MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: October 20, 2022

Subject: Proposed 2023 Budget

Attached are presentations on the Proposed 2023 Budget that staff will review with the Committee. Also attached are drafts of the communications plan and FAQ's for the budget and tax levy that will also be reviewed with the Committee. The full version of the Proposed Budget can be found on the Village's website at www.villageoflombard.org/budget.

Staff is requesting the Finance and Administrations Committee's recommendation of the Proposed 2023 Budget to the Village Board of Trustees for their consideration.

2023 Budget
General Fund Overview

September 2022

Trustee Andrew Honig

Scott Niehaus, Village Manager

Tim Sexton, Director of Finance

STAY THE COURSE

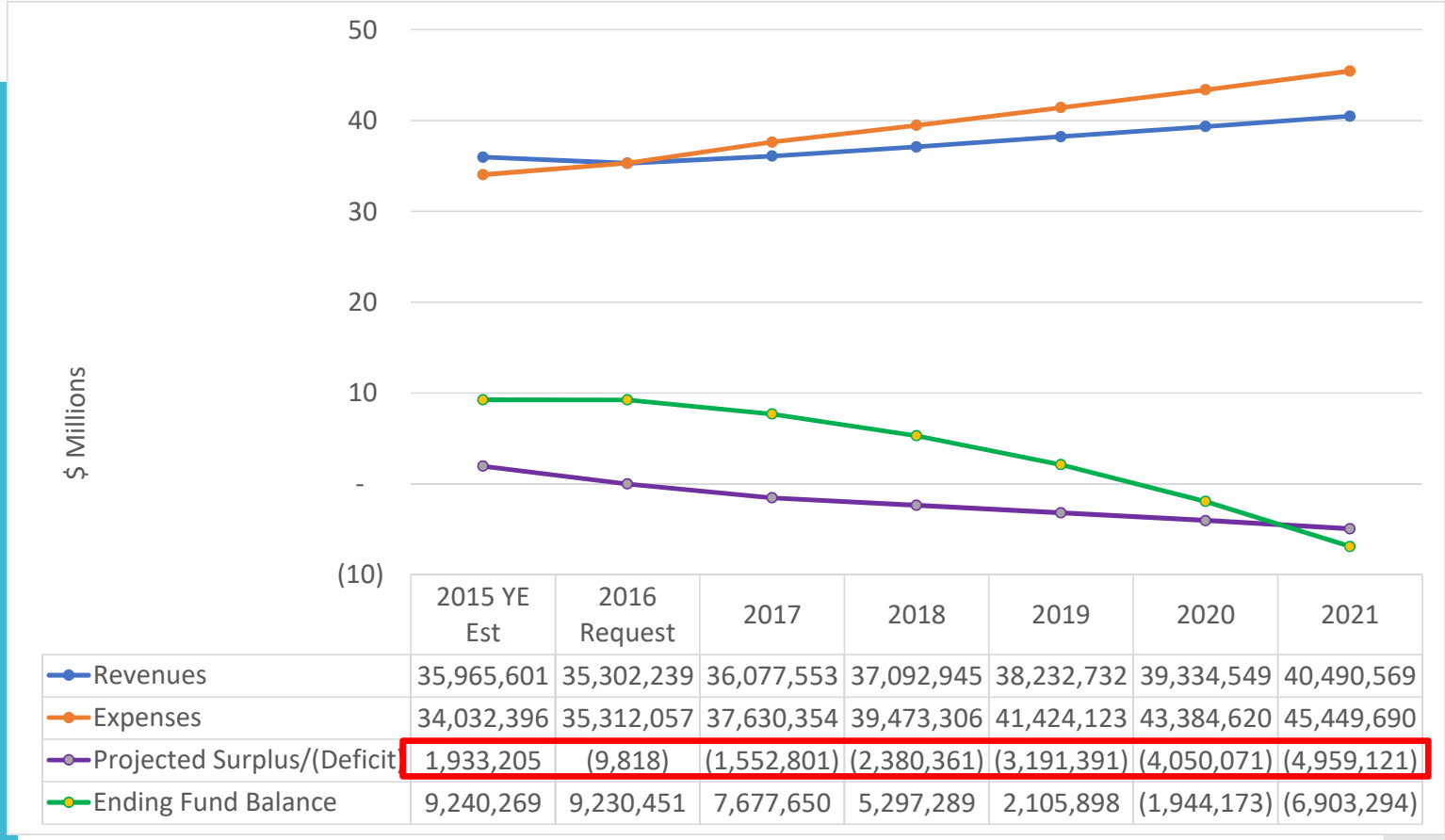


AGENDA – GENERAL FUND

- Revenue & Expenditure Assumptions
- Recap of Long Range Plan
- Policy Considerations
- Look to the Future
- Summary

2016 LONG RANGE PLAN

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	2015 YE Est	2016 Request	2017	2018	2019	2020	2021
Revenues	35,965,601	35,302,239	36,077,553	37,092,945	38,232,732	39,334,549	40,490,569
Expenses	34,032,396	35,312,057	37,630,354	39,473,306	41,424,123	43,384,620	45,449,690
Projected Surplus/(Deficit)	1,933,205	(9,818)	(1,552,801)	(2,380,361)	(3,191,391)	(4,050,071)	(4,959,121)
Ending Fund Balance	9,240,269	9,230,451	7,677,650	5,297,289	2,105,898	(1,944,173)	(6,903,294)

- **April 2016: Initial budget forecast 2017-2021 projected a deficit of $4.959M for 2021**
- **Sept 2022: Projected revenue over expense = $2,411,020 for 2023 Budget**

2016 LONG RANGE PLAN

STAY THE COURSE

- **Many tough decisions were made by the Village Board since 2016**
  - **Elimination of 9 Full-Time and 12 Part-Time positions**
  - **Elimination or reduction of Enhanced Services Programs and equipment identified below**
  - **Overall, there have been cumulative budget reductions of over $10.1 million since 2017**

Eliminated/Reduced Funding of Enhanced Services, Programs, Equipment
2017
Eliminated Taxi Subsidy Program
Reduced lobbyist contract by half
Reduced janitorial services at Village facilities
Reduced Pride newsletters from bi-monthly to quarterly
Extended lives of Starcom radios for Police and Fire
2018
Eliminated Code Red emergency notification system
Reduced Meals on Wheels contribution
Closed Police Department lobby overnight
2019
Eliminated 2 police vehicles
Eliminated one Battalion Chief vehicle
Eliminated lobbyist contract
Eliminated Free Curbside Brush Collection
Stopped waiving Building Permit fees for other governmental entities
Reduced Fire Public Education by eliminating the preschool program
Reduced the number of pages in the Pride newsletter from 12 to 8 and publish only 3 newsletters annually instead of 4

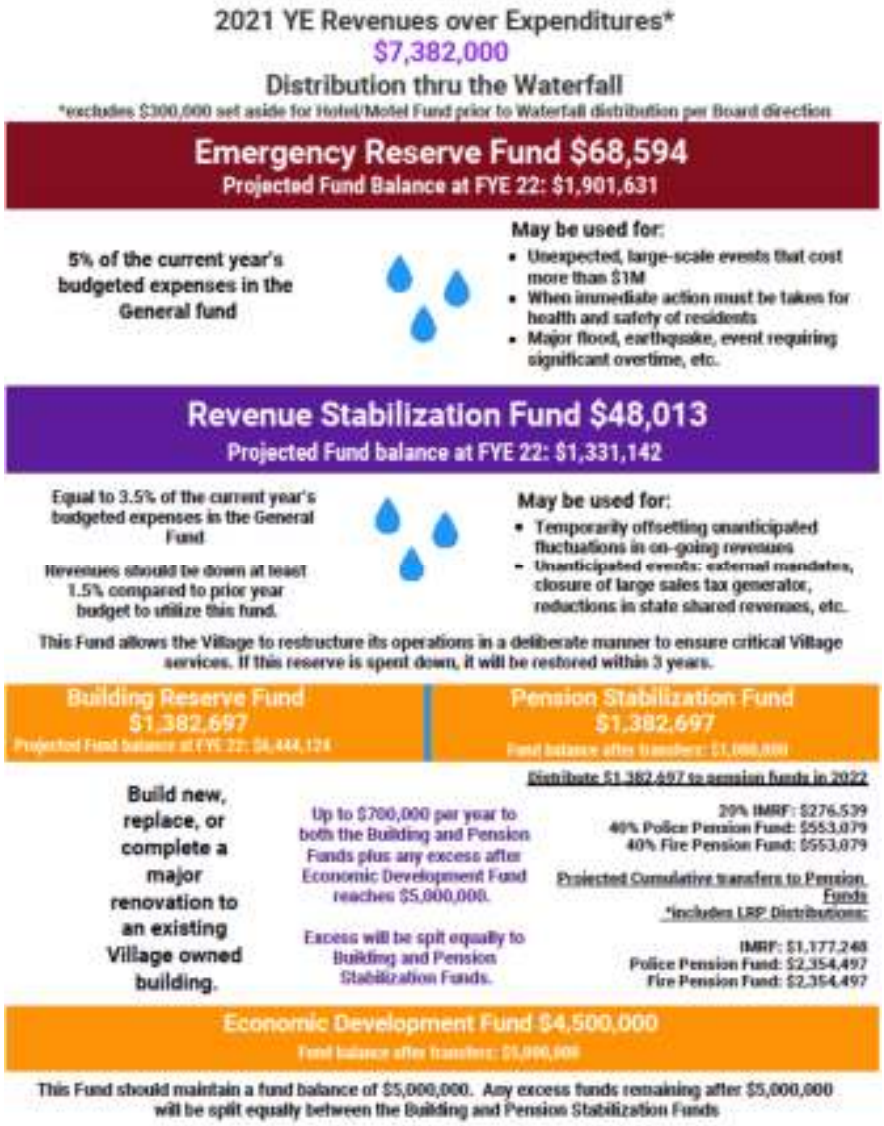
2016 LONG RANGE PLAN

STAY THE COURSE

- **Back in 2016, the Village prioritized the following as part of its Long Range Plan waterfall:**
  - **Establishing sufficient reserves for unforeseen circumstances and tough financial times**
  - **Allocate any remaining revenues over expenditures to two main priorities: future building needs and net pension liabilities**
  - **Buildings – Major renovation to aging buildings or new buildings**
  - **Current net pension liabilities (assets) as of 12/31/21:**
    - **IMRF - $(11.1) million (overfunded)**
    - **Police Pension - $33.0 million**
    - **Fire Pension - $18.4 million**
    - **Total Pension Liabilities as of 12/31/21 - $40.3 million**
    - **As of the end of August, net pension liabilities have likely grown by approximately $35-$40 million based on market returns in the first 8 months of 2022 ($250 million in assets x -15% investment loss)**

2016 LONG RANGE PLAN

STAY THE COURSE



Budget Summary

General Fund Only	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	$ Over/Under 2022 YE Estimate	% Over/Under 2022 YE Estimate
Revenues	$44,915,277	$38,928,410	$46,428,310	$42,204,960	$3,276,550	8.42%	($4,223,350)	-10.01%
Expenses	$40,247,612	$38,032,617	$38,170,485	$39,793,940	$1,158,080	3.14%	$1,623,455	3.14%
Projected Revenues less Expenses	$4,667,665	$895,793	$8,257,825	$2,411,020				

Revenues:
FY21 Actual and FY22 Estimated both include $3,014,479 of ARPA $

Expenses:
FY 22 Estimate and FY 23 Budget does not include transfers to "waterfall"

Caution:

- Revenues have surged over the last 18 months at a level not seen in the last 20 years.
- There is significant uncertainty what revenues will do in 2023 and beyond, specifically LGDF (Income Tax) and Sales Tax
- The Revenues over Expenditures estimate of $2.4 million could change significantly

Budget Summary – Major Revenue Increases in 2022

	2022 Amended Budget	2022 Estimated Amount	Increase 2022 Estimate Over 2022 Budget		2023 Budgeted Revenues	2023 Budget Compared to 2022 Estimated Amount	
Personal Property Replacement Tax	$170,000	$466,490	$296,490		$376,490	($90,000)	
Sales Tax	$10,627,160	$12,274,460	$1,647,300		$12,274,460	$0	
State Income Tax (LGDF)	$4,778,570	$6,288,730	$1,510,160	**	$5,259,860	($1,028,870)	**
Places for Eating Tax	$2,902,910	$3,328,240	$425,330		$3,394,800	$66,560	
Natural Gas Utility Tax	$573,320	$891,570	$318,250		$864,820	($26,750)	
Total Excl ARPA			$4,197,530			($1,079,060)	
ARPA Funds		$3,014,000	$3,014,000				
Total Incl ARPA			$7,211,530			($1,079,060)	

** Prior to pandemic, previous high for Income Tax (LGDF) was $4.69 million in 2015

FY 2023 Revenue & Expenditure Assumptions

- Attachment A: Top 10 General Fund Revenues Assumptions
- Attachment B: Top 10 General Fund Expense Assumptions

