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# Del Mar City Council Special Meeting Agenda

VIA TELECONFERENCE ONLY  
1050 Camino del Mar, Del Mar, California

*Civility Works: The Del Mar Code of Civil Discourse: Together we will promote inclusion; listen to understand; show respect; be clear and fair; and focus on the issue.*

**Pursuant to the State of California Executive Order N-25-20, and in the interest of public health, the City of Del Mar is temporarily taking actions to mitigate the COVID-19 pandemic by holding City Council Meetings electronically or by teleconference. The Town Hall will not be open to the public for this meeting.**

Members of the public can watch the meeting live on the City's website at: <http://delmar.12milesout.com/Video/Live> and on Cable TV Spectrum Ch. 24, AT&T Ch. 99 starting at 4:30 PM.

**Ellie Haviland**  
Mayor

**Terry Gaasterland**  
Deputy Mayor

**Dave Druker**  
Council Member

**Sherryl Parks**  
Council Member

**Dwight Worden**  
Council Member

**CJ Johnson**  
City Manager

**Leslie E. Devaney**  
City Attorney

**Ashley Jones**  
Administrative  
Services Director

## NOTICE AND CALL OF SPECIAL MEETING OF THE DEL MAR CITY COUNCIL

**SATURDAY, MAY 16, 2020, 9:00 A.M.  
VIA TELECONFERENCE ONLY  
1050 Camino del Mar, Del Mar, California**

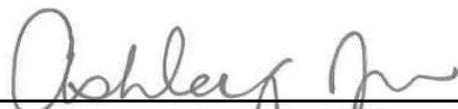
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NOTICE IS HEREBY GIVEN that the Mayor of the City of Del Mar has called a Special Meeting at the time and place listed above to consider the following:

Please refer to the attached agenda.

### CERTIFICATION

I, Ashley Jones, Administrative Services Director/City Clerk of the City of Del Mar, hereby certify that a copy of this notice was posted at City Hall and distributed to the City Council on May 14, 2020, at approximately 3:15 p.m.

  
\_\_\_\_\_  
Ashley Jones, Administrative Services  
Director/City Clerk

**Special Needs:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate remotely in this meeting, please contact the Administrative Services Department via email at [cityclerk@delmar.ca.us](mailto:cityclerk@delmar.ca.us) or by calling (858) 755-9313.

I. CALL TO ORDER/ROLL CALL

II. PUBLIC COMMUNICATIONS

Public comment is restricted to only items listed on the Special Meeting Agenda. **Members of the public can e-mail comments to the City Clerk at [cityclerk@delmar.ca.us](mailto:cityclerk@delmar.ca.us) up until 4:30 p.m. on Friday, May 15, 2020.** The subject line of your email should clearly state the item number you are commenting on. If you desire to have your comment read into the record during the meeting, please note that in the email subject line and limit the comment to 500 words or less. There is no character limit for comments not being read into the record. All comments will be transmitted to the City Council prior to the start of the meeting.

III. COUNCIL BUSINESS

1. Review of Budget Workshop Schedule and Agenda
2. Revenue Projection Scenarios for Fiscal Year 2020-21
3. Discussion about Essential City Services
4. Capital Improvement & Special Projects for Fiscal Year 2020-21
5. Measure Q Revenue Assessment & Project Funding
6. Use of City Reserves
7. Next Steps

IV. ADJOURNMENT



# City of Del Mar Agenda Report

TO: Honorable Mayor and City Council Members

FROM: Monica Molina, Finance Manager/Treasurer  
Ashley Jones, Administrative Services Director  
Kristen M. Crane, Assistant City Manager  
Via CJ Johnson, City Manager

DATE: May 16, 2020

SUBJECT: Fiscal Year 2020-2021 Operating and Capital Budget Workshop

## REQUESTED ACTION/RECOMMENDATION

Staff recommends that the City Council discuss and provide feedback to staff regarding:

- 1) Revised revenue projections for Fiscal Year 2020-21;
- 2) Essential city services;
- 3) Capital & Special Projects for Fiscal Year 2020-21;
- 4) Review updated Measure Q Cash Flow and provide direction to staff regarding Measure Q project funding for FY 2020-21; and
- 5) Review and provide feedback on use of City reserves.

## DISCUSSION/ANALYSIS

### **Recap of Fiscal Year 2019-2020 Operating and Capital Budget Adjustments**

On April 6 and 20, 2020, the City Council approved a series of adjustments to the City's FY 2019-20 Operating & Capital Budget in response to the financial impacts resulting from the COVID-19 pandemic. With revenue losses predicted to total \$2.3 million in General Fund revenue and \$670,000 Measure Q revenue through June 30, 2020, the City Council approved budget reductions totaling \$1,384,218 in General Fund expenditures; \$670,000 in Measure Q expenditures; transferred \$502,160 from the Measure Q Fund to the General Fund to offset a portion of the General Fund's contribution to the Downtown Streetscape Project; eliminated the \$536,250 year-end transfer from the General Fund to the Pension Fund Reserve; and established an operating contingency of \$122,628 to be used to fund unanticipated expenditures through the remainder of the fiscal year. These adjustments offset the projected revenue losses through the end of the fiscal year, and preserved the General Fund Contingency balance of \$2.2M, which equates to 14.87% or 54 days of operations.

### **State and Local Fiscal Impacts Related to the COVID-19 Pandemic**

Since the start of the pandemic, staff have been participating in financial webinars hosted by municipal finance agencies such as the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), and League of California Cities, all of which have provided similar information. Although the State of

California is in a healthier fiscal position than many other states, and there are stronger protections for local revenues, all cities in California, regardless of size and geography, are impacted by the COVID-19 pandemic. Unfortunately, cities most severely impacted are those with high dependencies on sales tax and transient occupancy tax, like Del Mar. Although we are using the best information available and following recommended best practices for estimated revenue losses, there is no way to know for certain how the City's general revenues and reserves will ultimately be impacted due to the crisis. Financial experts do not recommend using the Great Recession or prior recession historical data to calculate or predict revenue loss related to COVID-19. Unlike a typical recession, which averages around 19 months, this type of abrupt sudden economic recession has never occurred, and it is unknown how quickly the economy will recover, and local revenues will be restored. Staff will continue to closely monitor economic activity and resulting revenues, and will return to City Council to request modifications to the budget as they may be needed.

### **Federal, State, and County Relief Funding**

To date, there have been several legislative relief acts passed by Congress to help offset the financial impacts caused by the COVID-19 pandemic, but local governments have been largely overlooked when considering the intended use of the relief funds. The latest relief act, known as the CARES Act, passed by Congress includes funding that is primarily earmarked for activities that support local law enforcement and public safety; senior housing services; and medical services/training, much of which Del Mar does not qualify for. These funds are being distributed through a variety of existing funding programs at the federal, state, and county levels, such as the Federal Economic Development Administration (EDA); Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) or Emergency Solutions Grant programs, or the Department of Justice through the Edward Byrne Memorial Justice Assistance Grant Program and is directly available to cities, counties, and states with a population of more than 500,000. Small cities such as Del Mar are required to apply for these funds through the County of San Diego. To date, the City has only been deemed eligible for a mere \$7,300 in CARES funding, through the expanded CDBG-CV program. Staff will be bringing a resolution to the City Council seeking authorization to apply for these funds on June 1, 2020.

