

ROLL CALL - PRESENT:

Alderman Rainey	Alderman Jean-Baptiste
Alderman Feldman	Alderman Wynne
Alderman Newman	Alderman Moran

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:**

Aldermen Engelman, Bernstein, Kent

ABSENT:

None

PRESIDING:

Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was called to order by Mayor Morton on Monday, February 18, 2002 at 7:16 p.m. in the Council Chamber for the purpose of conducting a budget workshop.

Alderman Feldman moved that Council convene as a Committee of the Whole. Seconded by Alderman Rainey. Motion carried unanimously.

City Manager Roger Crum stated this workshop was to give direction to staff on what to present at the regular Council meeting February 25, when the budget would be up for adoption. No final votes would be taken. A balanced budget must be adopted within the next ten days.

Alderman Kent came into the meeting at this time.

Management & Budget Director Pat Casey explained the white worksheet was an alternative proposal that Council members received Friday; the yellow worksheet duplicated the white worksheet and showed the impact of the alternative proposal on property tax bills of \$3,000, \$5,000, \$8,000 and \$10,000. The green worksheet was a proposal that implements a \$5 head tax per employee for any business or employer with five or more employees in place of some other revenues. At that time about \$500,000 was needed to balance the budget.

Alderman Bernstein came into the meeting at this time.

Alderman Newman asked to consider the head tax first and suggested they take a straw vote to consider including it in this year's budget.

Alderman Engelman came into the meeting at this time.

Alderman Newman moved not to consider a head tax for the 2002/03 budget. Seconded by Alderman Moran.

Alderman Newman recalled the head tax discussion began in the context of 1,000 or more employees and at the time there was some support for considering it and since then they have more information. He said in Evanston there is approximately \$125 million in property taxes paid by residents and businesses each year, with between \$6-10 million of

that paid by owners of office buildings. The business community here pays an extraordinary amount of property tax; pays business license fees, restaurant license fees and some pay liquor tax, etc. For years Evanston has had trouble competing. He suggested this tax on five or more employees would be devastating to office space rentals and the business community. He thought Realtors would use it as a reason to locate office space elsewhere. He said the tax at five employees is undesirable for a thriving downtown or any other part of the community. He suggested it be removed from the agenda and was another tax that would strain Evanston's vitality. They are in a tremendous upswing despite the tragedy of September 11, which they could not say six-seven years ago when there were many vacancies. He respected Alderman Rainey for trying to find new ways to raise revenue but felt it was undesirable because it would put virtually all businesses at a competitive disadvantage.

Alderman Rainey stated before she proposed the head tax, she looked at the City of Chicago. In 2001, Chicago's head tax generated \$24 million. One argument has been that Mayor Daley hates the head tax and wanted to do away with it. She noted he has said that and commented "show her any mayor who does not hate every tax as do aldermen." Mayor Daley has said it would be devastating to Chicago to remove the head tax, yet Boeing came to Chicago and now Ford is coming. She did not think the head tax would destroy businesses, but property taxes would. A family paying \$8,000 a year will get a small increase this year and pays \$671 a month in property taxes now. She cannot go to bat for restaurateurs or an office business here when her neighbor and her own family pays \$671 a month in property tax. She noted \$8,000 tax bill does not get one a fancy mansion here. If a family pays \$10,000 a year in property taxes, that equals \$839 a month in property taxes. She said that would destroy the middle-class fabric of this community, not 1% on a \$50 dinner. She did not think a \$5 head tax would kill Evanston but eating away at the disposable income of middle-class families would kill it. A family facing college tuition or a crisis, with this kind of tax burden will have to flee and she did not know where because taxes are competitive elsewhere. She argued the head tax would relieve the residential taxpayer over the long-term until some TIF properties get on the tax rolls. She noted the spreadsheets show an increase in new assessed valuation for TIF properties but currently homeowners do not benefit.

Alderman Rainey called taking the \$400,000 off the tax bill and transferring it to the water bill a deceptive practice and not a revenue enhancement; said they were reducing the bottom line of the tax bill. She had asked staff about the recycling transfer of \$2.86 per month that will be added to a single-family residential water bill and where was the cost of recycling to condominiums? She suggested that be re-thought. She argued the \$400,000 belongs on the tax bill, not on the water bill and termed it regressive, unfair and an undue burden on the water bill and misleading to taxpayers. She stated that recycling is a community value and all who pay property taxes need to pay for it. She said if they take recycling off the tax bill, she wanted garbage pickup off the tax bill and on the water bill. If they put the recycling charge on the water bill, she wanted the option to select her own recycling vendor.

Alderman Rainey saw nothing more questionable about the head tax than any other tax, which could be \$1, \$5, \$10 a month on 5, 15, 50 or more employees. She noted Evanston has extraordinary expenses and no will to cut back, therefore revenue must be generated and all have to pay.

Alderman Newman stated that in comparing Evanston with Chicago for office space, he wished that Evanston had the draw of Chicago with its world-class financial markets and Cook County legal system downtown. He thought Chicago gets away with a head tax because everybody has to be downtown. Tenants of office buildings here have choices and can rent in Skokie, where Peapod relocated and Evanston Hospital has significant office space. He noted Evanston is at a competitive disadvantage already with neighbors due to high property taxes. He thought if Evanston had a head tax in place, office space expansion here probably would not have occurred. Although Evanston is a great city, he did not think it has the world-class status that Chicago has to draw the office community. He thought all on Council want to reduce the residential burden but this was not the way to go if Evanston wants to continue to be vibrant.

Alderman Bernstein recalled the (initially) proposed head tax was for entities employing more than 1,000 people on three non-profit institutions that pay no property tax. When Council heard how those institutions would avoid payment of a head tax, it led him to believe Evanston would not derive revenue from a head tax. Evanston Hospital and Northwestern University said they are connected by computers/fax and would move people to Skokie. They can outsource to holding companies that provide independent contractors, so there are no employees. He was a strong proponent for the head tax. When he has talked about large companies being impacted, the next question from smaller companies is when will the

number be reduced. Now his concern is they would impact large and small businesses. In the 4th Ward there are 22 properties for lease currently and he wants to see them leased to retailers. These would be small businesses with five-ten employees and he did not want another impediment to keep them out of these spaces. If employers have to pay a head tax, that would be passed on. His concern about the head tax was that it would keep business away when the City cannot afford to do that but did not favor putting it away forever. He thought those who use the City's infrastructure without compensating in ways other than what they use, are big users. Office workers go to restaurants, stores, movies, but the City has to be maintained. He noted there is lot of office space coming available. McDougal-Littell just opened up space in the Rotary Building. His concern was that only the little guys would be impacted because big institutions can change the way they operate to avoid this tax.

Alderman Rainey asked his concern for constituents who pay \$10-12,000 in property taxes. She suggested that maybe they can do without residents and survive with movie theaters and McDougal-Littell. She said they could not compare Evanston with Chicago. People come here and to Chicago for a variety of reasons. She noted Evanston's crime rate is down and Chicago was designated the murder capital of the USA. It depends on where the bias is and her bias is with residents. She was sure that McDougal-Littell would pass on the cost to textbook buyers, but noted it is a tax-deductible operating expense. She acknowledged the property tax is also deductible but that many people are reaching the point where they don't have extraordinary disposable income to keep up with the taxes. She asked them to remember that many empty nesters and senior citizens, who are not wealthy, pay these taxes.

