

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: November 11, 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.

In response to the discussion at the October 19, 2020, meeting, the format of this report was revamped to make it more user-friendly, by including tables with the data, and adding graphs and brief written explanations. The report continues to focus on City revenues, which are subject to economic changes and market-based forces. These include the food and beverage tax, home rule and state shared sales taxes, state shared and local motor fuel taxes, state shared income tax, hotel tax, and amusement tax. The figures are presented on a cash basis, based on the month received. Note, despite being down year to date, investment income benchmarks were removed because the amounts are relatively minor, not material, relative to the fund totals.

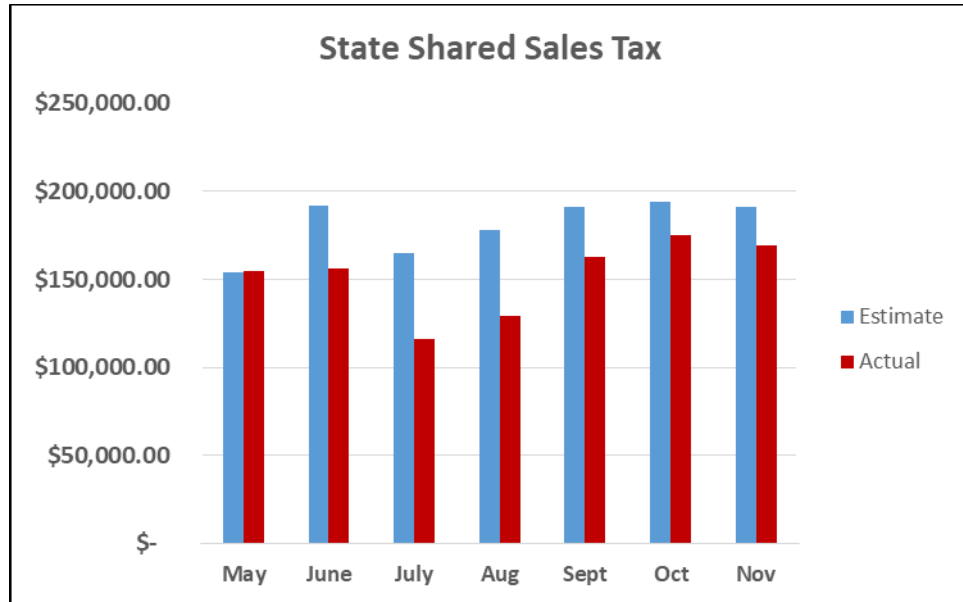
General Fund

The General Fund's total revenue loss for the entire FY 2021, is projected to be \$983,982, an improvement from the \$1,051,825, projected in the October 2020 update.

- **State shared Sales Tax**

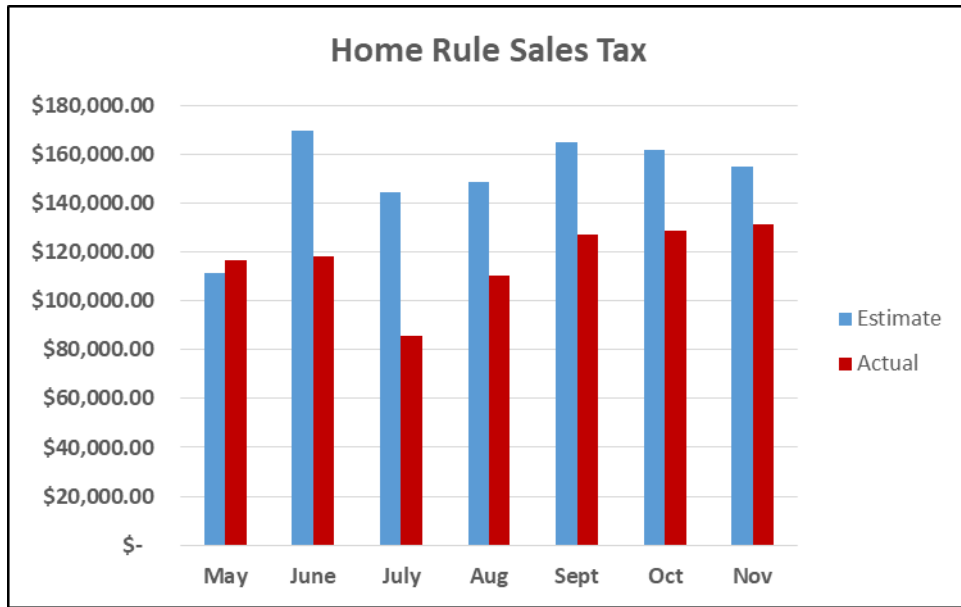
State shared sales tax has generally improved since the low point in July, but remains below the budgeted estimates for FY 2021. Overall, year to date for FY 2021, it is down 16%.

