

2022 Annual Report & 2023 Budget Recommendation

Conservation and Policy Council of the
Forest Preserves of Cook County



Submitted on October 24, 2022

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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Stanley Moore

October 24, 2022

Dear President Preckwinkle:

We have conducted a review of the proposed 2023 budget for the Forest Preserves. The proposed \$70.4 million corporate budget largely holds steady, but once again the resources available are insufficient to scale up work as needed to achieve the Next Century Conservation Plan (NCCP) goals, or to address the under-funding of the district's pension obligations. If voters approve the referendum on the November ballot, the Forest Preserves will finally secure the long term, sustainable resources it needs to meet these challenges. If the referendum does not pass, in 2024 the district will begin redirecting resources to address its structural budget deficit. This will, no doubt, result in a reduction in services and negative impacts to nature.

As always, a report on overall progress on NCCP implementation accompanies this annual report.

Sincerely,

Alan Bell, Chairman

Conservation and Policy Council of the Forest Preserves of Cook County

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.

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. This annual report provides an overview of the phased approach to implementing the NCCP and highlights several current initiatives which are a focus of phase 2 work including: implementing the position papers, the Connecting People to Nature initiative, and securing needed resources.

A progress report on each of these initiatives and other NCCP goals is presented in the 2022 NCCP Phase 2 Implementation Strategy which accompanies this report. The Council's recommendation for the Forest Preserves 2023 budget is presented in the final section of this report.

A Phased Approach

As indicated in Figure 1, the Forest Preserves and its partners are implementing the 25-year plan in five phases. During the first phase of implementation (which was launched in 2016 and concluded in 2020), more than 70 partners worked with the Forest Preserves to implement 64 priority programs and projects which could be advanced with limited new resources. By the end of phase 1, 88% of these initiatives were completed or on-track, 6% were redirected to respond to an unforeseen challenge or opportunity, and 6% were stalled due to a lack of resources or other reasons. The Council concluded these results reflect a healthy balance of steady progress, adaptability, and risk taking.

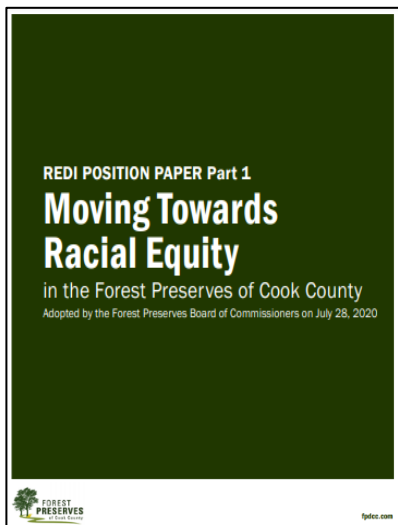
The second phase of implementation focuses on stabilizing the Forest Preserves' finances and securing resources needed to fully implement the NCCP. Assuming phase 2 goals are met, phases 3 and 4 will focus on scaling up stewardship and expanding the preserves. During the plan's final phase, the FPCC and its partners will begin planning for the next 25 years.

Figure 1: NCCP Phased Implementation Strategy

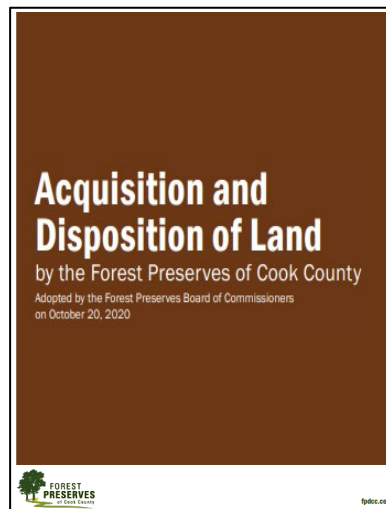
Phase 1	2016 to 2020	Learn, share and implement best practices
Phase 2	2021 to 2025	Build support and secure needed resources
Phase 3	2026 to 2030	Stewardship
Phase 4	2031 to 2035	Expansion
Phase 5	2036 to 2040	Plan for next 25 years

