

Draft Proposed 2024 CIP

Finance and Budget Committee



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Agenda

- Overview
- 2022 and 2023 General Obligation Bonds
- Specific Challenges
 - Water Main/Lead Service Line Replacement
 - Legacy Parks
 - Legacy Facilities

2024 Proposed CIP Schedule

TIMING

ACTION

| | | |
|-----------------------|--------|---|
| May - June 2023 | —————> | Draft CIP Developed |
| July 2023 | —————> | Presentations to Boards and Commissions |
| August 2023 | —————> | Introduction to City Council |
| September 2023 | —————> | City Council 2024 CIP Approval |
| November 2023 | —————> | Adopt Budget and 2024 CIP |
| 2024 + | —————> | Implementation |

2022 and 2023 General Obligation Bonds

| | Proposed Issuance | Amount Expended | Additional Commitment |
|--------------|--------------------------|------------------------|------------------------------|
| 2022 GO Bond | \$10,443,000 | \$2,084,761 | \$3,867,552 |
| 2023 GO Bond | \$13,258,000 | \$200,937 | \$5,664,394 |
| Total | \$23,701,000 | \$2,285,698 | \$9,531,946 |

Bonds were not issued in 2022 and 2023.

Instead, cash in the Capital Improvement Fund that was already committed to contracts or held in reserve as a safety net was used to pay bills.

2022 and 2023 General Obligation Bonds

| Funding Type | Commitment Amount | Notes |
|--------------------------|---------------------|---|
| 2023 GO Bonds | \$5,664,394 | Bonds Not yet issued |
| 2022 GO Bonds | \$3,867,552 | Bonds Not yet issued |
| 2021 GO Bonds | \$3,345,195 | Bonds Issued |
| 2015 - 2020 GO Bonds | \$4,766,861 | Bonds Issued |
| Non-Debt Commitments | \$8,407,747 | Grants and transfers stored in the Capital Improvement Fund for use in executing CIP projects |
| Total Commitments | \$26,051,749 | Funds under contract |
| Cash Balance | \$10,320,059 | |

Capital Improvement Fund Reserve Funds

City Finance Policy -

25% of Expenses = \$5.6 million

Actual Reserve = \$1.1 million

Capital Improvement Fund

WHY DOES THIS MATTER?

- Complexity of management
 - CIP projects span many years and different funding sources, each with different rules, regulations and requirements
 - Not knowing the quantity of funding available increases the chances of unintended consequences
- Finance people don't like it
 - Auditors
 - Bond agencies

2022 and 2023 General Obligation Bonds

Staff requests the Finance and Budget Committee either proceed with the issuance of 2022 and 2023 GO Bonds or identify an alternate funding source.

Proposed 2024 CIP Challenge 1 - Water Main / Lead Service Line Replacement

Increase in the average age of water main in the Evanston distribution system combined with regulatory requirements for lead service line replacement are creating a fiscal challenge for the Water Fund.

This is exacerbated by G.O. Bonds abated by the Water Fund that have not been issued in 2023.

Proposed 2024 CIP Challenge 2 - Legacy Parks

Chronic underinvestment in parks infrastructure is leading to large scale failures. A different strategy is needed.

Proposed 2024 CIP Challenge 2 - Legacy Parks

Background -

- 11 “Legacy Parks” - 26 years or more without appreciable investment

Current Practice -

- Vast majority of parks capital funding spent in complete overhaul of 1 - 2 Legacy Parks each year
- Other parks largely neglected unless a catastrophic failure

Proposed 2024 CIP Challenge 2 - Legacy Parks

Proposed Strategy -

- Overhaul Legacy Parks over next 5 years
- Begin regular investment in other parks to prevent them from needing a complete overhaul. Examples:
 - Playground equipment replacement
 - Court resurfacing
 - Lighting modernization
 - Pathway resurfacing

Staff requests that Finance and Budget Committee provide guidance on a recommended level of debt issuance and if new funding sources can be identified.

Proposed 2024 CIP Challenge 3 - Legacy Facilities

Chronic underinvestment in facilities infrastructure is leading to large scale failures. A different strategy is needed.

Proposed 2024 CIP Challenge 3 - Legacy Facilities

| | Systems in Failure | 2023/24 Costs | Future Costs |
|-----------------------------|--|--------------------------|------------------------|
| Police Fire HQ | Building Insufficiency, Security, Electrical, Envelope | \$2,000,000 ² | \$50M - \$100M |
| Service Center | Fuel System, Structural, HVAC, Electrical | \$4,300,000 | \$35M - \$55M |
| Civic Center | HVAC, Electrical, Envelope | \$1,500,000 | \$50M - \$100M |
| Noyes | HVAC, Electrical, Envelope | | \$10M - \$20M |
| Animal Shelter ¹ | Building Insufficiency, HVAC | \$3,825,000 | |
| Ecology Center ¹ | Structural Subfloor, Security, Crawlspace Moisture | \$3,500,000 | |
| TOTAL | | \$15,125,000 | \$145M - \$275M |

1. These facilities are “below the line” in that the City Council has provided guidance on a plan to renovate or replace these facilities that is currently being implemented.
2. This does not include approximately \$1.5 million related to the elevator and elevator shaft repair work.

Proposed 2024 CIP Challenge 2 - Legacy Facilities

Proposed Strategy -

- Resolve 6 Legacy Facilities over next 5-8 years
- Begin regular investment in other facilities to prevent them from needing a complete overhaul. Examples:
 - Roofing
 - Tuckpointing
 - Flooring
 - Interior renovations (kitchens, locker rooms, etc)
 - CARP goals (zero onsite greenhouse gas emissions, LED lighting, vehicle charging)
 -

Staff requests that Finance and Budget Committee provide guidance on a recommended level of debt issuance and if new funding sources can be identified.

Next Steps

- Identify questions from committee
- Return in a special meeting in July
 - 2022 and 2023 GO Bond Issuance
 - Potential water rate increases
 - Parks CIP funding
 - Facilities CIP funding