

CITY COUNCIL

February 3, 2003

ROLL CALL – PRESENT:

Alderman Wynne	Alderman Rainey
Alderman Bernstein	Alderman Feldman
Alderman Moran	Alderman Newman
	Alderman Jean-Baptiste

A Quorum was present.

ABSENT:

Aldermen Kent and Engelman,

PRESIDING:

Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton at 7:23 p.m. Monday, February 3, 2003 in the Council Chamber for the purpose of conducting a public hearing on the 2003-04 proposed budget.

Public Hearing on the City of Evanston Proposed 2003-04 Budget

City Manager Roger Crum announced that staff is required to propose a balanced budget by January 1 of each year. This year the problem is structural because revenues do not keep pace with expenditures and a severe economy has created an estimated \$3.5 million shortfall. The state revenue stream may worsen but Evanston's local economy is doing well, which helps keep the City afloat. Staff found \$2 million in cuts, which affect many functions that they would prefer not to cut. Even with the \$2 million in cuts this budget proposes an 8% property tax increase. He stated that there is something objectionable in this budget to all, including staff, nevertheless, it is a responsible proposal. Council has held two budget meetings and at the second meeting, suggested changes to the proposed budget. Mr. Crum reported these Council proposals are on the table: increase parking fine revenues by \$300-400,000; increase rooming house fees by \$188,000; increase parking tax by \$2 a month for \$300,000; eliminate revenue from Levy Center bus trips of 75¢ per trip \$3,500; do not cut South Branch Library \$133,000; do not cut school liaison police officers \$209,000; restore a public works worker in streets, \$45,000; restore the Levy Center program manager, \$42,000 and restore \$50,000 to Fire Department overtime budget (with a promise of no further reductions in service until reviewed mid-year). This reduces the property tax request by \$404,000, putting it closer to 7%. He stated the purpose of the meeting was to allow citizens to comment on the budget and City Council to continue discussion.

CITIZEN COMMENT:

Tony Adler, 814 Monroe St., co-founder of Actors Gymnasium, housed at the Noyes Cultural Arts Center offered five reasons for retaining the community service requirement there. Noyes serves as the town hall for the arts and that is part of its mission. If the community service requirement is dropped, the center becomes a rental facility catering to a particular sort of tenant. Community service is part of the essence of the center because it is part of the essence of Evanston. City withdrawal of support for community services is like disowning a part of itself. Without the community service requirement resident artists will continue to do all they can but that won't be nearly as much, which will result in reduction in programs and assistance to people who need them the most. The community service requirement generates benefits well beyond its actual dollar cost. He said the problem with the community service requirement is administrative because it absorbs so much staff time. The Evanston Arts Council suggests that community service proposals be reviewed as part of a grants process, overseen by a volunteer subcommittee to save money and ease the burden on staff and allow the community service program to continue.

Bonnie Wilson, 530 Hinman Ave., member Honorary Board of Piven Theatre Workshop, spoke on behalf of Joyce Piven; the theater is a training center that has trained thousands of young people in its past 30 years in theater arts. There is a process of organic transformation in performance and training young artists. Many students start in the fourth grade and go through high school and often return to teach and begin professional careers. Community service and mentoring are inherent in their process. They have an extensive scholarship program and are gratified that many past students work in New York, Chicago and Los Angeles. She read a statement (about taking away the community service requirement) from Joyce Piven who asked "why there is less concern about less education for the arts. Their values and principles are all they are about. How can they stand by their community and not be in the

process of continually cutting back on what is most needed in this endangered time? There is no us, you and them and how can this be figured out together? The tie with the community be strengthened, not severed, to set an example for the world on nurturing the art and soul of community, the artists, government, homeowners, Evanstonians, all of us. Why are they were not the jewel in the crown?"

Alejandro Pina, 608 Asbury Ave., former student at the Piven Theatre Workshop, participated due to a full-time scholarship. What he learned at Piven Theatre is phenomenal. He was involved with the pathway program to student teach, with other teachers, basic theater games classes. It was a thrill to grow up in the classes and when he became a senior in high school, he taught fourth grade children. He said Piven Theatre is a way of living, taking and giving, sharing space and has much to do with community. He felt lucky to have attended and worked there. He said it provides a great opportunity for youth. He related a friend with special needs takes classes there and taught him theater games. He misses Byrne Piven and said it is a great community family.

Jack Lerman, 2412 Park Pl., a tenant at Noyes Cultural Arts Center said in accordance with their rental lease each tenant is required to offer artistic services to citizens. The amount of service depends upon the size of the rented space. His rental is \$600 per month, so the community service requirement is \$1,000 per year. He has taught art to senior citizens for the past 14 years at the Levy Center at \$50 per hour, which is the base requirement for completion of community service and would be about five three-hour sessions. He teaches three-four hours almost every Monday for the whole year. In addition, there are field trips and art exhibitions of the work produced. He takes pride in seeing senior citizens develop artistically. He said tenants received a memorandum from the Recreation Division Friday, January 21 concerning several changes in upcoming leases. The leases are effective March 1 and the time allowed was roughly six weeks. If the community service requirement is eliminated and replaced with a 15% raise, along with a 5% cost-of-living raise, it means adults they now teach would receive a 20% increase. Some already have difficulty paying the current charge. He asked that community service not be removed from their leases.