Month Received	Budget Estimate	Actual	Collection Factor
May	153,844	154,969	101%
June	191,675	155,853	81%
July	165,252	115,906	70%
August	178,162	129,559	73%
September	191,302	162,827	85%
October	194,422	175,047	90%
November	190,964	169,501	89%
Fiscal Year to Date	1,265,631	1,063,662	84%



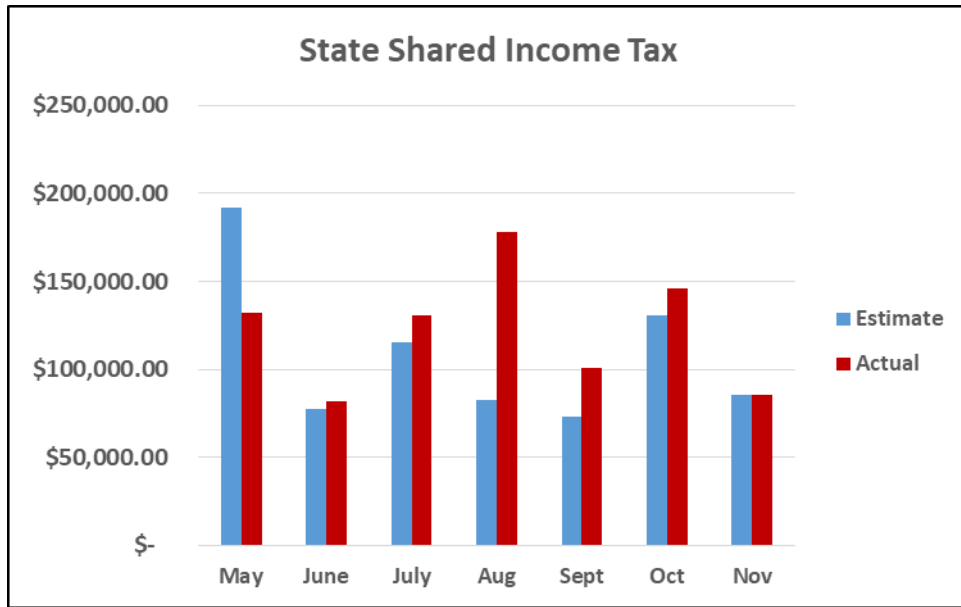
- Home Rule Sales Tax:** Similar to the state shared sales tax, the City’s Home Rule sales tax revenue also has steadily increased since the low point in July, but remains below the budgeted estimates for FY 2021. Overall, year to date for FY 2021, it is down 23%.

Month Received	Budget Estimate	Actual	Collection Factor
May	111,272	116,752	105%
June	169,380	118,039	70%
July	144,334	85,425	59%
August	148,739	110,226	74%
September	164,967	127,077	77%
October	161,457	128,861	80%
November	154,877	131,072	85%
Fiscal Year to Date	1,055,027	817,452	77%