Top 10 FY 2023 General Fund Revenues

ATTACHMENT A: Top 10 FY23 General Fund Revenues Assumptions

	2020 Actual	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Revenues	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	Assumptions/Comments
Sales Tax	$10,121,107	$12,187,918	$10,627,160	$12,274,460	$12,274,460	$1,647,300	15.50%	The new online sales tax legislation kicked in on January 1, 2020, which is estimated to have increased this revenue by about 5%. Beyond that, inflation has caused higher prices on just about everything, including vehicles, food gas, etc. This has led to increased sales tax.
State Income Tax (LGDF)	$4,778,574	$5,886,220	$4,778,570	$6,268,730	$5,259,860	$481,290	10.07%	Prior to the pandemic, the high for this revenue was $4.68M in 2015. It is estimated that 2022 will be approximately $6.3M. However, this revenue is very likely to drop some in future years. The state's budget challenges continue to be a concern for this revenue as well.
Places for Eating Tax	$1,936,987	$2,934,815	$2,902,910	$3,328,240	$3,394,800	$491,890	16.94%	PPE appears back to pre-pandemic levels, on an overall $ level. However, this is likely due to significantly higher food costs, as many restaurants are still limited on seating and days open.
Utility Tax (Gas, Electric, Telecommunications)	$3,241,229	$3,305,037	$3,152,510	$3,354,360	$3,283,100	$130,590	4.14%	Due to the tripling of natural gas prices over the last year, consumer costs for electricity and natural gas will be increasing fairly significantly. On the electric side, the tax is based on usage, so this tax may decline as prices get more expensive. For natural gas, the tax is on total cost, so this tax has been higher as the prices went higher. Also, there continues to be a decline in Telecommunications Tax receipts, which is down about 65% from 12 years ago, and it is likely to continue to decrease in the near term.
Police Pension Levy	$3,021,462	$3,208,963	$3,299,960	$3,300,590	$3,243,210	($56,750)	-1.72%	Tax levy requests per Actuarial Valuation Report for the year ending 12/31/2021. This revenue is requested in the 2022 tax levy. While there were minimal changes this year, next year is likely to see significant increases based on investment losses sustained in 2022.
Fire Pension Levy	$2,489,046	$2,545,933	$2,462,380	$2,464,420	$2,588,170	$125,790	5.11%	

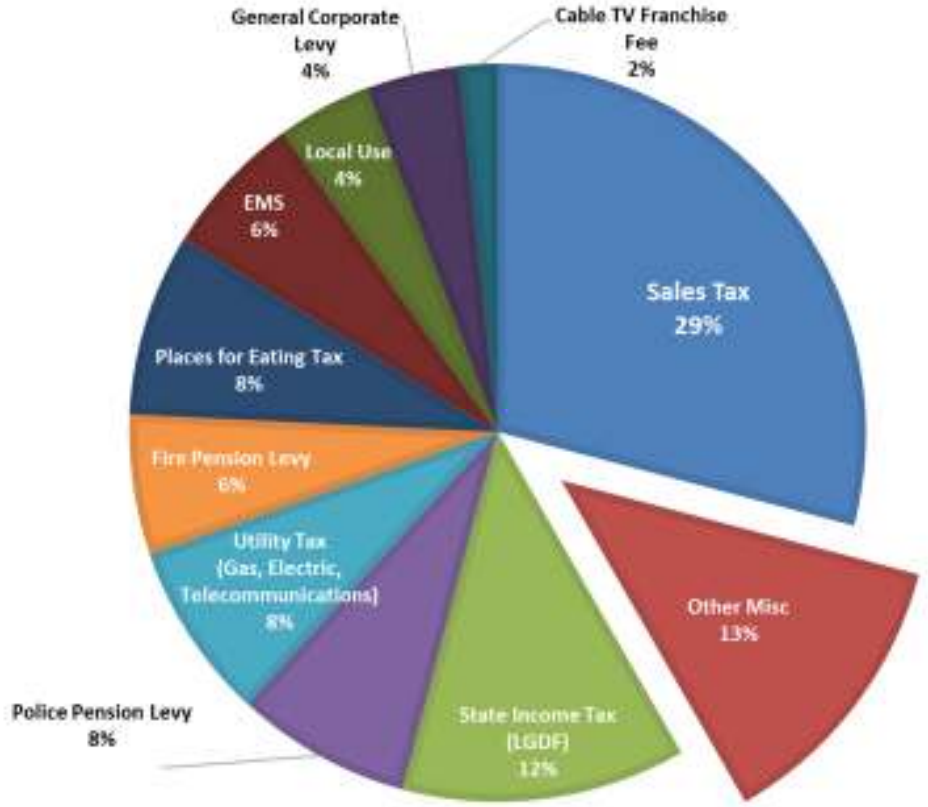
Top 10 FY 2023 General Fund Revenues

ATTACHMENT A: Top 10 FY23 General Fund Revenues Assumptions

	2020 Actual	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Revenues	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	Assumptions/Comments
EMS	$1,860,226	$2,383,738	$2,108,780	$2,647,200	$2,647,200	$538,420	25.53%	Based on 2021 revenue estimates. The Village started collecting Ground Emergency Medical Transportation (GEMT) payments in June 2020. This is a voluntary program that allows for the reimbursement of a portion of uncompensated costs for Medicaid ambulance services. The total GEMT revenue received thus fare is: 2020 - $83,852; 2021 - $572,281; and through July 2022 - $506,987.
Local Use	$1,858,836	$1,735,529	$1,951,780	$1,826,860	$1,753,780	($198,000)	-10.14%	use tax. It is anticipated that this tax will continue a slow decline in the near term.
General Corporate Levy	$1,216,393	$1,363,135	$1,773,490	$1,753,490	$1,720,880	($52,610)	-2.97%	This year the General Corporate levy primarily increased due the 5.0% CPI increase for 2022 and projected new growth increase of 2.38%. The Pension funds are expected to continue to increase as the markets change and the General Corporate levy will once again be reduced and possibly eliminated.
Cable TV Franchise Fee	$705,920	$719,606	$658,520	$719,600	$711,600	$53,080	8.06%	The Village in the past received approximately $800,000 per year for Cable TV Franchise Fees. There have been recent developments in this area that suggest this revenue will likely decline fairly rapidly in the next several years. The reason it has stopped declining in the near term is there is now one additional satellite TV provider that started paying this fee about a year ago.
Total Top 10 Revenues	$31,229,780	$36,270,895	$33,716,060	$37,957,940	$36,877,060	$3,161,000	9.38%	2022 revenue growth is skewed in comparison to the 2021 Amended Budget which was impacted by the pandemic
Total All GF Revenues	$38,973,871	$44,915,277	$38,928,410	$46,428,310	$42,204,960	$3,276,550	8.42%	
Top 10 vs Total GF Rev	80.13%	80.75%	86.61%	81.76%	87.38%	N/A	N/A	

FY20 Actual includes $2,296,668 CARES ACT $ from County

Top 10 FY 2023 General Fund Revenues



	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Revenues	$ Over/Under 2022 Budget	% Over/Under 2022 Budget
Total Top 10 Revenues	**$36,270,895**	**$33,716,060**	**$37,957,940**	**$36,877,060**	**$3,161,000**	**9.38%**
Total All GF Revenues	**$44,915,277**	**$38,928,410**	**$46,428,310**	**$42,204,960**	**$3,276,550**	**8.42%**
Top 10 vs Total GF Rev	**80.75%**	**86.61%**	**81.76%**	**87.38%**	**N/A**	**N/A**
This chart shows that the Top 10 General Fund revenues make up 87.38% of all General Fund revenue sources.						

Top 10 FY 2023 General Fund Expenditures

ATTACHMENT B: Top 10 FY23 General Fund Expense Assumptions

Non Discretionary	2020 Actual	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Expenses	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	Assumptions
Wages	$ 19,250,788	$ 19,856,373	$ 20,653,315	$ 20,486,505	$ 21,674,570	$1,021,255	4.94%	Wages include salaries and estimated increases for all Village employees. Increases are in accordance with union contracts. General wage increases are estimated around 3%, as some union contracts expire in 2022.
Health Insurance	$ 2,491,465	$ 2,559,528	$ 2,671,680	$ 2,855,620	$ 2,960,250	$296,570	11.10%	2.8% decrease projected for PPO plans and 8.5% increase for HMO Plans. This expense is dependent upon the number of employees that enroll and the type of plan they choose.
Police Pension	$ 3,021,462	$ 3,206,963	$ 3,299,960	$ 3,300,590	$ 3,243,210	($56,750)	-1.72%	The Village's Tax Levy Requirement decreased 1.72% this year. The Percent Funded has increased from 68.8% last year to 71.3% this year.
Fire Pension	$ 2,489,046	$ 2,545,933	$ 2,462,380	$ 2,464,420	$ 2,588,170	$125,790	5.11%	The Village's Tax Levy Requirement increased 5.11% this year. The Percent Funded has increased from 79.4% last year to 80.8% this year.
Emergency Dispatch	$ 733,927	$ 1,010,365	$ 1,036,160	$ 1,017,440	$ 1,039,740	$3,580	0.35%	DuComm has fees budgeted for Lombard for FY23 for 64 PD Officers. The Fire Department's DuComm fee is based on the number of calls and the Village's EAV. FY20 total was reduced due to the DUCOMM Board waiving 2nd Qtr. fees due to COVID-19.

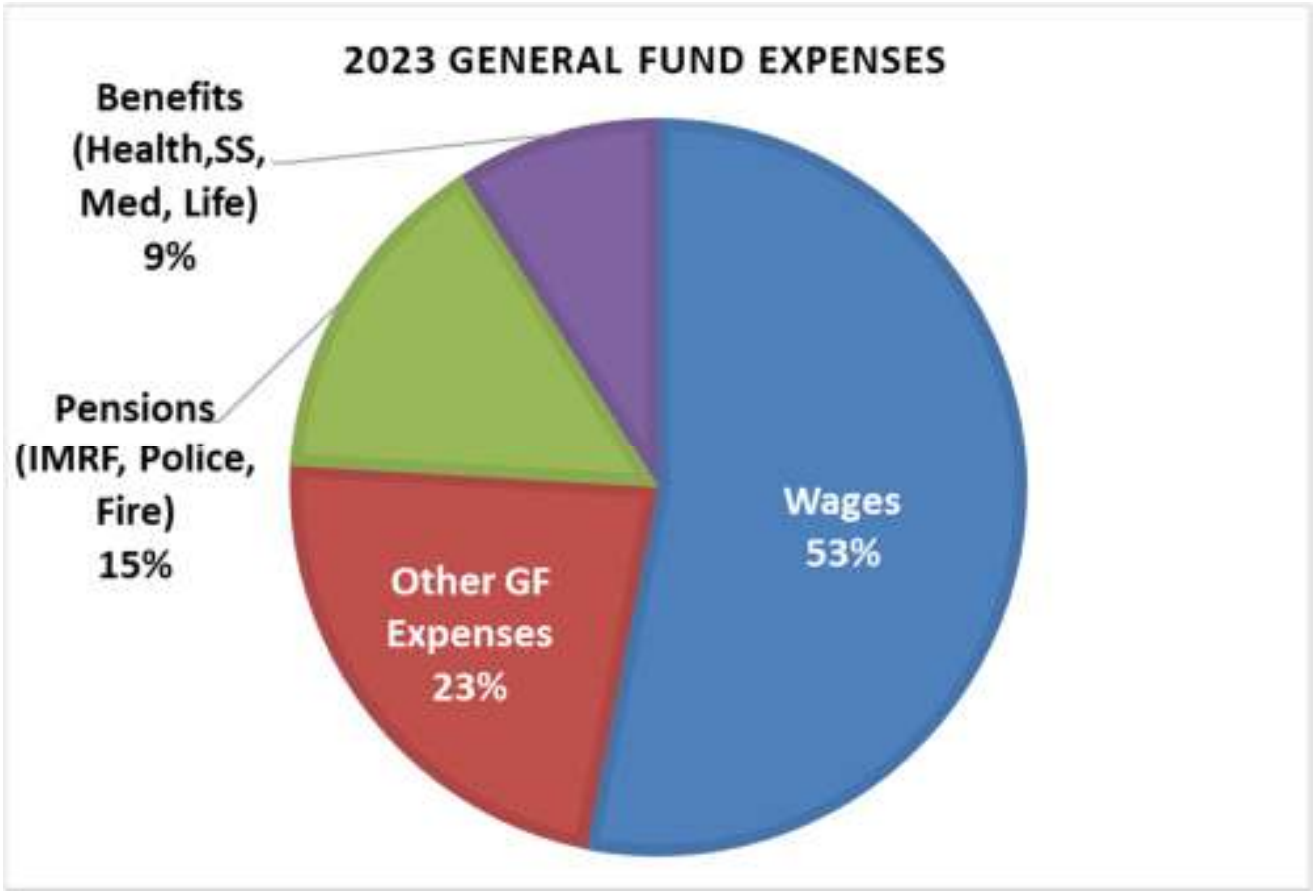
Top 10 FY 2023 General Fund Expenditures

