

2021-2023 Long Range Plan

6/15/2021

Report #3 Stormwater Fund Sustainability

Village Facilities Replacement & Sustainability Plan

Property Tax Levy

American Rescue Plan

June 15, 2021

STORMWATER FUND SUSTAINABILITY

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.

The Village manages stormwater by owning and operating a large, complex stormwater infrastructure system which consists of approximately:

- 7,000 drainage structures
- 315 detention facilities
- 140 miles of roadway ditches
- 130 miles of storm sewers
- 12 miles of streams
- 9 miles of culverts

All stormwater related revenues and expenses are accounted for in the Stormwater Fund. Since 2013 the fund has been supported nearly exclusively by fees with revenue generated from utility bills.

Trends and Issues	• The current stormwater capital plan (2014 Stormwater Project Analysis) will expire in 2021. • Projects to mitigate flooding in floodplains cover large areas, are expensive to construct and require extensive work with other government agencies • Additional maintenance activities are required to allow the system to operate at capacity
Background and Key Facts	In some portions of the Village the stormwater infrastructure is modern and functions well, safely storing and conveying stormwater in all but the most extreme rain storms. In other portions of the Village there is no formalized infrastructure. In these areas stormwater is safely stored and conveyed during minor and moderate rain storms. Major and extreme rain storms often result in flooding and ponding. 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. 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. Pursuant to the plan established in the 2016 Stormwater Utility Report, 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. Since 2008, the Village has invested over \$50 million to construct 86 stormwater infrastructure projects.
Strategies & Solutions	• Construct 12 projects in the next three years with a preliminary cost estimate of \$7.5 million • Issue \$5.5 million of bonds in FY22 to finance the construction costs. This bond issuance should be combined with the bond issuance for facilities to reduce issuance costs • Use revenue from stormwater utility fees to make debt service payments • Continue to increase the annual stormwater system maintenance activities. • Generate revenue sufficient to cover capital construction costs and maintenance activities by increasing the stormwater utility fees by approximately 8.7% each year

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.

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 2021.

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 86 stormwater infrastructure projects at a cost of about \$50 million.



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maintenance and storm sewer replacement will account for an additional approximately \$1 million per year.

Identification of Projects

The proposed stormwater projects were identified based on three key factors summarized below:

Previously Identified Areas which Experience Frequent Flooding

Staff documents areas that experience frequent flooding, such as roads that flood during heavy storm events, areas that require pumping, frequent ponding/icing on sidewalks and roadway pavement. These issues require a significant amount of staff time and can accelerate the deterioration of roadway pavement and sidewalks. They can also create challenges for first responders and residents traveling on these streets during heavy storm events.

Resident Reports of Structural Flooding

Residents often inform staff about private property flooding, including structural flooding (homes and garages that take on storm water over land, through window wells, etc.). Structural flooding can be very costly and challenging to property owners and is a significant factor in the identification of areas of the Village that do not meet the recommended level of service. Structural flooding that occurs in smaller, more frequent storm events, due to undersized existing drainage infrastructure, inappropriate roadway overflow routes, etc., can often be significantly ameliorated through the introduction or improvement of formalized drainage systems to meet the target level of service. As such, these situations are taken into consideration when prioritizing storm water capital projects.

Resident Applications for Cost-Share Program Improvements

Lastly, staff documents areas where residents are dealing with significant private property drainage issues that have no immediate solution due to the lack of a formalized public drainage system. Generally, these areas are brought to the attention of staff through cost-share program applications or code compliance issues. In some of these cases the lack of a formalized drainage system does not allow for the completion of a cost-share project to assist the residents with their private property issues. The lack of formalized infrastructure can frequently also cause significant drainage issues in the right-of-way, and accelerated deterioration of the pavement, so these projects often align with those identified above.

Project Priorities

Conceptual improvements for the identified problem areas were formulated and then prioritized using several factors. These factors include:

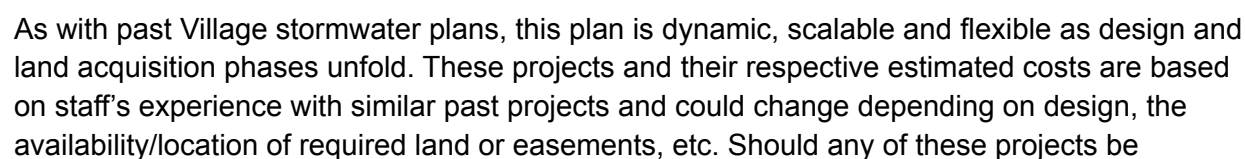
- the number of properties that generally would benefit from a given project
- structural flooding that is experienced in storms at or below the recommended level of service
- the amount of staff time that is needed for barricading and pumping
- loss of roadway access
- storm sewers or major stormwater overflow routes located on private property
- pavement and sidewalk deterioration
- the need to acquire land to construct improvements
- access for repair of certain portions of the existing drainage system

