

Winnetka Village Council
VIRTUAL STUDY SESSION

Cisco WebEx
August 11, 2020
7:00 PM

AGENDA

In accordance with social distancing requirements and Governor Pritzker’s Executive Orders 2020-43 and 2020-44, and Section 7(e) of the Illinois Open Meetings Act, the Winnetka Village Council study session meeting on Tuesday, August 11, 2020 will be held virtually. The meeting will be livestreamed via the Cisco WebEx platform. At least one representative from the Village will be present at Village Hall in compliance with Section 7(e) of the Illinois Open Meetings Act, and the virtual meeting will be simulcast at Village Hall for members of the public who do not wish to view the virtual meeting from another location. Pursuant to Executive Orders 2020-43 and 2020-44 issued by the Governor, the number of people who may gather at Village Hall for the meeting is limited due to the mandated social distancing guidelines. Accordingly, the opportunity to view the virtual meeting at Village Hall is available on a “first come, first-served” basis.

The public has two options for observing and participating in this virtual Village Council study session meeting including the ability to provide oral comments during the meeting. To facilitate an efficient meeting, public comments submitted in advance are encouraged.

- 1) Telephone (audio only Call 408 418-9388), when prompted enter the Meeting ID – 1260524840 (Please note there is no additional password or attendee ID required)
- 2) Livestream (both audio and video feed) Download the Cisco WebEx meetings app to your smartphone, tablet or computer and then join Meeting ID:1260524840. Event Password: VC08112020

Public comments should be emailed to contactcouncil@winnetka.org. Public comments received by 6:45 p.m. on Tuesday, August 11, 2020 will be read at the appropriate time during the meeting. General comments for matters not on the agenda will be read at the beginning of the meeting under the Public Comment agenda item. Comments specific to a particular agenda item will be read during the discussion of that agenda item. The Village will attempt to have comments received after the meeting has started read at the end of the meeting. Public comment is limited to 200 words or less. Public comments should contain the following information:

- In the subject line – “Village Council Meeting Public Comment”
- Name
- Address (optional)
- Phone (optional)
- Organization or agency representing, if applicable
- General comment or comment on topic of specific agenda item number

All emails received will be acknowledged either during or after the meeting, depending on when they are received. If you do not have access to email, you may leave a message with your public comment at the Village Manager’s office at 847-716-3541 or mail to Village Clerk, Village of Winnetka, 510 Green Bay Road, Winnetka, IL 60093.

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- 1) Call to Order
- 2) Public Comment
- 3) Winnetka Local Business Sales Tax Rebate Economic Relief Program2
- 4) Adjournment

NOTICE

All agenda materials are available at villageofwinnetka.org (Governance > *Agendas & Minutes*); the Reference Desk at the Winnetka Library; or in the Manager’s Office at Village Hall (2nd floor). Webcasts of the meeting may be viewed on the Internet via a link on the Village’s web site: <https://www.villageofwinnetka.org/AgendaCenter>.

The Village of Winnetka, in compliance with the Americans with Disabilities Act, requests that all persons with disabilities who require certain accommodations to allow them to observe and/or participate in this meeting or have questions about the accessibility of the meeting or facilities, contact the Village ADA Coordinator at 510 Green Bay Road, Winnetka, Illinois 60093, 847-716-3546; T.D.D. 847-501-6041.



Agenda Item Executive Summary

Title: Winnetka Local Business Sales Tax Rebate Economic Relief Program

Presenter: Liz Dechant, Economic Development Coordinator and Kristin Kazenas, Assistant Village Manager

Agenda Date: 08/11/20

Consent: YES NO

- Ordinance
- Resolution
- Bid Authorization/Award
- Policy Direction
- Informational Only

Item History:

The local business community has suffered significant economic losses due to the COVID-19 pandemic. During Phase 1 of the State's pandemic response in late March, 2020, all non-essential businesses were required to close. Essential business were also adversely impacted - restaurants could only offer delivery or curbside pick up and potential customers were subject to a mandatory stay at home order. The Village has received requests for financial assistance from local businesses as a result of the ongoing duration of the pandemic's economic impact.

