

EMERGENCY FINANCIAL REPORT

City Council Meeting
April 6, 2020



Impact of COVID-19 on the National Economy

- 41 States have ordered some portion of businesses to close
- 8 out of 10 counties in U.S. under lockdown orders
 - *Those counties make up 96% of the national output*
- U.S. Daily output down 29% from first week in March, 2020
- California daily loss of output is \$2.8 billion or 31.5%
 - *About 16% of the total U.S. loss of output*

Impact of COVID-19 on the National Economy

- Estimated that 29% drop will be sustained two more months
- Most economist expect output to pick back up in summer/fall
- Comparison – Annual output fell 26% between 1929 and 1933
- Quarterly output fell almost 4% between late 2007 and mid-2009
- After September 11, 2001 in the days after the attack, output dropped an estimated \$111 billion
- In the last 3 weeks U.S. output has fallen an estimated \$350 billion

Impact of COVID-19 on the National Economy

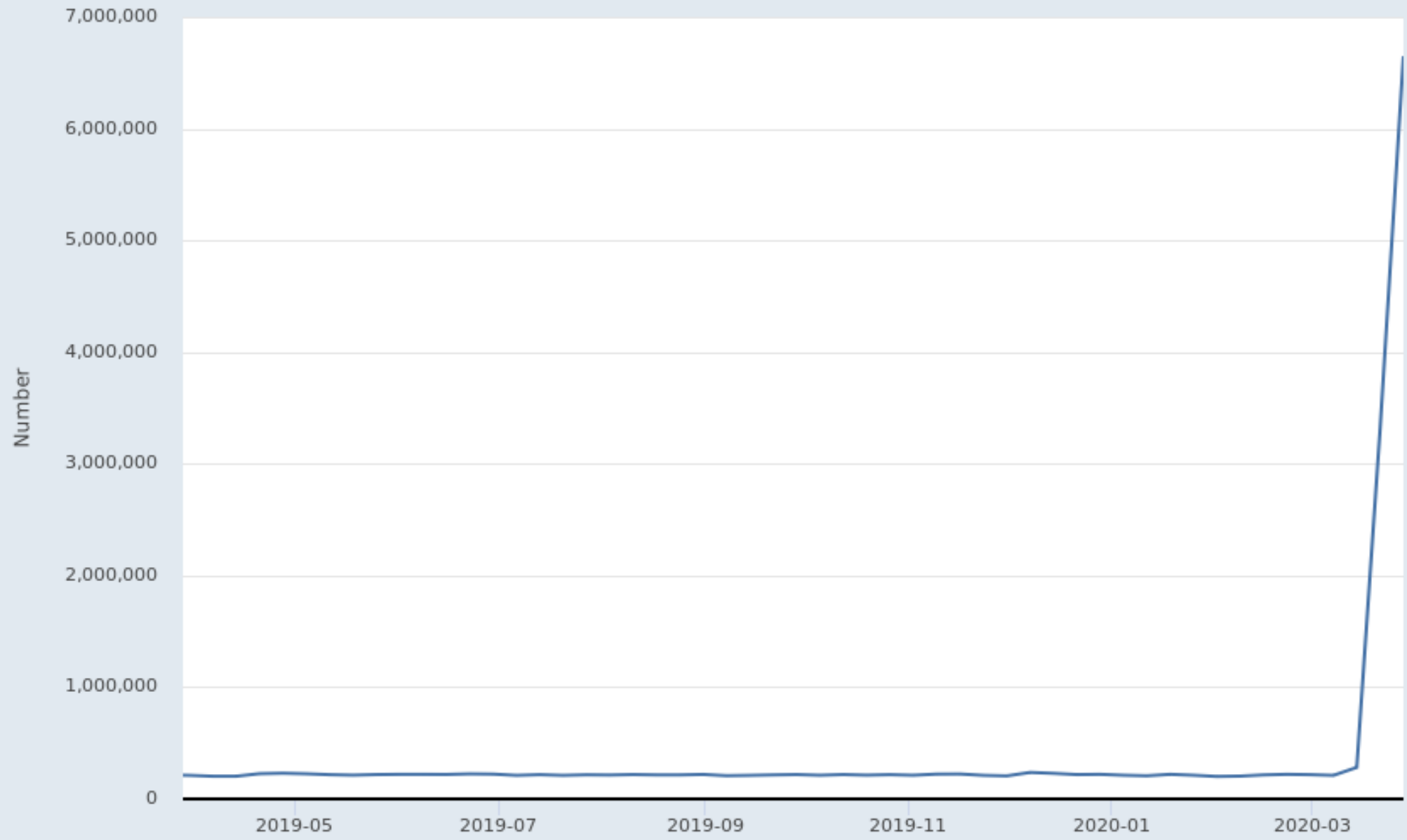
- Estimated 10 million people filed for unemployment in the last two weeks of March
 - *6% of the labor force filed for unemployment up from .3% at the end of February*
- Unemployment expected to exceed 10% in second quarter and GDP to fall by 7% (28% annualized rate)
- Delayed tax payments from extension of filing deadlines at local, county, state and federal levels will impact cash-flow for all governments



