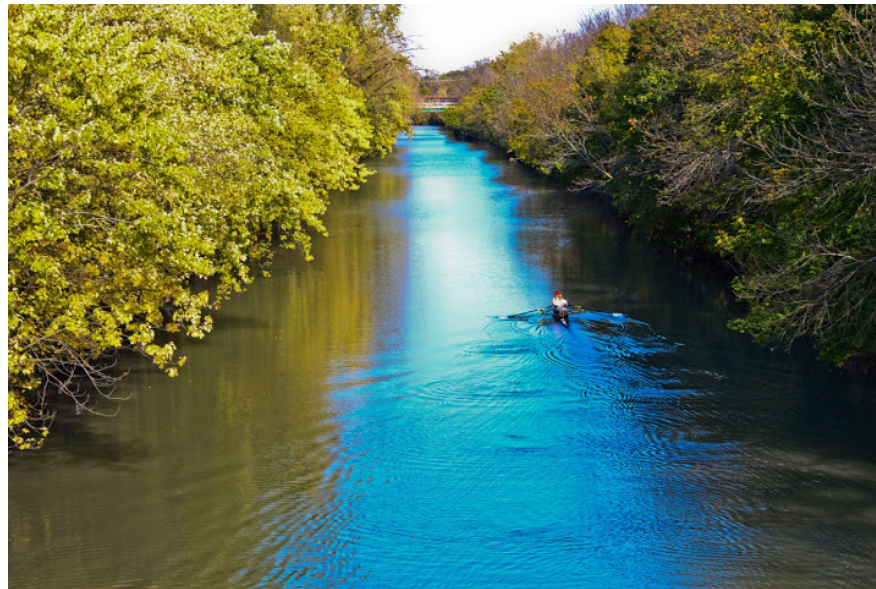


EVANSTON

2018 Second Quarter Financial Report



Hitesh Desai
Chief Financial Officer/Treasurer

July 30, 2018

AGENDA

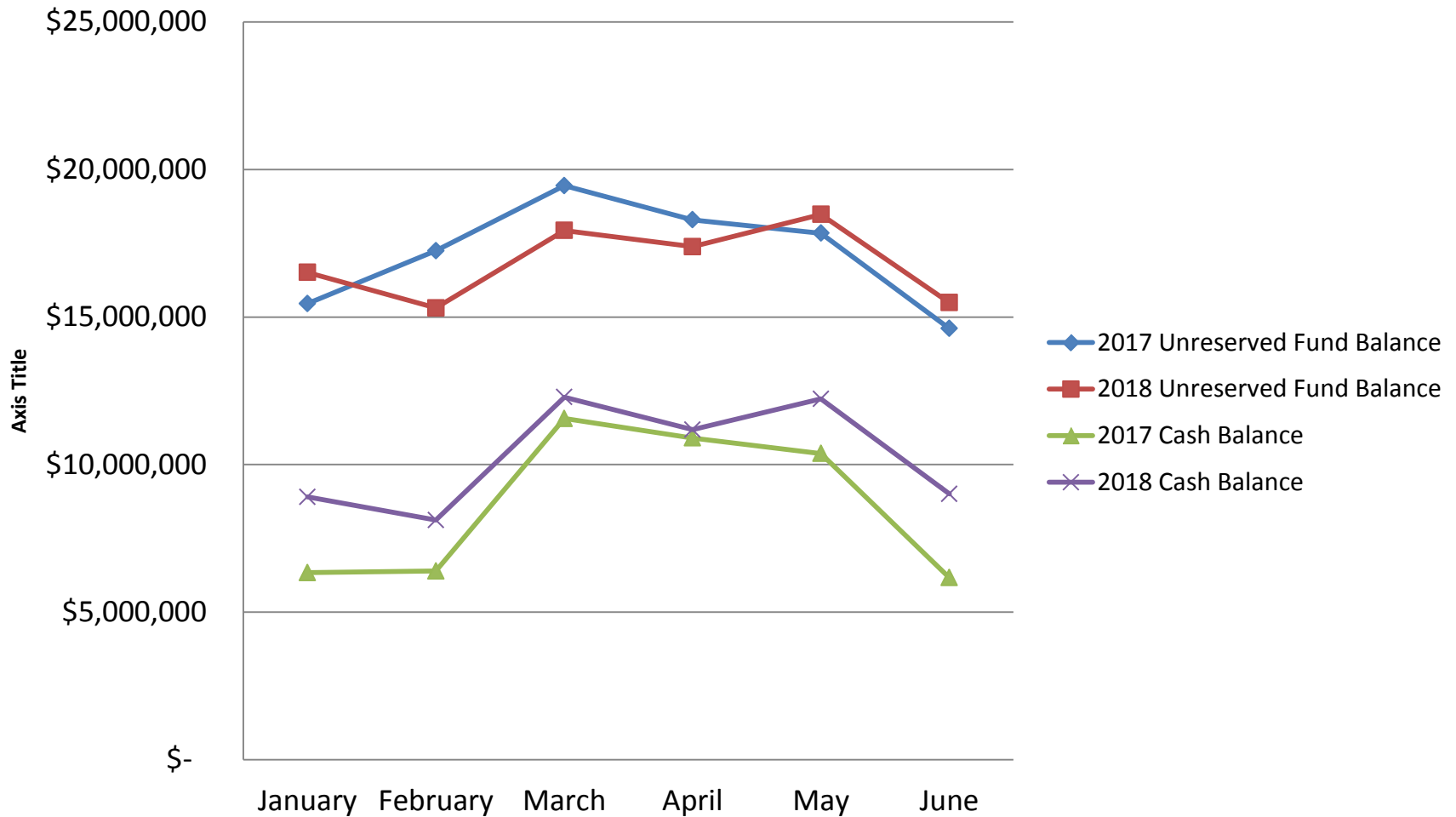
- Second quarter financial overview
- Priority-Based Budgeting update
- Revenue options – Parking
- Upcoming public outreach

