FLOSSMOOR
Welcoming. Beautiful. Connected.

Village of Flossmoor
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Flossmoor, Illinois 60422
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AGENDA
FOR THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE VILLAGE OF FLOSSMOOR, ILLINOIS
MONDAY, MARCH 27, 2023 – 7:30 PM
VILLAGE HALL

The March 27, 2023 meeting of the Mayor & Board of Trustees is in-person and via Zoom, which is permitted by Public Act 101-0640. The public is invited to monitor the meeting using the link below or to attend the meeting. Per CDC Guidelines, masks are no longer required. Please feel free to wear a mask based on your personal preference, informed by your personal level of risk. Public participation will be permitted only in person during the Citizen Comment portion of the agenda. Members of the public may also comment on items on the agenda by email to info@flossmoor.org. Emailed comments will be shared with the Village Board.

Join Zoom Meeting

https://us02web.zoom.us/j/84899371322?pwd=TFFaYXM0Yi9oZ28zU2NXNmtiN29iQT09

ID: 848 9937 1322 Passcode: 60422 Or join by phone (312) 626-6799

CALL TO ORDER

ROLL CALL

RECOGNITIONS AND APPOINTMENTS

1. **Consideration of the Appointment of Jerel Jones as Police Chief**
2. **A Proclamation Declaring the First Saturday in April as New Resident Day**

CONSENT AGENDA

3. **Consideration of an Ordinance of the Village of Flossmoor, Cook County, Illinois Amending Chapter 150, Article 10 of the Village of Flossmoor Municipal Code (Combination Licenses and A-1 Class Fee)**
4. **Consideration of an Ordinance of the Village of Flossmoor, Cook County, Illinois, Amending Flossmoor Municipal Code Chapter 285, Article 20 of the Zoning Ordinance of the Village of Flossmoor, Illinois (Other Standards for Planned Unit Developments)**

REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS

ACTION ITEMS

5. **Consideration of a Resolution Endorsing the Mayor's Monarch Pledge**

DISCUSSION ITEMS

6. **Discussion of the Fiscal Year 2024 Finance and Facilities Plan**

7. **Discussion of Water & Sewer Rates and Stormwater Utility Fee Rate**

CITIZENS PRESENT WISHING TO ADDRESS THE BOARD

OTHER BUSINESS

8. **A Motion to go into Executive Session to Discuss the Employment of Specific Individuals, Property Acquisition, and Litigation**

ADJOURNMENT OF MEETING

FOR PERSONS WITH DISABILITIES: If you plan on attending a Village Board meeting and need an accommodation, please call the Village Hall at 708-798-2300 or TDD 708-647-0179 at least one full business day prior to the meeting.

TO: Mayor Nelson and Board of Trustees
FROM: Bridget Wachtel, Village Manager
DATE: March 27, 2023
SUBJECT: Police Chief Appointment

FLOSSMOOR

Mayor Nelson will be appointing Jerel Jones to the position of Police Chief on Monday evening. Chief Jones will assume the position effective March 29, 2023. Attached is a press release making the announcement. Please join me in welcoming Chief Jones to our team.

MEDIA ADVISORY
FOR IMMEDIATE RELEASE

CONTACT
Jonathan Bogue, Assistant Village Manager
708-798-2300
jbogue@flossmoor.org

FLOSSMOOR

March 20, 2023

The Village of Flossmoor Appoints Chief of Police

Jerel Jones joins the Village on March 29 after a nationwide search.

FLOSSMOOR, Ill. – March 20, 2023 – Following an extensive, nationwide search, Mayor Michelle Nelson will appoint Jerel Jones as Police Chief on March 27, 2023, and he will assume the role on March 29, 2023. Mayor Nelson stated, "We are thrilled to have Chief Jerel Jones join the fine men and women of Flossmoor's Police Department. His experiences and outlook make him well-qualified to address our community's public safety needs and challenges. I hope you all will take the time to get to know our new chief and welcome him to Flossmoor."

Chief Jerel Jones

In Flossmoor, the position of Police Chief is a mayoral appointment with a confirming vote by the Village Board of Trustees. The position reports on a day-to-day basis to the Village Manager. The Village Board of Trustees is expected to unanimously approve the appointment of Jones, who joins the Flossmoor Police Department with sixteen years in law enforcement, currently serving as Chief of Police in Macomb, Illinois, since 2021.

Chief Jerel Jones was selected to lead the Flossmoor Police Department due to his wealth of knowledge and experience in 21st Century Law Enforcement operations and leadership. Jones has served as Chief of Police for the Macomb Police Department since May 2021, making history in the City of Macomb as the first African American Chief of Police. This appointment immediately followed Jones' appointment as Transitional Chief for the Macomb Police Department in March 2021. Jones has instilled a culture in the Macomb Police Department that operationalizes the NAACP/ILACP Ten Shared Principles, which is, designed to build trust and stronger relationships between law enforcement and communities, values equally important to Flossmoor. Jones has participated in a host of community-based initiatives, including youth outreach.

Jones began his law enforcement career with the Western Illinois University (WIU) Police Department, where he served for 12 years in patrol, community policing, and the investigations division. He also held a concurrent assignment with the Macomb/McDonough

County Task Force, where he served with the Macomb Police Department and McDonough County Sheriff's Office, working several drug-related investigations. Jones occasionally assisted the city and county agencies with general criminal investigations, in addition to assisting several state and federal law enforcement agencies with major cases as a detective.

Following his service with the WIU Police Department, Jones was promoted to Lieutenant with the Bradley University Police Department in Peoria, IL, where he commanded Criminal Investigations, Day Shift Patrol Operations, and Crime Prevention (Community Policing Division). He also served with the McDonough County Sheriff's Office as Operations Lieutenant, where he commanded Patrol Operations, Investigations and Training for patrol deputies and detectives.

Village Manager Bridget Wachtel commented, “Throughout this rigorous recruitment process, Chief Jerel Jones stood out as a progressive law enforcement executive, capable of leading our Department. We look forward to Chief Jones joining our executive team and working collaboratively with our staff and surrounding communities to provide outstanding public safety services.”

Jones holds a Bachelor of Science in Law Enforcement and Justice Administration and a Master of Arts in Law Enforcement and Justice Administration from Western Illinois University. Jones completed professional studies at Northwestern University's School of Police Staff and Command and served as Class President. Jones is an Adjunct Instructor for the Western Illinois University- School of Law Enforcement and Justice Administration. Jones has served on the Western Illinois University Anti-Racism Task Force, the Western Illinois University Strategic Planning Committee, and the School of Law Enforcement and Justice Administration Paramedic Program Board. Jones is an advocate for the advancement of diversity in law enforcement and youth services.

Jones and his wife, Brandy, and their two children are Chicago natives and believe in positive change for our modern-day society and local communities. Jones proactively promotes fairness, impartiality, transparency, diversity, equity, and inclusivity; and fosters consistent community engagement to build police and community trust. When asked about his appointment Chief Jones stated, "I am honored to join the Village of Flossmoor team as Chief of Police, and I am looking forward to building stronger relationships within the Police Department, throughout the Village of Flossmoor, and the surrounding communities."

###

NEW RESIDENT PROCLAMATION

***WHEREAS**, our community's success depends on making sure that all Flossmoor residents feel welcome; and,*

***WHEREAS**, new Flossmoor residents are a vital part of our community, bringing fresh perspectives and new ideas, starting businesses, and contributing to the vibrant diversity that we all value; and,*

***WHEREAS**, we honor the spirit of unity that is bringing neighbors together and making our community the kind of place where diverse people from around the world feel valued and want to put down roots; and,*

***WHEREAS**, by recognizing the contributions that we all make to create a vibrant culture and a growing economy, we make our community more prosperous and more inclusive to all who call it home; and,*

***WHEREAS**, fostering a welcoming environment for all individuals, regardless of race, ethnicity, or place of origin, enhances the Village of Flossmoor's cultural fabric, economic strength, global competitiveness, and overall prosperity for current and future generations; and,*

***WHEREAS**, the Village of Flossmoor is committed to continually building a welcoming and neighborly atmosphere in our community, where all are welcome and accepted; and,*

***WHEREAS,** the Village of Flossmoor encourages the business community, civic groups, other government agencies, and community institutions to undertake their own initiatives, beyond this proclamation, to make Flossmoor a welcoming place to all; and,*

***NOW, THEREFORE,** I, Michelle I. Nelson, Mayor of Flossmoor, do hereby proclaim the first Saturday in April as:*

"New Resident Day"

Dated this 27th day of March 2023

____

Michelle Nelson, Mayor

TO: Mayor Nelson and Board of Trustees
FROM: Bridget Wachtel, Village Manager
DATE: March 27, 2023
SUBJECT: Liquor License Class Fees

FLOSSMOOR

The attached Flossmoor Municipal Code Ordinance is a housekeping matter. In assembling this year's liquor license renewals, we discovered that the liquor license fee for Class A-1 was not reflected in Chapter 150 of the Code which outlines all of the Village's fees. Further, the amount charged to the liquor license holder who manages an establishment that serves liquor for consumption on premise as well as retail for consumption off-premise was not comparable to other establishments. The attached ordinance establishes a comparable fee.

This item will be placed on the March 27, 2023 Special Village Board Meeting agenda. Should you have any questions, please contact me.

FMC ORDINANCE NO. __________

AN ORDINANCE OF THE VILLAGE OF FLOSSMOOR, COOK COUNTY, ILLINOIS, AMENDING CHAPTER 150, ARTICLE 10 OF THE VILLAGE OF FLOSSMOOR MUNICIPAL CODE

WHEREAS, the Village of Flossmoor, Cook County, Illinois (the "*Village*") is a duly organized and validly existing non-home rule municipality created in accordance with the Constitution of the State of Illinois of 1970 and the laws of the State; and,

WHEREAS, Chapter 150, Article 10, Section 150-10-1 establishes fees for all Village liquor licenses; and,

WHEREAS, the President and Board of Trustees of the Village (the "*Corporate Authorities*") have heretofore established Class A-1 liquor license which authorizes the sale of alcoholic liquor for consumption on the premises with service of alcoholic liquor from a machine-operated pouring system and sale at retail of alcoholic liquor in the original packages solely for consumption off the premises; provided, however, the area used for the sale of alcoholic liquor in original packages shall not utilize more than twenty-five percent (25%) of the floor area dedicated to sales of alcoholic liquor; and,

WHEREAS, the Corporate Authorities must now establish the annual fee for Class A-1 alcoholic liquor license as hereinafter provided.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Trustees of the Village of Flossmoor, Cook County, Illinois, as follows:

Section 1: That Section 150-10-1 of Chapter 150 of the Village of Flossmoor Municipal Code is hereby amended by adding the following to said Section:

"K. Combination/combined license: The fee for such combination/combined shall be the sum of the fees for each class so combined at a single location.

"L. Class A-1: $3,000 per year."

This Ordinance shall be in effect upon its passage, approval and publication as provided by law.
PASSED this ________ day of _____________, 2023.

AYES: ____

NOES: ____

ABSENT: ____

ABSTAINED: _____________________________________

PASSED: ____

APPROVED: _____________________________________

PUBLISHED: _____________________________________

APPROVED:

____
Mayor

ATTEST:

____
Village Clerk

TO: Bridget Wachtel, Village Manager
FROM: Scott Bugner, Building and Zoning Administrator
DATE: March 27, 2023
SUBJECT: Consideration of an Ordinance Amending Section 285-20-9 I. of the Flossmoor Zoning Ordinance Regulating Other Standards for Planned Unit Developments

FLOSSMOOR

On March 16, 2023 the Plan Commission held a public hearing to consider an amendment to Section 285-20-9 I. of the Flossmoor Zoning Ordinance to permit an increase in the density of a planned unit development in cases where the Plan Commission may recommend and the Board of Trustees may approve such an exception to exceed the maximum density of a planned unit development provided that such an exception will not be detrimental to or endanger the public health, safety, morals, comfort or general welfare. At the close of the public hearing the Plan Commission voted unanimously in favor of recommending the amendment as proposed.

To assist you in consideration of this matter please find attached the following materials:

- Findings and Recommendations
- Legal Notice
- Proposed Ordinance

Findings and Recommendations

Flossmoor Plan Commission
March 16, 2023
Text Amendment to Section 285-20-9 I. of the Flossmoor Zoning Ordinance

1. The purpose of a planned unit development is to encourage and allow more creative and imaginative design for land developments than is possible under the more conventional zoning regulations.

2. The Mayor and Board of Trustees have given staff direction to amend the Flossmoor Zoning Ordinance regulating other standards for planned unit developments and to permit an exception to increase the maximum density of a zoning district where it is determined to be in the best interests of the Village.

3. On March 16, 2023 the Plan Commission held a Public Hearing to consider a text amendment to Section 285-20-9 I. of the Flossmoor Zoning Ordinance.

Upon review and consideration of the proposed amendments during the Public Hearing the Flossmoor Plan Commission recommends that:

- Section 285-20-9 I. be amended by striking the following sentence: "*However, the density of the zoning district in which the planned unit development is located shall not be exceeded*.

In conclusion the Plan Commission recommends to the Mayor and Board of Trustees that the text amendments be ***approved*** as submitted.

Chicago Tribune

Printed: 2/23/2023 2:17:30 PM

Order ID: 7386366

* Agency Commission not included

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Preview

LEGAL NOTICE
PUBLIC HEARING
FLOSSMOOR
PLAN COMMISSION

Notice is hereby given that on Thursday, March 16, 2023 the Flossmoor Plan Commission will hold a public hearing to consider proposed text amendments to Flossmoor Zoning Ordinance Section 285-20-9 I. regulating other standards for planned unit developments.

HEARING DATE:
Thursday, March 16, 2023 beginning at 7:30 p.m. in the Flossmoor Village Hall, 2800 Flossmoor Road, Flossmoor, Illinois. This meeting will be held in person and remotely via ZOOM which is permitted by Public Act 2020-0640. Visit www.flossmoor.org for dial-in instructions. All interested parties are encouraged to present oral or written testimony. Public participation will be permitted only in person during the public comment portion of the public hearing.

/s/ Greg Mitchell, Chairperson
Flossmoor Plan Commission
2/26/2023 7386366

Attachment: 5 Legal Notice (Zoning Ordinance Amendment- Section 285-20-9 I - PUD Density)

FMC ORDINANCE NO. __________

AN ORDINANCE OF THE VILLAGE OF FLOSSMOOR, COOK COUNTY, ILLINOIS, AMENDING FLOSSMOOR MUNICIPAL CODE CHAPTER 285, ARTICLE 20 OF THE ZONING ORDINANCE OF THE VILLAGE OF FLOSSMOOR, ILLINOIS (Other Standards for Planned Unit Developments)

WHEREAS, the Village of Flossmoor, Cook County, Illinois (the "*Village*") is a duly organized and validly existing non-home rule municipality created in accordance with the Constitution of the State of Illinois of 1970 and the laws of the State; and,

WHEREAS, the Zoning Ordinance of the Village of Flossmoor (the "*Zoning Ordinance*") sets forth the zoning and use regulations pertaining to property within the Village; and,

WHEREAS, pursuant to Section 26-109 of the Zoning Ordinance, an application for a text amendment was submitted to the Zoning Administrator, which application seeks to amend Section 285-20-9 I. of the Flossmoor Zoning Ordinance which regulates other standards for planned unit developments; and,

WHEREAS, after proper notice, the Plan Commission held a public hearing on the Proposed Amendment on March 16, 2023 at 7:30 p.m. all in accordance with the requirements of the Zoning Ordinance; and,

WHEREAS, the Plan Commission submitted a written report giving its findings and recommending adoption of the Proposed Amendment to the Village Board of Trustees; and,

WHEREAS, the Corporate Authorities have received and considered the recommendation of the Plan Commission and believe it to be in the best interests of the Village and its residents to adopt the Proposed Amendment.

NOW THEREFORE, BE IT ORDAINED by the Mayor and Board of Trustees of the Village of Flossmoor, Cook County, Illinois, as follows:

Section 1: That Section 285-20-9 I. of the Zoning Ordinance is hereby amended by striking the following sentence: "*However, the density of the zoning district in which the planned unit development is located shall not be exceeded*."

This Ordinance shall be in effect upon its passage, approval and publication as provided by law.
PASSED this _________ day of ______________, 2023.

AYES: ____

NOES: ____

ABSENT: ____

ABSTAINED: ______________________________________

PASSED: ____

APPROVED: _______________________________________

PUBLISHED: _______________________________________

APPROVED:

____
Mayor

ATTEST:

____
Village Clerk

TO: Mayor Nelson and Board of Trustees
FROM: Bridget Wachtel, Village Manager
DATE: March 27, 2023
SUBJECT: Mayor's Monarch Pledge

FLOSSMOOR

According to the National Wildlife Federation, the population of the monarch butterfly, which migrates over several life cycles from Mexico to Canada and back each year, has declined by more than 90 percent over the past 20 years, mostly due to the disappearance of its habitat, specifically the milkweed plant, which is the only plant upon which a monarch butterfly will lay its eggs. The Green Commission has previously researched and recommended to former Mayor Braun to sign onto the National Wildlife Federation's Mayor's Monarch Pledge, which he did. Mayor Nelson took the pledge last year and would like to take this pledge again this year. The pledge, which capitalizes on the influence of elected leaders to promote the restoration of the monarch habitat in their communities, sets forth 24 action items a community can implement to support the monarch butterfly.

For more information on the Mayor's Monarch Pledge, please visit https://www.nwf.org/mayorsmonarchpledge.

RESOLUTION # __________
A RESOLUTION ENDORSING THE MAYOR'S MONARCH PLEDGE

WHEREAS, the Village of Flossmoor and its residents value the natural surroundings that make Flossmoor a beautiful community; and,

WHEREAS, Flossmoor residents embrace efforts to lead more sustainable lifestyles, as evidenced by community initiatives like Recyclepalooza, resident beekeeping, the HF Viking Community Garden and the Flossmoor Seed Library; and,

WHEREAS, over time, the natural habitat of the monarch butterfly in North America has been degraded by human actions and as a result, the species is in grave decline; and,

WHEREAS, every resident can help revive the monarch butterfly by taking simple actions like planting milkweed and nectar-producing plants; and,

WHEREAS, the Flossmoor Green Commission has researched the National Wildlife Federation's Mayor's Monarch Pledge, a program which capitalizes on the influence of elected officials to gain citizen support for monarch habitat restoration; and,

WHEREAS, the Flossmoor Green Commission recommends that Mayor Michelle I. Nelson become a signatory to the Mayor's Monarch Pledge and that the Village of Flossmoor take steps to become a Monarch Champion City; and,

NOW, THEREFORE, BE IT RESOLVED that the Mayor & Board of Trustees of the Village of Flossmoor endorse the Mayor's Monarch Pledge and direct the Green Commission, Village staff and community members to work toward implementing the 24 action items outlined by the National Wildlife Federation in order to preserve the monarch butterfly for generations of Flossmoor residents to come.

