

**WEST HOLLYWOOD
CITY COUNCIL FINANCE & BUDGET SUBCOMMITTEE
MEETING AGENDA
TUESDAY, MAY 5, 2020
4:00 P.M.**

VIA TELECONFERENCE

To comply with the Americans with Disabilities Act of 1990, If you require special assistance to participate in this meeting (e.g., a signer for the hearing impaired), you must call or submit your request in writing to the Office of the City Clerk at (323) 848-6409 at least 48 hours prior to the meeting. The City TDD line for the hearing impaired is (323) 848-6496.

TO PARTICIPATE BY PROVIDING PUBLIC COMMENT BY TELEPHONE:

1. Dial-in 5 minutes prior to the start of the meeting (*the meeting begins at 4:00 p.m.*)
You will be placed on HOLD in the “Virtual Meeting Room” until the meeting begins, and you will be placed on mute until it is time for Public Comment.

- Dial-in Number: (669) 900-6833
- Meeting I.D.: 952 0353 3509, then #

1. **CALL TO ORDER:**
2. **PLEDGE OF ALLEGIANCE:**
3. **ROLL CALL:**
4. **APPROVAL OF THE AGENDA:**
5. **PUBLIC COMMENTS:** This time has been set aside for members of the public to address the Finance & Budget Subcommittee on Agenda items and items of general interest within the subject matter jurisdiction of the Subcommittee. Although the Subcommittee values your comments, pursuant to the Brown Act it generally cannot take any action on items not listed on the posted agenda. Two minutes are assigned for each speaker.
6. **NEW BUSINESS:**
 - 6.A. **UPDATE ON THE IMPACT OF COVID-19 ON THE FISCAL YEAR 2019-20 BUDGET AND DISCUSSION OF THE FISCAL YEAR 2020-21 BUDGET [P. AREVALO, D. WILSON, C. SAFRIET]:**
SUBJECT: The Finance and Budget Subcommittee will receive an update on the impact of COVID 19 on the City’s Fiscal Year 2019-20 Budget and the budget outlook for Fiscal Year 2020-21. The Finance & Budget Subcommittee will have the opportunity to discuss the outlook in relationship to City priorities.

RECOMMENDATION: Receive an update on the impact of COVID-19 on the Fiscal Year 2019-20 Budget and discuss the Fiscal Year 2020-21 Budget.

7. **COMMENTS FROM THE SUBCOMMITTEE:** Additional general comments, or requests of staff from the members of the subcommittee.
8. **COMMENTS FROM STAFF**
9. **ADJOURNMENT**

SUBJECT: **UPDATE ON THE IMPACT OF COVID-19 ON THE FISCAL YEAR
2019-20 BUDGET AND DISCUSSION OF THE FISCAL YEAR
2020-21 BUDGET**

PREPARED BY: **CITY MANAGER'S DEPARTMENT**
(Paul Arevalo, City Manager)
(David A. Wilson, Assistant City Manager)
(Christine Safriet, Senior Management Analyst)

STATEMENT ON THE SUBJECT:

The Finance and Budget Subcommittee will receive an update on the impact of COVID-19 on the City's Fiscal Year 2019-20 Budget and the budget outlook for Fiscal Year 2020-21. The Finance & Budget Subcommittee will have the opportunity to discuss the outlook in relationship to City priorities.

RECOMMENDATIONS:

Receive an update on the impact of COVID-19 on the Fiscal Year 2019-20 Budget and discuss the Fiscal Year 2020-21 Budget.

BACKGROUND / ANALYSIS:

The City of West Hollywood is being impacted by the COVID-19 crisis, just as other cities across the nation and around the world are being impacted. As we have done during times of crisis in the past, the City increased its monitoring of the local and national economy and is adjusting its revenue and expenditure projections accordingly.

The City's quick and deliberate actions during the economic downturns that followed 9/11 in 2001 and the collapse of the housing market in 2008 enabled the City to escape those recessions with relatively limited impact to its financial standing and the services the City provides to constituents. The City is employing the same type of strategic thinking and resilience to navigate the current crisis.

