

CITY OF CHICO PRESENTATION - FINANCIAL UPDATE: COVID 19 EFFECTS

5/5/2020

1 WHERE IS OUR STARTING POINT?

FUND BALANCE HISTORY

CASH FLOW PROJECTIONS

2 REVENUE PROJECTIONS

2019-2020

2020-2021

3 EXPENDITURES

COVID 19 EXPENSES

FEDERAL REIMBURSEMENT

COST SAVING OPTIONS

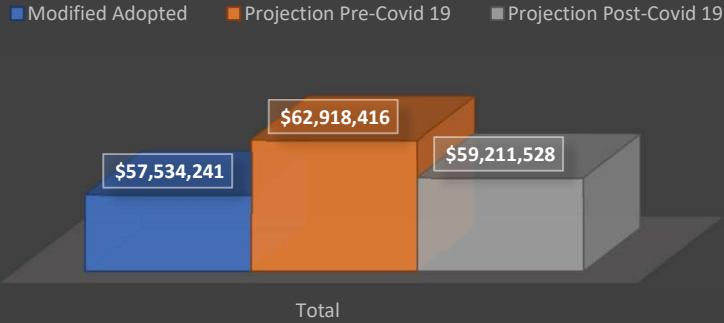
4 FUND BALANCE PROJECTIONS/GOALS

5 NEXT STEPS

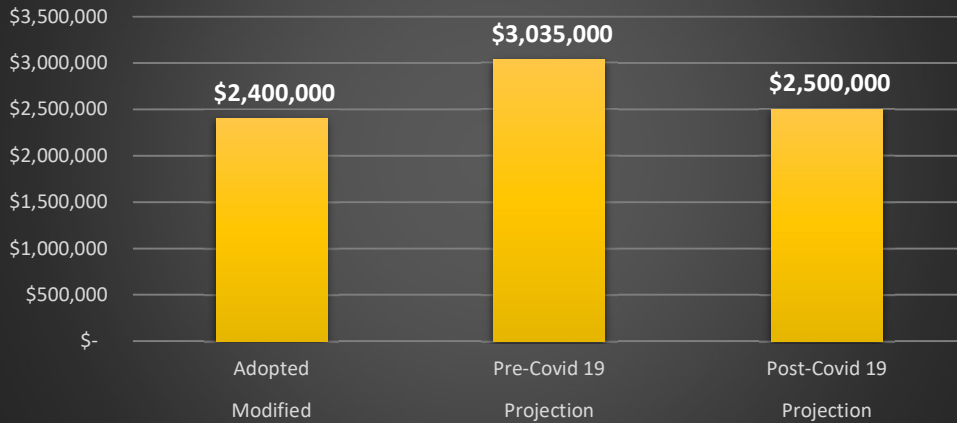
CITY OF CHICO**GENERAL FUND**FUND BALANCE PER CAFR (Accrual basis) at June 30
5/5/2020

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|---------------------|---------------------|----------------------|-----------------------|
| Reserved-Nonspendable | \$ 242,721 | \$ 224,483 | \$ 235,003 | \$ 64,056 |
| Restricted (Grants) | | | | \$ 500,000 |
| Restricted (Pension Trust) | | | | \$ 1,331,389 |
| Assigned (Capital projects and carryover budget) | \$ 2,802,775 | \$ 3,837,143 | \$ 4,575,583 | \$ 5,601,803 |
| Committed (Compensated Absences, Donations) | \$ 1,025,225 | \$ 1,003,919 | \$ 1,057,958 | \$ 1,187,812 |
| Emergency/Committed | \$ 367,357 | \$ 1,457,221 | \$ 2,591,749 | \$ 3,829,257 |
| Unassigned | \$ 2,150,419 | \$ 2,453,998 | \$ 3,835,469 | \$ 7,769,537 |
| Total General Fund Balance | <u>\$ 6,588,497</u> | <u>\$ 8,976,764</u> | <u>\$ 12,295,762</u> | <u>\$ 20,283,854</u> |
| Cash & Investments: Entire City | <u>\$59,371,566</u> | <u>\$70,526,574</u> | <u>\$ 80,437,581</u> | <u>\$ 101,546,025</u> |
| Cash & Investments: General Fund Only | <u>\$ (6,413)</u> | <u>\$ 5,893,648</u> | <u>\$ 8,416,547</u> | <u>\$ 14,569,440</u> |
| % of General Fund to Total City Cash & Investments | -0.01% | 8.36% | 10.46% | 14.35% |

