



FY 2009-10 Proposed Budget

January 10, 2009



Budget Discussion Schedule

- **October 6, 2008** - 2008-09 Budget Review & 2009-10 Budget Review
- **November 17, 2008** - 2009-10 Other Funds Preview
- **December 30, 2008** - Proposed Budget to City Council
- **Saturday January 10, 2009** - General Fund Budget Overview
- **Saturday January 24, 2009** - Other Funds Overview and Discussion
- **Monday February 2, 2009** - Public Hearing & Discussion
- **Monday February 9, 2009** - Budget Resolution
(Regular City Council Meeting)



Budget Concerns

- Global, National, State, and Local Economies
- Actions of the State Legislature
- Rising Cost of Goods and Services – Chicago metropolitan area CPI increased 0.6% (Nov. 2008), but MCI increased 5.6% (Dec. 2008)
- Loss of Federal or State Grants due to fund reduction or diversion



The Economy

- Housing Market
 - Real estate transfer tax transactions are down 30.5% compared to one year ago through November
 - Real estate transfer tax collections are down nearly 38.6% compared to one year ago through November
 - Economists are not clear on how soon we will see positive change in the housing market
- Credit market tightening has negatively impacted the housing and credit markets
- Starting to see lay-offs and corporate downsizing in the marketplace



Evanston Economy

- Building permits are forecast to decrease by 8.76% due to housing market.
- Sales tax is projected to increase by only 0.84%.
- Home Rules sales tax projected to decrease by 4.85%.
- Income taxes per capita revenue are forecast to increase by 6.82%, based upon information received from the Illinois Municipal League, subject to change

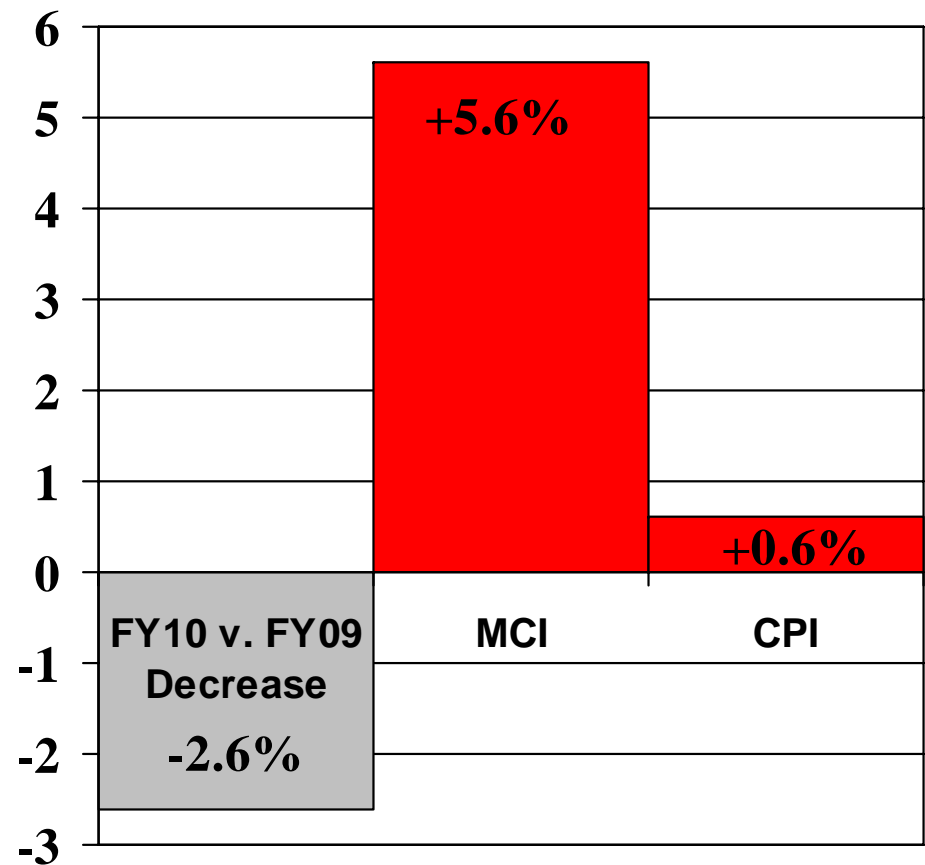


FY 2009-10 General Fund Budget Review



General Fund Budget

- Proposed FY10 General Fund Budget is \$91,631,200.
- Including transfers to Police and Fire Pension funds in FY 09, the decrease from FY09 is 2.6%.
- Excluding the pension transfer results in a 2.3% increase due to labor costs, revenue sharing agreements, and increased chemical costs related to snow cleanup.
- Municipal Cost Index
= 5.6% (December 2008)
- Consumer Price Index - Midwest
= 0.6% (November 2008)

