



CITY OF WASHINGTON, ILLINOIS

City Council Agenda Communication

Meeting Date: May 04, 2020

Prepared By: Ray Forsythe, City Administrator; Jon Oliphant, Planning & Development Director; and Joanie Baxter, Finance Director; with input from Public Works Director Kevin Schone, City Engineer Dennis Carr, Police Chief Mike McCoy, Deputy Jeff Stevens, Utilities Superintendent Brian Rittenhouse and City Clerk Pat Brown

Agenda Item: COVID-19 Response

Explanation: The COVID-19 Pandemic is impacting the entire world and has caused challenges to virtually every human being. The City of Washington, while having survived a major natural disaster, is familiar with challenging times. Fortunately for the City Administrator, most of the existing staff was in place on November 17, 2013 when the EF-4 Tornado devastated a significant portion of Washington. Mayor Manier has again been providing input and advice, talking to and texting residents and business owners, legislators and other leaders in the area. While we are all inundated with information on the Pandemic, there has been no guidance or guidelines published that we can just use as a cookie-cutter plan. Instead, the City Administrator and the Department Directors and Managers have developed the COVID-19 Response on our own. We have evaluated the budget, historical sales tax and other revenue sources and reviewed what other communities have put in place to address their own situation.

We look at this Response Plan as Draft 1. We don't know how long the Stay-in-Place Order will be in effect. As a result, the actual response from residents, business owners and visitors once the Order is lifted is largely unknown. Just as important, any relief we may receive from the State and Federal Governments has not been determined. We will continue to monitor revenue as we receive it from the State, seek grants and reimbursements as they become available and seek guidance from the Committees and the Committee of the Whole. We would anticipate a revised Response on a monthly basis.

The Governor's Order still allows Essential Governmental Functions to operate, including municipal governments. Per the order, "Essential Governmental Functions" means all services provided by the state or any municipal, township, county, subdivision or agency of government and needed to ensure the continuing operation of the government agencies or to provide for and support the health, safety and welfare of the public, and including contractors performing Essential Governmental Functions. **Each governmental body shall determine its Essential Governmental Functions and identify employees and/or contractors necessary to the performance of those functions.**

The City Administrator has continued to operate with this in mind and all permanent employees have continued to work. All employees are working their required hours and we are doing our best to provide services with the Executive Order in mind to ensure the safety of all employees. The document outlines steps that have been taken for employee safety, budget implications through revised revenue projections and over \$1,000,000 in potential reductions to the budget, if necessary. Budget cuts come at a cost. The City Council will need to understand the implications of a reduction in spending,

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removal of a capital improvement project, service level reductions and changes in morale of City employees. We will do our best to keep the Mayor and City Council informed as to any changes to recommendations and how our projected revenue measures with the actual revenue.

Fiscal Impact: The Response provides options for spending reductions should the revenue decline from the approved budget.

Recommendation/

Committee Discussion Summary: Administration and Management recommend that the COVID-19 Response Plan document be accepted by the City Council and recommendations be evaluated as needed as the Fiscal Year progresses.

Action Requested: Acceptance of the COVID-19 Response Plan.

Additional Documentation: COVID-19 Response Plan.

COVID-19 RESPONSE PLAN - INITIAL
CITY OF WASHINGTON, ILLINOIS
MAY 1, 2020



Prepared by: Ray Forsythe, City Administrator
Joanie Baxter, Finance Director
Jon Oliphant, Planning & Development Director

With input from: Kevin Schone, Public Works Director
Dennis Carr, City Engineer
Brian Rittenhouse, Utilities Superintendent
Mike McCoy, Police Chief
Jeff Stevens, Deputy Chief
Patricia Brown, City Clerk

Introduction

COVID-19, the disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) was declared a pandemic by the World Health Organization on March 11, 2020. Shortly thereafter, President Trump declared a national emergency followed by Governor Pritzker's stay at home mandate effective March 21 through April 8, 2020 and later extended through April 30 and most recently through May 30, 2020. As a result, in addition to social distancing and restrictions on gatherings over 10 people, bars and restaurants were also required to close to the public except for drive-through and curbside pick-up services and all businesses deemed non-essential were closed (effective May 1, 2020, non-essential businesses can open for online and curbside pick-up only). In addition, the employment landscape has changed across the state and nation with unemployment claims at a record high. All of these events have necessitated a response from City staff and elected officials to address operations and services as well as potential impact on revenues.

