

**CITY COUNCIL**

January 21, 2006

**ROLL CALL - PRESENT:**

	Alderman Jean-Baptiste	Alderman Tisdahl
	Alderman Wynne	Alderman Rainey
	Alderman Holmes	Alderman Hansen
A Quorum was present.	Alderman Moran	Alderman Wollin

**ABSENT:** Aldermen Bernstein

**PRESIDING:** Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton on Saturday, January 21, 2006 at 9:23 a.m. in the Council Chamber for the purpose of conducting a workshop on the FY 2006-07 proposed budget.

Mayor Morton shared thoughts about the annual discussion of the budget that she has been hearing noting that each year taxes creep up. Citizens have endured many hardships for the betterment of the City. Streets are torn up due to sewer improvements, which will result in basements no longer flooding. Residents have endured inconveniences due to building and other construction throughout the City. The hope was that residents would get some relief. She had just received a gas bill for \$1,000 and would have to tighten the belt as would others who experienced higher natural gas bills. She suggested there be no increase in taxes; that Council could have had a discussion prior to the budget process as to whether a tax increase is necessary and give staff the opportunity to see if they could comply. She asked them to think about whether or not this is the year to tighten the belt, as they are with their home budgets, or increase taxes.

Alderman Rainey noticed as she drove through the City that morning that both main and side streets were plowed and thanked Public Works Director David Jennings for excellent work.

City Manager Julia Carroll gave an overview of her proposed budget and explained the rationale for the revenue increases to fund the City's operating budget. Most of the departmental requests for hiring new positions and capital projects were cut to the minimum so that the overall budget increase is close to the 3.4% Consumer Price Index. Overall the total is 3.55%. As costs in the economy continue to rise, the City faces increases, too. Revenue has stayed relatively flat. Therefore, the City has to fill in the gap by raising taxes, cutting services or adding revenue. Due to confusion in comparing Evanston to other communities, she asked staff for an analysis of how Evanston compares with 16 other Cook County communities when services that Evanston provides such as library, parks and recreation are added in. Evanston came out in the middle. In deciding which revenues to fill the gap, they looked at a variety of options and chose four.

**Recycling charge** Staff recommended an increase of \$200,000 from the recycling charge to cover the actual cost of providing this service. That is an increase of \$10.36 per unit per year or .86 cents per month. The monthly charge of \$2.86 month will be raised to \$3.72. Budget policy is to charge the cost of a service, which is not done now. She will work with the new Sanitation Superintendent and Public Works Director to encourage more recycling by providing larger bins and this will be reviewed with the provider of recycling service. Other things will be explored later.

**Parking ticket revenue** Staff recommended an increase from a \$10 fine to \$15 when a vehicle is parked beyond the time limit at a meter, which would generate \$290,000 in new revenue. The option won't be popular with some of the public, however, this fine has not been raised for nine years. In checking with surrounding cities, except for Oak Park, Evanston has the lowest meter fines. Skokie and Highland Park both charge \$15 for a meter fine. They have asked the Parking Committee to review this at their meeting next week. She felt strongly that this should be changed so there is turnover in front of stores and businesses. In the spring there will be a new garage with more parking spaces available for longer term parking. People who want to park for more than two hours should use the garages.

**Taxicab coupons** While this change would only generate \$20,000 difference, this is a policy shift to make the cost of this program 50/50. It has grown over the years and the fee has not changed for 12 years. The City asks that participants pay \$2.50 and the City pay \$2.50 per coupon. Currently, the City pays \$3.00 and the participant pays \$2.00.

**Cigarette tax** This tax was raised last year; Ms. Carroll thought Evanston could remain competitive because the City of Chicago just raised its tax. The recommended change is an increase of 18¢ per pack to 50¢ tax per pack. Since the City will consider a non-smoking ordinance in the near future, this tax supports public policy that smoking is bad. She would like to explore, with assistance from the Legal Department, a tax on other tobacco products such as chewing tobacco or cigars, all of which cause various forms of cancer.

