



## Staff Report

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**TO:** Honorable Mayor and Members of the Town Council  
**FROM:** Sean Rabé, Town Manager  
**DATE:** July 14, 2020  
**RE:** League of California Cities "Support Local Recovery: Vibrant Cities. Strong Economies" Campaign Support

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### Recommendation

Authorize Mayor to sign a form supporting the League of California Cities "Support Local Recovery: Vibrant Cities. Strong Economies" campaign, and sign a letter to Governor Newsom doing the same.

### Issue Statement and Discussion

The League of California Cities recently established the "Support Local Recovery: Vibrant Cities. Strong Economies" campaign to address the ongoing COVID-19 pandemic and the impact California cities are facing from to severe revenue shortfalls due to the impact of the health crisis.

As Council knows, cities have been forced to make significant reductions or cuts to a broad range of core public services and staff, regardless of population size. Loomis, for example, has used about \$250,000 in reserves to balance its budget for Fiscal Year 2020/21 – a situation that, while not ideal, has prevented significant cuts to services. Using our reserves is not a sustainable solution, however.

Given current and projected revenue shortfalls, cities need fiscal assistance to stabilize local government operations to offset the devastating impacts the crisis is having on California cities.

A new data analysis (see Attachment C) by the League of California Cities projects an overall need to secure \$7 billion in state aid to help California cities and \$500 billion in federal aid over the next two years to help cities and counties, nationwide, regardless of size, respond to and recover from COVID-19.

Key findings of the data analysis include:

- 100% of California cities will face projected revenue loss this year.
- Over 90% of cities are considering layoffs or employee furloughs or cutting public services, and 72% are considering doing both.
- City Leaders report unanticipated COVID-19 expenses in:
  - Disinfection of public facilities
  - Purchase of personal protective equipment
  - New technology for remote operations
  - Emergency operations center/training costs
  - Increased public safety costs, including overtime
  - Purchase supplies for residents
  - Financial support to residents/businesses

**CEQA Requirements**

None.

**Financial and/or Policy Implications**

The Support Local Recovery Campaign Goals include securing \$7 billion in direct and flexible funding to support critical local services and secure CARES Act funding for all cities for COVID-19 related expenditures. Additional goal is to secure \$500 billion in direct and flexible funding for all cities nationwide to support critical local services.

If successful, the Support Local Recovery Campaign may provide substantial relief to the Town of Loomis.

**Attachments**

- A. Support Local Recovery Coalition Form
- B. Support Letter from Town of Loomis
- C. League of California Cities COVID-19 Fiscal Impact Infographic



**Support Local  
RECOVERY**  
Vibrant cities. Strong economies.

Cities are bracing for a nearly **\$7 billion general revenue shortfall** over the next two fiscal years. All cities, regardless of size and geography, are impacted. This will mean cuts and furloughs to city staff and a reduction to core services to the public. **Together, we must fight to support local recovery. Californians depend on it.**

## Join the coalition!

Yes, I/we want to join the Support Local Recovery coalition with the League of California Cities to call on the state to secure \$7 billion in direct and flexible funding to support critical local services and secure CARES Act funding for all cities for COVID-19 related expenditures, and the federal government to secure \$500 billion in direct and flexible funding for all cities nationwide to support critical local services.

Please select a category:

Organization

☐

Individual

☐

Elected

Please complete the following information:

**Organization/Company (if applicable)** Town of Loomis

**First Name** Jan

**Last Name** Clark-Crets

**Title/Occupation** Town of Loomis Mayor

**Mailing Address** PO Box 1330

**City** Loomis

**State** CA

**Zip** 95650

**Email** JClark-Crets@loomis.ca.gov

**Phone** (916) 652-1840

**Signature**

**Date** 7/14/2020

*By completing this form, you agree to be listed as a supporter in campaign materials. You will be signed up to receive email updates and can unsubscribe anytime. Note: Title and organization are for identification purposes only.*

**Please email this completed form to: [supportlocalrecovery@cacities.org](mailto:supportlocalrecovery@cacities.org)**

For more information, please call Bismarck Obando at (916) 607-0873 or email [supportlocalrecovery@cacities.org](mailto:supportlocalrecovery@cacities.org).

**[www.supportlocalrecovery.org](http://www.supportlocalrecovery.org)**



## \*\*\*City Letterhead\*\*\*

## DATE

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 Loomis 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 continues to have 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 further into the summer months and beyond.

The Town of Loomis projects that these shortfalls will impact our core Town services, including our park services and public works services. The Town is currently using reserves to balance our Fiscal Year 2020/21 budget. 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 Loomis has joined the Support Local Recovery coalition and we are calling on you to immediately support the following actions:

- Provide **\$7 billion in direct and flexible state funding** to support critical local services and allocate CARES Act funding for all cities for COVID-19-related expenditures.
- Advocate to secure **\$500 billion in direct and flexible funding from the federal government** for all cities nationwide to support critical local services.

