

## **BUDGETING PLANNING AND CONTROLS**

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The annual budget serves as the foundation for the City of Elmhurst's financial planning and control. Beginning in May of each year the City prepares a five-year capital improvement plan. The Department Heads are required to submit proposed capital improvements for the next five years to the City Manager. The City Manager, along with the Department Heads and the budget review team, review the requests and develop a proposed five-year capital improvement plan. The proposed five-year capital improvement plan is submitted to the City Council in July or August. The City Council reviews and approves the five-year Capital Improvement Plan by the second council meeting in August of each year.

The annual operating budget process starts in August when the Department Heads are required to submit to the City Manager a proposed budget for the next two fiscal years. The City Manager uses these requests and the five-year capital expenditure plan as a starting point for developing a proposed budget. After reviewing the department budget requests with each Department Head and the budget review team, the City Manager presents the proposed budget to the City Council in October. The City Council is required to hold a public hearing on the proposed budget and to adopt the final Budget no later than December 31st of each year. The 2019 Budget Schedule listing budget activities and target completion dates is provided on the following page.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General, Special Revenue, Debt Service, Capital Projects (governmental funds), Enterprise (proprietary funds), and Police and Firefighter's Pension Trust Funds (fiduciary funds) are included in the annual budget. Interim financial statements are distributed to management and elected officials monthly to provide information on the status of actual revenues and expenditures as compared to the budgeted amounts. The level of budgetary control (the level at which expenditures cannot exceed the budgeted amount) is established at the individual fund level. The City also maintains an encumbrance system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

The difference between assets and liabilities reported in a governmental fund is called fund balance. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues. Fund balance is often used to describe the total available financial resources in a governmental fund. Budgets are considered balanced if the amount of fund balance exceeds the excess of budgeted expenses over budgeted revenues and other financing sources. A specific line item for "the use of fund balance" is not utilized in the budget presentation. The basis of budgeting is the same as the basis of accounting used in the City's audited financial statements. The modified accrual basis is used for all governmental funds and the accrual basis is utilized by proprietary funds, pension trust funds and agency funds.

The City of Elmhurst uses several components to accomplish its financial planning. A significant source of the City's long-term financial planning is the bi-annual City of Elmhurst Citizen's Survey that has been conducted since 1994. The results of this survey have been an excellent source of information for the City Council regarding the priorities citizens place on certain governmental services and are considered when developing the City's budget. The results of the survey can be found on the City's website at [www.elmhurst.org](http://www.elmhurst.org).

**CITY OF ELMHURST  
FISCAL YEAR 2019 BUDGET SCHEDULE**

<b><u>TARGET DATES</u></b>	<b><u>BUDGET ACTIVITY</u></b>
June 25, 2018	Five Year Capital Improvement Budget worksheets distributed to department heads.
June 25, 2018	City Manager memo to Mayor and City Council regarding budget and budget schedule.
June 27, 2017	Operating budget worksheets and guidelines delivered to department heads for detailed budget process.
July 7, 2018	Mayor and City Council budget goals for fiscal 2019 budget received by City Manager.
July 11, 2018	Five Year Capital Improvement Budgets due to Finance Department.
Aug. 6, 2018	Preliminary Five Year Capital Improvement Budget distributed to Mayor and City Council.
Aug. 6, 2018	Operating budgets due to City Manager.
Aug. 20, 2018	City Council reviews Five Year Capital Improvement Budget.
Oct. 9, 2018	Finance Committee begins review of 2018 property tax levy.
Oct. 22, 2018	Committee of the Whole Meeting. Operating budget delivered to City Council and overview from City Manager.
Oct. 29, 2018	Tentative – City Council begins review of 2019 operating budget.
<b>Nov. 5, 2018*</b>	City Council approves Truth in Taxation Estimated Tax Resolution. Continued budget review by City Council.
Nov. 19, 2018	Public hearing for fiscal year 2019 operating budget.
<b>Dec. 3, 2018*</b>	City Council approves fiscal year 2019 operating budget.
<b>Dec. 3, 2018*</b>	Tax levy public hearing held, if necessary.
<b>Dec. 17, 2018*</b>	City Council approves 2018 property tax levy. (Tax levy may be approved on Dec. 3, 2018 if public hearing is not required.)

\*City Council action required.

## **City of Elmhurst, Illinois**

### **Budget Policy and Procedure**

#### **City of Elmhurst Municipal Code**

#### **Chapter 3 City Administration**

#### **Section 3.19; Budget Policy and Procedure**

(a) Establishment. There is hereby established a budget policy and procedure which shall be implemented by the City Manager in the orderly preparation of an annual budget.

(b) Budget Officer. The City Manager shall serve as the Budget Officer for purposes of implementing the budget policy and procedure as set out herein, and shall have the following powers and duties with regard thereto:

(1) Permit and encourage and establish the use of efficient planning, budgeting, auditing, reporting, accounting, and other fiscal management procedures in all municipal departments, commissions, and boards.

(2) Compile an annual budget in accordance with subsection (c) herein.

(3) Examine all books and records of all City departments, commissions, and boards which relate to monies received by the City, City departments, commissions, and boards, and paid out by the City, City departments, commissions, and boards, debts and accounts receivable, amounts owed by or to the City, City departments, commissions and boards.

(4) Obtain such additional information from the City, City departments, commissions, and boards as may be useful for purposes of compiling a City budget, such information to be furnished by the City, City departments, commissions, and boards in the form required by the City Manager. Any department, commission or board which refuses to make such information as is requested of it available to the City Manager shall not be permitted to make expenditures under any subsequent budget for the City until such City department, commission, or board shall comply in full with the request of the City Manager.

(5) Establish and maintain such procedures as shall insure that no expenditures are made by the City, City departments, commissions, or board except as authorized by the budget.

(c) Compilation and Contents of Budget. The budget shall contain estimates of revenues available to the City for the fiscal year for which the budget is drafted, together with recommended expenditures for the City and all of the City departments, commissions, and boards. Revenue estimates and expenditure recommendations shall be presented in a manner which is in conformity with good fiscal management practices, which practices would include those recommended by the National Council on Governmental Accounting. The budget shall contain actual or estimated revenues and expenditures for the two years immediately preceding the fiscal year for which the budget is prepared. So far as is possible, the fiscal data for such two preceding fiscal years shall be itemized in a manner which is in conformity with the manner in which the budget is presented. Each budget shall show the specific fund or account from which each anticipated expenditure shall be made.

Only that portion of any expenditure, under a multi-year contract attributable to the budgeted fiscal year, shall be appropriated by the budget for that fiscal year. Subject to the foregoing, the City may enter into contracts requiring expenditures in more than one year, without prior appropriation by budget of the entire multi-year expenditure under that contract.



**City of Elmhurst Municipal Code**

**Chapter 3 City Administration**

**Section 3.19; Budget Policy and Procedure (Continued)**

(d) Passage of Annual Budget and Appropriations Ordinance. Passage of the annual budget and appropriations ordinance by the corporate authorities shall be in lieu of passage of appropriations ordinance. The annual budget and appropriations ordinance need not be published except in a manner provided for in subsection (h) herein. The annual budget and appropriations ordinance shall be adopted by the corporate authorities before the beginning of the fiscal year to which it applies. Notwithstanding anything else to the contrary in the Elmhurst Municipal Code, the budget and appropriations ordinance shall not be subject to a second reading before passage nor does it require approval of a committee report prior to passage.

(e) Capital Improvement, Repair or Replacement. Monies may be accumulated in a separate fund or account for the purpose or purposes of specific capital improvements, repairs, and/or replacements of specific types of municipal equipment or other tangible property, both real and personal. Expenditures from the Capital Improvement, Repair or Replacement Fund or account shall be budgeted in the fiscal year in which the capital improvement, repair or replacement will occur. Upon the completion or abandonment of any object for which the Capital Improvement, Repair or Replacement Fund or account was inaugurated, then such monies no longer necessary for capital improvement, repair or replacement shall be utilized for general corporate purposes of the municipality and transferred in the accounts of the City for that purpose on the first day of the fiscal year following such abandonment, completion, or discovery of surplus monies.

(f) Revision of Annual Budget. By a vote of two-thirds of the members of the corporate authorities then holding office, the annual budget for the municipality may be revised by deleting, adding to, changing or creating subclasses within object classes and object classes themselves. No revision of the budget shall be made increasing the budget in the event funds are not available to effectuate the purpose of the revision.

(g) Funds for Contingency Purposes. The annual budget may contain money set aside for contingency purposes not to exceed one percentum of the total budget, less the amount set aside for contingency purposes, which monies may be expended for contingencies upon a majority vote of the corporate authorities then holding office.

(h) Public Inspection, Notice and Hearing on Budget. The corporate authorities shall make the tentative annual budget conveniently available to public inspection for at least ten (10) days prior to the passage of the annual budget, by publication in form as the corporate authorities may prescribe. Not less than one week after the publication of the tentative annual budget, and prior to final action on the budget, the corporate authorities shall hold at least one public hearing on the tentative annual budget, after which hearing or hearings the tentative annual budget may be further revised and passed without any further inspection, notice or hearing. Notice of this hearing shall be given by publication in a newspaper having a general circulation in the City at least ten (10) days prior to the time of the hearing.

(12/2/85; 11/4/91)

## **CITY OF ELMHURST PURCHASING POLICY**

### **A. General Policy for Soliciting Quotes**

Employees are responsible for soliciting quotes for purchases in the instances outlined below. Purchase requisitions submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g. sole source, emergency, standardized vendor) will not be approved.

<u>Up to \$500</u>	One verbal quote is required; however, employees are encouraged to seek additional quotes when possible.
<u>\$501-\$3,000</u>	Three verbal quotes must be obtained. The quote summary must be attached to the invoice. Physical records regarding the dates, contacts and quotes received shall be retained in the department's files for auditing purposes.
<u>\$3,001-\$5,000</u>	Three written quotes are required. The quote summary must be attached to the invoice. The actual written quotes shall be retained in the department's files for auditing purposes.
<u>\$5,001-\$20,000</u>	Three written quotes are required. Hard copies shall be obtained and attached to the purchase requisition.
<u>\$20,001 &amp; Above</u>	Must be competitively bid in accordance with City ordinances. City Council approval is required for all purchases in this category.

Items purchased more than once during a fiscal year (e.g. forms, copier supplies) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive. Preference should be shown to a local vendor only when all prices and terms are equal, or a distinct economic advantage to the City can be demonstrated to result from a local purchase.

### **B. Joint Purchasing**

Employees are authorized to obtain goods and services using the State of Illinois Joint Purchasing program. When available through the State program, it is not necessary for employees to obtain quotes or to competitively bid the goods or services which are sought. Employees shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the City's needs and that pricing is competitive.

Employees are also authorized to join with other units of government in cooperative purchasing plans when the best interests of the City would be served thereby. The quote and bid requirements shall not apply to joint purchasing with other units of government.

To the extent possible, purchases of like items should be coordinated among City departments.

### **C. Sole Source Purchases**

Contracts for parts, supplies or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurement may arise from the following circumstances:

- a) Equipment for which there is no comparable competitive product or is available only from one supplier;
- b) A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer;
- c) An item where compatibility is the overriding consideration, such as computer software and hardware.

These items shall not be subject to requirements for seeking competitive quotes or bids. However, purchases in excess of \$20,000 shall be presented to the City Council prior to acquisition with a request to waive bids, approve the purchase and enter into a formal contract.

### **D. Emergency Purchases**

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety. Whenever, in the judgement of the City Manager, an emergency situation requires the making of any purchase of material or supplies for a price in excess of \$20,000 but less than \$30,000, prior to the next regular meeting of the Council, the City Manager, with the written approval of the Mayor and a majority of the members of the Finance Committee of the Council, may make such purchase without waiting for formal approval of the specific purchase by the Council as a whole. If the emergency purchase is over \$30,000, approval of the City Council is required.

