

CITY OF EVANSTON

Weekly Budget Memos
FY 2025 Proposed Budget
Updated November 8, 2024



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**This memo was initially published on October 18, and a revised version was published on November 1 to include additional data.*

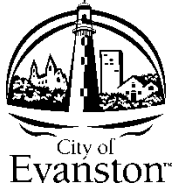
The Purpose of this Document

Throughout October and November 2024, members of the City Council, the Finance & Budget Committee, City of Evanston staff, and members of the public have held committee/council meetings, ward meetings, and public hearings to discuss the [FY 2025 Proposed Budget](#).

Coming out of these public forums, Councilmembers, staff, and members of the public have requested additional information or clarification about topics related to the FY 2025 Proposed Budget. This document is meant to address those requests and questions posed to staff.

The memos below are the staff responses to those requests for information and clarifying questions. This document will be refreshed once per week until the FY 2025 Budget is adopted by City Council, typically on Fridays. The memos have been organized by the dates that they were originally published.

Friday, October 18 Memos



Memorandum

To: City Manager and CFO/Treasurer
From: Michael Van Dorpe, Financial Analyst
Subject: Pension Transfer and Interfund Transfer Presentation in FY 2025 Budget
Date: October 18, 2024

Pension Transfer and Interfund Transfer Presentation in FY 2025 Budget

CMO Request:

Can we do a short budget memo highlighting how our comparable communities (1) show/don't show public safety pension funds in their annual budget AND (2) how they handle interfund transfers when talking about the total budget?

Staff Response:

In Spring 2024, the Finance & Budget Committee approved a list of seven “Peer Communities” to consistently compare various financial figures, processes, and policies. Those seven Peer Communities are: Arlington Heights, Bloomington, Des Plaines, Oak Park, Palatine, Park Ridge, and Skokie. Finance & Budget Committee members also have identified two “best practice” communities, Naperville and Wilmette, which have sometimes been included when staff have conducted comparable community research for the Finance & Budget Committee. For this memo, staff considered all nine of these communities for this comparison analysis.

Showing/Not Showing Public Safety Pension Budgets

Sikich, the City’s auditor, confirmed that it is not necessary to budget the pension funds since the benefits are defined by the State and the fund is controlled by separate pension boards. The City Council does not have appropriation authority over the pension funds themselves.

In order to align with a number of our comparables, be consistent with how we show IMRF, avoid double counting expenses, and make it clear that the pension boards, not the City Council, appropriates funding for the pension funds, staff made the conscious decision to recommend excluding them in the FY 2025 proposed budget. The budget continues to report the pension levy collection and the contributions to the pension funds in the General Fund as required under accounting rules.

Of our seven comparable communities and two best practice communities, here is how they chose to or not to present the pension funds in their total budget:

- Includes Pension Funds in Annual Budget (5): Arlington Heights, Oak Park, Palatine, Wilmette, Skokie
- Does NOT Include Pension Funds in Annual Budget (4): Naperville, Park Ridge, Des Plaines, Bloomington

Presentation of Total Budget with/without Interfund Transfers

As part of the changes in presentation to the budget, staff made some changes to how interfund transfers are presented:

- In the transmittal letter, when describing the total budget for all funds in aggregate, staff presented the total excluding interfund transfers.
- In the All Funds Summary table, staff provided a table including interfund transfers and an additional table excluding interfund transfers.
- Staff included a separate table which summarizes all of the interfund transfers in the budget.

When describing their total budgets across all funds in the Transmittal Letter/Budget Message, some of the comparable communities present a total including interfund transfers, others present a total number without interfund transfers, and others still do not present a total number at all in this section of the budget.

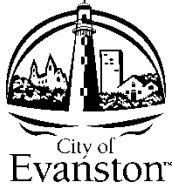
- Total With Transfers: Arlington Heights, Bloomington, Palatine
- Total Without Transfers: Des Plaines, Naperville, Oak Park,
- Total Not Described: Park Ridge, Skokie, Wilmette

All of the comparable communities provide a table summarizing the revenues and expenses for all funds in the budget. Some of them present this information including transfers, while others provide this information excluding the transfers.

- With Transfers: Arlington Heights, Bloomington, Naperville, Palatine, Park Ridge, Skokie, Wilmette
- Without Transfers: Des Plaines, Oak Park

Only a handful of the comparable communities provide a separate table listing all interfund transfers in one space.

- Includes a distinct table with all interfund transfers: Arlington Heights, Bloomington, Oak Park
- Does not include a distinct table with all interfund transfers included: Des Plaines, Naperville, Palatine, Park Ridge, Skokie, Wilmette



Memorandum

To: City Manager and CFO/Treasurer
From: Clayton Black, Budget Manager
Subject: Public Safety Pension and IMRF Tax Levies
Date: October 18, 2024

Public Safety Pension and IMRF Tax Levies

Finance & Budget Committee Request:

It looks like the public safety pension gross tax levy is going down and the IMRF gross tax levy is going up. Why is this the case?

Staff Response:

Public Safety Pension Gross Property Tax Levy

Cook County allows a property tax loss factor of up to 5% for debt service property tax levies and up to 3% for all other levies. The City has used a 4.8% debt service loss factor and 3% for all other levies since 2020. In March 2024, the Finance and Budget Committee recommended that the City use a 3% loss factor for debt service and a 2.5% loss factor for all other tax levies.

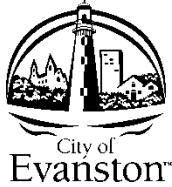
The reduction to the public safety pension property tax gross levy in the proposed budget is a result of the decision by the Finance and Budget Committee to reduce the loss factor. The net levy remains the same for public safety pensions and any amount collected in excess of the net levy will continue to be provided to the pension funds above and beyond the required annual contribution. In the event, the actual loss factor exceeds the budgeted amount, additional reserves would be used to at a minimum, meet the net levy.

Following the City's public safety pension policy, the City's contribution to public safety pensions in 2025 totals **\$29.6 million** with \$20 million coming from the pension property tax levy and the remaining \$9.6 million coming from General Fund reserves, which includes the Personal Property Replacement Tax (PPRT). This reflects an increase of **\$4 million** from the 2024 adopted budget.

IMRF Gross Property Tax Levy

While the City Council's policy for public safety pensions draws on General Fund reserves as long as they are available, the City continues to levy the amount based on the rate calculation

(percentage of pay as contribution) provided by IMRF. The City's required IMRF contributions levy is estimated at **\$1.3 million** resulting in an increase of roughly **\$400,000** for 2025 mainly due to the downward adjustment of investment gains



Memorandum

To: City Manager and CFO/Treasurer
From: Hitesh Desai, Chief Financial Officer
Subject: Contribution to Public Safety Pensions
Date: October 18, 2024

Contribution to Public Safety Pensions

City Council Request:

How much from both Personal Property Replacement Tax (PPRT) and General Fund Reserves was allocated to the Pensions in 2023 and in 2024?

Staff Response:

Since 2023, contributions to public safety pensions have followed guidance in the City's adopted public safety pension policy. The City's pension policy states:

*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's budget... 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.

5) *The City Council is encouraged to devote a portion of any **unrestricted proceeds from asset sales or any other non-recurring revenue sources** to fund incremental pension contributions above the ADC for that year. Any incremental contributions shall then be considered in calculating the required future contributions under this Policy.*

One of the five items of funding source (PPRT) is not defined in absolute dollars, but instead says, "maximum allowable". The "maximum allowable" cannot be 100% as PPRT has to be used towards IMRF pension and social security per state example below. Total social security and IMRF cost for the city in the General Fund for FY 2025 is budgeted at approximately \$5 million.

The summary below from the [Illinois Department of Revenue](#) shows the formula for calculating PPRT allocations for each of these liens. PPRT is deposited in the General Fund and used for those items required based on guidance from the Illinois Department of Revenue (social security, IMRF, police pension, fire pension).

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.

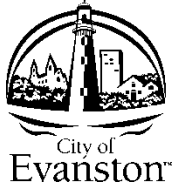
	BOND FUND
Current bond needs (principal and interest)	\$80,000
First lien on replacement tax money	<u>X 10%</u>
	\$ 8,000
	PENSIONS
(Social security, IMRF, fire pension, police pension, etc. paid from any levy fund.)	
Current pension needs	\$10,000
Second lien on replacement tax money	<u>X 10%</u>
	\$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

Staff have reached out to Cook County and the Illinois Department of Revenue but have been unable to determine the statutorily required percentage allocation to IMRF, public safety pensions, and the other liens. In line with the FY 2023 and FY 2024 budgets, pension levies are kept flat in the proposed FY 2025 budget with excess funding proposed to come from the General Fund, which includes the PPRT.

The proposal budgets PPRT revenues at just \$2.5 million, all of which is to go to the General Fund as regular operating revenue, with the statutorily required portion included as part of the \$9.6 million transferred to the public safety pension funds for the required annual contribution. Total contributions from the General Fund in 2023 through 2025 have far exceeded even the

total amount of PPRT, even though, as stated, a portion of PPRT must be used for social security and IMRF.

	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 - 2040	90%	100%	100%	100%
PPRT*	\$ 5,616,675	\$ 4,087,124	\$ 2,500,000	\$ 2,500,000
*2024 and 2025 are estimates				



Memorandum

To: City Manager and CFO/Treasurer
From: Clayton Black, Budget Manager
Subject: Annual Costs and Revenues for Community Centers
Date: Initial: October 18, 2024
Revised: November 1, 2024

Annual Costs and Revenues for Community Centers

This memo was initially published on October 18 with data for FY 2021 through FY 2025. Staff were asked to revise the memo to include data for FY 2019 and FY 2020 as well.

Finance & Budget Committee Request:

Evanston Now had an article earlier this year about the losses at all of the Recreation and Community Centers. Do you have data on that? Is it correct that Crown is losing something on the order of \$1.5M per year? If so, why can we not increase user fees to address that now?

Staff Response:

From 2019 through 2023 (excluding 2020 due to the pandemic), the Parks and Recreation Department covered between 52% and 61% of annual operating expenses with recreation program fees, rental fees, and other revenues. The adopted FY 2024 budget and proposed FY 2025 budget set this amount at 47% and 51% respectively. Debt service for capital expenses at community parks and park facilities are unabated and covered through the property tax levies. These amounts are generally in line with other Parks and Recreation Districts/Departments, although other departments that are operated as their own unit of local government covers any remaining operating expenses with a dedicated property tax levy.

The table below shows annual operating surpluses and deficits for the City's eight recreation centers. This table only includes operating expenses (salaries and benefits, programming, equipment, etc.) and excludes any debt service associated with capital improvements at the centers. As it shows, the Crown Community Center operated at a loss of \$880,959 in 2023.

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Crown Community Center	\$ (656,766)	\$ (1,493,089)	\$ (1,181,534)	\$ (433,073)	\$ (880,959)	\$ (1,107,221)	\$ (972,102)
Fleetwood Jourdain Center	\$ (805,683)	\$ (719,280)	\$ (684,357)	\$ (763,483)	\$ (968,367)	\$ (954,793)	\$ (927,142)
Levy Center	\$ (770,844)	\$ (671,495)	\$ (661,381)	\$ (442,069)	\$ (698,015)	\$ (817,368)	\$ (766,521)
Ecology Ctr	\$ (221,600)	\$ (197,284)	\$ (150,364)	\$ 3,844	\$ (87,950)	\$ (581,107)	\$ (634,644)
Chandler Center	\$ (97,254)	\$ (326,999)	\$ (3,127)	\$ 28,924	\$ (14,420)	\$ (132,811)	\$ (138,363)
Gibbs-Morrison	\$ (129,168)	\$ (103,604)	\$ (40,093)	\$ (14,924)	\$ (5,028)	\$ (89,762)	\$ (63,949)
Noyes Cultural Arts Center	\$ 150,785	\$ 2,691	\$ 59,053	\$ 106,896	\$ 118,133	\$ 83,339	\$ 107,993
South End Rec Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,266
TOTAL	\$ (2,530,531)	\$ (3,509,061)	\$ (2,661,802)	\$ (1,513,886)	\$ (2,536,605)	\$ (3,599,722)	\$ (3,171,463)

In addition to the eight rec centers, the Parks and Recreation Department has 17 other business units and programs that have associated financials. The largest of these business units is the Administration unit, which provides administrative support for all other units.

