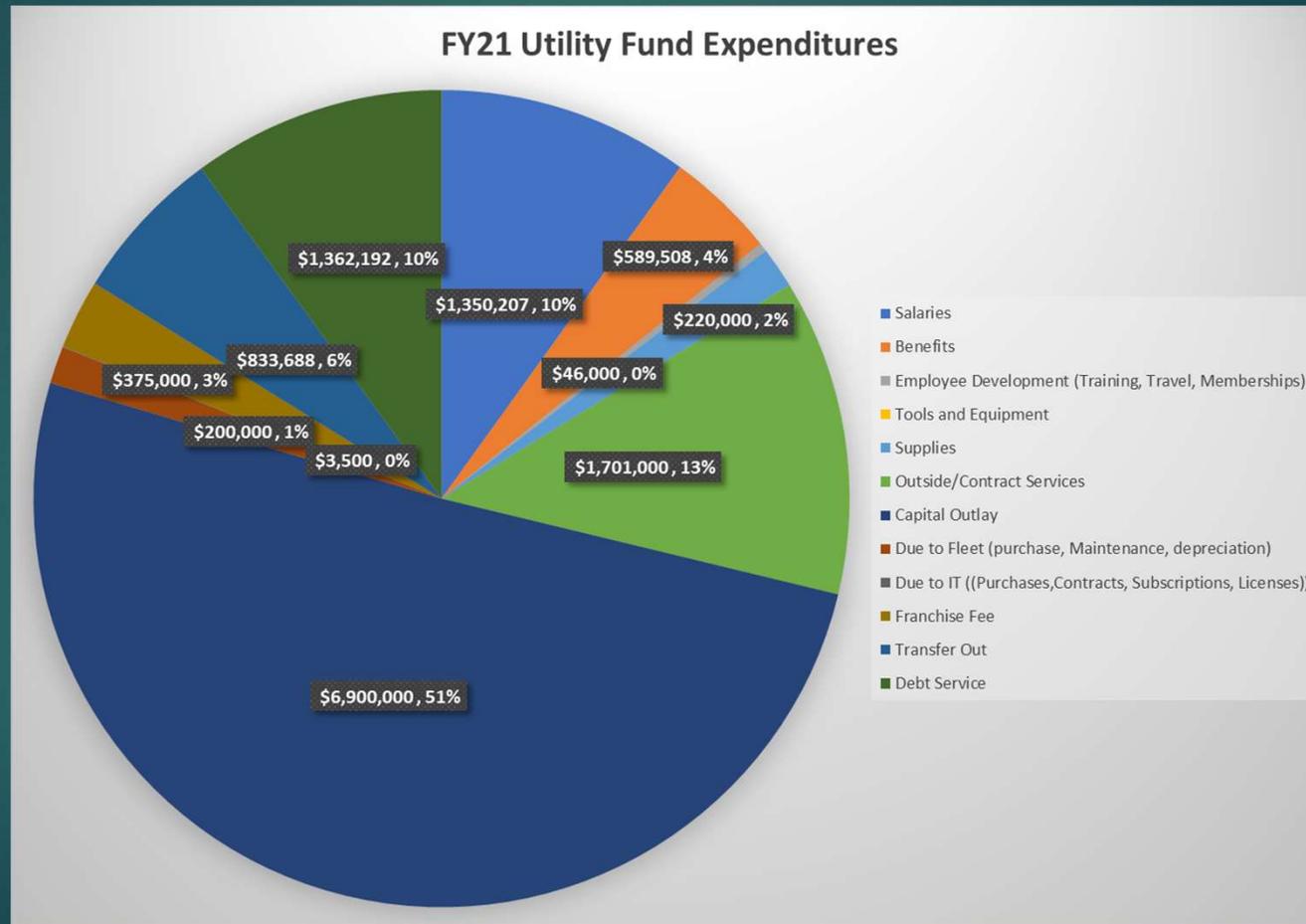


Anticipated Utility Fund Revenue

FY21 Utility Fund Revenues



Proposed Utility Fund Expenses



Sanitation Fund

FY21 Sanitation Revenues

| <u>FY21 Sanitation Revenues</u> | |
|--|--------------|
| Sanitation Revenues | |
| Charges for Services | \$ 2,040,000 |
| Commercial Waste Acceptance | \$ 300,000 |
| Pass-through revenue for Odessa Tipping Fees | \$ 350,000 |
| Penalties | \$ - |
| Interest | \$ - |
| Other Income | \$ - |
| Bonds | \$ - |
| Use of Fund Balance | \$ - |
| | \$ 2,690,000 |

FY21 Sanitation Expenses

| <u>FY21 Sanitation Expenses</u> | | | |
|---------------------------------|---------------------|--|--------------|
| | | | \$ 2,671,376 |
| Sanitation | Landfill | | \$ 1,411,616 |
| | | Salaries | \$ 329,394 |
| | | Benefits | \$ 130,222 |
| | | Employee Development (Training, Travel, Memberships) | \$ 6,000 |
| | | Tools and Equipment | \$ - |
| | | Supplies | \$ 141,000 |
| | | Outside/Contract Services | \$ 755,000 |
| | | Capital Outlay | \$ - |
| | | Due to Fleet (purchase, Maintenance, depreciation) | \$ 50,000 |
| | | Due to IT ((Purchases,Contracts, Subscriptions, Licenses)) | \$ - |
| Sanitation | Trash Routes | | \$ 760,397 |
| | | Salaries | \$ 312,998 |
| | | Benefits | \$ 127,398 |
| | | Employee Development (Training, Travel, Memberships) | \$ - |
| | | Tools and Equipment | \$ - |
| | | Supplies | \$ 120,000 |
| | | Outside/Contract Services | \$ - |
