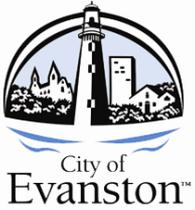




City of  
**Evanston™**

**BUDGET WORKSHOP PRESENTATION**  
**NOVEMBER 7, 2009**

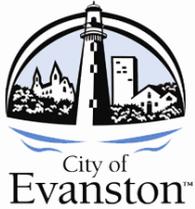
**Wally Bobkiewicz, City Manager**  
[www.cityofevanston.org](http://www.cityofevanston.org)



# Today's Schedule

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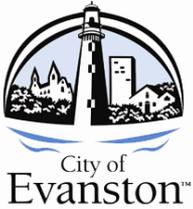
Budget Review	9:00 a.m.-10:15 a.m.
Break	10:15 a.m.-10:30 a.m.
Questions and Discussion	10:30 a.m. -11:00 a.m.
Department Presentations	11:00 a.m. -12:30 p.m.
Questions & Wrap-Up	12:30 p.m.-1:00 p.m.



# Goals

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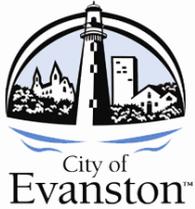
- ❖ Learn about the City Budget Process
- ❖ Submit ideas for improving services and efficiency
- ❖ Suggest and discuss possible new non-tax revenue sources
- ❖ Express opinions on priorities in providing municipal services in the City  
Evanston
- ❖ Learn about the City's current budget challenges
- ❖ Collaborate on FY 10-11 Budget Recommendations



# Future Budget Workshop Series Agenda

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<b>11/7/2009</b>	<b>Overview of the City's Budget and Department Operations -Levy Center</b>
<b>11/12/2009</b>	<b>Budget Workshop with Residents Crown Center</b>
<b>11/17/2009</b>	<b>Budget Workshop with Residents Fleetwood Center</b>
<b>11/30/2009</b>	<b>Budget Workshop with Residents Council Chambers</b>

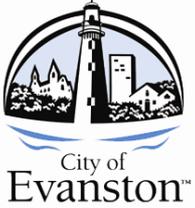


# Today's Outcomes

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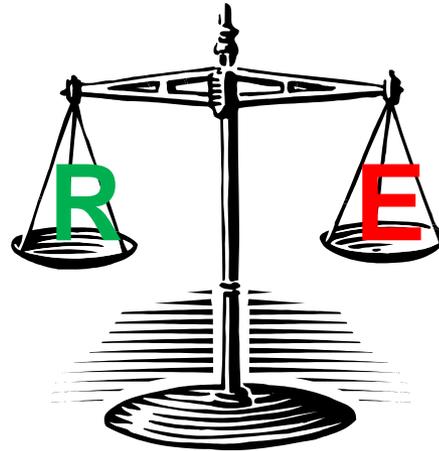
## LEARN ABOUT

- ❖ City's Current Budget Challenges
- ❖ Facts About Our City
- ❖ The City's Budget Process
- ❖ Municipal Revenues and Expenditures
- ❖ Departmental Overviews



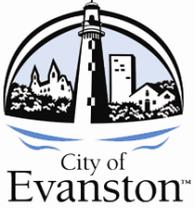
# Balancing Challenges

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Budgeting is a Balancing Act

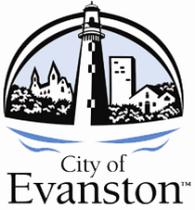
**Revenues** need to equal **expenditures.**



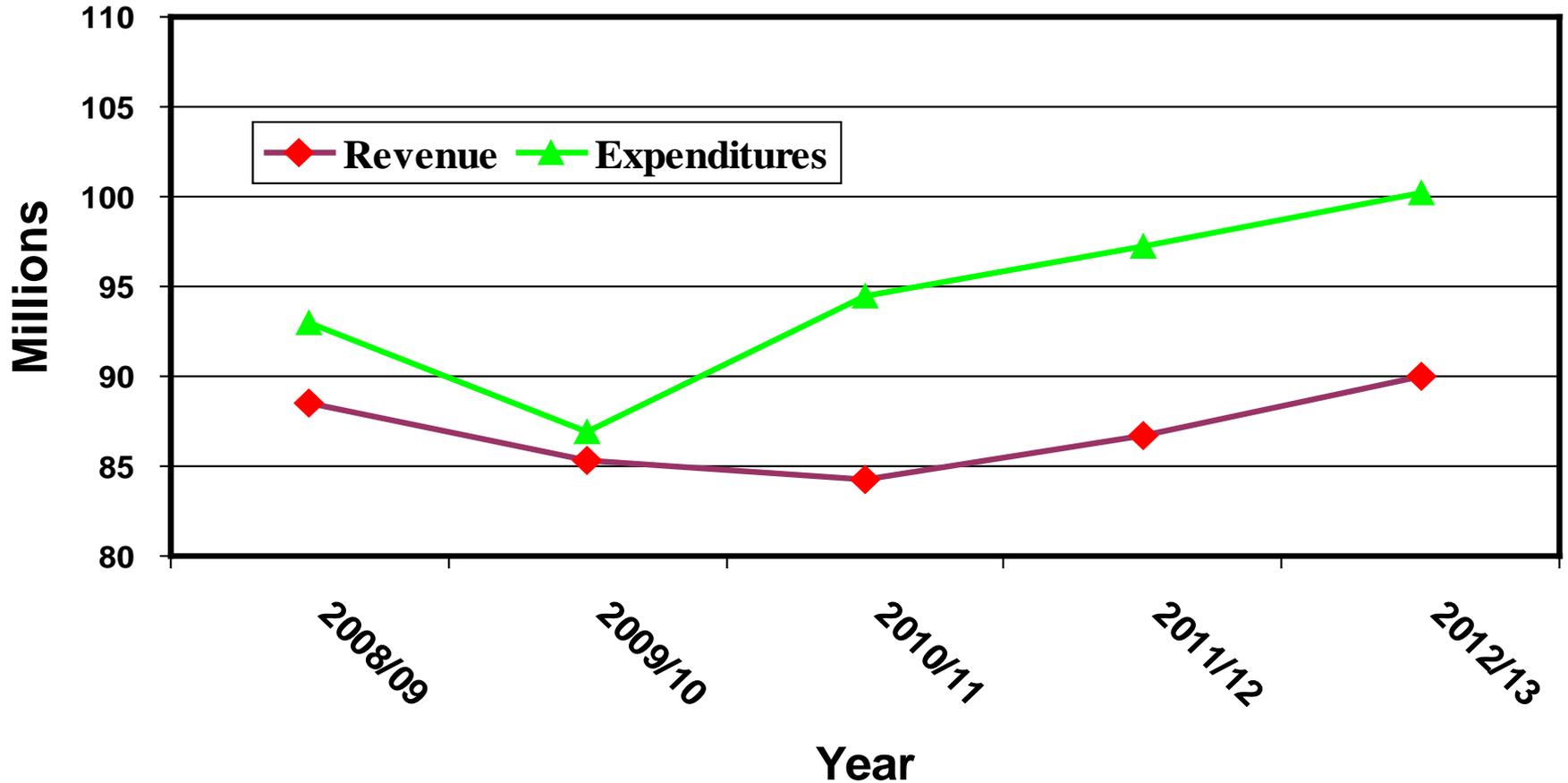
# Balancing Challenges

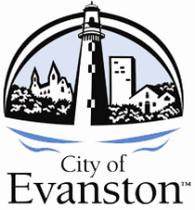
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1. Revenues fluctuate from year to year
  - based on economy
  - based on City goals
2. Service demands
  - rarely decline in volume
  - rarely decline in cost



## A Difference in Growth Between Revenues and Expenditures 5-Year General Fund Projection

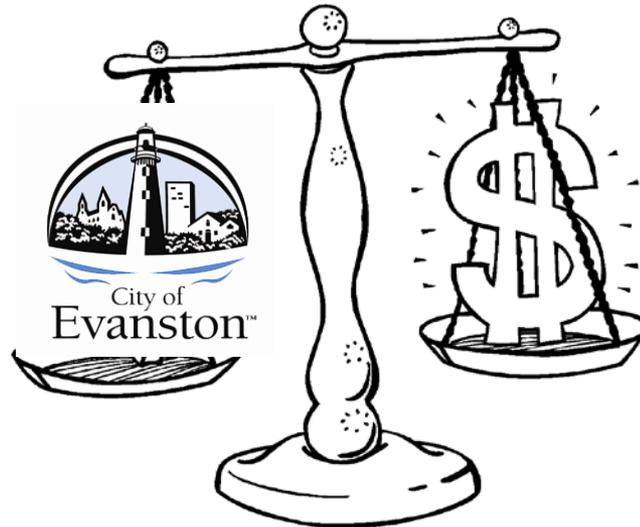


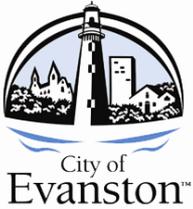


# This Year Is Different

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Must balance **decrease** in **revenues** with the need to *keep services at the same level.*

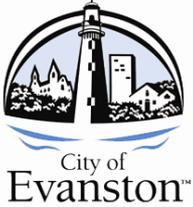




# Economic Conditions

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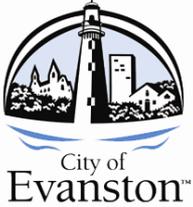
- Evanston Revenue reflective of the economy and are below budgeted expectations by approximately 5.0%
- Other funds (Capital, Parking, TIFs, etc.) are still fairly stable.
- Water/Sewer have been stabilized due to grants and due to deferred projects, but revenues are below projections and rates need to be discussed if we are to maintain infrastructure.
- Further Grants have been received to support Capital in roadway and parks as well.



# Current Year Budget Concerns

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- General Fund Revenues projected to be down by just under 5.0% or \$4.3 million
- General Fund Expenses projected to be held to 3.0% below budget or \$2.7 million under budget
- Reserve Balance change from \$14.3 Million down to \$12.7 Million, or 14% of budget
- Service Reductions kept to a minimum for the remainder of 2009-10



# 2009-10 Fund Balance Projection

	<b>FY 2009-10 <u>Adopted</u> <u>Budget</u></b>	<b>FY 2009-10 <u>2nd Quarter</u> <u>Results</u></b>	<b>FY 2009-10 <u>Estimated</u> <u>Actual</u></b>	<b>Budget to <u>Actual</u> <u>Variance</u></b>
Beginning Unreserved Fund Balance	14,325,370	14,325,370	14,325,370	
Revenues	89,669,200	40,277,722	85,340,455	(4,328,745)
Expenses	<u>89,669,200</u>	<u>42,829,064</u>	<u>86,979,124</u>	<u>(2,690,076)</u>
Surplus/(Deficit)	-	(2,551,342)	(1,638,669)	(1,638,669)
Ending Unreserved Fund Balance	<u>14,325,370</u>	<u>11,774,028</u>	<u>12,686,701</u>	

Note: Beginning Fund balance now includes the Audited value as also is contained in the Annual Financial Report From 2008-09.



# Expense Reduction 2009-10 Actions, 11/1/09

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## **Hiring Freeze:**

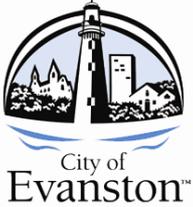
Effective immediately, involving all positions. This will also include limitations on hirebacks and other special detail overtime. This will involve some reduction in services. This will also involve the reduction of seasonal & temporary staffing wherever possible. See vacancy list on next slide.

## **Implement Reorganizations:**

Some departments are in a position to change their operations due to vacancies and these adjustments will proceed as quickly as possible.

## **Spending Freeze:**

All non-essential spending will be halted for the remainder of the year.



# Expense Reduction 2009-10 Actions, 11/1/09

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## **Expenditure Control:**

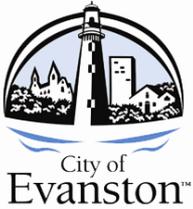
Expenditures over \$1,000 will require City Manager's Office approval.

## **Training & Travel:**

All training and travel requests must be justified. Approval from the City Manager's Office for out of State training is required. No further tuition reimbursement expenses will be approved for the remainder of the year.

## **Capital and Technology:**

Suspend all capital and technology expenses that do not result in savings or that are not life safety related. Defer all possible vehicle purchases for the remainder of the year.



