JUNE 1, 2020 · VOLUME 2020.09

CITY OF RIVERSIDE FISCAL UPDATE

Monitoring City of Riverside Finances and the Potential Fiscal Impacts of COVID-19

TABLE OF CONTENTS

Chief Financial Officer/City Treasurer
Edward Enriquez

Budget Manager
Kristie Thomas

EXECUTIVE SUMMARY

From the world stage to the local stage, the impact of COVID-19 is unlike any economic event recorded in our lifetime. Under "normal" recessions, the impacts may be felt initially with a stock market crash, followed by business declines and increasing unemployment. A natural disaster such as a hurricane triggers a recession due to the loss of critical infrastructure to support the economy. COVID-19 is a new and unprecedented event: the limitation of human movement resulted in an immediate and sudden shock to the economy at all levels, resulting in the near shut-down of entire business sectors such as travel and entertainment, and the immediate layoff of millions of workers.

There is cause for both worry and optimism: although the longevity of the COVID-19 event is unknown, the fact that critical infrastructure remains gives hope to a more immediate and strong rebound. Government response to prop up the economy has been extensive and is providing critical and immediate support to businesses and individuals. We expect the government to be equally supportive of recovery efforts.

On the local level, the City is in a slightly better position than many other agencies to weather the COVID-19 event. Recent and ongoing efforts to shore up the City's finances have provided options that will allow the City to mitigate some of the impacts of COVID-19. However, without knowing how long the limitation on human movement and business operations will last, the fiscal impact of COVID-19 to the City is speculative, at best. The prudent course of action is to adopt interim mitigating actions, monitor significant events, and model various fiscal impact scenarios. This newsletter is intended to summarize the most impactful events to the local economy resulting from COVID-19, potential impact on City finances, and current fiscal state of the City's major funds.

LEGISLATIVE ACTIONS

The actions of federal, state, and local government officials in response to economic stress and the immediate need of financial relief for individuals and businesses will impact City finances. As we have observed over the last several weeks, some actions will have a domino effect, the full impact of which may not be known for several months. Initial efforts to shore up specific sectors and protect the financial wellbeing of citizens may impair the financial health of other sectors or individuals down the road. For example, mortgage relief legislation has not yet addressed the impact of payment deferrals on the investor market: loan servicers are experiencing liquidity issues and have no way to pay mortgage bond holders, which could lead to a crisis in the housing market. If this aspect of the mortgage industry is not addressed soon, loan servicers will stop lending, and investors will avoid mortgage-backed securities.

FEDERAL

March

- **5** Interest Rates cut: 50 basis points to 1 to 1.25 percent
- **6** Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
- **13** National Emergency Declared
- **16** Interest Rates cut: 150 basis points to .25 percent; $700 billion in quantitative easing
- **18** Families First Coronavirus Response Act; includes foreclosure and eviction suspension
- **22** President approves California disaster declaration
- **27** Coronavirus Aid, Relief, and Economic Security Act (CARES)

April

- **3** Paycheck Protection Program under CARES Act activated
- **9** $2.3 trillion in loans to supply liquidity to lenders for Main Street Lending Program; Municipal Liquidity Facility; and Paycheck Protection Program Liquidity Facility
- **13** Economic Impact Payment to Individuals begin

HEROES Act Pending Senate Vote

STATE

March

- **4** State of Emergency Declared
- **16** Eviction, foreclosure, utility shut-off relief through May 31, 2020
- **17** Bars and clubs ordered closed; restaurants restricted to drive-through or pick-up/delivery
- **17** SB89: $1.1 billion emergency funding, including local government funding for homeless
- **19** Stay-at-home order; identification of essential services
- **22** California's Major Disaster Declaration approved by President
- **22** 90-Day Mortgage Payment Relief
- **27** Moratorium on residential evictions through May 31, 2020
- **30** 90-Day extension to file state and local taxes, including sales tax, to July 15, 2020

April

- **3** $50 million in loan guarantees for small businesses
  Project Roomkey to house homeless population; 75% FEMA reimbursement
- **9** Lodging for healthcare workers
- **28** Pandemic Resilience Roadmap

