

ROLL CALL – PRESENT: Alderman Drummer Alderman Moran
Alderman Wynne Alderman Engelman
Alderman Bernstein Alderman Rainey
Alderman Kent

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:** Alderman Feldman

ABSENT: Alderman Newman

PRESIDING: Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton at 9:23 a.m. Saturday, January 20, 2001 in the Council Chamber for the purpose of conducting a workshop on the 2001-02 proposed City of Evanston Budget to hear public comment on the proposed “head tax.”

Alderman Feldman came into the meeting at this time.

City Manager Crum stated the budget workshop that day would involve no decision making only direction to staff for future budget meetings. He recalled two weeks ago Council reviewed the entire budget with issues pointed out including a 9.4% increase in the City’s portion of the property tax and the concept of an employees expense tax “head tax” concept was introduced. Because of the importance of such a tax, it was decided to set aside one Saturday workshop for that topic. He pointed out the scheduled meetings noting a balanced budget has to be adopted by the end of February. He noted the natural growth in revenues does not match the growth in inflation. Every year this is a problem and Council arrives at the best solution possible for that year.

He stated the head tax proposal is a simple concept and similar to the concept Chicago has. The difference is it only would apply to employers with 1,000 or more employees at the rate of \$10 per employee per month. It would only affect the three largest employers in Evanston: Northwestern University with more than 5,000 employees, Evanston Hospital with more than 3,000 employees and St. Francis Hospital with 2,000 employees. The next group of employers is mostly governmental and smaller employers. If such a tax were passed, staff believes the best use of such funds would be for the street system. It is not built into the budget; however, it is in ordinance form and will be on the agenda for the January 22 meeting for introduction.

Mayor Morton asked the genesis of the idea for a head tax? Mr. Crum stated it came from ideas submitted three years ago for alternatives to the property tax. It was discussed briefly in budget deliberations in the past two years and came up in the Budget Policy Committee as an option to be discussed. Is there another way, other than raising property taxes, to raise needed money for the City? It came from the Budget Policy Committee with a request to put it in this format and to place the actual ordinance on the agenda.

Alderman Rainey asked Mr. Crum to explain the difference between exempt and not being taxable and thought that public bodies are not taxable by another public body. Mr. Crum stated the City cannot tax a higher-level government agency. He was not sure if the City could tax the school districts and would obtain a legal opinion on that.

Junad Rizki, 2784 Sheridan Road, said since the mid-1990s he has pointed out that the City has not used taxpayer monies in a cost-effective manner. He suggested Council has misled the public on the issue of how little it taxes the public since fees are a significant portion of revenues versus property taxes. He observed that Council could not seem to cut one program or service but then create new ones. At the Human Services Committee, when they were trying to cut expenses there were no cuts in the end. He has suggested for several years that the City could save several million dollars through elimination of programs and employees, but Council appears unwilling to cut anything. He recalled in a recent discussion on tree trimming, one Council member suggested the City hire more employees to trim trees rather than the City administering the contract correctly, which it should have done. Last year it was suggested the cost of trash pickup could be reduced and asked if Council has really looked into that? He said it appears thousands of dollars could be saved. He recalled in the early 1990s, the Chamber of Commerce published the diet. The City responded initially and cut some employees. He suggested the City has more employees currently than ten years ago. The simple diet suggested the City cut expenditures. Being a political entity, he stated the City cannot seem to cut, rather it seems to want to cut to the bone rather than cut off the fat. The budget is full of years without full police staffing, which may not be true now, and police officers had to be paid overtime to have protection. He described the budget as full of funny numbers regarding services the City provides. He noted it takes over \$100,000 in employee salaries to hand out \$100,000 in Emergency Assistance. This does not include department overhead. It appears to work out to about \$100 in payment per client. He suggested the City has many programs and services that are not cost-effective. He called that "small change" in comparison to City water bills, noting they will increase 40% over the next four years. He stated that public officials and City administrators continue to suggest City services are a bargain here and claim residents pay little in property taxes. Unfortunately, residents are paying huge fees and it appears to be getting worse. He noted the City of Park Ridge does a study on comparative government costs and the amount taxpayers pay in revenues and taxes. They didn't analyze Evanston, but did analyze Oak Park. He did his own analysis of Evanston and found it up there with Oak Park, which does not have Northwestern University but has a lot of services and employees similar to Evanston. He was surprised to learn recently that the City needs to tear down the Robert Crown Center because it appears to be falling apart. If this is the case, he wondered why the Building Division has not shut it down and condemned it. Unfortunately, this is politics and not good engineering, as somebody wants a new facility versus a cost-effective solution. With millions of dollars of capital needs here, he questioned Council's ability to prioritize those needs. He felt all the capital projects would end up with over-runs like the current District 65 building estimate. He recalled the over-run budget on the police station. He thought before considering major capital improvements, Council needed to get the budget under control and the inability to take any action on any major cuts was not good as they are only putting off the day when the cuts will be deep and painful. He recommended Council eliminate marginal services and prioritize or privatize other services. He recommended holding the non-capital budget at inflation and no higher. He stated most know he is running for 7th Ward Alderman. Last year, Council decided to give itself a pay raise to \$10,000. He would be a hypocritical candidate to take a salary when he wants to lay off employees. Therefore would not accept a salary, only expenses, which would be disclosed to the public.

Alderman Rainey commented that Mr. Rizki would collect more than any Council member because his expenses would far exceed his income as alderman.

Kenneth Wood, CEO, St. Francis Hospital, expressed the hospital's opposition to the proposed "head tax" noting that institution has provided quality, compassionate healthcare services for the past 100 years to residents and is a stabilizing force in southeast Evanston, a fragile area of the City. St. Francis is the only Level 1 trauma facility that borders Chicago's Rogers Park and Evanston. He stated St. Francis treats a substantial number of lower socioeconomic residents who have no health insurance or are covered by Medicaid. St. Francis provides more than \$3 million in charity care and \$23 million in uncompensated care annually, which cannot be passed on to other patients or third-party payers. The hospital contribution of charity and uncompensated care and percentage of Evanston residents on Medicaid increases substantially each year. Currently 12% of their patient base is on Medicaid. He stated the Balanced Budget Act of 1997 had hit hospitals hard with St. Francis losing \$6 million since inception of that act. This law put a heavy burden on the hospital and jeopardizes its ability to continue providing healthcare services for the poor. In fiscal 2000 St. Francis barely broke even. In 2001 they are in a loss position. He noted the hospital provides a variety of free health screenings and fairs. Programs for the community include Meals

