

ROLL CALL - PRESENT:

Alderman Bernstein
Alderman Kent
Alderman Moran

Alderman Engelman
Alderman Rainey
Alderman Feldman
Alderman Jean-Baptiste

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:**

Aldermen Wynne, Newman

PRESIDING:

Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton Wednesday, October 17, 2001 at 7:13 p.m. in the Council Chamber for the purpose of having a Financial Software Presentation and discussion on the FY 2001/2003 General Fund Budget.

City Manager Roger Crum announced an update would be presented on the City's response to anthrax calls and threats.

Anthrax Update

Police Chief Frank Kaminski stated that Police, Fire, Emergency Services, Health and other City agencies have worked together to provide an appropriate response to the community. Recently, they have had requests regarding suspicious letters, packages and substances. He reported that staff met, with information from federal and state agencies, to ensure that appropriate procedures and policies were in place to handle calls as they have come in. There have been about 17 calls from the community. Chief Kaminski reported that only two incidents required testing at the state lab and one turned was negative. He said that 11 were suspicious letters, which are contained in a designated storage area. He noted that staff from relevant departments has put in extra hours to make sure that everyone is protected.

Fire Chief John Wilkinson stated that anthrax is a naturally occurring bacterium and compared it to talcum powder in that a cloud of it settles rather quickly. He stated that it is not dangerous on the hands as soap and water would take care of it. A 10% solution of laundry bleach and water will kill it instantly, so it is not a weapon of mass destruction, he noted. Chief Wilkinson explained that they get to the item, over pack it so it's safe to be transported and relocate it to the storage facility. He pointed out that police and fire respond jointly when they get a call on a suspicious item.

Health & Human Services Director Jay Terry stated that in national, state and local governments, the public health community, police and fire department life safety and hazardous-material units all have worked together at an unprecedented level. He noted that due to Emergency Services Director Max Rubin's leadership, Evanston has a leg up on that. Mr. Terry said that the demand and anxiety level of individuals has put those resources to the test at the state and local levels. He reported that as of that evening, there had been no positive outcomes related to biological events in the state. He encouraged people to remember that, calm down and use good judgment. He reiterated that the City has a system in place to deal with community events as necessary. Any item that is deemed to have a remote risk is transported to the Illinois Department of Public Health laboratory in Chicago and he noted those resources are being stretched to their limit. Mr. Terry said the decision to test an item is a law enforcement call and the Health Department is there to provide education. Everything that has been done over the last several days has been by group decision and

Evanston is fortunate to have that level of cooperation. They are exploring local sources for testing suspicious materials. Mr. Terry assured residents that state and federal guidelines are followed and the Health Department has received daily updates from the Centers for Disease Control and the Illinois Department of Public Health.

Emergency Services Director Max Rubin reported that the City's disaster plan was recently approved by the state agency and this was the first year there was a full-blown terrorist annex in that plan. He noted it would be modified to deal with the current situation. His staff built a room in a facility to store the product that they are picking up. It is now in a secured location where it will not be tampered with and a chain of custody has been maintained.

Mayor Morton asked what would be done if a neighboring community had a disaster? Mr. Rubin responded there are mutual aid agreements for police and fire resources that have been in place for years.

Mr. Terry added that the Health Department has reached out to both hospitals and communicated with staff at the University over the past several days. He noted that the amount of community cooperation has been good as well.

Mr. Crum announced that with the present increased activity, the Fire Department decided to cancel the open houses.

Special Order of Business: Financial Software Presentation

Finance Director Bill Stafford stated this was in response to requests for more context and business reasons when bringing a new software system before Council. He outlined the infrastructure for Information Systems: a citywide network with PCs, migrated to a common database, established a web and email structure, launched cityofevanston.org and implemented a GIS system. This was accomplished in the last five years and is a foundation they can build upon.

