Revised Agenda
Village of Glen Ellyn
Village Board Special Meeting
Monday, December 5, 2011
7:30 p.m.
Galligan Board Room
Glen Ellyn Civic Center

1. Call to Order

2. Public Comments

3. College of DuPage Update – President Pfefferman

4. Chicago/DuPage Water Commission Rate Follow-up Discussion – Finance Director Wachtel

5. Economic Incentive Guidelines Follow-up Discussion – Planning and Development Director Hulseberg

6. Other Items?

7. Motion to adjourn to Executive Session in Room 301 for the purpose of discussing threatened or pending litigation, adjourning thereafter without returning to open session. *(Trustee McGinley)*

Vlg Board Special Meeting
December 5, 2011
Item No. 4

MEMORANDUM

TO: Mark Franz, Village Manager

FROM: Kevin Wachtel, Finance Director KW
Larry Noller, Assistant Finance Director LN

DATE: November 29, 2011

RE: City of Chicago and DuPage Water Commission water rate increases

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Background

In October, 2011, the City of Chicago announced that water rates would be dramatically increased each year, beginning January 1, 2012. By 2015, the price of Chicago water will increase 90% from current rates. Chicago approved its budget on November 16, 2011.

In turn, the DuPage Water Commission (DWC) increased its rates on November 17, 2011. Our water commodity costs will increase 115% from 2011 to 2015.

At the November 21, 2011, workshop, the Village Board asked for additional information to consider a rate increase to be effective January 1, 2012.

Issues

The Village board requested a recommendation on appropriate cash reserves, update on capital needs included in the capital plan, and information to better understand the necessary increases. This memo discusses each point.

Cash Reserves

The Village's current policy for operating funds, including the Water and Sewer Fund, is a cash reserve equal to 25% of operating costs (specifically excluding capital). Staff believes this policy to be prudent even in an escalating operating cost climate. Our utility system retains a cash reserve in order to fund cash flows and for emergency circumstances. As the water commodity costs increase to a larger portion of our expenses, our monthly operating costs also increase and in turn so does the level of cash reserves needed to satisfy our minimum reserve policy.

Staff also considered a lower cash reserve level equal to 15% of operating expenses. If we were to implement this strategy, we would want to retain a reserve to help fund capital needs in an emergency situation. A segregated capital reserve would be calculated as a portion of future projects, which would likely exceed 10% of operating costs, thereby negating any rate reduction from the lower cash reserve level.

If we do not make a rate adjustment, our cash reserve level is projected to be 9% of operating expenses at the end of FY2012-13.

Capital investment
The water and sewer systems have ongoing and pending capital investment needs. Glen Ellyn has in recent years attempted to couple needed water and sewer capital needs with street projects, thereby lowering overall costs and minimizing disruption to neighborhoods. You can read more about the capital projects in the attached memo from Bob Minix.

January 1, 2012, rate increase
In our previous discussion, staff presented a 10% annual increase over the next several years in order to meet current costs, capital needs, and to restore the cash reserves to 25% of expenses. For the 2012 increase, we had anticipated a 3% rate increase to factor in modest increases in operating and capital expenses. This also factors in projected water usage declines of 2%, which is consistent with DuPage Water Commission trends. The chart below illustrates the increases on each component of our water and sewer rates, applying the 30% increase to the water commodity, and 3% to all other categories. The cost of the water commodity is higher than what we pay the DuPage Water Commission due to lost or unbilled water and also factors in higher rates paid by non-residents. We have included the amount of surplus (or deficit) in the FY2011/12 budget. In order to rebuild cash reserves toward our 25% target, we have included a $0.25 contribution to the cash reserves for both water and sewer. The Sewer rate would see a larger rate increase because the current year has higher expenses than revenues, and this model assumes that correction for future years.

	FY2011/12 Expenses (with increase in water costs)	Proportion of FY2011/2012 Expenses	Current rate allocation	Projected increase rate	Rate with projected increase
WATER					
DWC (water commodity)	$ 2,237,000	41%	$ 2.63	30%	3.41
Operating	1,542,200	29%	1.81	3%	1.85
Capital	938,000	17%	1.10	3%	1.13
Cash reserves	684,800	13%	0.80		0.25
Total	**$ 5,402,000**	**100%**	**$ 6.34**		**$ 6.64**
			Percent increase of total rate		***5%***
SEWER					
GWA	$ 3,020,000	59%	$ 3.20	3%	3.29
Operating	1,455,200	29%	1.54	3%	1.58
Capital	1,055,000	21%	1.12	3%	1.14
Cash reserves	(436,200)	-9%	(0.46)		0.25
Total	**$ 5,094,000**	**100%**	**$ 5.39**		**$ 6.26**
			Percent increase of total rate		***16%***
		Total combined rate	$ 11.73		$ 12.90
			Total increase to the combined rate		**10%**

In order for the fund as a whole to achieve the cash reserve targets, we should end up with a total combined rate of $12.90. The Village has a few options for rate allocation.

- Water and sewer rates increase at 10% each
- Set both rates equal at $6.45 for both the water and sewer rate.
- Set rates per the above chart: $6.64 for water and $6.26 for sewer

The chart below illustrates an increase in both water and sewer rates by 10% and an even split between rates.

	2011 Rate	Possible 2012 rate	Percent Change
Water	$ 6.34	$ 6.97	10%
Sewer	$ 5.39	$ 5.93	10%
Combined	**$ 11.73**	**$ 12.90**	**10%**

	2011 Rate	Equal water and sewer rates	Percent Change
Water	$ 6.34	$ 6.45	2%
Sewer	$ 5.39	$ 6.45	20%
Combined	**$ 11.73**	**$ 12.90**	**10%**

	2011 Rate	Rate allocation based on above	Percent Change
Water	$ 6.34	$ 6.64	5%
Sewer	$ 5.39	$ 6.26	16%
Combined	**$ 11.73**	**$ 12.90**	**10%**

In recent years, the Village has undertaken several necessary sewer capital projects, resulting in cash shortfalls within that division. The Village could continue to restore the sewer division's bottom line by allocating a higher rate (the second and third options).

Rates in future years

Staff continues to be cognizant of the high cost of water and sewer. However, future increases will be needed to keep pace with the growing costs of water, and operating the Village's infrastructure and facilities. These increases should be considered each year to determine the rates required to appropriately maintain and invest in our utilities. At current projections, rate increases of 10% each year will be necessary to retain 25% cash reserves in the fund. Details can be found in the financial detail provided as an attachment.

Future threats
There are several potential cost increases that may occur in the future, but are currently unknown. For example, there may be changes to the regulatory environment that may require capital investment at the Glenbard Wastewater Authority. Any such changes are likely at least 5 years out. Future cost increases to our water commodity may also occur.

Recommendation
Cash reserves – staff recommends that the Village retain the cash reserve policy equal to 25% of current year operating expenses, excluding capital expenses.

January 1, 2012 rate – Staff recommends a water and sewer rates equal to $12.90 to cover increased costs in the water division and restore cash shortfalls in the sewer division.

Action Requested
Consider adopting the attached ordinance increasing the water rate effective January 1, 2012.

Attachments
- Four Year Water and Sanitary Sewer Capital Program Breakdown memo from Bob Minix, Professional Engineer
- Draft Ordinance
- Financial detail and projections for the water and sewer fund

MEMORANDUM

TO: Kevin Wachtel, Finance Director

FROM: Bob Minix, Professional Engineer

DATE: November 29, 2011

RE: Four Year Water and Sanitary Sewer Capital Program Breakdown

Attached herewith is a table that provides a breakdown of proposed, planning-level capital improvements for water and sanitary sewer system for the next four years (FY13 through FY16). The table displays total projected capital costs per year for water and sanitary system improvements, with a breakdown provided for each by anticipated project. The total water and sanitary sewer system capital costs correspond to information presented in the table included in the FY12 budget entitled "Long-Range Water / Sanitary Sewer Fund Plan" and also attached.

Much of the anticipated water and sanitary sewer work in the next four years is driven by proposed roadway improvements. A listing of future roadway projects is also included for FY13 through FY16 for reference.

Please note the following:

- Not included in the table are estimated costs for activities to reduce clear water infiltration and inflow (I&I) as recommended in the recently completed Sanitary Sewer Evaluation Study final report dated October 2011. A series of manhole / cross-connection / mainline defect repairs were identified in the SSES. Total remediation costs to address the some 550 defects are estimated to be $825,000. In addition, four other major problem areas were spotlighted where additional studies and assessments are required. I&I reduction will be pursued through improvements associated with upcoming roadway projects, continued pipe lining projects and tailored/directed projects funded based on available water/sanitary sewer fund dollars.

