CITY OF EVANSTON

Weekly Budget Memos
FY 2027 Proposed Budget
October 30, 2026

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The Purpose of this Document

Throughout Fall 2026, members of the City Council, City of Evanston staff, and members of the public will hold committee/council meetings, ward meetings, and public hearings to discuss the FY 2027 Proposed Budget.

Coming out of these public forums, Councilmembers, staff, and members of the public may request additional information or clarification about topics related to the FY 2027 Proposed Budget. This document is meant to address those requests and questions posed to staff.

The memos below are the staff responses to those requests for information and clarifying questions. This document will be refreshed around once per week until the FY 2027 Budget is adopted by City Council.

Friday, October 30 Memos

Memorandum

To: City Manager and CFO/Treasurer

From: Brandon Kowalke, Financial Analyst

Subject: Employee Health Insurance Contributions

Date: October 30, 2026

Employee Health Insurance Contributions

Finance & Budget Committee Request:

> *With Health Insurance costs increasing, how much are Employee Health Insurance Contributions increasing in FY 2027?*

Staff Response:

In the FY2027 Proposed Budget staff budgeted an increase of +$420,717 (around 18%) in Employee Health Insurance Contributions revenue for FY2027 compared to FY2026 to reflect the actual increase in health insurance cost. .

After releasing the proposed budget, the City elected to increase Employee Health Insurance Contributions by only 10% which would decrease budgeted revenues by approximately $190,000. The City chose a 10% increase to keep the impact across employee groups consistent in light of the contractual requirement in the City's agreement with AFSCME to cap any increase to employee health/medical contributions at 10% per year - *2023-2026 AFSCME Agreement: Section 10.3. Employee Medical Contributions | Subsection (C)*.

Memorandum

To: City Manager and CFO/Treasurer

From: Brandon Kowalke, Financial Analyst

Subject: Comprehensive Fee / Tax Impact on Households

Date: October 30, 2026

Comprehensive Fee / Tax Impact on Households

Finance & Budget Committee Request:

> *Can the City quantify the impacts of various fee / tax increases for the typical Evanston household?*

Staff Response:

Staff identified the following metrics that could be used to calculate the impact of proposed tax and fee increases in the FY2027 Budget on a typical Evanston household.

Key Metrics to Compare FY2026 to FY2027 Tax / Fee Rate Changes:

- Median Home Value: $481,000 *(Property Tax | 8.9% levy increase)*
- Average 3-4 Streaming Services Per Household, $45-60 per month, $540-720 Annually *(Streaming Tax | 5% to 10%)*
- Average use of 90 therms per month, 1080 therms annually *(Natural Gas Tax | 2.5¢ to 5¢ per therm)*
- Combined Water & Sewer Rate, ¾-inch meter connection and use of 115 units (increments of 100 cubic feet) annually *(Water Rate Increase | 25% rate increase)*
- Waste Pickup Service, Residential Curbside 95 Gallon Cart *(Solid Waste Fee Increase | 4.6%-18% rate increase based on service type, AVG 7% Increase)*

Fee Increases not Included in Assessment:

- **Single Use Bag Tax 5¢ Increase:** Staff did not estimate an impact for this fee increase because a resident can avoid the fee by shopping with reusable bags.
- **Transportation Network Provider Tax 30¢ Increase:** Staff did not identify a usable measure for the number of ride share trips used by a typical Evanston resident.
- **Top Tiers Real Estate Transfer Tax $1 Increase (per $1,000 Sale Price):** Staff did not estimate an impact of this tax on the typical household since the median

household value ($481K) would not be impacted by the rate, which affects homes with a sale price of $1,500,000 or more and is unlikely to be affected by the increase.

- **Real Estate Transfer Tax Exempt Charge $400 Increase:** Staff did not estimate an impact of this administrative fee on the typical household since the typical household's property sale is not exempt from the Real Estate Transfer Tax and unlikely to be affected by the increase.