Virginia Roeder, 2016 Sherman Ave., chair, Evanston Arts Council, said they became aware that the community service requirement at Noyes was being threatened in the upcoming budget. The Arts Council unanimously opposes this change and supports community service. She stated that it was a founding principle of the Noyes Center to have a partnership with the City and a community service component. If cut, Noyes is something else. She said it is working and noted what is being done with senior citizens and high school students, that some programs have existed for 20 years. By cutting this, the arts will be impacted significantly and thousands in the community affected. The Council is aware of the difficulty of monitoring this program and has formed the Noyes Community Service Subcommittee, which will monitor and help administer the program. Delores Holmes, Erin Breen Chrusciel and Michelle Brodsky have volunteered. She noted, if a program is dismantled, it is almost impossible to bring it back.

Michelle Brodsky, 2509 Noyes St., transitional co-chair, Arts Council and chair, Cultural Fund Committee, which is the grant program, asked them to examine the cultural fund of \$30,000 less \$3,000, which is proposed for cutting. The fund will also receive \$15,000 from the Illinois Arts Council, giving them a total of \$45,000. Each year between 14-18 grants are awarded to Evanston residents only or an organization based here. The process to obtain a grant is stringent. Last year individuals and organizations that received grants reached 60,000 people and 15,000 were students, of which 80% were under privileged or minority youth. Three fourths of the programs were targeted to under served people. In the four years she has been involved the program has improved. It is difficult to get a grant but the programs are better. She asked them to consider the economic impact of the grants to dance and theater organizations where people come to see performances. She said these funds are like seeds that are planted in the community. Arts are the heart of Evanston and the cultural fund returns many fold to the community. She asked that the contribution not be cut and to keep Evanston's investment in the future.

Joan Hickman, 1614 Main St., a senior citizen spoke about transferring the Children's Theater to the Levy Center. She first learned about the proposal when she tried to schedule a room at the Levy Center and was told she could not because it would interfere with the Children's Theater. She is a member of the Life Enrichment Board at Levy but was not representing them. As a member of that board, her task is to suggest programs for the center. She found it ironic that Council wants to restore the program manager position but reduce the programs the person would manage. She stated the Levy Center was built primarily for use by senior citizens. All know the hubbub about the center with many promises made. She knows of seniors that go to other senior centers because Levy does not have the programs they want; noted a significant increase in membership, which is still growing. She suggested that hours for seniors be increased, not cut back. She pointed out that if the center cannot accommodate seniors with programs,

they will lose them. She said the Children's Theater at Fleetwood-Jourdain is a viable program; should be there because it is accessible to the children it serves and, if they cannot stay, should be relocated to the Noyes Center.

Dick Stillerman, 2330 Park Pl., objected to the Mayor's ruling that public comment be limited to three minutes on a \$155 million budget; said the public has the right to express themselves to the fullest extent. He stated it was not easy to plug a hole where expenditures are expected to exceed revenues by \$3.5 million. He thought the City Manager had made a brave and commendable effort in making hard decisions to make cuts that the Council over the years has been unwilling to do, but he disagreed with some proposals. He was glad Council will not cut the overtime allocation for the Fire Department; thought fire safety is a high priority here. The community would not support closing the South Branch Library, which provides nourishment for our brains. If in a real budget crunch, cut hours slightly. He commended the manager for elimination of 22 positions but most are vacant so the net reduction is minimal. He thanked Alderman Feldman for putting up \$400,000 additional in parking fine revenues. He suggested other revenue estimates be reviewed including the sales tax. He favored an increase in the building permit fee and did not think developers would be dissuaded from coming if fees were increased slightly. He noted last year the City imposed a tax on video rentals and suggested that concept be expanded to include other services. In his view, the 8.6% increase in the City's portion of the property tax is excessive. Higher taxes and fees have hit taxpayers for years. The proposal would result in about a 1.5% increase on the total bill. But they have to consider that other entities will increase their levy as well. He stated these are tough economic times and thousands of employees have lost jobs. He does not see Evanston City employees losing their jobs. He recommended that employee salaries be frozen and not put \$1.5 million in salary increases in the budget and more than \$500,000 in health insurance benefits for employees. It seemed there should be a quid pro quo this year and to hold the line in negotiating with the unions.

Ra Joy, 1422 Grey Ave., spoke as a volunteer at Fleetwood-Jourdain Community Center about the program manager staff cut that would negatively affect FAAM and COE POPS programs. He grew up here and sports meant a lot to him--kept him engaged, taught him responsibility, how to work and how to function on a team. Those things are what they try to do with those involved in FAAM and COE POPS. He has worked with youth agencies here and, currently he is looking at recreational programs in other communities. Without a doubt, there is something special and unique about FAAM and COE POPS. He said these programs are popular with young people and growing. He wanted to see more resources invested there. He said a year ago a girl's league was started and the number of participants is off the chart. They don't have enough time to practice and play their games. They reach out to new communities and are very diverse. He said historically, this program has reached out to people in need of additional structure and mentorship and thought it would be irresponsible to cut the program manager position.

