

ORDINANCE _____

BUDGET ORDINANCE FOR FISCAL YEAR 2021

WHEREAS, the Corporate Authorities of the Village of Lombard have heretofore deemed it to be in the best interest of the Village of Lombard to require a budget ordinance rather than an appropriation ordinance be passed pursuant to State Statute, 65 ILCS 5/8-2-9.1 et seq.; and

WHEREAS, the Corporate Authorities of the Village of Lombard has made the proposed annual budget available for public inspection at the Village Hall and at the Helen M. Plum Memorial Library for a period in excess of three weeks prior to final consideration of the proposed budget; and

WHEREAS, the Corporate Authorities of the Village of Lombard held a public hearing for the purpose of obtaining public comment on the proposed budget on November 5, 2020 and

WHEREAS, the Corporate Authorities have complied with all of the requirements of our local ordinances and State Statutes regarding compilation and contents of the budget.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

Section 1: That the proposed budget for the Village of Lombard for the fiscal year 2021, a copy of which is on file with the Village Clerk, in the total amount of EIGHTY NINE MILLION FIVE HUNDRED EIGHTY NINE THOUSAND TWO HUNDRED THIRTY TWO DOLLARS (\$89,589,232) of which FORTY THREE MILLION TWO HUNDRED FOURTEEN THOUSAND FIFTY DOLLARS (\$43,214,050) is for the General Fund, FIVE THOUSAND DOLLARS (\$5,000) is for Debt Service Fund, EIGHT MILLION ONE HUNDRED SEVENTY THREE THOUSAND NINE HUNDRED SEVENTY DOLLARS (\$8,173,970) is for Capital Projects Funds; TWENTY THREE MILLION FOUR HUNDRED SEVENTY THREE THOUSAND TWO HUNDRED NINETY TWO DOLLARS (\$23,473,292) is for Enterprise Funds, TWO MILLION SIX HUNDRED TWENTY NINE THOUSAND FOUR HUNDRED DOLLARS (\$2,629,400) is for Internal Service Funds, and TWELVE MILLION NINETY THREE THOUSAND FIVE HUNDRED TWENTY DOLLARS (\$12,093,520) is for Pension Trust Funds, a summary of which is attached hereto and marked as Exhibit "A", is hereby adopted and approved.

Section 2: That this ordinance shall be in full force and effect after the passage and publication pursuant to the laws of the State of Illinois and the Village of Lombard.

Ordinance No. _____
Budget Ordinance For Fiscal Year 2021
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Passed on first reading this ____ day of _____, 2020.

First reading waived by action of the Board of Trustees this ____ day of _____, 2020.

Passed on second reading this ____ day of _____, 2020.

Ayes: _____

Nays: _____

Absent: _____

Approved this ____ day of _____, 2020.

Keith Giagnorio
Village President

ATTEST:

Sharon Kuderna
Village Clerk

APPROVED AS TO FORM:

Thomas P. Bayer
Village Attorney

EXHIBIT A

VILLAGE OF LOMBARD
SUMMARY OF EXPENDITURES BY FUNCTION - ALL FUNDS
FYE 2021

Description	Personal Services	Commodities	Contract Services	Other Expenses	Debt Service	Property	Other Financing Uses	FYE 2021 Proposed Total	FYE 2020 YE Estimate Total	FYE 2019 Actual Total
101 General Fund	25,123,865	1,864,527	16,222,658	3,000	-	-	-	43,214,050	41,483,700	46,001,131
310 Debt Service Fund	-	-	-	-	5,000	-	-	5,000	5,000	345,100
410 Construction Fund	-	-	1,743,100	-	-	-	-	1,743,100	3,384,980	4,625,911
415 Grant Fund - Capital	-	-	750,000	-	-	-	-	750,000	476,650	-
420 Motor Fuel Tax Fund	120,000	230,000	2,063,800	-	-	-	-	2,413,800	3,035,550	350,579
430 Facilities Fund	-	-	153,000	-	-	-	-	153,000	229,000	821,824
432 Building Reserve Fund	-	-	35,420	-	-	-	-	35,420	26,570	35,617
440 TIF Downtown Fund	-	-	2,919,710	-	-	-	-	2,919,710	2,134,550	1,794,637
441 TIF 1 - West of Grace St	-	-	1,360	-	-	-	-	1,360	1,360	11,748
442 TIF2 - East of Grace St	-	-	940	-	-	-	-	940	940	757
443 TIF4 - Butterfield/Yorktown	-	-	156,640	-	-	-	-	156,640	178,910	49,350
Total Capital Projects Funds	120,000	230,000	7,823,970	-	-	-	-	8,173,970	9,468,510	7,690,422
510 W/S Operation and Maintenance	3,572,010	7,465,630	6,190,262	-	-	-	399,130	17,627,032	17,157,770	17,383,156
520 W/S Capital Reserve Fund	-	-	3,736,600	-	1,989,840	-	-	5,726,440	6,786,100	6,262,415
530 Parking System Fund	26,510	2,500	87,090	-	-	-	3,720	119,820	529,740	165,012
Total Enterprise Funds	3,598,520	7,468,130	10,013,952	-	1,989,840	-	402,850	23,473,292	24,473,610	23,810,583
610 Fleet Services Fund	500,120	554,290	116,990	-	-	-	-	1,171,400	1,083,450	1,083,011
615 Fleet Services Reserve Fund	-	160,000	-	-	-	1,298,000	-	1,458,000	1,317,000	1,471,453
Total Internal Service Funds	500,120	714,290	116,990	-	-	1,298,000	-	2,629,400	2,400,450	2,554,465
710 Police Pension Fund	6,710,520	-	316,500	-	-	-	-	7,027,020	6,906,500	5,687,177
720 Firefighters' Pension Fund	4,860,000	-	206,500	-	-	-	-	5,066,500	4,826,620	3,926,870
Total Pension Trust Funds	11,570,520	-	523,000	-	-	-	-	12,093,520	11,733,120	9,614,047
All Funds	40,913,025	10,276,947	34,700,570	3,000	1,994,840	1,298,000	402,850	89,589,232	89,564,390	90,015,747

VILLAGE OF LOMBARD
SUMMARY OF REVENUES BY SOURCE - ALL FUNDS
FYE 2021

Description	Taxes	Licenses and Permits	Inter-Government Revenues	Charges for Services	Fines and Forfeits	Misc Revenues	FYE 2021 Proposed Total	FYE 2020 YE Estimate Total	FYE 2019 Actual Total
101 General Fund	35,978,230	1,066,400	302,700	4,998,350	726,820	692,890	43,765,390	38,138,780	47,457,329
310 Debt Service Fund	5,000	-	-	-	-	5,000	10,000	10,000	18,605
410 Construction Fund	3,600,000	-	-	12,500	-	30,000	3,642,500	1,620,960	4,011,712
415 Grant Fund - Capital	-	-	750,000	-	-	-	750,000	476,650	-
420 Motor Fuel Tax Fund	1,500,000	-	-	-	-	30,000	1,530,000	1,537,580	1,528,110
430 Facilities Fund	488,000	-	-	1,400	-	5,000	494,400	413,610	562,047
432 Building Reserve Fund	-	-	-	-	-	-	-	-	1,324,980
440 TIF Downtown Fund	2,486,280	-	-	-	-	-	2,486,280	1,991,340	2,190,514
441 TIF 1 - West of Grace St	146,090	-	-	-	-	-	146,090	146,090	69,796
442 TIF2 - East of Grace St	343,230	-	-	-	-	-	343,230	330,030	371,822
443 TIF4 - Butterfield/Yorktown	373,290	-	-	-	-	-	373,290	373,290	38,003
Total Capital Projects Funds	8,936,890	-	750,000	13,900	-	65,000	9,765,790	6,889,550	10,096,985
510 W/S Operation and Maintenance	-	-	-	17,447,020	-	183,250	17,630,270	17,173,320	17,512,257
520 W/S Capital Reserve Fund	3,700,000	-	-	2,585,000	-	50,000	6,335,000	6,577,000	6,811,730
530 Parking System Fund	-	89,080	-	-	10,200	5,000	104,280	54,670	257,117
Total Enterprise Funds	3,700,000	89,080	-	20,032,020	10,200	238,250	24,069,550	23,804,990	24,581,105
610 Fleet Services Fund	-	-	-	1,122,310	-	50,750	1,173,060	1,179,560	1,062,405
615 Fleet Services Reserve Fund	-	-	-	1,204,150	5,000	272,000	1,481,150	1,580,470	1,721,972
Total Internal Service Funds	-	-	-	2,326,460	5,000	322,750	2,654,210	2,760,030	2,784,378
710 Police Pension Fund	-	-	-	3,189,450	-	5,908,710	9,098,160	8,681,890	14,921,255
720 Firefighter Pension Fund	-	-	-	2,525,710	-	5,427,060	7,952,770	7,574,110	13,456,287
Total Pension Trust Funds	-	-	-	5,715,160	-	11,335,770	17,050,930	16,256,000	28,377,542
All Funds	48,620,120	1,155,480	1,052,700	33,085,890	742,020	12,659,660	97,315,870	87,859,350	113,315,943