Tax / Fee	FY2026 Estimate Paid ($)	FY 2027 Estimate Paid ($)	FY26 to FY27 Increase ($)
City & Library Property Tax *(median home value =$481K)*	$ 2,016	$ 2,196	$ 180.00
Streaming Tax *(annual streaming subscription costs = $630)*	$ 32	$ 63	$ 31.50
Natural Gas Tax (annual use = 1,080 therms)	$ 27	$ 54	$ 27.00
Solid Waste Refuse Fee *(service type = 95 Gallon Cart)*	$ 323	$ 338	$ 15.00
Annual Water & Sewer Fees *(3/4-inch meter, use of 115 units annually)*	$ 856	$ 991	$ 135.00
Totals:	**$ 3,254**	**$ 3,642**	**$ 388.50**

Estimate Impact on Evanston Household:
Staff estimate the impact of the City's fee and tax increases contained in the FY2027 Budget to be $388.50 compared to those same taxes and fees in FY2026.

Memorandum

To: City Manager and CFO/Treasurer

From: Brandon Kowalke, Financial Analyst

Subject: Public Safety Pension Valuations

Date: October 30, 2026

Public Safety Pension Valuations

Finance & Budget Committee Request:

Actuarial report was not received in time to inform budget, how does the report affect the FY 2027 Budget?

Staff Response:

At the time of the publishing of the FY 2027 Proposed Budget, staff had not yet received and updated actuarial valuation report for public safety pensions. Staff used the FY 2026 contribution of $30,323,477 as a placeholder in the FY 2027 Proposed Budget.

To date, staff have not yet received completed valuations reports. However, Foster & Foster did send a summary of the alternative funding numbers and estimated contribution needed from the City. From the summary staff received a summary valuation using a 6.50% interest rate and recommends the total recommended contribution from the City in FY 2027 is $30,254,850 million; a $68,627 decrease from FY 2026. This will be updated in the final version of the Proposed Budget Ordinance that will be introduced at City Council on November 9.

	FY 2026 Adopted	FY 2027 Proposed (Revised)	Change ($)	Change (%)
Fire Pension - City Contribution	$ 14,147,465	$ 14,490,120	$ 342,655	+2.4%
Police Pension - City Contribution	$ 16,176,012	$ 15,764,730	($ 411,282)	-2.5%
Combined - City Contribution	**$ 30,323,477**	**$ 30,254,850**	**($ 68,627)**	**-0.2%**

Memorandum

To: City Manager and CFO/Treasurer

From: Michael Van Dorpe, Senior Financial Analyst

Subject: General Fund Reserve Calculation

Date: October 30, 2026

General Fund Reserve Calculation

Finance & Budget Committee Request:

> *The City should remove Parks and Recreation Fund expenses from the General Fund's balance requirement until a formal policy exists. What would this look like with them split out? (2027 Operating Expenses - revise table from presentation)*

Staff Response:

The FY 2027 Proposed Budget Provides a description of various Financial Policies utilized by the City of Evanston, including establishing Fund Balance Policies.

The stated General Fund Policy is:

> *A minimum of 16.6% or two month of operating expenses shall be maintained as a reserve. Any monies over a 16.6% reserve in this fund shall be re-appropriated to other funds that have not met its reserve requirements. Once all funds have met their fund requirements additional funds shall go to the Capital Improvement Program. A minimum of a 5% reserve is required, per bond agreements.*

Figures 1-3 shows what 16.6% (.1660) of expenses are in the General Fund, Parks Fund, and both combined for FY 2026 and FY 2027.

Parks Expenses in Figures 2 and 3 exclude CIP and Debt Service Costs.

Figure 3 excludes the budgeted transfer from General Fund to Parks and Recreation Fund.

