

CITY OF WARRENVILLE

MEMO

To: Mayor and City Council
From: John M. Coakley, City Administrator/Budget Officer *J Coakley*
Kevin Dahlstrand, Finance Director *K Dahlstrand*
Subject: Update on Fiscal impacts of the novel coronavirus pandemic
Date: July 20, 2020

Due to the economic impacts of the ongoing and evolving pandemic, it is important to keep the City Council and the community apprised on the fiscal impacts of the novel coronavirus on the City's financial picture. The following is a brief summary, which provides that fiscal analysis.

The figures presented in the attached report are regularly updated as the City receives actual receipts of the various revenue streams included in the analysis. Where those updates have occurred in the data, the "Estimate" indicator has been replaced with a bolded "Actual" indicator.

The City Administrator and Finance Director continue working to assess the impacts on City revenue streams, focusing in large part on the market-based revenues: food and beverage tax, home rule and state shared sales taxes, state shared and local motor fuel taxes, state shared income tax, hotel tax, amusement tax, and investment income. As mentioned previously, there may also be some indeterminate effect on sales related taxes as a result of the civil unrest, which lead to a number of preventative measures by business owners, such as the early closures for Target, the City's largest single sales tax generator.

Summary: staff currently projects City revenue losses of approximately \$2,396,450 across all funds. A breakdown of the impacts on specific funds follows.

General Fund

The General Fund projected loss currently stands at approximately \$1,561,456 (25%), a slight decrease of about \$55,500, in the projected fund loss from the last update presented in June.

Based upon actual receipts, state shared sales tax receipts in July were higher than previously projected, at \$115,906 (70%), actual, versus the previously projected figure of \$90,894 (55%).

Home rule sales tax actual revenue received totaled 85,425 (59%), versus a previously projected figure of \$72,167 (50%).

In the previous update, Food and Beverage Tax receipts for June 2020, were estimated at \$10,205 (20%), while the actual June 2020 receipts totaled \$27,531 (54%).

The sales tax and home rule sales tax revenues have been updated to reflect actual receipts through July 10, 2020. The remainder of the General Fund revenue sources were updated through June 2020 receipts, as the July 2020 receipts have either not yet been received, or not yet been received in their entirety.

Capital Maintenance and Replacement Fund

The Capital Maintenance and Replacement fund losses are currently projected at \$346,400 (51%), a slight increase from the June projections loss of almost \$361,000 (53%).

Through June 2020, Amusement Tax revenue was projected at \$0 (0%), and with actual collection of only \$8, the percentage remains at 0. July 2020 is also projected at an estimated \$0, and 0%.

In the previous update, Local Motor Fuel Tax revenue for June 2020 was projected at an estimated \$8,347 (25%), but actual June 2020 receipts totaled \$22,757 (68%).

Hotel Tax Fund

Hotel Tax fund losses are currently projected at \$377,192 (46%), an increase in the loss projections of almost \$7,200 from the June projections of \$370,000. The numbers presented are through the June 2020 collection of May 2020 taxes. In the previous update, the June 2020 receipt of May taxes was estimated at \$21,310 (25%), but, the actual June receipts totaled just \$14,526 (17%).

June 2020, taxes are not yet due to the City, and as such are not reflected in this update.

Motor Fuel Tax Fund

The state Motor Fuel Tax Fund is currently projected with losses of \$111,437 (20%), through the end of the fiscal year. That figure is \$26,440, more than the previous loss estimate of about \$85,000 (15%). However, this change in the estimate is skewed by the City not receiving any remittance from the State in June. That lack of remittance in June was the follow-up to the City receiving the May allocation via paper check, as opposed to the usual ACH direct deposit into the City's Illinois Funds accounts, which has been in place for many years. Finance Department staff is working with the State of Illinois to determine why the ACH deposit of the monthly allotments was halted, and how to get them reinstated. Once that is resolved, the estimated fiscal year loss in this fund can be properly updated.

