

**LONG-RANGE  
CAPITAL PROJECTS FUND ANALYSIS  
FY 2013-14 THROUGH FY 2022-23**

INTRODUCTION

Capital projects continue to be the centerpiece of our Operating and Capital Improvements Budget. An annual transfer is made from the General Fund to the Capital Projects Fund to support major infrastructure improvements. This transfer may vary based upon available funding in the General Fund after providing funding for annual operating expenditures. Due to the economic recession which has negatively impacted General Fund revenues, the transfer for capital improvements was reduced by \$100,000 in FY 2009-10 and further reduced by \$200,000 beginning in FY 2010-11. In order to complete proposed capital projects as previously budgeted, annual maintenance programs have been temporarily reduced and/or eliminated.

As the economy begins to recover and General Fund revenues return to previous levels, it is our intention to remain fiscally conservative with general operating expenditures in order to increase the annual transfer to the Capital Projects Fund in the near future. The increased transfer will allow for the reimplementation of the maintenance programs which have been impacted by the reduced funding as these programs play a vital role in the repair and maintenance of the Village's infrastructure.

The transfer from the General Fund was reduced to provide additional funding for public safety, public works and administrative operating expenditures. However, due to increased grant funding from the federal Surface Transportation Program for the Willow Spring Safety Improvements, greater utilization of MFT funds for Maple Avenue Relief Sewer (M.A.R.S) project, grant funds from the Central Council of Mayors for the Willow Springs Road resurfacing project, funding from the American Recovery and Reinvestment Act (ARRA) for the Burlington Avenue resurfacing project and HVAC improvements and energy efficiency project, and a legislative appropriation from the State of Illinois for the Neighborhood "H" Resurfacing Project, the remaining capital projects were not impacted by the reduced transfer from the General Fund.

In addition to funding the matching Village portion of current capital projects constructed through the federal Surface Transportation Program, annual transfers from the Motor Fuel Tax (MFT) are scheduled to fund eligible neighborhood street projects and future segments of the M.A.R.S. project every two to three years.

CAPITAL IMPROVEMENTS

With the continued emphasis on improving Village infrastructure, staff has taken a longer look beyond the normal five-year horizon. In order to adequately plan for various multi-year projects, a ten-year analysis has been prepared. As a result of the Village Board's priorities for the Capital Improvements Program, the following key proposals have been incorporated into the budget:

## Capital Projects – Long Range

1. Completion of the Maple Avenue Relief Sewer (M.A.R.S.) to increase sewer drainage capacity and efficiency. Continue with long term infrastructure planning to address flooding in the various sections of the Village.
2. Pedestrian and traffic safety enhancements throughout the Village, with particular emphasis on 47<sup>th</sup> Street, La Grange Road and Ogden Avenue.
3. Continued participation in various State and Federal grant programs for eligible streets including the federal Surface Transportation Program (STP), the American Recovery and Reinvestment Act (ARRA) and the Illinois Department of Transportation Emergency Repair Act (ERP).
4. Annual Street Resurfacing Program. A street condition survey was completed in FY 2011-12 to determine street priority for reconstruction. The study permits resources to be allocated on a block by block basis rather than by neighborhood, which allows for the resurfacing of streets segments which are in the greatest need of repair. In addition, a sewer televising program is being utilized to provide additional data to complete the street condition analysis.
5. Renovation of Stone Avenue Train Station utilizing federal funding and grants from the West Suburban Mass Transit District and METRA.
6. Continuation of annual maintenance programs which include 50/50 sidewalk replacement, tree planting, thermoplastic street marking, street crack filling and sewer televising. Resume sewer lining program in FY 2016-17.
7. Debt Service payments for the 2005 Alternate Revenue Refunding Bond Issue which matures in FY 2017-18 and is serviced by available funds. The Series 2005 bonds refunded the 1998 Residential Streetlight bonds.

The deep tunnel, which was constructed by the Metropolitan Water Reclamation District through La Grange in the mid-1970=s, allows for storm sewer flowage to be temporarily stored in a tunnel located 200 feet below ground. However, the Chicago Region Environmental and Transportation Efficiency plan (C.R.E.A.T.E.), which is a federal transportation program targeting railroad intersections with traffic delays and which pose a risk to the public, have identified this intersection for future improvements including an underpass at this intersection. If the Village were to utilize the deep tunnel drop at 47<sup>th</sup> and East at this time, it is probable that the need to explore an alternate outlet would exist when the underpass at this intersection is constructed.

Prompted by the need to provide an outlet for the Bluff Avenue corridor and in order to address ongoing flooding issues in the central section of the Village, the Village Board approved the construction of a sizeable relief sewer which builds upon the existing sewer system. The initial

stage of the Maple Avenue Relief Sewer (M.A.R.S.) project was completed in FY 2009-10 in conjunction with the Bluff Avenue street project. This segment of the project connects the Bluff Avenue corridor sewer system to a second deep tunnel outlet located at Cossitt and East Avenues, preventing any future issues with the 47<sup>th</sup> and East Avenue intersection.

This capital project was funded through a combination of sources, principal among them being Surface Transportation Program (STP) funds for street reconstruction, which require a 70/30 cost sharing. MFT funds were utilized for our local 30 percent match. The staging of the projects has allowed the Village to secure additional STP funding and increased utilization of MFT funds as the entire project is now eligible for grant participation.

An aging combined sewer along Cossitt Avenue (approximately 120 years old) handles all of the sanitary and storm water from 553 acres located in the center section of the Village. Heavy rains lead to flooding as capacity of the Cossitt sewer is taxed, resulting in sewage backing up into residential basements. The main portion of the M.A.R.S. project will construct a relief sewer along Maple Avenue from Bluff Avenue west to Peck Avenue. The sewer size will range from 72 inches in diameter near the eastern outlet to 24 inches near the western end of the relief sewer. The relief sewer will intercept drainage from the existing combination sewer crossed in construction, providing relief to the existing Cossitt Avenue sewer. At Bluff Avenue, the relief sewer will redirect dry weather sanitary flow to the sanitary outlet in East Avenue and divert wet weather storm flow to the deep tunnel outlet at Cossitt and East Avenue.

