



AGENDA

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026 at 7:00 PM

Jeffrey S. Braiman Council Chambers

Fifty Raupp Blvd Buffalo Grove, IL 60089-2139

1. Call to Order

- a. Pledge of Allegiance
- b. Roll Call

2. Village President's Report

- a. Proclamation Recognizing June as National Pollinators Month (President Smith, Christopher Stilling)
- b. Recognition of the 4C STEM Club (President Smith, Molly Gillespie)

3. Special Business

- a. Water Ambassador Award Presentation (Trustee Weidenfeld, Chris Krase)
- b. Introduction of the new Deputy Director of Finance, Tricia Farkas (Trustee Cesario, Chris Black)
- c. Presentation of Clove Park Concept Plan (Trustee Ottenheimer, Nicole Woods)
- d. Sunset Home Rule and Utility Tax (Trustee Cesario, Chris Black)
- e. General Fund Financial Forecast FY 2027- FY 2031 (Trustee Cesario, Chris Black)
- f. FY 2026 20-Year Water Pro Forma (Trustee Cesario, Chris Black)

4. Public Comment

Public Comment is limited to items that are not on the regular agenda. In accordance with Section 2.02.070 of the Municipal Code, discussion on questions from the audience will be limited to 5 minutes and should be limited to concerns or comments regarding issues that are relevant to Village Board business. All members of the public addressing the Village Board shall maintain proper decorum and refrain from making disrespectful remarks or comments relating to individuals. Speakers shall use every attempt to not be repetitive of points that have been made by others. The Village Board may refer any matter of public comment to the Village Manager, Village staff or an appropriate agency for review.

5. Executive Session

6. Adjournment

The Village Board will make every effort to accommodate all items on the agenda by 10:30 p.m. The Board does, however, reserve the right to defer consideration of matters to another meeting should the discussion run past 10:30 p.m.

The Village of Buffalo Grove, in compliance with the Americans with Disabilities Act, requests that persons with disabilities who require certain accommodations to allow them to observe and/or participate in this meeting or have questions about the accessibility of the meeting or facilities, contact the ADA Coordinator at 847-459-2500 to allow the Village to make reasonable accommodations for those persons.





AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 2.a.

Proclamation Recognizing June as National Pollinators Month

Contacts

Liaison: President Smith

Staff: Christopher Stilling

Staff Recommendation

Staff recommends presentation.

Summary

Proclamation Recognizing June as National Pollinators Month

Strategic Alignment

Guiding Principle

Principle 6: Engages Our Residents

Goal

Goal 3: Strengthened Buffalo Grove community identity and pride

File Attachments

1. Pollinators Month Proclamation





BUFFALO GROVE

PROCLAMATION



RECOGNIZING JUNE AS NATIONAL POLLINATORS MONTH

WHEREAS, pollinators—including bees, butterflies, birds, bats, beetles, and other animals—play a vital role in the health of ecosystems and are responsible for the reproduction of nearly 90% of the world's flowering plant species, including more than 1,200 crops; and

WHEREAS, pollinators contribute significantly to the global economy and agriculture, including the production of fruits, vegetables, nuts, and seeds, thereby promoting food security and overall human health; and

WHEREAS, the Village of Buffalo Grove recognizes the essential ecological benefits pollinators provide through sustaining natural ecosystems, promoting biodiversity, and supporting diverse native plant communities; and

WHEREAS, pollinator populations are in decline due to habitat loss, pesticide use, disease, climate change, and other environmental threats; and

WHEREAS, Buffalo Grove residents are encouraged to take action by planting pollinator-friendly native plants, reducing pesticide use, and supporting conservation initiatives that protect and enhance pollinator habitats; and

WHEREAS, this year, I Eric Smith, once again signed the National Wildlife Federation's Mayors' Monarch Pledge and have officially committed to taking meaningful action to protect pollinators such as the monarch butterfly; and

WHEREAS, the Village of Buffalo Grove has committed to working with volunteers from Save the Monarchs in Buffalo Grove, the Buffalo Grove Environmental Action Team and other partners to build an annual plan to protect these important pollinators in our community; and

NOW THEREFORE, I Village President Eric Smith do hereby proclaim the month of **June 2026** as **National Pollinators Month** in the Village of Buffalo Grove and encourage all residents to participate in community activities that support and celebrate pollinator conservation.

Eric N. Smith
Village President





AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 2.b. Recognition of the 4C STEM Club

Contacts

Liaison: President Smith

Staff: Molly Gillespie

Staff Recommendation

Staff recommends presentation.

Summary

President Smith will be recognizing the 4C Stem Club

Strategic Alignment

Guiding Principle

Principle 6: Engages Our Residents

Goal

Goal 3: Strengthened Buffalo Grove community identity and pride

File Attachments

None





AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.a. Water Ambassador Award Presentation

Contacts

Liaison: Trustee Weidenfeld

Staff: Chris Krase

Staff Recommendation

Staff recommends presentation.

Summary

The Illinois Section American Water Works Association will present the Village with our 2025 Water Ambassador Award. Staff will also briefly highlight some of the award-winning aspects of our water system.

Strategic Alignment

Guiding Principle

Principle 2: Outstanding Village Services

Principle 6: Engages Our Residents

Goal

Goal 1: Maintained effective village government: fiscally responsible and providing outstanding, responsive services
Goal 2: Enhanced, beautiful, safe and sustainable neighborhoods

Goal 3: Strengthened Buffalo Grove community identity and pride

File Attachments

None



AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.b.

Introduction of the new Deputy Director of Finance, Tricia Farkas

Contacts

Liaison: Trustee Cesario

Staff: Chris Black

Staff Recommendation

Staff recommends presentation.

Summary

Introduction of the new Deputy Director of Finance, Tricia Farkas

Strategic Alignment

Guiding Principle

Principle 4: High Performing Village Team

Goal

Goal 1: Maintained effective village government: fiscally responsible and providing outstanding, responsive services

File Attachments

None





AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.c.

Presentation of Clove Park Concept Plan

Contacts

Liaison: Trustee Ottenheimer

Staff: Nicole Woods

Staff Recommendation

Staff recommends presentation.

Summary

See attached memorandum.

Strategic Alignment

Guiding Principle

Principle 3: Plan and Invest in the Future

Goal

Goal 2: Enhanced, beautiful, safe and sustainable neighborhoods

Goal 3: Strengthened Buffalo Grove community identity and pride

File Attachments

1. Memo - Clove Park Concept Plan

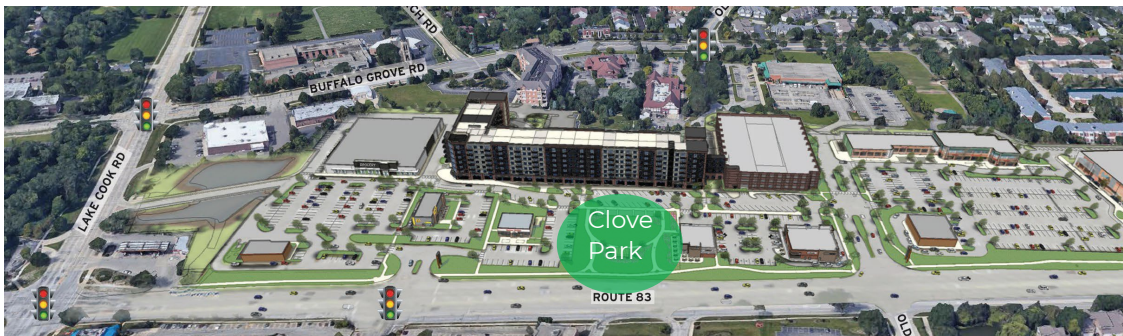


DATE: June 1, 2026
TO: Village Manager Dane Bragg
FROM: Nicole Woods, Director of Community Development
SUBJECT: Clove Park Update

BACKGROUND

In Spring 2025, the Village formally kicked off the process to design Clove Park, the central one-acre public space within The Clove development. To lead this effort, the Village selected WRT Planning and Design, a nationally recognized landscape architecture and urban design firm with offices in Philadelphia and San Francisco. WRT was identified as a firm specializing in the creation of parks and open spaces that successfully balance environmental, fiscal, structural, and community-driven considerations. To initiate the work, the Village entered into an agreement with WRT for the development of a full Clove Park Concept Plan.

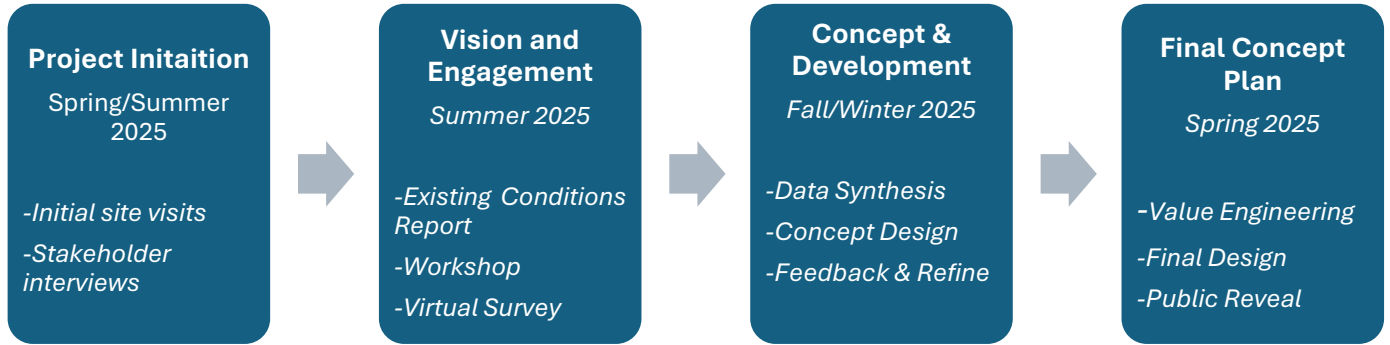
At the June COW, staff will be presenting the Clove Park project process, final design, and next steps, which is also outlined below.



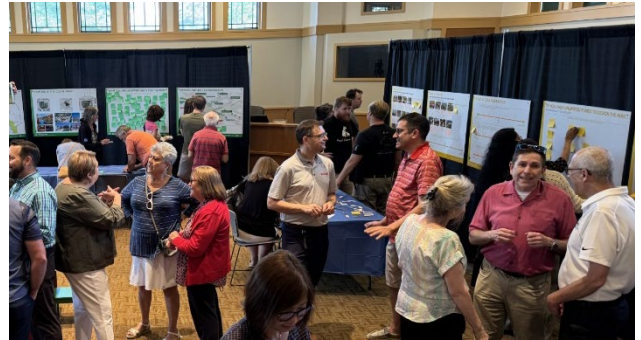
PROJECT PROCESS and COMMUNITY ENGAGEMENT

The Clove Park project was carried out through four distinct phases: Project Initiation, Vision and Engagement, Concept Development, and Final Concept Plan and Public Reveal. An Advisory Committee guided the plan throughout the process. This committee included approximately twenty members representing Kensington, Urban Street, the Planning & Zoning Commission (PZC), the Buffalo Grove Park District, Turnberry, Town Place (residential development), the Lake Cook Corridor Study Steering Committee, Community Champions, and other residents, business owners, and Village staff. The committee met to provide input and feedback at every stage of the project.

