



City Council Meeting
March 24, 2020

Update on COVID-19

Timeline of Major Events

- 1/7/20: novel Coronavirus identified in China
- 1/19: First case identified in the US
- 1/26: First case identified in AZ
- 3/6: First case of community spread in AZ
- 3/12: Governor Ducey declares emergency
- 3/15: Ducey closes all schools



Timeline of Major Events

- 3/17 Mayor proclaims state of emergency
- 3/17 city cancels city-sponsored events
- 3/17 city revokes TUPs for non city-sponsored events
- 3/18 city offices close, move to remote work
- 3/18 Mayor expands proclamation to include business restrictions
- 3/18 First presumptive case in Coconino County
- 3/19 First presumptive case in Sedona (Yavapai)



Timeline of Major Events

- 3/23 Ducey issues executive order
- Preempts cities on hotel closures, park closures, and shelter in place orders
- Creates list of essential business industries and businesses



Number of Cases in Arizona

326

Number of Deaths in Arizona

5

Arizona Community Risk

Increasing with some areas of heightened risk

Arizona Community Spread

Moderate

As of 9 a.m.
Tuesday
March 24,
2020

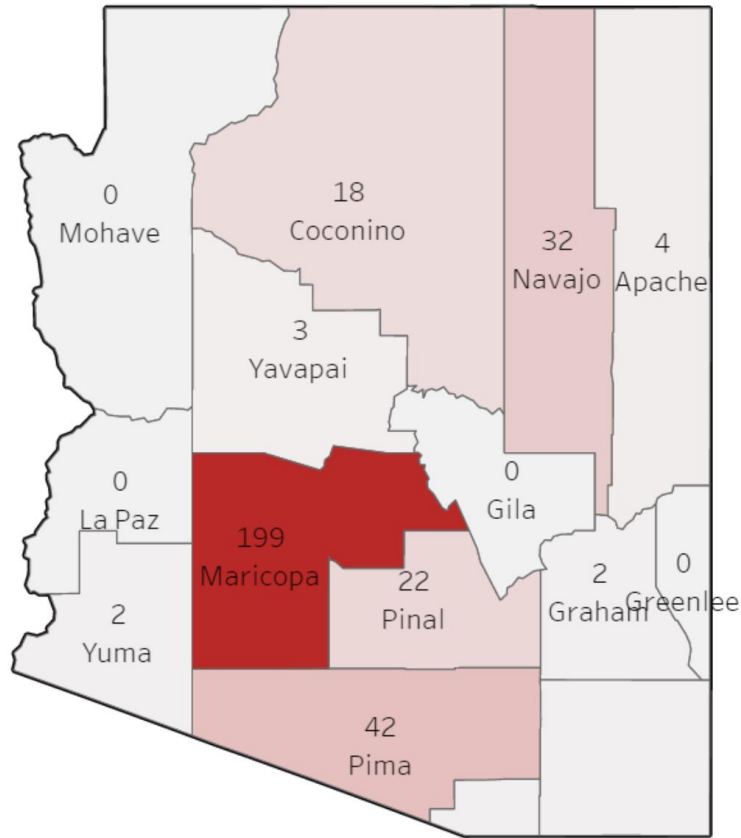
Laboratory Type

Arizona State Public Health Laboratory

41

Private Laboratory

285



*Cases will be counted in the category that their positive test was first reported by.



Overview of City's Response

- Remote work/continuity of operations
- Emergency declaration
- Business/event restrictions
- Emergency Planning/preparation
- Coordination with state, county health depts
 - Epidemiologists, Hospitals, healthcare providers, schools, emergency responders, emergency managers, policy experts, stakeholders, citizens
- Increase mass communications



Continuity of Operations

- Essential functions continue: PD, wastewater, maintenance
- All taking precautions to avoid COVID-19 spread
- Employees working from home
- Responding to emails, calls
- Limited services in person by appointment
- Necessary in-person meetings require social distancing, hygiene and disinfection



Emergency Declarations

- Cities, Counties, State and Federal levels declared
- Sedona triggers Disaster Response Plan – pandemic chapter
- Yavapai and Coconino stand up Emergency Operations Centers (EOC) and Joint Information Centers (JIC)
- Sedona, Coconino County and AZ issue restrictions
- Mandates – business restrictions/ closures
- Guidelines – social distancing, avoiding groups, hygiene and disinfection



Current Restrictions

- Focus: group congregation where hygiene and disinfection practices are most difficult
- Restaurants, bars, theaters, gyms, yoga studios etc.
 - Drive thru and take out allowed
 - Governor's order allows limited delivery of alcohol
- Does not currently address salons, spas
- State preemption prohibits shelter in place and closure of hotels outdoor recreation and others



Partner Coordination

- Daily calls with the Governor's office
- Daily calls with Coconino County
- Daily calls with Yavapai County
- Communication with Congressman O'Halleran, Senator Sinema, Senator McSally
- Communication with key social service providers
- Communication with stakeholders



