Good evening, Members of Council.

Tonight’s presentation will provide information on the initial estimates of the financial impact of the COVID19 pandemic on the City of Dublin. This public health emergency and the resulting measures necessary to keep people safe have created a negative financial impact on individuals, businesses and all levels of government on a worldwide scale. We are still in the very early stages of managing this emergency and understanding the financial impact. Tonight’s presentation will provide our best current estimate of this emergency’s impact and detail our plan to respond to this emerging and ongoing situation.
Tonight we will examine the initial response to this emergency, provide information on the financial impact, outline some of the actions we have taken to support the safety of our employees as they continue to deliver essential services to our residents. We will also discuss the guiding principles that will inform our decisions as we make budget revisions to maintain our fiscal health.

We will also discuss the initial impact on expenditures, estimated impact on major revenues of the City, outline expenditure reductions and identify some potential next steps.
Estimated Budgetary Impact of COVID19 Emergency

- This emergency is having a swift, systemic impact on all revenues.
- This presentation includes our best assessment of anticipated revenues:
  - This is a slow moving emergency likely to impact multiple months – the estimated impact on revenues will continue to change over this timeframe.
- As more information becomes available these estimates will be updated:
  - Timeline for credible revenue estimates is likely July/August.
- Current estimates will guide our initial responses for the 2020 Operating and Capital Budgets as well as inform our projections into 2021.

This emergency is having a swift, systemic impact on all revenues. This presentation includes our best assessment of anticipated revenues but it is important to understand that we are at the very early stages of this emergency and there is more we don’t know than what we do know. As this emergency unfolds and we collect additional information and data we will incorporate this information into our models and make the necessary adjustments. In some cases, as will be explained in greater detail later in this presentation, the timeframe for the required information becoming available is July/August. We will use the current estimates to guide our initial response as we make adjustments to the 2020 Operating and Capital budget and create future budgets for 2021.

We will continuously inform Council and make certain you are able to provide the appropriate guidance and direction. We will outline policy options available to you in a timely manner as we continue to navigate this emergency.
The emergency is impacting tax revenues associated with income taxes, motor fuel, hotel/motel and property taxes. It will impact intergovernmental fund revenues such as the local government fund as State tax GRF revenues decline. Additionally, the public health measures currently in place and the speed at which they are relaxed or removed will impact our ability to deliver services and earn the associated revenue with recreation, pool and special event activities.

Our initial response to these revenue declines has been to perform the following actions: an identification and impact analysis on all funds including the Capital Improvement Fund, tracking of all COVID19 related expenditures for reimbursement, and the continued advocacy at the Federal and State level for funding to support critical local government needs.

With regards to the operating budget specifically, the City Manager has suspended travel and training for the remainder of the year, initiated a hiring freeze with exceptions for key positions as determined by the City Manager and asked Division Directors to identify a 20% budget reduction in operating expenses. If all of these actions are implemented the potential reduction in expenditures is $9.5 million.
We have taken the appropriate measures listed here to protect and support the health and safety of our workforce who continue to deliver essential services to our residents.

These measures include increasing the level of sanitization and cleaning of City facilities, purchasing essential supplies including hand sanitizer, PPE, etc., distributing multiple homemade masks to employees, requiring temperature checks prior to beginning work, requiring employees to wear masks inside City facilities and the creation of a remote work policy.

We have invested in our technology to support remote work capabilities to increase the social distancing of our operations and now over half of the City’s workforce is working remotely.

We have expanded our mission to include supporting our social service providers and maintaining continuity of the essential delivery services Dublin’s homebound population relies upon.

Finally, we have engaged in discussions with organizations in our community who may require additional support as a result of this emergency.
As we begin to develop our plan of response, the following principles will guide our actions.

We will continue to provide essential City services to our residents. As necessary, we will expand our mission to act as a critical backstop for our essential social service agencies and partners during this time.

We will support our workforce. Retaining the ability to respond to the emerging needs of our community requires an available workforce. Our pandemic plan estimates a reduction in available force of 25% to 40%. Fortunately, we have not experienced it at this time, but as we are at the early stages of this pandemic we need to carefully manage the availability of employees as it is critical to our ability to respond.

