



**Village of Lombard
Communications Plan
FY 2022 Budget, Water & Sewer Rates, 2021 Tax Levy**

Purpose

The Lombard Village Board recently approved the FY 2022 Budget and 2021 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. While the COVID-19 pandemic has created many challenges, the Village continues to provide 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 challenges
2. Communicate the budget impacts caused by the COVID-19 pandemic
3. Provide residents with confidence in the Village's financial standing and commitment to fiscal responsibility
4. 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
 - 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

2022 Budget and Beyond

- 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 7.50% of property tax dollars, or 7.50 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 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 3.74% increase, which translates to an increase of approximately \$7.30 for the owner of a \$300,000 home.
- The Village receives 33% of its budget from food, beverage, and sales tax combined.
- Combined wages and benefits (pensions, health insurance, Social Security/Medicare and life insurance) make up 77% of all General Fund operating expenses.
- 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 2022 is \$895,793. This is the first time since 2009 that the Village has a positive projection.
 - Investments for the pension funds have done well for the past few years. However, a decrease in investment earnings will cause a spike in the required

funding for Pensions and/or Liabilities, which will reduce funding available for the Corporate property tax levy.

- The Village will save approximately \$455,213 in the General Fund in 2022 due to 3 full-time (2 police officers/1 firefighter) and 5 part-time vacated positions that have been frozen since the beginning of 2020 or earlier.

Village Action to Face the Impact of COVID-19:

The Lombard Village Board and staff remain 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 FY 2022 Hotel/Motel (H/M) Fund expenses total \$1,618,460 compared to the projected revenues of \$951,620. Due to the slow rebound of business and personal travel, the projected FY 2022 H/M Fund balance is -\$378K and falls to -\$1.1M in 2023.
- The Village received \$3,011,368.16 on 8/17/2021 in American Rescue Plan Act (ARPA) funding and is expected to receive an additional \$3,011,368.16 in 2022. The Board provided direction to staff to report the \$6,022,736.31 allocated to the Village of Lombard as lost revenue and to submit eligible expenses related to public safety salaries. This approach meets the U.S. Treasury Department reporting requirements.
- Staff presented various options to the Board for the allocation of a projected \$5,311,368 of funds available from the following:
 - Sale of 101 S Main - \$1M
 - Savings from public safety salaries - \$3,011,368.16
 - Anticipated YE 2021 Revenues over Expenses - \$1.3M

The consensus of the Village Board is to allocate \$700,000 to both the Building Fund and Pension Stabilization Fund; \$1,000,000 to the Hotel/Motel Fund for reserve stabilization; \$300,000 for Hotel Tourism Grants/Support; and \$2,611,368 to the proposed Economic Development Reserve Fund.

Water Rate Increase for 2022:

Effective January 1, 2022, 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 \$16.10. 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.

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.

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