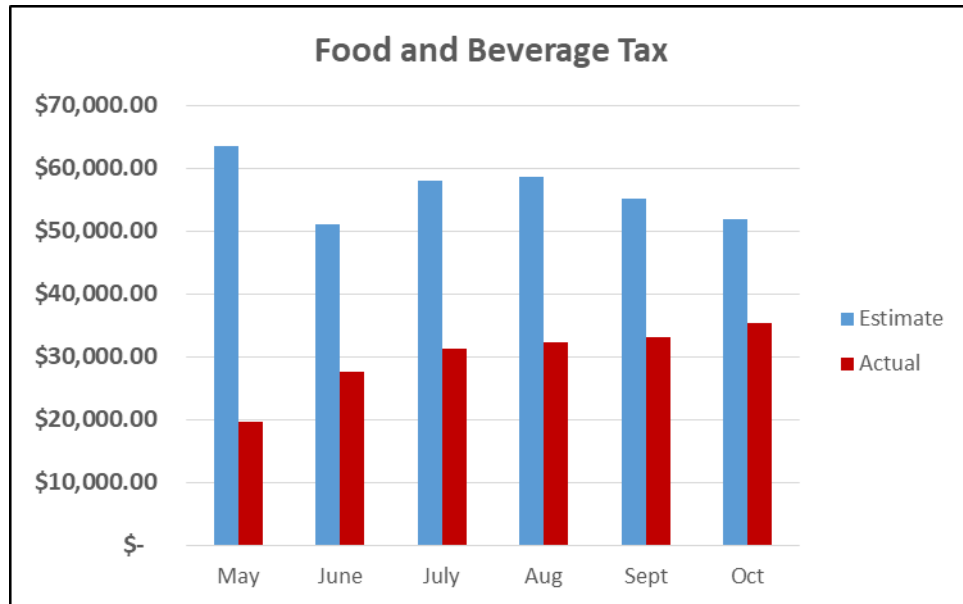
- State Shared Income Tax:** Income tax revenues has over performed beginning in June, since the low point in May 2020. Overall, it is up 15%, year to date for FY 2021.

Month Received	Budget Estimate	Actual	Collection Factor
May	192,135	132,478	69%
June	77,140	82,058	106%
July	115,360	130,305	113%
August	82,694	178,155	215%
September	73,188	100,945	138%
October	130,581	146,177	112%
Fiscal Year to Date	671,098	770,119	115%



- Food and Beverage Tax:** The City’s Food and Beverage tax revenue is increasing since the low point in May, however, it is significantly down by 47% overall for the fiscal year to date.

Month Received	Budget Estimate	Actual	Collection Factor
May	63,435	19,563	31%
June	51,026	27,531	54%
July	58,014	31,327	54%
August	58,627	32,354	55%
September	55,234	33,161	60%
October	51,854	35,286	68%
Fiscal Year to Date	338,189	179,221	53%



General Fund Summation

The cumulative fiscal year-to-date General Fund losses for the market-based revenues are just short of \$606,000, through November 11, 2020.

Supplemental General Fund Information

CARES Act Funding: CARES Act reimbursements to the City will defray some of the General Fund COVID-19 related expenses. On November 6, 2020, Finance Staff submitted the City’s second CARES Act reimbursement funding request to DuPage County in the amount of \$398,285.40, comprised of Public Safety payroll costs for May 2020. However, it is anticipated the City will receive an actual reimbursement of \$274,545.81, which would bring the cumulative total the City will receive to \$682,940.16, which represents 100% of the original allocation of the DuPage County CARES Act funding for Warrenville.