- Non-roadway-driven water/sanitary sewer projects forecast in the upcoming four year timeframe include general water distribution system improvements (possibilities include Hill Avenue Utility Extensions); pump station upgrades (initially recommended in the 2000 Water Master Plan Update for implementation in 2004); Newton Elevated Tank spot recoating and improvements (long-term agreement with Utility Service Company – Year 1 in FY12); general sanitary sewer lining programs that supplement other project lining efforts to yield about three miles annually in upgraded pipes; and one sanitary lift station replacement at Memory Court (long deferred).

- As a percentage of the total water and sanitary sewer expenditures, capital costs are anticipated to make up about 25% (24% to 28%) of the overall budgets in the next four years.

cc: Mark Franz, Village Manger
Julius Hansen, Public Works Director
Jeff Perrigo, Civil Engineer
Larry Noller, Assistant Finance Director

FOUR YEAR WATER AND SANITARY SEWER CAPITAL COST SUMMARY AND PROJECT BREAKDOWN
(Costs Shown are Estimated for the Year of Work)

Year	Total Water Capital Costs	Water System Capital Cost Breakdown	Total Sanitary Sewer Capital Costs	Sanitary Sewer Capital Cost Breakdown
FY-13	$1,305,000	Hawthorne Improvements: $600,000	$1,790,000	Hawthorne Improvements: $1,350,000
		Distribution System Improvement: $575,000		Pipe Lining (General Project): $440,000
		Newton Tank Recoating: $130,000		
FY-14	$1,630,000	Lenox, Linden, Forest Improvements: $400,000	$1,140,000	Lenox, Linden, Forest Improvements: $525,000
		2013 Street Improvements: $1,100,000		2013 Street Improvements: $440,000
		Newton Tank Recoating: $130,000		Pipe Lining (General Project): $175,000
FY-15	$1,520,000	Chidester / Elm Improvements: $265,000	$1,885,000	Chidester / Elm Improvements: $275,000
		West Elm Improvements: $335,000		West Elm Improvements: $325,000
		Park Blvd. STP Project: $375,000		Park Blvd. STP Project: $350,000
		2014 Street Improvements: $415,000		2014 Street Improvements: $260,000
		Newton Tank Recoating: $130,000		Memory Ct. Lift Station Replacement: $575,000
				Pipe Lining (General Project): $100,000
FY-16	$1,675,000	2015 Street Improvements: $115,000	$1,075,000	2015 Street Improvements: $710,000
		Distribution System Improvement: $650,000		Pipe Lining (General Project): $365,000
		Newton & Wilson Pump Station Upgrades: $780,000		
		Newton Tank Recoating: $130,000		
TOTALS	$6,130,000		$5,890,000	

Village of Glen Ellyn

Long-Range Water / Sanitary Sewer Fund Plan

Line #	Revenue & Expense Description	FY08/09 Actual	FY09/10 Actual	FY10/11 Est.	FY11/12 Budget	FY12/13 Planned	FY13/14 Planned	FY14/15 Planned	FY15/16 Planned	FY16/17 Planned	FY17/18 Planned	FY18/19 Planned	FY19/20 Planned	FY20/21 Planned	Totals FY11/12-FY19/20
	Revenue (000's)														
1	Water Billings - Village of Glen Ellyn	4,423	4,562	5,070	5,283	5,441	5,605	5,773	5,946	6,124	6,308	6,497	6,692	6,893	60,564
2	% Rate Increase from Previous Year	3.5%	5.0%	10.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
3	Sanitary Sewer Billings - Village of Glen Ellyn	3,563	3,459	3,800	4,085	4,208	4,334	4,464	4,598	4,736	4,878	5,024	5,175	5,330	46,830
4	% Rate Increase from Previous Year	3.5%	0.0%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
5	Sanitary Sewer Billings - Illinois American Water	553	504	525	525	541	557	574	591	609	627	646	665	685	6,019
6	Sanitary Sewer Billings - DuPage County	348	336	365	400	412	424	437	450	464	478	492	507	522	4,586
7	Sanitary Sewer Repair Reimbursement	293	295	295	295	295	295	295	295	295	295	295	295	295	2,950
8	Connections / Meters / Fees / Inspections	110	59	178	148	155	163	171	180	189	198	208	219	230	1,862
9	Interest Income	34	9	7	7	10	15	20	25	30	35	40	45	50	277
10	Grant Funding	0	584	24											
11	Miscellaneous Income	80	60	20	20	20	20	25	25	30	30	35	35	40	280
12	SSA - Lambert Farms	97	97	97	97	97	97	97	97	97	97	97	97	97	970
13	SSA - Hill Avenue (future)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	**TOTAL REVENUES**	**9,500**	**9,985**	**10,381**	**10,860**	**11,179**	**11,510**	**11,856**	**12,207**	**12,573**	**12,946**	**13,334**	**13,730**	**14,142**	**124,337**
	Expenses (000's)														
	Operation & Maintenance (O&M) Expenses														
15	Personnel Services - Water	567	506	546	561	578	595	613	631	650	670	690	711	732	6,431
16	Personnel Services - Sewer	541	480	518	531	547	563	580	598	616	634	653	673	693	6,087
17	Contractual Service - Water	808	769	835	964	896	923	951	979	1,009	1,039	1,070	1,102	1,135	10,068
18	Contractual Service - Sewer	976	939	940	1,017	1,018	1,048	1,080	1,112	1,145	1,180	1,215	1,252	1,289	11,355
19	Commodities - Water	17	13	17	18	18	19	19	20	20	21	22	22	23	202
20	Commodities - Sewer	14	10	12	15	15	16	16	17	17	18	18	19	20	172
21	Purchase of Water (DWC) - Water	1,270	1,512	1,883	2,055	2,117	2,180	2,246	2,300	2,300	2,300	2,300	2,300	2,300	22,397
22	GWA Payment - Sewer	2,580	2,525	2,925	3,020	3,111	3,204	3,300	3,399	3,501	3,606	3,714	3,826	3,940	34,621
23	**Total O&M Expenses**	**6,773**	**6,754**	**7,676**	**8,181**	**8,299**	**8,548**	**8,805**	**9,056**	**9,259**	**9,467**	**9,682**	**9,904**	**10,132**	**91,334**
24	**Capital Expenses**					**Estimated Capital Project Expenses based on an inflation rate of 3%**									
25	Capital Projects - Water	1,132	1,669	1,788	1,058	1,304	1,632	1,520	1,674	1,781	1,258	927	1,500	2,000	14,654
26	Capital Projects - Sewer	1,643	1,914	2,060	1,280	1,791	1,138	1,887	1,076	1,759	862	1,082	1,500	2,000	14,375
27	Capital Equipment - Water	4	11	151	47	25	25	25	25	25	25	25	25	25	272
28	Capital Equipment - Sewer	0	9	9	47	25	25	25	25	25	25	25	25	25	272
29	**Total Capital Expenses**	**2,779**	**3,603**	**4,008**	**2,432**	**3,145**	**2,820**	**3,457**	**2,800**	**3,590**	**2,170**	**2,059**	**3,050**	**4,050**	**29,573**
30	**TOTAL EXPENSES**	**9,553**	**10,357**	**11,684**	**10,613**	**11,444**	**11,368**	**12,262**	**11,856**	**12,849**	**11,637**	**11,741**	**12,954**	**14,182**	**120,907**
31	**Cash on Hand 5/1**	3,392	3,340	2,948	1,645	1,893	1,628	1,769	1,363	1,714	1,439	2,747	4,340	5,116	
32	**Gain/Loss during FY**	(53)	(392)	(1,303)	248	(265)	142	(406)	351	(275)	1,308	1,593	776	(40)	
33	**Cash on Hand 4/30**	**3,340**	**2,948**	**1,645**	**1,893**	**1,628**	**1,769**	**1,363**	**1,714**	**1,439**	**2,747**	**4,340**	**5,116**	**5,076**	
34	**RESERVE POLICY AMOUNT = 25% OF O&M EXPENSES:**			1,919	2,045	2,075	2,137	2,201	2,264	2,315	2,367	2,421	2,476	2,533	

10/18/2011

STANDALONE STREET RESURFACING AND RECONSTRUCTION PROGRAM: 2012 - 2021

CURRENT PROGRAM FOR 2011 REVIEW

(LAST REVIEWED BY THE CAPITAL IMPROVEMENTS COMMISSION IN NOVEMBER 2010)

INTRODUCTION and ANNOTATIONS

DEFINITIONS AND TERMS:

SEGMENT: Street or roadway segment undergoing rehabilitation

PCI - 2000: The Pavement Condition Rating as formulated during studies conducted in 2000 and 2001
PCI - 2004: Pavement Condition Rating as formulated during the comprehensive digital picture survey performed in June 2004
PCI - 2008: Pavement Condition Rating as formulated during the comprehensive digital picture survey performed in June 2008
The pavement condition rating for a roadway segment is determined by the Pavement Condition Index, or PCI, which is a numerical indicator based on scale of 0 to 100 (with 100 for a newly paved street and 0 for a completely failed street). The PCI is a measure of the pavement's structural integrity and surface operating condition.

