

ROLL CALL - PRESENT:

Alderman Bernstein	Alderman Rainey
Alderman Kent	Alderman Feldman
Alderman Moran	Alderman Jean-Baptiste
Alderman Engelman	Alderman Wynne

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:**

Alderman Newman

PRESIDING:

Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton on Tuesday, December 4, 2001 at 7:14 p.m. in the Council Chamber for the purpose of holding a Public Hearing on the Township Tax Levy and presentation on the City's preliminary FY 2002/2003 General Fund Budget.

Public Hearing: Proposed 2001 Township Tax Levy

Finance Director Bill Stafford explained that under Illinois law, the Township is required to hold a hearing on the Township Tax Levy. The proposed levy consists of the levy for the Town Fund of \$335,000 and a levy for the General Assistance Fund of \$891,000. The numbers are significantly larger than last year. One reason is that the Township is a non-home rule entity and restricted by tax caps. However, because it is a tri-annual reassessment year and to capture all the new development, it is important that they get as much of the property tax as possible. He has worked with the Township staff to develop the levy and they actually over-levy to make sure all tax dollars are captured, thus the tax the Township receives will be maximized given property tax caps.

There was no citizen comment. At 7:17 p.m. Mayor Morton declared the hearing closed.

Ordinance 119-O-01 – Township Tax Levy Ordinance – Consideration of proposed Ordinance 119-O-01, by which the City Council, acting as Township Trustees, would enact the Township tax levy for the year beginning April 1, 2001.

Alderman Feldman moved introduction of Ordinance 119-O-01. Seconded by Alderman Bernstein. The ordinance was marked introduced.

Presentation of Preliminary City of Evanston Budget for FY 2002/2003

City Manager Roger Crum stated staff would go through a first cut outlook on how the budget could be balanced. The staff presentation will be on how that might be done to City Council who will make the final decision by February 28, 2002. The Budget Committee will give input on how they see this proposal and other issues related to community values. This is City Council's first look at what it might take to balance next year's budget under adverse circumstances. Staff will put all line items in the budget, which must be delivered to City Council by January 1, 2002.

The problem. Limited revenue growth for the foreseeable future; unusual legal expenses; goods/services and health

insurance costs are increasing above the cost of living. Labor contracts are in place except for one union, therefore labor costs are known. There has been a flattened and recessionary economy for the past six months. He noted that cities, counties, and the private sector are having budget problems unless they have large reserves. The City has the recurring problem of a revenue stream that does not keep up with the rate of inflation.

Quantifying the budget challenge. Expenditures in the 2001-02 budget were \$69,852,000. Assuming no program changes and added wage increases, health insurance and good/services increases, legal costs and overtime, staff predicted the 2002-03 budget prior to reductions at \$73,359,000. They looked at revenues and in the 2001-02 budget, the adopted budget had revenues of \$69,852,000 and so projected revenues are about \$900,000 less than that number. Based on the recessionary economy, staff predicts a \$69,715,000 revenue stream, thus there is a budget challenge of \$3.6 million. The starting point is trying to reduce the budget by \$3.6 million.

General Fund Revenue. Mr. Stafford stated the City proposes a 3.4% increase in the property tax. That is a cost of living increase per the Budget Committee. The State Use, Photo Finishing and State Income taxes are down this year and he predicted flat growth next year. The Electric Utility tax is up about 4%. The Natural Gas Utility tax is down and, due to deregulation, gas prices are predicted to go down. The real estate transfer tax is kept at \$2.5 million and depends on the economy. The Home Rule Sales Tax shows a \$600,000 increase and is due to the City implementing an increase of a quarter percent in July. A slight increase is predicted in the Telecommunications tax. He highlighted changes in other revenues. Licenses and permits are reduced \$645,000. Next year is the last year for major projects that will need City building permits. Staff is saying they should not budget the extra \$645,000 because they will lose it the following year and recommend using it for one-time purposes. Stay at a number in building permits that they can live with for the next 4-5 years instead of an artificially inflated number, which will come next year. He noted other revenues are down and that is due to lower interest income. The City will have less money in the bank and expects more monies to be used for insurance settlements, thus they will have less money to earn interest. He stated the bottom line on revenues is \$69,714,500, which is less than was budgeted for last year and most of that is due to the economy.

