



## **CITY MANAGER'S OFFICE**

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### **Update on COVID-19 Response Efforts**

April 24, 2020

#### **Background**

On March 11, 2020, the City Manager, serving as the Director of Emergency Services, issued a Proclamation of Local Emergency regarding the presence and community spread of the COVID-19 pandemic. The Proclamation allows the City to exercise extraordinary police powers, such as evacuation; immunity for emergency actions; authorization of issuance of orders and regulations; activation of pre-established emergency provisions; and is a prerequisite for requesting state or federal assistance.

On March 17, 2020, the City Council ratified the Proclamation of Local Emergency. On that same day the City Manager also partially activated a virtual Emergency Operations Center (EOC), involving a cross-functional and multi-department team.

#### **Discussion**

The County of Santa Clara issued a "Shelter in Place" order beginning on March 17, 2020, at 12:01 a.m. and ending on April 7, 2020, at 11:59 p.m. On March 31, the Shelter in Place Order was extended to May 3, 2020. In response to the COVID-19 public health emergency and the shelter in place requirements, the City has taken several actions to be able to provide essential services to the community while taking precautions to help slow the spread of COVID-19, with the highest priority remaining the safety of our community.

#### **Public Facilities, Services, and Events**

All City facilities were closed until further notice. All park playgrounds and restrooms have been closed. The tennis courts at various parks have been closed. The parking lot west of McClellan Ranch Preserve, and parking lots at Blackberry Farm golf course and pool are also closed to the public. All City events, rentals, and Parks and Recreation classes have been cancelled through the end of May.

While City Hall is closed to the public, services are still available online at [cupertino.org](http://cupertino.org) and by phone at (408) 777- 3200. Residents may also submit requests for service through [www.cupertino.org/311](http://www.cupertino.org/311).

The Parks and Recreation Department has created a Virtual Recreation page which includes links to free live fitness classes, as well as recreational resources for the whole family: [www.cupertino.org/virtualrecreation](http://www.cupertino.org/virtualrecreation).

**Staffing**

Since the initial County Shelter in Place order through March 27, we have maximized employee teleworking and continue to do so. All City departments have employees working remotely performing critical and/or time-sensitive work. Additionally, there are employees who continue to come on-site as needed to perform essential functions.

Between March 17 and April 10 the City provided Paid Administrative Leave for employees who are not able to work during this time. As of April 11, the City furloughed approximately 80 part-time employees. These employees can use their leave banks and/or apply for unemployment. Also effective April 11, the City has reduced Paid Administrative Leave to 20 hours per week for approximately 84 full-time employees who are unable to work during this time. These employees can use leave bank or unemployment to make up for the 20 hours they are not being paid. The following table summarizes changes discussed above.

Employee Category	3/17-4/10	4/11
<b>Part-time Employees</b> who cannot Telework	Paid Admin Leave	<ul style="list-style-type: none"> <li>▪ No Paid Admin Leave</li> <li>▪ Option to use any accrued Sick Leave</li> <li>▪ Option to apply for Unemployment Insurance</li> </ul>
<b>Full-time Employees</b> who cannot Telework	Paid Admin Leave	<ul style="list-style-type: none"> <li>▪ 20 Hours Paid Admin Leave (through 5/3)</li> <li>▪ Eligible for up to 2 weeks (80 hours) of Emergency Paid Sick Leave</li> <li>▪ Option to supplement w/accrued leave, leave without pay or Regular Hours (as scheduled by Department)</li> </ul>

The FFCRA became effective April 1, 2020 and created two new emergency paid leave requirements in response to the COVID-19 global pandemic.

“... to provide employees with paid leave, either for the employee’s own health needs or to care for family members. The legislation will ensure that workers are not forced to choose between their paychecks and the public health measures needed to combat the virus...” ---Dept. of Labor News Release March 24, 2020

The Emergency Paid Sick Leave Act (EPSL) provides employees with up to two weeks of job protected paid sick leave of varying amounts depending on six qualifying COVID-19 related

reasons. The Emergency Family and Medical Leave Expansion Act (EFMLEA) is available for those unable to work because their child's school or place of care is closed. EFMLEA provides up to 12 weeks (initial two weeks unpaid) of job protected paid leave. Employees who meet the eligibility requirements of either the EPSL or the EFMLEA will be provided job-protected paid leave with continuation of health insurance as required under the law.

### **Public Communication**

The City's Office of Communications regularly updates the community through online reports, daily social media posts, a dedicated webpage, and more. These efforts are outlined below.

