



Financial Management Plan Preliminary Model

Village of Elwood

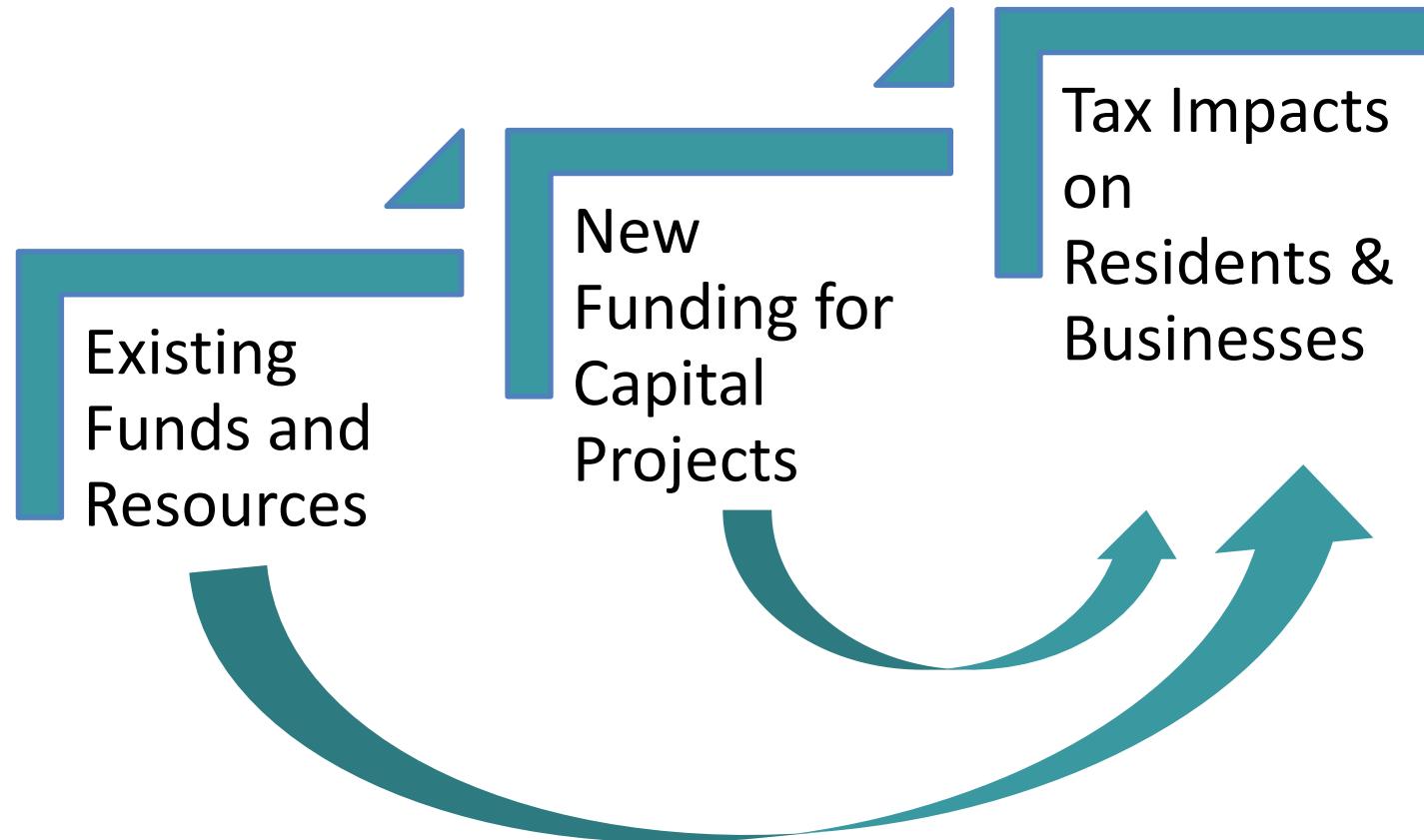


Agenda

- Overview: Why a Financial Management Plan
- General Fund Trends
- Existing Debt
- Capital Improvements
 - 10-year plan and other key assumptions
 - Funding gap
- Potential New Development
 - Upcoming projects
 - Impacts on future budgets
 - “Base Line” projections if development doesn’t happen
- Next Steps



Overview: Why a Financial Management Plan?



Work Product Completed

- Capital Improvement Needs & Outstanding Debt Assessed
- Built model to determine financial sustainability
 - “Living model” that can be changed depending on circumstances
 - 2 scenarios that look at impacts with and without development
 - Includes analysis of several Village funds:
 - General Fund
 - Motor Fuel Tax Fund
 - Capital Construction Fund
 - Water and Sewer Fund
- Model will be long-term forecasting tool for Village



