

**COMMITTEE-OF-THE-WHOLE
MINUTES
May 19, 2020**

Mayor Gallo called the Committee-of-the-Whole meeting via Zoom Teleconferencing to order at 7:31 p.m.

COUNCIL IN ATTENDANCE REMOTELY: Aldermen Mike Cannon, Nick Budmats, Kevin O'Brien, Jenifer Vinezeano, Jon Bisesi, John D'Astice and Lara Sanoica

COUNCIL MEMBERS ABSENT: None

STAFF IN ATTENDANCE REMOTELY: City Manager Barry Krumstok, Finance Director Melissa Gallagher, Deputy City Clerk Judy Brose, Assistant to City Manager Lori Ciezak, Police Chief John Nowacki, Fire Chief Jeff Moxley, Director Public Works Rob Horne, Assistant Director Public Works Jo Ellen Charlton, Business Advocate Martha Corner and City Attorney Melissa Wolf

I'd like to let the members of the public know who are joining us, they will be afforded the opportunity for public comment to address the City Council on matters that are on the agenda, only after the City Council discusses with Staff so long as you have provided your contact credentials along with identifying the subject matter for which you would like to speak on before the deadline which was indicated on tonight's agenda. We ask that persons who do speak address the City Council and keep their comments to 5 minutes in length. Comments must be addressed to the Council as a whole through the Mayor, and profanity may not be used in any form.

Please note, items were not discussed in the order as listed on the Agenda

1) Temporary Family Assistance Policy Discussion

Barry Krumstok, City Manager – The program goal is to provide financial and other forms of assistance to residents of Rolling Meadows who are experiencing a temporary welfare emergency due to insolvency. For the purpose of this program, an Applicant is someone who is a United States Citizen or a lawfully present non-citizen as set forth in Section 5/1-11 of the Illinois Public Aid Code, and has maintained their principal domicile within the corporate limits of the City of Rolling Meadows for a continuous period of six (6) months immediately preceding the request for assistance. This continuous period shall be waived and is not applicable during any state of emergency as declared by the City Council. The current program is funded \$5000 annually.

Alderman Sanoica - I understand that we currently leverage a lot of other humanitarian nonprofit organizations to help our citizens and our residents here in the City of Rolling Meadows. We can't necessarily anticipate the exact need but we can anticipate based off unemployment numbers that there will probably be a universal need and while a lot of our humanitarian organizations that may be took the bulk of our needs in the past might feel a little bit stressed in the future. I think it's prudent that we're having this conversation now while in the State of Illinois we don't have evictions, we aren't enforcing evictions and there are no utility shut offs for water. That isn't going to last forever and so that's really why I wanted to have this discussion now while we can and make adjustments to this program. The most important I think is making sure that it's adequately funded for the need that's here. The \$5000 annually with the \$500 maximum limit, if this is being used completely and everyone is taking the maximum of \$500 per 12 months that's about 10 families that would be affected. My first question, is this consistent with the need that we currently experience? Is there about one call a month or so from families requesting assistance from this fund?

Barry Krumstok, City Manager - At this point the answer would be no for temporary family assistance.

Alderman Sanoica - What would you say the current monthly call for this program is for our City?

Barry Krumstok, City Manager – We might have 1-2 a quarter but it depends on the year.

Alderman Sanoica – If it's 1-2 a quarter than this seems to be sufficient as far as funding. What I would like us to do is to provide some capital for this program but if it's typically 1 or 2 then maybe we should be looking at something like 10 times that or maybe three times that to start with and then see where our numbers are in the next quarter. I believe we should get a report on each quarter on what the disbursements are and the denials are for this fund. If we were to pass a resolution using some funds from the General Fund for the Temporary Family Assistance Fund then we would be able to know sometime in August when we would meet again if those are you being utilized or if we need to inject more money into this or not. If we were to put \$35,000 into this and increase it to around \$40,000 that would increase the number from 10 to about 30 families potentially with using that \$500 maximum. I want to throw that out to the Council to think about that and then revisiting it in August to see if all of those funds are completely used up and then pass another resolution or if it wasn't necessarily used. I also want to talk about the maximum itself. What roadblocks are currently in front of us from increasing that \$500 maximum to something more like \$1500 to cover the average rental of about \$1200 per month in the City of Rolling Meadows?

Melissa Gallagher, Finance Director – Obviously, adequate controls are needed. We mentioned that the six month waiting period and having criteria for 12 months. Also make sure to have adequate controls on only addressing one household at a time. As far as roadblocks, you want to also make sure that we're maximizing the number to assist the residents. Right now we have a category of housing as \$500 as the limit. If you increase it, you're not going to be able to provide as many revenue sources to others that might be in need so I think it's really important to look at that. We have criteria for categories for financial assistance, so rent or mortgage obligations that can't be paid would only be a portion of that.

Alderman Sanoica - Are there any other state or federal requirements that prevent us from increasing that individual limit from \$500 to something like \$1500?

Barry Krumstok, City Manager – No, it would be whatever the City Council wants to raise it to. As I mentioned before, we cut the check to the apartment complex/landlord/bank as the payment does not go directly to the individual.

Mayor Gallo - Alderman Sanoica, at this time you're looking to eventually increase the fund from \$35,000 to \$40,000 and possibly increase the limit for individuals from \$500 to maybe \$1500?

Alderman Sanoica - That is correct. The entire fund, using funds from our reserves in the General Fund to then transfer those to increase from \$5000 to \$40,000 and then to see if we can increase the maximum limit to \$1500.

Alderman O'Brien - Since the pandemic (March), have we had any requests for this Emergency Family Assistance Program in the last two months?

Joyce DeLeon, H.R. Specialist - I have not received any calls, it's probably because nobody has received any eviction notices.

Alderman Bisesi - I'm assuming this is all tax-free to the individual? So we wouldn't wind up running into anything regarding 1099s or anything like that, correct?

Barry Krumstok, City Manager – As I mentioned before, we try to send payments directly to the organization or utility to avoid that. If the individual is requesting food, we will get a gift card to avoid that. We are conscious of that so we will make sure that it's going to the right place.

Alderman Vinezeano - I know we mentioned that an individual could apply, my question is that some of these items like housing, would we be setting the limits per household? Items such as food and medicine assistance, would that be on an individual basis? It's not stated in the current proposal and how would that be handled?

Melissa Gallagher, Finance Director - It is based on an individual household within 12 months. In terms of food, housing, medicine or any type of assistance, it is based on an individual household for a 12 month period.

Alderman Vinezeano - We're going to pay the rent for the entire household but there could be two individuals that may need medical/prescription assistance. Is it just for the household and not just for individuals because we wouldn't want to pay rent for four individuals on the same rent per se?

Melissa Gallagher, Finance Director – Yes, to the household rent and in terms of individuals within the household that would be a City Council decision to expand it but it has traditionally been the household need. To answer that question right now, it's usually looked as what's the need in the household and to go beyond that would be a City Council policy decision if you want to expand that.

Mayor Gallo – Alderman Vinezeano, is there any particular question you would like to pose to the Council?

Alderman Vinezeano - Yes, I would propose that we stay with the housing structure the way that it is but the individual household structure be broken out with some of the items because you could have multiple adults in a household and I think that one person for instance for medicine/food assistance can max out at \$200 very easily, so that would be my proposal, that item would be per adult in the household.

Mayor Gallo - Is there a specific section in this that you draw your attention to?

Alderman Vinezeano - Food/medicine assistance and medical/dental bills was the other category.

Mayor Gallo - For food/medicine and medical/dental bills you would like to see some refining to individual not per household?

Alderman Vinezeano – Correct.

Mayor Gallo - Is that everything for you Alderman Vinezeano?

Alderman Vinezeano – Yes.

Alderman Cannon - I was wondering if we can get staff to talk about #4 on the agenda at the same time because I think these two items work hand-in-hand. I think they did some research about what our neighbors are doing and it might be helpful with this overall discussion to find out what our neighbors are doing or not doing. It might help us give us some guidance through this whole process. That's what I wanted to start with.

Mayor Gallo – Okay, because staff is presenting this if there are points you would like to incorporate currently in this conversation from that other item please feel free to inject those here and then we could just shift the order to the next one that's related instead of just jumping into the G1 discussion.

Alderman Cannon - The information that we have received so far looks like most of our neighbors don't do a program like this, they do like we've been doing like stopping late fees or fines and things of that nature. It seems like most of our neighbors are using the townships, county, state or federal programs. The federal program has been generous to most families whether they're working or not working they received a pretty big bonus check this time. As I expressed the last time, my own personal feeling and many people don't agree with me, I don't think we should be in the welfare business but that's just my opinion. We're asking some taxpayers to give other taxpayers free money and I'm a little bit troubled by that. I think we have many charitable things we can do as individuals to help people and I hope people would do that.

Mayor Gallo - I do hope you're asking the constituents in your Ward how they feel about the subject so you could bring that information back to the Council as well not specifically just for yourself.

Alderman Sanoica - I just wanted to clarify with a couple hypotheticals with Alderman Vinezeano's question regarding the individual versus the household. If we have someone that's living by themselves in an apartment and we have raised the maximum from \$500 to \$1500 and they are insolvent and have an eviction notice but cannot be evicted during this grace period and if their landlord attempts to proceed with the eviction in August or in September when that grace period is complete hypothetically, that \$1500 would then go towards that individual. In that same scenario if we have to adults living together in that household, would it be possible in August when the grace period would hypothetically be over that they apply for that \$1500 to help them and then in the second month if they still haven't been able to find work or for some other situation, would the second individual be capable of getting another \$1500 for that household?

Barry Krumstok, City Manager - No, once you use the program it's one time only per household/location. Again, with your second scenario there's two people living there but it's the same address/location.

Alderman Sanoica - I'm looking at the policy, page 3 in our packet. Reading through the policy I don't see the difference of individuals or household. The way the policy is currently written it's just says residents who meet this criteria so if are going to specify households, is that something that the Council needs to specify in policy as Finance Director Gallagher mentioned or is this something that's left to the discretion of the City Manager for this program?

Melissa Gallagher, Finance Director – Traditionally, how we administered the program is to have the City Manager have the discretion based on the current policy. It has always been with this family assistance program is to help residents in need as fast as possible. It was used a little bit greater during the great recession, the amount that we had was around \$10,000, just to give you some perspective. Increasing it like you've asked with this discussion earlier to increase it to whatever the Council decides, if we could have the discretion to assist the residents, the most types of requests that come in are usually for utility bills (Nicor and ComEd) then the next one would be rent assistance and it is usually not the entire month of rent, it's usually a partial month. I don't want to speak for Joyce but that's the typical requests. Medical assistance requests are not typical but utilities and rent are the major ones. If you would like to expand it and to be prudent is to have some caps. That's what we always looked at it as household type of a program. Again, most people are coming to us as a last resort because there are other programs out there. As far as per individual per household, if you allow a little more discretion on the part of the City Administration that gives more flexibility when the requests come and rather than putting a lot of different parameters within a policy, it gives us a little more allowance to help those in need.

Alderman Sanoica - I will finish with this example, page 4 of our packet, \$200 limit for food/medicine assistance, does the discretion exist in the current policy for multiple individuals in the household to say that \$200 is the

maximum for that category. Is it the household that has a \$200 limit or provide \$200 x 4 or \$800 to that household which would be under that \$1500 proposed maximum that would then be administered?

Melissa Gallagher, Finance Director - Going back to discretion, if you allow staff to have discretion to administer the policy you can then expand it to individuals rather than just the household. Typically, it's not more than one person the household and it hasn't come up as an issue before but if you want to increase the cap that can be done and giving us flexibility then that would allow if two individuals in the household come forward we can help them that way.