Implementing the Position Papers

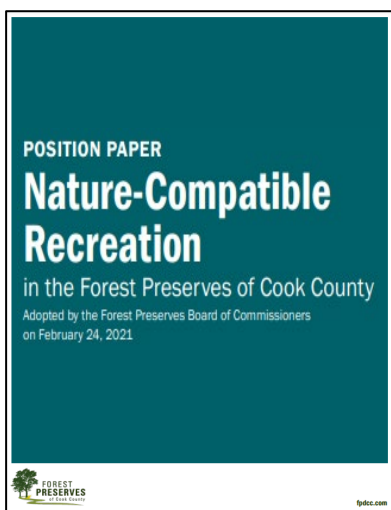
Four position papers were published in 2020 by the Conservation and Policy Council to address key issues that face the Forest Preserves today and in the foreseeable future. This includes:



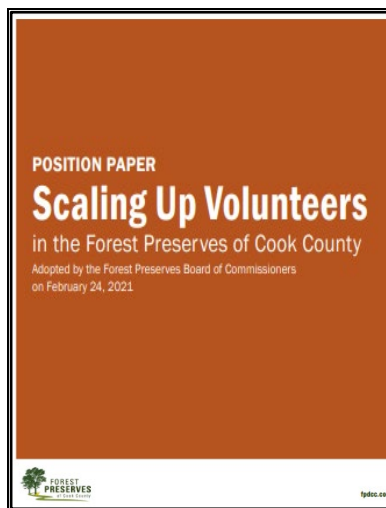
Presents long-term, comprehensive recommendations to promote racial equity throughout the preserves.



Addresses how the Forest Preserves should expand and manage land acquisition, disposition, and land-use policies.



Calls upon the Forest Preserves to support recreational facilities and programs which provide all residents with a connection to nature, oppose new uses which are not aligned with its mission, and phase out existing recreational programs and facilities which are incompatible and/or unsustainable.



Presents strategies to engage, train, inspire and retain dedicated volunteers and, especially, volunteer leaders.

A fifth paper currently being developed expands upon the racial equity position paper to focus on other factors of diversity and inclusion.

These papers establish guidelines and recommend specific actions to address key challenges. A summary of key progress to date is incorporated in the Phase 2 Implementation Strategy.

Demonstrating the Value of the Preserves: Connecting People to Nature Initiative

In 2020, the Council recommended, and the General Superintendent subsequently approved, the use of reserve funds at three target sites to showcase what the Forest Preserves offer and provide a vision for what all sites could provide with additional support. Strategic investments in healthy nature, wayfinding and interpretive signage, and public engagement are now underway at [Sauk Trail Woods](#) (south suburbs), [Miller Meadow](#) (west suburbs), and [Caldwell Woods](#) (city of Chicago and north suburbs).

To engage the public and make them aware of the proposed enhancements, a comprehensive listening tour and marketing campaign was launched for each site. Individuals and community-based organizations are also invited to help activate the sites with desired programming and special events. In addition, the 2022 *Party for the Preserves* events will take place at the three target sites. Further updates are provided in the 2022 NCCP Phase 2 Implementation Strategy.

