EVANSTON

2019 Budget – Priority-Based Budgeting

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Kate Lewis-Lakin, Senior Management Analyst

March 19, 2018
AGENDA

• 2019 Budget Projections
  General Fund
  Other Funds
• Overview of Priority-Based Budgeting
• Calendar of upcoming steps
2019 BUDGET PROJECTIONS
GENERAL FUND
## 2019 BUDGET PROJECTIONS

<table>
<thead>
<tr>
<th>General Fund Major Revenue Sources</th>
<th>% of 2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State income and sales tax</td>
<td>15.3%</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>9.1%</td>
</tr>
<tr>
<td>Home rule sales tax</td>
<td>5.6%</td>
</tr>
<tr>
<td>Building and related permits</td>
<td>5.2%</td>
</tr>
<tr>
<td>Recreation Program Fees</td>
<td>5.1%</td>
</tr>
<tr>
<td>Utility taxes</td>
<td>3.8%</td>
</tr>
<tr>
<td>Liquor Licenses and Tax</td>
<td>3.2%</td>
</tr>
<tr>
<td>Wheel Tax</td>
<td>2.5%</td>
</tr>
<tr>
<td>Parking Tickets</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52.2%</strong></td>
</tr>
</tbody>
</table>
## 2019 Budget Projections

<table>
<thead>
<tr>
<th>General Fund Other Revenue Sources</th>
<th>% of 2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Property Taxes</td>
<td>15.9%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>15.4%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1.2%</td>
</tr>
<tr>
<td>Licenses, Permits and Fees</td>
<td>2.6%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>3.7%</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>0.9%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>6.7%</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>0.7%</td>
</tr>
<tr>
<td>Total</td>
<td>47.8%</td>
</tr>
</tbody>
</table>
2019 BUDGET PROJECTIONS

Major Revenue Sources

- Property Taxes
- All Sales Taxes
- State Income Tax
- Utility Taxes
- Building Permits
2019 Budget Projections

All Personnel Costs
General Fund/Other Funds

2012-2018
All Funds 13.8% Increase

General Fund 11.1% Increase

City of Evanston
2019 BUDGET PROJECTIONS

General Fund Expenses
2012-2018 – 36.6% Increase
2019 BUDGET PROJECTIONS

Average COLA vs. CPI % Increase

City of Evanston

Chicago Area CPI
2019 BUDGET PROJECTIONS

General Fund
Personnel Costs/Major Revenue

Personnel Costs
Major Revenue

City Manager’s Office
## 2019 Budget Projections

<table>
<thead>
<tr>
<th>General Fund Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018 Budget</strong></td>
</tr>
<tr>
<td>Expense</td>
</tr>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td><strong>2019 Projections</strong></td>
</tr>
<tr>
<td>COLA Increase</td>
</tr>
<tr>
<td>Health Insurance Increase</td>
</tr>
<tr>
<td>Non-Personnel Expenses</td>
</tr>
<tr>
<td><strong>Projected Expense</strong></td>
</tr>
<tr>
<td>Projected Decrease - 1%</td>
</tr>
<tr>
<td><strong>Projected Revenue</strong></td>
</tr>
<tr>
<td><strong>Projected Deficit</strong></td>
</tr>
</tbody>
</table>
2019 BUDGET PROJECTIONS

• General Fund Reserve Policy
  16.6% of Operating Expenses
  2017 Ending Fund Balance
  $14,642,444 = 12.8%
  2018 Ending Fund Balance (Budget)
  $15,245,402 = 13.4%
2019 BUDGET PROJECTIONS
OTHER FUNDS
2019 BUDGET PROJECTIONS

Capital Improvements Plan
5-Year Total = $353,400,013

- Water Treatment, Storage and Billing
- Miscellaneous
- Facilities
- Parks
- Other
- Transportation

2018: $74,830,013
2019: $81,354,000
2020: $63,203,000
2021: $100,916,000
2022: $33,097,000

