

City of Shakopee
MEMORANDUM

TO: Mayor and City Council
Bill Reynolds, City Administrator

FROM: Nate Reinhardt, Finance Director

SUBJECT: COVID-19 Financial Impacts (Through April)

DATE: May 19, 2020

COVID-19 Identified Costs (As of April 30, 2020)

The City has set-up separate tracking codes for invoices and timesheets to assist with identifying costs related to COVID-19. Most importantly, the City continues to be in a strong financial position to handle the COVID-19 crisis.

We believe that it is too early to provide an accurate estimation of the potential financial impacts, but tracking and reviewing on an ongoing basis will allow us to make more informed financial decisions and potentially reimburse these identified expenditures if state/federal funding becomes available. The city has implemented a number of steps to help mitigate the financial impacts from COVID-19. This includes the City Administrator approval of the hiring of open positions, reductions in part-time hours, and maintenance/energy savings in un-used building spaces.

The next two charts provide summarized information from those tracking codes. Please note the following:

- 1) Refunds will be duplicated in the revenue comparison charts.
- 2) Most personnel costs would have incurred in the absence of COVID-19, however the figures represent time spent outside of typical responsibilities such as directly on COVID-19 related activities or paid leave.

Summary - By Type			
	March	April	Total
Personnel	14,393.53	48,590.89	62,984.42
Operating Supplies	303.57	2,152.04	2,455.61
Software	-	2,030.50	2,030.50
Refunds	47,786.48	6,366.84	54,153.32
Personnel - Leave	27,923.96	118,350.22	146,274.18
	\$ 90,407.54	\$ 177,490.49	\$ 267,898.03

Summary - By Department				
		March	April	Total
0131	City Clerk	-	11,016.34	11,016.34
0134	Records	-	1,856.31	1,856.31
0151	Finance	2,294.40	7,383.72	9,678.12
0181	Facilities		2,165.93	2,165.93
0311	Police Admin	2,610.86	7,988.14	10,599.00
0319	Code Enforcement	1,615.33	-	1,615.33
0321	Fire	11,153.81	51,594.05	62,747.86
0333	Building Inspection		6,513.99	6,513.99
0411	Engineering	1,234.80	1,000.06	2,234.86
0421	Street	-	14,319.78	14,319.78
0441	Fleet	-	3,921.40	3,921.40
0621	Park Services	4,558.69	3,075.00	7,633.69
0671	Recreation	1,530.00	5,143.51	6,673.51
0672	Sand Venture	80.00	-	80.00
0673	Ice Arena	5,320.03	5,155.45	10,475.48
0674	Community Center	50,447.07	22,273.22	72,720.29
0675	Park	-	17,619.02	17,619.02
0679	Recreation Programs	9,562.55	-	9,562.55
7711	Sewer	-	9,004.12	9,004.12
7731	Surface Water	-	7,460.45	7,460.45
		\$ 90,407.54	\$ 177,490.49	\$ 267,898.03

COVID-19 Revenue Analysis -YTD Comparison (As of April 30, 2020)

We have compiled a summary of revenues that we will continue to monitor for impacts. Through April of 2020, we are seeing a year over year increase in the number of building permits (1,449 from 1,268) and new single-family housing starts (46 from 43). Specifically, we are seeing a lot of residential improvements (fences, basement finishes, etc.). In 2019, we have two significantly larger building permits at the beginning of the year, if we adjust for those two permits, our building permit revenue is inline with the previous two years. Building permit revenue is currently at 30% of budget for the year.

Parks and recreation revenues are down approximately \$243k from 2019 through April, the revenues include the \$54k of refunds that were processed in the identified costs section. In April, we started to realize offsetting savings including a reduction in part-time and seasonal hours, operating supplies, utility and cleaning services. The amount of cost savings added up to \$63k, leaving a net financial impact of approximately \$198k.

Additionally, the City expects lodging tax, sanitary sewer, liquor license, tribal contributions, and property tax revenues to be impacted. The City passes on the lodging tax revenue (less an

administration fee) to the visitors bureau. April revenues for lodging tax and sanitary sewer will be received in May. Impacts from delinquent property taxes, liquor license revenue and tribal contributions will be realized over the next few months and will be added to the following table.

City of Shakopee					
Revenue - YTD Comparison (COVID-19 Potential Impacts)					
As of April 30, 2020					
Planning/Inspection/Engineering					
Description	2018	2019	2020	Rev. Change	Comments
Building Permit Revenue		\$ 1,417,904			
		(246,358)	BHS Permit Revenue		Adjustments for large permits
		(318,185)	Doran Permit revenue		Adjustments for large permits
	590,054	853,361	661,338	(192,023)	30% of 2020 budget
Planning/Zoning Application Revenue	\$ 27,650	\$ 13,800	\$ 51,150	\$ 37,350	
Engineering Fees	237,549	160,075	178,607	18,532	
Building Activity					
Total # of Building Permits (All types)		1,268	1,449		
Single Family Home Permits		43	46		
Permit Value Comparison (All)		\$148,802,627	\$ 36,360,226		
Parks & Recreation					
Description	2018	2019	2020	Rev. Change	Comments
Community Center Membership Revenue	\$ 256,899	\$ 277,107	\$ 214,343	\$ (62,764)	
Community Center Admissions	71,703	86,182	60,393	(25,789)	
Swimming/Skating Lessons	42,075	47,344	1,569	(45,774)	
Ice Rental	220,944	231,138	203,942	(27,197)	
Youth Recreation	61,646	73,746	23,541	(50,205)	
Adult Recreation	29,738	29,800	17,183	(12,617)	
Community Center/Ice Arena Room Renta	35,791	44,504	24,158	(20,346)	
Park Rentals	20,717	20,917	26,814	5,897	
CC/Ice Arena/Park Other	848	19,593	15,576	(4,017)	
Park & Rec. Subtotal	\$ 740,360	\$ 830,330	\$ 587,517	\$ (242,813)	
Offsetting Expenditures					
Community Center				\$ 56,554	PT staffing, operating supplies, utilities, cleaning services
Ice Arena				3,447	PT staffing
Recreation Programs				3,461	Seasonal staffing
Park & Rec. Offsetting Expenditures Subtotal				\$ 63,462	
Park & Rec. Net Financial Impact				\$ (197,817)	
Other					
Description	2018	2019	2020	Rev. Change	Comments
Lodging Tax (Pass thru funding)	\$ 79,674	\$ 75,466	\$ 60,093	\$ (15,373)	April receipts not included
Sewer Revenue	690,535	805,501	784,279	(21,222)	April receipts not included
Liquor Licenses	565	31,884	-	(31,884)	Delayed issuance