A possible quorum of the Firemen's Relief and Retirement Fund Board and the Supplemental Benefit Plan Administrative Board may be present at this meeting.

Members of the City Council and public may participate in the Budget Retreat by telephone conference or videoconference call. Sign-in via telephone or online will be from 8:30 a.m. to 9:00 a.m. on September 2, 2020. All participants by telephone conference or videoconference will be able to speak when called upon, however video images of the citizen participants will not be available. The phone numbers to sign-in and participate are 1-888-475-4499 (Toll Free) or 1-877-853-5257 (Toll Free) or online at https://zoom.us/j/95954693546 Webinar ID: 959 5469 3546

8:00 AM  Breakfast

9:00 AM  A. Citizen’s Comments on Items listed on the Agenda

  B. Tax Rate Discussion
  1. General Fund Impact
  2. Other Funds Impact
  3. Cost of Living Adjustment (COLA) Impact

C. Library Operations Update

D. Utility Funds Overview
  1. Water and Sewer
  2. Solid Waste Services
  3. Municipal Drainage Utility (MDU)

E. Capital Improvement Program

F. Debt Service

G. Entertainment Venue Operating Budget and Work Plan

This meeting can be adjourned and reconvened, if necessary, the following regular business day.

Any item on this posted agenda could be discussed in executive session as long as it is within one of the permitted categories under sections 551.071 through 551.076 and section 551.087 of the Texas Government Code.

A member of the public may address the City Council regarding an item on the agenda either before or during the Council’s consideration of the item, upon being recognized by the presiding officer or the consent of the Council.

This facility is physically accessible and parking spaces for the disabled are available. Accommodations for people with disabilities are available upon request. Requests for accommodations must be made 48 hours prior to the meeting. Contact the City Secretary’s Office at 972-721-2493 or Relay Texas at 7-1-1 or 1-800-735-2988.
H. Health Insurance

I. Tax Increment Financing (TIF) Districts
   1. TIF #1 Ratchet Down and Allocation
   2. Public Improvement Districts (PID)

J. Charter Organizations Budgets (presented by Charter Orgs)
   1. Irving Convention and Visitors Bureau (ICVB)
   2. Arts and Culture

K. Council Action Priorities
   1. Financial Sustainability
   2. Systematic Infrastructure Investment
   3. Vibrant Economy
   4. Service Excellence
   5. Inclusive and Collaborative Governance
   6. Talented and Energized Workforce

CERTIFICATION

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the Kiosk at the City Hall of the City of Irving, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Friday, August 28, 2020 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

Shanae Jennings, City Secretary

Date Notice Removed
Overview

- No-new-revenue Tax Rate
- City Manager Recommended Tax Rate compared to a Proposal to lower the Tax Rate
- B1 – Impact on General Fund
- B2 – Impact on Other Funds
No-new-revenue Tax Rate

• No-new-revenue (NNR) Tax Rate
  – .6567/$100 valuation
  – Calculated by Dallas County Tax Assessor/Collector in accordance with Senate Bill 2

Recommended Tax Rate

• After discussion at the May 20th Budget and Strategic Planning Session, the City Manager prepared the FY20-21 Budget using a tax rate of .5941, the same rate used in the previous six years
• This is still the City Manager’s recommended tax rate
Proposal to lower the Tax Rate

• Based on Council feedback, the City Manager has identified a way to lower the Tax Rate and achieve a General Fund Budget based on a Property Tax Rate of .5891/$100 valuation, which is a ½ cent drop from the existing rate.

Comparison of Tax Rates

<table>
<thead>
<tr>
<th>Tax Revenue Category</th>
<th>Proposed 8/19/20</th>
<th>(1/2 cent reduction) 9/2/20</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance &amp; Operations at .4741 on 8/19 and .4691 on 9/2</td>
<td>$138,505,362</td>
<td>$137,044,643</td>
<td>-$1,460,719</td>
</tr>
<tr>
<td>Debt Service at .12</td>
<td>35,057,252</td>
<td>35,057,252</td>
<td>0</td>
</tr>
<tr>
<td>Total at .5941 on 8/19 and .5891 on 9/2</td>
<td>173,562,614</td>
<td>172,101,895</td>
<td>-1,460,719</td>
</tr>
</tbody>
</table>
## M&O Tax Comparison

<table>
<thead>
<tr>
<th>Composition of M&amp;O Taxes:</th>
<th>Projected Taxes at .5941 Tax Rate</th>
<th>Projected Taxes at .5891 Tax Rate</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>112,245,563</td>
<td>111,062,237</td>
<td>1,183,326</td>
</tr>
<tr>
<td>Economic Development Agreements</td>
<td>13,522,166</td>
<td>12,379,857</td>
<td>1,142,309</td>
</tr>
<tr>
<td>TIF 1 - Las Colinas</td>
<td>11,005,242</td>
<td>10,889,177</td>
<td>116,065</td>
</tr>
<tr>
<td>TIF 2 - Irving Blvd</td>
<td>334,690</td>
<td>331,160</td>
<td>3,530</td>
</tr>
<tr>
<td>TIF 3 - Bridges</td>
<td>430,950</td>
<td>426,405</td>
<td>4,545</td>
</tr>
<tr>
<td>TIF 4 - Ranchview</td>
<td>109,412</td>
<td>108,258</td>
<td>1,154</td>
</tr>
<tr>
<td>TIF 5 - Parkside</td>
<td>822,104</td>
<td>813,434</td>
<td>8,670</td>
</tr>
<tr>
<td>TIF 6 - Stadium Site</td>
<td>77,822</td>
<td>77,001</td>
<td>821</td>
</tr>
<tr>
<td><strong>Total M&amp;O Taxes</strong></td>
<td><strong>138,547,949</strong></td>
<td><strong>137,087,230</strong></td>
<td><strong>1,460,719</strong></td>
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</tbody>
</table>

## Change in Property Tax Payments - Residential

<table>
<thead>
<tr>
<th>$215,000 Appraised Value</th>
<th>$450,000 Appraised Value</th>
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</thead>
<tbody>
<tr>
<td><strong>Appraised Value</strong></td>
<td>$215,000</td>
</tr>
<tr>
<td>20% Homestead Exemption</td>
<td>43,000</td>
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<tr>
<td><strong>Senior Exemption</strong></td>
<td>45,000</td>
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<tr>
<td><strong>Taxable Value</strong></td>
<td>127,000</td>
</tr>
<tr>
<td><strong>Annual Taxes at .5941</strong></td>
<td><strong>754.51</strong></td>
</tr>
<tr>
<td><strong>Annual Taxes at .5891</strong></td>
<td><strong>748.16</strong></td>
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<tr>
<td><strong>Annual Reduction</strong></td>
<td><strong>$6.35</strong></td>
</tr>
<tr>
<td><strong>Monthly Reduction</strong></td>
<td><strong>$0.53</strong></td>
</tr>
</tbody>
</table>
Change in Property Tax Payments
Business Personal Property and Commercial

<table>
<thead>
<tr>
<th>Business Personal Property</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>75th Percentile</th>
<th>Maximum</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Value</td>
<td>5,980.00</td>
<td>23,970.00</td>
<td>1,367,780.00</td>
<td>244,955,880.00</td>
<td>636,291.00</td>
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<tr>
<td>Annual Taxes at .5941</td>
<td>35.53</td>
<td>142.41</td>
<td>8,925.98</td>
<td>1,455,282.88</td>
<td>3,701.20</td>
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<tr>
<td>Annual Taxes at .5893</td>
<td>35.23</td>
<td>141.21</td>
<td>8,057.59</td>
<td>1,443,605.99</td>
<td>3,708.39</td>
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<tr>
<td>Annual Reduction</td>
<td>$0.30</td>
<td>1.20</td>
<td>68.39</td>
<td>12,247.79</td>
<td>31.81</td>
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<tr>
<td>Monthly Reduction</td>
<td>$0.02</td>
<td>0.10</td>
<td>3.70</td>
<td>1,020.65</td>
<td>2.65</td>
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</table>

<table>
<thead>
<tr>
<th>Commercial</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>75th Percentile</th>
<th>Maximum</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Value</td>
<td>131,330.00</td>
<td>541,410.00</td>
<td>2,400,000.00</td>
<td>375,000,000.00</td>
<td>4,091,462.00</td>
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<tr>
<td>Annual Taxes at .5941</td>
<td>780.23</td>
<td>3,215.52</td>
<td>14,258.40</td>
<td>2,227,875.00</td>
<td>24,307.40</td>
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<tr>
<td>Annual Taxes at .5893</td>
<td>773.67</td>
<td>3,189.45</td>
<td>14,218.40</td>
<td>2,209,125.00</td>
<td>24,102.91</td>
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<tr>
<td>Annual Reduction</td>
<td>$6.57</td>
<td>27.07</td>
<td>120.00</td>
<td>18,750.00</td>
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<td>Monthly Reduction</td>
<td>$0.95</td>
<td>2.28</td>
<td>10.00</td>
<td>3,562.50</td>
<td>17.08</td>
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</table>

B1 – Impact on General Fund
## Impact on General Fund

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Reductions caused by lowering of Tax Rate 1/2 cent</td>
<td>1,183,326</td>
</tr>
<tr>
<td><strong>Expenditure Changes:</strong></td>
<td></td>
</tr>
<tr>
<td>Removal of Transfer to Economic Development Incentive Fund (1/2 of TIF 1 Ratchet Down)</td>
<td>(570,246)</td>
</tr>
<tr>
<td>Removal of Transfer to the Non-Bond Capital Improvement Fund (1/2 of TIF 1 Ratchet Down)</td>
<td>(570,246)</td>
</tr>
<tr>
<td>Reduction in Recreation Center Operating Hours</td>
<td>(319,000)</td>
</tr>
<tr>
<td>Increase in Consulting to assist in Audit and Finance Committee work relating to Pension and Compensation</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Difference (Increase in Fund Balance)</strong></td>
<td>(26,166)</td>
</tr>
</tbody>
</table>

## B2 – Impact on Other Funds
Impact on Other Funds

<table>
<thead>
<tr>
<th>Non-General Funds impact</th>
<th>Projected Taxes at .5941 Tax Rate</th>
<th>Projected Taxes at .5891 Tax Rate</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development Agreements</td>
<td>13,522,166</td>
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<td>TIF 6 - Stadium Site</td>
<td>77,822</td>
<td>77,001</td>
<td>821</td>
</tr>
<tr>
<td>Total M&amp;O Taxes</td>
<td>26,302,386</td>
<td>26,024,993</td>
<td>277,393</td>
</tr>
</tbody>
</table>

Note – the reduction to the Bridges, Ranchview and Parkside Public Improvement Districts (TIFs 3, 4 and 5), will require an increase in Property Assessments to offset the reduced revenues.

Questions and Discussion
Item B-3 – Cost of Living Adjustment (COLA) Impacts

Budget Retreat – Part 2
September 2, 2020

Overview – Cost of Living Adjustments (COLA’s)

- City Manager’s Recommendation
- Active Employees
- Retirement Plans
- Comparative City Metrics
- Types of COLA’s
- COLA impact on TMRS Rates
- TMRS Example of a Change in COLA Calculation
- Irving’s Retiree COLA History
- Common Questions
- City Manager’s Recommendation
City Manager’s Recommendation

• Since this is such a financially complex process, we are sharing the City Manager’s Recommendation up front so it can be understood as we go through the presentation. The City Manager’s Recommendation is:
• Direct the Audit & Finance Committee to take the next six months to determine if the City should keep, change, or remove the 30% COLA for retirees under TMRS, and provide their recommendation in time to incorporate it into the FY 21-22 Budget
  – This would allow use of the TMRS Actuary Gabriel, Roeder and Smith (GRS) to discuss the impact of COLAs on the Plan, share any alternatives, and answer any questions the Audit & Finance Committee might have.

