

REVISED COVID-19 BUDGET PROJECTIONS

City Council Meeting

April 20, 2020

Indications that Recovery may not be Swift

- Federal Reserve Bank of New York President, John Williams, said Friday “I don’t see the economy being back to full strength by the end of the year. It is going to take longer to get us back to where we want to be.”
- St. Louis Fed leader James Bullard has stated that second-quarter will be so bad as to warrant being omitted from the normal process of measuring economic activity.
- Philadelphia Fed leader Patrick Harker “I’m not a fan of the V-shaped recovery, I don’t think it will be that V.”
- IMF Managing Director Kristina Georgieva said on Friday that the world economy is now bound to suffer a “severe recession” in 2020.

League of California Cities – California City Finances Webinar

Sales and Use Tax (including add-on sales taxes)

- **Administration:** CA Dept. of Tax and Fee Administration (CDTFA)
- **Timing:** Immediate (30-60 days)
- **Impact:** 30% to 37% decline in current quarter (positive bump from online sales)
- **Indicators:** Shift to home cooking (groceries), declining auto/fuel sales, increased online sales. Effects depend on make-up of local tax base

Concern Level:
HIGH

Hotel Tax (Transient Occupancy Tax)

- **Administration:** City
- **Timing:** Immediate (30 to 60 days)
- **Impact:** 80% to 90% decline in current quarter
- **Indicators:** Travel, social distancing restrictions – especially tourism-oriented cities (resorts, theme parks, vacation destinations)

Concern Level:
HIGH

HdL Companies - April 2020 Revised Projections (Beacon Economics)

	1Q 2020	2Q 2020	2020/21
Statewide Sales Tax Trends	-7.5%	-36.1%	-1.5%
Autos/Transportation	-12.0%	-55.0%	-6.3%
Building/Construction	-7.0%	-40%	2.0%
Business/Industry	5.0%	5.0%	2.0%
Food/Drug	-15.0%	-30.0%	-5.4%
Fuel/Service Stations	-10.0%	-50.0%	0.0%
General Consumer Goods	-15.0%	-45.0%	-2.5%
Restaurants/Hotels	-10.0%	-60.0%	-6.5%

**City of Fort Bragg General Fund
 COVID-19 Budget Scenario
 Estimated as of 4-20-2020 (in thousands)**

Beginning Fund Balance:

\$ 3,140

FY19 Revenues:

\$ 9,380

Projected Revenue:

	FY20	FY21	FY22	FY23	FY24	FY25
	8,310	8,060	8,620	9,010	9,370	9,710

Ependitures:

Baseline

	9,830	9,810	10,130	10,390	10,720	11,090
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Reduction in Force/Service

	(104)	(1,400)	(1,512)	(1,633)	(1,764)	(1,905)
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Change in Fund Balance

	(1,520)	-	2	253	414	525
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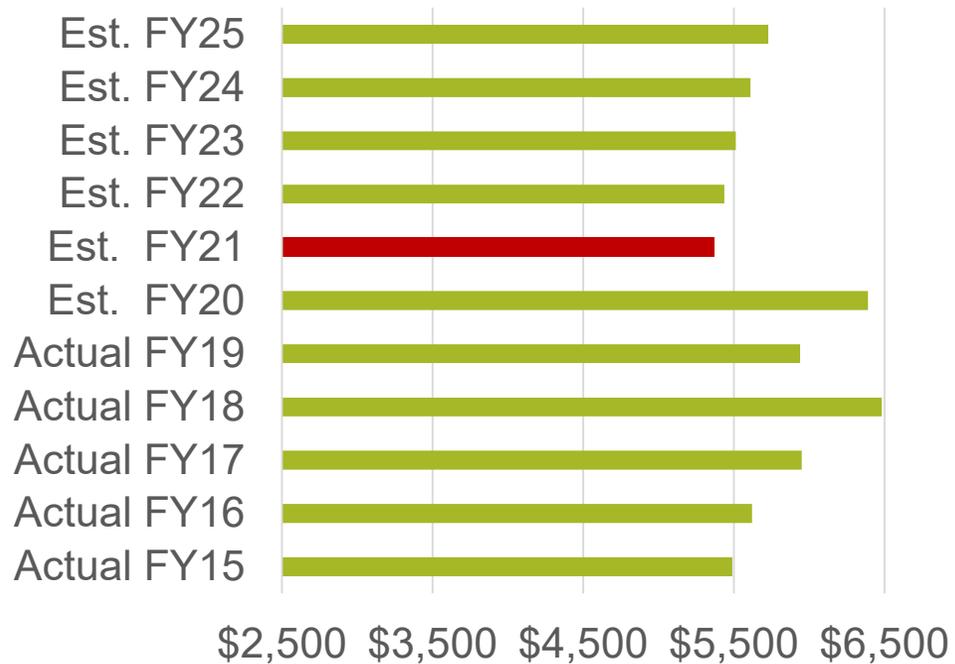
Ending Fund Balance

