

**Proposed  
2019 - 2021  
Long Range Plan**

**August 2, 2019**

## EXECUTIVE SUMMARY

The Long-Range Plan is designed to:

- Establish the Strategic Goals for 2019 to 2021 and beyond.
- Identify and discuss key trends and issues affecting the long-term future of the Village.
- Develop strategies and solutions to address the key trends and issues.
- Establish a list of Priority Action Items to be completed by April 2021.

### Long Range Plan Meeting Schedule

Date	Topics	Village Council Action Requested
Aug 13	Introduction & Overview  Strategic Goals  Issues Discussion - General Fund Sustainability	Establish the Strategic Goals (confirm the existing goals, amend the existing goals and/or create additional goals)  Provide direction on the strategies and solutions which will be used to sustain the General Fund over the next two to five years
Aug 20	Issues Discussion <ul style="list-style-type: none"> <li>• Recreational Marijuana*</li> <li>• Plan for the Future of Downtown</li> </ul>	Create the scope and schedule for the consideration of recreational marijuana business regulations  Create the scope and schedule for the Plan for the Future of the Downtown
Sep 3	Issues Discussion - Village Facilities Sustainability (will include a tour of the Police Station and Village Hall)	Create the scope and schedule for the Facilities Sustainability project  The Council should provide input on these questions: <ul style="list-style-type: none"> <li>• When should this project start?</li> <li>• When should the Facilities Sustainability Plan be completed?</li> <li>• Should the plan consider only the construction of a new Police Station/Village Hall combined with a private sector redevelopment of a portion of the Civic Center property?</li> <li>• Should the plan consider options for renovating the existing buildings?</li> <li>• Should the plan consider locations other than the Civic Center?</li> </ul>
Sep 10	Issues Discussion - Stormwater Capital Projects Plan	Create the scope and schedule for the Stormwater Capital Projects Plan <ul style="list-style-type: none"> <li>• Should this project consist only of the development of a capital projects plan?</li> <li>• Should this project also include a re-examination of the utility fees, maintenance activity plan, etc?</li> </ul>
Sep 17	Priority Action Items	Create a prioritized list of action items to be completed by April 2021  Develop a schedule for completion of the action items
Sep 24	Special LRP Meeting (If Needed)	Generally, the fourth Tuesday of each month does not

		have a Council Meeting scheduled, but can be used on an as needed basis.
--	--	--

\*NOTE: Recreational Marijuana may appear as a First Reading agenda item on the August 20 Village Council meeting.

### Strategic Goals

The following five strategic goals were developed during previous long-range planning efforts:

- Steward of Financial, Environmental and Neighborhood Sustainability
- Exceptional Municipal Services
- Top Quality Infrastructure
- Strong, Diverse Local Economy
- Continual Innovation

### Solutions and Strategies to Address Key Issues

Issue	Description	Strategies & Solutions
<b>General Fund Sustainability</b>	<p>While revenues have exceeded expenses each year, many key revenues are declining and/or not keeping pace with expenses.</p> <p>Expenses may exceed revenues in 2020 and beyond. Personnel expenses are projected to continue to increase faster than revenues grow.</p> <p>The cost of required contributions to public safety pensions has increased significantly in the past several years and is projected to continue to increase each year.</p> <p>A new state law requiring the payment of sales tax on on-line purchases will likely increase Village revenues beginning on July 1, 2020.</p>	<ul style="list-style-type: none"> <li>● Implement cost-cutting measures</li> <li>● Monitor state budget actions that could impact the Village and work to protect municipal revenues</li> <li>● Reduce reliance on state shared revenues</li> <li>● Maintain reserve balances within policies</li> <li>● Work with the Downers Grove Economic Development Corporation (DGEDC) to increase the sales tax and property tax base and Village revenues</li> <li>● <b>Enhance the existing revenue base</b></li> <li>● <b>Seek out new and sustainable revenue sources</b></li> <li>● <b>Consider increasing the property tax levy for operations as necessary</b></li> <li>● <b>Continue to pay for increases in the required contributions for public safety pensions by increasing the property tax levy for pensions</b></li> </ul> <p><b>While the Village will continue to employ all of the above strategies, the items highlighted in bold are likely to be featured in the Proposed FY20 and future budgets.</b></p>
<b>Recreational Marijuana</b>	<p>The use of recreational marijuana will become legal in the State of Illinois on January 1, 2020. The Village will have the right to enact an ordinance banning cannabis business establishments within its jurisdiction or otherwise regulate the time, place, manner and the number of cannabis business establishments within Village limits. The Village can also choose to impose a tax of up to 3% on retail sales of cannabis products.</p>	<p>By Q4 2019, establish zoning regulations, licenses and taxes for cannabis sales or consider an ordinance banning cannabis businesses.</p>

<p><b>Village Facilities Sustainability</b></p>	<p>The 40-year old Police Station and 90-year old Village Hall are in below average condition and do not provide modern work spaces that allow for efficient and effective interactions among employees and customers. Both facilities have outdated major building systems that will require significant investment to replace. These two buildings are in need of major renovation or replacement.</p>	<p>Conduct a thorough review and discussion of the issues facing the Police Station and Village Hall buildings.</p> <p>Evaluate options for maintaining, improving or replacing the Police Station and Village Hall using existing and new revenues.</p> <p>Continue to maintain the five other major facilities using existing revenues.</p>
<p><b>The Future of the Downtown</b></p>	<p>The Downtown Tax Increment Financing (TIF) District and Special Service Area (SSA) will both expire in 2020 while infrastructure and service-related needs continue to exist.</p>	<p>By Q3 2020, create a detailed plan that identifies</p> <ul style="list-style-type: none"> <li>● Infrastructure maintenance needs</li> <li>● Services and operations to be provided</li> <li>● Roles &amp; responsibilities</li> <li>● Funding sources and amounts</li> <li>● Implementation of Comprehensive Plan recommendations</li> </ul>
<p><b>Stormwater Capital Projects Plan</b></p>	<p>By 2020, all non-floodplain projects identified in the current stormwater capital projects plan (2014 Stormwater Project Analysis) will be completed.</p> <p>Many areas of the Village do not meet the recommended level of service for stormwater management.</p>	<p>By Q3 2020, develop a stormwater capital projects plan which:</p> <ul style="list-style-type: none"> <li>● Identifies areas of the Village which do not meet the recommended level of service</li> <li>● Identifies and prioritizes the capital projects to be constructed to achieve the recommended level of service</li> <li>● Provides preliminary cost estimates for the capital projects</li> <li>● Includes a financing plan to pay for the projects aligned with the Stormwater Utility Fee Plan</li> </ul>

**Proposed FY20 Budget Preview**

Staff is currently preparing the Proposed FY20 Budget, scheduled for publication in late October. The General Fund budget, assuming current staffing levels and current levels of service, will likely include approximately a \$1.0 million increase in expenses due primarily to increases in personnel costs, including a \$650,000 increase in the required contribution to the public safety pension funds. To keep a balanced budget, the following actions may be required:

- Increase the property tax levy for public safety pensions by \$650,000
- Increase the property tax levy for operations by up to \$100,000
- Increase other existing revenue sources as necessary

### Priority Action Items

The following Priority Action Items will serve as the work plan from September 2019 to April 2021.

Priority Action Item	Description
<p><b>Create a Village Facilities Sustainability Plan</b></p>	<p>This project will result in:</p> <ul style="list-style-type: none"> <li>● The renovation or replacement of the existing Police Station and Village Hall</li> <li>● Improvements to the intersection of Washington Street and the railroad tracks</li> <li>● A financial plan including the estimated total project costs and revenues identified to pay for the project costs</li> </ul>
<p><b>Create a Plan for the Future of the Downtown</b></p>	<p>The project will result in a plan, prepared at the final detail level, addressing:</p> <ul style="list-style-type: none"> <li>● Infrastructure maintenance needs</li> <li>● Services and operations to be provided</li> <li>● Roles &amp; responsibilities</li> <li>● Funding sources</li> <li>● Implementation of Comprehensive Plan recommendations</li> </ul>
<p><b>Create a Stormwater Capital Projects Plan</b></p>	<p>This project will result in a multi-year plan which:</p> <ul style="list-style-type: none"> <li>● Identifies areas of the Village which do not meet the recommended level of service</li> <li>● Identifies and prioritizes the capital projects to be constructed to achieve the recommended level of service</li> <li>● Provides preliminary cost estimates for the capital projects</li> <li>● Includes a financing plan to pay for the projects aligned with the Stormwater Utility Fee Plan</li> </ul>
<p><b>Review and Consider the Human Service Ad Hoc Committee Report</b></p>	<p>This project will result in Village Council direction on the roles and responsibilities of the Human Service Commission and the services to be provided by the Village. The direction provided will assist in the preparation of annual budgets and operating plans.</p>
<p><b>Consider Regulations and Taxes on Recreational Marijuana</b></p>	<p>This project will result in either zoning regulations and/or a tax on marijuana sales of up to 3% or a ban on marijuana businesses</p>
<p><b>Replace the Enterprise Resource Planning System</b></p>	<p>This project will result in the replacement of the Village's Enterprise Resource Planning System (currently EDEN).</p>

## INTRODUCTION AND OVERVIEW

The Long-Range Plan is designed to identify and address issues affecting the long-term future of the Village. The Plan establishes the Village’s goals and priority actions that guide annual budgets, daily operations and delivery of services. The long-range planning process is one of many strong management practices that led Standard & Poor’s to grant the Village their highest bond rating of **AAA**.