Staff has and will continue to monitor relief funding as it becomes available and will pursue any and all funding opportunities that may be available to Del Mar. It is staff's understanding that there is another bill going through Congress now, known as the HEROES Act, that will be focused on providing economic relief to smaller government entities and will potentially provide funding for loss of revenue, which has been the greatest COVID impact to Del Mar so far.

### **Finance Committee Feedback**

On May 12, 2020, staff presented similar information to what is included with this report, with the exception of discussion regarding essential services, to the Finance Committee for review and feedback. Overall, the Finance Committee provided positive feedback and

indicated that the methodology used to project potential revenue losses in the coming fiscal year was sound. They suggested that staff provide additional TOT revenue scenarios to the Council with a 10% variance, higher and lower, in comparison to the scenario being recommended by staff, and an additional scenario in which TOT and sales tax revenues never come in higher than 50% of what was originally anticipated for the entirety of FY 2020-21. These additional scenarios have been incorporated into Attachments A and B of this report. Additionally, the Committee provided suggestions on how to best present the projected revenue losses, such as including the original budget amounts and providing more detailed information regarding the assumptions that were the basis of the projections. Staff has incorporated this information into the Revised Revenue Projections section of this report and related attachments. The Committee also cautioned about further reducing transfers to or use of the Pension Reserve Fund due to the anticipated increased CalPERS costs in the future and need for sufficient funds to pay the City's unfunded pension liability.

### **Revenue Assumption Methodology**

The League of California Cities conducted a survey related to projected revenue loss for California cities and the results indicated that losses to general revenues and reserves will range from 5.3% to a high of 19% through FY 2020-21. Revenue losses for Del Mar fall on the higher end of that range with total revenue losses estimated at approximately 19%. That in mind, staff has conservatively calculated the revenue loss for the upcoming year with the concept that revenues will need to be closely monitored and adjusted as the economic situation resulting from COVID-19 evolves. Staff plans to monitor and adjust revenue projections quarterly and as needed in order to determine if additional reductions are necessary or whether items that have been deferred can proceed when/if funding becomes available. More detailed information about the assumptions used for the revenue scenarios provided in the following section of this report are included as Attachment C.

During a recent briefing, Governor Newsom indicated that about 70% of the economy is now able to open with modification. He and his team have been working with many counties throughout the State to map out how and when to move forward with Phase 2 of reopening. This phase would include reopening dine-in restaurants, shopping centers, and office-based workplaces. Although Phase 2 is anticipated to be implemented soon, it is unknown at this time how this pandemic has impacted consumer confidence, and economic experts are predicting a slow recovery. With that in mind, staff is projecting that approximately 0-40% of the economy, depending on the sector, will be recovered in the first quarter of the year (Jul-Sep). Losses to the City's top revenue sources will be presented below as percent loss of revenue that was originally budgeted for FY 2020-21.

### **Revised Revenue Projections**

The City of Del Mar's top revenue sources include property tax, sales tax, and transient occupancy tax, which account for approximately 65% of the City's total General Fund revenues.

Property Tax: Property tax is the largest revenue source for the City and accounts for approximately 35% of total General Fund revenues. Del Mar is fortunate to have shown positive property valuation increases even during the Great Recession. Although not expected to dramatically decrease, staff is recommending reducing the 5% property tax revenue increase (compared to the prior fiscal year) included in the FY2020-21 approved budget to 2%, which would result in a total revenue loss of \$171,390.

Transient Occupancy Tax (TOT): TOT is the second largest source of revenue for the City and accounts for approximately 17% of total General Fund revenues. Reduction in TOT revenues has had the biggest economic impact on the City as a result of the crisis. Unlike other economic sectors that have been able to still operate online or provide a modified version of services such as restaurant food delivery or take-out, many hotels have been completely closed since mid-March and are hoping to reopen by June. The loss of TOT alone in Fiscal Year 2019-20 is projected to be about \$1 million.

It is unknown at this time how COVID-19 prevention measures will impact hotel businesses and their ability to operate moving forward. Staff has maintained frequent communication with the largest hotels which are currently working with owners on reopening scenarios. Based on the information we have received, the TOT revenue projections for FY 2020-21 assume that local hotels will have reopened in some capacity by July 1, 2020. If this fails to happen or if hotel revenues come in lower than staff have projected, an adjustment will be made to reflect the additional potential loss. Being conservative, staff has prepared the following FY2020-21 revenue loss scenario (Table A) for City Council’s consideration:

**Table A**

Month	Original FY 2020-21 Budget	Projected Revenue Loss	Resulting Loss
Jul-Aug	\$812,690	70%	\$569,000
Sep-Oct	554,950	60%	333,000
Nov-Dec	419,120	50%	210,000
Jan-Feb	428,790	40%	172,000
Mar-Apr	553,020	30%	166,000
May-Jun	541,430	20%	110,000
<b>Total Loss</b>	<b>\$3,310,000</b>		<b>\$1,560,000</b>

Using TOT data from Fiscal Year 2018-19, staff estimated that TOT revenues would reach \$3.3 million for FY 2020-21, which is the amount included in the adopted budget. The above projected losses were applied to budgeted monthly collection which result in an approximate \$1.5 million loss (47%) in TOT revenue for Fiscal Year 2020-21.

In addition to the revenue loss scenario being recommended by staff and included in Table A above, three additional revenue scenarios were calculated based on recommendations provided by the Finance Committee, all of which are included in

Attachment A. Scenario's 1 and 3, provide a 10% variance (higher/lower) from the Scenario 2 recommendation by staff, with Scenario 1 being slightly more conservative and Scenario being slightly less conservative than what staff is recommending. Additionally, Scenario 4 assumes that the City will not receive more than 50% recovery of TOT revenues for the entirety of the coming fiscal year.

As indicated earlier in this report, the economic impacts related to COVID-19 are constantly evolving, and will continue to be very closely monitored. Scenario 2, as recommended by staff, is a conservative approach to projecting TOT revenues. Staff will use these projections as a starting point for developing the FY 2020-21 budget and will return to Council with frequent updates so that the projections and any resulting budget adjustments can be made.

Sales & Use Tax: Sales & Use Tax, more commonly referred to as sales tax, is the third largest source of revenue for the City and accounts for approximately 13% of the total General Fund revenues. Like TOT, this revenue source has also been significantly impacted by the pandemic. Approximately 37% of sales tax revenues for the City are collected at the Fairgrounds, 27% from downtown businesses, and 12% from hotels. Together, these three geographic areas account for approximately 76% of total sales tax revenue for the City.