COLA’s and Market Adjustments

• 2017-2020, Cost of Living Adjustments (COLA) and Market Adjustments for Active employees were effective 2\textsuperscript{nd} quarter.
  – Implemented for January 1 to October 30, or 3/4\textsuperscript{th} year funding
  – Uniform COLA for Gen. Govt. Employees
    • 1.5 – 2.0%, varying by Consumer Price Index for All Urban Consumers (CPI-U), using the change from May to May.
  – Rank-Specific Increases for Civil Service based on Market Analysis, budgeted at 3%.
• FY2019-20, 3/4\textsuperscript{th} Year General Fund Cost Budgeted at ~$2,622,202.
COLA’s and Market Adjustments

- Were similar increases planned for Active employees in FY20-21, expected total costs of a January 2021 implementation would be ~$2,849,667.
  - General Fund Impact ~$2,494,758
  - Estimate includes vacant positions and taxes and benefits.

![Pie chart showing the estimated total cost of 1.5% COLA/3.0% Market Adjustments for Active Employees](chart.png)
Supplemental Benefit Plan
Firemen’s Relief and Retirement Fund

- SBP
  - Members are general government employees and Police
  - Plan does not include a COLA
- FRRF
  - Members are firefighters
  - Plan Documents include a COLA option, though no retirees have elected the COLA option.

Texas Municipal Retirement System

- TMRS offers a COLA
  - The information that follows has been taken from a variety of TMRS publications
- A COLA is an optional benefit a TMRS city may choose to provide its retirees
- A city may chose one of three COLA levels, based on the change in the Consumer Price Index for All Urban Consumers (CPI-U)
  - 30%
  - 50%
  - 70%
- A COLA is based on the change in CPI-U since retirement, less any previous COLAs granted
- Irving currently provides a 30% COLA to its retirees
Comparison Cities Retiree COLA Rates

Retiree COLAs provided by Comparison Cities

Source: 2021 Rate Letters from TMRS website, using April 2020 data

Comparative City Contribution Rates to Pension Plans

Proposed FY21 Rates

Source:
## TMRS – Types of COLA

- **Annually Repeating**
  - A COLA is provided each year until the City makes a decision to change.
  - This is Irving’s current option
- **Ad hoc**
  - The City makes the determination each year

## COLA impact on 2021 TMRS Rates
Current compared to No COLA

<table>
<thead>
<tr>
<th></th>
<th>Current - 30% Repeating COLA</th>
<th>No COLA</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMRS Rate</td>
<td>14.93%</td>
<td>10.74%</td>
<td>4.19%</td>
</tr>
<tr>
<td>Annual Payroll</td>
<td>112,852,659</td>
<td>112,852,659</td>
<td></td>
</tr>
<tr>
<td>City Contribution</td>
<td>16,848,902</td>
<td>12,120,376</td>
<td>4,728,526</td>
</tr>
<tr>
<td>General Fund share</td>
<td>13,047,176</td>
<td>9,385,577</td>
<td>3,661,599</td>
</tr>
<tr>
<td>Other Funds Share</td>
<td>3,801,726</td>
<td>2,734,799</td>
<td>1,066,927</td>
</tr>
</tbody>
</table>
## COLA impact on CY 2021 TMRS Rates
### Current compared to 30% Ad Hoc COLA

<table>
<thead>
<tr>
<th></th>
<th>Current - 30% Repeating COLA</th>
<th>30% Ad Hoc COLA</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMRS Rate</td>
<td>14.93%</td>
<td>10.95%</td>
<td>3.98%</td>
</tr>
<tr>
<td>Annual Payroll</td>
<td>112,852,659</td>
<td>112,852,659</td>
<td></td>
</tr>
<tr>
<td>City Contribution</td>
<td>16,848,902</td>
<td>12,357,366</td>
<td>4,491,536</td>
</tr>
<tr>
<td>General Fund share</td>
<td>13,047,176</td>
<td>9,569,094</td>
<td>3,478,082</td>
</tr>
<tr>
<td>Other Funds Share</td>
<td>3,801,726</td>
<td>2,788,272</td>
<td>1,013,454</td>
</tr>
</tbody>
</table>

## COLA impact on CY 2021 TMRS Rates
### No COLA compared to 30% Ad Hoc COLA

<table>
<thead>
<tr>
<th></th>
<th>30% Ad Hoc COLA</th>
<th>No COLA</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMRS Rate</td>
<td>10.95%</td>
<td>10.74%</td>
<td>.21%</td>
</tr>
<tr>
<td>Annual Payroll</td>
<td>112,852,659</td>
<td>112,852,659</td>
<td></td>
</tr>
<tr>
<td>City Contribution</td>
<td>12,357,366</td>
<td>12,120,376</td>
<td>236,991</td>
</tr>
<tr>
<td>General Fund share</td>
<td>9,968,094</td>
<td>9,385,577</td>
<td>183,517</td>
</tr>
<tr>
<td>Other Funds Share</td>
<td>2,788,272</td>
<td>2,734,799</td>
<td>53,474</td>
</tr>
</tbody>
</table>
Example Change in COLA Calculation

Example COLA Calculation

John Doe retired in October 1985 with an annuity of $324.98. Due to past COLA adoption(s) by the city, Mr. Doe’s December 2019 annuity was $600.97. Assuming his only city of employment adopted a 7% increase effective January 2017, we would have calculated Mr. Doe’s increase as follows:

CPI-U Value for December 2015 (12 months prior to the date of the increase): 236.525
CPI-U Value for December 1984 (Decomment before effective retirement date): 105.300
Calculated cumulative change in the CPI-U: 1262.3
Increase over original annuity: (1.262 x 7%) x $324.98 = $203.49

Mr. Doe’s new annuity will be the larger of:

- Original annuity: $324.98
- Calculated increase: $203.49

OR

His current annuity: $600.97

Decreasing or Eliminating COLAs

- A city ordinance is required for a city to discontinue the annually repeating COLA.
- When a city discontinues the COLA option, a retiree’s current annuity is not affected. Any previous COLAs that were granted are all retained by the retiree.
Reinstating a COLA

• If a City discontinues a COLA and wants to reinstate it in a later year, since the COLA is based on the change in CPI-U since retirement, less any previous COLAs granted, the first year of reinstatement would include any amount to “catch-up” to the current CPI-U based calculation.

• The chart on the next page, while based on reducing the COLA amount, is a good visualization of how the catch-up works.

Reducing a COLA percentage

Effect of reduction in COLA percentage.
Impact of Consistent Ad Hoc COLAs

- There are Governmental Accounting Standard Board (GASB) rules for cities with consistent patterns of ad hoc benefit adoptions which may impact that city’s financial statements.
- If a City grants an ad hoc COLA in 1 of the last 2 years and 2 of the last 5 years, the total pension liability will be calculated as if the COLA is repeating.
- My understanding is this:
  - could generate a situation where the pension funding is inadequate,
  - could create a “will not amortize” situation, and
  - could require the City to provide a Financial Soundness Restoration Plan to the Texas Pension Review Board.

Irving’s Retiree COLA History

- Irving’s Retiree COLA History
  - 70% COLA for the period 1999 to 2008
  - No COLA for the period 2009 to 2013
  - 50% COLA for 2014, and
  - 30% COLA from 2015 to present
- We have been asked the financial impact to the City when the above COLAs were reinstated
- As explained in the Questions section (found later in this presentation), because of the way the COLA is calculated, the current calculation will not be comparable with the previous calculation
Irving’s TMRS COLA History

Active General Government Employees did not get COLAs for 2008 to 2012
Active Civil Service Employees did not get Market Adjustments for 2011 and 2012

Common Questions (Q)
And Answers (A)

The following pages represent answers to common questions that have been asked over the last week
Q1 – Cost of one year COLA

- Q - How much is the cost of a COLA adjustment for one year for retirees?
- A - Approximately $237,000, however that is a one year number because any amount provided the retiree is now built into the monthly payments they will receive for the remainder of their life, and it would impact the payment to any survivor they might have.

Q1 - Continued

Example calculation
- A retiree receives $4,000 a month in retirement ($48,000 a year).
- The CPI-U increased 2.29% between December 2018 and December 2019
- The City provided 30% of that, or 0.685% as a COLA.
- The COLA increase would be $27.48 a month or $329.76 for the first year.
  - However, if the retiree is 70 years old and lives to 90, then the $329.76 would extrapolate to $6,595.20.
  - And if the 75% survivor benefit was selected, and their spouse lived another five years, then the amount would increase another $1,236.60
  - Calculating to a total impact of $7,831.80.
Q1 - Continued

• Since we advance fund future benefits, the actuary determines the amount of funds needing to be set aside today to provide the cost of that COLA over the expected life of the Retiree and any survivor beneficiary, and that amount is built into the pension contribution rate.

Q2 – Repeating COLA vs No COLA

• Q – Why do we “save” $4.7 million in contributions next year if we were to do away with the Repeating COLA?
• A - To oversimplify
  – As mentioned in the answer to question 1, when a COLA is provided, the Actuary has to calculate the value of that COLA over the expected remaining life of the retiree and any survivor.
  – With a Repeating COLA, the Actuary builds into their calculation the impact on over 3,000 individuals
    • the amount for each Retiree
    • The amount for those who have left the City, are eligible to retire, but have not yet retired, and
    • the amount for the active employees who will become future retirees.
Q2 - Continued

• The $4.7 million represents the amount the City has “set aside” in its retirement account to pay for those future benefits, with the thought the earnings on that amount will offset the COLAs’ that have been earned.
• If you do away with the Repeating COLA, you, in effect, “cash in” that amount and use it to offset the remainder of the TMRS retirement obligations.

Q3 – Cost to reinstate the Repeating COLA

• Q3 – If we removed the Repeating COLA for next year, what would it cost to restart it at some point in the future?
• A - I am not able to provide an answer to this question, but can provide analysis on what happened the last time the City removed the repeating COLA, and share why that situation is different than this situation.
Q3 - Continued

• The City
  – Stopped the 70% repeating COLA in 2008
  – Provided a 50% ad hoc COLA in 2014
  – Restarted the 30% Ad Hoc COLA in 2015, cost to start
    • 30% COLA was $3.1 million
    • 50% COLA would have been $5.7 million
    • 70% COLA would have been $8.8 million.

Q3 - Continued

• As explained in the TMRS example on slide 15, 17 and 18, the COLA calculation is based on the impact of the selected COLA rate going back to the employee’s retirement date.
• The next slide shows the CPI-U for the last 19 years followed by three slides showing examples of three COLA calculations based on the actual CPI-U changes for 2000 to 2019.
Q3 - Continued

Change in CPI-U from 1999 to 2019

- Actual CPI-U
- 70% of CPI-U
- 30% of CPI-U

Q3 - Continued

Annual Retirement for someone who retired in 2000

- Actual
- 30% Repeating

COLAs = 2000 to 2008 = 70%; 2009 to 2013 = 0%; 2014 = 50%; 2015 to present = 30%
Q3 - Continued

Annual Retirement for someone who retired in 2005

Annual Retirement for someone who retired in 2010
• As you can see, going from the 70% COLA to the 30% had a different impact on each retiree.
• Going from 30% back to 30% will have a much different impact, so we are not able to extrapolate from our past history to estimate the magnitude of stopping the 30% repeating COLA for a few years and the starting it again.