To prepare the Long-Range Plan, the Village Council will meet four to six times in a workshop format in August and September. The purpose of this process is the following:

- Review and discuss the Strategic Goals for 2019 to 2021 and beyond.
- Identify and discuss key trends and issues affecting the long-term future of the Village.
- Develop strategies and solutions to address the key trends and issues.
- Establish a list of Priority Action Items to be completed by April 2021.

The meetings provide an opportunity for dialogue and collaboration among the Village Council, community members and staff. Long Range Planning meetings are scheduled for the following dates:

### Long Range Plan Meeting Schedule

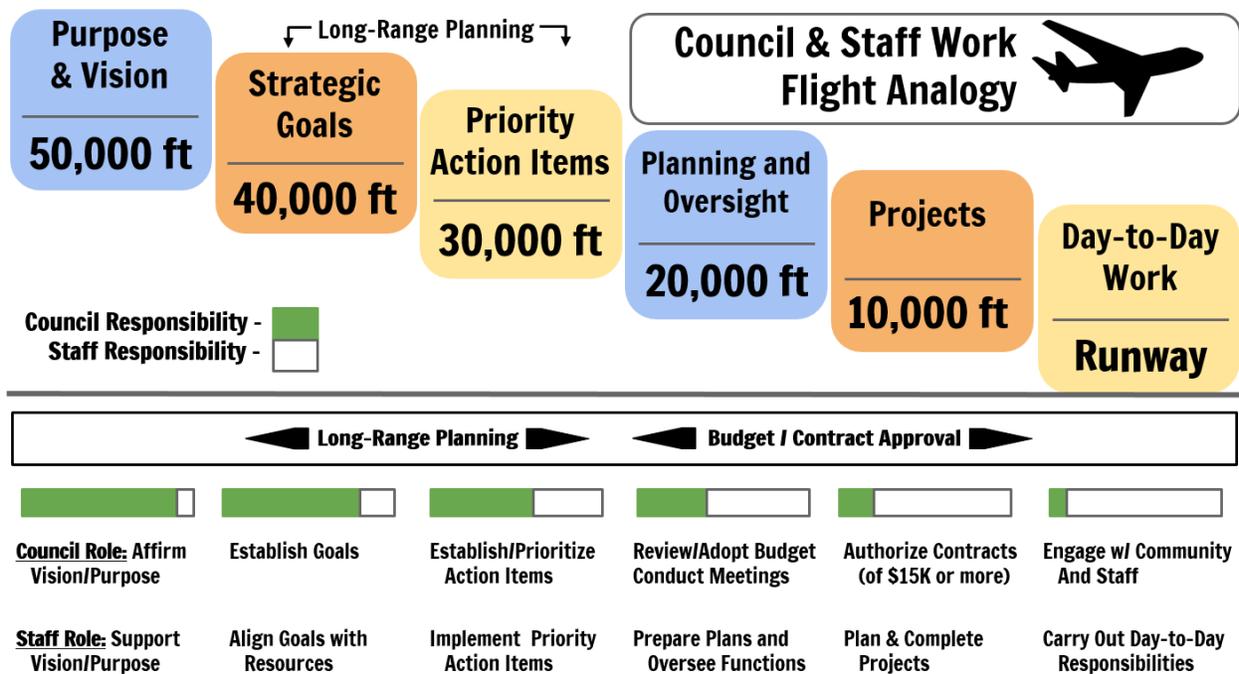
Date	Topics	Village Council Action Requested
Aug 13	Introduction & Overview  Strategic Goals  Issues Discussion - General Fund Sustainability	Establish the Strategic Goals (confirm the existing goals, amend the existing goals and/or create additional goals)  Provide direction on the strategies and solutions which will be used to sustain the General Fund over the next two to five years
Aug 20	Issues Discussion <ul style="list-style-type: none"> <li>● Recreational Marijuana*</li> <li>● Plan for the Future of Downtown</li> </ul>	Create the scope and schedule for the consideration of recreational marijuana business regulations  Create the scope and schedule for the Plan for the Future of the Downtown
Sep 3	Issues Discussion - Village Facilities Sustainability (will include a tour of the Police Station and Village Hall)	Create the scope and schedule for the Facilities Sustainability project  The Council should provide input on these questions: <ul style="list-style-type: none"> <li>● When should this project start?</li> <li>● When should the Facilities Sustainability Plan be completed?</li> <li>● Should the plan consider only the construction of a new Police Station/Village Hall combined with a private sector redevelopment of a portion of the Civic Center property?</li> <li>● Should the plan consider options for renovating the existing buildings?</li> <li>● Should the plan consider locations other than the Civic Center?</li> </ul>

Sep 10	Issues Discussion - Stormwater Capital Projects Plan	Create the scope and schedule for the Stormwater Capital Projects Plan <ul style="list-style-type: none"> <li>Should this project consist only of the development of a capital projects plan?</li> <li>Should this project also include a re-examination of the utility fees, maintenance activity plan, etc?</li> </ul>
Sep 17	Priority Action Items	Create a prioritized list of action items to be completed by April 2021  Develop a schedule for completion of the action items
Sep 24	Special LRP Meeting (If Needed)	Generally, the fourth Tuesday of each month does not have a Council Meeting scheduled, but can be used on an as needed basis.

\*NOTE: Recreational Marijuana may appear as a First Reading agenda item on the August 20 Village Council meeting.

### Flight Analogy

The graphic below compares the roles of the Village Council and staff with an airline flight. The Long-Range Planning process takes place at the 30,000-40,000 foot level. The Council and community also have opportunities for input at the lower levels throughout the rest of the year, such as during regular Council Meetings, as part of the budget process, and in communicating formally and informally with members of the Village Council and staff.



## **Strategic Goals**

The Strategic Goals established by the Village Council during the previous Long-Range Plan are as follows:

- Steward of Financial, Environmental and Neighborhood Sustainability
- Exceptional Municipal Services
- Top Quality Infrastructure
- Strong, Diverse Local Economy
- Continual Innovation

### **Steward of Financial, Environmental and Neighborhood Sustainability**

The Village should act as a steward of public resources to achieve financial and environmental sustainability. Financial sustainability can be achieved by aligning expenses with revenues on a long-term basis. The Village should control increases in expenses and implement revenue sources that withstand short-term uncertainty and provide long-term stability.

Environmental sustainability refers to the Village's responsibility to deliver its services in a way that protects or enhances natural resources. The Village seizes opportunities to 'green' its operations when possible, whether by seeking grants to introduce new environmentally friendly practices or by seeking the most environmentally friendly option for existing services.

Neighborhood Sustainability refers to the Village's role in crafting and applying policies and codes that help in maintaining or achieving the desired character of existing neighborhoods.

### **Exceptional Municipal Services**

The services provided by the Village to residents, businesses and all stakeholders should be of the highest quality and exceed expectations. Village services should be delivered at a value to the community and should reflect the needs and desires of the community as a whole. This is achieved through maximizing the value of public dollars by partnering with overlapping and adjacent government entities. The value of the Village's services should be regularly communicated to residents, government should be transparent and accessible, and residents should be engaged and able to interact with their local government. The Village achieves this by producing timely communications in multiple media formats, publishing financial information in a way that is clear and understandable, and seeking and implementing new ways to gather input from residents and other stakeholders.

### **Top Quality Infrastructure**

The Village owns and operates several infrastructure systems including streets, stormwater system and water supply and distribution. Specific performance and maintenance standards have been identified for each infrastructure system. The Village should continue to invest in all infrastructure systems so that each system meets or exceeds performance and maintenance standards.