Alderman Bernstein's primary concern was his residence; ran for office because of no new development here and noted without new development the tax burden falls on residents. He said Council has worked to bring more economic development here so that the future tax burden would be shared. New condominiums will help increase the tax base and he thought if all the empty stores could be filled, the sales tax generated will help offset the property tax base. He suggested all of that has to be considered. Alderman Bernstein stated that economic development must continue in the short term and that the tax situation would improve considerably when the TIFs mature.

Alderman Rainey's fear was that in the meantime, as the City faces horrible financial problems, by the time current residents are able to benefit from all of the new tax dollars, those people will be gone, because they could not make it through this bad period and suggested all must bear the burden.

Alderman Newman called the questioned. Motion carried unanimously.

Roll call. Voting aye – Engelman, Feldman, Newman, Jean-Baptiste, Wynne, Bernstein, Kent, Moran. Voting nay – Rainey. Motion carried (8-1)

In response to Alderman Rainey, Mr. Casey stated that condominium recycling is done by contract and owners are assessed a \$1 per month charge per unit for that service. Alderman Rainey wanted an exact number of condominium units and to know how those water charges are billed. Mr. Casey explained when the recycling program was begun, the fee was \$1 per unit each month on condominiums and single family homes. The City does not collect a recycling fee from apartment buildings or businesses. He explained the \$400,000 revenue was derived by increasing the \$1 per month charge to \$2.86 a month, an increase of \$1.86 which covers the entire cost of recycling service. Alderman Rainey asked exactly how many charges are collected in recycling fees per month? Finance Director Bill Stafford said the City bills 19,000 units, which gives them the number.

Alderman Feldman moved that they consider the white worksheet alternative budget (sponsored by Aldermen Newman, Wynne and Feldman). Seconded by Alderman Wynne.

Alderman Feldman said an essential element that Council goes through with the annual budget is the conflicts in cutting important programs that threaten institutions the community has always supported and a variance among aldermen's perception of a value. He said the budget submitted represents a fair consensus and all could find things to change. He saw it as a fair approach to the present budget situation and welcomed amendments.

Alderman Rainey said the alternate proposal's bottom line is no different than the City Manager's budget, reduces some

things, except that they have \$400,000 for recycling. She said that was misleading, because it is a service that all require and is the law. To reduce the total budget, they are taking \$400,000 (paid in property tax) and putting it on the water bills. She asked why not take \$400,000 from garbage collection, street lighting or some other service and move that over? She said it was wrong, adds to residents' burden and, as is, is part of the property tax bill. On the white worksheet she questioned \$14,156,594 in property tax, followed by fire/police pension and debt service. Those are the numbers after allowance for 2% non-payment of tax. She understood what they assess is \$14,445,504 (the full amount), the 2% is what is not received and they bill for the full \$14 million. She thought the levy was the full amount. She said it adds 2% to the numbers and 7.24% was too much of a tax increase. If it means cutting funds to mental health, emergency assistance or telling all departments to take a 1% decrease in non-personnel items across the board, they should do that. She commented that Mayor Daley asked departments to cut 10% across the board other than personnel costs.

Mr. Crum stated Alderman Rainey was correct that the figures were net after the 2% and also was comparing to last year's net after 2%. It was not comparing with the actual levy amount. Alderman Rainey had no problem with that but noted they use the numbers to explain what a tax bill would be, which makes the tax bill a little less than it really is. She confirmed they are levying the full amount. Alderman Feldman wished to see the actual increase on a tax bill. On the bottom of the yellow worksheet for an \$8,000 tax bill it was \$105.94 and on the white worksheet it was \$106.30. Mr. Stafford stated the difference on the entire levy was \$30,000. He said Alderman Rainey was correct and there was no intent to mislead. They compared net to net. There is a 45¢ difference and the numbers will be revised. The final number is \$105.94 for an \$8,000 tax bill and on the General Fund a \$9,400 difference between the levy and what is collected.

Alderman Newman reviewed the difference between the City Manager's proposed budget and the aldermen's white worksheet, which restored funding to ECMC, police/school liaison program (including ETHS), animal control cut, 50% of the cut to community purchased and mental health services, saves the Summer Youth Employment Program, both library branches, Fleetwood-Jourdain Theatre and moves the Children's Theatre to the Levy Center, art grants and program coordinator. It did not deal with the clerical person at the Ecology Center. It includes \$1 million in reductions recommended by the City Manager. He acknowledged a significant increase in the property tax. The City Manager recommended a 5.69% increase and the white worksheet increase is 7.2% and the portion going to the General Fund is 3.4%. He stated the white worksheet did not include a food/beverage tax, which was to increase the tax on food and reduce the liquor tax brought by Alderman Engelman last year, which he thought was a good faith effort to raise revenue. In discussions with the restaurant industry, they asked not to be singled out and suggested spreading it out through the property tax. He suggested the sales tax is the most regressive, hitting poor people the hardest. A tax on food seemed to be piling it onto restaurants, many of which are small businesses. By not adopting that tax, the City can continue to encourage restaurant development. He noted business property owners are assessed at a higher rate than are residential owners. With their alternative, all pick up a share of the tax increase. If there is food/beverage tax, they have to go to cutting programs. There did not seem to be substantial support for cutting many of the programs that are important to different parts of the community, so proposed cuts were reduced substantially. One new cut was to the raise for non-union personnel suggested by a citizen, which is \$325,000 and goes to the ability to pay. He said the increase on recycling charge was not a new idea. He said they could go up and down the line and find taxes that hit people that claim are unfair. The individual who pays the cell phone tax, utility tax, gasoline tax and other taxes that affect people in small increments could make the same argument that these taxes are designed to have a small impact and are not very visible. He said the recycling increase was not desirable in a lot of ways. He said the effects of 9/11 were not desirable and E-commerce has affected the sales tax. If they want to maintain the current level of service, either something goes up or something is cut. He said a good faith effort was made to restore as many programs as possible. There was some agreement that Council should continue to look at what can be done with the summer youth job program and continue dialogue on others. He did not think there was consensus for the food/beverage tax and the only way around that would be to cut and there was no consensus to cut.

Alderman Moran said he proposed increasing the recycling charge several years ago; saw it as truth in taxation and not misleading because they are charging people the cost of the recycling program. The \$2.86 charged to the 19,000 units pays for the recycling program and will be on individual's water bill. He thought the \$1 charge was strange since the cost per unit is \$2.86. He noted there is always tension when Council is in a situation like this, where people don't want cuts in services but those services have to be paid for. He was sure no one there was happy to increase that fee. He was interested in thinking about a garbage fee. A significant development this year is that SWANCC, of which Evanston is a

member with 22 other communities, engaged in a series of activities over the last several years that allowed debt to be reduced that will lower, to Evanston, the cost of running its garbage disposal program of \$200,000. He thought they could tell people that they worked hard on activities that led to a major saving for the City.

