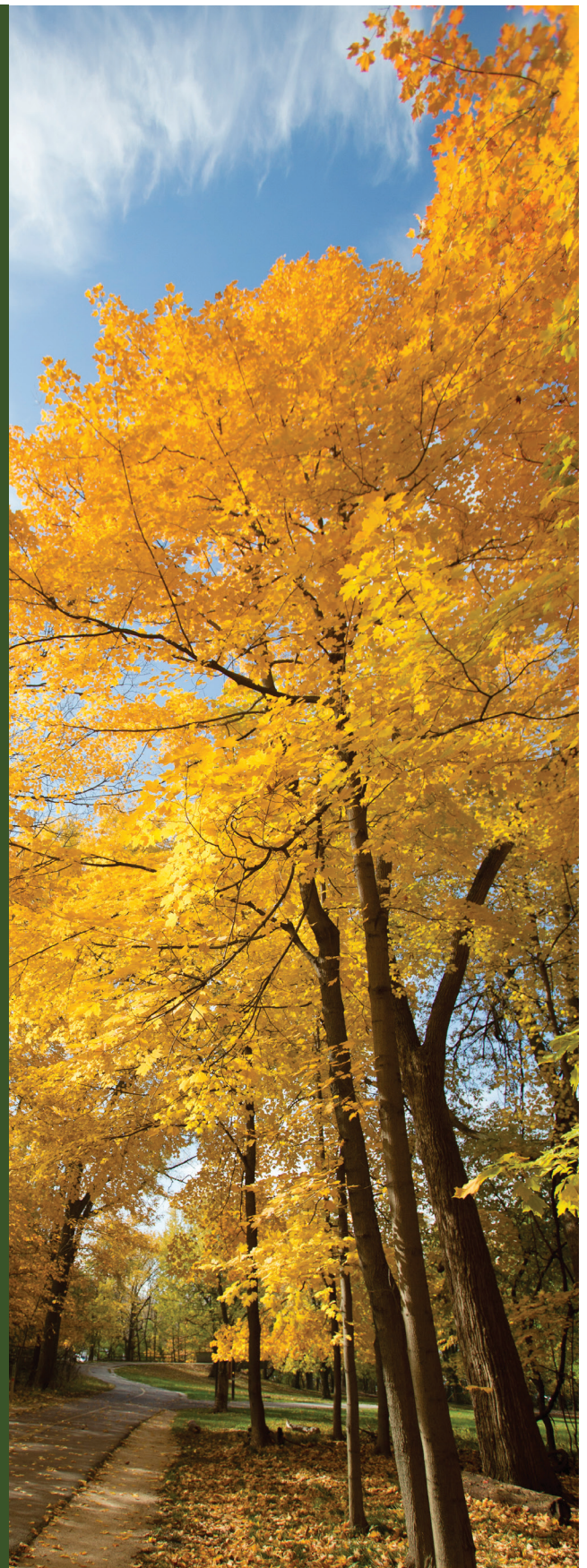


2023 Annual Report & 2024 Budget Recommendation

Conservation and Policy Council of the
Forest Preserves of Cook County



Submitted on October 17, 2023

To President Preckwinkle and the Board of
Commissioners Forest Preserves of Cook County

By Alan Bell, *Chairman*, Conservation
and Policy Council



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Policy COUNCIL**

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Josina Morita

October 17, 2023

Dear President Preckwinkle:

We have conducted a review of the proposed 2024 budget for the Forest Preserves. Thanks to the success of the 2022 referendum, the proposed \$188.7 million budget provides resources to scale up and advance key goals of the Next Century Conservation Plan (NCCP) in a manner consistent with the promises made by the District to voters during the referendum campaign. This includes significant new resources for restoration, acquisition, outreach and engagement, as well as capital investments in trails, improved signage and other amenities.

We are also pleased to report that, for the first time since the Council began reviewing District budgets in 2015, the proposed 2024 budget includes new resources to correct the historical under-funding of the District's pension obligations.

It is truly a new era at the Forest Preserves.

As always, a report on overall progress on NCCP implementation accompanies this annual report. Although the District has only just begun to fully invest new funding provided by the referendum, it is exciting to see the broad range of programs and initiatives that are already underway. We are seeing broad progress towards NCCP goals and most are on track to be achieved by 2040. Two significant challenges related to land acquisition and the reduction of greenhouse gas emissions are highlighted briefly in this report and further discussed in the progress report.