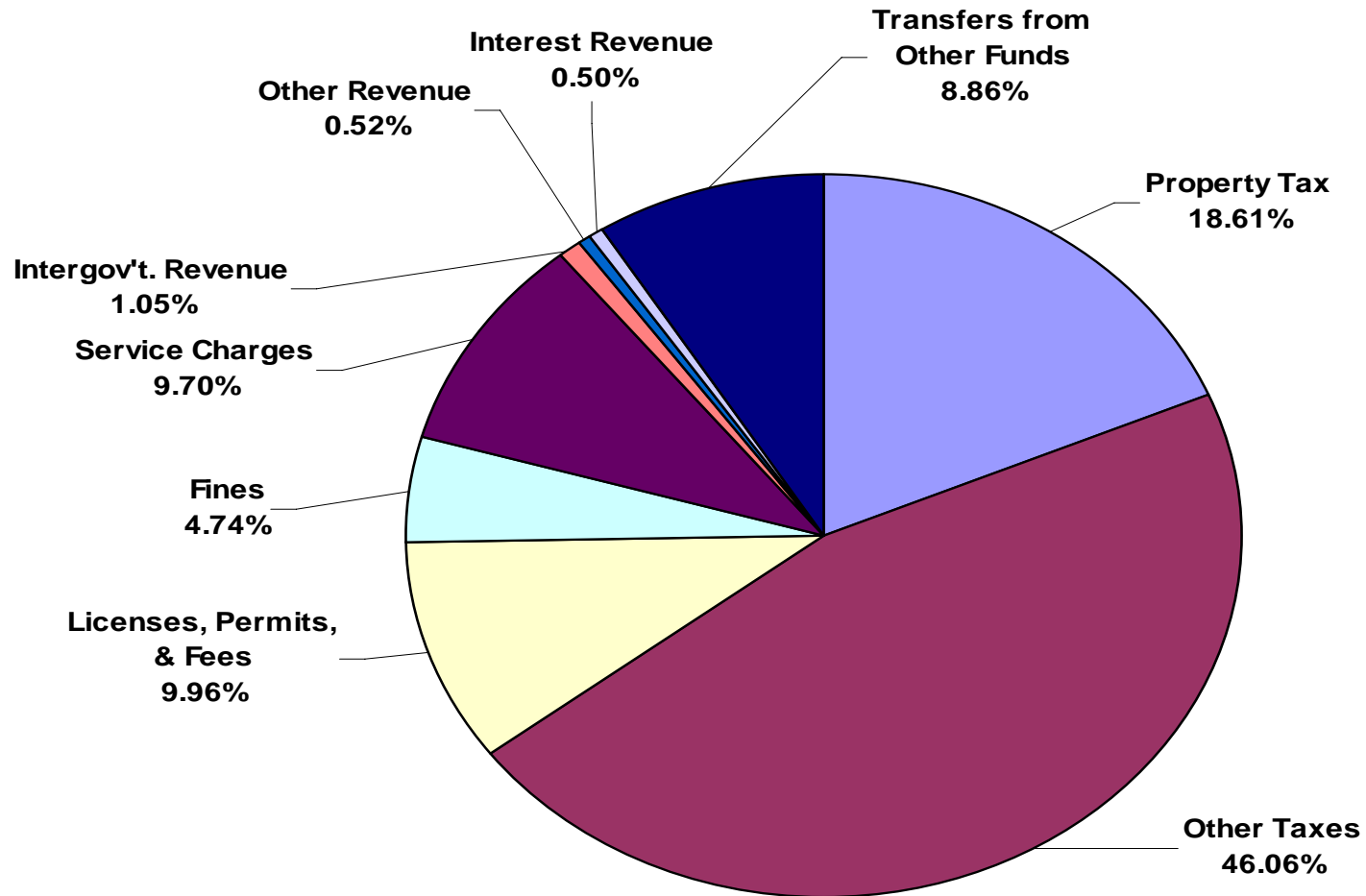




FY 2009-10 General Fund Revenue



2009-10 General Fund Revenue: Where We Get Our Money





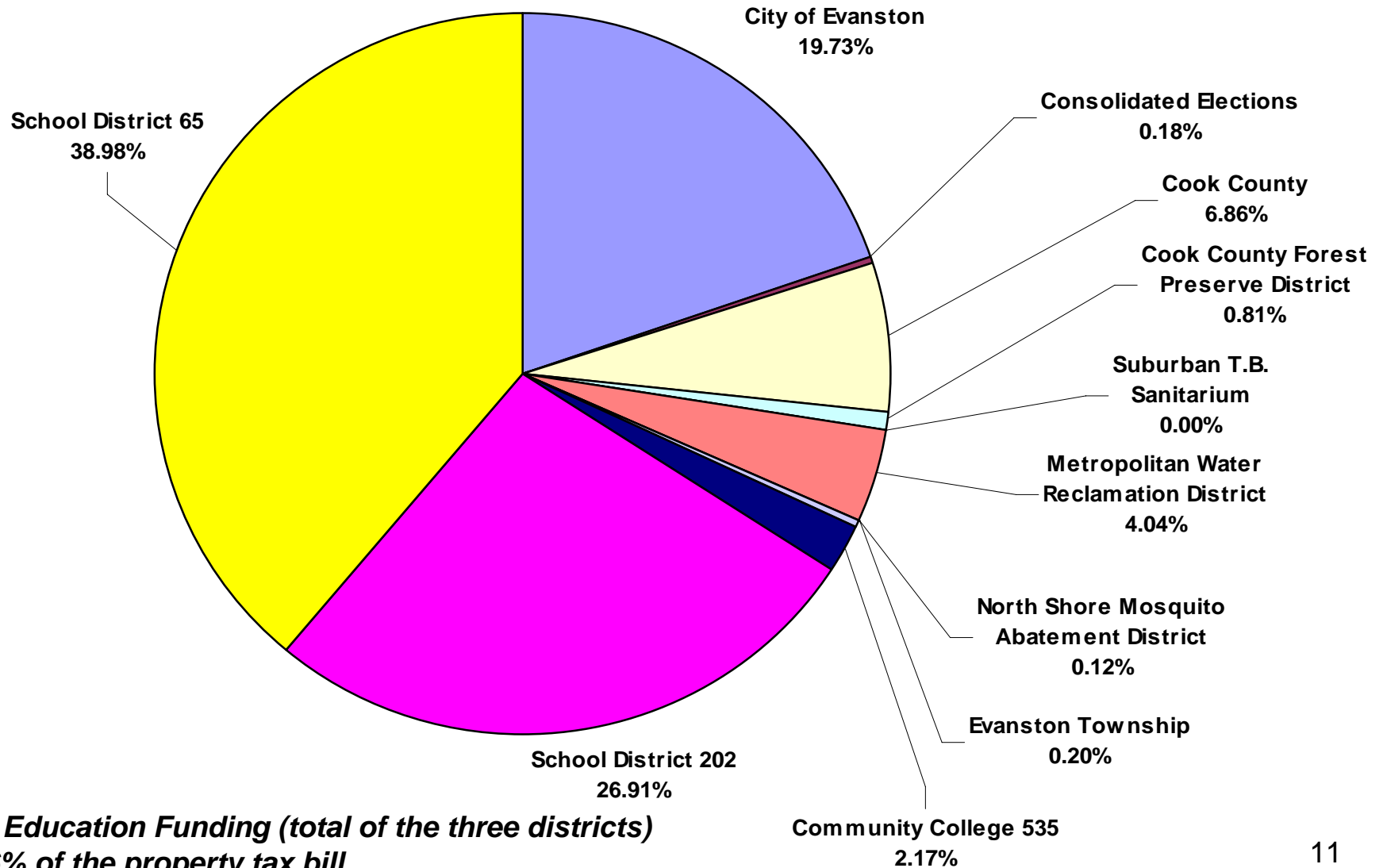
General Fund Revenues

Most General Fund revenues are not keeping pace with the current level of expenses.

Revenue Category	% Change	% of Total	Proposed Budget
Property Tax	1	18.61%	16,712,072
Other Taxes	1	46.06%	41,367,000
Licenses, Permits, & Fees	3	9.96%	8,945,100
Fines	-2	4.74%	4,256,500
Service Charges	3	9.70%	8,716,600
Intergovt. Revenue	20	1.05%	945,600
Other Revenue	-20	0.52%	467,900
Interest Revenue	-18	0.50%	450,000
Transfers from Other Funds	-7	8.86%	7,957,300
Total Revenues	0.32	100.00%	\$89,818,072