Alderman Engelman said the recycling charge was not trickery or arbitrary; noted all pay different taxes for different purposes. As a property owner he pays a recycling fee, which in the past had been subsidized. He is also one of three aldermen who has a business here and pays property taxes as the result of a commercial lease. He does not receive recycling services, even though a huge amount of paper is generated. They recycle in his office and pay for it. By actually calculating the cost of recycling and imposing the charge upon those who receive the service, it is passed only to those who recycle. It is taken off the cost of the business property taxpayer, who does not get the benefit of that service, but may be recycling and paying for it another way. Alderman Engelman applauded those who brought forward the white worksheet for their efforts in trying to balance many competing demands. It was said the restaurant community did not want the food/beverage tax and there was expansion of parking meter hours to 8:00 a.m. and 9:00 p.m. In balancing these, he was amazed the restaurant community did not come out against expansion of meter hours; thought they should encourage people to come downtown to dine and shop. He has heard people for years complain about, when the parking meter was going to expire, running to feed the meter and encountering a parking enforcement officer writing a ticket. He thought those problems would expand into the evening hours when they want patrons to eat in restaurants. He asked if it was intended that there would be parking charges after 6:00 p.m. at the meters and garages and was that included in the number?

Alderman Newman said the \$242,000 revenue included only meters downtown, not outlying areas. The City already has evening charges at the Maple Avenue Garage and the plan is for similar rates at the Sherman Avenue Garage.

Alderman Engelman noted if they expand meter enforcement until 9:00 p.m., which does not include the Church/Chicago garage, people who park there will not have to pay. Alderman Engelman did not think they could pass legislation selectively as to where they would charge for parking. Alderman Newman said there is a different rate schedule downtown; cost to park is twice as much as on Central Street. Alderman Engelman said the idea of driving downtown, worrying about having four quarters to pay for the hour or two in a restaurant, then having to get up during dinner if he did not have the four quarters to begin with, would be more of a disincentive than the addition of a 1% food tax. He thought the advantage of the food tax increase/liquor tax decrease was shifting the tax burden to the fast food restaurants, those not likely to sell liquor and who generate a need for more services. They generate larger problems with liquor, hanging out and societal problems. He thought that was a fairer way of approaching it than expanding parking meters hours, but was interested in hearing why expansion of meter hours was more appropriate.

Alderman Feldman stated that laws on parking are not designed for the comfort of all. No laws and no meters would ensure that no one could find a place to park downtown. He said Evanston is not Old Orchard. He reported taking a half-hour to find a parking place at Old Orchard plus a four-block walk in a FREE lot. He saw no difference in the rationale for charging meters from 9 a.m. to 6 p.m. or 8 a.m. to 9 p.m. He thought people who dine at seven have two hours on the meter and free thereafter. He acknowledged it was inconvenient but did not know how to make it convenient. He said this is spread over a large group of people who come to downtown. He noted in considering increasing the sales tax on fast food restaurants, many people go, particularly those who cannot afford to eat downtown. He found that a regressive tax that affects everybody; did not think they wanted to put an additional burden on them. He saw no way around it and was a reasonable way to make \$250,000 without burdening one industry.

Alderman Jean-Baptiste said on the Fleetwood-Jourdain Theatre they had gone from a proposal to entirely eliminate its budget of \$161,700 to restoring most of that funding. He wanted to fully fund the program but recognized that concessions have to be made. He said the cut of \$31,000 was based on an analysis that said the recipient of that rent (Family Focus) already received CDBG funds, therefore it offsets the funds they get. He disagreed with that when looking at other subsidized entities. He proposed the \$31,000 reduction from the budget and that they maintain 50% of the money for rent at Family Focus. The current rent is \$45,000. He said the theater needed to be anchored in the adjacent community so it could serve the community that gave it birth and the people who use it. He was for "taking the show on the road" so they could use the Levy Center and other places and wouldn't have to incur rent. **He offered a friendly amendment – rather than \$31,000 reduction, make it \$22,500 so they have the theater pay either for a portion of**

the year or rent a lesser amount of space. Seconded by Alderman Kent. Alderman Moran asked for an explanation of the \$31,000.

Alderman Newman said if they relocated Fleetwood-Jourdain Theatre to the Levy Center, they would save \$45,000 in rent. The idea behind the \$31,000 was to allow some performances to continue at Family Focus if they made the space available. What Alderman Jean-Baptiste suggested in going from \$31,000 to \$22,500 was, if the Children's theater was relocated to the Levy Center, \$22,500 could be saved and Fleetwood-Jourdain Theatre would stay at Family Focus. Alderman Jean-Baptiste noted before the Children's Theatre went to Fleetwood-Jourdain, the adult theater rented the entire space for the same amount. He thought different shows were added for the children's theater. The \$31,000 grew out of a perspective that Family Focus receives funds from CDBG and, by paying rent, they are being paid an additional amount the City ought not to be paying. He did not agree with that, noting the City subsidizes a number of other entities. He did not think Family Focus should be singled out because they receive CDBG funds. He said the adult theater has been there a long time and ought to continue to be there or near Fleetwood-Jourdain and in the future they will consider building a facility to house the theater. Through discussions with entities involved with Family Focus and Fleetwood-Jourdain, the theater may only be able to function by renting half the space on a yearly basis and use the Levy Center to stage additional shows for the annual season. He thought there would be a lot of competition for space at Levy Center. He suggested that Fleetwood-Jourdain Theatre stay in the 5th Ward near its headquarters and continue to have shows at the Family Focus facility. He suggested paying 50% of the rent for the year might work better than a reduction of \$31,000, which would leave them only \$14,000 to pay for space at Family Focus. Have them rent for six months and Family Focus could rent to other entities willing to use the theater.

Alderman Moran asked the proportion of usage by the children's and adult theaters at Family Focus? Alderman Newman thought it was 32 weeks with 16 weeks each, an even split. If the annual rent were \$45,000 and an even split between the two theaters, if they keep \$22,500, means the adult theater would stay. Alderman Jean-Baptiste did not think the \$22,500 pays for the same amount of space. Before the Children's Theatre went to Family Focus, the adult theater was paying the same amount and accommodated the Children's Theatre. Alderman Moran asked if the rent of \$22,500 would keep the theater at Family Focus? Parks/Forestry & Recreation Director Doug Gaynor stated programmatically it would keep the theater there but they would have to negotiate that with Family Focus.

The amendment was accepted by consensus and it was noted they were \$9,000 short.

Alderman Kent confirmed that in the \$45,000 for rent, \$14,000 of that is property tax that comes out of the Fleetwood-Jourdain Theatre budget. He thought the amendment keeps the adult theater where it belongs. His concern was the children's theater is intermingled with the adult theater program. If the Children's Theater goes back to the Levy Center, he asked would it still be under the same management? Mr. Gaynor stated the program manager position was vacant. If the program is restored, the program manager would be responsible for both the adult and children's theater and he saw no problem as one person could oversee both. Alderman Kent asked if there was some other way to pay the \$14,000? Mr. Gaynor stated they would have to look at the tax implications based on a new negotiated agreement. If they were using less space, then there would be less tax applied. If they are using the space half time or not all of it, he thought the tax would be less. Alderman Engelman asked would it otherwise be tax exempt if they were not receiving lease payments from the City? Mr. Gaynor stated the tax is passed on by Family Focus to the City because Family Focus receives City payments. It is income to Family Focus. Alderman Jean-Baptiste asked for clarification on the matter. Family Focus Executive Director Delores Holmes explained that Family Focus does not pay property tax on the building, only on the spaced used by the theater. Alderman Engelman stated it is a leasehold tax. The Cook County Assessor has said that the City's theater space is not tax exempt. It is not being used by the tax-exempt entity for a tax-exempt purpose, therefore it is a tax on revenue generated from that portion of the building.

Alderman Bernstein asked if the rent includes the tax? Yes. Ms. Holmes stated that Family Focus has subsidized the theater for years and the negotiated lease includes the tax.