- the consequences of failure
- the scheduling of other projects, such as water main replacement and roadway resurfacing

Based on these factors, staff is recommending a plan to construct 12 projects over the next three years. They are as follows:

Location	Description	Est. Cost	Year
Wisconsin east of Belmont	Construct new storm sewer/ditch system	\$325,000	22
Fairview at Railroad Tracks	Construct new storm sewer from north to south of RR tracks	\$100,000	22
Lyman at 62nd	Construct new storm sewer system	\$650,000	22
39th & Sterling	Construct new storm sewer system	\$100,000	22
Otis/Grant/Florence Area	Construct new storm sewer system	\$500,000	22
Sherwood & Chicago	Construct new storm sewer system	\$700,000	23
Curtiss & Glenview	Install pump station and new storm sewer outlet to St. Joseph Creek	\$700,000	23
Shady Lane/40th & Roslyn Area*	Construct storage and improve the storm sewer system	\$1,850,000	24
6th & Fairview Area*	Improve storm sewer outlet to St. Joseph Creek	\$800,000	24
Blodgett between Summit and Randall	Construct new storm sewer system	\$725,000	24
Washington between 59th & Blanchard	Construct new storm sewer system	\$500,000	24
St. Joseph Creek between Hill St. and 55th St.*	Stabilize streambank	\$550,000	24
Total		\$7,500,000	

*NOTE: Requires land acquisition or easements



determined to be infeasible due to the inability to obtain land or easements, or other unforeseen circumstances, or if project costs are significantly lower than estimates, staff will recommend additional projects accordingly.

Project Summaries

Wisconsin east of Belmont

This block takes on a significant amount of off site stormwater runoff from the south, and the roadside ditches are undersized. They frequently overtop causing street flooding. Water overflows between homes on private property. The proposed project would include expanding ditches and culverts, and establishing an overflow route to the northeast through Park District property to St. Joseph Creek. The Village would partner with the Park District to accomplish this project.

Fairview at Railroad Tracks

The storm sewer system along the north side of the railroad tracks on either side of Fairview Ave is old and no longer functions at full capacity. Due to the poor quality of the system, Village staff can no longer televise or clean it. The system surcharges after nearly every rainfall, causing ponded water to sit in the parking lots of the businesses and part of Commuter Lot I north of the tracks. Structural flooding has been reported. The proposed improvement includes installing a new storm sewer under the tracks, and replacing portions of the storm sewer system on both the north and south sides of the tracks along Fairview.

Lyman at 62nd

A ¼-mile stretch of Lyman Ave. between 61st St. and 63rd St. is nearly flat and has no storm sewer system. This condition causes the pavement, curb and sidewalk to deteriorate at a much faster rate than normal, and causes multiple issues with drainage and icing along the sidewalk and in the street. This street is in poor condition and needs to be resurfaced, and the proposed project will introduce a storm sewer system to bring both blocks up to the target level of service, allowing for proper roadway drainage and a longer pavement life cycle.

39th & Sterling

A Localized Poor Drainage Area on private property currently drains via an old clay drain tile, into a private stormwater storage facility in the yard of a single family home. The drain tile is in poor condition and cannot be repaired. In addition, this offsite flow entering the private detention basin has caused frequent overtopping of the basin and the owner has reported flooding of the adjacent house. This project would include intercepting the old clay drain tile on private property and providing it with a positive outlet to the public storm sewer system in Sterling Rd.

Otis/Grant/Florence Area

Grant St. and Otis St. west of Florence Ave. have limited, undersized drainage infrastructure. Both streets drain between houses to the rear yards of the houses on Otis, where there is an undersized private storm sewer through the middle of these yards. The sewer drains into the storm sewer at Florence Ave. and Otis Ave. The old small diameter pipe that drains Grant St. is not in a maintainable condition. Should this pipe fail, there would be no positive outlet for this block of Grant St. This project will provide a storm sewer system in the public rights-of-way for Grant and Otis, connecting to the existing storm sewer system in Florence Ave.