Melissa Wolf, City Attorney - I just want to say from a policy perspective that as written the policy does indicate that those two components of housing and utilities do apply to a household in the sense that the payment is to stall foreclosure or eviction or to prevent disconnection. Those payments naturally apply to a household. With respect to the food/medicine assistance it does indicate that assistance is to purchase food/medicine to persons so it does identify individuals. As Melissa Gallagher indicated the City Manager who is by the City Code the Director of the program does have the discretion to be able to interpret that in accordance to what the Council is discussing today.

Alderman Sanoica - With that, I would ask the Mayor if it's all right for me to clarify with Alderman Vinezeano if this is sufficient with what she had asked earlier or if she would require or request that we revisit this from a policy standpoint or if discretion is sufficient for what she's aiming for?

Alderman Vinezeano - I think with Attorney Wolf clarifying that and Director Gallagher with that explanation I'm okay with the wording and knowing that there is that discretion and having this conversation that there are some fail-safes built in there that it's not just per household and I appreciate that being pointed out. I'm happy with taking with what it is right now.

Alderman O'Brien - I would not want to see family members coming in to request payment for the same utility bill. Clearly, medical, dental or food would be individual. Using the food/medicine category, the current maximum is \$200, do we have to say annually \$200? Monthly \$200? Or per issuance? If we raise the caps do we have to put some type of parameter around the maximum benefits of \$200 per month, per six months, per 12 months? Another question I have, is that this is meant as a last resort. They've tried the other agencies, there's a sentence in there that they're coming to us because they've tried other agencies for help. How do they prove to us that they've tried other agencies? We expect residents to try other agencies first but how do we know that they've done that? Is it something we provide to connect them with other agencies?

Barry Krumstok, City Manager - I would refer you back to the first page of the policy guidelines where it says *they have not received assistance from the City's Emergency Temporary Family Assistance Program within the past 12 months*. That's our trigger for making sure what we're giving to the individual. So if we've already given and that's going to be a discussion for Council, so if we gave assistance, say \$200 for the first benefit, any combination for assistance for areas listed in the policy would not exceed \$500 in a given calendar year, that's another question for the Council to think about. It's that 12 month period that we look at from page 1 for assistance. If the Council wants to open up that and say \$200 up to \$500 and if they come back that's a discussion for you.

Joyce DeLeon, H.R. Specialist - We have no way of proving that they've gone to other agencies.

Alderman O'Brien - We would hope that they would do their due diligence to try other agencies but I wasn't sure if there was some way we did that.

Alderman Budmats - I want to take this conversation in a different direction. A few weeks ago I stopped at our Community Outreach Center where Natalia Nieves is doing a different end of this. She's working together with Willow Creek Church and they're providing literally hundreds of people per week with food. Amongst the conversations that we've had similar to the Chicago model where Chicago took and gave some money to organized charities that are already in the business of distributing funds on emergency basis. She said that there are people in Rolling Meadows who are using assistance from Salvation Army and that Salvation Army has been assisting some of our residents and so Salvation Army has the ability to earmark funds if the City were to give funds to the Salvation Army they can earmark it only for Rolling Meadows residents. They have the ability to make sure that's how those funds are distributed. There are some emergency needs already being met by that organization even though the City itself has not had this program tapped as of yet, I know the Salvation Army has been providing funds or services to our residents because perhaps the rules aren't as stringent or there aren't as many hoops to jump through. I've looked at our application and it is kind of stiff. I'm just saying that other cities are going and using this model and using recognized social organizations to perform social work and based on the work that I saw that Natalia Nieves is doing in our own city outreach center I would think that we might want to try a dual prong approach where we also take some money and give it to this national organization and earmark it only for residents of our town which they are capable of doing. By doing so take the burden off of our employees and allow them to meet the needs where it's the most. I would like to suggest that even if we throw \$2500 at them and when they use that up for our residents they can come back to us and say they used everything. I think that also might be a very effective way of keeping with smaller requests and keeping staff from having to meet all of those individual requests. I'm interested in thoughts on that.

Mayor Gallo - Just to recap that you would like to put out there, while Alderman Sanoica is saying to increase the overall fund, maybe we take a portion of that increased funding and donate that so it's earmarked within a particular nonprofit so they can help residents with the 60008 zip code rather than have City Staff and resources spend their time working with these families in need?

Alderman Budmats - Yes, that is correct. It's already actually happening so I guess that in some ways points to the fact that may be a more effective program than the program that we currently running that hasn't been tapped. It may be that it's simpler and it's more neighborhood based and people aren't going to City Hall which is closed now anyway but it may be that it's more assessable and it meets the needs on a smaller personal basis.

Mayor Gallo - I do like that idea and I think the infrastructure is already there within those organizations and the mechanisms are available if we could just divert funding to them that will keep staff time out of this as their time is more useful focusing on City affairs, more than being the safety net for residents.

Alderman D'Astice - I kind of looked at this a little differently. I did some research and found that in 2017 the median household income in Rolling Meadows was \$67,343. In April, the Federal Government provided each adult a stimulus check of \$1200 if they made less than \$75,000 or \$2400 for two adults if they made less than \$150,000 adjusted gross income. In addition, if this was a family of 4 as was suggested each child under 17 would get an extra \$500. In the month of April that family received \$3400. Let's assume, that mom and dad or the two adults in the family were laid off or furloughed, assuming they get minimally \$100 a week in their regular unemployment benefits, that's \$800 for the month of April in addition they each received \$600 a week in the month of April. For two adults for four weeks that's \$4800. When you add that all up in the month of April this family of four received \$9000 that seems to me to be quite a bit of money. Moving forward let's look at May, June and July, there is no stimulus at this point for May, June and July but they are going to get their \$100 a week in unemployment benefit compensation plus an extra \$600 a week so between the two adults and the family of four, they're getting \$5600 a month and they'll get that for May, June and July. If you take \$5600 a month x 12 that comes to \$67,200 so I have to say that not that they're going to be unemployed beyond July but currently a family of four from April through

July is going to get quite a bit of money from the Federal Government and unemployment compensation. I have to say that while I agree with Alderman Budmats and moving some money to Salvation Army, I disagree that we should increase the \$5000 to \$40,000 or any other number. We've had no requests since the pandemic started so I would say let's help these individuals and make sure they get their unemployment benefit of \$600 a week per adult and if we haven't exceeded the \$5000 in so many years I would say give the charity and extra \$5000 and leave our \$5000 alone so that will be \$10,000 and I would feel comfortable with that. I don't feel comfortable increasing this to \$40,000 when I know a family of four in April received \$9000 and they're going to get \$5600 a month for the next three months. I'm sorry I don't think that we should be contributing a lot more to this program. I think there are counties, townships, and charities and that is their job.

Mayor Gallo - You brought up a good point about numbers, income and revenue. Let's hope with those revenues that they don't have to reach out to the City.

Alderman Vinezeano - So the way that this program is currently written is that you oversee it and manage it. With the pandemic and managing the City and I think that this program has come to the forefront of City news. I didn't even know it existed until it all got brought up on to the agenda couple weeks ago, I think residents are learning of this, some that may be in need now so I do anticipate that we will get more inquiries about this. Is this a program that you feel that you are still going to be able to manage appropriately to help us better decide if we should earmark some money towards that organization the nonprofit organization?

Barry Krumstok, City Manager – Joyce DeLeon is the designated administrator of this program. If we have a lot of people start asking or applying, Staff in Administration would help. We've actually talked about that and we don't see it as being burdensome. The only thing that I would ask that if we donate any money to that one group, I hope have some time to check with legal to make sure we can do it that way because when the City of Chicago donates money it is to multiple different locations. If we do go that route, please give staff some time to work with legal to make sure that we're going to be compliant with our audit and also make sure that if we donate to one organization that we don't have any issues.

Alderman Bisesi - I think this has been a good discussion. I want to add what Alderman D' Astice had mentioned, when it comes to food that same family of four would be getting \$600 a month for food and they would also be eligible for free medical care if they have a child and the parents would also be eligible which covers prescriptions and they're basically free under that program. It's based on their income level, if they're out of work and their income level meets the criteria, I know for children the top range is \$81,000 a year is for the All Kids Program for the top-tier and I believe at that level it's about \$40 per child for healthcare. The \$40,000 range might be free but at some point it becomes free. There are a lot of other programs and programs that help with utilities as well. While I am in favor of raising the amount we have in the program so we could help more families there are a lot of other programs that we should make sure that they've already applied for those things as well.

Mayor Gallo - As a reminder to the Council, we are the last resort for residents. To that point, is this an exercise in futility of going down the rabbit hole on modifying this policy so detailed at this time versus just increasing the overall funding amount and then waiting to see what happens with resident demand on this program? If staff recognizes that there is an influx of need then we put this back on the agenda and with some expedients we make the revisions that we're seeing in real time versus going through this and making such modifications and purporting it to such a degree and then maybe we don't even utilize this program to the degree that we're thinking. I would recommend increasing the fund and maybe staff can give us a better barometer as this program rolls out.

Alderman O'Brien - I do see that Dr. Nieves was able to join us and since we are talking about that and some Councilmembers seem interested in maybe earmarking some funds to the Salvation Army. I was just wondering

if you could spend a couple minutes Dr.? My only worry on that is that we're giving up some kind of control but we do have to clearly trust the Salvation Army and I know legal has to review. Are they a similar process where they earmark things for utilities, rent, medical or food? It's not a carte blanche type thing they have a similar program, are you able to highlight that?

Dr. Natalia Nieves, RM Outreach Social Services Specialist - I've been working with Salvation Army since 2015 and they have gotten very strict as to their guidelines because it's free money. Every time someone applies they have to provide some form of ID, they have to provide a leasing contract for rental assistance, the landlord has to sign and send to Salvation Army a W-9 form to get paid, they have to fill out an application, they have to provide their last paystub and some documentation that they can pay the remainder of their bill. This is a little tricky sometimes because sometimes people cannot pay the remainder of the bill. The thing is Salvation Army doesn't like to spend money that is not going to make a difference ultimately. They are extremely diligent. I take the applications personally and send it to Salvation Army where they enter it into their system and they keep track of the entire application and they enter information for the entire family so it's one per household type of thing. If they try to apply under a child's name or partner's or spouses name etc., they can't do that because it's marked with in their system. They can only apply once a year and the circumstances cannot be the same, it has to truly be a crisis. Since April they have given residents of Rolling Meadows around \$6000. I can tell you that it has probably increased quite a bit since then as I just processed three more applications this morning.

Alderman O'Brien - That gives us exactly the high-level summary I was looking for. That provides us some great information. Since we haven't seen anybody directly coming to the City yet, but as Dr. Nieves just said it appears that there will be a need, I'm in support of continuing to watch this since we haven't used the \$5000 yet, maybe we should have this as a standing agenda item or comes up as needed when the funds get depleted, we can discuss and add more funds at that time.

Mayor Gallo - I'm not opposed to calling a special meeting if that is what is needed.

Alderman Sanoica - If we are to leave the \$5000 as it stands but also increase the funding from \$500 to \$1500 in order to cover the complete rent that individuals are facing then that would essentially be helping about three families and so while everyone here has pointed out that there are many other humanitarian nonprofits and other state and federal government programs that exist, what I would like this Council to consider is that we have an opportunity to prepare for an increase in demand after May 29 when evictions will be enforced again and when shut offs will also continue which means that utilities and rent will be demanded across all of these organizations. For that reason that's why I wanted to discuss this here for a resolution to come up sooner rather than later to increase funds and I agree that we shouldn't put in \$100,000 at this point, it makes sense to put in some money and to also increase those caps so it actually means something. As Dr. Nieves pointed out there are some families that just need \$500 or so and they can make up the rest in order to pay for a rent payment and then there are some families that can't make up that difference. It would be silly to have a program that doesn't actually help individuals that are facing eviction notices. I really want to emphasize that again, we're dealing with individuals who are facing eviction notices so ultimately this is to prevent people from homelessness. I want to remind the Council to keep things in perspective. I would push that we definitely consider putting in some money now, watch it closely and open to a special meeting if possible but I think we should be acting sooner rather than later given that after May 29 we're likely going to see an increase in demand. If no one uses this fund then that's another \$35,000 or \$40,000 that's in the General Fund that we could use for other things in the future or later this year. I think we should act sooner than later.

