

2025 Proposed Budget Overview

Finance and Budget Committee - October 8

Topics

1. Changes to Budget Presentation
2. Overall Budget
3. General Fund - 2024 Projections, 2025 Highlights, Future Projections
4. Key Budget Topics
 - a. Property Tax Levy
 - b. Fee Increases
 - c. Public Safety Pensions
 - d. Proposed New Positions
 - e. Menu of Options
 - f. Capital Improvement Program
5. Budget Calendar

Changes to Budget Presentation

In an effort to promote transparency and more appropriately communicate the size and scope of the City's budget, there are three changes to this year's budget presentation:

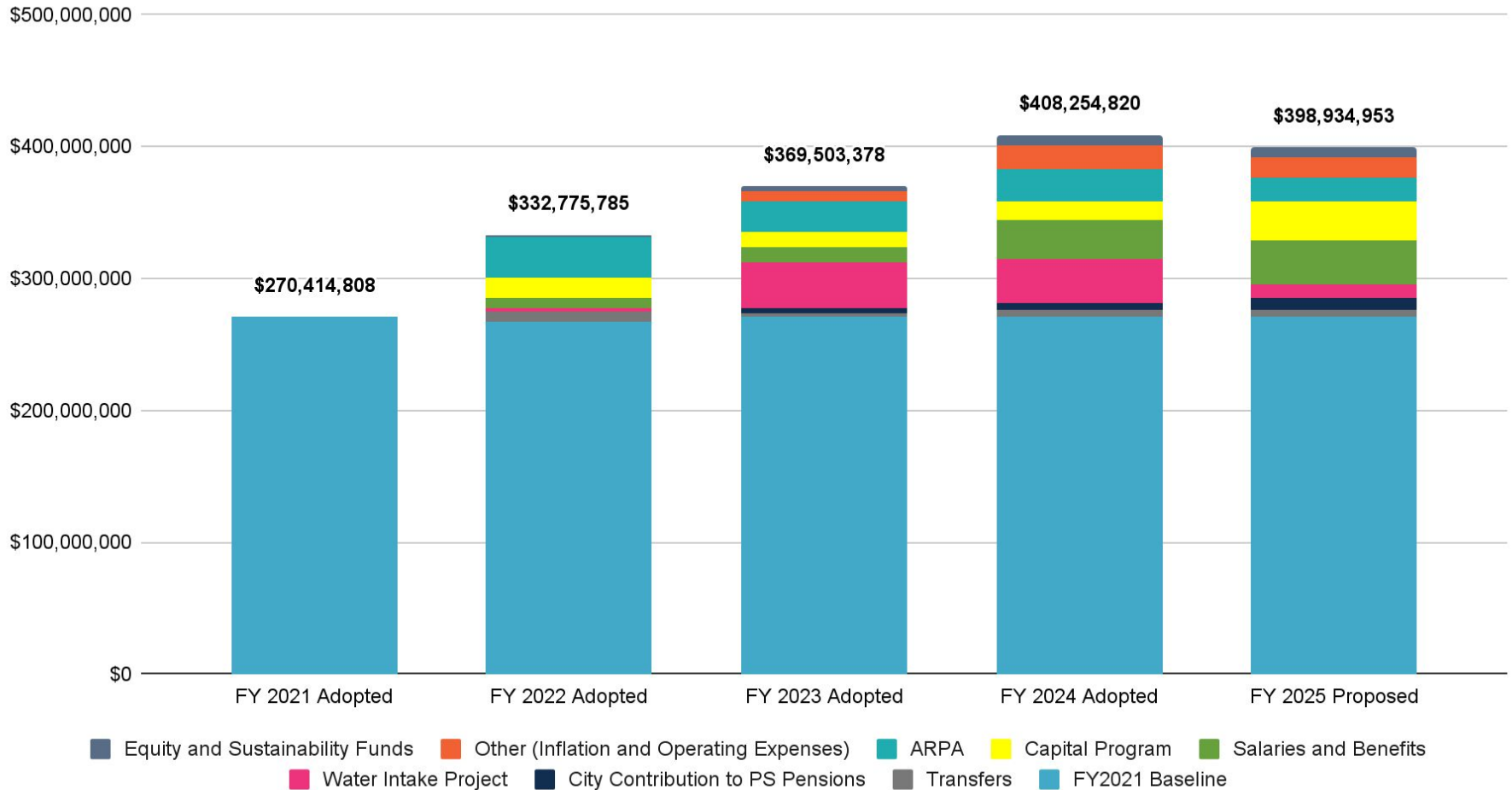
1. Treatment of Interfund Transfers - Interfund transfers have double-counted revenues and expenses and inflated the budget total.
2. Use of Fund Balance - Recorded in the year it is received, not the year it is spent and thus not a true revenue.
3. Appropriation of Funds - Only appropriating funds where they are controlled by the City and not separate boards (i.e. Library Endowment Fund, Public Safety Pension Funds)

Overall Budget

- **Total FY 2025 Proposed Budget = \$342.2 million.**
(excluding \$56.8 million in operating transfers out)
- **Total FY 2024 Adopted Budget = \$355.5 million.**
(excluding \$52.8 million in operating transfers out)
- **Decrease of \$13.4 million (excluding transfers)**
 - Water Intake Project - \$23.8 million
 - ARPA - \$7 million
 - Capital Fund + \$16.2 million
 - Salaries and Wages + \$4.5 million
 - Other - \$3.3 million