Preparing for Economic Impact

- Widespread reports of closures, layoffs, furloughs etc.
 - Current occupancy estimated around 10%
 - Traffic volumes low
 - Loss of income is a serious threat to health and safety
- Monitoring federal bills
- Multiple staff training to assist with SBA loans
- Coordinating details with AZ
 - Unemployment
 - Business support



Social Services

- Outreach to service providers
- Social media call for information
- Creation of resource guide
- Continuing to assess critical needs/gaps
- Consider city response/support



More Information

- Sedonaaz.gov
- questions@sedonaaz.gov
- Coconino hotline: (928) 679-7300
- Yavapai hotline: (928) 442-5103
- AZ hotline: (844) 542-8201 or 211



Major Issues Looking Forward

- Lack of unified approach
- Lack of adherence to social distancing/businesses limits
- Lack of testing
- Lack of Personal Protective Equipment (PPE)
- Potential for steep rise in cases
- Hospitals and healthcare providers could be overwhelmed
- Economic Impact
- City Revenues will decline



Next Steps

- Continue daily monitoring
- Continue coordination on regional, state and national level
- Consider any other restrictions/guidelines – emphasis on unified approach



Potential Economic Impacts

- Numerous Agencies assess:
- Elliott D Pollack & Company newsletters
 - Black swan event
 - Expects rebound once crisis is over – may not be until 4th quarter
- Standard & Poor's (S&P)
 - Global recession has already started
 - U.S. GDP predicted to be negative up to -0.5% for 2020
- Wells Fargo
 - Also predicts global recession has already started
 - Predicting downturn to be more severe than 2001 recession
 - Predicting duration to be shorter than 2008 recession



Summary of Actions of Other Cities/Towns

- GFOAz survey (17 local government responses so far)
 - FY20 budget – variety of measures: hiring freezes, travel/training freezes, reduction of discretionary spending, project postponements. Some are for social distancing, some for financial reasons
 - Proposed FY21 budget - potential elimination of wage increases, project postponements, potential budget cuts, reduction of revenue projections, some are status quo



Other Potential Exposure to Asset Losses

- Local Government Investment Pool (LGIP) will be impacted
- Other investments
 - Government agencies – backed by full faith and credit of US government
 - Certificates of deposit – covered by FDIC insurance
- PSPRS
 - Asset gains/losses smoothed over 7 years
 - Looking at opportunities to buy low
- ASRS
 - Asset gains/losses smoothed over 10 years
 - Also looking at opportunities to buy low



City Sales & Bed Tax Projections

- In total, estimated 77% generated by visitors
- Hotel occupancy could drop to 10% during crisis (closures not mandated at this time)
 - FY2019 occupancy was 70%
 - 10% occupancy would be approx. 85% reduction



Sales & Bed Taxes Scenario*

	FY2019 Revenue Totals	Est. % Generated by Visitors	Est. Revenue Generated by Visitors	Est. Decrease if 85% Reduction in Tourism for 2 months
Retail	\$ 7,104,613	57%	\$ 4,049,629	\$ 573,697
Restaurant & Bar	4,366,956	82%	3,580,904	507,295
Hotel/Motel	4,839,928	100%	4,839,928	685,656
Construction	1,401,832	36%	504,660	71,493
Leasing	1,621,589	63%	1,021,601	144,727
Communications & Utilities	718,813	50%	359,407	50,916
Amusements & Other	1,280,028	92%	1,177,626	166,830
Total City Sales Tax	\$21,333,759		\$15,533,754	\$2,200,615
Bed Tax	4,788,239	100%	4,788,239	678,334
Grand Total	\$26,121,998		\$20,321,993	\$2,878,949



* Does not include impacts to other revenue categories, such as recreation fees/rentals, building permits, or plan reviews.

Wastewater Bills

- Have received questions about deferment or adjustment of fees
 - One business has notified us of permanent closure
- Staff can suspend late fees and adjust rates, only council can waive fees
- Impact on future rate increases
 - Deferment
 - Minimal since revenue would eventually be received
 - Could lead to extended delinquencies if customers struggling with increased debt
 - Waiver
 - Would accelerate the need for future rate increases
 - Based on the flat revenue scenarios, the consultants projected rate increases not needed until FY2028*
 - One- or two-month waiver would likely require modest rate increases in FY2027*

*Projected timing of rate increases is based on assumptions in the rate study. Future rate increases would be evaluated on an annual basis as actual results may vary.



Wastewater Monthly Revenues by Category

	Number of Accounts	Approx. Monthly Revenue
Residential Standard	2,036	\$131,000
Residential Low-Flow	2,857	146,200
Residential Low-Income	63	1,900
Multi-Family	30	8,800
Nonresidential	775	189,600
Stand-By Fee	1,035	31,700
Deferred Connection Fee	44	1,400
Environmental Penalty	17	2,100
Total	6,857	\$512,700



Possible Considerations*

- Suspension of late fees for a number of months
- Defer billing for a number of months
- Address each request individually
- Change highly impacted commercial classes to commercial minimum rate
- Change residential accounts to low-income rate with proof of unemployment
- Other ideas?



Comments/ Questions

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