Mr. Stafford pointed out that the financial system is more than 20 years old and newer technology is needed to give access to citizens and businesses. They have looked at Enterprise Resource Planning systems, which are developed to provide an integrated system and to meet the requirements for government reporting regulations. He said these ERP systems would help them give access to departments, divisions and commissions, in terms of information that they need. This system would also allow staff to perform more operational tasks and become more efficient. Specifically, he cited basic project and grant accounting that they are not able to do now.

He mentioned some of the obsolete systems currently in place: a flat file system installed in 1983, shadow or non-integrated systems, manual or paper-laden processes and lack of "real-time" information. Mr. Stafford noted that they have real-time problems relative to financial issues and lack up-to-date information in the format needed to make better decisions. He stressed that an ERP system was key to having a web-based process. Benefits include data integration, presently the same database is in several places; "real-time" information; get rid of some shadow systems and reduce paperwork. A key benefit is that ERP will allow them to get into "best practices" or to work faster, better and smarter.

Mr. Stafford noted that an ERP system would change how people do their jobs. They have changed job descriptions on finance and human resources people on how to do jobs quicker and better. He cited the example of moving toward a paperless purchasing system where it's all done via email, which would accomplish two things: make it paperless and reduce it from a two-week to a two-day process. Mr. Stafford stated with the budget pressures that Evanston government has now and in the future, they have to work smarter. He stated that Council members would get better information on expenses and revenues. ERP software would enable City staff to track overtime and get quality information on use and analysis of overtime. This helps Council make better decisions, department directors manage budgets better, staff becomes more productive and, in the long run, provides citizens with more information and better services.

Mr. Stafford said that they spent the last year mapping and gapping how things are done in the City's systems. This information was used to develop a strategy with those systems to accomplish tasks quicker and better. The two-year process included a Steering Committee, market research, professional seminars, business community and constituents survey and development of a request for qualification (RFQ). He explained that a RFQ was done rather than a request for proposal (RFP) because it can be narrowed down to two vendors and negotiate with both to continue to sharpen the price. Mr. Stafford said the final vendors were JD Edwards and Oracle, two of the four main providers of Tier 1 services or those types of systems that can be web-based and supported by web infrastructure.

He stated a final recommendation would be made at Monday's A&PW Committee meeting and Council would have that information prior to the weekend. Mr. Stafford stated a key part of the implementation plan would be to develop both the contract and the systems on a "pay for performance" to ensure that the City gets what it pays for and to pay for performance. The contract will be structured with specific deliverables and monitoring schedules.

Mr. Stafford reported it would be a three-phase implementation using "best practices" and take place over the next two and a half years. He emphasized that this could not be implemented overnight because process re-engineering would be involved. He said the first series would be general ledger, accounts payable, centralized purchasing and fixed assets. The second phase will be budget, position control and further decentralized purchasing. The final phase will be human resource and payroll systems. Mr. Stafford said the phases would be done between now and the first quarter of 2003.

He stated the present structure is good and they can build on it and in the long run will provide citizens with a better way to interact with the City. The Finance Department wants to offer online bill payment, anything from water to parking, false alarms to beach passes and animal licenses. He mentioned they are moving into other areas in terms of online permit licensing. Mr. Stafford stated that they want to make sure they are doing business the way it is available in the private sector. Concluding, he noted the process had been a team effort, which had worked tirelessly the past two years.

Alderman Feldman thanked Mr. Stafford for the presentation, noting it was the kind of thorough information that Council needs to deal with that type of issue. He suggested that when the terminology gets a little exotic, a definition or two would be helpful. Alderman Feldman asked would more details be provided Monday, October 22? Mr. Stafford said there would be a further presentation with details on the final recommended vendor. Alderman Feldman asked if this would encapsulate the entire database? Mr. Stafford said it would be sit on top of the present Oracle database and all of the information it contains would be accessible. Alderman Feldman asked if they visited or contacted other cities that are using this product? Yes, they made site visits to more than a dozen communities and attended user conferences.

Mr. Crum noted that as streets and sewers are considered the backbone of the City's infrastructure, financial software is the backbone of the City's *business* infrastructure. This decision effects how the City operates for the next 10 years.

