



CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE

April 30, 2020

Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814  
VIA E-mail: [ExternalAffairs@gov.ca.gov](mailto:ExternalAffairs@gov.ca.gov)

Dear Governor Newsom:

The City of Folsom thanks you for your leadership and efforts to protect and support Californians during this unprecedented public health crisis. Cities remain on the frontline helping residents stay safe, delivering emergency services, and supporting local businesses and community organizations. However, as emergency costs continue to grow, city revenues to fund essential local services are plummeting. COVID-19 is having devastating impacts on city budgets and services statewide.

Based on the League of California Cities analysis, California cities are projecting a nearly **\$7 billion general revenue shortfall** over the next two fiscal years. This shortfall will grow by billions of dollars if stay-at-home orders to protect public health extend into the summer months and beyond.

The City's executive management team is still working through the draft of the Preliminary FY2020-21 Budget to be presented to the City Council at their May 12<sup>th</sup> meeting. The final version presented to the Council for their consideration will look quite different from the version that was drafted before the COVID-19 public health emergency erupted, unfortunately. As we recently shared with the Sacramento County Public Health Officer, small to mid-size cities like ours are in a dire position economically in this crisis. Unlike larger cities and counties, we have no source of direct financial aid or relief at this point in time. We depend on City programming revenue (we have completely shut down non-essential City programming), property tax revenue,

and sales tax revenue (which has been significantly impacted) in order to keep our city running. We need to get our economic engine revving so that we can continue to provide essential services.

We are limping along financially to finish out this fiscal year and get through the next one. For the current fiscal year, we are projecting a \$5 million hit on the General Fund due to the COVID-19 crisis. When we started the FY2020-21 Budget development process a few months ago, we were projecting total General Fund revenues to be about \$93.5 million; we are now projecting revenue to come in around \$85.3 million if the economy stabilizes. This is a revenue shortfall of about \$8.2 million on top of the \$5 million we will be losing in the current fiscal year. Very unfortunately, over 100 on-call and temporary staff are no longer on the job as so many facilities and programs are shut down due to the COVID-19 legal orders.

The City of Folsom projects that these shortfalls will impact our core City services, including fire service, public safety, planning and housing, and parks and recreation, if we do not secure significant, reliable financial relief.

Since the beginning of the COVID-19 crisis, the City of Folsom has stepped up to protect and serve our community, including increasing sanitation and disinfection measures, patrolling our parks and trails for social-distancing compliance, providing extensive communications outreach to our residents, purchasing sanitization equipment for our public safety and emergency management vehicles, and purchasing PPE for public safety and cloth face coverings for non-public safety essential workers. We also closed all non-essential city facilities, which has resulted in millions of dollars in lost programming revenues for the city. The necessary measures our city has taken are costly. In order to continue to be a full partner with the state in saving lives, protecting our communities, and ultimately recovering from this crisis, **we need your help.**

The City of Folsom is calling on you to immediately support the following actions:

- Folsom has not had a new case of COVID-19 since April 17<sup>th</sup> outside of a very small cluster at a senior assisted living/memory care center. Sacramento County's numbers as a whole are improving dramatically by the day. ***Please allow individual counties to control their own destinies*** in terms of re-opening non-essential businesses within thoughtful, deliberative, and safe guidelines. Our business community is in a stranglehold and our economy is suffering hugely; please allow our nonessential businesses to get back to work again (within reasonable parameters, of course);
- ***Establish at least a \$7 billion city revenue stabilization fund*** for direct aid to all cities to address the general revenue shortfall over the next two fiscal years;
- ***Allocate a share of the State's \$8.4 billion CARES Act funding for cities with populations under 500,000*** to support COVID-19 expenses; and
- ***Create a COVID-19 financing vehicle that all cities can access*** to support immediate cash flow needs.

The City of Folsom appreciates your consideration of our requests and looks forward to further discussing in the coming days how together we can continue to best protect Californians and reopen our economy. Thank you again for your leadership and partnership during these uncertain times.

Sincerely,



Sarah Aquino  
Mayor  
City of Folsom



Elaine Andersen  
City Manager  
City of Folsom

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