

CITY COUNCIL

February 6, 2006

ROLL CALL - PRESENT:

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

PRESIDING:

Mayor Lorraine H. Morton

A SPECIAL CITY COUNCIL meeting was held, Monday, February 6, 2006 for the purpose of conducting a public hearing on the 2006-07 proposed budget and was called to order by Mayor Morton at 7:25 p.m. in the Council Chamber

Public Comment

Sandra Hill, 4 Martha Lane, resident since 1967, parent and director of Family Focus Evanston, spoke about access to Evanston beaches; supported increasing access because she has seen many kids every summer who don't have access to beaches and they treat it as sour grapes. She supported the pilot program that would distribute free tokens through community agencies to see how it goes and found it a travesty that currently they have one free beach one day a week. She hoped they can go forward in future summers and really be an equal access community.

George P. Mitchell, 9434 Lincolnwood Dr., president of the Evanston NAACP, thanked Council for its decision to remove the Fleetwood-Jourdain Theatre program from the list proposed for elimination from the budget. The Fleetwood-Jourdain Theatre has served the multicultural needs of the Evanston community for many years and is known for its classes, workshops and full stage productions. Over 25 years, this theater has produced more than 100 full staged dramas, musicals and comedy productions, primarily related to cultural experiences and history of many citizens. The focus has been on the African-American Diaspora and multicultural arts programs such as dance, concerts and workshops that have been a learning source for Evanston residents. The Fleetwood-Jourdain Theatre program has been mutually supportive of many community organizations including the NAACP, school districts and many local businesses. He noted an initiative was proposed by two aldermen who will work with other community leaders to find support to strengthen parenting skills and help youth between high school and post high school years who are not focused on higher education to find employment and become self-supporting citizens. In doing so they will strengthen relationships in the community with local authorities. The concept is to coordinate all youth initiatives within one department. This youth affairs function would be a position to oversee and, more importantly, influence all related programs. This made sense to him and would increase accountability and bring a new focus to benefit the entire community. The NAACP can support this initiative and would be happy to lend efforts to ensure success.

Don Colleton, 1724 Wesley Ave., appreciated Council's action to keep the Fleetwood-Jourdain Theatre program. He has been connected with it for years and it serves the community widely. He is a member of the Art Guild that has a display area and library upstairs at Fleetwood-Jourdain. He was involved with the *Children of Uganda* program that people supported and the Art Guild raised \$15,000. He urged them to keep it and that Council think about a permanent location for the Fleetwood-Jourdain Theatre. He understood that three years ago Council had allocated more than \$100,000 for renovation of the stage area at Fleetwood-Jourdain. He and others don't understand why that was not spent; encouraged Council to focus on a permanent theater because it would be good for the immediate community and all of Evanston.

Sue Canter, 3151 Harrison St., chair of the Mental Health Board, thanked Council, city manager and staff for agreeing to reinstate the \$82,800 for the Mental Health Board funded agencies. Every dollar is needed and used to benefit Evanston residents. The board appreciated their consideration.

Junad Rizki, 2784 Sheridan Rd., spoke to Council on November 9, 1999, about the high number of robberies and Evanston property taxes, the highest around. It appeared to him that nothing has changed since 1999. People are continually robbed on the streets here and property taxes are no lower. In 1999, he noted the combined tax rate was higher than most other communities, exceeded only by Oak Park. He used a study created by the budget department