on Wheels, which provides 26,000 meals to residents at cost. They have a daycare center of which 40% are enrolled from the community. They have community education programs on family planning, breast-feeding, newborn parenting, childcare classes, smoker cessation program and serve as paramedic training for the Evanston Fire Department and private ambulance companies. They provide community meeting space and polling places. He noted that the hospital is a large taxpayer, which pays nearly \$1 million annually on its office buildings, parking lots and residential properties. It pays nearly \$500,000 a year for utilities such as gas, water and electric that includes an Evanston tax on each utility. He said that passage of a head tax would cost the hospital approximately \$200,000 annually, based on the current number of employees. That would have a substantial impact on the hospital and they would have to evaluate services provided and current programs that they partner with the community. Evanston residents could see a reduction in some of the services now provided and some of the partnering activities go away. It is common practice for healthcare institutions to outsource many services such as housekeeping, security, engineering, food service, etc. Their philosophy has been to maintain these services in-house. However, St. Francis has a choice and should they choose to outsource these services, it would eliminate hundreds of employees from the workforce. He stated St. Francis Hospital's contribution to the people and City will remain provision of quality medical care in a clean, well-maintained facility without regard to the individual's ability to pay. He noted hospital's existing burden would be enhanced by the imposition of the head tax. Implementation of this tax will further burden hospitals in Evanston, which are reeling from reductions in reimbursements due to BBA of 1997, Medicaid and Medicare. They believe resources spent on this could be better used by St. Francis to continue to improve patient services, outreach programs, purchase new technology and maintain its physical plant. He asked Council to realize that St. Francis understands the City's budget problems. They believe the City must find ways to fund its programs other than taxing already financially burdened not-for-profit organizations. They will assist in any way they can.

Alex Sproul, Travel in the Main, thought the head tax was inequitable and for the City to have a budget problem from increased expenditures for city services and single out three entities for solving that problem was unfair. If there is a community problem, all have to pay. As a resident and small business owner he was willing to pay his share of whatever it costs to provide essential services. That does not mean that expenditures could not be cut by an amount necessary to bring the budget into balance and he recommended more attention be given to that. He agreed with Mr. Rizki's comments on cutting. He saw the head tax as having several drawbacks. One is it would dissuade large institutions from expanding in Evanston, which is undesirable. He noted a fourth non-profit organization is getting close to 1,000 employees. The incremental cost of that thousandth employee would be heavy and they could count on that institution limiting the number of employees. He thought that would happen to other businesses, which would be bad. They do not want to limit employment in Evanston. He said that St. Francis Hospital is an essential and stabilizing element in south Evanston. It is important because of the jobs and business it provides to local businesses and stability for the neighborhoods. He found it difficult to single them out and pile on additional taxation. He thought Mr. Wood's description of problems hospitals have these days is well known. He noted hospitals all over the country are closing emergency rooms. He asked them to think about the impact on poor and uninsured people if St. Francis closed their emergency room or decreased its capability.

George Cyrus, resident and business owner, said in business they do just what Council is doing. They look around and brainstorm for sources of revenue. He thought it appropriate to consider the head tax. After reflection, he suggested it should be decided that the head tax is not a good way to balance the budget and it should be taken off the table in favor of other ways. He acknowledged the structural problem with the City's revenues and expenses; suggested creative thought and ideas would have to be put into solving the problem. The head tax should be discarded as an idea for the following reasons: he understood an employer with 1,000 or more employees would be required to pay \$10 per month per employee. That does not consider whether the business is making money or not. Corporations lose as well as make money. Little firms can be making money and pay nothing. Assuming these were profit making corporations at the higher level and lower level, it is a nonsensical way to collect money from corporations because it has nothing to do with whether they are making profits or not. It was more nonsensical, to him, to include non-profits. Chicago removed non-profits from their head tax. Why did they do that? They did it because non-profits are considered an asset to the community. They are organizations that provide valuable services to the citizens that improve the community and add to quality of life. He described a hypothetical situation where one makes a charitable contribution to the hospitals or university, which the government recognizes are valuable and allows them to be deducted from taxable income. The money would flow in and, instead of eliminating or reducing fees of those organizations, some would be diverted into Evanston's tax coffers. Money that would be contributed for charity, instead of assisting those with a low income to take advantage of services would be directed into taxes for the City. He recommended the head tax on non-profits be put out of their thinking.

Don Huff, resident and financial consultant for Merrill-Lynch, stated the proposed head tax should not be adopted. He thought it would have a negative impact on businesses here and potentially adverse impact upon the quality of life for the following reasons: from a broad economic view, increasing taxes tends to reduce business activity. This can actually cause tax receipts to decrease over time. Judicious tax cuts tend to spur economic activity, which leads to more jobs and ultimately creates higher tax receipts. Many governments offer tax incentives to attract and keep businesses. A new tax is a strong disincentive to businesses and puts Evanston at a competitive disadvantage with surrounding communities in trying to attract and retain businesses. The economy is not static. The anticipated revenue from this tax may never materialize. Businesses have choices such as using more contract employees. They can spin off businesses units into different entities. They can shed or move employees. He suggested they would follow many of those options. He termed the head tax as “worker and job unfriendly” because they are not targeting specific jobs, if any jobs are lost, they could well be those who can afford least to lose them. For every employee lost, the impact on other Evanston businesses could be substantial. If one employee is shifted or lost, that would affect restaurants, suppliers, and possibly even movie theaters. This tax is insufficient to cover the projected budget shortfall. He suggested it might exacerbate the problem. He did not think the tax was moving the City toward a solution. He thought it would harm Evanston in the targeted businesses and make many smaller businesses suffer due to the ripple effect. He suggested it would make attracting and keeping jobs here more difficult. He became a resident three years ago. Part of the reason he and his wife bought here, is they attend many functions at Northwestern and have their physicians here. He asked that other solutions to be considered.