Shaded areas indicate U.S. recessions

Source: S&P Dow Jones Indices LLC

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Fort Bragg General Fund

	FY 18-19 Actuals	FY 19-20 Budget	FY 19-20 Midterm Projection	FY 19-20 With Internal Service Fund Transfers	FY 19-20 Middle Case W/O Internal Service Fund Transfer
Revenues	\$9.4 M	\$9.9 M	\$9.6 M	\$9.0 M	\$9.0 M
Expenditures	\$9.2 M	\$9.8 M	\$9.7 M	\$9.6 M	\$9.0 M
Net Impact to Fund Balance	\$200k	\$65k	(\$168k)	(\$627k)	-
Beginning Fund Balance	\$3.0 M	\$3.1 M	\$3.1 M	\$3.1 M	\$3.1 M
Ending Fund Balance	\$3.1 M	\$3.2 M	\$3.0 M	\$2.5 M	\$3.1 M

Fort Bragg General Fund - Fund Balance

	FY 18-19 Actuals	FY 19-20 Budget	FY 19-20 Midterm Projection	FY 19-20 With Internal Service Fund Transfers	FY 19-20 Middle Case W/O Internal Service
Nonspendable	\$10k	\$5k	\$10k	\$10k	\$10k
Restricted	-	-	-	-	-
Committed (reserves)	\$1.7 M	\$2.2 M	\$2.3 M	\$2.3 M	\$2.3 M
Assigned	-	-	-	-	-
Unassigned	\$1.45 M	\$1.1 M	\$624k	(\$3k)	\$793k
Total Fund Balance	\$3.1 M	\$3.3 M	\$3.0 M	\$2.5 M	\$3.1 M

Fort Bragg Internal Service Funds

	2016	2017	2018	2019	Original 2020 Estimated	2020 Estimated Using to Balance
Facilities	\$ 647,232	\$ 249,645	\$ 296,586	\$ 521,415	\$ 381,231	\$ 304,788
Technology Main & Repair	\$ 153,713	\$ 96,238	\$ 89,752	\$ 137,597	\$ 186,455	\$ 1,157
Fleet & Equipment Services	\$ 454,819	\$ 31,267	\$ (25,922)	\$ 147,671	\$ 236,481	\$ 80,710
Total Internal Service Funds Unrestricted Net Position	\$ 1,255,764	\$ 377,150	\$ 360,416	\$ 806,683	\$ 804,167	\$ 386,655

Internal service funds are used in governmental account to track goods or services shifted between departments on a cost reimbursement basis.

General Fund Fund Balance Comparison

City	FY18-19 Revenues	FY18-19 Expenditures + Net Transfers	FY18-19 Total Fund Balance	FY 18-19 Fund Balance as Percent of Expenditures	FY 18-19 Committed & Unassigned Fund Balance as Percent of Expenditures
Willits	\$4.9 M	\$5.4 M	\$2.5 M	46%	46%
Fort Bragg	\$9.4 M	\$9.2 M	\$3.1 M	34%	34%
Cloverdale	\$6.9 M	\$7.3 M	\$3.4 M	48%	N/A
Sebastopol	\$9.0 M	\$9.0 M	\$3.9 M	43%	43%
Lakeport	\$5.9 M	\$5.8 M	\$4.1 M	70%	N/A
Arcata	\$16.2 M	\$16.2 M	\$6.4 M	40%	40%
Ukiah	\$21.3 M	\$22.7 M	\$8.8 M	39%	15%
Eureka	\$13.7 M	\$13.2 M	\$8.9 M	67%	67%

Other Pressures on the FY 20-21 Budget

- Unknown long-term impact of Shutdowns
- Losses suffered by CalPERS will increase contributions for unfunded liability and current liabilities
- Increases in insurance costs, even before COVID-19
 - *Liability and Property increases of 20-30%*
 - *Health Insurance increases of 14-18%*
 - *Workers Compensation increases of 20% plus*
- Police Department Salaries
- City response to COVID-19 not likely to be fully reimbursed by State or Federal Governments

Council Questions & Direction