ATTACHMENT B: Top 10 FY23 General Fund Expense Assumptions

Non Discretionary	2020 Actual	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Expenses	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	Assumptions
Fleet Services O&M	$ 1,205,635	$ 882,674	$ 936,100	$ 936,500	$ 985,210	$49,110	5.25%	Outside of normal increases, this budget is being driven by a $252,000, or 76.3%, increase in fuel costs.
Legal Services	$ 381,997	$ 552,521	$ 465,000	$ 456,000	$ 462,000	($3,000)	-0.65%	Cost are based on prior year actuals and may vary based on legal matters that occur during the year.
Technology Reserve	$ 484,650	$ 535,520	$ 261,570	$ 261,570	$ 261,570	$0	0.00%	New technology is paid for by individual funds. Each fund annually contributes to the Technology Reserve account for replacement of the specific equipment at the end of the equipment's useful life. Replacement cost and useful life for each item is re-evaluated annually. The primary reason for the reduction in recent years is that most systems are now hosted solutions and the annual costs are budgeted in the operating funds.
Electric	$ 215,516	$ 197,119	$ 245,800	$ 300,800	$ 315,900	$70,100	28.52%	Half of the street lighting electricity was bid out in June 2022. The rate went from 2.77 to 8.22 cents, a 124% increase, or about $70,000 per year.
Benefits	$ 149,442	$ 182,590	$ 199,555	$ 188,330	$ 185,230	($4,325)	-2.17%	Other Benefits include life insurance, uniforms, and tuition reimbursement. (Does not include IMRF, SS, Medi

	2020 Actual	2021 Actual	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Expenses	$ Over/Under 2022 Budget	% Over/Under 2022 Budget	% of Total General GF
Non-Discretionary Exp	$ 30,431,288	$ 31,319,595	$ 32,231,520	$ 32,267,575	$ 33,733,050	$ 1,502,530	4.66%	84.77%
Discretionary Exp	$ 3,780,877	$ 3,991,060	$ 4,759,377	$ 4,936,185	$ 5,082,530	$ 342,953	7.20%	12.77%
Economic Incentive	$ 241,173	$ 224,904	$ 274,550	$ 272,275	$ 272,400	$ (2,150)	-0.78%	0.68%
Reimbursable Expenses (COBRA, Retiree Health, misc.)	$ 657,237	$ 692,559	$ 707,170	$ 694,470	$ 705,360	$ (1,810)	-10.38%	1.77%
Total General GF Expense	$ 35,090,575	$ 36,228,123	$ 38,032,617	$ 38,170,485	$ 39,793,340	$ 1,761,523	4.63%	100.00%
Transfers to Waterfall Funds	$ -	$ 4,019,409	$ -	$ 7,662,000	$ -	$0	0.00%	0.00%

FY 2023 General Fund Wages, Pensions, Benefits



Wages, Employer Pension Contributions, and Benefits total 77% of all 2023 General Fund expenses.

2023 Budget
Water/Sewer Operation & Maintenance Fund

September 26, 2022 Budget Workshop

2020-2024 (5 Year) W&S Approved Rate Increases*

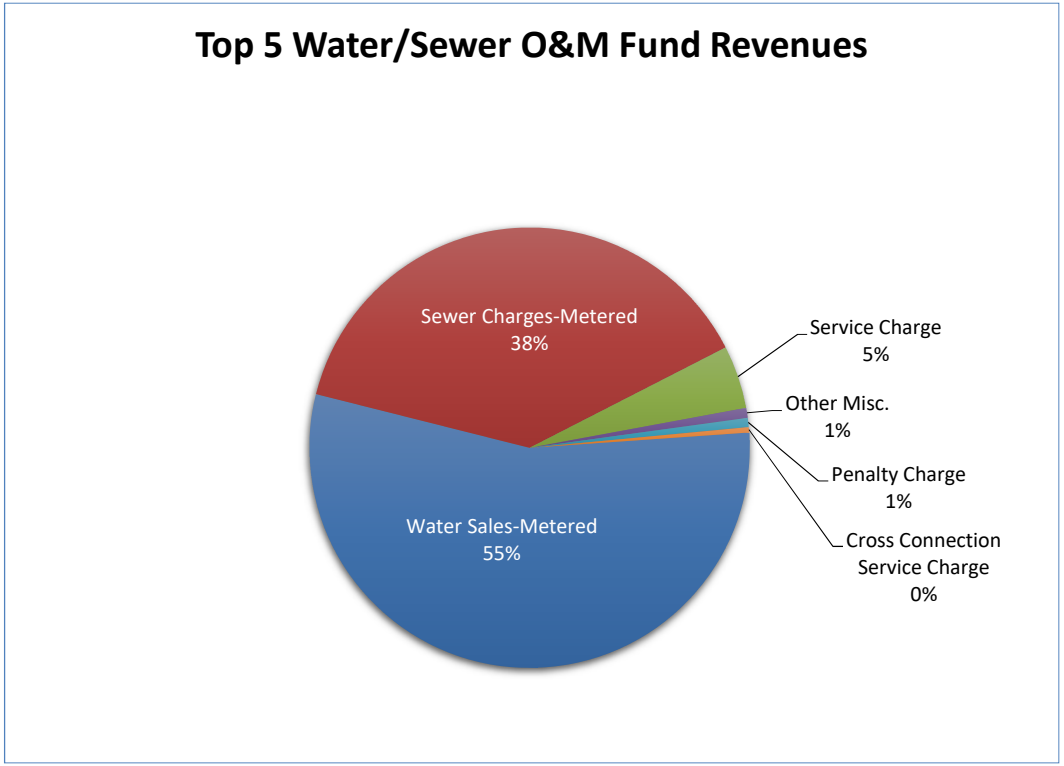
WATER & SEWER O&M	FYE 2020* Actual	FYE 2021 Actual	FYE 2022 YE Est	FYE 2023 Budget	FYE 2024 Projection
Projected Annual Water & Sewer Rate Increases					
for Operations	$0.30	$0.30	$0.30	$0.30	$0.30
for Capital	$0.10	$0.10	$0.10	$0.10	$0.10
Amount/1000 gallons	$0.40	$0.40	$0.40	$0.40	$0.40
Variable Rates					
Water O&M	$8.04	$8.24	$8.44	$8.64	$8.84
Sewer O&M	$5.96	$6.06	$6.16	$6.26	$6.36
Capital	$1.30	$1.40	$1.50	$1.60	$1.70
Total Water & Sewer Variable Rate	$15.30	$15.70	$16.10	$16.50	$16.90
Percentage Increase	2.68%	2.61%	2.55%	2.48%	2.42%
Fixed Rates					
Service Charge (per bill)*	$5.05	$5.05	$5.05	$5.05	$5.05
Capital Charge (per bill)*	$5.00	$5.25	$5.50	$5.75	$6.00
Total Water & Sewer Fixed Rate	$10.05	$10.30	$10.55	$10.80	$11.05
Percentage Increase		2.49%	2.43%	2.37%	2.31%
Cross Connection Charge (per bill)*	$4.50	$4.65	$4.80	$4.95	$5.10
Percentage Increase		3.33%	3.23%	3.13%	3.03%
*FY 2020 monthly billing; prior to 2020 bi-monthly					

*Based on results from the 2019 Water & Sewer Rate Study. Staff will continue to review annually and recommend rate adjustments as needed.

2023 W&S O&M Revenue Assumptions

Description	2021 Actual Amount	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Revenues	$ Over/Under 22 Budget	% Over/Under 22 Budget	Assumptions/Comments
Water Sales-Metered	$9,195,365	$9,855,370	$9,117,291	$9,333,341	($522,029)	-5.30%	Revenue for FY23 is based upon selling 1.080 bgal of water @ $8.64/kgal. Based on the Water Rate Study a $0.20 per 1,000 gals increase on January 1, 2023 was approved.
Sewer Charges-Metered	$6,455,047	$6,872,010	$6,435,722	$6,540,198	($331,812)	-4.83%	Revenue for FY23 is based upon billing 1.044 bgal of sewer @ $6.26/kgal. Based on the Water Rate Study, $0.10 per 1,000 gals increase on January 1, 2023 was approved.
Service Charge	$781,698	$785,620	$785,620	$785,620	$0	0.00%	Based on the Water Rate Study, there will be no increase on January 1, 2023. Therefore, the monthly service charge per bill is $5.05.
Penalty Charge	$118,373	$128,270	$112,400	$112,400	($15,870)	-12.37%	The FY23 budget is based on FY21 actual. Collections can vary from year to year if a few large bills are not paid on time.
Cross Connection Service Charge	$61,942	$64,450	$64,450	$65,710	$1,260	1.96%	The FY23 budget is based on FY22 projected revenue. An increase of $0.15/month is needed to cover the cost to administer the mandated EPA program. The total monthly cross connection charge per bill would be $4.95.

The Top 5 revenue sources make up 99.26% of the total revenues in W&S O&M Fund

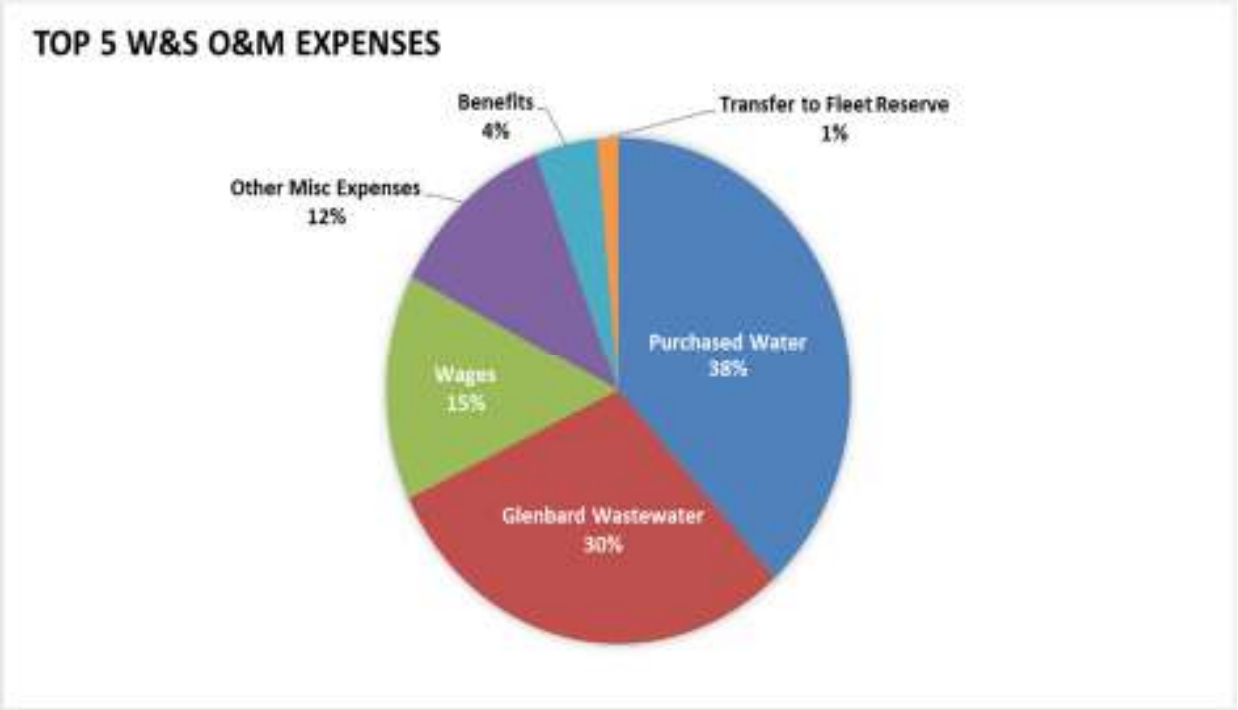


Description	2021 Actual Amount	2022 Amended Budget	2022 Estimated Amount	2023 Budgeted Revenues	$ Over/Under 22 Budget	% Over/Under 22 Budget
Top 5 W/S O&M Revenues	$16,612,425	$17,705,720	$16,515,483	$16,837,269	($868,451)	-4.90%
Total W/S O&M Revenue	$16,719,740	$17,843,890	$16,647,253	$16,963,449	($880,441)	-4.93%
Top 5 vs. Total W/S O&M Revenue	99.36%	99.23%	99.21%	99.26%	N/A	N/A