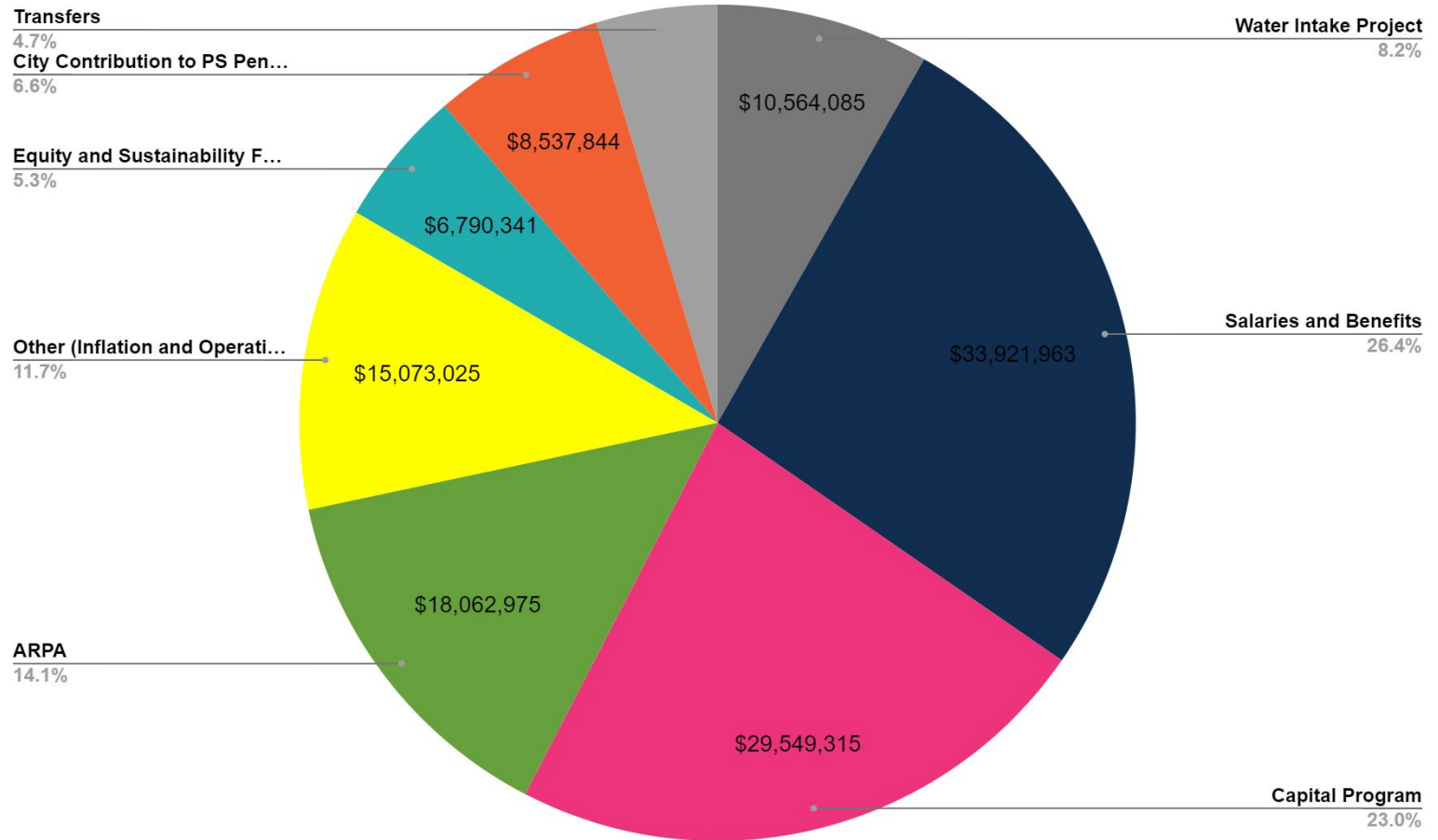
Overall Budget

Reasons for Budget Increases FY 2021 - FY 2025



Overall Budget

Reasons for Budget Increases FY 2021 - FY 2025



General Fund

General Fund Revenue Projections (FY 2024)

