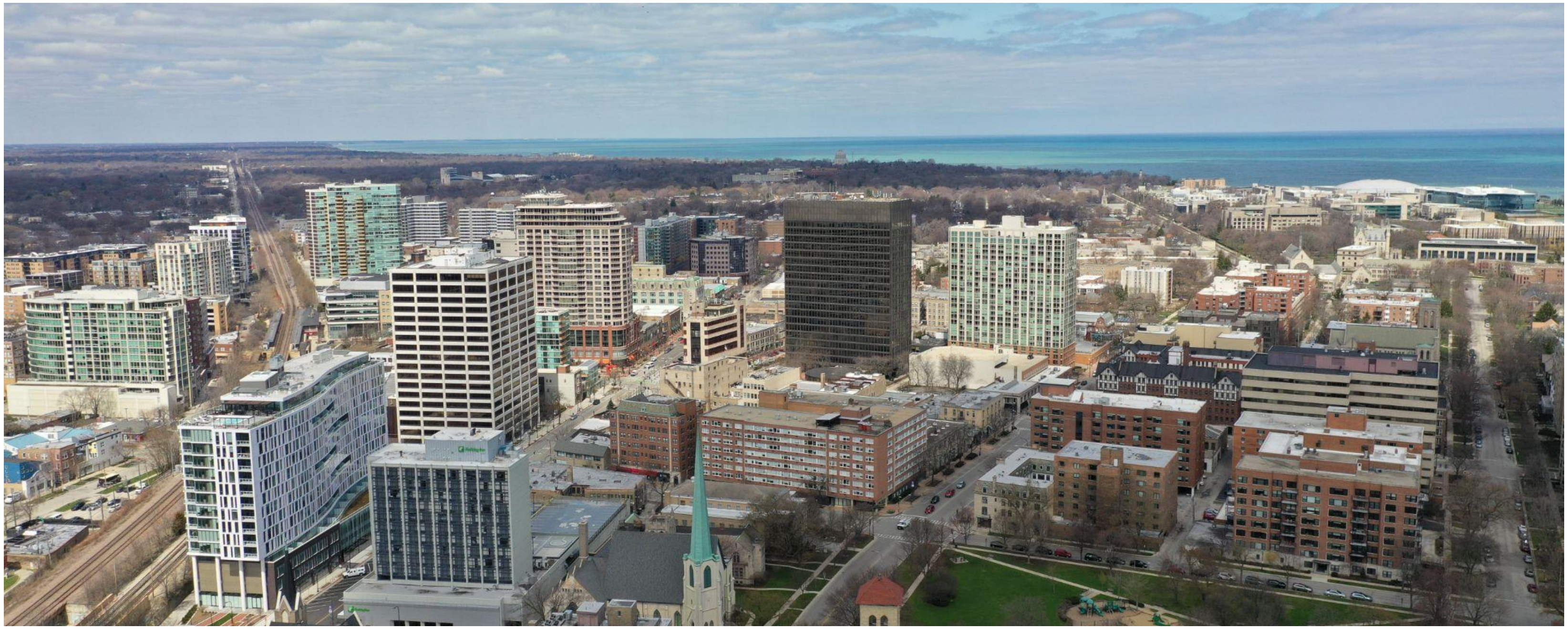
2026 Proposed Budget Overview

City Council



October 27, 2025

City of Evanston™

City Manager's Office

Topics

1. Changes to Budget Presentation
2. Overall Budget
3. General Fund 2025 Projections, 2026 Highlights, Future Projections
4. Key Budget Topics
    a. Property Tax Levy
    b. Yard Waste & Special Pickup Fee Increases
    c. Public Safety Pensions
    d. Capital Improvement Program
    e. Other Fund Highlights
5. Budget Calendar

Changes to Budget Presentation

In an effort to promote transparency and more appropriately communicate the size and scope of the City's budget, there is one notable change regarding the FY 2026 budget presentation:

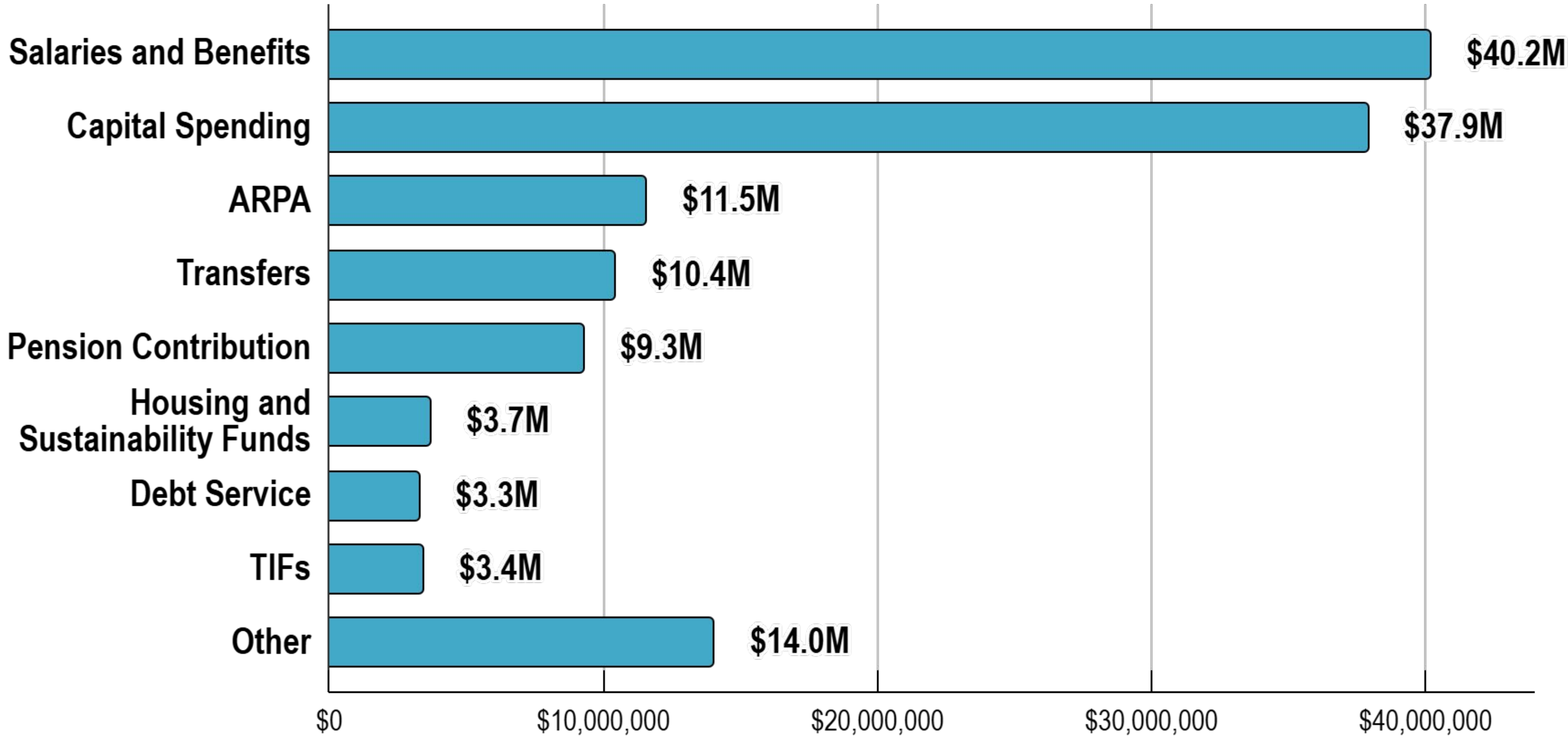
- Parks and Recreation Fund #130 - Proposed FY 2026 budget includes a separate dedicated fund for the Parks and Recreation Department to account for all programmatic revenues and expenditures related to their operations - which were previously in the General Fund. This change allows for more precise tracking of the department's performance and resource requirements over time. This fund does not include any capital expenditures.