2022 W&S O&M Expense Assumptions

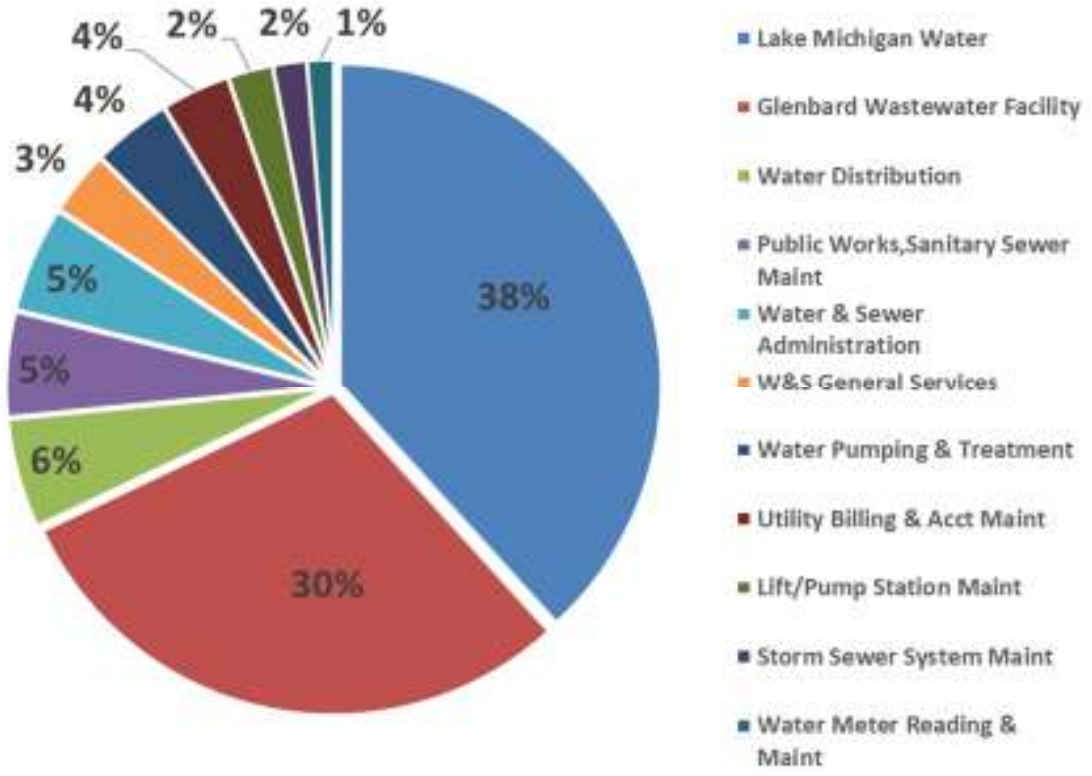
Description	2021 Actual Amount	2022 Amended Budget	2022 Estimated Amount	2023 Proposed Budget	$ Over/Under 22 Budget	% Over/Under 22 Budget	Assumptions/Comments
Purchased Water	$6,494,215	$6,776,200	$6,595,000	$6,955,388	$179,188	2.64%	Based on FY21 Actual expense. DWC increased their rate May 2022 and we anticipate another rate increase May 2023.
Glenbard Wastewater	$4,834,585	$5,400,000	$5,400,000	$5,400,000	$0	0.00%	Increase is based on FY21 Actual Expense, projected flow estimates, and the 2022 GWA Budget.
Wages	$2,584,057	$2,645,800	$2,646,440	$2,641,400	($4,400)	-0.17%	Wages include salaries and estimated increases. Increases are in accordance with the AFSCME contract.
Benefits	$933,286	$861,040	$865,690	$789,120	($71,920)	-8.35%	The IMRF rate decreased from 10.44% in 2022 to 6.68% in 2023.
Transfer to Fleet Reserve	$285,732	$216,260	$216,260	$264,080	$47,820	22.11%	Projection is based on anticipated vehicle purchases.

The Top 5 expenses make up 88.28% of the total expenses in the W&S O&M fund



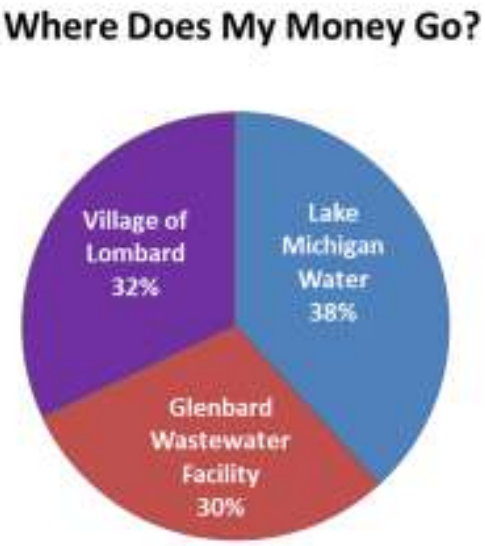
Description	2021 Actual Amount	2022 Amended Budget	2022 Estimated Amount	2023 Proposed Budget	$ Over/Under 22 Budget	% Over/Under 22 Budget
Top 5 Expenses	$15,131,874	$15,899,300	$15,723,390	$16,049,988	$150,688	0.95%
Total W&S Maint Fund	$16,771,322	$17,831,835	$17,575,655	$18,180,055	$348,220	1.95%
Top 5 vs. Total W/S O&M Exp	90.22%	89.16%	89.46%	88.28%	N/A	N/A

W&S O&M Fund Proposed 2023 Budget by Cost Center



67.96% of the FY 2023 proposed expenses in the W&S Fund are payments to DuPage Water Commission and Glenbard Wastewater Facility for the purchase and delivery of Chicago water and the processing of wastewater.

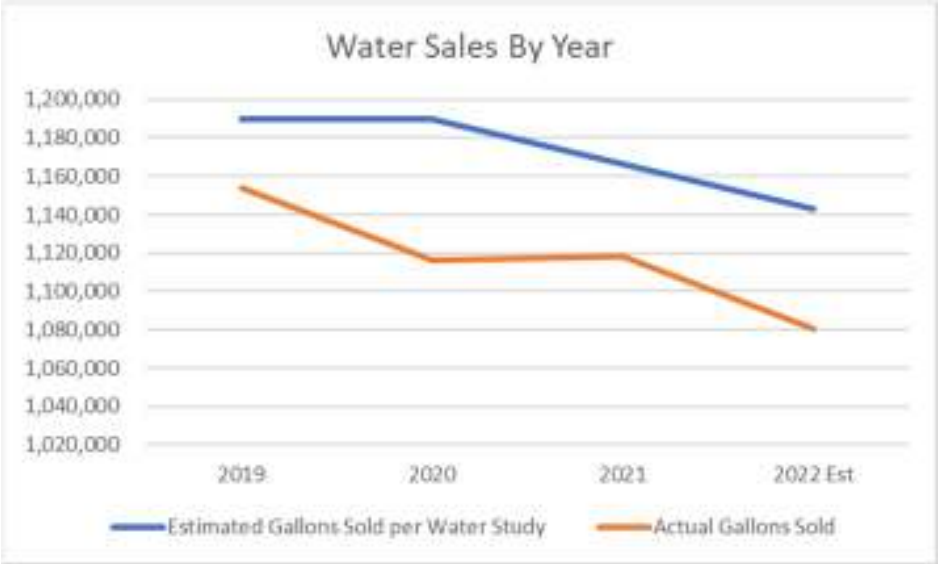
2023 W&S Revenue Allocation per 1,000/gals



Distribution of the Water & Sewer Revenue $16.50/per 1,000 gals		
Lake Michigan Water	$	6.31
Glenbard Wastewater Facility	$	4.90
Village of Lombard	$	5.29
Total	$	16.50

- The FY 2023 Water & Sewer Variable Rate is $16.50 per 1,000 gallons
- The Village of Lombard would receive $5.29 per 1,000 gallons for operating and maintenance activities and capital improvements
- Note: This does not include the monthly fixed capital fee and service charge per bill.

Water Sales compared to water rate study from 2019 (1,000/gals)



- Water sales have fallen short of the estimates used for the Water Rate Study, on which rates for 2020 – 2024 were developed
- If water sales continue to fall short into 2023, the rates for 2024 may need to be increased more than originally planned when they were adopted as part of the water rate study.

Policy Considerations and Look to the Future

- Policy Considerations
  1. Confirm use of 2022 ARPA funds
  2. Long Range Plan Waterfall Policy on 2022 revenue over expenditures

- Look to the Future
  1. Future anticipated expenses
  2. Advocacy for revenue flexibility
  3. Statutorily Permissible Tax Levy

Strategic Plan Summary 2021-2024

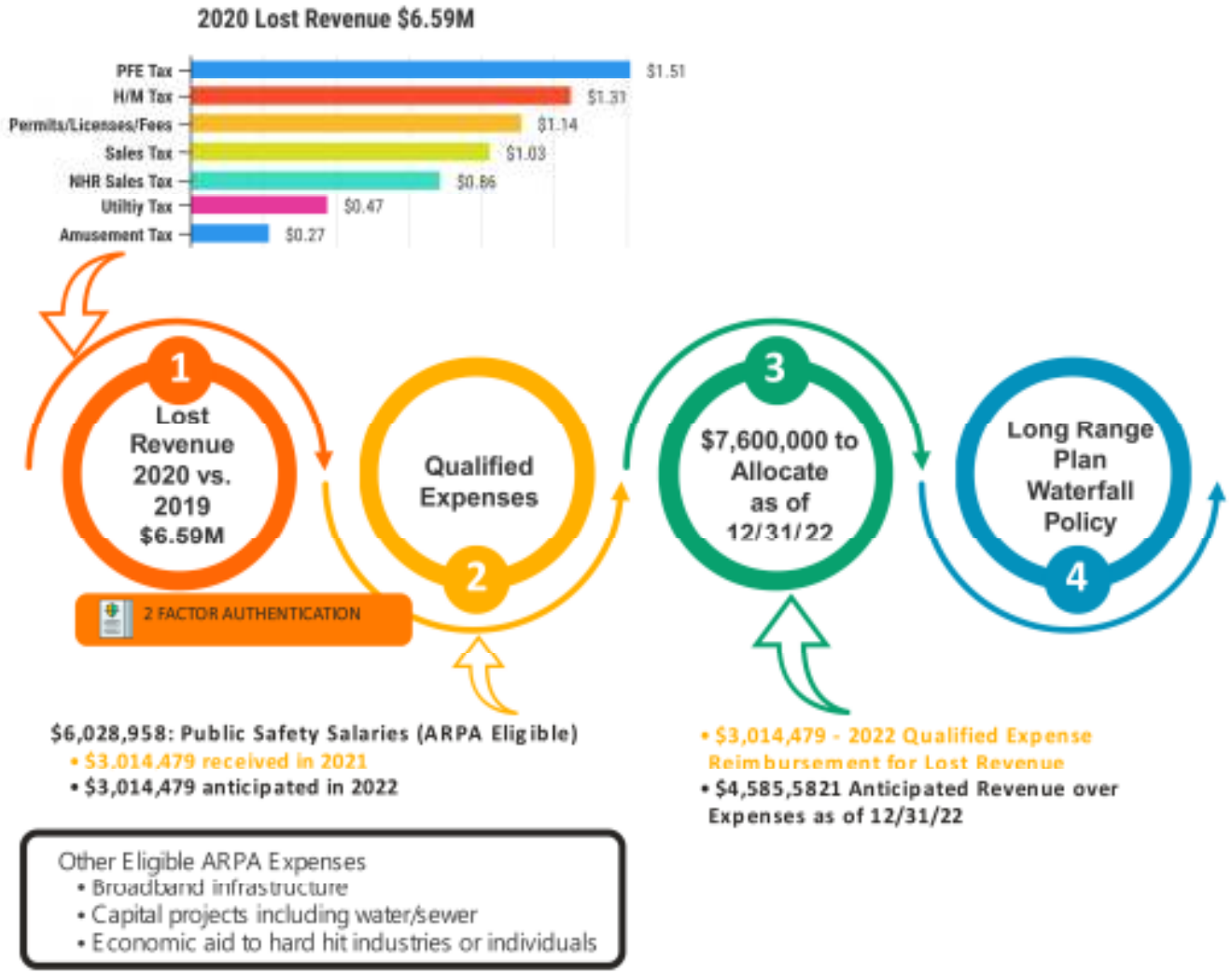
STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET	STRATEGIC INITIATIVES
FINANCIAL SUSTAINABILITY	Financial strength	- Bond Rating	- BBB in 2023 - AA+ in 2028	a) Develop plan and process to promote strong Village financial condition to rating agencies b) Develop options for use of federal stimulus funds c) Establish strategy for revenue diversity and stabilization
	Prudent use of Federal funds	- Revenue generated - Expenditures leveraged - Cost savings achieved	- Businesses assisted are in targeted sectors most impacted - Positive ROI on Federal Funds used for Economic Development by 2024	
	Stable & predictable revenue	- Revenue variability reduction	- From 2021-2024 revenues remain stable	

These objectives are related to Budgeting and Economic Development

Policy Consideration - ARPA Funds

- Anticipated to receive $3,014,479 in September
- Eligible use of funds:
  - To replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Other Eligible ARPA Expenses
  - Broadband infrastructure
  - Capital projects including Water & Sewer
  - Economic aid to hard hit industries or individuals
- Board direction last year: Use funds to replace lost revenue, and submit eligible expenses related to public safety salaries
- Confirmation of this direction for 2022 ARPA