# FY 2010-11 Budget Preview

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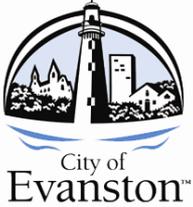
## Major 2010-11 Budget Goals

### TRANSPARENCY - Public Process

- Meetings on 2010-11 beginning in October and continuing through adoption
- Interaction with City staff and residents during budget proposal process

### BALANCED BUDGET – General Fund

- Operating Revenues equal to Operating Expenses
- Complete review of sustainable level of services
- Capital Programs within our means
  - Reduced reliance on General Obligation debt
  - Long term planning for Capital revenue sources



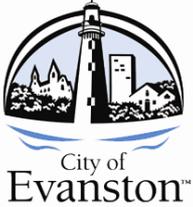
# FY 2010-11 Budget Preview

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## Major 2010-11 Budget Issues

### OPERATING REVENUES – Down 6.0%

- **Property Taxes**
  - Utilization of Downtown II TIF Property Taxes
  - Pension Levy increases
- **Economy driven revenues**
  - Sales Taxes fairly stable (down by 5% or \$700,000)
  - Income taxes, Real Estate Transfer Taxes and Utility taxes down substantially (decrease by over 20% or approximately \$3.4 million is projected for 2010-11 for these sources)
    - Building Permits down by 16% or \$600,000 from 2009-10 budget
- **Interfund Transfers Down \$1.1 million**
- **2009-10 Budget \$89,669,200: 2010-11 Preliminary \$84,210,000**



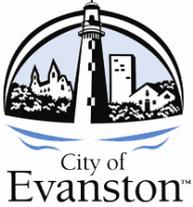
# FY 2010-11 Budget Preview

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## Major 2010-11 Budget Issues (cont.)

### PERSONNEL COSTS

- **Pension/Personnel Costs**
  - Wage Increases 4.0% - \$2.0 million
  - IMRF Pension increase by 50% from combined ERI cost and Market Losses - \$1.0 Million
  - Police and Fire Pension Increase per Actuarial Report
  - Contracts - 3 / 4 Union contracts are up for renewal
- **Health Care - \$800,000 increase**
  - Employee contributions will need to be bargained.
  - Health Insurance Costs – modest plan reductions
- **Liability Costs - \$1.0 million increase**
- **2009-10 Budget \$89,669,200: 2010-11 Preliminary \$94,440,000**



# FY 2010-11 Budget Preview

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## Major 2010-11 Budget Issues (cont.)

### CAPITAL EXPENSES

- **Infrastructure**

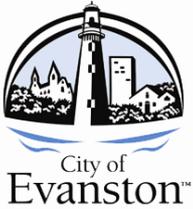
- Maintain major systems (roads, sidewalks, water mains sewers)
- City Facilities

- **Equipment**

- Fleet
- Technology

### CAPITAL REVENUES AND FINANCING

- **Debt Issuance & Debt Service (Detail in CIP Presentation)**
- **Establish ongoing revenue source for non Water/Sewer/Parking**



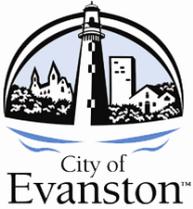
# FY 2010-11 Budget Preview

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## 2010-11 Budget Balancing

### PERSONNEL COSTS

- **Pension/Personnel Costs**
  - Negotiate No Increase to base or Merit/Step pay plan (\$2.0 M)
  - Finance IMRF ERI at lower interest rate (\$300,000)
  - Furlough – Each full day of furlough for all staff saves \$200,000
    - Lower staffing levels with similar hours of operation
    - Lower staffing levels with reduced hours of operation
  - Changing Operations – Insourcing and Outsourcing operations
  - Staff Reductions
- **Health Care – Negotiate further plan reductions or employee contributions**
- **Fleet Deferrals (\$500,000 to \$1.0 million)**

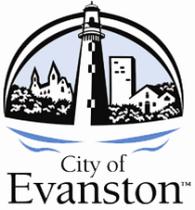


# Facts About Our City

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## Organizational Structure

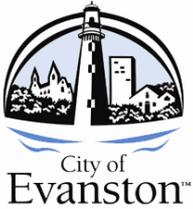
- ✓ The city of Evanston, Illinois is a full service municipal government located in Cook County, IL
- ✓ It is a home rule unit, as defined in the 1970 Illinois Constitution, which means that we have certain powers to tax
- ✓ Council/Manager form of government adopted in 1957
- ✓ Organized to provide for the health, safety and welfare of Evanston residents



# Facts About Our City

## Evanston Municipal Facts

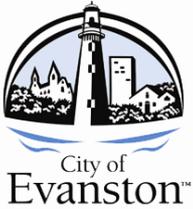
<b>Population</b>	<b>74,329 (2000 Census)</b> <b>76,406 (2006 Estimate from City of Evanston Community Development Dept.)</b>
<b>Size</b>	8.0 Square Miles      30,817 Housing Units 147 Miles of Street      76 Miles of Alleys 208 miles of Sewers      5,641 Street Lights



# Facts About Our City

## Evanston Municipal Facts

<b>Police &amp; Fire Protection</b>	<ul style="list-style-type: none"><li>– 165 Sworn Police Officers<ul style="list-style-type: none"><li>• 38 Crossing Guards</li><li>• 12 Parking Enforcement Officers</li></ul></li><li>– 108 Sworn Firefighters<ul style="list-style-type: none"><li>• 5 Fire Stations</li><li>• 1,385 Fire Hydrants</li></ul></li></ul>
Municipal Parking	<ul style="list-style-type: none"><li>– 1,651 Parking Meters</li><li>– 38 Parking Lots</li><li>– 3 Parking Garages with a capacity of 3,283</li></ul>



# Facts About Our City

## Evanston Municipal Facts

<b>Library Services</b>	<b>1 Main &amp; 2 Branch Libraries</b> <b>495,800 Books and Materials</b> <b>65,638 Registered Borrowers</b>
<b>Park &amp; Recreation Facilities</b>	265 Acres of Park Area 75 Parks and Playgrounds 5 Public Swimming Beaches 6 Recreation Centers: Chandler-Newberger Ecology Noyes Levy Fleetwood-Jourdain Robert Crown



# Facts About Our City

## Evanston Municipal Facts

### Municipal Water Utility

- Population Served – 359,357
  - Evanston (74,360)
  - Skokie (63,400)
  - Northwest Water Commission (221,597)
- Filtration Capacity - 108 million gallons / day
- Pumping Capacity - 147 million gallons / day
- Average Pumpage – 40.3 million gallons / day
- 157.5 Miles of Water Mains

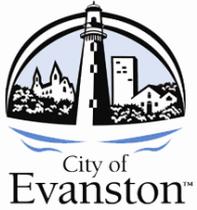


# Facts About Our City

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## Taxing Bodies

- City of Evanston
- School District 65
- School District 202 (ETHS)
- Community College 535 (Oakton)
- Cook County
- Evanston Township
- Cook County Forest Preserve
- Water Reclamation District
- Mosquito Abatement District

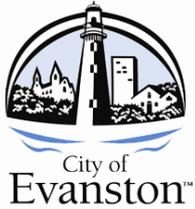


# City Budget

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## What Is a Budget?



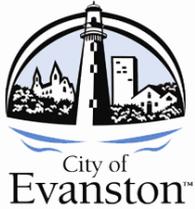


# City Budget

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## A Budget Is...

- a legal document that serves as a government's financial operating plan.
- a financial and policy document for how the City provides services to residents
- a tool for communicating how tax money is spent
- includes operating and capital costs
- allows citizens an opportunity to be heard by their elected officials



# City Budget

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## Fund Based Budgets

### General Fund:

Supports general City operations (i.e. Police, Fire, Public Works)

### Enterprise Fund:

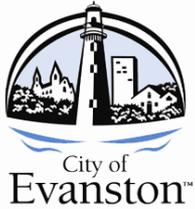
Used for services which charge a fee-handled like a business (i.e. Water and Sewer Funds)

### Capital Improvement Fund:

Separates major infrastructure and facilities expenses from operating expenses

### Special Revenue Fund:

Created to monitor a specific activity (i.e. Economic Development Fund)



# City Budget

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## Fund Based Budgets (cont.)

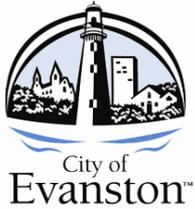
### Debt Service Fund:

Monitors all G.O. Debt supported by property taxes

### Internal Service Funds:

Created to centralize city operations (i.e. Insurance and Fleet Funds)

**Trust Funds:** (i.e. Police and Fire Pension Funds)



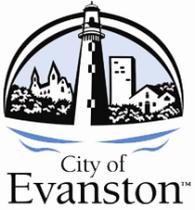
# Budget Policies

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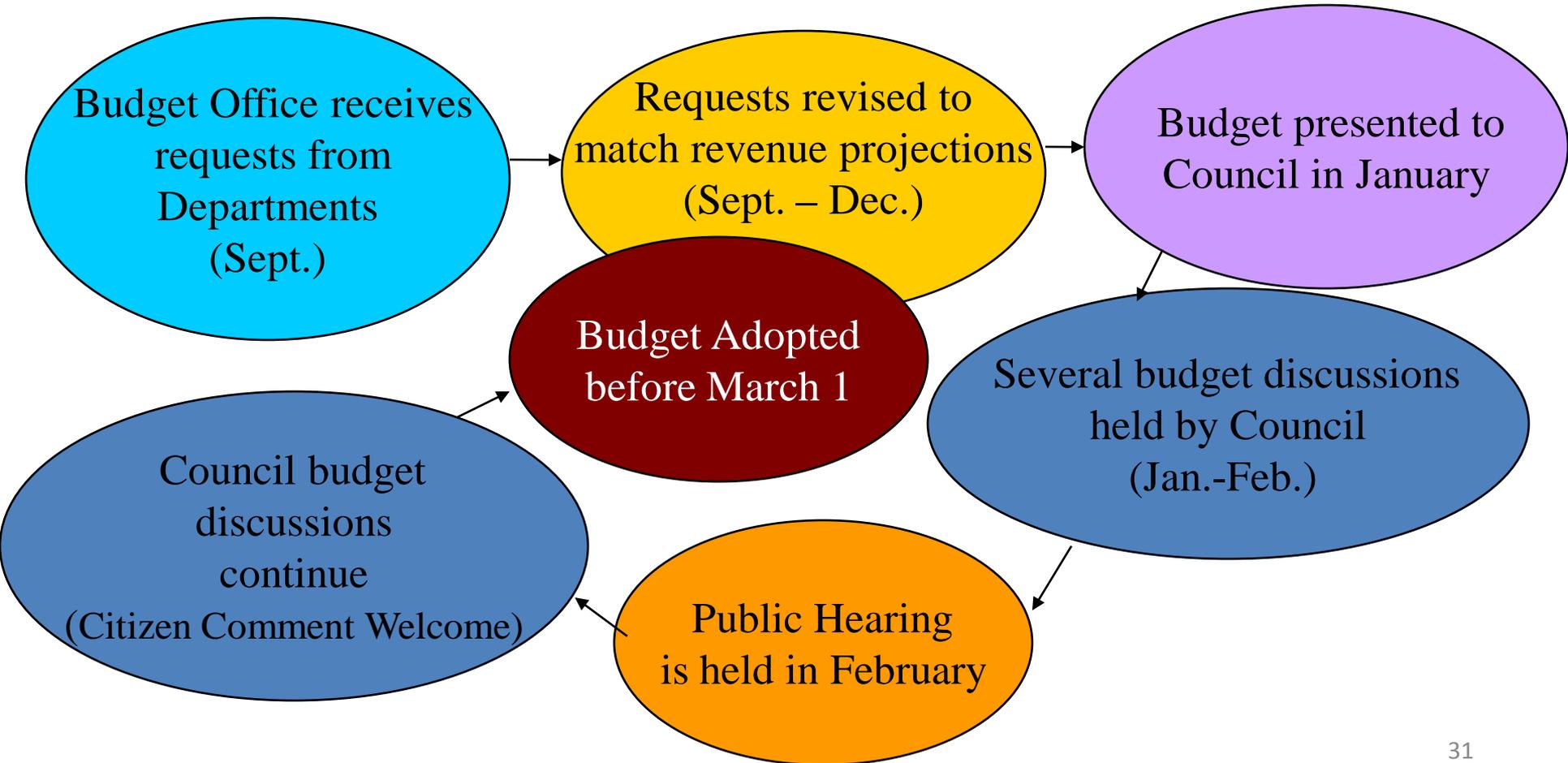
- Produce and adhere to a published budget calendar & provide time for public review of proposed budget
- The current budget policy requires a fund reserve of 8.3% for the General Fund and 10% for Enterprise Funds.
- One-time revenue should only be spent on one-time expenditures.