Overall Budget

- **Total FY 2026 Proposed Budget** = $342.1 million (excluding $61.9 million in operating transfers out)
- **Total FY 2025 Adopted Budget** = $338.7 million (excluding $56.8 million in operating transfers out)
- **Total FY 2024 Adopted Budget** = $355.5 million. (excluding $52.8 million in operating transfers out)

Overall Budget

Reasons for Budget Increases FY 2021 - FY 2026



General Fund

General Fund Revenue Projections (FY 2025)

Row Labels	2024 Actual	2025 Actual	2025 Adopted	2025 Low	2025 High
SALES TAX - BASIC	$ 13,914,646	$ 6,887,457	$ 13,350,000	$ 14,900,000	$ 15,200,000
STATE INCOME TAX	$ 13,446,239	$ 7,999,176	$ 13,500,000	$ 13,700,000	$ 14,000,000
SALES TAX - HOME RULE	$ 10,856,616	$ 5,348,217	$ 10,500,000	$ 11,700,000	$ 12,200,000
RECREATION PROGRAM FEES	$ 7,346,435	$ 4,602,582	$ 8,217,409	$ 8,000,000	$ 8,217,409
BUILDING PERMITS	$ 16,214,371	$ 9,059,103	$ 5,000,000	$ 11,000,000	$ 12,000,000
PERSONAL PROPERTY REPLACEMENT TAX	$ 2,457,303	$ 1,068,180	$ 2,500,000	$ 1,700,000	$ 1,800,000
STATE USE TAX	$ 2,768,657	$ 667,843	$ 2,900,000	$ 450,000	$ 560,000
AMBULANCE SERVICE	$ 2,988,227	$ 2,074,612	$ 2,800,000	$ 3,500,000	$ 3,600,000
TICKET FINES-PARKING	$ 3,830,638	$ 1,869,072	$ 3,800,000	$ 4,000,000	$ 4,100,000
LIQUOR TAX	$ 3,217,898	$ 1,450,296	$ 3,300,000	$ 3,300,000	$ 3,300,000
FROM PARKING FUND	$ 2,972,388	$ 1,733,893	$ 2,972,390	$ 2,972,390	$ 2,972,390
ELECTRIC UTILITY TAX	$ 2,866,390	$ 1,258,317	$ 2,900,000	$ 2,600,000	$ 2,800,000
PARKING TAX	$ 3,093,968	$ 1,258,397	$ 2,900,000	$ 2,900,000	$ 3,000,000
FROM WATER FUND-ROI	$ 4,129,008	$ 2,408,588	$ 4,129,000	$ 4,129,000	$ 4,129,000
WHEEL TAX	$ 2,748,583	$ 201,519	$ 2,800,000	$ 2,800,000	$ 2,800,000
REAL ESTATE TRANSFER TAX	$ 3,083,708	$ 1,489,381	$ 2,500,000	$ 2,800,000	$ 3,200,000
GEMT SERVICE REVENUE	$ 2,123,210	$ 925,289	$ 2,500,000	$ 1,600,000	$ 1,700,000
PENSION PROPERTY TAX	$ 19,981,102	$ 10,726,593	$ 19,990,105	$ 19,990,105	$ 19,990,105
PROPERTY TAXES	$ 9,064,254	$ 5,077,543	$ 9,449,797	$ 9,449,797	$ 9,449,797
ALL OTHER GENERAL FUND REVENUES	$ 24,157,030	$ 13,330,042	$ 24,219,284	$ 23,891,143	$ 25,067,628
TOTAL	**$ 151,260,671**	**$ 79,436,100**	**$ 140,227,985**	**$ 145,382,435**	**$ 150,086,329**

General Fund

General Fund Projections (FY 2025)

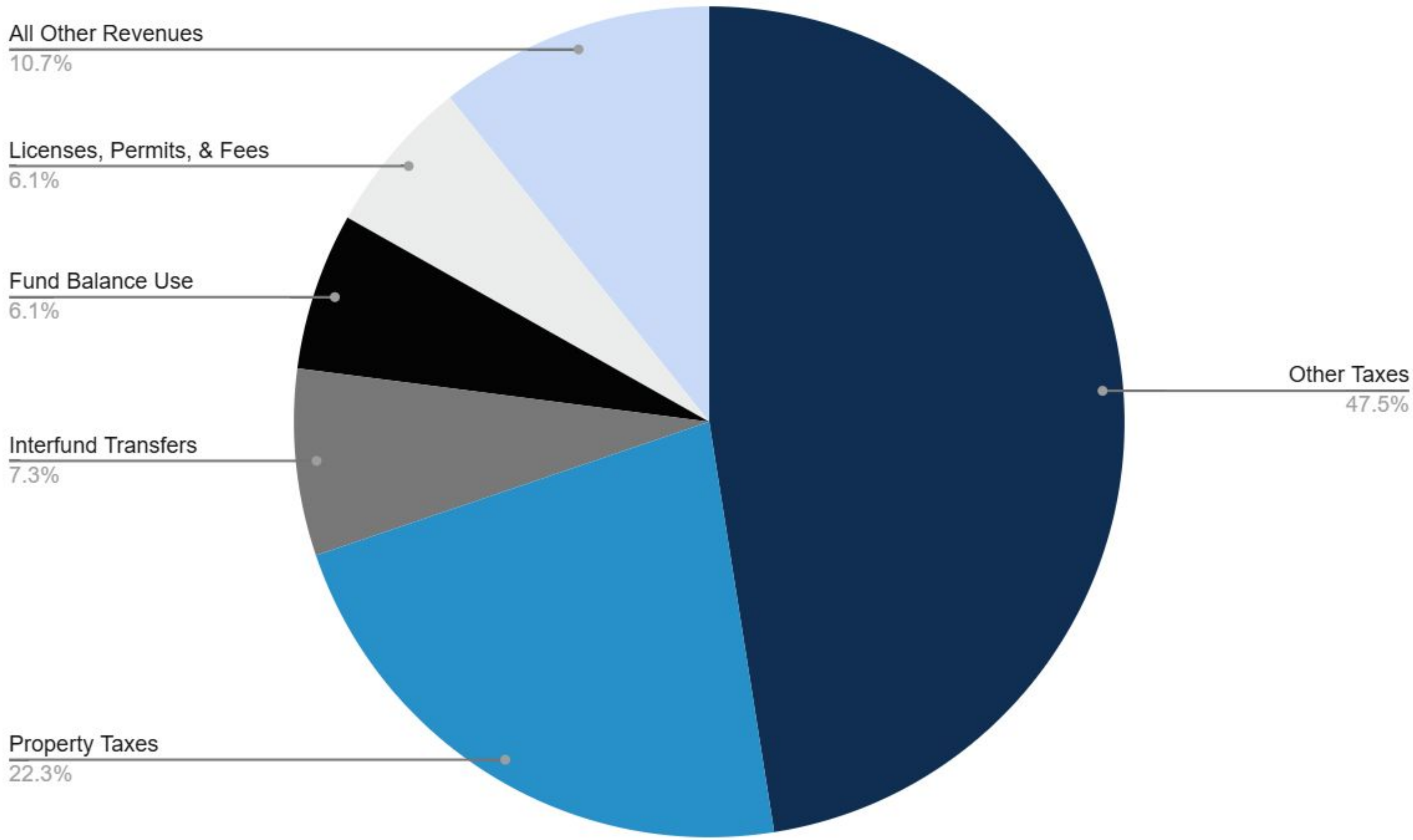
	FY 25 Budget	FY 25 Low Projection	FY 25 High Projection
Beginning Fund Balance	$49,020,651	$49,020,651	$49,020,651
Revenues	$140,227,985	$145,382,435	$150,086,329
Expenses	-$156,613,597	-$156,760,144	-$156,613,597
Staff Vacancy Savings	$5,335,195	$4,375,923	$4,721,277
Surplus / (Deficit)	**-$11,050,417**	**-$7,001,786**	**-$1,805,991**
Projected Ending Fund Balance	**$37,970,234**	**$42,018,865**	**$47,214,660**