	\$ 1,516	\$ 1,516	\$ 1,518	\$ 1,771	\$ 2,185	\$ 2,710
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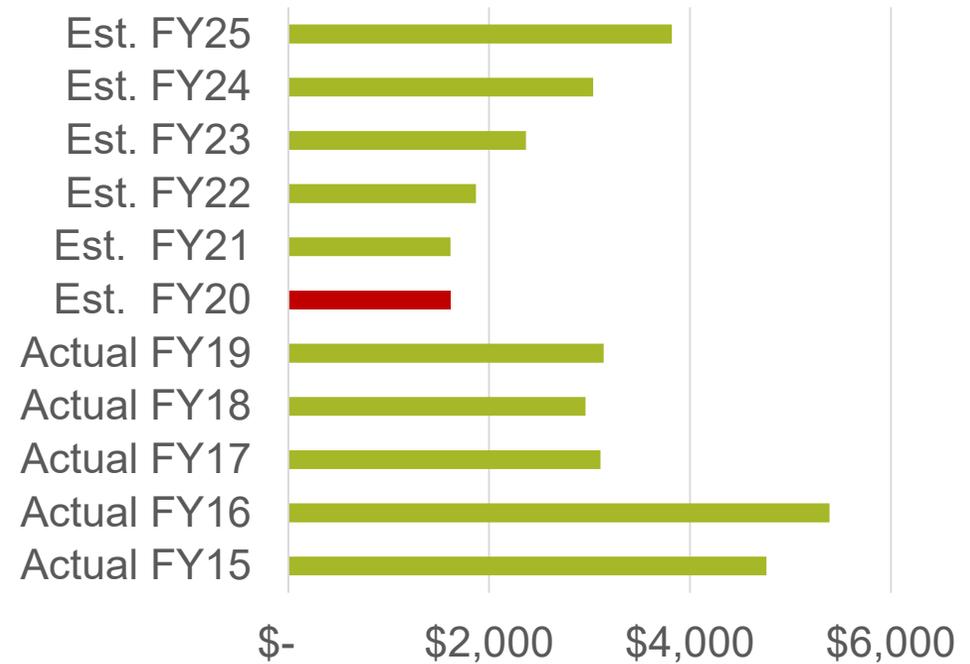
Note: Reduction in force/service savings assume an 8% increase per year to account for high increases in PERS and Med. Insurance

