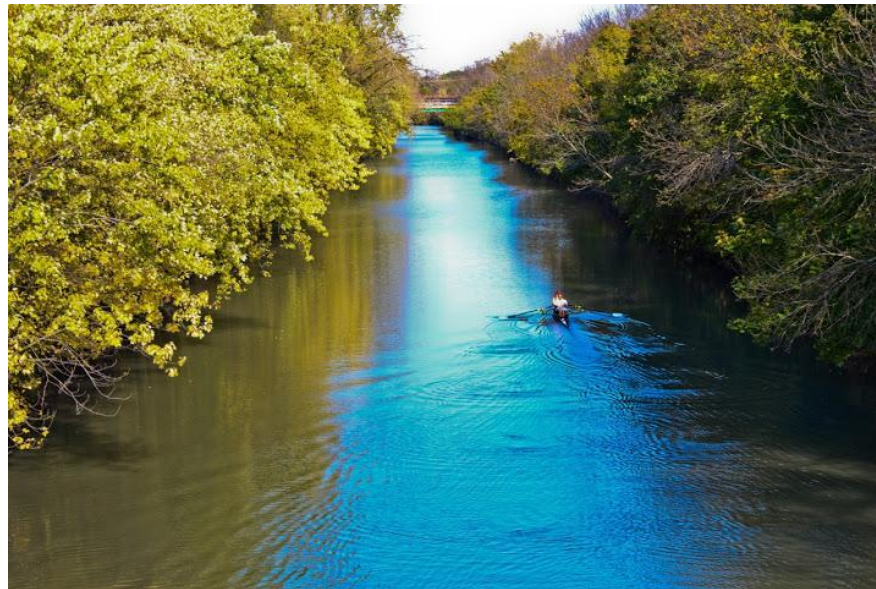


EVANSTON

2019 Mid-Year Financial and Budget Update



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Kate Lewis-Lakin, Budget Coordinator

August 5, 2019

GENERAL FUND REVENUE OVERVIEW

| General Fund Revenue | 2019 Adopted Budget | 2019 YTD Revenue | % Actual to Budget |
|----------------------------|---------------------|-------------------|--------------------|
| Property Taxes | 30,047,955 | 16,012,252 | 53.3% |
| Other Taxes | 53,671,300 | 26,617,020 | 49.6% |
| Licenses, Permits and Fees | 7,651,400 | 4,450,855 | 58.2% |
| Charges for Services | 8,900,909 | 5,444,754 | 61.2% |
| Fines and Forfeitures | 4,700,500 | 2,269,659 | 48.3% |
| Other Revenue | 988,300 | 306,186 | 31.0% |
| Interest Income | 55,100 | 91,691 | 166.4% |
| Interfund Transfers | 8,877,103 | 4,408,506 | 49.7% |
| Intergovernmental Revenue | 994,303 | 775,155 | 78.0% |
| General Fund Total | 115,886,870 | 60,376,078 | 52.1% |

GENERAL FUND REVENUE DETAIL

- **Property tax** is on track with 53% overall collected. Second installment bills mailed in July, due in August.
- **Sales tax** on track to meet 2019 budget.
- **Income tax** is trending high and may exceed budget by \$100,000.
- **Revenues to watch: Municipal Hotel tax, Parking Tax, and Real Estate Transfer Tax.** All are increasing during summer months.

GENERAL FUND REVENUE DETAIL

Revenue Collection and Compliance

- **Home rule taxes** - In house collection efforts
 - 142 letters sent; \$47,258 collected in penalties and interest and missing returns
 - License holds for outstanding liabilities
- **Collection agency (Life Quest)** - Through June - \$12,074. Ambulance bill and municipal citations
- **Illinois State Comptroller Local Debt Recovery (IDROP)**
- **Credit card fees savings/consolidations** - moved to new credit card processor (Elavon)

GENERAL FUND REVENUE DETAIL

Vacation Rentals

- Ordinance amended which included increasing fees
- **Selected Company:** Host Compliance
 - 2 year contract signed in late May 2019
 - Will locate addresses and listings
 - Close to 200 listings in Evanston
- Working with IT in gathering property-related information
- **Next Steps**
 - Notification of unlicensed vacation renters by Sept, 15
 - Enforcement

GENERAL FUND EXPENSE OVERVIEW

| General Fund Expenses | 2019 Adopted Budget | 2019 YTD Expenses | % Actual to Budget |
|------------------------------------|---------------------|-------------------|--------------------|
| City Council | 528,173 | 279,636 | 52.9% |
| City Clerk | 180,704 | 117,024 | 64.8% |
| City Manager's Office | 7,997,018 | 3,556,436 | 44.5% |
| Law Department | 646,183 | 341,833 | 52.9% |
| Administrative Services | 9,483,577 | 4,520,641 | 47.7% |
| Community Development | 3,480,360 | 1,521,639 | 43.7% |
| Police Department | 38,737,094 | 20,081,500 | 51.8% |
| Fire Department | 24,379,850 | 13,356,846 | 54.8% |
| Health & Human Services | 3,190,606 | 1,440,917 | 45.2% |
| Parks, Recreation & Comm. Services | 12,297,508 | 5,206,244 | 42.3% |
| Public Works Agency | 13,232,299 | 6,879,991 | 52.0% |
| General Fund Total | 114,153,372 | 57,302,706 | 50.2% |

