A microscopic view of a virus and red blood cells. The virus is a large, spherical, blue-grey structure with numerous spike-like protrusions on its surface. It is surrounded by several red blood cells, which are smaller, biconcave, and reddish in color. The background is a dark, reddish-brown color.

# COVID - 19

# CHRONICLE

Financial Impacts of  
the Novel Corona  
Virus 2019 Outbreak

May 31, 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**

- |  |  |
|--|--|
| <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> |
|--|--|

The City of Westminster has established the following guidelines for the use of Coronavirus Relief Funds (CRF) and initial appropriations for each focus area:

- Economic Recovery (\$4,000,000)
- Social Recovery (\$728,448)
- People and Programs Serving People (\$750,000)
- Local Government Recovery (\$3,500,000)

As of the end of May, the City had received \$1,835,696 from Adams County and \$1,735,679 from Jefferson County of the CRF funds.

In addition to the CRF funding, the City has received funding from other federal granting agencies to be used for COVID related expenditures and is in the process of preparing an application for reimbursement through FEMA's Public Assistance (PA) program.

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. In addition to the funding described above, the City has also been awarded other smaller supplemental funding related to COVID-19. As of the date of this report, 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 which 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.

Although we may have not assigned a specific focus area to each COVID-19 related expenditure, the City has incurred the following expenditures as of May 31, 2020.

Description	Amount	Funding Source
Face Coverings for Westminster businesses	\$ 77,650	CRF - Economic Recovery
Westy Rise program	1,152,660	CRF - Economic Recovery
General response expenditures such as PPE	373,580	75% of this amount - possible FEMA PA reimbursement; 25% of this amount - funding source not yet assigned
General response expenditures such as PPE - law enforcement specific	31,657	Department of Justice supplemental grant
Total as of May 31, 2020	<u>\$ 1,635,547</u>	

The City has established teams for each of the above focus areas to manage the funding to ensure that the CRF funds are utilized in the most effective manner and that federal guidance is followed. It is important to note that spending proposal plans for each focus area were to be submitted by June 11, 2020. The review team consisting of Staff from City Manager's Office, Policy and Budget Development and Finance will evaluate each plan for approval based on funds available and CARES guidelines.

As the City strives to strategically determine the appropriate grants to fund the appropriate expenditures, the expenses will be charged to the appropriate grant.

### A Deeper Dive

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

Revenue Comparison Month to Month and YTD  
For the Month Ended May 31, 2020

Revenues (Source of Funds)	Year to Date			May		
	May 2020 Actuals	May 2019 Actuals	\$ Change	2020 Actuals	2019 Actuals	\$ Change
Parks, Recreation & Libraries	(\$129,885)	\$768,939	(\$898,824)	\$1,363,825	\$3,359,763	(\$1,995,938)
Legacy Ridge Golf Course	\$72,069	\$266,418	(\$194,349)	\$289,718	\$605,299	(\$315,581)
Walnut Creek Golf Preserve Golf Course	\$109,755	\$302,157	(\$192,402)	\$464,372	\$767,384	(\$303,012)

As City facilities shut down in mid-March, the General Recreation Revenues are lagging behind 2019 revenues for the same period by approximately \$2.0 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 \$619,000.

As expected, PR&L expenses also declined.

Expenditure Comparison Report Month to Month and YTD  
For the Month Ended May 31, 2020

Expenditures (Use of Funds)	Year to Date			May		
	2020 Actuals	2019 Actuals	\$ Change	2020 Actuals	2019 Actuals	\$ Change
Parks, Recreation & Libraries	\$5,508,642	\$6,127,217	(\$618,575)	\$941,167	\$1,339,946	(\$398,779)
Legacy Ridge Golf Course	\$519,207	\$599,021	(\$79,813)	\$90,815	\$159,494	(\$68,679)
Walnut Creek Golf Preserve Golf Course	\$463,126	\$539,645	(\$76,518)	\$86,878	\$159,211	(\$72,333)