LENGTH: Length of the roadway segment in feet

AREA: Pavement area in square yards

TYPE OF REHABILITATION: The proposed level of rehabilitation anticipated for the roadway segment:

FULL RECONSTRUCTION - Complete rebuilding of the roadway with either concrete or full-depth Reconstruction
TYPE IA RESURFACING - Limited curb repairs; removal and replacement of Reconstruction surface
TYPE IB RESURFACING - More extensive spot curb repairs; removal and replacement of Reconstruction surface
TYPE IC RESURFACING - Curb installation or replacement on one side only; base repair; replacement of Reconstruction surface; Special drainage or construction considerations
TYPE II RESURFACING - Full curb replacement; most driveway approaches will be replaced; more extensive parkway restoration; removal and replacement of Reconstruction surface
TYPE IIA RESURFACING - Full curb replacement; most driveway approaches will be replaced; more extensive parkway restoration; removal and replacement of Reconstruction surface; and complete replacement of the roadway base.

ESTIMATED COST: The estimated total cost of street rehabilitation construction, including an allowance for inflation and scope of work adjustments.

The assumed Inflation Rate is equal to 7.5%

Type	Unit Costs ($/SY) (2006 Basis)
Alley	$85
Reconstruction	$200
Type IA	$25
Type IB	$30
Type IC	$55
Type II	$85
Type IIA	$145

PROGRAM COST SUMMARY

Year	Street Resurfacing	Street Reconstruction	Total Cost	Total Miles
2012	$229,748	$3,379,293	$3,609,041	0.98
2013	$4,521,584	$0	$4,521,584	2.31
2014	$4,580,390	$1,037,826	$5,618,216	3.46
2015	$3,839,357	$3,332,456	$7,171,813	3.24
2016	$3,932,543	$5,353,874	$9,286,417	5.01
2017	$1,794,910	$3,500,662	$5,295,572	1.79
2018	$2,789,879	$3,245,995	$6,035,874	1.80
2019	$7,207,204	$0	$7,207,204	2.78
2020	$3,402,833	$1,807,805	$5,210,638	2.37
2021	$3,608,099	$2,103,170	$5,711,269	1.36
Totals	$35,906,548	$23,761,081	$59,667,629	25.09

STANDALONE STREET RESURFACING AND RECONSTRUCTION PROGRAM: 2012 - 2021

CURRENT PROGRAM FOR 2011 REVIEW

Year: 2012 (FY - 13)

Segment	PCI - 2000	PCI - 2004	PCI - 2008	Length (ft)	Area (SY)	Type of Rehabilitation	Street Rehabilitation Cost (Current Year $'s)
STREET RESURFACING							
Pleasant: Cottage to Hawthorne	59	68	63	462	1,027	Type IIA	$229,748
STREET RESURFACING TOTAL				462	0.09 miles		$229,748
STREET RECONSTRUCTION							
Hawthorne: Village Limits to Kenilworth	49	58	46	597	1,658	Reconstruction	$511,862
Hawthorne: Kenilworth to Western	54	34	37	1,487	3,452	Reconstruction	$1,065,541
Hawthorne: Western to Main	59	45	42	1,408	3,129	Reconstruction	$965,764
Hawthorne: Main to Park	47	47	87	707	1,571	Reconstruction	$484,940
Hawthorne: Park to N. Ellyn	19	15	71	512	1,138	Reconstruction	$351,187
STREET RECONSTRUCTION TOTAL				4,711	0.89 miles		$3,379,293
GRAND TOTALS				5,173	0.98 miles		$3,609,041

STANDALONE STREET RESURFACING AND RECONSTRUCTION PROGRAM: 2012 - 2021

CURRENT PROGRAM FOR 2011 REVIEW

Year: 2013 (FY - 14)

Segment	PCI - 2000	PCI - 2004	PCI - 2008	Length (ft)	Area (SY)	Type of Resurfacing	Street Rehabilitation Cost (Current Year $'s)
STREET RESURFACING							
Critical PCI Streets (PCI ≥ 50)							
Lenox: Hawthorne to Oak	65	64	61	2,034	5,424	Type IIA	$1,304,809
Grandview: Smith to Hill	64	49	45	750	1,917	Type IIA	$461,077
Euclid: Maple to Oak	68	73	59	630	1,400	Type II	$197,427
Euclid: Hawthorne to Maple	70	79	74	1,345	2,989	Type II	$421,491
Arbor Ct.: Glenwood to Main	59	57	68	341	758	Type II	$106,862
Linden: Main to Lenox	64/54	75/48	67	1,057	2,349	Type II	$331,254
Oak: Western to Main	82	82	86	2,041	4,535	Type IB	$225,714
Country Club Lane: Hill to End of Cul-de-sa	67	57	52	552	1,533	Type IA	$63,597
Taft, West End to Lambert	71	69	60	193	750	Type IA	$31,107
Subtotal				8,943			3,143,338
Streets with PCI < 50							
Miller Ct.: Hill to Ridgewood	36	43	49	507	901	Type IB	$44,862
Brandon: Hill to Hillside	48	48	66	1,262	2,804	Type IIA	$674,641
Forest: Maple to Oak	58	48	37	644	1,431	Type IIA	$344,271
Cranston Ct.: Fairview to East End	46	41	72	836	2,230	Type II	$314,473
Subtotal				3,249			1,378,246
STREET RESURFACING TOTAL				12,192	2.31 miles		$4,521,584
STREET RECONSTRUCTION							
STREET RECONSTRUCTION TOTAL				0	0.00 miles		$0
GRAND TOTALS				12,192	2.31 miles		$4,521,584

STANDALONE STREET RESURFACING AND RECONSTRUCTION PROGRAM: 2012 - 2021

CURRENT PROGRAM FOR 2011 REVIEW

Year: 2014 (FY - 15)

Segment	PCI - 2000	PCI - 2004	PCI - 2008	Length (ft)	Area (SY)	Type of Resurfacing	Street Rehabilitation Cost (Current Year $'s)
STREET RESURFACING							
Critical PCI Streets (PCI ≥ 50)							
Prairie: Oak to Geneva	59	51	35	893	1,985	Type II	$300,917
Pleasant: Elm to Geneva	70	21	6	280	550	Type II	$83,378
Euclid: Elm to Geneva	70	75	69	301	670	Type II	$101,569
Highland: Elm to Geneva	70	86	84	403	760	Type II	$115,213
Elm: Kenilworth to Western	54	42	35	1,668	3,707	Type IIA	$958,561
Elm: Western to Main	68/62	80/73	73	1,843	3,760	Type IB	$201,176
Cottage: Western to Pleasant	72	66	66	918	1,985	Type IIA	$513,330
Montclair: Turner to Hill	70	76	60	508	1,140	Type IIA	$294,809
Glenwood: Greenfield to Turner	70	81	81	1,138	2,783	Type II	$421,891
Glenwood: Hill to Hillside	72	90	72	1,019	2,265	Type II	$343,364
Ridgewood: Brandon to Main	71	75	68	1,533	3,405	Type II	$516,183
Park: Roosevelt to Fairview*	67	67	51	1,857	5,160	Type IIA	$730,000
Park: Fairview to UPRR Tracks*	51	98	82	4,612	12,300	Type IA	
* Eligible for Federal Funding: 2010 STP Application Construction Cost = $1,620,000; Federal Amount = $1,135,000							
Subtotal				16,973			$4,580,390
STREET RESURFACING TOTAL				16,973	3.21 miles		**$4,580,390**
STREET RECONSTRUCTION							
Chidester: Lenox to Riford	41	2	81	686	1,601	Reconstruction	$570,951
Elm: Lenox to Riford	22	5	85	620	1,309	Reconstruction	$466,875
STREET RECONSTRUCTION TOTAL				1,306	0.25 miles		**$1,037,826**
GRAND TOTALS				18,279	3.46 miles		**$5,618,216**

STANDALONE STREET RESURFACING AND RECONSTRUCTION PROGRAM: 2012 - 2021

CURRENT PROGRAM FOR 2011 REVIEW

Year: 2015 (FY - 16)

