

**ROLL CALL - PRESENT:**

Alderman Feldman	Alderman Kent
Alderman Jean-Baptiste	Alderman Moran
Alderman Bernstein	Alderman Engelman
	Alderman Rainey

A Quorum was present.

**NOT PRESENT AT  
ROLL CALL:**

Aldermen Newman and Wynne

**ABSENT:**

None

**PRESIDING OFFICER:**

Mayor Lorraine H. Morton

**FACILITATOR:**

Rob Oberwise

A SPECIAL MEETING of the City Council was called to order by Mayor Morton on Monday, August 26, 2002 at 3:20 p.m. in the Community Room of the Public Library for the purpose of conducting a workshop.

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

City Manager Roger Crum welcomed all to the annual goal setting retreat in which they would focus on capital improvement and operating policies for the budget. They would examine capital improvement policies, prioritize them, discuss funding, plus policies for the operating budget and how those two fit together.

During introductions of staff and Council, Alderman Wynne was present.

Mr. Oberwise recalled the last retreat was July 21, 2001; reminded them that they needed to wear their big "E" hats and recognized that the aldermen's other role is to represent constituents. At the prior retreat a vision was created for Evanston's future and he reviewed parts of that vision. During the review Alderman Newman was present. Staff developed these priorities from last year's visioning workshop: Howard St. and Church/Dodge development, Dutch elm program; infrastructure improvements; land use (density and zoning reviews); budget process/policy/community-non-profit involvement; affordable housing; lakefront use and waterway resources; downtown projects completion; improved communication with citizens; proactive police strategies; alternative transportation modes; centralized citizen/aldermanic request system; aldermanic resources; neighborhood festivals; NU relationship; improve/maintain diversity; and optimization of service delivery.

Mr. Oberwise stated that the workshop would concentrate on the City's resources with the same issue: the pie is never big enough. How the pie is divided and how can they make it larger or live within their resources would be discussed. He noted since their last workshop, Council and staff have worked through some difficult budget choices. Looking at the vision the question was, given the constraints, how could they reach it?

The purpose of the meeting was for aldermen to give some direction to staff relative to the capital and operating budgets,

plus feedback about what is appropriate. No decisions would be made.

Assistant City Manager Judith Aiello presented Capital Improvement Plan policies that were discussed at a prior Budget Committee meeting with committee recommendations to date. She explained that they went back to previous CIP policies that list various objectives and priorities. She related the City has had these objectives for many years, which were originally set forth by the Plan Commission while developing the Comprehensive General Plan. She stated the overall goal for the Capital Improvement Program is to develop a comprehensive program that is a tool to guide Council in decision making that helps keep the City's built environment running efficiently and making attractive amenities for the community. Objectives were developed so that the City would have a solidly built environment. They have to plan for how that built environment is maintained. Over the years they have looked at broad categories and developed individual plans, which form the capital budget.

Ms. Aiello stated Evanston was one of the first communities in Illinois to develop a five-year CIP. As they look at projects, she asked them to keep in mind the impact on the operating budget because staff wants to merge understanding of those. Sometimes they plan for buildings without recognizing that more people will be needed to run them. An example is the new Levy Center. Extra staff was planned so that building could be operated efficiently. They want to provide regular semi-annual reports to the A&PW Committee about the capital plan; discuss new projects and how those are dealt with; discuss some items in the capital plan that should be in the operating budget but due to problems in the operating budgets in recent years have not been addressed; introduce the idea of "pay-as-you go" and bonding; be able to identify revenue that could be dedicated for some projects; separate project planning and execution costs by years; and identify additional funding sources. The assumption is that projects will be financed with GO bonds, but it is believed there are other opportunities. The City has five-year projections on the General Fund, operating funds and capital fund. More discussion is needed on enterprise funds in relation to the capital budget. Staff has wrestled with contingencies and emergency reserves and wants feedback from Council on both because they come up annually. They wanted to discuss grants – opportunities to get grants, how to obtain them and what happens to grants they get when they have funds already planned for a project, and discuss Community Development Block Grant funds. It is believed there are opportunities to present some comprehensive approaches to those funds. A statement was presented at the public hearing that staff would present a comprehensive program to the CD Committee when it receives proposals. After discussion, staff will bring back objectives in resolution form so policies can be adopted. The hope is to fold these within discussion each year and have an annual retreat that focuses on the budget and CIP.

Alderman Newman stated he found the capital improvement policies lacking in several important areas; reflected staff values but not necessarily the whole view. Mr. Oberwise said they would review the policies and add what was missing.

### **Capital Expenditure policies review**

**Five-year Capital Improvement Program will be developed and updated annually and include anticipated funding Sources.** Alderman Moran agreed the five-year CIP was good, but suggested a longer-term approach for some projects.

Alderman Newman noted that Evanston's parks and library systems are within the City's capital funding, while many other communities have parks and libraries as separate taxing bodies with separate bonding policies. Consequently, neighboring communities spend much more than Evanston on their parks/libraries. He thought any capital spending policy has to acknowledge that libraries and parks are within the City's jurisdiction and to compete with other communities they need to consider what is spent there. This policy should be discussed by Council. Alderman Moran agreed and thought an examination was needed on to how to create separate authority for parks/library. Alderman Newman opposed separate taxing bodies; thought they were at an advantage when citizens can go to one board for the City's operation. He said separate boards, whose only function is to fund the library or parks, would be more apt to pass increased taxes. He reiterated that they should consider what is spent in elsewhere so Evanston's spending is in the ballpark and that the library's collection does not become second-rate. Alderman Newman said it may appear Evanston spends a lot on parks, but in past years Wilmette has built two \$10 million buildings. Skokie and Chicago also spend more than Evanston. Alderman Engelman said the desire to have a competitive playing field to neighboring communities for essential services could not be looked at solely in the abstract. Evanston is limited to a particular sized pie. While the City could increase spending for parks/library, they have to also look at how much is spent on services not provided by other communities and available resources. Mr. Oberwise concluded that they understand what goes on with

neighboring libraries/parks and that the City manages the whole and may manage more efficiently than separate taxing bodies. Alderman Newman was looking for a policy that recognizes that Evanston's Council is responsible for what separate boards do for parks and libraries in other communities.

Alderman Rainey was not sure how the library's book collection fits into the capital plan. Alderman Newman said the computers are way behind and spending could be increased in the operations budget to improve book collections.

**Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.** Alderman Newman had never seen any description on how long particular projects/items will last. One example was the new financial software. If they know the software will not last more than seven years, will they use GO bonds to pay for it? He did not think the software would last 20 years. Ms. Aiello said information on the useful life of items could be added to data sheets. Finance Director Bill Stafford explained that the City of Chicago has gone out for 40-year bonds on improvements good for 20 years, which he termed dangerous. It makes the short-term payments smaller, but is not good fiscal management.