Significance of Reduction in Workforce/Service

Salary & Benefits Costs with Reductions



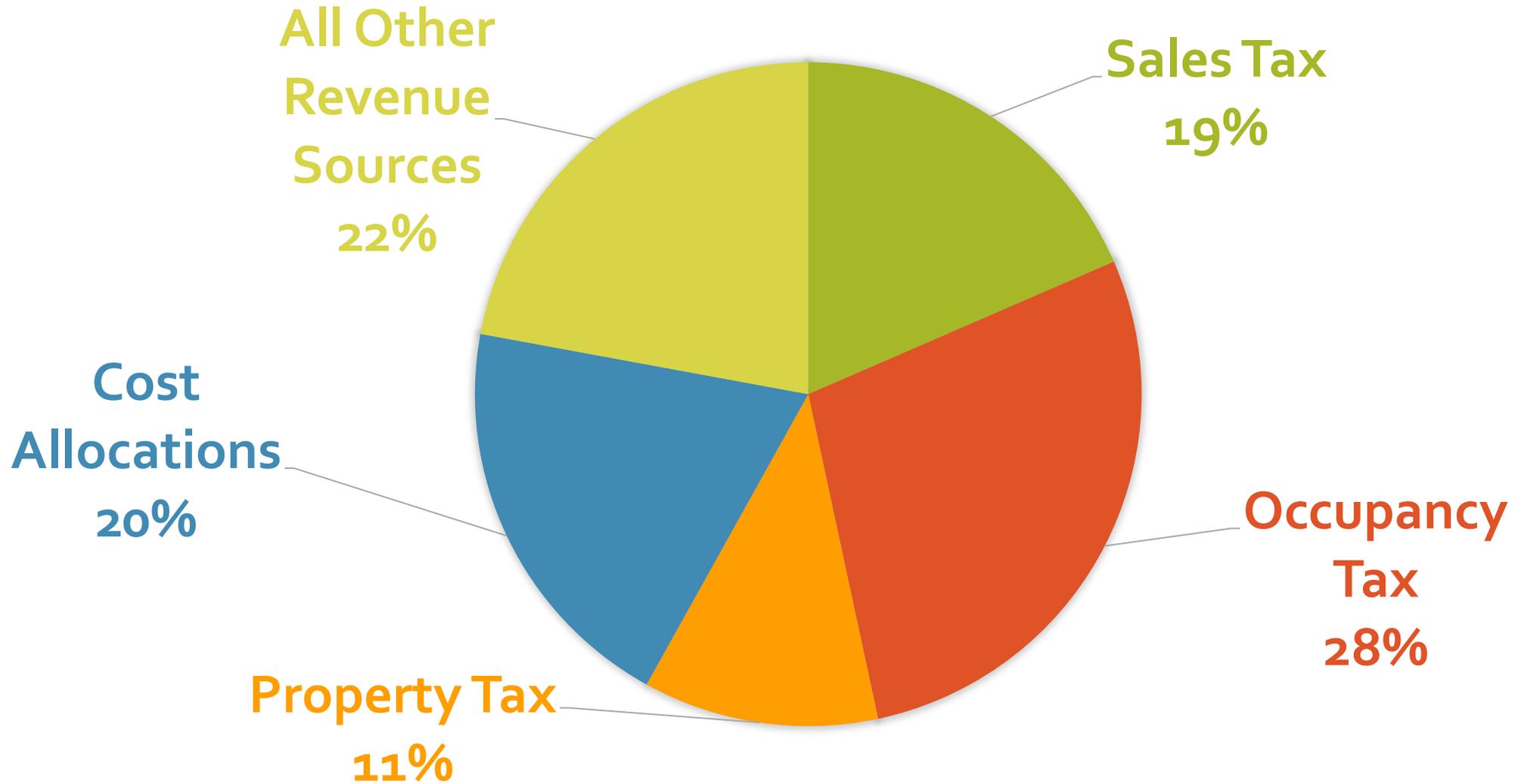
Restoring Fund Balance in the General Fund



