



# COVID-19 Quarterly Financial Update

FY 2020-21

Council Chambers, 4:45 p.m.  
Thursday, Aug. 27, 2020

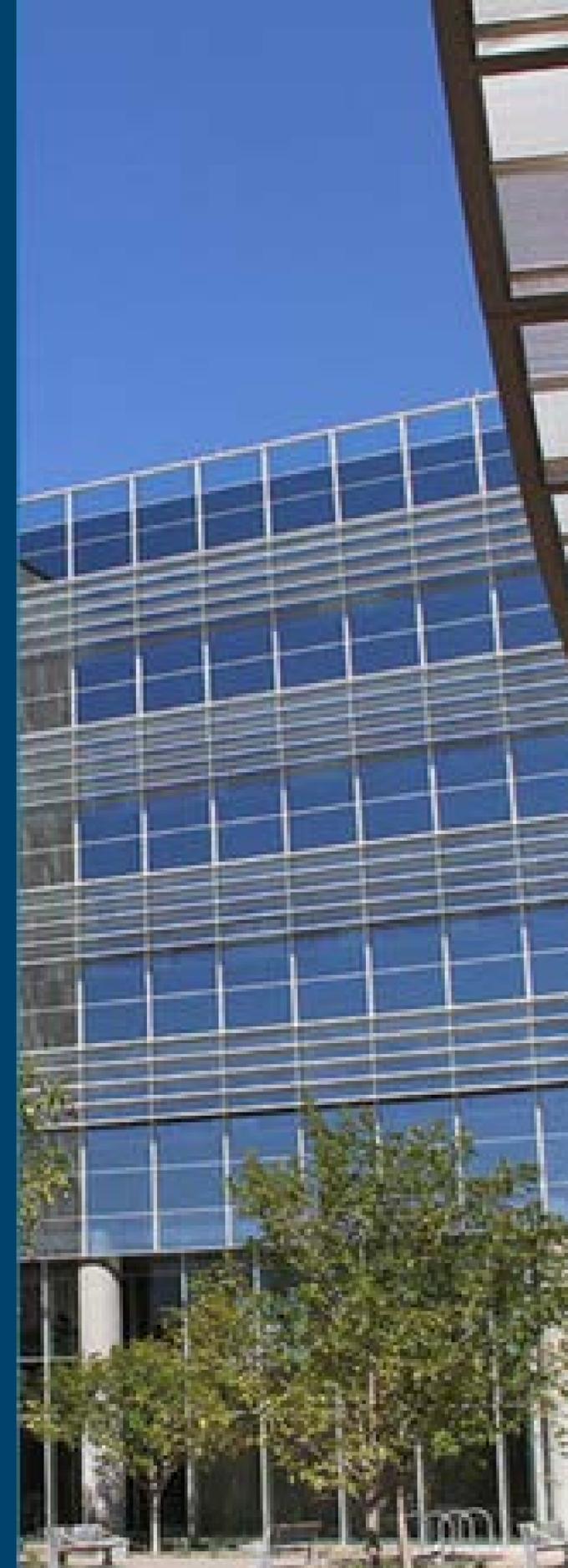


**CHANDLER**  
arizona  
Community of Innovation

# COVID-19 Quarterly Financial Update

## Agenda

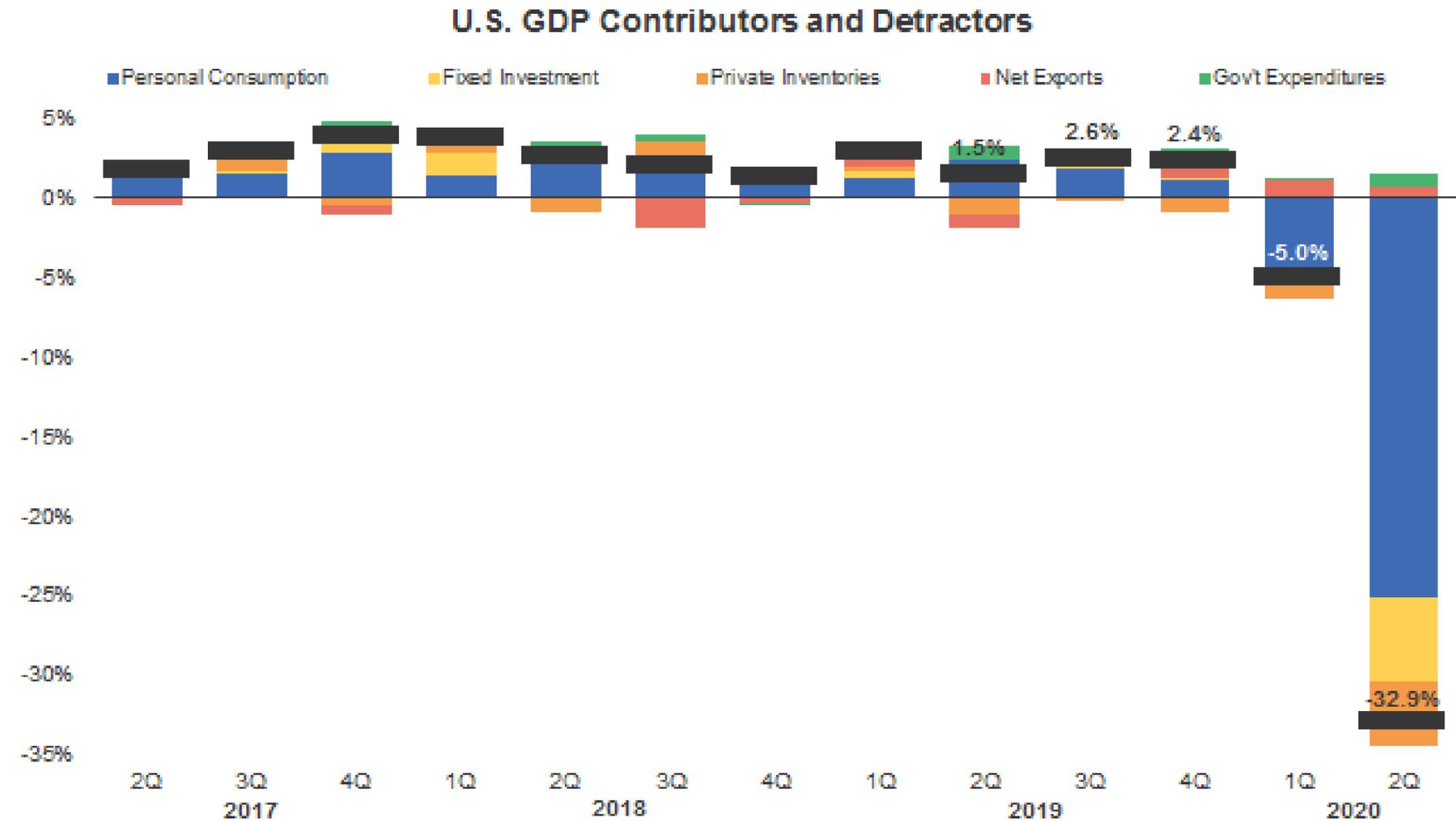
- Economic Forecasts
  - National
  - State
- Local
  - Revenue Update
  - Expenditure Update
  - Trend Review
- Policy Questions
- Next Steps



# Economic Forecasts

## National

### Q2 Experiences Worst U.S. Economic Contraction in over 70 Years



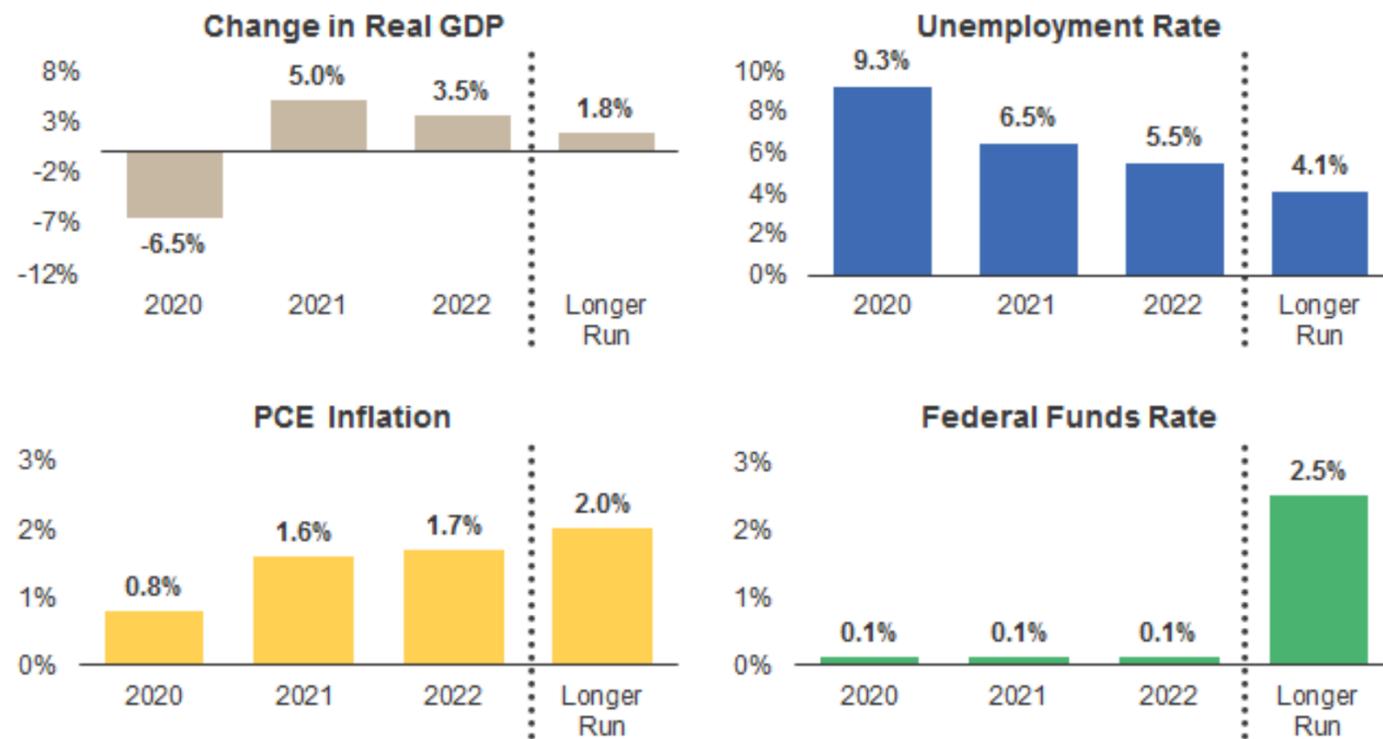
Source: Bureau of Economic Analysis.