Segment	PCI - 2000	PCI - 2004	PCI - 2008	Length (ft)	Area (SY)	Type of Resurfacing	Street Rehabilitation Cost (Current Year $'s)
STREET RESURFACING							
Critical PCI Streets (PCI ≥ 50)							
Main: Hillside to Anthony (CBD)	81	90	84	1,681	7,879	Type IB	$453,178
Pennsylvania: Prospect to Main (CBD)	80	88	84	985	4,700	Type IB	$270,331
Pennsylvania: Main to Park (CBD)	81	71	88	997	4,874	Type IB	$280,350
Crescent: Prospect to Main (CBD)	81	87	72	881	4,111	Type IB	$236,472
Crescent: Main to Park (CBD)	81	76	81	979	4,533	Type IB	$260,725
Forest: Crescent to Pennsylvania (CBD)	82	91	90	348	1,817	Type IB	$104,528
Glenwood: Crescent to Pennsylvania (CBD)	81	92	90	272	1,511	Type IB	$86,916
Prospect: Duane to Pennsylvania (CBD)	80	83	77	447	1,788	Type IB	$102,841
Duane: Prospect to Main (CBD)	80	87	78	890	2,967	Type IIA	$824,732
Duane: Main to Forest (CBD)	92	86	82	501	2,672	Type IB	$153,686
CBD Subtotal				7,981	36,853		$2,773,759
Kenilworth: Greenfield to Hill	71	74	69	976	2,169	Type IIA	$602,951
Elm: Main to Park	78	84	80	777	1,727	Type IB	$99,312
Park: Oak to Elm	78	95	87	728	1,625	Type IB	$93,465
Forest: Hawthorne to Maple	81	68	65	1,384	3,076	Type IB	$176,923
Euclid: Oak to Elm	80	67	64	648	1,440	Type IB	$82,825
Center: Lorraine to East End	77	48	55	144	176	Type IB	$10,123
Other Area Subtotal				4,657	10,213		$1,065,599
STREET RESURFACING TOTAL				12,638	2.39 miles		$3,839,357
STREET RECONSTRUCTION							
Highland: St. Charles to Railroad	40	100	89	1,600	3,550	Reconstruction	$1,361,239
Lenox: St. Charles to North End	40	100	75	800	1,800	Reconstruction	$690,206
Eastern: South End to St. Charles	20	24	27	500	1,111	Reconstruction	$426,010
Crescent: Park to Lake *	77	75	72	1,590	6,091	Reconstruction	$855,000
* Re-application Made in 2011 for Federal Funding: 2011 STP Application Construction Cost = $1,900,000; Requested Federal Amount = $1,330,000							
STREET RECONSTRUCTION TOTAL				4,490	0.85 miles		$3,332,456
GRAND TOTALS				17,128	3.24 miles		$7,171,813

Ordinance No. _____ - VC

An Ordinance to Amend Section 7-11-28
of the Village Code of the
Village of Glen Ellyn, Illinois
Regarding Water and Sewer Rates and Charges

Whereas, the Village of Glen Ellyn owns and operates a combined water and sanitary sewer system that serves all residents in the Village of Glen Ellyn and some of the adjacent unincorporated areas; and

Whereas, all of the funds required for the operation, maintenance and improvement of the system come from the users of the system, essentially through a system of user rates and charges; and

Whereas, the Village of Glen Ellyn purchases its allocation of Lake Michigan water through the DuPage Water Commission; and

Whereas, beginning January 1, 2012, Glen Ellyn's cost of purchasing Lake Michigan water through the DuPage Water Commission is expected to increase by approximately 30%, from $2.29 to $2.99 per 1,000 gallons; and

Whereas, Glen Ellyn's cost of purchasing water through the DuPage Water Commission will increase to $3.59 in 2013, $4.23 in 2014, and $4.95 in 2015; and

Whereas, there is insufficient revenue from the current water and sewer charges paid by the customers of the system to cover the additional costs of providing Lake Michigan water and wastewater treatment and still maintain the Water & Sewer Fund cash reserves at a minimum level as set by Village policy; and

Whereas, an increase in the water rate of 10% and an increase in the sewer rate of 10% will provide additional funding needed to offset projected operating cost increases over the next fiscal year while maintaining a sufficient level of cash reserves,

Now, Therefore, be it Ordained by the President and Board of Trustees of the Village of Glen Ellyn, DuPage County, Illinois, in the exercise of its home rule powers, as follows:

Section One: Section 7-11-28 of the Glen Ellyn Village Code is hereby deleted in its entirety and replaced with the following:

> 7-11-28: WATER AND SEWER RATES AND CHARGES: The rates and charges for the use and services supplied by the combined waterworks and sewage systems of the village are as follows:
>
> (Effective with bills issued January 1, 2012)

<u>Within Village</u>	
Water	$6.97 per 1,000 gallons
Sewer	$5.93 per 1,000 gallons
<u>Outside Village</u>	
Water	$10.46 per 1,000 gallons
Sewer	$6.24 per 1,000 gallons
Sewer Only	$6.24 per 1,000 gallons + $2.92 per month service fee
Non-metered Sewer	$62.40 per month

> In addition, all sewer customers of the village shall be assessed a flat monthly fee of three dollars ($3.00) for the purpose of funding the sewer repair reimbursement and clear water removal programs.
>
> Water supplied to the Glenbard Wastewater Authority will be charged at the within Village rate.

Section Two: All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section Three: This Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form.

Passed by the President and Board of Trustees of the Village of Glen Ellyn, Illinois, this _____ day of _____, 2011.

Ayes:

Nays:

Absent:

Approved by the Village President of the Village of Glen Ellyn, Illinois, this_____ day of _____, 2011.

_____
Village President of the Village of
Glen Ellyn, Illinois

ATTEST:

_____
Village Clerk of the Village of
Glen Ellyn, Illinois

(Published in pamphlet form and posted on the _____ day of _____, 2011.)

25% cash reserve target, January 1 increases

Water cost increase	Water Charge (per 1,000 gal)	5/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	5 Year Increase
	Chicago	2.01	2.51	2.89	3.32	3.82	3.93	1.92
	DuPage Water Commission	0.29	0.48	0.70	0.91	1.13	1.16	0.87
		2.30	2.99	3.59	4.23	4.95	5.09	2.79
	Chicago		25%	15%	15%	15%	3%	96%
	DuPage Water Commission		66%	46%	30%	24%	3%	300%
	Total		30%	20%	18%	17%	3%	121%

Water and Sewer rates for this model	Glen Ellyn	5/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	
	Water-Resident	6.34	6.97	7.67	8.44	9.28	9.28	2.94
		5%	10%	10%	10%	10%	0%	46%
	Water-Non Resident	9.51	10.46	11.51	12.66	13.92	13.92	4.41
		5%	10%	10%	10%	10%	0%	46%
	Sewer-Resident	5.39	5.93	6.52	7.17	7.89	7.89	2.50
		10%	10%	10%	10%	10%	0%	46%
	Sewer-Non Resident	5.67	6.24	6.86	7.55	8.30	8.30	2.63
		10%	10%	10%	10%	10%	0%	46%
	Total Rate - Resident	11.73	12.90	14.19	15.61	17.17	17.17	
			10%	10%	10%	10%	0%	
	Total Rate - Non Resident	15.18	16.70	18.37	20.20	22.23	22.23	
			10%	10%	10%	10%	0%	