In order to plan for the construction of the remaining segments of MARS project, a preliminary engineering study was completed in FY 2010-11. The preliminary estimated cost of the project is \$10 million. Due to the overall cost of the project, M.A.R.S. is scheduled to be completed in stages, consisting of several blocks of sewers being installed at a time. As each segment of sewer is installed, the benefit of increased capacity will be immediately realized by residents within the project corridor and those who will continue to be served by the Cossitt Avenue sewer.

The next stage of MARS, from roughly Bluff Avenue to La Grange Road, is scheduled in FY 2013-14, funded by a combination of MFT and capital improvement program funds. For presentation purposes only, the 10-year capital projects analysis includes the next segment of M.A.R.S. to be constructed in FY 2019-20.

The Village has applied for several grants for this project, and will continue to identify alternate funding sources to offset the costs of construction. Additionally, other funding sources such as low interest loans from the IEPA or municipal bonds will be researched to fund additional segments of MARS.

Concurrent with the M.A.R.S. project the Village will be exploring various options to improve pedestrian and bicycle access through this corridor. One such improvement was the installation of a 6 foot wide sidewalk in Phase I of the Bluff Avenue project. We will work with the Village

Engineer in developing other options for improving pedestrian and bicycle access within the corridor.

Drainage investigation at the intersection of Sunset and Elm was also initiated due to complaints received by residents related to street flooding. This intersection floods mainly due to the existing topography of the intersection and limited available sewer conveyance systems.

The topography of this intersection is unique, and that even if improvements are made to the drainage system at the intersection the sewer system is still limited by the capacity of the sewer at Cossitt Avenue. Therefore, the Village has allocated available resources towards MARS as a more cost effective solution to address this localized drainage issue. The MARS project will not only benefit this intersection, but the entire drainage basin as well.

Continuing with long term infrastructure planning, the Village has identified a second relief sewer project to address flooding in the northern section of the Village. The Ogden Avenue Relief Sewer (O.A.R.S.) project will construct a relief sewer along Ogden Avenue from a third deep tunnel drop shaft near the Tilden Avenue water storage tank to Kensington Avenue. As planned, O.A.R.S. would replace the existing sewer in Ogden Avenue and redirect dry weather sanitary flow to the Shawmut Avenue outlet, while directing wet weather storm flow to the deep tunnel. A segment of the relief sewer will also collect drainage from the Ogden Avenue BNSF Railroad underpass and direct the storm flow to the deep tunnel.

The O.A.R.S. project is within the state right-of-way and thus requires cooperation from the Illinois Department of Transportation; this project will also require cooperation with the La Grange Park District and YMCA. The Village will conduct preliminary engineering to have a shelf-ready project when infrastructure coordination and funding opportunities arise. Some of the engineering work was already performed with the YMCA Redevelopment Project. The estimated cost to complete construction of OARS is \$6.0 million. Due to the uncertainties surrounding this project, no funding has been included in the 10-year capital project analysis.

A drainage study for the area south of 47th Street between Brainard and La Grange Road was also initiated due to wide spread flooding problems in the summer of 2010. This study has been completed and determined flooding resulted from a combination of factors including (1) an effective overland flow path with a sufficient drainage outlet to handle a rain event of that magnitude or (2) a sewer infrastructure system that did not have the adequate drainage capacity. While there is no budget recommendation concerning this project at this time, the total cost of Village improvements identified in the report were estimated to be \$22 million.

The issues associated with the drainage basin south of 47th Street involves many stakeholders both at the local and regional levels. (Villages of La Grange, Countryside, Indian Head Park, Lyons Township, Metropolitan Water Reclamation District, Cook County and the Illinois Department of Natural Resources). A meeting with the stakeholders was held in August, 2011 discuss the regional problems of flooding in this area. Staff will continue to coordinate with the

regional planning group for a solution to the drainage issues identified within this watershed.

The Village is actively engaged in strategic evaluation of opportunities to calm traffic and improve pedestrian safety throughout the Village. Particular emphasis has been given to the 47<sup>th</sup> Street corridor because of its unique characteristics and its function as a four-lane, east-west arterial, the combination of which geographically, physically and operationally bi-sects La Grange in a north-south fashion.

Pursuant to a discussion by the Village Board at the traffic and pedestrian safety workshop, staff was directed to pursue the installation of an enhanced crossing, with a stop condition, at 47<sup>th</sup> Street and Waiola Avenue. The Village Board also directed staff to upgrade the existing pedestrian crossing at 47<sup>th</sup> Street and 9<sup>th</sup> Avenue to a stop condition. These improvements are part of the Village's strategy of evaluating and improving pedestrian safety throughout the Village. The proposed design to these two pedestrian crossings provides for the installation of a pedestrian activated red signal that would require vehicles to stop at the intersection. Funds in the amount of \$240,000 are included in the FY 2013-14 for these improvements.

Funding in the amount of \$120,000 for an enhanced pedestrian crossing at 52<sup>nd</sup> Street and La Grange Road is also scheduled in FY 2013-14. However, additional engineering analysis and IDOT approval will be required to determine an appropriate design for a crossing at this location.

The Village has also requested that a permanent 20 mph school speed zone be implemented along Ogden Avenue between Park Road and Spring Avenue due to the multiple schools within this corridor that are adjacent to the roadway. IDOT initially denied this request stating that this stretch of Ogden Avenue does not meet their standards for a school speed zone. Staff plans to re-petition IDOT for the creation of a school speed zone. Additionally, plans and specifications have been developed for the installation of a flashing yellow beacon mounted above the advanced school crossing sign. These flashing signs would be activated during school hours to alert motorists of the school crossing.

Staff is currently working with the Department of Commerce and Economic Opportunity (DCEO) to reallocate funding currently designated in the State's Capital Bill for a pedestrian bridge over Ogden Avenue to each of these four pedestrian safety improvement projects. Once approval from the DCEO is received a total of \$400,000 would be available to these projects.

The purpose of the Street Resurfacing Program is to plan for the routine resurfacing and repair of neighborhood streets on a defined schedule. A detailed street condition survey was completed which provides for the "next generation" street resurfacing program with the added dimension of having our underground utilities (water & sewer) considered for repairs or replacement at the same time.