Melissa Gallagher, Finance Director – Tonight, everyone is talking about money to make a difference in people's lives and it's so important. We're talking about families in crisis that may not be able to go other places like

Alderman Sanoica is mentioning and others too. We're trying to prevent homelessness. Just to add to the conversation, based on what Alderman Sanoica is mentioning, as a suggestion you may want to consider as a Council to perhaps increase it by \$15,000 to bring it up to \$20,000 for the month of June and then reassess in July but it's entirely up to the City Council.

Mayor Gallo - That's a great suggestion. My question would be after this round of questions, does staff feel comfortable with an influx of money? Can I have a show of hands of those who would be in favor of that injection of funding?

Alderman D'Astice - While I appreciate what Alderman Sanoica is proposing I would have to disagree with her, I think there's a lot of money out there. In April the families get \$9000 and they're going to get \$5600 in May, June and July. I agree with Alderman O'Brien.

Alderman Budmats - Being at the Community Center I've seen people standing in line for food and while there may be people getting thousands of dollars in assistance, I think it's not reaching everybody and that people don't stand in line for boxes of food if they have a checkbook full money. I think there are government assistance programs but it might not be reaching all of our residents.

Mayor Gallo - Two quick questions for staff. One has already been answered, a total \$20,000, an increase from the \$5000 with \$15,000 additional dollars to \$20,000 for the month of June. Staff, is it possible that we reevaluate and have feedback for our July meeting?

Barry Krumstok City Manager – Yes. If people apply in June we would have an idea what's going on by July. We can give you a preliminary number of who's applied and for what they've applied for. If we see the need we would come to you sooner than later. Additionally, I can send a monthly status in a staff report of what's going on with this program.

Mayor Gallo - I'm going to pose two questions to the Council. The first one is going to be those who are in favor of having \$20,000 in this fund so that's an increase of \$15,000 and then the other is an increase in the individual limit or the household limit will limit from \$500 to \$1500.

Dr. Natalia Nieves, RM Outreach Social Services Specialist - I just really wanted to know that if this is tracked, if I can suggest to keep track of the rejected applications and why they're rejected. My guess is that the 25% of the people are the people who don't have social security numbers, those are the ones that are probably going to be unfortunately rejected from this program. I just wanted to know if there is a way to keep track.

Barry Krumstok, City Manager – Yes, every application that comes in is tracked so we know exactly what is going on with it. The auditors ask how many we received and denied. Everything has to be tracked for the auditors so that is already being done.

Alderman Budmats - I was going to ask for third question to ask staff to look into the possibility of officially using an agency like Salvation Army or another such organization to also use to distribute funds like we had discussed earlier.

Mayor Gallo - We'll find out from the Council if they want to allow staff to use their time to pursue that.

With a show of hands, all those in favor of allowing the increase of \$15,000 for a total of \$20,000 for this program. 4 in favor; 3 opposed.

With a show of hands, all those in favor of an increase of \$500 for an individual or household limit to a total of \$1500. 5 in favor; 2 opposed.

With a show of hands, all those in favor to allow staff to pursue what it takes to provide funding to a nonprofit organization such as the Salvation Army or some other entity and work with legal on that. 7 in favor; 0 opposed.

Are there any final comments or questions on this?

Melissa Wolf – City Attorney - I just wanted to address one issue that was discussed or mentioned by Alderman Cannon at the last City Council meeting, he asked me to look into whether we could require Census participation as part of an opportunity to participate in this program. I did do the research on that and although there is no legal obstacle in imposing that kind of requirement I was able to talk with Manager Krumstok and there is a practical obstacle to applying that kind of requirement. As we know the Census process ends at a certain time and the policy applies over a 12 month period or a year period so we would be precluding individuals or imposing a requirement on them with respect to the Census that they were not aware of. In order to assist in accomplishing the goal of Alderman Cannon with respect to Census participation, Manager Krumstok has indicated that during the application process for anyone that's applying they would as they do with other programs ask the resident to participate in the Census at that time.

Mayor Gallo - Alderman Cannon, do you have any follow-up questions or comments?

Alderman Cannon - No, I appreciate Melissa Wolf looking into it. Thank you.

Alderman Sanoica - Since we had a unanimous direction to pursue a third-party agency to handle the administrative portion of this policy, I would also ask that in addition to the Salvation Army if there are any other agencies that we work with it would be really helpful to the Council to be able to see multiple options that we could grant our money to and why we're making that decision. I would probably be fine with the Salvation Army based off of our current positive experience with them through our Police Department but if there's any additional information that staff can provide in their investigation I think that would be helpful.

2) Other Municipalities/Government Relief Programs

Melissa Gallagher, Finance Director – During tonight's Committee-of-the Whole Meeting, Staff will present results from survey data in a Power Point presentation to the City Council. The data was compiled (approximately 35 municipalities or governments) through survey data from the Northwest Municipal Conference surveys, the Illinois Municipal League, the Police Department, the Illinois Government Finance Officers Association (IGFOA) other local surveys (some out-of-state information is provided, too).

The City is working to protect, support and lead our community through the financial impact from COVID-19. Expenses related to COVID-19 are being monitored and tracked for the City's emergency response and future cost recovery. All types of cost recovery programs are being evaluated. However, it should be noted that local relief efforts are not currently a reimbursable expense (and not likely to be in the future).

Comprehensive COVID-19 Resources: The City has a comprehensive COVID-19 Resource page on its City website at www.cityrm.org with information for residents and local businesses.

City Utility Bills: The City is actively working with residents on payment arrangements for their City utility bills and not assessing late penalties for the months of March, April, May and June (at this time). In addition, the City suspended water shut offs for unpaid utility billing accounts.

Liquor Licenses: The City extended the due date for liquor license renewals per the State of Illinois guidelines.

Liquor Curbside or Delivery: To help with restaurants closed during the Stay-at-Home Order, the Mayor approved curbside or delivery of liquor for restaurants to increase restaurant orders. This is also in line with the State rules.

Food & Beverage Taxes, Local Motor Fuel Taxes and Hotel Taxes: The City is working with approximately 30 businesses on payment plans. Most of those establishments just need a month or two to get caught up. In addition, the City is not assessing late penalties on past due taxes.

Temporary Emergency Family Assistance Program: The City's Temporary Emergency Family Assistance Program is available to the community based on the City's guidelines (current program is \$5,000 annually) (a funding increase would come from General Fund reserves).

Overall Summary: Each community reviews what best fits the community's budget and what fits best for the community. Due to the financial constraints of budgets, local relief efforts should proceed with caution. Sometimes payment plans and waiver of late fees can help a lot of residents. We may want to wait and see what the COVID-19 impact is and what other agencies can provide residents and businesses before moving ahead with substantial relief efforts.

Barry Krumstok, City Manager – I have been working on ideas since April and will now offer a recommendation to help increase dining as restaurants start to open up. This incentive, if the City Council approves, would be paid by General Fund Reserves. There are 63 local locations that could participate in this incentive. If we used \$1000 or \$3000 at each of the locations of your choice to purchase gift cards/gift certificates to give out to our residents. If the business made a conscious decision to close during the pandemic then we would only purchase \$500 gift cards/gift certificates from that business. This is an incentive to go back into the restaurants. We just want to know if Council is comfortable with this gift card/dining incentive program. In June, we will have the discussion if Council wants to do all 63 restaurants or choose which restaurants to participate.

Melissa Gallagher, Finance Director – As mentioned, every community looks at things to fit their needs and to see what's in their budget. What we're trying to do here at the City is to also maximize whatever cost recovery programs that are out there. We're making sure we're in tune with any FEMA programs. We're tracking every single Covid-related expenditure and also any kind of payroll items related to Covid. We're also keeping track and monitoring any kind of county, local, state or federal programs that are out there or potentially going to be out there and webinars that will help us and guide us and keeping in tune with anything that would be able to provide information to the community as well. In terms of financial constraints and budget, that's what communities are evaluating, what is our current budget situation and how can we balance that with any kind of future reserve use or local relief efforts and we've already touched on that with the Temporary Family Assistance Program. Sometimes all people need right now are payment plans or waivers but we shall see as we do not know what the full impact is. Right now, I think to summarize and go back to discussion items for Council is to have us continue to monitor what's going on amongst our community and then also to report back to you continuously to show you what's going on so we could further evaluate. I would like to turn it back over to the Council for any additional thoughts or items you would like to discuss or suggest as far as local relief.

Alderman Vinezeano - I would share with Council that I did ask Manager Krumstok for that list today and I did ask him to expand that list with which businesses such as Starbucks, McDonald's, Buena Beef, if they are a franchise and or a corporate business. In my opinion, I am not interested in giving the corporate locations this incentive program. I want to support our individually owned businesses and so I think having that additional information is needed moving forward and he is going to be getting that information to us as well.

Alderman Sanoica - I would have to reach out to my residents to determine if the dining incentive is a program that they would appreciate and act upon. I don't want us to buy gift cards and then have them sit around and not be used. Let me double check them and then I should get back to you before the next Committee of the Whole in June with that information.

Alderman Budmats - A couple of the restaurants on the list bother me, specifically Daisy's, Sally's and Isabella's, none of them are open during this time and I wouldn't want residents to get gift cards and spend them on gambling. I would want to make sure that this is only for food. I'm not going to give people \$10 or \$25 gift cards to go play the lottery. Also, regarding the dollar amount, I feel strongly that if we're going to support businesses to the tune of \$63,000 then we should be able to support residents in need equally or more. I heard us struggling to give \$5000 \$10,000 or \$20,000 to residents who can't make their rent but with businesses we're looking to start around \$63,000. To me, I'm about taking care of residents in need just as much as businesses in need.

Alderman Bisesi - I was wondering if there was any thought at making this something that businesses would opt into. Basically, they would have to decide if they want to be in the program or not.

Barry Krumstok, City Manager - Right now if a business doesn't want to participate we would just take that as a no and move on. We have not approached anyone on the list yet, it would be the restaurants decision whether to participate or not.

Mayor Gallo - My first knee-jerk response to this is that I would agree with Alderman Vinezeano and some others here that it's important that we identify the locally owned mom-and-pop small businesses and even a franchisee but not a large publicly traded entity in this case. I also wanted to understand little bit better the objective of this, if it was to stimulate spending for our restaurants because we do have a lot of other small businesses in the community and if we had anticipated trying to help them in any way even the franchise gas stations. I've gotten a lot of feedback from gas station owners just because traffic is down so much and the gallons aren't being sold like they typically were. However, our tax is still remaining high so I don't know if this opportunity to put motor fuel gas cards/gift cards in this equation as well or if this is purely for the restaurateurs and not necessarily for our smaller businesses within the community in general.

Barry Krumstok, City Manager – This is set up for the dining incentive. When we're back in June and the Council would like to remove some businesses and replace with other businesses such as Hallmark, gas stations or carwashes or something else, this was just rolled out as one universal group and if you would like another group in there we can add them at that time. If you want to add more we can categorize them and it would be easy to add them at that point.

Mayor Gallo - Why specifically with the restaurants? Is there greater reciprocity back to the City for this or is this just a path of least resistance just to start with?

