

DATE: March 2, 2007

TO: President and Board of Trustees  
Robert Bahan, Village Manager

FROM: Kathy T. Redding, Finance Director/Assistant Village Manager

SUBJECT: Fiscal Year 2007-08 Proposed Budget

The proposed budget is presented for your review prior to our budget workshop on March 10, 2007 at 8:30 a.m. Please note that the workshop will be held at the Police station (448 Park), not at Village Hall. The following memo provides detail behind the revenue projections and highlights some of the expenditures.

## **General Corporate Fund**

### Revenues

The General fund revenues are projected to increase overall by 5 %. General fund property taxes, which were levied in December, are projected to increase 7%, of which 3.4% is the Tax Cap limitation and 3.6% attributed to new growth. The final tax levy numbers will be released by the County during the first week of April. At that time budgeted property tax revenues will be adjusted and any necessary adjustments to decrease expenditures will be made.

Mike Brown has estimated demolition activity of single-family homes to be 40 homes during next fiscal year. There will also be commercial construction occurring in the central business district. Two commercial projects are included in the budgeted permit revenues. Permit fees will again be increased on May 1 to reflect the inflation rate of 2.5%. This annual inflation escalator was enacted last fiscal year.

State shared revenues are based upon projections provided by the Illinois Municipal League. State shared revenue includes, State Use tax, State Income tax and Motor Fuel tax, calculated on a per capita basis. The IML has projected an upturn in state shared revenues from the current year, from \$124.50 to \$129.15 per capita. State Income tax is budgeted at \$662,070, a \$59,358 increase over the current budget. State Use tax is budgeted at \$103,115, a \$13,317 increase over the current budget.

Sales tax is also included in the category, State Shared, but is based upon actual sales that occur within the Village. Sales tax is budgeted reflecting last fiscal years collections at

\$520,235. This revenue source continues to decline each year. Current central business district redevelopment should bolster sales tax in the future.

Several revenue enhancements are being proposed, place of eating tax, increased parking permit fees and increased vehicle license fees.

Under Illinois Statute, the village may adopt a local ordinance that imposes a retail use tax upon food and beverage establishments. The tax may be imposed in increments of ¼% to a maximum of 1% for non-home rule communities. Places of eating are defined as a place where prepared food or beverages are sold at retail for immediate consumption with seating provided on the premise, whether the food is consumed on the premise or not. Businesses exempt from the tax would include those establishments that do not offer indoor seating for patrons. The tax is collected locally by the place of eating and remitted to the Village on a monthly basis. The vendor is allowed to retain 1% of the taxes collected as reimbursement for expenses in collecting the tax. Local non-home rule communities that currently have a place of eating tax are Hinsdale, Willowbrook, Lombard and Westchester. Based upon the current 1% sales tax currently received from the State under the category “drinking and eating places”, an additional 1% place of eating tax would generate approximately \$58,000.

Parking permit fees have not been increased since September, 1992. Currently permit holders pay \$60/quarter for residents and \$75/quarter for non-residents for parking along Burlington Ave. Daily permits are also sold for \$2.00 per day. Since 1992 all Village maintenance costs have increased. Costs associated with snow removal, road maintenance, labor and benefits have all increased, with no corresponding rate increase in fifteen years. It is proposed that the fees be adjusted to reflect these increased costs. A resident quarterly parking fee would increase to \$90, non-resident would increase to \$110 and the daily parking fee would be raised to \$5. The increased fees were arrived at by using the inflation index calculator. It is estimated that this fee increase would generate an additional \$32,760 per year.

Vehicle Sticker License fees have not increased since 1992. Using the same inflation index calculator an increase of \$10 per sticker in all categories should be applied. An automobile sticker currently cost \$25, with seniors (62 +) paying one-half of the cost. Truck sticker fees vary based on weight and motorcycles are charged \$15. All categories would increase by \$10. It is estimated that this fee increase would generate approximately \$47,000 per year.

The total of these proposed revenue enhancements would generate an additional \$137,760 for the General Fund. Implementation would occur on May 1, with the beginning of the fiscal year.