# Economic Forecasts

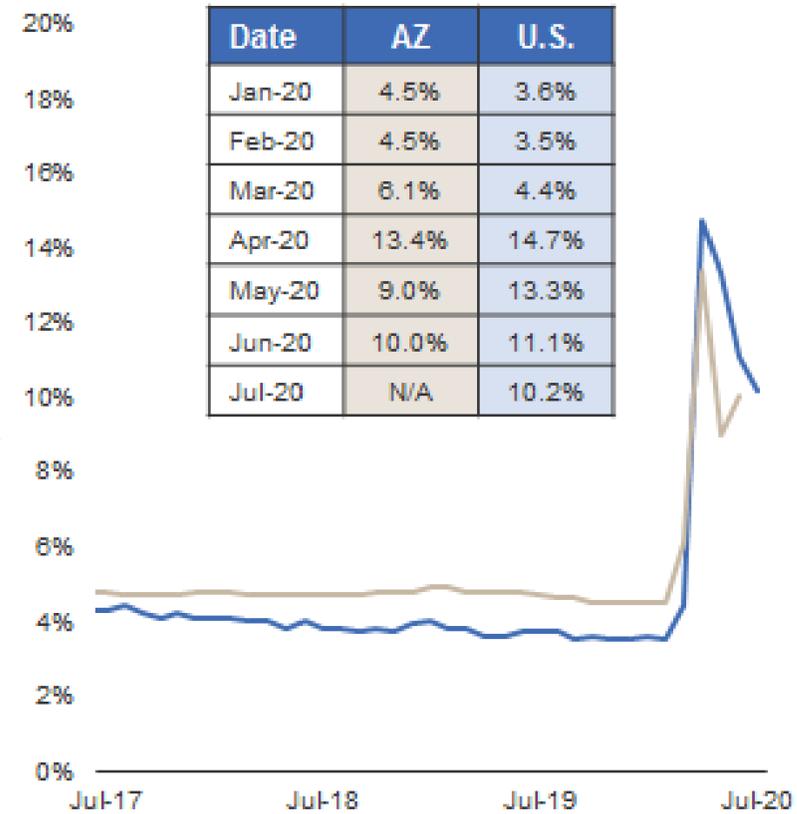
## National

### Fed's June Economic Projections Indicate Long Recovery Ahead



Source: Federal Reserve, economic projections as of June 2020.

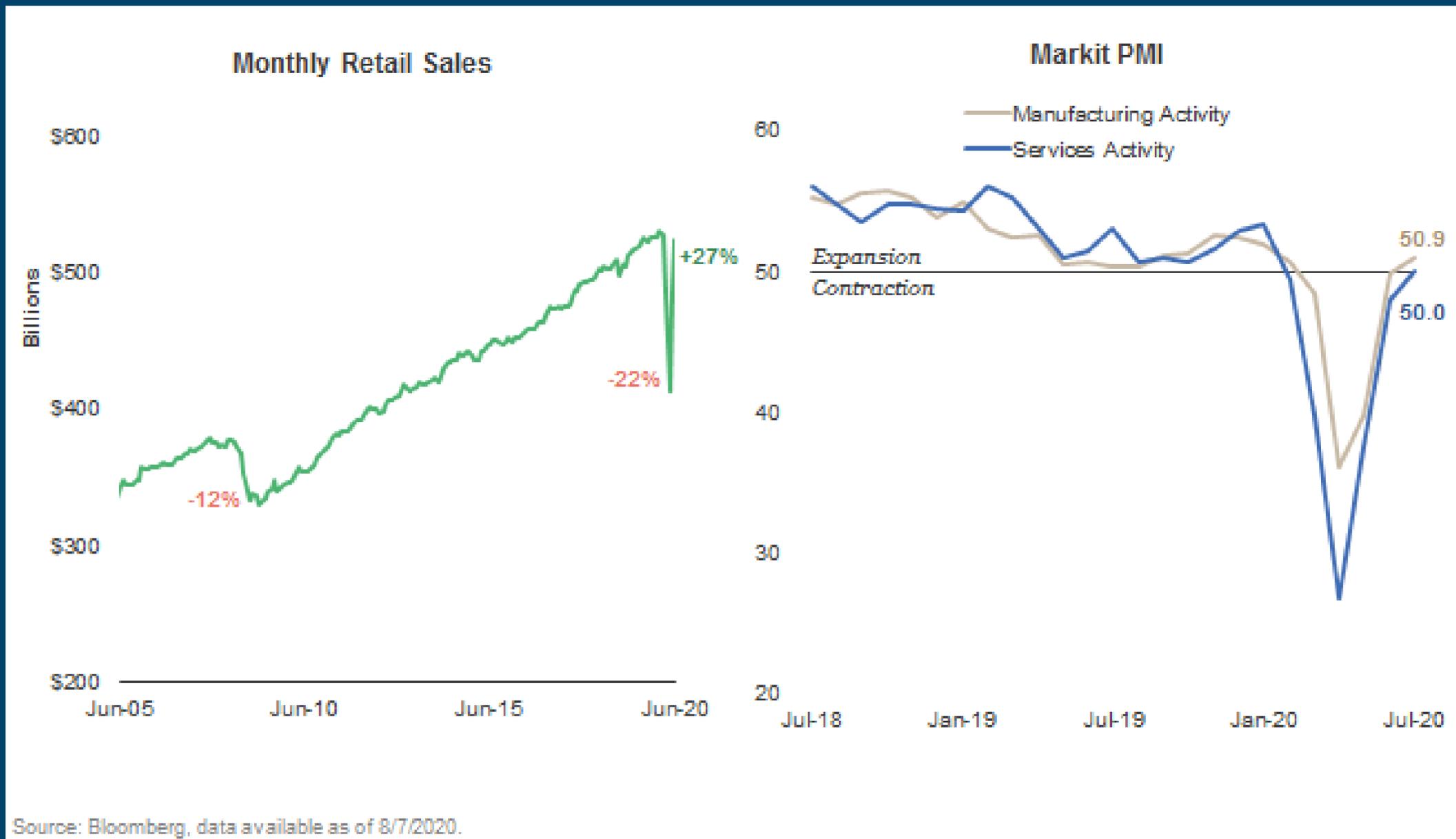
### Unemployment Rate



# Economic Forecasts

## National

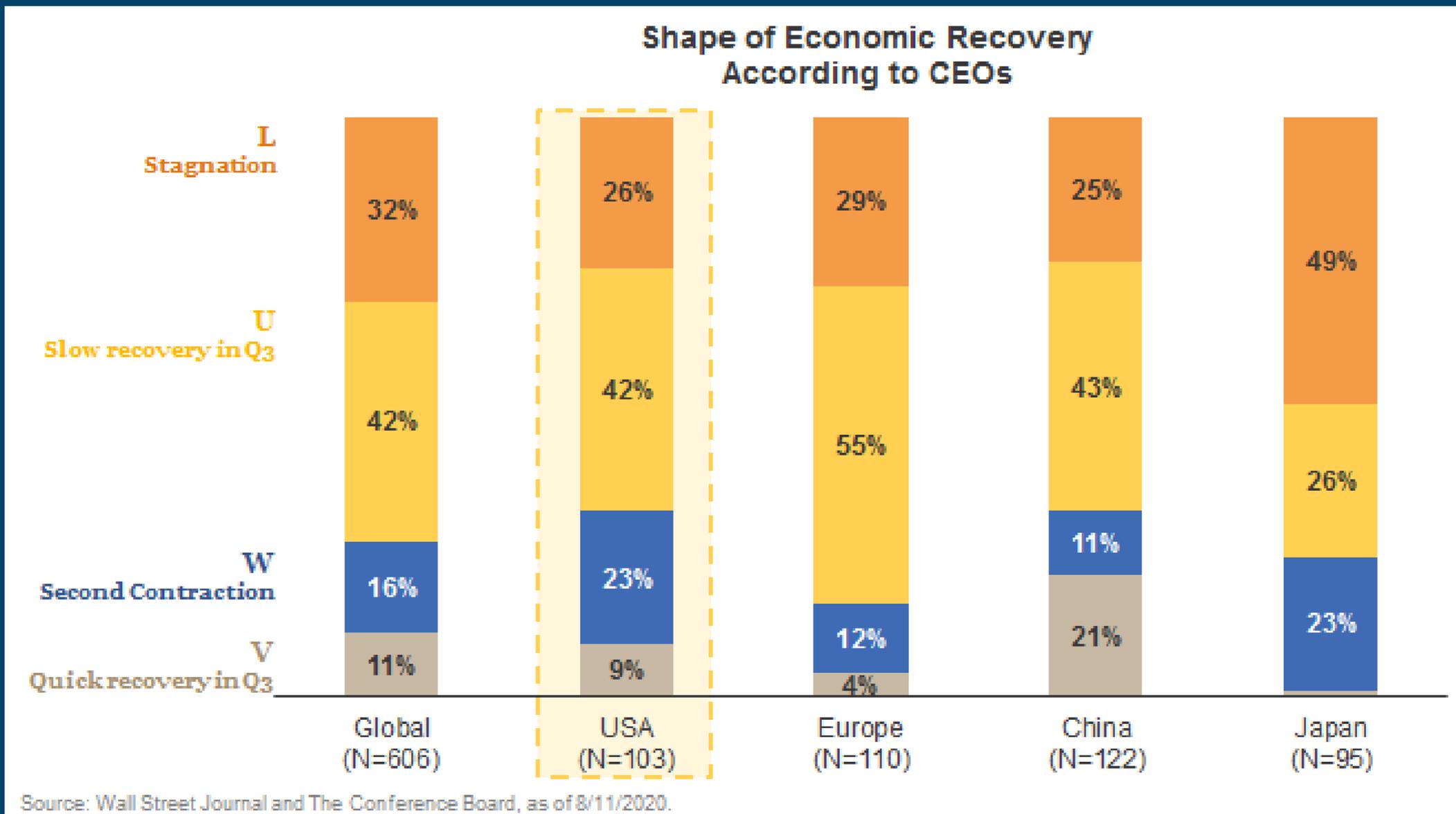
Economic Conditions Appear to have Bottomed



# Economic Forecasts

## National

What will shape of recovery be?



