



# VILLAGE OF BURR RIDGE BUDGET AND CAPITAL PROJECTS FUNDS:

The Village of Burr Ridge annual budget is divided into various funds/accounts. The General Fund is used to pay for all municipal services and operations. Revenue into the General Fund comes from a portion of the property tax, sales tax, other fees for services. The General Fund is always balanced and has ample reserve funds. As a result, the Village maintains an excellent Aa1 credit rating with Moody's Investor Services.

At its meeting of November 12, 2018, the Board of Trustees reviewed funding of the Village's Capital Projects Funds. The capital projects funds are used for replacement of equipment, building projects, construction of sidewalks, and street maintenance. Funding for the Capital Projects Funds primarily comes from General Fund transfers and the Motor Fuel Tax. Due primarily to declining building permit revenues and increasing costs for the Police Pension Fund, transfers from the General Fund are trending downward.

The following slides provide information about the Capital Projects Funds and opportunities to continue to ensure maintenance of these funds and our capital infrastructure.



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# THERE ARE 4 CAPITAL PROJECTS FUNDS:

1. Capital Improvement Fund; includes:
  - Road Program – primarily local, residential streets
  - Arterial Street Projects
  - Village Capital Improvements (e.g. building remodeling projects, chiller unit for Village Hall, etc.)
2. Sidewalk and Pathway Fund
3. Equipment Replacement Fund
4. Storm Water Management Fund



# PREMISE:

Due primarily to long term trends of decreases in General Fund surpluses and increases in percentage of property tax that goes toward the Police Pension Fund, funding for Capital Projects Funds has become more challenging. Most specifically, the Village's Road Program for maintaining local streets is an annual, recurring expense and as such is in need of a reliable revenue source to maintain the program at current service levels and without interruptions.



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## CAPITAL PROJECT FUNDS:

# SIDEWALK AND PATHWAY FUND

- Funded by Developer Donations and Grants
- Deficit beginning in FY 19-20
- No new projects planned beyond FY 20-21
- 2009 Sidewalk and Pathway Plan
  - Includes @\$1 million in “High Priority” Projects
  - Plus other projects that are lower priority or may be funded by other sources
- Sidewalk Maintenance including \$500K in asphalt replacement projects



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## CAPITAL PROJECT FUNDS:

# EQUIPMENT REPLACEMENT FUND

- Funded by Transfers from the General Fund
- FY 18-19 Budget shows Deficit in FY 19-20
- Deficit postponed to FY 20-21 by canceling purchase of street sweeper
- Funding Strategy has been to transfer surpluses as they become available and to delay purchases whenever possible or necessary
- Fund reserve needs to be increased significantly



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CAPITAL PROJECT FUNDS:

# STORM WATER MANAGEMENT FUND

- Permit Fees
- Transfers from General Fund
- Fund reserve needs to be increased



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CAPITAL PROJECT FUNDS:

# CAPITAL IMPROVEMENT FUND

- Road Program – primarily local, residential streets
- Arterial Street Projects
- Village Capital Improvements (e.g. major building remodeling; replacement of Village Hall chiller unit)



# HISTORICAL SOURCES OF REVENUE – CAPITAL IMPROVEMENT FUND:

- Grants for Arterial Street Projects and General Fund Transfers
- One time Revenue sources for other capital expenditures
- **Annual Road Program – about \$750K per year**
  - Annual – Requires Consistent and Reliable Funding
  - 40% Motor Fuel Tax
  - 60% General Fund Transfers





# OVERVIEW OF ROAD PROGRAM:

- Typical Life Span of a Burr Ridge Street
  - Construction of street
  - Biennial Survey of Road Conditions
  - Patching and crack sealing completed as needed
  - Resurfacing after 15 to 20 years
- Life cycle maintenance intended to avoid major reconstruction and limit amount of patching required



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# HISTORICAL SOURCES OF REVENUE – ROAD PROGRAM:

- Road Program – Primary Revenue Sources:
  - @40% - Motor Fuel Tax (MFT)
    - Average of \$300K per year
  - @ 50 to 60% - General Fund Transfers –
    - Average of \$400K per year
  - Other Revenue Sources when available
    - Average of about 6% of Road Program



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# HISTORICAL SOURCES OF REVENUE – ROAD PROGRAM:

- Road Program – Other Revenue Sources – 6%:
  - Developer Donations - \$2.6 million Since 1997
  - Forfeited Building Bonds - \$889K
  - Interest Income - \$608K
  - Opus Transfer Fees - \$447K

“Other revenue sources” have been “one-time” opportunities that are usually not repeatable or not reliable.

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# GENERAL FUND TRANSFERS:



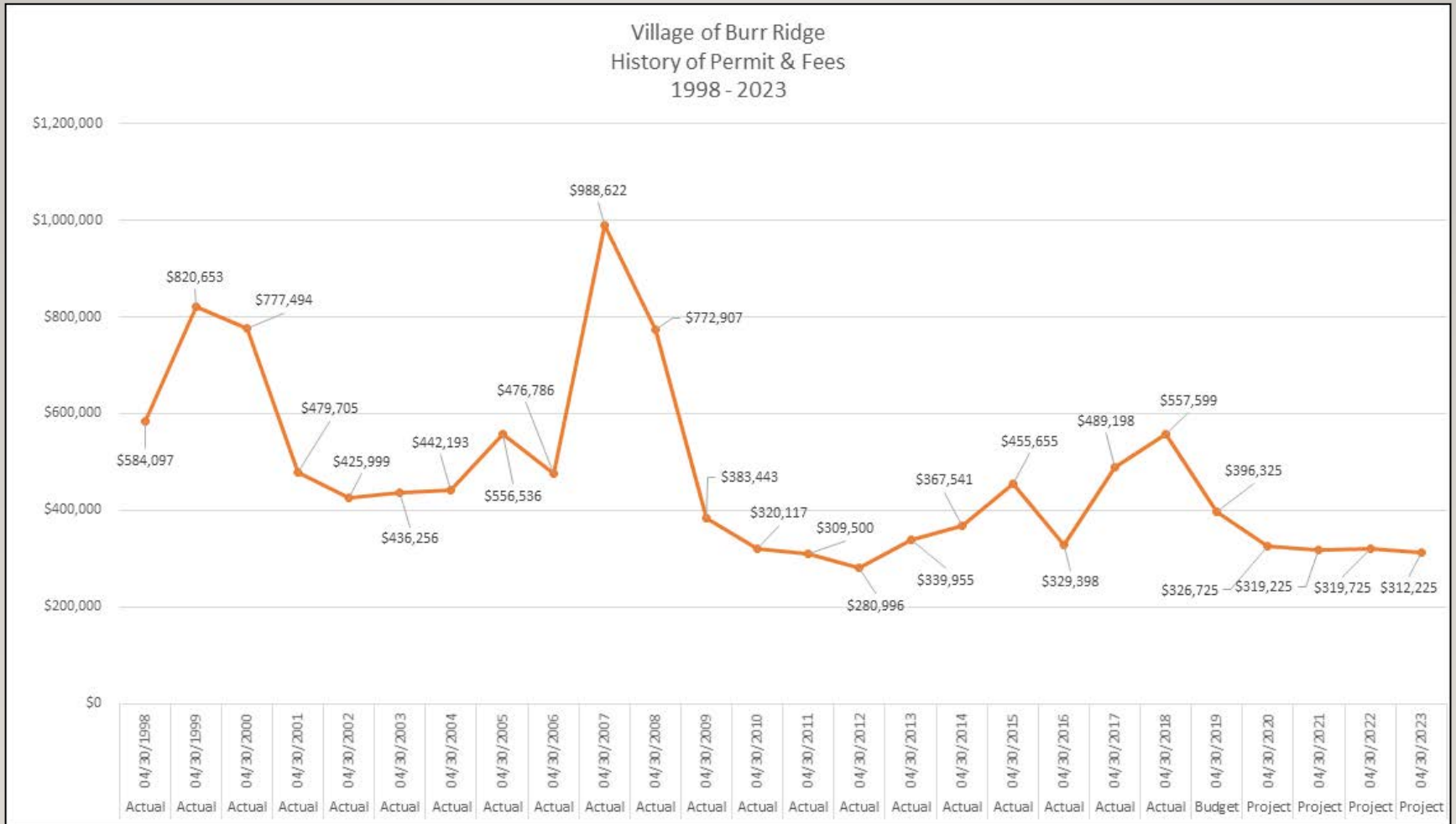
Opportunities for Transfers of Surplus Declining:

- Increase in Police Pension Fund portion of property tax:
  - Increasing Percentage of Property Tax dedicated to Police Pension Fund:
    - Averaged 46% (\$291,160 per year) from 1998 to 2008
    - Averaged 55% (\$571,665 per year) from 1998 to 2008
- Declining revenues from building permits:
  - Averaged \$614,660 per year from 1998 to 2008
  - Averaged \$383,340 per year from 2009 to 2018

Both trends expected to continue in next 5 years and beyond

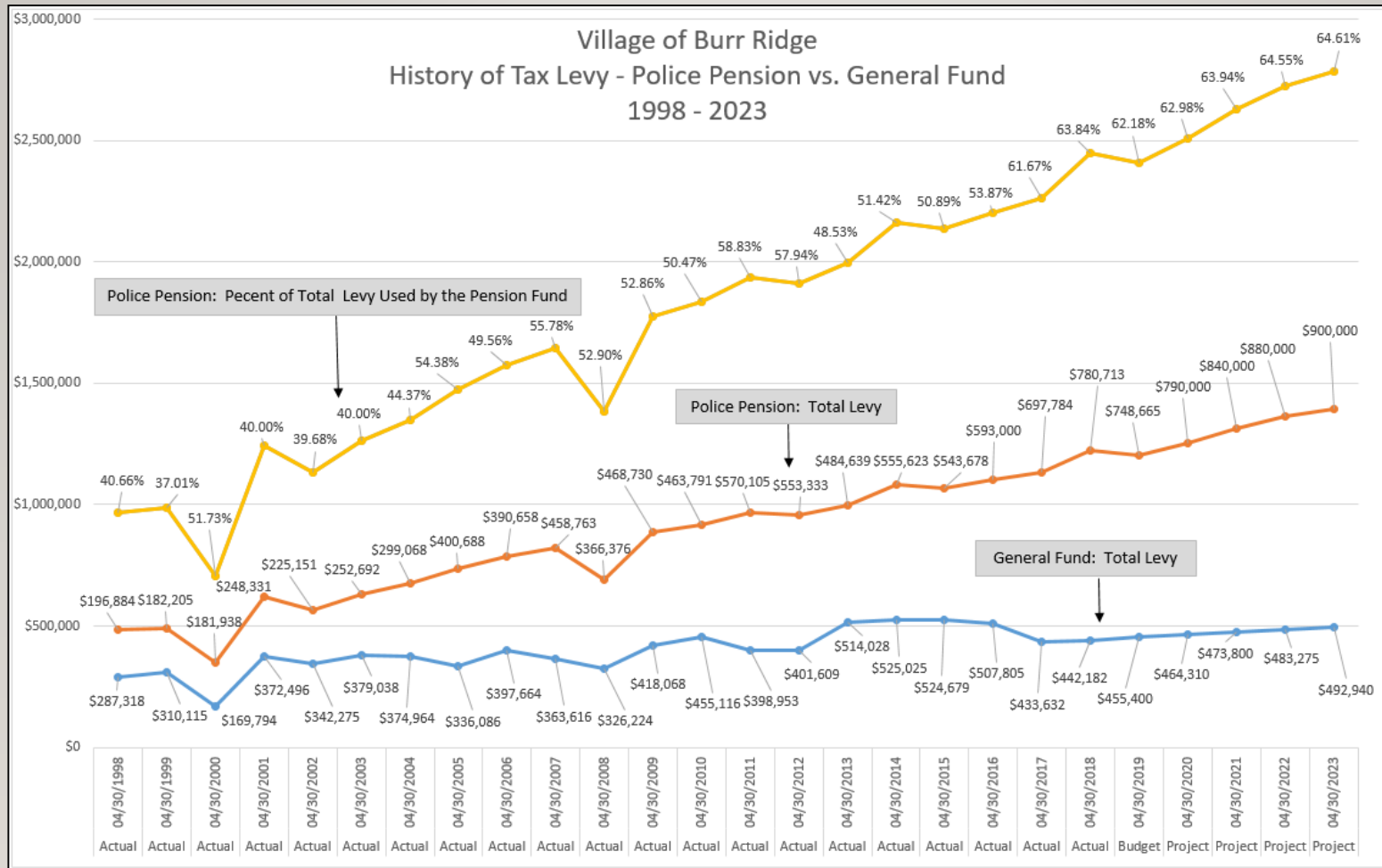


# Building Permit Revenues - 1998 to 2018





# Police Pension Levy as a % of Total Property Tax Levy – 1998-2018:





# CURRENT STRATEGY FOR FUNDING CAPITAL PROJECTS FUNDS:

1. 40% - Motor Fuel Tax
2. 60% - transfers from other Funds (for FY 18-19, transfers of \$175,000 from IRMA reserves and \$270,000 from IPBC reserves are scheduled)

Projected Reserves as of May 1, 2019 include:

1. IRMA: \$655,507
2. IPBC: \$126,409
3. General Fund: \$5,461,587



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# RECOMMENDED STRATEGY FOR FUNDING CAPITAL PROJECTS FUNDS:

1. Find a reliable revenue stream that would be dedicated to the annual road program.
2. Use General Fund transfers, developer donations, grants, etc. for other Capital Projects Funds:
  1. Sidewalk and Pathway projects
  2. Equipment Replacement
  3. Stormwater special projects





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# OPTIONS FOR DEDICATED ROAD PROGRAM REVENUE STREAM:

- Additional ¼% Non-Home Rule Sales Tax - \$325,000 - \$350,000 Annual Projected Revenue – Previously approved by Residents/Voters
- Reinstatement of Vehicle Sticker Program - \$350,000 to \$500,000 Projected to be Generated