Row Labels	2023 Actual	2024 Actual	2024 Budget	2025 Proposed B	2024 Low	2024 High
SALES TAX - BASIC	\$ 13,329,108	\$ 6,370,229	\$ 13,000,000	\$ 13,000,000	\$ 13,500,000	\$ 13,800,000
STATE INCOME TAX	\$ 12,558,980	\$ 7,444,161	\$ 11,500,000	\$ 11,500,000	\$ 13,200,000	\$ 13,700,000
SALES TAX - HOME RULE	\$ 10,396,123	\$ 4,946,510	\$ 10,600,000	\$ 10,600,000	\$ 10,500,000	\$ 10,700,000
RECREATION PROGRAM FEES	\$ 7,111,501	\$ 4,414,874	\$ 7,052,000	\$ 7,052,000	\$ 7,200,000	\$ 7,500,000
BUILDING PERMITS	\$ 4,058,773	\$ 7,114,927	\$ 4,225,100	\$ 4,225,100	\$ 15,225,100	\$ 16,000,000
PERSONAL PROPERTY REPLACEMENT TAX	\$ 3,482,124	\$ 1,547,657	\$ 3,500,000	\$ 3,500,000	\$ 2,300,000	\$ 2,800,000
STATE USE TAX	\$ 3,040,435	\$ 1,445,171	\$ 3,200,000	\$ 3,200,000	\$ 2,800,000	\$ 2,950,000
AMBULANCE SERVICE	\$ 2,595,001	\$ 2,723,166	\$ 3,200,000	\$ 3,200,000	\$ 2,800,000	\$ 3,200,000
TICKET FINES-PARKING	\$ 3,868,180	\$ 1,740,371	\$ 3,100,000	\$ 3,100,000	\$ 3,400,000	\$ 3,800,000
LIQUOR TAX	\$ 3,772,043	\$ 1,437,157	\$ 3,100,000	\$ 3,100,000	\$ 3,000,000	\$ 3,100,000
FROM PARKING FUND	\$ 2,972,388	\$ 1,981,592	\$ 2,972,390	\$ 2,972,390	\$ 2,972,390	\$ 2,972,390
ELECTRIC UTILITY TAX	\$ 2,734,420	\$ 1,285,684	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000
PARKING TAX	\$ 2,952,554	\$ 1,468,285	\$ 2,900,000	\$ 2,900,000	\$ 2,850,000	\$ 2,900,000
FROM WATER FUND-ROI	\$ 2,831,100	\$ 1,925,336	\$ 2,888,000	\$ 2,888,000	\$ 2,888,000	\$ 2,888,000
WHEEL TAX	\$ 2,875,749	\$ 228,082	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000
REAL ESTATE TRANSFER TAX	\$ 310,770	\$ 624,644	\$ 2,750,000	\$ 2,750,000	\$ 1,400,000	\$ 1,700,000
GEMT SERVICE REVENUE	\$ 2,399,317	\$ 471,861	\$ 2,500,000	\$ 2,500,000	\$ 2,000,000	\$ 2,500,000
PENSION PROPERTY TAX	\$ 20,466,167	\$ 10,873,363	\$ 19,990,105	\$ 19,990,105	\$ 19,990,105	\$ 19,990,105
PROPERTY TAXES	\$ 9,392,325	\$ 4,987,282	\$ 9,057,297	\$ 9,057,297	\$ 9,100,000	\$ 9,200,000
ALL OTHER GENERAL FUND REVENUES	\$ 23,146,772	\$ 13,506,051	\$ 22,220,084	\$ 22,220,084	\$ 22,237,284	\$ 23,097,284
TOTAL	\$ 134,293,831	\$ 76,536,403	\$ 133,454,976	\$ 133,454,976	\$ 143,062,879	\$ 148,497,779

General Fund

General Fund Projections (FY 2024)

	FY 24 Budget	FY 24 Low Projection	FY 24 High Projection
Beginning Fund Balance	\$49,066,471	\$49,066,471	\$49,066,471
Revenues	\$133,454,976	\$143,062,879	\$148,497,779
Expenses	-\$147,632,759	-\$146,700,760	-\$146,700,760
Purchase of Little Beans (Unbudgeted)		-\$2,711,226	-\$2,711,226
Transfer for Tower Truck		-\$2,300,000	-\$2,300,000
Transfer to Special Assessment Fund		-\$1,000,000	-\$1,000,000
Staff Vacancy Savings	\$3,705,216	\$5,557,824	\$7,410,432
Surplus / (Deficit)	-\$10,472,567	-\$4,091,283	\$3,196,225
Projected Ending Fund Balance	\$38,593,904	\$44,975,188	\$52,262,696

General Fund

General Fund Revenue Budget (FY 2025)

Row Labels	2024 Low	2024 High	2025 Budget
SALES TAX - BASIC	\$ 13,500,000	\$ 13,800,000	\$ 13,350,000
STATE INCOME TAX	\$ 13,200,000	\$ 13,700,000	\$ 13,700,000
SALES TAX - HOME RULE	\$ 10,500,000	\$ 10,700,000	\$ 10,500,000
RECREATION PROGRAM FEES	\$ 7,200,000	\$ 7,500,000	\$ 8,217,409
BUILDING PERMITS	\$ 15,225,100	\$ 16,000,000	\$ 5,000,000
PERSONAL PROPERTY REPLACEMENT TAX	\$ 2,300,000	\$ 2,800,000	\$ 2,500,000
STATE USE TAX	\$ 2,800,000	\$ 2,950,000	\$ 2,900,000
AMBULANCE SERVICE	\$ 2,800,000	\$ 3,200,000	\$ 2,800,000
TICKET FINES-PARKING	\$ 3,400,000	\$ 3,800,000	\$ 3,800,000
LIQUOR TAX	\$ 3,000,000	\$ 3,100,000	\$ 3,300,000
FROM PARKING FUND	\$ 2,972,390	\$ 2,972,390	\$ 2,972,390
ELECTRIC UTILITY TAX	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000
PARKING TAX	\$ 2,850,000	\$ 2,900,000	\$ 2,900,000
FROM WATER FUND-ROI	\$ 2,888,000	\$ 2,888,000	\$ 2,888,000
WHEEL TAX	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000
REAL ESTATE TRANSFER TAX	\$ 1,400,000	\$ 1,700,000	\$ 2,500,000
GEMT SERVICE REVENUE	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000
PENSION PROPERTY TAX	\$ 19,990,105	\$ 19,990,105	\$ 19,990,105
PROPERTY TAXES	\$ 9,100,000	\$ 9,200,000	\$ 9,449,797
ALL OTHER GENERAL FUND REVENUES	\$ 22,237,284	\$ 23,097,284	\$ 23,795,234
TOTAL	\$ 143,062,879	\$ 148,497,779	\$ 138,762,935

General Fund

- **Public Safety Pensions** - Required annual contribution increases by \$4 million to \$29.6 million with a property tax levy of \$20 million.
- **Wage Increases** - Budget includes contractual and non-union wage increases.
- **New Positions** - Three new positions with two offset by reduction in contractual services and additional revenue.
- **Operating Requests** - Increase of just 0.1% as all new operating requests have been offset by reductions in other areas.

