



Budget 101

Community Budget Conversations

Kate Lewis-Lakin, Budget Coordinator

September 10, 2020

Kimberly Richardson, Interim Assistant City Manager

MEETING INTENTIONS

1. Provide information about the City's budget and budgeting process.
2. Receive feedback about what your priorities are in this year's budget. Feedback will be shared with City Council.
3. Share upcoming opportunities for engagement in the 2021 budget.

COMMUNITY BUDGET CONVERSATIONS

- **Thursday, September 10: Budget 101**
- Wednesday, September 16: COVID-19 Budget Impacts
- Monday, September 21: Budgeting for Health & Human Services

Information and registration links [available here](#)

AGENDA

- **Presentation (25 mins)**
 - Breaking Down the Budget
 - Understanding Revenue Sources
 - 2020 Budget - COVID-19 Impacts
 - 2021 Budget Process
- **Breakout Room Discussions (35 mins)**
- **Report out and wrap-up (15 mins)**

BREAKING DOWN THE BUDGET

BREAKING DOWN THE BUDGET

The City's Budget is divided into **36 funds** and organized by **departments.**

Funds - Largest financial unit of the budget. Ex. General Fund, Water Fund, TIF Funds.

Departments - Functional unit of government. Ex. Police and Fire

BREAKING DOWN THE BUDGET

Some key acronyms:

PRCS - Parks, Recreation, and Community Services Department

PWA - Public Works Agency (includes public services, water, sewer, solid waste, and capital improvements)

HHS - Health & Human Services Department

TIFs - Tax Increment Financing Districts

BREAKING DOWN THE BUDGET

Types of Funds:

- **General** - General operating fund and Human Services fund
- **Library** - Funds supporting the Evanston Project Library
- **Capital Funds** - Major capital improvement projects, includes Crown Community Center project
- **Enterprise Funds** - Funds supported by user fees (Parking, Water, Sewer, Solid Waste)

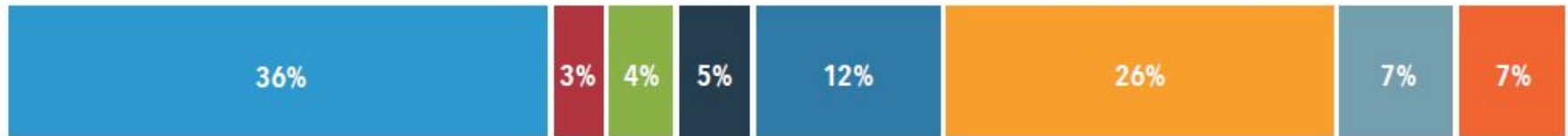
BREAKING DOWN THE BUDGET

Types of Funds:

- **Special Revenue and TIF Funds** - To track funding from specific state and federal grants sources
- **Internal Services** - Funds that serve city operations, supported by transfers from all other funds. Ex. Fleet Maintenance, Insurance Fund
- **Debt Service Funds** - For annual payments on City bonds
- **Police and Fire Pension Funds** - Pension funds held in trust by the City, controlled by separate Pension Boards

