

CITY COUNCIL

February 12, 2001

ROLL CALL - PRESENT:

Alderman Wynne	Alderman Rainey
Alderman Bernstein	Alderman Feldman
Alderman Moran	Alderman Newman
Alderman Engelman	Alderman Drummer

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:**

Alderman Kent

ABSENT:

None

PRESIDING:

Mayor Lorraine H. Morton

The OFFICIAL REGULAR MEETING of the City Council was called to order by Mayor Morton Monday, February 12, 2001 at 7:40 p.m. in the Council Chamber.

Announcements:

Finance Director Bill Stafford announced this was the last week to obtain vehicles stickers; the Collector's office would be open until 7:00 p.m. through Thursday.

Police Chief Frank Kaminski announced a citywide public forum "Building your Neighborhood's Capacity to Solve Problems" which focuses on problem solving methods and partnership policing to be held on Thursday, March 1 from 7:00-9:00 p.m.

Mayor Morton related that the Cook County Assessor has people in the community looking at property for re-assessment. Before a decision is made, there will be a community meeting. She explained that there are taxing districts in 18 neighborhoods arranged on the basis of properties there; urged property owners to come to the assessor's office to see the average tax cost in their area; noted businesses are in separate taxing districts. She reiterated that she does not favor a property tax increase. She noted this is the fourth year the City has had a deficit budget presented; noted about 400 separate pieces of property are for sale if taxes are not paid, which she termed an alarming figure.

Mayor Morton referred to the suggestion that Emergency Assistance be moved to the Township. She stated, if that decision is made, the present Township Supervisor is the person they should work with. She was told that if Emergency Assistance were combined with Township, it would save around \$180,000.

Proclamation: Family Technology Literacy Awareness Month

City Clerk Mary Morris announced that the Clerk's office would be open for voter registration from 8:30 a.m. to 5:00

p.m. Monday through Friday and the next three Saturdays: February 17 and 24, and March 3, from 9 a.m. to noon for people who had moved, changed their name or never registered. The last day to register to vote for the April 3 Consolidated Election is Tuesday, March 6. Ms. Morris explained that youth who would be 18 years of age as of April 3 and a 30-day resident in their ward could register to vote.

Alderman Rainey reminded people who had difficulty voting or voted by affidavit in the November 7 election to check and make sure they are registered.

Communications: None

CITIZEN COMMENT:

Junad Rizki, 2784 Sheridan Rd., accused Council of a lack of commitment to solve budget problems. He noted in 2000 the CPI rose 3.4%, yet the City wants more than a 10% increase in taxes and the sewer charge. He asked what economic development has done for Evanston? He noted that water bills would go up another 30% over the next three years. He spoke recently with a woman who moved away because she could not afford to pay a \$400 water bill. Citizens are told there is a \$300 million capital shortfall and Council has no idea of how to cover it and puts \$1 million a year into parks, less than 1/3 of 1% of the shortfall. He asked why Council was not looking for solutions to budget problems in May and June? He stated it was time for major changes in the operation of the City government. He heard at the last budget meeting about some 300 water bills that were charged a late payment fee although the bills appeared to be paid on time. He noted the City charges a 10% penalty on late payments of water bills, which is outrageous. He seriously doubts the City collects all the water bills and suggested it was time for an audit. He noted the Collector's office claims the number of past due bills will double, yet the bad debt won't increase by \$7,500. He wants to see a list of those who don't pay their water bills published and those who buy don't their vehicle stickers, so all can see who is not paying. He believes that huge savings could be realized by cutting unnecessary services and employees. He noted some on Council claim they don't want to cut anything, yet he thought several million could be cut and not affect the majority of citizens. He stated that Alderman Rainey had wisely suggested combining Emergency Assistance with the Township. He asked why there couldn't be one unit of government servicing people rather than two. He suggested it might be time to privatize all human services here and have the people who want these services pay for them with their money and not taxpayers' money. Last year he sat through meetings where \$50,000 was proposed to be cut and not a penny was cut. He found it unacceptable that Council could not decide and asked the City Manager to have departments cut. He recalled that last year \$150,000 was cut from refuse collection without discussion. They simply cut it. He asked if they could cut this sum, why have citizens been overcharged for years for refuse pickup? He thought they look to transfer the tax burden on others, first the head tax, then liquor tax. He thought it unfortunate the Chamber of Commerce did not have the courage of 10 years ago when it suggested the City go on a diet. The Chamber had published recommendations, which stopped after a year or two. The Council sees businesses here as a "cash cow" and recently he spoke with a small business owner on Central who was closing because he could not survive here. A graduate of the University of Michigan with no connection to NU, he thought some used NU as an excuse for the problem of high taxes. If taxpayers think there is a problem with NU, they will never look at the City. He was not saying that NU should not do more here and be accountable. He has a growing mistrust of the \$300 capital improvement figure; noted some citizens have suggested demolishing the Robert Crown Center and rebuilding it, which is a joke. He looked at Crown and saw that the building was not maintained. All landscaping in front had been removed and not replaced. Someone suggested there was a structural problem. He is a licensed architect with a master's degree in structural engineering. He received a copy of the report that justified what is supposed to be done at Crown. Nowhere in the report did it suggest tearing the building down. There was no cost data. He found it interesting that a second report was done to look at the first consultant's results. While this Council did not place this issue aside, he thought they would not have killed it if there were money to do something. Nobody bothered to look. He did not think it necessary to give Council raises given the City's financial situation. He is running for alderman and, if he wins, will not take a salary. Some aldermen say their expenses are high and he asked them to make their expenses public. A reporter had pointed out that he is friendly with his neighbor Alderman Engelman. This election is not about personal issues but about the direction of government.

Mimi Peterson, 1008 Ashland Ave., described Evanston as expensive with taxpayers being squeezed; suggested one of the worst things was a past moratorium on the City's tax levy. While former Council members looked good politically, this had a devastating effect on much of the infrastructure. The budget was cut where residents would not notice immediately such as maintenance of parkway trees, public buildings and parks. It also caused the City's portion of property tax collected to diminish over the years. She was disappointed with Council for not giving consideration to the head tax. While she understood it was controversial for the three institutions affected, she thought it was a real effort to cause the greatest users of the infrastructure to help maintain the cost of running the City. The positive side of the head tax was that it would have generated much needed new revenue to pay for capital improvements without causing smaller businesses to pay. She suggested they could not continue to support the non-for-profit institutions. She has heard talk of more dialogue between the institutions and the community for 20 years with no substantive gain except in her tax bill. She applauded Alderman Rainey for looking for ways to raise revenue without raising taxes. A founding member of the Fair Share Action Committee, she recalled they presented to the Rules Committee ways in which other communities that have home rule powers implement impact fees and fees for service. Other communities require, based on per capita or square footage, fees for service such as fire service. She asked if anyone really knows what it costs to build and operate five fire stations? She has asked repeatedly for up-to-date cost analysis and has not received it. She was sure those fixed costs are high. She stated that 15-20% of all medical/emergency calls go to service Northwestern University, which does not contribute anything toward these fixed costs. Other communities have implemented impact fees for new construction because it impacts services, refuse collection, parking, etc. She asked how many full-time employees must the City have to process building permits for not-for-profits? She was not convinced permit fees cover the cost of providing these services. The City is not recovering the cost of fire inspections. It did not appear to her that Council had looked at ways to cut services or to generate new revenue. She urged them to look at these options and to provide tax relief to overburdened residents because taxpayers cannot afford any more tax increases. One building that has received much attention is the Robert Crown Center. She recalled speaking about a year ago on staff accountability and enforcement of contract specifications. After that meeting she was sued for \$750,000 for speaking out regarding those issues. She was not intimidated and is more interested in how government works. Robert Crown Center is an example of how the City has failed to maintain existing buildings and continues to manage by crises. She obtained a copy of the engineering report. Staff has said this building, just over 24-years old, must be torn down and replaced with a bigger and better Crown Center. According to the report, "based on our observation it our professional opinion that the wall is not in danger of collapse at this time. However this condition must be continuously monitored for changes." This report was made in 1998. While no one can argue that the building has not been properly maintained, she argued that it does not need to be torn down. The report offers suggestions for the east wall repair and was not about the entire building. After reading the report she was not convinced they need to spend \$200,000 to look at Robert Crown so a facility can be built that many people want but that residents cannot afford. Why not heed the direction of the 1998 report and save \$200,000? She was surprised that staff said the cost to renovate this building is equivalent to the cost of a new building. She suggested Council work harder to reduce the burden on all taxpayers.