Mr. Crum discussed a property tax increase to cover the majority of the anticipated deficit; an across the board approach to cutting; ranking programs by community priority and eliminating the bottom approach and using an analysis approach program by program. None of these options alone were recommended. The approach used by staff over a three-month period started with an initial across the board trimming, peer revenues of budgets and meeting with the manager and discussing things they can no longer afford and putting in cuts.

He emphasized this is the staff approach. Nothing is final until Council reviews the budget and makes a final decision before the end of February. He noted the problem is real and long-term. Raising property taxes to balance is not realistic. They need to avoid one-time revenues and temporary cuts. They want to look at the values of the community in relation to cost. Many programs have been created in the past 30 years. Some are outstanding and should be continued while with others they need to ask why it was done in the beginning, is the need still there and is this the best way to meet the need with the changing face of the community? Another area is where the City gives grants and subsidies to other agencies. Other agency funding was cut heavily on the premise that if the City does not have money they cannot give it away. They looked at making cuts before looking for new revenues. They also looked at new revenues.

Staff assumed some community priorities and those received light cuts because they are important to residents. No significant cuts were made in Police field operations; fire emergency response; street maintenance; snow removal; refuse collection and disposal; health and sanitation protection; support to low income and diverse population; traffic safety; care of parks, trees and lakefront; preservation of infrastructure and facilities; new construction review and inspection and enforcement of ordinances. These comprise about 80% of the budget and represent the dilemma they face. Should other services be asked to take the hit of things not of the highest priority?

Areas with significant cuts. Management & Budget Director Pat Casey presented proposed major cuts and noted that smaller cuts would be reflected in the published budget.

Evanston Community Media Center. ECMC grant of \$310,000 annually cut to \$160,000. Mr. Casey stated the suggested cut to ECMC is 50% reduction to an annual budget of \$338,000; \$85,000 of their budget is for rent/taxes.

Police Department. Currently, there are three police school liaison officers in the middle schools; recommend cutting them and retain one in the high school reducing budget of \$284,300 to \$86,900. Two one-half FTE people operate animal control, budgeted at \$149,600, cut to \$97,000 and eliminate one full-time position. There would be some reduction in service. Police youth/victim services currently budgeted at \$383,300 cut to \$295,900. This program has been budgeted for 7.5 positions would be cut back to 6 positions. Staff recommended realistic budgeting of overtime, severance and special events costs. This would add back \$263,000.

Alderman Feldman clarified that the middle school officers would be put on the street to fill vacant positions and they will not hire people to fill those vacancies. Three vacant uniformed positions would be eliminated. Alderman Rainey asked that be fully explained. Chief Kaminski stated the City has a total of 161 budgeted sworn positions. They would have 158 sworn positions and three officers would not be assigned to the middle schools. The number of field officers would remain the same. Chief Kaminski explained police in the middle schools generally take their vacations during the summer but at some point are available to help if there is a need. No police officers will lose their jobs because of this cut. The new threshold would be 158 officers. Mr. Casey reported the desk officers would be civilianized, which means six officers on desk duty will go back on the street.

Health & Human Services. Emergency Assistance is budgeted annually at \$385,600 – recommend consolidation with Evanston Township and cut to \$280,900. This would eliminate two full-time positions. Staff recommends pursuing an intergovernmental agreement with the Township to provide emergency assistance. Mental health grants cut from \$403,100 to \$253,100. Recommended cut to a community purchased service program from \$654,900 to \$429,900. Mental health funding is cut by \$150,000 and community purchased services cut by \$225,000.

Human Relations. Staff recommends elimination of the Summer Youth Employment Program, which is budgeted at \$237,200 annually. The Summer Youth Employment Program started 10 years ago and serves an average of 125 participants annually from 14 to 18 years of age with the majority being 14 to 15 years old.

Library. Recommendation is to close the north and south branch libraries for an annual budget of \$3.4 million. The library branches currently have a budget of \$281,000. One-time closedown costs are \$32,000. A full-time librarian would be retained at a cost of \$52,000 to concentrate on children's services at the Main Library. First year savings would be \$197,000. The estimated market value of City-owned North Branch building is \$750,000.

Parks/Forestry & Recreation. Staff recommends elimination of the Fleetwood-Jourdain Theatre for \$161,700. The arts program is budgeted at \$818,800 and is cut \$110,000 for a \$772,300 budget. Grants would be reduced and a program manager would be eliminated from the arts program.

