

2021 BUDGET PUBLIC HEARING NOVEMBER 5, 2020

TRUSTEE REID FOLTYNIEWICZ, FINANCE & ADMINISTRATION COMMITTEE CHAIR

SCOTT NIEHAUS, VILLAGE MANAGER

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AGENDA

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BUDGET OBJECTIVES

Addressing the Top 4 priorities in the Village's Strategic Plan are essential in order to provide for the daily operations and services of the Village, as expressed in the 2021 budget.

- Financial Stability
- Communication & Community Image
- Operational Sustainability
- Economic Development

2021 BUDGET OVERVIEW

- The Village adopts a budget each fiscal year which runs from January 1st to December 31st.
- As proposed, the 2021 Budget projects Village revenues in all funds to total \$97,315,870 with overall expenditures to total \$89,589,232.
- 2021 Budget Planning Process
 - Public Works and Environmental Concerns Committee meeting to review the 2021-2030 Capital Improvement Program
 - Six Finance and Administration Committee meetings (starting in November 2019) to discuss the Fiscal Year 2021 budget and provide recommendation to the Board of Trustees
 - Village Board of Trustees held budget workshop on September 28, 2020
 - Proposed Budget was published on October 12, 2020
 - 2021 Budget and Tax Levy Ordinances on 1st Reading November 5, 2020 and 2nd Reading November 19, 2020
- Both the Proposed 2021 Budget and 2021-2030 Capital Improvement Plan are available at www.villageoflombard.org/budget.

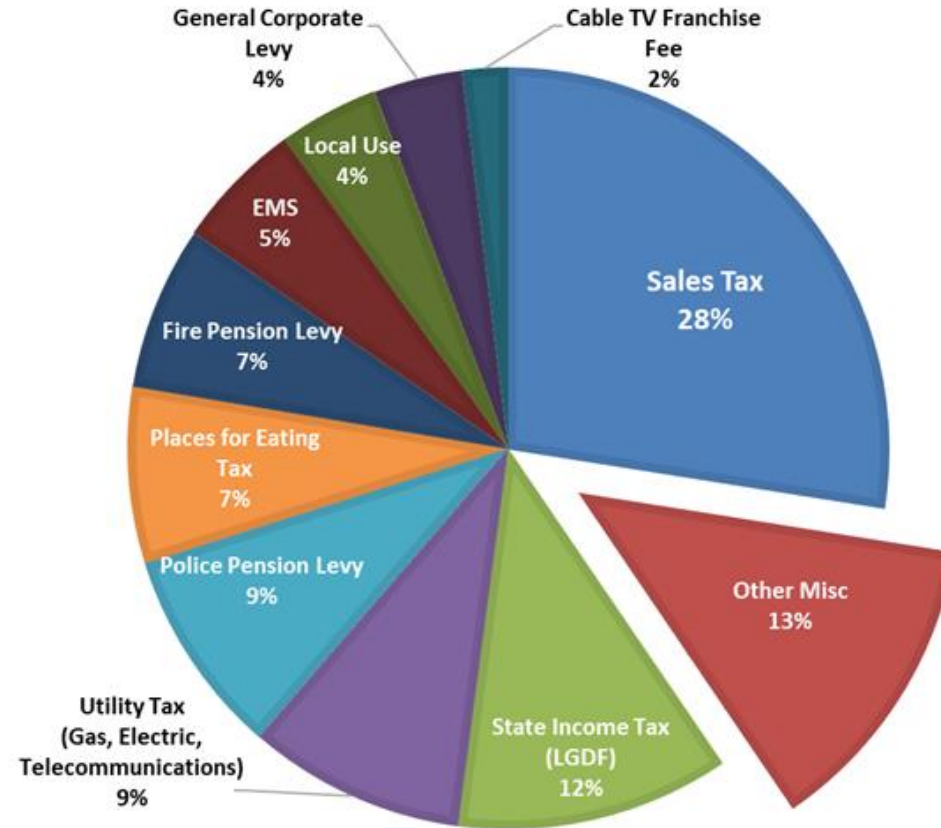
2021 BUDGET MAJOR REVENUE/EXPENSE PROJECTIONS