Real Estate Tax Bill Based on 2007 Tax Rates





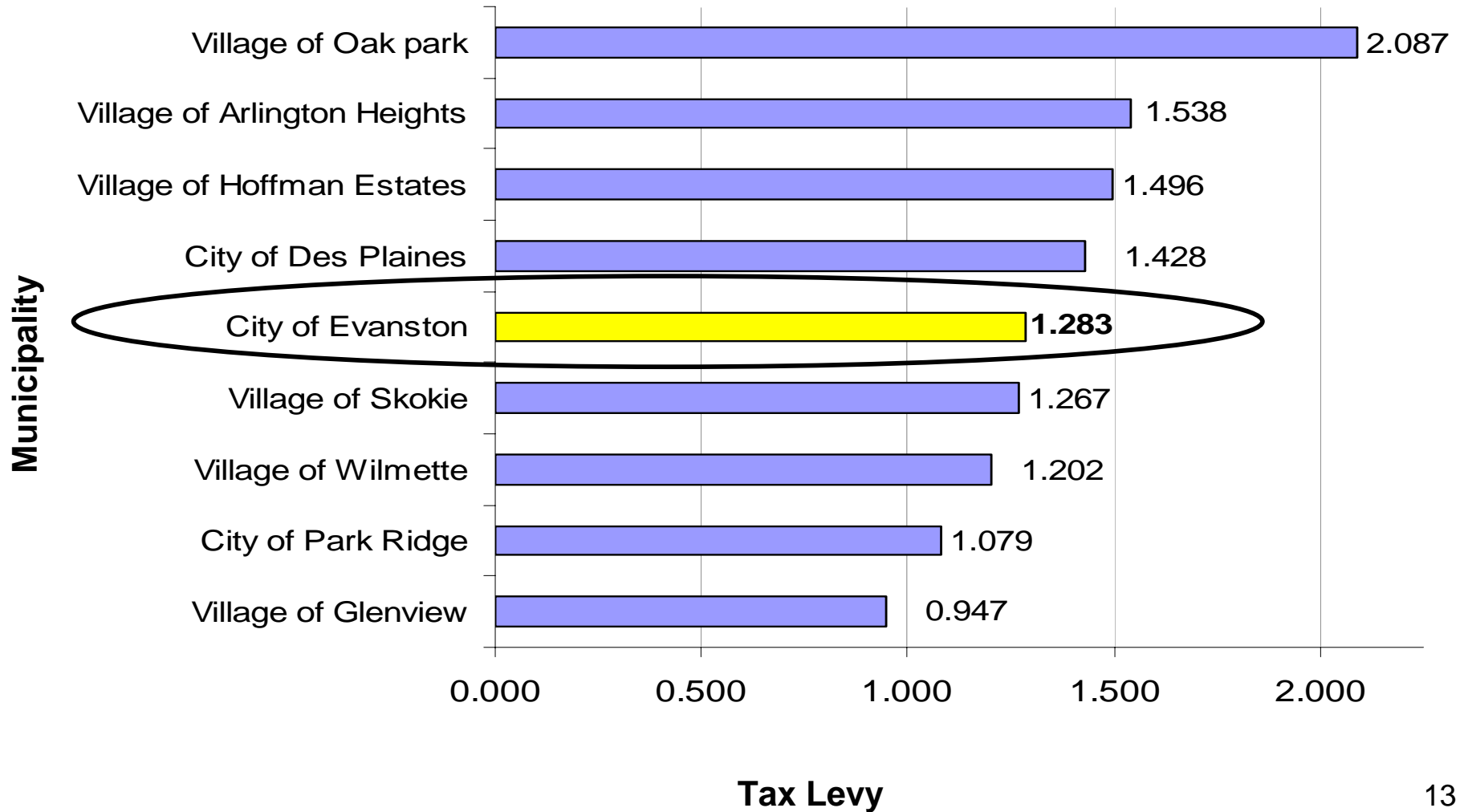
How We Compare

- Evanston is a full service community.
- Annual comparisons often do not include Park and Library Districts, but the city or village portion of the tax levy only.
- When compared on an equal basis - *that is, comparing city or village + library + park district tax rates* - to other north suburban communities, Evanston's tax rate is in the middle of the pack.



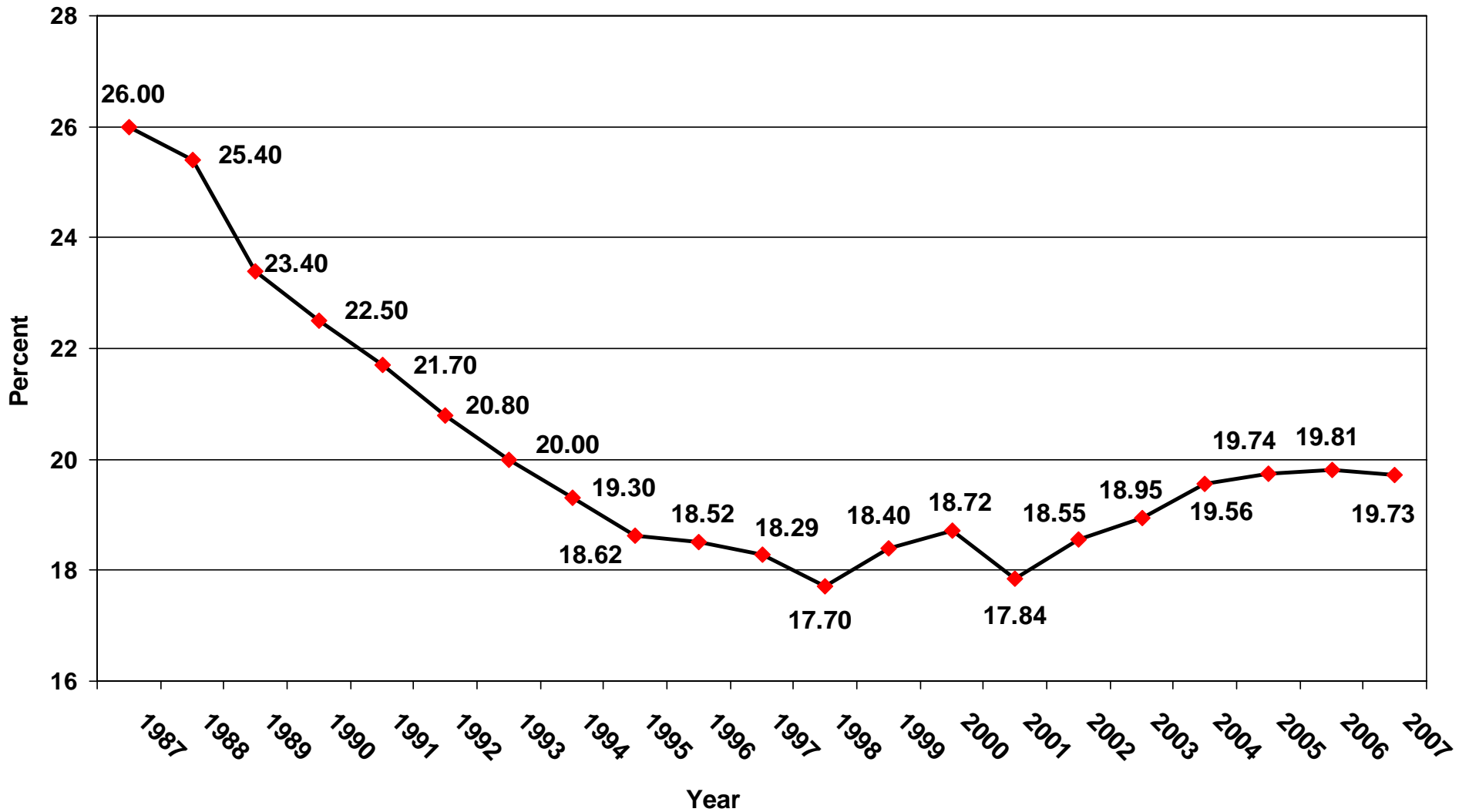
How We Compare

2007 Property Tax Levy Comparison by Municipality
(Tax levy = Municipality+Library Fund+Park District)





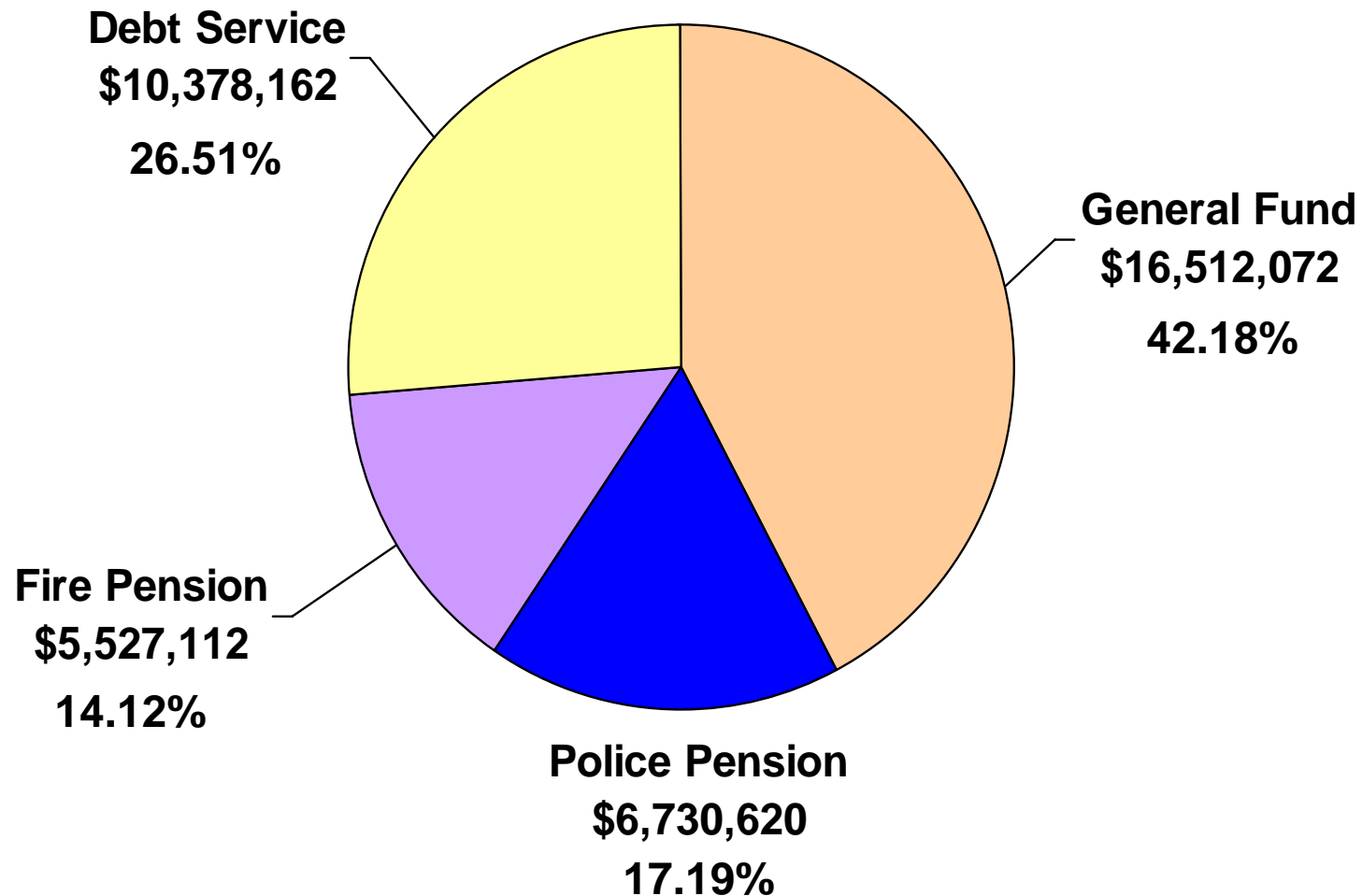
City % Share of the Property Tax History





