



2006 - 2007 Budget

January 21, 2006

City of
Evanston

A large, faint, light blue version of the City of Evanston logo is centered in the background of the slide. It includes the circular emblem with the lighthouse and buildings, the waves, and the text "City of Evanston" below it.



Budget Discussion Schedule

- January 1, 2006
 - Proposed Budget to City Council
- Saturday January 7, 2006
 - Strategic Plan
 - Capital Improvement Plan
- **Saturday January 21, 2006**
 - **Budget Review and Discussion**
- Saturday January 28, 2006
 - General Budget Discussion

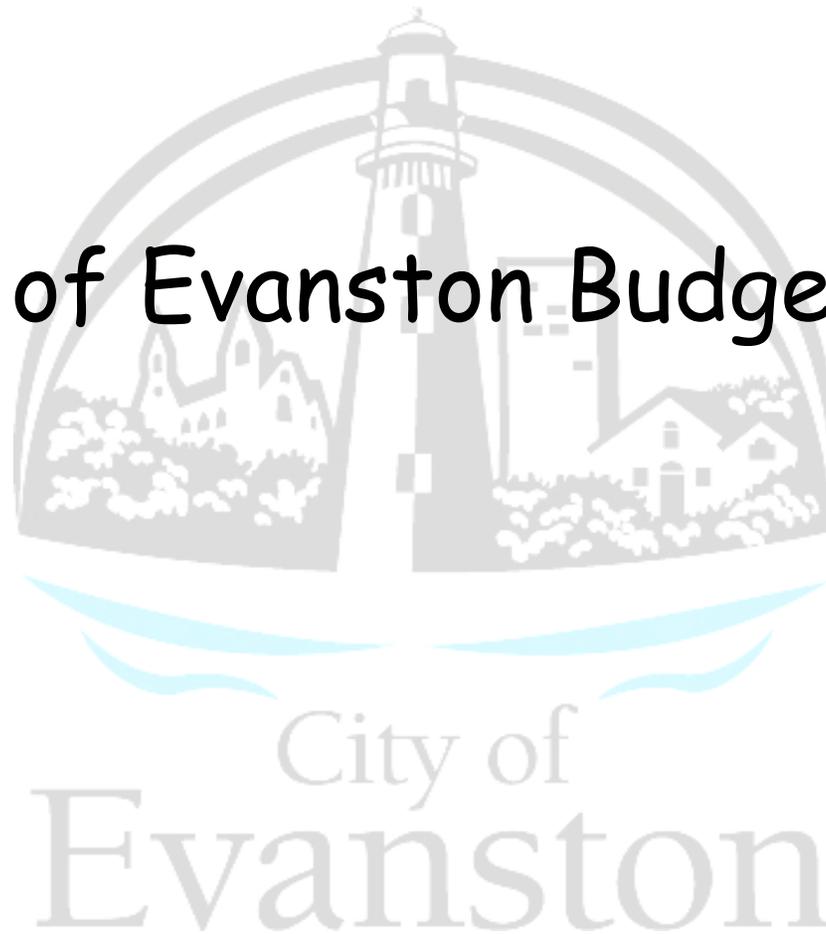


Budget Discussion Schedule

- Monday February 6, 2006
 - Public Hearing / Discussion
- Monday February 13, 2006 – Regular City Council Meeting
 - Budget and CIP Adoption
- Monday February 27, 2006 - Regular City Council Meeting
 - Alternate Budget and CIP Adoption Date



City of Evanston Budget 101





What is a Budget?

- A financial and policy document for how we provide services to our residents.
- Includes operating and capital costs.
- One instrument used by the rating agencies to determine the financial stability of the organization.
- The City of Evanston Bond Rating: AAA



Organizational Structure

- The City of Evanston, Illinois is a general purpose municipal government located in Cook County, Illinois.
- It is a home rule unit, as defined in the 1970 Illinois Constitution.
- Council / Manager form of government.
- Organized to provide for the health, safety and welfare of Evanston residents.

City of
Evanston



First, a Few Facts About Our City





Facts About Evanston

- 8.0 Square Miles
 - 30,817 Housing Units
 - 137 Miles of Street
 - 70 Miles of Alleys
 - 150 miles of Sewers
 - 5,448 Street Lights
- 161 Sworn Police Officers
- 107 Sworn Firefighters
 - 5 Fire Stations

A large, faint watermark of the City of Evanston logo and text is centered in the background. It features the same circular emblem as the logo in the top left, with the words "City of Evanston" written below it in a large, light-colored serif font.



Facts About Evanston

- 1 Main & 2 Branch Libraries
 - 463,828 Books and Materials
 - 41,060 Registered Borrowers
- 289.6 Acres of Park Area
 - 80 Parks and Playgrounds
 - 5 Beaches
 - 5 Recreation Centers

City of
Evanston



Facts About Evanston

- Municipal Water Utility
 - Population Served – 350,000
 - Evanston
 - Skokie
 - Northwest Water Commission
 - Filtration Capacity - 108 million gallons per day
 - Pumping Capacity - 147 million gallons per day
 - Average Pumped - 44.5 million gallons per day
 - 155 Miles of Water Mains



Annual Cost of City Government

- \$160,165,150 Annual Budget (proposed all funds after transfers)
- 74,239 Residents (2000 Census)
- \$2,157 per year for each resident
- \$5.90 per day for all services.
 - Police
 - Fire
 - Streets and Sanitation
 - Health and Human Services
 - Parks
 - Streets
 - Library
 - Community Development
 - Water & Sewer
 - Administration (CMO, Human Resources, Legal Finance OMB, Human Relations)



Revenues

General Fund

- City Controlled Revenue
- State Shared Revenues
- Revenues from State and Federal Government
- Transfers from Other Funds

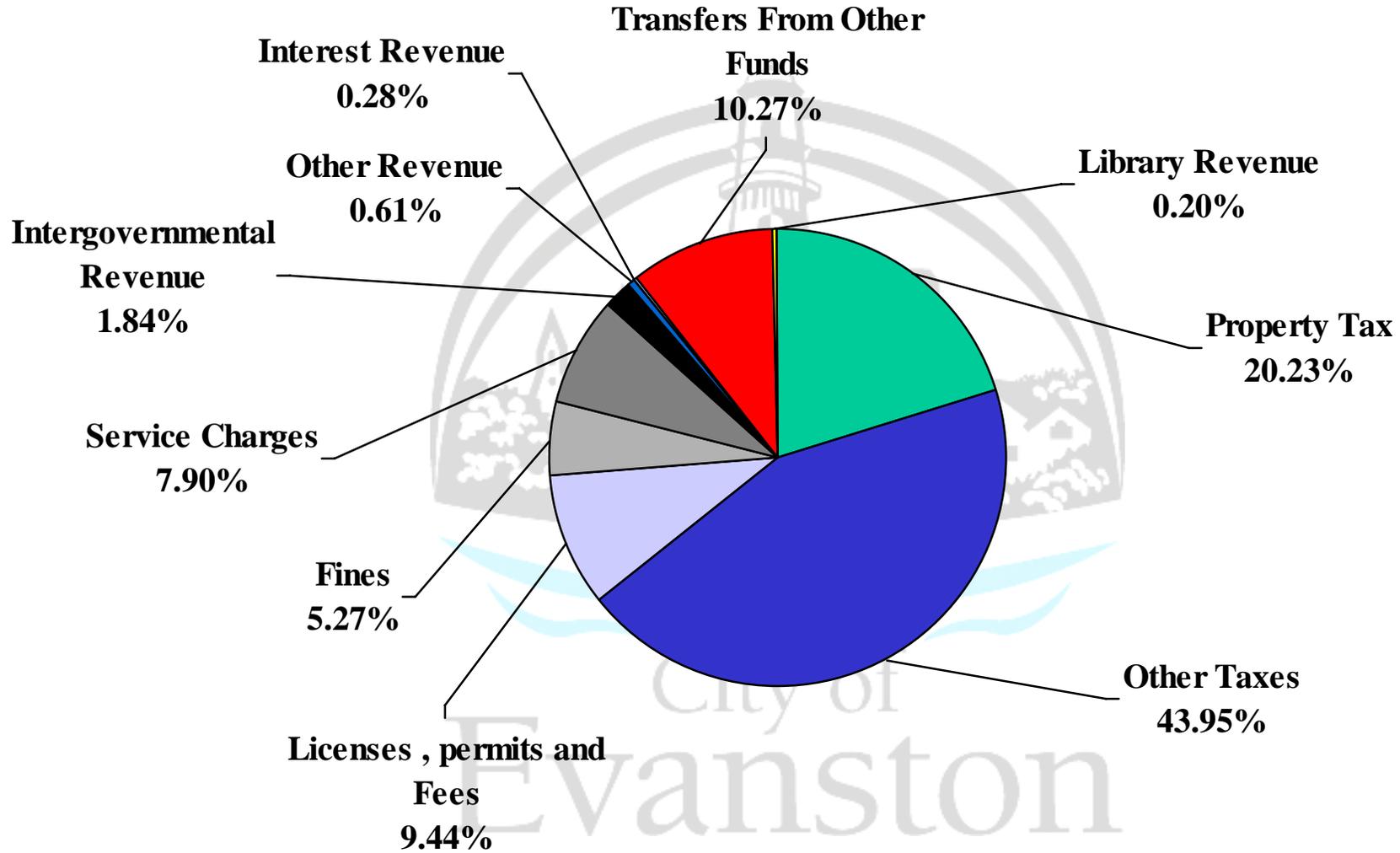
A large, faint watermark of the City of Evanston logo and text is centered on the page. It includes the circular emblem with the lighthouse and buildings, and the text "City of Evanston" below it.