LOCAL

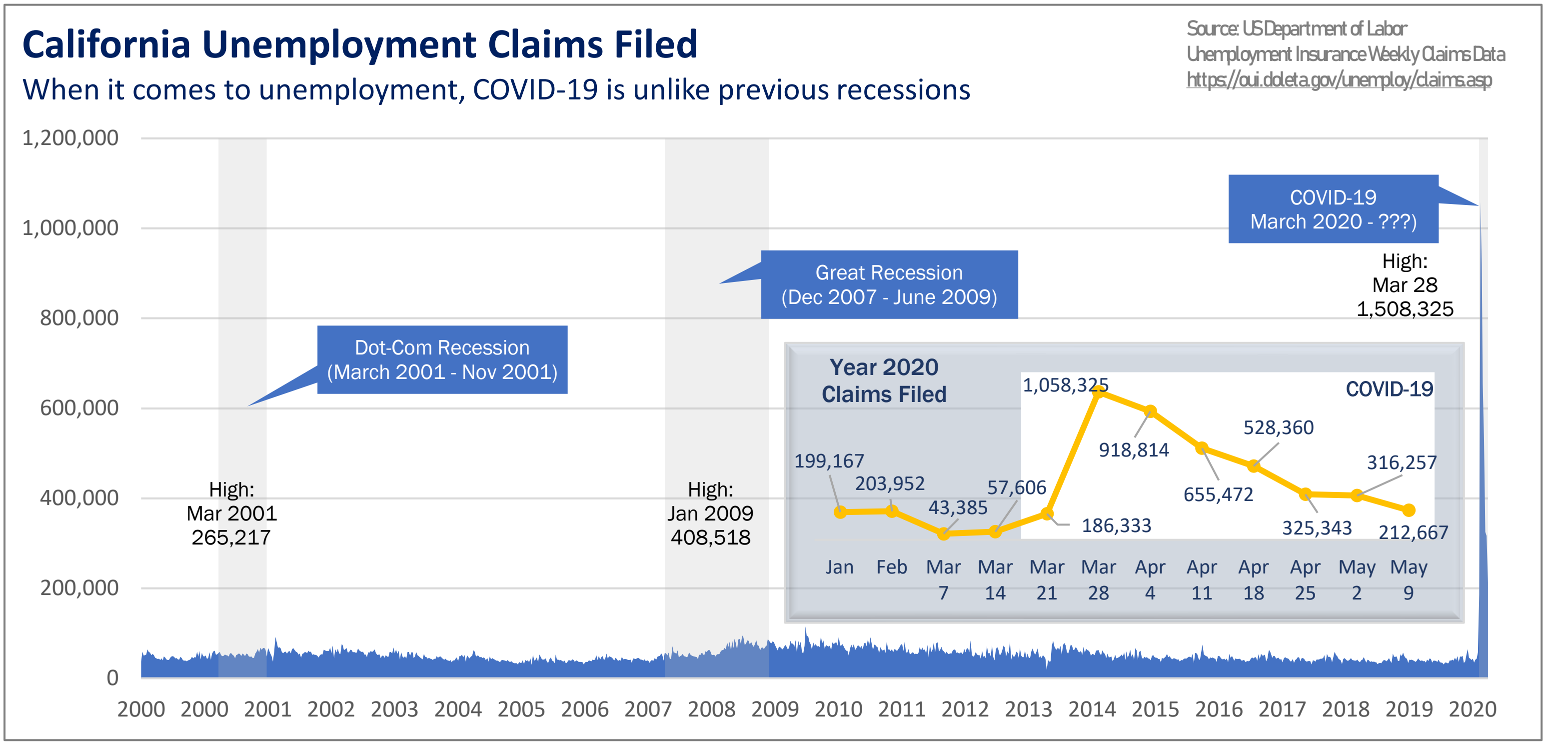
March

- **8** County: Local Emergency Declared
- **13** City: Local Emergency Declared; Non-essential City facilities closed
- **16** County: Prohibit gatherings of 10 or more individuals through April 30
- **17** City: Suspend utility shut-offs; suspend collection of fees for 90 days, through June 15, 2020
  City: Temporary closure of bars, breweries, wineries; restriction of restaurants
- **30** County: Short-term lodging for homeless/displaced
- **31** City: Moratorium on residential & commercial evictions for 60 days, through May 30, 2020; subsequently extended through June 30, 2020

May

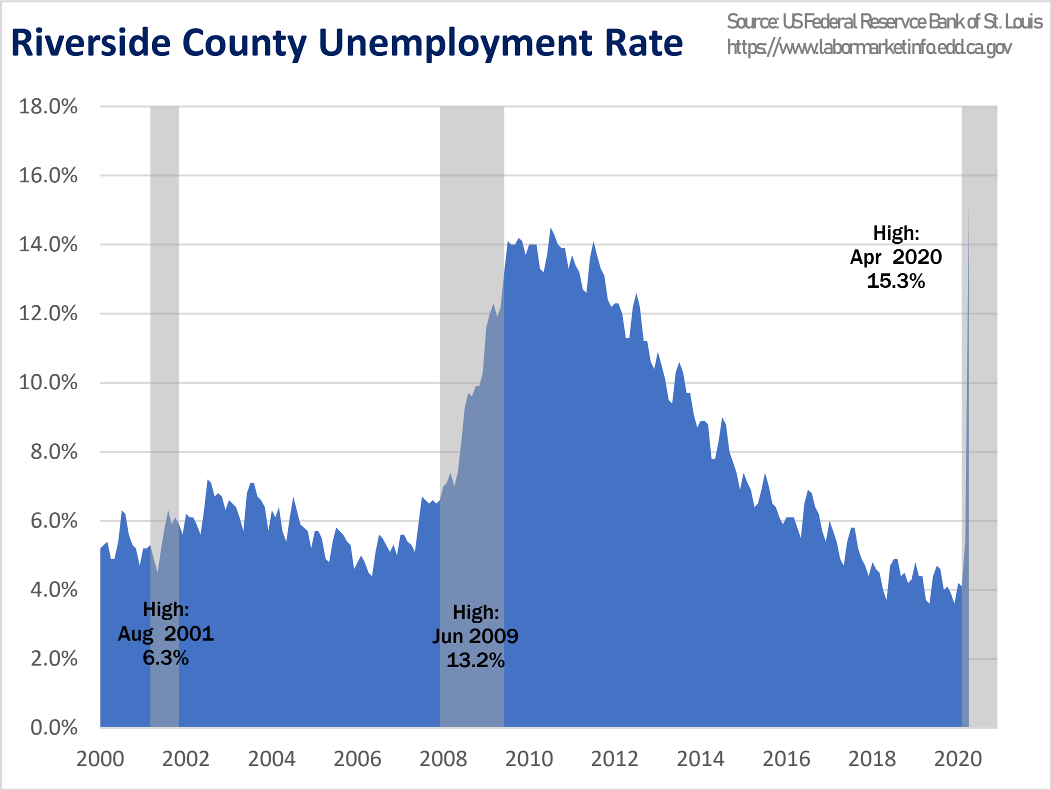
- **12** County: Readiness and Reopening Framework
- **15** City: Riverside's Road to Recovery