### **Strong, Diverse Local Economy**

The Village should continue to strengthen and diversify the local economy. This goal can best be achieved by working with the Downers Grove Economic Development Corporation (DGEDC) and implementing the recommendations of the Village's Comprehensive Plan. The DGEDC, a private not-for-profit agency, is committed to strengthening and diversifying the local economy by retaining existing businesses and attracting new businesses to the Village. They work in partnership with the Village to achieve the following:

- Strengthen the Sales Tax Base
- Strengthen the Commercial and Industrial Tax Base
- Increase Hotel Tax Revenue
- Increase the Employment Base

The Village's Comprehensive Plan was adopted in 2011 after nearly two years of public discussion and serves as a tool for improving the community in many areas, including economic development. An update to the Comprehensive Plan was adopted on June 13, 2017. Additionally, the Village continues to work with the DGEDC to implement the recommendations of their five-year Strategic Plan adopted in 2014. The DGEDC is currently in the process of updating their Strategic Plan.

### **Continual Innovation**

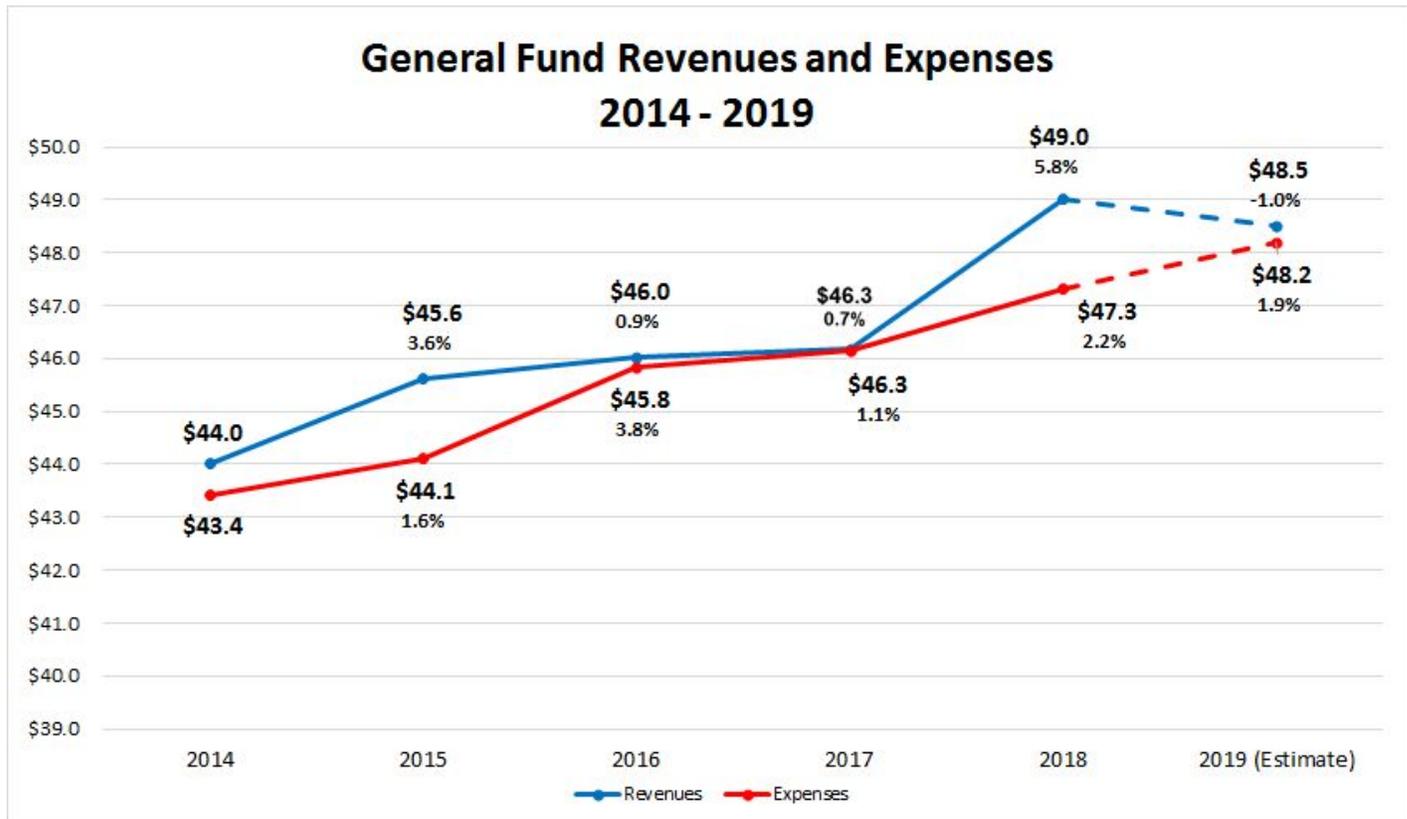
Innovation refers to the discovery, development and implementation of leading ideas and practices. Continual innovation leads to increased value of each dollar of investment in Village operations. It is achieved by emphasizing a leadership philosophy that is issue-focused and builds on the skills and talents of all employees within the organization. Village staff carefully considers the benefits of innovative practices to ensure success and value to the organization.

# GENERAL FUND SUSTAINABILITY

The General Fund is the Village’s main operating fund. Most Village services are accounted for in the General Fund, including Police, Fire, Community Development and most of Public Works. Because the Village is a service organization, the vast majority of costs are related to the people delivering those services. Personnel-related costs account for 76% of General Fund expense.

<p><b>Issues</b></p>	<ul style="list-style-type: none"> <li>● While revenues have exceeded expenses each year, many key revenues are declining and/or not keeping pace with expenses</li> <li>● Without a continuing commitment to LRP strategies, expenses may exceed revenues in 2020 and beyond</li> <li>● Personnel expenses are projected to continue to increase faster than revenues grow</li> <li>● The cost of required contributions to public safety pensions has increased significantly in the past several years and is projected to continue to increase each year</li> <li>● A new state law requiring the payment of sales tax on on-line purchases will likely increase Village revenues beginning on July 1, 2020.</li> </ul>
<p><b>Background and Key Facts</b></p>	<p>The strong performance in the General Fund is a result of controlling costs by reducing staffing levels and the introduction of new revenue sources such as the Food &amp; Beverage Tax (2018).</p>
<p><b>Strategies &amp; Solutions</b></p>	<ul style="list-style-type: none"> <li>● Implement cost-cutting measures</li> <li>● Monitor state budget actions that could impact the Village and work to protect municipal revenues</li> <li>● Reduce reliance on state shared revenues</li> <li>● Maintain reserve balances within policies</li> <li>● Work with the Downers Grove Economic Development Corporation (DGEDC) to increase the sales tax and property tax base and Village revenues</li> <li>● <b>Enhance the existing revenue base</b></li> <li>● <b>Seek out new and sustainable revenue sources</b></li> <li>● <b>Consider increasing the property tax levy for operations as necessary</b></li> <li>● <b>Continue to pay for increases in the required contributions for public safety pensions by increasing the property tax levy for pensions</b></li> </ul> <p><b>While the Village will continue to employ all of the above strategies, the items highlighted in bold are likely to be featured in the Proposed FY20 and future budgets</b></p>

The graph below shows the Village's General Fund revenues and expenses from 2014 to 2019.



For the past several years, the General Fund revenues have exceeded expenses. In fact, 2009 was the last year in which expenses were greater than revenues. Revenues increased slowly from 2014 to 2017 and did not keep pace with the growth in expenses. However, 2018 revenues increased substantially due to the implementation of the Food & Beverage Tax, generating \$1.8 million, and increases in building permit fee revenue (a highly variable revenue source dependent upon real estate development cycles).

### EXPENSES

General Fund expenses have grown by an average of 2.2% per year, increasing by \$3.9 million from 2014 to 2018. Personnel costs, primarily public safety pension expenses, have been and will continue to be the key expense driver. The required contributions to public safety pensions increased by \$1.8 million (36.9%) from \$4.77 million in 2014 to over \$6.5 million in 2018, accounting for over half of the total increase. Expenses have been controlled by reducing staffing from 333 FTE positions in 2014 to 304.4 FTE positions in 2019.

One of the key strategies to reduce expenses over the past ten years has been staffing reductions. Total staffing has been reduced by 70.4 Full-Time Equivalent (FTE) positions from 374.8 FTE in 2008 to 304.4 FTE in 2019. These staffing reductions have been coupled with

process improvements and efficiency enhancements to maintain service levels while reducing costs, whenever possible. While the Village will continue to seek out and implement process improvements and efficiency enhancements, it is not likely that the Village will continue to be able to reduce staffing while maintaining service levels. Therefore, the revenue related strategies and solutions included in this report are likely to be featured in the Proposed FY20 and future budgets.

