

**MINUTES OF LONG RANGE PLANNING
VILLAGE COUNCIL MEETING
VILLAGE OF DOWNERS GROVE**

August 5, 2014

Mayor Martin Tully reconvened the meeting at 8:25 p.m. in the Committee Room at Village Hall, and welcomed everyone to the third of four long range plan meetings.

Council Members Present: Mayor Martin Tully; Commissioners Sean Durkin, Geoff Neustadt, Bob Barnett, Becky Rheintgen, David S. Olsen, Greg José

Staff Present: Dave Fieldman, Village Manager; Mike Baker, Deputy Village Manager; Enza Petrarca, Village Attorney; Nan Newlon, Public Works Director; Allison Deitch, Performance Manager; Doug Kozlowski, Communications Director; Stan Balicki, Assistant Director, Public Works; Andy Sikich, Assistant Director, Public Works; Jim Tock, Engineer, Public Works; April Holden, Village Clerk

The Mayor introduced Village Manager Dave Fieldman for tonight's presentation.

Dave Fieldman, Village Manager, said tonight's meeting will focus on the stormwater utility fees and revenue. This fund has a financial gap in that revenue is not sufficient to achieve the recommended service level. 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. This means keeping water out of structures, particularly houses and basements. There would still be water on the streets. It is not possible to construct a stormwater management system that will handle 100% of rain events.

The current level of service varies throughout the Village. Areas in the Village developed post World War II have some stormwater infrastructure; areas developed between 1972 and 1992 have modern infrastructures; and areas developed after 1992 are meeting the recommended level of service. Most of the Village south of 63rd Street has a modern system that performs pretty well, as does the extreme north end of the Village. All the older areas in between fall in a variety of the spectrum. If the Village wants to move to the recommended level of service the Village has to build new systems where systems are not working at all, and upgrade those systems that are too small or obsolete. These are capital projects. The systems that are functioning have to be maintained. If they are not maintained they can be clogged with debris, which results in

nonfunctioning systems. The question now is whether to prioritize capital projects over maintenance activities or vice versa. In this situation, either option can be chosen, as there are no compelling reasons to prioritize one over the other. If more money is placed into maintenance, systems will have a higher likelihood of successful performance. The cost of maintenance is the same today as it is tomorrow.

Tonight's objective is to have a dialogue to update the plan for stormwater service and determine where they will put the money and why. Council is being asked to comment on the multi-year plan for revenue generation and allocation of funds to capital projects and maintenance.

Mayor Tully noted that within capital projects or maintenance systems, there is prioritization. Mr. Fieldman concurred.

Mr. Fieldman said the plan staff is putting forth would raise stormwater utility fees 8 ½ to 9% per year for 14-15 years. This plan has a heavy emphasis on capital projects from 2018 through 2023 and would require bond issuances in 2017 and 2020. The plan also calls for performing approximately 50% of the annual recommended level of maintenance activities between 2015 and 2018 with a goal of performing 100% of the annual recommended level of maintenance activities by 2028.

Mayor Tully commented that the Village has one round of experience with the stormwater utility. The Village has both maintenance and capital needs, and revenue needs to be generated.

Commissioner Neustadt asked when capital projects that would require land acquisition will be scheduled. Mr. Fieldman responded that most of the capital projects require some land acquisition.

Commissioner Neustadt stated that the Village has a plan and is able to react to issues that come up. This has been done the right way. The plan is appropriate in that it is flexible and balanced. The maintenance component is important, but we need capital projects completed as well. A dedicated revenue source is a good idea.

Mayor Tully discussed land acquisition and strategic buyouts. He said it is important to consider funds and programs for buyouts. He spoke of funds that may be available for strategic buyouts through DuPage County. FEMA funds may also be involved.

Commissioner Olsen asked what direction staff wants from Council at the 40,000 foot level. He understands that Council is not endeavoring to determine a fee at this time. Mr. Fieldman said staff is looking for comments regarding modifications to the plan. Staff would modify the plan based on the Council commentary. He added that this is not a financial model, and the further out the plan goes, the less specific it is.

Commissioner Barnett said we have a compelling reason to do a better job on maintenance. He is uncomfortable instituting this fee and then doing maintenance 15 years down the road. He would like to see what the model would look like in five years with the recommended level of maintenance. He noted that, based on the recent past, we cannot count on our current financial strength. Mr. Fieldman said that the revenue is enough for maintenance activities only.

Commissioner Rheintgen said it is difficult to balance the needs. We hear from those who do not want to see an increase and others who need help with flooding issues. She asked if the Village could still do maintenance activities if the rates were not raised.

