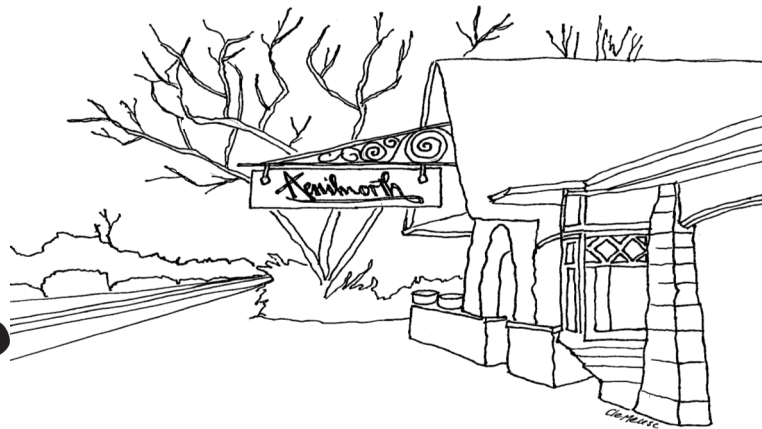


Village of

Kenilworth



419 Richmond Road
Kenilworth, IL 60043

Phone: 847-251-1666
Fax: 847-251-3908

www.villageofkenilworth.
org

E-mail:
info@villageofkenilworth.
.org

Village President
Fred G. Steingraber

Village President's Message—Vol. VI

Dear Residents:

It is hard to believe the calendar year and the first decade of the 21st century are rapidly coming to an end. While we often regret the speed with which time passes, I am reminded this past year and decade have not been especially kind to much of our nation. Therefore, it is with renewed hope we turn to the future. Having said this, it is highly unlikely we are going to return to the hearty and even frothy days of the late nineties anytime soon. I believe the so-called "new normal" will require an adjustment for all of us.



Fred G. Steingraber
Village President

I want to say at the outset I apologize for the length of this communication. However, there is a lot of important work taking place in the Village, and I want to keep you up-to-date, not only on the progress but also the outlook going forward.

As you know from the 16 months work of our Village Blue Ribbon Committee (Revenue-Expenditure Study Committee) beginning in 2007, we gained considerable insight into the challenges the Village of Kenilworth was having and was likely to continue to face even before the infamous financial crash of 2008 occurred. As we have worked and lived through the developments of 2009, I can only confirm the challenges facing Kenilworth we identified during our study have all been confirmed and even expanded upon as they have for almost every municipality.

Summary of Actions Accomplished and Planned

As we approach the calendar year-end, I thought it would be helpful to review some of the actions we have taken and expect to take as we continue to manage our Village responsibilities and financial affairs. As I shared with you in the early summer, the Village has a well defined set of fiscal year 2010 priorities that the Trustees and Village staff are working on diligently. A brief summary of the status on each of these follows:

1. Completion of a secure electrical power plan upgrade which will provide greater capacity, additional sources of power into the Village, and greater flexibility for load switching. This plan was presented and approved in October, including a \$1.5 million investment by Commonwealth Edison and the work is well underway and expected to be fully completed, as planned, by February, 2010.

Continued on Page 2

2. Pursuing all relevant opportunities for assistance through the Federal Government Stimulus Program. Multiple pursuits regarding this objective have thus far not identified any opportunities where Kenilworth meets the eligibility criteria. While there will be additional stimulus funds released in 2010 (which we will continue to pursue), we do not realistically expect to find any major opportunity for the Village of Kenilworth.
3. Reviewing Kenilworth's Public Works needs, including storm water, sewers, streets, curbs, water mains and trees. The Public Works Committee of the Board and the Village staff are actively engaged in this undertaking. In October, the Village Board approved a contract with a private engineering consultant to study the storm drainage watersheds in the community as well as the combined storm and sanitary sewer system situated primarily on the east side of the Village. Additionally, in November, the Board approved a contract with a firm to clean and perform a video scoping of the combined sewer system to evaluate integrity and areas of failure in the system. In addition, a subcommittee has been created to look specifically at our Village Tree Program. All of the aforementioned activities as well as other work currently being carried out will define issues, priorities, estimated costs, a timeline and ultimately a financial plan to fund needed infrastructure improvements or replacement. We expect to have more details to report by the spring of 2010.
4. Changes to Business District Zoning Ordinance Regulations. With the dedicated assistance of the Plan Commission and input from the public as well as business owners, earlier this fall the Village Board approved a comprehensive rewrite to Zoning Ordinance regulations applicable to the business district. Changes made include reducing the number of business district zoning classifications from three to a single district, revising and updating the list of uses permitted in the Business District, adding provisions for Planned Unit Developments, and revising parking regulations. All of the changes made to zoning regulations were approved in response to goals and objectives identified in the Kenilworth Comprehensive Plan. These changes were made with the intent of making Kenilworth's commercial corridor attractive for economic development and redevelopment opportunities, which are needed to provide the Village with additional sources of revenue.
5. Preparing an updated Police Department long range plan. The first phase of this includes a study to assess the potential for a Shared Service Dispatch Facility with several area communities. Work is well underway with each communities' Village managers and Police Chiefs who are now in the process of preparing a detailed report to be submitted to the respective Village boards early in the New Year. Additionally, Kenilworth will be examining whether there are additional options for lowering the cost of our service while maintaining the expected level of security and service provided by the Village Police Department. We expect to have the results of this effort completed in by the spring of 2010.