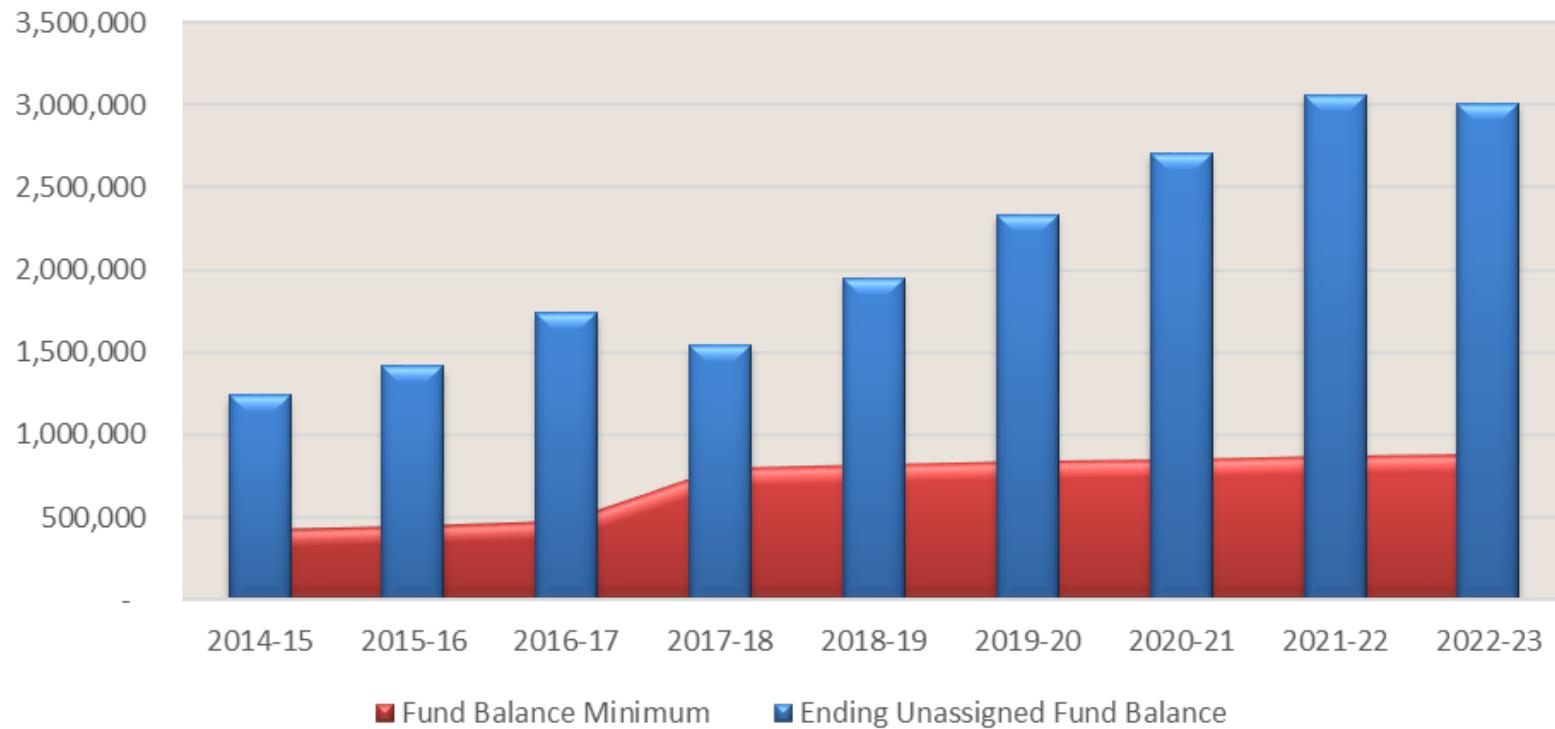
The General Fund

- General Fund pays for government operations:
 - Public Safety
 - Community Development
 - Administration
 - Public Works
- Fund Balance Policy is Minimum of 25% of annual expenses
 - Needed to maintain bond rating and for reserves
- Revenue sources diversified but vulnerable to state budget decisions