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

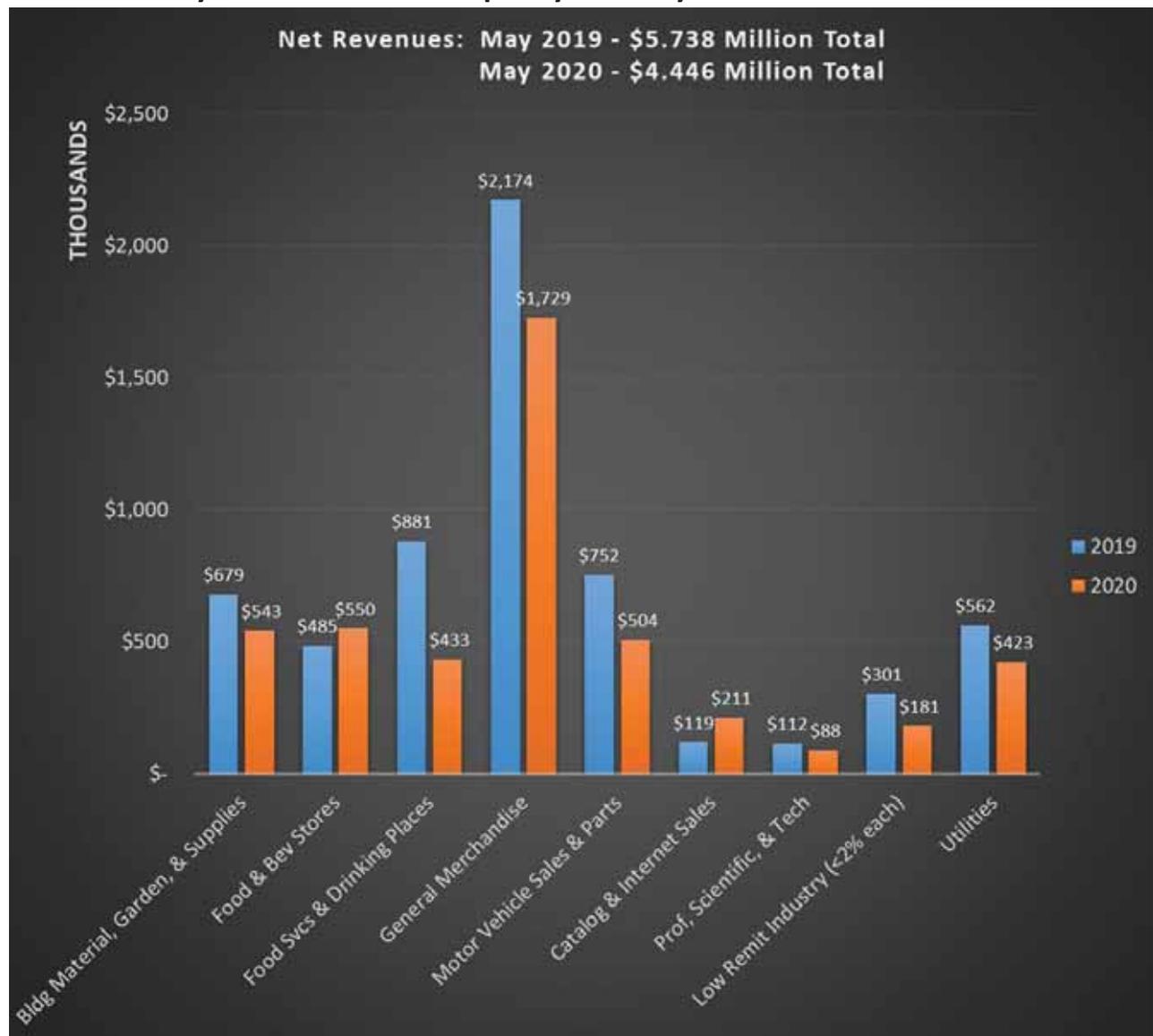
In order to help mitigate the effects of the decrease in revenues, the City has instituted a selective hiring freeze. The results of that freeze are as follows:

