



Financial Impacts of the COVID-19 Pandemic and Response

Steve Mermell, City Manager

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Pasadena Financial Position

- AAA credit
- Strong reserves

<u>General Fund - Fund Balance Summary</u>	
Unassigned	\$ 19,136,361
5% Reserve	12,693,700
15% Reserve	38,081,100
Section 115 Pension Trust	10,700,000
	\$ 80,611,161



General Fund Projections – Pre-COVID-19

General Fund Five-Year Forecast Pre-COVID-19

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Final	Projected	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Amount Available for Appropriations	11,162,617	22,718,783	17,942,436	17,942,437	20,119,582	20,504,656	20,160,469
Revenues							
Tax Revenues	194,366,526	214,458,429	217,879,900	223,886,648	230,172,672	236,964,021	244,366,490
Other Revenues	46,897,874	46,673,865	45,835,945	46,967,239	48,127,657	49,317,965	50,538,948
Contributions/Svs. From Other Funds	20,236,156	19,757,388	20,140,438	20,490,438	20,490,438	20,490,438	20,490,438
Total Revenues	261,500,555	280,889,682	283,856,283	291,344,325	298,790,767	306,772,424	315,395,877
Expenses							
Personnel	155,736,508	163,636,026	176,227,211	183,517,299	190,195,487	196,515,041	198,697,526
Debt Service	13,598,271	10,744,034	10,475,309	11,352,470	11,588,198	11,588,529	12,322,553
Contributions To Other Funds	14,443,772	36,442,673	13,301,473	14,067,502	14,348,853	14,635,830	14,928,546
Other Expenses	62,340,438	74,843,296	75,245,529	77,229,909	79,273,154	81,377,211	83,544,093
Total Expenses	246,118,990	285,666,028	275,249,522	286,167,180	295,405,692	304,116,610	309,492,717
Operating Income/(Loss)	15,381,566	(4,776,347)	8,606,761	5,177,145	3,385,075	2,655,814	5,903,159
Ending Amount Available for Appropriations	26,544,183	17,942,436	26,549,198	23,119,582	23,504,656	23,160,470	26,063,629
Reserve for Capital	-	-	8,606,761	3,000,000	3,000,000	3,000,000	3,000,000
Contribution to Policy Reserve	3,825,400						
Net Income/(Loss) with Reserve Contribution	11,556,166	(4,776,347)	0	2,177,145	385,075	(344,186)	2,903,159



COVID-19 Impact on FY20 revenues

Fiscal Year 2020 - General Fund

REVENUES	Budget	Projection Prior to Safer at Home	Projected Losses	New Projection
Property Taxes*	\$ 88,495,000	\$ 88,495,000	\$ -	\$ 88,495,000
Sales Tax*	55,812,000	61,532,429	(8,847,450)	52,684,979
Utility User Tax	27,545,500	26,045,500	(500,000)	25,545,500
Transient Occupancy Tax	18,331,500	18,331,500	(5,313,230)	13,018,270
Franchise Taxes	2,754,000	2,754,000	-	2,754,000
Other Taxes	17,300,000	17,300,000	(500,000)	16,800,000
Total Taxes	210,238,000	214,458,429	(15,160,680)	199,297,749
Licenses & Permits	\$ 4,553,027	\$ 4,553,027	\$ (850,000)	\$ 3,703,027
Intergovernmental Revenues	3,695,290	3,695,290	-	3,695,290
Charges for Services	27,934,648	27,934,648	(1,140,410)	26,794,238
Fines & Forfeitures	7,174,500	7,174,500	(1,300,000)	5,874,500
Investment/Interest Earnings	1,028,875	1,028,875	-	1,028,875
Rental Income	758,531	708,531	(325,000)	383,531
Miscellaneous	1,578,994	1,578,994	(100,000)	1,478,994
Transfers in from Other Funds	19,757,388	19,757,388	-	19,757,388
TOTAL REVENUES	\$ 276,719,253	\$ 280,889,682	\$ (18,876,090)	\$ 262,013,592



