

2010 STATE OF THE VILLAGE SPEECH

Good evening, thank you for being here. If you are watching this on La Grange Park Community Television Channel 6, thanks for tuning in.

I am here tonight to give the Village's first State of the Village Address and it is a great honor to do so. I am joined this evening with fellow members of the Board who are sitting in the audience. I appreciate their support and great service to this fine Village.

Community involvement has always been the secret to our success here in La Grange Park. We are a Village of dedicated residents who work hard everyday and give back to the community in every way we can. I have witnessed this over the years.

It is with this spirit in mind that I chose to give this address. It is important that our community is involved in its government; it is important that citizens understand its workings and be informed. And in light of the current financial climate, it is imperative that residents know what we are faced with as a Board.



Over the years, we have done a remarkable job in keeping our Village fiscally sound. However, when you consider the financial challenges at the state and national level, as well as those things that will impact us locally, we are forced to look at things differently. There are some very tough decisions to be made. It will be a change for all of us. That is what I would like to discuss with you tonight.

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Before I get started it is important to understand where we are in the budget process. The Finance Committee, made up of Village Board Members, has been meeting throughout the year to discuss the Five Year Plan, and more recently, the next fiscal year budget. Two days ago, the Committee made a number of recommendations to the Village Board at the Budget Public Hearing and Village Board Work Session. At the Village Board Meeting on April 27, the Village Board will vote on the draft Budget before them. In sum, the draft budget for all funds totals \$10,942,811; these expenses are 9.6% less than the previous budget. However, the primary Village operating fund, the draft General Fund budget is \$ 7,315,339; a 6.3% decrease over the previous year. The greatest portion of the general fund is attributable to Police Services – 51%, and then 18% to Fire Services, 15% to Public Works, 12% to Administration, and finally 4% is attributable to Building services.



Many of you have been faced with difficult financial decisions as a result of the recession, and the Village is not immune to these same budgetary issues. In developing the upcoming 2010-2011 Fiscal Year budget, we have a number of challenges. The most significant revenue issue we have is related to the state income tax. In the last eleven months, our state income tax receipts have declined by 14.0% when compared to the same time period two years ago. This represents a \$155,000 loss in revenue. Additionally, the state is four months behind in distributing this revenue to municipalities, which means that right now, we are down another \$322,000 in terms of income tax receipts.

Even more challenging is the Governor's Budget Proposal which calls for a cut in income tax distributions to municipalities. The proposal will cut the amount of income tax that goes to local governments from a 10% share to a 7% share, an overall reduction of 30%, translating into an annual loss of \$310,000 dollars from our community. The proposed cut comes at a time when the Village is trying to balance our budget for the next fiscal year. It forces us to re-evaluate an already challenging budget situation without sufficient time to fill the gaps created by this cut.



And while revenues are on the decline, costs related to personnel are on the rise. Employee healthcare premiums will go up nearly 11% and the increase to the Village's contribution to public safety pensions is staggering. An unparalleled decline in the value of pension fund investments and escalating costs have taken a toll on the funding of public employee pensions. Pension funding comes from three sources – employee contributions, employer contributions, and investments returns. Since employee contributions are set by the Illinois General Assembly, the employer contribution falls upon you the taxpayers – to keep these funds financially solvent.

Each year, State actuaries provide the Village with the dollar amount we need to contribute to our Police Pension Fund. In December of 2009 they informed us the amount we need to levy (and subsequently contribute) in 2010 is \$751,000. Just two years earlier the dollar amount was \$527,000. That is a 42.5% increase over just two years and has added \$224,000 to our cost structure. Furthermore, because of the limitations imposed by the tax cap laws, we cannot increase our real estate tax levy to any meaningful extent in order to cover these increased costs. The result is that a greater portion of our budget is spent on police pensions – and the

irony is that it becomes extremely difficult to hire new police officers, or invest in new emergency equipment – or address critical infrastructure needs like street or sewer repairs.