The Executive Order has allowed essential governmental functions to operate, including municipal governments. Per the Order "essential governmental functions" means all services provided by the state or any municipal, township, county, subdivision or agency of government and need to ensure the continuing operation of the government agencies or to provide for and support the health, safety and welfare of the public, and including contractors performing essential governmental functions. Each governmental body shall determine its essential governmental functions and identify employees and/or contractors necessary to the performance of those functions.

Operations Overview

The City of Washington, IL currently has 72 full and part-time active employees. No seasonal or temporary workers have been called back to work for the spring/summer. The City has the following Departments: Administration, Engineering, Finance, Planning & Development, Police, Public Works. In addition, the City Clerk's Office is in City Hall and provides essential services to the City Council, Residents and Businesses.

There are two main facilities where residents interact with Staff on a daily basis: City Hall and the Police Department.

City Hall: In response to the Governor's Stay at Home Order, City Hall has been closed to the public since March 16, 2020. Staff maintains appropriate social distancing. Staff continues to work in a variety of ways: In the office and from home or a combination. There is only one Customer Services staff in at a time, while the other two maintain work from home schedules. IT360, the City's Information Technology provider has established remote working options for staff. Employees are able to securely log into the City's system and work from personal laptop, desktop or smart phone. Access to all files has been provided so that work continues. The City is utilizing ZOOM for virtual meetings and conference calls and in compliance with the Governor's relaxed Open Meetings Act requirements.

The City's contracted janitorial staff has completely disinfected the building, a complete cleaning is done weekly and all the touchpoints are wiped daily. In addition, masks have been

provided and hand sanitizer is located in each office, bathroom, the conference room and the break room.

Residents are able to make utility payments online, by mail or put in the drop box located at the side of City Hall. Mail and drop box payments are put in a container and opened 24 hours later. Building permits, licenses and other paperwork is emailed or mailed and arrangements are made to receive them back at City Hall. No visitors have been allowed to enter City Hall.

Police Department: The Police Department is operating as normal as possible as they are set up to maintain social distancing and safety for the employees and residents at the front window. Administrative staff has shifted schedules to provide both in the office and working from home. Police Officers are working their regular scheduled shifts. Every office interior, including door handles are cleaned with a bleach solution at least once a day. The downstairs squad room is cleaned after every shift. All police vehicles are cleaned before every shift by the officer assigned to that unit. Unmarked units are cleaned by those assigned to each vehicle.

Public Works: Public Works consists of several utility facilities, the maintenance facility behind the Police Department and the Legion Road facility. These buildings are not open to the public. All of the facilities were deep cleaned and sanitized by the City's contracted janitorial company. In addition, each vehicle was deep cleaned, sanitized and all touchpoints are sanitized daily by the employees. Below is a summary by Division on the current activities being performed.

Street Division- Currently fully staffed with eight full-time employees. This includes the City Mechanic.

Two full-time, short-term employees have been told not to report until notified. Four full-time, seasonal employees have been told not to report until notified.

Full-time employees are mowing and weed eating all City owned properties including the cemetery. In addition, the street department employees are selling all cemetery plots, excavating all graves, and back filling. They are also taking care of service requests that might otherwise be taken care of by short-term employees.

Concrete and asphalt jobs are being postponed, tree trimming, and street painting will also be postponed without the seasonal and short-term employees or overtime being approved.

Distribution and Collections- Currently staffed with five full-time employees.

Two full-time, short-term employees have been told not to report until notified.