2009-10 Proposed Property Tax Levy Fund Allocation

Total revenue of \$39,147,966 (proposed)





Property Tax Rate Increase

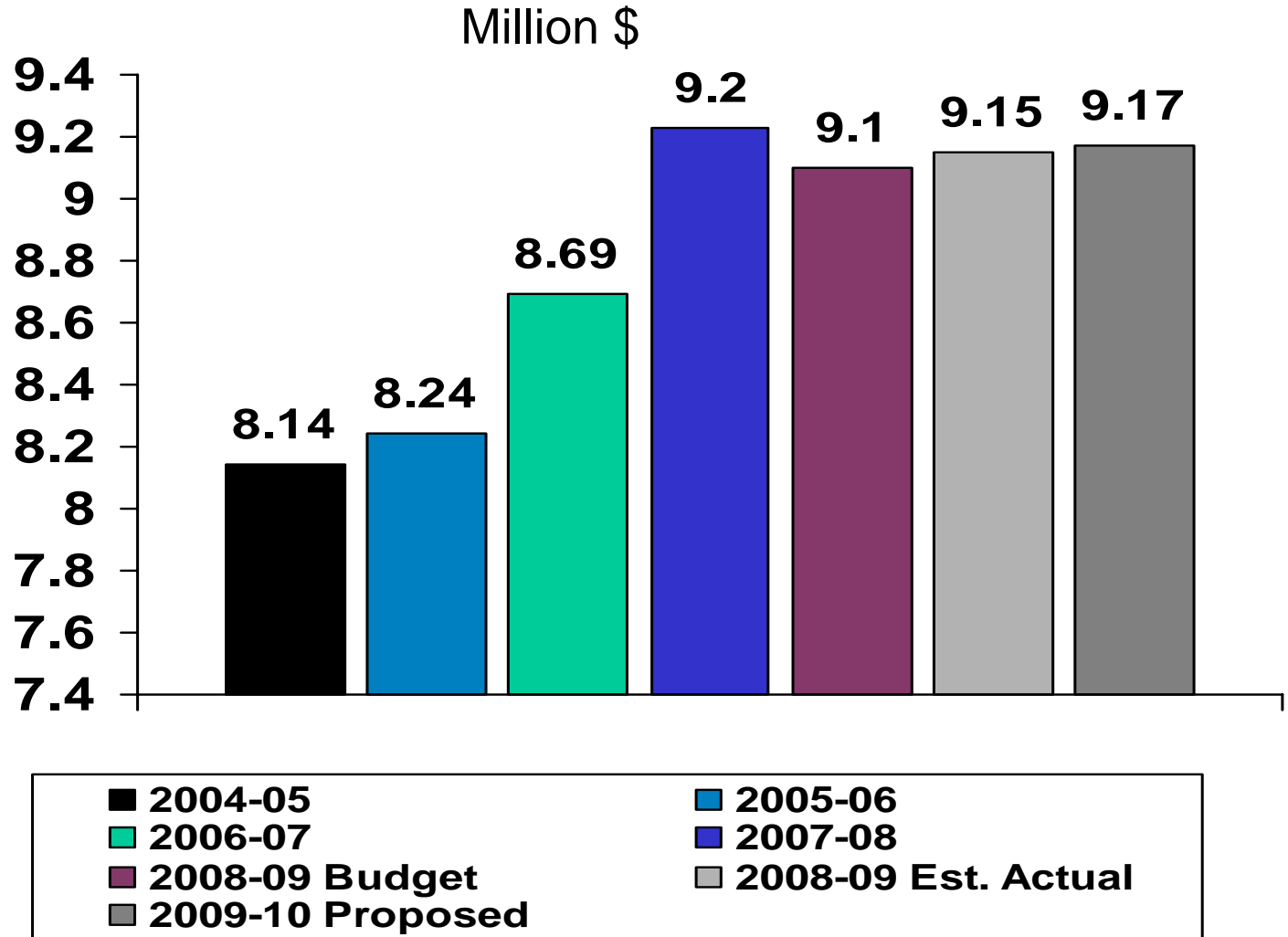
Property Tax Increase Affect on Taxpayers:

Tax Year 2007 City Property Tax Rate	1.283
Tax Year 2007 Total Property Tax Rate	6.541
Ratio of City to Total Rate (1.283 divided by 6.541)	19.6%
Proposed City Levy Increase	4.90%
Multiply City Portion by City to Total Ratio Above	19.6%
Overall Property Tax Increase due to City Portion (4.90% times 19.6%)	0.96%
Annual Property	Increase
<u>Tax Bill Amount</u>	<u>in Tax Bill</u>
\$5,000	\$48
\$10,000	\$96
\$20,000	\$192



