FY 2021 Proposed Budget

City of Evanston

October 19, 2020
2021 Budget Priorities

- Focus on maintaining core services
- Ensuring continued health and safety of residents

Themes from Community Budget Conversations:

- Importance of human and social services
- Preparation for future pandemics or emergencies
- Affordable housing and food security
- Support for small businesses
2021 Proposed Budget - All Funds

- All Funds Proposed Budget = $299,758,809

- 2020 Adopted Budget was $320,709,230
  - Decrease of $20,950,421 or 6.53%
  - Primarily in Crown Construction and Water Capital funds
  - General Fund also decreased from 2020 to 2021
2021 Proposed Budget - All Funds

- **General Fund**: 38.0%
- **Enterprise Funds**: 25.0%
- **Capital Project Funds**: 4.0%
- **Special Revenue Funds**: 8.0%
- **Public Safety Pension Funds**: 9.0%
- **Internal Service Funds**: 8.0%
- **Debt Service Fund**: 5.0%
- **Library Funds**: 3.0%
2020 Projections - General Fund

- **2020 Projected Revenue Shortfall = $12 million = 10%**
  - Loss of sales tax, income tax
  - No loss in property tax revenue

- Expense reductions and new revenue = **$8.3 million**
- 2020 Budgeted surplus = $1.6 million
- **2020 Projected Year-End Deficit = $2.1 million**

- 2020 Projected Year-End Balance = $13.7 million
2021 General Fund Projected Revenues

- **$8 million** revenue loss compared to 2020 budget
- Major losses due to COVID-19 to:
  - Hotel tax, athletic contest tax, amusement tax, parking tax, real estate transfer tax
- Moderate losses to sales tax, income tax
- Wheel tax late fee to be reduced from current rate of $42.50 to $25, effective October 1, 2021
2021 Budget Balancing

- Baseline General Fund deficit = $4.5 million

- Budget Balancing Worksheet
  - $2 million in new revenue
  - $2.5 million in expense reductions
  - 15 positions eliminated
  - 26 positions held vacant for 2021
  - 1 position added - Property Maintenance Inspector
2021 Proposed General Fund

- Fire Department: 22.1%
- Police Department: 37.9%
- Community Development: 2.8%
- Administrative Services: 8.4%
- City Manager's Office: 5.5%
- Health & Human Services: 0.9%
- Parks, Rec., and Comm...: 10.3%
- Public Works Agency: 10.9%
2021 Budget Balancing

Distribution of Expense Cuts

- Public Works Agency: 6.8%
- Parks, Rec., and Comm...: 2.4%
- Health & Human Services: 2.8%
- Fire Department: 3.7%
- City Manager’s Office: 9.3%
- Law Department: 1.6%
- Administrative Services: 25.8%
- Community Development: 1.4%
- Police Department: 46.1%
Positions Eliminated

- **15 positions - savings of $1.2 million**
- **Police Officers - 11 positions, all currently vacant**
  - Sworn officer positions reduced from 165 to 154
  - Current employment is 146 - will not see a reduction in service as a result of vacant positions eliminated
- **Art Design Coordinator (CMO)**
- **Records Input Operator**
- **Towing Coordinator**
- **Assistant Communications Coordinator**
Positions Held Vacant

- 26 positions - savings of $2.3 million
- Positions are important to operations and are not recommended to be eliminated, but proposed holding vacant for one year for cost savings
- All positions to be reconsidered for 2022 budget
- Added $350,000 across departments for overtime, temporary staff, and contracts to support
Positions Held Vacant

- City Manager’s Office - 5 FTE
- Law Department - 1 FTE
- Administrative Services - 4 FTE
- Community Development - 2 FTE
- Health & Human Services - 1 FTE
- Police Department - 6 FTE
- Fire Department - 3 FTE
- Parks, Rec. and Community Services - 2 FTE
- Public Works Agency - 2 FTE
Police Department Budget

- 2021 Baseline Budget = $41,951,140
  - As shown on page of 2021 Budget document

- Police Department changes proposed in Budget Balancing Worksheet = ($1,892,894)

- 2021 Revised Police Department Budget = $40,058,246
  - 2020 Adopted Budget = $41,131,727
  - Proposed decrease from 2020 budget = ($1,073,481)
Police Department Budget