# Economic Forecasts

## World's Most Accurate Pie Chart



# Economic Forecasts

## State of Arizona

### Phoenix-Mesa-Scottsdale MSA Forecast (Maricopa + Pinal Counties)

Economic and Business Research Center [EBRC](#) estimates as of June, 2020

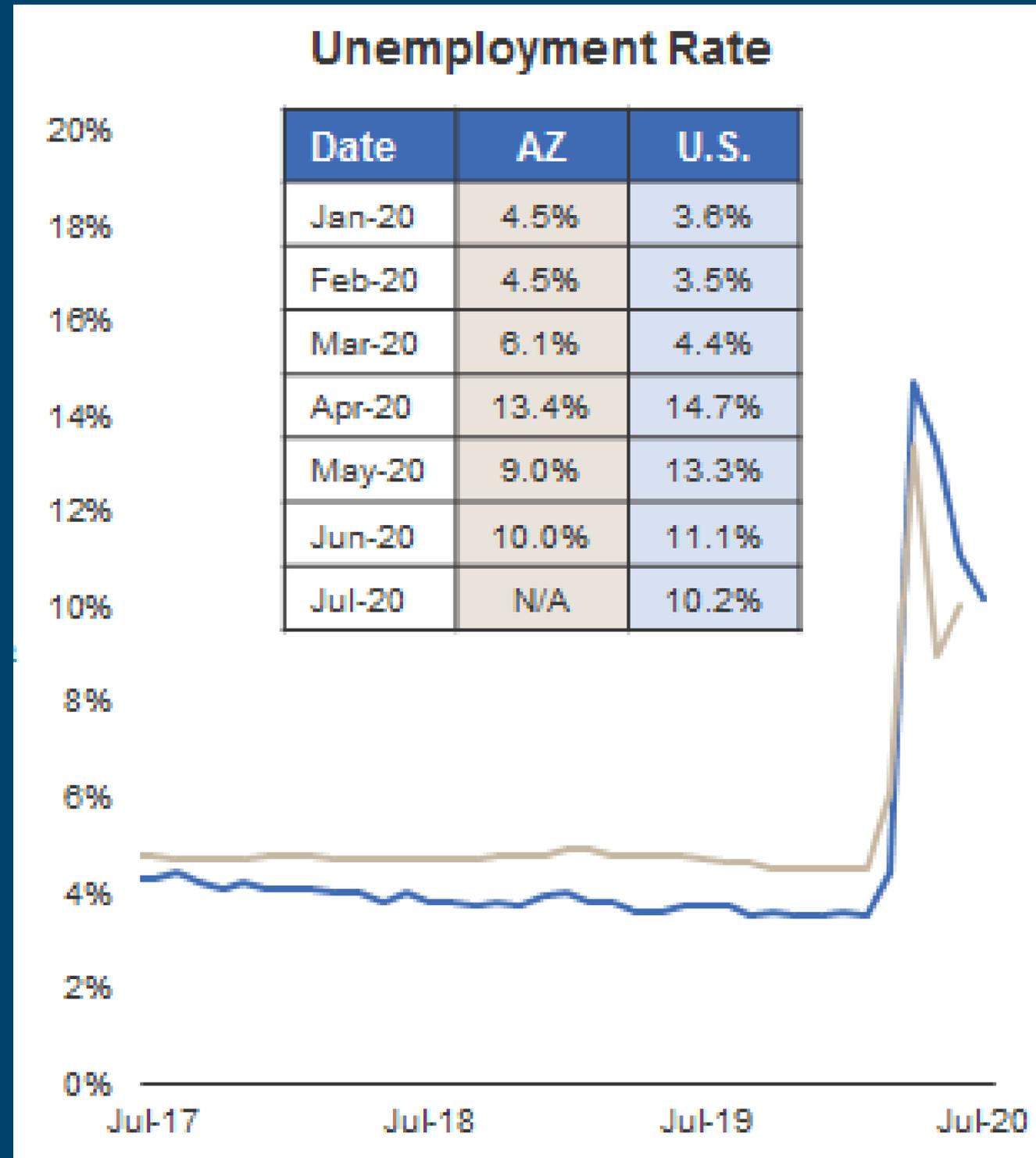
Phoenix-Mesa-Scottsdale MSA Forecast*	2019	2020	2021	2022	2023
Personal Income (\$ mil)	238,458	242,045	240,840	250,435	260,991
% Chg from Year Ago	6.4%	1.5%	-0.5%	4.0%	4.2%
Retail Sales (\$mil)	80,949	74,992	78,828	82,015	85,574
% Chg from Year Ago	6.2%	-7.4%	5.1%	4.0%	4.3%
Total Nonfarm Employment (000s)	2,177.3	2,068.7	2,106.6	2,172.1	2,240.2
% Chg from Year Ago	3.3%	-3.0%	1.8%	3.1%	3.1%
Population (000s)	4,823	4,885	4,938	5,002	5,077
% Chg from Year Ago	1.9%	1.3%	1.1%	1.3%	1.5%
Residential Permits (units)	36,298	34,855	28,385	29,911	32,834
% Chg from Year Ago	15.8%	-2.0%	-18.6%	5.4%	9.8%

Copyright 2020 The University of Arizona. All rights reserved.



# Economic Forecasts

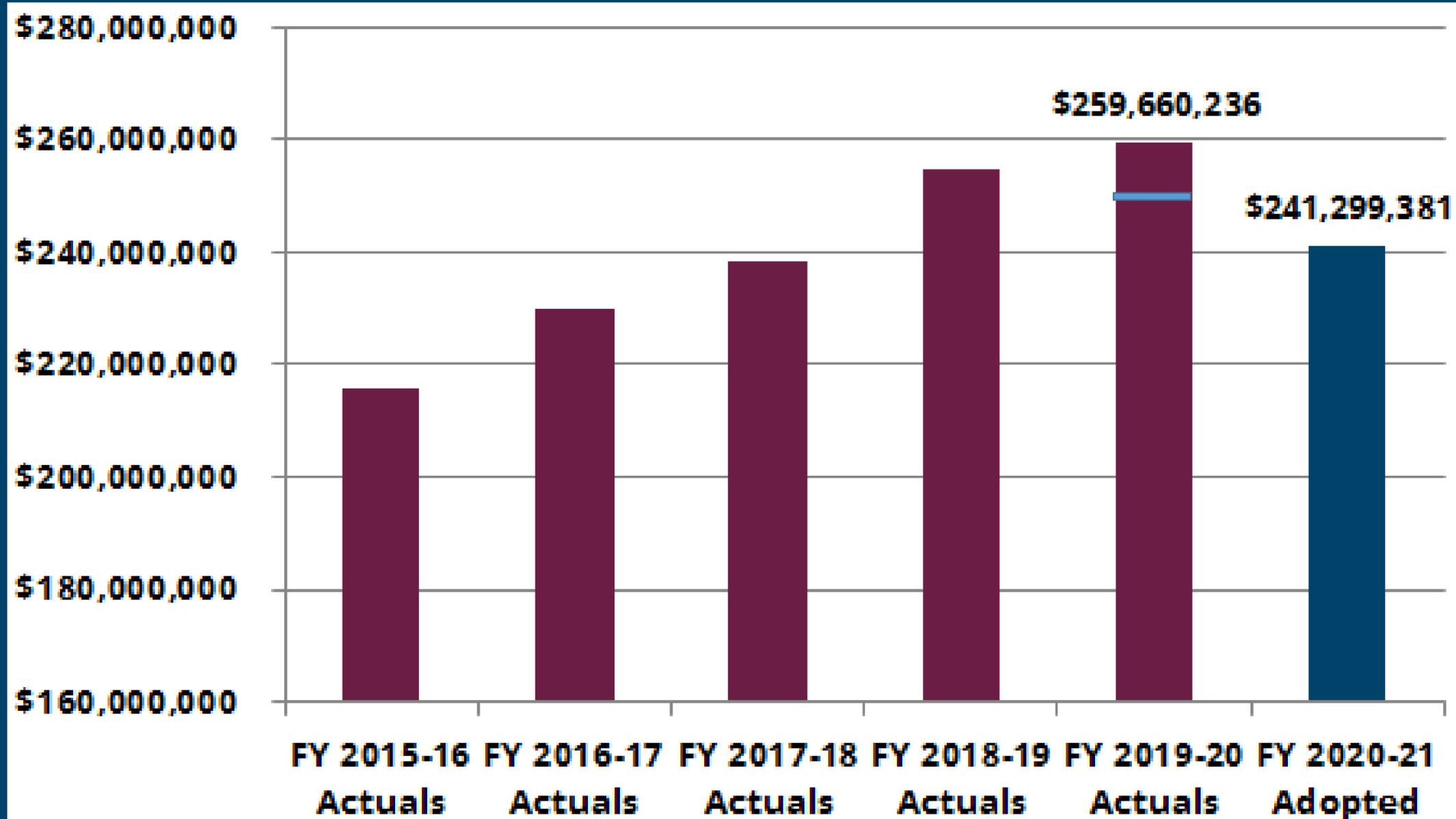
## State of Arizona



# Chandler

## FY 2019-20 Revenue Update

### General Fund Year End Revenues



### FY 2019-20 Results:

Adopted \$249.0M

Jan. Revised \$261.5M

COVID Impact -\$ 10.5M

COVID Revised \$251.0M

Actual Revenue \$259.7M

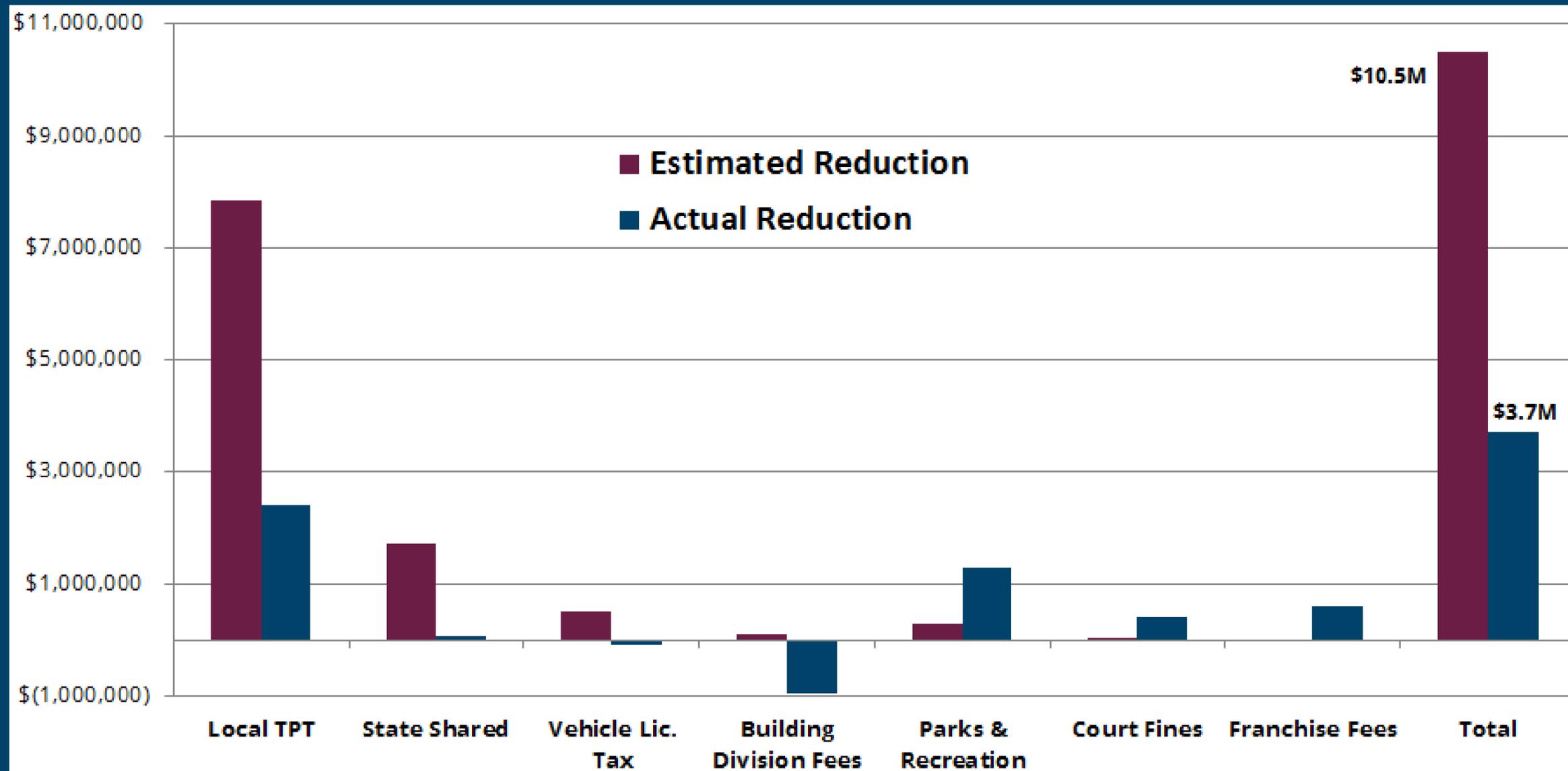
Diff from Jan. Revised   
 -\$ 1.8M

Amount over COVID Revised   
 +\$ 8.6M

# Chandler

## FY 2019-20 Revenue Update

### Results of General Fund Revenues Estimated to be Impacted



<b>Estimated COVID Reduction</b>	<b>-\$ 10.5M</b>
<b>Actual COVID Reduction</b>	<b>-\$ 3.7M</b>
<b>Increases in Other Revenues</b>	<b><u>+\$ 1.9M</u></b>
<b>Diff from Jan. Revised</b>	<b>-\$ 1.8M</b>