Clove Park Concept Design Process



Community engagement played a central role in the design process. Stakeholder meetings were held with nearby businesses, local arts groups, CRD, youth organizations, libraries, the Chamber, St. Mary’s, residents of The 250, Village trustees, Village staff, Community Champions, and the PZC. In addition to these focused discussions, a Public Design Workshop was held, drawing more than 100 residents. To broaden participation, WRT and Village staff created a community survey based on the questions explored during the workshop.



Clove Park Design Workshop

In total, more than 1,000 residents contributed ideas, reinforcing Clove Park’s emerging role as a communal front yard for The Clove and a vibrant gathering place for the entire Village.

PARK DESIGN

The resulting design shows Clove Park as the signature public space within The Clove development, an intimate one-acre park designed to blend energy and character of Buffalo Grove. Framed by approximately 300 residential units, a growing mix of commercial tenants, and prominent visibility along Route 83, the park will function as both a community gathering place and a defining landmark for the Village.



Concept Plan

The Clove Park design is organized around four distinct “groves” that frame the central core of the park. The Moraine Grove features elevated and sculptural landforms, shade structures, and distinctive landscaping inspired by the region’s natural topography. The Gossip Groves, located at the northern and southern edges, offer intimate spaces for socializing and dining among clusters of trees that extend the character of the surrounding commercial

area and eateries. Finally, the Picnic Grove provides ADA-friendly picnic tables, open seat walls, and life-sized pebble forms designed for seating, lounging, and playful interaction. Adirondack chairs will be placed throughout the area to offer flexible, comfortable seating options.

The central core area located at the heart of the park ties these spaces together. This area will feature a signature art sculpture representing Buffalo Grove while serving as a visual and cultural anchor. Lighting will be incorporated throughout the park to ensure a welcoming presence and nighttime activity.



Rendering

The park has a whimsical, fluid, and playful quality, expressed through its forms, materials, and overall character. Movable furniture allows the space to remain flexible, adapting easily for different activities, programs, and community events. Reflecting Buffalo Grove’s commitment to inclusivity, the park is intentionally designed to be welcoming, accessible, and usable for everyone. Its features, layout, and amenities reinforce the idea that Clove Park is a place where all members of the community can gather.

COST and PHASING

The project is estimated to cost approximately \$5 million, all of which is eligible for funding through the Lake Cook Corridor TIF. The Lake Cook Corridor TIF currently contains about \$1.7 million, and this amount is expected to grow as redevelopment within the area continues.

Staff recommends the following construction phasing for the project. The first stage, scheduled for Summer 2026, will focus on fully defining the project scope and developing a comprehensive funding strategy that will include TIF resources as well as potential grant opportunities. The second stage will consist of detailed design and engineering work. The final stages, bidding and groundbreaking, are anticipated to occur in later 2027.

Clove Park Engineering, Bidding, and Construction Process

Summer '26	Fall '26	Winter '27	Spring '27	Summer/Fall '27
Project Scope Funding Strategy				
Design & Engineering		Bid		Break Ground



AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.d. Sunset Home Rule and Utility Tax

Contacts

Liaison: Trustee Cesario

Staff: Chris Black

Staff Recommendation

Staff recommends presentation.

Summary

See Attached Memorandum.

Strategic Alignment

Guiding Principle

Principle 1: Financially Responsible and Sound

Principle 2: Outstanding Village Services

Principle 3: Plan and Invest in the Future

Goal

Goal 1: Maintained effective village government: fiscally responsible and providing outstanding, responsive services

File Attachments

1. COW Sunset Memo 6.1.26





MEMORANDUM

DATE: June 1, 2026
TO: Village Manager Dane Bragg
FROM: Chris Black, Finance Director
SUBJECT: Home Rule Sales and Utility Taxes - Sunset Provisions

RECOMMENDATION

Staff recommends the continuation of the 0.5 percent Home Rule Sales Tax, Municipal Natural Gas Use Tax, and Municipal Electricity Use Tax for fiscal year 2027.

BACKGROUND

In 2004, the Village Board adopted Ordinance No. 2004-16 amending Chapter 3.40 of the Municipal Code to increase the Home Rule Sales Tax by 0.5 percent to 1.0 percent effective July 1, 2004. Within the recitals of the ordinance there was a requirement that by January 2006 and each January thereafter, a review is to be undertaken to determine if the rate should remain at the current level. The 0.5 percent increase in the Home Rule Sales Tax is approximately \$4.2 million in the 2026 budget.

In 2010 (effective 2011), the Village Board adopted ordinances for the collection of Utility Use taxes on electricity and natural gas. Within the recitals of the ordinances were requirements that a review is to be undertaken to determine if the rate should remain at the current level. The 2026 budget revenue for utility taxes totals \$2.7 million.

Based on the current service levels, lack of sustainable surpluses in other revenue streams, and no new sources of revenue, staff recommend no changes to Home Rule Sales Tax or the Electricity or Natural Gas Use Taxes.

FINANCIAL IMPACT

The total of \$6.9 million or 11.3 percent of the General Fund revenue budget is subject to sunset provisions.



AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.e.

General Fund Financial Forecast FY 2027- FY 2031

Contacts

Liaison: Trustee Cesario

Staff: Chris Black

Staff Recommendation

Staff recommends presentation.

Summary

See Attached Memorandum.

Strategic Alignment

Guiding Principle

Principle 1: Financially Responsible and Sound

Principle 2: Outstanding Village Services

Principle 3: Plan and Invest in the Future

Goal

Goal 1: Maintained effective village government: fiscally responsible and providing outstanding, responsive services

File Attachments

1. Five Year General Fund Forecast 2027-2031



**Village of Buffalo Grove - General Fund
Financial Forecast
FY 2027 – FY 2031**



Village of Buffalo Grove
A Financial Assessment of General Fund
Revenues and Expenditures

OVERVIEW AND SUMMARY

The purpose of the Five-Year Operating Forecast is to help the Village of Buffalo Grove make informed, operational decisions by better anticipating future revenues and expenditures. Using the forecasted data, the Village can plan strategies for providing a consistent, appropriate level of service to the customers while ensuring the revenues and expenditures remain in a sustainable balance. The primary objective of the forecast is to provide the Village Board and related stakeholders with an early financial assessment and identify significant issues that should be addressed in the budget development process. For the purposes of constructing the forecast, operating revenues are measured against operating expenditures without including any prior period fund balance to subsidize revenue.

The goals of the forecast are to assess the Village's ability, over the next five years, to maintain current service levels based on projected revenue growth, evaluate future sustainability by aligning operating revenues and expenditures, and ensure proper funding of infrastructure reserves. The assessment analyzes the capacity to fund capital projects and maintain a minimum unassigned fund balance reserve at three months of budget expenditures (25%).

It is important to stress that this forecast is not a budget. It does not dictate expenditure decisions; rather it identifies the need to prioritize allocations of Village resources. The forecast sets the stage for the budget process and aids both staff and the Village Board in establishing priorities and allocating resources appropriately.

As a governmental entity, changes in strategy that involve service delivery should be slow and methodical. The forecast provides a snapshot of the Village's fiscal health based on numerous assumptions over the next five years. The forecast is a planning tool and should be considered fluid in its construction. As new significant data or trends emerge the document will be revised, at minimum, on an annual basis.

The intent of the Five-Year Operating Forecast is to evaluate resource allocations to ensure the proper funding levels for services, capital, infrastructure and maintaining reserves.

In each of the five years, revenues offset operating expenses, and the budgets are anticipated to be in balance. However, expenses are expected to outpace average annual revenue growth by 0.5 percent per year. After including amounts needed for reserves and capital, there is a shortfall every year in the forecast. This illustrates the need to continue efforts to finance capital improvements, as well as operating efficiently and review revenue sources for adequacy, efficiency, and diversification.

FORECAST METHODOLOGIES AND ASSUMPTIONS

REVENUES

The General Fund is the main operating fund and accounts for the core public services provided by the Village including public safety (police & fire), public works, community development, as well as operations that support core services. All major discretionary revenues such as property tax, sales tax, income tax, telecommunication excise tax, and utility use tax are accounted for within the General Fund. The Finance Department works with departments responsible for administering the service and/or collecting the associated revenue to develop program revenues.

EXPENDITURES

The expenditures assumed in the forecast are based on the current service levels. No additional staffing has been included in the estimates. Actual expenditures for 2025 and the 2026 budget amounts are the basis for the five-year estimates. The General Fund is the primary focus of the forecast because it represents nearly half of the total Village Budget. The second largest Village Fund is the Water and Sewer Fund, accounting for 16.7 percent of the total budget. A twenty-year funding analysis is completed annually for that enterprise activity.

In the absence of any known service level modifications, the forecast assumes the continuation of current service levels and the costs projected over five years. Revenues are estimated based on anticipated growth and do not consider increases in revenues generated by new fees or increases in fees, new development, or charges beyond what is prescribed by current ordinance.

ECONOMIC OUTLOOK

In the development of a long-term financial forecast, the Village reviews external and internal factors that could impact either the collection of revenue or the price of acquiring goods or providing services. Evaluating how the regional impact of the national economy (macro) influences the local economy (micro) is an important step in the process.

The national economy affects both state and local economies, although this impact varies by jurisdiction and may actually have an inverse effect on a community. Some of the economic indicators the Village uses in financial analysis include inflation, stock market returns, employment, housing starts, vehicle sales, interest rates, and manufacturing activity.

ECONOMIC INDICATORS - NATIONAL

Inflation – The Consumer Price Index (CPI), commonly referred to as the inflation rate, measures the average price change for a market basket of consumer goods and services. The Bureau of Labor Statistics classifies each expenditure item in the basket into more than 200 categories catalogued into eight major groups. The Consumer Price Index is used as the inflationary factor for specific non-personnel services.

The cost of goods sold increases with inflation, leading to additional retail sales tax revenue. As prices rise, so will business income tax receipts. Conversely, the Village will have to pay more for goods and services. The most recent (April 2026) Consumer Price Index is at 3.8 percent over that same month the prior year. This is the largest 12-month increase since May 2023. The increase was driven primarily by energy and food prices.