## Expenditures

Expenditures in the General Fund increased 2.25% overall. Salaries are budgeted at the current level. Salary increases, awarded to non-union employees in May, are budgeted in the Contingency account. Funds are also available in contingency to fund any salary changes that may occur with a new Police union contract. Health and Dental insurance are budgeted, reflecting a 10% increase over the current year. All pension and FICA contributions are budgeted based on current salaries. Our IMRF matching rate decreased this year to 10.65%, beginning in January 2007. This rate will remain in effect until January 2008 at which time it is reevaluated by IMRF based on actuarial assumptions and their interest earnings. The Police and Fire Pension contributions are based upon the actuarial study done each fiscal year to use as the basis for the tax levy.

## General Fund Department Highlights

Presented at the beginning of each department's budget are summary sheets detailing significant expenditures in the department's proposed budget. There were no new programs or personnel presented in the proposed budget. During the budget workshop each department will have the opportunity to present their proposed budget to the Board.

Contingency in the General Fund is budgeted at \$240,000. This will cover employee compensation increases, unanticipated increases in health insurance, and other expenditures that may occur during the fiscal year not included in this budget. The transfer from the General fund to Capital Projects is budgeted at \$250,000, which is the minimum per Village policy.

## **Capital Projects Fund**

### Revenues

Utility tax is the major source of revenue to the fund. The utility tax is a legally obligated revenue source for the repayment of debt issued for the road improvement program. The tax is budgeted at \$723,235. Because the tax is on gross receipts, increases in electric and natural gas prices are reflected in our utility tax collections. This accounts for the increases in collections in recent years.

A grant from the West Suburban Mass Transit District is budgeted at \$56,625, a 75% match for safety and security projects planned for the Metra station. The Village is responsible for the other 25% (\$18,875) which is included in the proposed budget. This grant application has been forwarded to WSMTD for their review and approval within the next several months.

Contributions for the Beautification Committee's Planting Partners project are budgeted at \$6,325. This covers 100% of the cost of planting and maintenance of the pots located in the Central Business District.

## Expenditures

A detailed list of capital projects is provided in the budget along with a brief narrative of the project. All projects require Board approval prior to initiation. Also included is an updated ten- year capital plan.

## **Water Fund**

### Revenue

Revenues received from the sale of water are projected based on an average of the previous years' sales. Sales are dependent on weather conditions and accountability, which averages in the high 90% range. Interest earnings are projected to increase based on higher rates.

Decreases in water fees reflect the reduced building activity anticipated next year. The rental of property revenue is decreased due to the removal of the Cingular antenna from the water tower.

### Expenditures

Significant changes are anticipated in expenditures. Due to recent DuPage Water Commission (DWC) actions, the rate to purchase water has been reduced from a combined rate of \$1.45 to a rate of \$1.25 per thousand gallons until the fiscal year 2015-16. This rate decrease results in a yearly \$60,000 savings to the Village, based upon average water purchases from DWC. In addition a \$40 million rebate is proposed. The Village's share of the rebate is \$336,634. This will be shown as a credit on our monthly invoice from the Commission. Essentially we will be receiving credits each month totaling \$336,364, beginning with the May 2007 invoice. The Village's total water purchase expense is budgeted at \$39,000 for next fiscal year. The combination of the rate reduction and rebate result in a \$396,000 savings to the Village next fiscal year.

### Water Fund Balance Policy

Staff has developed a Water Fund Balance Policy to aid in establishing a viable ten year capital plan for the Water Fund. The policy is similar to the General Fund Policy adopted by the Board requiring a minimum fund balance of 40%. A draft explanation of the new policy and calculation of fund balance available for water capital needs is included under the Water Fund section of the proposed budget. Also included is a ten-year capital plan. These were previously distributed with Manager's Notes on February 5. It is proposed that a detailed discussion of the policy and ten-year capital plan will be discussed at the March 19 Village Board meeting.

