

**CITY OF WASHINGTON, ILLINOIS**  
**CITY COUNCIL MEETING - MONDAY, MAY 4, 2020 – 6:30 P.M.**  
**REMOTE WEB MEETING**

Call to Order	Mayor Manier called the Remote Web regular meeting of Monday, May 4, 2020 to order at 6:30 p.m. Physically present were Mayor Gary Manier, City Administrator Ray Forsythe, Police Chief Mike McCoy, and City Clerk Pat Brown.
Roll Call	<p>Remotely present and answering roll call were Aldermen, Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, and Yoder.</p> <p>Also, remotely present were Finance Director Joanie Baxter, P &amp; D Director Jon Oliphant, City Engineer Dennis Carr, Public Works Director Kevin Schone, Deputy Chief of Police Jeff Stevens, and City Treasurer Ellen Dingledine.</p>
Pledge of Allegiance	All present stood for the Pledge of Allegiance.
Agenda Review, Amended	The Agenda was reviewed and Alderman Brownfield moved and Alderman Cobb seconded to remove the Supplemental MFT Resolution from the agenda and move it to Committee of the Whole meeting for further discussion. <u>Motion carried unanimously by voice vote.</u> The Agenda stood as amended.
Approve Consent Agenda	<p>Alderman Brownfield moved and Alderman Butler seconded to approve the Consent Agenda as presented. Items included on the Consent Agenda were minutes of the April 20, 2020 regular City Council meeting; bid award: watering &amp; landscape maintenance (city entrance signs; downtown square; city hall; police department; veterans memorial at Glendale cemetery); payment authorization: pay request #1, safe routes to school engineering, Terra Engineering, Ltd.; and payment authorization: pay request #1 (final), WWTP #2 aeration air piping repairs/replacement, G.A. Rich &amp; Sons, Inc. On roll call on the motion to approve the vote was: <u>Ayes: 8</u> Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder <u>Nays: 0</u> <u>Motion declared carried.</u></p>
Announcements	None.
Audience Comments	City Clerk Brown read several comments that were submitted via email. Comments are attached and made part of these minutes.
Finance & Personnel Committee	Alderman Daniel Cobb, Finance & Personnel Committee, reported nothing on the agenda for consideration.
Public Safety Committee	Alderman Brian Butler, Public Safety Committee, reported nothing on the agenda for consideration. Police Chief McCoy commented that monthly statistics went out today and if anyone had questions to call.
Public Works Committee	Alderman Mike Brownfield, Public Works Committee, reported that the MFT item this evening was discussed at Public Works Committee it was asked to move to Committee of the Whole meeting for further discussion. He welcomed City Engineer Dennis Carr. Public Works Director Schone provided several updates that included the following: all full-time Public Works employees are back and are picking up the mowing slack that would normally be done by our part-time seasonal employees; Wastewater Treatment Plant #1 closure is going well; block replacement at Wastewater Treatment Plant #2; asphalt work is schedule with the paver being rented in June; and Water Tower #1 painting is halted due to finding three baby hawks in a nest on the tower railing, which could take up to 45 days for them to leave.
Annual Appointments	<p>Mayor Manier requested Council approval of the following appointments: Budget Officer, City Administrator Ray Forsythe; City Collector, Pat Brown; and Mayor Pro Tem, Alderman Mike Brownfield. Alderman Dingledine moved and Alderman Cobb seconded to concur with the appointments as presented. On roll call the vote was: <u>Ayes: 8</u> Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder <u>Nays: 0</u> <u>Motion declared carried.</u></p>
Standing Committee Appointments	<p>Mayor Manier requested Council approval of the following Standing Committee appointments: Finance &amp; Personnel – Mayor Manier, Alderman Liliya Stevens, and Daniel Cobb (Chairman); Public Works – Alderman Dave Dingledine, Alderman Brett Adams, and Alderman Mike Brownfield (Chairman); and Public Safety –Alderman Randall Black, Alderman Todd Yoder, and Alderman Brian Butler (Chairman). Alderman Dingledine moved and Alderman Black seconded to concur with the appointments as presented. On roll call the vote was: <u>Ayes: 8</u> Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder <u>Nays: 0</u> <u>Motion declared carried.</u></p>
Re-Appointments	<p>Mayor Manier requested Council approval of the reappointment of Mr. Tom Berlett to the Glendale Cemetery Board of Managers, Mr. Dan Silverthorn to the Police Commission, and Mr. Kevin Gall to the Liquor Control Commission. Alderman Cobb moved and Alderman Stevens seconded to concur with the reappointments as presented. On roll call the vote was: <u>Ayes: 8</u> <u>Nays: 0</u> <u>Motion declared carried.</u></p>
Mayor’s Comments	Mayor Manier commented on the COVID-19 response of some area communities wanting to open now and stated with the pressure the Governor is receiving from downstate something may happen before the end of May but until then we will be following the guidelines in place today.