As part of the development of this program, a change in policy in the resurfacing program was recommended. Under the recently completed 15-year plan, street resurfacing was prioritized on a neighborhood-wide basis. As the street condition survey provides for a reliable set of baseline

information, staff recommended taking a more data-driven approach to street resurfacing by allocating resources on a block segment basis through the resurfacing of streets segments with the greatest need within the annual budget allotment. The intent is to maximize available resources by performing work to extend the underlying integrity of the roadway and thus avoid prematurely incurring the cost of street reconstruction.

Based on this revised approach staff recommends the following streets for resurfacing in the five year capital improvement program:

- FY 2013-14 - 41<sup>st</sup> from Dover to Malden; Bell from Dover to Brainard and Park from Arlington to 41<sup>st</sup>: \$378,000
- FY 2015-16 - 50<sup>th</sup> from Gilbert to end; Kensington from Maple to Goodman; Maple from Sunset to Blackstone, Blackstone from Maple to Elm, Elm from Sunset to Blackstone and Newberry from Shawmut to end: \$875,000.

Staff further recommended the street condition survey be updated every five years to note changes in condition and to update the relative ranking of street segments. Additionally, staff plans to make an assessment of our capital maintenance needs such crack-filling and street patching to see if additional resources will be required to keep streets in good condition stable until such time that resurfacing occurs.

For presentation purposes only, the 10-year capital projects analysis includes the next segment of Street Resurfacing Program to be completed in FY 2021-22.

As a separate street project, Cossitt Avenue from Gilbert Avenue to Sunset Avenue is scheduled for reconstruction in FY 2015-16 due to deterioration of the roadway. The Village applied for and received funding for this project through the Central Council of Mayors. The Village anticipates that engineering will be completed in FY 2013-14 with construction in FY 2015-16.

Rescheduled in FY 2013-14 is the renovation of a local landmark, Stone Avenue train station, which is in distress, suffering from the lack of maintenance over the years. The Village plans to restore this magnificent structure and assume daily maintenance responsibilities upon project completion. The Village is working with Metra, West Suburban Mass Transit District, BNSF and other state and federal agencies towards securing additional funding and approval for interior and exterior renovations to the Stone Avenue train station.

Annual maintenance programs are included in the Capital Projects Fund in order to preserve the safety and integrity of residential neighborhoods. As mentioned previously, due to the decreased transfer from the General Fund, several of the annual maintenance programs have been temporarily reduced and/or postponed. It is anticipated that these short-term reductions in funding will not have a material impact on delivery of services to residents.

Annual maintenance programs include the 50/50 sidewalk program which allows residents to equally share in the replacement cost of damaged or hazardous sidewalk squares. The tree planting program maintains the Village's urban forest by replacing trees which must be removed due to disease and/or storm damage. In an effort to improve pedestrian safety, thermoplastic street lining (striping) is replaced at various intersections within the Village. The crack filling program includes the application of hot asphalt to cracks in the pavement, extending the life expectancy of the street surface. Sewer televising includes identification of needed repairs and debris removal to maintain the optimum operational efficiency of the sewer system.

Two new maintenance programs were recently included in the Capital Projects budget. The first program addresses a new threat to the urban forest which has appeared in the Chicago area called the Emerald Ash Borer (EAB.) This beetle attacks all species of ash trees by burrowing into the tree and disrupting the nutrient supply to the tree. EAB infestation is always fatal to the tree. The EAB had been found in surrounding communities and is most likely just a matter of time before the beetle was found in La Grange. After we requested and set several EAB traps from the Illinois Department of Natural Resources, the presence of the beetle was found in a single location; no damage to the host tree was observed.

We anticipate that all of the ash trees will need to be replaced and therefore have planned in the budget for the replacement of these trees over an eight year period beginning in FY 2011-12. Currently, there is no known treatment to inhibit the EAB from infesting a tree. There are several treatments that will protect a tree for a 2-3 year period, but they are currently cost prohibitive and unproven for long term prevention. We hope that a curative treatment will be discovered before the EAB reaches the Village. We do not advocate any pre-emptive removal of existing Ash tree species in our inventory and will continue to monitor the spread of the EAB and act as a resource to residents.

The second is a sewer rehabilitation program to repair, replace and/or rehabilitate existing mains by lining the sewer with a cured-in-place liner that provides a new structurally sufficient pipe within the existing pipe. This process is less disruptive to residents since it does not require traditional open trench methods for installation.

Due to limited funding, this program was put on hold until sufficient reserves were accumulated to sustain the program on an annual basis. As replacing the Village's aging sewer infrastructure remains an important long term goal, this maintenance activity is planned to resume in FY 2016-17 in the amount of \$100,000 annually. The Village will continue to review the information obtained from the sewer televising program in order to determine if any immediate action is necessary to maintain the functionality of the existing system.

Several additional projects have been identified to further improve residential neighborhoods and commercial districts. Projects include sewer improvements on Poplar Place and Mason Drive. Additional information can be found on these individual projects in the Capital Projects Fund Budget.

Finally, alternate revenue bonds were issued in 1998 to complete the remaining sections of the Residential Street Light Program over a three-year period. The program was originally scheduled to be funded on a pay-as-you-go basis over a twenty-five year period. The Village refunded the 1998 bond issue in December, 2005, due to favorable interest rates. The refunding results in interest savings in excess of \$100,000 over the remaining life of the issue. The final bond payment is due December 1, 2017. The maturity date of the outstanding debt was not extended as a result of the refunding.

The proposed ten-year budget reflects the end of debt service payments for the 2005 Alternate Revenue Refunding Bond in FY 2017-18. These additional funds maybe used for future capital projects or allow for a reduced transfer from the General Fund to provide additional funding for operations.

### SUMMARY

Historically, the Village utilizes a pay-as-you-go approach to funding capital projects in order to minimize debt and maintain the Village's strong overall financial condition. The information found on the following pages presents a ten-year projection of revenues and expenditures for the Capital Projects and Motor Fuel Tax Funds utilizing available resources to fund capital projects. While these projections represent a realistic plan for providing improvements to the Village's infrastructure, they also provide flexibility to reschedule the specific timing of projects (street resurfacing/reconstruction and relief sewers) should the Village's priorities change over the years or additional funding may become available.

This ongoing plan for the Capital Projects Fund demonstrates the continued emphasis placed on the maintenance and replacement of Village infrastructure. The Capital Project Fund reflects a surplus fund balance at the end of the ten-year budget period which demonstrates the ability to fund these identified projects over this time period. A deficit fund balance in a given year would represent a short term, interfund loan from the General Fund, which would be repaid at such time funds become available within the Capital Projects Fund.

