



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: A Resolution Authorizing the Continuing of Operations into Fiscal Year 2020-2021 at Fiscal Year 2019-2020 Appropriation Levels

MEETING DATE: July 7, 2020

RECOMMENDATION:

Approve and adopt the proposed Resolution authorizing the continuing of operations into Fiscal Year 2020-2021 at Fiscal Year 2019-2020 appropriation levels, and assign the number next in order.

BACKGROUND/ANALYSIS:

The City of Commerce, like all cities in the country, has been significantly impacted by the novel coronavirus known as COVID-19, which was first identified in the United States in early January 2020, and by March 4, 2020, resulted in California Governor Gavin Newsom proclaiming a “state of emergency” throughout California. On March 16, 2020, the City Council for the City of Commerce proclaimed a “local emergency” in the City pursuant to Resolution No. 20-23.

In efforts to slow-the-spread of COVID-19, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all California residents to “stay at home,” with the exception only of “essential workers and businesses” (“Safer at Home Order”), and though local jurisdictions are slowly progressing through the State’s “reopening plan,” as of the date of this staff report the Safer at Home Order remains largely in effect, and most recently on June 28, 2020, Governor Newsom has ordered bars, wineries, etc., to reclose in the County of Los Angeles and other counties in California due to a resurgence of positive COVID-19 tests. Further, beaches have also been ordered to close for the fourth of July weekend as a result of the continuous spike in confirmed COVID-19 cases, indicating that said patterns translates to continuous instability.

Consistent with said Orders and Resolution No. 20-23, multiple businesses have been closed, then opened for a week and closed again for over ninety (90) days, including but not limited to, the two largest economic generators in the City, the Commerce Casino, which closed on March 14, 2020, and the Citadel Outlets, which closed on March 18, 2020, and most recently re-opened at partial capacity. That re-opening produced nowhere near their normal revenues and lasted only a week before closing again for approximately

three weeks per orders from state officials. Its worth noting that the last shutdown was initially estimated to last two weeks and it instead lasted three months so there is reason to be uncertain with this closure.

The closure of local businesses in response to COVID-19 has significantly impacted the amount and predictability of revenues to the City, including, but not limited to, in the form of sales, use, transient occupancy taxes, deferred utility payments, etc.

The City of Commerce is experiencing serious and detrimental financial and budgetary impacts because of the COVID-19 pandemic and the resulting closure of the City's businesses, including the two main sources of the City's General Fund revenue.

Pursuant to Resolution No. 20-24, the City declared an Economic Emergency due the economic impacts directly caused by the COVID-19 pandemic, and City continues to assess all potential cost-saving measures on a continuous basis in an effort to address the imminent financial emergency, while also making law enforcement, fire protection, public safety, and public infrastructure a priority which must be maintained at the highest service levels to protect the City's residents and neighborhoods, especially during this state of local emergency.

The City has incurred significant and unanticipated expenses in responding to COVID-19 crisis without the ability to identify any new sources of revenue.

Given these circumstances, the completion and presentation to the City Council of the Fiscal Year 2020-2021 Budget has been delayed, and in order to prepare a reasonably accurate projection of the anticipated revenues and expenditures for said year, additional time is necessary. The City Council has duly passed and approved the Fiscal Year 2019-2020 Budget, which ends on June 30, 2020.

Staff recommends that the City Council find and determine that, based on existing circumstances and the attendant fiscal uncertainty, it is not currently possible to adopt a reasonably accurate budget for Fiscal Year 2020-2021, and accordingly it is necessary and appropriate to adopt this Resolution continuing appropriations under the Fiscal Year 2019-2020 Budget into Fiscal Year 2020-2021. The continuation of the 2019 – 2020 budget is recommended to remain in full force and effect until August 31, 2020, or the adoption of the Fiscal Year 2020 – 2021 Budget, whichever occurs first. It is further recommended that the continued appropriation of city funds at such levels as set forth in the 2019-2020 Budget.

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

While the full impact is unknown at this time, this fiscal damage being caused by the Covid-19 pandemic on the City of Commerce has been and will likely continue to be severe. City staff is working diligently to provide the City Council with various options for navigating this economic emergency.

RELATIONSHIP TO STRATEGIC GOALS:

This report is applicable to the following 2016 Strategic Plan Fiscal Sustainability Guiding Principle 1: *Demonstrate fiscal responsibility through establishing financial policies, budgeting practices that meet the Financial Standards of Excellence requirements.*

Recommended by: Josh Brooks, Acting Director of Finance

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENT:

1. Resolution