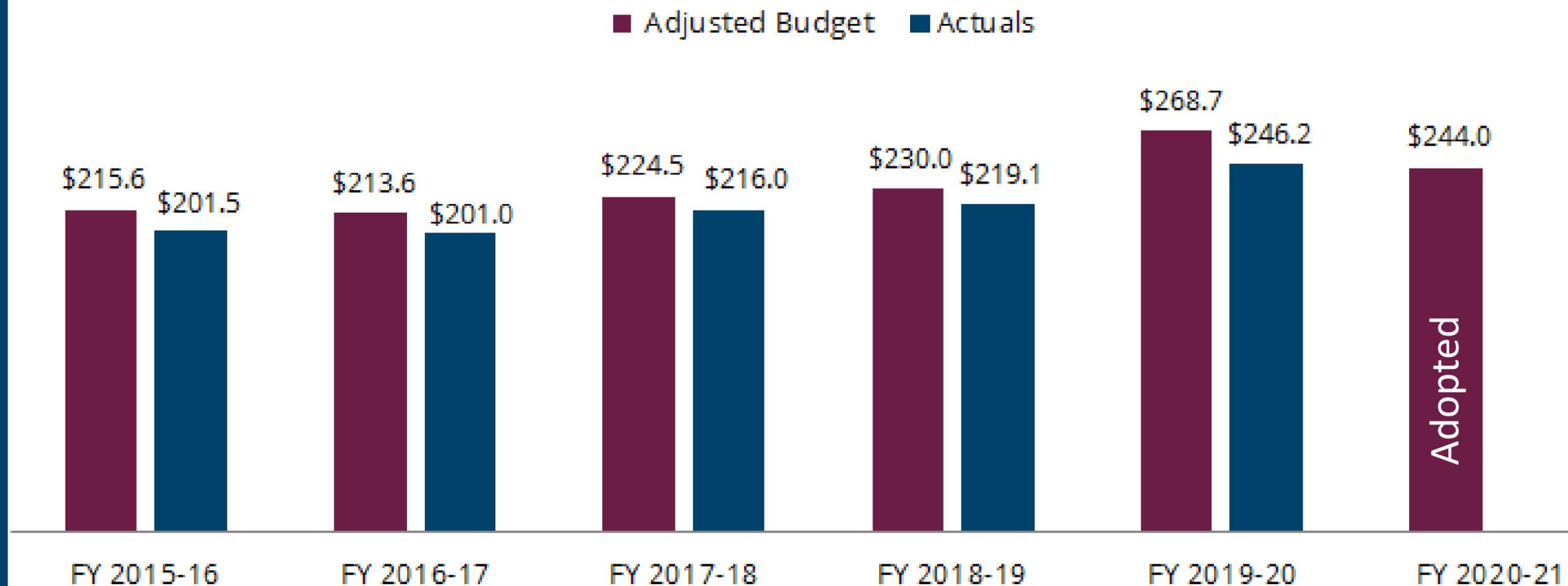
# Chandler

## FY 2019-20 Expenditures

### Chandler maintains a strong financial position

"I take the task of making sure we come in under budget very seriously, and to everyone's point, we will meet the budget according to the revenues we receive." *Marsha Reed, City Manager, April 24, 2020*

