



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: May 11, 2020

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

Agenda Item: COVID-19 Response Plan Update #1

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 F-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.

The initial COVID-19 Response Plan was presented to the Public Works Committee and the City Council at the May 4, 2020 meetings. At this point, we don't know how long the Stay in Place Order will be in effect, the actual response from residents, business owners and visitors once the Order is lifted and importantly what relief we may receive from the State and Federal Governments. Consequently, 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 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, removal of a capital improvement project, service level reductions and changes in morale of City employees. We will do

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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.

Additional guidance from IML and feedback from the Public Works Committee and City Council have been incorporated into Update #1 along with specific recommendations for addressing projected revenue shortfalls.

Fiscal Impact: The Response provides options for spending reductions and utilization of excess funds should the revenue decline from the approved budget.

Recommendation/

Committee Discussion Summary: Administration and Management recommend that the COVID-19 Response Update #1 be accepted by the City Council and recommendations be evaluated as needed as the Fiscal Year progresses. Public Works Committee and the City Council have reviewed the Preliminary Response Plan and their comments have been incorporated.

Direction Requested: Move the item forward to Council for consideration.

Additional Documentation: COVID-19 Response Plan Update #1

COVID-19 RESPONSE PLAN – UPDATE #1

CITY OF WASHINGTON, ILLINOIS

MAY 8, 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 31, 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. 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

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

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. As of May 8, 2020, these revenues have been received for February sales and they are on par with the prior year and what was budgeted. We will not begin, however, to see the impact of COVID-19 until mid-March and these sales will not be known until June.

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. The IML provided a projection on May 4, 2020 of a 15% decrease from the original FY20-21 forecast. This equates to a potential revenue decrease of \$260,850 for the fiscal year.

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.

Intergovernmental Revenues received per capita

The City traditionally receives guidance from the Illinois Municipal League on estimating Income Tax, Personal Property Replacement Tax, MFT and other revenue sources. On May 4, 2020, they provided the following preliminary FY2021 revenue forecast:

- Personal Property Replacement Tax – decrease of 30% from actual FY19-20. This equates to a total potential reduction of \$7,500 for the General Fund compared to what was budgeted for the fiscal year.
- Income Tax (LGDF Funds) – decrease of 15% from original projection for FY20-21. This equates to a total potential reduction of \$260,850 for the General Fund compared to what was budgeted if this trend holds true for the entirety of the fiscal year.
- Motor Fuel Tax – decrease of 15% from actual FY19-20. This equates to a total potential reduction of \$54,750 compared to what was budgeted. This fund has excess reserves and additionally, the City will receive \$363,921.52 in each of the next three years for a total of \$1,091,764.56 in Rebuild Illinois grants. These grants will provide funds for a project typically funded from the General Fund.
- Transportation Renewal Fund – estimates revised to \$14.50 per capita which equates to a total potential reduction of \$12,000 compared to what was budgeted for the fiscal year.
- Use Tax – projected to be flat compared to actual FY19-20. The budget was also kept flat and so there should not be a significant revenue decrease, if any.

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.

Sales Tax and Home Rule Sales Tax

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.

90-day impact of projected revenue shortfall

Sales Tax	(\$112,187)
Home Rule Sales Tax	(\$98,765)
Income Tax	(\$65,212)
Local Use Tax	\$0
Pers. Prop. Repl. Tax	(\$625)
	(\$276,789)
Motor Fuel Tax	(\$13,688)
Transportation Renewal Fund	(\$1,000)
	(\$14,688)
Rebuild Illinois grant	\$181,961
(1st installment of 6 over 3-year period)	

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, 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.

Utilization of Excess Funds

See recommendations below for a discussion of excess funds available in the Health Insurance and Telecommunications Tax Funds.