**Required contributions to public safety pensions increased by \$1.8 million from 2014 to 2018, accounting for over half of the total increase in General Fund expenses during that period.**

#### **FAQ on Public Safety Pensions**

##### **What Does "Public Safety Pension" Mean?**

Police officers and firefighters are eligible for pension benefits upon retirement if they meet certain eligibility criteria which are set by State of Illinois law. Each municipality that employs police officers and firefighters must maintain a fund to pay the pensions. The pension funds are invested using parameters established by the State of Illinois to increase the value of the fund over time. The level of pension benefits is determined by State law.

##### **Who Pays for Public Safety Pensions?**

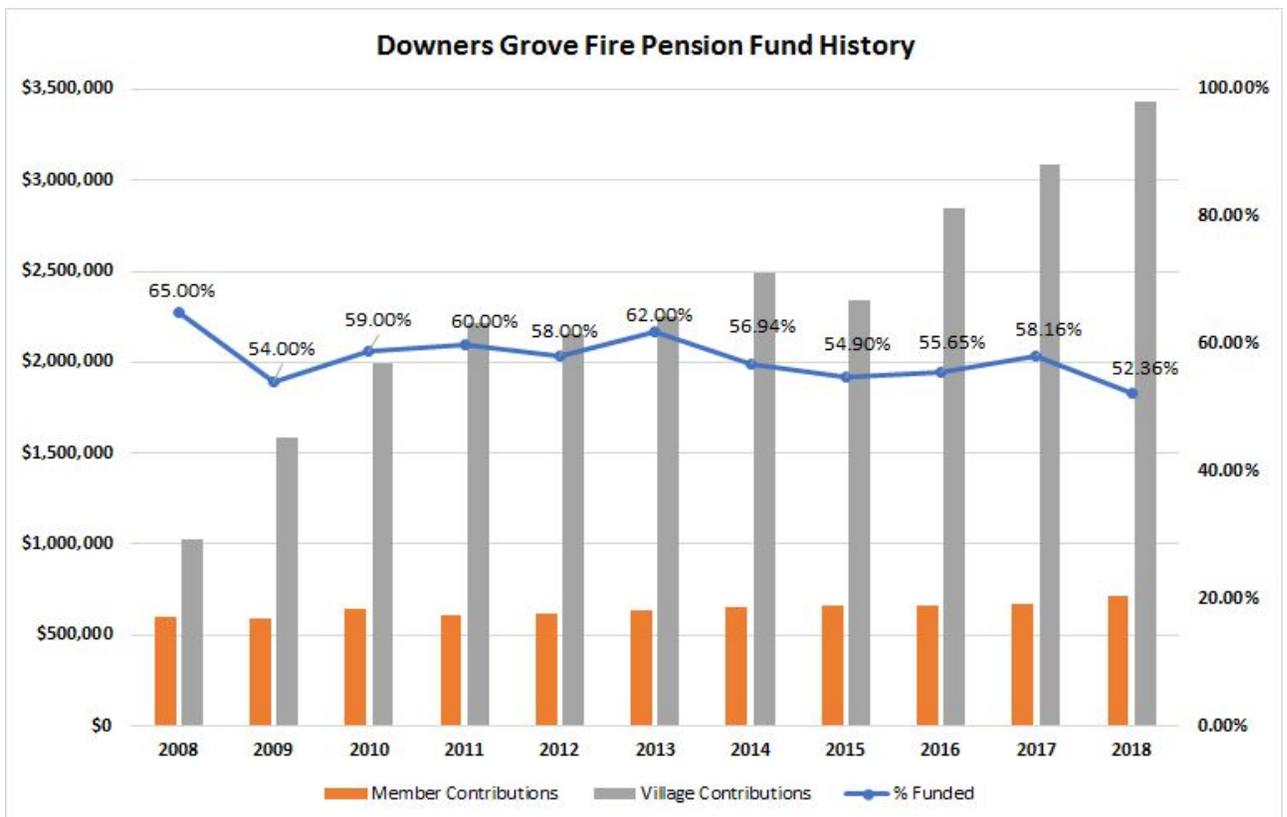
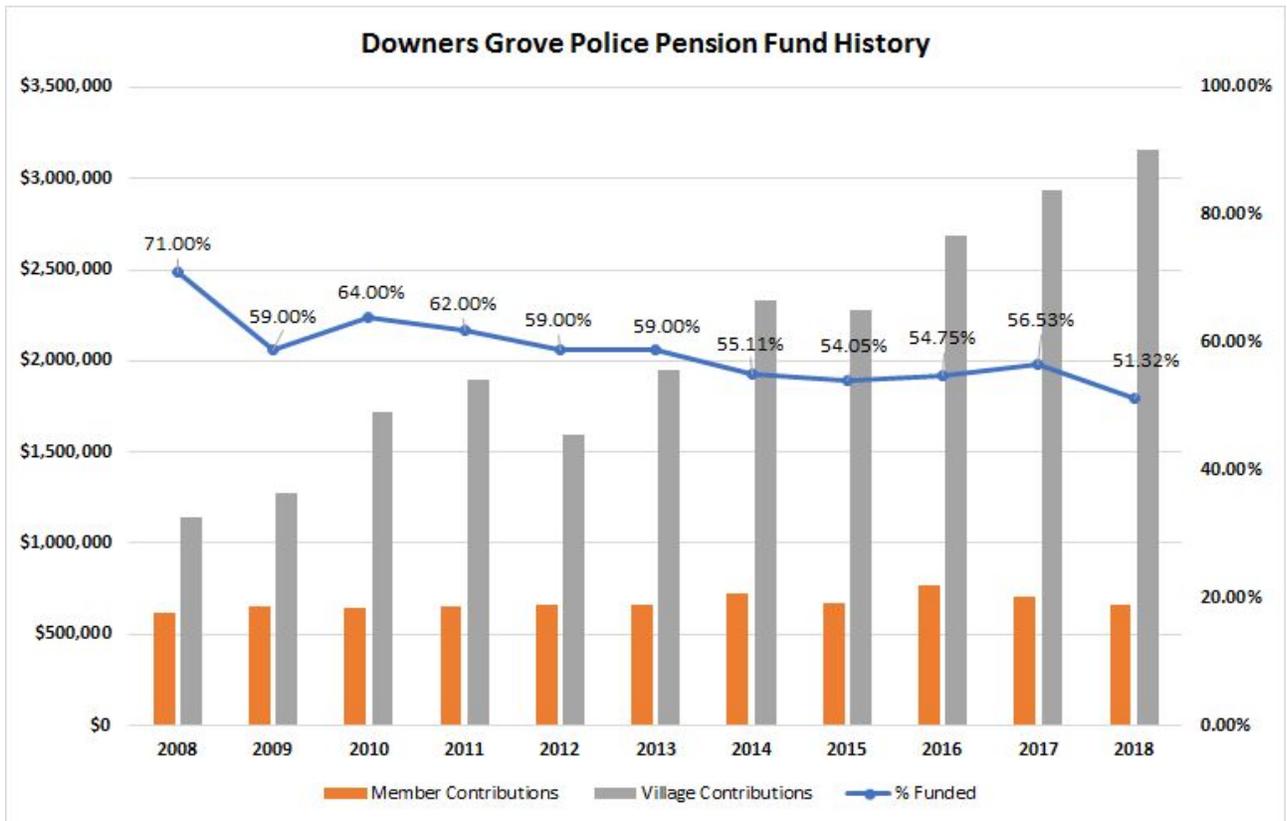
Both the employer and the employee are responsible for funding the public safety (police and fire) pension funds. Police officers contribute 9.91% and firefighters contribute 9.455% of their salary toward their pensions. This percentage is governed by State statute. The Village makes an annual contribution to each pension fund. The amount is based on an actuarial calculation that is determined by figuring the potential cost of the system based on statistical analysis which considers investment returns, employee contributions, and pension benefit payout costs

##### **Does the Village Fund the Pensions at the Required Amount?**

Yes, each year the Village makes the required annual contribution to both the Police and Fire Pension Funds.

##### **What Does "Pension Levy" Mean?**

The Village must contribute a minimum amount to its pension funds to meet the funding level required under State law. The funding level refers to the amount in the pension fund compared to the potential liability. This amount is the Village's annual property tax levy for pension contributions.