City Website: On March 3, the City established its COVID-19 webpage: [www.cupertino.org/coronavirus](http://www.cupertino.org/coronavirus). The page hosts information and links regarding county, state, and federal actions; senior services and community resources; business resources and local essential businesses; virtual recreation; Council, Commission, and community meetings and events; facilities and parks; waste collection and street sweeping; and service requests and permits. Residents can receive updates through email by signing up for a coronavirus eNotification, which can be found on the same page. The City's COVID-19 webpage is beginning to receive more views than our homepage, which in normal times is our most viewed webpage. Rounding out the top five most viewed pages includes our Open for Business page, Virtual Recreation page, and Live Fitness Classes page.

COVID-19 Report: The City's first COVID-19 report was published on Monday, March 9. The reports—which were published daily in March, and are now issued every Monday, Wednesday, and Friday—include updates on City efforts, county and state orders, nonprofit services and needs, virtual meetings, and more. The reports can be found on the coronavirus webpage and the City's press release webpage: [www.cupertino.org/press](http://www.cupertino.org/press).

COVID-19 Mailer: In April, the City mailed a two-page flyer to every household in Cupertino. The mailer included the same updates and information found in the City's COVID-19 reports. The purpose of the mailer was to reach residents who may not use the internet regularly or may not be aware of the City's online presence. Another mailer is expected to be published in mid-May.

Social Media: The City continues to post daily COVID-19 related updates to our social media sites (Nextdoor, Facebook, Instagram, Twitter, and YouTube). Similar to other cities, Cupertino has seen a major increase in followers and engagement across all platforms. Some of the most popular posts have included the City's mask donation drive, the County's coronavirus cases dashboard expansion, and updates on local efforts (West Valley Community Services monetary donations need, changes to Recology's services, and a reminder from the Cupertino Sanitary District to only flush toilet paper). The City's YouTube page is updated daily with COVID-19

related videos including Governor Gavin Newsom's press conferences, updates from the Santa Clara County Public Health Department, PSAs from the CDC and WHO, among others.

Radio and Television: The City's radio station (1670 AM) and television station (Comcast channel 26 and AT&T U-Verse channel 99) are updated regularly with COVID-19 related information.

### **Coordination of Volunteer Efforts/Services to Residents**

On March 25, the City of Cupertino began accepting needed supplies for Kaiser Santa Clara for use by its medical staff. Items included non-vented goggles, face shields, hand sanitizer, masks (N95, surgical, and isolation masks), isolation and surgical gowns, and sanitizing wipes. Donation bins were placed in front of Cupertino City Hall and the Cupertino Library. The donation drive helped fill two 96-gallon bins with items including non-vented goggles, hand sanitizer, masks (N95, surgical, isolation masks), and sanitizing wipes. In addition, another 600 masks were donated by Min Song, chair of the Cupertino-Xianning Friendship City Committee. Any items that Kaiser could not use were given to the County of Santa Clara for use at other facilities.

The Senior Center has contacted all members of the Senior Center to check in and see if they would like periodic check-in calls. The City is continuing to maintain contact with seniors who request it. Cupertino seniors who would like a social check-in phone call or need food or assistance can call the Cupertino Senior Center at (408) 777-3150 or email [seniorcntr@cupertino.org](mailto:seniorcntr@cupertino.org). You do not need to be a Senior Center member to receive these services.

Senior Center staff are working with the Cupertino Chamber to help facilitate their Cupertino Together initiative, a community-centered emergency fund which will provide free hot meals to the most vulnerable citizens in the Cupertino area (<https://cupertino-chamber.org/>). This includes seniors, DeAnza students, and low-income families. All food is being sourced from Cupertino restaurants which also helps local businesses.

On Friday April 17, Main Street Cupertino restaurants Lazy Dog and Pineapple Thai prepared 550 meals each (1,100 total) to bolster Fremont Union High School district feeding efforts. City staff helped by loading up the meals and delivering them to Fremont and Homestead High Schools.

Via-Cupertino continues to provide transportation services for those that rely on it and only allows one passenger per van (or three from the same household) to encourage social distancing. No additional riders are permitted inside the vehicle aside from the passenger and the driver. The fares remain the same and the "plus one" additional rider features have been temporarily disabled. This new policy will remain until further notice. The vans are sanitized regularly by Via.

### **Small Business Support**

The City has developed a COVID-19 informational webpage focused on small businesses (<https://www.cupertino.org/businesses/economic-development/covid-19-business-info>). The purpose is to provide a centralized resource for employers, employees, and local businesses. Information includes pertinent news updates, financial resources, and relevant webinars.