### **E. Competitive Bidding Policy**

All purchases of goods or services, excluding professional services, exceeding \$20,000, except where such purchases greater than \$20,000 are allowed by state statute, shall be subject to the competitive bidding process and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible and responsive bidder or any other bidder whom the City Council deems to be in the best interest of the City. Sealed bids will be sought when the cost is anticipated to be more than \$20,000. Any procurement of construction not exceeding \$30,000 may be made without competitive sealed bidding. This exception to the competitive bid process is consistent with state statute that allows state contracts for construction not exceeding \$30,000 to be made without competitive sealed bidding.

Purchases shall not be artificially divided so as to constitute a smaller purchase and thereby circumvent the competitive bidding requirements.

The City Council, by a two-thirds vote, may waive required competitive bidding prior to or at the time of purchase or entry into a contract. Requests for bid waivers shall be made only when goods or services are proprietary (i.e. sole source), where standardization is necessary or desirable (e.g. personal computers, furniture), in emergencies as defined herein or when it is in the best interests of the City to do so. The City Council may also direct that any other purchase or contract, in addition to what is required above, be competitively bid.

The City Council shall have the authority to reject all competitive bids or parts of those bids when the public interest will be served thereby.

#### **F. Request for Proposal**

Competitive bidding is not always the most appropriate purchasing process. For the procurement of professional services, where the services of individuals possessing a high degree of professional skill and where the education, experience or character of the individuals are significant factors in determining their ability to meet the City's needs, a different selection process is utilized. When professional services are being sought for a project whose results are known, such as audit services, a request for proposal (RFP) shall be utilized. A request for proposal is written around performance standards rather than a description of a product. The proposal procedure shall include appropriate notice to potential providers of that service in the open market. The City Council, however, by majority vote may waive these proposal requirements in any case that they otherwise apply.

Providers of architectural, engineering and land surveying services will be selected in accordance with the State of Illinois Local Government Professional Services Selection Act (50 ILCS 510), on the basis of demonstrated competence and qualifications for the type of services required, at fair and reasonable compensation.

Procurement of all professional services shall be reviewed at a minimum of once every four years by staff and the appropriate standing Council committee. Such services shall include, but not limited to, audit, insurance brokerage, engineering, legal, banking, inspection, mosquito abatement, and real estate.

#### **G. Contracts**

From time to time, contracts are entered into by the City Council for essential services. Such contracts are often the result of a competitive bid or RFP process or a bid waiver. A contract is a legal obligation of the City and must be on terms acceptable to the City Council. To ensure that the contract provisions as set by the City staff and the vendor are in the best interests of the City and are legally accurate, the City Attorney shall review and approve the contract prior to execution.

Contracts are required for professional services, construction projects and purchases of goods exceeding \$20,000. All contracts must have terms such as length of service, fees, description of services to be provided and deliverable product clearly defined. Procedures for applying for cost overruns of the contract must also be specifically defined.

The City Clerk's office retains all original contracts.

#### **H. Change Orders**

Subsequent to entering a contract, change orders may become necessary. The City Manager shall approve all change orders up to \$20,000. Any change order, singularly or in aggregate, in excess of \$20,000 must be reviewed by the appropriate Council committee and approved by the City Council.



## **I. Fixed Asset Policy**

A fixed asset policy is established to insure compliance with governmental financial reporting standards and to safeguard City assets. Fixed assets shall include land, buildings, machinery, equipment and vehicles with a life expectancy of one year or more. To be included in this definition, the capitalization threshold of the asset or minimum value of the asset at the time of acquisition is established at \$15,000. Roads, streets, bridges and similar infrastructure shall be capitalized pursuant to Government Accounting Standards Board (GASB) Statement 34.

## **J. Approval Authority**

The City Manager is authorized by City ordinance to make, in the ordinary course of business, all purchases of materials, supplies and services necessary for the City as provided for in the annual budget; provided that on purchases of more than \$20,000, the City Manager shall first procure the approval of the Council before making such purchases. Regarding purchases of \$20,000 or less, not in the budget and not emergency, the appropriate standing committee of the Council may, prior to such purchase being made, review same and by majority vote, veto such proposed purchase. In the event of such a veto, the committee shall so report and recommend to the Council. If the Council shall concur in the committee's recommendation, then such purchase shall not be made; if the Council shall not concur in the committee's recommendation, such purchase may be made.

Within the City Manager's \$20,000 authority, the following approval limits are established.

<u>Up to \$500</u>	Superintendents and Managers
<u>\$501-\$5,000</u>	Department Heads, Assistant Directors, Deputy Police Chiefs, Deputy Fire Chief
<u>\$5,001-\$20,000</u>	City Manager
<u>\$20,001 &amp; Above</u>	City Council

## **K. Accounts Payable Review Approval Process**

When an invoice has been reviewed, attached to back-up such as receiving documents and purchase order, and has been approved at the appropriate level, the invoice is sent to the Accounts Payable Clerk to be processed for payment. After processing, all invoices are reviewed by the Finance Director or the Assistant Finance Director in the Finance Director's absence. An accounts payable list is developed every two weeks, to be approved by the City Council at each regular City Council meeting. In the event there are five weeks in a month, the second accounts payable of the month will cover three week's activity. Accounts payable checks are issued the Thursday following the approval of the accounts payable list by the City Council.



**CITY OF ELMHURST  
REVENUE POLICY STATEMENT**

1. The City will develop a revenue structure that provides a fair and equitable distribution of both the revenue burden and the benefits from public services, to the private and commercial residents of the City of Elmhurst.
2. The City will maintain diversified revenue sources that will provide both stability of revenue flows to cover basic operational needs and the flexibility to adjust revenue levels and sources as City needs changes.
3. A General Fund balance will be maintained at a level between 25-33% (3 to 4 months) of current projected expenditures.
4. The City will implement user charges and fees, in lieu of other general revenue sources, for services that can be individually identified and where costs are directly related to the level of service.
  - a) The user charges for water and sewer will be sufficient to finance all operating capital and debt services cost, and to maintain an adequate cash balance in the Municipal Utility Fund.
  - b) User charges in the form of permit, license and inspection fees will be established to fund building and code enforcement activities and certain services provided by the Fire Department and Public Works Department.
5. Debt will be limited to 5% of the value of taxable property in the City, per MCO 8.02, and will be used to finance long-lived capital and operating assets. Debt will not be used to finance day-to-day general operating expenditures.
6. The City will project revenues for five years and will update the projection annually as part of the annual budget process. The City will review each revenue source, fund by fund, in light of the proposed expenditure budget, to determine the need for said source to fund City services for the next fiscal year. The City will adjust or eliminate existing revenue sources, add a new revenue source or adjust or eliminate City services based on the review of the proposed revenue and expenditure budget for a given fiscal year.
7. Major revenue sources, their current levels, limits, characteristics and uses are detailed on the attached schedules.

**City of Elmhurst**  
**Major Revenue Sources**  
**Fiscal 2019 Proposed Budget**

Revenue Source	Current Level	Limit	2019 Revenue Budget Impact *	Characteristics
Property Tax (City Levy Only)	.4160/\$100 EAV (2017 levy)	No legal limit	19.1% of General Fund revenue (\$10,211,000)	*most stable revenue source *over 99% collection rate *deductible for federal income tax purposes *broadly based *low administration costs *City can impact
Sales Tax	City portion of State tax = 1%	State law	23.3% of General Fund revenue (\$12,996,000)	*fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *low administration costs *City cannot impact
Home Rule Sales Tax	1%	None	*50% credited to General Fund for 6.5% of General Fund revenue (\$3,654,000) *25% credited to Capital Improvement Fund for 29.9% of CIF revenue (\$1,827,000) *25% credited to Stormwater Fund for 71.2% of Stormwater revenue (\$1,827,000)	*fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *possible negative impact on sales of larger ticket items *low administration costs *City can impact
Hotel/Motel Tax	4%	5%	0.8% of General Fund revenue (\$432,000)	*benefits based *narrowly based *importation possible (people outside the community pay) *low administration costs *City can impact

**City of Elmhurst**  
**Major Revenue Sources**  
**Fiscal 2019 Proposed Budget**

Revenue Source	Current Level	Limit	2019 Revenue Budget Impact *	Characteristics
Real Estate Transfer Tax	\$1.50 per \$1,000 of sales price	None	1.2% of General Fund revenue (\$687,000)	*narrowly based *fluctuates w/economic conditions *moderate administration costs *City can impact by referendum
Food & Beverage Tax	1%	None	2.6% of General Fund revenue (\$1,434,000)	*fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *moderate administration costs *City can impact
State Income Tax	Distributed on a per capita basis	State law	*20% credited to General Fund for 1.6% of General Fund revenue (\$888,000) *80% credited to Capital Improvement Fund for 58.2% of CIF revenue (\$3,553,000)	*broadly based *regressive; impacts lower income more than higher income *deductible for federal income tax purposes *low administration costs *City cannot impact *fluctuates w/economic conditions
Utility Tax			6.3% of General Fund revenue (\$3,501,700)	*broadly based *regressive; impacts lower income more than higher income
Telecommunications (1)	6%	6%		
Electric	Per kwh	Various		
Gas	\$.015 per therm	None	6.3% of Capital Improvement Fund revenue (\$384,300)	*stable monthly income to City *relatively small impact on monthly consumer bill *low administration costs *City can impact
(1) Revenue is split between General Fund (75%) and Capital Improvement Fund (25%).				
Vehicle Sticker Fees	Various as set per Ordinance	None	2.2% of General Fund revenue (\$1,222,000)	*broadly based *benefits based *high administration costs *City can impact

**City of Elmhurst**  
**Major Revenue Sources**  
**Fiscal 2019 Proposed Budget**

Revenue Source	Current Level	Limit	2019 Revenue Budget Impact *	Characteristics
Permit Fees (Building and Other)	Various as set per Ordinance	None	Proposed revenue to cover 100% of associated costs (\$2,491,400)	*narrowly based *benefits based *moderate administration costs *City can impact
Rubbish Service Charges	Per contract plus municipal service charge	None	100% of contract expense (\$3,048,700)	*broadly based *benefits based *moderate administration costs *City can impact
Interest Income	Market Dependent	City Investment Policy	0.5% of General Fund revenue (\$290,620)	*income depends on level of cash balances *City can impact within guide- line of Investment Policy
Water and Sewer Charges	Per Ordinance	None	98.2% of Municipal Utility Fund revenue (\$27,328,650)	*broadly based *benefits based *high administration costs *City can impact
Parking Fees	Per Ordinance	None	71.9% of Parking Fund revenue (\$890,800)	*narrowly based *benefits based *high administration costs *City can impact
Parking Fines	Per Ordinance	None	15.8% of Parking Fund revenue (\$195,200) (Net of uncollectible)	*narrowly based *benefits based *high administration costs *City can impact

\* Revenue source as a % of total fund revenue is based on total revenues less transfers in and bond proceeds.



## **LONG TERM DEBT**

### **City of Elmhurst Debt Restrictions and Guidelines**

The City of Elmhurst is a home rule municipality under Illinois law. As such, the City has broad authority to act where there are no restrictions imposed by the State. The State of Illinois does not impose any restrictions on indebtedness for home rule municipalities. Independent of state law the City of Elmhurst has chosen to limit total debt to an amount equal to 5% of the Equalized Assessed Value (EAV) for all taxable property within the City. This standard is more restrictive than the state-imposed limit on non-home rule municipalities of 8.625% of EAV. The table below reflects the current and projected outstanding debt to EAV percentages.

