Long Range Financial Plan

Long Range Financial Planning Overview

- Allow for a Dialogue Among Community, Council & Staff
- Create Awareness of Issues
- Create a 3- to 5-Year Plan
- Assist in budget preparation and operational decisions

2011 LRFP Overview

Meeting 1 – 5/24

Issue Identification and Solutions

- General Fund
- Transportation Fund
- Downtown Tax Increment Fund

Meeting 2 – 6/28

Issue Identification and Solutions

- Water
- Infrastructure & Facilities, 2012 Bond Issuance

Meeting 3 – 7/26

- Infrastructure & Facilities, 2012 Bond Issuance, continued

Meeting 4 – 8/23

Present draft plan for discussion

Infrastructure, Facilities & 2012 Bond Issue

June 28, 2011

Long Range Financial Plan

Village of DOWNERS GROVE

Overview

- Started as Preparation for 2012 Bond Issue
  - LRFP Recommendation
  - 2011 High Priority Action Item

2010-2012 LRFP Strategies

- Prioritize Infrastructure & Facility Needs
- Pledge Revenue Sources
  - Existing Revenue Sources
  - Alternative Revenue Sources
- Issue Debt (Pay As You Use)
  - Regular Intervals, 3 Years
  - Maintain Moderate Debt Level
- Implement Beginning in 2012

Overview

- Started as Preparation for 2012 Bond Issue
  - LRFP Recommendation
  - 2011 High Priority Action Item
- Now an Infrastructure Sustainability Plan
  - Strategic Plan Goal: Top Quality Infrastructure
  - Strategic Plan Goal: Financial Sustainability
  - Current CIP Includes $122 Million in Projects Over the Next Five Years

Overview

- New Approach to Infrastructure
  - Comprehensive
    - All Infrastructure Systems
    - Overall Village Financial Position
    - Not System by System, Fund by Fund
  - Improved Decision Making
  - Long Term Sustainability

Overview

- June 28th Meeting
  - Infrastructure Systems Background
  - Three Types of Expenses
    - Debt Service Payments
    - Maintenance of Existing Infrastructure & Facilities
    - New Construction / Major Reconstruction of Infrastructure
  - Multiple Revenue Sources
  - Discussion of Priorities

Overview

- July 26th Meeting
  - How Will Infrastructure Needs be Funded?
  - Multiple Options Based on Prioritization Discussion
  - 2012 Bond Issue
    - How Much?
    - How Will the Proceeds Be Used?

Infrastructure Systems Background

Existing Infrastructure Systems

- Water
- Streets
- Storm Water/Drainage
- Sidewalks
- Traffic
- Streetlights
- Bikeways
- Facilities

Water Fund

Summary

- In 2010, M&FSG conducted water rate study
- Findings/Recommendations:
  - Current rates do not adequately support system costs
  - Needed infrastructure improvements should be debt financed
  - Reserve levels should be established for operating and capital repair and replacement expenses
  - Rate increases for the next five years as follows:

	2011	2012	2013	2014	2015
Rate Incr.	14%	14%	14%	10%	9%
Complete	✓				

Infrastructure Systems Background

- Our nation's infrastructure is rapidly deteriorating
- Five-year investment estimated to be $2.2 Trillion*
- Less than half of this funding has been budgeted, including ARRA funds
- In 2010, ASCE prepared the "Report Card for Illinois Infrastructure", confirming that Illinois infrastructure mirrors the national trend

*Per the American Society of Civil Engineers (ASCE) 2009 Report Card for America's Infrastructure

SUMMARY

In Illinois, the condition of our infrastructure is deteriorating. We cannot stand by and allow that to happen. Our quality of life depends on it and our citizens deserve better.

When the American Society of Civil Engineers (ASCE) released its 2009 Report Card for America's Infra 2009, several notable points stood out. T ment need was estimated to be $2.2 trilli $500 billion since ASCE's last Report C longer we delay investment, the higher t

The second point is more sobering. The outlay, including funds from the Americ investment Act of 2009, covers less than investment.

Does Illinois mirror this bleak

To find out, the Illinois Sections of ASC card for the state of Illinois. This report infrastructure needs to the attention of o the public. Similar to five-key solutions Report Card for America's Infrastructure also developed five key solutions to the state is facing.