City of
Evanston



Where We Get Our Money From

General Fund



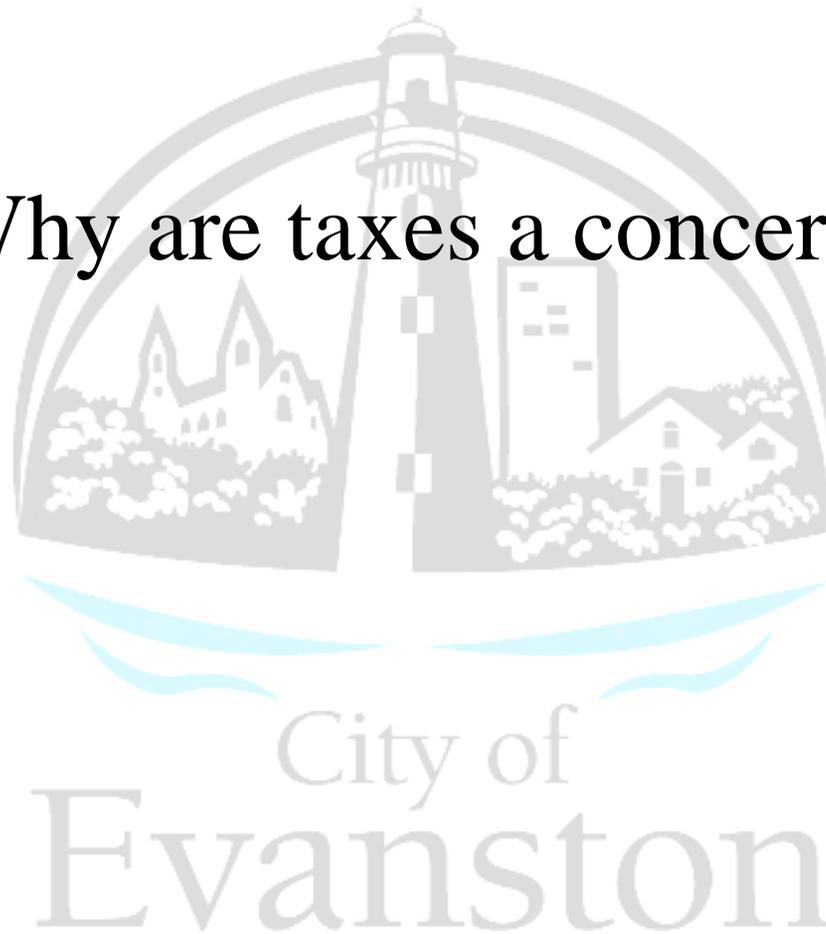


Revenues Controlled by the City

- Real Estate Taxes
 - Total revenue of \$34,989,600(proposed)
 - 51.5% used for the General Fund
 - Includes Parks and Recreation
 - Includes IMRF Pension Fund
 - Includes Evanston Public Library
 - 25.9% used for Debt Service
 - 11.9% used to fund Police Pension Fund
 - 10.7% used to fund Fire Pension Fund
- Levied on all real estate in the city except for entities which are tax exempt.



Why are taxes a concern?



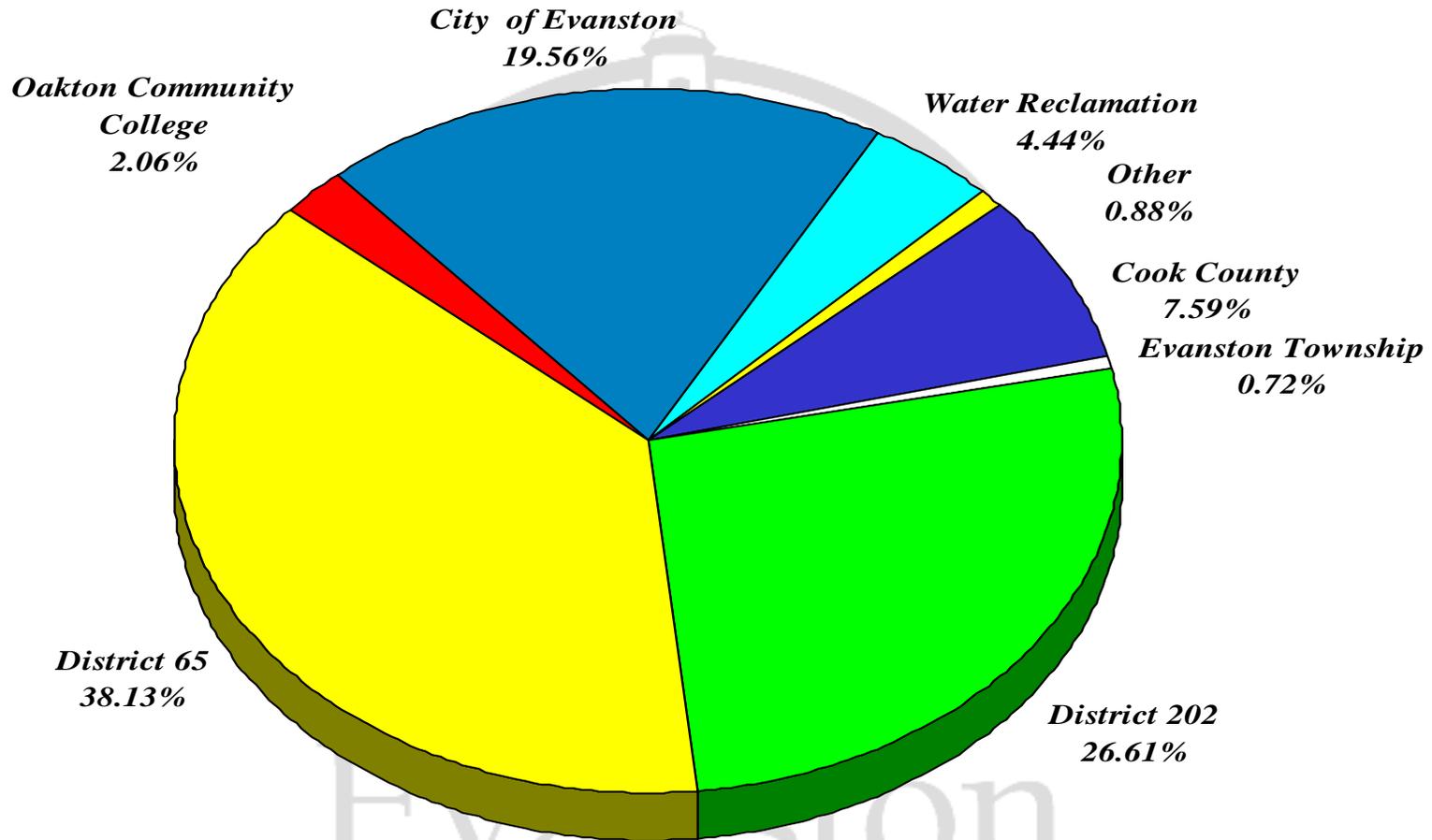


Taxing Bodies

- There are many units of government that service Evanston Residents !
 - City of Evanston
 - School District 65
 - School District 202
 - Community College 535
 - Cook County
 - Evanston Township
 - Cook County Forest Preserve
 - Water Reclamation District
 - Mosquito Abatement District



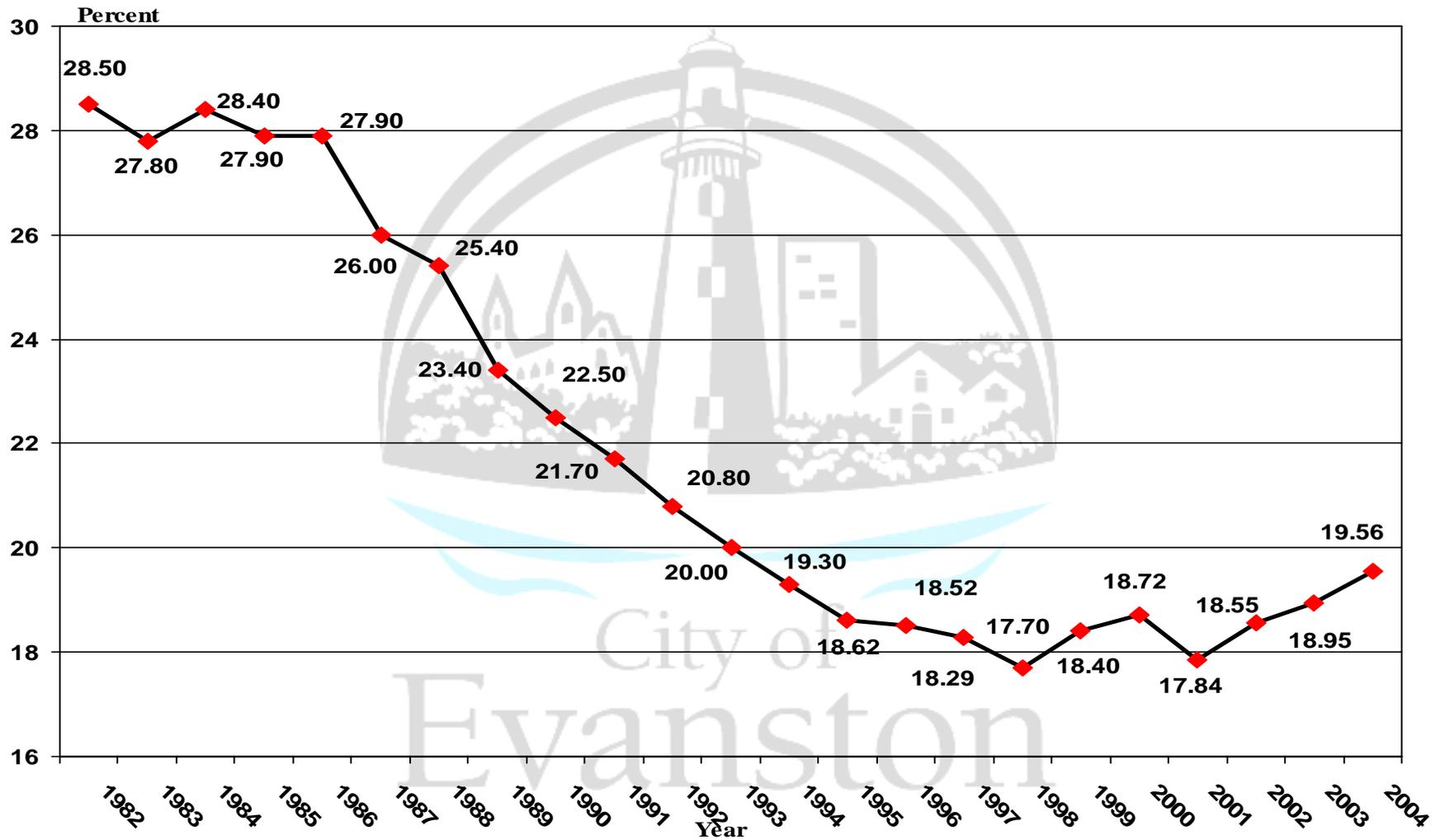
Real Estate Tax Bill Based on 2004 Tax Rates



Education Funding = 66.8% of the property tax bill



City % Share of the Property Tax History





Revenues Controlled by the City

Some Examples

- Home Rule Taxes
 - Sales Tax 1% on purchases (\$5,500,000)
 - Athletic Tax 11% on athletic events (\$500,000)
 - Liquor Tax 6% on purchases (\$1,500,000)
 - Cigarette Tax (proposed) \$.50 per pack (\$550,000)
 - Telecommunications Tax (\$3,600,000)
 - Parking Tax (\$1,500,000)
 - Electric Utility Tax (\$2,600,000)
 - Natural Gas Tax (Utility Tax \$1,150,000)
 - Natural Gas Use Tax (\$850,000)



Revenues Controlled by the City

Some Examples

- License and Permits
 - Vehicle Licenses (\$60.00 per vehicle, revenue \$2,100,000)
 - Business Licenses (\$90,000)
 - Building Permits (\$3,100,000)
 - Liquor Licenses (\$275,000)

A large, faint watermark of the City of Evanston logo and text is centered in the background of the slide. It includes the circular emblem with the lighthouse and buildings, and the text "City of Evanston" below it.