General Fund

- **Public Safety Pensions** - Required annual contribution increases by $700,000 to $30.3 million with a property tax levy of $23 million.
- **Wage Increases -** Budget includes contractual and non-union wage increases.
- **New Operating Requests**
  - **$2,550,000 -** Annual rent to operate City Hall from 909 Davis Street. This facility allows the City to mitigate cost uncertainty and operational disruptions while planning long-term for the replacement of Police HQ, Fire HQ, and the old Civic Center.
  - **$700,000** - Triennial Tree Inoculation to prevent tree death due to Dutch Elm Disease
  - **$128,000** - Two new positions: a part-time Content Specialist in Communications and a full-time Public Works Maintenance Worker II in the Greenways Division.
- **Operating Expense Reductions** - Excluding the costs of new operating requests, the City Manager's Office worked with all Departments to reduce all existing operating expenditures in the General Fund by 2% from FY 2025 to 2026.

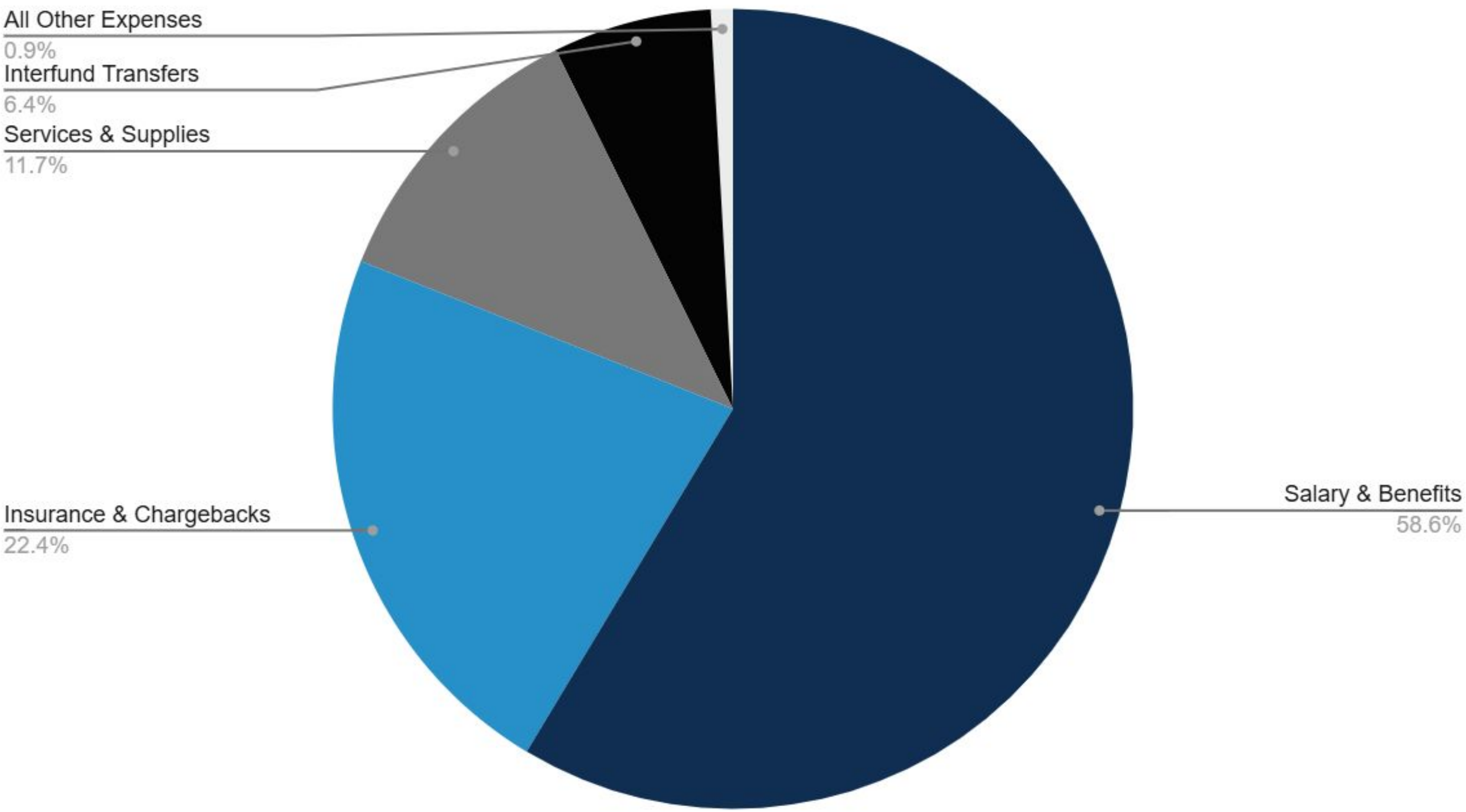
General Fund

Revenue Summary



General Fund

Expense Summary



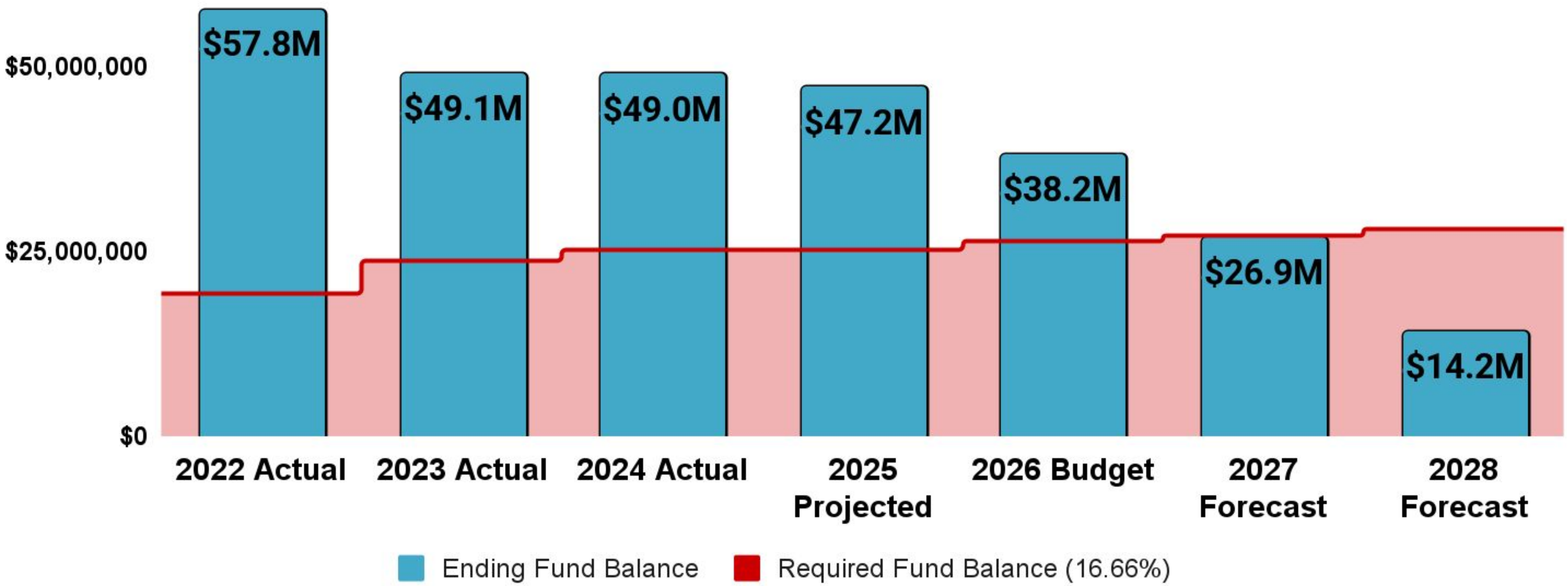
General Fund

Budget Balancing Worksheet (FY 2026)

General Fund Summary	Revenues	Expenses	Net