- ★ **INCREASE** federal and state le structure to address the crisis. The ture is more than a funding issue; our economy and our way of life.
- ★ **PROMOTE** sustainability and re structure to protect the natural en withstand natural and man-made
- ★ **DEVELOP** national, state and re plans that complement a national system-wide results. Doing so wil marshal funds while creating solu expenditures.
- ★ **ADDRESS** life-cycle costs and to meet the needs of current and so sustainably.
- ★ **IMPROVE** and increase infrastr from all stakeholders –for as our such as the roads we use to drive every day, our neighborhoods fai

Infrastructure has a direct impact on our ic health, and the infrastructure crisis is prosperity. For the safety and security o no longer afford to ignore the congested ed drinking water we face every day. We by and accept the status quo, or worse, has come for the citizens of Illinois to d

"I am a f people. I they can to meet The grea them the

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2010 REPORT CARD for illinois INFRASTRUCTURE

Each category was evaluated on the basis of condition vs. need and funding vs. need.

A = Exceptional
B = Good
C = Mediocre
D = Poor

AVIATION	C+
BRIDGES	C+
DAMS	C
DRINKING WATER	D+
NAVIGABLE WATERWAYS	D-
RAIL	D
ROADS	D
TRANSIT	D+
WASTEWATER	D+

ILLINOIS 2010 GRADE **D+**

AVIATION. Our aviation infrastructure is a key component of both the nation's and state's transportation infrastructure network. A lack of attention to the aviation infrastructure results in deterioration of the current system and compromises its ability to meet future travel demands. According to the FAA's Terminal Area Forecast for 2008 to 2025, large hub and medium airports are expected to grow 43 or 35% in terms of enplanements for the next 18 years. Chicago O'Hare is projected to continue to be within the top three busiest airports in the nation.

BRIDGES. Seventeen percent of bridges in Illinois are classified as structurally deficient or functionally obsolete. Our bridges are a critical link not only for our local economy, but also for the national economy. Illinois is the cross roads for the movement of goods, both locally and nationally. With the continued expansion of goods distribution, an inevitable increase in the number of trucks will continue to degrade the condition of bridges in Illinois.

DAMS. Illinois has 445 dams (32%) that are more than 50 years old. Beyond 50 years of age marks the point when added monitoring and maintenance are needed to ensure the integrity of the dam. Of the 445 dams, nearly 74 percent have not been reviewed or issued a dam safety permit by the state. Each year as dams continue to age and downstream development increases, the potential for deficient high hazard dams also increases because of the growth in population below the dams. In 2009 only $266,000 and 4.5 full-time equivalent employees were dedicated to the safety of Illinois dams.

DRINKING WATER. Illinois's drinking water systems face a required investment of $13.5 billion over the next 20 years to replace aging facilities and comply with safe drinking regulations. In 2009, total federal funding for drinking water was less than $3 billion, which included a one-time $2 billion infusion of funds from the American Recovery and Reinvestment Act. The Congressional Budget Office estimates that between $10 and $20 billion must be spent on drinking water annually. With such great needs nationally, federal funding alone cannot meet Illinois's needs.

NAVIGABLE WATERWAYS. The Mississippi, Illinois and Ohio rivers and Lake Michigan locks near Chicago provide vital commercial shipping links for goods to travel throughout the country. However, inadequate funding and an unreliable lock-and-dam system threaten the future viability of the state's navigable waterway infrastructure

RAIL. Congestion on the state's rail system costs millions of dollars in shipping delays, and causes substantial noise and air pollution as trains idle for hours waiting for track clearance. With freight traffic expected to double in the next 20 years, these problems will only worsen.

ROADS. Severe traffic congestion costs Illinois's economy tens of billions of dollars in lost productivity each year. Congestion is estimated to cost $4 billion for the Chicago area alone. 16% of Illinois roads are in poor to mediocre condition and cost the state $2.2 billion annually. The economic loss related to traffic crashes in Illinois cost $10 billion annually.

TRANSIT. Current 5-Year Capital needs in Northeastern Illinois is over $10 billion, the recent Illinois Capital Bill provides only $2.7 billion. Transit ridership in Illinois increased 6% in 2008. Although the dramatic growth in intra-suburban commuting is a major challenge for transit given the automobile orientation of many suburban developments, environmental concerns and the cost of gasoline leave open the prospect for transit at some level. Much of the infrastructure for a world-class transit system, particularly in Northeastern Illinois, is in place. It has suffered as a result of age and lack of funding.