#### General Fund Year-End Expenditures (in millions)



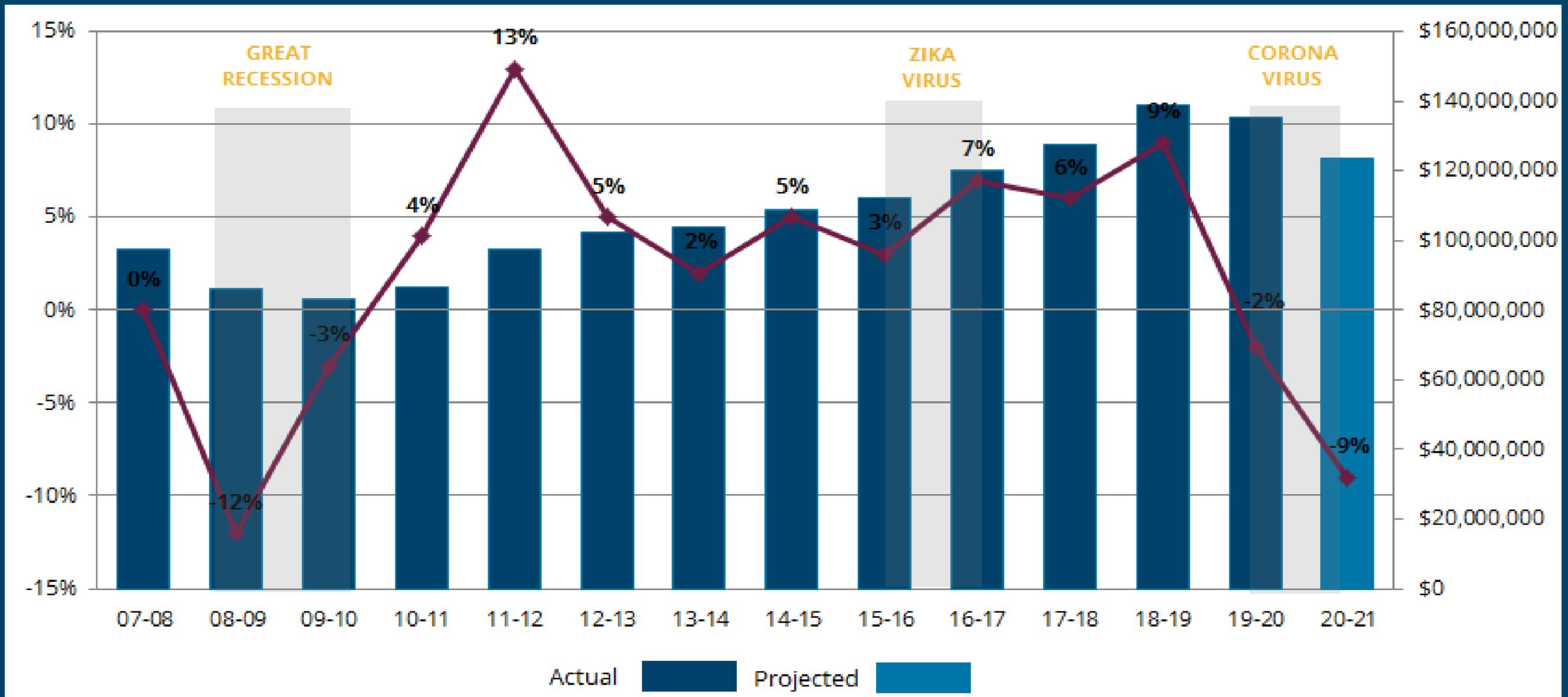
**91.6% of Adjusted spent**

**Normally spend over 95%**

**Expenditure Measures continue to be in place since March 2020**

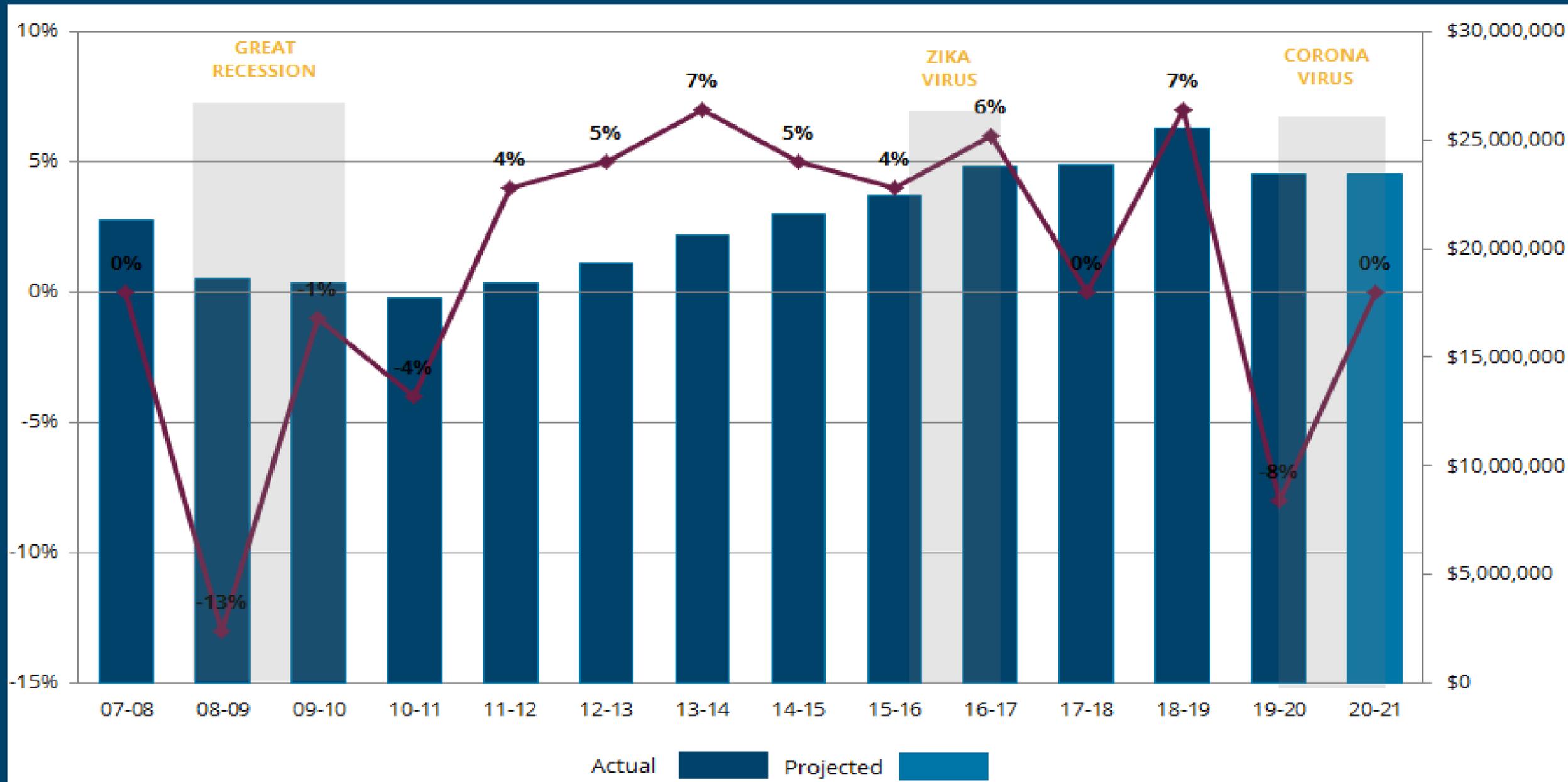
# Trend Analysis

## Prior Major Events: Transaction Privilege Tax (TPT)



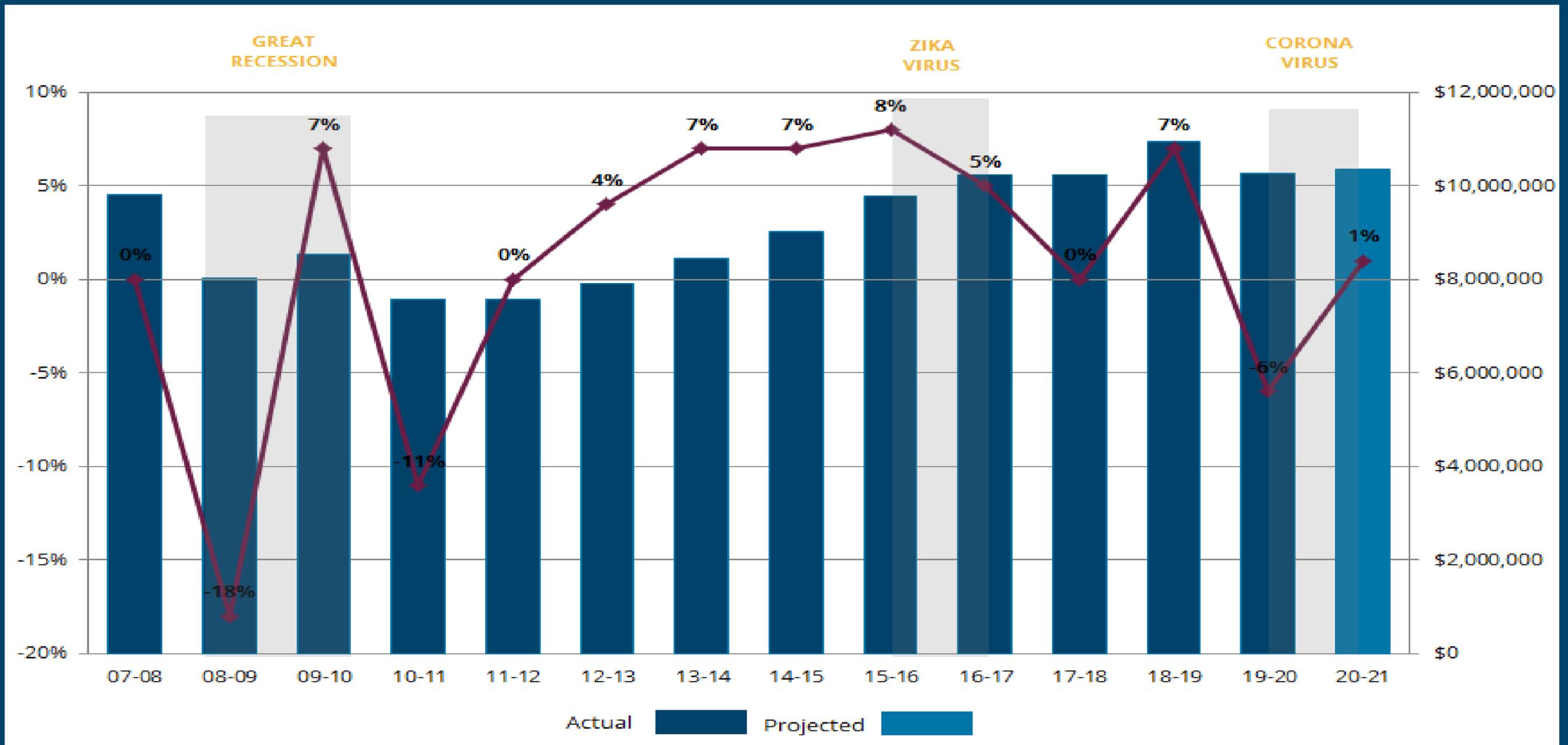
# Trend Analysis

## Prior Major Events: State Shared Sales Tax Revenue



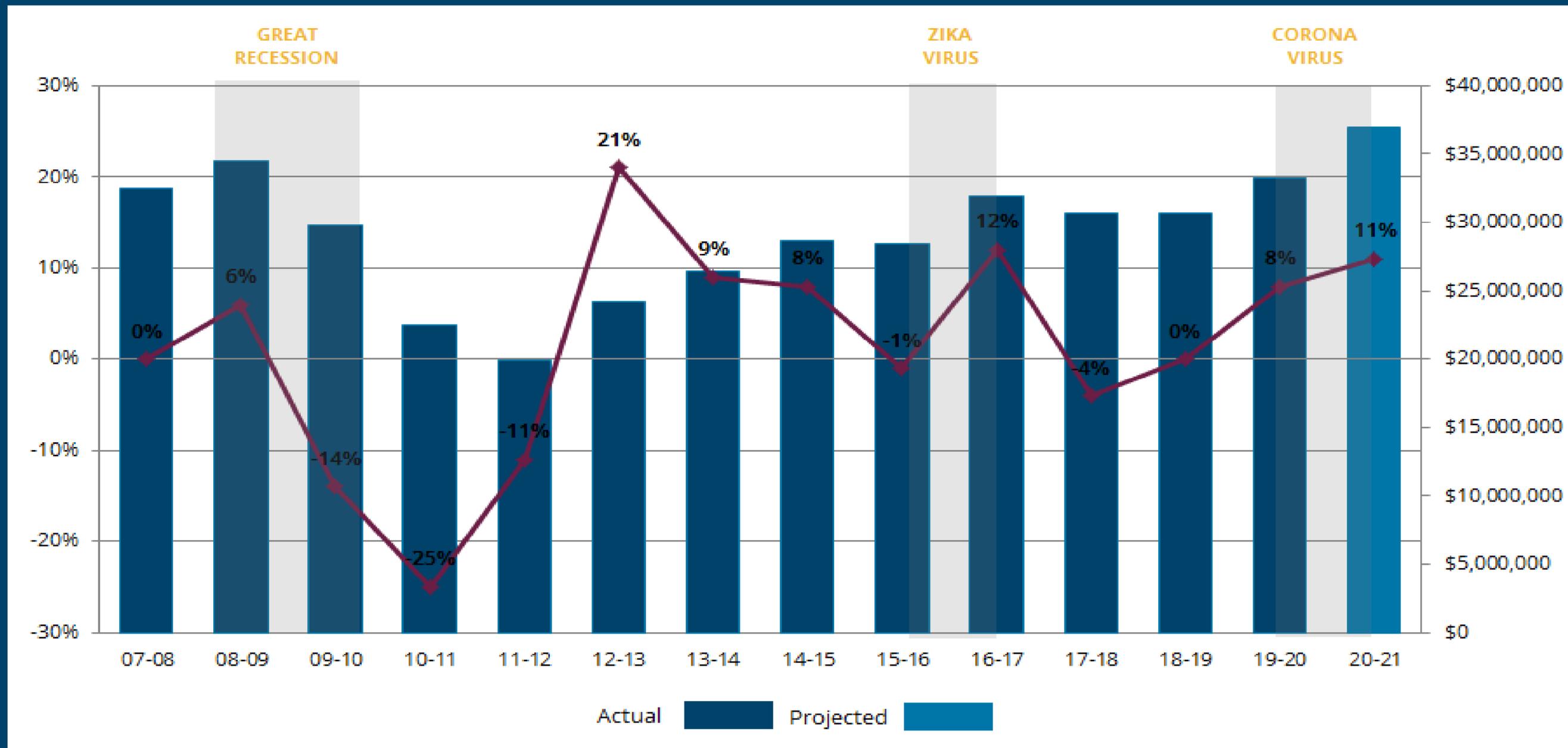
# Trend Analysis

## Prior Major Events: Vehicle License Tax



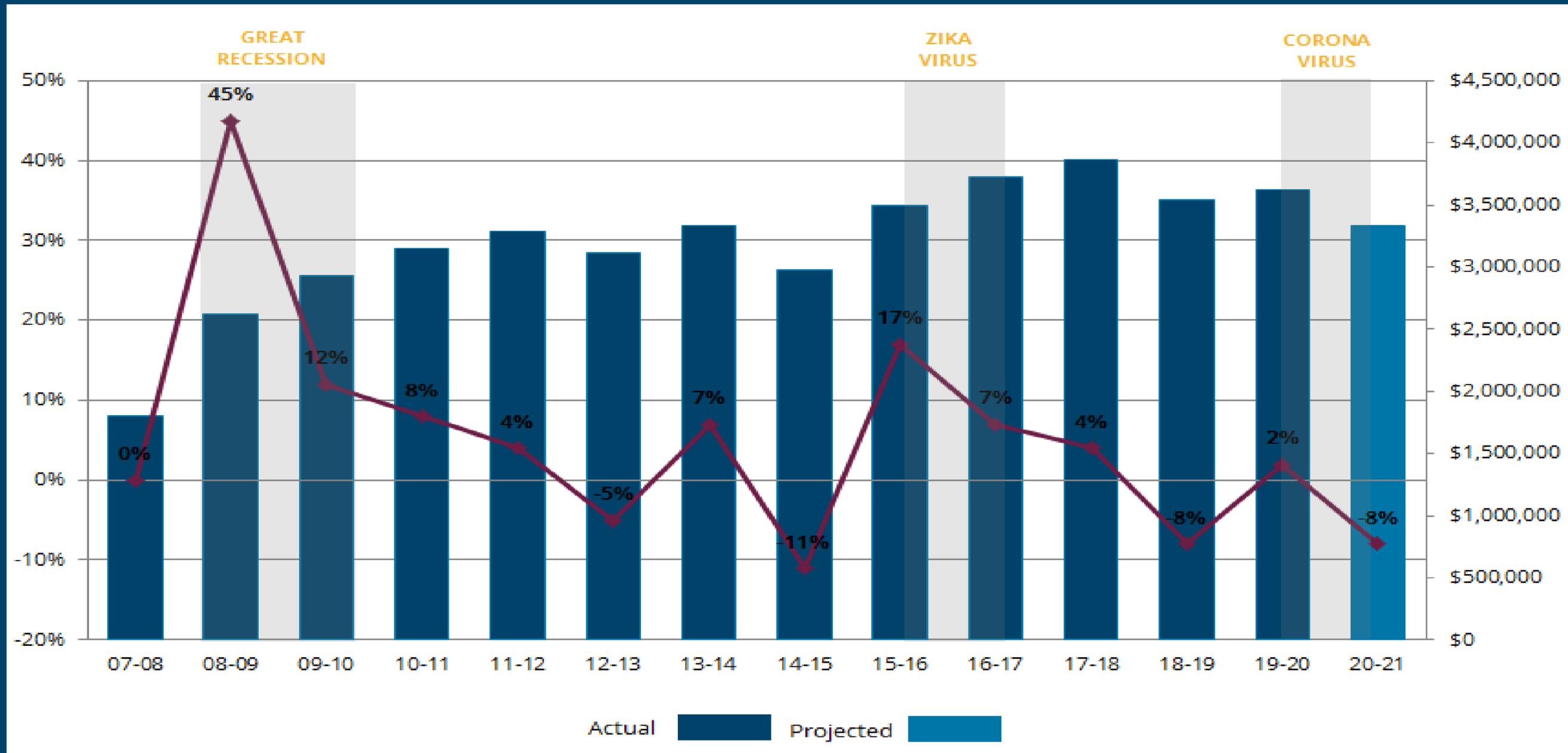
# Trend Analysis

## Prior Major Events: Urban Revenue Sharing



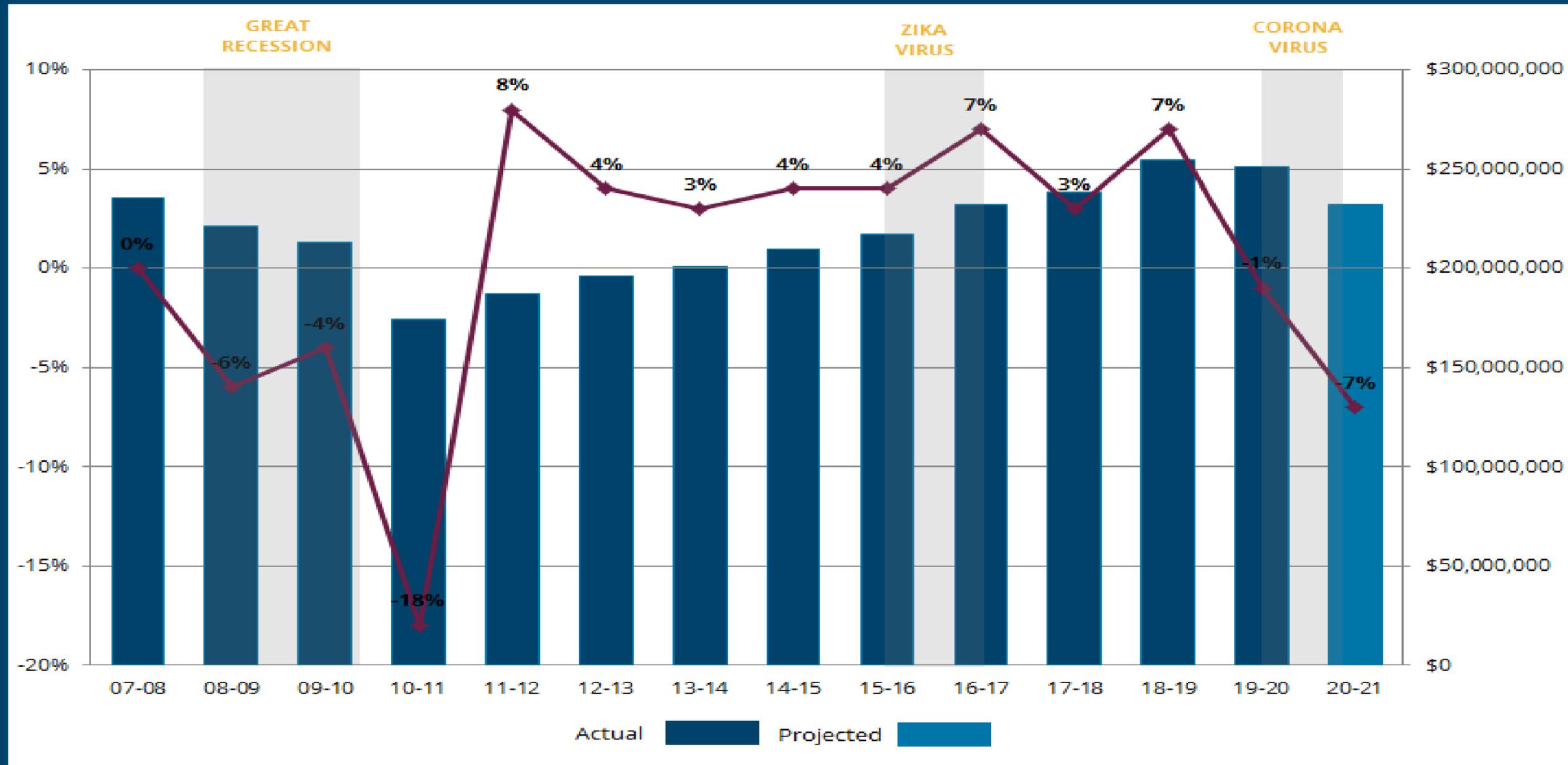
# Trend Analysis

## Prior Major Events: Parks & Recreation Fees



# Trend Analysis

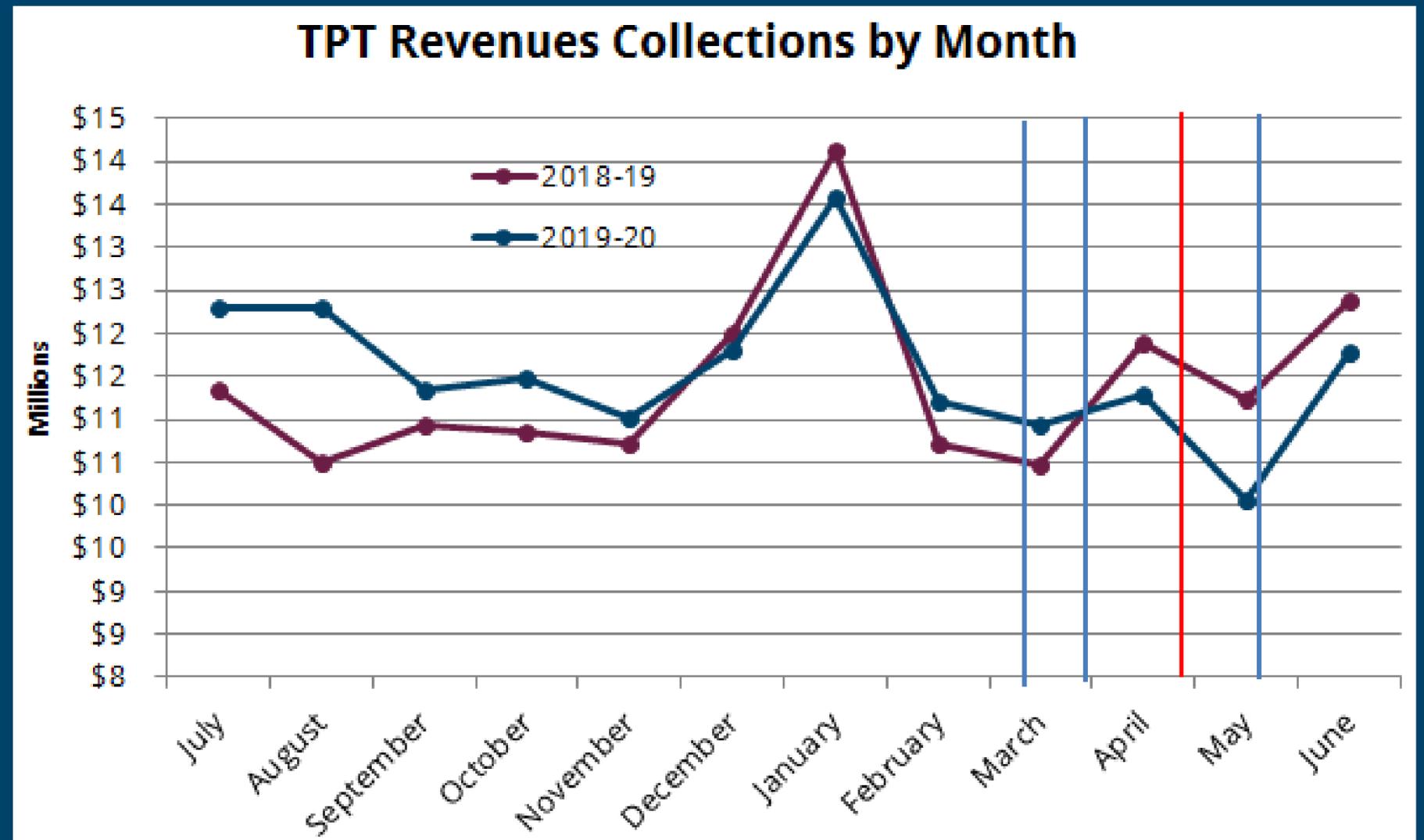