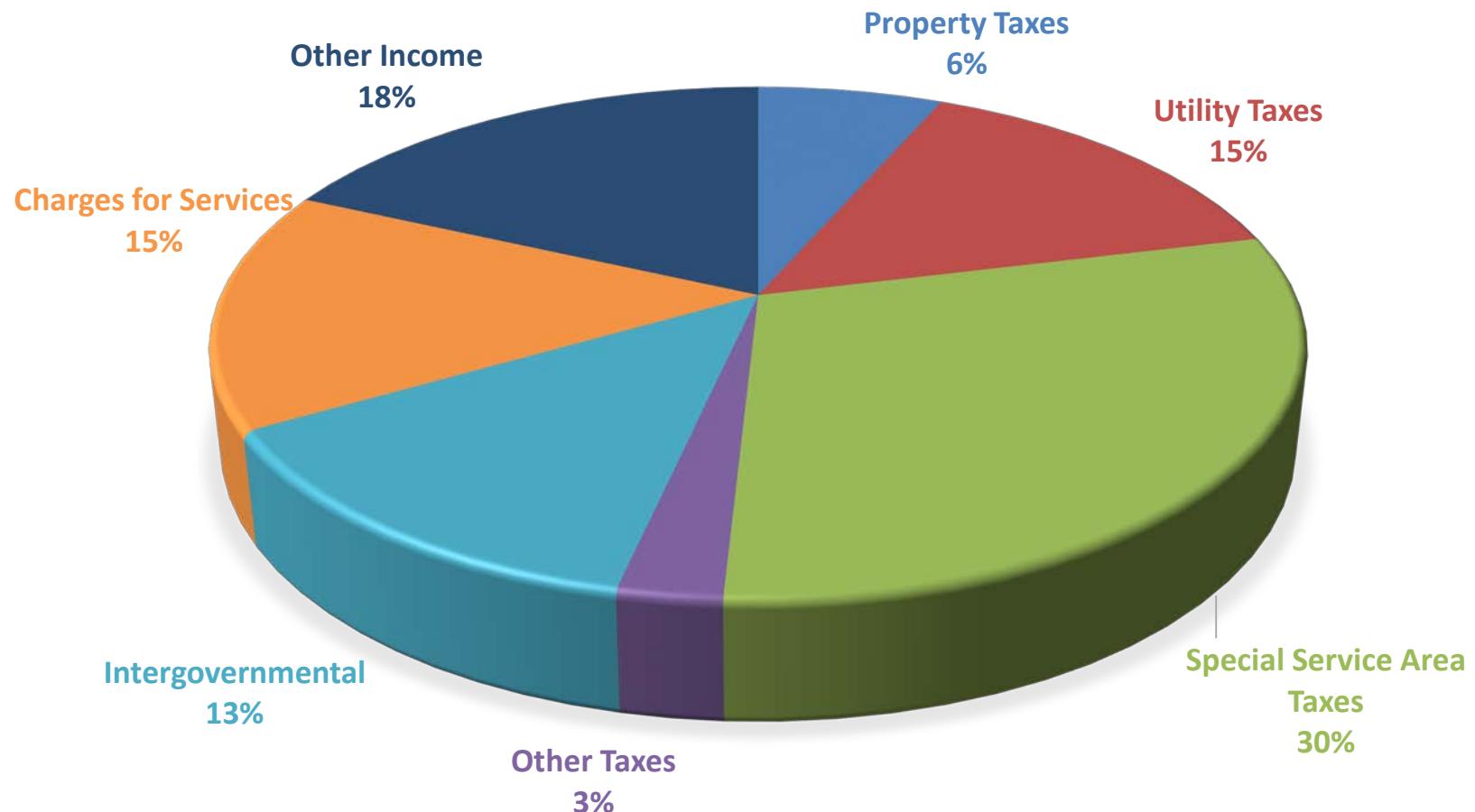


General Fund

General Fund Balances



General Fund Revenue Sources



Existing Debt

- General Obligation (G.O.) Debt
 - 2006 G.O. Improvement (Capital Appreciation) Bonds
 - Callable anytime, balloon payment due in 2024
 - \$2,815,000/year from 2024 - 2030
 - 2015 G.O. Refunding Bonds
 - Non-callable
 - 2010A G.O. Refunding Bonds
 - Callable in 2020
 - 2010B G.O. Bonds
 - Non-callable, balloon payment of \$6.7 million due in 2021
- Outstanding principal balance of \$18.9 million
 - \$8,310 per capita
 - Excludes TIF PAYGO bonds (not General Obligation)
 - Differs from Herald News article
- Annual payments approx. \$1.2 million



Capital Improvements

5-Year Capital Improvement Plan



Capital Improvements – Major Projects

Project Name	Year	Amount	Fund
St. Louis Street Construction	2019 - 2020	\$3,905,501	Motor Fuel Tax Fund
S. Chicago – Hoff to Manhattan	2020	1,700,283	Capital Construction Fund
Mississippi Resurfacing	2019	1,733,511	Capital Construction Fund
EIP – South of Walter Strawn	2019 - 2020	1,469,813	Capital Construction Fund
St. Louis Street Water Main	2020	344,209	Water and Sewer Fund
Brandon Road – Ditch & Curb	2020	237,122	Capital Construction Fund
Water Tower Maintenance	2020	218,545	Water and Sewer Fund
Mississippi Bike Path	2020	196,691	Capital Construction Fund
Police Parking Lot Security			
Fence & Car Port	2019	106,090	Capital Construction Fund
Street Lights in Wooded Cove	2020	71,027	Capital Construction Fund
Totals		\$9,982,792	

Capital Project costs inflated 3% per year



“Base Model” – No New Development

- “Least Best” Scenario – current, no growth
- Impacted Funds
 - Debt Service Fund
 - Capital Construction Fund
 - Water and Sewer Fund
- Projected Future G.O. Bond Issues
 - \$5.0 Million to Refinance 2010B
 - \$15.8 Million to Refinance 2006 CABs
 - Extends payments 3 more years
 - Pay interest only until 2024
- Increases in Property Tax Levy
 - Levy for TIF revenues once District is decertified
 - Pay for refinanced 2006 CABs



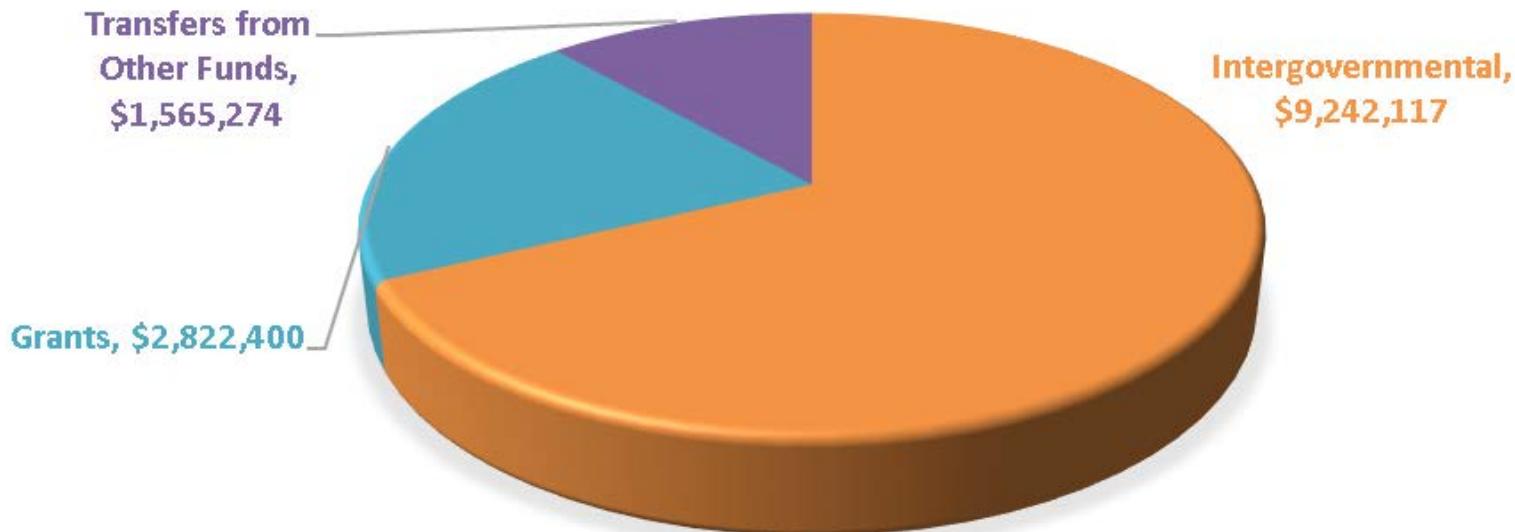
“Base Model” – Refinancing Existing Debt