Baseline General Fund	$145,437,018	$159,442,315	**$(14,505,297)**
Proposed General Fund Changes (detail below)	$18,608,702	$4,547,615	$14,561,087
Proposed General Fund Budget	**$164,045,720**	**$163,989,930**	**$55,790**
Proposed General Fund Changes	**Revenues**	**Expenses**	**Notes:**
City-Wide Changes			
Transfer to Parks Fund	$5,558,702	$5,558,702	
Use of General Fund Balance	$9,050,000		
Increase Property Tax Levy for City Parks	$1,000,000		
Increase Property Tax Levy for Pensions	$3,000,000		
Rent at 909 Davis		$2,550,000	
Tree Inoculation and Other New Requests		$953,000	
Public Safety Pension Contribution Increase from 2025		$727,133	
Cut/Reallocation of Expenses		$(1,816,582)	
Implementation of a 4% vacancy rate		$(3,424,638)	
Zero Based Budgeting in Public Works	TBD	TBD	

General Fund - Fund Balance Projection Scenario #1

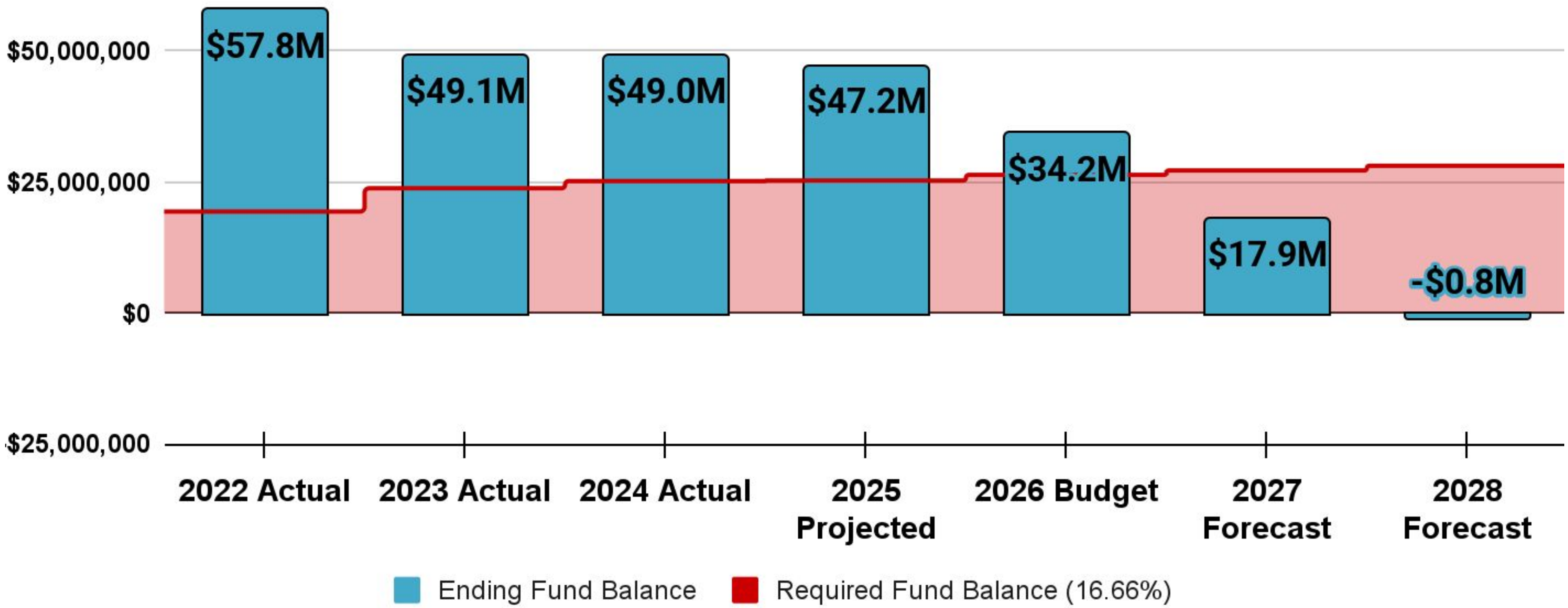
With Tax Levy Increase as Proposed in FY 2026



- The FY 2026 proposed $4M property tax increase for Parks and Public Safety pensions begins to address the structural deficit.
- Salary and benefit costs increasing by $27.1M (39%) and public safety pension contributions have increased by $9.2M (43%) since 2021 compared to this tax levy increase of $4M.
- Additional efforts will be needed in FY 2027 to fully eliminate deficit.

