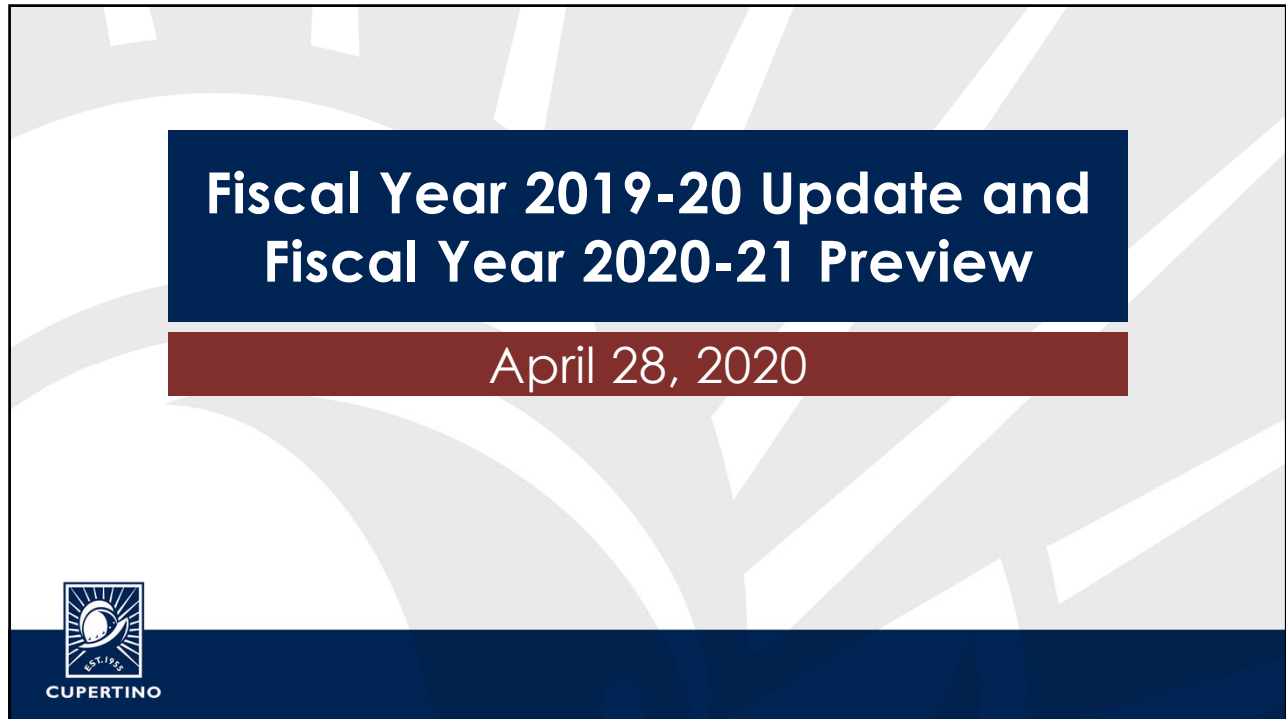


CC 04-28-20


# #1 COVID-19 Fiscal Impacts Update

Presentation



**Fiscal Year 2019-20 Update and  
Fiscal Year 2020-21 Preview**

April 28, 2020



CUPERTINO

1



## Agenda

-  Fiscal Year 2019-20 Update
-  Fiscal Year 2020-21 Preview
-  Budget Cycle
-  Budget Calendar

2



## Fiscal Year 2019-20 Update

3



## Important Considerations FY 2019-20

- COVID-19 Impacts
  - Sharp Revenue Drops
  - Recession and
  - Uncertainty
- General Fund Focus

4

## Important Considerations FY 2019/20

- Estimates, not actuals
- Soft hiring freeze
- Departments asked to reduce costs in special projects
- All Capital Improvement Projects remain funded