- Refinancing 2010B & 2006
 - Eliminate “Balloon” Payments
 - 2010B – in 2021
 - 2006 – beginning in 2024
 - Extend duration of payments
 - 2010B – Until 2041
 - 2006 – Until 2033
 - Impact on Interest Payments
 - 2010B - \$203,483
 - 2006 – (\$9,439,960)

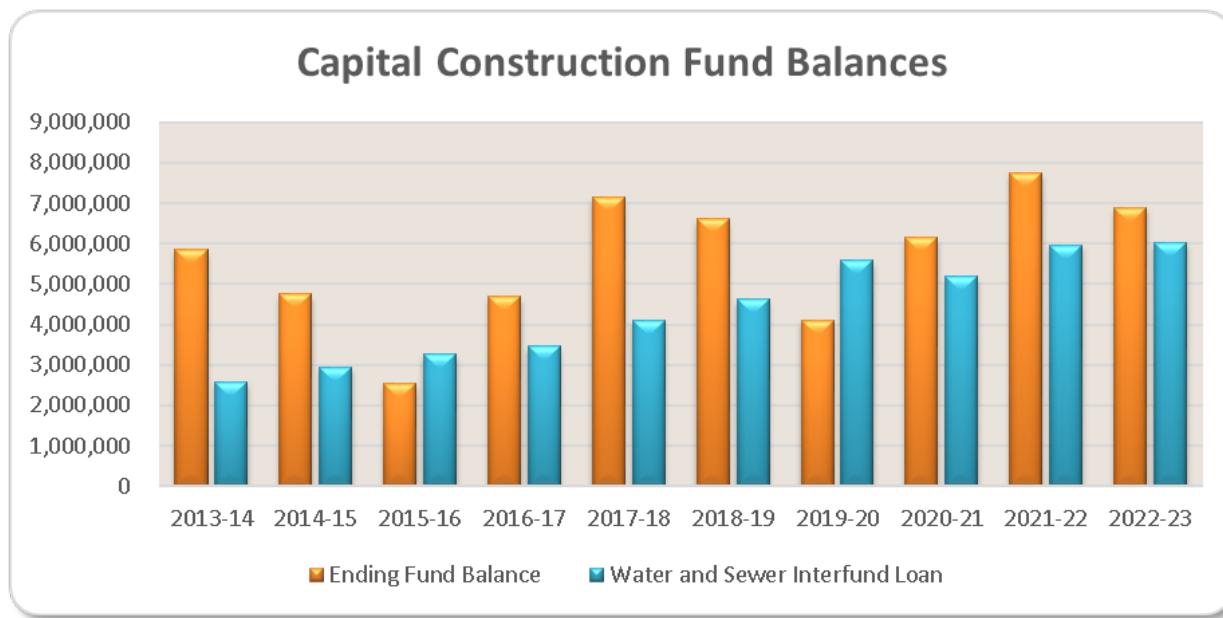


“Base Model” – Paying for Capital Projects

PROJECT COSTS BY REVENUE SOURCE



“Base Model” – Capital Construction Fund



- Revenues: Overweight Truck Fees
- Currently pays 2015 bonds
 - “Safe Roads” legislation could change that
- Majority of Fund Balance assigned to Water & Sewer Interfund Loan (“IFL”)