## **Motor Fuel Tax Fund**

### Revenue

The motor fuel tax allotment is budgeted using Illinois Municipal League projections. IML estimates no change in MFT funding. Despite this, the Village will receive increased funds due to annexations that occurred. The State changes the census used for calculating motor fuel tax allotments based upon annexations. The projected revenue is \$228,800.

### Expenditure

The cost share for Chicago Ave. jurisdictional transfer from IDOT has been re-budgeted this year at \$92,000. No other significant changes in expenditures are anticipated.

## **BN/CH Parking Fund**

### Revenues

It is proposed that the parking permit fees be increased from \$75 to \$110 per quarter next fiscal year. The parking permit fees have not been changed since 1992. The increased revenue which would be received, \$14,000 per year, would be used to fund increased labor costs, snow removal and other maintenance costs. The daily parking fee would increase from \$2 to \$5 per day. The Village must seek concurrence from the Burlington Northern prior to raising the parking fees. It is proposed that the rate increase be effective next fiscal year, beginning with the July 1 quarter.

### Expenditures

Expenditures are normal costs of operating the station and lot.

## **Hotel/Motel Fund**

Tax receipts received from the Mayflower Motel are budgeted at \$6,000. No expenditures are budgeted for next fiscal year. The fund moved out of the deficit cash balance in May 2006.

## **Debt Service Fund**

### Revenues

Revenues to this fund come from transfers from the Capital Projects Fund for the installment contracts issued for fire trucks and new police facility.

## **Special Service Area Funds**

The Special Service Area Funds exist only to receive property tax to cover the debt service payments associated with the Road Program, Traube and Park Willow water mains. No other revenues or expenditures are budgeted in these funds.

If you have any questions or require more detail prior to the workshop please contact me.

**VILLAGE OF CLARENDON HILLS  
FISCAL YEAR 2007-2008 ADOPTED NET BUDGET**

TOTAL REVENUES	FY 07-08 BUDGET	INTERFUND TRANSFERS	NET BUDGET
GENERAL CORPORATE FUND	\$5,548,126		\$5,548,126
MOTOR FUEL TAX FUND	\$254,800		\$254,800
HOTEL/MOTEL TAX FUND	\$6,050		\$6,050
SPECIAL SERVICE AREA TWO	\$57,448		\$57,448
SPECIAL SERVICE ARE THREE	\$65,970		\$65,970
SPECIAL SERVICE AREA FOUR	\$69,811		\$69,811
SPECIAL SERVICE AREA FIVE	\$32,726		\$32,726
SPECIAL SERVICE AREA SIX	\$66,161		\$66,161
SPECIAL SERVICE AREA SEVEN	\$24,964		\$24,964
SPECIAL SERVICE AREA EIGHT	\$60,274		\$60,274
SPECIAL SERVICE AREA NINE	\$54,331		\$54,331
SPECIAL SERVICE AREA TEN	\$50,128		\$50,128
SPECIAL SERVICE AREA ELEVEN	\$56,127		\$56,127
SPECIAL SERVICE AREA TWELVE	\$25,782		\$25,782
SPECIAL SERVICE AREA THIRTEEN - TRAUBE	\$7,300		\$7,300
WATER UTILITY FUND	\$2,240,944		\$2,240,944
BN/CH PARKING FUND	\$39,400		\$39,400
DEBT SERVICE FUND	\$293,825		\$293,825
2002 GO BOND DEBT SERVICE FUND	\$811,843	\$801,843	\$10,000
CAPITAL PROJECTS FUND	\$1,221,185	\$250,000	\$971,185
TOTAL REVENUE ALL FUNDS	\$10,987,195	\$1,051,843	\$9,935,352

