



# COVID - 19 CHRONICLE

Financial Impacts of the  
Novel Corona Virus 2019  
Outbreak

APRIL 30, 2020



WESTMINSTER

The Covid-19 pandemic has played havoc on the City's Finances. This special report is being created to provide a more in-depth look at the impact of the pandemic on the City's finances. Staff has been managing new revenues coming in as well as tracking expenses that may be reimbursable from four different grant opportunities. The most significant grants the City has been awarded are through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and its Coronavirus Relief Fund (CRF), which are being passed through from the Counties. These are Federal dollars that will have to be accounted for in the City's annual financial report.

While slightly different, intergovernmental agreements (IGA's) have been entered into with both Adams County and Jefferson County. Below is a summary of the two IGA's as well as an overview of the two different relief programs.

### **CRF Funds to Westminster from Adams/Jefferson Counties**

Adams County	Jefferson County
\$5,507,090	\$3,471,358
<ul style="list-style-type: none"> <li>• Disburse in 3 equal payments, contingent on spending</li> <li>• Return any unspent funds by December 4th, 2020</li> <li>• Monthly report on spending</li> </ul>	<ul style="list-style-type: none"> <li>• Disburse in 2 equal payments, contingent on spending</li> <li>• Return by Sept. 1st 2020 any funds expected to not be spent by year end</li> <li>• Shared drive of expenditure backup and monthly reporting</li> </ul>

### **Coronavirus Aid, Relief, and Economic Security Act (CARES) and the Coronavirus Relief Fund (CRF) Overview**

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| <ul style="list-style-type: none"> <li>• CARES Act signed into law on March 27th</li> <li>• Included \$150B in aid to States and Local Governments in the form of the CRF</li> <li>• Direct appropriation to States and any locality (county or city) above 500K population</li> <li>• Discretion of States and counties on how to distribute to smaller municipalities</li> <li>• Adams and Jefferson counties received \$90M and \$102M, respectively</li> </ul> | <p>CRF may only be used to cover costs that:</p> <ol style="list-style-type: none"> <li>1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;</li> <li>2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government;</li> <li>3. Were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020.</li> </ol> |
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As of the end of April the City had not received any of the CRF funds. However, the City did receive the first installments on May 22, 2020. On May 18th, Council approved the initial appropriation of the approximate \$9M as follows:

### **Guidelines and estimates of expenses for each focus area:**

- Economic Recovery: Aid in the recovery of our local economy by providing businesses with grants and other support. (\$4,000,000)
- Social Recovery: Aid in recovery of the quality of life in Westminster by providing programs that rebuild community connections and promote wellness. (\$728,448)
- People and Programs Serving People: Provide and help partners supply housing and food security to vulnerable and impacted populations. (\$750,000)
- Local Government Recovery: Help City employees and visitors respond to changing work environments in an innovative way that ensures the health and safety of all. (\$3,500,000)

It is important to note that the City remains nimble. If it is necessary to reallocate the funding in a different manner in accordance with the guidance, Staff is prepared to do so. With the intent of total transparency, the purpose of this section will be to have a complete accounting of all of the Federal money that is received and expended.

In addition to the funding described above, the City has also been awarded other smaller supplemental funding related to COVID-19. Approximately \$112,900 from the Department of Justice and the Department of Health and Human Services to be utilized to prevent, prepare for, and respond to coronavirus. A supplemental award of \$371,728 in Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development will be used to partner with Adams County for a grant-based Small Business Stabilization Program. The Fire Department has applied for funding through the Assistance to Firefighters Grant COVID-19 Supplemental Award Program. Staff will continue to monitor opportunities to seek additional funding to help defray the costs of responding to the COVID-19 crisis.

### **A Deeper Dive**

Looking at the revenue picture in more detail, Parks Recreation and Libraries revenue has been hit particularly hard.

City of Westminster						
Revenue Report - Comparison Month to Month and YTD						
For the Month Ended April 30, 2020						
	Current Period	Year-to-Date	Current Period	Year-to-Date	Current Period	Year-to-Date
	Actual	Actual	Actual	Actual	Difference	Difference
	2020	1/2020 - 4/2020	2019	1/2019 - 4/2019	2020 to 2019	2020 to 2019
Description	April	Grand Total	April	Grand Total	April	
Recreation Charges	(15,312.24)	1,493,709.31	839,712.96	2,590,823.84	(855,025.20)	(1,097,114.53)
Total Legacy Ridge Revenues	2,394.89	217,648.45	225,905.06	338,880.33	(223,510.17)	(121,231.88)
Total Walnut Creek Fund Revenues	39,535.52	354,617.18	234,484.65	465,227.23	(194,949.13)	(110,610.05)

As City facilities shut down in mid-March, the General Recreation Revenues are lagging behind 2019 revenues for the same period by approximately \$1.1 million. This includes giving refunds to those guests who had paid for an activity which was ultimately cancelled. The Golf Course Revenue is lagging behind 2019 revenues for the same period by approximately \$232,000. The promising news is that the Golf Courses opened in May and the first day's tee sheet filled up in 18 minutes.