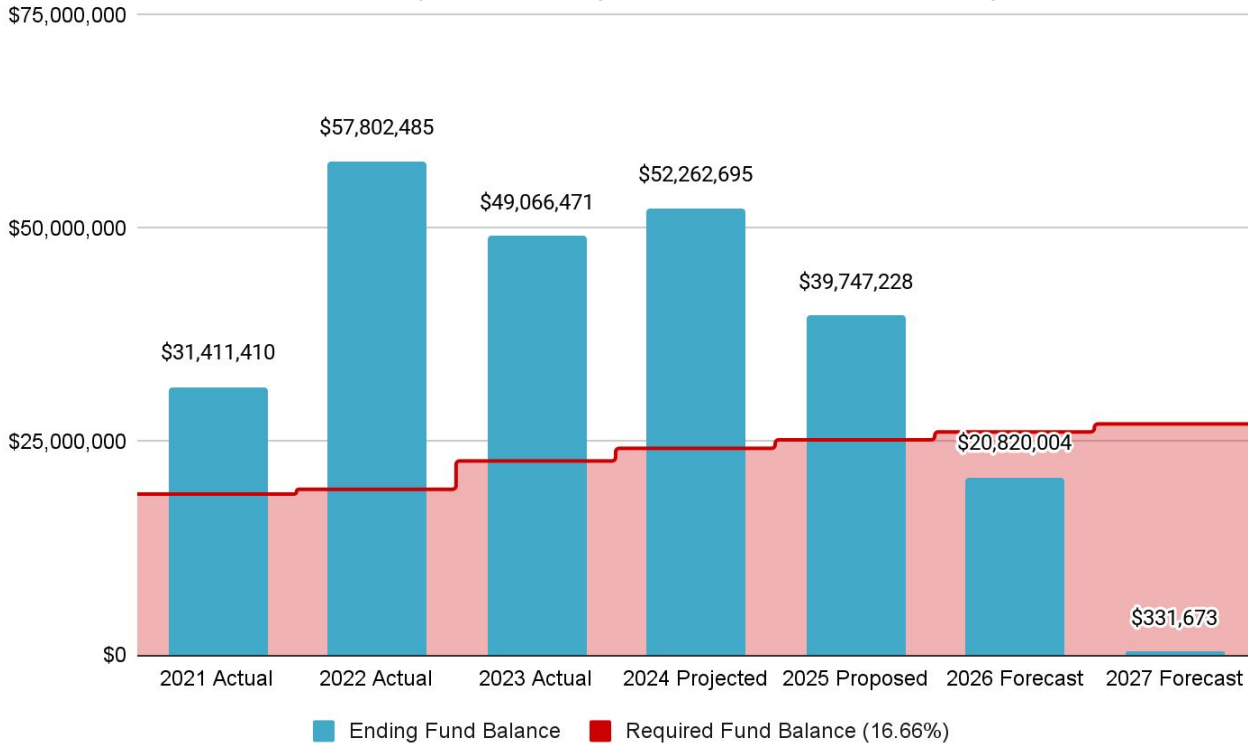
General Fund

Budget Balancing Worksheet (FY 2025)

General Fund Summary	Revenues	Expenses	Net
Baseline General Fund	137,262,935	144,295,723	(7,032,788)
Proposed General Fund Changes (detail below)	14,050,000	6,982,679	7,067,321
Proposed General Fund Budget	151,312,935	151,278,402	34,533
Proposed General Fund Changes	Revenues	Expenses	Notes:
<u>City-Wide Changes</u>			
GF Fund Balance	\$12,550,000		
NW Good Neighbor Revenue	\$1,500,000		
Vacancy Savings (4% --> 6%)		-\$1,813,966	
Transfer to Equipment Replacement Fund		-\$1,500,000	
2024 Required Pension Contribution		\$5,580,079	
2025 Required Pension Contribution		\$4,026,160	
Additional Police overtime and comp time per contract		\$500,000	
New Position - Manager of Field Services (Salary & Benefits)		\$190,406	

General Fund

General Fund Balance Projections (FY 2021 - FY 2027)



- Assumes no increase to property tax levy and a very steady reduction to the staff vacancy rate.
- Accounts for contractual wage increases during this time and assumes economy based revenues hold stable.

