

A G E N D A

COMMITTEE OF THE WHOLE MEETING OF THE MAYOR AND BOARD OF TRUSTEES OF THE VILLAGE OF WILLOWBROOK TO BE HELD ON MONDAY, MARCH 28, 2022, AT 5:30 P.M. 7760 QUINCY STREET, WILLOWBROOK, IL, DUPAGE COUNTY, ILLINOIS

DUE TO THE COVID 19 PANDEMIC, THE VILLAGE WILL BE UTILIZING A ZOOM WEBINAR. MEMBERS OF THE PUBLIC CAN ATTEND THE MEETING VIA ZOOM WEBINAR BY VIDEO OR AUDIO. IF A MEMBER IS USING ZOOM, PLEASE EITHER USE YOUR PHONE OR COMPUTER, NOT BOTH.

THE PUBLIC CAN UTILIZE THE FOLLOWING CALL-IN NUMBER:

Dial-in Phone Number: 312-626-6799

Meeting ID: 895 4040 0766

Written Public Comments Can Be Submitted By 5:15 P.M. on March 28, 2022, to shalloran@willowbrook.il.us

1. CALL TO ORDER
2. ROLL CALL
3. MOTION – MOTION TO ALLOW MAYOR TRILLA TO ATTEND THE MEETING REMOTELY. (PASS)
4. PLEDGE OF ALLEGIANCE
5. VISITORS' BUSINESS - Public Comment is Limited to Three Minutes Per Person
6. DISCUSSION – PRESENTATION PERTAINING TO BONDING OPTIONS AS IT RELATES TO CAPITAL IMPROVEMENT PROJECTS AND ECONOMIC DEVELOPMENT.
7. ADJOURNMENT

VILLAGE OF WILLOWBROOK

COMMITTEE OF THE WHOLE

AGENDA ITEM - HISTORY/COMMENTARY

ITEM TITLE:

DISCUSSION – PRESENTATION PERTAINING TO BONDING OPTIONS AS IT RELATES TO CAPITAL IMPROVEMENT PROJECTS AND ECONOMIC DEVELOPMENT.

AGENDA NO: 6.**AGENDA DATE:** 03/28/22**STAFF REVIEW:** Brian Pabst, Village Administrator.**SIGNATURE:****LEGAL REVIEW:** Thomas Bastian, Village Attorney**SIGNATURE:****RECOMMENDED BY:** Brian Pabst, Village Administrator**SIGNATURE:****REVIEWED & APPROVED BY COMMITTEE:** YES ☐ NO ☐ N/A ☒**ITEM HISTORY (PREVIOUS VILLAGE BOARD REVIEWS, ACTIONS RELATED TO THIS ITEM, OTHER PERTINENT HISTORY)**

At the January 27, 2020 and the February 24, 2020 Municipal Service Committees, staff highlighted the findings of the Executive Plaza Drainage Master Plan and reviewed the most feasible design option which is to elevate the roadway and construct underground stormwater storage. This concept would provide a 100-year level of protection, while making the roadway passable to car traffic. The project cost is estimated at ±\$4 million plus the required engineering design cost.

At the May 26, 2020 Board of Trustees meeting, staff briefed the Board of Trustees on the basics of a Tax Increment Financing District (TIF). At that meeting, staff discussed opportunities to relieve the flooding in the Executive Drive area. The Village does not currently have a funding mechanism in place for the proposed improvements. The Village has worked with Kane, McKenna and Associates, Inc. to evaluate the use of a Special Service Area (SSA) option for a review of a \$4 million project. It was determined by the Committee that the SSA option would not be financially palatable to the property owners. At that time, staff was then directed to explore the possibility of creating a Tax Increment Financing (TIF) District for the area as an alternative funding option for the public improvements, environmental cleanup, and redevelopment costs within the area.

As the Board is aware, the Village is in the process of developing a TIF. If approved by the Board, the TIF would go into effect by May 2022, but will not collect revenue until 2024 at the earliest. Since the receivables of the TIF won't occur right away, staff has researched financing options that can assist with the development of the TIF. An option that staff has looked at is a bond, which is the Village's way of borrowing money to finance public projects. Bonds are issued with specific project goals. After those goals are fulfilled with Bond Proceeds, remaining funds can be used to pay back debt service or for "any other legal purpose." Since the TIF will not receive any significant amount of revenue for a couple of years, any proposed bond would have to be tied to the General Fund but would eventually be reimbursed by the TIF district for eligible expenses when funds are available.

At the February 28, 2022 Committee of the Whole meeting, staff presented options pertaining to a bond for capital improvement program and economic development. The Board directed staff to gather more information regarding projected revenue and a refined scope of work regarding the bond. Below are the two options that were discussed the most at the February 28, 2022 Committee of the Whole meeting.