As this emergency subsides, it will be important to emerge fast and strong to maintain our fiscal health and economic vitality. To that end we are prioritizing our ability to deliver information to our business community and continue development projects in the pipeline. This will ensure that we emerge as financially strong as possible.

Finally, we will prioritize maintaining our fiscal health. We will continue to create revenue estimates and seek Council’s guidance to adjust our expenditures accordingly. We may elect to postpone or scale down new initiatives and when appropriate we will engage in a discussion on the use of the General Fund reserves.

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### Guiding Principles for Developing A Revised 2020 Operating Budget

- **Continue to provide essential City services to residents**
  - Preserve, and as needed expand, funding for essential City services
    - Potential expansion: City as ultimate backstop for essential social services agencies should those agency’s be unable to fulfill their mission

- **Support the City workforce**
  - Preserve City employee jobs so staff remain in place
    - Pandemic plan estimates employee absences of 25% to 40%

- **Identify areas that will speed economic recovery**
  - Economic development programs including providing information and assistance our business community, continue to advance projects currently in the pipeline

- **Maintain our Fiscal Health**
  - Estimate revenues and adjust expenditures accordingly as this emergency unfolds
  - Postpone new initiatives
  - Future policy discussion regarding the use of reserves
This chart outlines the current revenue and expenditure estimates. The remainder of this presentation will provide the details that explain every aspect of this table in more detail. However, I wanted to give you the bottom line up front.

In the left column we have our 2020 Operating budget numbers.

Because of the uncertainty surrounding the City’s revenues we are utilizing a revenue range denoted by best, moderate and worst case scenarios to estimate revenues. As more information becomes available the best, moderate and worst case scenario range will decrease and converge to a credible estimate regarding the City’s revenues. As this credible estimate is revealed the Administration will continue to develop expenditure reductions as appropriate and seek Council’s guidance in order to determine an acceptable 2020 Operating Budget.

This credible estimate will not be available until July or August.

At this time, based on the best case revenue scenario and the expenditure reductions already implemented or under strong consideration by the City Manager, the City would have a positive budget variance of almost $2 million and the General Fund Balance would be almost 75%.

Under the moderate scenario using the same expenditures, the negative budget variance would be just shy of $6 million leaving a General Fund balance of almost 69%.
Under the worst case scenario, the negative budget variance grows to almost $16 million. Even under this scenario, and using the General Fund balance to close this variance and making no additional expenditure reductions, the GF balance remains above 50% closing the year at an estimated 60%.

This does not mean that any of the policy decisions that would lead to this result have been made. Rather, it is to demonstrate that even facing the current worst case scenario and filling all of the resulting budget imbalance completely with GF reserves, which is not what is proposed and not what we would propose, the GF balance remains strong.

As this emergency unfolds if we move into a situation where revenues approach the current moderate or worst case scenario, policy options to lower expenditures that are currently being developed will be brought forward for Council’s consideration.

It is also important to note that in the moderate or worst case revenue scenarios, some level of expenditure reduction will occur as a result of things that are not occurring in these scenarios. For example, the current worst case scenario has the pool remaining closed all season, but the current expenditure estimate has the City expending funds for the pool operations. There are too many possibilities at this time to project expenditure reductions for all the things that may not occur as a result of this emergency. As more details regarding the economic reopening are known and additional information impacting the City’s revenues are revealed, the budgeted expenditures will be adjusted accordingly.

This will be an evolving process that will require patience through July or August.

Now having seen the bottom line, this presentation will move into the details regarding our current revenue estimates and initial expenditure reductions discussed on this slide.
However, before we move into the revenue discussion, I wanted to provide a quick update on COVID19’s current impact on our expenditures.
To date, this emergency has not resulted in a significant increase in expenditures.

Current expenditures related to COVID19 are estimated to be just above $70,000 with the majority of these expenditures in Information Technology to support the City’s workforce moving to remote working.

These expenditures may be eligible for reimbursement and are able to be absorbed within the City’s current appropriations.

This emergency has not, and is not expected, to have a significant impact on expenditures. The primary issue is the downward trend in economic activity and the resulting lost revenues.

