



City of Bellevue

Impact of COVID Related Events on City Finances

Toni Call, Director and Keyi Lu, Asst. Director
Finance & Asset Management Department

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Direction Needed from Council

Information Only. Staff will be providing fiscal impact from COVID related events.

AGENDA




Unchartered Territory



Sales and Business & Occupation (B&O)



General Fund 2020 Impact and Actions



Additional work: 21/22 Budget and CIP



Next Steps

Uncharted Territory

- The closing of the economy has had a swift and substantial impact on the city's finances
- Economic recovery projections largely depend on the predictability to control of the virus, which is highly uncertain



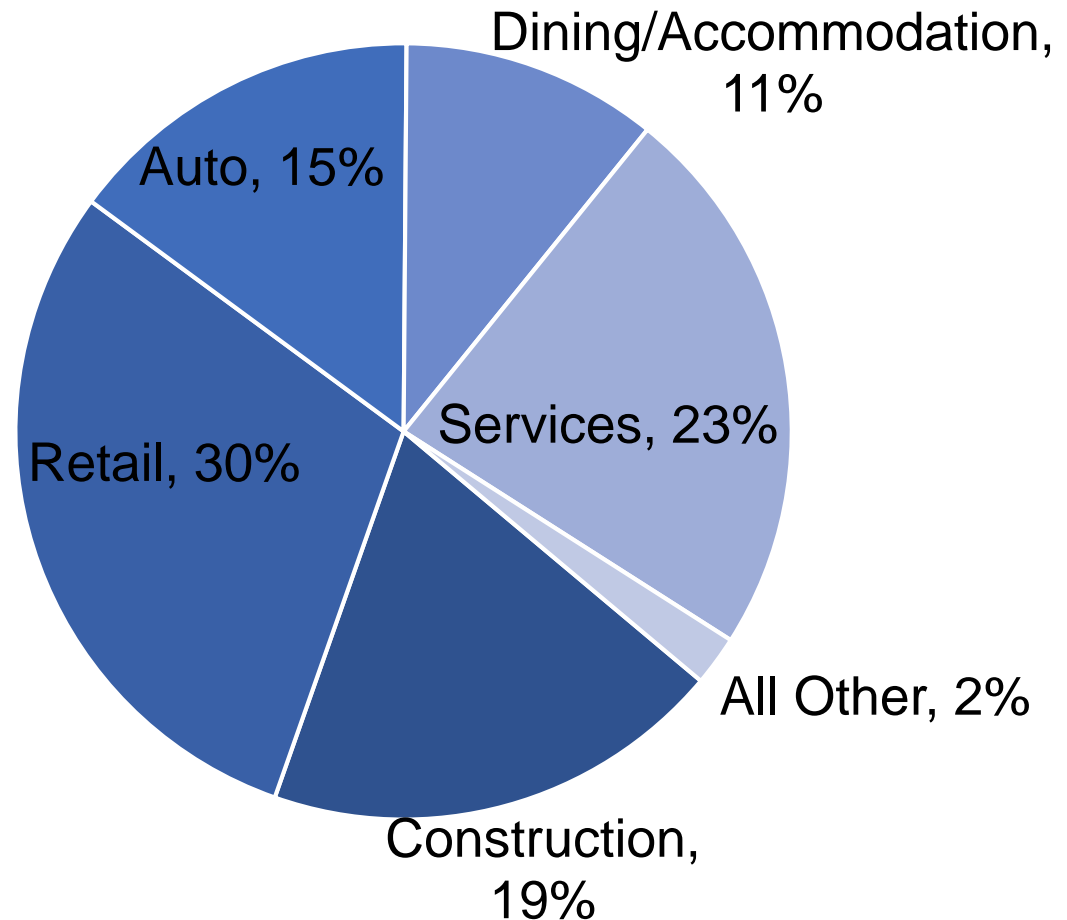
Sales and B&O Taxes

- Economically volatile revenue streams
- Combined impact is **\$31M across general fund and CIP**

	2020 Budget	2020 Revised	Impact ↓
Sales Tax	\$80M	\$59M	\$21M
B&O Tax	\$48M	\$38M	\$10M
			\$31M

Sales Tax Composition

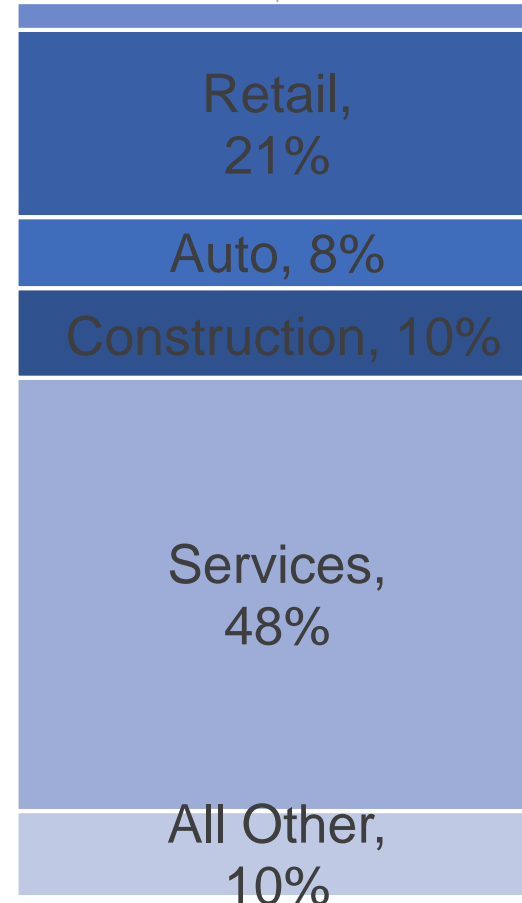
- 75% generated by highly impacted sectors
- Current total sales tax estimates for 2020 is \$59M or **\$21M less than budget** (\$16M GF, \$5M CIP)