2018 SECOND QUARTER OVERVIEW

- General Fund revenues were \$58.3M or 50.8% of budget
- General Fund expenses were \$56.1M or 49.1% of budget
- General Fund 2018 Second Quarter ending unreserved fund balance was \$15,488,721 with a cash balance of \$9,006,016

2018 SECOND QUARTER OVERVIEW

Fund and Cash Balance – General Fund



GENERAL FUND REVENUE OVERVIEW

Revenue	2018 Budget	YTD 2018	%
Property Taxes	28,849,196	15,954,204	55.3%
Other Taxes	49,742,274	25,039,004	50.3%
Licenses, Permits and Fees	12,397,400	5,404,391	43.6%
Fines and Forfeitures	3,882,500	1,383,246	35.6%
Charges for Services	10,077,550	5,259,507	52.2%
Interfund Transfers	7,748,417	3,708,856	47.9%
Intergovernmental Revenue	793,100	679,870	85.7%
Other Revenue	1,300,217	876,861	67.4%
Interest Income	50,100	28,312	56.5%
REVENUE TOTALS	114,840,754	58,334,251	50.8%

- Through June 30, the City received over half of property taxes. This includes the General Fund collection of pension property taxes (which are then transferred to their respective pension funds).

GENERAL FUND EXPENSE OVERVIEW

Expense	2018 Budget	YTD 2018	%
CITY COUNCIL	492,806	280,806	57.0%
CITY CLERK	191,784	101,346	52.8%
CITY MANAGER'S OFFICE	7,540,597	3,454,615	45.8%
LAW	736,346	347,324	47.2%
ADMINISTRATIVE SERVICES	9,075,303	4,474,861	49.3%
COMMUNITY DEVELOPMENT	3,614,774	1,560,215	43.2%
POLICE	38,391,099	19,755,121	51.5%
FIRE MGMT & SUPPORT	23,934,390	12,540,038	52.4%
HEALTH	3,697,529	1,525,889	41.3%
PARKS, REC. AND COMMUNITY SERV.	11,955,812	5,414,696	45.3%
PUBLIC WORKS AGENCY	14,607,356	6,606,717	45.2%
EXPENSE TOTALS	114,237,796	56,061,629	49.1%

- Most departments are under the 50% expense target
- Police & Fire have expenses associated with the transfer of property tax to pension funds which increases their expenses over the 50% goal
- Expenses are not evenly distributed throughout the year (i.e. Parks programs in the summer)

ENTERPRISE FUND OVERVIEW

	2018 Budget	YTD 2018	%
Parking System Fund			
Revenues	\$11,134,126	\$5,832,048	52.4%
Expenses	\$12,896,493	\$3,609,400	28.0%
Water Fund			
Revenues	\$45,695,656	\$9,620,377	21.1%
Expenses	\$45,663,506	\$7,030,488	15.4%
Sewer Fund			
Revenues	\$14,698,650	\$6,130,593	41.7%
Expenses	\$14,817,870	\$5,147,247	34.7%
Solid Waste Fund			
Revenues	\$5,261,361	\$2,503,749	47.6%
Expenses	\$5,109,701	\$2,219,498	43.4%