Witnessing these trends, over the last year, the Village has been able to make some adjustments in spending when there is no new revenue coming in to cover these increasing obligations. For example, the Village reduced staffing where possible through attrition. In the Public Works Department, one position remains unfilled, and today we have two fewer positions in that department than we did five years ago. In the Police Department, we have two vacancies which will go unfilled. In examining the functions of these departments, we are confident we can make these decisions without affecting vital service levels. It is also worth mentioning that our Police Department is conscientious of overtime costs. You may have seen the recent article in the Suburban Life that looked at overtime costs in 23 area police departments. Since 2005, La Grange Park experienced the largest decline in overtime costs for public safety – a 67% decrease. No other community came close to the low cost of what we spend annually in overtime.

Last summer, the Village eliminated one part-time position in the Building Department. This year, the Fire Department held off on hiring six (6) Fire/EMS personnel which provided a savings in the associated training and health screening costs. We recently eliminated the part-time position of Emergency Management Coordinator and shifted that responsibility to the Fire Chief.

For the current fiscal year, wages for all non-union employees and unionized Public Works employees were frozen – no increases. Finally, in the area of personnel costs, this year, employees experienced an increase in their share of health care costs and their contribution will increase again next year.

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The Village has undertaken several cost saving measures over the last year. In the Public Works Department, we changed the process for leaf pickup and eliminated our reliance on our waste hauler, saving the Village \$35,000. This winter, the Department also made changes to its snow plowing program where it cut its salt usage in half. With this new method of salting, the Village estimates a total savings of \$20,000. In the Fire Department, the Village obtained a \$100,000 zero interest loan from the state to fund a new ambulance – saving thousands in interest.

Other measures include – the Village bringing in a new technology consulting firm with lower hourly rates, in an effort to lower IT service and maintenance costs. The Village conducted a telephone audit, which resulted in the elimination of several unnecessary and costly service lines. The Village eliminated pager services, also resulting in cost savings. All these measures taken – some more significant than others – do add up. They illustrate that the Village continuously monitors opportunities for saving tax payers dollars. The Village is also looking outside our organization for potential cost savings. Over the next few months, the Village will be meeting with neighboring Villages to explore prospective opportunities for service delivery cooperation between our communities.



For the upcoming budget, the Village Board has prioritized spending with a focus on Core Services - which means we must align what services citizens expect with what we can afford as we continue to keep our community safe and maintain our Village's infrastructure. Major capital projects will be postponed until we are financially capable of moving forward.



The state of the Village is such that we are facing tough challenges. In general, if the Village were to maintain existing programs and



service levels for the 2010-11 fiscal year, the General Fund would likely be down to a \$50,000 cash balance by the end of November this year. \$50,000 represents about three days worth of expenditures. In the longer term, the Five-Year Financial Plan shows the General Fund ending each year with lower and lower financial reserves. Addressing one particular concern, there seems to exist a trade-off between paving streets and financial viability. We don't want to run out of money, but neither can we defer paving our deteriorating streets for very long.



But for this upcoming fiscal year, we will have to do just that – we will defer street resurfacing for the upcoming year – a savings of \$474,000 which will improve the financial condition of the Village General Fund. This deferment will by no means solve the financial problems we are experiencing, but it will give us the breathing room we need while we address structural issues in our financial condition to better position ourselves to address future needs.



Possibilities for other non-core service expense reductions include eliminating the Fall Festival, the Rose Show, the Adopt-A-Cop Summer Camp, and National Night Out. And with the proposed budget, we are looking to make changes in the Fire Department for

greater costs savings. We are proposing to eliminate the shared summer intern position for the Fire and Building Departments. Finally, for the current fiscal year, the Village Board has eliminated the Village Parkway tree replacement program and the Board is considering this option again for next year. On that note, I would like to take this opportunity to let residents know that you do have the option to select and purchase their own parkway tree – our Public Works department will advise you through the process by consulting with the homeowner on the location, species and minimum size of the parkway tree. Once planted, the tree will be maintained by the Village. More information about this program is in the recent edition of the Rose Clippings as well as on the Village’s Website.



