TOWN COUNCIL STAFF REPORT

Subject: Fiscal Year 21-22 Preliminary Budget (Department Requested)

Meeting Date: April 21, 2021

Written by: Rob Patterson, Administrative Services / Finance Director

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RECOMMENDATION:

Staff is requesting Town Council comment and direction on the preliminary budget (Department Requested) that will assist staff in preparing the next phase of our FY21-22 budget. Staff will use direction and additional research to bring a balanced tentative (Manager Recommended) FY21-22 budget to Town Council in May for consideration.

BACKGROUND:

This report provides preliminary information related to the FY21-22 budget. The report primarily focuses on the General Fund but includes other key funds utilized by Town operations. The preliminary budget builds off the revenue information presented to Town Council on April 7. There will be some additional changes to the budget based on requested Council direction and final budget balancing adjustments. This report provides a basis to set expectations for the budget and to allow Town Council to provide any comments or direction to assist in preparing a tentative budget in May.

This year we are focused on revenue forecast to start our budget cycle. The methodology and background used for each revenue forecast is consistent with prior years. We remain conservative in our estimates to prevent over reliance on high revenues, unduly growing our annual budget. These revenue estimates were presented to Council on April 7 and confirmation was received as to our recommendations. Staff has been working hard on the expenditure side to provide an accurate picture of department needs for the new fiscal year. Staff's goal is to provide the Council with a balanced operating budget, with only planned use of any reserves. This means the Towns' operating revenues will equal or exceed operating expenditures. The preliminary budget still includes a $233,042 deficit. Based on Council direction and priorities this deficit will be addressed in the tentative budget.

The preliminary budget includes General Fund revenues of $24,399,256 and expenditures (including transfers out) of $24,623,298.

FY20-21 General Fund Revenue Projections

In preparing for the FY21-22 budget, a number of key revenue projections are made to set the stage for the expenditure side of the budget. The primary focus is on the General Fund, which supports the majority of the Town's operations. The following highlights our projection of revenues for the preliminary budget work. These projections have been reduced by $5,820 through various updates since the April 7th presentation and are subject to change as more information is obtained through the budget process. The preliminary revenue projection for FY21-22 is $24,399,256 and is broken down by major category as follows:

Major Revenue Components

Item	FY2018-19 Actual	FY2019-20 Actual	FY2020-21 Adopted Budget	FY2021-22 Proposed Budget	% of Total Revenue
Transient Occupancy Tax (TOT)	$ 20,214,779	$ 15,911,859	$ 11,200,000	$ 14,500,000	59.4%
TOT Revenue Violations	$ 103,838	$ 94,039	$ 60,000	$ 60,000	0.2%
TOT Penalty and Interest	$ 151,872	$ 267,207	$ 130,000	$ 130,000	0.5%
Total TOT Revenue	$ 20,470,488	$ 16,273,104	$ 11,390,000	$ 14,690,000	60.2%
Property Tax	$ 3,803,820	$ 4,054,115	$ 3,827,000	$ 3,990,000	16.4%
Sales Tax	$ 2,749,036	$ 2,372,657	$ 1,850,000	$ 2,500,000	10.2%
Franchise Fees	$ 910,190	$ 851,036	$ 770,000	$ 812,000	3.3%
Other Revenue					
Building Permits	$ 881,825	$ 623,387	$ 670,000	$ 700,000	2.9%
Business Tax (New, Renewal, and Penal	$ 357,420	$ 360,535	$ 338,000	$ 338,000	1.4%
Cannabis Tax	$ 115,900	$ 160,539	$ 130,000	$ 130,000	0.5%
Interest	$ 312,378	$ 353,569	$ 100,000	$ 50,000	0.2%
Grant Revenue	$ 421,594	$ 481,925	$ 163,952	$ 163,952	0.7%
Misc Revenue	$ 1,509,888	$ 2,393,424	$ 1,056,124	$ 1,025,304	4.2%
Total Budgeted Revenue (General Fund)	$ 31,532,539	$ 27,924,290	$ 20,295,076	$ 24,399,256	100.0%

TOT

The base Transient Occupancy Tax (TOT) is recommended at $14.5 million this year, which is $3,300,000 or 29.5% higher than last year and represents 59.4% of the General Fund budgeted revenue for FY21-22. We believe this base TOT is conservative and sustainable based on summer / winter diversification and TBID marketing efforts. One repetitive theme of summer 2020 was first time visitors coming to Mammoth. The early lockdown prompted many to seek travel and wide-open spaces. Some lodging operators reported that 80% of their summer business was new to Mammoth or may have been winter visitors who do not visit in summer months. This coming summer, we anticipate a reduced level of foreign travel, but with increase in state and regional visitors, including a few of those newly acquainted with summer in Mammoth, creating an overall strong summer season. The unknown if the Town will experience any lingering impacts from the COVID-19 pandemic.

The recommended budget reflects a return to an average level of visitation over the year and should not be a difficult bar to reach in FY21-22. This conservative budget process serves two main objectives for the Town. First, the overall operating budget remains constrained and controls expenditure growth by reducing available resources. Secondly, the lower budget will likely result in a revenue windfall at year end that can be allocated to critical Town projects. These projects and one-time funding allow the Town to improve amenities and replace needed equipment without establishing a high annual budget that would be required to achieve the same results.

Property Tax

All Combined Property Tax revenue streams represent approximately 16.3% of the General Fund revenue or $3,990,000. This projected revenue is 1.6% higher than prior year adopted budget with the most of this increase coming from secured property tax and documentary transfer tax. All property tax revenue is based on Mono County estimates provided in their February estimates, to be updated May of the current year. Base property tax rates are poised to increase by 2% as provided for under Prop 13, plus growth from new development and changes related to property

sales. Staff will update our revenue estimates once this review is completed but we do not expect a significant shift in revenue between original estimate and final numbers. A review of current year actuals show they are on pace to meet budget expectations by the end of FY20-21.

Sales Tax
Sales Tax represents 10.2% of the General Fund or $2,500,000 for FY21-22. The Town had fluctuating visitation as different periods of restrictions were ordered by statewide shutdown to contain the virus. In prior years, visitation was the only determining factor used to forecast sales tax. In April 2019, AB147 was signed into law requiring every retailer engaged in business in the state to collect the tax from the purchaser, file a return, and remit the tax to the State. This bill also identified "Marketplace facilitator" as one who contracts with marketplace sellers to facilitate the sale of products (a.k.a Online Sales). This required online sales platforms to collect and remit taxes. During the pandemic, there was a strong shift to online shopping, raising this portion of sales tax by 142% in the first quarter of the pandemic. The return of normal visitation coupled with collection of online sales tax should result in a strong year for this revenue stream. The recommended budget is 35.1% ahead of last year adopted budget ($1,850,000) but less than the four-year average.