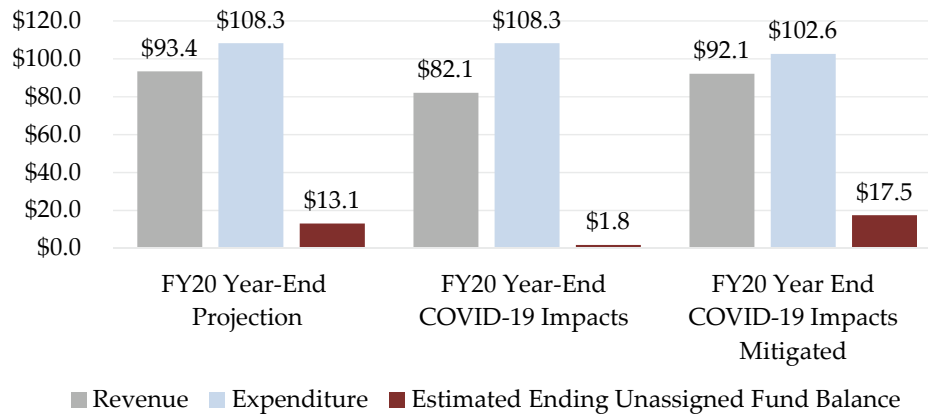
5

## COVID-19 Impact FY 2019-20 General Fund (in millions)

Category	FY19/20 Year-End Projection	FY19/20 COVID-19 Impacts	FY19/20 Year-End COVID-19 Impacts Mitigated
<b>FY19-20 Beginning Unassigned Fund Balance</b>	<b>\$28M</b>		
Revenues	\$93.4M	\$82.1M	\$92.1M
Expenditures	\$108.3M	\$108.3M	\$102.6M
<b>Impact to Fund Balance</b>	<b>-\$14.9M</b>	<b>-\$26.2M</b>	<b>-\$10.5M</b>
<b>FY19-20 Estimated Ending Unassigned Fund Balance</b>	<b>\$13.1M</b>	<b>\$1.8M</b>	<b>\$17.5M</b>

6

## General Fund Forecast - COVID-19 Impacts



7

7

## Changes to General Fund Revenue Estimates

Revenue Category	Description	Amount
FY 19/20 Year End Revenue Estimates Pre-COVID 19		\$93.4
Transient Occupancy Tax (TOT)	COVID 19 related loss in revenue	-\$3.7
Charges for Services		-\$4.0
Miscellaneous Revenue		-\$2.5
Fines and Forfeitures, and Other Financing Sources		-\$1.0
COVID-19 Revenue Impacts Total		-\$11.3
Transfer In	COVID 19 related transfer in from Capital Reserve to offset Revenue Losses	\$10.0
FY19/20 Year End Revenue Estimates COVID-19 Impact Mitigated		\$ 92.1

8

## Changes to General Fund Expenditure Estimates

Expenditure Category	Description	Amount
Salary and Benefits	Based on Historic Budget Savings	- \$1.42
Materials		-\$2.10
Contracts		-\$1.80
Contingencies		-\$1.00
Other Financing Uses		-\$0.60
FY 20 Year-End Expenditure Projection		\$108.3
Special Projects	COVID 19-related expenditure reduction	-\$5.50
Salary and Benefits	COVID 19-related expenditure reduction thru furloughs	-\$0.18
FY20 Year End Expenditure Estimates Post-COVID 19		\$ 102.6