<table>
<thead>
<tr>
<th>Initial COVID19 Emergency Impact on Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>To date, this emergency has not resulted in a significant increase in expenditures.</td>
</tr>
<tr>
<td><strong>COVID19 related expenditures:</strong></td>
</tr>
<tr>
<td><strong>Information Technology:</strong></td>
</tr>
<tr>
<td>Capital Budget: $56,000</td>
</tr>
<tr>
<td>Operating Budget: $7,000</td>
</tr>
<tr>
<td><strong>All Other Divisions:</strong></td>
</tr>
<tr>
<td>Operating Budget: $7,500</td>
</tr>
<tr>
<td>These expenditures may be eligible for reimbursement.</td>
</tr>
<tr>
<td>To date, COVID19 expenditures have been absorbed as part of each division’s operating or capital budget.</td>
</tr>
<tr>
<td>Our primary issue will be lost revenues in the coming months!</td>
</tr>
</tbody>
</table>
Revenue Estimation
As I mentioned this emergency is have a swift, systemic impact on the City’s revenues. This slide identifies the revenue sources impacted by this emergency. This presentation will examine the major revenue sources identified in bold.

As previously mentioned, because of the evolving and ongoing nature of this emergency, it is presently impossible to make a revenue prediction. Therefore, certain assumptions are being made to develop a best, moderate and worst case scenario. The best and worst cases do not represent the absolute best or worst case, but rather a reasonable estimation of the best and worst case at this time. If information becomes available that indicates the estimated range is no longer reasonable then the best or worst case will be adjusted accordingly. Again, we wont really be able to determine a revenue estimate until the July or August timeframe but will continue to make regular adjustments to the revenue estimates as information becomes available.
Income tax is the City’s largest revenue source. It accounts for almost 60% of the City’s total revenue, 90% of General Fund revenue and 85% of the Capital Improvements Fund revenue.

The 2020 budget estimate for income tax was $89.3 million.

This revenue is distributed 75% to the General Fund and 25% to the Capital Improvement Fund which is the main fund of our Capital Budget.

The current estimated range of reduction in income tax revenue is $4 million to $18.6 million dollars.

<table>
<thead>
<tr>
<th>Revenue Source: Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Budget: $89,285,700</td>
</tr>
<tr>
<td>2019 Actual: $93,349,273</td>
</tr>
</tbody>
</table>

**Impacted Funds**

75% to General Fund (101)  
25% to Capital Improvement Tax Fund (401)

**Current Estimates:**

<table>
<thead>
<tr>
<th></th>
<th>Best</th>
<th>Moderate</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$85,285,700</td>
<td>$78,018,700</td>
<td>$70,685,700</td>
</tr>
<tr>
<td></td>
<td>&lt;$4,000,000&gt;</td>
<td>&lt;$9,300,000&gt;</td>
<td>&lt;$18,600,000&gt;</td>
</tr>
</tbody>
</table>
Income tax revenue is composed of 3 distinct types of filings: withholdings, net profit and individual taxpayers. The chart in the upper right hand corner demonstrates the relative size of each type.

The table at the bottom provides some historical context to the variability of each type and provides a comparison to the 2020 budget amount.

Each of these types will be impacted differently by this emergency.
Income tax withholdings are employer withholdings for individuals working in Dublin and are paid to the City approximately every two weeks.

It is important to note, that through the first quarter, withholdings were up 8.1% or $1.5 million over 2019.

The current estimated revenue decline is $0 under the best case scenario to $3.6 million under the worst case scenario.
In order to narrow this estimated range, we need to continue to examine withholding payments as they arrive in the Taxation Division.

The attached table shows the type of information we will be examining as part of this process. It demonstrates that outside of the Top 10, declines in withholding revenue have been below 4%. In the top 10 there were several employers that announced layoffs, prior to the COVID-19 emergency so those may be impacting that category. Now, this is a sample size of 20 days, so it is entirely too small to make any credible conclusions, but we can use it to inform our estimated revenue range.

