

2024 CIP Challenges

Finance and Budget Meeting



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September 12,, 2024

2022 and 2023 Debt Issuance

Debt issuance of GO Bonds are included each year as part of the adopted budget.

Bond resolutions are recommended by staff and approved by City Council to allow staff to manage the budget.

Bond Issuance	Bond Resolution	Resolution Amount
2022 GO Bonds	4-R-23 (approved 1/10/22)	\$10,928,000
2023 GO Bonds	19-R-23 (approved 3/27/23)	\$17,706,000

2022 and 2023 Debt Issuance

Last GO Bond Sale Date - August 23, 2021

Last GO Bond Sale Amount - \$14,420,000

Total GO Bond Principal Amount Paid on CIP Projects
Since 2021:

Date	Principal Amount Paid
December 1, 2021	\$10,690,000
December 1, 2022	\$11,440,000
December 1, 2023 (est)	\$11,960,000

Current Cost of Debt

Conditions are currently favorable for bond issuance, since interest paid on cash is significantly higher than interest paid on bonds.

	Interest	Monthly Interest Payment on \$15M Debt
Current Bond Interest Rate	4.18%	Averages \$33,300 for 20 years
Line-of-Credit (Byline Bank)	6.52%	\$87,500 until repaid
Interest on City Checking Account	5.5%	\$68,750 for two years