Alderman Feldman moved to extend Citizen Comment. Seconded by Alderman Wynne. Motion carried. No nays.

John Hamal, original owner of Evanston 1st Liquors, said the new owners had asked him to come and explain the effect of an increased sales tax on their business. He said the first time it was increased, they lost all the large business customers because those customers could find liquor someplace else without paying the 5% sales tax. At that time they were growing and did not feel it so much. After that the sales tax was increased again and many Evanstonians who were buying supplies for a month or two started buying elsewhere. He noted trucks delivering from the surrounding area, including a former partner. The current owners pay less sales tax than they used to pay by at least 10%. If they lose more business it will not be good for them and the people who pay this tax are the poorer people. More affluent people can avoid the tax and people who buy a bottle or two have to pay this tax.

Joel Fondell, Le Peep Restaurant, said he and his wife Jo McPherson are managing operators of Le Peep; live in the 2nd Ward. He stated many restaurateurs work long hours, seven days a week out of necessity because this is a risky business. Owners/operators often have to perform multiple duties. Restaurants that earn 6-10% profit are considered fortunate. Sometimes the difference is only a few customers a day. A string of bad days and they lose money. Some considerations

are food costs, labor, rent (theirs is the highest in the nation), utilities, advertising and supplies. It is highly competitive. He said passing this tax increase is detrimental to business and to the City with revenue loss due to people taking their business to other communities with lower taxes and less restrictive liquor laws as well as business failures. He urged them to review the tax increase.

Larry Huber, Clean Plate Club, appreciated all Council was going through as they deal with the budget shortfall. He said currently the sales tax is 8½% on both food and liquor. The current liquor tax is 6%, so anybody who has a drink pays 14½% tax. A glass of beer that sells for \$4-5 is taxed about 75¢. He did not think a 1% tax increase would grind businesses to a halt but it would add to a perception that Evanston is an expensive place to live and to eat out. He thought this negative perception over time would erode businesses here and give it to their competition. He noted Chicago charges 8½% for everything and thought Skokie was the same. He said there are other municipalities that look at Evanston restaurants with respect and envy and have approached restaurant owners with incentives to bring their business to those communities. Both Arlington Heights and Vernon Hills have contacted him and offered things to bring them in, not make business more difficult. He explained the tax sword cuts both ways, especially when talking about the bar business. He said when someone orders a drink they charge say \$4 with tax included, which is done for operational reasons. They believe their pricing, due to competition, is at a threshold where they cannot raise them anymore. When a tax is added, it comes out of the operator's bottom line. He noted the added tax hits both the consumer and the operator. They asked what would be the impact of this tax locally? He said the Clean Plate Club has 275 employees and 85 are Evanston residents. After talking with other operators, they believe, conservatively, that Evanston restaurants employ 1,500 Evanston residents. The harder it is for the operators to make money the harder it will be to employ people, especially if restaurants close. He stated the Clean Plate Club donates about \$25,000 in goods, services and cash to local charities. When they have to tighten the belt, unfortunately, philanthropic efforts are cut.

Dan Kelch, Lulu's, suggested the 1% tax proposal was a negative tax for Evanston restaurateurs over the long run; explained the restaurant business is a low margin business and success is ruled by more than food, service, facilities and a great location. For restaurants to thrive in today's economic climate they need an underlying cost structure to be sound, cost effective and predictable. Restaurant costs are approximately 30% for labor, 30% for goods and 30% for operating expenses, which leaves 10% for profit. They have good control over labor and goods but don't necessarily have strong control over operating costs. He noted that rental rates are going up downtown, utilities have spiked upwards and insurance costs are increasing. There are continuing increases in real estate taxes, business license fees, sign permits, liquor license fees and now a proposed food and beverage tax. Add it all up and it helps creates an unstable base in operating costs. He noted how on Halsted St. and Wells St. base operating costs impelled people to look elsewhere, even though those districts had thriving businesses. Dining destinations have moved to Bucktown and west Randolph St. Restaurants are fluid and can in a few years create new dining destinations. He said that restaurants want to stay and encourage other restaurants to locate here. They want everybody to think of Evanston as a primary, diverse, quality dining destination and not the place with the nation's highest liquor tax. Considering the contribution that restaurants make to City finances already and to the community, targeting this industry is a threat to the long-term viability of the City. He noted right now Winnetka has slashed their liquor tax and Wilmette is changing their liquor laws to encourage more restaurants to come there. Neighboring communities are opening up, reducing obstacles and cutting the base cost of business, while Evanston is increasing costs, which creates uncertainty. He asked how long before 1% becomes 2%? He noted 1% on the surface sounds harmless, just a penny on a dollar. Who cannot afford a few pennies on a glass of wine? A restaurateur puts much thought into what a customer's total bill will be including tax and gratuity. Increases like this are often absorbed so a restaurant can stay competitive. He said that 1¢ equals 10% of their 10% profit profile. It can restrict pricing and squeeze margins further and is an issue for every operator. He understood the need to balance the budget. The restaurant industry here has some thoughts to help their businesses grow, expand their customer base and generate more revenue. Two weeks before a budget must be cobbled together is late to engage in constructive discussion. He asked that this tax be rejected and that the Chamber of Commerce offer of a year-round budget committee that would allow more input and ideas instead of last minute stopgap suggestions be implemented.

Victoria Fonseca, The Stained Glass, owner and resident, asked aldermen to find an alternative method to balancing the budget than the 1% proposed tax; believes the answer to a balanced budget lies in healthy commerce. The success of Evanston lies within its diversity and the key to keeping this image is to support the businesses that support this diversity.

She stated Stained Glass has worked hard to gain national recognition and become a destination business. They have succeeded in attracting both Evanston residents and non-residents. The proposed tax increase will make it harder for them. There is only so much people can take and it is already at the limit. Steady customers who dine there once a week live in Evanston and, on average, their reservation book is more than 50% residents. Customers like the fact that they can dine well a few minutes from home. Almost daily customers ask if there was a mistake in their bill due to the high liquor tax. When told of the Evanston liquor tax, customers are upset. Stained Glass is a fine dining restaurant and wine bar and most clientele sample wines. The average glass of wine costs a customer \$1.50 in tax. The average boutique wine costs a client \$18 in tax. The average case of wine costs the customer \$50 in tax alone so it is no wonder the retail portion of their business has grown slowly. They know a high percentage of their customers buy wine in nearby wine shops because they call them. She said that Evanston can get many accolades from the press for its fine restaurants, but when businesses fail to attract and retain their clientele it adversely affects the health of the community. She said the City needs to reward high-class businesses because they help drive the image of the community and help pay City expenses, yet they are taken advantage of unfairly. She stated they have made an investment in the City, what kind of investment has the City made in them? Why should any business owner consider opening a business here in the future? What are the incentives? What happens next year when the budget cannot be balanced? She said this tax is not an answer to the budget problem, but a strike against the community. She said it would be citizens and business owners who pay this bill. If the City budgeted time and resources to help increase business here, they would all win.