| %Over/Under 2020 Budget | \$ Over/Under 2020 Budget | Revenues |
|------------------------------------|--------------------------------------|---|
| 7.82% | \$ 112,420 | Local Use Tax |
| 3.52% | \$ 354,239 | Property Tax (assumed max levy per statute) |
| 0.00% | \$ - | Income Tax |
| -7.00% | \$ (504,350) | Fees, fines, licenses, and permits |
| -8.09% | \$ (295,360) | Utility Taxes (gas, electric, telecommunications) |
| -10.00% | \$ (1,109,960) | Sales Tax |
| -18.00% | \$ (587,290) | Places for Eating Tax |
| -40.00% | \$ (156,080) | Amusement Tax |
| | \$ (2,186,381) | Total |
| | | Expenses |
| | | Wages (projected wage increases for 2021 are 1-2.5% based on union contracts, and vacant positions) |
| -0.49% | \$ (98,285) | |
| -3.32% | \$ (31,290) | Fleet Services O&M (fuel, labor, parts) |
| -6.28% | \$ (155,960) | Health insurance (type of plan and # employees enrolled) |
| -8.98% | \$ (71,990) | IMRF Pension Fund (based on annual rate and # employees) |
| 0.64% | \$ 16,110 | Fire Pension Fund (based on 12/31/19 actuary report) |
| 4.58% | \$ 139,680 | Police Pension Fund (based on 12/31/19 actuary report) |
| 4.79% | \$ 47,010 | DuComm (emergency dispatch) |
| 10.00% | \$ 48,890 | Technology Reserve (re-evaluated annually) |
| | \$ (105,835) | Total |

GENERAL FUND (UNRESTRICTED & UNCOMMITTED) OPERATING BUDGET

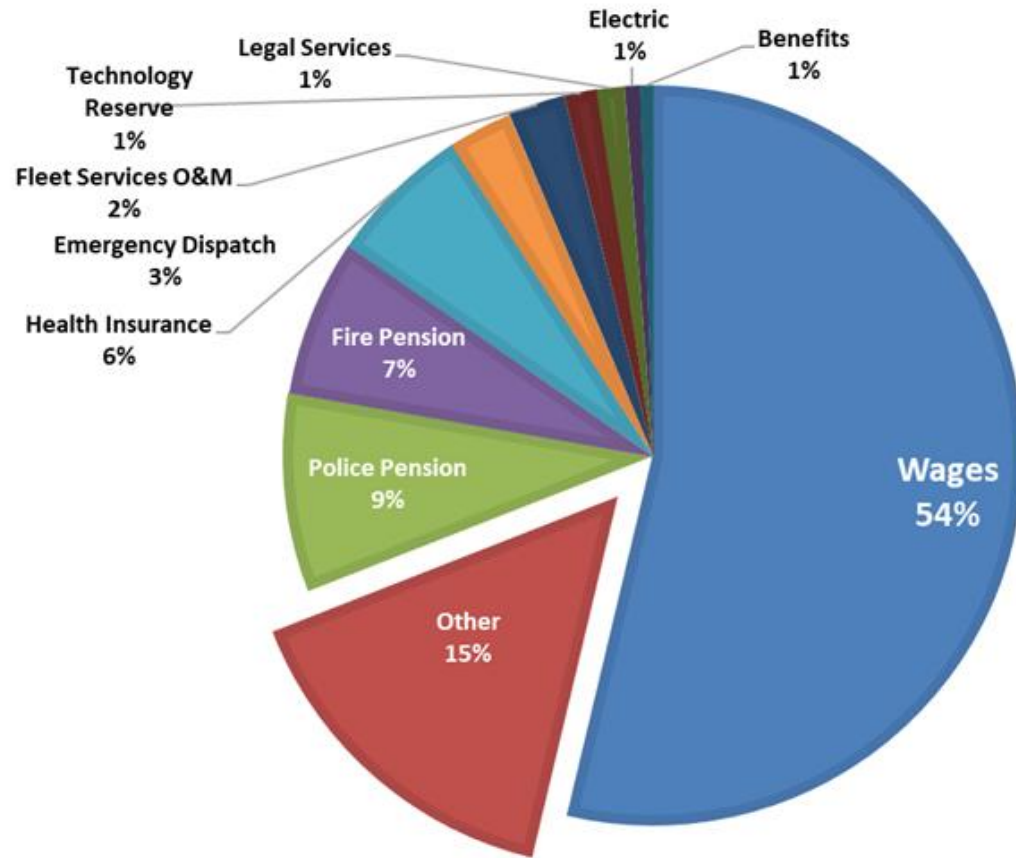
- **Revenues are projected to be down \$985,050 (2.64%),** \$36,335,730 in 2021 compared to the 2020 approved budget of \$37,320,780.
 - Includes new revenue for Local Cannabis Sales Tax (\$270K), Cannabis Use Tax (\$20K), and Sales Tax from State on Cannabis (\$70K)
- **Expenses are projected to be down \$446,245 (1.20%),** \$36,874,537 in 2021 compared to the 2020 approved budget of \$37,320,782.
- Throughout fiscal years 2020-2021, the Village will **save approximately \$1,419,500** in the General Fund due to **5 full-time and 6 part-time vacated positions that have been frozen.**
- Due to the COVID-19 pandemic, the **estimated year-end 2020 deficit is \$2,430,752** (assumes \$2,296,668 of CARES Act funding is received from the County). **The projected 2021 budget deficit is \$538,807.** The Village Board approved the following Village funds to address **the total two-year deficit of \$2,969,559** (in order of application):
 - \$1,078,000 2019 revenues over expenditures:
 - \$1,283,000 Revenue Stabilization Fund:
 - \$1,000,000 Proceeds from Sale of 101 S. Main St.