Some of the programs on this list have no dedicated revenues (i.e. CARES Team, Human Services, Youth Engagement, Bus Program, etc.) while others have small revenue streams that support operations (i.e. Farmers Market, Special Recreation, Special Events). The table on the following page shows the operating surpluses and deficits for these 17 business units.

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Administration	\$ (1,574,294)	\$ (1,487,079)	\$ (1,582,585)	\$ (1,567,501)	\$ (1,887,936)	\$ (2,320,727)	\$ (2,396,839)
Youth Engagement	\$ (1,386,755)	\$ (843,897)	\$ (1,264,935)	\$ (738,979)	\$ (1,778,342)	\$ (1,962,945)	\$ (2,125,802)
Special Recreation	\$ (380,201)	\$ (279,073)	\$ (479,140)	\$ (384,616)	\$ (403,727)	\$ (479,570)	\$ (672,643)
CARE Team	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (488,163)
Special Events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (205,607)	\$ (211,703)
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,909)
Beaches	\$ 18,789	\$ 422,631	\$ 93,984	\$ (677,345)	\$ (186,024)	\$ (121,965)	\$ (164,736)
Park Service Unit	\$ (123,345)	\$ (82,799)	\$ (88,653)	\$ (81,146)	\$ (194,893)	\$ (275,807)	\$ (145,800)
Bus Program	\$ (63,354)	\$ (39,867)	\$ (31,061)	\$ (31,477)	\$ (63,631)	\$ (91,601)	\$ (95,061)
Recreation Outreach	\$ (63,978)	\$ 491,521	\$ (46,749)	\$ 34,632	\$ (75,861)	\$ 35,300	\$ (65,700)
Other Programs	\$ 262,039	\$ (95,913)	\$ (164,089)	\$ (96,667)	\$ (61,818)	\$ (92,000)	\$ -
Pooch Park	\$ 22,533	\$ 21,155	\$ 18,573	\$ 6,317	\$ 10,435	\$ 10,000	\$ 10,000
Cultural Arts Programs	\$ (78,730)	\$ (66,427)	\$ (81,084)	\$ (60,183)	\$ (6,803)	\$ 15,348	\$ 23,215
Farmer's Market	\$ -	\$ (4,029)	\$ (1,336)	\$ (20,978)	\$ (75,108)	\$ 25,950	\$ 29,700
Park Rental	\$ -	\$ -	\$ 30,694	\$ 44,795	\$ 58,436	\$ 45,000	\$ 60,000
Boat Ramp Operations	\$ (13,283)	\$ 175,422	\$ 212,516	\$ 222,113	\$ 185,780	\$ 166,350	\$ 126,350
Sports Leagues	\$ 19,992	\$ (2,105)	\$ 2,887	\$ (9,527)	\$ (44,011)	\$ 68,450	\$ 204,709
TOTAL	\$ (3,360,588)	\$ (1,790,460)	\$ (3,380,979)	\$ (3,360,564)	\$ (4,523,503)	\$ (5,183,824)	\$ (6,113,382)

The table on the following pages shows actual revenues and expenses for each of the department's 25 business units (8 recreation centers + 17 other programs/services) from 2019 through 2025.

As part of the proposed budget discussion, the Parks and Recreation Department has included a recommendation on the menu of options to undertake a comprehensive review of all fees and increase them by an average of 7%, generating approximately \$500,000. Program fees for programs \$500+ would increase by 5% while programs less than \$500, facility rentals, and park rentals would increase by 10%.

Parks Operation	2019 Actual			2020 Actual			2021 Actual		
	Expenses	Revenues	Gain/(Loss)	Expenses	Revenues	Gain/(Loss)	Expenses	Revenues	Gain/(Loss)
Administration	\$ 1,714,518	\$ 140,224	\$ (1,574,294)	\$ 1,603,684	\$ 116,605	\$ (1,487,079)	\$ 1,643,764	\$ 61,179	\$ (1,582,585)
Youth Engagement	\$ 1,398,243	\$ 11,488	\$ (1,386,755)	\$ 843,897	\$ -	\$ (843,897)	\$ 1,264,935	\$ -	\$ (1,264,935)
Crown Community Center	\$ 2,473,765	\$ 1,816,999	\$ (656,766)	\$ 2,718,532	\$ 1,225,443	\$ (1,493,089)	\$ 3,214,394	\$ 2,032,860	\$ (1,181,534)
Fleetwood Jourdain	\$ 1,204,685	\$ 399,002	\$ (805,683)	\$ 893,025	\$ 173,745	\$ (719,280)	\$ 1,037,270	\$ 352,913	\$ (684,357)
Levy Center	\$ 1,562,702	\$ 791,859	\$ (770,844)	\$ 1,148,112	\$ 476,617	\$ (671,495)	\$ 1,177,523	\$ 516,143	\$ (661,381)
Special Recreation	\$ 486,422	\$ 106,221	\$ (380,201)	\$ 309,726	\$ 30,653	\$ (279,073)	\$ 527,299	\$ 48,160	\$ (479,140)
Ecology Center	\$ 456,079	\$ 234,479	\$ (221,600)	\$ 374,742	\$ 177,457	\$ (197,284)	\$ 465,298	\$ 314,934	\$ (150,364)
CARE Team	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beaches	\$ 793,149	\$ 811,937	\$ 18,789	\$ 692,018	\$ 1,114,649	\$ 422,631	\$ 896,569	\$ 990,553	\$ 93,984
Park Service Unit	\$ 123,345		\$ (123,345)	\$ 82,799		\$ (82,799)	\$ 88,653	\$ -	\$ (88,653)
Chandler Center	\$ 781,024	\$ 683,770	\$ (97,254)	\$ 651,825	\$ 324,826	\$ (326,999)	\$ 915,143	\$ 912,016	\$ (3,127)
Bus Program	\$ 63,354		\$ (63,354)	\$ 39,867		\$ (39,867)	\$ 31,061		\$ (31,061)
Recreation Outreach	\$ 273,283	\$ 209,306	\$ (63,978)	\$ 245,401	\$ 736,922	\$ 491,521	\$ 251,966	\$ 205,217	\$ (46,749)
Gibbs-Morrison Center	\$ 172,175	\$ 43,007	\$ (129,168)	\$ 117,586	\$ 13,982	\$ (103,604)	\$ 49,968	\$ 9,875	\$ (40,093)
Other Programs	\$ 211,063	\$ 472,996	\$ 262,039	\$ 97,054	\$ 1,100	\$ (95,913)	\$ 165,461	\$ 1,371	\$ (164,089)
Pooch Park		\$ 22,533	\$ 22,533		\$ 21,155	\$ 21,155	\$ -	\$ 18,573	\$ 18,573
Cultural Arts Programs	\$ 333,341	\$ 254,611	\$ (78,730)	\$ 230,299	\$ 163,872	\$ (66,427)	\$ 339,991	\$ 258,907	\$ (81,084)
Farmer's Market	\$ -	\$ -	\$ -	\$ 4,029	\$ -	\$ (4,029)	\$ 69,692	\$ 68,356	\$ (1,336)
Park Rental		\$ -	\$ -		\$ -	\$ -	\$ -	\$ 30,694	\$ 30,694
Noyes Cultural Arts Center	\$ 219,586	\$ 370,371	\$ 150,785	\$ 243,391	\$ 246,081	\$ 2,691	\$ 237,741	\$ 296,794	\$ 59,053
Boat Ramp Operations	\$ 49,670	\$ 36,388	\$ (13,283)	\$ 96,542	\$ 271,964	\$ 175,422	\$ 75,286	\$ 287,801	\$ 212,516
Sports Leagues	\$ 49,012	\$ 69,004	\$ 19,992	\$ 2,105	\$ -	\$ (2,105)	\$ 6,156	\$ 9,043	\$ 2,887
South End Rec Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total	\$ 12,365,417	\$ 6,474,193	\$ (5,891,119)	\$ 10,394,633	\$ 5,095,071	\$ (5,299,521)	\$ 12,458,169	\$ 6,415,388	\$ (6,042,781)

Parks Operation	2022 Actual			2023 Actual			2024 Budget		
	Expenses	Revenues	Gain/(Loss)	Expenses	Revenues	Gain/(Loss)	Expenses	Revenues	Gain/(Loss)
Administration	\$ 1,711,791	\$ 144,289	\$ (1,567,501)	\$ 2,047,303	\$ 159,367	\$ (1,887,936)	\$ 2,351,727	\$ 31,000	\$ (2,320,727)
Youth Engagement	\$ 960,573	\$ 221,594	\$ (738,979)	\$ 2,051,372	\$ 273,030	\$ (1,778,342)	\$ 1,962,945	\$ -	\$ (1,962,945)
Crown Community Center	\$ 3,421,862	\$ 2,988,789	\$ (433,073)	\$ 3,825,573	\$ 2,944,614	\$ (880,959)	\$ 4,460,721	\$ 3,353,500	\$ (1,107,221)
Fleetwood Jourdain	\$ 1,049,348	\$ 285,865	\$ (763,483)	\$ 1,256,853	\$ 288,486	\$ (968,367)	\$ 1,262,793	\$ 308,000	\$ (954,793)
Levy Center	\$ 1,141,700	\$ 699,631	\$ (442,069)	\$ 1,483,851	\$ 785,836	\$ (698,015)	\$ 1,527,868	\$ 710,500	\$ (817,368)
Special Recreation	\$ 496,058	\$ 111,442	\$ (384,616)	\$ 487,436	\$ 83,708	\$ (403,727)	\$ 569,570	\$ 90,000	\$ (479,570)
Ecology Center	\$ 463,587	\$ 467,431	\$ 3,844	\$ 681,113	\$ 593,162	\$ (87,950)	\$ 911,107	\$ 330,000	\$ (581,107)
CARE Team	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,607	\$ 80,000	\$ (205,607)
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beaches	\$ 1,193,026	\$ 515,681	\$ (677,345)	\$ 845,255	\$ 659,231	\$ (186,024)	\$ 701,965	\$ 580,000	\$ (121,965)
Park Service Unit	\$ 81,146	\$ -	\$ (81,146)	\$ 194,893	\$ -	\$ (194,893)	\$ 275,807	\$ -	\$ (275,807)
Chandler Center	\$ 899,901	\$ 928,825	\$ 28,924	\$ 1,103,884	\$ 1,089,464	\$ (14,420)	\$ 1,059,311	\$ 926,500	\$ (132,811)
Bus Program	\$ 31,477	\$ -	\$ (31,477)	\$ 63,631	\$ -	\$ (63,631)	\$ 91,601	\$ -	\$ (91,601)
Recreation Outreach	\$ 184,491	\$ 219,123	\$ 34,632	\$ 307,907	\$ 232,046	\$ (75,861)	\$ 109,700	\$ 145,000	\$ 35,300
Gibbs-Morrison Center	\$ 23,832	\$ 8,908	\$ (14,924)	\$ 8,745	\$ 3,717	\$ (5,028)	\$ 89,762	\$ -	\$ (89,762)
Other Programs	\$ 96,467	\$ (200)	\$ (96,667)	\$ 62,493	\$ 675	\$ (61,818)	\$ 92,000	\$ -	\$ (92,000)
Pooch Park	\$ -	\$ 6,317	\$ 6,317	\$ -	\$ 10,435	\$ 10,435	\$ -	\$ 10,000	\$ 10,000
Cultural Arts Programs	\$ 341,855	\$ 281,672	\$ (60,183)	\$ 364,597	\$ 357,794	\$ (6,803)	\$ 304,652	\$ 320,000	\$ 15,348
Farmer's Market	\$ 83,986	\$ 63,008	\$ (20,978)	\$ 85,807	\$ 10,699	\$ (75,108)	\$ 68,800	\$ 94,750	\$ 25,950
Park Rental	\$ -	\$ 44,795	\$ 44,795	\$ 238	\$ 58,674	\$ 58,436	\$ -	\$ 45,000	\$ 45,000
Noyes Cultural Arts Center	\$ 209,774	\$ 316,669	\$ 106,896	\$ 212,374	\$ 330,508	\$ 118,133	\$ 232,161	\$ 315,500	\$ 83,339
Boat Ramp Operations	\$ 46,386	\$ 268,498	\$ 222,113	\$ 81,332	\$ 267,112	\$ 185,780	\$ 83,650	\$ 250,000	\$ 166,350
Sports Leagues	\$ 9,527	\$ -	\$ (9,527)	\$ 44,011	\$ -	\$ (44,011)	\$ 68,550	\$ 137,000	\$ 68,450
South End Rec Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total	\$ 12,446,786	\$ 7,572,336	\$ (4,874,450)	\$ 15,208,666	\$ 8,148,557	\$ (7,060,108)	\$ 16,510,296	\$ 7,726,750	\$ (8,783,546)