The current downward trajectory over the first 20 days in April is $400,000. Given that the majority of withholding revenue are received two days per month we can conservatively estimate total April withholdings may be down $500,000. Projecting that out to the end of the year, the decline would be $4.5 million. The current surplus is $1.4 million so we end up near the $3.6 million decline in the worst case scenario. As we expect the economic reopening to begin in the coming months, economic activity and withholding revenue should increase over time reducing this negative variance in the coming months.

As we get additional withholding bi-monthly payments and the path toward economic recovery becomes clear we can narrow the estimated range.

NOTES:

<table>
<thead>
<tr>
<th>April 1 - April 20</th>
<th>2019</th>
<th>2020</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withholding</td>
<td>$5,458,984.57</td>
<td>$5,070,804.45</td>
<td>-7.11%</td>
</tr>
<tr>
<td>Top 10 Employers</td>
<td>$1,810,636.50</td>
<td>$1,676,738.45</td>
<td>-7.40%</td>
</tr>
<tr>
<td>Top 50 Employers</td>
<td>$2,783,488.55</td>
<td>$2,678,955.45</td>
<td>-3.76%</td>
</tr>
<tr>
<td>Top 100 Employers</td>
<td>$3,264,023.29</td>
<td>$3,187,057.43</td>
<td>-2.36%</td>
</tr>
<tr>
<td>Top 500 Employers</td>
<td>$4,430,674.43</td>
<td>$4,292,377.59</td>
<td>-3.12%</td>
</tr>
<tr>
<td>Top 1000 Employers</td>
<td>$4,856,586.19</td>
<td>$4,682,685.37</td>
<td>-3.58%</td>
</tr>
<tr>
<td>Top 5000 Employers</td>
<td>$5,266,852.48</td>
<td>$5,066,405.42</td>
<td>-3.81%</td>
</tr>
</tbody>
</table>
Information on larger decline in Top 10
Fiserv announced in Jan. it was laying off around 120 people – and that happened in late March. Wendy’s announcement in December of their IT group layoff also had a delay – those 250–300 people had a March 31 end date too. Cardinal spun off GenPact, transferring around 300 people to the new company/location elsewhere in Dublin, so Cardinal might also show a small decrease from that sell-off. So we saw a chunk of jobs disappear, all unrelated to COVID-19.

Current Economic Development Project Information:
Quantum Health moving forward with relocation to Dublin faster than expected
g2o is moving forward with tenant improvements and relocation to Dublin
Hagerty is continuing its ramp-up activity and new hires as Crawford Hoying continue to build its space
Ruscilli is moving forward with its tenant improvements and relocation to Dublin by 3rd quarter
AWS is building Data Center #3, and buildings #4 and #5 are going through permit reviews
OSUMC continues to stay on schedule
Nexient moved in during 2019 and continues to ramp up hiring
COhatch renovations and new construction remains on schedule
Sarepta Labs is starting a multi-million dollar renovation of an old Ashland laboratory for an additional 30 people
Revenue Source: Income Tax – Individual – 8%

- 2019 Individual payments were $7.6 million or 8% of income tax revenues
- Filing deadline moved from April 15th to July 15th

**Best:** $6.8 million <$800,000>
  - Resident taxpayers will continue to receive income from wages and net profits even considering a potential short shutdown related to the coronavirus

**Moderate:** $6.6 million <$1.0 million>
  - Similar to above but impact of economic shutdown is 20% larger

**Worst:** $5.6 million <$2.0 million>
  - Resident taxpayers will be heavily impacted by extended furloughs and layoffs from extended shutdown by employers and small businesses. Net profits of resident taxpayers would likely show losses for the year.

Individual filing revenue was $7.6 million in 2019 and represented 8% of income tax revenues.

The scenarios indicate an expected revenue decrease of $800,000 to $2.0 million under the conditions outlined.
This is one of the two components of income tax that will take a significant amount of time to credibly estimate.

The filing deadline was moved from April to July. As you can see by the graph on the right showing the monthly collection of individual taxpayer revenue, a significant amount of this revenue is collected at the filing deadline.