BREAKING DOWN THE BUDGET

2020 Total City Budget = \$320,709,230



● General Fund

● Library Funds

● Special Revenue and TIF Funds

● Debt Service Fund

● Capital Funds

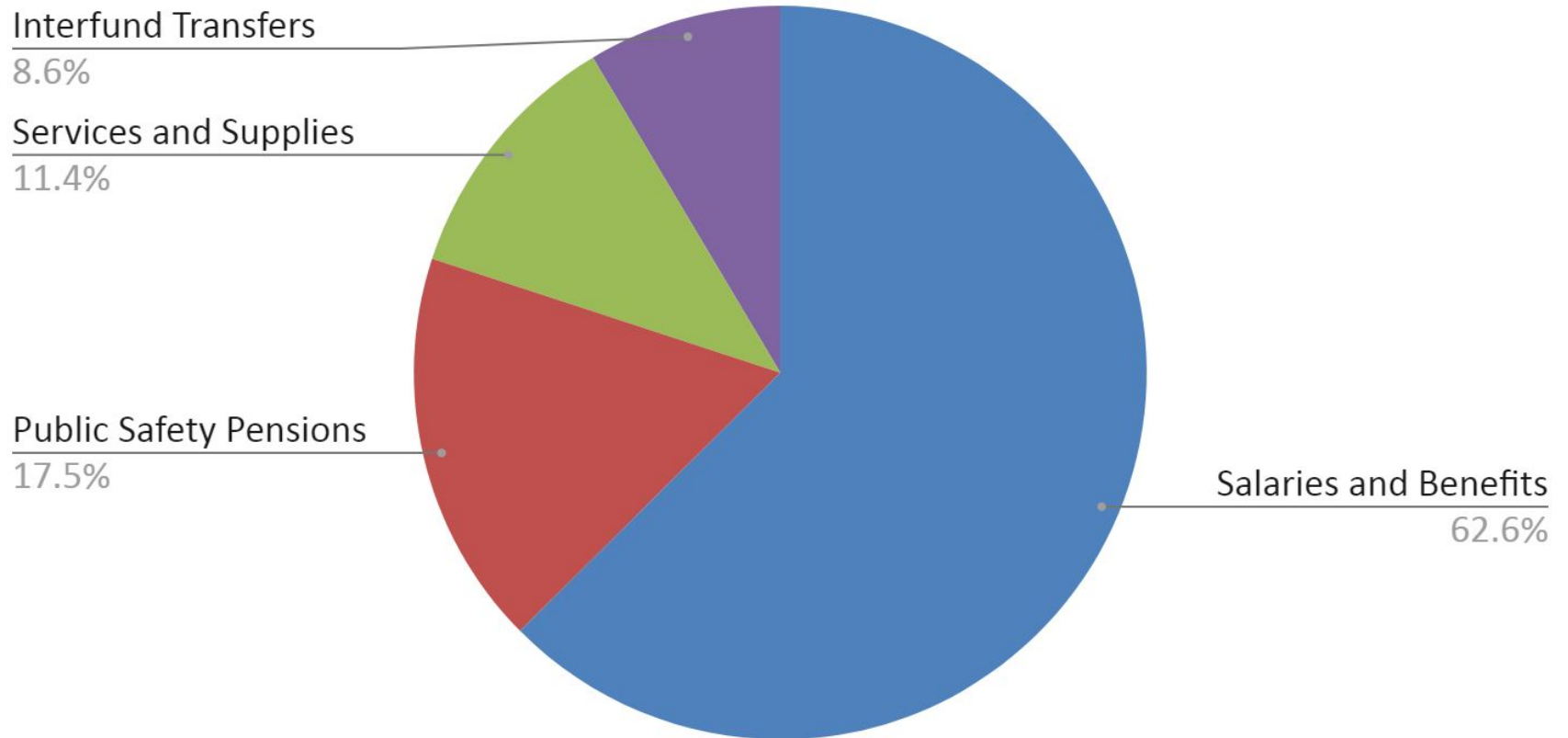
● Enterprise Funds

● Internal Service Funds

● Police and Fire Pension Funds

