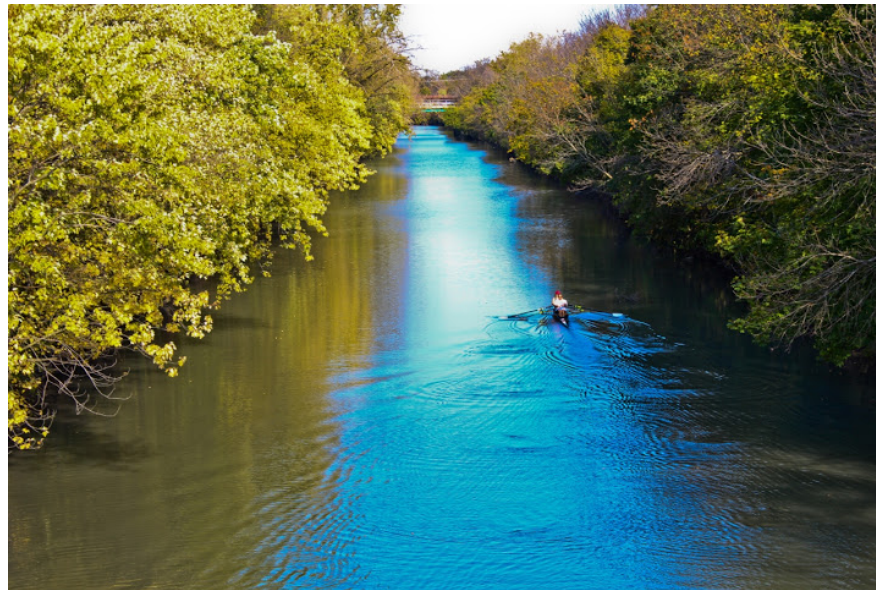


EVANSTON

2017 Year-End Budget Update



Wally Bobkiewicz, City Manager
Martin Lyons, Assistant City Manager/CFO

July 24, 2017



City of
Evanston™

City Manager's Office

PRESENTATION OVERVIEW

- 2017 Year-End Expected
- Revenue Shortfall Detail
- Proposed Changes
- Net Impact
- 2017 Policy Changes
- 2018 Budget Planning

2017 YEAR-END NET

- At the July 10 Council meeting, staff presented two possible year-end scenarios for the General Fund
- With clarification of key revenues and the passage of the state budget, staff expects a year-end deficit of \$3,324,696.

2017 YEAR-END EXPENSES

- 2.75% General Wage Increase (GWI) retroactive to January 1, 2017 for all union and non-union employees.
- Staff worked with department directors to determine accurate year-end estimates for other expenses.
- Overall, expenses expected to be \$948,663 under budget.

2017 Expected General Fund Expenses	
Expense Budget	118,686,191
2017 Expected Expenses	117,737,528
Expected Expense Savings	(948,663)

2017 YEAR-END REVENUE

Staff expects a year-end revenue shortfall of \$4,366,000.

2017 Expected General Fund Revenue	
Revenue Budget	118,778,832
Permit reduction	(2,596,000)
Income tax shortfall	(790,000)
Sales tax shortfall	(780,000)
Utility Taxes shortfall	(200,000)
2017 Expected Revenue	114,412,832
Expected revenue shortfall	(4,366,000)

2017 YEAR-END REVENUE

Project Name	Budgeted Permit Revenue	Received To Date	Year-End Expected
Welsh Ryan – NU	1,500,000	0	1,500,000
Tech A&B Wing Infill - NU	936,000	0	936,000
Jacobs Center – NU	1,500,000	0	700,000
NU Various Projects	1,000,000	521,000	1,000,000
1815 Ridge – PD	556,000	Post-2017 Start	Post-2017 Start
824 Noyes – PD	240,000	IHO Deferral	IHO Deferral
831 Emerson – PD	500,000	Post-2017 Start	Post-2017 Start
Small Projects	3,000,000	1,158,320	2,500,000
Total	\$9,232,000	\$1,679,320	\$6,636,000
Expected Year-End Shortfall			(\$2,596,000)

NU = Northwestern University PD = Planned Development

2017 YEAR-END REVENUE

- Income tax shortfall (\$790,000)
 - Declining local income tax receipts (\$400,000)
 - 10% reduction to LGDF in July 2017 (\$390,000)

Revenue Booked	Cash Received	Evanston FY	State FY	% Received
Jan-17	Mar-17	2017	2017	100%
Feb-17	Apr-17	2017	2017	100%
Mar-17	May-17	2017	2017	100%
Apr-17	Jul-17	2017	2017	100%
May-17	Aug-17	2017	2017	100%
Jun-17	Sep-17	2017	2017	100%
Jul-17	Aug-17	2017	2018	90%
Aug-17	Sep-17	2017	2018	90%
Sep-17	Oct-17	2017	2018	90%
Oct-17	Nov-17	2017	2018	90%
Nov-17	Dec-17	2017	2018	90%
Dec-17	Jan-18	2017	2018	90%

2017 YEAR-END REVENUE

- Sales tax shortfall (\$780,000 total), composed of:
 - State sales tax (\$400,000)
 - Home rule sales tax shortfall (\$260,000)
 - 2% administrative charge on home rule sales tax, new with 2017 State Budget (\$120,000)
- Utility Tax (\$200,000)
 - Warm winter in beginning of 2017; offset by savings in snow-related expenses of \$700,000

2017 YEAR-END SOLUTIONS

Without further changes, staff expects a year-end General Fund deficit of \$3,324,696.