Parks Operation	2025 Budget		
	Expenses	Revenues	Gain/(Loss)
Administration	\$ 2,422,839	\$ 26,000	\$ (2,396,839)
Youth Engagement	\$ 2,325,802	\$ 200,000	\$ (2,125,802)
Crown Community Center	\$ 4,375,602	\$ 3,403,500	\$ (972,102)
Fleetwood Jourdain	\$ 1,272,142	\$ 345,000	\$ (927,142)
Levy Center	\$ 1,513,021	\$ 746,500	\$ (766,521)
Special Recreation	\$ 772,643	\$ 100,000	\$ (672,643)
Ecology Center	\$ 1,014,644	\$ 380,000	\$ (634,644)
CARE Team	\$ 488,163		\$ (488,163)
Special Events	\$ 291,703	\$ 80,000	\$ (211,703)
Human Services	\$ 200,909		\$ (200,909)
Beaches	\$ 831,836	\$ 667,100	\$ (164,736)
Park Service Unit	\$ 235,800	\$ 90,000	\$ (145,800)
Chandler Center	\$ 1,089,863	\$ 951,500	\$ (138,363)
Bus Program	\$ 95,061		\$ (95,061)
Recreation Outreach	\$ 295,700	\$ 230,000	\$ (65,700)
Gibbs-Morrison Center	\$ 63,949	\$ -	\$ (63,949)
Other Programs	\$ -	\$ -	\$ -
Pooch Park	\$ -	\$ 10,000	\$ 10,000
Cultural Arts Programs	\$ 336,785	\$ 360,000	\$ 23,215
Farmer's Market	\$ 68,800	\$ 98,500	\$ 29,700
Park Rental	\$ -	\$ 60,000	\$ 60,000
Noyes Cultural Arts Center	\$ 234,507	\$ 342,500	\$ 107,993
Boat Ramp Operations	\$ 123,650	\$ 250,000	\$ 126,350
Sports Leagues	\$ 86,700	\$ 291,409	\$ 204,709
South End Rec Center	\$ 635,735	\$ 859,000	\$ 223,266
Grand Total	\$ 18,775,854	\$ 9,491,009	\$ (9,284,845)



Memorandum

To: City Manager and CFO/Treasurer
From: Hitesh Desai, Chief Financial Officer
Subject: Interest Income Compared to Budget
Date: October 18, 2024

Interest Income Compared to Budget

City Council Request:

How much interest income have we generated in 2025 compared to the budget?

Staff Response:

The City has historically been conservative in budgeting investment income given the volatility in interest rates. The City had been earning around 5.40% on its checking accounts until the rate cut by the Fed in September 2024. The current rate is around 5% on checking account balances, including a portion of the fund balance of the General Fund.

This volatility is further reflected in the 2022 Fed rate changes. The Fed rate ended 2022 at 4.5%, up from 0.25% at the end of 2021 largely due to rising inflation and a shift towards tighter monetary policy.

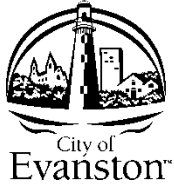
- March 15-16: Increased by 25 basis points to 0.25-0.5%
- May 3-4: Increased by 50 basis points to 0.75-1%
- June 14-14: Increased by 75 basis points to 1.50-1.75%
- July 26-27: Increased by 75 basis points to 2.25-2.50%
- September 20-21: Increased by 75 basis points to 3.00-3.25%
- November 1-2: Increased by 75 basis points to 3.75-4.00%
- December 13-14: Increased by 50 basis points to 4.25-4.50%

Additionally, thanks to an influx of one-time revenues from ARPA, Northwestern stadium permit revenue, and the issuance of bonds for water/CIP projects, the City has had larger cash balances available for investment throughout 2024. Aside from any bond issuance, these one-time influxes are not forecasted in 2025.

The table on the following page shows budgeted and YTD investment income in 2024 across 35 funds where it is recorded. Given the difficulty in forecasting interest rates, the current trend down, and the anticipated drawdown of reserves in the FY 2025 budget across a number of funds (General Fund, ARPA, Debt Service, etc.), staff recommends that investment income continue to be budgeted conservatively because of volatile interest rate environment and varying cash balances.

Investment Income (FY 2024 Budget to YTD Actual)

Fund Description	2024 Adopted Budget	2024 YTD (Through 9/30/24)	Difference Compared to Budget	Notes
GENERAL FUND	\$500,000	\$1,534,058	\$1,034,058	Included in General Fund projections that have been provided. Offsets other revenues coming in less than budget in some cases by \$1 million+ (i.e. PPRT, RETT, State Use Tax, GEMT).
AMERICAN RESCUE PLAN	\$50,000	\$1,074,943	\$1,024,943	Earmarked in the FY 2025 budget for vehicle replacement.
MOTOR FUEL TAX FUND	\$15,000	\$279,050	\$264,050	Can only be used in accordance with State MFT guidelines.
CAPITAL IMPROVEMENTS FUND	\$0	\$203,260	\$203,260	Used to reduce/delay the issuance of bond funding.
LIBRARY FUND	\$25,000	\$220,081	\$195,081	Used as fund balance available when setting the property tax levy.
CROWN CONSTRUCTION FUND	\$10,000	\$201,949	\$191,949	Used as fund balance available to abate debt service on an annual basis.
WATER FUND	\$70,000	\$251,811	\$181,811	Used as fund balance available when determining rate increases.
DEBT SERVICE FUND	\$10,000	\$161,748	\$151,748	Used as fund balance available to abate debt service on an annual basis.
AFFORDABLE HOUSING FUND	\$8,000	\$114,839	\$106,839	Higher amount with contribution from NU. Use available to be determined by the City Council.
OTHER FUNDS (26)	\$107,100	\$757,548	\$650,448	Average of \$25,000 per fund - allowable use(s) differs by fund.
Total	\$795,100	\$4,799,287	\$4,004,187	



Memorandum

To: City Manager and CFO/Treasurer
From: Michael Van Dorpe, Financial Analyst
Subject: Solid Waste Fund Revenue
Date: October 18, 2024

Solid Waste Fund Revenue

City Council Request:

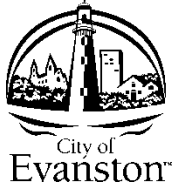
What are the Revenues in the Solid Waste Fund? Specifically total revenue of solid waste fees paid by residents.

Staff Response:

Below is a table showing actual and budgeted revenues in the Solid Waste Fund.

Revenue	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted Budget	FY 2025 Proposed Budget
Property Taxes	\$ 1,322,500	\$ 1,322,500	\$ 1,322,500	\$ 950,000
User Fees*	\$ 5,135,973	\$ 5,271,382	\$ 5,277,674	\$ 5,618,000
Transfer from General Fund	\$ 1,000,000	\$ 0	\$ 100,000	\$ 100,000
Other Revenues	\$ 182,922	\$ 79,152	\$ 41,000	\$ 42,350
TOTAL	\$ 7,651,415	\$ 6,683,034	\$ 6,751,174	\$ 6,710,350

*Includes Residential Fees and Penalties, Apartment Fees, Condominium Fees, Yard Waste Fees, Franchise Fees, and Special Pick-up Fees



Memorandum

To: City Manager and CFO/Treasurer
From: Clayton Black, Budget Manager
Subject: Best Practices for Balancing Budgets with Reserves
Date: October 18, 2024

Best Practices for Balancing Budgets with Reserves

City Council Request:

Can you provide some best practice data on recommended reserve levels, balanced budgets, and spending from reserves?

Staff Response:

The Government Finance Officers Association (GFOA) has several articles on best practices for a balanced budget and how reserves should be used. Below are a few of these articles with quotes pulled that are relevant to the City of Evanston and the proposed FY 2025 budget.

Achieving a Structurally Balanced Budget (2012):

<https://www.gfoa.org/materials/achieving-a-structurally-balanced-budget>

- “Most state and local governments are subject to a requirement to pass a balanced budget. However, a budget that may fit the statutory definition of a “balanced budget” may not, in fact, be financially sustainable. For example, a budget that is balanced by such standards could include the use of non-recurring resources, such as asset sales or reserves, to fund ongoing expenditures, and thus not be in structural balance. A true structurally balanced budget is one that supports financial sustainability for multiple years into the future.”
- “...it may be prudent to regard unusually high revenue yields as a non-recurring revenue under the assumption that such revenues are unlikely to continue, making it imprudent to use them for recurring expenditures. Another example might be building permit revenues...”
- “For a variety of reasons, true structural balance may not be possible for a government at a given time. In such a case, using reserves to balance the budget may be considered but only in the context of a plan to return to structural balance, replenish fund balance, and ultimately remediate the negative impacts of any other short-term balancing actions that may be taken. Further, the plan should be clear about the time period over which returning to structural balance, replenishing reserves, and remediating the negative impacts of balancing actions are to occur.”

Should we Rethink Reserves? (2023):

<https://www.gfoa.org/materials/rethinkingreserves>

- ““Fund balance” is an accounting term that, generally speaking, describes the difference between assets and liabilities. “Reserves” is a budget and policy term that describes the fungible resources available outside of the budget for use if the resources appropriated inside of the budget are insufficient. There is an overlap between “fund balance” and “reserves,” but the most important difference is that fund balance covers a broader range of resources. For example, fund balance could include prepaid inventories or receivables for delinquent taxes, neither of which is available for current spending.”
- “Local government’s stakeholders may be suspicious of large reserves, especially if it is not clear why the government is holding these resources instead of spending them on current services or cutting taxes. In the past, the expert opinion of the finance officer...might have been sufficient to justify reserves, but expert opinion may not be so readily accepted in the future. Finance officers may need to be prepared to provide justification for reserves that rely less on appeals to expertise and more on the fundamental reasons why reserves are important.”
- “Local governments are expected to maintain a sizable reserve by “industry standards” and by bond rating agencies. At the same time, local governments are facing more resource constraints, especially with employee health care and pension costs rising. For many governments, the increases in costs have consumed revenue increases, which may soon level off.”
- “According to Moody’s, the “AAA” rating (the highest) is associated with fund balances in excess of 35% of revenues. The “Aa” rating is associated with fund balances between 35% and 25%, and the “A” rating with 25% to 15%. That said, it is important to remember that while 30% of ratings evaluation is comprised of fund balances and cash, 70% is not. Further, the Moody’s documentation is clear that ratings analysts will consider local factors and other idiosyncrasies to arrive at the final rating.”
- “We must recognize that reserves are not the best way to manage all of the consequences of the risks local governments are subject to. Let’s take pensions. Though reserves could be used to cushion the initial shock from a reduced rate of return and consequent increase in required annual contributions, a government will, at some point, need to realign its annual spending to accommodate increased pension costs.”

A Risk Based Analysis of General Fund Reserve Requirements (2013):

<https://www.gfoa.org/materials/a-risk-based-analysis-of-general-fund-reserve-requirements>

- “The GFOA’s approach to reserves does not suppose “one-size-fits-all.” GFOA’s Best Practice on general fund reserves recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures (i.e., reserves equal to about 16 percent of revenues). However, this 16 percent is only intended as a baseline, and it needs to be adjusted according to local conditions.”