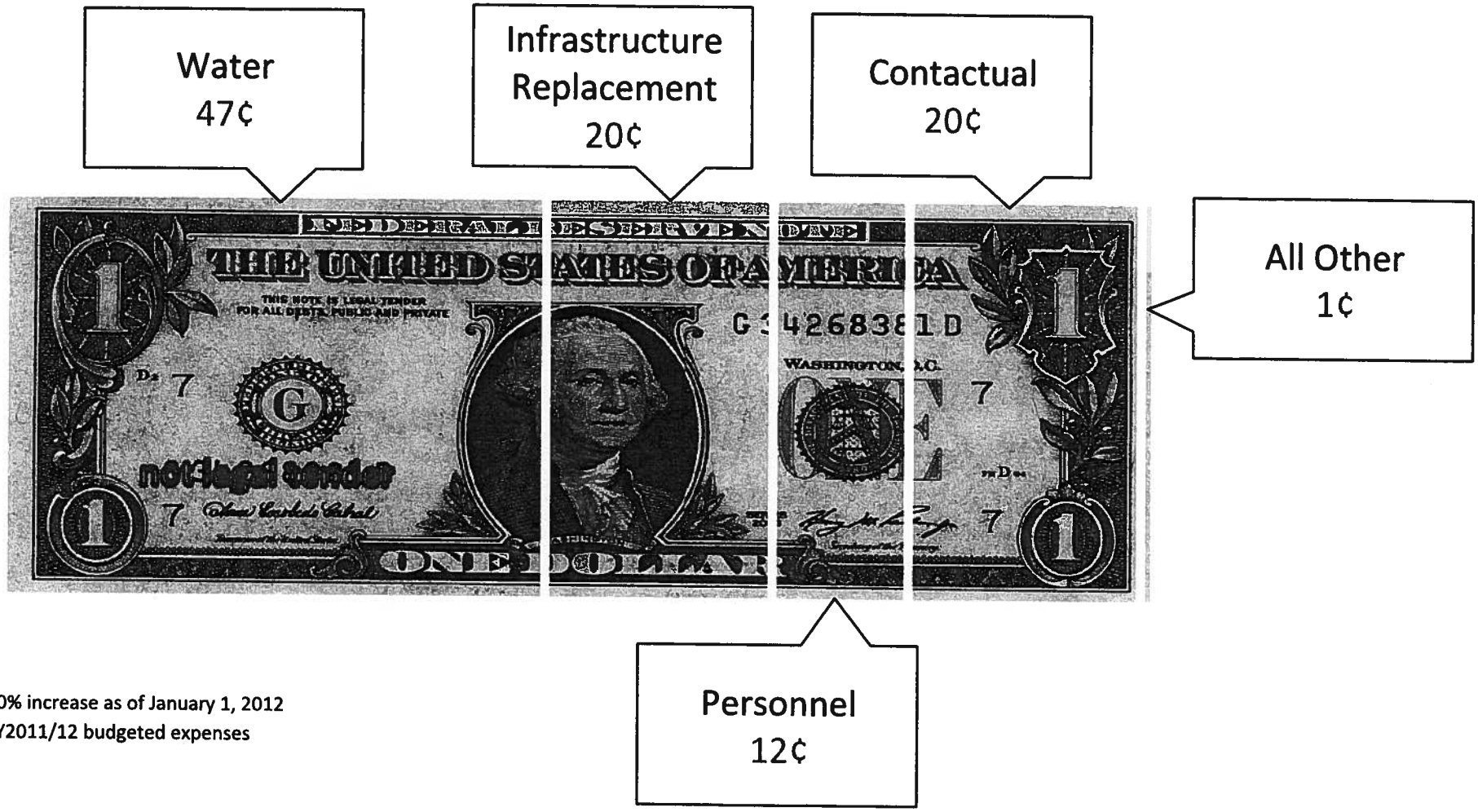
Estimated customer bill	Bill for Household Using 6,000 gal/month							
	Monthly Water at Current Rate	38.04	41.84	46.03	50.63	55.69	55.69	17.65
	Monthly Sewer at Current Rate	32.34	35.57	39.13	43.04	47.35	47.35	15.01
	Monthly Total	70.38	77.42	85.16	93.68	103.04	103.04	32.66
	Monthly Increase		7.04	7.74	8.52	9.37	-	
	Annual Total	844.56	929.02	1,021.92	1,124.11	1,236.52	1,236.52	391.96
	Annual Increase		84.46	92.90	102.19	112.41	-	

Overall assumptions			FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	
	Estimated Water Purchased (1,000 gal)		895,000	877,100	859,558	842,367	825,520	2% Annual Decrease
	Estimated Water Billed (1,000 gal)	90%	805,500	789,390	773,602	758,130	742,968	90% of purchased
	Resident Water Usage (1,000 gal)	98%	789,390	773,602	758,130	742,968	728,108	98% of billed
	Non Resident Water Usage (1,000 gal)	2%	16,110	15,788	15,472	15,163	14,859	2% of billed
	Resident Sewer Usage (1,000 gal)	95%	765,225	749,921	734,922	720,224	705,819	95% of billed
	Non Resident Sewer Usage (1,000 gal)	2%	16,110	15,788	15,472	15,163	14,859	2% of billed

	Water Division Expenditures							
Water expenses	DWC Water	1,842,118	2,243,765	2,780,407	3,250,848	3,745,163	4,120,993	
	Personnel	545,022	560,900	577,727	595,059	612,911	631,298	3% annual increase
	Contractual	964,336	963,600	992,508	1,022,283	1,052,952	1,084,540	3% annual increase
	Commodities	10,798	17,700	18,231	18,778	19,341	19,922	3% annual increase
	Equipment	111,596	46,500	25,000	25,000	25,000	25,000	
	Capital	1,301,881	938,000	1,304,000	1,632,000	1,520,000	1,674,000	per long term plan
	Total Expenditures	4,775,751	4,770,465	5,697,873	6,543,968	6,975,367	7,555,753	
	Water Division Revenues							
Water Revenues	Metered Resident Water	5,069,313	5,154,875	5,556,955	5,990,397	6,457,648	6,758,587	
	Metered Non Resident Water		157,802	170,111	183,380	197,683	206,896	
	Connections / Meters / Fees / Inspections	121,155	85,000	85,000	85,000	85,000	85,000	
	Interest Income	3,674	3,500	3,500	3,500	3,500	3,500	
	Grant Funding	98	-	-	-	-	-	
	Miscellaneous Income	17,907	20,000	20,000	20,000	20,000	20,000	
	Total Revenue	5,212,147	5,421,177	5,835,566	6,282,277	6,763,831	7,073,983	
	Water Division Gain/(Loss)	436,396	650,712	137,693	(261,692)	(211,535)	(481,770)	269,803.46

	Sewer Division Expenditures							
Sewer Expenses	GWA	2,928,421	2,971,000	3,060,130	3,151,934	3,246,492	3,343,887	3% annual increase
	Personnel	519,247	531,300	547,239	563,656	580,566	597,983	3% annual increase
	Contractual	883,751	1,016,800	1,047,304	1,078,723	1,111,085	1,144,417	3% annual increase
	Commodities	8,919	15,100	15,553	16,020	16,500	16,995	3% annual increase
	Equipment	243	46,500	25,000	25,000	25,000	25,000	
	Capital	1,542,741	1,055,000	1,791,000	1,138,000	1,887,000	1,076,000	per long term plan
	Total Expenditures	5,883,322	5,635,700	6,486,226	5,973,333	6,866,643	6,204,282	
	Sewer Division Revenues							
Sewer Revenues	Metered Resident Sewer	3,850,459	4,248,300	4,579,667	4,936,881	5,321,958	5,569,971	
	Metered Non Resident Sewer		94,084	101,423	109,334	117,862	123,354	
	Illinois American Sewer	525,387	560,000	576,800	594,104	611,927	630,285	3% annual increase
	DuPage County Sewer	303,518	380,000	418,000	459,800	505,780	505,780	Incease same as NR
	Sewer Repair Fee	285,484	290,000	290,000	290,000	290,000	290,000	
	Connections / Meters / Fees / Inspections	50,770	63,000	63,000	63,000	63,000	63,000	
	Interest Income	3,674	3,500	3,500	3,500	3,500	3,500	
	Grant Funding	24,116	-	-	-	-	-	
	Miscellaneous Income	5,518	5,000	5,000	5,000	5,000	5,000	
	SSA - Lambert Farms	96,784	97,000	97,000	97,000	97,000	97,000	
	Total Revenue	5,145,710	5,740,884	6,134,390	6,558,619	7,016,026	7,287,890	
	Sewer Division Gain/(Loss)	**(737,612)**	**105,184**	**(351,836)**	**585,286**	**149,384**	**1,083,608**	834,012.95
Fund totals	Total Water Sewer Expenditures	10,659,073	10,406,165	12,184,099	12,517,301	13,842,009	13,760,035	
	Total Water Sewer Revenues	10,357,857	11,162,061	11,969,955	12,840,895	13,779,858	14,361,873	
	Gain/(Loss)	(301,216)	755,896	(214,144)	323,594	(62,152)	601,838	
	Water & Sewer Fund Totals							
Cash Reserve Calculations	O&M Costs	7,605,828	8,223,165	8,942,099	9,600,301	10,288,009	10,863,035	
	Min Cash Reserve Policy (25% O&M)	1,901,457	2,055,791	2,235,525	2,400,075	2,572,002	2,715,759	
	Total Cash EOY	2,670,572	3,426,468	3,212,324	3,535,918	3,473,766	4,075,604	
	Deposits	(243,000)	(240,570)	(238,164)	(235,783)	(233,425)	(231,091)	
	Encumbrances	(975,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	
	Cash Reserves EOY	1,452,572	2,285,898	2,074,159	2,400,135	2,340,342	2,944,514	
	Cash Reserves Over/(Under) Min	(448,885)	230,106	(161,365)	60	(231,661)	228,755	
	Cash Reserves % O&M	19%	28%	23%	25%	23%	27%	

Breakdown of proposed water rate



10% increase as of January 1, 2012
FY2011/12 budgeted expenses

Breakdown of proposed sewer rate

Glenbard Wastewater 53¢

Infrastructure Replacement 19¢

Contractual 11¢

All Other 1¢

Personnel 9¢

10% increase as of January 1, 2012
FY2011/12 budgeted expenses

Vlg Board Special Meeting
December 5, 2011
Item No. 5

MEMORANDUM

TO: Mark Franz, Village Manager

FROM: Staci Hulseberg, Planning and Development Director

DATE: November 22, 2011

RE: Economic Incentive Guidelines

C: Michele Stegall, Kasey Matthews

Background.
At the November 28th Village Board Workshop, the Board discussed the draft Economic Incentive Guidelines. A copy of the agenda packet for the November 28th discussion is attached. Due to time limitations, it was requested that the Village Board email comments to staff for inclusion in the guidelines prior to the next Village Board meeting. We received written comments from two Trustees. Their comments have been incorporated into the black-lined version of the Guidelines (attached).