• To restate:
  – there are a group of retirees who, because of the impact of the 70% COLA, have yet to realize the impact of the 30% COLA.
• This is the main reason I do not feel comfortable extrapolating data to provide an estimate of what it would take to restart the 30% repeating COLA.
Q4 – Ad Hoc COLA’s

• Q4 – Wouldn’t the City be better off financially by providing Ad Hoc COLA’s, i.e. it seems we would have an immediate savings of $4.5 million to convert to Ad Hoc COLA’s
• A – the immediate savings represents amounts the City has set aside to pay for future COLA’s.
• TMRS has indicated if the City plans to give Ad Hoc COLAs each year, it is more expensive to fund the COLAs as the liability is incurred (I cannot explain why, and would prefer an Actuary share the logic and calculations)

Q4 - continued

• As mentioned on slide 19, GASB has special rules for cities with consistent patterns of ad hoc benefit adoptions
• These rules may have a negative impact on the City’s financial statements in that liabilities would increase without an offsetting asset.
• My understanding is this
  – could generate a situation where the pension funding is inadequate,
  – could create a “will not amortize” situation, and
  – could require the City to provide a Financial Soundness Restoration Plan to the Texas Pension Review Board.
  – But again, an Actuary would be able to explain this consequence and any others I have not thought of.
City Manager’s Recommendation

• Direct the Audit & Finance Committee to take the next six months to determine if the City should keep, change or remove the 30% COLA for retirees under TMRS, and provide their recommendation in time to incorporate it into the FY 21-22 Budget

  – This would allow use of the TMRS Actuary Gabriel, Roeder and Smith (GRS) to discuss the impact of COLAs on the Plan, share any alternatives, and answer any questions the Audit & Finance Committee might have.

Questions and Discussion
Item C
Library Operations Update
September 2, 2020

Overview

- East Irving Library Transition
  - Staffing
  - Materials
- Collection Development funding
- Programming funding
  - COVID-19-related programming reduction
  - North Texas Teen Book Festival
### East Staffing Changes

<table>
<thead>
<tr>
<th>Traditional Library model</th>
<th>Learning Center model</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Manager</td>
<td>Reclassify to Library Services Supervisor</td>
<td>Cost Reduction: $69,364*</td>
</tr>
<tr>
<td>Senior Librarian</td>
<td>Reassign to increase VR &amp; South children’s program offerings</td>
<td>Achieves efficiency by redirecting staffing costs away from services only lightly used and toward services highly desired by the community</td>
</tr>
<tr>
<td>Customer Service staffing (2.5 FTE)</td>
<td>Reduce 1 FTE (2 PT positions) through attrition; FT positions assigned to South Library</td>
<td></td>
</tr>
</tbody>
</table>

* Part-time salaries remain funded in FY 2021 Budget but will be removed in FY 2022 when positions are vacant

### East Transition Cost Reductions

<table>
<thead>
<tr>
<th>Traditional Library model</th>
<th>Learning Center model</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books, AV &amp; Magazines</td>
<td>Reduce systemwide costs for materials</td>
<td>Cost Reduction: $24,651*</td>
</tr>
<tr>
<td>Building operations</td>
<td>Reduced to minimum</td>
<td>Programming provided will be partner driven, not requiring the previous investment in large community programs</td>
</tr>
<tr>
<td>Programming costs</td>
<td>Reduce systemwide costs for programming supplies &amp; services</td>
<td></td>
</tr>
</tbody>
</table>

* Change in costs between FY2020 Budget allocation & recommended FY 2021 Budget
East Irving Transition Opportunities

• Offers the opportunity to build stronger systemwide services related to workforce development and literacy and to increase outreach activities aimed at achieving stronger diversity and inclusion outcomes for the entire community.

• Builds on partnerships already in place with Irving ISD and Texas Workforce Commission and allows for adding additional programming partners.

• Staff reassignments build capacity for increased programming for children at the Valley Ranch and South Libraries.

Collection Development & Programs

• Library materials reduction: $85,221
  – Includes shift in funding from physical to digital formats
  – “Right-sizing” collection/data driven decision making

• Programming cost reduction: $75,000
  – North Texas Teen Book Festival
  – Virtual programming anticipated for at least the first quarter
D1 - Water and Sewer

Operations and Capital Budget

September 2, 2020

FY2021 Budget Highlights

• Proposed FY2021 Budget: $115,133,872
  – Overall Increase: $3,504,768 (3.1%)

• Pass-through cost increase
  – Trinity River Authority (TRA) wastewater treatment services are budgeted to increase about $1.7M

• Other changes from the FY2020 Budget
  – Reduced debt service
  – Reduced travel and training
  – Reduced professional services
  – Reduced supplies
  – Increased labor and equipment (capital) for a water main replacement crew
  – Increased transfers to General Fund and Non-Bond CIP
  – Increased maintenance expense for billing software
FY2021 Operating Budget

- Salaries and Benefits, $14,364,258, 12%
- Operations and Maintenance - Supplies, Utilities, Outside Services and Transfers, $18,475,087, 16%
- Debt Service - Capital, $23,453,576, 20%
- Non-bond CIP (Cash) and Other Capital, $17,140,951, 15%
- Capital Improvements
- Pass-Through Treatment & Supply
- Wastewater Treatment - TRA, $31,200,000, 27%
- Water Treatment and Wholesale Water - Dallas, $10,500,000, 9%

Total Budget: $115,133,872

FY2021 CIP Breakdown

- Funding Split
  - $20.48M Bond Funded (59.4%)
  - $14.0M Cash Funded (40.6%)

- Water Mains, $8,580,000, 25%
- Water Storage Tanks, $3,500,000, 10%
- Water Metering, $1,200,000, 3%
- Pump Stations, $2,750,000, 8%
- Pipe and Manhole Repairs/Assessments, $550,000, 2%
- Wastewater Mains, $17,900,000, 52%

- Total CIP: $34,480,000

- Highlights
  - Irving Blvd Project
  - Road to the Future
  - Carbon Pump Station Design
  - Cottonwood Golf Course Sewer
  - Cottonwood Hackberry Sewer
Supplemental Item: Water Main Construction Crew – Why?

- 200 miles of cast iron and fiber cement pipe in the water system (150 miles of 6” - 8” pipe)
- About half of this pipe has exceeded the expected design life of 50 years
- Replacement rates have dropped the past few years to an average of >150 yr life cycle
  - Construction costs are increasing
  - Have focused CIP funding on large sewers, transportation (TXDOT, RTTF) projects, development projects, billing and other needs
- Need increased replacement of this pipe to make sure we don’t create a future hardship
- New crew would supplement CIP Program

Supplemental Item: Water Main Construction Crew - Request

- New Crew Positions: $398,160
  - 2 Crew Leaders
  - 2 Heavy Equipment Operators
  - 2 Maintenance Workers

- Equipment: $1,422,560
  - Crew Truck
  - 2 Excavators
  - Loader Backhoe
  - Trenchless Machine for Pipe Bursting
  - Compact Track Loader
  - Concrete/Asphalt Saw
Supplemental Item:
Water Main Construction Crew - ROI

• Current construction cost of $150/ft to $200/ft or more
• Irving Water Utilities cost closer to $110/ft
• Break Even ROI
  – About 3 years if installing 2 miles per year and using $170/ft contractor cost
  – Less than 2 years if installing 3 miles per year and using $170/ft contractor cost
• It will take most of the year to get staffing and equipment in place so the break even would most likely be about 3 years after the crew is fully functional (3 to 4 years total)
• Benefits: We could respond quicker to replacement priorities on 8” water mains, save money and reduce expected life cycles to a more realistic number
Proposed FY2021 Water and Sewer Rates

- Overall Residential Increase: 2.0%
  - Water Rates – no increase
  - Sewer Rates – 4.95% increase
- Water system revenues are currently subsidizing the expenses for the sewer system
- Moving towards a more accurate cost-of-service for each utility

Rate Impacts

<table>
<thead>
<tr>
<th>Water Volume</th>
<th>Wastewater Volume</th>
<th>Current</th>
<th>Proposed</th>
<th>Increase Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000</td>
<td>2,000</td>
<td>$18.85</td>
<td>$19.21</td>
<td>$0.36</td>
</tr>
<tr>
<td>10,000</td>
<td>8,000</td>
<td>$75.05</td>
<td>$76.55</td>
<td>$1.50</td>
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<tr>
<td>25,000</td>
<td>8,000</td>
<td>$153.15</td>
<td>$154.65</td>
<td>$1.50</td>
</tr>
</tbody>
</table>
• Questions/Comments
Solid Waste Services System

• Enterprise Fund – self supporting
• Fees pay for:
  – Operations and maintenance
  – Equipment replacements
  – Infrastructure replacement and improvements
  – Funding a Solid Waste Non Bond CIP fund
  – Annual transfer to the General Fund for administrative support
• FY 2020-21 budget $15.1 million
• Recommending no rate increase
Current Year Financial Update

• Sanitation receipts trending slightly behind projection
• Landfill capacity tonnage on track of contracted value
• Landfill tipping fees behind projection – impacted by COVID-19 and weather (80+ days)
• Roll-off receipts behind projection – impacted by COVID-19

Current Year Financial Update

• Maintain current service levels
  – Twice per week refuse collection
  – Once per week recycling collection
  – Once per week brush/bulky item collection
  – Landfill operations seven days per week
  – No changes in Departmental structure or function
• Utilization of Non-Bond CIP funds
  – On-call engineering contract
  – Landfill showers
  – FEMA floodplain permit (landfill)
  – Excavator replacement
2020-21 Outlook

- Continue filling the Middle Tract Cell
- Improve citizens’ services at the landfill (drop-off, recycling, reuse)
- Continue education and outreach/proper way to recycle
- Promote and expand the roll-off services
- Fund balance above 90 days of operating expenditures is transferred to SWS Non-Bond CIP fund for future projects and annual vehicle purchases
- Evaluate the revision of the commercial solid waste fee

Solid Waste Service Non-Bond CIP

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projects</th>
<th>Estimate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19-20</td>
<td>On-call engineering contract</td>
<td>$237,000</td>
<td>Landfill life expectancy, TCEQ annual report, citizens drop-off center, landfill permit. Landfill showers, FEMA floodplain permit, &amp; excavator replacement</td>
</tr>
<tr>
<td></td>
<td>Landfill showers</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FEMA floodplain permit (landfill)</td>
<td>$110,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Excavator replacement</td>
<td>$362,950</td>
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</tr>
<tr>
<td>FY20-21</td>
<td>On-call engineering contract</td>
<td>$589,000</td>
<td>Landfill Master Plan, TCEQ annual report, landfill drainage plan, &amp; Solid Waste Services vehicles</td>
</tr>
<tr>
<td></td>
<td>Solid Waste Services vehicles</td>
<td>$1,945,500</td>
<td></td>
</tr>
</tbody>
</table>
Summary

• Proposing no solid waste rate increase
• Maintaining the current level of service
• Moving solid waste vehicle funding to non-bond CIP to relieve operating budget impact
• Initiating proactive actions through the use of Non-bond CIP providing for future planning and enhanced service
• Operating and capital expenses are completely funded through the rates charged for services provided to customers

Questions
Commercial Solid Waste Fee: Issues and Potential Solution

• **Issue:** Some businesses are charged for a service they may not want or use as they have private waste haulers performing collections

• **Issue:** Some businesses do utilize the service and would prefer not to use a private hauler’s dumpster service as they do not have room on their property for dumpsters