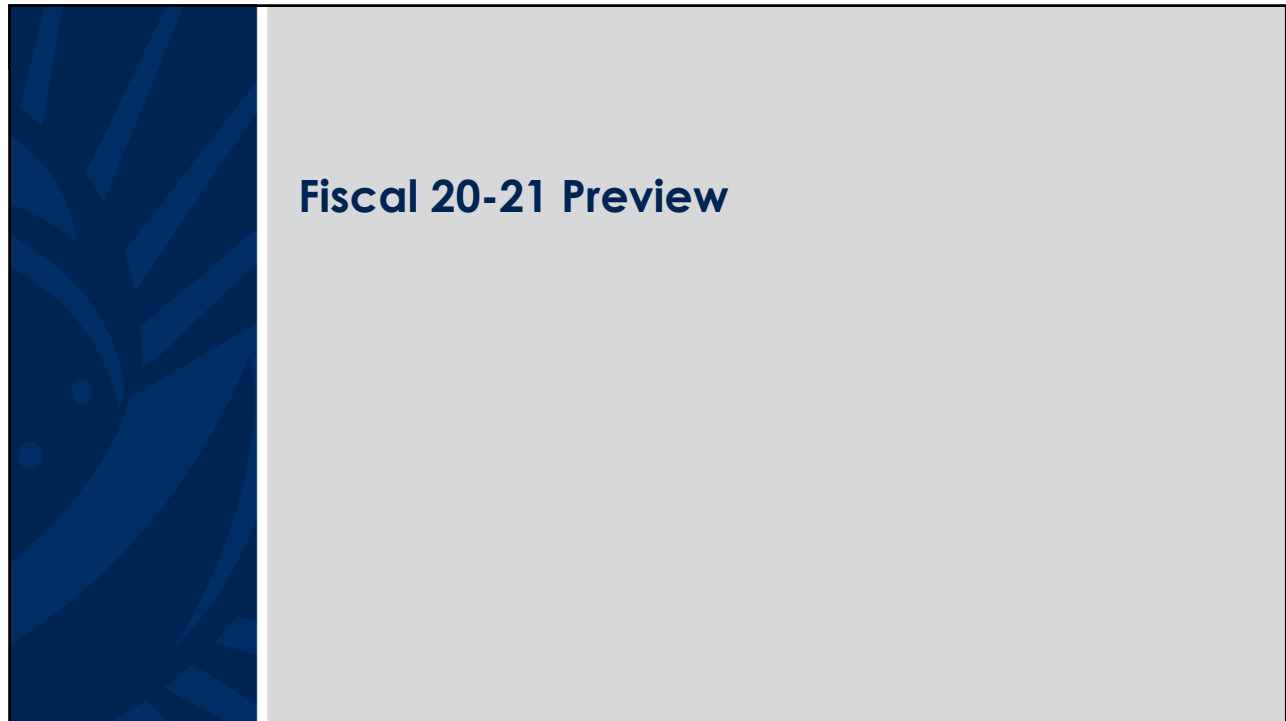
9

## Labor Cost Impacts

Employee Type	3/17-4/10 Actuals			4/11-5/1 Estimate			5/2-5/30 Estimate		5/31-6/30 Estimate		Grand Total Estimate	
	EE	Hours	Costs	EE	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs
Full Time	88	9,166	\$340,978	78	3,412	\$129,389	4,550	\$172,518	5,233	\$198,396	22,361	\$841,281
Part Time	77	3,311	\$67,134	0	0	\$0	0	\$0	0	\$0	3,311	\$67,134
Total Employees	165	12,477	\$408,112	78	3,412	\$129,389	4,550	\$172,518	5,233	\$198,396	25,672	\$908,415

10

10



11



12

## Budget Balancing Strategies- Revenue

Strategy	Description	Potential Impact
<b>Revenues</b>		
<b>Employer-Based business license tax</b>	Part of Council work program to tax businesses based on number of employees, voter approval needed	\$10M
<b>¼ cent Sales Tax</b>	Voter approval required, would bring sales tax from 9% to 9.25% for the City	\$3-4M
<b>Transient Occupancy Tax</b>	Voter Approval required, could bring rate from 12% TO 14%	\$2M

13

## Budget Balancing Strategies- Expenditures

Potential Strategy	Description	Potential Impact
<b>Expenditures</b>		
<b>Section 115 Trust</b>	Smoothing mechanism for years when CalPERS does not meet discount rate projections or assumption changes. Can also be used to offset pension costs in any given year.	Fund is currently at \$12M
<b>Salary and benefit savings through attrition</b>	Keep non-essential positions unfilled as they become vacant.	\$160,000 on average/vacancy
<b>No new positions</b>	Cost containment strategy	\$0
<b>Reduction in capital outlays and special projects</b>	Cost containment strategy	Up to \$1.5 million
<b>Reduction in contingencies by half</b>	Cost containment strategy	Up to \$850,000

14

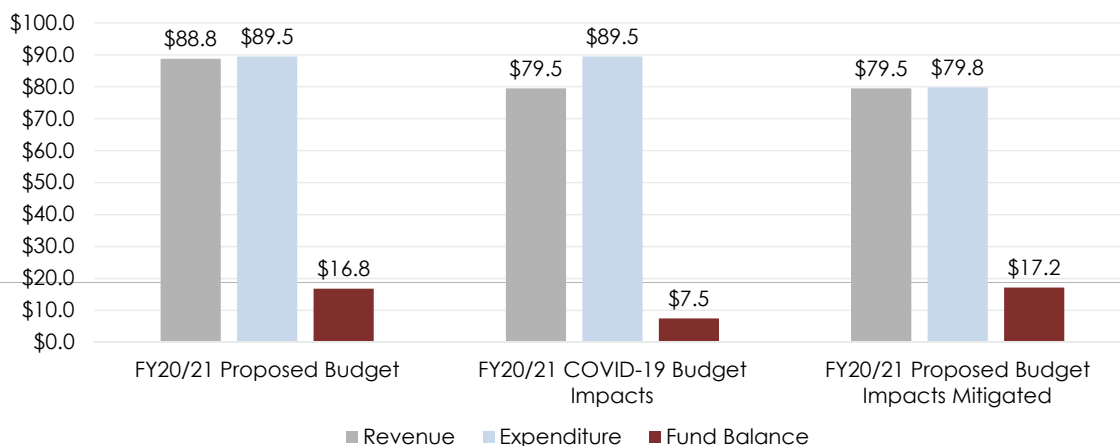


## COVID-19 Impact FY 2020-21 (in millions)

Category	FY20/21 Proposed Budget	FY20/21 COVID-19 Impacts	FY20/21 Proposed COVID-19 Impacts Mitigated
<b>FY20/21 Estimated Beginning Unassigned Fund Balance</b>	<b>\$17.5M</b>		
Revenues	\$88.8M	\$79.5M	\$79.5M
Expenditures	\$89.5M	\$89.5M	\$79.8M
<b>Impact to Fund Balance</b>	<b>-\$0.7M</b>	<b>-\$10.0M</b>	<b>-\$0.3M</b>
<b>FY20-21 Estimated Ending Unassigned Fund Balance</b>	<b>\$16.8M</b>	<b>\$7.5M</b>	<b>\$17.2M</b>

15

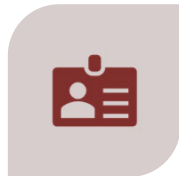
General Fund Proposed Budget – COVID-19 Impacts