## Prior Major Events: Total Revenue



# TPT Revenue Category Trend Analysis

## Governor's Major Orders

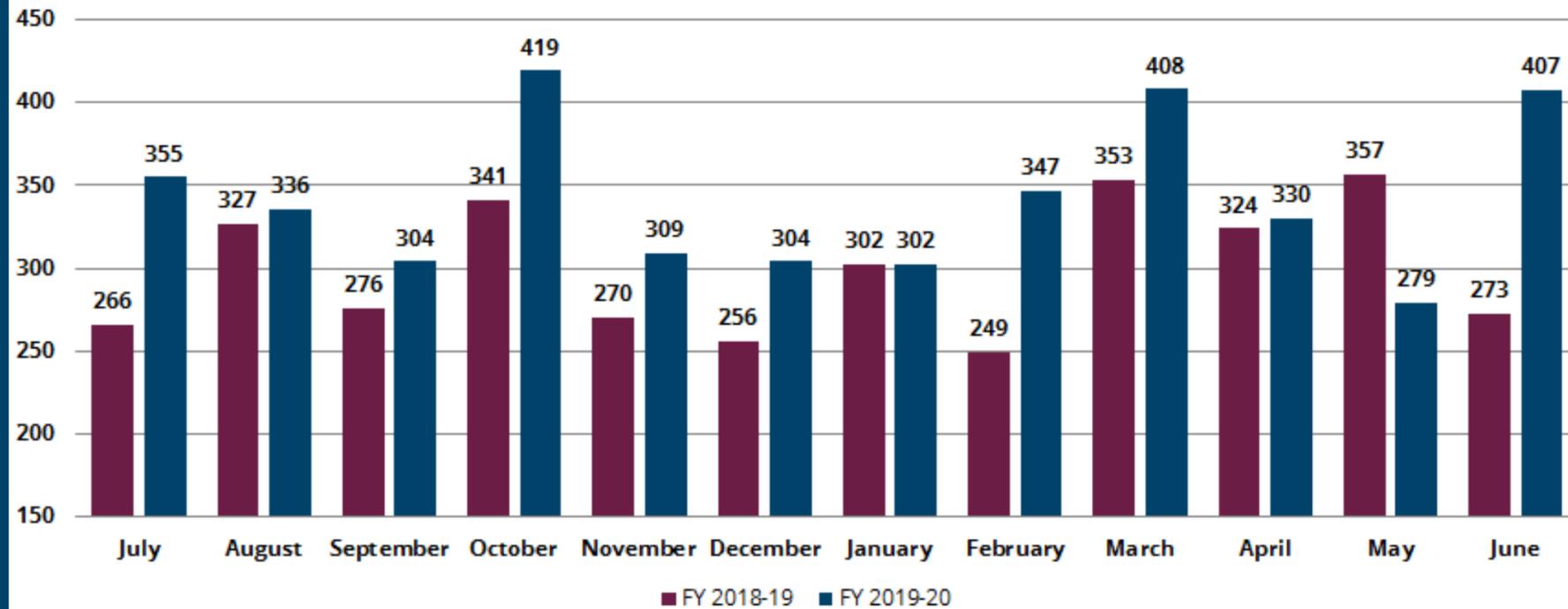
- 3/11 Declared public health emergency
- 3/15 Closed schools
- \*3/16 Cancelled gatherings of more than 10
- 3/19 Provided new guidance for dining establishments
- 3/20 Extended school closures until 4/10/20
- 3/30 Extended school closures for rest of year
- \*3/30 Stay Home, Stay Healthy, Stay Connected Order issued
- \*4/15 Federal Stimulus Payments start
- 5/11 Restaurants can resume dine in
- \*5/15 Stay at Home Order ended
- 6/29 Prohibited large gatherings for one month, closure of bars, gyms, movie theaters, water parks, and tubing
- 7/9 Restaurants must be at 50% capacity or less