Issues.
There is an interest in finalizing the Guidelines as the Village Board may be considering some business terms related to an incentive request at an upcoming meeting.

Recommendation.
The updated Guidelines provide a framework for the Village to evaluate the appropriateness of requests for economic incentives. The Guidelines should help ensure requests receive consistent and fair evaluations. Staff recommends the adoption of Guidelines.

Action Requested.
Approval of the proposed Resolution adopting the proposed Guidelines.

Attachments.
- November 22, 2011 Village Board Memo and Attachments
- Incentive Guidelines Black-lined with Trustee Comments
- Resolution adopting Guidelines with Clean Copy of Guidelines Attached

C: Michele Stegall, Village Planner
Kasey Matthews, Planning intern

Village Board Workshop
November 28, 2011
Item No. 3

MEMORANDUM

TO: Mark Franz, Village Manager

FROM: Staci Hulseberg, Planning and Development Director
Michele Stegall, Village Planner MJS
Kasey Matthews, Planning Intern KM

DATE: November 22, 2011

RE: Economic Incentive Guidelines

Background.
The Village entered into two sales tax rebate agreements in 1997. In February of 1998, internal Village Guidelines for sales tax rebate proposals were established. These Guidelines provided direction regarding how the Village was to evaluate sales tax rebate requests. The guidelines were to be used in evaluating incentive requests, but the Village Board had complete discretion in awarding any economic incentive. The Guidelines have not been reviewed since 1998. Because the Village believes it will receive incentive requests in the near future, the Planning and Development team thought it would be appropriate to update the Economic Incentive Guidelines to address other types of incentives, provide consistency when reviewing proposals, and evaluate and clarify goals.

In developing the proposed updated Guidelines, the policies of multiple communities in the Chicago metropolitan area were examined to gain a better understanding of how other communities are currently addressing economic incentive requests. Information from the following communities was collected: Arlington Heights, Downers Grove, Elmhurst, Galesburg, Geneva, Glenview, Godfrey, Lake Forest, Lombard, Orland Park, O'Fallon, St. Charles, Tinley Park, and Wheaton. A table summarizing the policies of these communities is attached.

Economic incentives should be used to bridge a financial gap for quality projects that will generate substantial new revenues, additional jobs, or other benefits for the Village and which would not be possible in Glen Ellyn without the incentive. The proposed objectives were expanded beyond the 1998 Guidelines to include items such as attracting projects to high priority redevelopment sites, providing higher quality design than the market will bear, and furthering the Village's reputation as a shopping, dining and special events destination. The list of potential incentives was also expanded to include: sales tax rebates, contributions for public improvements, fee waivers, and special service areas, among others. The list is not meant to be exclusionary since some projects and circumstances may necessitate creative alternatives.

A more comprehensive list of review criteria was also created to evaluate economic incentive requests and gain an understanding of the impacts such requests would have on the community. More detailed submittal guidelines were also established to ensure the Village is provided sufficient information to make informed decisions. The "but for standard" requiring applicants to demonstrate the project would not take place in Glen Ellyn without the incentive, remains as in the 1998 Guidelines.

A new review process is proposed to evaluate requests. According to the proposed Guidelines, after a proposal is received, it would be reviewed by Village management who would then make a

recommendation to the Finance Commission. The Finance Commission would review the request and make a recommendation to the Village Board. If applicable, a draft incentive agreement would be prepared by Village management and presented to the Board. The Board has final authority to approve or deny an economic incentive request. The Guidelines are meant to be flexible to deal with unique situations and do not limit Village Board action.

Issues.

The 1998 Guidelines have not been amended since they were created thirteen years ago and it is necessary for the Guidelines to be revised to remain relevant to current Village policies and priorities, economic circumstances, and the desired goals of the community.

The Finance Commission reviewed the guidelines at a meeting on October 14, 2011. The Commission suggested several changes which have been incorporated into the draft Guidelines.

A summary of the more substantive changes is provided below:

- "Encourage historical revitalization and implementation of green initiatives to create a sustainable community:" was struck from the objectives list. It was thought this objective did not advance the stated goals.
- "Assistance will not be provided for projects as a means to increase the developer's profit margin." was struck from the end of the first paragraph in the Review Criteria section. The Commissioners thought this remark is disingenuous because the primary reason for a developer to request an incentive is to increase their profit margin.
- "Estimated market value of property one year following occupancy" was struck from the list of suggested submittal requirements because there could be a wide discrepancy in interpretation.

At this time the Village's current grant programs remain separate policy documents; however, should it be the desire of the Board, the grant programs could be incorporated into the Economic Incentive Guidelines. If the grant programs are subject to the Guidelines, fewer projects would meet the criteria. Tax Increment Financing (TIF) guidelines have also been excluded from the Guidelines. Guidelines for TIF's could be incorporated if the Village's proposed TIF district is approved in the future.

Recommendation.

The updated guidelines provide a framework for the Village to evaluate the appropriateness of requests for economic incentives. The Guidelines should help ensure requests receive consistent and fair evaluations.

Action Requested.

The Village Board is requested to consider and discuss the proposed Economic Incentive Guidelines and suggest potential changes, if any. Once the Guidelines are in final form, they would be brought back to the Village Board for approval by Resolution. Staff is also requesting that the Board consider if the grant program applications should be subject to the Guidelines' evaluation criteria, which would limit the approval of grants to the "but-for" extraordinary circumstances standard. This would be a change from the current criteria for the grant program. Changes to the grant program applications and standards will be brought to the Board at a future meeting.

Attachments.

- Internal Village Guidelines for Sales Tax Rebate Proposals, Dated February 3, 1998
- Proposed Economic Incentive Guidelines
- Spreadsheet of Community Economic Incentive Research

GLEN ELLYN
ECONOMIC
DEVELOPMENT
CORPORATION

444 N. Main St., Glen Ellyn, IL 60137
(630) 469-0947 Voice (630) 469-0426 Fax

MEMORANDUM

February 3, 1998

TO: Gary Webster, Village Administrator
THRU: Pat Melady, EDC President
FROM: Janie Patch, EDC Administrator

RE: **Internal Village Guidelines for Sales Tax Rebate Proposals**

The following internal guidelines are hereby transmitted for your use based on our understanding of the Village Board's direction and the consensus reached on the guidelines at the workshop last evening. The EDC will use these guidelines as well.

Objectives

1. To make clear the primary objective of a sales tax rebate agreement for all parties involved - the Village, the Economic Development Corporation, businesses, commercial property owners, developers and consultants. The primary objective as expressed in the following guidelines is to bridge the financial gap for a commercial development which will generate substantial new sales tax revenue for the Village <u>and</u> which would not take place "but for" the existence of the rebate agreement. Time and cost savings will accrue for all parties by being clear about the role of a rebate.

2. To provide a general framework which will ensure both consistency over time and fairness in the consideration of sales tax rebate proposals.

Internal and Informal

The guidelines are both internal and informal in order to:

1. Maintain the flexibility needed to address specific circumstances;

2. Avoid inadvertent solicitation of rebate proposals; and,

3. Permit the flexibility to change the guidelines as the Village Board deems necessary.

Sales Tax Rebate Guidelines

"But For" Standard: The petitioner should demonstrate that a commercial development would not otherwise take place "but for" the rebate agreement.

Return for Village: The threshold level of return for the Village to consider a rebate proposal should be significant.

Community Objectives: Proposals will be evaluated for the contribution toward community objectives including:

1. Improving properties which are considered unattractive or have been vacant for a long period of time. Rebates will not be used for deferred maintenance;

2. Providing a higher quality facade treatment and enhanced landscaping than the market will bear to further improve the aesthetics of an existing or proposed development;

3. Introducing unique businesses which improve the overall mix of businesses and the Village's reputation for destination shopping; and

4. Fulfilling goals expressed within the Village's Comprehensive Plan.

Sharing Ratio:

1. A 100% rebate should not be considered without substantial justification.

2. For existing businesses, the rebate agreement is structured on the sharing of the incremental increase in sales tax revenues only.

3. The sharing ratio should be structured to maintain the Village in at least a revenue neutral position considering any anticipated transfer of sales and accommodating the cost of inflation.

Dollar Amount and Term: A maximum dollar amount and term will be determined.