Stock Market Returns – Stock market returns are a leading indicator and will change before the economy changes. Approximately 70 percent of all Village pension funds are invested in mutual funds and/or individual stocks. The performance of the stock market is a significant factor in determining the growth of the property tax levy for pensions. It is assumed the pension funds will earn seven percent annually through investment returns.

Employment – Retail and vehicle sales tend to have inverse relationships with the unemployment rate. Sales tend to move in the opposite direction of the unemployment rate. Chronic unemployment often spills over into the residential real estate market resulting in lost real estate transfer tax revenue.

Housing Market - This indicator provides a sense of the overall demand for housing, which can be indicative of local housing activity. Data maintained by local realtor groups is useful in projecting the future of market recoveries.

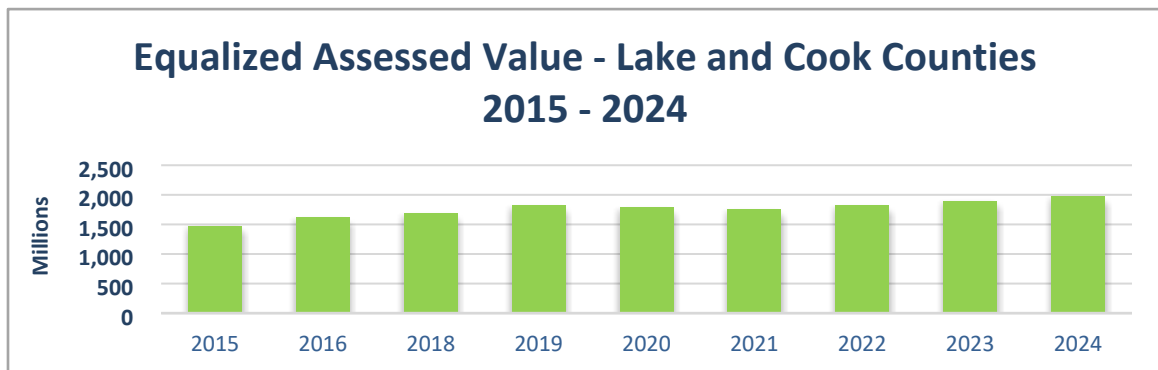
Interest rates – The interest rate impacts the Village’s revenues in several ways. The availability and cost of capital directly affect business expansion and retail purchases. As credit is extended and/or rates are lowered, revolving purchases may increase, thereby increasing development plans and retail sales and, by extension, sales tax and business licenses revenues. Second, the village’s investment income will be affected by interest rates.

Manufacturing activity – If a Village has a large manufacturing sector, the ISM (Institute of Supply Management Index) becomes a significant factor in revenue analysis and forecasting. Manufacturers respond to the demand for their products by increasing production and building up inventories to meet the demand. The increased production often requires new workers, which lowers unemployment figures and can stimulate the local economy.

ECONOMIC INDICATORS - LOCAL

Although national economic indicators do have some trickle-down impact on the Village Budget, there are regional and local economic factors that have a direct influence over revenues and expenditures. Some of those factors that have been considered moving into the next five-year update include:

- *Impact of the Real Estate Market and Assessed Valuations.* Assessed values for taxable property continue with positive growth. For the 2024 Levy (Collected 2025), total assessed value increased 5.23 percent. Lake County values increased by 6.59 percent while Cook County property values increased by 0.31 percent. With data being available solely for Lake County, the anticipated increase for the 2025 levy (Collected 2026) is 7.9 percent. See the chart below to see the ten-year, combined county history of equalized assessed values.



- *State of Illinois Legislation.* As the State of Illinois has experience financial difficulties over the last decade, staff continues to monitor legislative discussions that could have a direct financial impact on Village revenues. The most recent threat to municipal revenues was a law approved in 2024 by the General Assembly eliminating the statewide grocery tax starting January 1, 2026. The Village exercised its authority to impose a local grocery tax, which became effective at the beginning of this year.
- *Impact of Employer Pension Costs.* The tax levies for the three pension systems account for 38.1 percent of the property tax levy. Additional pressure on the tax levy to support growing pension costs will impact the ability to increase taxes for core services. Bond rating agencies continue to site pension obligations as a downward pressure on the Village’s ability to maintain the Aaa rating with S&P.

- Health Care Inflation. After wages, health care costs are the single largest expenditure category in the fund and the Village continually reviews the structure of the plan to limit the amount of growth on an annual basis. The Village is a member of the Intergovernmental Personnel Benefits Cooperative (IPBC). This insurance pool helps to dilute risk and helps to leverage purchasing power.
- Commercial/Retail Development. The economy's impact on existing sales tax generators as well as development or redevelopment of Dundee, Milwaukee Road corridors and Lake Cook Corridors continues to be an important cog in economic development. The village has seen several new projects completed such as the NCH Office Building and the \$150 million Clove Development in Lake Cook TIF. With the formation of the Dundee Road TIF, the Bison Crossing development, which includes a Tesla sales and service center that opened in April 2025 and luxury residential and commercial out lots. In 2026, the Chase Plaza sit will be redeveloped added a national grocer, Sprouts, and a high-end fitness facility.
- Infrastructure. The ability to keep pace with the maintenance needs of Village owned assets continues to be a significant financial challenge. The Village owns and maintains \$361 million in capital assets, excluding depreciation, across all activities.

Listed below is the five-year update to the General Fund Forecast. The remainder of the report will describe the methodologies used to develop both revenues and expenditures.

GENERAL FUND FIVE-YEAR FORECAST – OPERATING						
Revenue	2027	2028	2029	2030	2031	Growth
Property Taxes	\$17,619,100	\$18,147,673	\$18,692,103	\$19,252,866	\$19,830,452	1.03
Income & Use Taxes	7,646,500	7,837,663	8,033,604	8,234,444	8,440,305	1.025
State Sales Tax	12,122,100	12,485,763	12,860,336	13,246,146	13,643,530	1.03
Home Rule Sales Tax	8,652,000	8,911,560	9,178,907	9,454,274	9,737,902	1.03
Real Estate Transfer Tax	1,009,800	1,029,996	1,050,596	1,071,608	1,093,040	1.02
Telecommunications Tax	630,000	630,000	630,000	630,000	630,000	1.00
Prepared Food and Beverage Tax	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1.02
Utility Tax-Electric/Natural Gas	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	1.00
Licenses	370,100	370,100	370,100	370,100	370,100	1.00
Building Revenue & Fees	1,325,600	1,352,112	1,379,154	1,406,737	1,434,872	1.02
Intergovernmental Revenue-Local	417,400	425,748	434,263	442,948	451,807	1.02
Fines & Fees-Police & Fire	3,779,675	3,855,269	3,932,374	4,011,021	4,091,242	1.02
Storm Water Management Fees	1,140,000	1,140,000	1,140,000	1,140,000	1,140,000	1.00
Operating Transfers	902,500	929,575	957,462	986,186	1,015,772	1.03
Cable Franchise Fees	550,000	550,000	550,000	550,000	550,000	1.00
Miscellaneous Revenue	2,112,200	2,154,444	2,197,533	2,241,484	2,286,313	1.02
Total Revenues	61,946,975	63,510,302	65,117,640	66,770,247	68,469,417	
Annual Increase	2.3%	2.5%	2.5%	2.5%	2.5%	
Expenditure	2027	2028	2029	2030	2031	Growth
Personal Services	27,900,955	28,737,984	29,600,123	30,488,127	31,402,771	1.03
Personal Benefits	13,881,904	14,437,181	15,014,668	15,615,255	16,239,865	1.04
Operating Expenses	4,731,416	4,826,044	4,922,565	5,021,016	5,121,437	1.02
Insurance & Legal Services	1,808,208	1,880,537	1,955,758	2,033,989	2,115,348	1.04
Commodities	518,632	531,597	544,887	558,509	572,472	1.025

Maintenance & Repairs	3,989,533	4,089,271	4,191,503	4,296,290	4,403,698	1.025
All Other Expenses	6,601,446	6,667,460	6,734,135	6,734,135	6,801,476	1.01
Total Expenditures	59,432,094	61,170,074	62,963,639	64,747,321	66,657,066	
Operating Surplus/Shortfall)	2,514,881	2,340,228	2,154,001	2,022,926	1,812,350	
Annual Increase	2.9%	2.9%	2.9%	2.8%	2.9%	

FORECAST STRUCTURE

The forecast provides three levels of analysis. The first level (above) is to show the General Fund's ability to meet day-to-day expenditures. The highlighted row design (Operating Surplus/Deficit) is an indicator of whether anticipated revenues support operating expenditures. In all five years of the forecast, revenues will support current services. This is a measure of short-term sustainability. The second level of the analysis includes transfers for capital projects and infrastructure reserves.

Long term sustainability is measured through the Village's ability to invest in infrastructure including funding reserves for vehicles, buildings, equipment, technology, streets (with state and local motor fuel taxes and grants), and projects in the Capital Improvement Plan. All projects submitted for inclusion in the FY 2026 – FY 2030 CIP have been added to this report, as well as projected costs for a proposed village hall and police headquarters project. After including these transfers, the cumulative fund shortfall at the end of FY 2031 is estimated to be nearly \$132.4 million.