\* Lines on chart

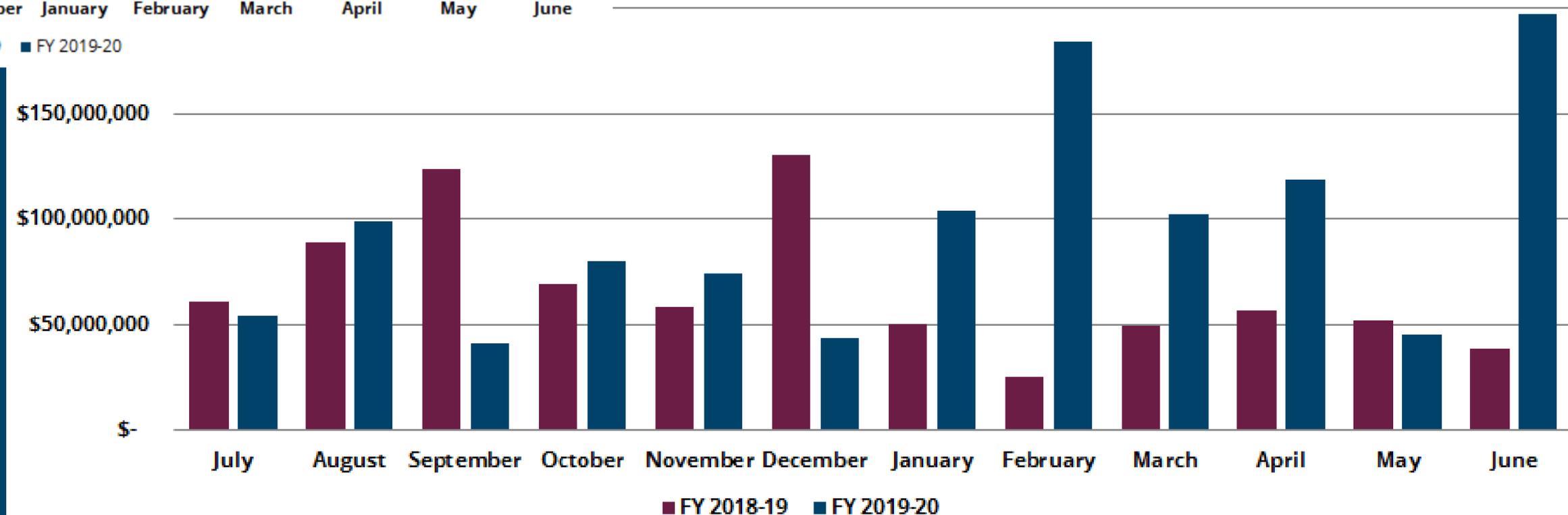
# Building Permit Trend Analysis

### Number of Permits

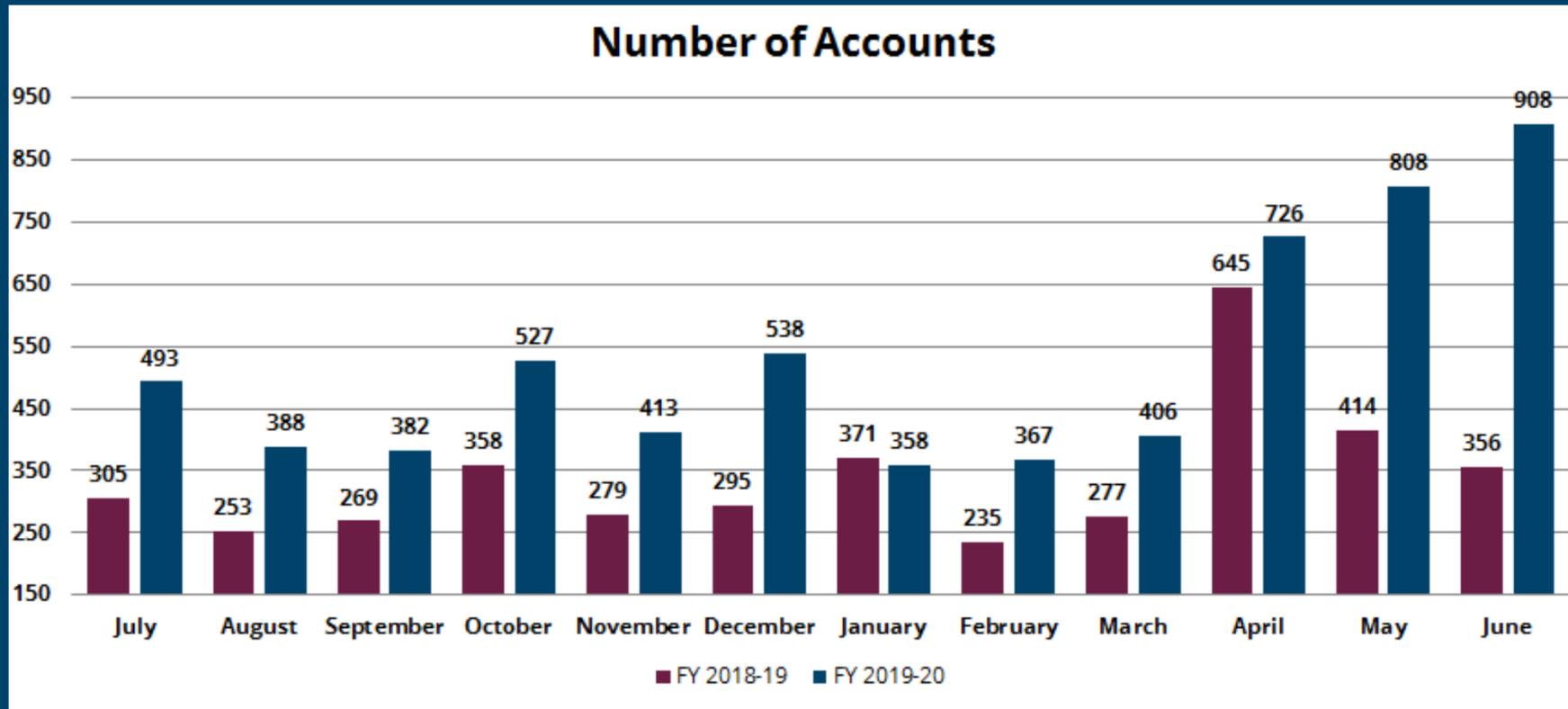


Permits remain strong

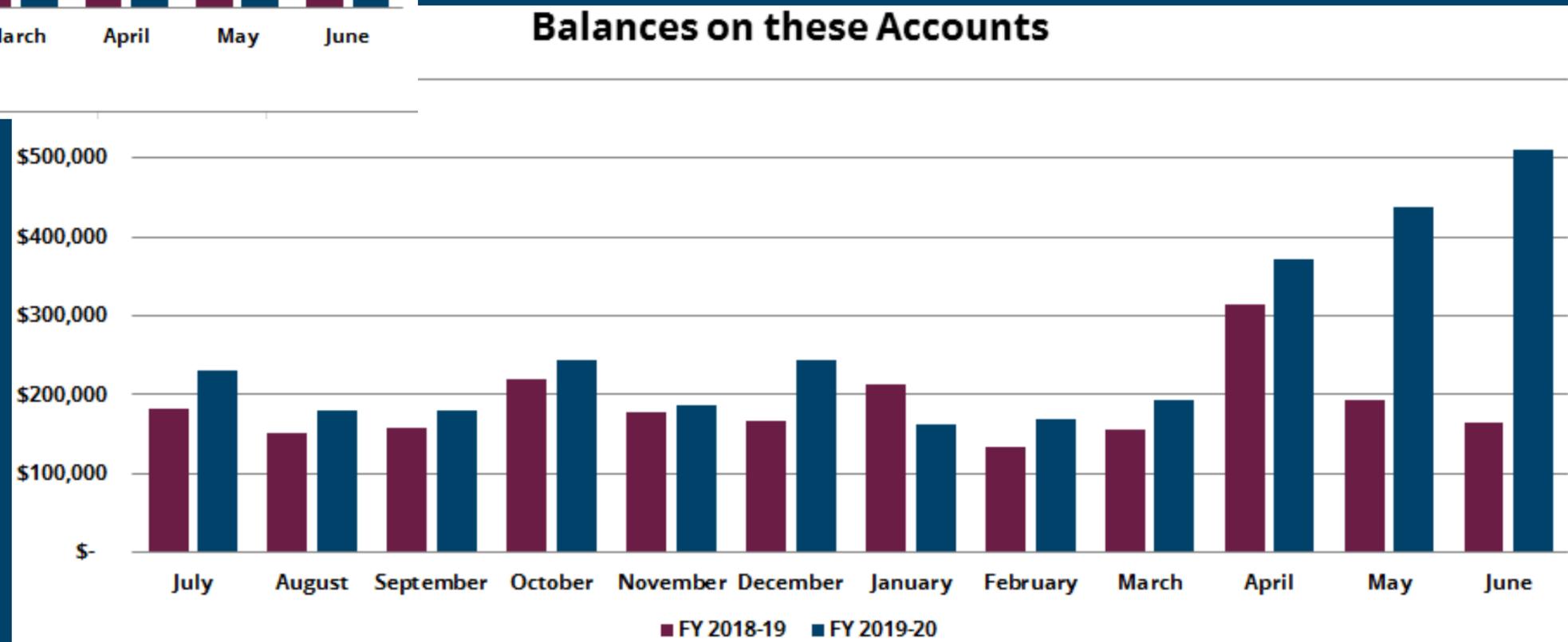
### Value of Permits



# Past Due Utility Trend Analysis



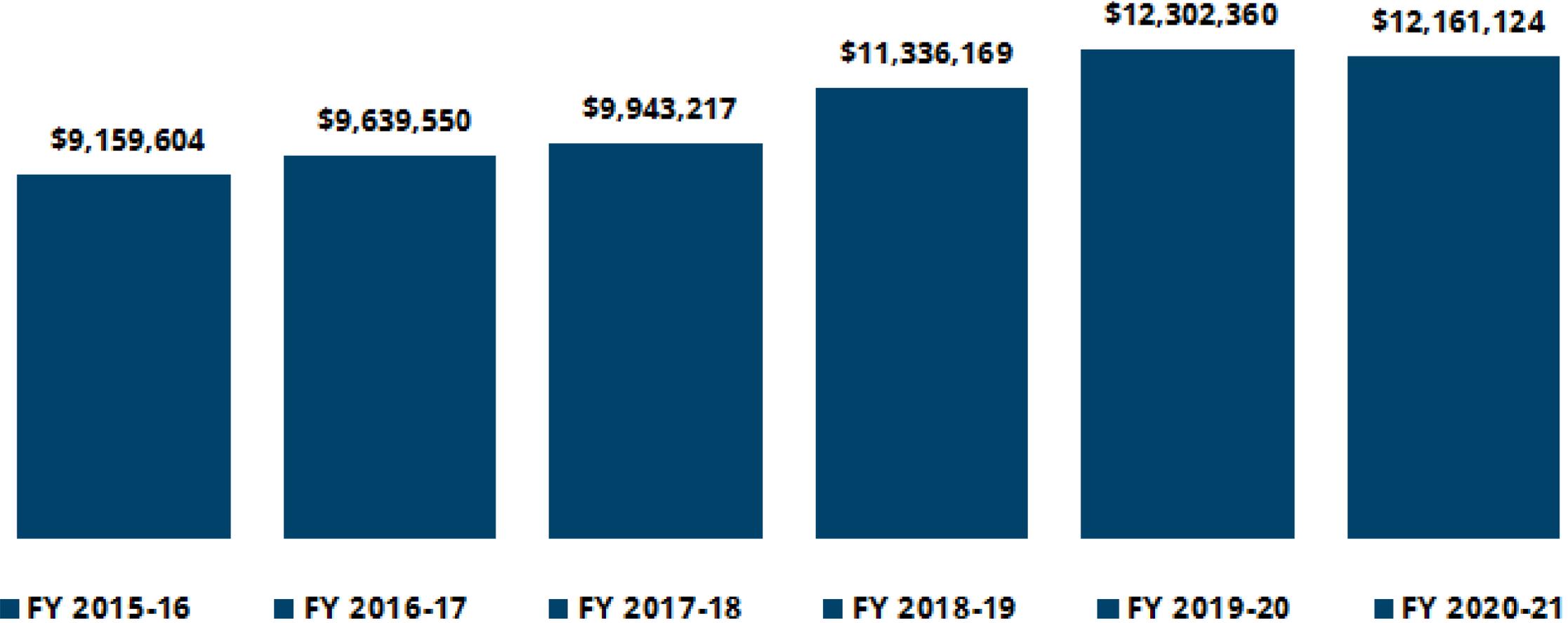
Delinquent utility accounts that meet turn-off criterion are increasing as well as balance due



# Chandler

## FY 2020-21 Revenue Update

### July 2015-16 to 2020-21 Monthly TPT Actuals



### Comments

Anticipated \$20M reduction in first 3 months of FY 2020-21

Compared to rate of revenue decline we are seeing for May, June and July, similar reductions would allow for \$20M to spread over 12.6 months or the entirety of the current fiscal year.

# Current Year Expenditures

- Current year expenditures continue to be scrutinized
- Completed 10% COVID reduction exercise to be prepared for unknown



# Policy Question



Out of the reduction exercise, Community Services identified a policy question that could reduce expenditures permanently:

**Library Hours Change**



## Current Hours\*

- **Basha**

Mon-Wed 7:30am-8pm\*\*,  
Thu-Fri 7:30am-5pm,  
Sat 10am-2pm, Sun Closed

- **Downtown**

Mon-Wed 9am-9pm,  
Thu-Sat 9am-5pm,  
Sun 1-5pm

- **Hamilton**

Mon-Wed 7:30am-8pm\*\*,  
Thu-Fri 7:30am-5pm,  
Sat 1-5pm, Sun Closed

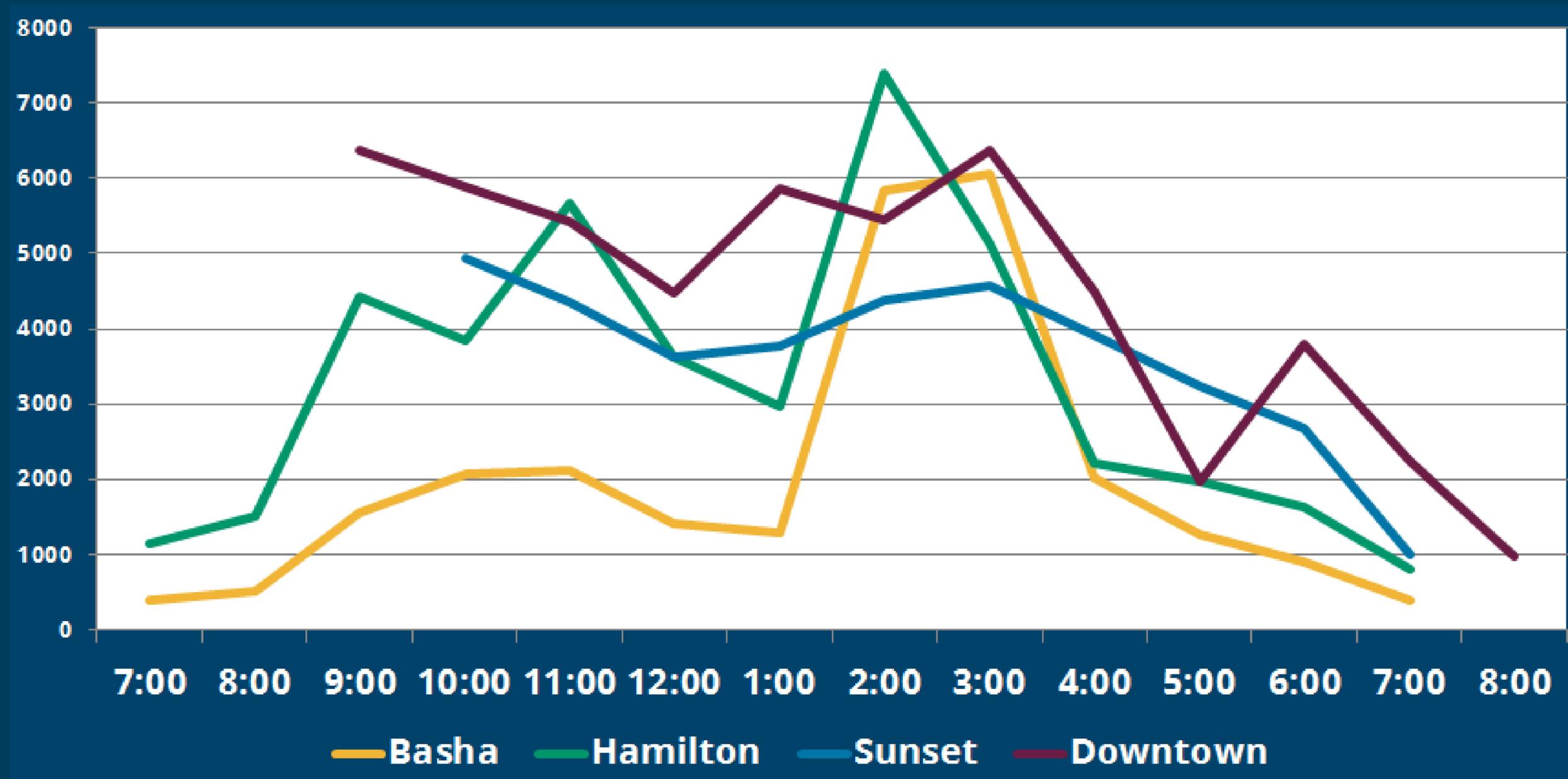
- **Sunset**

Mon-Thu 10am-8pm,  
Fri-Sat 10am-6pm,  
Sun 1-5pm

**Annual  
Hours  
12,174**

\*Pre-Covid  
\*\*School branches open at 9am  
during school intersessions