Figure 1
General Fund Only Fund Balance

	FY 2026 Budget	FY 2027 Budget
General Fund Expenses (including all transfers out)	$ 147,729,728	$ 149,900,348
16.6% (.1660) of Expenses	$ 24,523,135	$ 24,883,458

Figure 2
Parks and Recreation Fund Only Fund Balance

	FY 2026 Budget	FY 2027 Budget
Parks and Recreation Fund Expenses (including all transfers out)	$ 16,260,202	$ 19,708,824
16.6% (.1660) of Expenses	$ 2,699,194	$ 3,271,665

Figure 3
General Fund + Parks and Recreation Fund Combined Fund Balance

	FY 2026 Budget	FY 2027 Budget
General Fund Expenses (including all transfers out)	$ 147,729,728	$ 149,900,348
Parks and Recreation Fund Expenses (including all transfers out)	$ 16,260,202	$ 19,708,824
Exclude Transfer from GF to PF	- $ 5,558,702	- $ 4,500,000
Combined Net (excluding transfer from GF to PF)	$ 158,431,228	$ 165,109,172
16.6% (.1660) of Combined Net	$ 26,299,584	$ 27,408,123

Memorandum

To: City Manager and CFO/Treasurer

From: Noel Rodriguez, Public Services Bureau Chief

Subject: Repealing Private Tree Ordinance

Date: October 30, 2026

Repealing Private Tree Ordinance

Councilmember Request:

Please provide the potential cost savings of repealing the private tree ordinance.

Staff Response:

The Private Tree Preservation Ordinance went into effect in June 2024. Since then, the City has assessed approximately $296,907 in fees associated with stand-alone tree removal permits, building permits, mitigation fees, and other related activities. Approximately $278,000 has been collected, with the remaining 2026 fees pending collection or processing.

The breakdown of fees assessed is provided below:

Year	**Fees Assessed**
2024 (June - December)	$92,439
2025	$105,964
2026 (Year-to-Date)	$98,504
Total	**$296,907**

For FY 2027, the Private Tree Preservation Coordinator position is budgeted at $133,595, including wages, benefits, and taxes. Additional operating expenses are minimal and primarily consist of training, certifications, and materials.

The coordinator is responsible for reviewing permits, coordinating with Community Development on construction projects, and working with residents and property owners to identify opportunities to preserve healthy trees. The position also provides guidance on tree protection requirements and helps ensure that private tree preservation is considered during the development review process.

Revenue generated through the ordinance can be used to offset personnel expenses associated with administering the program. Using 2025 as the most recent full year, the City assessed $105,964 in fees, equivalent to approximately 79% of the position's FY 2027 budgeted personnel cost.

Revenue generated through the ordinance has supported several forestry initiatives, including community tree giveaways and the City's LiDAR tree inventory. The program also contributed $40,000 toward integrating private tree-preservation reviews into Accela, enabling these reviews to be coordinated with other permits issued through Community Development.

If the ordinance were repealed and the coordinator position eliminated, the City could potentially reduce annual personnel expenses by $133,595. However, the City would also lose revenue currently generated through the ordinance. Using 2025 as the most recent full year, approximately $106,000 in annual assessed fees would be impacted.

Estimated FY 2027 Financial Impact	**Amount**
Potential personnel savings	$133,595
Estimated annual revenue loss	($105,964)
Estimated net annual savings	**$27,631**

Based on these figures, the estimated net annual savings would be approximately $27,631, assuming the position is eliminated, and all associated revenue is lost.

It is also important to consider that the coordinator's responsibilities extend beyond permit processing. The position provides technical guidance, coordinates tree preservation reviews with other City departments, and supports residents and developers in identifying opportunities to preserve existing trees. Repealing the ordinance would reduce these services and the revenue available for related forestry initiatives.

Memorandum

To: City Manager and CFO/Treasurer

From: Tim Carter, Lakefront and Athletics Division Manager
Audrey Thompson, Parks and Recreation Director

Subject: Beach Tokens

Date: October 30, 2026

Beach Tokens

Councilmember Request:

Based on the 2026 tokens issued for free, please project the potential revenue generated by charging for tokens in 2027.