Unemployment has a direct and pervasive effect on the economy. Unemployment removes the productivity and purchasing power of an individual from the economy; the cost of government assistance increases; and the economy declines under the loss of worker productivity and consumer demand. Under COVID-19, the unemployment shock was a direct result of the limitation on human movement and the impaired ability to produce and purchase goods and services. Unemployment levels are a strong indicator of recent business losses and closures, which translate to a loss of sales tax revenue to the City. Stimulus payments and the $600 per week federal unemployment subsidy have provided higher temporary income and spending power to some individuals as compared to their previous wage earnings but are also causing some workers to be reluctant to return to work. These two opposing forces could further delay economic recovery and the livelihood of small businesses.



Struggling to Rehire

The CARES Act provides an additional $600 per week federal subsidy through July 31, 2020 for individuals collecting state unemployment benefits. This amount equals $15 per hour for a 40-hour work week, meaning that individuals earning $13 per hour under California's minimum wage requirement are earning more on unemployment than they did at their jobs. There are an increasing number of reports about businesses struggling to hire or bring back furloughed employees following the reopening of the economy for this specific reason – individuals returning to work will take a pay cut with the loss of the federal subsidy. This unintended effect could dampen economic recovery. The HEROES Act pending Senate approval includes a proposal to extend the $600 subsidy through January 2021.

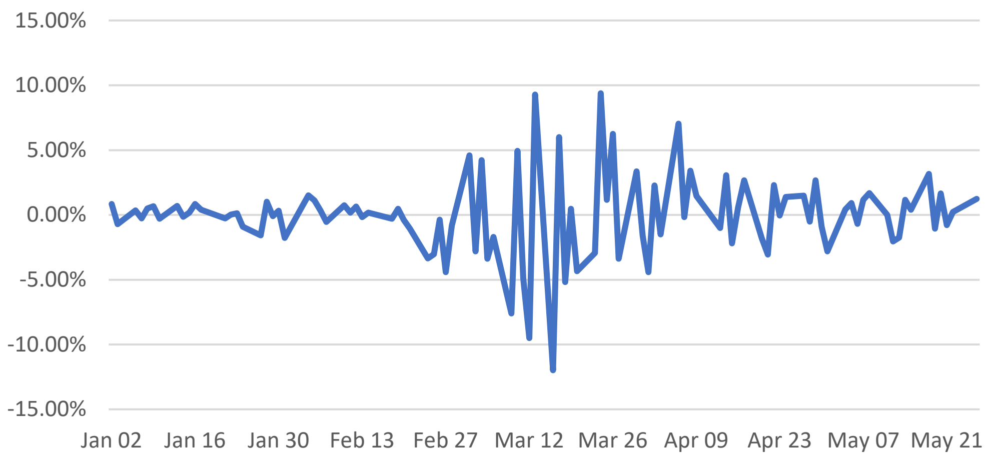


OTHER ECONOMIC INDICATORS

Stock Market Turmoil

Daily Percent Change of S&P 500 Index

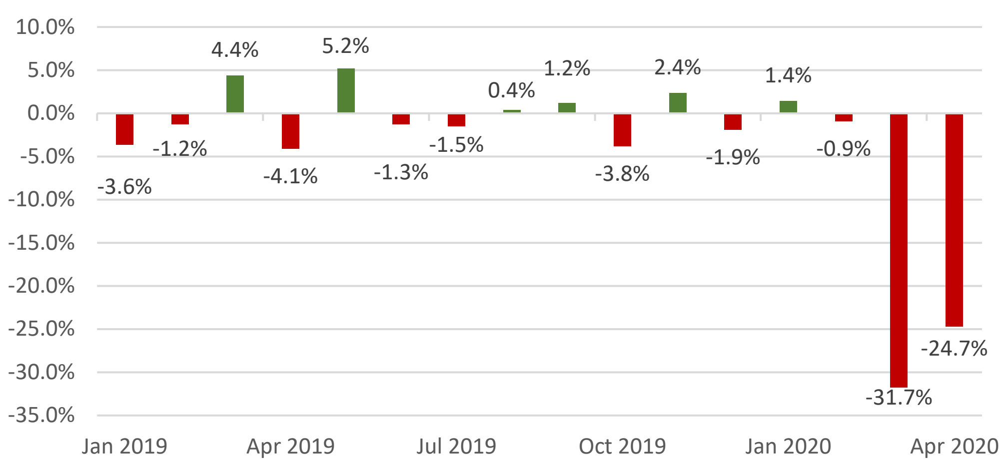
Source: Yahoo Finance
https://finance.yahoo.com/quote/%5EGSPC/history/