**Projected Village Contributions and Percent Funded for Public Safety Pension Funds**

	<b>Police Pension</b>		<b>Fire Pension</b>		
<b>Year</b>	<b>Projected Village Contribution</b>	<b>Projected Percent Funded</b>	<b>Projected Village Contribution</b>	<b>Projected Percent Funded</b>	<b>Total Projected Village Contribution</b>
2020	3,620,000	53%	4,010,000	55%	7,630,000
2021	4,290,000	54%	4,250,000	56%	8,540,000
2022	4,520,000	54%	4,470,000	56%	8,990,000
2023	4,750,000	55%	4,690,000	57%	9,440,000
2024	5,020,000	57%	4,960,000	59%	9,980,000
2025	5,200,000	58%	5,150,000	61%	10,350,000
2026	5,370,000	60%	5,340,000	62%	10,710,000
2027	5,550,000	62%	5,530,000	64%	11,080,000
2028	5,750,000	63%	5,730,000	66%	11,480,000
2029	5,950,000	65%	5,940,000	68%	11,890,000
2030	6,160,000	67%	6,160,000	70%	12,320,000
2031	6,380,000	69%	6,390,000	72%	12,770,000
2032	6,610,000	72%	6,630,000	74%	13,240,000
2033	6,850,000	74%	6,890,000	76%	13,740,000
2034	7,110,000	77%	7,150,000	79%	14,260,000
2035	7,410,000	79%	7,440,000	82%	14,850,000
2036	7,730,000	83%	7,760,000	85%	15,490,000
2037	8,090,000	86%	8,110,000	88%	16,200,000
2038	8,510,000	90%	8,510,000	91%	17,020,000
2039	9,030,000	94%	8,980,000	95%	18,010,000
2040	9,740,000	99%	9,640,000	99%	19,380,000

## REVENUES

The table below shows the Village's key General Fund revenues from 2014-2018. Several of these key revenues, notably the largest revenue source, sales tax, have failed to keep pace with expense increases. Also, the property tax levy for operations has not been increased for the past eight years. To help ensure that revenues continue to increase, the Village enacted a Food & Beverage tax in 2018. Revenue from this tax has performed well and exceeded the inaugural year budget.

Revenue Source	2014	2015	2016	2017	2018	2019 Estimate	Outlook
Sales Tax	11.4	12.0	11.5	11.6	11.5	11.5	Flat or Slow Increase
Property Tax - Ops	5.9	5.9	5.9	5.9	5.9	5.9	Pressure to Increase Levy
Utility Taxes	5.2	5.1	4.8	4.5	4.5	4.4	Gas & Electric Flat, Telecom Declining
Building Permits	1.3	1.3	1.4	1.9	2.0	1.5	Cyclical
Home Rule Sales	1.9	2.0	2.0	2.0	1.9	1.8	Flat or Slow Increase
Food & Beverage	--	--	--	--	1.8	1.9	Moderate Increase
Ambulance Fees	1.1	1.2	1.3	1.1	1.6	1.6	Flat
Local Use Tax	0.9	1.1	1.2	1.3	1.4	1.4	Temporary Significant Increase, Then Return to Traditional Amounts; Slow Increase
Cellular Equip Rental	1.2	1.1	1.1	1.1	1.1	1.2	Flat
Hotel Tax	0.9	1.0	0.9	0.9	0.9	0.9	Flat

### Sales Tax Revenue from On-Line Sales

The State of Illinois recently enacted the "Leveling the Playing Field for Illinois Retailers Act" which requires certain remote retailers to collect and remit state and locally-imposed sales taxes for the jurisdiction where the product is delivered (destination) starting on July 1, 2020. This is a structural change in state sales tax law which should increase the Village's annual sales tax revenue. More information about the Act can be found here:

<https://www.iml.org/file.cfm?key=16124>

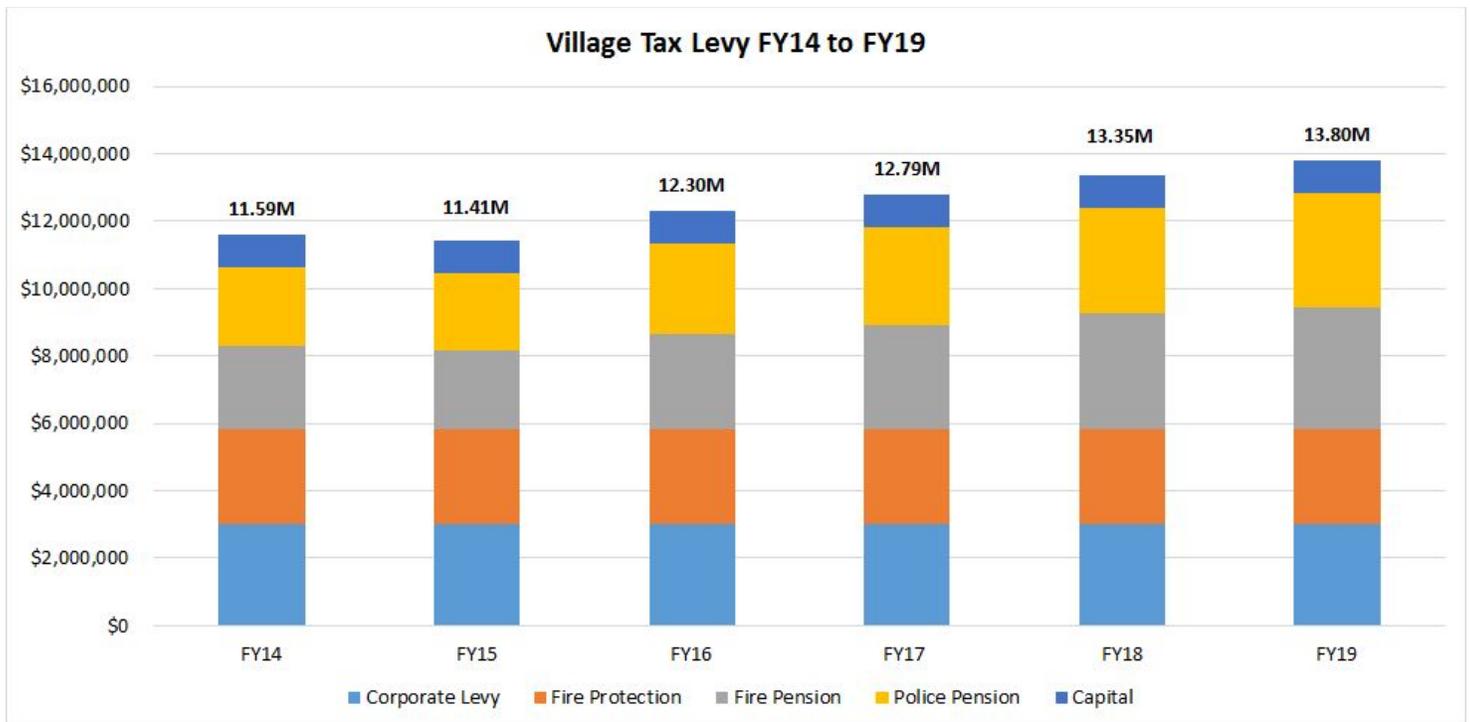
[https://drive.google.com/file/d/1uCcutPD3XWUqlwkJDkOP\\_ovALZfgc34E/view](https://drive.google.com/file/d/1uCcutPD3XWUqlwkJDkOP_ovALZfgc34E/view)

Based on the analyses prepared by the Illinois Retail Merchants Association and the Illinois Municipal League, staff projects that sales tax revenue generated from on-line sales will be approximately \$145,000 in 2020 and home rule sales tax revenue will be just over \$85,000 (six months of revenue starting on July 1, 2020). Since this taxing process is new, will be in place for only half of the year, and may not achieve the desired result of collecting taxes from on-line sales in the initial months of the system, staff does not recommend increasing the 2020 General Fund revenue budget. Staff recommends that the Village monitor sales tax revenue performance in 2020 and prepare the 2021 budget based on this performance.

**Proposed FY20 Budget Preview**

Staff is currently preparing the Proposed FY20 Budget, scheduled for publication in late October. The General Fund budget, assuming current staffing levels and current levels of service, will likely include approximately a \$1.0 million increase in expenses due primarily to increases in personnel costs, including a \$650,000 increase in the required contribution to the public safety pension funds. To keep a balanced budget, the following actions may be required:

- Increase the property tax levy for public safety pensions by \$650,000
- Increase the property tax levy for operations by up to \$100,000
- Increase other existing revenue sources as necessary



# RECREATIONAL MARIJUANA

The State of Illinois recently passed the *Cannabis Regulation and Tax Act* which has legalized the use of recreational marijuana beginning January 1, 2020. The Act will allow any Illinois resident over the age of 21 to possess a cumulative amount of up to 30 grams of cannabis flower, up to 500 milligrams of THC in a cannabis-infused product or 5 grams of a cannabis concentrate. The Act allows the state to issue a total of up to 500 recreational dispensary licenses by 2022. Additionally, medical marijuana patients will be allowed to home grow up to five plants for medical consumption though any amount they grow in excess of 30 grams must remain secured in their home.