The revenue decline in April is a result of two distinct factors as I outlined in the previous memo to Council. The delay in filing deadline creates a cash flow delay and the economic conditions create an expectation for reductions in this revenue. Until the delay in cash flow is resolved, that is until the filing deadline, we will not know if the reduction in revenue is a result of a true decline, and have an ability to estimate the magnitude, or this cash flow delay.
Net profits revenues are paid on a quarterly basis. A business will pay an estimated amount based on their estimated profits for the year. Last year these revenues totaled $13.0 million dollars. We believe $3.0 million of this revenue was a one-time occurrence.

In prior years these payments are due in April, June, September and December.

In 2020, the deadline for these payments for both the 1st quarter and 2nd quarter is July 15th.

There is a great deal of uncertainty regarding the potential impact of the general decline in economic activity and its impact on businesses. This uncertainty is reflected in our current best and worst case scenario estimates. The best case scenario reflects a $3.2 million decrease while the worst case scenario reflects that no net profits tax is collected and potential losses could be carried forward for up to five years.
This component of income tax will also take a significant amount of time to credibly estimate.

The filing deadline was moved from April and June to July. As you can see by the graph on the right showing the monthly collection of net profit revenue, a significant amount of this revenue is collected at the filing deadlines.

As with individual filings, the revenue decline in April is a result of two distinct factors: cash flow delay and the economic conditions creating an expectation for reductions in this revenue.

In July, the cash flow delay will be resolved with the filing deadline. Additionally, these quarterly estimates will give the Division of Taxation some important information on a business’ expectation for its profitability in 2020. As these estimated payments are collected, we will be better able to estimate the total net profits for 2020.

This revenue has the largest estimated range of almost $10.0 million and unfortunately without these estimated payments it is not possible to credibly narrow this estimate.
Motor fuel tax or the gas tax is collected by the state and then distributed by formula to municipalities and other political subdivisions. Retailers collect the tax at the point of sale and then remit it monthly to the state. The state calculates the total collected and then remits the money to municipalities and other political subdivisions. As this emergency began in March the City will begin to see the revenue decrease in May and the full impact of the stay-at-home order in June.

In 2020, this revenue was estimated to be $2.4 million. This represented a significant increase over 2019 revenue because of the increase in gas taxes in July 2019. This increase was estimated to increase the gas tax revenue to the City by almost $1.0 million.

This money is distributed by ORC to the Street Maintenance and Repair and State Highway Fund. Both funds are part of the operating budget.

Additionally, beginning in 2020, because of the $1.0 million estimated increase in gas tax revenue due to the increase in the tax itself, a transfer totaling this amount from the two operating funds to the Capital Improvement Fund was budgeted. This is important because as the revenue from this tax decreases the City can make a determination whether the impact of this reduction will impact the operating or capital budget. As the revenue for the operating and capital budget are finalized a decision on how to allocate any reduction across these budgets can be made.
As I said, the collection by the City of gas tax revenue is delayed by two months. Therefore, we will see a partial impact in May and the full impact in June.

In the meantime, absent revenue numbers we have sought out information and data that may inform our estimates.

The graph on the right is from the US Information Administration. It displays the number of barrels supplied in the United States of finished motor gasoline on a weekly basis dating back to 1990. As you can see by the graph the decline in gasoline supplied is significant.

In February 2020 there were almost 9,000 thousand or 9 million barrels supplied weekly. In the first two weeks of April the supply was down to 5 million barrels per week.

This graph will not perfectly predict the expected revenue decline in gas taxes. But it has helped to inform our initial estimates. In May when retailers pay their April collections to the State of Ohio, the Finance department will be contacting the state to gain additional information related to the decline in revenue.
As a result of the previous graph, our estimates for gas tax revenue reflect a 50% decline in revenue of varying durations reflecting the uncertainty of the timeline surrounding the economic reopening.

The best case scenario reflects a decline of $282,000 while the worst case scenario reflects a decline of almost $1 million.

As you can see we will be taking additional actions over the coming months to better estimate the monthly decline, but an estimate for how long the decline is likely to last may take until July or August as more information regarding the speed and success of the economic reopening process begins to become available.
Hotel motel or bed tax revenues are budgeted for $3.6 million in 2020.