Mr. Casey went through other reductions in various departments and divisions. In response to Mayor Morton, Mr. Casey stated no reductions are planned in the Human Resources Department. Mr. Casey stated that 27.5 full-time equivalent positions would be eliminated; 9.5 are filled currently and 18 are vacant. People whose jobs they suggest be eliminated have been informed.

Proposed Library Reductions. Mr. Crum asked Library Director Neal Ney to explain. Mr. Ney stated 70% of the library budget is for salaries and 14% for materials. They have to employ fewer people and buy fewer books to make a substantial cut. When they employ fewer people they are open fewer hours. The proposed budget closes both branches, eliminates 4.29 FTE positions and the amount to restore that cut would be \$197,000. The actual number of people affected is 11 because of part-time positions. The budget for materials would be reduced by \$48,600 because they would not purchase books for branches. Other savings realized from closing the South Branch is annual rent of \$40,500. When asked to make recommendations to cut the budget, Mr. Ney and staff worked out the following guidelines: maintain and protect the community's investment; optimize access to library resources; inconvenience as few residents as possible and maintain as much purchasing power for library materials. They did not want to be in the business of providing poor service. He stated that branch libraries are a rare community service for a municipality of Evanston's size. In the Chicago metropolitan area there are 14 libraries serving communities of between 50-100,000 population. Of those fourteen, five have branches and only three, including Evanston have two branches. Of the cuts considered, this would affect the

smallest number of people. The survey, as part of the Himmel/Wilson study, found only 10.4% of library users were regular branch users. Library use statistics show that the branches account for 17.6% of library visits. With this action, remaining services could be maintained at an acceptable level or strengthened. He thought that children's services would be enhanced by bringing the South Branch manager and early childhood expert into the main library.

He reported staff looked at alternatives to closing the branches. They worked back from the library board's budget, which is \$299,600 greater than the City Manager's budget. The cuts he proposed at that time are included in the City Manager's budget along with branch closings. An alternative budget of \$3,445,600 would involve reducing hours open at the main library by 25 hours a week and eliminate 6.7 FTEs with the library open 47 hours weekly instead of 72 hours weekly. They would close all day Friday and open weekdays at 1:00 p.m. Weekend hours would remain the same. That would also require a \$23,800 reduction in materials budget. Another alternative was to close weekday mornings and retain Friday hours which would require a \$66,200 cut in materials budget. Both have significant drawbacks. All library services are weakened and they would be limiting access to the strongest library resource in order to maintain access to branches. The new schedule in either version would be below state standards for library's of Evanston's size. With either alternative the schedule of every public service employee at the main library would be affected and he expected to see significant staff turnover as a result. While he does not recommend closing branches and the Library Board is opposed, if they have to make a significant cut in the library budget closing branches would be the way to retain library services at an acceptable level.

Mr. Crum went through a list of departments and divisions and pointed to what could be eliminated if additional cuts are necessary. Those reductions are not in this budget. Cuts recommended total about \$2.5 million with \$1 million more needed to meet the \$3.6 million challenge.

Suggested Revenue Enhancements. Mr. Stafford listed a 10% increase in the building fee structure for an additional \$225,000, noting this fee was increased two years ago; an increase in the \$50 vehicle permit fee to \$55 for an additional \$150,000; imposition of a 1% food/beverage tax on food/beverage that is consumed and reduction of the poured liquor tax on restaurants by 2%. That tax of 6% would be reduced to 4% just for restaurants and would not affect packaged liquor. The reason for the two changes in concert is that one of the concerns about the development that has taken place is the booming restaurant business. The City wants to make sure they don't create a tax climate that generates a tax disincentive to go to those restaurants. The gross tax on a glass of beer/wine is 14.75% once the liquor tax is added. Under this proposal that would go down to 13.75%. The net of those two taxes is \$700,000. Another proposed increase is in overtime meter tickets from \$10 to \$20. The way the laws are set up currently, it is cheaper to get a ticket on the street than pay in the garage. This fine has not changed in more than 10 years and would raise \$400,000. Next is a request that District 65 pay half the cost of school crossing guards. The City pays the entire cost now, so this would save \$134,000. They also ask that District 202 pay half the cost of the school liaison officer at \$35,000. Most cities do not provide police officers in schools. Under charges, the City would like to charge 50% of the actual costs for special events such as First Night and the 4th of July for \$50,000. Two more charges they do not recommend but have put up are to raise the recycling fee from \$1 to \$2.86 a month to cover the cost of recycling and raise another \$400,000. Last was to charge for new garbage cans and special refuse pickups, which would generate \$100,000.