16

16

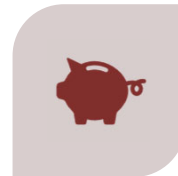
## FY20/21 Balancing Strategy



VACANCY SAVINGS



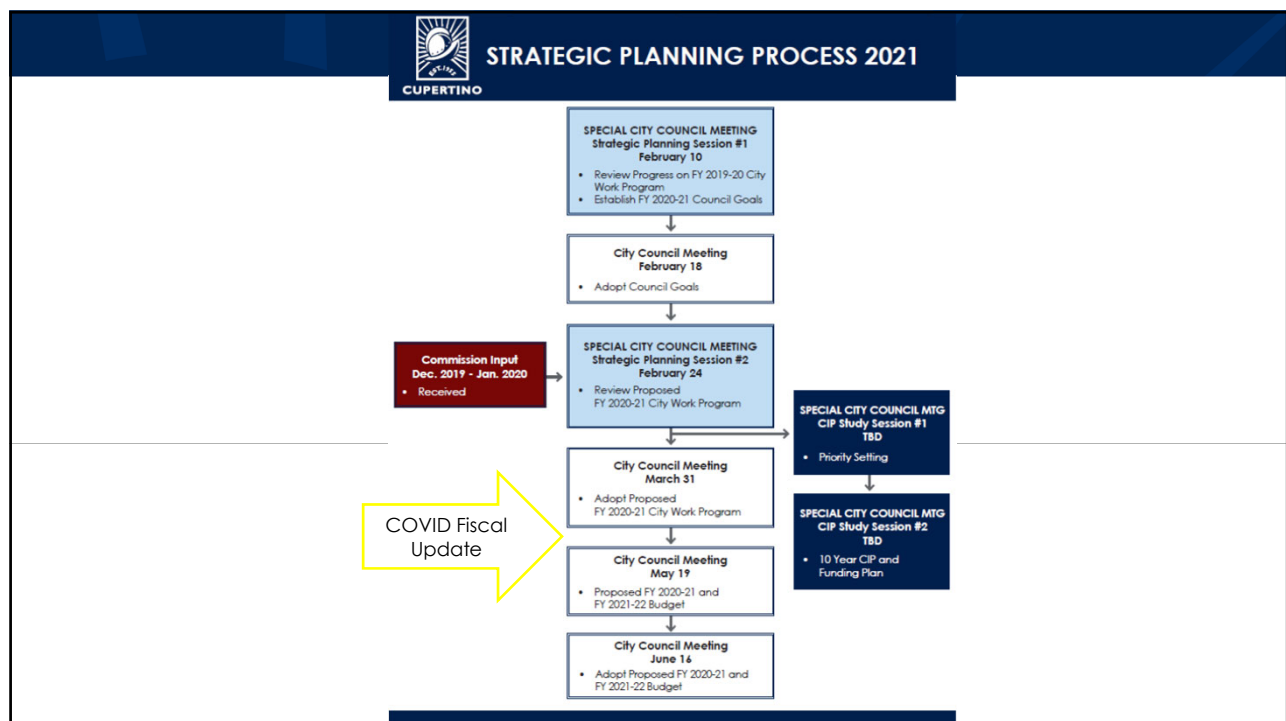
CUTS ACROSS VARIOUS  
EXPENDITURE  
CATEGORIES



