CITY OF Ballwin Est. 1837

TO: Mayor Tim Pogue

Board of Aldermen

RE: Financial Impact

As a result of the corona virus and related restrictions, we can expect to experience significant revenue reductions extending through most of 2020 and into 2021. Sales tax accounts for 45% of our total revenues but the overall effect will impact all categories. At this point, we do not expect any assistance from the State or Federal government.

Since tax receipts from the State are subject to a two-month lag, we will not receive the sales tax numbers for March until mid-May. We can however, offer some general assessments based on historical data.

Overall, Ballwin is fortunate to have a wide variety of businesses rather than a dependence on a single source. While the majority of our 335 businesses have been classified as non-essential, these are generally not major tax generators. Our three grocery stores, Target, Lowes and two drug stores will likely soften some of the blow from the closure of our restaurants and small shops. It is also important to note that as a hybrid city we are not totally dependent on sales that are generated within our community but pool tax returns will likely suffer as well.

In anticipation of this outcome, the following actions have been taken:

1. All out-of-state travel has been cancelled indefinitely.
2. All non-reimbursable major projects will be deferred unless deemed essential by Board action.
3. All major equipment or vehicle purchases will be cancelled or deferred unless otherwise approved by the Board.
4. A hiring freeze for full-time positions will be implemented unless determined to be essential due to retirements or resignations.

Our goal for the remainder of this year is to avoid layoffs or furloughs of essential full-time staff and to utilize the Pandemic Leave Plan where necessary.

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For 2021, the following action plan will undoubtedly need to be given serious consideration:

1. Implement an across-the-board wage freeze for all employees.
2. Continue a hiring freeze for all vacant positions.
3. Suspend all out-of-state travel.
4. Decrease overall spending by at least 10%.
5. Put the local use tax on the ballot in an attempt to offset expected decline in local sales tax.
6. Defer all major capital improvement projects that are not offset by grants or other revenue sources.
7. Temporarily suspend all annexation initiatives.

While we cannot predict future impact, I think it is important to prepare for the worst so that our staff as well as our residents can be guided accordingly. Direction, by motion, is requested.

Robert Kuntz

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City Administrator