Barry Krumstok, City Manager – It's helping with the food and beverage tax overall and also making sure that people get to know some of the restaurants especially if they haven't visited the restaurant before. As we mentioned before, food and beverage tax is going down but with some adaptive changes we do see certain ones are holding

about two thirds of what they remit back to us and some about half but again it goes back to the food and beverage tax overall that we were looking at so it's one universal group.

Melissa Gallagher, Finance Director – Obviously, we want to eventually help reopen the economy in our community and by doing that will help people get back into that rhythm of going out to eat, it's just one step at a time with a community dining incentive and moving on to other types as we have to identify what the need is. As mentioned, what is the feedback from residents as well and you'll gather that before the June Committee of the Whole meeting.

Mayor Gallo - I guess I just don't want us to be perceived as myopic in the way that we as a City are assisting our local businesses and our smaller businesses. I do appreciate the efforts and the initiative that goes on behind it. Further comments or questions or clarifications for the Council? The Council will give feedback on the list that you provided today with additional details or additional questions after they have more time to review it. I myself need a little more time after getting it this afternoon but I assure you get that.

3) G1 Discussion

Barry Krumstok, City Manager – We're in another discussion of the G1 ordinance that we started with a small paragraph and now we're into more regulations and zoning. This is a living document, we keep on changing and refining it. There are some other changes that we talked about with staff and the City Attorney. Melissa Wolf will walk you through parts of this but there is one thing that I do want to reiterate that when you see that \$6000 that is the total from the survey that went out and we are a little higher with some of the other pieces. The City of Rolling Meadows issues A1, A2, A3 liquor license and then when you go to the State of Illinois you get another liquor license so now you have two liquor licenses and then you're allowed to go to the Illinois Gaming Board for a gaming license. With some of the changes that we've talked about, the cap is the easiest but with some of the discussions we will have to refine some of the criteria that we're using. It is a lot of reading but we're trying to make it so everyone knows what is required.

Melissa Wolf, City Attorney - There is a lot of material here but one thing I do want to start out with is that when working with staff on developing these criteria and the special use regulations that are for newly established or proposed to be in the zoning ordinance, we wanted to establish guidelines that did not have any negative impact on the existing establishments that are here today. Whether an establishment is perceived as a gaming café or whether it's a bar or restaurant with gaming as an accessory, all of these regulations are put in place to keep those establishments moving forward as they exist. There is no intention to negatively impact any establishment even if it is a gaming café under our criteria that we've established. What we were hearing from Council at the last Committee of the Whole meeting was that we wanted to be business friendly. I wanted to point that out so as you're reviewing these materials further you know that these regulations are not intended and will not negatively impact existing establishments. For instance we put into place an administrative special use process that would actually administratively grant a special use permit to those establishments that exist today that would by our criteria be defined as a gaming café. Those establishments would be permitted to continue using their establishment as they are now in addition by identifying those with an administrative special use permit it would count against our limit of special use permits and gaming café licenses. Staff and I think that it is an important process in moving forward especially since we're identifying caps associated with this type of use. As Barry mentioned, the license fee structure has changed now so when you looked at this before it looked like the gaming café would have two licenses and now that is not the case. It is its own use and it would have one liquor license associated with it. We put in a fee of \$6000 which is obviously subject to the Council's discretion to determine. Our highest license is right below that was about \$5200. Just identifying these kinds of establishments as lucrative ones we made it the most expensive license but it is the only one license now. When an establishment that would have gaming as an accessory to it we

reverted back to \$120 for the accessory license because those establishments will also be getting another license with respect to their restaurant or their bar use. You can see the annual fee that's identified for those establishments as well. When looking at this I want to everyone to know that a gaming café would pay based on what's written here \$6000 for their liquor license and that would be an annual fee. The criteria used to establish a gaming café is just that, it's not to negatively impact existing establishments it's just criteria that we were trying to identify that they were yes or no answers so they were objective in nature. Basically, this criteria would be applied to new establishments coming in to the City because those are the ones that would have to submit these materials and staff would have to identify whether it was a gaming café which would go through this special use process or whether it was in an accessory use which would then go to the Council for approval of a liquor license like we've done in the past. With respect to the issue regarding the state license being issued first, Council took a straw vote and was a proponent of the applicant getting a state license first, however as Manager Krumstok mentioned, that poses some complications, in order to get that state license they have to have the local liquor license. A GC license, the gaming café, this process allows for that gaming café to get our liquor license first before they go to the state. They still had to go through the special use permit process first and get approval by the City Council and do all of that. For the accessory license (GA) we are requiring that that establishment be a bar or restaurant, go to the State first for gaming because that restaurant or bar already has a liquor license. You will see that differentiation between the GC and the GA with respect to actually getting the state license first. In addition, with respect to the gaming café and the special use process, these regulations require a referral from the City Council. In an effort to preclude an applicant from going through a long drawn out process and spending a lot of money and then getting denied at the end of the day, they will first come in and apply and if they've been identified by staff as a gaming café this matter would go to the City Council for evaluation and referral to the Planning and Zoning Commission of the City. If the matter is not referred to the Planning and Zoning Commission for a special use they don't get that license. That establishment will know at the onset whether the City is willing to move forward with that license. That generally sums up most of the new changes from the last time around. I'm happy to answer any questions as they come up in this regard.

Alderman O'Brien – There are four items that I wanted to talk about and the fee structure being one of them. We do look to be a little high on that as well as overall, license fee, gaming terminal fee all those types of fees. What I was looking at and I'm going to dovetail it with item # 11 on page 13 where it's the \$1000 application fee. I hadn't noticed that before and when I talked to some of the current owners clearly they had paid it but it caught them by surprise as well. I would like to propose on that portion is could it be worded, if everyone agrees, that it's \$1000 nonrefundable and if the Council doesn't approve it for some reason that would cover staff time for an entity that's not going to open for a variety of reasons or if it is approved that it would be applied toward their liquor license fee. I think in combination with that, using the A2 for example and the \$120 fee now, it's roughly \$4000 currently that gaming cafés would pay. I would like to see a minimal increase maybe to \$5000, an \$1100 increase I think is more palatable versus jumping to \$6000 and that's why I dovetailed it with item #11 is that it's nonrefundable so the City covers their costs for staff time if it's not approved and if it is approved it would be applied to their liquor license fee. The other one that I have noted here is about that 900 feet. I know we talked about this and it started out as ½ a mile but my apprehension to the 900 feet is that while it's captured in the proposed ordinance based on our feedback from last time, it is just for gaming cafés because we can't prohibit a restaurant from opening someplace else, is that it also indicates that no more than one in a multiple unit setting, like strip malls so there could be no more than one gaming café, that's clearly laid out. As I was looking at some of the maps and I did do a little bit of driving, there are some other parts of the City that are like that. There might be two pieces of property that are strip malls or multiunit areas that are within that 900 feet and granted they are separated by the ordinance portion of separate entities in multiple lots but they could be 500 feet from each other and this is just my ballpark estimate. There are about a handful of the way properties are laid out where it could be done that way. I would like to propose 2000 feet. My last question is about the overall cap. I'm looking at the current 10 that we have on record now that of come before Council and requested a G1, either they are open entities are they have been approved and

they're working to open. The other ones that we refer to as "in the hopper" I'm not taking into consideration because I don't view them as is "in the hopper" because we all have different meanings to "in the hopper", they haven't come before the City Council for anything. I would like to see if they were reclassified as of written which may or may not happen, we could have 4 gaming cafés, (Daisy's and Lulu's in Area 1, Sally's in Area 2, Isabella's in Area 3, and none right now in Area 4) and 6 gaming accessories (Rep's in Area 1, Red Apple in Area 2, Grande Jakes, Bigby's and Bulldog in area 3 and Stadium in Area 4). My question for discussion is if we're really trying to limit gaming cafés, that's what our intent is, why would we want to put a cap at 7 if we can leave it at 4 right now? Based on the numbers in the proposal it would double the amount of gaming entities in our City. We're currently at 10 and the proposal would be a total of 19. I'm considering restaurants and accessories separate because the Mayor did have a valid point we don't want to prevent restaurants from coming in. If we look at it from a number perspective and limiting true gaming cafés, we would be doubling it the way it's written now.

Mayor Gallo - I will follow up with those questions for straw votes at the end but you did trigger some conversation.

Alderman Vinezeano - I'm referring to page 16 of the packet, item #E. If I'm reading this correctly it states that our current licensees would be reviewed upon their renewal date which I believe is December, that they would be reevaluated to determine what type of G license they would qualify for. I had proposed at our last discussion that this not wait until December because we are talking about limiting the gaming cafés to areas and if we do not know our true numbers per our layout of our criteria. If we have another entity come to us and apply for the license, I feel as a Council we don't have anything to really stand on to say that area is full with gaming cafés because we haven't separated our current licenses that are out there. I would really like us to review this line item in reviewing our current licenses and getting the appropriate ones, I don't want to change fees I just want to change the license that our gaming facilities have to the appropriate category that they belong in so we have accurate numbers for the areas that we've designated.

Mayor Gallo - I'll ask staff the question, do you believe it's possible now to perform that audit without having to take any action on the findings until December but at least be able to provide the accurate information to the Council in advance? That way coming into December we could have that.

Melissa Wolf, City Attorney - Yes, this is the process that we can undertaken prior to the passage of the actual ordinance authorizing these amendments. In accordance with Alderman Vinezeano's request, we can do the evaluation, have the criteria evaluated by staff and at the time of the passage of the ordinance we can issue those administrative special use permits. It was written here to be in the policy so that the City Council could see that this administrative process would be undertaken for those existing establishments but if the City Council wants to do that earlier rather than wait until the renewal that is not a problem at all and it can be done at the same time that the City Council passes these amendments so you know exactly how many establishments are gaming cafés and what number we are at.

Mayor Gallo - Thank you for the clarification. I think that definitely will be beneficial for the Council to have that if staff does go ahead and conduct that evaluation in advance.

Rob Horne, Director Public Works - I was just going to reiterate what the attorney said. There is a section in the code that indicates that we are going to evaluate all the existing uses within 60 days. The renewal was more of an opportunity to look at whether a use was still meeting the intent of what they were designated the year prior. There two different reviews, we already considered the need for the Council to understand what we currently had in the community early on so we put in criteria that we were going to review those within 60 days in conjunction with this ordinance.

Alderman Budmats - I concur with Alderman O'Brien and Alderman Vinezeano. With the assessment of the existing facilities. I also concur that the two that are in the hopper haven't come to us especially Shelby's. I went past the address and there is a for rent sign posted and it is completely empty other than six outdoor planters so there's really nothing there for us to be considering that as an "existing entity". To me, that's a new gaming café in an area where there is already a gaming café. One thing that Covid has done it has pointed out to us, Rep's is a restaurant, and they're staying in business by selling food even though their gaming machines are shut off. Daisy's and Sally's are out of commission because their gaming machines aren't on so they are not selling food. It helps drawing clearer lines on what is a gaming café and what's an accessory use or a restaurant amongst our current people. As far as the cost associated, I'm not scared of charging \$6000 to gaming cafés for their renewal, quite honestly if they're not contributing to food and beverage tax to the degree that the restaurants are then one way or another the City needs to get revenue from them. In addition, this was passed to help restaurants and if they're not restaurants we're not following the reason why we passed this law. This law was passed to help our restaurants remain competitive with the neighboring restaurants and if there's a gaming café within 500 feet of them that's taking the gaming revenues that we tried to get them away from them we cut off our own nose to make our face look good and it's not doing us any good. Why would we hurt our restaurants even more if that was goal of this law? I have no problems charging a gaming café \$6000 if they want to make the money it's going to cost them a little extra in Rolling Meadows. There are a lot of towns that don't allow gaming at all and we could've been one of those as well.