WASTEWATER. Wastewater management systems are aging and discharge billions of gallons of untreated sewage into Illinois surface waters each year. Currently, the Environmental Protection Agency (EPA) estimates that the state of Illinois must invest $13.4 billion over the next 20 years to replace existing systems and build new ones to meet increasing demands. Federal assistance alone cannot be expected to meet Illinois's needs.

Village of DOWNERS GROVE FOUNDED IN 1832

Existing Infrastructure Systems

- Water
- Streets
- Storm Water/Drainage
- Sidewalks
- Traffic
- Streetlights
- Bikeways
- Facilities

Streets

Background – Streets

- 329 lane-miles of local, collector and arterial roadways
- 60% of roadways with curb and gutter
- 40% of roadways with ditches

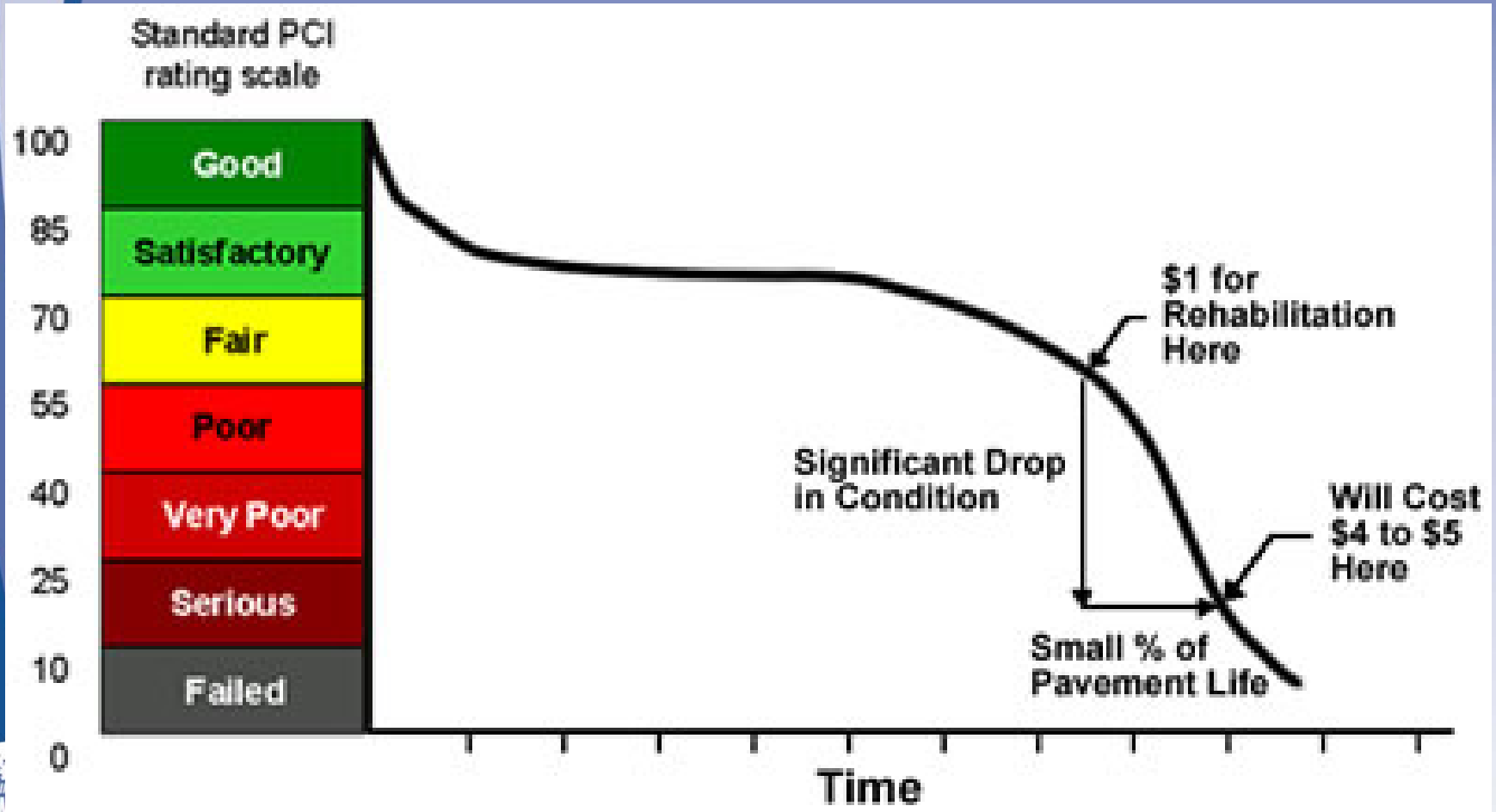
Objectives – Streets

- Maintain streets at the most cost effective level
- Coordinate timing with other projects
  - Water, Drainage, Sewer, Sidewalks
  - Minimizes cost and inconvenience to residents