Sherwood & Chicago

These streets have almost no formal drainage infrastructure, causing drainage problems and icing on the sidewalk and street, along with multiple private property drainage issues. A sizable drainage area along and east of Sherwood Ave. drains to an old, small diameter, clay storm sewer that lies on private property between houses. This pipe is not in a maintainable condition, and should it fail there would be no positive outlet for this drainage area, and storm water would flow over land between homes. The project would include the construction of a formal storm sewer system on Sherwood Ave. north of Chicago Ave., and along Chicago from Sherwood to roughly Linden Place.

Curtiss & Glenview

This intersection has no drainage outlet, causing frequent street flooding, house flooding and road closures. Village staff frequently pumps this area after heavy rain events. The proposed improvement includes a pump station and new storm sewer outlet through the Sterling North Park to the creek. The Village would partner with the Park District to accomplish this project.

Shady Lane/40th & Roslyn Area

This area is served by an undersized storm sewer that has caused repeated structural flooding of one home and frequent street flooding leading to road closures and multiple flooded vehicles. The project would include the purchase of property to create a storm water storage basin, as well as an improved storm sewer system.

6th & Fairview Area

The storm sewer system in this area frequently surcharges, creating street flooding leading to road closures and flooded vehicles. Structural flooding has also been reported by residents in this area. The outlet pipe for this storm sewer is deep and ultimately discharges at an elevation believed to be lower than St. Joseph Creek. As a result, the storm sewer is always under water and does not drain freely. This pipe is of unknown condition and quality as it cannot be easily televised. The proposed project includes the construction of a new outlet pipe to St. Joseph Creek, which will likely require property acquisition or an easement on private property. Other minor system upgrades may also be required.

Blodgett between Summit and Randall

Blodgett Ave. from Summit St. to Randall St. has very limited, undersized storm sewer infrastructure. Much of this block drains to a small diameter storm sewer located on private property between houses. It then connects to a storm sewer system on Benton St. that eventually drains back around to Blodgett Ave. at Randall St. This project would provide a storm sewer system on Blodgett Ave that directly connects to the storm sewer system at Blodgett and Randall, all within the public right-of-way. This would provide a maintainable system meeting the target level of service, and allow for the completion of cost-share projects on private properties.

Washington between 59th & Blanchard

This block of Washington St. drains to an old, small diameter pipe that appears to flow west onto private property, possibly under or adjacent to an existing home. The pipe discharges into the alley behind the home. The current condition causes erosion and structural flooding of the detached garage at the north end of the alley at Blanchard St. This pipe is not in a maintainable condition, and if it fails this block of Washington will have no positive outlet. This project will consist of a newly constructed storm sewer system, either in the public right-of-way or through private property to the alley if a voluntary buy-out is available.

St. Joseph Creek Streambank Stabilization

The Village owns property along St. Joseph Creek at the southeast corner of Hill St. and Grand Ave. and at the northeast corner of 55th St. and Grand Ave. The creek in between these properties lies in the rear yards of many single family homes on private property. The creek has significantly eroded and is in need of stabilization along this stretch. Debris from this area frequently flows downstream in larger storm events and collects on the grate at Hill & Grand. Individual property owners cannot effectively perform streambank stabilization on small portions of a creek at a time. Therefore, the most effective way to perform streambank stabilization is for the Village to obtain easements from private property owners over a significant, contiguous portion of the creek to perform streambank stabilization as one cohesive project. Property owners along this stretch of the creek have indicated their willingness to provide the Village with easements to facilitate this project. The Village has completed similar projects successfully on other portions of our creeks, such as Lacey Creek, and St. Joseph Creek between Fairmount and Main. Grant opportunities may be available for this work.

Maintenance Activities

Like all infrastructure systems, the stormwater system must be properly maintained to function at capacity and to minimize the total life cycle cost. Primary maintenance activities include ditch cleaning and restoration, catch basin cleaning and restoration, streambank maintenance and street sweeping. The Village has been increasing maintenance activities each year since the introduction of the stormwater utility in 2013 and currently spends about \$1.8 million per year maintaining the stormwater management system. Funding for maintenance should be increased to about \$2.4 million in FY23.

Financial Plan

The FY21 Stormwater Fund Budget includes \$5.17 million in revenue generated almost exclusively by stormwater utility fees. To construct the capital projects, complete the planned maintenance activities and make debt service payments on existing bonds and the planned bond issuance, revenue of \$5.56 million in FY22 and \$6.03 million in FY23 is required. Stormwater utility fees should be increased from the current \$13.48 per ERU to \$15.93 in FY23. A typical single family house currently pays \$161.76 per year and would pay \$191.16 in 2023.

Planned Stormwater Utility Rates and Revenue

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fee	13.48	14.65	15.93	17.31	18.82	20.46	22.24	24.17	26.27
Revenue	5.04M	5.48M	5.95M	6.47M	7.04M	7.65M	8.31M	9.04M	9.82M

VILLAGE FACILITIES REPLACEMENT & 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.