On Thursday, April 16, the City of Cupertino in partnership with the Small Business Administration, Silicon Valley Small Business Development Center, and Cupertino Chamber of Commerce hosted a Small Business Assistance in Response to COVID-19 webinar. Featured speakers included Julie Clowes, District Director of Small Business Administration (SBA); Dennis King, Director of Silicon Valley Small Business Development Center (SBDC); and Kevin McClelland, Silicon Valley SBDC Business Advisor & Local Small Business Owner. Topics for discussion included resources and assistance to keep your business operating, how to learn more about access to capital and current programs, and how to navigate the Small Business Administration's loan application process for the Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP). A follow up webinar was scheduled for Thursday, April 23 from 11:00 a.m. to 12:30 p.m. to discuss resources beyond PPP and EIDL.

In an effort to support local businesses, the City has also set up a webpage called Open for Business (<https://www.cupertino.org/businesses/economic-development/open-for-business>). This online resource provides a list of Cupertino businesses, including grocery stores, supermarkets, coffee shops, restaurants and more, that have been identified as "essential businesses" per the County's definition and are therefore allowed to remain open during the Shelter in Place. The City also received a donation of 20,000 face masks and distributed them to open businesses throughout Cupertino on Wednesday, April 22. Masks are meant for use by workers and to be given to customers free of charge. Masks will also be available on Cupertino VIA shuttles. If a business is interested in receiving additional masks, they can contact Economic Development Manager Angela Tsui at (408) 777-7607 or [angelat@cupertino.org](mailto:angelat@cupertino.org).

### **Rental Support**

At a Special Council Meeting held on March 17, 2020, City Council directed the City Attorney to draft a resolution and emergency eviction protection ordinance directed at residents unable to pay rent as a result of the Coronavirus Disease (COVID-19). The draft was brought before Council on March 24, 2020 but no action was taken as the County issued a similar moratorium on evictions that same day. Specifically, the County Board of Supervisors enacted a moratorium on "no-fault" evictions and evictions for non-payment of rent for tenants who have incurred substantial income loss and/or substantial out-of-pocket medical expenses as a result of the COVID-19 pandemic. This moratorium applies throughout Santa Clara County, including Cities, and protects both residential as well as small business tenants. Currently, the City is exploring potential options for a loan program for rental assistance.

The City has also partnered with Project Sentinel to offer free, neutral, and confidential information and dispute resolution services to tenants, landlords, homeowners, and neighbors in Cupertino. During the COVID-19 outbreak, Project Sentinel will provide remote mediation

and conciliation services for landlords and tenants in need of addressing rent issues and resolving disputes.

### Face Covering Emergency Order

On April 23, the City of Cupertino issued an Emergency Order requiring individuals to wear a face covering when they need to leave their home to work or obtain essential goods and services. The Order went into effect on Friday, April 24 at noon and currently has no end date. This Order was issued in as an additional measure to reduce the transmission of COVID-19 within the community. More information on the Order can be viewed at [www.cupertino.org/facecoverings](http://www.cupertino.org/facecoverings).

### Sustainability Impact

There are many sustainability implications of both the public health crisis and the resulting economic downturn. One physical impact has been reduced air pollution and carbon emissions from the shelter-in-place order. According to a report from UC Berkeley, air pollution levels have dropped by one third around San Francisco. This effect is dramatic but temporary according to recent EPA analysis. Climate risks such as drought and wildfire will continue to pose challenges for Cupertino, and additional sustainability measures will still be needed according to both statewide legislation and Cupertino’s declaration of a climate emergency.