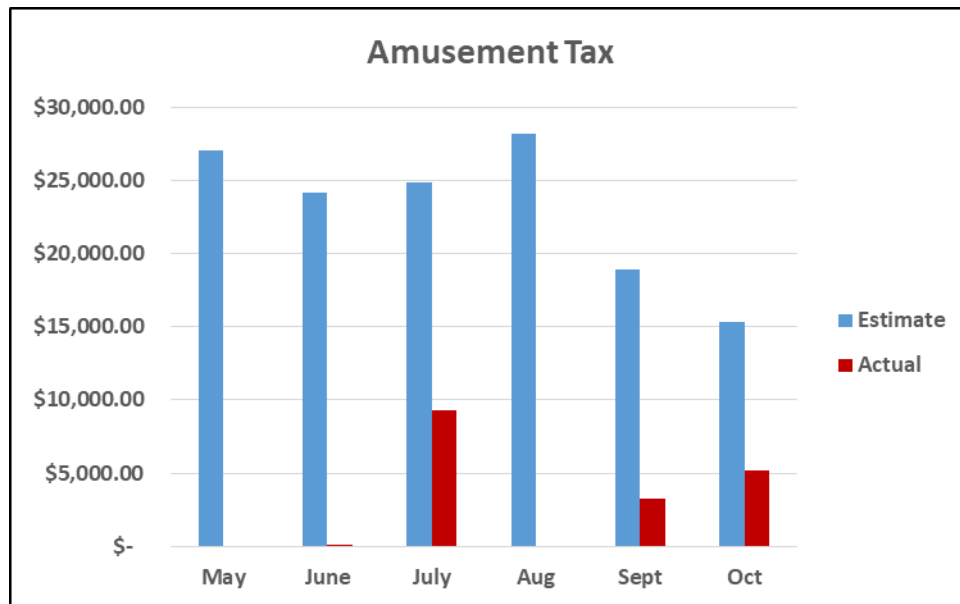
Staff anticipates submitting additional requests to DuPage County for supplemental CARES Act reimbursements, although there is no guarantee the City will receive additional funding. Also, several other DuPage communities have received supplemental reimbursements, and the City does have additional qualifying expenses incurred related to COVID-19.

Capital Maintenance and Replacement Fund

The projected Capital Maintenance and Replacement Fund revenue year-to-date loss for FY 2021 currently stands at approximately \$327,645, a very slight improvement from the \$336,768, projected in the previous update through October 2020.

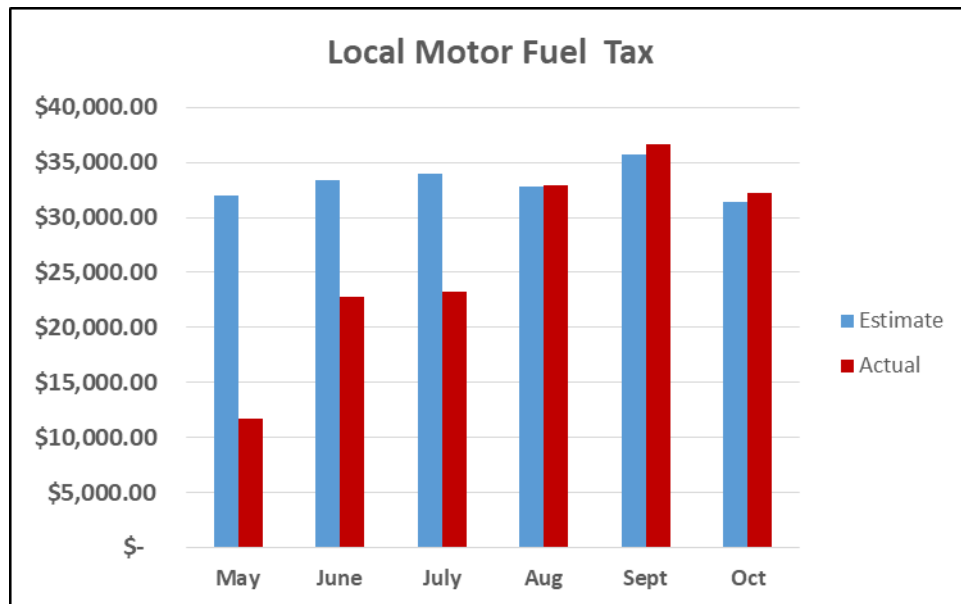
- **Amusement Tax:** Amusement tax revenue continues to be down severely year to date, and will remain so for the foreseeable future due to the recent temporary re-closure of Regal Theater, and effects of the restrictions imposed under Restore Illinois Plan Phase 4, and subsequent Tier 1 and Tier 2 enhanced mitigations. Overall, year to date for FY 2021, it is down 87%.

Month Received	Budget Estimate	Actual	Collection Factor
May	27,065	0	0%
June	24,178	4	0%
July	24,872	9,289	37%
August	28,145	0	0%
September	18,902	3,239	17%
October	15,311	5,171	34%
Fiscal Year to Date	138,423	17,702	13%



- Local Motor Fuel Tax:** The City’s local motor fuel tax revenue (four cents per gallon) appears to have stabilized, and has been at or near the 100% level since August, a dramatic improvement from the low point in May. Overall, year to date for FY 2021, it is down 20%.