<p><b>Issues</b></p>	<p>The use of recreational marijuana will become legal in the State of Illinois on January 1, 2020.</p> <p>The Village could choose to adopt zoning and permit regulations and a tax of up to 3% on retail sales of cannabis products.</p> <p>The Village also has the authority to enact an ordinance prohibiting cannabis business establishments from operating within the Village.</p>
<p><b>Background and Key Facts</b></p>	<p>Residents over the age of 21 may possess a cumulative amount of up to 30 grams of cannabis flower, up to 500 milligrams of THC in a cannabis-infused product or 5 grams of a cannabis concentrate.</p> <p>The State may issue up to a total of 500 recreational dispensary licenses by 2022.</p> <p>Medical marijuana patients will be allowed to home grow up to five plants for medical consumption</p>
<p><b>Strategies &amp; Solutions</b></p>	<p>Establish zoning regulations, licenses and taxes for cannabis sales or consider an ordinance banning cannabis businesses.</p>

With these statutory changes, units of local government have the capability to establish certain local ordinances pertaining to the legalization of recreational marijuana. In accordance with State law, the Village of Downers Grove may enact the following ordinances:

**Prohibition:** The Village will have the option to enact an ordinance prohibiting cannabis business establishments from operating within the Village.

**Zoning:** Local governments that do not ban cannabis business establishments may instead permit and regulate businesses through zoning restrictions provided they are “reasonable” and “not in conflict” with the Act. No unit of local government may prohibit home cultivation or

unreasonably prohibit the use of cannabis that is authorized by the State. The Village of Downers Grove may enact ordinances regulating cannabis business establishments. The time, place, manner, and number of cannabis establishments, including the minimum distance between cannabis businesses and locations the Village deems sensitive, can be regulated through special use permits.

In addition, the Village may regulate the on-premise consumption of cannabis in a cannabis business establishment. An establishment that is permitted on-site consumption would not be in violation of the of the Smoke Free Illinois Act. The Village of Downers Grove may establish civil penalties for violation of the above ordinances.

**Tax:** The Village of Downers Grove may enact an ordinance or resolution establishing a Municipal Cannabis Retailers' Occupation Tax on all persons engaged in selling cannabis. If imposed, the tax may not exceed 3% of sales, and shall only be imposed in ¼% increments. If a tax is imposed, it must be adopted before the first day of June 2020 for collection beginning on the first day of September 2020. Cannabis purchased under the *Compassionate Use of Medical Cannabis Pilot Program Act* is excluded from this tax.

## VILLAGE FACILITIES SUSTAINABILITY PLAN

The Village owns and operates seven major buildings that must be properly maintained. Five buildings are in a maintainable condition of *Excellent, Good or Fair*. The Police Station and Village Hall are in *Below Average* condition.

<p><b>Issues</b></p>	<p>The 40-year old Police Station and 90-year old Village Hall are in Below Average condition and do not provide modern work spaces that allow for efficient and effective interactions among employees and customers. Both facilities have outdated major building systems that will require significant investment to replace. These two buildings are in need of major renovation or replacement.</p> <p>The 2012 Facility Condition Assessment identified over \$10 million of recommended improvements for the Police Station and Village Hall</p> <p>Maintenance activities in the Police Station and Village Hall has been very limited since 2012 in anticipation of improvements to or replacement of these buildings</p>
<p><b>Background and Key Facts</b></p>	<p>In late 2018, the Village received an unsolicited offer from Location Finders International to purchase and redevelop a portion of the Civic Center property with a medical office building. Shortly after the Council approved the key terms of a redevelopment agreement, LFI rescinded their offer and stopped all work on the project.</p> <p>In June 2017, after a lengthy discussion of the Facilities Sustainability Plan, the Village Council directed that the Village</p> <ul style="list-style-type: none"> <li>● In 2019, reevaluate options for the replacement of the Police Station and Village Hall with a new building in conjunction with a private sector redevelopment project</li> <li>● Maintain the existing buildings at the lowest cost possible until replacement options are reevaluated</li> <li>● Continue saving money now to be used for building improvements in 2019 and beyond.</li> </ul> <p>Additional information can be found <a href="#">here</a>.</p>
<p><b>Strategies &amp; Solutions</b></p>	<p>Conduct a thorough review and discussion of the issues facing the Police Station and Village Hall buildings.</p> <p>Evaluate options for maintaining, improving or replacing the Police Station and Village Hall using existing and new revenues.</p> <p>Continue to maintain the five other major facilities using existing revenues</p>

### Preparing for Improvements to the Police Station and Village Hall

The Below Average condition of the Police Station and Village Hall require major renovations to or replacement of both facilities. The following key concepts may be considered when reviewing options for improvements or replacement:

### Efficient Use of Facilities

Facilities should be treated as capital assets that must be used efficiently, maximizing the use of each space within each facility.

### Consider How Modern Workers Work

Staff members use technology extensively. Access to computers and phones is no longer tied to a specific place or office. Many workers are or can be mobile. Because of our collaborative environment, much of our work is performed in groups while working in common areas or conference rooms.

### Create Flexible Work Spaces

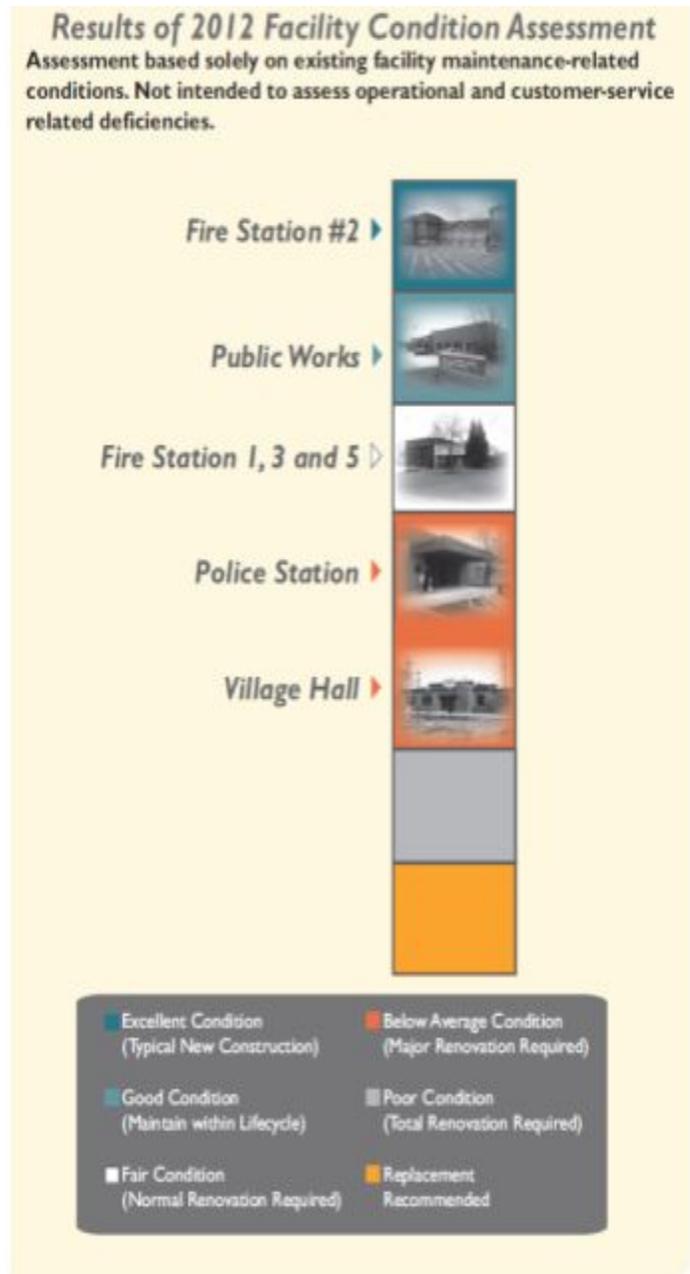
Spaces within each facility should be flexible so that they can be used by multiple people for a variety of uses and functions during many times of the work day.