Pension Transfer  Operating Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Budget</th>
<th>Baseline</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$8,746,427</td>
<td>$28,493,534</td>
<td>$28,493,534</td>
<td>$28,493,534</td>
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<tr>
<td>2016</td>
<td>$9,437,940</td>
<td>$28,879,687</td>
<td>$28,879,687</td>
<td>$28,879,687</td>
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<tr>
<td>2017</td>
<td>$10,237,200</td>
<td>$28,920,847</td>
<td>$28,920,847</td>
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<tr>
<td>2018</td>
<td>$10,462,704</td>
<td>$28,960,251</td>
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<td>$28,960,251</td>
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<tr>
<td>2019</td>
<td>$10,462,704</td>
<td>$29,906,077</td>
<td>$29,906,077</td>
<td>$29,906,077</td>
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<tr>
<td>2020</td>
<td>$11,225,650</td>
<td>$30,519,679</td>
<td>$30,519,679</td>
<td>$30,519,679</td>
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<tr>
<td>2021</td>
<td>$11,431,461</td>
<td>$28,626,785</td>
<td>$28,626,785</td>
<td>$28,626,785</td>
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</tbody>
</table>
General Fund Balance

- Worksheet includes **$1 million** contribution to fund balance
- Supported by **$500,000** property tax increase
- Brings fund balance to **$14.7 million or 13%** of expenses
- Fund balance policy is **16.6%** of expenses or about **$18.7 million**
General Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Projected</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$10,000,000</td>
<td>$12,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>$10,000,000</td>
<td>$12,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>2017</td>
<td>$12,000,000</td>
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<td>$13,000,000</td>
</tr>
<tr>
<td>2018</td>
<td>$12,000,000</td>
<td>$14,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>2019</td>
<td>$14,000,000</td>
<td>$14,000,000</td>
<td>$13,000,000</td>
</tr>
</tbody>
</table>

% of Expenses:
- 2015: 10%
- 2016: 10%
- 2017: 12%
- 2018: 12%
- 2019: 14%
- 2020: 12%
- 2021: 13%
Union Pay Increases

- **IAFF** - No general wage increase (GWI) in 2021 and 2022. Savings of $254,000 in 2021.

- **AFSCME** - 10 furlough days in 2020, savings of $650,000. Will receive GWI of 2.5% on January 1, 2021 per contract.

- **FOP Officers** - GWI of 2.25% on January 1, 2021 per contract. Negotiation on savings equivalent to furlough days still in progress.

- **FOP Sergeants** - GWI of 2.5% on January 1, 2021 per contract. Negotiation on savings equivalent to furlough days still in progress.
Non-union Employees

- Non-union employees were initially budgeted to receive **2.5% GWI on January 1, 2021**, in line with union contracts
- Budget Balancing Worksheet includes reducing GWI to **1.5% on July 1, 2021**, for savings of **$237,000**
- Non-union employees will also pay increased contributions to health insurance premiums - savings of **$71,000**
- Proposed budget does not currently include any changes to elected official compensation (will be adjusted if necessary once ordinance is adopted)
Property Taxes

For every dollar of property tax paid, the City receives 17 cents.
## Property Taxes

<table>
<thead>
<tr>
<th>Fund</th>
<th>2020 Budget</th>
<th>2021 Budget</th>
<th>Proposed Increase</th>
<th>Increase as % of total levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Tax Levy</td>
<td>$9,495,300</td>
<td>$9,995,300</td>
<td>$500,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Human Services Fund</td>
<td>3,110,000</td>
<td>3,660,000</td>
<td>550,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>Solid Waste Fund</td>
<td>1,332,500</td>
<td>1,332,500</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>12,521,921</td>
<td>13,936,263</td>
<td>1,414,342</td>
<td>2.6%</td>
</tr>
<tr>
<td>Fire Pension Fund</td>
<td>8,967,037</td>
<td>9,346,778</td>
<td>379,741</td>
<td>0.7%</td>
</tr>
<tr>
<td>Police Pension Fund</td>
<td>10,900,650</td>
<td>11,106,461</td>
<td>205,811</td>
<td>0.4%</td>
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<tr>
<td><strong>City Total</strong></td>
<td><strong>$46,327,408</strong></td>
<td><strong>$49,377,302</strong></td>
<td><strong>$3,049,894</strong></td>
<td><strong>5.5%</strong></td>
</tr>
<tr>
<td>General Assistance Total</td>
<td>1,080,000</td>
<td>1,300,000</td>
<td>220,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>Library Total</td>
<td>7,732,145</td>
<td>7,734,243</td>
<td>2,098</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>City and Library Total Net Levy</strong></td>
<td><strong>$55,139,553</strong></td>
<td><strong>$58,411,545</strong></td>
<td><strong>$3,271,992</strong></td>
<td><strong>5.9%</strong></td>
</tr>
</tbody>
</table>
Property Taxes

