



**Finance & Budget Committee  
Tuesday, December 13 - 6:00 – 7:00pm  
Google Meet joining info**

**Video call link: <https://meet.google.com/ctg-kbdv-bbg>**

**Or dial: (US) +1 567-234-0133 PIN: 280 258 796#**

**More phone numbers: <https://tel.meet/ctg-kbdv-bbg?pin=8375236738182>**

**AGENDA**

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**2. PUBLIC COMMENT**

**3. APPROVAL OF MINUTES**

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**5. ADJOURNMENT**





City of  
**Evanston™**  
**MINUTES**

**Finance and Budget Committee**

**Tuesday, November 8, 2022 @ 5:00 PM**

Lorraine H. Morton Civic Center

**COMMITTEE MEMBER  
PRESENT:**

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

Chair David Livingston called the meeting to order at 5:07 PM.

**2. PUBLIC COMMENT**

A.

Trisha Connolly wants a written report from the Finance & Budget committee detailing all City debt.

Ray Friedman inquired about the City debt and how much the debt service is every year.

**3. APPROVAL OF MINUTES**

A. Approval of the October 11, 2022 Finance & Budget Committee minutes

**4. DISCUSSION**

A. 2023 Budget Discussion

Clayton Black, Budget Manager and Hitesh Desai, CFO presented a revised budget for 2023. The revised budget resulted in an overall reduction of approximately \$2 million from the original budget that was proposed last month. The total revised budget represents a \$40 million increase from the 2022 budget. A large part of this increase is due to a water intake project that is being funded by federal and state low-interest loans. The project is being reimbursed by water wholesale customers that the City sells water to.

There was a lengthy discussion about capital improvement projects and how they will be funded. Members of the committee spoke on their desire for the City to minimize the issuance bonds in 2023 for these projects and would like to see staff reprioritize what projects actually have to be done.

Staff is projecting a \$14 million operating General Fund surplus FY 2022 that is the result of revenues that are over performing like the Real Estate Transfer Tax and Personal Property Replacement Tax as well as savings from vacancies across various departments. There were several expenses that were not budgeted in 2022 that were approved by City Council throughout the year. At the fund level, there is a budget amendment for any funds that go over budget. Committee members would like to see regular reporting from staff on any projected overage in expenses.

After several discussions with residents and councilmembers, there have been several changes made to the revised budget. These changes include a change in vacancy rate from 2% to 4%, a reduced number of proposed new positions, and the elimination of the property tax increase.

The committee aligned on a plan to get the City on a path towards 100% funding of the pensions. With the increase in contributions estimated at \$4.5 million, they recommended that in FY 23, the City increase the property tax levy in an amount not to exceed \$2 million while the remaining \$2.5 million would come from General Fund excess reserves. Council Member Kelly was concerned that the property tax increase may not be supported by the City Council so she said that we should, at a minimum, do the \$2.5 million transfer to the pensions from General Fund excess reserves. Council Member Nieuwsma stated that the discussion on funding of any incremental pension contribution would be continued with the full City Council.

**5. ADJOURNMENT**

Meeting was adjourned by Chair Livingston at 6:46 PM.

## **FINANCE AND BUDGET COMMITTEE**

FY2023 SCHEDULE OF MEETINGS (2ND Tuesday of Month  
**@6:00 PM** except June and December)

January 10

February 14

March 14

April 11

May 9

July 11

August 8

September 12

October 10

November 14

# Focus Areas for Further Work

- Areas of initial focus:

1. Improving the presentation and timeliness of financial updates to the Council (Nieuwsma, Reiches)
2. Developing a current year and longer period projection model and framework (Reid, Livingston)
3. Pension analysis and planning (Wynne, Reiches)
4. Debt planning (Kelly, Livingston)
5. Capital budgeting; project approval/analysis and repair and maintenance budgeting (Burns, McMillan)

- Areas of longer-term focus (after progress on items above):

- Cost savings initiatives
- Identification of potential non-tax related significant revenue streams (such as asset sales)

## Financial Updates (Nieuwsma, Reiches)

- Primary city staff partner \_\_\_\_\_
- Major Initial Tasks (target date committee meeting)
  - Review current reports and timing (\_\_\_\_)
  - Benchmark to comparable communities (\_\_-\_\_)
  - Recruit resources to study close process? (\_\_\_\_)
  - Develop strategies to accelerate prior month reporting to Council (\_\_\_\_)
  - Establish cadence for periodic budget reforecasts (\_\_\_\_)
  - Implement changes, continuously improve

## Fin Modeling Long Term (Reid, Livingston)

- Primary city staff partner (\_\_\_\_)
- Major Initial Tasks (target date committee meeting)
  - Complete work to date– incorporate 2021 audit file (July)
    - Focus only on general fund? Currently “total government related”
  - Integrate 2022 budget, 2022 reforecasts as available (\_\_\_\_)
  - Improve analysis of expense categories. Want by expense type/by Department (\_\_\_\_)
  - Develop revenue and expense trending to future periods (\_\_\_\_)
    - Incorporate specific forecasts for major items (pension, interest, etc.)
    - Forecast likely debt issuance requirements
  - Develop reporting expectations
  - Implement changes, continuously improve



# Pension Planning and Analysis (Wynne, Reiches)

- Primary city staff partner \_\_\_\_\_
- Major Initial Tasks (target date committee meeting)
  - Inventory relevant plans, prior year-end and estimated current funding position (\_\_\_)
  - Better understand development of current deficits (\_\_\_)
  - Meet with Actuary, develop estimates for best estimate of required contributions to alternative funding levels in 5, 10 and 20 years (\_\_\_)
  - Understand state requirement for transfer of assets to pooled fund
    - Understand risks (what happens if some communities exhaust funds)? (\_\_\_\_\_)
  - Understand timing of transfer of assets to consolidated state investment plans
  - Keep informed on alternative funding strategies
  - Implement changes, continuously improve

# Debt Planning and Analysis (Kelly, Livingston)

- Primary city staff partner (\_\_\_\_)
- Major Initial Tasks (target date committee meeting)
  - Better understand current debt portfolio, likely calls, etc. (July)
  - Understand immediate funding needs and required timing (July)
    - Any way to defer issuance given current market conditions?
  - Meet with Bond advisor to assess current issuance plans (July)
    - Consider alternative advisors?
    - Are any variable rate strategies available (e.g. credit facilities, etc.)
  - Agree on amount, instrument and timing of 2022 borrowings (August)
  - How should we assess the appropriateness of our overall debt load?
  - Integrate strategies with LT projection model
  - Implement changes, continuously improve

# Capital Planning and Analysis (Burns, McMillan)

- Primary city staff partner (\_\_\_\_\_)
- Major Initial Tasks (target date committee meeting)
  - Understand development of current year capital plan and required bond funding (July)
  - Understand work done to date to understand most critical capital and maintenance needs (\_\_\_\_\_)
  - Work to develop method for prioritization for future years
    - Recommend for incorporation into 2023 budget (\_\_\_\_\_)
  - Work on framework for long term planning
    - Consider alternatives were appropriate (lease vs own)
    - Opportunities for asset sales (buildings, land, other)?
  - Implement changes, continuously improve