Issues	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. Maintenance activities in the Police Station and Village Hall have been limited in recent years in anticipation of replacement of these buildings.
Background and Key Facts	Between December 2019 and March 2020, the previous Village Council made progress on preparing a plan to replace the existing obsolete buildings with a new combined Police Station and Village Hall to be located on the Civic Center property. Preparation of the Facility Replacement & Sustainability Plan (FRSP) was originally scheduled to be completed in April 2020. Shortly following the meeting on March 10, 2020, work on the FRSP was suspended due to the COVID-19 Pandemic. Additional information regarding the Facility Replacement & Sustainability Plan can be found here.
Strategies & Solutions	Replace the existing Police Station and Village Hall to ensure long-term sustainability of these facilities. This can be achieved in an efficient and effective manner by proceeding with the plan that was suspended in March 2020. The plan is summarized in the table below. It is recommended that if the Village Council supports proceeding with this plan, a review of and update to the space program for the facility be conducted with assistance of an architect. This will help ensure that the building most effectively meets the needs and expectations of employees and the public.

Pandemic Impacts - The COVID-19 Pandemic has had short-term and potentially long-term impacts on professional workplaces. As a result of the pandemic, adjustments were made to allow for greater social distancing and ensure safer work environments overall. In addition, employers accommodated expanded work-from-home arrangements during the pandemic. Both of these impacts may have long-term implications for how municipal facilities are designed and constructed in the future, as well as the size and types of spaces provided.

The pandemic also necessitated greater use of online and remote service capabilities. Replacement of the Village's Enterprise Resource Planning (ERP) system, currently underway, will further enhance online service opportunities. Greater use of online services will reduce the need for in-person activities to be performed at a municipal facility.

Key Question?	Facility Replacement & Sustainability Plan as of March 2020	Updated Preliminary Financial Summary
1. What will be constructed?	a. 69,000-75,000sf combined Police Sta./Village Hall b. +7,500-8,500sf for school district partner c. Environmentally sustainable features d. 330-340 parking spaces (visitor, staff, commuters) e. Reconfigured Washington crossing f. ~85-unit apartment building	
2. Where will the construction take place?	a. Within the existing Civic Center Site	
3. When will the construction take place?	a. Not applicable	
4. How much will the project cost?	a. \$40.9-46.8 million (not including environmentally sustainable design beyond code requirements)	\$45.0 - 53.8
5. How will the Village pay for the project?	a. VoDG Equity \$ 9.2 million b. Partner contribution \$ 4.4 million c. Bond issue \$30.3 million (assumes project cost at middle of the range) d. Funding sources for bond payments: i. Sale of land + property taxes generated by dev't ii. VoDG revenue sources (capital project fund revenue, expired D58 contribution, gasoline tax, property taxes currently supporting Fire Station #2 debt service) e. Funding gap: Approx. \$145,000/year for 25 years	\$11-13 million \$ 4.8 million \$ 32.6 million +/- \$250,000/year for 25 years

Summary of Updated Preliminary Financial Information

The updated figures presented in the table reflect total project costs that are 10-15% higher than had been estimated in 2020. This is attributable to inflationary pressures and increasing cost of construction materials. The amount of Village equity available has increased by approximately \$2 to \$4 million. The Village's better than expected financial position at the end of fiscal year 2020 allowed for an increased transfer to the Major Buildings Fund. As a result, the updated information suggests that the amount of a bond issue might be about \$2.3 million more than previously anticipated (\$32.6 million compared to \$30.3 million). This results in a remaining gap of approximately \$250,000 per year for 25 years.

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, both in person and virtually.

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.

PROPERTY TAX LEVY

The Village relies on several sources of revenues, but the property tax levy is one of the most significant sources of funding. Revenues from property taxes are used to fund general operations, make required contributions to public safety pensions and make debt service payments on bonds issued for the construction of Fire Station #2.

