

CITY COUNCIL

January 11, 2003

ROLL CALL - PRESENT: Alderman Newman
Alderman Jean-Baptiste Alderman Kent
Alderman Wynne Alderman Engelman
Alderman Bernstein Alderman Feldman

A Quorum was present.

NOT PRESENT AT

ROLL CALL: Alderman Rainey

ABSENT: Alderman Moran

PRESIDING: Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton on Saturday, January 11 2003 at 9:21 a.m. in the Council Chamber for the purpose of conducting a budget workshop.

Report on gas outages

City Manager Roger Crum reported the City was notified early Friday of an overnight water main break the previous night in Wilmette, which resulted in a broken main gas line. Water got into gas lines and by noon, Evanston had reports of water spouting from pilot lights. Evanston took action immediately. A command post was set up in Wilmette and Max Rubin, Emergency Management Services Coordinator, coordinated Evanston's response.

Mr. Rubin passed out a press release and map from Nicor showing outages in Evanston. He reported that about 875 homes were affected. The Swedish Retirement Home was hooked up to a temporary gas line so that they had heat. The Police Department has worked with Nicor to get into homes the City could not access using a locksmith. The Water Division has been doing "locates" because holes are being dug to determine whether gas lines have water in them. The Health & Human Services Department put out notices at the Central Street train station for people returning home from work about the outage. Restaurants were contacted by the Health Department and, if without gas, had to shut down. Information on the City's web site and cable TV was being updated. He reported the Emergency Operations Center, 2020 Asbury Ave., was activated and People's Gas was operating from there. Nicor was operating from the fire station at Lake/Green Bay Rd. in Wilmette.

Nicor's Regional Community Relations Director Jim Tanzer, thanked the City for help; said they were in the process of issuing another press release and hoping to get media attention, which had been focused on Governor Ryan's speech. They could not start the process until every customer had their gas meter turned off in order to de-pressurize their system after the purge, then come back a second time to turn the gas on, relight all appliances and do a safety check. He said there are two legs to the operation - one is Evanston/Wilmette with not so many customers where they got into the homes, did the purging and now are starting to relight. The other leg is in Evanston and as of then needed to get into 190 homes/businesses before the other part of the operation could turn around. He said they could not declare this crisis over until the last customer has let them into their home/business to turn the gas on and don't know when that will be. Nicor's message to impacted residents was that Nicor needed them to be in their home and urged homeowners to protect their internal water pipes by turning on faucets so a small stream of water runs. Nicor is concerned about safety. Crews from Nicor and Tradewinds, a company owned by Nicor, People's Gas and North Shore Gas are blanketing the area. All crews carry identification, which they will show. He asked residents to check the identification. He said about 960 accounts were without service and they needed to get into 190 homes before they can get to the 960. Between 1,200-1,300 customers were impacted by this event.

Police Chief Frank Kaminski explained Evanston police are working with the command center. Prior to going into anyone's home, who is not there, a police officer with supervisory approval, goes to the home and enters with trained locksmith. A minimal entry is made so as not to damage the premises. A report is generated and a police officer is there at all times which is documented. So far they have done 12 entries. He assured residents that an entry is not done

randomly. Additional personnel are at the police service desk to handle incoming calls. He said that Nicor had done an excellent job of outreach. One person was referred to the warming shelter on Friday. There were two additional reports due to crews hitting electrical lines and the need to relocate three cars. Personnel will be provided until the operation is finished. People can call NICOR at 1-888-NICOR4U. Mr. Rubin announced the Chandler Newberger Center is the warming shelter; asked people who plan to stay there that evening to call Chandler-Newberger at 847-448-8252 or the police at 847-866-5000. Mayor Morton stated the NICOR number is 1-888-642-6748. Mr. Crum praised staff for their response to this crisis.

Alderman Feldman moved to convene Council into Committee of the Whole. Seconded by Alderman Engelman. Motion carried unanimously.

City Manager Roger Crum announced the budget schedule noting they would go through an overview of the budget except for the capital improvement plan, which would be presented in detail Saturday, January 25. Mr. Crum reported on the status of the General Fund budget. The FY 2002-03 budget adopted a year ago had \$72,344,300 for expenditures/revenues and a zero balance. November 18th was a budget workshop on the 2003-04 proposed budget when estimated expenditures were \$75,387,300 and estimated revenues of \$71,925,375 with a projected deficit of \$3,461,925, which must be covered before adopting the budget. He explained the City always has a balanced budget when adopted. Expenditures are up due to cost of living increases. Revenues are not up due to several factors, mostly the state and national economy not the Evanston economy. There has been no significant change since November. He asked that Council not be blamed for any proposed cut. Staff proposes \$2 million in cuts to programs. They looked at what new construction has done for the City and arrived at a \$1.1 million property tax increase and \$300,000 in other revenues, which produces a balanced budget. He stated it could be adopted as is and meet requirements of state law. He said a lot of discussion is needed on impacts and what it means to all. In reference to the building projects throughout the City, Alderman Feldman said that people ask why the City is in budget difficulty with all this going on and when will they see results? Mr. Crum stated that in the future, staff recommended that new construction be recognized that has been on the tax rolls for the year.

Mr. Crum reported working with staff on the general approach to this budget. He stated the problem is real and is related to the economy, however Evanston is doing better than the state. New construction will pick up a portion of the proposed property tax increase. Staff was not proposing any major new revenues sources and no major changes to existing revenue sources. The cuts had to achieve real dollar savings and most would be restorable if they had more money and a better economy. Staff tried not to make many permanent cuts – things in better economic times that they could go back to a higher level of service. (Staff did not suggest selling off a facility, which would be a permanent change.) He said this is an economic recession problem and staff looked at everything the City does. It was not an across-the-board cut. High priority services had the lowest possible cuts and all departments were affected. Most of the proposed cuts would have visible service impacts. He recalled that last year they did “invisible” cuts that affected services in a minor way but were not as visible to the public. This year there are very visible cuts suggested. While taking full responsibility for what is in this budget, Mr. Crum explained that departments were directly involved in the process. He reiterated that staff did not want to make any of the cuts in any department because they believe it will affect services, but he is obligated to present a balanced budget that is reasonable to the community.

