

**The City of Lake Forest
FINANCE COMMITTEE
Proceedings of the April 20, 2020 Meeting
6:30 p. m. – Remote Access Meeting**

I. Call to Order and Roll Call

The meeting was called to order at 6:30 p.m. by Chairman Morris. Present: Chairman Morris, Mayor Pandaleon, Aldermen Beidler, Rummel, Notz, Preschlack, Goshgarian, Moreno and Buschmann. Absent: None. Quorum present. There were approximately 60 present in the audience.

Staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Julie Tappendorf – City Attorney; Margaret Boyer – City Clerk; Michael Thomas, Public Works Director; Cathy Czerniak, Director of Community Development; Karl Walldorf, Police Chief; Jim Shaw, Director of Innovation Technology and Sally Swarthout, Parks and Recreation Director.

Others present: There were approximately 50 people in the audience.

II. Consideration of Minutes from the Finance Committee Meeting Held on March 12, 2020

Alderman Preschlack made a motion to approve the minutes from the Finance Committee meeting held on March 12, 2020. The motion was seconded by Alderman Beidler. The motion carried unanimously by voice vote.

III. Impact of Covid-19 Pandemic on City Finances (FY2021 Budget Discussion)

Ms. Elizabeth Holleb, Finance Director stated the FY2021 budget approval has been delayed until the May 4, 2020 City Council meeting due to the Coronavirus Pandemic and anticipated impacts on the FY21 Budget. She noted that the City's cash on hand is sufficient for expenses, the City has maintained healthy reserves for situations like the current pandemic and the property tax levy has been approved for FY21. She reviewed challenges such as lost or deferred revenue, unknown timeline, FY21 budget approval and the impact on state finances. She stated four funds have been identified as having significant impacts as a result of the pandemic.

- General Fund – Reviewed three alternatives effecting Property Taxes, Sales Tax, Income Tax, Other Revenue and No funding from Stimulus. At the March 12th Finance Committee, \$3,000,000 was approved to transfer to the Capital Fund. Recommending transferring \$2,000,000 to the Capital Fund and reserving \$500,000 for local stimulus and \$500,000 to assist other City funds impacted by loss revenue.

The Committee discussed the probability of each alternative and the potential impact by the State.

The Committee recommended Alternative A and requested a monthly review at City Council to make sure revenues falling within the scenario. A local stimulus from FY20 savings would be added as a rollover expense to FY21.

- Parks and Recreation Fund – Reviewed two alternatives effecting Property taxes and programs cancelled spring or spring and summer. The alternatives focused on program cancellations

The Committee discussed fixed versus variable expenses. Summer program staff would not be hired if programs cancelled. Alternative B includes canceling all summer programs, including beach operations.

Ms. Holleb reviewed the Fund Balance falling below target, but funding could potentially be provided from a General Fund transfer.

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The Committee recommended Alternative B, but adding back the beach operations.

- Golf Course –Reviewed revised FY20 estimates opening May 1 and two FY21 alternatives opening June 1 or September 1.

The Committee discussed the alternatives and recommended revenues as of June 1 and using the original FY21 expenses.

- Capital Improvement Fund – Reviewed revenue impacts on Sales Tax, Real Estate Transfer Tax and Interest and specific projects. Rosemary ravine was approved at the March 12 budget meeting. Burr Oak Storm Sewer and Rockefeller Storm design have moved to FY22. Property Tax revenue was highlighted as a concern due to pension investment losses to affect future tax levies.

The Committee discussed Burr Oak storm moving to FY22. Bids received were significantly higher than the project budget.

- Other Funds – All will have lower interest or investment income or losses. The Motor Fuel Tax Fund will have reduced revenues.

IV. Proposed Revisions to City's purchasing Policy and Related Policies and Procedures

Ms. Holleb stated staff from all departments completed a review of purchasing policies and procedures. Included in this review was a survey to other communities. Staff is recommending incorporating the State increased bid requirement from \$20,000 to \$25,000. Staff recommended separating the purchasing directive into two separate documents representing policies and procedures. She reviewed changes to Change Order procedures relating to projects.

Alderman Rummel made a motion to approve proposed revisions to City's purchasing policy and related policies and procedures. The motion was seconded by Alderman Beidler. The motion carried unanimously by voice vote.

V. Other Business

March 2020 Flash Report – No discussion

Investment Policy Review – No discussion

FY20 Supplemental Appropriation Ordinance – No discussion

VI. Opportunity for the Public to Address the Finance Committee

Chairman Morris provided instructions to the Public to provide comment.

Mr. Jason Wicha, City Manager stated the Committee would discuss the proposed business incentive plan at the Finance Committee to enable residents the opportunity to provide public comments at the City Council meeting.

Ms. Holleb reviewed the Governor's executive order and the impact on local businesses. She reviewed the City's portion of the 8% sales tax in Lake Forest. The local grant program would demonstrate support for local businesses and would share future sales tax revenue with local businesses. She reviewed proposed eligibility requirements to qualify to participate in the local business grant program. She stated grants would be calculated based on ¼ of the Municipal Sales Tax generated on calendar year 2019 sales and grants would be capped at \$12,500. For businesses opened after January 1, 2019 a cap of \$5,000 would be established. She reviewed the recommended procedures for the program and documentation to be provided to demonstrate eligibility and payment of tax liability. Businesses will receive a 1099-G if payment is over \$600 based on IRS requirements. She reviewed the estimated fiscal impact at \$287,000 if all businesses submitted and received full grants. She stated 366 businesses are estimated at \$100 or less.

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The Committee discussed the potential to change the formula to increase the benefit to businesses receiving a small amount. This would require an alternate program to be brought to the Committee for review. The City would need to ensure specific groups are not treated differently from other businesses. The Committee discussed not-for-profit organizations and how the City could potentially assist with fee waivers.

The Committee requested staff poll community members as to other ways the City can assist those affected by the pandemic.

VII. Adjournment

There being no further business, Alderman Preschlack moved, seconded by Alderman Beidler, to adjourn the meeting at 8:44 p.m. The motion carried unanimously by voice vote.

Respectfully Submitted,

Diane Hall
Assistant Finance Director