- Savings thru 5/31/2020 - \$935,000

- Savings in May - \$212,000
- Remaining savings through 12/31 - \$1.2 million
- This consists of 32 different positions for a total FTE count of 31.6
- 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

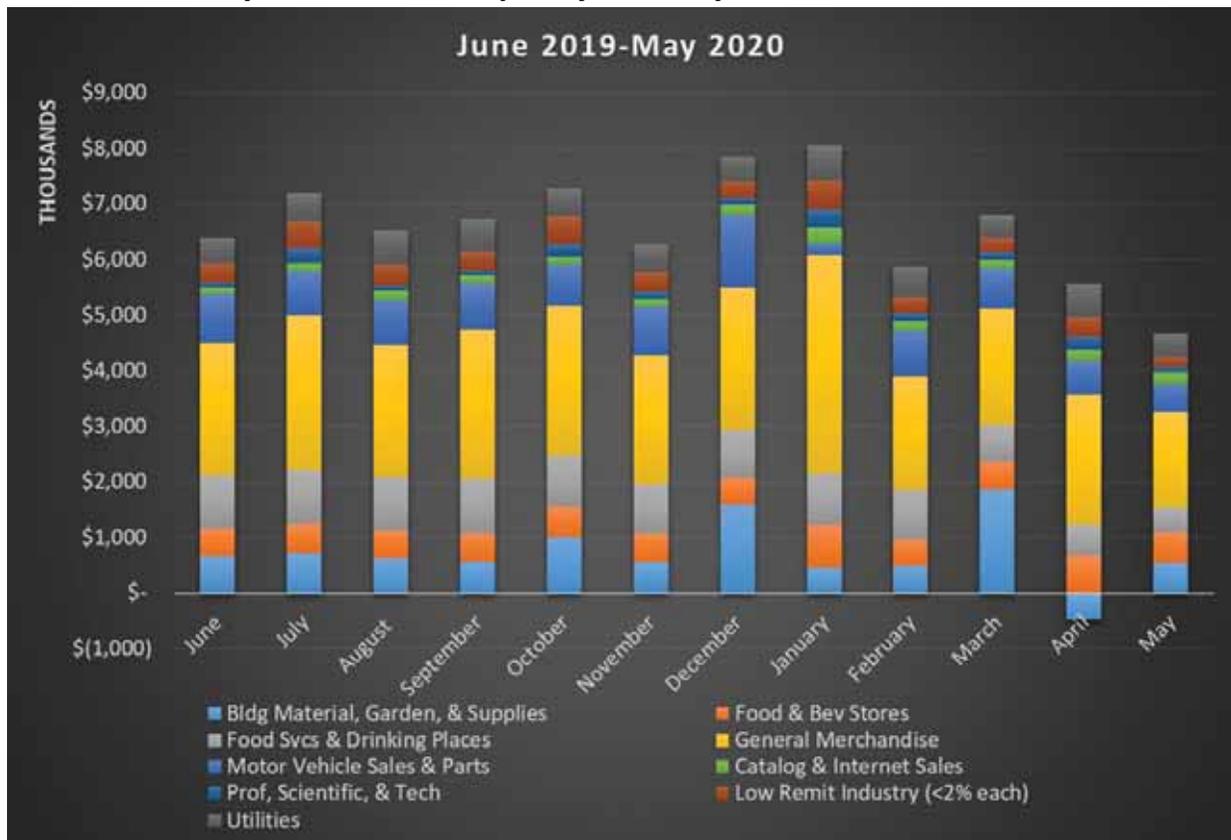


Revenue by Industry	2019		2020		\$ Change	
Bldg Material, Garden, & Supplies	\$ 679,023	11.20%	\$ 542,570	11.64%	\$ (136,453)	-20.10%
Food & Bev Stores	\$ 484,604	7.99%	\$ 549,526	11.79%	\$ 64,922	13.40%
Food Svcs & Drinking Places	\$ 881,120	14.53%	\$ 433,292	9.30%	\$ (447,828)	-50.82%
General Merchandise	\$ 2,173,804	35.84%	\$ 1,728,704	37.09%	\$ (445,100)	-20.48%
Motor Vehicle Sales & Parts	\$ 752,329	12.41%	\$ 504,473	10.82%	\$ (247,857)	-32.95%
Catalog & Internet Sales	\$ 118,559	1.95%	\$ 210,864	4.52%	\$ 92,305	77.86%
Prof, Scientific, & Tech	\$ 112,287	1.85%	\$ 88,313	1.89%	\$ (23,974)	-21.35%
Low Remit Industry (<2% each)	\$ 301,250	4.97%	\$ 180,811	3.88%	\$ (120,439)	-39.98%
Utilities	\$ 561,650	9.26%	\$ 422,597	9.07%	\$ (139,053)	-24.76%
<b>Gross Revenue Totals</b>	<b>\$ 6,064,626</b>	<b>100.00%</b>	<b>\$ 4,661,151</b>	<b>100.00%</b>	<b>\$ (1,403,476)</b>	<b>-23.14%</b>
Building Use Tax EDA/BAP Accruals	\$ 28,688		\$ (847)		\$ (29,535)	
Sales Tax Rebates (EDA/IGA/URA)	\$ (355,330)		\$ (213,889)		\$ (569,219)	
<b>EQUALS: Net General Tax Revenues</b>	<b>\$ 5,737,984</b>		<b>\$ 4,446,415</b>		<b>\$ (1,291,570)</b>	<b>-22.51%</b>

### Analysis

- Most sectors are down significantly in May due the public health order requiring store closures or reduced service offerings. The order effectively closed many businesses for the full month of April. Essential business such as grocery and liquor stores continued to perform above 2019.