Full-time employees are able to get their normal duties completed currently; however things like hydrant painting and sewer flushing would not be able to be completed without the short-term employees and/or overtime. The short-term employees also assist the City Mechanic by running errands or taking the Mechanic to a vendor to pick up a vehicle or drop a vehicle off for repairs, tire replacement, or warranty work. Full-time employees will do this in their absence.

Wastewater Treatment- Currently staffed with four full-time employees.

One full-time, short-term employee has been told not to report until notified.

Full-time employees are able to get their normal duties completed currently, however drying bed work will suffer and weed eating, painting and annual cleaning projects will not be completed without this employee and would require overtime to do so.

Water Treatment- Currently staffed with three full-time employees.

There are no short-term or seasonal employees assigned to this department.

Full-time employees are not able to perform in person service request to residents. These employees have been helping with the mowing when available. Plant maintenance, and projects will suffer if staff continues to assist with the mowing. The water plant has the tower painting project and the filter/softener project in FY 20/21 and will need to be available for these projects to be successful and not delayed.

Public Works Director and Utilities Superintendent

Some at home work has been done by the Public Works Director to complete work summaries, attend Zoom meetings, and most recently bid commodities work. The Public Works Director and Utilities Superintendent share an office and because of Covid-19 the interruptions due to both of us being in the office slows the progress and makes working at home more effective at times.

The Utilities Superintendent and the Public Works Director have been able to complete any work brought forward and interact with employees under our authority to complete any work that we can and stress the need to work safely and take the extra precaution during this crisis. This would be the use of PPE's and cleaning products to keep everyone safe. There is currently enough PPE's and cleaning products for our employees.

All full-time employees are working and continue to take precautions to the COVID-19. Five short-term and four seasonal employees have been told not to report until notified. The full-time employees are trying to keep up with the mowing and cemetery duties as well as other service request that come in. Overtime will be needed if expectations are to complete everything to be done.

Financial Overview – Budget for Fiscal Year May 1, 2020 – April 30, 2021

BUDGET TRENDS AT A GLANCE

City of Washington, IL

	FY 2020-21		FY 2019-20		CHANGE	
TOTAL BUDGETED EXPENSES	\$	24,613,158	\$	30,382,433	\$	(5,769,275) -19.0%
by MAJOR SERVICE TYPE		% of Total				
Street Operations/Improvements/SWM	\$	7,684,365 31.2%	\$	12,063,740	\$	(4,379,375) -36.3%
Public Safety (Police, Fire, ESDA)		5,703,370 23.2%		5,548,632		154,738 2.8%
Sanitary Sewer System		3,551,927 14.4%		5,441,485		(1,889,558) -34.7%
Water System		3,457,678 14.0%		3,378,079		79,599 2.4%
Planning/Zoning/Econ. Dev./TIF		1,735,519 7.1%		1,606,612		128,907 8.0%
General Administration		1,044,650 4.2%		1,011,050		33,600 3.3%
All Other (IMRF, Soc. Sec., Liab. Ins., etc.)		942,000 3.8%		868,000		74,000 8.5%
Washington Area Community Center		355,500 1.4%		357,437		(1,937) -0.5%
Cemetery		138,150 0.6%		107,400		30,750 28.6%
by MAJOR EXPENSE CLASSES		% of Total				
Capital Improvements	\$	9,961,190 40.5%	\$	15,772,913		(5,811,723) -36.8%
Personnel (Wages and Benefits)		8,302,350 33.7%		7,536,480		765,870 10.2%
Operations (Utilities, Supplies, etc.)		5,206,176 21.2%		4,892,855		313,321 6.4%
Debt Service		1,143,442 4.6%		2,180,185		(1,036,743) -47.6%