Vehicle Sales

Month Over Month Change

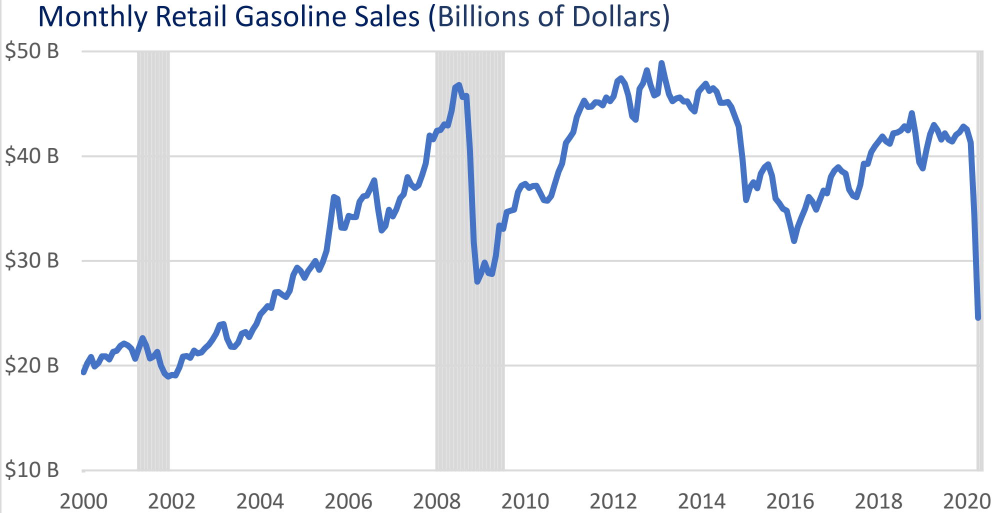
Source: Federal Reserve Bank of St. Louis
https://fred.stlouisfed.org/series/TOTALSA



Gasoline Sales Drop

Monthly Retail Gasoline Sales (Billions of Dollars)

Source: US Dept of Commerce
https://www.census.gov/econ/currentdata/



Stock Market Volatility: Impact on City Retirement

Pension Obligation Bond

On May 5, 2020, the City Council approved the issuance of a Pension Obligation Bond in fiscal year 2019/20 to smooth annual retirement payment obligations and generate at least $7 million annually in each of the next two years with similar additional savings thereafter. The municipal bond market was temporarily hobbled by a lack of liquidity, but federal actions to purchase municipal bonds have stabilized the municipal bond market. Staff is cautiously optimistic that market conditions will support the issuance of the POB in the current fiscal year.

CalPERS Unfunded Accrued Liability (UAL)

The annual UAL payment due to CalPERS is based on an annual 7% rate of return on investments. If the rate of return falls below 7%, the City's UAL will increase. The losses are amortized over a five-year period at which time they are at their peak for the next 15 years.

Total Employer Costs

CalPERS hosted a webinar on April 8, 2020 to discuss the potential impacts of COVID-19 on their investment portfolio and member agencies. CalPERS noted positive returns of nearly 6% for the first half of the fiscal year, but returns were down to negative 4% at the end of March 2020. Investment returns of less than 7% will cause both the UAL and the normal costs to increase. In turn, the unfunded status of the plans would also decrease from the current 75.6% combined funded level.

Fuel & Vehicles

Nearly $42 million in 2018/19 sales tax receipts were attributable to Fuel & Service Stations and Autos & Transportation. Poor performance in these categories will have a negative impact on City revenues.

Fund	Fuel & Service	Autos & Trans.
General Fund	$4.82 M	$18.40 M
Measure Z	$5.76 M	$12.67 M
Total	**$10.58 M**	**$31.07 M**

General Spending

The stay-at-home order is expected to significantly impact the City's sales tax revenue, including Measure Z. Consumer spending is shifting to online purchases which will decrease direct sales tax to the City and increase the County pool. The City receives 17% of the County pool. Industry sectors significant to City sales tax are heavily impacted, including Autos and Transportation (29.8% of City sales tax) and Restaurants and Hotels (12.5% of City sales tax). The City's college population exceeds 50,000 individuals; much of the spending power from that demographic will be lost with the temporary closure of the colleges.

Fuel Prices

Fuel and Service Stations accounted for 7% of the City's FY 2018/19 sales tax ($4.8 million). This category is expected to experience a dramatic decline due to low fuel prices and low demand resulting from the stay-at-home order. Low fuel sales will also negatively impact street capital projects funded by gas tax revenue.

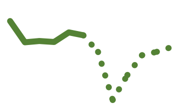
Deferred Tax Payments

On March 30, 2020, Governor Newsom granted a 90-day extension to file tax returns and tax payments for all businesses filing a return for less than $1 million in taxes. Consequently, sales tax collected for January 2020 through March 2020 will be due to the State at the end of July, and will likely be received by the City in late summer. Small businesses with less than $5 million in taxable annual sales will be allowed to defer up to $50,000 under an installment plan agreement (IPA), with the total amount due and payable by July 31, 2021. The City's sales tax consultant, HdL, projects that revenue delays resulting from deferred tax payments will total $15.5 million inclusive of both the General Fund and Measure Z. The City has sufficient cash liquidity to meet its operating needs for the foreseeable future.

Fund	90-Day Extension	$50,000 IPA	Total FY 2020 Taxes Delayed to FY 2021
General Fund	$5,370,000	$2,245,000	$7,615,000
Measure Z	$5,373,000	$2,247,000	$7,620,000
Total	**$10,473,000**	**$4,492,000**	**$15,457,000**

Sales Tax Projections

The City's sales tax consultant has provided two state-wide projections in response to COVID-19; their revisions are a testament to the difficulty in projecting COVID-19 impacts at an early date and in unstable conditions. The most recent forecast predicts the greatest economic impact occurring April through June 2020, with moderate gains in the following quarters. Consistent with other economic forecasters' assertions, HdL projects that full recovery may take as long as three years. Currently, the industry impacts shown below are projected, with the solid line representing historical actuals for June 2018 through December 2019 and the dotted line representing projected trends through June 2022. Actual recovery will depend on many factors.