• **Potential Solution:** Allow business the option to “opt-out” of the $16.80 monthly commercial solid waste fee
### Commercial Solid Waste Fee:
#### Market Averages for Services

- **Market Averages (monthly charges):**

<table>
<thead>
<tr>
<th>Service</th>
<th>Arlington</th>
<th>Allen</th>
<th>Frisco</th>
<th>Garland</th>
<th>Grand Prairie</th>
<th>McKinney</th>
<th>Mesquite</th>
<th>Plano</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 yard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1x week</td>
<td>$119.33</td>
<td>$102.12</td>
<td>$71.15</td>
<td>$75.91</td>
<td>$191.72</td>
<td>$55.35</td>
<td>$60.39</td>
<td>$102.36</td>
<td>$100.12</td>
</tr>
<tr>
<td>2x week</td>
<td>$189.33</td>
<td>$191.92</td>
<td>$142.30</td>
<td>$150.27</td>
<td>$322.42</td>
<td>$173.52</td>
<td>$139.00</td>
<td>$170.33</td>
<td>$186.25</td>
</tr>
<tr>
<td>3x week</td>
<td>$262.63</td>
<td>$278.13</td>
<td>$207.30</td>
<td>$221.04</td>
<td>$436.82</td>
<td>$217.48</td>
<td>$208.42</td>
<td>$258.40</td>
<td>$280.60</td>
</tr>
<tr>
<td>4x week</td>
<td>$335.83</td>
<td>$354.40</td>
<td>$294.80</td>
<td>$281.63</td>
<td>$546.74</td>
<td>$277.04</td>
<td>$261.16</td>
<td>$304.16</td>
<td>$326.80</td>
</tr>
<tr>
<td>5x week</td>
<td>$416.72</td>
<td>X</td>
<td>$335.75</td>
<td>$360.60</td>
<td>$615.14</td>
<td>$339.00</td>
<td>X</td>
<td>$336.50</td>
<td>$336.50</td>
</tr>
<tr>
<td>6x week</td>
<td>$532.93</td>
<td>X</td>
<td>$436.50</td>
<td>$433.37</td>
<td>$791.85</td>
<td>$422.34</td>
<td>$406.50</td>
<td>$532.39</td>
<td>$532.39</td>
</tr>
</tbody>
</table>

| 8 yard  |           |       |        |         |              |          |          |       |                |
  | 1x week | $189.43   | $148.60| $142.10| $106.37 | $319.91      | $169.06  | $115.08  | $183.72| $173.80        |
  | 2x week | $328.14   | $276.45| $284.20| $202.10 | $642.96      | $279.69  | $231.16  | $322.50| $330.84        |
  | 3x week | $422.75   | $386.27| $433.37| $297.93 | $961.78      | $493.32  | $401.66  | $477.66| $495.75        |
  | 4x week | $548.81   | $508.75| $504.45| $403.37| $1,423.43    | $633.33  | $506.40  | $646.84| $614.35        |
  | 5x week | $687.55   | $688.35| $710.90| $583.04| $1,683.02    | $833.04  | $682.68  | $772.72| $754.75        |
  | 6x week | $863.16   | $866.56| $852.80| $705.03| $1,824.84    | $994.35  | $872.05  | $914.10| $904.12        |

### Commercial Solid Waste Fee:
#### Market Averages for Service

- **Commercial Solid Waste**
  - **Grand Prairie:** $1,940.64
  - **Arlington:** $1,431.96
  - **Plano:** $1,227.60
  - **Allen:** $1,226.04
  - **McKinney:** $1,144.20
  - **Garland:** $954.12
  - **Frisco:** $853.80
  - **Mesquite:** $832.68
  - **Irving:** $201.84

- **Yearly**
- **Monthly**
Commercial Solid Waste Fee: Market Averages for Service

• Market Averages – Monthly Charge for 4yd. Dumpster service
  – 1 x week service = $100.12 per month
  – 2 x week service = $186.25 per month

• Community Waste Disposal (CWD) charges the City of Irving on average $159.05 per location per month

Next Steps

• To complete by the end of this calendar year:
  – Bring this issue to the Transportation and Natural Resources Committee (TNR) for discussion
  – In coordination with the Finance Department, initiate an in-depth fee analysis/study of current monthly commercial trash rates
  – Conduct an analysis on an “opt-out” option for commercial users and work with the City Attorney’s to revise the ordinance as necessary

• Report the findings and the TNR recommendation to City Council when completed
Overview

• Current Projects
• MDU Capital Plan
• FY 20-21 Projects
Neighborhood Projects in Process

- Post Oak drainage improvement - Complete $469,145
  - Concrete channel to increase capacity to 100 year rain event
- Cooper Street - Complete $150,325
  - Resolve street flooding
- Steeplechase Drive - Complete $78,400
  - Repair storm pipe that was causing ponding of water in yards
- Northgate Drive - Complete $58,932
  - Resolve ponding water in drainage easement
- Kinwest Trash Interceptor $375,407
  - Removal of floatable debris in Hackberry Creek

Five Year Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard Residential Monthly Rate</th>
<th>Total Revenues</th>
<th>Cash Funding For Non-Bond CIP</th>
<th>Cumulative Debt Service</th>
<th>Annual Debt Issue at Level</th>
<th>Annual Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18-19</td>
<td>4.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15M</td>
</tr>
<tr>
<td>FY19-20</td>
<td>6.00</td>
<td>6,400,000</td>
<td>1,775,684</td>
<td></td>
<td>*</td>
<td>25M</td>
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<tr>
<td>FY20-21</td>
<td>7.50</td>
<td>9,500,000</td>
<td>3,193,469</td>
<td>953,480</td>
<td></td>
<td>20M</td>
</tr>
<tr>
<td>FY21-22</td>
<td>9.00</td>
<td>11,400,000</td>
<td>3,238,913</td>
<td>2,540,383</td>
<td></td>
<td>20M</td>
</tr>
<tr>
<td>FY22-23</td>
<td>10.50</td>
<td>13,300,000</td>
<td>3,588,537</td>
<td>3,809,724</td>
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<td>20M</td>
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<tr>
<td>FY23-24</td>
<td>12.00</td>
<td>15,200,000</td>
<td>3,926,701</td>
<td>5,076,473</td>
<td></td>
<td>20M</td>
</tr>
</tbody>
</table>

*First debt payment due in 2021.
## FY 2020 – 2021
### MDU Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Channel Design</td>
<td>$6,720,000</td>
</tr>
<tr>
<td>West Irving Creek</td>
<td></td>
</tr>
<tr>
<td>Brockbank Channel</td>
<td></td>
</tr>
<tr>
<td>Lindy Lane Outfall</td>
<td></td>
</tr>
<tr>
<td>Delaware Creek</td>
<td></td>
</tr>
<tr>
<td>Major Drainage Improvements</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>Pioneer: Delaware Creek – O’Connor</td>
<td></td>
</tr>
<tr>
<td>South Irving Heights @ Shady Grove</td>
<td></td>
</tr>
<tr>
<td>Neighborhood Drainage Improvements</td>
<td>$3,780,000</td>
</tr>
<tr>
<td>Timberview Drainage</td>
<td></td>
</tr>
<tr>
<td>Parkwood Place Drainage</td>
<td></td>
</tr>
<tr>
<td>Hillburn Court Drainage</td>
<td></td>
</tr>
<tr>
<td>West Irving Creek Trash Interceptor</td>
<td></td>
</tr>
<tr>
<td>Boise Court Drainage</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,000,000</strong></td>
</tr>
</tbody>
</table>

### Questions

![Bridge Image]
Overview

• Recap Current FY Bond Sale
• FY 20-21 Projects
Current FY Bond Sale

- Bond sale reductions
  - Street Bonds - $15.55 M reduced to $9.9 M
  - Park Bonds - $11.45 M reduced to $10.1 M
  - Building Bonds - $3.6 M reduced to $2.0 M
  - Fire Bonds - $400K reallocated to Park Bonds
  - Gateway Bonds – $1.5 M – no reduction

- Total GO Bond Sale $23.5 Million

Recap – Park Improvement Bonds Reductions

Campion Trails – Central Section
- Original targeted FY 20 Bond Sale $3,000,000
- Proposed FY 20 Bond Sale $2,725,000
- Proposed Reduction $ 275,000
- Project timing allows for a 1 year deferral in a small percentage of this project’s bond sale

Park Security
- Original targeted FY 20 Bond Sale $ 500,000
- Proposed FY 20 Bond Sale for Priority Projects $ 225,000
- Proposed Reduction $ 275,000

Lake Carolyn Promenade
- Fund with TIF in lieu of Bond Sale
- Seek Council approval for use of TIF 1
- Proposed Reduction $1,200,000
Lake Carolyn Promenade

- Construct a pedestrian trail to link Lake Carolyn Promenade to the DART station
- Provide accessible ramp from Promenade Parkway street level to the pedestrian trail

FY 20-21 Projects
Street Improvements

- MacArthur – Metker to Byron Nelson $10,000,000
- Nursery Road Improvements $4,000,000
- Neighborhood Street Reconstruction $2,000,000
  - Water & Wastewater
- Signals $300,000
- Street Lighting $300,000
- Street Rehabilitation $5,500,000
  - Mudjacking, overlay, panel replacement

Total Street Improvements $22,100,000
## FY 20-21 Projects
### Park Services / City Buildings

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campion Trails</td>
<td>$5,250,000</td>
</tr>
<tr>
<td>Community/Neighborhood Park Development</td>
<td>$660,000</td>
</tr>
<tr>
<td>Park Infrastructure Renovations/Improvements</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Renovations to Park Facilities</td>
<td>$650,000</td>
</tr>
<tr>
<td>Park Security - Lighting</td>
<td>$500,000</td>
</tr>
<tr>
<td>Total Park Services</td>
<td>$8,335,000</td>
</tr>
<tr>
<td>Facility HVAC Replacements</td>
<td>$700,000</td>
</tr>
<tr>
<td>Human Services Building Roof Replacement</td>
<td>$300,000</td>
</tr>
<tr>
<td>City Elevator Upgrades: Lighting, Door Edges</td>
<td>$400,000</td>
</tr>
<tr>
<td>Briery Generator Replacement</td>
<td>$500,000</td>
</tr>
<tr>
<td>Miscellaneous Improvements</td>
<td>$165,000</td>
</tr>
<tr>
<td>Total City Buildings</td>
<td>$2,065,000</td>
</tr>
</tbody>
</table>

## FY 20-21 Projects
### Summary

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<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Improvements</td>
<td>$22,100,000</td>
</tr>
<tr>
<td>Park Services</td>
<td>$8,335,000</td>
</tr>
<tr>
<td>City Buildings</td>
<td>$2,065,000</td>
</tr>
<tr>
<td><strong>Total FY 20-21</strong></td>
<td><strong>$32,500,000</strong></td>
</tr>
</tbody>
</table>
Questions
Overview

- Debt Service on the Bonds sold and refunded this fiscal year will have their first payment made in fiscal year 20-21
- Response to COVID-19 impacting Debt Service include
  - Reduction of Bond Sale from $32.5 million to $23.5 million
  - Shifting Road To The Future debt from Maintenance and Operations to Debt Service
- Assumption General Debt Service Fund will need to pay a portion of the Convention Center Bonds normally paid from Hotel Occupancy Tax Funds
## COVID-19 Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>HOT Quarterly Collections</th>
<th>HOT Monthly Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Fund Balance 9/30/20</td>
<td>$11,467,069</td>
<td>$11,467,069</td>
</tr>
<tr>
<td>Reduction caused by General Debt Service Greater than General Debt Expenditures</td>
<td>-1,402,115</td>
<td>-1,402,115</td>
</tr>
<tr>
<td>Reduction caused by supporting Convention Center HOT Debt</td>
<td>-1,272,112</td>
<td>-446,163</td>
</tr>
<tr>
<td>Projected Ending Fund Balance 9/30/21</td>
<td>8,792,842</td>
<td>9,618,791</td>
</tr>
<tr>
<td>Days of General Debt Service Expenditures</td>
<td>87</td>
<td>95</td>
</tr>
</tbody>
</table>

Note – While we do not have a Targeted Fund Balance for the Debt Service Fund, a range of 30 to 60 days of expenditures is acceptable.

