Your Panel

Presider
Karen Pinkos
City Manager, El Cerrito

Jason Holley
City Manager, American Canyon

John Pietig
City Manager, Laguna Beach

Cameron Smyth
Mayor, Santa Clarita
“BE NOT AFRAID OF GREATNESS: SOME ARE BORN GREAT, SOME ACHIEVE GREATNESS, AND SOME HAVE GREATNESS THRUST UPON THEM.”

WILLIAM SHAKESPEARE
California COVID-19 By The Numbers
September 21, 2020 | Numbers as of September 20, 2020

CALIFORNIA COVID-19 SPREAD
781,694 (+3,294) CASES

Ages of Confirmed Cases
- 0-17: 80,508
- 18-49: 468,969
- 50-64: 147,624
- 65+: 83,683
- Unknown/Missing: 910

Gender of Confirmed Cases
- Female: 394,632
- Male: 380,480
- Unknown/Missing: 6,582

15,018 (+31) Fatalities

Hospitalizations
Confirmed COVID-19
2,573/811
Hospitalized/in ICU

Suspected COVID-19
886/149
Hospitalized/in ICU

For county-level hospital data:
bit.ly/hospitalsca

Your actions save lives.
Economic Impact

Written Testimony of

Mark Zandi
Chief Economist, Moody’s Analytics

Before the Congressional Oversight Commission

September 17, 2020

The finances of state and local governments across the country have been hit hard by the COVID-19 crisis. Moody’s Analytics estimates that state and local governments will suffer budget shortfalls of $450 billion to $650 billion due to the pandemic. Without additional financial support from the federal government, state and local governments will have no choice but to further cut payrolls, essential government services, and critical programs. This will severely impact Americans in nearly every community and exacerbate the nation’s serious economic problems.
“Disaster” Doesn’t Discriminate

Cities still have to:

• Protect public health
• Maintain public order
• Re-establish services/programs
• Be nimble/flexible with policies
• Support the most vulnerable
What You’ll Hear/See Today

• Stories of how city leaders quickly responded to directives from County, State & Federal
• Insights from learning how to conduct City business digitally/virtually
• Decision processes for drastic budget adjustments
• Lessons from communicating to anxious communities
• Ideas for reviving your local economy
Virtual City Hall
Simple Ideas For Complicated Times

- Recognize energy/momentum.
- Foster youthful enthusiasm.
- Leaders adapt.
- “Double-down” on success.
- Maximize training.
- Communicate.
Pre-COVID-19, the City invested in software training.
  - Existing platform.
  - Broad cross-section of staff.
  - Do you remember your first work conference?
  - Organic enthusiasm for process improvement.

By Mid-March 2020, COVID-19 forced City Hall to a 100% remote service environment.

Project Team used recent training and existing software to replicate City Hall *virtually* overnight.
Virtual City Hall

- Pay utility bills
- SeeClickFix
- Recreation programming and volunteer opportunities
- Commission/committee openings
- Requests for public records
- Links to important information
- City Council meeting broadcasts on YouTube
- Electronic plan submittal
- Automatically archiving
Focused on a Bright Future
CITY OF LAGUNA BEACH

- Population 23,000; 100,000 with visitors
- 8.8 square miles
- $108M Citywide Budget/$73M Gen Fund
- 292 Fulltime; 150 PT/Seasonal Employees
- Full-Service City that includes:
  - Police, Fire, Lifeguards, Transit, Recreation, Wastewater (Sewer Services),
  - Public Works, Community Development, & other services
TWO-YEAR BUDGET FY 19-20 & FY 20-21

- $73M General Fund
- Revenue from three major sources
  - 56% Property Tax
  - 12% Transient Occupancy Tax
  - 10% Sales Tax
- General Fund Reserves
  - 20% General Fund Reserve
  - 10% Disaster Reserve
TIMELINE

- City Hall closed to public: March 15
- Beaches and trailheads closed: March 20
- Review impacts of COVID-19 on City revenue and budget cuts: March 31
- Budget workshop with City Council: June 1
- Adoption of new budget: June 30

- Employees started telecommuting: March 22
- Restarted City Council meetings via Zoom, no in-person: April 7
- City Hall reopens to public: June 23
Three weeks after City Hall closed

Facing $12M Revenue Loss (10.7%); $6M in Gen Fund (8.2%)

Cuts quickly prepared by Finance team and discussed with all departments

Reductions included operations, capital projects, equipment, and consultants.