TOTAL EXPENDITURES			
GENERAL CORPORATE FUND	\$5,548,126	\$250,000	\$5,298,126
MOTOR FUEL TAX FUND	\$357,200		\$357,200
HOTEL/MOTEL FUND	\$0		\$0
SPECIAL SERVICE AREA TWO	\$56,348	\$56,348	\$0
SPECIAL SERVICE AREA THREE	\$62,970	\$62,970	\$0
SPECIAL SERVICE AREA FOUR	\$69,511	\$69,511	\$0
SPECIAL SERVICE AREA FIVE	\$32,451	\$32,451	\$0
SPECIAL SERVICE AREA SIX	\$65,511	\$65,511	\$0
SPECIAL SERVICE AREA SEVEN	\$25,350	\$25,350	\$0
SPECIAL SERVICE AREA EIGHT	\$59,774	\$59,774	\$0
SPECIAL SERVICE AREA NINE	\$53,351	\$53,351	\$0
SPECIAL SERVICE AREA TEN	\$49,478	\$49,478	\$0
SPECIAL SERVICE AREA ELEVEN	\$55,777	\$55,777	\$0
SPECIAL SERVICE AREA TWELVE	\$25,232	\$25,232	\$0
SPECIAL SERVICE AREA THIRTEEN	\$7,100		\$7,100
WATER UTILITY FUND	\$2,240,944	\$1,121,496	\$1,119,448
BN/CH PARKING FUND	\$42,100	\$20,350	\$21,750
DEBT SERVICE FUND	\$290,825		\$290,825
2002 GO DEBT SERVICE FUND	\$855,323		\$855,323
CAPITAL PROJECTS FUND	\$1,917,038	\$610,563	\$1,306,475
TOTAL EXPENDITURES ALL FUNDS	\$11,814,409	\$2,558,162	\$9,256,247

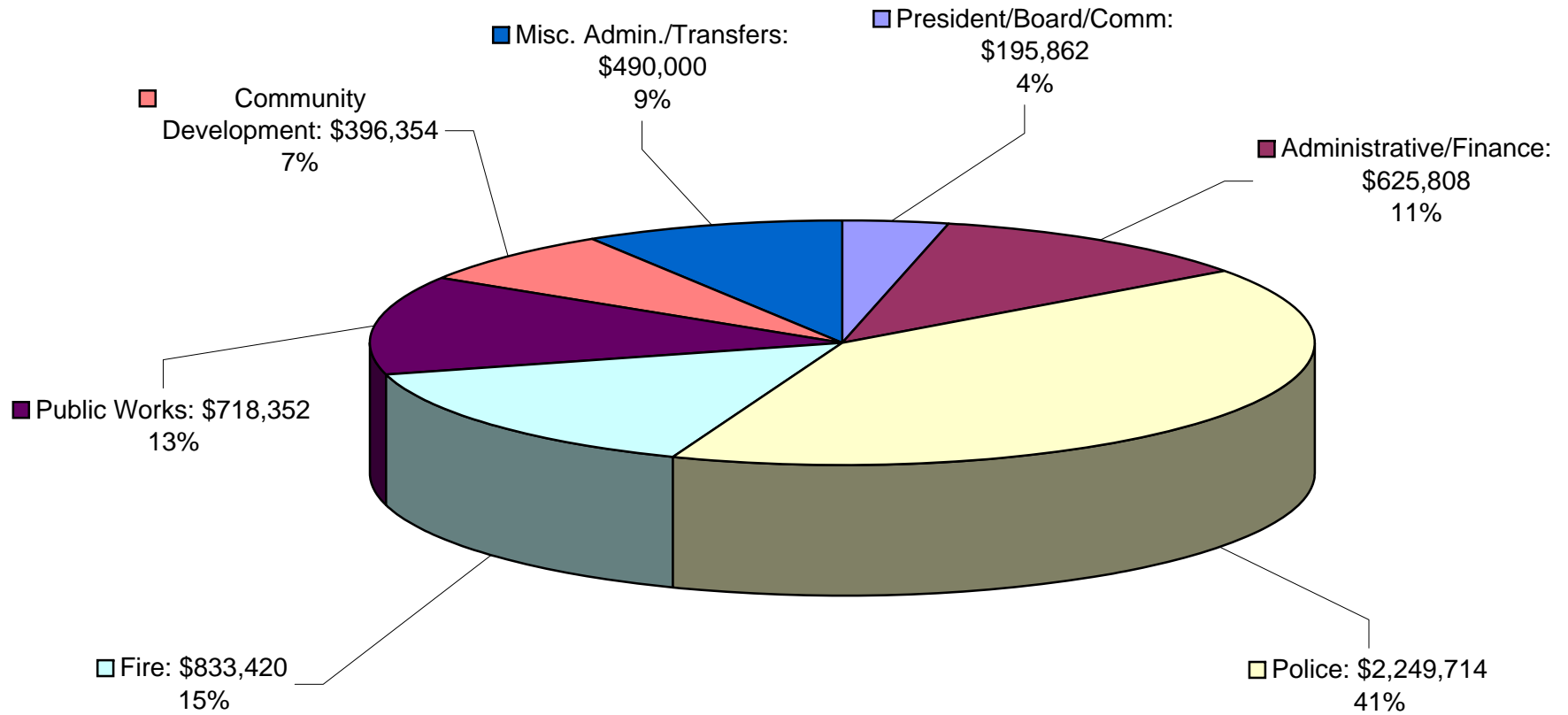
VILLAGE OF CLARENDON HILLS  
GENERAL CORPORATE FUND SUMMARY  
FY 2007-08 ADOPTED OPERATING BUDGET

