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# Funding Options for Public Safety Facilities

Strategies to Secure Debt Service by 2027

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## Desired Outcome

Identify funding options to pay debt service on the construction of new public safety facilities with sufficient dedicated funds available for this purpose by 2027. At present, the amount of annual debt service required is estimated to be \$3.2 million dollars (assumed \$10,000,000 down payment) .





An isometric illustration of a fire station and its surrounding neighborhood. The fire station is a two-story building with a grey roof and blue walls, featuring three large red garage doors. Several red and white fire trucks are parked in the bays and on the street in front. A white ambulance is also present. Police cars and officers are visible on the street. The neighborhood includes various houses, a tennis court in the bottom left, and green landscaping with trees and bushes.

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# Strategic Plan Impact

## Goals

1. Well-maintained infrastructure
2. Excellence in service levels and efficiency









An isometric illustration depicting various financial and business concepts. It features several platforms with labels: 'RIT' (top left), 'INVESTING' (top center), 'RISK' (bottom left), 'TSUP' (bottom left), 'GANTH' (bottom right), and 'ORSWING' (bottom right). There are stacks of gold and silver coins, some with dollar signs. A person in a suit is walking on the left, carrying a briefcase. A large, colorful, 3D arrow points upwards in the center. Other elements include a pie chart, a bar chart, and various geometric shapes and arrows in different colors (red, blue, green, orange).

# Funding Sources Policy Approach & Strategy

# Policy Approach to Funding Public Safety Building

The following are basic philosophical principles anticipated in terms of the funding sources identified:

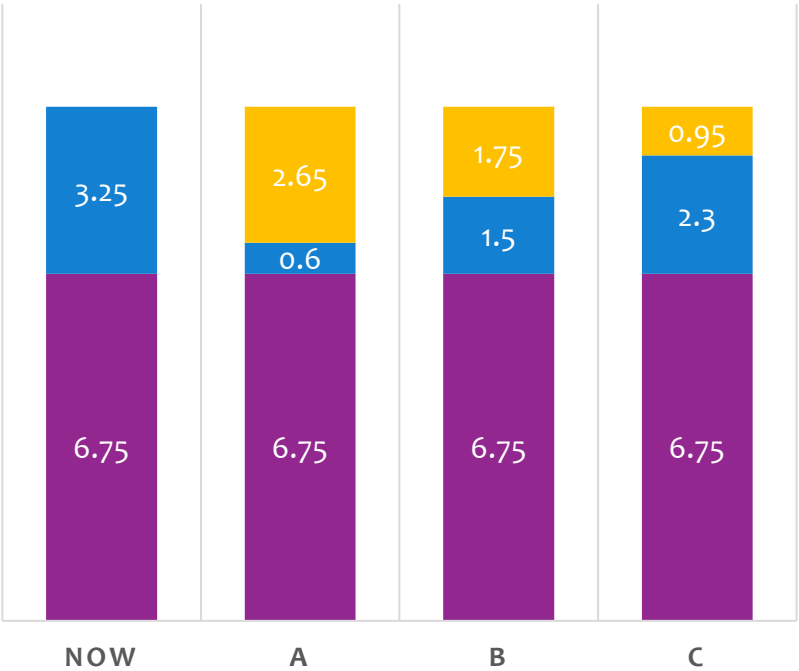
-  1. Property taxes should only be used as a LAST resort after all other funding options are exhausted
-  2. Some level of funding provided by nonresidents as Village public safety services are frequently provided to non Lombardians who work, shop, recreate or pass through town and frequently avail themselves of police and fire response services.
-  3. Where possible, maximize the amount of down payment to reduce the annualized debt service and interest to be paid by borrowing
-  4. When considering new revenue streams consider whether they are REPLACEMENT revenue streams for now eliminated or severely reduced historical ones (i.e., telecommunications taxes reduced by cord cutting)
-  5. Consider funding flexibility when considering revenue sources to provide maximum options for use of funds as opposed to revenues that by law, must be dedicated or set aside for specific purposes (hotel motel, MFT, NHR sales taxes, etc.)
-  6. Identify options that can be implemented by local ordinance without need for a referendum (i.e. property tax increase or home rule status)

# Funding Sources Overview

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## NON-HOME RULE FUNDING OPTIONS (\$M)