Expenditures Update

As previously noted, staff continues to spend significant time and effort assessing the potential long-term impacts on City revenues and working to identify material expenditures, in all funds, which may be able to be delayed or cut, as a means of conserving fiscal resources.

As indicated in the previous update, the following expenditure reduction steps have already been taken as a part of the FY 21 Budget preparation and in reaction to the COVID 19 pandemic:

- 1) Reduced the scope of the 2020 Road program (FY 21) – projected savings \$608,802
- 2) Delayed completion of the Police Department HVAC replacement project – \$273,000 (delayed until late in FY 2021) – total project cost of approximately \$373,000
- 3) Delayed purchase of vehicle and equipment replacements in CMRP for FY 2021 – \$585,000 (delayed until late in FY 2021)
- 4) Modified the actions and anticipated costs associated with the acquisition and cleanup of the Citgo property – \$164,000 (effects TIF #3 and the related interfund loans from the General Fund)
- 5) Pay freeze and the possibility of furlough days, under certain criteria, put in place for non-represented employees
- 6) Pay freezes and the possibility of “furlough days”, under certain circumstances, currently being negotiated with the City’s three labor unions

The following are additional expenditure related notes, where some measure of savings is occurring, but have not been quantified to date:

- 1) Three vacancies within the ranks of uniformed police officers, with a fourth vacancy possible in the coming months
- 2) A vacancy, not to be filled, among the Records Clerks in the Police Department
- 3) New Building Inspector position has not been filled, but staff is in the process of recruiting for this position and the position may soon be filled
- 4) Fleet Management position not filled
- 5) Emergency Management Agency Coordinator position not filled
- 6) Only one of the two authorized Public Works summer help workers position was filled

In addition, the following events have been cancelled and will result in some measure of savings within the Hotel Tax Fund expenditures:

- 1) Fourth of July
- 2) Summer Daze

Any additional cancellations of Hotel Tax Fund funded events will be provided in future updates.

Finally, questions about details in this report may be directed to Finance Director Dahlstrand.