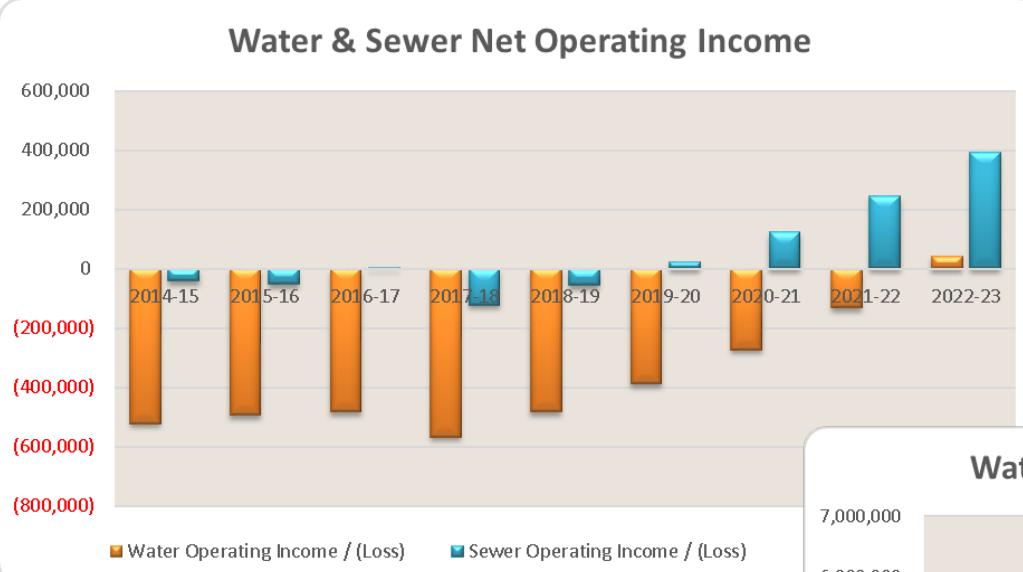


“Base Model” – Water and Sewer Fund

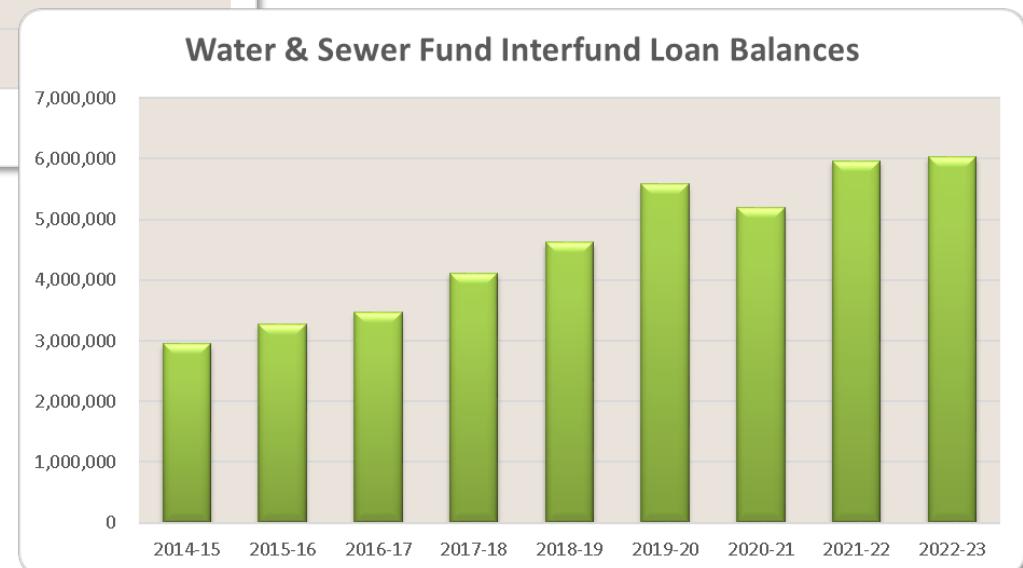
- System is oversized
 - Only 1/3 of capacity used
 - Currently 1,000 accounts
 - Difficult to generate sufficient revenues to cover operating costs of the system
- Fund has \$0 cash; Interfund Loan from Capital Construction Fund
 - FYE 04/30/2017 = \$3,468,896
 - Projected to increase annually
- Revenue Increases Recommended
 - 20% / Year for both Water and Sewer
 - Currently 3% / Year for both
 - Cover Operating Costs and Existing Debt Service
 - IFL projected to be paid off by FY 2027/28



“Base Model” – Water and Sewer Fund



- Includes 20% increase every year in water and sewer revenues beginning in 2018/19
- IFL projected payoff in 2027/28

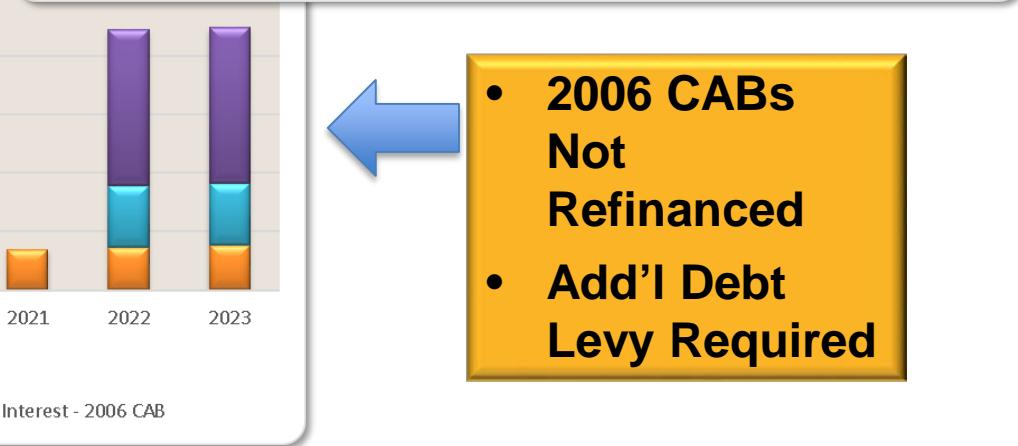
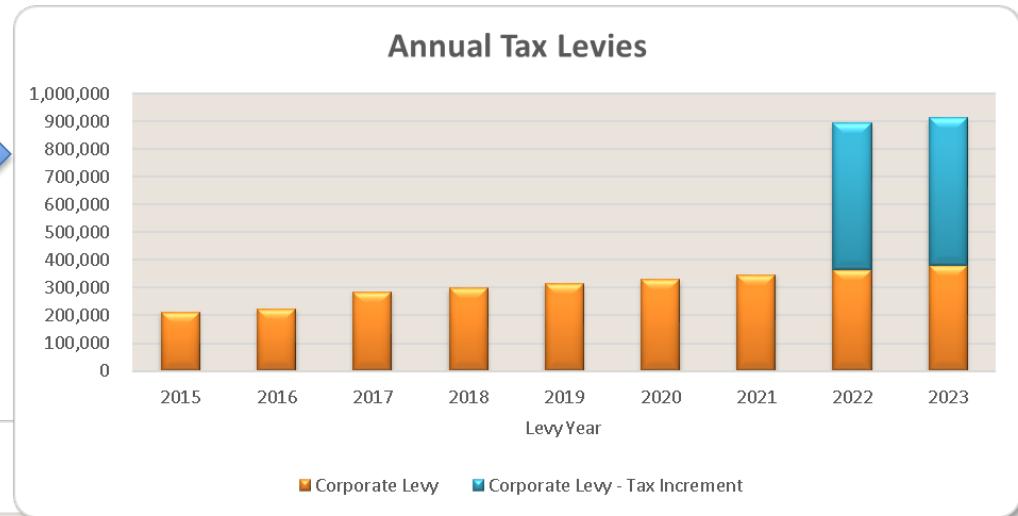
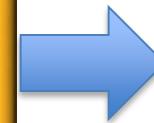


- Refinance 2010B bonds
 - FY 2020/21
 - 20 year term
 - No balloon payments



“Base Model” – Property Tax Levy Trends

- 2006 CABs (Bonds) Refinanced
- No Add'l Debt Levy Needed
- Corporate Levy has 5% Increase/Yr.



