

Updates on Impact of COVID-19 Pandemic – Economic Impacts and Legislative Action

DISCUSSION WITH FINANCE COMMITTEE

APRIL 6, 2020



Fiscal Sustainability and Resilience

City is well positioned to respond to the COVID-19 event

15% General Fund Balance Policy (sizeable reserves in Parking, Sewer and Stormwater enterprises)

Contingent Reserve

Rapid Repayment of Debt

Triple-A Bond Rating

Conservative Investment Strategy

Focus One-time Revenues on One-Time Expenditures or Fund Balance

Very limited other post-employment benefit liabilities

Well-funded pension system

Strong infrastructure – professional staff; solid IT resources; ample equipment; sound management structure

Economic Forecast

Economic Damage will be More Severe than Anticipated 2 weeks ago

Perhaps a return toward “normal” by September and with economic growth restarting in the 4th quarter; lack of nationwide “safer at home” orders may prolong the economic damage; economic activity may oscillate with responses to localized outbreaks after “safer at home” orders are unwound; conference industry sees long-term downturn until vaccine widely available (local implications – depressed hotel occupancy; Monona Terrace event cancellations; delays in new hotel construction)

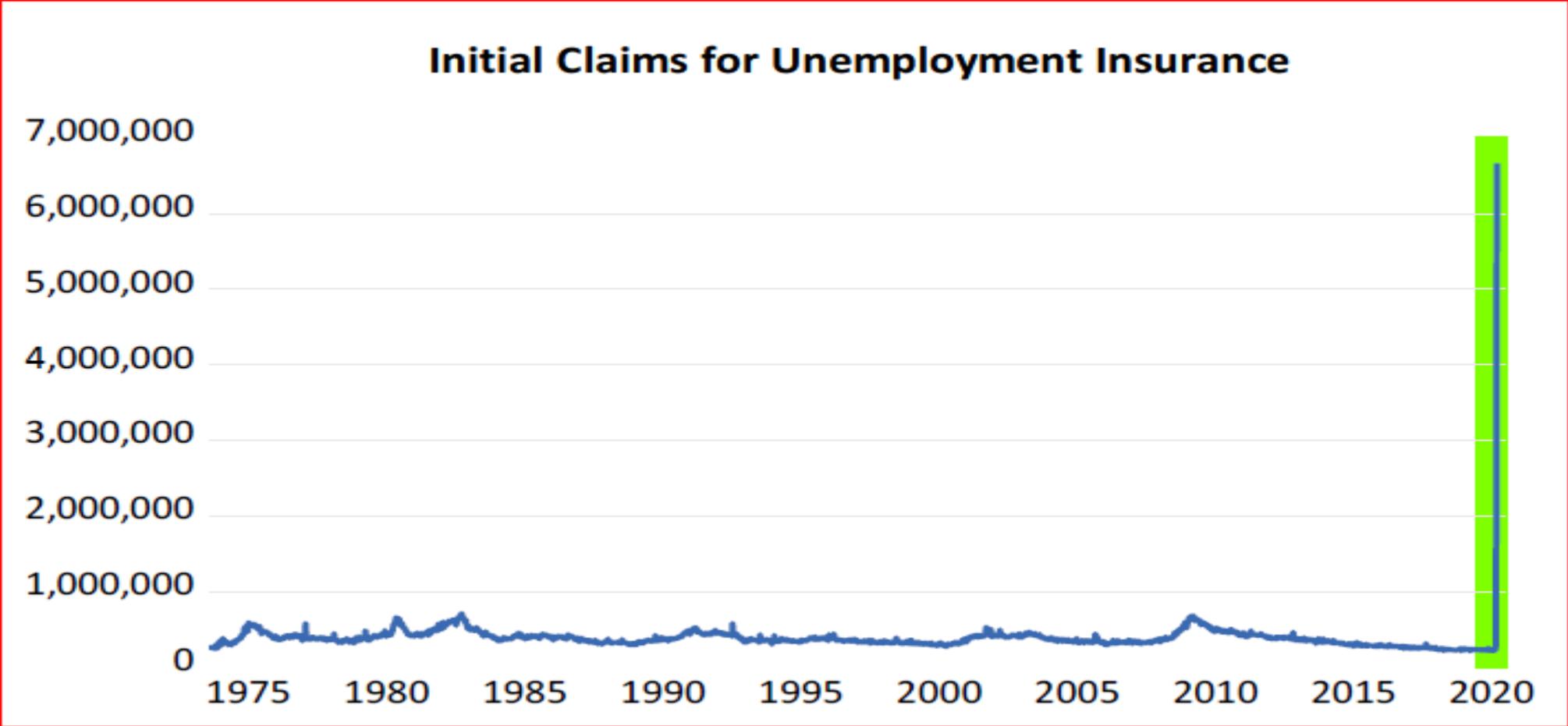
Municipal bond interest rates have stabilized with Federal Reserve making strong moves to purchase debt; March 2020 bond volume the lowest since 1990s; outflows remain high as individual investors pull back; competitive deals are seeing very few bidders; stimulus package allows Fed to lend directly to states and local governments – expected to begin purchasing municipal debt from banks on April 6th; (local implications -- city sells debt for already incurred capital expenses in the Fall – critical for cash flow).