Alderman Rainey multiplied 19,000 units times \$2.86 (recycling charge) and got \$652,080 and asked why the budget shows \$787,000 for recycling? Mr. Crum stated the City already receives \$1 per unit and this is a \$1.86 per unit increase. Mr. Casey explained the difference is debt service of \$175,000 still owed on the recycling building. There is \$601,800

for contractual services with Groot, electricity at \$4,700, gas at \$2,000 and miscellaneous at \$3,500 for the building. Alderman Rainey said by removing the \$400,000 in recycling, they were talking about a 3.4% tax increase. If they put the \$400,000 back, it would be a 6.25% tax increase. She said when Alderman Engelman talks about how his business should not have to pay for recycling because they don't receive that service that is the argument she has made for Northwestern and other not-for-profits to contribute to the cost of running the City. She said the City is a sum of all of its services. She does not use many services, yet feels grateful that she lives in a place that provides them, so she pays. She noted that recycling is required and there is no reason to separate it out of the tax bill. She said if there are people who don't pay their water bill and their water is shut off, the City continues to collect their recycling, so somebody has to pay for that. She asked the creators of the white worksheet to give serious thought to shifting the recycling charge back onto the tax bill, which makes it deductible, so the burden is spread across the board.

Alderman Newman said a number of ideas on the white worksheet were proposed over time. There was consensus on Council to raise the recycling fee and the \$400,000 due to options before them. He thought eight of nine supported raising the fee due to a dramatic drop in revenues. Staff has advised Council that they need to rely more on taxes that are not subject to changes in the economy and this was one of them. On the parking meters, he noted the idea of extending hours from 8 a.m. to 9:00 p.m. has been discussed at the Parking Committee for several years. The reason this came to the Parking Committee was not due to a need for revenue, but is the reason the City charges for meters. If the City did not charge for meter parking starting in the morning, employees would not park off-street but at the meters. They find the same thing at night. Part of the \$242,000 is for additional enforcement after 5:00 p.m. He said the most important part, aside from revenue, is maintenance of the two-hour restriction until 9:00 p.m. Nighttime employees, who arrive between 3:30-4:00 p.m., currently park and stay until 1:00 a.m. without getting a ticket. If there is no turnover in parking downtown at 6:00 p.m., it is difficult to find a parking space. The idea was to create an incentive for turnover by having the two-hour restrictions enforced and now an employee would have to get there at 7:00 p.m. He said employees have been seen parking late in the afternoon, staying all evening and preventing turnover of spaces. While contemplated for several years, in listening to citizen groups and Council, people wanted to look at this change. He thought restaurateurs/retailers agreed that not having turnover was terrible for business. They will see how it works.

Alderman Feldman addressed the concept of duplicity on the recycling fee increase. He pointed to the left column of the white worksheet, which listed revenue enhancements and increases in fees and said no attempt was made to hide anything from the public.

Alderman Wynne acknowledged the advantage of having the recycling fee on the tax bill. The disadvantage is that it makes the increase in property tax higher. She stated that one of the problems Evanston has is the perception that it is one of the highest taxed communities in the area. In the citizen group she led, they talked about the difficulty of reducing any items because all were invested in this community and so they inch up the property tax because these things were valued. There was a Realtor in her group who said prospective home buyers just look at the numbers and are not yet invested in this community, so the property tax numbers are important for those who opt to go elsewhere. She said in that sense, it was important to weigh all of these factors in terms of perception and reality. She suggested sometimes perception is more powerful than reality. None of the cuts were happy choices. As they embarked on the process, she thought they were trying to figure out how to live with less and keep the essence of Evanston. By trying to balance all the factors, they are not satisfying anyone, but trying to have a balance that maintains the essence of Evanston and keep it an attractive community to visit. Alderman Rainey suggested there would be many homes for sale.

Alderman Rainey inquired about the \$325,000 for non-union personnel and why it was not one-time revenue? Mr. Crum said the request was to look at the non-union personnel taking a 2% raise instead of 4%, as originally budgeted. The package would delay the pay raise, increase the amount employees contribute toward medical insurance premiums and the City would start phasing out sick-leave payouts. She asked what the non-union personnel line would look like next year? Mr. Crum said that next year all union contracts would be up and they need to get a head start on things such as medical insurance costs and sick-leave payouts. He thought about half would carry over to next year and half will start from ground zero. Alderman Rainey asked if this give back was a negotiating tool for the City when sits down with the unions? Mr. Crum said it was not – but was real dollars from employees. Her concern was about incorporating one-time revenue into the budget. She noted if this is not used as a negotiating tool with the unions and they try for a comparable number next year, how the \$325,000 would be counted on? It is a reduction of expenditures this year. Mr. Crum stated a

good portion of this would be continuous and it was a new plan on a portion of medical costs and sick-leave payouts. She wanted it broken down. Details would be provided next week.

Mayor Morton recalled that the City was going to restrict hiring, yet some have been hired. She counted the increase in number of employees and came up with 17 in next year's budget. She suggested if those were eliminated, they would have a substantial amount of money. This bothered her. Why were they hiring when they were drawing back in other places? She said in looking back last year at new positions, she did not know why staff was being added. Mr. Crum stated an answer would be provided. She asked was Council going to support an increase in hiring when the City is in a deficit situation? Human Resources Director Judith Witt asked them to look at Budget Memo #4, which gives all personnel additions and eliminations. She said the only new position is a grant writing position at the Police Department. Mayor Morton was talking about the proposed budget, which she went through page by page. She noted the number of employees last year and the number proposed. She admitted that some of these people could be hired this year and reflected in next year's budget. Mr. Crum stated they were not hiring for new positions and number discrepancies would be identified. Ms. Witt stated the full-time equivalent number of personnel would actually go down. Mr. Crum stated the City was not adding 17 personnel.

Mayor Morton asked if each employee pays a portion of his/her medical insurance? Yes. Mr. Crum stated employees pay a small portion and the City pays a large portion. Less than 25 employees are not covered by health insurance. In response to Mayor Morton, Ms. Witt stated the City budgets between \$5-6,000 per year, per employee depending on employee group and contribution level. She explained they take an average of the actual cost and budget on a "per employee, per month" basis. Mr. Crum noted the City buys a medical insurance plan and is not self-insured. Mayor Morton asked how they determine what to charge employees? Ms. Witt said it is negotiated with the unions and non-union employee contributions are based on what unions have negotiated to try to keep equity among employee groups.

Alderman Bernstein asked if there were incentives for employees *not* to take medical insurance? Ms. Witt said the City pays about \$750 a year to an employee who does not take insurance and shows proof of insurance.