Use of Rebate: Only specific capital or one-time costs such as but not limited to relocation, demolition, remodeling, upgrading and environmental remediation are justified.

Reimbursement for Failure: The rebate agreement should contain a financial guarantee to the Village for reimbursement should a business associated with a rebate cease to operate during the term of the rebate or another specified period of time.

Financial Disclosure: Petitioners should be prepared to provide full financial disclosure for evaluation by an independent financial consultant approved by the Village.

Expert Consultation Costs: An amount from the petitioner should be deposited into an escrow account to cover the Village's costs for legal and financial consultation. The Village may elect to have the petitioner's counsel draft the agreement for review by the Village's attorney and may lower the initial escrow deposit amount accordingly.

Final Authority: The Village Board has final authority to negotiate the terms of any sales tax rebate agreement or to deny approval of a rebate proposal. The preceding guidelines do not limit Village Board action.

Village of Glen Ellyn
Economic Incentive Guidelines

Introduction

The purpose of these Guidelines is to present the primary objectives of Village sponsored economic incentives for all parties involved and to provide a general framework which will ensure both consistency over time and fairness in the consideration of economic incentive proposals. These internal Guidelines are intended to be flexible in order to address specific circumstances and may be waived or amended as the Village Board of Trustees deems appropriate.

Incentives are a tool to encourage and maintain quality development in the Village and should be used in the best interest of the community by providing growth and long-term value. The impacts on all stakeholders should be considered before the Village Board decides to approve or deny a request for incentives.

The referenced incentives are not inclusive and use of any incentive is at the sole discretion of the Village Board. All requests for incentives will be reviewed on a case-by-case basis and upon the merits of each situation. Meeting policy guidelines does not guarantee assistance and the approval or denial of one project shall not set a precedent for approval or denial of other projects. The Village's intention should be to provide the minimum amount of assistance necessary to make the project viable while carefully considering the long-term financial and community impacts.

Goals and Objectives

The primary goals of economic incentives are to bridge the financial gap for quality projects which will generate substantial new revenues for the Village or generate additional jobs, and which would not take place in Glen Ellyn but for the existence of the incentive.

These goals are to be met by the following objectives:

1. Attracting businesses/developers to high priority redevelopment sites;
2. Attracting high priority and unique businesses to the Village that improve the overall mix of uses;
3. Improving properties which are considered unattractive or have been vacant for a long period of time;
4. Providing higher quality architectural and landscape treatments than the market will bear to further improve the aesthetics of an existing or proposed development, enhance adjacent property values, and improve the overall appeal of the Village's commercial districts;
5. Introducing uses which further the Village's reputation as a destination for shopping, dining, cultural events and entertainment;
6. Improving the variety of quality housing choices in the downtown in order to support nearby businesses and increase the vibrancy of the downtown;

7. Retaining high priority or anchor businesses whose closure would have significant negative impact on surrounding businesses and the community;
8. Fulfilling other goals expressed within the Village's 2001 Comprehensive Plan and 2009 Downtown Strategic Plan.

Types of Incentives

The following is a list of potential incentives the Board *may* wish to consider. Not all incentives will be appropriate for all projects and some projects may necessitate creative incentives that may not be listed below.

- Sales Tax Rebates
- Use of Village property or right-of-way for development at reduced or no cost
- Contribution toward public improvement or infrastructure
- Fee waivers: zoning, permits, etc.
- Cooperative provision of municipal services
- Industrial Revenue Bonds
- Special Service Area
- Business Development District (BDD): an increase in sales tax over a specified period of time used to fund improvements in the district

Eligible Projects

There are several types of eligible projects which may be considered for economic assistance. Examples of these projects are:

- Businesses attracted, retained, or expanded in the Village
- Development of previously identified priority development sites
- Business segments underserved in the Village
- Development consistent with the Downtown Plan
- Other projects that would enhance the Village and satisfy one or more of the identified objectives

Review Criteria

The threshold level of assistance given to the Developer should be limited to the minimum amount necessary to provide the Developer with a reasonable rate of return for the project in Glen Ellyn, and the level of return for the Village to consider an incentive proposal should be significant.

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- *Dollar Amount and Term:* A maximum dollar amount and term will be determined. Assistance should be at the lowest level possible within the least amount of time.
- *Eligible Project Costs:* incentives may not be used for soft costs such as legal, architectural or engineering consultant fees.
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- Drugs and medical appliances
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  - Syringes
  - Needles used by diabetics
- Tangible personal property that is titled or registered with an agency of State government (eg. Cars, trucks, motorcycles, trailers, snowmobiles, aircraft)

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Community Economic Incentive Policies

Community	Contact Info	Incentives Offered	Evaluation Criteria
Arlington Heights	*John C Melaniphy* Business & Development Coordinator (847) 368-5212 jmelaniphy@vah.com	*Official policy currently pending official Board approval Big Box Stores (New) - sales tax incentives - determined on a case by case basis 5,000 sq ft or less (New) - 33% local municipal sales tax rebate if signing a 5 year lease Existing Businesses - rebate available if expanding at least 50% TIF - currently has 3 districts	
Downers Grove	*Michael Cassa* President, EDC (630) 729-0380 mcassa@dgedc.com	Infrastructure Investments Local Sales Tax Revenue Sharing Low Interest Loan Financing Special Service Areas Tax Abatement TIF Utility Tax Sharing Grants	case-by-case consideration must favorably meet general criteria: meet redevelopment goals; cultural benefits; creates more marketable space; aesthetics; new/continuing village revenues; assessed value impact; remiediation of blighted property; job creation/retention; type of business
Elmhurst	*Cathy Maloney* Unknown (630) 530-6017 elmhurstcathy@comcast.net	Façade Improvement Grants: up to 50% or $50,000 Retail Grant Program: available to businesses located in TIF 1 District TIF Districts: currently 3 districts	Properties in CBD; one-time basis; one rebate per building; rehabilitation, or demolition and reconstruction attract new retail businesses assist existing businesses with retail growth initiatives
Galesburg	*Cesar Suarez* Economic Development Director (309) 345-3680 csuarez@ci.galesburg.il.us	TIF Enterprise Zones Special Service Areas Low Interest Loan Financing Tax Abatement Grants	Not available for residential projects (except TIF or other special project)
Geneva	*Ellen Divita* Economic Development Director (630) 232-7449 edivita@geneva.il.us	*No official policy, but will entertain sales tax abatements or TIFs	NA
Glen Ellyn	***Staci Hulseburg*** **Planning & Development Director** **(630) 547-5240** **shulseburg@glenellyn.org**	**Façade Improvement Grants - 50% up to $10,000; 3 year lease** **Downtown Retail Grants - 50% up to $15,000** **Sales Tax Rebate** **TIF - currently being considered**	**Commerical properties; to improve aesthetics of Village commercial areas** **must be a new or expanding business** **must generate retail sales tax**

Glenview	*Ellen Dean* Economic Development Coordinator (847) 904-4477 edean@glenview.il.us	Generally do not favor using incentives; however, a few have been given out in the past for large tax generators: Incentives through TIF Sales Tax Rebate	case by case basis for large tax generators
Godfrey	*Michael J. McCormick* Mayor/Economic Development Planner (618) 466-3325	Tax Revenue Rebates In Kind Assistance TIF	"But for" standard
LaGrange	*Patrick Benjamin* Community Development Director (708) 579-2320 pbenjamin@villageoflagrange.com	*emailed 7/12/11, awaiting response	
Lake Forest	*Susan Kelsey* Economic Development Coordinator (847) 810-3681 KelseyS@CityofLakeForest.com	*No policy, no incentives	NA
Lombard	Community Development Department (630) 620-5746 Communitydevelopment@villageoflombard.org	Special Assessment: Village funded public improvements Business Improvement District: 1% sales tax within specific business district to fund improvements Industrial Development Revenue Bonds: Village receives 1/4 of 1% of total bond as issuance fee Sales Tax Rebate: portion of sales tax used to finance development TIF	No specific criteria listed online
Naperville	*Marcie Schatz* TED Business Group Leader (630) 420-6087 schatzm@naperville.il.us	*emailed 10/19/11, awaiting response	
O'Fallon	*Ted Shekell* Director of Planning and Zoning (618) 624-4500 x4 tshekell@ofallon.org	Tax Rebates TIF Enterprise Zones In Kind Assistance	"But for" standard
Orland Park	*Karie Filing* Development Services Director (708) 403-5300 developmentservices@orland-park.il.us	Revolving Loan Program: low interest loans; preference for office, industrial, warehouse, distribution, and related businesses Business Retention & Expansion Program TIF Infrastructure Cost Sharing	new or expanding businesses retain or create quality full-time jobs encourage private investment case-by-case; based on projected growthin sales and property tax revenue case-by-case
			Attract, retain, expand business