SOURCES OF MONIES TO FUND BUDGET	\$	24,613,158	\$	30,382,433	\$	(5,769,275) -19.0%
by MAJOR REVENUE SOURCES		% of Total				
Sales Tax (Muni., HR, Use)	\$	6,944,500 28.2%	\$	6,565,000	\$	379,500 5.8%
Fund Balances/Cash Reserves		5,482,919 22.3%		7,070,627		(1,587,708) -22.5%
Sewer Revenues (Fees, Charges, etc.)		2,864,840 11.6%		2,659,140		205,700 7.7%
Water Revenues (Fees, Charges, etc.)		2,397,300 9.7%		1,848,800		548,500 29.7%
Income Tax Distribution		1,739,000 7.1%		1,669,000		70,000 4.2%
Property Taxes		1,668,199 6.8%		1,647,675		20,524 1.2%
All Other		1,616,400 6.6%		1,652,191		(35,791) -2.2%
Bond/Grant/Insurance Proceeds		833,000 3.4%		6,395,000		(5,562,000) -87.0%
Motor Fuel Taxes		627,000 2.5%		420,000		207,000 49.3%
TIF Funds		245,000 1.0%		235,000		10,000 4.3%
Telecommunications Tax		195,000 0.8%		220,000		(25,000) -11.4%

EMPLOYMENT: FULL TIME EQUIVALENT		% of Total			
Public Safety	29.15	42.8%	28.15	1.00	3.6%
Street Division	13.05	19.2%	11.25	1.80	16.0%
Sewer Division	9.72	14.3%	8.80	0.92	10.5%
Water Division	8.06	11.8%	7.20	0.86	11.9%
General Administration	4.85	7.1%	3.40	1.45	42.6%
Planning/Zoning/Econ. Dev.	2.05	3.0%	2.05	-	0.0%
Cemetery Operation	1.22	1.8%	1.15	0.07	6.1%
TOTAL	68.10		62.00	6.10	9.84%

PROPERTY TAXES					
Tax Levy	\$	1,647,741	\$	1,647,675	\$ 66 0.0%
Tax Rate (per \$100 AV)	\$	0.47274	\$	0.47290	\$ (0.00016) 0.0%
Equalized Assessed Valuation (rate set)	\$	348,552,322	\$	348,418,651	\$ 133,671 0.0%
City Share of Total Tax Bill (Avg.)		N/A		5.52%	

UTILITY RATES							
Water Rates (per 1,000 gal.)	\$	4.63	\$	4.51	\$	0.12	2.7%
Water Fixed/Technology Fee	\$12.96/\$14.61		\$8.85/\$10.50		\$5.00/\$5.00		
Sewer Rates (per 1,000 gal.)	\$	9.65	\$	9.39	\$	0.26	2.8%
Sewer Fixed Fee	\$	2.03	\$	1.00	\$	1.03	

Revenues at Risk and Current Budgeted Amounts

Sales Tax, Home Rule Sales Tax and Use Tax (average monthly revenue budgeted \$578,708) These are all General Fund revenues that will be impacted by the changes in consumer spending. All of these revenues are received three months after the sales are incurred.

Income Tax (average monthly revenue budgeted \$144,916) This is also a General Fund revenue that is distributed on a per capita basis for the state. Staff anticipates an impact as evidenced by the increase in unemployment claims; but a potential decrease is difficult to estimate. This revenue is received one month after collected by the State and thus we will have an idea of potential impact much earlier than for sales tax revenue.

Motor Fuel Tax (MFT) and Transportation Renewal Fund (average monthly revenue budgeted \$52,250) This is a non-General Fund revenue that is distributed on a per capita basis and is restricted for expenses/projects meeting very specific IDOT criteria. It is anticipated there will be a reduction in revenue due to the shelter-in-place resulting in a significant decrease in travel; however, the fund balance could absorb any deficit and allow the budgeted MFT project to continue and Staff recommends this approach due to a three-year period without an MFT program.

Discussion on Revenue and Estimated Revisions to Budget

The City traditionally receives guidance from the Illinois Municipal League on estimating Income Tax, Personal Property Replacement Tax, MFT and other revenue sources. At this time, IML has not revised projections as the impact is still unknown. Also, while there have been commitments from the State and Federal Governments indicating financial relief to municipalities, no concrete figures or timeframes have been received and no actual legislation approved. Staff will continue to seek guidance from credible sources and we anticipate revisions to this COVID-19 Response.

