



# TOWN OF FAIRFAX

## STAFF REPORT

### May 6, 2020

**TO:** Mayor and Town Council

**FROM:** Michele Gardner, Town Clerk

**SUBJECT:** Authorize Mayor Goddard to send a letter to Governor Newsom requesting the State address the general revenue shortfall over the next two fiscal years through the establishment of a revenue stabilization fund for direct aid to cities and towns, a share of the CARES Act funding and a COVID-19 financing vehicle for cities/towns to access cash for immediate needs

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#### **RECOMMENDATION**

Authorize the Mayor to send the letter on behalf of the Town.

#### **DISCUSSION**

Councilmember Coler requested this item be added to the agenda. The League of California Cities provided the sample letter (attached) and the following information below.

California's 482 cities are on the front lines of the COVID-19 pandemic, protecting residents and incurring additional expenses as they work to prevent further transmission.

- Since the beginning of this outbreak, cities have been taking actions to protect their communities – buying personal protective equipment, installing public sanitation stands, disinfecting public facilities, and enacting emergency orders. These actions have saved lives and serve as a model for the country. But, these actions come at a cost.
  - Nine out of 10 cities are buying personal protective equipment.
  - Nine out of 10 cities report increased spending to disinfect and sanitize public facilities.
  - 12 percent of cities report spending more than \$500,000 to address the outbreak in their communities.
- Cities understand that their small businesses need to stay alive in order for communities to recover and reopen. They're working hard to help their businesses with relief funds, fundraisers, and interactive maps showing which businesses are open on their websites and social media.

A new data analysis from the League shows that California cities face significant revenue shortfalls and are already reducing or eliminating core services as a result of the pandemic.

- All California cities, big and small, are feeling the severe financial impacts of this pandemic. With city budgets hit so hard, residents are going to feel that impact in their everyday lives.

- Cities are facing a nearly \$7 billion revenue shortfall over the next two years. This shortfall grows by billions of dollars if stay-at-home orders to protect public health extend into the summer months and beyond.
- Cities need immediate assistance from the state and federal government in order to fill the gap.
- With businesses shut down throughout the state, revenues are coming in well below expected city budgets. City leaders have fewer dollars to pay for essential services that residents rely on, like police, fire, and trash collection.
  - Nine out of 10 of cities may cut staff or decrease city services to residents, and nearly 3 in 4 cities report they may have to take both actions.
  - Police services will be adversely affected in 8 out of 10 cities.
  - Eight out of 10 cities report projected cuts to parks and recreation services.
  - In 8 out of 10 cities, public works services will be impacted.
  - More than half of cities' fire services will be adversely affected.
- Cities whose economies depend most on tourism and recreation-based activities are most severely impacted by this crisis.
  - Cities anticipate \$2.9 billion loss in sales taxes and a \$1.3 billion loss in transient (hotel) occupancy taxes (TOT).
  - Up to 57 percent of the shortfall is attributable to a decline in sales tax revenue, and 27 percent is attributed to the decline in transient (hotel) occupancy tax (TOT) revenue.

Cities can't wait. They need fiscal assistance now from the state and federal government. And no city can be left behind.

- The road to recovery will be long and hard. As state and federal governments help stabilize businesses and schools, it is important that they also provide relief for cities and its residents so they can continue to respond to, and recover from, this global health crisis.
- We are calling on the Governor and Legislature to immediately:
  - Establish at least a \$7 billion city revenue stabilization fund for direct aid to all cities;
  - Allocate a share of the State's \$8.4 billion CARES Act funding for cities with populations under 500,000; and
  - Create a COVID-19 financing vehicle that all cities can access to support immediate cash flow needs.

**FISCAL IMPACT**

n/a

**ATTACHMENT**

Sample letter

Draft Letter

May 7, 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 Town of Fairfax 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.

The Town of Fairfax projects that these shortfalls will impact our core city services, including [Customize: police, fire service, emergency management, and planning and housing, and a majority of the cities surveyed anticipate lay-offs or furloughs, which will further impact core city services for residents, as well as the employees.]

Since the beginning of the COVID-19 crisis, the Town of Fairfax has stepped up to protect and serve our community. 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.**

The Town of Fairfax is calling on you to immediately support the following actions:

- Establish at least a \$7 billion city revenue stabilization fund for direct aid to all cities to address the general revenue shortfall over the next two fiscal years;
- Allocate a share of the State's \$8.4 billion CARES Act funding for cities with populations under 500,000 to support COVID-19 expenses; and
- Create a COVID-19 financing vehicle that all cities can access to support immediate cash flow needs.

The Town of Fairfax 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,

Renee Goddard  
MAYOR  
Town of Fairfax

Cc: Senator Mike McGuire  
Assembly Member Marc Levine  
Nancy Hall Bennett, League Regional Public Affairs Manager (via email)  
Meg Desmond, League of California Cities, [cityletters@cacities.org](mailto:cityletters@cacities.org)