In response to an audience member, Mr. Stafford acknowledged that the crossing guards and liaison officer at District 202 are a shifting of cost and needs to be a shared expense. Alderman Engelman noted it is a truth in taxation issue.

Mr. Stafford summed up that major cuts would provide \$1.5 million and net cuts would provide close to \$1 million. The revenue enhancements outlined would provide about \$1.6 million and nets out to about \$500,000 if all revenues are adopted except the last two. This would leave \$526,000 for reducing cuts or bringing in new programs.

Work in Progress. Mr. Stafford noted the Budget Committee would work with citizens and Council on the budget over the next several months. All positions will be reviewed to determine if they are necessary. Temporary and seasonal positions that could be reduced will be scrutinized. They are looking at overtime control and doing realistic budgeting for it. They are examining voluntary severance incentives. Like other organizations, the City is an aging organization and early retirement incentives are being examined. All non-sworn staff belong to the Illinois Municipal Retirement Fund, which has an early retirement system that cannot be implemented until 2003. They are looking at City rental of storage

space and possibly using the former recycling center for storage. Staff is looking at consolidating departmental business functions in areas such as recreation and CDBG. In the area of risk management, safety and insurance, a report is coming from Marsh & McLennan, Inc. and they hope to make significant organizational and management changes. Staff will prepare a line item budget, required by law, for presentation on January 1, to City Council.

Other Funds. Mr. Stafford saw no rate increase in the Water Fund. The Sewer Fund will have a 10% rate increase this year and next as voted by Council. The Fleet Service Fund is balanced, new equipment purchases are restricted and no chargebacks will be increased to the General Fund. Police and Fire Pension funds are state mandated with a 5% tax increase, per actuary to maintain each of those funds. Mr. Stafford noted the Insurance Fund has a potential \$7 million deficit. Any reserves will be dedicated to potential insurance settlements. They cannot dig into surpluses due to the cost of insurance settlements and legal costs.

Summary. Mr. Crum stated this was a preliminary look, there is much work to be done and more information will be presented before the budget is adopted. Staff is concerned about state shared revenues. The state income tax does not come back to Evanston as paid in. Evanston is an exporter of income tax and adds to the state's treasury and the state gives back on a per capita basis. Thus, cities such as Naperville and Schaumburg that are increasing in size get more taxes back than Evanston with its stable population. Future adverse legal judgements could be a problem; insurance and medical costs will be higher. Reserves are dangerously low. The City has no money hidden away. Mr. Crum stated that staff prefers to work on improving services not reducing them, but can only spend money they have.

Alderman Engelman moved to convene Council as a Committee of the Whole. Seconded by Alderman Feldman. Motion carried. No nays.

Alderman Engelman asked the dollar value of the anticipated one-time revenues to be received in 2003 that are not included in this budget? Mr. Stafford stated it was around \$600,000 if all developments come in.

Alderman Engelman asked what the almost \$400,000 increase in recreation revenues over last year was from? He thought it sounded like they were increasing revenues beyond cost increases. Parks/Forestry & Recreation Director Doug Gaynor stated that annually fees are increased around 3% to stay even. Some fees are not raised because it would take them out of the market.

Alderman Engelman asked the impact of removing police officers from the middle schools and, prior to the next Budget Committee meeting, would they get an explanation? Mr. Crum stated that no additional paperwork was planned.

Alderman Engelman asked Mr. Stafford to expand on the proposed food/liquor taxes, using "fast food, pub grub and fine dining" as example categories. Mr. Stafford stated in fast food restaurants an additional 1% would be added to the bill. One would pay 9.75% in tax. On pub grub, there would be a 1% increase on food and a decrease of 2% on liquor sales. Depending on the level of liquor sales, which varies, those that sell more liquor will be closer to a break-even point. On fine dining, it depends upon the meal and the proportion of liquor to the total bill.