Staff Response:

Beach passes have been provided free of charge to Evanston residents since 2022. The Parks and Recreation Department distributed 33,248 free beach passes in 2026. Had the City continued charging (the preseason rate of $30 per pass), it could have generated $997,440 in revenue. However, it is worth noting that when the City charged residents for beach passes, an average of 13,500 to 16,000 passes were purchased annually ($405,000-$480,000 at $30 each).

Year	# of Resident Passes Sold
2019	15,932
2020	13,520
2021	13,940

Additionally, in 2026, 8,363 discounted daily resident guest tickets were purchased at $5 each, generating $41,815 in revenue. Had the full non-resident daily ticket rate of $12 been charged, the City could have generated $100,356, an additional $58,541 in revenue.

Resident Beach Pass Fee Increases

Had the City continued charging residents for preseason beach passes, the fee would have increased in accordance with the Department-wide fee adjustments implemented in 2023, 2024, and 2025. Applying these annual increases to the original 2022 $30 preseason pass fee would have resulted in the following estimated rates:

Year	2023	2024	2025
% Fee Increase	10%	5%	4.5%
Preseason Fee	$33	$35 (rounded up)	$37 (rounded up)
Projected revenue based on 13,500 preseason resident beach passes sold	$445,500	$472,500	$499,500

Dog Beach Pass Fee Increases

In 2022, the City reopened Dog Beach with an initial fee of $75 per resident dog pass and $200 per non-resident dog pass. Following direction from City Council, the fees were eliminated, and residents who had purchased passes that year were refunded. Dog Beach passes have since been available free of charge to all Evanston residents. In 2026, the City distributed 1,211 free Dog Beach passes to residents, while 70 passes were purchased by nonresidents. The last full year the City charged for Dog Beach passes before high lake levels affected operations was 2017, when 691 passes were sold, generating $51,825 in revenue. This revenue does not include pet license fees that are administered through the Collector's Office.

Year	2022	2023	2024	2025
% Fee Increase	n/a	10%	5%	4.5%
Pass Fee	$75	$83	$87	$91
Projected revenue based on 690 dog beach passes sold	$51,825	$57,270	$60,030	$62,760

Lakefront Fee Increases

Youth Aquatic Camp	2022	2023	2024	2025	2026
Resident	$390.00	$430.00	$453.00	$497.00	$497.00
Non-Resident	$430.00	$559.00	$589.00	$646.00	$646.00

Launch Passes	2022 Res	2022 Non-res	2023 Res	2023 Non-res	2024 Res	2024 Non-res	2025 Res	2025 Non-res	2026 Res	2026 Non-res
Church	$325	$600	$360	$600	$378	$600	$395	$600	$395	$600
Dempster	$190	$240	$210	$275	$221	$289	$231	$300	$231	$300.63
Dempster Storage - paddleboard/ kayak			$303	$394	$318	$413	$350	$455	$350	$455.50
Dempster Storage - small sailboat			$358	$466	$376	$488	$414	$540	$414	$528.78
Dempster Storage - Double hull sailboat			$468	$606	$491	$638	$540	$702	$540	$702.76

Lakefront Wage Rate Changes: 2022–2026

It is also important to note that seasonal staff wages have increased since free resident beach passes were approved. To attract and retain qualified personnel, maintain adequate lifeguard staffing, keep as many swimming areas open as possible through Labor Day, and remain competitive with other employers, the City implemented the wage increases outlined below.

Position	2022 Hourly Rate	2026 Hourly Rate
Gate Attendant	$14.00	$15.00
Beach Office Manager	$18.25	$20.50
Asst Beach Office Manager	$17.50	$18.50
Lifeguard	$16.50	$18.50

Beach Manager	$18.25	$20.50
Lifeguard Supervisor	$21.00	$28.00
Aquatic Camp Director	$21.00	$28.00
Aquatic Camp Counselor	$17.50	$22.00