**The City will coordinate development of the capital improvement budget with the development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.\*\***

**The City will maintain all its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.** Alderman Rainey did not understand "minimize future maintenance and replacement costs." Ms. Aiello thought they were talking about how oftentimes the City does not have enough money to develop something so the project requires more maintenance than it should have if money was put in the first place. Over the long haul, the City does not have the funds to maintain the building.

**The City will maintain a Capital Projects Monitoring Committee comprised of City staff to meet monthly and review the progress on all outstanding projects and report semi-annually to the Administration & Public Works Committee.** Alderman Newman suggested that minutes of the monitoring committee be kept and distributed to the Council so they can find out what different department heads report so that those not on A&PW can better follow what happens. Mayor Morton suggested with the number of alderman on standing committees it would be more efficient to submit this report to Council. Alderman Moran suggested that the City has assets in need of development and improvement and they need capital expenditure policies that don't exist but should. Alderman Rainey thought the report should be made to the A&PW Committee and shared.

Alderman Engelman agreed that the Council does not have a forum to discuss the CIP report unless it's an agenda item. The Budget Committee reviewed this and decided the A&PW Committee was the appropriate place because of depth of knowledge about expenditures. All receive materials sent to A&PW. Alderman Engelman was concerned about minutes of staff meetings and the Council/Manager form of government; was not sure that airing staff's dirty laundry in public was best. Alderman Feldman said an important way aldermen function is with information. While a recommendation from staff is important, the dialogue that created it was vital to understand. He was interested in what the professionals think and the process to get consensus.

City Manager Crum stated that detailed minutes of staff meetings were not appropriate. This is to be a report of activity, changes and modifications to programs that were needed.

Alderman Newman said nobody was interested in having a recorder at all staff meetings, although all staff are public officers. Alderman Jean Baptiste agreed that they need a report on how projects are progressing; did not think minutes were necessary. Alderman Feldman asked about the form of the report? City Manager Crum stated they could list capital projects and indicate what is on target, where there are delays and overruns, and projects that come along where they need additional money. Alderman Feldman said it sounded like facts that one person could provide and why did they need a committee to do this? A committee suggests there is evaluation and dialogue for policy decisions.

Ms. Aiello gave the example of the preservation and Ridge Avenue traffic signals issue. A small group from the CIP

team was assembled and came up with a recommendation that was presented to the P&D Committee. She said it was a combination of fiscal, project status and issues. Ms Aiello stated if something needed policy direction, it would be presented to Council. Alderman Rainey suggested this report is important because it is about problems and successes. She said currently, the way Council finds out about issues is through change orders. Thursday aldermen find out about it and have to vote on it on Monday; there is no background information. Through the report, Council would have some sense of issues. Mr. Oberwise suggested this would alert Council to where they are in the capital budget.

Alderman Newman said conditions in Fire Stations #3 and #5 were ignored by City for 40 years; said the Fire Chief has not come in past years and talked about conditions in those stations, as a consequence those buildings have been allowed to deteriorate. Station #3 was allowed to go deteriorate for 15 years. Alderman Engelman noted they have talked about doing Station #3 for years. Alderman Newman suggested letting every department head submit capital needs to the monitoring team, then forward those reports to the A&PW Committee. Ms. Aiello stated that is done. They begin the process by putting in all the needs and when they will be addressed. They have had the fire stations in plans but due to other priorities, have been pushed back. Fire stations have been identified for a number of years. Facilities Management Director Max Rubin noted an architectural review of stations was submitted to Council 10 years ago.

Alderman Baptiste stated that Council needs to know when projects are pushed aside and resources cannot take care of priorities. Mr. Oberwise heard two issues: need to monitor ongoing progress of capital improvement programs and does Council hear about all capital requests and how those are prioritized. Ms. Aiello noted that every year staff has put in \$283 million for the City's capital needs.

**If a new project (non-emergency) is identified during the fiscal year, staff shall prepare a report to the City Council describing the project and, if necessary, recommend a decrease in another approved project so as not to alter the overall appropriation for the capital budget.\*\***

#### **Capital Financing Policies**

**Long-term borrowing will not finance current operations or normal maintenance.\*\***

**Outstanding tax-supported debt shall not exceed \$75 million.** Alderman Newman asked where the City is now? Finance Director Bill Stafford said at the end of the current audit the City is at \$55 million. If, later on they decide to do more capital improvements, they may have to increase this to \$100 million. Alderman Engelman recalled when this issue came before the Budget Committee, the real moving target is what is the maximum amount of debt the City can have and still maintain an appropriate bond rating. The City was well enough below the \$75 million and that it would not impact bonds unless they decide to borrow \$15 million more, which was discussed because dollars are cheap. Alderman Newman said they need a better explanation. A handout shows they will borrow \$25 million to build the new Sherman Avenue garage. Alderman Rainey said it was important to see all of the City's indebtedness, including water/sewer, TIFs and tax supported bonds, on one sheet. Alderman Newman asked how debt affects the City's bond rating? Mr. Stafford said the bond houses are concerned mainly with the amount of net GO debt. The City has other debt with other revenues pledged toward them. When the bond houses see that the City has a financing plan they are comfortable but look at all debt. What they want to know is relative to the property tax.

**The City will establish an appropriate mix of bonded debt and pay-as-you-go financing in the funding of capital projects. The City will strive to find more streams of revenue to support pay-as-you-go financing of its future capital improvements.** In response to Alderman Kent about pay-as-you-go, Ms. Aiello explained that they want to find a revenue stream, such as motor fuel tax, or pledge the tax increment once the TIF ends, to build up a cash reserve rather than go into debt to pay for a project so it could be paid for in cash. She said many communities fund their capital programs with cash. Mr. Crum stated the City finally got there on the Fleet Fund and many water projects are paid for with cash. Ms. Aiello said this is a goal that they won't be able to do next year, but need to start looking to find revenue, which warrants further discussion. Alderman Newman wondered whether water rates are being forced up. Mr. Crum said if the City has a big project they might go into debt, but they are better off not going into debt on small projects; recommended looking at a mix. Alderman Newman confirmed that they are pay-as-you-go on CD projects. Ms. Aiello pointed out that both water/fleet funds took several years to transition to cash and this would not happen overnight.

### **Capital Project Planning and Costs**

**Where appropriate, separate project planning and execution costs, acknowledging that approving a study does not guarantee the implementation of the project.** Ms. Aiello said the City has done some planning, such as the Chicago Avenue Streetscape project, in which many neighbors participated, but there is no way to finance implementation of the plan. Staff wants Council to acknowledge that when a study is done and approved there is no guarantee it will be implemented. This year money was set aside for neighborhood planning but that does not mean the following year a plan can be implemented.

