

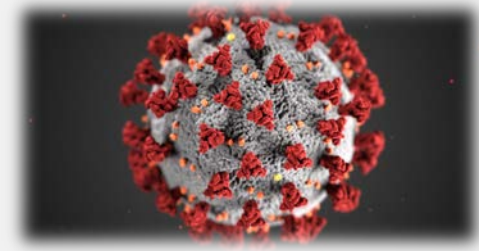


City of Highland Park

Covid-19 Coronavirus Economic Impact Report

Committee of the Whole Meeting
26 May 2020

Agenda



- Local Impact of Covid-19 Pandemic
- Economic Impact Study Process
- Assumptions
- Economic Impact on Revenue
- Local Coronavirus Relief Package
- Economic Impact Revenue Detail
- Key Months in Revenue Monitoring
- City Response
- Next Steps

Local Impact of Covid-19 Pandemic

The City's Emergency Preparedness Plan was presented in a previous COTW

This report focuses on the City's economic impact resulting from the Covid-19 Pandemic

The City anticipates:

- Economically-sensitive revenue will decline
- Interest income and market value will decline
- Unanticipated expenditures related to pandemic response

Economic Impact Study Process

- Review all City revenues for potential impact
- Develop assumptions for estimating impact
- Calculate City revenue & fund balance impact
- Develop financial response plan
- Seek financial assistance
- Implement short-term measures
- Monitor revenue and assess need for longer-term actions

Assumptions, 1 of 2

- Local Coronavirus Relief Package
- Illinois stay at home order 4-month
- Consideration of revenue declines 2007-11
- Ravinia Festival does not have a 2020 season
- 2019 property taxes are received in 2020
- No fee or rate increases in 2021
- No property tax increase in 2021, except in lieu of vehicle sticker revenue
- Property tax annual increases 1.5% per year higher than previously estimated 2022-25

Assumptions, 2 of 2

- Non-economically sensitive revenue is flat
- Economically-sensitive revenue recovers over 3-4 years
- Actual revenue may vary up or down from City estimates by a margin of error it is not possible to estimate given the inability to rely on historical trends

Economic Impact on Revenue

- Revenue for 2020 is estimated at \$72 million
 - \$8 million (10%) lower vs. 2019 ongoing revenue
 - \$10 million (12%) lower vs. 2020 budget
- Majority of the decline is in the General Fund
- General Fund 2020 revenue is estimated:
 - \$7 million (22%) lower vs. 2019 ongoing revenue
 - \$7 million (22%) lower vs. 2020 budget
 - Economic impact on sales tax, real estate transfer tax, business tax, other tax, payment in lieu of tax, and fees for services
- Revenue for 2021 is estimated at \$78 million

Local Coronavirus Relief Package

Part of the economic impact to City revenue is a Local Coronavirus Relief Package valued to residents and businesses at \$1.5 million

- \$1.1 million due to no 2020 vehicle sticker sales
- \$400,000 due to:
 - 3-month City building rent relief upon request
 - No parking permit, dog license, yard waste sticker, and senior center sales until 1 month after end of stay at home order
 - No fines or late payment fees until 2 months after end of stay at home order