Looking at the immediate budgetary impacts, West Hollywood has the resources and institutional capacity to weather its short-term challenges. For the current fiscal year (FY20), the City is projecting revenues at nearly \$15 million below the current approved budget. In response to the decreased revenue projections in the current year, the City has reduced spending on events and non-essential contract services, put a hold on vacant positions and anticipates a contribution from reserves of below \$5 million.

The City is preparing the 2020-21 Budget for City Council discussion and approval at the June 15, 2020 City Council Meeting. For fiscal year 2020-21 (FY21), the City is currently anticipating a 20% decline from the current revenue budget to about \$90 million in General Fund revenue. To address this revenue shortfall, the City's initial

plans include issuing bonds to pay for capital projects and preserve liquidity, reducing discretionary spending in each department by 20%, and freezing some vacant positions. These are just a few of the cost saving measures that will be considered as this crisis continues to evolve.

Our discussion will be organized into the following categories:

1. COVID-19 Impacts on Current Operations
2. COVID-19 Impacts on Regional and Local Economies
3. COVID-19 Impacts on FY 2019-20 Budget
4. FY 2020-21 Budget Impacts and Cost Saving Measures
5. Long-Term Outlook & Strategy

1. COVID-19 Impacts on Current Operations

The City of West Hollywood is responding to community needs and providing regular updates during the COVID-19 emergency. The City is also taking extensive and proactive measures to safeguard public health and continue providing certain essential services during this time.

Services

The City of West Hollywood is taking every precaution to prioritize community health, slow the rate of transmission of COVID-19, and assist community members who are at higher risk of serious illness. Although City facilities are closed, services for constituents continue.

The City continues to provide social services and is connecting community members to information and resources during the coronavirus (COVID-19) outbreak. This includes connections to physical, mental, and medical health care, domestic violence resources, and other services.

Assistance for renters has been implemented through the issuance of a residential eviction moratorium for evictions for nonpayment of rent due to financial impact/hardship related to COVID-19 during the local emergency declaration. The City has also developed an emergency grant program to assist with cash rental payments.

The City Council has authorized an additional \$325,000 for emergency funding related to rental assistance, food & nutrition services, transportation, and other needs that may arise during the crisis.

The City suspended most parking regulations including Permit parking on all residential streets, street sweeping enforcement, all AM/PM rush hour enforcement, and residential and commercial moving permits at the onset of the local emergency. Blocked driveways and loading zones are only enforced per complaint to parking enforcement. Safety violations continue to be enforced.

Planning & development services such as entitlement application submittals and reviews, building & safety plan submittals and review, and online payments are operating remotely.

The Recreation Division has developed a new program to access to virtual activities and resources created by staff directly to the community.

City transit continues to operate programs largely unabated. The bus pass subsidy program, Cityline, dial-a-ride/TLC, on-call transportation services continue without changes in service levels. The PickUp and WeHo Sunset Trip shuttle programs have been paused until further notice.

People experiencing homelessness are especially vulnerable during the COVID-19 pandemic. The West Hollywood Homeless Initiative, through its non-profit partners, continues to support community members in accessing critical resources and services. West Hollywood is following the lead of Los Angeles County and the Los Angeles Homeless Services Authority as these agencies increase the availability of emergency resources to support people experiencing homelessness during this time.

The City modified the operation of many traffic signals and pedestrian crossings in West Hollywood so that pedestrians do not have to touch surfaces of pole-mounted buttons to trigger green-light mode in order to reduce the risk of contact exposure.

Operations

The City closed City Facilities, including City Hall, West Hollywood Park and Aquatic Center, Plummer Park, Farmer's Market, Pocket Parks, and iTennis in mid-March. Essential field employees continue to report to the job site.

The City Council authorized \$150,000 for technology upgrades to improve remote access for constituents and employees. A majority of staff are working remotely, safer at home, while continuing to provide continuity of services to our constituents.

All non-essential events and meetings, including City-sponsored events, City co-sponsored events, and City-funded events, as well as any events or filming that require a permit, have been cancelled or postponed. All facility reservations are cancelled through June 30. All public meetings, including Advisory Board and Commission meetings, are cancelled unless the City determines there are essential business items to be agendized and discussed. All recreation and park programs activities and events at City facilities are cancelled through June 30.