**CITY OF WARRENVILLE
COVID 19 - REVENUE LOSS ESTIMATIONS - CASH BASIS**

Revision Date: 07/10/2020

Month Received	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	FY 2021 Final 6-Months	FY 2021 Total	% Change
GENERAL FUND									
<u>State Shared Sales Tax</u>									
Original Estimated Revenue	\$ 153,844	\$ 191,675	\$ 165,262	\$ 178,162	\$ 191,302	\$ 194,422	\$ 1,128,829	\$ 2,203,496	
Collection Factor	101%	81%	70%	50%	60%	65%	82%	76%	
Revised FY21 Actual/Estimate	\$ 154,969	\$ 155,853	\$ 115,906	\$ 89,081	\$ 114,781	\$ 126,374	\$ 920,982	\$ 1,677,946	
Actual or Estimate	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ 1,125	\$ (35,822)	\$ (49,356)	\$ (89,081)	\$ (76,521)	\$ (68,048)	\$ (207,847)	\$ (525,550)	-24%
<u>Home Rule Sales Tax</u>									
Original Estimated Revenue	\$ 111,272	\$ 169,380	\$ 144,334	\$ 148,739	\$ 164,967	\$ 161,457	\$ 956,689	\$ 1,856,839	
Collection Factor	105%	70%	59%	50%	60%	65%	82%	74%	
Revised FY21 Actual/Estimate	\$ 116,752	\$ 118,039	\$ 85,425	\$ 74,370	\$ 98,980	\$ 104,947	\$ 781,410	\$ 1,379,923	
Actual or Estimate	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ 5,480	\$ (51,341)	\$ (58,909)	\$ (74,370)	\$ (65,987)	\$ (56,510)	\$ (175,279)	\$ (476,916)	-26%
<u>State Shared Income Tax (1)</u>									
Original Estimated Revenue	\$ 192,135	\$ 77,140	\$ 115,360	\$ 82,694	\$ 73,188	\$ 130,581	\$ 660,392	\$ 1,331,490	
Collection Factor	69%	106%	85%	85%	85%	85%	85%	84%	
Revised FY21 Actual/Estimate	\$ 132,478	\$ 82,058	\$ 98,056	\$ 70,290	\$ 62,210	\$ 110,994	\$ 561,333	\$ 1,117,419	
Actual or Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (59,657)	\$ (4,919)	\$ (17,304)	\$ (12,404)	\$ (10,978)	\$ (19,587)	\$ (99,059)	\$ (214,071)	-16%
<u>Food and Beverage</u>									
Original Estimated Revenue	\$ 63,435	\$ 51,026	\$ 58,014	\$ 58,627	\$ 55,234	\$ 51,854	\$ 342,843	\$ 681,033	
Collection Factor	31%	54%	50%	50%	50%	50%	78%	63%	
Revised FY21 Actual/Estimate	\$ 19,563	\$ 27,531	\$ 29,007	\$ 29,313	\$ 27,617	\$ 25,927	\$ 267,154	\$ 426,113	
Actual or Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (43,872)	\$ (23,495)	\$ (29,007)	\$ (29,313)	\$ (27,617)	\$ (25,927)	\$ (75,689)	\$ (254,920)	-37%
<u>Investment Income</u>									
Original Estimated Revenue								\$ 150,000	
Collection Factor								40%	
Revised FY21 Actual/Estimate								\$ 60,000	
Dollar Gain/(Loss)								\$ (90,000)	-60%
GENERAL FUND TOTALS									
Original Estimated Revenue	\$ 520,686	\$ 489,220	\$ 482,970	\$ 468,222	\$ 484,691	\$ 538,315	\$ 3,088,753	\$ 6,222,857	
Collection Factor	81%	78%	68%	56%	63%	68%	82%	75%	
Revised FY21 Est. Revenue	\$ 423,761	\$ 383,481	\$ 328,395	\$ 263,054	\$ 303,588	\$ 368,243	\$ 2,530,880	\$ 4,661,402	
Fund Total Dollar Gain/(Loss)	\$ (96,924)	\$ (105,740)	\$ (154,575)	\$ (205,168)	\$ (181,103)	\$ (170,072)	\$ (557,873)	\$ (1,561,456)	-25%

CITY OF WARRENVILLE
 COVID 19 - REVENUE LOSS ESTIMATIONS - CASH BASIS

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F CAP MAINT & REPLACEMENT

<u>Amusement Tax</u>									
Original Estimated Revenue	\$ 27,065	\$ 24,128	\$ 24,872	\$ 28,145	\$ 18,902	\$ 15,311	\$ 147,941	\$ 286,365	
Collection Factor	0%	0%	0%	25%	50%	50%	50%	34%	
Revised FY21 Actual/Estimate	\$ 1	\$ 7	\$ -	\$ 7,036	\$ 9,451	\$ 7,655	\$ 73,971	\$ 98,121	
Actual or Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (27,064)	\$ (24,122)	\$ (24,872)	\$ (21,109)	\$ (9,451)	\$ (7,655)	\$ (73,971)	\$ (188,244)	-65%

G Local MFT

Original Estimated Revenue	\$ 32,016	\$ 33,389	\$ 33,944	\$ 32,759	\$ 35,776	\$ 31,410	\$ 181,414	\$ 380,708	
Collection Factor	37%	68%	40%	40%	60%	70%	70%	61%	
Revised FY21 Actual/Estimate	\$ 11,703	\$ 22,757	\$ 13,578	\$ 13,103	\$ 21,466	\$ 21,987	\$ 126,990	\$ 231,583	
Actual or Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (20,313)	\$ (10,632)	\$ (20,367)	\$ (19,655)	\$ (14,310)	\$ (9,423)	\$ (54,424)	\$ (149,125)	-39%

H Investment Income

Collection Factor									
Revised FY21 Actual/Estimate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	
Dollar Gain/(Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	-60%