**Recognize that most projects will take at least two years to plan and implement.\*\***

**Identification of funding opportunities should be included within the product development phase.** Alderman Engelman confirmed that this does not exclude looking for funding opportunities during the planning phase. Ms. Aiello noted that Parks/Forestry & Recreation Director Doug Gaynor has identified available grants and they want to include those going forward.

**Identify and dedicate additional streams of revenue to support pay-as-you-go financing of future capital improvements. Options for this include but are not limited to excess funds, additional tax (i.e. motor fuel tax for street improvements) and use of tax increment financing revenues as they become available.** Alderman Newman did not want to raise the gasoline tax. Alderman Rainey said this would be a local gasoline tax. Alderman Kent was concerned about increasing taxes because some here are stretched to the limit. Ms. Aiello said that more detailed plans could be brought back if Council was interested. Alderman Newman welcomed staff ideas on TIF revenues. Alderman Rainey asked that when a plan is brought back, that staff keep in mind the entire tax paying community, that once a TIF has expired, some envision some tax relief. Ms. Aiello stated that would be part of the analysis that is brought back.

**A contingency amount should be included for each project. A bond funded capital plan contingency account shall be included at the beginning of each fiscal year. This shall be equal to 10% of the current year general obligation capital improvement projects. Any unused contingency funds would be reallocated by the City Council at the end of the fiscal year.\*\***

**Establish an Emergency Account within the CIP for emergency capital needs. This shall be funded initially through a one-time revenue source.** Alderman Rainey questioned this. Ms. Aiello responded it may be one-time bonded money and, if not used at the end of the year, the funds could be reallocated.

Alderman Engelman suggested explaining the difference between contingency and emergency funds. Ms. Aiello explained a contingency fund would include projects approved by Council that run into unexpected costs. An emergency would be for something not in the planned project that came up. One example was the electrical service at Noyes, which was not part of the renovation plan but had to be done to complete the project. Alderman Jean-Baptiste asked about change orders. Ms. Aiello said in some instances they can squeeze out some money. An example of a project on hold is the Dempster Street Beach Office, which was budgeted at \$60,000 but came in at \$120,000 when bid. Had there been a contingency fund, they could have proceeded. Mr. Crum noted all large projects have contingency funds and if the change order is within budget there is no problem. The new Levy Center had contingencies within the total project budget. They want to have contingencies on all projects so routine changes can be made within budget. Ms. Aiello stated that sometimes projects come in way over budget when they are bid. Alderman Jean-Baptiste wondered how setting aside 10% for contingencies would impact the overall budget and would they have to make up for it by increased property taxes. He had discomfort with change orders when the City accepts the lowest bid; did not want to establish a policy so they are not as strict as they ought to be in making sure change orders are justified. Currently there are many change orders. Ms. Aiello said that often change orders have no fiscal impact. Sometimes something needs to be changed and Council approval is needed. Sometimes they gain funds. Typically the City does not go over budget even with change orders. Sometimes a contractor will come in low and knows he will come back with change orders. Staff has to monitor previous work the contractor has done, check references and not recommend the lowest bidder when there is poor past performance. Alderman Rainey suggested the need to make a distinction between the need for contingency funds and the use of change orders, which are not the same.

Alderman Engelman said balancing fiscal management funding the contingency and emergency funds was like a savings account. He said what they do as a Council determines what is appropriate fiscal policy for this city. They can operate on the basis that when they spend and money is gone, and something comes up, they wait until next year. Or they can establish, as they did with the operating budget, certain reserve accounts at a particular percentage, to address cash flow. They were asking to set up reserve accounts each year so that as projects come on-line, they don't have to give up a project because it went over budget. He said it will cost more money up front but once established, they have more flexibility in the long run.

Alderman Newman pointed out on the Maple Avenue garage, the contractor was not asked to put in security equipment when bid. Some changes are due to the contractor not being made aware of or there was a change of mind. The contractor cannot be expected to pick up these additional costs. He did not think every change order was due to the contractor. Facilities Management Director Max Rubin pointed out that there are allowances for systems in contracts but the scope of the systems can be undefined. The Levy Center had allowances for items that had not been defined but in spite of change orders, they still have not exceeded the budget. Change orders are checked for validity, no coverage in the project scope, and in specifications or drawings. He said the library had \$800,000 in change orders and was still under budget because the building was value engineered.

Alderman Rainey asked how emergency and contingency funding is presented when they bond? Mr. Stafford said they were allowed to put those in. Capital funds must be spent within two years. At the end of the first year they will reprogram that for projects. Alderman Newman asked whether contingency has to be funded from bonds? Ms. Aiello stated they could use one-time revenue or fund from bonds.

**Grants will be sought for projects in the current fiscal year, the five-year plan or that fund a recognized city need. Grants obtained for projects not currently funded or in the five-year plan result in the reduction or elimination of a project in the five year plan. If a grant is received, the original funds can be: reallocated to a new project in the five-year plan within the same area; reallocated to a priority list of projects approved by the City Council during consideration of the capital plan; used to expand the scope of the existing project for which the grant is received; placed in the contingency fund for future matches or cost overruns; placed in an emergency fund for unanticipated projects.** Alderman Newman confirmed that these are choices. He asked if the City had ever taken a grant obtained by the library and applied it to another project? Ms. Aiello stated it must be for a capital item. Staff would come back to Council with a recommendation on where to put the funds. Library Director Neal Ney explained that the Illinois State Library has construction grants available occasionally. When the library was built, U.S. Equities looked at the grant program and, because it was so limited, did not apply. In some years grants are larger. If Evanston had been at the right time, perhaps they could have gotten one. Alderman Newman thought if a department applies for a grant, the funds should stay within that department. Alderman Feldman thought it should be an option they consider. The reason was that there are more grants in some areas than in others as federal and state governments emphasize certain areas for grants. He thought that even though some departments work hard to get grants they may not be able to and should have the flexibility to apply funds to another area. Mr. Crum clarified these would return to Council for action.

**The City shall hire a citywide grant writer for a two-year period.** Ms. Aiello spoke of the success in obtaining grants in parks/recreation and that a grant writer was suggested for all departments. Mr. Oberwise said there are hundreds of grants available and services that will track grants for a municipality. Alderman Rainey noted the City pays thousands to the National League of Cities, which has a grant database. Ms. Aiello noted someone has to write for them. Alderman Feldman was told by a state legislator that Evanston lost out because the City did not apply for grants that Skokie and Wilmette applied for and got. Mr. Gaynor said the dilemma with grants is a significant number require a match. He noted in getting grants, recreation has had to ask the capital team for more funds to get the grants. Alderman Feldman thought that kind of decision should be brought to the Council. Half a grant is better than none. Mr. Gaynor pointed out that was a good argument for the contingency fund. The grant writer position would be for two years, then Council could evaluate it. Alderman Rainey asked if it would be a contract position? Ms. Aiello said staff would bring back a recommendation. Alderman Newman thought a grant writer was a necessity based on what has happened in parks. Mr. Crum noted it takes time to dig grants out and to apply. Mr. Oberwise stated there are funds available currently due to terrorism. Ms. Aiello stated the City believes that between the Police Department and Facilities Management they can generate more such funds. Mr. Rubin noted that funds have been applied for the Health Department.

