



# **2009-10 Budget Workshop**

**October 6, 2008**

**Levy Center Linden Room**

**6:30 P.M.**



# Agenda

- I. FY 08-09 Budget Review
- II. FY 09-10 Budget Preview
- III. Balancing Options Discussion



City of Evanston  
Fiscal Year 2008-09  
Budget Review



# Budget Concerns

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



# The Economy

## ■ Housing Market

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

## ■ Banking Crisis

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

## ■ State Income Tax

- Running counter to the current economic cycle, but it is slowing after 2009-10



# Evanston Economy

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



## 2008-09 Budget Estimate

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



City of Evanston  
Fiscal Year 2009-10  
Budget Preview





# Major 2009-10 Budget Goals

## **STABILIZATION**

### ▪ **REVENUES**

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

### ▪ **EXPENSES/PROGRAMS**

- **Staffing and Reorganization**
  - Turnover
  - Re-establish baseline services
  - Transition
- **Systems and Support**
  - Analyze current delivery systems
  - Infrastructure to support services moving forward



# Major 2009-10 Budget Issues

- **PERSONNEL**

- **Staffing**

- Reorganization and Replacement
    - Training on Current and Newly Acquired Systems

- **Benefits**

- Police / Fire Pension Costs
    - Health Insurance Costs
    - Contracts - 3 / 4 Union contracts are up for renewal

- **CAPITAL**

- Fleet
  - Facilities



# FY 09-10 General Fund Projection

	FY 08-09 Approved Budget	FY 09-10 Projected Budget	Variance	Budget % Change
Revenues	89,532,500*	90,779,800	1,247,300	1.4%
Expenses	89,532,500**	93,588,400	4,055,900	4.5%
Deficit	0	-2,808,600	-2,808,600	

*\* Does not include Applied Fund Balance of \$4,536,100*

*\*\* Does not include Interfund Transfer for Police & Fire Pensions*

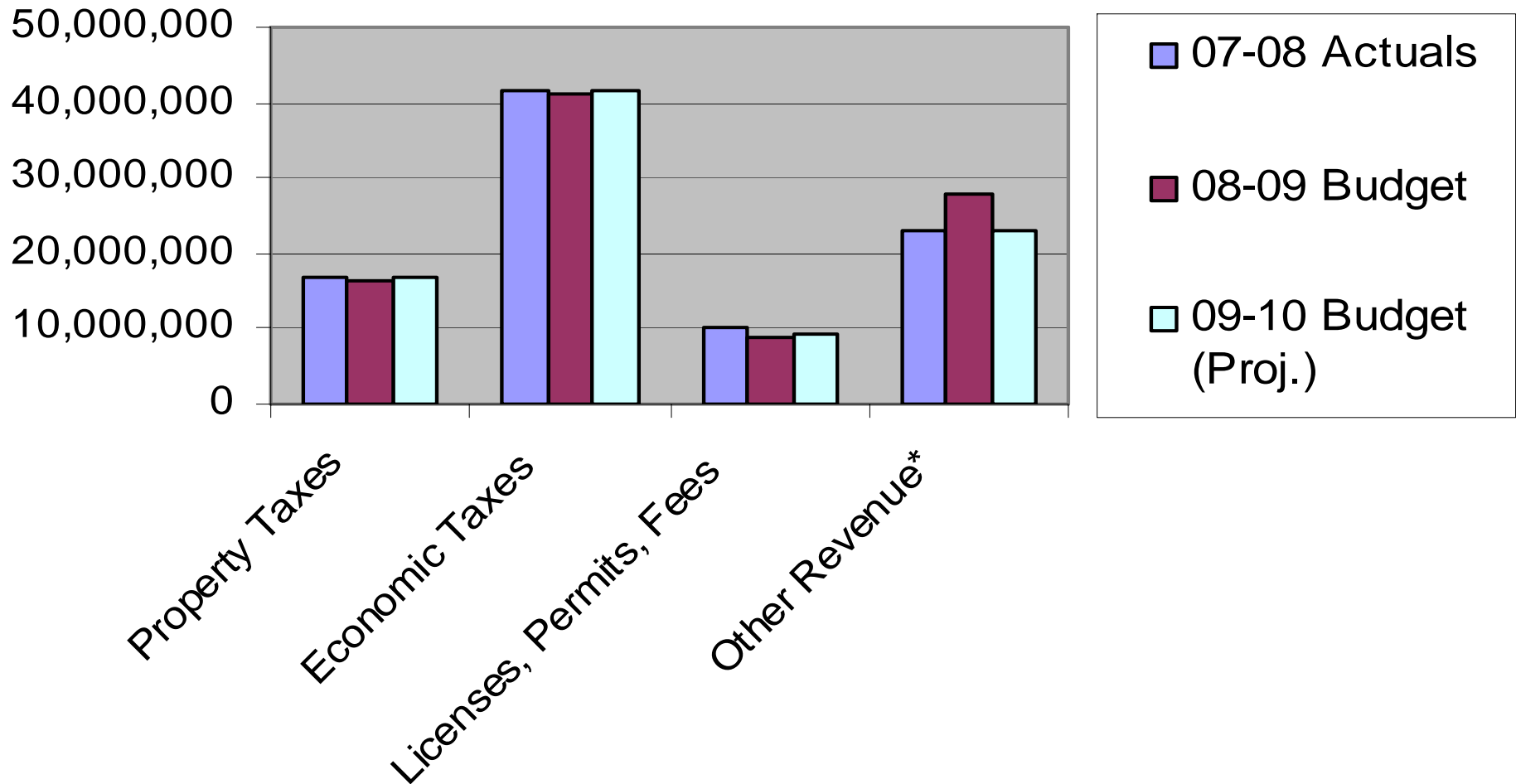


# General Fund Revenue Assumptions

- **Property Tax Revenues Already Included:**
  - Increase in General Fund - \$199,700
- **New Commercial Refuse Franchise Fee** - \$170,000
- **Sales Tax Revenue Sharing Agreements** - <\$300,000>
- **One-time NU Transfer Expires** - <\$550,000>
- **Real Estate Transfer Tax reduced** - <\$700,000>
- **Income Tax Revenue projections increased** - based upon  
September IML estimates - \$800,000
- **Modest Fee Increases**