BREAKING DOWN THE BUDGET

2020 Total General Fund Budget = \$117,200,491



BREAKING DOWN THE BUDGET

2020 General Fund Expenses= \$117,200,491

PUBLIC WORKS AGENCY

11.1%

ADMINISTRATIVE SERVICES

8.8%

CITY MANAGER'S OFFICE

7.6%

COMMUNITY DEVELOPMENT

2.9%

POLICE

35.1%

FIRE MGMT & SUPPORT

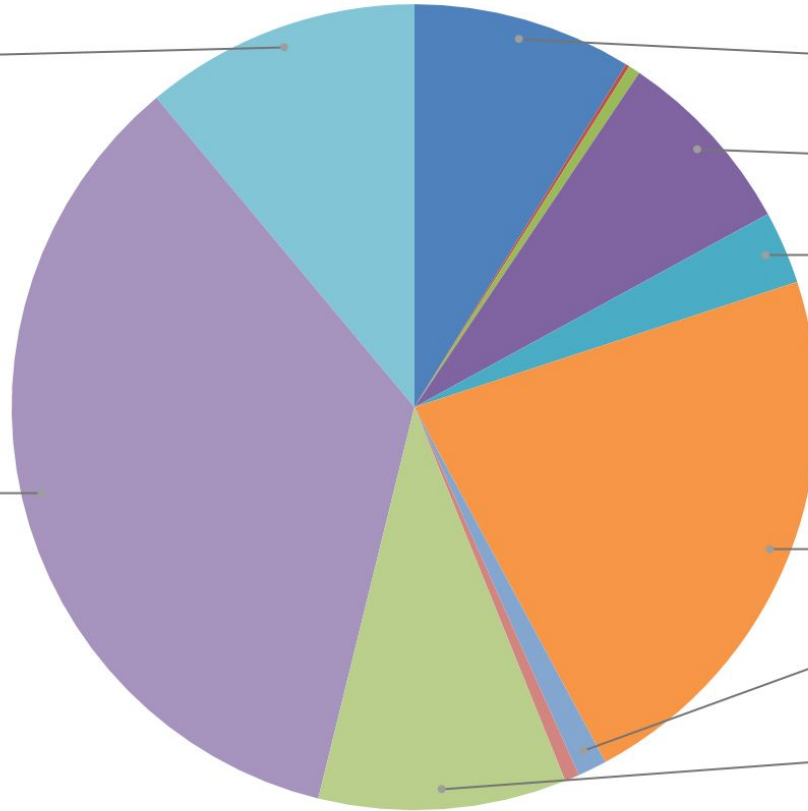
22.2%

HEALTH

1.2%

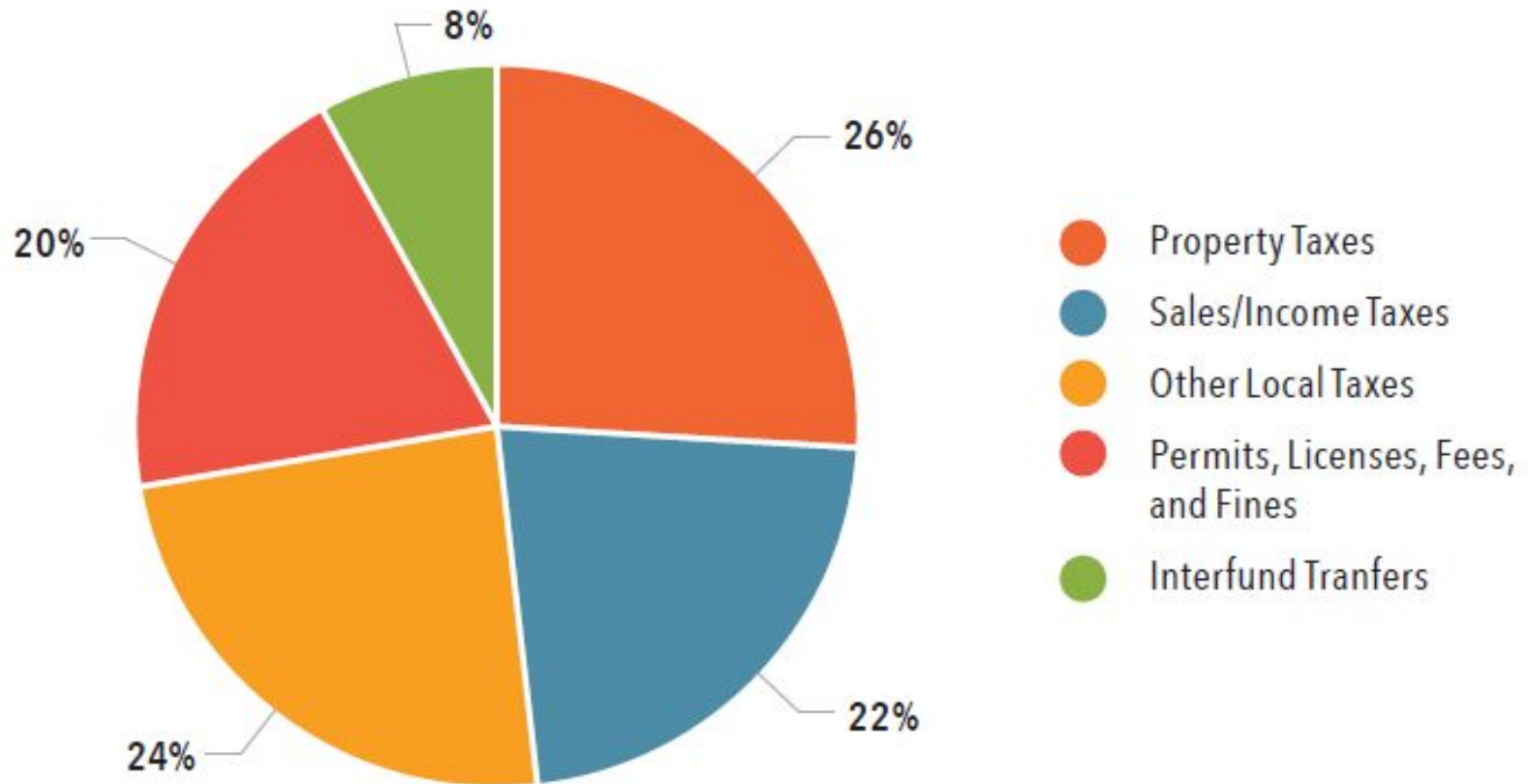
PARKS, REC. AND

10.0%



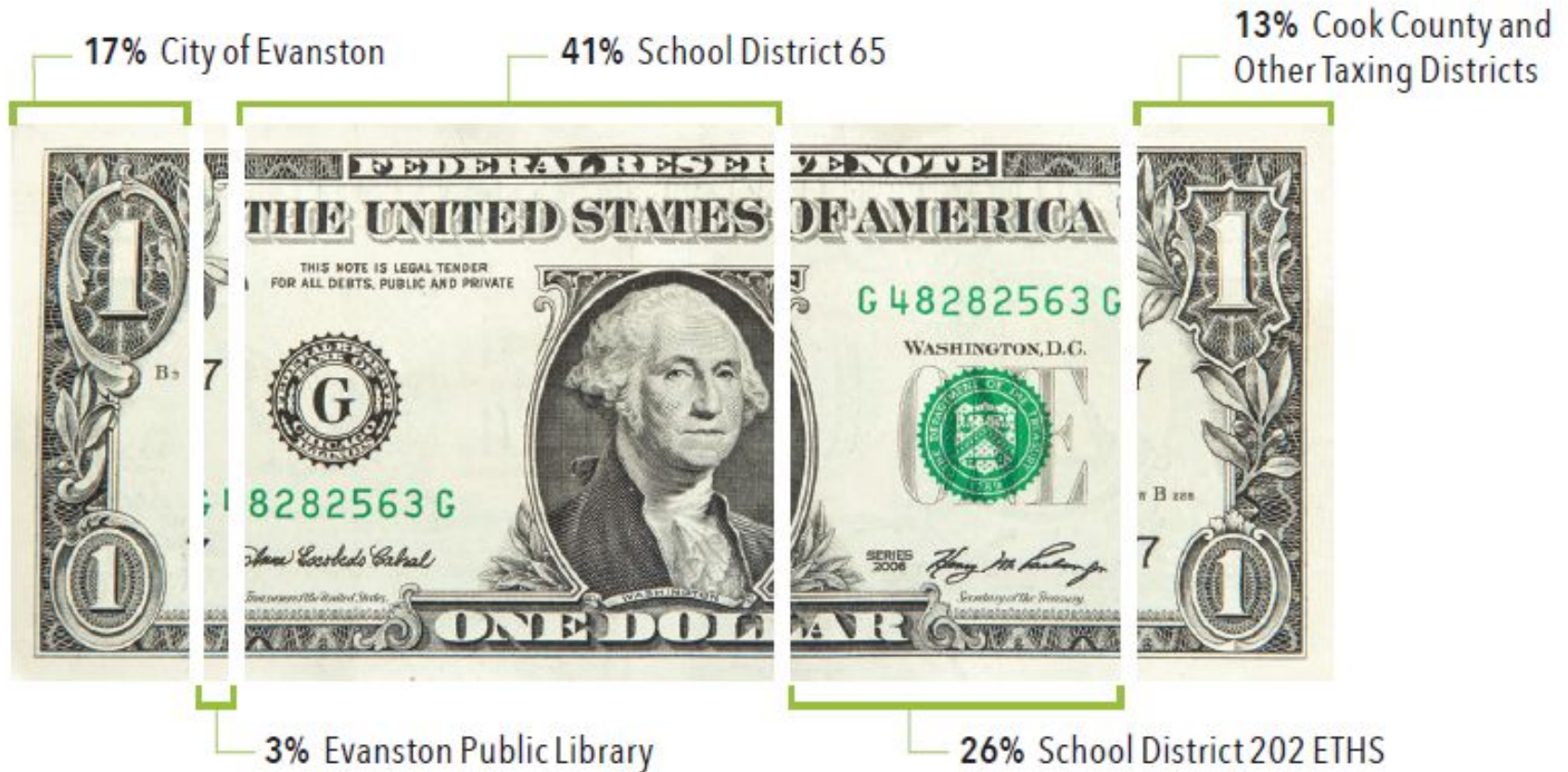
UNDERSTANDING REVENUE SOURCES

GENERAL FUND REVENUE



PROPERTY TAXES

For every dollar you pay in property tax, the City receives 17 cents.