2025 Proposed Budget Property Tax Levy

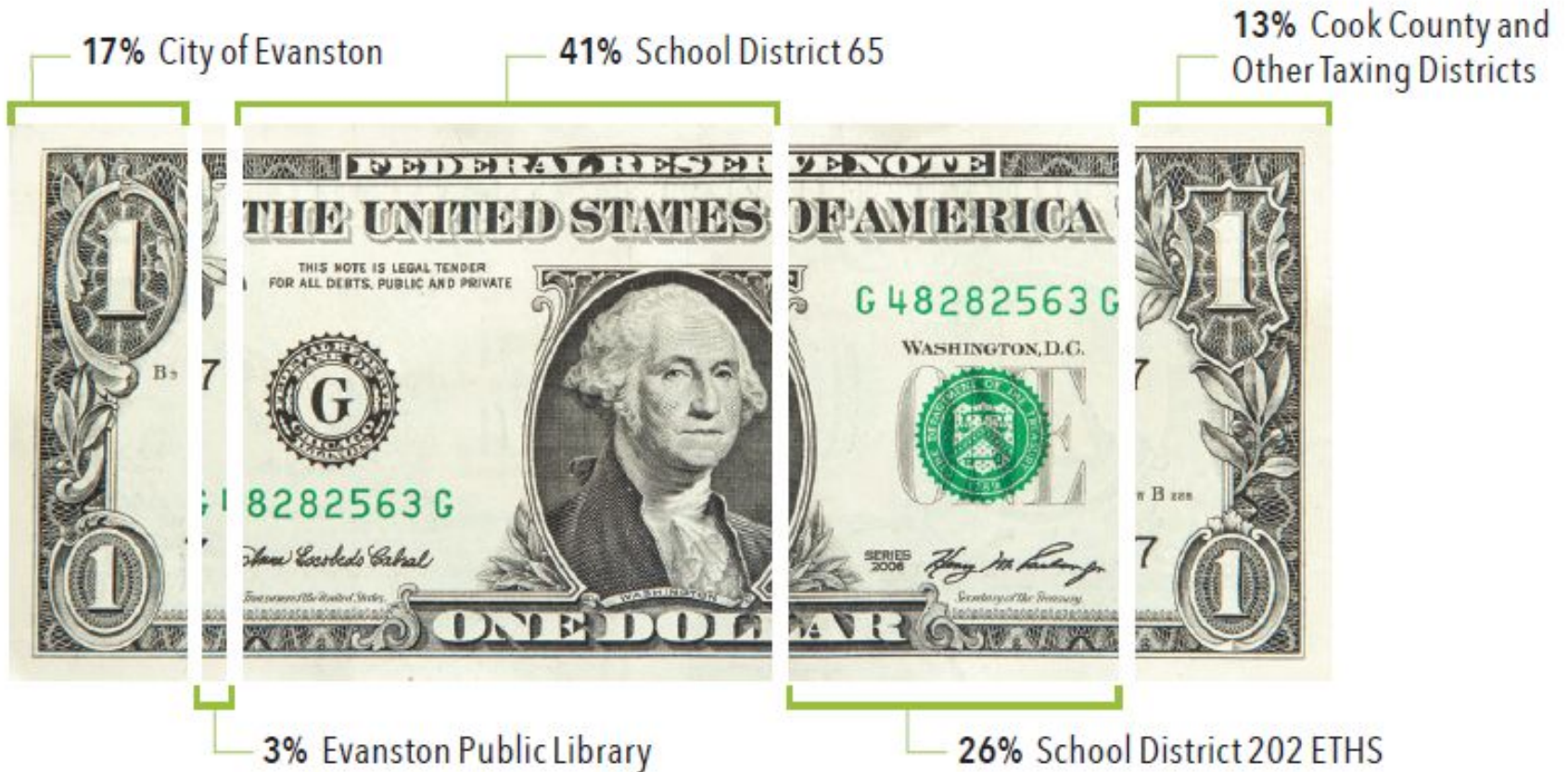
	2022 Adopted Tax Levy	2023 Adopted Tax Levy	2024 Proposed Tax Levy	\$ Change	% Change
	(FY 2023)	(FY 2024)	(FY 2025)		
General Fund Tax Levy	9,057,297	9,057,297	9,449,797	392,500	4.3%
Human Services Fund	3,110,000	3,360,000	3,650,000	290,000	8.6%
General Assistance Fund	1,300,000	1,050,000	750,000	-300,000	-28.6%
Solid Waste Fund	1,332,500	1,332,500	950,000	-382,500	-28.7%
Debt Service (City)	12,878,258	12,766,093	12,766,093	0	0.0%
Fire Pension Fund	9,598,610	9,598,610	9,598,610	0	0.0%
Police Pension Fund	10,391,495	10,391,495	10,391,495	0	0.0%
Total City Levy	47,668,160	47,555,995	47,555,995	0	0.0%
Library Fund	7,535,472	8,213,664	8,624,347	410,683	5.0%
Debt Service (Library)	507,913	574,677	576,946	2,269	0.4%
Total Library Levy	8,043,385	8,788,341	9,201,293	412,952	4.7%
Total Levy (City and Library)	55,711,545	56,344,336	56,757,288	412,952	0.7%

2025 Proposed Budget – Property Tax Levy

	2023 Adopted Tax Levy	2024 Levy			2024 Levy	
	(FY 2024)	If Reserves Not Available	% Change		Proposed Budget	% Change
General Fund Tax Levy	9,057,297	9,721,762	7.3%		9,449,797	4.3%
Human Services Fund	3,360,000	5,950,000	77.1%		3,650,000	8.6%
General Assistance Fund	1,050,000	1,000,000	-4.8%		750,000	-28.6%
Solid Waste Fund	1,332,500	1,332,500	0.0%		950,000	-28.7%
Debt Service (City)	12,766,093	14,159,314	10.9%		12,766,093	0.0%
Fire Pension Fund	9,598,610	13,810,918	43.9%		9,598,610	0.0%
Police Pension Fund	10,391,495	15,785,426	51.9%		10,391,495	0.0%
Total City Levy	47,555,995	61,759,920	29.9%		47,555,995	0.0%
Library Fund	8,213,664	8,624,347	5.0%		8,624,347	5.0%
Debt Service (Library)	574,677	576,946	0.4%		576,946	0.4%
Total Library Levy	8,788,341	9,201,293	4.7%		9,201,293	4.7%
Total Levy (City and Library)	56,344,336	70,961,213	25.9%		56,757,288	0.7%

2025 Proposed Budget – Property Tax Levy

For every dollar you pay in property tax, the City receives 17 cents.