Trends and Issues	The total property tax levy is projected to increase by about 18% to 20% in the next two years from the current \$15.79 million to about \$18.7 million in 2023, driven by: • Required contributions to public safety pensions expected to increase by approximately \$1.2 million each year • Introduction of a levy to cover the annual debt service payments for the new Police Station and Village Hall. The levy will be determined when the facilities plan is completed. For planning purposes, this report assumes a levy of \$250,000 per year. • Increases of about 2% per year in the levy for operations; an increase of about \$120,000 each year
Background and Key Facts	The tax levy consists of three key components: • Operations • Public Safety Pension Contributions • Capital (Debt Service Payments for Village Facilities) The tax levy has increased from \$12.3 million in 2016 to \$15.8 million in 2021, an average annual increase of 5.7%. The increase in tax levy has been driven nearly exclusively by the increases in the required contributions to public safety pensions. The total taxable value of properties within the Village has increased from \$2.16 billion in 2016 to \$2.76 billion in 2021, an average annual increase of 5.6% The Village tax rate has ranged from .55 to .58 for the past six years The Village property tax accounts for less than 10% of the overall tax bill The owner of a typical residential property pays about \$736 each year in Village property taxes
Strategies & Solutions	Continue to increase the property tax base (Equalized Assessed Valuation) through economic development efforts Continue to pay for increases in the required contributions to public safety pensions by increasing the property tax levy for pensions Consider increasing the property tax levy for operations as necessary

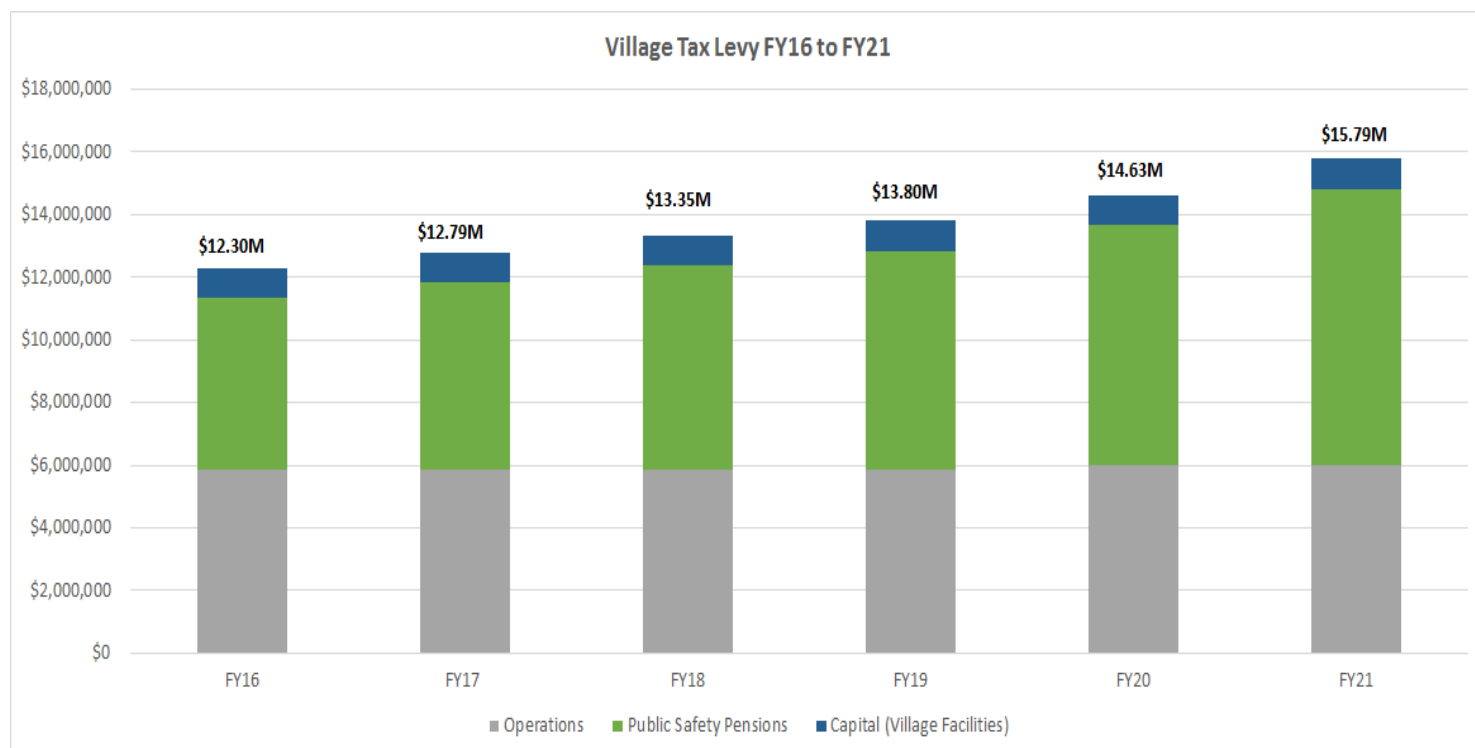
The Village's property tax levy consists of three components that support specific services and obligations of the Village. The two most significant components of the levy are the levy for operations and the levy for pension obligations.

