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**CITY OF MT. VERNON, ILLINOIS
CITY COUNCIL WORKSHOP MEETING
Thursday, April 9, 2020**

The Mt. Vernon City Council called a Workshop Meeting for Thursday, April 9, 2020 at 4 p.m. at City Hall, 1100 Main Street, Council Chamber Room, 2nd Floor, Mt. Vernon, Illinois via teleconference due to the Covid-19 quarantine.

Mayor John Lewis called the meeting to order.

ROLL CALL

Roll call showed present: Council Member Joe Gliosci, Council Member Donte Moore, Council Member Mike Young, and Mayor John Lewis. Absent: Council Member Ray Botch.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

No visitors spoke at the meeting.

REVIEW AND DISCUSSION ON THE PROPOSED 2020-2021 BUDGET

City Manager Mary Ellen Bechtel distributed a revised General Corporate Fund Budget Summary Chart which removed the \$30,000 revenue from the Post Office Lease and placed the revenue into the Downtown TIF Fund. This leaves the proposed Annual Changes in the 2020-2021 Working Fund Balance at \$133,560.00.

Bechtel distributed a chart showing the Estimated Operating Working Fund Balance Projections for the next five years. She explained that this is optimistic, because the COVID impact may be worse than anticipated. The budget and purchases will be adjusted monthly.

CITY OF MT. VERNON, IL GENERAL CORPORATE FUND WORKING FUND BALANCE PROJECTIONS 1/23/2020

	Year Ending 4/30/2021	Year Ending 4/30/2022	Year Ending 4/30/2023	Year Ending 4/30/2024	Year Ending 4/30/2025
Working Fund Balance at Beginning of Year	\$5,325,042	\$5,458,602	\$5,728,523	\$5,574,745	\$4,985,430
Revenues	\$15,043,357	\$15,593,778	\$15,593,778	\$15,593,778	\$15,593,778
Expenses	\$(14,909,797)	\$(15,323,857)	\$(15,747,556)	\$(16,183,094)	\$(16,641,769)
Working Fund Balance at End of Year	\$20,368,399	\$21,052,380	\$21,322,301.	\$21,168,523	\$20,579,208
Months of Operating Expense	4.4	4.5	4.2	3.7	2.8

Revenue Assumptions

1. Assuming a 10% decrease in 2020-2021 Sales and Home Rule Tax from 2019-20, plus COVID negative impact and 0% increase last 4 years
2. Assuming a 2.1% decrease in 2020-2021 State Income Tax from 2019-20, plus COVID negative impact and 0% increase last 4 years
3. Assuming the negative impact of COVID will be as budgeted for 2020-21 and there will be no negative impact after that
4. Assuming 10% reduction in State Income Tax by State will continue indefinitely
5. Assuming all other revenue will remain constant

Expenditure Assumptions

1. Assuming staffing levels budgeted in 2020-21 will continue through 4/30/2025
2. Assuming a 2.77% increase each year in wages (union contracts are thru 4/30/2022)
3. Assuming 4% increase each year in Self-funded Health Insurance
4. Assuming 4% increase each year in Plan F Health Insurance
5. Assuming 3% increase each year in Property Casualty Insurance
6. Assuming 5% increase each year in Work Comp Insurance
7. Assuming no reimbursements will be received from MFT for Public Works labor and equipment
8. Assuming that we will continue to fund JCDC at \$100,000 each year
9. Assuming that we will continue to fund DMDC at \$77,000 each year
10. Assuming 2% increase each year in all other expenses
11. Assuming no transfer for Capital Items

Public Utilities Water and Sewer Fund.

City Manager Mary Ellen Bechtel distributed the budget summary charts for the Public Utilities Water Fund and the Public Utilities Sewer Fund. Bechtel explained that at May 1, 2018, the Water Division was separated from the Sewer Division.

Finance Director Merle Hollman stated \$471,000 was transferred from the Water Fund to the Sewer Fund for operations because when the funds were separated, it was found that the Sewer Rates are not covering the Sewer Expenses. After the transfer, the Public Utilities Water Operating Cash at April 30, 2020 is \$688,757, which is 2.22 months of Working Fund Balance. In FY 2020-2021, \$332,000 will be transferred from the Water Fund to the Sewer Fund. This leaves an Estimated Working Fund Balance Ending April 30, 2021 at \$689,208. Hollman stated that this is the fourth year that the Water Operating Fund did not have an increase in rates. Each November 1st, there is a restricted 2% increase for Capital Expenses.

City Manager Mary Ellen Bechtel presented a chart showing the Public Utilities Sewer Operating Working Fund with 0% operating increase and a 2% Capital Increase on November 1st. The change in the Working Fund Balance at April 30, 2020 is (\$470,338) before the \$471,000 was transferred from the Water Fund. After the transfer, the Public Utilities Sewer Operating Cash at April 30, 2020 was \$659,946, which is 2.37 months of Working Fund Balance. If the goal is to have the Sewer Fund self-supporting, then there will be a need to implement an increase in the Sewer Operating Fund revenue this year. She proposed a 5% increase in the rates for the Sewer Operating Fund and 0% increase in the rates for the Water Operating Fund.