Code compliance officers are working both onsite and remotely. The officers onsite are assisting the Sheriff, acting as additional eyes and ears throughout the City. Parking enforcement officers are also coordinating with the Sheriff's and assisting with additional patrols. Staff and Parking Enforcement are assisting Cedars Sinai Medical Center with traffic control at the drive-up COVID-19 mobile testing site.

Continued closures, social distancing, slow re-open

In response to the State, County, and Local Emergency Orders, all Californians are encouraged to stay home, practice social distancing, and only leave home for essential errands (like going to grocery stores, hardware stores or pharmacies), to go to work at locations still operational and deemed essential in the Orders, or for essential medical appointments. While these strict restrictions are in place, all non-essential businesses have been forced to close, which is an extreme hardship for business owners, as well as their employees.

On April 9, 2020, the City Manager issued an Executive Order with emergency measures to close all City parks and dog parks; require specific, safe practices at construction sites; allow non-essential retail businesses with a supply of goods that are needed to slow the spread of COVID-19 to conduct limited retail sidewalk sales through an encroachment permit; and allow closed businesses to board up windows to secure the businesses during the period of closure provided that the coverings are painted.

The City of West Hollywood is taking extensive and proactive actions to support our businesses and workers during this unprecedented time.

2. COVID-19 Impacts on Local & Regional Economies

The COVID-19 pandemic and the related restrictions on travel, business activity, and individual movement are having a significant impact on the economy. About 95% of U.S. population, about 306 million people, are under stay-at-home orders. Consequently, economic activity has been greatly decreased. Local governments, especially cities, depend on economic activity for tax revenues. The length of economic restrictions are unknown, as are potential future recurrences of the disease and additional closures. As a result, we do not know and cannot predict the final impact to our economy.

UCLA Anderson Forecast economists say the U.S. economy has entered a recession, ending the expansion that began in July 2009. For the full 2020 year, it is expected that national GDP will have declined by 0.4%. In 2021, with the abatement of governmental pandemic expenditures and the continued contraction of residential and commercial construction, the economy is forecast to grow at 1.5%. The full recovery and return to trend is expected in 2022. In contradiction to this, another well-respected municipal management consulting firm recently presented a webinar with ICMA suggesting that cities plan for a possible 6- to 18-month recession.

The ULCA Anderson Forecast expects a recession to be more severe in California than for the US overall due to a larger proportion of economic activity in tourism and trans-Pacific transportation. California employment is expected to contract by 0.7% in 2020. The state's unemployment rate will rise to 6.3% by the end of this year and is expected to continue to increase into 2021 to an average of 6.6%. By the first quarter of 2021, California is expected to lose more than 280,000 payroll jobs with more than one-third of those in the leisure and hospitality and transportation and warehousing sectors. Real estate markets will face challenges as well and changes after the crisis, with mortgage finance projected to become more expensive and a reduction in residential construction impacting supply.

In response to the COVID-19 crisis, the League of California Cities recently surveyed its members cities to detail the impact of revenue shortfalls and sales tax deferrals on local budgets and services. Attachment A provides an infographic of the COVID-19 fiscal impact on California cities. The following are the key takeaways from the League of California Cities findings:

- Cities are bracing for a nearly \$7 billion general revenue shortfall over the next two fiscal year

- This shortfall will grow by billions of dollars if COVID-19 stay-at-home orders extend into the summer months and beyond
- Over 90 percent of cities report they are considering cutting/furloughing city staff or decreasing public services, and 72 percent of cities report they may take both actions
- Cities project deep impacts to core services due to revenue shortfalls and deferred revenues, regardless of size and geography - 84 percent of cities report that police services will be adversely impacted
- Cities most severely impacted are those with high dependencies on sales taxes and transient (hotel) occupancy taxes (TOT)

Hotels / Tourism

The coronavirus pandemic has been devastating to the travel industry, with impacts ranging from hotel shutdowns to airlines halting flights in some regions. In addition, stay at home orders have created a shock to the tourism industry with consumers pulling back in discretionary spending and cancelling many large-scale events and conferences.