Jacky Pluton, Jacky's Bistro owner, asked them to look at other alternatives to fund the budget; to consider relaxing some liquor regulations would increase revenues and help solve the budget situation. He employs 25 people and half live here. He loves working here and stated he is trying to raise the quality of dining to put Evanston on the map. A tax increase on liquor could affect their operation. Other communities have tried to get him to move there, but he loves Evanston. It has been good to him so far and he hoped it stays that way.

Jeff Muldrow, Va Pensiero owner, said that this tax is looked at as a tax on people who come from outside Evanston, but approximately 46% of their customers are residents. He stated they do many private parties and charge 14½% tax. He took a copy of a party receipt and the person paying the bill asked if the tax was a typo? Evanston has the highest liquor tax in the state. On the party in question, the tax was \$300. If this same party were held in Chicago, the tax would have been \$197. People who plan parties are aware of this fact, take this into account, and tell customers they can save by going to another community. He related that several times a month people get their bill and are astonished at the liquor tax and ask if it is a mistake. These are people who come in to celebrate. Va Pensiero is not an everyday kind of restaurant. He related that customers could spend \$200 for a bottle of wine and be upset over the tax. They take time from their celebration to comment on it and leave with a bad feeling. Customers are upset about a charge over which he has no control and they ask why it costs so much. He said the 1% tax could hurt his restaurant; they don't have a huge profit margin. If they lose 10 customers a week or two parties a month, he will be forced out. He will not go down without a fight. He loves Evanston and his restaurant. He believes his restaurant is indicative of other fine restaurants here: Oceanique, Trio, and Jacky's. He thought if his restaurant closes other fine restaurants will close. People will still be able to eat out. There will be Denny's, Burger King and McDonald's. If that is what is desired, they should pass this liquor tax. His father and his attorney were stunned that alcohol was taxed at 14½% here. His father said they are doing it because Evanston is the home of abstinence and they cannot outlaw liquor, but make it prohibitively expensive. It was said as a joke, but he thought it had some merit.

Ray LaMagna, The Bean Counter/Kafein, said he started Kafein 8½ years ago. He has sought to understand the purchasing psychology of customers and believes there would be an emotional response to having 9½% on food versus 8½%. He asked them to think as consumers and when buying being told the tax is 9½%. In his business they have many products priced at \$2.95, but don't charge \$3 because that is a different number to customers. He thought a tax of 9½% would draw a lot of attention. Evanston has been awash with good media reports on entertainment and restaurants. He asked what the media reports would be when liquor tax is 15½% and French fries are taxed at 9½%? He wondered if Evanston would be touted in the news as having the highest food tax in Illinois, outside of McCormick Place, and possibly in the nation. He suggested this would have a negative, cumulative effect on the City's image. He noted many storefront vacancies and the restaurant business have rebounded with many locally owned establishments. He referred

to Budget Memo #16 in which Finance Director Bill Stafford stated, “the advantages of the food and beverage tax are it is a tax that is discretionary to the consumer and can be avoided by not dining out.” He asked what the City is telling consumers and businesses? If somebody does not want to pay this tax, don’t dine out in Evanston. He was sure that 85% of customers at Kafein live in the 1st Ward. At the Bean Counter most come from the 6th and 7th wards and walk in with strollers and dogs from where they live. He noted Mr. Stafford’s memo further stated, “the percentage of meals eaten out continues to grow as will the revenue generated by this tax.” Eating out continues to grow because people have less time to cook. Real Estate taxes are high here as are labor costs. He stated that food and beverage costs are higher here than in similar restaurants in neighboring communities. He can drive elsewhere to shop or eat. He thought the 1% tax has a regressive effect, which was not its intent. It has the effect of taxing people with less discretionary ability to be mobile, such as people in the 8th Ward who may go to the Jewel on Howard. He thought Evanston had set up a situation where more taxation yields less revenue. None of Mr. Stafford’s observations address the recessionary environment they are in. He asked Council to recognize that they are in Cook County with its taxes and Evanston has already used its home rule tax power. He was interested in what the final tax rates are in other communities that have had good experience with a food and beverage tax and whether those communities are taxing at a 9½% rate. He saw the tax as discriminating and focusing solely on Evanston businesses, many of which are locally owned and do their best to serve and employ Evanston residents. He asked them not to balance the budget on the backs of this group. It is morally wrong, weakens their businesses and hurts resident workers. He asked them to look at the overall landscape of Evanston with its large number of unique stores and restaurants. Large corporate chains have the capacity to take a loss in sales, increased taxes or increased operating costs and divide it across the entire chain. He only owns businesses here. A loss of sales, higher taxes or higher operating costs cannot be divided like Starbucks with over 2,000 stores. He predicted they could see a community with fewer unique shops and restaurants. The Council would further push them to be tax collectors. It is not the nine aldermen that customers call when they have negative feelings about taxes on their bill. The restaurant owners have to change those negative feelings. If liquor laws were modernized here, he would consider expanding his business. He asked Council not to pass onto them a negative position of going to war with their customers.

Mark Grosz, Oceanique owner/chef and resident, stated his restaurant is a hands-on business to have happy customers. With already daunting taxes, new taxes could put customers over the edge. They must have a perceived value and food, wine and service must be good. Any little thing can put them over the edge. He hoped other alternatives could be established for revenues to the City. He said his business has asked to have an outdoor café there but was told they could not serve alcohol because they are not downtown. He thought that could increase revenue for the City and give a nice dining experience. He stated that Evanston has a great restaurant community with enormous choices. He wishes there was a ceiling on taxes to keep them competitive and in business. He will not buy beer or wine here. That is true of many of his peers, which he thinks is terrible. He buys wine in France, Italy and Spain. He asked them not to be shortsighted and to consider alternatives.

Allan Drebin, 2018 Orrington Ave., patronizes restaurants and opposed the proposed tax; said that restaurants are an amenity that every city needs. He noted Evmark advertises Evanston as the “Dining Capital of the North Shore” one of Evanston’s few distinctions. He said hearing from previous speakers it was clear the restaurant business is competitive and people have choices. People don’t have to eat or buy their liquor here and can go elsewhere. Increasing taxes will hurt these businesses and, if the rate of tax is increased, may actually result in decreased tax revenues. He proposed that the City look at liquor laws that restaurateurs face and scrutinize those that might increase revenues and make their businesses more profitable without increasing taxes. The fact that a restaurant outside the core area cannot serve alcohol without a full meal is archaic. He suggested people may want to have wine and cheese before going home to dinner, after the movies or the theater. They cannot do that now. If they allowed restaurants to serve wine/beer without a full meal it might increase total sales in those establishments making it more profitable for them and increase revenues. He thought the increase in tax on package liquor was also dysfunctional. Clearly people have choices in where they buy package liquor by simply getting in their car. He noted there are two grocery stores on Green Bay Rd. The Jewel that used to be in Evanston is now in Wilmette. The Dominick’s in Evanston has a separate area for liquor and cannot have displays. He stated that other communities do not have all these regulations. If Evanston made it more profitable for the businesses to sell liquor, revenues could be raised without raising rates. He proposed first to look at changing the laws but don’t increase the tax rates. It was proposed that the fee on recycling be increased as though recycling is a luxury and people

have a choice; suggested they look at people who don't recycle and charge them. He was disappointed at the format of the budget because it is impossible to tell where they might save money by reducing expenditures. In budget discussions people have suggested reducing expenditures instead of raising revenues but how do they know where they could do that? They don't really know what services they would lose if they reduced expenditures. He recommended a format, for the benefit of Council and citizens, that shows what services would be lost if certain expenditures were cut.