On the expenditure side of the budget, \$1.3 million was cut from requests. Once the decision was made not to add any new staff they focused on major drivers of the budget. They propose one new firefighter for six months, as part of a three year program to add three new firefighters so that is a half-time FTE for six months. The other position recommended is a trainer for the citywide organization in Human Resources. Currently, nobody does regular compliance training and professional development that the City needs if they are to develop the next leaders for the City. The offset was to cut a position in finance and a half-time position in Human Relations. They will take the Summer Youth Employment coordinator dollars and combine that with a half-time FTE to give Human Relations an FTE that will work on two separate programs. On wages, the wage pool increase is budgeted in the contingency. Because there are three contracts pending with unions they can only budget for a pool of money and don't know the percentage that each union will negotiate. Something new she has put in the budget this year is "vacancy factor." The budget has been reduced by 1% of salaries to reduce the overall cost of the budget by \$400,000. This is a new technique she has used in other budgets to help control costs, so that when there is a vacancy, it usually takes two-three months to get a replacement. The City takes those dollars out of the budget of that department so the funds cannot be used for any other expenditure and it helps track the vacancies. This will start March 1. Another change is they have budgeted for wages and benefits position by position, which has not been done in prior years. She asked for this to have a way to track exactly the number of FTEs and precisely when people come and go so budget dollars related to wages and benefits are known better than in the past.

**Health insurance** Like other employers, this is an increasing cost the City must face. We will try to negotiate with the unions to work together on controlling costs because the City cannot continue to bear the burden of the increase. They need to look at it from the perspective of what is best for the employer and employee. This area has experienced double digit cost increases over the past several years and the City cannot continue to carry the burden because it affects taxpayers. This year they thought the increase would be around 10% which has been budgeted. Now the City's insurance broker says the increase could be higher, possibly 5% more. If that happens, staff will reconsider options and provide different alternatives on how to fund this.

**Beach access** Staff tried to address the concerns of Council to provide free beach access for all Evanstonians. The Recreation Board recommended two free beach days at two of the five beaches. Ms. Carroll had put in free beach days at all five beaches so that was open for discussion. If all beaches were free the cost would be \$426,000 with no revenue to cover that. Her concern was about adding more to the tax burden. Her recommendation is to provide access to all Evanstonians and continue to charge non-residents.

**Mental Health Board recommended 10% cut** This is a reduction because Ms. Carroll felt that outside agencies must tighten their belts the same way the City has in this budget. She values the services they provide and understood the agencies are an important part of the fabric of Evanston. She felt if the City cannot fund needed personnel in the City's budget, they have to ask other people to contribute to lowering overall costs. If this cut is not approved she will have to look at cutting one full-time position. That is about the cost of one person's salary plus benefits in a mid-level position. She provided several alternatives to prevent the \$558,000 tax increase either by adopting new revenues or cutting services. However, she did not recommend any of them at that time. She felt the 3.75% tax increase they have recommended for the non-pension and debt service levies was reasonable based on the cost of living and should be approved. Nobody likes to pay more taxes, but taxpayers must understand that the City must operate with 80% of the budget as salaries and benefits. The only way to avoid that is to cut services and that means cutting people.

Ms. Carroll reported the Chamber of Commerce would meet with the restaurant owners regarding the food/beverage tax and would report next week their position on this tax.

Ms. Carroll stated that she had put in no dollars in to fund youth services until they get the study back. She felt she would be putting dollars out there without a program and knowing how the money would be spent. Council may wish to discuss

this further. No costs related to the strategic plan have been included until it is adopted. She thought it presumptuous to do otherwise. Once the plan is adopted, they will determine if contingency funds could be used or if they need to come back and ask for additional appropriations.

Budget & Management Director Patrick Casey reviewed the schedule of future budget meetings; explained what a budget is and Evanston's governmental structure. He reviewed facts about Evanston, the cost of government; where revenues come from and what is controlled by city, state and federal governments. He listed all taxing bodies on the tax bill. He showed the City's percentage of the tax bill from 1982 to present. Revenues controlled by the City include Home Rule taxes; license and permit fees; fines and service charges. Mayor Morton asked about Vital Statistics. Mr. Casey explained the City charges for birth/death certificates. Several employees provide that service and the program makes more money than it costs. Major state and federal funding sources were listed and he explained transfers from other funds to cover general administrative costs.

