

# MEMO

February 20, 2023

To: Finance Committee and Village Board

From: Monica Hughes and Dave De Angelis

---

---

## **Gebhardt Road Reconstruction Project**

The village's engineers, Ruekert & Mielke, continue to work on the design and engineering of the Gebhardt Road project under the parameters identified by the Public Works Committee. The 2022 Transportation Budget did not identify a specific project as the Village was in the process of seeking grant funding and awaiting the referendum vote of citizens. At the time of budgeting it was determined that the Village planned to move forward with the Gebhardt Road project in 2023 if feasible and approved by referendum. The November election included the referendum which received support to move ahead with the project at a construction cost maximum of \$1,300,000.

Ruekert & Mielke expects to have 90% completion plans for the Public Works Committee at its March meeting. An estimated project timeline is attached which indicates the Village would go out to bid on this project at the end of March. The Village will need to borrow money to fund this project. The estimated total cost of this project is \$1,400,000. On the following page there is a summary of the Transportation Fund. The Village ended 2022 with a balance of \$345,000 and levied \$550,000 in 2023. A transfer from the Capital Fund was also authorized for 2023 of funds designated for bridges. The Village has been discussing the road conditions and future paving for the past 2 years, and consensus is that we have many roads in need of improvement.

Since our future road needs are greater than our current annual funding and we need to borrow for this project, it is staff's recommendation that we use no more than the current year's levy (\$550,000) for this project and borrow the remainder. This will allow us greater flexibility for future years. If the Village intends to bid this project in March and award it in April it should identify a means to fund the project prior to that time. Staff is recommending the Village use the State Trust Fund Loan program. The program allows us to obtain funding quickly with no issuance costs and flexibility in the term length of the loan. Currently the interest rate for the program is 5.25% and the term can range from 2-20 years. This program also allows prepayment with no penalization if the Village would choose to do a general obligation borrowing in the future to support other upcoming projects such as municipal water and Underwood Creek Daylighting. Staff has also reached out to Ehlers & Associates for their opinion and possible other options. We will provide additional information at Monday's meeting if available.

<b>Village of Elm Grove</b>			
<b>Transportation Fund</b>			
<b>Fund created in 2022</b>			
		<b>2022</b>	<b>2023</b>
Fund Balance at beg of year		-	344,951
<b>Revenue</b>			
Tax Levy		550,000	550,000
Trf of funds from capital	pathways	233,400	
	bridges		240,000
Other sources			
<b>Debt Issuance</b>			
<b>Total Revenue</b>		<b>783,400</b>	<b>790,000</b>
<b>Expenditures</b>			
Watertown Plank Road paving		357,840	
Sunny Slope Rd paving		47,003	
Genhardt Rd design		33,606	
<b>Gebhardt Road estimates</b>			
	final design		
	project mgmt		
	construction		
<b>total Expenditures</b>		<b>438,449</b>	<b>-</b>
Fund Balance Year End		344,951	1,134,951

### **Underwood Creek Daylighting**

Currently the Village is moving forward with property easements needed for the daylighting and the purchase of the railroad property. Both of these items may need funding during 2023. Daylighting construction would then be expected in 2024. The Village Board has been reviewing amending TIF #2 to help fund the daylighting project and this should be done within the next few months. This will allow the Village to have these projects partially funded through the TIF. Projections have been run by our financial advisors, Ehlers, and these projections indicate that the project can be funded with a TIF amendment extending the TIF by an additional 3 years as allowed by the State, and support from the stormwater utility fee. This would be the same funding mechanism that is being used to support the original project. Village staff has discussed with the joint review board and they are receptive to this amendment.

### **Municipal Water**

The Village Board has expressed the desire to expand the municipal water system, as originally anticipated in the creation of TID #3, that is being built by Mandel for the Caroline Heights development to the east side of the railroad tracks on Watertown Plank Road. The estimated cost of this project is under \$600,000 and would be funded through the TID #3. The Village would need to borrow the funds for this project with repayment from the TIF on future year's increments from the development. The Village will also need to determine a method of payment for those that will access this system.