Betty Payne, 2408 Bradley Pl., referred to a proposal made by Alderman Rainey on February 5 to combine Emergency Assistance and the Township. She thought it a good idea and had proposed it herself over a year ago noting that \$180,000 could be saved. There was no follow-up. Some five-six years ago she submitted a similar proposal and that was rejected. She does not know whether this proposal is being considered as part of the budget for this year. As the Township Supervisor, she would have to have input on the ground rules. Township governments have handled emergency assistance throughout Illinois and they would be happy and capable of handling it. There was mention of transferring Township accounting to the City to save money, but she was not interested in doing that.

Steve Bartlebaugh, executive director ECMC, asked for a funding increase from the public franchise fee. ECMC was not slated for the A&PW Committee and they felt this was an issue for Council. They followed the same process as in 1999 and asked that the ECMC request be considered during budget discussion.

CONSENT AGENDA (Any item marked with an Asterisk*)

Alderman Drummer moved Council approval of the Consent Agenda with these exceptions: Approval of bid from Keefe-Shea Joint Venture for Phase VI, Contract B of Long Range Sewer Project; Approval of Harza Engineering to provide engineering services for Phase VI, Contract B of Long Range Sewer Project; Ordinance 1-O-01 – Authorization to Borrow Addition Funds from IEPA; and Variances for 1723 Benson Ave. Seconded by Alderman Moran. Roll call. Voting aye – Wynne, Kent, Moran, Engelman, Rainey, Feldman, Newman, Drummer. Voting nay – none. Motion carried (8-0).

*** ITEMS APPROVED ON CONSENT AGENDA**

MINUTES:

* Approval of Minutes of the Regular City Council Meeting of January 22, 2001 and the Special City Council meetings of January 20, 2001 and January 27, 2001. * APPROVED – CONSENT AGENDA MOTION AND ROLL CALL (8-0)

ADMINISTRATION & PUBLIC WORKS:

* Approval, as recommended, of the City of Evanston payroll for the period ending February 1, 2001 and the City of Evanston bills for the period ending February 13, 2001 and that they be authorized and charged to the proper accounts, summarized as follows:

City of Evanston payroll (through 2/1/01)	\$1,695,284.00
City of Evanston bills (through 2/13/01)	\$3,970,366.03

* APPROVED – CONSENT AGENDA MOTION AND ROLL CALL (8-0)

* Approval of the lowest responsive and responsible bid of Pedersen Construction for renovations at Alexander Park for the Parks/Forestry & Recreation Department at a cost of \$147,104. * APPROVED – CONSENT AGENDA MOTION AND ROLL CALL (8-0)



* Resolution 7-R-01 – Authorizing Expenditure of Motor Fuel Tax Funds –Consideration of proposed Resolution 7-R-01, which appropriates \$150,000 in Motor Fuel Tax Funds for the McCormick Blvd. Phase I Study. * APPROVED – CONSENT AGENDA MOTION & ROLL CALL (8-0)

* Ordinance 7-O-01 – Five-Year Lease of 2022 Central St. – Consideration of proposed Ordinance 7-O-01, which authorizes the City Manager to enter into a five-year lease for the City-owned storefront at 2022 Central St. with Rebecca Seely d/b/a Perennials. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 8-O-01 – Revising the Definition of an Evanston Business Enterprise – Consideration of Proposed Ordinance 8-O-01, which revises the definition of an Evanston Business Enterprise to tighten the definition of an EBE to prevent the spirit of the policy from being violated, while providing the intended benefit to local businesses. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 10-O-01 – No Turn on Red at Central St. and Green Bay Rd. and Green Bay at McCormick Blvd. – Consideration of proposed Ordinance 10-O-01, which amends Section 10-11-3, Schedule III(D) prohibiting right turns on red at north- and southbound Green Bay Rd. at Central St., eastbound Central St. at Green Bay Rd. and eastbound McCormick Blvd. at Green Bay Rd. when pedestrians are present. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 11-O-01 – Two-Way Stop at Custer Ave. and Brummel St. – Consideration of proposed Ordinance 11-O-01, which amends Section 10-11-5, Schedule V(B) to provide stop signs on Custer Ave. and Brummel St. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 13-O-01 – Increase in Class B Liquor Licenses – Consideration of proposed Ordinance 13-O-01, by which City Council would increase the number of Class B Liquor Licenses from 11 to 12 due to the addition of Bar Louie Evanston Inc., d/b/a Bar Louie, 1520 Sherman Ave. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 14-O-01 – Increase in Class G Liquor Licenses – Consideration of proposed Ordinance 14-O-01, by which City Council would increase the number of Class G Liquor Licenses from 0 to 1 due to the addition of Cost Plus Inc., d/b/a Cost Plus World Market, 1725 Maple Ave. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 20-O-01 – Changing Hours and Operational Standards of Package Liquor Stores – Consideration of proposed Ordinance 20-O-01, which changes hours and operational requirements of package good sales. * MARKED INTRODUCED – CONSENT AGENDA

* Resolution 8-R-01 – Authorizing Additional Funds for Work Done as Part of Phase II Engineering (Chicago Ave. Bridge) – Consideration of proposed Resolution 8-R-01 to authorize an additional \$3,465 for the Chicago Avenue Bridge Phase II Engineering (construction plans). * APPROVED – CONSENT AGENDA MOTION AND ROLL CALL (8-0)

* Resolution 9-R-01 – Appropriation of Funds for Signal Modernization – Consideration of proposed Resolution 9-R-01 to appropriate \$100,000 of Motor Fuel Tax Funds for signal modernization at Central St. and Hartrey Ave. * APPROVED – CONSENT AGENDA MOTION & ROLL CALL (8-0)

* Ordinance 15-O-01 – Easement Agreement for Caisson and Shoring Support at 1011 University Pl. – Consideration of proposed Ordinance 15-O-01, which authorizes the City Manager to enter into an easement agreement with Evanston Northwestern Healthcare Corp. for caisson and shoring support at 1011 University Place. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 6-O-01 – Parking Tax Increase in City-Owned Parking Garages – Consideration of proposed Ordinance 6-O-01, introduced January 22, 2001, to amend Title 3, Section 3-2-16-2(A) of the City Code to increase the parking tax in City-owned parking garages. * ADOPTED CONSENT

AGENDA AND ROLL CALL (8-0)**PLANNING & DEVELOPMENT:**

* Ordinance 132-O-00 – Amending Zoning Ordinance: Restaurants in the U1 District – Consideration of proposed Ordinance 132-O-00, which amends the Zoning Ordinance so that Type 1 restaurants are no longer permitted uses, but are special uses in the U1 District, and restricting such restaurants to being accessory to college/university uses. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 19-O-01 – Variances for Mt. Zion Missionary Baptist Church – Consideration of proposed Ordinance 19-O-01, by which City Council would accept the recommendation of the ZBA to grant variances for Mt. Zion Missionary Baptist Church, 1113 Clark St., to allow a building expansion, addition of parking spaces and location of air-conditioning condensers. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 9-O-01 – Amendment to Yard Definitions for Fences – Consideration of proposed Ordinance 9-O-01, which approves the recommendation of the Plan Commission to amend definitions of certain yards only as they pertain to permitted location of fences. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 4-O-01 – Planned Development – 1511 Monroe Street (Schwind’s Greenhouse) – Consideration of proposed Ordinance 4-O-01, introduced January 22, 200, which approves the recommendation of the Plan Commission to grant a planned development at 1511 Monroe St. * ADOPTED CONSENT AGENDA AND ROLL CALL (8-0)

* Ordinance 5-O-01 – Special Use for 2650 Ridge (Evanston Hospital) – Consideration of proposed Ordinance 5-O-01, introduced January 22, 200, which approves the recommendation of the ZBA to grant a special use application for a physical expansion to Evanston Hospital. * ADOPTED CONSENT AGENDA AND ROLL CALL (8-0)