TOP 10 GENERAL FUND 2021 REVENUES



- The Top 10 General Fund revenues account for 87% of all General Fund revenue sources.
- Sales Tax and Place for Eating Tax combined make up 35% of all General Fund revenues.

TOP 10 GENERAL FUND 2021 EXPENSES



- Combined wages and benefits (pensions, health and life insurance, etc.) make up 77% of all General Fund operating expenses.

HOTEL/MOTEL TAX FUND

- Due to COVID-19, Hotel/Motel Tax revenue for 2020 is projected to be approximately 60% less than normal due to a reduction in travel and large events at hotel properties.
- Expenses are projected to be significantly reduced for two reasons.
 - 100% of Hotel/Motel tax is paid back to the LPFC and is expected to be approximately \$200,000 less than prior years.
 - The cancellation of large events such as Lilac Parade, Cruise Nights, and Fireworks, etc. reduced the need for OT and other related expenses in 2020 and potentially 2021.
- To prevent a negative fund balance at the end of 2021, the Village Board agreed to use all 2020 and 2021 Hotel/Motel revenues for the Hotel/Motel Tax Fund instead of allocating 25% in the Economic Development Fund.
- Based on this direction, the projected fund balance at the end of 2021 is \$447,996.
- The Community Promotions & Tourism Committee will be looking at options in the months ahead and will make recommendations to the Village Board to reduce future expenses.

WATER & SEWER (W&S) FUND OPERATING BUDGET

- **Revenues are projected to increase \$316,200 (1.83%),** \$17,630,270 in 2021 compared to the 2020 approved budget of \$17,314,070.
- **Expenses are projected to increase \$475,812 (2.77%),** \$17,627,032 in 2021 compared to the 2020 approved budget of \$17,151,220.
- Effective January 1, 2021, The **Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used, to \$15.70. Overall, for the average residential customer who uses 5K gal/month, the increase will cost an extra \$2 per month.** Approximately 73% of Lombard water customers use 5,000 gallons per month.
- 67.79% or 2/3 of the 2021 expenses in the W&S Fund are payments to DuPage Water Commission and the Glenbard Wastewater Facility for the purchase and delivery of Chicago water and the processing of wastewater. **The other 1/3 is for the Village to operate the systems.**
- DuPage Water Commission increased their rate 2.45% or \$165,720 for FY 2020-2021 and payments to Glenbard Wastewater are expected to increase 5.86% or \$279,000 compared to the 2020 approved budget.

CLOSING COMMENTS

- The Village will need to remain watchful and flexible to respond to circumstances beyond the Village's control such as the possible downturn in the general economy as a result of the COVID-19 pandemic and impacts from the State of Illinois as it works to address its financial issues.
- The Village will continue its work in identifying
 - Potential revenue enhancements
 - Economic development and technology options
 - Enhancements for public safety operations and communications
- As the Village moves forward, we will continue to balance services with available resources.
- Thank you to the Board of Trustees, Finance and Administration Committee, and Public Works Committee for their support and direction as well as the entire Village staff for their efforts and contributions.

Recommendation

The Finance & Administration Committee, at their meeting on October 26, 2020, voted unanimously to recommend the Village Board of Trustees approve the Proposed 2021 Budget.

Ordinance on First Reading is on Separate Action:

B. 200348 – Village of Lombard Budget Ordinance for Fiscal Year 2021 (January 1, 2021 through December 31, 2021)