City Administrator Forsythe shared that correspondence that was received today from IDOT regarding an update on the Rebuild Illinois Bond Funds noting the following: it is a \$1.5B program the state initiated a couple of years ago with the intention to do major capital improvements; the City received between \$53-54M for the Business Route 24 reconstruction that will be managed by IDOT; all the municipalities in IL will also be receiving Rebuild IL funds and will be distributed as they issue bonds; today we were notified that we will receive \$181,960.76 this week in bond proceeds that can be used for projects following the MFT program; this \$181K is the first of six payments, receiving two payments per year for the next three years for a total of \$1,091,764.56; timing of this is good with the conversation we are about to have with the COVID-19 response; next Committee of the Whole meeting we will be bringing forward a revision to the 2019 MFT project; and as part of our moving forward on establishing work we are interested in doing this \$1M could be the next phase of our capital improvement program similar to what we are doing on N. Lawndale and W. Holland.

Update on Rebuild IL  
Bond Funds

City Administrator Forsythe provided a summary of a drafted City of Washington COVID-19 Response Plan which is attached and made part of these minutes. Following the summary several comments were made on the excellent work that was done in preparing the response plan and its value as a template moving forward. The following comments were also noted: Alderman Stevens – will email input regarding the plan to City Administrator Forsythe; would like to see more discussion at Committee of the Whole meeting; and public works projects that have been approved should continue so they don’t fall through the cracks. Alderman Dingledine – as a result of this draft plan would like to see the resolution on the City Administrator’s FY20-21 Budget Commitments tabled as it has not been discussed between the whole Council. Alderman Adams – brought up the resolution at last meeting as a concern of the unknown affects of the COVID-19 pandemic; the intent and purpose was waiting 90-days to take us into July in order to have our April sales figures to give us an idea on the first full month impact, talked in Public Works meeting about short term summer employees and am in agreement with bringing them back to provide our mowing services; 90-day hiring freeze gives us a better idea moving forward; bringing things above procurement policy before Council to have honest conversation based on where we are, and a freeze on wages; employees are doing a great job but if we are needing to make cuts how do we justify cutting a service but increasing wages; want to keep all employees and add additional when we get to a point of having an opportunity to add, but is a wage increase the right thing to do now; would not ask an employee to do what I am not so am willing to stop my quarterly paycheck as well; and look forward to a conversation at Committee of the Whole next week. Mayor Manier commented the review of items above the procurement policy is already in place and wanting a hiring freeze and now in favor of bringing back some of the summer help is confusing. Alderman Adams shared as he was thinking about a hiring freeze his thoughts were not considering part time summer help but no one asked any questions and he has not heard from anyone on the subject other than speaking to the Mayor the next day. He shared he does not want to see the services we provide to citizens left behind if at all possible and if that means help is needed to keep up let’s talk about it.

Draft COVID-19  
Response Plan

P & D Director Oliphant requested Council approval of the final plat for Mallard Crossing, Section Four subdivision. He shared the following: the owner is proposing subdivision of the remaining 9.24-acres to create a single 0.21-acre single-family residential lot; the lot would be located on the south side of Wigeon Place; Wigeon is extended far enough to provide frontage adjacent to the entire lot width; water, sewer, & sump is available to the lot; and development and review fees have been paid. Alderman Black moved and Alderman Brownfield seconded to approve the final plat as presented. On roll call the vote was:  
Ayes: 8 Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder  
Nays: 0  
Motion declared carried.

Final Plat, Mallard  
Crossing, Section Four

City Administrator Forsythe read a resolution, by title only and brief synopsis, establishing restrictions on spending for a 90-day period due to the unknown impact to the City of Washington, Illinois from the COVID-19 Pandemic. Adoption of this resolution would put into place certain restrictions on spending for a 90-day period beginning May 4, 2020 and ending August 1, 2020. Alderman Adams moved and Alderman Black seconded to table the resolution as read. On roll call the vote was:  
Ayes: 8 Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder  
Nays: 0  
Motion declared carried.

Adopt resl, establishing  
restrictions on spending  
for a 90-day period  
  
Resolution Tabled

City Administrator Forsythe read a resolution, by title only and brief synopsis, authorizing the execution of an Agreement between the City of Washington, the Illinois Commerce Commission, and the Toledo, Peoria & Western Railway Corporation. Adoption of this resolution would enter into an agreement to improve public safety by replacing the crossing surface at the W. Jefferson Street railroad crossing. Alderman Brownfield moved and Alderman Adams seconded to adopt the resolution as read. Alderman Dingledine asked how this came about and City Administrator Forsythe shared it is a project initiated through railroad through a grant they applied for and received through the Department of Transportation Rail Division. On roll call the vote was:  
Ayes: 8 Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder  
Nays: 0  
Motion declared carried.

