CITY OF COUNTRYSIDE

803 Joliet Road
Countryside, IL 60525
www.countryside-il.org

Public Hearing

Proposed Appropriation for Fiscal Year 2021

Wednesday, April 22, 2020

7:00 PM

Countryside City Hall

<u>City Council Members</u>

Mayor, Sean R. McDermott
City Clerk, Elizabeth Kmet
Treasurer, Caryn Stancik
Aldermen James Jasinski, Thomas Mikolyzk, Scott Musillami,
John Von Drasek, Mark Benson and John Finn

CALL TO ORDER   The meeting was called to order at 7:00 PM via electronic transmission – video conferencing.

ROLL CALL

Deputy Clerk Peterson called the Roll of those physically present as follows:

Present: Mayor McDermott,   Alderman Von Drasek, Alderman Musillami, Alderman Jasinski

Also Present: City Clerk Kmet, Police Chief Ford, City Attorney Peck, Deputy Clerk Peterson, Finance Director Schutter

Electronically Present: Alderman Mikolyzk, Alderman Finn, Alderman Benson, City Administrator Paul, Treasurer Stancik, Building Comm. Coleman

Proposed Appropriation for the Fiscal Year 2021 Budget

Finance Director Schutter addressed the Proposed Budget Summary FY 2021 – that would have been discussed at the March Finance Committee Meeting, which was cancelled. Given the current environment, no adjustments were made due to the unknown nature of the pandemic. If revenue adjustments are made now, expense adjustments would be needed as well. Mr. Schutter believes that a decision should be made by the Finance Committee as a whole when more complete data is available.

General Fund Revenues -- 68% of revenue comes from sales tax. The first five revenue streams account for 83% of all revenues – the first 8 line items account for almost 90% of the budget. Later we will discuss how current economic conditions will affect these numbers. General Fund Revenues shown in a pie chart form – sales tax revenue is the major provider; the top 5 account for 83% of revenue. Sales tax is 68% of the budget; 43% of that comes from the auto industry.

Sales Tax Analysis – Historical by Calendar Year – through December 2019 the City received almost $9.7M in sales tax-- a 2% growth from the prior year. Over the last five years, sales taxes have annualized growth of over 3%; inflation during that period was only 1%. Individual sectors showing a lot of growth – Drinking & Eating Places, Furniture HH & Radio, Lumber, Building Hardware.

The next chart shows Sales Tax by Standard Industrial Classification – a graphical representation of concentration in various industries. The main component, the auto industry, was at 47% some years ago. The city is beginning to diversify due to growth in the other industries – Drinking & Eating Places, Lumber, Hardware, Furniture HH & Radio – are all becoming a bigger piece of the pie.

General Fund Expenses – Salaries are roughly $5.1M, of which 3.2% is for Public Safety, $900K for Public Works; all other is under $1M – Finance, Admin., Building Dept., Clerk's Office, etc. Total personnel costs including benefits comes to $7.4M or 52.5% of the General Fund budget. Debt Service is 17% of the budget – with full debt service on City Hall. The top four items make up 52% of the General Fund budget.

Capital Planning – City-Wide Capital Projects – the pre-shelter-in-place scenario. When looking at the final figures and calculating potential lost revenue – Capital Projects must be reexamined with approval again by City Council. Until the City has a better idea regarding potential losses, cash outflow might be curtailed until a determination is made re: which projects are critical for this year – based on revenue actually received.

Operational/Budget Implications – Revenues and Expenses – tries to assess current conditions. On the Revenues side, the first column is April Optimistic – those figures were determined in April 2019 from 90% of revenue sources in the General Fund. The Median estimate includes reduction factors based on current conditions, which is pretty realistic. The Pessimistic approach is shocking. Potential revenue loss per month under Median is about $265K; under the Pessimistic approach the loss is $416K. Most of that will come from sales tax, which is impacted by certain sectors in the City. On the Expenses side, the same three columns appear; most costs are fixed – personnel, debt service, police pension contribution, health insurance – are all fixed contractual costs.   Capital outlays will be reviewed. Tax sharing agreements are tied to revenues; if revenues decline, reimbursements decline as well.

The last two slides detail the Median and Pessimistic scenarios by month dealing solely with sales tax. A factor is applied to come up with the estimates. The $188K loss out of the $265 shown above is potentially coming from sales tax in the Median view.   Retailers who are not open are down to zero. A significant loss factor was applied to that. Some growth is noted in lumber, building, hardware – those stores are pretty busy. Groceries were taken over 100%. The figures represent individual businesses and how they are being impacted. The Pessimistic view shows gas stations down to 50%; people are not working and not using gas. Some restaurants were taken down to 50%; others were kept at 65-75% because they are fast food businesses. Much logic goes into these factors in trying to come up with a good estimate of projected revenue loss.

The last slides were not included in the Board packet. Consumer Analytic Software was used to generate real time data of GPS activity within a sector. The first line is automotive dealers comparing Countryside to Hodgkins. Countryside is on top. The blue-green line represents activity from March 19, 2020 to April 18, 2020. The orange line is 2019. Site visits to dealers are still where they were last year; incentives in the market are fueling interest.   Hodgkins is well below where they were last year; their orange line is significant over the blue line.   We ran the program for a few sectors only, which helps to validate some of the assumptions just presented. It does provide one good data point, which is activity to the sites in Countryside.

Looking at gas stations, the orange line is well above the blue line; this really helps validate projections. Grocery stores – looking at March 13, see the spike in activity – the blue line is this year and the orange line is last year – see significantly more activity at grocery stores than expected. That concludes the presentation.

Mayor McDermott noted that with this particular software is the City is able to monitor the main sectors of the economy for the next 3-4 months to try to get a sense of what's occurring and the potential

modifications to the budget. Mr. Schutter stated that sales tax does not provide the data needed until three months after it occurs. April sales tax numbers won't be known until July.   The City will not get good sales tax data for several months. This software will help monitor one variable in the equation - which is site visits. Council members thanked Mr. Schutter for a great presentation.

PUBLIC COMMENT

Via telephone --   Mr. Al Arneson - , excellent analysis – great job under difficult circumstances.

Via telephone -- Nadine Beals, asked for minutes of the previous meeting and the figures sooner than two days before the meeting; the citizens would be pleased. Mayor McDermott stated that her request has been heard by the City Council.

ADJOURNMENT

A motion was made by Alderman Von Drasek, seconded by Alderman Benson that this meeting be ADJOURNED. The motion carried by the following   vote:

Aye: 6   Alderman Von Drasek, Alderman Mikolyzk, Alderman Musillami, Alderman Jasinski, Alderman Finn, Alderman Benson

Nay: 0

Mayor McDermott declared the meeting adjourned at 7:20 p.m.

APPROVED:

Respectfully Submitted,

/fp   ELIZABETH KMET, CITY CLERK