Alderman Rainey asked why police officers are needed in the schools? Do other communities have police officers in the schools? Police Chief Frank Kaminski responded that Evanston has had officers in the schools for some time. There was a resurgence of officers in schools following the Columbine incident. Throughout the nation, the theme is to put police officers in schools. How does it help create a safe environment in the schools? Chief Kaminski stated there is a sense that officers in schools foster a better learning environment by creating a sense of safety but it is hard to measure quantitatively. Many school staff and parents feel it is a positive and preventative program. Evanston officers do programming; handle calls for service in the schools and are involved with kids daily. Alderman Rainey asked if the officers perform the DARE officer activity? Chief Kaminski stated that is one component of the job. They do Gang Reduction Initiative and other programs customized for the school. Chief Kaminski explained that officers remain at one school. Officers are at Chute, Haven and Nichols and handle feeder schools to the middle schools as well. Mayor Morton noted that Chief Kaminski was in the first group of police liaison officers placed in middle schools. Alderman Rainey wanted to hear a good reason to keep officers in the schools. In her opinion, the reason they have officers in schools is because there is a desperate need to have them there for maintenance of order and decorum. If there are no problem kids

in those schools requiring police attention, she was not sure having four police officers in schools (because a Columbine-type incident might happen) was not reason to continue to have officers there. When officers are taken from the schools and put on the street, they may be called to those schools regularly. She stated the problem with some of the cuts is they don't understand the service being provided. She has never understood what youth/victim services and emergency assistance do; thought it would help to know the implication of the cuts.

Alderman Feldman asked Mr. Crum if staff had considered increasing the employee contribution to health insurance costs? Mr. Crum stated that the City is locked into contractual arrangements and has considered it. In the future they will look at a higher level of employee contribution. An increase of 30% is anticipated in health insurance costs. Mr. Crum confirmed that an insurance broker is used to obtain the best price.

Alderman Newman suggested the question of the police liaison needed to be posed to District 65; recalled that police liaisons were added in the 1990s because Chief Kaminski saw a need for police coverage in the middle schools. The perception of parents and the community is vital to Evanston. The schools have been doing better in many ways. He wanted comment directly from District 65. He saw some obvious disagreements with the list, but as a whole, thought the City Manager and staff had put forth enormous courage in developing this list and respected their willingness to put it forward. While he did not agree with every idea, he felt the approach with budget cuts and revenue increases was responsible and in the long-term interest of the City.

Alderman Kent said when they meet in the Budget Committee, some don't know the services that are being provided. Because no more paperwork is planned, he was concerned that they did not know alternatives to possible cuts; was aware that having officers in schools has helped solve problems. The Summer Youth Employment program is for 14 and 15 year olds who want to work and should be able to work; suggested there are things they could do to tweak the Fleetwood-Jourdain Theater program. He was not willing to eliminate those programs and asked how could they seek insight from residents who don't have as much information and insight from those who deal with these daily? Mr. Crum stated a need to know what these programs mean to residents. Is the program valuable? Do people see results from a particular program? They need to hear community values.

Alderman Engelman said they need some idea of the impact of these cuts. It is one thing to eliminate a program entirely, and another to cut. In cutting Emergency Assistance, does it mean they will serve fewer people, lessen quality or amount of assistance? He thought it important to have something from staff on the impact of proposed cuts, or input from residents as to what these programs mean to the community. The important part of the process is to identify the values of the community. If mental health grants are cut from \$403,000 to \$250,000, whose programs are cut?

Health & Human Services Director Jay Terry announced on Monday the Human Services Committee would discuss community purchased services and described various methods that could be used to cut back. He noted in examining those services, they can be put on a continuum where specific services are purchased. The City knows that funds for the Child Care Center of Evanston go to provide child care for the working poor. At the other end of the spectrum are four-five agencies the City funds to provide general support and there are groups that fall in the middle of those two. It is not definitive in all cases. He noted it has been some time since they had a rigorous review of community purchased services because the City has tried to be as supportive as possible of all agencies they fund. Given the City's financial situation, this is an opportunity to take a hard look at everybody they fund. Alderman Engelman stated before next Wednesday they will need a list of who the City purchases services from, the percentage of budget the City purchases, the percentage that is City money and whatever can be provided as to impact on services. Mr. Terry stated that would be provided in the Monday Human Services Committee packet. He stated it is the Mental Health Board's prerogative to recommend funding in their budget elements. Staff will provide information on what the Mental Health Board seeks, but will not develop the same level of analysis for the board.

Alderman Engelman asked if similar information would be available concerning Emergency Assistance? Mr. Terry stated there was an assumption that either the Human Services Committee or the Council would have a full in-depth review. The township supervisor proposed that the Township could provide this service at a substantially reduced cost. There are some policy implications. He has begun discussions with the township supervisor and what the program would look like, which would involve contracting with the Township and allowing the City to reduce administrative costs. They have identified two caseworker positions that could be eliminated. There are many details to be worked out and they would

need an intergovernmental agreement and clear policy direction from the aldermen/trustees that that is the direction they want to pursue. Alderman Engelman understood this change would save \$100,000, not impact services but would change the way services are delivered. Mr. Terry said that was correct.