The most recent property tax levy for the Adopted FY21 Budget was \$15.79 million. This is an increase of \$1.16 million over the FY20 property tax levy. The increase is due solely to the levy for required public safety pension contributions.

Village Property Tax Levy FY21

Tax Levy Component	FY21 Adopted
Operations	\$6,022,145
Public Safety Pensions	\$8,796,619
Capital (Village Facilities)	\$971,524
Total	\$15,790,288

Since 2016, the property tax levy has increased by \$3.5 million from \$12.3 million to \$15.8 million (28.4% increase; 5.7% average annual increase).



Equalized Assessed Valuation

The Village's property tax levy is applied to all taxable properties within the Village boundaries. Currently, the total taxable value of all taxable properties (equalized assessed valuation) in the Village is approximately \$2.76 billion. Each property's tax bill amount is based on its assessed value as a percentage of the total assessed value of all properties.

Since 2016, the Village's equalized assessed valuation has increased by \$580 million from 2.16 billion to \$2.76 billion (27.8% increase; 5.6% average annual increase).

The increases in property tax levy and equalized assessed valuation have been very similar since 2016 (28.4% levy increase; 27.8% EAV increase). Because of this similar amount of change, the Village's tax rate has remained steady ranging from .55 to .58 during this time period.

Levy, EAV and Rate, 2016 to 2021

Year	Levy (millions)	EAV (billions)	Tax Rate
2021	\$15.79	\$2.76	.58
2020	\$14.63	\$2.64	.56
2019	\$13.80	\$2.55	.55
2018	\$13.35	\$2.44	.56
2017	\$12.79	\$2.31	.56
2016	\$12.30	\$2.16	.58

Village Tax Levy on a Typical Residential Property

A typical residential property with a market value of \$382,000 pays about \$736 in property taxes to the Village.

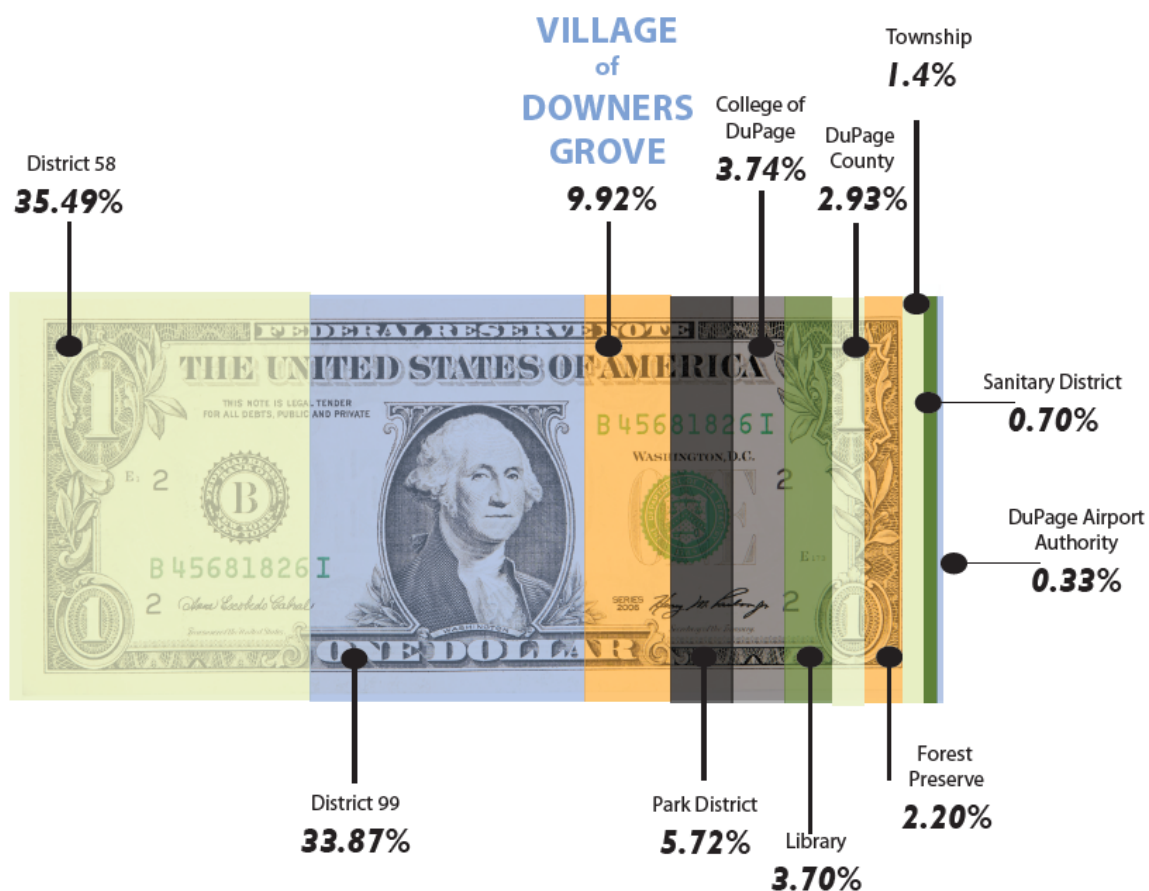
The Village portion of the property tax bill is generally about 9.9% of the total tax bill. Below is a breakdown of the percentage of distribution to local government entities from a typical tax bill. The information, as well as the property tax history of each parcel, is available on the DuPage County website at www.dupageco.org.