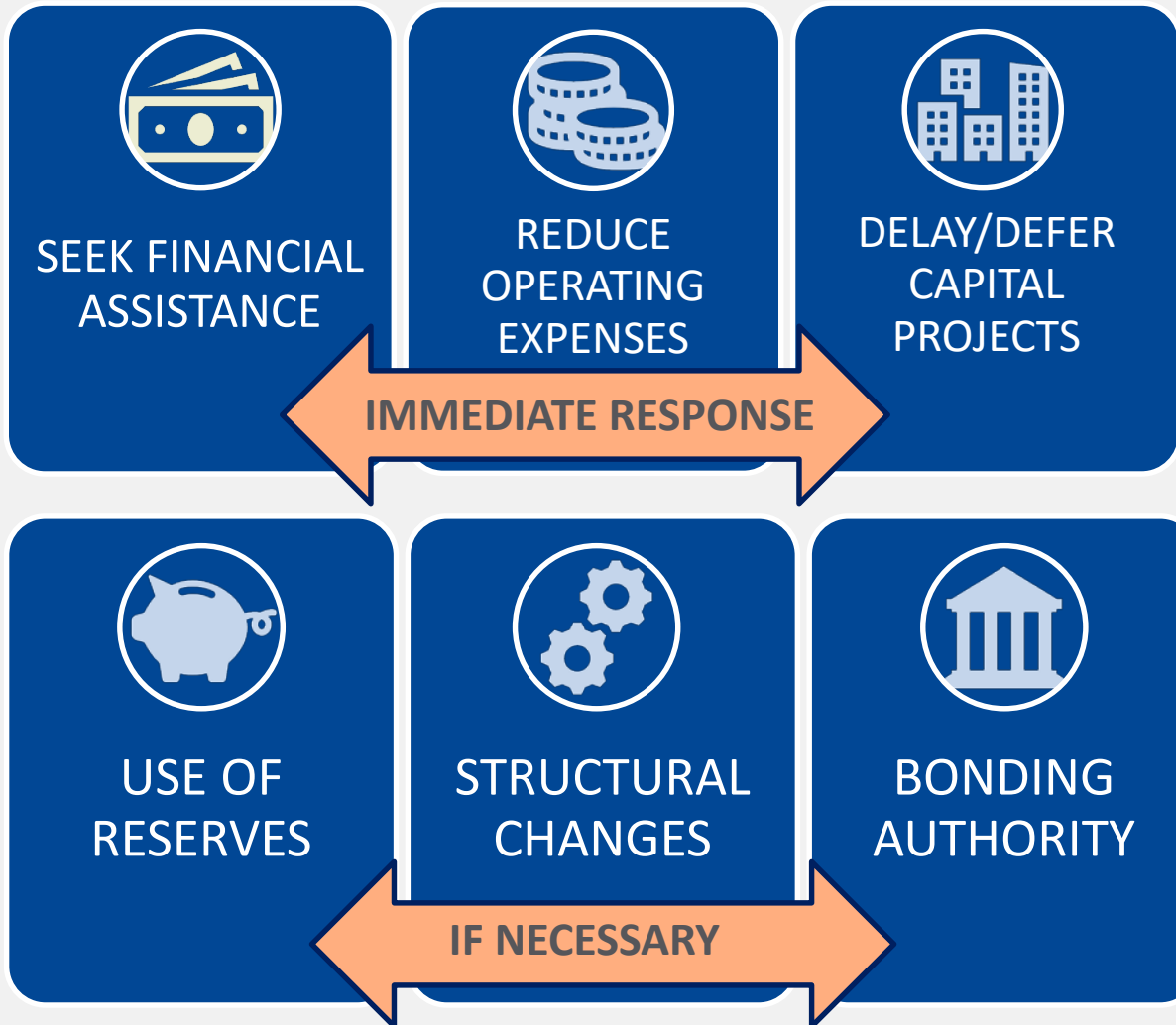
Economic Impact Revenue Detail

\$ millions	2020 Est.	Inc./(Dec.) vs. Budget		Economic Factor	Concerns
Sales Tax	10.7	(2.9)	-21%	State Forecast + 10% Risk Factor	State Forecast might be too high Extended due date may delay distrib.
Utility Tax	3.5	(0.4)	-10%	Historical trend	
State Income Tax	2.7	(0.3)	-12%	State Forecast + 10% Risk Factor	State Forecast might be too high Extended due date may delay distrib.
RE Transfer Tax	1.0	(0.6)	-40%	Consistent with 2007-2009	Delay or decrease in activity
Bus./Other Tax	2.0	(1.4)	-42%	Stay at Home Businesses closed	Extended due date may delay distribution
Charges for Svs.	4.6	(0.7)	-13%	Relief Pkg + Stay at Home	Delay or decrease in activity
Permits/Licenses	1.0	(0.7)	-42%	Consistent with 2007-2009	Delay or decrease in activity
GF excl. Prop. Tax & Asset Sales	25.4	(7.1)	-22%		
Property Tax	5.1	1.4	38%	Reallocated from Capital	Offset to decline in other GF revenue
General Fund excl. Asset Sales	30.6	(5.7)	-17%		
Multi-Modal Trans.	3.4	(1.2)	-26%	Relief Pkg + Stay at Home (Gas Tax)	Economic conditions impact usage
Motor Fuel Tax	1.4	0.3	22%	Rebuild IL \$654k, net of Stay at Home	Economic conditions impact usage
Capital Fund	1.8	(2.0)	-54%	Prop. Tax + Stay at Home (Sales, MFT)	Economic conditions impact usage
All Other Revenue	35.2	(1.3)	-4%	Relief Pkg + Stay at Home + Interest	Delay in payment, Market decline
Total Revenue	72.3	(10.0)	-12%		

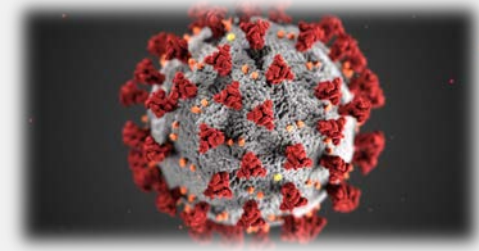
Key Months in Revenue Monitoring

Revenue	Activity Month	Collection	Distribution	Comments
Sales Tax	Mar, Apr, May	Apr, May, June	June, July, Aug	Will not start realizing pandemic impact until May-June
Home Rule Tax	Mar, Apr, May	Apr, May, June	June, July, Aug	
Auto Rental Tax	Mar, Apr, May	Apr, May, June	June, July, Aug	
Telecom. Tax	Mar, Apr, May	Apr, May, June	June, July, Aug	
Use Tax	Mar, Apr, May	Apr, May, June	June, July, Aug	
Income Tax	Mar, Apr, May	Apr, May, June	May, June, July	
Pers. Prop. Replc. Tax	Mar, Apr, May	Apr, May, June	May, June, July	
RE Transfer Tax	June-Nov	June-Nov	N/A-Direct	
Business Tax	Mar, Apr, May	Apr, May, June	N/A-Direct	Revenue down
Building Permits	Mar-Oct	Mar-Oct	N/A-Direct	Revenue down

City Response



Next Steps



Discuss the City's detailed Response Plan at a June COTW meeting including impacts to:

- Capital Projects
- Operating Expenditures
- 2021 Budget Timeline