Unemployment claims are 10 times the former highest peak (1982)

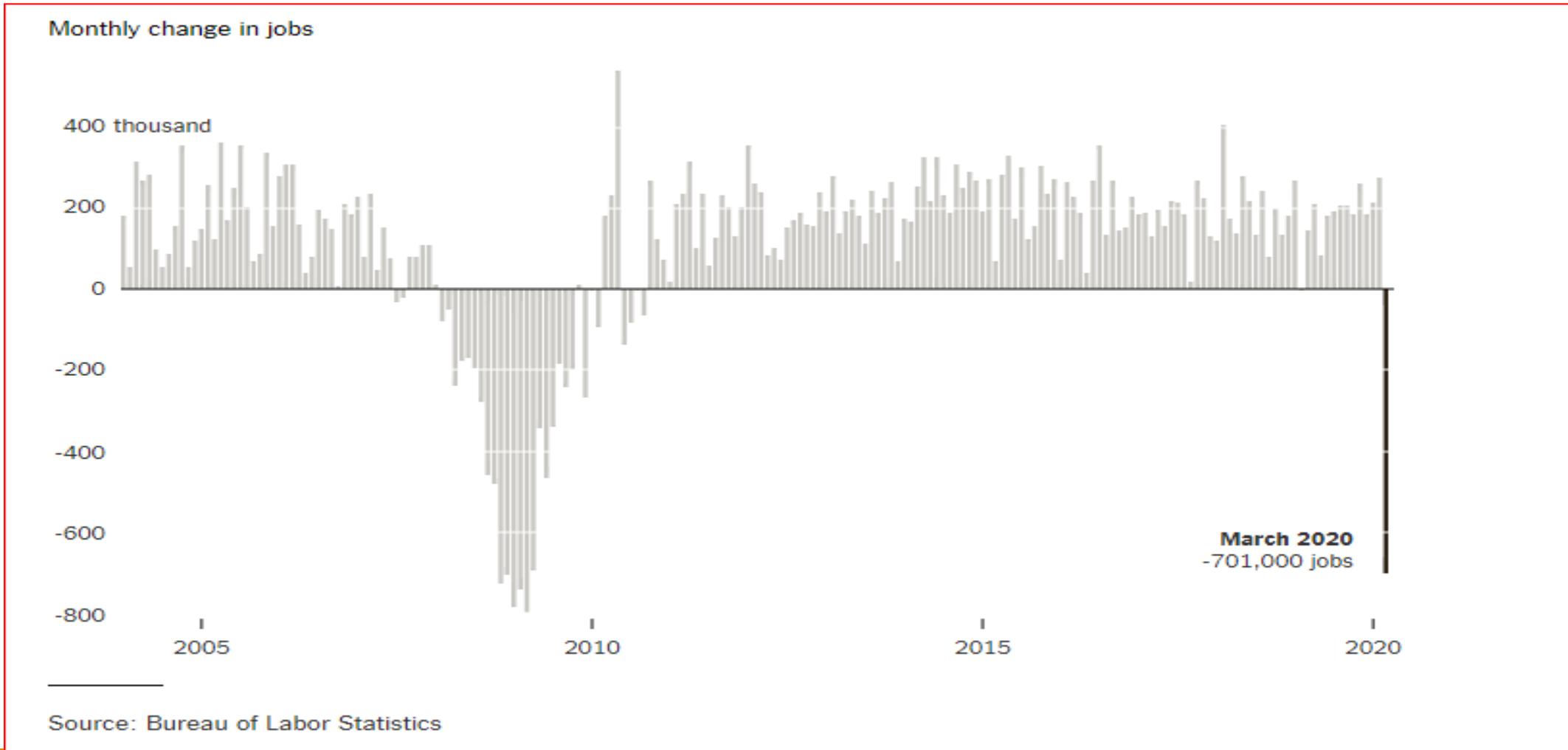
Unemployment Rate could be at 13%