Revenues Controlled by the City

Some Examples

- Fines
 - Parking Tickets (proposed) \$3.8 million annually
 - False Alarm Fines \$140,000 annually
 - Library Fines and Fees - \$168,700

A large, faint watermark of the City of Evanston logo and text is visible in the background of the slide. It includes the circular emblem with the lighthouse and buildings, and the text "City of Evanston" below it.

City of
Evanston



Revenues Controlled by the City

Some Examples

- Service Charges

- Ambulance Fees - \$470,000 in 2005/06
- Recreation Programs - \$4 million in 2005/06
- Recycling Charge - \$828,000 (proposed)
- Alarm Panel Fee – \$100,000

City of
Evanston



State and Federal Funding

- CDBG
- State Health Grants
- Federal Grants for Criminal Justice Programs
- State Grants for Park Redevelopment (CIP)

A large, faint watermark of the City of Evanston logo and text is centered in the background of the slide. It features the same circular emblem as the logo in the top left, but in a light gray color. Below the emblem, the words "City of Evanston" are written in a large, light gray serif font. The watermark is positioned behind the list of funding sources.

City of
Evanston



Transfers from Other Funds

- Cover the Cost of Administration
 - Salaries
 - Pensions
 - Health Insurance
- Return on Investment



City of
Evanston



Expenditures

A large, faded version of the City of Evanston logo is centered on the page. It features the same circular emblem with a lighthouse, church, and house, and the text "City of Evanston" below it, all in a light gray color.



Personnel Costs

- Labor costs make up 80% of the General Fund.
- General Fund Has about a \$40 million Dollar Payroll
- A 3% Increase in Wages = \$1,200,000
- Health Insurance Cost have averaged between 10 to 20% over the past ten years
- If a 15% increase in health insurance premiums = \$890,000
- 2006/07 Budget assumes a 10% increase
- Pension Funds Costs have increased due to aging population, legislative changes and poor stock market performance.
- IMRF Rate to increase in 2006/07.



What do new personnel cost?

Example:



What does a fire company cost?

- 9 personnel: \$540,000 per year
- Fire engine: \$450,000

Total \$990,000

- People required to staff an engine or ambulance



Why do we have trouble each year
balancing our budget?

It is a long Story

City of
Evanston



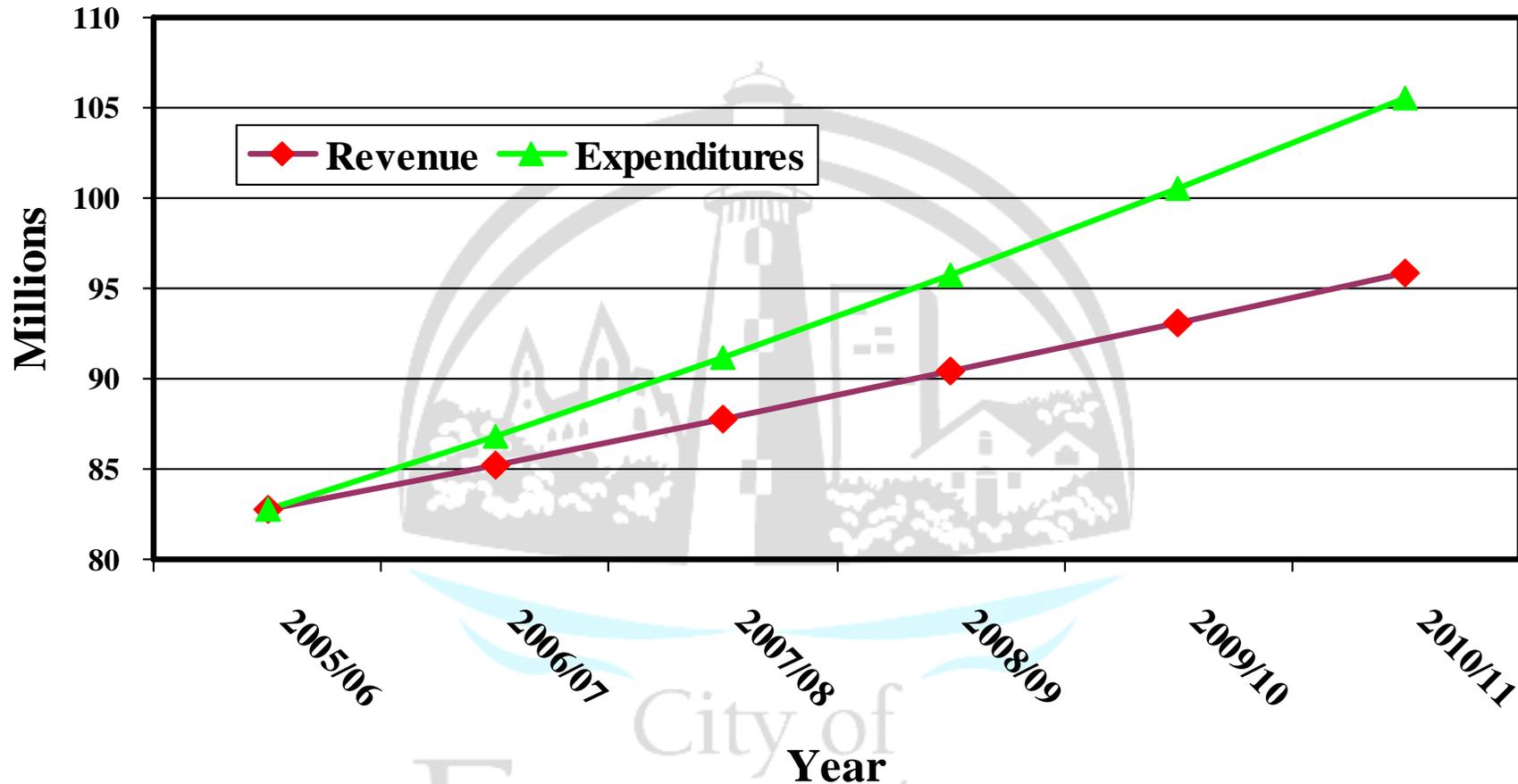
Budgeting is a Balancing Act

City of
Evanston



A Difference in Growth Between Revenues and Expenditures

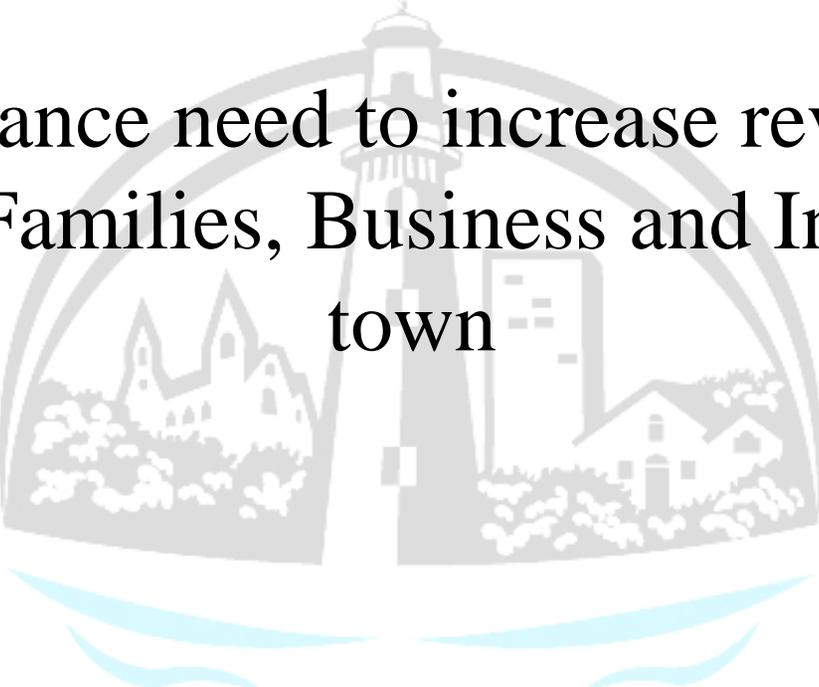
5-Year General Fund Projection



Expenditures outpace revenues = a problem



Must balance need to increase revenue vs.
keeping Families, Business and Industry in
town



City of
Evanston



What About the New Development in Town???

- Since we are a mature community there are not the number or type of developments that quickly boost the local economy.
- Most of the increase in taxes from new development have gone back to pay the City's cost to encourage development.
- Future will benefit by adding \$ 110 million to tax roles from TIF's in 2009



External Forces Affecting Us

- State Economy still on a moderate rebound
- State Budget continues to be uncertain
 - State shared revenues still at risk
- Rising Cost of Goods and Services
- Wage and Contract Issues
- Health Insurance

City of
Evanston



What should We DO??

Raise Taxes?

Eliminate Services?

Eliminate Jobs?

Limit Wage and Benefit Adjustments?

More Development?

City of
Evanston



Answer

- Become more efficient, innovate and save where we can
- Do more with same resources, evaluate process continuously
- Allow for very limited budget increases
- Possibly consider some new revenue source



2006/07 Operating Budget Review

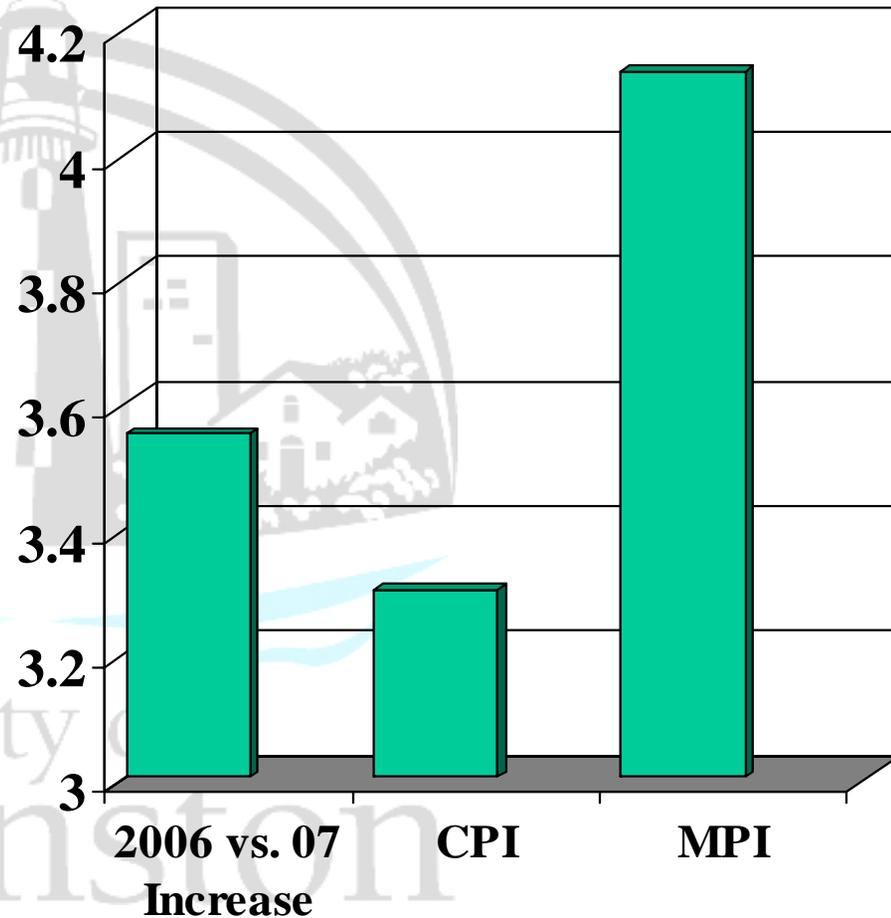
A large, faded version of the City of Evanston logo is centered in the background of the slide. It features the same circular emblem with a lighthouse and buildings, and the text "City of Evanston" below it, all in a light gray color.