Policy Consideration – ARPA and Long Range Plan Waterfall Policy

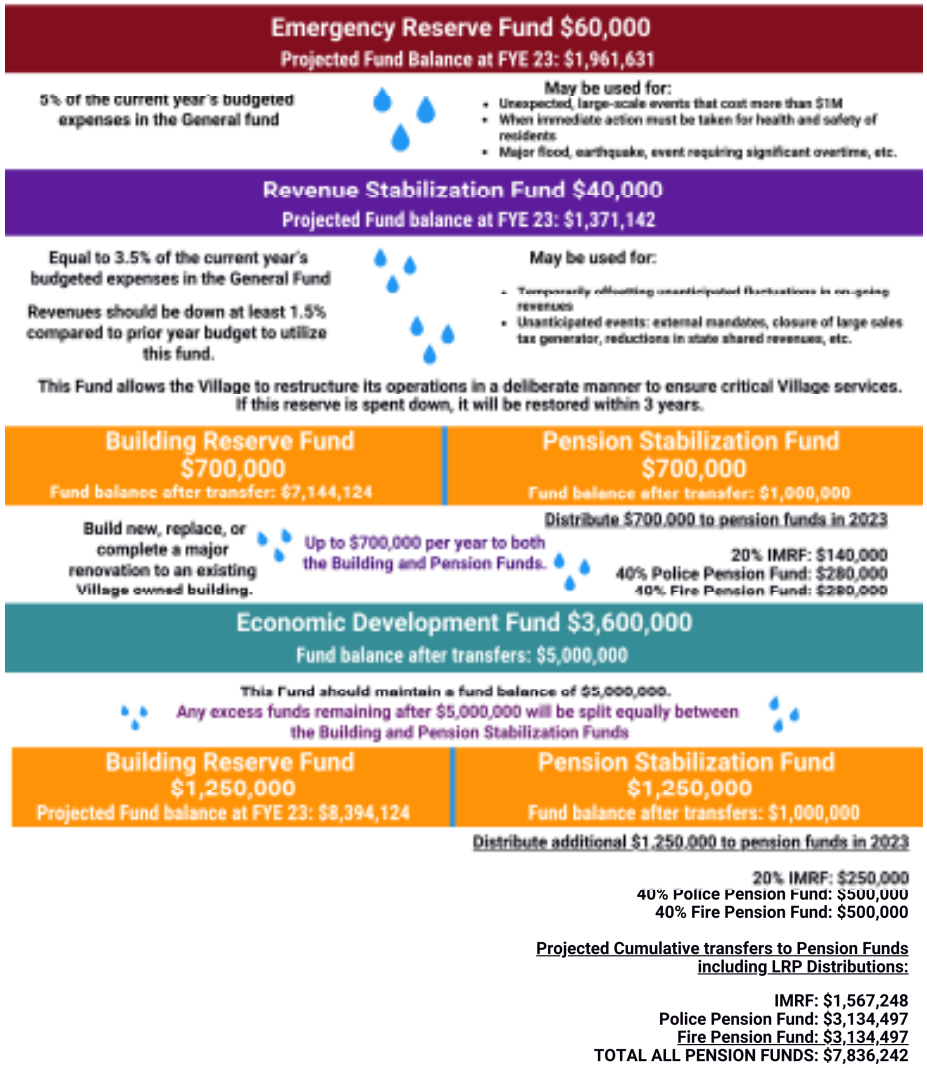


Policy Consideration - Long Range Plan Waterfall Policy

- Currently anticipate approximately $7.6 million for the 2022 waterfall (transfers that take place in 2023)
  - Includes $3.014 million ARPA
- Current Anticipated allocation of funds:
  - Emergency Reserve Fund and Revenue Stabilization Funds: approximately $100,000 to top off
  - $700,000 to both the Building Reserve Fund and Pension Funds
  - $3.6 million to refill the Economic Development Fund after the funds for Heritage Cadillac are set aside
  - Remaining $2.5 million split between Building Reserve Fund and Pension Funds
- Expected balance in Building Fund after 2022 waterfall transfer - $8.4 million
- Allocation to pension funds:
  - Police and Fire - $780,000 each
  - IMRF - $390,000

Policy Consideration - Long Range Plan Waterfall Policy

2022 YE Revenues over Expenditures
$7,600,000
Distribution thru the Waterfall



Look to the Future - Anticipated Major Building Expenses

- $3.9 million in 2023 CIP for Fleet Maintenance Facility Improvement Project
- Included in the Village of Lombard's 2022 Strategic Plan is the evaluation of the current Police Department and Fire Department facilities
  - Current estimates are that this project may wind up being in excess of $15 million, although that could vary depending on what the scope winds up being
- Total anticipated building projects estimated at approximately $20 million

Look to the Future - Anticipated Increased Operational Expenses

- Increased operational expenses
  - Inflation is driving costs up
  - Street lighting electricity bid in June went from 2.77 cents to 6.22 cents
  - Vehicle prices are increasing drastically, and many are unavailable
    - Example - 2022 order for police squads was cancelled; currently looking at dealers for available vehicles which will cost more than state bids
  - Many commodities that the Village uses are increasing in cost – Electricity, natural gas, fuel, Public Works supplies, etc.
  - Wages – Annual General Fund salary wage increases going from $762,000 in 2022 to $1,060,000 in 2023
  - Based on current 2022 investment losses, pensions contributions are expected to increase in 2024 by $750,000 to $1.5 million

Look to the Future - Multi-year Financial Forecast

Multi-Year Financial Forecast Assumptions

Revenue Assumptions

3.0% Annual Growth
Property Tax (assumed max levy per statute)
Income Tax
Amusement Tax
Fees, fines, licenses, and permits

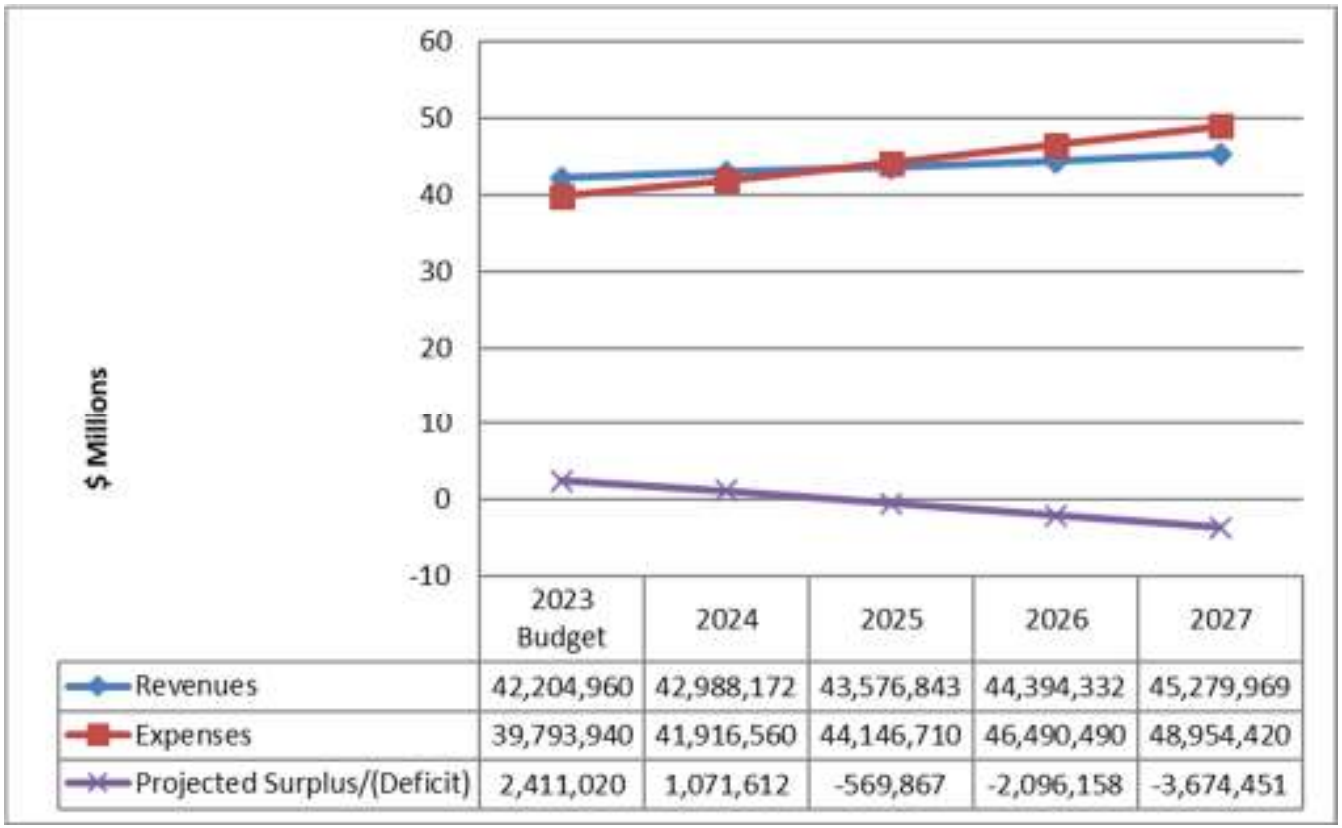
0.0% Annual Growth (subject to change based on trend analysis)
Sales, Use, & Places for Eating Tax
Utility Tax: Gas, Electric, Telecommunications

Expense Assumptions

Salary Progressions 4.0%
Health Insurance 7.5%
Retirement Benefits:
Illinois Municipal Retirement Fund 4.0%
Police & Fire Pension Funds 7.5%-9.0%
Technology Reserve 1.5%
Fleet Services 3.0% (includes fuel, labor costs, and parts)
All other costs 3.0%

Conservative Budgeting Policy adopted July 21, 2016 to provide stability for long-term trends. Individual years may vary.

Look to the Future - Multi-year Financial Forecast



	2023 Budget	2024	2025	2026	2027
Revenues	42,204,960	42,988,172	43,576,843	44,394,332	45,279,969
Expenses	39,793,940	41,916,560	44,146,710	46,490,490	48,954,420
Projected Surplus/(Deficit)	2,411,020	1,071,612	-569,867	-2,096,158	-3,674,451

- **Does not assume any additional increase in 2024 and beyond for pension funds due to 2022 investment losses**

Look to the Future - Statutorily Permissible Tax Levy

Corporate Levy History of Funding		
2017	$0	
2018	$0	
2019	$1,009,422	
2020	$1,216,393	
2021	$1,354,365	
2022	$1,730,561	
2023	$1,927,546	Proposed*

*2023 is the proposed levy amount prior to extension

- Spikes in the actuarial required funding for Pensions or Liabilities reduces funding for the Corporate Levy (2017 & 2018 = $0)
- Due to investment earnings and the 5 year smoothing policy for the required funding for liability, the Village was able to levy for the Corporate Levy the past few years.
- Based on investment return through the end of August, we currently anticipate that required pension funding will increase between $750,000 - $1.5 million next year

- Existing $1.9 million of General Corporate Levy that goes into the General Fund may go back to $0 in next few years, depending on Pension and Liability Insurance costs
- NHR municipalities may increase their levy by CPI or 5%, whichever is less; this year the 5% is less (Chicago CPI from December 2020 to December 2021 was 6.6%)
- The impact for the owner of a $300,000 house is an increase of $27.41 for the year
- Lombard's share of the total tax bill is approximately 7.5%

2022 Statutorily Permissible Levy	11,307,018	
2021 Extended Levy	10,542,131	
Total 2022 Permissible Increase	764,887	7.26%
Breakdown of 2022 Permissible Increase		
CPI	5.00%	
Fire Pension (Exempt)	-0.12%	
Total for Existing Properties	4.88%	
New Growth/Construction	2.38%	
Total for All Properties	7.26%	

Look to the Future - Advocacy for Future Revenue Flexibility?

- Should Lombard advocate for IML-endorsed legislation to give Non-Home Rule (NHR) entities parity with Home Rule entities in certain areas
  - NHR Sales Tax – Ability for the Board to adopt up to a 1% NHR Sales Tax, separate from the voter approved 1% NHR Sales Tax Lombard currently has
  - NHR Gas Tax – Ability to charge up to 3 cents per gallon
  - Authority to assess Lift Assistance Fees for EMS – Currently many of the assisted living facilities call the Fire Department to lift any residents that have fallen, to move the risk of injury and liability to the Fire Department instead of their staff. This would give the Village the ability to charge the facility for these calls. (THIS IS NOT INTENDED TO BE A SOURCE OF REVENUE)
- Other potential legislation:
  - Allow property tax cap to increase by CPI even if a NHR municipality chooses not to increase levy in a year
- Some of these options above could be paired with the future building projects as a source to pay for needed improvements

Summary

- Timeline
  - F&A Committee - Preliminary 2023 Budget and Tax Levy on 9/12/2022
  - Village Board Budget Workshop 9/26/2022
  - During October, communicate the upcoming public hearings for the Budget and Tax Levy
  - Public Hearing on Budget and Tax levy, and 1st Reading of Annual Budget Ordinance and Tax Levy on 11/3/2022
  - 2nd Reading on 11/17/2022
  - During December, share information on the 1/1/23 water rate changes
  - In April, 2023, share information on the tax levy and the Village's overall share of the levy
- Questions

2023 Budget FAQ

How was the Village's 2023 Budget created?