Franchise Fees
Franchise Fees revenue estimate of $812,000 represents 3.3% of the General Fund revenue budget for FY21-22. The Town receives franchise fees for Solid Waste, Electricity, Gas and Cable. The budgeted revenue is 5.5% higher than prior year adopted budget. In the prior year, the staff anticipated a reduction in usage and therefore franchise fees based on reduced visitation during the pandemic. The Town was also forecast a 37% reduction in Gas franchise fees due to an error in reporting for prior years. This year the Town is forecasting a return to normal visitation and therefore no reduction for this item. The Town also completed a new Solid Waste franchise agreement with Waste Connections, Inc. (DBA Mammoth Disposal) resulting in estimated 12.7% increase in solid waste revenue.

Other Revenues
Other Revenues represent 9.9% of the General Fund revenue and includes a variety of fees and charges for service, interest, grants, etc. Some of the larger elements include the annual COPs grant ($100,000); business license ($338,000); building permit fees ($700,000); TBID Administrative fee ($65,125); and facility rentals; ($165,000). The category incorporates planning fees; other development related fees; charges for programs; licenses and permits; interest, and miscellaneous administrative fees. The projected revenue is approximately $2,407,256.

The minor adjustments made so far are the result of refined program and facility lease estimates in Parks & Recreation programs. This was the results of additional analysis performed by the department during their budget preparation. It is not uncommon for minor adjustments in revenue as the budget process continues. As more of the fiscal year goes on, we get a clearer picture of current trends and fine tune the budget based on this additional information. Below is a summary of General Fund revenue:

Key Revenue Components - General Fund

Item		Amount	% of Total Revenue
Transient Occupancy Tax (TOT)	$	14,500,000	59.4%
Property Tax	$	3,170,000	13.0%
Sales Tax	$	2,500,000	10.2%
Community Development Permits	$	874,952	3.6%
Property Tax in Lieu VLF	$	820,000	3.4%
Franchise Fees	$	812,000	3.3%
Business Tax - Fees penalty and Interest	$	496,000	2.0%
Other Revenue	$	296,500	1.2%
Recreation Programs	$	271,000	1.1%
TOT Penalty and Interest	$	190,000	0.8%
Public Safety	$	187,180	0.8%
Transit Fee	$	116,500	0.5%
Interest	$	50,000	0.2%
TBID Revenue 1% TBID to Admin	$	65,124	0.3%
Whitemore Pool County Share 50%	$	50,000	0.2%
Total Budgeted Revenue	**$**	**24,399,256**	**100.0%**

FY21-22 General Fund Expenditures

The focus on the General Fund is to prepare a balanced operating budget. This simply means that operating revenues will be equal to or greater than annual operating expenditures. The focus on the General Fund is important as it has the greatest level of flexibility in meeting local government expenditures. A number of other funds that are restricted by law (i.e. revenues may only be expended for certain purposes like Assessment Districts or Gas tax or restricted by Council action). A number of these funds will include the planned use of reserves or encumbered funds. This is often the case for capital projects or larger planning items.

Our approach with General Fund expenditures was to review each department performance to date to identify trends we see emerging that will affect our future needs. There is a focus to develop excess capacity through efficiency and process improvement within all town staff as staff costs are the largest overall cost within the Town's budget. Departments are focused on adding employees only for critical needs and increased capacities above and beyond what can be achieved through efficiency. Department Heads and the Town Manager begin the annual position review by determining what service level impacts are expected and how proper administration of positions will address those needs. This year the Town is focused on mitigating the effects of excess visitation and making sure the experience of our guests remains as positive as possible. The Town is recommending additional staff to support recreation in the lake's basin with cleaning staff and code compliance officer. The Town is adding staff to enhance services in Public Works and

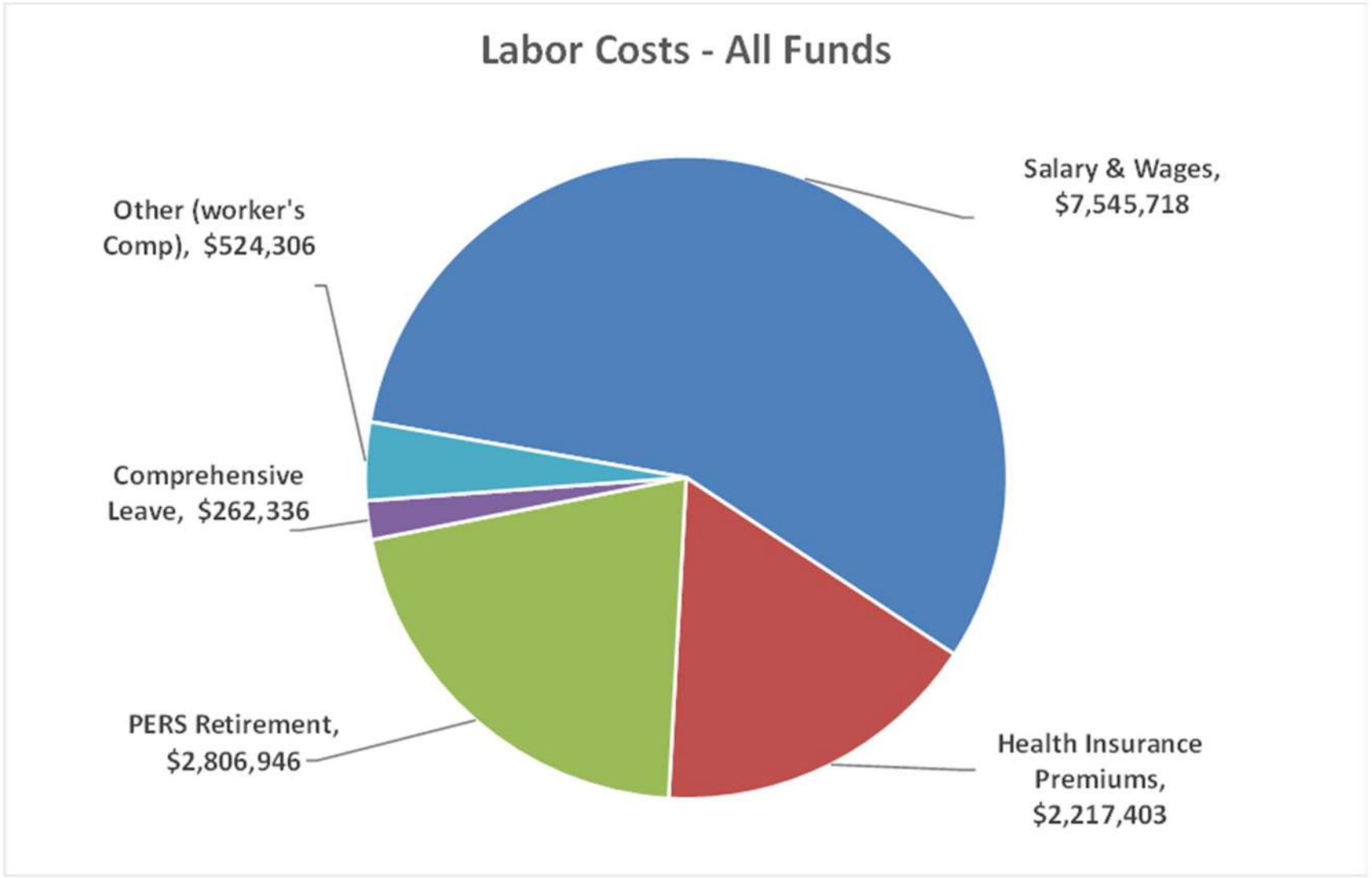
Recreation departments. A Public Works Maintenance Worker is recommended for full-time employment to cover both summer and winter (snow removal) needs. The Town will reduce the part-time winter staff by 1 position to offset a portion of the cost for this new position. The Parks and Recreation department expects to expand capacity with a Recreation Supervisor – Facilities. This position will assist in managing the recreation facilities as we bring on the CRC and enhanced programs that amenity will provide. There are also a number of part-time positions included in the recreation programs. These positions will provide for additional camps and capacity for our summer program. In addition to increased capacity, the Town has a number of positions that were left vacant during the uncertainty of the COVID-19 pandemic. These positions are vital to the Town's service delivery and are included in the FY21-22 budget proposed here. The two full-time staff positions include Vacant Plans Examiner and Vacant Parks Maintenance Worker

