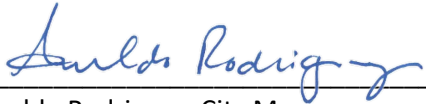




## REPORT TO CITY COUNCIL

Approved by:



Arnaldo Rodriguez, City Manager

Council Meeting of: May 20, 2020

Agenda Number: B-9

### SUBJECT:

Letter supporting the League of California Cities "Support Local Recovery: Vibrant Cities. Strong Economies" Campaign

### RECOMMENDATION:

Adopt Minute Order Supporting the League of California Cities "Support Local Recovery: Vibrant Cities. Strong Economies" Campaign.

### SUMMARY:

The purpose of Staff's recommendation to join the League of California Cities campaign and submit a support letter stems from the need California cities are facing from to severe revenue shortfalls due to the impact of COVID-19. 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 cities.

### DISCUSSION:

A new data analysis by the League of California Cities projects an overall need to secure \$7 billion in state aid to help California cities and \$500 billion in federal aid over the next two years to help cities and counties, nationwide, regardless of size, respond to and recover from COVID-19.

Key findings of the data analysis include:

- 100% of California cities will face projected revenue loss this year.
- Over 90% of cities are considering layoffs or employee furloughs or cutting public services.
- 72% are considering doing both.
- City Leaders report unanticipated COVID-19 expenses in:
  - Disinfection of public facilities
  - Purchase of personal protective equipment
  - New technology for remote operations
  - Emergency operations center/training costs
  - Increased public safety costs, including overtime
  - Purchase supplies for residents

- Financial support to residents/businesses

**FINANCIAL IMPACT:**

The Support Local Recovery Campaign Goals include securing \$7 billion in direct and flexible funding to support critical local services and secure CARES Act funding for all cities for COVID-19 related expenditures. Additional goal is to secure \$500 billion in direct and flexible funding for all cities nationwide to support critical local services.

If successful, the Support Local Recovery Campaign may provide substantial relief to City of Madera.

**CONSISTENCY WITH THE VISION MADERA 2025 PLAN:**

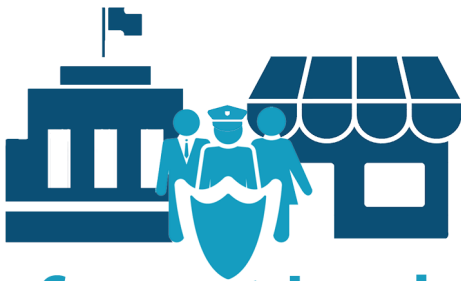
The information contained herein is not addressed by the Vision Madera 2025 plan, nor is the information in conflict with that plan.

**ALTERNATIVES:**

As an alternative, the Council may elect to reject joining the campaign and/or submittal of support letter for the Support Local Recovery Campaign. Rejection to join campaign efforts or submittal of support letter will result in staff's inability to advocate for needed funding to address COVID-19 related challenges for local governments.

**ATTACHMENTS:**

1. Support Local Recovery Coalition Form
2. Support Letter from City of Madera
3. League of California Cities COVID-19 Fiscal Impact Infographic



# Support Local RECOVERY

Vibrant cities. Strong economies.

Cities are bracing for a nearly **\$7 billion general revenue shortfall** over the next two fiscal years. All cities, regardless of size and geography, are impacted. This will mean cuts and furloughs to city staff and a reduction to core services to the public. **Together, we must fight to support local recovery. Californians depend on it.**

## Join the coalition!

Yes, I/we want to join the Support Local Recovery coalition with the League of California Cities to call on the state to secure \$7 billion in direct and flexible funding to support critical local services and secure CARES Act funding for all cities for COVID-19 related expenditures, and the federal government to secure \$500 billion in direct and flexible funding for all cities nationwide to support critical local services.

Please select a category:

Organization

Individual

Elected

Please complete the following information:

Organization/Company (if applicable)

First Name

Last Name

Title/Occupation

Mailing Address

City

State

Zip

Email

Phone

Signature

Date

*By completing this form, you agree to be listed as a supporter in campaign materials. You will be signed up to receive email updates and can unsubscribe anytime. Note: Title and organization are for identification purposes only.*

Please email this completed form to: [supportlocalrecovery@cacities.org](mailto:supportlocalrecovery@cacities.org)

For more information, please call Bismarck Obando at (916) 607-0873 or email [supportlocalrecovery@cacities.org](mailto:supportlocalrecovery@cacities.org).

[www.supportlocalrecovery.org](http://www.supportlocalrecovery.org)



May 20, 2020

Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814  
VIA E-mail: [ExternalAffairs@gov.ca.gov](mailto:ExternalAffairs@gov.ca.gov)

Dear Governor Newsom:

The City Council of the City of Madera thanks you for your leadership and efforts to protect and support Californians during this unprecedented public health crisis. Cities remain on the front line helping residents stay safe and in their homes, delivering emergency services, and supporting local businesses and community organizations. However, as emergency costs continue to grow, city revenues to fund local services are plummeting. COVID-19 is having devastating impacts on city budgets and services statewide.