	2017 Actual	2018 Actual	2019 Estimated	2020 Estimated
EAV	\$2,208,173,134	\$2,374,924,850	\$2,490,423,032	\$2,565,135,723
Outstanding G.O. Bonds	\$85,670,000	\$91,235,000	\$88,855,000	\$101,651,125
Debt to EAV	3.88%	3.84%	3.57%	3.96%

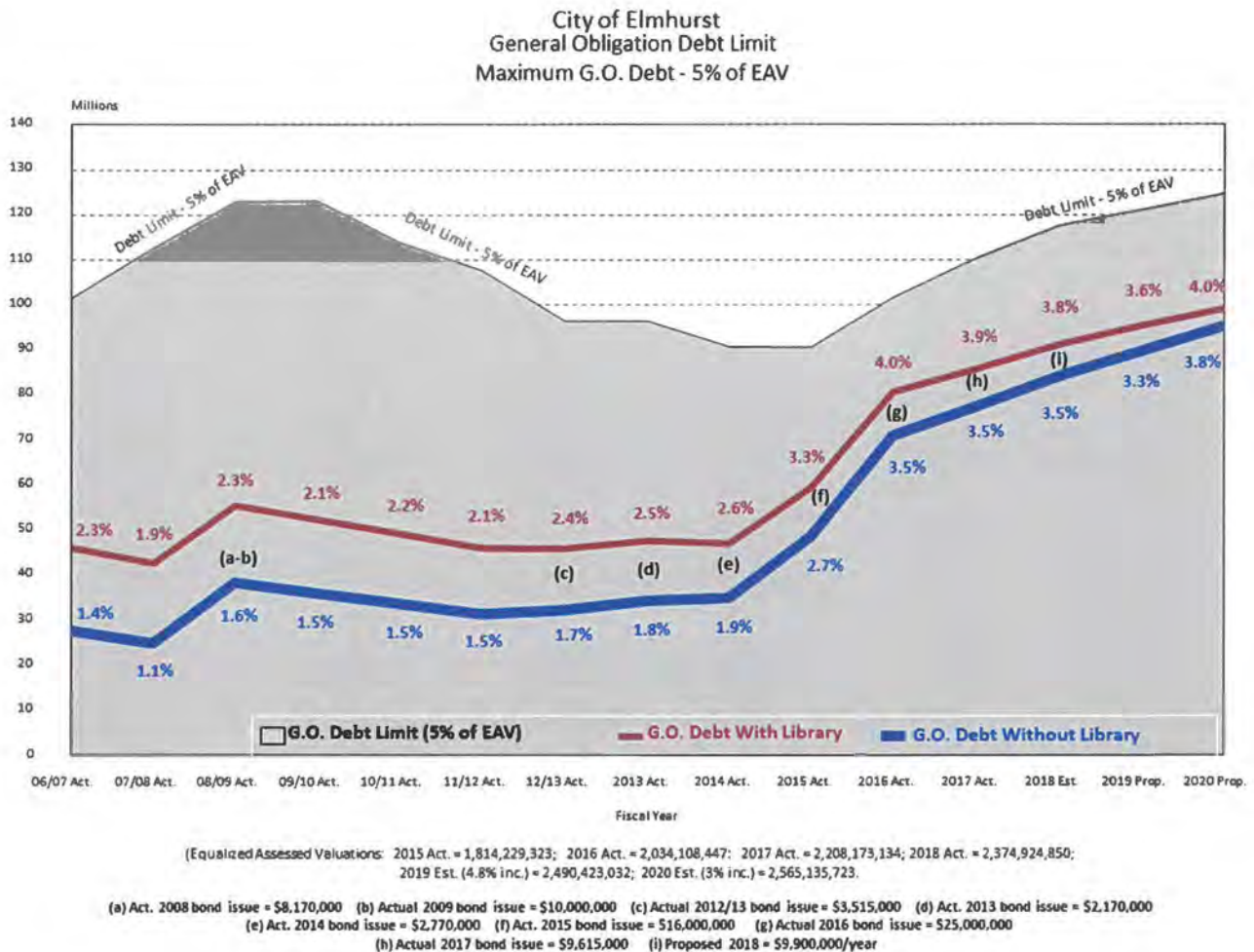
In addition to the self-imposed restriction on the total amount of debt that can be incurred, the City developed a Debt Management Policy in 2018 which provides a general framework for the contemplation, use, management, and reporting of debt financing. The policy dictates that debt may only be used to finance long-lived capital and operating assets. Debt will not be used to finance day-to-day general operating expenditures.

Standard & Poor's has given the City's General Obligation Bonds an AAA rating, considering the bonds to be the highest quality grade with extremely strong capacity to meet financial commitments.

### **Current and Proposed Indebtedness**

As of December 31, 2018 the City will have a total of \$111,236,022 in bonded and note indebtedness. This amount includes \$91,235,000 in G.O. bonds, \$7,200,000 in note indebtedness, and \$12,801,022 in IEPA loans. During 2018, the City issued one new General Obligation Bond series. A small portion (6%) of the 2018 bond proceeds were to fund the final costs of the City's water meter replacement projects, while the remainder of the proceeds were for ongoing and future stormwater projects and other public facility improvements. The 2018 G.O. debt issue will be funded through the Capital Investment Recovery Charge (CIRC) in the Municipal Utility Fund (MUF), Home Rule Sales Tax, and Property Taxes. The City anticipates issuing additional long-term debt (low interest IEPA Loans) for financing several major improvements to the Wastewater Treatment Plant and the wastewater distribution system, as well as repairs/replacement of the water production and distribution system resulting from a complete system evaluation. The IEPA loan debt service will be funded by the CIRC in the MUF. The budget also anticipates issuing new G.O. bonds in 2019 to fund police station improvements, stormwater station rehabilitation, various stormwater improvement projects, and other public benefit projects such as funding the City's participation in the IL Prairie Path Underpass at York Street, the Rt. 83 Pedestrian Bridge, and the Metra Station Improvements. While the Capital Expenditure Budget (CEB) contains numerous planned projects and a substantial amount of proposed spending, additional analysis of the City's debt position will be required prior to any future G.O. Bond issue. Consequently, some of the outlined projects may be deferred into the future.

A graph of the City's outstanding G.O. debt as compared to the self-imposed debt limit is provided below.



### Debt Service Abatement

Prior to fiscal year 2010/11, the City always abated its property tax levy for debt service. Due to the financial impact of the significant down turn in the economy in 2008-2009, the City Council did not abate a portion of annual debt service obligation for each of the five tax levy years, 2009 through 2013. Commencing with the 2014 tax levy, the City adopted a five year plan to reinstate complete abatement of GO bond debt service by reducing the amount not abated by \$500,000 per year. Based on this plan and the normal change in debt service structure over the life of the bond issues, the 2018 proposed tax levy (collected in Calendar/Fiscal Year 2019) will once again abate 100% of the property tax levy for debt service.

The abated 2018 debt service levy of \$7,829,109 will be funded by the Capital Improvement Fund, Storm Water, Redevelopment, Municipal Utility and Parking System Funds, and the Elmhurst Public Library.

**Revenue Bonds**

The proceeds of this bond issue were used to pay the cost of the issuance of the bonds and to provide funds for the refinancing of a construction loan of Federal Construction, Inc. (the Developer). The proceeds of the Developers construction loan were used to pay the cost of reconstructing retail property owned by the Developer that is located in the Tax Increment Financing Redevelopment Area located at the corner of St. Charles Road and Route 83. Loan payments from the Developer are used to fund the debt service on the bonds. In March 2018 the City entered into an agreement with the Developer, allowing them to prepay the loan in advance of the maturity date in exchange for the City's cancellation of the loan and release of the City's security in the Shopping Center property. Because the original 1998 issue was refunded (refinanced) in 2006, the bonds were no longer callable. However, there is a provision in the Bond Ordinance that allowed for the defeasance of the bonds upon creation of a defeasance escrow. As a result of the March 2018 agreement, the escrow was established and will pay the remaining debt service. The City no longer has any outstanding obligation pertaining to this debt issuance.

The following documents include both the Debt Policy, which was approved by the City Council on June 18, 2018, as well as schedules that present the state of the City's indebtedness for Fiscal Year 2019.

**A RESOLUTION TO ADOPT  
THE CITY OF ELMHURST DEBT MANAGEMENT POLICY**

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**WHEREAS**, the City of Elmhurst (the "City") has determined it is necessary and in the City's best interest to update the City's Debt Management Policy (the "Policy") to create a general framework for the contemplation, use, management, and reporting of the City's debt financing; and

**WHEREAS**, the City's Finance, Council Affairs and Administrative Services Committee (the "Committee") has completed a thorough review of the City's current outstanding debt, including the types of debt issued, the capital projects funded by the debt, the debt service schedules, and the funding sources for each debt issue; and

**WHEREAS**, the Committee has also reviewed a number of debt policies from other municipalities as well as best practices outlined by the Government Finance Officers Association; and

**WHEREAS**, the Committee has developed a comprehensive Policy for the City, a copy of which is attached hereto as Exhibit "A" and made a part hereof; and

**WHEREAS**, it is in the City's best interest to adopt the Policy.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and City Council of the City of Elmhurst, DuPage and Cook Counties, Illinois, as follows:

**Section 1:** The facts and statements contained in the preamble clauses to this Resolution are found to be true and correct and are hereby adopted as part of this Resolution.



**Section 2:** The City hereby adopts the City of Elmhurst Debt Management Policy, a copy of which is attached hereto as Exhibit "A" and made a part hereof.

**Section 3:** This Resolution shall be in full force and effect upon its passage and approval in accordance with law.

ADOPTED this 18<sup>th</sup> day of JUNE, 2018.

AYES: 14

NAYS: 0

ABSENT: 0

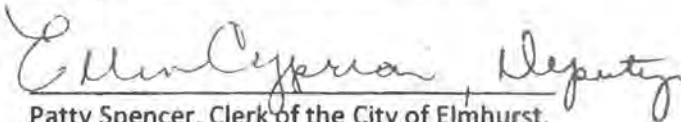
ABSTENTION: \_\_\_\_\_

APPROVED by me this 18<sup>th</sup> day of JUNE, 2018.



Steven M. Morley, Mayor of the City of Elmhurst, DuPage and Cook Counties, Illinois

ATTESTED and filed in my office,  
this 18<sup>th</sup> day of JUNE, 2018.



Patty Spencer, Clerk of the City of Elmhurst,  
DuPage and Cook Counties, Illinois

**City of Elmhurst, Illinois**  
**Debt Management Policy**

**I. Purpose**

The purpose of the debt management policy is to provide a general framework for the contemplation, use, management, and reporting of the City of Elmhurst's debt financing.

**II. Goals and Objectives**

The City shall meet the following goals and objectives when issuing debt:

- A. Take all practical steps necessary to maintain or improve the City's credit rating on existing and/or future debt issues.
- B. Effectively utilize debt capacity in relation to City's tax base growth, or utility rate base to meet long-term capital requirements.
- C. Coordinate the length of the debt issue with the life of the asset funded. In addition, where debt is used to repair, upgrade or extend the life of an asset, the amortization schedule should be designed in a way that considers those repair and replacement costs of assets funded by debt proceeds and how those additional costs extend the useful life of the asset; i.e.; the amortization schedule should be no longer than the extended useful life of the asset.
- D. Determine the amortization (maturity) schedule which will best fit with the overall debt structure of the City's outstanding debt and related applicable funding source at the time the new debt is issued. The City may choose to delay principal payments or to capitalize interest during project construction in order to achieve its goal with respect to desired funding of debt service payments.
- E. Assess financial alternatives to include new and innovative financing approaches, including whenever feasible, categorical/conditional grants, revolving loans, or other state and/or federal aid.
- F. Consider market timing, taking advantage of favorable market conditions.
- G. Minimize issuance and interest costs.
- H. Provide comprehensive financial disclosure.