Alderman Sanoica - I wanted to request some clarification from item #12 on page 8 of our packet. It refers to the maximum number of gaming cafés and that they must operate with a special use permit and located in our commercial C-1, C-2 or C-3 zoning districts. In addition to the other items of the 900 feet that Alderman O'Brien had brought up as well as one gaming café per building, what is the purpose of the area gaming licensing map with those restrictions already stated in this ordinance?

Melissa Wolf, City Attorney - At the last meeting there was a straw vote regarding zones with respect to the gaming cafés and so we created those zones via the special use regulations so those areas are established. In addition to the GC license, we're saying that it's only in the commercial areas of those zones that were established and are set forth in that area of the Zoning Code. We created that provision in accordance with the direction of the City Council at the last meeting.

Alderman Sanoica - At this point, it feels like a holdover from previous conversations on this. If we take a look at the map itself, on page 10 of our packet, it looks like those four areas are essentially encompassing all of the commercial C-1, C-2, C-3 districts, there are a couple of other pockets throughout the City that would be available for a gaming café to open if they so choose as long as that cap is there and all of the other requirements are filled. Given that we're now requiring potential gaming cafés to go through a special use permit and work with our Planning and Zoning Commission, I do have faith in our Planning and Zoning Commission to ascertain whether one of these other areas is a place that we would want to have a gaming café that would make sense like any other proposals for special use. I would be in support of removing these areas and just instead keeping that first phrase for item #12 on page 8 keeping a maximum of whatever our cap is since we seem to be discussing that a video gaming cafés that operate within the City pursuant to a special use permit and may only be located in the C-1, C-2 or C-3 zoning districts. That combined with the 900 feet or if we decide 2000 feet and one per building I think would be sufficient as far zoning regulations go but I'm open to hearing what others have to say about that as well.

Mayor Gallo - Can you just reiterate what you're looking to do when it's time for straw votes so I could phrase the question appropriately?

Alderman Sanoica - What I would be proposing is to eliminate in #12 and any other areas that references this, would be to only keep that first sentence and to eliminate the four geographic areas.

Alderman Cannon - I'd like to ask staff a question, Mr. Budmats drove by Plum Grove shopping center and said there was nothing going on with Shelby's. I believe they have pulled their permit but I could be wrong, I would ask staff to clarify that?

Barry Krumstok, City Manager - They did do the demo and they do have a permit. That's the last that I know on Shelby's.

Alderman Cannon - The other one I would ask about is Picante, they started their build out before they talked to anyone, correct? I think they eventually pulled their permit?

Barry Krumstok, City Manager - Yes, they did start work without a permit but the gaming area it is not complete.

Alderman Cannon - When I read this I'm a little bit confused by some of the things that are included. We're now telling people how they can name their business? There's all kinds of new restrictions on signage even though I think our signage rules right now are pretty good. I don't know how we can tell people how to name their business seems like we become a nanny state over this whole issue. Many of these businesses have been closed or operating at a very reduced level over these past eight weeks and looks like many of them are still going to be closed for another three or four weeks minimum. I would assume that we're not talking about new fees until 2022, we're going to whack these people with extra fees after they lived up to all the rules we set in place when they applied and now we're going to tell them when most of them are struggling that we're going to raise their fees dramatically by the end of the year. It just seems to be grossly unfair to me personally and I really find that to be over the top since some of our neighbors are actually reducing or waiving fees completely and we're going to raise our fees to put more pressure on people. The other thing I would like to clarify for everyone who keeps on saying that this is only for existing the restaurants, when we passed this law it wasn't just for existing restaurants, it was a key one, it was also to bring in new businesses into the City but everyone doesn't talk about that part of it. In a lot of these cases these people have filled in spaces that have been empty for many, many months and in many cases a couple years. In a lot of ways they have fulfilled some of the needs that we had as a City.

Melissa Wolf, City Attorney - Alderman Cannon, you had identified certain items that you called regulations with respect to these establishments and talked about the signage as other requirements. I appreciate you bringing that forward because that seems to be a concern of other members of this City Council as well and I would just like to point out that those criteria that are listed within that Liquor Code are not regulations on the establishments. We're not requiring that they have signage that says a certain thing or name their establishment a certain way, these are just criteria that are to guide staff in determining whether or not an establishment is a gaming café or not. These are not new regulations on the establishments so I just want to point that out. Our existing establishments and even establishments coming forward are not going to have new regulations that don't already exist, these are just simply criteria to guide staff in determining whether something is a gaming café or not.

Alderman Cannon - So if someone comes in as a new business and said the name was Melissa's Restaurant but also want video gaming, would we say to that person that they're not allowed to use that name?

Melissa Wolf, City Attorney - No, we are not regulating how they use that name but if it was just called Melissa's, based upon our criteria that could be something that indicates that it's a gaming café because most of gaming cafés have a single female name. These criteria are also for the Council to say that they don't like that or they do like that, we were trying to establish objective criteria so that staff would know when they answer the questions yes or

no and if they could answer yes to five of these 13 inquiries that it's a gaming café. In no way does that inquiry limit the ability of any establishment from calling it Melissa's Restaurant. It's not a regulation, it's not a limitation it's just an inquiry that we ask of the establishment to provide information to the City and then we determine whether that establishment is a gaming café or not.

Alderman Bisesi - Back to item #12, page 8 of packet, I would very much like to keep the areas in there. I believe it gives a lot more clarity as to exactly where we want to have these types of businesses. Yes, there are a couple of pockets there but I think it's just another tool to help us keep this under control. I would definitely support everything that Alderman O'Brien said.

Alderman Sanoica - Alderman Bisesi, you are referring to the purpose of the map is to ensure that these are the areas that the Council wants video gaming to operate in and nowhere else. You've had a lot of experience with planning and zoning and you were on the Planning and Zoning Commission before City Council, would you not agree that the special use process would be sufficient to determine whether or not these areas should be maintained from their perspective?

Alderman Bisesi - I actually think that by putting this in there gives the Planning and Zoning Commission a little more guidance to go on. Let's say that someone wants to put a gaming café in one of those tiny C-1 spots, we don't necessarily want to have gaming cafés there, I think it gives them guidance that we keep it in the different zones as well as it helps us keep the cap. The other thing is that zones are living and breathing and zones can be changed several times a year, different areas are changed, that decision is up to the Planning and Zoning Commission. I really like how these areas were laid out and spaced out around the City to allow each of these businesses to more or less have their turf. Theoretically, if the zones did go away, I would definitely want to increase the number of feet, 900 feet would be way too low. I just feel that they that the way it's laid out is a very good idea and it would not slow down what the Planning and Zoning Commission would be working on.

Alderman Sanoica - One last clarification, I just wanted to compare some of these because there's a C-2 section that's quite small and in comparison with Area 4 I don't know if there necessarily that different, I would actually say that C-2 area along Algonquin actually probably has more buildings than that Area 4 which only has 2 so I feel like if we're going to siphon off that Area 4 I would want to have more information as to why we're doing that before including this in the ordinance rather than having the Planning and Zoning Commission review where they think the special use would be best applied with all the other zones taken into account.

Jo Ellen Charlton, Assistant Director Public Works - I wanted to point out an inconsistency between the map and the written version of the document that we have. My apologies, we went through a couple of different versions towards the end putting this packet together. You'll notice that Area 4 on the map shows the area only having to commercial buildings but when you look at the language for Area 4 on the preceding page it says all other commercially zoned areas of the City of Rolling Meadows. Our intent was not to designate Area 4 but make Area 4 all of the other areas within the community. As you can see on that map, we have other commercially zoned properties throughout the City that are more dispersed than the areas within the first three areas that we've designated so I think that was our intent. We have Areas 1-3 with a designated number of gaming cafés in each and then Area 4 would be everything else outside of Areas 1-3 and then create a maximum number of licenses within the rest of the community area.

Melissa Wolf, City Attorney - Just to add to that, the area creation is in accordance with the special use permit which only applies to gaming cafés, it doesn't apply to restaurants or bars. As you can see in Area 4 this is the map we had discussed before at other Council meetings. You could see Area 4 right now has no gaming cafés, the gaming cafés are starred in the different areas so as Area 4 exists right now it just has restaurants with accessory

gaming. There are no identified gaming cafés in this area and that's why we created the Area 4 in the language of the zoning ordinance to be all other commercially zoned areas of the City as opposed to what's designated on this map. If the Council tonight determines to keep zones, we're going to have to have a straw vote with respect to the expansion of Area 4 to other areas of the City besides what is just indicated on this map.

Alderman Sanoica - For the purpose of discussion tonight then, can we speak as though we have Area 1, 2 and 3 marked on the map and Area 4 refers to all other commercially zoned districts, is that fair for everyone?

Alderman Bisesi - That would satisfy me.

Alderman Budmats - When we originally passed this, I believe we passed it to keep our existing restaurants competitive and then to bring in new restaurants not to bring in new businesses. We wanted restaurants and that's why we went through the whole rigmarole of having a hood and everything else. It was to make sure that they were really restaurants and not gaming cafés but unfortunately the hood requirement didn't keep out gaming cafés. I'm just trying to clarify the difference between businesses and restaurants because at the time there was a real need to get more restaurants in town. I'm trying to establish the number, I think Alderman O'Brien said he counted 4 gaming cafés currently, and with the blank one in Area 4 where there presently is not one so would be a grand total of 5 in which I think he can correct me if I'm wrong we had allowed for, not 7. As far as the permit for Shelby's, I'm curious is that a building permit or demo permit because there is a big for rent sign in the window or at least there was as of this weekend and there were no new walls built, it was down to the bare walls that separate it from the space next door so I'm curious as to what kind of permit has been filed for Shelby's.

Barry Krumstok, City Manager - The demo permit is issued that's why you see it all bare boned. They have a building permit. The for rent sign that you see and as far as we know Shelby's is still paying rent, so maybe because nothing is done or maybe something else is going on.

Alderman Budmats – We don't have a permit to build new as of yet?

Barry Krumstok, City Manager – We do have a permit to build and we have what the location will look like.

Alderman Budmats - They just haven't done anything yet?

Barry Krumstok, City Manager – That is correct.

Alderman Budmats – So they have a building permit that they haven't acted upon?

Barry Krumstok, City Manager – Yes.

Alderman Budmats - As Alderman O'Brien said earlier that idea is to more or less cap it where we're existing at for gaming cafés with allowing one for Area 4 to be compensated, other than that I'm not in favor of any more gaming cafés. I don't want Kirchoff Road to look like Manheim Road it's really not in our best interest.

Alderman O'Brien - Alderman Budmats, that is actually what I came up, is the 4 you mentioned but I could see a 5th one and cap it at 5 to allow for one in that new Area 4 going along with what Alderman Sanoica and Alderman Bisesi talked about is ideally increase that 900 feet because I thought that was little short. As to Alderman Cannon's point, I did drop a note to Attorney Wolf on this, regarding the naming's and if we're going to go that route because these are smart people that are running these businesses that we just add no first names for businesses. I know it's

one of the 13 criteria but they'll will switch so instead of calling it Melissa's they'll call it Kevin's or John's or Mike's Café. So it would be my recommendation that we just say first names are one of the triggers.