**Community Development Block Grant Funds. Staff will present a comprehensive program for all capital projects in the CDBG target area. Projects funded by Federal Funds as opposed to local tax dollars.** Alderman Kent wanted to see the total number of capital projects on one sheet. Ms. Aiello said instead of just looking at a park in a CDBG target area, they look at streets/sidewalks/curbs/public parking lots to do a comprehensive job. Alderman Rainey always understood that CD funds were for areas with greater needs due to low-income levels. She was concerned about using CD funds for a little extra boost. They fix parks in neighborhoods, except in target areas, where CD funds are used. She believes CD money should be used to enhance money coming from tax dollars. There is a park district in the south end of Evanston where all are taxed, so other Evanston taxpayers are relieved of paying money for the south end. A criticism of staff in using CD dollars is that in many cases they see projects drag on and money is not spent for several years.

Alderman Jean-Baptiste asked if Alderman Rainey wanted a policy that CD money be used as an enhancement of projects or needs in targeted areas as opposed to using CD funds exclusively for targeted areas? Alderman Rainey thought a perfect use of CD funds would be for property inspection services that target areas receive. Why should everybody in town pay for extra inspections in the 5<sup>th</sup>, parts of 2<sup>nd</sup> and 4<sup>th</sup> wards when CD funds could be used to enhance that service. Alderman Jean-Baptiste was concerned that they not depend solely on CD funds in target areas. Alderman Feldman, while he agreed with Alderman Rainey on the example of use of CD funds, did not believe that one could say the obligation to inspect property in south Evanston is not the obligation of the entire City. He said that any part of Evanston that needs attention should be paid for by the City. While they have CD funds, it does not relieve the City of that responsibility. Alderman Newman noted they have spent huge amounts of general obligation money for parks in CD areas. He thought they had been supplementing CD funds in that area. Alderman Rainey noted huge amounts of CD money is spent on parks in target areas. Alderman Newman said a lot of money is spent on parks in south Evanston, such as James Park. Alderman Rainey noted that James Park is not in a CDBG target area. She clarified that she was speaking about spending CD dollars in target areas versus spending property tax dollars.

Mr. Oberwise stated that staff would put together some policy resolutions from this discussion. Next they would look at priorities for 2003-04 and beyond. Ms. Aiello noted \$283 million in capital needs: \$100 million for parks; \$70 million streets; \$30 million alleys; street lighting \$5 million; streetscapes \$30 million; Civic Center \$20 million; Service Center \$5 million; Fire Stations 3 and 5, \$9 million and miscellaneous \$14 million. (rough estimates) The current CIP includes \$1.6 million for parks; \$1.4 million for transportation; \$1.8 million for Civic Center and fire stations; \$970,000 for information systems and \$45,000 for economic development for a total of \$5.9 million. (rough estimates) Given the need of \$283 million and annual spending of \$6 million, she asked where do they go next year? Should they fund at the same level or increase in some areas? Given the cost of money, how much more could they do, and should they look at a two-year capital program?

At 5:40 p.m. the meeting recessed for dinner and resumed at 6:40 p.m.

Mr. Oberwise asked City Council to pick their three top priorities for the 2003-04 Capital Improvement Plan. Alderman Moran: Civic Center, streets, alleys; Alderman Engelman: Civic Center, streets, alleys; Alderman Wynne: streets, parks, Civic Center; Alderman Jean-Baptiste: streets, alleys, street lighting; Alderman Newman: Robert Crown Center, seven-year parks plan, streets; Alderman Bernstein: alleys, streets, Robert Crown Center, street lighting; Alderman Kent: economic development of small business districts, parks, street lighting; Mayor Morton: streets, alleys & lighting, neighborhood street lighting; Alderman Rainey: Civic Center, five-year landscaping plan for parks & embankments, economic development plan for Howard Street; Alderman Feldman: streets, alleys, Robert Crown Center.

**Discussion of priorities.** Alderman Newman said most people don't care about the Civic Center and if it is a top priority, everything else is squeezed out if General Obligation bonds are used to pay for it. He had no problem with rebuilding the Civic Center, but had one with taking that amount of property tax and deferring things that directly benefit residents such as streets, street lighting and parks to build a new building for City employees. If they were to create a TIF district of the Civic Center site and redevelop it with condominiums and a new Civic Center would be paid for out of another source of funds other than General Obligation bonds financed through the property tax paid yearly, he could go with that. He had a problem putting the Robert Crown Center ahead of the Civic Center because it generates over \$1 million

annually in revenue and is used by people throughout the community.

Alderman Rainey had analyzed the Civic Center and thought one of the worst things they could do, if sold to a developer, would be to make it a TIF. She believed, given the possibilities that exist, they could end up so the Civic Center could replace itself without great expense to taxpayers and generate taxes on about 40 upscale condo units.

Alderman Engelman stated if Council does not address large single structure facilities that require large expenditures, be it the Civic Center or Robert Crown Center, and continues to avoid the issue, they end up spending more money in both the long and short run. He suggested they look at capital needs from two angles. The City has capital needs for streets, alleys, street lighting throughout the City that cannot be done in any one year because physically these projects are too big and the City cannot afford to do them in one year. These require significant staging such as the 10-year \$120 million long-range sewer improvement plan. There is a \$30 million five-year plan to improve streets and bring them to a minimum level. He suggested, as a policy decision, they need a long-range plan to address every one of the needs. They have the parks seven-year plan, the streets five-year plan and need to develop a plan for streetlights so they are staged. He also suggested they look at individual structures and new ways of financing those structures such as pay-as-you-go, sales tax rebate, TIF or something like that. He did not think they could trade off over the next seven or eight years pushing back the Civic Center so they can do alleys or push Robert Crown back so they can do street lighting or push Fire Station #5 back so they can do parks. He urged biting the bullet on some or they will never get them done.

Alderman Moran said citizens would prefer new curbs/sidewalks to a new Civic Center, but noted it is the heart of the City's operations. Without a well-located and well-designed building, which they don't have now, they cannot operate efficiently and economically over the next several decades. The Civic Center building is antiquated and needs massive cash infusions annually. His concern is that these annual infusions will be lost before leaving the Civic Center, as it has been deferred three years already. He suggested they might need a Capital Improvement Plan that transcends the five-year plan and contemplates development and reconstruction so they know what they want to do. All have their priorities and know they have to fix this and do it quickly. He recommended they analyze the right path and implement it.