The Town of Loomis 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,

Jan Clark-Crets  
Mayor  
Town of Loomis

Cc: Senator Brian Dahle  
Assembly Member Kevin Kiley  
Bismarck Obando, League of California Cities, [SupportLocalRecovery@cacities.org](mailto:SupportLocalRecovery@cacities.org)

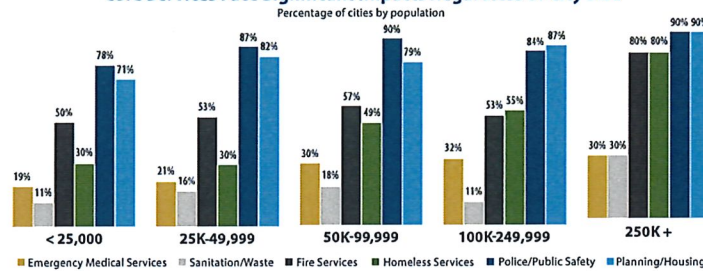
# COVID-19 Fiscal Impact on California Cities

California cities face severe revenue shortfalls due to the impact of the COVID-19 pandemic on their economies and increased emergency costs. As a result, cities will be forced to make significant reductions or cuts to a broad range of core public services and staff, regardless of population size. Given current and projected revenue shortfalls, cities need fiscal assistance to stabilize local government operations to offset the devastating impacts the crisis is having on California's communities. These findings are part of a new data analysis\* by the League of California Cities.

## Public Services Will Be Impacted By Drastic Revenue Loss



## Core Services Face Significant Impacts Regardless of City Size



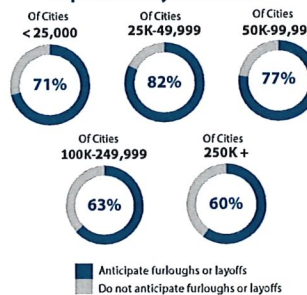
Cities anticipate a nearly **\$7 BILLION GENERAL REVENUE SHORTFALL** over the next two fiscal years. This shortfall will grow by billions of dollars if COVID-19 stay-at-home orders extend into the summer months and beyond.

## City Leaders Report Immediate Impact to Core Revenue Sources

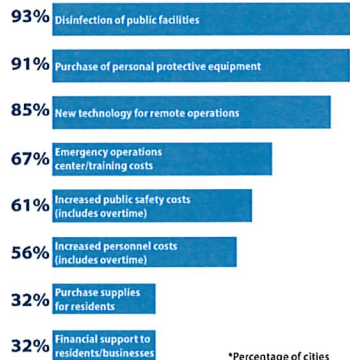
**100%** Sales Taxes  
**89%** Hotel/Bed Taxes  
**72%** Property Transfer Taxes  
**42%** Utility Taxes  
**15%** Investments, Forfeitures, and Fines  
**4%** Parking and Admissions

**12%** of cities report spending **> \$500k** to help control the COVID-19 pandemic

## COVID-19 Has Staggering Impact on City Workforce



## Unanticipated COVID-19 Expenses



**100%** of California cities, regardless of population size, face projected revenue loss this year

Over **90%** of cities are considering **LAYOFFS** OR **EMPLOYEE FURLOUGHS**, or **CUTTING PUBLIC SERVICES**. **72%** are considering doing **BOTH**.

## Cities Key Revenue Loss by Source through FY 21-22

<b>\$24 million</b> Utility Taxes	<b>\$28 million</b> Property Transfer Taxes
<b>\$65 million</b> Franchises	<b>\$93 million</b> Parking and Admissions
<b>\$175 million</b> Investments, Forfeitures, and Fines	<b>\$402 million</b> Business Tax
<b>\$616 million</b> County Transportation SUT	<b>\$1.37 billion</b> Hotel/Bed Taxes
<b>\$2.26 billion</b> Sales Taxes	<b>\$1.7 billion</b> City/County of San Francisco
<b>Total \$6.7 billion</b>	

For more information email [communications@cacities.org](mailto:communications@cacities.org).

\*Data and Assumptions: The current revenue shortfall projections assume the ending of strict stay-at-home orders by the end of May 2020 with a transition to normalcy and a gradual return to taxable activities. The revenue shortfall projections include FY 2021-22, as there will be delayed revenue impacts from multiple sources, including business license taxes (based on prior year receipts). If strict stay-at-home orders remain in place through the summer of 2020, there will be additional significant revenue losses – adding billions to overall city shortfalls. Over 260 cities, encompassing all of California's diverse geographies and city sizes, participated in the League's COVID-19 Fiscal Impact Survey. The survey requested primary source data on projected revenue losses in key, general revenue categories, and local impacts to city services and operations. The survey data reinforces projections produced from an in-depth financial model built from annual reports by the State Controller and the California Department of Tax and Fee Administration, survey data, granular analysis by government revenue specialists, industry-specific outlooks, and forecasts from respected economists.