In addition to staff adjustments noted above, incremental cost for salary adjustments, Health Care increases and other updates are noted below. Health Care costs reflect 3-5%, depending on region and plan selections, and new positions added are all estimated at the highest cost increments. Actual cost will not be determined until positions are hired. Comprehensive leave was reduced by 50% in prior year for temporary savings and the program is funded at the to the policy level of 85% for FY21-22

Labor Costs - All Funds

Item		FY21-22 Budget Total		FY2020-21 Budget Total	Variance by Item
Salary & Wages	$	7,545,718	$	7,119,806	5.98%
Health Insurance Premiums	$	2,217,403	$	1,840,802	20.46%
PERS Retirement	$	2,806,946	$	2,831,330	-0.86%
Comprehensive Leave	$	262,336	$	181,789	44.31%
Other (worker's Comp)	$	524,306	$	439,316	19.35%
	$	13,356,708	$	12,413,043	7.60%
Variance			$	943,665	$ -
%				7.60%	

Employee Statistics	FY21-22 Budget Count	FY20-21 Budget Count
Full Time Employees	82.3	77.0
Part Time Employees - Measured in Full Time Equivalents (FTE)		
Police	0.0	1.4
Recreation Programs	6.7	3.8
Parks Maintenance	1.7	2.4
Finance	0.5	0.0
Capital Projects	0.4	0.0
Airport Operations	0.9	1.0
Measure R - Trails	1.6	1.0
Roads & Snow Removal	1.8	2.4
Facilities Maintenance	0.3	0.5
Total Part Time Employees (I	13.9	11.1
Total Employee (FTE)	96.2	88.1


Labor Costs - All Funds
Salary & Wages, $7,545,718
Other (worker's Comp), $524,306
Comprehensive Leave, $262,336
PERS Retirement, $2,806,946
Health Insurance Premiums, $2,217,403

Full-Time Staff

Account	Department	# FTE	Salary	Comp Leave	Health Insurance	457 Contribution	Total Health Ins	Worker's Comp	PERS	Total
100-413	Town Manager	1.9	$ 302,299	$ 13,047	$ 57,128	$ 2,790	$ 59,918	$ 18,945	$ 116,382	$ 510,591
100-414	Town Clerk	2.0	$ 160,727	$ 5,116	$ 61,428	$ 2,400	$ 63,828	$ 9,964	$ 57,993	$ 297,628
100-415	Finance	6.9	$ 587,285	$ 16,809	$ 205,646	$ 8,894	$ 214,540	$ 36,293	$ 199,925	$ 1,054,852
100-417	Personnel	2.0	$ 180,752	$ 5,003	$ 61,428	$ 2,400	$ 63,828	$ 11,160	$ 58,009	$ 318,752
100-420	Police	19.0	$ 2,017,681	$ 75,839	$ 475,836	$ 7,800	$ 483,636	$ 125,775	$ 1,043,498	$ 3,746,429
100-432	Parks & Recreation Programs	3.5	$ 291,380	$ 25,453	$ 97,080	$ 4,800	$ 101,880	$ 19,035	$ 108,230	$ 545,978
100-434	Whitmore Recreation Area	1.0	$ 58,970	$ 5,094	$ 26,941	$ 1,176	$ 28,117	$ 3,849	$ 20,400	$ 116,430
100-438	Parks Maintenance	2.4	$ 159,047	$ 9,345	$ 50,548	$ 2,820	$ 53,368	$ 10,117	$ 59,559	$ 291,436
100-440	Planning	4.4	$ 411,912	$ 19,958	$ 120,117	$ 5,874	$ 125,991	$ 25,946	$ 145,217	$ 729,024
100-442	Building	3.9	$ 189,456	$ 9,160	$ 99,136	$ 4,704	$ 103,840	$ 18,787	$ 108,063	$ 429,306
100-444	Code Compliance	1.0	$ 59,731	$ -	$ 27,300	$ 1,200	$ 28,500	$ 3,589	$ 18,653	$ 110,473
100-445	Housing	1.2	$ 96,684	$ 2,700	$ 39,347	$ 1,422	$ 40,769	$ 5,971	$ 35,844	$ 181,968
100-460	Engineering	3.9	$ 331,055	$ 15,359	$ 73,444	$ 5,245	$ 78,689	$ 20,812	$ 116,314	$ 562,229
100-464	Facilities Maintenance	0.8	$ 42,344	$ -	$ 11,952	$ 900	$ 12,852	$ 2,612	$ 13,578	$ 71,386
100-475	Transit	0.3	$ 19,861	$ 1,026	$ 8,066	$ 312	$ 8,378	$ 1,255	$ 7,146	$ 37,666
General Fund Total		54.1	$ 4,909,184	$ 203,909	$ 1,415,397	$ 52,737	$ 1,468,134	$ 314,110	$ 2,108,811	$ 9,004,148