EARMARKED RESERVES  
UNTOUCHED

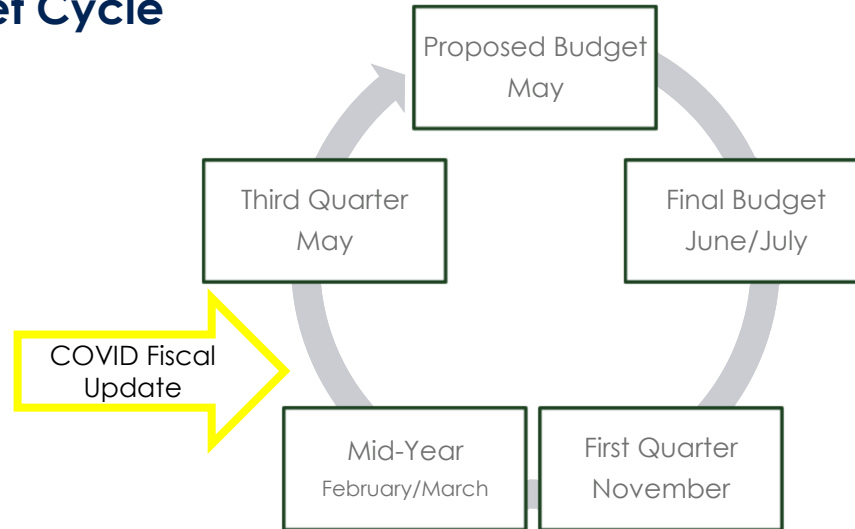
17

17



18

## Budget Cycle

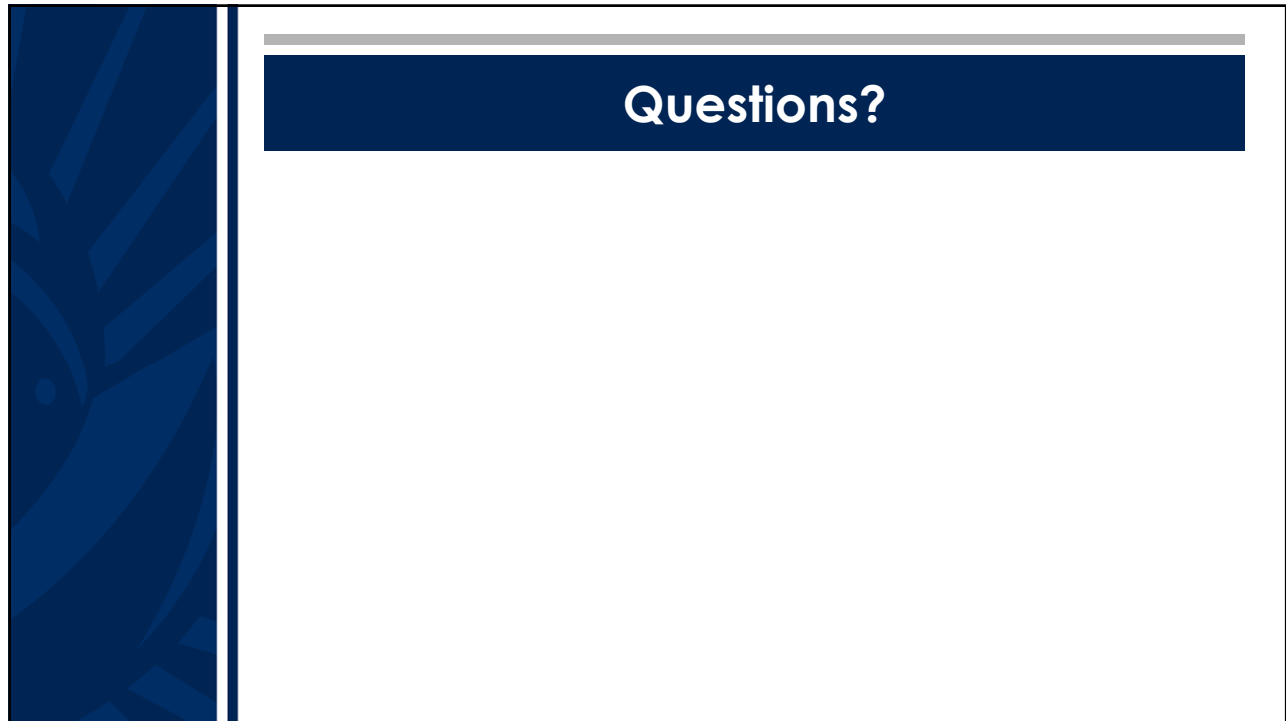


19

## Next Steps

- FY 2019-20
  - Third Quarter Report to Council May 19, 2020
- FY 20-21
  - Proposed Budget Printed May 1, 2020
  - Proposed Budget Hearing May 19, 2020
  - CIP Prioritization June 2, 2020
  - Final Budget Hearing June 16, 2020

20



CC 04-28-20

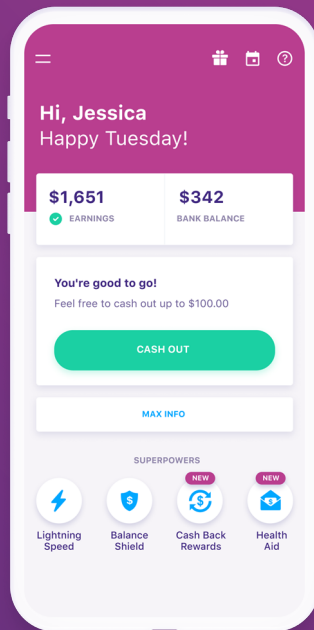
# #2 Emergency Assistance Funds for Tenants