### Right-size the Buildings

Facilities should be right-sized such that the Village builds only what is necessary to achieve the stated goals. This means that traditional approaches to space planning and programming based on a staff member's position in the organizational chart should be re-examined. Spaces should be built, sized and designed based on the functions that will be performed by the staff members and customers using the space. Existing community resources such as existing Village facilities and other public facilities should be considered prior to constructing new facilities. The existing facilities should be used as efficiently as possible in an effort to minimize the facilities that may be constructed or remodeled.

### Seek Partnerships

Many of the governments that serve the residents of Downers Grove are facing the same or similar challenges of owning and maintaining facilities. Partnering with other governments and agencies should be encouraged in an effort to reduce the overall costs of owning and maintaining public facilities.



A redevelopment of the Civic Center property could offer the opportunity to sell property for private sector redevelopment. Revenue from the sale of land and property taxes paid by the private sector development could be used to pay for the cost of constructing new Village facilities.

## PLAN FOR THE FUTURE OF THE DOWNTOWN

The Downtown has experienced significant reinvestment since the Village adopted two economic development tools in 1997, a Tax Increment Financing (TIF) District and Special Service Area (SSA). The TIF and SSA are set to expire in 2020 with the final revenues from these sources to be received in 2021. Upon their expiration there will still be ongoing and additional expenses without the available resources to support them. Specifically:

- The Downtown Management Corporation (DMC) provides a variety of services unique to the Downtown and receives its funding primarily from the SSA
- Infrastructure maintenance needs have grown since the public improvements were constructed 15-20 years ago and will require an ongoing resource commitment
- The Comprehensive Plan, updated in 2017, includes numerous recommendations for continued improvement to the Downtown

### **Plan for the Future of the Downtown is Underway**

Staff recently presented a draft Plan for the Future of the Downtown to the Downtown Management Corporation. The Plan should be ready for Village Council review and consideration in September.

### **What Happens When the TIF & SSA Expire?**

SSA expiration means that the property tax bill will go down because the SSA rate of 1.5% of the equalized assessed value of the property will no longer appear on the bill. The 2021 tax bill is the last bill which will include the current SSA payment. One of the revenue options includes an extension of the SSA at a lower rate.

With TIF expiration, tax bills will not go down. The taxes currently paid to the TIF will be redistributed to other taxing bodies. There are no plans being considered to extend the TIF.

<p><b>Issues</b></p>	<p>Needs in the Downtown will require ongoing resources:</p> <ul style="list-style-type: none"> <li>● Parking</li> <li>● Infrastructure Maintenance</li> <li>● Marketing, Attraction &amp; Retention</li> <li>● Facilitating Redevelopment Opportunities</li> <li>● Events Coordination</li> <li>● Services (ie snowplowing, landscaping, etc.)</li> </ul> <p>The TIF and SSA will Expire in 2020</p> <ul style="list-style-type: none"> <li>● TIF = Funding for Public &amp; Private Redevelopment</li> <li>● SSA = Funding for Downtown Mgmt Corporation</li> </ul>
<p><b>Background and Key Facts</b></p>	<p>In September 2018, the Village presented an initial plan for the future of the downtown. This plan, prepared at the 20,000 foot level in the Flight Analogy, contains the following recommendations:</p> <ul style="list-style-type: none"> <li>● <b>Update/Consider Revisions to Downtown Mgmt Corp. Operating Agreement</b> Review services/functions and match with sustainable revenues; Ensure equitable representation among key stakeholder groups</li> <li>● <b>Update 2011 Parking Study to Coincide with New Building Occupancy</b> To serve as a basis for advancing parking system recommendations from Comprehensive Plan</li> <li>● <b>Continue to Review and Evaluate Comprehensive Plan Recommendations</b> Consider use of financial incentives where necessary</li> <li>● <b>Effectively Maintain Infrastructure with Sufficient Resources</b> Construct improvements in a manner that minimizes overall lifecycle costs</li> <li>● <b>Consider Multiple Funding Sources to Fill Revenue-Expense Gaps</b> Including possible SSA extension with modifications to maximum rate and boundaries; Align benefits of improvements and services with those groups responsible for paying</li> </ul>
<p><b>Actions</b></p>	<p>By Q3 2020, create a detail level plan for addressing future Downtown needs:</p> <ul style="list-style-type: none"> <li>● Infrastructure maintenance needs</li> <li>● Services and operations to be provided</li> <li>● Roles &amp; responsibilities</li> <li>● Funding sources</li> <li>● Implementation of Comprehensive Plan recommendations.</li> </ul> <p>Work on the plan started in early 2019. A draft plan will be prepared with input from Downtown Management Corporation and will be presented to the Village Council in mid to late 2019.</p>



Work on the more detailed 2020 Plan for the Future of the Downtown is underway. Village staff is meeting with the Downtown Downers Grove Management Corporation to prepare the final report. Downtown Management will provide input on the services and operations to be provided, roles and responsibilities and funding sources. The Plan should be approved by the third quarter of 2020 to ensure that there are no gaps in funding or service provision.

## STORMWATER CAPITAL PLAN

Stormwater originates primarily from rain or melting snow. Water that does not soak into the ground becomes runoff. Every property generates runoff and benefits from the Village infrastructure system that manages stormwater. Without proper stormwater management, rain events may result in flooding on roads and properties throughout the Village, leading to property damage and dangerous road conditions. Stormwater runoff must be channeled through a system of pipes, ditches, catch basins and storm drains before being safely discharged into local streams.

<p><b>Issues</b></p>	<ul style="list-style-type: none"> <li>● In some portions of the Village the stormwater infrastructure is modern and meets or exceeds the recommended service level.</li> <li>● In other portions of the Village there is no formalized infrastructure and the service falls well short of the recommended level.</li> <li>● Finally, in other parts of the Village, the infrastructure is adequately sized but will lose capacity to function fully if the Village does not increase maintenance activities.</li> <li>● The current stormwater capital plan (<a href="#">2014 Stormwater Project Analysis</a>) will expire in 2020 as all of the non-floodplain projects in the plan will be completed by that time</li> <li>● Projects to mitigate flooding in floodplains cover large areas, are expensive to construct and require extensive work with other government agencies</li> </ul>
<p><b>Background and Key Facts</b></p>	<p>In 2015, the Village established a recommended level of service - to create and maintain a stormwater management system that will safely convey and store runoff from 95% of rainfall events experienced in any given year.</p> <p>Pursuant to the plan established in the <a href="#">2016 Stormwater Utility Report</a>, the Village would need to gradually increase its annual revenues from \$3.7 million in 2016 to more than \$11 million in order to meet the recommended level of service by 2029. The stormwater utility fee is expected to increase by 8.7% annually until actual revenues would match the cost of providing the recommended level of service.</p> <p>Since 2008, the Village has completed 78 stormwater infrastructure projects at a cost of \$37.7 million.</p>
<p><b>Strategies &amp; Solutions</b></p>	<p>By Q3 2020, develop a stormwater capital projects plan which:</p> <ul style="list-style-type: none"> <li>● Identifies areas of the Village which do not meet the recommended level of service</li> <li>● Identifies and prioritizes the capital projects to be constructed to achieve the recommended level of service</li> <li>● Provides preliminary cost estimates for the capital projects</li> <li>● Includes a financing plan to pay for the projects aligned with the Stormwater Utility Fee Plan</li> </ul>

In 2015, the Village established a recommended level of service for the stormwater management system. The recommended level of service is to create and maintain a stormwater management system that will safely convey and store runoff from 95% of rainfall events experienced in any given year. To achieve the recommended service, the stormwater management system must be properly maintained in all areas and enlarged or expanded in areas that lack adequately sized infrastructure. The stormwater management system serves the entire Village. However, the level of service provided by the system varies. There are three general states of stormwater infrastructure:

- In some portions of the Village the stormwater infrastructure is modern and meets or exceeds the recommended service level.
- In other portions of the Village there is no formalized infrastructure and the service falls well short of the recommended level.
- Finally, in other parts of the Village, the infrastructure is adequately sized but will lose capacity to function fully if the Village does not increase maintenance activities.

For over a decade, the Village has been constructing stormwater infrastructure improvement projects in areas where the stormwater system does not meet the recommended service level. Since 2008, the Village has completed 78 stormwater infrastructure projects at a cost of \$37.7 million.

