



# Village of Clarendon Hills 2008-2009 Fiscal Year Budget

## Introduction

Included within this issue of Trustee Topics, is a summary of the revenues and expenditures for the 2008-2009 Fiscal Year Budget. The Village Board and staff have spent numerous months preparing the budget which has become increasingly difficult to balance without significant cuts in services. Below is a summary of the key initiatives contained within the FY 2008-09 Budget and significant future challenges that the Village will face. These challenges will be discussed in detail at the upcoming Neighborhood Dialogue to be held Tuesday, May 20, 2008. See the back page of this insert for more information regarding the Neighborhood Dialogue.

## Key Initiatives for FY 2008-09

### 55<sup>th</sup> Street Water Main Replacement

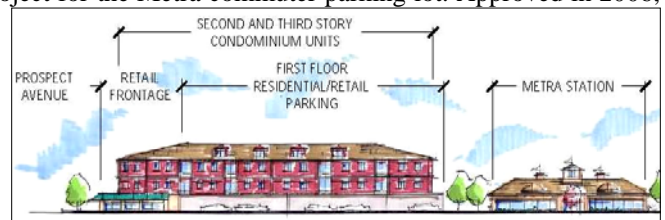
This fiscal year, the Village Board authorized \$1.2 million for the replacement of the water main on 55<sup>th</sup> Street from Holmes to S. Richmond Avenue. This water main was originally installed in the 1930's and is being replaced due to a poor service record, the cost of repairs, and increased water volume demands in this area. As part of the replacement project, the Village plans to relocate the new 12" diameter water main under the north sidewalk in order to eliminate expensive and inconvenient road repairs that occur during maintenance of the water main. Construction began the second week of April and will be completed by September of this year.

### Road Maintenance Program

A five-year Road Maintenance Program was initiated as a capital project in FY 2005-06. The purpose of the project was to resurface Village streets to extend the life of existing roadways. This program includes the grinding of existing pavement, base repairs, drainage and shoulder improvements, and resurfacing with new asphalt. For FY 2008-09, the Village has budgeted approximately \$400,000 which will resurface roughly 39,000 square yards of pavement. This five year program will be completed in FY 2011-12.

### Metra Station and Parking Lot

The FY 2008-09 Budget contains initiatives for downtown reinvestment that will result in more options for housing, retail, and services while increasing the Village's tax base. Specifically, the budget contains \$75,000 for professional assistance in developing a site analysis and preliminary engineering for pursuing a development project for the Metra commuter parking lot. Approved in 2006, the Downtown Master Plan calls for the redevelopment of the Metra lot into a 3-story mixed-use building that includes 6,000 sq. ft. of first-floor retail, 22 condominium units, and 68 first-floor parking spaces. In addition, the plan calls for a new train station with a turnaround drop off and convenient access from Eastern Avenue and Ann Street. This site analysis is the first step in securing development proposals for the site that is in compliance with the goals of the Downtown Master Plan.



## Significant Future Challenges

### General Fund

Over the next three to five years, projections indicate that the General Fund balance will decrease, reducing our reserves to less than 20% of our operating budget. The Village's Fund Balance Policy establishes that 40% of the operating budget be held in reserve. If the reserve dips to the 20% level, the Village would be left with only 2 months of operating funds. This would also negatively impact the Village's credit/bond rating. Moreover, with the recent decline in the economy and the housing market, the Village will need to evaluate alternative revenue sources to supplement any declining revenues (i.e. sales tax, property tax, income tax).

### Water Fund

The Water Fund accounts for the purchase of Lake Michigan Water and distribution to our residents. As an enterprise operation, users pay for the cost of water, operation, maintenance, and improvement of the distribution system. The current rate was established in 1992 and has not been increased since that time. However, the DuPage Water Commission (DWC) has established an annual 15% increase to water rates for the next three years beginning in October 2008. These rate increases are wholly due to the wholesale rate increases approved by the City of Chicago in late 2007. This fiscal year, the Village will conduct a water rate study to ensure that the Village can continue to fund operating costs for water and necessary capital improvements to its aging water infrastructure.

### Fire Department Personnel

The Fire Department is primarily supported by paid-on-call (volunteer) and part-time firefighter/paramedics. As a result, the Fire Department has one of the lowest per capita expenditures for Village services in DuPage County. The FY 2008-09 budgeted expenditure is \$883,831. However, over the years, the number of daytime volunteer firefighter/paramedics has significantly decreased. A recent Fire Service Study conducted by The PAR Group recommends that the Village hire an additional 2-3 part-time firefighter/paramedics per shift to maintain minimum fire service levels and appropriate response times. Over the next year, the Village will be reviewing revenue sources, expenditures levels, and the provision of services in order to determine an appropriate funding mechanism for the additional firefighter/paramedic personnel.