FY 2001/2002 General Fund Budget

City Manager Roger Crum reported that the FY 2001/2002 budget has problems on the revenue and expenditure sides and the City needs to take actions now and continue into next year's budget planning. He stated that, without corrective action, the revenue stream will be \$1.2 million below what was budgeted and expenditures would be \$2.5 million over budget. The total problem is \$3.7 million on projections through February 28, 2002. Mr. Crum pointed out there would be some impact on customer service. When money is taken out of the budget, it will affect something. He reiterated that the current problem would impact next year's budget, as it would carry over.

Revenues

Bill Stafford repeated that they project the FY 2001/2002 revenue shortfall will be about \$1.2 million. He cited the State Sales Tax, which was \$4,050,131 through September last year and is holding at \$4,048,912 through September this year. He pointed out that when the budget was prepared, they assumed a natural growth of 3-4% in the sales tax and that did not happen. He said the same thing happened with the Home Rule Sales Tax, last September it was \$2,160,636 and this year it is \$2,164,701. He noted that, again, sales were flat and no anticipated 3-4% increase. Mr. Stafford noted that instead of the \$8.1 million that was budgeted for State Sales Tax, they now project \$7.7 million or a \$400,000 gap. In addition, on the Home Rule Sales Tax, instead of \$4,850,000, they project \$4.3 million or another \$550,000 deficit. He explained the reason for the greater Home Rule deficit was that on July 1, 2001 the tax went from .75 to 1.25 or up 25 points, which means those dollars will come during the last half of the fiscal year. He pointed out that they do not have numbers for September 2001 as State numbers (sales tax) lag two months, so these projections were made based on information available to date.

Alderman Rainey wanted to know if the September year-to-date numbers were "actual" or "projected" numbers? Mr. Stafford responded that those were all actual numbers except for the sales tax, because there is a two-month lag on that tax. He reiterated that all other taxes are real-time. He noted that the sales tax number represents five months of actual

sales tax and two months of projections based on the prior year's actual.

Mr. Stafford reported that the Electric Utility Tax was down about one-half million for two reasons. The first was that compared to prior summers, it was cooler and, second there has been an accelerated deregulation and electric rates are going down. He said the Natural Gas Utility Tax reflected a \$400,000 overage due to increased natural gas fees, which means more tax revenues. He cited, with regard to the Telecommunications Tax, there has been discounting in the marketplace and that makes tax revenues go down. Mr. Stafford stated that City would lose \$100,000 from the Infrastructure Maintenance Tax, because the Illinois Supreme Court ruled the 1% tax on cellular lines was illegal.

He stated that other revenues reflected better news as licenses and permits were up about \$600,000 because of all the construction. Mr. Stafford reported more was made on interest because more funds were available for investment income at the end of the last fiscal year. He explained that the net number is \$1.2 million in terms of the revenue shortfall.

Alderman Feldman asked about a possible decrease in collections? Mr. Stafford noted that referred to sales tax revenues over the upcoming holiday season, which might be lower than expected.

Mr. Stafford commented that this fiscal year (01/02) the deficit is projected to be \$1.2 million and that next fiscal year's (02/03) revenue outlook does not look any better. He stated that they see again for next year a flat sales tax, utility taxes would continue to fall, and perhaps a flat or reduced real estate transfer tax. He thought the real estate tax would come in this year as it had been budgeted, but predicted it would begin to flatten out. Mr. Stafford reported that 2002 would be the last big year for building permits and noted the three-year program that Northwestern had would end and most of the condos will be on board. He reiterated that they have forecast little growth for revenues and they will be flat.

Expenditures

Management & Budget Director Pat Casey reported that based on projections through the end of this fiscal year, there would be a \$72.5 million expenditure rate, which is \$2.5 million more than the projected budget of \$69,852,000. He explained that this increase is comprised of \$1.5 million in legal expenses, personnel/overtime costs of about \$750,000 and about \$250,000 in other expenses that have run over the budgeted amounts.