Revenue Overview. Finance Director Bill Stafford gave an economic overview. On the national economy, he noted the Dow Jones Industrial Average posted its third straight full-year decline, the first time that has happened since 1941, so the country is clearly in a recession. The Dow Industrials were down 16.75% - the average's biggest one-year drop since 1977. The S&P 500 slid 23.37%, its worst drop since 1974. On the state economy, the Illinois Economic and Fiscal Commission has the state's income, sales and utility taxes running behind last year's by \$91 million. He reminded all that last year was the first year since 1955 that the state took in less money than the year before. Governor-elect Blagojevich's budget team estimates the FY 2003 deficit at \$1.2 billion and the FY 2004 deficit at \$3.6 billion. A combination of budget cuts and revenue increases are being considered. As of last week, the State of Illinois' bond rating was a Aa2 (negative) from Moody's. The negative reflects the continued deterioration of the state's budgetary position. He stated if President' Bush's dividend package passes, that will further hurt state collections by an estimated \$200 million. Some history lessons are that in the mid-1980s the state cut off funds to localities and delayed income tax and sales tax payments for up to six months. He noted prior to sales tax reform, the municipalities got 1/12th not 1/10th of the

income tax as they do now – a reduction back to 1/12th would mean \$1.5 million less for the Evanston next year. This is being actively discussed as a possible budget option in Springfield. He suggested the Budget Committee may need a mid-year review given the state's May budget passage. He noted the City's budget has to be adopted before all the state decisions are made in April/May. The good news was Evanston's economy. Sales tax is still solid. From Evmark, staff learned that 51% of Evanston's downtown retailers exceeded last year's holiday sales and 14% more reported sales equal with last year. Home furnishings did particularly well with the new downtown condo population. He said Evanston's economy is helping with this year's budget. Losses in state revenues are being offset by a strong local economy consisting of sales tax and the Real Estate Transfer Tax.

Guiding revenue concepts used are conservative estimates; diversification with many kinds of revenues; avoidance of budgeting non-recurring revenues that cannot be replaced in the following year and if they look to new revenues look at ones that have growth potential. Staff believes they are close to tax capacity. The reason for concern is they don't want to have a negative effect on future economic development. If taxes are too many, the cost of business is too much. Staff also believes the City is running out of revenue options. He stated the City is better served, when getting out of structural deficits, to cut spending rather than adding revenues.

For FY 2003-04, the City has \$73 million in revenues with property tax leading, followed by sales tax. In descending order, revenues are from other funds, other taxes, utility taxes, licenses and permits, state income, recreation fees, fines, agencies and services and the library. An 8.6% increase in property taxes is proposed. The Fire Pension Fund went up 14.34% and Police Pension Fund is up 8.67%. The reason is most of those funds are invested in equities. All pension funds took a hit over the past two years, resulting in the need for higher contributions. Some retirements have affected those numbers. Debt service is about \$6 million annually for capital improvements, which is up 8% and the General Fund has an 8% increase.

Mr. Stafford noted that aldermen have questioned the growth in the property tax due to new property. He presented an analysis showing the tax levy year, new property and net added to the levy beginning in 1994 through 2001; noted that tax caps were put on in 1994. For the first time, Cook County started keeping track of how much new property there was in 1994. (The analysis did not include new property in the TIF districts.) He said this was significant because when the City asked for an amount of tax levy, such as \$25 million, it is put on the levy. When the schools ask for say \$20 million, they get it. In addition, the County says in 1994 there was \$6 million more in new property. They take the school's levy rate and apply it to the \$6 million to get more funds. The City does not do that but could. He said if the City took advantage of new property growth since 1994, there would be \$992,793 more in property taxes. For this year they proposed a 8.6% property tax increase and if the City took credit for this, it translates to a 5% increase. He suggested the Budget Policy Committee look at this. If it is the will of Council that the City be given credit for the growth and if they took the year 2000 (new property lags a year) then what they would do is go back and the City would take advantage of that. \$140,790 would be put on for growth and property taxes for next year. Mr. Crum pointed out the school districts got over \$3 million from 1994-2001. He thought it addresses concerns that aldermen have and the City can take advantage of new growth in property.

Alderman Engelman wanted to be sure he understood, that the \$992,000 over the past eight years that Mr. Stafford spoke of in new growth was not just an increase in assessed value but was assessed value of property that was vacant and is now built. Mr. Stafford took that amount, multiplied it by the City's tax rate and that generated those dollars. The proposed budget recommends an 8.6% increase in property taxes and the City did not take advantage of \$140,790 that will be levied from buildings of last year. Alderman Engelman asked if everybody's tax bill was exactly like his or her bill last year, they would raise \$140,790 more than they did last year? That was correct. Both the schools and the City levy (taxes) on this year's tax base. The schools go back and get even more. The City does not go back and it is not added to the City's base until the following year. Alderman Engelman said that was because they are looking at the gross total that is received and not looking at the rate. Alderman Engelman said the proposed budget has an 8.6% property tax increase but that is not true. While it is an 8.6% increase in the levy, it is really only a 5% increase in the property tax. Mr. Stafford said it is an 8.6% increase in actual dollars. The property tax payer will see only a 5% increase. Mr. Stafford will run the numbers on this since the City would only take credit for \$140,790 added to the levy. Mr. Stafford said he was trying to take advantage of new property and how much is out there. Mr. Crum pointed out there were several years in which the aggregate levy was not raised and, in that case, actually lowered the average property owner's tax bill due

to new construction. Taxes actually went down but nobody knew that.

Sales Tax, General Fund, 1% from the state and 1% home rule are doing well. The sales tax is projected at \$8.1 million with a 3.8% increase over the prior year's budget. The home rule sales tax is projected at \$5.3 million and 8.6% over prior year's budget. (The home rule sales tax exempts auto sales.)

Utility Taxes on electric, natural gas and telephone increase slightly. The 5.8% rise is due mainly to the 1% increase in the telecommunication tax. The City used to get 5% telecommunications tax and 1% infrastructure maintenance and will receive a 6% telecommunications tax starting January 1 but will not receive those revenues until April.

State Income Tax is doing poorly and is allocated by the state based on population. 1/10th of the amount collected is allocated to local municipalities and that is projected at \$4.8 million. Staff projects a 9.4% decrease from last year's budget. He noted the City has two years of reduced income taxes from the state. He said the percentage is narrowing but the state economy is still in free fall. He stated that shared revenues (income tax) will be down \$500,000; the state use tax is down \$80,000 and the photo finishing tax (discontinued by the state legislature) means a loss of \$150,000. The only tax holding is the Motor Fuel Tax, so there is \$730,000 less the City will receive this year versus last year.

Alderman Feldman asked if there was any discussion at the state about raising income taxes this year and if so how would that affect projections? No. Mr. Stafford said Governor-elect Blagojevich said he would not increase taxes. Information they receive from Springfield is that the state will try to raise other taxes and make reductions. In a recent *Crain's* publication there was an article about expanding gambling in many states. Alderman Rainey asked for an explanation of the formula for receipt of state income tax. Mr. Stafford explained that all state income taxes are put into a pool and then allocated to municipalities based upon population, so Evanston's income tax reflects what is going on in the state. Evanston is a net exporter of income tax to the state. The average income in Evanston is about 150% of the state average, so Evanston puts in 150% and gets back 100%.

Real Estate Transfer Tax. Good news is the projection for 2002-03 is higher than the budgeted \$2.5 million and they are putting a zero increase over the prior year's budget. This estimate is conservative because they don't know where the real estate market will go. This year the projection is at \$3.1 million, which has helped offset revenue losses.

Other General Fund Revenues. They covered the new simplified telecommunications tax, which will come in April. Licenses, permits and fines are strong. Building permits are projected at \$1.6 million and parking fines at \$3 million, a slight increase over the prior year. Service charges show a slight decrease due to discontinuation of the infrastructure maintenance fee. Transfers have increased at the rate of inflation. Recreation and library fees show some increase. Grants are similar to last year.