- Catalog and Internet sales are up 78% over May 2019 as delivery activity increased during pandemic as well as the ongoing increase in e-commerce.
- Percentage of May 2020 sales tax remittances, excluding building use & auto use, from in-city filers is 72% compared to 81% in May 2019 showing the trend to online purchasing.

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



Gross Year-To-Date Revenue Through May by Industry	2019		2020		\$ Change			
Bldg Material, Garden, & Supplies	\$	2,769,785	8.65%	\$	2,867,420	9.40%	\$	97,635
Food & Bev Stores	\$	2,723,802	8.51%	\$	2,972,379	9.75%	\$	248,577
Food Svcs & Drinking Places	\$	4,396,654	13.74%	\$	3,449,770	11.31%	\$	(946,884)
General Merchandise	\$	12,561,378	39.24%	\$	12,111,897	39.73%	\$	(449,481)
Motor Vehicle Sales & Parts	\$	3,200,468	10.00%	\$	2,886,990	9.47%	\$	(313,478)
Catalog & Internet Sales	\$	685,203	2.14%	\$	1,010,891	3.32%	\$	325,688
Prof, Scientific, & Tech	\$	942,549	2.94%	\$	955,580	3.13%	\$	13,031
Low Remit Industry (<2% each)	\$	1,868,213	5.84%	\$	1,595,358	5.23%	\$	(272,855)
Utilities	\$	2,862,221	8.94%	\$	2,638,834	8.66%	\$	(223,387)
<b>Totals</b>	<b>\$</b>	<b>32,010,273</b>	<b>100.00%</b>	<b>\$</b>	<b>30,489,120</b>	<b>100.00%</b>	<b>\$</b>	<b>(1,521,153)</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 significant decline in retail activity resulting from store closures as required during the pandemic.

## 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