With the closure of the Fairgrounds, resulting cancellation of the annual San Diego County Fair and anticipated modifications to the horse race season significantly impacting sales tax revenue generation for the City, the expected loss of sales tax revenues through June 30, 2020, is \$670,000. Since it is currently unknown when the Fairgrounds will reopen, or downtown businesses and hotels will resume business activity, and at what level, staff is recommending using the following conservative revenue losses for Fiscal Year 2020-2021:

**Table B**

<b>Quarter</b>	<b>Fairground Loss</b>	<b>Downtown Loss</b>	<b>Hotel Loss</b>	<b>Total Loss</b>
Jul-Sep	100%	80%	70%	\$549,000
Oct-Dec	75%	60%	50%	253,000
Jan-Mar	50%	50%	35%	140,000
Apr-Jun	25%	25%	20%	138,000
<b>Total Loss</b>	<b>\$590,000</b>	<b>\$360,000</b>	<b>\$130,000</b>	<b>\$1,080,000</b>

Using sales tax data from the 2019 calendar year, staff estimated quarterly revenues for Fiscal Year 2020-21 to reach \$2.4 million, which is the amount included in the adopted budget. The above projected losses were applied to each geographical area to determine the total loss. Staff believes that the City may receive an increase in sales tax revenue related to online sales; however, that amount is not known and in order to remain conservative in our revenue assumptions no adjustment was made to account for the

potential increase in online sales. Staff recommends decreasing FY 2020-21 sales tax revenues by approximately \$1 million (47%), as shown in Table B.

Attachment B, shows four different scenarios, including the one recommended above which is Scenario 1. Scenario 1 assumes that the Fairgrounds will be closed for the first quarter (100% loss), with a 25% increase in recovery for each quarter that follows. Scenario 1 assumes that downtown businesses will recover by 20% the first quarter, and 40%, 50% and 75% recovery respectively for the following three quarters. Hotel sales tax revenues in Scenario 1 assume a similar recovery to that of TOT, with 30% recovery assumed for the first quarter and 50%; 65%, and 80% recovery respectively for the following three quarters.

Scenario 2 reflects a much slower recovery than Scenario 1, and Scenario 3 anticipates that the Fairgrounds will not open for the entire year. Additionally, Scenario 4 assumes that the City will not receive more than 50% recovery for sales tax revenues for the entirety of the coming fiscal year.

Through an executive order, the Governor has provided a 90-day extension for first quarter sales tax filings. Businesses with returns of less than \$1 million have an additional three months to file. The California Department of Tax and Fee Administration (CDTFA) is also offering small businesses the ability to pay up to \$50,000 of their sales tax liability over a 12-month period, interest-free. Although, the concept is that these businesses will eventually pay their sales tax liability, these two programs can have a significant effect on cash flow for the City depending on which small businesses, if any, take advantage of the programs.

Other Revenue Sources

The COVID-19 pandemic is expected to also have an impact on other City revenue sources. For example, the closure of downtown restaurants, businesses, hotels and beaches has impacted parking meter income and parking violations, and no events or other revenue generating activities are taking place at the City’s Powerhouse Community Center, parks or beaches. As such, the projected Fiscal Year 2020-21 revenue loss for the revenue sources listed below is currently calculated at \$674,700 and is included in Attachment D:

Facility Rentals	Camp & Park Permits	Gas Tax Funds
Parking Meter Revenue	Business License Tax	Solana Beach IT Contract
Building/Planning Fees	Red Light Enforcement	SB 1 Funds
Investment Interest	Off-Track, Pari-Mutuel Wagering	
Parking Violations	Moving/Code Violations	

### Summary

Based on the many unknowns associated with all City revenue sources as a result of the COVID-19 pandemic, staff will be closely monitoring revenues and providing updates to the City Council so that any necessary budget adjustments can be made for the current and upcoming fiscal year. With the recent opening of the beach, we are already seeing increased parking meter revenues over what was projected, and as a phased reopening of business activity happens over time, so will changes to projected revenues. If first quarter results are lower or higher than anticipated, the City can implement additional adjustments to the budget. Included as Attachment C to this report is a summary of the projected total revenue loss for Fiscal Year 2020-21, which at this time is projected to be \$3,486,090, and represents a decrease of approximately 19% in total General Fund revenues.

### **Essential City Services**

The City Council budget workshop will include a discussion on essential services. This policy-setting framework from the City Council will be critical direction to staff in building a recommended budget for Fiscal Year 2020-21, which will be presented to the City Council on June 15<sup>th</sup>. To help guide this discussion, staff has prepared a draft matrix for discussion (Attachment D), which identifies tiers for evaluating services that can be used for considering and comparing categories of expenditures. The tiers were determined as follows:

- Tier 1 – Essential Services – Items that are legally-required and/or critical to public health and safety, as well as necessitated by those essential services and required to comply with local, state, and federal regulatory requirements.
- Tier 2 – Important –These are items that are important and support Del Mar operations and community values, but are not essential (in that they are not legally-required or critical to public health and safety).
- Tier 3 – Non-Essential Services – Items that could be deferred or eliminated for FY 2020-21. Items on this list are also not legally required or critical to public health and safety. Though these items are on Tier 3, these may also be important to how the City of Del Mar serves the public, evidenced by the fact that they have been part of the City's work plan.

### **Capital and Special Projects**

On April 6 and April 20, 2020, the City Council authorized a combined total of \$1,060,078 in Fiscal Year 2019-20 Capital and Special Project reductions.

Staff has completed a detailed review of the Capital and Special Projects included in the budget for Fiscal Year 2020-21. A summary of those projects and budgeted amounts is included with this report as Attachment F. Projects that are legally or contractually required and recommended to continue are identified in Tier 1, and those that could be

deferred to the future and reconsidered as funding becomes available are identified in Tier 2.

Staff is recommending a total of \$582,000 in reduced capital expenditures. The remaining \$865,000 in expenditures related to capital projects that are recommended to continue, will be offset by \$400,000 in federal grant funds for the Camino del Mar Bridge project.

For planned FY 2020-21 Special Projects, staff is recommending reductions totaling \$312,100. That leaves a total of \$181,400 to be funded for projects that are legally required or significantly benefit the City, as further described in Attachment E.

### **Measure Q Cash Flow**

As mentioned earlier in this report, the City Council approved a reduction to Measure Q expenditures and revenues totaling \$670,000 for Fiscal Year 2019-20. Since that time, staff has determined that an additional \$200,000 in Measure Q revenue losses are likely for FY 2019-20. Measure Q revenues include an additional 1% of revenue from the sales tax paid by Del Mar residents when they purchase new or used cars. This is because the sales tax rate paid by the buyer is based on their place of residence. Based on activity for vehicle purchases during the same prior year period, and reduced activity due to the pandemic, staff is recommending an additional related reduction to the Measure Q revenue be made for the current fiscal year.