This revenue is distributed 35% to the Dublin Convention and Visitor’s Bureau and it is deposited into and an agency fund. The remainder is deposited into the bed tax fund, and 25% is distributed to the Dublin Arts Council and the City retains 40%.

This use tax is one of the most quickly and most severely impacted tax revenues.

In is important to note, that the DCVB and DAC have contacted the City about how these revenue estimates will impact their organization. This discussion is a potential next step for Council outlined at the end of this presentation.
The DCVB has estimated that bed tax revenues will fall to $1.3 million this year. A reduction of 64%.

Bed tax revenue collection is similar to other use taxes discussed earlier. The hotels located in the City of Dublin remit the tax due the month following its collection. Dublin calculates the amount collected and remits that amount to the DCVB and DAC the following month.

It is estimated that there will be almost $0 collected in bed tax in April following a steep decline in March collections. The $0 collected by hotels in April will impact the City in May and these organizations in June.
Bed tax revenues are estimated to decline between $1.4 million and $2.4 million.

As you can see the DCVB estimate previously provided is just higher than the worst case scenario presented here.

Several weeks ago, when the City and the DCVB discussed bed tax revenue, the DCVB was projecting $0 in revenue for up to four months. That estimate is reflected in the best case scenario above. This demonstrates, that as more information has become available, just in the span of a few weeks, the estimated impact on this revenue has changed from the best case to near the worst case. This amount of uncertainty means that any attempts to use a single estimate for this revenue source, and the other revenue sources discussed in this presentation, is likely to be revised by a significant amount as this emergency unfolds. It validates our ranged approach and provides evidence that a range based approach correctly identifies the true uncertainty we are currently facing.

It is important to note that a significant percentage of hotel stays in Dublin are for business travel and that as this type of travel may be slow to return, Dublin hotels may recover at a slower rate than the industry norm.

In order to narrow this range, more information on the speed of the economic reopening as well as the demand for hotels once they reopen will be necessary. This information will not be available until one month after hotels reopen.
Property taxes are the most resilient form of taxation and that is reflected in the revenue estimates presented here.

Overall, we collected just over $4 million in 2019 and budgeted for just under that amount in 2020. These revenues are distributed to the Safety fund in the operating budget and the Capital Improvements and Parkland Acquisition Fund in the capital budgets.

Property taxes remain at or above budget in the best and moderate scenarios and in the worst case scenario they decrease by $23,000.

In addition to the revenue estimates, it is important to note that there is a potential delay in the 2nd half property tax deadline from June 22nd to August 5th. This would delay the receipt of some of these funds. The City will still be able to request an advance. This delay in cash flow is not anticipated to have a significant impact on the City.

NOTES

2020 Budget Distribution of Property Tax Revenues
Safety Fund - $458,300
Capital Improvements Fund - $2,781,500
Parkland Acquisition Fund - $693,500
The final revenue source to discuss is charges for service revenue for Recreation related activities.

In 2020, the budgeted revenue for these services was $3.8 million and these revenues are deposited into the Recreation Fund 225.

As Council is aware, the Recreation Cost Recovery Policy requires revenues to exceed 50% of the expenditures plus the assigned capital improvement project costs.

As Recreation revenues decrease due to the facility being closed, there will be a corresponding decrease in expenditures. However, the distribution of fixed costs versus marginal costs to provide services has not yet been determined. As revenues fall, fixed costs will remain and even when revenues return it is very possible they will be insufficient to hit the required cost recovery target set by Council. This is another potential topic for discussion identified in the next steps at the close of this presentation.
As the graph on the right displays, Recreation revenues are heavily seasonally dependent. June and July and the day camps scheduled at that time bring in a significant amount of revenue and the closure or inability to deliver these services will have a significant impact on annual revenues.