■ Capital ■ Water ■ Debt



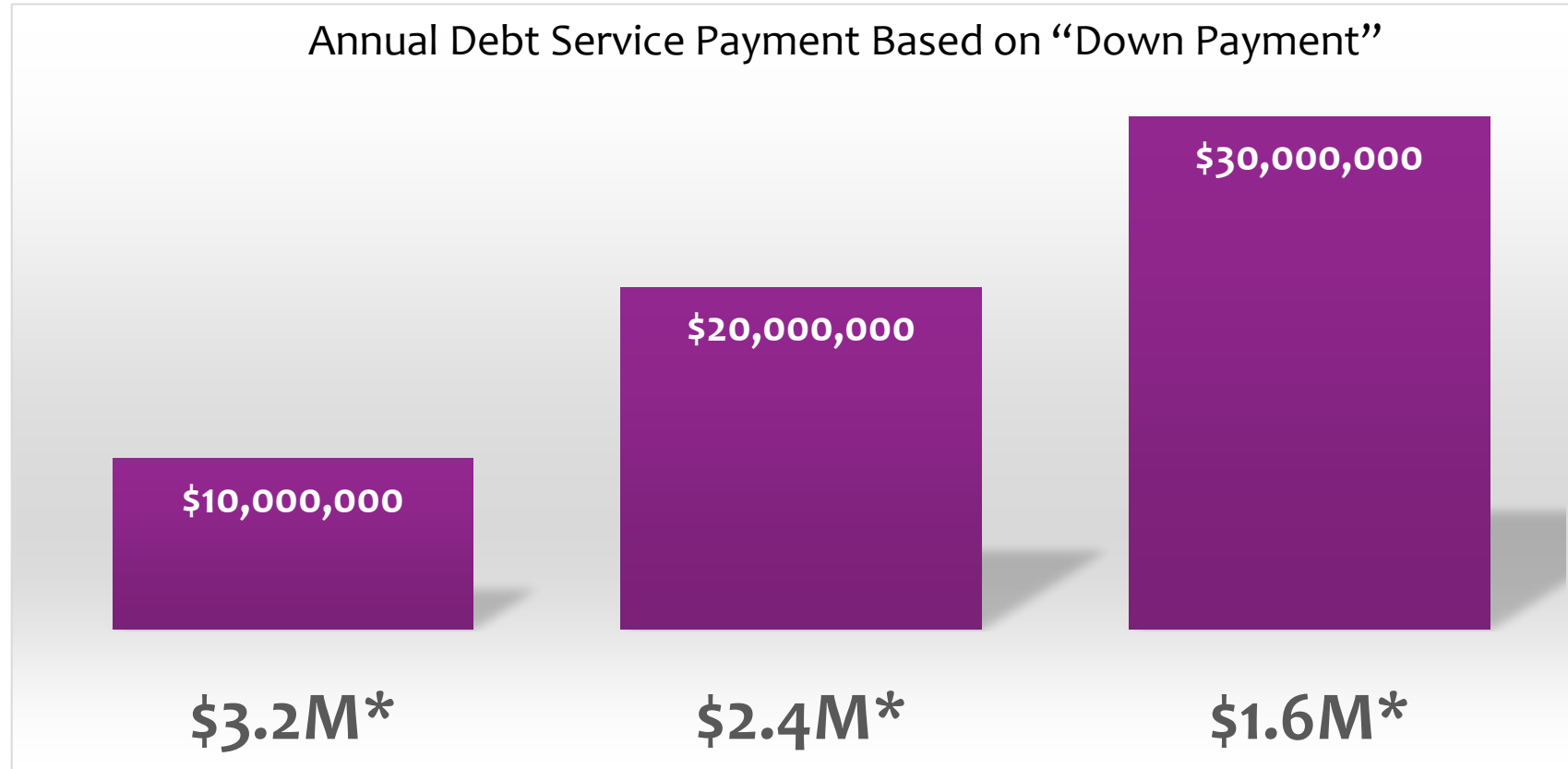
## Layered Funding Strategy

1. Replace Non-Home Rule (NHR) Sales Tax with Unrestricted NHR - \$10M
2. Review Capital Infrastructure Fund Balance and Dedicate a Portion of the Generic NHR Sales Tax to the General Fund
3. Consider Potential On-going Revenue Options
  1. If Legislation Passes: Adopt \$0.03 Motor Fuel Tax (MFT) = \$500K-\$800K annually to Capital Fund
4. Additional Funding Options to Consider
  1. \$1M transfer from Hotel/Motel Fund to the Building Fund (H/M Fund borrowed from O&M Fund during COVID)
  2. Suspend the 2024, 2025, 2026 Waterfall Distribution and transfer to Building Fund
  3. Earmark Census proceeds until next regular Census completed (2031)

# Down Payment Scenarios

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Assume \$50M Project Cost with 5% Annual Interest Rate for 20 Years



\*Village staff will monitor State legislation on the ability for a Non-Home Rule municipality to collect a local Motor Fuel Tax (MFT). MFT is not property tax and non-residents are also subject to this tax.



# Future Policy Discussions

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## Additional Funding Options to Consider at Upcoming Finance Meetings

Amend Year-End “Waterfall” Policy for the following three options and transfer to Building Fund for new Public Safety Buildings

1. Rebalance Hotel/Motel Fund - \$1M transfer from Hotel/Motel Fund to the Building Fund (H/M Fund borrowed from O&M Fund during COVID)
2. Earmark Special Census Fund Revenue
3. Grocery Tax (General Fund)

## 2025 Planning Calendar

- Jan 21, 2025 – Finance & Admin Committee to discuss NHR Sales Tax and Public Safety Building Funding Options
- February – Submit NHR Ordinance to BOT for approval
- March - Submit the certified ordinance to the IDOR by the by April 1<sup>st</sup>
- May/June – Village Board Strategic Planning Sessions
- July – Review State legislative changes
- August– Finance Committee Budget Discussion
- September – BOT Budget Workshop and submit any Tax Ordinances to State by Oct 1st