PROPERTY TAXES

The property tax rate and tax levy are **not** the same.

Tax Levy: Amount of money requested by the City and other taxing bodies (schools, county, etc.)

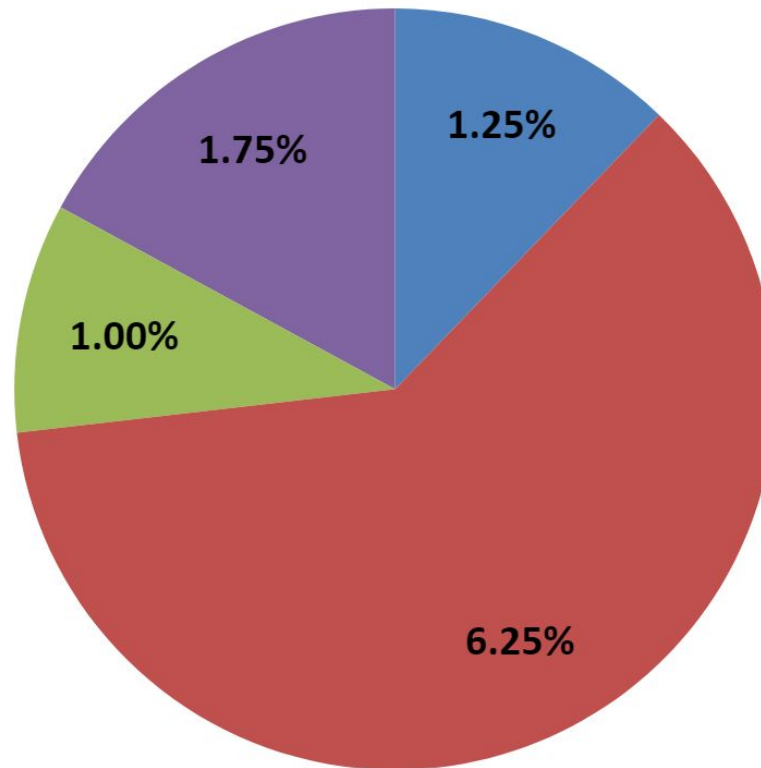
Tax Rate: Tax levy divided by the total value of all properties in the City.