As expected, PR&L expenses also declined.

City of Westminster  
Expenditure Comparison Report  
For Four Months Ending April 30, 2020

Expenditures (Use of Funds)	Year to Date			April		
	YTD Actual	2019 Actual	\$ Change	2020 Actual	2019 Actual	\$ Change
PR&L Expenditures	\$ 4,567,475	\$ 4,787,273	\$ (219,798)	\$ 1,061,408	\$ 1,218,570	\$ (157,162)
Total Legacy Ridge	428,392	439,527	(11,135)	120,859	134,898	(14,039)
Total Walnut Creek	376,249	380,434	(4,185)	83,893	90,398	(6,505)

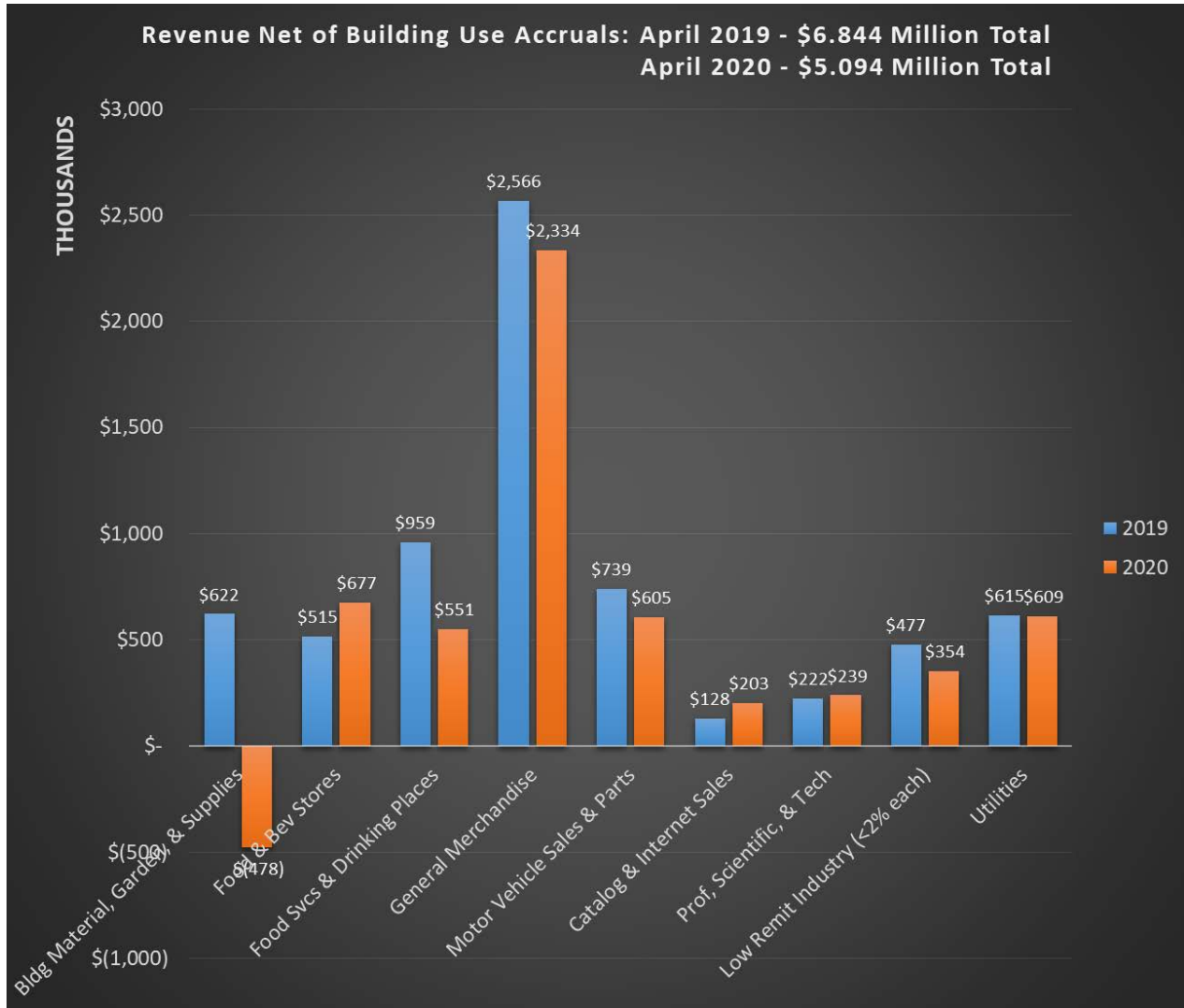
In addition to the expenditure savings from PR&L and Golf, other departments are also limiting expenses.