Passed this ________ day of ______________, 2023.

AYES: ____

NOES: ____

ABSENT: ____

ABSTAINED: ______________________________________

PASSED: ____

APPROVED: ______________________________________

PUBLISHED: ______________________________________

APPROVED:

____

Mayor

ATTEST:

____

Village Clerk

TO: Mayor Nelson and Board of Trustees
FROM: Bridget Wachtel, Village Manager
DATE: March 27, 2023
SUBJECT: FY24 Finance and Facilities Plan

FLOSSMOOR

The Public Works Department has prepared the attached Capital Program for Infrastructure Rehabilitation, Maintenance and Improvements over the next three years. This document provides an excellent history of the capital infrastructure projects that have been completed for the last thirty years. Within this document, the plan reflects the completion of projects during the current fiscal year and suggests a prioritization of our capital work for the next three years. The Capital Plan continues to uphold the Village Board's "save then spend" philosophy toward capital projects; through the use of fund balance, we will be able to set aside available funds to finance a majority of these projects with cash as opposed to utilizing debt and other more expensive financing mechanisms. At the March 27 Village Board meeting, we will review the Fiscal Year 2024 through Fiscal Year 2026 projects.

At the conclusion of the Capital Plan is a listing of future Finance and Facilities Program projects that are needed. This summary of the report is divided into two categories: set-asides in the Finance and Facilities Plan and projects included in the Capital Program (immediate needs within the next three years) and future projects (long-term projects not included in either document). Several projects are grant dependent and will only move forward if grant funds are received; these projects also reflect the source of funding (i.e. General Fund, Water and Sewer Fund, bond proceeds) if no grant funding is received. This summary is beneficial in planning for our future.

Also included is a report prepared by Finance Director Scott Bordui outlining various financing mechanisms, outside of our savings, to support our capital improvements. He also has provided spreadsheets depicting the work completed in Fiscal Year 2023 and the recommended funding and set asides based on the Capital Program. The funding set-asides include local matches for grants for which the Village has applied; should the Village be awarded these grants, workload and funding may need to be re-prioritized to fulfill these grant funded projects. Scott will be available to answer questions regarding other financing mechanisms should the Board be interested in pursuing financing other than savings. As you consider financing mechanisms, keep in mind that the use of cash is always less expensive than debt, and when debt is used, a repayment source must be identified.

While there are several important projects identified in the Capital Plan, a couple of them are worth highlighting due to their complexity.

Water Meter Replacement

For several years, the Village has wrestled with how to finance the replacement of the water meters. The cost of the project is expensive, pushing $1.8 million in Fiscal Year 2024 dollars.

Despite being a large financial investment, the meters themselves are not considered a capital investment for accounting purposes and therefore, their replacement does not increase the assets of the fund. In reviewing Finance Director Bordui's report on water and sewer rates, the reader will note that the Water and Sewer Fund's total fund position will not improve as a result of the meter equipment itself. However, with the new meters, billing and therefore, revenues will improve, thereby positively influencing the overall cash position of the fund. In short, we anticipate the benefit to be worth the investment, but the investment is a large cash investment. To illustrate, for every 1% increase to the bill-to-purchase ratio based on the CY 2022 data, the Village would realize an additional $49,000 in revenue. By increasing the bill-to-purchase ratio to 80%, which would be a respectable improvement, the Village would in theory receive an additional $196,000 in revenue using today's purchase costs. In fact, the Illinois Department of Natural Resources has established a standard, expecting municipalities to be at a 90% bill-to-purchase ratio.

For the past several years, without having enough Water and Sewer Fund balance on hand, the Village has allocated General Fund fund balance to pay for this project. The project has been deferred a couple of times due to workload, the migration of the Village's financial software, and hesitancy by the Village after representations on the return on investment by the performance contractor.

Just recently, staff learned that the ARPA regulations will now permit the replacement of water meters as an acceptable expenditure. This news has changed staff's recommendation on funding sources moving forward. The Village has $1,049,588 in ARPA funds which must be spent by 2026. Prior to this news, staff had pledged these funds for water system distribution improvements that are needed: an update to the SCADA system, Sterling Avenue Pumping Station improvements, demolition of the Sterling Avenue Water Tower, and the Vollmer Road Pump Station and Reservoir Improvements.

With this new information in hand, staff recommends that the ARPA funds be used to support the majority of the meter replacement project with the remaining funding allocated from the General Fund and Water/Sewer Fund. The water distribution system improvements are planned over multiple fiscal years with potentially multiple eligible funding sources, including a low-interest IEPA loan. This approach also plans for the meters to be replaced fairly quickly, thereby providing an optimal period of time for the fund balance to grow and contribute to these other water distribution improvements.

Flossmoor Road Viaduct Drainage Improvements

The Flossmoor Road Viaduct Drainage Improvements Project includes two phases and multiple funding sources. The first phase was the Berry Lane Drainage Improvements which addressed the storage and conveyance of stormwater in the Berry Lane area which is south and west of the viaduct but impacts the flooding at the viaduct downstream. Improvements included storm sewer on Berry, Maryland, Oakmont and Bob-o-Link as well as replacement of the watermain on Berry Lane while the street was open. Berry Lane has been replaced with permeable pavers (green infrastructure) and includes underground detention; the upgrade of which was funded by IEPA and MWRD grants in the amount of $700,337. The project was partially funded by two Army Corps of Engineers Section 219 grants in the amount of $1.5 million which also funded the majority of the Maryland Avenue and Oakmont storm sewer work as well as Berry Lane water main work. A total of $1,955,718 was attributable to the Village's 2021 bond fund, Water & Sewer Fund, and General Fund to fund the following alternatives: the Bob-o-Link and Berry Lane storm sewer, Berry Lane road reconstruction with permeable pavers and the Berry Lane water main replacement. All of this work was completed in Fiscal Year 2023.

Engineering on phase two, the Flossmoor Road Viaduct Drainage Improvements preferred design alternate has begun. An updated study two years ago led to a chosen design alternative and discussions with School District 161 and the HF Park District on a collaboration that will bring detention on the Heather Hill Elementary site and possibly the Heather Hill tennis courts. This past year, discussions ensued with Flossmoor Golf Club about detention improvements on a conservation area of the course that could meet objectives for both the Village and the club, but unfortunately an agreement could not be met. Therefore, staff and our consulting engineers have returned to examining detention in Heather Hill and additional conversations with School District 161 and HF Park District on a partnership. The engineering estimate for this alternative is approximately $7.5 million with $1.7 million currently identified through grants. Without additional grants, the Village has identified the need to use bond proceeds from the 2021 G.O. Bonds, which is permissible and had been planned. As of February 2023, there is currently $6.6 million remaining in those bond proceeds; the more bond proceeds needed to fund the viaduct project, the less remaining monies are available for a second large street resurfacing project. Staff continues to pursue grant opportunities with federal and state agencies including FEMA, DCEO, and MWRD, and additional grant opportunities may become available through other school and park district agencies if a partnership results in shared amenities. Construction will likely occur in Fiscal Year 2025.

Capital project planning remains an important component of our budget. Utilizing the "save then spend" philosophy has allowed us to absorb these capital projects without much of an impact on our operational budget. Part of the Village's financial success is rooted in the systematic capital improvement planning that we undertake to ensure that capital investment in our community remains strong. The pursuit of grant funding and other financing mechanisms is an important consideration in maintaining our Capital Program schedule.

We look forward to receiving the Board's input on this plan at the March 27 meeting. The Board will need to provide direction to staff that you concur with this plan and set-asides or provide alternative direction. The Capital Program and the Finance and Facilities Plan will then be adopted into the Fiscal Year 2024 Budget which will be approved at the April 17 meeting.

Attachments:
Capital Program
Finance and Facilities Plan memo from Scott Bordui

Village of Flossmoor

CAPITAL PROGRAM

for

Infrastructure Rehabilitation, Maintenance, and Improvements

For the past 32 years, the Village has implemented an ongoing capital program referred to as the Finance and Facilities Plan. The Plan has been developed as a continuing effort by the Village to identify important infrastructure needs, and to plan for meaningful maintenance and rehabilitation several years in advance. By proactively planning and identifying capital projects for the future, the Village developed a financial savings plan that covers the costs associated with major projects, while still maintaining day-to-day Village services at a level desired by the community. By laying out the long-range capital goals of the Village, the following challenges and improvements were accomplished:

Street Maintenance Program

A street maintenance program has been developed to keep Village streets in “good to excellent” condition at all times using primarily funding from Motor Fuel Taxes (MFT). The program ensures that each year repairs and resurfacing are completed on approximately one mile of the Village’s 40+ miles of streets at an annual cost of approximately $300,000. The plan was originally created so that every street in Flossmoor is resurfaced on a 15-year rotation. Over the last several years, the MFT Fund had become financially stressed and rehabilitation costs increased, resulting in approximately one mile of the streets resurfaced each year compared to the 2.5 miles of streets resurfaced per year when the program was designed. Beginning in Fiscal Year 2019, the Village Board supplemented MFT funds with a General Fund contribution to complete more street maintenance at a cost of $140,000, $250,000 and $150,000 for the past four years. This supplemental funding was a viable short-term solution but knowing it was not viable long-term, it became one of the reasons to pursue a G.O. Bond for streets as discussed below. In addition, the situation has improved with the increase in MFT by the State beginning in Fiscal Year 2020. For Fiscal Year 2022, MFT fund balances dropped to a point where it can only support approximately $300,000 for the program. In Fiscal Year 2023, Staff recommended that the MFT Street Rehabilitation be deferred while the recently approved bond funded Street Rehabilitation Program work was completed. Similar to Fiscal Year 2023, Staff is recommending that the MFT Street Rehabilitation be deferred again in Fiscal Year 2024 while the bond/grant funded Street Rehabilitation Program work continues on the Brumley Road Reconstruction Project. This temporary change will allow the MFT Fund to build up balance and allow future work to be completed at a higher level following the bond funded program. Moving forward, identifying future funding and developing a viable street resurfacing program is needed.

New in Fiscal Year 2023 was the creation of the Village’s first street pavement crack filling program. This program was recommended in the 2017 Pavement Management Report to extend the useful life of newly resurfaced and reconstructed asphalt pavements in our street inventory. This program involves the filling of asphalt pavement cracks with fiber asphalt sealant that prevents water and debris from filling the cracks, which leads to pavement potholes and pavement failure. It is estimated that this program can extend the life of asphalt pavements by an additional 5+ years, as compared to pavements that do not receive this treatment. This work is recommended on streets that exhibit cracks and have a PASER rating between 6-8. In Fiscal Year 2023, approximately 6.9 miles of streets will be crack filled at a cost of $80,000. Staff plans to continue this program to help extend the life of our streets into the future.

Street Pavement Rehabilitation Program

In Fiscal Year 2017, Public Works staff retained a consultant to complete a Pavement Management Report of all streets in the Village. This report assigned a grade to each street and also recommendations for rehabilitation and cost estimates. The total cost of repair/rehabilitation in 2017 dollars for all Village owned streets was $20,057,360. The street rehabilitation work consists of crack sealing and patching, mill and resurface, full depth pavement reconstruction, curb and gutter repairs, and sidewalk and ADA repairs. The report became the outline for the street maintenance program moving forward.

In November 2020, voters approved a $10M General Obligation Bond referendum to be used to fund the Flossmoor Road Viaduct Drainage Improvements and this Street Rehabilitation Program. Staff has developed a major pavement rehabilitation project that can be supported by this bond issue. The scope of the project was developed at an estimated cost of $5M.

Due to high inflation and escalated construction costs, the first project in the program was cut back to an amount of approximately $2M. The 2022 Street Rehabilitation Project was completed in the summer of 2022 at a final total cost of $2,022,760 for construction and construction engineering. Depending on what bond funds are available after the Flossmoor Road Viaduct Project scope is determined, another street rehabilitation project may be completed in Fiscal Year 2025.

Sidewalk Replacement Program

The first phase of the Village's sidewalk replacement program was completed in Fiscal Year 2008. The program included the removal and replacement of approximately 750 defective sidewalk squares in the Old Flossmoor and Flossmoor Park neighborhoods. Due to the age of the community and an anticipated high number of sidewalk squares throughout the remainder of the Village warranting replacement, the program was initially designed to be implemented over a five-year period, but has taken longer to complete a cycle of the Village based on shrinking funding levels. In recent years, the Sidewalk Replacement Program work has coincided with the Street Rehabilitation Program streets; sidewalk along the resurfacing routes has been replaced at the same time as the streets have been resurfaced. In Fiscal Year 2022, the Village Board allocated $147,000 from the General Fund fund balance to complete sidewalk replacement along Flossmoor Road and Governors Highway, which was carried over to Fiscal Year 2023. This project has been delayed due to agency permit reviews, and Staff plans to complete this project in Fiscal Year 2024.

- Fiscal Year 2009 – Replaced 600 defective squares in Pinewood subdivision and Flossmoor Hills
- Fiscal Year 2010 – Replaced 600 defective squares in Flossmoor Hills and Highlands
- Fiscal Year 2012 – Replaced 175 defective squares in the Heather Hill Neighborhood
- Fiscal Year 2013 – Replaced 220 defective squares in the Heather Hill Neighborhood
- Fiscal Year 2014 – Replaced 242 defective squares in the Heather Hill Neighborhood

- Fiscal Year 2015 – Replaced 446 defective squares in the Heather Hill Neighborhood and other various locations in the Village
- Fiscal Year 2016 – Replaced 467 defective squares in the Heather Hill Neighborhood
- Fiscal Year 2017 – Replaced 376 defective squares in the Heather Hill Neighborhood and on Flossmoor Road
- Fiscal Year 2018 – Replaced 397 defective squares in the Heather Hill, Old Flossmoor, and Flossmoor Park Neighborhoods.
- Fiscal Year 2019 – Replaced 537 defective squares in the Dartmouth neighborhood, on Avers Ave., and in the CBD island area.
- Fiscal Year 2020 – Replaced 506 defective squares in the Heather Hill, Old Flossmoor, Flossmoor Park, Flossmoor Hills, Southeast Flossmoor, and Chestnut Hills Neighborhoods.
- Fiscal Year 2021 – Replaced 239 defective squares in the Flossmoor Hills and Highlands neighborhoods and other concrete maintenance at the Village Hall Complex.
- Fiscal Year 2022 – Planned replacement of 700 defective squares on Flossmoor Road, Governors Highway during Fiscal Year 2024.

Parkway Trees

Due to the importance of parkway trees in terms of aesthetics and impact on property values, the Village initiated a progressive parkway tree program in 1991. The program has resulted in the following:

1. A computer-based inventory of each and every tree on public property in Flossmoor. The inventory also maintains information on the location, species, size, health, appearance, and value of each tree.
2. A Village-subsidized planting program encourages residents to plant new parkway trees. Since 1991, approximately 2,786 new trees have been planted on Village parkways and public properties.
3. A rotational trimming program has been in place to ensure that each parkway tree is trimmed every five years.

In 2007, the Village dedicated additional financial resources to tree trimming throughout the Village. The additional funding toward an enhanced tree trimming program enables the Village to restore this program to a nearly five-year cycle for all parkway trees. Over the past fifteen years, the annual rotational Parkway Tree Trimming Program was completed in the following neighborhoods:

- Fiscal Year 2008 – Southeast Flossmoor and the Braeburn/Brassie Neighborhood
- Fiscal Year 2009 – South Section of the Heather Hill Neighborhood
- Fiscal Year 2010 – North Section of the Heather Hill Neighborhood and the East Section of the Flossmoor Hills Neighborhood
- Fiscal Year 2011 - West Section of the Flossmoor Hills Neighborhood, the Flossmoor Highlands Neighborhood and the Pinewood Neighborhood
- Fiscal Year 2012 – Old Flossmoor Neighborhood
- Fiscal Year 2013 – Flossmoor Park Neighborhood and Southeast Flossmoor
- Fiscal Year 2014 – Southeast Flossmoor and the Braeburn/Brassie Neighborhood
- Fiscal Year 2015 – North Section of the Heather Hill Neighborhood

- Fiscal Year 2016 – South Section of the Heather Hill Neighborhood
- Fiscal Year 2017 – Flossmoor Hills and Highlands Neighborhoods
- Fiscal Year 2018 – Old Flossmoor and Ballantrae Neighborhoods
- Fiscal Year 2019 – Flossmoor Park Neighborhood
- Fiscal Year 2020 – Southeast Flossmoor and Ballantrae Neighborhoods
- Fiscal Year 2021 - Braeburn/Brassie Neighborhood and the Dells Neighborhood
- Fiscal Year 2022 – Heather Hill Neighborhood
- Fiscal Year 2023 – Heather Hill, Ballantrae, and Flossmoor Highlands Neighborhoods

Beginning in Fiscal Year 2021, the Village eliminated its 50/50 Parkway Tree Program and offered free trees instead. The intent of this program change was to reduce any financial barriers to populating trees in needed spaces. The change in the program was well received and has greatly increased the participation. Further, the Village has been able to increase tree plantings with the receipt of grants from the Great Lakes Restoration Initiative from the USDA Forest Service, Open Lands, and the Trees Forever Illinois Recover, Replant & Restore Program. Since 2018, these grants have provided approximately 450 free trees to the Village that have been planted throughout the Village.

This past fiscal year, the Village was awarded a $30,000 tree grant from the Chicago Region Trees Initiative to plant approximately 300 trees along the Hidden Gem Half Marathon route. The "Plant the Gem" project recruited more than 250 volunteers, dug 45 pre-established holes, and distributed more than 300 trees to locations across Flossmoor. Volunteers of all ages from across the Village worked alongside CRTI volunteers to accomplish one of the largest tree plantings in Illinois.

Emerald Ash Borer

In Fiscal Year 2010, the Emerald Ash Borer was officially identified in the Village of Flossmoor. Confirmation was made by our certified arborist from Natural Path Forestry who was updating the Village's Parkway Tree Inventory. Between Fiscal Year 2010 and Fiscal Year 2014, 1,350 ash trees were removed.

As of January 1, 2019, our parkway tree inventory consists of five large ash trees, which are in good condition and being treated by residents.

Water System Improvement Program

In November 2012, Flossmoor residents voted in favor of a general obligation bond referendum in the amount of $7.28 million dollars for the replacement of approximately the worst 6 miles of water main throughout the Village. The Phase 1A, Phase 1B, Phase 2A, Phase 2B, and Phase 2C Projects of the Water System Improvement Program are completed. A brief description of each project is provided below.

Phase 1A (CY 2013) Completed the replacement of water main and services on Bob O'Link Road, Golfview Lane, Robertson Lane, Mast Court, Bunker Avenue, Brassie Avenue, First Private and Second Private Roads. The project included installation of 8,931 linear feet (1.7 miles) of new water main, 135 new water services, 27 new fire hydrants, and 26 new operating valves.

