



Proposed Fiscal Year 2018 Budget Village of Lombard

Finance and Administration Committee Chair: Trustee Reid Foltyniewicz

Village Manager Scott Niehaus

Finance Director Tim Sexton

Agenda

- ▶ Intro/Process
 - ▶ 2017 Highlights/2018 Challenges
 - ▶ Proposed FY 2018 Budget
 - ▶ Questions
- Trustee Reid Foltyniewicz
Village Manager Scott Niehaus
Finance Director Tim Sexton

Budget Process

- ▶ Five Finance and Administration Committee meetings to discuss the Fiscal Year 2018 budget and provide recommendation to the Board of Trustees
- ▶ Joint Budget Planning meeting with Finance and Administration Committee and Village Board
- ▶ Two Village Board budget workshops focusing on departmental operations and revenue requirements
- ▶ Review of Hotel/Motel Tax revenues and expenditures by the Community Promotion and Tourism Committee
- ▶ Public Works Committee meetings to review the 2018-2027 Capital Improvement Program, a joint meeting of the Board of Trustees and the Public Works Committee to review the 2018-2027 Capital Improvement Program

Result of Budget Process

- ▶ Successfully addressed \$700,000 deficit in an efficient and timely manner
 - ▶ \$350K in reductions/transfer of expenses
 - ▶ \$350K in new revenue
- ▶ **Open and Transparent Process**
 - ▶ Multiple public meetings/discussions
 - ▶ Extra communications with impacted stakeholders
- ▶ **Finance & Administration Committee are prepared to start work on the FY 2019 budget in November 2017**

2017 Accomplishments

- ▶ 2017 Major Street Construction Projects
 - ▶ Phase 2 Roosevelt Road Water Main Lining
 - ▶ Gatz Pond Outfall Project
 - ▶ Roosevelt Road & Finley Road Intersection Improvement
- ▶ Awards
 - ▶ Ben Roethlisberger grant for new police K-9
 - ▶ 2nd Place for Illinois Traffic Safety Challenge
 - ▶ Grant for \$77,648 for Sustained Traffic Enforcement Program
 - ▶ Drinking water rated excellent and exceeds requirements
 - ▶ Certificate of Achievement for Financial Reporting and the Distinguished Budget Award, for the 30th and 29th consecutive year respectively

Challenges Facing the Village

- ▶ The FY18 Proposed Budget is prepared during a time of financial uncertainty at the State level and reflects the challenges associated with maintaining service levels while expenses are increasing faster than revenues.
- ▶ The FY18 Proposed Budget was developed with the assumption that the State of Illinois budget will not significantly change the Village's revenues. Staff will continue to monitor the State budget or other legislation that could severely impact the Village's revenues such as the state-shared income tax, motor fuel tax funding, and property taxes.
- ▶ Over the next six months, staff will meet with the Finance & Administration Committee and the Village Board to discuss additional expenditure reductions in order to mitigate future budget deficits.

Challenges Facing the Village

Finance

- ▶ Primary challenge for FY18 is to work closely with Public Works (PW) to using the data from the Water and Sewer Rate Study to determine future rate increases required to meet operating and infrastructure needs and to complete the residential water meter change-out program.

Community Development

- ▶ Implementing goals and priorities set by Village Board and committees, while meeting increases in demand for service by public and the development community within budget(i.e., ensuring we can deliver on the permits customers are seeking or already paid for).
- ▶ Implementation of technology enhancements
- ▶ Supervision of new construction.