Rose Thomas, managing broker, Koenig & Strey GMAC, 2528 Green Bay Rd., said the 45 agents there specialize in buying/selling homes in Chicago and North Shore with the majority of business done in Evanston. The reputation of the community and economic health are a vital concern. She said the head tax would have a long-term negative effect on Evanston’s reputation, property values and taxes more than a positive one in the budget. She termed it shortsighted, damaging and not in Evanston’s long-term interest. She pointed out the three institutions affected by this proposed tax are not just users of services here; all provide jobs for one-fifth of the residents. Those 8,000 families pay high property taxes for the privilege of living and working here. Those jobs keep Evanston from being a bedroom community. If the head tax is approved, the University and hospitals will respond as any prudent employer would by looking for ways to cut back on costs in the Evanston workforce and move staff to other communities. This could force the relocation of many Evanston families as well as increase the commercial vacancy rate. This arbitrary tax will discourage employers from relocating or expanding here. They may well ask if Evanston is willing to tax employers, including not-for-profits with 1,000 employees, what would keep them from taxing firms with 500 or 100 employees and raising the tax to \$15 per head due to the City’s spending habits? When companies choose other communities over Evanston in which to grow or relocate, their employees choose other communities in which to buy homes. She said this diminishes the demand for housing, which lessens property values. She stated that Northwestern University is far more than Evanston’s largest employer and makes Evanston a “university town” whether people like that or not. It gives Evanston much of its vitality, energy and personality. This is a real and marketable asset, but it is less measurable than a property tax payment. It is what makes Evanston an attractive market for revitalization of the downtown with new shops, theaters, restaurants and tax-generating condominiums. It is an important reason why people are willing to spend \$210,000 for an 820-square-foot condominium in the old Marshall Field’s building. These 15 new condo owners will pay far more property taxes than that vacant commercial building did. Her final concern is that if this tax is not approved, the only other alternative will be to increase property taxes, which are now 10% higher than Wilmette and 30% higher than Skokie for a \$200-300,000 home. She did not accept these as the only alternatives for solving the City’s budget problems; suggested the City needs to analyze its spending habits to see if it can be more efficient and economical and this needs to be done on an ongoing basis through a standing committee. She suggested this be a joint effort of the Council, business community, non-for-profit entities and property owners.

Ray Grady, president, Evanston Hospital, said the proposed head tax is unfair to the hospital and its employees. They were concerned that the tax targets their employees because they are one of the three largest tax-exempt organizations here; believes their current contributions to the City are not being considered in this debate; believes the open-ended nature of the head tax will create a chilling effect on future plans to employ in Evanston. They see little to be gained by a unilateral, one-sided approach to balancing the budget. This is their City, too, and working together they can find a more appropriate long-term solution to balancing the budget, just as they have at their hospitals. They believe the criteria for the tax is arbitrary and unfair by leveling the tax on employers with more than 1,000 employees. As a consequence, 20% of the people who work here would be covered by the head tax and 80% would not. Why should employees who live and work in Evanston be burdened with a head tax when others are not?

If this is good policy, why is it limited to 20% of the people who work in Evanston. Some would argue the hospital has deep pockets and can afford to pay the tax. They believe that argument is wrong. Tax-exempt organizations, including governments such as Evanston, are exempt from taxes so they can carry out their missions directly. Their endowment and reserves are there to make sure the hospital continues to meet its academic mission and community service mission in good and bad times as it has for the past 110 years. Diversion of these resources to other missions through taxation is unsound in their view. Healthcare for the community should not be a tradeoff to repair streets. Their goal is to repair the health of the community. Their contributions to the community are not just health-related. They are financial, academic and economic in nature. In health services, the hospital provides \$40 million in uncompensated and subsidized care each year. This includes the unreimbursed cost of 20,000 visits to their outpatient clinics and \$80,000 in direct support at Evanston Township High School. The Balanced Budget Act that Mr. Wood referred to also impacts Evanston Hospital. Between 1997 and the ensuing five years, they estimate their revenue will be reduced by \$80 million. They reach out to the community with clinics, counseling services to adults and teens; provide opportunities for young people to learn about medicine and to find careers in their communities once they complete their education. Evanston Hospital is the City's second largest taxpayer. Last year the hospital paid more than \$2.6 million in property taxes and other fees. The hospital occupies 150,000 square feet of commercial space in downtown Evanston and purchases some \$2.5 million in goods and services annually from local businesses. The hospital is not a drain on the City but is a catalyst for growth and supports many small businesses and the community. The head tax will raise the hospital's cost per hire \$120 per year, which amounts to \$580,000 in unbudgeted expense and over time they would have no way to estimate what the total amount would be. Their guess is it would only go up. He described this kind of open-ended commitment would force them to consider relocating existing and new jobs to communities that welcome the health and economic benefits they provide. He was not talking about moving the hospital. They will not cease from promoting health and preserving life in Evanston. In the area of administrative and corporate services, the hospital has nearly 500 non-critical people located in downtown Evanston mostly at 1603 Orrington Avenue. They already know these jobs do not have to be located at the hospital. The question is, can they afford to keep those jobs here, or do they have to look elsewhere? They are not blind to the problems of the City. They have worked with the school districts and the Public Health Department for years. He noted these are small activities in comparison to the \$139 million budget and the hospital would welcome working in a public/private forum where alternatives could be explored openly and together. He stated it was clear from the City Manager's letter that the courts will have to decide whether the head tax is fair and constitutional and likely to take 18 months or more to resolve. In the meantime, he asked what benefit is held by enactment of this tax? Money held in escrow will not benefit the community. He concluded that passage of the head tax will be a signal that tax-exempt organizations are not welcome in Evanston. He asked to work together to find a better way than this regressive tax.

Steve Kardell, president, Glenlake Capital Partners (formerly Scribcor), spoke as representative of five buildings and part owner of 1930 Ridge (former Whole Foods site), 1880 Oak and a to-be-constructed building of 70,000 square feet on the site of last year's Farmer's Market. He also represented owners of 1890 Maple and 1033 University, buildings formerly owned by the Charles Shaw Company. Evanston Northwestern Healthcare and Northwestern University are significant tenants in those buildings and because his company is a for-profit owner, these non-profit tenants pay a proportionate share of real estate taxes of these buildings. He stated there are 68 office buildings in Evanston with a total rental space of 2.5 million square feet. The 12 major buildings in the Research Park and downtown Evanston comprise 1.5 million square feet. He noted that Evanston Hospital leases 150,000 square feet in those buildings and the University leases about 85,000 square feet for a total of 235,000 square feet, almost 10% of total office space in Evanston and 16% of the 12 Research Park/downtown buildings. He described Evanston's office market as unique – people office here because they want to, perhaps because they live or have a business here. It is not because of cost. Costs and real estate taxes are higher here than in surrounding communities. As a property owner, he was interested in existing owners keeping their square footage and adding to it. He recalled the loss of Washington National Insurance and Packaging Corporation of America had a tremendous negative impact when they left. The 1603 Orrington building had significant space leased to those companies. After they left, taxes went down due to vacancies by 1/3, a \$450,000 decrease from 1995-98. Companies have other choices. He noted that Evanston Hospital has operated a shuttle service for the past two years for employees at the 1930 Ridge building. They have also leased space in Skokie in what was the U.S. Robotics parking lot, which has a large office building adjacent that is vacant. He explained the commercial real estate market is straightforward with supply, demand and a price. Evanston Hospital and Northwestern University are part of the demand side of the equation. He asked them to not do anything that would decrease demand for space in Evanston.