Alderman Engelman asked the impact of a \$150,000 cut to the Evanston Community Media Center? Mr. Crum stated it would be drastic. Assistant to the City Manager Maureen Barry had spoken with Steve Bartlebaugh of ECMC and said it most likely would involve programming on the City and District 65 cable channels. They would help ECMC find other lower cost space to rent. ECMC spends about \$94,000 annually to rent at the current location and possibly could rent a City facility. She noted ECMC spends little time fund-raising currently. She thought between increased fund-raising and lower rent, they could cover the gap. Alderman Engelman pointed out if they go into City space, they would be subsidized. Ms. Barry indicated it would be City space not used for something else. Alderman Engelman wanted to know the impact on programming. Mr. Crum said up until noon that day, ECMC did not know this cut was proposed.

Alderman Newman asked if the intent was to take every proposed budget cut and have a detailed discussion. He stated everything had been put on the table and suggested that people put questions in writing. Alderman Engelman noted that citizens will meet in a week and asked if staff was going to provide an explanation of the impact of proposed cuts? He was trying to elicit some explanations by questioning. He did not think the citizens could go into discussion without having some idea of the impact of the cuts. Mr. Crum stated there are impact statements on some but not all and would get a response from ECMC. Alderman Engelman asked the City Manager to develop something in writing or that can be given verbally so all can have a broader understanding of these proposals.

Alderman Jean-Baptiste suggested staff add over-expenditure of funds in certain departments and an explanation of why it happened. He also suggested a brief history in the pattern of growth. He understood that staff has grown by 30-40 people in the last few years and that it would be valuable to understand what new people have been commissioned to do because there may be duplication. As they look at staff reduction, they may want to determine whether they are causing turnover of staff with long seniority and keeping people recently hired. He asked if they are creating problems and burdens that they would pay for in other ways by eliminating the Summer Youth Employment Program and police officers in the schools? As he engages in the process, he will make proposals on how to deal with some of these issues. He suggested they focus on serving the community's best interest for the long-term. He understood that day some people impacted by the proposed cuts were told they might lose their jobs. As they are at a preliminary stage of the process and, ultimately Council makes decisions, he thought it premature to move in that direction and asked that be re-thought.

Alderman Rainey, who was at the Civic Center that afternoon, did not know that people were told their jobs were being eliminated. She said that nobody knows whose job could be cut and thought it wrong to be singled out and told because Council has not made a decision to eliminate certain programs. All staff knew that cuts are imminent. She did not think that people could give of themselves completely if a hatchet is over their head. She thought it better to look at this as a process in which any job or program could be eliminated. She felt Emergency Assistance was an important place to look, noting a program where \$150,000 was spent to give away \$150,000 needs reform. When the issue came up of sending that program to the Township, Jay Terry, who does a good job explaining honestly why certain services should be provided, where shortcomings are and who needs to improve performance, wrote a memo explaining the difficulties in having the program at Main/Dodge. He argued at the time that there are a variety of other services that people requiring Emergency Assistance can access. More important than looking at where those services are offered, is how is Emergency Assistance administered? They have never evaluated the need or what they do. Does it help people or is it a giveaway program? She thought it needs to be looked at and that was why she supported some kind of cut in that program. They don't know if there is a better way to serve people. Alderman Rainey asked Mr. Crum to notify people who have been told their jobs will be eliminated that three Council members find that premature.

Alderman Bernstein stated this is one presentation; nothing is off limits and they don't have to think along these lines. He saw blank faces when community purchased services cuts were proposed; wondered if people know what those are; asked staff to explain these services. He noted that Mr. Terry had done memoranda on potential service overlaps and duplication, and where several agencies could get together and coordinate services. That is where he would like citizens to be involved. He proposed that people whose jobs are being cut to give their job description to Council and citizens and that everybody in the City do that. He said the presentation was a bold effort; that Council faces difficult choices and they were trying to build an analysis that best serves the community's priorities.