Alderman D'Astice - On page 14 of our packet, item #1, I have an issue with that. I don't think the City should be asking any business for a written business plan or plan of operations, management organization, service or product line, sales and marketing strategies and financial projections. I can see a bank requiring that but we are just approving a business. I don't think its government's job to review somebody's business plan. I think that #1 should be stricken completely. Going down to item #B on that same page. I don't understand what the criteria is that says they have to meet five of the items, there's 13 items there I would think they would have to at least need half or more otherwise why five? Is this a number that somebody picked out of the air or is there something that goes along with that five that makes it the right number? Can't it be eight or 12? What's the difference? That's a question I'd like answered. Moving on to the next page, I'd like to review each one of these criteria. I like to have a better understanding of where they come from and possibly take a roll call vote on each one of them. For example, an establishment maintains or proposes to maintain the maximum number of video gaming terminals, and that makes them a gaming café? Maybe, they have five out of the six machines allowed, I'm not sure I think we need to have a vote on that. Number 2 says they have to be in operation for one year. I thought we rejected that, I thought that was out the last time we talked about this and here it rears its ugly head again. Number 3, I don't know what 2500 square feet means. That could be a small restaurant or could be a small gaming café. Number 5, now we're dictating the design. I don't think that's up to us to do that again. Number 6, again, why are we trying to dictate to a business how they should do it? Number 9, I don't get the use of a woman's name. Someone told me that that was a state requirement for any establishment that has any gaming it has to have a woman's name. I don't know if that's true or not but I think that's discriminatory to be honest. Number 12 is targeted to Daisy's. I particularly think that we should not be targeting existing businesses in our City. I would like to have a roll call vote on each one of these items and a discussion on each as well. Also, regarding the memo we received today that highlighted the prices that would be paid. I believe in addition to the \$6000 which is too high, there are also four \$1000 fees so a new business that wants to come into our City has to pay us \$10,000 before they even open the door. I think that's a little bit high, none of our restaurants have to do that. I'm not saying that the gaming café should not have to pay a little bit more but I think \$10,000 when everyone else is paying a lot less is wrong. I would like a roll call vote for that \$6000 be reduced. I like what Alderman O'Brien said earlier but I still think \$10,000 is too high for a new opening business.

Melissa Wolf, City Attorney - I just wanted to clarify again, although I have no opposition for the Council evaluating each element and criteria in determining whether or not those are relevant criteria in determining whether an establishment is a gaming café. I just want to point out again, these are not regulations on the business. With respect to Alderman D'Astice doesn't like the one-year continuous operation period, it's not a regulation from the City we're not saying an establishment has to operate for a year. What we're saying is if there is an establishment has not existed for year and if the answer is yes they have not existed then we check that box as that is a criteria and it means that leans more towards a gaming café. If it's an establishment that has existed as a restaurant or bar for one year, the answer to that would be no so most likely they're not a gaming café that's in our City. It's not a regulation on that business that they continue to operate, it's just criteria used to be evaluated. Same thing with the floor plan design, the kitchen facilities, those are not requirements those are just issues that we would evaluate in determining whether or not they're a gaming café. These are not requirements that we're imposing on any establishment and we're not targeting any gaming cafés. We evaluated those existing gaming cafés in the City and tried to observe those cafés and what elements of those establishments made them cafés versus restaurants. No establishment is targeted in this and does not have any negative implications on our existing businesses, these are just elements to determine whether or not an establishment is a gaming café. The Council can absolutely decide whether or not they like that criteria or not. In addition, I would like to point out that this procedure also has the opportunity for a new establishment coming in to forgo this whole analysis and forgo the process of providing this

information and just come to the City and say that they're a gaming café and would like to be brought to the City Council so they can get referred for a special use permit. They are allowed to do that and in that event they would not have to submit all of this information at this level. Again, these are not regulations these are just criteria we're evaluating, we're not telling an establishment how to run their business we're just trying to evaluate what the business is.

Mayor Gallo – Before we would even go down this road, voting line item by line item, we'll take a straw vote whether the Council wants to go through this and vote on these or at the time this comes before the Council, if an Alderman wants to make a motion to adjust, change or edit or delete, that can be done during that time. I want to be cognizant of our time this evening and keep this moving forward.

Alderman Sanoica – On page 9 of our packet, I wanted to look at item#14, that's referring to menu and kitchen equipment for a gaming café. I wanted to ask staff if this was from Council direction or if there was another motivation for including this item as a requirement?

Melissa Wolf, City Attorney – Item #14, this element is for the special use and is in the zoning regulations. This was based upon discussion with staff to be in line with existing gaming cafés that we have in the City or the existing establishments that we have here in the City. We imposed some hefty requirements on our establishments that we consider gaming cafés. We got the impression from the Council that they wanted an establishment that was more upscale and provided more than just gaming to the City, so in line with those previous requirements and the intention of what direction we thought Council wanted, we added that requirement with respect to the commercial grade cooking device and that there is an evaluation of the beverage and food offerings. There is some more definitions that has to be provided in that area and JoEllen was going to be working on that so that would be clarified so we don't have to go through the process that we went through before with respect to what is a commercial grade cooking device or what is a grill, we are aware of that and are paying attention to that. That is where it came from.

JoEllen Charlton, Assistant Director Public Works - I had my hand up for clarification on another issue but I can follow up on what Attorney Wolf said as well. I think, rightfully so, we wanted to try and make sure that these were classified correctly. We tried to pay attention and make sure we were identifying cafés and making sure that we would regulate them and we didn't want to lose sight of the fact that we paid so much attention to making them restaurants at the beginning and that moving forward we didn't want new gaming cafés if they were to be allowed to come in they would just be a gaming café and not have any services of any food. We were trying to make sure that any new gaming cafés coming in from this point forward would be more like some of the existing cafés and offering some restaurant services that those entities have. There was some questions on the criteria that Alderman D'Astice was asking about where did the size come from? I don't know if the Council recalls that in the last packet we provided some information about each of the establishments that are in the community, I think we had a little cut out of what those establishments looked like. As Attorney Wolf indicated, we did go through and look at the square footage of each and every establishment and looked at the amount of space within these establishments that was devoted to the gaming cafés and again, all of this is trying to get to the question you guys were asking before is, we know what it is but how do we define what it is? So that's where the criteria came from. How do we objectively call it what it is? So we looked at all the gaming cafés and what we found out was for the ones that Council thought were gaming cafés, all of them were less than 2500 square feet. In each case those gaming cafés always were greater than a certain percentage of that overall gross square footage whereas people that had accessory gaming within a restaurant or bar were 10% or less, so that's where those two criteria came from.

Alderman Sanoica - I wanted to let the Chair know that earlier when I asked for item #12 be put up for a straw vote as far as removing the area gaming map, since we've had that clarification I just wanted to have that stricken from any vote since it sounds like everyone is on board with the areas as they stand.

Alderman Vinezeano - I wanted to follow up with Alderman D'Astice, in that he was not in favor of all of the criteria and ask him what he would propose to staff as criteria for determining gaming cafés since we have spent long hours in meetings trying to determine as Council and staff what gaming cafés are. I think staff has done a great job in giving us some parameters to be able to determine what gaming cafés are, so I would ask Alderman D'Astice what he would like to see as criteria since he is not in favor of what staff has proposed here.

Alderman D'Astice - I would be happy to put something together and get the Council within a week or two.

Alderman O'Brien - I do see Alderman D'Astice's point. I'm not sure I would be in favor going through line by line because staff has done that but I would be interested to see what he has available. If we really are trying to determine if it is a gaming café, I think we would at least need the majority of the criteria. If they don't meet half but we're still going to classify them as gaming cafés so I would at least like to see that number up to 7 instead of 5. I know 99% of our conversations have been around cafés. I think Alderman Budmats brought up about the one year waiting period and how it's a criteria. As for gaming accessory license, the way it's drafted now, if a new restaurant opens up tomorrow they would be able to come in the next day and request a gaming license? I know we talked about that for a while and I'm full support of not waiting a year for restaurants.

Melissa Wolf, City Attorney - There is no waiting period for GA licenses. That regulation is not imposed on the accessory license. If it's another establishment other than a gaming café there is not a waiting period for the accessory gaming license. I just wanted to point out with respect to the number of 5 that was chosen out of these 13, we did an evaluation of the existing establishments that we do identify and our observation of gaming cafés. Isabella's that was one in particular because of the fact that was previously a building that was a restaurant building, it may only meet five of the criteria. We thought for certain that establishment was a gaming café based on our observations and we wanted to make sure that that number 5 was capturing Isabella's. That number 5 does not capture any of our other establishments that are not gaming cafés. It doesn't capture Stadium, Grande Jake's, Anna's Red Apple, Rep's Place, Bigby's, Bulldog ale House or Picante which is pending for a gaming license. It didn't capture any of the other ones so that is why 5 is the key number there.

Rob Horne, Director Public Works - I wanted to point out to the Council is that we're trying to limit the number of cafés as it's very obvious that is the Council's desire. The higher the number you put on the criteria the greater chance there will be a gaming café style use that will be permitted so the lower number actually achieves what you're trying to accomplish better than a higher number.

Jo Ellen Charlton, Assistant Director Public Works - The only additional thing that I would add to that is if you're going to consider increasing the number of criteria, we might want to have a different number between evaluating the existing uses versus evaluating the uses moving forward. I think at this point everybody has an idea of an existing gaming café would be classified as, I would rather go ahead and do that and not have to request and do an evaluation of all the financials or business plan criteria that are within those 13 criteria. Just keep that in mind if we're going to think about increasing that number we might want to consider having a different number for evaluating the existing and getting those established versus what we would request and require from new businesses coming in as we move forward.

Alderman Sanoica - I just wanted to state that while Alderman D'Astice is a talented and experienced public official and revered within our community for his many years of residency in our City, I do believe that it would probably be in the best interest of the Council that he dedicate his time, not necessarily to a full list, given that we've had multiple staff members that have been working on this for quite some time and I do trust their judgment and their extensive research into this item and do support the list that they have presented before us today.

Mayor Gallo - Circling back to Alderman O'Brien's straw votes. With a show of hands, all those in favor to adjust the fees to \$4500 instead of \$6000. 4 in favor; 3 opposed.

With a show of hands, all those in favor to include the language for a \$1000 nonrefundable application fee incorporated into the ordinance. 5 in favor; 0 opposed. (Two Aldermen did not vote)

Barry Krumstok, City Manager – Just for clarification, the GC is now \$4500, you still have the same issue, you're going to have to split the GC and potentially give them an A1 and then they have the GC because they need the liquor license before they go to the state and when they have the state and our liquor license then they can go to the Illinois Gaming Board. The cycle needs to be clarified.

Melissa Wolf, City Attorney – That is addressed. As it currently exists, that GC license holder gets the license before they go to the state, they will get the City's license before they go to the state for approval. The \$4500 is not compiled with an A1 or any other license. It's its own license and they get first before they go to the state.

Barry Krumstok, City Manager – As long as you understand that the state might look at the GC and say that it's not what they're looking for because the A1, A2 and A3 are in compliance of what is out there. I'm just trying to make sure that we don't have a hiccup.

Melissa Wolf, City Attorney – It is a GC liquor license that they will get where before the GA license was associated with another liquor license. This is a new liquor license that the establishment would get before going to the state.

Mayor Gallo opened the floor.

Sheraz Rena, Picante Bar & Grill - Regarding the Area 4 area, is the 900 feet for gaming cafés or restaurants because we are only two commercial buildings here and we are 400 feet from each other so I am a little concerned that this 900 feet suggestion, is it only for gaming cafés or restaurants?

Mayor Gallo closed the floor.

Melissa Wolf, City Attorney - The distance requirement of 900 feet doesn't apply to other establishments it only applies to gaming cafés. That Area 4 that you referenced does not identify any gaming cafés in that area.

Mayor Gallo – We're back to the straw votes from Alderman O'Brien.

Alderman O'Brien – I would like to see the distance of 2500 feet apart.

Jo Ellen Charlton, Assistant Director Public Works - The two existing video gaming cafés on Kirchoff Road are right about 2000 feet apart so if you approve the 2500 feet would make one of those cafes nonconforming. The Attorney has indicated that it would be our intent moving forward that any nonconforming issues would be tolerated and continued for existing businesses but what it would mean is if for whatever reason that business stopped existing, burned down or had a tornado and went to rebuild it would be limited to the ability to reestablish itself at that point. That could be a concern if you establish it closer in a way that makes it nonconforming.