Gene Sunshine, Senior Vice President for Business and Finance, Northwestern University, stated the University understands and appreciates the City's problems and does not underestimate the seriousness or difficulty Council has in resolving them. For those reasons, the University supports the suggestions of the Chamber of Commerce, Inventure, and *Evanston Review* and *Evanston RoundTable* editorials that the business and non-profits communities work with the City on options and alternative solutions. The University agrees that such relationships can be constructive and valuable. They also believe the head tax is not the answer. There are major questions to be answered about it and the University is convinced it would be harmful in a number of ways. He noted some believe this tax is necessary due to the detrimental impact of large employers here have on the City's infrastructure. However, no analysis or justification was provided to support this assertion. He asked the factual basis for arguing that large employers necessarily cause a greater impact on the City's infrastructure than a number of smaller employers. He suggested the University and the two hospitals actually help to maintain the City's infrastructure. As an example, Oldberg Park located on Clark Street between Sherman and Orrington avenues was completely rebuilt by Northwestern at a cost of \$91,000. The University spends thousands annually to maintain the park. Another example, the University provides land free to the City at the corner of Ashland Avenue and Central Street near Ryan Field that the City uses to provide 100 paid commuter parking spaces for the Central Street train station. The City charges for this parking and all revenues go to the City. The loss to the University is about \$45,000 annually. He stated those are two small examples of the ways Northwestern helps the City, as do the hospitals, which impacts infrastructure. It was not clear what justification the City has for singling out large non-profit institutions for a new tax. He stated the vague reference to infrastructure does not meet the burden of justification and explanation, especially when the tax imposes hundreds of thousands of cost and singles out three institutions. For some, they fear the justification for this new tax may go no further than, "the City needs money, these institutions are big with large budgets, don't pay much in real estate taxes as many would like and we want your money." He suggested that was insufficient justification and does not reflect sufficient consideration of its implications. He stated one impact of enacting the proposed head tax would be to encourage Northwestern to look elsewhere for locations for current and future employees. The University currently rents at commercial rates about 5,000 square feet of office space in downtown Evanston. They pay about \$500,000 in real estate taxes through these rents. About 400 employees in those offices as well as thousands of staff, faculty and students on campus shop and eat at Evanston businesses. The University is facing the need for additional space for faculty and administrative staff. While there is clearly the need for faculty and students to be on or near campus, that need is less urgent for administrative personnel (about 1,000). He stated if this tax is approved, the City will have increased the University's incentive to move significant portions of their operations outside of Evanston, which in turn reduces the sales tax revenues generated by those employees and their support of Evanston businesses and the real estate market. He asked that his remarks not be construed as a threat and termed them as "a statement of economic reality." This tax would raise Northwestern's cost of doing business by \$120 per employee and economic judgements by the University would have to be made as a result. He stated one thing the University has learned over its 150 years in Evanston is the power of symbolic actions. He said by enacting this tax, the Council will send two messages. The first is that the University and the hospitals, three non-profit institutions which have helped build this community, created thousands of jobs and continue to contribute millions of dollars annually, are less valued by some for the many varied contributions they make to the community and are valued more for their susceptibility to being taxed. Second, that these three institutions will pay or face the possibility that they would not have to pay such a tax in almost any other Chicago area community including the City of Chicago in which non-profit institutions are specifically exempted from its head tax. It is Council's choice to enact this legislation and he hoped they would consider its implications and the messages it might send.

Dick Peach, 1414 Greenleaf St., general manager, Dempster Auto Rebuilders, chairman, Small Business Council of the Chamber of Commerce, which represents small businesses in Evanston, expressed concern about the head tax. He stated the Corporation Counsel's argument that one rationale for setting a high threshold was in keeping with the City's policy of encouraging small business growth misses the mark. He stated the possible repercussions this tax would have on small businesses here concerns them. Most small businesses have economic relationships with these three large institutions whether it is providing services, products or hiring employees. They are here because of these institutions and Evanston's newest business is here because of Northwestern. He stated these institutions would have to make employees move to lessen the impact on their bottom lines. Employees moving from business districts is not an encouraging sign to small businesses. He pointed out a number of small businesses rely on these people as part of their financial planning and replacing the numbers would be difficult, if not impossible for them. The small businesses have encouraged fellow residents and businesses to "Shop Evanston First." He stated this tax will affect many people who work for these three institutions. The loss of jobs or job relocation will impact the business community in a major way. The small business community sees this as another tax or fee that could trickle down to

them coupled with a property tax increase. He stated that Council needs to deal with the financial situation the City is in terms of long-term solutions to projected shortfalls. A way needs to be found to cut City expenditures. He suggested a 2% cut in the budget. The head tax only delays the inevitable and creates more lost revenue for the City than they will ever generate. In the rush to "get" Northwestern, he asked Council to consider the price they are asking others to pay.

Fern Brogan, resident and owner of Interior Effects in downtown Evanston, represents small business owners, especially those who have small retail storefronts. Her business relies on walk-by traffic. She noted the loss of 900 potential customers employed by Northwestern and Evanston Hospital in the downtown were this tax to be enacted. She also cited that as a huge loss in retail sales tax to the City. She pointed out a lot has been spent on building up the downtown and why would they want to lose that now. She hoped the head tax would go away and is willing to help the City figure out how to make the budget work.