Executive Summary:

Staff has been in continuous dialogue with the local business community providing support throughout the pandemic crisis. The strategy for supporting businesses during the pandemic has been focused on marketing/promotion, technical assistance, and resource sharing. Social media campaigns were launched, including Take out Tuesday, Support Winnetka Businesses and Wear a Mask. A weekly E-Development e-mail newsletter included important information about available State and Federal grant and loan opportunities and guidelines for each phase of re-opening. A pandemic resources for businesses webpage was created and added to the new Village website. Staff worked with restaurants to quickly and efficiently implement new liquor service and outdoor seating plans. Utility bills were deferred, late fees waived, and payment plans were offered, if needed.

Although appreciative of the Village's efforts to support them during the pandemic, business owners have consistently requested financial support from the Village. These requests increased when other communities such as Wilmette and Lake Forest implemented local business grant programs. Unlike many of our neighboring communities, Winnetka does not impose an additional home rule sales tax rate. The local business grant programs implemented by these communities were supported by their additional home rule sales taxes generated. The lack of a home rule sales tax, coupled with projected pandemic related revenue declines of approximately \$4 million necessitated that Winnetka adopt a fiscally responsible, cautious approach and carefully monitor the duration and severity of the pandemic's economic impacts. During the May 12th Village Council meeting, the Council supported expenditure cuts and delayed capital projects that addressed the projected \$4 million in revenue shortfalls.

In late July, the Village auditors finalized their report on the 2019 financial results. The General Fund experienced a surplus due to conservative budgeting for expenses, along with favorable revenue and operating expenditure experience. This strong financial performance supports the creation of a program that would rebate 50% of the sales taxes that the Village received from qualifying local businesses in 2019. This rebate would provide businesses with immediate cash for short-term financial operational needs such as payroll, payments to suppliers, payment to service providers, or payment of rent and utilities. This is not a grant program - but a rebate of a portion of the sales tax revenue generated by the local businesses. To participate in this program, a local business needs to have generated sales tax revenue received by the Village in 2019. Although the Village does not have an additional home rule sales tax rate, per statute 1% of the overall 9% sales tax collected by local businesses is remitted to the Village by the State on a monthly basis.

Executive Summary (continued):

The criteria for participation in the proposed program is outlined in Attachment A. Large franchise and multi-location chains are excluded, as are home businesses. Staff estimates that approximately 90 local businesses would qualify to participate in this program at an estimated cost to the Village of approximately \$350,000. Funding for the rebate program would be from a draw down of the accumulated General Fund fund balance as a result of the 2019 surplus in the General Fund. The rebates would be charged to the Contingency account in the General Fund. The total amount of the rebates issued will not exceed \$400,000.

The program would be administered by the Economic Development Coordinator in partnership with the Finance Department. Businesses would submit an application for rebate to the Economic Development Coordinator. After a review for completeness and accuracy, the application would be administratively approved by the Village Manager. A check request would be submitted to Finance and the disbursement would appear on the warrant list for review and approval by the Village Council. The application process has been streamlined to expedite the financial support to the local businesses.

The Village acknowledges the financial hardship on the local business community as a result of the COVID-19 pandemic. As a result of conservative fiscal policies, strong financial leadership and dedicated staff, the Village has the financial capacity to support local businesses by rebating a portion of the sales tax revenue generated. This program will provide much needed financial support to help local businesses stay open and thrive. A vibrant local economy benefits the entire community.

Recommendation:

Staff is requesting a policy direction from the Council related to the implementation of a Local Business Sales Tax Rebate Program. Should the Council direct staff to proceed, a Resolution would be drafted and presented to Council at the August 18th regular meeting.