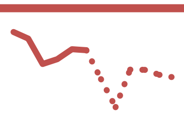


Auto & Transportation
Significant decline during stay-at-home order; protracted recovery due to consumer job losses and economic anxiety.

Building & Construction
Potential issues with supply chain and timely inspections; limited housing development due to unemployment.

Business & Industry
Potential supply chain issues for manufacturers, partially offset by point-of-sale fulfillment and logistics operations.

Food & Drugs
The only sector reacting positively: household essentials are largely unaffected by the stay-at-home order.



Fuel and Service Stations
Fuel consumption is suffering steep declines due to oversupply and low demand coupled with low prices.

General Consumer Goods
Core retail sales are heavily impacted by mandated business shut downs and are expected to be slow to recover.

Restaurants and Hotels
This sector is significantly impacted by the shutdown, with reduced capacity expected after the order is lifted.

State and County Pools
The pool remains strong as shopping shifts to online purchases and Wayfair taxes are implemented.

GENERAL FUND REVENUE

The General Fund will bear the brunt of COVID-19 impacts due to its dependence on sales tax, transient occupancy tax, charges for services, license, and permit revenues. This fund is directly impacted by the stay-at-home order which has prompted the closure of City buildings to the public, local business shut-downs, and high unemployment. Total fiscal impact is impossible to predict without a finite date for the stay-at-home order, and due to revenue deferrals. The areas of greatest risk to General Fund revenue performance in fiscal year 2019/20 are discussed below. The revenues below represent nearly 50% of total General Fund revenues, excluding transfers from other funds. The FY 2019/20 third quarter analysis reveals that total General Fund revenues may fall short of amended budget estimates by approximately $10.7 million or 3.8%.

COLLECTED
as of April 10, 2020

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

SALES TAX

Sales tax accounts for 24% of projected General Fund revenues. With business activity limited to essential services and human movement minimized, consumer spending has plummeted. HdL projects a potential decline of 10.7% as compared to the prior fiscal year, not including revenue deferrals.

TRANSIENT OCCUPANCY TAX

With travel and entertainment at a near stop, hotel occupancy is expected to drop dramatically, with a maximum loss in transient occupancy tax of $2.2 million in the current fiscal year. Governor Newsom approved and encourages use of hotels for at-risk individuals, including healthcare workers and the homeless population, which may improve the revenue outlook.

CHARGES FOR SERVICES

Revenues are up 4.8% over the prior year through March but have stagnated with the closure of City buildings and suspension of many City services. $1.5 million of projected Parks & Recreation revenues have not been earned to date. Some items in this category are also subject to revenue deferrals to alleviate hardship on individuals, such as false alarm fees.

LICENSES & PERMITS

As of March 31, revenues show a decline of -0.4% as compared to the prior year. Business Licenses are at 78% of projections, but the uncollected balance of $1.6 million is subject to revenue deferral. The maximum potential revenue loss in this category is $2.5 million. Building permits are at 73% of projections.

Revenue	Budget	Received	Balance
Property Tax	$70.2 M	$37.2 M	$33.0 M
Sales Tax	$66.2 M	$41.3 M	$24.8 M
Transient Occupancy Tax	$7.2 M	$4.9 M	$2.2 M
Charges for Services	$17.2 M	$12.1 M	$5.1 M
Licenses & Permits	$10.5 M	$8.1 M	$2.5 M
Other Revenues	$14.1 M	$9.6 M	$4.5 M
Transfers In	$64.3 M	$48.3 M	$16.1 M
Total	**$278.6 M**	**$182.6 M**	**$96.0 M**

Property Tax

Property tax has not been identified as a high-risk revenue for fiscal year 2019/20, but prolonged unemployment and lack of federal action to ensure sufficient loan servicer liquidity to pay mortgage bond investors may endanger the housing market and future revenues. The demand for homes has slowed with the onset of COVID-19, however a pickup is expected with the relaxing of the stay at-home orders. Furthermore, Riverside will not be affected by any property tax delinquencies due to the fact that it is a teeter City. Property tax transfer revenue will most be affected due to the slowdown in sales of property across the City.

GENERAL FUND EXPENDITURES

General Fund expenditures have been restricted to emergency and essential needs; however, savings as result of this directive will be at least partially offset by expenditures related directly to COVID-19, including personal protective equipment, enhanced cleaning services, technology purchases to equip employees to work from home, etc. Recruitment has been identified as a non-essential function, so some salary savings from vacant positions are expected for the current fiscal year. The closure of City buildings and suspension of many City services may also produce some savings, partially offset by revenue losses. Currently, the greatest area of risk in General Fund expenditures are subsidies to other funds. The General Fund heavily subsidizes the Convention Center and Entertainment funds; the activities of those venues were suspended with the stay-at-home order. With a lack of revenue to offset ongoing costs such as the management and maintenance, the closure of the City's subsidized entertainment venues including the Convention Center, Fox, Box, and others will require a greater subsidy than originally budgeted. Also at risk is the ability to pass qualifying General Fund expenditures to other funds, as discussed below. The fourth quarter analysis and ultimate impact of COVID-19 will contain more refined data and analysis of year end results which will alter current projections.

Fund Subsidies

The General Fund subsidizes the operating costs of the Convention Center and Entertainment Funds, both of which have suspended operations due to COVID-19. The impact cannot be measured at this time; if all operational revenues and costs were to cease as of April 30, an additional $1.13 million fund subsidy would be required from the General Fund. (See page 9 for fund details.)