Two options as it pertains to the bond:

Option 1:

Option 2:

FYE	\$5 Million Project Fund			\$10 Million Project Fund		
	10 Year	15 Year	20 Year	10 Year	15 Year	20 Year
4/30/2023	559,973	399,880	320,440	1,114,853	794,760	640,787
4/30/2024	560,500	400,150	323,450	1,116,000	795,450	641,750
4/30/2025	557,600	397,200	322,900	1,115,350	799,700	645,800
4/30/2026	559,400	399,100	322,200	1,118,950	798,350	644,400
4/30/2027	560,750	400,700	321,350	1,116,650	796,550	642,700
4/30/2028	556,650	397,000	320,350	1,118,600	799,300	645,700
4/30/2029	557,250	398,150	324,200	1,119,650	796,450	643,250
4/30/2030	557,400	399,000	322,750	1,114,800	798,150	645,500
4/30/2031	557,100	399,550	321,150	1,119,200	799,250	642,300
4/30/2032	561,350	399,800	324,400	1,117,550	799,750	643,800
4/30/2033		399,750	322,350		799,650	644,850
4/30/2034		399,400	320,150		798,950	645,450
4/30/2035		398,750	322,800		797,650	645,600
4/30/2036		397,800	320,150		795,750	645,300
4/30/2037		396,550	322,350		798,250	644,550
4/30/2038			324,250			643,350
4/30/2039			320,850			641,700
4/30/2040			322,300			644,600
4/30/2041			323,450			641,900
4/30/2042			319,300			643,750
Total DS	5,587,973	5,982,780	6,441,140	11,171,603	11,967,960	12,877,037
Par Amount	\$4,820,000	\$4,815,000	\$4,845,000			
Total Interest	\$767,973	\$1,167,780	\$1,596,140	\$9,635,000	\$9,630,000	\$9,685,000
TIC	1.832%	2.187%	2.430%	\$1,536,603	\$2,337,960	\$3,192,037
				1.832%	2.187%	2.430%

These options will assist the Village in completing the priority projects within the TIF over the next 5 years. The difference in amounts is based on the ongoing capital needs within the TIF and potential economic development projects over the next 20 years.

Proposed Budget for Option 1 (\$5,000,000):

Description	One-Time Cost/Ongoing Cost	Estimated Amount
Executive Drive Water Main Replacement	One-Time Cost	\$4,000,000
Economic* Development Partnership	Ongoing Cost	\$1,000,000

*After 3-4 years of receivables from the TIF, the Economic Development Partnership will be funded from the TIF, not bond proceeds.

Proposed Budget for Option 2 (\$10,000,000):

Description	One-Time Cost/Ongoing Cost	Estimated Amount
Executive Drive Water Main Replacement	One-Time Cost	\$4,000,000
Economic Development Partnership	Ongoing Cost (3 Year Cost)	\$1,000,000
Infrastructure (Road reconstruction, additional stormwater maintenance)	One-time cost	\$5,000,000

*After 3-4 years of receivables from the TIF, the Economic Development Partnership will be funded from the TIF, not bond proceeds. All eligible TIF expenses realized can be reimbursed from TIF funds.

Table 1

An update from the February 28th meeting consists of the projected revenue growth from the TIF throughout the decade. A projection of the projected annual collection from the TIF and a subsequent fund balance with the TIF is laid out in **Table 1**. The projected growth is modest and doesn't take into account any unforeseen potential redevelopment project.

	Annual Collection	Fund Balance
2022	-	-
2023	-	-
2024	\$258,139	\$258,139
2025	\$448,034	\$706,173
2026	\$549,602	\$1,255,775
2027	\$655,496	\$1,911,271
2028	\$765,901	\$2,677,172
2029	\$977,426	\$3,654,598
2030	\$1,101,544	\$4,756,142

Since the projected collections within the TIF will take a couple of years to accumulate an adequate fund balance, the General Fund will absorb the full costs of the bond repayment for the first two years of the bond repayment schedule.

Table 2

Fiscal Year	Annual Costs
22/23	\$640,787
23/24	\$641,750
24/25	\$322,900
25/26	\$322,200
26/27	\$321,350
27/28	\$322,850
28/29	\$321,625
29/30	\$322,750

Starting in 2024/2025, staff expects the General Fund and TIF will split the bond repayment evenly. In **Table 2**, there is a projected estimate of the repayment schedule:

Lastly, after reviewing the feedback from the Board regarding the issuance of debt and the existing state of the economy and world affairs, staff has a final recommendation which would include the following:

- Raising the General Fund Operating Balance policy from 120 days (33%) to 183 days (50%) effective October 2022.
- Establishing a reserve fund effective October 2022.
 - As part of the reserve fund, staff is recommending any funds above the 50% General Fund Operating Balance be transferred to the reserve fund.
 - The reserve fund is a separate fund that can be used as the Board determines. It is typically used as a rainy day fund or an account that is set aside to expend on specific priorities.
 - Expenses used out of the reserve fund can only be approved by the Board of Trustees, not staff.

ACTION PROPOSED: Provide feedback.