General Fund - Fund Balance Projection Scenario #2

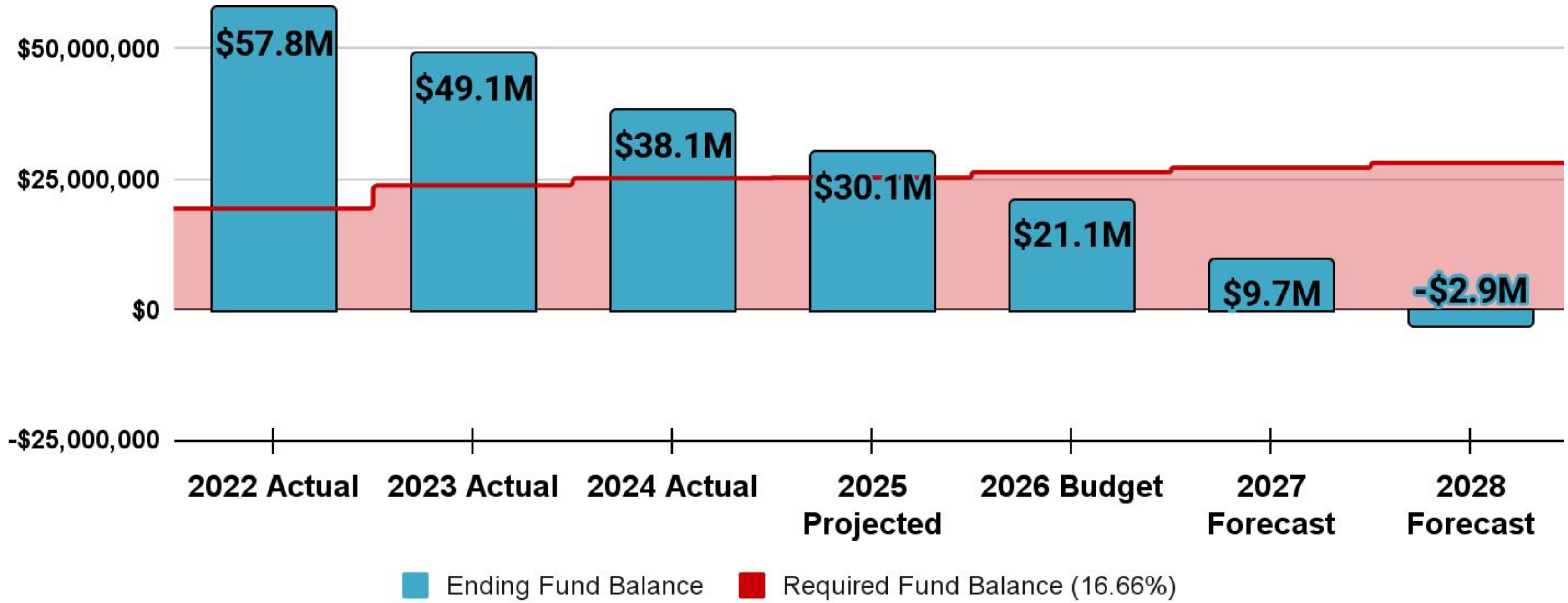
Without Proposed Tax Levy Increase in FY 2026



- In the absence of one-time permit revenues in 2026, this shows what would happen if the property tax increase is not approved or replaced with a sustainable alternative.
- The General Fund will still finish 2026 with some excess reserves, but this further exacerbates the structural deficit and delays an even larger property tax increase.
- Fund balance is fully exhausted in 2028.

General Fund - Fund Balance Projection Scenario #3

With Tax Levy Increase in FY 2026 but without NU Permit Revenues



- One-time permit revenues have delayed property tax increase and other difficult decisions.
- This includes the increase to the property tax levy as proposed, but even that increase would leave the City finishing $5 million short of policy if not for these one-time permit revenues.
- Were it not for the $17.2 million in one-time permit revenues, the City would finish 2025 with just $4.8 million in excess reserves from what was once $38.4 million in excess reserves.

