



**City of Kerrville**  
701 Main Street  
Kerrville, Texas 78028  
(830) 257-8000  
[www.kerrvilletx.gov](http://www.kerrvilletx.gov)

## **PRESS RELEASE**

### **FOR IMMEDIATE RELEASE**

Contact: Stuart Cunyus, Public Information Officer  
(830) 258-1116  
[stuart.cunyus@kerrvilletx.gov](mailto:stuart.cunyus@kerrvilletx.gov)

---

### **City releases initial budget shortfall projections due to COVID-19 impact**

**Kerrville, Texas (April 14, 2020)** – Current projections show an almost \$3 million negative impact to the City of Kerrville’s budget over the next six months related to the COVID-19 recession, according to Chief Financial Officer Amy Dozier. Most of the impact, \$2.25 million, will be to the city’s main operating fund, the General Fund. The next largest impact, \$0.58 million, will be to the city’s Hotel Occupancy Tax (HOT) Fund.

The pandemic coronavirus that has swept the globe has forced business closures and stay-at-home orders across the United States, and Kerrville has not escaped the fallout from its efforts to prevent spread of the virus locally. The projected \$2.25M General Fund revenue shortfall is driven primarily by a decrease in sales tax revenue as many local businesses remain shuttered. Over the next six months, the city is expecting sales tax to be 23.4% lower than budget.

However, Dozier pointed out that the stay-at-home order impacts more than just sales tax. Closures at Municipal Court and local parks result in substantially lower revenues as well, and

citizens staying at home have even resulted in a lower volume of Emergency Medical Service (EMS) calls. The city's detailed economic impact analysis quantified impacts to all revenue streams, including items such as landfill fees, interest revenue, and library fees.

In an effort to mitigate the projected revenue shortfall, the city's management outlined a plan calling for substantial spending cuts. The cuts include:

- Salary and benefit savings generated by not filling new or vacant positions, as well as some temporary salary reductions.
- Adjustments to the city's paving schedule, including delaying some projects and possibly reducing the number of miles paved.
- Budget cuts in all departments for items such as training, supplies, services and maintenance.

Dozier explained that there is a two-month lag on receiving sales tax information, so May's reporting will provide information on the impact that local businesses saw in March. If the revenue loss is more than currently projected, the city could dip into its reserve fund balance or look at additional salary and wage adjustments.

The city is also expecting a \$0.58 million shortfall in Hotel Occupancy Tax collections as some Kerrville hotels have closed entirely and others are operating with greatly reduced patron traffic. Per State law, revenue received from this tax must be used to promote tourism. Dozier said this revenue shortfall can be offset by cutting HOT funding for events that are postponed or cancelled, reducing funding for the Kerrville Convention and Visitors Bureau and other outside agencies due to reduced hours and programming, and drawing down on existing HOT fund balances.

Dozier said that all projections are subject to change as more information becomes available as to how deep and how long the recession will be. The city is monitoring economic information on a daily basis and continually updating projections. Dozier plans to provide regular updates on the economic impact to the current year budget, as well as the fiscal year 2021 budget. Her next update will be at the regularly scheduled City Council meeting on April 28, 2020.