Challenges Facing the Village

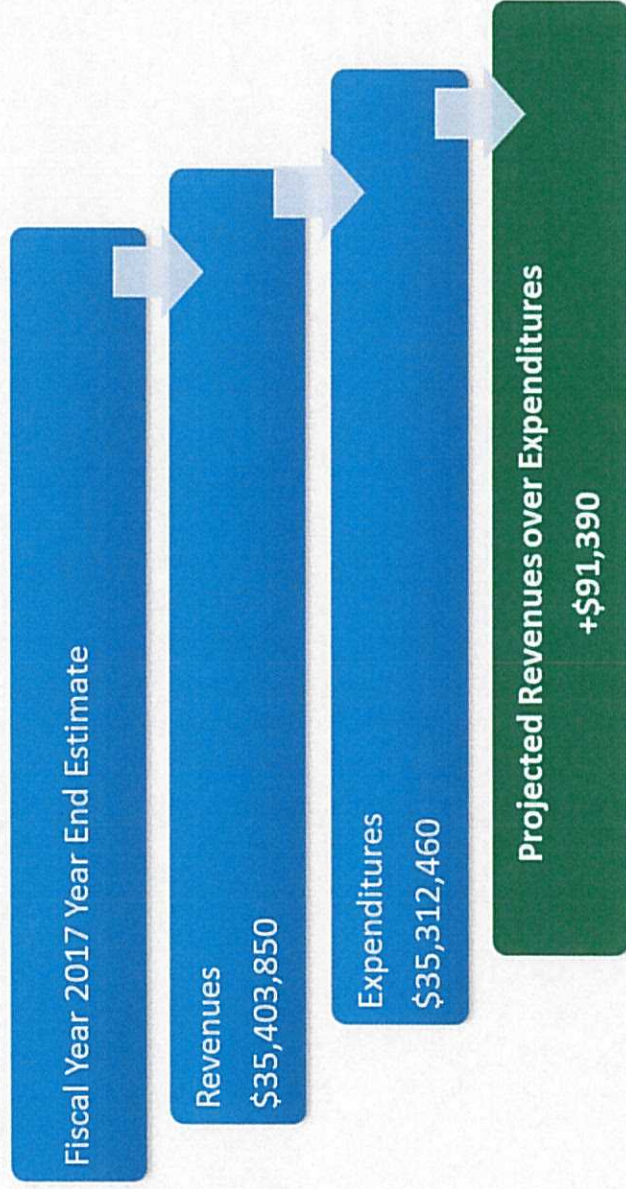
Police Department

- ▶ Finding ways to improve efficiencies through existing or new resources in order to reduce costs.
- ▶ Prepare and budget for the countywide initiative for a new CAD/RMS program.
- ▶ **Fire Department**
- ▶ Addressing unfunded mandates from Federal, State, and County levels.
- ▶ Development and training of a relatively young group of officers and fire fighters
- ▶ Developing collaborative and equitable mutual aid relationships with our neighboring communities.

Public Works

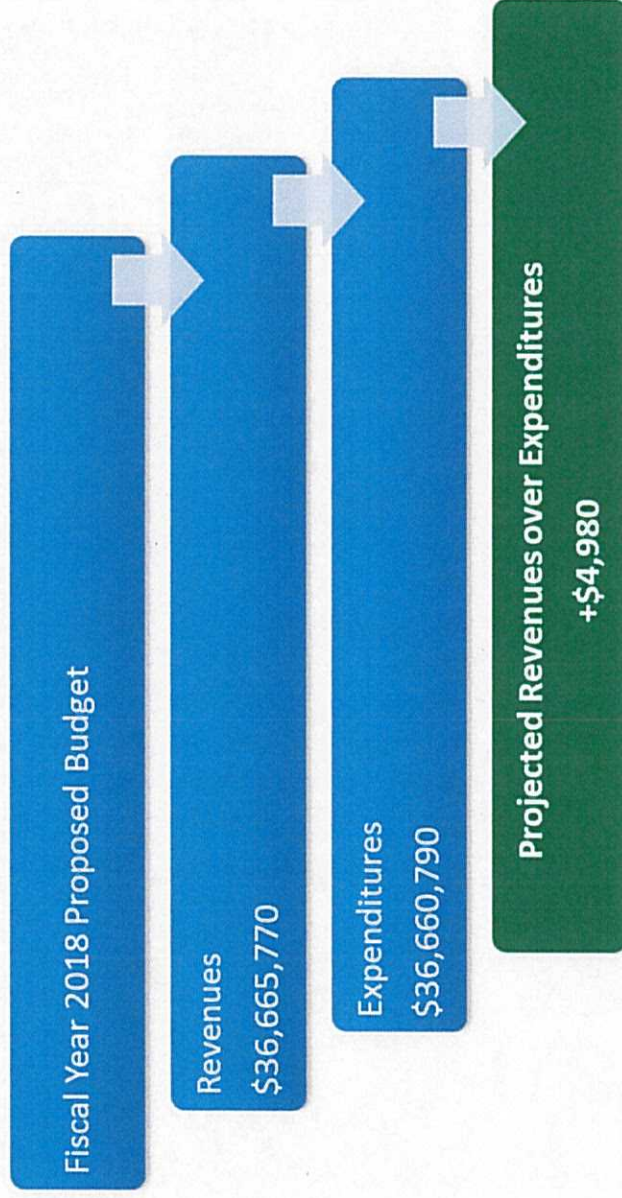
- ▶ Implementation of the Asset Management System and the continued ability to cost effectively provide services to the community given increased unfunded mandates and regulations.
- ▶ Provide information to residents on the Lead Abatement in Potable Water Act .
- ▶ Level of maintenance that is required to maintain the Village's aging facilities.