- 2006 CABs Not Refinanced
- Add'l Debt Levy Required



“Base Model” – Village Tax Rate Impact

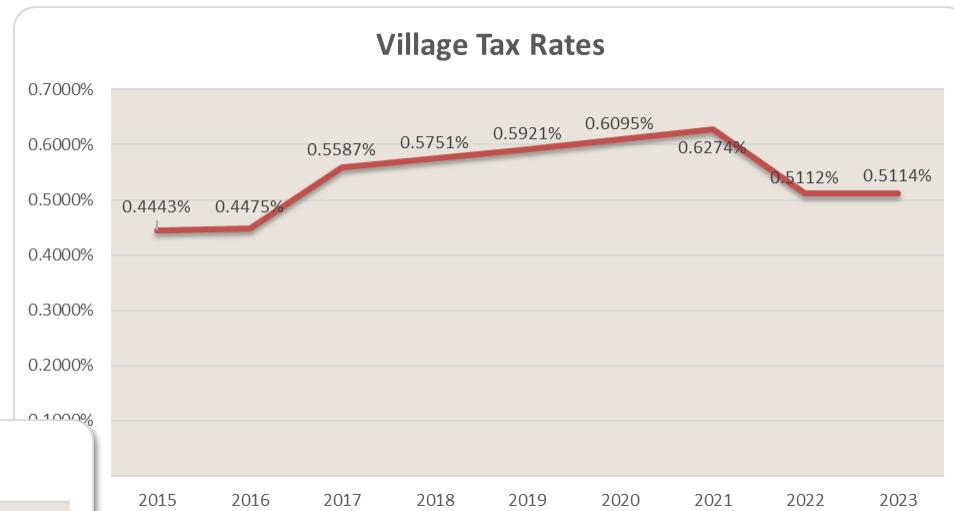
Without 2006 CAB
Refinancing



Village Tax Rates



Village Tax Rates



With 2006 CAB
Refinancing



Assumes 2% EAV growth annually

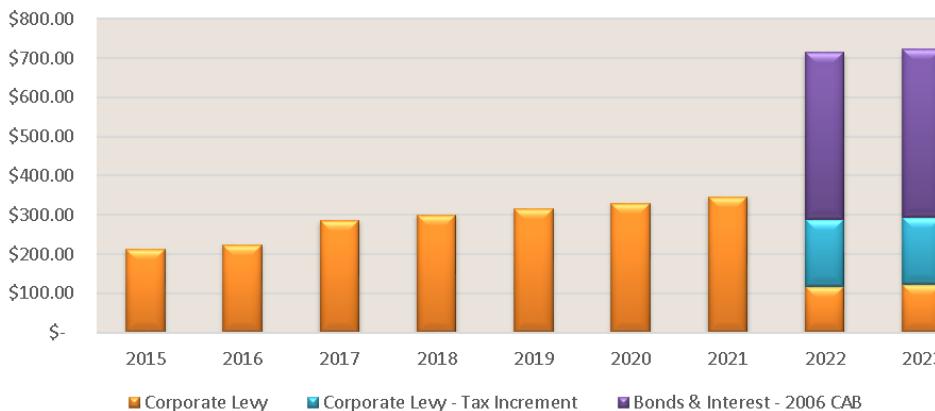


“Base Model” – Impact on Homeowners

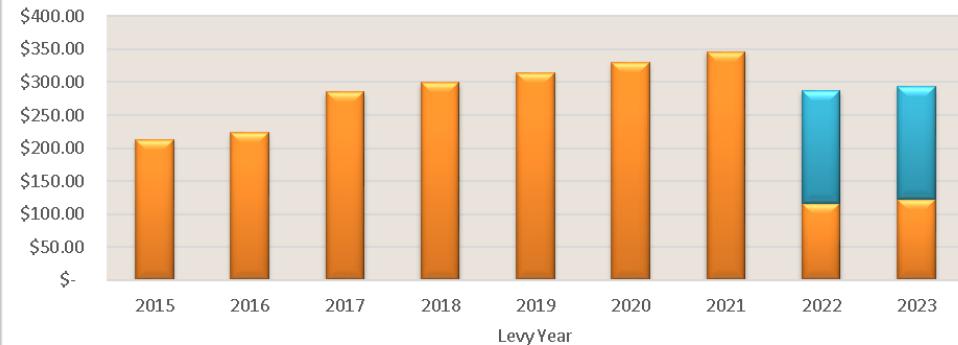
Without 2006 CABs
Refinancing



Impact on \$150,000 Median Valued Home



Impact on \$150,000 Median Valued Home



With 2006 CABs
Refinancing



“Development Model” – Includes Development

- Proposed Development
 - JPower (Elwood Energy): Construction of additional plant
 - Construction expected to be completed in 2020
 - NorthPoint Development
 - Compass Business Park
 - Estimated new construction of 11MSF from 2019 – 2024
 - Payments by NorthPoint of \$26 million to retire existing debt as part of annexation agreement.