Alderman Moran could not support the non-union personnel proposal; understood the City's approach has been to be equitable with all employees of which about half are non-union and half are unionized. As they have examined compensation levels annually, he noted the City has tried to treat everybody fairly and there has not been a departure from how compensation levels are set. This was a radical departure from a long held precedent on treating all employees and he was not clear on what this suggestion was based. If it were to be a long-term proposal, over time he thought they would create a caste system in the employee base. There would be good employees and bad employees with the good ones getting a 4% raise and the bad 2%. If it is a short-term fix, it was not any different. If what they are doing is fixing a short-term problem for the coming year, they were asking that half the employees help them solve this problem on the employees' backs and that was a terrible mistake. The question has been raised as to whether unions will have to participate through re-negotiation or other requests for cooperation and assistance from them. This is where there are collective bargaining units that have agreements that set compensation levels and concessions may have to be made. He said if Council asks employees to solve this problem, it should be the same way they have always approached compensation and that is everybody participates equitably. They should not have 400 employees who help solve the problem and nobody else helps. If it is a short-term problem, it should be addressed to the entire employment base. He did not accept the premise that this was getting them into a great position to negotiate contracts the next time around. What they have done in the interval, is ask half of the employees to put them in a better negotiating position related to collective bargaining and he was not willing to ask employees to do that. He values and honors the contributions all employees make. If they ask for compensation concessions, they either ask it of all or move away from this proposal. Alderman Newman said nobody wants a two-class system of employees. To remove this item, meant putting \$325,000 in cuts elsewhere or increasing revenue by that amount. He noted that nobody asked for revenue projections to go down or for the 9/11 tragedy to affect the economy. He thought the intent of Council before the emergency was to pay 4% increases when they could afford them to get salaries where they ought to be. He commented the cost-of-living increase is 1.6%. A 4% cost-of-living increase was not fair to taxpayers because it is not consistent with the cost of living and the City's resources. If sales tax revenues were as projected, they would not be having this discussion. The choices are other employees can be fired or they can ask somebody who earns \$50,000, instead of getting a \$2,000 raise, to take a \$1,000 raise in a time of economic setbacks. If the union contracts were up, perhaps they would do this across the board but they

don't have that luxury and no time to have meaningful negotiation. He said what was being done for employees was to assume most of the increase in the cost of health insurance for individuals and families, doing things with sick pay for exempt employees and union employees, which Council said was unfair to taxpayers. If employees don't use their sick time and are paid additional compensation, it was not fair to the taxpayer. He thought Mr. Crum had asked for flexibility in addressing this reduction. He did not think it was a one-time revenue. If there is money in the budget, perhaps they can give 4% next year. The reality in every unit of government is you cannot pay 4% if you don't have it and he thought employees would rather see jobs saved than eliminated.

Alderman Moran recalled the first budget handout labeled "if additional cuts are necessary" and asked before next Monday to see a programmatic description of the 11 categories and any others. He said if they could not afford a 4% raise, then pay everybody 3%.

Alderman Rainey asked Ms. Witt how much employees contribute to health insurance? Ms. Witt stated it ranges for employees groups from \$35 to \$50 for single coverage and \$75 to \$100 for family coverage per month. Alderman Rainey asked about plans of various providers where a couple without children would pay a different premium than somebody with children. Ms. Witt explained three-tier plans are fairly common with a single rate, couple rate and family rate. The City looks at this annually, but the demographics are that employees have large families, relative to other employee groups and, therefore it would cost more if they went to a three-tier premium plan. Alderman Rainey asked for the total amount employees contribute toward health coverage, which will be provided by Ms. Witt.

Alderman Rainey asked for an updated revenue/expenditure report. Mr. Stafford stated they would have one by the end of the week through the end of January.

Alderman Feldman said that nobody involved with this budget would want to do anything that would "place anything on the backs of someone." He thought equity was important and saw the difference in the time they don't have to negotiate contracts with the unions. He would not support it if he believed it was a one-time event; would not support without a similar request to renegotiate contracts with unions. He said there was no law that says any employee group is entitled to an automatic increase in perpetuity. He keeps hearing from citizens that things have changed, to scale down and eliminate fat. He termed this a response to that and to an emergency situation. He noted this situation has caused \$1 million in cuts within the City Manager's purview. Fees are being raised and they are cutting support for mental health/community purchased services. He said people are losing jobs and they don't know the impact of all the cuts on the ability of the City to serve residents in the manner they are accustomed to. Alderman Feldman stated it was Council's responsibility to make these difficult choices. He pointed out if this was going on at the time of renegotiating contracts with the unions, his position would be towards fairness. Equity would be the goal. To paralyze the effort to balance the budget on the basis that they have to wait until all have negotiated is unfair and urged Council to continue to support this. He was concerned they did not have a total human resources package on this. He reminded all that there was a motion on the floor to prepare the budget as amended by Aldermen Jean-Baptiste and Kent.

Alderman Newman was confident Alderman Moran would have a difficult time persuading Council to cut various categories; did not think there would be consensus to cut close to \$325,000 and to do something Alderman Moran did not want to do, which was to explore options to plug holes at the last minute. He said none of the suggestions have been pursued at any of the budget sessions and some of the cuts would be serious and affect the City in a wide ranging way that they could not determine.

Alderman Moran could not support cuts of \$190,000 to mental health and community purchased services; recalled meetings of the Budget Policy Committee to bring citizens into the process to talk about their values. The reason their opinions were solicited was because the ultimate value expressed by the government is in its budget. It is where people get away from platitudes and show that they have a particular commitment to values of the community. As part of that discussion, he has gone through all the data sheets. All said they valued diversity, see Evanston as a caring community, and that the City makes financial commitments to fellow citizens who are less fortunate than others and that will continue through a budgetary commitment to that. He would never have supported the original proposal to cut this and appreciated that this proposal reduces the original cut by half. He thought it was a gesture toward the values expressed at the budget meetings. He said if they cannot renew the commitment in this realm, the caring diverse community they all heard talked

about is the reason the Moran's live here and must continue to pursue that. He said it may be that some cut backs have to be made in human services and mental health services, but he would not do it blindly. He would not cut 25% of those budgets and figure it out later. He wanted to know who would be affected. He thought some community purchased service agencies could get by with a 4-5% cut, while others would be destroyed or put in great distress. He said there must be some analysis of the impact to these agencies. He was willing to look at cuts that are pinpointed, have a basis in logic and if done in that way, they can lay claim to the fact that they are a caring community that cares for the less fortunate.

Alderman Rainey said when they spoke about hard choices, most had to do with increasing revenue and did not think they made many hard choices with cuts. She asked whether the increase in parking meter revenue goes into the Parking Fund, how that helps the budget's bottom line and how that goes into the General Fund? Public Works Director David Jennings stated it would be a transfer. He explained there are parking revenues in the General Fund, some are in the Parking Fund and some expenses are in the General Fund. She asked if the revenue was the total amount that would be generated by increasing the meter hours? Mr. Jennings stated it approximates the increase in parking meter revenue. Alderman Rainey asked if the transfer is for additional costs incurred in the General Fund to cover those expenditures or was it to add to the budget shortfall? Mr. Jennings stated it was the net increase -- \$363,000 per year and that figure was for eight months. The following year would be \$363,000 net financial benefit. Alderman Rainey asked if a policy decision was made to use this Parking Fund money on an ongoing basis in the General Fund. Yes. She asked if they could determine how much that will be? Mr. Stafford stated it is a policy decision and the way they keep track of it, is they would add a line item under "transfers from other funds." It is similar to the revenue transfer that is done from the Water Fund. Mr. Jennings confirmed this was discussed in the Parking Committee to enhance the General Fund.