Attachments:

Attachment A - Proposed Sales Tax Rebate Program Guidelines



WINNETKA LOCAL BUSINESS SALES TAX REBATE ECONOMIC RELIEF PROGRAM

The Village of Winnetka acknowledges the financial hardship on the Village's small business community as a result of the COVID-19 pandemic, and therefore, the Village has established the Winnetka Local Business Sales Tax Rebate Economic Relief Program which is a rebate program to provide funds to Winnetka local businesses that have suffered economic loss during the COVID-19 Pandemic ("Rebate Program"). The Rebate Program will distribute 50% of the Village's share of municipal sales tax ("Rebate") received in 2019 to eligible local businesses to supply businesses with immediate cash for short-term financial operational needs such as payroll, payment to suppliers, payment to service providers, or payment of rent and utilities. Of the 9% retail sales tax remitted by a Winnetka business, the Village of Winnetka receives 1%, per statute.

Eligible Businesses to Receive Rebate

To be considered an eligible business to receive a Rebate, businesses must meet the following requirements:

1. Business must have a physical location in the Village of Winnetka;
2. Business must generate municipal sales tax as part of its operations and sales;
3. Municipal sales tax eligible revenue must not exceed \$4.0 million (\$40,000 in municipal sales tax collections) in the calendar year 2019.
4. Business must not have permanently ceased operations as of the date the funds are dispersed;
5. Business shall not be part of a chain consisting of more than 4 units nationwide;
6. Business shall not be part of a franchise system;
7. Business shall not be a private club and must be open to the general public;
8. Business shall not be a home occupation;
9. Business shall not be a local government unit or school district;
10. Business must have been in operation during 2019 because this program is a rebate of sales taxes collected by the Village in 2019.

Terms and Conditions

The Rebate Program shall be administered in the sole discretion of the Village and nothing in this program creates a right to any business to receive any funds or creates an obligation of the Village to expend any funds. The Village is offering, through an application (“Application”), the ability of eligible Winnetka businesses to receive 50% of their municipal sales tax proceeds received by the Village of Winnetka in 2019. The total amount of the Rebate Program will not exceed \$400,000.

All Rebates by the Village are expressly conditioned upon the satisfactory completion of an Application and adherence to these Administrative Rules.

Forms

The application for the Rebate Program must be completed and submitted to the Village via email to rebate@winnetka.org. A federal tax form W-9 must also be submitted in accordance with federal and state law.

Deadline

The application for the Rebate Program must be completed and submitted to the Village no later than December 1, 2020.

Not Transferable

If a Rebate is approved, it will be awarded via check in the name of the business submitted on the Application. Rebate awards are not transferable to another person, owner, previous owner, or business.

Refund of Rebate

If at any point these Administrative Rules are not strictly adhered to, the Rebate funds provided shall be returned to the Village in the full amount within ten (10) calendar days of receiving notice of a breach of the Rebate Program. Each owner of at least 5% of the business shall submit the Application to the Village, shall sign said Application and shall jointly and severally personally guarantee the refund of the rebate proceeds should the Administrative Rules not be strictly adhered to.

Proprietary Information and General Release

Applicants shall permit Village representatives to make all reasonable inspections and investigations of the business’ financial and proprietary information during the process period of the Application. Applicants, as a necessary part of the Application process, shall provide to the Village or otherwise allow the Village to obtain and use all financial and proprietary information, including all municipal sales tax information, of the business. Such information shall no longer be deemed proprietary and confidential for purposes of this Rebate Program. **All payments under the Rebate Program will be made public and will contain the amount of the Rebate funds awarded to the business and the business’ name and information.** Applicants, upon submission of an Application, release the Village from any and all liability, waive any rights in regards to the proprietary information’s confidentiality, and covenant not to sue the Village for the release of said proprietary information and from any other claim arising from this Application and the Rebate Program. Village, for this section shall mean their officers, directors, employees, agents, affiliates and representatives. Submission of an Application is an express consent and agreement to the above