

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

SUBJECT:	SUBMITTED BY:
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:

Monthly Fee	2017 Fee	2018 Proposed Fee
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:

User Category	ERU	Current Annual Fee	Proposed Annual Fee
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

Westmont - H2O

ORDINANCE NO. _____

**AN ORDINANCE REPEALING WATER RATES
FURNISHED BY OTHER MUNICIPALITIES**

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 25.30. is hereby amended to read as follows:

25.30. Reserved.

~~Same-Exception-Rates for water furnished by other municipalities.~~

~~The Village of Downers Grove has entered into an intergovernmental agreement with the Village of Westmont to provide water service to certain locations within the corporate limits or jurisdictional boundary of Downers Grove. The Village Council has determined that intergovernmental agreements provide the most efficient and economical water service and are necessary and desirable. Pursuant to these intergovernmental agreements, the Village of Downers Grove is required to assess and pay water charges to the municipality providing the water at the in-town residential rate of such providing municipality as follows:~~

~~(a) Water purchased from the Village of Westmont furnished to consumers in the Roslyn Road area shall be at the following rate based on bimonthly reading::~~

Units of Water	Rate per Unit
(750 gallons = 1 unit)	
0 - 1	\$4.00
2 - 13	\$2.25
over 13	\$3.00

Section 2. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 3. That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

Mayor

Passed:

Published:

Attest: _____
Village Clerk