Explanation of Proposed Increases

- General Fund - contribution to fund balance
- Human Services Fund - increase in programs (next slide)
- Debt Service Fund - replaces $2 million transfer from General Fund; reflects savings from refunding bonds in 2020
- Police and Fire Pension Funds - reflect actuarial recommendations
- General Assistance Fund - increase in normal program costs
## Property Taxes

<table>
<thead>
<tr>
<th>Market Value of Property</th>
<th>Current Estimated City Tax</th>
<th>Projected City Tax with Proposed Increase</th>
<th>Estimated Increase Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$485</td>
<td>$513</td>
<td>$28</td>
</tr>
<tr>
<td>$200,000</td>
<td>$970</td>
<td>$1,027</td>
<td>$57</td>
</tr>
<tr>
<td>$400,000</td>
<td>$1,940</td>
<td>$2,054</td>
<td>$114</td>
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<tr>
<td>$500,000</td>
<td>$2,425</td>
<td>$2,568</td>
<td>$143</td>
</tr>
<tr>
<td>$800,000</td>
<td>$3,880</td>
<td>$4,108</td>
<td>$228</td>
</tr>
</tbody>
</table>
Human Services Fund

- In 2020, all social service functions were moved out of the General Fund and into the separate Human Services Fund. Fund also includes Amita health contract and mental health board allocations.

- **Proposed property tax increase includes:**
  - Increase in baseline expenses for existing programs ($250,000)
  - New Alternative Emergency Response program ($200,000)
  - Increase in support for senior services ($50,000)
Solid Waste Fund

- Residential refuse fee increases ($178,750)
  - 65 gallon cart - increase monthly cost from $9.14 to $10.15
  - 95 gallon cart - increase monthly cost from $20.64 to $22.91
- Condominium refuse fees - increase monthly cost from $8.85 to $9.82 per unit ($33,000)
- Apartment refuse fees - increase monthly cost from $1.85 to $2.52 per unit ($26,500)
- Yard waste fee - Increase annual cost from $25 to $35 ($75,000)
Parking Fund

- 2020 expected revenue loss = $4.5 million
- 2020 expected year-end deficit = $1.7 million
- 2020 expected year-end fund balance = $600,000

- 2021 Proposed Budget includes $1 million in bonds to support parking Capital Projects
Water & Sewer Funds

- Water and sewer funds remain stable during the pandemic

- Water sales began to Village of Lincolnwood in 2020, generating an estimate $500,000 in new revenue
  - $250,000 increase in transfer to General Fund included in budget balancing worksheet
Capital Improvement Plan

2021 Proposed Bonds

- Capital Improvements Fund = $6,645,000
- Library Capital Improvement Fund = $449,000
- Chicago-Main TIF Fund = $1,130,000
- Equipment Replacement Fund = $350,000
- Parking Fund = $1,000,000
- Water Fund = $3,000,000

Total = $12,574,000
City General Obligation Bonds

- Outstanding General Obligation (GO) Bonds (Including Library) as of December 31, 2019 = $190.1 million
- Outstanding General Obligation (GO) Bonds as of December 31, 2020 = $192.1 million
- Average Annual Debt service payment = $11.3 million
- FY 2021 proposed GO Bonds total Amount = $12.5 million
Planning for the Future

- November election - future of state/federal aid for COVID-19 pandemic relief
- Right-size and reinvest in City’s assets
  - Focus on Civic Center
- Graduated income tax - not optimistic state will increase local tax share if passed
- State sales tax change - uncertain impact on Evanston
- Streaming tax began October 1, 2020