Public safety reductions minimal (In fact, added $500K)

Impacts to General Employees:

- 80 hours of paid leave provided by the City/Vacation and Sick leave/Federal Programs (tip: compensated absence reserves)

Cut $12.5M in Citywide expenditures

Cut $5.8M in General Fund – Departments worked to save $2.5M

Needed to use $700K in General Fund Reserves to balance
ENVIRONMENT AND CONSIDERATIONS FOR FY 2020-21 BUDGET

POLICE, FIRE, & MARINE SAFETY COULD NOT BE SIGNIFICANTLY REDUCED (58% OF GF)

IMPACT OF COVID-19 ON REVENUES AND OPERATIONS UNCERTAIN

LENGTH OF ECONOMIC RECOVERY UNCERTAIN

NO HISTORY TO DRAW UPON

FEDERAL AND STATE AID UNCERTAIN

UNCERTAINTY AROUND WHEN SOME EMPLOYEES WILL BE NEEDED? (REC AND TRANSIT)

RESERVES NEEDED TO BALANCE BUDGET FOR TWO OR MORE YEARS
## FY 20-21: 2nd Round of cuts based on “Bad” and “Worse” Scenarios

<table>
<thead>
<tr>
<th>Bad</th>
<th>Worse</th>
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<tbody>
<tr>
<td>• Citywide loss $18M (-16%)</td>
<td>• Citywide loss $24.4M (-22%)</td>
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<tr>
<td>• General Fund $9.4M (-13%)</td>
<td>• General Fund $12.9M (-18%)</td>
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<td>• Stay-at-home order through early summer</td>
<td>• Second wave of stay-at-home orders</td>
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<td>• Recession through most of FY 20-21</td>
<td>• Severe recession for all of FY 20-21</td>
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<tr>
<td>• 30-45% reductions in TOT and Sales Tax</td>
<td>• 60-70% reductions in TOT and Sales Tax</td>
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<td>• Slow growth in use of hotels and restaurants</td>
<td>• Extremely limited capacity in hotels and restaurants all year</td>
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<tr>
<td>• Use of General Fund reserves and prudent budgeting will sustain most services until economy recovers</td>
<td>• Rapid depletion of reserves requires reductions in core services, including public safety</td>
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FOCUSED ON “BAD” SCENARIO FOR FY 20-21

- Did not want to cut too much, too fast...
- Cut $9.2M in operations; Cut/Deferred $7.3M projects; and used $1.5M in reserves
- GF: Cut $6.7M; Cares Act $300K; $900K fund balance & other adjustments; and $1.5M in reserves
- Most employees gave up a 2.5% salary increase
- 6 vacant FT & 30 PT positions eliminated
- No layoffs & furloughs limited to transit and rec svcs
- Budgeted $250K for contingencies/unknowns
- Going forward:
  - Regular check-ins and adjustments as necessary
  - Structural imbalance still needs to be addressed
TAKEAWAYS

✔ Fight for adequate reserves before a crisis
✔ React quickly when crisis strikes
✔ Involve department heads and management teams in discussions
✔ Be candid:
  - Safety Department will not get significant budget cuts
  - “Bad” and “Worse” scenarios
  - Reserve will be needed to balance the budget under any scenario
✔ Engage Community Experts – Visitor’s Bureau, Chamber of Commerce, etc.
TAKEAWAYS

✓ Communication was key:
  - Daily briefings with department head, managers, and communications team
  - Daily briefings with Mayor, City Attorney, and Assistant City Manager
  - Frequent updates to employees
  - Inform labor groups
  - Weekly briefings with community partners – hospital, schools, seniors, non-profits, etc.
  - Community newsletters every two or three days

✓ Prompt City Council support/action is essential
LEADERSHIP IN A TIME OF UNCERTAINTY, FEAR AND RECOVERY
OVERVIEW

• Coordination with our Business Community
• Peaceful Protests
• Trails and Open Space access and use
• Nearly 50 protests over 3 month period
• Approximately 1,000 protestors on June 4, 2020
• No arrests, injuries, or property damage/theft
Thank You!

For more info about CCMF:
www.cacitymanagers.org