of Park Ridge for his analysis. He found a Wilmette resident paid 33% less in taxes than an Evanston resident with comparable property. He doubted that staff would ever admit they have a problem; urged them to cut out some of the politics. Every year Mayor Morton gets upset about taxes and one year even vetoed taxes, yet the bottom line is that nobody on Council, including the Mayor, wants to deal with what is going on. It is good politics to pretend you are upset about taxes and quietly turn around and raise them. It is clear what needs to be done here, which cannot be done during a budget hearing, but throughout the year. That is a thorough review of the operation of every City department and what is really being done. At that time they can decide what to keep and what to eliminate rather than have people come and ask for programs to be kept. He felt most Council members have no interest in making these decisions because it would upset the special interests in town. Making cuts across the board of one or two percent is not managing a budget. It is really political. Many departments overrun their budgets anyway. He found it hypocritical that some want to give the poor free beach tokens, yet are happy to tax them to the maximum on their utility bills. This past year the tax on natural gas bills rose from 75¢ a unit to almost \$1.15. This Council is happy to take 5-¼% on the utility tax. When electricity goes up in the future, Council can tell residents not to use their air conditioners and that they can go to the beach. Giving out tokens also costs and Council tends to not understand the cost of staff time. He has felt that the budget could be cut five or ten percent with little effect on operations. Little did people realize that the City is engaged in a Ponzi scheme of covering up the fact that they had done little maintenance on the City's physical assets. Money has been diverted. Taxpayers have been told continually by Council that there are many poor people here, but many programs don't help people and only keep staff employed. His view is that many other cities have much lower tax rates and much better maintained physical plants. Some will point out that the City will repair more streets this year, but they should not kid themselves because millions of dollars are needed for upgrades. The City does not keep up with minor maintenance. At one meeting he heard the City did not have enough money to stripe the streets. Large potholes on the streets could damage a car or injure a bicyclist. Recently, he almost twisted his ankle in a pothole while crossing Central Street. Last year he put his finger through a rusted streetlight pole. In another six years, taxes will still be high and the City probably won't have enough money for maintenance. In the meantime he was certain that residents with limited incomes will have lost their homes and been forced to move. He said it was time for the Council and Mayor, who pretend to care about diversity and affordable housing, to start caring about affordable taxes.

Allen "Bo" Price, 1615 Emerson St., 83-year resident, spoke as an advisory board member to the Fleetwood-Jourdain Center about the theater; thanked the Council for not cutting its budget this year. Staff has done a great job with the theater program. It has provided opportunities for young people to perform who never would have had that opportunity. He asked what happened to the money allocated to improve the stage at Fleetwood-Jourdain Center?

Jonathan Perman, representing the Evanston Chamber of Commerce, called attention to a presentation by the Chamber, Evmark and Inventure several months ago, and a particular chart that showed the effective residential property tax rates. It is important to compare Evanston to other communities because it competes with those communities for business and residential activity. The chart showed that since 1999, the effective property tax rates here have dropped significantly. He said it was not a fair analysis to look at published tax rates because those are based upon assessed values, not market values. When people look at the actual taxes they pay in proportion to market value of property, Evanston's tax rates are in the middle of other Cook County communities. The effective tax rate for Evanston is about 1.6%, Oak Park is about 1.9%, Buffalo Grove is about 1.5%, and Wilmette is about 1.3%. Compared to the collar counties, Evanston is significantly lower. Wheaton was 1.8% at one point, Aurora 2.2% and Geneva 2.2%. The study is online at the Chamber's website www.evchamber.com. Commercial tax rates are still relatively high but have come down significantly. The reason for this is the City implemented excellent public and business policies that have stimulated the environment and it made tremendous public investments that signaled to the private market to invest here thus raising the Equalized Assessed Value (EAV) and the overall market values of residential and commercial properties. Now there is a bigger base to draw upon. Evanston is in a better position relatively than several years ago. He suggested they take that into account as they develop the budget. He refrained from commenting on the proposed food/beverage tax; said it would be helpful to restaurants and hotels to have a clear proposal on the food/beverage tax so an analysis could be prepared. He suggested they look carefully at the proposed 2% food/beverage tax by Cook County; reminded them when they compare Evanston to other communities, there are no communities with a separate liquor tax of 6%.

Mayor Morton declared the public hearing over at 7:45 p.m.