The 2023 Budget planning process began in January 2022 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 2023-2032 Capital Improvement Program, five meetings with the Finance and Administration Committee to discuss the Fiscal Year 2023 budget and provide recommendation to the Board of Trustees, and a Village Board of Trustees budget workshop to review the 2023 proposed budget.

What is the Village's 2023 Budget?

The 2023 budget projects Village revenues in all funds to total $105,998,069 with overall expenditures to total $105,858,523. The overall proposed 2023 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 2023 Budget and 2023-2032 Capital Improvement Plan are available at www.villageoflombard.org/budget.

2023 General Fund Budget

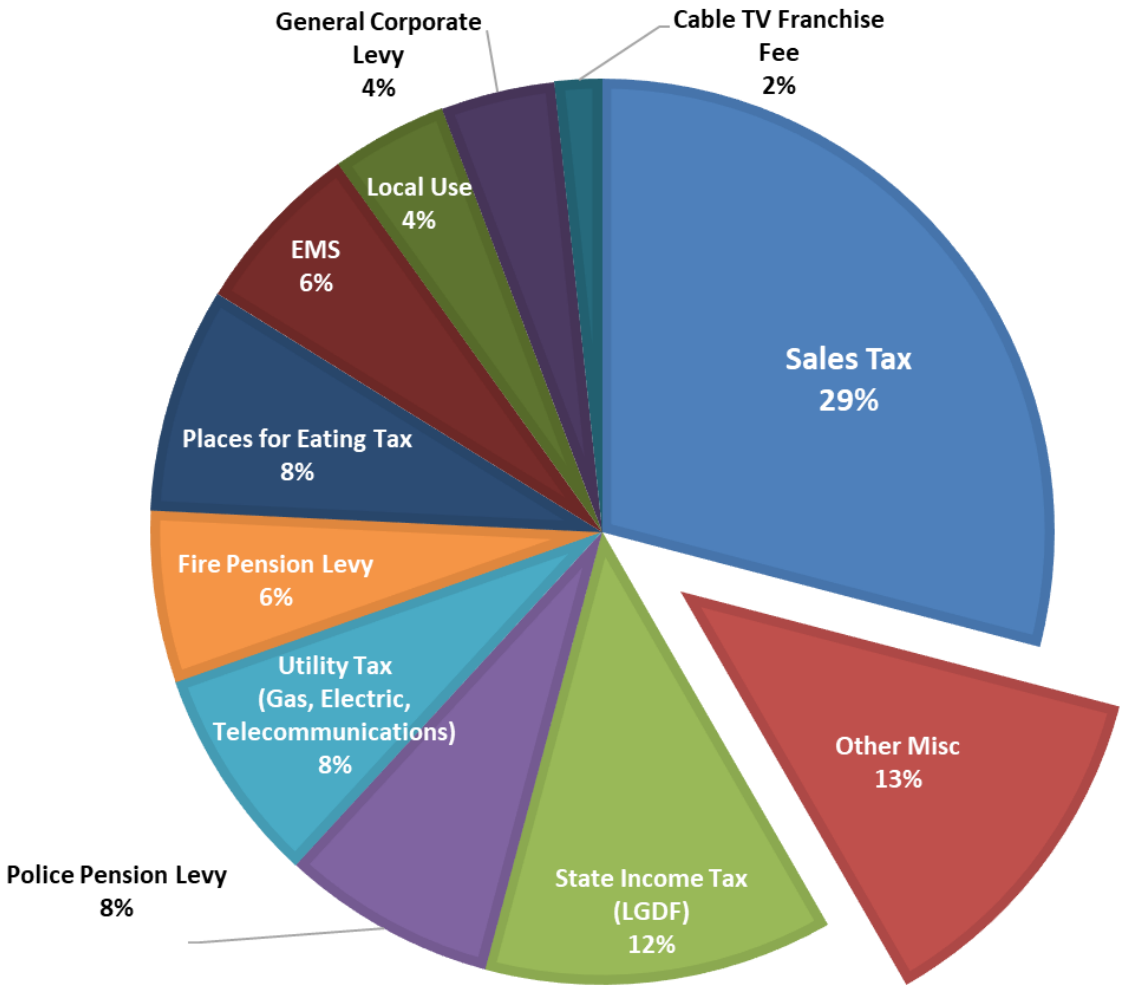
The General Fund dollars are used to support core services that include public safety provided by Police and Fire Departments; building and code enforcement from Community Development; responsible administrative oversight; and roads, forestry and infrastructure maintenance from Public Works.

- Revenues of $42,204,960 are projected to increase $3,276,550 (8.42%) compared to the 2022 approved budget of $38,928,410. The 2023 revenue growth is skewed in comparison to the 2022 Amended Budget which was impacted by the pandemic.
- Expenses of $39,793,940 are projected to increase $1,158,080 (3.14%) compared to the 2022 approved budget of $38,032,617.
- The projected revenues over expenses for 2023 is $2,411,020. This is the second time since 2009 that the Village has a positive projection, with 2022 being the first.
- The Village has saved over $10 million since 2017 related to reductions in staffing and enhanced service levels and programs.
- The charts on the following pages provide an overview of both the 2023 General Fund Expenses and Projected Revenues.

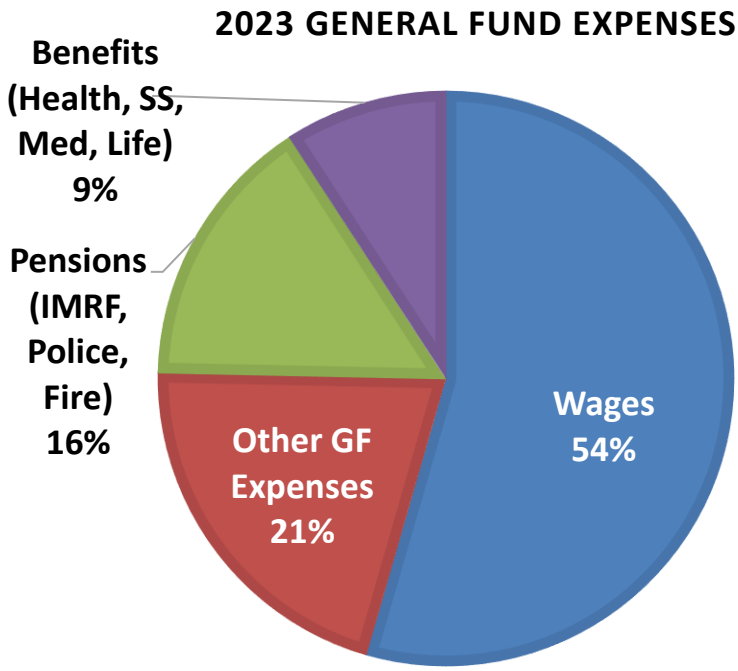
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Top 10 General Fund 2023 Revenues & Expenses

2023 GENERAL FUND REVENUES



The Top 10 General Fund revenues account for 87.38% of all General Fund revenue sources.



Combined wages and benefits (pensions, health insurance, Social Security/Medicare and life insurance) make up 79% of all General Fund operating expenses.

What are the major budget concerns for the future?

The Village remains cautiously pessimistic about the future due to inflation, retail trends, the potential exit of large sales tax producers, and large state mandated pension obligations.

- Sales Tax, which is 29% of the revenue for the General Fund, has not kept pace with inflation. The dollar had an average inflation rate of 2.53% per year between 1999 and today, producing a cumulative price increase of 77.77%. A dollar today only buys 56.25% of what it could buy in 1999. The current inflation rate compared to last year is now 8.26%.
- In 1999, Sales Tax revenue totaled $10,904,272 which is equivalent in purchasing power to about $19,384,929 today, an increase of $8,480,657 over 23 years. The FY 2023 Sales Tax is projected to be $12,274,460 an increase of $1,647,300 (15.50%).
- Finally, investments for the pension funds had done well for the past few years. However, a decrease in investment earnings will very likely cause a spike in the actuarial required funding for Pensions and/or Liabilities, which will reduce funding available for the Corporate property tax levy. Total Pension Liabilities as of 12/31/21were $40.3 million. Based on market returns in 2022, the net pension liabilities have likely grown by $35-$40 million.

What is the Village going to do with the additional $3,014,479.12 of Federal Stimulus funds received in 2022?

The Village received $3,011,368.16 on 8/17/2021 in American Rescue Plan Act (ARPA) funding and received an additional $3,014,479.12 on 9/16/2022. The Village Board held a Budget Workshop on September 26, 2022. The Board provided direction to staff to report the additional ARPA funds allocated to the Village of Lombard as lost revenue and to submit eligible expenses related to public safety salaries, same as the Board's direction with the first allocation. This approach meets the U.S. Treasury Department reporting requirements.

How does the Village plan to allocate 2022 anticipated savings?

Staff presented various options to the Board for the allocation of a projected $7.6 million of funds available from the following:

- Savings from public safety salaries - $3,014,479.12
- Anticipated YE 2022 Revenues over Expenses - $4,585,582

The consensus of the Village Board is to continue with the Long-Range Plan Waterfall policy that was established in 2016 to prioritize the long-term priorities for the Village. This allocates approximately $100,000 to top off the Emergency Reserve Fund and Revenue Stabilization Funds; Allocate $700,000 to both the Building Fund and Pension Stabilization Fund; $3.6 million to refill the Economic Development Reserve Fund; Split the remaining $2.5 million between the Building Reserve Fund and Pension Funds ($780,000 each to Police & Fire; $390,000 to IMRF).

- Building Reserve Fund is projected to have a fund balance of $8.4 million at FYE 2023.
- Total projected cumulative transfers to the Pension Funds (including LRP distributions) expected to total $7.8 million.

Are My Property Taxes Going to Increase?

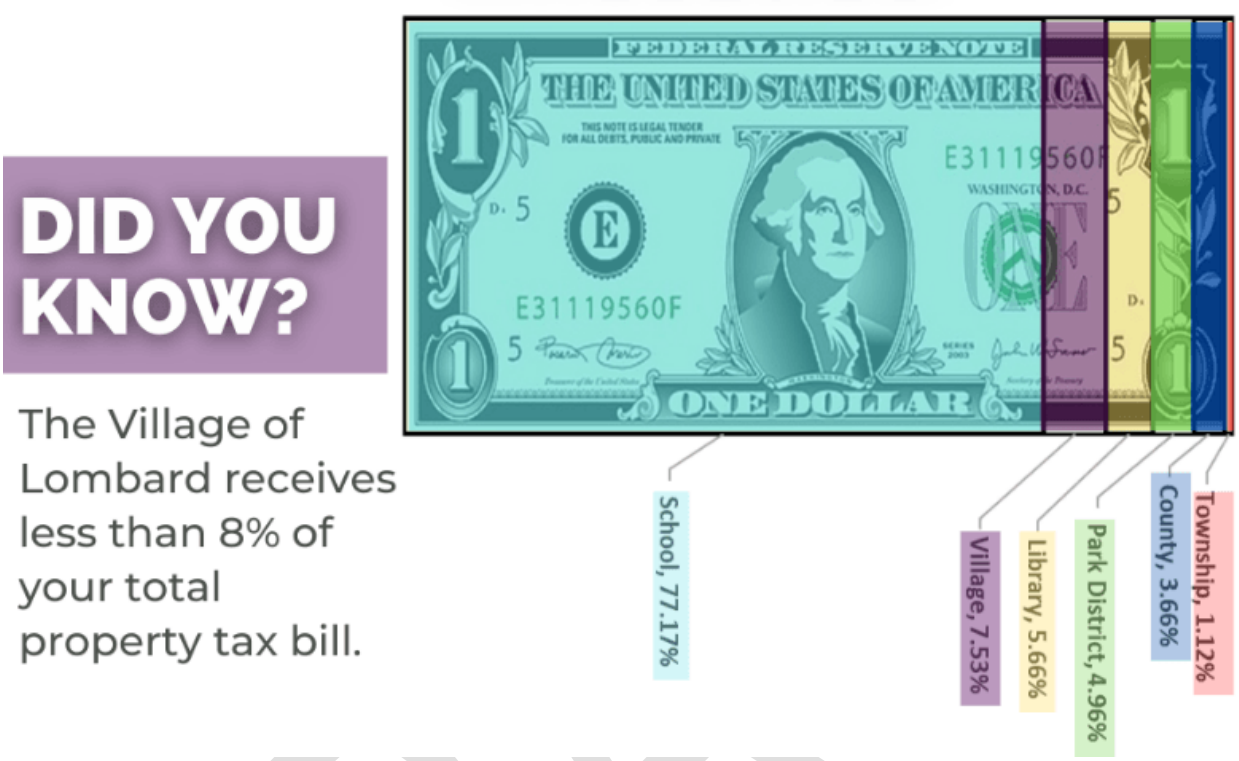
The Village is able to raise property taxes by up to 5% each year or Consumer Price Index (whichever is lesser), plus new growth, without a referendum. The annual increase funds public services from police, fire, community development, public works, finance and governance.