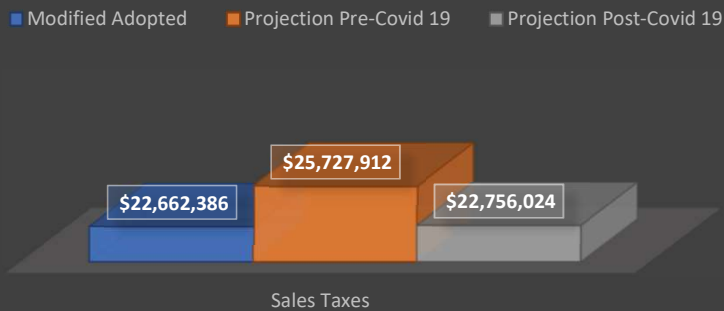
CITY OF CHICO GENERAL FUND TOTAL REVENUES PROJECTION 2019-2020



City of Chico Projected Revenues 2019- 2020 Transient Occupancy Tax



CITY OF CHICO GENERAL FUND SALES TAX REVENUES: PROJECTIONS 2019-2020



City of Chico
General Fund: Revenue Projections
 2019-2020

5/5/2020

| | Modified Adopted | % | Projection Pre-Covid 19 | % | Projection Post-Covid 19 | Possible Sales Tax Deferral |
|------------------------------|-----------------------------|-------------|------------------------------------|-------------|-------------------------------------|---|
| Property Taxes | \$ 16,840,415 | 29% | \$ 18,001,301 | 29% | \$ 18,001,301 | |
| Sales Taxes | \$ 22,662,386 | 39% | \$ 25,727,912 | 41% | \$ 22,756,024 | <div style="border: 1px solid black; padding: 5px;"> \$ 2,579,532 Total 1st Quarter 2020 Deferrals \$ (1,206,972) Small Business 12 months \$ 1,372,560 Due in 7/31/2020 </div> |
| Utility Users Taxes | \$ 7,140,000 | 12% | \$ 7,140,000 | 11% | \$ 6,940,000 | |
| Transient Occupancy Tax | \$ 2,400,000 | 4% | \$ 3,035,000 | 5% | \$ 2,500,000 | |
| Other Taxes | \$ 3,970,000 | 7% | \$ 4,082,861 | 6% | \$ 4,082,861 | |
| Other Revenue | \$ 4,521,440 | 8% | \$ 4,931,342 | 8% | \$ 4,931,342 | |
| Total | \$ 57,534,241 | 100% | \$ 62,918,416 | 100% | \$ 59,211,528 | |
| Change from Modified Adopted | | | \$ 5,384,175 | | \$ 1,677,287 | |
| % Change | | | 9.4% | | 2.9% | |
| Change from Pre-Covid 19 | | | | | \$ (3,706,888) | |
| % Change | | | | | -5.9% | |

City of Chico

5/5/2020

Revenue Revisions to 2020-2021 Proposed Draft Budget Revenue (Key Items)