REVENUE SUMMARY	FY 04-05 ACTUAL	FY 05-06 ACTUAL	FY 06-07 REVISED BUDGET	FY 07-08 ADOPTED BUDGET	% INCREASE/ DECREASE
PROPERTY TAX	\$2,296,505	\$2,432,992	\$2,630,979	\$2,808,071	6.7%
OTHER TAXES	\$20,109	\$23,570	\$20,792	\$24,550	18.1%
LICENSES	\$137,488	\$139,677	\$137,600	\$186,450	35.5%
PERMITS	\$378,796	\$562,051	\$547,590	\$409,450	-25.2%
GRANTS	\$8,182	\$20,738	\$15,810	\$1,600	-89.9%
STATE SHARED	\$1,131,326	\$1,193,428	\$1,227,510	\$1,279,760	4.3%
SERVICE CHARGES	\$289,786	\$294,272	\$273,545	\$325,695	19.1%
FINES	\$156,263	\$161,227	\$147,250	\$164,000	11.4%
INTEREST EARNINGS	\$45,465	\$73,144	\$60,000	\$168,000	180.0%
MISCELLANEOUS	\$106,373	\$116,951	\$101,550	\$96,600	-4.9%
FRANCHISE FEES	\$75,552	\$81,823	\$79,950	\$83,950	5.0%
INTERFUND TRANSFERS	\$0	\$15,908	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$4,645,845</b>	<b>\$5,115,781</b>	<b>\$5,242,576</b>	<b>\$5,548,126</b>	<b>5.8%</b>