The Measure Q transaction tax is currently projected to generate \$2.9 million in Fiscal Year 2020-21. In order to project the loss for the coming fiscal year, staff used the same assumptions as used for sales tax and included additional potential revenue loss related to vehicles sales and online purchases, which are included in Attachment G. As a result, staff is recommending reducing Measure Q revenues for the coming fiscal year by approximately \$1.3 million, which represents about a 46% loss in previously anticipated revenue.

Based on the new projected revenue loss for Fiscal Year 2019-20, and the anticipated loss in Fiscal Year 2020-21, the Measure Q Cash Flow Report presented to the City Council on April 20, 2020, has been updated and is included with this report as Attachment H. The updated cash flow includes the amounts originally budgeted last June 2019 for Fiscal Year 2020-21 as anticipated for both the Shores Park Master Plan and Utility Undergrounding projects. Those amounts were as follows:

<b>Measure Q Originally Funded Projects for FY 2020-2021</b>		
Shores Park Master Plan	\$358,960	It was envisioned that the Shores Park Master Plan process would be ready to begin the environmental review process in FY 2020-21 and additional park planning.
Undergrounding Project	\$1,852,560	Last June, it was envisioned that significant progress would have been made on the design process during FY 2019-20 and these funds were envisioned to be used toward beginning construction during 2020-2021.
<b>Total</b>	<b>\$2,211,520</b>	

Based on the financial crisis caused by COVID-19 and a forecasted significant reduction in Measure Q revenues, staff recommends that the City Council proceed as follows:

**Shores Park Master Plan** – Reduce funding for FY 2020-21 to \$50,000. These funds would be used for as-needed services which may surface related to park planning. Due to the ongoing lease discussions with the Winston School and repercussions from the COVID-19 response and the fiscal crisis, it is not envisioned that there will be a robust park planning effort nor that the Park Master Plan will be ready to begin the environmental review process in the coming fiscal year.

**Undergrounding Project** – Eliminate funding and staff time for this project in FY 2020-21, putting it temporarily on-hold until the financial situation can be reevaluated as part of the mid-year budget process. There are several reasons for this:

- 1) If the City were to proceed with having SDG&E begin preparing the designs for one or two of the undergrounding districts, although the City would not need to front the cost for the design work, which is expected to take 18-24 months, the City would need to make a decision to proceed with construction within 90-days of the design being completed or pay SDG&E for the design engineering if the City was not ready to proceed.
- 2) Though it is expected to take 18-24 months for SDG&E’s design engineering, there is work that needs to be completed by the City (through a combination of staff and technical consultants) in parallel with SDG&E preparing the design. This is work that SDG&E will not do that needs to be completed in order to quickly move into construction. Once complete, the design has approximately a 12-month shelf-life, or the City risks paying additional costs for design engineering.

Examples of the work that must be completed in tandem with SDG&E's design engineering process are as follows: coordination with private properties to assess panel upgrade needs and private lateral work; communication with private property owners on roles, responsibilities, timelines, and assistance to help facilitate them being ready to proceed when design is complete; Citywide communication on project status; establishing a database to track communication with property owners to provide high-quality customer service; coordination with SDG&E and other utilities; securing right of entry agreements; securing dozens of easements for placement of equipment; technical design review and value engineering of SDG&E designs; coordination with other City underground utility projects and roadway paving to maximize cost-effectiveness, which requires designing that work and construction; advance work associated with environmental review (e.g., potential tree removal permits, design review permits for retaining walls for SDG&E equipment placement; identifying potential financial tools for private properties to fund their work; evaluating alternatives to fund construction (pay-go versus financing); preparing for the public bidding process once design is complete; necessary legal services for all aspects of this project; staff support and communication with the Undergrounding Project Advisory Committee; staff reports to City Council; and engagement in the California Public Utilities Commission Rule 20 Rulemaking proceeding.

- 3) With the uncertainty related to the COVID-19 pandemic and unknown length of the recovery, the growth rate for the fund balance of the Measure Q fund is anticipated to slow below original expectations. This will impact funding availability for construction. This is an important consideration since there is time-sensitivity to the City moving forward with construction once design is complete.
- 4) The significant anticipated financial reductions Citywide for FY 2020-21 will greatly impact staff capacity, which would also impact staff's ability to effectively manage this complex, multi-faceted, high-profile community project.

Based on the information provided above, staff's recommendation is that the Undergrounding Project be placed temporarily on-hold until the financial situation can be re-evaluated at mid-year in early-2021.

### **Use of City Reserves**

The City of Del Mar has various General Fund reserves, some which have been designated for a specific purpose, and others that are undesignated and can be used for any purpose as deemed necessary by the City Council. It is always the goal of the City to avoid using these funds for any reason other than their intended purpose; however, they do serve as a resource to the City Council in order to ensure the provision of essential services to the community during an economic crisis. Given the magnitude of the projected revenue loss to the City, it is unlikely that the any amount of expenditure cuts to the City's operating, capital, and special project expenditures will be sufficient to offset

anticipated decrease in revenues. As such, some use of reserves will be necessary in order to maintain essential City operations.

Below is a description of all General Fund reserves and the estimated balance for each as of the end of June 30, 2020:

General Fund Contingency (\$2.2 million)

These funds are undesignated and unreserved, and represent 14.84% of the current General Fund expenditures. In order to remain in compliance with the City's contingency reserve policy and maintain a AAA credit rating, the balance of this reserve should not fall below 10%. With that in mind, no more than \$700,000 would be available for use from this account should the City Council determine that use of these funds is necessary.

Self-Insurance Reserve (\$230,000)

This reserve is restricted to be used for claims, and resulting litigation, against the City. It is the responsibility of the City to cover the first \$100,000 of costs associated with any claim, prior to cost associated with the claim being covered by the City's insurance provider.

Pension Reserve (\$1.2 million)

This fund was created with the goal to set aside funds to cover the City's unfunded pension liability. Each fiscal year, the City includes a year-end transfer of \$536,000 into this reserve from the General Fund. The budgeted pension reserve transfer for this fiscal year was eliminated to help offset the significant unanticipated revenue losses associated with COVID-19.

Based on the City's current and forecasted financial situation, the City Council may choose to eliminate or defer funding of the Pension Reserve in the coming fiscal year, and/or they could decide to use these funds to make all or a portion of the City's required unfunded liability pension payment to CalPERS for Fiscal Year 2020-21. The City's annual unfunded liability payment to CalPERS for FY20-2021 is \$591,060.

Equipment Replacement (\$720,000)

These funds are set aside annually to ensure the City has funding available to replace required equipment. This reserve is currently underfunded and is not recommended to be used.