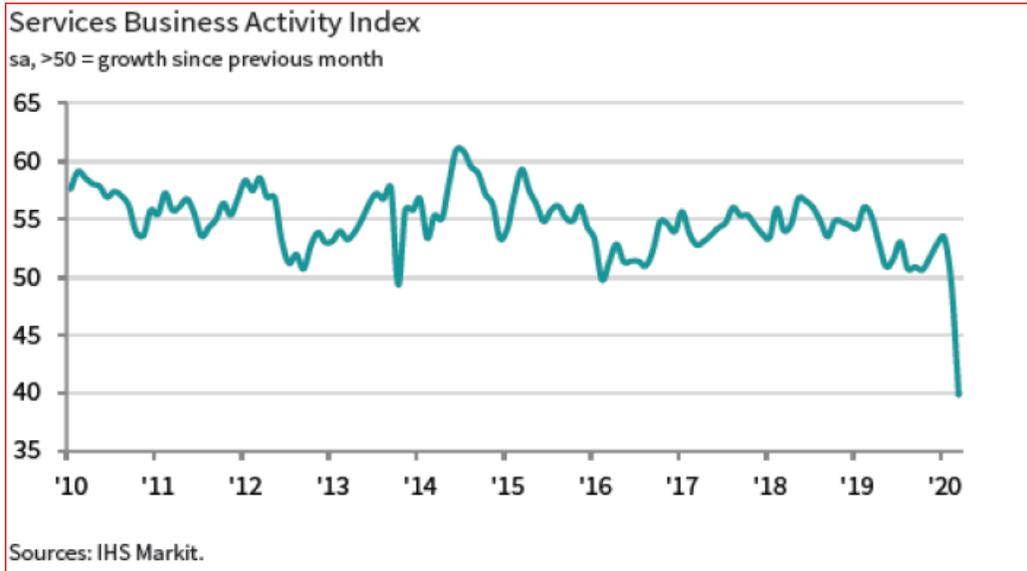
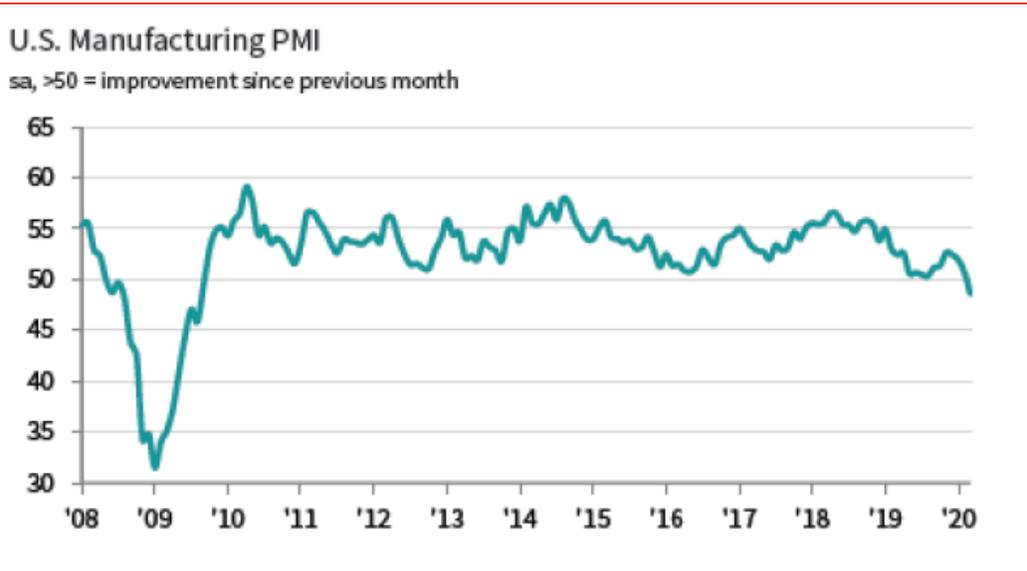
Unemployment Claims -- Week ending March 27