Don Leventhal, 15-year resident has no ties with any of the three institutions and spoke as a concerned citizen who believed the head tax would damage the Evanston community. As an attorney, he thought the head tax probably violates the uniformity clause of the Illinois Constitution, which provides that any law that classifies subjects or objects of non-property taxes, the classes must be reasonable, and subjects and objects within each class taxed uniformly. He said it is well established under Illinois law that a classification of a non-property tax must be based upon a real and substantial difference between the people taxed and those non-taxed. The classification must bear some reasonable relationship to the object of the tax. He thought that here a gesture was made that this is a "uniform" tax in application because it applies to every employer with over 1,000 employees. He found the real problem is the classification into groups of 1,000 or more employees and fewer than 1,000 does not reflect any real or substantial difference between those two classes. The vague notion that there is a difference in infrastructure usage he termed "silly." When he rides the El to work as a sole practitioner, he occupies one seat just as he did when he worked for a large firm. The idea that a person driving to work at Northwestern is different from a person driving to work as a sole proprietor was ludicrous to him. He said if the City has to defend this in court, it will have to come up with a distinction of employers with 1,000 employees and those with fewer. He did not see how such a distinction could be made. The second argument is that the Illinois Constitution prohibits the City, as a home-rule community, from imposing a tax on a particular occupation. He thought by attaching the tax only to non-profit entities, they are taxing the occupation of being a non-profit entity. He said there are discussions of this in case law. For the reasons stated, he thought it unlikely the City would ever collect this tax. As an attorney, litigation means fees and the City would pay a lot in fees and so would the institutions, which means that more money would be taken from healthcare. If there is not enough revenue to balance the budget now, he asked is this the time to engage in a legal quest that will cost hundreds of thousands and not put any money into the coffers for at least a year even if the City wins? He stated the institutions involved have a substantial stake in this and predicted this would go to the Supreme Court. As a taxpayer he was not pleased to see taxes spent in that fashion. He asked the wisdom of getting into litigation with the City's three largest employers, which would take revenue from their programs, risks alienating them and terminate existing mutually beneficial relationships. He termed the head tax bad economics; bad social policy and bad law and it should not be enacted.

Dave Benni, Presbyterian Homes, expressed concerns about the head tax and noted Presbyterian Homes has been in Evanston since the 1920s. In the last five years, the institution has tripled in size with development of a 45-acre campus in Lake Forest and another one in Arlington Heights. Growth has been away from Evanston. They also have subsidized housing in Chicago for senior citizens who are priced out of their neighborhoods. He stated last year, Presbyterian Homes subsidized charitable work in the amount of \$6.5 million. Almost \$6 million was in Evanston. Even though they are a non-profit organization, they pay over \$1 million annually in property taxes and do so without refuse pickup or any stress on the school systems. He pointed out they own a half block on the perimeter of downtown Evanston, which is the site of the King Home, and it is only partially developed. This property is prime for development and expansion, which they would like to do, but are apprehensive with the issue of the head tax. Presbyterian Homes currently employs about 600 employees and will likely grow. The question is where. They, too, could be a non-profit with 1,000 or more employees. Being a fairly large employer, they are concerned about that 1,000 mark becoming 500. They will be forced to pass on this expense to residents who can pay and to reduce their charitable mission to those who cannot pay. With many senior organizations struggling to stay in business, the industry environment of mergers and acquisitions, Presbyterian Homes, almost overnight, could be paying a head tax. That would mean their residents would pay property tax and the head tax. Presbyterian Homes does not favor the head tax and he encouraged Council to not endorse it and to work with them and others to help the City.

Ted Otto, Mather Lifeways, stated the largest charity in senior services in Illinois is headquartered at 1603 Orrington. Three of four facilities in Evanston provide \$3.5 million in individual subsidies to Evanston residents and \$3 million in research and education, at least half benefits Evanston citizens. Their mission is the well being of senior citizens in their community. They have about 500 employees, so do not qualify for the barrier of 1,000. They would expect that barrier to come down so they would be included. If this should happen, this clearly would be a tax on senior citizens. As a tax on seniors, it is even more discriminating than that, it becomes a tax on senior citizens who choose to move from their homes to a retirement community or those who have such poor health they need to live in a nursing home. He doubted the intent of Council to be "anti-senior," but sometimes measures have lots of unintended consequences.

Jonathan Perman, executive director, Evanston Chamber of Commerce, stated the Chamber believes the head tax is not a prudent way for the City to deal with the budget. They look at it as an economic issue because the head tax fails to recognize the economic impact of an employee. He said one of the first things Council looks at when there is an economic development project is the number of employees and how many will be Evanston residents and what opportunities will there be to expand the number of employees. One measurement Council uses for economic advancement is being taxed here. Many have asked the impact of the head tax on other communities that have enacted it. The City of Chicago has had a head tax since the early 1980s (on businesses with 25 or more employees at \$5 per head per month) but because the tax was a barrier to economic development, in 1995 the tax was lowered to \$4 per head on businesses with 50 or more employees. Mayor Daley's aim is to eliminate the head tax. Oak Park has a head tax, but he would not look to that community as a standard that they should reach for. Evanston can and is doing better than Oak Park. Denver and Philadelphia have a head tax. Business leaders in Philadelphia believe the head tax was one of the key reasons businesses moved from downtown to the suburbs. Denver, Philadelphia and Chicago, the three largest cities with a head tax have experienced low growth. They are not high growth cities such as Nashville, Raleigh-Durham, Indianapolis or Minneapolis, which do not have a head tax. The Chamber wants to go on from a head tax. He noted Evanston finds itself in a difficult public finance situation. All want to work with the City on this problem and it is not easy for Council to grapple with a \$139 million budget and figure out how to close the gap. He stated there are a number of institutions and individuals, including the Chamber, which would like to be of assistance. They would like to involve the business community in possibly modifying programs or changing the way City services are delivered and try to find other sources of revenue. He thought a mix of both would be needed. He stated a model already exists for that kind of participation. Evanston was one of the first communities to have a Plan Commission. Evanston has engaged in land use issues for generations involving citizens. While no Council members sit on the Plan Commission, there is a direct liaison to Council. He noted the Economic Development Committee is another entity in which has both aldermen and citizens serve. While they may not always agree, they have done a yeoman's work in bringing tremendous economic activity to the City. He has served on the Parking Committee for some years working with both public officials and private citizens so the governance structure for land use policy, economic development activity and parking, which have difficult issues, is in place. He suggested doing the same for the budget. He noted a Budget Policy Committee was created last year and that would be a good place to add business leaders, private citizens, Fair Share Committee members, residential and neighborhood leaders, non-profit institutions and private companies. He suggested working together to help fashion a budget policy and develop recommendations that Council can work with, noting Council members are custodians of the budget. He recalled Alderman Rainey said it best, "the budget is the policy statement of the City of Evanston and represents the values of the City of Evanston." He asked why not include community members who represent community values to help with the budget.