**Expenditures** Mr. Casey noted that the City is really a service industry because 80% of the General Fund consists of labor costs. The General Fund has about a \$40 million payroll, so a 3% increase in wages is \$1.2 million. Health insurance costs have increased on average between 10-20% for the past ten years. A 15% increase in health insurance premiums is \$890,000. The City assumed a 10% increase in this budget. The City has to budget funds for the Fire and Police Pension Funds that are mandated by state law. Those change annually and the goal is to have those fully funded by 2033. The City has to respond to changes to these funds made by the legislature. Every year an actuary comes to study both the Fire/Police Pension funds and recommends what the City needs to fund to cover expenses and meet the 2033 deadline. The City pays into the IMRF fund for all other employees based on the rate they give the City. IMRF is an excellent pension fund and, like other funds during the past few years, has had some poor years due to the stock market. There is a major increase this year to IMRF. Alderman Rainey asked for a memo on the IMRF increase. He explained IMRF uses a five-year rolling average to determine what to charge the City. In the past two-three years they have had bad years on their investments, which has changed the rate they charge. In response to Alderman Holmes, Finance Director Bill Stafford explained there are three pension funds: Police, Fire and IMRF for everybody else.

**Balancing the budget** Mr. Casey explained that expenditures grow about 5% a year, while average growth for revenues is 2-3% a year. The City must, by law, balance its budget every year. If they let the gap between expenditures/revenues grow, they would accumulate a deficit like the federal government. Staff and Council try to balance the revenues versus keeping families, business and industry in town.

**New development** Evanston is a mature community so there is not the volume or type of developments that quickly boost the local economy. Most of the increase in taxes from new developments has gone to pay the City's cost to encourage development. Once the TIFs are over, there will be more tax revenue. The City needs to develop a policy on what to do with those funds. In 2009, the Downtown II TIF will add \$110 million to the tax roles. Mr. Casey explained that the City taxes by dollars and the schools taxes by rate. As the value of property goes up, the rates apply to an increased value, so school funds go up automatically. When the TIFs end, the City should take advantage of efforts to increase development.

**External Forces affecting Evanston's budget** Mr. Casey noted the state economy still is on a moderate rebound; the state budget continues to be uncertain and state-shared revenues are still at-risk. The City keeps in close touch with legislators and works with professional organizations to understand what is going on. Other forces include the rising cost of goods and services, wage and contract issues and health insurance. Alderman Rainey asked the formula for receiving state sales taxes and income taxes. Mr. Stafford explained the state sales tax is related directly to the City and the City gets what is collected. The state collects both the Home Rule Tax and its sales tax. Income taxes are different. The income tax statewide goes into one pot and is allocated back to cities based on a per capita formula. Evanston gets the same amount per capita as Skokie and others. The issue is that the City generally runs about 150% of income compared to the state average, so Evanston is a net exporter of income tax to other communities. Ms. Carroll said on the sales tax, Evanston gets 1% of the 6.25% state sales tax or about \$8.2 million annually. On the Home Rule tax they don't get the entire tax base, but about \$5.5 million because some goods are not taxed, such as licensed vehicles, food/beverages and groceries. In response to Alderman Rainey, Ms. Carroll explained that the population is based upon the decennial census that is done every 10 years. She suggested they could ask for a special census; determine if the cost of that is less than

new residents' revenue. That was done every two years in Naperville due to rapid population growth.

**What should Evanston do?** In the past the City has raised taxes, eliminated services and jobs, negotiated limited wage and benefits adjustments and encouraged more development. Staff has tried to become more efficient, innovative and save where they can. Every program and expenditure proposed is looked at line item by line item. Very limited budget increases have been allowed and they try to consider new revenue sources. Alderman Tisdahl commented they have talked about Impact Fees, which could be a new revenue source, and those were not in this budget. Ms. Carroll said that staff is working on a policy paper to bring to Council. Impact fees are generally used for capital projects and could reduce the amount of bonds the City needs to borrow but won't directly affect the operating budget. Unless there are many such fees, the tax levy would be unaffected. Mr. Casey noted that impact fees are more of a one-time revenue. As a financial policy they try to avoid one-time revenues for operating costs. Alderman Rainey asked if there were any significant one-time revenues this year? No. Mr. Casey said that grants are used mostly by police/fire, parks and health departments.