Sincerely,

Alan Bell, Chairman

Conservation and Policy Council of the Forest Preserves of Cook County



More than 50 years after first opening its doors, the Crabtree Nature Center has undergone a \$2 million transformation that will enhance visitors' experience and reduce the building's carbon footprint.

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Next Century Conservation Plan Vision

The people of Cook County will celebrate and nurture our thriving woodlands, prairies and waters as world-class treasures that sustain our great metropolis.

A New Era at the Forest Preserves

In 2014, President Toni Preckwinkle and the Forest Preserves of Cook County Board of Commissioners adopted an ambitious plan to restore the Forest Preserves to health and sustain them as a world-class treasure for the people of Cook County. The Next Century Conservation Plan (NCCP) lays out a set of bold actions to affirm Cook County as a national leader in urban and regional conservation and calls for a massive commitment to restore habitat, acquire and protect more land, and make the preserves more inviting and accessible to all Cook County residents.

District leadership and staff embraced the plan's vision and aligned the work of every department to advance NCCP goals. For eight years, staff worked with partners, advocates, and volunteers to make progress, but available resources were simply insufficient to address a structural budget deficit and to scale up the work to meet the ambitious NCCP goals.

The passage of the Clean Air, Clean Water, and Wildlife Habitat Protection Referendum in November of 2022 changed everything. For the first time since the adoption of the Next Century Conservation Plan, the Forest Preserves of Cook County is significantly scaling up its work to acquire and protect more land, to restore the land to health, and to welcome all the people of Cook County to the Forest Preserves.

It is a new era at the Forest Preserves of Cook County.

With sustainable funding now secured, the Council will work with staff to ensure funds are invested in alignment with NCCP goals and consistent with the funding priorities presented to voters in 2022. We will also monitor and report on progress towards key goals.

This annual report presents our findings regarding the district's commitment to transparency and accountability, as well as our recommendation related to the proposed 2024 budget.

The accompanying 2023 Progress Report describes the progress made to date towards achieving NCCP goals, as well as an update on the position papers developed by the Council.

Ensuring Transparency and Accountability

In November of 2022, voters overwhelmingly approved a referendum to bring more than \$40 million in additional funding each year to the Forest Preserves and to its partners, the Chicago Zoological Society and the Chicago Botanic Garden. The District, Zoo, and Garden committed to using these funds to:

- Acquire and protect more natural open land in Cook County for future generations.
- Expand habitat restoration work to protect wildlife and clean our water and air.
- Continue to increase and improve programs and events, including more outreach to all Cook County residents.
- Address deferred maintenance and capital improvements in the Preserves, including making amenities more energy efficient and accessible to all.
- Fully fix the Forest Preserves’ pension shortfall.
- Provide support for capital needs at the Brookfield Zoo and Chicago Botanic Garden.

The 2023 Progress Report provides an update on how the Forest Preserves, the Zoo and the Garden are utilizing new referendum funding. A full account of 2023 expenditures will be presented to the Council and Board in 2024 after all 2023 invoices are processed and accounts are closed.

Although each organization has only just begun the process to fully invest new funding provided by the referendum, it is exciting to see the broad range of programs and initiatives that are already underway at the forest preserves, as well as the work being done at the Preserves, the Zoo and the Garden to address the backlog of deferred maintenance.

Based upon our review of progress to date, the Council finds that the Forest Preserves, the Zoo, and the Garden are using 2023 referendum funds in a manner consistent with priorities outlined to voters during the 2022 referendum.

Implementing the Position Papers and the Next Century Conservation Plan

A full report on overall progress to date, including an update on the position papers developed by the Council, accompanies this report. As indicated, key successes and key challenges include the following:

Key Successes
✓ Long-needed resources are secured and work is beginning to scale up.
✓ The District is on track to restore 30,000 acres by 2040.
✓ Forest Preserves events and programs (including those sponsored by partners), continue to draw people from communities across the County—including many first-time visitors.

Remaining Challenges
▪ Even with the referendum funding, it will take more than 100 years for the District to acquire 20,000+ additional acres. The District must explore other creative methods to protect natural lands.
▪ Carbon neutrality goals require either the purchase of Renewable Energy Credits OR development of an on-site solar field. The Council will work with staff and partners to achieve consensus on this issue.

Review of the 2024 Proposed Budget

On August 18, 2023, Council Vice-chairman Mark Templeton, and Council members Mike DeSantiago and Henrietta Saunders, CFA, met with Forest Preserves CFO Damon Howell and Budget Director Shengyi Guan to review the Forest Preserves' proposed 2024 budget. The Council representatives, Damon and Shengyi presented an overview of the proposed budget to the full Council at the August 30, 2023 meeting. (See Attachment 1.)