* Ordinance 127-O-00 – Establishing Fine Schedules for Certain Buildings and BOCA Violations – Consideration of proposed Ordinance 127-O-00, introduced January 8, 2001, approves fine schedules for Property Standards violations. * ADOPTED CONSENT AGENDA & ROLL CALL (8-0)

* Ordinance 128-O-00 – Amending Title 4, Chapter 15 of the City Code – Consideration of proposed Ordinance 128-O-00, introduced January 8, 2001, which amends Title 4, Chapter 15 of the City Code to establish a new fine schedule for dangerous buildings and amends definition of same. * ADOPTED CONSENT AGENDA AND ROLL CALL (8-0)

OTHER COMMITTEES:

* Ordinance 16-O-01 – Authorizing Negotiation of Sale of Real Estate – Consideration of proposed Ordinance 16-O-01, by which City Council would authorize the City Manager to negotiate the sale of real estate at 1840 Oak Avenue. * MARKED INTRODUCED – CONSENT AGENDA

* Ordinance 17-O-01 – Authorizing Sale of Real Estate – Consideration of proposed Ordinance 17-O-01, by which City Council would authorize the City Manager to enter into a real estate contract for 1840 Oak Avenue. * MARKED INTRODUCED – CONSENT AGENDA

SPECIAL ORDER OF BUSINESS

Resolution 11-R-01 – Proposed FY 2001-2002 Budget – Consideration of proposed Resolution 11-R-01, the Proposed Budget for the City of Evanston for the Fiscal Year 2001-2002.

Resolution 10-R-01 – Proposed 2001-2006 Capital Improvement Program – Consideration of proposed Resolution 10-R-01, the 2001-2006 Capital Improvement Program.

Alderman Rainey respected the restaurateurs who spoke and thought all appreciate them. She wanted taxpayers to know that this year, \$25 million in alcohol was sold in Evanston and there is a huge profit on the sale of alcohol. She noted that people pay \$7 for a glass of wine when they could buy a bottle at Osco for \$7. The City projects it will receive \$1 million in tax from the 6% alcohol tax this year. Of that 6% tax, the City lets the pourers and sellers of packaged liquor keep 2% (\$500,000) for the purpose of administering and collecting the tax. She stated everytime she patronizes a restaurant she always tips 20% on the bill because she knows wait and bar staff are underpaid. One cannot go to The Stained Glass and pay less than \$100 per couple. While she dreads the thought of paying the tax on a \$200 bottle of wine, she is worried about the person getting a 9% real estate tax increase on a \$3,000 tax bill for a \$200,000 home that looks as though it will continue to increase. She would have been interested in how the additional property tax would be passed on by the restaurant industry. Council is looking for ways to offset the property tax. She stated there is no Denny's in Evanston. For the citizen who commented about the poor people in the 8th Ward only being able to get to the Jewel on Howard St., they have cars there. That shopping center is the major sales tax generator in Evanston.

Alderman Rainey moved adoption of the FY 2001-02 Budget. Seconded by Alderman Feldman.

Alderman Rainey asked to place on the board an alternative revenue to the 1% food and beverage tax and the 2% on poured liquor – increase the Home Rule Sales tax by ¼% for anticipated revenue of \$1.3 million.

Alderman Rainey recalled Budget Memo #13 about building permits and new construction projects. She proposed doubling the permit fees for projects with construction values in excess of \$5 million. Currently permit costs are a .011 multiplier of construction value to be increased to a .022 multiplier of construction value. Based on \$98 million of projected construction projects that exceed \$5 million each – the additional revenue generated is \$1,078,000. She proposed a 50% increase in permit fees for projects with construction values of \$1-4.99 million and a 25% increase in permit fees for projects with construction value of \$500,000 to \$1 million and no increase for projects under \$500,000.

She asked to add \$40,000 expenditure for the Evanston Media Center. She is getting that from the franchise fee the City received and set aside for a consultant since they have a high quality negotiating committee.

Alderman Bernstein asked about the ability to raise the Home Rule Sales Tax in this budget? Mr. Stafford stated it can be raised and would be effective July 1. March, April, May and June would have to be prorated out from the figure.

Alderman Newman moved to remove the 1% food and beverage tax from the board. Seconded by Alderman Wynne.

Alderman Newman stated when examined more deeply it is complicated tax. He wanted to know the taxes on liquor in communities that have a food and beverage tax. He suggested they could now refer to the Evanston liquor tax as the “penalty tax” because most communities don’t have it. The issue is what is the cost of running a restaurant and food establishment here compared to other communities. Evanston has the highest real estate property taxes on the North Shore; high parking costs and it’s expensive to fix up a restaurant. He thought food establishments have been hit with a new food inspection fee in the last year and asked how much piling on will they do? He said there is a perception that this is a great restaurant town. Why would they take their best industry, and send a message to anybody who wants to open or expand here, that their taxes will be higher and their profit margins less. Four years ago he opposed raising the liquor tax to 8%. The restaurateurs pay a 14½% tax that other communities do not. This is not a good tax and not what

they should be doing to their best industry. They should congratulate restaurants here and he hoped that the Bean Counter and Kafein would expand. They are in a growth period and need to find better ways to meet budget problems.

Alderman Engelman did not think anyone wanted to send a message to the restaurant industry that was a disincentive to business or did they want to send that message to any business, including Evanston's three largest employers. He stated the City welcomes growth and diversity in both residents and businesses. He noted legislation was introduced to reduce burdensome regulations upon grocery stores to sell alcohol, beer and wine that will increase sales, save money and give the City more revenue. That is the direction Council should go. He suggested they need to look at creative ideas on how they can balance the 1% food and beverage tax against a reduction in the liquor tax. He agreed that 14½% tax on liquor sounds outrageous. He said if you took Option 6 in Budget Memo #23, apply a 1% food and beverage tax and drop the restaurant liquor tax by 1% they have given something and taken something away. They need to look at the policy implications behind making certain changes and implementing taxes to either encourage or discourage or to give or take benefits. He would like to look at expenditures but all know they cannot slash a department the last night. It is a process that will take several months to do and all should be committed to doing that earlier this year. He thought they can look at a 1% food and beverage tax and simultaneously at the poured liquor tax.

Alderman Bernstein thought restaurants had helped attract people to the movie theaters and they did not want to punish restaurants that are impacted by all taxes. He could not go along with a 1% food and beverage tax and suggested they should continue with what they have started, a modernization of antiquated liquor regulations. He thought the purveyors of liquor would not want to risk losing the opportunity to make a lot of money. He was told by restaurant operators that second and third seatings rival the first seating. People have commented to him about the aesthetics of the theater buildings, but he looks at the energy there. They don't want to discourage the restaurateurs from capturing this market.

Alderman Wynne thought the 1% food/beverage tax was inappropriate; that restaurants were part of the renaissance of the community. She found customer psychology of 9½% tax close to a 10% tax and that customers would be sensitive to that. She did not think it would help business and the unintended consequences to employees who live and work here.

Alderman Rainey came to dislike the food/beverage tax after talking with restaurateurs whose argument was that it was an unfair burden, singling out of businesses and that it was fairer to impose a ¼% home rule tax increase across the board. She stated the woman who spoke from The Stained Glass implied that the City did negative things to their business. She stated that the City created a special liquor license for The Stained Glass, which has benefited from the City's sensitivity to economic development. She supports the ¼% home rule tax increase and hoped Council would support it, given that all are inclined to liberalize the liquor laws. She thought Council was opening doors to the way liquor will be sold here.

Voice vote, motion carried. No nays.