Measure Q Fund (\$580,000)

The Measure Q Fund was created by the City Council to set aside Measure Q revenues. Although these funds are unrestricted, they were previously designated by the City Council to be used for the Downtown Streetscape, Shores Park Master Plan, and Utility Undergrounding projects. To date, the Downtown Streetscape project has been completed, and remaining projects are in different stages of project scoping and/or design. As discussed above, the City Council will be asked to review the updated cash

flow for this fund, and determine how to proceed with the remaining Shores Park and Utility Undergrounding projects.

For the current fiscal year, the City Council approved a reimbursement from the Measure Q Fund to the General Fund for a portion of the Downtown Streetscape expenditures paid by the General Fund. In the coming fiscal year, the City Council could consider approving an additional reimbursement of Downtown Streetscape expenditures from the Measure Q Fund to the General Fund.

A list of General Fund reserves and estimated fund balances at June 30, 2020, are included with this report as Attachment I.

At this time, staff is seeking general direction and feedback on the use of General Fund reserves to offset the economic impacts to the City related to COVID-19, should reductions to the City's operating, capital, and special project expenditures not be enough to fully offset the projected revenue losses to the City in the coming fiscal year. Staff would appreciate the Council's feedback about which funds may be considered for use over others. We are not asking that the City Council make a final determination on use of reserves at this time. Staff will present options related to the use of reserves for Council's consideration at the City Council meeting on June 15, 2020.

### **Next Steps**

Staff will use the feedback provided by the City Council as part of this budget workshop to assist with finalizing a proposed revised FY 2020-21 budget for the City Council's consideration on June 15, 2020. Given the City's current economic situation, changes to the adopted FY 2020-21 budget will include significant cuts to operating, capital and special projects; employee concessions or potential reductions to staff or staff related costs; use of reserves and potential reductions to City services. Prior to bringing the proposed revised budget forward to the City Council, staff will present recommendations to the Finance Committee on June 9, 2020, for their review and feedback.

### **ATTACHMENTS**

- Attachment A - Transient Occupancy Tax Revenue Loss Analysis
- Attachment B - Sales Tax Revenue Loss Analysis
- Attachment C - Assumptions for Revenue Projections
- Attachment D - Projected Revenue Reductions for Fiscal Year 2020-21
- Attachment E - Tiers of Evaluating Services for Fiscal Year 2020-21
- Attachment F - Capital and Special Projects Overview
- Attachment G - Measure Q Fund Revenue Analysis
- Attachment H - Measure Q Cash Flow
- Attachment I - Summary of General Fund Reserves

**Transient Occupancy Tax  
Revenue Loss Analysis  
Fiscal Year 2020-2021**

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
FY 2020-21 Budget	\$ 427,397	\$ 385,291	\$ 292,495	\$ 262,450	\$ 232,333	\$ 186,792	\$ 209,073	\$ 219,715	\$ 280,822	\$ 272,199	\$ 251,243	\$ 290,189	\$ 3,310,000
2019 Actuals	\$ 364,739	\$ 328,806	\$ 249,614	\$ 223,974	\$ 198,272	\$ 159,408	\$ 178,422	\$ 187,504	\$ 239,653	\$ 232,294	\$ 214,410	\$ 247,646	\$ 2,824,743
4 year average %	12.9%	11.6%	8.8%	7.9%	7.0%	5.6%	6.3%	6.6%	8.5%	8.2%	7.6%	8.8%	
<u>% loss</u>													
90%	(384,658)	(346,762)	(263,246)	(236,205)	(209,099)	(168,113)	(188,166)	(197,744)	(252,740)	(244,979)	(226,119)	(261,170)	(2,979,000)
80%	(341,918)	(308,233)	(233,996)	(209,960)	(185,866)	(149,433)	(167,258)	(175,772)	(224,658)	(217,760)	(200,995)	(232,151)	(2,648,000)
<b>70%</b>	<b>(299,178)</b>	<b>(269,704)</b>	(204,747)	(183,715)	(162,633)	(130,754)	(146,351)	(153,801)	(196,575)	(190,540)	(175,870)	(203,132)	(2,317,000)
60%	(256,438)	(231,175)	<b>(175,497)</b>	<b>(157,470)</b>	(139,400)	(112,075)	(125,444)	(131,829)	(168,493)	(163,320)	(150,746)	(174,113)	(1,986,000)
50%	(213,699)	(192,645)	(146,248)	(131,225)	<b>(116,166)</b>	<b>(93,396)</b>	(104,537)	(109,858)	(140,411)	(136,100)	(125,622)	(145,094)	(1,655,000)
40%	(170,959)	(154,116)	(116,998)	(104,980)	(92,933)	(74,717)	<b>(83,629)</b>	<b>(87,886)</b>	(112,329)	(108,880)	(100,497)	(116,076)	(1,324,000)
30%	(128,219)	(115,587)	(87,749)	(78,735)	(69,700)	(56,038)	(62,722)	(65,915)	<b>(84,247)</b>	<b>(81,660)</b>	(75,373)	(87,057)	(993,000)
20%	(85,479)	(77,058)	(58,499)	(52,490)	(46,467)	(37,358)	(41,815)	(43,943)	(56,164)	(54,440)	<b>(50,249)</b>	<b>(58,038)</b>	(662,000)
10%	(42,740)	(38,529)	(29,250)	(26,245)	(23,233)	(18,679)	(20,907)	(21,972)	(28,082)	(27,220)	(25,124)	(29,019)	(331,000)

**Current Budget: \$3,310,000**

**Scenarios:**

#1 - Total Loss	(1,888,119)
<b>#2 - Total Loss (Recommended)</b>	<b>(1,557,119)</b>
#3 - Total Loss	(1,226,119)
#4- TOT Revenues capped at 50%	(1,873,032)

<u>Month</u>	<u>Projected % Loss of Revenue</u>			
	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>
Jul-Aug	80%	<b>70%</b>	60%	70%
Sep-Oct	70%	<b>60%</b>	50%	60%
Nov-Dec	60%	<b>50%</b>	40%	50%
Jan-Feb	50%	<b>40%</b>	30%	50%
Mar-Apr	40%	<b>30%</b>	20%	50%
May-Jun	30%	<b>20%</b>	10%	50%
Total Loss	1,888,119	<b>1,557,119</b>	1,226,119	1,873,032
<b>New Budget</b>	<b>\$ 1,421,881</b>	<b>\$ 1,752,881</b>	\$ 2,083,881	\$ 1,436,968

**Sales and Use Tax  
Revenue Loss Analysis  
Fiscal Year 2020-2021  
Sales Tax-By Geographical Area**

<u>FY 2018-2019 Actuals</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Total</u>
Fairgrounds	\$ 320,150	\$ 140,125	\$ 66,009	\$ 318,086	\$ 844,370
Downtown	162,572	170,730	153,538	143,658	630,498
Hotels	90,324	57,120	59,052	67,524	274,020
<b>Total Budget</b>	<b>\$ 573,046</b>	<b>\$ 367,975</b>	<b>\$ 278,599</b>	<b>\$ 529,268</b>	<b>\$ 1,748,888</b>

