

The Miller Report

Mendocino Coast COVID-19 Update for the Week of June 29, 2020

by

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From William Miller, MD, our hospital's Chief of Staff:

As Cases Rise Elsewhere in US, Where Do We Stand?

As we follow the news from the rest of the US, it is notable that California is one of four states with the highest new daily cases, the others being Arizona, Texas and Florida. A valid question is, "Do these actually represent a spread of the virus or just reflect an increase in testing?" Also, how do you compare a state like Texas with 29 million to Arizona with 7.3 million. Obviously, a larger state will be expected to have more total cases per day.

There are two ways to address this. The first, and perhaps most important, is to look at the rate of hospitalizations for COVID. After all, that is what we are most concerned about, the number of people who are actually getting sick, not just the number of people testing positive. The number of US hospitalizations for COVID had been steadily declining since it peaked in March, now with a notable upswing in the past two weeks. Unfortunately, in Arizona, Texas and Florida, the hospitalization rates are climbing significantly. Projections for Arizona are that it may be as bad as New York in March in just another couple of weeks from now. This suggests that the increase of cases in those states *does* represent a rise in actual infections as well as the rate of spread and not just expansion of testing.

In California, the overall hospitalization rate has been slowly trending down according to the CDC's COVID-Net website. This, despite a significant increase in southern California counties. In Mendocino County, we still have only a rare patient admitted to the hospital for COVID and none thus far in Fort Bragg. This argues that we continue to have an extremely low prevalence out here on the Coast and that this is not dramatically changing, at least for the time being.

The second way to look at the increase in cases is to adjust for the number of tests being done. When we do this, we get the percentage of positive tests out of all the tests. This should not change based simply on the number of tests done. In other words, if 5% of a population is infected, the number of random tests that are positive should be about 5% regardless of how many tests you perform, provided you have an adequate sample size. If the positivity rate is increasing over time, then the change represents an increase in the rate of infection; that is to say that the epidemic is accelerating, and not a change in the availability of testing. By this method, we can compare the positivity rate for these same four states.

The positive rate in Arizona has doubled from 12% to 24% in the past six weeks, while Florida has tripled from about 5% a month and a half ago, to now 15%. Texas also doubled from about 6% to now 14% in that same length of time. This supports that the increases in Arizona, Texas and Florida represent actual acceleration in the spread of the virus and not simply an increase in testing. However, in California, the positive rate has held steady at about 6% for the past six weeks.

Interpreting the data for California is less easy because the state has such a large population that is clumped into several different discrete regions. The largest clump is in LA, with one-third of our 39.5 million Californians living in the Greater Los Angeles Metropolitan Area. If we look at recent positivity rates for counties in that area we find Los Angeles County at 10.2%, San Bernardino County at 9.8%, and Ventura County with 5.4%. This compares to Mendocino County with only 0.8% of tests being positive. Six weeks ago, LA County had an impressive 34% positive rate, San Bernardino was at 10.4% and Ventura about the same at 4.0%. These numbers seem to argue that the increasing numbers of cases do not represent an escalation in the transmission of the disease. In Mendocino County, our positivity rate has not changed over the past six weeks and remains at 0.8%.

To be sure, in Southern California new daily cases means the disease is spreading and that new daily cases most likely does represent new people getting infected. However, I would argue that with the positivity rate decreasing or staying the same, there is not an exponential increase as being seen in those other states.

Meanwhile, up here in Mendocino, we remain fortunate in having both a low prevalence as well as a low rate of spread. I suggest we strive to keep it that way with continuing a strict policy of face mask wearing, social distancing and hand washing.

From Tabatha Miller, our Fort Bragg City Manager:

City Budget Update

Monday night, the City Council approved the \$24.1 million Fiscal Year 2020-21 Budget. If you watched the meeting you will know that this is considered a “work-in-progress” or “place holder” and not a final product. In normal times, City staff spends much of March and April developing and revising the next year’s budget. The budget and the document that memorializes it, serves as the plan for implementing the services, goals and City Council objectives. It outlines the revenues and expenditures necessary to deliver services to the community. This year, we spent March and April responding to COVID, which included implementing \$1.4 million in immediate budget reductions. In May, we started to develop the FY 2020-21 Budget. Many of the financial trends, indicators and models we normally use to develop the budget simply were not available or not relevant to our COVID-19 circumstances. This year, we realized that we must be flexible, nimble and adjust as we go.

Also on Monday, Governor Newsom approved the State of California’s \$202.1 billion spending plan. The State Budget closed its projected \$54 billion shortfall by relying on the potential of federal assistance, deferrals and a significant use of budget reserves. If California does not receive at least \$14 billion in additional federal assistance by September 1, 2020, a series of additional cuts, deferrals and use of reserves are triggered. Most of those cuts impact education and state employee pension and compensation. Governor Newsom along with other state governments are seeking \$1 trillion in federal coronavirus aid for state and local governments.

This is the state government's approach to adjusting as it goes.

One good piece of news for cities in the state's budget is a set aside of \$500 million for cities that did not receive a direct allocation from the federal CARES Act. Of the \$500 million, \$275 million will be allocated to cities with a population less than 300,000 and no city will receive less than \$50,000. Based on estimates, we anticipate that Fort Bragg will receive approximately \$90k. This allocation, along with any additional federal assistance, will help fill the estimated \$350k deficit in the budget adopted last night and reduce the possibility of using additional reserves. This illustrates the primary challenge in developing this year's budget – the unknown. I didn't include that \$90k allocation or the possibility of additional federal funding in the City's proposed budget. I couldn't count on the \$90k until the state adopted its budget, and the federal assistance is still an uncertainty.

As I have mentioned a number of times, almost half of the City's General Fund revenue comes from Transient Occupancy Tax (TOT) and sales tax. Relying on historical collections wasn't an option as nothing in our recent history is like the pandemic and economic shutdown from the Shelter-in-Place (SIP) Orders. Making it harder to estimate impacts, the City allowed hotels and lodges in Fort Bragg to delay paying their February, March, April and May TOT until July 1, 2020, as a small gesture to help them weather the impact of the SIP Orders. Again the unknown. The state provided a reprieve for reporting and remitting sales tax until July 15, 2020. So we face the same challenges in predicting sales tax this year and next.

We are currently in a recession and the next fiscal year's revenues will be impacted by how long it lasts and how deep it goes. There are a number of models discussed by economists. There is the optimistic V, a quick deep drop followed quickly by a strong recovery. The swoosh, like the Nike logo, where recovery is gradual. The W, which accounts for a second wave and predicts a double drop and recovery. The U, with a prolonged bottom and the L with no recovery. I am hoping for the V, worried about a W but tend to believe it will be the Nike swoosh. What I do know is that we need to be flexible.