**Operating Budget** This operating budget is \$181 million, a 3.5 % increase over the 2005-06 year. Mr. Casey showed a graph indicating that, when compared equally to other communities, as a full-service city Evanston falls in the middle. Alderman Rainey asked to see tax bills of Evanston residents compared to the tax bills of residents in other communities. Eight communities have a higher property tax levy than Evanston. The proposed property tax levy fund allocation for 2006-07 is \$18 million for the General Fund; \$9 million for Debt Service; \$4.1 million for Police Pensions and \$3.7 million for Fire Pensions. Mr. Casey showed the distribution of General Fund Tax levy to the library, recreation, IMRF and other general fund areas. Alderman Rainey took issue with this chart noting it covered only expenditures covered by the levy and found it misleading. He said this chart was prepared to compare Evanston to other municipal tax rates for those core services that other municipalities provide, such as park and library districts, and this chart would not stand alone. Ms. Carroll wanted the chart to explain where there is a park district that provides parks and recreation services. Evanston has rolled in parks and recreation into its budget. A park district can only be funded by property taxes and is subject to the property tax cap and their fees. She sought to show, by comparing Evanston with other communities, how the tax bill gets allocated because that is what one would see in another community if parks and recreation were paid for separately. A library district would have the same issue and could be funded only by property taxes, interest and state grants. IMRF is fully funded by property taxes and, by default, the remainder goes to the General Fund.

**Evanston Economy** Mr. Casey noted that real estate transfer tax collections have been a large revenue item and staff is starting to see that level out. While the income is flat, the increase in housing prices has offset the lower number of transactions. Building permits are stable now due to development. The sales tax is flat. Mayor Morton asked why. Mr. Stafford explained that sales tax revenue is sent to the state and the City gets back sales tax revenue. The reason the sales tax has leveled off is because Evanston had several years of growth while no one else did. It is a point in time. There were increases in 2003 and 2004 then the tax leveled off in 2005 at the higher rate.

**General Fund Expenditure Changes** The General Fund increase is \$3.1 million or 3.85% overall. Items that affect that are salaries and wages; overtime, health insurance, IMRF, FICA, Medicare, utilities, the Fire position, Human Resources position, elimination of the Assistant Finance Director position and half of a Human Relations Specialist. This means an increase of \$4.4 million in expenditures. They made an additional reduction of \$1.3 million of which \$728,000 is a reduction due to a decrease in the elm tree inoculation program that was made after the 2005-06 budget was adopted last year. The remaining savings is from miscellaneous departmental reductions. Alderman Rainey was concerned about the elimination of the Assistant Finance Director and asked for an explanation? Mr. Stafford explained that person moved on. The project ended and the key components of that position morphed into the help desk and training. That person trained all the people in the functional areas, so that now is on the help desk and training. His accounting person does all the accounting work. The help desk and training have been turned over to Purchasing and Human Resources. Alderman Rainey said she had tried to read the results of the employee survey and did not know whether inquiries were made about the J.D. Edwards software/installation. She wondered whether employees were ever surveyed because some lower-level employees had voiced dissatisfaction with that program. Mr. Casey said the survey was centered on IS internal services. They got 250-280 responses and most were very good. However, one of the outcomes was that the training side of IS did not come out as well as they would have liked. Employees believe they need more training on the different tools. Any new system, such as J.D. Edwards, requires repeated training to get people comfortable. More training is needed on using Excel spreadsheets and Word as well. Once the results are available, they will evaluate and address negative findings.

Alderman Rainey thought those with more proficient skills would take the survey than those without, so they need to address the concerns of people who did not do the survey. Staff has discussed this issue. In response to Alderman Holmes, Mr. Casey said a management analyst was switched from budget to finance. Mr. Stafford said the management analyst was to give more analysis of business processes and some new management areas that interest the city manager.