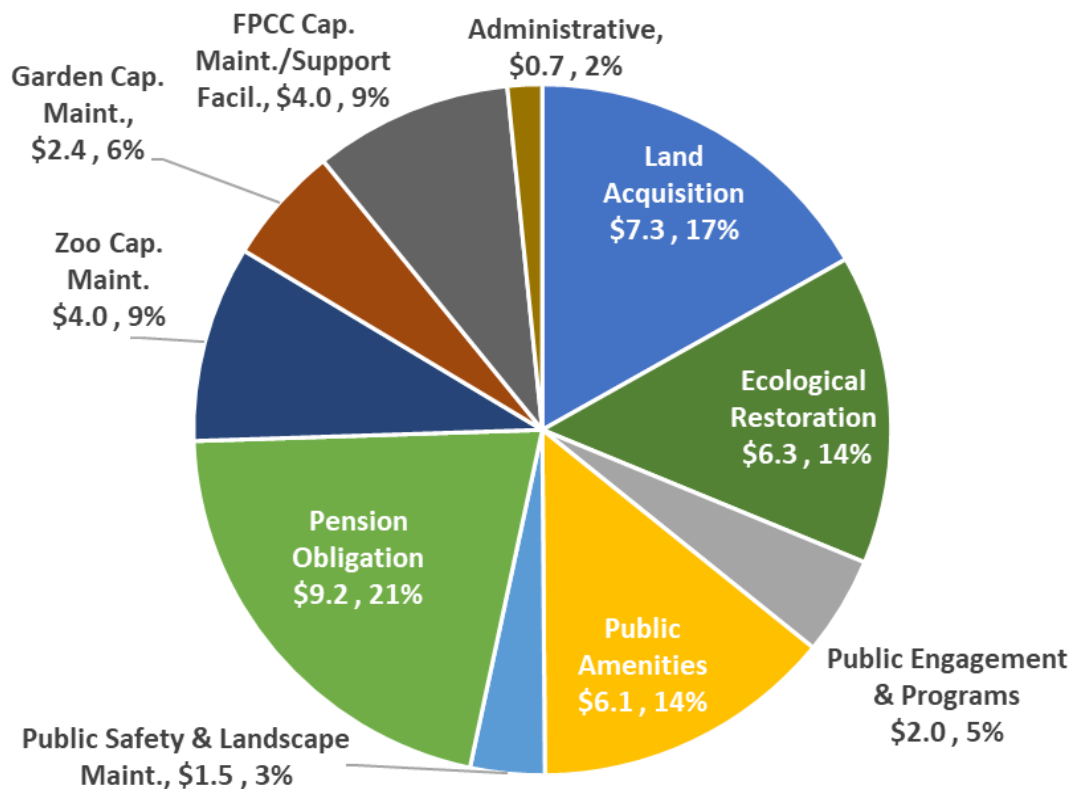
Securing Needed Resources

To address structural budget challenges and fully implement the ambitious goals of the Next Century Conservation, the Forest Preserves must secure long-term, sustainable funding. The Board of Commissioners unanimously approved a resolution to bring a referendum to voters to increase funding for the Forest Preserves; the referendum will be on the November 2022 ballot. If voters approve the referendum, it will provide funding to advance key NCCP goals and other priorities. Specifically, the FPCC will:

- Acquire more natural open land in Cook County for protection 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.

Friends of the Forest Preserves, Openlands, The Nature Conservancy and the Trust for Public Lands are leading a broad coalition of partners to advocate in favor of the referendum which would generate an additional \$43.5 million in revenue annually. The proposed allocation for the potential new funding is shown in Figure 2.

Figure 2: Proposed Allocation of Funds



Advancing Other NCCP Goals

In addition to the actions outlined in the previous pages, the Forest Preserves and its partners also continue to advance a broad range of high priority NCCP goals related to restoration, acquisition, engagement and education. A report on the overall progress to date and the priority goals for phase 2 is presented in the NCCP Phase 2 Implementation Strategy.

Review of the 2023 Budget

On August 17, 2022, Council Vice-chairman Mark Templeton, and Council members Mike DeSantiago and Henrietta Saunders, CFA, met with Forest Preserves CFO Steve Hughes and Comptroller Damon Howell to review the Forest Preserves' proposed 2023 budget. The Council representatives, Steve and Damon presented an overview of the proposed budget to the full Council at the August 31, 2022 meeting. (See Attachment 1.)

The proposed budget would allow the Forest Preserves to maintain operations at current levels and to address several pressing needs, including:

- Targeted salary increases to help retain and attract employees in a competitive market.

- A modest 1.3% increase in headcount to add eight new full time equivalent positions. This includes a new Program Coordinator who will oversee improvements to the Ambassador Animals program, a Manager of Accessibility, an IT manager to enable IT support 24/7, and a new Senior HR Analyst to help with the high turnover the district is experiencing. This also includes replacing some seasonal jobs which have been very difficult to fill with a fewer number of year-round jobs.
- Higher costs for energy and materials.

The proposed budget includes a \$12 million draw on reserve funds in 2023, including \$2 million to support real estate acquisition opportunities, \$3 million to further stabilize the district's self-insurance fund, \$6 million to fund needed capital improvements, and \$1 million to continue replacing the district's aging fleet. Note: In 2022 the reserve fund is expected to grow primarily as a result of the Personal Property Replacement Tax (a tax on corporate income) coming in much higher than projected.