| | | Capital Outlay | \$ 150,000 |
| | | Due to Fleet (purchase, Maintenance, depreciation) | \$ 50,000 |
| | | Due to IT ((Purchases,Contracts, Subscriptions, Licenses)) | \$ - |
| Sanitation | Various | | \$ 499,364 |
| | | Franchise Fee to General Fund | \$ 102,000 |
| | Debt Service | Government Capital Loan 2020 (Dump Trucks, Vaccon) | \$ 219,754 |
| | Debt Service | John Deere Backhoe Lease* | \$ 24,609 |
| | Debt Service | A2 Lease - Compactor | \$ 153,000 |

Airport Fund

| FY21 Airport Fund Revenues | |
|-----------------------------------|-------------------|
| Airport Revenues | |
| Oil and Gas Revenues | \$ - |
| Hangar Rental | \$ 50,000 |
| Interest | \$ - |
| Other Income (TxDOT Ramp Grant) | \$ 50,000 |
| Bonds | \$ - |
| Use of Fund Balance | \$ 231,155 |
| | \$ 331,155 |

| FY21 Aiport Fund Expenses | | | |
|----------------------------------|-------------------------|--|-------------------|
| | | | \$ 331,155 |
| Airport | Operating Budget | | \$ 315,000 |
| | | Salaries | \$ - |
| | | Benefits | \$ - |
| | | Employee Development (Training, Travel, Memberships) | \$ - |
| | | Tools and Equipment | \$ - |
| | | Supplies | \$ - |
| | | Outside/Contract Services | \$ 215,000 |
| | | Capital Outlay | \$ 100,000 |
| | | Due to Fleet (purchase, Maintenance, depreciation) | \$ - |
| | | Due to IT ((Purchases,Contracts, Subscriptions, Licenses)) | \$ - |
| Airport | Various | | \$ 16,155 |
| | | Indirect Cost Allocation to General Fund | \$ 16,155 |