Account	Department	# FTE	Salary	Comp Leave	Health Insurance	457 Contribution	Total Health Ins	Worker's Comp	PERS	Total
205-490	Solid Waste	0.1	$ 22,753	$ 982	$ 4,300	$ 210	$ 4,510	$ 1,426	$ 8,760	$ 38,431
Solid Waste		0.1	$ 22,753	$ 982	$ 4,300	$ 210	$ 4,510	$ 1,426	$ 8,760	$ 38,431
210-450	Maintenance Streets (May-Sept)	5.6	$ 351,969	$ 7,701	$ 134,461	$ 6,720	$ 141,181	$ 21,608	$ 121,282	$ 643,741
210-452	Snow Removal (Oct-April)	6.9	$ 430,405	$ 10,483	$ 162,738	$ 8,244	$ 170,982	$ 26,488	$ 148,682	$ 787,040
210-456	Facilities Maintenance	0.1	$ 5,646	$ -	$ 1,594	$ 120	$ 1,714	$ 348	$ 1,810	$ 9,518
Gas Tax		12.6	$ 788,020	$ 18,184	$ 298,793	$ 15,084	$ 313,877	$ 48,444	$ 271,774	$ 1,440,299
215-511	Measure R Trails	1.0	$ 101,219	$ 4,728	$ 34,128	$ 1,200	$ 35,328	$ 6,365	$ 39,101	$ 186,741
Measure R - Trails		1.0	$ 101,219	$ 4,728	$ 34,128	$ 1,200	$ 35,328	$ 6,365	$ 39,101	$ 186,741
216-438	Whitmore Track/Trails End	0.2	$ 13,755	$ 954	$ 6,384	$ 288	$ 6,672	$ 884	$ 4,987	$ 27,252
Measure R		0.2	$ 13,755	$ 954	$ 6,384	$ 288	$ 6,672	$ 884	$ 4,987	$ 27,252
220-471	Airport	3.9	$ 273,859	$ 10,841	$ 113,657	$ 4,668	$ 118,325	$ 17,104	$ 93,890	$ 514,019
220-531	Airport AIP Capital Projects	0.7	$ 81,894	$ 862	$ 17,860	$ 1,080	$ 18,940	$ 4,972	$ 26,466	$ 133,134
Airport		4.5	$ 355,753	$ 11,703	$ 131,517	$ 5,748	$ 137,265	$ 22,076	$ 120,356	$ 647,153
250-540	LTC	0.3	$ 33,909	$ 1,382	$ 9,262	$ 432	$ 9,694	$ 2,120	$ 11,405	$ 58,510
Local Transportation Comission		0.3	$ 33,909	$ 1,382	$ 9,262	$ 432	$ 9,694	$ 2,120	$ 11,405	$ 58,510
300-530	Capital Projects - Streets	0.1	$ 4,172	$ 70	$ 1,153	$ 73	$ 1,226	$ 255	$ 1,325	$ 7,048
300-531	Capital Projects - Other	1.4	$ 142,229	$ 2,690	$ 32,246	$ 2,071	$ 34,317	$ 8,706	$ 46,331	$ 234,273
Capital Projects		1.5	$ 146,401	$ 2,760	$ 33,399	$ 2,144	$ 35,543	$ 8,961	$ 47,656	$ 241,321
856-452	OMR Assessment Snow Removal	0.3	$ 18,627	$ 458	$ 6,777	$ 372	$ 7,149	$ 1,147	$ 6,491	$ 33,872
856-531	OMR Capital	0.0	$ 1,555	$ -	$ 319	$ 24	$ 343	$ 93	$ 486	$ 2,477
857-452	OMR Assessment Snow Removal	0.3	$ 17,492	$ 510	$ 6,542	$ 348	$ 6,890	$ 1,082	$ 6,026	$ 32,000
858-436	Fractional MelloRoos	0.7	$ 44,354	$ 3,879	$ 20,941	$ 792	$ 21,733	$ 2,898	$ 15,389	$ 88,253
Assessment Districts		1.3	$ 82,028	$ 4,847	$ 34,579	$ 1,536	$ 36,115	$ 5,220	$ 28,392	$ 156,602
910-456	Garage Facility Maintenance	6.6	$ 443,204	$ 12,887	$ 147,236	$ 7,920	$ 155,156	$ 27,401	$ 153,080	$ 791,728
Garage Services		6.6	$ 443,204	$ 12,887	$ 147,236	$ 7,920	$ 155,156	$ 27,401	$ 153,080	$ 791,728
Worksheet Total		82.3	$ 6,896,226	$ 262,336	$ 2,114,995	$ 87,299	$ 2,202,294	$ 437,007	$ 2,794,322	$ 12,592,185

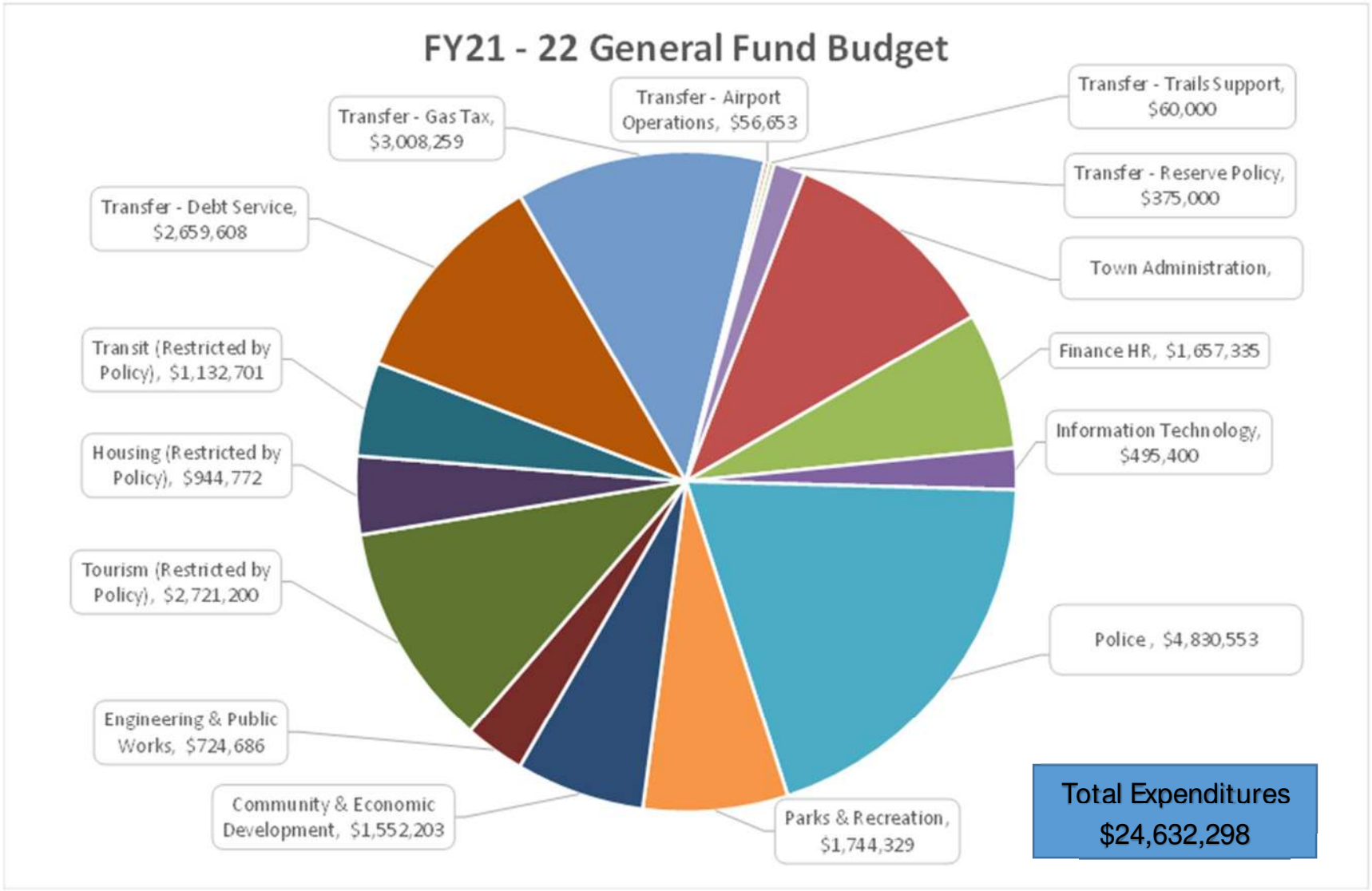
In development of the FY20-21 budget, a number of items were temporarily removed as part of our efforts to live within our means during a lower revenue year. Most of these items will be returned to the budget for FY21-22 and are listed below:

FY20/21 Budget Reductions		
Elimination of summer programs	$	124,385
Staff Reductions	$	241,802
Settlement payment variance remains in General fund	$	132,713
Pause Vehicle Replacement Loan	$	340,000
50% reduction in Vehicle replacement charges	$	93,728
50% reduction in Comprehensive Leave Accrual	$	114,448
Departmental budget reductions	$	224,962
Salary Savings	$	175,344
Gas Tax - Use of Fund Balance (General Fund Savings)	$	473,038
ESTA - Use of Fund Balance (General Fund Savings)	$	128,520
	$	**2,048,940**

Below is a chart that shows the inclusion of these expenses and additional labor costs noted above. This chart shows a comparison of these budgets to prior year expenditures.

Department	FY2018-19 Actual	FY2018-19 Actual	FY2020-21 Budget	FY2021-22 Budget	Variance to Prior Year Budget	
DEPT 410 - TOWN COUNCIL	$ 122,945	$ 118,017	$ 141,389	$ 171,613	$ 30,224	21.4%
DEPT 412 - LEGAL SERVICES	$ 185,973	$ 106,568	$ 195,000	$ 200,000	$ 5,000	2.6%
DEPT 413 - TOWN ADMINISTRATION	$ 584,281	$ 563,323	$ 601,286	$ 603,091	$ 1,805	0.3%
DEPT 414 - TOWN CLERK	$ 219,575	$ 294,432	$ 308,497	$ 325,128	$ 16,631	5.4%
DEPT 415 - FINANCE	$ 1,094,275	$ 1,092,313	$ 1,230,629	$ 1,311,083	$ 80,454	6.5%
DEPT 416 - GENERAL SERVICES	$ 1,300,584	$ 1,877,094	$ 1,289,326	$ 1,369,768	$ 80,442	6.2%
DEPT 417 - HUMAN RESOURCES	$ 292,705	$ 319,968	$ 324,433	$ 346,252	$ 21,819	6.7%
DEPT 418 - INFORMATION SERVICES	$ 437,277	$ 474,367	$ 448,695	$ 495,400	$ 46,705	10.4%
DEPT 420 - POLICE SERVICES	$ 4,129,531	$ 4,522,510	$ 4,685,746	$ 4,830,553	$ 144,807	3.1%
DEPT 432 - RECREATION PROGRAMS	$ 705,626	$ 624,730	$ 572,969	$ 830,849	$ 276,880	48.3%
DEPT 434 - WHITMORE POOL & REC AREA	$ 201,690	$ 205,918	$ 269,185	$ 313,802	$ 44,617	16.6%
DEPT 438 - PARKS, BLDGS & TRAIL MAINT	$ 578,176	$ 603,037	$ 588,302	$ 599,678	$ 11,376	1.9%
DEPT 440 - PLANNING DIVISION	$ 923,934	$ 924,409	$ 738,908	$ 818,224	$ 144,080	19.5%
DEPT 442 - BUILDING DIVISION	$ 694,624	$ 654,846	$ 710,281	$ 618,806	$ (91,475)	-12.9%
DEPT 444 - CODE COMPLIANCE	$ 117,517	$ 79,841	$ 105,997	$ 115,173	$ 9,176	8.7%
DEPT 445 - HOUSING PROGRAMS & PLANNING	$ 582,600	$ 969,091	$ 728,753	$ 944,772	$ 216,019	29.6%
DEPT 460 - ENG, PUBLIC WORKS & ADMIN	$ 643,819	$ 689,694	$ 579,956	$ 606,179	$ 26,223	4.5%
DEPT 464 - FACILITIES MAINTENANCE	$ 103,937	$ 99,841	$ 120,121	$ 118,507	$ (1,614)	-1.3%
DEPT 475 - TRANSIT SERVICES	$ 853,930	$ 897,668	$ 976,979	$ 1,132,701	$ 155,722	15.9%
DEPT 480 - TOURISM & BUSINESS DEVELOPMEN	$ 2,733,915	$ 2,855,864	$ 2,024,600	$ 2,721,200	$ 696,600	34.4%
Transfer Out	$ 7,524,320	$ 10,789,898	$ 4,655,733	$ 6,160,472	$ 1,504,739	32.3%
Sub-Total	**$ 16,506,915**	**$ 17,973,534**	**$ 16,641,052**	**$ 18,472,778**	**$ 1,915,490**	**11.5%**
Transfer Out	$ 7,524,320	$ 10,789,898	$ 4,655,733	$ 6,160,472	$ 1,504,739	32.3%
Total General Fund	**$ 24,031,235**	**$ 28,763,431**	**$ 21,296,785**	**$ 24,633,250**	**$ 3,420,229**	**16.1%**

The graph below shows the relative size of department expenditures within the General Fund.