General Budget Discussion

Alderman Jean-Baptiste asked for an update on the allocation made for the Fleetwood-Jourdain Theatre to date. Alderman Holmes suggested that the memo include all funds allocated to Fleetwood-Jourdain Theatre and not spent. Alderman Rainey referred to budget book page 305, Fleetwood-Jourdain Theatre, which showed an appropriation of \$122,600. Estimated actual spent was \$18,400. What happened to the other \$100,000? Ms. Carroll understood funds were not spent because there was no program manager and a capital allocation was made three years ago to fix the stage. Alderman Holmes asked when did the Fleetwood-Jourdain theater manager position become vacant, when was it posted and what happened in the meantime?

Mayor Morton asked about the Insurance Fund, noting all insurance funds were put in one account at \$1.9 million. When she looked at individual budgets she found more than \$2 million was transferred to the insurance fund. Management & Budget Director Pat Casey explained when the Insurance Fund was created about 10 years ago, they created a transfer from the General Fund to the Insurance Fund to cover items paid out, which includes insurance premiums, attorney's litigation costs, Worker's Compensation, etc. The annual transfer has been about \$1.9 million and this year's allocation is \$2 million. When the Mayor added up the items she got \$2,589,500 for the 2005-06 budget; asked what happened to funds that were not used. He explained that fund is self-sustaining and that money pays expenses and carries over year to year. Finance Director Bill Stafford referred to page 490 budget book, noting the fund has about \$1.9 million annually. In the 2004-05 actual, revenues were \$9.9 million and expenditures were \$11 million. They budget for \$1.9 million but don't budget for settlements. The reason they don't is if they took all potential litigation and budgeted for it that could be brought into court as evidence of guilt. As a result, the funds still have to be expended. They have expenditures larger than the budget because they are not put in. Accounting rules let them budget for operating costs. Mayor Morton noted that more funds were transferred to the Insurance Fund that were not accounted for. Mr. Stafford said all the funds had been expended. More is transferred than is budgeted, depending on settlements. That has been done through a bonding program for the past three years. Mr. Stafford explained what was expended is in the annual audit. Mayor Morton said it was difficult to understand what happened.

Alderman Bernstein referred to page 305 budget book, noted the bus/skate program; asked was the skate park eliminated? Parks/Forestry & Recreation Director Doug Gaynor said the skate park was eliminated and this element was for year-round bus services to take children from schools to the centers. The skate park was eliminated two or three years ago. Alderman Bernstein asked for an analysis of impact fees in other communities; noted the street level storefronts in the Maple Avenue Garage are empty and asked why? Ms. Carroll said the City is negotiating with Enterprise Rent A Car for one space and has an RFP out for the other.

Alderman Rainey asked the basis for the proposed building permit revenue estimates? Community Development Director James Wolinski said they budgeted \$2.4 million in building permit fees. Those fees are \$12 per every thousand dollars of construction value or 1.2% of the total construction value. Anticipated annual base fees are \$325,000 for additions, renovations and small projects. Major projects are: Mather project phase one at \$50 million; 1515 Chicago, Optima project at \$40 million; 1890 Maple Hotel at \$10 million; Rozak's Sienna project phase three at \$15 million; Three Crowns addition at \$26 million; 1567 Maple at about \$40 million. Those permits total about \$2.4 million. They anticipate that projects will be approved and some not and some approved but don't start for a year. They do the best they can based on projects that have a decent chance of passing through the Plan Commission and Council. Revenue estimates are done on that basis. Alderman Rainey requested a copy. Ms. Carroll said this budget is prepared in the fall long before these projects have gotten to the full development stage. They do the best they can to estimate what they think might be approved. There is no guarantee. Other projects are in the pipeline in various stages and are not as large. There are other projects they have not budgeted for that hopefully will be permitted this year. They did not budget the Cyrus town homes, which are about \$200,000 in permit fees, nor for 1881 Oak, which may or not be approved. 2100 Greenwood has a small cost. There are half-dozen projects before the Plan Commission. Northwestern has a \$45 million project for a technical building that may not start during 2006-07. He hoped they would make more than they predicted.