Presentations

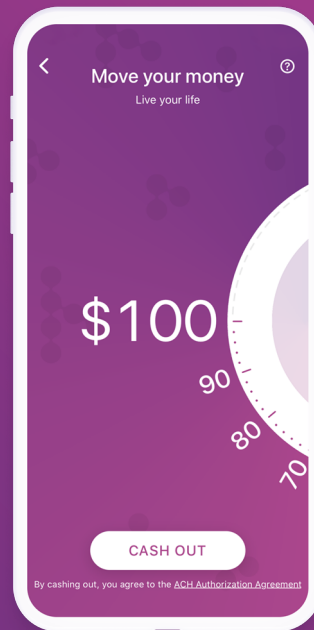


# Making Money Work for People

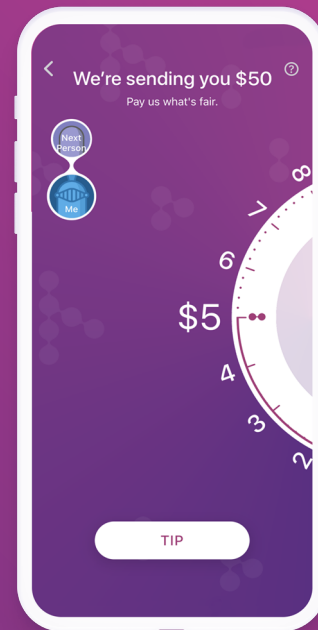
# EARNIN: ACCESS YOUR PAY IN SECONDS



Home



Cash Out



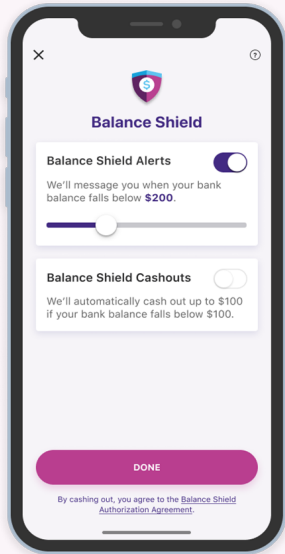
Tip

We understand that life happens.

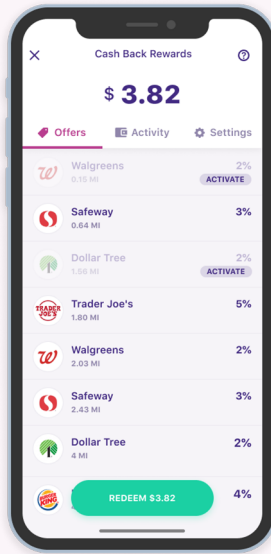
Our earned income access product is *non -  
recourse* which means that if a community  
member can't pay us back, there are no fines,  
fees, interest payments, debt collection, or  
reports to credit agencies.



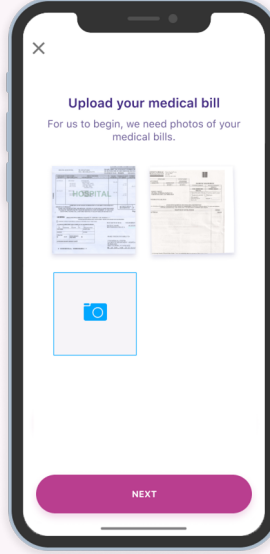
# Product suite



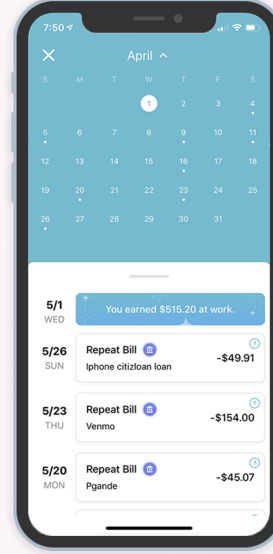
**Balance Shield**  
Help avoid overdraft fees.



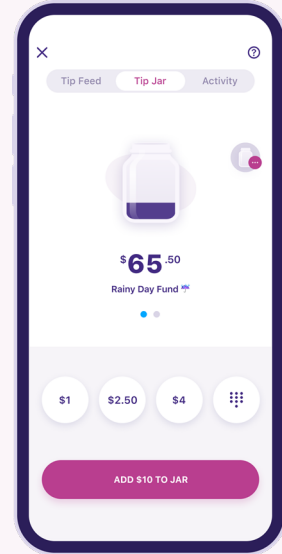
**Rewards**  
Get more out of your money.



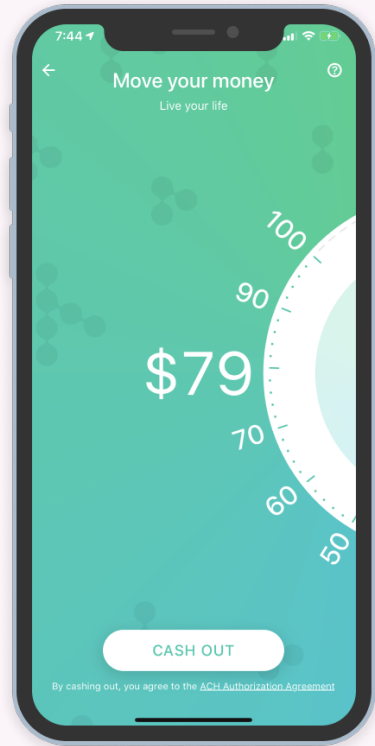
**HealthAid**  
Get savings on medical bills.



**Financial Calendar**  
Plan your bill payments.



**Tip Yourself**  
Save towards specific goals.



Earnin is an online financial platform that empowers workers by giving them the tools to take control of their finances.

No mandatory fees.

No hidden costs.