Based on the League of California Cities analysis, California cities are projecting a nearly **\$7 billion general revenue shortfall** over the next two fiscal years. This shortfall will grow by billions of dollars if stay-at-home orders to protect public health extend into the summer months and beyond.

City of Madera projects that these shortfalls will impact our core city services, including all indications pointing to local sales and use tax declines through calendar year 2020 with only moderate gains for several quarters thereafter (as opposed to rapid recovery).

Since the beginning of the COVID-19 crisis, the City of Madera has stepped up to protect and serve our community. City of Madera immediately chose to close public services, so as to help minimize the spread of COVID-19. Residents have been impacted by the closure of public services such as Senior Programs, Youth Programs, Facility Reservations, and overall closure of City public offices. The necessary measures our city has taken are costly. In order to continue to be a full partner with the state in saving lives, protecting our communities, and ultimately recovering from this crisis, **we need your help.**

City of Madera has joined the Support Local Recovery coalition and we are calling on you to immediately support the following actions:

- Provide **\$7 billion in direct and flexible state funding** to support critical local services and allocate CARES Act funding for all cities for COVID-19-related expenditures.
- Advocate to secure **\$500 billion in direct and flexible funding from the federal government** for all cities nationwide to support critical local services.

City of Madera appreciates your consideration of our requests and look forward to further discussing in the coming days how together we can continue to best protect Californians and reopen our economy. Thank you again for your leadership and partnership during these uncertain times.

Sincerely,

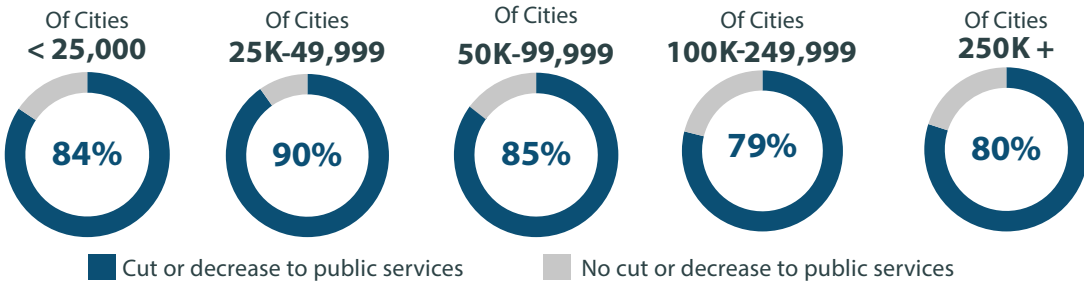
Andrew J. Medellin  
Mayor  
City of Madera

Cc: California State Senate - Senator Andrea Borgeas  
California State Senate – Senator Anna Caballero  
California State Assembly – Assembly Member Frank E. Bigelow  
Bismarck Obando, League of California Cities, [SupportLocalRecovery@cacities.org](mailto:SupportLocalRecovery@cacities.org)

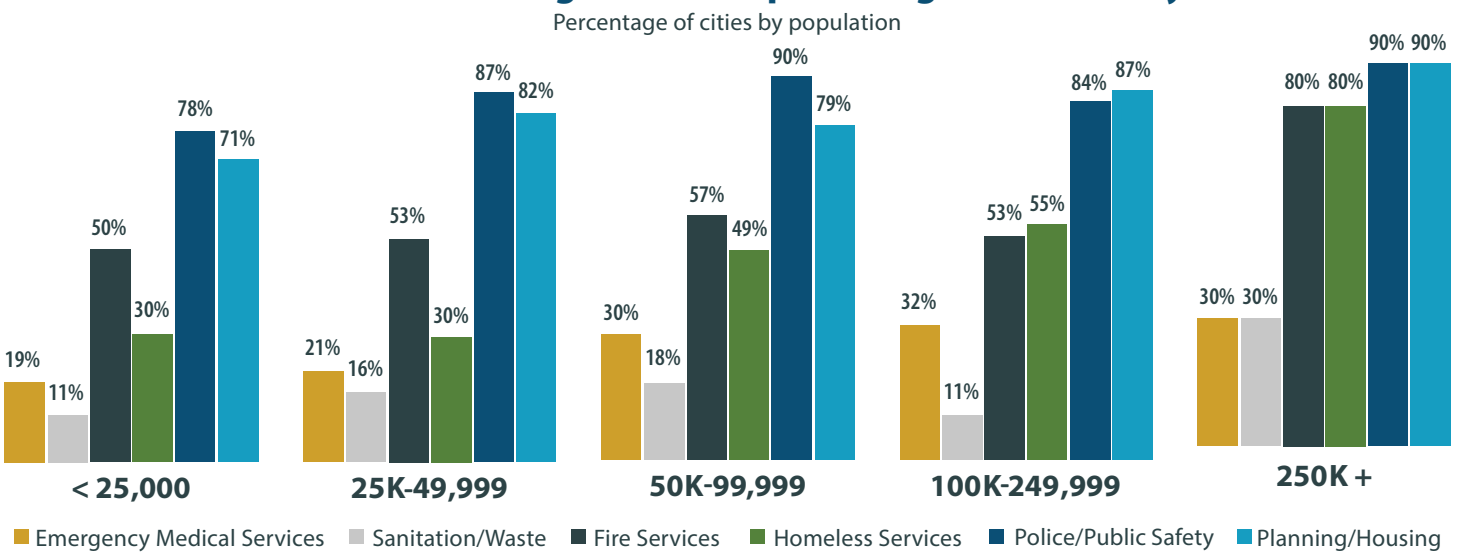
# COVID-19 Fiscal Impact on California Cities