Alderman Feldman found understanding the impact of suggested cuts troublesome. A long-time Council member, he has wrestled every year with funding and asked what impacts particular funding would have on people's lives? If he understood the impact that funding would have on people's lives, then he could explain ramifications of the cuts. He did not think any Council member or staff could agree on the effect of funding on lives, how effective service delivery is on lives and reduction of service will have on organizations. While he respects staff's position, an agency that is cut will give a different response, which makes the task difficult -- for example cutting mental health funds by \$150,000. He could not say what it would mean and had served eight years on the Mental Health Board. He knows that it will cause pain and sees that in all of the cuts. He knows in cutting purchased services there was a reason to give funding in the first place and will affect some people. Certain agencies receive a small part of their funds from the City, while the City's contribution to others is significant and affects their ability to deliver services. Some receive funds from United Way and CDBG. As well meaning as having a memo from staff indicating what the cut is, he suggested the citizen's understanding of the function such as community television is the criteria they should use. He thought it would be up to the Human Services Committee to recommend how much money to be cut from the Mental Health Board or purchased services, which will be presented to Council. The police in schools, Summer Youth Employment Program, youth job service or eliminating a theater group are important or they would not have been there. He said there will be pain, anger and discontent. The decisions will be made and if citizens can add to Council's ability to do that, would be a blessing.

Mayor Morton suggested including a list of who funds agencies under community purchased services and who receives CDBG funds. She asked what is included in the arts program? Mr. Gaynor stated the proposed cut is a \$10,000 reduction to the grant program and elimination of one full-time program manager (vacant) at Noyes Cultural Arts Center.

Alderman Rainey suggested where cuts are shown to include information on positions affected. She recommended they indicate that 27.5 positions are eliminated of which 18 are vacant. She asked for information on the length of time of vacant positions.

Citizen comment and questions

Jane Grover, Mental Health Board chairman, confirmed that the grant reduction is \$150,000; asked if the City still collects revenues through the mental health levy? It does not. Mr. Terry explained that Evanston voters in 1968, by referendum established the opportunity to levy for mental health. During the early 1970s, after the new Illinois constitution was adopted, the Recreation, Library and Mental Health boards, which had separate levies, were incorporated into the City's general tax levy under home rule powers. There is no minimum threshold for funding, but there is a maximum amount. The City's funding has been well below that and has been an issue with Mental Health Boards through the years.

John Kennedy said they were spending a lot of time on service areas, yet the entire reduction under public works is \$478,000 for tipping fees. When they met last, he asked for FTEs on each section plus specifically what is affected in each area. He noted there is \$250,000 in street signs and did not know what part of the \$478,000 is coming out of that area. He asked for more detail and suggested there was a lot of fat in that area. Mr. Crum stated the FTEs are available. Mr. Kennedy asked for the cost reduction in street signs. Mr. Crum stated there was none.

Karl Gromelski noted reduction of funding to Fleetwood-Jourdain Theatre by \$160,000, which has revenue of \$30,000. They speak of reducing \$160,000, but are losing \$30,000 as well. He noted the cable franchise fee is \$360,000 annually for the channel. If funding is cut to ECMC does that mean cable bills will go down? Or will the money be spent somewhere else? He noted there are over 900 employees and not all belong to unions. He suggested health insurance cost increases be passed on to managers, Mayor and City Council as they had a sweet deal compared to private industry. He stated that \$3.5 million was paid for financial software recently, but saw no cuts in finance that the software was to provide. He thought it wrong to ask what the values of a program are. He noted on information provided at the last meeting that the Farmer's Market brings in \$4,000 a year and the aquatic camp \$50,000 a year and suggested they look at programs that lose money. He asked for more information; suggested the government be restructured so that it is less bloated. He stated there are too many employees for the population; complained that residents are not allowed to rake leaves into the streets. He has friends in business who have been laid off and government should be no different. He urged them not to be everything to everybody.

Alderman Rainey stated a \$3.5 million financial system was not purchased by the City. Mr. Crum reported the number of budgeted positions is 864 not all of which are filled.

Chuck Battalis had asked for information on the City's web site so people could ask questions and receive information on the budget; was told it would be done and has seen nothing. Mr. Crum stated an email address was set up. Mr. Casey stated requests about the budget could be directed to the City's web site, Management & Budget Department.