The CPI from December 2020 to December 2021 was 7.0%. Therefore, this year, the Village will use 5%, as this percentage is less than the CPI. A portion of the Firefighters' Pension is not subject to the tax cap. This portion decreases the 2022 statutorily permissible property tax levy by 0.12%, bringing the total permissible increase to 4.88% for all existing properties.

It is estimated that new growth will account for an additional 2.38% of the increase in the levy. If there is no new growth, there will be no levy for this. The Village will be opting for the statutorily permissible tax levy of a 7.26% increase (4.88% + 2.38%), which translates to an increase of approximately $27.41 for the owner of a $300,000 home.

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It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard receives 7.53% percent of property tax dollars, or 7.53 cents of each property tax dollar paid.



Why is the Village taking the Statutorily Permissible Tax Levy?

Lombard's 2022 Statutorily Permissible Increase is 7.26%. Of the local taxing districts, Lombard's share of the total tax bill is approximately 7.5%. The impact of taking the statutorily permissible tax levy increase for the owner of a $300,000 house is an increase of $27.41 per year.

The York Township Assessor's Office determines the tax valuations for most Lombard residential properties (not the Village of Lombard). 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.

As a Non-Home Rule municipality, if Lombard does not take the statutorily permissible increase in a given year, that piece of the increase that is left on the table is forfeited in all future years going forward as well and cannot be reclaimed.

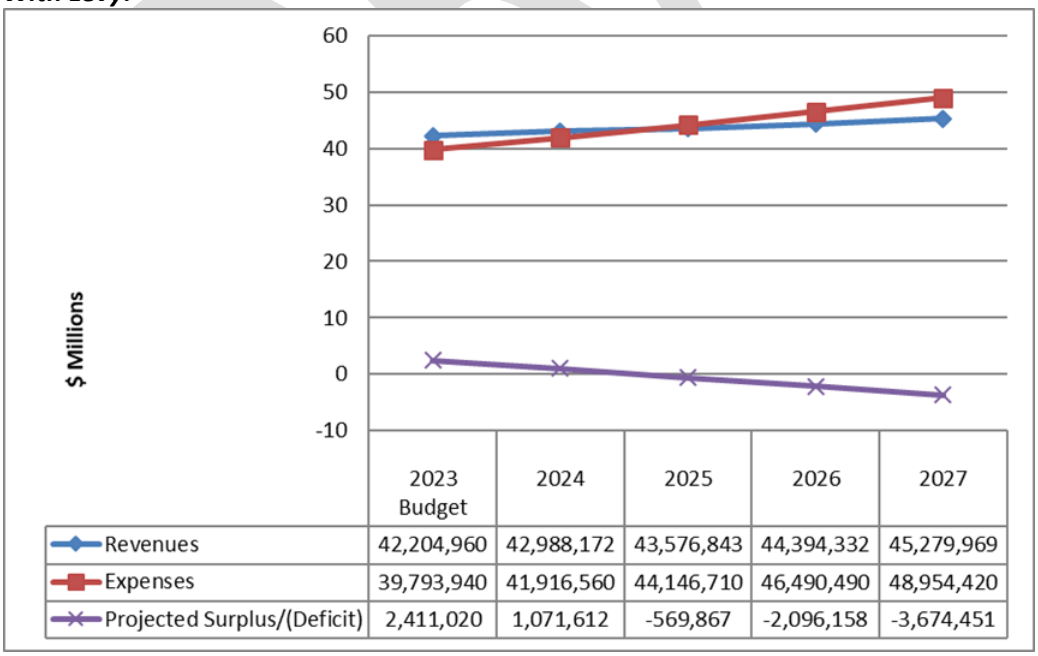
The following historical example shows the lost revenue the Village of Lombard has experienced from not taking the increase in 2013. Note that not taking a $251,073 tax increase in 2013, has cost the Village approximately $2.7 million due to compounding over a ten-year period, and will continue to impact the Village throughout its years.

Compounding of Statutorily Permissible $251,073 Tax Levy Not Taken for 2013 Levy Year (2014 Fiscal Year)		
	Amount	Actual CPI
2013	($251,073)	1.5%
2014	($254,839)	0.8%
2015	($256,878)	0.7%
2016	($258,676)	2.1%
2017	($264,043)	2.1%
2018	($269,611)	1.9%
2019	($274,761)	2.3%
2020	($281,040)	1.4%
2021	($284,868)	7.0%
2022	($304,912)	
Ten Year Impact	($2,700,701)	

Any actual revenue over expenditures will be allocated using the Long Range Plan Waterfall Policy to fund the priorities of the Village Board, mainly the funding for future building needs and paying down net pension liabilities.

What does the Village's financial forecast look like in both instances? With the levy? Without the levy?

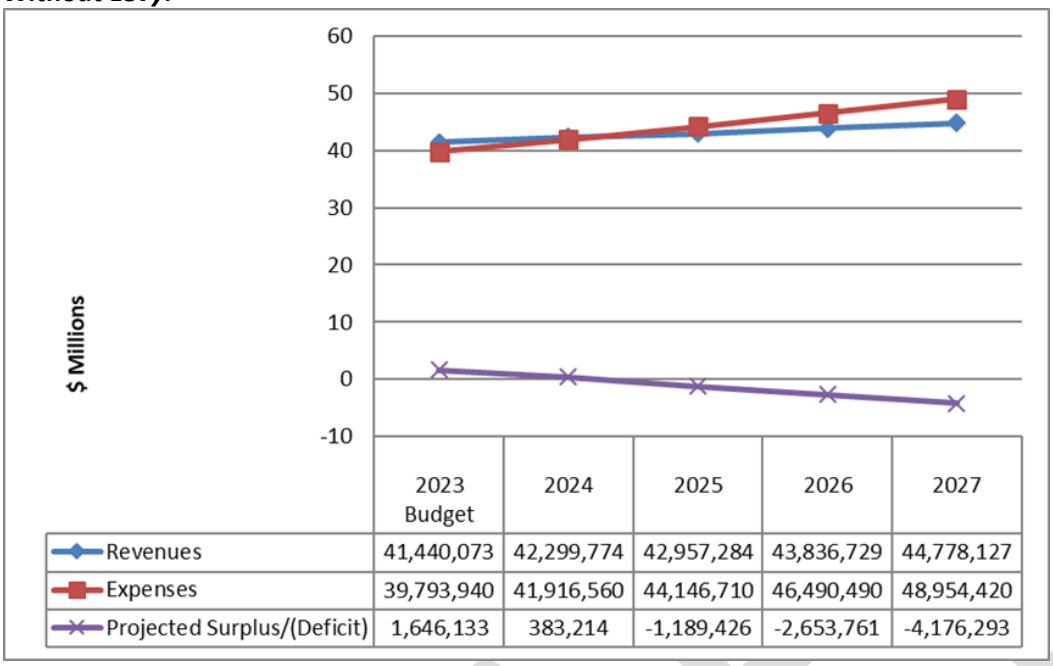
With Levy:



	2023 Budget	2024	2025	2026	2027
Revenues	42,204,960	42,988,172	43,576,843	44,394,332	45,279,969
Expenses	39,793,940	41,916,560	44,146,710	46,490,490	48,954,420
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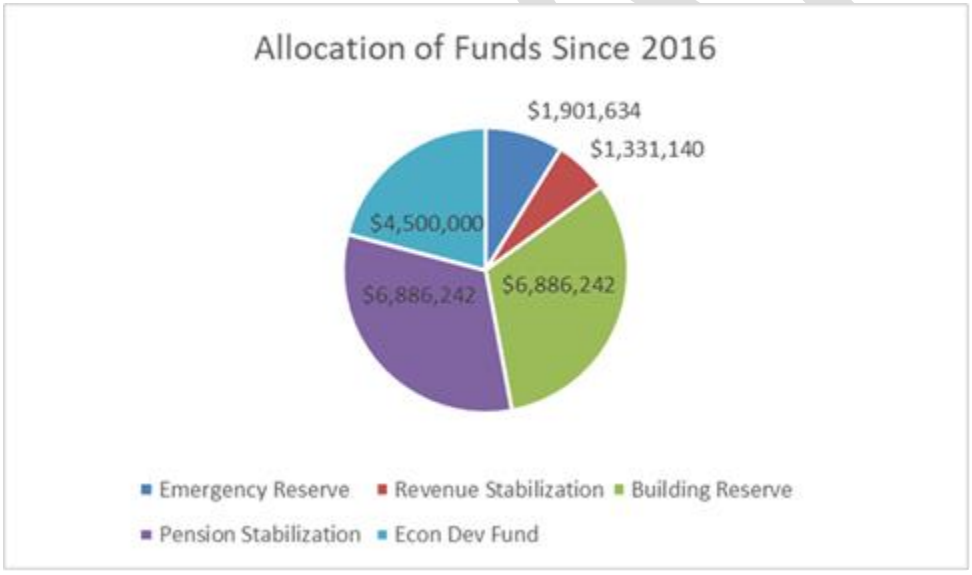
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Without Levy:



	2023 Budget	2024	2025	2026	2027
Revenues	41,440,073	42,299,774	42,957,284	43,836,729	44,778,127
Expenses	39,793,940	41,916,560	44,146,710	46,490,490	48,954,420
Projected Surplus/(Deficit)	1,646,133	383,214	-1,189,426	-2,653,761	-4,176,293

Since the Long-Range Plan Waterfall Policy was established in 2016, where have funds been allocated by the Village using this policy?



What is the Water Rate Increase for 2023?

Effective January 1, 2023, 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 $16.50. 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."

Please visit the Village's website to view the report on unfunded state mandates that the Illinois Municipal League compiled, 2019 report of unfunded State mandates.

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.

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Village of Lombard
Communications Plan
FY 2023 Budget, Water & Sewer Rates, 2022 Tax Levy

Purpose

The Lombard Village Board recently approved the FY 2023 Budget and 2022 Tax Levy. In 2019, the Village Board approved a 5-Year (2020-2024) water & sewer rate increase based on results from the Water & Sewer Rate Study. The Village continues to provide consistent and excellent core services.

Goals

The goals of this plan:

1. Provide the community with an overview of the 2023 budget and budget process
2. Educate the community and businesses to understand the Village's long-term budget challenges
3. Educate the community on the importance of taking the statutorily permissible tax levy as a non-home rule community
4. Provide residents with confidence in the Village's financial standing and commitment to fiscal responsibility
5. Support a transparent reputation to residents, business owners, and stake holders
6. Educate the 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 the budget and the long-term challenges that the Village faces.Prepare public adequately for potential impacts and challenges
    - Village's past and ongoing expenditure reductions
    - Impact of decreased sales tax base
- The Village faces numerous unfunded mandates from the State where the full cost of compliance with the mandate falls on the Village. In addition, there are consistently new unfunded mandates coming each year. 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. Yorktown Shopping Center
3. Village employees

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Media:

1. External Media: (Lombardian, 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. 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.)

Key Messages

2023 Budget and Beyond

- Insert general overview here
- Strategic plan financial goals highlights
- 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.
- It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard receives approximately 7.53% of property tax dollars, or 7.53 cents of each property tax dollar paid.
- The Village is able to raise property taxes by up to 5% each year or Consumer Price Index (CPI (whichever is lesser),) plus new growth, without a referendum. The annual increase funds public services from police, fire, community development, public works, finance and governance. The CPI from December 2020 to December 2021 was 7.0%. Therefore, this year, the Village will use 5%, as this percentage is less than the CPI. A portion of the Firefighters' Pension is not subject to the tax cap. This portion decreases the 2022 statutorily permissible property tax levy by 0.12%, bringing the total permissible increase to 4.88% for all existing properties.
- It is estimated that new growth will account for an additional 2.38% of the increase in the levy. If there is no new growth, there will be no levy for this. The Village will be opting for a 7.26% increase (4.88% + 2.38%), which translates to an increase of approximately $27.41 for the owner of a $300,000 home.
- The Village receives 37% of its budget from food, beverage, and sales tax combined.
- The Village receives 41% of its budget from sales tax and state income tax combined. In a recession, these two revenue sources would take the hardest hit.
- Combined wages and benefits (pensions, health insurance, Social Security/Medicare and life insurance) make up 79% of all General Fund operating expenses.

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- 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.
- The projected General Fund revenues over expenses for 2023 is $2,411,020.
    - Investments for the pension funds had been doing well for the past few years. However, a decrease in investment earnings will very likely cause a spike in the required funding for Pensions and/or Liabilities, which will reduce funding available for the Corporate property tax levy. Total Pension Liabilities as of 12/31/21were $40.3 million. Based on market returns in 2022, the net pension liabilities have likely grown by $35-$40 million.
    - The Village has saved over $10 million since 2017 related to reductions in staffing and enhanced service levels and programs.