Issues – Streets

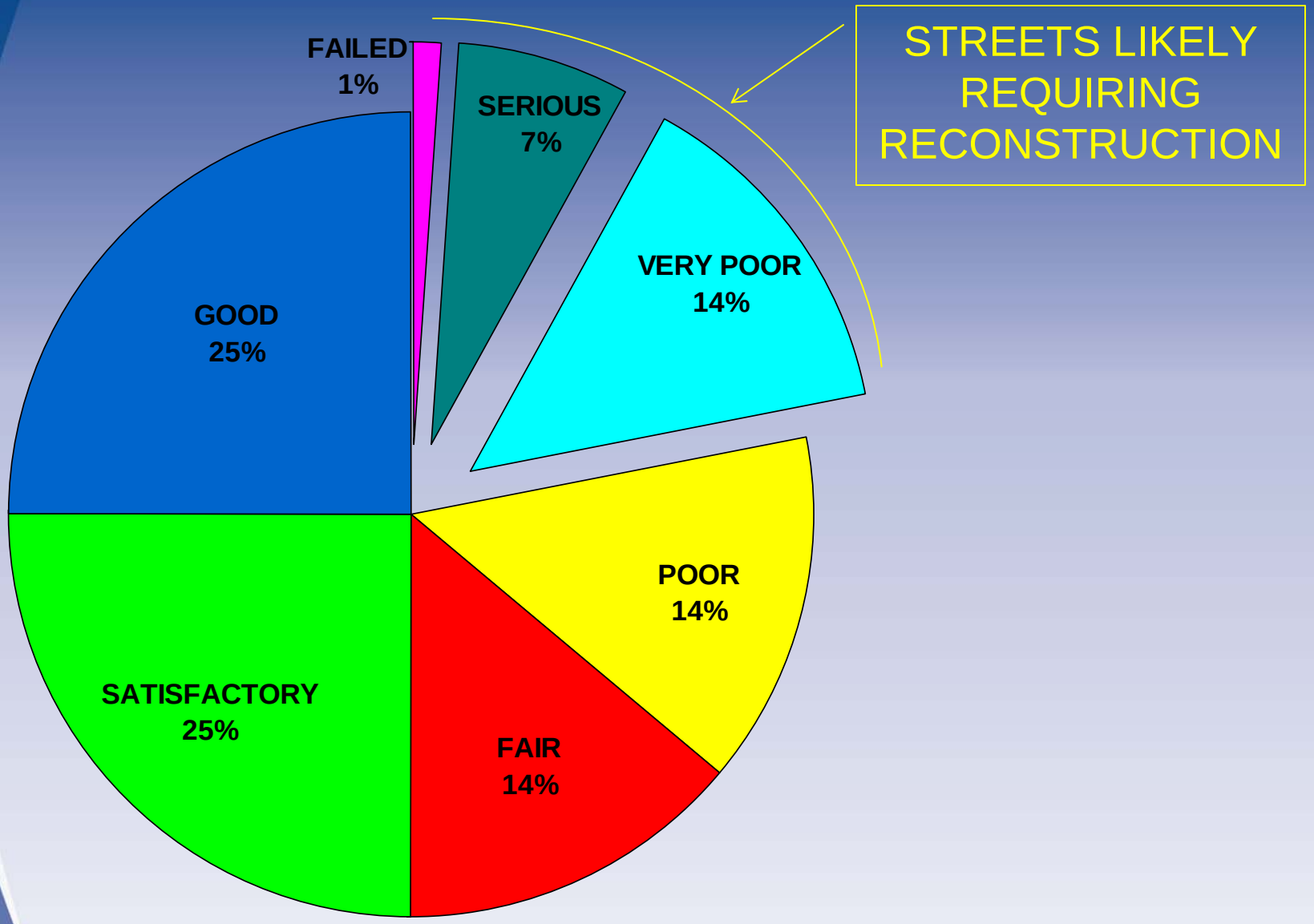
- Many old or annexed streets were not built to modern standards – need reconstruction
- Other streets in danger of falling into "reconstruction" category