**Employee Cost Assumptions** Mr. Casey explained they assume a cost-of-living increase because there are three contracts out and allow for normal step/merit increases. Two positions were mentioned earlier plus reductions. They will add one firefighter per plan to increase the force by three over three years (second year of plan) and budgeted for half-year to assist in manpower strength and reduce overtime costs. Mayor Morton asked about a consultant who advised that the City did not need five fire stations; her concern was that they are adding firefighters. She thought the Fire Department deals more with paramedic services than fires and asked if Evanston is overstaffed? Alderman Rainey recalled the report was generated by then City Manager Asprooth and recommended tearing down all five fire stations and building three new ones running north/south in the middle of the City. Council disposed of the report. Mayor Morton asked for a copy of the report. Fire Chief Alan Berkowsky said there were two issues. One deals with the layout of fire stations and the other is staffing. The Fire Department is all firefighter/paramedics. Firefighting has changed a great deal in how fires are responded to, which has a lot to do with firefighter safety. During the early 1980s the department had about 5,000 calls and today they run 8,000 calls. When Mayor Morton reads Fire Department reports, she is astonished by the number of paramedic calls and few fire calls. Chief Berkowsky said that currently 80 of the 108 firefighters are paramedics. About three years ago they began using ALS engines, so when an engine pulls up to a residence people get paramedic service.

**General Fund Revenues** Mr. Casey explained most of General Fund revenue comes from taxes other than property taxes. The largest is sales tax which has held steadily in the \$8.2 million range. Mr. Stafford said the only year it went down was due to the last year of a shared sales tax agreement with Home Depot. The Home Rule sales tax has been level for the past few years at around \$5.5 million and is proposed for this year. Utility taxes of 5% on electric and natural gas and 6% on telecommunications, plus natural gas use tax is projected at \$8.75 million, slightly higher than last year. Alderman Wynne asked if higher natural gas prices were reflected in that tax. Mr. Casey said they have made a slight adjustment and pointed out they won't get this money until January or February 2007. They were conservative because they did not know where natural gas prices would go. He said the state income tax has been the most difficult revenue over past years. When the economy shifts downward this tax is affected. It is budgeted at \$5.5 million and is still not at the level it was in 2000-01 due to the nature of the Illinois economy. Budgeting involves compensating for losses that occur. Alderman Rainey asked for the formula on the income tax. Mr. Stafford said the City gets an estimated per capita amount with figures from the Illinois Municipal League that is updated quarterly. He will provide the math on that. One-tenth of that, which goes into the pot, is allocated to Evanston on a per capita basis. Mr. Stafford explained two years ago the state had one of its pots of money for refunds and could not fund it so they took it out of the municipalities' portion and the City took about a \$300,000 hit. That is a concern. Ms. Carroll noted that several years ago the state tried to reduce the formula from 1/10 to 1/11, which would have hurt even more. That has to be watched continuously and fought through the legislative process so the City's interests are protected. Mr. Casey explained the real estate transfer tax has leveled out over the past three years and they believe the City will get the \$4 million budgeted. Building permit revenue is budgeted at \$2.44 million and has been up and down. This is based on what projects will come online. Fines are relatively stable and the estimate of \$4.59 million is based upon an increase in meter fines. Alderman Jean-Baptiste asked the difference in permit revenue for the current year and next year. Community Development Director James Wolinski stated that this year the City collected almost \$1 million from the Sherman Plaza project. While the economy is healthy, sometimes it is difficult to predict when the projects will come in for permits even when approved. Both 1228 Emerson and 1567 Maple have been approved but are not in yet for permits. There has been a slowdown in getting permits after projects are approved. Three Crowns Park, a major project, was approved in the spring and just came in for a permit. Activity is high but this number is based on when they expect the revenue. Charges for service are also fairly level. This includes revenue from recreation and the library, health department, ambulance and vital statistic records fees.

**Other Funds** Mr. Casey said most of the major litigation that concerned them has been cleared and claims settled. The estimated operating budget of the insurance fund is \$2,050,000. The City needs to begin to build a reserve fund for claims below the stop-loss policy of \$2 million; continue to provide more aggressive risk management and employee safety training. Alderman Rainey suggested that a full-time risk manager be added to staff, as opposed to a trainer and asked for a response from the city manager. Ms. Carroll stated the City had a position available for risk management and

staff convinced her the City needed a safety trainer. The City has gone out twice to get someone to do that job without success. She will convert that back to the full-time risk management position and get that filled.

**Police and Fire Pension Funds** Funding requirements are determined actuarially. The Fire Pension operating budget is \$5,162,000 a 9.5% increase. The Police Pension operating budget is \$5,983,500 a 1.6% increase. Alderman Rainey asked for an explanation of the 9.5% increase for the Fire Pension fund.