COVID-19 Impact on FY21 revenues

Fiscal Year 2021 - General Fund

REVENUES	Planned City Manager Recommended Budget	Projected Losses	Projection
Property Taxes*	\$ 92,007,700	\$ -	\$ 92,007,700
Sales Tax*	60,151,700	(4,601,632)	55,550,068
Utility User Tax	26,950,000	(500,000)	26,450,000
Transient Occupancy Tax	18,331,500	(4,212,100)	14,119,400
Franchise Taxes	2,939,000	-	2,939,000
Other Taxes	17,500,000	(1,000,000)	16,500,000
Total Taxes	\$ 217,879,900	\$ (10,313,732)	\$ 207,566,168
Licenses & Permits**	\$ 4,568,380	\$ -	\$ 4,568,380
Intergovernmental Revenues**	939,246	-	939,246
Charges for Services**	28,461,824	-	28,461,824
Fines & Forfeitures**	7,448,000	-	7,448,000
Investment/Interest Earnings**	1,272,101	-	1,272,101
Rental Income**	508,400	-	508,400
Miscellaneous**	2,637,994	-	2,637,994
Transfers In from Other Funds	20,140,438	(500,000)	19,640,438
TOTAL REVENUES	\$ 283,856,283	\$ (10,813,732)	\$ 273,042,551



Maintaining services and a balanced budget

- How we address the FY20 General Fund loss:
 - > Anticipated underspending \$9.0 million
 - > Completion of Concord Sale \$3.478 million
 - > Use of fund balance \$16.3 million
 - Includes previously planned use for key initiatives and obligations:
 - » \$5.0 million – General Liability Fund transfer
 - » \$3.875 million – Police Dispatch System
 - » \$1.5 million – Prior Year Carryforwards
 - » \$500,000 – Norton Simon Museum Parking Lot
 - » \$2.1 million – Other Operating Amendments
 - Use of 5% GF Reserve - \$850,000 (Meals and Temp. Medical Facility)
- For FY21 realign Measure I dollars from Capital Budget to Operating Budget to preserve essential City services - \$8.5 m
- Determine new equilibrium and evaluate budget from there



General Fund Projections – Post-COVID-19

General Fund Five-Year Forecast - Post COVID-19

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Final	Projected	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Amount Available for Appropriations	11,162,617	22,718,783	6,394,346	6,497,375	5,448,889	3,083,982	448,089
Revenues							
Tax Revenues	194,366,526	199,297,749	207,566,168	215,304,817	222,019,367	229,220,924	236,741,562
Other Revenues	46,897,874	42,958,455	45,835,945	46,967,239	48,127,657	49,317,965	50,538,948
Contributions/Svs. From Other Funds	20,236,156	20,607,388	19,640,438	20,490,438	20,490,438	20,490,438	20,490,438
Total Revenues	261,500,555	262,863,592	273,042,551	282,762,494	290,637,462	299,029,327	307,770,948
Expenses							
Personnel	155,736,508	163,636,026	176,227,211	183,517,299	190,195,487	196,515,041	198,697,526
Debt Service	13,598,271	10,744,034	10,475,309	11,352,470	11,588,198	11,588,529	12,322,553
Contributions To Other Funds	14,443,772	32,964,673	13,301,473	14,067,502	14,348,853	14,635,830	14,928,546
Other Expenses	62,340,438	71,843,296	72,935,529	74,873,709	76,869,830	78,925,821	81,043,674
Total Expenses	246,118,990	279,188,029	272,939,522	283,810,980	293,002,368	301,665,220	306,992,299
Operating Income/(Loss)	15,381,566	(16,324,437)	103,029	(1,048,486)	(2,364,906)	(2,635,893)	778,649
Ending Amount Available for Appropriations	26,544,183	6,394,346	6,497,375	5,448,889	3,083,983	448,090	1,226,738
Reserve for Capital	-	-	-	-	-	-	-
Contribution to Policy Reserve	3,825,400						
Net Income/(Loss) with Reserve Contribution	11,556,166	(16,324,437)	103,029	(1,048,486)	(2,364,906)	(2,635,893)	778,649



Moving forward

- **Maintain fiscal responsibility and stability**
 - > Ensure a balanced budget each and every year
- **Immediate action plan**
 - > Modified hiring freeze
 - > Identify opportunities to reduce costs
- **Long-term plan**
 - > Monitor expenses and revenues closely; make adjustments as necessary
 - > Maintain adequate reserves - ALWAYS
 - > Identify means to reinvest in Capital projects