Ron Kysiak, executive director, Evanston Inventure, 16-year resident, spent most of that time watching the economy and trying to figure out ways to make it grow. Inventure is an organization of major employers in Evanston. When he came here in 1984, Inventure was equally comprised of major profit-making corporations and non-profits institutions. Since that time, Washington National, Tenneco, Shand Morahan and a lot of jobs from First Illinois and NBD Bank have gone. Inventure has become primarily an organization of non-profits. He is not neutral on a head tax for the three largest non-profit organizations here. The non-profits, by default, are the major economic engine in Evanston and provide one-third of the jobs here. When some 1,500 jobs were lost in the last three-four years, those jobs were filled by the non-profits. The issue is whether non-profits should be taxed? He did not know how to answer that; understands why the Council feels the non-profits may be able to do more for the community. He thought to go ahead and pass a tax without talking to them, listening to their problems and ideas to help Council since the budget problem is not a one-year problem because the cost of services is rising faster than inflation. The City has to either keep raising taxes or find other revenues. The non-profit community understands the City has a

problem and knows they are part of the City. What can Inventure do? As executive director, he talks to Inventure members and all agree that they would like to help. They offer a dialogue. He asked to bring the major non-profits together on a regular basis and talk about City problems so they can explain what could be done about those problems. He noted that non-profits provide social services and so does the City; provide affordable housing and so does the City; purchases in quantity, therefore reducing prices, as does the City. Non-profits have low-cost borrowing authority as does the City and some are even lower. Non-profits provide healthcare. There is a major healthcare benefit program and neither hospital is involved. He asked if there are efficiencies or ways the non-profit community could sit with elected officials and talk about City problems? Can ways be found to help the City in areas it already funds? Can they help reduce costs on the one hand and make it more efficient on the other? His organization has authorized him to offer their help, as a group, to meet with elected officials on a regular basis with their top personnel and financial people. The non-profits have a lot of expertise to offer and have the same problems as the City. He stated because the non-profits here are a major economic engine and community citizens, they want to be helpful. They understand and want to provide whatever help they can. Inventure will set up the meetings.

Mike Rothchild, 2425 Payne St., Fair Share Action Committee, spoke in favor of the head tax. He suggested, with passage of the head tax, citizens would receive a small measure of economic justice. What was interesting was who was not there: Tenneco, Washington National, Peapod -- because of the staggering cost of property taxes, which makes it impossible for them to support the non-profits. He noted a lot of the lost jobs came back in the non-profit sector, but the City did not get revenue and that is the problem. They were admonished not to damage the special relationship with large non-profits. He noted Chicago could afford to exempt non-profits from the head tax. It's a big city with a lot of revenue. He stated the non-profits in Evanston are a massive, disproportional burden. Taking it to its logical conclusion, Evanston would become the "Tobacco Road" of non-profits because no one else can afford to stay here and subsidize them. He said what makes the head tax uniquely good here, is these non-profits collect a lot of revenue and these taxes can easily be passed along. He explained that if someone from Winnetka comes to Evanston Hospital, they are not told they aren't from Evanston and cannot have surgery here. He said hospitals are regional institutions but who pays the bills for their services? Whose taxable land is being used to support these non-profits? He said picture moving Evanston Hospital to the Linden El stop. He assumed Evanston residents could use it, but Evanston would then have some taxable land. This is conceptual and nobody is telling them to move. Northwestern University is global. Relatively few students from Evanston go there. NU services the world. Whose potentially taxable property is going to support this? It is the residents. They don't see anything today that does not offer a future of higher property taxes and reduced services. He was also troubled because they are beginning to view Evanston as a closed-loop economy. Most people he knows who live here, don't work here. If somebody lost their job here, they would go to a neighboring community for one. Two years ago, he was commuting to Phoenix, AZ. He thought they were overly concerned with having jobs located within Evanston and not enough concern with how to pay for services. Nobody has shown anything other than vague suggestions and offers of help, but no serious proposals. He noted that 82% of those who voted for Fair Share, voted that Northwestern and, by extension other large non-profits, need to contribute to this community in a substantive way. He said Council was at a point now, especially with the recreation facilities falling apart, either to go back to citizens and say more property taxes are needed, cut back on services, not improve parks or start to find a way to recover revenue from these large profitable non-profits. He thought the head tax was an excellent way to do that; many cities do it because they are faced with the problem of providing these services. While it is true Chicago raised the lower limit up to 50 people just to protect small businesses. This tax is clearly targeted away from them. He could not think of a more justifiable way and a tax that can easily be passed along. If he has a bad year, he cannot pass along his real estate taxes. He suggested this tax makes sense for Evanston and it is a small burden on those who would pay it. He said citizens are not getting anything but higher taxes. It is true that it is easy to sell homes here and people are willing to pay \$500,000 for a condominium. He thought Council has to be concerned about those who are not paying \$500,000 for a condominium, because those people will vote. The Council has not shown that concern and he hoped they do so.

Mayor Morton thanked all who spoke. She asked organizations that were willing to participate in sharing ideas on budget to sign a sheet on their way out.

Alderman Engelman understood the head tax was on the agenda of the A&PW Committee Monday. He thanked all who talked about a dialogue on budget problems. He related that the Budget Policy Committee meeting three days ago about revenue increases or service delivery alternatives on the existing budget was cancelled. He wanted to spur discussion on ways to narrow the proposed tax increase. One idea on the Wednesday agenda was public/private partnerships, which should be discussed with various institutions. He said the hospitals and the City provide medical

services to the community. Perhaps there is a way to find common ground. The University provides education to the community and the City provides training. Those kinds of discussions will not solve the \$1.9 million budget hole for this year. One issue discussed was increasing liquor license fees and at the same relaxing some of the regulatory restrictions the City imposes. He noted warm beer/wine for sale in grocery stores requires the stores to have a totally separate cash register. Those restrictions require the grocery stores to spend money to maintain that. He thought they could explore whether those restrictions are still valid in 2001 because over the past 25 years, restrictions on alcohol consumption have relaxed significantly. He suggested as a tradeoff, they increase liquor license fees and relax requirements that impact liquor vendors. Staff has estimated an additional \$50,000 in revenue. He would welcome a discussion on what kinds of restrictions could be relaxed. There were other alternatives that Council should look at including privatization of some service delivery or public/private partnerships in service delivery.

Alderman Rainey stated the discussion generated in the Budget Policy Committee meeting had to do with raising revenues through additional tax on liquor and expanding relaxation of liquor regulations. She noted because Evanston was dry for so many years, when the original liquor law was enacted, one requirement was that a person had to order a full meal to have a drink in a restaurant. She was not suggesting that bars be opened but that regulation is archaic today. She thought local restaurateurs have shown they are responsible and saw no reason for that restriction to be continued. A person should be able to order a glass of wine and a snack.