Visit California, a nonprofit organization tasked with driving domestic and international visitation to the state, analyzed the economic impact of COVID-19 on the tourism industry to bottom out in the next five to six months, then it will begin to recover around in early 2021.

HVS, a leading hotel industry consultancy, believes that even though the pace and degree of the COVID-19 downturn is unprecedented, hospitality industry participants believe that the hospitality industry will recover. Their outlook for the US lodging industry predicts an overall decline of 35% to occupancy levels in 2020, followed by a slow rebound in 2021, with occupancy rates remaining below 2019 levels for four years. Average daily rates follow a similar trajectory, down 15% in 2020, and recovering gradually but not completely through 2024. REVPAR is projected to decline 45% in 2020, improve substantially in 2021, but still not reach 2019 levels for four years. HVS's occupancy forecast anticipates a rebound in demand once travel restrictions are lifted, the COVID-19 virus is contained, and consumers resume business and leisure travel.

HVS anticipates that ADR will take longer to recover than in prior cycles given the magnitude of the rate declines. This reflects the expectation that rate will be a key marketing tool used to stimulate demand recovery. The availability of the shadow supply (Airbnb, Sonder, etc.), which was not a factor in prior cycles, will also influence ADR recovery.

In response to the question of how individual properties and markets will be affected, HVS believes that gateway markets and the top 10 metro markets in the US, including the Los Angeles region, will be more volatile. Drive-to markets are expected to recover faster than markets dependent on air travel, and properties affiliated with strong brands are expected to recover faster. Full-service hotels, dependent on group business, are more vulnerable, as are properties in markets that depend on international visitation and air travel.

Locally, our hotel and lodging companies have seen a sharp decline in room nights

resulting in single-digit occupancy. Currently, only four out of 22 hotels in the City are open; the rest have suspended business during the COVID-19 emergency. Based on current Emergency Orders and discussions with the City's hoteliers, all the City's hotels expect to reopen on or by June 1, 2020.

Support for our local economy – Businesses & Employees

The City is committed to supporting our local economy and is working closely with its business community to achieve its goals. Business relief measures and efforts to date include:

- A weekly call with the Business Leaders to keep them apprised of the City's efforts and discuss the impacts of the crisis. Out of this group, two subcommittees were created to further develop strategies to address the impacts of the crisis: a Workforce Subcommittee to develop resources for the workforce impacted by the crisis, and a Business Resources Subcommittee to develop resources for the City's business owners.
- A weekly call with the City's hoteliers to create a strategic plan on how the City's hotels will re-open.
- Creation of a think tank group focused on "Rebooting the West Hollywood Economy", tasked with drafting strategies to revive the City's local economy and assist with recovery efforts.

Based on communications with the business community, the following relief measures have been put in place:

- Deferred TOT for 30 days
- Deferred Sunset BID Assessments and waived late fees
- Deferred City Business Taxes and waived late fees
- Deferred regulatory business license fees on a three-month rolling basis
- Provide businesses a credit for the Outdoor Dining Encroachment Fees that have already been paid
- Provide businesses a credit for the Valet Meter Encroachment fees that have already been paid
- Allow existing restaurants within hotels to provide to-go meals to non-guests
- Allow off-site alcohol sales for restaurants offering to-go meals
- Relax parking standards and traffic plans for restaurants to provide easier access for customers
- Allow temporary banners for businesses featuring access to food, waiving location requirements outlined in zoning code
- Allow temporary change of use from restaurant to grocery store/market
- Relaxed zoning code standards

- Sidewalk sales for non-essential retail businesses that are selling supplies that are needed to slow down the spread of COVID-19
- Moratorium on Commercial Evictions
- Agreement with the West Hollywood Travel and Tourism Board to provide an advance from the City's Tourism Improvement District Agency Fund in the amount up to \$100,000 per month for three months for critical operational funding
- Development of a program with the West Hollywood Chamber of Commerce for the provision of information, counseling, conciliation and mediation services for dispute resolution between commercial tenants and landlords

The City continues to aggressively collaborate with other municipalities to lobby our state and federal legislature to assist businesses within the City of West Hollywood and to provide financial resources to municipal government as well.