Alderman Tisdahl requested the number of full time equivalents (FTEs) and population over the past three years. Alderman Wollin understood the food/beverage tax proposed by Alderman Rainey would add 2% food/beverages and non-alcoholic beverage tax and reduce the alcohol tax 2% from 6% to 4%. She asked if the figures presented on Budget Memo #30 reflected that? No. Mr. Casey said the assumption was that the 2% food/beverage tax in most cases applies to

food/beverages and alcoholic beverages. Those figures include 2% on food/beverages and alcoholic beverages but did not include the 2% deducted from the 6% poured liquor tax. Alderman Rainey explained a bill with the proposed taxes. Alderman Wollin asked if any other suburbs have the alcohol tax? No. Alderman Wynne asked if this tax was on all food/beverages? Yes. Mr. Casey did not know of another community that has a liquor tax on restaurants. Most communities rely on a straight food/beverage tax. Alderman Wynne went through the chart on page 45 in detail. Alderman Rainey asked for estimated revenue if they had a 2% food/beverage tax and no liquor tax. Mr. Casey said they have to see if they can separate out one beverage tax from another. Alderman Wynne asked the total number of restaurants, those that don't serve alcohol and the number of national chain restaurants. Alderman Rainey said they were told last week that the reason for the 50% increase in profits from receipts from restaurants and asked to see gains/losses in restaurants over the past five years.

Alderman Jean-Baptiste asked about the memo on workforce growth requested by Mr. Gordon? That will be provided.

Mayor Morton asked Ms. Carroll if she had examined the budget for more tax relief? Ms. Carroll will look at the 11 month report and check the revenues. Had the manager looked at hiring? Ms. Carroll said she had recommended adding 1-½ FTEs and cutting 1-½ FTEs so there no new net people. When the Mayor looked at the list of new employees, she saw the same title in two places; asked if there are job descriptions. Ms. Carroll stated the Human Resources Department has job descriptions for every position. The Mayor planned to call in with questions.

Mayor Morton asked when they have to decide on the budget. Ms. Carroll said only two issues remain, the food/beverage tax and the recommended property tax increase; stated they have to pass the budget by February 28 and take action February 27. Alderman Rainey was concerned that the manager had not come back to Council. It was fine for people to tell them the effective property tax is extremely low or good compared to other communities. But when people see tax increases of \$3,000- 4,000 due to re-assessments and a creeping property tax, it seemed the manager would look at ways to raise revenue or to recommend other cuts that don't hurt the small persons. She did not think Council was getting any messages. Ms. Carroll understood the concern about property tax increase. She put forward the minimum tax increase they could to fund pensions, debt service and a 3.75% property tax increase related to the General Fund. That was because the City does not have three contracts settled. She cut nearly \$2 million proposed by staff. Very little capital funding was suggested. The programs she suggested cutting to reduce the \$558,000 in property taxes did not seem palatable to Council. There are few options because most expenses are driven by personnel costs. If Council's direction is to cut the \$558,000 from the General Fund, it means some people will come off and with 25 requests for new positions, she did not think staff could do that. She pointed out the overall increase is only 3.85%. The reason for higher taxes is because certain things are funded only with property taxes unless they have a new revenue source. The food/beverage tax has been suggested and they will make a decision on that. If she sees revenues can be adjusted, she will come back and tell them. The \$558,000 is equivalent to seven to nine positions.

Aldermen Jean-Baptiste, Wynne, Tisdahl discussed when to have another meeting. Alderman Jean-Baptiste said the budget memos come during Friday evening, so they don't have a chance to read them for a Saturday meeting. Alderman Wollin asked that budget memos be sent out on Thursday for a Saturday meeting.

Alderman Jean-Baptiste moved the next budget workshop be held Wednesday, February 22, at 7:00 p.m. Seconded by Alderman Wynne. Motion carried unanimously.

Alderman Bernstein moved that Council convene into Closed Session for the purpose of discussing matters related to collective bargaining pursuant to 5 Illinois Compiled Statutes 1202 (c) (2). Seconded by Alderman Holmes.

(2) Collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 8:45 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.