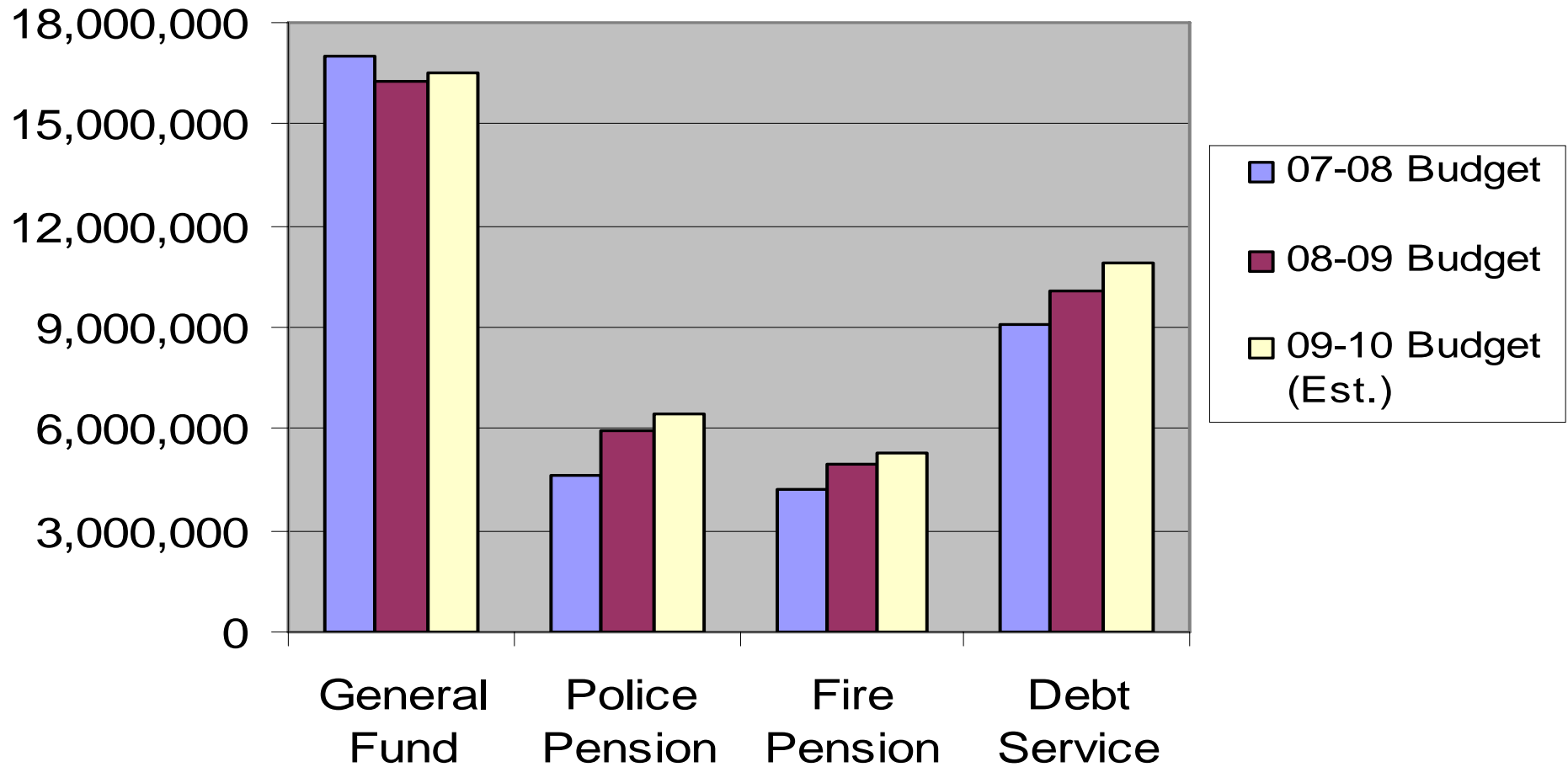
# General Fund Revenue History



\* This includes fines & forfeitures, State & Federal Aid, and Interfund Transfers



