

Proposed Blended Scenario

The following strategies meet the stated Newcastle goal to:

Continue to manage City operations with sound fiscal planning and actions that ensure long-term sustainability while being cognizant of the tax burden on our residents and businesses.

Blended Scenario Strategies

- **Utility Users' Tax.** Implement a UUT on eligible utilities (excluding storm water) at a rate of 2% starting no later than April 1, 2020. UUT rates would be gradually increased over the six-year plan as follows:

Utility	2020	2021	2022	2023	2024	2025
Elec and Nat Gas	2%	3%	4%	5%	6%	6%
Tel and Cell	2%	3%	4%	5%	6%	6%
Cable	2%	3%	4%	5%	6%	6%
Solid Waste	2%	3%	3%	3%	3%	3%
Water and Sewer	2%	3%	4%	5%	6%	6%
Est Revenue	\$475k *	\$1,013k	\$1,385k	\$1,729k	\$2,084k	\$2,108

*9 months revenue

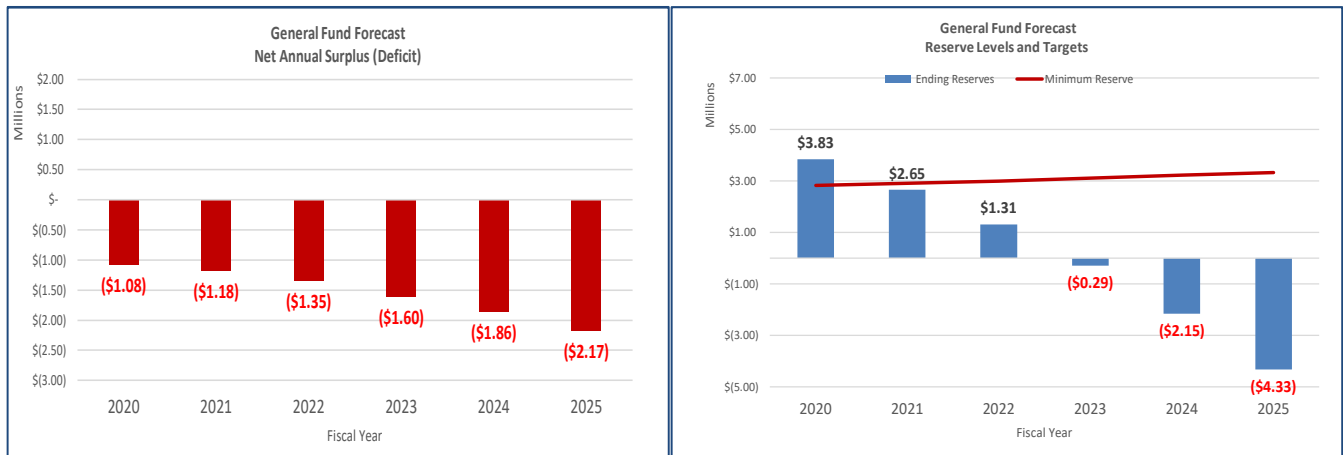
- **Improve Sales Tax Enforcement.** Implement sales tax enforcement measures by City staff or through a sales tax consulting firm to improve collection starting in FY 2020.
- **Banking of Property Tax Increases.** Council may elect to bank the 1% property tax increases instead of implementing them in later years of the fiscal sustainability plan. This will depend upon economic conditions and future demand for additional General Fund services.

Implementing these strategies will draw down existing General Fund reserves by \$0.60 million in 2020, while succeeding years will show a small net surplus if there is no recession over the six-year forecast period. Fund balance reserve levels are sustained above the 25% target for the entire period.

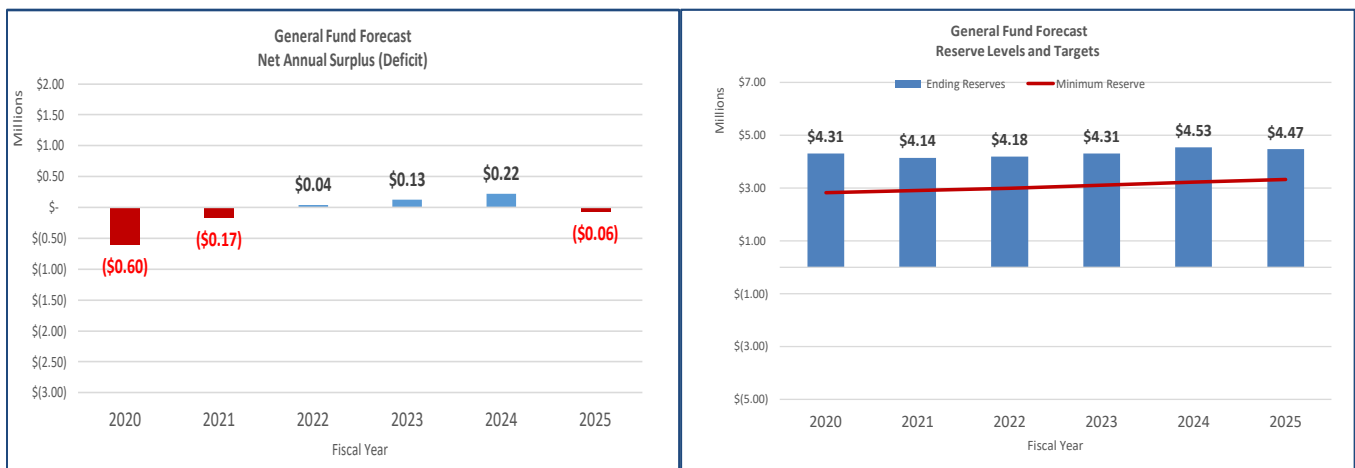
Under a 5% recession scenario starting in 2021, a six-year accumulated deficit of \$1.75 million is projected. Fund balance reserve levels will decline at a manageable rate over each of the first four years, yet fund balance never declines below \$3.0 million. Annual deficits never exceed \$0.60 million in any one year.

Fiscal sustainability is achieved with or without a recession and this strategy does not over-collect new revenue for undefined future uses. (See charts on page 2)

Base Case Condition with no action:



Projected Condition for Blended Scenario with No Recession:



Projected Condition for Blended Scenario Including 5% Recession in 2021:

