

**AGENDA
CITY OF ST. CHARLES
CITY COUNCIL WORKSHOP
RAYMOND P. ROGINA, MAYOR**

**MAY 18, 2020 – 5:30 P.M.
CITY COUNCIL CHAMBERS
2 E. MAIN STREET**

1. Call to Order by Mayor Rogina at 5:30 pm.

2. Roll Call
Present –Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Vitek, Pietryla, Bessner,
Lewis
Absent – NONE

3. Presentation
Rogina – Based on the recommendation by this city council, staff has begun to look at ways to ease budget pains caused by COVID-19. This is being done on your recommendation, and any vote or action taken tonight would forward to committee, although this is an official city council meeting, the actions would move forward to committee.
Finance Director Chris Minick Presented options regarding the City of St. Charles 2020-2021 fiscal year budget



CM Presentation
05182020.pdf

Rogina – Before we take action, as a committee, lets follow up with any comments, questions, or anything else.

Bessner – How do we get to find ourselves in a worst-case situation?

Minick – The models all have different levels of loss. The revenues all show differing levels of downturn and the numbers all take on assumptions of when things begin to open and to the level of activity within that sector. All the models show activity loss, and show a best, second best, and all the way to a worst case. They models begin to pickup in June and have increasing numbers throughout the year. The worst slows a longer drop and slower open up. None of these will be 100% accurate and will all blend together and we will see the true impact after things resume full time.

Bessner – The mayor sent a letter regarding funding, is that federal or state?

Rogina – In the CARES 3 package, passed in the house and not looking promising in the senate, there is funding for the city. Being candid, I spoke with Sen. DeWitt and he said there is state money, passing through the county, and will be earmarked for PPE expenses not really for use in this year's budget, but there is money. Last evening on a phone call with the Senate President, he indicated that there is money in the CARES 1 package due to municipalities, and there is. Chris is stabbing at ideas here and where we can pickup revenues from state or federal, just like everyone else, cities are hurting from this also. I don't know that we can even guess at this point to what that amount might be. Chris will keep an eye on it.

Bessner – Once that passes through and become real, how long will that take to be received?

Rogina – From time to time, we have received federal funds but Chris can comment better.

Minick – Depending on how it is structured, it is hard to say. A few years ago, we had a snow event and those funds took 18 months, maybe 2 years. They needed to verify expenses you are claiming and once that is done, the rest starts to wind through the system. That is one example, they may do something more immediate, it is possible and I am not sure how it will structure.

Bessner – The 5% the staff directors will be cutting, that will be about \$2,4 million? That will be including the spring clean up, so everything on that list will be part of that?

Minick – Yes, that is correct.

Bessner – And that is our best-case situation?

Rogina – That is about \$2.4 million.

Silkaitis – In your letter, the original bill in congress, the money was going to the states and the counties, you'll be trying to get the money through the county, is that right?

Rogina – According to the letter from this morning, that money will be coming from the county. The senator was clear and concise and said go for it! I sent that letter to the county chair, so we will see.

Silkaitis – The second round would see monies directly, potentially.

Rogina – Through grant programs, yes. Not through the state, that was made clear.

Silkaitis – You talked about property tax relief, I presume the state would be doing that, would we be reimbursed for that? Or would this be basically unfunded?

Minick – I think that will be seen, but we know what the history has been with this.

Silkaitis – My personal opinion, they have 3 situations for their recovery, a V shape, a W shape, or the L shape. We don't, no one knows that that is yet. Your basis is assuming an L shape?

Minick – The best case would be a V, in reality we are in a U and maybe L, between a U and L.

Rogina – I watched an interview with Federal Reserve Chair Powel, it was superb and the good news was that the Fed has tools to help the economy and to possibly, in his words, to look for 3rd quarter recovery. The 2nd will be a disaster but in the 3rd, we will see recovery. He also said, this is not to be compared to the Great Depression or the 2008-2009 because this is a pandemic, we have to deal with it, and that the Federal Government has the tools available to help spur things along and we will deal with consequences later.

Payleitner – My original questions were answered but you're unsure of structure, if we receive these grants, and also they may be justified with expenditures?

Minick – Yes, I think so and I just simply don't know what the funding would or could look like right now, and until they make it available, I can't speculate. Also, I have not built any additional or relief revenues into any of the models that we have here, none. If there are things that come back to us, that would be added and basically gravy.