# Total Tax Levy





# General Fund Expenditure Assumptions

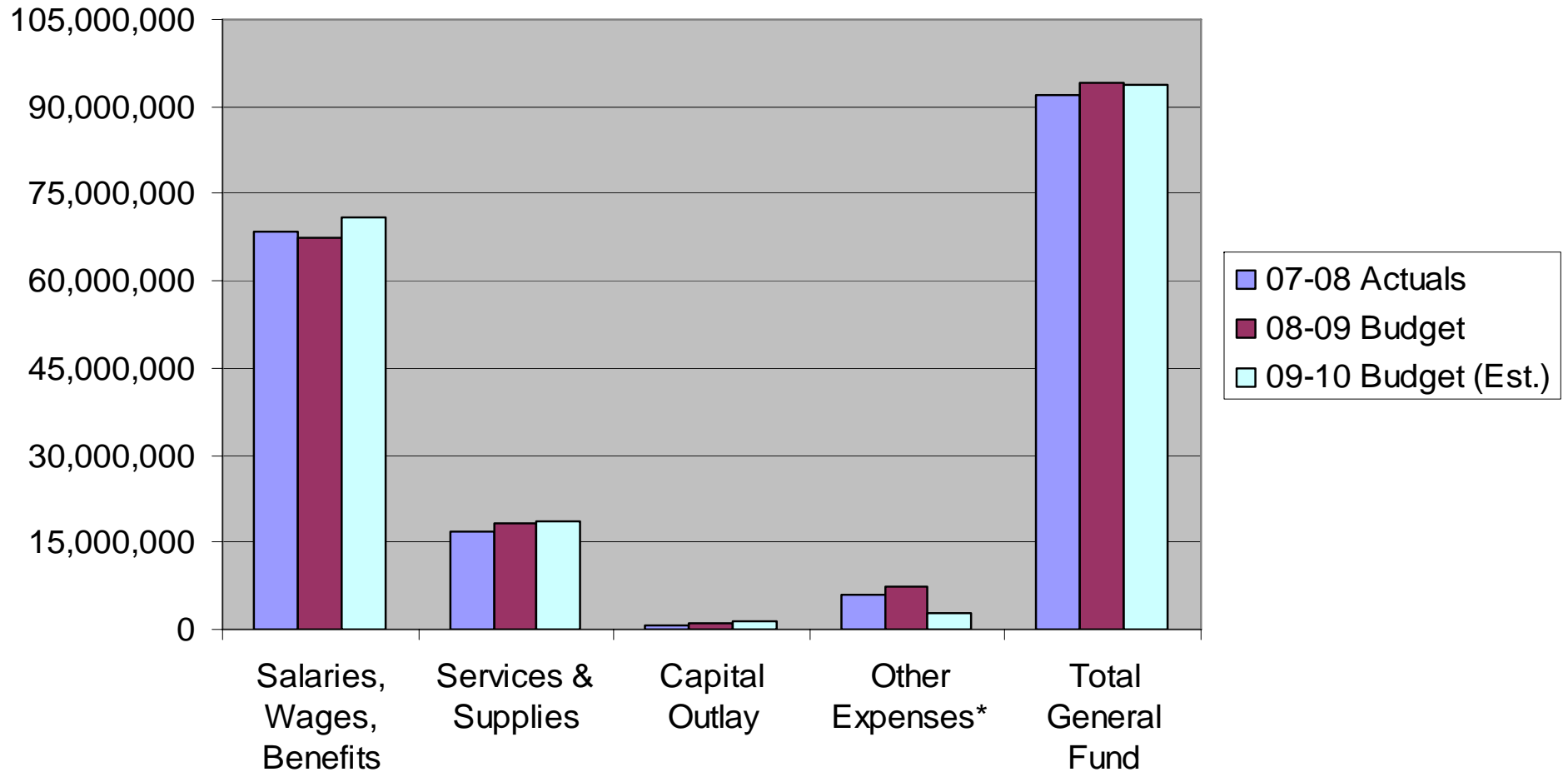
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- Over \$500,000 in vacant position cuts
- Goal to re-engineer service delivery at no additional cost
- Increases to keep pace with negotiated bargaining unit  
Contracts
- No program cuts