Memorandum

To: City Manager and CFO/Treasurer
From: Clayton Black, Budget Manager
Subject: Payment Options Other than Credit Cards
Date: October 18, 2024

Payment Options Other than Credit Cards

City Council Request:

Anyone who has interacted with the Illinois Secretary of State knows credit card fees are common. Nevertheless, what payment options (check, cash, venmo, paypal, etc.) do we have that would allow residents to avoid a credit card fee if we implement one?

Staff Response:

While credit cards are often a more convenient payment method for both city staff and customers, the City does incur fees from vendors and interchange fees from credit card companies when this payment method is used.

The City processes approximately \$26 million in annual credit card transactions for various services, including parking fees, parking tickets, water bills, permits, and program fees at Parks and Recreation facilities. The table below shows actual credit card fees by service area. As it shows, more than half of interchange fees paid by the City of Evanston are in the Parking Fund, where there is a high volume of low-cost credit card transactions.

Service	FY 21 Actual	FY 22 Actual	FY 23 YTD	FY 23 Budget	FY 24 Budget
General City Operations	\$ 207,001	\$ 222,071	\$ 238,247	\$ 250,000	\$ 227,600
Parks and Recreation	\$ 101,125	\$ 129,458	\$ 145,471	\$ 75,000	\$ 100,000
Library	\$ 4,544	\$ 4,479	\$ 5,251	\$ 5,700	\$ 5,000
Parking	\$ 391,516	\$ 524,453	\$ 558,109	\$ 204,000	\$ 357,000
Water and Sewer	\$ 144,492	\$ 112,862	\$ 111,786	\$ 155,000	\$ 155,000
TOTAL	\$ 848,678	\$ 993,323	\$ 1,058,864	\$ 689,700	\$ 844,600

As such, the Finance and Budget Committee has discussed passing along these credit card fees. In no case are credit cards the only payment option for an individual service, thus residents would have a number of ways to avoid these charges if the City were to pass them along.

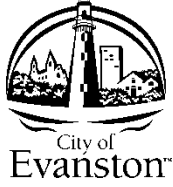
For parking transactions, residents are able to use cash/coins at pay stations or utilize a debit card in the Passport app.

For water transactions, residents are able to use a variety of payment options including cash, checks, ACH, money market, checking accounts, savings account, or Venmo through Invoice Cloud.

Payments made at the Collector's Office or through Orbipay, the City's payment solutions platform, can be done using cash, checks, debit cards, ACH, money market (online portal only), checking account, or savings accounts. The machines at the counter are also set up to accept Apple Pay, where payments can be made via debit card including a Venmo debit card.

Additionally, the proposed FY 2025 budget includes a new request to move to a new payment solutions platform, many of which allow PayPal, Venmo, and a wider range of modern payment options.

Friday, October 25 Memos



Memorandum

To: City Manager and CFO/Treasurer
From: Noel Rodriguez, Public Services Bureau Chief
Subject: Annual Cost of Park Maintenance
Date: October 25, 2024

Annual Cost of Park Maintenance

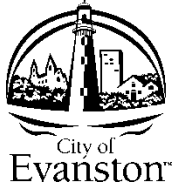
City Council Request:

How much are we spending annually on maintaining parks all-in?

Staff Response:

Below are the approximate costs associated with park maintenance for 2023. This includes labor, equipment, and materials.

Greenways Parks Costs, 2023				
	Materials	Labor	Equipment	Total
Parks	\$53,456.34	\$380,629.53	\$186,202.84	\$620,288.71
Sports Fields	\$29,059.84	\$70,289.95	\$48,200.27	\$147,550.06
Beaches	\$18,972.01	\$52,360.65	\$23,888.26	\$95,220.92
GRAND TOTAL	\$101,488.19	\$503,280.13	\$258,291.37	\$863,059.69



Memorandum

To: City Manager and CFO/Treasurer
From: Cara Pratt, Sustainability & Resiliency Manager
Subject: Cost of CARP to Municipal Operations
Date: October 25, 2024

Cost of CARP to Municipal Operations

City Council Request:

The document at the link below is likely the best documentation of the costs of CARP to municipal operations. Are these numbers still relevant or have costs gone up or down since August 2021?

<https://www.cityofevanston.org/home/showpublisheddocument/71617/637878722391070000>

Staff Response:

For buildings, it is difficult to separate the costs of decarbonization from the costs for rehabilitations that would also occur due to associated building code improvements. The report above estimates around \$60M for building/streetlight decarbonization. With inflation from 2021 to 2024, that number becomes \$69M. However, even that number seems low because of recent cost estimates for decarbonization projects at Noyes (\$30M) and the Service Center (\$12M). Labor costs and materials will be a big variable year over year.

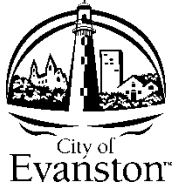
For fleet, staff estimates \$26M for full fleet electrification including charging infrastructure.

So, meeting the 2035 zero emissions for municipal operations goal requires at least \$95M* total. This amount is a floor, not a ceiling, and it would be in addition to our current CIP.

*This total does not factor in incentives or the cost savings from energy efficiency improvements or fuel savings.

What is staff doing to get a more accurate cost estimate?

Staff will be facilitating grant-funded audits over the next few years to come up with a decarbonization plan and budget for each City building.



Memorandum

To: City Manager and CFO/Treasurer
From: Sean Ciolek, Division Manager for Facilities & Fleet Management
Subject: Employee Take-Home Vehicles
Date: October 25, 2024

Employee Take-Home Vehicles

City Council Request:

How many employees have take-home vehicles? How many employees receive a vehicle allowance? Is the city confident that this is being done in the most cost effective manner possible?

Staff Response:

There are 17 employees who take home vehicles for Police and Fire responses. There are 7 employees who take home vehicles for Public Works, FFM and Parking responses. These vehicles report directly to emergencies, investigations, etc. at various times including after regular business hours and are equipped with emergency lighting for these critical responses.

There are currently 40 employees who receive a vehicle allowance for non-emergency site visits and meetings. These employees respond in an administrative manner and not for critical response. Their vehicles do not require emergency lighting.

Facilities & Fleet Management (FFM) is confident that the take-home vehicles have been assigned in the most cost effective manner possible based on operational needs. Over the last two years, FFM has streamlined and decreased take-home vehicles by two. Police have added three and Fire has added two for operational reasons.

The vehicle allowance is determined and set by the City Manager's Office. FFM is confident that those staff who receive a vehicle allowance do not require a take-home vehicle. No employees receive both a vehicle allowance and a take-home vehicle. Additionally, those employees receiving vehicle allowance are not allowed to request mileage reimbursement for local driving (within the Chicago area) for meetings, training, etc.

The relevant sections from the City's employee handbook regarding take-home vehicles and vehicle allowances are below:

Section 13.2. Procedure (Take Home Vehicles)

Take-Home Vehicles - An employee authorized for take-home use of a City vehicle must meet one of the following tests:

Test 1: *The employee is:*

- *subject to frequent after-hours emergency callback or other unscheduled work, and*
- *such unscheduled work involves the first response to a real or present threat to life or property requiring an immediate response, and*
- *a specialized vehicle, tools, or equipment are required for the performance of emergency duties.*

Test 2: *The employee is:*

- *subject to frequent after-hours callback, and*
- *such callback arrangements are to locations other than the employee's normal duty station, and*
- *a special vehicle, tools or equipment are required to perform after-hours assignments, and*
- *an unacceptable delay in the response would result from the employee's return to the normal duty station to retrieve the needed equipment.*

In the case of formal on-call duties shared by a group of employees on a rotational basis, the use of a take-home vehicle is for the period of on-call assignment only.

Department Directors shall determine reasonable schedules and vehicle assignments for rotational, on-call coverage. For other purposes, the City Manager's Office, at the written request of the Department Director, will authorize full-time take-home vehicles based on the criteria described above.

Unless authorized by the City Manager, no personal use of take-home vehicles is permitted, beyond the daily commute to and from the employee's duty station. Normal meal periods within duty hours are considered official use.

No passengers may be transported in take-home vehicles except as required for official duties or as approved by the City Manager or Department Director.

Take-home vehicles may not be used for commuting travel outside of Cook, DuPage, Kane, Lake, McHenry, and Will Counties in Illinois without special authorization.

- *Tickets received for parking, toll, and/or moving violations shall be the responsibility of the employee.*
- *Employees authorized for use of a take-home vehicle must comply with all other driver's license and insurance requirements of the City.*

Note: The Internal Revenue Service (IRS) has determined that personal use of employer owned vehicles is non-cash earnings subject to taxation. IRS regulations include the commute between the employee's residence and work site in the definition of personal use.

Section 13.4. Automobile Expense Allowance

An employee receiving an Automobile Expense Allowance must meet one of the following tests:

Test 1: *The employee:*

- *is on 24-hour call, and*
- *is frequently required to work outside of normal business hours or respond to afterhours emergencies, and*
- *does not require a specialized vehicle, tools or equipment, and*
- *is not authorized a take-home vehicle.*

Test 2: *The employee:*

- *requires regular, frequent and extensive vehicle usage to perform duties during normal business hours, and*
- *is not regularly assigned use of a City vehicle, and*
- *serves in the capacity of Department Director.*

The dollar amount of Automobile Expense Allowances is to be determined based on the nature and extent of vehicle utilization required for official business.

The City Manager's Office, upon written request from the Department Director, shall review and approve these allowances. Department Directors are responsible for acting upon any change in duty assignment that would alter an employee's eligibility to receive or to discontinue receiving an Automobile Expense Allowance.

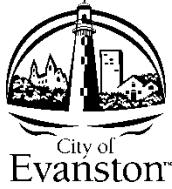
All costs of personal vehicle ownership, operation and maintenance will be the responsibility of the employee. o Tickets received for parking, toll, and/or moving violations while on City business shall be the responsibility of the employee.

Employees receiving an Automobile Expense Allowance must comply with all other driver's license and insurance requirements of the City.

The vehicle shall be appropriate for City business, consistent with the duties and responsibilities of the employee.

Except for infrequent incidents necessitated by personal vehicle maintenance, employees receiving an Automobile Expense Allowance shall not be permitted use of vehicles from the City fleet for business travel within Cook, DuPage, Kane, Lake, McHenry, and Will Counties.

Note: Any employee who is required to drive as part of his position must furnish a copy of his driver's license to the City when requested or at least annually as required by the designated City Department for this purpose



Memorandum

To: City Manager and CFO/Treasurer

From: Luke Tatara, Interim Parking Manager
Michael Rivera, Interim Administrative Services Director

Subject: Enforcement Costs for Various Categories of Parking Violations

Date: October 25, 2024

Enforcement Costs for Various Categories of Parking Violations

City Council Request:

Parking fines are budgeted as \$3,800,000 in revenue plus \$50,000 in boot release fees. Enforcement costs are budgeted at \$1,832,608. Parking policy is multifaceted and is not simply about revenue but is it possible to quantify what the enforcement costs are for various categories of parking violations relative to the revenue generated?

Staff Response:

It is difficult to quantify enforcement operations between the 9 business districts. Especially since most districts do not have metered parking or regulated parking minimums. Officers still enforce citations holistically, however as they rotate through beat blocks. We have attached examples of ticket counts and meter revenue that have been tediously extrapolated by a block basis, not all blocks in the regions are represented, but the three regions highlighted would definitely be the highest grossing business districts.

Parking enforcement serves a vital role in upholding city ordinances. Failing to enforce the rules may initially seem popular, but over time it would lead to traffic congestion, high emissions, and less parking. The parking enforcement budget is based on historical ticket data, not a quota system.

The cost per ticket issued is fixed, covering staff time, benefits, equipment depreciation, and fuel - costs that increase annually.

The City has not done well to keep up with increases that align with inflation or the costs of providing services. One example would be the tiered staff compensation rate in the bargaining agreements, staff in the AFSCME union have received compensation increases approximately 14% in the last 24 months.