Mayor Morton spoke as liquor commissioner, saying there is an almost perfect record of compliance with the law. People who operate the restaurants are doing an outstanding job and she thought some redress was needed.

Alderman Feldman appreciated hearing the willingness of the institutions and businesses to participate in finding a solution to the City's budget problems but was not certain how deep that goes and what it really meant. He thought it was one thing for a group to meet and say what the Council should do; there are cuts and efficiencies the Council should make and another thing to take ownership of the problem and say the City of Evanston is facing serious issues that affect all and all have a stake in this and own the problem. Citizens, Fair Share people and institutions have to say that. It was not enough to walk in and say "cut" without specifying exactly what to cut or to say cut 2% or 5%. It is easy rhetoric to talk about cuts. He felt all that who spoke are responsible. It was the extent and depth of the commitment that concerned him. He recalled a decision by Alderman Drummer and himself to pass on a decision to spend money that Home Depot gave to the community. People came with requests for money for projects. Instead of deciding who would get what, they supported the decision of the group. He supported a dialogue where there is understanding of the needs of all constituency. He described this as a institution/community dialogue. He noted many prominent people in the community spent weeks in dialogue and nothing came of it.

Alderman Drummer thanked all who spoke and stated he would not support a head tax. He thought that Ron Kysiak had the right approach and was not interested in hearing what to cut from the budget. The head tax was talked about to repair crumbling streets, which everybody uses. The streets belong to all and all share responsibility to repair them. He thought non-profits recognize the City's problems. The problem has been that the City's approach has not fostered relationships and respect to talk about these issues. He thought that is a true possibility but was reluctant to spend time on the head tax, which was before them on a vote of 2-1 from the committee. He said it has no implications for this budget, but for the future and saw no need for a discussion on Monday night. He thought they ought to consider proposals presented and see if they take the approach that will begin to fix the streets and lead to other things. He preferred spending time to reduce the \$1.9 million in deficit in this year's budget. He thought there are creative ways to accomplish things without incurring debt. He stated that people think that if they collected \$5 million they could fix the roads that year, which is impossible. The cost to repair all alleys is \$33 million. If they bond for it, they can only do 10 alleys a year. He wanted to stop accumulating so much debt.

Alderman Bernstein said even presuming passage of the head tax, the City is still left with a shortfall. He was encouraged by all that came forward. He thought a lot of good people were brought to the table. He suggested that perhaps some may be too close to the problem and fresh eyes could provide more efficiency. He asked the Health & Human Services Department to do an analysis with Mr. Wood and Mr. Grady as to whether the City can outsource health services with assistance of the hospitals. In reference to Mr. Peach, perhaps they could talk about a health insurance plan with the two hospitals. He said Evanston continues to be a community of intelligence and resources and asked them to come together as citizens. The City's problems are not going away and they can work together to start to address them.

Alderman Wynne found it a worthwhile discussion to hear about the head tax. For many it is a simple idea and Council needed to hear from the affected community on how this would impact them. The unintended consequences might mean less revenue than anticipated. She knows the hospitals are not a singular employer. At Evanston practice groups are separately incorporated. She questioned the accuracy of employee numbers. They have heard that the hospitals affected would attempt to get below the 1,000-employee mark. She found the discussion useful and hoped the community was listening. She thought it was significant to all that spoke that Council ever got to the concept of a head tax, which demonstrates how Council is struggling with budget issues. She hoped what they heard were not just symbolic words about cooperation, because there is a need for a much more effective partnership. Actions need to follow this discussion. She predicted that Council would be back in a year or so with as a draconian measure as this. She could not support the head tax based upon what she heard that day. She said the message needs to go out that they need to work as a partnership to solve community problems.

Alderman Kent could see supporting the head tax because it forces the issue that Council has had to deal with. He suggested they need to concentrate on what is going to be cut or make up the deficit in the budget; noting that privatization is a big discussion in itself. He was encouraged by the businesses and non-profits that came out; stated this is not a new problem to Council and it seemed too little too late because their backs are to the wall. He believed that if they can get together and actually start planning, they won't have to go to a head tax. They can say businesses, residents and Council have come together. He noted many of his constituents don't belong to the Chamber because they are small and cannot afford it. He hoped those who signed the sheet would make a commitment to look at where the City is going financially. Cutting the budget could affect constituents who receive services they might not be able to get elsewhere. His concern was if they passed the head tax, would they be creating something horrible for businesses because they have worked to build up the downtown. He thought the head tax forced the issue but urged Council to concentrate on what has to be done for this year.

Alderman Engelman stated the three issues were head tax, vote it up or down, a dialogue and this year's budget and what Council will do. He did not think the head tax decision could be made that day, noting a ninth Council member was absent and should be given the opportunity to voice his opinion. He noted the matter was on the A&PW Committee agenda for Monday's meeting. Alderman Engelman stated the vote in the Budget Policy Committee was 3-1, not 2-1 on the head tax. He heartily supported a dialogue and recalled when they initiated the Budget Policy Committee they discussed going out to the community to talk about the budget first. The majority of members at that time did not feel that was appropriate, considering the short time they had. He suggested the Budget Committee was not the place to decide how this dialogue should begin. He noted the Mayor is the only one elected by the entire community and she has been out in the community for eight years. He knows the Mayor is on the board of Inventure and has maintained a dialogue with non-profits and other institutions. He made a reference to the Rules Committee that the Mayor take the lead on developing a committee and a format to begin the dialogue that all agree is necessary and that was offered. The Mayor said she would be happy to serve. Alderman Engelman wanted to talk about alternatives they could give the City Manager for the next meeting on how to narrow the gap in the budget.

Alderman Feldman supported Alderman Engelman's reference. He stated the leadership of this effort is a Council matter. Mayor Morton stated the Rules say nine serve on the Rules Committee. She stated the Mayor has the right to set up any ad hoc committee she/he chooses. When something comes from a committee, the Council responds to it. She accepted this responsibility and saw no reason to turn over the decision to the Rules Committee to have a ruling to have a committee. Alderman Feldman stated it was within the authority of the Rules Committee and the Mayor to set up whatever committee that she wants or it wants.

