

Metro Cities Survey

City Finances and Revenues

Summary (28 responses)

What are some of the costs your city is incurring as a result to the COVID-19 pandemic?

Almost all cities mentioned some costs associated with IT and remote work. Many cities have had to purchase additional equipment and software so that their staff can work from home. Many reported costs for holding remote City Council meetings.

A second category of costs includes the purchase of PPE (for staff and emergency responders) as well as cleaning and sanitation supplies. Cities also reported having to pay for more cleaning in public buildings, city facilities, and liquor stores.

Several cities mentioned lost productivity as a cost including but not limited to the slower chains of communication associated with remote working and splitting up public works crews to allow for social distancing.

Unemployment and other leave costs were also listed.

Do you expect to expend funds for any of the following: overtime, equipment, public safety, communications, remote work expenses, increased UI costs?

Many cities are expending funds for overtime, equipment, public safety, communications, remote work expenses, increased UI costs (all the options offered in the question) and others said they anticipated expenditures for all of these in the future.

The remote work expenses, equipment, and communications seemed to be the most consistently mentioned. Most cities mentioned layoffs or temporary leaves for employees, now or in the future. If they were not already seeing added expenditures, most considered them imminent. For example, some cities that do not yet have overtime spending expect to incur expenses for it.

What local revenue streams will be most affected, and to what extent? (local taxes, property taxes, fees, liquor store/enterprise operations)

The most mentioned effect of the pandemic on local revenues was in property taxes. While the impacts are largely unknown, almost all cities anticipated some drop in revenues and payment delays.

Many cities were experiencing a loss in facility rental income (Ice Arenas and Community Centers). At least 7 respondents mentioned a lack of revenue from Parks and Recreation programming.

Several mentioned late or delinquent utility payments, or the inability to charge fees for late payments. Others noted a lack of revenue from building permits and inspection fees. The last of the more common responses revolved around a drop in license fee revenue or decisions made to provide partial license fee refunds.

What do you see as the most significant challenge for your city as it works to address COVID-19 costs and revenue losses?

The most widely cited challenge was the unknown; the uncertainty surrounding the entire situation. Cities are not sure what the extent of the damage will be and how their budgets will ultimately be impacted. Several cities said they were still feeling OK about their financial position, but if the crisis continues for some time, they would be forced to make tough decisions.

Property tax shortfalls were the main cause of concern. Property taxes and other revenue challenges will lead to cuts in services or personnel. Reductions in Local Government Aid (LGA) will exacerbate this problem for many cities.

Economic development, construction, infrastructure projects, and changes in property values represent a second category of challenges. Following the general budgetary concerns, these areas were highlighted as particularly challenging and likely to be impacted in the short and long term.

What community impacts of COVID-19 are causing the most concern? (i.e. business closures, unemployment, effects on non-profits, impact on schools, etc.)

Almost without exception, cities pointed to business closures as the most concerning community impact. City officials are concerned about their businesses (particularly small businesses and restaurants) because of what they contribute to the community in terms of tax dollars, employment opportunities, etc.

Respondents noted concerns with the well-being of residents. Concerns included high unemployment rates, homelessness, the viability of their local food shelf, and the safety of seniors.

Are there state, federal, and/or regional actions that could be helpful to your city in addressing challenges resulting from the pandemic? Please provide any details, thoughts and suggestions.

The most consistent response was support for the reimbursement of revenue losses. Aid for COVID-19 costs was also mentioned frequently. While many directly related costs listed by officials could qualify for CARES Act reimbursement, cities are looking for direction and guidance on these funds.

Other responses included maintaining the LGA appropriation, more aid for small businesses, and funding for workers' compensation claims. Respondents expressed a desire to push back on the delays in property tax payments or at least limiting the delay to no longer than 30 days.