| | Preliminary Draft | Draft Proposed | Difference | % Change |
|--|----------------------|----------------------|-----------------------|---------------|
| Sales Tax | \$ 25,751,024 | \$ 22,644,024 | \$ (3,107,000) | -12.1% |
| Utility Users Tax | \$ 7,258,000 | \$ 7,038,000 | \$ (220,000) | -3.0% |
| Business License | \$ 298,000 | \$ 278,000 | \$ (20,000) | -6.7% |
| Real Property Tax Transfers | \$ 400,000 | \$ 340,000 | \$ (60,000) | -15.0% |
| TOT | \$ 2,900,000 | \$ 2,000,000 | \$ (900,000) | -31.0% |
| Short-term rental TOT | \$ 125,000 | \$ 85,000 | \$ (40,000) | -32.0% |
| Parking Fines | \$ 550,000 | \$ 450,000 | \$ (100,000) | -18.2% |
| | <u>\$ 37,282,024</u> | <u>\$ 32,835,024</u> | <u>\$ (4,447,000)</u> | <u>-11.9%</u> |
| | | | | |
| Total Projected Revenue 2020-2021 | <u>\$ 59,522,435</u> | <u>\$ 55,075,435</u> | <u>\$ (4,447,000)</u> | <u>-7.5%</u> |
| | | | | |
| 2019-2020 Projected Revenue Decrease | | | <u>\$ (3,706,888)</u> | |
| Two Years Combined Projected Revenue Decrease | | | <u>\$ (8,153,888)</u> | |
| | | | | |
| 2019-2020 Projected Revenue Increase over Budget | | | \$ 1,677,287 | |
| 2020-2021 Projected Revenue Decrease from Preliminary Draft | | | \$ (4,447,000) | |
| Two Years Combined Projected Revenue Decrease from Modi Apr Budget | | | <u>\$ (2,769,713)</u> | |

City of Chico

Potential Financial Responses to COVID 19 Effects (General Fund)

5/5/2020

| | Estimated Amounts | |
|--|--------------------------------|----------------|
| | 2019-2020 | 2020-2021 |
| Phase 1 | | |
| Projected Unassigned General Fund Balance Carryforward | n/a | \$ 6,826,062 |
| Layoffs - Hourly non-essential (11 positions) | \$ 64,350 | \$ 257,400 |
| Delay or eliminate new recruitments. (Hiring Freeze 14 positions) | \$ 269,433 | \$ 1,616,600 |
| Delay new capital or one-time expenditures | n/a | \$ 2,493,265 |
| Delay, reduce or eliminate transfers to emergency reserves/replacement funds | n/a | \$ 3,768,320 |
| Remove or Delay subsidies to Private Development Funds | \$ 351,980 | \$ 351,980 |
| Remove transfer to Airport Enterprise Fund | \$ 85,333 | n/a |
| Travel/Training/Conferences - Reviewed case-by-case basis | \$ 2,500 | \$ 100,000 |
| Forgive General Fund Loan to Workers Comp Fund (PGE upgrades) | \$ 250,000 | \$ 95,474 |
| Operational savings from reduced expenditures | \$ 150,000 | TBD |
| Discontinue funding for Arts Commission projects. | n/a | \$ 27,000 |
| Close City Hall Operations One Day or More per Week (Utility Savings) | \$ 5,000 | \$ 60,000 |
| Furloughs (continued health benefits) but potential increased overtime costs | n/a | TBD |
| Utilize Section 115 Pension Stabilization Trust | n/a | \$ 1,600,000 |
| Grant Opportunities | Unknown | Unknown |
| Federal Reimbursements | Unknown | Unknown |
| Defer CalPERS UAL payment in July and pay monthly. (Interest cost \$328,661) | n/a | Cash Flow Only |
| | \$ 1,178,596 | \$ 17,196,101 |
| | CM Recommend \$ 921,096 | |
| Phase 2 | | |
| Initiate Financial Emergency Budget Policy including: negotiate temporary salary reductions, suspend minimum staffing limits and layoffs | City Council | City Council |
| Institute Department-wide reductions (utilize plan revised plan from Sept 2018) | | |
| 2% Reduction | n/a | \$ 1,007,798 |
| 5% Reduction | n/a | \$ 2,548,659 |
| 10% Reduction | n/a | \$ 4,934,516 |
| Phase 3 | | |
| Discontinue Waste Hauler Franchise fees to Roads | n/a | \$ 917,560 |
| Freeze Existing Capital Projects | n/a | \$ 10,000,000 |
| | | \$ 10,917,560 |