FY17 General Fund Year End Estimate (as of August 2017)



The actual year-end revenues over expenses will be distributed into the reserves for Emergencies, Revenue Stabilization, Building, and Pension Stabilization in accordance with the Year-end General Fund Reserve Maintenance Policy.

FY18 General Fund Proposed Budget (as of August 2017)



The proposed 2018 revenue includes an additional \$350,000 for Places for Eating Tax in the General Fund. The proposed expenses include a permanent reduction of \$350,000.

All Funds – Fiscal Year 2018 Proposed Budget

- ▶ The FY 2018 budget totals \$91,339,870, a decrease of \$11,542,680 (-11.22%) when compared with the FY 2017 year end estimated expenditures of \$102,882,550.
- ▶ The Roosevelt Road Watermain Lining was completed in FY 2016 & 2017 using IEPA loans. These expenses are not in FY 2018.

Description	FYE 2018 Proposed Total	FYE 2017 YE Estimate Total	Difference 17YE Est to 18 Proposed	% Increase
101 General Fund	44,801,360	42,575,580	2,225,780	5.23%
310 Debt Service Fund	344,000	519,430	(175,430)	-33.77%
410 Construction Fund	3,350,960	5,911,900	(2,560,940)	-43.32%
415 Grant Fund - Capital	150,000	-	150,000	50.20%
420 Motor Fuel Tax Fund	1,800,000	1,198,430	601,570	-47.75%
430 Facilities Fund	289,000	553,060	(264,060)	-7.69%
440 TIF Downtown Fund	1,735,440	1,879,920	(144,480)	-92.53%
441 TIF 1 - West of Grace St	560	7,500	(6,940)	0.00%
442 TIF2 - East of Grace St	5,650	5,650	-	-23.28%
Total Capital Projects Funds	7,331,610	9,556,460	(2,224,850)	
510 W/S Operation and Maintenance	16,741,620	16,300,900	440,720	2.70%
520 W/S Capital Reserve Fund	11,145,200	23,239,230	(12,094,030)	-52.04%
530 Parking System Fund	175,940	260,770	(84,830)	-32.53%
Total Enterprise Funds	28,062,760	39,800,900	(11,738,140)	-29.49%
610 Fleet Services Fund	1,190,750	1,136,850	53,900	4.74%
615 Fleet Services Reserve Fund	833,700	790,700	43,000	5.44%
Total Internal Service Funds	2,024,450	1,927,550	96,900	5.03%
710 Police Pension Fund	4,705,510	4,696,270	9,240	0.20%
720 Firefighters' Pension Fund	4,070,180	3,806,360	263,820	6.93%
Total Pension Trust Funds	8,775,690	8,502,630	273,060	3.21%
All Funds	91,339,870	102,882,550	(11,542,680)	-11.22%

All Funds – Fiscal Year 2018 Proposed Revenues

▶ The FY 2018 budget is based upon projected revenue from taxes, fees, and other sources totaling \$101,087,720. This represents a decrease of \$2,183,970 (-2.11%) when compared with FY 2017 year end estimated revenue of \$103,271,690.