Alderman O'Brien – I would be happy to change it to 1800 feet. I just think 900 feet is pretty close.

Mayor Gallo – With a show of hands, all those in favor of adjusting the distance to 1800 feet. 6 in favor; 1 opposed.

With a show of hands, all those in favor of capping gaming cafés to 5. 6 in favor; 1 opposed.

We're not going to go line item by line item to Alderman D'Astice's point. These are not regulations or restrictions, they're guidelines. Alderman D'Astice, if you want to produce something go ahead, we did receive this information last week on Friday at 1:30 PM, and we had sufficient time between then and now to review. If you want to make changes, when this comes before the Council for vote you can make motions for addendum's or deletions at that time.

Alderman Cannon - I just want to make sure that people are aware that with the new space rule, 1800 feet, you just eliminated Shelby's as a potential business in our town.

Alderman D'Astice - While I appreciate you not wanting to go line by line, I did ask for a discussion about item #1 on page 14 of the packet, regarding the written business plan and how we don't ask any other business to produce a business plan or to produce sales and marketing strategy. I asked for a straw vote to remove that item.

Mayor Gallo – All those in favor of removing that line item #1 on page 14 of the packet, regarding a written business plan, please raise your hand. 4 in favor; 3 opposed.

Melissa Wolf, City Attorney - Alderman Vinezeano had expressed an interest in the administrative special use permits be granted at the time of the passage of the ordinance on these new provisions. Is that the consensus of the Council that we could move forward in the direction because in that vein we may be removing some provisions with what's drafted here in that regard?

Mayor Gallo - With a show of hands, all those in favor for the administrative special use permits that are granted to existing establishments will occur at the time of the passage of the ordinance on these new regulations. 5 in favor; 2 opposed.

4) FY 2020 Initial Estimates

Melissa Gallagher, Finance Director – During tonight's Committee-of-the Whole Meeting, Staff will offer some initial, preliminary projections on the financial impacts due to COVID-19 (primarily revenues), preview preliminary forecasting scenarios (not conservative estimates) to help project revenues for the General Fund, and review some strategies for addressing the financial impacts and some things currently being done. As a reminder, COVID-19 expenditures are being maintained and hopefully reimbursements will happen in a timely manner back to the City.

The City has strong fund balance reserves and a solid cash position as compared to the last economic downturn (This has grown over the many years and budgets).

As evidenced in the City's investment-grade credit ratings, from Standard & Poor's and Moody's, the City is in a good position to weather the initial, financial impact due to its strong budget flexibility, diverse and stable revenue streams and strong reserves.

For the development process of financial estimates, the City reviews data from a wide-variety of resources including, but not limited to: historical City data, recession data, Illinois Municipal League, Illinois Department of

Employment Security, Illinois Department of Revenue, Chicago Metropolitan Agency for Planning, Northwest Municipal Conference, current webinars and other resources.

For the current unemployment rate, the City's data is shown in the Metropolitan Area called "Chicago-Naperville-Arlington Heights". Clearly, the impact is not fully shown yet on the March year-over-year unemployment data. March 2020 is 5.0% as compared with March 2019 of 3.9% which is a 1.1% increase.

On Friday May 8th, the national labor statistics were released from the Bureau of Labor Statistics with the national unemployment rate is approximately 15%. Most likely it will go up until the stay-at-home orders are removed. Unemployment Data is not released by City (although efforts will continue to request this data specific to Rolling Meadows). We will continue to track unemployment data in relation to Income Tax and other items for the financials.

City Staff have taken advantage of a variety of free webinars. Most have been specifically focused for municipalities and have been useful. Some of the webinars attended:

- IGFOA – "Finance Directors Roundtable Discussion on Forecasting General Fund Revenues"
- GFOA – "Reserves – How Much You can Use and Evaluating Organizational Risks"
- GFOA – "Financial Decision Making Under Uncertainty"
- GFOA – "Procurements Under FEMA Awards"
- ICMA – Webinars including "Budgeting During a Crisis – Responding to COVID-19"
- CMAP – "New Data Show Regional Impact of COVID-19"
- University of Chicago – Booth School of Business "COVID-19 and the Global Economic Outlook"
- City's Auditors – Lauterbach & Amen, LLP – "Coronavirus – Financial Impact"
- Joint Emergency Management System – "FEMA Reimbursement Process"

911 Fund: The primary revenue source for the 911 Fund is Property Taxes which is used for the City's emergency communication dispatch and services. Expenditures were budgeted and the Fund is within its fund balance parameters.

Utilities Fund & Refuse Fund: The Utilities Fund consists of water, sewer and storm water activities. Each determined user fee is intended to cover the expenses related to delivering water from the City of Chicago and maintaining the underground utility system. The Utilities Fund is paying for bond projects with the bonds. At this point, customers are paying on time and some have requested payment plans. However, year-over-year collections are tracking the same as of the May 1st Billing. Water usage was up by 1.4 million gallons for the May 1st bill (across all types of accounts) year-over-year. The usage period was from 3/15 to 4/15. The Refuse Fund is on track year-over-year and there are no issues at this time. We will provide a future detailed estimate with potential deferrals of capital and other items. There will be some decrease in revenue due to some payment plans and also not charging late fees or fees to turn on water.

Vehicle & Equipment Replacement Fund: The Vehicle & Equipment Replacement Fund's projects are currently being reviewed in the short term (FY 2020) and the longer term (FY 2021 to FY 2025) (and beyond). There are potentially \$500,000 in vehicles and equipment that may be deferred in FY 2020. However, there are some strategies that we can put in place to potentially order "essential" vehicles later in the year. Then take delivery and pay for them in FY 2021. More will be discussed with the Vehicle Replacement Committee. The Vehicle Replacement Committee will meet on June 9, 2020 to review projects.

Building & Land Fund: The Building & Land Fund's projects are currently being reviewed in the short term (FY 2020) and the longer term (FY 2021 to FY 2025) (and beyond). For the Building & Land Fund, Public Works is identifying several projects that are able to be deferred totally approximately \$200,000. (More details to come.) The Capital Improvements Committee will meet on May 26, 2020 to review projects.

The City's Road Funding is from the State Motor Fuel Tax and the Local Road Fund: Initial Estimates indicate there may be some slight reductions in revenues. Major capital projects such as the Annual Street Program are considered essential and have available funding. Other capital projects are being evaluated for deferments. Note: funds coming in –from MFT and property tax –are typically spent in the same year and fund balance is not usually accumulated in these funds. Projects have also been coming in lower than projected costs as proposed in the FY 2020 Budget.

Alderman Bisesi – I just wanted to make sure that projects that are already going on, for example the resurfacing in my Ward, that was all from State funds, correct?

Melissa Gallagher, Finance Director – That's part of the annual street program and that has already been identified as projects at will continue. Anything that is going to be deferred is not something that is currently going on and it's not something that's part of a project that's already been initiated. There are things we can move to other years that hasn't already been started.

Alderman Bisesi – I just wanted to ask in case anyone was listening, I wanted to put their mind at ease. The streets that are torn apart will be replaced.

General Fund – Short & Long Term Strategies: It is very important to start by understanding that the potential impact may have a reasonable duration of six months to twelve months. We are looking at some short-term options as a hedge against revenue losses. The City's FY 2019 Audit will be a starting point for the City's Audited Fund Balance (presented at the June 16th Committee-of-the-Whole Meeting). For FY 2020, the City has received four months of revenues which is about one-third of its total revenues. Some of major revenues are received this fiscal year but are earned in last year (such as Sales Tax, Income Tax and others). This means while we receive the cash this year, the revenue is recorded to FY 2019. Receipts, as mentioned about approximately two months in arrears, for major revenues.

Initial, Preliminary Projections (Major Revenue Considerations): It is important to understand the timing of revenues, the major revenue sources and the "elasticity" of each revenue. Each City's revenue structure is unique. The financial impacts to various revenues will be not be fully quantified as governments have not faced this type of situation such as this pandemic. While some revenue projections show decreases, there are some that will have increases. We may see a spike in certain receipts such as Sales Taxes (in March –May 2020) due to the stay-at-home order (data is not in yet). We are seeing continued activity for permits and real estate transfers. We are tracking COVID-related expenses for potential reimbursement from federal, state, county, local and other sources in the future. Recreational marijuana, which was not budgeted for, this revenue will start after July 1, 2020.

Property Taxes: Property Taxes are received in two installments (once in the spring and one in late summer). The first installment has been received for FY 2020. Property taxes are a stable funding source and the City has not experienced issues due to economic downturns. CMAP indicates that property tax receipts decline for communities who do not have a strong tax base. Even through periods of economic decline historically, the City has received at least 96% of the property tax levy. This important source of funding for the General Fund is 36% of the total General Fund Revenues. Cook County has stated that the bills for the second installment will be going out on time. The most recent discussion is that late fees will be waived and there is a delayed due date. This will not affect those

who pay with their mortgage payments (which is approximately two-thirds of the way property tax payments are made).

Sales Taxes, Use Tax (Online Tax) and Food & Beverage Taxes: The City’s Municipal Sales Tax and Home Rule Sales Tax makes up approximately 19% of the total General Fund’s Revenues. Some municipalities are going to have a substantial impact due to the stay-at-home order. The City’s potential impact as estimates is approximately a 13% decrease (at this time). The City does not have the malls, specialty shops or boutique-type stores. For Food & Beverage Taxes, we estimated a 20% overall loss for the year (at this point). Also there has been an increase in online purchases that will help the sales tax and use tax line items. The City also has at least three restaurants ready to open in the next three to four months. Again, beginning July 1st, the City will begin to receive Sales Tax from the sale of Recreational Marijuana.

Income Tax: Income Taxes comprises 7% of the total General Fund Revenues. The estimate included a 15% decrease in Income Taxes for the year. This is a very important revenue line item to watch and more detailed analysis will be done. There will most likely be an impact on the revenues from Income Tax. There have been delays in the past from the State of Illinois.

Sensitivity Analysis/Stress Testing of Revenues: This is an important part of the City’s process moving forward. The City’s General Fund’s Revenues are diverse in their type of revenue source. However, one of the essential components of sensitivity analysis or stress testing will be revenues subject to economic fluctuations (Sales Tax, Home Rule Sales Tax, Food & Beverage Tax, Building Permits, Real Estate Transfer Tax, Income Tax and others). Taking approximately 86% of the City’s General Fund revenues, these line items were evaluated individually.

Scenarios & Estimates – Revenues: Two key models emerged while completing this analysis. This is a starting point and will be refined as we move along. There are some revenue line items that will show increases (and maybe spikes) and others will decrease.

The Summary of Assumptions is listed below: (1) FY 2020 Budget –Status Quo –if 100% of the City’s FY 2020 Budgeted revenues was received; (2) Severe Model with a range of decreases by Revenue Category; (3) A blended model based on analyzing 86% of the major revenues line-by-line with the percent averaged by each category (shown below). It should be noticed that the Blended Model has a wide range of decreases in line items (from 0% to 30% depending on the revenue line item). These are all subject to change as revenues are received.

Summary of Assumptions - % Reductions by Type			
	Budget - Status Quo	Severe Model	Blended Model (% Averaged)
Taxes	100%	15.0%	8.50%
Intergovernmental	100%	15.0%	9.90%
Licenses & Permits	100%	15.0%	12.20%
Fines & Forfeitures	100%	15.0%	20.50%
Charges for Services	100%	1.0%	0.30%
Interest Earnings	100%	25.0%	20.0%
Other	100%	1.6%	0.8%

What this means is that at this point in time, per these preliminary estimates, the financial impact is approximately one month of reserves with the Blended Model. The recommendation is to use some reserves coupled with other expenditure reductions. Based on the fiscal health and balances in the Health Insurance Fund or the Liability Insurance Fund the City would transfer \$1.5 million (\$1.0 million from the Health Insurance Fund and \$500,000 from the Liability Insurance Fund) and use the \$1.4 million from the Committed Funds to cover the anticipated losses which is approximately an 8% loss. The result of the blended model leaves 25% of fund balance for the General Fund (when only reserves are used). The General Fund balance would still be in parameters.