It is vital that the Village continue with the systematic renovation and reconstruction of its street network and utilities. The Village will continue to aggressively seek alternate revenue sources including grants, intergovernmental cooperation and appropriate third party agreements to leverage these improvements. Future capital projects included in this ten-year analysis have been budgeted using our best estimates of revenues, engineering studies and bonding projections. At this time the Village appears to have unprecedented options and the opportunity to continue to properly upgrade its infrastructure.

CAPITAL PROJECTS FUND  
10 YEAR ANALYSIS

ACCT. NO.	ACCOUNT DESCRIPTION	2012-13 BUDGET	2012-13 EST ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET	2018-19 BUDGET	2019-20 BUDGET	2020-21 BUDGET	2021-22 BUDGET	2022-23 BUDGET
<b>4000 REVENUES</b>													
INTERGOVERNMENTAL REVENUES													
5300	GRANTS-STP	57,894	107,274	45,020	7,000	26,512	-	-	-	-	-	-	-
5300	GRANTS - STATE (Neighborhood H)	-	-	-	-	-	-	-	-	-	-	-	-
5300	GRANTS - OTHER (Village Hall HVAC)	-	-	-	-	-	-	-	-	-	-	-	-
5300	GRANTS - OTHER (DCEO-La Grange Road Ped Ct)	120,000	-	120,000	-	-	-	-	-	-	-	-	-
5300	GRANTS - OTHER (DCEO-47th St. Ped Crossing)	240,000	-	240,000	-	-	-	-	-	-	-	-	-
5300	GRANTS - OTHER (DCEO-Ogden)	31,000	-	31,000	-	-	-	-	-	-	-	-	-
5300	GRANTS - FEDERAL (Stone Ave Station)	700,000	-	700,000	-	-	-	-	-	-	-	-	-
5302	GRANTS - OTHER (Stone Ave Station)	385,000	50,000	335,000	-	-	-	-	-	-	-	-	-
5314	GRANTS - OTHER (EAB/Reimb Gordon & Demmin)	-	-	-	-	-	-	-	-	-	-	-	-
	SUBTOTAL	1,623,894	179,774	1,471,020	80,500	26,512	-	-	-	-	-	-	-
INTEREST INCOME													
5500	INVESTMENT INTEREST	500	1,000	500	500	500	500	500	500	500	500	500	500
	SUBTOTAL	500	1,000	500	500	500	500	500	500	500	500	500	500
FINANCING REVENUES													
5700	AREA 5 SIDEWALKS-RESIDENTS	500	500	500	-	-	-	-	-	-	-	-	-
	SUBTOTAL	500	500	500	-	-	-	-	-	-	-	-	-
MISCELLANEOUS REVENUES													
5840	50/50 SIDEWALK PROGRAM	5,000	4,390	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
5864	TREE PLANTING	-	7,366	-	-	-	-	-	-	-	-	-	-
5899	MISCELLANEOUS REVENUE	-	-	-	-	-	-	-	-	-	-	-	-
	SUBTOTAL	5,000	11,756	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TRANSFERS IN													
5919	FROM CORP FUND	600,000	600,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
5921	FROM MOTOR FUEL TAX FUND	508,000	28,000	2,248,260	65,000	875,000	20,000	-	-	1,250,000	-	1,100,000	-
	SUBTOTAL	1,108,000	628,000	2,948,260	765,000	1,575,000	720,000	700,000	700,000	1,950,000	700,000	1,800,000	700,000
	TOTAL REVENUES	2,737,894	821,030	4,425,280	851,000	1,607,012	725,500	705,500	705,500	1,955,500	705,500	1,805,500	705,500