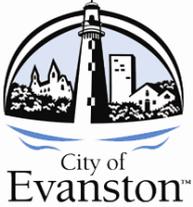
Budget Policies and Process are on pages 30-37 of the budget document available on-line at [www.cityofevanston.org/budget](http://www.cityofevanston.org/budget)



# Budget Process

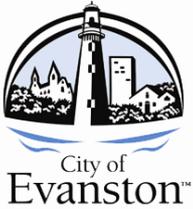
## The Traditional Budget Process





# 2010-11 Public Budget Calendar

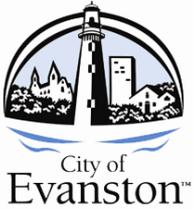
<b>10/19/2009</b>	<b>Mid-Year Budget Review - 2010/11 Preview for Council (Budget Workshop)</b>
<b>11/07/09</b>	<b>Saturday Budget Workshop with Residents- Levy Center</b>
<b>11/12/2009</b>	<b>Budget Workshop with Residents – Crown Center</b>
<b>11/17/2009</b>	<b>Budget Workshop with Residents- Fleetwood Center</b>
<b>11/30/2009</b>	<b>Budget Workshop with Residents -Council Chambers</b>
<b>12/7/2009</b>	<b>Special City Council Meeting -Budget Recommendations from Residents and Staff</b>



# 2010-11 Public Budget Calendar

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<b>1/23/2010</b>	<b>Saturday Budget Workshop</b>
<b>2/1/2010</b>	<b>Public Hearing FY 2010/11 Budget</b>
<b>2/3/2010</b>	<b>Optional Wednesday Budget Workshop</b>
<b>2/8/2010</b>	<b>City Council Meeting for Approval of Budget</b>
<b>2/22/2010</b>	<b>Final (Optional) City Council Meeting for Approval of Budget</b>

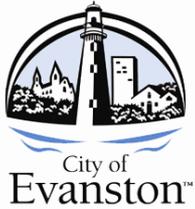


# 2009-10 Budget

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## How Big is Evanston's Budget?

- **City's total budget is \$233,822,830**
- **Budget adjusted for interfund transfers is \$203,451,298**
- **General Fund = \$89,669,200**

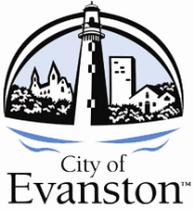


# 2009-10 Budget

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## Other Funds include:

- Parking
- Water
- Sewer
- Motor Fuel Tax
- Fleet Service
- Emergency Telephone
- CIP
- Garage Funds (Sherman Avenue, Maple Ave.)
- TIF Funds (includes Downtown II, Howard/Ridge, Howard/Hartrey)
- CDBG
- Special Assessment

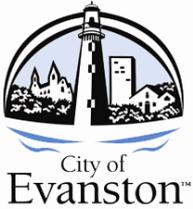


# Where Do We Get Our Money?

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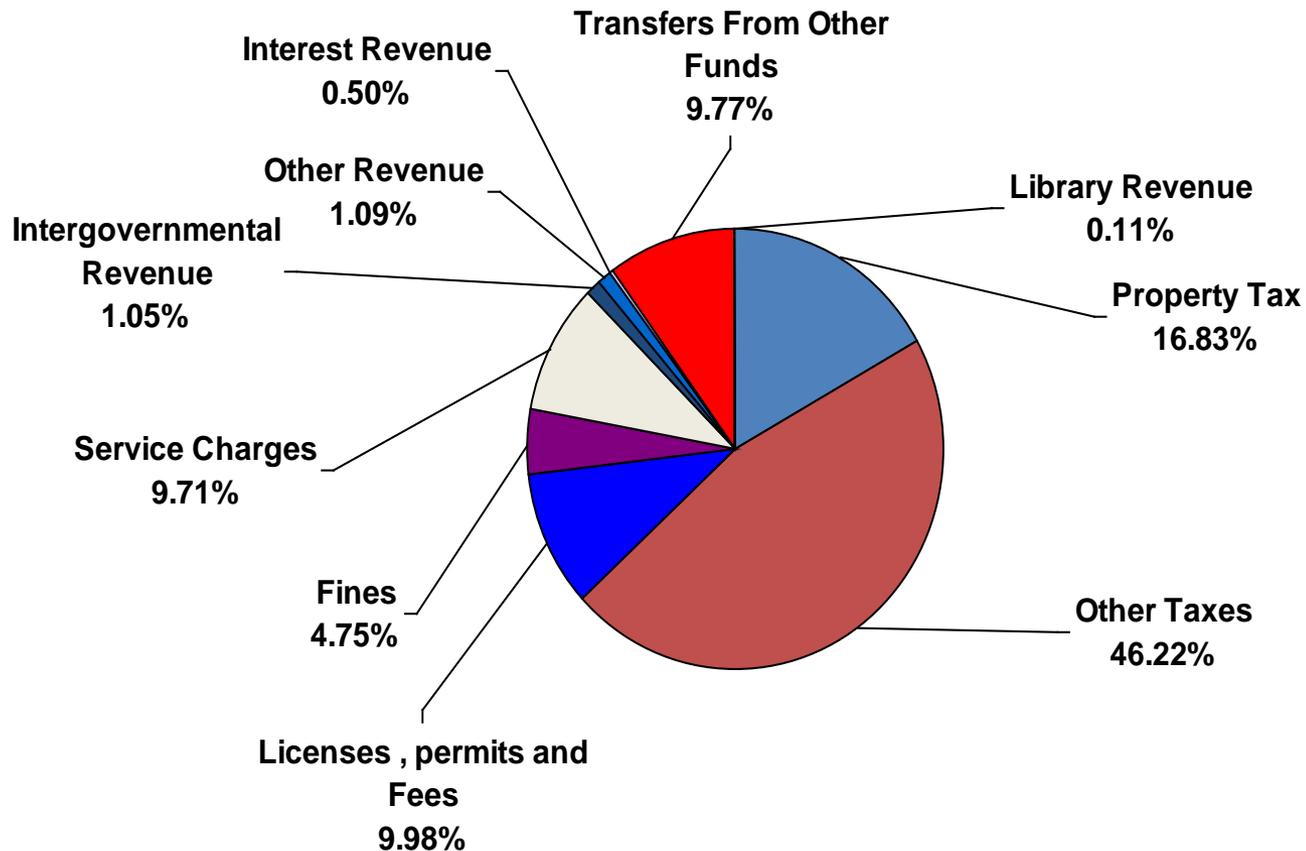
## General Fund Revenues by Type

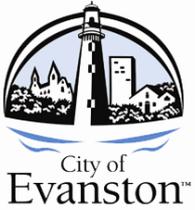
- ❖ Property Taxes
- ❖ Other Taxes
- ❖ Licenses Permits and Fees
- ❖ Fines and Forfeitures
- ❖ Charges for Services
- ❖ Revenues from State and Federal Government
- ❖ Transfers from Other Funds



# General Fund

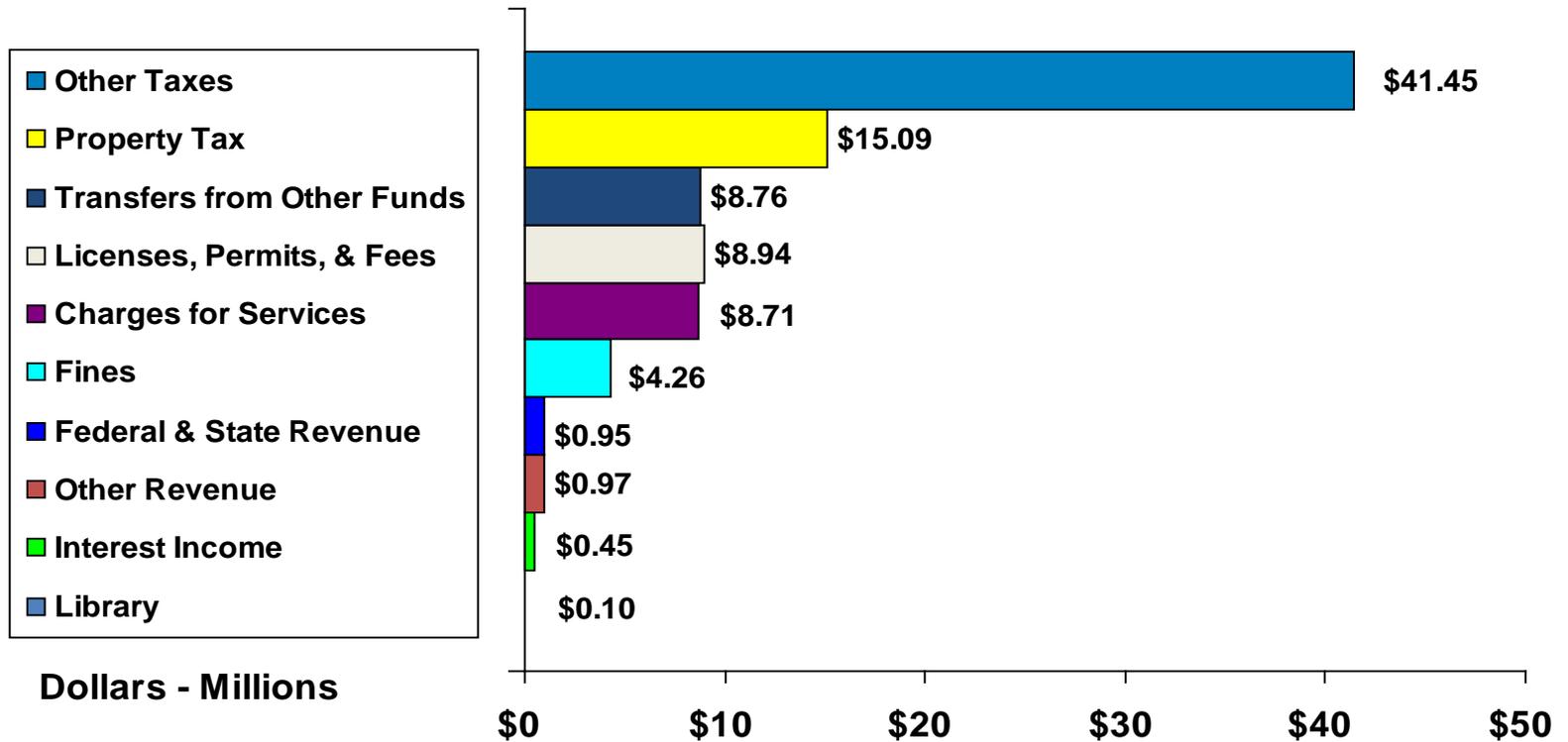
## FY 2009-10 Adopted Budget

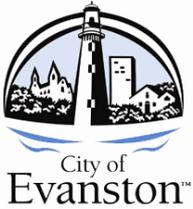




# General Fund

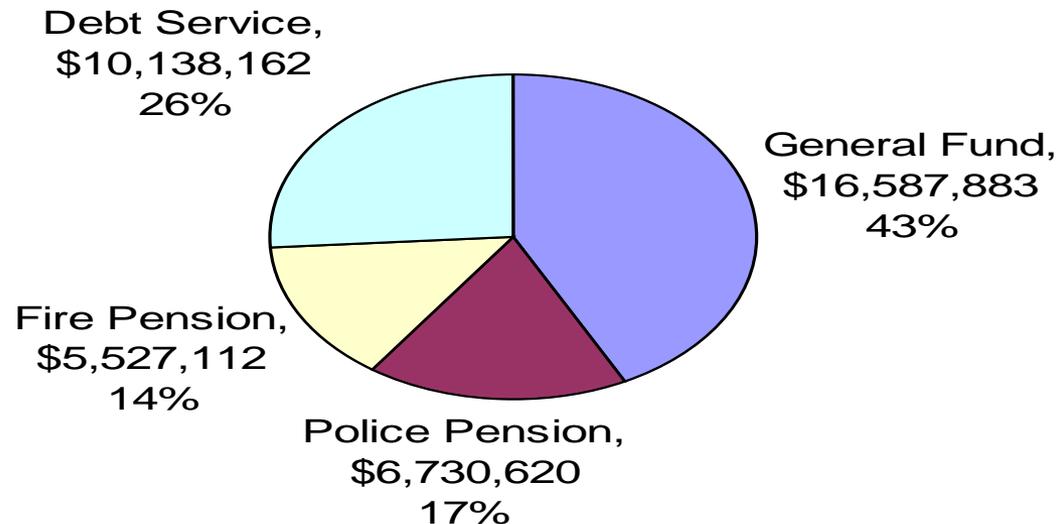
## FY 2009-10 Adopted Budget





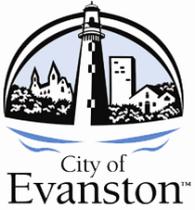
# 2009/10 Property Tax Levy Fund Allocation