She presented a chart showing the Public Utilities Sewer Operating Working Fund with 5% operating increase and a 2% Capital Increase on November 1st. Hollmann said that the 5% increase would run an average household \$2.25 per month. Another Sewer rate increase may be required next year, so that the Sewer Fund will pay for itself. Mayor John Lewis stated that the Sewer Fund will experience major expenses in future years for the Sewer Treatment Plant.

Motor Fuel Tax Fund

City Manager Mary Ellen Bechtel explained that this fund is doing better since funds are not being transferred out of it to subsidize Public Works. The Estimated Working Fund Balance Ending April 30, 2021 is \$889,497. The following streets will be paved using MFT Funds:

Elm Circle
Pavey – Richview to Lake St.
16th Street – Logan to Lamar
Lamar – 17th to 15th Streets

Perkins – Shawnee to 10th Street
9th Street – Perkins to Cleveland
Indian Trail – First part
Intersection - Brownsville Road by the school

Hollmann stated that he lowered the revenue projects by about \$150,000 for the next two due to the impact of COVID 19. Bechtel reported that one mile of roadway costs \$1.2 million and the City has 137 miles of roadway to repair.

Aquatic Zoo

The Aquatic Zoo's Annual Budget Summary was discussed. Assistant City Manager Nathan McKenna reported that the Working Fund Balance at April 30, 2020 is estimated to be \$1,779. He updated the Council on the recent improvements at the Aquatic Zoo including the deck addition, umbrellas, new diving boards, and chairs. These improvements totaled \$151,000. Due to the minimum wage increase, the staff will be paid \$10 per hour which amounts to an additional \$46,000 increase in wages. The fee for Season Passes increased \$10 per person. The Day Pass Fee did not increase. Mayor John Lewis stated that citizens expect the City to subsidize the pool and it is a good amenity. McKenna projects a \$65,000 deficit after seven years.

Sanitation

The Sanitation Fund's Annual Budget Summary was presented. The customer rate of \$19.00 per month remains the same for FY 2019-2020 and FY 2020-2021. There has been no rate increase since the contract began six years ago. One year remains on the current contract. Hollmann explained that the City is being charged over \$19 per month and the Working Fund Balance is declining.

Tourism

City Manager Mary Ellen Bechtel reported that the COVID effect has been hard on the Tourism Budget this year. The budget has been cut as much as it can, and it is uncertain if the State of Illinois is going to reduce their grant. Mayor John Lewis asked if the window seals and roof repairs were removed. Council Member Donte Moore and the Mayor agreed that the Muni-West Building needs to be maintained. Council Member Mike Young explained that the windows needed repaired before the roof. Bechtel stated the funds may be borrowed from another fund for those expenses.

Community Development Assistance Program (CDAP)

City Manager Mary Ellen Bechtel explained that the City has one more grant for Crosswalk to administer this year. By April 30, 2021, Crosswalk plans to renovate ten homes this year at \$40,000 per home.

Pension Sales Tax Fund

Merle Hollman stated that this is a new fund was developed this year. To keep the City from a Property Tax Levy increase, the Council passed a ¼% Sales Tax to subsidize the Police Pension Fund, Fire Pension Fund, the IMRF Fund, and FICA/MEDICARE Fund. The tax is effective July 1, 2020. The expected revenue for the nine months remaining in FY 2020-2021 is \$565,309. The April 30, 2021 Working Fund Balance is projected to be \$328,686.

Health Insurance Fund

City Manager Mary Ellen Bechtel explained that this self-insured fund looks good this year. This could change depending on the number and type of claims. Premiums have remained the same for the past three years. Hollmann reported that the City has saved a lot of money with the self-insured health insurance plan.

Special Service Area #1

City Manager Mary Ellen Bechtel explained that this fund contains Property Tax from the Downtown Area. Revenue is estimated at \$83,412 for next FY and the April 30, 2021 Working Fund Balance is projected to be \$4,748. This fund pays for one full-time person.

Downtown TIF

The Downtown TIF will receive the remaining balance of the 2012 Bonds to pay for the new Post Office. The 2012 Bonds, \$30,000 revenue from the Post Office Lease, and Post Office loan expenses are included in this Fund. The April 30, 2021 Working Fund Balance is projected to be \$74,548.

Industrial Park Conservation Area (Westside) TIF

The Westside TIF includes the new Industrial Park, Phoenix Modular Elevators, and Menards. Marketing costs have been budgeted. The April 30, 2021 Working Fund Balance is projected to be \$121,031.

Route 15/Interstate 57 (Eastside) TIF

The Eastside TIF includes the Drury Inn and some property on South 44th Street. The April 30, 2021 Working Fund Balance is projected to be \$113,557.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

No visitors spoke at the meeting.

EXECUTIVE SESSION

No Executive Session was held.

ADJOURNMENT

Council Member Donte Moore motioned to adjourn. Seconded by Council Member Joe Gliosci. Yeas: Botch, Gliosci, Moore, Young, and Lewis.

The meeting was adjourned at 5:09 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mary Jo Pemberton".

Mary Jo Pemberton
City Clerk