First Assistant Corporation Counsel Herb Hill reported that expenditures for the three major litigation cases are summarized as follows:

Case	3/2001 to 10/2001	Projection 10/2/01 to 2/28/02	Total
Northwestern v COE	\$309,900	\$237,000	\$ 546,900
McNally Tunneling v COE	\$682,900	\$339,500	\$1,022,400
Keefe-Shea v COE	\$159,400	\$ 98,500	\$ 257,900
Total	\$1,152,200	\$675,000	\$1,827,200

COE = City of Evanston

Mr. Hill pointed out that most of these cases were well underway, with discovery completed, and the great cost in the Northwestern and McNally cases presently is from taking deposition of witnesses and in the McNally case, hiring experts, which is costly but necessary. In the Keefe-Shea case, it is trial time and the appellate proceedings that account for the cost. He projected total major litigation expenses of \$1,827,200 for this year.

Alderman Jean-Baptiste wanted to know what was budgeted for possible legal expenses in the last fiscal year? Mr. Hill responded that as a general matter, in the Law Department budget, they project about \$105-115,000 for litigation. He noted what they have this year are extraordinary litigation and circumstances that resulted in these costs.

Alderman Newman pointed out that the McNally and Keefe-Shea cases are part the Water & Sewer enterprise and *not* part of the General Fund.

Alderman Rainey asked for clarification on what is the correct amount set aside for litigation in the Law Department? She noted the handout listed \$892,600. Mr. Casey responded that was the entire Law Department budget, not the litigation portion. He said about \$125,000 was set aside for litigation expenses.

Mr. Casey moved on to overtime and noted that the majority is spent in larger departments such as police, public works

and fire. He stated that they do plan for routine overtime for special events and other items that happen on an annual basis. He noted that planned overtime is 35%; personnel absences, vacancies and extra work is 34%; special events is 17% and emergencies is 14%.

Alderman Jean-Baptiste asked what is the difference between planned overtime and special events, which he thought would be anticipated. He also thought there would be a projection of absences and vacancies; did they spend 65% more on overtime than they had planned? Human Resources Director Judy Witt responded that this was a different way to look at (overtime) expenditures for this year. Instead of breaking it down by department, it was broken down by category. She explained that planned overtime referred to the holiday garbage schedule and alley grading during the summer. Alderman Jean-Baptiste asked if they were “surprised” by the expenditures incurred for special events, emergencies or absences/vacancies? Ms. Witt explained that they do not have the exact detail on where the overtime was incurred. Mr. Crum pointed out that special events are planned in a different category. They also plan for a certain number of emergencies, but do not know when they will occur. He reiterated that they allow for overtime as a normal operating expense, but overtime needs exceeded the budget by about 34%.

Alderman Feldman, referring to the pie chart, asked for confirmation that those numbers had been planned for, but expenditures had exceeded what had been planned for? Mr. Crum said that was correct.

Mr. Casey noted that this past year’s bad weather brought on about \$1 million in overtime. He cited special events such as the Fourth of July, First Night, NU football games and summer festivals as having an impact on overtime. Other sources include major fires and EMS incidents, crime, mutual-aid callouts, the summer plan for police, high-profile funerals, national events and, the previously mentioned holiday garbage schedule.

Alderman Feldman noted that many of the sources of overtime are present almost every year in which the City operates and he wanted to know what is the City’s record in projecting what overtime is going to be with regard to budget deliberations over a period of years. He did not recall hearing that there had been a dramatic underestimation of what overtime might be. Mr. Crum responded that they tend to estimate overtime optimistically and the goal is to project numbers that are realistic.

Alderman Newman commented that all of the reasons cited for overtime occur every year and wanted to know what were the problems that exacerbated it this year? Mr. Crum remarked that the two biggest sources were the Fire Department, where an unusual number of staff were out on injury, so people were working overtime to fill those slots. In the Police Department, there are people who are not yet fully trained, so they are still running short operationally and people work overtime to fill in. Alderman Newman asked what about retirements in the Police Department in terms of severance or payouts? Ms. Witt responded that is not included in the overtime figure, but is part of personnel costs for police. She reported they had budgeted about \$200,000 for severance and they project to spend about \$350,000.

