



**Village of Lombard  
Communications Plan  
Impacts of COVID-19 and 2021 Budget**

**Purpose of the Long Range Budget Plan**

The Lombard Village Board recently approved the budget for 2021. The Village continues to face long-term budget challenges due to mandatory expenses that are increasing faster than revenues. The COVID-19 pandemic has further negatively impacted tax revenues, which has additionally constrained the Village's budget and finances.

While the COVID-19 pandemic has created additional financial challenges, the Village remains steadfast in facing these challenges head on, while providing consistent and excellent core services.

**Goal**

The goals of this plan:

1. Educate the community and businesses to understand the Village's long-term budget deficit challenges
2. Communicate the additional budget impacts caused by the COVID-19 pandemic
3. To provide residents with confidence in the Village's financial standing and commitment to fiscal responsibility
4. To support a transparent reputation to residents, business owners, and stake holders
5. Educate community on the responsibility of the Village to provide core services vs. enhanced services

The objectives of this plan:

- Communicate to the majority of residents and business owners about the factors that contribute to a long-term budget deficit and how COVID-19 has impacted the Village's budget.
- Prepare public adequately for potential impacts and challenges
  - Village's past and ongoing expenditure reductions
  - Impact of decreased sales tax base due to COVID-19
  - Potential residential tax implications as detailed by Township and Assessor's Office
- Communicate the monthly and annual impact of the tax levy and water rate increase to the average homeowner.

**Audiences**

The audience this communications plan is directed toward includes:

1. All residents
2. All businesses
  - a. Restaurant owners and associations
    - i. Chamber of Commerce

- ii. Lombard Town Centre
  - iii. Yorktown Shopping Center
3. Village employees

#### **Media:**

1. External Media: (Lombardian, Suburban Life, Daily Herald, Tribune, etc.)
2. Village Media: Facebook, Twitter, Website
  - a. Website: [www.villageoflombard.org/budget](http://www.villageoflombard.org/budget)
    - i. Include press releases and FAQ for easy reference point
3. Radio/TV
4. Internal
  - a. Memo to Departments
  - b. FAQ distributed to Village employees
  - c. Village Manager Coffee

#### **Community Leaders:**

1. Mayor/Board of Trustees/Village Board Committees
2. Chamber of Commerce
3. Community Service Groups (Rotary, Kiwanis, Lions, etc.)
4. Lombard Town Centre

#### **Key Messages**

#### **2021 Budget Process**

- The 2021 Budget planning process began in 2019 and included extensive work by staff and committees before being considered by the Village Board. The 2021 Budget is balanced, however due to impacts of the COVID-19 pandemic, this effort required use of Village reserves.
- The Village remains focused on providing excellent core services including public safety provided by Police and Fire Departments; road, sewer, and water maintenance from Public Works; building and code enforcement from Community Development, and responsible long-term financial planning from the Finance Department.
- The Village has been taking significant steps to help close a long-term budget deficit for several years. This deficit is caused by increased costs related to unfunded State mandates, rising costs of pensions, worker's compensation costs, and general inflationary increases, all of which are beyond the Village's control.
- It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard receives 7.57% percent of property tax dollars, or 7.57 cents of each property tax dollar paid.

### **COVID-19 Impacts on 2020 Budget and Beyond:**

- The Village receives 35% of its budget from food, beverage, and sales tax combined. As a result of the COVID-19 Pandemic, the Village is predicting the following revenue shortfalls:
  - Sales Tax: 21% decrease in 2020 and 10% decrease in 2021
  - Places for Eating: 38% decrease in 2020 and 10% decrease in 2021
- As a result of decreased sales tax revenue, the Village estimates that the year-end 2020 deficit caused by the pandemic will be nearly \$2.43 million, with an additional 2021 deficit of \$539,000 in 2021. The Village Board has approved the use of Village reserve funds to help close this deficit.

### **Village Action to Face COVID-19 Impacts:**

The Lombard Village Board and staff remained committed to facing budget challenges head on. Some of the action taken to help offset Lombard's long-term budget deficit and additional deficits caused by COVID-19 include the following:

- The Village will save approximately \$661,000 in the General Fund in 2020 due to 11 vacated positions that have been frozen and remain unfilled. These positions will remain unfilled, saving an additional \$758,500 in 2021.
- Expenses that were previously approved for the 2020 budget have been cut by more than \$446,000.
- In 2019, the Village Board approved the allowance of cannabis dispensary facilities in Lombard. On August 20, 2020, the Village approved an application for a recreational cannabis facility to open at 738 E. Butterfield Rd. It is estimated that this facility may generate more than \$350,000 in tax revenue in 2021.
- The Village will continue to identify potential revenue enhancements, economic development options, and ways to improve efficiencies to continue to provide excellent core services to residents.
- The Village is able to raise property taxes by up to 5% each year or Consumer Price Index plus new growth (whichever is lesser) without a referendum. The annual increase funds public services from police, fire, community development, public works, finance and governance. Despite facing serious financial challenges, the Village does not wish to cause undue burden on tax payers and will be opting for a 3.52% increase, which translates to an increase of approximately \$6.73 for the owner of a \$300,000 home.

### **Water Rate Increase for 2021**

Effective January 1, 2021, the Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used. At that time, the cost of 1,000 gallons of water used will be \$15.70. Overall, for the

average residential customer that uses 5,000 gallons/month (73% of Lombard water customers), the increase will cost an extra \$2 per month.

### **Resident Property Tax Implications from York Township**

The Village has been notified by York Township of potential residential property tax implications, resulting from a reduced commercial tax base due to COVID-19 impacts.

- As a result of COVID-19 and prolonged economic impacts, the overall commercial tax base has declined. The York Township Assessor has identified that this may result in higher tax rates for individual homeowners and property owners.
- The York Township Assessor's Office determines the tax burden for most Lombard residential properties (not the Village of Lombard). In response to a negatively impacted tax base, the Assessor's Office has shared that they anticipate the potential of increased property tax impacts upon residential properties.
- Tax bills are based on two factors including:
  1. The equalized assessed value (EAV) of your property, and;
  2. The amount of money your local taxing districts require to operate during the coming year.
- This potential decline in the commercial tax base could mean higher tax amounts for residential property owners.