2026 Proposed Budget - Property Tax Levy

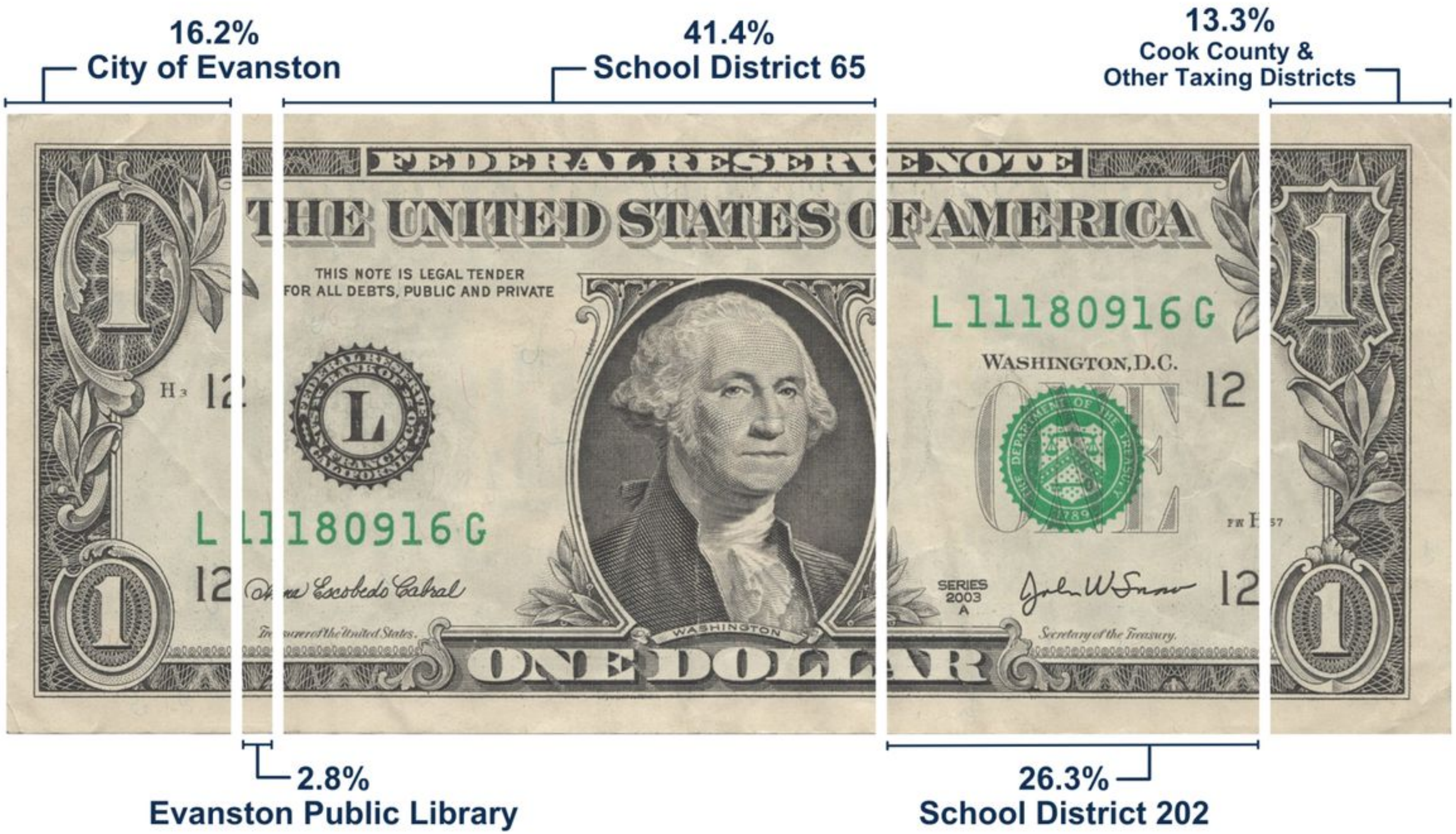
	2023 Adopted Tax Levy (FY 2024)	2024 Adopted Tax Levy (FY 2025)	2025 Proposed Tax Levy (FY 2026)	Proposed Change ($)	Proposed Change (%)
General Fund Tax Levy	9,057,297	9,449,797	9,949,797	500,000	5.3%
Parks and Recreation Levy	0	0	1,000,000	1,000,000	-
Human Services Fund	3,360,000	3,650,000	6,150,000	2,500,000	68.5%
General Assistance Fund	1,050,000	750,000	750,000	0	0.0%
Solid Waste Fund	1,332,500	950,000	450,000	-500,000	-52.6%
Debt Service (City)	12,766,093	12,766,093	12,766,093	0	0.0%
Fire Pension Fund	9,598,610	9,598,610	11,098,610	1,500,000	15.6%
Police Pension Fund	10,391,495	10,391,495	11,891,495	1,500,000	14.4%
Total City Levy	**47,555,995**	**47,555,995**	**54,055,995**	**6,500,000**	**13.7%**
Library Fund	8,213,664	8,624,347	9,486,782	862,435	10.0%
Debt Service (Library)	574,677	576,946	547,822	-29,124	-5.0%
Total Library Levy	**8,788,341**	**9,201,293**	**10,034,604**	**833,311**	**9.1%**
Total Levy (City & Library)	**56,344,336**	**56,757,288**	**64,090,599**	**7,333,311**	**12.9%**

2026 Proposed Budget – Property Tax Levy

	FY 2024 Tax Levy (FY 2025)	2025 Proposed Tax Levy (FY 2026)	Change (%)	2025 Proposed Tax Levy w/o Reserves	Change (%)
General Fund Tax Levy	9,449,797	9,949,797	5.3%	9,949,797	5.3%
Parks and Recreation Levy	0	1,000,000	-	2,700,000	-
Human Services Fund	3,650,000	6,150,000	68.5%	6,150,000	68.5%
General Assistance Fund	750,000	750,000	0.0%	750,000	0.0%
Solid Waste Fund	950,000	450,000	-52.6%	950,000	0.0%
Debt Service (City)	12,766,093	12,766,093	0.0%	13,958,389	9.3%
Fire Pension Fund	9,598,610	11,098,610	15.6%	14,147,465	47.4%
Police Pension Fund	10,391,495	11,891,495	14.4%	16,176,012	55.7%
Total City Levy	**47,555,995**	**54,055,995**	**13.7%**	**64,781,663**	**36.2%**
Library Fund	8,624,347	9,486,782	10.0%	9,486,782	10.0%
Debt Service (Library)	576,946	547,822	-5.0%	547,822	-5.0%
Total Library Levy	**9,201,293**	**10,034,604**	**9.1%**	**10,034,604**	**9.1%**
Total Levy (City & Library)	**56,757,288**	**64,090,599**	**12.9%**	**74,816,267**	**31.8%**

2026 Proposed Budget – Property Tax Levy

For every dollar you pay in property tax, the City receives 16 cents.



2026 Proposed Budget – Property Tax Rate

Community	2023 Composite Rate	2023 Municipality Rate	2023 Library Rate	2023 Park District Rate	Municipality + Library + Park District Rate	Municipality + Library + Parks as a % of the Composite Rate
Oak Park	10.811	1.622	0.482	0.521	2.625	24.28%
Palatine	9.825	0.978	0.353	0.649	1.980	20.15%
Arlington Heights	9.204	1.009	0.394	0.481	1.884	20.47%
Skokie	8.986	0.486	0.430	0.407	1.323	14.72%
Park Ridge	8.985	0.706	0.200	0.524	1.430	15.92%
Des Plaines	8.694	0.923	0.224	0.441	1.588	18.27%
Bloomington*	8.415	0.993	0.293	0.000	1.286	15.28%
Evanston*	8.066	1.298**	0.221	0.000	1.519	18.83%

*Bloomington and Evanston have a Parks and Recreation Department, not a separate taxing Park District

**Evanston Municipality rate also includes the General Assistance property tax levy

2026 Proposed Budget – Property Tax Rate

Community	Home Value	2023 Average Composite Rate	Approximate Tax Bill for Average Composite Rate	Approximate Property Tax Bill towards Municipality + Library + Park District	Approximate Property Tax Bill towards Elementary & Secondary School Districts	Approximate Property Tax Bill towards All Other Taxing Districts
Oak Park	$454,600	10.811	$13,743.05	$3,336.93	$8,543.80	$1,862.32
Palatine	$454,600	9.825	$12,489.64	$2,517.00	$8,447.19	$1,525.45
Arlington Heights	$454,600	9.204	$11,700.22	$2,394.96	$7,468.36	$1,836.90
Skokie	$454,600	8.986	$11,423.09	$1,681.81	$8,634.06	$1,107.22
Park Ridge	$454,600	8.985	$11,421.82	$1,817.83	$8,096.34	$1,507.66
Des Plaines	$454,600	8.694	$11,051.90	$2,018.68	$7,468.36	$1,564.86
Bloomington*	$454,600	8.415	$12,247.07	$1,871.56	$7,617.21	$2,758.29
Evanston**	$454,600	8.066	$10,253.58	$1,930.97	$6,907.76	$1,414.86

*Bloomington uses McLean County's calculation for a property's EAV at 33.33% of market value, which differs from Cook County

**Evanston Municipality rate also includes the General Assistance property tax levy

Note: Total taxes for all communities include the maximum allowable Homeowners exemption for their respective counties

