EVANSTON
2019 Mid-Year Financial and Budget Update

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Kate Lewis-Lakin, Budget Coordinator

August 5, 2019
# GENERAL FUND REVENUE OVERVIEW

<table>
<thead>
<tr>
<th>General Fund Revenue</th>
<th>2019 Adopted Budget</th>
<th>2019 YTD Revenue</th>
<th>% Actual to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>30,047,955</td>
<td>16,012,252</td>
<td>53.3%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>53,671,300</td>
<td>26,617,020</td>
<td>49.6%</td>
</tr>
<tr>
<td>Licenses, Permits and Fees</td>
<td>7,651,400</td>
<td>4,450,855</td>
<td>58.2%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>8,900,909</td>
<td>5,444,754</td>
<td>61.2%</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>4,700,500</td>
<td>2,269,659</td>
<td>48.3%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>988,300</td>
<td>306,186</td>
<td>31.0%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>55,100</td>
<td>91,691</td>
<td>166.4%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>8,877,103</td>
<td>4,408,506</td>
<td>49.7%</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>994,303</td>
<td>775,155</td>
<td>78.0%</td>
</tr>
<tr>
<td><strong>General Fund Total</strong></td>
<td><strong>115,886,870</strong></td>
<td><strong>60,376,078</strong></td>
<td><strong>52.1%</strong></td>
</tr>
</tbody>
</table>
• **Property tax** is on track with 53% overall collected. Second installment bills mailed in July, due in August.

• **Sales tax** on track to meet 2019 budget.

• **Income tax** is trending high and may exceed budget by $100,000.

• **Revenues to watch: Municipal Hotel tax, Parking Tax, and Real Estate Transfer Tax.** All are increasing during summer months.
Revenue Collection and Compliance

• **Home rule taxes** - In house collection efforts
  ○ 142 letters sent; $47,258 collected in penalties and interest and missing returns
  ○ License holds for outstanding liabilities

• **Collection agency (Life Quest)** - Through June - $12,074.
  Ambulance bill and municipal citations

• **Illinois State Comptroller Local Debt Recovery** (IDROP)

• **Credit card fees savings/consolidations** - moved to new credit card processor (Elavon)
Vacation Rentals

- Ordinance amended which included increasing fees
- **Selected Company**: Host Compliance
  - 2 year contract signed in late May 2019
  - Will locate addresses and listings
  - Close to 200 listings in Evanston
- Working with IT in gathering property-related information
- **Next Steps**
  - Notification of unlicensed vacation renters by Sept, 15
  - Enforcement
# GENERAL FUND EXPENSE OVERVIEW

<table>
<thead>
<tr>
<th>General Fund Expenses</th>
<th>2019 Adopted Budget</th>
<th>2019 YTD Expenses</th>
<th>% Actual to Budget</th>
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<tbody>
<tr>
<td>City Council</td>
<td>528,173</td>
<td>279,636</td>
<td>52.9%</td>
</tr>
<tr>
<td>City Clerk</td>
<td>180,704</td>
<td>117,024</td>
<td>64.8%</td>
</tr>
<tr>
<td>City Manager's Office</td>
<td>7,997,018</td>
<td>3,556,436</td>
<td>44.5%</td>
</tr>
<tr>
<td>Law Department</td>
<td>646,183</td>
<td>341,833</td>
<td>52.9%</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>9,483,577</td>
<td>4,520,641</td>
<td>47.7%</td>
</tr>
<tr>
<td>Community Development</td>
<td>3,480,360</td>
<td>1,521,639</td>
<td>43.7%</td>
</tr>
<tr>
<td>Police Department</td>
<td>38,737,094</td>
<td>20,081,500</td>
<td>51.8%</td>
</tr>
<tr>
<td>Fire Department</td>
<td>24,379,850</td>
<td>13,356,846</td>
<td>54.8%</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>3,190,606</td>
<td>1,440,917</td>
<td>45.2%</td>
</tr>
<tr>
<td>Parks, Recreation &amp; Comm. Services</td>
<td>12,297,508</td>
<td>5,206,244</td>
<td>42.3%</td>
</tr>
<tr>
<td>Public Works Agency</td>
<td>13,232,299</td>
<td>6,879,991</td>
<td>52.0%</td>
</tr>
<tr>
<td><strong>General Fund Total</strong></td>
<td><strong>114,153,372</strong></td>
<td><strong>57,302,706</strong></td>
<td><strong>50.2%</strong></td>
</tr>
</tbody>
</table>
Multiple snow events during first quarter of 2019 caused high overtime in Police, Fire, and Public Works Agency. Poor weather in November and December could put snow-related expenses $300,000 over budget.

Parks and Recreation expenses are being closely tracked as we head into summer months.

Other expenses regularly monitored:

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<td>Training and Travel</td>
<td>319,406</td>
<td>155,174</td>
<td>48.6%</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>248,464</td>
<td>191,518</td>
<td>77.1%</td>
</tr>
<tr>
<td>Food (includes Summer Food Program)</td>
<td>275,113</td>
<td>91,655</td>
<td>33.3%</td>
</tr>
<tr>
<td>General Fund Total</td>
<td>842,983</td>
<td>438,347</td>
<td>52.0%</td>
</tr>
</tbody>
</table>
• **Police and Fire Department** overtime expenses are trending higher than target.