Year Total = $353,400,013
2019 BUDGET PROJECTIONS

• Robert Crown Community Center Project
  $48.5 million project, 2018-2020
  $1.5 million increase to annual debt service
  Tax levy increase or expense reductions

• Main Library Renovation
  $10.5 million for proposed for 2020

• Debt Limit Increase
  $113 million to $150 million
2019 BUDGET PROJECTIONS

• 2019-2022 Unmet Capital Needs

  Average Annual Need (G.O. Funded Capital) = $21.8 million
  Current annual bond capacity = $9 million
  Average Annual Unmet Capital needs = $12.8 million
  Total 2019-2022 Unmet Capital needs = $51.2 million
2019 BUDGET PROJECTIONS

- **Water Fund**
  Increased revenue from new water sales expected November 2018

- **Solid Waste Fund**
  Additional $410,000 property tax increase in 2019 to reduce deficit by end of 2020

- **CDBG and other Federal Funding**
  Delayed payments throughout 2017
  Changes possible in new administration
2019 BUDGET PROJECTIONS

• Insurance Fund
  Ending Fund Balance 2017 = ($5,348,035)
  Expected Ending Fund Balance 2018 = ($4,694,693)

• Washington National Fund
  TIF closing – will generate property tax revenue beginning 2019
  Estimated $1 million new revenue
2019 BUDGET PROJECTIONS

• Firefighters’ Pension Fund
  Unfunded Actuarial Accrued Liability (UAAL) = $96,200,068
  Funded Ratio = 43.2%

• Police Pension Fund
  UAAL = $120,910,139
  Funded Ratio = 46.9%
2019 BUDGET PROJECTIONS

**Summary:** The City is facing a General Fund deficit of approximately $3 million in 2019.

The City faces financial liabilities of new construction with the Robert Crown Center ($1.5M/year), unmet capital needs ($12.8M/year + $10.5 Library), and under funded pension funds.

Staff proposes undertaking a Priority-Based Budgeting Process for the 2019 Budget in order to ensure that programs match the City’s priorities.
PRIORITY-BASED BUDGETING
WHAT IS PRIORITY-BASED BUDGETING (PBB)?

- Comprehensive review of entire organization
- Identifies every program offered
- Evaluates each program’s relevance to the government’s stated strategic goals
- Allows government to align spending and services to community priorities
2019 PROPOSED PROCESS

1. Identify programs
2. Define metrics
3. Staff scores programs
4. City Council and public outreach
5. Final presentation and application

Timeline: March – June 2018
PBB PROCESS TIMELINE

1. Identify Programs
   Draft program list distributed to Departments on February 27

2. Define Metrics
   Basic Program Attributes
   2018 City Council Goals
PBB PROCESS METRICS—BASIC ATTRIBUTES

- Mandated to provide program
- Cost recovery of program
- Change in demand for service
- Reliance on City to provide service
- Portion of Community served by program
PBB PROCESS METRICS—BASIC ATTRIBUTES

City Council Goals

• City Infrastructure & Facilities
• Community Development/Job Creation
• Affordable Housing
• Police/Community Relations
• City Finances
PBB PROCESS METRICS

Equity in PBB Process

Included as a single measure for initial process:

“Does this program specifically address issues of equity in the City of Evanston?”

Deeper equity review will be applied to bottom third of programs at end of exercise
3. Staff scores programs

March 20-30: Department staff score and rank own programs

April 2-6: Inter-department team scores and ranks all programs

April 9-13: Budget team scores and ranks all programs
4. City Council and Public Outreach

   April 30: City Council workshop to score and rank all programs
   May 1-28: Public event and online outreach
   May 29: Check-in with City Council
5. Final Presentation and Application

June 25: Final presentation to City Council

July-October: Final program rankings will be used to inform the 2019 budget process

October 6: 2019 Proposed Budget published
QUESTIONS?