**CAPITAL PROJECTS FUND  
10 YEAR ANALYSIS**

ACCT. NO.	ACCOUNT DESCRIPTION	2012-13 BUDGET	2012-13 EST ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET	2018-19 BUDGET	2019-20 BUDGET	2020-21 BUDGET	2021-22 BUDGET	2022-23 BUDGET
<b>CAPITAL OUTLAYS</b>													
4000	EXPENDITURES												
6601	WILLOW SPRINGS RD RESRCNG	-	-	28,659	-	-	-	-	-	-	-	-	-
6602	WILLOW SPRINGS SAFETY IMPRVMENTS	2,100	30,000	26,000	89,200	-	-	-	-	-	-	-	-
6603	SIGN ENHANCEMENT PROJECT	-	-	-	-	-	-	-	-	-	-	-	-
6604	STONE AVENUE STATION RENOVATION	1,035,000	150,000	885,000	-	-	-	-	-	-	-	-	-
6605	PED SIGNAL IMPROVEMENTS (Bollards)	100,000	-	-	-	-	-	-	-	-	-	-	-
6611	SOUTH 47TH ST DRAINAGE AREA STUDY	-	-	-	-	-	-	-	-	-	-	-	-
6612	FIRE DEPT APPARATUS FLOOR	-	16,636	-	-	-	-	-	-	-	-	-	-
6615	BRLGTN / KNSGTN TO BRAINARD	-	-	-	-	-	-	-	-	-	-	-	-
6644	NORTHEAST. PLANNING AREA	-	-	-	-	-	-	-	-	-	-	-	-
6645	LA GRANGE RD CORRIDOR IMPRV	120,000	-	120,000	-	-	-	-	-	-	-	-	-
6646	POPLAR PLACE SEWER IMPROVMENTS	250,000	152,000	-	-	-	-	-	-	-	-	-	-
6647	MASON WOODS AREA SEWER PROJECT	-	-	-	-	-	-	-	-	-	-	-	-
6682	SIDEWALK/CURB/GUTTER	15,000	14,577	95,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
6684	TREE PLANTING	45,000	32,000	39,000	41,000	43,000	45,000	47,000	56,000	58,000	60,000	62,000	64,000
6685	EMERALD ASH BORER	60,000	67,278	155,000	202,000	212,000	223,000	234,000	235,000	225,000	210,000	175,000	150,000
6686	SEWER TELEVISION/CLEANING	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
6690	VILLAGE HALL HVAC IMPROVEMENTS	480,000	6,201	490,854	-	-	-	-	-	-	-	-	-
6691	BLUFF/47 TO BURLINGTN / M.A.R.S.	-	-	-	-	-	-	-	-	-	-	-	-
6692	MAPLE AVE RELIEF SEWER PROJ	-	64,702	2,000,000	-	-	-	-	-	-	-	-	-
6693	MAPLE AVE UNDERPASS	-	-	-	-	-	-	100,000	1,500,000	-	-	-	-
6694	47TH STREET CORRIDOR IMPROVMENTS	240,000	527	240,000	-	-	-	-	-	-	-	-	-
6695	OGDEN AVE CORRIDOR IMPRV	31,000	-	31,000	-	-	-	-	-	-	-	-	-
6697	NGHBRHD "H" STREET PROJECT	-	-	-	-	-	-	-	-	-	-	-	-
6698	NGHBRHD STREET PROJECTS	28,000	28,000	378,000	65,000	875,000	20,000	-	-	-	-	-	-
66XX	VILLAGE HALL ROOF REPAIR/REPLCMNT	-	-	80,000	-	-	-	-	-	-	110,000	1,600,000	-
66XX	PLAZA FOUNTAIN	-	-	35,000	-	-	-	-	-	-	-	-	-
66XX	COSSITT AVE REHAB PROJECT	-	-	30,500	-	151,500	-	-	-	-	-	-	-
2,431,100		586,921	586,921	4,659,013	437,200	1,321,500	328,000	321,000	431,000	1,823,000	420,000	1,877,000	254,000
<b>MISCELLANEOUS EXPENDITURES</b>													
6862	MISC. ENGINEERING	40,000	40,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
6863	CRACKFILL PROGRAM	20,000	19,487	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
6864	THERMOPLASTIC ST MARKING	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
6886	SEWER LINING PROGRAM	-	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
6990	TRANSFER TO DEBT SERVICE*	300,305	300,305	301,545	302,295	302,545	302,285	306,505	-	-	-	-	-
2,806,405		961,713	961,713	5,015,558	794,495	1,679,045	785,285	782,505	586,000	1,978,000	575,000	2,032,000	409,000
<b>BEGINNING FUND BALANCE</b>													
886,018		886,018	886,018	745,335	155,057	211,562	139,529	79,744	2,739	122,239	99,739	230,239	3,739
REVENUES		821,030	821,030	4,425,280	851,000	1,607,012	725,500	705,500	705,500	1,955,500	705,500	1,805,500	705,500
EXPENDITURES		(961,713)	(961,713)	(5,015,558)	(794,495)	(1,679,045)	(785,285)	(782,505)	(586,000)	(1,978,000)	(575,000)	(2,032,000)	(409,000)
ENDING FUND BALANCE		745,335	745,335	155,057	211,562	139,529	79,744	2,739	122,239	99,739	230,239	3,739	300,239

\* The transfer to the Debt Service Fund for the 2005 refunding of the 1998 Street Light Bond Issue ends in FY 2017-2018.

MOTOR FUEL TAX FUND  
10 YEAR ANALYSIS

ACCT. NO.	2012-13 BUDGET	2012-13 EST. ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET	2018-19 BUDGET	2019-20 BUDGET	2020-21 BUDGET	2021-22 BUDGET	2022-23 BUDGET
INTERGOVERNMENTAL												
2100 REVENUES												
5310 MFT ALLOTMENTS	467,000	445,000	445,000	445,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000
5500 INVESTMENT INTEREST	6,000	5,000	5,000	3,000	4,000	4,000	14,000	28,000	21,000	15,000	8,000	1,500
TOTAL REVENUES	473,000	450,000	450,000	448,000	384,000	384,000	394,000	408,000	401,000	395,000	388,000	381,500

EXPENDITURES

3,015,558

ACCT. NO.	2012-13 BUDGET	2012-13 EST. ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET	2018-19 BUDGET	2019-20 BUDGET	2020-21 BUDGET	2021-22 BUDGET	2022-23 BUDGET
CAPITAL OUTLAY												
6940 STREET RESURFACING / CONSTRUCTION	508,000	28,000	2,248,260	65,000	875,000	20,000	-	-	1,250,000	-	1,100,000	-
TOTAL EXPENDITURES	508,000	28,000	2,248,260	65,000	875,000	20,000	-	-	1,250,000	-	1,100,000	-

BEGINNING FUND BALANCE	1,485,123	1,907,123	1,907,123	108,863	491,863	863	364,863	758,863	1,166,863	317,863	712,863	863
REVENUES	450,000	450,000	450,000	448,000	384,000	384,000	394,000	408,000	401,000	395,000	388,000	381,500
EXPENDITURES	(28,000)	(2,248,260)	(2,248,260)	(65,000)	(875,000)	(20,000)	-	-	(1,250,000)	-	(1,100,000)	-
ENDING FUND BALANCE	1,907,123	108,863	108,863	491,863	863	364,863	758,863	1,166,863	317,863	712,863	863	382,363

BUD09\10MFTBUD\10YEAR

**Village of La Grange - Grant Allocations Received  
FY 2008-09 to FY 2012-13**

<u>Source</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Project Cost</u>	<u>Fiscal Year</u>
Federal Surface Transportation Funds (ISTEA)	Bluff Avenue / MARS	4,100,000	6,700,000	FY 2009-10- FY 2012-13
Federal Transportation Funding	Parking Structure	3,232,000	8,800,000	FY 2008-09
State Emergency Repair Program	Neighborhood "H" Resurfacing	837,500	850,000	FY 2011-12
Cook Count Energy Efficiency Grants	Village Hall HVAC Improvements	450,000	743,000	FY 2011-12
Cook County-BADGE / Judicial Assistance Grants	Drug / Gang Reduction	192,000	200,000	Various
IDOT / IL Dept of Community & Econ Opportunity	LED Signal Upgrade	168,500	215,000	FY 2008-09
American Recovery & Reinvestment Act	Burlington Ave Resurfacing	167,000	355,000	FY 2010-11
IDOT - Div of Traffic Safety	DUI / Traffic Enforcement	60,000	60,000	Various
Assistance for Firefighter Grant	Fire Depr Safety & Operations	57,000	62,000	FY 2011-12
Illinois Commerce Commission	Railroad Crossing Safety	30,000	30,000	Various
Bureau of Justice Assistance	Bullet Proof Vests - Police Officers	22,855	40,000	FY 2008-09
West Central Cable Agency	Upgrade Board Room audio/cable	20,000	40,000	FY 2008-09
Metropolitan Mayors Caucus	Emerald Ash Borer Prevention	10,000	10,000	FY 2011-12
Community Develoment Block Grant	Handicap Accessiblity - VH & PD	10,000	12,000	FY 2009-10
State of Illinois	Tobacco Enforcement	5,500	5,500	Annual
Natl Assc of County/City Health Officials (NAACHO)	Medical Reserve Corps (MRC)	5,000 4,000	5,000 4,000	FY 2010-11 FY 2011-12
Five Year Total (FY 2008-09 - FY 2012-13)		<u>9,371,355</u>	<u>18,131,500</u>	