3. COVID-19 Impacts on FY2019-20 Budget

Looking at the immediate budgetary impacts, West Hollywood has the resources and institutional capacity to weather the short-term challenges. For the current fiscal year (FY20), the City is projecting revenues at \$14 million below the current approved budget.

| General Fund Revenues | FY 2019-20 Approved Budget (02/18/20) | FY 2019-20 Projected Year-End (06/30/2020) | FY 2019-20 Difference |
|------------------------------|--|---|----------------------------------|
| Transit Occupancy Tax | \$29,050,000 | \$21,550,000 | (\$7,500,000) |
| Property Tax | \$20,393,000 | \$20,393,000 | \$0 |
| Sales Tax | \$17,600,000 | \$16,005,000 | (\$1,595,000) |
| Parking Fines | \$7,500,000 | \$6,098,000 | (\$1,402,000) |
| Parking Meters | \$8,400,000 | \$6,118,000 | (\$2,282,000) |
| City Permits | \$9,273,000 | \$10,000,000 | \$727,000 |
| All Other Revenue | \$23,273,000 | \$21,672,000 | (\$1,601,000) |
| Total Revenue | \$115,490,000 | \$101,836,000 | (\$13,654,000) |

Transient Occupancy Tax (TOT)

- Direct estimated TOT revenue losses are \$7.5 million if hotels are closed until May 31st.
- At the time of writing, 16 of the City's 21 hotels are closed due to the COVID-19 pandemic.
- The City granted hoteliers 30-day extensions to pay TOT through an Executive Order and will experience a cash flow impact of \$1.85 million due for February and March.

- The TOT collection for June is projected at 25% of the prior year due to the expected slow business during phased re-openings.

Property Tax

- There are no projected impacts to Property Tax revenues this fiscal year. Property taxes are based on assessed values from more than 12 months prior, and as such are a trailing indicator of periods of economic stress.

Sales Tax

- Direct estimated Sales Tax revenue losses are \$1.6 million and result from the closures of restaurants, hotels, and other retail businesses.
- State actions result in \$2.95 million of delayed cash flow in FY20.
- On March 30, 2020, the Governor signed an Executive Order allowing the California Department of Tax and Fee Administration (CDTFA) to offer a 90-day extension for sales, use and transactions tax returns and tax payments for all businesses filing a return for less than \$1 million in tax liability.
- In addition to the 90-Day extension, small business taxpayers will be able to enter a 12-month, interest free, Installment Plan Agreement.

Parking Fines & Parking Meters

- Combined loss of \$3.7 million resulting from the suspension of parking regulations combined with the sustained decline of visitor traffic to the City's retail, dining, and entertainment districts.

In order to balance expenditures against projected declines in FY20 revenue, the City has reduced spending on events and non-essential contract services and put a hold on hiring for vacant positions. The City spent approximately 65% of the approved budget through March when the social distancing orders went into place. Staff anticipates a \$3 to \$4 million difference in expenditures over revenue to come from undesignated General Fund Reserves.

| General Fund Expenditures | FY 2019-20 Approved Budget (03/16/20) | FY 2019-20 Projected Year-End (06/30/2020) | FY 2019-20 Difference |
|----------------------------------|--|---|------------------------------|
| Wages & Benefits | \$40,946,000 | \$40,675,000 | \$271,000 |
| Other Operating Costs | \$8,837,000 | \$6,726,000 | \$2,111,000 |
| Contracted Services | \$53,000,000 | \$46,745,000 | \$6,255,000 |
| Capital Projects | \$2,497,000 | \$3,211,000 | (\$714,000) |
| Other Financing Uses | \$7,750,000 | \$7,700,000 | \$50,000 |
| Total Expenditures | \$113,031,000 | \$105,057,000 | \$7,974,000 |

Actions to reduce projected revenue shortfalls through expenditure management include:

- Cancellation or postponement of all public events and activities from mid-March through June 30, 2020, including Pride, resulting in over \$2 million in savings.
- Significantly curtailed spending for non-essential contract services through the end of the fiscal year. The City has expended 75% of the approved budget through April 30, 2020.
- Placed on hold the recruitment of vacant positions and ended services with temporary employees provided through employment agencies.