Alderman Feldman asked to compare projected building permit fees with this year? Mr. Stafford stated it was down from \$2.1 million projected for this year. Alderman Feldman asked why it was down? Mr. Stafford responded that there is a lessening of economic activity taking place. Recently they have run at high rates and last year's audit showed building permit fees brought in more than \$3 million. That pace will slow down. The City believes its base is about \$1 million a year but that would fluctuate depending upon how many developments come in. Community Development Director Jim Wolinski stated the projection for the upcoming budget includes most of the Sherman Plaza development coming for permits -- roughly \$1 million in permits. He noted several developments have surfaced since these numbers were put together in the fall. If the condominiums at 1800 Sherman come in, that could be another \$200-300,000. The Roszak development on the Hearn parking lot site could generate \$250-350,000 and the development at 603 Main St., which is being re-evaluated for a 78-unit condominium project, could bring in \$100-150,000 in permit fees. None were included in the projection because none were planned developments at that point. Alderman Feldman confirmed that they could be reasonably confident of getting \$1.6 million in fees and possibly an increase.

Revenue Enhancement Options. None were put in the budget and are suggested for future consideration. They discussed an "everything pick-up" fee of \$6 per month. There would no longer be a special pickup fee, but when refuse is picked up, everything would be taken. That would be added to the water/sewer bill and is estimated at \$500,000. There is potential increase in police/fire alarm fees of \$100,000; increase in fire permit fees of \$100,000; increase in ambulance

fees of \$100,000. Ambulance fees are affected by Medicare rates and will be discussed. A possible increase in parking tax of \$300,000 and sharing that with the Parking and General funds. Apartment licenses could generate \$300,000. Food and beverage, less 2% liquor tax, could generate \$700,000, which has been discussed the last few years.

Alderman Feldman confirmed that the revenue enhancement options are not in the proposed budget.

General Fund Expenditure Summary. Management & Budget Director Patrick Casey presented employee cost assumptions in the proposed budget. Medical premiums will rise by \$561,000 from the prior year. They have allowed for normal step/merit increases. A reserve of \$1 million has been set aside for wage adjustments equal to 2% of payroll. All bargaining units are in contract negotiations now and at this time the formation of one or more new bargaining units is underway. The budget proposes that about 22 positions be identified for elimination, most through vacancies and attrition. Three are filled positions. In the City Manager's office, there is a change in responsibilities of several staff to assume roles in administration of Risk Management and the Management & Budget Office. There is a temporary elimination of lobbyist contractual services for \$20,000. In Management & Budget, a management analyst position was eliminated and the other management analyst position was frozen until August. They are adding a grant writer, which was approved by Council.

Alderman Rainey asked if any analysis of cost was done if bargaining units are formed? Mr. Casey said not yet and it was too early in the process to know what positions the bargaining units may have. She asked if they could provide any information to get a sense of what this will mean financially? Mr. Crum stated that the formation of a new bargaining unit would not automatically change costs. There is no guarantee of change in terms of working conditions, benefits and wages until negotiated. The financial impact could be retroactive to the start of the budget year. Alderman Feldman asked if there are additional bargaining units, will the City negotiate at the same time as the others? Mr. Crum stated the City is negotiating with all four units and a new unit has not been formed so the right time would be when they are formed and officially certified. Then there is the process of drawing up an initial contract. The City does not know the timetable. Alderman Feldman asked if anything in the proposed budget allows for a new bargaining unit? Mr. Crum stated \$1 million was set aside for a general wage allocation for all categories. Alderman Feldman asked if this budget could be passed with no provision for additional expenditures for bargaining units? Mr. Crum said Council would be updated and whatever they know by February 24 would be included in the budget, but there is no allocation in the budget beyond this. He said one question that has come up regarding part-time employees, if they had a union, would they automatically get medical benefits and that would have to be negotiated. The \$561,000 increase in health insurance costs is only for existing employees covered under health insurance plans. Alderman Jean-Baptiste confirmed that union and non-union employees receive the same medical benefits and wage increases. Mr. Crum stated the City tries to treat all employees equitably but part-time employees do not get medical insurance. Wages are adjusted annually for all employees. Alderman Jean-Baptiste asked if it was possible that formation of a new bargaining unit would not result in increased expenditures by the City? Mr. Crum stated it all depends on what the contract calls for. In response to Mayor Morton, Mr. Crum said the budget allows for regular step/merit increases and that \$1 million is set aside is for a cost-of-living increase.

Mr. Casey stated in Human Resources, a HR assistant position was eliminated. The Employee Assistance Program would be eliminated and be covered by medical insurance providers and \$65,000 was added to provide for costs associated with police and fire testing.

In response to Mayor Morton, Mr. Casey explained the lobbyist position is eliminated for this year. Mr. Crum said that Mr. Suffredin has been Evanston's legislative liaison for many years and can no longer serve (due to his election as a Cook County Commissioner). In the interim, they decided to take it from the budget until they know where they are going. In the future they may want to revisit this. The Mayor noted the City pays a membership fee to the Northwest Municipal Conference, which has a lobbyist on behalf of member municipalities.

Mr. Casey stated in Finance, there is a reduction of an administrative assistant position and of the vacant buyer position in Purchasing. In Facilities Management, there is an increase in materials to repair and provide preventive maintenance; a 3.5% cut in ECMC funding. This reflects an across the board 3.5% reduction in outside agency funding. In Community Development, a vacant property standards inspector and a plan reviewer were eliminated. Some plan review will be contracted out. In the police, they have proposed elimination of the middle school liaison officers, who would be

transferred to patrol and vacant positions eliminated. The position of commander would be frozen until 2004-05.

Alderman Feldman asked how long the property standards inspector and plan review positions had been vacant? Mr. Wolinski said currently there are two vacant positions in the property standards division, which have been vacant for a couple of months because people left. They hope to hire one of the positions in the near future. The plan review position was added a couple years with TIF funding to help with projects going into a TIF. They filled the two-year position several years ago. That person subsequently left. They have not been able to fill the position for a year or year and a half. The idea was to eliminate part of that salary and use the remainder to contract out for code review services.

Police Department. Chief Kaminski stated he doesn't like to talk about reductions, but considering the City's situation, he has recommended reductions that avoid a direct impact on basic police services. Any staffing changes do have some impact and he has watched hirebacks closely for the past year. The recommendation is elimination of the middle school liaison program with the three officers transferred to patrol and vacant positions eliminated. This was difficult for him because of commitment to the schools and reduces the force by three officers. Nobody loses their job. He hoped that if this is a temporary reduction, that it can be put back as soon as possible. During the time there is no program, he would still provide service to the schools. During tough times in the past, officers were trained in school programs and assigned to daytime beats where the schools are located. They can connect with the school as time permits and youth officers stop by. This does not affect the high school program where a police officer will remain.