USERS\FINANCE\BUD14\GRANT FUNDS FY08-09 TO FY12-13.XLS

## VILLAGE OF LA GRANGE

### FINANCIAL POLICIES

The Village of La Grange annually adopts an Operating and Capital Improvements Budget. This financial plan details revenues, expenditures and Fund Balance for a five-year period. Financial policies, as described below, are followed in preparing the annual budget document to ensure the Village maintains a strong financial position and continues to provide quality services to Village residents.

#### Revenue Policies

1. The Village will maintain a diversified and stable revenue base to minimize fluctuation in any one revenue source.
2. The Village will annually review general user fees and charges and maintain these fees and charges at a level related to the cost of providing the service.
3. The Village will actively seek State and Federal grants when available.
4. The Village will update revenue projections annually based upon current economic conditions and trends.
5. The Village will establish Enterprise Fund user charges and fees at a level that fully supports the total direct and indirect cost of the activity.
6. The Village will not budget one-time revenue sources to fund annual operating expenditures.

#### Expenditure Policies

1. The Village will maintain a level of expenditures which provides for the public well being and safety of the residents of the community.
2. The Village will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual figures to budgeted amounts.
3. The Water, Sewer and Parking Funds are self-supporting Enterprise Funds.
4. The Village will pay for current expenditures with current revenues.
5. The Village will budget to provide for adequate maintenance and replacement of capital, buildings and equipment.

6. The Village will provide a competitive, performance-based compensation package based upon an on-going review of the municipal market in order to recruit and retain qualified employees.
7. The Village will provide for adequate funding of all retirement systems.

Debt Administration (See also Debt Summary)

1. The Village will confine long-term borrowing to fund capital improvements or projects that cannot be financed using current revenues.
2. Total general obligation debt may not exceed 8.625 percent of total assessed valuation of taxable property.
3. The Village will maintain communications with bond rating agencies and financial consultants regarding its financial condition.
4. The Village will follow a policy of full disclosure on every financial report and bond prospectus.
5. When possible, debt will be retired early.

Reserve Policy (See also Fund Balance Summary)

1. The Village will attempt to maintain General Fund reserves (fund balance) between fifty and seventy-five percent of annual operating expenditures in order to meet cash flow requirements and provide for unanticipated expenditures of a non-reoccurring nature. If reserves are accumulated in excess of this amount, the Village may consider the additional transfer of funds to finance capital and infrastructure projects.
2. Fund Balance Definitions

Fund Balance – the difference between assets and liabilities in the General Fund

Nonspendable Fund Balance – the portion of the General Fund’s net assets that are not available to be spent, either short-term or long-term in either form or through legal restrictions (ie. prepaid items, land held for resale).

Restricted Fund Balance – the portion of the General Fund’s net assets that are subject to external enforceable legal restrictions (ie. Motor Fuel Tax).

2. Fund Balance Definitions (cont.)

Unrestricted Fund Balance is made up of three components:

- Committed Fund Balance – the portion of the General Fund’s net assets with self-imposed constraints or limitation that have been placed at the highest level of decision making.
- Assigned Fund Balance – the portion of the General Fund’s net assets to denote an intended use of resources.
- Unassigned Fund Balance – available expendable financial resources in the General Fund that are not the object of tentative management plans (ie. assignments).

3. Fund Balance Authority

- A. Committed Fund Balance – A self imposed constraint on spending the fund balance must be approved by ordinance or resolution of the Board of Trustees. Any modifications or removal of the self-imposed constraint must use the same action used to commit the fund balance.
- B. Assigned Fund Balance – A self imposed constraint on spending the fund balance based on the Village’s intent to use fund balance for a specific purpose. The authority to assign funds is delegated to the Village Manager.

4. Water, Sewer and Parking Funds will also attempt to maintain unrestricted net assets (reserves funds) between fifty and seventy-five percent of annual operating expenditures in order to meet cash flow requirements, fund long-range projects and provide for unanticipated expenditures of a non-reoccurring nature.

5. Other Village Funds do not have established reserve balance limits due to the nature of the transactions accounted for in these funds.

Cash Management

- 1. The Village has adopted an investment policy which provides guidelines for the investment of cash reserves. The main objective of the investment policy is the safety of principal.
- 2. The Village will deposit all monies collected into an authorized Village account no later than the next business day after receipt.

3. The Village will make disbursements to vendors for goods and services contingent upon budget appropriation and only as authorized in the Village Purchasing Manual.
4. The Village will prepare a quarterly cash forecast using expected revenues and expenditures to project available funds for investing.
5. The Village will pool the cash of various funds, except for cash in restricted funds, in order to maximize interest. Investment interest income will be allocated to the various funds based upon their relative cash balance in the pooled investment.

Accounting, Auditing and Financial Reporting Policies

1. The Village will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) on a basis consistent with accepted standards for local governments by the Governmental Accounting Standards Board (GASB).
2. The Village will produce monthly financial reports by major fund.
3. The Village will engage an independent firm of certified public accountants to perform an annual financial and compliance audit in accordance with State law.
4. The Village will annually seek the Government Finance Officers Association (GFOA) Certificate of Achievement in Financial Reporting and the Distinguished Budget Award.
5. The Village will periodically review its operations plan.