**Parking Fund** Staff anticipates expenditures of \$3,692,800. The rate structure adopted by Council in summer of 2004 will keep the fund stable. Once the Sherman Avenue Garage is opened a fund will be established until the TIF district expires. Alderman Jean-Baptiste asked about anticipated revenue from the garage. Staff will respond. Alderman Jean-Baptiste asked if parking garage revenue could be increased. Ms. Carroll noted those revenues go into the Parking Fund and are not part of the General Fund, but in a separate enterprise fund. Even if the first hour was not given free, those revenues would go to the Parking Fund. She would not recommend transferring those funds to the General Fund. Mr. Stafford said they plan to look at the garage rates every two years. Because of the amount of new construction downtown, Alderman Wollin would not want to take away the first-hour free in parking garages.

**Water Fund** There is no rate increase. The operating budget is \$13.7 million, which is an increase of \$12,200. Depreciation is funded adequately and there is a rate study in process with the sewer. Alderman Rainey asked about the four months during the drought this summer. Was there any analysis of whether people used more or less water during that time? A budget memo will be prepared on pumpage.

**Sewer Fund** There is no rate increase. The operating budget is \$16,648,800 which is a decrease of \$542,500. The rate study in combination with the water rate study will tell them if rates need to be adjusted.

**Fleet Fund** This fund is balanced and new equipment purchases are restricted. The operating budget is \$4.9 million, an increase of \$277,700 mostly due to the higher cost of fuel. All debt has been retired. They will continue with equipment replacement of \$2 million per year. Alderman Tisdahl asked if the City is buying hybrid vehicles. A response will be given. Alderman Rainey asked if there has been any analysis of EVNORSKO, a compressed natural gas fueling station, sponsored jointly by Evanston, Skokie and Northwestern University.

**Motor Fuel Tax Fund** The operating budget is \$2.27 million, funded from the State of Illinois Motor Fuel Tax Fund.

**Emergency Telephone Fund** The operating budget is \$1.7 million, funded from the wire and wireless surcharge.

**CDBG** has an operating budget of \$2.2 million with funds from the federal government.

**Economic Development Fund** The operating budget is \$1.5 million, funded by the Hotel and Amusement tax.

**Budget concerns** Staff continues to monitor the state and local economy; actions of the state legislature, health insurance rates, escalating cost of goods and the loss of federal/state grants due to fund reductions or diversions.

**Summary** With the Insurance Fund issues resolved and the Fleet Service Fund returned to a cash basis, all funds are in a good financial position. The proposed budget is a modest request for increases, considering the level of service provided to the community, and outside economic factors affecting state and local budgets.

**Questions** Mayor Morton asked when the Downtown II TIF expires and is there any money to help with the bills? That TIF expires in three years. Mr. Casey explained the funds are dedicated to bond repayment and expenses associated with the TIF. Alderman Wynne stated that many residents believe a waterfall of money is coming. Residents ask about all the new building here and doesn't that impact their taxes. She asked for a detailed discussion of the way the City levies and the schools levy and the consequences of changing how the City levies. Mr. Stafford said that could be provided at the next budget session.

Alderman Holmes noted there was discussion that the Southwest TIF could be retired early and asked that be included. Staff has suggested to the Economic Development Committee the possible early retirement of that TIF. Due diligence was done. This will come up next November and could be considered. Mr. Stafford explained the Southwest TIF is 1/25<sup>th</sup> of the Downtown II TIF. Staff will provide numbers next week. Alderman Rainey suggested when the Downtown II TIF expires in 2009 taxpayers should have significant tax relief. She wanted to see what services are paid currently with TIF

funds instead of the General Fund for the Howard-Hartrey Target TIF and the Downtown II TIF.

Alderman Tisdahl noted that Mental Health Board funding has been frozen for several years and each year it is frozen is a cut as costs have increased. She asked for an analysis of the number of years frozen and the real cut given inflation.

Alderman Holmes noted there are 161 sworn police officers and the budget book lists 220.5 personnel, so are there 59.5 non-sworn police personnel. The Fire Department has 107 firefighters versus 111 in the book. She asked if those figures were correct? Pat Casey will make sure they have a correct breakdown of sworn and civilian officers. There was discussion of the hours City employees work, whether 40 or 37.5 hours a week, and did this affect the budget. Alderman Holmes asked why people work a 37.5 week. Ms. Carroll explained the 37.5 hours comes from the fact that the City opens at 8:30 a.m. and closes at 5:00 p.m. The Police Department works a 40 hour week and the Fire department has a 24-hour schedule. There was discussion of the difference in salaries of sworn officers and civilian employees. Sworn officers receive about \$15,000 more annually.

