



MINUTES

MOLINE CITY COUNCIL

SPECIAL MEETING

City Hall, 619 16th Street
Tuesday, April 28, 2020

Council Meeting: The City Council meeting came to order at 6:00 p.m. The Council met in regular session in the Council Chambers at City Hall.

Alderman Moyer, seconded by Alderman Williams, moved to approve the remote electronic attendance of Aldermen Parker, Wendt, Potter, Schoonmaker, Waldron and Berg. Motion passed unanimously.

Pledge: The Council and audience recited the Pledge of Allegiance.

Invocation: There was no Invocation.

Roll Call: Roll call was taken with Mayor Acri, Aldermen Williams, Parker, Wendt, Potter, Moyer, Schoonmaker, Waldron and Berg present. Absent: None.

Items on Consent:

Approval of Minutes and Remote Attendance

Committee-of-the-Whole meeting minutes of April 14, 2020, and Committee-of-the-Whole and Council meeting minutes of April 21, 2020.

Omnibus Vote: Alderman Parker, seconded by Alderman Moyer, moved to approve and adopt, by omnibus vote, these items. Motion carried on roll call with the following vote: ayes: Aldermen Williams, Parker, Wendt, Potter, Moyer, Schoonmaker, Waldron and Berg; nays: none.

Items Not on Consent:

1. **COVID-19 Update.** Interim City Administrator J.D. Schulte and Finance Director Carol Barnes provided an update on the financial impact of the pandemic. Barnes walked through the attached financial projections, beginning with an update on the projected revenue stream. It was noted that the projected revenue reduction was adjusted from 11% to 14%. Mayor Acri explained that January-April revenue is 17% lower than of that same period last year and that it is unlikely that revenue beyond April will spring back to budgeted projections, therefore requiring further adjustment. Staff will continue to adjust the budget as April revenue figures are received next month. Barnes indicated that staff will recommend drawing down fleet and facility internal service funds. A healthy cash balance exists in the liability fund and staff may recommend a draw-down on Council directed modifications to personnel. Barnes explained that budget changes are a result of current audit figures received by the finance department as well as tweaking of data by departments citywide. The preliminary audit shows a net increase in General Fund reserves of \$957,666, as a percent of expenditures that is 27% or 97 days. This number has gone up as expenditures and advances to the TIFs were cut. Alderman Wendt stated that he would like to see that number based on what our expected normal budget would be entering the next fiscal year. Barnes explained that the revenue shortfall jumped from \$1.9 million to \$2.6 million resulting from many cuts and announced retirements in the past week. The Visit Quad Cities expenditure was reduced by approximately \$130,000, and adjustments such as this have caused the net change to total expenditures. Schulte anticipates that before budget amendments are complete, that number could change again. Where excess funds are accumulating, there will be adjustments to next year's budget. Staff projects that with a \$1 million draw down, the General Fund will end the 2020 fiscal year with a reserve of 85 days. There was discussion that reserves are meant for times like these, and there is comfort in drawing those funds down. Schulte acknowledged that as audit figures come in, numbers are fluctuating. Barnes reviewed a list of COVID-19 Capital Improvement projects, with fund and as-bid figures broken out. Council thanked staff

for the work that went into this analysis. It was noted that spending of CIP and Utility funds will be more balanced moving forward. Barnes indicated that as presented, the need for Revenue Anticipation Notes is not projected. Though not advocating for a change, Alderman Potter reminded that the restricted use of Utility Tax funds may be changed by this, or future, councils.

Items for continued discussion during 2-on-2 meetings this week:

- Major Revenues
- General Fund Revenue Shortfall
- Fund Equity Statements: preliminary 2019 audit, 2020 revised for COVID-19 (\$10 million shortfall), 2021 Projected General Fund as percent of expenditures and days in reserves
- Fund balance review – internal service funds (facility, fleet, liability)
- Capital Improvement Plan updated with COVID-19 revenue projections
- Summary of Expense Cuts including Personnel
- Core Service discussion
- Bond Refinance

2. Special Service Areas 5 and 6 Information Exchange. This item was pulled from the agenda.

Council, Staff and Citizen Comments:

There was no public comment.

Executive Session:

Alderman Williams, seconded by Alderman Moyer, moved for Executive Session, for the purpose of discussion of Pending, Probable or Imminent Litigation- 5 ILCS 120/2 (C)(11), Collective Negotiating Matters-5 ILCS 120/2 (C)(2) and Appointment, Employment, Compensation, Discipline, Performance, or Dismissal of Specific Employees- 5 ILCS 120/2 (C)(1). Motion carried on roll call with the following vote: ayes: Aldermen Williams, Parker, Wendt, Potter, Moyer, Schoonmaker, Waldron and Berg; nays: none.

City Council convened in Executive Session at 7:04 p.m.

Council reconvened in open session at 8:56 p.m.

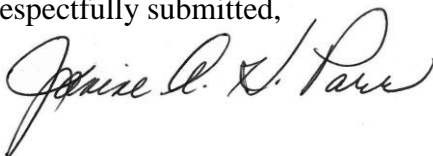
Alderman Waldron, seconded by Alderman Parker, moved to shut off utilities in order to force delinquent customers into a payment plan of at least \$25/month. There was discussion. Corporation Counsel shared that the Governor has not prohibited shut-off but has stated that local government must determine what its essential functions are and pursue those. The vast majority of municipal governments have moved from shut-off; however, given Moline's home rule powers, it has the power to do this. Mayor Acri noted that because this item was not on this special agenda, it may not be discussed. Alderman Waldron made a motion to table discussion until the next Committee-of-the-Whole meeting on May 5, 2020. Motion carried unanimously.