**Potential Deferred Expenses - General Fund
FY 2020-21**

	Initial 5/1/2020	Update #1 5/8/2020
<u>New/Seasonal Positions to remain unfilled</u>		
Police Officer	83,522	83,522
Public Works - Streets	64,698	64,698
Part-time HR Generalist	20,800	20,800
Exec. Admin. Assistant continue as temp.	13,600	13,600
Grounds Maintenance	24,659	-
Summer Laborers	12,823	12,823
	220,102	195,443
<i>We recommend establishing a Foreman in Water/Sewer Maintenance for succession planning - cost to General Fund - \$232</i>		
<u>Potential Expense Items for Deferral/Savings (see detail)</u>		
Legislative/Administrative	81,387	81,387
City Hall	500	500
Streets/Stormwater	481,500	348,500
Police	135,276	163,769
Tourism/Econ. Development	23,000	23,000
Planning & Zoning	16,500	16,500
Fire & Rescue	42,000	31,749
	780,163	665,405
Total Deferred Expenses	1,000,265	860,848

Per Public Works Committee 5/4/20

**Potential Expense Items for Deferral/Savings
FY 2020-21**

Description	Initial 5/1/2020	Update #1 5/8/2020	Comments
<u>Legislative/Administrative</u>			
Tyler software - change in Payroll platform	18,197	18,197	reduction in cost of software from budgeted amount
Tyler implementation cost			
reduction in travel due to COVID-19	14,240	14,240	could be more if Go Live is also remote in July/Aug
Newsletter	4,200	4,200	eliminate printed newsletter and have available on website only
Postage for Newsletter	2,800	2,800	eliminate printed newsletter and have available on website only
Legal fees - liquor	2,000	2,000	
Computers and Misc. Equipment	7,000	7,000	
Miscellaneous Software	2,500	2,500	
Memorial Day parade	3,000	3,000	
Student Government Day lunch	250	250	
City Administrator Expense	2,500	2,500	
Contingency	5,000	5,000	
Training - Elected Officials	13,200	13,200	all
Training - Staff	6,500	6,500	all
	<u>81,387</u>	<u>81,387</u>	
<u>City Hall</u>			
Replace shrubs on east side of building	500	500	
	<u>500</u>	<u>500</u>	
<u>Streets/Stormwater</u>			
Garage Approaches (Legion)	35,000	35,000	
Abandon Septic/Dig Bore New Sanitary Across Legion to Manhole	25,000	25,000	
Asphalt Paving Around Building at Legion	35,000	35,000	
New Garage Doors at Legion	25,000	25,000	Doors are original and parts not available
Pavement Repairs Pinetree	10,000	10,000	Cul-de-sac in poor shape
Overhead Lights at IDOT Intersections by Laser Electric	27,000	27,000	
New Mowing Trailer (Original Equipment)	15,000	15,000	Original equipment
Cambridge Estates Drainage Project	53,500	-	Per Public Works Committee 5/4/20
Gillman Sump Collection Project	20,000	20,000	
Streets Shop Walls Painting Project	21,500	21,500	Revisit after 90 days
City ROW and Properties/Weed Control	7,500	-	Per Public Works Committee 5/4/20
Card Pass at Legion Road	15,000	15,000	
Asphalt City Alleys	19,000	-	Per Public Works Committee 5/4/20
Skip Pave Calvary Way	53,000	-	Per Public Works Committee 5/4/20
Oakwood Heights culvert lining	120,000	120,000	Not recommended to cut but can delay - revisit after 90 days
	<u>481,500</u>	<u>348,500</u>	
<u>Police</u>			
Reduction in TC3 contract		28,493	
Cannabis fee revenue	18,000	18,000	
Repair & Maintenance - Commodities Building	1,000	1,000	
Repair & Maintenance - Commodities Equipment	5,000	5,000	
Lexipol subscription	9,976	9,976	
Office supplies	2,000	2,000	
Legal fees	40,000	40,000	
Recruitment	5,000	5,000	
Postage	1,000	1,000	
Printing	2,000	2,000	
Electricity	2,000	2,000	
Car wash	400	400	
Training	7,000	7,000	
DARE/CRO	2,500	2,500	
Firearms training	2,500	2,500	
Purchase equipment	32,500	32,500	
Awards program	4,000	4,000	
Printing parking tickets	400	400	
	<u>135,276</u>	<u>163,769</u>	
<u>Tourism/Economic Development</u>			
Tournament of Champions support	10,000	10,000	
Miscellaneous marketing	10,000	10,000	
Marketing and promotional materials	3,000	3,000	
	<u>23,000</u>	<u>23,000</u>	
<u>Planning & Development</u>			
Special projects/studies	10,000	10,000	
PPUATS dues waived	6,500	6,500	
	<u>16,500</u>	<u>16,500</u>	
<u>Fire & Rescue</u>			
Increase in TC3 contract		(10,251)	
Generator	32,000	32,000	
Building improvements	10,000	10,000	
	<u>42,000</u>	<u>31,749</u>	
Total deferred expenses	<u>780,163</u>	<u>665,405</u>	