# OPTIONS FOR DEDICATED ROAD PROGRAM REVENUE STREAM:

- Referendum to Issue Bonds to be paid with temporary Property Tax Increase (typically 10 years)
- Referendum to Increase Property Tax; with increase dedicated to Capital Projects
- Referendum to Become Home Rule; would allow for additional taxing authority and expanded use of Hotel /Motel tax



# OTHER STRATEGIES FOR FUNDING CAPITAL PROJECTS FUNDS:

- Economic Development /Increasing Sales Tax Generating Businesses
  - Most likely would be relatively small addition to support General Fund transfers;
  - Would require other measures to be taken
- Special Assessment or Special Service Areas
  - For all non-grant funded street projects, or
  - Limited to non-residential street projects



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# OTHER STRATEGIES FOR FUNDING CAPITAL PROJECTS FUNDS:

- Continue current policy; transferring revenues from other funds & deferring projects if transfers are insufficient
- Reduce Road Program
  - Rather than current 15-20 year replacement cycle; go to 25 year replacement cycle
  - Significant Reduction of Services; would require more patching and increase in probability that a re-surfacing project becomes a re-construction project
- Cutting Costs in other Departments via reduced personnel and reduced services provided



# CONCLUSION:

The Board of Trustees will continue its review of funding for the Road Program and other Capital Projects Funds during the budget cycle for fiscal year 2019-20 beginning in February, 2019. Input from residents is requested and may be provided by emailing Village Administrator Doug Pollock at [dpollock@burr-ridge.gov](mailto:dpollock@burr-ridge.gov).