Don Colleton, 1724 Wesley Ave., favored restoring the full-time program manager position at Fleetwood-Jourdain. He has worked with COE POPS for 30 years and with the league for 20 years. Between COE POPS and FAAM more than 500-700 high school youth are served. There is no other program that delivers the same quality of service. Many youth are at-risk and they pull citywide. The budget cut, while fiscally responsible and okay in the short term, was bad in the long run because it is a wrong policy decision. It will affect a large number of youth and is a signal to an exceptional volunteer effort that they go to the back of the line for services. It signals lack of support for community participation. He said COE POPS has a staff of 35 volunteer coaches who put in hours and hours every week. He puts in 50-80 hours a month and does not want to be paid for it. He said a staff manager, with 22 teams, and 320 registrants in COE POPS alone, takes some heat off of the volunteers so they can serve more youth. When they are facing the prospect of war, life and death, he considered whether these programs have an impact. He received an email from Lerone Ellison on the *U.S.S. Constellation*, a former player in the league, wondering if there was any way to get his stats. He was on the 98-99 team; wanted him to know that he still has fond memories of playing at Fleetwood-Jourdain and feeling like a true athlete. That's because he got respect because respect was given to him. "I am in the Navy now and participating in Operation Enduring Freedom and Operation Southern Watch. Even with all this going on in the world, my mind goes back to the gym at Fleetwood-Jourdain and waiting in the locker for the previous game to end, warming up for the game and getting a chance to play in front of family and friends."

Steve Bartlebaugh, 1285 Hartrey Ave., executive director, ECMC, thanked Council and staff for supporting community television. He reported a disturbing trend regarding the cable franchise fee via the City. While the franchise fee is increasing, the amount going to the community center is flat or decreasing, which has long-term negative effects such as the center closing and they don't want that to happen. For the past two years the media center received \$310,000 from the franchise fee. In 2001, \$410,000 came in from it and in 2002, \$520,000. The

media center's idea is that community television cable funds should go back to the cable station. They understand that putting a specific amount in writing is difficult. They have met with the City Manager about that to no avail and understand, they need to be flexible to concerns of the city and the General Fund. At this time, looking at \$520,000 in cable franchise fees coming in, a slight increase to the media center did not seem unfair. Next year the franchise fee is projected at \$420,000 and he did not think the numbers would go down. He said there will be a cable rate hike, which would increase the franchise fee so monies would be available. He said they were looking for \$325,000 and asked that they look more closely at the numbers. He will provide more information.

John Sagan, 1314 Forest Ave., president, Library Board, spoke on behalf of the board; thanked Council for considering retaining funds for the South Branch. He said for longer than most had been alive, South Branch has provided reading materials for residents and is a loved and respected institution. Countless children read their first book at South Branch and others have spent afternoons lost in worlds that extend far beyond Evanston's boundaries. Adults have done the same. He said that branch libraries may be rare in communities of Evanston's size but Evanston is a relatively rare community that is both urban and suburban. It accommodates pedestrians; has neighborhoods and has a highly educated population that makes heavy use of library services. He said all present and those watching love Evanston and love living here and to disregard this would be to deny what Evanston is. To destroy South Branch would be to destroy something that makes Evanston unique. He understood why when budget cuts come up, branch libraries are a likely place to make service cuts, while maintaining most core library services. He asked Council to consider, when and how, branch library cuts are appropriate? The Library Board feels that often they are not. He noted that Skokie spent \$2.4 million more than Evanston on its library. Wilmette spends as much as Evanston and services a population one-third the size of Evanston. In the North Suburban Library System, the average operating expenditure per capita for library was \$67.73 for FY 2000-01. Evanston spent \$47.73 per capita. He thanked them for considering alternatives. He hoped they would support funding for the South Branch Library and all library services. A strong library helps Evanston as a community, helps all as neighbors and helps each individual to reach his/her full potential and will serve Evanston best.

Julia Eisenstein, 1705 Lake St., board member Actor's Gymnasium and parent of a teenager at ETHS said she would never have known of their work and that of Piven Theatre had it not been for her son, who is an actor, martial artist and musician that had the good fortune to grow up in Evanston, a community that supported his interest in cultural arts and community service. Her son benefited from the scholarship programs available at organizations such as those at Noyes Center. In addition to being taught how to develop as a musician and actor, he was helped to develop as a human being. He is already planning in his honors thesis to work through the Piven Workshop with the Off The Street Club on the west side of Chicago to expand the influence that Evanston theater has throughout Chicago. She said programs affect not just lives of Evanston youth, but youth throughout Chicagoland and the nation. She noted that Piven Workshop is known nationally and internationally as a place for people to develop as actors and as people who believe in community service. At a time when some complain that children do not understand those concepts, to withdraw funds from organizations that provide that opportunity is almost criminal. She said it is criminal when those opportunities are diminished in the public schools. When arts programs at District 65 were discussed for elimination, people pointed to community programs that were available. She asked that those programs continue.