GENERAL FUND FIVE-YEAR FORECAST – OPERATING WITH CAPITAL

Revenue	2027	2028	2029	2030	2031	Growth
Property Taxes	17,619,100	18,147,673	18,692,103	19,252,866	19,830,452	1.03
Income & Use Taxes	7,646,500	7,837,663	8,033,604	8,234,444	8,440,305	1.025
State Sales Tax	12,122,100	12,485,763	12,860,336	13,246,146	13,643,530	1.03
Home Rule Sales Tax	8,652,000	8,911,560	9,178,907	9,454,274	9,737,902	1.03
Real Estate Transfer Tax	1,009,800	1,029,996	1,050,596	1,071,608	1,093,040	1.02
Telecommunications Tax	630,000	630,000	630,000	630,000	630,000	1.00
Prepared Food and Beverage Tax	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1.02
Utility Tax-Electric/Natural Gas	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	1.00
Licenses	370,100	370,100	370,100	370,100	370,100	1.00
Building Revenue & Fees	1,325,600	1,352,112	1,379,154	1,406,737	1,434,872	1.02
Intergovernmental Revenue-Local	417,400	425,748	434,263	442,948	451,807	1.02
Fines & Fees-Police & Fire	3,779,675	3,855,269	3,932,374	4,011,021	4,091,242	1.02
Storm Water Management Fees	1,140,000	1,140,000	1,140,000	1,140,000	1,140,000	1.00
Operating Transfers	902,500	929,575	957,462	986,186	1,015,772	1.03
Cable Franchise Fees	550,000	550,000	550,000	550,000	550,000	1.00

Miscellaneous Revenue	2,112,200	2,154,444	2,197,533	2,241,484	2,286,313	1.02
Total Revenues	61,946,975	63,510,302	65,117,640	66,770,247	68,469,417	
Annual Increase	2.9%	2.9%	2.9%	2.8%	2.9%	
Expenditure	2027	2028	2029	2030	2031	Growth
Personal Services	27,900,955	28,737,984	29,600,123	30,488,127	31,402,771	1.03
Personal Benefits	13,881,904	14,437,181	15,014,668	15,615,255	16,239,865	1.04
Operating Expenses	4,731,416	4,826,044	4,922,565	5,021,016	5,121,437	1.02
Insurance & Legal Services	1,808,208	1,880,537	1,955,758	2,033,989	2,115,348	1.04
Commodities	518,632	531,597	544,887	558,509	572,472	1.025
Maintenance & Repairs	3,989,533	4,089,271	4,191,503	4,296,290	4,403,698	1.025
All Other Expenses	6,601,446	6,667,460	6,734,135	6,734,135	6,801,476	1.01
Total Expenditures	59,432,094	61,170,074	62,963,639	64,747,321	66,657,066	
Operating Surplus/(Shortfall)	2,514,881	2,340,228	2,154,001	2,022,926	1,812,350	
Annual Increase	2.9%	2.9%	2.9%	2.8%	2.9%	

Capital Items & Reserves	2027	2028	2029	2030	2031
Capital - Vehicles	3,501,500	2,810,000	1,470,000	1,933,000	2,235,000
Capital - Facilities	22,115,000	26,310,000	28,230,000	500,000	500,000
Capital - Technology	200,000	200,000	604,310	236,200	350,000
Capital - Stormwater	6,000,000	100,000	750,000	750,000	750,000
Street Program	15,440,000	13,700,000	12,450,000	9,025,000	7,000,000
Capital Reserve Funding	(2,895,731)	(2,895,731)	(2,895,731)	(2,895,731)	(2,895,731)
Total Capital	44,360,769	40,224,269	40,608,579	9,548,469	7,939,269
Total Fund Excess/(Shortfall)	(41,845,888)	(37,884,041)	(38,454,578)	(7,525,543)	(6,126,919)

The current budgeting strategy is to contribute to capital reserve programs in order to remain on a pay-as-you-go basis of capital asset financing. If reserve amounts are depleted, or inadequately funded, staff will need to consider debt financing for future expenditures. The village has added a significant amount to capital reserves due to strong revenue performance over the last four fiscal years.

Over the next five years it is anticipated that \$131.8 million funding is needed, above the current forecasted amounts in the General Fund. However, the Village Board has addressed infrastructure funding needs through by the approval of increased water/sewer rates, a local motor fuel tax, and adult use cannabis tax. In 2020, the Village successfully issued \$24 million in general obligation bonds fund infrastructure improvements. In 2025, an additional \$25.4 million in bonds were issued to fund street improvements and the construction of Fire Stations 25 and 26. Bond issues are planned for 2030 and 2033 to fund future improvements.

RESERVES

The General Fund Reserve Policy sets forth a minimum unassigned reserve level of 25 percent of the subsequent year's budget, excluding transfers to fund capital projects. The preferred balance per policy is 30 percent. Unassigned fund balance above the 30 percent threshold may be allocated to a reserve for revenue stabilization.

It is important to maintain a strong reserve level for several reasons, (1) it provides more time to react and respond to revenue threats created by economic conditions, (2) it helps to better withstand any unfunded legislative mandates that will create additional expenditure obligations without corresponding revenue, and (3) to fund unforeseen infrastructure/capital asset costs. Spending down of prior period reserve balances allow the Village time to reallocate resources within the budget and restructure service levels to react to the fiscal environment. After drawing down on the balance to respond to emergency conditions, it is important to rebuild those reserves in order to remain flexible to respond to the next threat. Fund balance should never be used to support day-to-day operations. Absent an unforeseen economic crisis, the use of reserves to support operating expenditures represents a budget that is structurally unbalanced.

The estimated General Fund balance unassigned reserve at the end of FY 2025 is \$20.39 million or 35 percent of the FY 2025 operating budget. The Village also has designated an additional \$1,270,000 for revenue stabilization.

GENERAL FUND REVENUES

Approximately 83 percent of all General Fund revenue is generated from seven revenue sources including property tax, combined sales tax including prepared food and beverage, income and use tax, telecommunications tax, utility (natural gas & electricity) use tax and real estate transfer tax.

Almost half of the Village's major revenue sources are elastic. Elastic revenues are those sources that tend to fluctuate with the economy. A balance between elastic and inelastic revenue is desired as a hedge against market volatility. General Fund revenues considered to be elastic include sales and use taxes, income taxes, real estate transfer tax, building revenue and fees, and investment income. The property tax is an example of a non-elastic source of revenue as collections are stable and predictable.

The Village continues to seek to be less reliant upon state-shared revenues (income, base sales, and telecommunication taxes) and align core services with taxes/fees under local home rule control.

PROPERTY TAX

There are three components to the Village's property tax levy. The first component is the Corporate Levy. This levy helps to fund public safety (police and fire) operations. The growth in the corporate levy is tied to inflation. The second component is the Debt Service Levy. This levy covers the principal and interest payment on outstanding debt issuances. The last component is the special purpose/pension levies.

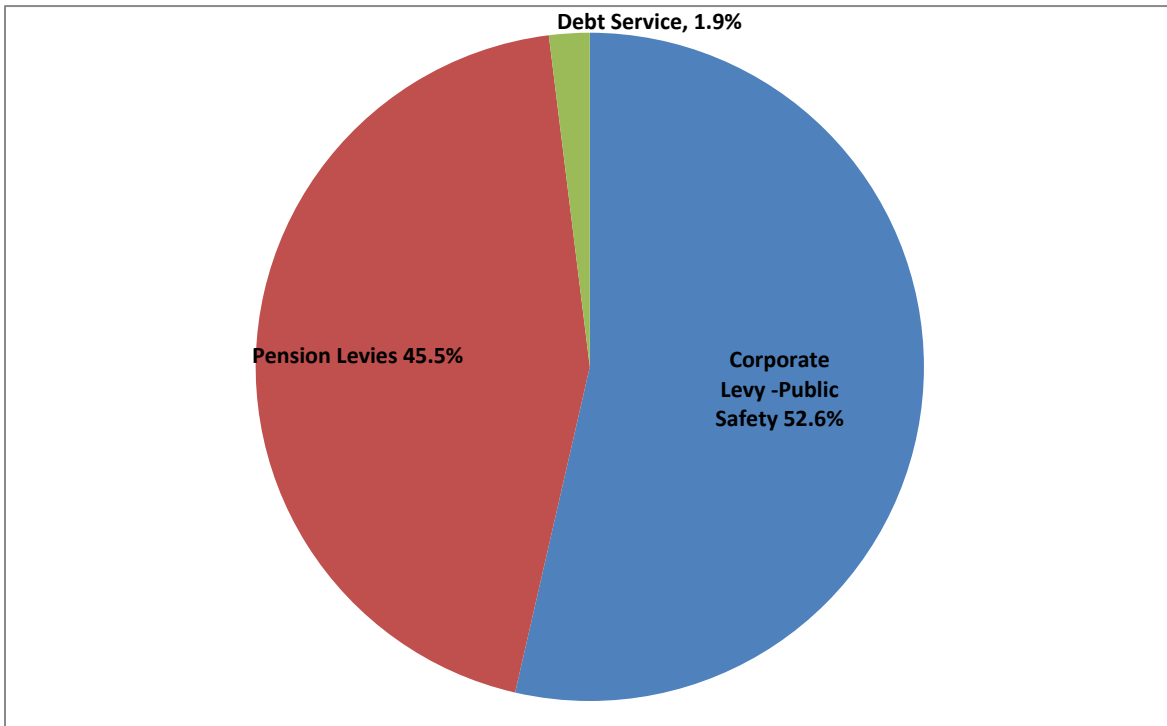
The tax levies for the three pension funds (Police, Firefighters and IMRF) are calculated by independent actuaries. The levies are structured to cover the normal cost of the pension, an amortized annual amount of the unfunded actuarial liability, and the interest cost on that liability. Unfunded liability grows when actuarial assumptions are not met (interest rate) or when legislative changes (Springfield) are enacted that enhance benefits. Those legislative changes produce unfunded liabilities.

Each year the Village determines its levy amount. Since debt service payments are mandatory as are pension contributions, the amount of control the Village has over the tax levy is limited to the Corporate Levy.

Future ability to raise property tax revenue to support General Fund operations is challenging as the corporate levy must compete for tax dollars with pension and debt service levies.

See the chart below to see where property tax dollars are allocated

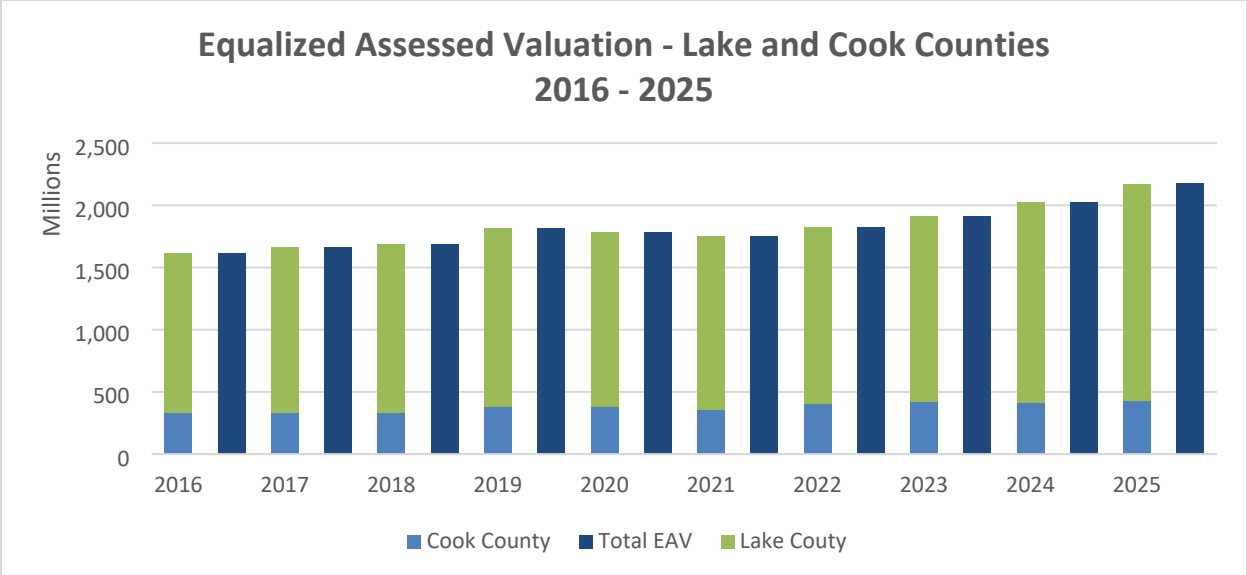
Property Tax Dollar Distribution



The levy request is then applied to the equalized assessed value of all property within the Village to determine a tax rate. Assuming the same tax levy amount, if the property values go up the rate goes down and conversely the rate goes up if the values decline.

