

**VILLAGE OF DOWNERS GROVE**  
**Report for the Village Council Meeting**  
**12/12/2017**

<b>SUBJECT:</b>	<b>SUBMITTED BY:</b>
FY18 Budget Implementation Actions	Judy Buttny Finance Director

## **SYNOPSIS**

The following budget implementation actions have been prepared:

1. A resolution to amend the Police and Fire Pension Funding Policy to update the interest rate based on the recommendation of the Police and Fire Pension Boards.
2. An ordinance to increase the stormwater utility rate from \$10.53 per ERU to \$11.43 per ERU. The increase is consistent with the FY18 Budget, approved on December 5, 2017, pursuant to direction by the Village Council provided during Long Range Planning and the [2016 Stormwater Utility Report](#).
3. An ordinance to delete the special rates for the sale of water to residents on Roslyn Road to reflect the changes made by the Intergovernmental Agreement (IGA) with Westmont in March of 2017.

## **STRATEGIC PLAN ALIGNMENT**

The goals for 2017-2019 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

## **FISCAL IMPACT**

The Police and Fire Pension Funding policy change in interest rates for the current year reduction of the return assumption will result in an increase in the recommended contribution reflecting lower long-term market expectations. However, this adjustment reduces the risk of unanticipated contribution increases in the future to compensate for lower than expected returns.

The updated stormwater utility fee is expected to generate \$4.2 million of revenue in the Stormwater fund. This is consistent with the FY18 Budget approved on December 5, 2017.

The change in water rates will have no impact on the Village of Downers Grove. The water in the Roslyn Road area is purchased from Westmont, and any increase in fees will be remitted to Westmont.

## **BACKGROUND**

### *Pension Policy Update*

Both Pension Boards have recommended to decrease the assumption for investment returns from 7.25 % to 7.00%. This was done after extensive discussion with the Boards' investment consultant and actuary. Reduction of the return assumption will result in an increase in the recommended contribution for the 2018 levy reflecting lower long-term market expectations. However, this adjustment reduces the risk of unanticipated contribution increases in the future to compensate for lower than expected returns.

### *Stormwater Rates*

Per the approved FY18 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 to 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 8.5% per year, which would increase the annual revenue available for stormwater management fees from its current level of \$3.9 million in 2017 to about \$11.4 million in 2028. This fee is expected to produce \$4.2 million in revenues in 2018.

The following table shows the proposed stormwater rate that will go into effect for bills received after January 1, 2018:

<b>Monthly Fee</b>	<b>2017 Fee</b>	<b>2018 Proposed Fee</b>
Per Equivalent Runoff Unit (ERU)	\$10.53	\$11.43

The following table shows how the new stormwater rates will impact a single family residence, a typical commercial user, and a typical industrial user in 2018:

<b>User Category</b>	<b>ERU</b>	<b>Current Annual Fee</b>	<b>Proposed Annual Fee</b>
Single Family Residence (2,501-4,000 s.f. of impervious area)	1	\$126.36	\$137.16
Typical Commercial User	20	\$2,527.20	\$2,743.20
Typical Industrial User	19	\$2,400.84	\$2,606.04

#### *Westmont Water*

In March of 2017, the Village Council approved an Intergovernmental Agreement with Westmont for water main service on Roslyn Road. This agreement streamlined the permit process and standardized the water rates for residents on Roslyn to be equal to the rate paid by all other Downers Grove residents. The Roslyn Road residents have been notified of the change and their new rates will go into effect for bills sent out after January 1, 2018.

## **ATTACHMENTS**

Police and Fire Pension Funding Policy Resolution  
 Stormwater Rate Ordinance  
 Water Rate Ordinance

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**ORDINANCE NO. \_\_\_\_\_****AN ORDINANCE AMENDING THE STORMWATER UTILITY RATE**

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by shading/underline; deletions by ~~strikeout~~):

**Section 1. That Section 25.66. is hereby amended to read as follows:****25.66. Stormwater Utility Fee Rates.****(a) Authority of Village to set rates.**

The Village Council shall retain at all times the power and authority to set stormwater utility fee rates. The Village shall review the adequacy of the stormwater utility fee rate annually in conjunction with the budget process. The rate shall be revised periodically to reflect any change in local capital costs, operation, or maintenance, plus replacement costs.

**(b) Rates.**

(1) Effective January 1, ~~2017~~2018 the stormwater utility fee rate per Equivalent Runoff Unit (ERU) per month shall be ~~\$10.53~~\$11.43.

(2) Single Family Residential. Each parcel within the single family residential classification shall be assessed the following stormwater utility fee based on a four tier structure which is tied to the amount of impervious area located on each parcel.

	<b>Parcel Description</b>	<b>Number of ERUs per parcel</b>
Tier 1	parcels with 1 to 2,500 square feet of impervious area	0.75 ERU
Tier 2	parcels with 2,501 to 4,000 square feet of impervious area	1.0 ERU
Tier 3	parcels with 4,001 to 7,000 square feet of impervious area	1.5 ERUs
Tier 4	parcels with more than 7,000 square feet of impervious area	The actual number of ERUs rounded to the next whole ERU multiplied by the rate per ERU as set forth in Section b(1) above.

(3) Non-Single Family Residential. All non-single family residential parcels in the Village shall be assessed a stormwater utility fee based on the measured number of ERUs on the parcel multiplied by the rate per ERU as set forth in Section b(1) above. All fractional ERUs will be rounded up to the next whole ERU.

(4) Vacant Parcels. The Village shall assess vacant parcels a stormwater utility fee that is equivalent to 0.3 ERU.

(5) Exemptions. The following property shall be exempt from paying the stormwater utility fee:

(a) Parcels that have been granted a property tax exemption in accordance with the provisions of Article 15 of the Illinois Property Tax Code (35ILCS 200/15 et seq.).

(b) Public rights-of-way.

**Section 1.** That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are

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hereby repealed.

**Section 2.** That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

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Mayor

Passed:

Published:

Attest: \_\_\_\_\_  
Village Clerk