

Press Release

Contacts: Peg Hartnett, Finance Director
(630) 286-5415
Robert Bahan, Village Manager
(630) 286-5404

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Village Board Adopts Fiscal Year 2010-11 Budget

Fiscal Year 2010-11 will be another challenging year for the Village. Revenue declines continue with difficulties at the state level, and the Village has few options available to raise additional revenues. In order to balance the FY 2010-11 budget, various fees will see modest increases, including licenses and permits, building fees, fire service fees and the electric utility tax.

Along with adjusting fees, a total of \$453,538 in expenditures were reduced or deferred from the Village's General operating, Motor Fuel Tax and Capital Projects budgets. These expenditure reductions, in addition to a moratorium on approximately \$1.2 million in expenditures in the previous two fiscal years, represent a total reduction or deferment of almost \$1.7 million in the Village's budgets. The Village's budget for FY 2010-11, which begins May 1, totals \$11.2 million.

For the past five months the Village Board and staff have painstakingly worked to develop a budget that is balanced, while continuing to provide the most essential services to its residents and businesses. During this process, the Village's Finance Committee met on two separate occasions to review proposed changes to the budget and provide their recommendations. In addition, a budget workshop was held on Saturday, March 20 with the Board of Trustees, the Village Manager and Department Heads.

At the Village Board meeting on Monday, April 5, the Board first considered the proposed FY 2010-11 Budget. A public hearing and second consideration and passage of the budget occurred at the April 19 Village Board meeting. Following are highlights of the Village of Clarendon Hills FY 2010-11 Budget.

Revenues

The core operations of the Village, which are supported by General Fund revenue, include police and fire protection, public works, community development, and administrative functions. Overall General Fund revenues are projected to increase by just \$38,124 or 0.7 percent from the prior year. These revenues are 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. Property taxes remain the primary source of funding for core Village services at 54 percent of General Fund revenues.

Furthermore, the Village faces uncertainty in the amount of shared income taxes it receives from the State of Illinois. If the state moves forward with the current proposal to reduce the municipal share of income taxes we all pay to support local services, the Village will lose approximately \$200,000 of revenue each year. This loss of State funding combined with other revenue reductions cannot be sustained, and the Village will eventually need to raise the tax levy if a future financial crisis is to be avoided.

The Village has worked diligently on acquiring grants to fund several capital projects. State Senator Kirk Dillard and State Representative Patricia Bellock each secured \$100,000 from the State to complete road repairs on Burlington, Golf and North Prospect Avenues. Representative Bellock awarded an additional \$176,300 to fund sidewalk and crosswalk repairs in the Central Business District. The Village also received three grants to fund the redevelopment design of the Metra Station: \$250,000 from Senator Dillard, \$80,000 from the Regional Transit Authority, and \$20,000 from West Suburban Mass Transit.

Finally, the Village received \$2.1 million from the Illinois Environmental Protection Agency to replace approximately 12,000 lineal feet of water mains within the Village. This project was funded with American Recovery and Reinvestment Act (ARRA) funds and a Public Water Supply Loan. The \$1.6 million, zero-interest loan will be repaid over twenty years, and the remaining \$500,000 does not need to be repaid.

Expenditures

Expenditures in the General Fund will increase by 3 percent in FY 2010-11, wholly the result of increases in health insurance premiums, retirement contributions for Village employees, and risk management. A total of \$500,000 in non-essential expenditures was removed from the budget or postponed, as the Village made a serious commitment to maintaining the most essential services while reducing costs and balancing the budget.

One way in which the Village has sought to contain costs while maintaining vital services is through exploring shared services. In February, the Village Board approved an intergovernmental agreement with the Village of Hinsdale to share fire and emergency medical services. This agreement will allow the fire departments of Clarendon Hills and Hinsdale to operate as a “combined service area,” being jointly responsible for responding to calls within their respective jurisdictions and share personnel, equipment and training. This combined service area will result in cost savings for each community, and provide an opportunity to jointly plan and share in the future cost of capital expenditures.

Finally, additional cost-savings measures are being pursued as the Village Presidents, Managers, and Police Chiefs of Clarendon Hills, Burr Ridge, Hinsdale and Oak Brook have formed a committee to discuss the sharing of municipal services. This committee meets frequently to research the potential opportunities and challenges associated with this initiative.

Fund Balance

The Village’s General Fund balance is projected to be \$2.7 million at April 30, 2011. With limited increases in revenues and a projected 5 percent annual increase in expenses, that fund

balance is expected to drop to \$500,000 by as early as April 30, 2014, or about one month of operating expenses. The Village's policy is to maintain at least 40 percent of current operating expenditures, or about \$2.6 million for FY 2010-2011.

The Village has worked to maintain essential services; however, the revenue and expenditure imbalances projected in the future are not sustainable. If the existing revenue streams do not begin to grow, the Village will need to explore new funding opportunities or cut into essential services.