Alderman Bernstein does not like the Civic Center location; said it is not suited to the City's needs. He thought a revenue stream could be created from which a new Civic Center could be built. A short-term priority should be: where could the Civic Center be relocated? If the Civic Center is rehabbed, where do they go in the interim? He suggested they contemplate leasing office space in the short term. Money is cheap and he was ready to go out with an RFP to get people in before they put on an \$800,000 roof and see what developments are possible. He did not know whether the building could be modified for residential use; noted an investigation some years ago where codes said the windows were too high for residential use, which would mean reconfiguration of the exterior which would be cost-prohibitive. He said that should be investigated in the short term. Dollars could be generated from sale of the building and subsequent restoration or demolition of the building. They could put something else there and keep the green space. Additional parking will be needed whatever is done.

Alderman Wynne agreed that the Civic Center is a gnawing problem and they are sliding back; thought they need to decide on a plan and stop sinking money into it. Sometimes she thinks they are diluting capital improvement money too much in the public eye. People are cognizant of the parks program. Streets are also a high priority. She wanted to discuss, without short changing anything, putting resources behind something that shows they are accomplishing something. Her concern is that they do some of this and some of that; acknowledged they were making progress but not always in people's consciousness. She urged discussing a plan for Robert Crown Center.

Alderman Newman said the Budget Committee recommended a \$75 million debt level. If the Civic Center is paid for from General Obligation bonds, they will be at the limit of \$75 million. He said this is all funded through property tax and they have already raised the capital improvement budget from \$4 to \$6 million annually. Some argued that the \$6 million should be reduced. He said that figure has an impact on the increase in property taxes year to year. He thought if Alderman Engelman was suggesting \$40 million in projects, they would go above the bond limit and substantially increase the property tax. He would be glad to sell the Civic Center, said it could be fixed if put in a TIF district with additional units in the parking lot behind it. He wants to keep the City's Aaa bond rating and doesn't want to squeeze out other projects. He suggested a TIF because they could create cash flow so they can come up with \$1 million a year,

which would pay for \$10 million in bonds by itself. If they don't maintain the \$75 million debt limit, and it increases, he suggested they could kiss away the City's bond rating.

Alderman Feldman said the City does not have a viable alley program, which affects and continuously disturbs citizens. He suggested getting out of it and spending more money on alleys; supported a plan to replace the Civic Center. While they consider all things, they need to decide where they will spend money; agreed with Alderman Wynne that they should put money where there is visibility and obvious progress. He said the constant need for maintenance and remediation takes many dollars. His priority would be to take several items. The Civic Center is important, but not for this year, and begin to establish a plan to replace or remodel it. He thought they needed to decide whether they are going to have a viable plan to fix streets and alleys; need to continue park improvements and improve Robert Crown Center.

Alderman Rainey suggested forming a group of staff and Council members to study the Civic Center. She pointed out the City has an alley program that citizens reject and complain about, but do not want to commit to pay for improving them. She did not think any alley petition had ever been rejected, but the City cannot get participation. She suggested creating a new alley program. She sees parks that have been renovated and within three months have weeds; that public areas don't ever look well kept here and wanted to see a well maintained community that is tidy and beautiful.

Alderman Engelman agreed that they try to be all things to all people and little seems to be accomplished. He said that timing is everything and agreed a new Civic Center would not be built next year due to the time it would take, whether building on the existing site or moving, and there are neighborhood issues about that. If they are going to do it they need to plan now, study it and commit resources. He said timing is everything because two years ago, Council decided to bond for \$6 million rather than \$4 million for capital projects. Alderman Newman raised concern about that. He noted that the City can bond for \$6 million and spend no more in tax dollars than when they bonded for \$4 million, because the cost of money has gone down. As a policy decision, he asked does now offer them an opportunity to look at funding large projects in large chunks rather than \$4 million a year for 20 years? He did not think that the bonding authority would worry about whether they were at \$75 million or higher. They will look at the cost of money, not the bonded debt, and the City's commitment to repay. Instead of doing \$6 million, perhaps they should think about doing \$8-10 million in capital improvements while the cost of money is so low. They cannot do a variable rate bond for 20 years.

Mr. Stafford said they have the opportunity to add more dollars for capital projects. Alderman Jean-Baptiste thought they were giving their wish lists, weighing possibilities and needed to continue to work on streets and alleys. He suggested they hire a consultant to develop options of what could be done with the Civic Center; wanted to understand more about neighborhood economic development.

Alderman Kent referred to small neighborhood districts that received \$45,000 for economic development. He reported meeting with the Plan Commission in the 5<sup>th</sup> Ward and discussing development of small neighborhood businesses at Church/Dodge, Ashland/Simpson and the Dewey area. He put it up because he did not think it would cost a lot. He thought development of small businesses was an opportunity that the City has lost. People have had to close businesses, did not have access and did not know where to turn. He thought the City could reach out more. It is a priority in that it offers support to citizens who are just trying to make a living. In the 5<sup>th</sup> Ward, they have the Dr. Hill group, which is pushing hard. He thought more awareness was needed of small groups that don't have the tools or are starting out without the advantages of upper end businesses that can afford to pay what is needed to get started.

Alderman Newman asked Alderman Engelman if he was saying that for the same amount of money spent for property tax for \$6 million that he wants to borrow more because interest rates are lower? He had no problem with that. Was he saying that next year he wanted to bond for the Civic Center and everything else? He did not think money was that much cheaper than a year ago. If that was what he was saying, they would have to bond for \$26 million. Alderman Engelman explained that they proposed taking \$1.4 million in street improvements and committing \$3 million for three years instead. Then commit to not doing streets for three years, take \$4.5 million from streets and put it into the Civic Center.

Alderman Newman suggested that Council members need to meet with staff and study all the issues related to the Civic Center, such as funding, location and parking, then report back.

Alderman Feldman did not believe the City's alley program was a program; recalled paving of Dewey Avenue and paying for it. At that time, Council said that all streets in the City would be paved and people who lived on those streets paid. He said if they want to do it, that is a program, and did not think it would happen any other way. He said the Dr. Hill group in the 5<sup>th</sup> Ward got an extra \$10,000 from the Economic Development Committee.

Mayor Morton said there is a public perception of how Council spends money, particularly now when people are not making money on their money, there are foreclosures with high-salaried people losing jobs and not getting rehired. She said when people pay their taxes, they pay for things for their welfare. Citizens are interested in streets and sidewalks. She said the Civic Center building has been greatly improved since 1993, is sturdy, so evidently the structure is not bad. She said more parking is needed there for employees and visitors. She would love to see a new Health & Human Services building and does not like the Health Department in the basement. She suggested after the roof is repaired, they look at the Civic Center and see about other improvements. She thought spending taxpayer money for a new Civic Center won't set well and not a good idea at this time. She advised putting the Civic Center on hold; said to look at the Louvre (in Paris), which is repaired when something goes wrong. They can fix the Civic Center, the community will be happy that is done and rather than building a new Civic Center, use resources for streets, alleys and parks.