### Fiscal Impact

#### General Fund

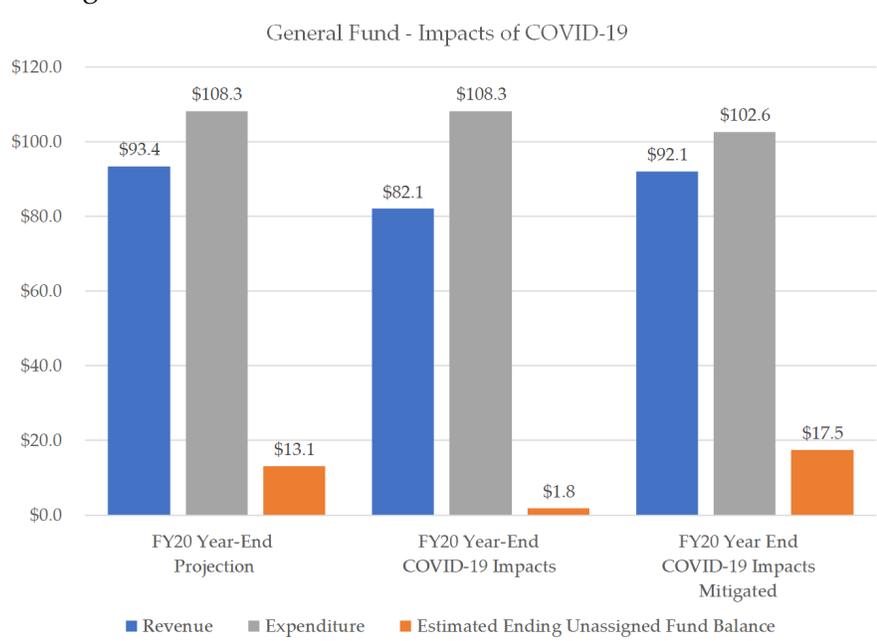
Due to the financial impacts of COVID-19, the City’s revenues for Fiscal Year 2019-20 are expected to be \$11.3M less than originally expected. These losses are primarily in Transient Occupancy Tax and Charges for Services, as outlined in the following table (figures in millions). This table also reflects an anticipated transfer of \$10M from the Capital Projects Fund to the General Fund in an effort to mitigate the revenue losses from COVID-19.

Revenue Categories	FY19/20 Year-End Estimates Pre- COVID 19	FY19/20 COVID-19 Impacts	FY19/20 COVID-19 Mitigation	FY19/20 Year-End Estimates Post COVID-19
<b>Revenue</b>				
Sales Tax	\$ 26.4	\$ -	\$ -	\$ 26.40
Property Tax	\$ 25.0	\$ -	\$ -	\$ 25.00
Transient Occupancy	\$ 9.7	\$ (3.7)	\$ -	\$ 5.98
Utility Tax	\$ 3.2	\$ (0.2)	\$ -	\$ 3.00
Franchise Fees	\$ 3.2	\$ -	\$ -	\$ 3.20
Other Taxes	\$ 1.2	\$ -	\$ -	\$ 1.20
Licenses And Permits	\$ 2.5	\$ -	\$ -	\$ 2.50
Use Of Money And Propert	\$ 1.3	\$ (0.1)	\$ -	\$ 1.19
Intergovernmental Revenue	\$ 0.4	\$ -	\$ -	\$ 0.40
Charges For Services	\$ 15.2	\$ (4.1)	\$ -	\$ 11.10
Fines And Forfeitures	\$ 0.6	\$ (0.2)	\$ -	\$ 0.40
Miscellaneous	\$ 1.8	\$ (0.5)	\$ -	\$ 1.30
Transfers In	\$ 0.01	\$ 0.01	\$ 10.00	\$ 10.02
Other Financing Sources	\$ 2.9	\$ (2.5)	\$ -	\$ 0.40
<b>Total Revenue</b>	<b>\$ 93.4</b>	<b>\$ (11.3)</b>	<b>\$ 10.0</b>	<b>\$ 92.1</b>

Other mitigation efforts included reducing expenditures. The following table outlines the City's expenditure reductions in the "FY19/20 COVID-19 Mitigation" column (figures in millions).

Expenditure Categories	FY19/20 Year-End Estimates Pre- COVID 19	FY19/20 COVID-19 Impacts	FY19/20 COVID-19 Mitigation	FY19/20 Year-End Estimates Post COVID-19
<b>Budget (Expenditures)</b>				
Employee Compensation	\$18.78	\$0.0	-\$0.18	\$ 18.60
Employee Benefits	\$7.84	\$0.0	\$0.0	\$ 7.84
Materials	\$4.54	\$0.0	\$0.0	\$ 4.54
Contract Services	\$23.05	\$0.0	\$0.0	\$ 23.05
Cost Allocation	\$9.79	\$0.0	\$0.0	\$ 9.79
Capital Outlays	\$0.71	\$0.0	\$0.0	\$ 0.71
Special Projects	\$11.43	\$0.0	-\$5.5	\$ 5.93
Contingencies	\$0.98	\$0.0	\$0.0	\$ 0.98
Transfer Out	\$30.89	\$0.0	\$0.0	\$ 30.89
Other financing uses	\$0.25	\$0.0	\$0.0	\$ 0.25
<b>Total Budget</b>	<b>\$ 108.3</b>	<b>\$ -</b>	<b>\$ (5.7)</b>	<b>\$ 102.6</b>

The following table summarizes the above information regarding revenues and expenditures. It outlines where the City was projected to end the year financially before COVID-19, after the negative financial impacts of COVID-19, and after taking into account COVID-19 and mitigation efforts by the City to be fiscally responsible. Without mitigation efforts to reduce the impacts of COVID-19, the City would have used almost all of the Unassigned Fund Balance. Unassigned Fund Balance is the remaining fund balance after accounting for revenues and expenditures. With mitigation efforts, the City will be able to maintain a more positive position, projecting to end the year with \$17.5M in Unassigned Fund Balance. This additional Unassigned Fund Balance will be available to assist in balancing the FY 2020-21 budget and budgets into the future should assumptions change or revenue estimates fall short.