EXPENDITURE SUMMARY

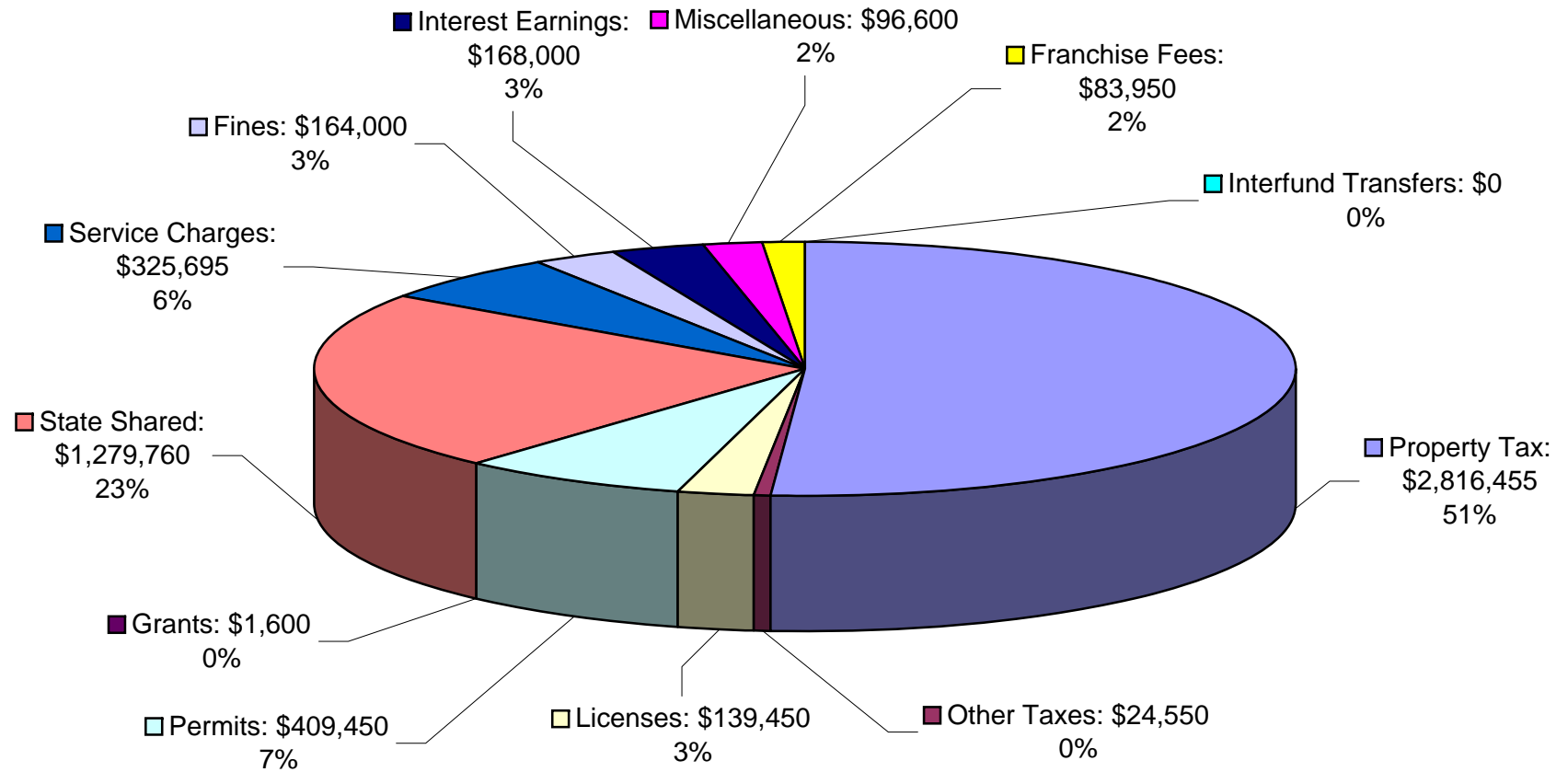
PRESIDENT/BOARD/COMM.	\$142,484	\$169,420	\$189,195	\$195,862	3.5%
ADMINISTRATIVE/FINANCE	\$464,166	\$517,455	\$611,208	\$625,808	2.4%
POLICE	\$1,956,359	\$2,032,571	\$2,188,048	\$2,249,714	2.8%
FIRE	\$708,297	\$843,473	\$807,292	\$833,420	3.2%
PUBLIC WORKS	\$669,605	\$681,296	\$721,548	\$718,352	-0.4%
COMMUNITY DEVELOPMENT	\$284,612	\$345,602	\$396,810	\$396,354	-0.1%
MISC. ADMIN./TRANSFERS	\$335,035	\$329,912	\$476,870	\$528,616	10.9%
<b>TOTAL</b>	<b>\$4,560,558</b>	<b>\$4,919,729</b>	<b>\$5,390,971</b>	<b>\$5,548,126</b>	<b>2.9%</b>

# General Fund Expenditure Summary 2007-08 Operating Budget



President/Board/Comm: \$195,862	Administrative/Finance: \$625,808	Police: \$2,249,714
Fire: \$833,420	Public Works: \$718,352	Community Development: \$396,354
Misc. Admin./Transfers: \$490,000		