Sales Tax

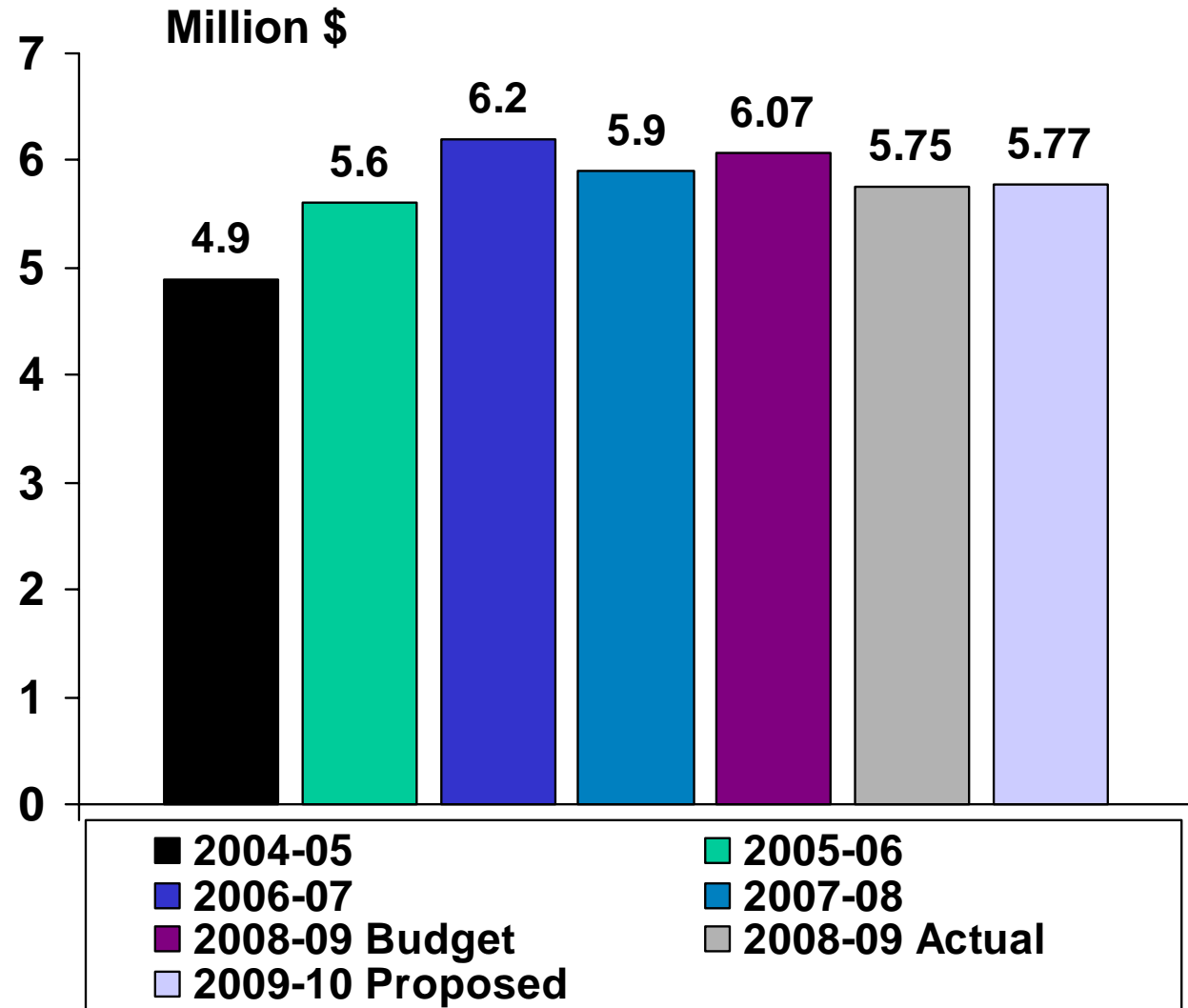
- 1% State shared
- Projected \$9,176,000
- 0.84% Increase from prior year budget





Home Rule Sales Tax

- 1.0% Levied
- Projected \$5,776,000
- 4.85% less than prior year budget

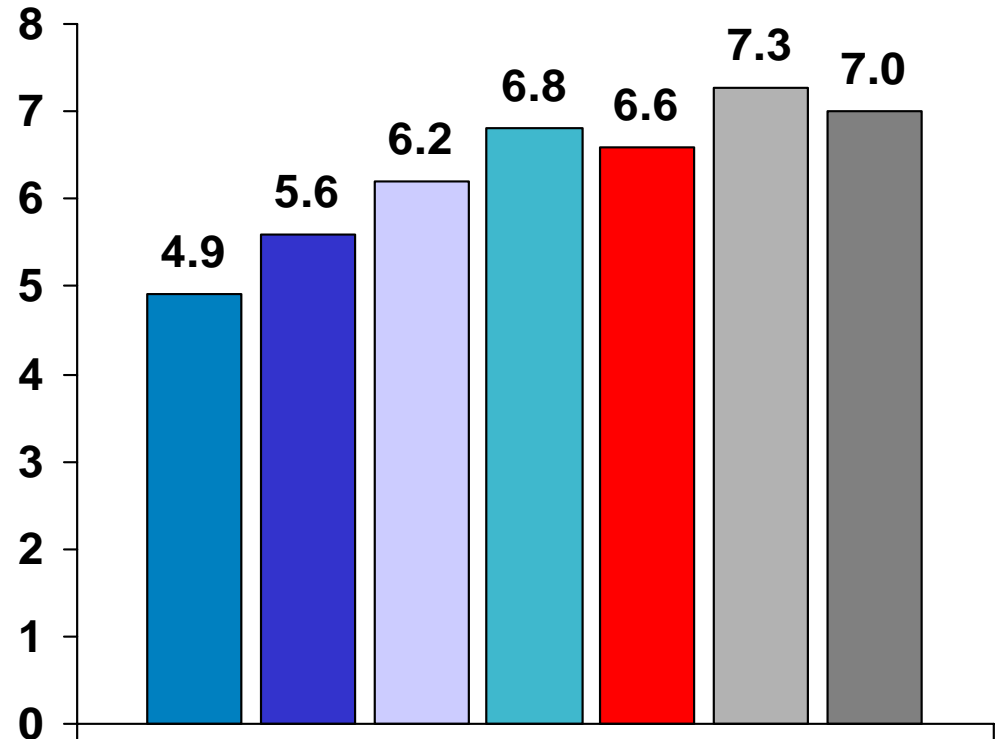




State Income Tax

- Allocated by State based on population
- 1/10th of amount collected is allocated to local government
- Projected \$7,050,000
- 4.8% increase from prior year budget

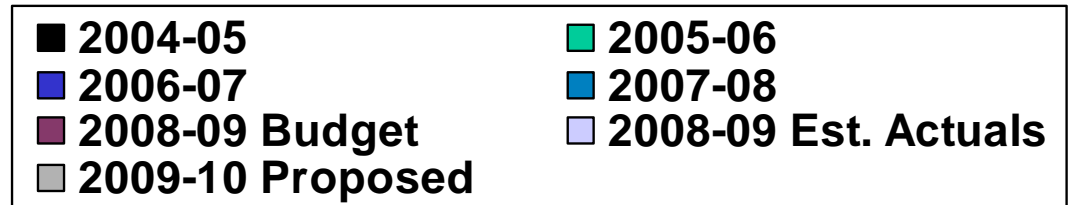
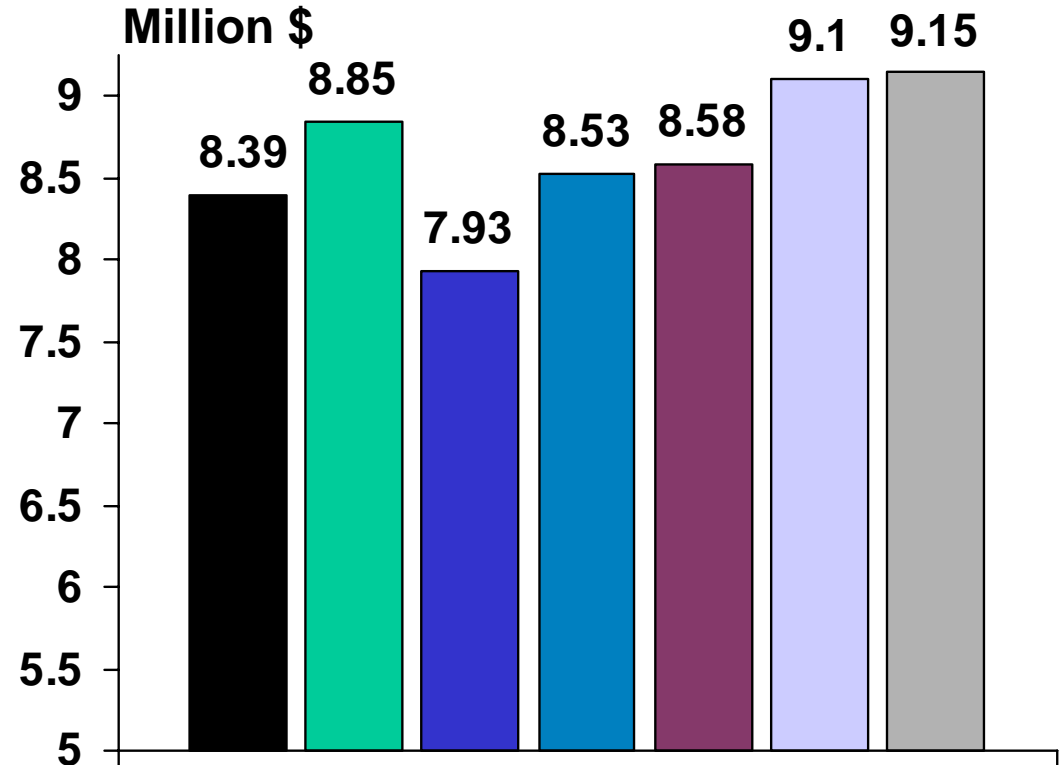
Million \$