Phase 1B (CY 2014) Completed the replacement of water main and services on Gardner Road, Vollmer Road and Princeton Road. The project included the installation of 7,574 lineal feet (1.4 miles) of new water main, 53 new water services, 29 new fire hydrants, and 24 new operating valves.

Phase 2A (CY 2015) Completed the replacement of water main and services on Hutchison Road (Western Avenue to Marston Lane), Collett Lane (Hutchison Road to Latimer Lane), the Heather Hill North Neighborhood, and the block surrounded by Carroll Parkway, Evans Road, Travers Lane, and Flossmoor Road. The project included the installation of 5,911 lineal feet (1.1 miles) of new water main, 111 new water services, 23 new fire hydrants, and 23 new operating valves.

Phase 2B (CY 2016) Completed the replacement of water main and services on Travers Lane (Collett Lane to Vardon Lane), Latimer Lane (Collett Lane to Cummings Lane), Marston Lane (Travers Lane to Latimer Lane), Cummings Lane (Travers Lane to Latimer Lane), and Vardon Lane (Hutchison Road to Travers Lane). Also included in this project was the water main replacement for Tina Lane (Dixie Highway to End), Thomas Court (Tina Lane to End), Markey Lane (Dixie Highway to Tina Lane), and Pinehurst Lane (Dixie Highway to Tina Lane). The project included the installation of 8,554 lineal feet (1.6 miles) of new water main, 166 water services, 26 new fire hydrants, and 26 new operating valves.

Phase 2C (CY 2017) Completed the replacement of water main and services on Dundee Ave., Perth Ave. (Heather Rd. to Brumley Rd.), Sterling Ave. (Heather Rd. to Brumley Rd.), Berry Ln. (Flossmoor Rd. to Sunset Ave.), and Cambridge Ave. (1350 Cambridge Ave. to the Dartmouth bike path). The project included installing 3,414 linear feet (0.65 miles) of new water main, 45 new water services, 11 new fire hydrants, and 14 new operating valves.

The Phase 2C Project was the last project in the 2014 Water Main Improvement Fund, and the final planned project in the Water System Improvement Program. This program resulted in a total of 6.5 miles of new water main, 510 new water services, 116 new fire hydrants, and 113 new operating valves. Funding for additional water main improvements will need to be identified, but this work represented the worst 10% of the system.

Sanitary Sewer System

Prior to 1996, the Village began initial planning for extensive sanitary sewer improvements. This included project engineering and coordination with the Illinois Environmental Protection Agency (IEPA) on loan application procedures for funding the necessary improvements. As a result of these efforts, the following projects were completed:

Phase I (CY 1999) A $1.9 million project to rehabilitate the 80-year-old sanitary sewers in Flossmoor Park and Old Flossmoor neighborhoods.

Phase II (CY 2001) A $1.7 million project to rehabilitate the sanitary sewers in the Braeburn/Brassie neighborhood.

Phase III (CY 2003) A $2.2 million project to rehabilitate the sanitary sewers and lift stations in the southeast section of the Village.

Phase IV (CY 2022) With the announcement of federal stimulus monies to support infrastructure rehabilitation in 2009, staff began the design engineering for Phase IV of the program in the Flossmoor Hills/Highlands. Due to an influx of funding requests, the Village did not immediately receive a loan, and the project was placed on hold. The IEPA allocated loan funds for the project in 2022. The project was bid in the spring of 2022 with construction starting in the summer of 2022. The construction is anticipated to be completed by spring of 2023 at an estimated cost of $1,887,000.

Funding for three of the four projects was secured by low-interest loans obtained through the IEPA. Repayment of the loans is pledged with funds derived from an existing Sanitary Sewer Rehabilitation surcharge that residents pay along with their water and sewer bill each quarter. Repayment of the Phase I loan was completed in Fiscal Year 2020, and Phase II was repaid at the end of Fiscal Year 2022.

In Fiscal Year 2017, the Village approved a design-build project for the reconstruction/rehabilitation of the Woods Lift Station, located behind the Flossmoor Golf Club. This project involved the conversion of the station from a dry pump well configuration to a wet-well station. Also included was the installation of a natural gas-powered emergency back-up generator to power the station during storm events.

In Fiscal Year 2018, Public Works contracted with a vendor to install a new SCADA system for the Village's six wastewater lift stations at a cost of $56,630. The old system utilized phone circuits to relay alarms to the Public Works Department via ECOM. The new system utilizes cellular based cloud technology to relay alarms to the Department via text messages. The system is web-based and allows staff to monitor the station remotely on their cell phones and computers. This improvement paid for itself in less than two years because of the savings related to the disconnected phone circuits.

In Fiscal Year 2025, Public Works will be completing the engineering and construction of a large-scale emergency back-up generator project at the Butterfield Lift Station. This is the Village's largest wastewater lift station, which frequently experiences power outages.

Contract Sanitary Sewer Cleaning and Televising Program

The Village is now in its 16th year of implementing its annual rotational contract sewer cleaning and televising program. Components of the program include regular cleaning and maintenance for all sanitary sewers throughout the Village. Scheduling of this program ensures that all sanitary sewer mains are cleaned every five years. The success of these programs is readily apparent in the reduced incidences of sewer failure, sewer blockages, and flooded basements. As part of this program, in Fiscal Year 2008, a televising program was implemented along with the annual cleaning. A televising program provides

Pubic Works the ability to proactively identify maintenance and repair needs before they become major reconstruction issues.

The last section of rotational cleaning and televising occurred in Fiscal Year 2022 in the HF High School Campus, Pinewood neighborhood, Baythorne neighborhood, and the Hampton Ct. and Pembrooke Ct. neighborhood. In Fiscal Year 2024, the videos from this project will be reviewed by our consultant and a report prepared recommending any need repairs or rehabilitation in the project area. Also in Fiscal Year 2024, the next section of rotational cleaning and televising will be completed in the Old Flossmoor neighborhood.

Storm Sewer Drainage System

In 2000, the Village received approximately $115,000 through state grants for the completion of a storm sewer cleaning and rehabilitation study for Flossmoor Park and Old Flossmoor neighborhoods. The study identified that $1.2 million in rehabilitation work was necessary to restore the storm system back to original design capacity. After reviewing and discussing the report, the Village completed final engineering and approved an $836,000 contract to rehabilitate the storm sewer systems in both sections of the Village. The rehabilitation work was completed during the spring and summer months of 2002.

In 2000, the Mayor and Board approved funding for an engineering study to analyze the drainage conditions in the Oak Court area of Flossmoor Hills. Following periodic rain events, residents experienced significant flooding as a result of the Village's existing storm sewers' inability to convey proper flow. After reviewing the various alternatives, the Village determined that a larger bypass pipe extending from Flossmoor Road to a pond located on Coyote Run Golf Course was the best option. The design and construction were completed concurrently with the H-F Park District golf course renovation. The contract for construction of the storm sewer improvement was awarded in 2003. Pipe installation, final landscaping and paving were completed in 2005.

In 2005, the Mayor and Board reviewed an engineering study and cost estimates for a potential federally-assisted storm sewer project to reduce flooding in the central business district viaduct. It included the installation of a large diameter sewer pipe that would extend from the Canadian National viaduct to Butterfield Creek at Dixie Highway. The estimated cost of the project was $2.7 million. After all options were considered, it was determined that the cost-benefit ratio did not justify moving forward with this project at that time.

During 2006, the Village examined additional solutions for resolving the Flossmoor Road viaduct flooding. One option included upstream improvements to divert water away from the viaduct. After further investigation into the components associated with implementing this option, the Village determined that the costs were not justifiable at that particular time. In 2020, after several large storm events over the last couple of years, staff contracted with our consultant for an updated study of the issue, including extending the scope of study west to Leavitt Park and the tie-in to the Leavitt detention basin. During heavy rainfall events, the viaduct floods and cuts off vehicular access between the west and east sides of the Village. The flooding also inundates the adjacent downtown businesses. This is a very serious issue because emergency vehicles cannot access the east side of town in a timely response time. The study was completed, and several alternatives were developed for consideration. The Village

Board selected a viable alternative, which is being further developed for implementation. This alternative includes constructing a relief storm sewer flowing south on Sterling Avenue, to the Heather Hill Elementary School where a retention basin will be constructed to serve the viaduct and the Berry Lane Drainage Improvements. Stormwater south and west of the viaduct around Berry Lane, Maryland, Bob-o-Link and Oakmont collects and contributes to the stormwater carried through the viaduct; improvements to this area of Heather Hill were defined as the Berry Lane Drainage Improvements Project and were considered the first phase of the viaduct improvements. The Berry Lane Drainage Improvements project was constructed in 2022 by the USACOE through a Section 219 Grant. In addition, green infrastructure grants were awarded by the MWRD and IEPA, which were used for the reconstruction of Berry Lane with permeable street pavers and stormwater storage in the aggregate sub-base. Bond proceeds from the November 2020 G.O. Bond referendum and Water and Sewer Fund provided the matching funds for the project.

In Fiscal Year 2010, Phase II of the Village's Storm Sewer Rehabilitation Program was completed in the Estates neighborhood. The project included a combination of spot repairs, total segment replacement, and cured in place relining to restore the function and integrity of our aging system at a cost of over $1,000,000. This capital improvement has been vital to the performance of the Village's overall storm sewer system as this section of the Village has many of the larger diameter pipes that carry the Village's storm water to Butterfield Creek.

In Fiscal Year 2012, the Village established a Storm Sewer Fee and Storm Sewer utility fund. The fee covers the operational costs associated with storm management services as well as accounts for savings toward storm sewer capital improvements. When the fund was established, the Board directed staff to establish a Finance and Facilities plan similar to the other major funds once fund balance became available to set aside toward capital improvements. As a result of a small projected fund balance for Fiscal Year 2012, 75% of the Butterfield Lane Culvert Replacement project was paid for with storm sewer utility fee monies. Also, beginning in Fiscal Year 2016, 75% of the engineering design costs for the Brookwood Bridge and Butterfield Road Culvert were allocated to the Storm Sewer Fund.

In Fiscal Year 2020, the Village contracted with our consultant for a study to investigate the causes of the flooding in the rear yards area between Hagen Lane and Evans Road. Another area that was studied in Fiscal Year 2021 was the rear yards of Douglas Avenue between the Parker Junior High School and Douglas Avenue. Staff submitted these projects to the MWRD for funding consideration in their Stormwater Partnership Program, and we were selected for participation. The project was constructed in Fiscal Year 2022 with approximately 90.4% of it paid for with grant funds. The final construction cost was $833,849, and the MWRD grant provided $754,000 towards the project.

Municipal Facilities

The age of the municipal complex requires significant facility maintenance and improvements on an annual basis. The following municipal facilities' projects have been implemented:

- Replaced four rooftop air handlers and various undersized and deteriorated ductwork.
- Ventilated the exterior soffits of the Village Hall and sealed the perimeter of the building to eliminate infiltration of unconditioned outside air into the building.

- Conditioned the air in the space between the ceiling tiles and the roof pan.
- Replaced the twenty-year-old roof on the Public Works Service Center.
- Replaced all ceiling tiles and various sections of the ceiling tile suspension system. The cost of the replacement was $92,000, and the project was completed in Fiscal Year 2006. A portion of the project was paid for with grant funding from the Illinois Department of Commerce and Economic Opportunity.
- In Fiscal Year 2008, improvements were made to both Public Works and Fire Department bay floors. The Public Works Department's portion of the contract was for preventative maintenance purposes. The work conducted ensures that the integrity of the floor remains intact for at least the next 10 years. The Fire Department's portion of the contract included a complete restoration of their entire bay floor area. The Fire Department Bay Floor was resurfaced again in Fiscal Year 2023.
- The furnaces in the Fire Department apparatus bay were replaced with a new infrared heating system designed for greater efficiency. The project was completed in Fiscal Year 2008 and an upgrade is planned for Fiscal Year 2024.
- Through a FEMA assistance grant, a new vehicle exhaust capture system was installed on the Fire Department apparatus bay floor. The system contributes to the overall health of the Department's personnel throughout the building. The project was completed in Fiscal Year 2008.
- In Fiscal Year 2009, a centralized computer network server room was constructed in the Village Hall. The project included several facility improvements such as a separate air conditioner, humidity control unit and new flooring. The purpose of the room is to extend the overall life of the server equipment by storing it in a properly controlled environment. The HVAC in the room will be upgraded in Fiscal Year 2024.
- In Fiscal Year 2009, through the Illinois Clean Energy Foundation, the Village received a grant through the Public Safety Lighting Upgrade Program. With the grant money received, the Village converted all florescent fixtures, ballasts and exit lighting in the Village Hall to a more energy efficient system.
- In Fiscal Year 2010, the thirty year old exhaust fans were replaced in the Fire Department apparatus room.
- In Fiscal Year 2011, the Village received an Energy Efficiency Block Grant from Cook County in the amount of $100,000 for the replacement of the Village Hall boiler. This replacement is the first replacement of the boiler since the building was constructed in 1979.
- In Fiscal Year 2015, the Village completed another HVAC system replacement at the Village Hall Complex. The project also included renovations to the Police Department Firing Gun Range, which enhanced the ventilation and cooling system in the shooting area. Other improvements included duct work insulation, new electronic thermostats, VAV upgrades, and a new computer controlled automation system.
- In Fiscal Year 2017, the Village completed the HVAC system replacement at the Public Works Service Center. Other improvements included new electronic thermostats and improvements to the outside air economizer which is an energy savings improvement. The roof at the Public Works Service Center was also replaced.
- In Fiscal Year 2023, the generator at the Municipal Complex was replaced with a more robust generator that will service the entire facility in a power outage allowing full municipal operations

to continue in such circumstances. A generator was also installed at the Public Works Service Center in Fiscal Year 2023.

- In Fiscal Year 2023, the roof at the Municipal Complex was replaced at a cost of $683,332.
- Front desk security was enhanced in Fiscal Year 2023.

Given the age of the Village Hall Municipal Complex (over 40 years old) along with the increased use of technology in operations and onerous records retention requirements, the Village Hall Municipal Complex needs attention. Those needs range from common area aesthetics and landscaping up to and including the provision of technology, storage and office space. In Fiscal Year 2016, Staff contracted with an architect to conduct an Assessment Study of the Village Hall complex. This study can be used to better plan for future capital projects and needs in the complex. The study presented improvement projects that can be completed in a phased approach. In Fiscal Year 2020, Staff worked with an architect on the planning for the Phase 1 improvements. These improvements included front desk security measures at the Administration/Finance and Building Departments, and remodeling of the Complex's bathrooms and locker rooms. The project was bid in Fiscal Year 2020, and bids were rejected due to them coming in well over the project budget. Given the economic uncertainty of the pandemic, this project was put on hold. In Fiscal Year 2024, Staff plans on pursuing the remodeling project to the lower level Fire Department women's locker room.

Municipal Parking Lots

As part of the Fiscal Year 2024 budget preparation, Staff updated the schedule for the resurfacing and maintenance of the municipal parking lots. Below is a summary of the lots, schedule and cost for the next three years.

North Commuter Lot Seal Coating and Patching (FY24) -	$25,000
South Commuter Lot Seal Coating and Patching (FY25) -	$25,000
Library Lot Seal Coating and Patching (FY25) -	$10,000
Public Works Service Center Seal Coating and Patching (FY25) -	$10,000
Central Drive Lot Seal Coating and Patching (FY26) -	$10,000
Merchant Lot Seal Coating and Patching (FY26) -	$5,000
Village Hall Lot Seal Coating and Patching (FY26) -	$15,000

Water Meter Replacement

Stemming from a recommendation in the 2004 Water System Study, the Village implemented Phase I of the Water Meter Replacement Program in Fiscal Year 2008. This program installed 250 residential water meters and outside touch pad reading devices for accounts within Billing Cycle #2. The upgraded meter equipment provided a means to more effectively account for the Village's water usage, and provided the ability to read the meters more efficiently. Following the Phase I program, a more aggressive meter replacement schedule was implemented. Throughout Fiscal Year 2009, approximately 1,000 meters in the Village were replaced and upgraded. Also, in Fiscal Year 2010 an additional 500 meters were replaced and upgraded to the electric touch pad technology.

Between Fiscal Year 2014 and 2019, the Village replaced a majority of the large meters in the inventory to the newer style Sensus Omni meter. The larger meters are true performers in capturing lower water usages and have advanced tracking for daily and monthly usage at each location through a laptop computer.

In Fiscal Year 2017, Public Works Staff solicited a Request for Qualifications from Energy Services Performance Contract contractors for the replacement of the small meter inventory to an automated meter infrastructure system. This project will update the small meter inventory (5/8" to 1") to the newer style Sensus iPERL water meter with radio read technology. Staff anticipates that this project will result in a reduction in water loss due to poor metering accuracy and efficiency improvements in meter reading.

As part of the development of the Performance Contract Agreement, the vendor completed a performance analysis of approximately 103 meters in town. The analysis resulted in a guaranteed performance improvement of 3% from the Performance Contracting vendor, Johnson Controls. Staff anticipates that the actual improvement will be greater.

In Fiscal Year 2023, Public Works Staff revisited the delivery of this project with our consultants and are working to bring this project to fruition in Fiscal Year 2024. Public Works Staff is investigating the use of ARPA funds, along with General Fund funds, to complete the project.

Grant Funding

As appropriate, the Village pursues available federal, state, and other grant funds to assist with the financing of these large capital projects. Current projects for which the Village has received grant funds through other governmental agencies include:

- Brookwood Bridge and Butterfield Road Reconstruction (DCEO, IDOT)
- Phase IV Sanitary Sewer Rehabilitation Construction (IEPA)
- Central Business District Roadway, Pedestrian and Streetscape Improvements (Cook County)
- Flossmoor Road Viaduct Drainage Improvements (DCEO, FEMA)
- Brumley Drive Reconstruction (DCEO)

Over the past fifteen years, the following projects were all supported with federal, state or regional grant funding.

- Local Road Safety Plan (CMAP)
- Lead Water Service Inventory (CNT)
- Hagen Lane and Douglas Avenue Drainage Improvements (MWRD)
- Berry Lane Drainage Improvements (ACOE, MWRD, IEPA)
- Water System Automation
- Crawford Avenue North Water Main Extension
- Resurfacing of Flossmoor Road from Western Avenue to Dixie Highway
- Resurfacing of Flossmoor Road from Sterling Avenue to Governors Highway
- Central Business District Street Light Replacement
- Meinheit Water Tower Painting
- Village Hall HVAC Upgrade Project

- Vollmer Road Water Main Replacement
- Brookwood Bridge and Butterfield Road Culvert Reconstruction

Proposed Future Projects

As part of the Fiscal Year 2024 budget preparation, the Public Works Department, the Village Manager and the Finance Department prepared the current Finance & Facilities Plan for the Mayor and Village Board's review. Before a tentative schedule was set, we discussed the list of potential Capital Projects, fund balances and reserves, along with other possible funding sources that may be available. The following is a three-year capital improvement schedule for the Mayor and Board of Trustee's consideration and approval. The budget identified is the full budget with no consideration of outside funding sources such as grants.