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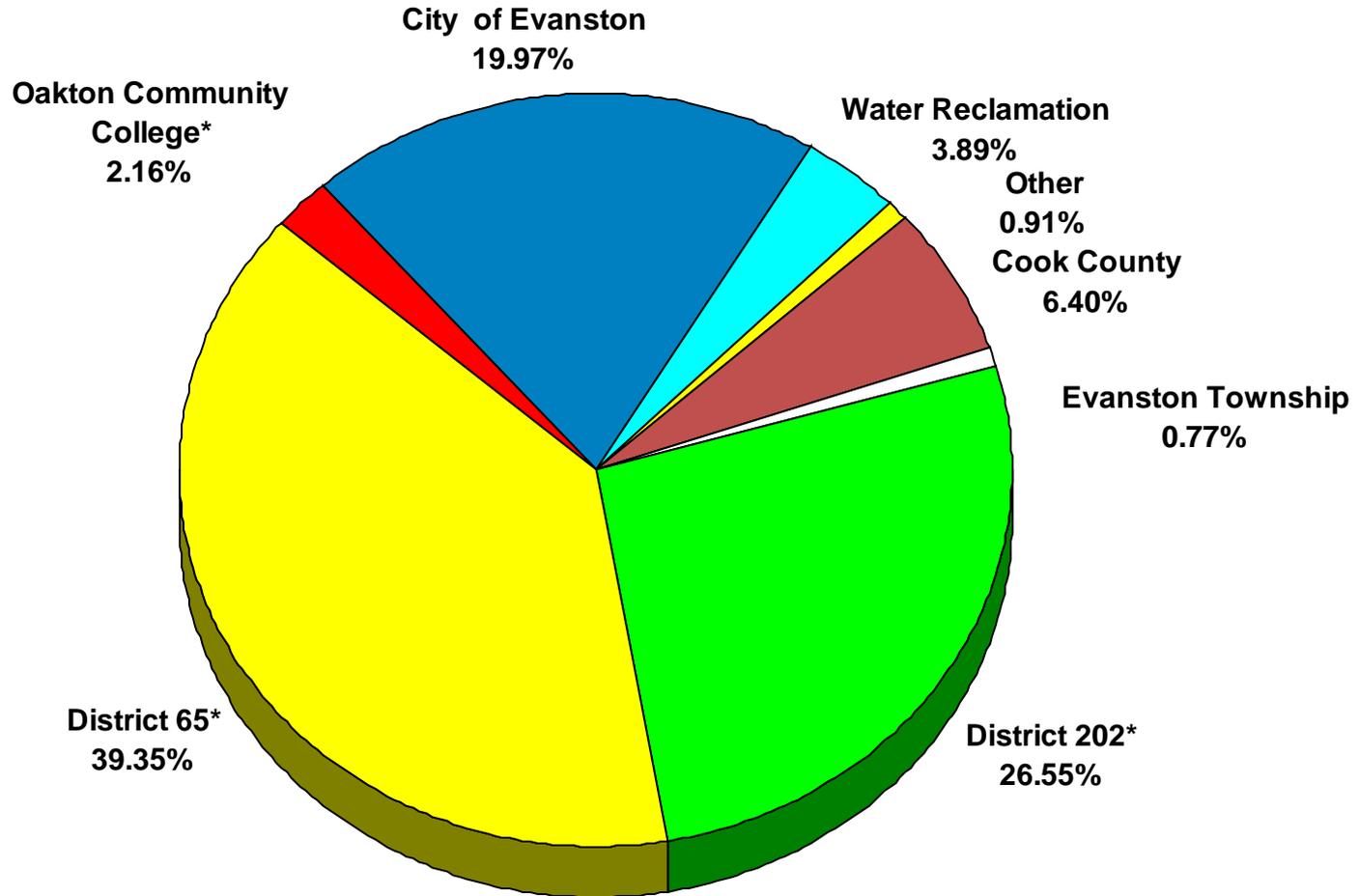


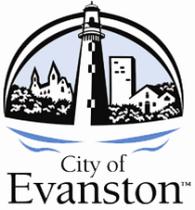
**Total revenue of  
\$38,983,777\*\***

Included in the General Fund allocation is an additional \$1,700,000 (not budgeted in FY09/10) to capture levy dollars on the closed Downtown II TIF equalized assessed valuation.



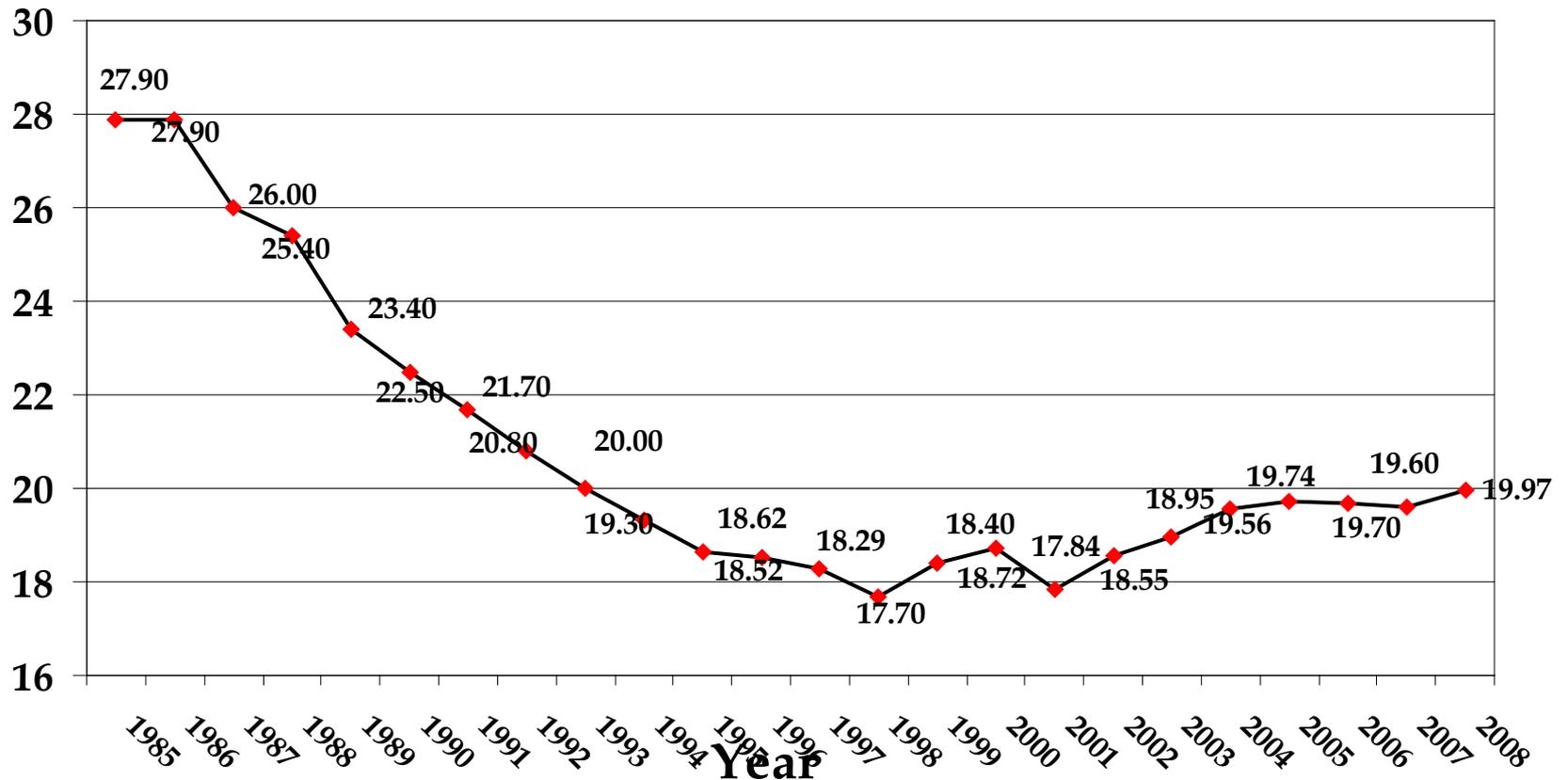
# Property Tax Bill Based on 2008 Tax Rates

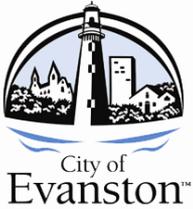




# Property Tax History

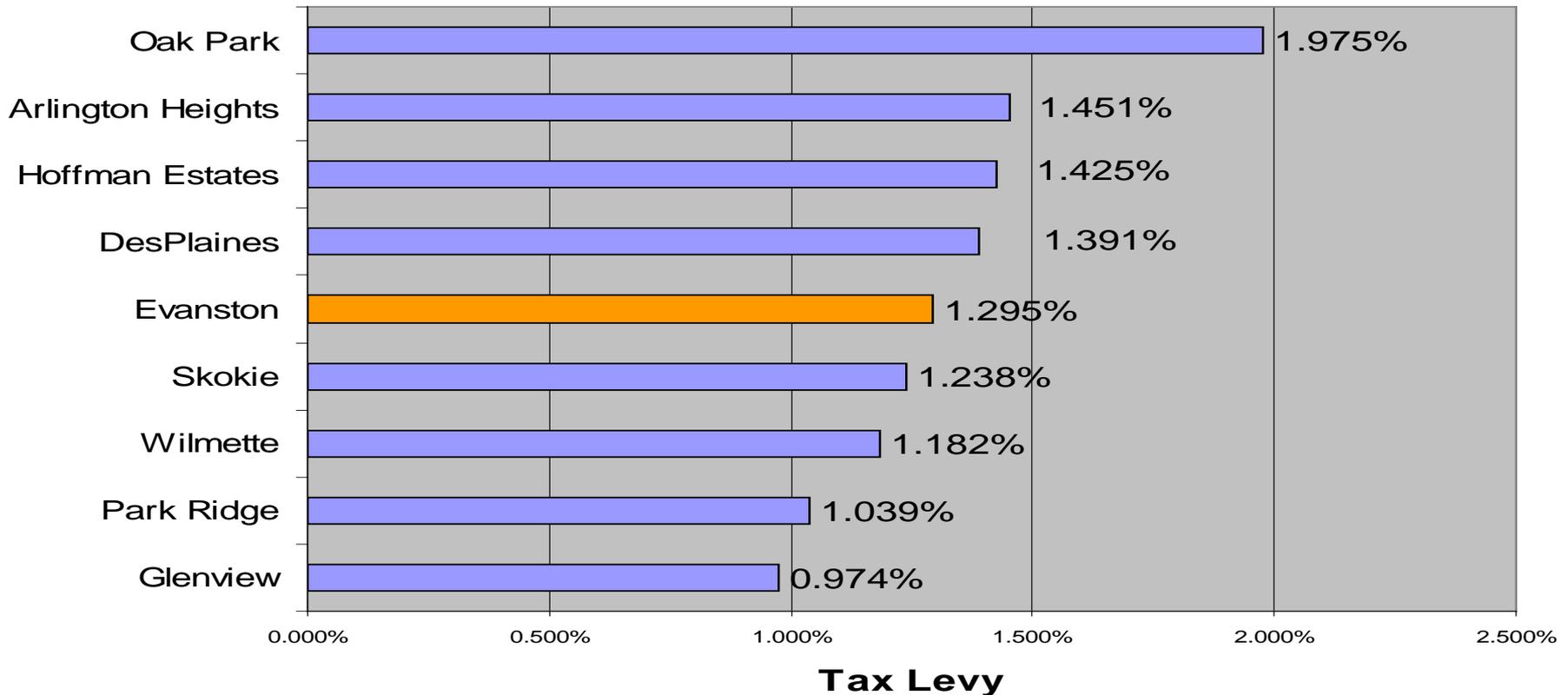
## City % Share of the Property Tax History



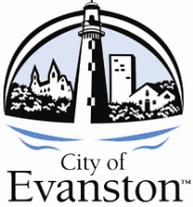


# Property Tax Comparison

## How We Compare with Other Communities-2008 Property Tax Levy



**Tax Levy=Municipality+ Park District + Library Fund**



# Revenues 2009-10 Budget

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## Other Taxes (Some Examples) 2009-10 Budget

Sales Tax-Basic-1% on all purchases (\$9,176,000)

Sales Tax- HR - 1% on selected purchases (\$5,776,000)

Athletic Tax - 11% on athletic events (\$575,000)

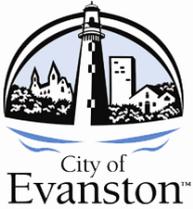
Liquor Tax - 6% on purchases (\$2,040,000)

Cigarette Tax - \$.60 per pack (\$485,000)

Telecommunications Tax - (\$3,655,000)