Alderman Feldman asked by making this change, would they not have three officers on the street during the summer when they are needed most? Chief Kaminski said that was true and a negative for this recommendation. Alderman Rainey said that was an underlying reason why this cut should not be accepted. She did not care whether the three officers were in the schools during the day. However, if the chief was telling them that they are losing three budgeted officers through attrition, this was the worst decision she could think of now with Evanston's economy and growth. She said there are continuing problems downtown by the theater where there is need for police; thought the foot patrol program has been decimated with only three or four officers covering the City. She said Evanston has never had a full complement of police officers trained and serving full time on the streets in the 20 years she has watched the number. She said this cut was fool hardy and the community should not tolerate it. She hoped Council would find the money to support maintenance of the three officers. In response to Alderman Feldman, Chief Kaminski stated the savings are \$252,000. Alderman Rainey said it has been reported crime is down and if they spoke to people living in problem areas, they would be told crime is not down. She thought people are affected in negative ways and all parts of Evanston should be a part of the downtown renaissance. This was the first time she has heard about decreasing police as they have always talked about maintaining or enhancing the department. She suggested this be removed from the board.

The Commander position will continue to be frozen for another year. He said for a mid-size organization, they have a small command staff consisting of the Chief and four commanders. In the past year, they froze the Support Services Command slot and divided those bureaus among three other commanders. He said this is not the best and the organization needs four functional areas to work smoothly. They are doing their best to deliver the services they can with this temporary alignment. He said the difficulty comes with monitoring and when one commander takes off time it affects the others. He said that all have pitched in and taken care of business this past year.

Alderman Feldman asked if he had considered taking the three school liaison officers and putting them on the street full time rather than only in the summer? Chief Kaminski said he had not; thought the officers do good work in the schools and provide a presence that is important to have safe schools.

Fire Department. Mr. Casey stated that overtime was reduced by \$100,000 and severance by \$50,000. He said during vacations and sick time they may have some companies that are not fully staffed. Remaining company members would be shifted to other positions and the affected company taken out of service.

Alderman Bernstein asked what it meant when a company is taken out of service? Mr. Crum stated that every engine company operates with a full-time staff. The normal engine company complement is three people and is not operated with two people. When overtime money is used up, occasionally, there are times when only two people are available so that company/engine would not operate and those two people would be shifted to another unit for the duration of the

shift rather than calling somebody in for overtime, which is normal practice. Alderman Bernstein agreed with Alderman Rainey about increased population. He would hate to even consider this cut. Alderman Rainey said the City has more buildings and wanted clarification of terms. Division Chief Sam Hunter said they were not talking about a fire station. She asked how many companies are at Station #1? Chief Hunter said Station #1 has an ambulance, an engine company, a truck company and a shift chief. He explained a company is a single piece of apparatus such as an engine or truck company manned by three people, while ambulances are manned by two people. Alderman Rainey said if somebody was sick on the engine and on the ambulance, would the remaining personnel go to another station? Chief Hunter said presently, if one was absent from those two, they would hireback. Under the proposed plan, if one person is missing from one company, people would be reassigned on that vehicle. If somebody calls in sick on an engine company, under the proposed plan, instead of hiring back, the remaining staff would be reassigned.

Alderman Rainey thought Local 742 had a proposal to reduce the cost of hirebacks that did not include this arrangement; asked if there was any discussion of that between Fire Department management and the union? Chief Hunter was unaware of any meetings. Alderman Rainey asked for information from Local 742 on alternatives to solve the problem of hirebacks. Chief Hunter stated that all want to reduce overtime costs. Alderman Rainey thought this was a bad plan – buildings are going up and there are construction sites where people can get hurt. To shut down companies because people are sick or on vacation made no sense at this time. Chief Hunter stated they were not in disagreement. She asked to figure a way to solve the problem.

Alderman Feldman asked if an affected company would be taken out of service? Chief Hunter stated they would look at where call volume is high and make adjustments. Alderman Feldman pointed out the number of companies is designed for optimum effectiveness and safety of citizens. Chief Hunter stated nothing was more important to fire administration and the Fire Department than the safety of fire personnel and of the community. He said they will take every measure and effort to make sure what they do to reduce overtime will minimize risk to personnel and citizens. Alderman Feldman could not support the recommendation.

Alderman Kent clarified that now they never have a company that is down. Chief Hunter stated that was true because they hireback. Alderman Kent asked if they go to this new system, did they not have to look at response time? He thought call volume could be hectic anytime. Chief Hunter said some analysis would have to be done and there are some situations they would have to minimize the effects.

Mr. Crum stated none of the command staff endorses running short and doing it under duress (as are all other departments). Alderman Newman asked for a memo from the command staff that spells out when a company will be taken out of service and how that will affect ambulance service and the ability to fight two fires for a period of time? He also wanted response times in general included.

Alderman Jean-Baptiste was not sure they understood the full impact by this discussion. By taking out a company did that mean they were unable to respond in an emergency and wanted to know all ways the community would be impacted by this recommendation.

Alderman Rainey stated a fire department is like insurance. If nothing happens it is not needed. The Fire Department has to be there if something happens. She noted the previous day on the 2000 block of Chase in Chicago there was a fire in mid-afternoon that had 300 firefighters there and last week there was a bad fire in the 8th Ward. A problem she has with getting the information for this change, is if something happens while this change is in effect, she thought there would be an effort to make this change okay. She said they have the companies and stations they have because they provide the best service for the community. She thought when they chip away at that, service is reduced. She did not need an analysis to tell her if an ambulance is taken out of service was similar to developers from whom they get traffic studies that show that no development will impact traffic. She thought they would put staff to extraordinary effort when the result will be the same. She believed Council should vote against this cut.

Alderman Feldman said there was no adversarial feeling between Council and staff. The City Manager made it clear at the beginning that this was his budget and knew Council would change some things. Staff and the manager did the best they could. If this recommendation is unacceptable, it is up to Council to find ways so this does not occur. The advocacy

was to each other.

Alderman Kent said he was not interested in seeing changes; wanted to see alternatives and ideas to cut overtime. He thought this recommendation would make a huge difference and worked not to have citizens come with concerns about safety. He wanted to see something new and different.

Alderman Newman stated that nobody wants to make cuts. At the beginning, aldermen have the right to disregard the information and to have staff make a good faith explanation of what is being proposed so Council can understand it. He would be glad to hear from the union on any of the issues. He did not think staff wanted to make any of these cuts.

Mayor Morton asked how many firefighters does Evanston have? 101. She recalled a study suggesting a recommended number of firefighters based on population. After reading Fire Department data, she realized there are few fires. Other activities far outweigh the number of fires and was the reason the name was changed to the Fire & Safety Department. She understood why the recommendation was of such concern to aldermen but advised them to look at the data as to what the Fire Department does. She asked for a printout of the Fire Department's functions before making a decision.

Alderman Rainey said that every month Council receives a cumulative report of all fire service and emergency medical activities in Evanston. She reads it carefully and it was why she did not support this recommendation. Mayor Morton stated she reads the report and was asking for a consolidation of materials such as the number of fires, smoke calls, emergency medical calls, etc. Mr. Casey will provide a budget memo.