## General Fund Revenue Summary 2007-08 Operating Budget



Property Tax: \$2,816,455	Other Taxes: \$24,550	Licenses: \$139,450
Permits: \$409,450	Grants: \$1,600	State Shared: \$1,279,760
Service Charges: \$325,695	Fines: \$164,000	Interest Earnings: \$168,000
Miscellaneous: \$96,600	Franchise Fees: \$83,950	Interfund Transfers: \$0

## Press Release

Contact: Kathy Redding, Finance Director/  
Assistant Village Manager  
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FOR IMMEDIATE RELEASE  
April 2, 2007

### **Village Board Considers FY 2007-08 Budget**

On the Clarendon Hills Village Board Meeting agenda for Monday, April 2<sup>nd</sup> is first consideration of the FY 07-08 Budget. A public hearing and second consideration of the budget will be held Monday, April 16<sup>th</sup>. Below is a description of revenue and expenditure highlights in the Clarendon Hills FY 2007-08 budget.

#### Revenues

The core operations of the Village are supported by General Fund revenue and include police and fire protection, public works, and administrative functions. General Fund revenues for FY 2007-08 are projected at \$5,509,510 (an increase of 5%). General Fund revenue is collected from a variety of sources including property tax, licenses, permits, grants, sales tax, use tax, income tax, service charges, fines, interest earnings, and franchise fees.

The Village has traditionally relied upon property taxes as a source of service funding. Property tax revenues for FY 2007-08 will again equate to more than half of all General Fund revenues. The growth in property tax revenue is for the most part due to new residential construction that is market driven. Because of the fluctuations of the long-term housing market, the Village has been seeking means of diversifying revenue sources in order to protect the financial health of the Village and reduce the reliance on property tax.

In order to help fund the cost of snowplowing and road maintenance, the Village is looking to increase the annual cost of vehicle sticker licenses by \$10 for each class of vehicle. Vehicle sticker licenses have not increased since 1992. This \$10 increase is projected to contribute an additional \$47,000 to overall revenues. Second consideration of the vehicle license increase is on the April 2<sup>nd</sup> agenda.

In FY 2007-08, the Village is also focusing on the health of the Village's water infrastructure. In order to address future water capital improvements, the Village approved a Water Fund Balance and Capital Policy. This policy will require a minimum Water Fund balance of 40% of the current annual budgeted expenses for the Water Fund. At the end of each fiscal year, funds in excess of 40% will be available for water capital improvements. With the anticipated reduction of the DuPage Water Commission wholesale water rate and rebate, the Village will significantly reinvest in its \$45 million water system targeting water mains that are 75 years old for replacement.

### Expenditures

Overall, expenditures in the General Fund will increase 2.25%. A significant water capital improvement that is planned for FY 2007-08 is the replacement of the 55<sup>th</sup> Street water main. Since 2000, Village staff has made nine repairs to this water main located underneath the north lane pavement of 55<sup>th</sup> Street. In FY 2007-08, this water main will be replaced and installed underneath the existing sidewalk on the north side of the street to alleviate future repairs on 55<sup>th</sup> Street. The budget contains \$770,000 in the Water Capital Fund for this improvement.

A five-year road maintenance program was initiated as a capital project in FY 2005-06 and will continue in FY 2007-08. The purpose of the project is to resurface Village streets to extend the life of existing roadways. This year's program includes an expenditure of \$500,000 for the grinding of existing pavement, textile matting, resurfacing, utility adjustments, pavement markings, intersection improvements, and shoulder repairs. This project is estimated to resurface 39,000 square yards of pavement throughout the Village. Last year, the road maintenance program was deferred one year due to Chicago Avenue construction. Therefore, the road maintenance program is expected to be completed in FY 2011-12.

A final highlight in this year's budget is \$55,000 in the Capital Projects Fund for economic development initiatives. Over the last several years, the Village has sought to increase sales tax revenue by focusing on redevelopment efforts along Ogden Avenue and within the Central Business District. This \$55,000 is expected to fund professional assistance with the evaluation of future development agreements, a call-out recruitment program to assist in attracting retailers to vacant spaces, professional services for redevelopment of the Metra parking lot, and way-finding signs to guide traffic into downtown Clarendon Hills.