# Average Current Utilization During Open Hours



# Reductions for Consideration\*

## Option A

### •Basha

Mon-Wed 9am-7pm\*\*  
Thu-Fri 9am-5pm\*\*  
Sat 10am-2pm, Sun Closed

### •Downtown

Mon-Wed 10am-8pm  
Thu-Sat 10am-5pm  
Sun 1-5pm

### •Hamilton

Mon-Wed 9am-7pm\*\*  
Thu-Fri 9am-5pm\*\*  
Sat 1-5pm, Sun Closed

### •Sunset

Mon-Wed 10am-8pm  
Thu-Sat 10am-5pm  
Sun 1-5pm

**Annual Hours**  
**10,586**

**Cost Savings**  
**\$40,248**

\*Post-Covid

\*\*School branches will open at 7:30am  
for students, 9am for the public.





# Reductions for Consideration\*

## Option B

(Option A + further reductions)

- **Basha**

Mon-Wed 9am-7pm\*\*  
Thu-Fri 9am-5pm\*\*  
Sat- Sun Closed

- **Downtown**

Mon-Wed 10am-8pm,  
Thu-Sat 10am-5pm  
Sun 1-5pm

- **Hamilton**

Mon-Wed 9am-7pm\*\*  
Thu-Fri 9am-5pm\*\*  
Sat- Sun Closed

- **Sunset**

Mon-Wed 10am-8pm,  
Thu-Sat 10am-5pm  
Sun 1-5pm

**Annual Hours**  
**10,170**

**Cost Savings**  
**\$51,480**

\* Post-Covid

\*\* School branches to open at 7:30am for students, 9am for public

# Policy Question: Library Hours

## Community Impact

- Greater consistency between branches
- Improve operational efficiency
- More focused customer service
- Patrons accustomed to longer hours may be negatively impacted
- Basha and Hamilton patrons on Saturdays may be negatively impacted with option B

**Total potential  
cost savings:**

**\$40,248  
ongoing option A**

**\$51,480  
ongoing option B**

# Library Hours Policy

- Council Direction





# Next Steps

- Continuing to monitor economy and revenue/expenditures
- Next update meeting Nov. 2, 2020

# Questions?



**CHANDLER**  
arizona  
Community of Innovation