It is also important to note that Recreation revenues are collected at the time a service is reserved. However, if that service is not provided then the revenue will be refunded to the customer. This means that Recreation revenues need to be adjusted from when the revenue is collected and entered into Munis and when the service is scheduled to be provided. This introduces an additional layer of complexity and estimation in the analysis.
### Revenue Source: Recreation Charges for Services

**Current Estimates and Model Assumptions:**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Budget</th>
<th>Revenue Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td>$3,854,000</td>
<td>&lt;$725,394&gt;</td>
</tr>
<tr>
<td>Moderate</td>
<td>$3,128,606</td>
<td>&lt;$1,991,217&gt;</td>
</tr>
<tr>
<td>Worst</td>
<td>$1,862,783</td>
<td>&lt;$2,453,268&gt;</td>
</tr>
</tbody>
</table>

- DCRC closed half of March and all of April and May
- DCRC remains closed in June and July
- DCRC remains closed in August and sluggish demand for services (50%) in September and October

**Information, actions and timeline to narrow the estimated range:**

- Public health situation as well as the speed of economic reopening will determine when the DCRC reopens and therefore revenue.
- Credible estimate available one month after DCRC opens and remaining services available (seasonal nature of some services) as well as demand for services can be determined.

The potential impact on this revenue varies significantly as the potential end date and demand for Recreation services is not known at this time.

The best case scenario includes the facility’s current closure in March and April, and for the purposes of estimating a revenue impact only, estimates the facility would remain closed in May. In this scenario, the revenue decline is approximately $725,000.

In the worst case scenario, Recreation revenues would decline $2.4 million and the facility would be closed through August with sluggish demand returning in September and October.

In order to narrow this estimate, the public health situation and speed of economic recovery will have to be better understood. As soon as the Recreation center reopens and the demand for services can be determined, the revenue estimate can be begin to narrow. At this time, this information is simply unknown.
Finally, it is worth noting that because of the declines in revenue some federal and state funding may become available. At this time the CARES Act, provided $150 billion to state and local governments. Unfortunately, this funding is tied to expenditures narrowly defined as eligible purposes noted on the slide. As Council saw earlier in this presentation, the City’s current expenditures totaled around $70,000. Even then this spending fits criteria (1) and (3) but may fall short on criteria (2) as it was within the current budget. This uncertainty will be resolved in the coming weeks and months and the City will pursue reimbursement for all eligible expenses through the appropriate channels.

However, in order to fully deal with the scale of revenue losses caused by this emergency, the City of Dublin, along with numerous other local governments and organizations are advocating for an additional stimulus to replace lost revenues as well as a reduction in the restrictions for the previously provided $150 billion.

The decision on this funding will require the approval of Congress and the President. At this time, the potential size of reimbursement for lost revenues is unknown. As this information becomes available it may greatly influence the level of expenditure reduction required to meet the challenges posed by this emergency.
Initial Expenditure Reductions
In order to address the estimated decline in revenues, the City Manager has implemented the following actions.

The suspension of all travel and training for the remainder of the year. This suspension is estimated to save around $500,000.

A hiring freeze for all open positions unless specifically exempted by the City Manager. This action is estimated to save up to $1.2 million.

In addition to the above, the City Manager asked Division Directors to identify a 20% reduction in operating expenditures and what the impact of a reduction of that size would be on their service delivery levels. If this reduction is implemented the estimate expenditure reduction is $7.8 million across all operating funds.

In total, these actions would reduce operating expenditures by $9.5 million.

In addition to those actions, there are additional areas of expenditure reduction being evaluated. These actions include identifying full and part time vacant positions not captured as part of the hiring freeze to identify unnecessary appropriations, analyzing areas of consistent budget surplus in prior years, and identifying the costs associated with cancelled services or events – particularly in the moderate and worst case revenue scenarios so that if cancellations occur
revenue losses and related expenditures reductions are readily available.

As this emergency progresses through the next several months and the revenue estimates become more defined, additional expenditure reductions may become necessary.

NOTES

**Hiring Freeze Full Time Positions**

**Positions Currently Frozen**
- Public Information Officer (1)
- Chief Finance and Development Officer
- Engineering Manager
- Civil Engineer II - Construction Engineering
- Project Inspector
- Planning Manager
- Permit Technician
- Director of Fleet Management
- Director of Street & Utilities
- Planner II - Long Range Planner

**Currently Exempted Positions**
- Director of Finance
- HR Coordinator
- Public Information Officer (1)
- Crew Supervisor
- Police Officer
- Communication Technicians (NRECC)
- Operations Manager (NRECC)
As previously discussed, this slide puts all the revenue estimates and expenditure reductions together to develop a revised 2020 Operating Budget.