2025 Proposed Budget – Property Tax Rate

Community	2023 Composite Rate	2023 Municipality Rate	2023 Library Rate	2023 Park District Rate	Municipality + Library + Park District Rate	Municipality + Library + Parks as a % of the Composite Rate
Oak Park	10.811	1.622	0.482	0.521	2.625	24.28%
Palatine	9.825	0.978	0.353	0.649	1.98	20.15%
Arlington Heights	9.204	1.009	0.394	0.481	1.884	20.47%
Skokie	8.986	0.486	0.43	0.407	1.323	14.72%
Park Ridge	8.985	0.706	0.2	0.524	1.43	15.92%
Des Plaines	8.694	0.923	0.224	0.441	1.588	18.27%
Bloomington*	8.690	0.993	0.293	0	1.286	14.79%
Evanston*	8.066	1.298**	0.221	0	1.519	18.83%

*Bloomington and Evanston have a Parks and Recreation Department, not a separate taxing Park District

**Evanston Municipality rate also includes the General Assistance property tax levy

2025 Proposed Budget – Property Tax Rate

Community	Home Value	2023 Average Composite Rate	Approximate Tax Bill for Average Composite Rate	Approximate Property Tax towards Municipality + Library + Park District	Approximate Property Tax towards Elementary & Secondary School Districts	Approximate Property Tax Bill towards All Other Taxing Districts
Oak Park	\$500,000.00	10.811	\$16,304.61	\$3,958.89	\$10,136.28	\$2,209.44
Palatine	\$500,000.00	9.825	\$14,817.57	\$2,986.14	\$10,021.66	\$1,809.78
Arlington Heights	\$500,000.00	9.204	\$13,881.01	\$2,841.35	\$8,860.38	\$2,179.28
Skokie	\$500,000.00	8.986	\$13,552.24	\$1,995.28	\$10,243.35	\$1,313.60
Park Ridge	\$500,000.00	8.985	\$13,550.73	\$2,156.65	\$9,605.41	\$1,788.67
Des Plaines	\$500,000.00	8.694	\$13,111.86	\$2,394.94	\$8,860.38	\$1,856.53
Bloomington	\$500,000.00	8.690	\$13,105.82	\$1,939.48	\$7,807.69	\$3,358.65
Evanston	\$500,000.00	8.066	\$11,791.28	\$2,220.55	\$7,943.69	\$1,627.04

*Evanston Municipality rate also includes the General Assistance property tax levy

Note: Total taxes for all communities include the Cook County Homeowners exemption.

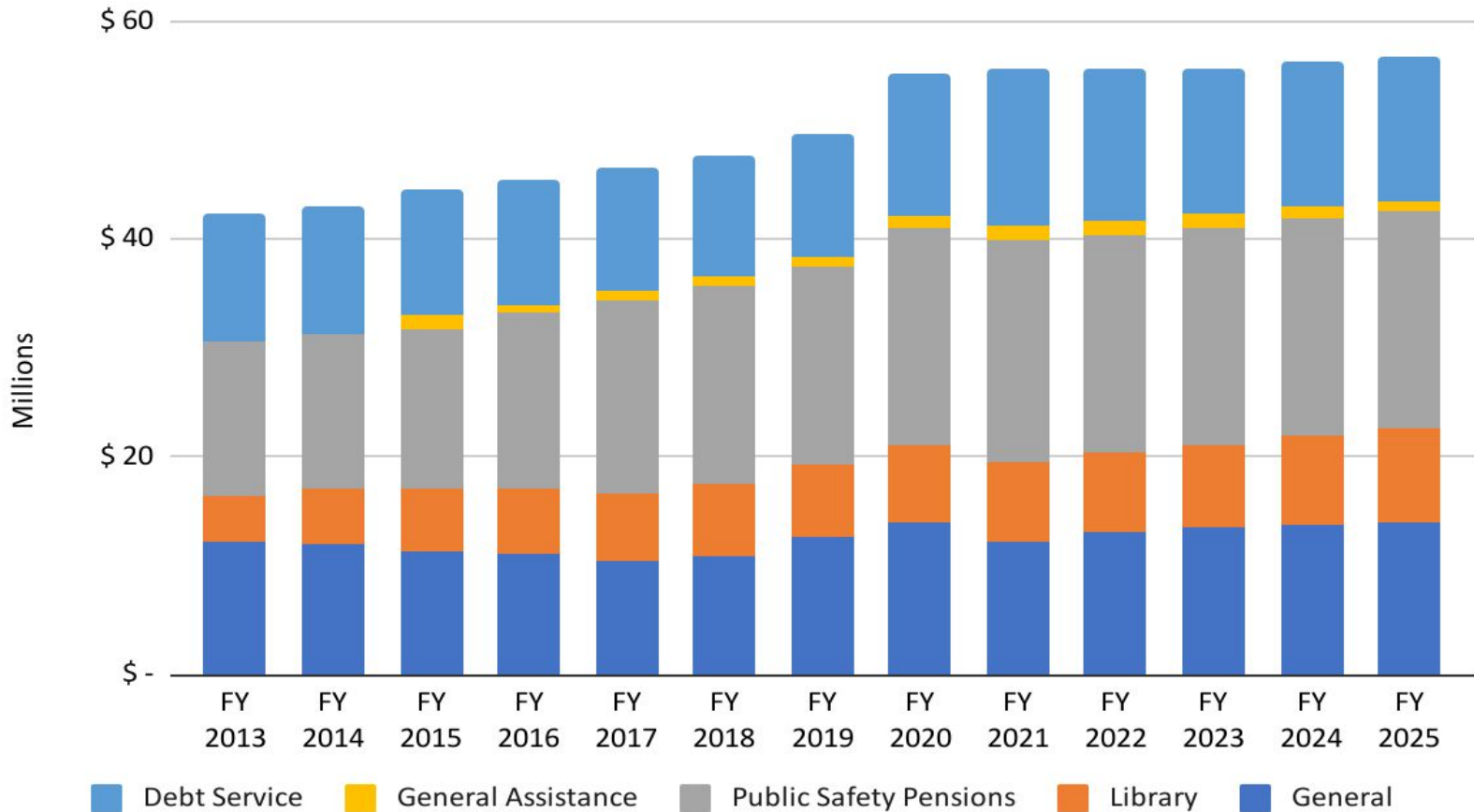
2025 Proposed Budget Property Tax Impact