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



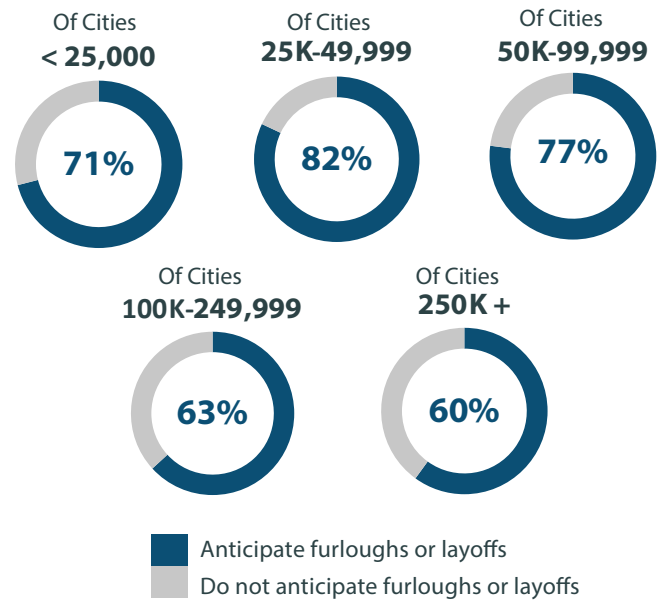
Cities anticipate a nearly **\$7 BILLION GENERAL REVENUE SHORTFALL** over the next two fiscal years. This shortfall will grow by billions of dollars if COVID-19 stay-at-home orders extend into the summer months and beyond.

## 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

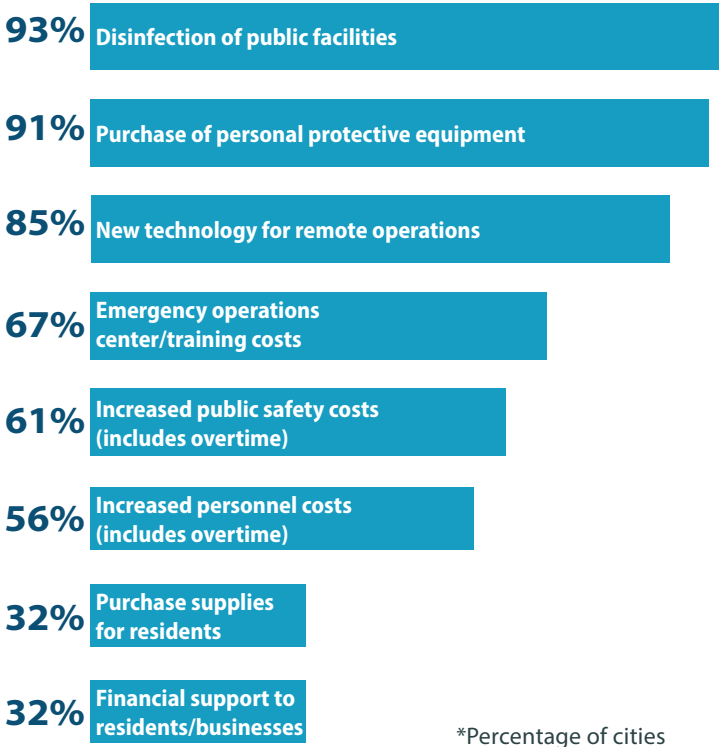
**12%** of cities report spending **> \$500k** to help control the COVID-19 pandemic

## 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**.

## Unanticipated COVID-19 Expenses



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

## Cities Key Revenue Loss by Source through FY 21-22



For more information email [communications@cacities.org](mailto: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.