Anticipated System Performance – Streets
(theoretical)



Desirable Condition for Maintenance and Rehabilitation

Streets likely requiring reconstruction (Beyond Maintenance)



Current Condition of Existing Streets

Maintenance vs. Reconstruction

Maintenance

- Goal to keep all Village streets in a maintainable condition
- $3.9 million is budgeted for maintenance in 2011
- $5.2 million per year is anticipated need beginning in 2016

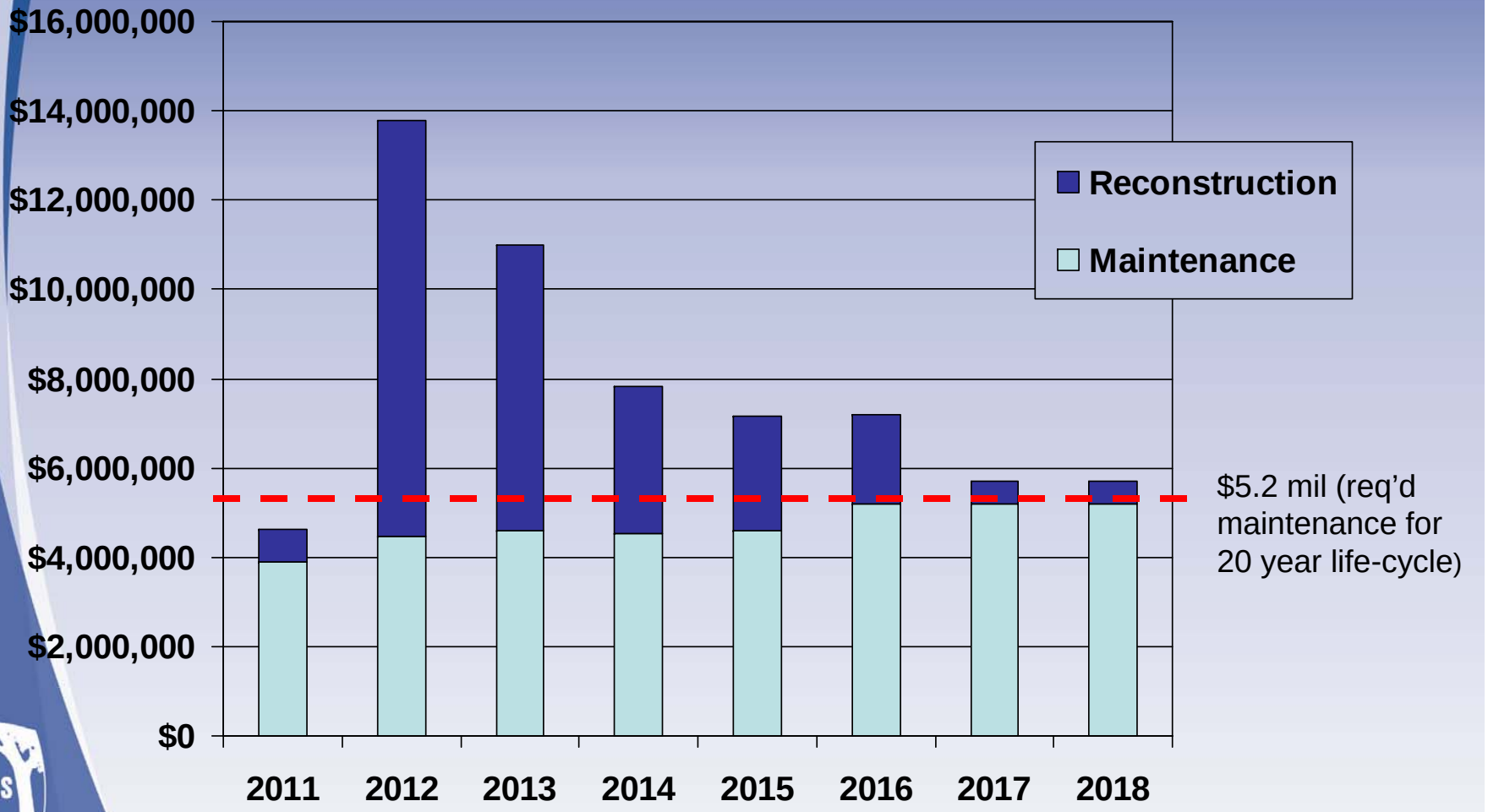
Reconstruction

- Roughly 4 times more expensive than maintenance
- Currently, 22% of Village streets are in the "Very Poor" to "Failed" range
- $25 Million in street reconstruction currently identified