Staff has analyzed historical sales tax information and has made the following conservative projections. Keep in mind that the City receives sales taxes three months after they are collected by the retail establishments. Therefore, we have not seen any impact to the City's collections as the most recent sales taxes collected are from January sales.

Municipal Sales Tax and Home Rule Sales Tax were analyzed for our 186 largest tax providers. These are sales tax collectors who have generated at least \$100 in total HR sales tax in 2019.

The analysis is based on "Business Types" as determined by their Standard Industrial Classification Code. This focuses on the March-May period, which is the only known time for business closures and reductions. Obviously, there are likely to be impacts beyond May even if the Executive Order ceases altogether or is gradually reduced. This assumes that the March-May HR sales tax returns would be identical in 2019 as 2020 if not for COVID-19. Obviously, if this were a normal year, there would most likely be small increases or decreases for every business because of a variety of possible reasons.

The March impact is likely a little less than what April and May will have because the Governor's Order wasn't in effect for the entire month. The prohibition against on-premise

food consumption went into effect on March 16. The more inclusive closure/reduction in services for many businesses became effective on March 21.

March Projections:

- Construction: Reduced by 30% – They are essential businesses but likely much of the elective work for the three Washington businesses in this category dropped late in the month.
- Drug Stores: Reduced by 20% - They are essential businesses but figure there would be some drop in in-store customers picking up non-prescriptions.
- Entertainment: Reduced by 30% as non-essential businesses
- Funeral Homes: Reduced by 30% - They are essential businesses but the Governor's Order impacted larger gatherings has undoubtedly impacted the ability to hold many funerals.
- Gas Stations: Reduced by 30% - They are essential businesses but the reduction in travel means fewer gas and convenience store purchases.
- Grocery/General Stores: Increased by 10% - They are essential businesses and have undoubtedly increased revenue due to the forced closure of other stores. Food is not subject to the HR tax, so any increase will be a result of the purchase of other non-food offerings.
- Hardware/Building Material Stores: Decreased by 10% - They are essential businesses and there has been anecdotal data that shows that some households have taken this time as an opportunity to complete delayed home improvement projects. There will also be many of the typical spring lawn and garden purchases. Many of the items sold are not essential to people not employed in the construction industry and there will likely be a slight reduction in overall buying as a result.
- Liquor Stores: Reduced by 30% - They are essential businesses but are also probably being impacted by the reduced number of trips people have made.
- Manufacturing: Reduced by 30% - Most are essential businesses. This is a small portion of the HR and MT tax.
- Medical: Reduced by 30% - Only one such business classifies for this as a payer of the HR tax and two businesses for the MT tax.
- Restaurants: Reduced by 30%
- Retail Trade: Reduced by 30%
- Services: Reduced by 30%
- Vehicle Dealer: Reduced by 30% for HR and 50% for MT% - These businesses remain open to service vehicles but it is estimated to drop because of the reduction in travel. Sales is open for appointment-only, which makes sales less likely.

- **Wholesale Trade:** Reduced by 30% - This category is tough to pinpoint, because they are all likely essential businesses. However, with reduced retail spending, it is estimated to fall as other retail is estimated to be impacted.

April and May:

- **Entertainment:** Reduced by 100% - These businesses are closed with little to no chance of having online sales.
- **Funeral Homes:** Reduced by 50% - This is an educated guess that half of the typical funerals are being postponed until larger gatherings are allowed.
- **Gas Stations:** Reduced by 70% - The reduced number of trips will definitely impact these businesses. If gas stations include a service station component, the negative impact may be absorbed more.
- **Grocery Stores:** Increased by 20% - Again, this would be higher if food was subject to payment of the HR tax.
- **Liquor Stores:** Reduced by 50% - Based on a limit of non-essential trips, though trips to the liquor store are clearly essential to some people.
- **Restaurants:** Reduced by 50% - Some will produce more sales than others based on their ability to attract carry-out service or offer a drive-thru. Bars are also included in this category and should have a much higher decrease than 50%.
- **Retail Trade:**
 - Essential businesses: Reduced by 30%
 - Non-essential businesses: Reduced by 70%
- **Vehicle Dealer:** Reduced by 30% for HR and 70% for MT%