**III. Scope**

This policy will include all debt issued by the City such as, but not limited to, general obligation bonds, revenue bonds, installment contracts, leases, lines of credit, special assessment bonds, tax increment bonds, short term obligations, and private activity bonds. Refunding bonds may be issued when analysis indicates that the resulting net present value debt service savings to the City is a minimum of 2% or a substantial dollar amount, as determined by the City Council.

**City of Elmhurst, Illinois**  
**Debt Management Policy**

**IV. Legal and regulatory requirements**

In accordance with Chapters 8 and 9 of the Code of Ordinances, the City has authority to issue debt as follows:

- **8.01 - Finance authority.**

(a) Section 6(a) of Article VII of the 1970 Constitution of Illinois provides that "any municipality which has a population of more than 25,000 is a Home Rule Unit," and the City of Elmhurst, DuPage County, Illinois (the "City"), with a population in excess of 25,000 is therefore a Home Rule Unit and may, under the power granted by Section 6(a) of Article VII exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt.

(b) Sections 6(d) and 6(k) of Article VII of the 1970 Constitution of Illinois grant the authority to Home Rule Units to incur debt payable from ad valorem tax receipts maturing within 40 years from the time it is incurred and without prior referendum approval.

(c) The establishment of basic procedures for incurring city debt and issuing bonds payable from ad valorem property tax receipts is both necessary and desirable to provide clarity in law and direction for subsequent action.

**V. Guidelines for use**

This policy establishes standards to help determine whether debt issuance is an appropriate option as shifting circumstances arise over time. Debt is a financing tool which should be thoughtfully evaluated and used. At no time will debt proceeds be used to fund current operations.

- A. The Capital Improvement Fund (CIF), approved by the City Council as part of the annual budget, including the Capital Expenditure Budget (CEB), determines the City's non-utility long-term capital needs. The CIF is funded by the City's general revenue sources utilizing a five year plan. Capital needs that are funded by Municipal Utility Fund revenue sources is a 10 year plan that incorporates the acquisition, development, and/or improvement of the City's water and sewer infrastructure. Projects are prioritized with the means for financing each project identified. If the current resources are insufficient to meet long term capital needs, the City Council may consider incurring debt to fund the shortfall including funding multiple years of projects in one debt issue.
- B. Financing projects via debt provides for intergenerational equity; i.e., financing via debt as opposed to cash on hand better allocates project costs to the actual users of the asset over the time that asset is in service.
- C. The term of financing will not exceed the expected useful life of capital asset being financed.
- D. Debt will be considered only when other financing options such as lease-purchase and installment contracts have been explored and are not viable or cost effective for the timely acquisition or completion of capital assets.
- E. The project and financing is consistent with federal, state, and local regulations.

**VI. Types of debt**

Examples of the types of debt permitted by the City to meet its financing objectives include, but are not limited to:

- A. General obligation bonds – financing secured only by the full faith and credit of the City;
- B. Revenue bonds – financing secured only by a defined source of revenue (other than property tax);
- C. Government loans – federal and/or state low interest financing secured by a defined source of revenue, other than property tax, typically used for water and wastewater projects;
- D. Line of Credit (LOC) - the City, by approval of the City Council, may also establish a tax exempt line of credit to meet specific cash flow requirements. This LOC should have a purpose and a limit that is reviewed from time to time by the City Council. Draws should be made on the LOC when financing is needed to meet approved expenditures or other financial obligations. Draws made on the LOC must be requested by the Director of Finance and approved by the City Council.
- E. Other – special circumstances may arise or exist when other forms of debt are appropriate, necessary, and advantageous to the City and its taxpayers/rate payers as a whole.

The cost of taxable debt is higher than for tax-exempt debt. However, the issuance of taxable debt is mandated in some circumstances and may allow valuable flexibility in subsequent contracts with users or managers of the improvement constructed with the bond proceeds. Therefore, the City will endeavor to issue obligations tax exempt, but may occasionally issue taxable obligations.

In addition, the City shall be mindful of the potential benefits of “bank qualified” bonds. The designation bank qualified is given to a bond issuance if the City reasonably expects to issue, in the calendar year of such offering, no more than \$10 million of tax exempt bonds. When purchased by a commercial bank for its portfolio, the bank may deduct a portion of the interest cost of carry for the position. Therefore, the City will strive to limit its annual issuance of tax exempt bonds to \$10 million or less, as amended from time to time, when the estimated benefits are greater than the benefits of exceeding the bank qualification limit.

The City shall not use derivative instruments including interest rate swaps, forward swaps, swap options, basis swaps, caps, floors, collars, rate locks, cancellation options or any similar hedge, derivative, or synthetic financing instrument.



**City of Elmhurst, Illinois**  
**Debt Management Policy**

**VII. Standards of Care**

- A. Prudence: Debt shall be issued with judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. The standard of prudence to be used by debt management officials shall be the "prudent person" standard and shall be applied in the context of managing an overall debt portfolio. City officers and employees acting in accordance with this policy, and any other written procedures and exercising due diligence shall be relieved of personal liability, provided that officers and employees report deviations from expectations in a timely fashion and take appropriate action to control adverse developments.
- B. Maintaining the Public Trust: All participants in the debt management process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the City.
- C. Ethics and Conflicts of Interest: Officers and employees of the City who are involved in the debt management process shall refrain from personal business activity that could conflict with proper execution and management of the debt program, or which could impair their ability to make impartial decisions. Employees and officials shall disclose to the Council any material interests in financial institutions with which they conduct business.

**VIII. Other Considerations in Issuing Debt**

The City's staff shall, as needed but at a minimum annually, review and report the City's debt and debt capacity against various benchmarks that are established from time to time.

**IX. Structuring Practices**

The duration of a bond issue shall not exceed the economic or useful life of the improvement or asset that the issue is financing. The City shall design the financing schedule and repayment of bonds to take best advantage of market conditions and, as practical, to recapture or maximize its credit capacity for future use, and minimize the impact to the taxpayer.

- A. A level or declining debt service schedule will be employed, unless operational matters dictate otherwise, or except to achieve overall level debt service with existing bonds. In addition, it is desirable to structure bond issues such that 50% of the principal will be paid within ten years.
- B. The City may enter into agreements with commercial banks or other financial entities to acquire letters of credit, municipal bond insurance, or other credit enhancements that will provide the City with access to credit under terms and conditions as specified in such agreements, when their use is deemed cost effective or otherwise advantageous.

**City of Elmhurst, Illinois**  
**Debt Management Policy**

- C. The City will provide for a seven year call/redemption provision, when appropriate, in its bond issues. The redemption provision gives the City the right to prepay or retire bonds prior to their stated maturity. The exercise of these prepayment provisions is through the issuance of refunding bonds. The refunding of bonds should be considered when the City can achieve at least a 2% debt service present value savings for current refunding. In addition, if the City Council deems the dollar value saved as a result of refunding to be substantial, the City can pursue such refunding even if the savings is slightly below the 2% present value threshold

**X. Debt issuance process**

- A. Approval of issuance – The City Council shall go through the steps necessary to adopt an ordinance authorizing the issuance of bonds.
- B. Method of sale – The City’s preferred method of sale is through a competitive process, awarding the sale to the bidder with the lowest offered True Interest Cost. However, should a negotiated sale or private placement sale be more advantageous to the City, the City Council may approve such a bond sale.
- C. Selection and use of professional service providers – due to the complex nature of bond/debt transactions, the City will procure professional services as needed to successfully authorize, structure, and market bonds. These professional service providers may include arbitrage consultants, bond counsel, escrow agents, financial advisors, paying agents, underwriters, and verification agents.
  - 1. Financial Advisor - the Financial Advisor will recommend the financing structure; prepare and review preliminary and official statements; review ordinances concerning the authorization and award of financing; assist the City in developing and presenting information to rating agencies; provide the electronic bidding platform; and provide assistance with the closing and delivery of securities. To ensure independence, the Financial Advisor will not bid on or underwrite any City bond issues on which it is advising.
  - 2. Bond Counsel Involvement - Bond Counsel will prepare and review the ordinances authorizing and awarding the bonds; provide a written opinion regarding the validity and binding effect of the bonds; determine the federal tax status of any bonds; and prepare bound official transcripts related to the authorization, offering, sale and delivery of the bond issue. The City will also seek assistance from Bond Counsel on other types of debt financing, as well as on any questions involving federal tax or arbitrage law. To ensure independence, Bond Counsel will not simultaneously represent any other party involved in the financing unless a conflict waiver is obtained from the City.
- D. Credit ratings - the City will seek a bond/credit rating before issuance on all new bond issues being sold in the public market. Municipal bond ratings determine the amount of investment risk and interest cost on bonds used for financing City projects. These ratings assess several factors including, but not limited to, current state of the economy, debt structure, financial condition, and management

**City of Elmhurst, Illinois**  
**Debt Management Policy**

practices. The City will use both formal and informal methods to disseminate information and communicate with the rating agencies as follows:

1. Full disclosure of the financial condition of the City on an annual basis;
2. Formal presentation on a regular basis covering economic, financial, operational, and other issues that determine and impact the City's credit;
3. Disclosure of financial events that may determine and impact the City's credit;
4. Dissemination of the Comprehensive Annual Financial Report (CAFR); and
5. Distribution of any documents pertaining to the sale of bonds.

**XI. Debt Management Process**

- A. Financial Disclosure. The City will follow a policy of full disclosure on every financial report and bond prospectus (Official Statement) voluntarily following applicable disclosure guidelines.
- B. Monitoring Outstanding Debt.
  1. The City will monitor all forms of debt annually and include an analysis in the City's annual budget. Any concerns and all recommended remedies will be reported to the City Council on a timely basis.
  2. The City will monitor bond covenants and federal regulations concerning debt and adhere to those covenants and regulations at all times.
  3. Investment of Bond Proceeds. The City will invest bond proceeds in accordance with the Illinois Investment Act, the City's adopted investment policy and federal arbitrage regulations.
- C. Continuing Disclosure. The City will adhere to all requirements related to primary and secondary market disclosure, including annual certifications as required. This would include arbitrage rebate monitoring, federal and state law compliance and market and investor relations.

**XII. Private Activity Bonds**

As a Home Rule municipality, the City has the authority to provide conduit financing for non-profit organizations through the issuance of 501 (c) (3) bonds, and private activity bonds to promote economic development within the community. The City will consider proposals from qualifying entities to issue such bonds on their behalf, but issuance or conveyance will only occur to the extent the proposal provides net benefits to the City's taxpayers as a whole.