Job losses in March; more to come

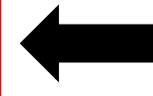
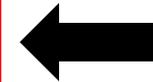
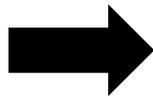


Manufacturing and Services Indices Drop

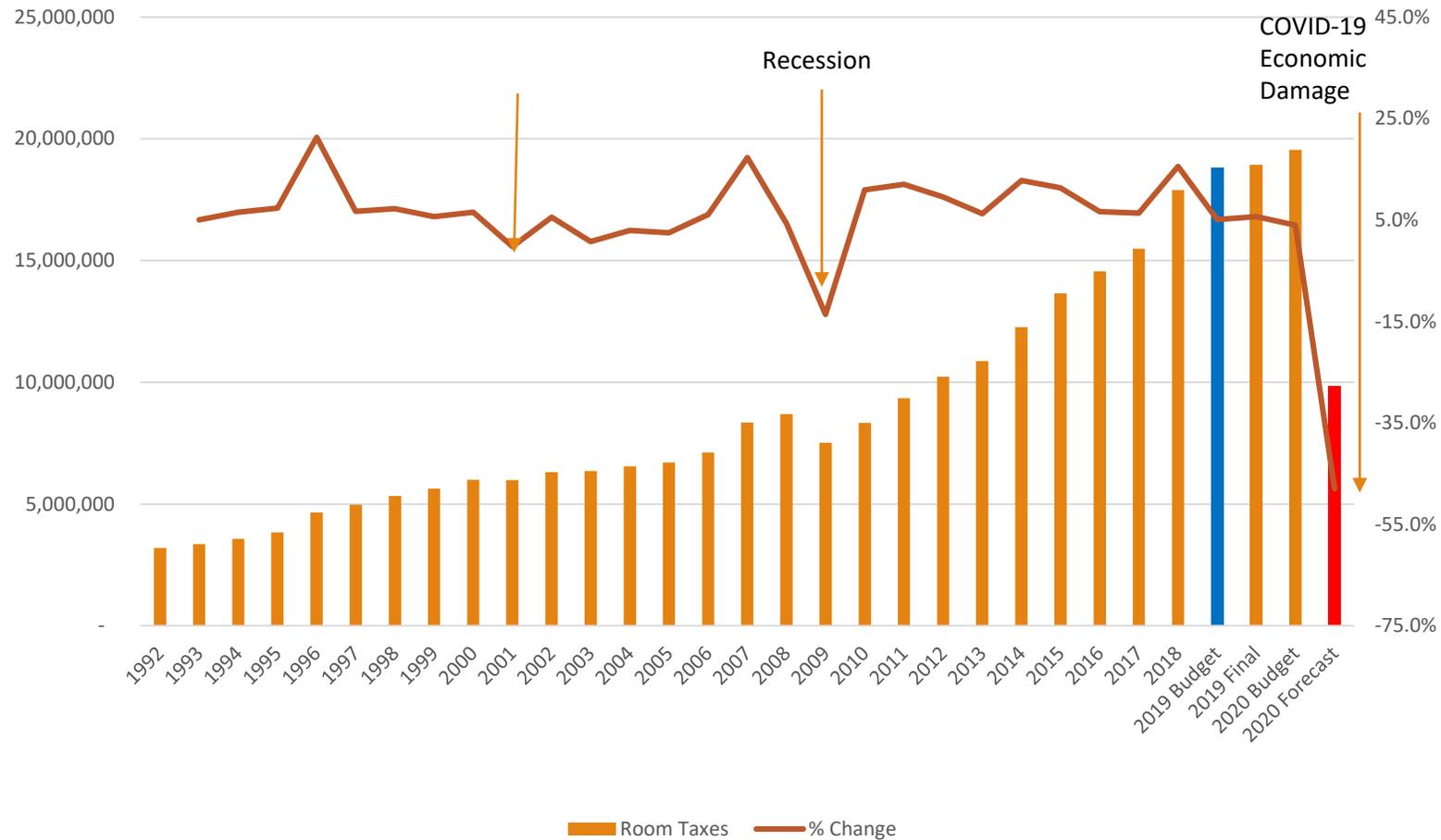


Nearly 60% of sales taxes from retail trade and accommodation and food services

Industry	2020	
	Sales and Use Tax	Share of Total
11 Agriculture, Forestry, Fishing and Hunting	149,553	0.04%
21 Mining, Quarrying, and Oil and Gas Extraction	247,168	0.06%
22 Utilities	13,663,209	3.46%
23 Construction	8,701,975	2.20%
31 Manufacturing	13,229,021	3.35%
42 Wholesale Trade	26,453,863	6.70%
44 Retail Trade	177,114,735	44.87%
48 Transportation and Warehousing	814,610	0.21%
51 Information	39,608,417	10.03%
52 Finance and Insurance	5,407,395	1.37%
53 Real Estate and Rental and Leasing	11,207,361	2.84%
54 Professional, Scientific, and Technical Services	10,981,501	2.78%
55 Management of Companies and Enterprises	4,860,642	1.23%
56 Administrative and Support and Waste Manag..	3,782,307	0.96%
61 Educational Services	749,846	0.19%
62 Health Care and Social Assistance	1,514,711	0.38%
71 Arts, Entertainment, and Recreation	7,389,249	1.87%
72 Accommodation and Food Services	42,426,362	10.75%
81 Other Services (except Public Administration)	22,479,946	5.70%
92 Public Administration	1,347,769	0.34%
99 Not Reported	2,588,712	0.66%
Grand Total	394,718,352	100.00%

