

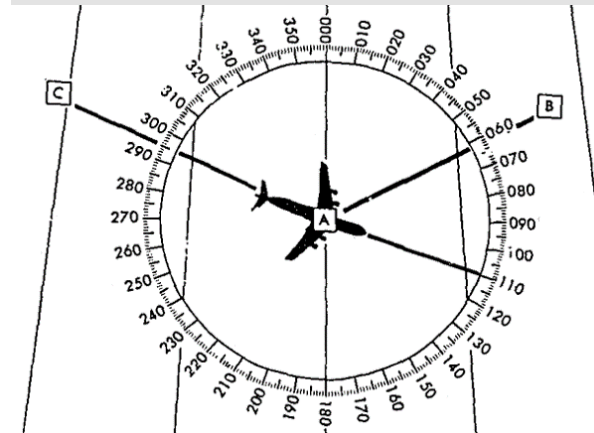
Policy Considerations

September 2021

Trustee Andrew Honig

Scott Niehaus, Village Manager

Tim Sexton, Director of Finance



Agenda

- Draft Strategic Plan Summary 2021-2024 – Financial Stability & Economic Development
- Hotel/Motel Fund - Projected Deficits
- Sale of 101 S Main - \$1M
- ARPA funds - \$3,011,368.16
- Business Retention Economic Incentive Policy
- Year-End General Fund Reserve Maintenance Policy
- Summary

Village of Lombard Strategic Plan Summary 2021-2024

DRAFT Strategic Plan Summary 2021-2024

Financial Stability

Economic
Development

STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET	STRATEGIC INITIATIVES
FINANCIAL SUSTAINABILITY	Financial strength	- Bond Rating	- BBB in 2023 - AA+ in 2028	a) Develop plan and process to promote strong Village financial condition to rating agencies b) Develop options for use of federal stimulus funds c) Establish strategy for revenue diversity and stabilization
	Prudent use of Federal funds	- Revenue generated - Expenditures leveraged - Cost savings achieved	- Businesses assisted are in targeted sectors most impacted - Positive ROI on Federal Funds used for Economic Development by 2024	
	Stable & predictable revenue	- Revenue variability reduction	- From 2021-2024 revenues remain stable	
ECONOMIC DEVELOPMENT	Business flexibility	- # business regulations modified - # development policies refined	- Flexible guidance and policies in place by 2022	a) Develop policies to reflect existing & future development trends b) Develop action plan for economic development awareness c) Develop incentive policy and strategies tailed towards sites
	Economic Development Awareness	- % positive business and public awareness	- 50% public awareness of Village ED efforts - 20% increase in utilization of ED tools by 2024	
	Key sites are developed or redeveloped	- # key site signed agreements - # key site approvals granted	- Reuse/redevelopment underway at each key development site by 2024	

Hotel/Motel Fund - Projected Deficits

- Hotel/Motel Fund - Projected Deficits
 - 2020 and 2021 YTD underperformed by a total of \$1.4M compared to projected budgets
 - Thru June 2021, revenue is 15.6% under budget and 50% less than the same period in 2019
 - Due to the slow rebound, the projected 2022 H/M Fund balance is **-\$378K** and falls to **-\$1.1M** in 2023
 - The FY2022 H/M Fund expenses total \$1,618,460 compared to projected revenues of \$951,620
- FY 2020 & FY 2021 – Per BOT direction, all H/M Tax revenue went to H/M Fund (Economic Development Fund didn't receive 25%)
- Action is needed to address anticipated deficits
 - Options
 - Use of one time revenue to reload reserve (\$1M from Sale of 101 S. Main)
 - Use of reserve funds (25% H/M Tax revenue for Economic Development Fund) = approximately \$294,000
 - Budget reductions by recommendation of Community Promotion & Tourism Committee

Sale of 101 S Main - \$1M

- Policy direction needed for the \$1M from the sale of 101 S. Main Street
- \$1M remains in the General Fund
- F&A Committee was presented with the following options:
 - Fund Hotel/Motel shortfalls so as not to need to use reserves
 - Run these funds through the waterfall
 - Set these funds aside for potential economic development related use
 - Fund 25% of Hotel/Motel that can go towards Economic Development, that had to be repurposed back to cover Hotel/Motel expenses due to the low revenue coming in this year
- F&A Committee would like to make the recommendation in conjunction with plans for ARPA funding and to see if revenues start to stabilize

ARPA Funds

ARPA funds

- Received \$3,011,368.16 on 8/17/2021
 - Total allocated to Lombard = \$6,022,736.31 (50% FY2021 & 50% FY2022)
 - 1st compliance report due to US Treasury on October 31st
- Eligible use of funds:
 - To replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- 2 Factor Authentication (revenue loss/eligible expenses)
 1. Based on revenue loss calculation provided by Treasury, the Village's total loss of revenue exceeds \$6,022,736.31
 2. Recommend reporting for replacement of lost revenue and submit eligible expenses related to public safety salaries to close out reporting requirements on October 31, 2021
- Ineligible use of funds:
 - To directly or indirectly offset a reduction in net tax revenue
 - To make a deposit to a pension fund