**City of Elmhurst**  
**Total Outstanding Debt Service - General Obligation Bonds**  
**Principal Portion**

Calendar Year	Series 2009A	Series 2012	Series 2013	Series 2014A	Series 2014B	Series 2015	Series 2016	Series 2017A	Series 2017B	Series 2018	Grand Total
2019	240,000	660,000	1,030,000	405,000	675,000	680,000	420,000	485,000	590,000	-	5,185,000
2020	250,000	670,000	505,000	1,745,000	420,000	700,000	520,000	505,000	600,000	275,000	6,190,000
2021	260,000	685,000	530,000	1,860,000	370,000	730,000	620,000	520,000	615,000	370,000	6,560,000
2022	-	700,000	555,000	2,080,000	365,000	755,000	720,000	535,000	630,000	380,000	6,720,000
2023	-	1,720,000	580,000	-	670,000	790,000	820,000	555,000	645,000	395,000	6,175,000
2024	-	1,720,000	-	-	660,000	820,000	930,000	565,000	660,000	410,000	5,765,000
2025	-	155,000	-	-	1,150,000	850,000	1,020,000	585,000	670,000	425,000	4,855,000
2026	-	160,000	-	-	1,135,000	885,000	1,140,000	600,000	690,000	440,000	5,050,000
2027	-	165,000	-	-	915,000	920,000	1,270,000	615,000	705,000	455,000	5,045,000
2028	-	170,000	-	-	910,000	960,000	1,390,000	630,000	720,000	470,000	5,250,000
2029	-	170,000	-	-	185,000	995,000	1,510,000	640,000	740,000	485,000	4,725,000
2030	-	175,000	-	-	195,000	1,035,000	1,640,000	-	760,000	500,000	4,305,000
2031	-	180,000	-	-	200,000	1,080,000	1,770,000	-	785,000	520,000	4,535,000
2032	-	185,000	-	-	210,000	1,120,000	1,930,000	-	805,000	540,000	4,790,000
2033	-	195,000	-	-	210,000	1,165,000	2,020,000	-	-	555,000	4,145,000
2034	-	-	-	-	-	1,210,000	2,170,000	-	-	575,000	3,955,000
2035	-	-	-	-	-	-	2,320,000	-	-	595,000	2,915,000
2036	-	-	-	-	-	-	2,470,000	-	-	615,000	3,085,000
2037	-	-	-	-	-	-	-	-	-	640,000	640,000
2038	-	-	-	-	-	-	-	-	-	660,000	660,000
2039	-	-	-	-	-	-	-	-	-	685,000	685,000
	<b>750,000</b>	<b>7,710,000</b>	<b>3,200,000</b>	<b>6,090,000</b>	<b>8,270,000</b>	<b>14,695,000</b>	<b>24,680,000</b>	<b>6,235,000</b>	<b>9,615,000</b>	<b>9,990,000</b>	<b>91,235,000</b>

Does not include Revenue Bonds, IEPA Loans and General Obligation Note



City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

Calendar Yr	Total Series 2009A			Total Series 2012			
	CIF	MUF	Total	CIF	Redvlp	MUF	Total
2019	166,545.60	98,654.40	265,200.00	131,732.18	488,667.82	198,475.00	818,875.00
2020	166,671.20	98,728.80	265,400.00	131,615.35	488,284.65	195,675.00	815,575.00
2021	166,545.60	98,654.40	265,200.00	131,206.96	487,993.04	197,825.00	817,025.00
2022	-	-	-	623,250.00	-	194,925.00	818,175.00
2023	-	-	-	1,617,000.00	-	196,975.00	1,813,975.00
2024	-	-	-	1,580,650.00	-	198,925.00	1,779,575.00
2025	-	-	-	-	-	195,534.38	195,534.38
2026	-	-	-	-	-	196,793.76	196,793.76
2027	-	-	-	-	-	197,934.38	197,934.38
2028	-	-	-	-	-	198,743.75	198,743.75
2029	-	-	-	-	-	194,281.25	194,281.25
2030	-	-	-	-	-	194,425.00	194,425.00
2031	-	-	-	-	-	194,100.00	194,100.00
2032	-	-	-	-	-	193,625.00	193,625.00
2033	-	-	-	-	-	197,925.00	197,925.00
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
	499,762.40	296,037.60	795,800.00	4,215,454.49	1,464,945.51	2,946,162.52	8,626,562.52

City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

313

Calendar Yr	Total Series 2013			Total Series 2014A	
	Library	Parking	Total	Library	Total
2019	1,050,600.00	86,800.00	1,137,400.00	572,912.50	572,912.50
2020	-	581,700.00	581,700.00	1,884,868.75	1,884,868.75
2021	-	586,000.00	586,000.00	1,949,137.50	1,949,137.50
2022	-	589,300.00	589,300.00	2,111,200.00	2,111,200.00
2023	-	591,600.00	591,600.00	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036					
2037					
2038					
2039					
	1,050,600.00	2,435,400.00	3,486,000.00	6,518,118.75	6,518,118.75

City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

Calendar Yr	Total Series 2014B				Total Series 2015			
	CIF	MUF	Parking	Total	Stormwater	MUF	Parking	Total
2019	612,310.71	72,294.29	196,172.50	880,777.50	312,700.00	234,525.00	703,575.00	1,250,800.00
2020	372,253.75	43,951.25	198,622.50	614,827.50	311,650.00	233,737.50	701,212.50	1,246,600.00
2021	318,366.15	37,588.85	200,972.50	556,927.50	312,000.00	234,000.00	702,000.00	1,248,000.00
2022	309,735.19	36,569.81	198,272.50	544,577.50	310,825.00	233,118.75	699,356.25	1,243,300.00
2023	571,257.75	67,447.25	200,522.50	839,227.50	311,850.00	233,887.50	701,662.50	1,247,400.00
2024	552,806.28	65,268.72	197,687.50	815,762.50	311,300.00	233,475.00	700,425.00	1,245,200.00
2025	971,935.54	114,754.46	199,657.50	1,286,347.50	310,450.00	232,837.50	698,512.50	1,241,800.00
2026	933,808.38	110,252.87	201,300.00	1,245,361.25	310,525.00	232,893.75	698,681.25	1,242,100.00
2027	716,425.58	84,586.92	197,287.50	998,300.00	310,250.00	232,687.50	698,062.50	1,241,000.00
2028	686,245.17	81,023.58	197,518.75	964,787.50	310,850.00	233,137.50	699,412.50	1,243,400.00
2029	-	-	221,300.00	221,300.00	309,825.00	232,368.75	697,106.25	1,239,300.00
2030	-	-	223,700.00	223,700.00	309,675.00	232,256.25	696,768.75	1,238,700.00
2031	-	-	220,800.00	220,800.00	310,350.00	232,762.50	698,287.50	1,241,400.00
2032	-	-	222,600.00	222,600.00	309,350.00	232,012.50	696,037.50	1,237,400.00
2033	-	-	214,200.00	214,200.00	309,175.00	231,881.25	695,643.75	1,236,700.00
2034	-	-	-	-	308,550.00	231,412.50	694,237.50	1,234,200.00
2035	-	-	-	-	-	-	-	-
2036								
2037								
2038								
2039								
	6,045,144.50	713,738.00	3,090,613.75	9,849,496.25	4,969,325.00	3,726,993.75	11,180,981.25	19,877,300.00

City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

Calendar Yr	Total Series 2016		Total Series 2017A		
	Stormwater	Total	CIF	Parking	Total
2019	1,154,100.00	1,154,100.00	332,387.50	332,387.50	664,775.00
2020	1,240,000.00	1,240,000.00	334,962.50	334,962.50	669,925.00
2021	1,322,900.00	1,322,900.00	334,775.00	334,775.00	669,550.00
2022	1,402,800.00	1,402,800.00	334,362.50	334,362.50	668,725.00
2023	1,479,700.00	1,479,700.00	336,187.50	336,187.50	672,375.00
2024	1,563,450.00	1,563,450.00	332,787.50	332,787.50	665,575.00
2025	1,624,200.00	1,624,200.00	334,162.50	334,162.50	668,325.00
2026	1,711,800.00	1,711,800.00	332,775.00	332,775.00	665,550.00
2027	1,805,650.00	1,805,650.00	331,162.50	331,162.50	662,325.00
2028	1,885,750.00	1,885,750.00	329,325.00	329,325.00	658,650.00
2029	1,962,250.00	1,962,250.00	324,800.00	324,800.00	649,600.00
2030	2,045,000.00	2,045,000.00	-	-	-
2031	2,123,850.00	2,123,850.00	-	-	-
2032	2,228,350.00	2,228,350.00	-	-	-
2033	2,259,100.00	2,259,100.00	-	-	-
2034	2,346,250.00	2,346,250.00	-	-	-
2035	2,428,900.00	2,428,900.00	-	-	-
2036	2,507,050.00	2,507,050.00	-	-	-
2037					
2038					
2039					
	33,091,100.00	33,091,100.00	3,657,687.50	3,657,687.50	7,315,375.00

City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

316

Calendar Yr	Total Series 2017B		Total Series 2018		
	MUF	Total	Stormwater	MUF	Total
2019	825,916.26	825,916.26	242,851.35	15,501.15	258,352.50
2020	822,528.76	822,528.76	582,647.25	37,190.25	619,837.50
2021	823,860.01	823,860.01	661,337.00	42,213.00	703,550.00
2022	824,853.76	824,853.76	658,399.50	42,025.50	700,425.00
2023	825,510.01	825,510.01	659,750.75	42,111.75	701,862.50
2024	825,828.76	825,828.76	660,608.50	42,166.50	702,775.00
2025	820,866.26	820,866.26	660,972.75	42,189.75	703,162.50
2026	825,566.26	825,566.26	660,843.50	42,181.50	703,025.00
2027	824,431.88	824,431.88	660,220.75	42,141.75	702,362.50
2028	821,880.00	821,880.00	659,104.50	42,070.50	701,175.00
2029	821,600.00	821,600.00	657,494.75	41,967.75	699,462.50
2030	819,100.00	819,100.00	655,391.50	41,833.50	697,225.00
2031	820,925.00	820,925.00	657,412.50	41,962.50	699,375.00
2032	817,075.00	817,075.00	658,775.50	42,049.50	700,825.00
2033	-	-	654,862.75	41,799.75	696,662.50
2034	-	-	655,074.25	41,813.25	696,887.50
2035	-	-	654,627.75	41,784.75	696,412.50
2036	-	-	653,523.25	41,714.25	695,237.50
2037			656,378.50	41,896.50	698,275.00
2038			653,793.50	41,731.50	695,525.00
2039			655,168.25	41,819.25	696,987.50
	11,519,941.96	11,519,941.96	13,319,238.35	850,164.15	14,169,402.50



City of Elmhurst  
Debt Service - General Obligation Bonds  
Principal and Interest Payments by Source

317

Calendar Yr	Grand Total						
	CIF	Stormwater	Redvlp	Library	MUF	Parking	Total
2019	1,242,975.99	1,709,651.35	488,667.82	1,623,512.50	1,445,366.10	1,318,935.00	7,829,108.76
2020	1,005,502.80	2,134,297.25	488,284.65	1,884,868.75	1,431,811.56	1,816,497.50	8,761,262.51
2021	950,893.71	2,296,237.00	487,993.04	1,949,137.50	1,434,141.26	1,823,747.50	8,942,150.01
2022	1,267,347.69	2,372,024.50	-	2,111,200.00	1,331,492.82	1,821,291.25	8,903,356.26
2023	2,524,445.25	2,451,300.75	-	-	1,365,931.51	1,829,972.50	8,171,650.01
2024	2,466,243.78	2,535,358.50	-	-	1,365,663.98	1,230,900.00	7,598,166.26
2025	1,306,098.04	2,595,622.75	-	-	1,406,182.35	1,232,332.50	6,540,235.64
2026	1,266,583.38	2,683,168.50	-	-	1,407,688.14	1,232,756.25	6,590,196.27
2027	1,047,588.08	2,776,120.75	-	-	1,381,782.43	1,226,512.50	6,432,003.76
2028	1,015,570.17	2,855,704.50	-	-	1,376,855.33	1,226,256.25	6,474,386.25
2029	324,800.00	2,929,569.75	-	-	1,290,217.75	1,243,206.25	5,787,793.75
2030	-	3,010,066.50	-	-	1,287,614.75	920,468.75	5,218,150.00
2031	-	3,091,612.50	-	-	1,289,750.00	919,087.50	5,300,450.00
2032	-	3,196,475.50	-	-	1,284,762.00	918,637.50	5,399,875.00
2033	-	3,223,137.75	-	-	471,606.00	909,843.75	4,604,587.50
2034	-	3,309,874.25	-	-	273,225.75	694,237.50	4,277,337.50
2035	-	3,083,527.75	-	-	41,784.75	-	3,125,312.50
2036	-	3,160,573.25	-	-	41,714.25	-	3,202,287.50
2037	-	656,378.50	-	-	41,896.50	-	698,275.00
2038	-	653,793.50	-	-	41,731.50	-	695,525.00
2039	-	655,168.25	-	-	41,819.25	-	696,987.50
	14,418,048.89	51,379,663.35	1,464,945.51	7,568,718.75	20,053,037.98	20,364,682.50	115,249,096.98

R-01-2003

**A RESOLUTION ESTABLISHING A POLICY FOR  
THE USE AND MANAGEMENT OF THE WORKING CASH FUND**

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WHEREAS, the City Council established a working cash fund to ease cyclical cash flow problems at a time when the City was dependent primarily upon property taxes as a revenue source; and

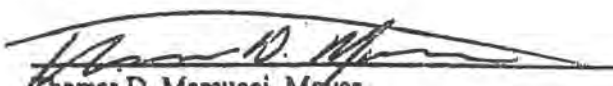
WHEREAS, the City's revenue sources have evolved over several decades such that additional revenue sources have become available to the City both through amendments to the Illinois Municipal Code and the adoption of the Illinois Constitution of 1970 which granted the City home rule status; and

WHEREAS, although the degree to which the City needs to rely upon the working cash fund for operating revenue has lessened, maintaining a working cash fund provides flexibility given the City's reliance on economically sensitive sales taxes, is viewed favorably by bond rating services and is prudent fiscal policy; and

WHEREAS, the City Council has determined that such objectives can best be met by establishing a policy for the use and the management of the working cash fund.