The proposed budget would allow the Forest Preserves to scale up its work to achieve key NCCP goals and to address several pressing needs. This includes:

- A 6% increase in headcount to add 44 new full-time equivalent positions. This includes 17 new positions in the Department of Resource Management to scale up and support restoration work; 5 new positions in Planning & Development to manage planning, design and construction of trails and facilities; 4 new positions to right-size our Police command staff and provide administrative support; 2 positions to expand Communications; and 3 positions to expand engagement. New positions will also be added to expand recruitment and other HR functions, fleet maintenance, and accounting. In addition, the District will also convert to full time existing part-time and seasonal positions in the Departments of Landscape Management, Facilities & Fleet, and Conservation and Experiential Programming. The part-time and seasonal positions have historically been difficult to fill and experience high turnover.
- Significant expansion of contractual work to support restoration.
- New technology to better manage work orders, procurements, and electronic data.
- Installation of trail counters to get an accurate count of visitors to each trail in order to better target and prioritize trail improvements.
- Targeted salary increases to help retain and attract employees in a competitive market.
- Full funding for the District's pension obligation.
- Higher costs for energy and materials.

In 2022, the reserve fund grew significantly as a result of the Personal Property Replacement Tax (a tax on corporate income) coming in much higher than projected. In 2023, collections are again exceeding projections. Subsequently, the proposed 2024 budget includes a \$23.2 million draw on Corporate Reserve funds, including \$4.4 million to cover retroactive payments and cost of living adjustments, \$7.5 million to further stabilize the District's self-insurance fund, and \$4 million for needed capital improvements and continued upgrades to the District's aging fleet. As further described in the accompanying progress report, \$7.3 million in 2023 referendum funding for real estate acquisition will be rolled over to build up a larger reserve in the land acquisition fund going forward. This will enable the District to potentially acquire higher cost parcels which it previously could not pursue and be opportunistic in the event an attractive opportunity suddenly becomes available.

Overall, the proposal includes an increase of \$12.3 million (14%) in the corporate budget to cover the new positions the District is adding to build capacity as described above, as well as consulting and other services needed to scale up the work to meet NCCP goals. The Construction and Development budget shows a corresponding decrease as money is shifted from outside contracts and consulting to build capacity in-

house. The annual allocation to the pension fund will increase from \$4 million in 2023 to \$12.4 million in 2024 based on the actual need as determined by actuarial projections.

The Council concludes that the Forest Preserves is using its resources in an effective and efficient manner and finds the proposed budget to be in alignment with the District's mission and goals and its promise to voters who approved the Clean Air, Clean Water, and Wildlife Habitat Protection referendum. Furthermore, for the first time since the Council began reviewing the District's annual budget, the 2024 proposed budget fully funds the district's pension obligations.

Recommendations

Based upon our review of the Forest Preserves' recent accomplishments, current needs and future goals, **the Conservation and Policy Council recommends approval of the proposed 2024 budget for the Forest Preserves of Cook County.**

Attachment 1



FY 2024 Advisory Council Budget Overview

August 30, 2023

FY 2022 AUDITED FINANCIALS

Corporate Actuals

2022 Financials:

Property tax and PPRT much higher than expected.

○ Revenue	\$ 95.5M
○ Expenditures	<u>\$ 60.5M</u>
Revenue over Expense	\$ 35.0M

- ▶ Property Taxes \$5.3M above budget
- ▶ Personal Property Replacement Tax (PPRT) \$22.1M over budget
- ▶ Expenditures \$2.6M under budget due to vacancies and high turnover
- ▶ Corporate fund balance increased from \$36.9M to \$49.7M (66% of Corp. budget)
- ▶ Fund balance will be spent down to address current or future needs
 - ▶ Some fund balance money will go to Capital, Real Estate, Self Insurance, etc.