H CMRP FUND TOTALS

Original Estimated Revenue	\$ 59,081	\$ 57,517	\$ 58,817	\$ 60,904	\$ 54,678	\$ 46,721	\$ 329,356	\$ 682,073	
Collection Factor	20%	40%	23%	33%	57%	63%	61%	49%	
Revised FY21 Estimate	\$ 11,704	\$ 22,763	\$ 13,578	\$ 20,140	\$ 30,917	\$ 29,642	\$ 200,961	\$ 335,704	
Fund Total Dollar Gain/(Loss)	\$ (47,377)	\$ (34,754)	\$ (45,239)	\$ (40,764)	\$ (23,761)	\$ (17,078)	\$ (128,395)	\$ (346,368)	-51%

CITY OF WARRENVILLE
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HOTEL TAX FUND									
<u>Hotel Tax</u>									
Original Estimated Revenue	\$ 69,866	\$ 85,239	\$ 91,236	\$ 81,771	\$ 77,525	\$ 73,963	\$ 335,906	\$ 815,506	
Collection Factor	11%	17%	30%	60%	65%	65%	73%	54%	
Revised FY21 Actual/Estimate	\$ 7,906	\$ 14,526	\$ 27,371	\$ 49,063	\$ 50,391	\$ 48,076	\$ 243,681	\$ 441,014	
Actual or Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (61,960)	\$ (70,713)	\$ (63,865)	\$ (32,708)	\$ (27,134)	\$ (25,887)	\$ (92,225)	\$ (374,492)	-46%
Investment Income								\$ 4,500	
Collection Factor								40%	
Revised FY21 Actual/Estimate								\$ 1,800	
Dollar Gain/(Loss)								\$ (2,700)	-60%
HOTEL TAX FUND TOTALS									
Original Estimated Revenue	\$ 69,866	\$ 85,239	\$ 91,236	\$ 81,771	\$ 77,525	\$ 73,963	\$ 335,906	\$ 820,006	
Collection Factor	11%	17%	30%	60%	65%	65%	73%	54%	
Revised FY21 Estimate	\$ 7,906	\$ 14,526	\$ 27,371	\$ 49,063	\$ 50,391	\$ 48,076	\$ 243,681	\$ 442,814	
Fund Total Dollar Gain/(Loss)	\$ (61,960)	\$ (70,713)	\$ (63,865)	\$ (32,708)	\$ (27,134)	\$ (25,887)	\$ (92,225)	\$ (377,192)	-46%
MOTOR FUEL TAX FUND									
<u>State Shared MFT(1)</u>									
Original Estimated Revenue	\$ 39,418	\$ 31,106	\$ 28,357	\$ 35,445	\$ 50,993	\$ 55,389	\$ 308,580	\$ 549,287	
Collection Factor	99%	0%	85%	85%	85%	85%	85%	81%	
Revised FY21 Actual/Estimate	\$ 38,972	\$ -	\$ 24,103	\$ 30,128	\$ 43,344	\$ 47,080	\$ 262,293	\$ 445,920	
Actual or Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Dollar Gain/(Loss)	\$ (446)	\$ (31,106)	\$ (4,254)	\$ (5,317)	\$ (7,649)	\$ (8,308)	\$ (46,287)	\$ (103,367)	-15%
Investment Income								\$ 13,450	
Collection Factor								40%	
Revised FY21 Actual/Estimate								\$ 5,380	
Dollar Gain/(Loss)								\$ (8,070)	-60%
MFT FUND TOTALS									
Original Estimated Revenue	\$ 39,418	\$ 31,106	\$ 28,357	\$ 35,445	\$ 50,993	\$ 55,389	\$ 308,580	\$ 562,737	
Collection Factor	99%	0%	85%	85%	85%	85%	85%	80%	
Revised FY21 Estimate	\$ 38,972	\$ -	\$ 24,103	\$ 30,128	\$ 43,344	\$ 47,080	\$ 262,293	\$ 451,300	
Fund Total Dollar Gain/(Loss)	\$ (446)	\$ (31,106)	\$ (4,254)	\$ (5,317)	\$ (7,649)	\$ (8,308)	\$ (46,287)	\$ (111,437)	-20%
TOTAL ESTIMATED LOSS - ALL FUNDS									\$ (2,396,453)