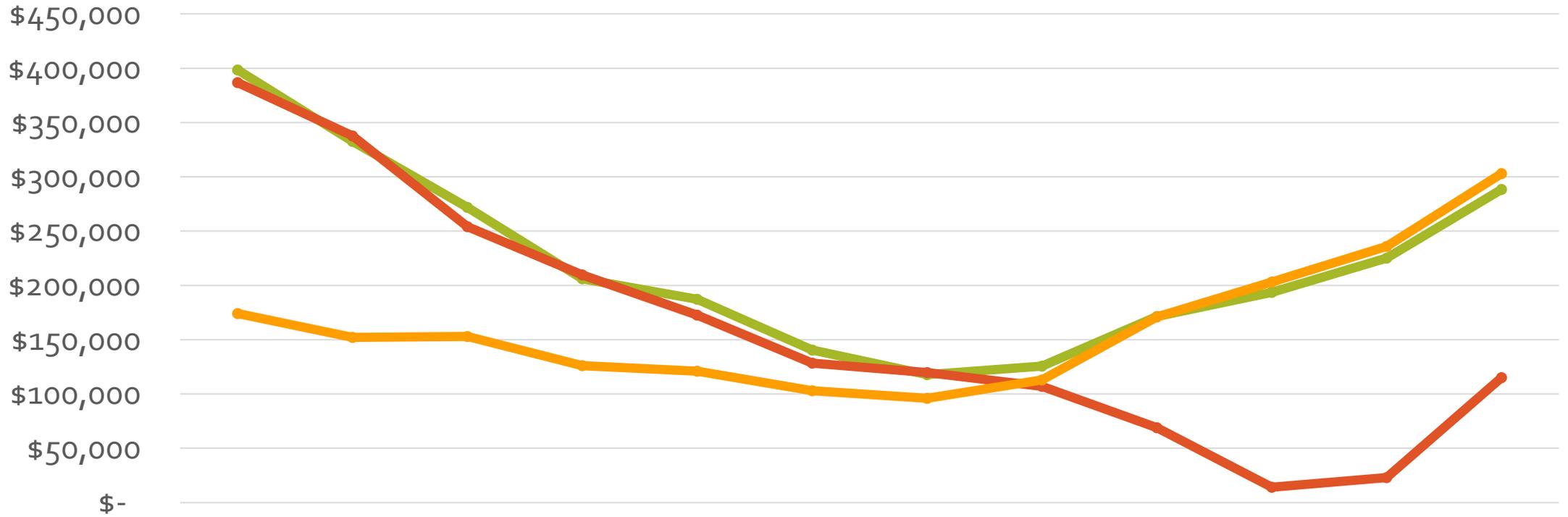
General Fund Revenues after COVID-19 (in thousands)

General Fund Revenue Sources	FY 18-19 Audited	FY 19-20 Estimated	FY 20-21 Estimated	FY 21-22 Forecast	FY 22-23 Forecast
Sales Tax	\$ 1,730	\$ 1,490	\$ 1,480	\$ 1,600	\$ 1,670
Property Tax	1,070	1,080	1,100	1,150	1,180
Transient Occupancy Tax	2,640	1,940	1,950	2,240	2,420
Cost Allocations	1,860	1,670	1,500	1,570	1,650
All Other Revenue Sources	2,070	2,140	2,040	2,060	2,080
Total Revenue	\$ 9,370	\$ 8,320	\$ 8,070	\$ 8,620	\$ 9,000
\$ Change from FY 18-19	-	\$ (1,050)	\$ (1,300)	\$ (750)	\$ (370)
% Change from FY 18-19	-	-11%	-14%	-8%	-4%