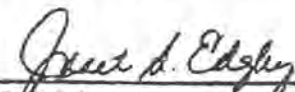
NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Elmhurst, DuPage and Cook Counties, Illinois that the "City of Elmhurst Working Fund Cash Policy Statement" attached hereto and made part hereof as Exhibit "A" is hereby adopted to govern the use and management of such fund.

Approved this 6<sup>th</sup> day of January, 2003.

  
Thomas D. Marcucci, Mayor

Passed this 6<sup>th</sup> day of January, 2003.

Ayes: 16 Nays: 0

  
Janet S. Edgley, City Clerk

Copies To All  
Elected Officials

01-02-03

City of Elmhurst  
Working Cash Fund Policy Statement

1. The Working Cash Fund will be used only for an emergency purpose. An emergency purpose is defined as an event or project that is unbudgeted and unanticipated. The Working Cash Fund will only be used for "last recourse" financing. Using the Working Cash Fund as the last recourse source of funding for any emergency must be deemed as the appropriate and prudent action by the City Council.
2. The minimum balance in the Working Cash Fund will be \$800,000 and the maximum balance will be \$1,000,000. The Finance Committee will review the balance in the Working Cash Fund every three years starting in 2006.
3. Any accumulation of funds in excess of the maximum balance of \$1,000,000 will be transferred to the General Fund each November and April.
4. The Working Cash Fund will fund itself through interest income on its balance, up to the maximum.
5. Funds can be accessed from the Working Cash Fund for an emergency purpose as defined above, based on a recommendation from the Finance Committee and then by resolution of the City Council, passed by a simple majority.
6. All funds borrowed from the Working Cash Fund must be repaid. A loan must include a repayment plan. The repayment plan will be developed by the Finance Committee and approved by the City Council as part of the resolution to borrow funds from the Working Cash Fund.

# CITY OF ELMHURST

## FUND BALANCE POLICY

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### Statement of Purpose

The purpose of this policy is to establish fund balance classifications that inform the financial statement user as to the extent to which the City must observe constraints imposed upon use of the resources that are reported by the governmental funds. More detailed fund balance financial reporting and the increased disclosures will aid the user of the financial statements in understanding the availability of resources for various governmental purposes.

The fund balance will be composed of five categories: 1) Nonspendable, 2) Restricted, 3) Committed, 4) Assigned, or 5) Unassigned.

### Definitions

**Governmental Funds** – are used to account for all or most of the City’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund.

**Fund Balance** – the difference between assets and liabilities in a Governmental Fund.

**Nonspendable Fund Balance** – the portion of a Governmental Fund’s fund balance that is not available to be spent, either short-term or long-term, in either form (e.g., inventories, prepaid items, land held for resale) or through legal restrictions (e.g., endowments).

**Restricted Fund Balance** - the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions (e.g., grantor, contributors and property tax levies).

**Committed Fund Balance** - the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed by formal action at the highest level of decision making.

**Assigned Fund Balance** - the portion of a Governmental Fund’s fund balance to denote an intended use of resources, or for all remaining fund balance in non-General funds not categorized above.

**Unassigned Fund Balance** - available expendable financial resources in a governmental fund that are not the object of tentative management plan (i.e. assignments). (Only in the General Fund, unless negative)

### Policy

- A. The City will spend the most restricted dollars before less restricted, in the following order:
  - 1) Nonspendable (if funds become spendable),
  - 2) Restricted,
  - 3) Committed,
  - 4) Assigned,
  - 5) Unassigned
- B. The Finance Director will determine if a portion of fund balance should be assigned, which will show management’s intentions.

## **POLICE AND FIREFIGHTERS PENSION FUNDING POLICY**

### **1.0 Applicability**

This policy applies to the calculation of the City of Elmhurst's "annual required contribution" (ARC) to the Elmhurst Police and Firefighters Pension Funds. The Elmhurst Police Pension Fund is organized under Article III of the Illinois Pension Code and the Elmhurst Firefighters Pension Fund is organized under Article IV of the Illinois Pension Code.

### **2.0 Background**

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan participants. In order to assure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the City will utilize to determine its' actuarially determined contribution to the Elmhurst Police and Firefighters Pension Funds to fund the long-term cost of benefits to the plan participants and annuitants.

The City believes that this funding policy meets the guidelines for state and local governments set by the Pension Funding Task Force convened by the Center for State and Local Government Excellence. The guidelines set by this task force outline the following objectives for pension funding policy:

- **Actuarially Determined Contributions.** A pension funding plan should be based upon an actuarially determined annual required contribution (ARC) that incorporates both the cost of benefits in the current year and the amortization of the plan's unfunded actuarial accrued liability.
- **Funding Discipline.** A commitment to make timely, actuarially determined contributions to the retirement system is needed to ensure that sufficient assets are available for all current and future retirees.
- **Intergenerational Equity.** Annual contributions should be reasonably related to the expected and actual cost of each year of service so that the cost of employee benefits is paid by the generation of taxpayers who receives services from those employees.
- **Contributions as a stable percentage of payroll.** Contributions should be managed so that employer costs remain consistent as a percentage of payroll over time.
- **Accountability and transparency.** Clear reporting of pension funding should include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

### **3.0 Policy**

#### ***3.1 Annual Required Contribution (ARC)***

The City will determine its ARC to the Elmhurst Police and Firefighters Pension Funds using the following principles:

- a. The ARC will be calculated by an enrolled actuary.
- b. The ARC will include the normal cost for current service and amortization to collect or refund any under- or over-funded amount.
- c. Total liabilities and the normal cost will be calculated annually using the entry age normal - level percentage of payroll actuarial cost method.
- d. The difference between the accrued liability and actuarial value of assets will be amortized to achieve 100% funding in 2033 (a 40 year closed period that began in 1993) based upon a level percentage of payroll.



- e. The actuarial value of assets will recognize the underlying market value of the assets by spreading each year's unanticipated investment gains or losses (the difference between actual investment return and assumed investment return) over a five-year smoothing period (1/5<sup>th</sup> per year).
- f. Economic assumptions, such as investment rate of return and annual salary increases shall be determined by City management in consultation with the actuary and industry professionals. Non-economic assumptions, such as rates of separation, disability, retirement, mortality, etc., shall be determined by City management in consultation with the actuary to reflect current experience. Assumptions will be reviewed on a three to five year basis. (See Attachment A for current Police assumptions and Attachment B for current Firefighter assumptions).

The City will fund its actuarially determined employer contributions to the Elmhurst Police and Firefighters Pension Funds through the annual property tax levy and other available sources. Property tax distributions from DuPage County are deposited directly in the pension funds.

### **3.2 Transparency and Reporting**

Funding of the Elmhurst Police and Firefighters Pension Funds should be transparent to vested parties including plan participants, annuitants, the Elmhurst Police and Firefighters Pension Fund Boards, the City Council, and Elmhurst residents. In order to achieve this transparency, the following information shall be distributed:

- a. A copy of the annual actuarial valuation for the Elmhurst Police and Firefighters Pension Funds shall be made available to the City Council and the Elmhurst Police and Firefighters Pension Boards of Trustees.
- b. The City's Comprehensive Annual Financial Report shall be published on its website. This report includes information on the City's annual contribution to the Elmhurst Police and Firefighters Pension Funds, and funded status of the Elmhurst Police and Firefighters Pension Funds.
- c. Each year, the City Council shall approve the City's annual contribution to the Elmhurst Police and Firefighters Pension Funds.
- d. The City's annual operating budget shall include the City's contribution to the Elmhurst Police and Firefighters Pension Funds as well as a budget for the Elmhurst Police and Firefighters Pension Funds. The budget for the Elmhurst Police and Firefighters Pension Funds are controlled by the respective Pension Fund Board of Trustees, in accordance with state law. The budget document shall be published on the City website and made available for public inspection at the City Clerk's Office at City Hall and at the Elmhurst Public Library.

### **3.3 Review of Funding Policy**

Funding a defined benefit pension plan requires a long-term horizon. Assumptions and inputs into the policy should focus on long-term trends, not year-to-year shifts in the economic or non-economic environments. Generally, assumptions or inputs should be evaluated and changed if long-term economic or noneconomic inputs have fundamentally changed or are no longer reasonable or if new or improved benefits are approved. As such, the City will review this policy at least every five years to determine if changes to this policy are needed to ensure adequate resources are being accumulated in the Elmhurst Police and Firefighters Pension Funds. The City reserves the right to make changes to this policy at any time if it is deemed appropriate.

**POLICE PENSION FUNDING POLICY – ACTUARIAL ASSUMPTIONS**

<b>Expected Return on Investments</b>	7.00% net of administrative expenses.
<b>CPI-U</b>	2.50%
<b>Total Payroll Increases</b>	3.75%
<b>Individual Pay Increases</b>	4.00% - 9.27%

Individual salary increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample Rates as Follows:

Service	Rate	Service	Rate
0	7.95%	8	4.00%
1	7.03%	9	4.00%
2	6.92%	10	4.00%
3	6.92%	15	4.00%
4	6.75%	20	4.00%
5	9.27%	25	4.00%
6	4.00%	30	4.00%
7	4.00%	35	4.00%

**Retirement Rates**

100% of the L&A Assumption Study Cap Age 65 for Police 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
50	0.117	53	0.139
51	0.124	54	0.147
52	0.131	55	0.156

### **Withdrawal Rates**

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.041	40	0.027
30	0.039	45	0.014
35	0.036	50	0.003

### **Disability Rates**

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.0005	40	0.0028
30	0.0010	45	0.0043
35	0.0018	50	0.0064

### **Mortality Rates**

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.

### **Married Participants**

80% of Active Participants are Assumed to be Married. Female Spouses are Assumed to be 3 Years Younger than Male Spouses.

**FIREFIGHTERS PENSION FUNDING POLICY – ACTUARIAL ASSUMPTIONS**

<b>Expected Return on Investments</b>	7.00% net of administrative expenses.
<b>CPI-U</b>	2.50%
<b>Total Payroll Increases</b>	3.75%
<b>Individual Pay Increases</b>	4.00% - 10.36%

Individual salary increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample Rates as Follows:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	7.40%	8	4.00%
1	7.20%	9	4.00%
2	7.00%	10	4.00%
3	6.84%	15	4.00%
4	10.36%	20	4.00%
5	8.10%	25	4.00%
6	4.00%	30	4.00%
7	4.00%	35	4.00%

**Retirement Rates**

100% of the L&A Assumption Study Cap Age 65 for Firefighters 2016. Sample Rates as Follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
50	0.068	53	0.111
51	0.080	54	0.132
52	0.094	55	0.155

### **Withdrawal Rates**

100% of the L&A Assumption Study for Firefighters 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.046	40	0.010
30	0.034	45	0.002
35	0.022	50	0.000

### **Disability Rates**

100% of the L&A Assumption Study for Firefighters 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.0001	40	0.0030
30	0.0003	45	0.0055
35	0.0013	50	0.0092

### **Mortality Rates**

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.