	Estimated 2025 GO Bonds		Property Tax Increase
	Go Bonds	\$ 24,000,000	
	Estimated Interest	\$ 9,600,000	
	Total debt service	\$ 33,600,000	
	Annual Debt service (20 year term)	\$ 1,680,000	1,000,000

		2023 Levy					
Market Value of Property	10% Market Value Assessed Value of Property	Equalized Value of Property	Estimated City Tax	Projected City Tax	Amount Of Increase	Projected City Tax	Amount Of Increase
				on \$1.68M increase		on \$1M increase	
\$100,000	\$10,000	\$30,163.00	\$458.18	\$471.83	\$13.65	\$466.29	\$8.11
\$200,000	\$20,000	\$60,326.00	\$916.35	\$943.66	\$27.31	\$932.57	\$16.22
\$300,000	\$30,000	\$90,489.00	\$1,374.53	\$1,415.49	\$40.96	\$1,398.86	\$24.33
\$400,000	\$40,000	\$120,652.00	\$1,832.70	\$1,887.32	\$54.61	\$1,865.14	\$32.44
\$600,000	\$60,000	\$180,978.00	\$2,749.06	\$2,830.98	\$81.92	\$2,797.71	\$48.66
\$800,000	\$80,000	\$241,304.00	\$3,665.41	\$3,774.64	\$109.23	\$3,730.29	\$64.88
\$1,000,000	\$100,000	\$301,630.00	\$4,581.76	\$4,718.30	\$136.54	\$4,662.86	\$81.10

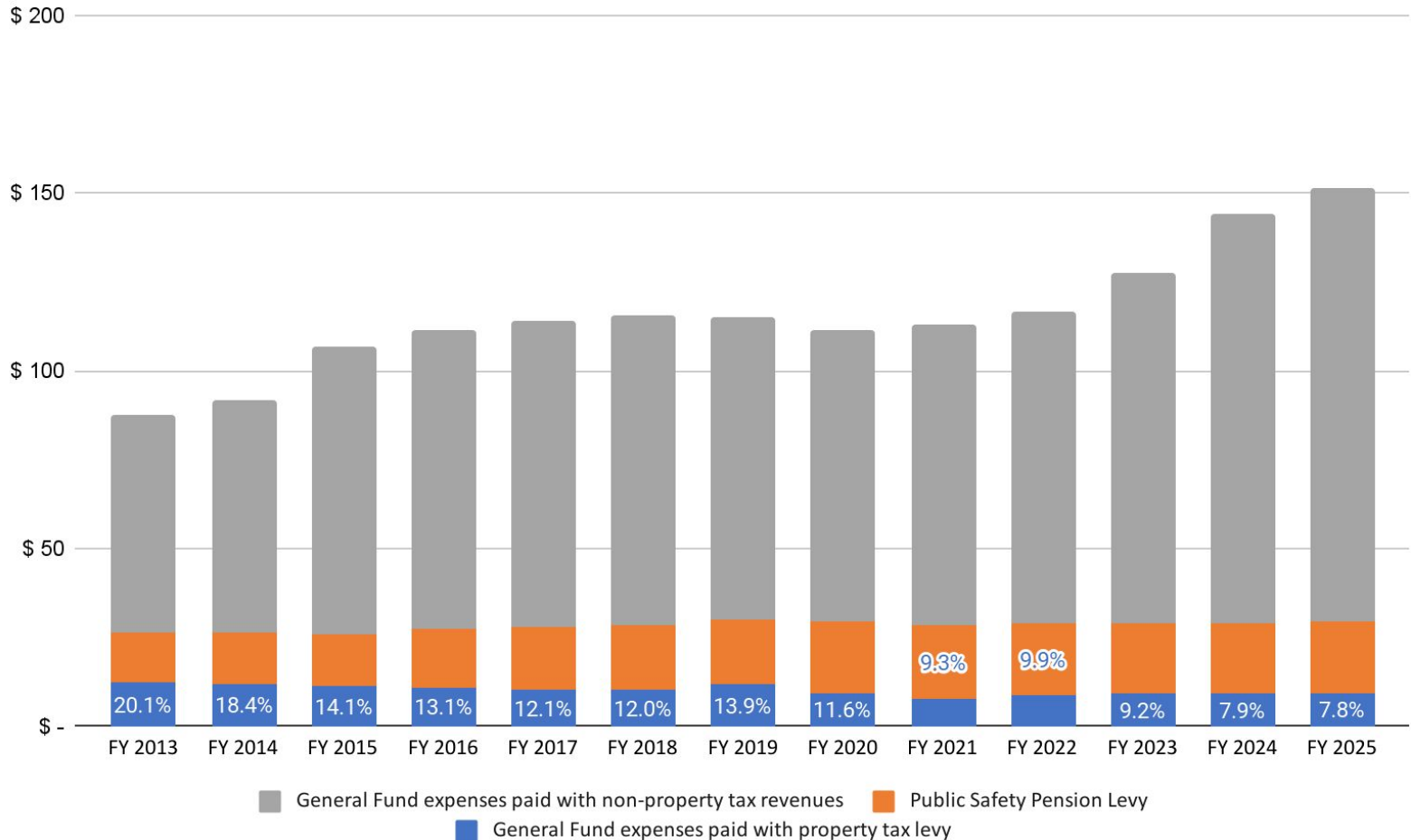
2025 Proposed Budget – Property Tax Impact

Property Tax Levy (FY 2013 - FY 2025)



2025 Proposed Budget – Property Tax Impact

Percent of General Fund Expenses Paid for with Property Tax (FY 2013 -FY 2025)



2025 Proposed Budget – Other Fee Adjustments

Fee	Change	Reason	Impact on Evanston Resident
Water (Proposed)	+23.3%	Covers the cost of water main replacement, lead service line replacement.	\$5/month for the average Evanston water/sewer customer
Sewer (Proposed)	-13.5%	Less sewer infrastructure capital needs and fund balance reserve.	
Solid Waste (Approved)	+7.5%	Covers a portion of wage increases for staff and increases in cost of equipment and services.	\$22.50/year for those with 95 gallon cart.

