

A photograph of a white lighthouse with a green band around its lantern room, situated on a rocky island. The sky is a mix of pink, purple, and blue, suggesting a sunset or sunrise. The ocean is visible in the foreground with some white foam from waves.

CITY OF SANTA CRUZ
Budget Update
April 28, 2020

Staff Recommendations

Authorize and ratify FY 2020 budget saving measures

Direct staff to develop a FY 2021 budget with \$6 million in spending reductions

Direct staff to monitor impacts associated with SIP mandates and report back to the City Council in May

Establish a Budget Committee

Agenda

Forecast

Projections

Shelter-in-Place (SIP) Revenue Impacts

Budget Saving Measures

Next Steps

Forecasting

Different from the Great Recession

Many key variables are unknown:

Length of Shelter-in-Place mandates

Vital data not yet available

Assumptions

SIP ends 1st Quarter of FY 2021

FY 2020 major revenue declines in 4th quarter (25%)

FY 2021 continued revenue declines in first 2 quarters (15%), slight rebound in last 2 quarters

Unknowns

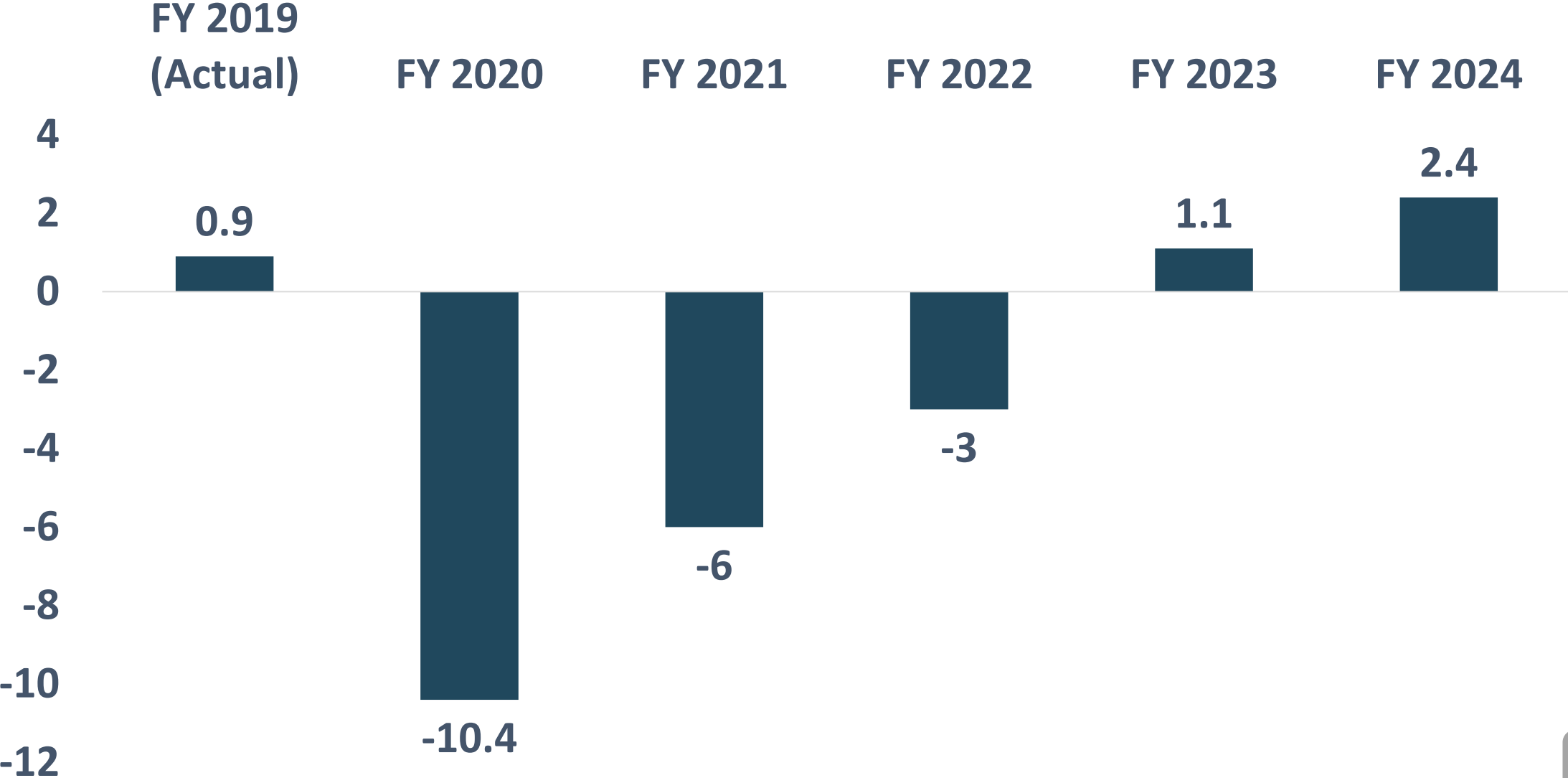
Length of COVID-19 SIP

State or Federal aid

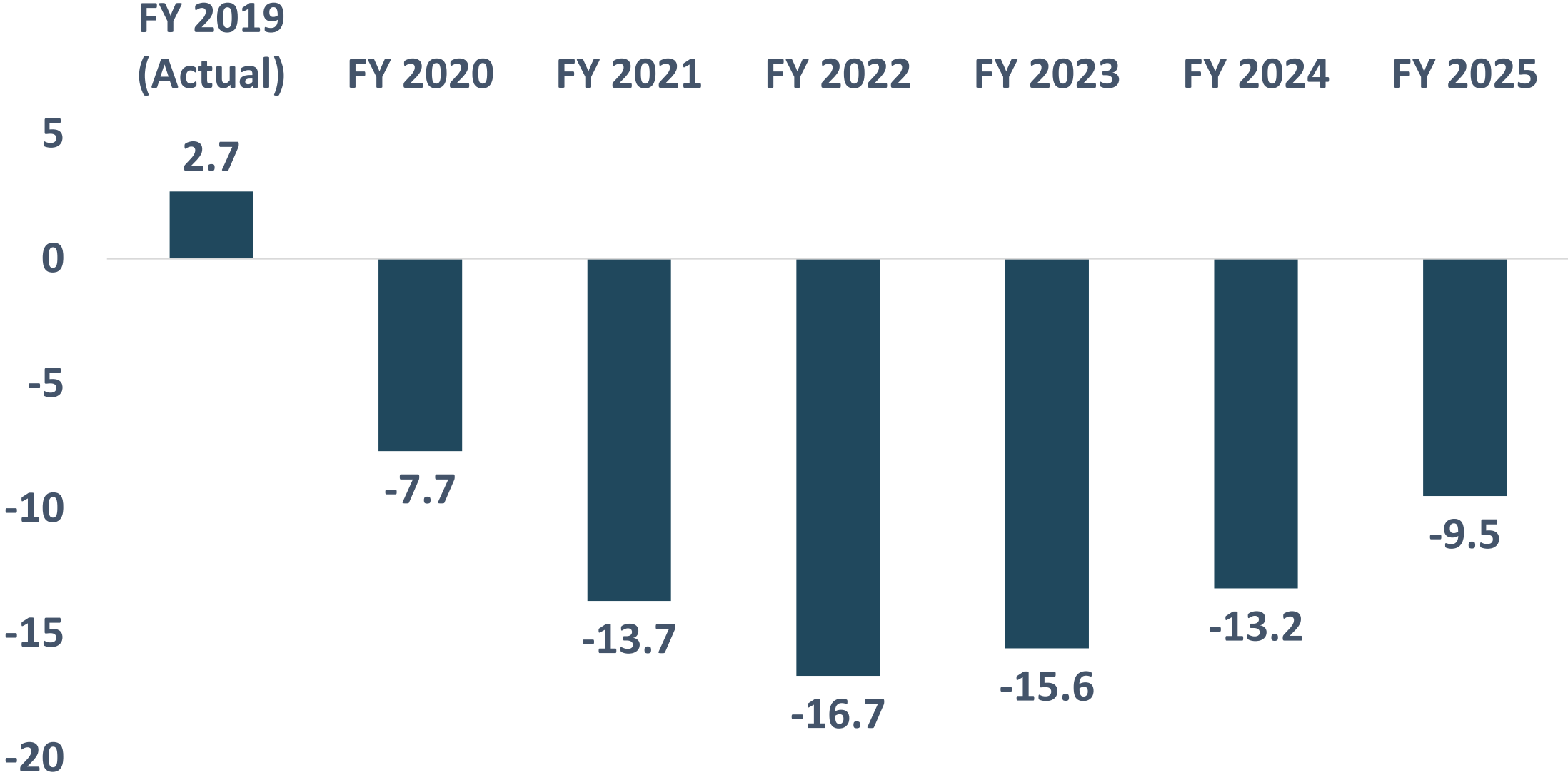
Time needed for the economy to recover

Future SIP mandates?