The total equalized assessed value of property in Buffalo Grove is estimated for 2025 to be \$2,204,568,281 representing an 8.7 percent increase from the previous year. The Lake County portion of the Village's EAV increases 8.4 percent year over year.

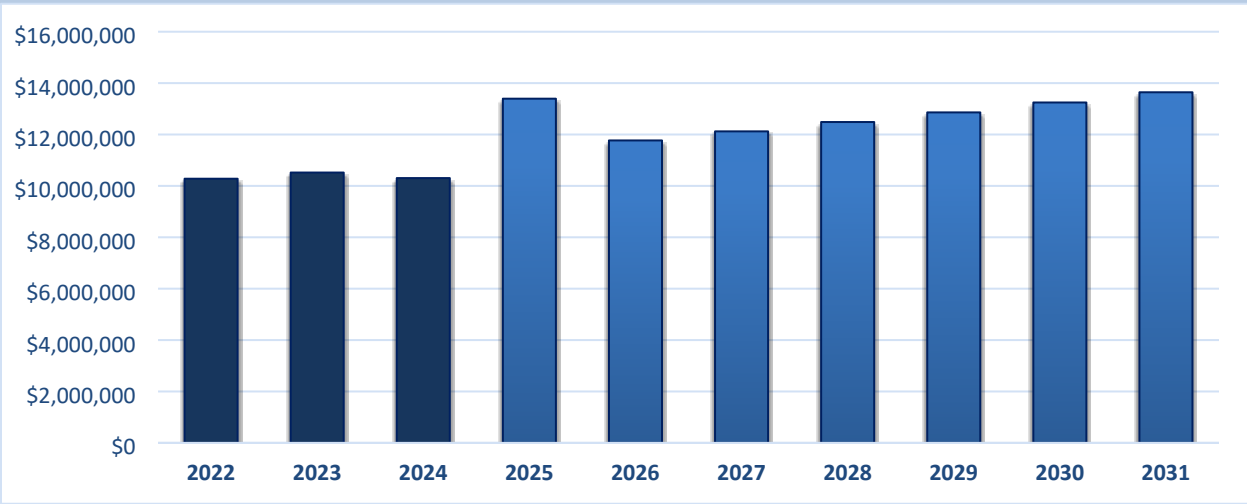
Equalized Assessed Valuation



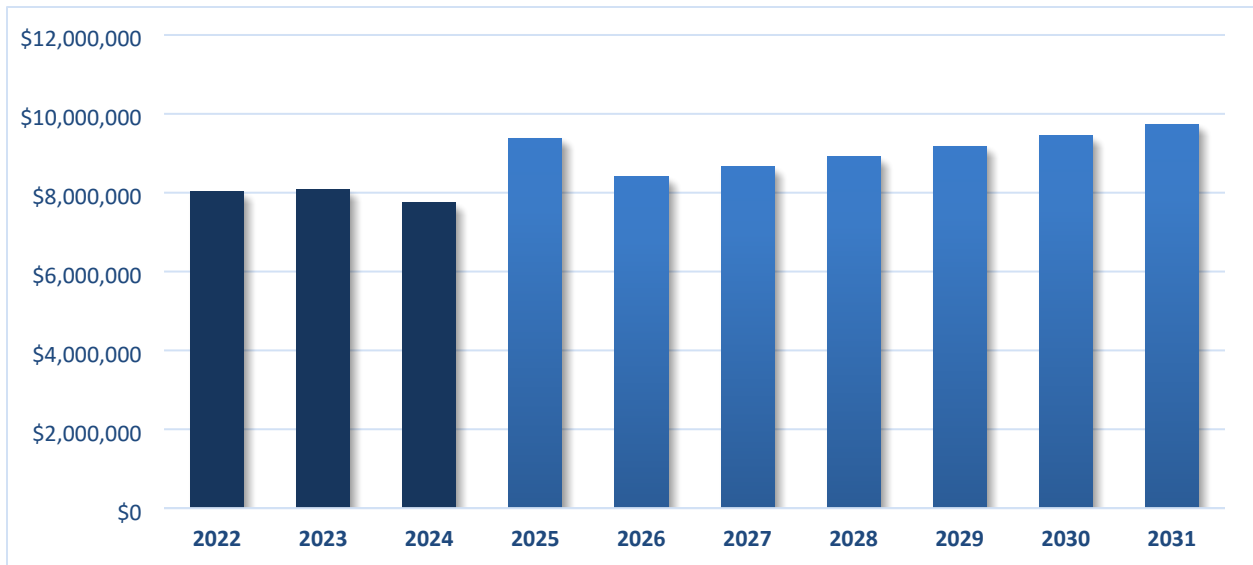
SALES TAX

The growth for both the base (2.5%) and home-rule sales taxes (2.5%) is below the current level of inflation. Combined, this is the second largest revenue source for the Village. The base sales tax revenue is directly related to the dollar value of sales made within the Village. Home rule sales tax applies to the same transactions as the base sales tax except in the following transactions, food for human consumption off the premises where sold (groceries), prescription and non-prescription medicines and tangible personal property that is titled with an agency of the State of Illinois. The assumption for the five-year analysis is that the retail mix will remain substantially similar to what is present today.

Base Sales Tax

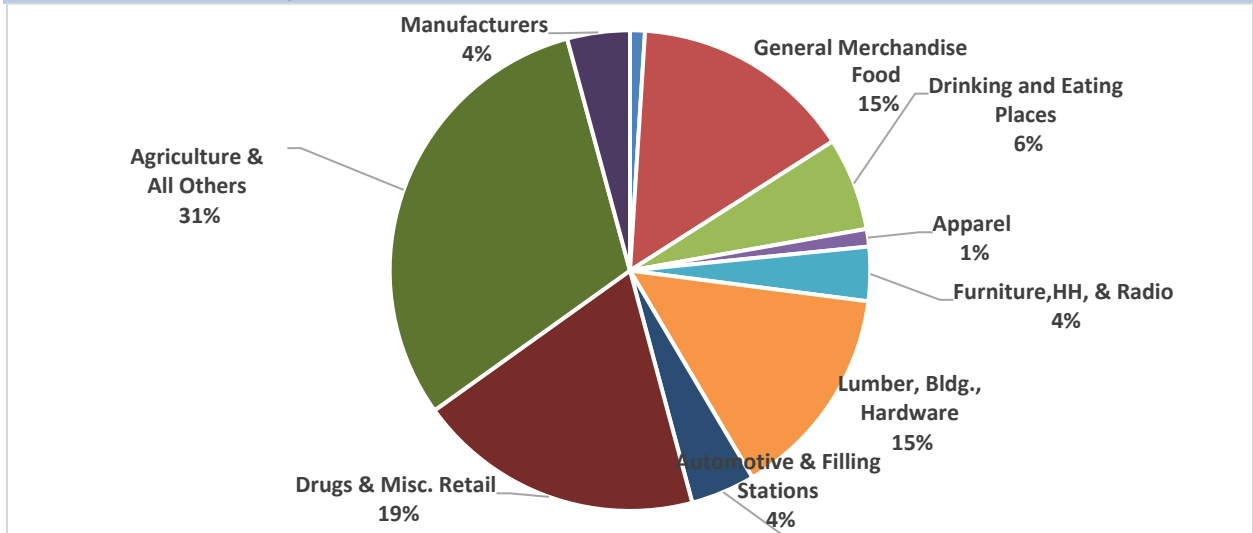


Home Rule Sales Tax



The Village's strives to diversify its retail tax base so that no one sector is overly exposed to economic fluctuations. The following chart reflects the Illinois Department of Revenue Standard Industry Codes (SIC) for sales tax remitted to the Village.

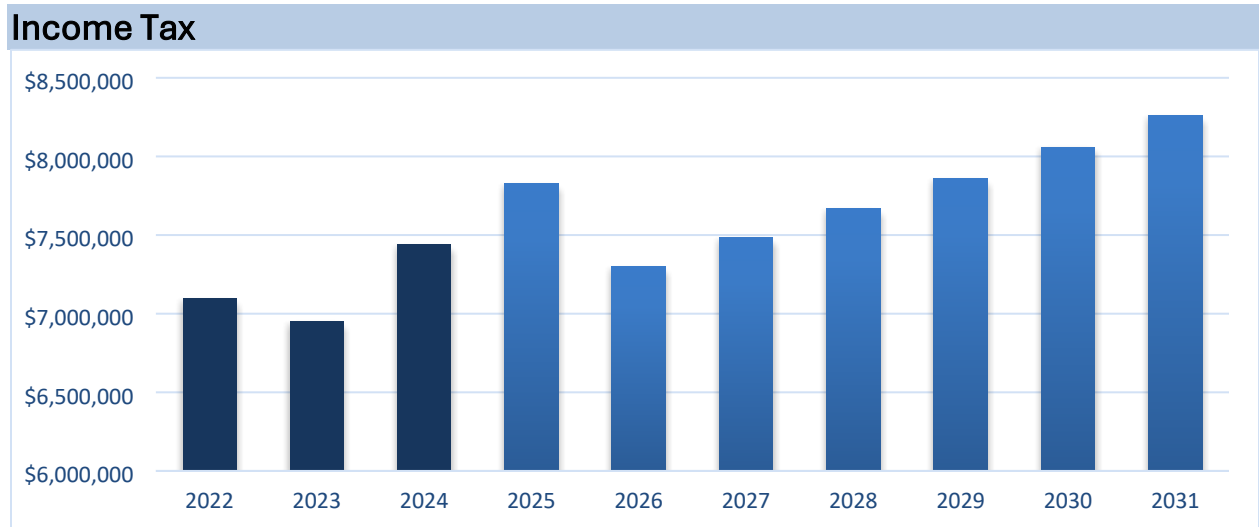
Retail Sales Tax by Sector



INCOME TAX

The Illinois Income Tax is imposed on every individual, corporation, trust, and estate earning or receiving income. The tax is calculated by multiplying net income by a flat rate. The current rate is 4.95 percent of net income. The rate was 3.75 percent beginning January 1, 2015, to December 31, 2017. The formula for distribution for local governments was 10 percent of the revenue, allocated on a per capita basis, when the rate was 3 percent. When the state rate increased to the current rate, the increase was not included in the distribution, making the effective per capita distribution to municipalities slightly above six percent.