FY21 - 22 General Fund Budget
Transfer - Airport Operations, $56,653
Transfer - Trails Support, $60,000
Transfer - Gas Tax, $3,008,259
Transfer - Reserve Policy, $375,000
Transfer - Debt Service, $2,659,608
Town Administration,
Transit (Restricted by Policy), $1,132,701
Finance HR, $1,657,335
Housing (Restricted by Policy), $944,772
Information Technology, $495,400
Tourism (Restricted by Policy), $2,721,200
Police, $4,830,553
Engineering & Public Works, $724,686
Community & Economic Development, $1,552,203
Parks & Recreation, $1,744,329
Total Expenditures $24,632,298

Gas Tax Fund (210)

The Gas Tax Fund is the second largest operating fund following the General Fund. The fund provides for road infrastructure maintenance and snow removal. The revenue for FY21-22 includes $1,885,856 in State Gas Tax funds. This includes the reimbursement for snow removal estimated at $1,500,000. This reimbursement is based on prior year snow removal costs and a portion of this reimbursement is transferred to the various assessment districts, estimated at $75,000 in total. Since this revenue is based on prior year actual snow removal cost, Fund 210 will see an increase of 50.0% from prior year snow removal revenue. This annual fluctuation in current year expense and subsequent year revenue makes this fund challenging on General Fund. While this is always the dynamic of this fund, it has not been more evident in the last three years where we have had near record high and low snowfall totals. The Fund is supported by a General Fund and Garage Services transfer of $3,069,211 which is 22.8% higher than prior year with $473,038 of planned use of fund balance in prior year to balance the budget.

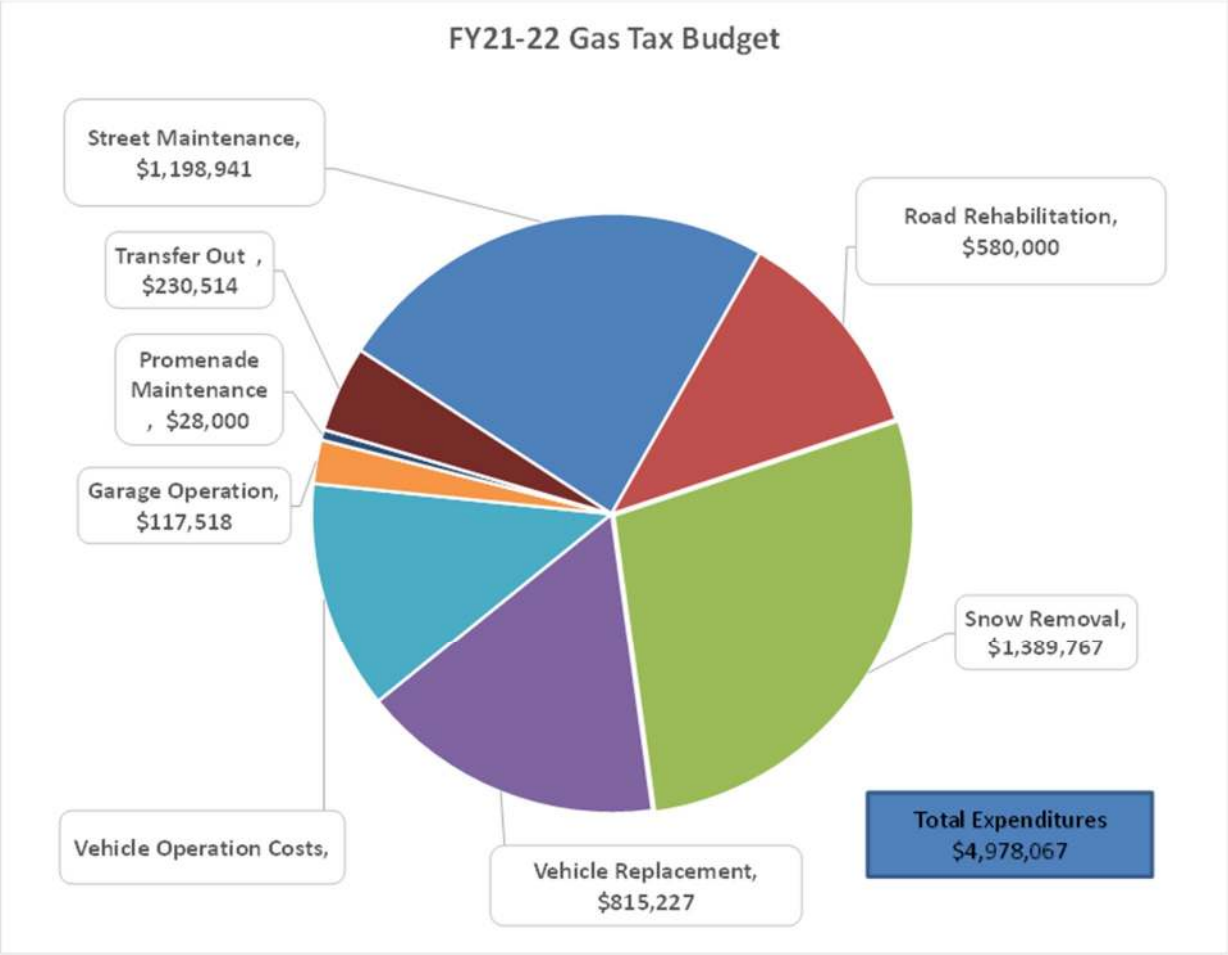
Gas Tax Fund Revenue by Category

Item	FY2018-19 Actual	FY2019-20 Actual	FY20-21 Budget	FY21-22 Budget	Variance to Prior Year Budget	
Gas Tax	$ 191,381	$ 206,948	$ 230,342	$ 230,342	$ -	0.0%
Gas Tax - Snow Removal	$ 1,280,306	$ 1,999,871	$ 1,000,000	$ 1,500,000	$ 500,000	50.0%
Gas Tax - SB1	$ 152,500	$ 142,612	$ 155,514	$ 155,514	$ -	100.0%
Total Gas Tax	$ 1,624,187	$ 2,349,431	$ 1,385,856	$ 1,885,856	$ 500,000	36.1%
Transfer In - General Fund & Garage Services	2,769,937	2,232,652	2,498,906	3,069,211	$ 570,305	22.8%
Misc Revenue	100,356	26,567	23,000	23,000	$ -	0.0%
Total Revenue Gas Tax	**$ 4,494,480**	**$ 4,608,650**	**$ 3,907,762**	**$ 4,978,067**	**$ 1,070,305**	**27.4%**

SB1 Funds listed in the revenue numbers above must be spent on capital projects. For the purpose of this budget, the projected revenue from SB1 is also listed as a Transfer Out to capital projects. Any unexpended funds remain in capital projects and not Gas Tax Fund 210.

The majority of the increase in street maintenance expenditure is the operation of the snow storage facility. This item is accounted for outside of the snow removal costs as it is not reimbursable by the State gas tax funding. The following chart provides a summary of expenditures by section of Gas Tax.