### Questions and Discussion
Overview

- Lease requires ARK to submit a Budget and Work Plan each year for Council approval
- Budget and Work Plan includes the following revenues:
  - Brimer HOT – 2% Brimer Hotel Occupancy Tax (HOT) assessed on all room nights across city
  - Admissions Tax – 10% tax assessed on revenue-producing activities or events for which admission tickets are sold at the entertainment venue
- There are a variety of restrictions on the use of both types of revenues
By state law, revenues must be expended for eligible venue project costs, including:
- Venue construction costs
- Maintenance costs
- Operational costs
- Administrative costs
- Capital replacements
- Capital improvements

Contractual flow of Brimer HOT revenues
1. Fund debt service on city’s bonds for the project
2. Fund city’s administrative costs directly related to EV
3. Fund maintenance & operations reserve (restricted)
4. Reimburse ARK for construction costs not already paid by City Construction Contribution
5. Reimburse any lawful venue project cost

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Occupancy Tax (Brimer)</td>
<td>$5,993,807</td>
<td>$3,366,982</td>
<td>$4,768,994</td>
</tr>
<tr>
<td>Sales &amp; Mixed Beverage EDIA</td>
<td>750,000</td>
<td>400,816</td>
<td>463,631</td>
</tr>
<tr>
<td>Intergovernmental (State Grant)</td>
<td>-</td>
<td>1,157,684</td>
<td>627,680</td>
</tr>
<tr>
<td>Interest on Investment</td>
<td>-</td>
<td>3,835</td>
<td>428</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>6,743,807</strong></td>
<td><strong>4,929,317</strong></td>
<td><strong>5,860,733</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>4,055,284</td>
<td>3,472,061</td>
<td>3,688,594</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>855,710</td>
<td>855,710</td>
<td>101,588</td>
</tr>
<tr>
<td>M&amp;O Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess Brimer HOT</td>
<td>1,082,813</td>
<td>172,210</td>
<td>-</td>
</tr>
<tr>
<td>Sales &amp; Mixed Beverage EDIA</td>
<td>1,550,000</td>
<td>1,140,357</td>
<td>463,631</td>
</tr>
<tr>
<td>State Grant</td>
<td>-</td>
<td>1,157,684</td>
<td>627,680</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>7,543,807</strong></td>
<td><strong>6,798,022</strong></td>
<td><strong>4,881,493</strong></td>
</tr>
</tbody>
</table>
• Administrative Expenses
  – City’s administrative expenses directly related to the entertainment venue
    • Staff time dedicated to project
    • Ongoing audit services
    • Legal services
    • Annual inspection services
  – Reduced staff salary and benefits by 68% to $253,158

Administrative Expenses

<table>
<thead>
<tr>
<th></th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Fund Balance</td>
<td>$ 245,203</td>
<td>$ 421,019</td>
<td>$(81,351)</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from EV Fund 2261</td>
<td>855,710</td>
<td>855,710</td>
<td>101,588</td>
</tr>
<tr>
<td>Transfer from EV Fund 2260</td>
<td>-</td>
<td>-</td>
<td>777,546</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>3,719</td>
<td>3,329</td>
<td>375</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>859,429</td>
<td>859,039</td>
<td>879,509</td>
</tr>
<tr>
<td>Total Funds Available</td>
<td>1,104,632</td>
<td>1,280,058</td>
<td>798,158</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Services</td>
<td>100,000</td>
<td>147,000</td>
<td>135,000</td>
</tr>
<tr>
<td>Legal Expenses</td>
<td>200,000</td>
<td>418,422</td>
<td>400,000</td>
</tr>
<tr>
<td>Transfer to General Fund</td>
<td>794,632</td>
<td>794,632</td>
<td>253,158</td>
</tr>
<tr>
<td>Misc</td>
<td>10,000</td>
<td>1,355</td>
<td>10,000</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,104,632</td>
<td>1,361,409</td>
<td>798,158</td>
</tr>
<tr>
<td>Available Fund Balance</td>
<td>$ -</td>
<td>$ (81,351)</td>
<td>$ -</td>
</tr>
</tbody>
</table>
**Brimer HOT**

- Maintenance and Operations Reserve
  - Adequately funded
- Excess Brimer HOT
  - No excess Brimer HOT projected available
  - Therefore, no funds to reimburse ARK for construction expenditures confirmed by audit as eligible and paid

**Admission Tax**

- By state law, revenues must be expended for maintenance and operations of the eligible venue
- ARK must submit annual work plan and budget
- City Council approves work plan and budget
- Proposed work plan includes items identified in inspection (performed by ASM Global)
  - Inspection performed annually
  - Work plan will address items identified each year
# Admission Tax

## Admission Tax Revenue = $1,850,000

### Maintenance and Operating Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$212,200</td>
</tr>
<tr>
<td>Print Advertising</td>
<td>$50,000</td>
</tr>
<tr>
<td>Public Relations Firm</td>
<td>$30,000</td>
</tr>
<tr>
<td>Radio and Television Advertising</td>
<td>$40,000</td>
</tr>
<tr>
<td>Social Media Advertising</td>
<td>$50,000</td>
</tr>
<tr>
<td>Talent for Mission and Texas Lottery Misc</td>
<td>$62,000</td>
</tr>
<tr>
<td>Renting, Maintenance and Repair</td>
<td>$479,222</td>
</tr>
<tr>
<td>City Annual Inspection Equipment Installation and Repair</td>
<td>$238,000</td>
</tr>
<tr>
<td>Cleaning Contract</td>
<td>$105,222</td>
</tr>
<tr>
<td>Incident Maintenance Contracts</td>
<td>$45,000</td>
</tr>
<tr>
<td>Phone Service Contracts</td>
<td>$15,000</td>
</tr>
<tr>
<td>General Maintenance and Operations Labor</td>
<td>$50,000</td>
</tr>
<tr>
<td>Gen. Maint. Costs</td>
<td>$25,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$558,000</td>
</tr>
<tr>
<td>Project Liability and Property Insurance</td>
<td>$380,000</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$10,000</td>
</tr>
<tr>
<td>Contr. for Landscaping Maintenance</td>
<td>$46,000</td>
</tr>
<tr>
<td>Gen. Landscaping Maintenance and Repair</td>
<td>$34,000</td>
</tr>
<tr>
<td>Parking</td>
<td>$594,578</td>
</tr>
<tr>
<td>Parking Garage Lease</td>
<td>$548,378</td>
</tr>
<tr>
<td>Parking Operating Costs</td>
<td>$50,500</td>
</tr>
<tr>
<td>Security</td>
<td>$158,000</td>
</tr>
<tr>
<td>Uniformed Security and Police</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

**Total Maintenance and Operating Expenses (ADMISSION) = $1,850,000**

---

## Questions
Health Fund Update

- Change in Plan Year Starting October 1, 2021
- Health Fund Status
- High Claimants
- Health Insurance Rates for 01/01/2021-10/01/2021
Moving Plan from Calendar to Fiscal Year

- Puts benefit plans on the same cycle with the budget year to help with budget planning and projections
- Will allow HR staff to competitively bid all lines of insurance coverage
- 9 month plan year starting January 1, 2021 and concluding October 1, 2021

Health Fund Status

[Chart showing health fund status with monthly claims and total amounts for different categories]
• Employee Claims Total Surplus/Deficit = ($72,808.00)
• Retiree Claims Total Surplus/Deficit = ($291,227.00)
Health Fund Status

• Fiscal Year Surplus/Deficit (Employee and Retiree)
  – Total Net HSA seed and RX rebates
    • $674,885
  – Total Gross Cost
    • ($19,651,234)
  – Gross Funding Rate
    • $19,962,083
  – Budget Surplus/Deficit
    • $310,850

High Claimants

• 2019
  – Top 10 claimants incurred total medical spend
    • $3,733,727.00
  – Equaled 16% of overall medical spend in 2019
• 2020
  – Top 20 claimants incurred in the 1st half of the plan year (January – June) total medical spend
    • $3,077,010.00
    • Equaled 27% of overall medical spend so far in 2020
### Monthly Insurance Rates (01/01/2021-10/01/2021)

#### Choice Local Plus (707 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/oth 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$102.92 / $104.98 ($2.06)</td>
<td>$362.26 / $369.51 ($7.25)</td>
<td>$347.78 / $354.74 ($6.96)</td>
<td>$613.96 / $626.24 ($12.28)</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$637.04 / $649.78 ($12.74)</td>
<td>$1,176.86 / $1,200.4 ($23.54)</td>
<td>$1,146.64 / $1,169.57 ($22.93)</td>
<td>$2,170.67 / $2,174.68 ($34.01)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$739.96 / $754.76 ($14.80)</td>
<td>$1,539.12 / $1,569.9 ($30.78)</td>
<td>$1,494.42 / $1,524.31 ($29.89)</td>
<td>$3,314.63 / $3,260.92 ($46.29)</td>
</tr>
</tbody>
</table>

#### Quality OAP (622 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/oth 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$75.83 / $77.35 ($1.52)</td>
<td>$283.69 / $289.36 ($5.67)</td>
<td>$272.12 / $277.56 ($5.44)</td>
<td>$485.37 / $495.08 ($9.71)</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$553.15 / $564.21 ($11.06)</td>
<td>$1,024.57 / $1,045.06 ($20.49)</td>
<td>$998.4 / $1,018.37 ($19.97)</td>
<td>$1,482.08 / $1,511.72 ($29.64)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$628.98 / $641.56 ($12.58)</td>
<td>$1,308.26 / $1,334.43 ($26.17)</td>
<td>$1,270.52 / $1,295.93 ($25.41)</td>
<td>$1,967.45 / $2,006.80 ($39.35)</td>
</tr>
</tbody>
</table>
Monthly Insurance Rates
(01/01/2021-10/01/2021)

### Quality Connect OAP (379 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/ch 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$32.91 / $33.57 ($0.66)</td>
<td>$160.8 / $164.02 ($3.22)</td>
<td>$142.52 / $145.37 ($2.85)</td>
<td>$263.68 / $268.95 ($5.27)</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$410.84 / $419.06 ($8.22)</td>
<td>$775.53 / $791.04 ($15.51)</td>
<td>$723.37 / $737.84 ($14.47)</td>
<td>$1,068.92 / $1,090.30 ($21.38)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$443.75 / $452.63 ($8.88)</td>
<td>$936.33 / $955.06 ($18.73)</td>
<td>$865.89 / $883.21 ($17.32)</td>
<td>$1,332.6 / $1,359.25 ($26.65)</td>
</tr>
</tbody>
</table>

Pre-65 Retiree Monthly Insurance Rates
(01/01/2021-10/01/2021)