Health and Human Services. Director Jay Terry stated the proposed reductions include two filled positions. One is a public health nurse at the ETHS clinic that the City contributed to will be picked up on the ENH payroll and private funding. He thanked Dr. Alson at ETHS and Ray Grady at Evanston Hospital for being open to the suggestion. Alderman Rainey echoed thanks as well. They also propose eliminating a Clerk III position in adult health.

Alderman Rainey said at budget time it becomes obvious there are collection points around the City. She asked about consolidating this task? Mr. Stafford said some of it has to do with the nature of the building. For the past three years they have looked at economies of scale, how many people are coming in and at what point is it worthwhile to have service collections. He said that Mr. Terry had done a good job of looking at Medicare fees and collections. There are more collections now with the dental clinic that justifies a collection point there. The issue is why could a person not go to the Collector's office on the first floor and pay. The reason is there was enough to justify collection in the Health Department. He said with the J.D. Edwards system they are looking at all collection points, consolidating forms and collection points. With this personnel change some collection may have to be shifted to the first floor. Mr. Stafford said some of this has to do with customer convenience. They could say they will only take money in the Collector's office, with people going to several floors then making payment on another floor such as the collector, but have found that in many cases that is not efficient. The issue is customer service. In some areas they can combine collection and achieve some economies of scale. He noted in the Health Department they take in a lot in Vital Records. He said the City does not have centralized accounts receivable with all bills owed on one system. With the new system they will have that and implement it this summer. They want to get to the point of sale.

Mr. Terry noted last year the City contracted with the Township to provide emergency assistance with the long-term goal of phasing out the City's role in that. As the Township's reserves get better they can sustain that operation themselves. A \$30,000 reduction in reimbursement for emergency assistance is recommended. The Township Supervisor has agreed that is a realistic figure and as of January 1, the City will no longer reimburse the Township for utility assistance. The City will continue to reimburse the Township for food and housing assistance.

Mr. Terry stated there would be an increase of \$84,000 due to an increase in the senior taxicab program, which was adopted by Council. This reflects the decision to double the reimbursement for taxi coupons. It demonstrates the link between that reimbursement and the quality of the program because the amount they need to increase the budget is more than a doubling. When the quality of the program increased, so did the participation level. Complaints are way down.

As the City Manager indicated, the philosophy behind this budget was to ask outside agencies to take a 3.5% across the

board reduction. He noted this is the first time that all the purchased service agencies are located within the Mental Health Board budget. He said the Mental Health Board reviewed all the agencies and made recommendations several months ago. The Mental Health Board will speak at the February Human Services Committee meeting.

Alderman Newman noted the City Manager's message said the net increase was only \$30,000. Mr. Casey stated that will be clarified.

Alderman Rainey asked Alderman Newman to explain. He noted that page 5 of the City Manager's message said the increase was \$84,000 but was offset by \$54,000 in revenue, thus the net increase was \$30,000.

Public Works. Mr. Casey stated three vacant positions are recommended for elimination. A Public Works Maintenance Worker II (PMMW II) - asphalt crew, a PMMWII – streets and an automotive service worker in Fleet Services. They hope to compensate for the elimination of the PMMWII – asphalt crew with new equipment. Alderman Kent asked how long each position has been vacant and wanted more detail in a memo; asked what an asphalt crew does. Mr. Casey said all three positions would be explained in a memo. Alderman Newman asked if the street/alley person is the one who actually goes out and fills potholes? He wanted more information on those positions. Alderman Rainey asked for more information about the heated dump body (machine) for asphalt in the memo.

Human Relations. Mr. Casey stated \$19,000 is recommended for reduction in the Summer Youth Employment Program by cutting the number of positions offered. Alderman Newman thought there was extra CD funding in the overall budget; asked the number of jobs being decreased; asked if there had been an application for a federal grant that is available, who can get these jobs and whether there are any restrictions on family income.

Library. Library Director Neal Ney stated the library budget is comprised of 70% salaries and 14% for materials and to make a substantial cut either fewer people must be employed or fewer books purchased. He rejected cuts in the material accounts because, generally, compared to other north suburban libraries, Evanston's material accounts are considered inadequate. Because most of the staff works with the public, employing fewer people means they are open fewer hours. They looked at five options – three on closing the South Branch Library, closing both branches and reducing hours at the main library. Closing South Branch and reduced hours at the main library were examined in detail. They chose closing South Branch because it is the most underused facility. According to a survey done several years ago, only 2.4 % of library users visited the branch in the prior month compared to 5.1% who visited the North Branch in the prior month. The same survey found that only 1.6% of library users considered the South Branch to be their primary library outlet compared to 8.8% of users who considered North Branch to be their primary library outlet. South Branch has about 50,000 visits annually and North Branch has 79,000 visits. The proposed budget calls for closing the South Branch March 1 with full staffing through April to vacate the facility and remove the collection. \$18,800 of the South Branch materials budget would be transferred to the Main Library. The staff reduction is 2.31 full-time equivalents (five individuals, one full-time and four part-time). All positions are currently filled and there are no vacancies at the other libraries. The total savings would be \$133,000. That includes salaries, rent and savings from the materials budget. He said it is hard to know the impacts of closing a facility like this. They can expect some increased use at the Main Library. With transfers of the materials budget, the Main Library should be able to absorb the increase. They would expect that some people who use the South Branch would not come to the Main Library, stop using the library or go somewhere else. Overall circulation citywide would be reduced and reciprocal-borrowing imbalances with the Skokie and Wilmette public libraries would increase. The alternative considered was reduction of hours at the Main Library. They considered opening the library at 1:00 p.m., rather than 9:00 a.m. The reason for selecting weekday morning hours is that morning hours show the lightest use. The number of people involved is still significant. There are about 125,000 visitors annually between 9:00 a.m. and 1:00 p.m. This would entail a reduction of 20 hours of service at the Main Library. Staff reductions would be 4.93 FTE and would have an impact on scheduling of all employees at the library. There would be no rent savings at the Main Library. Total savings is \$137,200 and implications are hard to predict. They know that there will be a reduction in circulation, reference use, and borrowing imbalances with Skokie and Wilmette public libraries would increase. There also would be fewer opportunities to do pre-school programs and a reduction in cooperation with the G.E.D and literacy programs because mornings are primary time for those activities. He also would expect a substantial turnover in staff because the full-time staff would have to work nights and weekends. Currently, staff works some nights and weekends. The reason Mr. Ney concluded closing the South Branch was the least "bad" choice of bad

alternatives was that closing the South Branch would affect 50,000 people, while reducing hours at the Main Library would affect 125,000. Providing access to collections show 378,000 at the Main Library versus 28,000 at South Branch. It would be odd to tell people that they could not use the Main Library because they wanted to keep the South Branch open. The South Branch has no impact on meeting state standards, while reducing hours at the Main Library would take Evanston below the recommended 72 hours in state standards. He does not want to recommend closing the South Branch library, and the Library Board does not recommend the cut, but if they are going to make a cut, make it a branch library so services remaining can be at an acceptable level.