Alderman Bernstein recalled four years ago, that the Doyle report said the Civic Center needed \$17 million in repairs and now is at \$20 million. An \$800,000 roof is needed. He suggested they have a valuable commodity; does not want to spend on consultants because ultimately they will turn to the market. He suggested they put out feelers and get developers to tell them what they could do with the Civic Center, its worth, and create a revenue stream so they can build a new Civic Center. He is glad now that they did not put the Civic Center where the McDougal Littell building is, a tax paying structure. He wants the Civic Center close to downtown because it generates people. In the past it was on Oak Avenue close to the post office and when it was moved to Ridge, a lot of space was rented. He was not foreclosing any possibilities; wanted to know what is out there because it is \$1 million a year out-of-pocket for things that are needed which is why it is a high priority. Cheap money for the City is also cheap for developers. He guessed they would have a bidding war and get many ideas.

Mr. Oberwise asked aldermen if they wanted to spend more for capital improvements since borrowing costs less?

Alderman Rainey said the question was not fair since they don't know what the next tax bill will look like. She noted they treat the Aaa bond rating as sacred; asked what an A or A- bonding rating would look like and cost? She wanted more spent on capital improvements.

Alderman Newman asked how much was spent for property taxes last year to fund the \$6 million in capital improvements? If they can pay the same amount in interest and have \$7-8 million, people might favor that; favored spending more if the same amount in interest enables them to borrow more. He too would want to see what the tax bills are before agreeing to spend more next year. Mr. Stafford stated that on dollars passed by Council last year, it comes to \$8.3 million in debt service. He said on \$8.5 million debt service, given that level of spending, they could go up several million without raising property taxes. Mr. Stafford noted that is a projected amount and it has not been filed yet. He said they could add another \$2-3 million and stay at that the number or below. At the September 9 meeting, instead of approving \$6 million for the CIP, they could approve \$8 million. Alderman Feldman asked how could they borrow more and have it cost the same as a smaller amount borrowed? Mr. Stafford explained that everything is put in at 6%, the historical rate for borrowing money. Now, the cost is about 4%. Because debt service is like paying off a mortgage (half interest and half principal) that kind of savings is allowed. He pointed out they have two years. Alderman Engelman supported increasing the debt due to the cost of interest. Ultimately, while the dollar costs over the next year will be lower, in the future interest rates will go up and they will be able to borrow less money because it costs more. If they go to bond for more, they have to look at it as one-time revenue, not 20-year revenue. In 20 years, the cycle of low cheap money versus high expensive money will level out at about 6%. He suggested looking at this money not as ongoing, but as one-time revenue for a one-time project. Alderman Engelman said what this is spent on needs to be seriously considered. He noted as Ms. Aiello pointed out, that there might be a revenue stream or pay-as-you-go project, a specific opportunity is needed to do that. He thought that cheap money gives the opportunity to target a large sum of money at a particular project. He recommended it all be spent on the Civic Center; suggested spending it on streets or alleys, but

to bear in mind, if the commitment is to do the Civic Center, the piper has to be paid down the line.

Mr. Oberwise recapped the discussion. There is some potential opportunity to support additional funds due to low cost money. Alderman Engelman argued those funds be spent on one-time impacts. They need to figure out what to do with the Civic Center by creating a plan, study or bringing in a consultant. They need a vehicle, such as a committee to make a long-term plan, then figure out how much to spend on streets, alleys, lighting, parks and other suggestions on the list.

Mr. Crum clarified that Mr. Stafford was talking about increasing the sale of bonds for capital. Staff wants to be clear that is the direction of Council for Mr. Stafford is see how much additional bonding they could have in the upcoming bond issue, without exceeding the debt service. Mr. Stafford said that could be done for the upcoming meeting. If they decide to spend \$2 million more, it can decided at a later date how to spend it.

Alderman Kent thought the Economic Development Committee was right to allocate funds to neighborhood economic development and did not want that to get lost in the discussion. Alderman Jean Baptiste asked Alderman Rainey about capital investment on Howard Street. Alderman Rainey had met with developers who were asked to look at Howard Street between Ridge and Chicago Avenue to get their vision. They said commercial development would not make it due to the commercial development at Gateway and at Howard/Western. They saw possible residential development. A study by Tracy Cross showed that residential development would work there. Price points could be an advantage in comparison to Chicago. She said there is speculation on Howard Street. A couple of owners have bought up buildings with small lots so private developers cannot come in and bargain to purchase property there. Her concept is to identify an area for economic development that is a block long, purchase the property and turn it over to a developer who would pay back when developed. It would be a large project and with a return; noted large crime/code enforcement expenditures by the City. Alderman Jean-Baptiste recalled at the CD Committee public hearing that Mamie Smith commented \$28 million has been spent in the 5<sup>th</sup> Ward over 20 years with no visible sign of comprehensive improvement. She had suggested a more strategic approach in areas undergoing economic development and in context of community development as a whole, so they can make an impact instead of ending up in the long-term with no significant improvement. He heard from Aldermen Kent and Rainey, that to impact these areas and improve productivity, reduce crime, and offer job training, they would have to conceive a scheme to achieve an objective that is true economic and community development. He did not think they could invest in it this year, but to look at how to make it happen in the short term. The area of Church/Dodge has been in the its current state over the years. Other locations similar to that need attention in a comprehensive way. As they discuss capital improvements they need to look at how that impacts human beings, not just for services such as street lighting and alley improvements, but how do they impact the mix of activities so neighborhoods are able to raise themselves out of these conditions. He supported that direction. He suggested they probably need a committee, study or process to see how they can achieve the end they want. He recognized that neighborhood planning is going on and, perhaps out of that, some concepts will come to the table. If not, they need to take charge. Mr. Oberwise heard early on to look at capital needs on a long-term frame. Over time, where do they want to phase in other components?

### **Operating Budget**

Management & Budget Director Pat Casey stated the City faces both a short-term budget problem and a long-term budget problem. What will they do to balance next year's budget? Projections show the gaps getting bigger between revenues/expenditures. At its last meeting, the Budget Committee anticipated a \$3.5 million deficit in the operating budget. A five-year budget trend shows a 3% annual revenue increase versus a 5% annual expenditure increase. This past year the City had reduced revenues based upon the state revenues the City has been receiving. The City lost the photo finish tax. They are not sure of the impact on revenues. Staff did research that showed municipal prices rise faster than the consumer price index. Prices the City pays outpace what the consumer pays. The reason is the market basket that the City uses is more service oriented than the consumer price index, which is weighted more to goods. The City does not have products to sell but services.