Utility Taxes

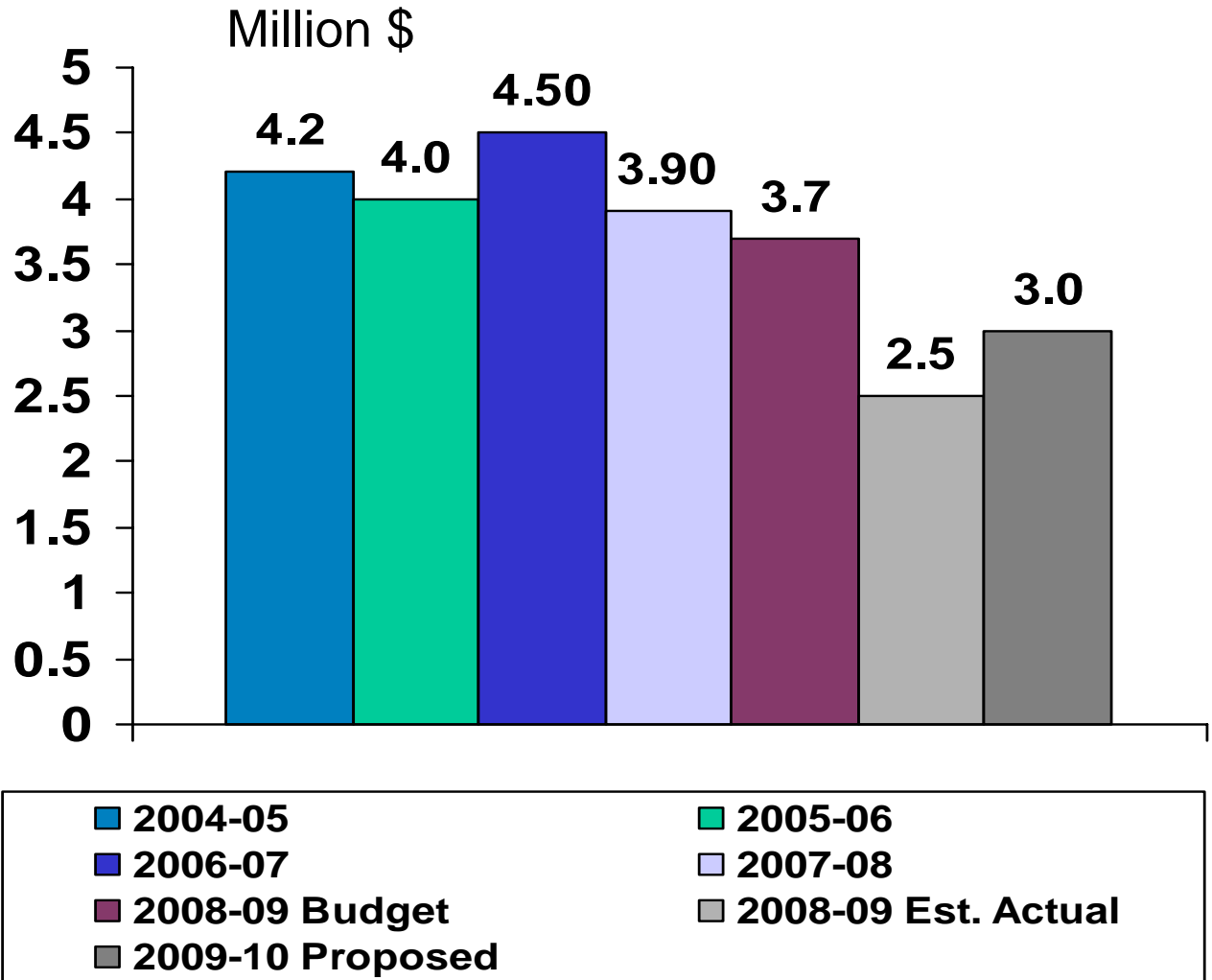
- 5% Tax Rate Electric & Natural Gas
- 6% Telecommunications Tax
- Natural Gas Use Tax
- Proposed \$9,158,000





Real Estate Transfer Tax

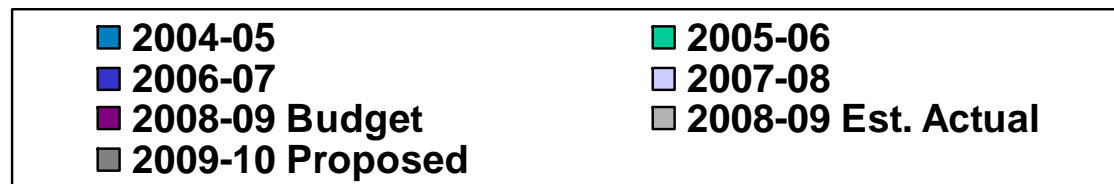
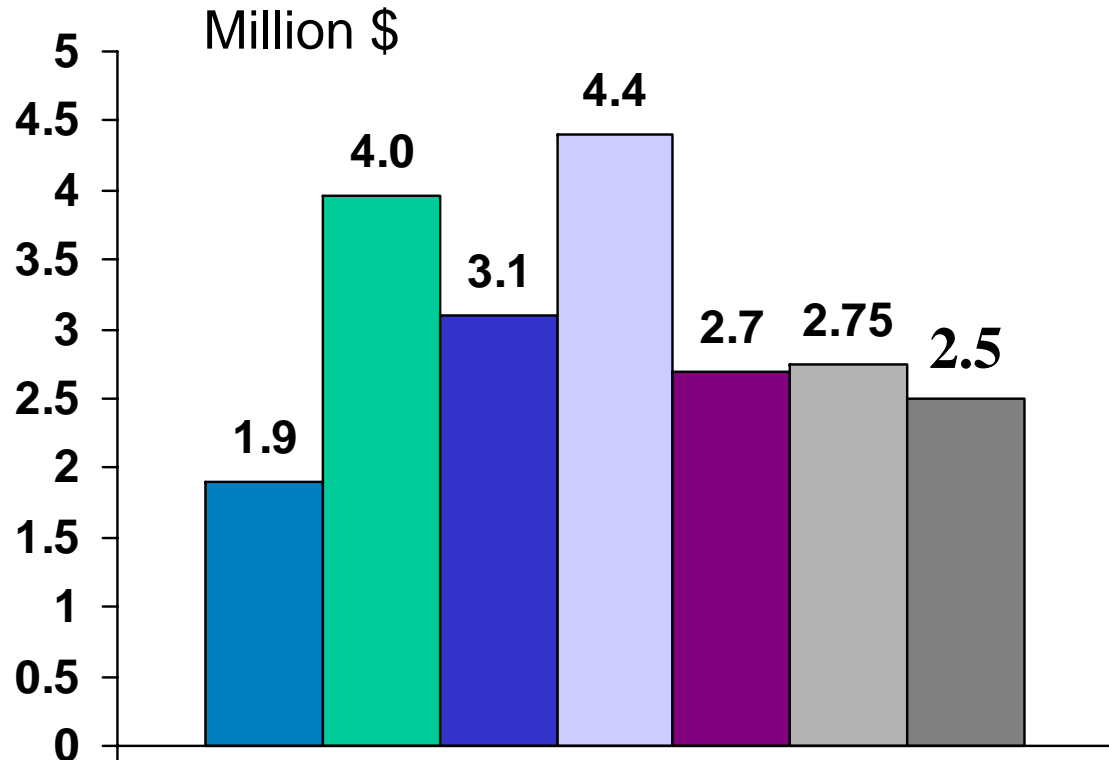
- \$5 per \$1,000 of sales price
- Tax falls on seller
- Projected \$3,000,000
- 18.92% less than previous year's budget