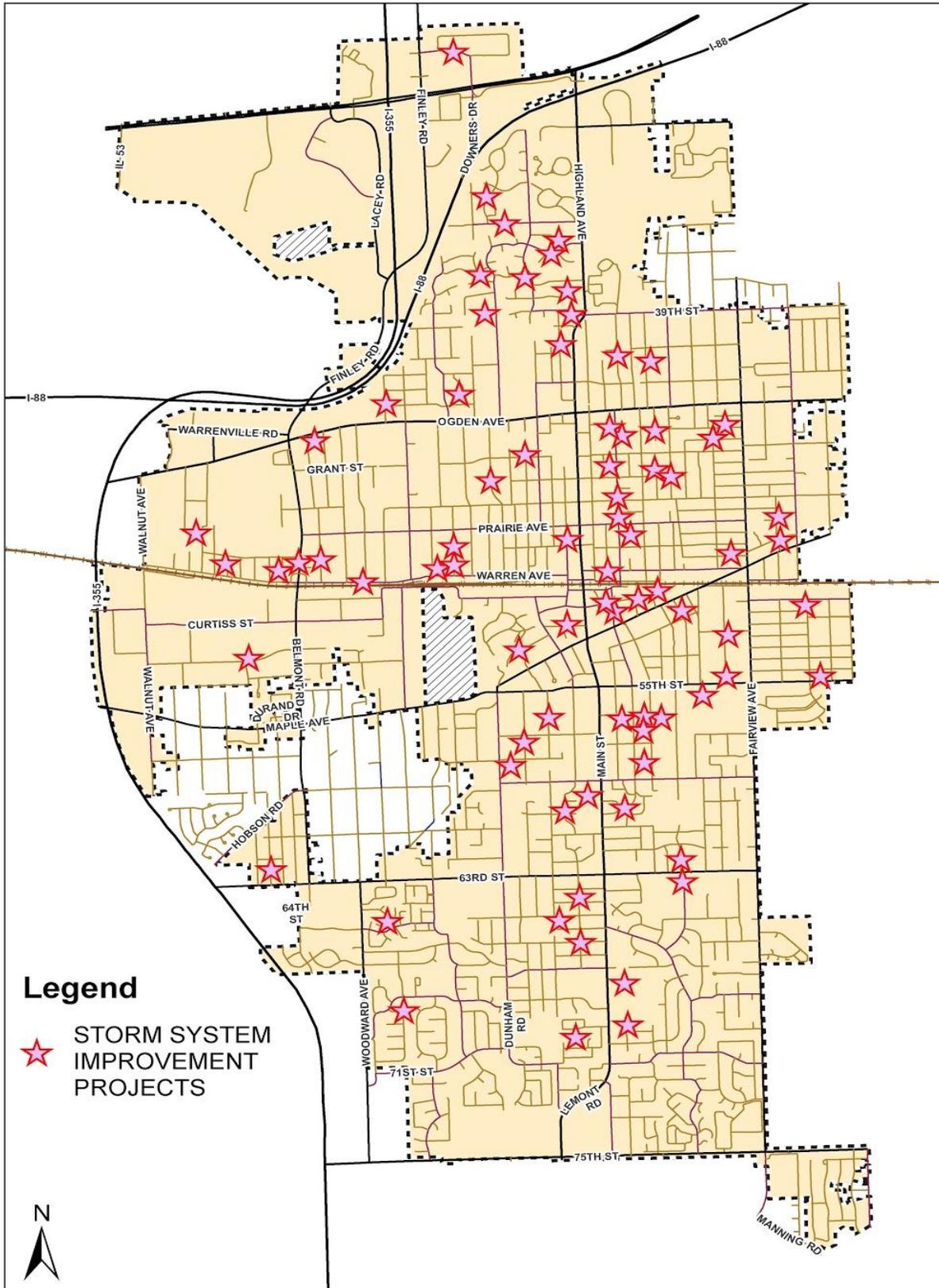
**Since 2008, the Village has constructed 78 stormwater capital improvement projects at a cost of approximately \$38 million.**

The Village has used two stormwater capital plans to identify and prioritize the projects to be constructed. The Watershed Infrastructure Improvement Plan was prepared in 2007 and guided project construction from 2008 through 2014. The [Stormwater Project Analysis](#) was prepared in 2014 and guided project construction from 2014 through 2020.

Work is currently underway to identify the next set of capital projects to be completed:

- A [comprehensive level of service analysis](#) of the Village's stormwater system is being conducted. Anticipated Phase 1 completion is the end of 2019.
- The Village is working with DuPage County on the completion of a study of the St. Joseph's Creek Watershed to include SPA identified floodplain projects. Anticipated completion date of the study is 2020.

# Completed Stormwater Projects since 2008



The stormwater capital plan is one component of the Village’s stormwater utility plan. In 2015, the Village developed a plan which:

- includes the estimated cost of owning, operating and maintaining a stormwater system that meets the recommended level of service
- shows the projected revenue to be generated with stormwater utility fees.
- recommends 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
- calls for annual increases in the stormwater utility fee of approximately 8.7% per year, which would increase annual revenue available for stormwater management from its current level to about \$11.4 million in 2028.

This plan is summarized in the chart below which originally appeared in the 2015-17 Long Range Plan Report. Please note that the April 2013 Flood Study Projects in the chart are the 2014 SPA projects which will be completed by the end of 2020.



### Planned Stormwater Utility Rates Per ERU

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fee	12.40	13.48	14.65	15.93	17.31	18.82	20.45	22.23	24.17	26.27	28.56

#### Proposed Scope for the Stormwater Capital Plan

The proposed scope for this project consists only of developing a stormwater capital projects plan:

- Identify and prioritize the capital projects to be constructed to achieve the recommended level of service
- Provide preliminary cost estimates for the capital projects
- Establish a financing plan to pay for the projects aligned with the Stormwater Utility Fee Plan

This scope assumes that the existing plan for annual revenue to be generated by stormwater utility fees, the amount of annual expenses dedicated to maintenance activities and the amount of annual expenses dedicated to capital projects will remain unchanged.

## PRIORITY ACTION ITEMS

A key component of the Long Range Plan is the Village Council Priority Action Items. These items reflect the Council priorities and will serve as the work plan from September 2019 through April 2021.

### Criteria for Priority Action Items

Priority Action Items reflect Council priorities for new policies or revisions to existing programs and policies. The criteria for a Council Priority Action Item include:

- **Support of Strategic Plan Goals and Key Issues** - the action should achieve a measurable result that supports one or more of the Strategic Plan Goals and/or Key Issues addressed during Long-Range Planning.
- **Village Council Policy Direction Required** - the action requires the Village Council to provide policy level direction to be completed.
- **Six Months or More to Complete** - the action requires significant staff and/or Village Council time; six months or more from the time staff begins work on the action to the time the action is completed.
- **Multi-Departmental Effort** - the action requires effort from more than one Village department.

Staff prepared the following proposed list of Priority Action Items for Village Council review and consideration.

Priority Action Item	Description
<b>Create a Village Facilities Sustainability Plan</b>	<p>This project will result in:</p> <ul style="list-style-type: none"> <li>● The renovation or replacement of the existing Police Station and Village Hall</li> <li>● Improvements to the intersection of Washington Street and the railroad tracks</li> <li>● A financial plan including the estimated total project costs and revenues identified to pay for the project costs</li> </ul>
<b>Create a Plan for the Future of the Downtown</b>	<p>The project will result in a plan, prepared at the detail level, addressing:</p> <ul style="list-style-type: none"> <li>● Infrastructure maintenance needs.</li> <li>● Services and operations to be provided.</li> <li>● Roles &amp; responsibilities.</li> <li>● Funding sources.</li> <li>● Implementation of Comprehensive Plan recommendations.</li> </ul>
<b>Create a Stormwater Capital Projects Plan</b>	<p>This project will result in a multi-year plan which:</p> <ul style="list-style-type: none"> <li>● Identifies areas of the Village which do not meet the recommended level of service</li> <li>● Identifies and prioritizes the capital projects to be constructed to achieve the recommended level of service</li> <li>● Provides preliminary cost estimates for the capital projects</li> <li>● Includes a financing plan to pay for the projects aligned with the Stormwater Utility Fee Plan</li> </ul>
<b>Review and Consider the Human Service Ad Hoc Committee Report</b>	<p>This project will result in Village Council direction on the roles and responsibilities of the Human Service Commission and the services to be provided by the Village. The direction provided will assist in the preparation of annual budgets and operating plans.</p>
<b>Consider Regulations and Taxes on Recreational Marijuana</b>	<p>This project will result in either a ban on marijuana businesses or zoning regulations and/or a tax on marijuana sales of up to 3%</p>
<b>Replace the Enterprise Resource Planning System</b>	<p>This project will result in the replacement of the Village's Enterprise Resource Planning System (currently EDEN).</p>