### **Married Participants**

80% of Active Participants are Assumed to be Married. Female Spouses are Assumed to be 3 Years Younger than Male Spouses.



# CITY OF ELMHURST

## SUSTAINABILITY POLICY

### INTRODUCTION

Across America, citizens are involved in environmental initiatives and concerned about improving local and global environmental quality. Concerns about global warming have heightened awareness that all aspects of our daily lives impact the environment. People are petitioning their local, state, and federal governments to respond to these concerns.

Elmhurst residents are also concerned. They expect the City of Elmhurst to address these concerns. On October 4, 2007, Mayor Marcucci signed a Cool Cities Agreement pledging to reduce the City of Elmhurst carbon footprint to 7% below 1990 levels by the year 2012. This first step will require significant City commitment. However, the environmental initiatives will not end there.

The City recognizes its responsibility in responding to local environmental concerns. This policy will address many areas of City responsibilities, and is intended to assist City staff in making decisions related to environmental concerns. This policy ensures environmental issues receive equal consideration in all decision-making processes regarding purchases, personal actions, and other critical municipal activities. While this policy may result in initial added purchase costs for fuel, electricity, and materials, it is intended to guide long-term decision making, resulting in better choices for both the local and regional climate.

This policy also encourages the City to actively partner with appropriate local citizen groups to promote new behaviors among Elmhurst residents, and encourage changes as related to building construction, vehicle use, and local energy consumption.

**Sustainability Defined:** The United Nations World Commission on Environment and Development defines 'sustainability' as meeting "the needs of the present without compromising the ability of future generations to meet their own needs." Elmhurst, as part of a region, nation, and world, has less impact or control on macro-level environmental, social, and economic forces. But within the sphere of its control, and within the context of its core service objectives, Elmhurst is committed to responsible stewardship of its environmental, economic, and social resources, so its exceptional quality of life for current and future generations is maintained and improved. The City hopes these initiatives will inspire and inform others to make a similar commitment.

Integrated decision-making is essential to sustainability. Recognizing that environmental, economic, and social equity concerns are interdependent is a central principle of sustainability.

Protecting the natural environment is fundamental to the concept of sustainability. Improving and sustaining the air, water, and land are fundamental to a sustainable society. Vigorous economic activity contributes to a high quality of life, and in Elmhurst, supports City services, including public safety, water and wastewater services, maintenance of streets and sidewalks that provide vital access throughout the community, and public parks for recreation and enjoyment of the environment. Balancing these multiple perspectives is essential to Elmhurst's concept of sustainability.

Investments in sustainable projects or in materials that have minimal environmental impacts cannot be measured by traditional economic criteria. Expecting a short or medium term return for the investing agency will in many (or indeed most) cases not be possible. Rather the long (perhaps decades) return for society in general should be the investing motive. Through their duly elected representatives the citizens of Elmhurst must decide the correct investment strategy for each agency.

### **Statement of Policy**

*The City of Elmhurst is dedicated to the enhancement and protection of the immediate and long term well-being of the City, its citizens, and its natural environment. To that end, the City of Elmhurst will consider sustainable environmental practices as an integral component of its leadership role in the community.*

*The City of Elmhurst will continue to face the challenge of maintaining the core water, wastewater, public safety, and all other community services that have been commonly accepted as the City responsibilities. At the same time the City will strive to protect and enhance Elmhurst's environmental quality, economy, and livability. The City is committed to incorporating proven new technologies that result in reducing energy demands; to use the most environmentally responsible products in its daily operations and to address critical local environmental issues when developing new City programs and initiatives which take on particular urgency in light of serious global environmental concerns. The City will seek to be an active partner with other civic organizations and public agencies within the City (Park Districts, School Districts, Library and Historical Foundation) to achieve sustainable policies and goals.*

## Policy Guidelines

Guidelines for implementing sustainable municipal policy include, but are not limited to the following:

1. **The concept of sustainability guides City policy.** The City is committed to meeting its existing needs without compromising the ability of future generations to meet their own needs. The long-term impacts of policy choices must be considered to ensure a sustainable legacy.
2. **Protection, preservation, and restoration of the natural environment are high priorities of the City.** Elmhurst is committed to protecting, preserving and restoring the natural environment. City decision-making will be guided by a mandate to maximize environmental benefits and reduce or eliminate negative environmental impacts within the context of the City's essential functions, planned development, and overall goals and responsibilities. The City will lead by example and encourage other community stakeholders to make a similar commitment to the natural environment.
3. **Environmental quality, economic health and social equity are mutually dependent.** A healthy environment is integral to the city's long-term economic and societal interests. In achieving a healthy environment, the City must ensure that inequitable burdens are not placed on any one geographic or socioeconomic sector of the cities population, and that the benefits of a sustainable community are accessible to all members of the community.
4. **All decisions have implications for the long-term sustainability of Elmhurst.** The policy and decision-making processes of the City will reflect its sustainability objectives. The City will lead by example and encourage other community stakeholders to use sustainability principles to guide their decisions and actions.
5. **Community awareness, responsibility, participation, and education are key elements of a sustainable community.** All community members, including individual citizens, community-based groups, businesses, schools and other institutions must; 1) be aware of their impact on the environmental, economic, and social health of Elmhurst; 2) must take responsibility for reducing, eliminating and balancing those impacts and; 3) must take an active part in community efforts to address sustainability concerns. The City will therefore assist in opportunities to support community awareness, responsibility and participation in cooperation with all other organizations within the City such as Park Districts, School Districts, and Elmhurst College.
6. **Elmhurst recognizes its linkage with the regional, national, and global community.** The relationship between local issues and regional, national and global issues will be recognized and acted upon in the City's programs and policies. This may involve balancing local issues with broader concerns. In addition, the City's programs and policies should be developed as models that can be emulated by other communities. The City will also act as a strong advocate for the development and implementation of model programs and innovative approaches by regional, state, and federal government that embody the goals of sustainability.



**7. Those sustainability issues most important to the community will be addressed first, and the most cost-effective programs and policies will be selected.** The financial and human resources available to the City are limited. The evaluation of a program's cost-effectiveness will be based on an analysis of the associated costs and benefits, including environmental and social costs and benefits.

**8. The city is committed to procurement decisions which minimize negative environmental and social impacts.** The City will abide by an environmentally and socially responsible procurement policy that emphasizes long-term values and attempts to be a model for other public as well as private organizations.

**9. Cross-sector partnerships are necessary to achieve sustainable goals.** Partnerships among the City government, businesses, residents, property owners and all community stakeholders are necessary to achieve a sustainable community. The City will actively seek to participate with community groups and to engage community partners in all appropriate sustainability efforts.

## Sustainable Elmhurst City Programs

Some of the specific policies and programs that exemplify Elmhurst's sustainability objectives are briefly outlined below. Several of these policies and programs are detailed on the City web site. While not inclusive of all sustainable Elmhurst policies and programs, this listing is intended to serve as a resource guide to the City's efforts in working towards a sustainable Elmhurst, and will be periodically updated as the City initiates new programs or policies.

### Community Leadership and Communication

- The Elmhurst City Council as the democratically-elected leadership of the community sets policies which are implemented by City staff. The Council is committed to responsible City management, including maintenance and improvement of public health, safety, and general welfare, as well as implementation of innovative sustainability policies and programs that are prudent, cost-effective, and set an example for other organizations and individuals.
- Sustainability information will be distributed in many ways including *The Front Porch*, a regularly published city newsletter, the city web site, and through the Elmhurst Public Library. In this way, all residents can access information to help them make wise conservation choices.
- Without strong local economic activity, the City would not have the resources to provide for public safety or maintain streets and other infrastructure. Fostering of local economic development is a critical long-term necessity for continuing sustainability of City operations.
- The City recognizes the need for partnership with private businesses and area citizen organizations. The Elmhurst Cool Cities Coalition, with representatives from local businesses, local citizen organizations, such as the League of Woman Voters, the Library, the Elmhurst Park District, District 205, the Elmhurst Area Chamber of Commerce, and City staff, is one such partnership.

### Commitment to Carbon Emission Reduction

- The City of Elmhurst is concerned about global climate change and has taken steps to reduce its greenhouse gas emissions as part of a worldwide effort led by the International Council for Local Environmental Initiatives (ICLEI), through the Cool Cities initiative. Elmhurst pledges to reduce city-wide carbon dioxide emissions to 7% below 1990 levels, and to meet that emission goal by 2012.
- Elmhurst supports sustainable energy sources. Working with the local electrical energy provider Elmhurst will perform a review of electrical purchases to maximize power generated from sustainable sources such as wind, bio-fuels, solar, etc. Elmhurst will also conduct an audit of major energy uses, such as pumps, vehicles, buildings, and equipment. The goal of the audit is to identify new, more efficient equipment with the aim of reducing energy needs. This includes new HVAC systems at the Library, Waste Water Treatment Plant, City Hall, and Police Department.



- The Public Works vehicle fleet will utilize the use of bio-diesel and 'E-85' gasoline to the greatest extent possible. Also, electric/gasoline hybrid vehicles will be added to the fleet where possible to further reduce dependence on carbon dioxide producing fossil fuels.
- Elmhurst will reduce its own contribution to poor local air quality by reducing automobile use and establishing idling guidelines for municipal vehicles.
- Elmhurst encourages the use of building design and construction that results in the conservation of resources and the reduction of toxic pollutants and greenhouse gas emissions.
- This policy shall establish the use of low volatile emission paints, cleaning products, adhesives, and other chemical additives wherever they are used, and that low emission products be made standard purchase inventory in the City central stores supply.
- Elmhurst supports public transit systems including the RTA, METRA, and PACE. Residents are encouraged to use the transit system as an alternative to the automobile. Creating a safe environment for walking and bicycling as additional automobile alternatives, is a high priority as well.

#### Resource Management and Conservation

- Elmhurst is committed to water resource conservation. City building codes require water saving devices be installed in all new and rebuild construction. Elmhurst also restricts outdoor water use during summer months based on even/odd addresses. The daily water allocation limits the total daily use of Lake Michigan water and is reviewed regularly. Annual water audits also insure that there is limited water waste. Elmhurst has high-quality water which meets all of the limits of the Safe Drinking Water Act. Water is regularly tested, and water quality reports are regularly provided to the community.
- As a founding member of a local storm water management workgroup, Elmhurst leads the way towards basin wide solutions to storm water management that crosses municipal and county boundaries. This approach has been recognized by the United States Environmental Protection Agency as the most effective manner to solve storm water pollution problems.
- As part of the requirements of the National Pollution Discharge Elimination System (NPDES) Phase II rules, Elmhurst will monitor, inspect and certify construction activities within the City to eliminate the pollution of local surface waters due to construction run off of silt or of construction related materials. The City shall also implement into its construction designs best management practices (BMPs), which reduce the quantity of storm water run off with the use of pervious surfaces, bio-swales, and underground retention.
- While recognizing that use of manufactured substances is part of the modern world, Elmhurst is concerned about health and environmental impacts of toxic substances. The City is committed to using the lowest feasible amounts of toxic pesticides and fertilizers and will actively explore other methods in public plantings.

- Elmhurst has a long-standing commitment to waste reduction and recycling. Elmhurst works with its waste haulers to implement comprehensive recycling programs, striving to become a leader in waste reduction efforts. Current recycling efforts will continue to widen the scope of recycling opportunities in multi-family residences, public spaces, and the Union Pacific train station. The City participates in hazardous waste recycling sponsored by DuPage County and the State of Illinois. Elmhurst is also investigating advanced recycling strategies for batteries, paints, florescent light fixtures, etc. Information on recycling will be more widely and more frequently distributed to residents.