FISCAL YEAR 2024

- **Brookwood Bridge and Butterfield Road Culvert Reconstruction – Construction**
  Projected Budget: $1,214,598 (General Fund *) – This project includes the Phase III Construction and Construction Engineering for the reconstruction of the Brookwood Bridge and Butterfield Road Culvert. The project is slated for the June 16, 2023 IDOT State Letting. STP Bridge Funds and State Road Funds will be used to offset the costs for the Phase III Construction and Construction Engineering. ***(Project cost will be offset 100% by STP Bridge Funds and State Road Funds)**

- **Water Supply System Improvements – Phase 1 Engineering**
  Projected Budget: $80,000 (General Fund) – The Water Supply System Improvements Program includes the upgrade of the Water SCADA System ($759,300, FY24 and FY25), Sterling Avenue Pump Station Improvements ($361,700, FY26), demolition of the Sterling Avenue Water Tower ($208,700, FY26), and the Vollmer Road Pump Station and Reservoir Improvements ($1,613,800, FY27). Staff has been working with our consultant on the development of this program, which is planned to be completed in phases over several years and multiple potential funding sources. This first phase project includes the engineering for the Water SCADA System improvements portion of the program.

- **Flossmoor Road Viaduct Drainage Improvements Phase 2– Engineering and Construction**
  Projected Budget: $7,007,717 (General Fund/DCEO Grants ($1,700,000), Rebuild Illinois Bonds Fund ($350,000), 2021 Streets and Storm Sewer Improvement Fund ($4,957,717)) – This project includes the design engineering and construction for the selected alternative for the viaduct drainage improvements. In Fiscal Year 2021, Staff worked with our consultant to complete an updated study of the drainage issue at the viaduct. The updated study resulted in several alternatives that were presented to the Village Board, and one alternative was selected to proceed to design and construction. This alternative includes a relief storm sewer and a retention reservoir behind the Heather Hill Elementary School. While the project moves forward with engineering, Staff is continuing to pursue additional grant opportunities to help offset the cost for the project. The project construction will more than likely be completed in Fiscal Year 2025.

- **Residential Water Meter Replacement with Radio Read**
  Projected Budget: $1,801,577 (General Fund ($451,989), Water & Sewer Fund ($300,000), ARPA Fund ($1,049,588)) – This project includes the upgrade of the remainder of the small meter inventory (2,619 meters) to the new style Sensus iPERL meter and convert the entire meter inventory to a fixed point radio read system. A radio read system will provide the Village the opportunity to read meters quicker, more efficiently and provide the ability to identify leaks and meter issues on a daily basis with real time data. Due to supply chain issues, this project is anticipated to carry over into Fiscal Year 2025.

- **Brumley Drive Reconstruction – Construction**
  Projected Budget: $660,000 (General Fund/DCEO ($112,500), 2021 Streets and Storm Sewer Improvement Fund ($547,500)) – The project includes the road reconstruction of Brumley Drive, from Bruce Avenue to Perth Avenue, and the resurfacing of Brumley Drive, from Perth Avenue to Sterling Avenue. Storm sewer, grading, and sidewalk improvements will also be included in the project. The project design engineering was substantially completed in Fiscal Year 2023.

- **Public Works Salt Storage Building Reconstruction**
  Projected Budget: $200,000 (General Fund) – This project includes the reconstruction of the Public Works Salt Storage Building, located at the Public Works Service Center. The existing pre-cast concrete salt storage building is 26 years old, and is showing its age and deterioration from salt corrosion and heavy use. Staff is investigating other alternatives for the reconstruction of this building that will be both cost effective and long lasting.

FISCAL YEAR 2025

- **Central Business District Roadway, Pedestrian and Streetscape Improvements – Phase II Engineering**
  Projected Budget: $150,000 (General Fund*) - This project includes the Phase II Engineering for the Central Business District Roadway, Pedestrian and Streetscape Improvements project. The Village has identified the need for safety improvements included within the project such as re-configured intersection geometry, improved vehicle and pedestrian sight lights, improved crosswalk configuration and crossing safety treatments, evaluation of existing on-street parking locations, and improved roadway and pedestrian lighting. The Village has also identified the need to modernize and accentuate the Central Business District by adding parkway and crosswalk pavers, sidewalk replacement to remove tripping and other safety hazards, ADA access improvements, additional trees with tree grates, benches, bike racks, wayfinding and safety signage, and other decorative landscaping elements. Staff is currently pursuing grant funding to offset the cost of this project. The receipt of grant funding could accelerate the schedule of this phase. ***(Project is contingent on receiving grant funding.)**

- **Dartmouth Pedestrian Bridge Replacement and Streambank Stabilization Project**
  Projected Budget: $593,006 (General Fund*) – This project includes the design engineering and construction for the Dartmouth Road Bridge replacement and bank stabilization of Butterfield Creek. Baxter & Woodman Consulting Engineers was retained to complete a Preliminary Design

Memorandum in Fiscal Year 2016. This memorandum identified the scope for the project, alternative design options, cost estimates, and potential grant funding sources to offset the cost for the project. In 2022, the Village worked with Baxter & Woodman on an application to the IEPA for a Section 319 Grant for the streambank stabilization portion of the project that has an estimated cost of $186,000. The total estimated cost of the project, which includes the streambank stabilization and the bridge reconstruction, is $593,006. The receipt of grant funding could accelerate the schedule of this project. *(**Project is contingent on receiving grant funding).**

- **Water Supply System Improvements – Phase 1 Construction**
  <u>Projected Budget: $679,300 (General Fund)</u> – The Water Supply System Improvements Program includes the upgrade of the Water SCADA System ($759,300, FY24 and FY25), Sterling Avenue Pump Station Improvements ($361,700, FY26), demolition of the Sterling Avenue Water Tower ($208,700, FY26), and the Vollmer Road Pump Station and Reservoir Improvements ($1,613,800, FY27). Staff has been working with our consultant on the development of this program, which is planned to be completed in phases over several years and multiple potential funding sources. This first phase project includes the construction for the Water SCADA System improvements portion of the program, for which the design engineering will have been completed in Fiscal Year 2024.

<u>**FISCAL YEAR 2026**</u>

- **Central Business District Roadway, Pedestrian and Streetscape Improvements – Phase III Construction**
  <u>Projected Budget: $1,777,000 (General Fund)</u> - The project includes the Phase III Construction and the Construction Engineering for the Central Business District Roadway, Pedestrian and Streetscape Improvements project. Staff is currently pursuing grant funding to offset the cost of the project. The receipt of grant funding could accelerate the schedule of this phase. ***(Project is contingent on receiving grant funding.)**

- **Water Supply System Improvements – Phase 2 Engineering and Construction**
  <u>Projected Budget: $570,400 (General Fund*)</u> – The Water Supply System Improvements Program includes the upgrade of the Water SCADA System ($759,300, FY24 and FY25), Sterling Avenue Pump Station Improvements ($361,700, FY26), demolition of the Sterling Avenue Water Tower ($208,700, FY26), and the Vollmer Road Pump Station and Reservoir Improvements ($1,613,800, FY27). Staff has been working with our consultant on the development of this program, which is planned to be completed in phases over several years and multiple potential funding sources. This second phase of the project includes the engineering and construction for the Sterling Avenue Pump Station Improvements and demolition of the Sterling Avenue Water Tower. ***(Project is contingent on receiving IEPA loan funding.)**

Based on a continuous evaluation of infrastructure needs, a significant number of projects have been planned for the next three years. Each year, as progress is made, Village-wide capital project needs will be re-evaluated, and the plan will be extended. By planning into the future, major infrastructure conditions and service can be preserved, and every attempt can be made to finance these ongoing projects with money already saved for the purpose, along with additional revenue conservatively anticipated during ensuing years.

SUMMARY OF CAPITAL PROJECTS:
Included in the Capital Plan and the Finance and Facilities Plan for the next three years:

- Brookwood Bridge & Butterfield Road Culvert Reconstruction – Construction $1,214,598
- Water Supply System Improvements – Phase 1 Engineering $80,000
- Water Supply System Improvements – Phase 1 Construction $679,300
- Water Supply System Improvements – Phase 2 Engineering and Construction $570,400
- Flossmoor Road Viaduct Drainage Improvements Phases 2 – Engineering & Construction $7,007,717
- Residential Water Meter Replacement with Radio Read $1,801,577
- Brumley Drive Reconstruction – Construction $660,000
- Public Works Salt Storage Building Reconstruction $200,000
- CBD Roadway, Pedestrian and Streetscape Improvements – Phase II Engineering $150,000
- CBD Roadway, Pedestrian and Streetscape Improvements – Phase III Const. $1,777,000
- Dartmouth Bike Bridge Replacement Project – Engineering and Construction $593,006

Other projects listed below have been identified as infrastructure needs, but have not been scheduled in the Capital Plan in the next three years nor the Finance and Facilities Plan. These projects will be scheduled as funding becomes available or as priorities are changed.

- Vollmer Road Pump Station and Reservoir Improvements (FY27) $1,613,800
- 1213 Berry Lane Rear Yard Drainage Improvement $50,000
- 1110 Western Avenue Rear Yard Drainage Improvement (MWRD FLON1) $40,740
- Latimer Lane Drainage Improvement (MWRD FLON2) $1,706,400
- 1344 Brassie Avenue Rear Yard Drainage Improvement (MWRD FLON5) $57,240
- Lead Water Service Line Replacement Program $4,500,000
- Central Drive Lot Resurfacing (FY27) $50,000
- Public Works Service Center Lot Resurfacing (FY30) $120,000
- Village Hall Lot Resurfacing (FY31) $100,000
- North Commuter Lot Resurfacing (FY34) $60,000
- South Commuter Lot Resurfacing (FY35) $135,000
- Flossmoor Library Lot Resurfacing (FY35) $60,000
- Central Drive Lot Resurfacing (FY36) $50,000
- Merchant Lot Resurfacing (FY36) $35,000
- Western Avenue Tower Painting and Repairs $300,000
- Phase III Storm Sewer Rehabilitation - Engineering $175,000
- Phase III Storm Sewer Rehabilitation - Construction $1,100,000
- Dells Neighborhood Water Main Replacement $726,000
- Lynwood Ct. Water Main Replacement $690,000
- Vollmer Road 24” Sanitary Sewer Rehabilitation $910,000
- Imperial Ct. & Embassy Row Water Main Replacement $155,000

▪ Elm Ct. Water Main Replacement	$75,000
▪ Hamlin Ave. Water Main Replacement	$550,000
▪ Central Park Ave. Water Main Extension	$232,500
▪ Butterfield Lift Station Forcemain – Assessment & Rehabilitation	$1,120,000
▪ Woods Lift Station Forcemain – Assessment & Rehabilitation	$660,000
▪ Heather Road Lift Station Forcemain – Assessment & Rehabilitation	$165,000
▪ Sylvan Ct. Lift Station Forcemain – Assessment & Rehabilitation	$225,000
▪ Commons Lift Station Forcemain – Assessment & Rehabilitation	$30,000
▪ Dartmouth Rd. Lift Station Forcemain – Assessment & Rehabilitation	$315,000
▪ Central Park Avenue Storm Sewer Impr. (Beech St. to Brumley Dr.)	$150,000
▪ Heather Rd. Lift Station Reconstruction	$250,000
▪ Braeburn Ave. Sanitary Sewer Improvement	$500,000
▪ Village Hall Municipal Complex Improvements – future phases	$1,000,000

MEMORANDUM

FLOSSMOO

TO: BRIDGET A. WACHTEL, VILLAGE MANAGER
FROM: SCOTT R. BORDUI, FINANCE DIRECTOR
C: ANN NOVOA, ASST. FINANCE DIRECTOR
JOHN S. BRUNKE, PUBLIC WORKS DIRECTOR
KATHLEEN FIELD-ORR, VILLAGE ATTORNEY
ANTHONY MICELI, SPEER FINANCIAL
DATE: MARCH 15, 2023
SUBJECT: FINANCE AND FACILITIES PLAN FINANCING UPDATE

I am providing an update to previous annual memorandums which have discussed, in detail, Finance and Facilities Plan financing options. The purpose of this memorandum is to provide a conceptual review of the options updated for current market and/or financial conditions.

Attached are updated versions of the Finance and Facilities Plan analysis spreadsheets. The spreadsheets have been updated to reflect projected FY 23 revenue and expenditure amounts as posted in the Village's proposed FY 24 budget. The spreadsheets also reflect 4-30-23 set asides as recommended by Village staff. The projections in the "Projected Allocated/Expended" column of the spreadsheets result in projected 4-30-23 fund and set aside balances. The fund balance (or net unrestricted assets) line item represents the total fund balance of each fund. Listed beneath the fund balance line are the individual set aside programs as designated by the Board with the 4-30-22 numbers reflecting the Board approved amounts in the FY 23 budget document. The General Fund spreadsheet includes a line for the subsequent year's budget operating deficit as the deficit is an amount that will not be available to allocate to future projects. The final line on the spreadsheet is the most significant. "Balance Available For Allocation" represents the amount the Village expects to have available to allocate to new or existing projects. For example, the General Fund is projected to have $524,074 as of April 30, 2023 fund balance available to designate to specific plan projects in addition to those projects already set aside and reserve funds.

The Board will need to provide specific direction on how much and in what manner it wishes to designate the projected fund balances at April 30, 2023. During recent years, the Board has continued to focus much of its discussion on water, sanitary sewer, storm sewer and street related issues. As corresponding Board decisions will need to be made regarding specific projects and priorities, this discussion is largely conceptual and in an overview format. For discussion purposes relative to debt financing, a $5,000,000 project with a 20-year payback will be utilized. Also, the discussion is based on the Village's current status as a non-home rule community. Should the Village ever become a home rule community, many of the referendum restrictions would be removed.

The following is an overview of financing options available to the Village.

PAGE 2-FINANCE & FACILITIES PLAN FINANCING UPDATE-3/15/23

1. Existing Fund Balances

The spreadsheets indicate that the following projected amounts will be available for allocation at April 30, 2023:

General Fund	$ 524,074
Water & Sewer Fund	$ 86,917
Sanitary Sewer Rehab (SSR) Fund	$ 0
MFT Fund	$ 704,732
Municipal Parking Lots Fund	$ 86,380

The General Fund balance can be used for any project while the balances in other funds should be limited to projects that relate specifically to each fund's purpose. The SSR balance shows no amount available for allocation. This is due to the Village's new Phase 4 IEPA loan. The SSR net unrestricted assets (fund balance) has been dedicated as a source to repay the Phase 4 loan and there is also a dedicated minimum amount for sanitary sewer system maintenance as pledged in the loan applications/agreements. A General Fund set aside was not needed to be dedicated for repayment of the Phase 4 loan. The Village currently can only utilize the SSR balance to repay the Phase 4 IEPA loan and to perform system maintenance as dedicated in the loan applications/agreements. Of the total SSR fund balance, the dedicated set asides for system maintenance as dedicated in the loan applications/agreements for FY 23 and FY 24 are $155,392 and $155,596, respectively. Should the SSR fund generate excess in the future above the fund balance and maintenance commitments, the excess could be allocated to other sanitary sewer set asides.

2. Rate Increases

For sanitary sewer projects, the quarterly surcharge could be increased to generate additional revenue with IEPA's consent. The current $27.00 quarterly charge has been dedicated as a source to repay the existing IEPA loan (Phase 4). A surcharge increase of $12.00 was passed in FY 06 as the dedicated repayment source for the Phase 3 loan and remains sufficient for the Phase 4 loan. Each $1.00 increase in the surcharge would generate approximately $14,700 in additional annual revenue. For water, sanitary sewer and storm sewer projects the user rate could be increased to generate additional revenues. Each $.01 increase in either water, sanitary sewer or storm sewer user rate would generate approximately $2,400 in additional annual revenue.

3. Tax Levy

Prior to 2002 and for the first 4 years after the 2006 referendum, the tax levy was developed in accordance with the Village's ongoing strategy to continue to build savings balances; as opposed to incurring debt, to pay for future capital needs. The savings amounts, a significant portion of which were generated by maximizing the tax levy, were considered a source of future funding. The approach of budgeting and levying for savings allowed the Village to minimize debt while going forth with important capital projects. A portion or all of the budgeted savings were available to be dedicated to capital projects. During the 2002-2005 levy years and related budget years, the focus of the tax levy changed as declining/stagnant Village revenues caused largely by economic conditions coupled with increasing expenditures resulted in the tax levy no longer generating savings amounts. The tax levy became utilized primarily for funding operating expenditures.

Revenue and budget conditions improved with the approval of the November 2006 referendum to increase the Village's limiting rate. With the passage of the 2006 levy to realize the full dollar impact of the referendum and following up with the same approach for subsequent levies, the tax levies for the next 4 budget years generated savings amounts that could be used as a source of funding for the Finance and Facilities Plan. The FY 11 budget and those since have returned the Village to a structure where the tax levy is not generating new savings amounts; a trend which continues in the FY 24 budget. As a result, the tax levy should not be viewed as a funding source for savings or capital projects in the FY 24 budget.

4. General Obligation Bond Issue

The Village could issue general obligation (G.O.) bonds backed by the full faith and credit of the Village. The bonds could be issued in one amount or in a series of issues over a five-year time period. While a favorable rate could likely be obtained, the bond issue would be subject to a full voter referendum on an election ballot. The State Board of Elections election calendar discloses that the next referendum date is scheduled to take place on the March 19, 2024 Presidential Primary Election. The last day for a governing board to adopt a resolution for submission of a question of public policy/referenda will likely be early to middle December 2023.

Village Financial Advisor Anthony Miceli (Speer Financial) has provided an estimated debt service schedule on a $5,000,000 issue. Anthony estimates that market rates would allow the Village to expect to obtain a net interest rate of 4.00% payable over 20 years. Under these terms the Village would incur $2,357,600 in interest costs over 20 years. The annual debt service on a $5,000,000 issue for 20 years at current interest rates would be about $367,880. Under a straight general obligation issue, water or sanitary sewer related fee increases would not be required as the debt would be repaid by property taxes. Property taxes would also represent the most dependable revenue source to repay debt. An additional positive is that property taxes are deductible to the majority of taxpayers in the Village.

The Village completed the financing for the water main improvement program financed by the $7.28 million in G.O. bonds approved by referendum in November 2012. Bonds were issued in 2013 ($3.47 million) and 2014 ($3.81 million). The 2013 G.O. bonds were refinanced in April 2021.

The Village completed the financing for the streets and storm sewer improvements financed by the $10 million in G.O. bonds approved by referendum in November 2021. Bonds were issued in April 2021.