Raymond Summers, 1920 Asbury Ave., president of Local 1891A, AFSCME, said his local was comprised of 170 employees who work in parks/forestry, recreation, facilities management, streets, sanitation, traffic engineering, water and sewer with employees classified as animal wardens, parking enforcement officers and custodians in recreation, library and arts. More than 50% of these employees live here, pay taxes and are consumers who contribute to the vibrant economy here. The number of members has remained constant for the past ten years. AFSCME Council 31 is a district council in Illinois to which the local belongs. He is a member of the executive board. AFSCME is currently engaged in an organizing campaign and more than 50% of those seeking unionization are Evanston residents also. He stated that numerous studies of the effect of unionization cite improved efficiency, service delivery and positive impact on the economy of the work force that is paid a fair union wage. In review of the City's financial audit, noted that divisions with AFSCME employees saved the City more than \$1.7 million during FY 2002. As a union member, City employee and resident taxpayer he was proud of what has been accomplished and looked to a brighter future for their members and the City.

Karen Terry, 1114 Judson Ave., spoke as president, Evanston Library Friends, an organization with more than 400 members whose mission is to support the Evanston Public Library and encourage its use by the community. The Library Friends are concerned about the fate of the South Branch and hope that funding will be retained. She took

her sons there often when they were younger and probably read several hundred children's books, almost all from that branch. She said it was wonderful having so many books that close to home to help her children learn how to read. She did not want that access to disappear. She said the area near South Branch is the most densely populated in the City and that density is increasing with new development going up on Chicago Avenue. South Branch serves Spanish speaking residents. She noted South Branch was established in 1917 and has served a vital Evanston neighborhood for 86 years that is portal to the rest of Evanston. She said that library funding here is relatively low compared to northern neighbors. She asked that funding be included for South Branch. She appreciated that the task of doing a city budget is not easy. The cost of an average children's book is \$13.95 while the cost to keep South Branch for another year is \$133,000. The value of free, unfettered access to the written word and a life of the mind for an entire neighborhood is priceless.

Dudley Brown, 8944 Tamaroa (Skokie), president of FAAM in its 35th year, said he has been involved for 25 years. He supported a full-time program manager at Fleetwood-Jourdain. He said about 400 youth were served this year from diverse backgrounds. He invited them to come to Fleetwood-Jourdain to see youth from rich and poor families, white and black, who play together. Last year they had a youth in the 8th grade whose life was so impacted his family almost relocated so he could attend ETHS. He said it is about more than basketball and that life-altering experiences are created by FAAM. He said a person donates his time to be there on Saturdays and is there because he wants to volunteer. There are other issues that need the attention of a program manager. Several years ago they gave up funding from the City due to a budget crunch. FMM raised money to put in scoreboards. To not have a program manager at Fleetwood-Jourdain hurts their program and other programs and that person is needed.

Ken Arlin, 2734 Park Pl., lifetime resident has a studio in Noyes Cultural Arts Center, which he leased in 1997 when looking for administrative offices for the Ken Arlin Orchestra and Jazz Quartet. He was attracted there by the community service component. Recognizing the need to cut the budget, increase rents and cut services, he advocated to keep community service at Noyes Center. He thought the community service component makes Noyes Center unique and the value of the community service component is much greater than the monetary value on it. He said it would cost the City much more to buy these services valued at \$32,000. He thought there might be a communication issue and how well these services are publicized. Their concentration is what they do as artists and not public relations. He said his organization has created an alumni jazz program with Dr. Fuller at ETHS, which brings in musicians to hold clinics to mentor students and provide performances. In May, they plan to do this for Districts 65 and 202. It is an opportunity to bring first-class professional musicians, who perform in the Chicago area, to the City to give exposure to students who would not otherwise have that. They have performances at the Levy Center for senior citizens. They make contributions to charitable organizations and subsidize performances in the City. He thought the community service component defines Noyes Center and asked that it be kept.

Allen "Bo" Price, 1805 Monroe St., 80-year resident, spoke on behalf of Fleetwood-Jourdain where he has volunteered for 50 years. He noted that Alderman Jean-Baptiste was one of his proteges. He said when they have part-time workers, they cannot get the job done. They need full-time program managers. He urged them to come over on Saturday to see how the center is used. He has a corps that has to practice in the hallway because there is no room to practice. He said Fleetwood-Jourdain is the most vital recreation center the City has. They do a lot for kids and the community and they must understand the product they work with and if they don't understand that they don't understand Evanston.

Mayor Morton thanked all who attended and spoke and declared the public hearing ended at 8:24 p.m.

Alderman Feldman moved that Council convene as a Committee of the Whole. Seconded by Alderman Rainey.
Motion carried. No ays.

Alderman Rainey had difficulty finding the amount cut at Fleetwood-Jourdain for the program manager. The salary is \$34,000, with \$12,000 added back for a part-time person.