FY 18-19 General Fund Revenue Sources



City Transient Occupancy Tax (TOT) Projections

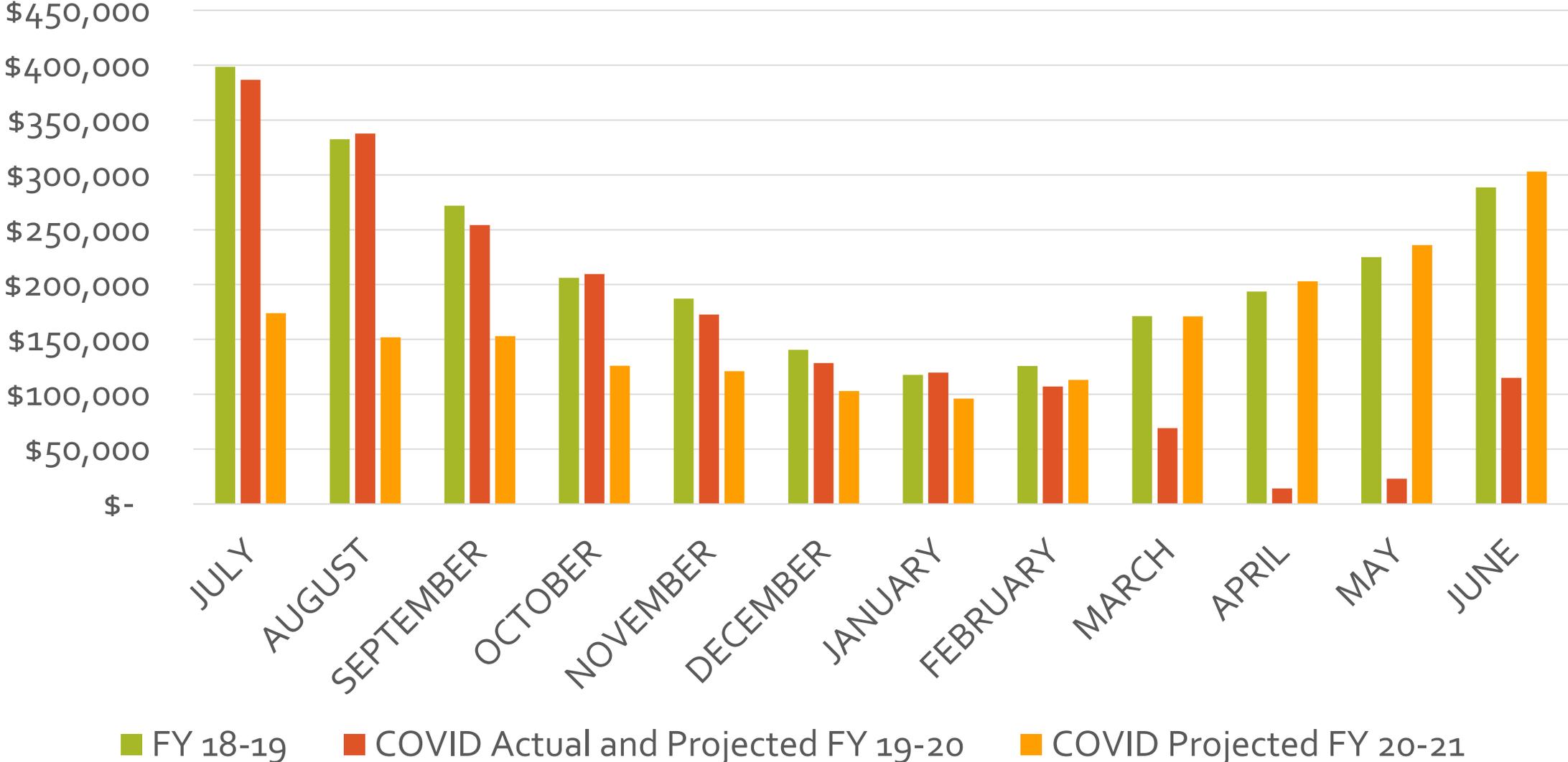


FY 18-19

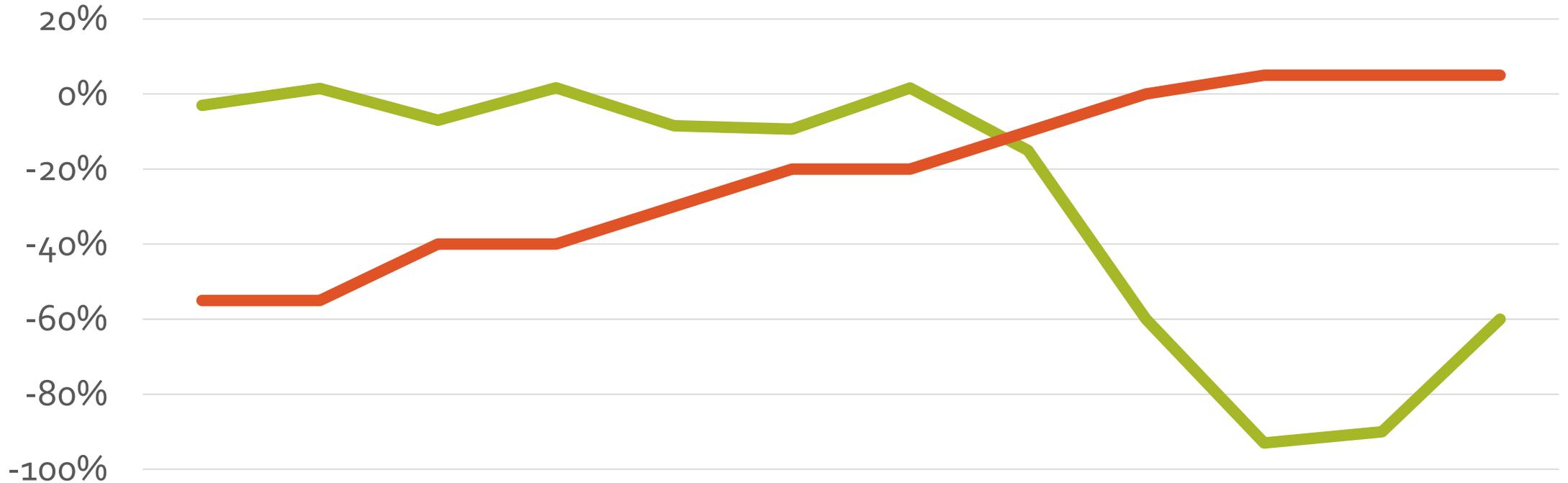
COVID Actual and Projected FY 19-20

COVID Projected FY 20-21

City Transient Occupancy Tax (TOT) Projections

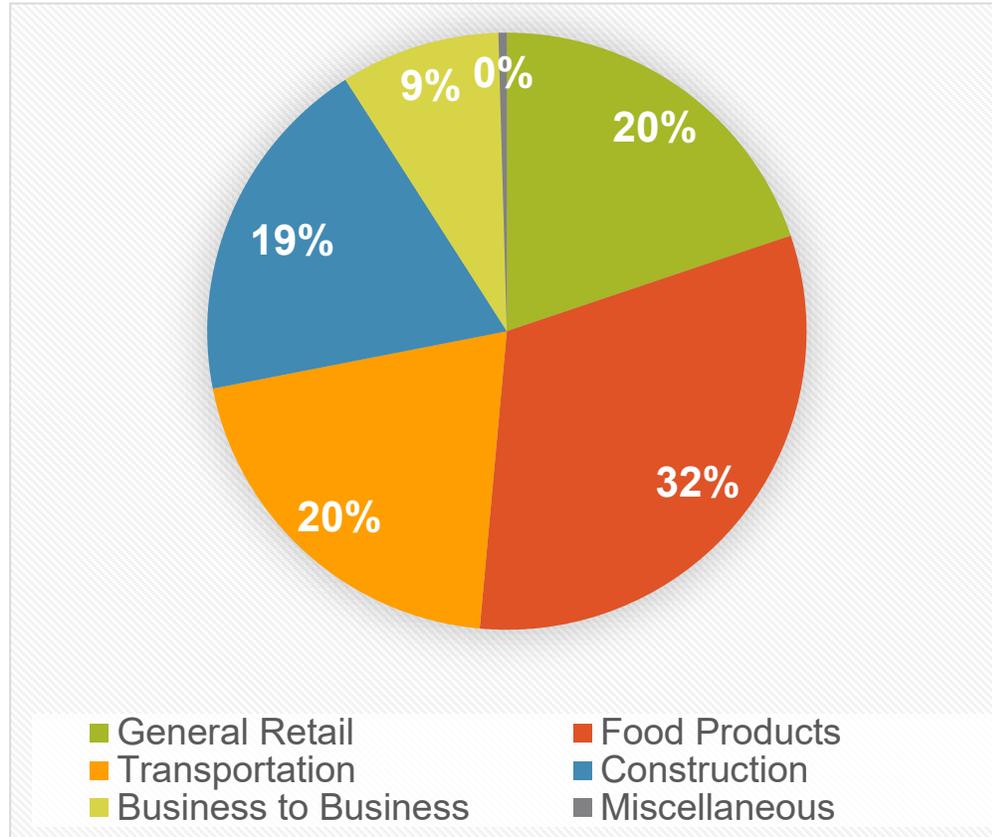


City Transient Occupancy Tax (TOT) Projections



— FY 19-20 % Change from FY 18-19 Actuals — FY 20-21 % Change from FY 18-19 Actuals

General Fund Sales Tax*



Category	FY 19-20	COVID-19 Impact
General Retail	\$315,814	-\$58,129
Food Products	\$504,277	-\$65,272
Transportation	\$326,364	-\$60,996
Construction	\$303,285	-\$53,075
Business To Business	\$137,154	-\$14,750
Miscellaneous	\$7,188	-\$78
County Pool	\$244,054	-\$25,000
Prop. 172	\$20,000	-
CDTFA Admin	(-\$18,080)	-
Bad Debt/Loans	-	-\$55,144
Total	\$1,840,056	-\$332,443

COVID-19 Impact developed with Tom Adam from Avenu Insights & Analytics

Sales Tax Categories