Alderman Rainey pointed out that while they focused on businesses, corporations and non-profits, it was interesting that the top ten taxpayers in Evanston only constitute 7.2% of the total assessed valuation here. She wanted to speak to the people who pay the bulk of the real estate taxes in this community: homeowners and renters. Those persons were not present that day in great number. Therefore, except for those elected to represent them, they were unrepresented and she suggested they were getting trounced. She stated if citizens don't come out and make their views known on this budget, they will get what they deserve, a 9% increase on their property tax bill. She stated they have an obligation to come out and talk to Council and let their views be known to businesses and non-profits that they cannot pay anymore. On Monday night they will discuss adding a huge chunk to the residents' tax bill for recreational facilities and improvements. She noted citizens may get an opportunity to vote on that if Council decides to put it on the ballot. That would be their only chance to determine what they are going to pay. She stated Council has not heard from residential taxpayers, which are the primary supporters of the City budget and the people

who pay the sales taxes, property taxes and bear the burden. People don't want services cut. Mr. Rizki tells them they are irresponsible and wasting money. As they talked about a public/private partnership with the hospitals on healthcare that the City provides, the portion of healthcare in the budget is about 2%. Seventy percent of the budget is spent on public safety, police, engineering, fire and streets. They have spent an entire year fighting to hire a full complement of police officers and she was proud to have spent money for public safety. She encouraged citizens to come whenever they can, to call their alderman and to call businesses. She supported the head tax because it is a necessary addition to this budget, if not this year, next year and does not support raising taxes 9%. Many employees, especially highly paid employees other than NU administrators, live in subsidized or free housing off the tax rolls, and most of highly paid employees of these businesses do not live here. She has no problem with imposing a head tax. If small businesses think it unfair to impose only on the non-profits, she was willing to ease their burden, and take the head tax and spread it across the board. She was talking about churches, universities, stores, etc.

Alderman Bernstein moved to allow Alderman Rainey to speak beyond five minutes. Seconded by Alderman Wynne. Motion carried. No nays.

Alderman Rainey was willing to reduce the head tax to \$4 or \$5 per employee if people think it is unfair and exempt the University, not single them and the hospitals out and let everybody else pay their fair share. The reason they are talking about the head tax is so that everybody starts making a contribution.

Alderman Drummer understood the head tax was targeted for a street maintenance program. No one has talked about it being part of this year's budget. Alderman Rainey clarified she had said "if not this year, next year." She has struggled with budgets since 1983. She did not see where the funds are used was significant. Alderman Drummer stated the unfairness of the head tax was being brought out. If putting it on three entities in town was totally unfair, then putting it on small businesses would be doubly unfair. As a small business owner, he pays taxes already. Why should he pay a head tax? He noted businesses pay taxes at a higher rate than residents do so that makes no sense. He said in convening the non-profits and other businesses there was an issue of leadership. He thought when they go to committee they need to have the leadership of the City (Mayor) convene with the leaders of businesses and non-profit communities and that aldermen and citizens would be involved. The Mayor is the appropriate person as they go forward to foster and begin relationships.

Alderman Rainey stated she was one of the first Council members to sustain support for the head tax and began the discussion by saying all employees over 1,000, meaning the tax would begin on the 1,001th employee. The reason was not to get NU, but to get the largest employers to pay and avoid taxing the smaller struggling employers, especially those in the \$200-300,000 range. However, reaction from employers who were targeted to *not* be included was that this was unfair to large employers. Given the need for revenue here, it seemed the message was that it was so unfair they needed to think of another way to apply it. The purpose of the head tax and revenue from it is because revenue is lacking in other areas. The reason is to relieve the burden on small businesses.

Alderman Engelman corrected a misunderstanding saying he did not believe it was the intent of the head tax to fund street repairs. The justification for imposing an employer infrastructure tax is that employers bringing employees into the City create an impact upon the infrastructure such as streets, etc. that allows the community to tax the employer based upon the number of employees because it has an impact on an expense of the City. It is not how the tax is to be spent. When this matter came from the Budget Policy Committee there was no recommendation and he believed that whatever funds were raised would go to the General Fund to fund general operations. It is not targeted for a specific capital project.

Alderman Drummer read from the City Manager's budget message that recommended any head tax revenue go to street repairs and resurfacing but understood Council could do whatever it wishes.

Alderman Rainey asked about a report on a \$150,000 savings in the Sanitation Division that Council received. Alderman Drummer recalled the discussion last year on privatization when he moved that the sanitation budget be reduced by \$150,000. Alderman Wynne had requested a report on how Streets & Sanitation had functioned this year with the \$150,000 reduction to their budget. Alderman Rainey asked if there was a \$150,000 savings in sanitation referring to a memo of December 5, 2000. Management & Budget Director Pat Casey stated that memo included pending issues; that \$150,000 was taken out of the sanitation budget and they should be operating with that amount. Alderman Rainey asked when they would receive a report? Mr. Casey stated within two weeks.

Alderman Engelman hoped that next Saturday they could look at service delivery alternatives and other sources of revenues. He noted that he and Alderman Rainey had raised an area that day that they have talked about before. He wished to gauge Council's reaction so if they are willing to look at it, staff can develop what is needed for the A&PW Committee to relax some of the liquor regulations and provide realistic revenue figures. Alderman Wynne was interested. One issue was raising annual liquor license fees and did he want to raise the tax per drink? Alderman Wynne asked if both were components? What would be the revenue stream by relaxing the full meal requirement?

Alderman Rainey stated at the last meeting that she and the Mayor had talked about the need for actual year-to-date revenue information. She stated they received one page that was generic, which was not that helpful to her. She was looking specifically for liquor tax revenue to date, cigarette tax revenue, entertainment tax revenue, hotel tax, the various revenues. Mr. Casey stated that would be provided. Mr. Casey had not studied the meal impact and could only assume it would increase liquor sales, which would in turn increase the liquor tax collected. He has spoken with the major grocery chains about relaxing the requirement to have separate section for liquor sales in their stores and they believe their sales would go up considerably. This week they will study how much the license fee could go up and if there is a reason to raise the tax, the effects both negative and positive.

Mayor Morton asked when Council could receive year-to-date information on revenues/expenditures? Mr. Casey stated it would be supplied that week.

Alderman Bernstein asked when projections are done, to include the exclusion of advertising restrictions and extension of service hours on grocery stores. Mr. Casey stated they would look at hours in restaurants as well as grocery stores because they are restrictive in comparison with other communities.

Alderman Kent asked for projections on city stickers to see if compliance could be increased. Mr. Casey stated that information was provided in the budget memos.

There being no further business to come before Council, Mayor Morton adjourned the meeting at 12:03 p.m.

Mary P. Morris,
City Clerk

A videotape recording of this meeting has been made part of the permanent record and is available in the City Clerk's office.