Overall, the proposal includes an increase of \$4.8 million (7.3%) in the corporate budget which will be paid for by capturing a portion of the inflationary growth in property taxes (\$2.4 million), a projected increase in the Personal Property Replacement Tax (\$2 million), and projected increase in non-tax revenue such as permitted activities and investment income (\$0.4 million).

The Council concludes that the Forest Preserves continues to use its limited resources in an effective and efficient manner and finds the proposed budget to be in alignment with the district's mission and goals. But once again the resources available are insufficient to scale up work as needed to achieve NCCP goals, to address the under-funding of the district's pension obligations, and to address on-going capital needs. If voters approve the referendum on the November ballot, the Forest Preserves will finally secure the long term, sustainable resources it needs to meet these challenges. In this case, the Forest Preserves will amend its 2022 tax levy and amend its 2023 budget to include an additional \$43.5 million to be allocated as indicated in Figure 1.

This would represent a substantial increase in public funding to support the Forest Preserves, the Brookfield Zoo, and the Chicago Botanic Garden, and we believe each organization has an obligation to: (a) Provide meaningful opportunities for public input regarding the future use of these funds, (b) Ensure the funds are used in an efficient, effective, and sustainable manner, and (c) Report back information which allows the public to evaluate each agency's performance. Therefore, in addition to our recommendation regarding the district's 2023 budget, we also make several recommendations to ensure transparency and accountability as indicated below.

If the referendum does not pass, the district will develop a phased strategy to reallocate funding and restructure operations beginning in 2024. It is important to note that this cannot be accomplished without a reduction in services and a negative impact on nature. If this becomes necessary, the Council will work with the General Superintendent and his senior team to minimize negative impacts to the greatest degree possible.

Recommendations

1. 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 2023 budget for the Forest Preserves of Cook County.**

The Council further recommends:

2. That the Forest Preserves continue to provide accountability and transparency related to the expenditure of funding as follows: As a government agency, the Forest Preserves of Cook County shall conform to the financial accounting and reporting standards established by the Governmental Accounting Standards Board to promote transparent financial reporting that provides useful information to taxpayers and public officials. For each of its funds, the Forest Preserves shall provide to the Board each year a full report on revenues and expenditures. In addition to these on-going reporting requirements, the district has established high level performance indicators to measure progress towards long-range goals established by the Next Century Conservation Plan. The Conservation and Policy Council will continue to monitor this progress and to highlight successes and key challenges in our annual report to the Board.

If the referendum is successful, the Council also recommends:

3. Approval of an amendment to the proposed 2023 budget to incorporate an additional \$43.5 million consistent with the allocation indicated in Figure 2 of this report.
4. The annual budget reports submitted to the Board of Commissioners by the Chicago Zoological Society and the Chicago Botanic Garden be expanded to include: (a) an overview of capital needs for the upcoming year and the next several years, and (b) a report on the expenditure of public funds for the current year and the proposed expenditure of public funds for the upcoming year. The report on expenditures of public funds shall be subject to a Forest Preserves audit.
5. Any inflationary growth in taxes captured by the Forest Preserves in future levies be shared proportionally with the Zoo and the Garden.



FY 2023 Advisory Council Preliminary Budget Overview

August 31, 2022

FY 2021 AUDITED FINANCIALS

Corporate Actuals

2021 Financials:

Property tax and PPRT much higher than expected.

○ Revenue	\$ 76.9M
○ Expenditures	<u>\$ 58.6M</u>
Revenue over Expense	\$ 18.3M

- ▶ Property Taxes \$5.2M above budget
- ▶ Personal Property Replacement Tax (PPRT) \$8.4M over budget
- ▶ Expenditures \$3.7M under budget due to vacancies and high turnover
- ▶ Corporate fund balance increased from \$34.1M to \$36.9M (47% of Corp. budget)

Overview of
FY 2021
Audited
Financials

Expenditure Estimate without Referendum Funding

FY 2023 PRELIMINARY "Status Quo" BUDGET

EXPENDITURES \$70.7M

<i>Salaries & Wages</i>	<i>+\$3.6M</i>	<i>+12%</i>
<i>Health Care</i>	<i>+\$0.5M</i>	<i>+5%</i>
<i>Non-Personnel</i>	<i>+\$<u>1.0K</u></i>	<i>+6.8%</i>
<i>Total</i>	<i>+\$5.1M</i>	<i>+7.7%</i>

