



Legislation Text

File #: 20-145, **Version:** 1

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Douglas Allen, CPA

DATE: March 26, 2020

DEPARTMENT: Finance

AGENDA TITLE:
Information and Discussion on the Town's Financial Plan

SUMMARY STATEMENT:

Guided by the long-standing traditions of Paradise Valley's solid fiscal policy and prudent budgeting lead by the Mayor, Town Council and Management, the Town has saved and set-aside sufficient resources for fiscal emergencies to maintain Town services.

In March 2020, the Town experienced sharp revenue drops that were abrupt, extremely deep and with the duration for rebound and recovery still uncertain.

Local tourism activity revenues are received by the Town two months in arrears. The biggest months for Tourism activity revenues are March and April are not known by the Town until May and June, respectively.

From July 2019 through February 2020, the Town's had experienced elevated tourism and was on-track exceed its minimum revenue goal for the current fiscal year ending June 30, 2020. Though the Town could sustain a 25% drop in tourism the rest of the fiscal year and meet the minimum revenue goal, the recent drop in tourism is much deeper. As a result, the Town will fall short of its minimum revenue goal.

Last fiscal year, the Town collected \$5,363,315 in revenue directly tied to local tourism from the months of March 2019 to June 2019. This accounts for approximately 17% of the Town's General Fund ("Operating") Revenue. Collections for this critical time frame are expected to be minimal this fiscal year 2020.

To maintain the high standard of Town services, Town Management and all Departments are identifying various mitigating financing options to address this, and other possible shortfalls over a longer-term and will discuss with the Mayor and Council during the next few Council meetings.

The goal for financial plan beginning April 1, 2020 for the next budget year ending June 30, 2021 is to flatten the use of the Town's emergency reserve over the next 15 months, or more, until the Town's revenue stream rebounds that is flexible, adaptable and customer focused.

Further information and financial options to navigate through this crisis will be provided to Council by Tuesday March 24th.

ATTACHMENT(S):

Presentation will be available by Tuesday March 24th