# VILLAGE OF LA GRANGE

## DEBT SUMMARY

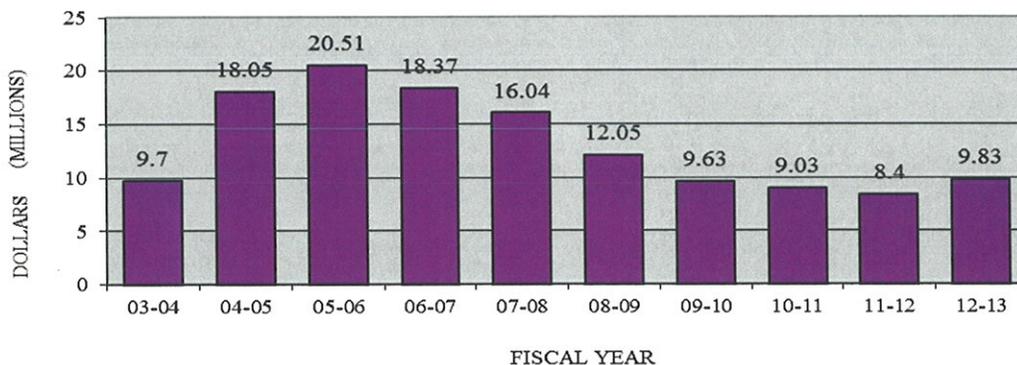
### OVERVIEW AND DEBT FINANCING PRINCIPLES

The Village of La Grange has historically taken a conservative approach to debt financing. The goal of the Village's debt policy is to maintain the ability to provide high quality essential village services in a cost-effective manner. Policy makers weigh this goal against maintaining the ability to borrow at the lowest possible rates. The Village has used the following guidelines before financing projects with long-term debt:

- Staff conservatively projects the revenue sources to pay off the debt.
- The financing of the improvement will not exceed its useful life.
- The benefits of the improvement must outweigh its costs, including the interest costs of financing.

Through the application of these guidelines, the Village Board tests any demand for debt financing. Furthermore, the Village uses debt only to provide financing for essential and necessary capital projects. The chart below shows a brief history of the Village's outstanding bond debt.

**VILLAGE OF LA GRANGE  
Outstanding Debt  
FY 2003-04 through FY 2012-13**



Note: The increase in outstanding debt in FY 2012-13 reflects the issuance of \$2.1 million Alternate Revenue Water bonds to fund the Water Meter Replacement Project.

The 2004 Library Bonds were refunded in September in 2012 resulting in interest savings in excess of \$750,000 over the remaining life of the issue. The final maturity date of the outstanding debt was not extended as a result of the refunding.

The decrease in outstanding debt in FY 2009-10 reflects the early retirement of the 2003 TIF Refunding Note due to the early end of the TIF District. The refunding note retired the 2000 TIF credit agreement issued for the purpose of property acquisition relating to the Triangle Project.

The decrease in outstanding debt in FY 2008-09 reflects the early retirement of the TIF Parking Structure Note due to the receipt of \$.3.2 million of federal funds.

The increased debt in FY 2005-06 reflects the issuance of the \$4.5 million TIF Parking Structure Note. Outstanding debt increases in FY 2004-05 due to the \$9,320,000 library bond issue, to fund construction of the new library building.

The 1998 Street Light Bonds were refunded in December 2005 resulting in interest savings in excess of \$100,000 over the remaining life of the issue. The final maturity date of the outstanding debt was not extended as a result of the refunding.

**LEGAL DEBT MARGIN**

By referendum, the Village can issue debt up to 8.625% of equalized assessed valuation (EAV). The Village is well below this limit as is shown below:

**Village of La Grange  
Legal Debt Margin  
as of April 30, 2013**

Equalized Assessed Valuation - 2012 (estimated)	\$650,303,563
Legal Debt Limit - 8.625% of EAV	56,088,682
Amount of Debt Applicable to Debt Limit:	
Series 2004 Library Bonds	\$6,395,000
	<u>(6,395,000)</u>
Legal Debt Margin	<u>\$49,693,682</u>

Revenue bonds, such as Water, TIF and Alternate Revenue bonds are not applicable against the legal debt margin. Special Assessment bonds are not legal liabilities of the Village, and therefore are also not applicable against the legal debt margin.

**BOND RATING/TYPES OF VILLAGE DEBT**

In preparation for the issuance of the Library Refunding Bonds, Series 2012A and the sale of \$2.1 million Alternate Revenue Water Bonds, Series 2012B, the Village requested a meeting with Moody's Investors Services in order to obtain a current bond rating. The Village President, staff and the Village's financial consultants met with Moody's to discuss financial operations, economic development initiatives, management and current/future debt.

As a result of this meeting and further analysis by Moody's, we are pleased to report that Moody's assigned a Aa2 rating to the Village of La Grange and a stable credit outlook was issued for Village finances. The Aa2 rating is a relatively high bond rating for a non-home rule community. This bond rating recognizes strong financial conditions despite modest operating deficits in recent years characterized by healthy reserve levels, manageable debt burden with limited future borrowing plans. Moody's also notes that despite a substantial decline in assessed valuation in 2012, reflected by the triennial reassessment, the Village's tax base is expected to remain stable over the long-term due to its affluent tax base and proximately to Chicago.

A general obligation bond has the full faith and credit of the Village pledged. The general obligation alternate revenue bonds, which are a pledge of a specific revenue source (i.e. utility taxes, sales taxes, water revenues) and a tax levy, carry the same rating. However, all other types of debt instruments are of a lesser credit quality and therefore will have higher relative interest rates. An approximate ranking is as follows:

- General Obligation/General Obligation Alternate Revenue
- Water and Sewer Revenue
- Installment Contract
- Special Service Area
- Special Assessment

## **CONCLUSION**

The Village issues new debt only after careful consideration of the benefits of the capital project being financed and a conservative analysis of the revenue sources required to pay off the debt. By following these practices and by monitoring the total debt burden, the Village has been able to maintain a high bond rating, which equates to lower interest costs. The Village's overall financial health is good, and by following sound financial and management policies, the Village Board and staff will emphasize continued efforts toward maintaining and improving the Village's financial performance in the coming years.

The charts on the following page provide summaries of outstanding bond issues and future debt service requirements.