Building Permit Revenue

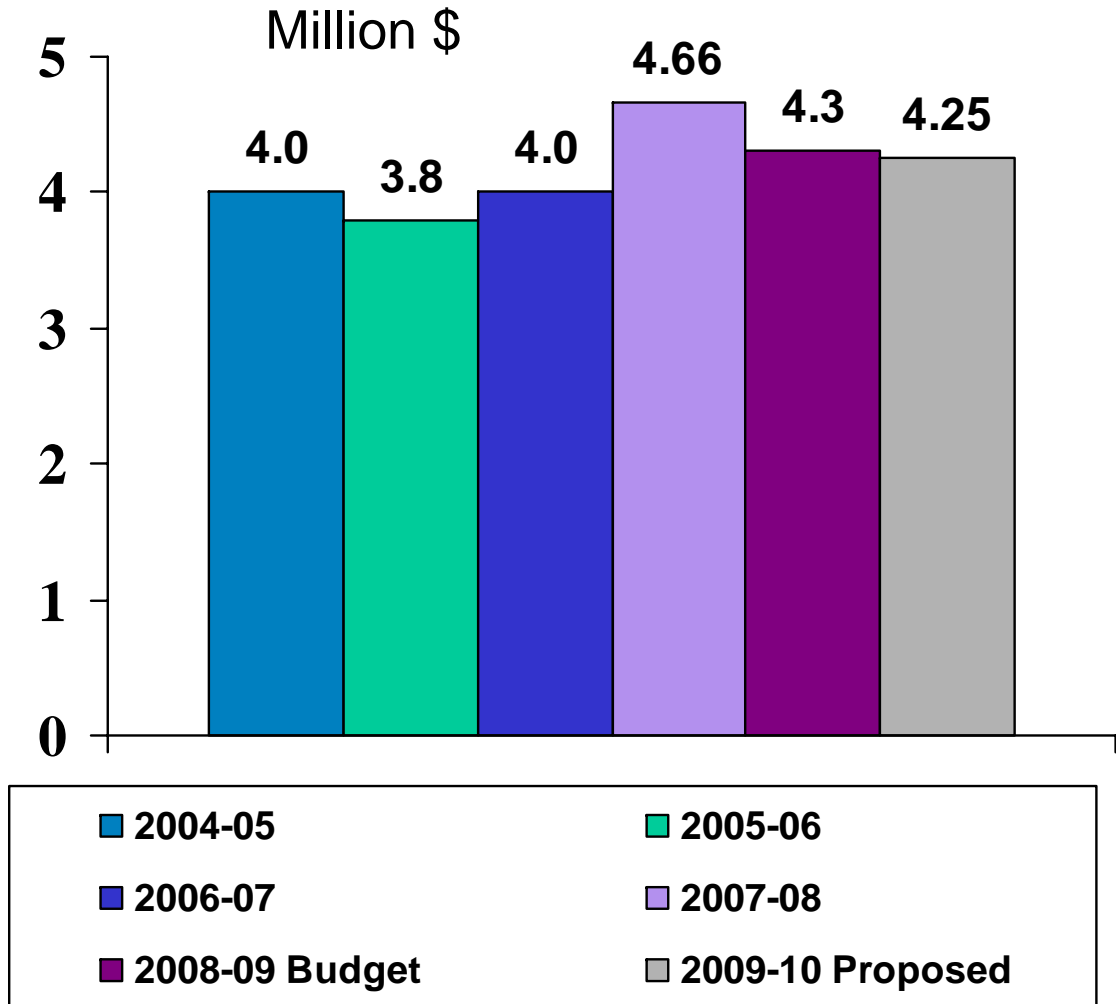
- An economically sensitive revenue that depends heavily on development
- Proposed \$2,500,000
- 8.76% less than prior year's budget





Fines

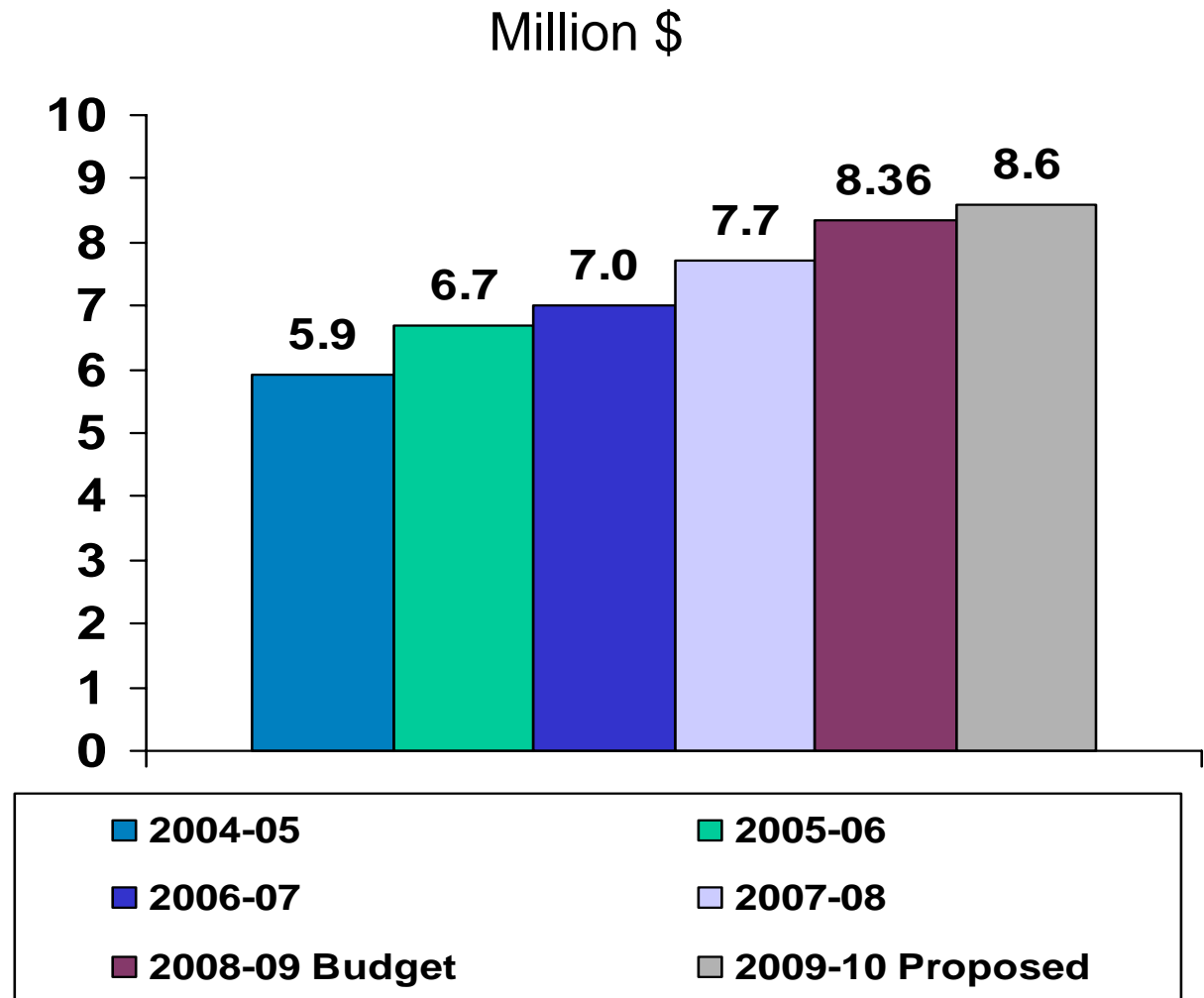
- Parking Ticket Fines
- Library Fines
- False Alarm Fines
- Administrative Adjudication Fines