Description	FYE 2018 Proposed Total	FYE 2017 YE Estimate Total	Difference 17YE Est to 18 Proposed	% Increase
101 General Fund	44,856,590	43,398,130	1,458,460	3.36%
310 Debt Service Fund	755,950	654,510	101,440	15.50%
410 Construction Fund	4,184,050	1,375,270	2,808,780	204.23%
415 Grant Fund - Capital	150,000	-	150,000	0.00%
420 Motor Fuel Tax Fund	1,000,000	1,000,000	-	0.50%
430 Facilities Fund	573,710	570,850	2,860	1.64%
440 TIF Downtown Fund	1,829,670	1,800,230	29,440	3.01%
441 TIF 1 - West of Grace St	55,870	54,240	1,630	4.00%
442 TIF2 - East of Grace St	264,240	254,080	10,160	59.41%
Total Capital Projects Funds	8,057,540	5,054,670	3,002,870	
510 W/S Operation and Maintenance	16,990,230	16,587,460	402,770	2.43%
520 W/S Capital Reserve Fund	13,450,880	20,773,620	(7,322,740)	-35.25%
530 Parking System Fund	226,500	226,500	-	0.00%
Total Enterprise Funds	30,667,610	37,587,580	(6,919,970)	-18.41%
610 Fleet Services Fund	1,190,770	1,214,020	(23,250)	-1.92%
615 Fleet Services Reserve Fund	1,471,730	1,288,750	182,980	14.20%
Total Internal Service Funds	2,662,500	2,502,770	159,730	6.38%
710 Police Pension Fund	7,312,220	7,363,930	(51,710)	-0.70%
720 Firefighter Pension Fund	6,775,310	6,710,100	65,210	0.97%
Total Pension Trust Funds	14,087,530	14,074,030	13,500	0.10%
All Funds	101,087,720	103,271,690	(2,183,970)	-2.11%

