



Important Budget Message from the City Manager

May 1, 2014

By all accounts, the City of Lake Forest is considered a very good, if not great municipal organization. We hold a “Aaa” **bond rating**, have a strong balance sheet and provide quality public service in a highly desirable community. We have traditionally engaged in long-term financial forecasting. In mid-2000, the City Council and City acknowledged that economic realities and demographic shifts within the community would alter the provision of City services. **The real challenge as articulated in the Strategic Plan (“Properly align services to available resources and make adjustments to meet residents’ expectations”) is to identify opportunities to control our costs while striving to not diminish the residents’ quality of life.** Every effort was made to get out ahead of the inevitable changes and recalibrate ourselves proactively rather than reactively. We comprehensively examined our core business lines and matched available resources to identified priorities, traditions and values of the community.

Lake Forest vs. The State of Illinois: The State’s financial shortcomings would not be so egregious if it did not result in significant impacts on local governments. The State of Illinois frequently imposes unfunded mandates on local communities, most notably being pension sweeteners – that we have no choice but to pay. More recently, State legislators have focused their attention on local government revenues as a means for closing the projected revenue shortfall. The City currently receives approximately \$2.3 million in income tax and motor fuel tax revenues. And while this represents only 2.7% of the City’s total revenue in Fiscal Year 2015, it will prompt an increase in other taxes or cuts to existing services should these revenues be reduced or eliminated.

In December of 2013, the City Council adopted changes to various fees and charges resulting in an increase (\$675,768) in General Fund revenues, attributable to a new **Refuse Collection Fee** (\$620,000), which the City Council has subsequently elected to direct to the Capital Improvements Fund in Fiscal Year 2015 rather than to the General Fund. Additionally, in February of 2014, the City Council adopted **revisions to the water rate structure** with the goals of:

- Incentivizing residents to reduce water consumption during peak demand periods
- Raising additional revenue to meet increased capital needs of the water system identified in the 5-year Capital Improvement Program
- Establishing the appropriate portion of the utility’s costs that should be covered by the fixed (vs. variable) component of the water rates

Fact sheets on both the Refuse Collection Fee and Water Rate Revisions are included here for your reference.

Additional adjustments may be made in future years so that the optimum balance between fixed and variable revenue components can be achieved over time. With potential collateral damage resulting from the State’s budgetary failures, the Lake Forest City Council must continue to rationally allocate available resources to achieve the greatest common good. We will continue to seek outside funding, promote new thinking, new relationships and structures, and more realistic expectations in our delivery of services.

Robert R. Kiely, Jr.

REFUSE FEES



1. Who does the refuse collection fee impact?

The fee will only affect residents who have their refuse, recycling and yard waste collected by The City of Lake Forest.

2. Why was the refuse collection fee implemented?

Residents have not been charged in the past.

At its November 18, 2013 Budget Meeting, the City Council reviewed revenue options to cover projected deficits pending in Fiscal Year 2017 (May 1, 2016-April 30, 2017). Shortfalls include deficits in the General Fund, Capital Fund and a potential loss of revenue from the State of Illinois. The Sanitation Service Fee is one of the revenue options approved, and the new fees will be applied beginning May 1, 2014.

3. How much revenue will be generated and what will it be used for?

The City anticipates that the fee will generate \$620,000 in annual revenue which has, for now, been allocated to the Capital Fund to provide an ongoing source of revenue for the City's five-year Capital Improvement Program. This has the added benefit of reducing the need for debt financing of capital improvements, which can increase property taxes.

4. What were some of the factors contributing to this new fee?

The City has been studying Sanitation cost-saving measures and gathering input from residents for the last several years.

- Since 1998, the number of Sanitation employees has been reduced from 24 to 14.5 currently, with almost 1,000 more households
- The Public Works Department has documented cost comparisons with other communities. Lake Forest residents will still receive the same high level of refuse and recycling collection service; no changes in service will be made.

5. What is the charge?

\$8 per month per resident household, or \$96 per year total. The \$24 charge will appear on your quarterly City of Lake Forest Water Bill, and labeled "Refuse Collection".

6. Will the collection schedule be affected?

No. All garbage/recycling/yard waste schedules will remain the same.

7. Will there be a charge to use the Compost Center?

No. There will continue to be no charge for resident use of the Compost Center.

If you have questions about any of your refuse, recycling or yard waste collections, please call 847.810.3542.

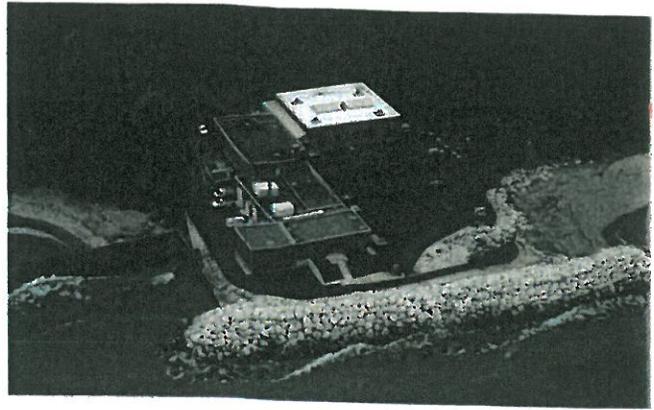
You may visit the City's website at www.cityoflakeforest.com to view the City's Fiscal Year 2015 Budget (Click on "I Want to View..." and then "City Budget").

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WATER RATES

Please refer to "Water Customer Charge" under "Current Charges" on your water bill to determine your new charge.

96% of the water meters in Lake Forest are considered to be "Small" in size.



Customer Charge	Current Charge	May 1, 2014 Charge
Small (5/8" to 1.5" meter)	\$20/Quarter	\$30/Quarter
Medium (2" to 4" meter)	\$100/Quarter	\$150/Quarter
Large (6+" meter)	\$500/Quarter	\$750/Quarter

Water Rate/1,000 Gallons/Quarter	Current Charge	May 1, 2014 Charge
1 st Tier Residential Usage to 60k Gallons	\$5.14/1,000 gal.	\$5.14/1,000 gal.
2 nd Tier Residential Usage 60k+ Gallons	\$5.14/1,000 gal.	\$5.40/1,000 gal.
All Other Customers	\$5.14/1,000 gal.	\$5.30/1,000 gal.

If you have questions about your water bill, please call 847.810.3620.

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Annual Water Quality Report Available Now

Please go to http://www.cityoflakeforest.com/assets/1/7/2013_Water_Quality_Report.pdf to view your 2014 Annual Water Quality Report and to learn more about your drinking water. This report contains important information about the source and quality of your drinking water during 2013. If you would like a paper copy of the 2014 Annual Water Quality Report mailed to your home, please call 847.810.3542.

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