She asked the rationale for projecting such a low amount of the cable franchise fee based upon the current actual fee? Finance Director Stafford said it was based on a court ruling that cable lines used for computer that disallows that part of the fee to be taxed. She asked if these are projections or do they know for sure that the fee will be diminished? They know it will be diminished, but since then, the cable company has announced that cable fees will be increased. Mr. Stafford will run some numbers and thought there were more dollars approximately \$20-30,000.

Alderman Rainey proposed an additional \$15,000 expenditure for the media center.

Alderman Rainey asked the difference between fire alarm permit fees and alarm panel franchise fee? No revenue is projected for fire alarm permit fees, which she did not understand because there are many fire alarms that they charge for. Management & Budget Director Pat Casey stated the alarm panel franchise fee is the amount of money received by the City from the alarm company to connect to the City's alarm board - \$15,000 annually. He was not sure about fire alarm permit fees. Staff will provide an answer. Alderman Rainey said with all the new buildings there are many alarms being installed. She was told there were 400 new alarm permits. She wondered where those were; heard that it has been 16 years since the alarm permit fee was increased. She suggested they move on that, because a couple of large projects are on the horizon and they could capture some revenue.

She noted the latest report from the City Clerk on the real estate transfer tax showed revenue for ten months in excess of \$3.1 million. She knows there have been conservative projections over the years, however, all she has read in the past three months, there is no reason to believe that housing sales will decrease short of a massive increase in interest rates. Housing economists throughout the nation predict that will not happen. She did not see projecting real estate tax transfer revenue at \$2.5 million, where it has been for several years. She proposed an additional \$500,000 be added to revenue on that tax. Alderman Rainey proposed adding back the program manager at Fleetwood-Jourdain and asked if the job is now filled and, if not, when was it last filled? Parks/Forestry & Recreation Director Doug Gaynor said somebody was in the job seven months ago who is no longer with the City and they have been recruiting for the position. Alderman Rainey thought moving the Children's Theater to the Levy Center was a great idea and asked how the transfer will impact senior programming? Mr. Gaynor stated the Children's Theater does not start until after school is out and seniors start leaving about 3:00 p.m. The theater will use the stage and a room. If somebody has asked to have a program in the afternoon, the facility is available. The Children's Theater is in the late afternoon, evenings and weekends with performances evenings and weekends. She did not think there is an impact but the more she hears she wants details. Alderman Rainey asked if there has been communication with the board? Mr. Gaynor stated he had met with the Levy Advisory Board and explained the theater budget was different than the Levy Center budget. The Levy Center will not support the Children's Theater.

Alderman Feldman asked about time slots being taken up at the Levy Center. Ms. Hickman stated the center is for seniors until 5:00 p.m. and the Children's Theater comes in at 4:00 p.m., so if somebody wants to do something until 5:00 p.m. they cannot due to the theater. Ms. Hickman stated the Advisory Board does not deal with programs, the Enrichment Committee does and they want Northlight Theater to provide acting classes in the auditorium. Mr. Gaynor stated the Children's Theater meets twice weekly, Tuesdays and Thursdays, late in the afternoon and there is time for other programs. If there is a delay in scheduling it is due to the need to shift other programs. The intent is to fill the Levy Center and other centers with activities. Alderman Rainey thought it would work.

Mr. Casey explained that fire permit fees were moved to Alarm Panel Subscription fees. The Alarm Franchise Panel fee is paid by alarm companies based upon a five-year agreement. Alderman Rainey asked if there was any discussion about increasing the permit fee? Mr. Stafford said there are two alarm fees, one for police and the other for fire. Staff believes the initial fee is low and hasn't been changed for 16 years. There is an issue about collecting and they are putting together ordinances on that. What has to be worked out is how to staff it. A full-time person is needed. Staff believes it will bring in more revenue, but they have to be able to collect the fee.

Alderman Newman stated the \$500,000 increase on the real estate transfer tax would be the worst thing the City could do because it puts a bomb out in future years. He said that all economists are talking about increased interest rates when the federal deficit gets so large. He said Council has accepted staff's efforts. They have been told that once these big projects are finished downtown building permit fees will be \$800-900,000 or \$1 million in a typical year. Last year they got \$2 million and this year are projecting \$1.6 million, so they are trying to slowly solve the problem that the budget truly reflects the amount that comes in. If they did not take staff's advice, they would be looking at a \$1 million hole on top of other problems. (It would be wrong) to increase the projection for the transfer tax based upon one of the best years for real estate with interest rates at all time lows, what happens when interest rates go up? He said staff is aware of the strong real estate market. This is a tax that veers with the economy and at some time it will go down.

Mr. Stafford said one concern is the economy and depending on where interest rates go, if they increase, they will be lucky to collect \$2.5 million. The other issue is the economy of Evanston. He is concerned because there is a limited

stock of large buildings. 1603 Orrington sold this year and he cannot determine how many of those structures have turned over. Many buildings have turned over in recent years, which have added to the numbers, but that won't happen again soon. He thought the \$2.5 million is a conservative number and with the uncertainty of the economy and the recession that is a good number.