Parking fines are structured based on violation severity for example:

- A \$25 ticket for an expired meter ensures turnover and supports transient local businesses, as short-term curbside parking is more available.
- A \$75 ticket for not complying with street cleaning ordinances is a necessary deterrent. The City must maintain EPA storm water standards and prevent drainage/flooding issues as mandated by local water reclamation districts.
- A \$155 ticket for violating snow emergency rules may partially cover the cost of towing, Evanston Police, Parking Enforcement and tow operators performing the work. Snow operations and regulations are set forth by the Public Works Department.
- A \$250 ticket for parking in a handicapped spot enforces ADA compliance.
- By consistently enforcing these graduated fines, parking enforcement helps maintain order, safety, and accessibility in the city. Offering parking subsidies and lower fines promotes driving in Evanston, this may not fit with our CARP goals. The intent of enforcement is to help change peoples parking behaviors.

The figures on the pages that follow highlight meter revenue and major categories of citations in 2023 and 2024.

Figure 1: Meter Revenue (2023-2024)

Meter Revenue		
Area	2023	2024 (Jan Thru Sep)
North (Central & Noyes)	\$669,354.00	\$513,905.00
Downtown	\$4,327,454.00	\$3,432,893.00
South (MDM & Howard)	\$1,008,230.00	\$731,689.00
Total:	\$6,005,038.00	\$4,678,487.00

Figure 2: Parking Meter Related Citations (2023-2024)

Parking Meter Related Citations				
Area	2023		2024 (Jan thru Sep)	
	# of Citations	Value of Citations	# of Citations	Value of Citations
North (Central & Noyes)	7620	\$165,950.00	4701	\$102,350.00
Downtown	16747	\$387,875.00	12924	\$304,725.00
South (MDM & Howard)	3226	\$71,175.00	1847	\$40,925.00
Total:	27593	\$625,000.00	19472	\$448,000.00

Figure 3: Meter Citations Street/Lot Breakdown (2023-2024)

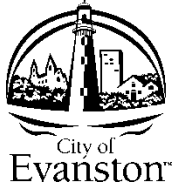
Meter Citations Street/Lot Breakdown				
Street/Lot	2023		2024 (Jan thru Sep)	
	# of Citations	Value of Citations	# of Citations	Value of Citations
Central	3773	\$82,525.00	2359	\$51,425.00
Prairie	862	\$18,825.00	424	\$9,075.00
Lot 54	866	\$19,425.00	910	\$20,475.00
Lot 4	540	\$10,675.00	101	\$1,800.00
Noyes	950	\$20,750.00	580	\$12,275.00
Lot 51	310	\$6,725.00	182	\$3,950.00
Lot 16	319	\$7,025.00	145	\$3,350.00
Sherman	4844	\$115,350.00	3932	\$95,850.00
Davis	2945	\$68,075.00	2385	\$54,975.00
Church	1051	\$25,325.00	670	\$16,150.00
Orrington	2750	\$63,075.00	1954	\$47,025.00
Benson	2920	\$65,650.00	2247	\$51,125.00
1500 Chicago	82	\$1,875.00	39	\$950.00
1600 Chicago	197	\$4,625.00	89	\$2,050.00
1700 Chicago	719	\$15,950.00	466	\$10,625.00
Lot 3	714	\$15,875.00	413	\$9,625.00
Lot 25	5	\$50.00	188	\$4,200.00
Lot 27	520	\$12,025.00	541	\$12,150.00
Main	1036	\$23,275.00	445	\$10,625.00
Dempster	627	\$13,225.00	517	\$10,725.00
700 Chicago	28	\$375.00	9	\$175.00
800 Chicago	156	\$3,475.00	119	\$2,600.00
900 Chicago	36	\$625.00	10	\$250.00
1000 Chicago	31	\$725.00	49	\$1,225.00
1100 Chicago	3	\$75.00	4	\$75.00
1200 Chicago	39	\$750.00	46	\$1,025.00
Lot 8	100	\$2,425.00	20	\$400.00
Lot 24	326	\$7,225.00	111	\$2,550.00
Howard	679	\$15,225.00	402	\$8,700.00
Lot 68	165	\$3,775.00	115	\$2,575.00

Figure 4: Top 5 Citations Issued (2023)

Top 5 Citations Issued 2023			
Violation Type	Number of Citations Issued	Violation Amount	Value of Citations
19-Street Cleaning	26,834	\$75.00	\$2,163,412.00
45-Expired Meter	32451	\$25.00	\$714,925.00
82-Unpaid Wheel Tax	7694	\$60.00	\$390,675.00
37-Residential Permit Req'd	5154	\$50.00	\$265,480.00
15-No Parking Zone	3664	\$50.00	\$197,025.00
Total of Top 5:	75,797		\$3,731,517.00
Total All Citations Issued 2023:	92,038		\$4,681,639.50

Figure 5: Top 5 Citations Issued (2024)

Top 5 Citations Issued 2024 (Jan thru Sep)			
Violation Type	Number of Citations Issued	Violation Amount	Value of Citations
45-Expired Meter	23,012	\$25.00	\$559,880.00
19-Street Cleaning	15699	\$75.00	\$1,253,900.00
26-Parked Over Posted Time Limit	4832	\$50.00	\$248,020.00
82-Unpaid Wheel Tax	3950	\$60.00	\$209,220.00
15-No Parking Zone	3207	\$50.00	\$167,080.00
Total of Top 5:	50,700		\$2,438,100.00
Total Citations Issued 2024:	62,836		\$3,052,390.00



Memorandum

To: City Manager and CFO/Treasurer

From: Audrey Thompson, Director of Parks and Recreation Department

Subject: Revenue from Sport Affiliate Programs

Date: October 25, 2024

Revenue from Sport Affiliate Programs

City Council Request:

Can you provide a summary of what we charge EBSA, AYSO, FAAM, ECTA, and Evanston Hockey?

Staff Response:

I have provided a chart of all of the fees for our sports affiliates including those listed above. There are a few items I'd like to clarify regarding the chart and the fees paid by some of the affiliates. They are as follows:

- Affiliate fees for tennis courts in 2023 were \$5 per hour, per court and were increased to \$10 per hour, per court in 2024.
- As for field permits, please note, there is always the chance that a group could release field permits. If the group provides a two weeks notice, they are not charged for permit releases. If less than two weeks notice is given, they will be charged for the canceled permits. They can also cancel due to weather conditions (rainout); if they submit a rainout report within 14 days of the permitted date, they are not charged for those rained out hours.
- Evanston Youth Hockey Association split into Evanston High School Hockey and Mammoth Hockey in 2022. Their 2023 and 2024 fees paid/estimated are listed separately in the chart below.
- Prior to 2023, FAAM was not required to pay any fees to the Department. In 2023, the Department entered into an agreement for FAAM to begin paying fees for each participant enrolled at a rate of \$10 per youth enrolled in the 2022-2023 season. It was agreed that the amount would be increased to \$25 per youth enrolled for the 2023-2024 season and remain the same for the 2024-2025 season. The 2023 and 2024 fees paid are listed in the chart below.

- ETHS and the City’s Parks and Recreation Department have an informal reciprocal agreement that allows use of spaces by each entity. The Department is in the process of creating a formal agreement in the form of a Memorandum of Understanding similar to the one recently created with District 65.

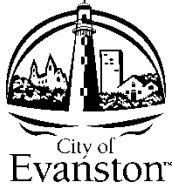
Please let me know if you have any additional comments, questions or concerns. Thanks.

Organization	Year	Fees	Hours	Grass vs. Turf Usage	Total Revenue
American Youth Soccer Organization (AYSO)	2023	\$10/hr per grass field	1,236.5 hours		\$20,975
	2024	\$30/hr per turf field	1,992 hours		\$27,220
Evanston Soccer Assc	2023	\$10/hr per grass field	3,277 hours	2023 - \$56,065 (2,071 grass hours; 1,206 turf hours) 2024 - \$58,600 (1,553 grass hours; 1,433 turf hours)	\$56,065
	2024	\$30/hr per turf field	2,986 hours		\$58,600
JaHbat Soccer	2023	\$10/hr per grass field	1,043.5 hours	2023 - \$31,305 (1,043.5 turf hours) 2024 - \$31,560 (1,061 turf hours)	\$31,305
	2024	\$30/hr per turf field	1,061 hours		\$31,560
Beacon Academy (Tennis)	2023	\$5/hr per court	727 hours		\$3,635
	2024	\$10/hr per court	637.5 hours		\$6,375
Beacon Academy (Fields)	2023	\$10/hr per grass field	141.5 hours	2023 - \$1,397.50 (141.5 grass hours) 2024 - \$2,060 (161 grass hours; 18 turf hours)	\$1,397.50
	2024	\$30/hr per turf field	179 hours		\$2,060
Evanston Jr. Wildkits Football	2023	\$10/hr per grass field	148.5 hours	2023 - \$2,585 (93.5 grass hours; 55 turf hours) 2024 - \$1,335 (133.5 grass hours)	\$2,585
	2024	\$30/hr per turf field	133.5 hours		\$1,335
Evanston Catholic Football	2023	\$10/hr per grass field	8 hours	2023 - \$1,040 (8 turf hours) 2024 - \$360 (12 turf hours)	\$1,040
	2024	\$30/hr per turf field	12 hours		\$360

Evanston Cricket Club	2023	\$10/hr per grass field	313 hours	2023 - \$3,130 (313 grass hours) 2024 - \$4,405 (440.5 grass hours)	\$3,130
	2024	\$30/hr per turf field	440.5 hours		\$4,405
Fellowship of African American Men (F.A.A.M.)	2022-2023	\$10 Per Player	285 hours		\$1,670 (167 Players)
	2023-2024	\$25 Per Player	285 hours		\$4,225 (169 Players)
	2024-2025	\$25 Per Player	285 hours		TBD
Evanston Baseball Softball Assc (EBSA)	2023	\$10/hr per grass field	5,446.5 hours		\$55,905
	2024	\$30/hr per turf field	4,236.5 hours		\$43,375
Evanston Hockey (EYHA)	2023 (Jan-Aug)	\$325 per hour \$338 per hour	574.20 hours		\$134,305
	2023 (Sep-Dec)				
	2024 (Jan-Aug)	\$338 per hour \$348 per hour	561.76 hours		\$135,904
	2024 (Sep-Dec)				
Mammoth Hockey	2023 (Jan-Aug)	\$325 per hour \$338 per hour	599.78 hours		\$193,366
	2023 (Sep-Dec)				
	2024 (Jan-Aug)	\$338 per hour \$348 per hour	615.71 hours		\$200,486
	2024 (Sep-Dec)				
Evanston Tennis League Assc (ETLA)	2023	Not Affiliate	Not Affiliate		Not Affiliate
	2024	\$10/hr per court	224.5 hours		\$2,445
Evanston Community Tennis Assc (ECTA)	2023	\$5/hr per court	265 hours		\$1,325
	2024	\$10/hr per court	165.5 hours		\$1,655
Tennis Evolution	2023	Not Affiliate	Not Affiliate		Not Affiliate
	2024	\$10/hr per court	84 hours		\$840
Y.E.S. Tennis	2023	\$5/hr per court	156 hours		\$780
	2024	\$10/hr per court	60 hours		\$600

Evanston Youth Lacrosse Assc	2023	\$10/hr per grass field	309.5 hours	2023 - \$7,935 (67.5 grass hours; 242 turf hours)	\$7,935
	2024	\$30/hr per turf field	181 hours	2024 - \$4,710 (36 grass hours; 145 turf hours)	\$4,710
E.T.H.S.	2023	No Fee	177.5 hours	2023 - no fee (177.5 turf hours)	No Fee
	2024	No Fee	168.5 hours	2024 - no fee (32.5 grass hours; 136 turf hours)	No Fee
TOTAL	2023 2024		14,566.98 Hrs 14,023.97 Hrs		\$515,418.50 \$526,155.00

Friday, November 1 Memos



Memorandum

To: City Manager and CFO/Treasurer
From: Audrey Thompson, Director of Parks and Recreation Department
Subject: Park Sponsorship Program
Date: November 1, 2024

Park Sponsorship Program

City Council Request:

What could a sponsorship program for park amenities look like and how would it need to be structured for the city to come out ahead taking administrative costs into consideration?