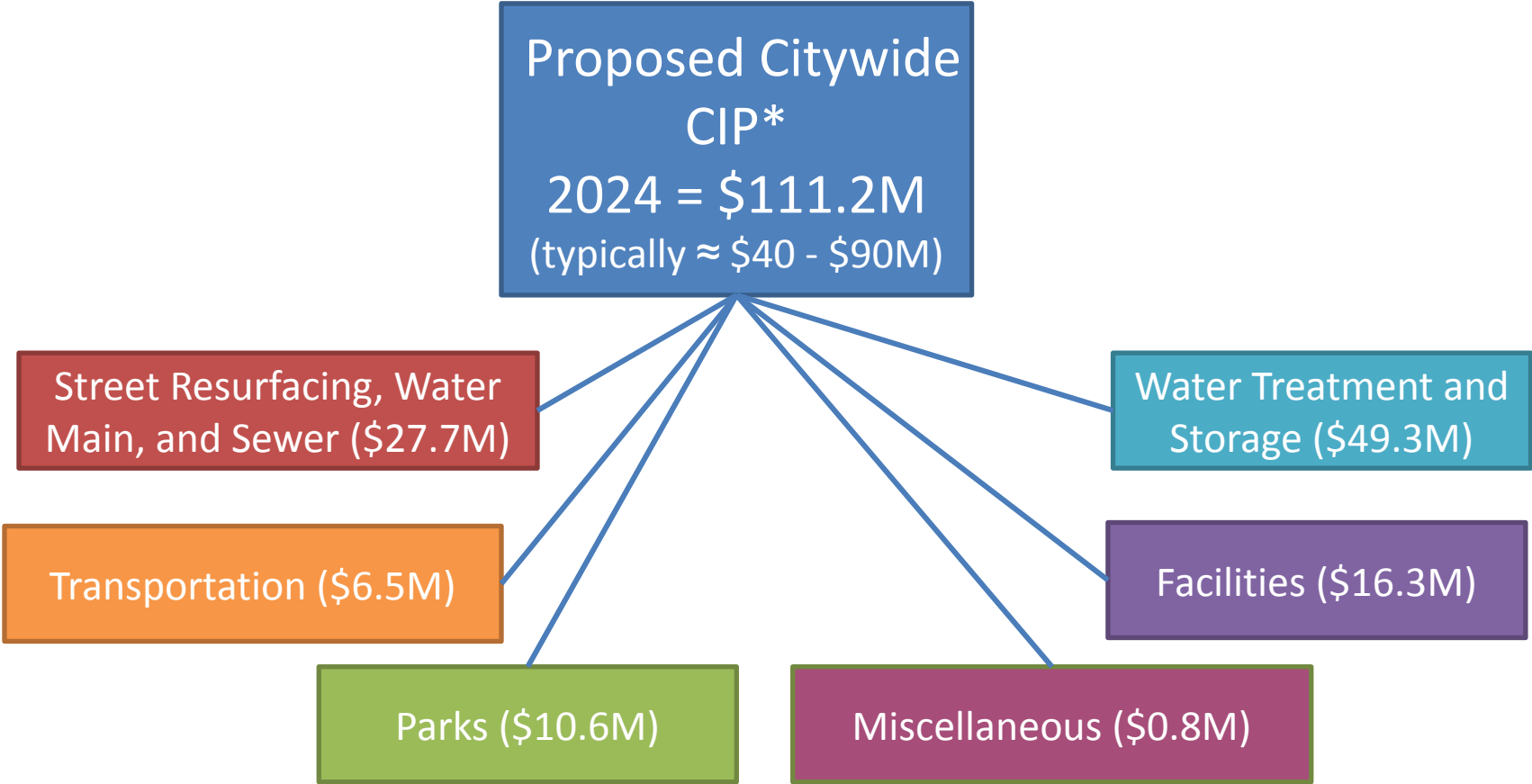
2024 Proposed CIP Schedule

TIMING

ACTION

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

Capital Improvement Program Overview

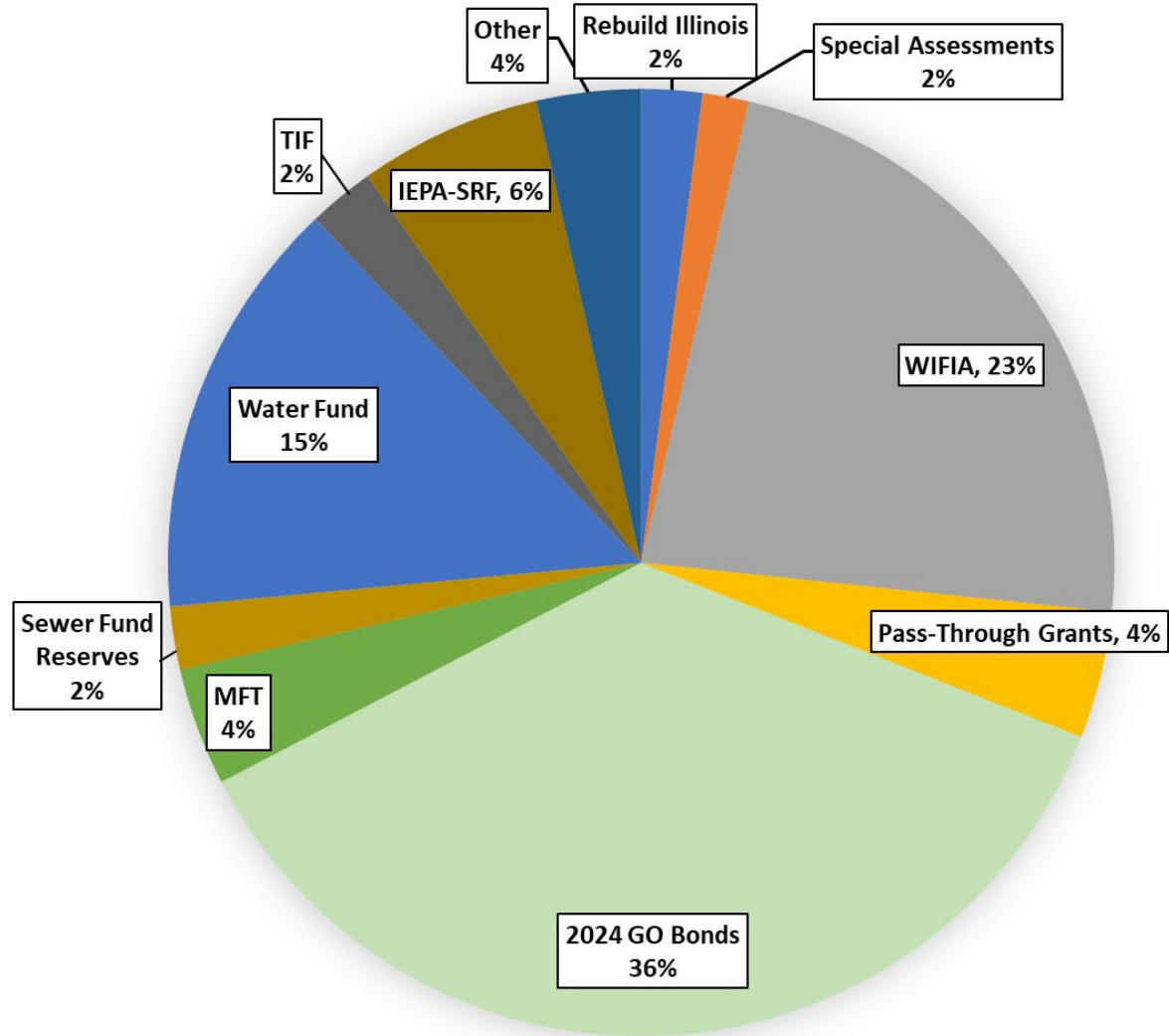


*This list identifies project needs for future prioritization. The City does not currently have the resources to execute every project.

2024 Funding Overview

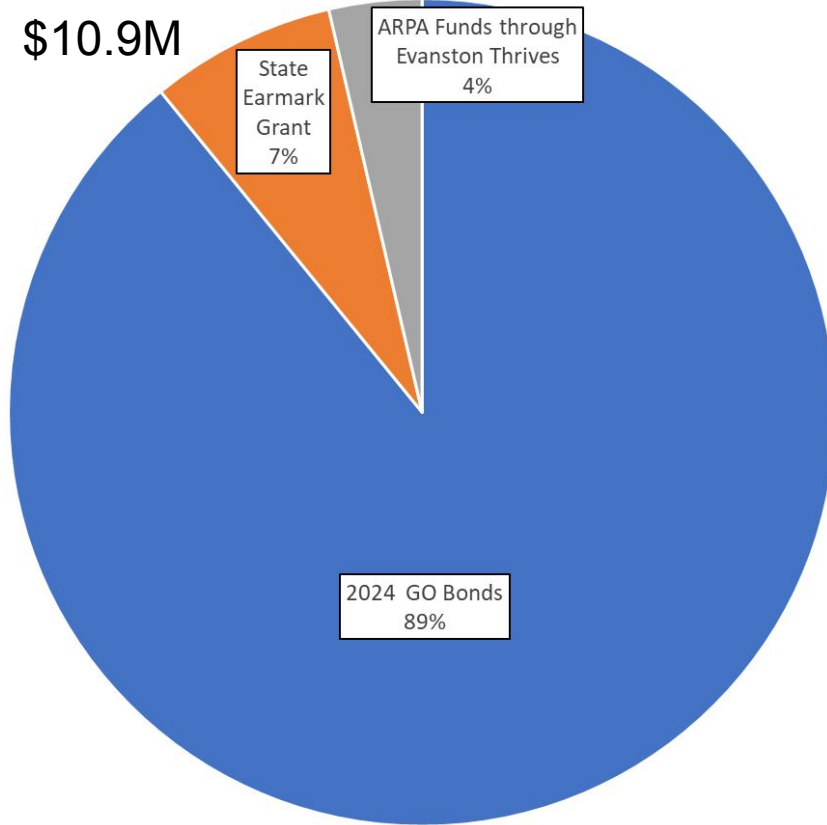
Funding Source	2024 Budget	Limitations
GO Bonds	\$ 32.3M	Estab. by City Council. Incl. prior year carryover
Water Fund	\$ 14.7M	Water treatment plant and distribution system assets only.
Sewer Fund	\$ 2.1M	Sewer collection system assets only.
Illinois EPA Loan, Federal WIFIA Loan	\$ 46.9M	Project-specific water and sewer projects only. Funding is low interest loans and must be repaid.
Motor Fuel Tax Funds	\$ 3.6M	Street and transportation projects only.
ARPA	\$ 0.7M	One-time. Used for crosswalk improvements and to support the Evanston Thrives program.
CDBG	\$ 1.1M	Projects must be approved by HCD committee.
TIF Funds	\$ 2.3M	Limited to the boundaries of the specific TIF.
Other Sources	\$ 7.5M	Sustainability Fund, Special Assessment, State and Federal Grants, etc.