St Charles	*Michael Mertes* Economic Development Coordinator (630) 762-6901 mmertes@stcharlesil.gov	TIF Sales Tax Rebate Must meet two of these criteria -->	Desirable business to enhance vitality of city Serve and under-served business segment Extraordinary (re)development costs Proposed increase in employment Enhance streeetscape/pedestrian experience Improve public infrastructure Provide variety of quality housing choices Quality of development & aesthetics above & beyond legal mandate & design standards
Tinley Park	*Ivan Baker, CEcD, AICP* Director of Economic Development (708) 444-5000 ibaker@tinleypark.org	Property Tax Abatement Sale Tax Refund Tax Increment Financing Employee-training Dollars Low-cost Financing Infrastructure Improvement Utility Cost Reduction	For new or expanding businesses Consideration is given to firms that: Provide above average wages & full benefits Provide additional tax revenue Provide significant enhancement
Wheaton	*Jim Kozik* Economic Development Director (630) 260-2008 jkozik@wheaton.il.us	TIF districts Sales tax rebates Downtown property improvement grant programs - 50% up to $2500 per grant	"But for" standard; project demonstrates a financial gap & assists the City in meeting its goals for the area; attract, retain, expand business, enhance streetscape/pedestrian experience, improve vitality of the Central Area, improve public infrastructure, provide variety of quality housing choices

Updated 12/1/11

Village of Glen Ellyn
Economic Incentive Guidelines

Introduction

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Incentives are a tool to encourage and maintain quality development in the Village and should be used in the best interest of the community by providing growth and long-term value. The impacts on all stakeholders should be considered before the Village Board decides to approve or deny a request for incentives.

The referenced incentives are not inclusive and use of any incentive is at the sole discretion of the Village Board. All requests for incentives will be reviewed on a case-by-case basis and upon the merits of each situation. Meeting policy guidelines does not guarantee assistance and the approval or denial of one project shall not set a precedent for approval or denial of other projects. The Village's intention should be to provide the minimum amount of assistance necessary to make the project viable while carefully considering the long-term financial and community impacts.

Goals and Objectives

The primary goals of economic incentives are to bridge the financial gap for quality projects which will generate substantial new revenues for the Village or generate additional jobs, and which would not take place in Glen Ellyn but for the existence of the incentive.

These goals are to be met by the following objectives:

1. Attracting businesses/developers to high priority redevelopment sites;
2. Attracting high priority and unique businesses to the Village that improve the overall mix of uses;
3. Improving properties which are considered unattractive or have been vacant for a long period of time;
4. Providing higher quality architectural and landscape treatments than the market will bear to further improve the aesthetics of an existing or proposed development, enhance adjacent property values, and improve the overall appeal of the Village's commercial districts;
5. Introducing uses which further the Village's reputation as a destination for shopping, dining, cultural events and entertainment;

Comment [km1]: D. MCGINLEY – consider removing this item: we do not want to encourage property owners to let their property degrade or remain vacant for extended periods of time as a way to receive an incentive

6. Improving the variety of quality housing choices ~~in the downtown in order~~ to support community diversity and nearby businesses, and increase the vibrancy and economic development potential of the downtown;
7. Retaining high priority or anchor businesses whose closure would have significant negative impact on surrounding businesses and the community;
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Comment [km2]: P. HARTWEG – suggested change

Comment [km3]: D. MCGINLEY – if the busines is significant than residents would be supporting it. Should not fund a store that is failing for legitimate reasons. Who determines if the store leaving woul have a negative impact? What measures would we consider?

Comment [km4]: D. MCGINLEY – Neither plan i supported by the community in its entirety. Would not support an incentive if it met a Plan goal that was not a good idea to begin with.

Types of Incentives

The following is a list of potential incentives the Board *may* wish to consider. Not all incentives will be appropriate for all projects and some projects may necessitate creative incentives that may not be listed below.

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- Business Development District (BDD): an increase in sales tax over a specified period of time used to fund improvements in the district

Comment [km5]: D. MCGINLEY – need to protect ourselves from selling property and then having to buy it back again because of unforeseen circumstances.

Eligible Projects

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Comment [km6]: D. MCGINLEY – same as projects under the grant program: should not be duplicating efforts. Funding for exterior work would have to requested by the property owner, not the business? On the fence about providing funding for interior work.

Comment [km7]: D. MCGINLEY – does not support the blanket statement. Projects need to be community supported.

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Comment [km8]: P. HARTWEG – suggested change

Comment [km9]: D. MCGINLEY – with limited resources, should focus on the more needed economic development services/projects

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7. Village Board meeting for final consideration of incentive request

Incentive agreements should address the following items and include the following provisions:

- *"But For" Standard:* the petitioner should demonstrate that the project would not otherwise take place in Glen Ellyn "but for" the incentive.
- *Dollar Amount and Term:* A maximum dollar amount and term will be determined. Assistance should be at the lowest level possible within the least amount of time.
- *Eligible Project Costs:* incentives may not be used for soft costs such as legal, architectural or engineering consultant fees.
- *Reimbursement for Failure:* The incentive agreement should contain a claw-back provision to the Village for reimbursement of a pro-rated share of the incentive based on specified time periods should a business associated with an incentive cease to operate during the term of the incentive or another specified period of time.
- *Look-back Provision:* If the project generates a higher return than anticipated when the incentive was approved, the developer and Village shall split any increase at or above a specified threshold of the original projected rate of return.
- *Permanence:* Projects requesting an incentive should demonstrate their intent to remain within the Village for the foreseeable future. For example, a condition of the incentive may be a commitment for a lease period beyond the length of the incentive.
- *Ownership:* If the developer intends to sell the project (i.e. commercial or residential condominiums), the developer must retain ownership of the overall project until final completion.
- *Pay-As-You-Go:* Assistance will be provided by a "pay-as-you-go" method. Up-front financing requests will be considered on a case-by-case basis provided there is sufficient increment generation to meet initial financing and debt service costs.
- *Limitation:* no incentive will be provided for any project expenses incurred prior to approval of the project with the exception of Village grant funds.
- *Other Assistance:* when requested, the Village will assist developers in seeking State and Federal Incentives.

The Village Board has final authority to negotiate the terms of any economic incentive or to deny approval of an incentive proposal. The preceding guidelines do not limit Village Board action.

DRAFT

"Attachment A"

Exemptions to Home Rule Retailers and Service Occupation Taxes

Village Ordinance 5740 (3/30/09)

Retail and Service Sales that are Exempt from Taxes

- Food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food which has been prepared for immediate consumption)
- Drugs and medical appliances
  - Prescription and non-prescription medicines
  - Drugs
  - Medical appliances
  - Insulin
  - Urine testing materials
  - Syringes
  - Needles used by diabetics
- Tangible personal property that is titled or registered with an agency of State government (eg. Cars, trucks, motorcycles, trailers, snowmobiles, aircraft)

DRAFT

Resolution ___

A Resolution Adopting Economic Incentive Guidelines for the Village of Glen Ellyn

Whereas, in February of 1998, internal Village Guidelines for sales tax rebate proposals were established; and

Whereas, the Village anticipates receiving new requests for economic incentives in the near future; and

Whereas, the Village desires to review and update the 1998 Guidelines to assist in the review of future economic incentive requests in order to provide for a more consistent framework for review and to evaluate and modify the objectives of offering economic incentives to ensure that they continue to further the Village's goals; and

Whereas, the updated Guidelines has been expanded to address a variety of different types of economic incentives and a new review process for the consideration of incentive requests has been prepared; and

Whereas, the updated Guidelines were informally reviewed by the Finance Commission at a public meeting on October 14, 2011 and recommendations from the Finance Commission were incorporated into the Guidelines; and

Whereas, the Village President and Board of Trustees reviewed the Guidelines at a workshop meeting on November 28, 2011 and believe it is in the best interest of the Village to adopt the updated Guidelines.

Now, Therefore, be it Resolved by the President and Board of Trustees of the Village of Glen Ellyn, DuPage County, Illinois as follows:

Section One. The Economic Incentive Guidelines dated December 1, 2011 and attached hereto as Exhibit "A" are hereby adopted by the Village President and Board of Trustees.

Section Two. The Guidelines approved herein are to be used as a Guide to review requests for economic incentives from the Village.

Section Three. The granting of Economic Incentives shall continue to be at the sole discretion of the Village Board.

Passed by the President and Board of Trustees of the Village of Glen Ellyn, Illinois, this _____ day of _____ 2011.

Ayes:

Nays:

Absent:

Approved by the Village President of the Village of Glen Ellyn, Illinois, this _____ day of _____, 2011.

_____
Village President of the
Village of Glen Ellyn, Illinois

Attest:

_____
Village Clerk of the
Village of Glen Ellyn, Illinois

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