I'm talking about things like sponsoring benches, picnic tables, courts, equipment etc. I know that we've done bricks at Firefighter's Park, we do memorial benches, there's some stuff at Robert Crown, etc. But is there a more standardized process that could come out ahead financially and increase civic engagement/investment in park amenities?

Staff Response:

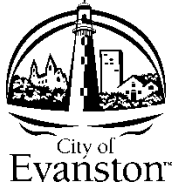
Currently, there is a donations program through the City. Please find specifics of the program [here](#). Currently, the fees charged really only cover the particular item and there is no real revenue created from the program. We need to revisit this program with Public Works and Parks and Recreation, reviewing the actual cost of the item, the amount of installation and then accessing an amount that would create a real sponsorship program. Please find the current items available for sponsorship as follows.

- Tree Sponsorship - \$600 - this amount does not actually cover the cost of the tree and installation unless a tree is less than the usual \$300 cost.
- Picnic Benches - \$6,000 - this amount only covers the cost of the bench (\$3,000 and installation cost)

The updated sponsorship program should include additional items for sponsorship as well as procedures on how to ensure that items available for sponsorship are advertised with park renovations prior to park completion. While items in the park to include name plaques do not create a violation of policies related to naming rights, naming playgrounds would need a

different process. Currently extensive naming rights should be vetted through the Parks and Rec Board in alignment with the current naming of streets, parks and buildings.

Next steps: Director Thompson will create a committee to update the donations/sponsorship program, adding new opportunities for sponsorship. Policy will be presented and approved by the Parks and Rec Board.



Memorandum

To: City Manager and CFO/Treasurer
From: Audrey Thompson, Director of Parks and Recreation Department
Subject: Arrington Lagoon Profit
Date: November 1, 2024

Arrington Lagoon Profit

Resident Request:

I am trying to get some information on net profit from renting out the lagoon area.

Staff Response:

The Parks and Recreation Department began to limit rentals at the Arrington Lagoon building in 2023 in anticipation of opening a cafe. In addition, the Department used the space for special events, as well as recreation programs and summer camp. The following rental information and the profits acquired by renting of the lagoon space in 2022 and 2023 are as follows:

2022:

32 rentals for a total of \$5,680 to 29 residents and 3 non-residents

2023:

13 rentals for a total of \$2,000 to 13 residents.

Please let me know if additional information is needed.

Memorandum

To: City Manager and CFO/Treasurer
From: Michael Van Dorpe, Financial Analyst
Subject: Non-Departmental Expenses in the General Fund
Date: November 1, 2024

Non-Departmental Expenses in the General Fund

City Council Request:

Can you show the breakdown for FY 24 and FY 25 budgeted and actual non-departmental expenses in the General Fund.

Staff Response:

Figure 1 below provides a breakdown of the budgeted and actual amounts in the “Non-Departmental” Department Code (99) within the General Fund from FY 2022 through the FY 2025 Proposed Budget.

This Non-Departmental Department Code (99) in the General Fund has primarily been used to record the transfers to the Public Safety Pension Funds.

In FY 2024 it was also used to record a negative balance reflecting the budgeted vacancy rate (4%). In the FY 2025 Proposed Budget, staff are repeating this method for the budgeted vacancy rate (6%). No actuals are recorded for vacancy rate in the “Non-Departmental” Department Code, as they are realized across department budgets throughout the rest of the General Fund.

Figure 1
Non-Departmental Expenses (99)
Budgeted and Actuals
FY 2022 through FY 2025 Proposed Budget

Fund/Department/Business Unit	2022 Adopted Budget	2022 Actual Amount	2023 Adopted Budget	2023 Actual Amount	2024 Adopted Budget	2024 Actual Amount YTD*	2025 Proposed Budget
Fund 100 - GENERAL FUND							
Department 99 - NON-DEPARTMENTAL							
Business Unit 9988 - OTHER WAGES							
61001 - SALARY ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ (3,705,216.00)	\$ -	\$ (5,335,195.00)
Business Unit 9988 - OTHER WAGES Totals	\$ -	\$ -	\$ -	\$ -	\$ (3,705,216.00)	\$ -	\$ (5,335,195.00)
Business Unit 9989 - PUBLIC SAFETY PENSION TRANSFERS							
62675 - INTERDEPT TRANSFER PENSIONS	\$ 20,723,062.00	\$ 21,112,793.04	\$ 25,089,436.00	\$ 25,565,498.05	\$ 25,570,184.00	\$ 25,231,308.59	\$ 29,596,344.00
Business Unit 9989 - PUBLIC SAFETY PENSION TRANSFERS Totals	\$ 20,723,062.00	\$ 21,112,793.04	\$ 25,089,436.00	\$ 25,565,498.05	\$ 25,570,184.00	\$ 25,231,308.59	\$ 29,596,344.00
Department 99 - NON-DEPARTMENTAL Totals	\$ 20,723,062.00	\$ 21,112,793.04	\$ 25,089,436.00	\$ 25,565,498.05	\$ 21,864,968.00	\$ 25,231,308.59	\$ 24,261,149.00
Fund 100 - GENERAL FUND Totals	\$ 20,723,062.00	\$ 21,112,793.04	\$ 25,089,436.00	\$ 25,565,498.05	\$ 21,864,968.00	\$ 25,231,308.59	\$ 24,261,149.00

*2024 Actuals YTD (through September 2024)



Memorandum

To: City Manager
From: Clayton Black, Budget manager
Subject: Retiring Debt and Impact of Additional Debt on Property Tax
Date: November 1, 2024

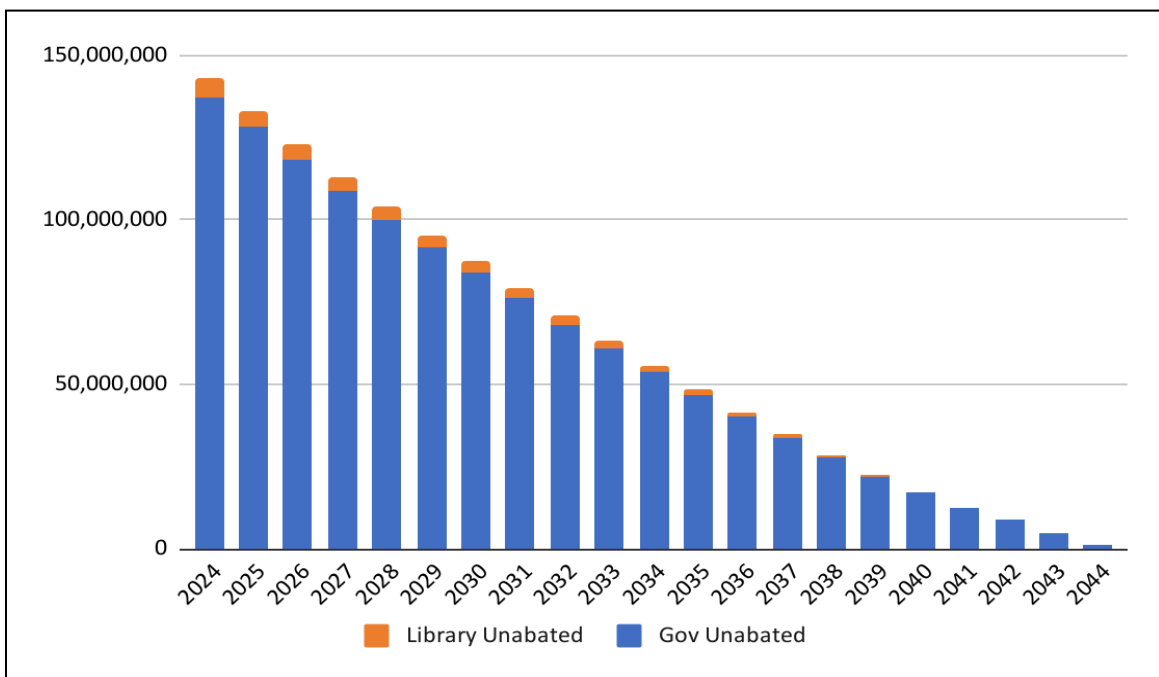
Retiring Debt and Impact of Additional Debt on Property Tax

Finance & Budget Committee Request:

Can you provide data on our retiring principal debt AND show the impact of adding \$10 in debt service on the property tax levy?

Staff Response:

The graph below shows total property tax supported principal debt for the City of Evanston and Evanston Public Library from 2024 to 2044 for all outstanding issuances. In 2025, the City will retire \$10,049,327 in principal from property tax supported GO Bonds for the City and \$370,083 for the Library.



The table below shows the amount of principal to be retired by category from 2024 through 2044 for all outstanding issuances.

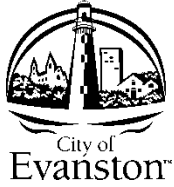
Year	Gov Fund (Unabated)	Library Fund (Unabated)	Enterprise (Abated)	Other Fund (Abated)	Total
2024	9,155,724	353,392	1,937,687	718,197	12,165,000
2025	10,049,327	370,083	2,453,796	696,793	13,569,999
2026	9,372,097	356,396	2,411,405	660,102	12,800,000
2027	8,760,416	372,929	2,518,130	633,526	12,285,001
2028	8,244,629	302,249	2,619,854	543,267	11,709,999
2029	7,866,983	317,081	2,624,203	531,732	11,339,999
2030	7,693,050	327,528	2,787,103	557,319	11,365,000
2031	7,997,071	337,974	2,897,050	577,906	11,810,001
2032	7,358,938	359,752	2,747,720	598,590	11,065,000
2033	7,288,689	369,073	2,617,963	619,275	10,895,000
2034	6,840,614	384,009	2,565,418	644,959	10,435,000
2035	6,445,187	394,663	2,454,409	675,741	9,970,000
2036	6,439,760	410,316	2,553,401	271,523	9,675,000
2037	6,087,257	386,583	2,403,854	282,305	9,159,999
2038	5,565,325	304,182	2,437,307	298,185	8,604,999
2039	4,936,289	139,939	2,094,707	19,065	7,190,000
2040	4,585,000		1,905,000		6,490,000
2041	3,985,000		950,000		4,935,000
2042	3,615,000		990,000		4,605,000
2043	3,765,000		1,030,000		4,795,000
2044	1,270,000		1,070,000		2,340,000

The table on the following page shows the approximate impact of each \$10 million in incremental property tax supported GO Bond principal debt. As shown, it increases the City's tax levy by 1.24% or \$700,000 which is approximately \$22.77 on a \$400,000 home.

In 2024, the City issued \$17,135,000 in property tax supported GO Bonds. The debt service for this issuance is covered with debt service fund balance in the proposed FY 2025 budget but will need to be covered through the property tax levy along with any 2025 GO Bonds as part of the FY 2026 budget.

				Go Bonds	\$ 10,000,000
				Estimated Interest	\$ 4,000,000
				Total debt service	\$ 14,000,000
				Annual Debt service	\$ 700,000
				(20 year term)	
		2023 Levy			
Market Value of Property	10% Market Value Assessed Value of Property	Equalized Value of Property	Estimated City Tax	Projected City Tax on \$1.5M increase	Amount Of Increase
\$100,000	\$10,000	\$30,163.00	\$458.18	\$463.87	\$5.69
\$200,000	\$20,000	\$60,326.00	\$916.35	\$927.74	\$11.38
\$300,000	\$30,000	\$90,489.00	\$1,374.53	\$1,391.60	\$17.08
\$400,000	\$40,000	\$120,652.00	\$1,832.70	\$1,855.47	\$22.77
\$600,000	\$60,000	\$180,978.00	\$2,749.06	\$2,783.21	\$34.15
\$800,000	\$80,000	\$241,304.00	\$3,665.41	\$3,710.95	\$45.54
\$1,000,000	\$100,000	\$301,630.00	\$4,581.76	\$4,638.68	\$56.92
	10% Market	Equalizer	8.026	City Tax Levy with Increase	
	0.1	3.0163	1.519	101.24%	
Note: These are estimated numbers before any exemptions.					

Friday, November 8 Memos



Memorandum

To: City Manager and CFO/Treasurer
 From: Clayton Black, Budget Manager
 Subject: IMRF Funding
 Date: November 8, 2024

IMRF Funding

CMO Request:

Separate from the employees' contribution, what are sources that cover the City's portion of the IMRF payment? Please tell me what % comes from the levy and how much comes from other sources, what are they and what % do they cover? How funded is the City's IMRF Pension Plan?