<u>FY 2020-21 Budget</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Total</u>
Fairgrounds	\$ 342,561	\$ 149,934	\$ 70,630	\$ 340,352	\$ 903,476
Downtown	173,952	182,681	164,286	153,714	674,633
Hotels	96,647	61,118	63,186	72,251	293,201
<b>Total Budget</b>	<b>\$ 613,159</b>	<b>\$ 393,733</b>	<b>\$ 298,101</b>	<b>\$ 566,317</b>	<b>\$ 1,871,310</b>

**Scenarios:**

**#1-Staff's Recommendation**

Fairgrounds (100%; 75%; 50%; 25%)	\$ (342,561)	\$ (112,450)	\$ (35,315)	\$ (85,088)	\$ (575,414)
Downtown (80%; 60%; 50%; 25%)	(139,162)	(109,609)	(82,143)	(38,429)	(369,342)
Hotels (70%; 50%; 35%; 20%)	(67,653)	(30,559)	(22,115)	(14,450)	(134,777)
<b>Total Reductions</b>	<b>\$ (549,375)</b>	<b>\$ (252,618)</b>	<b>\$ (139,573)</b>	<b>\$ (137,967)</b>	<b>\$ (1,079,532)</b>

**#2-Slower Recovery**

Fairgrounds (100%; 80%; 70%; 50%)	\$ (342,561)	\$ (119,947)	\$ (49,441)	\$ (170,176)	\$ (682,124)
Downtown (80%; 70%; 60%; 50%)	(139,162)	(127,877)	(98,571)	(76,857)	(442,467)
Hotels (70%; 60%; 50%; 40%)	(67,653)	(36,671)	(31,593)	(28,900)	(164,817)
<b>Total Reductions</b>	<b>\$ (549,375)</b>	<b>\$ (284,495)</b>	<b>\$ (179,605)</b>	<b>\$ (275,933)</b>	<b>\$ (1,289,408)</b>

**#3-No Fairgrounds for Entire Year**

Fairgrounds (100%; 100%; 100%; 100%)	\$ (342,561)	\$ (149,934)	\$ (70,630)	\$ (340,352)	\$ (903,476)
Downtown (80%; 70%; 60%; 50%)	(139,162)	(127,877)	(98,571)	(76,857)	(442,467)
Hotels (80%; 70%; 60%; 50%)	(77,317)	(42,783)	(37,911)	(36,125)	(194,137)
<b>Total Reductions</b>	<b>\$ (559,039)</b>	<b>\$ (320,593)</b>	<b>\$ (207,112)</b>	<b>\$ (453,334)</b>	<b>\$ (1,540,080)</b>

**#4-Revenues capped at 50%**

Fairgrounds (100%; 75%; 50%; 50%)	\$ (342,561)	\$ (112,450)	\$ (35,315)	\$ (170,176)	\$ (660,502)
Downtown (80%; 60%; 50%; 50%)	(139,162)	(109,609)	(82,143)	(76,857)	(407,770)
Hotels (70%; 50%; 50%; 50%)	(67,653)	(30,559)	(31,593)	(36,125)	(165,930)
<b>Total Reductions</b>	<b>\$ (549,375)</b>	<b>\$ (252,618)</b>	<b>\$ (149,050)</b>	<b>\$ (283,158)</b>	<b>\$ (1,234,202)</b>

**Current Budget \$ 2,428,000**

<u>Month</u>	<u>Projected % Loss of Revenue (per quarter)</u>			
	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>
Fairgrounds	<b>100/75/50/25</b>	100/80/70/50	100%	100/75/50/50
Downtown	<b>80/60/50/25</b>	80/70/60/50	80/70/60/50	80/60/50/50
Hotels	<b>70/50/35/20</b>	70/60/50/40	80/70/60/50	70/50/50/50
<b>Total Loss</b>	<b>(1,079,532)</b>	(1,289,408)	(1,540,080)	(1,234,202)
<b>New Budget</b>	<b>\$ 1,348,468</b>	\$ 1,138,592	\$ 887,920	\$ 1,193,798

## Assumptions for Revenue Scenarios Fiscal Year 2020-2021

### **Staff Recommendation**

TOT (Scenario 2): Hotels will gradually open throughout the year at room rates and occupancy that will result in TOT bi-monthly losses of 70%, 60%, 50%, 40%, 30% and 20%.

Sales Tax (Scenario 1): (Quarterly Assumptions)

- The Fairgrounds will not resume activity until Sept. and then gradually open during the year resulting in Sales Tax revenue losses per quarter of 100%, 75%, 50% and 25%.
- Downtown restaurants and retail businesses will gradually reopen during the year with business activity that causes Sales Tax revenue losses of 80%, 60% 50% and 25%.
- Hotels will generate Sales Tax losses of 70%, 50%, 35% and 20%

### **Slower Recovery**

TOT (Scenario 1): Hotels will experience difficulty attracting occupancy and rates will be lower resulting in TOT bi-monthly losses of 80%, 70%, 60%, 50%, 40% and 30%.

Sales Tax (Scenario 3):

- The Fairgrounds closed for the entire year.
- Downtown restaurants, retail and hotels will experience a slower return of customers causing Sales Tax revenue losses of 80%, 70%, 60%, 50%.

### **Quicker Recovery**

TOT (Scenario 3): Hotel TOT losses 60%, 50%, 40%, 30%, 20% and 10%

Sales Tax (Scenario 1):

- The Fairgrounds will not resume activity until Sept. and then gradually open during the year resulting in Sales Tax revenue losses per quarter of 100%, 75%, 50% and 25%.
- Downtown restaurants and retail businesses will gradually reopen during the year with business activity that causes Sales Tax revenue losses of 80%, 60% 50% and 25%.
- Hotels will generate Sales Tax losses of 70%, 50%, 35% and 20%

### **Recovery Capped at 50%**

TOT (Scenario 4): Hotels open throughout the year at room rates and occupancy that will result in TOT bi-monthly losses of 70%, 60%, 50%, 50%, 50% and 50%.

Sales Tax (Scenario 4):

- The Fairgrounds will not attract more crowds during the 4<sup>th</sup> quarter resulting in Sales Tax revenue losses of 100%, 75%, 50%, 50%.
- Downtown restaurants and retail will experience a slower return of customers causing Sales Tax revenue losses of 80%, 60%, 50%, 50%.
- Hotels will generate Sales Tax losses of 70%, 50%, 50%, 50%.