Anticipated reduction to Municipal 1% Sales Tax revenue:

March 2019-2020 Change	-\$26,126.15
April 2019-2020 Change	-\$48,969.14
May 2019-2020 Change	-\$37,091.80
TOTAL CHANGE	-\$112,187.09

Anticipated reduction to 1.75% Home Rule Sales Tax revenue:

March 2019-2020 Change	-\$19,047.32
April 2019-2020 Change	-\$44,605.69
May 2019-2020 Change	-\$35,111.75
TOTAL CHANGE	-\$98,764.76

The challenge to this estimate is that the long-term impact on consumer spending is unknown. There are conflicting theories on the impact of opening up the economy. There could be a quick and steady return to pre COVID-19 spending, a moderate return to pre COVID-19 spending or a permanent change in consumer spending. There will undoubtedly be businesses that do not reopen once the Governor's Order is lifted. There are also likely to be new businesses that open as a result of the changes the pandemic has caused. In addition, there is likely to be federal and state stimulus payments to the City which could replace these lost funds. For planning purposes, staff is assuming that there will be a \$210,951.85 reduction in revenue for the period of March through May 2020 sales.

Options

Hiring Freeze/Seasonal/Temporary Employees

Staff recognizes and agrees that due to the many uncertainties with the economy and potential impacts on revenue, a hiring freeze for new positions is warranted to be considered. In addition, grounds maintenance and short-term (summer) laborer positions would not be filled and the Executive Administrative Assistant position would remain a temporary position.

Budget Cuts/Deferrals and Impacts

Staff also reviewed budgeted expenses for any items that could be deferred if necessary and any savings that may be realized that wasn't apparent at the time the budget was completed. These potential cuts have some ramifications as discussed below in the recommendations.

Potential Deferred Expenses - General Fund FY 2020-21

New/Seasonal Positions to remain unfilled

Police Officer	83,522
Public Works - Streets	64,698
Part-time HR Generalist	20,800
Exec. Admin. Assistant continue as temp.	13,600
Grounds Maintenance	24,659
Summer Laborers	12,823
	<u>220,102</u>

We recommend establishing a Foreman in Water/Sewer Maintenance for succession planning - cost to General Fund - \$232

Potential Expense Items for Deferral/Savings (see attached)

Legislative/Administrative	81,387
City Hall	500
Streets/Stormwater	481,500
Police	135,276
Tourism/Econ. Development	23,000
Planning & Zoning	16,500
Fire & Rescue	42,000
	<u>780,163</u>

Total Deferred Expenses	<u>1,000,265</u>
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Potential Expense Items for Deferral/Savings
FY 2020-21