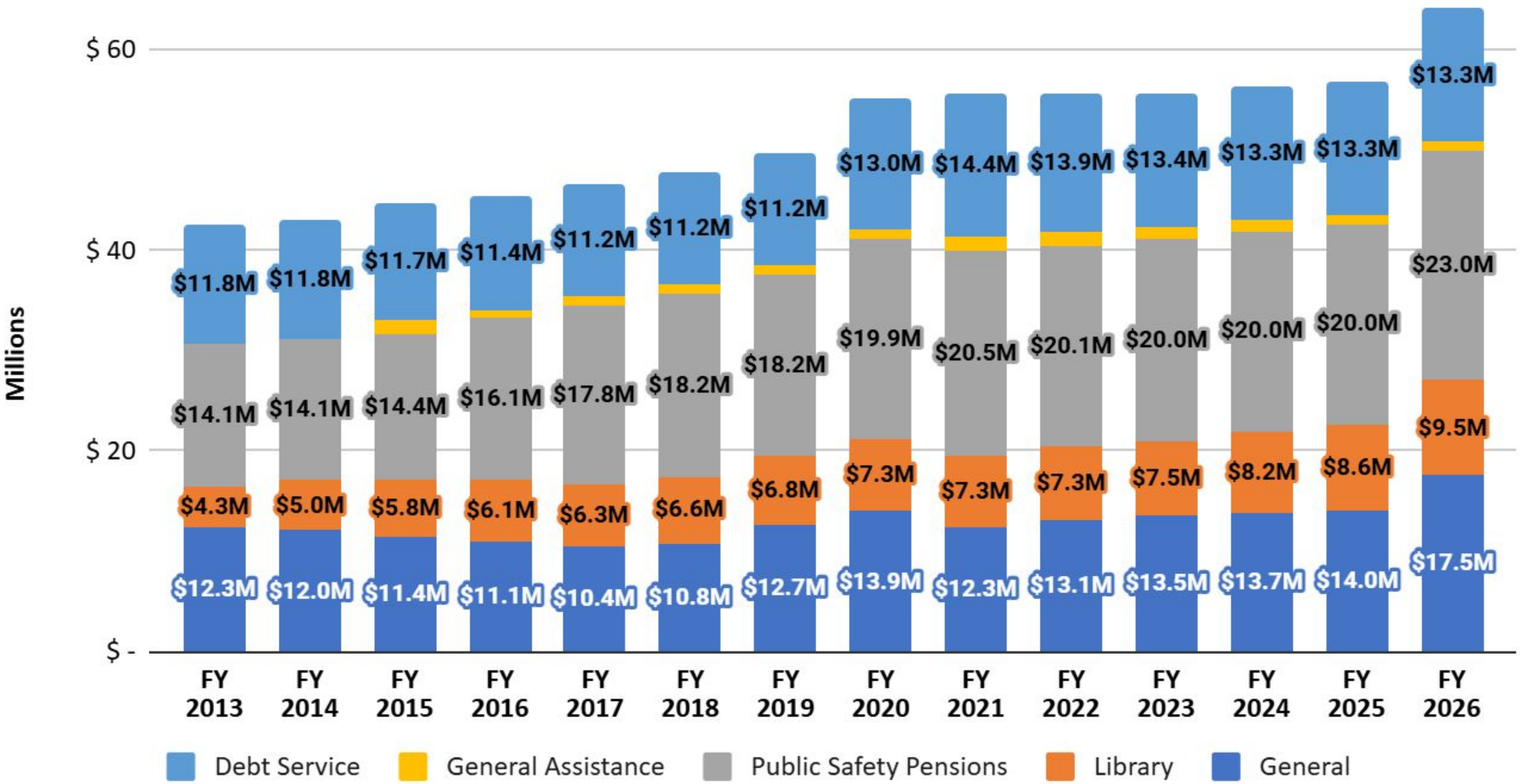
2026 Proposed Budget – Proposed Property Tax Impact (2023 Tax Rates)

Market Value of Property	Detail	10% Market Assessed Value	Equalized Value	Estimated City/Library Tax	Projected City/Library Tax (w/ 12.9% increase)	Amount of Increase
$294,000	Condo	$29,400	$88,679.22	$1,347.04	$1,521.08	$174.04
$454,600	**Median**	**$45,460**	**$137,121.00**	**$2,082.87**	**$2,351.98**	**$269.12**
$620,000	Multi-Family	$62,000	$187,010.60	$2,840.69	$3,207.72	$367.03
$675,000	Single-Family	$67,500	$203,600.25	$3,092.69	$3,492.28	$399.59

Note: These are estimated numbers before any exemptions using 2023 tax rates from Cook County.

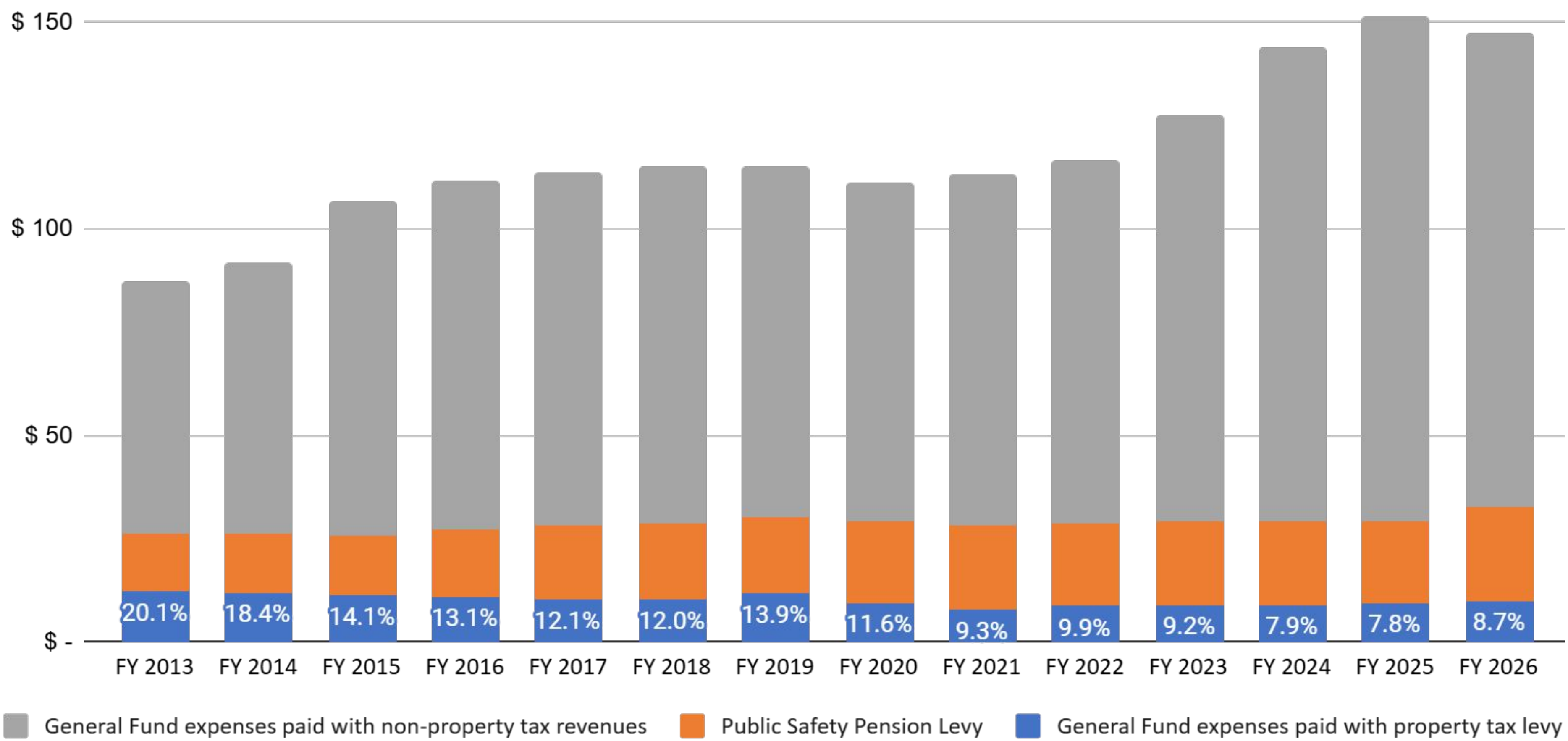
2026 Proposed Budget – Property Tax Impact