Department	FY2018-19 Actual	FY2019-20 Actual	FY20-21 Budget	FY21-22 Budget	Variance to Prior Year Budget	
Street Maintenance	$ 551,201	$ 899,943	$ 718,136	$ 1,198,941	$ 480,805	67.0%
Road Rehabilitation	$ 18,508	$ 69,595	$ 580,000	$ 580,000	$ -	0.0%
Snow Removal	$ 1,220,132	$ 1,120,282	$ 1,282,461	$ 1,389,767	$ 107,306	8.4%
Vehicle Replacement	$ 571,339	$ 668,246	$ 815,227	$ 815,227	$ -	0.0%
Vehicle Operation Costs	$ 826,198	$ 650,143	$ 612,600	$ 618,100	$ 5,500	0.9%
Garage Operation	$ 118,241	$ 135,770	$ 113,862	$ 117,518	$ 3,656	3.2%
Promenade Maintenance	$ 76,319	$ 50,796	$ 28,000	$ 28,000	$ -	0.0%
Operational Costs	**$ 3,381,938**	**$ 3,594,775**	**$ 4,150,286**	**$ 4,747,553**	**$ 597,267**	**14.4%**
Transfer Out - Assessment District Snow	$ 125,000	$ 125,000	$ 125,000	$ 75,000	$ (50,000)	-40.0%
Transfer Out - SB1 & Road funds for Capital F	$ 147,021	$ 147,021	$ 147,021	$ 155,514	$ 8,493	5.8%
Total Transfers Outs	**$ 2,203,078**	**$ 2,003,461**	**$ 225,609**	**$ 230,514**	**$ 4,905**	**2.2%**
Total Gas Tax Expenditures	**$ 5,585,016**	**$ 5,598,236**	**$ 4,375,895**	**$ 4,978,067**	**$ 602,172**	**13.8%**



Snow is the key expense in this fund that drives changes year over year. This not only effects the snow removal line item but vehicle operation costs. Other line items can vary year over year depending on road rehabilitation projects. These projects can be handled within this fund or may show significant transfers out for larger capital projects. All of these elements can be seen in the above numbers.

Airport Operational Fund (220)

The Airport operational fund (220) is a challenging budget for FY21-22 as the bulk of air service is expected to be transferred to Bishop in December 2021 leaving no commercial flights for the fiscal year. The budget reflects a reduction in revenue from terminal and landing fees normally paid by commercial air services. For FY21-22 most of the revenue to support operations will come from FAA CARES grant funding. In response to the COVID-19 pandemic, FAA has provided two significant grants to support airport operations. In FY20-21 the Town relied on a $1.1M that funded operations, providing savings in General Fund that normally subsidizes those expenditures. In FY21-22 the FAA has awarded a similar amount that will cover the bulk of operations planned for the year. With the removal of commercial flights, the subsidy required to cover operations will

grow from $650K annually to more than $1M. This additional expense will need to be addressed in future fiscal years as a solution for this shortfall has not been identified to date. The other major adjustment to revenue is removal of Airport capital improvement projects. To date the capital project plan has not been finalized so expect updates to both expenditures and revenue once those are provided and grant funding secured. Below is the revenue comparison to prior years:

Airport Fund Revenue by Category

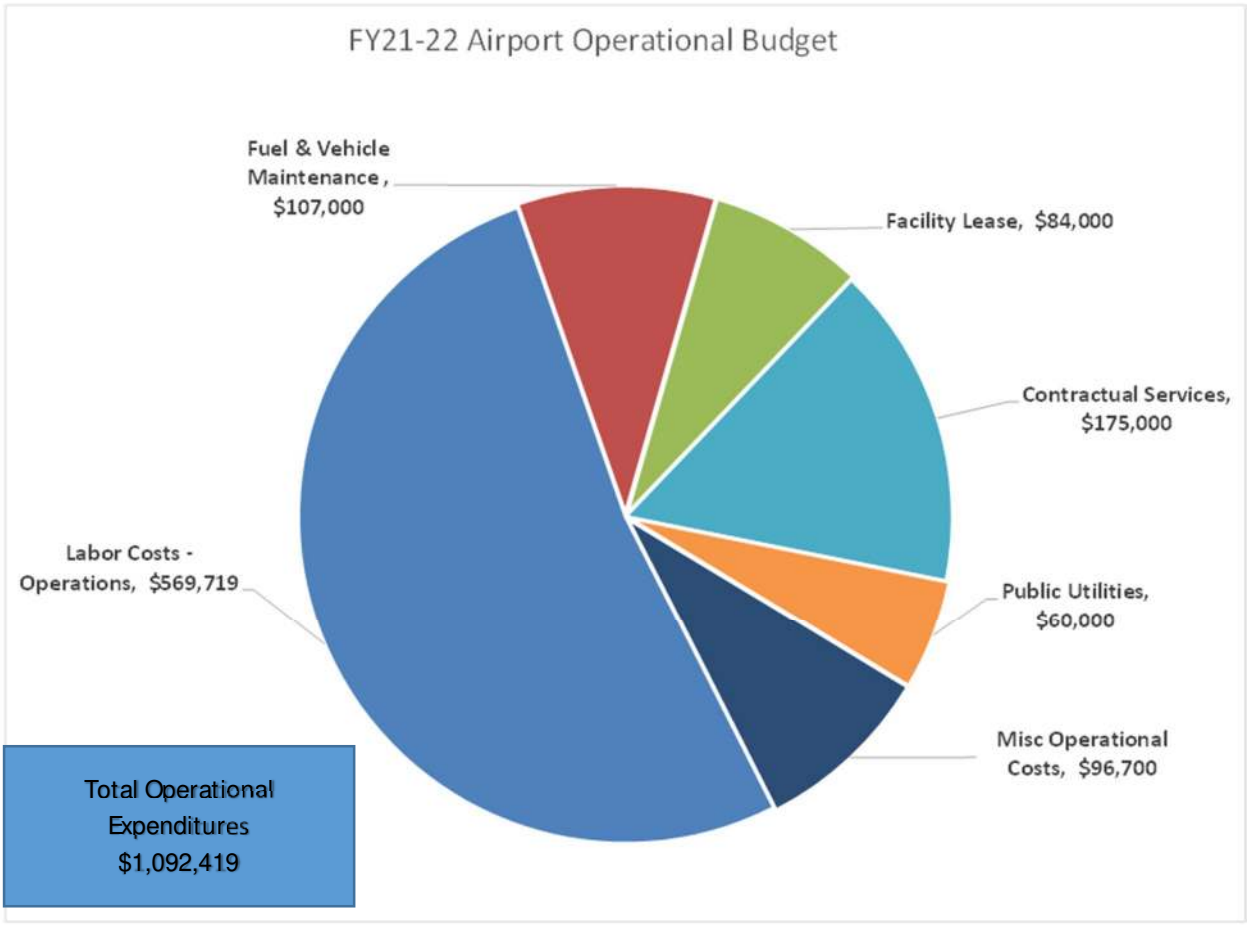
Item	FY2018-19 Actual	FY2019-20 Actual	FY2020-21 Budget	FY2021-22 Budget	Variance to Prior Year Budget	
Airport Passenger Facility Fee	$ 80,031	$ 9,060	$ 75,000	$ -	$ (75,000)	-100.0%
Car Rental Fee	$ 139,720	$ 110,510	$ 125,000	$ 20,000	$ (105,000)	-84.0%
Commercial Terminal Rent	$ 123,020	$ 113,749	$ 100,000	$ -	$ (100,000)	-100.0%
Hanger Ground Lease	$ 95,887	$ 97,524	$ 85,000	$ 85,000	$ -	0.0%
FAA: ACIP Grant Entitlements	$ -	$ -	$ 1,935,648	$ -	$ (1,935,648)	-100.0%
FAA: CARES Act			$ 638,781	$ 1,000,000	$ 361,219	56.5%
Other Revenues	$ 55,659	$ 44,607	$ 51,900	$ 63,900	$ 12,000	23.1%
Total Airport Revenue	**$ 494,319**	**$ 375,450**	**$ 3,011,329**	**$ 1,168,900**	**$ (1,842,429)**	**-61.2%**
Transfer In - General Fund	677,311	291,274	-	56,653	$ 56,653	100.0%
Total Revenue Airport	**$ 1,171,630**	**$ 666,724**	**$ 3,011,329**	**$ 1,225,553**	**$ (1,785,776)**	**-59.3%**