IDENTIFIED RECONSTRUCTION PROJECTS

Knottingham Subdivision	$5 Million
Concorde Square Unit 2 Sub.	$4 Million
Valley View Estates Subdivision	$3 Million
Clyde Estates Subdivision	$3 Million
Esterbrook Subdivision Unit I	$3 Million
Oak Grove Unit III	$2 Million
Brooke and Centre	$2 Million
Barneswood Area at Lacey Creek	$1 Million
Others	$2 Million
Total	$25 Million

ANTICIPATED STREET EXPENDITURES



Summary – Streets

- Maintain streets at most cost effective level – maintenance vs. reconstruction
- Coordinate timing with other projects
- Many old or annexed streets were not built to modern standards – need reconstruction
- Other streets in danger of falling into "reconstruction" category

Stormwater

Background – Stormwater

- Three major watersheds
  - 11 miles of streams
- 2/3 of the Village is drained by storm sewers
  - 130 miles of storm sewers
  - 7000 drainage structures
- 1/3 of the Village is drained by ditches
  - 140 miles of ditches
  - 47,000 feet of culverts
- 315 stormwater storage facilities

Objectives – Stormwater

- Maintain existing facilities
  - storm sewers
  - channels and creeks
  - Stormwater storage facilities
- Meet the requirements of the Clean Water Act Regulations
- Complete construction of high-priority infrastructure projects

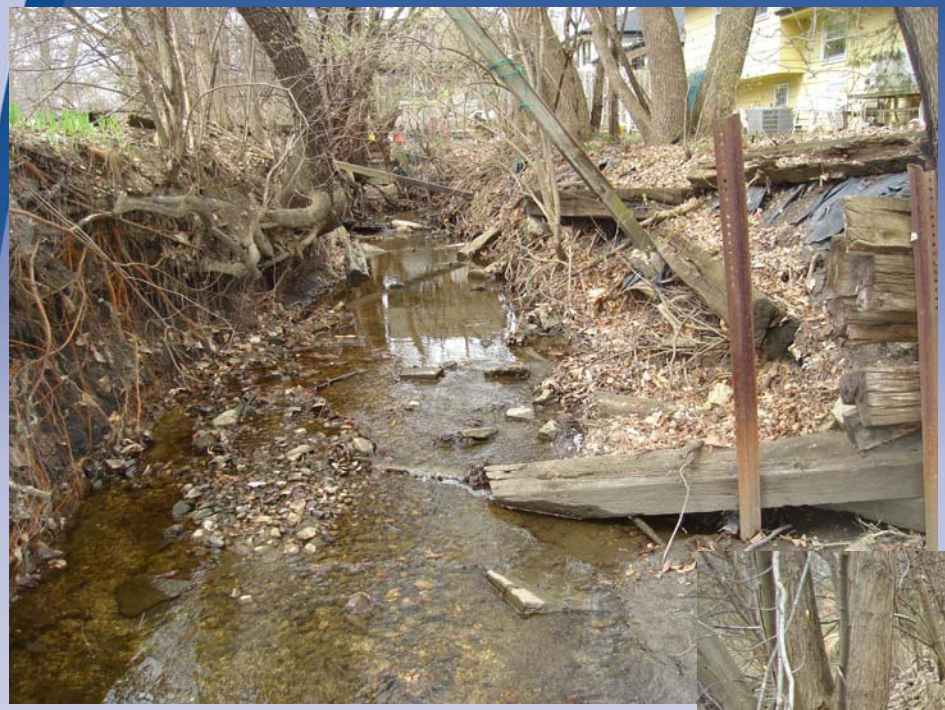
Issues – Stormwater Maintenance

- Extensive and aging existing infrastructure
- System maintenance targets not attainable w/current resource levels
- Streams have not historically been adequately maintained
- Sedimentation leads to poor water quality and system performance
- Increasing Regulations for Water Quality

Recommended Target Maintenance Activities

Activity	Goal	Actual
Sewer Cleaning	5 year cycle	14 year cycle
Structure Maintenance	5 year cycle	13 year cycle
Roadside Ditching	10 year cycle	20 year cycle

Previous goals established in Stormwater Master Plan. To be updated in 2011 as part of the Stormwater Utility Report.



