



Finance and Budget Committee
Tuesday, September 13, 2022 @ 6:00 PM
Lorraine H. Morton Civic Center

COMMITTEE MEMBER PRESENT:

Shari Reiches, Resident, David Livingston, Resident, Leslie McMillan, Resident, Melissa Wynne, Councilmember, Clare Kelly, Councilmember, Jonathan Nieuwsma, Councilmember, and Devon Reid, Councilmember

COMMITTEE MEMBER ABSENT:

Bobby Burns, 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

2. PUBLIC COMMENT

- A. Doreen Price commented on how grants could be used for health, human services, and affordable housing for the vulnerable populations of Evanston.

3. APPROVAL OF MINUTES

- A. Approval of the August 9, 2022 Finance & Budget Committee Minutes

Minutes approved

Moved by Councilmember Kelly

Seconded by Councilmember Reid

Ayes: Committee Member Reiches, Committee Member Livingston, Committee Member McMillan, Councilmember Wynne, Councilmember Kelly, Councilmember Nieuwsma, and Councilmember Reid

Carried 7-0 on a recorded vote

4. CONSIDERATION

- A. Auditing Services Extension

Staff requests a recommendation by the committee to the City Council to extend an agreement with Sikich, LLP for three more years considering the current volatile market conditions and their vast experience in auditing government clients in Illinois. Sikich, LLP has agreed to perform this work with a 3% increase for 2022, 4% for 2023 and a 4% increase for 2024. Total payment for the 2022 audit (to be made in 2023) would be \$107,890 compared to \$103,740 for the 2021 audit.

Moved by Councilmember Kelly
Seconded by Councilmember Reid

Ayes: Committee Member Reiches, Committee Member Livingston, Committee Member McMillan, Councilmember Wynne, Councilmember Kelly, Councilmember Nieuwsma, and Councilmember Reid

Carried 7-0 on a recorded vote

Item recommended to City Council by the Finance & Budget Committee

5. DISCUSSION

A. GO Bond v/s Line of Credit for CIP projects

Staff was directed to present financing options for Capital Improvement Projects. Hitesh Desai, CFO received direction from City Council to obtain a 15 million dollar line of credit to be used for liquidity purposes in light of the property tax delay. CFO Desai anticipates that only 5 million of this would be used for that purpose and the remaining could be used for CIP. There were questions amongst the committee if staff is seeking monies in excess of the line of credit for CIP, but CFO Desai clarified that he would not need additional funding. CFO Desai also suggested that the city could draw upon the fund balance in the near future.

B. Pension Actuarial Valuations

CFO Hitesh Desai shared pension actuarial reports with the committee members and commented that the actuarial report assumes a rate of return of 6.25%. Evanston City Council has historically adopted an assumed rate of return of 6.5% with most of Chicago suburban communities having similar rates. Councilmember Kelly would like to see 100% funding as opposed to the 90% funding required by state statute. CFO Desai said this would require an increase in the pension tax levy by about 3 to 4 million dollars. CFO Desai also commented on the status of the pension fund investment consolidations. Most of the Fire Pension boards have transferred assets, while most of the Police Pension boards are awaiting the outcome of pending litigation.

C. Status of General Fund Balance

Budget Manager, Clayton Black presented a General Fund Balance status update. The City of Evanston instituted a 16.66% General Fund Balance reserve policy while some of the comparable communities are in the range of 20-40% fund balance reserves. Staff recommends Evanston increase their fund balance policy to 20%. As of July 31, 2022, revenues are at 70% of budget and expenses are at 56%. Committee member Reiches asked staff if this is typical for the City. CFO Hitesh Desai responded and said large amounts

of revenues like building permits come during the summertime. Budget Manager Clayton Black expects the City to finish the year with around a 7 million dollar General Fund operating surplus. This is largely due to certain taxes trending high and expenses remaining low because of widespread vacancies in various departments. Chair Livingston stated the revenues are trending higher due to inflation and the City may not see these kinds of higher revenues in the future.

D. 2023 Key Budget Calendar dates

Staff went over key budget dates with the committee. Several members asked about when the Finance & Budget committee would be able to review the document. Staff will be posting budget on October 10, 2022.

E. Status on property taxes

CFO Desai stated the staff is not aware of any specific timeline on the mailing of second instalment of property tax bills.

6. ADJOURNMENT