Recommendations

1. As of May 8, 2020, projected revenue decreases for the General Fund for the first quarter of the fiscal year is approximately \$276,789. A total of \$48,861 of this shortfall is recovered through a 90-day deferral of filling the new positions in the FY20-21 budget as indicated:
 - Police Officer
 - Public Works – Streets laborer
 - Part-Time HR Generalist
 - Delay adding the Executive Administrative Assistant as a full-time position for 90 days and continue as a temporary employee

The remaining \$227,928 will be made up through deferral of projects and/or utilization of other funds as indicated below.

2. Establish a Foreman in the Water/Sewer Maintenance Department as budgeted for FY20-21 (FY20-21 budget impact of \$232 with 90-day cost of \$58)
3. The PBPA (Police Officers) and Laborer's (Public Works) union employees have collective bargaining contracts each of which provide for a 2.5% increase in their respective pay plans for FY20-21. Staff recommends approval of the Non-Union/Sergeant Pay Plans as well to maintain equity with these 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. The total cost for the fiscal year is \$59,000 and Staff recommends utilizing excess funds in the Health Insurance Fund for this expense. These funds were established when the City was in a partially self-funded insurance plan to pay claims and other expenses and are the result of a surplus that existed at the time the City joined the IPBC consortium.
4. Capital and operational expenses that may be considered for deferral were determined by the City Administrator and Management and reviewed by the Public Works Committee in relation to budgeted and committed projects. Revisions were made to the deferral list as indicated and the revised total is \$665,405. Staff recommends a 90-day deferral for all identified expenses with the exception of any others deemed priority by the City Council, with consideration to the potential negative consequences.
5. Staff acknowledges that there may be additional impacts to revenue beyond the first quarter of FY20-21. We recommend utilizing excess funds in the Telecommunications Tax account to at least partially address future shortfalls. Although separately accounted for and earmarked for TC3 expenditures, these funds are essentially an unrestricted revenue source. There is a healthy reserve in excess of \$1.4M in the fund, which when coupled with annual Telecommunications Tax revenue, is equal to more than 20 years of future payments. The recommendation for these funds is to cover any further reduction in Income Tax revenue as follows:
 - Utilize funds to cover additional shortfalls up to \$500,000. This will result in a fund balance of approximately \$1M as of 4/30/21, which when coupled with the tax being generated and a potential rate increase, will equal a total of 16 years of future TC3 payments.
 - Increase the Telecommunications Tax rate by 1% to the maximum 6%. Such an increase must be approved six months in advance and thus would not take effect until January 2021. Increased revenue would approximate \$39,000 annually.

Recommendations (continued)

6. Surplus funds, resulting from prior year accumulation for planned capital spending, have been budgeted in the General Fund to be utilized in the amount of \$3,025,240 for one-time capital projects. Additional funds in excess of the minimum standard balance are also 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.