Mr. Casey reviewed a list of occurrences that impact overtime: emergencies, special service needs/requests, training, meetings, community events and employee turnover. He outlined the other expenses - \$250,000: rising health insurance costs, a lightning strike damaged a phone server and several PC and network cards, and the cost of goods and services has continued to escalate.

Alderman Feldman stated that the impression he got was that there is a lot of revenue under estimation along with a lot of occurrences that have exacerbated all of these things to produce this situation. He noted that in a different kind of year, the number of parts of this might have decreased and would not produce this emergency. Mr. Crum remarked that was an excellent summary to the budget. He pointed out that in a normal year, these things balance each other out – when there is an excess expenditure in one area, there is usually an excess revenue in another area. Mr. Crum stated with the way things are this year – a couple of unusual expenses and the very unstable forecast – they are giving a fairly dim picture that evening. He hoped that things were better than they projected.

Current Actions

Mr. Crum stated they are doing an immediate selected hiring freeze. Each opening is reviewed and determined whether it is critical or basic functions, or if it can be held up for short or long time.

Mayor Morton asked for clarification if any staff has been added beyond replacements? Mr. Crum responded “no” and that they only hire for budgeted positions.

Mr. Crum reported that they are limiting non-essential overtime on a case-by-case basis. Alderman Rainey asked what did they consider non-essential overtime in the Police Department? Chief Kaminski noted they would trim any details they could, for example a football game, First Night or the Fourth of July. Any special events that they do not have to do they would not do. He stated that officers are mandated by law to attend court. Chief Kaminski said when officers have mandatory training, it is cancelled unless they can attend during on-duty time and avoid hire backs. Alderman Rainey asked what he meant by football games – high school or college? College-Northwestern. Alderman Rainey said she thought NU reimbursed the City for all costs related to football games and asked for an analysis of what that cost is. Chief Kaminski estimated the cost for the season was around \$40,000-50,000. He noted they look at crowd estimates for each game and that determines the need. They try to cut corners, but cannot compromise safety. Alderman Rainey asked why the City has not billed Northwestern for this police expense? Mr. Crum responded that, historically, the Entertainment Tax from ticket sales is supposed to be a reimbursement to the City for those types of events. Alderman Rainey said that income (from the Entertainment Tax) appears to be way down and is not covering the cost. She noted it was an additional burden on the City and the taxpayers are picking it up. Mr. Crum stated that is on the list of things to re-examine. Alderman Rainey commented that this would be a perfect time for the University to step forward and offer to make payment for the added expense of overtime during football games.

Mr. Crum has asked every department head to get the word out to reduce spending. Every manager and employees, too, have been asked to look for opportunities to cut spending. He said they would reduce the use of temporary employees. Generally, when someone will be gone for a period of time, a temporary employee is brought in to fill the desk and answer phones—they are going to stop doing a lot of that. He believed doing these types of things, would result in a \$500,000 savings for the remainder of this year. Mr. Crum reiterated that the two biggest cases (litigation) have to do with the sewer project and are chargeable to the Water & Sewer Fund, which takes care of the \$1.2 million in legal fees.

Alderman Jean-Baptiste asked if the reduction of overtime, the hiring freeze and the reduction of temporary employees, would impact the City’s services? Mr. Crum stated these reductions would take place throughout the City, so it would be difficult to pinpoint what services will be affected. There will be a slightly lower level of responses to things people expect such as -- someone might not be in an office, phone calls may be transferred down the hall and some information might be arriving later. Any things that staff can find to save cash, which is what they are trying to do--save cash. Alderman Jean-Baptiste asked if each department head would give Council an analysis of what the consequences of these actions will be? Mr. Crum responded they would be tracking what is done and what the impacts are as this is implemented. Alderman Jean-Baptiste wanted a projection from Sanitation and other departments so that Council knows what the impact of the reductions and freeze will be. Mr. Crum pointed out that one of the items under “Current Actions” was continuous analysis of cost-saving measures.