General Fund - Fiscal Year 2018 Proposed Operating Budget

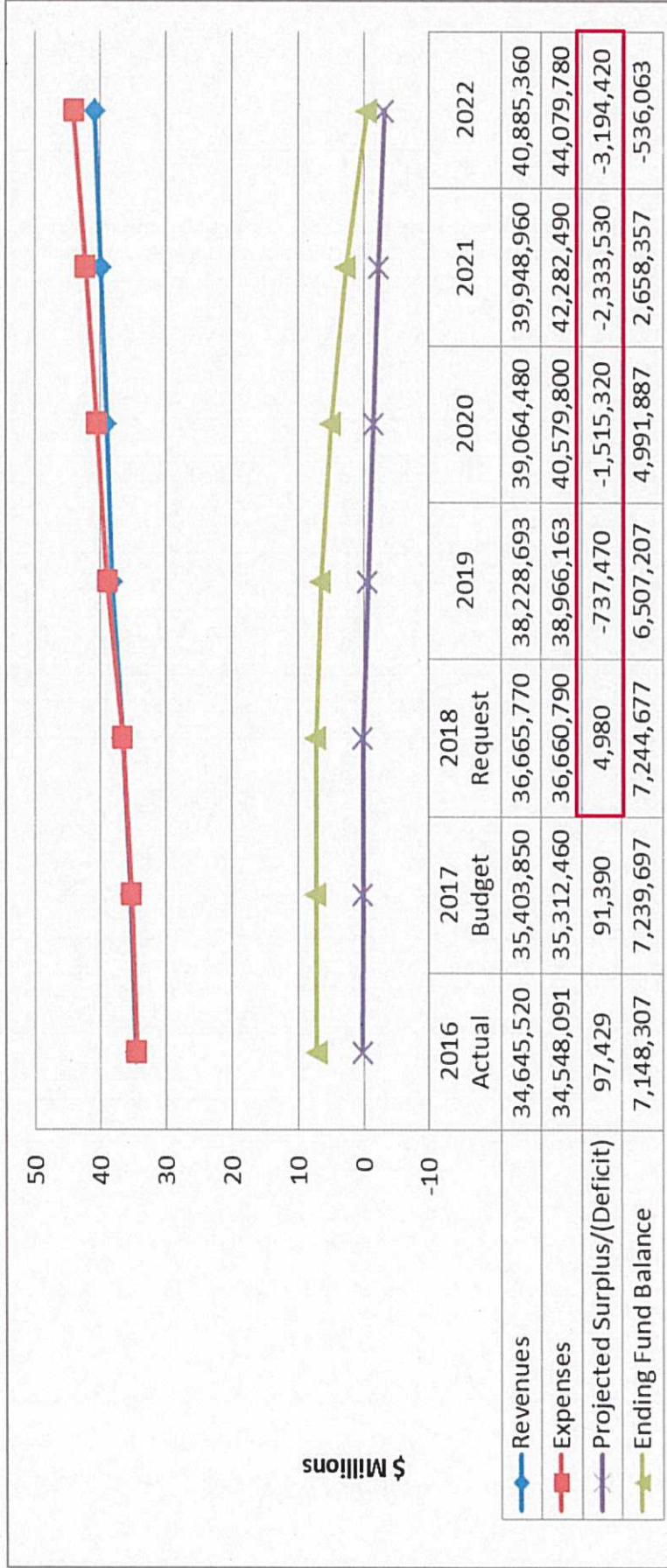
- ▶ **Fiscal Year 2018 (January 1st to December 31st)**
 - ▶ Total proposed expenditures for FY 2018 are \$44,801,360. This represents an increase of \$2,225,780 (5.23%) when compared with the FY 2017 year end estimated expenditures of \$42,575,580.
 - ▶ Total proposed revenue for FY 2017 is \$44,856,590. This represents an increase of \$1,458,460 (3.36%) when compared with FY 2017 year end estimated revenue of \$43,398,130.
- ▶ **Primary increase in FY 2018 expenses compared to 2017 FYE Est**
 - ▶ Wages and Health Insurance increased \$417,512 or 2.19%
 - ▶ Economic Incentives increased \$245,200 or 2,554.17%
 - ▶ Transfer to Fleet increased \$255,930 or 31.45%
- ▶ **Primary increase in FY 2018 revenues compared to 2017 FYE Est**
 - ▶ An additional \$350,000 of the increase in the Places for Eating Tax revenues will be used in the General Fund in FY 2018 for operations. The remaining increase of \$450,000 will be placed in the Long Range Plan Fund.
 - ▶ A conservative increase of \$334,280 for Emergency Medical Service fees is projected to capture the January 1, 2018 increase to the ambulance billing rates.
 - ▶ \$524,230 is attributed to the incentive agreements with Mariano's and Thornton's

Water/Sewer Fund - Fiscal Year 2018

Proposed Operating Budget

- ▶ **Fiscal Year 2018 (January 1st to December 31st)**
 - ▶ Total proposed expenditures for water and sewer operations are \$16,741,620. This represents an increase of \$440,720 (2.70%) compared with the FY17 estimated expenditures of \$16,300,900.
 - ▶ Total proposed revenues for water and sewer operations are \$16,990,227. This represents an increase of \$402,767 (2.43%) compared with the FY17 estimated revenues of \$116,587,460.
 - ▶ The increase to the Water & Sewer rate from \$14.60 in FY16 to \$14.90 in FY17 is the primary reason for increased revenues.
 - ▶ A water rate increase of \$0.30 per 1,000 gallons is recommended beginning January 1, 2018. The reason for the rate increase is due to underreporting by aged and slow meter readings. After a sampling of residential meters, the tests indicated that the meters used in Lombard residential homes, on average, were found to have underreported the amount of water used by 6.3%. In addition, DuPage Water Commission increased its total water rate by 1.67% in FY 2017-2018. The increase for Glenbard Wastewater is 2.18% compared to 2016 actual expenses.