**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
 - 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.

2021 Budget FAQ

How was the Village's 2021 Budget created?

The 2021 Budget planning process began in 2019 and included extensive work by staff and committees before being considered by the Village Board. The process included a Public Works and Environmental Concerns Committee meeting to review the 2021-2030 Capital Improvement Program, six meetings with the Finance and Administration Committee to discuss the Fiscal Year 2021 budget and provide recommendation to the Board of Trustees, and a Village Board of Trustees budget workshop to review the 2021 proposed budget. The 2021 Budget is balanced, however due to impacts of the COVID-19 pandemic, this effort required use of Village reserves.

What is the Village's 2021 Budget?

The 2021 budget projects Village revenues in all funds to total \$97,315,870 with overall expenditures to total \$89,589,232. The overall proposed 2021 Budget provides funding for day-to-day operations and maintenance, grants, insurance, pensions, legal obligations, fleet, water and sewer operations, facilities and infrastructure (capital improvement program budget). The portion of the Village of Lombard's budget for day-to-day operating and maintenance costs is called the General Fund Budget.

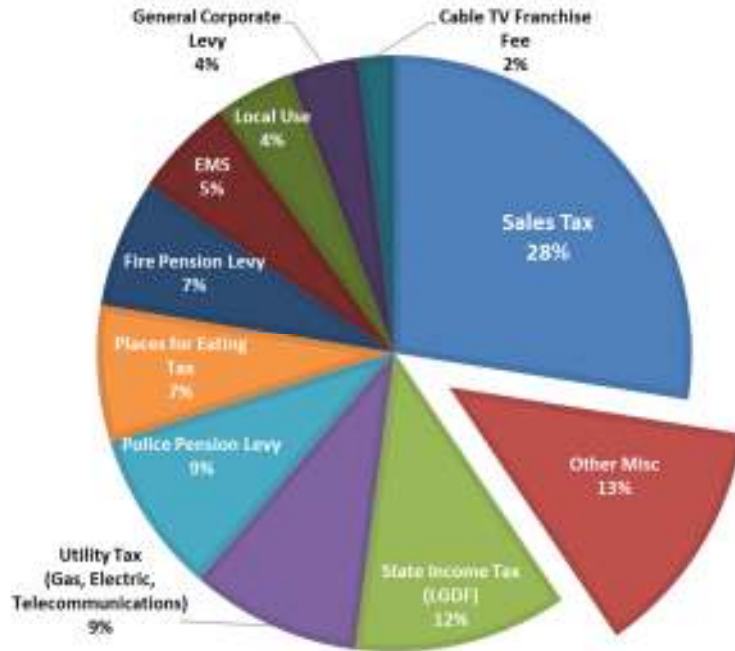
Both the Proposed 2021 Budget and 2021-2030 Capital Improvement Plan are available at www.villageoflombard.org/budget.