Alderman Wynne thought reducing hours at the Main Library would save more money than closing South Branch. She wanted more information on how reducing the hours by 20 and losing almost five people only saves \$137,000. Rent at South Branch is \$45,000 annually. She thought if they lose 2-1/3 people at South Branch, more would be saved by reduction of hours at the Main Library. Mr. Ney pointed out salaries at South Branch would be paid through March and rent is being paid. Those savings are realized the second year. She understood that every book in the children's section is also in the Main Library. Mr. Ney said that was true generally. She asked if South Branch is closed, would they purchase the same number of books? Mr. Ney said a portion of the materials budget would be transferred to the Main Library accounts. They treat the entire collection as one unit. Alderman Wynne said several years ago a usage analysis was done that was more detailed and she understood that South Branch usage remained steady while the North Branch usage had dropped from 90,000 to around 79,000. Mr. Ney said the North Branch has leveled off. They experienced a big drop shortly after the Main Library opened. Alderman Wynne recognized the value of branch libraries and the entire system, but if they are going to close one branch, are they going out of operating branch libraries entirely so that all would use the Main Library and there would be no branches? Mr. Ney stated those are policymakers' decisions.

Alderman Rainey said, in reference to the City Manager's memo of other options considered, option two shows a savings of \$150,750 but \$18,000 of the materials budget is maintained and shows a savings of \$171,500. She thought there was a mistake in the numbers. The materials budget at South Branch is between \$23-24,000. She asked to check this out and suggested the second option should be a greater amount than is proposed. Alderman Rainey said in looking at closing South Branch Library, she could not look just at costs saved by closing it this year, but over time. Going forward there are issues about relocating that branch and/or making it more accessible or have those been put on the back burner? She was asking in view of not closing the South Branch this year, what were they looking at in terms of relocating the library, making it more accessible and costs? Mr. Ney stated the cost to move to any new facility was substantial. She stated there were future costs with maintaining the South Branch library. Mr. Ney will produce a memo.

Alderman Newman stated some of those costs are capital costs, not operating. He said this proposed cut is symbolic of the approach taken by the City Manager, who did a good job. The approach was political among staff and departments. He said the total savings is \$133,000 and 50,000 visits. He noted the Teen Baby Nursery costs \$90,000 and benefits 20 families. He said it was a higher priority to cut \$133,000 that serves 50,000 than a program that benefits 20. The Childcare Network of Evanston gets roughly 90-120 vouchers for \$128,000. What this budget proposes is it is a higher priority to eliminate the South Branch library with 50,000 visits and a higher priority to fund vouchers for 90 families. He thought there were 10-12 more examples of programs that will remain that serve substantially lower numbers than what is being proposed. It was not a higher priority for him to eliminate 50,000 visits than have 20 families get aid. He stated both are important. He assumes of 50,000 visits, that thousands of families would be using the South Branch library. To make a final decision that one usage is more important than another did not seem to be what priorities ought to be with limited funds. He was not saying the Childcare Network of Evanston was not a good program but could not see knocking out the library and keeping those two. The challenge is this is a political budget and Council has an obligation to reflect the values of the community. He thought an argument could be made for the library cut.

Alderman Feldman was interested in the number of visits and of people. He asked how often people pay repeat visits; noted South Branch users could go to other libraries. Mr. Ney stated some people come every day to read the newspaper; a family member may come every four weeks and check out books for eight people. They simply count in/out. They have no way of calculating how many times unduplicated individuals use a library.

Alderman Jean-Baptiste stated that they have to make choices on services available to people and different sources from which people can get those services. He said the library branches are an extra service and convenience that is provided

and citizens can get the same services at the Main Library. He said that branch library services cannot be compared to services provided to needy families who need childcare or other help, even though the expenses may cost the same to serve fewer people. On the one hand, programs to help needy families would fail if the funds were cut and those using branch libraries have options, yet some still maintain the discussion as if it was equal. He stated there is a qualitative difference between services to needy families and services at branch libraries and did not want to go in the direction of making programs expendable based on the number of people served. He asked for a memo on closing both branches.

Alderman Rainey stated why Alderman Newman's analysis of how 20 families compared to duplicated count of South Branch patrons was faulty. Those 20 families, say, have 20 children in day care and 20 children attending day care for eight hours a day times 52 weeks is in excess of 40,000 hours. Those 40,000 hours of day care are more significant than totally duplicated numbers of people who are served at a library branch when a better library can be accessed by car, public transportation or walking. When she lived in south Evanston she often walked to the main library. She said 40,000 hours of day care allows parents to go to work and be productive members of society. She said that kind of comparison cannot be made. She brought this up because Alderman Newman has a great deal of power and respect on this Council and those statements can be embraced by some and considered fact, when all should be disabused of the notion that his analysis was correct.

Alderman Bernstein recalled when they discussed elimination of both branches, Mr. Ney had indicated for a city of Evanston's size and population, the main library was important and branches were not needed. Mr. Ney did not recall saying Evanston did not need branches, but that branch libraries in communities of Evanston's size are fairly rare.

Alderman Engelman asked for a detailed memo on use of the North Branch library. He recognized a philosophy behind this budget was to minimize elimination of services and to try and not cut things that could not be replaced when times get better. It would be easier to eliminate something when there is a lease such as at South Branch. He wanted an analysis of the impact of re-establishing the North Branch library once the building is sold. He was sure when they did the analysis, it would include selling the building.

Mayor Morton asked if most users of branch libraries are children? Mr. Ney stated they could do an analysis and suspected most use is by families with young children. Middle and high school students don't go near the branches. Staff will analyze circulation. Mayor Morton asked if public school libraries can get books from the public library? Mr. Ney stated the library's web catalog is available to anyone in town and books can be reserved over the Internet. Sometimes books are pulled for individual teachers. She asked the connection between the library and the new Levy Center? Mr. Ney explained that the library (at Levy Center) has a deposit collection that is paid for from private funds and contributions from Levy Center friends. That collection is refreshed from time to time. There is a similar collection in the Civic Center Health Department and children's books at the Foster Reading Center.

Alderman Engelman asked for statistics on how many pre-school programs are served and number of children at both branch libraries.

At 12:05 p.m. the Council took a recess and resumed the meeting at 12:13 p.m.

Parks, Forestry & Recreation

Parks, Forestry & Recreation Director Doug Gaynor explained their team discussed trying to meet increased service demands with fewer resources; address youth, older adults and special recreation participation in recreation. They want to continue to maintain parks, playground equipment safety and trash collection. In the Forestry Division they want to focus on tree pruning, disease prevention and tree planting. In the arts they want to continue to promote the arts. He pointed out as financial resources diminish there is a relationship to safety. An example is maintaining the same number of camps where staff is reduced. At a certain point they can no longer reduce but have to eliminate programs.

Priorities are to continue to seek out grants for the capital program; expand Levy Center membership and facility use; maintain tree trimming, increase tree planting and disease prevention; explore the marina project; expand weekend park and field maintenance; maximize integration with the J.D. Edwards registration program and relocate the theater

programs currently at Family Focus.