Alderman Newman commented that what started off as a well-meaning idea did not pass public scrutiny. He suggested that they jump in quickly on the ¼% Home Rule Sales Tax if their intention is to not have any car dealers who pay sales tax and property tax and who are major generators of tax monies. They should put it on the board and not give them a chance to respond. Just as people say cutting services should not be put up at the last minute, raising a sales tax and doubling permit fees, they need to do more than a five-minute study and half-hour discussion of what they are doing to the town. They want to give the community a chance to compare sales tax here and elsewhere. They need to figure out what people pay in sales tax to buy a car in Evanston and in Libertyville. He urged them not to jump into things. There used to be many car dealers here and he was opposed to adopting a ¼% tax increase without a public hearing. He has no idea what doubling the permit fees would do to the booming construction industry; did not want to have the highest tax in every category but to be comparable to other communities.

Mr. Crum explained that the home rule sales tax does not apply to the sale of automobiles and food.

Alderman Newman was not aware of that. He wished to see how Evanston compares to other communities; agreed the

¼% home rule tax increase spreads it evenly. There are ideas, in terms of reducing expenditures, where they cannot get to the study area and this should have been brought up six months ago.

Alderman Bernstein recalled last year they reviewed the possible privatization of refuse services and out of that reduced the sanitation budget by \$150,000, which was done without a reduction in services. He asked to put a reduction in expenditures of \$250,000 on the board and make it incumbent upon the City Manager to implement it.

Mr. Crum stated staff would go through by line and cut everybody back on optional things for a year. Last year when they discussed the Sanitation Division they were already talking about efficiencies.

Alderman Rainey said this was an example of how *not* to balance a budget and irresponsible; termed it worthless in terms of getting their arms around City expenditures. Alderman Newman says that somebody has given 15 minutes of thought to something and does not know what he is talking about. She has spent hours looking into this tax. Knowing that all of Alderman Newman's friends are car dealers, does he think that she would put a tax on car dealers? She is a strong, tough woman but she is not stupid and would not suggest a tax on car dealers. The Home Rule Tax has an exemption for that. If people read their packets, the ¼% Home Rule Tax was put in packets as a possible source of increased revenue and they have had this information for weeks. If they read their packets, they would have seen \$98 million for six construction projects for not-for-profits; \$48 million for NU and the rest for Evanston Hospital. This fee is a small percentage of their construction budget and could generate a large amount of money. It could be put into the Planning Division, used to do studies about controlled growth, planning for housing, adding inspectors or to balance the budget. Those who don't want to add revenue, are only burdening the businesses and residents with the real estate property tax. The head tax has been rejected, negotiating with NU rejected, liquor taxes rejected, food and beverage tax, the only thing not rejected is the property tax. One argument Council got from Evanston Hospital was if the City put a head tax on, the hospital would shrink the number of employees here so they would not have to pay that tax. She noted in the ZBA report that Evanston Hospital is sending employees to Glenbrook where they have a \$48 million project and to Highland Park where they are doing a \$60 million project. They are sending employees out of town without the head tax. She said they could not keep rejecting every idea to relieve the taxpayers. Otherwise she suggested they add 10% to everybody's tax bill and move on.

Alderman Feldman moved to remove the increase in recycling fee from the board. Seconded by Alderman Rainey.

Alderman Moran made that proposal to increase the monthly recycling by \$2 and by so doing would raise enough revenue to pay for the program. He said one area they are dysfunctional in is they don't want to pay for what they buy. They are charging people one third of the cost to recycle. If, from a fiscal standpoint, the City is going to be accountable and face reality before they have a discussion like the one they are having, they must pay for what they buy. This does not get a profit. If the increase were adopted it would pay for the program. Past discussions have been to the effect that fees are shifted from here to there and it is all the same. He pointed out they pay for water as they go and recycling is charged on that. The expense is easily characterized and collected on a utility bill. The argument was made because that bill keeps going up, this fee should not be raised. If they are going to make progress they need to charge a fee that covers the expense of a program.

Alderman Engelman agreed with much of what was said. From a policy view they want to encourage recycling -- therefore should think about subsidizing and can the City afford it? Council decided to privatize that function and did not pass along the full cost of doing it. Increasing the fee to what it really costs is truth in taxation. Citizens will know what they are paying for. Another reason to pass on that fee to actual users is because now that burden is imposed on tenants whose recycling is not picked up. While they need to encourage recycling, he did not think charging the actual cost of recycling would stop anybody from recycling.

Alderman Rainey stated if they transfer the cost of recycling to the water bill, she wants to see an equivalent decrease for recycling on the property tax bill.

Alderman Drummer agreed with aldermen Engelman and Moran; said this service is being subsidized by everybody including businesses who have no recycling service from the City; thought the \$4 charge would be an incentive to recycle and was not unreasonable. All agree the property tax does not cover all the services provided to citizens. He agreed with the citizen who spoke about fee for service and eventually they need to get to that point. This is a fee for service that the City does not deliver, but contracts to a private company. He thought it was a lot tougher to put a tax on poured liquor than to ask somebody to pay for what they are getting.

Alderman Feldman said every City service is paid for by taxpayers. Will they add a service charge at the library or add a fee each time a soccer field is used? He said they cannot pick out one thing and charge for it. He pictured somebody getting a water bill with the \$4 charge and a 10% late charge; said that was not the way the City does business. They could institute all kind of service fees. He noted the library has a children section and adults with no children pay taxes for that; people who never have a fire call pay for fire protection. People without cars pay for the streets. He did not think this was a proper way to deal with the public.

Alderman Bernstein said the City is all of them. Everything is paid for by citizens. The reason he wants to see this fee on a water bill is that a business can deduct that as a cost of doing business. A homeowner can only deduct property taxes. Why would they further encumber those who are having difficulty paying their utility bills? He agreed it would be nice to have truth in taxation; recalled, historically, the budget policy was not to increase property taxes so every other conceivable fee and tax was increased.

Alderman Engelman pointed out anything paid for from the General Fund is subsidized by the property tax. A user fee is not subsidized by other taxpayers but is paid for by users of that service. Library services are not contracted out; the City does not contract out maintenance of parks and recreation, which is paid for from the General Fund. The City chose to contract out recycling services, knows the actual cost of that contract and can apportion it. By apportioning it they could have \$400,000 less in property taxes, but he agreed with Alderman Rainey that if a user fee is charged the real estate tax should be cut by that amount.

Roll call. Voting aye – Wynne, Bernstein, Kent, Rainey, Feldman, Newman. Voting nay – Moran, Engelman, Drummer.
Motion carried. (6-3)

Alderman Engelman confirmed in liquor store sales the \$100,000 was only for grocery store sales. He noted in budget memos there were suggested changes in other liquor regulations. He asked what kind of revenues could be generated by liberalizing hours of operation in the downtown and expanding liquor sales outside the downtown core? Mr. Casey said that liquor sales in restaurants are more spread out and would require more analysis. That was Budget Memo #15. Staff does not have that for non-package stores. Alderman Engelman said they heard about the high liquor tax in restaurants in the core area of 14.5% and the ¼% home rule sales tax would add more. If they are going to consider an increase in the home rule sales tax, was there any consideration of reducing the poured liquor tax as a means of offsetting the impact that would have on restaurants?

Mr. Crum stated that was a policy question.

Alderman Newman said the idea of counting on changes in the liquor law to balance the budget was unfair to anybody who might want to oppose it because they would make a decision before introducing any ordinance. People in neighborhoods close to operations of venues need to have notice and the ability to comment. He recommended that the process be orderly, thoughtful and fair to the public. He asked how Evanston's liquor licenses compare to other communities? There was not information in the packets on the sales tax compared to surrounding communities. He suggested they need the most basic information before making a decision on sales taxes.