“Development Model” – Existing Debt

- Estimated payoff date of 9/1/2019
 - Total amount necessary to redeem bonds = **\$25.9 million (only if paid in single installment)**
 - Includes additional funds required to defease 2010A & 2015

Bond Issue	Date Callable	Estimated Payoff Amount
\$3,790,000 G.O. Refunding, Series 2010A	3/1/2020	\$2,771,000
\$4,500,000 G.O. Bonds, Series 2010B	Non-Callable	\$6,399,363
\$6,188,522 CAB, Series 2006A	3/1/2016	\$13,111,200
\$6,470,000 G.O. Refunding Bonds, Series 2015A	Non-Callable	\$3,667,000
GRAND TOTAL		\$25,948,562



“Development Model” – Water & Sewer

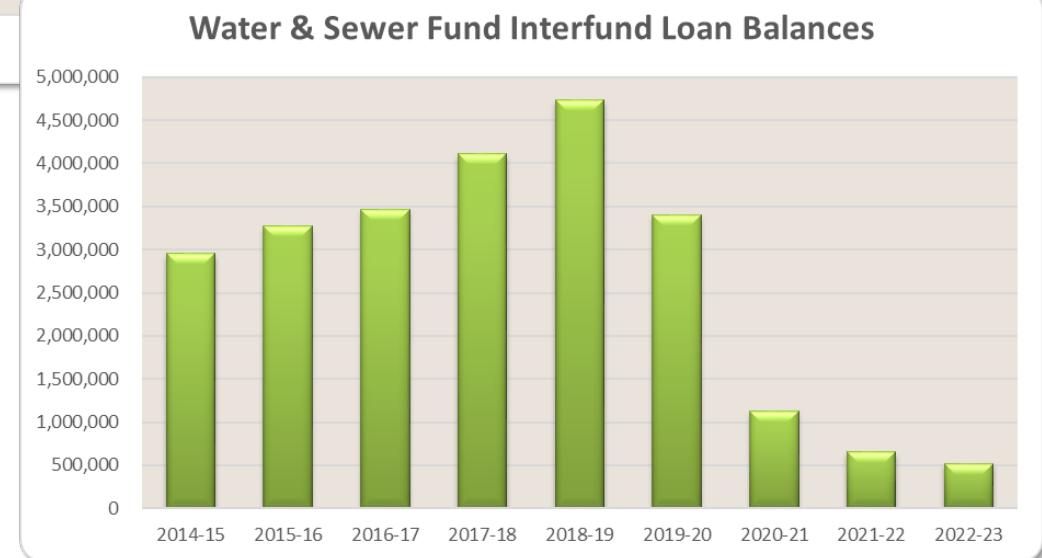
- 2010A and 2010B bonds paid off
- No new debt needed to pay for capital projects
- Recommended Revenue Increases:
 - Water: 6% / Year (instead of 20%)
 - Additional 3% over current Ordinance
 - Sewer: 3% / Year (instead of 20%)
 - No change from current Ordinance
- Interfund Loan projected to be paid off by 2025/26
 - No change from Base Model
 - Allows for lower annual rate increases



“Development Model” – Water & Sewer



- **Water** becomes self-sufficient by 2025/26
- **Sewer** becomes self-sufficient by 2021/22

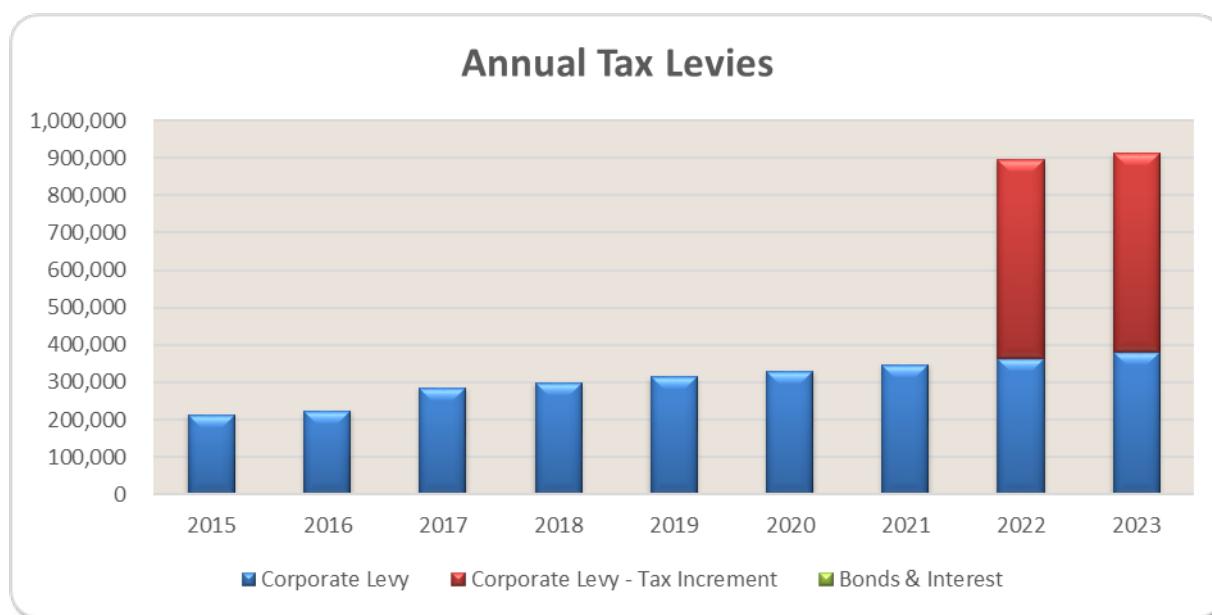


- Eliminating debt service payments and new development means IFL paid off sooner, in 2025/26
- Reduces rate increases to rate payers



“Development Model” – Property Tax Levy Trends

- Eliminates need for:
 - Bonds & Interest Levy for 2006 CAB
- Only 5% increase in Corporate Levy needed
- TIF Levy used to pay for future capital projects
- Increase in EAV due to expiring TIF keeps rate stable