Overview of
FY 2022
Audited
Financials

Expenditure Estimate

FY 2024 PRELIMINARY BUDGET

<u>EXPENDITURES</u>	\$87.5M	
<i>Salaries & Wages</i>	+\$8.6M	+18%
<i>Health Care*</i>	+\$0.6M	+5%
<i>Non-Personnel</i>	+\$3.1M	+16%
Total	+\$12.3M	+16%

- > COLA increase of 2%
- > Adding 44 FTE's includes converting seasonal to fulltime positions
- > Increase in compensation for Law Enforcement to address high turnover
- > One-time charges related to negotiated salaries
- > Higher costs for energy & materials
- > Increased costs to operate camps & pools

*Estimate based on the availability of Risk Management

Revenue Estimate

FY 2024 PRELIMINARY BUDGET

<u>REVENUE</u>	\$87.5M	
<i>Property Tax</i>	+\$2.0M	+3%
<i>PPRT</i>	+\$3.8M	+75%
<i>Non-Tax</i>	-\$0.4M	-4%
<i>Fund Balance Transfer</i>	+\$3.4M	
Referendum reallocation	+\$3.4M	
Total	+\$12.3M	+16%

- > Property Taxes increase to capture inflation
- > PPRT collections thru May 2023 equal \$9.7M