Property Tax Levy (FY 2013 - FY 2026)



2026 Proposed Budget – Property Tax Impact

Percent of General Fund Expenses Paid for with Property Tax (FY 2013 - FY 2026)



City of Evanston™

Property Tax Levy

	2024 Adopted Net Levy	2025 Proposed Net Levy	Change ($)	Ordinance
Special Service Area #6 (Main-Dempster Mile)	221,000	222,000	1,000	60-O-25
Special Service Area #7 (East Central Street)	142,000	146,392	4,392	61-O-25
Special Service Area #8 (West Central Street)	60,200	62,006	1,806	62-O-25
Special Service Area #9 (Downtown Evanston)	642,145	675,.000	32,855	63-O-25
Special Service Area #10 (Howard Street)	92,624	97,595	4,791	64-O-25

Property Tax Levy
Debt Service Abatement Resolutions
(71-R-25 to 86-R-25)

- Establishes the appropriate debt service levy for the City.
- When the City issues a general obligation bond, Cook County will automatically levy for the full annual debt service of the bond.
- If instead, the City chooses to pay for the debt service through sources other than the tax levy, the City must pass abatement resolutions on an annual basis.
- Total 2025 debt service on General Obligation bonds = $19,460,382:
  - Abated: $6,146,467
  - Net tax levy: $13,313,915 (including Library portion of $547,822)
  - Net City tax levy : $12,766,093
- Sources of abatement include the Water Fund, Sewer Fund, TIF funds, Parking Fund, Special Assessment Fund, etc.

2026 Proposed Budget – Other Fee Adjustments

Fee	Change	Reason	Impact on Evanston Resident
Solid Waste - Yard Waste (Proposed)	**+$2.51/month**	Covers a portion of increased contractual costs to provide service and improve overall cost recovery	**+$43.55/year** for those subscribed for yard waste
Solid Waste - Special Pickup (Proposed)	**N/A**	Service currently operates at a significant loss and this increase improves the service's cost recovery	**+$12/year** for all residential, condo, and multi-family customers
Sewer	**0%**	Fund balance is able to cover current capital needs	**None**
Water	**0%**	A 13.5% rate increase was planned for FY 2026 but can be delayed given the fund balance and timing of capital projects	**None**

2026 Proposed Budget – Public Safety Pensions

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Budgeted	FY 2026 Proposed
Police	$11,194,538	$13,295,458	$13,215,001	$15,785,426	$16,176,012
Fire	$9,528,524	$11,793,978	$12,355,183	$13,810,918	$14,147,465
TOTAL:	**$20,723,062**	**$25,089,436**	**$25,570,184**	**$29,596,344**	**$30,323,477**
Property Tax Levy	$20,118,062	$19,990,105	$19,990,105	$19,990,105	$22,990,105
Other Funding Sources	$605,000	$5,099,331	$5,580,079	$9,606,239	$7,333,372
TOTAL:	**$20,723,062**	**$25,089,436**	**$25,570,184**	**$29,596,344**	**$30,323,477**
Funding Target (by 2040)	**90%**	**100%**	**100%**	**100%**	**100%**

- In FY 2026 a $3 million increase to the pension property tax levy is proposed to cover ongoing pension obligations

2026 Proposed Budget – Other Fund Highlights

- **Parks and Recreation Fund (see p. 176)**
  - Purpose of fund is to isolate programmatic expenses of the department to provide more transparency, insight into operations, and enhance decision making.
  - Fund is balanced with $1 million property tax increase and $5.6 million transfer from the General Fund.
- **Human Services Fund (see p. 218)**
  - Cost of programs (Mayor's Summer Youth, CARE, mental health board allocations, outreach, and health department programs, etc.) total $6.6 million.
  - Primary funding source for this fund is the property tax levy.
  - Two additional full-time CARE Team Responders are proposed to expand this team.
- **Good Neighbor Fund** (see p. 237)
  - Fund serves as pass through for annual contribution from Northwestern with funds transferred to the General Fund, Sustainability Fund, and Affordable Housing Fund following the CBA.
- **Pro Housing Fund** (see p. 271)
  - New fund largely created as a placeholder for the $7 million Pro Housing Grant from HUD.

2026 Proposed Capital Improvement Plan by Fund

Full details for FY 2026 proposed capital projects for can be found on the Public Works Agency's interactive CIP Dashboard at **https://bit.ly/PWACIP**

Fund	FY 2026 Proposed
187 - Library Fund	$1,155,000
200 - Motor Fuel Tax Fund	$3,930,000
215 - CDBG Fund	$600,000
335 - West Evanston TIF Fund	$1,725,000
345 - Chicago-Main TIF Fund	$740,000
365 - Five Fifths TIF Fund	$207,361
415 - Capital Improvements Fund	$37,628,000
416 - Crown Construction Fund	$300,000
420 - Special Assessment Fund	$225,000
505 - Parking Fund	$775,000
510 - Water Fund	$37,003,000
515 - Sewer Fund	$6,230,000
Total:	**$90,518,361**

2026 Proposed Budget – Calendar

- **May 2025:** Staff meet with elected officials to discuss FY 2026 budget.
- **May - October 2025:** Staff work with departments to draft FY 2026 budget.
- **September 2025:** Staff meet with elected officials to discuss FY 2026 budget.
- **Monday, October 6:** 2026 Proposed Budget available on City Website
- **Monday, October 13:** Budget Discussion at City Council
- **Monday, October 27:** Budget Public Hearing at City Council
- **October - November:** Budget Ward Meetings
- **Monday, November 3:** Truth in Taxation Hearing at City Council
- **Monday, November 10:** Budget Discussion & Introduction of Tax Levy Ordinances
- **Monday, November 24:** Target Adoption of 2026 Budget by City Council
- **Late December:** Tax Levy Filing Deadline