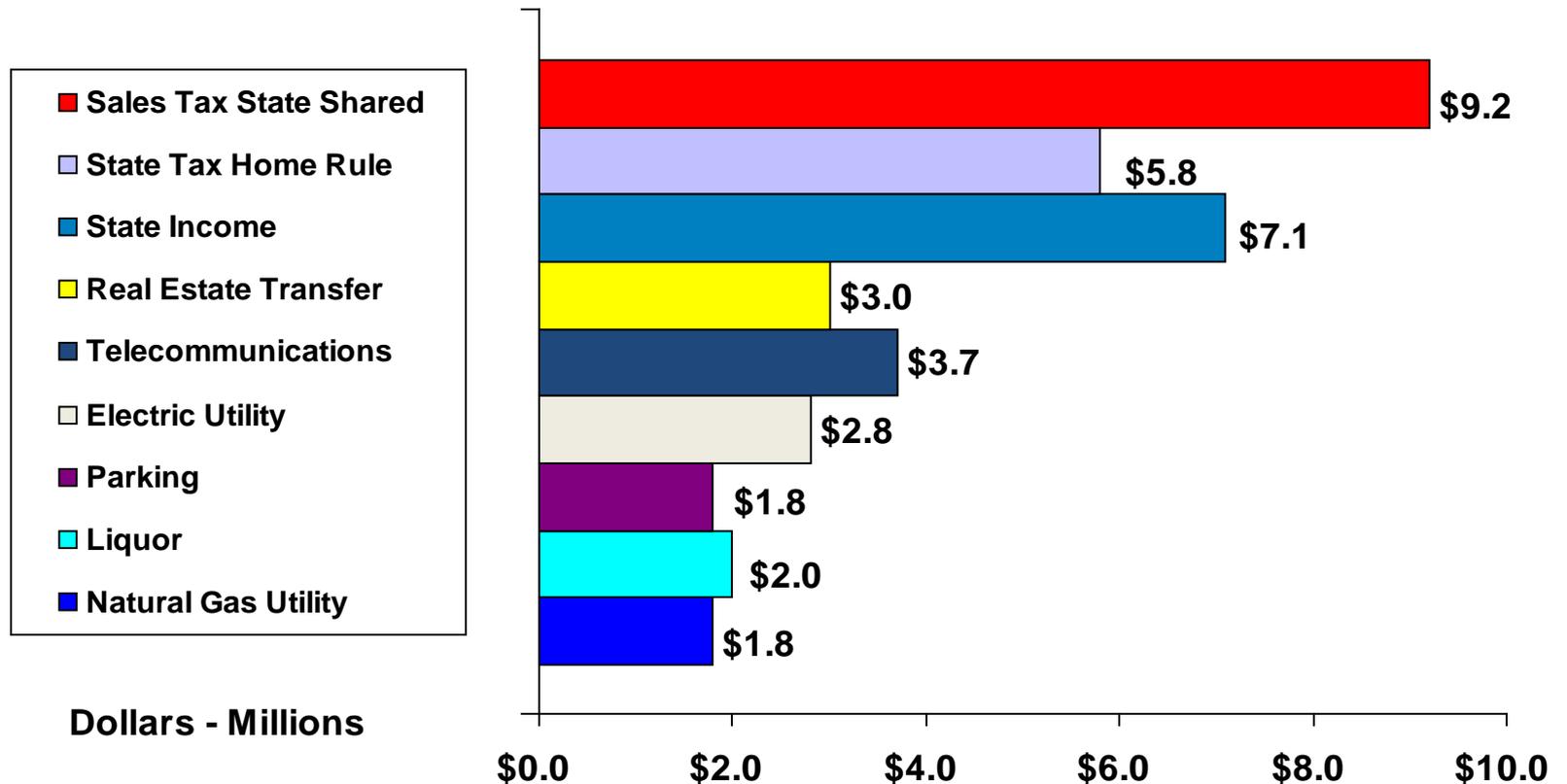
Parking Tax - (\$1,800,000)

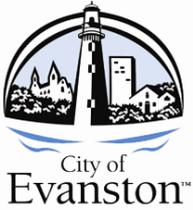
Utility Taxes - (\$5,502,600)



# General Fund Revenues

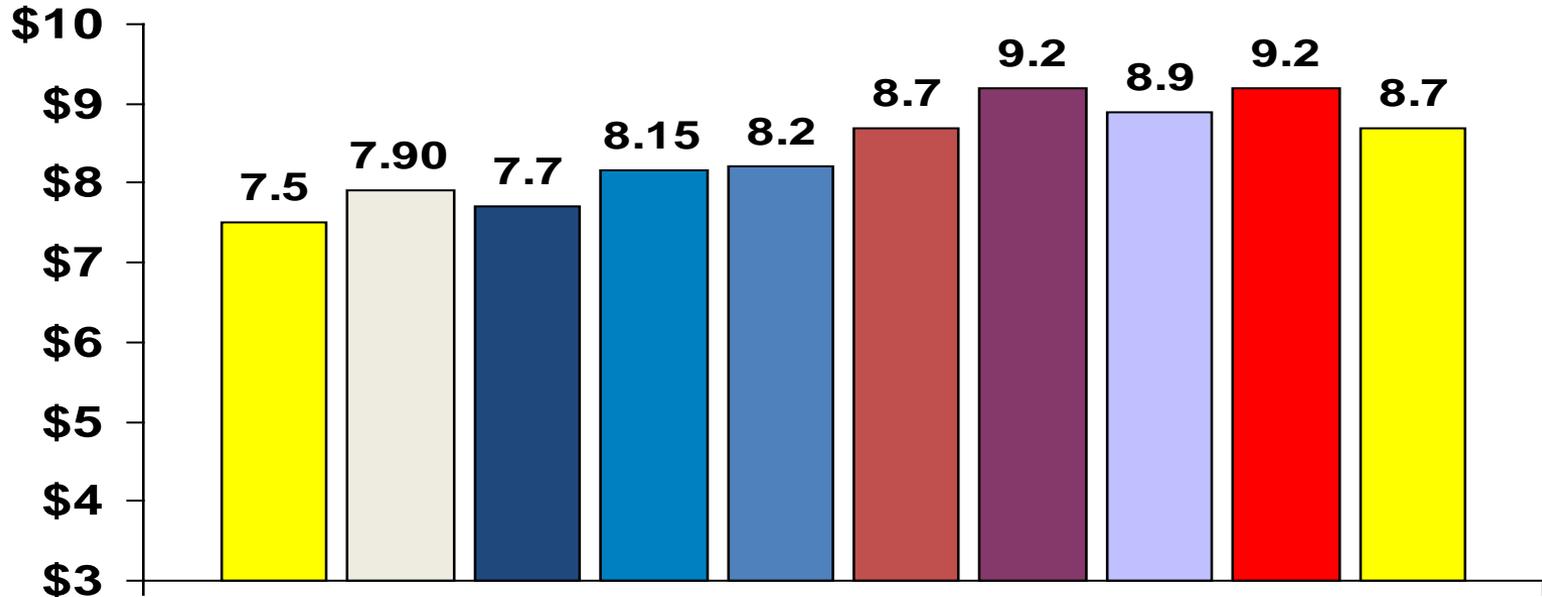
## FY 09-10 Adopted General Fund Revenue



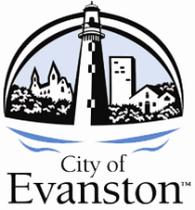


# General Fund Revenues

## Sales Tax-ROT

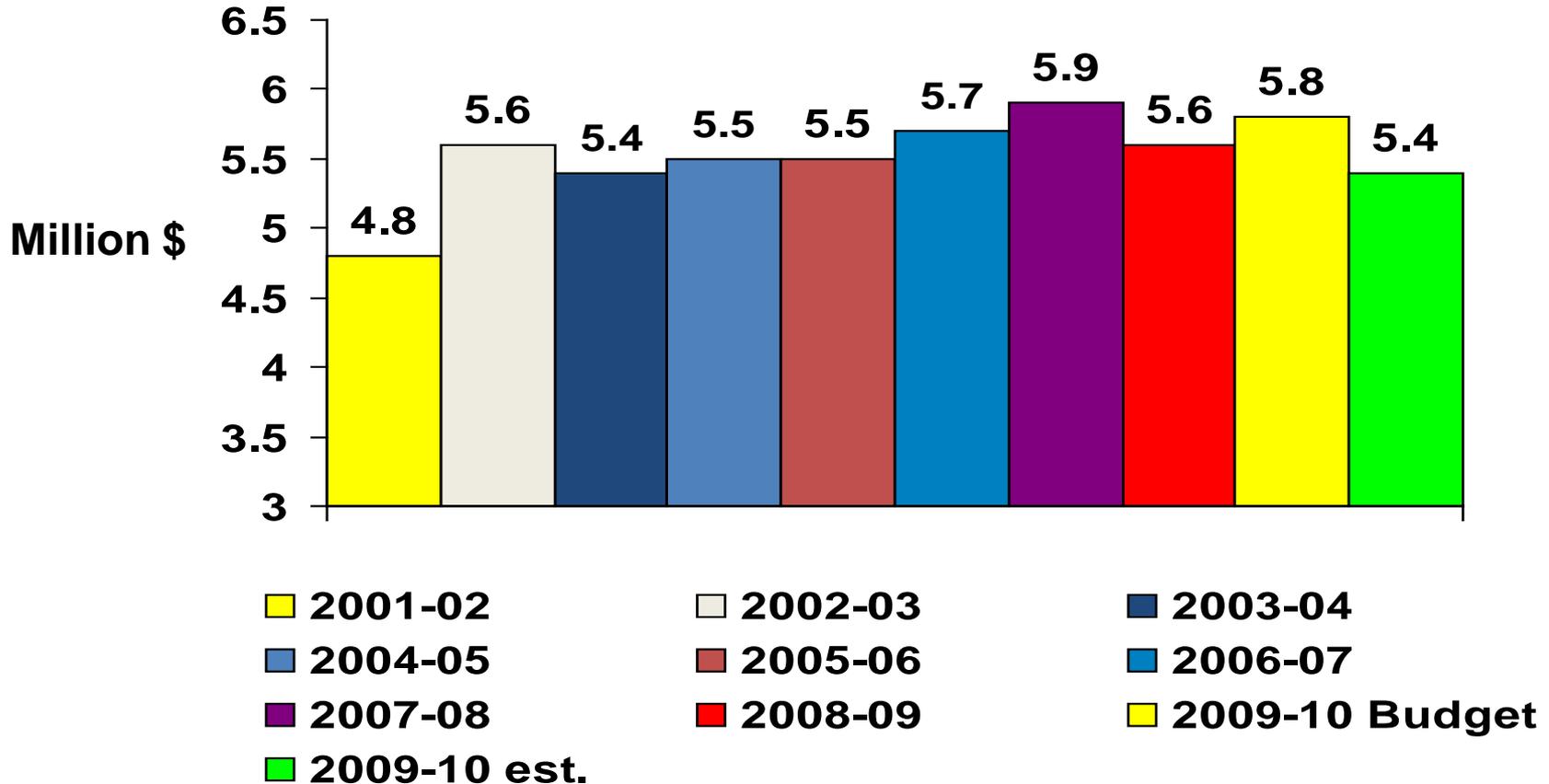


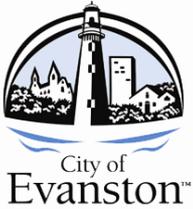
- 2001-02
- 2002-03
- 2003-04
- 2004-05
- 2005-06
- 2006-07
- 2007-08
- 2008-09
- 2009-10 Budget
- 2009-10 Est.