City of
Evanston



Operating Budget

- Total Operating Budget
\$ 181,711,265
- Increase of 3.55% over the
2005/06 Budget
- Municipal Price Index
= 4.13%
- Consumer Price Index
= 3.40% (December 2005)

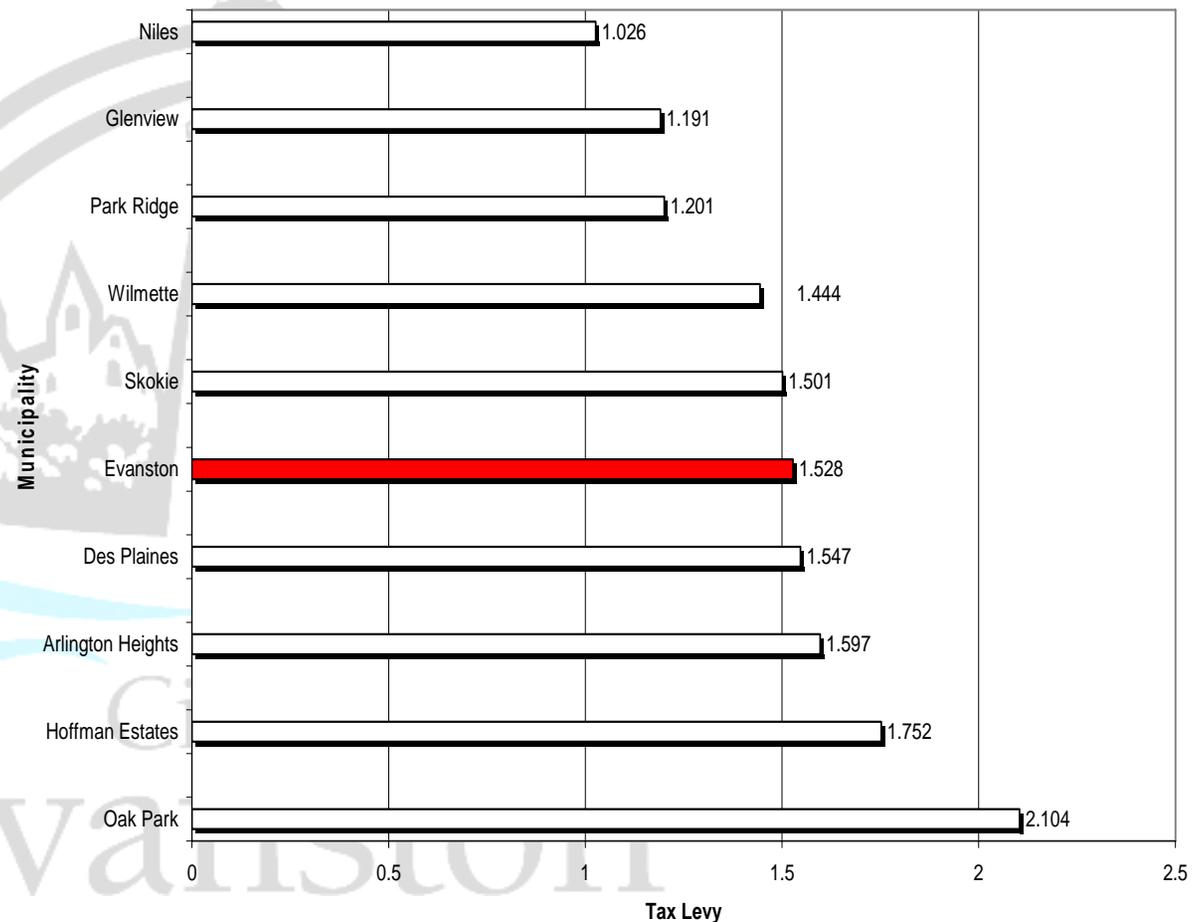




How We Compare

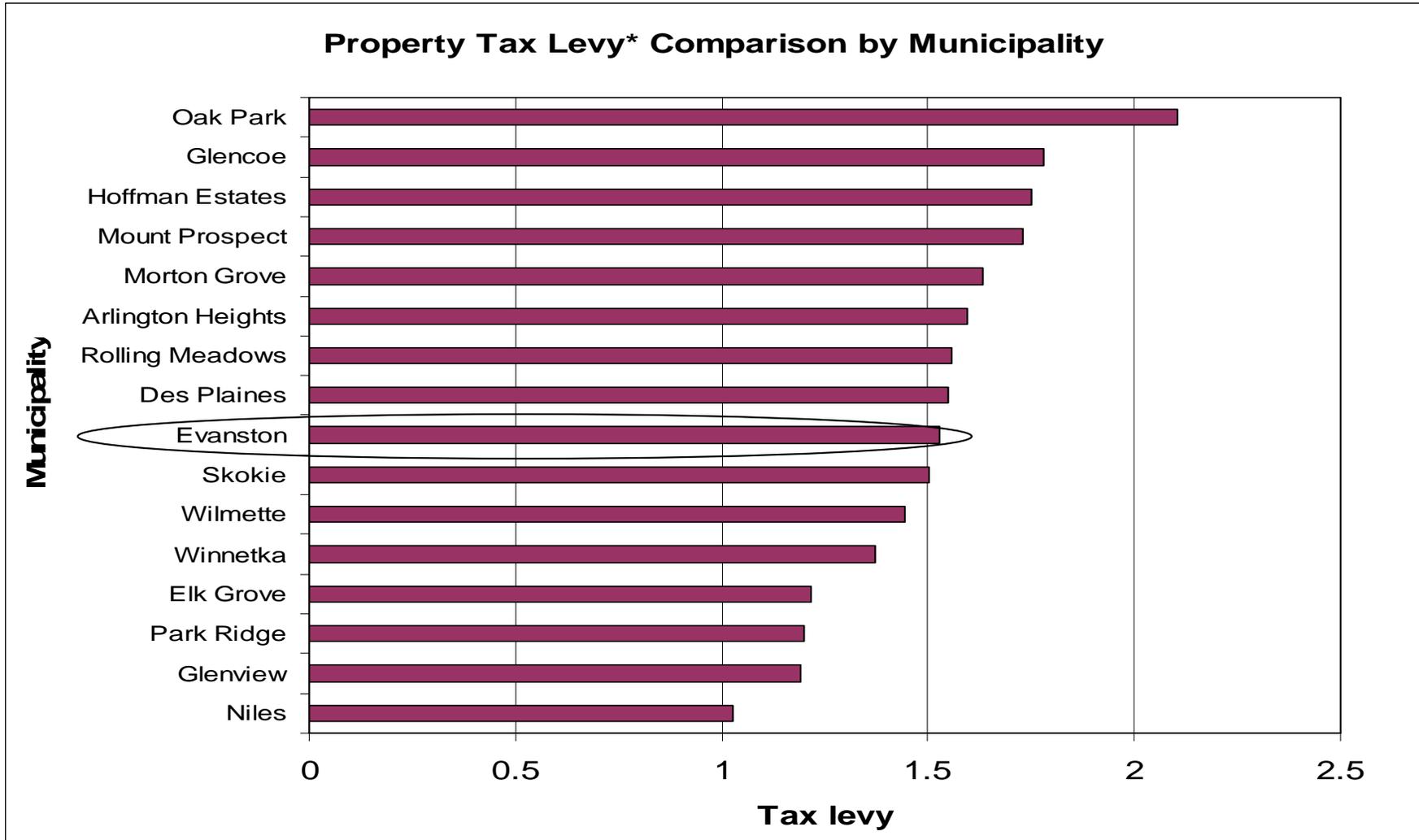
- Evanston is a full service community
- Annual comparisons have not included Park and Library Districts
- When compared on an equal basis to other communities our tax rate is in the middle of the pack