In order to help mitigate the effects of the decrease in revenues, the City has instituted a selective hiring freeze. The results of that freeze are as follows:

- Savings thru 4/30/2020 - \$715,000
- Savings in April - \$220,000
- Remaining savings through 12/31 - \$1.7 million
- This consists of 37 different positions for a total FTE count of 33.6
- The two departments that are impacted the most are PR&L and PWU
- Some positions have been approved to be filled. The criteria for determining is generally those that are public safety related (front-line), can assist with COVID-19 related efforts, or are mission critical and not filling the position will be detrimental for City infrastructure or other assets

Sales and Use Tax is the primary revenue that supports the General Fund, a detailed analysis of the revenues was completed by industry. The analysis follows:

## City of Westminster Monthly Net Sales Tax Receipts by Industry – 3.0% General Sales Tax



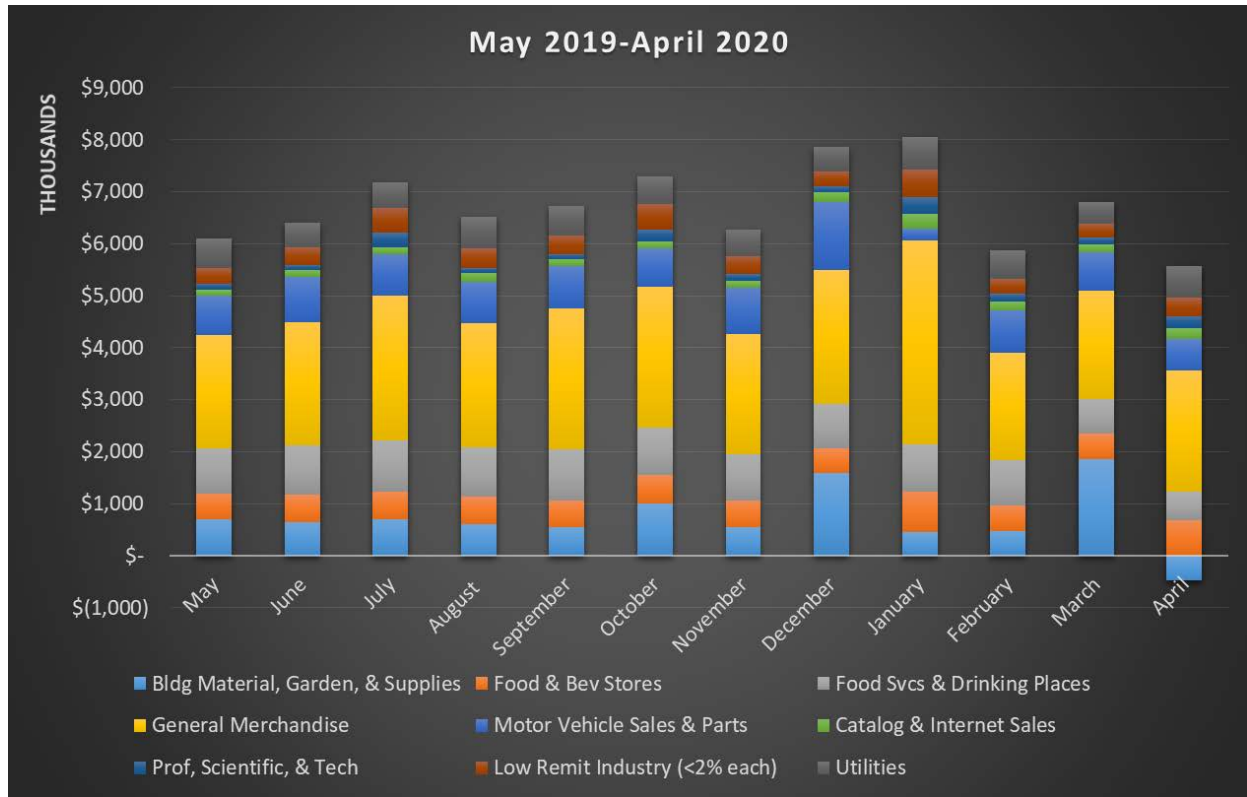
April Net Revenue by Industry	2019		2020		\$ Change	
Bldg Material, Garden, & Supplies	\$ 621,941	9.09%	\$ (477,887)	-9.38%	\$ (1,099,828)	-176.84%
Food & Bev Stores	\$ 515,010	7.53%	\$ 676,673	13.28%	\$ 161,663	31.39%
Food Svcs & Drinking Places	\$ 959,006	14.01%	\$ 550,988	10.82%	\$ (408,018)	-42.55%
General Merchandise	\$ 2,566,119	37.49%	\$ 2,333,652	45.81%	\$ (232,467)	-9.06%
Motor Vehicle Sales & Parts	\$ 739,274	10.80%	\$ 605,401	11.88%	\$ (133,873)	-18.11%
Catalog & Internet Sales	\$ 127,857	1.87%	\$ 202,614	3.98%	\$ 74,757	58.47%
Prof, Scientific, & Tech	\$ 222,310	3.25%	\$ 239,290	4.70%	\$ 16,980	7.64%
Low Remit Industry (<2% each)	\$ 477,422	6.98%	\$ 354,052	6.95%	\$ (123,370)	-25.84%
Utilities	\$ 614,959	8.99%	\$ 609,415	11.96%	\$ (5,544)	-0.90%
<b>Revenue Net of Building Use Accruals:</b>	<b>\$ 6,843,898</b>	<b>100.00%</b>	<b>\$ 5,094,199</b>	<b>100.00%</b>	<b>\$ (1,749,699)</b>	<b>-25.57%</b>
Less: Sales Tax Rebate Accruals	\$ (365,459)		\$ (261,219)			
<b>Total Revenues Net of Rebates:</b>	<b>\$ 6,478,439</b>		<b>\$ 4,832,980</b>		<b>\$ (1,645,459)</b>	<b>-25.40%</b>
ADD: Building Use Tax EDA/BAP Accrual	\$ 129,269		\$ 993,558		\$ 864,289	
ADD: Sales Tax Rebate Accruals	\$ 365,459		\$ 261,219		\$ 626,678	
<b>EQUALS: Gross General Tax Revenues</b>	<b>\$ 6,973,167</b>		<b>\$ 6,087,756</b>		<b>\$ (885,411)</b>	<b>-12.70%</b>