He moved to remove the liquor license fee increase from the board. Seconded by Alderman Wynne.

Alderman Bernstein thought the liquor license fee increase was part of a package of liberalization of liquor usage and included liberalization of hours of sale.

Alderman Feldman said the package liquor people, when informed of possible relaxation of restrictions, were overjoyed with that possibility and willing to pay more in liquor license fees because they would make more money. The same was true of the 2% package liquor tax. He said there would never be an instance of Council passing any kind of tax that one person says it will cause them a hardship. He noted this business formerly had a monopoly here and the owner said he lost business due to a tax increase. One could say at the same time, they liberalized the ability to buy packaged liquor in large grocery stores and more competition came. Perhaps that was the reason for the loss of business. They cannot operate a policy on the basis of a single company that deals with corporate clients. The large grocery chains are not going to say they lost business. Given the fact this may affect one business here, is that how Council operates? There was no verification by the gentleman who has given a great deal to the community. Alderman Feldman said this was an attempt to recompense a section of the community by releasing regulations that have decreased their income. They have done so generously. All those regulations were put in for a good purpose and they feel comfortable liberalizing them. He does not think it unfair, when businesses are offered a way to make more money, to increase the sales tax and the license fee. He said there were no representatives of Jewel or Dominick's which are not opposing it.

Mr. Crum stated the package ordinance to liberalize rules included an increase in the license fee.

Alderman Rainey suggested that staff share with Council their conversations with those selling liquor in packages. What vendors saw as the impact of changes in regulations and how they felt about a 2% increase on packaged liquor.

Mr. Casey said when this came up and the impact of liberalizing sales regulations Jewel and Dominick's projected increased sales of 17-25% depending on the store. Sam's was closer to 30% on their sales. They all agree removing some restrictions would increase their business. The representative from Dominick's had no problem paying an extra 2% as long as the restrictions were relaxed. Alderman Rainey recalled that the Cost Plus representative was there and they indicated no problem with the increased tax and felt their sales would increase by 25%.

Alderman Newman pointed out that Jewel and Dominick's are not the only sellers of packaged liquor here. Tonight they heard the effect of the "penalty tax" when people consider parties and banquets and how it changes the cost. The mistake they made when they raised the liquor tax from 5% to 6% was not realizing they were actually raising it from 13% to 14%. When the 1% food/beverage tax was proposed, it was compared to Schaumburg, which has no poured liquor tax. He wanted to know how Evanston's level of taxation compares to neighbor communities and the same thing on fees.

Alderman Feldman suggested that the motion be withdrawn until information is available. Aldermen Newman and Wynne agreed. Alderman Newman asked staff to prepare a report on the comparison of Evanston's packaged liquor tax rate with Wilmette, Skokie, Chicago, Lincolnwood and Niles and a similar comparison of liquor license fees for beer/wine and full liquor licenses to determine how high or low taxes are in that area. Mr. Casey stated the information would be provided within a week.

Alderman Drummer stated that staff was accurate in describing the benefits of relaxing regulations in grocery stores. He noted there are other vendors in town that derive no benefit from this increase except another hour to operate. He recommended staff see if they could benefit the business that was left out.

Alderman Drummer noted they had building permit fee increases and natural gas rebates on the board; recalled last year when they decided to up projections on some items, they were considered as one-time revenues. He had a similar problem with some of the items on the board, because if they are one-time revenues, they can only apply them to one-time capital expenditures. Last year, they took one-time revenue and put it in capital improvements. He asked if they were deviating from that policy?

Alderman Engelman stated the first three items were not one-time revenues. Alderman Drummer stated all were projections based on the economy; recalled revising building permit fees last year and that they were not used to balance the General Fund. He asked Mr. Crum to comment.

Mr. Crum said Alderman Drummer was correct. Budget policy states that the City does not use one-time revenues. The only pure one-time revenue was the gas tax rebate and maybe the one-time reduction in expenditures. He explained the others are based on best estimates and in future years those revenues could be lower or higher. Building permit fees are high now. The Home Rule Sales Tax depends on the economy, is a continuing source of revenue and liquor taxes are the same. Alderman Drummer recalled that last year revised estimates of building permits were not allowed to balance the General Fund. He asked if the City's policy is different this year and do they have a policy?

Mayor Morton did not think they knew how many projections were exceeded.

Alderman Drummer said most of the projections were exceeded. They made higher projections but did it only as one-time revenue. Alderman Drummer assumed that the policy for one-time revenues was being waived for this budget.

Alderman Wynne recalled last year sticking to the policy of not using one-time revenues; recognized that gas bills were high and to not use one-time revenue to balance the budget because it puts them in a hole the next year. She noted the Insurance Fund is under-funded and was also concerned about the revised building permit fees, where for the first time ever more than \$2 million came in. She recommended the gas tax not be used; thought it would be a disservice to rebate the gas tax. She asked what happens when the City is hit with liability suits.

Alderman Wynne moved to remove the \$200,000 gas tax rebate from the board. Seconded by Alderman Feldman.

Alderman Rainey argued the gas tax was not one-time revenue but an ongoing utility tax. Because rates on gas are extraordinary, the tax is high. It also means the City has high gas bills. She did not see this as a rebate to the taxpayer, but to subsidize the City's gas bills. It is a windfall but not one-time revenue necessarily because it is an ongoing tax received from natural gas use in the community. She described these taxes as flexible.

Alderman Drummer thought they were on shaky ground with the gas tax; gas futures were down and people were introducing more conservation measures. The price of gas fluctuates and they don't know where it will go. He said if the bills stay high, people will be cold because they can't afford to pay their bills and did not think it would be a recurring windfall. Alderman Newman agreed that it was a one-time revenue. Alderman Wynne thought a windfall meant something that fell off the tree into one's lap. She described this as the differential in what the City has paid for natural gas and what the City collects in tax and did not think the prices would be as high in the future. Alderman Feldman noted this still leaves the City with a shortage in the Liability Fund. The Council is charged with exercising sound business principles and should the City get a major claim and not be able to pay, people would express displeasure at their lack of forethought; suggested putting the \$200,000 in a sorely needed area.

Mr. Crum explained the \$200,000 is the net difference for the current fiscal year between the increase in revenue received by the City and increase in natural gas bills of the City. It is an unanticipated one-time revenue. Alderman Bernstein noted all the numbers are projections.

Alderman Engelman noted that \$500,000 was allocated from the General Fund to the Insurance Fund; asked where they were going to put the \$200,000? How would they fill the \$1.7 million budget gap? Alderman Drummer had no problem using the so-called one-time revenue and asked if a similar projection was made for the coming budget year on the gas taxes? Mr. Stafford stated projections went from \$725,000 to \$900,000 on the natural gas tax. He did not think the BTU equivalent would go below what it was this year. Could the projection be 50% higher? He thought it could. The prior year it went down due to a greater supply. Two years ago they made more. It went down last year and they are ratcheting it up this year. Alderman Drummer theorized if the City got \$200,000 based on two-three months, on a one-year projection, the increase would be larger. Mr. Stafford said they did December, January and February (with the price

going down); thought the price would continue downward. The price on BTU equivalents is three and four times as much and will not stay at that level. Mr. Stafford predicted the tax would increase by 24% next year. Alderman Drummer thought the \$200,000 was a windfall and they could not depend on it as recurring revenue; favored using it to balance the budget because they save some money now. He said they can operate from the money that comes in and for several years used one-time revenues to balance the budget. Alderman Drummer suggested they could find twice Alderman Bernstein's suggested \$250,000 revenue reductions.

Alderman Rainey reminded Council that they just purchased liability insurance to cover large lawsuits at a cost of \$100,000. Alderman Drummer clarified it does not cover what is currently "in the house."