Charges for Service

- Recreation Revenue
- Library Revenue
- Health Department Fees
- Ambulance Fees





State and Federal Grants used for the General Fund operating budget

- Community Development Block Grant (CDBG)
 - Reimbursement for personnel and project costs
 - \$856,000 transfer from CDBG Fund
- Health Department (various grants): \$673,900
- Other Grants: \$271,700



Other General Fund Revenue Changes – Summary

Revenue changes included in the proposed budget:

Amount	Revenue Category & Department
\$207,000	Property Tax Increase – Finance Administration
\$ 69,900	Rooming House License Fee Increase – Community Development
\$ 45,000	Fire Plan Review Fee Increases – Fire & Community Development
\$ 9,000	Birth & Death Certificate Fee Increases – Health & Human Services
\$157,900	Recreation Program Charges – Parks / Forestry & Recreation

Revenue changes not included in the proposed budget:

Amount	Revenue Category & Department
\$ 58,938	Increase in Zoning Fees, Fire Service Fees, & Other Building Fees



FY 2009-10 General Fund Expenditures



Personnel Costs

- Labor costs make up approximately 75% of the General Fund.
- General Fund has a \$56.2 million dollar payroll for all pay classifications and pay types.
- The net impact of position reductions, wage adjustments, and replacement salaries being less than retiring employees results in an increase of 1.1% in total wage costs.
- Budgeted overtime for FY10 increased by 11% to \$1,700,700 from \$1,518,800 in FY09
- Overall pension costs for Police, Fire, and IMRF are expected to increase due to poor market returns
- IMRF employer rate increased by 7% for FY10 but are expected to dramatically increase thereafter unless financial markets rebound



General Fund Expenditure Changes

Proposed 2009-10 Budget:	\$91,631,200	
FY 2008-09 Adopted Budget:	<u>\$94,068,600</u>	
Total Expenditure Decrease	\$ (2,437,400)	2.6% decrease
One Time Transfer from GF to Police/Fire Pen.	\$ (4,536,100)	
COLA/Merit, Net Position Changes	\$ 623,600	
Health Insurance	\$ 774,400	
Revenue Sharing Agreements	\$ 400,000	
Chemicals	\$ 118,000	
Transfers to Other Funds	\$ 100,000	
Net All Other Cost Increases/Decreases	<u>\$ 82,700</u>	
Total:	\$ (2,437,400)	2.6% decrease



General Fund Expense Comparison

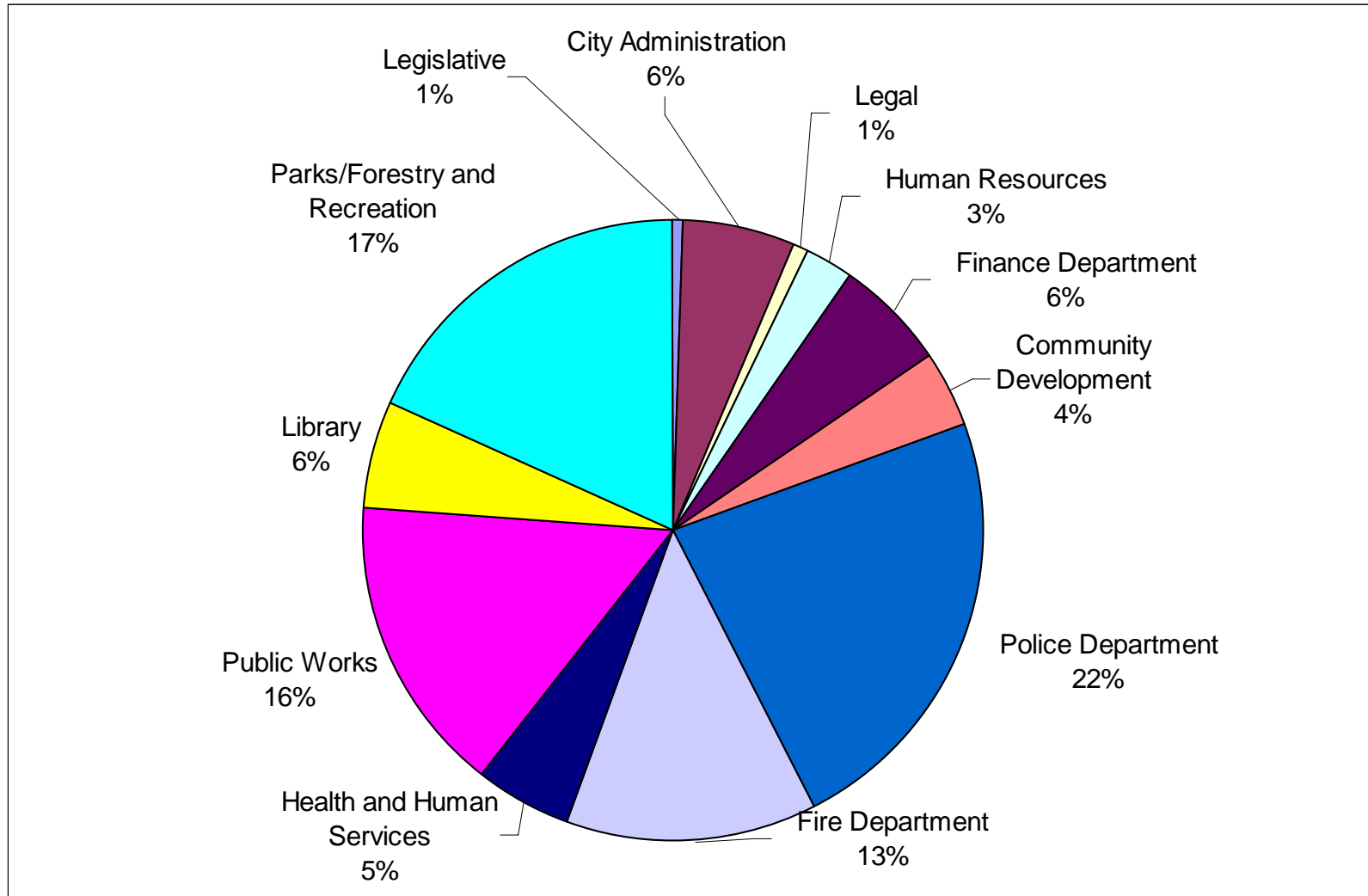
Operating Expense	2008-2009	2009-2010	% Change
	Adopted Budget	Proposed Budget	
Legislative	597,000	617,400	3.4%
City Administration	5,381,200	5,120,800	-4.8%
Legal	773,700	811,900	4.9%
Human Resources	2,308,800	2,328,100	0.8%
Finance Department*	9,436,200	5,426,100	-42.5%
Community Development	3,584,200	3,565,500	-0.5%
Police Department	20,645,900	21,002,700	1.7%
Fire Department	12,048,000	12,080,100	0.3%
Health and Human Services	4,074,200	4,419,300	8.5%
Public Works	16,365,400	14,466,400	-11.6%
Library	4,805,000	5,082,400	5.8%
Parks/Forestry and Recreation**	14,049,000	16,710,500	18.9%
Total Expenditures	94,068,600	91,631,200	-2.6%

*Finance Department Expenses in 2008-09 include the \$4.5 million transfer to Police/Fire Pension funds.

**Parks/Forestry and Recreation increase is due to the transfer of Facilities Maintenance activities to this department from Public Works. Excluding this transfer the increase is 1.6%.



General Fund Expenses by Department – 2009-10





Summary

General Fund Gap

\$1,813,128

Recommendations to Address Gap (p.16 of Transmittal Letter):

- Reduction of Wage Increases \$ 920,000
- Use of Debt Service Fund Reserves \$ 500,000
- 50% of \$900,000 Land Sale \$ 450,000

Total

\$1,870,000

-OR-

-Other options as outlined in Transmittal Letter and per Council Discussion



QUESTIONS??