### Retiree Rates (102 Retirees)

<table>
<thead>
<tr>
<th>Plan</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/ch 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice Local Plus (14 members)</td>
<td>$1,479.23 / $1,508.81 ($29.58)</td>
<td>$2,403.01 / $2,451.07 ($48.06)</td>
<td>$2,351.70 / $2,398.73 ($47.03)</td>
<td>$3,299.42 / $3,365.41 ($65.99)</td>
</tr>
<tr>
<td>Quality OAP (10 members)</td>
<td>$1,352.64 / $1,379.69 ($27.05)</td>
<td>$2,136.14 / $2,178.86 ($42.72)</td>
<td>$2,092.52 / $2,134.37 ($41.85)</td>
<td>$2,898.07 / $2,956.03 ($57.96)</td>
</tr>
<tr>
<td>Quality Connect OAP (56 members)</td>
<td>$1,136.82 / $1,159.56 ($22.74)</td>
<td>$1,706.2 / $1,740.32 ($34.12)</td>
<td>$1,623.09 / $1,655.55 ($32.46)</td>
<td>$2,164.24 / $2,207.52 ($43.28)</td>
</tr>
</tbody>
</table>
Questions?
TIF 1 Ratchet Down and Allocation

- TIF 1 Extended for 20-year term
  - Begins with Tax year 2019
- City Contribution for original term was 77.5% of incremental Maintenance and Operations (M&O) Taxes generated on properties in the TIF
- New City Contributions Rates were established for 20-year extension
TIF 1 Ratchet Down and Allocation

- City Manager’s recommendation was the difference between the M&O tax contribution rate for the first 20 years, i.e. the 77.5%, and the Ratchet Down Rate, be allocated equally between the Economic Development Fund and the Non-Bond Capital Improvement Program Fund.
- The Ratchet Down Allocation for Tax Year 2020 (Fiscal Year 20-21) is $1,140,492 and will be distributed
  - $570,246 going to the Economic Development Fund and
  - $570,246 the Non-Bond Capital Improvement Program Fund
  - Ratchet Down Allocation could be impacted if Tax Rate is reduced.

Questions and Discussion
Overview

- Residential PIDs
- PID Debt
- Budgets and Assessments
- Unusual Characteristics of the PIDs
Residential PIDs

- Three Residential PIDs
  - PID 1 – Bridges of Las Colinas
  - PID 2 – Ranchview (Campion Hollows)
  - PID 3 – Parkside Estates

Purpose of Residential PIDs

- Used to Finance Public Improvements for the benefit of the property in the PID
- City is the governing body and issued bonds to fund improvements
- Bonds are repaid by an annual assessment, offset by the City contributing 50% of the Maintenance and Operation (M&O) Taxes on the incremental value of property located in the PID
- Service and Assessment Plan is prepared each year recapping the activity in the PID, calculating the new year and estimating future years’ assessments.
Debt Associated with each PID

<table>
<thead>
<tr>
<th>PID</th>
<th>Total Debt As of October 1, 2020</th>
<th>Average Lot Size</th>
<th>Debt for Average Lot Size</th>
<th>Bond Call Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridges</td>
<td>$8,000,000</td>
<td>7,956</td>
<td>$19,949</td>
<td>9/15/23</td>
</tr>
<tr>
<td>Ranchview</td>
<td>2,540,500</td>
<td>6,638</td>
<td>21,032</td>
<td>9/15/23</td>
</tr>
<tr>
<td>Parkside</td>
<td>18,680,000</td>
<td>6,951</td>
<td>21,036</td>
<td>9/15/24</td>
</tr>
</tbody>
</table>

How is Assessment Determined?

- Annual debt service plus administration and collection costs
- Less City’s contribution of 50% of the City’s M&O taxes on the incremental value increase for property in the PID
- Less other Sources
  - Interest Income
  - Use of Fund Balance
- Equals Total Assessment
- Divided by total square foot in the PID
- Multiplied by each property’s square foot
- Equals Annual Assessment
FY21 Proposed Budgets and Assessments

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>Bridges</th>
<th>Ranchview</th>
<th>Parkside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$802,800</td>
<td>257,963</td>
<td>1,650,950</td>
</tr>
<tr>
<td>Administration &amp; Other</td>
<td>24,608</td>
<td>7,670</td>
<td>54,506</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>827,408</td>
<td>265,633</td>
<td>1,705,456</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less 50% of City M&amp;O Taxes</td>
<td>430,950</td>
<td>109,412</td>
<td>822,104</td>
</tr>
<tr>
<td>Less Other Sources</td>
<td>1,224</td>
<td>858</td>
<td>7,010</td>
</tr>
<tr>
<td>Less use of Fund Balance</td>
<td>22,031</td>
<td>8,992</td>
<td>78,587</td>
</tr>
<tr>
<td>Equals Assessment</td>
<td>373,203</td>
<td>146,371</td>
<td>797,755</td>
</tr>
</tbody>
</table>

The above numbers are based on a .5941 Tax Rate. Taxes will decrease and Assessments will increase if the Tax Rate is reduced.

Annual Assessments & Projections

Based on Average Lot Size in each PID

- Bridges (7,956 sf)
- Ranchview (6,638 sf)
- Parkside (6,951 sf)
Bridges PID Debt Service

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>FY32</th>
<th>FY33</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Annual Principal and Interest

Communications with Bridges PID

- Annual Service and Assessment Plan posted to City’s Website
- Discussed at past Home Owner Association meetings
- After Tax Rate has been adopted, a letter will be sent to each property owner informing them of the increase in debt service payments and the associated increase in the annual assessment that will be sent in the October annual billing.
Unusual Characteristic of the PIDs

• If property owner wants to pay entire debt amount associated with their property, they lose the benefit of the maintenance and operations taxes contributed by the City for the remaining life of the PID’s

Questions and Discussion
“The industry was already set for a non-growth year, now throw in this ultimate ‘black swan’ event, and we’re set to see occupancy drop to an unprecedented low,” said Jan Freitag, STR’s senior VP of lodging insights.

“Our historical database extends back to 1987, and the worst we have ever seen for absolute occupancy was 54.6% during the financial crisis in 2009. With roughly six of 10 rooms on average empty, already wavering pricing confidence will take a significant hit and drop ADR to a six-year low.”
Three Phases To Get Through This

RESPONSE   RECOVERY   RESILIENCE

RESPONSE PHASE

• Where we continue to be today
• Constant pivots on every front, all the time
• Crisis management mode vs destination marketing mode
• Reopening was important, but statewide and DFW case trends remain a concern
• From occupancy lows in the low 20s, we are now inching in to mid 30s
• Legislation STALLED in both House & Senate that would include CVBs/DMOs of all structures to be eligible for PPP in next phase
• Movement now STALLED in Senate to allow publicly-owned venues to be eligible for PPP in next phase
• Federal action on corporate liability will be a key for the return of corporate travel and events
Visitor Economy Impact

TOTAL TRAVEL INDUSTRY IMPACT
Projected downturns of the U.S. travel industry in 2020 as a result of the coronavirus:

$1.2 TRILLION
Total Economic Loss
(Loss of 2591 billion in direct travel spending)

8 MILLION
Total Employment Loss
(Loss of 6.9 million direct travel jobs)

$80 BILLION
in Federal, state and local taxes

Travel industry losses alone will be great enough to push the U.S. economy into a RECESSION

8.4% UNEMPLOYMENT RATE will result from travel-related job losses alone

Job losses will spike in April and May, shedding 77% of ALL TRAVEL EMPLOYMENT before May

More Than 9x the Impact of 9/11

Updated April 15, 2020

SOURCE: US Travel Association/Oxford Economics

US Travel Forecast

Total Travel Spending in the U.S.

FORECAST

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>International</th>
<th>% change in total travel spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,045B</td>
<td>1,045B</td>
<td>0.0%</td>
</tr>
<tr>
<td>2018</td>
<td>1,065B</td>
<td>1,065B</td>
<td>4.4%</td>
</tr>
<tr>
<td>2019</td>
<td>1,075B</td>
<td>1,075B</td>
<td>4.9%</td>
</tr>
<tr>
<td>2020</td>
<td>1,075B</td>
<td>1,075B</td>
<td>3.5%</td>
</tr>
<tr>
<td>2021</td>
<td>1,065B</td>
<td>1,065B</td>
<td>-4.8%</td>
</tr>
<tr>
<td>2022</td>
<td>990B</td>
<td>990B</td>
<td>-7.4%</td>
</tr>
<tr>
<td>2023</td>
<td>915B</td>
<td>915B</td>
<td>-14.2%</td>
</tr>
</tbody>
</table>

SOURCE: US Travel Association/Oxford Economics
National Restaurant Impact

COVID-19 IMPACT ON RESTAURANTS

4 out of 10 restaurants have closed their doors

$240 billion forecasted lost revenue by end of year

$80 billion est. lost revenue in March and April

8 million employees laid off or furloughed

SOURCE: Texas Restaurant Association

Texas Restaurant Impact

Texas COVID-19 Restaurant Impact Snapshot

Restaurant Industry THEN
(March 1, 2020)

Restaurant Industry NOW
(April 16, 2020)

49,666 Eating and drinking place locations in Texas in 2019

1,349,500 Restaurant and foodservice jobs in Texas in 2020 = 10% of employment in the state

$70.6 billion Estimated sales in Texas’s restaurants in 2019

$4.2 billion Restaurant sales lost in April due to COVID-19 outbreak

34% of operators temporarily closed their restaurants

84% of customers who laid off or furloughed employees

SOURCE: Texas Restaurant Association
Irving Hotel COVID Impacts

RECOVERY PHASE

- Keep the pump primed on all fronts – sales, marketing, operations – for both organizations
- Continue to manage expenditures daily
- Continue to maintain the facility
- Recognize that every destination is operating as a start-up
- Travel will continue to change – for how long and in what ways, we don’t know yet
- Recovery should start to begin in 2021, but it will be slow
  - 2023 is likely the soonest for full recovery in terms of Average Daily Rate (ADR) & Revenue Per Available Room (RevPAR)
Proposed National Recovery Initiatives

- Industrywide, National Marketing Campaign: To motivate travel in the US
- Federal Grants to DMOs: To replenish decimated budgets
- Consumer Tax Incentive: For travel completed before 12/2021

Combined Impact of Recovery Initiatives:
- $171.3 billion in travel spending
- $162.5 billion in economic output
- $11.4 billion in taxes generated

Travel Sentiment Study

Impact on Travel Plans:
- Reduced travel plans: 47%
- Cancelled trip completely: 41%
- Changed destination to one I can drive to as opposed to fly: 27%
- Changed trip from international to domestic: 15%

73% of travelers planning to travel in the next six months will change their travel plans due to coronavirus.
Impact on Future Travel Behaviors

**Anticipated Impact of the Pandemic on Future Travel Behaviors: April vs August**

<table>
<thead>
<tr>
<th>Category</th>
<th>April 19-12</th>
<th>August 7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruise</td>
<td>30.2%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Domestic flights</td>
<td>48.8%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Shortest drive distance</td>
<td>36.7%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Medium drive distance</td>
<td>34.3%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Longest drive distance</td>
<td>28.7%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Other and urban areas</td>
<td>26.8%</td>
<td>21.1%</td>
</tr>
<tr>
<td>All travel, percent</td>
<td>33.0%</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

*Base: All respondents, 1,200 and 1,201 completed surveys.
Data collected: April 19-12 and August 7-9, 2020