Village Direction for 2022 Waterfall (transfers that take place in 2023):

- The Village received its second anticipated ARPA funding of $3,014,479.12 on 9/16/2022. Per Board direction, staff will report this as lost revenue and will submit eligible expenses related to public safety salaries, which meets the U.S. Treasury Department reporting requirements.
- Staff has presented various options to the Board for the allocation of a projected $7.6 million of funds available from the following:

    - Savings from public safety salaries - $3,014,479.12
    - Anticipated YE 2022 Revenues over Expenses - $4,585,582

    The consensus of the Village Board is to continue with the Long-Range Plan Waterfall Policy that was established in 2016 to prioritize the long-term priorities for the Village. This allocates approximately $100,000 to top off the Emergency Reserve Fund and Revenue Stabilization Funds; Allocate $700,000 to both the Building Fund and Pension Stabilization Fund; $3.6 million to refill the Economic Development Reserve Fund; Split the remaining $2.5 million between the Building Reserve Fund and Pension Funds ($780,000 each to Police & Fire; $390,000 to IMRF).
- Building Reserve Fund is projected to have a fund balance of $8.4 million at FYE 2023.
- Total projected cumulative transfers to the Pension Funds (including LRP distributions) expected to total $7.8 million.

Taking the Statutorily Permissible Tax Levy:

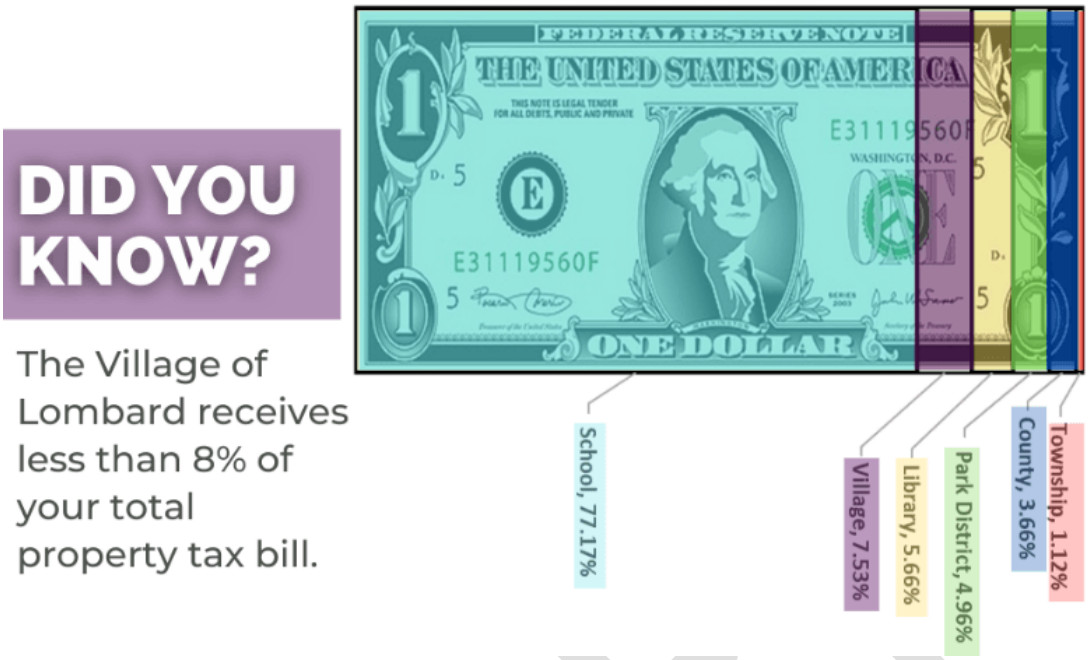
The York Township Assessor's Office determines the tax valuations for most Lombard residential properties (not the Village of Lombard). Tax bills are based on two factors including:

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.

- Lombard's 2022 Statutorily Permissible Increase is 7.26%.

- Of the local taxing districts, Lombard's share of the total tax bill is approximately 7.5%.

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- The impact for the owner of a $300,000 house is an increase of $27.41 per year.
- As a Non-Home Rule municipality, if Lombard does not take the statutorily permissible increase in a given year, that piece of the increase that is left on the table is forfeited in all future years going forward as well and cannot be reclaimed.
- The following historical example shows the lost revenue the Village of Lombard has experienced from not taking the increase in 2013. Note that not taking a $251,073 tax increase in 2013, has cost the Village approximately $2.7 million due to compounding over a ten-year period, and will continue to impact the Village throughout its years.

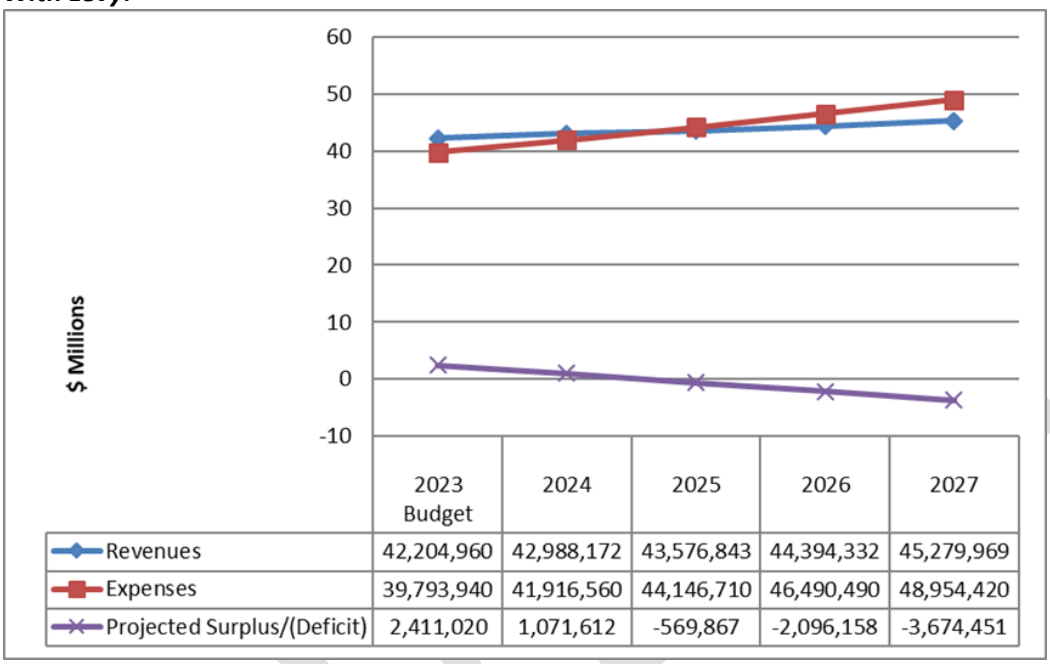
Compounding of Statutorily Permissible $251,073 Tax Levy Not Taken for 2013 Levy Year (2014 Fiscal Year)		
	Amount	Actual CPI
2013	($251,073)	1.5%
2014	($254,839)	0.8%
2015	($256,878)	0.7%
2016	($258,676)	2.1%
2017	($264,043)	2.1%
2018	($269,611)	1.9%
2019	($274,761)	2.3%
2020	($281,040)	1.4%
2021	($284,868)	7.0%
2022	($304,912)	
Ten Year Impact	($2,700,701)	

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- Any actual revenue over expenditures will be allocated using the Long-Range Plan Waterfall Policy to fund the priorities of the Village Board, mainly the funding for future building needs and paying down net pension liabilities.

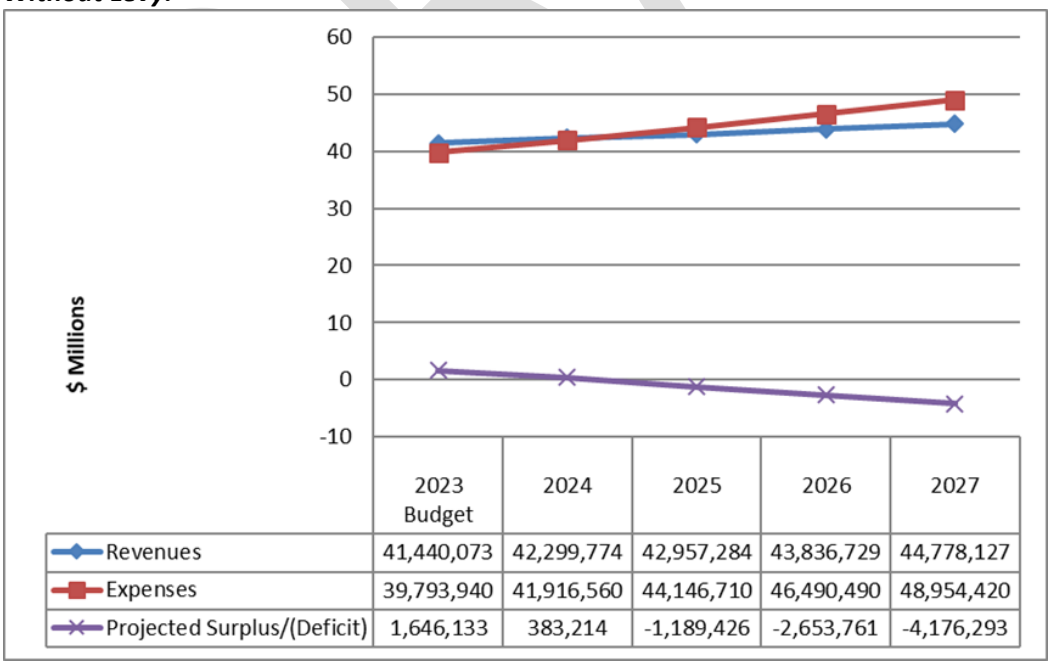
What does the Village's financial forecast look like in both instances? With the levy? Without the levy?

With Levy:



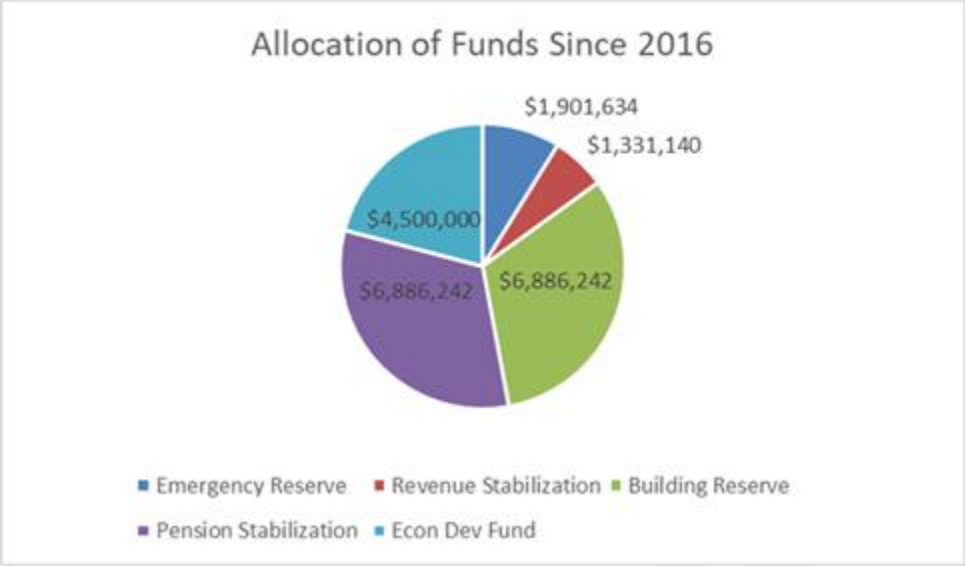
	2023 Budget	2024	2025	2026	2027
Revenues	42,204,960	42,988,172	43,576,843	44,394,332	45,279,969
Expenses	39,793,940	41,916,560	44,146,710	46,490,490	48,954,420
Projected Surplus/(Deficit)	2,411,020	1,071,612	-569,867	-2,096,158	-3,674,451

Without Levy:



	2023 Budget	2024	2025	2026	2027
Revenues	41,440,073	42,299,774	42,957,284	43,836,729	44,778,127
Expenses	39,793,940	41,916,560	44,146,710	46,490,490	48,954,420
Projected Surplus/(Deficit)	1,646,133	383,214	-1,189,426	-2,653,761	-4,176,293

Since the Long Range Plan Waterfall Policy was established in 2016, where have funds been allocated by the Village using this policy?



Water Rate Increase for 2023:

Effective January 1, 2023, 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 $16.50. 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. Staff will continue to review the Water & Sewer rate annually and recommend adjustments as needed.

Future Challenges for the Village:

- Future revenue flexibility
- Unforeseen future unfunded State mandates
- Upcoming building & operational expenses
    1. Anticipated major building expenses:
        - 2023 CIP - $3.9 million for Fleet Maintenance Facility Improvement Project
        - 2022 Strategic Plan – Evaluation of current Police & Fire Department facilities, estimated to be in excess of $15 million.

    2. Anticipated increased operational expenses:
        - Inflation driving costs up
        - Street lighting electricity bid increased from 2.77 cents to 6.22 cents in June 2022.
        - Vehicle prices increasing drastically, with many unavailable.
        - Increase in cost of every day commodities – Electricity, Natural Gas, Fuel, Public Works supplies, etc.
        - Wages
        - Pension Contributions due to investment losses

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