Description	Amount	Comments
<u>Legislative/Administrative</u>		
Tyler software - change in Payroll platform	18,197	reduction in cost of software from budgeted amount
Tyler implementation cost		
reduction in travel due to COVID-19	14,240	could be more if Go Live is also remote in July/Aug
Newsletter	4,200	eliminate printed newsletter and have available on website only
Postage for Newsletter	2,800	eliminate printed newsletter and have available on website only
Legal fees - liquor	2,000	
Computers and Misc. Equipment	7,000	
Miscellaneous Software	2,500	
Memorial Day parade	3,000	
Student Government Day lunch	250	
City Administrator Expense	2,500	
Contingency	5,000	
Training - Elected Officials	13,200	all
Training - Staff	6,500	all
	81,387	
<u>City Hall</u>		
Replace shrubs on east side of building	500	
	500	
<u>Streets/Stormwater</u>		
Garage Approaches (Legion)	35,000	
Abandon Septic/Dig Bore New Sanitary Across Legion to Manhole	25,000	
Asphalt Paving Around Building at Legion	35,000	
New Garage Doors at Legion	25,000	Doors are original and parts not available
Pavement Repairs Pinetree	10,000	Cul-de-sac in poor shape
Overhead Lights at IDOT Intersections by Laser Electric	27,000	
New Mowing Trailer (Original Equipment)	15,000	Original equipment
Cambridge Estates Drainage Project	53,500	Have received complaints
Gillman Sump Collection Project	20,000	
Streets Shop Walls Painting Project	21,500	
City ROW and Properties/Weed Control	7,500	Have received complaints
Card Pass at Legion Road	15,000	
Asphalt City Alleys	19,000	half of budgeted amount
Skip Pave Calvary Way	53,000	Long overdue and received complaints-need to know by June
Oakwood Heights culvert lining	120,000	Not recommended
	481,500	
<u>Police</u>		
Cannabis fee revenue	18,000	
Repair & Maintenance - Commodities Building	1,000	
Repair & Maintenance - Commodities Equipment	5,000	
Lexipol subscription	9,976	
Office supplies	2,000	
Legal fees	40,000	
Recruitment	5,000	
Postage	1,000	
Printing	2,000	
Electricity	2,000	
Car wash	400	
Training	7,000	
DARE/CRO	2,500	
Firearms training	2,500	
Purchase equipment	32,500	
Awards program	4,000	
Printing parking tickets	400	
	135,276	
<u>Tourism/Economic Development</u>		
Tournament of Champions support	10,000	
Miscellaneous marketing	10,000	
Marketing and promotional materials	3,000	
	23,000	
<u>Planning & Development</u>		
Special projects/studies	10,000	
PPUATS dues waived	6,500	
	16,500	
<u>Fire & Rescue</u>		
Generator	32,000	
Building Improvements	10,000	
	42,000	
Total deferred expenses	780,163	

Recommendations

1. Delay adding the following new employee positions for 90 days as budgeted for FY20-21 (90-day budget savings of \$42,255):
 - Police Officer
 - Public Works – Streets laborer
 - Part-Time HR Generalist
2. Not fill the short-term (summer) Public Works and Grounds Maintenance positions for the fiscal year (FY20-21 budget savings of \$37,482)
3. Delay adding the Executive Administrative Assistant as a full-time position for 90 days and continue as a temporary employee (90-day budget savings of \$3,400)
4. Establish a Foreman in the Water/Sewer Maintenance Department as budgeted for FY20-21 (FY20-21 budget impact of \$232)
5. Approve the Non-Union and Sergeant Pay Plans to maintain equity with other employee groups who are protected by collective bargaining contracts, to mitigate the potential for non-union employees to organize, and to show support for employees who are continuing to work during the pandemic as essential employees (FY20-21 budget impact of \$59,000)
6. Capital and operational expenses that may be considered for deferral were determined by the City Administrator and Management in the amount of \$780,163 as indicated above. Staff recommends a 90-day deferral for all identified expenses with the exception of those deemed priority by the City Council, with consideration to the potential negative consequences.
7. Consider utilizing excess reserves in other funds that may be necessary should we experience a prolonged impact from the pandemic. One such source is Telecommunications Tax which, although separately accounted for and earmarked for TC3 expenditures, is essentially an unrestricted revenue source. There is a healthy reserve in excess of \$1.4M in the fund that coupled with annual Telecommunications Tax revenue, is equal to more than 20 years of future payments. If required, these funds could be utilized to fill revenue gaps beyond what is currently being projected. In addition, the Telecommunications Tax rate is currently at 5% and could be increased 1% to the maximum rate of 6%. This would generate an additional \$39,000 per year.
8. Surplus funds in the amount of \$3,025,240 have been budgeted in FY20-21 to be utilized for one-time capital projects. Additional funds in excess of the minimum standard balance may be available for unforeseen emergencies of which COVID-19 would qualify. Staff would not recommend utilization of these funds at the current time until we have more clarity as to the extent of the impact of COVID-19 on revenue.