5. G.O. Alternate Revenue Source Bond Issue

The Village could issue bonds which are guaranteed by the full faith and credit of the Village (i.e. property taxes), but are supported by other revenue sources. The Village would need to dedicate a specific revenue source (i.e. water rate increase, utility taxes) to repay the debt. Under tax cap legislation, this type of issue is subject to a possible "back-door" referendum.

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Speer estimates that the Village could obtain the same rate (4.00%) on an alternate revenue source bond as we would obtain on a straight general obligation issue. Therefore, a $5,000,000 issue repaid over 20 years would result in the Village incurring total interest costs of $2,357,600. An alternate revenue source bond issue requires a pledge of $1.25 in revenue for each $1.00 of debt. The annual debt service on a $5,000,000 issue for 20 years at current interest rates would be about $367,880. Applying the 1.25:1.00 ratio, the Village would need to dedicate $459,850 in annual revenues to repay the bond issue although the actual amount likely to be expended would be $367,880. As a result, water/sewer rates would need to be increased or an existing General Fund revenue source would have to be dedicated. An increase in sewer rates for this type of financing would require IEPA consent due to the existing loans.

6. Water/Sewer Revenue Bond Issue

The Village could issue revenue bonds backed solely by water or sewer user rate revenues (except as pledged to IEPA loan repayment and sewer system maintenance). This would be a more expensive type of bond issue financing as revenue bonds generally carry a higher interest rate. However, in current market conditions, the difference is somewhat marginal. Speer estimates that in the current market on a $5,000,000 issue payable over 20 years the Village could expect to obtain a net interest rate of 4.25%.

Interest costs over the 20-year period would total approximately $2,521,738 with annual debt service at about $376,087. The $1.25 revenue to $1.00 debt ratio discussed above would also apply to revenue bonds. Applying the 1.25:1.00 ratio would result in dedication of $470,109 in annual revenue although the actual amount likely to be expended would be $376,087. Therefore, water/sewer rates would need to be increased at a slightly higher rate or revenues dedicated at a higher amount than with alternate revenue source bonds to cover the debt.

An additional requirement associated with revenue bonds is the establishment of reserve funds. A depreciation reserve is required; the purpose of which is to take care of significant repairs. An initial balance would likely require $50,000-$100,000 with a requirement to build up to the $100,000-$250,000 range. The other required reserve would be a debt service reserve which is equal to one year's debt service. The debt service reserve functions as a guarantee to investors that should there be a problem with the revenue source, they will get paid for one year. The reserves would likely result in the Village needing to borrow additional principal to cover the reserves. This could also result in increased water/sewer rates to cover the additional principal and associated interest expense. The revenue bonds would also be subject to "back-door" referendum.

7. Debt Certificates/Installment Contracts

The Village could finance debt with a debt certificate/installment contract with a term length of up to 20 years. Both debt certificate/installment contract terms would not be subject to referendum restrictions. A debt certificate/installment contract is not backed by the full faith and credit of the Village. However, all revenues other than dedicated property taxes and other dedicated revenues (e.g. SSR Fund revenues, pension funds) are pledged. As a result, this type of financing over the last couple years has typically been 15-20 basis points more expensive than general obligation bonding and slightly cheaper than revenue bonds.

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Speer estimates that in the current market on a $5,000,000 contract payable over 20 years the Village could expect to obtain a net interest rate of 4.20%. Interest costs over the 20 year period would total $2,488,080 with annual debt service at $374,404. Speer has advised that this mechanism can be initiated either before or after the Village signs a contract with its contractor based on a firm bid for a specific project/service. Speer would then "securitize" the contract by competitively obtaining a rate and appropriate financing.

8. Special Service Area Bonds

The Village has utilized this mechanism in the past. Special service area financing is designed to address and provide benefit to a specifically defined area of the Village. The bonds are repaid from property taxes paid by the property owners of the benefited property (i.e. the residents of the special service area). The property taxes are allocated among the property owners based on the value of each property. The special service area also must be compact and contiguous and essentially becomes backed by the creditworthiness of the defined individual neighborhood. The bonds are also very expensive at 200-300 basis points higher than general obligation bonds in the stronger neighborhoods and as high as 500 basis points more in marginal areas. While not subject to referendum, a 60-day petition period is required during which the special service area can be stopped with at least 51% of electors **and** 51% of property owners signing.

9. Special Assessments

Special assessment financing is similar to special service areas in that they address and provide benefit to a specifically defined area of the Village. The Village has utilized special assessments in the past. The cost of the project (i.e. "improvement") is paid by the property owners in proportion to the benefit derived from the improvement. Creation of a special assessment requires court approval and is not subject to referendum requirements.

There is also a financing vehicle called special assessment bonds that can be used to finance infrastructure improvements in a new development. The improvements must be in a new development. This financing mechanism is designed for large scale residential developments. Speer has advised that this type of financing is generally very expensive for projects that are less than $5,000,000. It does not appear that this type of financing would have use in Flossmoor given current economic development plans.

10. IEPA Low Interest Loan Program

The Village has been awarded four Illinois Environmental Protection Agency (IEPA) federally funded low interest loans; the most recent of which was applied for in 2009 and awarded in 2022. All four loans were used for the four phases of sanitary sewer replacement. Detailed discussion and reports to the Board have taken place previously. The IEPA loan program remains an attractive financing vehicle in the current market. The current interest rate on an IEPA loan is 1.24%. IEPA advised that in September 2011 the program returned to the established formula which follows the Bond Buyer Index. The current rate is expected to be effective until June 30, 2023. The rate would adjust at July 1, 2023 to reflect the previous twelve month's Bond Buyer Index. It is likely that the rate at 7-1-23 will be higher than 1.24% due rapidly rising interest rates in 2022 and 2023 largely in response to surging inflation. At 1.24% on a 20-year loan, each $1,000,000 borrowed would generate approximate annual debt service of $56,630. Total interest costs on $5,000,000 over 20 years would be approximately $663,000.

Updated application materials the Village submitted to IEPA for the Phase 4 loan in 2021 required a 5-year financial projection analysis. Our analysis indicated that the existing $27 surcharge was sufficient and a fee increase was not needed. The IEPA did accept this analysis.

The Village could pursue additional loan financing, but would have to initiate a new application process for a specifically defined project. Similar to the Village's past experiences in the loan process, there could be a significant time frame between initial application and award of the loan. For example, over 13 years passed since our 2009 Phase 4 application until an award was made by IEPA in 2022. There is also a possibility that the loan application could be denied altogether. Also, keep in mind that the Village would have to demonstrate a new dedicated revenue source to repay any new loans. With four loans already being awarded and the Sanitary Sewer Rehab fund balance and the existing surcharge (increased by $12.00 to $27.00 in 2006) already dedicated as the repayment revenue sources, if the Village applied for a fifth sanitary sewer IEPA loan, then an alternative revenue source would likely have to be identified and dedicated. Further, IEPA approval is required to use Sanitary Sewer Rehab revenue/fund balances already dedicated to the current loans although with the 4th loan the commitment only extended thru FY 26. The current surcharge and fund balance by themselves will likely not support a fifth IEPA loan.

As discussed in the 2012 referendum process, IEPA has expanded their program to provide loans for drinking water projects as well. In a scenario of a water project, a water related revenue source (e.g. rate) would have to be identified and dedicated. Public Works Director John Brunke was advised recently by IEPA that the scope of drinking water projects can now extend to comprehensive water meter replacement projects as well as our water supply system improvements associated with the Hammond water supply. Based on the 5-year analysis approach IEPA required on the phase 4 loan, it is possible a water rate increase with a dedicated portion of unrestricted net assets (fund balance), could be a sufficient revenue source for a water project including the water meter replacement program. Funding the annual IEPA loan debt service on the water meter replacement program budgeted cost in FY 24 at $1,501,577 which is now estimated by John to likely cost $1,800,000 would result in an approximated $.43 rate increase. Utilizing a loan for the remaining water supply system improvements which John estimates to now cost $2,943,500 (updated from $1,681,000) would result in an approximated $.70 rate increase. John advises the improvements and corresponding loans could be done in a phased approach. John continues to be advised that there is a long "waiting" time (at least 12 months) from the time IEPA receives a facilities plan and loan application to the time the Village would receive loan funding. Finally, according to IEPA, the loans continue to be subject to "back-door" referendum. For referendum purposes, they are basically treated like a revenue bond.

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11. Business District Special Sales Tax
Speer has advised that the Village, even as a non-home rule community, has the ability to declare a part of a commercial area as a business district. Once a business district has been properly declared, the Village is permitted to assess a special sales tax of 1% for businesses within the district. The sales taxes then must be spent for improvements within the business district. The business district creation and setting of the sales tax can be accomplished without referendum. Speer has explained that while the business district sales tax is typically utilized as an economic development incentive, it can also be used as a financing tool for capital improvements and; hence, could be a tool for the Finance and Facilities Plan. The Village had declared a business district in connection with the failed Bruti/Flossmoor Square project.

12. Limited G.O. Bonds
Another option that could provide partial funding is limited G.O. bonds. This is available for only small amounts and is not subject to referendum restrictions. The revenue source would be property taxes. The maximum that can be borrowed is ½ of 1% of assessed value. Utilizing this formula, the maximum borrowing would be about $381,000.

13. Grants/Federal Funds
In the last three years due largely to COVID and federal legislation, grant and federal funding opportunities have increased significantly. The Village has received numerous grants and federal funds such as the ARPA distributions. The Village has been able to secure grants for major infrastructure projects and has utilized ARPA funds toward the water system improvements needed in relation to our new water supply with Homewood via Chicago Heights and Hammond. John Brunke has advised that ARPA funds can now be utilized for comprehensive water meter replacement projects; a major change in the ARPA program as water meters were not an allowed use previously. Staff will be proposing re-deploying the ARPA funds to utilize them to put toward the water meter replacement project.

GENERAL FUND BALANCE SET ASIDE

The Board's fund balance policy is to set aside a reserve of at least 33% of expenditures and financing uses as reported in the most recent Comprehensive Financial Report (ACFR). The "Reserves" set aside is reflected in the Village's Finance and Facilities Plan. Based on the most recent ACFR (FY 22), the minimum reserve set aside amount is $4,108,000. Expenditures were higher in FY 22 than FY 21. This increase in the "Reserves" set aside is reflected on the General Fund spreadsheet and is in accordance with Board policy.

WATER & SEWER FUND BALANCE RESERVE

As a result of GASB 34 the Board approved a written "Net Unrestricted Assets" (NUA) policy for the Water & Sewer Fund. The policy is to set aside a reserve of at least 30% of operating expenses and transfers out as reported in the most recent Annual Comprehensive Financial Report (ACFR). Applying the 30% criteria to the FY 22 ACFR results in a Water & Sewer Fund reserve set aside of $1,316,000. This is a decrease from last year as FY 22 expenses were lower than FY 21. The accrual based estimated NUA balance at April 30, 2023 is projected to be above the reserve level which is good news.

WATER METER REPLACEMENT PROJECT FINANCING

A memo on financing options for the water meter replacement project was provided to the Village Board in the Manager's Report for the December 18, 2017 Village Board meeting and again with subsequent five-year analyses and with last year's FFP memo. That memo is attached again. The types of financing options and theoretical basis for each remain the same today although amounts would change based on rising interest rates. A major addition to the 2017 options is the potential to obtain a low interest IEPA loan for the project as discussed earlier. With the Water & Sewer Fund projected to generate a sufficient amount available for allocation in the finance and facilities plan at 4-30-23, $300,000 has been dedicated as a set aside at 4-30-23 in the Water & Sewer Fund to partially finance the project. This set aside could be used to offset the updated and increased $1,800,000 project cost and potential debt amount needed.

Additionally, finance and facilities spreadsheets and proposed adjustments to the FY 24 budget draft reflect the following staff recommendation on funding the $1,800,000 project:

1. Use of ARPA funds - $1,050,000 projected to be available; this will be assigned from Hammond related water supply system improvements to the water meter replacement project. The Village would plan to seek a phased IEPA loan approach to remaining water system improvements provided future interest rates remain favorable relative to other financing options.
2. FFP set aside in Water & Sewer Fund - $300,000
3. FFP set aside in General Fund - $500,000 (allows for extra $50,000 project cost). The FY 23 set aside for the water meter replacement project is reduced from $1,501,577 to $500,000.

CURRENT VILLAGE DEBT SERVICE AT A GLANCE

We thought it would be useful to add a section to the report which provides an overview of the Village's current debt service including looking at when each debt piece matures.

Based on our 4-30-22 ACFR, the Village's existing legal debt limit for general obligation borrowing was $21,980,660; of which the amount of outstanding debt service applicable to G.O. bonds was $14,575,000. This means that as the Village's legal debt margin; the amount available for future debt, was $7,405,660. An alternate G.O. bond would technically apply against the debt limit, but could be 100% abated; thereby meaning no impact against the legal debt margin after the abatement. The estimated amount available for future debt based on the estimated legal debt margin at 4-30-23 is approximately $7.7 million.

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The following is a list of each existing debt, the balance owed at 4-30-23 and the date of final payment (e.g. maturity date).

Description	Principal Balance 4-30-23	Maturity Date
2014 Water Main Improvement G.O.	$ 2,775,000	12- 1-2034
2021 G.O. Refunding (2013 Water Mains)	$ 1,825,000	12- 1-2032
2021 Streets and Storm Sewer G.O.	$ 9,635,000	12- 1-2040
IEPA Phase 3 Loan	$ 172,412	4-25-2024
IEPA Phase 4 Loan*	$ 2,043,550	to be determined

*Final amount and maturity date to be determined once construction is completed and may include construction period interest.

Detailed debt service schedules are attached for additional information.

Illinois statute appears to allow for exclusion of indebtedness for the purpose of pumping water from Lake Michigan to be excluded from the legal debt limit. The exclusion would have to be approved by referendum. This could be relevant if the Village needs to incur debt related to its new Lake Michigan water supply from Homewood via Chicago Heights and Hammond. As mentioned earlier, at this time the Village has been utilizing the ARPA funds to use up to $1.244 million toward the project. Also, as discussed earlier, John advised the project would be eligible for a low interest IEPA loan; which will likely be the most prudent option based on the current interest rates. Further, total project costs are now estimated to have increased from $1,681,000 to $2,943,500. Should this statutory exclusion become relevant to borrowing decisions facing the Village, more research would be needed to get conclusive guidance.

Please include this report with other agenda materials for the Finance and Facilities Plan discussion at the April 3, 2023 Village Board meeting in accordance with the FY 24 budget calendar.

3/10/2023

GENERAL FUND

FINANCE AND FACILITIES PLAN WITH FY 23-24 BUDGET PROJECTIONS

Designation	Fin & Fac Plan Balance 4/30/22	Projected Allocated/ Expended 2022-23	Projected Balance 4/30/23	Expenditure Account Number (s)
Fund Balance	$7,944,036	($400,210)	$7,543,826	n/a*
FY 23/FY 24 Budget Operating Deficit	$556,235	($391,601)	$164,634	n/a
Reserves	3,429,000	679,000	4,108,000	33% '22 cafr
Village Hall Municipal Complex Improvements	430,000	70,000	500,000	01-67-7-765
Public Works Salt Storage Building Reconstruction	200,000	-	200,000	not assigned
Water Meter Replacement Program	1,501,577	(1,001,577)	500,000	01-55-7-771
Local Share - CBD Streetscape Grants	467,694	(16,297)	451,397	01-55-7-761
Local Share - Dartmouth Bike Bridge Grant	593,006	-	593,006	01-55-7-770
Water Supply System Improvements	502,715	-	502,715	01-55-7-779
Balance Available For Allocation	$263,809		$524,074	

Notes:
April 30, 2022 set aside balances based on Board approved budget.
Includes fund balance assignment to fund FY 24 budget operating deficit.
Projected figures based on projections in FY 23-24 budget.
*Projected fund balance figure based on projections in FY 23-24 budget

3/10/2023

WATER & SEWER FUND
FINANCE AND FACILITIES PLAN
WITH FY 23-24 BUDGET PROJECTIONS

Designation	Fin & Fac Plan Balance 4/30/22	Projected Allocated/ Expended 2022-23	Projected Balance 4/30/23	Expenditure Account Number (s)
Net Unrestricted Assets*	$1,070,779	$632,138	$1,702,917	
Reserves	1,380,000	(64,000)	1,316,000	30% '22 cafr
Water Meter Replacement Program	-	300,000	300,000	08-11/21-7-771
Balance Available For Allocation	($309,221)		$86,917	

Notes:
April 30, 2022 set aside balances based on Board approved budget.
Projected figures based on projections in FY 23-24 budget.
*Does not include depreciation which posts to Net Capital Assets;
FY 22 depreciation expense = $576,158; includes costs impacting NUA only.

SANITARY SEWER REHABILITATION FUND

3/10/2023 **FINANCE AND FACILITIES PLAN**
WITH FY 23-24 BUDGET PROJECTIONS

Designation	Fin & Fac Plan Balance 4/30/22	Projected Allocated/ Expended 2022-23	Projected Balance 4/30/23	Expenditure Account Number (s)
Net Unrestricted Assets*	$217,612	$133,906	$351,518	n/a
IEPA Loan Repayment-Dedicated Repayment Source	218,885	45,179	264,064	45179 09-00-0-382
IEPA Loan-Dedicated to Sanitary Sewer System Maintenance	-	87,454		09-01-6-671to677,714
		-	87,454	09-00-0-382
Balance Available For Allocation	($1,273)		$0	

Notes:
April 30, 2022 set aside balances based on Board approved budget.
Projected figures based on projections in FY 23-24 budget.
Dedicated repayment source represents end of fiscal year unrestricted net assets commitment to IEPA per Phase 4 loan application.
*Does not include depreciation which posts to Net Capital Assets; FY 22 depreciation expense = $149,268.
Phase 4 application NUA commitment at 4-30-24 = $192,962
Phase 4 application maintenance commitment for FY 24 = $155,596

3/10/2023

MFT FUND

FINANCE AND FACILITIES PLAN
WITH FY 23-24 BUDGET PROJECTIONS

Designation	Fin & Fac Plan Balance 4/30/22	Projected Allocated/ Expended 2022-23	Projected Balance 4/30/23	Expenditure Account Number (s)
Fund Balance	$387,421	$317,311	$704,732	n/a
No Projects Allocated	-	-	-	
Balance Available For Allocation	$387,421		$704,732	

Notes:

April 30, 2022 set aside balances based on Board approved budget.
Projected figures based on projections in FY 23-24 budget.