How has the City addressed this gap in the past? They have proposed program and service reductions; raised property taxes; raised or created other taxes, fees and fines; pared down the employee bases in non-public safety departments and non-sworn personnel. Last year there were a number of proposed reductions. Property taxes have increased. The City faces a critical juncture in labor/management polices. All contracts expire February 28, 2003. AFSCME, FOP – Police

Sergeants; Teamsters- police, IAFF – firefighters and they have learned non-union employees are subject to AFSCME organizing. He said there would be an executive session on labor issues on September 9. Labor costs make up 80% of the General Fund (wages, health insurance and pensions). Any decision made on labor costs has both short and long-term financial impact. The City compares well in the market on most positions but not in all (skilled trades). Good labor relations are due to respect, proper staffing and satisfied employees who allow the City to provide a full spectrum of services and respond to a demanding community. Previous ways the City has taken to mitigate costs are: decreased non-union wage increases; increased employee contributions for non-union health insurance, which will be a major bargaining issue. It was income-based and now is at the higher end of contribution scale for public employees. Training funds were reduced by 25%, which probably was unwise but necessary and may have effects beyond one-year savings. Sick time pay out provision was reduced from eight days to five days. He asked where do they go from here? Continue year-to-year balancing? What level of property tax increase is acceptable? Long term impact? What level of expenditure/service reductions is acceptable? How will a \$2-3.5 million reduction affect services? What level of overall personnel cost increase is acceptable? Should additional revenue sources be pursued? Should fees/charges be adjusted annually to reflect inflation? He said when they create a revenue, they fail to have it adjusted regularly for inflation. What is the policy direction for FY2003-04? Should a five-year strategic plan be developed to solve the General Fund structural problems? (Similar plans have been successful for water, sewer and fleet service funds.) Should the City implement biannual budgeting (two-year budgeting), which allows time for more analysis and strategic planning? Should the City proceed with the proposed Citizen Outreach Program the Budget Committee endorsed?

A five-minute break was taken at this time.

Council wanted to continue year-to-year balancing. Alderman Feldman urged a five-year strategic plan be developed on the General Fund to deal with structural problems. Alderman Bernstein asked how a biannual budget process would meet their needs? Mr. Casey stated the ordinance would have to be changed to biannual, which the state allows. Alderman Engelman asked, if given the authority to create a five-year strategic plan, they would not have the problem they have every year? No. Mr. Casey stated they would try to give better information and a number of different options. It may not be the answer they seek. Alderman Engelman asked how they would get around expenditure growth outpacing revenue growth? Until they get a significant change in personnel costs, they either raise taxes annually or cut services and have never shown a stomach to cut services. Mr. Casey said a five-year plan could consider service and personnel reductions, tax increases or other revenues. There is no easy answer. They have been successful in biting the bullet on water and sewer rate increases. Alderman Engelman asked if he was proposing a five-year plan that phases in revenue increases and phases out programs? Mr. Stafford said if they had an opportunity to go back to their revenue portfolio, there are certain revenues that could be displaced by other ones that have a better growth rate. Revenues are at 3%, and some have grown faster than that, such as the sales tax, which has grown about 5% a year. They could phase in one revenue and phase out another. Over five-years, if they believe they need to reduce service levels, maybe they can phase out a service. Structurally, which revenues have good increases annually and which ones do not? What are areas where services are provided that are personnel intensive they could divvy up to get more bang for the buck. He said a lot of this has to do with predictability with a plan, they can have a whole different look.

Alderman Newman commented that they say the problem is a \$3 million deficit based on 5% expenditure increase and they have a 0% real estate tax increase. He said there has not been a 0% tax increase here in eight-nine years. He said the \$3 million number was not real and is based upon a policy assumption that Council hasn't used in nine years. The question is what will the actual property tax increase be, if they factor into that equation how taxes have been raised historically. If they pick 3%, they knock down the number \$3 million closer to \$2 million and \$700-800,000 has been generated. The next question is why are they at 5% on expenditures when the cost of living is at 1½ to 2%? He asked if there was a 3% rate of increase in expenditures with a matching increase of revenues, what is that number? Then they can determine what type of program cuts are necessary. He wanted to hear from staff if there was a 3% increase in expenditures as opposed to 5%, what was the short-term number? He thought the \$3 million was not real and a disservice to the community when they have not used the 0% increase for nine years.

Alderman Engelman said the \$3.5 million number was not arrived at by 5% increase in expenditures and 3% increase in revenues. An actual analysis was done of the actual factors on both sides. It included 0% property tax increase and a 5% personnel cost increase. If they assumed the personnel cost increase was 3% and that real estate taxes went up by

3%, was not the number around \$2 million? Mr. Crum stated every percent of personnel cost is worth \$450,000. Every percent on real estate tax is \$280,000. Alderman Engelman recalled analysis of building permits last year when a couple of projects were shifted to the next year. Mr. Wolinski said the Optima project was permitted in the last budget year and projected for this year. Alderman Engelman asked if that changed the number significantly? Mr. Wolinski said it would have except the townhouse project on the former Dominick's site was not figured in this year's projections. Alderman Engelman asked his best guess, using real numbers? Using 3% expenditure and 3% revenue, it would balance out at \$2.1 million on each side. Mr. Crum explained if they had 3% true growth on all revenues and 3% growth on all expenditures they would balance, but they don't have either. Mr. Casey said the estimates they started with were on historic growth rates, but the estimate given to the Budget Committee was that revenue growth looked like 1.8%. Alderman Newman asked if that was with a 0% tax increase. Yes. Alderman Engelman said if they added 3% real estate tax increase, what would they be down to? It would be \$800,000, which was not even a \$2 million difference. It would be \$1.6 million. There was still a problem.

Mr. Oberwise wanted to hear from those who had not spoken about an acceptable levels of property tax and overall personnel cost increase. Alderman Rainey spoke of an article in the *Nation's Weekly* showing property taxes as a percentage of municipal budgets. Evanston is around 18%. Alderman Rainey thought it was important for taxpayers to know the percentage of the City budget their property taxes pay. No matter what the property tax bill is, they are paying for everything. It does not register with people that fines, fees and other revenues make up the total. Looking at a total tax bill – 18% is for the City and of that portion, only 18% is for the General Fund. It takes \$144 million to run the City. She asked what the tax bills would look like and will the rate drop? Mr. Stafford said the rate would drop below 10%. In terms of overall taxes, there have not been that many increases because of tax caps. The problem is there will be losers and winners. Another problem is relative to the multiplier. Evanston is a third of Cook County. Last year actual assessed value went up and equalized value went down because the multiplier went down. If the multiplier goes down that will be another issue relative to the EAV.