Scenario Impact on Revenues	Amounts	Difference
Staff's Recommendation vs. Slower Recovery	\$2,640,000 vs \$3,430,000	(\$790,000)
Staff's Recommendation vs Quicker Recovery	\$2,640,000 vs \$2,300,000	\$340,000
Staff's Recommendation vs Capped at 50%	\$2,640,000 vs \$3,100,000	(\$460,000)

**PROJECTED REVENUE REDUCTIONS  
FISCAL YEAR 2020-21**

REVENUE SOURCE	ORIGINAL BUDGET	REDUCTION	AMENDED BUDGET	% OF REVENUE
PROPERTY TAX	\$ 6,284,250	\$ (171,390)	\$ 6,112,860	-2.7%
TRANSIENT OCCUPANCY TAX	3,310,000	(1,560,000)	1,750,000	-47.1%
SALES TAX	2,428,000	(1,080,000)	1,348,000	-44.5%
FACILITY RENTALS	306,920	(156,920)	150,000	-51.1%
PARKING METER REVENUE	1,212,000	(112,000)	1,100,000	-9.2%
BUILDING SERVICES	372,300	(60,300)	312,000	-16.2%
PLANNING SERVICES	499,800	(59,800)	440,000	-12.0%
INVESTMENT INTEREST	199,400	(58,440)	140,960	-29.3%
PARKING VIOLATIONS	550,800	(50,800)	500,000	-9.2%
GAS TAX FUNDS	116,340	(24,540)	91,800	-21.1%
SURF & VOLLEYBALL CAMP PERMITS	78,960	(23,960)	55,000	-30.3%
BUSINESS LICENSE TAX	242,400	(22,400)	220,000	-9.2%
RED LIGHT ENFORCEMENT	121,200	(21,200)	100,000	-17.5%
OFF-TRACK PARI-MUTUEL WAGERING	28,200	(21,200)	7,000	-75.2%
MOVING/CODE VIOLATIONS	106,090	(21,090)	85,000	-19.9%
SOLANA BEACH CONTRACT (IT Support from Del Mar)	16,700	(16,700)	-	-100.0%
SB1 FUNDS	77,940	(12,640)	65,300	-16.2%
OTHER MISC REVENUES REDUCTIONS	38,300	(12,710)	25,590	-33.2%
OTHER REVENUES NOT IMPACTED	2,858,810	-	2,858,810	0.0%
<b>TOTAL PROJECTED REVENUE REDUCTIONS</b>	<b>\$18,848,410</b>	<b>\$ (3,486,090)</b>	<b>\$ 15,362,320</b>	<b>-18.5%</b>

**City of Del Mar  
Tiers for Evaluating Services**

To help guide the discussion to evaluate the proposed budget for Fiscal Year 2020-2021 and to make decisions as a result of the significant financial crisis, below is a framework for considering and comparing categories of expenditures.

Tier 1	Tier 2	Tier 3
Essential Services  Legally Required Critical Public Health and Safety	Important  Supports Del Mar Operations/Community Values, but not essential	Non-Essential  Could be deferred/eliminated for FY 20-21
Baseline Public Safety - Basic law enforcement patrol services - Fire Department - Lifeguard services for ocean safety - Baseline Parking Enforcement services - Animal control services	Enhanced Public Safety - Traffic deputy  - Additional lifeguard presence - Expanded Parking Enforcement*	Maximized Public Safety - Maximized lifeguard presence for enforcement of beach rules  Capital projects that can be deferred  Repair/maintenance for aesthetics and/or that can be temporarily deferred; less frequent landscape maintenance for parks/medians  Undergrounding Project Climate Action Plan Initiatives Citizen Advisory Committees: - Sustainability Advisory Board - TPAC - Arts Advisory Committee/Public Art - Business Support Advisory Committee - Housing Task Force
Water Wastewater Solid Waste/Trash (Cal-Recycle requirements) Storm Water & Drainage Baseline Code Enforcement for health and safety Critical Planning review for health and safety (e.g., Encroachment Permits)	DRB (could be done by City Council) PC (could be done by City Council)  Citizen Advisory Committees: - Finance Committee	Legislative Advocacy  Community Support Funding Requests  Public communications website/newsletter  SCOUP Permit  Special events/Powerhouse Community Center*
Building inspection Critical capital infrastructure projects for health and safety Maintenance of infrastructure, roads, parks, facilities, landscaping for critical safety Limited consulting services for essential items only Essential training and education for employees Purchase of essential equipment, supplies for safety or to carry-out essential work	Rail relocation issues	Business Support/Economic Development  Expanded consulting services for less-essential priority items and projects  Legal services for non-essential projects Enhanced Code Enforcement for aesthetics
<b>Necessitated by Essential Services</b>		
City Manager Human Resources Finance Information Technology Risk Management City Clerk Services Legal Services/Litigation/Claims Baseline communications Regional Collaboration		
<b>Compliance with Local, State, &amp; Federal Regulatory Requirements</b>		
Implementation of the General Plan California Coastal Commission Regional Water Quality Control Board/Storm Water Pollution Prevention Requirements California Housing & Community Development (Housing Element) California Environmental Quality Act Measure Q Oversight Committee (per ballot language)		

\* Revenue-generating activity

**CAPITAL AND SPECIAL PROJECTS OVERVIEW  
FISCAL YEAR 2020-2021**

<b>CAPITAL IMPROVEMENT PROJECTS</b>	<b>TIER 1 LEGALLY/ CONTRACTUALLY REQUIRED</b>	<b>TIER 2 DEFER PROJECT</b>
POWERHOUSE DECK EXPANSION	\$ -	\$ 100,000
RIVERPATH DEL MAR	-	50,000
ANNUAL PAVEMENT REHABILITATION	245,000	155,000
CDM BRIDGE OVER SAN DIEGUITO (\$400K OF TOTAL COST COVERED BY FEDERAL FUNDING)	520,000	-
MAJOR FACILITY REPAIRS/IMPROVEMENTS	50,000	50,000
PUBLIC WORKS BUILDING IMPROVEMENTS	-	25,000
17TH STREET BEACH CENTER IMPROVEMENTS	-	50,000
LOS PENASQUITOS LAGOON REPAIRS	-	4,500
TRASH FULL CAPTURE DEVICES	50,000	-
STORM DRIAN IMPROVEMENTS	-	107,500
SANTA FE EROSION CONTROL	-	40,000
<b>TOTAL RECOMMENDED CAPITAL PROJECT REDUCTI</b>	<b>\$ 865,000</b>	<b>\$ 582,000</b>

<b>SPECIAL PROJECTS</b>	<b>TIER 1 LEGALLY/ CONTRACTUALLY REQUIRED</b>	<b>TIER 2 DEFER PROJECT</b>
RECORD SCANNING PROJECT	\$ 10,000	\$ -
HOUSING ELEMENT-6TH CYCLE	111,400	38,000
SCOUP PERMIT	-	164,400
NCTD BLUFF SAFE PED CROSSING	20,000	19,700
DEVELOPMENT IMPACT FEE	40,000	40,000
IT STRATEGIC PLAN	-	50,000
<b>TOTAL RECOMMENDED SPECIAL PROJECT REDUCTI</b>	<b>\$ 181,400</b>	<b>\$ 312,100</b>