Grants and Loans

Village of Lombard Grants and Incentives

- By nature, the Village's grants and incentives target hardest hit industries
- Since 2013, the Village provided \$564,905 in TIF grants for restaurant and retail businesses improvements and renovations

State & Federal Stimulus Grants and Loans

- Most loans given to businesses are expected to be forgiven, if the businesses meet the criteria established as part of the stimulus legislation.
- See next slide for a summary list of COVID Grants and Loans as of 8/24/21

Grants and Loans

Village of Lombard Covid Grants and Loans Summary

2020 Programs	Funded by	Dollars Awarded	Number
Hospitality Emergency Grant Program	State of Illinois	\$ 60,000	3
Business Interruption Grant (BIG), Round 1	State of Illinois	\$ 150,000	8
Business Interruption Grant (BIG), Round 2	State of Illinois	\$ 660,000	24
Child Care Restoration Grant (part of BIG)	State of Illinois	\$ 296,546	9
Small Business and Restaurant Relief Grant	Choose DuPage and DuPage County	\$ 1,347,430	107
Total		\$ 2,513,976	151

Paycheck Protection Program (PPP) 2020

PPP, awards over \$150K, Round 1*	Federal Government	\$ 128,000,000	190
PPP, awards under \$150K, Round 1*	Federal Government	\$ 32,000,000	950
Total*		\$ 160,000,000	1140

* numbers are approximate

2021 Programs	Funded by	Dollars Awarded	Number
Reinvest DuPage*	Choose DuPage and DuPage County	\$ 827,118	20
Back to Business	State of Illinois	TBD	
Total		\$ 827,118	20

* additional funding will go out on 9/14/21

As of 8/24/2021 **\$ 163,341,094**

Table does not include EIDL program

Business Retention Economic Incentive Policy

Update item in Red after 9/13 meeting

- Business Retention Economic Incentive Policy
 - Supplements the existing Economic Incentive Policy (EIP) to address properties and businesses that would not meet the incentive parameters set forth within the EIP, but warrant further consideration to stabilize or retain selected retail sales generating business establishments.
 - See attached **draft** Business Retention Economic Incentive Policy
 - The Finance & Administration Committee and the ECDC met on September 13th
 - **Insert Committee's recommendation here**
 - Final Business Retention Economic Incentive Policy and an Ordinance to update the Year-End General Fund Reserve Maintenance Policy will be presented on the 10/7/21 BOT agenda for consideration

Year-End General Fund Reserve Maintenance Policy

“Waterfall”

- Proposed revision to the Year-End General Fund Reserve Maintenance Policy
 - To establish an Economic Development Reserve Fund
 - To create an additional funding for business retention incentives and transformational projects designated by the Village as key development sites.
- The Year-End General Fund Reserve Maintenance Policy states that at the end of each fiscal year, year-end revenues over expenses should be distributed to 4 separate reserves (**highlighted in yellow are the proposed revisions**):
 - An Emergency General Fund Reserve should be maintained equal to 5% of the current year’s budgeted unassigned expenses in the General Fund.
 - The Village should maintain a “Revenue Stabilization” reserve with a goal of reaching 3.5% of the current year’s budgeted unassigned expenses in the General fund.
 - Remaining funds should be split equally (50/50), between the Building Reserve Fund and the Pension Stabilization Fund, up to \$700,000 per year per fund. Any funds over \$700,000 per year per fund will flow to the Economic Development Fund Reserve.
 - The Economic Development Fund Reserve should maintain a fund balance of \$5,000,000. Note, the Economic Development Fund is also funded with 25% of Hotel/Motel Tax revenue. If the fund balance exceeds \$5,000,000, the 25% of Hotel/Motel Tax revenue will stay in the Hotel/Motel Fund as long as allowed by law. Any excess funds as stated in #3 from the Building/Pension Reserves will flow into the Economic Development Fund.
 - The Board has the option to reduce, not fund, or amend this policy in any way.

Summary



- Staff is seeking policy direction on:
 - Hotel/Motel Fund - Projected Deficits
 - Sale of 101 S Main - \$1M
 - ARPA funds - \$3,011,368.16
 - Business Retention Economic Incentive Policy
 - Year-End General Fund Reserve Maintenance Policy
- Village Committees will discuss and review the policies/ordinances for a recommendation on changes to the Village Board

**Ladies and gentlemen
Thank you for flying with us today,
We hope you enjoyed our presentations as
much as we enjoyed your input.
Please remember to take all your belongings.
Anything left behind will be distributed evenly among the crew
members.**