One of the items that I wanted to discuss this evening was the Tax Referendum of 2005. As many of you may recall, the Village held a Tax Cap Increase Referendum in April of 2005, which passed and resulted in an additional \$950,000 per year in revenue. The purpose of these additional funds was to allow the Village to create a schedule of regular, timely replacement of vehicles and equipment, building repairs/upgrades and improved maintenance of our streets. However, with the rising costs of pension contributions, insurance



premiums and the decline in state income tax and other revenue – most of which were affected by what we are calling the Great Recession – the benefits of the referendum have eroded away - quickly.



The proposed budget for 2010-2011 does not propose new revenue sources. The Village Board did recently approve an increase in the water rates to keep up with the water commission's increased rates to the Village. But items such as vehicle license fees, permit fees, business license, utility taxes have not been increased in recent years. As a non-home rule municipality, the Village's ability to generate additional revenue is limited. Over the next few months, the Village will review various license and fee levels to determine cause for any future increases that will contribute additional revenue to the Village.

The Village will also continue to be aggressive in seeking outside funding through grants to fund costly projects that would have otherwise been paid for by Village revenues. This year, the Village was fortunate to receive federal stimulus funding to repave a significant portion of Brainard Avenue. The Village recently learned that it is the recipient of a \$75,000 COPS Technology Grant,

which will be utilized for the purchase of in-car video cameras and radios and ancillary equipment for the police department. We are also the recipient of a \$150,000 FEMA Predistaster Mitigation Grant. This funding will be used to replace a 30 year old generator that provides power to the Emergency Communications Center and various portions of the fire department. This upcoming year the Village will receive an Emergency Repair Program grant in the amount of \$100,000 to resurface two blocks of Homestead from Harding to Woodlawn. Finally, the Village is awaiting word from the state regarding two projects that were included in the 2009 Illinois Jobs Now Capital Bill. The Bill included \$100,000 for the construction of a public parking lot and \$500,000 for our Public Works Building. We will continue to look for more grant opportunities and work with our legislators in an effort to bring tax dollars back to our community.



The Village is acutely aware of the struggles facing the community and our businesses. I would like to talk about the Village's longstanding history of being a partner to the business community. Over the years, the Village has enjoyed partnerships with local businesses on a number of community initiatives: Party in the Park, The Fall Festival, the Rose Show, Adopt A Cop and National Night

Out Programs, and various Fire Prevention programs. The Village has also been an active supporting partner of the La Grange Park Business Association. We have a staff liaison assigned to the association and we support their endeavors – which continue to grow and be more successful, year after year. The Association is the coordinator of the well attended Holiday in the Park event – a family oriented venue that brings community and local businesses together while sharing in the holiday sprit of giving. This year, the Business Association added the After Hours events - a chance for local businesses to come to together, network and learn about ways businesses can support one another in our community. Even more recently, the Association added the springtime Shop Hop event – an Easter inspired event that draws families to the businesses along 31st Street – it was well attended and was a way to reconnect with some of our longstanding local businesses. Shopping locally benefits the community in so many ways – it supports other local businesses, it creates more jobs locally, and the sales tax supports local public services. The Village understands that as each business succeeds, so too does the La Grange Park community. To that end, we look for ways to work together to ensure that our local business community succeeds.



Our Village is home to more than 110 businesses, including banks, retail stores, restaurants, professional offices, and service outlets. Over the last year, we saw some changes in the business landscape. The Village said goodbye to a La Grange Park staple eatery – Rascal’s Restaurant – and in its place, we welcome Seguin Services, a not-for-profit day center for senior citizens. The Village wishes the very best for Seguin whose mission is to help adults with disabilities to fulfill their dreams of happiness, productivity and independence. La Grange Park also welcomed the Best Windy City Hot Dogs to the Village Market at 403 North La Grange Road. The Village is happy to be home to this new eatery that specializes in the authentic Chicago style hot dog and home cut fries.

A La Grange Park staple will be undergoing some major changes. D’s Little Italy is under new ownership and it will soon have a new name – Mattone Restaurant and Bar. Other changes include the installation of a wood fire oven in the main dining room to authentically cook pizzas, new décor and a new menu with family friendly affordable pricing. Renovations will be complete by the end of April, with a grand opening in late Spring. Finally, the Village welcomes two new salons to 31st Street – Dina’s Great Cuts and

Best Hair Salon. Also along 31st Street we will welcome Adorable Pet Styling - Dog and Cat Grooming – opening soon.