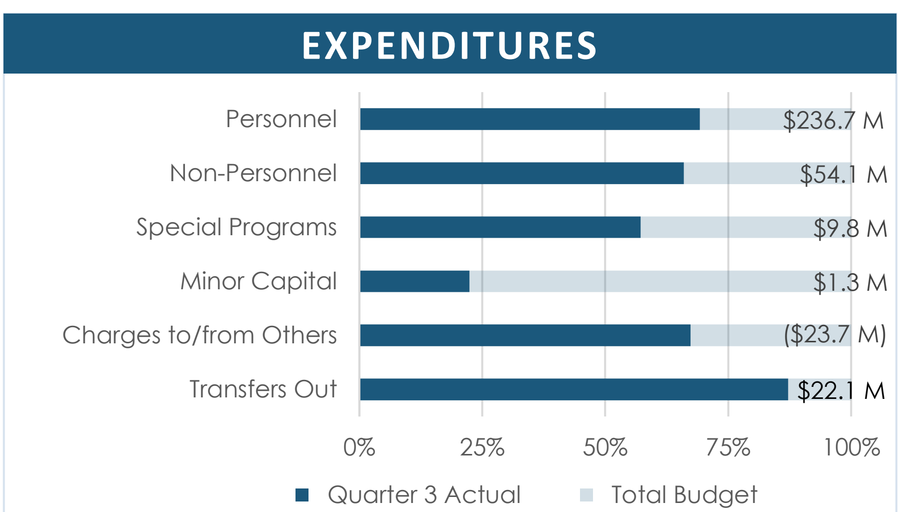
Charges to Other Funds

The General Fund budget includes expenditure offsets in the form of Charges to Other Funds for interfund services provided to other funds. These include the transfer of:

- qualifying personnel expenditures for staff that split their time working on the programs and service of other funds (e.g. Successor Agency Fund);
- qualifying expenditures including materials and staff time to individual capital project accounts in Special Revenue and Capital Project funds (e.g. Special Gas Tax);
- the cost of services and support provided by General Fund personnel (excluding those already allocated through the Cost Allocation Plan); and
- costs fronted by the General Fund, such as merchant fees.

The ability to receive budgeted cost reimbursements will be impacted to an unknown degree if the activities typically charged are deemed a non-essential function. More than $7 million in expenditure offsets are budgeted by the Public Works Department for administrative support to other funds and for estimated materials and services for planned capital projects. Inclusive of all General Fund departments, $4.1 million is remaining to be charged to other funds.

Charge to Fund	Budget	Charged	Balance
Successor Agency Fund	$0.1 M	$0.0 M	$0.1 M
Special Revenue Funds	$2.4 M	$2.1 M	$0.3 M
Capital Project Funds	$3.6 M	$1.2 M	$2.4 M
Enterprise Funds	$2.4 M	$1.2 M	$1.2 M
Total	**$8.5 M**	**$4.5 M**	**$4.1 M**



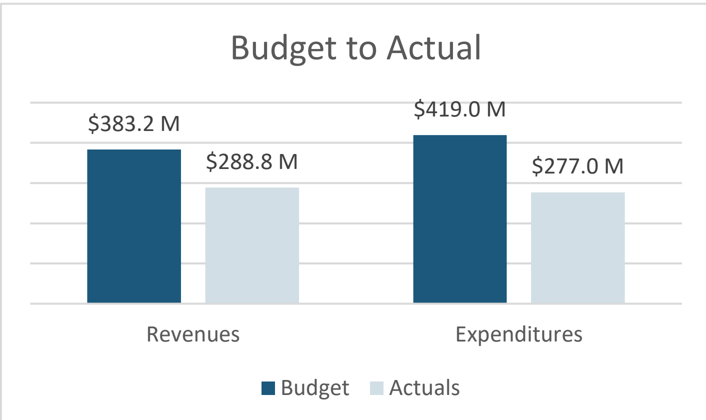
COVID-19 Contingency Options

Due to concerted efforts to improve the fiscal health of the General Fund over the last few years, the City of Riverside is in a slightly better position than many agencies to weather the immediate impacts of COVID-19. Currently, the City has suspended new hiring and restricted spending to emergency and essential needs. The proposed FY 2020/21 budget presented to Council for adoption on June 16, 2020 identifies additional balancing measures to offset potential revenue shortfalls in the new fiscal year. Intracycle adjustments will be recommended as necessary.

ENTERPRISE FUNDS

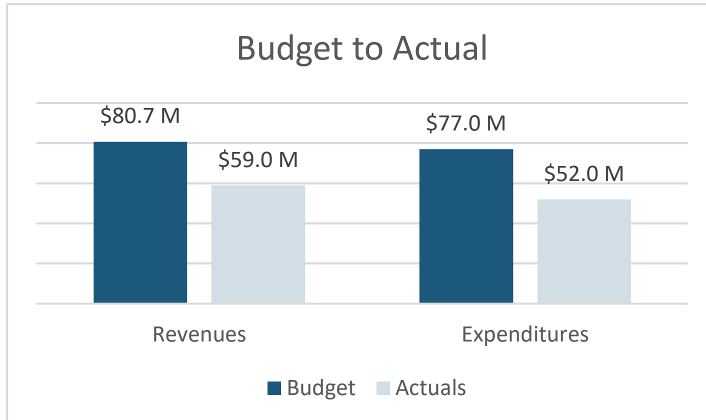
Electric Fund

At the end of the third quarter, retail sales are 2.7% lower than expected due to milder temperatures. While the impacts of COVID-19 are not yet measurable, a reduction in retail sales is likely due to business closures during the shut-down. The reduction from commercial customers may be partially offset by an increase in residential usage as a result of the stay-at-home order. Some revenues may be deferred to a future period due to the suspension of disconnections and associated fees for nonpayment. Expenditures are trending slightly under budget, primarily due to personnel vacancies.