Strategies for Mitigation & Recovery – General Fund & Other Major Funds: While it is early, the City is taking take certain steps to offset the potential loss of revenues and is evaluating other areas in the budget. More discussion will take place on these strategies. At this time the following has been initiated for the General Fund and other Funds:

- Tracking all COVID-19 Payroll and Accounts Payable expenses for potential reimbursement from FEMA (and others).
- Monitoring growth in recreational marijuana sales (recall that on July 1st the City will begin receiving sales tax from recreational marijuana sales).
- Staffing changes and slowing down the filling of vacancies.
- Non-essential purchases (for example, furniture replacement) are deferred.
- All expenditure requests are reviewed in depth (current practice and continues).
- Non-essential training or travel is suspended.
- The majority of Community Events have been suspended (there will be savings).
- Actively reduce overtime in Departments by reviewing scheduling and other items (except overtime required by employment agreements or job responsibilities).
- Reviewing fund balance levels to use some fund balance to mitigate revenue losses.
- Capital reduction and deferrals.

Key Takeaways: The preliminary data presented is only a snapshot in time and is subject to change. We will continue to refine the models and data going forward. It should also be noted that we have to allow for flexibility and will monitor the City's cash flow. We cannot guarantee that things will not worsen. However, with continued updates and strategies, this will allow the City to evaluate month-to-month. Things we will continue to build on as we plan for the next year's budget: duration of potential impacts, realization there are gains in other revenue sources (think recreational marijuana sales taxes), payroll expenses, pension expenses, debt, capital, and potential federal aid/reimbursement. COVID-19 expense tracking is taking place and we fully expect to receive reimbursement (typically 75% of eligible expenditures). We developed a forecast using reasonable estimates, and continue to work on a plan capable of responding to a range of potential outcomes. In the end, we have a reasonable optimistic outlook for the next six to twelve months. We have ample reserves which allows some expenditure reductions and some reserve use. Staff will need a new Ordinance to shift the restated funds of \$1.4 million just into the General Fund Balance. Staff will need two Budget Resolutions to transfer \$1.0 million from the Health Insurance Fund and \$500,000 from the Liability Insurance Fund to shore up the General Fund.

Mayor Gallo – Does this mean we're looking to use reserves to maintain some status quo level rather than first exploring how we can reduce expenses? Is that what you're asking Council to do is use reserves first?

Melissa Gallagher, Finance Director – No. I think what's important to note is that we're doing both and I think it's important to understand that there are going to be expenditure reductions in the General Fund. The General Fund covers primarily because we are a service sector, we are a government and we provide service and public safety as well which is the largest portion of that, those items such as salary and benefits that is what we do but there are other things in the General Fund. We have strategies for mitigation and recovery for the General Fund and also other funds and we talked about the deferrals of capital. What's really important is that we're making sure staffing changes, we can change staffing wherever we can, we are slowing down vacancies or not filling vacancies, we're looking to other nonessential purchases and making sure they're not happening and anything that can be delayed or differed in the General Fund is taking place. All expenditure requests are being reviewed right now. Nonessential travel or training is suspended. The majority of our community events are suspended so there will be savings. Overtime except required by different employment agreements or job responsibilities are being monitored and reduced. We're looking at other things to but there's very little as we know through the budget process that is not already contractually obligated in the General Fund. We can change whatever we can but I think at the same

point it would be financially prudent to look at what we can do to shore up right now as a hedge and it's really a safety cushion for General Fund to open up the committed reserves that are already in the General Fund and cover that right now for the anticipated revenue losses. It might be that they're not as high as we're predicting right now, we don't have a crystal ball, we don't know the full impact of all of this right now, it's an overall 8% loss in the General Fund. We have heard different municipalities saying different percentage losses, everyone's revenue stream is different. I think it's really important for City Council and Mayor to understand that it's a blend of both but at the same point it's very financially prudent to take a look at what we're doing right now to shore up this fund and if we don't need the reserves we won't use them but at least they are available so that we're still within our fund balance parameters and showing up any anticipated losses due to this pandemic. Again, we would have never thought to consider the use of reserves.

Alderman Sanoica - Could you state any reasons to not pursue this transfer as it would affect our credit rating or any other fact that we should be aware of?

Melissa Gallagher, Finance Director – No, it would not affect the City's credit rating. There are two parts to it, 1) is opening up committed reserves in the General Fund which would not affect the credit rating because you are just opening them up as part of the General Fund and 2) it would be a transfer from funds that have healthy fund balances and do not have restrictions on fund balance. Both those funds, the liability and the health insurance funds both have had good experience over the last years with the different pools that we're in and by bringing those funds over into the General Fund that would not affect the City's credit rating.

Alderman Vinezeano - How does unforeseen events such as the flooding this past weekend, how does that play into the budget with the reserves and making sure that we have reserves for unforeseen circumstances?

Melissa Gallagher, Finance Director – That is the Utilities Fund. When I mentioned that we have ad hoc tracking as far as fund balance for the Utilities Fund we track it at about a 25% fund balance internally as we don't have a formal fund balance policy right now.

Alderman Vinezeano - What you're proposing with the reserves would not affect the Utilities Fund?

Melissa Gallagher, Finance Director – No, that stay separate.

Alderman Budmats - At what point do we start looking at furloughs for employees? Do we make sure our reserves/fund balances are at their lowest level and then we look at that? When do you think that would become a possibility in the realm of possibilities?

Melissa Gallagher, Finance Director - We mentioned a couple key things such as the strong balance sheet coming into this pandemic and then also mentioning the fact that we are facing something we've never faced before and that we do not know the full impact. It would be mindful to just continue to monitor the situation, we're not looking to reduce reserves to any level beyond the fund balance parameters. Because of the timeliness that we will be able to report to you we would be able to tell you anything pretty quickly if things were going in a different direction. In terms of furloughs, we are a City that continues to provide quality services, furloughs wouldn't necessarily be a factor into that. We are looking at slowing down different vacancies and things like that right now but considering the nature of our collective bargaining agreements we would typically have a lot of different variables that we would have to look at but at this point given the fact that we can give you such timely information and turn on a dime pretty quickly we wouldn't get down to the point where we wouldn't have reserves available. To make those decisions timely and given the fact that we have such strength going into this I think it makes sense to continue to report to you and to discuss any changes that we see along the way but that does not factor in right now.

I wanted to recap a couple things. Again, I mention the capital side because those are the key things that we are going to be looking at in the next five years as far as deferments. The plan would be then as I kind of summarized, different expenditure reductions and we'll get to more specifics when we come back to you each month. I want to mention again that this is a preliminary snapshot and it's going to change every single month. We have to refine the model as we go along. This is not a conservative estimate whatsoever because even in our last downturn we lost 5% in our revenues budget to actual but we're saying 8%. We do want some flexibility so that we can monitor our cash flow. Our leading cash flow stream would be our Utilities Fund and property taxes and our revenues which at this point we're not seeing any changes. We will continue to evaluate and report back to you. A couple of things for next year's budget is we don't know the duration or the potential impact. We do know that there are some gains in some sources of revenue such as recreational marijuana sales taxes we didn't budget for but that is something that we will see. Pension expenses are always there and that's something we will discuss in June. Overall debt capital, those are the kinds of things that we are going to be looking at. As far as future reimbursements, that will factor in, we won't know that right now but maybe September timeframe so we will be able to tell you if we spent X amount of dollars and then this is our reimbursement back, we usually get 75% reimbursement. There are other programs that were looking at so there will be a reimbursement to the City. We're using our reasonable estimates where possible and as mentioned, we will keep coming back to you. With this proposal we would like to come back to you at a future City Council meeting with an ordinance to shift the restated funds of \$1.4 million just into the General Fund Balance. If I could have direction on that. Then also the second thing in the packet we're going to bring forth is two budget resolutions to transfer \$1 million from the Health Insurance Fund and \$500,000 from the Liability Insurance Fund into the General Fund. Let's say we get to the point where we do not need reserves from those funds, we can always transfer funds back if we needed to. Just mindful of the fact that we don't want to be in a position where we could not cover our costs overall. That's what we're looking at and we wanted to get your feedback tonight.

Mayor Gallo - Is there any need for clarifications before I put those items up for straw votes? With a show of hands, all those in favor of developing an ordinance to shift the restated funds of \$1.4 million into the General Fund Balance. 6 in favor; 0 opposed. (One Alderman did not vote)

With a show of hands, all those in favor of two budget resolutions to transfer \$1 million from the Health Insurance Fund and \$500,000 from the Liability Insurance Fund to shore up the General Fund. 6 in favor; 0 opposed. (One Alderman did not vote)

5) Natural Gas Tax Review

Melissa Gallagher, Finance Director – The Natural Gas Tax was implemented in December 2018. The City Council asked that Staff report on the first complete year of revenue for the Natural Gas Tax. There will need to be several years of data before the City understands year-over-year revenue trends (history).

In FY 2018, to achieve revenue stability for the Local Road Fund, the City Council implemented a Natural Gas Tax and replaced the Vehicle Sticker program with this new tax. The Natural Gas Tax is dedicated for road improvement projects in the Local Road Fund. In FY 2019, the City generated more revenue than vehicle stickers and was a reliable source of revenue for improving roads. (City residents – including seniors – appreciate not having to purchase an annual vehicle sticker.)

The Natural Gas Tax revenue ensures that dollars are secured for road improvements and creates efficiencies in City Departments (Administration, Finance, Fire & Police). Thinking about how we would collect vehicle sticker

revenue now during COVID-19, the City would not be able to collect the full amount due to the City. In addition, most vehicle sticker sales were in-person transactions which really could not be done efficiently (social distancing). As a reminder, the City budgeted \$500,000 for FY 2019 and the City received approximately \$595,000 in Natural Gas Tax revenue (per the FY 2019 Unaudited data).

Comparatively, in prior years, Vehicle Stickers generated \$500,000 for roads (however \$400,000 or less for roads when you net out expenses such as administration, Police ticketing, inquiries, printing, processing, postage and many other items).

This means that the City's net revenue gain to improving roads is approximately \$195,000 in FY 2019. Again, we will continue to monitor this revenue source. Due to COVID-19, there will be a decrease in the Natural Gas Tax for FY 2020 from the amount received in FY 2019. However, at this point, we are monitoring this revenue source and do not show a decrease from the FY 2020 Budgeted amount of \$525,000.

As mentioned, the City will need to have several years of data before understanding year-over-year trend data. Staff is not recommending changes to this revenue source as it is a reliable and stable source of revenue to pay for road improvements. As the City has historical data, then weather and trends can be factored in for this revenue source. This natural gas tax is doing exactly what it was set to do.

Mayor Gallo – Are there any other questions or comments from Council? Seeing none, is there a motion to adjourn? Alderman Bisesi has made the motion and it has been seconded by Alderman Sanoica. All in favor say aye; those opposed say nay. The ayes have it and the meeting is adjourned.

There being no further business, by unanimous consent the Committee-of-the-Whole meeting was adjourned at 11:50 p.m.

Respectfully submitted: Judy Brose, Deputy City Clerk

May 19, 2020 Committee-of-the-Whole Minutes Approved by Council on June 23, 2020.

Judy Brose

Judy Brose, Deputy City Clerk