3/10/2023 **MUNICIPAL PARKING LOTS FUND**

FINANCE AND FACILITIES PLAN

WITH FY 23-24 BUDGET PROJECTIONS

Designation	Fin & Fac Plan Balance 4/30/22	Projected Allocated/ Expended 2022-23	Projected Balance 4/30/23	Expenditure Account Number (s)
Net Unrestricted Assets*	$256,931	$9,449	$266,380	n/a
North Commuter Lot Resurfacing	55,000	-	55,000	40-32-7-703
South Commuter Lot Resurfacing	125,000	-	125,000	not assigned
Balance Available For Allocation	$76,931		$86,380	

Notes:
April 30, 2022 set aside balances based on Board approved budget.
Projected figures based on projections in FY 23-24 budget.
*Does not include depreciation which posts to Net Capital Assets
FY 22 depreciation expense = $10,142

VILLAGE OF FLOSSMOOR
DEBT SERVICE SCHEDULES
APRIL 30, 2022

2014 Water Main Improvements GO Issue

The 2014 Water Main Improvment GO bond issue closed on 12-16-14; total principal borrowed was $3,810,000.

Payable Date	Principal Amount	Interest Amount	Total	Balance
				2,775,000.00
6/1/2023		45,250.00	45,250.00	2,775,000.00
12/1/2023	155,000.00	45,250.00	200,250.00	2,620,000.00
6/1/2024		42,925.00	42,925.00	2,620,000.00
12/1/2024	160,000.00	42,925.00	202,925.00	2,460,000.00
6/1/2025		40,525.00	40,525.00	2,460,000.00
12/1/2025	170,000.00	40,525.00	210,525.00	2,290,000.00
6/1/2026		37,975.00	37,975.00	2,290,000.00
12/1/2026	180,000.00	37,975.00	217,975.00	2,110,000.00
6/1/2027		35,275.00	35,275.00	2,110,000.00
12/1/2027	180,000.00	35,275.00	215,275.00	1,930,000.00
6/1/2028		32,575.00	32,575.00	1,930,000.00
12/1/2028	190,000.00	32,575.00	222,575.00	1,740,000.00
6/1/2029		29,725.00	29,725.00	1,740,000.00
12/1/2029	190,000.00	29,725.00	219,725.00	1,550,000.00
6/1/2030	-	26,875.00	26,875.00	1,550,000.00
12/1/2030	200,000.00	26,875.00	226,875.00	1,350,000.00
6/1/2031	-	23,625.00	23,625.00	1,350,000.00
12/1/2031	205,000.00	23,625.00	228,625.00	1,145,000.00
6/1/2032	-	20,037.50	20,037.50	1,145,000.00
12/1/2032	210,000.00	20,037.50	230,037.50	935,000.00
6/1/2033	-	16,362.50	16,362.50	935,000.00
12/1/2033	460,000.00	16,362.50	476,362.50	475,000.00
6/1/2034	-	8,312.50	8,312.50	475,000.00
12/1/2034	475,000.00	8,312.50	483,312.50	-
Total Debt Serv Sch	2,775,000.00	718,925.00	3,493,925.00	

Bond Payable, 4-30-23	2,775,000.00
Bond Payable, 4-30-22	2,925,000.00
Net AJE Credit To B/P	(150,000.00)

2021 Streets and Storm Sewer Improvement GO Issue

The 2021 Streets and Storm Sewer Improvment GO bond issue closed on 4-6-21; total principal borrowed was $10,000,000.

Payable Date	Principal Amount	Interest Amount	Total	Balance
				9,635,000.00
6/1/2023		143,659.38	143,659.38	9,635,000.00
12/1/2023	380,000.00	143,659.38	523,659.38	9,255,000.00
6/1/2024		134,159.38	134,159.38	9,255,000.00
12/1/2024	400,000.00	134,159.38	534,159.38	8,855,000.00
6/1/2025		124,159.38	124,159.38	8,855,000.00
12/1/2025	420,000.00	124,159.38	544,159.38	8,435,000.00
6/1/2026		113,659.38	113,659.38	8,435,000.00
12/1/2026	440,000.00	113,659.38	553,659.38	7,995,000.00
6/1/2027		102,659.38	102,659.38	7,995,000.00
12/1/2027	465,000.00	102,659.38	567,659.38	7,530,000.00
6/1/2028		91,034.38	91,034.38	7,530,000.00
12/1/2028	485,000.00	91,034.38	576,034.38	7,045,000.00
6/1/2029		78,909.38	78,909.38	7,045,000.00
12/1/2029	510,000.00	78,909.38	588,909.38	6,535,000.00
6/1/2030		66,159.38	66,159.38	6,535,000.00
12/1/2030	535,000.00	66,159.38	601,159.38	6,000,000.00
6/1/2031		60,809.38	60,809.38	6,000,000.00
12/1/2031	550,000.00	60,809.38	610,809.38	5,450,000.00
6/1/2032		55,309.38	55,309.38	5,450,000.00
12/1/2032	560,000.00	55,309.38	615,309.38	4,890,000.00
6/1/2033		49,709.38	49,709.38	4,890,000.00
12/1/2033	570,000.00	49,709.38	619,709.38	4,320,000.00
6/1/2034		44,009.38	44,009.38	4,320,000.00
12/1/2034	580,000.00	44,009.38	624,009.38	3,740,000.00
6/1/2035		38,209.38	38,209.38	3,740,000.00
12/1/2035	595,000.00	38,209.38	633,209.38	3,145,000.00
6/1/2036		32,259.38	32,259.38	3,145,000.00
12/1/2036	605,000.00	32,259.38	637,259.38	2,540,000.00
6/1/2037		26,209.38	26,209.38	2,540,000.00
12/1/2037	615,000.00	26,209.38	641,209.38	1,925,000.00
6/1/2038		20,059.38	20,059.38	1,925,000.00
12/1/2038	630,000.00	20,059.38	650,059.38	1,295,000.00
6/1/2039		13,759.38	13,759.38	1,295,000.00
12/1/2039	640,000.00	13,759.38	653,759.38	655,000.00
6/1/2040		6,959.38	6,959.38	655,000.00
12/1/2040	655,000.00	6,959.38	661,959.38	-
Total Debt Serv Sch	9,635,000.00	2,403,387.68	12,038,387.68	

Bond Payable, 4-30-23	9,635,000.00
Bond Payable, 4-30-22	10,000,000.00
Net AJE Credit To B/P	(365,000.00)

2021 GO Refunding Bond Issue

The 2021 GO Refunding bond issue refunded the 2014 Water Main Improvements GO which closed on 1-22-13 for $3,470,000; total principal borrowed for 2021 GO which closed on 4-6-21 was $2,110,000

Payable Date	Principal Amount	Interest Amount	Total	Balance
				1,825,000.00
6/1/2023		35,800.00	35,800.00	1,825,000.00
12/1/2023	135,000.00	35,800.00	170,800.00	1,690,000.00
6/1/2024		32,425.00	32,425.00	1,690,000.00
12/1/2024	150,000.00	32,425.00	182,425.00	1,540,000.00
6/1/2025		28,675.00	28,675.00	1,540,000.00
12/1/2025	155,000.00	28,675.00	183,675.00	1,385,000.00
6/1/2026		24,800.00	24,800.00	1,385,000.00
12/1/2026	165,000.00	24,800.00	189,800.00	1,220,000.00
6/1/2027		20,675.00	20,675.00	1,220,000.00
12/1/2027	180,000.00	20,675.00	200,675.00	1,040,000.00
6/1/2028		16,175.00	16,175.00	1,040,000.00
12/1/2028	185,000.00	16,175.00	201,175.00	855,000.00
6/1/2029		11,550.00	11,550.00	855,000.00
12/1/2029	200,000.00	11,550.00	211,550.00	655,000.00
6/1/2030		6,550.00	6,550.00	655,000.00
12/1/2030	210,000.00	6,550.00	216,550.00	445,000.00
6/1/2031		4,450.00	4,450.00	445,000.00
12/1/2031	220,000.00	4,450.00	224,450.00	225,000.00
6/1/2032		2,250.00	2,250.00	225,000.00
12/1/2032	225,000.00	2,250.00	227,250.00	-
Total Debt Serv Sch	1,825,000.00	366,700.00	2,191,700.00	

Bond Payable, 4-30-23	1,825,000.00
Bond Payable, 4-30-22	1,950,000.00
Net AJE Credit To B/P	(125,000.00)

Attachment: FY24 Finance and Facilities Plan Financing Update (FY 24 Finance and Facilities Plan)

IEPA Loan Payable-Phase 3

The following is based on the current debt service schedule; final debt service schedule will be provided by IEPA upon final project closeout. Total IEPA Phase 3 loan amount and construction period interest is $2,678,587 (amended loan - unborrowed + const pd int: 2,659,539 + 19,048)

Payable Date	Principal Amount	Interest Amount	Total	Balance
				172,412.32
10/25/2023	85,670.76	2,155.15	87,825.91	86,741.56
4/25/2024	86,741.56	1,084.15	87,825.71	-
Total Debt Serv Sch	172,412.32	3,239.30	175,651.62	
Loan Payable, 4-30-23	172,412.32			
Loan Payable, 4-30-22	340,593.90			
Net AJE Credit To L/P	(168,181.58)			

MEMORANDUM

TO: JOHN BRUNKE, PUBLIC WORKS DIRECTOR
BRIDGET WACHTEL, VILLAGE MANAGER

FROM: SCOTT BORDUI, FINANCE DIRECTOR

C: ED MCCORMICK, VILLAGE ATTORNEY
TONY ANCZER, ASST PUBLIC WORKS DIRECTOR

DATE: DECEMBER 7, 2017

SUBJECT: WATER METER REPLACEMENT PROJECT FINANCING

This is my follow-up report from our meeting on November 10 at which I was tasked with researching options to finance the water meter replacement project. The following opening points should be considered as you review the options:

1. The research is based on John's recommended project option at a cost of $1.726 million dollars. The options John presented ranged from $1.523 million to $1.868 million.
2. This project has been set aside in the Village's Finance and Facilities plan for several years and budgeted at $1.26 million. As a result, the project is nearly $500,000 over budget and over the set aside; a level of overage that we have not anticipated or planned for. The magnitude of the overage has caused additional and immediate financial stress related to paying for the project.
3. The uncertainty, imbalance and instability of the Village's General Fund will not be begin to be addressed until the upcoming non-home rule (NHR) sales tax referendum is decided. The referendum impacts decisions made regarding proceeding with spending the existing $1.26 million set aside. If the NHR referendum fails, the Village may need the $1.26 million set aside to simply pay for deficits in the short-term as the Village's existing financial structural imbalance is not sustainable. If the referendum passes, it could still be practical to spend all or part of the set aside for its intended purpose. However, even a successful referendum will not fully address the Village's financial problems.
4. Regarding any financing options that result in borrowing, it is important to understand that the Village would be incurring long-term debt to finance what is essentially an operating expense as meters are not capital assets meeting criteria in the Village's capitalization policy. In any scenario, this is a poor financial formula to have a mismatch between long-term debt and capital assets.
5. In my research with Johnson Controls (JCI) on the leasing debt option, JCI was very clear to advise me that they feel our meters are already reading "substantially" accurate and they can only guarantee a 3% "accuracy" pickup. In other words, we are on average reading and billing at 97% of actual usage. I have verified with John that the JCI number is accurate. A 3% accuracy improvement would generate an additional $108,265 in annual revenue based on FY 17 usage.
6. Finally, it is worth noting that the Village's mid-year financial review for FY 18 projects an operating deficit of nearly $650,000. Further, the FY 19 budget will likely disclose an operating deficit; the magnitude of which we will know in detail this spring.

A summary of options will be presented into two sections summarizing the borrowing options and non-borrowing options. Research was conducted by the Village's financial advisor, Speer Financial, to determine the best of the borrowing options. Additional research was conducted by Village Attorney Ed McCormick on both borrowing and non-borrowing options. Finally, a leasing option with JCI's assistance was reviewed with JCI.

BORROWING OPTIONS

To minimize the negative impact of the fundamental financial mismatch discussed earlier related to using debt to fund non-capital expenses; although research was in the 10-20 year range, I have concluded that if we do go into debt the term should be no longer than 10 years. Revenue bonds were deemed too expensive to consider and General Obligation bonds would require a referendum so those mechanisms are not presented. Basically, to determine the total project cost utilizing borrowing, total interest and fees should be added to the $1.726 million number.

G.O. Alternate Revenue Source Bond Issue

The Village could issue bonds which are guaranteed by the full faith and credit of the Village (i.e. property taxes), but are supported by other revenue sources. The Village would need to dedicate a specific revenue source (i.e. water rate increase, utility taxes) to repay the debt. Under tax cap legislation, this type of issue is subject to a possible "back-door" referendum. An alternate revenue source bond issue requires a pledge of $1.25 in revenue for each $1.00 of debt. A repayment schedule could be structured to repay more principal at the back end of the debt service. This is the cheapest of the borrowing options.

Estimated Interest Rate: 2.12%
Total Interest: $200,418
Annual Debt Service: $192,642
Fees: Approximately $45,000 (30 bp to rate)
Rating: Would require rating by S & P
Revenue Sources: Water/Sewer rate increase ($.77)*, Surcharge ($13/qtr), Other existing General Fund revenue/set aside

***An increase in sewer rates for this type of financing would require IEPA consent due to the existing loans.**

Debt Certificates/Installment Contract

The Village could finance debt with a 10 debt certificate/installment contract. Debt certificate terms would not be subject to any referendum restrictions. A debt certificate is not backed by the full faith and credit of the Village. However, all revenues other than dedicated property taxes and other dedicated revenues (e.g. SSR revenues, pension funds) are pledged. As a result, this type of financing is typically 25-50 basis points more expensive than bonding. Even though, the debt would be backed by "all revenues", a repayment source would still have to be identified and budgeted. Speer has advised that this mechanism can be initiated either before or after the Village signs a contract with JCI based on a firm bid for a specific project/service. Speer would then "securitize" the contract by competitively obtaining a rate and appropriate financing. A repayment schedule could be structured to repay more principal at the back end of the debt service.

Estimated Interest Rate: 2.42%
Total Interest: $225,061
Annual Debt Service: $195,106
Fees: Approximately $45,000 (30 bp to rate; assumes S & P rating)
Rating: Not required, but rating could help achieve lower rate. Would likely not be rated as high as alternate G.O. by S & P
Revenue Sources: Water/Sewer rate increase ($.78)*, Surcharge ($13/qtr), Other existing revenue/set aside, 3% accuracy pickup amount can be proposed.

***An increase in sewer rates for this type of financing would require IEPA consent due to the existing loans.**

Lease – JCI Assisted

JCI has a service they provide to project contract clients whereby JCI would conduct an RFP process on behalf of the Village with a pool of banks/finance companies with whom JCI does business for tax exempt lease financing. The lease would not be subject to referendum restrictions. JCI would then receive bids on the Village's behalf and present the Village with the results. The Village would then be expected to sign a contract with the successful financier at the same time the performance contract is signed with JCI. This would require about a 2 week time frame to conduct the RFP and evaluate results in advance of a contract signing. The Village would have to involve both its local counsel and bond counsel in the process. The repayment source would expected to be from savings on hand or money that becomes available in the budget as a result of the project. For example, the 3% accuracy pickup or existing small meter budgets could be considered as money becoming available. This is the most expensive of the financing options presented. I am also skeptical about the interest rate estimate as I do not have anything in writing to substantiate. Speer has advised that they have had clients use this financing.

Estimated Interest Rate: 2.75% (per JCI leasing representative)
Total Interest: $271,672
Annual Debt Service: $199,767
Fees: $15,000 (10 bp to rate; assumes no S & P rating)
Rating: Not required as most recent rating would be reviewed. However, affirmation could be needed to achieve lowest rate.
Revenue Sources: Water/Sewer rate increase ($.80)*, Surcharge ($14/qtr), Other existing revenue/set aside, small meter budget ($10,000), 3% accuracy pickup amount can be proposed.

***An increase in sewer rates for this type of financing would require IEPA consent due to the existing loans.**

Limited G.O. Bonds

Another option that could provide partial funding is limited G.O. bonds. This is available for only small amounts and is not subject to referendum restrictions. The revenue source would be property taxes. The maximum that can be borrowed is ½ of 1% of assessed value. Utilizing this formula, the maximum borrowing would be about $375,000.

NON-BORROWING OPTIONS

All of the non-borrowing options effectively utilize cash to pay for the project. As a result, these are all significantly cheaper than any of the borrowing options and represent the ideal approach from a financing perspective. I'll start by discussing two options which would provide small amounts of funding, but not enough to finance the entire cost of the project.

Water Fund Tax Levy

Ed has advised that the Village could establish a Water Fund property tax levy line which could generate funds to be used to pay for the project. The Water Fund tax levy can be established without referendum at a maximum of .0166 by a majority vote of the Board or .05 by a 2/3 vote of the Board. The earliest levy this could go into effect at this point would be 2018 (payable 2019). This levy would be subject to the total Village tax cap and does not amount to extra or new money. In order words, another levy line would have to be cut. The Water Fund tax levy would amount to partial funding of an enterprise fund with property tax revenue which could be viewed as an unnecessary tax given the Board can raise rates/fees. A levy at the .05 rate would generate an estimated $105,392 annually.

Working Cash Fund

The Village currently has $500,000 in its Working Cash Fund. Ed has advised that it would be allowable to utilize the Working Cash Fund in anticipation of future receipts. Ed also advised the Village could increase the fund to a maximum of $700,000. By definition, the fund is for working cash purposes, so repayment should be within a year; ideally with a $0 balance by fiscal year end. Although those repayment terms are not legal requirements.

General Fund Finance & Facilities Plan Set Aside

As discussed earlier, there is a finance and facilities plan General Fund set aside to pay for this project in the amount of $1,260,000. The set aside was also approved for expenditure with a line item in the FY 18 budget. The Village has been keeping a set aside in anticipation of this project for many years and could go ahead and expend the funds. The Village could also set up an interfund advance/payable (i.e. loan) between the General and Water & Sewer Funds. The problem with this approach is it would wipe out all of the Water & Sewer Funds net unrestricted assets as there would not be an offsetting capital asset. There are other accounting approaches that could be researched including considering adjusting transfers. The risks associated with spending the set aside were discussed in the opening points.

Directly Bill Customers for Cost

Perhaps the cheapest and most efficient financial approach given the uncertain overall financial situation is to bill each of the utility billing customers directly for the cost of the project. This would be administratively challenging although can be generally achieved within existing software constraints assuming needed custom programming would be minor. This approach could also potentially generate funds quickly without incurring debt. Based on the $1,726,000 project cost with a $24,000 offset for scrap on the old meters, the billing would look as follows:

-Equipment/Materials: $240 per customer
-Labor/Installation/Services: $212 per customer
-Total Cost: $452 per customer

This could be achieved with a one-time billing or spread out over time; perhaps over the course of a year. This could end up being the cheapest overall cost to the resident, but will likely have the most negative customer relations impact.

Do Not Proceed with Full Project at Once

Finally, based on the expensive cost of the project, a decision could be made that the Village is simply not willing to increase fees, rates, bills, etc. to residents to pay for the project and/or is not comfortable with non-borrowing options in the context of spending $1.726 million at once. In other words, a conclusion that we can't afford to do this all at once and will have to phase the project in smaller amounts over a longer time period. I would suggest John provide input on the operational impact of phasing.