Projected Property Tax Levy for 2022 and 2023

The property tax levy is projected to increase by \$2.9 to \$3.2 million in the next two years. This increase of about 18% to 20% will be driven by required contributions to the public safety pension funds, debt service payments for a new Police Station and Village Hall (the actual levy will be determined when the facilities plan is completed. For planning purposes, this report assumes a levy of \$250,000 per year.) and modest increases to the levy for operations.

Projected Property Tax Levy \$ in Millions

	Operations	Public Safety Pensions	Village Facilities	Total	% Change
2021 Actual	\$6.02	\$8.80	\$0.97	\$15.79	--
2022 Projected	\$6.14	\$10.00	\$1.22	\$17.36	9.9%
2023 Projected	\$6.26	\$11.30	\$1.22	\$18.78	8.2%



MUNICIPAL PROPERTY TAX COMPARISON			
Community	Tax Rate	Median Home Value	Typical Tax Payment
Addison	1.7180	\$283,901	\$1,626
Bensenville	1.5339	\$268,192	\$1,371
Lisle	1.2584	\$326,853	\$1,371
Villa Park	1.1522	\$271,318	\$1,042
Oakbrook Terrace	1.1062	\$315,175	\$1,162
Carol Stream	1.0599	\$279,259	\$987
Woodridge	0.9691	\$303,772	\$981
Wheaton	0.8913	\$373,430	\$768
Darien	0.8833	\$342,303	\$1,008
Willowbrook	0.7693	\$255,701	\$656
Westmont	0.7512	\$306,626	\$768
Clarendon Hills	0.6857	\$567,435	\$1,297
Lombard	0.5971	\$296,002	\$760
Downers Grove	0.5779	\$382,069	\$736
Naperville	0.5010	\$424,201	\$708
Glen Ellyn	0.4892	\$407,056	\$664
Elmhurst	0.4337	\$470,400	\$680
Hinsdale	0.3710	\$1,020,080	\$1,262
Oak Brook	0.0000	\$729,207	0

AMERICAN RESCUE PLAN ACT

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President. ARPA provides funds to support State, local, and Tribal governments in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses.

The funds may be used:

- To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- To make necessary investments in water, sewer, or broadband infrastructure.

Funds may not be used for contributions to pension funds, rainy day funds or to offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation that reduces any tax or delays the imposition of any tax increase.

The Village of Downers Grove will receive approximately \$4.9 million provided in two equal installments in 2021 and 2022. The first installment of about \$2.45 million was received June 1. The second installment is expected to be received in June 2022. ARPA funds may be used for expenses incurred between March 2021 and December 31, 2024.

The plan for spending the Village's ARPA funds should be included in the 2021-23 Long Range Plan. To facilitate Village Council discussion of how these funds should be used, Staff has identified proposed objectives and four options.

Objectives

Adhere to Federal Regulations and Guidance

The Village's use of the funds must conform to the rules and regulations established by the Federal Government. Further, the Village should use the funds in a manner consistent with the Treasury Department guidance and the intent of the Act.

Enhance the Village's Long Term Financial Sustainability

The Village's use of the funds should enhance the Village's overall financial condition. Funds should not be used for services for which the Village plans on providing on an on-going basis but has not identified a long-term sustainable funding source.

Further the Village's Goals and Priorities

ARPA funds may be used for a wide range of purposes. The decision on how the Village should best allocate these funds should be based on the Strategic Goals and Priority Action Items established in the 2021-23 Long Range Plan

Minimize Administrative Burden

The Treasury Department provided the funding directly to the Village as a Metropolitan municipality as defined in the Act. The use of the ARPA funds are subject to quarterly and annual reporting and an annual audit. Some of the allowable uses are likely to require significant tracking and reporting. The Village should be mindful of the administrative burden associated with the use of the funds. It may be beneficial to keep the administrative burden of this program low.