Alderman Rainey asked what would be the long-run impact on the water/sewer customer of the \$1.2 million plus in legal expenses that will come out of the Water & Sewer Fund? Mr. Crum said that the long-run impact would be determined by the outcome of the cases. In the short run, for this year and next year, it will have no impact. He stated they have adequate reserves to handle the legal expenses on the short term. He noted that some of the legal expenses for these cases might be recoverable.

Alderman Rainey queried about the status of the Northwestern University lawsuit? Mr. Crum responded that the City’s attorney has advised him not to answer any questions about lawsuits that evening (unless Council goes into Executive Session). She would accept that for the time being, but wanted the City Manager to work with legal counsel to determine what kind of statement could be made to the community on the status of that lawsuit. Alderman Rainey said if this is a burden the community is going to bear, the general public needs to know what is the nature of that burden.

Mr. Crum said that the total deficit is \$3.7 million and the City has found temporary solutions for \$1.7 million, leaving a net deficit of \$2 million for this budget year if projections continue the way they are headed. He stated they would probably end the year not meeting this year’s budget and, whatever the final number is, it will have to come out of the

City's working reserves. He noted this would not be enough money to carry very far and would impact into the following year. To summarize, Mr. Crum stated the problem is real and the exact number, because of the projections, is uncertain. He said what they presented that evening was the "worst case" scenario. The first level of corrections is under the manager's control and can impact service delivery. He said the end-of-the-year cash reserve will be affected. Mr. Crum noted that the current Capital Program is not part of the problem nor is it the solution for this year.

Alderman Feldman asked if there are any programs budgeted not yet affected or purchases that could be deferred? Mr. Crum said that there is no list of purchases that can be delayed, but everyone is going to look for ways to save money.

Alderman Engelman pointed out that real estate taxes are being paid more than two months late this year and asked how that would impact revenue? Bill Stafford responded that yes, it would represent between \$100,000-200,000 or two month's worth of cash flow on half of the City's real estate taxes, which is about \$12 million, and it is money that they are not getting. Alderman Engelman said this money would show up next year because they have to reduce other income from interest on earnings. He noted that the presentation showed the City had a surplus last year of almost \$2 million, what did they do with that? Mr. Stafford said it was in the reserves and that the goal, from the Budget Policy Committee, is to get reserves up to \$5 million (8.3% of total budget). Alderman Engelman noted that the Budget Policy Committee had set reserve guidelines, had the City met or come close to meeting those guidelines before this happened? Mr. Stafford said they were getting close. Alderman Engelman clarified that the City has a revenue/expenditure problem, not a cash flow problem. Mr. Stafford commented not right now, but when they get into next year there could be a cash flow problem. He stated that the City would not have to borrow money to pay bills during this fiscal year. Mr. Crum reported that the school districts (65 and 202), which depend heavily on property taxes, and having the payments delayed is causing a cash flow problem.

Alderman Newman said they needed to have the legal people give an update on the status of lawsuits (in Closed Session on Monday night). He commented that staff has done a good job of getting the reserves where they should have been for when the City needed them. He pointed out that the building permit "golden goose" would go away in a year. Alderman Newman stated that drop-off in revenues will require planning and underscores that conservatively projecting revenues is a critical part of budgeting.

Mr. Crum stated that looking ahead to Fiscal Year 2002/03, they did not believe the \$72.2 million budget for the General Fund could be achieved at the present time. He said they needed to begin working immediately on the FY 02/03 budget with a lower forecast number. He reported that staff recommends having the first public presentation of the preliminary budget on Monday, December 3, 2001.