6. Creating a single Public Works Department. We are currently in the process of defining details for a single consolidated Public Works Department (water, streets, sewers, lighting, forestry) which will reduce costs and increase the flexibility for deployment of personnel. As part of this process we will also be exploring the current intergovernmental agreement with the Park District to determine if there are ways to attain overall economic benefits and personnel deployment flexibility through a shared service approach. We expect to implement these changes beginning no later than next summer.
7. Reviewing vendor contracting practices. We have launched a review of the Village vendor contracting guidelines to confirm the adequacy of our processes for effective selection, service, cost management, and overall performance evaluation. This will continue through the winter and spring.
8. Creation of a Village Employee Handbook. We have completed and approved a comprehensive Employee Handbook detailing all aspects of our Village personnel and policies - a first ever! This was important from a legal, audit, human resources, and risk management point of view.
9. Improvements to financial reporting and budgeting. We have initiated improvements in our financial reporting system which will allow the staff and Trustees to track, by line item, the comparative numbers for last full fiscal year, budget for the full current year, the current forecast for the full year, as well as the year-to-date numbers for both the current and prior year. As part of this, we are now defining underlying assumptions about revenue/cost line items as they relate to the full year forecast. This is expected to facilitate preparation and timely approval of the following year budgets.
10. Establishing Village Manager Goals. The Trustees have adopted a process for establishing goals for the Village Manager to be used in guiding work priorities and in reviewing/evaluating the Village Manager performance annually. These goals are integrated with those approved by the Village Trustees earlier in the year.
11. Improving communications. We are working on multiple approaches for improving the communications with residents, including this newsletter, our website, e-mails, surveys, meetings, etc. The Village has implemented a regular email newsletter, the Kenilworth Contact, and recently initiated an option for online payment of certain Village bills and fees. We expect to have more to report on this in the spring. In the meantime, I urge you to visit the Village website, www.villageofkenilworth.org, for more information on subscribing to the Village's email newsletter service and on the topic of online bill payment.

In addition, in the New Year, we will be exploring our longer term Village financial situation, including sources of revenue and amounts, prospective financing requirements, and reserve policies.

Current Financial Picture - General Fund

In the meantime, I thought it would be helpful to provide you with some highlights on how the Village is doing halfway through the fiscal year (October 31, 2009), compared to last year. Following the approval of the Fiscal Year 2010 Budget, we undertook a series of cost containment actions in our General Fund. Based upon the latest information, we estimate achieving the following full year improvements, compared to fiscal year 2009 actual results:

Forecasted 2010 Reductions Compared to FY 2009

	<u>FY 2010</u>
• Freezing wages and salaries	\$26,220
• Reducing contractual services (administrative support, streets, forestry)	\$147,430
• Reducing commodities (all departments)	\$6,691
• Deferring capital outlays for police car for second year)	\$23,884
• Estimated total cost reduction compared to FY '09	<u>\$204,225</u>

Forecasted 2010 Revenue Increases Compared to FY 2009

• Implementing revenue increases in service charges and licenses	<u>\$85,402</u>
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Total forecasted improvement over fiscal year 2009 + \$289,627

In addition, we believe we have now found an opportunity to reduce the cost of our medical insurance by about <\$30,000> per year. This savings would commence on a going forward basis next fiscal year (fiscal year 2011).