General Retail 20%	Food Products 32%	Transportation 20%	Construction 19%	Business to Business 9%
Apparel Stores	Restaurants	Auto Parts/Repair	Bldg.Matls-Whsle	Office Equipment
Department Stores	Food Markets	Auto Sales - New	Bldg.Matls-Retail	Business Services
Furniture/Appliance	Liquor Stores	Auto Sales - Used		Energy Sales
Drug Stores	Food Processing Eqp	Service Stations		Chemical Products
Recreation Products		Misc. Vehicle Sales		Heavy Industry
Florist/Nursery				Light Industry
Miscellaneous Retail				Leasing
Apparel Stores				

Fort Bragg General Fund - Fund Balance

	FY 18-19 Actuals	FY 19-20 Budget	FY 19-20 Midterm Projection	FY 19-20 COVID-19 Projection
Nonspendable	\$10k	\$56k	\$10k	\$10k
Committed – Operating Reserve	\$1.43 M	\$1.47 M	\$1.47 M	\$1.47 M
Committed – Litigation Reserve	\$200k	\$200k	\$200k	\$200k
Committed – Recession Reserve	-	\$490k	\$490k	-
Committed – AA/AB			\$179k	\$179k
Unassigned	\$1.45 M	\$1.1 M	\$624k	(\$343k)
Total Fund Balance	\$3.14 M	\$3.3 M	\$3.0 M	\$1.52 M

Fort Bragg Internal Service Funds

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

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

\$1.4 Million Budget Reduction

	Department	Staff Position or Service (net of accrual payouts)	First Year Savings
1	Community Development	Eliminate Open Planner Position	\$105k
2	Public Works	Eliminate all Seasonal Laborer Positions	\$48k
3	Public Works	Eliminate Asst. Public Works Director (PW Director retires and is replaced by current Asst.)	\$164k
4	Police Department	Eliminate Open Sergeant Position	\$211k
5	Police Department	Eliminate Open Community Services Officer (CSO promoting to Police Officer Recruit)	\$64k
6	AA/AB Funds	Place Hold on Allocations (excluding Coastal Trail Maintenance)	\$370k
7	General Fund Departments	Individual Layoffs and/or voluntary retirements	\$438k
Total Ongoing Annual Savings FY 20-21			\$1.4 Million

Questions?