Alderman Rainey said there will be people here whose taxes will go down and they will never hear from them. She said taxes are serious out there for some people. Anything they can do in fees/fines or fees for services should be done. Alderman Engelman asked if this Council had the will to cut services to the extent that it would make a difference? The last thing he wanted to see is for staff to go through the exercise of proposing cuts and for Council to go through the exercise and decide at the last minute that all cuts were off. He thought they should decide now whether or not they want to explore that option. If they don't have the will to explore the option and leave them on the table until the end, he was not sure he wanted to go through the exercise. Alderman Feldman said things were cut in the last budget. He thought what Alderman Engelman was alluding to was an amount significantly greater than was cut last year; assumed the Budget Committee has suggestions on what cuts they would recommend to Council.

Alderman Newman asked Doug Gaynor how much was cut from his budget? About \$600,000. The statement was made that nothing was cut and nobody bit the bullet yet maintenance is down all over town. Alderman Engelman was not referring to departments, which he knew were cut, not to programs. Alderman Newman argued that programs were cut when a department is cut. Specific programs were cut. All are complaining about weeds near the cemetery. If the Parks Division does not have adequate funds they cannot maintain public spaces. Alderman Engelman agreed. Alderman Jean-Baptiste said they went through the same thing last year by looking at cuts as opposed to revenue generation. He suggested they need to look at where they can generate revenues first, then decide where to cut. Whether fines or other sources – one issue that stood out last year was the Arts Center on Sheridan Road, which has a \$1 a year lease – and if they charged rent the City could generate some revenue and not have to cut some programs. Alderman Wynne wanted to hear about potential revenue sources; said they were up against the wall last year. There are consequences to cuts and they have to ask, do they cut more, or have a property tax increase? Alderman Bernstein said the City was tapped out; did not think the \$600,000 cut was responsible for lack of weed cutting; noted the City is dirty and not maintained. They have to particularize areas that they are willing to cut without letting the City's ambiance go to pot. Alleys are not maintained and people don't like it. They have to do better. He said they keep comparing Evanston to other communities, but they are not comparable. The reality is they do a lot for many people unlike Skokie and Wilmette. He reported that Larry Suffredin could provide a physician who could give physicals at the CommUNITY Picnic and was looking for ways to bring funds here. They have to explore grants and possibly paying a contingent fee for grants. He asked if that unlawful? People are talking about a marina and the other waterway here and they haven't really thought about these

viable alternatives. He was hopeful there would be condominiums coming on line in the future with better times ahead and that economic development is progressing here.

Alderman Kent said at last year's budget meetings, citizens generated a lot of ideas. His ward has a large poor population and it is hard for him to eliminate programs. At the Budget Committee they need a happy medium where they don't eliminate programs but pare them down but saw a danger in going past a certain point in paring down and the program begins to fall apart so it is really eliminated. He thought staff did a great job of saying if something was cut back what they could do. He thought the perception was that residents who live in certain areas with income guidelines was where trouble comes from.

Mr. Oberwise asked should fees/fines and charges be adjusted annually to reflect inflation? Aldermen Newman and Jean-Baptiste said no. Alderman Bernstein did not think they could do it across the board. Alderman Newman said a daily pass at the beach is \$7. He has heard from Skokie residents who complain about Evanston fees. He said that staff had eleven items for cuts and Council cut four. They consolidated police/youth services; consolidated Emergency Assistance with the Township; cut mental health grants and cut community purchased services. There was discussion about cutting the Fleetwood-Jourdain Theatre. No one on Council wanted to cut the Evanston Media Center. He thought one person wanted to cut branch libraries. He said on police-school liaison there is a strong consensus on Council that those positions are necessary. He did not think this Council would ever function, if the cuts they pursue come down predominantly on the African-American community. It is easy to come up with the Summer Youth Employment Program, which may not be important to some. Police officers in schools are important. He suggested they would have to have the fee structure in front of them to make that decision. He does not know the cost of day care at Chandler Newberger Center. To automatically raise fees/fines is to act blindly.

Alderman Jean-Baptiste recalled last year more than 11 programs were proposed to be cut and more than 50% of those programs served the less well off and minority community. He urged a focus on increasing revenue, then look at programs if cut would impact people the least, especially those who need programs. Programs that serve those in need should be cut last. He suggested they look at how the City is operated, revenues then address cutbacks.

Mr. Oberwise asked how they felt about the citizen outreach program? Alderman Newman said what was done last year had some benefit. If they go into the community and have 15 meetings, the public will have a different reaction. Many people in the 1st Ward do not want him to vote for the Summer Youth Employment Program or the Community Defender. Having citizens involved with the process was important but should not delay the regular budget process, which happened last year. He hears that staff will be sent out. He said the numbers last year were not accurate. A \$2 million shortfall was projected and they came out \$950,000 ahead. He said they would find people who want to eliminate the Township and people will talk about programs they don't use. Many people don't go to the art centers. He was trying to ascertain the purpose of the citizen outreach in 15 meetings. People should be invited to participate.

Alderman Moran thought there was merit in seeking out people and saw the citizen meetings as an educational component from staff. People should be allowed to express their evaluations of what the City is doing well, doing badly or not doing. All have different perspectives. An outreach program is an attempt to reach more people. He said there are people who are turned off by government and people with tremendous capabilities here, who are intelligent, well-informed and not enamored of Evanston government. He said the process last year was helpful and they heard from those with vested interests. He was anxious to find people who live here who want to talk to the City about what it is doing. The outreach program has positive aspects for doing that.

Alderman Feldman said the education aspect of a community meeting has value. He found it difficult to give credence to a subject thrown to people in an evening and come up with a considered judgement. He said that Council works on the budget for an entire year and is aware of the state of the City. They receive information on the budget and income. Not one of them was willing to say how they would cut. If this was the meeting, there would be no contribution worth anything other than an opinion. If people wanted to go through this process, then he would trust that decision. It was the difference in listening to a presentation and delivering opinions. He said they are interested in the informed opinions of citizens. To find out how people feel about government is great but does not have much to do with the budget. Someone will say there are too many people are on the payroll. Who should they fire? Somebody thinks there is too much fat.

Where is it? Someone saw somebody sleeping in a City truck. That should never happen. When he gets a call about taxes and complaints, it often is based on misinformation. Once people have correct information they are not upset. If they can dispense good information that would be good. To perpetuate that those meetings will have a meaningful impact on the dialogue of this Council was a fraud and would not happen.

Alderman Newman said an alternative to public outreach is for aldermen to have a ward meeting with the Finance Director, Budget Director and City Manager present. Every alderman feels that is necessary and to do as much as outreach as possible. Alderman Rainey said that is the plan. Alderman Wynne has ward meetings; said they could be distributed evenly in the community and saw value in education outreach. She said the value is critical and thought they were finally beginning to educate the public.

There being no further business to come before Council the meeting was adjourned at 9:10 p.m.

Mary P. Morris,  
City Clerk

**\*\*No commentary**