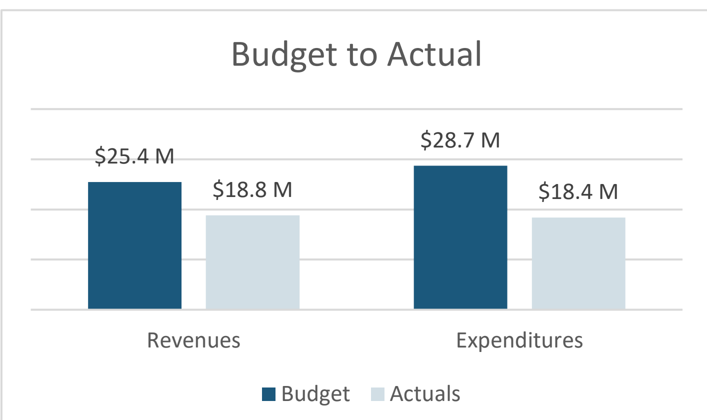
Water Fund

Water fund revenues are 3.4% lower than expected at the end of the third quarter due to milder temperatures and higher precipitation than anticipated. COVID-19 is expected to impact water revenues in a similar manner to electric revenues, with lower commercial revenues partially offset by residential usage and revenue deferrals due to the suspension of disconnection procedures. Overall, retail sales may come in less than projections due to business closures during the stay-at-home order. Expenditures are trending slightly less than budget due to timing: spending activity fluctuates during the fiscal year.



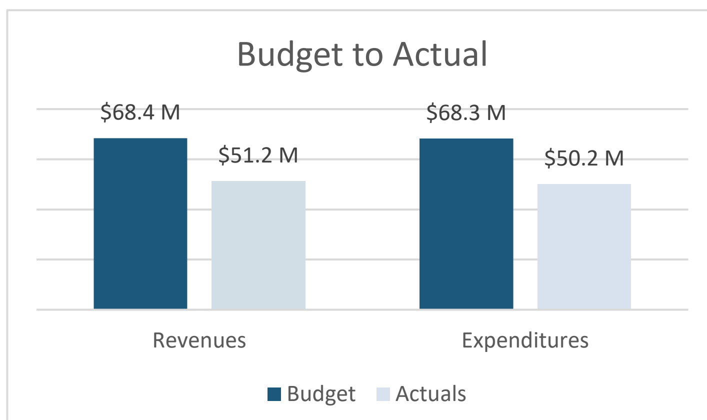
Refuse Fund

The Refuse Fund is operating at a deficit with a projected $4.1 million use of reserves in FY 2019/20. Efforts to stabilize the fiscal health of the refuse fund are continuing following the strategic and economic study presentation to Council in January 2020. In June 2020, Council will receive a follow-up report on refuse rates and waste hauler contracts. Although revenues are 75% of projections at the end of the third quarter, some revenue losses due to business closures are likely as result of COVID-19. Expenditures are at 64% of budget and are expected to remain within the approved appropriation limit by fiscal year end.



Sewer Fund

The Sewer Fund is operating as expected and in line with the 2016 Sewer Fund Reserve Policy objectives. Due to the COVID-19 pandemic, user rate revenues are tracking slightly lower than projected budget targets, although these are currently offset in the non-rate revenue streams. Revenues and expenditures are each approximately 75% of budget at the end of the third quarter. The Public Works Wastewater Division is in the process of completing a Wastewater Treatment and Collection Master Plan Update project, with a primary goal of developing a cost of service and rate plan alternatives for FY 2021-2025.



Measure Z

The 1¢ transaction and use tax will experience the same challenges as General Fund sales tax, previously discussed. Fiscal year 2019/20 revenue projections have been decreased $3.1 million based on revised HdL projections in response to COVID-19 and in conjunction with staff discussion.

As of the end of the third quarter, $29.7 million change in fund reserves is projected, with $20.7 million is related to the prior year carryover of unexpended funds. Projected fiscal year end reserves are $9.8 million. As of March 31, 2020, $37.9 million has been expended as compared to $39.2 million revenue received.

	Budget	Actual	Balance
Revenue	$56.0 M	$39.2 M	$16.8 M
Programmed Spending	$85.7 M	$37.9 M	$47.8 M
Change in Reserves	**$(29.7) M**	**$1.3 M**	

It may be necessary to utilize additional Measure Z funding to provide financial assistance to the General Fund if COVID-19 fiscal impacts are too great for the General Fund to absorb through other mitigating actions. Re-prioritization or deferment of one-time Measure Z spending items such as capital projects may become necessary. The FY 2020/21 proposed budget to be presented for Council adoption on June 16, 2020 includes recommended project deferrals and increased support to the General Fund to help offset a potential 10% ($28.1 million) revenue shortfall in FY 2020/21 revenues.

Special Gas Tax

The majority of the City's street projects are funded by State gas tax funds and vehicle registration fees. The dramatic decline in fuel and auto sales may require deferment of planned capital projects for the City's streets. The General Fund passes approximately $3 million annually in qualifying General Fund expenditures to the Special Gas Tax fund. Qualifying expenditures such as personnel time and materials spent on capital projects are funded by gas tax; if capital projects are deferred, City engineers will not be able to charge their time to the Gas Tax fund, and the General Fund will absorb the cost. In May 2020, the State reduced projected revenues by $804,000 for FY 2019/20 and $1 million for FY 2020/21. Despite these reductions, there are sufficient funds to complete the capital projects proposed in the respective budget years.