GENERAL FUND EXPENSE DETAIL

- **Multiple snow events** during first quarter of 2019 caused high overtime in Police, Fire, and Public Works Agency. Poor weather in November and December could put snow-related expenses \$300,000 over budget.
- **Parks and Recreation** expenses are being closely tracked as we head into summer months.
- Other expenses regularly monitored:

| General Fund Expenses | 2019 Adopted Budget | 2019 YTD Expenses | % Actual to Budget |
|-------------------------------------|---------------------|-------------------|--------------------|
| Training and Travel | 319,406 | 155,174 | 48.6% |
| Membership Dues | 248,464 | 191,518 | 77.1% |
| Food (includes Summer Food Program) | 275,113 | 91,655 | 33.3% |
| General Fund Total | 842,983 | 438,347 | 52.0% |

GENERAL FUND EXPENSE DETAIL

- **Police and Fire Department** overtime expenses are trending higher than target.

| Overtime Expenses | 2018 Actual | 2019 Budget | 2019 YTD | % Actual to Budget |
|-------------------|--------------|-------------|------------|--------------------|
| Police | \$ 1,606,236 | \$ 959,106 | \$ 721,719 | 75.25% |
| Fire | \$ 1,007,263 | \$ 759,956 | \$ 715,824 | 94.19% |

GENERAL FUND EXPENSE DETAIL

Police Department

- Operational changes to keep overtime expenses below 2018 actuals - estimate \$1.5 million by year end
- Northwestern University to reimburse the City for Police presence within Ryan Field and on the streets around the stadium during football games.
- Expect \$826,000 in overtime reimbursement by year end (budget of \$400,000).

GENERAL FUND EXPENSE DETAIL

Fire Department

- Primary driver for OT overage is operational level vacancies
 - Budgeted staff vacancies (4)
 - Long term injury (4)
 - Processing new hires (2)
- Current CBA - Daily staffing minimums require hireback overtime each time an operational vacancy occurs.
- IEMA/MABAS Deployments for downstate flooding account for \$73,000 in OT and will be fully reimbursed by IEMA.
- Budgeted FTE vacancies have resulted in over \$270,000 in regular salary **savings** alone in 2019.
- Department has \$57,278 in offsetting revenue tied to reimburse overtime costs.

OTHER FUND HIGHLIGHTS

- **Parking Fund** revenues increasing with implementation of new rates March 1.
- **Water Fund** low on revenue and expenses.
 - Multiple large capital projects still upcoming, to be funded by IEPA loans.
 - Bond proceeds for 2019B bonds received in June.
 - Skokie payment rate cases still unresolved.

OTHER FUND HIGHLIGHTS

- Proceeds from the 2019A and B bond sales were received in June, increasing balances in the **Capital Improvement Fund** and **Crown Construction Fund**.
- **Insurance Fund** is showing negative fund and cash balance. Staff is working to begin addressing negative balance in 2020-21 budget.

2020-21 BUDGET PLANNING

2020-21 BUDGET PLANNING

General Fund Expense Changes 2020

- GWIs from Union Contracts - **\$1.6 million**
- Increase in IMRF contribution - **\$600,000**
- Health insurance cost increases - **\$176,000**
- Increase in state minimum wage (TBD)
- Crown 2019A Debt Service - **\$637,500**
- Contribution to Fund Balance - **\$1.5 million**