As previously noted, the current moderate and worst case scenarios identify revenue reductions that may have a corresponding expenditure reduction associated with them. As this emergency unfolds, if some of the outcomes specified in those scenarios are realized, then the corresponding reductions in expenditures will be incorporated in this model. As previously mentioned the best example of this is the Pool Fund. If the worst case scenario for the Pool fund is realized, then the pool will not open in 2020 and no revenue will be earned. The expenditures necessary to operate the pool can then be reduced from the operating expenditures presented here. These types of reductions have not been done because the possible outcomes that would potentially include expenditure reductions is extremely large and calculating the associated expenditures for the scenarios revenue reductions is not as straightforward for most activities outside of the pool example being discussed.

In summation, the proposed plan moving forward is to continue to update the range of revenue estimates until they converge on a credible figure. Once this figure is known then expenditure reductions necessary to approach that revenue estimate will be brought forth for discussion. If the revenue estimate approaches the moderate to worst case scenario, then also included in the expenditure reduction discussion will be a discussion regarding the use of General Fund reserves. Presently, even under our worst case scenario estimates with no additional expenditure reductions, which would not be our recommendation, the

<table>
<thead>
<tr>
<th>Fund</th>
<th>Budget</th>
<th>Best</th>
<th>Moderate</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$76,613,313</td>
<td>$73,425,146</td>
<td>$68,933,959</td>
<td>$61,422,457</td>
</tr>
<tr>
<td>Street Maintenance and Repair</td>
<td>2,540,000</td>
<td>2,265,961</td>
<td>2,119,629</td>
<td>1,624,463</td>
</tr>
<tr>
<td>State Highway</td>
<td>206,100</td>
<td>186,996</td>
<td>175,373</td>
<td>137,871</td>
</tr>
<tr>
<td>Recreation</td>
<td>3,900,400</td>
<td>3,128,606</td>
<td>1,862,783</td>
<td>1,400,731</td>
</tr>
<tr>
<td>Pool</td>
<td>413,000</td>
<td>412,750</td>
<td>207,125</td>
<td>1,500</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>4,774,500</td>
<td>3,810,985</td>
<td>2,239,388</td>
<td>898,000</td>
</tr>
<tr>
<td>Safety</td>
<td>4,296,212</td>
<td>4,692,387</td>
<td>4,573,422</td>
<td>4,542,567</td>
</tr>
<tr>
<td>Other Law Enforcement Special Revenue Funds</td>
<td>160,240</td>
<td>156,399</td>
<td>151,863</td>
<td>147,327</td>
</tr>
<tr>
<td>Cemetery</td>
<td>27,500</td>
<td>27,450</td>
<td>27,375</td>
<td>27,300</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$92,931,265</td>
<td>$88,106,680</td>
<td>$80,290,916</td>
<td>$70,202,216</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund</th>
<th>Total Operating Expenditures</th>
<th>Variance</th>
<th>Estimated General Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$95,718,410</td>
<td>$85,157,950</td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>$2,787,145</td>
<td>$1,948,730</td>
<td>65.5%</td>
</tr>
</tbody>
</table>
General Fund balance remains well in excess of the 50% required by our General Fund policy.

This emergency may ask Council and the Administration to make difficult decisions and those decision may require even more difficult actions; however, the history of strong financial management and sound fiscal policies will ensure that Dublin emerges from this COVID19 emergency with its fiscal health and economic vitality in place while providing for the safety and security needs of our residents and employees.
Finally, this slide identifies the next steps.

I would be happy to research any additional information requested by Council. In addition, we will continue to refine revenue estimates and identify and calculate expenditure reductions for consideration.

As a result of this emergency, there are numerous topics that will require discussion and direction from Council. Some of those topics are identified on this slide. We would request that Council direct staff as to how they would like to proceed whether these discussions are best handled in a Finance Committee or with Council as a whole.

That concludes tonight’s presentation. I would be happy to answer any questions.
Questions or discussion?