B&O Tax Composition

- 42% generated by highly impacted sectors
- Current total B&O tax estimates for 2020 is \$38M or **\$10M less than budget** (\$7M GF, \$3M CIP)

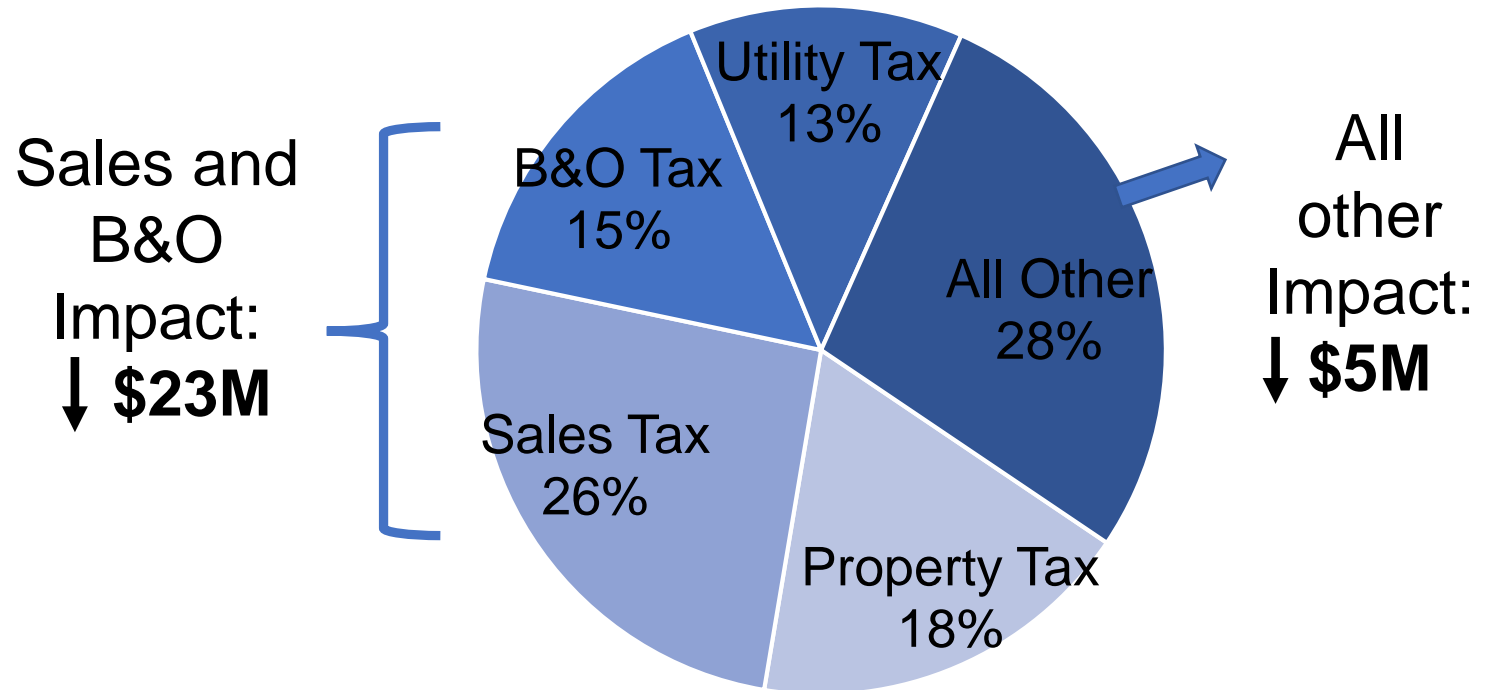
Dining/Accommodation, 3%





Impact to the General Fund

General Fund – Up to \$28M (13%)



We are taking actions now for 2020

- Reduce reserves to 15% - immediate source of one time funding
 - Council policy requires 15% of general fund revenues
 - Currently at 22%, can use 7% or ~\$15M
- Tightening our belts
 - Travel/Training; Vacancies; Consultants; Contracts
 - Social distancing has reduced spend in some areas
- Reviewing additional options
 - CARES
 - Reviewing additional fund balance options
 - Workforce impacts

Additional Work Underway....

- 2021/22 General Fund Budget:
 - Planning scenario
 - Recession with continued reduced revenues
 - Is it a V, U, W, something else?
 - At current cost levels – early look indicates a \$12+M reduction
 - Reduce expenditures or raise revenues
- CIP: Under development
 - Sales and B&O combined - \$8M in 2020
 - Real Estate Excise Tax – working
 - Current infrastructure is helping economy stimulus

Next Steps



CONTINUE TO WATCH,
LISTEN, AND UPDATE



RETURN TO COUNCIL AT A
BUDGET WORKSHOP



Questions?

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In case of questions:

Comparison to the Great Recession