**Special Revenue Funds**

In the Special Revenue Funds, COVID-19 most heavily impacted the Transportation Fund. This fund receives revenues from the Road Maintenance and Rehabilitation Account (RMRA) and the Highway Users Tax Account (HUTA) derived from portions of State excise (per gallon) taxes on gasoline and diesel, and vehicle registration taxes. Conservatively estimated declines in these funding sources are 20% for RMRA and 30% for HUTA. The estimated decline in these revenues totals approximately \$200,000 in the Transportation Fund. Declines in FY 2020-21 are anticipated to be much smaller, but new projections will be provided as more information and data is made available.

Expenditures incurred for on-going projects in Special Revenue Funds will continue to slow down during the current fiscal year. The chart below lists the City’s Special Revenue Funds’ estimated revenues, expenditures, and FY 2019-20 ending fund balance after accounting for COVID-19 impacts.

FY 2019-20	
Beginning Fund Balance	\$ 34,088,513
Projected Revenues	\$ 5,618,590
Projected Expenditures	\$ (10,537,227)
Estimated Fund Balance	\$ 29,169,875

**Capital Project Funds**

The City’s Capital Projects Funds began FY 2019-20 with \$33.2M in fund balance. The Funds’ total amended revenue budget of \$43.1M is unlikely to be affected by COVID-19. The vast majority of these funds are derived from internal transfers into the funds, with the excess coming from donations received from Apple for the Bicycle Pedestrian Plan projects.

Without taking internal transfers into consideration, the Capital Projects Funds’ amended expenditure budget is currently \$43.5M and the timing of those expenditures will be affected by Shelter in Place orders. Based on fourth quarter trend analysis, and factoring in the delay/halt of construction, the total FY 2019-20 expenditures are conservatively estimated to be \$6.2M million.

The Capital Projects Funds’ FY 2019-20 ending fund balance is estimated to be \$39M as shown in the following table. These numbers include a \$10M transfer from the Capital Projects Funds to the General Fund to mitigate the revenue losses due to COVID-19.

FY 2019-20	
Beginning Fund Balance	\$ 33,211,943
Projected Revenues	\$ 38,152,607
Projected Expenditures	\$ (32,300,865)
Estimated Fund Balance	\$ 39,063,685

## Enterprise Funds

The City's Enterprise Funds consist of the Resource Recovery (Res. Rec.), Blackberry Farm Golf Course (Golf), Sports Center, and Recreation (Rec.) Funds. Revenues have been heavily impacted at Blackberry Farm Golf Course, the Cupertino Sports Center, and in Recreation programming. It is reasonable to assume that there will be no additional revenues in these funds for the remainder of the fiscal year.

FY 2019-20	Res. Rec.	Golf	Sports Ctr.	Rec.
Beginning Fund Balance	\$ 5,485,695	\$ (16,289)	\$ 748,347	\$ 1,838,753
Projected Revenues	\$ 1,011,195	\$ 872,697	\$ 4,489,257	\$ 1,978,962
Projected Expenditures	\$ (2,092,617)	\$ (596,450)	\$ (3,718,734)	\$(2,734,978)
Estimated Fund Balance	<u>\$ 4,404,273</u>	\$ 259,958	\$ 1,518,870	\$ 1,082,737

Assuming no additional revenues, each of the Enterprise Funds are anticipated to end FY 2019-20 with a positive fund balance. This is due to revenue streams that have been very healthy pre-COVID-19. Despite a strong fund status prior to COVID-19, lost revenue during the fourth quarter will be mitigated by a spending reduction on general service contracts to maintain operations.

## Looking Forward

The impact of COVID-19 on the City's financial condition is significant. Although the City is currently well-positioned to absorb the initial impact, forecasting the longer-term timing and extent of impacts presents a challenge. As we look to the upcoming 2020-21 fiscal year, the City will be experiencing significant declines in sales tax and potential drops in property tax. Recommendations on a budget strategy to address these impacts will be included in FY 2020-21 Proposed Budget for Council consideration in May.

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