The Village's unemployment rate as of April 2026 is 4.4 percent, which bests the state of Illinois (5.1 percent) and is slightly above the U.S. rate (4.3 percent). Income tax receipts performed well in 2025 and for the first four months of 2026.



PREPARED FOOD AND BEVERAGE TAX

This tax (1%) was adopted in 2008 and is levied on the purchase of prepared food for immediate consumption and the sale of liquor. Similar to sales tax, inflationary growth is the primary reason for revenue increases. The source is projected to increase by two percent annually. There are approximately 100 establishments that charge and remit this tax to the Village.

TELECOMMUNICATIONS TAX

This tax levied at 6 percent on all types of telecommunications except for digital subscriber lines (DSL) purchased, used, or sold by a provider of internet service (effective July 1, 2008). The exemption of DSL service has made a significant impact on collections. Recent legislation has also mandated that data packages no longer be bundled with all other telecommunications billing for the sake of taxation. Those services have been exempted. This revenue source is down 42 percent in FY 2025 from \$1.3 million in FY 2019. The forecast calls for no change over the remainder of the plan.

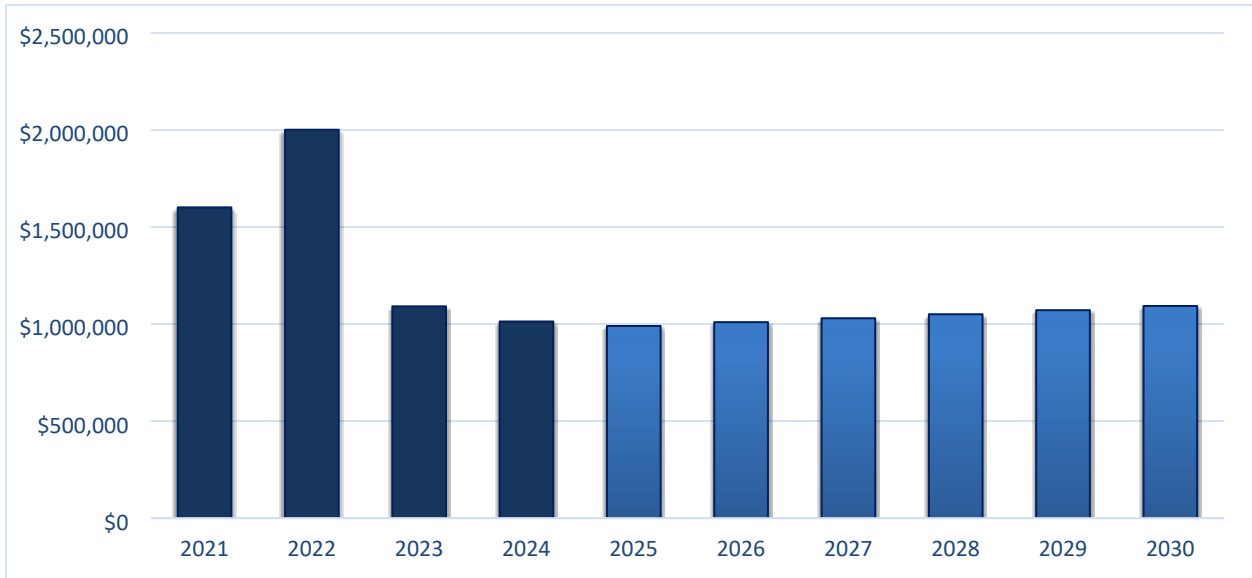
UTILITY USE TAX (NATURAL GAS & ELECTRICITY)

Natural gas and electricity charges are based on consumption and will fluctuate with seasonal demands. The Village is charging the highest statutory rate. There is no consumption growth projected over the next five years. Any new growth will be predicated on adding square footage to houses or buildings and offset by more energy efficient construction and mechanical systems.

REAL ESTATE TRANSFER TAX

Real estate transfer tax is collected at the rate of \$3 per \$1,000 of sales consideration. Sales recovered from FY 2012, when the market reached a low point, through FY 2018. In FY 2022, tax receipts totaled \$2.0 million due to the strong real estate market, which resulted in a high volume of sales and increasing sales prices. Revenue declined to \$1.19 million in 2025 with the slowing of the real estate market.

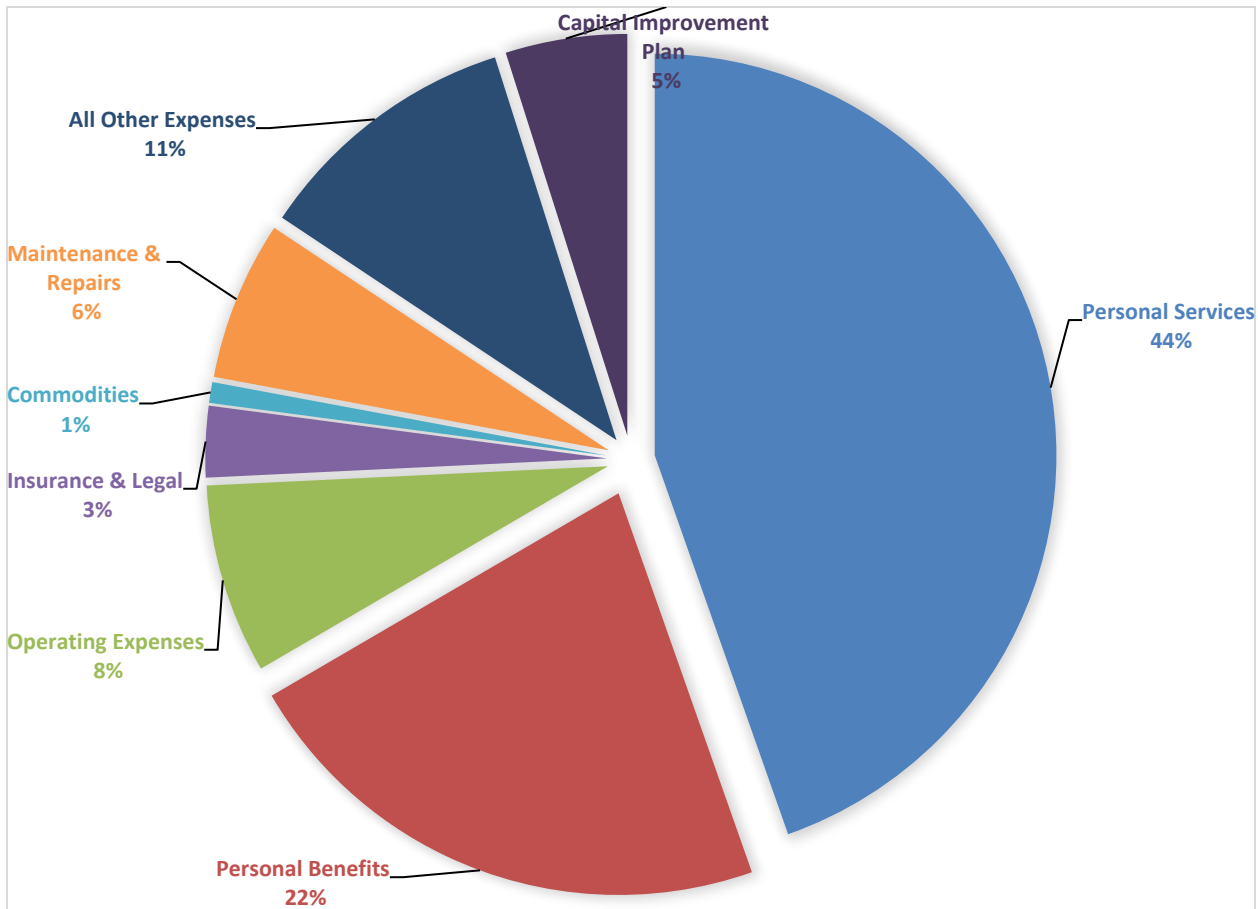
Real Estate Transfer Tax



EXPENDITURE REVIEW

The average annual increase in operating expenditures over the next five years is 2.9 percent. In each of the next five years, wages and benefits account for about 66 percent of all operating expenditures. The next largest expenditure account group is for all other expenses (11 percent). For FY 2026 the distribution of General Fund expenditures is shown in the table below.

EXPENDITURE DISTRIBUTION



PERSONAL SERVICES

Wages are anticipated to increase by a factor of three percent each year. The wage forecast anticipates the general wage increase plus merit-based pay range adjustments. The forecast does assume retirements with a replacement hired at a lower starting salary.

Over half of the workforce is covered by collective bargaining agreements and the Village has less flexibility when addressing wages within the police and fire departments.

The budgeted full-time staffing is 220 employees. For all positions, the ratio of municipal employees per 1,000 residents is 5.1 compared to a ratio of 7.8/1,000 in 2010.

A major initiative in FY 2015 was to establish a pay for performance system that will allow employees to move through their pay ranges. A merit wage pool was included in the FY 2026 Budget and managed by the Human Resources Department. The ability to advance employees through their pay range based upon performance is critical in maintaining an effective and motivated workforce.

PERSONAL BENEFITS

The largest single expenditure within Personal Benefits is for health insurance. The Village is a member of the Intergovernmental Professional Benefits Cooperative (IPBC). As a member of IPBC, the Village is better able to stabilize medical costs through risk pooling and provide for a mechanism to help establish

positive cash flow and rebuild reserves. The forecast calls for three percent growth each year in annual premium expense.

The employees' contribution is set at 15 percent of the premium in FY 2026. Continued efforts will be made to maintain costs. A renewed emphasis on wellness programs and evaluating data will be critical in the next few years to help stabilize experience.

Employer pension costs have been assigned to each operating department budget. The intent of the accounting was to better represent the true cost of providing a specific service. Public safety pension obligations are anticipated to be \$6.4 million in 2026 or 10.3 percent of General Fund operating expenditures.

INSURANCE

Within the Insurance category is the premium paid for general liability and workers' compensation coverage. In FY 2016, the Village moved from the Intergovernmental Risk Management Pool (IRMA) for general liability and workers' compensation coverage to establish a risk premium structure that is more commensurate with the Village's service profile and asset values.

The Village is a founding member of the Suburban Liability Insurance Pool or SLIP. The purpose of SLIP is to share risk with similarly sized, full-service communities and mitigate increases in premium costs and develop economies of scale for administrative services.