The expenditure budget for FY21-22 has not been adjusted to reflect reduced operations from the removal of commercial flights. The staff allocated to this operation are needed to cover general aviation needs of the airport and must be maintained. Below is the planned expenditure which should increase as capital projects costs are applied.

Airport Fund Expenditures by Category

Department	FY2018-19 Actual	FY2019-20 Actual	FY2020-21 Budget	FY2021-22 Budget	Variance to Prior Year Budget	
Labor Costs - Operations	$ 355,929	$ 496,757	$ 534,881	$ 569,719	$ 34,838	6.5%
Fuel & Vehicle Maintenance	$ 104,967	$ 75,048	$ 85,000	$ 107,000	$ 22,000	25.9%
Facility Lease	$ 85,304	$ 46,579	$ 84,000	$ 84,000	$ -	0.0%
Contractual Services	$ 204,007	$ 109,587	$ 175,000	$ 175,000	$ -	0.0%
Public Utilities	$ 39,618	$ 59,583	$ 60,000	$ 60,000	$ -	0.0%
Misc Operational Costs	$ 82,027	$ 65,399	$ 63,750	$ 96,700	$ 32,950	51.7%
Operational Costs	**$ 871,852**	**$ 852,954**	**$ 1,002,631**	**$ 1,092,419**	**$ 89,788**	9.0%
Labor Costs - Capital Projects	$ 4,159	$ 23,401	$ -	$ 133,134	$ 133,134	100.0%
Contractual Services - Capital Projects	$ 9,051	$ 442,487	$ 2,010,648	$ -	$ (2,010,648)	-100.0%
Capital Project Costs	**$ 13,211**	**$ 465,888**	**$ 2,010,648**	**$ 133,134**	**$ (1,877,514)**	-93.4%
Total Airport Expenditures	**$ 885,063**	**$ 1,318,842**	**$ 3,013,279**	**$ 1,225,553**	**$ (1,787,726)**	**-59.3%**

Projected change in Airport Fund Balance **$ -**



The expenditures fluctuate most commonly through capital project expenses. The operations of the airport do not vary much year over year except for heavy snow impacts or changes in employees.

Debt Service / Future Capital Fund (990)

The Town has a variety of debt including the bond for the police station, and the bond payment for the MLLA settlement. The Town also has an inter-fund loan between the General Fund and the Vehicle Replacement (Garage) Fund. In FY20-21 staff recommended Vehicle Replacement Fund payment be delayed for 2 years in response to the COVID-19 pandemic. Staff is recommending that delay be removed after the first year and a return to repayment. The debt service payment is included in FY21-22. The chart below reflects the debt payments made to external entities. The Town also has an inter-fund loan between the General Fund and the Vehicle Replacement (Garage) Fund. The repayment of this internal loan was extended two years to free up General Fund resources during FY20-21 budget cycle. Staff recommends the repayment of this loan to continue starting in FY21-22 budget, effectively pausing the repayment for only one year. The outstanding balance of this loan is $2,491,207 with approximately 7 years remaining on the term. A summary of the Town's operating debt service is as follows:

Town of Mammoth Lakes - Debt Schedule

DEBT	PURPOSE	INITIAL DEBT AMOUNT	ANNUAL PAYMENT FY21 22
Lease Revenue Bond (2015) Details see schedule B	Refinance COP and Police Facility Funding	$ 3,550,000	$ 314,608
Installment Sales Agreement (2017) Details see schedule C	Multi Use Facility	$ 5,500,000	$ 612,733
Taxable Judgment Obligation Bonds (2017) Details see schedule D	MLLA Debt	$ 23,995,000	$ 1,867,037
CFD 2001-1 Refunding Bonds, (2016) Details see schedule E	North Village Development	$ 6,626,919	$ 512,838
2004 Reassessment Refunding Bonds Details see schedule F	Bluff's Development	$ 2,704,934	$ 208,394
Total		**$ 42,376,853**	**$ 3,515,610**

General Fund Debt	**$ 2,181,645**
Measure R Debt	**$ 612,733**
Assessment District Debt	**$ 721,232**

This fund also includes future capital component for technology improvement or minor facility improvements. Staff is also recommending a return to prior practice of transferring the full $2M payment for MLLA settlement and allowing excess funds to accumulate for future capital projects. The difference between the $2M allocation and actual debt payment will provide $132,963 in funding for a future capital project.

CONCLUSION

Balancing the FY21-22 preliminary budget deficit of $233,042 will take some work but may be accomplished with minimal impacts on the various departmental budgets. We anticipate some minor revenue adjustments and some expense reductions. Staff is committed to working within the Towns' financial limits and the policy direction provided by Town Council as we provide services to our community. We are also requesting specific policy direction in a few areas that will assist in both budget development and work program implementation. Based on any requested adjustments by Town Council, staff will proceed to develop the tentative budget.

As the tentative budget is developed, staff will provide additional budget details, comparisons and other relevant information that serves to inform the overall budget development. The tentative budget will include additional areas of the town overall budget, (Restricted Funds, Assessment Districts, DIF, Capital Projects, and others). Council will be provided the tentative budget for review in May, prior to the proposed final budget hearing and adoption scheduled for June 16, 2021.