Staff Response:

IMRF is budgeted in all 15 funds where IMRF eligible employee salary and benefits are budgeted. Unlike public safety pension contributions which are a fixed amount, IMRF contributions are based on a percentage of actual payroll. In the General Fund, any contributions required in excess of the property tax levy come from the General Fund fund balance.

General Fund IMRF Contributions (2024-2025)

	2024 Adopted Budget	2025 Proposed Budget
City Contribution:		
GENERAL FUND	\$1,019,335	\$1,528,526
Funding Sources:		
PROPERTY TAX LEVY	\$895,035	\$1,287,535
GF FUND BALANCE	\$124,300	\$240,991

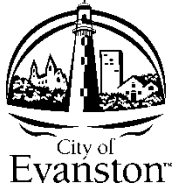
For the other 15 City funds with IMRF employees, contributions are made from the fund balance.

Other Fund IMRF Contributions (2024-2025)

	2024 Adopted Budget	2025 Proposed Budget
AMERICAN RESCUE PLAN	\$0	\$3,955
GENERAL ASSISTANCE FUND	\$12,321	\$16,720
HUMAN SERVICES FUND	\$55,458	\$70,599
SUSTAINABILITY FUND	\$6,480	\$13,145
LIBRARY FUND	\$165,382	\$251,018
EMERGENCY TELEPHONE (E911) FUND	\$18,008	\$26,140
CDBG FUND	\$15,809	\$10,685
HOME FUND	\$1,650	\$1,569
AFFORDABLE HOUSING FUND	\$1,008	\$5,619
PARKING SYSTEM FUND	\$36,235	\$43,259
WATER FUND	\$163,263	\$247,148
SEWER FUND	\$32,889	\$48,472
SOLID WASTE FUND	\$41,866	\$61,681
FLEET SERVICES FUND	\$35,604	\$52,448
OTHER FUNDS TOTAL	\$585,974	\$852,457

On a market value basis, the actuarial value of assets as of December 31, 2023 is \$123,516,405. On a market basis the funded ratio would be 98.3%.

GASB 50 RSI Information for Employers						
City of Evanston						
EMPLOYER NUMBER: 03349R						
REQUIRED SUPPLEMENTARY INFORMATION						
Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability -Entry Age (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/23	\$132,882,436	\$125,654,597	(\$7,227,839)	105.75	\$47,138,913	0.00
12/31/22	\$133,231,148	\$116,905,024	(\$16,326,124)	113.97	\$41,244,659	0.00
12/31/21	\$131,213,378	\$116,747,976	(\$14,465,402)	112.39	\$40,098,515	0.00



Memorandum

To: City Manager and CFO/Treasurer
From: Hitesh Desai, CFO
Subject: Public Safety Pension Real Costs vs. Debt
Date: November 8, 2024

Public Safety Pension Real Costs vs. Debt

City Council Request:

Can you show the breakdown in real cost and debt for public safety pensions?

Staff Response:

The most recent actuarial valuation (as of January 1, 2024) for the Fire and Police Pensions can be found on the [City of Evanston website](#). At the August 27, 2024 Finance & Budget Committee meeting, the Finance & Budget Committee voted to accept the recommended City contributions for FY 2025 as outlined in the actuarial valuation reports.

Based on these valuation reports, below is a breakdown of the total contribution recommended for FY 2025 to the Police and Fire Pensions to meet 100% funding by 2040:

	Total Recommended Contribution	Recommended Employee Contributions*	Recommended City Contribution
Police Pension	\$ 17,477,635	\$1,692,209	\$ 15,785,426
Fire Pension	\$ 15,103,527	\$ 1,292,609	\$ 13,810,918
Police + Fire	\$ 32,581,162	\$ 2,984,818	\$ 29,596,344

*Members of FOP contribute 9.91% of regular pay and members of IAFF contribute 9.455% of regular pay to their respective pension funds as set by the State.

The actuarial reports break down the total contributions into three categories: Normal Cost, Administrative Expenses, and Payment Required to Amortize Unfunded Actuarial Accrued Liability over 17 years (“Amortization Cost” below). For FY 2025, these amounts are:

	Normal Cost	Administrative Expenses	Amortization Cost	Total Recommended Contribution
Police Pension	\$ 4,304,778	\$ 121,486	\$ 13,051,371	\$ 17,477,635
Fire Pension	\$ 3,930,318	\$ 123,015	\$ 11,050,194	\$ 15,103,527
Police + Fire	\$ 8,235,096	\$ 244,501	\$ 24,101,565	\$ 32,581,162

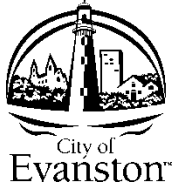
The actuarial reports provide the following terminology definitions:

Accrued Actuarial Liability is determined according to the plan’s actuarial cost method. This amount represents the portion of the anticipated future benefits allocated to years prior to the valuation date.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is the excess of the Accrued Actuarial Liability over the Actuarial Value of Assets

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a period ending in 2040. The recommended amount is adjusted for interest according to the timing of contributions during the year



Memorandum

To: City Manager and CFO/Treasurer
From: Hitesh Desai, CFO
Subject: Interest on Outstanding Pension Liability
Date: November 8, 2024

Interest on Outstanding Pension Liability

City Council Request:

The Police Pension Board has noted that the current outstanding debt balance of \$131,956,878 for the Police Fund continues to accrue interest at 6.5%, compounded annually. Why are we paying interest on the pension debt?

Staff Response:

The actuarial evaluation reports for the Police and Fire pension funds break down contributions to public safety pensions into three categories: (1) Normal Cost, (2) Administrative Costs, and (3) Amortization. Amortization refers to the portion of payments made towards outstanding liabilities for benefits previously earned that are owed in future years.

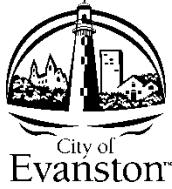
While the word “debt” is not found in the actuarial evaluation reports, the pension funds typically refer to “Amortization” on the outstanding liability as debt and liken it to debt service on GO Bonds. Payments towards outstanding pension liabilities include interest of approximately 6.5%. Approximately 35% to 55% of the payments made towards GO Bonds are towards interest over the course of 20 years.

However, GO Bond debt differs from the outstanding pension liability in that payments and interest on GO Bonds are a fixed amount. Employee demographics, assumptions used, and state statutes could dramatically affect the amount of the outstanding liability. Pension funds are also allowed to invest up to 65% in equities. Adverse market conditions negatively affect the overall value of assets as well as funding levels, whereas strong market conditions reduce the liability.

A majority of public safety pension funds are not fully funded across the State resulting in interest payments as part of the annual contributions. In order to save on interest for outstanding pension payments, the City would need to pay off the entire or partial outstanding pension liability. A couple communities out of hundreds in the State have done this using

pension obligation bonds (POBs), but these have an inherent risk as noted by the Government Finance Officers Association (GFOA) ([Pension Obligation Bonds](#), 2015) which strongly advises against them. Issuing POBs limit a city's ability to otherwise issue GO Bonds to fund essential infrastructure improvements.

The City of Evanston is among the few communities in Illinois that are contributing at 100% funding by 2040.



Memorandum

To: City Manager and CFO/Treasurer
From: Clayton Black, Budget Manager
Subject: Comparable Community Park District Data
Date: November 8, 2024

Comparable Community Park District Data

Finance & Budget Committee Request:

How do our comparable communities park districts compare from the standpoint of percent of expenses covered with fees and program revenues? How do they pay for the remaining percentage?

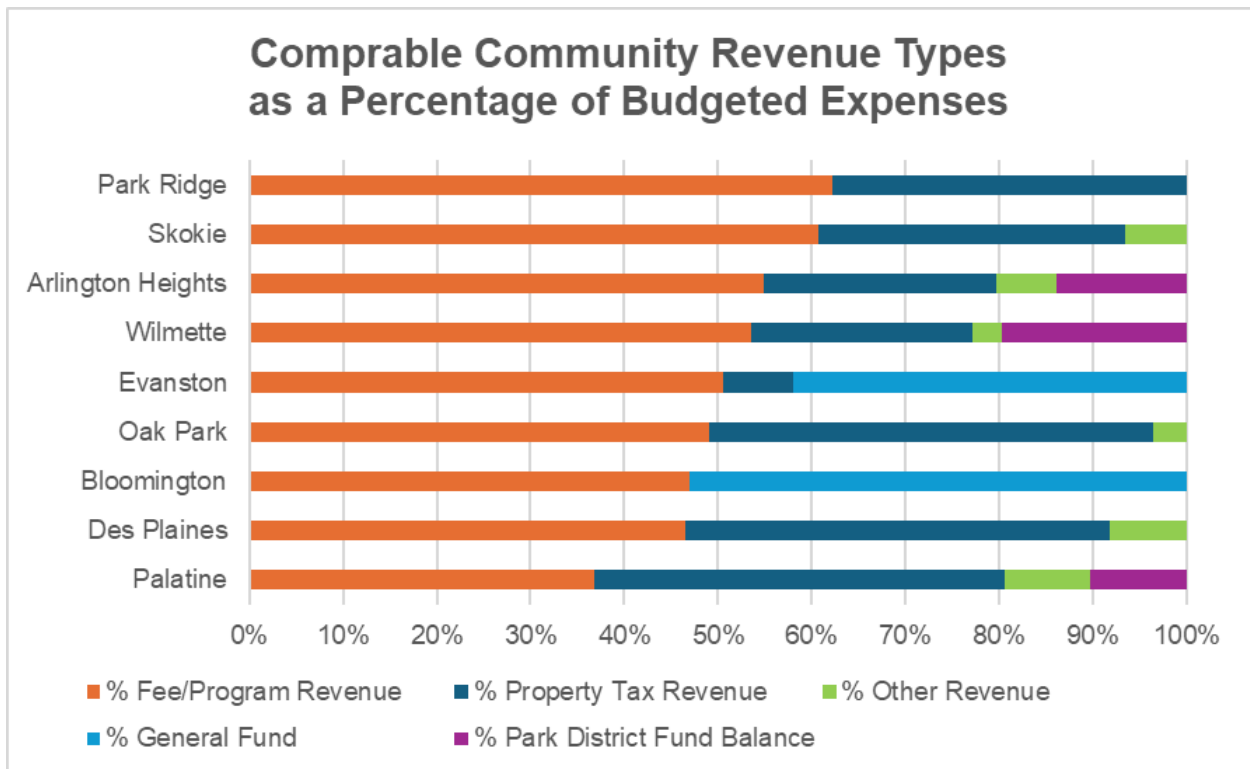
Staff Response:

Staff researched the Park Districts (or Parks Department) for our seven Peer Communities and neighbor community Wilmette. Here are some general observations from staff:

- Of the nine communities, seven have their own park district and two have a Parks & Recreation Department within the municipal government:
 - Separate Park District: Arlington Heights, Des Plaines, Oak Park, Palatine, Park Ridge, Skokie, Wilmette
 - Parks Department in Municipal Government: Bloomington, Evanston
- Of the nine communities, program fees/revenues ranged between 36.8% and 62.3% of total budgeted expenses for each entity.
 - The average was 51.1% of budgeted costs being covered by program fees/revenues.
 - Evanston is in the middle of the range at 50.5% of budgeted costs being covered by program fees/revenues
- All seven park districts levy a property tax, making up between 23.6% and 47.3% of their budgeted expenses.

- Many of the park districts/departments have some self-sustaining, break-even/profit centers, such as golf courses, recreation centers, or tennis clubs. All of the park districts/parks departments have some facilities/programs that do not break even/profit on program fees/revenues alone.
- All seven park districts have operating expenses for HR, IT, Finance, Park Board, Facilities, Engineering, Grounds Maintenance, Risk Management, Payroll, AR/AP, Communications, etc. These costs were not factored into the two parks departments (Bloomington and Evanston).
- For the seven communities with a park district, the municipal governments also levy a corporate property tax that does not benefit the park districts' annual finances.