ALL FUNDS REVENUE OVERVIEW

Fund Category	Revenue		
	2018 Budget	YTD 2018	%
Capital	\$34,142,000	\$3,354,479	9.8%
CDBG & Housing	\$5,540,008	\$1,192,379	21.5%
Debt	\$15,033,383	\$6,823,389	45.4%
Enterprise	\$76,379,793	\$24,086,768	31.5%
General	\$114,840,754	\$58,334,251	50.8%
Internal Service	\$23,812,319	\$11,161,222	46.9%
Library	\$18,133,999	\$3,982,124	22.0%
Pension	\$32,504,651	\$13,024,848	40.1%
Special Revenue	\$3,973,700	\$1,668,755	42.0%
TIF	\$11,447,050	\$3,618,762	31.6%
TOTAL	\$335,807,657	\$127,246,976	

- All funds are grouped by category/type
- Capital budget includes Bond Proceeds to be received in August
- Police/Fire Pension revenues are from taxes, contributions and investment income.

ALL FUNDS EXPENSE OVERVIEW

Fund Category	<u>Expenses</u>		%
	2018 Budget	YTD 2018	
Capital	\$39,931,527	\$6,812,591	17.1%
CDBG & Housing	\$6,130,028	\$1,244,520	20.3%
Debt	\$14,882,474	\$2,346,867	15.8%
Enterprise	\$78,487,570	\$18,006,634	22.9%
General	\$114,237,796	\$56,061,629	49.1%
Internal Service	\$23,371,779	\$11,889,941	50.9%
Library	\$17,899,701	\$3,287,533	18.4%
Pension	\$21,320,000	\$10,661,844	50.0%
Special Revenue	\$4,501,428	\$2,214,433	49.2%
TIF	\$14,701,705	\$4,711,956	32.1%
TOTAL	\$335,464,008	\$117,237,947	

- All funds are grouped by category/type
- Capital funds do not include expenses for Water/Sewer, etc.
- Police/Fire Pension Expenses are for benefits paid

2018 SECOND QUARTER CONCLUSION

- The City of Evanston ended the second quarter in stable financial condition.
- Enterprise and Capital Funds continue to spend down fund balance on budgeted projects.
- Staff expects to end the year balanced and will continue to monitor revenues and expenses as the 2019 Proposed Budget is prepared

QUESTIONS?

2019 PRIORITY-BASED BUDGETING UPDATE

- June 18th Council direction:
 - More information about programs to study
 - Additional information about revenue ideas

PBB AGENDA

1. Priority-Based Budgeting Program Update
2. Revenue Generation
3. Budget Process/Outreach
4. Budget Calendar

PBB 1– PROGRAM STUDY INFORMATION

- June 18th Council direction:
 - More information about 37 programs to study
 - June 22nd Memo on programs that will be studied
 - Some studies require additional time for research
 - 12 studies included in the Council packet
 - Staff available to answer questions

PBB 1– PROGRAM STUDY INFORMATION

Priority Based Budgeting Updates

Provided on July 30, 2018

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PBB 1– PROGRAM STUDY INFORMATION

- Further Study of 24 programs from PBB Survey will be forthcoming:
 - **Administrative Adjudication** – Possibility of adding court fees; review current level of service.
 - **Revenue and Collections** – Study impact of changing Passport services; continue improvement in online and in-person payment processing.
 - **Community Arts Administration/Public Art Installation** – Inventory of programs and individuals served
 - **MWEBE/Local Employment Program** – Consider use of penalty fees to support program; consider placing compliance fees on City's capital projects
 - **Membership dues and subscriptions** – Examine use across City; look for underutilized memberships that could be eliminated; look for individual memberships that could be combined to organizational.
 - **Training and travel** - Examine use across City; evaluate department budgets and policies for approval
 - **City employee cell phone stipends** – Examine current policy and utilization

PBB 1– PROGRAM STUDY INFORMATION

- Further Study of 24 programs from PBB Survey will be forthcoming:
 - **Use of city facilities on nights and weekends** – Examine current policy, consider possibilities for revenue
 - **Facilities maintenance** – Review current level of service.
 - **Fleet services** – Investigate leasing opportunities.
 - **Property Maintenance** – Examine overlap with Community Development Department.
 - **City-sponsored Special Events** – Details of events and revenue raised.
 - **Gibbs-Morrison Cultural Center** – Possibility of raising fees.
 - **Noyes Cultural Arts Center** – Possibility of raising fees.
 - **Athletic Programming** – Possibility of raising fees.
 - **Best practice tree maintenance and replacement** – Examine current service level.
 - **Tree preservation permit** - Examine current service level.