Lacey Creek Streambank Stabilization

Washington Park Stormwater Facility

Summary – Stormwater Infrastructure

- Maintenance
  - Maintaining our existing system is the highest priority
  - Increasing Clean Water Act regulations must be met
- New Infrastructure
  - 13 of 16 originally identified High Priority projects completed
  - Some WIIP identified projects have a high cost/benefit ratio and will be reassessed
  - Additional projects have been identified by staff as "high priority"

Sidewalks

Background – Sidewalks

- Policy - sidewalk on at least one side of every street
- Village currently has approx. 240 miles of sidewalks
- Sidewalk Matrix: approx. 9 miles remaining to be built
- Pursuing sidewalk and trails on Ogden Avenue and 31st Street with grant funding
- Additional sidewalk needs
  - Annexations
  - "Gaps"

Objectives – Sidewalks

- Maintain existing sidewalks
- Continue implementation of the sidewalk matrix
- Reconstruct downtown crosswalks with grant funding
- Pursue right-of-way acquisition along Ogden Avenue

Sidewalk Maintenance

Downtown Crosswalk Replacement

New Sidewalks

New Sidewalks

Traffic

Background – Traffic

- The Village's Traffic System Includes:
- 18 traffic signals (w/27 video detection cameras and 62 Opticom units)
- Interconnected signal systems on Main and Fairview
- 15,000 traffic signs
- Approximately 4 miles of pavement striping
- 7 commuter parking revenue units

Traffic

Objectives - Traffic

- To provide for the safe and efficient movement of people and goods within and through the Village
- To provide a reliable system that meets all regulatory requirements

Issues Traffic

- Traffic system components need to be maintained or replaced on a regular cycle
- Concerns continue to be expressed by residents about traffic safety
- A continued neighborhood approach to traffic management

Infrastructure Systems Background

Infrastructure Systems

- Water
- Streets
- Storm Water/Drainage
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- Bikeways
- Facilities

Three Types of Expenses

1. Debt Service Payments
2. Maintenance of Existing Infrastructure & Facilities
3. Expansion/Major Reconstruction

Three Types of Expenses

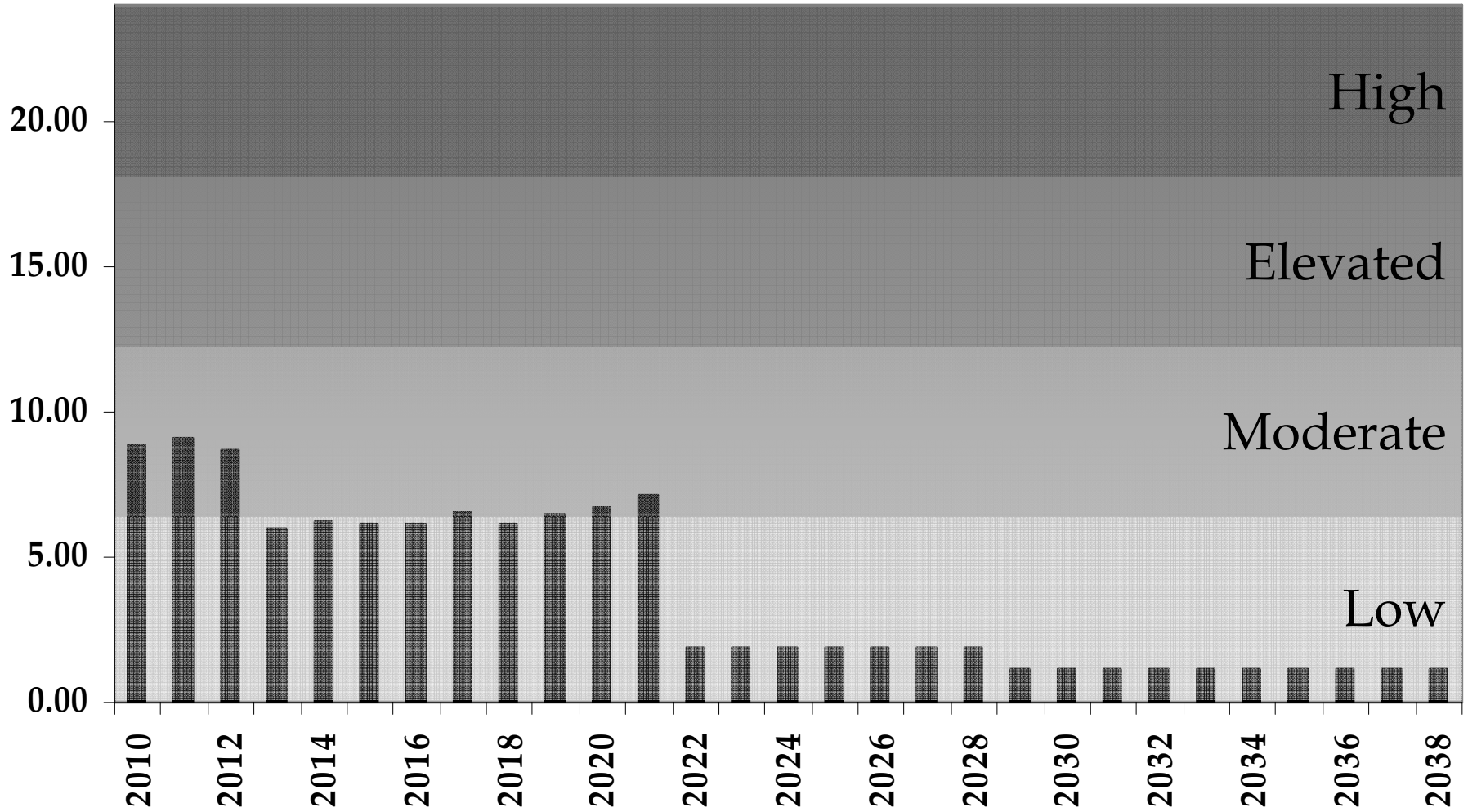
1. **Debt Service Payments**
2. Maintenance of Existing Infrastructure & Facilities
3. Expansion/Major Reconstruction