4. FY 2020-21 Budget Impacts and Cost Saving Measures

For fiscal year 2020-21, the City is currently anticipating a decline in revenues of 20% compared to the FY20 budget; this equates to about \$90 million in projected general fund receipts. The City is currently preparing its 2020-21 Budget for City Council approval in June. To address this revenue shortfall, the City plans to:

- Present a City Manager Recommended Budget with 15-20% in cuts from discretionary spending.
- Issue bonds in June of this year to pay for capital projects and preserve liquidity of General Fund reserves.
- Cancel or postpone City events, co-sponsored events and activities that involve large public gatherings.
- Postpone non-essential Capital Improvement Projects (CIP) and capital maintenance
- Reduce non-essential contracted services
- Eliminate non-essential temporary or contracted employees
- Hiring freeze for most vacant staff positions will be continued
- Reassign staff as necessary after conferencing with the unions.
- Seek voluntary workforce reductions by reopening the Retirement Incentive Program
- Use of General Fund Reserves

5. Next Steps

The City's strategy to balance the budget moving into the next fiscal year recognizes that the full extent of the economic reach of the COVID-19 pandemic will not be known for months.

We are preparing an operational program for FY21 that will balance lower revenues with program and service reductions, capital program phasing evaluation, and minimize

planned drawdowns of General Fund Reserves.

Over the longer term, we are focusing on developing a structurally balanced budget emphasizing:

- Public Safety
- Service to the community, focusing on the delivery of core social services and recreational offerings
- Capital infrastructure maintenance and sustainable capital enhancements

The City is committed to continue monitoring the changing economic conditions and impacts to the local economy. The strategies listed above, including issuing bonds, curtailing expenditures, and supporting businesses and workers with relief measures and aiding in their economic recovery will assist the City to insure continued financial stability.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- PSG-3: Fiscal Sustainability.
- OSP-1: Adaptability to Future Change.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- G-2: Maintain transparency and integrity in West Hollywood's decision-making process.

EVALUATION PROCESSES:

The City is committed to continue monitoring the changing economic conditions and impacts to the local economy. The strategies listed above, including issuing bonds, curtailing expenditures, and implementing business relief measures will assist the City to insure continued financial stability.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

The City of West Hollywood is taking every precaution to prioritize community and employee health, slow the rate of transmission of COVID-19, and assist community members who are at higher risk of serious illness.

COMMUNITY ENGAGEMENT:

Members of the West Hollywood community are encouraged to send questions to budget@weho.org.

OFFICE OF PRIMARY RESPONSIBILITY:

CITY MANAGER'S DEPARTMENT

FISCAL IMPACT:

COVID-19 has and continues to impact FY20 revenues. Staff expect a significant fiscal impact to the City in FY20 and FY21 with projected revenue reductions as described in this report. Staff are taking the actions outlined in this report to prepare a balanced budget with reduced expenditures and a responsible use of fund reserves to smooth the transition into this recession and recovery.

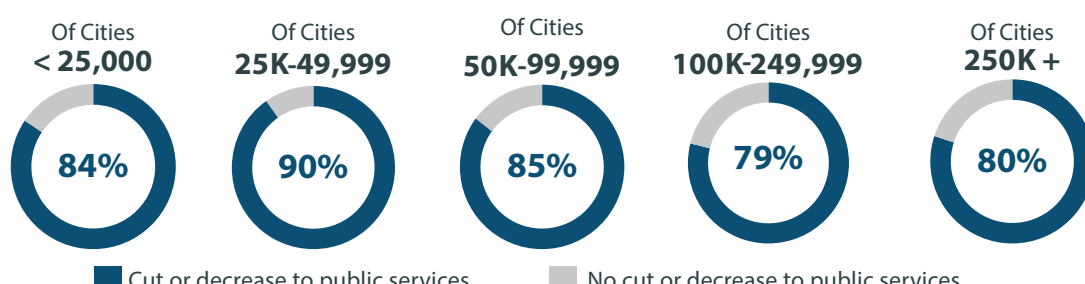
ATTACHMENTS:

Attachment A – League of California Cities Infographic of the COVID-19 Fiscal Impact on California Cities