Total proposed revenues are \$3,885,400, a \$159,500 increase over the current fiscal year. Total proposed expenditures are \$9,967,600, a \$157,800 decrease. The decrease overall to the City budget is \$317,300. The City provides about \$156,000 annually in recreation scholarships.

New revenue sources include elimination of Noyes resident artists' community service requirement - \$32,100 rental revenue increase. Currently tenants pay 85% rent and 15% is given back in community service. He stated to implement and monitor community service takes about seven weeks. Alderman Feldman asked if these suggestions were possible actions or were they already in the budget? Mr. Gaynor stated they are in the proposed budget, effective March 1. Alderman Feldman asked if the difference in the rentals at Noyes and market rent was 15%? Mr. Gaynor said one has nothing to do with the other. An analysis is being done of square footage rentals in the area to compare what the City charges per square foot. Alderman Feldman asked if the City charges a market rent?

Other increases included: fire ring permit of \$25 resident and \$50 non-resident - \$2,000 increase; picnic reservation fee from \$10 to \$50 - \$500 increase; Grey Park banner permit fee of \$25 - \$500 increase; 75¢ fee per ride for the Levy Bus - \$3,500 increase; daily boat launch fee for special events only (\$80 resident and \$100 non-resident) The City receives requests four times a year for people who want to go to lakefront events in Chicago. They also have people with slips along the lake. Currently daily launching is not permitted. People would like to launch their boat in May and bring it back in October so they are proposing a one-time launch/retrieval fee of \$75 for residents and \$150 for non-residents - \$7,200 increase. They don't believe that would have a major impact.

Alderman Rainey asked for clarification on boat launch fees. Mr. Gaynor stated they would develop a pass, which permits a boat to be launched four times during the season on specific days. The second one is launching the boat, putting it in a slip elsewhere and taking the boat out of the water in the fall. This provides an opportunity for people not to have to trailer their boat out to Waukegan if it is in a slip. She asked where people with the four-time permit would park their trailers? He said when people purchase a permit to launch now they are given a tag for their rear-view mirror, which gives them the opportunity to park along the lake.

Alderman Feldman asked if the 75¢ ride for the Levy Center bus had been discussed with the board? No. He noted a goal was to increase Levy Center membership and use. He recalled when they started the project in this location they followed through with bus transportation and he thought it disingenuous, within months of opening the facility, to pass on a 75¢ fee. Few classes there are free and it was a stretch for those who want to be active. He noted some people go there everyday and suggested that not be implemented. Alderman Newman said that was an easy one to find money for and was sure they could. Mayor Morton asked who pays for the gasoline for the Levy bus? General Fund.

Major fee increases include pre-season discount fees for annual beach tokens increased \$2 from \$18 to \$20. Price for tokens purchased in beach season increased \$1.00 from \$26 to \$27. A total \$35,300 increase. There is an increased team fee for adult softball leagues of \$100-\$8,800. Efforts have been made to bring the two festivals (Ethnic and Lakeshore) to break-even. Exhibitors' fees are increased to \$60 - \$15,000 and another modification will be made next year.

Alderman Engelman recognized the number of games had been cut back and was not sure about cutting back on leagues. He asked if the City makes or loses money on its softball program? Mr. Gaynor thought the City loses money and said that, generally, softball is in decline among adults. Alderman Engelman asked for a memo on the number of applicants over the past three years; what programs were three years ago and what there are now.

Proposed program to eliminate included closing the South Boulevard swim area Monday-Friday - \$4,000 net reduction; eliminate the skate park - \$17,000 reduction; eliminate the Art Skills program (Summer Youth Employment Program budget) \$14,700 reduction; sports league staff reorganization (gym/swim, basketball) - \$12,900 reduction.

Alderman Wynne asked the usage of the swim area at South Boulevard beach Monday-Friday and a comparison to other swim areas. It will be provided. Alderman Bernstein asked for skate park usage.

Other proposed program eliminations included: reorganizing the business office/registration desk for a \$21,000 net reduction – one full-time position. Three vacant positions will be eliminated: Fleetwood-Jourdain program manager for \$24,388 net reduction; Levy program manager for a \$36,888 reduction and a parks/forestry worker III for a \$48,000 reduction. Part-time staff hours would be cut for a \$48,500 reduction. Alderman Feldman was uncomfortable with eliminating the Levy Program manager and asked how programs are being designed now? Mr. Gaynor said there are two full-time people in programming and managing the facility. Mr. Gaynor stated this was put in the budget a year ago and approved to enhance the senior program and other programs in evenings and weekends. They cannot afford it. They will try to use the building through rentals but at this time they cannot hire to enhance what they have. Alderman Feldman recalled discussions about gaining support for the new Levy Center and the promises that were made to have an outstanding Levy Center serving many more people than the old center did, which was justification for this building. He said a key to membership is a superb program. Mr. Gaynor had said the program manager could make the difference between a satisfactory program and a great one. He asked would this position bring in a quality of programming comparable to the North Shore Senior Center – a place that attracts people from 35-40 miles away and the entity they hope to model themselves after? Mr. Gaynor said this budget is supplemented with part-time staff and will take longer to achieve the goal outlined by Alderman Feldman. The objective still is to increase and enhance the programming. Other program managers will be used. There will be much more activity because the children's theater is being moved there. Mr. Gaynor noted membership at the Levy Center has increased significantly and that Mr. Terry had reported a large increase in taxi rides. Alderman Feldman was not convinced that they will not lose people, but a rich varied program that attracts all kinds of people makes a difference. He said this community put a lot into this building and not to use the building to the fullest, to him, was a waste. It would be like closing the main library in the mornings, which he could not accept. He said that kind of money is not invested then cut back immediately.

Alderman Jean-Baptiste asked for a memo on the issues Alderman Feldman spoke about. He understood the use of Fleetwood-Jourdain has significantly increased with FAMM; asked the impact of the elimination of the position on services at the center. Mr. Gaynor will provide requested data and said there won't be a service reduction. Service will be provided through part-time employees.