Alderman Jean-Baptiste asked for a memo on the proposed elimination of Fleetwood-Jourdain Theater program. Ms. Carroll was not recommending any optional services cuts, but if Council decides they do not want to raise the \$558,000 in property taxes to fill the budget gap that was optional after they make the overall policy decision.

Alderman Holmes asked how many vacant positions are in this budget; how long do vacancies exist and is there a policy on vacancies? Ms. Carroll explained there were three positions currently not posted and most of the vacancies were posted. The policy on filling vacancies is to try to get the job descriptions updated and posted in a timely manner. When somebody retires, they get sick leave and accumulated vacation time. The City doesn't have any money dedicated to that so sometimes they have to leave that position vacant for a month or two until the cost of the payout is covered. She was talking about the time period beyond the payouts. This budget was reduced by \$400,000 to say that they recognize it takes time to fill vacancies and one way to save money is to account for those vacancies by literally reducing the department's budget by 1% of their salary. That will be monitored and the manager receives monthly vacancy reports.

Mayor Morton asked how many years had they set aside \$800,000 to repair the Civic Center roof and how much money have they set aside for projects like that one and have not used those funds. Mr. Stafford explained \$800,000 was set aside once and currently there is \$600,000 in that account. She noted there is not a new roof on the Civic Center. He explained that Council had authorized spending from this account for the Civic Center analysis and this money has always been invested. She asked how many accounts are like that. Mr. Casey said there are a number of capital accounts in the Capital Plan that are project driven but the Civic Center Roof is the only one used for something different. Ms. Carroll suggested an updated report be given next week. Alderman Rainey noted that account was titled incorrectly. Ms. Carroll said the title has been changed to the Civic Center account. Mayor Morton noted that Council voted on this expenditure and did not maintain that commitment. Mr. Casey said a commitment was maintained. Council passed a Civic Center Roof account and later decided not to spend the money on the roof because they wanted to look at the entire solution for this building. They allocated a portion of those funds to pay for studies and scaffolding. Mayor Morton had an ethical problem with this. When Council voted \$800,000 for the roof that was an agreement and the money was supposed to be spent at the time it was designated. She had no objections but noted if they can do that for one account, it can be done for others. Mr. Casey said Council can change its mind and tell staff what to do with appropriated monies.

Ms. Carroll announced that as a result of the City asking the state to re-bid the McCormick Boulevard project, a bid of \$5.1 million came in that will save \$260,000. Instead of needing \$1.4 million in bonds, they will need \$1.15 million. They will continue to seek funds from the North Shore Council; if that comes in, they will borrow even less. She congratulated Public Works.

**Citizen Comment:**

Jane Grover, 2703 Prairie Ave., member and former chair of the Mental Health Board, commented that the last six years they have contributed about a third of their budget towards balancing the City's budget. As a percentage of the General Fund, the Mental Health Board's share has dropped precipitously and contracted by about half. Every year the board resists asking for additional funds and perhaps that is self defeating. Looking ahead, she asked which direction the City wanted to go in supporting human services. Last year's budget of \$830,000 funded services to 8,600 residents (estimate).

Assuming a 10% cut will represent about a 10% reduction in services to Evanston residents, this would affect 800-850 residents who will go without core services. These services would help a teenager avoid parenthood, help a senior citizen; help somebody with mental illness avoid isolation or hospitalization; services that would give a teenager some direction and perhaps a job. The proposed cut will limit the breadth and depth of services that the board can support. Council members will hear from board members who are eager to engage in discussion.

Martha Arntson, 1023 Simpson St., executive director of Childcare Network of Evanston, which receives funding from the Mental Health Board for scholarships and support to low-income families of children with special needs. The federal government has already made major cuts to the most vulnerable citizens. Now they are faced with a cut in the City budget that affects services to low-income, working poor who are ineligible for state subsidies for child care but cannot afford the full cost. All City funds to Childcare Network go directly to child care. The agency takes no administrative fees. She told Council that this is really making a cut on the backs of the most vulnerable citizens.