2024 Funding Distribution

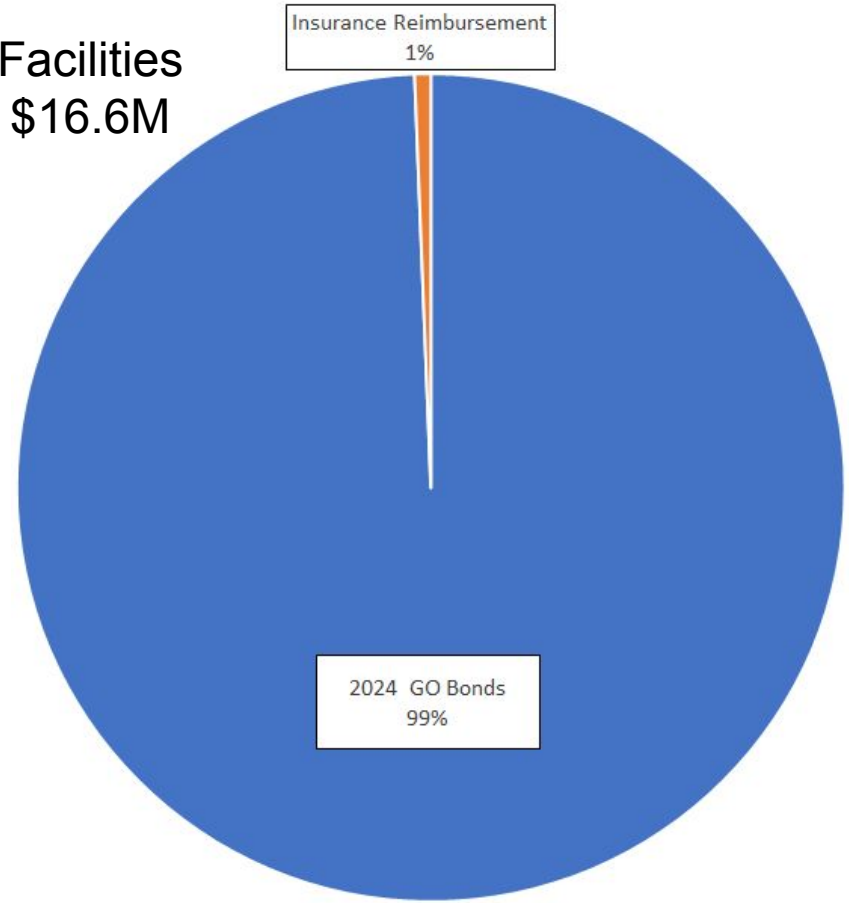


2024 Funding Distribution - Parks and Facilities

Parks
\$10.9M



Facilities
\$16.6M



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.

Proposed 2024 CIP Challenge 2 - Legacy Parks

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

City parks can be divided into three categories, all of which need work:

- Community Parks
- **Neighborhood Parks - Legacy**
- Neighborhood Parks - Non-Legacy

Community Parks

Parks that are destination spaces regularly used by people outside of the immediate neighborhood.