Property Tax Levy* Comparison By Municipality



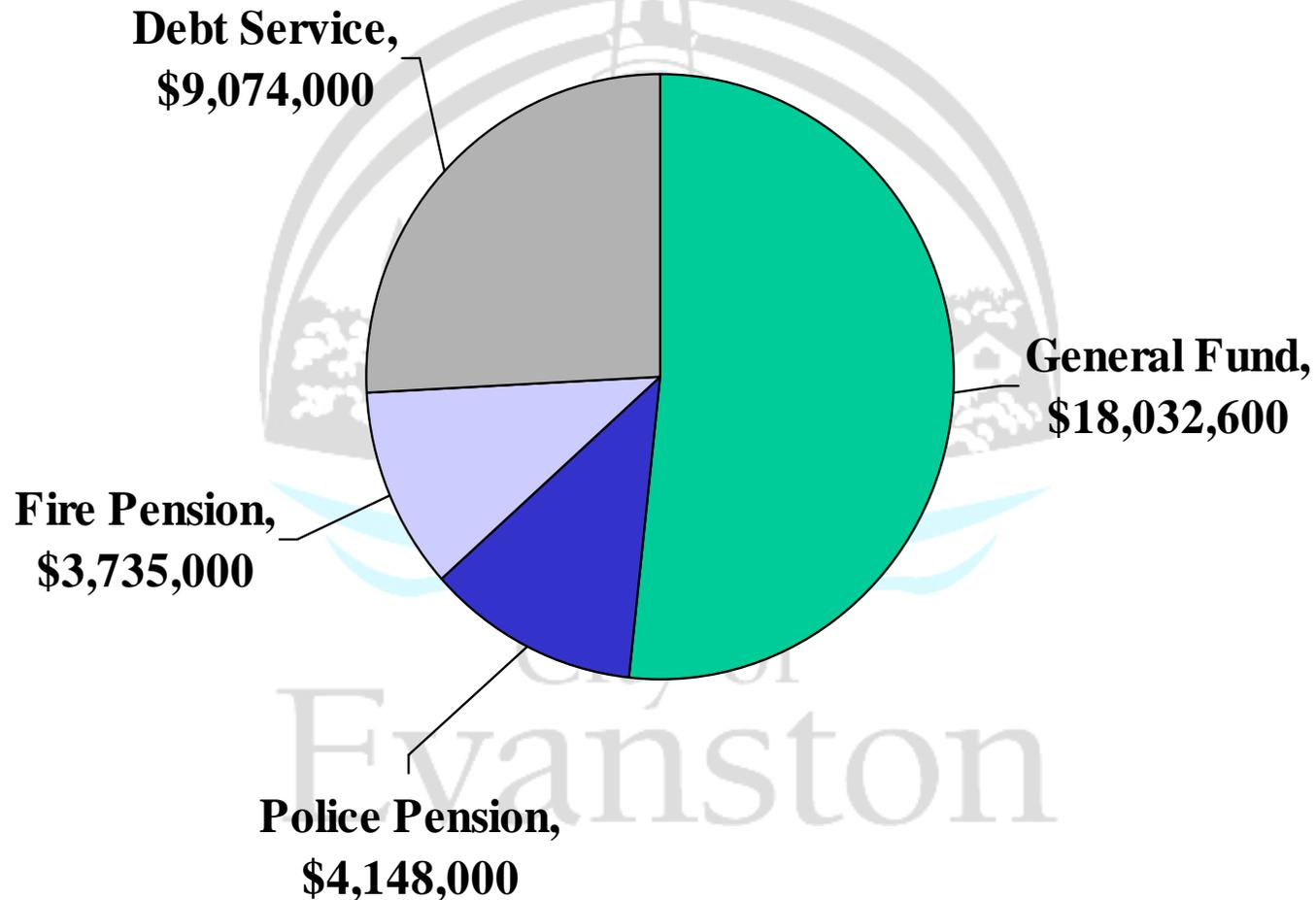


A Larger Comparison



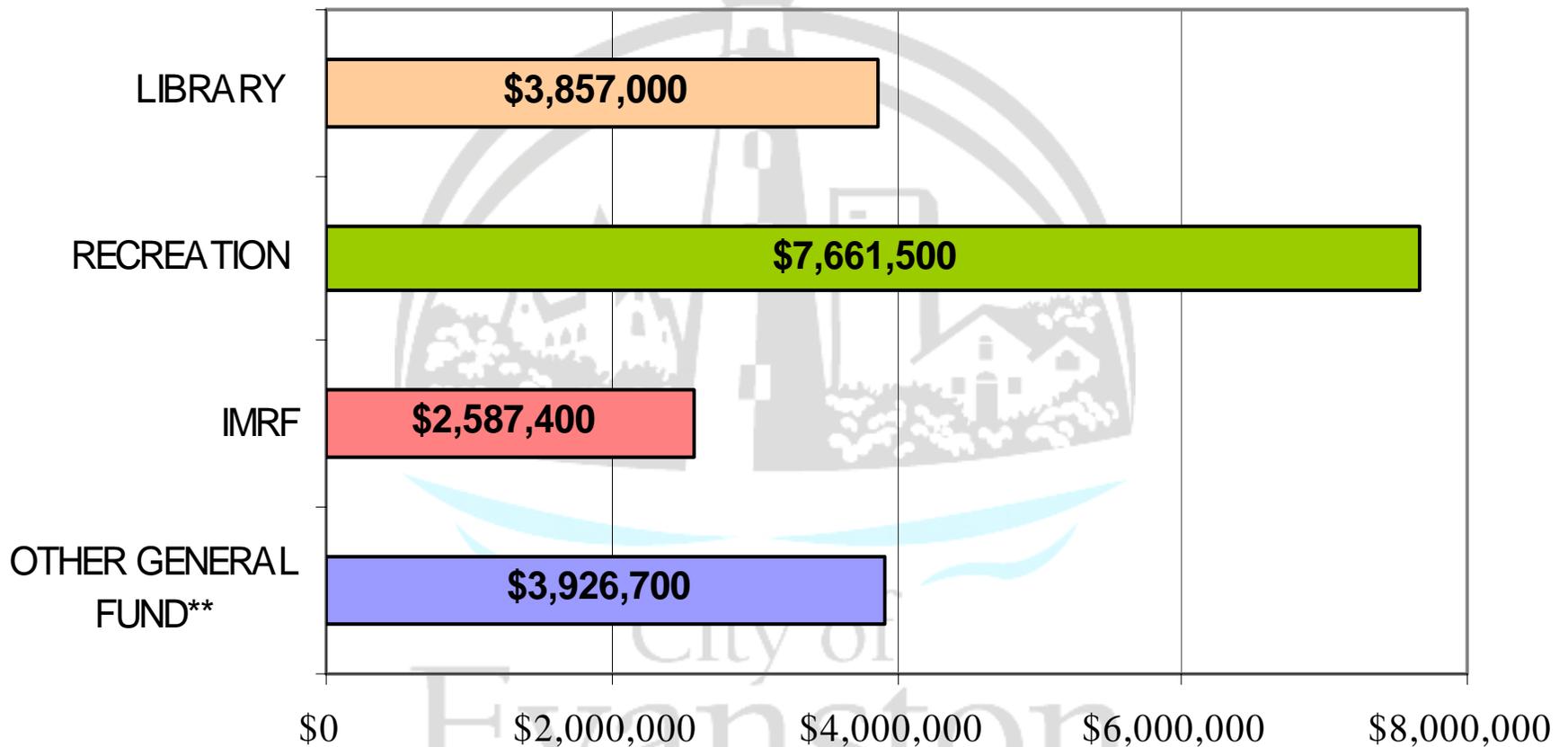


2006/07 Proposed Property Tax Levy Fund Allocation





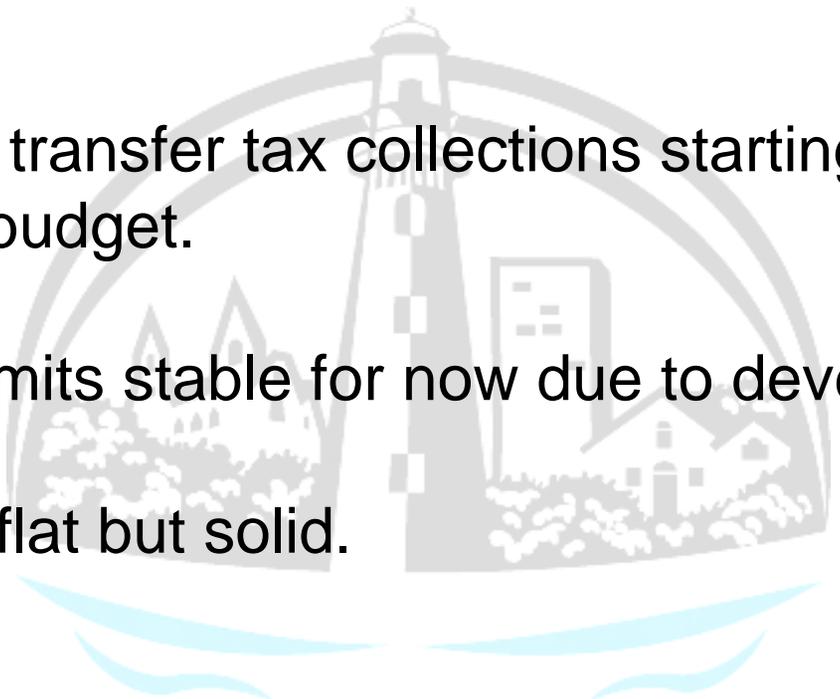
Distribution of General Fund Tax Levy Across Functional Areas





Evanston Economy

- Real estate transfer tax collections starting to struggle but will meet budget.
- Building permits stable for now due to development.
- Sales tax is flat but solid.



City of
Evanston



FY 2006/07 General Fund Expenditures

City of
Evanston



General Fund Expenditure Changes

Proposed 2006/07 Budget:	\$85,900,000		
FY 2004/05 Adopted Budget:	<u>\$82,714,300</u>		
	\$ 3,185,700	3.85%	Increase
Salaries & Wages	\$ 2,336,400		
Overtime	\$ 370,700		
Health Insurance	\$ 902,100		
IMRF, FICA, Medicare	\$ 867,300		
Utilities	\$ 56,400		
Fire Positions	\$ 25,000		
Human Resources Position	\$ 63,900		
Assistant Finance Director Position	\$ (105,000)		
Human Relations Specialist	<u>\$ (24,700)</u>		
	\$ 4,491,500		
Reductions	\$ 1,305,800*		

* \$728,600 reduction resulting from the change in the elm tree inoculation program. Remaining savings from miscellaneous departmental reductions.



Employee Cost Assumptions

- Cost of Living increase
- Allowed for Normal Step/Merit Increases
- Two new positions, Firefighter and Human Resources offset by position reduction in Finance and Human Relations

City of
Evanston



General Fund Expenditures

- Fire Department

- Add One Firefighter per plan to increase force by three.
- Budgeted for 1/2 year
- Will assist in manpower strength
- Reduce overtime costs