- COLA increase of 2.5% plus increased compensation for L700
- Adding 9 FTE's (LM, Legal, Finance, Police, OGS) includes converting seasonal to fulltime positions
- Increase in compensation for Law Enforcement to address high turnover
- Higher costs for energy & materials
- Increased costs to operate camps & pools

Revenue Estimate without Referendum Funding

FY 2023 PRELIMINARY "Status Quo" BUDGET

REVENUE \$70.7M

<i>Property Tax</i>	<i>+\$2.4M</i>	<i>+4.5%</i>
<i>PPRT</i>	<i>+\$1.7M</i>	<i>+70%</i>
<i>Non-Tax</i>	<i>+\$<u>1.0M</u></i>	<i>+12.0%</i>
<i>Total</i>	<i>+\$5.1M</i>	<i>+7.7%</i>

- Property Taxes increase to capture inflation
- PPRT collections thru May 2022 equal \$11.6M or 400% of budget. (Note: 2021 actuals were \$8.3M over budget)
- Return to pre-pandemic usage for higher user fee revenue with no permit, pool or camp fee increases

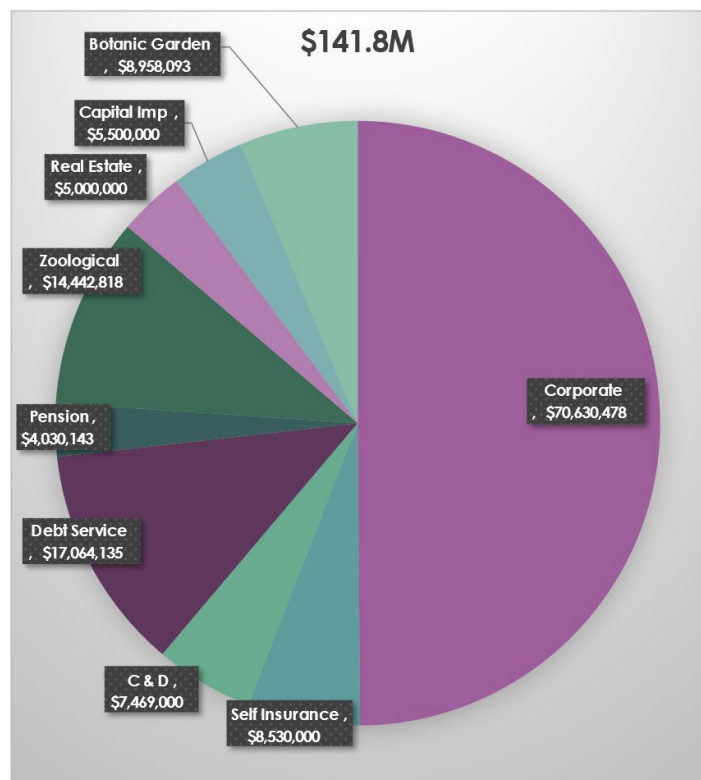
Planned Use of Corporate Reserves

Beginning Balance \$36.9M

▪ Corporate Fund	\$1.0M
▪ Self Insurance Fund	\$7.5M
▪ Real Estate Fund	\$2.0M
▪ Capital Fund Capital, Fleet, Demo, Police/IT	\$5.5M
TOTAL	\$16.0M

FY 2023 Budget by Fund

Corporate	49.8%
Self Insurance	6.0%
C & D	5.3%
Debt Service	12.0%
Pension	2.8%
Zoological	10.2%
Real Estate	3.5%
Botanic Garden	6.3%



FY 2023 Proposed Budget Schedule

► FY2023 Budget to Board	Oct. 6
Election day - Referendum	Nov. 8
► Budget Amendments Due	<u>tbd</u>
► Approval of Budget by Board	<u>tbd</u>

- The FY 2023 budget will be introduced without referendum funding included

If referendum passes;

- The budget would be amended & increased by \$43.5M with funding earmarked for the following:

Proposed Referendum Allocation of \$43.5M

Proposed Allocation (\$43.5million)

