



COVID-19 Financial Update

May 18, 2020

Presentation 20-185

Introductory Comments

- This is an overview of a number of strategies
- Data constantly changing
- Quality of revenue data improves daily
- No clear end in sight to crisis
- Full financial recovery could take years
- Second serious wave of virus very possible in September



What's Happened Over the Past 2 Months

- Summary of community and organizational impacts due to COVID-19
- Financial Impact
- Service Impacts



What's Happened Over the Past 2 Months

- Revenue losses
 - Initial estimate between \$10M and \$25M
 - Better information will be available in early June
 - April revenue will book at the end of May/early June
 - City has allowed more time to remit taxes, which has delayed data
 - Primary issue is reduced sales and use taxes



What's Happened Over the Past 2 Months

- Service Impacts
 - City Hall, MSC and Recreation Centers closed to the public on March 12, 2020
 - All recreation programs canceled
 - Paradise Island closed for the season
 - Half of city work force working remotely
 - Many part time employees idled with pay since late March (current number is 240)
 - Municipal Court suspended
 - Events canceled through August 4th



What's Happened Over the Past 2 Months?

- Minor impacts to public safety service levels
 - Traffic and SROs have been absorbed into Patrol to mitigate impacts
 - High priority calls for service increasing
 - Response times are increasing to over 8 minutes for priority calls
 - Traffic enforcement has recently been reactivated



Where are we now?

- Most city operations functioning (except recreation centers and in person city services)
- Many adjustments required in order to keep city operating
- Received \$5M in federal aid – restricted to non-budgeted direct COVID-19 expenses
- Development activity staying strong
- Revenue is down but so are some of our expenses
- Vacant positions frozen and out of town travel suspended



Where are we now?

- CIP projects are proceeding – some disruptions from Chinese suppliers
- Court docket is restarting June 3 (with some trials happening in May)
- Liquor hearings will begin the week of May 18
- Two recreation programs will begin next month – 30 child summer camp at Eagle Pointe at First Tee at Buffalo Run
- Current revenue shortfall now estimated at \$10M-\$15M





Budget and Revenue Recommendations.....●



Base Assumptions

- \$15M revenue shortfall plus \$5M in new COVID-19 expenses
- Prepare to phase-in suspended city services and limited reopening of facilities in accordance with applicable health orders over the next several weeks
- Healthy fund balances but shouldn't draw down too much (all available non restricted funds – approx \$39M)



Available Fund Balances

- Council approval required to transfer
- GF **Restricted** fund balance - \$13M
 - Recommend not using
- GF Unrestricted - \$34M
- Fleet Fund Unrestricted - \$4.3M
- Facilities Fund Unrestricted - \$461K
- IT Fund Unrestricted - \$465K



Recommendations

- Reduce operational expenses – up to \$10M
- Alternate CIP funding – up to \$3M
- Fund balance transfers – up to \$7M
- Total possible adjustments – up to \$20M
- CARES Act for COVID-19 specific expenses
- \$5M
(No impact on General Fund)
(Cannot be used for 2020 budgeted expenses like VHEs)
- Reduced budget for 2021 - \$10M



Recommendations

- Reduced operational expenses
 - Personnel – frozen positions, furloughs of idled VHEs, reductions in training and equipment
 - Cost savings due to facility closures
 - Possible future event cancelations
 - No 2020 re-appropriation process
 - Non-GF Capital project funding to keep projects moving but free up GF dollars



Bottom Line

- Possible total need - \$20M
- Strategic Plan total - \$25M
 - CARES Act - \$5M
 - Budget cuts - \$10M
 - Fleet Fund - \$3M
 - Facilities Fund - \$400K
 - IT Fund - \$400K
 - GF Unrestricted - \$6.2M
- \$5M cushion for unknowns





Questions?

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