### Analysis

- Building Material, Gardening & Supply sector is down for the month due to the impact of EDA/BAP accruals made in April against prior building use tax receipts. Actual general building use receipts for the month, before EDA/BAP accruals, were \$190,594 compared to \$454,111 in April 2019.

- Food Services & Drinking Places and General Merchandise are down significantly in April due the public health order requiring store closures or reduced service offerings.
- Percentage of April 2020 sales tax remittances, excluding building use & auto use, from in-city filers is 70% compared to 77% from April 2019 showing out-of-city receipts are increasing.

## City of Westminster Monthly Sales Tax Receipts by Industry – 3.0% General Sales Tax



Year-To-Date Revenue Through April by Industry	2019		2020		\$ Change
Bldg Material, Garden, & Supplies	\$ 2,090,762	8.06%	\$ 2,324,850	9.00%	\$ 234,088
Food & Bev Stores	\$ 2,239,198	8.63%	\$ 2,422,852	9.38%	\$ 183,654
Food Svcs & Drinking Places	\$ 3,515,534	13.55%	\$ 3,016,478	11.68%	\$ (499,056)
General Merchandise	\$ 10,387,574	40.04%	\$ 10,383,193	40.20%	\$ (4,381)
Motor Vehicle Sales & Parts	\$ 2,448,138	9.44%	\$ 2,382,517	9.22%	\$ (65,621)
Catalog & Internet Sales	\$ 566,644	2.18%	\$ 800,027	3.10%	\$ 233,383
Prof, Scientific, & Tech	\$ 830,262	3.20%	\$ 867,267	3.36%	\$ 37,005
Low Remit Industry (<2% each)	\$ 1,566,963	6.04%	\$ 1,414,547	5.48%	\$ (152,416)
Utilities	\$ 2,300,571	8.87%	\$ 2,216,237	8.58%	\$ (84,334)
<b>Totals</b>	<b>\$ 25,945,646</b>	<b>100.00%</b>	<b>\$ 25,827,969</b>	<b>100.00%</b>	<b>\$ (117,678)</b>