Alderman Newman also noted the City has an \$11 million judgement on the table. People have called him and asked why not use the reserves? He said that is a judgement that accrues 9% interest annually. If the economy stays strong and they collect \$3 million in real estate transfer taxes, they will have \$500,000 for the insurance fund or to help deal with the judgement so they would be in a better position. If the number is at \$3 million and it comes in at \$2.3 million, the City is short \$700,000. At some point, the real estate transfer tax revenue will decrease. He said this cannot be done lightly and is not in the interest of the taxpayers. He related they could have kept building permits at \$2 million, then solve it. They have increases in salaries and cost of health insurance and the uncertainty of state revenues with a possible diminution of sales tax revenues. He said anything can be projected on the numbers and argued that \$3 million is not wise and sets the City up for a long-term problem.

Alderman Rainey asked for a five-year history on the real estate transfer tax revenue including money transferred to the economic development fund. She said there is a distinction between building permit fees and sale of property revenue. She said they have to take into account all the property generated by the building fees over time adding to the City's equalized assessed valuation, which has grown tremendously, and has an effect on even reduced sales of property here. The transfer tax has to do with the value of property and the base has increased tremendously. She believed a year from now they will have the same conversation that they have had about the transfer tax for the past four years. She noted the tax has always exceeded projections by at least \$250,000 and this year was under-projected with "the writing on the wall."

Alderman Rainey proposed sharing the police burden with the Howard-Hartrey TIF. There were hundreds of calls to the shopping center. She was not interested in adding to the police force for policing Howard-Hartrey. She wanted to add that money to the Police Department budget to cover that patrol. All of those calls are generated solely because of the TIF because before it was vacant property and now needs increased police presence. She said staff has come up with \$145,000 transfer to the General Fund, which was not on the board. She referred to budget memo #25.

Alderman Feldman said if funds come from TIF revenue, does it make a difference which one it is? Alderman Rainey said it is all TIFs. He asked if there is any restriction on the way that money is applied or the kind of service that has to be rendered to TIF districts? Mr. Stafford said the restriction, under the new TIF law, is it cannot be for routine operating, but has to be for expenses that are incurred due to the activity at the TIF and both are. Alderman Feldman confirmed that the City knows money is being spent in various places and the departments are being paid for those expenses. Mr. Stafford said in the original budget that they had compensation for administrative costs but not for field costs. This would compensate some of the field costs and prorate that across TIFs.

Alderman Newman said they found on the Hill TIF, the City has been receiving \$250,000 back for services in the downtown area without putting the services back in. At the beginning, this year's budget moved to eliminate some of the services that were being paid for by the \$250,000. He thought the Economic Development Committee needed to look at this. His problem was that there are increased needs in certain areas due to activity downtown and they will pay for hirebacks with some of the money for policing downtown. He thought until 2008, they should have had an additional officer downtown paid for from TIF funds, which would not have affected service in the rest of the City. It would have recognized there are more people and large gatherings so an officer is needed especially during weeknights. That officer could also patrol the rest of the downtown. He thought it needed to be a full-time position. The \$250,000 was meant to be for additional service needs caused by the development.

Alderman Newman moved to take the \$500,000 revenue increase on the transfer tax off. Seconded by Alderman Wynne. He realized the value of real estate is up and that a lot of real estate has changed hands. Mr. Klutznick bought \$14 million worth of property, which the numbers reflect. He wanted to see numbers when interest rates were 8-9%. He thought the numbers had been great and somewhat linked to low interest rates, a fabulous real estate market and suggested they look at more average years.

Alderman Feldman said the \$145,000 is equivalent to a police officer. Alderman Newman asked why they want a new position and not hireback? Mr. Stafford said the philosophy was to address the TIFs as a cost center. They have

looked at all TIFs together. Services are provided to all of them such as by Assistant City Manager Aiello, who spends 80% of her time on TIFs and that is allocated on TIFs. The cost philosophy is to allocate those across all. What they have charged to date are administrative people and have not charged for field service people. The \$145,000 is equivalent to what staff thinks they spend on police and public works for clean up people on weekends. They look at that as a package and are somewhat restricted due to the pro formas. On the Downtown II, they have charged \$250,000 because that was in the pro forma and checked numbers in the other TIFs in terms of allocations and those numbers they could comfortably say were sufficient and do a certain amount of administrative and field service. It cannot be random. Now, instead of having only the administrative component, they have added a field component. Alderman Feldman thought there was a limit to the amount of money that could be used from the TIF for field service. He wanted to understand, if staff feels that the amount they have asked for is sufficient to provide the service these TIFs need? Who says hirebacks on occasion for downtown are enough? Mr. Stafford stated from a cost view, going back to the pro formas, this is what staff thinks pushes the limit. That was not to say, in terms of what goes on, that more may be needed. He thought this was what could be justified and is a reasonability test. Mr. Crum stated staff believes they could add service. What they looked at was the equivalent to one full-time officer and maybe a public works employee out of this money. That is not yet in the budget. The question Alderman Newman asked was whether they should hire one police officer or whether they should get equivalent full time and that it is operationally easier to work with equivalent money because they are not stuck with one officer? Police Chief Frank Kaminski said the difference is staffing a beat around the clock for one shift and how many people are needed to do that. If they want one position filled from 3-11:00 p.m. they need at least two people due to days off, training, etc. If they have one person, that person will be limited to how many days they will actually work. On average, one full-time employee works about 200 days a year, given days off, sick time, vacation, training, etc. If done on a hire back basis, he can be assured that somebody is available 365 days because somebody is working on their day off or extra duty.