At the same time, during fiscal year 2010, we now estimate we will experience the following additional costs and lost revenue, compared to fiscal year 2009:

Forecasted 2010 Increases in Costs Compared to 2009

• Increases in contractual services (building & grounds, waste removal, street lighting, beach, security)	\$93,186
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Forecasted 2010 Reduction in Revenue Compared to 2009

• A <u>reduction</u> in other revenues from fiscal year 2009 including other taxes (sales, state income), fines, and interest income. This is all related to the economic recession.	<u>\$150,246</u>
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Forecasted 2010 Deterioration (costs/revenue) over fiscal year 2009

- \$243,432

In effect, the forecasted, favorable cost reductions, and increased fees have been largely offset by increases in other costs and reductions in other revenue sources. A very critical factor impacting our operating budget with growing frequency is maintenance and repair costs due to our outdated infrastructure. This includes sewers, streets, hydrants, water valves, and even things such as heating/air conditioning equipment. For example, we recently had one of the HVAC units serving the Village Hall and Historical Society building fail. The estimated cost to repair this 11 year old unit was 50% of the cost of a new unit (\$9,600) and this was not contemplated in our current year budget and occurred in November, after the above forecast numbers were prepared. We are experiencing similar issues with other General Fund Village equipment, and vehicles such as the Village's street sweeper.

Current Financial Picture - Water Fund

With respect to our Water Fund, due to the cool and wet weather again this year, we expect our year-end water revenues to come in about \$120,000 below the budget.

In addition, we are now experiencing, with growing frequency, the need to replace fire hydrants because the old hydrants are inoperable or are leaking. As a result of this, we are 33% over-budget halfway into the year and we have since found another hydrant requiring replacement (\$3,000 per hydrant). This impacts both the General Fund and the Water Fund.

Further, expenditures for water main repairs are running at 100% of the full year budget through just six months. This is related to major leak/break repairs at two locations on Kenilworth Avenue and Woodstock Avenue. Moreover, in-house staff had difficulties repairing/replacing valves situated behind the Joseph Sears School. This has added at least \$18,000 of expense the Village did not budget for, and the Village has no further funds available and/has not budgeted for any future valve failures this year. Unfortunately, the likelihood is there will be additional failures due to age and the condition of our valves as well as the impact of winter weather on our water distribution system.

Conclusion

Finally, as a result of the 2008 C.P.I. being only .10%, the Village is only expected to generate an additional \$30,000 of property tax revenue this year. The Village's portion of the total property tax bill has dropped to 12.79% - down from 13.8% last year. Moreover, due to the securities market devaluations, we have an increased contribution to the Police Pension Fund that will affect our budgeting for the subsequent fiscal year (FY 2011). This will be a levy against our property tax revenue and thereby reduce the discretionary portion of the property tax revenue for the Village next fiscal year (2011) by \$100,000.

So, as you can tell, despite the extensive effort and all of the good work done to reduce costs, improve efficiencies, and increase revenues, we are chasing a moving target in trying to capture revenue sufficient to cover our costs. This has, unfortunately, been the longer term pattern in Kenilworth. Over the five years through fiscal year 2009, we have seen costs grow modestly at 2.5% per year, but General Fund revenues growing at only .1% per year.

Continued on Page 6

This year (fiscal year 2010), while our General Fund expenditures at mid-year are currently forecasted to fall 3.7% (compared to last year, fiscal year 2009), we project a deficit for the third year in a row of approximately \$200,000. And, that assumes no further variances from our current forecast. Similarly, with our Water Fund, which is forecasting only a .05% increase in costs for fiscal year 2010, we will have approximately a \$100,000 deficit due to the revenue variance from forecast.

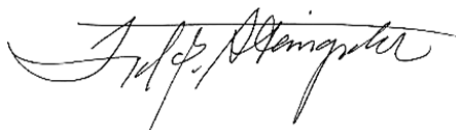
Obviously, we are continuing to work hard to improve on these matters but, as I have noted above, we are increasingly running into revenue shortfalls/deficiencies and the accelerating cost of deferred maintenance on our poor and aging infrastructure. Moreover, we expect further deterioration next year in our sales and state income tax, and building permit revenue (as do most other municipalities), along with further cost increases due to repair and maintenance of our infrastructure. Obviously, this is not a sustainable position and we are devoting considerable attention to this matter.

We expect to be in the position of being able to clarify for you by the summer whether and how much further we can realistically improve our costs and non-tax revenues before proposing a tax increase. I realize that this is not exactly the kind of message anyone wants to receive, especially around the holidays. But, I also realize I have a responsibility to be forthcoming with respect to what the issues are that the Village is facing and what the options are for addressing them. We, of course, will do everything we can to explore all reasonable options which will still meet the service, quality, and safety requirements of Kenilworth, but we will have to move into a balanced budget more aggressively in the next fiscal year.