COVID-19 Fiscal Impact on California Cities

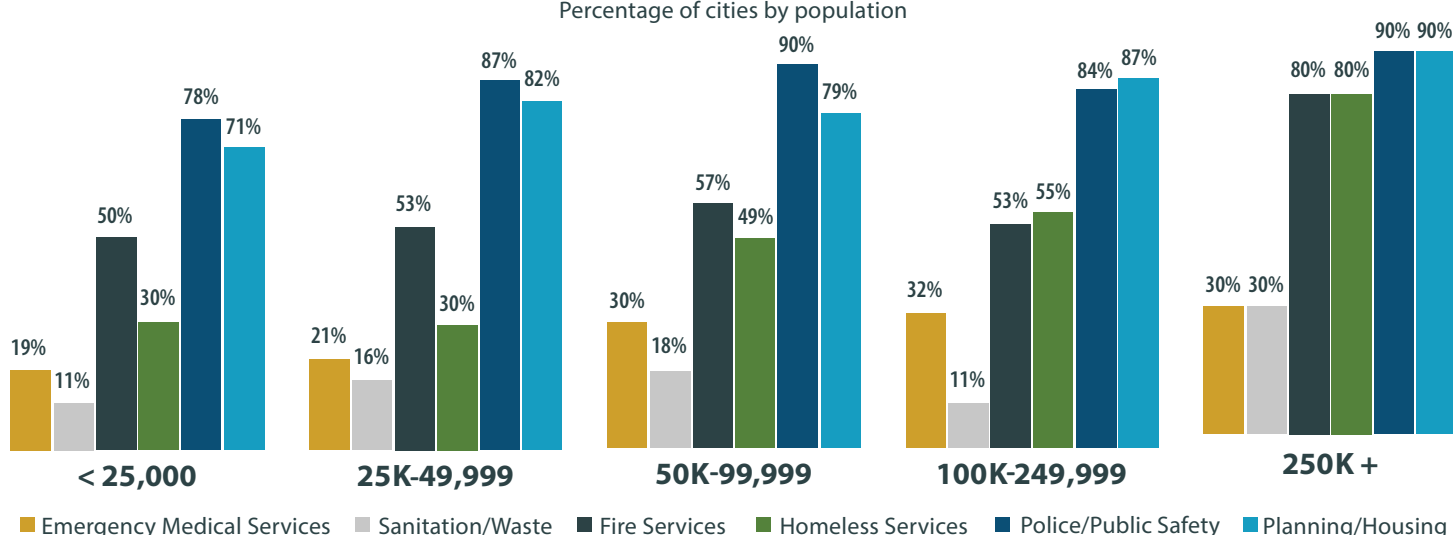
California cities face severe revenue shortfalls due to the impact of the COVID-19 pandemic on their economies and increased emergency costs. As a result, cities will be forced to make significant reductions or cuts to a broad range of core public services and staff, regardless of population size. Given current and projected revenue shortfalls, cities need fiscal assistance to stabilize local government operations to offset the devastating impacts the crisis is having on California's communities. These findings are part of a new data analysis* by the League of California Cities.