Alderman Newman said the problem was when they did the Hill TIF, they allocated \$250,000 for services and did not say it was to pay administrative salaries. They projected there would be services related to the impact. That meant to him added services, such as security needs and traffic control, because there would be more people there. Mr. Crum suggested maybe it was time they started doing that. Alderman Newman was hearing what really happened was they did the TIF and the project, then took the \$250,000 and put it into the General Fund. It compensated for some expenditures being made in the General Fund. That was not what he understood to be happening. He said at the time that he would look to see if they actually spent the \$250,000 in the TIF district. Perhaps someone should have stood and said they were not going to do that but that they were compensating for salaries or parts of salaries and don't expect any more services. Mr. Crum said he had remembered correctly, but up until this point, there has not been excess cash flow to provide the service level they have always intended to apply to direct coverage of employees in addition to those working on TIF projects. They have corrected the amount they have labeled on there for services. Alderman Newman said the budget memo said the \$250,000 has been coming. He thought the \$250,000 was not being taken out of the TIF pool because they were not spending it. It started coming out right away and paying other things. Assistant City Manager Judith Aiello stated it was not coming out in the early years and only when cash flow started, which happened in the last two-three years. Ms. Aiello stated they had it in the pro formas of the Research Park TIF and the other TIFs but never took it out. They were conservative and building up cash reserves. Alderman Newman did not think what was being done with the money was understood or the intent, which was service within the TIF district.

Alderman Jean-Baptiste wanted clarification on revenues to ECOMC and from the franchise fee. Mr. Crum explained that the franchise fee used to generate \$520,000, but the federal law changed and they can no longer charge the fee on a portion of the bill they formerly charged, which was about \$100,000 of revenue. The gross amount is estimated at \$420,000, which may be \$450,000 due to a rate hike and is the full amount the City will receive from franchise fees. In response to Alderman Jean-Baptiste, Mr. Crum said it does not vary much except when there is a rate change. If a new service is added the rate tends to go up a bit. The revenue jumped when they added computer cable, which has been taken away. Alderman Jean-Baptiste asked for information on the impact of the lawsuit.

Alderman Jean-Baptiste noted more than \$3 million was collected from the transfer tax on a projection of \$2.5 million and asked how that money is used? Mr. Stafford said the surplus offsets other revenues that came in lower than projected such as the state income tax, which is off by \$600,000. They will net out all the revenues so they offset. He was comfortable the budget would be brought in meeting its goals. It will be tight because of loss of the photo finishing tax, the use tax is down, but they are up on the transfer tax and sales taxes. Alderman Jean-Baptiste

asked what Mr. Stafford sees as different than last year so they won't generate this much. He noted certain buildings are projected to be built and the real estate market has not changed. Mr. Stafford did not share the optimism that the real estate market would be as strong and did not think as many big buildings would turn over, which would decrease the number. The second factor is the economy. He said if the number is pushed and the City is wrong, the consequences are that they have to freeze jobs or lay off people. The other consequence of keeping a conservative number and taking in more money is they can use that and the City has many needs such as legal costs. His concern is over the long run, \$2.5 million is closer to a base number. They are at historic levels. He said the consequence of overestimating revenues is severe. He does not want to put Council into the position that at the half-year mark they cry wolf and have to recommend layoffs. The transfer tax revenue projection for three years has been \$2.5 million.

Alderman Newman said the reason they are eliminating 22 positions is because they have a slew of projections that did not come in. There is the photo finishing tax of \$150,000; the replacement tax for \$150,000; and the lower state income tax. He asserted if they go to \$3 million on the transfer tax in a hot year, then have a median year of \$2 million, instead of having to figure out the problem from \$2.5 to \$2 million, they have a million-dollar hole. This budget assumes a 2% increase in salaries. All know that might not happen. Trees won't be trimmed as regularly. There are many real cuts being made because projections did not come in. The state is still \$5 billion in deficit and the City has heard the sales tax could go from 1/10 to 1/12 on the state portion. He saw this number driven by the economy. At some time they will have to return to a normal year with the transfer tax. The health insurance problem has not been solved and the City will have a \$500,000 problem next year. Salary increases will always be there. He said staff was on good ground. The \$11 million judgement is out there and there are others. The Insurance Fund was not funded until some bond refunding was done. He thought being safer means the ability to handle other problems and being at \$2.5 million for the transfer tax and if more comes in they can better deal with legal costs.