Measure A

Measure A funds come from a County of Riverside half-cent sales tax passed in 1988. The funds passed through to the City are required to be spent on local streets and roads. This funding source is impacted by sales tax performance as a whole, and subject to the same risks previously described. The County of Riverside has reduced 2019/20 revenue projections by $612,000, however there are sufficient funds to proceed with the planned capital projects included in the FY 2019/20 budget.

Public Parking Fund

Parking revenues have declined sharply due to the stay-at-home order, compounding existing fiscal challenges in the Public Parking fund. The fund operates on a very narrow margin in most years, and partial use of fund reserves has been requested for critical capital projects, including multi-space pay stations. Revenue loss in this fund will quickly deplete remaining reserves, in which case a General Fund subsidy will be required to keep the fund afloat.

Convention Center

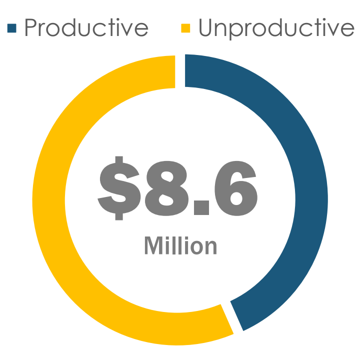
The Convention Center is temporarily closed due to the stay-at-home order. The General Fund subsidizes 100% of debt obligations ($3.5 million) for the Convention Center Fund and operating losses. In fiscal year 2018/19, the Convention Center posted a nominal profit, but the Riverside Convention & Visitor's Bureau and the Sports Commission required an operating subsidy totaling $1.6 million. In fiscal year 2019/20, an operating subsidy of approximately $1.4 million has been budgeted for this fund. At the end of the third quarter, expenditures exceed revenues by $2.3 million.

Entertainment Fund

The Entertainment Fund encompasses the Fox and Box Theaters and the Municipal Auditorium. The General Fund pays 100% of debt obligations ($3.2 million) and backfills operating losses. In fiscal year 2018/19, the General Fund subsidized $444,000 in operating costs; $300,000 is budgeted in FY 2019/20. At the end of March 2020, expenses had outpaced revenues by $700,000. Financial activity for March 2020 has not yet been recorded for the Fox Theater and Riverside Municipal Auditorium. With the venues closed for the foreseeable future, the General Fund subsidy will be higher than budgeted, although the impact is currently unknown.

COVID-19: Citywide Costs to Date (May 31, 2020)

COVID-19 Personnel



COVID-19 Non-Personnel

COVID-19 FISCAL RESPONSE

The City has made a concerted effort over the past several years to improve the health of City finances and in particular, the City's General Fund. These efforts have resulted in the achievement of 20% General Fund reserves, the passage of Measure Z to restore critical services and address critical unfunded needs; the adoption of new rate plans to support operations and critical capital projects in the electric and water funds, and much more. The City continues to move forward on the path to long-term fiscal sustainability through restructuring of the General Fund, a managed hiring initiative, the CalPERS Challenge, and a plan to adopt a priority based budgeting methodology. Under the COVID-19 emergency, the City is taking deliberate and prudent actions to plan for the imminent fiscal impacts of COVID-19. Some of the actions that the City has taken to date are described below.

IMMEDIATE FISCAL ACTIONS

- Restrict spending to emergency and essential needs
- Recruitment suspension

SECONDARY FISCAL ACTIONS

- Seek Emergency Funding
- Emergency Budget with contingency measures

NEXT STEPS

- Monitoring, reporting, and intracycle adjustments
- Priority Based Budgeting

Emergency Funding

The emergency declarations at the federal, state and local levels provides local agencies with access to emergency funds and grants. The City has applied for more than $5.6 million in grants to reimburse the City with expenses related to its coronavirus response, assist small businesses, assist homeless at at-risk populations, and support City functions impacted by COVID-19.

Council Date	Grant	Amount
May 5, 2020	CDBG – Small Businesses	$1,870,896
May 19 & 26, 2020	CARES Act – Supplemental CDBG, ESG, and HOPWA funding with submission of an amended HUD action plan	3,318,707
May 19, 2020	FEMA Disaster Assistance (reimbursement based)	N/A
May 19, 2020	CARES Act – Airport operations	$69,000
May 19, 2020	California State Library – Crisis collection reimbursement for library	$5,000
May 19, 2020	U.S. DOJ – Police and Fire department coronavirus response	$364,813
Total		**$5,628,416**

Responding to a Fiscal Emergency

The Government Finance Officers Association (GFOA) is arguably the most highly regarded professional organization in government finance. Based on its 12-Stage Financial Recovery Process first published in April 2011, GFOA has updated and provided more specific guidance to agencies in a state of fiscal emergency through webinars and business partners during the COVID-19 emergency. Some of the key takeaways from GFOA guidance are:

- Recognize the uniqueness of each agency: one-size does not fit all
- Consider three levels of near-term treatments:
    - Primary: such as vacancy control, spending control, revenue enhancement.
    - Cautionary: such as wage freeze, reduced work hours, defer capital projects, temporary budget cuts
    - Extreme: such as wage cuts, sustained budget cuts, tax increases, long-term borrowing.
- Make data-driven decisions

Staff has monitored the actions of other agencies and considered the applicability and need for similar actions for our City. Considering our unique makeup of revenues and available strategic options, a prudent balance of fiscal control, leveraging of resources, and fiscal monitoring has been employed to ensure that Riverside remains fiscally sound.