In closing, I must say I am very impressed with the quality of the Village staff and the initiative they are taking in responding to these challenging times. We are indeed most fortunate to have such committed individuals. I also greatly appreciate the important work and dedication our Trustees and members of the Village Board and Commissions are doing to carry out their important work. I hope you will take the opportunity to express your appreciation to these individuals for their invaluable work and service to Kenilworth, especially in these trying times.

On behalf of all of us connected with the Village of Kenilworth, I want to extend my personal best wishes to all of you for a joyous holiday season while thanking you for your patience and understanding as we continue to work together to make Kenilworth a destination community.

Sincerely yours,



Fred G. Steingraber
Village President

Kenilworth Offers Christmas Tree Pick-Up

Enjoy the decorations and lights of the season. Before we are ready, the holidays will be coming to a close and we will be packing up all of the ornaments and Christmas "goodies". When it comes time to take your tree down, please dispose of it by bringing it to the curb. All trees should be outside on the parkway curb by February 28, 2010. After March 1, trees will not be picked up. Please remember to remove all decorations, lights, and tinsel from any trees placed at the curb for collection.



Village Hall Closures for the Holidays

Village Hall will be closed Thursday, December 24 & Friday, December 25, 2009 for Christmas Eve and Christmas Day, respectively. Plus, Village Hall will be closed Friday, January 1, 2010 for New Year's Day. These three days are the only official closures for Village Hall. Trash will not be collected those days. If those days are when your trash is typically collected, you will only have one pick up for that week.

In the event you need assistance after hours or during these closures, the Kenilworth Police Department will remain open and can be reached at 847-251-2141. If you ever have any questions regarding closures, holidays, or upcoming meetings and events, visit the Village's website, www.villageofkenilworth.org, or you can call Village Hall at 847-251-1666.

Kenilworth Now Offers E-Pay

To serve residents better, Kenilworth now offers electronic payment options for most services provided by the Village. This service is easy and convenient. You may access the E-Pay website by simply visiting the Village's website, www.villageofkenilworth.org. MasterCard, American Express, Discover, or E-Check are accepted. Through E-Pay, you may make the payments for

- Water/Sewer Bills
- Beach Registration
- Vehicle Stickers
- Dog Licenses
- Parking Tickets
- Alarm Permits
- False Alarm Fines
- Local Ordinance Violations



Also, Dog Licenses for the 2010 calendar year are now on sale, and applications are due by January 31, 2010. Residents who have previously registered their dogs have been mailed applications. If you have not registered a dog, or if you need to register a new dog, applications are available at Village Hall; on the Village's website, www.villageofkenilworth.org; or on E-Pay. Please be sure to complete all information requested on the application. The cost is \$30.00 per dog tag.

In addition, residents may apply for alarm permits on E-Pay! Chapter 27A of the Kenilworth Village Code requires all buildings equipped with a burglar or fire alarm to have a permit on file with the Village by January 1st of each year. An installation permit and fee of \$50.00 is required for all new alarm systems and an annual renewal fee of \$25 is required for existing alarm permit holders. The Police Department will be sending out renewal notices this month. As an added convenience, this year residents will have the option to renew and pay for the alarm permit completely online.

Residents needing information about the alarm permit renewal process are urged to contact Dispatcher Don Walshon or access the information and copies of the forms on the Department's website at www.kenilworthpd.org.

If you have any questions regarding E-pay, please call Village Hall at 847-251-1666.



419 Richmond road

Phone: 847-251-1666

Fax: 847-251-3908

E-mail: infor@villageofkenilworth.org

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Village President's End of the Year Recap

Upcoming Meetings

- Monday, December 14—Village Board Meeting—7:30 p.m.
- Tuesday, December 15—Building, Planning & Zoning Meeting—7:30 p.m.
- Thursday, December 24—Christmas Eve—VILLAGE OFFICES CLOSED
- Friday, December 25—Christmas Day—VILLAGE OFFICES CLOSED
- Friday, January 1, 2010—New Year's Day—VILLAGE OFFICES CLOSED
- Tuesday, January 5, 2010—Finance Committee Meeting—5:00 p.m.
- Thursday, January 7, 2010—Park Board Meeting—5:00 p.m.

For more information, see the Village's website, www.villageofkenilworth.org.