Alderman Rainey asked for more detail on the projected increased revenues from parking fines based on increased meter hours to 9:00 p.m. She sensed a note of caution from staff on that projection. She asked what happens if people start obeying the law and don't get tickets? Mr. Stafford said that was what staff's caution was about. Staff was comfortable with an increase of \$300,000 and the question was about the learning curve. He said at some point people will become aware of the tickets and respond. That was why they raised that caution. They have a good daytime track record and that is a reasonable number. They won't know for another year but are in the ballpark. Alderman Rainey asked for more information, which will be provided.

Alderman Newman stated he wanted to table the motion to take off the \$500,000 increase to the transfer tax until Saturday, then agreed to make the motion at the next budget meeting.

Alderman Newman thought the increase in meter fines of \$400,000 was conservative and that fines would be significantly more than that because they had \$2.9 million in fines last year, 75% from downtown with nine hours of enforcement. However, there was no enforcement from 5-6:00 p.m., so those five hours of enforcement were added. He thought the \$400,000 was conservative because it enforces regulations all over the City from 5-6:00 p.m. and from 8:00 a.m. in the morning. He noted that fines were increased last year and after nine months, the projection was right on the mark.

Alderman Jean-Baptiste said on the proposed cuts was an elimination of the CDBG allocation of \$65,000 for program director for the Summer Youth Employment Program. Mr. Crum said that was CDBG revenue to go to the summer youth program. Mr. Crum said they proposed to cut the General Fund allocation to \$150,000 but keep the CDBG funding. It is a \$20,000 program cut and not adding any full-time employees. Alderman Rainey said they were told by Human Relations Executive Director Paula Haynes that the monies contributed by CDBG to the program would be reduced from the General Fund. Mr. Crum said they could look at it that they are supplementing the program by \$55,000 and there is an \$20,000 cut beyond that. Alderman Newman asked if the position was that there is no grant money out there? He said the grant money available is not consistent with the City's program, but they should apply anyway. Mr. Crum noted the program is totally different than Evanston's. Mr. Crum stated there is some workforce money that might be available for summer youth leading towards a permanent job, which is the general criteria and the City has not applied for that. Alderman Newman asked if they could put the issue of whether to apply for that before the Council? He wanted to know what their options are. Mayor Morton suggested they could try, but federal programs have been cutback and was a concern of many mayors. Mr. Crum stated there is theoretical grant money. Information will be provided. Alderman Rainey thought all would agree that if there were money to take it, but it won't impact this budget; any grants applied for would be for the following fiscal year.

Mayor Morton noted the City is in a budget crisis and some are talking about hiring U.S. Equities. Where is the money coming from to pay them? Alderman Bernstein said they are sitting in an asset (Civic Center) and have asked U.S. Equities to give the potential sale price of this building; market potential of the building in its present condition; and potential costs to restore it. Council was told that perhaps a \$12 million sale price could be put on this building, depending on use of land/building. There is a \$17 million estimate, now \$21 million to repair this building including a roof. Much of the restoration cannot be done with staff in the building. That is why they are talking about a potential move of the Civic Center. They are not at a point where they could build a new building. U.S. Equities will talk about available leaseholds where the City could relocate perhaps in a public/private partnership in a downtown building in need of tenants. Mayor Morton thought the cost to hire U.S. Equities would be \$1 million. Alderman Newman said the cost was not to exceed \$30,000. Alderman Feldman said the report will include the cost to remain; provide use and space needs in a new location; analyze alternative locations for fit with desired programs and help the City select the best fit; analyze the cost of moving to a viable alternative site including cost of construction plus renovation and long-term operating costs. He said the kind of information that will be developed is crucial to determine whether the City must stay, cannot stay, should stay or find some other location. Mayor Morton asked where funds would come for this study when the City claims a lack of funds?

Mayor Morton asked the amount estimated for contingencies? Mr. Stafford stated it is the same amount for the past four-five years, \$200,000. She asked if it has been used? Mr. Stafford stated some years it is all used and other years some is left over. The contingency fund is for the General Fund. Mayor Morton asked about the police liaison position, noted the cost included uniforms, insurance and asked if those were not already included? Budget Director Pat Casey said that every year police officers are allowed \$700 for uniforms. The Mayor asked why it was a separate item? Uniforms are assigned to each program. Health insurance is roughly between \$6,500-7,500 annually and is averaged. Alderman Rainey noted the Mayor was talking about the school liaison officer, which is one police officer in the budget. Everything is included to operate one police officer. The budget last year included everything it took to operate three police officers. It costs \$84,200 a year for one police officer, which includes clothing, insurance and fleet service chargeback. Mayor Morton asked if the clothing allowance was charged in two places? No.

City Manager Crum said that several items on the board needed resolutions or ordinances to be written, which would be introduced at the next regular meeting. One is the parking tax increase, the rooming house fee increase and sewer rate changed to skip a year, then 5% and 5% increases in following years. Alderman Newman suggested on the rooming house fee that an owner-occupied rooming house be exempted from the increase. Alderman Feldman said he would sponsor the three items. Mr. Crum stated they would next meet on Saturday, February 8 at 9:00 a.m.

There being no further business to come before Council, Mayor Morton adjourned the meeting at 9:43 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.