**SUMMARY OF OUTSTANDING BOND ISSUES  
AS OF APRIL 30, 2013**

<u>ISSUE</u>	<u>PURPOSE</u>	<u>AMOUNT ISSUED</u>	<u>MATURITY DATE</u>	<u>AMOUNT OUTSTANDING</u>
<b>GENERAL OBLIGATION DEBT</b>				
2005 ALTERNATE REVENUE REFUNDING BONDS	STREET LIGHT INSTALLATION (1998-\$3.9 million Streetlight Program)	2,785,000	12/1/2017	1,355,000
2004 CORPORATE PURPOSE LIBRARY BONDS	CONSTRUCTION OF LIBRARY BUILDING	9,320,000	12/1/2023	6,395,000
2012 ALTERNATE REVENUE WATER BONDS	WATER METER REPLACEMENT/ EAST AVE PUMPING STATION	2,080,000	12/1/2032	<u>2,080,000</u>
TOTAL ALL DEBT				<u><u>9,830,000</u></u>

**ANNUAL DEBT SERVICE REQUIREMENTS  
(PRINCIPAL AND INTEREST)**

<u>FUND</u>	<u>FUNDING SOURCE</u>	<u>2012-13 BUDGET</u>	<u>2013-14 BUDGET</u>	<u>2014-15 BUDGET</u>	<u>2015-16 BUDGET</u>	<u>2016-17 BUDGET</u>
GENERAL FUND	UTILITY TAX	301,545	302,295	302,545	302,285	306,505
LIBRARY FUND	PROPERTY TAXES	686,630	683,355	687,780	686,040	683,280
WATER FUND	WATER SALES	8,421	130,930	129,230	132,530	130,730
TOTAL PRINCIPAL AND INTEREST PAYMENTS		<u>996,596</u>	<u>1,116,580</u>	<u>1,119,555</u>	<u>1,120,855</u>	<u>1,120,515</u>

FILENAME:\USERS\FINANCE\BUD13\13CAPITALBUD\OSDEBT29

## VILLAGE OF LA GRANGE

### FUND BALANCE SUMMARY

The Village of La Grange attempts to maintain a General Fund Balance of approximately 50-75 percent of annual operating expenditures. If reserves are accumulated in excess of this amount, the Village Board has committed to transfer funds to the Capital Projects Fund to finance infrastructure and other capital improvements and projects. By maintaining a strong General Fund Balance, the Village has the resources necessary to budget more flexibly in the short term, maintain liquidity for cash flow requirements, reduce reliance on short-term financing, maintain a strong credit rating, and be able to provide for unanticipated expenditures of a nonrecurring nature.

Other Village funds also attempt to maintain reserves of approximately 50 percent of annual operating expenditures. However, several funds are accumulating reserves in excess of this amount in order to finance long-range projects. A summary of Village estimated fund balances for FY 2013-14 are presented below:

#### VILLAGE OF LA GRANGE FUND BALANCE SUMMARY FY 2013-14

FUND	BEGINNING FUND BALANCE 5/1/2013	2013-14 REVENUES	2013-14 EXPENDITURES	2013-14 SURPLUS/ (DEFICIT)	ENDING FUND BALANCE 4/30/2014
GENERAL FUND	6,809,426	12,858,050	(12,776,046)	82,004	6,891,491
MOTOR FUEL TAX	1,907,123	450,000	(2,248,260)	(1,798,260)	108,863
FOREIGN FIRE INSURANCE	49,537	19,050	(32,800)	(13,750)	35,787
EMER TEL. SYS. BRD	34,023	142,100	(156,600)	(14,500)	19,523
ASSET FORFEITURE	135,570	500	(6,500)	(6,000)	129,570
CAPITAL PROJECTS	745,335	4,425,280	(5,015,558)	(590,278)	155,057
WATER	2,080,551	4,397,100	(4,912,360)	(515,260)	1,565,292
PARKING	540,669	1,514,527	(1,782,832)	(268,305)	272,363
EQUIPMENT REPLACEMENT	3,199,839	451,236	(802,000)	(350,764)	2,849,075
POLICE PENSION	15,574,224	2,145,809	(1,599,674)	546,135	16,120,359
FIRE PENSION	9,007,379	1,590,448	(1,270,764)	319,685	9,327,063
SEWER	3,569	456,100	(420,773)	35,327	38,896
DEBT SERVICE	10,510	301,570	(301,545)	25	10,535
	40,097,753	28,751,771	(31,325,711)	(2,573,941)	37,523,812
LIBRARY FUND	2,034,345	2,796,023	(2,796,023)	-	2,034,345
	42,132,098	31,547,794	(34,121,734)	(2,573,941)	39,558,157

Although the Village has identified new revenue enhancements, the five-year budget projects decreasing reserve balances as a percentage of annual expenditures. The decreasing reserve percentage is the result of decreased revenues related to the recessionary economy and operating expenditures increasing at a rate in excess of property tax cap limitations. At the end of this five-year budget period, the fund balance reserve is projected to be approximately 52.16 percent which is slightly above the intended target level of 50 to 75 percent. As the economy begins to

recover and return to previous levels, it is our intention to remain fiscally conservative with general operating expenditures in order to return well within the targeted fund balance range.

The Motor Fuel Tax Fund reserve includes funds being accumulated to finance the Village's 30 percent share of the reconstruction of "feeder" streets in conjunction with the State's 70 percent funding from Surface Transportation Project grants. Future years' accumulated funds will be used to fund additional capital projects.

The Capital Projects Fund includes reserve funds due to the aging infrastructure throughout the Village and the unforeseen contingency costs associated with the aggressive neighborhood street renovations projects and complex street reconstruction projects to be undertaken in the near future.

Water and Sewer Funds maintain reserves due to the extremely high cost of water and sewer main replacement.

The Parking Fund maintains a large fund balance to fund future expenditures including reconstruction of Village owned parking lots and possible lease, purchase or construction of new parking areas in the Village.

The Equipment Replacement Fund shows a large ending fund balance at April 30, 2014. This is due to the nature of the fund which builds reserves to replace Village vehicles and equipment in excess of \$10,000 and/or long useful lives. In years of purchase, this fund may incur large deficits.

The Police and Fire Pension Funds are expected to have sizeable surplus balances each year. This is to provide sound fund balance amounts in these funds which provide retirement benefits as well as death and disability benefits. The surplus amounts are due primarily to interest earnings on the pension funds' investment portfolios. The current funding status of the Police and Fire Pension Funds are 58.4 percent and 46.4 percent respectively. The funding status represents accumulated assets which are available to pay benefits when due.