Alderman Wynne suggested the \$200,000 be put into a fund that needs it. Alderman Drummer recalled the flip-flop last year; took \$200,000 and made a one-time capital purchase so they could reduce the debt service by \$20,000. Mr. Stafford stated that it was \$700,000 in TIF related funds last year. Alderman Engelman asked if the debt service on parks capital improvement should be on the board? Mr. Stafford explained they had capitalized interest for this year and because of that they did not have to add \$150,000 in debt service. Mr. Crum stated it is a debt service line item.

Alderman Feldman said he would be more comfortable supporting Alderman Wynne's motion later in the day. They don't know what would happen. He would like to keep the \$200,000 in abeyance to see what is traded off. Alderman Wynne agreed to hold the motion.

Alderman Engelman asked for information on building permit fee increases on a number of projects over \$5 million. He asked what other projects greater than \$5 million other than non-profits that are coming in this upcoming year so Council can know the impact on commercial developers?

Mayor Morton asked Mr. Stafford if the City has received any additional tax revenues from projections? No. Mr. Stafford contacted the Cook County Treasurer's office about the excess \$28 million. Because of the Property Tax Appeals Board (PTAB) cases and the increase in property tax appeals that comes out of current property tax revenues, if they can hold at 98%, they will be lucky. Mr. Stafford did a quick calculation on giving the \$28 million back to municipalities and Evanston's share would be around \$70,000, if that. He noted the state treasurer also wants the money. Mayor Morton asked if the City was getting money for snow removal? Mr. Stafford stated the City is filing for reimbursements for about \$100-150,000 for snow plowing. Mayor Morton asked Mr. Stafford what amount the City received beyond budget projections? Mr. Stafford stated it would be a break-even proposition. Any extra revenues will be eaten up by snow plowing costs.

Alderman Rainey asked in addition to what Alderman Newman requested from other communities, comparisons to their property taxes; the relationship of their sales tax to their total budget; total budget and comparison by population. Do these communities have the Home Rule Sales Tax? She wanted to see the source of other communities' revenues.

Alderman Drummer asked about the \$280,000 in excess real estate tax funds? Mr. Stafford stated it was still there; pointed out a loan to the Township was forgiven for that amount. The City had to forego a similar amount.

Alderman Newman had a question about the building permit fee and was under the impression that fees are related to the cost of the service rendered. He asked if this is a fee or a tax? Mr. Stafford confirmed it is a fee and they will run numbers on that. Alderman Newman suggested they start with what building permit fees cover, the cost of services and a comparison of building fees with other communities. He asked for comments from commercial developers such as Buck, Stein, Hill and Perlman; suggested this should be at the Budget Committee meeting.

Alderman Bernstein asked when the City would impose these fees and about people in the pipeline? Mr. Crum stated they would confer with legal; if someone had not applied for a building permit, the new fee should apply. This will be verified in writing.

Alderman Drummer recalled a study done by Susan Sabir on inspection fees not reimbursed by not-for-profit institutions

here and asked that the study be sent to aldermen. He recalled the Fire Department came in for inspection fees and increasing alarm fees. At the same time, they realized services are given to two or three entities in town that do not pay for them and actually are subsidized by smaller entities. Mr. Stafford recalled that issue arose when they were discussing business licenses. The City inspects both businesses and not-for-profits and through the business licenses they tried to recoup those costs. Because they were not-for-profits, those fees were not recovered.

Alderman Engelman moved to hold 11-R-01 and 10-R-01 until the next meeting. Seconded by Alderman Feldman. There were no objections raised to having a budget workshop Monday, February 19 at 7:00 p.m.

REPORT OF THE STANDING COMMITTEES

ADMINISTRATION & PUBLIC WORKS:

Approval of the lowest responsive and responsible bid from Keefe-Shea Joint Venture for Phase VI, Contract B of the Long Range Sewer Project at a cost of \$10,139,664.

Approval of the agreement with Harza Engineering to provide engineering services for Phase VI, Contract B of the Long-Range Sewer Project at a not-to-exceed amount of \$808,163.

Ordinance 1-O-01 – Authorization to Borrow Additional Funds from IEPA – Consideration of proposed Ordinance 1-O-01, which authorizes the borrowing of additional funds from the IEPA for the Phase VI Relief Sewer Project.

Alderman Moran reported these three items were held in committee.

Alderman Moran noted that some suggestions from the hospitality industry were incorporated into Ordinance 20-O-01.

PLANNING & DEVELOPMENT:

Variances for 1723 Benson Avenue – Consideration of the findings and report of the ZBA concerning variances for the Evanston Athletic Club.

Alderman Wynne reported that this item was tabled in committee until February 26.

She reported that committee made a reference to the Parking Committee to work on parking issues at Kendall College.

HUMAN SERVICES COMMITTEE: No report

CALL OF THE WARDS:

Alderman Bernstein stated there had been no communication from people regarding BOCA fines. He announced Representative Julie Hamos and Senator Carol Ronen would have a meeting on election reform at 3:00 p.m. Saturday at Reba Place Fellowship.

Alderman Kent announced the Foster Park Neighbors have communicated with the community about the redevelopment of the Mayfair right-of-way, which will be before the Plan Commission on February 14.

Alderman Newman pointed out a complimentary article in the Sunday *Chicago Tribune* about the new movie theaters and condominiums in downtown Evanston. He said he knows the name of one car dealer and has never bought a car from this dealer; called the attack made earlier that evening scurrilous, irresponsible and uncalled for.

Alderman Drummer urged citizens on McDaniel between Lake and Church to come and express their sentiments at the Plan Commission meeting Wednesday evening when the new District 65 building will be voted on. Aldermen are not allowed to speak before the Plan Commission. He has never supported putting a building in that location; thought District 65 had been shortsighted in siting this building. He often travels on McCormick Blvd. on the Skokie side of the sanitary canal, which is one of the nicest drives with a tremendous sculpture garden. He noted the Evanston side of the canal is chopped up. As they look to the future, he thought any city that has a waterway through it has a tremendous advantage. He could not see how they could allow something to be built there that is not for recreational purposes. He said it is critical for the City to preserve open land. He recalled years ago they tried to build a fire station in a park and it was not allowed. He said open space is precious; stated they should never allow a large building there because it would shut off the canal bank from Dempster to Church. He noted there is nice work south of Dempster with a harbor park, dog run, new soccer fields and boat launch -- all for public use. Once that building goes up, that access to the waterway is gone forever. He suggested they think about that long and hard and could not accept the explanation that that location is the only place to build a new administration building. He would not address what it would do to that neighborhood. He stated what it would do to all of Evanston was tragic because it would take away that waterway. He pointed out in McHenry County, when the McCook Reservoir is finished, this waterway will be cleaned up and all should be able to use it. A huge building, parking lots and cutting down trees should not encumber this land. He suggested that they remove what is there so the waterway can be used in the future.

Mayor Morton stated the east side of the canal bank between Oakton and Main is in the Village of Skokie and what is being built there is by the Skokie Park District.

Alderman Drummer recalled the last thing former alderman Jake Bleavens did on Council was to rezone all that land as open space. At that time they were trying to protect the City from the MWSD, but now they have an entity here that is trying to take it.

Alderman Feldman said in the atmosphere of opposing budget cuts people say things they don't mean or might be inaccurate. He wants people to understand that this Council supports businesses. The reason why lines are long at restaurants is not only due to the fact that they are excellent restaurants, but also because they have brought more people downtown. The vitality of downtown has changed significantly and has affected the business environment. He said this Council is not anti-business and a walk downtown on a Saturday night demonstrates it.

There being no further business to come before Council, Mayor Morton adjourned the meeting at 11:40 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.