Alderman Potter reminded Council that in Barnes' initial revised budget presentation, she advised Council to be patient. Alderman Schoonmaker noted that Council should be prudent.

Mayor Acri adjourned the City Council meeting at 8:59 p.m.

The next regularly scheduled City Council meeting is on May 5, 2020. View recorded meetings at <http://www.moline.il.us/CivicMedia?CID=9>

Respectfully submitted,



Janine A. H. Parr, City Clerk

City of Moline
Major Revenue COVID-19 PROJECTIONS
(CASH BASIS)

Revenues	2020 Original Budget	Scenario 1 \$5.8 million Reduction in Revenue (2 month Stay @ Home with quick turn around)			Scenario 2 \$10.0 million Reduction in Revenue (3 month Stay @ Home with slow turn around)			Comments
		2020	2020	% change	2020	2020	% change	
		Projected Revenue	Potential Lost Revenue		Projected Revenue	Potential Lost Revenue		
State Sales Tax (General Fund)***	\$ 9,902,425	\$ 8,670,805	-\$ 1,231,620	-12%	\$ 7,882,230	-\$ 2,020,195	-20%	
Home Rule Sales Tax (General 40% & CIP 60% Funds)***	\$ 7,682,515	\$ 6,538,220	-\$ 1,144,295	-15%	\$ 5,490,115	-\$ 2,192,400	-29%	
Income Tax (General Fund)	\$ 4,622,245	\$ 3,871,690	-\$ 750,555	-16%	\$ 3,599,162	-\$ 1,023,083	-22%	
Replacement Tax (General, Parks, & Library)	\$ 2,835,240	\$ 2,248,165	-\$ 587,075	-21%	\$ 2,248,165	-\$ 587,075	-21%	
Utility Taxes (General & CIP Funds)*	\$ 3,000,000	\$ 2,591,000	-\$ 409,000	-14%	\$ 2,591,000	-\$ 409,000	-14%	Overall slight drop due to business closure in some markets
Food/Liquor Tax (General Fund)*	\$ 2,250,000	\$ 1,933,395	-\$ 316,605	-14%	\$ 1,848,602	-\$ 401,398	-18%	
Motor Fuel Tax (Motor Fuel Tax Fund)	\$ 1,750,000	\$ 1,526,135	-\$ 223,865	-13%	\$ 875,000	-\$ 875,000	-50%	Overall slight to significant drop in fuel use
Hotel/Motel Tax (General Fund)*	\$ 1,900,000	\$ 1,520,000	-\$ 380,000	-20%	\$ 873,468	-\$ 1,026,532	-54%	
Property Tax (General, Parks, & Library)	\$ 15,903,100	\$ 15,903,100	\$ -	0%	\$ 15,903,100	\$ -	0%	No change
Utility Funds (Water, Sewer, & Sanitation)	\$ 19,328,290	\$ 19,260,410	-\$ 67,880	0%	\$ 17,878,670	-\$ 1,449,620	-7%	Overall increase drop as stay at home continues
Other Major Revenues	\$ 2,348,875	\$ 2,121,695	-\$ 227,180	-10%	\$ 1,798,465	-\$ 550,410	-23%	Overall increase drop as stay at home continues
SUBTOTAL	\$ 71,522,690	\$ 66,184,615	-\$ 5,338,075	-7%	\$ 60,987,978	-\$ 10,534,712	-15%	
Other Minor Revenues (Excluding Pensions)	\$ 45,985,297	\$ 45,424,084	-\$ 561,213	-1%	\$ 46,028,752	\$ 43,455	0%	Overall increase drop as stay at home continues
Total Major Revenues (Excluding Pensions)	\$ 117,507,987	\$ 111,670,864	-\$ 5,837,123	-5%	\$ 107,016,730	-\$ 10,491,257	-9%	

* 1 Month lag

*** 3 Month lag

General Fund Revenue Shortfall

COVID-19 - 2020 Budget

General Fund 2020 COVID19 Shortfall

2019 AMENDED Budget Excess reserves	204,864
Less 2019 Audit Adjustment to 2020, P25	374,236
Additional Excess	378,566
Preliminary Audit - Net excess reserves from 2019 (Net fund Balance as a % of Exp. 27.02% or 97 days)	957,666
General Fund Revenue Shortfall	-6,856,023
Total Operating cuts to-date including:	2,681,078
Transfer of Engineering Salaries & Benefits to Utilities	351,200
Reduced Transfer out to Library	414,825
Transfer in from Parks savings	567,000
Staffing	0
Transfer in from Fleet - reduction of Fund Balance	750,000
Transfer in from Facility - reduction of Fund Balance	550,000
Net excess/(shortfall) In General Fund	-1,541,920

General Fund Recap:

	12/31/2019	12/31/2020
Beginning Fund Balance 12/31/18	22,898,893	23,856,562
Excess of Revenues over/under Expenditures	957,669	
Additional Draw Down (Example requested by Elected Officials)		-1,000,000
2019 Excess reserves		-957,669
Ending Fund Balance 12/31/19	23,856,562	21,898,893
Less Advances	-12,003,125	-11,746,214
Net Fund Balance 12/31	<u>11,853,437</u>	<u>10,152,679</u>
To date Expenditures		43,447,953
Remaining Shortfall to find		-541,923
Total Annual Expenditures	43,872,045	42,906,030
Net Fund Balance as a % of Expenditures	27.02%	23.66%
Fund Balance to Expenditures in days	97	85