Alderman Feldman stated every time Council approaches adjusting the amount of money the City can afford to spend on mental health and community purchased services they hear the same rhetoric. The rhetoric implies that there is some "magic amount of money" that allows them to say they are supporting brotherhood, social responsibility and diversity. He was not certain what that number is. If the City differs from that in any form, they lose those characteristics, are no longer a community that supports diversity and takes care of less fortunate people. He suggested the City does not support mental health services and community purchased services enough. There are unmet needs and some agencies need more money. Agencies are cut all the time. He suggested the question was what the values have been over the years. This Council and others have supported those values to the best of their ability and done what they could. He recalled, as a child, his father lost his job. His father contributed 10% of his income to charitable causes and they had to cut back and make choices, but it did not mean they did not care. They still cared. He said to lay this "guilt trip" on this community and Council because it is trying to balance its budget and save this community was unfair and disingenuous in many ways. He asked to put that kind of rhetoric aside. It was hard for him to understand how Alderman Moran could say in one sentence that if cuts are made they abdicate responsibility, but is willing to make those cuts if done responsibly. He said those who are cut, are cut and are liable to disagree that it is a responsible cut. He stated that Alderman Moran has been on Council long enough to know what kind of "snake pit" it is to get involved in -- what an agency should get versus another -- an impossible task. Alderman Moran would analyze the needs so he could quantify them in dollars? Alderman Feldman said they have never been able to do that. He asked not to put a burden on them that does not belong and don't tell this Council that they are abdicating responsibility. He said all present had agonized over the cuts. He suggested someday the City could give more but if they can give more when they have it, they give less when they don't have it.

Alderman Engelman said he did not like to hear derogative adjectives used in conjunction with any alderman present. He agreed that the City does not give enough to social service agencies but if it does not have funds, it cannot give. When they went through the budget process in the citizens groups it was suggested they make across the board cuts. It was explained that different programs have different needs and an appropriate approach was to use something closer to zero-based thinking. The City does not have the luxury of using zero-based budgeting.

Alderman Engelman noted Evanston is a high maintenance community inside/outside the Civic Center. He said there have been some vacancies and some could not be filled due to salary and the cost of living here. He was happy to hear Alderman Feldman say, regarding the attempt to ask some non-union employees to adjust their pay scale/benefit package, that were Council able to deal with all unions now, Council would ask for similar action to be done equally. He hoped

that if they were asking Council to support the proposal of a reduction for non-union personnel for \$325,000 that they will have a united and strong belief by everyone that must be applied uniformly to all personnel. What concerned him most about the white worksheet was they were told early that the City's problem is systemic, this is not just due to 9/11 or to revenues not meeting expenditures this year. He realized the citizen groups would rather look at revenue enhancement instead of expenditure reduction. He said the reality of this situation is they will not be able to solve the systemic budget problems until they are willing to take a serious and unpopular look at what they spend money on. He said the white worksheet, virtually shifts the entire solution onto revenue enhancement or not raising some employees' salaries by 2% or so. He noted the only people taking a hit this year are mental health and community purchased services. He suggested they consider putting back on the table some additional cuts because a 7.24% tax increase did not sound palatable to him. If they don't solve the problem this year with a 7.24% tax increase, what will they do next year if systemic problems are not addressed? If there is no consensus to address that problem, then they will deal with the white worksheet. He wanted to hear people willing to make some tough choices.

Alderman Jean-Baptiste said many of the arguments sounded good. Raising the principle that they need to be fair to employees across the board was true, but time, place and condition determines everything. The moment they accepted they were in a budget crisis and the City Manager put a number of cuts on the table, they had to come back and address the issues. He has been in discussion with the authors of the white worksheet; been to the Parking Committee meeting where increases were discussed. He discussed and negotiated issues and concerns he had about cuts. He has consulted with constituents and other residents and people have legitimate concerns and beefs. There is a great need for community purchased services and if these agencies don't exist, the world will end in Evanston. He thought they play a central role in keeping a balance here. Council had to consider various options to get a balanced budget. He was open to saving the 2% raise to non-union personnel, but somebody would have to put something on the table that replaces that \$325,000. Regarding cuts to mental health services and community purchased services, he agreed they needed to look at each program to see who would suffer most by a cut. He said it was time for concrete alternatives to back up particular proposals. He said some have principles around the Fleetwood-Jourdain Theatre of "do or die." His is a struggle for life, to try to preserve, conserve and negotiate to win and advance all issues. He was open to specific proposals and appreciated Alderman Rainey's proposal, which contained concrete ideas.

Alderman Newman appreciated Alderman Engelman's comments; agreed that reducing employee costs was a long-term issue and dependent upon revenues. Currently revenues are not there. After the citizen groups met, there was a drop in state revenues of \$372,000, which presented a new challenge. If there had not been that drop, the \$190,000 cut would not have been on. In terms of his ward, it would have been better to keep the \$190,000 off. That was not a total program reduction. He likened it to what the City Manager did, which was to reduce \$1 million from all departments. They are reducing the \$723,000 and the million and increased revenues approximately \$2 million. He said there were substantial cuts, which were not balanced exactly. On the three liaison officers in the middle schools, there was no consensus to restore the cut. In the Human Services Committee, they took an across the board cut and no consensus on which programs are of higher priority. He stated there was an attempt to get rid of the \$190,000 cut. He said the problem was that the amount was so large in the City Manager's proposed budget (\$380,000) that it was difficult to reduce. Those agencies will have to do what the City Manager did. All programs will be funded. Aldermen received letters from the organizations suggesting that if cuts had to be made to do it across the board. He said that was unfortunate. He noted there was no consensus on branch libraries; much disagreement on the Summer Youth Employment Program and many on Council want to study privatizing that and they may find that cannot be done. He thought the citizen groups had it easier because the \$372,000 revenue reduction was not there yet and a lot of the suggestions from the citizen groups were on the white worksheet, such as the employee proposal, meters, recycling fee. He thought it would be difficult to find consensus for further cuts.

Alderman Rainey asked the approach used to make departmental cuts. Mr. Crum stated staff went through more than one iteration. Early on everybody was asked to take an across the board cut. When the deficit worsened, staff went through every department line by line and conducted peer reviews to determine the lowest priority in departments. He confirmed it was at that point that the library branches came forward. She asked since restoring cuts to branch libraries, has the library come forth with further cuts? Mr. Crum said on top of branch libraries, the library was not asked to take more in lieu of branch libraries. She asked to see if there were any further savings from the library? Mr. Crum said an alternative was to shorten hours. She was looking for cuts to equipment and supplies. She could not believe there were not more

savings; said the strategy the library used was effective. She supported not eliminating branch libraries, although over time it could make considerable savings.

Mayor Morton was glad to hear that in departments where staff was let go it was due to the efficiency of remaining staff. She said they should not eliminate staff from one department and add to another department – each department should be handled on the basis of what they need. She went to a budget memo provided by Ms. Witt for FY 2002-03, with the addition of a victim/advocate. Mayor Morton understood the total number of employees was not higher. While some departments found efficiencies and lost employees, there were other departments that gained employees. She said Information Systems had 10 last year, this year 11; budget had 3.75 last year, this year 4; Human Resources had 2 last year, this year 3; Collections had 7.5 last year, this year 8; Purchasing had 4 last year, this year 5.5; Police Social Services had 4 last year, this year 6; Youth Services had 2.5 last year, this year 3.5; Police Community Strategies had 2.8 last year, this year 3.8; Family Health had 10.21 last year, this year 11.48; Food & Environmental Health had 6.0 last year, this year 6.3; Vital Records had 2.2 last year, this year 2.4; Municipal Service Center had 0.5 last year, next year 1; Street & Alley Paving had 13.84 last year, next year 15; Children's Services Library had 6.97 last year, next year 7.47; Library Information Service had 9.25 last year, next year 9.92; Beaches had 0.75 last year, next year 1.5; Pumping Station had 11 last year, next year 12; Insurance Fund had no employee last year, next year 2. Her point was these are additions in spite of some reduction in personnel. Mr. Crum stated the majority of departments experienced cuts and combined people in functions. His rough total is minus 20 and said they would go through line by line. She advised them to try and find some money; look at taking it from the Water Fund or do something else. She wanted to find funds for some things they cut.