# General Fund Revenues

## Home Rule Sales Tax



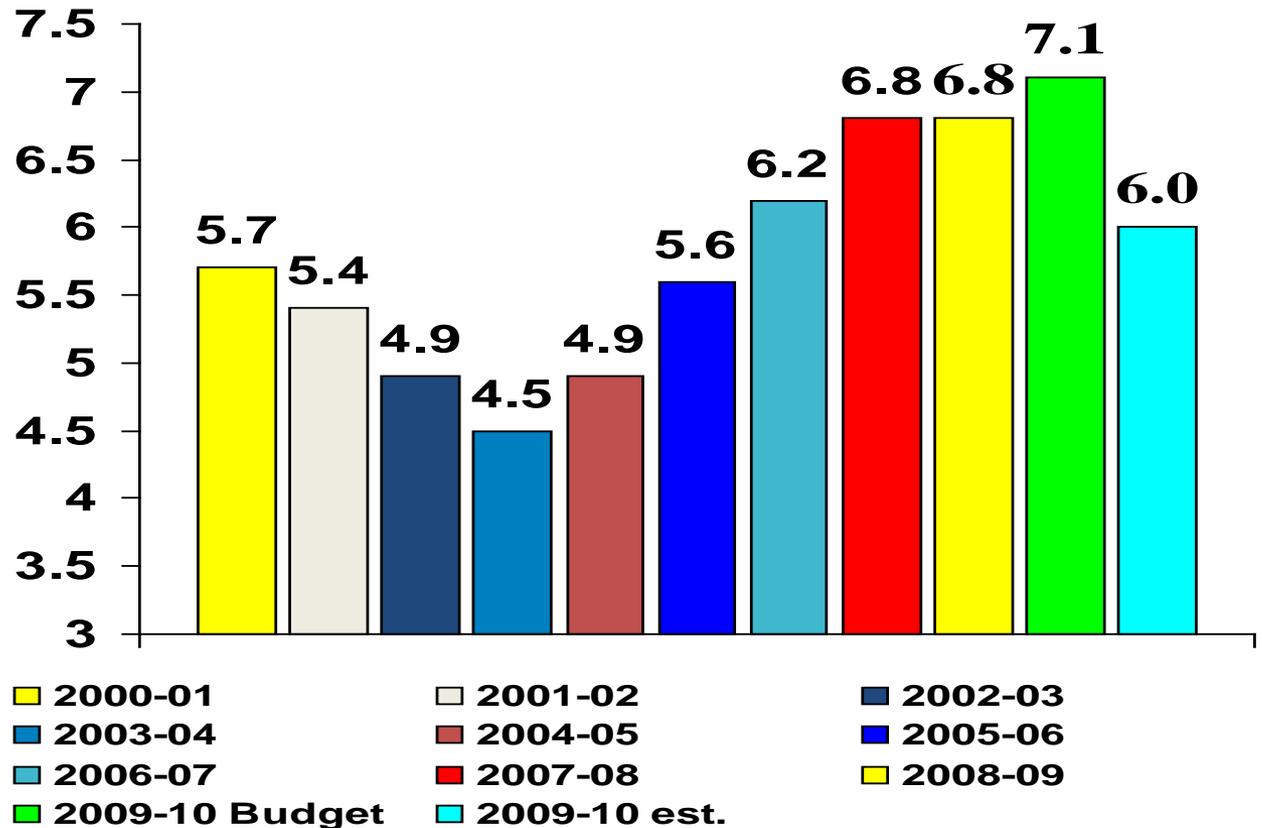


# General Fund Revenues

## State Income Tax

Allocated by State  
based on population

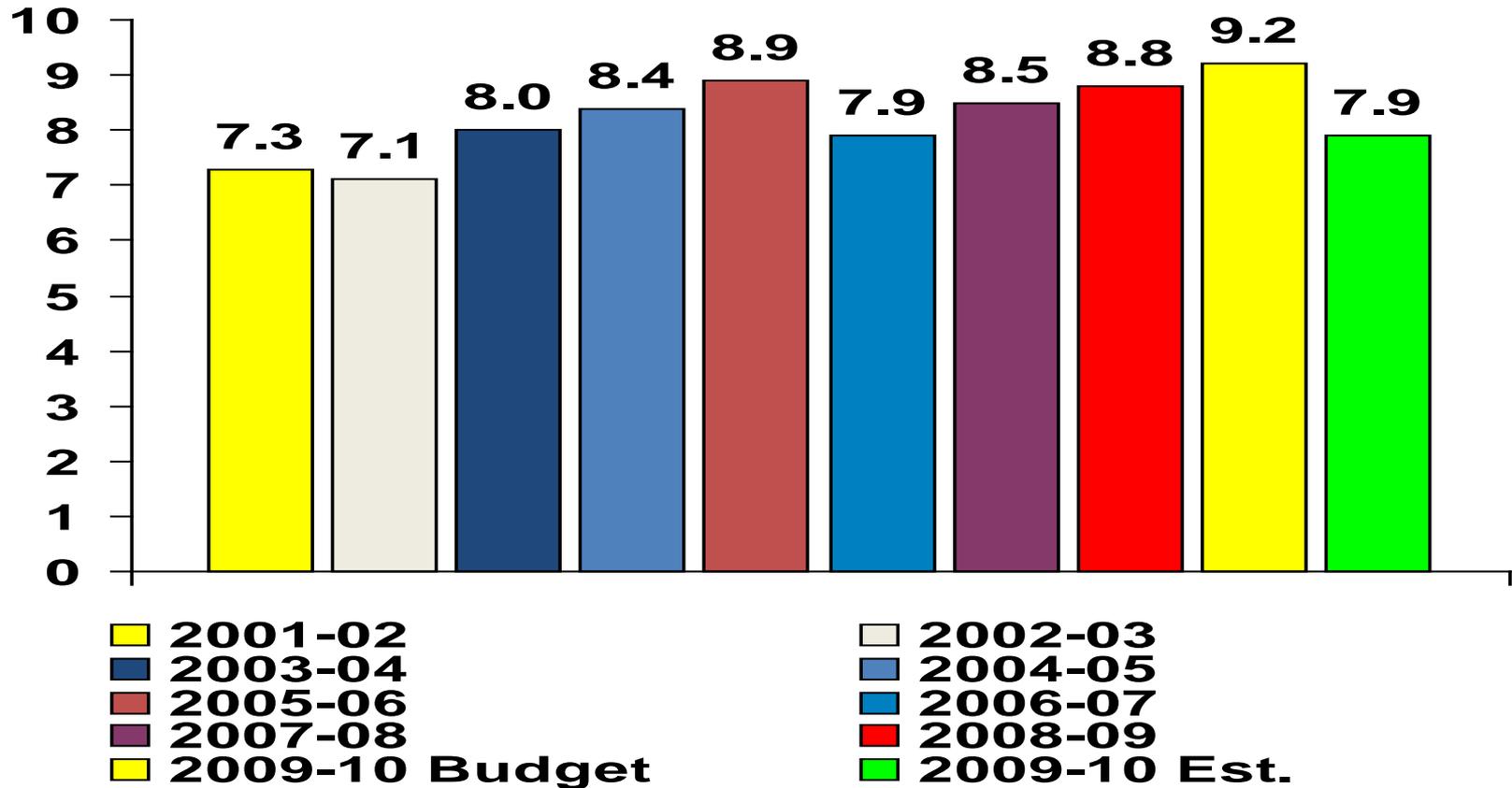
1/10th of amount  
collected is  
allocated to local  
government

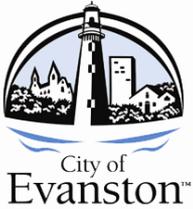




# General Fund Revenues

## Utility + Telecommunications Taxes

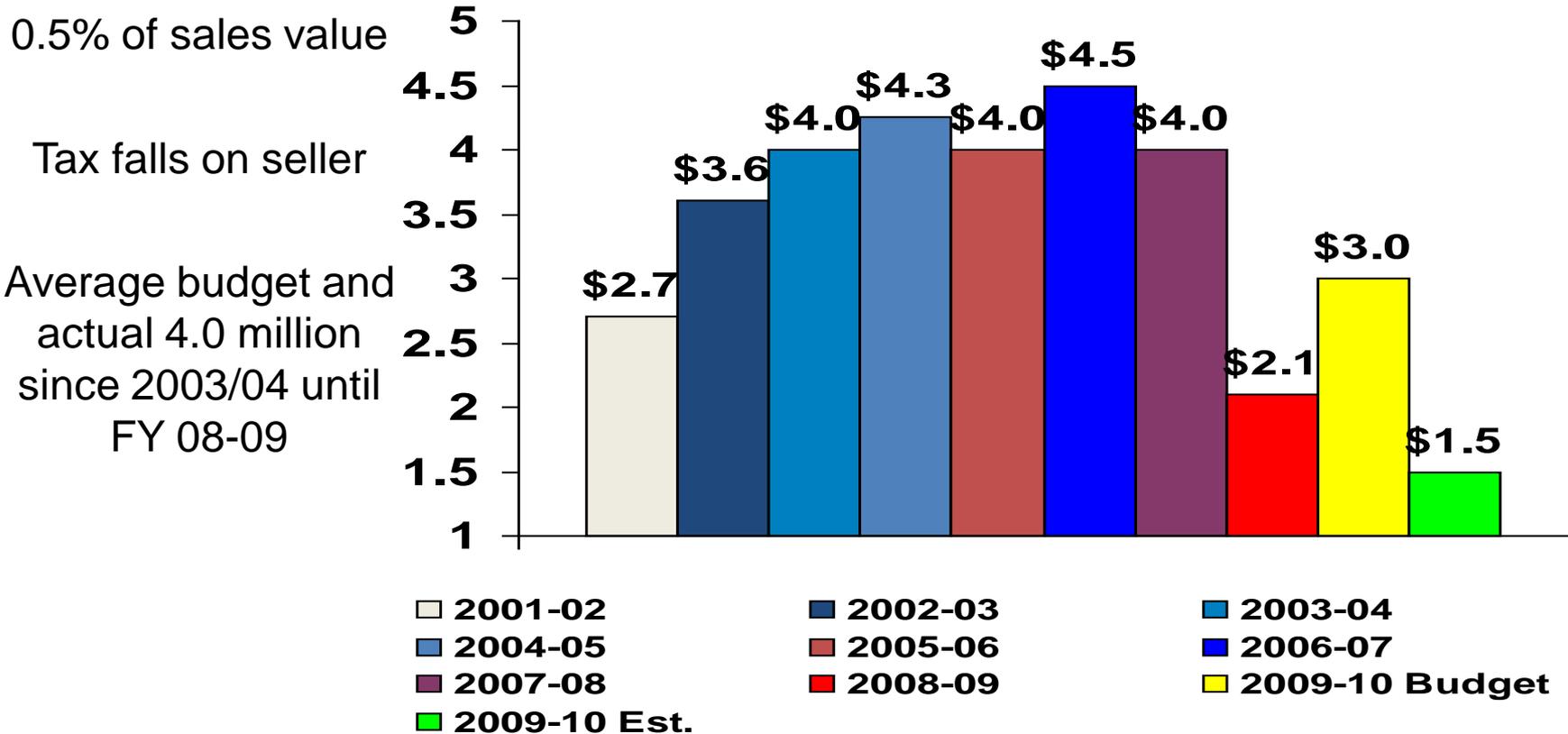


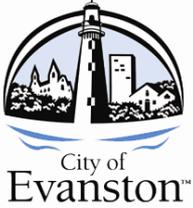


# General Fund Revenues

## Real Estate Transfer Tax

Million \$



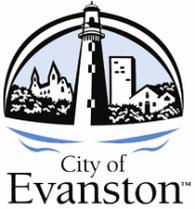


# General Fund Revenues

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## License, Permits, & Fees (Some Examples)

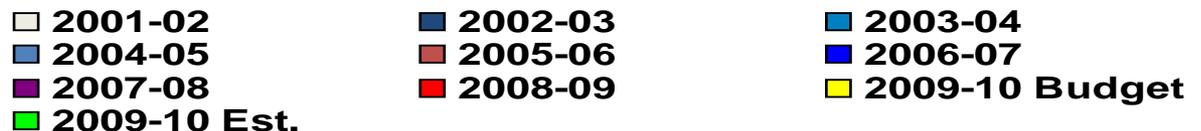
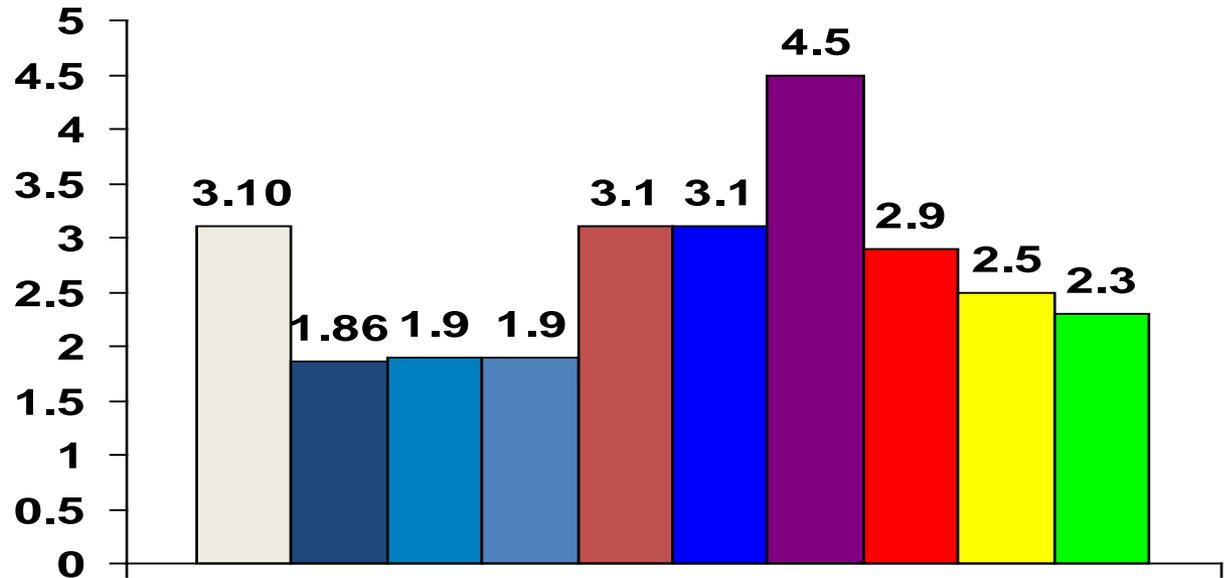
- Vehicle Licenses - (\$75.00 per vehicle, revenue \$2,700,000)
- Business Licenses - (\$171,000)
- Building Permits - (\$2,500,000)
- Liquor Licenses - (\$437,900)

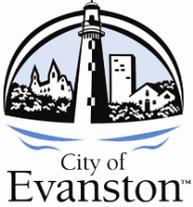


# General Fund Revenues

## Building Permit Revenue

- An economically sensitive revenue that depends heavily on development





# General Fund Revenues

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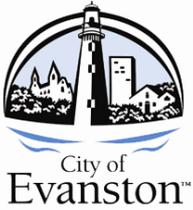
## Fines & Forfeitures (Some Examples)