Alderman Rainey supported Alderman Feldman's remarks about the program manager at the Levy Center. She described it as an evolving program site and the need to enhance it because they are attracting people who were not eligible at the former Levy Center. There are new and exciting things they need to provide. This is a revenue producing position. The better the program, the more people will participate. Her analogy would be to build a new library then cut back on materials. She said this center is beautiful but has to have an enhanced program for seniors and others. She noted in the exercise room there has been an arrangement with EAC for a trainer to be there and seniors participating pay an extra fee. Seniors tell her the equipment isn't as senior-friendly as it could be and feel more comfortable and safe with the trainer there. She learned the City will discontinue having this person there and the room will be watched by closed circuit TV. She said this was of great concern to people and did not see the cut for it anywhere. Mr. Gaynor responded they envisioned having a fitness instructor, somebody who knew how to use the equipment and could provide training paid for by the individual user. An RFP was issued and EAC was hired to provide fitness classes. There was never an intent to have someone there 14 hours a day, seven days a week. They wanted to provide, over the first few months, for individuals who signed up for fitness to become familiar with the equipment by having a fitness instructor there. It was always the intent to have a security door eventually that would require a swipe card to permit members to enter, which is being implemented. When the RFP was issued and the YMCA and EAC responded, their fees far exceeded the City's budget. So the fee was negotiated down and front loaded by having the fitness instructor there to help get them oriented into a fitness program. Currently the plan is to have a fitness instructor there 10 hours a week instead of 30-40 hours. The most heavily used time is in the morning and that is when the fitness instructor will be present. Staff does not feel it is necessary to have more hours. There is an orientation and the fitness instructor talks about the program. They have a physician sign-off and liability release. He said this is a fitness center, not a rehab facility. Professionally, they don't believe they have to have somebody there 40 hours a week. Alderman Rainey asked if the person there 10 hours a week would be a professional fitness instructor? Mr. Gaynor stated the City does not hire these people. EAC hires them and they are all certified fitness instructors. Alderman Rainey asked if the program has been modified? Mr. Gaynor said it has not happened. The door is being modified for swipe cards. She confirmed there will be regular hours so people who want support will know when the fitness instructor is there.

Alderman Newman stated there were discrepancies between what was being presented and the City Manager's memo. In the manager's message it says the vacant program manager will be eliminated for a reduction of \$50,400 and the figure up is \$36,888. For beaches, \$4,000 was presented and in the manager's message it says \$13,000. He asked to clear up the numbers; did not see how they would lose revenue if they closed South Boulevard beach. Mr. Crum said staff would respond. He said staff simultaneously put together documents with some uncorrelated numbers. He thanked Council for identifying them and to pass them on.

Mr. Gaynor continued with proposed program reductions. Relocation of the children's theater and adult theater programs for a reduction of \$48,400. The adult theater would be moved to Fleetwood-Jourdain Community Center. Several months would be needed to retrofit the stage there. Adult theater would also take over a large space in the Noyes Cultural Arts Center for rehearsals. The children's theater would be moved to the Levy Center. Currently there is an RFP out to contract out the Robert Crown concession stand for a net reduction of \$4,500. That would also free up staff time. The final recommendation is to reduce the diameter of newly planted parkway trees from 2½ inches to 2 inches, a \$5,100 reduction. This will provide more tree variety.

Alderman Kent asked for a memo on scheduling conflicts and retrofitting the theater at Fleetwood-Jourdain. Alderman Newman thought staff was going in the wrong direction on trees and the \$5,000 has to be made up somewhere. Alderman Wynne agreed with Alderman Newman and asked for a memo on the impact of planting 2-inch trees and tree loss rate.

Other Funds. Mr. Stafford reported the Water Fund is in good shape with no water rate increase. The Fleet Service Fund is balanced and the City still restricts new equipment purchases. For the Parking Fund, they will have a new garage coming on in the next year or two at Sherman Plaza. They need to review rates and consider a parking tax increase because more money is needed in that fund. The Police Pension Fund has an 8.67% tax increase per actuary and the Fire Pension Fund has a 14.34% tax increase per actuary. These increases are due to market losses. All pension funds are experiencing losses, thus the large increases. The Debt Service Fund will be \$6 million and will be presented in two weeks with how it relates to the Capital Improvement Program for fiscal year 2004. The Sewer Fund is scheduled for a rate increase of 10% March 1, the final in a series of four increases. The Insurance Fund is a key issue because the City has potential liabilities of \$22 million. This year they have delayed hiring risk management personnel to provide more legal fees for the current year. Staff is developing a financing plan. He recalled they put in \$3 million from refinancing bonds and have \$1.9 million from the General Fund. Refunding opportunities will be discussed at the next meeting. Refunding allows them to issue more bonds without increasing tax rates relative to debt service. The recommendation will be to reduce the debt service. Staff will come back with options to replenish the Insurance Fund and, also relative to the CIP, they may discuss using the same funding mechanism used last year relative to the Water Fund.

Alderman Newman asked for a memo on eliminating the 10% sewer rate increase this year and putting the increase in future years. He asked what department pays for postage on *Highlights* and the cost to take that publication out of the recreation magazine. He thought that decision cost \$10-15,000. He asked for an explanation on the change to vehicle sticker compliance and expiration dates and what could be done to decrease concerns about the change. Council was not going to have staff say this was the aldermen's idea. Mayor Morton had spoken with Mr. Crum about this and a statement was being prepared.

Alderman Rainey asked the latest IEPA loan interest rates? Mr. Stafford said the rate was around 2%, ranged between 2-4% over the past ten years. The latest rate was 2.58%. Mr. Stafford will provide rates. Alderman Rainey asked, given current interest rates, would they opt today for the restrictions placed on the City by the IEPA loans versus going to the market? Mr. Stafford stated over the ten years they would opt for the IEPA. If it could be issued all at once, they could come close, but it is hard to beat the IEPA because the cost of money is less. She noted it cost less but required the City to do certain things such as increasing sewer charges and the sewer rates could be done differently. He agreed.

Conclusions. Mr. Stafford reported the General Fund is slightly above budget policy of 8.33%, or one month's cash requirements. Budgeting of surplus is not good practice and only used in dire economic times. Moody's emphasis in 2003 is on sound financial management and elected officials' willingness to balance budgets without non-recurring funds. In summary, Mr. Stafford stated the problem is real. State-shared revenues need to be monitored continuously. All bargaining units are in contract negotiations currently and will have an effect on this budget. Future adverse legal

judgements could be a problem, which they hope to address with a financing plan. Health insurance and medical costs will be higher. He said staff thinks of this as a two-year budget reduction process and a lot depends on how quickly they come out of the recession.

Alderman Engelman congratulated Mr. Crum, the budget staff and all department heads on the proposed budget, despite comments made by individual aldermen. He said all recognize the manager and staff came forward with a comprehensive and courageous budget proposal. Department heads advocated for their budgets not because they wanted to and showed loyalty to the community and that all came forward, took a hit and worked together to come up with a comprehensive plan. He appreciated their efforts.

Citizen Comment. Junad Rizki said it was time for this Council to make some decisions. As he has stated in the past, he believes this budget is inflated compared to other communities; this budget is politicized and plenty of cuts could be made. The City's budget problems are fundamental with programming and what is being done. He noted that Fire Station #3 on Central St. is gone and why do they need one there? He thought that could be cut. He suggested that sanitation could be privatized and has been brought up numerous times. Nobody will ever look at that. He said the problems here will have to be addressed someday. People who would buy \$300,000 condominiums need to be provided with services or they will not come here. He suggested the City look at where the money is being used. He said that taxes would continue to be increased, so the City will have a high tax rate and the public is being nicked and dined with fees. They cannot keep raising parking meter fees and charging \$10 more for the vehicle sticker so the City can keep enhancing revenues. If there are complaints about vehicle stickers, he said people are going to wake up here because these are tough economic times for everybody, not just the needy.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 1:08 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.