News of these new businesses in our community is fantastic – and the Village wishes them well. I would also like to take this opportunity to thank **ALL** of the businesses in our community – and there are many – too many to mention individually – and that is a good thing. It is important to understand that our businesses are not only an integral part of this community by adding to our quality of life – but they are also part of the identity of La Grange Park. Speaking to our business community - we appreciate your willingness to do business here and your support of this great community over the years – we’re glad you are here.



In 2009, the Village was fortunate to acquire property on Beach Avenue to construct a public parking lot for the businesses of 31st Street. We are currently awaiting the funds from the state for the construction of the lot. The public parking lot falls in line with the Village’s long term goals for 31st street as well as supports and promotes the patronage of the businesses in the area.



The Village Board continues its work on strategies to promote businesses and economic development and has scheduled a special strategic planning meeting for May 5th. At the meeting, we will continue our work with what has been done to date for 31st Street as well as start to think about similar plans for the Village Market. As residents may recall, in 2008, the Village completed the 31st Street Corridor Redevelopment Study. One of the recommendations that resulted as part of this process was the creation of new commercial district regulations for 31st Street. I am happy to report that the Village is currently in the process of finalizing its new Village Zoning Code. The new Code will include zoning districts that more accurately reflect the business and commercial areas in our Village, thus making the regulation and re-development of these areas less cumbersome – and more streamlined as a process. I invite residents to be a part of the process. We are holding this series of public hearings at Plymouth Place – on April 22nd, May 20th and June 17th. Residents can get more and detailed information at the Village’s website.



It should be noted that at the Board’s strategic planning session on May 5th, we will also take a look at our progress with the Public Works Garage. Our Public Works facility is over 55 years old and

requires some attention. At the May 5th session, we will take a close look at the current situation and work to determine the best alternatives to address the situation.

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One way that the Village works to ensure that businesses and households can succeed is by keeping property taxes as low as possible. When you compare our Village's property tax revenue with the five surrounding communities, La Grange Park has the lowest property tax per capita rate – however, service levels may differ between the communities. In La Grange Park, if you own a home worth \$350,000 then you pay about \$1,250 per year for the Village's portion of the Property Taxes - this is about \$30 more than the year before and \$60 more than two years ago. The Village's portion is about 10% of your entire property tax bill.

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Looking locally, homes are still selling in our Village. Over the last 12 months, 96 homes have been purchased in our community. Thus far, our Village has been relatively fortunate with regard to foreclosure rates in this economy. As far as Cook County communities are concerned, RealtyTrac reports that La Grange Park has amongst the lowest rates in the county - a rate of 1 in every 577 homes. No news of foreclosure rates is ever good news, but we and

our surrounding communities are faring better than the overall Cook County rate of 1 in every 221 homes – and our Village is fairing better than most DuPage, Kane and Will County communities. But - the impacts of the recession are not yet over, and I assure you we will keep a watchful eye in this area.



To conclude, the State of the Village is such that we are challenged, forcing tough budgetary decisions in the coming year. Although we are facing these challenges, residents must understand that the Village is in a much better position because we were quick to respond to the changing financial environment by making adjustments in spending wherever possible – and by introducing innovative cost saving measures. We are fortunate to have a dedicated Board and Staff to guide us in this process – and I extend my appreciation to them.



Please be assured that the Village Board and I will continue to take the necessary measures to address the real and potential shortfalls during the current budget process. We will be diligent with a longer term strategy that looks to reduce costs as much as possible, maintain the quality services our residents expect, while working to maintain the taxes as low as possible.



While the Village is paring down to Core Services, we also must continue to work together as a community during this tough time. I encourage each resident to stay involved with Village happenings by checking the Village's website, reading your quarterly newsletter and by signing up for e-briefs and public safety briefs. I also encourage residents to shop, dine, and select services locally - our businesses need your support and it ensures the vibrancy of the community and the quality and continuation of services.