COMMODITIES

The single largest expenditure within the Commodity account group is for purchase of salt for the snow and ice control program. The forecast calls for increases of 2.5 percent per annum. Staff continue to seek innovative ways to reduce commodity costs, such as bulk electric procurement, and utilizing centralized purchasing to leverage the Village's buying power.

MAINTENANCE & REPAIR

Expenditure growth in this account group is estimated to be 2.5 percent per year. Included in these expenditures are costs related to the maintenance and repair of sidewalks and bike paths, street patching, streetlights, building facilities, vehicles and parkway trees. Included in these costs are Internal Service Fund charges for Central Garage and Building Maintenance expenditures.

GENERAL FUND CAPITAL RESERVES

Capital Reserves

Included in the transfers are \$9.6 million for vehicles, technology, storm water and building reserves for the General Fund over the next five years. If the Village intends to continue with a pay-as-you-go approach to acquiring vehicles, supporting technology infrastructure and repairing facilities, then these transfers should be programmed.

It should be noted that the reserve amount for facilities is the minimum to address various maintenance needs and does not provide funding for major repairs including roof replacements, purchase of mechanical systems and/or functional remodeling.

Capital Projects

There is \$157.2 million in capital projects included in the five-year forecast. The projects are taken from the current Capital Improvement Plan (CIP) and the details of those projects are included in the FY 2026

annual budget. The amount of the capital reserve funding is not sufficient to meet the needs of certain CIP program areas.

FINANCIAL RESULTS

Operating Budget

In each of the five years, revenues offset operating expenses, and the budgets are anticipated to be in balance. This statement should be viewed with caution as revenues are expected to grow on average 2.5 percent per year while operating expenditures outpace average annual revenue growth by 0.3 percent per year or 2.8 percent.

Impact of Transfers and Capital Projects

After including amounts necessary for reserves and capital, there is a shortfall every year in the forecast. The shortfall is created by a desire to cash finance most capital projects. This is anticipated and adjustments can be made to address funding levels. It is important to note that reducing amounts spent on capital should not be viewed as budget cuts (or savings) rather is a conscious decision to defer spending to future years. The liability still exists. Reserve spending should be viewed in the same light.

While efforts will continue to focus on how to deliver the same high level of services at lower unit costs, staff recognize that revenues will also need to be reviewed. Every opportunity to expand the sales tax base should continue to be considered. Staff must ensure that revenues are reviewed for adequacy (fees), efficiency (collections), and efficacy (diversified). New revenue sources should be researched, discussed, and if warranted, presented to the Village Board for consideration.

This report will be used as a guide for the development of the FY 2027 Budget and will help shape the discussion about how the Village adapts to the current and future financial landscape. Staff seek further input from the Village Board on the operating forecast.



AGENDA ITEM SUMMARY

BUFFALO GROVE VILLAGE BOARD

Committee of the Whole: June 1, 2026

AGENDA ITEM 3.f. FY 2026 20-Year Water Pro Forma

Contacts

Liaison: Trustee Cesario

Staff: Chris Black

Staff Recommendation

Staff recommends presentation.

Summary

See Attached Memorandum

Strategic Alignment

Guiding Principle

Principle 1: Financially Responsible and Sound

Principle 2: Outstanding Village Services

Principle 3: Plan and Invest in the Future

Goal

Goal 1: Maintained effective village government: fiscally responsible and providing outstanding, responsive services

File Attachments

1. COW Memo 6.1.26 Water Pro Forma
2. FY 2026 Water Pro Forma_Financial





MEMORANDUM

DATE: June 1, 2026
TO: Village Manager Dane Bragg
FROM: Chris Black, Finance Director
SUBJECT: FY 2026 20-year Water Pro-Forma

BACKGROUND

In 2012, the Village developed a 20-year Water and Sewer Fund pro-forma to evaluate the water and sewer system's infrastructure needs. As identified in previous pro-forma, the Village's historical rates were not sufficient to fund water and sewer operations and capital needs.

In 2019, the Village Board directed staff to develop a formal funding strategy for the Water and Sewer Fund that would allow needed capital improvements to occur over the next 20 years. The goal was to develop a funding strategy to complete \$150 million of water and sewer infrastructure. The strategy could not impact the Village's property tax levy and maintain a competitive water rate amongst other providers within the region.

As a result, the Village Board adopted a new rate structure and fixed facility fee, effective January 2020. Furthermore, the Village implemented a new local motor fuel tax in an effort to align roadwork with water and sewer improvements.

Accompanying this memorandum is an updated 20-year water pro-forma reflecting the new rate structure, including a 2025 increase in the fixed facility fee. A debt issuance for fund improvements occurred in 2020 and additional bond issues are planned for 2030 and 2033. The pro-forma shows that Public Works is able to complete over \$200 million in water and sewer capital infrastructure through 2045.

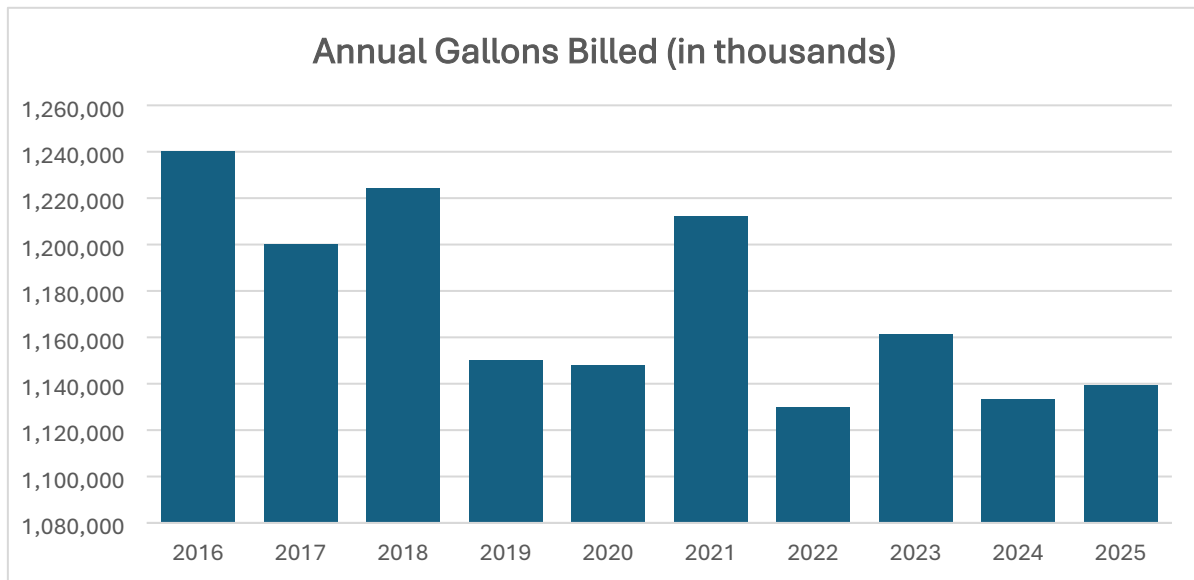
RATE AND CONSUMPTION HISTORY

The Village maintained a water and sewer rate of \$1.80/1,000 gallons for twenty-three years (1983 through 2005). Funding for future infrastructure replacement was never a component of the rate structure.

The Village was able to adequately maintain the water and sewer system without increasing rates during the time period for several reasons. First, developers donated approximately 53 percent of the water and sewer system assets when the Village experienced growth in the 1980's and 1990's. In addition, revenues increased due to growing water consumption and the receipt of building and development fees. Growing revenue, combined with more limited capital needs due to the age of the

system, allowed the Village to fund infrastructure improvements on a pay-as-you-go basis from Water and Sewer Fund cash reserves.

Beginning in 2003, a pattern of declining water usage started. In 2002, 1.63 billion gallons of water were billed. In 2025, the Village billed customers for 1.13 billion gallons, a decrease of 44 percent from 2002. Billable gallons are not expected to reach those levels again, absent a significant drought or the addition of heavy industrial uses. The following chart shows the annual billed since 2016.

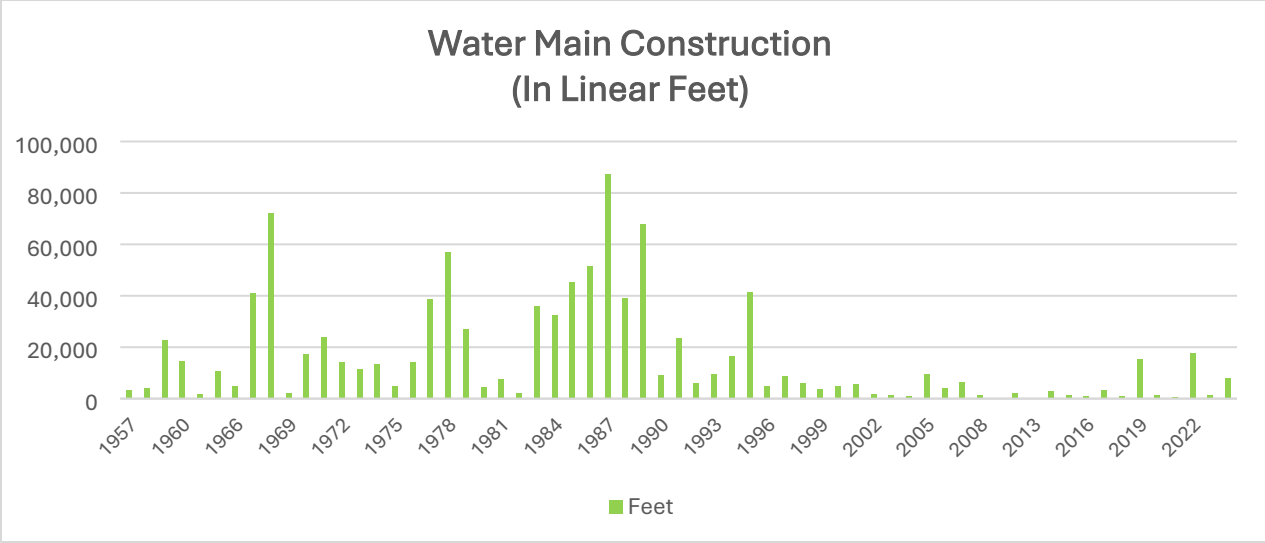


The latest pro-forma uses an estimate of 1.15 billion gallons and will carry forward through the next 20 years. Although there will be an increase in total consumers over the next two decades with ongoing residential and multifamily development and growth in the Lake Cook Corrido, continued conservation efforts, weather patterns, and other impacts on water usage could partially offset that growth.