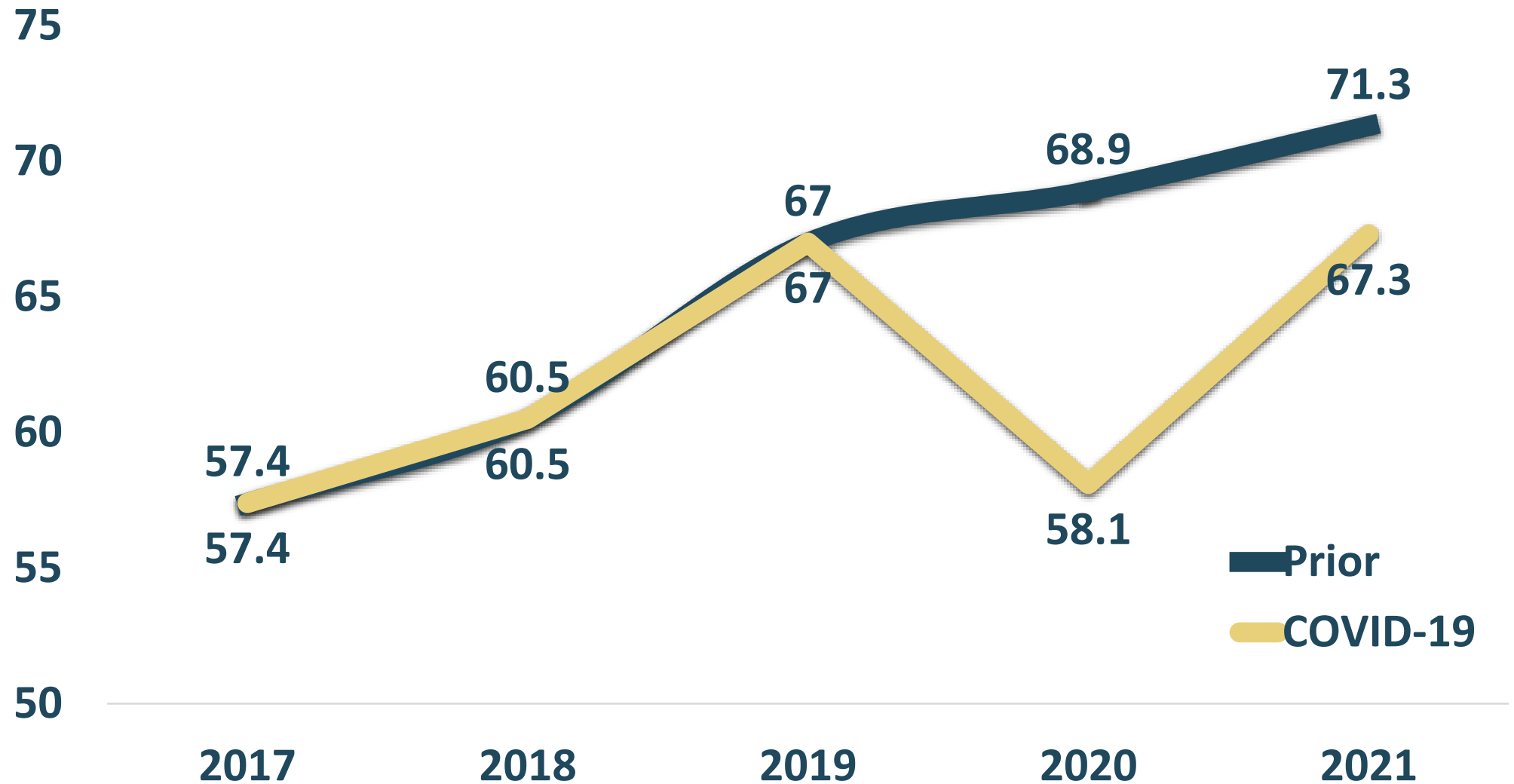
5-Year Financial Projection



6-Year Fund Balance Projection



FY 17-21 Major Revenue Forecast



Revenue Impacts

Constant: Property Taxes

Challenges:

Sales and Use

Utility

TOT

FY 2020 Budget Saving Measures

Hiring Freeze (already in place)

Draw from Reserves

Departments to Defer Spending

FY 2021 Possible Budget Saving Measures

Hiring Freeze (already in place)

Personnel

Expenditures

Transfers

Reimbursements and Loans

What California Cities Need From the State

Establish a City Revenue Stabilization Fund

Stimulus funding

Set aside CARES Act funding for cities with populations under 500,000

Create a financing vehicle for cities

Next Steps in the FY 2021 Budget Process

Release Proposed Budget - May 1, 2020

Budget Hearings - May 12 & May 13, 2020

Adopt FY 2021 Budget - June 23, 2020

Anticipated Checkpoints to Return to Council: September, December, and February/Mid-year Budget

City Council Budget Committee

Comprised of Mayor, Vice-Mayor, and one Councilmember

Review budget scenarios and proposals

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Establish a Budget Committee

A lighthouse with a white body and a green top section stands on a rocky island. The sky is a mix of pink, purple, and blue, suggesting sunset or sunrise. The ocean is visible in the foreground with some white foam from waves. The text "What Questions Do You Have?" is overlaid in white on the right side of the image.

What Questions Do You Have?