Month Received	Budget Estimate	Actual	Collection Factor
May	32,016	11,703	37%
June	33,389	22,757	68%
July	33,944	23,248	68%
August	32,759	32,915	100%
September	35,776	36,689	103%
October	31,410	32,182	102%
Fiscal Year to Date	199,294	159,492	80%



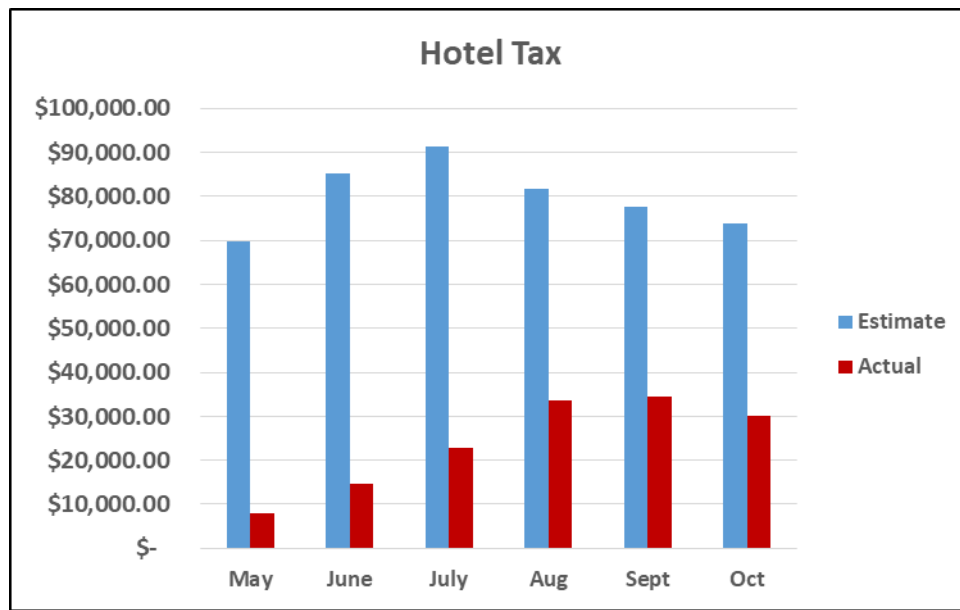
Capital Maintenance and Replacement Fund Summation

For the entire FY 2021, this fund’s market-based revenues are projected to be \$682,073, or 19% of the FY 2021 budgeted estimate.

Hotel Tax Fund

Hotel Tax: The City’s hotels have been among the most impacted sectors of the local economy. Despite improvement since May, the revenue is significantly down by 70%, fiscal year to date (through October).

Month Received	Budget Estimate	Actual	Collection Factor
May	69,866	7,906	11%
June	85,239	14,526	17%
July	91,236	22,761	25%
August	81,771	33,508	41%
September	77,525	34,365	44%
October	73,963	30,028	41%
Fiscal Year to Date	479,600	143,094	30%



