

The City of Bowie Financial Advisory Committee
Review of the Proposed FY 2021 Annual Budget

To: City of Bowie Council

Date: 30 April 2020

Re: Proposed FY2021 Annual Budget

The Financial Advisory Committee (FAC) reviewed the City of Bowie's proposed budget for Fiscal Year 2021 (FY2021). The budget consistently provides for outstanding services to the City's residents. This attribute continues to make Bowie a desirable place to live. We wish to commend the City Council, City Manager, Finance Department Director and all associated staff and personnel for ensuring that the budget adheres to the City's Strategic Plan. For the 11th consecutive year, the budget contains a 0% real property tax rate increase.

The City has operated at a high level of financial efficiency over the years. The FAC understands and embraces the responsibility of reviewing and commenting on the proposed budget. The FY2021 proposed budget review was conducted with the intent to highlight benefits, identify concerns and to provide recommendations.

The focus areas include the following:

1. Community Services
2. Capital Improvements Program
3. Erosion of Fund Balance
4. COVID19 Impacts to FY2021 and Future Budgets

Community Services

General Overview

The FY2021 Proposed Budget continues to provide for a wide range of programs, services and facilities that maintain and enhance quality of life. Department of Community Services consumes 21.5% of the total proposed budget. It consumed 23% of the FY2020 total adopted budget. An expectation of increased efficiency within Building Maintenance is expected due to the centralization of positions, supervision and responsibility. The Gymnasium-Senior Center Campus concept and a collaboration between the Special Events Coordinator and Historic Properties Special Events Coordinator for events to attract non-traditional visitors are funded programs in FY2021.

Concerns: There are no concerns at this time.

Recommendations: Continue to provide services and programs that encourage interaction amongst all residents while adhering to the principles of fiscal responsibility and leveraging existing resources in creative ways.

Capital Improvements Program

General Overview

As in previous years, the City of Bowie continues to demonstrate that its citizenry is the foundation upon which community growth and financial well-being is based. The Capital Improvements Program (CIP) promises to continue the provision of essential services and amenities while maintaining a healthy balance in the financial outlook of the City.

The city completed several proposed projects in the last fiscal year, to include projects at the Senior Center and the Kenhill Center. These accomplishments are most evident in the nearly half million-dollar reduction in the CIP budget requirements from FY2020 to FY2021.

Golf Course

The City's due diligence and commitment to providing this amenity to the community is recognized. The patrons and surrounding community would appreciate seeing the course brought back to its well-maintained standard to the enjoyment of all golfers.

Concern: The restoration and modernization costs for the Golf course are a concern. If the Council agrees to this project, it calls for an investment of a little over \$12 million beginning FY2022 and spanning the next several years.

Allen Pond Park

Allen Pond Park is a well-utilized park in the City. It is home to many of Bowie's notable events, i.e. Bowiefest, the International Festival, and Summer Concert Series. It is also used by residents for exercise and enjoying nature.

Concern: As noted in a previous FAC letter, an expenditure of \$722,000 was budgeted for FY 2020. Follow-on work on this project for phase 1 through 3 (FY 2021-2023) was projected at \$6,615,000. This project has been delayed until FY 2023-2025 with a new cost estimate of approximately \$7 million for phase 1 thru 3. This is a highly valued and well-used park. Delaying necessary improvements increases the cost of a valued and attractive resource that should be maintained regularly to keep its value to the City and its residents.

Erosion of Fund Balance:

Concern: The greatest concern of the FY2021 proposed budget is the increased reliance on General Fund transfers coupled with the loss of intergovernmental and other revenues. The policy is to maintain the Fund Balance at 25% of expenditures. This requirement has been complied with for several years. In this proposed budget, there is a major risk as the trajectory of decline has become dangerously steep. The forecast is shown on pages 12 and 13 of the proposed budget.

- a. The FY2021 budget utilizes a larger percent of fund balance than any other year.
- b. The fund balance is projected to decrease to 1% of expenditures as early as 2023

The proposed budget is projecting operating levels that are unsustainable. Expenses are outpacing revenues:

- a. According to the proposed FY2021 budget, General Fund Expenditures are budgeted at \$66.3 million, an increase of approximately \$10 million from FY2020.
- b. According to the proposed FY2021 budget, revenues before the use of Fund Balance are projected at \$56,944,100. (Note: The revenue projections are not yet adjusted for possible declines due to collateral effects of COVID-19.)

Recommendation: Consider curtailing deficit spending by reducing expenditures or increasing revenue.

Table 1. Capital Improvements Program/Projects Fund Revenue

Revenue Source	FY2020	Proposed FY2021
General Fund Transfer	53%	72.3%
Intergovernmental Revenues	34.7%	14.6%
Other Revenues	6.4%	11%
Appropriated Fund Balance	5.9%	2.1%

Table 1 illustrates the increasing reliance on transfers from the general fund and decreasing revenues from Intergovernmental Revenues

COVID19 Impacts to FY2021 and Future Budgets

While we applaud the proposed projects and their benefits to the Bowie Community, it is our belief that the probable changes in the recreation habits of the residents (due to COVID-19) will negatively impact the city's revenue and expenditure projections. We continue to have faith in our Mayor, City Manager and members of the City Council as they will have to navigate these new challenges in the coming fiscal year.

This letter and review of the FY2021 Proposed Budget is the result of the efforts of Mr. Rodney Yancey, Ms. Patricia Peterson, Ms. Tiffany Lightbourn, Ms. Meglan Knights, Mr. William Olukoya, and Mr. Carl Robinson, members of the City of Bowie's Financial Advisory Committee. We thank you for entrusting these residents with the responsibility to serve the City of Bowie's Council and residents.

Sincerely,

Muzar A. Jah

Muzar A. Jah,
Chair City of Bowie Financial Advisory Committee