

Approved 6/24/20

MINUTES

Budget Committee

May 7, 2020

@ 4:00 p.m.

MEMBERS PRESENT	James Fennell – Chairman; Rachel Reliford – Vice Chairman; Jennifer Groves Allison, James Dillon, Kate Pastucha, Andrew Rand, Rob Reneau, Steven Rieker, Paul Rosenbohm, Phillip Salzer, Sharon Williams
MEMBERS ABSENT:	
OTHERS PRESENT:	Scott Sorrel – County Administrator; Shauna Musselman – Assistant County Administrator; Jodi Hoos, Larry Evans - State's Attorney's Office; Angela Loftus – Asst. Director of Human Resources; Gretchen Pearsall, Jamie Dowell – County Administration; Randy Brunner – Chief Financial Officer/Sheriff's Office; Julie Ciesla, Kim Hudson, Paul Letcher – Finance; Brian Asbell, Doug Gaa, Chris Watkins – Sheriff's Office; Tom Bride – Election Commission; Dan O'Connell – Facilities Director; Rachael Parker – County Clerk; Brian Brown – Juvenile Detention Center; Mark Bronke – Probation & Court Services; Judge Paul Gillfillan, Rena' Parker, Jennifer Shadid – Court Administration; Nicole Bjerke – Treasurer; Beth Crider, Jennifer Yoder – Regional Office of Education; Jessica Thomas – Auditor; Mark Little – Chief Information Officer; Monica Hendrickson – Health Department; Jamie Harwood – Coroner; Nathan Bach – Public Defender

Call to Order

Chairman Fennell called the meeting to order at 4:08 pm.

A motion to suspend the Rules in order to conduct the meeting virtually was made by Ms. Reliford and seconded by Mr. Salzer. The motion carried unanimously.

Discussion

• **COVID-19 Budget Impact**

Mr. Sorrel summarized the financial and budgetary impacts of COVID-19 on the finances of Peoria County. He stated that an estimated 15% decrease in revenues is anticipated as a result of the COVID-19 impact to the economy. He advised that there has been no material State Shared Revenue posted to the Comptroller's website in the past week. He also mentioned the decline in the generation of Motor Fuel Tax due to the sharp decline in vehicle traffic. He advised that the most recent installment of Motor Fuel Tax will be received soon, and will be the first good indicator of the status of the local economy. He noted that major revenue shortfalls are anticipated in Property Tax, Interest Income, Income Tax, PPRT, Sales, Public Safety, Public Facilities, Penalties, and Charges for Services.

Mr. Sorrel remarked that the committee has directed staff to review the options to reduce spending by \$15 million in the current Fiscal year, with a focus on recurring expenditures.

Mr. Sorrel advised that the total budget for the entire organization is \$119.5 million. He stated that implementation of the recommended \$15 million reduction results in a revised budget of \$104.5 million. He stated that there is currently \$82 million remaining in this year's budget to achieve the \$15 million in cuts.

He noted that Debt Service obligations must be paid first. He stated that the \$15 million expenditure reduction spread across all funds and departments, excluding Heddington Oaks, Debt Service Fund, and U of I Extension (a voter approved pass-through account), results in a 13.1% decrease in funding. He added that as 1/3 of the fiscal year is complete, the \$15 million equates to an average of 18.6% cut of the remaining available budget.

Mr. Sorrel advised that he has spoken with all elected and appointed officials regarding the reductions to their offices and departments, and presented a report outlining the current budget by fund, proposed 13% cuts, and a revised budget based on the reduction.

Mr. Sorrel noted that the \$15 million reduction will be accomplished via a budget amendment process. He advised that new line items will be created for Personnel, Commodities, Contractuals, Capital, Depreciation, Debt Service, etc. He stated that the line items will be activated in every budget, and the new line items will be populated with a negative dollar value, thereby reducing spending authority. He commented that each office and department will create a strategy for balancing their budget within their reduced spending authority.

Sheriff Asbell, State's Attorney Jodi Hoos, Judge Paul Gilfillan, Public Health Administrator Monica Hendrickson, and County Coroner Jamie Harwood addressed the committee to express their concerns with the recommended 13% reduction for offices and departments, citing impacts to public safety and customer service. Ms. Hoos suggested a more phased approach to the expenditure reductions. Ms. Bjerke addressed the impact to the property tax cycle process with reduced personnel. Ms. Thomas suggested reviewing a reduction in discretionary services not required by state statute.

Mr. Sorrel explained that staff is working in concert with a variety of sources to shape revenue forecasting, including the City of Peoria, Illinois Municipal League, Illinois Association of County Board Members, Illinois State Association of Counties, Center for Government Forecasting, and discussions with local financial institutions. He stated that utilizing the information shared with these organizations, staff can generate estimated revenues. He stated that state shared revenues have shown a significant decline in activity during the months of March, April and May, and remarked that an early Executive Order from the Governor delayed business reporting of sales tax revenues.

Ms. Williams asked how positions funded by the state or by grants will be addressed. Mr. Sorrel advised that at this point, staff has reviewed only the necessary number to reduce the expenditure budget. He reiterated that it will be incumbent on each elected and appointed office to reduce the budget to the recommended \$15 million reduction in expenses. Mr. Salzer encouraged exploring any available grant opportunities.

Ms. Groves Allison asked Mr. Sorrel to explain the difficulty with a more tiered approach to decreasing revenues. Mr. Sorrel stated that Peoria County is at this point one-third of the way through the fiscal year, with less funding available to compensate for a reduction, and waiting even a longer amount of time would result in even fewer funds. He stated that as the year progresses the cuts would become a significantly higher percentage of the remaining available spend.

Ms. Pastucha commented that short-term layoffs appear to be a viable option to a reduction in expenditures. She also stated that infrastructure costs as related to county facilities should be reviewed. Mr. Fennel noted that a Facilities Space Planning Study has been recently completed, and remarked that any economies that could be found within county facilities would not happen quickly, particularly in the current situation.

Ms. Reliford asked if the financial modeling of a \$15 million reduction identifies a timeframe to financial solvency. Mr. Sorrel advised that modeling manages the anticipated revenue loss for the current fiscal year; however, any modeling beyond that is difficult. He advised that there is no Federal Relief forthcoming or anticipated in the near future.

In response to a question by Mr. Reneau regarding a revolving credit line, Mr. Sorrel advised that a cash flow modeling tool has been created to accurately track cash balances and to ensure that those cash balances are maintained. He commented that if/when the balances reach a trigger point, staff would bring a discussion forward regarding short term lending to meet cash balance and cash flow requirements via either tax anticipation notes or a promissory note.

Ms. Pastucha noted that although an equal, across the board reduction percentage for all departments and offices is an attempt at equality across all budgets, she stated a concern that the various offices/departments will be impacted in different ways. She commented that some areas will see reduced revenues as services aren't being utilized, whereas other areas could potentially have an increased need. She suggested considering an equitable reduction across services as opposed to a strictly equal reduction.

Mr. Fennell advised that staff will take into consideration the feedback and input the committee has provided in order to present a plan for the next scheduled meeting of the committee.

Adjournment

The meeting was adjourned by Chairman Fennell at 5:28 p.m.