City of Chico

General Fund: Budget Projections (Fund Balance) at 6/30/2020
5/5/2020

Modified Adjusted Fund Balance Projection, 6/30/2020 FYE 6/30/2020
\$ 6,807,210

Projected Revenue Modifications over current budget:

| | | | |
|-------------------------------|----|----------------|--------------|
| Property taxes | \$ | 745,112 | |
| Property taxes in lieu of VLF | \$ | 415,774 | |
| Sales Taxes | \$ | 93,638 | |
| UUT Revenue | \$ | (200,000) | |
| TOT | \$ | 100,000 | |
| Other Taxes | \$ | 112,861 | |
| Other Revenue | \$ | <u>409,902</u> | \$ 1,677,287 |

Projected Expense Modifications

| | | | |
|--|----|----------------|------------|
| Hourly Layoff (Wage and benefit savings) | \$ | 64,350 | |
| Hiring Freeze (Wage and benefit savings) | \$ | 269,433 | |
| Remove Subsidy for Private Development | \$ | 351,980 | |
| Remove Airport Transfer | \$ | 85,333 | |
| Other Operational Savings | \$ | <u>150,000</u> | \$ 921,096 |

Projected Fund Balance At 6/30/2020 before Sales Tax Deferrals \$ 9,405,594

Sales Tax Deferrals - 1Q2020

| | | | |
|---|----|--------------------|----------------|
| Large Vendors till September 2020 | \$ | (1,372,560) | |
| Small Business- 12 months (\$100,581 per mo.) | \$ | <u>(1,206,972)</u> | \$ (2,579,532) |

Projected Fund Balance At 6/30/2020 \$ 6,826,062

CITY OF CHICO
CASH FORECAST HISTORY
5/4/2020

| Forecast Date | Cash Balance on Projected Date <u>6/30/2020</u> | Cash Balance on Projected Date <u>9/30/2020</u> |
|------------------|---|---|
| 10/31/2019 | \$ 130,663,676 | |
| 11/30/2019 | \$ 130,732,490 | |
| 12/31/2019 | \$ 130,865,902 | |
| 1/31/2020 | \$ 136,528,518 | |
| 2/29/2020 | \$ 139,322,660 | \$ 138,116,879 |
| 3/31/2020 | \$ 136,237,038 | \$ 129,440,756 |

CITY OF CHICO

GENERAL FUND

FUND BALANCE PER CAFR (Accrual basis) at June 30

5/5/2020

| | <u>2018</u> | <u>2019</u> | Projected <u>2020</u> | Projected <u>2021</u> | Difference <u>2020 to 2021</u> |
|--|----------------------|----------------------|--------------------------|--------------------------|-----------------------------------|
| Reserved-Nonspendable | \$ 235,003 | \$ 64,056 | \$ 65,000 | \$ 65,000 | \$ - |
| Restricted (Grants) | | \$ 500,000 | \$ 333,333 | \$ 166,667 | \$ (166,667) |
| Restricted (Pension Trust) | | \$ 1,331,389 | \$ 1,731,389 | \$ 1,800,000 | \$ 68,611 |
| Assigned (Capital projects and carryover budget) | \$ 4,575,583 | \$ 5,601,803 | \$ 5,000,000 | \$ 3,000,000 | \$ (2,000,000) |
| Committed (Compensated Absences, Donations) | \$ 1,057,958 | \$ 1,187,812 | \$ 1,100,000 | \$ 1,100,000 | \$ - |
| Emergency/Committed | \$ 2,591,749 | \$ 3,829,257 | \$ 5,160,749 | \$ 6,597,749 | \$ 1,437,000 |
| Unassigned | \$ 3,835,469 | \$ 7,769,537 | \$ 9,405,594 | \$ 1,500,000 | \$ (7,905,594) |
| Total General Fund Balance | \$ 12,295,762 | \$ 20,283,854 | \$ 22,796,065 | \$ 14,229,416 | \$ (8,566,649) |
| Cash & Investments: Entire City | \$ 80,437,581 | \$ 101,546,025 | \$ 136,075,519 | \$ 126,075,519 | |
| Cash & Investments: General Fund Only | \$ 8,416,547 | \$ 14,569,440 | \$ 13,607,552 | \$ 8,825,286 | |
| % of General Fund to Total City Cash & Investments | 10% | 14% | 10% | 7% | |