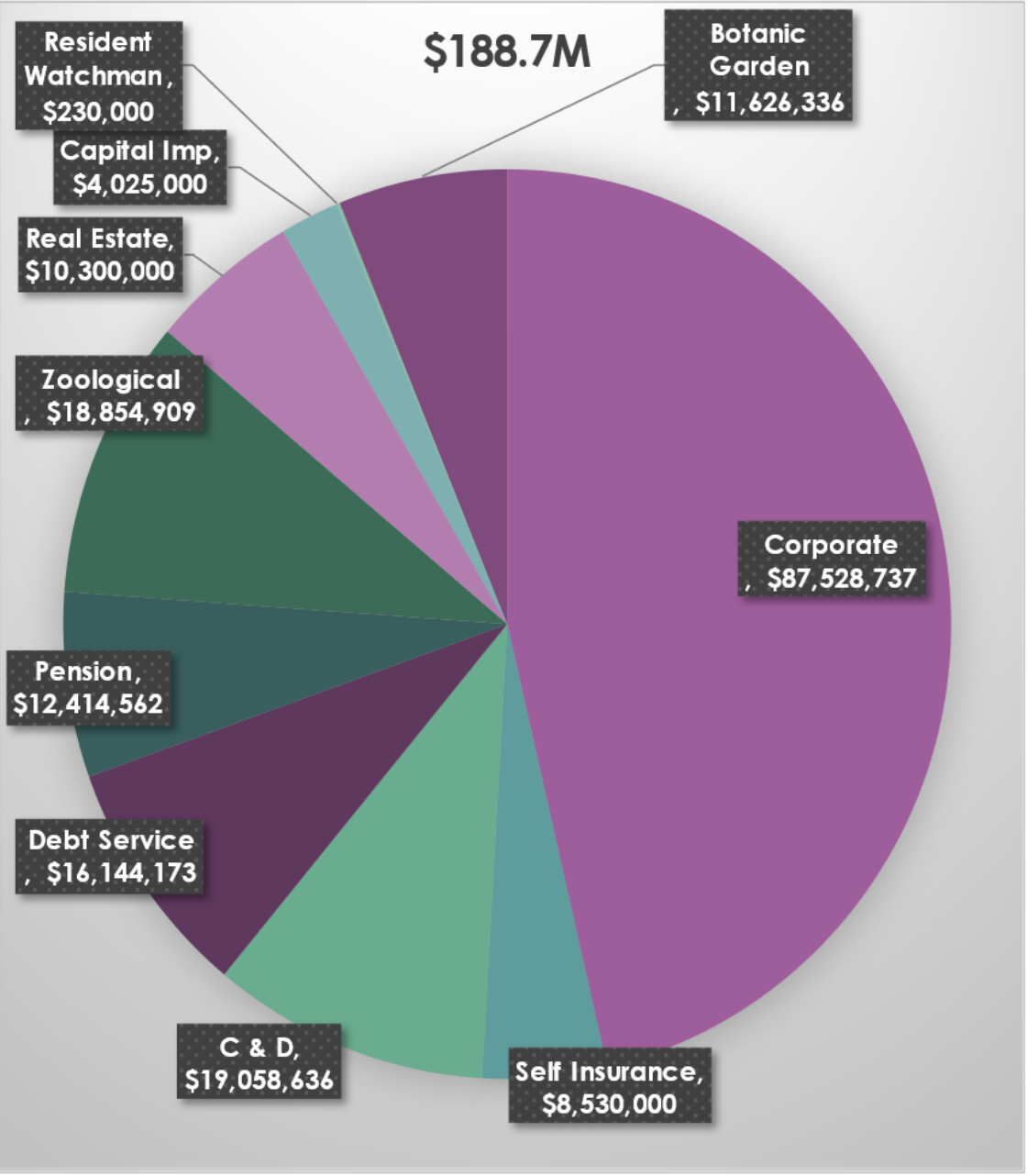
Planned Use
of Corporate
Reserves

Beginning Balance \$49.7M

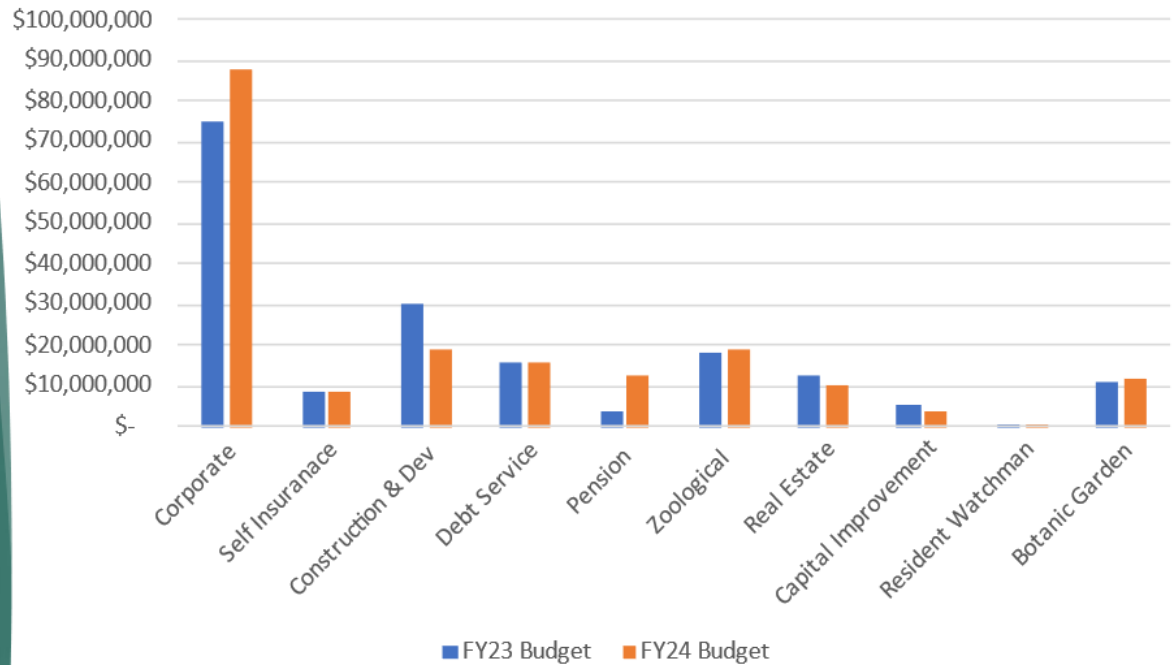
▪ Corporate Fund	\$ 4.4M
▪ Self Insurance Fund	\$ 7.5M
▪ Real Estate Fund	\$ 7.3M
▪ Capital Fund Capital, Fleet, Demo, Police/IT	\$ 4.0M
TOTAL	\$23.2M

FY 2024 Budget by Fund

Corporate	46.4%
Self Insurance	4.5%
C & D	10.1%
Debt Service	8.6%
Pension	6.6%
Zoological	10.0%
Real Estate	5.5%
Botanic Garden	6.2%



Comparison FY23 vs 24



Fund	FY23 Budget	FY24 Budget
Corporate	\$ 75,206,728	\$ 87,528,737
Self Insurance	\$ 8,530,000	\$ 8,530,000
Construction & Dev	\$ 30,675,431	\$ 19,058,636
Debt Service	\$ 16,144,411	\$ 16,144,173
Pension	\$ 4,030,143	\$ 12,414,562
Zoological	\$ 18,322,818	\$ 18,854,909
Real Estate	\$ 12,300,000	\$ 10,300,000
Capital Improvement	\$ 5,500,000	\$ 4,025,000
Resident Watchman	\$ 223,000	\$ 230,000
Botanic Garden	\$ 11,286,093	\$ 11,626,336

► FY24 numbers are estimates

FY 2024 Proposed Budget Schedule

- ▶ **FY2024 Budget overview-Advisory Council Aug .18**
- ▶ **FY2023 Budget to Board Oct. 17**
- ▶ **Budget Amendments Due Nov. 3**
- ▶ **Approval of Budget by Board Nov. 14**