TSA Trends

**Number of People Screened at TSA Checkpoints**
(7-day average, March 3 - Aug 4, 2020)

- Total traveler throughput
- % change compared to one year ago

Source: TSA
RESILIENCE PHASE: Not a Today Conversation

- Travel and group gatherings will have fundamentally changed
  - “Small but Mighty” may still be on our side
  - How long change lasts and what it looks like as it evolves remains to be seen
- Conversation starts when we can see daylight with recovery
  - Reserves will need to be rebuilt
  - Loans will have to be repaid
  - ICC will still need a subsidy
  - Other funding sources (TPID) will still need to be pursued
Organizational Overview

Irving Convention and Visitors Bureau

Updated Assumptions

**MARCH 31 Presentation to Council**
Best Case Scenario – “June Recovery, No China Relapse”

- 10% Occupancy for April
- 10% Occupancy for May
- 25% Occupancy for June
- 30% Occupancy for July
- 40% Occupancy for August
- 55% Occupancy for September
- 60% Occupancy for October
- Occupancies restored to typical levels by year-end due to pent-up business demand
- Average Daily Rate (ADR) will take 12 months minimum to catch up (recovery may be compressed due to rapid decline of remaining business – rate war timing could potentially be limited)

**AUGUST 17**
Best Case Scenario – 2021 Recovery in Occupancy, 2023 in Rate

- 22.6% Occupancy for April (actual)
- 27.3% Occupancy for May (actual)
- 33.4% Occupancy for June (actual)
- 34.7% Occupancy for July (estimated)
- 35% Occupancy for August
- 35% Occupancy for September
- 40% Occupancy for October
- Occupancies restored to typical levels by SUMMER/FALL 2021
- Average Daily Rate (ADR) likely will not recover until FY 2023-24
- Business Travel recovery dependent on: stock market, liability protections, back-to-school/parents as teachers, vaccine availability
- Convention attendee travel dependent on trust in other attendees, and destination COVID data
ICVB Reserve Fund History

Operating Budget Assumptions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>57% Hotel Occupancy Tax</td>
<td>$6,490,005</td>
</tr>
<tr>
<td>Add'l Revenues: Events Trust Fund, Interest, Misc</td>
<td>$9,995</td>
</tr>
<tr>
<td>Convention Center Operating Subsidy</td>
<td>&lt;$1,395,000&gt;</td>
</tr>
<tr>
<td>Convention Center Property Insurance</td>
<td>&lt;$79,738&gt;</td>
</tr>
<tr>
<td>Convention Center Management Incentive</td>
<td>&lt;$165,877&gt;</td>
</tr>
<tr>
<td>Transfer to ICC Reserve/Capital Projects</td>
<td>&lt;$100,000&gt;</td>
</tr>
<tr>
<td>4% Administrative Fee</td>
<td>&lt;$259,600&gt;</td>
</tr>
<tr>
<td>Transfer to ICVB Reserve Fund</td>
<td>&lt;$0&gt;</td>
</tr>
<tr>
<td>Funds Available for CVB Programming</td>
<td>$4,499,785</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$1,265,205</td>
</tr>
<tr>
<td>PROPOSED PROGRAM BUDGET TOTAL</td>
<td>$6,124,308</td>
</tr>
<tr>
<td>Shortfall – Net Support Requested from City</td>
<td>&lt;$359,318&gt;</td>
</tr>
</tbody>
</table>

 ICC $1,740,615/21.4% of budget

PROPOSED PROGRAM BUDGET TOTAL $6,124,308
Budget Overview

Irving Convention and Visitors Bureau

Key Expenditure Trend Analysis
• Successfully implemented Phase 1 of City’s ERP transition and actively involved in second/final phase
• Completed office-wide computer replacement and transitions to Office 365/Windows 10
• Provided resources and systems to enable full staff to work remotely immediately when COVID-19 forced office closure
• Daily cash-flow monitoring and reporting to enable staff to continue working as effectively as possible with a wide range of cost-savings measures and constantly changing data
• Identified best resource and established protocol for use of ZOOM for board, committee and staff meetings
• Initiated pilot program for volunteer-driven information center in ICC lobby Saturdays and Sundays
Proposed Program Highlights

- Restart TPID process for possible FY 2021-22 implementation
- Work alongside City through ERP conversion (Banner replacement)
- Support staff efficiency & effectiveness through better use of existing technologies while maintaining a secure operating environment
- Per CDC guidelines and as events return, complete pilot program for volunteer-driven visitor info center for Saturdays and Sundays based out of ICC lobby
- Develop plan for re-establishing long-term funding within all reserve funds
- Update Technology and Business Continuity plans
- Maintain sound accounting practices that conform with Governmental Accounting Standards Board (GASB) statements
- Increase employee satisfaction & engagement through programming & professional development
- Maintain DMAP accreditation requirements with annual renewal obligations

Budget – Select Highlights

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Finance &amp; Administration Budget</td>
<td>$1,790,286</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$35,000</td>
</tr>
<tr>
<td>Promotions (Industry &amp; Community Events, Chamber Events, Volunteer Prog)</td>
<td>$69,000</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>$48,000</td>
</tr>
<tr>
<td>Administrative Cost Reimbursement (4% Fee)</td>
<td>$259,600</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$170,000</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>7</td>
</tr>
</tbody>
</table>
City of Irving, Texas
FISCAL YEAR 2020-21
Sales & Services
Irving Convention and Visitors Bureau

Performance Indicators YTD

• 1,158 Hotel Leads generated
  • 255 Definites
  • 240 Lead Status
  • 147 Cancelled

• 455,571 Total Lead Room Nights generated
  • 47,234 Definite Room Nights
  • 131,587 Lead Room Nights
  • 288,880 Cancelled

• 582 Convention Center Leads generated
  • 122 Definites
  • 34,186 Definite Room Nights
  • 16,080 Cancelled

• Hosted two “evolution of meetings” webinars for clients
Proposed Program Highlights

- Prospect new business via old-fashioned "smiling and dialing" and internet research
- Work i/c/w Hotels and the Irving Convention Center to target previous Lost Business and Covid-19 Cancellations
- Continue emphasis on weekends, summer & holiday business
- Amplify hotelier efforts with focus on local & regional planners
- Continue building & enhancing key 3rd party relationships: HelmsBriscoe, ConferenceDirect, Prestige Global & Experient
- Partner with Drive Nation for weekend events
- Utilize Events Trust Fund for sporting & other eligible weekend-focused events
- Stage local blitzes targeting Assn & Corp markets i/c/w ICC
- Continue hosting luncheons and sales calls in Austin as budget allows
- Target meetings & events for desired clusters from City EcoDev Strategic Plan
- Utilize TMF & other in-market events for prospect development & client appreciation where budget allows

Budget – Select Highlights

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales Budget</td>
<td>$2,344,346</td>
</tr>
<tr>
<td>Business Development Incentive Prog (BizDIP)</td>
<td>$540,000</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$230,000</td>
</tr>
<tr>
<td>Promotions (Industry Events, Destination Forums, Client Entertainment)</td>
<td>$57,000</td>
</tr>
<tr>
<td>Sales Resources (Specialty Items, Convention Services Materials)</td>
<td>$65,350</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>10</td>
</tr>
</tbody>
</table>
BizDIP History

*2019-20 reflects reductions from original budget

Sales Performance History – Definites

246,709
Sales Performance History – Lost Business

Marketing & Communications
Irving Convention and Visitors Bureau

City of Irving, Texas
FISCAL YEAR 2020-21
Performance Indicators YTD

Earned Media Generated
• PR Value - $11,362,731
• Impressions – 456,554,508

Website Visitors
• ICVB – 272,538
• ICC – 52,520

Digital Source RFPs
• 666 generated
• 259,951 potential room nights

New Social Media Followers
• ICVB – 8,621
• ICC – 280

ICC Facebook Check-Ins
• 11,673

Proposed Program Highlights

• Reprioritize advertising buy resources/limit print placements.
• Develop lead generation opportunities targeted at acquiring top prospects - primary focus on group weekend business, followed by business and leisure travelers.
• Execute fully integrated meetings micro-campaigns that incorporate remarketing, video and SEM for leads/RFPs.
• Engage in the Simpleview Performance Framework (SPF) for destination marketing to evaluate investments that drive the highest ROI.
• Expand email marketing strategy for lead prospecting, client/partner communications, and visitor engagement.
• Expand integrated “drip” marketing automation platform to improve customer engagement and conversions.
• Continually update ICVB and ICC websites to reflect appropriate messaging - including communication of important/urgent information related to COVID-19 and safety/sanitation protocols.
• Conduct press tours targeting key media market segments. Host travel journalists/bloggers for individual press visits.
• Refocus leisure PR efforts on the drive-in market; conduct media blitzes in Oklahoma City, Shreveport, Wichita Falls, etc., as budget allows.
• Utilize public-interest Irving events to generate regional coverage in key feeder markets.
• Continue to expand Visit Irving’s blog campaign.
• Hold a social media activation at the SXSW 2021 Music Festival in Austin (partially paid for in 19-20 budget), as well as a co-branded media event (fully paid for in 19-20 budget).
**Budget – Select Highlights**

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Marketing &amp; Communications Budget</td>
<td>$2,249,276</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$970,000</td>
</tr>
<tr>
<td>Media Advertising</td>
<td>$350,000</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$65,000</td>
</tr>
<tr>
<td>Promotions (Industry Events, Media Fams, Media Entertainment)</td>
<td>$50,900</td>
</tr>
<tr>
<td>Marketing Resources (Social Media, Bloggers, Specialty Items)</td>
<td>$25,560</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>5</td>
</tr>
</tbody>
</table>

**Media Advertising Expenditure History**

*2019-20 reflects reductions from original budget*
Advertising Agency Expenditure History

*2019-20 reflects reductions from original budget

Irving Convention Center

Irving Convention and Visitors Bureau
Primary Space Utilization

### Performance Indicators YTD

- 582 Convention Center Leads generated
  - 122 Definites
- 34,186 Definite Room Nights
  - 16,080 Rooms Cancelled (COVID-19)
  - Net Rooms – 18,016
- 106,119 attendees
- $3.13M ICC event income
ICC Sales – COVID Impacts

- 85 Cancellations
- Lost Revenue - $2,509,621
- Rebooked - $369,600
- Net Loss - $2,140,021
  - *Lost revenue does not include any ancillary revenue such as parking, electrical, AV, or internet.
  - *Lost revenue only reflects contracted about for rent and F & B and does not account for amounts spent over and above the F & B minimum

Post-COVID Operational Impacts

- Capacity restrictions and social distancing requirements impacting bookings that remain
  - A ballroom that could previously host 800 no longer can
    - Six feet between tables, six seats at a table
  - An exhibit hall that could hold 200 trade show booths no longer can
    - 12-foot aisles in exhibit halls, booths set six feet apart
  - How consumer behavior changes in the long-term remains to be seen, pending a wide variety of local laws
    - Hotels and venues can clean and provide staff protocols, but it will be up to meeting planners and event organizers to manage attendee requirements
- Operating expenses now must absorb additional costs:
  - One-time re-opening expenses
  - Ongoing increased labor expenses for additional cleaning requirements
  - Ongoing increased supply expenses, especially with current supply chain limitations
  - Estimated 30% increase annually for hotels
ICC Income Statement – 2020-21

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Event Income</td>
<td>$585,421</td>
</tr>
<tr>
<td>Ancillary Income</td>
<td>$3,358,580</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>$456,000</td>
</tr>
<tr>
<td><strong>ADJUSTED GROSS INCOME</strong></td>
<td><strong>$4,400,000</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$5,795,001</td>
</tr>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td><strong>($1,395,000)</strong></td>
</tr>
</tbody>
</table>