City of
Evanston

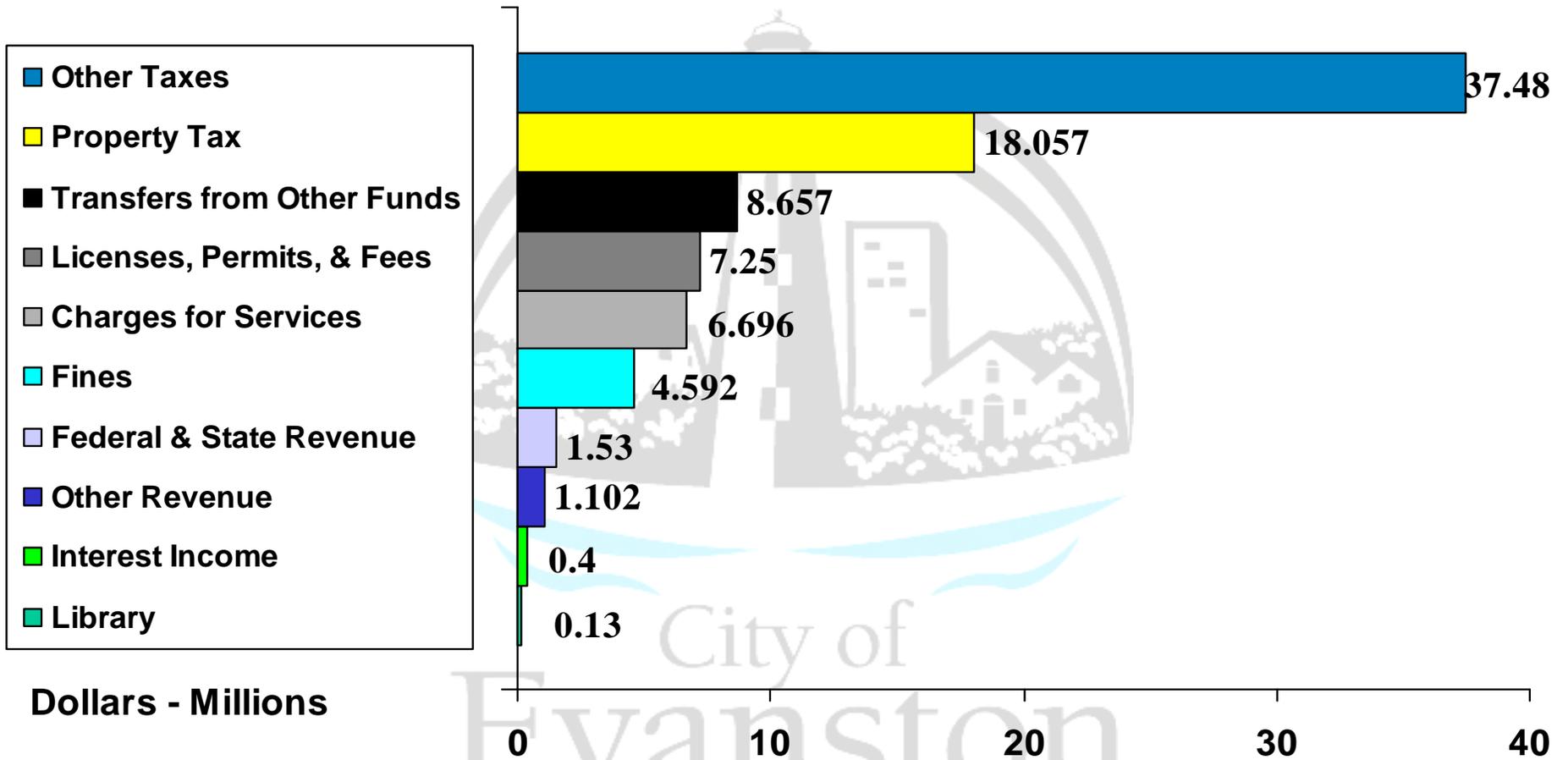


FY 2006/07 General Fund Revenues

City of
Evanston



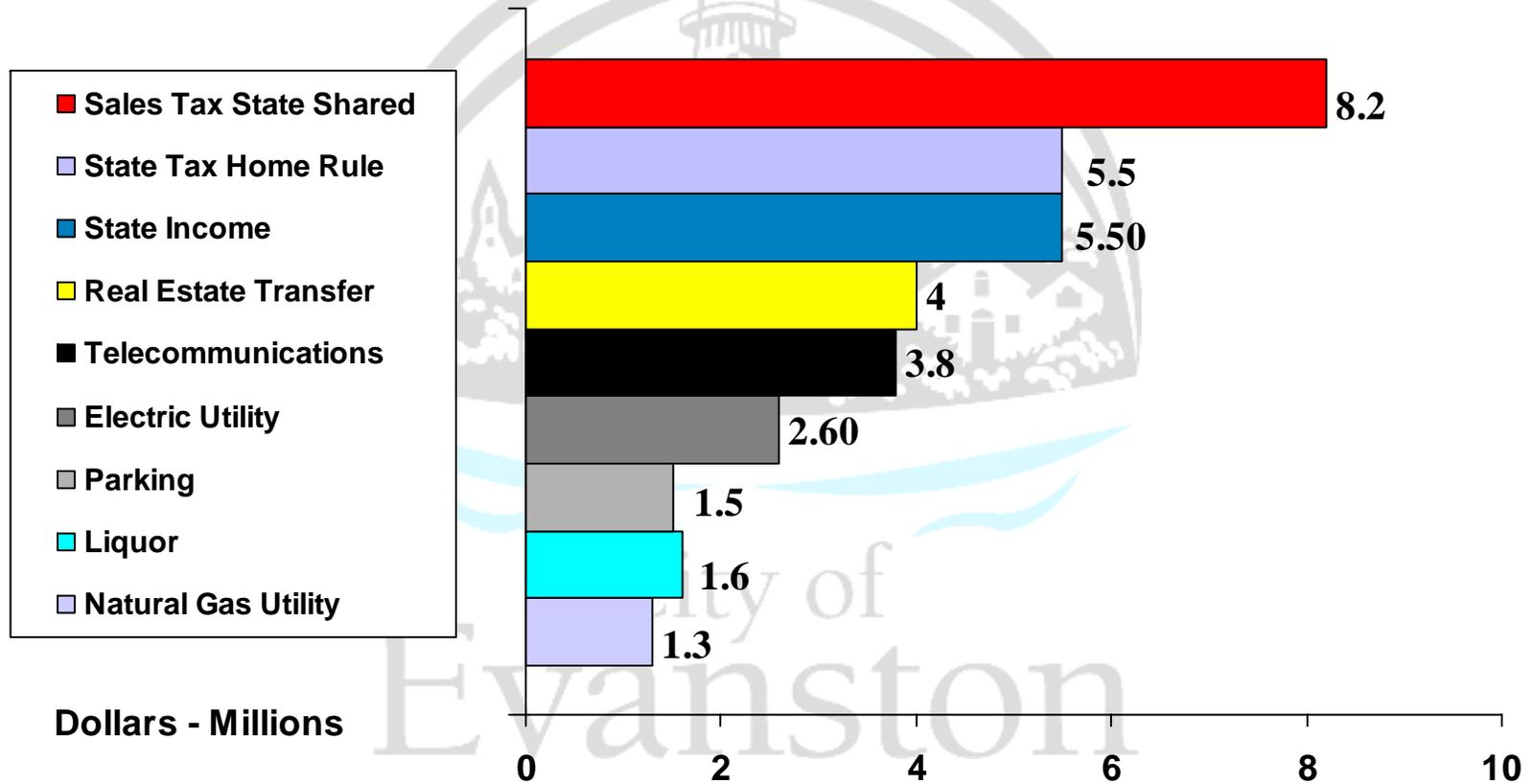
FY 06/07 Proposed General Fund Revenue





FY 06/07 Proposed General Fund Revenue

Other Taxes

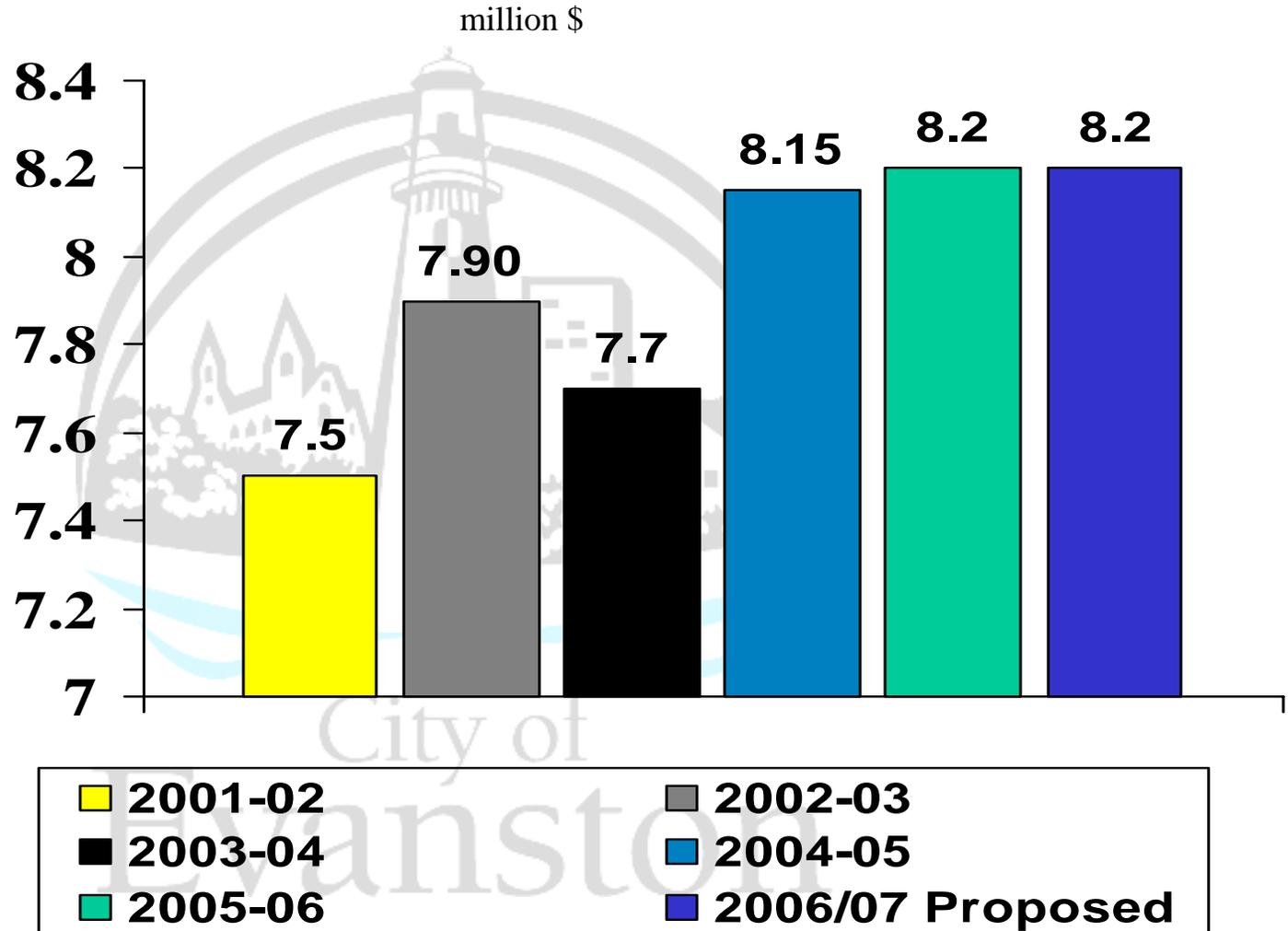




Sales Tax

General Fund

- 1% levied