Alderman Rainey was curious about willingness by the authors of the white worksheet to defer capital plans, which is a 9.34% increase -- things that could be deferred but not deferred maintenance. She said they needed to defer new projects because these are bad times and there has to be some belt tightening if not some lowering of expectations. When times are rough, spending is deferred until there is money.

Alderman Newman said early on large capital needs were established. They will spend \$6 million a year and ought to spend \$10 million a year. There are multi-million dollar needs and this was not an unreasonable amount considering total capital needs are \$250 million. He supposed the first place they could start would not do the financial software for \$3 million, noting part of that sum is in the Capital Improvement budget. He said the street lighting system throughout Evanston is five years obsolete. If streetlights can be replaced in three years, some will have lights that are eight years obsolete. There have been discussions about the streets and a Southeast Evanston Recreation Center. He thought \$6 million was appropriate spending on capital needs.

Alderman Engelman asked for an explanation of building permits rate increase \$225,000 and building permits \$150,000 on the white worksheet -- the difference between the two and how they got those numbers. Did this include the \$400,000 one-time revenue to anticipated building permits? Alderman Newman explained the \$225,000 represents a rate increase. A mistake they have made is to count on unreliable projections, which happened last year. He said revenue from building permits in a normal year is about \$1.6 million. Last year revenue was about \$2.2 million. The expectation is that after the wave of construction here, the revenue will go back to \$1.6 million. He said the \$150,000 moves the \$1.6 million projection to \$1.7 million this year. Staff attempted to get a realistic number. He said they are always better off when projections are lower rather than higher. Alderman Engelman was confused because he heard Alderman Newman say they were over projecting and now he was saying that they were under projecting. Alderman Newman said this year \$2.2 million came in. Alderman Engelman recalled that the City Manager said they would not receive that kind of money every year and suggested \$400,000 be put in the Insurance Fund, which he understood was why \$1.6 million was projected. Alderman Newman said there would be less left over, that the \$150,000 is part of the \$400,000 one-time revenue. Alderman Newman termed that as solving 80% of the problem.

Alderman Kent said they were not ready for the head tax and hoped it would go to the Budget Committee at the right time. He agreed that the burden must be taken off residents. Alderman Kent had no problem with the \$22,500 for Fleetwood-Jourdain. As they go forward, he brought up the fact that a proposal made to move the theater to Noyes several years ago was rejected, which carried implications that as a City building, there were no expenses. Had that not been rejected, they still may not be able to show a savings. He recalled that Jonathan Glus was concerned that Noyes

would take a revenue loss at that time. Fleetwood-Jourdain was asked to give a percentage to make up that lost revenue. If they are going to pursue the Children's Theatre moving to the Levy Center, they need to make sure it is a saving. He believed when a program leaves one place, it never returns. He said when a program serves low and moderate income people's needs and brings children in, they should brag about the program, not split it, and do what they can to keep it whole. What bothers him is they are already paying less per square footage than anywhere else in the City, yet they are going to move that program out. He believes there is \$31,000 out there for Fleetwood-Jourdain. As he looked at the budget book, page 30, parking ticket fines, \$2,299,640, he noted that was a surplus, \$99,000 more than was projected for 2003. He wondered if the parking ticket fines could handle the \$31,000 and asked for a response in writing. He asked for small ticket items such as the red box loan program possibly generating \$10,000 revenue. At the Budget Committee, citizens brought up police services provided at Northwestern University games and was that added in? He recalled responding to false fire alarms and if there were more than three to an institution or building to charge for each after that. He did not know whether that was considered. He would like to see those proposals by Monday.

Alderman Feldman said they were talking about relieving taxpayers. He had asked Mr. Stafford to translate the increased equalized assessed valuation (EAV) into potential tax dollars. He said it was important to understand the magnitude and success of staff and this Council over the past ten years and the benefits that will come. In 2008 the EAV from the downtown TIF will increase by \$82 million, which will result in increased property tax of \$8,493,000. Out of that \$3,170,000 will go to District 65 and \$2,266,000 will go to District 202. That continues until 2013, when an additional \$9 million will be added to the EAV as a result of the Southwest TIF in which District 65 will get \$3,546,000 and District 202 will get \$2,528,000. The grand prize comes in 2017 when \$51 million will be added to the EAV and the total amount of taxes generated will be \$16,507,000. With \$6,185,000 going to District 65 and \$4,410,000 to District 202. He said the grand total increase in property taxes between 2008-2017 is \$100,286,000 and does not include many projects on board currently.

Alderman Moran referred to the transfer of Emergency Assistance from the City to the Township General Assistance as the result of a proposed intergovernmental agreement. He did not understand why Evanston has a General Assistance program by a separate governmental unit. There is expertise on City staff to handle that function. He was concerned when they multiply governmental units because they create more bureaucracy. He would like to find a way to economize, not by enlarging this appendage to local government, but to bring it in-house and use efficiencies here. Programmatically, he noted information provided by Health & Human Services Director Jay Terry, that Emergency Assistance handles 5,100 clients annually. Currently the Township fluctuates between 70-75 clients. He has seen no written or verbalized expression of how an organization that has 70-75 clients will handle 5,100 clients next year and save money. He noted a significant difference in the client base. The typical client for General Assistance is a single male. Emergency Assistance serves families and has a larger array of services, which can be promoted better within the City's Human Services Department than with General Assistance. He thought that experience could be used for a good economic benefit. He asked people to think about how they can gain efficiencies and whether it makes better sense to bring those program functions within the City.

Alderman Newman said over the past 10 years, Council discovered to give out \$180,000 in Emergency Assistance, the City was spending \$180,000 on personnel. So it has not solved the problem of efficiency. The City had four people in Emergency Assistance and there has been discussion among professional staff at both entities that the Township can handle this with eight employees. This was introduced last year. He thought there is serious disagreement on whether the City administered this program efficiently. He did not think the numbers bear that out. He said this eliminates some employees. He said the \$85,000 for police officers on Central Street would have been piling on Central Street and needs to be studied or referred to a committee.

Alderman Feldman recalled at a prior A&PW Committee, traffic violation fees/fines were discussed and the committee added one or two categories; raised revenue by \$24,000 from \$480,000 to \$504,000.

Alderman Rainey did not see why it took a special meeting to direct staff to talk to Northwestern University about paying for extraordinary services they receive on game days. She heard they pay the athletic tax to cover police services but that was not why that tax is paid. No individual tax is assigned to any particular service unless it is a special fund. She said that the community spends \$17,000 per game and that amount will be paid by the Chicago Classic game for that service

for one day. Nobody wants to withdraw the officers, whose purpose is to bring people to the game and afterwards direct them out of town. She said the issue is traffic control and the University ought to pay that. She stated Council should restore \$31,000 to Fleetwood-Jourdain Theatre. She said budget discussions should not be to develop programs. She said when a program is cut away in this manner, they are devising a new program which is half there and half here. If it is possible for the Children's or Adult theaters to be somewhere else, work on it throughout the year. **Alderman Rainey moved to restore the \$31,000 cut to Fleetwood-Jourdain. Seconded by Alderman Kent.** She said they needed to work with Delores Holmes to establish a non-profit situation. She did not understand why property taxes were paid at Family Focus and not at Noyes Cultural Arts Center and there must be a way to fix this.