Adopt resl, authrz  
agreement, replacing  
crossing surface at W.  
Jefferson St. railroad  
crossing

City Administrator Forsythe provided second reading of the following ordinance, by title and brief synopsis: an ordinance authorizing a First Amendment to the agreement for private development with Heider Properties, LLC, for the Redevelopment of a portion of the Downtown Tax Increment Redevelopment Project Area. Adoption of this ordinance would approve an amendment to a TIF redevelopment agreement with Heider Properties, LLC, for the redevelopment of 101-103 Washington Square. Alderman Brownfield moved and Alderman

Adopt ord, first  
amendment, Heider  
Properties, LLC private  
development agreement

Adopt ord, first amendment, Heider Properties, LLC private development agreement	Black seconded to adopt the ordinance as read. Alderman Brownfield recommended the date of the first payment be moved from 30 days after the expiration of the Governor’s Executive Order to 30 days after the restaurants are fully open as there may be percentage stages that progress to fully open making it another hardship on this business. Alderman Brownfield moved and Alderman Cobb seconded to amend the first payment to 30 days after the Governor’s Executive Order has opened all businesses 100%. Alderman Dingledine shared that 30 days may not be adequate due to not knowing how catastrophic this will be for businesses. City Administrator Forsythe shared his recommendation of 120 days and to make sure all future payments are backed up based on the first payment. Alderman Black commented that maybe we revisit this at a later date instead of amending the contract due to all the uncertainty and suggested maybe a June or July meeting. Mayor Manier and City Administrator Forsythe shared their concerns with not moving this forward due to the importance of needing a date tied to the agreement as well as the enforcement procedures contained within the existing agreement that could become a conflict. Alderman Brownfield moved to amend the amended motion from 30 days to 120 days and to back up all future payments from the first payment date seconded by Alderman Cobb. Brief comments were shared in support of amending the first payment date. On roll call the vote was: <u>Ayes: 8</u> Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder <u>Nays: 0</u> <u>Motion declared carried.</u>
Amended Motion	
Adopt ord, amending & correcting error in pricing table of Ordinance 3368, residential solid waste contract	City Administrator Forsythe provided second reading of the following ordinance, by title and brief synopsis: an ordinance amending and correcting an error in the pricing table of Ordinance 3368 entitled “Authorizing the Mayor and City Clerk of the City of Washington, Tazewell County, Illinois, to execute a Residential Solid Waste Contract with PDC Services, Inc. an Illinois Corporation for the period April 1, 2020 through March 31, 2027. Adoption of this ordinance would correct a calculation error in the pricing table, amend the pricing table to include a fee for landscape waste drop-off, and include access to the Contractor’s landscape waste facility. Alderman Dingledine moved and Alderman Black seconded to adopt the ordinance as read. On roll call the vote was: <u>Ayes: 8</u> Adams, Black, Brownfield, Butler, Cobb, Dingledine, Stevens, Yoder <u>Nays: 0</u> <u>Motion declared carried.</u>
Aldermen’s Comments	City Administrator Forsythe introduced City Engineer Dennis Carr who will be starting full-time in the office next week. City Engineer Carr shared he is looking forward to being in the office and working with everyone.
Adjournment	At 7:59 p.m. Alderman Dingledine moved and Alderman Brownfield seconded to adjourn. <u>Motion carried unanimously by voice vote.</u>

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Patricia S. Brown, City Clerk

**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	
<b>TOTAL BUDGETED EXPENSES</b>	\$	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%

<b>SOURCES OF MONIES TO FUND BUDGET</b>	\$	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%

<b>PROPERTY TAXES</b>					
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%	

<b>UTILITY RATES</b>					
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:**

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

**Anticipated reduction to 1.75% Home Rule Sales Tax revenue:**

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

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>
<b>Total Deferred Expenses</b>	<b>1,000,265</b>

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

Description	Amount	Comments
<b><u>Legislative/Administrative</u></b>		
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
	<u>81,387</u>	
<b><u>City Hall</u></b>		
Replace shrubs on east side of building	500	
	<u>500</u>	
<b><u>Streets/Stormwater</u></b>		
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
	<u>481,500</u>	
<b><u>Police</u></b>		
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	
	<u>135,276</u>	
<b><u>Tourism/Economic Development</u></b>		
Tournament of Champions support	10,000	
Miscellaneous marketing	10,000	
Marketing and promotional materials	3,000	
	<u>23,000</u>	
<b><u>Planning &amp; Development</u></b>		
Special projects/studies	10,000	
PPUATS dues waived	6,500	
	<u>16,500</u>	
<b><u>Fire &amp; Rescue</u></b>		
Generator	32,000	
Building improvements	10,000	
	<u>42,000</u>	
<b>Total deferred expenses</b>	<b>780,163</b>	

## 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.