Alderman Rainey asked for a memo on General Fund revenues to date and about the Personal Property Replacement tax. Mr. Stafford explained there were three items because two have, by action of prior Councils, allocated this tax to recreation and the library. A lump sum is received by the City. Part has to go to each pension fund by state law and the other part is allocated to the General Fund. Alderman Rainey noted it was almost three times the prior annual amount and had gone from \$297,000 to more than \$646,000. She asked for an explanation. A memo will be provided.

Alderman Jean-Baptiste noted no allocation towards youth services. Over the years they have discussed giving attention to Evanston youth and he thought Council had that commitment. During CDBG committee discussions, they were so short of money, two civilians were interacting with youth citywide that were having conflicts to maintain the peace. They have discussed job opportunities, training, vocational training and follow up with the high school to make sure funds for that purpose were used for youth and asked for reports. If Council has to make choices, he suggested not giving free beach days, instead fund youth services and suggested the City allocate tokens. He suggested the Mental Health Board priorities need to be maintained. He recalled a consultant was to look at various youth services and hoped they were ready to address this problem currently. If the policy includes priorities for that group, he would like to have a serious discussion so they can begin to make a difference. Ms. Carroll had sent a letter to the school districts requesting a report on TIF funds and had not received a response. She hoped to have a response before next Saturday. She reported the RFP was out with three applicants. A recommendation would be available at the February Human Services Committee meeting. Ms. Carroll welcomed a discussion on both issues – beach access and youth services. She noted there was no vote on either issue. Until she has direction, that would not be carried forward and would put funds in the budget if she knew what they wanted to do.

Alderman Wollin clarified that under estimated actual was for a year. On budget page 224, the Mental Health Board spent less than was allocated. A budget memo will be prepared.

Alderman Moran was struggling with the idea of the 10% cut to the Mental Health Board. A lot goes to what Jane Grover said. There has been no increase in human services for a long time and he agreed, that in effect, has resulted in a cut. They have talked about increasing the levy consistent with the CPI and have not done that with human services. He sensed that a lot of energy and commitment to human services and social services had wandered away. When he came here in 1973 there was a huge commitment of resources to human and social services. He suggested they go back and recapture the passion and commitment and urged them look elsewhere to save \$80,000. On the free beaches, he thought it would great not to charge anybody for going to the beach, but the reality is that the City has had a fee system in place for a long time. He was not sure how free days/tokens would work with a fee system. They would give up \$440,000 if all beaches were free. The cut to the Mental Health Board and a couple of free beach days did not line up for him.

Alderman Tisdahl noted that plenty of people don't go to the beaches because they cannot afford tokens. It is mainly young people who want to go to the beaches. This is an initiative to make Evanston more equitable for young people.

Alderman Holmes said she still has passion for human services and advised looking elsewhere for the \$80,000 proposed cut. She saw a simple solution on access to the beaches whereby agencies that work with families would give tokens.



Alderman Wynne suggested they look to open up the beaches for Evanston families without extra costs to the City or surrounding neighborhoods. She saw the Mental Health Board cut as increasing pain and to find money elsewhere. Health & Human Services Director Jay Terry announced the Human Services Committee would meet on Monday January 30 and beach access and scholarships are on the agenda.

Alderman Rainey noted on page 153 of the budget that youth outreach was increased by more than \$100,000. Under City/School Liaison there is a large increase. She asked for Budget Memo on those two. Alderman Holmes asked if the schools share in the costs of the officers and crossing guards? Ms. Carroll noted in some communities the schools pay the cost and in others it is shared. Mayor Morton asked if the City is serving youth and is it measured by youth in trouble with the police. How was that helping?

Alderman Rainey stated when the City changed its insurance last year they were told there would be financial advantages. Mr. Casey said the City switched to Blue Cross/Blue Shield and got a zero increase last year but no promises for the future. They don't know the charges yet. Human Resources Director Judith Witt said they should have numbers on Monday or Tuesday, but still had several weeks to negotiate with Blue Cross/Blue Shield.

There being no further business to come before the Council, Mayor Morton asked for a motion to adjourn and the Council so moved at 12:10 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.