

Observer: Betty Hayford

Council members present: Eight. Reid absent. Suffredin participated on line. (At some point in the meeting, Suffredin left. He did not announce his departure.)

Meeting began: 6:05 pm

Meeting ended: 8:50

Public comment: 9 speakers. The general message was to cut expenses and set priorities, except for one speaker who praised the workforce development plan, calling it low cost with a high positive impact. Concerns about expenditures focused on the need to set priorities, high cost of Robert Crown, inefficient city operations, civic center, animal shelter, focus on needs, not wants. Except – please pave my alley.

All items were for discussion, and no votes were taken.

Special orders of business: (SP1) Discussion of proposed 2023 Library budget. Interim Library Director Heather Norberg explained that the Library is an independent body with an independent Board. She outlined the work of the Library and the commitment to going into the community. Staff is the largest expense with 50 full time and 60 part-time employees. The staff is excellent and hard working. The Library is 3% of the property tax levy. Grants and donations provide 12% of revenue. She said they are increasing the tax levy by 3% and will also draw from their fund balance. Council members asked some questions and offered praise for the library services.

(SP2) Discussion on the 2023 Capital Improvement Program: City Engineer Lara Biggs presented information on the Capital Improvement Program including ratings on the priority of some projects. She asked Council to provide guidance in setting priorities. The full list of proposed projects totals \$24 million, and it includes more projects than staff can manage. Projects fall into four categories: 1) projects already planned and ready for construction; 2) projects involving safety issues if not carried out; 3) projects that may be fully or partially funded with outside funds; 4) CARP related efforts.

Biggs asked for feedback and there was extensive discussion and questions from council. Burns asked how to evaluate needs, and Biggs answered that key issues were safety and outside funding. Burns asked about putting any money into Civic Center repairs and Biggs answered that some problems needed addressing to prevent further damage, such as replacing windows where there was extensive water seepage and damage to bricks. Kelly urged limits to issuing bonds and questioned spending on the animal shelter. Biggs pointed out the time limit on the Cook County grant. She said while safety considerations were a high priority other projects had been in the works for some time and had strong community backing, such as the skate park, viaduct lighting, and Fire Station lockers. There are 17 projects ready to go. Several council members suggested deferring any spending on Fountain Square while litigation is continuing. Biggs explained that costs for replacing faulty systems at the Civic Center are very high, and maintaining parks and park equipment is a high cost that can't be sustained.

At 7:50 discussion turned to **(SP3) Discussion on the proposed 2023 Budget:** CFO Hitash Desai presented a budget overview. (The budget memo is available on the city website.) The budget projects a modest increase in revenues and a greater increase in expenses due to 22.5 new positions, wage increases, and general inflation. Desai pointed out that the Fund Balance is strong, at the 16% level set by policy, but staff believes the city would be better off to raise the Fund Balance goal toward a higher level, as many neighboring communities do. The budget proposes a 4% increase in the tax levy. City taxes are only

about 17% of the total property tax. He also pointed out that Evanston taxes are not higher than most of our neighboring communities.

Desai outlined the continuing commitment to funding police and fire pensions above the level required by the state. In addition to the new positions, other hires filling authorized positions are planned. Increases are proposed in the water rate and the solid waste fee. The goal is to gradually increase the Fund Balance from the current 16.6% target for the next three years in order to stabilize city finances and gain confidence of the bond agencies.

Biss asked the chair of the Finance and Budget Committee, David Livingstone, to comment. He noted that the budget involves using some reserves which means it is a deficit budget and the next few years are the same. The committee has discussed the budget structure and assumptions over the year and gained good insights. More time is needed before the committee can provide strong recommendations. It has identified several key issues: capital project prioritization; police and fire pension funding; how to prioritize filling open positions or new hires; need to clarify when to bond and when to use fund reserves. The pension funding is very important and the city should get a new actuarial analysis and commit to funding at 90% or 100 % by 2040. The trend has been positive since the 2008 study and more needs to be done.

Council member Kelly agreed that responsible pension funding is important. She wants to keep the tax levy flat. She believes this is not a good year to increase the fund balance. Nieuwsma asked about the possible building permit fees for the proposed NU stadium compared to lost ticket tax revenue. Ticket tax revenue is about \$1 million a year, or \$2 million lost over the next two years when the stadium is not in use. There might be \$10 million in building permits. The mayor advised not to include building permit revenue in this year's budget because the timing is uncertain. Burns asked why raising the fund balance percentage is recommended. With a larger fund balance percentage, lay offs such as those during Covid might be avoided and the bond rates might be reduced.

Biss suggested that the budget presentation and discussion had been useful. He had two comments. First, that it was widely acknowledged that the state formula for pension funding is not adequate and Evanston should do better. In conclusion, he thanked staff for preparing the budget but stated that he could not support this draft. This proposal proposed increasing the property tax, dipping into reserves and using ARPA funds. This is unsustainable and a new draft should be developed based on greater efficiency and reduced spending. The proposed increases in staff need closer analysis.

Call of the wards: Council members announced meetings, including special meetings to respond to the budget proposal. (Meetings have been planned bringing together two wards.) Revelle expressed sympathy at the death of Bernice Weissbord who had contributed so much to Evanston and the country, particularly in the field of early childhood education.

At 8:50 council adjourned to executive session.