- Projected \$8,200,000

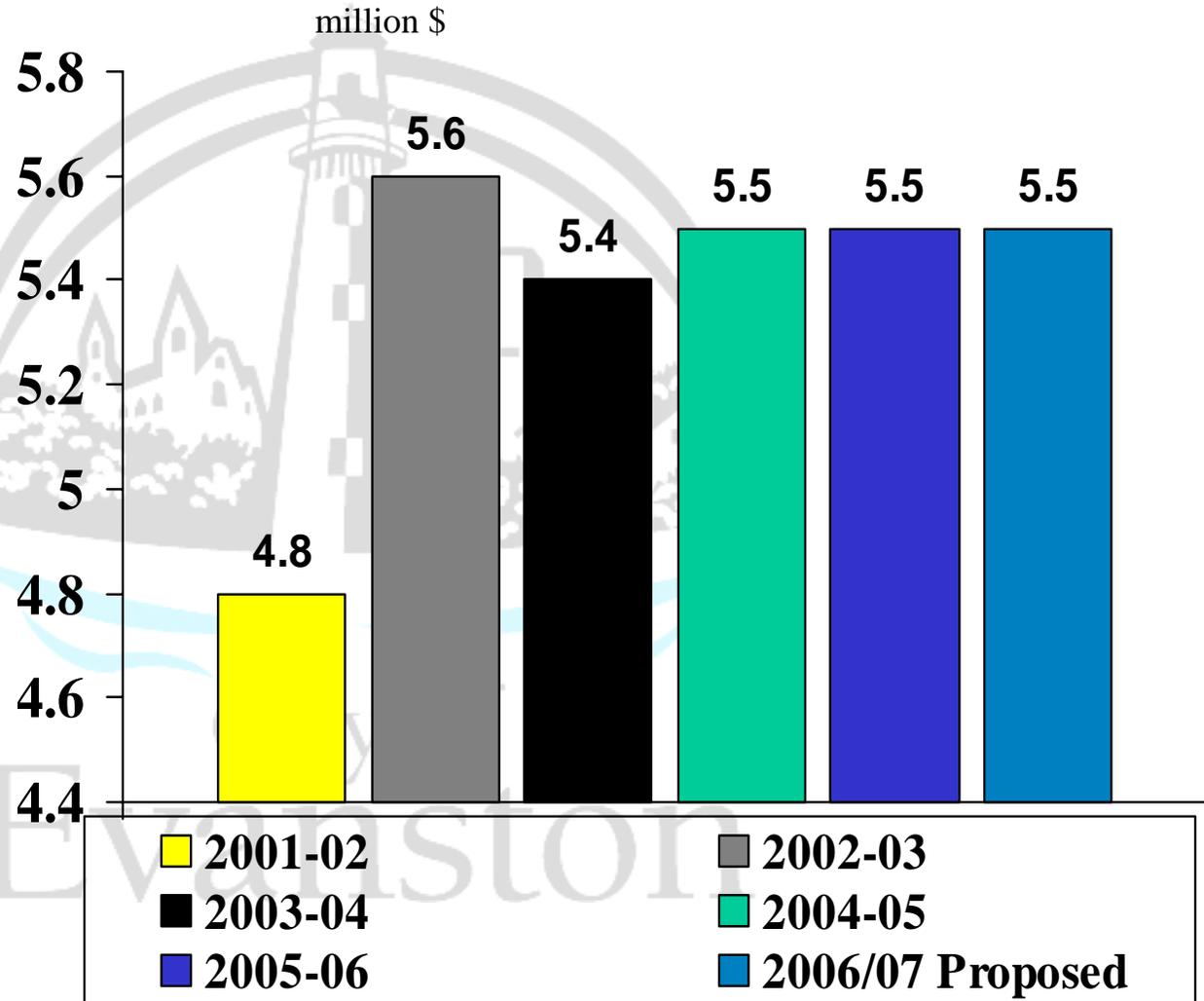




Home Rule Sales Tax

General Fund

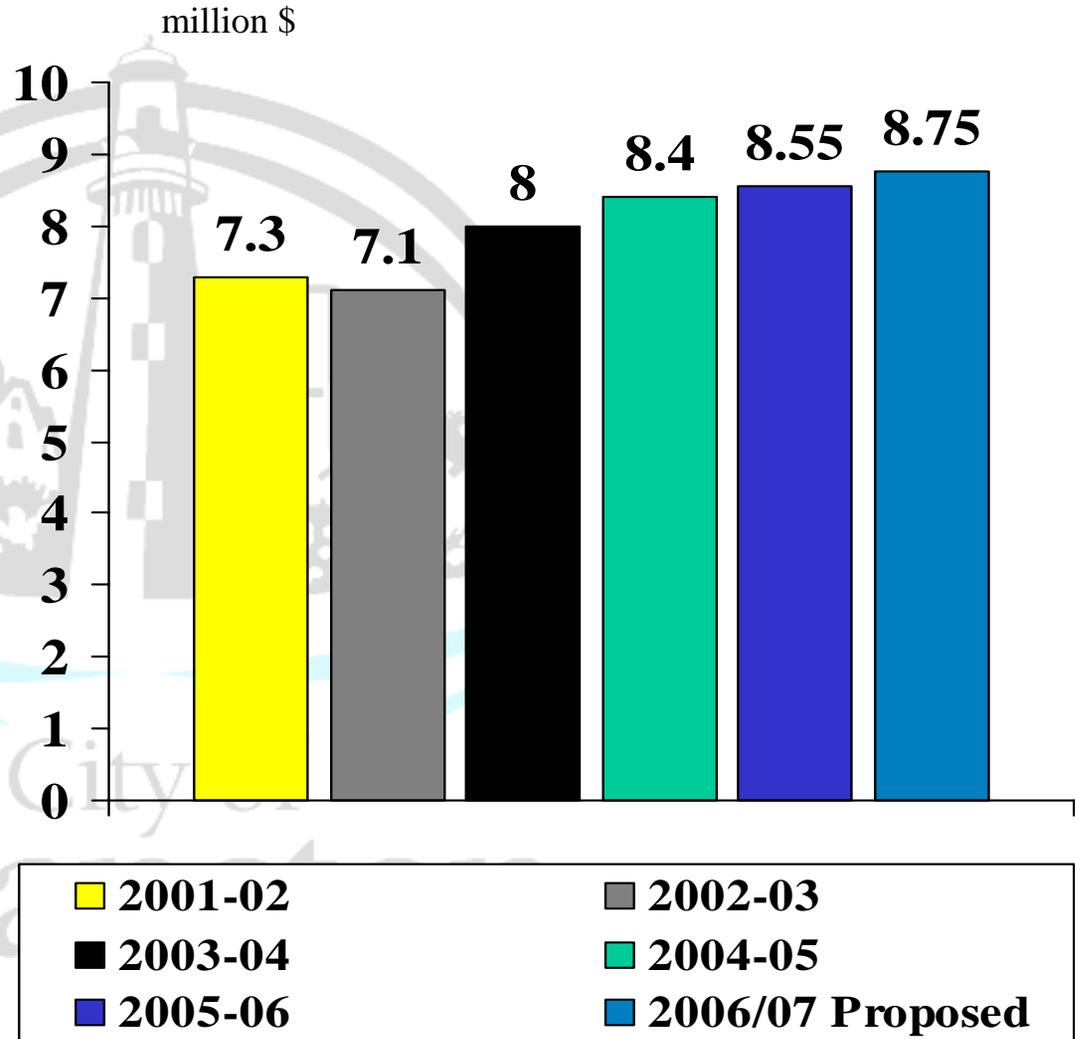
- 1.0% Levied
- Projected
\$5,500,000





Utility Taxes

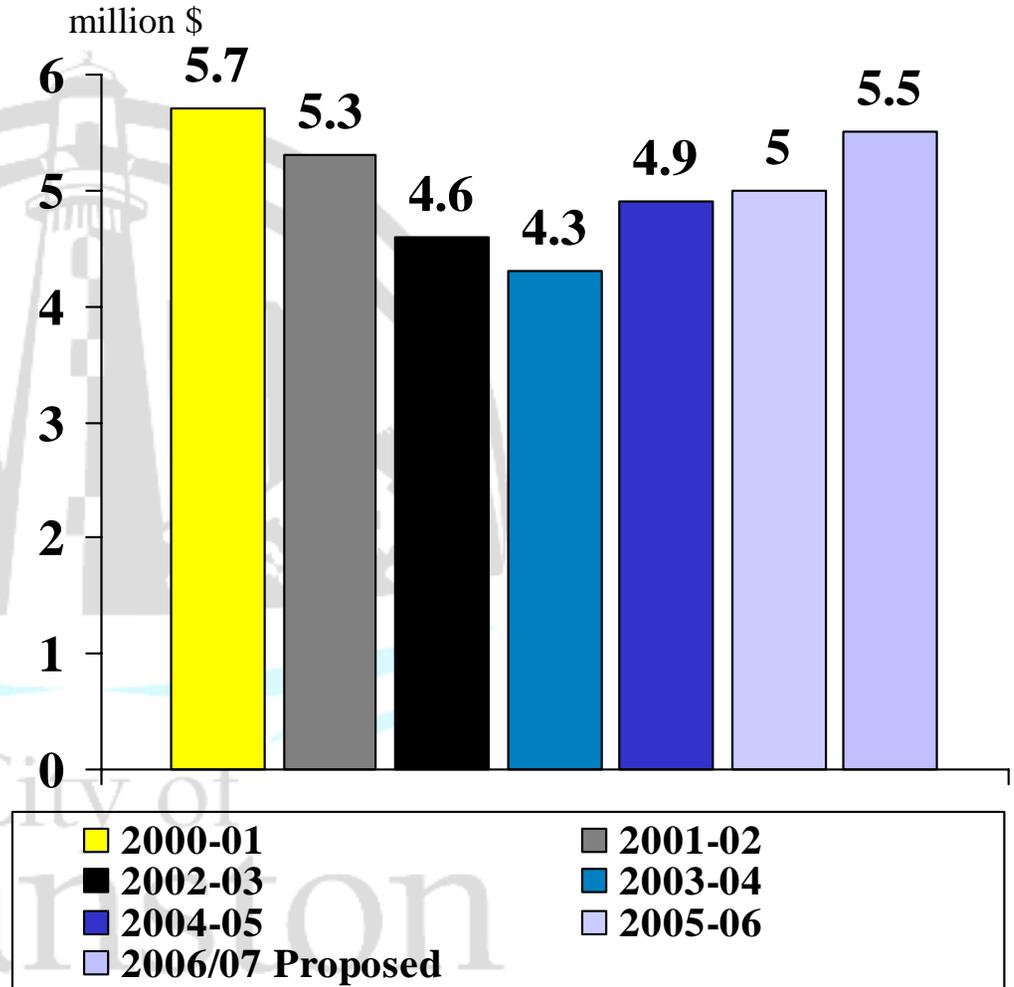
- 5% Tax Rate Electric & Natural Gas
- 6% Telecommunications Tax
- Natural Gas Use Tax
- Proposed \$8,500,000





