



CITY COUNCIL AGENDA REPORT

City of Anaheim CITY MANAGER'S OFFICE

DATE: MARCH 26, 2020
FROM: OFFICE OF THE CITY MANAGER
SUBJECT: CONSIDERATION AND ADOPTION OF THE "ANAHEIM ECONOMIC RECOVERY PLAN" AS PROPOSED BY THE MAYOR, DIRECT AND AUTHORIZE THE CITY MANAGER TO IMPLEMENT THE PLAN TO BE FUNDED BY UP TO \$15,000,000 FROM CITY RESERVES

ATTACHMENT (Y/N): NO **ITEM #01**

REQUESTED ACTION:

That the City Council, by Motion, adopt the Anaheim Economic Recovery Plan ("Plan"), proposed by Mayor Harry Sidhu, to help Anaheim recover from the economic harm caused by the coronavirus pandemic, also known as COVID-19, and associated governmental orders necessary to protect public health, and direct and authorize the City Manager to utilize up to \$15,000,000 from city reserves to implement the Plan, consistent with Council direction.

DISCUSSION:

At the March 24, 2020 City Council meeting, Mayor Sidhu announced that he consulted with an economic recovery task force comprised of Mayor Pro Tem Steve Faessel, Council Member Trevor O'Neil, and community stakeholders, to prepare for Anaheim's recovery from the economic harm caused by COVID-19. The Mayor called for a special City Council meeting on Thursday, March 26, 2020, for Council consideration and adoption of the Plan.

On March 4, 2020, the Governor declared a State of Emergency in California due to the threat of COVID-19. On March 17, 2020, the Orange County Public Health Officer declared a public health emergency in Orange County due to COVID-19, which was updated on March 18, 2020. Due to directives from federal, state, and local health officials, residents have been advised to avoid public gatherings and stay at home to prevent the spread of this virus.

The City of Anaheim has been impacted by the crisis as sporting events, concerts, plays, conventions, and conferences have been canceled. As a result, restaurant and retail business has significantly declined and workers have been impacted by lost work, lost wages, and layoffs. At this point, it is not known when the federal, state, and local health directives will end, creating further economic uncertainty.

As an economy with a strong tourism sector, Anaheim has been particularly hard hit. Our major tourist destinations, the Anaheim Convention Center, and major sports, entertainment, and event venues are all closed. In addition, businesses throughout the city are closed to comply with public health orders and others are seeing significant reduction in business, including restaurants and other public gathering places.

The implications of this economic impact are significant. Likely tens of thousands of residents have lost jobs, been placed on furlough, or had hours reduced. Impacted residents have cut back on expenditures, struggled to pay for housing, and otherwise are generating less economic activity, furthering the harm. At the municipal level, more than half of the City's general fund spending on services is generated from tax revenue from tourism and travel, almost all from The Anaheim Resort.

While public health is the City's primary concern, the Mayor believes that the City and its residents are best served by Anaheim emerging faster and stronger from the economic slowdown than other markets. He also cited the need for tax revenue generation to the City from our tourism and other business sectors as critical to our long-term ability to continue to provide vital services to our residents.

Therefore, the Mayor recommends a recovery plan for the Council's consideration. The policies recommended by the Mayor include proposals designed to help our residents and communities most in need at this time, encourage businesses to retain employees, rehire employees, restart investment in the City, promote tourism, and ensure the City can address its workforce needs so that they can provide essential ongoing services, serve community needs, and assist in economic recovery. The requested action includes appropriating up to \$15,000,000 from City reserves, under the direction of the City Manager, to implement these programs.

The policies recommended fall into two primary categories – assistance to our residents and communities, at \$8,000,000 of the \$15,000,000, and jobs and economic development.

The recommended Plan includes:

- Provide a \$2,000,000 grant to the Anaheim Community Foundation for providing direct assistance to residents and community nonprofits who are helping Anaheim residents in this time of need, and to further assist with long-term recovery, with the spending plan to be in consultation with the City Manager.
- Provide up to \$6,000,000 to be made available to the City Manager to support programs for our homeless population, housing assistance programs, and city workforce continuity.
- Direct the City Manager to defer penalties, fines, and enforcement actions against businesses that collect and pay TOT to the City, for any failure to pay, for a period of 90 days.

- Given the overwhelming importance of the tourism sector to Anaheim, including employment, driving customers to businesses through the city, and tax revenue generation for services to our residents and neighborhoods, the Mayor recommends our City support the relaunch of tourism marketing so that Anaheim is among the first destinations to emerge from the economic slowdown in the interest of all of Anaheim. The Mayor therefore recommends that Council direct and authorize the City Manager to negotiate terms and performance metrics, and grant up to \$6,500,000 to Visit Anaheim, our Destination Marketing Organization, with three equal payments in April, May, and June.
- Authorize the City Manager to implement a variety of programs, policies, and practices designed to incentivize development and business activity in the City, including such things as:
 - a. Extending time frames as necessary to facilitate development;
 - b. Deferring, reducing, or waiving fees;
 - c. Implementing electronic plan check at the earliest possible time;
 - d. Expediting the plan check and review process to the maximum extent possible;
 - e. In general, considering regulatory relief measures from processes and standards contained in the Anaheim Municipal Code, including Title 18 (Zoning Code), as deemed necessary to facilitate ongoing business activities and development activities.
- Authorize the City Manager to work with the business community and the City's Economic Development team to spend up to \$500,000 on a Buy/Shop/Dine/Hire/Purchase Local program to increase the share of spending by residents and businesses to our local businesses and workers.

IMPACT ON BUDGET:

It is anticipated that city general fund reserves will be utilized to fund the programs specified in the Plan.

Respectfully submitted,

Chris Zapata
City Manager