Alderman Engelman noted that they had hoped to involve a wide cross section of citizens in looking at service impacts that would be needed by a \$72 million budget and, now the impact might be even greater, because it might only be a \$69 million budget. The Budget Policy Committee had hoped to get that citizen input in two special meetings in November and possibly one in December. Alderman Engelman asked for confirmation that staff would not be prepared to give Council the real impacts on services until early December? Mr. Crum responded that, yes, they want to have information that will cover the bases and will need more time to put it together. Alderman Engelman thought it was important to get citizens involved. Mr. Crum pointed out there is a Budget Policy Committee meeting scheduled for November 14, 2001. Alderman Engelman wanted Council to think about how citizens could be involved in their budget deliberations rather than doing it separately with the Budget Committee. Mr. Crum said that staff is open to working with Council on getting citizen participation and stressed that there is a lot of work to be done.

Alderman Newman said that the process, which had been initiated in the Budget Committee, was trying to deal with a \$1.5 or \$1.6 million deficit. What is needed now (\$3.5 million) is substantially different and unless they have a huge tax increase, they will need to substantially reduce expenditures. He said until they pin down a specific number as a goal, it is hard to talk with the community. Alderman Newman thought that by December 3, staff would have a better idea what sales tax revenues would be. He anticipated there would be substantial citizen input when recommendations come forward for either revenue increases or expenditure cuts.

Alderman Engelman agreed with Alderman Newman that Council needed to know the "real" impacts this deficit will

have and to wait and see what happens on December 3. He emphasized the importance of letting *all* service impacts be known in the public, so that no one gets ahead of the process on any one particular item.

Alderman Bernstein commented that they do not need to stop the public involvement process, because what they need to do is establish priorities. In the short term, people need to think about the priorities of service are going to be.

Alderman Jean-Baptiste expressed his appreciation for the presentation and noted that, as a rookie, he is learning as he goes along. Because he is new, he sees some things from a different perspective. He thought that they needed to be self-critical in terms of how they approach the projection of expenditures. He was concerned that there were a number of costs such as overtime that although planned, where much more was spent than anticipated. He referred to Alderman Feldman's earlier comment that they knew about high-profile special events and could have expected overtime costs. Alderman Jean-Baptiste stated they needed to be up-front as to what expenditures will be and prepare for that so they do not come back at the end of next year confusing anticipation and planning. His other concern was that Council does not abdicate its responsibility to take a look at how the City moves forward in the next few months to manage the current crisis. He said that he requested the analysis of impacts of hiring freeze and reduced overtime on service delivery so that Council would be equipped to help make some of those decisions.

Alderman Feldman agreed with Jean-Baptiste and noted that a reorganization of City staff is a managerial issue, while a significant alteration in services provided to the public becomes a political one. He thought that Council needed to know and understand what the impact on service delivery would be. Alderman Feldman noted that all could look forward to "a season of discontent" because there would be sacrifices needed by almost everyone in this community.

Alderman Newman, referring to the slide of "Current Actions" taken by staff to reduce the deficit, asked what did that actually generate? Mr. Crum responded \$500,000. Alderman Newman remarked that Council could decide that evening that they do not want to take any of those actions and proceed as if there was no problem. The impact would be than instead of eating \$2 million of the reserves, the City would eat \$2.5 million. He stated that they could proceed that way and stay on budget and at the end of fiscal year they would be \$500,000 down on their reserves. Alderman Newman noted if staff hires some people for positions that are budgeted, they would lose some flexibility going into the next year. He felt that what staff was doing, on an emergency basis, was to run all of the services that were budgeted last February and look for potential savings so that they do not further reduce cash reserves. Mr. Crum pointed out that 80% of what staff does to save funds Council would never notice because that is how it normally works. He stated that when there would be an action that would produce a notable effect, Council would be apprised. Mr. Crum did not anticipate any major policy decisions would come into play.

Alderman Jean-Baptiste reiterated that his concern was Council needed to have a projection on how staff's proposed cuts would impact service delivery. He wanted Council to be able to participate in the deliberations on how to go forward and was satisfied that staff would keep them informed.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 8:57 p.m.

Mayre Press,
Deputy 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.