#### Quality of Life Initiatives

- Elmhurst participates in the National Arbor Day Foundation "Tree City" program. Replacing and expanding its urban forest is an annual budget priority. The Elmhurst Public Works Department maintains an extensive street tree inventory. Trees can improve air quality, provide shade, assist in 'calming' traffic, and reduce the 'urban heat island' effect. The City also encourages property owners to plant trees in their front yards to beautify Elmhurst. Elmhurst has also adopted a policy promoting the use of biodegradable materials in City planting projects.
- The Elmhurst Fire Department will retrofit its current fleet of fire apparatus with diesel oxidation catalysts. This technology will reduce emissions from fire apparatus to meet stringent clean air standards. Future apparatus purchases will include engines that will meet or exceed EPA emissions standards. In 2003 the Elmhurst Fire Department started installing Light Emitting Diodes (LED) emergency lights in all of its new vehicles and apparatus. These lights require less power which in turn reduces engine emissions.
- The City of Elmhurst Master Plan sustainability goals shall be considered as included in the *Quality of Life Initiatives* by reference.



### Implementation Responsibilities

General policy directives are products of decisions made by the City Council with direction given to the City Manager by City Council, which sets limits, goals, and expectations. The City Manager delegates policy implementation to the department heads who achieve goals set by City Council action. To assist the department heads the City has established a 'Sustainability Committee' composed of staff from all of the City departments. The members of that committee are charged with reviewing current City practices and suggesting changes to achieve sustainability goals.

Purchasing policies must consider sustainable practices along with budget concerns and material quality when making purchases. These evaluation criteria are incorporated into the purchasing policies of each department and are considered as City departments develop annual budgets. The evaluation includes, but is not limited to, evaluation of new technologies, improved technologies, and alternative methods of achieving the budget goals. These evaluations shall not diminish the primary concern for public safety.

Implementing this policy involves all City departments. Individual department responsibilities will take the lead as the policy goals are implemented, but will require involvement from those departments with ancillary responsibilities. As an example new fire fighting equipment requires the co-operative design needs from Fire Department staff along with the maintenance requirements from Public Works. Likewise building code changes require the Building department working in co-operation with Planning, Zoning and Economic Development.

The Public Works central purchasing (central stores) is charged with investigating and modifying purchasing policies to adhere to the goals of this policy. Materials and product purchases shall be constantly monitored to meet the goals of the City policy.

Many aspects of this policy require close co-ordination with community services and community organizations. A department Director, appointed by the City Manager, will represent the City on appropriate community committees to provide City participation and advice.

With direction from the City Council the City Manager shall monitor the policy and establish annual achievement goals, including achieving target carbon emission reduction by 2012. Annual carbon inventories identify progress toward that goal. An annual report from the Department Directors to the City Council within the framework of the annual budget will identify the goals established for the coming fiscal year, and identify and quantify annual achievements of pre-set goals.

## **FY 2018 REPORT ON ACHIEVEMENTS TOWARDS SUSTAINABILITY**

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As required by the Sustainability Policy approved by City Council in February 2009, and recommended by the Sustainability Action Plan adopted in 2018, the City Manager would like to highlight the successes achieved by the City to meet the City's Sustainability goals. The 2009 Policy is as follow:

*The City of Elmhurst is dedicated to the enhancement and protection of the immediate and long term well-being of the City, its citizens and its natural environment. To that end, the City of Elmhurst will consider sustainable environmental practices as an integral component of its leadership role in community.*

*The City of Elmhurst will continue to face the challenge of maintaining the core water, wastewater, public safety and all other community services that have been commonly accepted as the City's responsibilities. At the same time the City will strive to protect and enhance Elmhurst's environmental quality, economy, and livability. The City is committed to incorporating proven new technologies that result in reducing energy demands; to use the most environmentally responsible products in its daily operations and to address critical local environmental issues when developing new City programs and initiatives which take on particular urgency in light of serious global environmental concerns. The City will seek to be an active partner with other civic organizations and public agencies within the City (Park Districts, School Districts, Library, and Historical Foundation) to achieve sustainable policies and goals.*

The Sustainability Policy and the Sustainability Action Plan will provide a clear path for the city to make measurable changes toward sustainability in the next 5 to 10 years. Below is a summary of the City's successes in implementing sustainable practices in 2018.

### Police Department

- The police department, in partnership with the DuPage County Health Department maintains a collection box for expired or unwanted prescription drugs in the front lobby of the police station. The service is a convenient way for residents to dispose of drugs so as to prevent damage to our water supply and prevent their abuse by unauthorized persons. They held two prescription drug take back events in 2018 and hope to host at least two more in 2019.
- The police department currently operates two hybrid parking control vehicles, one electric side by side, and five police bicycles for its patrols. Officers used electric side by side and police bicycles as part of the Summer Mobile Patrol program to patrol Elmhurst's parks, trails, neighborhoods, and community events.
- The Police Department site maintains a rain garden on site to communicate the benefits of green infrastructure and provide an example to the community.

### Fire Department

- In 2018 the Fire Department introduced a new Pierce Fire Engine to its fleet. The engine replaced two of the existing vehicles, a rescue squad which was purchased in 1995, and a pumper purchased in 2000. Each vehicle had excessive mileage and required increased maintenance and service time. The new engine will carry the same equipment that was on Engine 1 and Squad 1 combined and is expected to last 20 years.
- Four of the front line response vehicles that are used by the fire department have diesel particulate filters. These filters reduce emissions, specifically focusing on NOx and unburned hydrocarbons from the fuel making the exhaust safer for the environment.
- The Elmhurst Fire Department partnered with Curie Pack and is the only Fire Department in the state that sustainably recycles smoke detectors. This year we have recycled over 150 smoke detectors keeping radioactive materials out of landfills.
- The fire department utilizes a hybrid vehicle to conduct building inspections and to enforce codes throughout the city.
- The Fire Department is the only Fire Department in the state that sustainably recycles smoke detectors. This year the department recycled over 150 smoke detectors keeping radioactive materials out of the landfills.

### Human Resources

- The Document Imaging Laser Fiche project continued, and will continue over the next couple of years, moving the City's paper record files to an electronically stored/retrieval file records system.

### Information Technology

- Continue to reduce consumption of personal computer watts of power with ENERGY STAR 6.0 compliant computers throughout the City.
- Replaced electric vehicle charger at the Addison Parking Deck. (Power consumed from September 2008 to August 2009: 6,889 kWh)
- Replaced electric vehicle charger at City Hall. (Power consumed from September 2008 to August 2009: 2,035 kWh)
- Installed electric vehicle charger at the Hahn Parking Deck.
- Recycled 8,576 lbs of electronic e-waste and diverted it from a landfill.
- Toner cartridge recycled: 34

### Community Development

- Community Development staff assisted the Sustainability Task Force and City Council to adopt the City's Sustainability Action Plan. Staff began to track implementation of the Plan.



- Over 112 million in commercial projects are taking place in Elmhurst, and 56 new homes have been built. All work is being done in compliance with the 2015 Energy Conservation Code.

#### Public Works Department

- Two bike racks were installed in the Spring Road Business District to promote alternative transportation.
- The Electrical Division replaced 224 mercury vapor lighting (290 watt) fixtures with new LED (76 watt) light fixtures in the North Industrial area. This replacement reduces power used by 47,936 watts annually. A Com Ed energy efficiency program grant was secured to finance a portion of this project.
- In conjunction with SCARCE, held a pumpkin recycling event following Halloween.
- In conjunction with SCARCE, held a cooking oil collection event following Thanksgiving.
- In conjunction with DuPage County, the City held a recycling event to recycle approximately 13,000 of electronic waste.
- The total biological component of the diesel fuel consumed in FY18 budget year was 8,157 gallons. The total amount of propane fuel consumed in FY18 budget year from 6/14/18 to 8/13/15 was 2,448 gallons in an effort to reduce greenhouse gas emissions and our dependency on foreign oil.
- Converted 5 City PW vehicles to dual fuel propane through an IEPA Grant.
- Installed a Propane Autogas fill station at the Public Works garage to fuel the 14 converted City PW vehicles for propane gas.
- Tier 4 emissions standards are part the Clean Air Act, a federal law to reduce air pollution. To meet Tier 4 standards in the law, manufacturers are adding clean diesel technology designed to reduce emissions of particulate matter (PM) and nitrogen oxides (NOx). The standards have been introduced in stages, depending on horsepower range. (See "Emissions Regulations by Year") With each stage, the emissions restrictions grow progressively tighter, culminating in final Tier 4, which will produce almost no PM or NOx emissions.
  - New PD17 Flex Fuel capable Low Emission vehicle.
  - New PD4, PD10 and PD11 Flex Fuel capable Low Emission.
  - New PD23 Stop-Start capable Low Emission vehicle.
  - New PD34 and PD35 Electric Hybrid Rav 4 SUV's
  - New F16 Flex Fuel capable Low Emission.
  - New PW-12 Flex Fuel vehicle with gas and liquid propane gaseous-fuel prep package to allow conversion to a dual fueled vehicle.
  - New PW-14 Tree Trimmer Aerial with JEMS Hybrid Aerial meets the EPA Tier four final EPA Standard.
  - New PW 90 Tree Trimmer Aerial with JEMS Hybrid Aerial meets the EPA Tier four final EPA Standard.
  - New PW-9 Dump truck meets the EPA Tier four final EPA Standard.
  - New PW-64 Dump truck meets the EPA Tier four final EPA Standard.
  - New PW-108 Dump truck meets the EPA Tier four final EPA Standard.
  - New PW-37 Debris Chipper meets the EPA Tier four final EPA Standard.

- New PW164 Flex Fuel vehicle with gas and liquid propane gaseous-fuel prep package to allow conversion to a dual fueled vehicle.
- The City Council approved a 3 year contract with Clarke Environmental Mosquito Management, Incorporated. The City chose to have Clarke utilize EarthRight, a sustainable product for effective community mosquito control, proposed to last approximately 20% longer than other insecticides and to break down in the environment in a matter of hours, versus days. The EarthRight initiative also uses environmentally-friendly hybrid vehicles for crew transportation and bicycles for larvicide catch basin treatments.
- City hosted rain barrel event in conjunction with the Conservation Foundation.
- Completed water meter exchange project to decrease unaccounted for water (UFW).
- Installed water main leak detection system to locate non-surfacing leaks. Locating and repairing non-surfacing leaks will reduce unaccounted for water (UFW).
- Installed customer portal for residents and businesses to monitor and set alerts for high water use.
- New Salt bin was completed at Public Works allowing spoils to be kept in covered area at WRF to prevent storm water run off.
- Completed Update of Storm water management plan at WRF.
- Started Stormwater contractor certification with all WRF projects. All contractors must now attend and pass exam on proper storm water management practices.
- All PW supervisors attended storm water class on proper Stormwater management practices.
- 2 classes were held during bi-annual safety meetings with all Public Work personnel on proper storm water management practices.
- Completed VACTOR dump station at WRF. Allows for proper dewatering of debris before landfilling.
- Completed wood chip holding area with proper concrete base and drainage to prevent Stormwater runoff and soil contamination.
- North Avenue Lift station flood wall completed with automatic flood gate to prevent lifts station failure during area flooding events. Project included working with Park District for easements.
- First year of a four year hydrant renovation project completed. Hydrants are sandblasted and painted with yellow beads to make hydrants easier to see at night (reflective). Also hydrant caps are being painted to match distribution model for anticipated fire flows.
- One of the Phase 2 storm water projects were able to utilize Saylor and Jackson lift station electrical room and generator to decrease need for 2nd building and generator.
- All three potable water reservoirs had roofs replaced and brought up to proper insulation codes.
- Eleven buildings related to the WRF operations had roofs replaced and brought up to proper insulation codes.
- Completed lead service line inventory. Less than 10% of the services in Elmhurst are lead.

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