Options for Consideration

Option 1 - Pay for Government Services to the Extent of Reduction in Revenue

Under this option, the Village would use the \$4.9 million for a selected Government Service or Services.

The ARPA requires that municipalities calculate the reduction in revenue as prescribed in the Treasury Guidance to determine how much of the funding may be spent on Government Services. The Treasury Department established a methodology to be used when calculating reduction in revenue. Recipients will compute the extent of their reduction in revenue by comparing their actual revenue to an alternative representing what could have been expected to occur in the absence of the pandemic. Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency (FY19) and projects forward at 4.1%, the national average state and local revenue growth rate from 2015-18. Recipients are allowed to presume that any diminution in actual revenue relative to the expected trend is due to the pandemic.

Revenue is calculated on an entity-wide basis and is defined as revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services. Calculations of actual reduction in revenue are to be made annually based on actual revenue at the end of FY20, FY21, FY22, and FY23.

Based on the prescribed calculation, the Village reduction in revenue for FY20 was \$4.39 million. It appears that the Village's reduction in revenue will exceed the \$4.9 million allocation by FY21. The Village may begin spending up to \$4.39 million immediately. The Village may spend the balance of the funds after the actual reduction in revenue for FY21 has been calculated.

Year	Revenue	Revenue Compare to Amount	Revenue Reduction	Cumulative Reduction
FY19 (base)	\$59,950,849	\$59,950,849		
FY20 (actual)	\$58,017,700	\$62,408,834	\$4,391,134	\$4,391,134
FY21 (estimate)	\$62,764,836	\$64,967,596	\$2,202,760	\$6,593,894
FY22 (estimate)	\$64,220,981	\$67,631,267	\$3,410,287	\$10,004,181
FY23 (estimate)	\$65,710,907	\$70,404,149	\$4,693,242	\$14,697,423

Using ARPA Funds to Pay for Street Maintenance Activities

Under this option, staff recommends that the funds be used to pay for street maintenance activities in 2021 and 2022. Street maintenance is listed as an example of Government Services in the Treasury's Frequently Asked Question document. The Village plans on spending \$4.4 million for street maintenance in FY21 and \$2.8 million in FY22 from the Capital Fund.

For every dollar of ARPA funds that the Village uses for street maintenance, the fund balance in the Capital Fund is expected to increase by the same amount. The Capital Fund balance is identified as a source of funding for the Facilities Replacement and Sustainability Plan. Implementing this option would result in an increase in the Capital Fund balance available for use for constructing a new Police Station and Village Hall.

Option 2 - Make Needed Investments in the Water System and/or Stormwater System

Under this option, the Village would use the \$4.9 million to pay for capital projects in the Water Fund, Stormwater Fund or both. The Village plans on spending \$11.6 million on capital projects in the Water Fund in FY21 and FY22 and \$9.0 million on capital projects in the Stormwater Fund during the same period. Spending the ARPA funds in this manner would result in the construction of capital projects, the opportunity for the Village to reduce the amount of debt used for this construction (IEPA low-interest loans in the Water Fund and bond issuance in the Stormwater Fund) and the opportunity to reduce the planned rate increases in these funds.

Option 3 - Provide Assistance to Households, Businesses and Nonprofits

Under this option, the Village would provide assistance to households, businesses and/or nonprofits in amounts determined by the Village. Funding would be used to mitigate negative economic impacts of the pandemic. Funding could be earmarked for households and entities which were disproportionately impacted by the pandemic.

Currently, the Village does not provide direct funding or grants to households, businesses or nonprofits. Spending the ARPA funds in this manner would require the Village to develop and implement a grant funding application and distribution program. If the Village pursues this option, staff projects that the development of the grant program would take 30 to 90 days.

Option 4 - Combination of the Options 1-3

Under this option, the Village would use the ARPA funds for two or three of the above options in amounts determined by the Village Council.

Option	Use of Funds	Results
1	Street Maintenance (Government Services)	Improved Condition of Streets Increase in the Capital Fund balance Increase in funding available for facilities project
2	Water or Stormwater Capital Projects	Improved Condition of Water or Stormwater Systems Reduction in the use of debt instruments (IEPA loans or bond issuance) Positive impact on water and stormwater rates
3	Funding for Households, Businesses or Nonprofits	Mitigate the economic impacts of the pandemic for recipients Development and implementation of a grant administration program
4	Combination of the Above Options	Combination of the above results