PBB 1– PROGRAM STUDY INFORMATION

- Further Study of 24 programs from PBB Survey will be forthcoming:
 - **Streetlight, traffic signal, and sign maintenance and repairs** - Examine current service level.
 - **Right-of-Way Permits** – Possibility of raising fees.
 - **Special refuse pickups** – Possibility of raising fees; ways for increasing compliance.
 - **Twice annual bulk pickups** – Consider separate fees; raise solid waste fees to cover this service.
 - **Leaf pickup** - Possibility of raising fees; ways for increasing compliance.
 - **Special Event support** – Examine history of events and amount of support given; examine possibility of imposing new fees.
 - **Merrick Rose Garden** – Examine current level of service.

PBB 1– PROGRAM STUDY INFORMATION

Social Services Evaluation: Evaluating nearly 200 social service programs offered or supported by the City

- **September 17 Report will include:**
 - Baseline inventory
 - Program financials and service delivery

- **Next Phases will include:**
 - Equity Assessment
 - Service Impact
 - Program Capacity

PBB 1– PROGRAM STUDY INFORMATION

- Chief Scott & Chief Eddington to provide Public Safety Update

PBB 2– REVENUE GENERATION

- Staff was directed to continue to look into revenue generation
- Variety of ideas
 - Real Estate Transfer Tax
 - Other Revenue Sources
 - Parking

PBB 2– REVENUE GENERATION

- Real Estate Transfer Tax – resolution and public hearing for increase scheduled for August 13
 - No increase to the amount for properties under \$1.5M– remain at \$5 per \$1,000
 - \$2 increase for properties \$1.5M to \$5M-- \$7 per \$1,000
 - \$4 increase for properties over \$5M-- \$9 per \$1,000
- August 2nd notice of public hearing in Pioneer Press
- August 13th Public Hearing
- November 6th General Election referendum ballot item

- Anticipated revenue increase of \$750,000

PBB 2– REVENUE GENERATION

- Revenue changes for consideration:
 - Home rule sales tax increase of 0.25% - \$1,500,000
 - Food and Beverage tax at 1%- \$175,000
 - Transportation network tax to \$0.40 – \$300,000
 - Hotel tax increase 0.5% - \$115,000
 - Explore sale of Maple Avenue Parking Garage – research in progress
 - Wheel tax increase to \$95 - \$500,000
 - Increase to boat rack and launch fees - \$14,500

PBB 2– REVENUE GENERATION

PARKING: Demand-based pricing philosophy

- **Start with an objective of 80% occupancy of on-street parking.**
 - **Increase the parking meter hourly fee near Parking Structures.**
 - **Enforce parking meters on Sunday**
 - **Establish lakefront pay stations**
 - **Create a special event parking rate (NU Pilot)**
 - **Increase parking garage permit fees and hourly rates**
 - **Adjust lot and residential permit fees**

PBB 3– BUDGET PROCESS/OUTREACH

The Equity and Employment Office has set a goal to reach 500 African-American and Latinx residents through the budget outreach process.

- 16 Evanston Cradle to Career Advocates will assist with this outreach (advocates will receive training from the Budget Team).**
- Conduct 8 to 10 meetings/interactions to targeted community groups in different locations.**

PBB 3– BUDGET PROCESS/OUTREACH

- September 13 – Budget input event with live streaming to variety of locations across City
- October 5 – Proposed 2019 Budget
- October 5-25 – A Balancing Act online budget simulation available for resident responses. Results to be presented during budget discussion on Saturday, October 27.

PBB 3– BUDGET PROCESS/OUTREACH

- A Balancing Act - Intended outcomes
 - Ability for residents to learn more about budget and component parts
 - Residents offer feedback on how to balance budget between revenue and expense changes
- Example – Anaheim, CA
 - [Link to English simulator](#)
 - [Link to Spanish simulator](#)

PBB 4– BUDGET CALENDAR

August & September		Continued face to face outreach & engagement
Thursday, September 13, 2018	7PM	Public Outreach Event
Monday, September 17, 2018	7PM	Human Services Program Review Presentation
Friday October 5, 2018	5PM	Proposed 2019 Budget to City Council Online outreach tool open to the public
Monday, October 15, 2018	7PM	2019 Budget Discussion
Monday, October 22, 2018	7PM*	2019 Budget Discussion
Saturday, October 27, 2018	9AM - 1PM	Special City Council meeting Public Hearing-- Truth in Taxation Public Hearing-- FY 2019 Proposed Budget Preliminary Tax Levy Estimate
Monday, November 12, 2018	7PM	2019 Budget Discussion (if needed)
Monday, November 19, 2018	7PM*	2019 Budget & 2018 Tax Levy Adoption
*meeting times are approximate		

QUESTIONS?