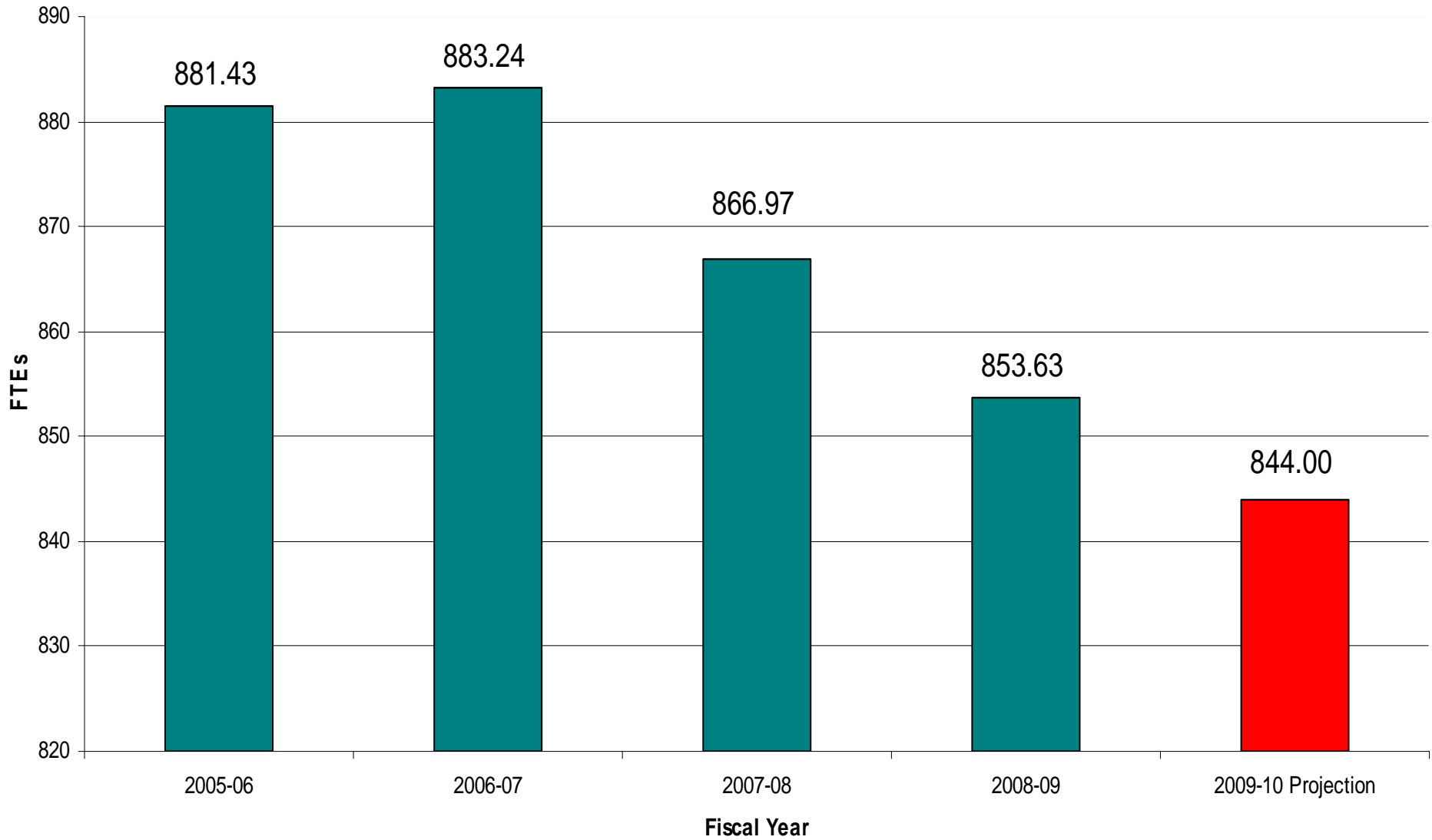
# General Fund Expenditure History



\* 09-10 Does not include one-time transfer for Police & Fire Pensions



## Positions All Funds Last Four Fiscal Years and YTD Estimate





City of Evanston  
Fiscal Year 2009-10  
Balancing Options



# Revenue Alternatives: **One-time Sources**

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- **Sale of Land**
- **IMRF Pension Transfer**
- **P.I.L.O.T. Program**



## Revenue Alternatives: **On-going Sources**

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



# Expenditure Alternatives

## ▪ **Service Cuts / Expenditure Reductions:**

- City Council
- City Clerk's Office
- City Manager's Office
- Legal
- Human Resources
- Finance
- Community Develop.
- Police
- Fire
- Health & Human Serv.
- Public Works
- Library
- Parks/Forestry & Rec.

## ▪ **Managed Competition**

## ▪ **NU / Partnerships**

## ▪ **Other Alternatives**



## NEXT STEPS

- **Council Comments and Direction**
- **Staff Research and Budget Refinement**