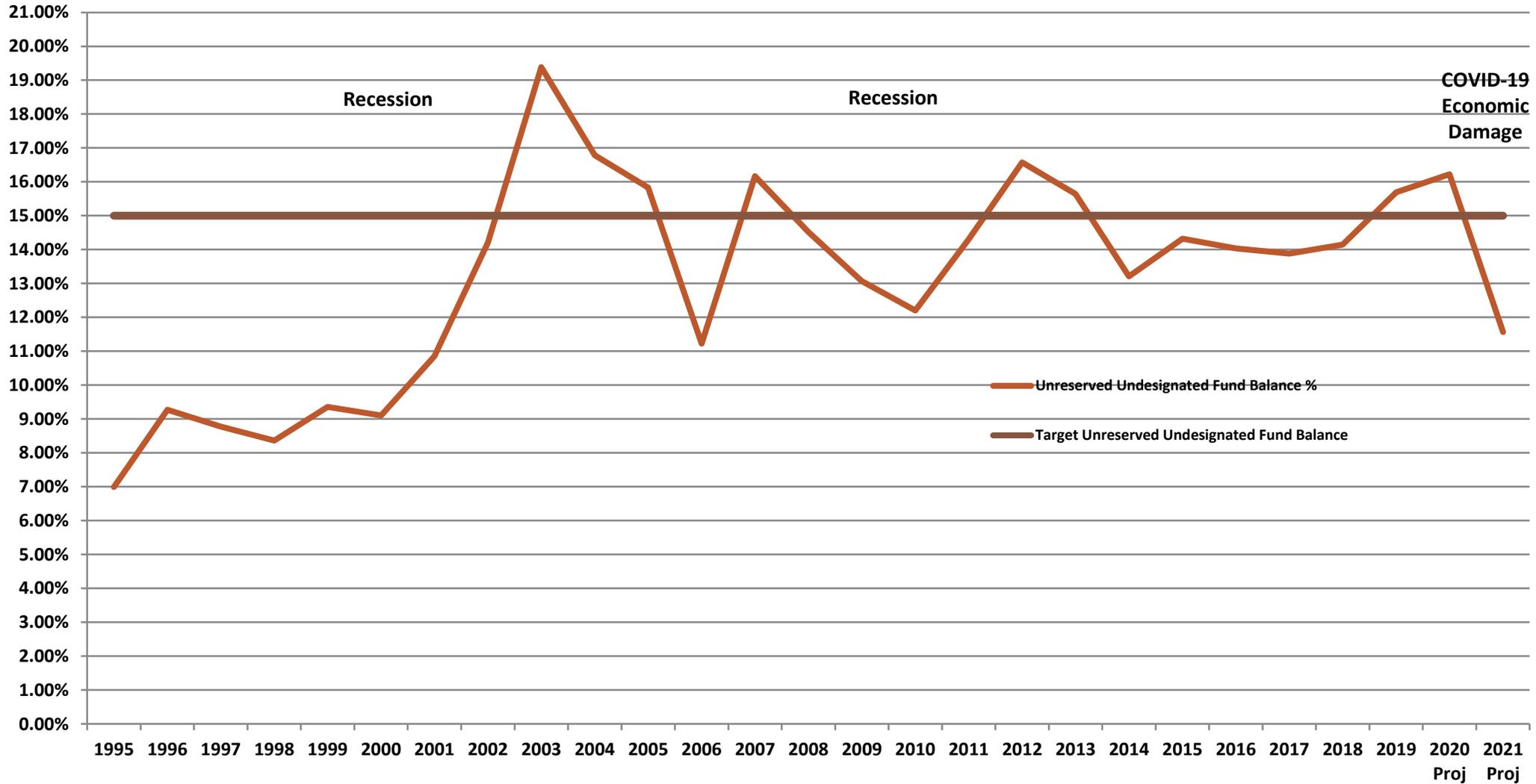


Room Tax Forecast – now 50% drop



General Fund Unassigned Balance

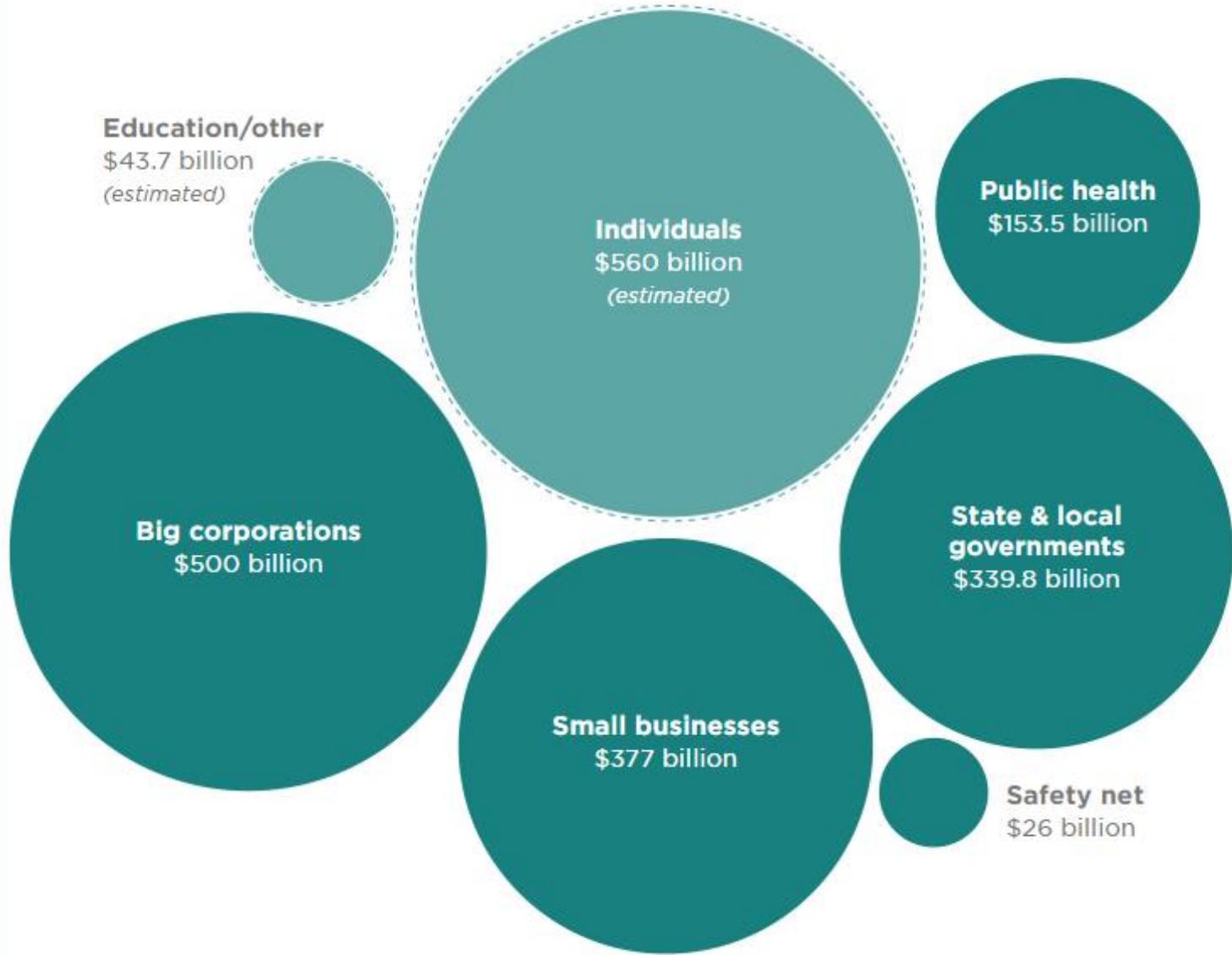
1995 to 2019 Actual
2020 and 2021 Projected



2019 reflects \$813,000 advance to Golf Enterprise; 2020 assumes advance reduced to \$500,000

Federal and State Action

CARES Act



Source: Estimates for third relief bill based on bill text, committee and administration numbers.

Credit: Audrey Carlsen/NPR

\$2 TRILLION

CARES Act – Preliminary State/Local Gov't

Item	National	Wisconsin	Dane County	MMSD	Madison
Coronavirus Relief Fund	150,000,000,000	2,258,000,000	94,794,808		
FEMA Funding	45,000,000,000				