### Analysis

- Collection patterns affect the monthly trends per industry. January includes monthly, quarterly and annual filers; April, July and October include monthly and quarterly filers; remaining months only include monthly filers.
- Year-to-date 2020 values down over year-to-date 2019 values primarily due to the building use tax EDA accruals made in April.
- December 2019 Motor Vehicle sector includes Auto Use receipts totaling \$511,809 and January 2020 receipts totaling \$619,064, explaining the significant change in the sector across those months. These January receipts are booked to December of the prior year as part of the annual close for accounting purposes.

## NOTES

### Data Assumptions

- Chart data represents 3% sales tax data from the sales tax system, **plus** auto use tax revenue (in Motor Vehicle Sales & Parts) and building use tax revenue (in Building, Garden, & Supplies).
- Sales tax presented on a cash receipts basis and generally reflects activity that occurred in prior month. Values in charts **are adjusted** to reflect impacts of economic development agreements; monthly table shows rebate impact.
- Audit & enforcement revenues **excluded** from sales tax data.
- Auto use tax data presented on a net revenue basis, **adjusted** for collection fees.
- Building use tax data per building use tax revenues processed through the City's permitting system.
- Sales tax filing frequencies vary. January data includes monthly, quarterly and annual filers; April, July, October include monthly and quarterly filers; all other months only include monthly filers.

### Other Points

- Values may differ compared to monthly report as monthly report includes adjustments that reduce gross revenues, such as economic development agreements.
- Food & Beverage Store sector approximately 80% grocery and 20% liquor stores.
- Food Services & Drinking Places sector over 90% sit-down restaurants and fast food; sit-down is the largest component at over 50% of the sector.
- General Merchandise includes discount retail, approximately 50% of general merchandise; discount retail only includes five businesses shown below (some with multiple locations).

Industry Category	Industry Subcategories	Examples of Businesses by Industry Category (Name or Type)
Building Mats, Garden, & Supplies	N/A	Building Use, Lowes, Home Depot, Carpet Mill
Food & Bev Stores	Grocery	King Soopers, Safeway, Hmart, Sprouts, Wally's
	Liquor	Total Beverage, Orchard Wine & Spirits, Applejack
Food Svcs & Drinking Places	Bakery & Donut	Nothing Bundt Cakes, Kings Bakery (inside Hmart)
	Fast Food	Subway, Wendy's, Fast Casual (Chipotle, Smash Burger)
	Catering	Franks BBQ, Front Range Catering
	Misc. Food Sales	Shamrock Foods, Mile Hi Foods, Omaha Steaks
	Sit Down Restaurants	3 Margaritas, Salt Grass, Bonefish
	Taverns & Bars	Frolic Brewing, Park Centre Lounge
General Merchandise	Clothing & Accessories	Aeropostale, TJ Maxx, Eddie Bauer
	Electronics & Appliances	Apple, Best Buy, Appliance Factory Outlet
	Furnishings	AFW, Bed Bath & Beyond, Woodley's
	Discount Retail	Target, Walmart, Costco, Dollar Tree, Big Lots
	Health & Personal Care	CVS, Walgreens, Bath & Body Works
	Misc. Manufacturing	Ball Aerospace, Siemens, Colorado Countertops
	Misc. Retailer	Amy's Hallmark, Smoker Friendly
	Sporting, Hobby, Book, Music	Big 5 Sporting, REI, Barnes&Noble, Hobby Lobby
Motor Vehicle Sales and Parts	Leases & Rentals	Terhar Leasing, Budget Rental, Ally Financial
	Parts, Repair & Misc	Firestone, Jiffy Lube, NAPA, Advance Auto
	RV Sales	Choice One Motors, Stans Auto, Automotive Specialist
	Auto Sales	Generally, car dealers
Catalog&Internet Sales	N/A	Amazon, Chewy, Kohls Online, Prime Now
Prof, Scientific, & Tech	N/A	Dentists, Veterinary, Massage, Lawn Care
Very Small (<2% each)	N/A	Real Estate, Religious Orgs, Wholesale
Utilities	N/A	Xcel, Comcast, Verizon, AT&T