Public Services Will Be Impacted By Drastic Revenue Loss



Core Services Face Significant Impacts Regardless of City Size

Percentage of cities by population



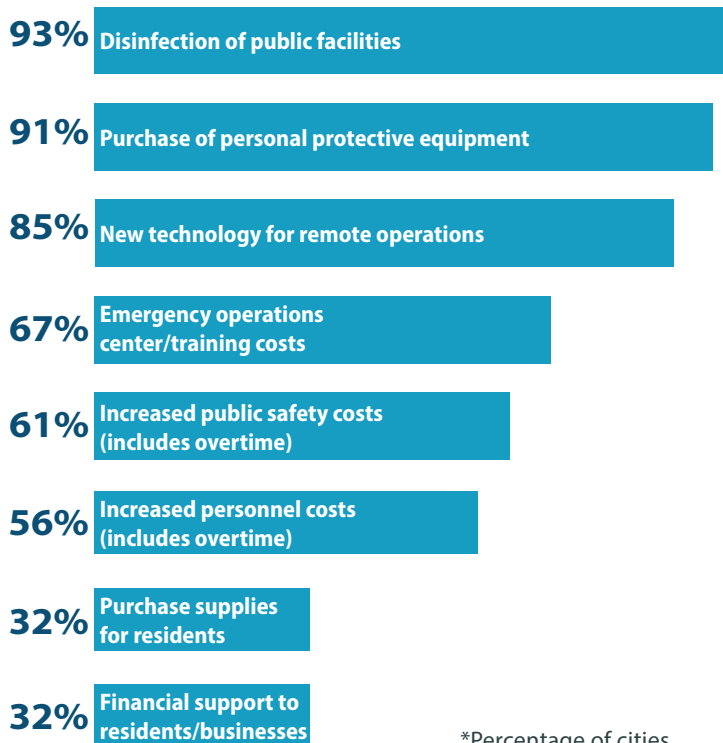
Cities anticipate a nearly **\$7 BILLION GENERAL REVENUE SHORTFALL** over the next two fiscal years. This shortfall will grow by billions of dollars if COVID-19 stay-at-home orders extend into the summer months and beyond.

City Leaders Report Immediate Impact to Core Revenue Sources

- 100%** Sales Taxes
- 89%** Hotel/Bed Taxes
- 72%** Property Transfer Taxes
- 42%** Utility Taxes
- 15%** Investments, Forfeitures, and Fines
- 4%** Parking and Admissions

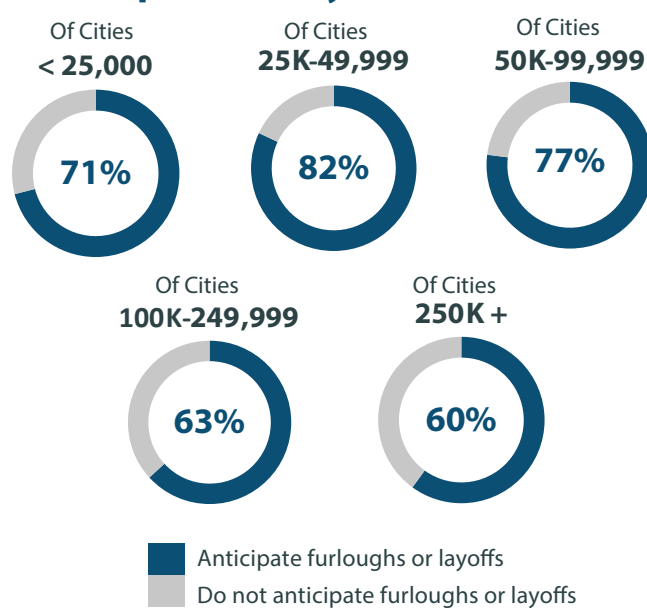
12% of cities report spending **> \$500k** to help control the COVID-19 pandemic

Unanticipated COVID-19 Expenses



100% of California cities, regardless of population size, **face projected revenue loss this year**

COVID-19 Has Staggering Impact on City Workforce



Over **90%** of cities are considering **LAYOFFS OR EMPLOYEE FURLOUGHS**, or **CUTTING PUBLIC SERVICES**. **72%** are considering doing **BOTH**.

Cities Key Revenue Loss by Source through FY 21-22



For more information email communications@cacities.org.

***Data and Assumptions:** The current revenue shortfall projections assume the ending of strict stay-at-home orders by the end of May 2020 with a transition to normalcy and a gradual return to taxable activities. The revenue shortfall projections include FY 2021-22, as there will be delayed revenue impacts from multiple sources, including business license taxes (based on prior year receipts). If strict stay-at-home orders remain in place through the summer of 2020, there will be additional significant revenue losses – adding billions to overall city shortfalls. Over 260 cities, encompassing all of California's diverse geographies and city sizes, participated in the League's COVID-19 Fiscal Impact Survey. The survey requested primary source data on projected revenue losses in key, general revenue categories, and local impacts to city services and operations. The survey data reinforces projections produced from an in depth financial model built from annual reports by the State Controller and the California Department of Tax and Fee Administration, survey data, granular analysis by government revenue specialists, industry specific outlooks, and forecasts from respected economists.