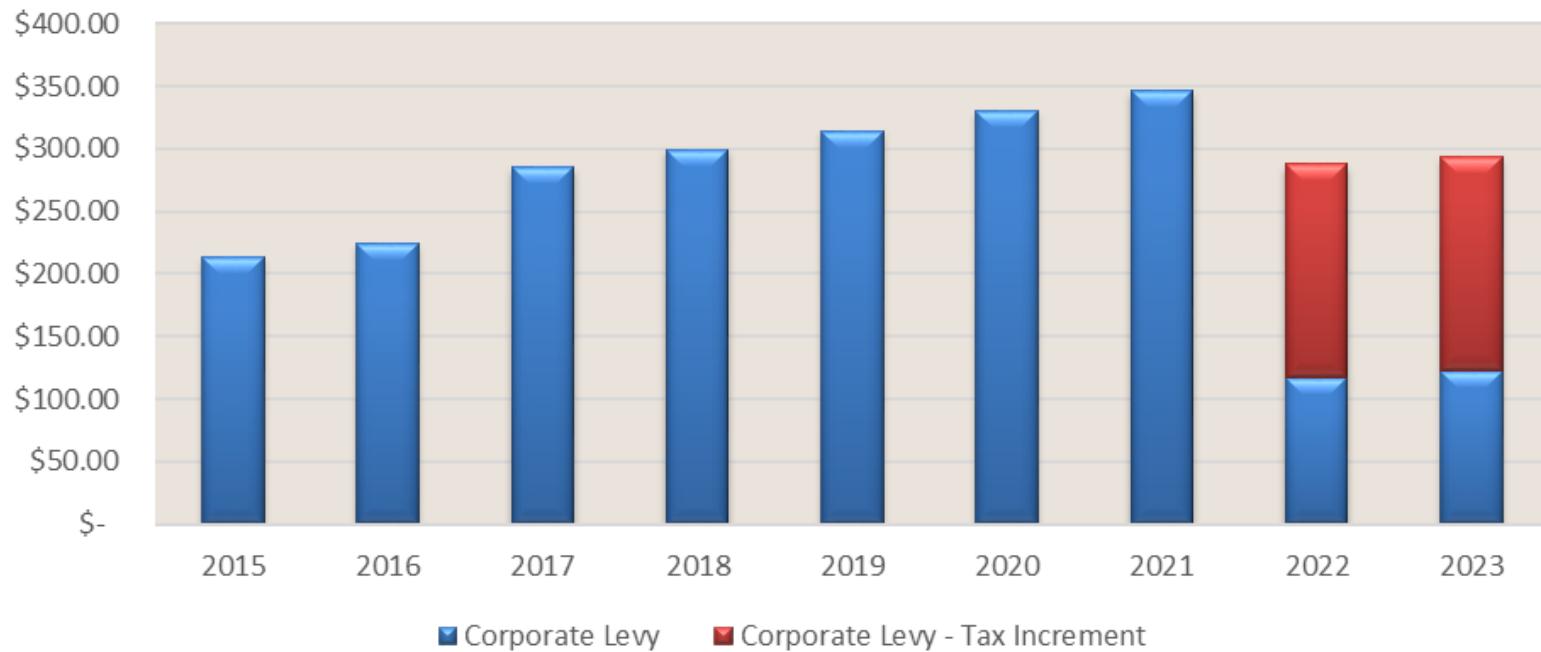


“Development Model” – Village Tax Rate



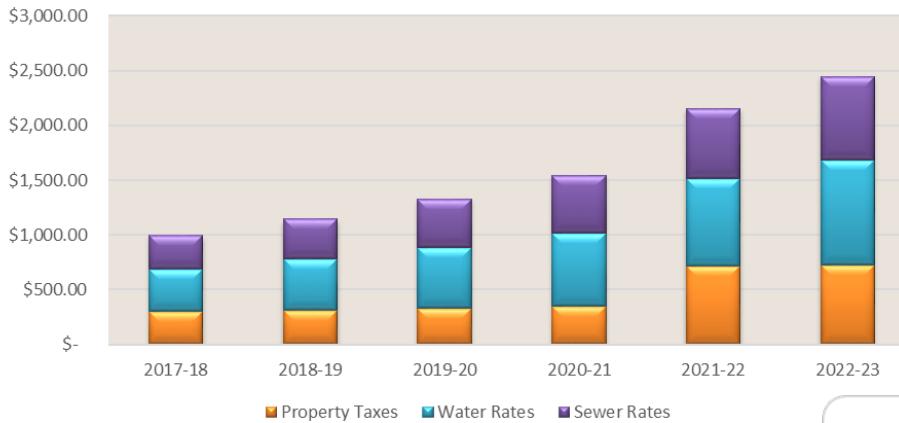
“Development Model” – Impact on Median Home

Impact on \$150,000 Median Valued Home



Comparison of Impacts

Projected Impact on Homeowners: Base



Base Scenario:

- Water and Sewer rates increase 20% / Year annually
- Property Taxes increase if 2006 CAB is not refinanced

Development Scenario:

- Water rates increase 6%/Year annually
- Sewer Rates increase 3%/Year annually
- Property taxes remain stable

Projected Impact on Homeowners: Development



Summary

- Base Model is unsustainable for long term given current revenues and expenditures
 - Includes G.O. Bonds restructuring
 - Water and Sewer rates require 20% increases for status quo spending
 - Do not provide for all required future CIP projects
- Development scenarios provide relief on existing G.O. debt
 - Project revenues will need to be evaluated to determine annual impact to Village's operating budget and CIP
 - Water and Sewer rates still require increases



Next Steps

- Tonight – Board Feedback
 - Discuss findings and initial options presented
- Ehlers to incorporate feedback into revised plan
- Review updates and adopt long-term funding strategies





Thank you!

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