



Finance and Budget Committee
Tuesday, August 9, 2022 @ 6:00 PM
Virtual

COMMITTEE MEMBER PRESENT:

Shari Reiches, Resident, David Livingston, Resident, Leslie McMillan, Resident, Bobby Burns, Councilmember, Devon Reid, Councilmember, and Clare Kelly, Councilmember

COMMITTEE MEMBER ABSENT:

Melissa Wynne, Councilmember and Jonathan Nieuwsma, Councilmember

STAFF PRESENT:

Jessica Tapia, Finance Analyst, Hitesh Desai, Chief Financial Officer/Treasurer, and Clayton Black, Budget Manager

1. CALL TO ORDER/DECLARATION OF A QUORUM

Chair David Livingston called the meeting to order at 6:05 PM.

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

Minutes approved.

A. Approval of the July 12, 2022 Finance & Budget Committee Minutes

Minutes approved.

4. CONSIDERATION

A. ARPA Wage Reimbursement (Revenue Replacement) for Evanston Firefighters

Interim Deputy City Manager, David Stoneback mentioned that Union contract negotiations happen within the City Manager's office and should remain there. Fire Union president, Billy Lynch, presented on this topic and did not consider this item as part of contract negotiations. Several members of the committee expressed support for reimbursement to firefighters through allocating Floating Holiday hours. Firefighters could either take the scheduled day off or take a cash equivalent of those hours. This pay amounts to \$440,000 that would be paid out over the course of three years. This reimbursement would be funded by ARPA from the

Revenue Replacement category. Staff and the City Council will work on the details as to how this will be paid out. The committee moved this referral to City Council.

For Recommendation to City Council

Moved by Councilmember Reid
Seconded by Councilmember Kelly

Ayes: Committee Member Reiches, Committee Member Livingston,
Councilmember Burns, Councilmember Reid, and Councilmember Kelly

Carried 5-0 on a recorded vote

B. Establishing a Payment in lieu of taxes (PILOT) Program Task Force

Councilmember Kelly requests that the Finance and Budget Committee recommend establishing a Payment in lieu of taxes (PILOT) Task Force to the City Council for consideration

Moved by Councilmember Reid
Seconded by Councilmember Kelly

Ayes: Committee Member Reiches, Committee Member Livingston,
Councilmember Burns, Councilmember Reid, and Councilmember Kelly

Carried 5-0 on a recorded vote

5. **DISCUSSION**

A. Annual Comprehensive Financial Report 2021

Auditors, Dan Berg and Martha Trotter from Sikich, presented the Annual Comprehensive Report 2021 for the City of Evanston. The City of Evanston received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA, which is the highest award a municipality can receive for its report. Martha Trotter first pointed out the Management Discussion & Analysis, which summarizes the overall ACFR. She also stated that they issues a "clean and unmodified opinion", this is the highest level of assurance auditors can provide on the financial statements. The auditors thanked the finance and accounting staff for providing full cooperation throughout the audit process.

B. Discussion on Solid Waste Fund Status

Deputy City Manager, David Stoneback presented on this topic and sought direction from the committee on how to supplement the Solid Waste Fund. The Solid Waste fund has had a history of a negative fund balance and unless revenues increase in 2023, the fund will realize a loss in fund balance. The revenues from this fund come from the service charges placed on the containers for solid waste in addition to some property tax revenue. Staff is projecting a negative fund balance of \$232,048 by the end of 2022. Deputy City Manager Stoneback presented a couple of scenarios that could bring the fund into the positive. One scenario would be to increase service charges by 11% in 2023. Another scenario would be

to increase service charges over the course of two years. There would be an approximately 6% increase in both 2023 and 2024. The third option would be to slightly increase property taxes in 2022 (revenues to be collected in 2023). Councilmember Reid commented that the City Council would likely vote against this option. The final option presented by staff was a one million dollar fund balance transfer from the General Fund to Solid Waste and a single 3% service charge increase in 2023. There was a general consensus amongst the members of the committee that the last option presented would be the best option for City Council to approve.

C. Line of credit

Chief Financial Officer, Hitesh Desai presented on this topic. CFO Desai stated that Cook County Property Tax disbursements would be delayed for a couple of months which would require the city to obtain a line of credit. Cook County is offering financing options for communities that have a lower bond rating than them. The City of Evanston would not qualify for this financing due to its bond rating being higher than Cook County's. A \$15,000,000 line of credit would be issued for both the delayed property taxes and CIP. CFO Desai inquired with couple of local banks that would issue the line of credit with a variable interest rate.

D. Mid-year Financials as of 6/30/22

This item was presented to City Council on August 8, 2022.

6. ADJOURNMENT

Chair David Livingston adjourned the meeting at 8:37 PM