Mr. Fieldman said the Village could do maintenance activities for a few years until inflationary issues arose. We have money earmarked for capital projects, but it would not be on a sustainable basis.

Commissioner Barnett said the point was to generate additional revenue and to decide how much and how to spend it. He noted that the Village is fixing five decades of needed work.

Commissioner José said we are talking about how many homes and businesses will flood. He agrees that the staff recommendation makes sense, but he would like to see what the model would look like if more money were put into maintenance.

Commissioner Durkin asked if staff has discussed with our financial advisor the long term effect of bonds on our credit rating. Mr. Fieldman said this has been reviewed with our financial advisor in terms of the bond issuances that can be done while still maintaining our rating.

Commissioner Barnett said we could spent some funds on capital projects now and then wait until bonds are issued to do more.

The Mayor noted that if a line is too clogged, it is like not having anything there at all.

In response to Commissioner Durkin, Mr. Fieldman said the only revenues in this fund are stormwater utility fees, and the only expenses are stormwater capital project and maintenance activities.

Commissioner Durkin said he would like to consider structural changes to allow more stormwater spending with reduced stormwater utility fees increases. He suggested considering stormwater utility fees for maintenance and general revenue sources for capital project expenses. Commissioners Olsen and Barnett agreed.

A resident said she thought her taxes were paying for maintenance and that the new fee was for capital projects. She expects a combination of fees and general revenue for the stormwater system expenses.

Mr. Fieldman responded that when the stormwater utility was instituted it was a complete shift from using general revenues (taxes) and the tax levy went down.

The Mayor said stormwater system expenses used to be in the tax levy, but now it is a fee.

Another resident said our homes are an investment and floods devalue homes. Capital projects are really important. She said she is willing to pay to keep her home and her neighbors' homes safe.

Commissioner Olsen commented that the Village cannot promise a level of service that will address every storm.

Commissioner Durkin asked what the current level of service is in terms of a percentage. Mr. Fieldman said it varies and the older parts of town are the worst. The drainage control map shows localized poor drainage areas (LPDA) that are not well served.

Steve Lyczak, 4819 Prince, referenced the 2007 Water Infrastructure Improvement Plan and the cost of \$134 million to implement the plan. Mr. Fieldman said the 2007 study had solutions that included both private and public systems that would address all issues. The Village spent \$27 million and got through the list of high priority action items.

James Crawford, 201 56th Street, spoke about significant damage from storms. He addressed how this fee is structured and its legality. He feels there is exposure here. To him, this is a tax and he thinks it will be upheld in court. If so, non-profits should not be subject to this. The budgets of non-profits are already stretched. There is a social service burden on non-profits and he thinks it is wrong to impose this fee on non-profits. Furthermore, the collection of outside funds does not offset the cost of the fee.

Tom LeCren, 545 Chicago, said that when this utility was initiated the consultant recommended a 15% increase per year for 15 years. Mr. Fieldman said the base was smaller and 8.7% is the same amount given a larger base.

Mr. LeCren asked when the bonds would be paid off. Mr. Fieldman said they are contemplated for 20 year amortization periods with variable payments.

A resident said in his neighborhood there are six houses with excessive amounts of water. He asked how the Village decides where to put basins.

Nan Newlon, Public Works Director, said the 2013 flood study addressed this. Staff can help answer those questions.

With respect to when and where to acquire property, the Mayor said Council and staff get a full range of responses from residents. There are many factors that go into making those decisions.

Anthony Cheng asked what percentage of revenue is from the non-profits. Mr. Fieldman said that information is available on our website. Mr. Cheng asked if there are diminishing returns at 95% level of service. Mr. Fieldman said that is correct. Mr. Cheng said he agreed with Commissioner Durkin's recommendation.

The Mayor said there is general support for the staff recommendation, but Council would like to see different models with respect to maintenance activities and capital projects.

Commissioner Barnett said that with existing revenue streams we could do all the maintenance activities and have \$3-5 million on hand for capital projects. Future bond issuances could also be used for capital projects.

Mr. Fieldman said this will slow the capital projects work.

Commissioner Barnett said he would like to have a conversation about the stormwater utility structure at a later date.

In response to a question as to whether the Village could do bond issuances sooner than planned, Mr. Fieldman said it may cause a drop in our bond rating, which the Village would like to keep.

William Waldack asked about a pay-as-you-go plan as the current plan places a burden on current and future residents. Mr. Fieldman said the gap between current level of service and recommended level of service would increase.

There being no further discussion at this time, Mayor Tully thanked those in attendance, and adjourned the meeting at 9:45 p.m.