VILLAGE BOARD DECISIONS & CONSIDERATIONS

In order for staff to assert financing recommendations, there are policy decisions that the Village Board will need to make first. The decisions are presented in a "decision tree." These decisions should also be made within the context of prioritizing and funding other infrastructure and capital project needs. For example, the Village already has an IEPA loan application in the queue for a sanitary sewer project that will result in an increase in the quarterly sanitary sewer surcharge if the loan is approved.

PAGE 6 – WATER METER REPLACEMENT PROJECT FINANCING – DECEMBER 7, 2017

Village Board Decision Tree:

1. Does the Village Board want to make a financing decision now or wait until the success of the non-home rule sales tax referendum has been determined by the voters?
2. If #1 is no, the decision tree stops here until after the referendum.
3. The next decision is should the Village borrow money for this project?
4. If #3 is yes, should the Village borrow the full $1.726 million?
5. If #3 is no, go to non-borrowing considerations
6. If #4 is yes, go to full borrowing financing recommendation
7. If #4 is no, go to combination considerations

Full Borrowing Recommendation:

The leasing option thru JCI appears at least worthy of consideration and evaluation. I suggest the Village authorize the RFP. Once the RFP is complete, the Village would evaluate the results and consult Speer Financial to determine if leasing is more attractive than alternate revenue bonds or debt certificates. If yes, we would proceed with a lease. If not, we would initiate the process for financing with alternate revenue bonds or debt certificates.

Non-Borrowing Considerations:

If the Board has determined to delay the decision on non-borrowing financing until the referendum has been decided, then non-borrowing options would be re-evaluated at that time. If the decision is to go forward with the project without the referendum, the direct billing approach should be considered the most efficient and prudent approach from a financial perspective. In either event, the Board could also decide to phase the project rather than do all at once.

Combination Considerations:

The Board could consider a combination of both borrowing and/or multiple non-borrowing options. As with non-borrowing considerations, referendum results could impact a decision regarding combination financing. For example, if the referendum is successful, there might be an adequate comfort level with spending the $1.26 million set aside and supplementing with the Working Cash Fund. This is the ideally the least expensive solution to the Village and its residents as it would carry out the planned set aside.

TO: Bridget Wachtel, Village Manager
CC: John Brunke
FROM: Scott Bordui, Finance Director
DATE: March 27, 2023
SUBJECT: Discussion of Water & Sewer Rates and Stormwater Utility Fee Rate

FLOSSMOOR

The FY 24 budget calendar includes a discussion on water and sewer rates which has become an annual review as part of the budget process. I have completed an analysis which may be utilized as the basis for discussion in the FY 24 budget process. Attached are several spreadsheets; including the Water & Sewer Rate Increase Analysis spreadsheet, which analyzes the cost of providing water and sewer service relative to the current rates being charged. A few important factors should be kept in mind as these spreadsheets are reviewed. First, this is our first rate increase under the Village's new water supply contract which is Hammond water thru Chicago Heights and Homewood. The initial combined rate for all three entities has been $4.75 per 1,000 gallons and the first delivery of water occurred in July 2022. Second, all three components will have annual increases at the lesser of 3.0% of the Consumer Price Index (CPI) utilizing CPI-U. Third, the annual increases would adjust on the anniversary as defined in the contract. The contract states the earlier of the anniversary of the month following initial delivery (August 1, 2023) or January 1, 2023. There is uncertainty regarding the wording in the contract and when the first increase will occur. We have discussed this with Homewood and a conclusion has not yet been made at this time. It would seem to be either January 1, 2023 or August 1, 2023. Based on the criteria on the amount of the increase and because of surging inflation being well above 3.0%, our first increase will be based on 3.0% whether January 2023 (12-31-22 CPI) or August 2023 (7-31-23 CPI) is used. In any event, our analysis includes budgeting for a full year of the higher rate based on a 3.0% increase. Finally, the budget discussion is expanded this year to include the stormwater utility fee due to a Storm Sewer Fund deficit in the FY 24 draft budget.

Additional spreadsheet attachments are provided as follows:

- Analysis of Projected FY 24 Accrual Basis-This is an analysis of cost of service based on the accrual basis which is the basis utilized in determining the Fund's overall financial position in the audited financial statements.
- FY 24 Budget Summary spreadsheets for the Water & Sewer Fund including the FY 24 budget by service type. The spreadsheets reflect a proposed Finance & Facilities Plan adjustment to fund $300,000 of the water meter replacement project in the Water & Sewer Fund.
- Water Usage History-Billed to Purchased Ratio which covers the last 26 years.
- Financial Performance & Rate History spreadsheet which covers the last 26 fiscal years.
- FY 24 draft Storm Sewer Fund budget.

The history spreadsheet continues to be relevant to the discussion of water and sewer rates.

The spreadsheet displays how the Water & Sewer Fund's total net assets have shown periods of decline since 1998 although increases were posted for FY 06, FY 07, FY 08, FY 11, FY 14, FY 15, FY 16, FY 17 and FY 18; many of the latter eight years due primarily to capital contributions from outside the fund. Net assets are divided into "Net Capital Assets" and "Net Unrestricted Assets" (effective with FY 13 per GASB the terminology "assets" was replaced with "position" in the Village's AFR). What this does for us in terms of considering our rates is effectively segregate our capital position from our operating position. For example, at the end of FY 22 total net assets decreased by $218,202; consisting of a decrease in net unrestricted assets (NUA) of $284,857 and an increase in net capital assets of $66,655 (with $476,148 in capital contributions in FY 22). In summary, what this all means is that water and sewer rates did not fund operations or fund capital replacement costs (i.e. depreciation); as without capital contributions net capital assets would have declined. Since the Village's budget is based on the cash basis and excludes depreciation, net unrestricted assets provide a better measure of the operating position of the fund.

Now for an update on the billed to purchased ratio. Due largely to the Vollmer Reservoir repairs, the Village's billed to purchased ratio improved from just under 60% in FY 17 to 77% in FY 18 and to 83% in FY 19. Unfortunately; since that initial boost, there was regression with FY 20 finishing at 75% followed by a rebound to 81% for FY 21 and another regression with FY 22 finishing at 69%. There was some recovery in calendar year 2022 with the ratio finishing at 76%. Net unrestricted assets dropped in both FY 21 and FY 22 after increasing 5 years in a row. The recurring problem of the declining NUA has been due, largely in part, to the poor billed to purchased ratio which; if we can at least get it settled in above 80%, will go a long way to solidifying the Water & Sewer fund.

Net unrestricted assets at 4-30-22 were $1,070,779; ending $309,221 below the reserve level. This means the Village did not generate a surplus which would result in balances being available for allocation in the Finance and Facilities Plan. The Village did attempt immediate funding to bring the NUA up to reserve level by cancelling the 3rd quarter FY 23 administrative transfer to the General Fund; a move which appears to have been successful. The projection of net unrestricted assets at 4-30-23 based on projections in the FY 24 budget draft is $1,674,792; an amount $358,792 above the new reserve policy level which will be $1,316,000.

With the FY 23 projection to be $358,792 above the reserve policy level, the Village is in a position to budget a portion of the water meter replacement project directly in the Water & Sewer Fund without an additional rate increase. The FFP discussion proposes $300,000 in the Water & Sewer Fund for the project.

A cash basis analysis of the FY 24 Budget Summary sheets based on dollars shows a total operating surplus of $242,462 in the FY 24 budget. Further, an analysis of the operating surplus by service shows water service generating a surplus of $252,735 and sewer service operating at a deficit of $10,273. However, this is with non-depreciable capital projects in FY 23 and FY 24. The total fund FY 24 budget reflects an overall cash basis deficit of $57,538. Further, FY 23 projections indicate an operating surplus of $632,138 which will close the FY 22 deficit relative to reserve levels and keep the fund above reserve levels for FY 23 and FY 24. The FY 24 numbers include $300,000 allocated for water meter replacement.

A challenge ahead is that the water meter replacement program; although classified in our budget as a non-operating expense, does not represent purchase of capital assets. On an accrual basis for FY 24, there will be a decrease in net assets with virtually no provisions for the replacement/upgrade of the water system. Budget amounts for FY 24 for the fund in total on an accrual basis indicate a decrease in total net assets by $633,697 with net unrestricted assets decreasing by $57,538 and net capital assets decreasing by $576,159. The FY 23 accrual projections reflect total net assets increasing by $310,484 although this includes estimated capital contributions for the Berry Lane water main and Hammond water supply improvement projects. More importantly, the net unrestricted assets component for FY 23 is projected to increase by $632,138; an amount which bring the Village above meeting its reserve policy level. Should the projections hold, the Village's net unrestricted assets would be above the 4-30-23 reserve policy level of $1,316,000 by $358,792. Further, the FY 24 budgeted net unrestricted assets projection would result in net unrestricted assets at 4-30-24 decreasing to $1,617,254; which would also keep the Village above its reserve policy level. Keep in mind this is with the water meter replacement project budgeted in FY 24. Overall, these are numbers which demonstrate a potential for a regressing trend largely dependent on the impact of the Village's water losses and the reasons for updating aging water main infrastructure and the old, outdated or failing residential meters. The potential regression bears continued monitoring in future budgets.

Four options are presented for discussion. Attached is a spreadsheet which details the Village's cost rate with Hammond and presents the four options the Village could consider in setting the rate to its customers.

Discussion of Four Options

Option 1-No Increase or Decrease

The option simply leaves both the water and sewer rates at their current amounts. As noted earlier, the all component increase anticipated for 1-1-23 or 8-1-23 is 3.0%. The dollar amounts shown in the FY 24 budget summary for the FY 24 budget do indicate an overall deficit the magnitude of which is estimated to sustain net unrestricted assets ("operating" assets) to a level at or above the reserve policy level by the end of FY 24 (and FY 23). Keep in mind that revenues in the FY 24 budget are conservatively budgeted based on past averages.

Option 2-$1.66 Increase for Accrual Basis Rate

This option presents the results of an accrual basis cost of service rate analysis also based on the proposed FY 24 budget. The single most significant difference between the cash and accrual approaches is that the accrual basis includes depreciation expense. It is important to keep this in mind, as the financial performance and ultimate position of the fund in total is determined on the accrual basis which includes depreciation. Further, by funding for depreciation with an accrual-based rate, it has the effect of saving for future capital replacements. The accrual-based rate would be the "ideal" approach for a complete save and spend strategy for the Water and Sewer fund. The effect on the total overall rate would be a $1.66 increase. This would represent an increase of 10.0%. However, the more relevant accrual-based numbers are the dollars themselves which, <u>without the capital contributions from the G.O. bond issues</u>, would have resulted in total net assets deficits for FY 14, FY 15, FY 16, FY 17 and FY 18. FY 19; even with a capital contribution, had a total net assets deficit for the year. FY 20, FY 21 and FY 22 also had total net assets deficits. FY 23 projects a total net asset surplus but that is with capital contributions. Accrual based projections for FY 24 project a total net assets deficit. Like Option 1, Option 2 makes an assumption that in FY 24 we will continue billing usage at a pace consistent with prior years usage and that the billed to purchased ratio does not digress. Option 2 would reallocate water and sewer rates between water and sewer with the water rate increasing by $1.13 and the sewer rate increasing by $.53.

<u>Option 3-$.19 Increase to Cover Hammond, Chicago Heights and Homewood Increase</u>
The third option is to provide a $.19 increase to cover the upcoming 8-1-23 (or impending 1-23) all component (Hammond, Chicago Heights & Homewood) rate increase. This option simply represents a direct "pass thru" of the contract rate increase to the Village's billing rate. The Village's total billing rate would increase by 1.1%. Option 3 also proposes an allocation between water and sewer rates which would have a net result of the water rate increasing by $.11 and the sewer rate increasing by $.08.

<u>Option 4-$1.44 Increase to Cover Option 3 Costs and Water & Sewer Fund Capital Outlay/Non-Operating Projects in FY 24 Budget</u>
The fourth option presents the amount of increase which would be needed to cover all Water & Sewer Fund capital outlay/non-operating projects budgeted in FY 24. Keep in mind this does not cover Water & Sewer Fund projects budgeted in the General Fund. One of the major financial impacts of the Water & Sewer Fund's struggles over the years has been having to pay for capital outlay and non-operating projects out of the General Fund. This has applied to both planned projects and unplanned projects such as the Woods lift station replacement. The impact has been to reduce General Fund balances available to fund non-water and sewer finance and facilities plan projects and/or operations. The draft FY 24 Water & Sewer Fund budget and amended FY 23 budget includes budgeting $300,000 (proposed FFP adjustment) and $28,125, respectively, for the water meter replacement project. The total cost of the remaining water meter replacement program discussed earlier is estimated by Public Works Director John Brunke to be $1,800,000.

The increase would fund all FY 24 budget operating costs including all Hammond/Chicago Heights/Homewood rate increases scheduled in FY 24 and $300,000 in FY 24 capital outlay/non-operating expenses. Like Options 1, 2, and 3, Option 4 makes an assumption that in FY 24 we will continue billing usage at a pace consistent with prior years usage and that the billed to purchased ratio does not digress. The effect on the total overall rate would be $1.44. This would represent an increase of 8.7%. Option 4 allocates water and sewer rates with water increasing by $1.13 and sewer increasing by $.31. It is important to remember that on an accrual basis the $300,000 for the water meter replacement project will end up as an operating expense.

<u>Recommendation</u>

The recommendation is that the Village selects Option 3 which represents a pass thru of the water supply contract rate increases which will impact the Village in FY 24.

There are a few reasons why I believe this is the preferred option for this year:

1. The net unrestricted assets approach continues to provide a better match to our cash basis budget. There is a projected budgeted total cash basis surplus of $632,138 for FY 23 that was helped with the cancellation of the $301,535 third quarter General Fund administrative transfer. As discussed earlier, the Village ended FY 22 below reserve levels which necessitated the action relative to the administrative transfer. The projected FY 23 surplus would be sufficient to keep the Village above reserve levels for both FY 23 and FY 24 even with the $300,000 for water meter replacement. As a result, an extra increase to cover the $300,000 is not necessary at this time. Nevertheless, it is important that the Village execute the pass thru of the water supply costs so as not to fall behind.

2. Option 3 includes a pass thru of the increases being mandated by Hammond, Chicago Heights and Homewood in accordance with the Village's contract to purchase water. Homewood will pass thru Hammond and Chicago Heights increases and increase their own delivery rate as allowed in the contract. The cost increases are beyond the Village's control as we are subject to the contract.

3. The initial rate for Hammond/Chicago Heights/Homewood water is $4.75 per 1,000 gallons. The first increase will be 3.0%. With a 3.0% CPI cap over the life of the contract, this will give the Village excellent financial stability relative to the purchase cost of water.

4. Option 3 ends up covering all operating costs on a cash basis as presented in the FY 24 budget.

5. The Village's brief short-term recovery in its long-standing poor billed to purchase ratio; while positively impacting the financial health of the Water & Sewer Fund and the rates needed to cover the purchase costs, has ended and the ratio is in regression. In calendar year 2022 the ratio was 76% which followed 74%, 76%, 78%, 83% and 68% for calendar years 2021, 2020, 2019, 2018 and 2017, respectively. Nevertheless, the ratio tells us that the Village still pays for this water, but doesn't realize revenue to offset the cost. Water loss is normal in any system, but our ratio has been at times for many years at such a low enough point that it has often been an ongoing contributing factor to the rate increase recommendation. The positive trend that had emerged from the reservoir repairs provided short-term relief but has not been sustained. The FY 22 ratio regressed to 69% which followed the 81% for FY 21, 75% for FY 20, 83% for FY 19, 77% for FY 18 and 60% for FY 17. FY 17 was the lowest year ever in at less than 60%. FY 18 broke a streak of 7 consecutive years the Village had at least a 33% water loss. The fiscal and calendar year 2022 regressions bear close monitoring. The overall poor ratio trend that has existed for the better part of over two decades has proved to be unsustainable in terms of its impact on water rates and has contributed to large increases. Public Works Director John Brunke's research before the start of the water meter replacement project indicated over 1,500 residential meters more than 10 years old that were never replaced in the previous water meter replacement program and approximately 600 meters replaced with underperforming meters. As a result, I continue to believe residential water meter replacement should be a financial priority for the Village.

6. The Village had been in a situation for several recent years where the Village was violating its own net unrestricted assets policy which necessitates a 30% reserve set aside in the Finance and Facilities Plan. If the Village does not pass thru rate increases from its water supply purchase contract and cover costs in Option 3, we will find ourselves trending back toward violation of the policy again.

7. Inflation has surged to the highest level in over 40 years. There does not appear to be any end near-term in sight to the high inflation. The most recent CPI was at 6.0% after being as high as 9.2% in June 2022 and as low as only 1.4% as recently as December 2020. The impact of surging inflation has also hit the Water & Sewer Fund. The Village is fortunate that its water supply contract has a cap which is currently well below CPI to help mitigate the impact of soaring inflation. Nevertheless, the cost of water and sewer service includes expenses other than purchasing water that are not capped and could even exceed CPI. Inflation is impacting all types of utilities; water and sewer service is no exception. In reality, the 1.1% increase in Option 3 is well below CPI.

8. Prior to the November 2012 referendum for the water main improvement program, the Village had spent little in many years for capital investment into the water system's infrastructure. If the Village does not increase rates, the Village will fall even further behind in its funding of capital needs for the water system.

Decisions will still need to be made by the Village regarding future Finance and Facilities Plan projects. As disclosed in recent budgets including last year's and again in the FY 24 budget, the future water and sanitary sewer related Finance and Facilities Plan projects will require financing beyond what is available for allocation from the fund balance. Depending on the directions taken regarding decisions about when to implement projects, the Village could be in a position where even greater rate increases or alternative financing will be needed to fund capital projects.

If rates can get back to generating a small surplus on an operating basis, if the Village can consistently stay above its reserve policy levels and if major improvements to its billed to purchase ratio can be achieved and sustained, then the Village's overall rates could once again be generating surplus for the Finance and Facilities Plan.

Storm Sewer Fund & Stormwater Utility Fee

As mentioned earlier, the discussion is expanded this year to include the stormwater utility fee rate. In the interest of time, I have added it to the water & sewer rate discussion rather than a separate report from Public Works as we have done previously. The situation is fairly straightforward. The draft FY 24 budget indicates that a net unrestricted assets deficit of $19,338 will exist in the Storm Sewer Fund by the end of FY 24. A copy of the draft budget is attached. In order to address the deficit before the final budget approval a rate increase is recommended. Each $.01 of stormwater utility fee rate would generate approximately $2,400 in revenue with a $.09 increase covering the deficit. However, this would be cutting it close and provide no margin should FY 24 actual results fall short of the budget. That scenario could result in an actual NUA deficit which would require immediate attention. There has not been a rate increase since FY 20 and inflation has impacted operating costs in the Storm Sewer Fund as well. Therefore, I recommend a $.25 increase which would generate approximately $60,000 in revenue. Alternatively, to a rate increase, the Village would have to cut expenses or move expenses to the General Fund.