Education Stabilization Funds -- K-12 Share	13,500,000,000	14,800,000			
Federal Transit Aid	25,000,000,000	202,700,000			24,498,820
CDBG	5,000,000,000	37,286,321	730,767		1,160,897
Homeless Assistance Grants	4,000,000,000	25,400,000			
Tenant-Based Rental Assistance	1,250,000,000				
Public Housing Operating Fund	685,000,000				
Project-based Housing Assistance	1,000,000,000				
Public Health Response	4,300,000,000				
Child Care Development Block Grant	3,500,000,000	51,000,000			
Head Start	750,000,000	11,400,000			
Low Income Home Energy Assistance Program	900,000,000	8,000,000			
Family Violence Prevention and Runaway and Homeless Youth	70,000,000	1,300,000			
Aging and Disability Service Programs	955,000,000	15,800,000			
Economic Development Administration	1,500,000,000				
Supplemental Nutrition Assistance Program (SNAP)	15,510,000,000				
Emergency Food Assistance Program	450,000,000				
Byrne Grants	850,000,000	4,900,000			279,128
	274,220,000,000	2,630,586,321	95,525,575	-	25,938,845

State Action

Waiver of Work Search for Unemployment Benefits

Waivers of various late fees and administrative rules

Direct action on public health orders

\$700 million GPR response legislation – Governor 1st Package

\$363 million GPR response legislation – Governor 2nd Package

Legislature developing omnibus bill for extraordinary session