<table>
<thead>
<tr>
<th>Overtime Expenses</th>
<th>2018 Actual</th>
<th>2019 Budget</th>
<th>2019 YTD</th>
<th>% Actual to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>$ 1,606,236</td>
<td>$ 959,106</td>
<td>$ 721,719</td>
<td>75.25%</td>
</tr>
<tr>
<td>Fire</td>
<td>$ 1,007,263</td>
<td>$ 759,956</td>
<td>$ 715,824</td>
<td>94.19%</td>
</tr>
</tbody>
</table>
Police Department

- Operational changes to keep overtime expenses below 2018 actuals - estimate $1.5 million by year end
- Northwestern University to reimburse the City for Police presence within Ryan Field and on the streets around the stadium during football games.
- Expect $826,000 in overtime reimbursement by year end (budget of $400,000).
GENERAL FUND EXPENSE DETAIL

Fire Department

- Primary driver for OT overage is operational level vacancies
  - Budgeted staff vacancies (4)
  - Long term injury (4)
  - Processing new hires (2)
- Current CBA - Daily staffing minimums require hireback overtime each time an operational vacancy occurs.
- IEMA/MABAS Deployments for downstate flooding account for $73,000 in OT and will be fully reimbursed by IEMA.
- Budgeted FTE vacancies have resulted in over $270,000 in regular salary savings alone in 2019.
- Department has $57,278 in offsetting revenue tied to reimburse overtime costs.
OTHER FUND HIGHLIGHTS

• **Parking Fund** revenues increasing with implementation of new rates March 1.

• **Water Fund** low on revenue and expenses.
  - Multiple large capital projects still upcoming, to be funded by IEPA loans.
  - Bond proceeds for 2019B bonds received in June.
  - Skokie payment rate cases still unresolved.
OTHER FUND HIGHLIGHTS

• Proceeds from the 2019A and B bond sales were received in June, increasing balances in the Capital Improvement Fund and Crown Construction Fund.

• Insurance Fund is showing negative fund and cash balance. Staff is working to begin addressing negative balance in 2020-21 budget.
2020-21 BUDGET PLANNING
2020-21 BUDGET PLANNING

General Fund Expense Changes 2020

- GWIs from Union Contracts - $1.6 million
- Increase in IMRF contribution - $600,000
- Health insurance cost increases - $176,000
- Increase in state minimum wage (TBD)
- Crown 2019A Debt Service - $637,500
- Contribution to Fund Balance - $1.5 million
2020-21 BUDGET PLANNING

General Fund Revenue 2020

• Stable revenue in sales, income tax

• Increase from state **Motor Fuel Tax (MFT) Funds** - up to $1 million

• **Cable Franchise Fees** - may be challenged by FCC (2019 budget = $1 million)

• **Telecommunications Tax** - revenue decreases each year (2019 budget = $1.92 million)

• **Real Estate Transfer Tax** - may reduce budget (2019 budget = $4.15 million)
2020-21 BUDGET PLANNING

Revenue Increase Options:

• Increase Home Rule Sales Tax from 1% to 1.25%
2020-21 BUDGET PLANNING

• Increase Home Rule Sales Tax from 1% to 1.25%
  • New combined sales tax to 10.25%
  • Estimated new revenue $1.5 million for full year (Current revenue = $6.3 million)
  • 10.25% or higher in effect in: Chicago, Skokie, Lincolnwood, Morton Grove, Niles, and 10+ other Cook County communities
  • For January 1 effective date, must file signed ordinance with state by October 1
  • For July 1 effective date, must file with state by April 1
2020-21 BUDGET PLANNING

Other Revenue Increases in Research

• Expand amusement tax to include streaming services, athletic and recreational activities

• Red light/speed cameras – gathering more information. Need State code amendment for Speed cameras.

• Storage unit tax (5% in Skokie)

• Improve cost recovery for Police and Fire services
2020-21 BUDGET PLANNING

Recreational Cannabis

- Existing Evanston location desires to begin sales 1/1/20
- City can apply a tax on sales up to 3%
- Zoning code updates required
2020-21 BUDGET PLANNING

2020-21 CIP Budget Highlights

- **Street and Transportation**
  - Howard Street Corridor Improvements
  - Central Street Bridge Replacement
- **Parks**
  - Harbert Park
  - McCulloch Park
2020-21 BUDGET PLANNING

2020-21 CIP Budget Highlights

• **Facilities**
  o Civic Center HVAC system - $7M + other ($5M - $10M)
  o Service Center - $2M - $5M

• **Water Plant**
  o Ongoing water storage replacement
  o Intake replacement project - design

• **Miscellaneous**
  o Fire truck purchase - $600,000
  o Police Radio system - $1.5M - $2M
2020-21 BUDGET PLANNING

• Equity outreach budget workshops be held week of September 16

• Variety of times and locations within community (to be determined)

• Purpose to introduce concepts of equity in budgeting to residents, give overview of budget process, and have guided discussions for feedback

• Feedback received at workshops will be presented with Proposed Budget in early October
2020-21 BUDGET PLANNING

- **Week of September 16** – Equity outreach meetings
- **October 4** – Proposed Budget released
- **October 14** – City Council Meeting
- **October 26** – Saturday Budget hearing
- **October 28** – City Council Meeting
- **November 11** – City Council Meeting
- **November 18** – City Council meeting, introduction of budget resolution and tax levy ordinances
- **November 25** – Adoption of budget and tax levies
QUESTIONS