Parking Tickets - \$3.4 million annually

Boot Release Fee - \$87,500 annually

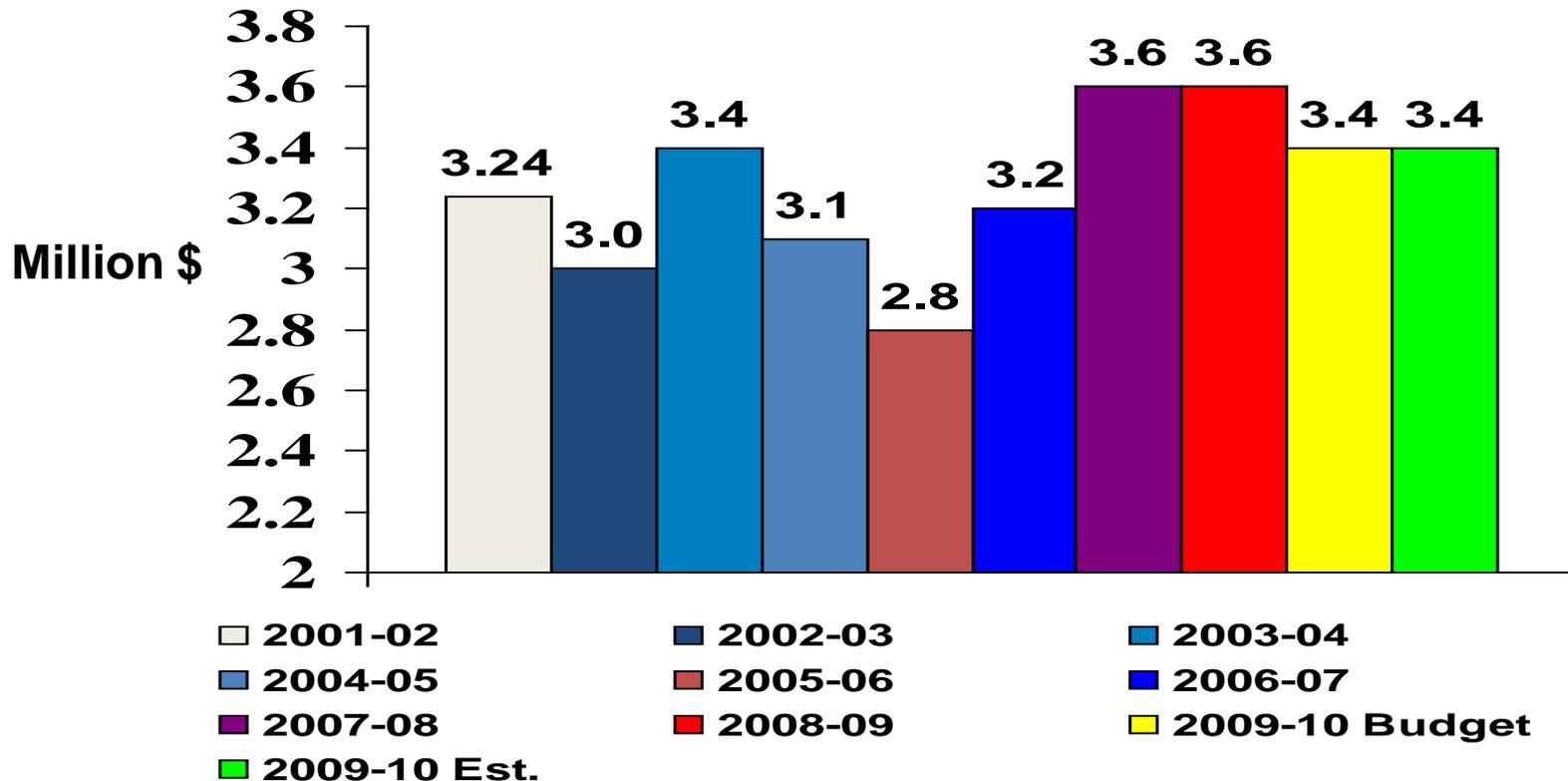
False Alarm Fines - \$155,000 annually

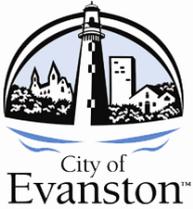
Library Fines and Fees - \$194,000 annually



# General Fund Revenues

## Parking Ticket Fines





# General Fund Revenues

## Charges for Services

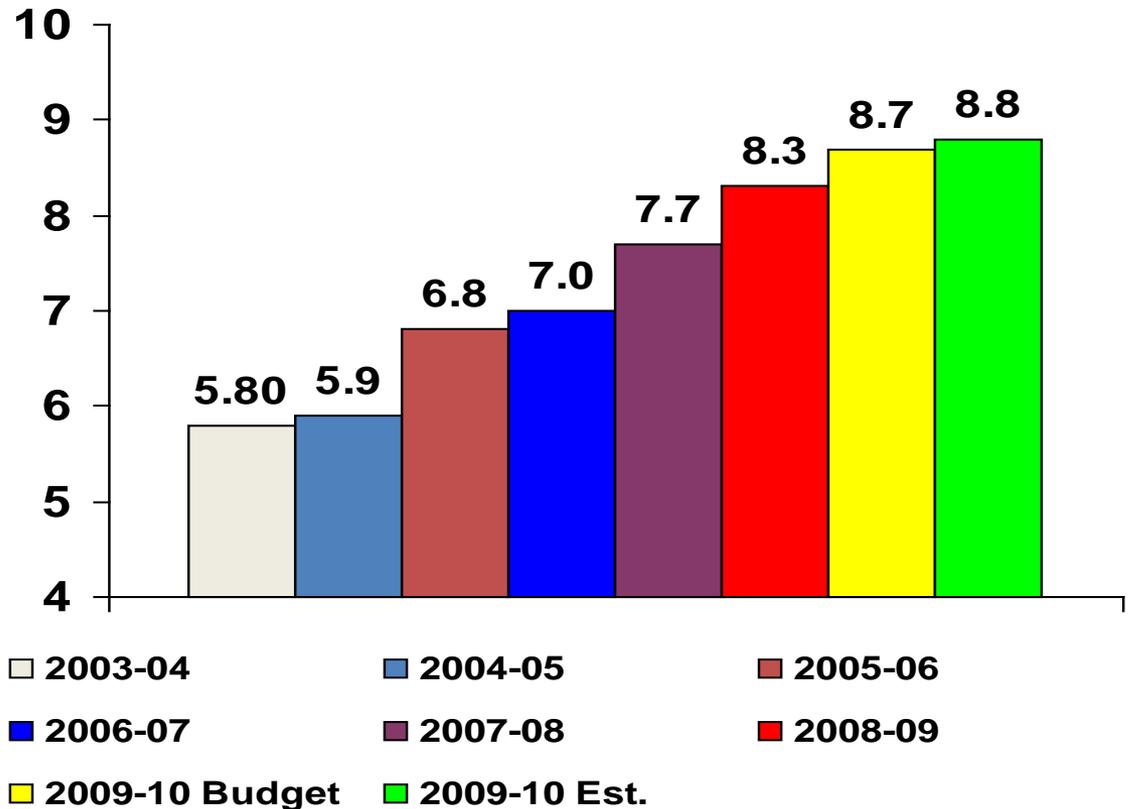
### Examples:

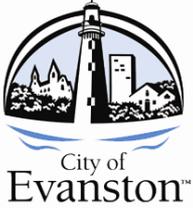
Recreation Revenue –  
\$4,804,400

Sanitation Charge-  
\$1,692,400

Ambulance Fees-  
\$925,000

Alarm Registration-  
\$110,000



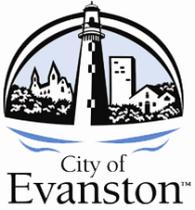


# General Fund Revenues

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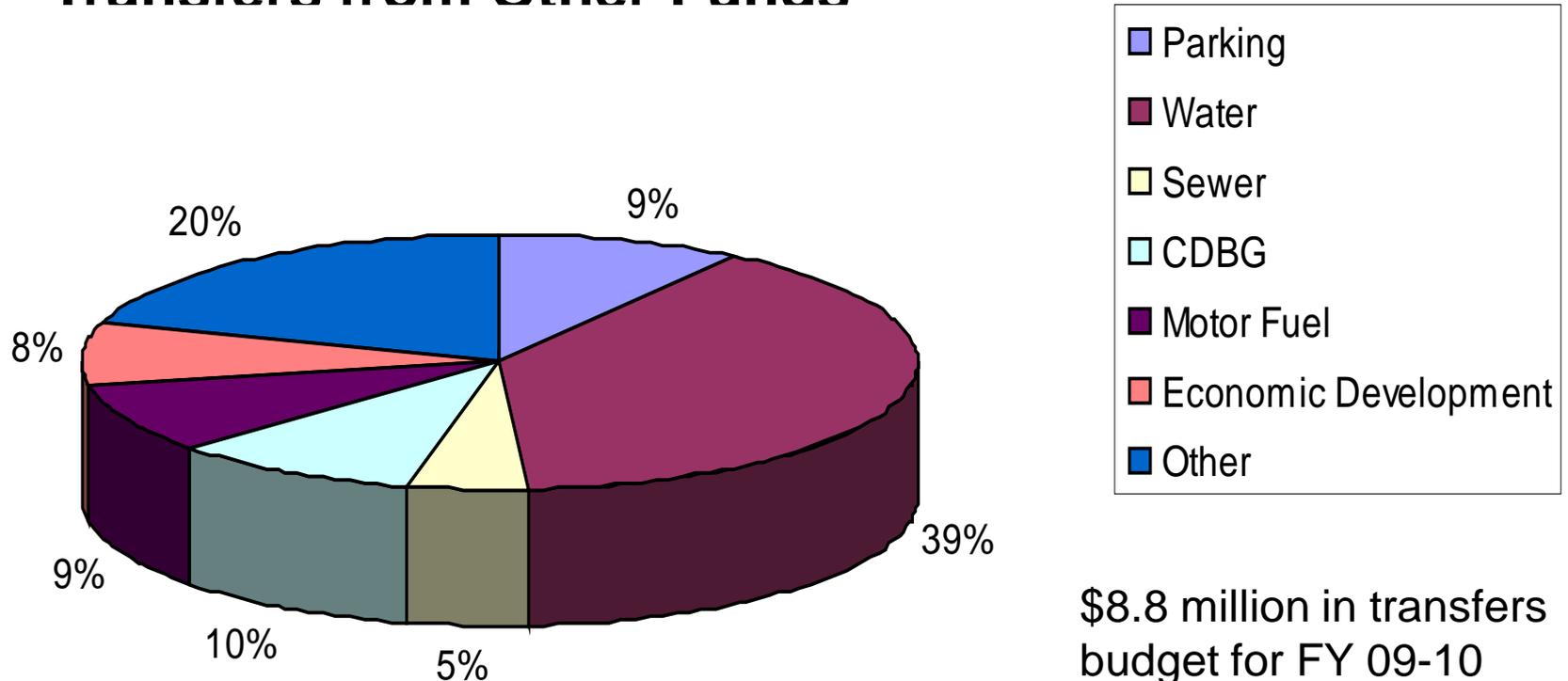
## State and Federal Grants Used for the General Fund Operating Budget

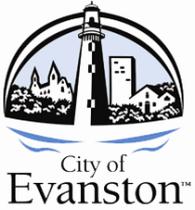
- Community Development Block Grant (CDBG)-  
Reimbursement for some personnel costs – \$856,000
- Health Department - (various grants) \$ 741,100
- Other Grants - \$204,500