- Crown Park
- James Park
- Lovelace Park
- Lakefront Parks/Beaches
- Canal Parks

Community Parks - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
Beck Park Expansion/Shore School	Consulting	90,000		250,000
Canal Park Environmental Assessment	Consulting	50,000		50,000
Clark Square Park Dog Park	Construction	300,000		300,000
Dog Beach ADA Accessibility	Construction	500,000		500,000
Fountain Square Improvements	Construction	2,800,000		2,800,000
James Park - Fencing	Construction	120,000		120,000
James Park - Pickleball Courts	Construction	350,000		350,000
Lovelace Park Parking Lot Expansion	Consulting	40,000		40,000
Pooch Park Capital Investment	Construction	120,000		120,000
TOTAL		\$4,370,000		\$4,370,000

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 or a new amenity developed.

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

Neighborhood Parks - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
Neighborhood Parks - Legacy				4,215,000
Cartright Park - Improvements	Consulting	150,000		150,000
Chandler Tot Lot	Construction	150,000		150,000
Fitzsimons Park Renovations	Consulting	100,000		100,000
Independence Park	Construction	1,700,000	500,000	2,200,000
Larimer Park	Construction	1,500,000		1,500,000
Philbrick Park	Consulting	115,000		115,000
Neighborhood Parks - Non-Legacy				\$500,000
Grey Park - Dog Park Installation	Construction	500,000		500,000
Mason Park - Ongoing	Consulting			0
TOTAL		4,215,000	\$500,000	4,715,000

Investment and Modernization - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
ADA Improvements in Parks	Construction	100,000		100,000
Court Rehabilitation	Construction	200,000		200,000
Fence Replacement (Various Parks)	Construction	100,000		100,000
Parks Contingency	Construction	100,000		100,000
Pathway improvements	Construction	300,000		300,000
Playground Equipment Replacement	Construction	600,000	450,000	600,000
TOTAL		1,400,000	450,000	1,850,000

Parks Summary - Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Community Parks	4,370,000		4,370,000
Neighborhood Parks - Legacy	3,715,000	500,000	4,215,000
Neighborhood Parks - Non-Legacy	500,000		500,000
Investment and Modernization	1,400,000	450,000	1,850,000
TOTAL	9,985,000	950,000	10,935,000

Challenges:

1. Lack of funding - Parks CIP is historically \$1-3M in GO Bonds
2. Lack of staffing - Currently 0.5 FTE Landscape Architect and 0.5FTE Civil Engineer. Requesting additional 1 FTE Landscape Architect in 2024 Budget to assist with current workload and new projects.

Parks Summary - Proposed 2024 CIP

Staff is requesting 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.

City facilities can be divided into two categories, both of which need work:

- **Facilities - Legacy**
- **Facilities - Non-Legacy**

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 is requesting guidance on a recommended level of debt issuance and if new funding sources can be identified.

Legacy Facilities - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
Civic Center Improvements	Consulting	1,500,000		1,500,000
Ecology Center - Renovation	Construction	2,100,000		2,100,000
Police/Fire HQ Improvements	Consulting	1,500,000		1,500,000
Police Fire HQ - Chiller Replacement	Construction	500,000		500,000
Service Center - North Island Fuel System Replacement	Construction	1,700,000		1,700,000
Service Center - Structural Repairs	Consulting	50,000		50,000
Service Center - Structural Repairs	Construction	180,000		180,000
Service Center - Various Roofs	Construction	1,600,000		1,600,000
Service Center - Renovations	Consulting	800,000		800,000
TOTAL		\$9,930,000		\$9,930,000

Non-Legacy Facilities - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
Bent Park Fieldhouse Improvements	Consulting	100,000		100,000
Bent Park Fieldhouse Improvements	Construction	510,000	90,000	600,000
Chandler - Building Envelope Rehabilitation	Construction	400,000		400,000
Chandler - Gym Upgrades	Construction	400,000		400,000
Fire Station 3 - Interior Renovations (Kitchen, Finishes)	Construction	400,000		400,000
Fire Station 5 - Building Envelope Repairs	Construction	600,000		600,000
Fire Stations 1 & 3 Locker Room Improvements	Construction	350,000		350,000
Fleetwood - Envelope Repairs	Construction	350,000		350,000
Fleetwood - East/North Site Improvements	Construction	400,000		400,000
Fleetwood Jourdain Future Use Study	Consulting	250,000		250,000
Levy Center - Kitchen Renovation	Construction	400,000		400,000
Municipal Storage Center - Renovation	Consulting	100,000		100,000
TOTAL		4,510,000	90,000	4,600,000