Should the Board concur with Option 3 for water and sewer rates and with the stormwater utility fee increase, the Board should direct Village Attorney Kathi Orr to prepare an ordinance for the next Board meeting. Should the Board select another option or alternate rate(s), the direction to Kathi should be modified accordingly. Should the Board select Option 3 or another option which changes rates, the effective date should be April 1, 2023 which would be the start of a new billing quarter. Approval of a change at the April 17, 2023 Board Meeting would still allow sufficient time to implement new rates for April 1, 2023. In accordance with the FY 24 budget schedule, please place consideration of water and sewer rates on the March 27, 2023 Board Meeting agenda.

WATER & SEWER RATE INCREASE ANALYSIS
MARCH 22, 2023

VILLAGE OF FLOSSMOOR COSTS:

Description	Current Charge* 3/1/23 1000 gal	New Charges FY 24^ 1000 gal	% Increase	Annual Cost Of Increase
Hammond Base Charge	$ 2.05	$ 2.11	3.00%	$ 19,250
Chicago Heights Delivery Charge	2.00	2.06	3.00%	18,780
Homewood Delivery Charge	0.70	0.72	3.00%	6,573
TOTAL CHARGE (agrees to VOH)	$ 4.75	$ 4.89	3.00%	$ 44,603

VILLAGE OF FLOSSMOOR RATE TO CUSTOMERS:

Description	Water Rate	Sewer Rate	Total Rate	Increase In Annual Revenue
Current	$12.48	$4.06	$16.54	
Option 1 - no increase or decrease	$12.48	$4.06	$16.54	-
Option 2 - $1.66 per 1000 gallon increase to cover cost of water & & sewer service (10.0% increase overall)-Accrual Basis Rate	$13.61	$4.59	$18.20	395,578
Option 3 - $0.19 increase to cover 8-1-23 all component increases (Hammond, CH, Homewood 1.1% increase overall)	$12.59	$4.14	$16.73	45,277
Option 4 - $1.44 increase to cover Option 3 costs + FY 24 water non-operating/cap budget in general fund $300,000 (8.7% increase)	$13.61	$4.37	$17.98	343,152

ANALYSIS NOTES:

-Annual costs based on purchase usage period CY22 (313,000,000 gallons)
-Annual revenue based on billing usage period CY22 (238,300,000 gallons)
^Includes all component increase 8-1-23 - will be lesser of 3.0% or CPI as of 7-31-23; CPI at 2-28-23=6.0%
*Agrees to Village of Homewood calculation - Homewood billed 4.75 on 3-7-23

COMPONENTS OF WATER RATE 3-23:

Component	Current Rate	Option 1	Option 2	Option 3	Option 4
Cost of Water From Harvey	$ 4.75	$ 4.89	$ 4.89	$ 4.89	$ 4.89
Cost of Water Operations	7.73	7.59	8.72	7.70	8.72
TOTAL COST RATE	12.48	12.48	13.61	12.59	13.61

COMPONENTS OF SEWER RATE 3-23:

Component	Current Rate	Option 1	Option 2	Option 3	Option 4
Cost of Sewer Operations	$ 4.06	$ 4.07	$ 4.59	$ 4.14	$ 4.37
TOTAL COST RATE	4.06	4.07	4.59	4.14	4.37

-Current cost of water from Hammond based on current per 1,000 gallon ($4.75)
-Options 2-4 cost of water based on new FY 24 per 1,000 gallon purchase cost ($4.89).
-These are the rates needed to charge residents in order to cover cost of water purchases

COST OF SERVICE ANALYSIS
PROJECTED 23-24
ACCRUAL BASIS

3/13/23

Description	Service Water	Debt Water	Total Water	Service Sewer	Total
Expenses-FY 24 draft budget	2,832,595	-	2,832,595	981,548	3,814,143
Recommend FY 24 budget adj	225,000	-	225,000	46,875	271,875
Less:Debt Service	-	-	-	-	-
Less:Capital Outlay Expenses	-	-	-	-	-
Plus:Estimated Depreciation	443,214	-	443,214	132,945	576,159
Net Expense	3,500,809	-	3,500,809	1,161,368	4,662,177
'000 Gallons Purchased	313,000	313,000	313,000	313,000	
Theoretical Rate	11.18	-	11.18	3.71	14.90
X Gallons Lost/Not Billed (24%)	1.24	1.24	1.24	1.24	
Gross Rate	13.87	-	13.87	4.60	18.46
% Supported By User Charge	98.1%	98.1%	98.1%	99.8%	
Cost Rate	13.61	-	13.61	4.59	18.20
Actual Rate	12.48	-	12.48	4.06	16.54
Surplus/(Deficit)	(1.13)	-	(1.13)	(0.53)	(1.66)

Assumptions:
-Expense figures based on FY 23-24 prelim budget
-Capital Outlay depreciable expenses (removed fr calculation)
-Non depreciable capital outlay (if any) not removed from calculation
-Depreciation estimate reflects FY 21-22 amount
-Gallons based on actual purchases for calendar year 2022
-24% of gallons purchased were not billed based on calendar year 2022% (238,300 bill/313,000 purch)
-% supported by user charge based on budgeted revenues (sales + penalties) for 21-22
-FY 24 budget includes $28,125 in capital outlay (wat 0; sew 28,125); however it is all the water meter replacement program which is an operating expense for accounting purposes and doesn't quailify as capital
-Spreadsheet modified for staff FFP recommended FY 24 budget adjustment to increase capital outlay from by $271,875 to $300,000 (total: wat 225,000; sew 75,000)

VILLAGE OF FLOSSMOOR
WATER & SEWER FUND SUMMARY
FY 24 BUDGET

2-17-23
3-15-23 w/ proposed FFP adjustment

Description	FY 24 Budget		FY 23 Projections		FY 23 Budget*
TOTAL REVENUE	4,028,480		4,019,750		4,063,820
Less:					
None	-		-		-
OPERATING REVENUE	4,028,480		4,019,750		4,063,820
TOTAL EXPENSES	4,086,018		3,415,737		3,481,179
Less:					
Capital Outlay/Non-Operating:					
Water Meter Replacement Program	(300,000)	w75/s25	(28,125)	s100	(56,250)
OPERATING EXPENSES	3,786,018		3,387,612		3,424,929
NET OPERATING	242,462		632,138		638,891
NET TOTAL WATER & SEWER FUND	(57,538)		604,013		582,641

Note: Figures subject to final review upon completion of detailed line item budget
**Amended budget; includes budget amendments: Total Rev=0; Total Exp=(299,453)*

VILLAGE OF FLOSSMOOR
WATER & SEWER FUND SUMMARY
FY 24 BUDGET-BY SERVICE

2-17-23
3-15-23 w/ proposed FFP adjustment

Description	Water	Sewer	Total
TOTAL REVENUE	3,085,330	943,150	4,028,480
Less:			
None	-	-	-
OPERATING REVENUE	3,085,330	943,150	4,028,480
TOTAL EXPENSES	3,057,595	1,028,423	4,086,018
Less:			
Capital Outlay/Non-Operating	(225,000)	(75,000)	(300,000)
OPERATING EXPENSES	2,832,595	953,423	3,786,018
NET OPERATING	252,735	(10,273)	242,462
NET TOTAL WATER & SEWER FUND	27,735	(85,273)	(57,538)

Note: Figures subject to final review upon completion of detailed line item budget

Attachment: Agenda 2023-3-27 (Discussion of Water & Sewer Rates)

VILLAGE OF FLOSSMOOR
WATER USAGE HISTORY
BILLED TO PURCHASED RATIO
FY 97 TO FY 22

Fiscal Year	Gallons Billed*	Gallons Purchased*	Unbilled Gallons*	Billed to Purchased Ratio
FY 97	332,897	406,367	73,470	81.9%
FY 98	322,024	391,290	69,266	82.3%
FY 99	333,580	419,104	85,524	79.6%
FY 00	353,226	449,482	96,256	78.6%
FY 01	334,897	434,628	99,731	77.1%
FY 02	344,932	459,350	114,418	75.1%
FY 03	356,601	523,103	166,502	68.2%
FY 04	330,940	471,594	140,654	70.2%
FY 05	321,144	409,683	88,539	78.4%
FY 06	362,831	442,541	79,710	82.0%
FY 07	323,349	428,834	105,485	75.4%
FY 08	337,679	449,344	111,665	75.1%
FY 09	304,985	424,176	119,191	71.9%
FY 10	295,202	418,862	123,660	70.5%
FY 11	288,476	445,146	156,670	64.8%
FY 12	276,623	442,357	165,734	62.5%
FY 13	296,379	463,112	166,733	64.0%
FY 14	276,698	451,707	175,009	61.3%
FY 15	246,014	381,745	135,731	64.4%
FY 16	240,109	360,361	120,252	66.6%
FY 17	250,250	420,204	169,954	59.6%
FY 18	252,235	329,417	77,182	76.6%
FY 19	254,798	306,173	51,375	83.2%
FY 20	236,097	314,607	78,510	75.0%
FY 21	242,976	298,833	55,857	81.3%
FY 22	239,450	346,346	106,896	69.1%
Avg.	298,246	411,091	112,845	72.5%
		Total Unbilled Gallons:	2,933,974	

*Rounded to thousands of gallons

Attachment: Agenda 2023-3-27 (Discussion of Water & Sewer Rates)

VILLAGE OF FLOSSMOOR
WATER & SEWER FUND
FINANCIAL PERFORMANCE & RATE HISTORY
FY 97 TO FY 23

Fiscal Year End	Net Increase/ (Decrease) Net Assets*	Net Increase/ (Decrease) Net Unrestr. Assets	Rate Actions Month-Yr.	Action	% Incr.	Wat Rate	Sew Rate	Tot Rate	Comments
4/30/23			4-22	+1.29	8.45%	12.48	4.06	16.54	Harvey (7-1-22 .02) & Chicago (6-1-22 .29) increases plus reserve policy coverage fy 22 (.98)
4/30/22	$ (218,202)	$ (284,857)	4-21	+.07	0.04%	11.48	3.77	15.25	Harvey (7-1-21 .01) & Chicago (6-1-21 .06) increases
4/30/21	$ (831,869)	$ (278,840)	7-20	+.56	3.83%	11.41	3.77	15.18	Sewer service operating deficit; but did not pass thru Harvey (7-1-20 .02) & Chicago (6-1-20 .14) increases
4/30/20	$ (545,458)	$ 35,529	4-19	+.08	0.60%	11.41	3.21	14.62	Harvey incr. 7-1-19 (.02), Chicago incr 6-1-19 (.06)
4/30/19	$ (357,831)	$ 216,061	4-18	+.12	0.80%	11.35	3.19	14.54	Harvey incr. 7-1-18 (.02), Chicago incr 6-1-18 (.10)
4/30/18	$ 94,344	$ 345,070	7-17	+.11	0.80%	11.26	3.16	14.42	Chicago increase 6-1-17 (.11)
4/30/18			4-17	+.36	2.60%	11.18	3.13	14.31	Harvey incr. 7-1-17 (.02) plus reserve policy coverage fy 17 (.34)
4/30/17	$ 2,112,203	$ 127,957	4-16	+1.25	9.84%	10.90	3.05	13.95	Harvey incr. 7-1-16 (.01) plus reserve policy coverage fy 16 (.97) & fy 17 (.27)
4/30/16	$ 1,895,824	$ 90,858	4-15	+1.06	9.11%	10.08	2.62	12.70	Harvey incr. 7-1-15 (.01) plus operating deficit & reserve policy coverage (1.05)
4/30/15	$ 823,563	$ (200,985)	4-14	+.85	7.90%	9.07	2.57	11.64	Harvey incr. 7-1-14 (.01), Chicago incr 1-1-15 (.78) plus operating deficit & reserve policy coverage (.06)
4/30/14	$ 1,409,256	$ 97,654	4-13	+.93	9.43%	8.29	2.50	10.79	Harvey incr. 7-1-13 (.02), Chicago incr 1-1-14 (.62) plus operating deficit & reserve policy coverage (.29)
4/30/13	$ (230,741)	$ (25,491)	4-12	+1.43	17.00%	7.45	2.41	9.86	Harvey incr. 7-1-12 (.04), Chicago incr 1-1-12&13 (1.30) plus operating deficit (.09)
4/30/12	$ (762,817)	$ (399,341)	4-11	+.49	6.17%	6.27	2.16	8.43	Harvey incr. 7-1-11 (.03), plus operating deficit (.46)
4/30/11	$ 411,776	$ (394,014)	4-10	none	0.00%	6.03	1.91	7.94	No increase
4/30/10	$ (277,934)	$ (703,155)	4-09	+.34	4.47%	6.03	1.91	7.94	Harvey incr. 7-1-09 (.00), Chicago incr. 1-1-10 (.34)
4/30/09	$ (513,684)	$ (182,771)	4-08	+.58	8.26%	5.76	1.84	7.60	Harvey incr. 7-1-08 (.02), Chicago incr. 1-1-08&09 (.56)
4/30/08	$ 224,130	$ 216,228	4-07	none	0.00%	5.24	1.78	7.02	No increase
4/30/07	$ 730,136	$ 296,110	4-06	none	0.00%	5.24	1.78	7.02	No increase
4/30/06	$ 164,248	$ 416,765	4-05	+.09	1.30%	5.24	1.78	7.02	Harvey incr. 7-1-05 (.03), Chicago incr. 1-1-06 (.06)
4/30/05	$ (245,161)	$ (8,248)	4-04	+.08	1.16%	5.19	1.74	6.93	Harvey incr. 7-1-04 (.02), Chicago incr. 1-1-05 (.06)
4/30/04	$ (65,721)	$ 255,421	4-03	+.46	7.20%	5.13	1.72	6.85	Harvey incr. (.01), Chicago incr. (.07), r/e deficit (.38)
4/30/03	$ (272,282)	$ 109,331	1-03	+.35	5.79%	4.72	1.67	6.39	Harvey increases per new contract
4/30/02	$ (87,472)		4-02	+.36	6.34%	4.37	1.67	6.04	Chicago increase (.07) plus partial r/e deficit (.29)
4/30/01	$ (217,460)		4-01	+.18	3.27%	4.13	1.55	5.68	Chicago increase (.06) plus operating cash (.12)
			1-01	+.07	1.29%	4.05	1.45	5.50	Chicago increase passed 4-00
4/30/00	$ (178,965)		4-00	+.06	1.12%	3.98	1.45	5.43	Chicago increase
4/30/99	$ (161,776)		4-99	none	0.00%	3.92	1.45	5.37	No increase
4/30/98	$ 16,489		4-98	+.14	2.68%	4.23	1.00	5.23	Chcago increase (.03) plus partial operating cash (.11)
4/30/97	$ 8,311		4-97	none	0.00%	4.23	1.00	5.23	No increase
			12-96	+.10	1.95%	4.23	1.00	5.23	Harvey increase
4/30/96						4.13	1.00	5.13	

Notes:
-4/30/22 Net Unrestricted Assets = $1,070,779; Reserve = $1,380,000
-FY 22 Net Unrestricted Assets $310,601 below minimum reserve level;
-Projected FY 23 NUA increase is $604,013; Reserve is $1,316,000
-Projected FY 23 NUA = $1,674,792; $358,792 above minimum reserve level.

*Title changed from Retained Earnings to Net Assets in FY 03 due to GASB 34

STORM SEWER

combined fin/pw 2.8.23 2.1.23

ACCOUNT #		BUDGET 23-24	PROJ'D 22-23	BUDGET 22-23	ACTUAL 21-22	ACTUAL 20-21
	Unrestricted Net Assets (Beginning)	**9,820**	**160,396**	**134,172**	**173,900**	**115,273**
	REVENUES					
07-00-3-440	IDOT-Brookwood Bridge/Butterfield Crk Grant	0	74,794	74,794	0	0
07-00-4-407	Stormwater Utility Fees	475,000	477,000	484,000	475,967	486,882
07-00-4-408	Penalties	7,100	8,200	9,850	3,910	6,856
07-00-4-457	Storm Sewer Tap Fees	50	50	100	0	75
07-00-4-466	In Lieu of Detention Fees	0	0	0	0	0
07-00-6-480	Interest	2,900	1,600	260	37	20
07-00-6-487	Capital Contributions	0	0	0	2,745,670	215,751
	TOTAL REVENUES	**485,050**	**561,644**	**569,004**	**3,225,584**	**709,584**
	EXPENDITURES					
	COMMODITIES					
07-01-3-619	Program Commodities	5,000	5,000	5,000	8,512	3,131
	TOTAL COMMODITIES	**5,000**	**5,000**	**5,000**	**8,512**	**3,131**
	CONTRACTUAL SERVICES					
07-01-4-630	Professional Services	0	0	0	0	1,000
07-01-4-631	Anuual NPDES Fee	1,000	1,000	1,000	1,000	0
07-01-4-632	Street Sweeping	40,000	40,000	40,000	53,348	34,065
	TOTAL CONTRACTUAL SERVICES	**41,000**	**41,000**	**41,000**	**54,348**	**35,065**
	TRAINING AND CONFERENCES					
07-01-5-661	Training	1,500	1,500	1,500	480	333
07-01-5-662	CRS Project Management	1,000	1,000	1,000	0	0
	TOTAL TRAINING AND CONFERENCES	**2,500**	**2,500**	**2,500**	**480**	**333**
	MAINTENANCE					
07-01-6-671	Maintenance and Supplies	7,000	9,000	7,000	8,821	7,127
07-01-6-675	System Maintenance and Repairs	25,000	15,000	25,000	27,022	10,865
07-01-6-678	Contract Maintenance	5,000	14,358	5,000	5,447	53,995
	TOTAL MAINTENANCE	**37,000**	**38,358**	**37,000**	**41,290**	**71,987**
	CAPITAL OUTLAY/NON-OPERATING					
07-01-7-760	Brookwood Bridge Engineering (25% GF/75% SS)	0	74,794	74,794	0	31,073
	TOTAL CAPITAL OUTLAY	**0**	**74,794**	**74,794**	**0**	**31,073**
	TRANSFERS					
07-01-9-901	Transfer to General Fund-Adm Transfer	428,708	400,980	400,980	305,402	293,617
	TOTAL TRANSFERS	**428,708**	**400,980**	**400,980**	**305,402**	**293,617**
	TOTAL EXPENDITURES	**514,208**	**562,632**	**561,274**	**410,032**	**435,206**
07-01-7-790	Depreciation Expense	0	0	0	91,545	91,545
	Unrestricted Net Assets (Ending)	**(19,338)**	**9,820**	**141,902**	**160,396**	**173,900**