

Mayor's Message

March 19, 2010

To the Citizens of Waukegan:

This budget document is the result of the City's financial and operational planning process. The budget serves as the guide for implementing those plans for the May 1, 2010 to April 30, 2011 fiscal year. By submitting this document to you, the Aldermen, and all of our other stakeholders we hope to further the planning process of shaping the City's goals and objectives in a time of strained resources.

A major goal for the upcoming year is to continue the agenda of reform and renewal. Only after taking office less than one year ago did the severity of the City's fiscal crisis come to light. After years of overspending, coupled with the recent economic downturn, the City was downgraded by Moody's Investor Service in November 2009. The City was forced to issue \$30 million in taxable working cash bonds just to stay afloat. In an effort to reinstate fiscal responsibility during the past year the City hired new auditors, non-essential spending was curbed, lay-offs were instituted, and the City offered an Early Retirement Initiative and a Voluntary Separation Plan to further cut costs. We still have a long road ahead for Waukegan's full recovery.

In keeping with professional integrity this budget document is being released as early as possible so productive budget hearings may be held in April. The development of the budget was done as a "bottom-up" process. The Finance Department projects revenues and fund balances available in the upcoming year to determine "bottom line" for available resources. Assumptions including debt service payments, pension obligations, and personnel costs such as wage increases dictated in union contracts were prepared. Individual departments are responsible for assessing current conditions, programs and needs. Meetings were held with Agency Heads to discuss major operating changes, discuss objectives and review capital project requests. Every effort is made to combine requests across departments to more efficiently accomplish departmental goals. Unjustified items were cut from the budget.

In December 2009, the City Council unanimously voted to institute a 2009 Real Estate Tax Levy increase for the 10/11 budget. The budget proposal also includes a recommendation to institute a quarterly refuse collection fee designed to partially recoup the costs of providing curb-side garbage, recycling and yard-waste pick-up. We continue to review other revenue alternatives.

The City's investment in capital assets has been deferred for too many years. Maintaining the City's streets, water/sewer mains, buildings and equipment is imperative for a present quality of life and future development. Therefore, we will be taking advantage of historically low interest rates and favorable temporary federal legislation to float long-term bonds in an effort to bring the City's investments back to a state of fair condition. I am hopeful that this type of investment will aid in kick-starting our local economy by retaining existing and attracting new residents, businesses and investors to Waukegan.

I am seeking out partnerships to mitigate costs, tap new resources and maintain service levels at a responsible level. Unfortunately, the disparity between available resources and demands thereon is great. Consequently, non-essential programs and projects will not move forward and additional workforce reductions are imminent. The City will once again be forced to tap rainy day funds to balance the bottom line.

In April three Budget Workshops will be held. I will be present at these workshops to address issues and concerns by the City Council and general public. I envision this as opportunity for the City's stakeholders to share concerns and viewpoints. I look forward to working with all of the City's constituents to move Waukegan back to a true *City of Progress*.

Respectfully submitted,

Mayor Robert G. Sabonjian