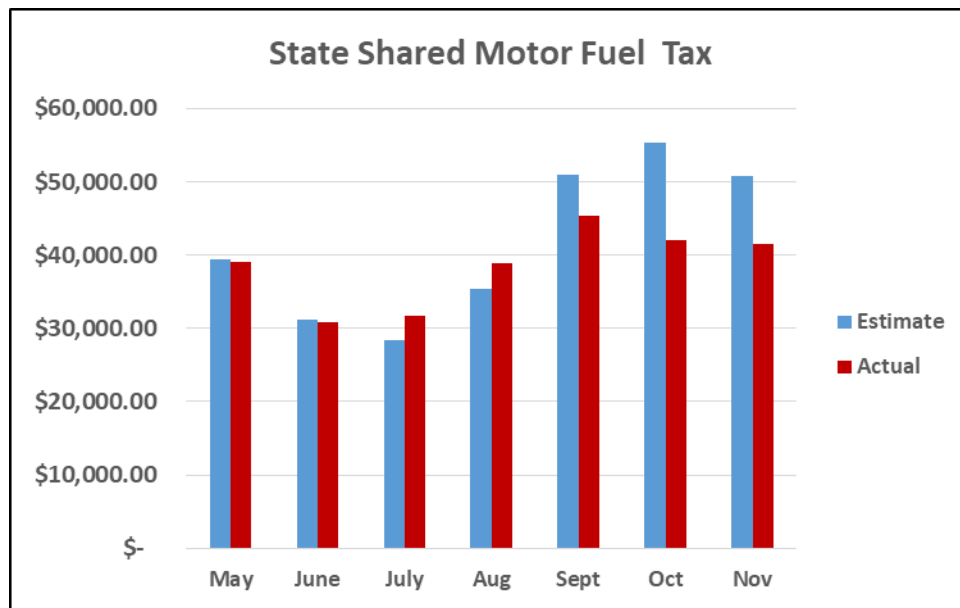
Hotel Tax Fund Summation

The hotel tax is the only material revenue for this fund. Therefore, the entire FY 2021 loss for this fund is projected to be \$574,124, or 70%, with total fiscal year revenue projected at \$245,881, compared to the budget expectation of \$820,006.

Motor Fuel Tax Fund

Motor Fuel Tax: The state-shared motor fuel tax revenue (remitted on a per capita basis) declined since it peaked during the summer. Overall, it is down by 5% for FY 2021 to date.

Month Received	Budget Estimate	Actual	Collection Factor
May	39,418	38,972	99%
June	31,106	30,857	99%
July	28,357	38,972	112%
August	35,445	38,850	110%
September	50,993	45,334	89%
October	55,389	42,110	76%
November	50,822	41,550	82%
Fiscal Year to Date	291,529	276,645	95%



Motor Fuel Tax Fund Summation

The state-shared motor fuel tax is the only material source of revenue for this fund. Therefore, the entire fiscal year revenue is projected at \$574,124, or 70% of the FY 2021 budgeted estimate, with total revenue projected at \$245,881, compared to the budget estimate of \$820,006.

Additionally, the City has received unbudgeted *Rebuild Illinois Bonds Grant* money in this fund, totaling \$288,659, for FY 2021 year to date. Over the next two years, the City will receive additional allocations totaling \$577,318, bringing the total the City will receive to \$866,000 in the Motor Fuel Tax Fund.

FY 2021 Expenditures Reduction 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 previously reported, the following expenditure reductions have already been taken to date during FY 2021, due to the pandemic's negative economic impacts:

- 1) Reduced the scope of the 2020 Road program (FY 2021) – projected savings \$608,802
- 2) Delayed completion of the Police Department HVAC replacement project was delayed until late in FY 2021 – the interim savings from this delay is \$273,000
- 3) Delayed purchase of vehicle and equipment replacements 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 (affects TIF #3 and the related interfund loans from the General Fund)

The following are personnel savings, which have not been quantified to date:

- 1) Pay freeze, and the possibility of furlough days under certain fiscal circumstances, was put in place for non-represented employees
- 2) Pay freezes and the possibility of furlough days, under certain fiscal circumstances, are currently being negotiated with the City's three labor unions
- 3) Delays in filling three vacancies within the ranks of uniformed police officers, with a fourth vacancy possible in the coming months
- 4) A vacancy has not been filled for an authorized Records Clerk position in the Police Department
- 5) The New Building Inspector position has not been filled to date. However, staff is in the process of recruiting to fill the position
- 6) The authorized Fleet Management position has not been filled
- 7) Emergency Management Agency Coordinator position remained vacant through mid-November. The current goal is to have a new part-time EMA Coordinator in place by late November 2020.
- 8) Only one of the two authorized Public Works summer help positions was filled and utilized

The City-funded events listed below were cancelled and resulted in savings as follows:

- 1) Fourth of July - \$41,000 (Hotel Tax Fund)
- 2) Summer Daze - \$41,000 (Hotel Tax Fund)
- 3) National Night Out - \$5,000 (General Fund)