Outstanding Debt

- Water AMR System (2012)
- Fairview Avenue Reconstruction (2016)
- Downtown TIF Improvements (2021)
- Fire Station 2 Construction (2028)
- Stormwater Improvements (2038)

Debt Capacity

Debt Service Future Payments (in millions)



Three Types of Expenses

1. Debt Service Payments
2. **Maintenance of Existing Infrastructure & Facilities**
3. Expansion/Major Reconstruction

Annual Maintenance Expenses - FY11 vs. Need (in millions)

System	FY11	Need
Streets	$3.9	$5.2
Stormwater	1.7	3.0
Sidewalks	0.2	0.2
Streetlights	0.1	0.2
Traffic	0.1	0.1
Facilities	0.3	0.5
Total	**$6.3**	**$9.2**

Three Types of Expenses

1. Debt Service Payments
2. Maintenance of Existing Infrastructure & Facilities
3. **Expansion /Major Reconstruction**

Expansion/Major Reconstruction

Current Outstanding Need

System	Need
Streets	$25.0
Stormwater	20.0
Sidewalks	3.0
Streetlights	N/A
Traffic	N/A
Facilities	61.2
Total	**$109.2**

Three Types of Expenses

1. Debt Service Payments
2. Maintenance of Existing Infrastructure & Facilities
3. Expansion/Major Reconstruction

Annual Funding Sources
(in millions)

Funding Source	FY12 Est.
Home Rule Sales Tax	$ 5.6
Property Tax	2.6
Motor Fuel Tax	1.1
Telecommunications Tax	0.7
Local Gasoline Tax	0.2
Total	**$ 10.2**

Summary

1. Needs Exceed Revenues
2. Options are Available
3. Need to Prioritize

Long Range Financial Plan

June 28, 2011

Increasing CIP Commitment (2006-2011)

2006
- 0.5% of Home Rule Sales Tax Dedicated to CIP

2007
- Watershed Infrastructure Improvement Plan (WIIP) Initiated
- Increase in Telecomm. Tax to fund Capital

2008
- Pledged New Revenues for Stormwater Debt Service
- $25 Million Bond Issue for WIIP Projects

2009
- WIIP Construction Began
- Maintained Commitment to Dedicated Funding Sources

2010
- Water Rate Study Completed
- Road Condition Report Updated

2011
- Stormwater Utility designated as High Priority Strategic Plan Item

2010-2012 LRFP Strategies

- Prioritize Infrastructure & Facility Needs
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