**FEES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Management Fee</td>
<td>$165,877</td>
</tr>
<tr>
<td>*Management Incentive Fee (Maximum)</td>
<td>$165,877</td>
</tr>
<tr>
<td>F&amp;B Incentive Fee (6% commission)</td>
<td>$270,000</td>
</tr>
</tbody>
</table>

ICC Capital Improvement Priorities

- **Key Goals**
  - Protect guests & employees
  - Maintain & increase customer satisfaction
  - Extend the life of mechanical systems
  - Enhance appeal, and thus revenues

- **Project Priorities**
  - Health & safety requirements
  - Mechanical systems
  - ROI/Revenue enhancement
  - Customer, environmental & aesthetic benefits

- Respond nimbly to emergencies
- Achieve & sustain a minimum balance of $1.3 million in this fund
2020-21 Capital Improvement Plan

Projection - $409,500

- HVAC/Mechanical - $65,000
  - Fans, Motors, Pumps
  - Chillers, Boilers
- Electrical - $50,000
  - Barrisol Lighting – Grand Ballroom
- Food & Beverage - $65,000
  - Small Wares
  - Kitchen Equipment
- General Bldg & Maint - $10,000
  - Airwalls
- Site - $165,000
  - Water Feature/Landscaping
  - Marquee Sign by Fountain
- Communications - $45,000
  - Wireless Network/Monitors
- Contingency (5%) $19,500

Capital Projects Fund History

- Decker site purchase $1.6M
- Decker site sold $1.1M
- Fund re-established for ICC CIP
- ICC Construction starts
- $1.3M ICVB Transfer
- $62,088
In Summary

Irving Convention and Visitors Bureau

Financial Position Summary

General Fund
- Projected YE Fund Balance - <$359,318>

Reserve Fund
- Projected YE Fund Balance - $1,210

Computer Replacement Fund
- Projected YE Fund Balance - $167

Convention Center Reserve/ Capital Projects Fund
- $409,500 Projected Budget
- $100,000 Budgeted Expenditures
- $100,000 Transfer from ICVB General Fund
- Projected YE Fund Balance - $62,088
Irving’s Visitor Economy – The Beat Will Be Back…

- 3.75 Million visitors annually
- $2.68 Billion annual visitor spending
- 23,148 Jobs supported
- $611 Million payroll
- $61.8 Million tax revenues generated
- $745 Tax revenues generated per Irving household

City of Irving, Texas
FISCAL YEAR 2020-21

Questions?
Travel Volume by Purpose

Booking Windows: Flights & Hotels
Convention Travelers: Trust of Fellow Meeting Attendees

This week, 14.1% of American travelers report having at least tentative plans to travel to a convention, conference or other group meeting between now and 2021. About 60% of these travelers report that this travel will take place this year, while the remaining 40% say it will be in 2021.

Compared to how they felt in May, convention travelers' trust in their fellow attendees to behave in a way that minimizes the spread of COVID-19 has lessened slightly. In June, 27.6% of convention travelers say they at least "thoroughly" trust their fellow attendees, down from 35.4% in May.

Arrivalist Weekly Index (Base Feb. 2 - Feb. 29 Avg. Trips)
US Daily Travel Index

Flight Travel Recovery Has Stalled
J-2 Arts and Culture
Budget Retreat

September 2, 2020

Arts and Culture

Overview

• Irving Arts Center
  – Revenue Projections
  – Budget Decrease/Increase
  – Initiatives for FY 2021

• Irving Archive and Museums
  – Revenue Projections
  – Budget Decrease/Increase
  – Initiatives for FY 2021

• Historic Preservation
  – Fund Balance
  – Initiatives for FY 2021
REVENUE PROJECTIONS - IAC

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20 ADOPTED</th>
<th>FY 19-20 PROJECTED</th>
<th>PROJECTED INCREASE / LOSS AMOUNT</th>
<th>FY 20-21 PROJECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOT</td>
<td>4,473,007</td>
<td>3,304,620</td>
<td>(1,568,387)</td>
<td>4,082,161</td>
</tr>
<tr>
<td>RENTAL</td>
<td>589,490</td>
<td>252,081</td>
<td>(337,409)</td>
<td>284,667</td>
</tr>
<tr>
<td>TICKET SALES</td>
<td>65,136</td>
<td>64,864</td>
<td>(272)</td>
<td>52,109</td>
</tr>
<tr>
<td>PERFORMANCES</td>
<td>56,160</td>
<td>57,352</td>
<td>1,192</td>
<td>29,400</td>
</tr>
<tr>
<td>CLASSES/ CAMPS</td>
<td>112,847</td>
<td>16,118</td>
<td>(96,729)</td>
<td>113,417</td>
</tr>
<tr>
<td>GIFT SHOP</td>
<td></td>
<td>893</td>
<td>893</td>
<td></td>
</tr>
<tr>
<td>COMMISSIONS</td>
<td>289</td>
<td>289</td>
<td>289</td>
<td></td>
</tr>
<tr>
<td>DONATIONS</td>
<td>270</td>
<td>270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEMBERSHIP</td>
<td>2,661</td>
<td>2,661</td>
<td></td>
<td>3,506</td>
</tr>
<tr>
<td>MISC.</td>
<td>4,203</td>
<td>6,779</td>
<td>2576</td>
<td>6,203</td>
</tr>
<tr>
<td>INTEREST</td>
<td>30,343</td>
<td>36,337</td>
<td>5,994</td>
<td>30,000</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>5,734,136</td>
<td>3,742,264</td>
<td>(1,991,872)</td>
<td>4,601,752</td>
</tr>
</tbody>
</table>

The FY 2020-21 proposed budget has a 17.1% decrease from the prior year adopted budget.

- Step increases for eligible employees and changes in personnel [128,164]
- Changes in health insurance plan selections, changes in personnel, and reduction of 5% premium increase to 2% [36,322]
- Reduction in supplies in response due to less programming in response to social distancing [37,235]
- Reduction in building maintenance due to less programming in response to social distancing [16,332]
- Elimination of Time Warner Cable service [9,120]
- Reduction in advertising due to less programming in response to social distancing [88,810]
- Reduction in other outside services due to less programming in response [87,313]
- Reduction in programming due to less programming in response to social distancing [421,985]
- Reduction in travel, training and dues to only essential travel [51,901]
- Reduction in capital due to less programming in response to social distancing restrictions [198,002]

- One-Time Budget Increases/Decreases
  - Reduction in landscape maintenance for extensive pruning of trees in FY 20 [15,000]

TOTAL VARIANCE [1,071,753]
INITIATIVES FY 2021 - IAC

- Research and Development of Post COVID-19 Safety Protocols and Procedures
  - Implementation of cleaning protocols throughout the facility
  - Safety protocols for staff
  - Social distance plans for Patron seating, entering and exiting
  - Policies for Facility Usage by clients
- Research and development of alternative platforms
  - Matterport – 3D Online Gallery Experience
  - Vimeo – Streaming service to offer to clients
- Long term financial plan
  - Development of a 5 year maintenance plan
- Program and audience expansion
  - Development of a cultural plan

REVENUE PROJECTIONS - IAM

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20 ADOPTED</th>
<th>FY 19-20 PROJECTED</th>
<th>PROJECTED INCREASE / LOSS AMOUNT</th>
<th>FY 20-21 PROJECTED</th>
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</thead>
<tbody>
<tr>
<td>HOT</td>
<td>374,762</td>
<td>189,996</td>
<td>(184,766)</td>
<td>284,649</td>
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<tr>
<td>RENTAL</td>
<td>2,000</td>
<td>(2,000)</td>
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<td>3,000</td>
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<tr>
<td>TICKET SALES</td>
<td>48,500</td>
<td>4,654</td>
<td>(43,846)</td>
<td>40,800</td>
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<td>GIFT SHOP</td>
<td>17,000</td>
<td>3,000</td>
<td>(14,000)</td>
<td>10,000</td>
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<tr>
<td>SPONSORSHIPS</td>
<td>20,000</td>
<td>(20,000)</td>
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<td>20,000</td>
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<tr>
<td>DONATIONS</td>
<td>169,550</td>
<td>6,035</td>
<td>(163,515)</td>
<td>18,000</td>
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<tr>
<td>MEMBERSHIP</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td>4,250</td>
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<tr>
<td>INTEREST</td>
<td>18,000</td>
<td>5,984</td>
<td>(12,016)</td>
<td>1,712</td>
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<tr>
<td>TOTAL REVENUES</td>
<td>649,812</td>
<td>210,669</td>
<td>(439,143)</td>
<td>382,411</td>
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</table>
HERITAGE AND MUSEUM FUND

The FY 2020-21 proposed budget has a **37.6%** decrease from the prior year adopted budget.

- Step increases for eligible employees and changes in personnel (99,290)
- Changes in health insurance plan selections and 5% premium reduction to 2% (39,758)
- Reduction in supplies due to less programming because of social distancing (20,802)
- Wireless cellphone replacement and upgrades (1,680)
- Reduction in advertising due to less programming because of social distancing (48,414)
- Reduction in programming because of social distancing (122,588)
- Computer replacement increase (2,684)
- Reduction in travel, training and dues to only essential travel (23,109)
  - **One-Time Budget Increases/Decreases**
  - Funding for Bear Creek maintenance based on assessment deferred until other funding sources identified (50,000)

**TOTAL VARIANCE**

(397,871)

INITIATIVES FY 2021 - IAM

- **Research and Development of Post COVID-19 Safety Protocols and Procedures**
  - Implementation of cleaning protocols throughout the facility
  - Safety protocols for staff
- **Grand Opening**
- **Long term financial plan**
  - Development and implementation of a fundraising plan
- **Program and audience expansion**
  - Expand school tour and public programming options including virtual opportunities
## PRESERVATION FUND

### REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2020 - 2021 Proposed</th>
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</thead>
<tbody>
<tr>
<td>Available from Fund Balance</td>
<td>552,036</td>
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<tr>
<td><strong>REVENUES</strong></td>
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<tr>
<td>Hotel Occupancy Tax</td>
<td>113,860</td>
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<tr>
<td>Interest</td>
<td>2,500</td>
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<td><strong>TOTAL</strong></td>
<td><strong>668,397</strong></td>
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### EXPENDITURES

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<tr>
<th>Description</th>
<th>FY 2020 - 2021 Proposed</th>
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<tbody>
<tr>
<td>Structural Maintenance</td>
<td>6,100</td>
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<tr>
<td>Outside Services</td>
<td>3,816</td>
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<tr>
<td>Miscellaneous</td>
<td>4,554</td>
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<tr>
<td>Capital</td>
<td>505,000</td>
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<td><strong>TOTAL</strong></td>
<td><strong>519,470</strong></td>
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<tr>
<td>Available Fund Balance (9-30-21)</td>
<td>148,926</td>
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<tr>
<td>Initiative</td>
<td>Cost</td>
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<tr>
<td>----------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Civil</td>
<td>149,234</td>
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<tr>
<td>Bear Creek Masonic Lodge</td>
<td>278,488</td>
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<tr>
<td>J.O. Davis House</td>
<td>182,386</td>
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<tr>
<td>Sam Green House</td>
<td>109,477</td>
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<tr>
<td>Large Pavilion</td>
<td>36,444</td>
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<tr>
<td>Small Pavilion</td>
<td>24,713</td>
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<tr>
<td>Restroom Building</td>
<td>31,094</td>
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<tr>
<td><strong>Priority 1 Total</strong></td>
<td><strong>811,806.00</strong></td>
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<tr>
<td><strong>Shortfall</strong></td>
<td><strong>306,806</strong></td>
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