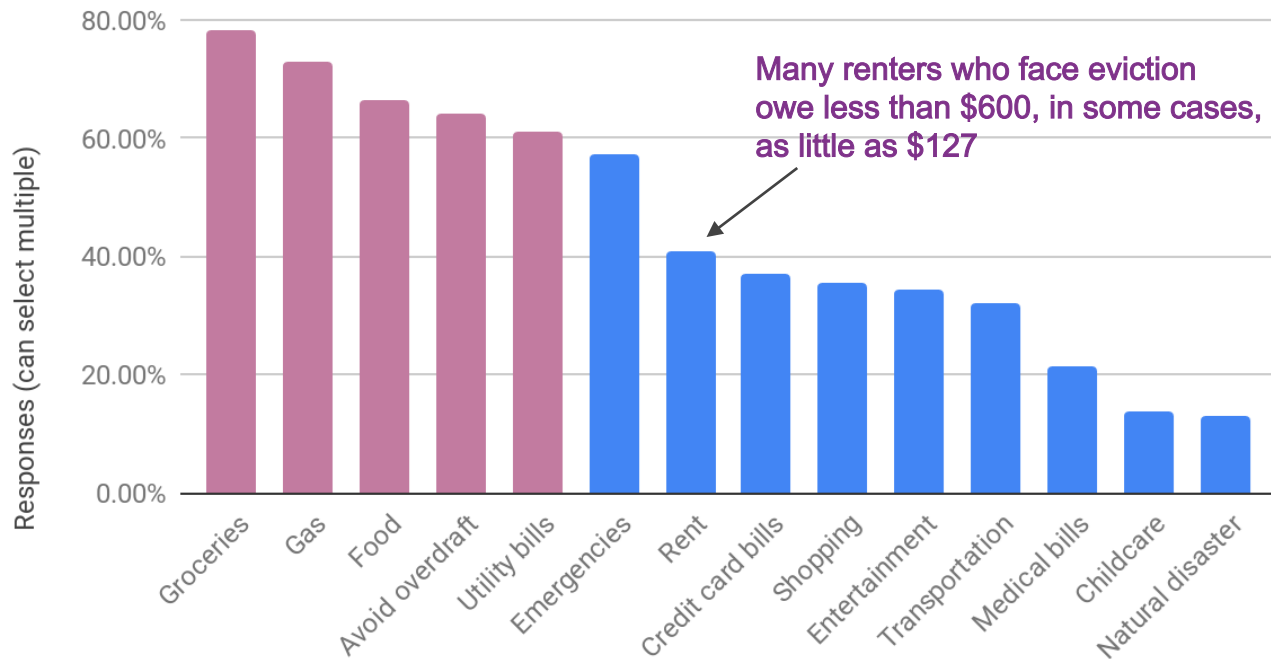
No penalties.

Tip what you want.

# Our Impact

# Top 5 reasons members use Earnin

What do you use Earnin for?



Source: Survey was conducted from December 4, 2019  
retrieval

<https://www.nytimes.com/2019/12/12/upshot/eviction>

- December 10, 2019 and had 913 respondents at time of data

[-prevention](#) [-solutions](#) [-government.html](#)

# Earnin members' wages grow faster than the national benchmark



Source: National Benchmark: <https://www.bls.gov/bls/news>

-release/wkyeng.htm # 20 19

## **We've found that:**

If Earnin members made the same purchases without Earnin, they would incur at least **\$100 million** in additional overdraft fees in a month.