Priscilla Giles recalled hearing how taxes would be reduced due to the Research Park and asked what is happening? She could see children who miss out on the summer youth program costing more money for police services and closing libraries causing vagrancy among adults and children. Alderman Engelman, Chairman of the Research Park Board, explained a large part of the Research Park was not developed until recently. Real estate taxes come on-line almost two years after a building goes up and significant revenue has not come to the City until recently. All revenue from sales tax there pays for the construction of the parking garage. Those revenues will be available to the General Fund in 2007. What that meant to the taxpayer, was the money was spent to build a 1,500-car parking garage. The theater and stores were built by a private developer. Taxes from those will pay \$22 million to build the garage. She noted condominiums are going up and more people are coming who will require more services. What will happen?

Alderman Feldman, Chairman of the Economic Development Committee, explained that there are many efforts to stimulate economic development and produce growth in various areas. A lot of growth has occurred in Tax Increment Financing districts, which hold the money in a separate fund until all expenses created by that district are paid. It is then that significant increases in real estate taxes and other taxes generated by development flow to the City and school districts. In eight years, the revenues from the Downtown II TIF will start going to the school districts and City. Does this mean there will be no increases in real estate taxes? No one could say. All development producing income from sales taxes, real estate taxes and employment of people as a result of the development, will go toward mitigating needs the City has for revenue. As sales and real estate taxes fund the percentage of increase needed, the less they have to come to citizens for taxes. They are trying to keep up with the increasing costs of government. He agreed that it was the job of Council and citizens to cut fat from government, which many struggle to identify every year. People differ on what they think "fat" in government is. He requested that people who comment know what they are talking about and stated there was no room for unfounded accusations or misinformation and urged people to call and ask questions.

Mr. Crum stated the email address on the budget is budgetinquiries@cityofevanston.org. Mayor Morton suggested that be posted on cable television.

Richard Stillerman requested information on increased salaries in 2002/03. He noted there are built-in increases in contracts and asked how much those are in dollars? He asked how many employees are not under contract and how much of the budget is for those increases and the percentage? He noted that Governor Ryan proposed a one-day furlough for state employees although most are covered by union contracts. He asked if the City Manager had looked at freezes in salaries or benefits? Mr. Crum responded that a list of contracts would be provided and number of employees covered.

Susan Horowitz suggested they were called together, not to micromanage the City, but to know how services affect residents. She would call aldermen who should know what these services are and the impact of cuts. She suggested Council would have to set aside a certain percentage of money for research. She asked what research has been built into the budget to assess what happens to human services and thought none had. She said it was up to a combination of the United Way or a citizens group and the City to conduct a joint review, which works in many cities and offered to help.

Charles Cosey was disturbed by closing branch libraries; noted 17.6% of business is done at branches and if they are cutting less than 10% of the budget, they are cutting almost 20% of the people who use the branch libraries. He did not think it was fair. He suggested cutting hours by 10%. With increased traffic at the main library, he predicted parking would worsen and people would stop using libraries. He pointed out that people "learn how to learn" at a library and start out using a small one, then go to a larger library. He asked who explained the library cuts? Mayor Morton stated it was Library Director Neal Ney.

Jim Murray stated they needed more information; thought this would be a hard process. Somebody will have to provide

more detail on what citizens are expected to do. He did not want to see taxes raised or people losing jobs. Sharing of increased health insurance costs and consolidation of business functions should be explored.

Sue Brenner asked for particulars on the December 12 Budget Committee meeting. She is knowledgeable about community purchased services. Alderman Engelman stated the Council and staff would be available at the December 12 meeting, no other meetings are scheduled. They will break into four groups of about 15 people moderated by an alderman with a staff person. There will be access to information. The primary function is to talk about values in the community given the problem and the impact on services. Which services are residents willing to do with less and which not? Which are they willing to pay for? Mr. Ney, a professional librarian, says branch libraries are not the best way to deliver library services in a community of 8.5 square miles. However it may be the value of this community that the outreach of branches and services to children may be more important than good library science. He asked those not at the last meeting to sign in.

Alderman Engelman explained that Evanston has the City Manager form of government, in which Council sets policy and the City Manager administers the government. He did not think there were layoffs that day because those policy decisions have not been made. The City Manager proposes the budget and may eliminate certain positions. Council has no control over that.

Alderman Engelman announced that aldermen facilitating the December 12 meeting will meet at 6:00 p.m. and at 7:00 p.m. the meeting will start with a presentation and some information after which they will break into small groups. On January 9 there will be another meeting where the four groups will meet to try and come up with a consensus, action plan or report. Each group will deal with the same topics.

Mayor Morton remarked that all benefited from including citizen participation in budget deliberations.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 9:57 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.