2025 Proposed Budget – Public Safety Pensions

	2022	2023	2024	2025
Police	\$ 11,194,538	\$ 13,295,458	\$ 13,215,001	\$ 15,785,426
Fire	\$ 9,528,524	\$ 11,793,978	\$ 12,355,183	\$ 13,810,918
TOTAL	\$ 20,723,062	\$ 25,089,436	\$ 25,570,184	\$ 29,596,344
Property Tax Levy	\$ 20,118,062	\$ 19,990,105	\$ 19,990,105	\$ 19,990,105
Other Funding Sources	\$ 605,000	\$ 5,099,331	\$ 5,580,079	\$ 9,606,239
TOTAL	\$ 20,723,062	\$ 25,089,436	\$ 25,570,184	\$ 29,596,344
Funding Target (by 2040)	90%	100%	100%	100%
PPRT*	\$ 5,616,675	\$ 4,087,124	\$ 2,500,000	\$ 2,500,000
*2024 and 2025 are estimates				

- Pension property tax levy continues to be held below 2022 levels despite 43% increase in required contributions since then.
- The \$4 million increase in required contributions will be covered by General Fund reserves while they are available.

2025 Proposed Budget – Public Safety Pensions

Per past several audits, statutorily required contribution of Personal Property Replacement Tax (PPRT) to the public safety pension fund was 4.76% of tax levies.

Example from Illinois Department Of Revenue (IDOR):

Calculation of Bond and Pension Liens

Assume that in the 1978 tax levy year, the county treasurer collected 90 percent of the taxes on real estate and 10 percent on personal property.

	BOND FUND
Current bond needs (principal and interest)	\$80,000
First lien on replacement tax money	<u>X 10%</u>
	\$ 8,000
	PENSIONS
(Social security, IMRF, fire pension, police pension, etc. paid from any levy fund.)	
Current pension needs	\$10,000
Second lien on replacement tax money	<u>X 10%</u>
	\$ 1,000

2025 Proposed Budget – Public Safety Pensions

IV. SOURCES OF PENSION CONTRIBUTIONS

Required Contribution based on the actuarial valuation report using 100% funding by 2040 will come from any one or more of the following:

- 1) A Pension Property Tax levy that is at the same dollar value level as the prior year adjusted for allocated PPRT per item 2 below;
- 2) The maximum allowable PPRT allocation.
- 3) Additional unrestricted revenues, net of expenses available in the General Fund.
 - a. If the subsequent year budget, after due consideration of discretionary and non-discretionary expenses such as the ADC, is in deficit, then the ADC may be funded, in part, by any General Fund Reserves in excess of the General Fund required fund balance.
 - b. The City Council may, at its discretion, also consider transferring to the General Fund, for use in making the ADC, any excess fund balances in other unrestricted City Funds.
- 4) If there are not excess reserves available to make the full ADC, then the City Council shall raise the Pension Property Tax levy in order to fund the ADC.
 - a. It is the intent of this Funding Policy that if adequate budget revenues net of expenses or reserves are not available to make the full ADC, then the Pension Property Tax levy shall be raised in order to provide additional funds to achieve the required contribution.

2025 Proposed Budget New Positions

Fund	FTE Added
General Fund	3
Human Services Fund	1
Sustainability Fund	1
Water Fund	1
TOTAL	6

- Four of the new positions are offset by grant revenue, new revenue, or elimination of consulting services.
- Budget also includes 4.4 positions that were recommended and approved by the City Council in 2024 (CARE Team).

2025 Proposed Budget Menu of Options

- Staff has compiled a list of 38 ideas to address the structural deficit and use of fund balance.
- Can explore any combination of these with the Finance and Budget Committee and City Council as part of this budget or next year.
- <https://www.cityofevanston.org/home/showpublisheddocument/97226/638636409521249423>

2025 Proposed Capital Improvement Plan by Fund

Fund	FY 2025 Proposed
187- Library Fund	\$1,900,000
200- Motor Fuel Tax Fund	\$4,117,185
215- CDBG Fund	\$1,160,000
335- West Evanston TIF Fund	\$1,560,790
365- Five Fifths TIF Fund	\$40,520
415- Capital Improvements Fund	\$28,771,000
420- Special Assessment Fund	\$1,650,000
505 - Parking Fund	\$2,600,000
510- Water Fund	\$41,970,905
515- Sewer Fund	\$2,740,000
Pass Through Grants	\$250,000
Total	\$86,760,400

2025 Proposed Budget – Calendar

- **Friday, October 4:** Proposed Budget available on City website
- **Tuesday, October 8:** Budget Discussion at Finance and Budget Committee
- **Monday, October 14:** Budget Discussion at City Council
- **Monday, October 28:** Budget Public Hearing at City Council
- **Wednesday, October 30:** Budget Ward Meeting (1st/6th/7th)
- **Monday, November 4:** Truth in Taxation Public Hearing at City Council
- **Wednesday, November 6:** Budget Ward Meeting (2nd/5th)
- **Thursday, November 7:** Budget Ward Meeting (3rd/4th/9th)
- **Monday, November 11:** Introduction of Tax Levy Ordinances
- **Tuesday, November 12:** Budget Discussion at Finance and Budget Committee
- **Monday, November 25:** Target Adoption of Budget by City Council