**Measure Q Fund- By Geographical Area  
Revenue Loss Analysis  
Fiscal Year 2020-2021**

<u>FY 2018-2019 Actuals</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Total</u>
Fairgrounds	\$ 320,150	\$ 140,125	\$ 66,009	\$ 318,086	\$ 844,370
Downtown	162,572	170,730	153,538	143,658	630,498
Hotels	90,324	57,120	59,052	67,524	274,020
Other/Pool	304,727	245,268	239,888	296,560	1,086,443
<b>Total Budget</b>	<b>\$ 877,773</b>	<b>\$ 613,243</b>	<b>\$ 518,487</b>	<b>\$ 825,828</b>	<b>\$ 2,835,331</b>

<u>FY 2020-21 Budget</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Total</u>
Fairgrounds	\$ 342,561	\$ 149,934	\$ 70,630	\$ 340,352	\$ 903,476
Downtown	173,952	182,681	164,286	153,714	674,633
Hotels	96,647	61,118	63,186	72,251	293,201
Other/Pool	298,752	239,909	235,184	290,195	1,064,040
<b>Total Budget</b>	<b>\$ 911,911</b>	<b>\$ 633,642</b>	<b>\$ 533,285</b>	<b>\$ 856,512</b>	<b>\$ 2,935,350</b>

**Scenarios:**

**#1-Staff's Recommendation**

Fairgrounds (100%; 75%; 50%; 25%)	\$ (342,561)	\$ (112,450)	\$ (35,315)	\$ (85,088)	\$ (575,414)
Downtown (80%; 60%; 50%; 25%)	(139,162)	(109,609)	(82,143)	(38,429)	(369,342)
Hotels (70%; 50%; 35%; 20%)	(67,653)	(30,559)	(22,115)	(14,450)	(134,777)
Other/Pool (100% transportation)	(59,750)	(47,982)	(47,037)	(58,039)	(212,808)
<b>Total Reductions</b>	<b>\$ (609,125)</b>	<b>\$ (300,600)</b>	<b>\$ (186,609)</b>	<b>\$ (196,006)</b>	<b>\$ (1,292,340)</b>

**#2-Slower Recovery**

Fairgrounds (100%; 80%; 70%; 50%)	\$ (342,561)	\$ (119,947)	\$ (49,441)	\$ (170,176)	\$ (682,124)
Downtown (80%; 70%; 60%; 50%)	(139,162)	(127,877)	(98,571)	(76,857)	(442,467)
Hotels (70%; 60%; 50%; 40%)	(67,653)	(36,671)	(31,593)	(28,900)	(164,817)
Other/Pool (100% transportation)	(59,750)	(47,982)	(47,037)	(58,039)	(212,808)
<b>Total Reductions</b>	<b>\$ (609,125)</b>	<b>\$ (332,477)</b>	<b>\$ (226,642)</b>	<b>\$ (333,972)</b>	<b>\$ (1,502,216)</b>

**#3-No Fairgrounds for Entire Year**

Fairgrounds (100%; 100%; 100%; 100%)	\$ (342,561)	\$ (149,934)	\$ (70,630)	\$ (340,352)	\$ (903,476)
Downtown (80%; 60%; 50%; 25%)	(139,162)	(109,609)	(82,143)	(38,429)	(369,342)
Hotels (70%; 50%; 35%; 20%)	(67,653)	(30,559)	(22,115)	(14,450)	(134,777)
Other/Pool (100% transportation)	(59,750)	(47,982)	(47,037)	(58,039)	(212,808)
<b>Total Reductions</b>	<b>\$ (609,125)</b>	<b>\$ (338,083)</b>	<b>\$ (221,924)</b>	<b>\$ (451,270)</b>	<b>\$ (1,620,403)</b>

**#4- Revenues capped at 50%**

Fairgrounds (100%; 75%; 50%; 50%)	\$ (342,561)	\$ (112,450)	\$ (35,315)	\$ (170,176)	\$ (660,502)
Downtown (80%; 60%; 50%; 50%)	(139,162)	(109,609)	(82,143)	(76,857)	(407,770)
Hotels (70%; 50%; 50%; 50%)	(67,653)	(30,559)	(31,593)	(36,125)	(165,930)
Other/Pool (100% transportation)	(59,750)	(47,982)	(47,037)	(58,039)	(212,808)
<b>Total Reductions</b>	<b>\$ (609,125)</b>	<b>\$ (300,600)</b>	<b>\$ (196,087)</b>	<b>\$ (341,197)</b>	<b>\$ (1,447,010)</b>

**Current Budget**

**\$ 2,935,350**

<u>Month</u>	<u>Projected % Loss of Revenue (per quarter)</u>			
	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>
Fairgrounds	100/75/50/25	100/80/70/50	100%	100/75/50/50
Downtown	80/60/50/25	80/70/60/50	80/60/50/25	80/60/50/50
Hotels	70/50/35/20	70/60/50/40	70/50/35/20	70/50/50/50
<b>Total Loss</b>	<b>(1,292,340)</b>	<b>(1,502,216)</b>	<b>(1,620,403)</b>	<b>(1,447,010)</b>
<b>New Budget</b>	<b>\$ 1,643,010</b>	<b>\$ 1,433,134</b>	<b>\$ 1,314,947</b>	<b>\$ 1,488,340</b>

## MEASURE Q ANALYSIS

MEASURE Q CASH FLOW	AMOUNT
<b>Balance June 30, 2019</b>	<b>\$2,355,856</b>
<b><u>FY 2019-20</u></b>	
ESTIMATED REVENUES	\$2,888,180
ESTIMATED EXPENDITURES	(4,189,575)
REVENUE ADJ (4/6/20)	(670,000)
EXPENDITURE ADJ (4/6/20)	670,000
EXPENDITURE ADJ (4/20/20)	(272,220)
REVENUE ADJ	(200,000)
<b>Est Balance June 30, 2020</b>	<b>\$582,241</b>
<b><u>FY 2020-21</u></b>	
ESTIMATED REVENUES	\$2,935,350
SHORES PARK MASTER PLAN	(358,960)
UTILITIES UNDERGROUNDING	(1,852,560)
PROPOSED REVENUE ADJ (5/16)	(1,300,000)
<b>Est Balance June 30, 2021</b>	<b>\$6,071</b>
<b><u>PROPOSED REDUCTIONS</u></b>	
PROPOSED SHORES PARK REDUCTION	308,960
PROPOSED UNDERGROUNDING REDUCTION	1,852,560
<b>Est Balance June 30, 2021 if approved</b>	<b>2,167,591</b>

**SUMMARY OF GENERAL FUND RESERVES  
ESTIMATED AT JUNE 30, 2020**

	<b>BALANCE</b>
GENERAL FUND CONTINGENCY	\$2,209,859
PENSION RESERVE	1,220,200
EQUIPMENT REPLACEMENT	723,580
MEASURE Q FUNDS	582,241
SELF INSURANCE	234,000
<b>TOTAL RESERVE FUNDS</b>	<b>\$4,969,880</b>