



For Immediate Release:

June 11, 2020

**Impacts of COVID-19 on City Finances;
Next Steps for Fiscal Stability**

Union City, CA – It has been widely publicized in national and local media about both the immediate and anticipated impacts of COVID-19 on city budgets. While it has been the City’s top priority to keep the public safe during this health pandemic, the shelter-in-place order has caused a significant loss of revenues to the City’s General Fund. With significant declines in sales tax, business license tax, transit-occupancy tax and parking revenue, the City is anticipating a \$4 million impact to the Fiscal Year 2020/2021 budget.

Union City’s General Fund is like a savings account that helps the City to manage the flow of revenues and expenses. Essential city services, such as police, fire, park and street maintenance and community recreation, are provided by the General Fund. When revenues decline, it impacts the City’s ability to provide these essential services. In addition, the COVID-19 pandemic has increased costs associated with janitorial services and in other areas that require the City to further prevent the spread of the virus.

As a short-term stabilizing measure, the City decided to discontinue its annual subsidy of \$310,000 to the Alameda County Library located adjacent to City Hall. The library has been closed since the beginning of the pandemic, but the subsidy previously helped to keep the library open an additional 20 hours a week. In addition, the City Council will consider permanent reductions to recreation services, which also stem from recreation center closures and cancellations due to the COVID-19 pandemic.

The City is currently performing a comprehensive fiscal analysis to understand how COVID-19 will impact the City’s seven-year financial outlook. A City Council budget workshop will take place in early August to discuss the seven-year outlook and further explore stabilizing measures.

The budget workshop will be followed up with a strategic plan retreat on August 13, 2020 to reassess city priorities, talk about new norms for the city and re-envision the future of city services.

Please see the attached City Finance Newsletter to read the City Manager’s Budget Message and learn more about the City’s financial condition.

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