If property values increase, the tax levy can also increase with the rate remaining the same.

SALES TAX

Current Total Sales Tax = 10.25%

- City of Evanston
- State of Illinois
- Cook County
- Regional Transportation Authority



FEEES AND CHARGES

Evanston residents pay for water, sewer, trash collection, recycling, and yard waste services through the bi-monthly water bills.

These charges do not go into the General Fund. They go directly to separate funds that support these services - Water, Sewer, and Solid Waste funds.

2020 BUDGET - COVID-19 IMPACTS

2020 BUDGET

COVID-19 Revenue Shortfalls

- Projected revenue shortfall in General Fund is \$12 million for 2020
- Sales tax - 20% under budget
- Income tax - 20% under budget

- Hotel tax - 70% loss from budget
- Athletic contest tax - 80% loss from budget

2020 BUDGET

Steps taken to address COVID-19 revenue shortfalls in 2020:

- 10 furlough days for City employees
- 12 employee layoffs
- Hiring freeze since March 2020; approximately 50 positions held vacant
- Restrictions on discretionary spending by all departments

2021 BUDGET PROCESS

BUDGETING FOR 2021

In 2021, we know the City's expenses will increase, including:

- Personnel costs in the General Fund will increase by \$2.4 million from 2019 to 2020
 - Health Insurance and Pension Costs
 - Cost of Living Increases per union contracts
- Ongoing COVID-19 costs - temporary personnel hired for contact tracing, grant-funded through June 2021

BUDGETING FOR 2021

Revenue loss of **\$5-7 million** expected in 2021 budget, due to continued COVID-19 crisis and economic downturn.

Affected revenues:

Sales tax, income tax, hotel tax, amusement tax, athletic event tax (NU football), parking fees and enforcement, recreation fees

BUDGETING FOR 2021

Expected steps to address shortfalls in 2021

- Continued hiring freeze and holding of vacancies
- Elimination of some vacant positions
- Continued restrictions on discretionary spending
- Focus on addressing health and human services needs during pandemic
- Obtaining all possible grant revenues for pandemic response

BUDGETING FOR 2021

Police Department Budgeting

- [Link to City webpage](#) with information about Police operations, FAQs
- Includes recordings of Mayor's Q&A and Discussion Series on Policing in Evanston
- [Link to Police Department Budget Summary](#)
- Alternative safety services plan proposed by Human Services Committee, to be considered by City Council

BUDGETING FOR 2021

Other areas of focus

- Continuing City response and services related to COVID-19 pandemic
- Reparations Fund - first funding received in September 2020, committee working on plan for spending
- Racial Equity Fund with Northwestern University (replacing Good Neighbor Fund in 2021)
-

ROUNDTABLE DISCUSSION

ROUNDTABLE DISCUSSION

1. What City services are most important to you at this time?
2. What would you like to see changed about the way the City gets money? Are there any new revenue sources we should be pursuing that we are not?
3. What is an area you would like to see the City spend more money on?
4. What is an area you would like to see the City spend less money on?

MORE INFORMATION

- **Budget Website:** cityofevanston.org/budget
 - Includes 2021 budget calendar
 - Feedback from these meeting will be posted to this page
 - Page will also include answers to questions raised throughout the budget process – look for the Budget Memos section
- **Friday, October 9:** Proposed Budget available on City website
- **Monday, October 19:** Budget Public Hearing during City Council Meeting
- **Monday, October 26:** Truth in Taxation Public Hearing at City Council Meeting
- **October and November:** Budget Discussions at City Council Meetings