Street Maintenance Tax

FY21 Street Maintenance Sales Tax Revenues

| Street Maintenance Sales Tax Revenues | |
|---------------------------------------|--------------|
| Sales Tax | \$ 2,025,000 |
| Interest | \$ - |
| Other Income | \$ - |
| Bonds | \$ - |
| Use of Fund Balance | \$ - |
| | \$ 2,025,000 |

FY21 Street Maintenance Tax Expenses

| | | | \$ 2,014,185 |
|-------------------------------|---------------------|--|---------------------|
| Street Maintenance Tax | Streets | | \$ 882,000 |
| | | Salaries | \$ - |
| | | Benefits | \$ - |
| | | Employee Development (Training, Travel, Memberships) | \$ 12,000 |
| | | Tools and Equipment | \$ 5,000 |
| | | Supplies | \$ 370,000 |
| | | Outside/Contract Services | \$ 45,000 |
| | | Capital Outlay | \$ 450,000 |
| | | Due to Fleet (purchase, Maintenance, depreciation) | \$ - |
| | | Due to IT ((Purchases,Contracts, Subscriptions, Licenses)) | \$ - |
| Streets | Various | | \$ 1,132,185 |
| | | Indirect Cost Allocation to General Fund | \$ 560,633 |
| | | Debt Service to General Fund | \$ 552,487 |
| | Debt Service | John Deere Backhoe Lease* | \$ 19,066 |

Hotel Occupancy Tax



FY21 Hotel Occupancy Tax Expenses

| FY21 Hotel Occupancy Tax Revenues | |
|--|--------------|
| HOT Revenues | |
| Hotel Occupancy Tax | \$ 1,825,000 |
| Interest | \$ - |
| Other Income | \$ - |
| Bonds | \$ - |
| Use of Fund Balance | \$ - |
| | \$ 1,825,000 |

| FY21 Hotel Occupancy Tax Expenses | | | |
|--|--|--|--------------|
| | | | \$ 1,802,079 |
| Hotel Occupancy Tax | Baseball Complex Operating Budget | | \$ 952,496 |
| | | Salaries | \$ 180,000 |
| | | Benefits | \$ 62,496 |
| | | Employee Development (Training, Travel, Memberships) | \$ 5,000 |
| | | Tools and Equipment | \$ 20,000 |
| | | Supplies | \$ 15,000 |
| | | Outside/Contract Services | \$ 50,000 |
| | | Capital Outlay | \$ 400,000 |
| | | Due to Fleet (purchase, Maintenance, depreciation) | \$ 220,000 |
| | | Due to IT ((Purchases,Contracts, Subscriptions, Licenses)) | \$ 10,000 |
| Hotel Occupancy Tax | Debt Service | | \$ 849,583 |

Summary

FY21 Budget Summary by Fund

| FUND | REVENUE | EXPENSE | DIFFERENCE | NOTES | | | | |
|---------------------|------------------|------------------|-------------------|---|--|--|--|--|
| General | \$ 17,601,172.26 | \$ 17,596,329.59 | \$ 4,842.67 | Includes Internal Service Funds, CJC, Fire, Ambulance, PEDC | | | | |
| Utilities | \$ 13,590,000.00 | \$ 13,581,094.85 | \$ 8,905.15 | | | | | |
| Sanitation | \$ 2,690,000.00 | \$ 2,671,376.09 | \$ 18,623.91 | | | | | |
| Airport | \$ 331,155.00 | \$ 331,155.00 | \$ - | | | | | |
| Street Maintenance | \$ 2,025,000.00 | \$ 2,014,185.44 | \$ 10,814.56 | | | | | |
| Hotel Occupancy Tax | \$ 1,825,000.00 | \$ 1,802,078.50 | \$ 22,921.50 | | | | | |

Conclusions

- ▶ Proposed Budget has no room for error
- ▶ If Current Trends Continue, further cuts WILL be required
- ▶ Proposed budget makes limited use of reserve funds in case the economic downturn continues
- ▶ Strongly recommend not making any budget adjustments upwards until we have seen 4 straight months of positive trend in sales tax
- ▶ Budget is balanced as required by law