2009-10 Budget Workshop

October 6, 2008

Levy Center Linden Room

6:30 P.M.
Agenda

I. FY 08-09 Budget Review

II. FY 09-10 Budget Preview

III. Balancing Options Discussion
City of Evanston
Fiscal Year 2008-09
Budget Review
Budget Concerns

- **Stagnate Economy**
  - Slowly Increasing Sales Taxes
  - Decreasing Real Estate Transfer Taxes
- **Increased Pension Funding Costs**
  - Per Actuarial Analysis
- **Salt, fuel, and other commodity increases**
- **Actions of the State Legislature**
  - Bill for Pension / Health Benefits for Firefighters
- **Increased competition for Federal or State Grants**
  - Due to Fund Reduction or Diversion
The Economy

- **Housing Market**
  - Real estate transfer tax transactions are down substantially in frequency and in price, both lowering transfer tax revenue
  - Economists predict the housing market will not rebound until early 2010

- **Banking Crisis**
  - Failure of Lehman Brothers and AIG
  - Potential bailout funding is important as a positive, but it may take funds away from other federal programs

- **State Income Tax**
  - Running counter to the current economic cycle, but it is slowing after 2009-10
Evanston Economy

- Other than Housing, local economy is better than national
- Permit revenue is still estimated to meet budget
- Other tax revenues (Sales, Home Rule Sales, Utility, etc.) are above last year, but slightly below budget for 08-09
- Commodity prices are negatively impacting the current year’s budget:
  - Salt
  - Fuel / Oil-based products
2008-09 Budget Estimate

- Quarterly Report through 8/31/08 provided on 10/3/08
- Revenues estimated to come in at budget or just below
  - Not within our control but will be monitored closely
- Expenses estimated to come in slightly below budget
  - We will do everything within our control to have them meet revenues
- Projected Ending 08-09 Unreserved Fund Balance Estimate is $14.0 Million
Major 2009-10 Budget Goals

STABILIZATION

- REVENUES
  - Volatile economy has impacted and will continue to impact core City revenues
  - Review revenue strategy for five year period

- EXPENSES/PROGRAMS
  - Staffing and Reorganization
    - Turnover
    - Re-establish baseline services
    - Transition
  - Systems and Support
    - Analyze current delivery systems
    - Infrastructure to support services moving forward
Major 2009-10 Budget Issues

- **PERSONNEL**
  - Staffing
    - Reorganization and Replacement
    - Training on Current and Newly Acquired Systems
  - Benefits
    - Police / Fire Pension Costs
    - Health Insurance Costs
    - Contracts - 3 / 4 Union contracts are up for renewal

- **CAPITAL**
  - Fleet
  - Facilities
<table>
<thead>
<tr>
<th></th>
<th>FY 08-09 Approved Budget</th>
<th>FY 09-10 Projected Budget</th>
<th>Variance</th>
<th>Budget % Change</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>89,532,500*</td>
<td>90,779,800</td>
<td>1,247,300</td>
<td>1.4%</td>
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<tr>
<td>Expenses</td>
<td>89,532,500**</td>
<td>93,588,400</td>
<td>4,055,900</td>
<td>4.5%</td>
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<td>Deficit</td>
<td>0</td>
<td>-2,808,600</td>
<td>-2,808,600</td>
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* Does not include Applied Fund Balance of $4,536,100

** Does not include Interfund Transfer for Police & Fire Pensions
General Fund Revenue Assumptions

- **Property Tax Revenues Already Included:**
  - Increase in General Fund - $199,700

- **New Commercial Refuse Franchise Fee** - $170,000

- **Sales Tax Revenue Sharing Agreements** - <$300,000>

- **One-time NU Transfer Expires** - <$550,000>

- **Real Estate Transfer Tax reduced** - <$700,000>

- **Income Tax Revenue projections increased** - based upon September IML estimates - $800,000

- **Modest Fee Increases**
General Fund Revenue History

* This includes fines & forfeitures, State & Federal Aid, and Interfund Transfers
Total Tax Levy

Graph showing the total tax levy for different funds and pension services for the years 2007-2008, 2008-2009, and estimated for 2009-2010.
General Fund Expenditure
Assumptions

- Over $500,000 in vacant position cuts
- Goal to re-engineer service delivery at no additional cost
- Increases to keep pace with negotiated bargaining unit Contracts
- No program cuts
General Fund Expenditure History

* 09-10 Does not include one-time transfer for Police & Fire Pensions
Positions All Funds
Last Four Fiscal Years and YTD Estimate

<table>
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<tr>
<th>Fiscal Year</th>
<th>FTES</th>
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<tr>
<td>2005-06</td>
<td>881.43</td>
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<td>2006-07</td>
<td>883.24</td>
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<td>2007-08</td>
<td>866.97</td>
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<td>2008-09</td>
<td>853.63</td>
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<td>2009-10 Projection</td>
<td>844.00</td>
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City of Evanston
Fiscal Year 2009-10
Balancing Options
Revenue Alternatives:  
One-time Sources

- Sale of Land
- IMRF Pension Transfer
- P.I.L.O.T. Program
Revenue Alternatives: On-going Sources

- Refuse Fee Increase
- Refuse Sticker System Implementation
- P.I.L.O.T. Program
- Food & Beverage Tax – with Liquor Tax Reduction
- Continue to pursue Grant Opportunities
- Property Tax Revenue
Expenditure Alternatives

- **Service Cuts / Expenditure Reductions:**
  - City Council
  - City Clerk’s Office
  - City Manager’s Office
  - Legal
  - Human Resources
  - Finance
  - Community Develop.
  - Police
  - Fire
  - Health & Human Serv.
  - Public Works
  - Library
  - Parks/Forestry & Rec.

- Managed Competition
- NU / Partnerships
- Other Alternatives
NEXT STEPS

- Council Comments and Direction
- Staff Research and Budget Refinement