Payleitner – Thank you for the detailed presentation.

Vitek – We talked about funding possibilities and we don't really know how long this could last, and it's important to note that it is important to do something now, but we need to consider a series of things because we just don't know anything about how people will feel about getting back into the world.

Rogina – If the tracking stays as it's been, as indicated, we can anticipate that things like barbers, salons, and retail can begin to re-open. That, to me, means Von Mar, Jeans and a Cute Top downtown as well as the other businesses downtown. Basically, it means where sales taxes are produced. I throw that out as a matter of hope, as is with our theme here. Restaurants and bars may not be June 1, but there is a lot of lobby going on in that arena as well.

Minick – This is why we took a phased approach, one that respects where we are and the reality of the situation within the economic downturn we are likely to see. By the same token, we wanted a measured and reasonable reaction to all layers of all of the pandemic and we plan to look at all the numbers as they begin to come in and we plan to react accordingly.

Bessner – Regarding the expenditures over the past 6-8 weeks, was there anything substantial saved because we are not performing activities or services?

Minick – Not yet, as we move through time, we will see some. We haven't done the math on this time period to see but we haven't seen a large reduction, yet. The exception would be those vacant positions that we haven't filled that I talked about before, there is savings there but the further we move into May and June, and they stay unfilled, all savings.

Bessner – If we had to do another 5%, do you see that being feasible? Or is this in a good place to get to 10% if we needed?

Minick – I think there would be some struggle but we could get there. Publicly seen services might, maybe, be seen at that point.

Pietryla – I really can imagine how hard this must be, you are working with all unknowns and have done a great job getting this together and workable. I support your phased policy approach and I appreciate your efforts, thank you.

Lemke – Are there capital programs that typically are larger cost items that we could delay?

Minick – In the first round, we have moved a few things back a year and those are basically for city buildings that we have pushed back a year at this point, a couple of public works buildings, salt dome, roofing on another facility, there are a few that we are looking at delaying. There are more capital projects highlighted for cuts should be necessary and they have prioritized their projects and have ranked them to their importance and the needs to complete these in 2020-2021 and we would adjust as needed.

Bancroft – In my business, we don't look at phases, its week-to-week, month-to-month. I think you're using the leverage you have and are using it as well as you can right now. Looking at cash (inaudible)....in the stock market good news travels fast.

Rogina – Could you capture the essence and try again?

Bancroft – Basically that I see we have lots of levers to pull and we can pull them as sparingly over time as we can. We don't have to plan for a hard recovery at this point and can do the things you planned for the next little bit and be good. Let's not over react right now.

Koenen – Thinking ahead, Chris mentioned we would be making adjustments and we didn't speak to using reserves tonight. We approved this year's budget and indicated a 34% reserve. The policy requires a 25% reserve. We have built this intentionally to be conservative and to recognize that we are ready for a rainy day, this might be the rainy

day. We can consider this as a tool and use some, not all, and maybe a piece to help us through this process and this can be considered over the next 30-45 days.

Rogina – Mark’s comment, this is something that the council will have to talk about and come to a consensus and right now, that might be too early to discuss but his idea of thinking about it is very valid. We are moving through this phased approach and we have to see if and what deficits there are and then the conversations become ready to have. If there are no other questions, and there is no comment or question from the public (waiting), hearing none, I’d like to entertain a committee vote on the subject of

a motion to accept staff’s direction to reduce expenses by 5% for 2020-2021 budget, the motion moved by Ald. Payleitner and seconded by Ald. Silkaitis.

This motion directs staff to comeback and reduce 2020-2021 budget expenses by 5%

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft,
Vitek, Pietryla, Bessner, Lewis

NAY: NONE

ABSENT: NONE

ABSTAIN: NONE

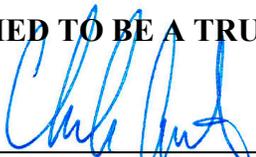
MOTION CARRIED

4. Adjournment at 6:30, Motion by Ald. Lemke and Seconded by Ald. Payleitner
VOICE VOTE: AYE – UNANIMOUS NAY-NONE



Charles Amenta, City Clerk

CERTIFIED TO BE A TRUE COPY OF ORIGINAL



Charles Amenta, City Clerk