# General Fund

## Transfers from Other Funds

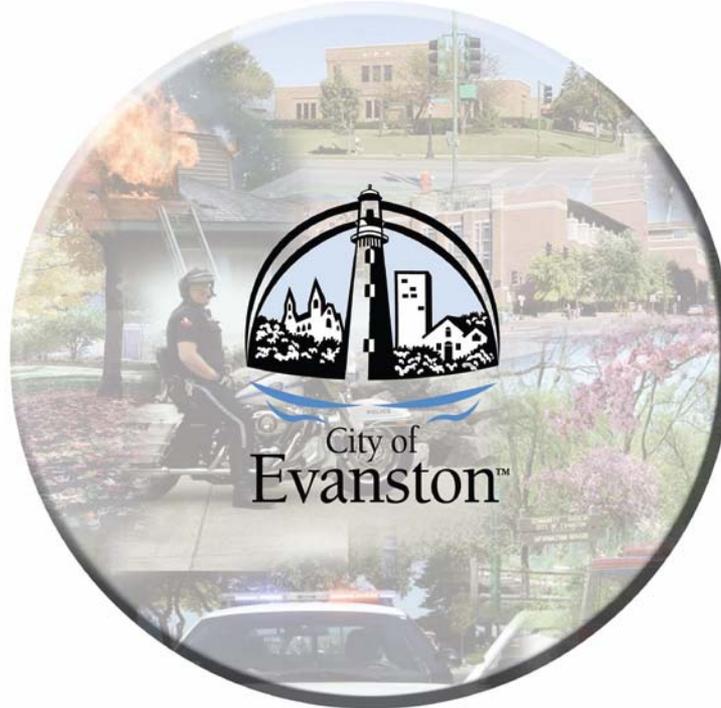


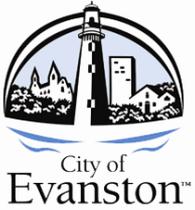


# Expense Tracking

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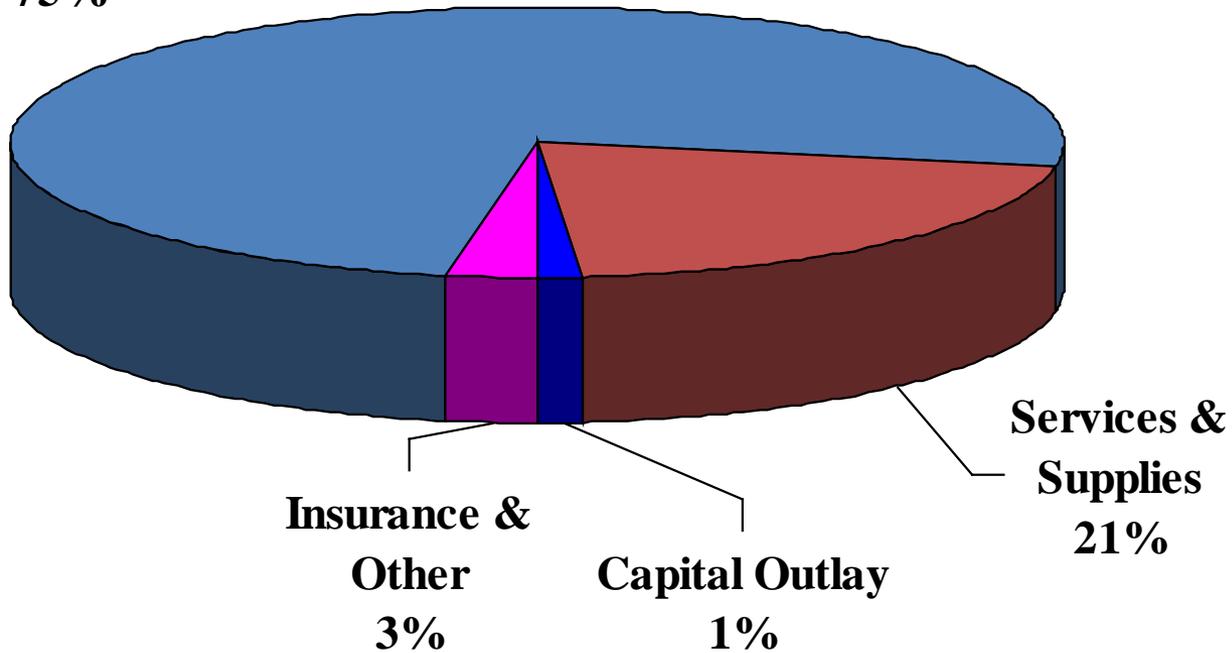
**Where do we spend our money? (Uses)**

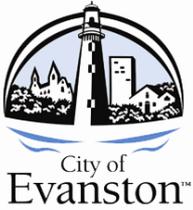




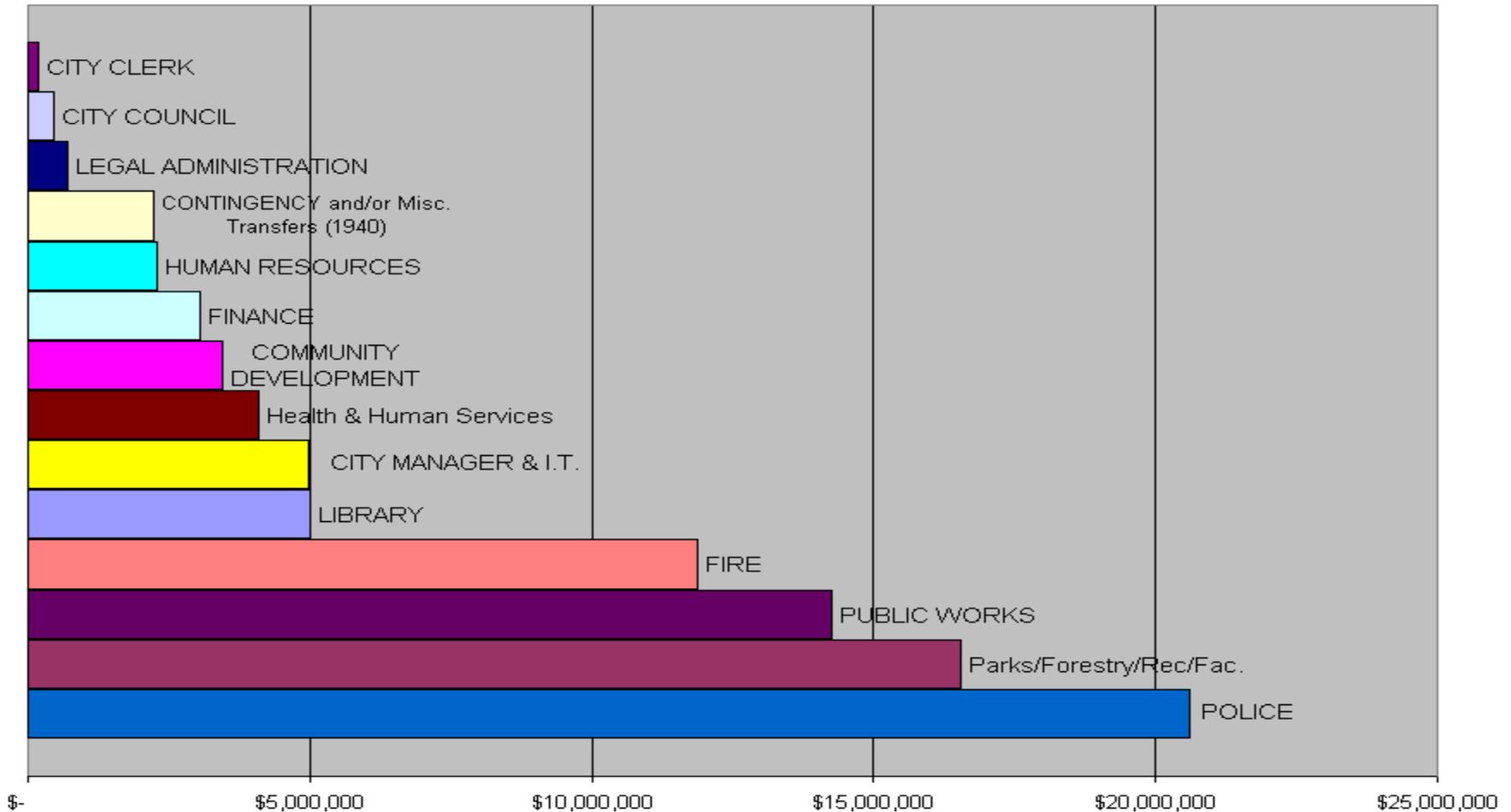
# Expenses by Type

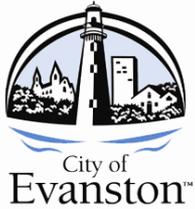
**Salaries, Wages,  
and Benefits**  
75%





# Expenses by Department

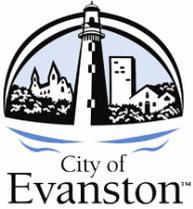




# Other Funds

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- Special Revenue Funds
- Enterprise Funds
- Internal Service Fund
- Fiduciary Fund



# Other Funds

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## **Motor Fuel Tax Fund**

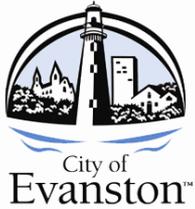
Operating budget varies each year based on State of IL estimated per capita distributions

## **Emergency Telephone**

Funded through wireless and landline E911 surcharges paid by users

## **Economic Development**

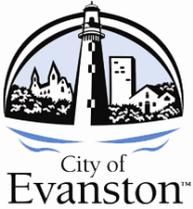
This is not legally mandated to be a separate Fund and is funded primarily by City hotel and amusement taxes



# Enterprise Funds-Parking

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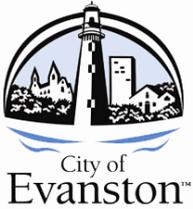
- Includes revenues and expenses for all City pay parking lots, as well as the Church, Maple, and Sherman Avenue Garages
- Should be self sustaining
- Receives assistance from the Washington National TIF Fund (and previously Downtown II TIF Fund) to help pay down debt related to the Sherman Avenue Garage
  - Without the subsidy provided from City TIF Funds, this Fund, would not be self sufficient on an annual operating basis



# Enterprise Funds-Water/Sewer

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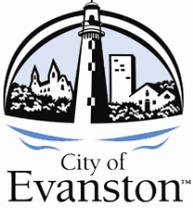
- Water -Account for all revenue and expenses related to water pumping, filtration, distribution, meters, and other water distribution expenses, including capital equipment
- Sewer Fund –accounts for removal of but not cleaning of wastewater, as Evanston residents are separately charged by the Water Reclamation District
- The City sells its water to Evanston residents as well as Skokie and the Northwest Water Commission
- Only Evanston residents pay the Sewer Fee
- Sewer capital projects have been funded by low or zero interest IEPA loans
- Water/Sewer rate studies are periodically performed to match rates with future costs



# Internal Service Fund-Insurance

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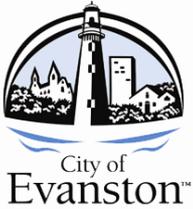
- Some major liability claims have been settled during past year
- City is self insured with stop loss coverage beginning at \$2,000,000
- City needs to build up adequate insurance reserves to pay out future liability and workers' compensation claims
- The following Funds contribute funding for Insurance:  
General, Parking, Water, Sewer, E911, CDBG, Economic Development



# Internal Service Fund-Insurance (Continued)

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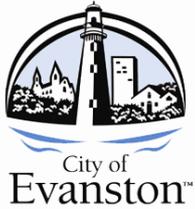
- Insurance Fund's primary purpose is to set aside funding for all types of claims against City
- Maintaining a separate Insurance Fund increases transparency to the public
- FY09/10 budgeted expenditures = \$2,717,500 and expected to increase approximately \$1M in FY10/11.



# Internal Service Fund-Fleet

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- Fund is used to account for purchases of new vehicles and equipment as well as major maintenance on vehicles & equipment
- Similar to the Insurance Fund, Fleet Fund revenues are funded solely by other City Funds that require vehicles/equipment such as General, Parking, Water, Sewer
- This Fund is expected to have no cash reserves on hand at the end of the current fiscal year 09/10.
- City has been keeping many vehicles and equipment longer than recommended useful life, causing increased maintenance needs



# Fiduciary Funds- Police & Fire Pensions

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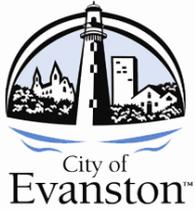
- Illinois law mandates Police and Firefighters' pension and disability benefits.
- Under current law, both Police and Firefighters' pension funds must be fully funded no later than 2033. Currently, Police and Firefighters' pension are funded at 42.9% and 41.2% per most recent actuarial valuation reports.
- Both the City and active sworn officers and firefighters contribute to the pensions. Officer/firefighter contribution rates are per State statute and are 9.91% for Police and 9.455% for Fire.
- Annual City contributions amounts are determined by an independent actuarial firm.



# Fiduciary Funds- Police & Fire Pensions (Cont.)

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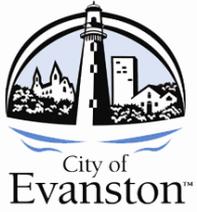
- City pension contributions consist of a “normal” and amortized amount for the unfunded portion.
- Based on most recent actuarial valuations, the City’s “normal” cost as a percentage of pay for Police and Firefighters’ is 15.2% and 18.1% respectively.
- When the unfunded amortized City pension contribution cost is factored in, the total pension contribution as a percentage of pay for Police and Firefighters’ is 61.6% and 68.8%, respectively.



# Next Steps

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- ✓ Staff currently evaluating service delivery for opportunities to reduce costs
- ✓ Public input requested on service priorities, ideas for revenue enhancements, and cost containment strategies
- ✓ Joint recommendations from staff and public for balancing the budget will be shared with Council on December 7, 2009.



# Questions

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[www.cityofevanston.org/budget](http://www.cityofevanston.org/budget)