Figure 1
Types of Revenue as a Percentage of Total Annual Expenses - Graph
Sorted by % Fee/Program Revenue



*Figure 2
Types of Revenue as a Percentage of Total Annual Expenses - Table
Sorted by % Fee/Program Revenue*

Community	% Fee/ Program Revenue	% Property Tax Revenue	% Other revenue	% General Fund	% Use of Park District Fund Balance	Total %
Park Ridge^	62.3%	37.7%	0.0%	-	0.0%	100.0%
Skokie^	60.7%	32.9%	6.5%	-	0.0%	100.0%
Arlington Heights^	54.8%	24.9%	6.4%	-	13.9%	100.0%
Wilmette^	53.5%	23.6%	3.2%	-	19.7%	100.0%
Evanston*	50.5%	7.6%	0.0%	41.9%	-	100.0%
Oak Park^	49.1%	47.3%	3.6%	-	0.0%	100.0%
Bloomington*	46.9%	0.0%	0.0%	53.1%	-	100.0%
Des Plaines^	46.5%	45.4%	8.1%	-	0.0%	100.0%
Palatine^	36.8%	43.8%	9.0%	-	10.3%	100.0%

*Parks Department within municipal government

^Park District separate from municipal government



Memorandum

To: City Manager and CFO/Treasurer
From: Audrey Thompson, Director of Parks and Recreation
Subject: Block Party Sponsorship
Date: November 8, 2024

Block Party Sponsorship

City Council Request:

What was the cost of sponsoring block parties within the ARPA fund over the last few years? Would it be a similar cost to do it again in 2025?

Staff Response:

Each block party is estimated to cost approximately \$7,500 to include the following:

\$3,500 for staff (Community Maintenance Team and Youth and Family Services Staff)
\$4,000 for entertainment, food, water trailer and activities



Memorandum

To: City Manager and CFO/Treasurer
From: Michael Van Dorpe, Financial Analyst
Subject: Fund Balance Policy Thresholds
Date: November 8, 2024

Fund Balance Policy Thresholds

CMO Request:

For Funds which have a fund balance policy, can you provide 1) the policy, 2) the Reserve Fund Balance Policy dollar amount in FY 2024, and 3) the YTD fund balance as of the most recent monthly report.

Staff Response:

There are fifteen funds that have reserve funds or cash balance policies: General Fund (100), Motor Fuel Tax Fund (200), Howard-Ridge TIF Fund (330), West Evanston TIF Fund (335), Dempster-Dodge TIF Fund (340), Chicago-Main TIF Fund (345), Five-Fifths TIF Fund (365), Capital Improvement Fund (415), Parking Fund (505), Water Fund (510), Sewer Fund (515), Solid Waste Fund (520), Fleet Services Fund (600), Equipment Replacement Fund (601), Insurance Fund (605).

The Fund Balance Policies are included in the [FY 2025 Proposed Budget online](#), or on pages 41-42 of the Full Budget PDF (*Financial Policies, Section III. Fund Reserve Policy*). The policies are also included in this memo in Appendix A.

Figure 1 provides the YTD fund balance as of September 30, 2024 (most recent monthly report), the FY 2024 Reserve Fund Balance Policy amount, and the amount of reserves in excess (or deficit) of the Reserve Fund Balance Policy amount. Where applicable, the Reserve Fund Balance Policies amounts include interfund transfers to other funds which occur on a monthly basis.

Figure 1**Reserve Fund Balance Policy Amounts and YTD Fund Balances (as of 9/30/2024)**

Fund	FY 2024 YTD Fund Balance (as of 9/30/2024)	Restricted	Assigned	Unassigned	FY 2024 Reserve Fund/Cash Balance Policy Amount	Excess/Deficit
General Fund	\$ 54,607,174		\$ 12,830,347	\$ 41,776,827	\$ 23,891,972	\$ 17,884,855
Motor Fuel Tax Fund	\$ 6,860,626	\$ 6,860,626			\$ 1,655,000	\$5,205,626
Howard-Ridge TIF Fund	\$ 1,945,958	\$ 1,945,958			N/A	N/A
West Evanston TIF Fund	\$ 3,526,702	\$ 3,526,702			N/A	N/A
Dempster-Dodge TIF Fund	\$ 1,025,359	\$ 1,025,359			N/A	N/A
Chicago-Main TIF Fund	\$ 1,005,765	\$ 1,005,765			N/A	N/A
Five-Fifths TIF Fund	\$ 617,562	\$ 617,562			N/A	N/A
Capital Improvement Fund	\$ 1,352,195			\$ 1,352,195	\$ 6,304,625	(\$ 4,952,430)
Parking Fund	\$ 3,032,989			\$ 3,032,989	\$ 1,565,606	\$ 1,467,383
Water Fund	\$ 14,533,873			\$ 14,533,873	\$ 5,810,000	\$ 8,723,873
Sewer Fund	\$ 10,868,237			\$ 10,868,237	\$ 1,893,440	\$ 8,974,797
Solid Waste Fund	\$ 3,626,487			\$ 3,626,487	\$ 1,120,695	\$ 2,505,792
Fleet Services Fund*	\$ 334,919			\$ 334,919	-	\$ 1,867,012
Equipment Replacement Fund*	\$ 1,725,334			\$ 1,725,334	-	\$ 1,725,334
Insurance Fund	\$ 3,687,458				\$ 3,593,960	\$ 93,498

*Fleet Services and Equipment Replacement Funds based on Cash Balance

Appendix A

Reserve Fund Balance Policies

General Fund

A minimum of 16.6% or two months of operating expenses shall be maintained as a reserve. Any monies over a 16.6% reserve in this fund shall be re-appropriated to other funds that have not met its reserve requirements. Once all funds have met their fund requirements additional funds shall go to the Capital Improvement Program. A minimum of a 5% reserve is required, per bond agreement.

Parking System Fund

A minimum of 16.6% expenses shall be maintained as a reserve; in addition a sufficient reserve shall be maintained to meet bond requirements. A portion of the fund reserve shall be used to fund depreciation and capital improvement needs. A minimum of 5% is required, per bond requirements.

Water Fund

A minimum of 16.6% of expenses shall be maintained as a reserve; in addition, a sufficient reserve shall be maintained to meet debt requirements. A portion of the fund reserve shall be used to fund depreciation and capital improvement needs.

Sewer Fund

A minimum of 16.6% of expenses shall be maintained as a reserve; in addition, a sufficient reserve shall be maintained to satisfy both bond and Illinois Environmental Protection Agency (IEPA) loan debt requirements. A portion of this fund reserve shall be used to fund depreciation and capital improvement needs.

Solid Waste Fund

A minimum of 16.6% of expenses shall be maintained as a reserve; in addition, a sufficient reserve shall be maintained to satisfy debt requirements. A portion of this fund reserve shall be used to fund depreciation and capital improvement needs.

Motor Fuel Tax Fund

A minimum of 25% expenses shall be maintained as a reserve in order to ensure the efficient startup of roadway projects each year.

Capital Improvement Fund

A minimum of 25% of expenses funded from non-debt sources shall be maintained as a reserve. No debt-service costs are located in this fund and therefore no reserve is required for debt service. This 25% reserve shall be used for the startup costs of the current year capital projects in the approved annual budget. Any funds that remain unspent from incomplete capital projects shall be in addition to this 25% level. Any funds that are unspent from projects that were completed under budget shall be included in this 25% level. All projects funded from bond

proceeds or other debt issues, shall be tracked along with that debt issue to comply with arbitrage and issuance compliance regulations.

Tax Increment Finance (TIF) Funds

Fund reserves shall be based on outstanding debt-service requirements or multi-year development incentives established by the City. Reserves shall be designated for the funding of these long-term expenses prior to being released for future capital or development expenses.

Insurance Fund

Health Insurance Reserves should be no less than three months of annual expenses. At least one month of the three month reserve is required to be kept at the Intergovernmental Personal Benefits Cooperative (IPBC). This reserve will be utilized to cover the claims payable cycle cost which is approximately 45 days, and to provide for reserves in the event of major changes in rates/claims experience. Liability Insurance Reserves are not established to fully fund all potential future claims. As such, cash reserves should be set at a minimum of 25% of outstanding claims payable as defined in the prior year audit or twice the current annual self-insured retention coverage level (currently at \$1,250,000).

Fleet Maintenance Fund

Fleet Maintenance Fund Reserves should remain in a positive position with sufficient funds to operate during the year.

Equipment Replacement Fund

Equipment Replacement Fund Reserves should not exceed the amount of accumulated depreciation of the City's fleet as noted in the prior year Annual Audit.



Memorandum

To: City Manager and CFO/Treasurer

From: Hitesh Desai, CFO
Darrell King, Bureau Chief - Water Production
Clayton Black, Budget Manager

Subject: Water Fund Fund Balance Policy and Outside Agency Requirements

Date: November 8, 2024

Water Fund Fund Balance Policy and Outside Agency Requirements

City Council Request:

Can staff provide cited examples of outside agencies or lending sources (i.e. IEPA and WIFIA) that require a 16.6% fund balance in the Water Fund in order to receive grants or loans for related projects?

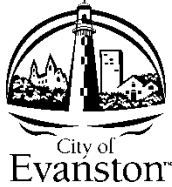
Staff Response:

The City's Water Fund Balance policy, adopted by the City Council states:

"A minimum of 16.6% of expenses shall be maintained as a reserve; in addition, a sufficient reserve shall be maintained to meet debt requirements. A portion of the fund reserve shall be used to fund depreciation and capital improvement needs."

With budgeted expenses of \$87,557,403 in the adopted FY 2024 budget and \$68,788,582 in the proposed FY 2025 budget, this policy, as drafted, requires a fund balance of \$14.5 million and \$11.4 million, respectively. Recognizing that a significant portion of these budgets are related to large capital projects, the fund has been targeting a fund balance of approximately \$5.8 million which is significantly below this policy but still complies with commitments made to agencies that have loaned the City funds and ensures the City can make up-front payments on these large capital projects until it is reimbursed through loans.

The City relies on low-interest and principal forgiveness loans through the Illinois Environmental Protection Agency (IEPA) and Water Infrastructure Finance and Innovation Act (WIFIA) for many of its completed and ongoing projects. In order to be approved for these loans, the City provides IEPA and EPA with its long-range financial plan which shows compliance with its fund balance policy. These agencies approve the City for funding with the understanding it will follow



Memorandum

To: City Manager and CFO/Treasurer

From: Clayton Black, Budget Manager
Alex Ruggie, Corporation Counsel

Subject: Property Taxes and Home Rule Authority

Date: November 8, 2024

Property Taxes and Home Rule Authority

City Council Request:

Can a Home Rule municipality craft its own property tax code?

Staff Response:

Council Member Reid raised the suggestion at the Special City Council meeting on November 4 that the City of Evanston, as a home rule municipality, has the authority to craft its own property tax code. Real property taxation in Illinois is authorized by the 1970 Illinois Constitution which requires that taxes be levied uniformly by valuation. Section 4(a) states:

SECTION 4. REAL PROPERTY TAXATION

(a) Except as otherwise provided in this Section, taxes upon real property shall be levied uniformly by valuation ascertained as the General Assembly shall provide by law.

While classifications are generally set by the legislature, Section 4(b) does allow an exception for counties with a population greater than 200,000 to make their own reasonable classifications with uniform assessments within each class.

SECTION 4. REAL PROPERTY TAXATION

(b) Subject to such limitations as the General Assembly may hereafter prescribe by law, counties with a population of more than 200,000 may classify or continue to classify real property for purposes of taxation. Any such classification shall be reasonable and assessments shall be uniform within each class. The level of assessment or rate of tax of the highest class in a county shall not exceed two and one-half times the level of assessment or rate of tax of the lowest class in that county. Real property used in farming in a county shall not be assessed at a higher level of assessment than single family residential real property in that county.

In Illinois, the General Assembly has the authority to establish and amend the Property Tax code. Cook County administers the assessment, sets the rate, and collects property taxes. Finance staff confirmed with the Legal Department that the Illinois Constitution does not make an exception for Home Rule communities and would not recommend pursuing this option.