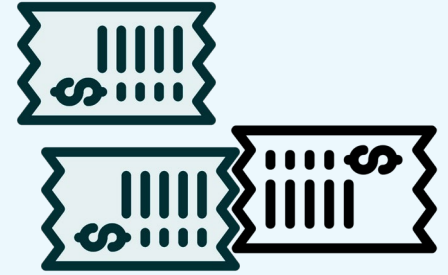
# Health Aid Impact



Average of \$120 saved  
per month on bills

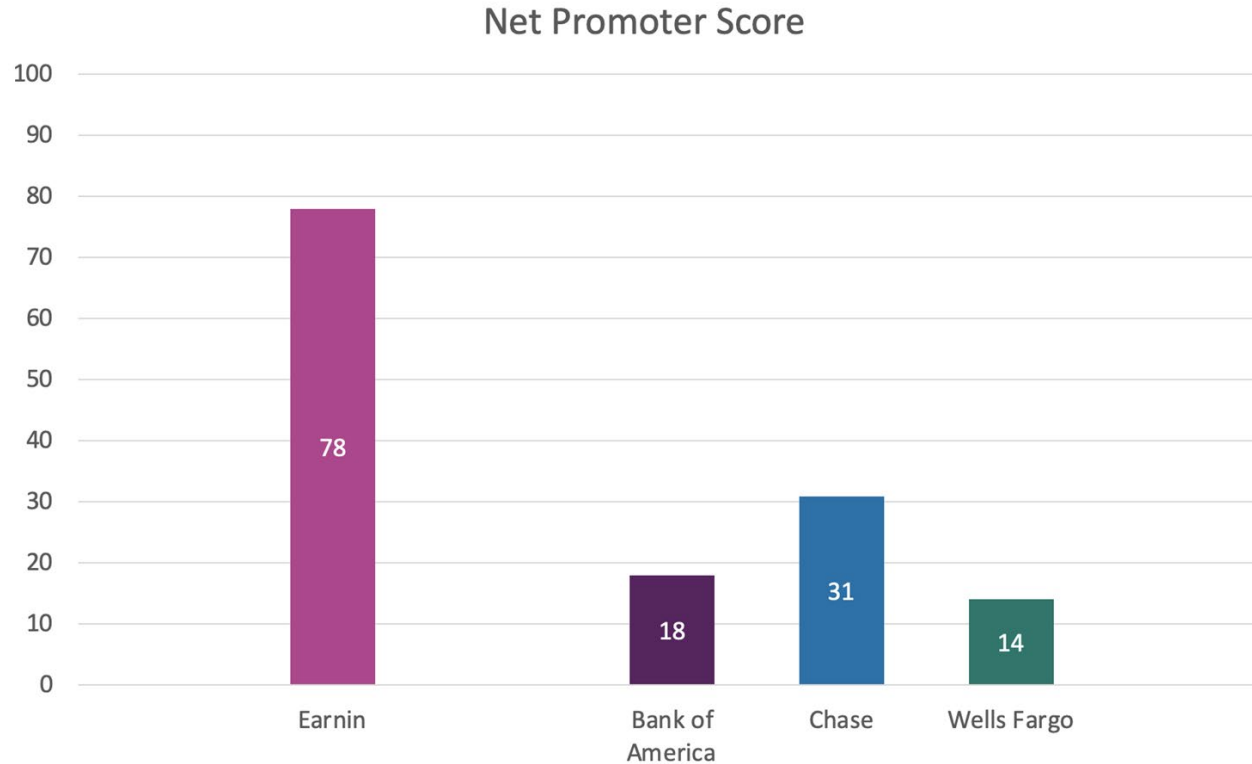


Average of \$35  
saved per month  
on monthly  
plans



There's no limit on  
the number of bills  
that can be  
submitted. A  
member submits  
two bills on  
average.

# Net Promoter Score against traditional banks



Sources: [http://www.temkingroup.com/wp-content/uploads/2017/09/1710\\_NPSBenchmarkStudy\\_FINAL.pdf](http://www.temkingroup.com/wp-content/uploads/2017/09/1710_NPSBenchmarkStudy_FINAL.pdf)  
<https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-small-debit-purchases-lead-to-expensive-overdraft-charges/>  
Earnin internal survey January 2019

-content/uploads/2017/09/1710\_NPSBenchmarkStudy\_FINAL.pdf  
-us/newsroom/cfpb -finds -small -debit -purchases -lead -to -expensive -overdraft -charges/



# Questions?

For more info, please visit  
[www.earnin.com](http://www.earnin.com)



**City of Cupertino  
Rental Assistance  
Loan Program Proposal**

**April 17, 2020**

---

# Rental Assistance Loan Program Outline



- Meriwest Credit Union (MCU) shall offer, make, and service low-interest loans to income qualified Cupertino residents
- Loan Purpose is to provide low interest loans for up to two months of monthly rental assistance payments to achieve housing stability during the COVID-19 crisis.
- City of Cupertino shall place \$100K into a MCU share account as collateral for the loans for up to 24 months.
- Loans will be fully secured by City of Cupertino share account in the event of borrower default during the repayment period.

# Proposed Borrower Loan Terms



- Max Loan Amount of \$3,000 or two months borrower paid rental housing payment, whichever is less
- Loan Annual Percentage Rate is 1%.
- Max Loan Term is up to 24 months
- First payment Due Date deferred up to six months, loan payments amortized over remaining 18 months
- Loan payment history shall be included in borrower credit reporting files



# Proposed Borrower

## Underwriting Guidelines *(subject to City approval)*

- Residents earning less than 100% of Area Median Income based on household size
- Proof of Income, Residency in City of Cupertino, and Rental Agreement required.
- Maximum Debt to Income Ratio of 60% based on housing payment and liabilities from credit report.
- Minimum credit score of 620 FICO score for primary borrower
- Borrower(s) will be required to open a \$5 membership.
- Borrower(s) signed certification of income and housing size will be required.

# Proposed Servicing and Reporting



- A one time \$50 life of loan servicing fee for each loan funded- will be invoiced separately to the City each month.
- Borrowers will receive monthly statements with payment due dates, amounts, and outstanding balances.
- MCU to provide normal servicing procedures including courtesy calls for past due loans, payment processing, credit reporting, and bankruptcy processing as needed.
- MCU shall report monthly to City each loan made, outstanding balance, due dates, chargeoffs, offsets and recoveries.
- MCU shall chargeoff bad debt after 60 days and offset City share account. MCU shall remit any payments to chargeoff debt back to City