



Show Me More Money

Optimizing Revenues in a Post
COVID-19 World

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Presentation Objectives

- Discuss cost impacts to local governments as a result of COVID-19
- Discuss volatile revenues
- Identify key revenue opportunities and strategies to optimize revenues



Cost Impacts

- Increased costs due to COVID-19 public health response (janitorial, sanitation, cleaning supplies, modified workspaces, etc.)
- Additional services expected by the public to ensure public health is maintained (parks, libraries, public counters, etc.)
- Fiscal stimulus and inflation put upward pressure on wages



Volatile Revenues

- Sales tax has been extremely volatile since COVID-19 began (shift to even more online shopping created uneven distribution of sales tax dollars as a result of Wayfair and existing California sales tax distribution methodology, creating winners and losers)
- TOT revenues have partially recovered, but in most locations have not returned to pre-pandemic levels.
- Park and Recreation revenues fell to near zero during the beginning of the pandemic. Full recovery may take years.



Revenue Opportunities

Treasury Management, Repurpose idle assets (land, building, equipment)

Cost Recovery/User Fee Studies, DIF, Property Related Fees, Special Tax Districts

Tax Measures, Rebates, Merchant Fees, Passthroughs, Cannabis



Treasury Management

- Current market conditions
- Tools and Resources
- Management Types: Active vs. Passive
- Optimization Strategies



Idle Assets

Sell or repurpose surplus land

Identify building vacancies and equipment underutilization

Explore subleasing idle buildings, land, and equipment

Public Private Partnerships, EIFD's



Cost Recovery – Cost Allocation Plan

- Define overhead services costs
- Allocate costs fairly and equitably to service providing departments
- Helps recover overhead costs through:
 - ✓ *fully burdened rates / fees,*
 - ✓ *annual transfers, internal service funds*
 - ✓ *grant reimbursements,*
 - ✓ *charges to outside agencies*



Cost Recovery – User Fees

- Determine “Total Cost”
- Calculate direct costs – salaries, benefits, services, supplies
- Allocate indirect costs – management, clerical, HR, finance
- Identify fee specific costs – pass through costs, specific materials
- Legislative Body implementation



Cost Recovery – Development Impact Fees

- Used for new facilities or more capacity in existing facilities
- NOT used for maintenance or operations (see Fiscal Impact Analysis)
- Required Findings:
 - ✓ *identify purpose of fee (health, safety, welfare)*
 - ✓ *identify use of the fee (specific facilities)*
 - ✓ *demonstrate reasonable relationship (similar to benefit, need, proportionality elements of nexus)*
- Legislative Body implementation
- Mitigation Fee Act (see also Quimby Act park land in-lieu fees)



Cost Recovery – Property Related Fees

- Revenue cannot exceed cost of providing property related service
- Revenues from fee cannot be used for any other purpose
- Amount of fee may not exceed proportional cost of service
- Service must be used by or immediately available to property
- Hearing/written protests (sewer, water, trash) or Hearing/written protests and vote (majority property owners or 2/3 electorate) for other property related services (see SB 231 & SB 1386)
- Article XIID Section 6 and Government Code Section 53750



Cost Recovery – Services Special Financing Districts

- Review existing LMDs/BADs/CFDs for revenue sufficiency
- Assessment or special tax rate increase
- Consider fiscal impact analysis to determine services cost of new development



City of Vista

Post-Covid Ongoing Revenue Shifts: Projection vs Actual

- Cannabis – Measure Z-initiated medical and adult use
- Sales Tax – effects of AB147 (South Dakota vs Wayfair)
- TOT
- Business License
- Property Tax
- Charges for Services



City of Vista

Use of CARES Act and ARPA Funding

- Systems Optimization
- Remote Capabilities
- Streamline Operations



City of Vista

Operational Variances pre-Covid vs post-Covid

- Electronic signatures
- Agreement routing
- Electronic plan check submission
- Virtual meetings/collaboration



City of Vista

Cost Reduction Strategies

- Pre-pay CalPERS UAL in July
- Utilize Credit Cards (Pcards) with rebate programs
- Refund bond issues



City of Vista

Reserve Analysis

- Benchmarking
- Risk-based analysis
- Political will
- Policy development/updates



City of Vista

Intangible Enhancements

- Engage staff
- Team building
- Mentorship
- Collaborate with other departments/organizations



Q & A Discussion

- What are some revenue-related strategies or ideas your agency has considered in the Covid era?
- How are these considerations different versus pre-Covid?
- How is your agency responding to inflationary pressures in costs & wages?
- What are the impacts to City contracts and contractor services?
- How is your agency staffing to accomplish ARPA programs?

