



A Tradition of Stewardship  
A Commitment to Service

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**Minh C. Tran**  
County Executive Officer

## MEMORANDUM

**TO:** Board of Supervisors

**FROM:** Minh C. Tran, County Executive Officer  
Helene Franchi, Deputy County Executive Officer

**DATE:** January 26, 2021

**RE:** **Update Economic Impact Analysis Resulting from COVID-19, the Hennessey Fire, and the Glass Fire.**

On March 26, 2020 staff presented the Board with preliminary impacts of the COVID-19 crisis on the General Fund revenue for the remainder of FY 2019/20 and FY 2020/21. The Hennessey fire, which started on August 17, 2020 and the Glass Fire, which started on September 27, 2020, damaged several properties that generate sales tax and transient occupancy tax, as well as an immediate reduction in tourism due to poor air quality, and evacuations. Longer-term impacts on tourism are also possible. In this presentation, staff will provide the Board with an update for the FY 2020/2021 revenues as a result of COVID-19, as well as preliminary projected losses related to the fires.

Historically, the State has backfilled Counties for lost property tax revenue due to natural disaster for the fiscal year of the loss and the next fiscal year. Staff will work with the State to include this in the Governor's January budget, but it is unknown, given the state's fiscal situation, if this will be appropriated.

### **Current Update**

#### By-the-numbers

The unemployment numbers for December reflect impacts due to COVID-19 pandemic and both the Hennessey and Glass Fires. Nationally, the unemployment rate and number of unemployed persons were unchanged. Although both measures are much lower than their April highs, they are nearly twice their pre-pandemic levels in February.

	<b>United States</b>	<b>California</b>	<b>Napa County</b>
April	14.7%	16.4%	16.1%
May	13.3%	16.3%	14.4%
June	11.1%	14.9%	12.5%
July	10.2%	13.3%	10.4%
August	8.4%	11.4%	8.3%
September	7.9%	11.0%	7.6%
October	6.9%	9.0%	6.6%
November	6.7%	8.2%	6.0%
December	6.7%		

FY 2020/21

Attachment A shows the revenue estimates for select General Fund revenues through the end of FY 2020/21. The projections have been updated, based on the actual revenues received through January 21, 2021, but reduced to reflect the increasing number of COVID-19 cases, and the continuation of additional restrictions. Note that these are projections, and are not being included in the budget, and are therefore not being assumed to cover any increased expenditures. These represent a few of the revenue sources within the General Fund only.

Sales tax projections for FY 2020/21 remain the same as the previous updates, with an estimated year-end total of approximately \$10.6 million. With 4 months collected, actual receipts are \$3.6 million.

Transient occupancy tax revenue for the 1<sup>st</sup> quarter totaled \$2.2 million, which remains the same previous projections. Today’s update continues that overall reduction however, actuals were slightly more than anticipated in December. This, combined with the fire-related losses result in staff projecting \$4.5 million at year end, \$635,000 less than the adopted budget.

Based on three months of collections for Proposition 172, we estimate actuals to exceed budget by roughly \$1 Million by year-end. As this is based on statewide sales tax collections, this may vary as COVID-19 cases surge throughout the State.

Attachment B summarizes the preliminary estimates of the impacts of fire-related losses on Secured Property Tax for this fiscal year. The original projected assessed value loss estimated at the time of the last report was much higher than actually realized.

Fiscal Contingency Strategy

Attachment C provides an update on the implementation of the Fiscal Contingency Strategy, from the Strategic Financial Plan. The hiring freeze continues.