

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
12/14/2021

SUBJECT:	SUBMITTED BY:
FY22 Budget Implementation Actions	Judy Buttny Finance Director

SYNOPSIS

Consistent with the FY22 budget, the following budget implementation actions have been prepared:

- An ordinance to increase the Water Rates per the Water Rate Study
- An ordinance to increase the Stormwater Utility Rates per the Stormwater Study
- Motion to fund the Economic Development Corporation (EDC)
- Motion to fund the Downtown Management Corporation

In addition, at year end staff reviews financial policies and proposes changes when necessary. This year changes are being proposed to:

- Cash Management & Investment Policy
- OPEB Trust Investment Policy
- Purchasing Policy

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

FISCAL IMPACT

The water rates are proposed to increase revenues by 4.6% and are expected to generate \$16.1 million of revenue in the Water fund. The stormwater utility fee is proposed to increase from \$13.48 to \$14.65 per ERU and is expected to generate \$5.6 million of revenue in the Stormwater fund. There is no fiscal impact for the proposed policy changes.

RECOMMENDATION

Approval on the December 21, 2021 active agenda.

BACKGROUND

Water Rates

Per the approved FY22 budget the water rates will be increased to align with the recommendations of the 2019 Water Rate Study. The 2019 Water Rate Study included a model projecting the total cost of owning, operating and maintaining the Village water system. The study recommends that water revenues should be increased in FY20 (effective July 1, 2020) and subsequent years by 4.6% per year. Per the COVID-19

Financial Response Plan, the implementation of the rate increase from the FY19 study was delayed by one year to commence effective 7/1/2021.

The following table shows the proposed water rates that will go into effect for bills received after July 1, 2022. The bi-monthly fixed charges by water meter size are consistent with the proposed rates contained in the Water Rate Study.

Bi-Monthly Fixed Charge by Water Meter Size	2021	2022 Proposed
5/8"	\$13.72	\$14.95
1"	\$20.59	\$22.44
1 1/2"	\$68.64	\$74.82
2"	\$109.81	\$119.69
3"	\$205.91	\$224.44
4"	\$343.18	\$374.07
6"	\$686.33	\$748.10
10"	\$1,647.19	\$1,795.44
Bi-Monthly Unit Fee	2021	2022 Proposed
Inside Village	\$6.33	\$6.57
Outside Village	\$7.26	\$7.53

The following table shows how the new water rates will impact typical users in 2022.

User Category	Typical Meter Size	Current Bi-Monthly Bill	Proposed 2022 Bi-monthly Bill
Typical Residential User	5/8"	\$108.67	\$113.50
Typical Commercial User	1.5"	\$701.64	\$731.82
Typical Industrial User	2"	\$1,375.81	\$1,433.69

Stormwater Rates

Per the approved FY22 budget, the stormwater rate will be increased to align with the recommendations of the 2012 Stormwater Study, and the 2016 Stormwater Utility Report. The plan called for a stormwater fee that would cover the cost of future capital projects, debt service related to those projects, as well as operational and maintenance costs. The utility model represents an equitable method to collect revenue from those properties that place a demand on the system. Revenue is generated by charging all property owners a monthly stormwater fee, based on the property's impact on the stormwater system. At that time, the Village created a plan for establishing stormwater fees that would increase revenues over a 15-year period, allowing the Village to move from the current level of service to the recommended level within that time frame. The plan calls for annual increases in the stormwater utility fee of approximately 8.7% per year, which would increase the annual revenue available for stormwater management fees from its current level of \$5.2 million in 2021 to about \$10 million in 2029. This fee is expected to produce \$5.6 million in revenues in 2022.

The following table shows how the new stormwater rates will impact a single family resident, a typical commercial user, and a typical industrial user in 2022:

User Category	ERU	Current Annual Fee	Proposed Annual Fee
Single Family Residence (2,501-4000 s.f. of impervious area)	1	\$161.76	\$175.80
Typical Commercial User	20	\$3,235.20	\$3,516.00
Typical Industrial User	19	\$3,073.44	\$3,340.20

Motion to Fund EDC

The adopted budget includes \$430,000 in funding for the Downers Grove Economic Development Corporation. This amount is consistent with the budget that was prepared by the EDC. Going forward, this partner organization will be requesting funding from the Village to support their operations. In previous years the EDC was funded automatically based on formulas with the EDC receiving 50% of hotel tax revenue.

Motion to Fund Downtown Management

The proposed budget includes \$400,000 in funding for the Downtown Management Corporation. This amount is consistent with the budget that was prepared by Downtown Management. Going forward this partner organization will be requesting funding from the Village to support their operations. In previous Downtown Management received all of the property tax levy from Special Service Area #2 that was not directed to the Downtown Tax Increment Financing Fund.

Investment Policy

The Illinois Sustainable Investing Act recommends that public agencies should develop, publish and implement sustainable investment policies to govern the management of public funds. As such, staff is proposing a change to the Village Investment Policy to include the following language in Section 5.2. This same language is proposed for the OPEB Trust, Section 5.2.2:

Sustainability and Governance Considerations

In evaluating investment decisions, material, relevant, and decision-useful sustainability factors will be considered by the Village, within the bounds of financial and fiduciary prudence. Such factors may include, but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business and innovation factors, as provided for under the Illinois Sustainability Investing Act (30 ILCS 238).

Purchasing Policy

Staff is proposing a change to the Village's Purchasing Policy. The proposal is to increase the dollar limit for obtaining a Bid or RFP from \$7,000 to \$15,000. Instead, the Village will require three written quotes for these purchases, as is done for purchases from \$4,000 to \$6,999. Many vendors won't respond to the Village's Bid and RFP documents at these dollar levels since they find the paperwork to be cumbersome. In addition to this change, some of the terminology in the policy is being updated, for example changing Financial Services Director to Finance Director.

ATTACHMENTS

- Water Rate Ordinance
- Stormwater Rate Ordinance
- Motion to Fund EDC
- Motion to Fund Downtown Management

Cash Management & Investment Policy
OPEB Trust Investment Policy
Purchasing Policy