Current 2018-2022 Multi-Year Financial Forecast



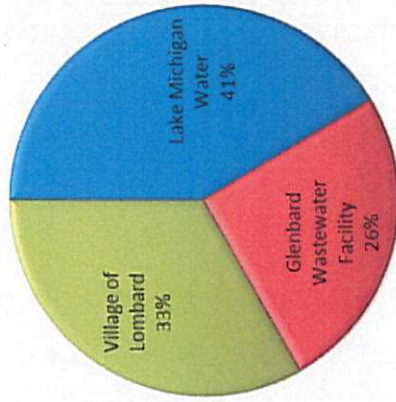
CURRENT 5 YEAR PROJECTION

Assuming a 0% increase to the sales tax starting in FY19; with an additional \$350,000 Places For Eating Tax from Long Range Plan Fund allocated to General Fund and Expenditure Reduction of \$350K in 2017

The 5-Year Multi-Year Financial Forecast projects an estimated deficit of \$737K in 2019, \$1.5M in 2020, \$2.3M in 2021, and \$3.2M in 2022.

Budget projections (FY17 and beyond) do not include increased sales/places for eating tax for new developments - Sam's Club, Yard House, etc. A conservative estimate is included in 2018 and beyond for Mariano's and Thornton's.

Where Does My Money Go?



Distribution of the Water & Sewer Revenue \$14.90/per 1000 gals

Lake Michigan Water	\$	6.17
Glenbard Wastewater Facility	\$	3.79
Village of Lombard	\$	4.95
Total	\$	14.90

- The FY 2018 Proposed Water & Sewer Rate is \$14.90 per 1,000 gallons.
- The Village of Lombard would receive \$4.95 per 1,000 gallons for operating and maintenance activities and capital improvements.

- For the average residential customer that uses 5,000 gallons/month, this increase of \$0.30 will cost an additional \$1.50 per month.
- Below is a breakdown of the \$0.30/1000 gallons of water rate increase
 - \$0.15 (DuPage Water Commission)
 - \$0.07 (Glenbard Wastewater Authority)
 - \$0.08 (Village of Lombard)
 - \$0.30
- Over the past few years a sample of residential water meters were tested for accuracy. These tests showed significant inaccuracies between the water used vs. amount billed. Due to the underreporting of water usage, the Village of Lombard is losing approximately **\$440,000 per year**.
- Current residential meter test results show an accuracy of 93.7% (6.3% underreported).

Capital Improvement Program

- ▶ Fiscal Year 2018 (January 1st to December 31st)
- ▶ Expenditures for FY 2018-2027 C.I.P. are proposed at \$154,538,408
- ▶ Expenditures for FY 2018 are proposed at \$15,297,640

PROJECT CATEGORY	FY 2018
BIKEWAY AND PEDESTRIAN IMPROVEMENTS	\$ 2,494,000
COMMUTER PARKING FACILITIES	\$ 77,000
FACILITY MAINTENANCE & IMPROVEMENTS	\$ 479,000
PARKING LOT IMPROVEMENTS	\$ 53,000
PROFESSIONAL SERVICES	\$ 127,640
RIGHT-OF-WAY-MAINTENANCE & BEAUTIFICATION	\$ 368,000
SEWER/STORM WATER CONTROL IMPROVEMENTS	\$ 1,650,000
SIDEWALK IMPROVEMENTS	\$ 164,000
STREET CONSTRUCTION & MAINTENANCE	\$ 2,967,000
TRAFFIC SIGNAL & STREET LIGHTING IMPROVEMENTS	\$ 475,000
WATER SYSTEM IMPROVEMENTS	\$ 6,443,000
TOTAL FY 2018 CIP	\$ 15,297,640

*Note: Water System Improvements includes the Residential Water Meter Change Out Program using \$3,854,828 in IEPA Loans

Summary

- ▶ Intro/Process
- ▶ 2017 Highlights/2018 Challenges
- ▶ Proposed FY 2018 Budget
- ▶ Recognition
 - ▶ Finance Committee
 - ▶ Public Works Committee
 - ▶ Village Staff
- ▶ Questions/Comments