2020-21 BUDGET PLANNING

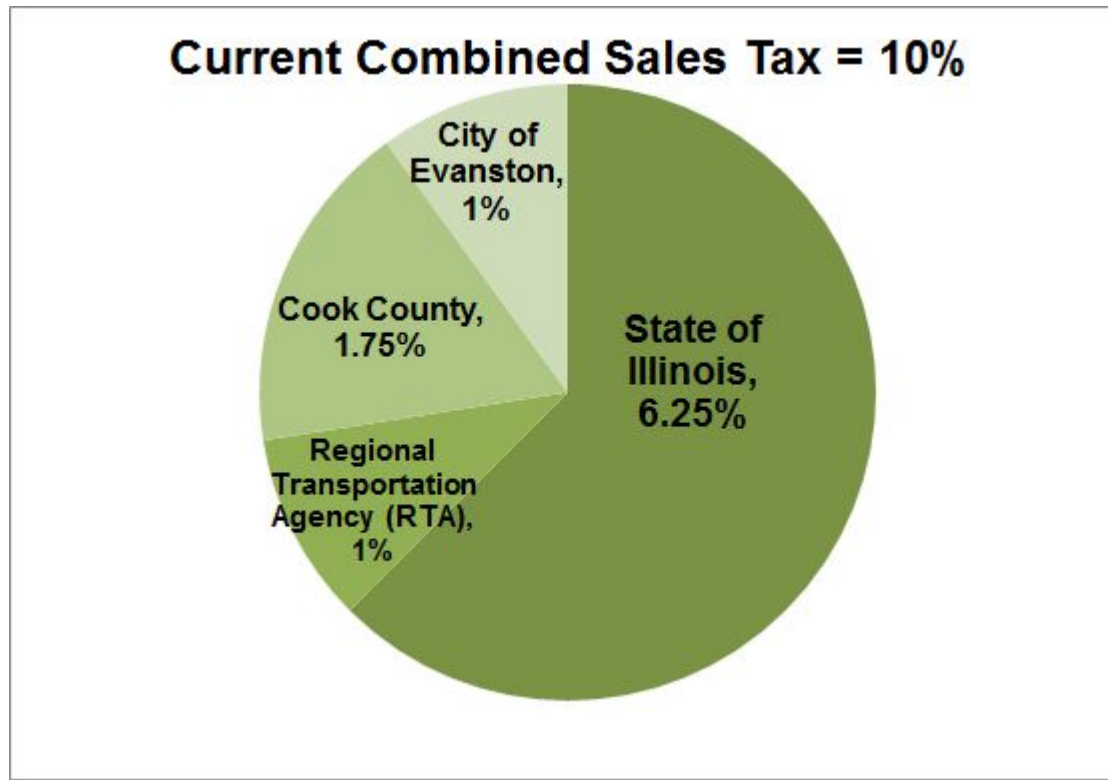
General Fund Revenue 2020

- Stable revenue in sales, income tax
- Increase from state **Motor Fuel Tax (MFT) Funds** - up to \$1 million
- **Cable Franchise Fees** - may be challenged by FCC (2019 budget = \$1 million)
- **Telecommunications Tax** - revenue decreases each year (2019 budget = \$1.92 million)
- **Real Estate Transfer Tax** - may reduce budget (2019 budget = \$4.15 million)

2020-21 BUDGET PLANNING

Revenue Increase Options:

- Increase Home Rule Sales Tax from 1% to 1.25%



2020-21 BUDGET PLANNING

- **Increase Home Rule Sales Tax from 1% to 1.25%**
 - New combined sales tax to 10.25%
 - Estimated new revenue \$1.5 million for full year (Current revenue = \$6.3 million)
 - 10.25% or higher in effect in: Chicago, Skokie, Lincolnwood, Morton Grove, Niles, and 10+ other Cook County communities
 - For January 1 effective date, must file signed ordinance with state by October 1
 - For July 1 effective date, must file with state by April 1

2020-21 BUDGET PLANNING

Other Revenue Increases in Research

- **Expand amusement tax** to include streaming services, athletic and recreational activities
- **Red light/speed cameras** – gathering more information. Need State code amendment for Speed cameras.
- **Storage unit tax** (5% in Skokie)
- **Improve cost recovery for Police and Fire services**

2020-21 BUDGET PLANNING

Recreational Cannabis

- Existing Evanston location desires to begin sales 1/1/20
- City can apply a tax on sales up to 3%
- Zoning code updates required

2020-21 BUDGET PLANNING

2020-21 CIP Budget Highlights

- **Street and Transportation**
 - Howard Street Corridor Improvements
 - Central Street Bridge Replacement
- **Parks**
 - Harbert Park
 - McCulloch Park

2020-21 BUDGET PLANNING

2020-21 CIP Budget Highlights

- **Facilities**
 - Civic Center HVAC system - \$7M + other (\$5M - \$10M)
 - Service Center - \$2M - \$5M
- **Water Plant**
 - Ongoing water storage replacement
 - Intake replacement project - design
- **Miscellaneous**
 - Fire truck purchase - \$600,000
 - Police Radio system - \$1.5M - \$2M

2020-21 BUDGET PLANNING

- **Equity outreach budget workshops be held week of September 16**
- Variety of times and locations within community (to be determined)
- Purpose to introduce concepts of equity in budgeting to residents, give overview of budget process, and have guided discussions for feedback
- Feedback received at workshops will be presented with Proposed Budget in early October

2020-21 BUDGET PLANNING

- **Week of September 16** – Equity outreach meetings
- **October 4** – Proposed Budget released
- **October 14** – City Council Meeting
- **October 26** – Saturday Budget hearing
- **October 28** – City Council Meeting
- **November 11** – City Council Meeting
- **November 18** – City Council meeting, introduction of budget resolution and tax levy ordinances
- **November 25** – Adoption of budget and tax levies

QUESTIONS