State Income Tax

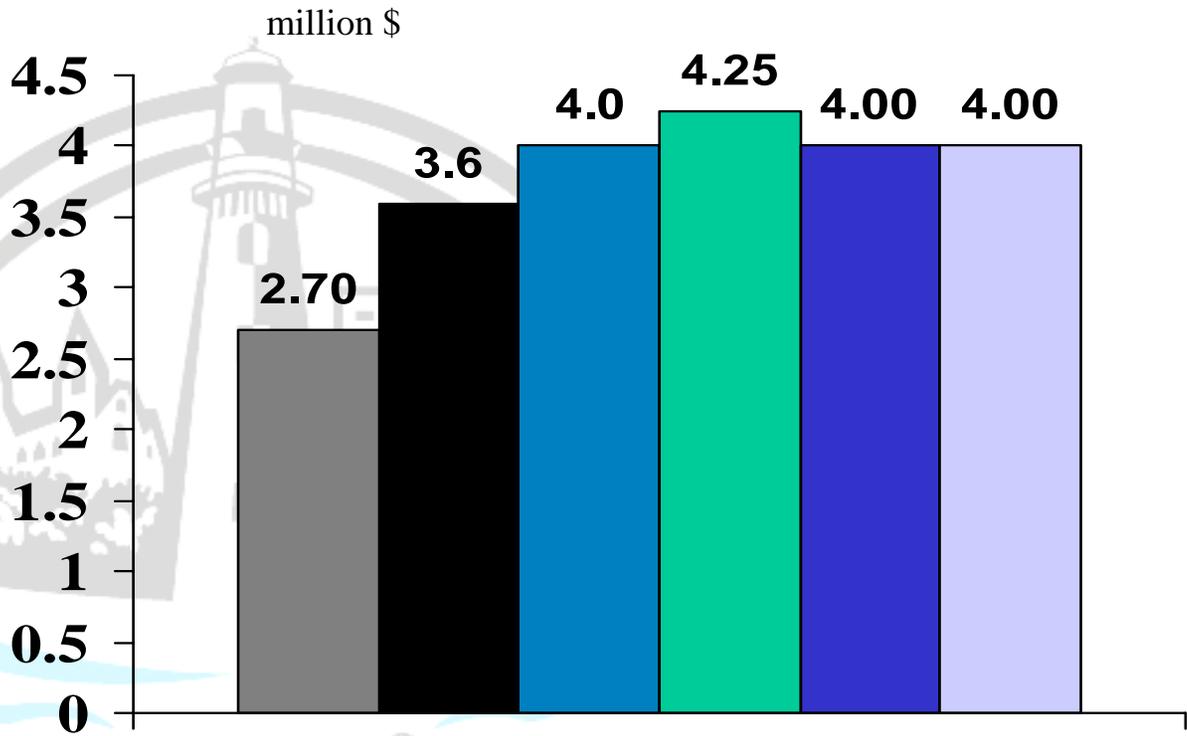
- Allocated by State based on population
- 1/10th of amount collected is allocated to local government
- Project \$5,500,000
- 10.0% increase from prior year budget. Still below FY 2000-01





Real Estate Transfer Tax

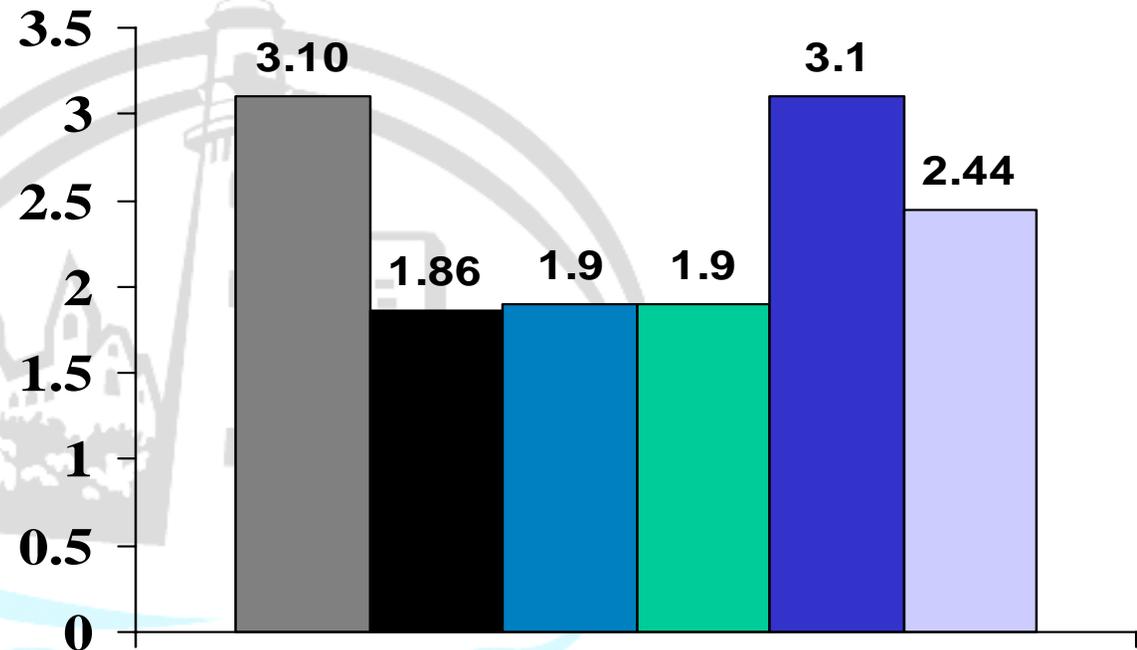
- 0.5% of sales value
- Tax falls on seller
- Average budget and actual 4.0 million since 2003/04





Building Permit Revenue

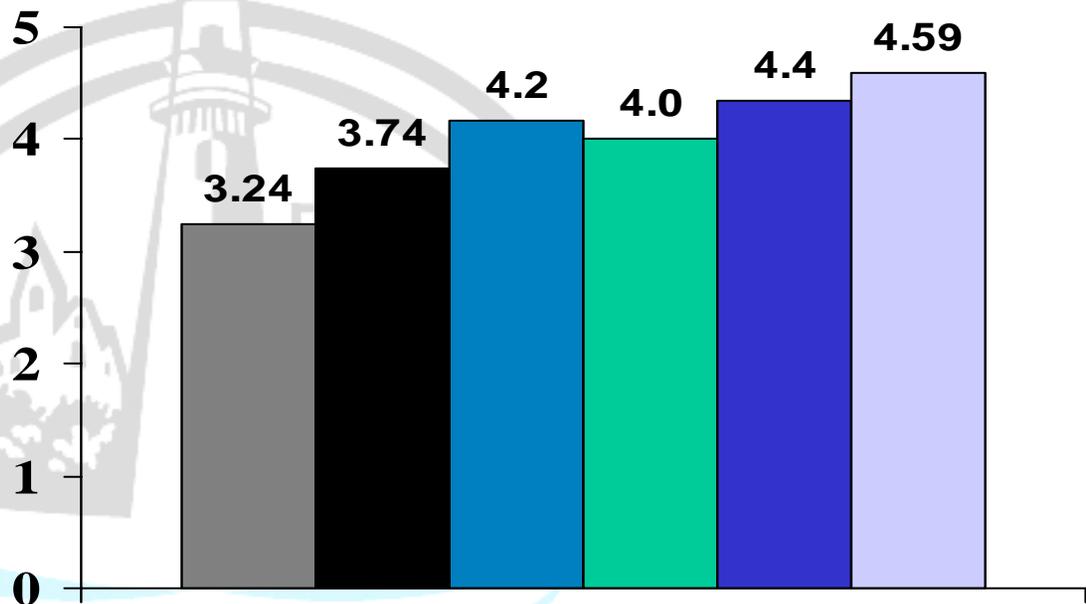
- A consistent average of 2.0 million.
- Depends heavily on development





Fines

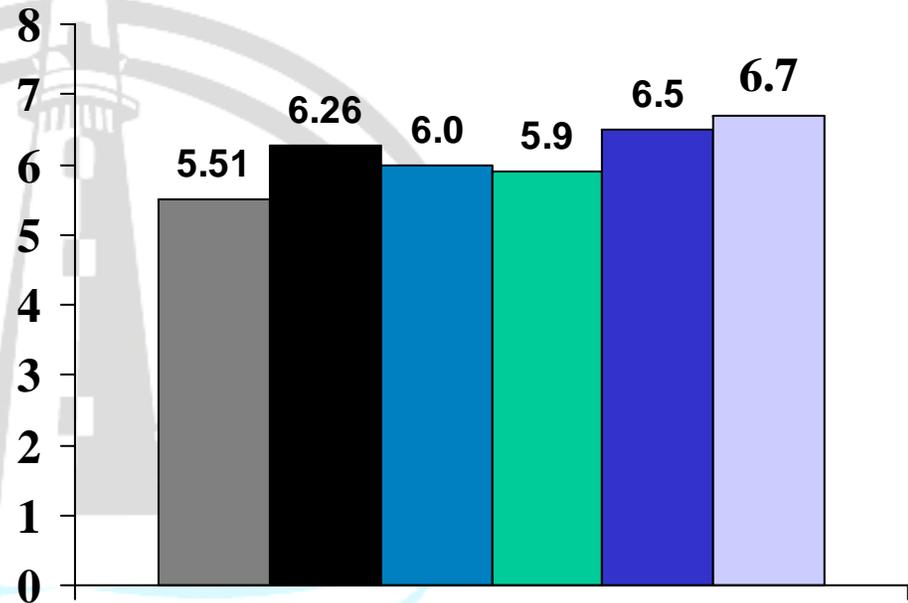
- Parking Ticket Fines
- Library Fines
- False Alarm Fines
- Administrative Adjudication Fines





Charges for Service

- Recreation Revenue
- Library Revenue
- Health Department Fees
- Ambulance Fees
- Vital Statistic Records Fees





IV. Other Funds

City of
Evanston



Other Funds – Insurance Fund

- Major litigation and liability claims settled
- Operating Budget of \$2,050,000
- Need to begin to build reserve fund for claims below stop loss policy of \$2,000,000
- Continue to provide more aggressive risk management and training.

City of
Evanston



Other Funds

Police and Fire Pension Funds

- Actuarially determined funding requirements.
- Fire Pension Operating Budget = \$5,162,000
 - A 9.5% increase
- Police Pension Operating Budget = \$5,983,500
 - A 1.6% increase



Other Funds – Parking Fund

- Anticipated expenditures of \$3,692,800
- Rate structure adopted by City Council in Summer of 2004 to keep fund stable.
- Sherman Avenue Garage Fund to be established until the TIF district expires.

City of
Evanston



Other Funds

- **Water Fund - No Rate Increase**
 - Operating Budget of \$13,702,800
 - An Increase of \$12,200 or 0.9%
 - Funding depreciation adequately
 - Rate Study in Progress

City of
Evanston



Other Funds

- **Sewer Fund**

- No rate increase
- Operating Budget of \$16,648,800
- An Decrease of \$542,500 or (3.15%)
- Rate Study in Progress in combination with Water Rate study



Other Funds

- **Fleet Fund**

- **Balanced, Restricted New Equipment Purchase**

- Operating Budget of \$4,936,600
 - An Increase of \$277,700 or 5.7%
 - Higher Fuel Costs
 - All Debt retired – Fund back on cash basis
 - Equipment replacement of 2.0 Million per year



Other Funds

- **Motor Fuel Tax Fund** –
 - Operating budget of \$2,272,500. Funded from State of Illinois Motor Fuel Tax Fund.
- **Emergency Telephone** –
 - Operating Budget of \$1,736,700. Funded from wire and wireless surcharge.
- **CDBG** –
 - Operating budget of \$2,256,640
- **Economic Development** –
 - Operating budget of \$1,515,400. Funded by the Hotel and Amusement Tax



V. Summary

City of
Evanston



Budget Concerns

- Monitor State and Local Economy.
- Monitor actions of the State Legislature.
- Health Insurance Rates.
- Escalating cost of goods.
- Loss of Federal or State Grants due to fund reduction or diversion.

City of
Evanston



Summary

- With the Insurance Fund issues being resolved and the Fleet Service Fund returning to a cash basis **ALL** funds are in a good financial position.
- The Proposed budget is a modest request considering level of service provided to the community and outside economic factors effecting State and local budgets.

City of
Evanston



Questions