Alderman Newman said they were \$10,000 short and had not gotten to the Ecology Center secretary cut of \$30,000. He said they have an \$8 million building with a new stage and many theater companies would jump to be there. The Children's Theatre used to be at the Levy Center. They are told the program director can direct both theaters and that was a compromise. He said some think they could save \$45,000 and put the adult theater at Levy, but there is a competing interest that says the Fleetwood-Jourdain Theatre ought to remain where it is. He did not think they were diminishing the Children's Theatre by putting it in a new building. He said Northwestern University games seriously affect that area and, without knowing whether Northwestern would pay for that, he thought it would be an unfair cut. The City pays the \$85,000 annually so that on game days businesses and residential neighborhoods are not destroyed by crowds attending games. If the University could be convinced to pay for that service, it would be wonderful.

Alderman Rainey agreed the best place for the children's theater would be at the Levy Center. However, she did not think Council was the group to make the decision about how that transition would take place. She pointed out this change will cost money. She wanted to leave the \$31,000 in the budget and allow staff to work out the configuration. She said nobody knows how it will work and they don't manage theaters. She did not want to jeopardize either program. If the \$31,000 is not spent, they can use it someplace else.

Alderman Moran said there was a budget memo that suggested the athletic ticket tax generates over \$500,000; He understood the reason for the tax was to take care of such things as traffic control. If that premise is correct, the cost is covered and the City makes money from it.

Alderman Bernstein recalled that when Doug Gaynor spoke, he indicated that the City had to negotiate a price for space at Family Focus; said they may find the landlord does not want to rent to the City for that amount. Then what? They have heard the space is undervalued compared to other spaces. He stated the Budget Committee worked for seven months to avoid what they were doing that evening. All have agonized and he thanked Aldermen Wynne, Newman, Feldman and Rainey for putting their thoughts on paper. He agreed with Alderman Kent that once a program is gone, it probably won't come back. He was looking at the proposed \$190,000 cut to mental health and community purchased services. He hoped that the Budget Committee would get all the providers together and let them come up with what could be cut without ending a program. He understood the Mental Health Board could disseminate these funds better than Council. He noted it is the 12th hour again and they would have to cut something or increase revenues but that on service charges and taxes, the City is topped out. He said they tried to bring in the non-profit institutions and those non-profits could deduct all of the \$190,000 from their income taxes. He asked the University and hospital to fill the hole. He referred to a woman who suggested raising revenue for the City is fun ways. He asked how realistic was it to have a series of fundraisers for the City and could that be put in a budget? He asked community purchase service agencies how much could be cut without destroying their programs? He asked them to look into the depths of their budgets so they don't have to make the cuts. Nobody wants to cut anything. The community purchased services allocations have not increased, but things change. He had no problem with restoring the \$31,000 cut.

Alderman Kent supported the motion, noting that Family Focus has always been cooperative.

Alderman Wynne agreed that what they were doing was what they had said they would not do -- picking and choosing without recognizing there is a whole package; believed that was bad policy. They agreed to find cuts and this was the best they could do that year. If they don't make some cuts, what is the alternative but to raise the property tax higher and higher? She has heard from people about increased property taxes and urged a "no" vote. She said they should come with the money they have to Family Focus and thought they could negotiate something. She asked them to think about when

they restore something, money has to be found someplace else but was not willing to find it in the property tax.

Alderman Feldman noted that Alderman Jean-Baptiste had made the motion to reduce it to \$22,500 and was that with the belief of a shortened season or rental period? Alderman Jean-Baptiste said it was with the understanding that Family Focus would rent space to the Fleetwood-Jourdain Theatre for that amount and would also seek out other sources of revenue for the space. Alderman Feldman asked how much of the year does Fleetwood-Jourdain use that space for productions and rehearsal? Alderman Jean-Baptiste thought it was year-round; was renting the same amount of space for an entire year prior to the Children's Theatre being transferred there. They accommodated the Children's Theatre. He had in mind that the Levy Center would be made available to both the adult and children's theaters whether the Children's Theatre is transferred to the Levy Center was a program discussion in his mind.

Alderman Feldman had the impression that the Children's Theatre was riding on the back of the Fleetwood-Jourdain Theatre. Fleetwood-Jourdain Theatre rented the space, the Children's Theatre moved in and the same amount of money was paid. Mr. Gaynor did not have historical knowledge of that. He acknowledged the Children's Theatre moved from the Levy Center to Fleetwood-Jourdain and the rent did not increase because it was based on the amount of square footage rented. Alderman Feldman asked if one group moved out, why would the rent go down? Mr. Gaynor said they would negotiate on square footage, not using as much space and using it for less time. Alderman Feldman asked would that permit Fleetwood-Jourdain a full adult program at Family Focus? Alderman Jean-Baptiste said with the Children's Theatre moving out, in the spirit of compromise that some were willing to balance the budget. The reality is there will be a hardship on the Fleetwood-Jourdain Theatre, which will use the space for half the year or less space to conduct its operation. He suggested Fleetwood-Jourdain Theatre have access to the Levy Center or any other available City space.

Alderman Newman understood if they had the will to do it, they could relocate the adult and children's theaters to the Levy Center and save \$45,000. They don't have the will to do that. When they talked about cable television rental, they were looking for space so ECMC does not have to spend money renting on Hartrey. Because the adult theater has historic roots at Family Focus, it was everybody's intent for it to be there. There is significant thinking in the community to keep Fleetwood-Jourdain Theatre at Family Focus and they will save \$22,500. He expects the program to continue. If he had his way, both would be at Levy Center and enhance the program. Alderman Feldman hoped negotiations with Family Focus allow Fleetwood-Jourdain Theatre to have a full program. Mr. Gaynor stated there are four performances for each theater, which run 16 weeks or a 32-week schedule. They would cut that in half.

Alderman Kent asked to hold the motion until Monday. Seconded by Alderman Moran.

Mayor Morton asked if money was included in the budget to put up proper lighting for the Levy Center. Mr. Gaynor stated adequate funding was in the budget for lighting and sound systems. She asked if he considered how much time the senior citizens would use the stage? Mr. Gaynor said the senior program is from 8:00 a.m. to 5:00 p.m. five days a week. The adult and children's programs are in the early evening, so they saw no conflicts. He said that seniors have certain dates when they have activities in the evening, which have been scheduled.

Alderman Feldman called the question. Alderman Moran moved to hold this over. Seconded by Alderman Rainey.

Alderman Engelman confirmed that the City Manager would provide a memo on non-union employees so they will have information when they vote on the white worksheet. Alderman Rainey thought she did not have to accept every item on the white worksheet and suggested it should be evolving. Key issues remain to be resolved and she hoped an item-by-item discussion would not be rejected. Alderman Feldman said any alderman could have asked for any item to be removed from the white worksheet and could do it Monday night. Mr. Crum stated they have on the floor the City Manager's budget with add backs that Council had voted on. Alderman Newman said if anybody has amendments, they could put them on the table Monday night.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 11:25 p.m.

Mary P. Morris,
City Clerk

A videotape recording of this meeting has been made part of the permanent record and is available in the City Clerk's office.