2017 General Fund Expected Net	
2017 Expected Revenue	114,412,832
2017 Expected Expenses	117,737,528
2017 Expected Deficit	(3,324,696)

PROPOSED REVENUE CHANGES

Presented for introduction to Council on July 24:

Proposed Change	Current	Proposed	New Revenue*
\$10 Parking ticket increase	\$10	\$20	130,000
Boot regulation change	5 tickets	3 tickets	50,000
Street sweeping ticket increase	\$35	\$50	25,000
Total			205,000

*New revenue expected to be collected by end of 2017 if change becomes effective September 1, 2017.

PROPOSED BUDGET SAVINGS

Budget Savings	Expenses	Revenue
2.75% GWI retro to 7/1/17	(752,000)	
Capital transfer reduction	(800,000)	
Debt service transfer reduction	(400,000)	
Fleet service transfer reduction	(300,000)	
Transfer from Parking Fund*		500,000
Transfer from General Assistance Fund*		150,000
City Manager Contingency	(150,000)	
Advanced Disposal settlement**	200,000	
Close 311 on Saturdays (9/1/17)	(20,000)	
1.5% of non-personnel	(250,000)	
Total	(2,472,000)	650,000

* These transfers are an increase in revenue to the General Fund

** Advanced Disposal settlement - \$1.2M was deposited as revenue to the General Fund in 2016, and of this amount, \$200,000 will be an additional expense to the General Fund as a transfer to the Capital Fund.

PROPOSED BUDGET SAVINGS

1.5% Non-Personnel Cuts by Department

Department	2017 Budget	Expected Year-End	1.5% Non-Personnel Costs
City Council	498,189	500,641	-
City Clerk	275,488	296,116	-
CMO	9,878,454	9,383,457	(37,926)
Law	854,050	806,520	(2,142)
Admin Services	9,700,879	9,585,051	(39,527)
Community Dev.	2,804,668	2,645,990	(6,017)
Police	38,223,842	38,864,691	(26,231)
Fire	24,294,001	24,515,301	(26,527)
Health	3,582,312	3,234,254	(8,717)
Parks and Rec	12,361,460	12,544,418	(43,736)
PWA	16,212,848	15,361,089	(68,735)
Total	118,686,191	117,737,528	(259,558)

NET IMPACT

With All Proposed Options	
2017 Expected Revenue	114,412,832
Proposed Revenue Changes	205,000
Transfer Increases	650,000
New 2017 Revenue	115,267,832
2017 Expected Expenses	117,737,528
Proposed Expense Savings	(2,472,000)
New 2017 Expenses	115,265,528
New 2017 Expected Surplus	2,304

POLICY CHANGES

Implemented through end of 2017 to contain expenses:

- Director approval required for all overtime, and overtime reports submitted regularly to APW Committee.
- Hiring freeze effective immediately to end of 2017
(12 FTE vacancies)
- City Manager approval required for all training and travel expenses, and for furniture, fixture, and equipment purchases

2018 BUDGET PLANNING

Recommended in preparation for 2018 budget process:

- Consider creation of two-year budget, through 2019.
- City Manager review of management structure in all departments
- In-depth review of CMO, Admin. Services, and Law for 2018 budget; Police Department for 2019 budget.
- Increase opportunities for employee and citizen engagement as part of the budget process.
- Consider all budget decisions through equity framework.

2018 BUDGET CALENDAR

DATE	TIME	ACTIVITY
Monday, July 10, 2017	7PM*	Mid-Year 2017 Budget Review
Monday, July 24, 2017	7PM*	2017 end of year and 2018 baseline discussion
Wednesday, September 13, 2017	7PM - 9PM in G300	Multi-media Budget Outreach Event
Friday October 6, 2017	5PM	Proposed 2018 Budget to City Council
Monday, October 16, 2017	7PM	2018 Budget Discussion
Monday, October 23, 2017	7PM*	2018 Budget Discussion
Saturday, October 28, 2017	9AM - 1PM	Special City Council meeting Public Hearing-- Truth in Taxation Public Hearing-- FY 2018 Proposed Budget Preliminary Tax Levy Estimate
Monday, November 6, 2017	7PM	2018 Budget Discussion (if needed)
Monday, November 27, 2017	7PM*	2018 Budget & 2017 Tax Levy Adoption