2021 General Fund Budget

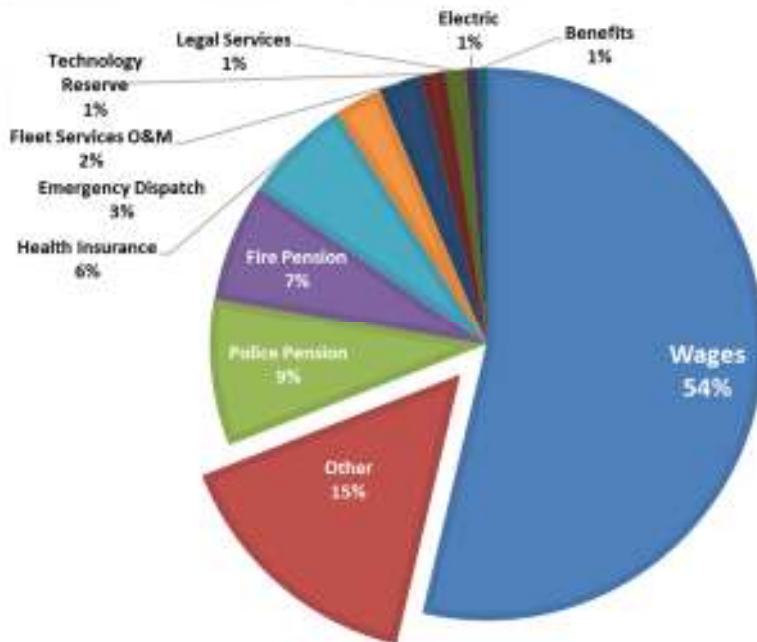
The General Fund dollars are used to support core services that include public safety provided by Police and Fire Departments; building and code enforcement from Community Development; responsible administrative oversight; and roads, forestry and infrastructure maintenance from Public Works.

- Revenues of \$36,335,730 are projected to be down \$985,050 (2.64%) compared to the 2020 approved budget of \$37,320,780.
- Expenses of \$36,874,537 are projected to be down \$446,245 (1.20%) compared to the 2020 approved budget of \$37,320,782.
- The Village will save approximately \$661,000 in the General Fund in 2020 due to 5 full-time and 6 part-time vacated positions that have been frozen. These positions will remain frozen in 2021 budget for an additional savings of \$758,500.
- 2021 includes new revenue for Local Cannabis Sales Tax (\$270K), Cannabis Use Tax (\$20K), and regular Sales Tax on Cannabis (\$70K)
- The charts on the following page provide an overview of both the 2021 General Fund Expenses and Projected Revenues.

Top 10 General Fund 2021 Revenues: The Top 10 General Fund revenues account for 87% of all General Fund revenue sources.



Top 10 General Fund 2021 Expenses: Combined wages and benefits (pensions, health and life insurance, uniforms, and tuition reimbursement) make up 77% of all General Fund operating expenses.



How did COVID-19 Impact the 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:

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- 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.

What Actions did the Village Take 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:

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- 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.

Are My Property Taxes Going to Increase?

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. 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.

In addition, 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.

Reduced 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:
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- This potential decline in the commercial tax base could mean higher tax amounts for residential property owners.

What is the 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.

You said that increases are required due to unfunded State mandates. What are those mandates?

According to the Illinois Municipal League (IML), "Members of the General Assembly consider dozens of proposals each year that would impose new unfunded state mandates on cities, villages and towns in Illinois. These mandates are passed and enacted as a matter of routine. This report compiles a list of mandates that affect municipal governments."

The IML has compiled a 2019 report of unfunded State mandates. Please visit www.villageoflombard.org/unfunded-state-mandates to view the report.

Why can't the Village use funds raised from the Library tax increase?

It's important to remember that the Village, the Library, and the Park District are completely separate entities, with separate boards, and separate budgets. Similar to separate businesses, the Village does not control, and does not have access to, the revenues owned by a separate agency.

Where can I find more information or provide my feedback?

If you would like more information, please contact finance@villageoflombard.org or call (630)620-5910.