FINANCIAL REPORT
COVID-19

CITY OF MONTEREY
APRIL 21, 2020
PRESENTATION

- City Manager Comments
- COVID-19 Health & Economic Crises
- Revenue Losses - What’s Happening Now?
- Financial Devastation - What’s the Significance & Urgency?
- Priorities / Strategies / Actions to Stay Solvent
COVID-19 CRISSES

- COVID-19 Health & Economic Crises
- Black Swan Event
  - (high profile, hard-to-predict, rare event)
- UNPREDICTABLE
- FAR-REACHING
- LONG-TERM DEVASTATION
<table>
<thead>
<tr>
<th>EVENT</th>
<th>UNEMPLOYMENT CLAIMS</th>
<th>FILING PERIOD</th>
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<tbody>
<tr>
<td>COVID-19</td>
<td>22 Million (13.5%)</td>
<td>30 Days (Mar 15-Apr 15, 2020)</td>
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<tr>
<td>Great Recession</td>
<td>8.6 Million</td>
<td>2 Years (Nov 2007 -Dec 2009)</td>
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U.S. UNEMPLOYMENT

Great Recession

COVID-19

22 Million (13.5%)

30 Days (Mar 15-Apr 15, 2020)
COVID-19 CRISIS

- Local Impact - especially difficult with hospitality and tourism (85% reduction in tourism globally)
  - 35% of Gen Fund$, 62% Measure P & S, 100% NCIP, and % of Tidelands, Parking, etc.
- Shelter-in-Place
- Unemployment & resident impacts
- Business Closures
- Worldwide -- social & economic fundamentals upended
What is Happening NOW?

- COVID-19 Financial Crisis and **Revenue Losses** -- shortfall -- IS HAPPENING NOW... our REALITY
  - FY20 General Fund $10 Million
  - **Other Funds**: Tideland, Parking, Measure P & S, Gas Tax and many more
- Oct 2019 -- City Declared Fiscal Emergency - now situation is worst
- TOT -- 5 operators did not pay $820k ($516k TOT, $98k NCIP, $49k TID, $156k CCFD)
- CCFD MCC $50 Million Debt - Facing debt default
- Aquarium, Hotels, Restaurants, Stores - no TOT, no sales tax
- Property Taxes Due -- How much will the City receive?
What is Happening NOW?

- Sales Tax - Small business relief up to $50k/biz
- Conference Center - cancelled events, no revenues
- Sports Center - closed, issued refunds, no revenues
- Commercial Property Rentals - rent deferment
- Administrative Citations - deferment
- Community Dev Building Applic’s - significant decreases
SIGNIFICANCE & URGENCY

Gen Fund Revenue Losses

3 ½ months

$10 million
Significant Revenue Losses

- TOT: 28% of budget, $23M Gen Fund, ($5.3M), (23%)
- Sales Tax: 11% of budget, $9M Gen Fund, ($1.6M), (19%)
- Property Tax: 15% of budget, $12M Gen Fund, ($??M), (??%)
- Conf Center: 5% of budget, $4M Gen Fund, ($0.7M), (18%)
- Parks & Recr: 9% of budget, $7M Gen Fund, ($1.9M), (28%)
Revenue Losses

LONG-TERM impacts
PRIORITIES

● Public Safety - Serve Our Residents. Save Lives
● Fix the City Budget
● Launch the Local Economic Recovery
FIX CITY BUDGET

- Stay solvent! Avoid bankruptcy
- Pay bills
- Provide public safety

Requires difficult decisions
Economic Uncertainty Fund

● “Rainy Day Fund”
● One-time money ($13.7M, 16.6% GF)
● Use must be strategic, careful, prudent
● Uncertain times & prolonged revenue losses
● Protect against future losses - yet to unfold
● Continue to provide public safety
STRATEGIES & FIXES

- Staffing Costs / Operational Costs / Revenue opportunities
- One-time Funding -- Non-urgent CIP/NCIP $
- Local Economic Recovery (business & employees)
Conclusion

Q & A