Investment and Modernization - Proposed 2024 CIP

Project	Phase	GO Bonds	Non-Bond Funds	Total
ADA Improvements	Construction	300,000		300,000
Citywide Roof Repairs (locations to be determined)	Construction	600,000		600,000
Facilities Contingency	Construction	600,000		600,000
Lighting Modernization	Construction	300,000		300,000
TOTAL		1,800,000		1,800,000

Facilities Summary - Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Facilities - Legacy	9,930,000		9,930,000
Facilities - Non-Legacy	4,510,000	90,000	4,600,000
Investment and Modernization	1,800,000		1,800,000
TOTAL	16,240,000	90,000	16,630,000

Challenges:

1. Lack of funding - Facilities CIP is historically \$5M in GO Bonds
2. Lack of staffing - Currently 0.5 FTE Landscape Architect and 2 FTE Architects (one position vacant in 2023). Requesting additional 0.5 FTE Architect in 2024 Budget to assist with current workload and new projects.

Facilities Summary - Proposed 2024 CIP

Staff is requesting guidance on a recommended level of debt issuance and if new funding sources can be identified.

Street, Water, Sewer Summary - Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Major Projects	2,670,000	7,960,000	10,630,000
Street Resurfacing	1,395,000		1,395,000
Water Main (including LSLR)	760,000	12,846,000	13,606,000
Sewer Rehabilitation		2,070,000	2,070,000
TOTAL	4,825,000	22,876,000	27,701,000

Strategies:

1. Leverage grants and low-interest loans from State and Federal agencies.
2. Utilize Motor Fuel Tax and CDBG funds (external block grant funds).
3. Utilize Water and Sewer funds (internal non-GO Bond revenues).

Other Transportation - Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Major Projects	1,155,000	785,000	1,940,000
Annual Projects	590,000	1,825,000	2,415,000
Sidewalk Projects	755,000	1,385,000	2,105,000
TOTAL	4,825,000	22,876,000	27,701,000

Strategies:

1. Leverage grants from State and Federal agencies (including \$210,000 in ARPA funds for Crosswalk Improvements).
2. Utilize Motor Fuel Tax and CDBG funds (external block grant funds).
3. Utilize Special Assessment Fund (cost-share with community members).
4. Use TIF to deliver geographically-specific infrastructure improvements.

Miscellaneous - Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Sustainability Projects	450,000	300,000	750,000
Public Art Projects	30,000		750,000
TOTAL	480,000	300,000	780,000

Strategies:

1. Utilize Sustainability Fund to supplement debt funding for projects run by Sustainability Division.

Water Treatment, Billing and Storage- Proposed 2024 CIP

Project	GO Bonds	Non-Bond Funds	Total
Water Plant and Standpipe Projects		46,874,000	46,874,000
Retail Water Meter & MIU Program		2,420,000	2,420,000
TOTAL		49,294,000	49,294,000

Strategies:

1. Utilize revenue from wholesale water sales to supplement water revenue generated from retail (Evanston) customers.
2. Utilize low-interest loans from State and Federal Agencies.

Proposed 2024 CIP Status

- Proposed CIP reviewed previously with Finance and Budget Committee (7/11/23) and Parks and Recreation Board (7/20/23, 8/17/23)
- **Staff requests debt issuance for 2022 and 2023 to support Capital Improvement Fund and Water Fund**
- **Staff requests feedback from Finance and Budget Committee on:**
 - **Recommended funding levels**
 - **New sources of funding to support sustainable parks and facilities**
 - **Upcoming proposed water rate increases to support distribution system needs**
- Proposed CIP to be presented to City Council - 9/18/23
- Proposed CIP to be presented to Environment Board - 9/21/23