The Village, in conjunction with the Lake County Public Works Department, began reselling potable water to the Pekara and Horatio Gardens neighborhoods. The agreement allows the Village to utilize its existing pumping and reservoir capacity to provide water to Pekara/Horatio Gardens while providing a high-quality and reliable water source. The pro-forma includes revenue and expenses related to the agreement for an entire operating year for the first time.

WATER AND SEWER SYSTEM ASSETS

The utility system consists of 185 linear miles of water and sewer main. Based on actual experience in the field, the service life of the water main infrastructure is 65 years. Over the next 20 years, it is estimated that 24 percent of the water mains will reach the end of their useful life. As the first iterations of infrastructure replacement have come due, the Village has engaged in extensive study of the system and developed a replacement program, culminating in 2020's Infrastructure Modernization Program. The following chart shows the pattern of construction of water main since 1957.



Sewer assets have a longer life span as the structures are not pressurized. The Village’s preferred approach is to line existing sanitary sewer mains, thereby extending life considerably while reducing the life cycle cost of the asset. As a general rule, sanitary sewer lining can extend the life of a gravity-fed main by 50 years.

RECENT RATE CHANGES

Fixed Facility Fee

As recommended in the water and sewer rate analysis prepared by Strand and Associates, the Village Board implemented a new fixed facility fee per metered utility account, starting in 2020. The fixed facility fee is a flat rate assessed to each metered account for access to the water and sewer system.

In November 2024, the Village increased the fixed facility fee rate effective beginning January 1, 2025. Per Village Code, the fixed fee was to be evaluated every five years by utilizing the aggregate Consumer Price Index (CPI-U) over the preceding five-year period to determine the amount the rate must be increased. Rather than implementing a 22 percent increase based on the evaluation, the rate increased 10 percent in 2025 with planned increases of 2.5 percent every year thereafter.

The fixed fees collected are used for the maintenance and replacement of the capital infrastructure for the delivery of clean water and the removal of the wastewater. The current fee schedule is as follows:

Fixed Facility Fee	Rate per month
All Single-Family Detached, Single-Family Attached Residential/Governmental/Institutional	\$19.61
Multi-Family, Commercial/Industrial Based on Meter Size	
1" meters or less	\$19.61

1.5" meters	\$24.82
2" meters	\$50.93
3" meters	\$130.64
4" meters	\$203.72
6" meters	\$224.60

Water/Sewer Rate

The Village’s consumption model is driven by water rate and consumer use. The fees collected from system users should cover operating expenses such as the cost of the water sourced from the Northwest Water Commission (NWWC) as well as the cost for pumping, storage and distribution. The NWWC fees typically increase four percent annually. The pro forma includes estimated annual rate increases of five percent from 2027 through 2034 to fund needed intake, treatment, and reservoir capital projects at the Evanston facility.

In 2020, the Village Board approved a one-time 11 percent increase, so revenue would keep pace with expected increases in operating expenditures. Beginning in 2021, the rate will increase each year by 4 percent, as adopted by ordinance by the Village Board. The current combined sewer and water rate per 1,000 gallons is \$8.91.

WATER AND SEWER FUND FINANCIALS

Historically, the Water and Sewer Fund addressed infrastructure maintenance and improvement on a pay as you go basis. Due to the relative age of the system, many system repairs and replacements are coming due over the next 20 years based on the growth periods for the Village. Since 2012, \$40.7 million in infrastructure repairs and improvements had been spent, including \$6 million in water meter replacement costs. The meter replacement costs were funded through an installment note scheduled to be retired in 2029.

As noted, the Village Board approved two revenue streams, a fixed facility fee combined with a water/sewer rate increase and a local motor fuel tax to fund capital improvements. These actions allow the Village to address the first generation of major water and sewer infrastructure replacement, as well as street repair and replacement. By combining utility and street improvements, the Village is able to comprehensively address repairs and improvements in neighborhoods and limit disruption to residents.

In May 2020, the Board also approved the issuance of a bond totaling \$26 million - \$13 million for water/sewer and \$13 million for streets, to begin the Infrastructure Modernization Program. The entire amount of the bond proceeds was exhausted on projects by the end of FY 2022. The long-term goal is to transition from a debt and cash strategy to a cash-only strategy (pay-as-you-go) to fund all system replacements.

From 2020 through 2025, the Village has completed \$32.7 million in water and sewer capital projects. The Village completed approximately \$6.6 million in capital projects in FY 2025. The Village will utilize water and sewer reserves from 2026 through 2029 to fund capital improvements. In 2030 and again in 2033, the Village will need to issue additional debt to keep pace with the water and sewer improvements. The debt could be fully supported by water and sewer user charges. All debt is scheduled to be retired by 2048.

After completing the largest surge of infrastructure replacement through 2036, the Water and Sewer fund will rebuild its cash reserves and fund an additional \$70.6 million in projects through 2045. As a result of the Village's careful infrastructure planning, Public Works is able to complete over \$166 million in water and sewer capital infrastructure through 2039, consistent with the recommendations of the Strand & Associates water/sewer system study.

WATER & SEWER FUND

BUDGET YEAR	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Beginning Cash	11,705,294	7,313,005	1,574,341	1,697,978	1,700,084	19,761,819	11,008,454	4,430,346	19,455,237	13,921,682	8,715,879	4,212,934	3,083,716	2,248,944	2,641,520	2,580,821	3,065,471	4,131,925	6,819,266	8,705,981
Water and Sewer Revenue																				
Sale of Water	8,550,008	9,209,161	9,578,512	9,960,175	10,354,150	10,772,749	11,203,659	11,646,880	12,114,725	12,594,882	13,099,662	13,629,066	14,170,781	14,737,120	15,328,082	15,943,668	16,583,877	17,248,709	17,938,165	18,652,245
Fixed Facility Fees	3,120,864	3,198,885	3,278,857	3,360,829	3,444,849	3,530,971	3,619,245	3,709,726	3,802,469	3,897,531	3,994,969	4,094,844	4,197,215	4,302,145	4,409,699	4,519,941	4,632,940	4,748,763	4,867,482	4,989,169
Late Charges	173,200	178,400	183,800	189,300	195,000	200,900	206,900	213,100	219,500	226,100	232,900	239,900	247,100	254,500	262,100	270,000	278,100	286,400	295,000	303,900
Village Sewer Use Fees	2,047,000	2,127,500	2,208,000	2,300,000	2,392,000	2,484,000	2,587,500	2,691,000	2,794,500	2,909,500	3,024,500	3,151,000	3,277,500	3,404,000	3,542,000	3,680,000	3,829,500	3,979,000	4,140,000	4,301,000
Series 2020 Bonds					26,000,000															
Series 2030 Bonds								20,000,000												
Series 2033 Bonds																				
Grants																				
Other Charges & Fees	144,444	135,959	135,606	141,616	146,919	144,444	135,959	135,606	141,616	146,919	144,444	135,959	135,606	141,616	146,919	144,444	135,959	135,959	135,606	135,606
Investment Revenue	127,230	146,260	31,490	33,960	34,000	395,240	220,170	88,610	389,100	278,430	174,320	84,260	61,670	44,980	52,830	51,620	61,310	82,640	136,390	174,120
Total Revenue	14,162,746	14,996,166	15,416,265	15,985,880	42,566,918	17,528,304	17,973,433	38,484,922	19,461,910	20,053,362	20,670,795	21,335,029	22,089,872	22,884,361	23,741,629	24,609,673	25,521,686	26,481,472	27,512,643	28,556,040
Operating Expenses																				
Water Department - All Other	2,655,000	2,717,250	2,817,156	2,874,760	2,940,104	3,003,232	3,074,188	3,183,018	3,249,768	3,324,487	3,397,224	3,478,030	3,596,956	3,674,055	3,759,381	3,842,991	3,934,941	4,033,290	4,166,097	4,269,424
Water - Commodity	2,234,116	2,497,083	2,621,937	2,753,034	2,890,687	3,035,221	3,186,982	3,346,331	3,513,647	3,654,193	3,800,360	3,952,375	4,110,471	4,274,889	4,445,885	4,623,720	4,808,669	5,001,015	5,201,056	5,409,098
Water Department - Total	4,889,116	5,214,333	5,439,093	5,627,794	5,830,791	6,038,453	6,261,170	6,529,349	6,763,415	6,978,680	7,197,584	7,430,405	7,707,427	7,948,944	8,205,266	8,466,711	8,743,610	9,034,305	9,367,153	9,678,522
Sewer Department	961,171	982,797	1,004,910	1,027,520	1,050,639	1,074,278	1,098,449	1,123,164	1,148,435	1,174,275	1,200,696	1,227,712	1,255,336	1,283,581	1,312,462	1,341,992	1,372,187	1,403,061	1,434,630	1,466,909
Total Operating Expenses	5,850,287	6,197,130	6,444,003	6,655,314	6,881,430	7,112,731	7,359,619	7,652,513	7,911,850	8,152,955	8,398,280	8,658,117	8,962,763	9,232,525	9,517,728	9,808,703	10,115,797	10,437,366	10,801,783	11,145,431
Capital Expenses																				
Capital Projects	8,940,000	10,801,000	5,035,000	6,035,000	14,000,000	14,000,000	12,000,000	10,000,000	10,000,000	10,000,000	10,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	7,640,325	9,000,000	9,000,000
Capital Equipment	281,150	194,250	203,960	214,160	224,870	236,110	247,920	260,320	273,340	287,010	301,360	316,430	332,250	348,860	366,300	384,620	394,236	424,040	445,240	467,500
Water Meter Debt Service	807,270	864,413	924,841	384,828																
IEPA Loan	26,128	26,128	26,128	26,128	26,128	26,128	26,128	26,128												
Series 2020 Debt Service	946,950	948,700	946,200	947,075	946,475	947,700	948,175	947,900	946,875	947,600										
Series 2022 Debt Service	638,450	629,609	629,996	629,768	641,035	660,000	660,000	660,000	660,000	660,000	1,253,000	1,258,000	1,386,431	660,000	660,000	660,000	660,000	-		
Series 2030 Debt Service					684,646	2,189,200	2,190,600	2,190,000	2,192,400	2,192,600	2,190,600	2,191,400	2,189,800	2,190,800	2,189,200	2,190,000	2,193,000	2,190,000	2,193,000	2,193,000
Series 2033 Debt Service								594,669	1,873,000	1,871,400	1,873,200	1,873,200	1,876,400	1,872,600	1,872,000	1,874,400	1,874,600	1,874,400	1,874,600	1,874,600
Total Capital Expenses	11,639,948	13,464,100	7,766,125	8,236,959	16,523,154	18,059,138	16,072,823	14,679,017	15,945,615	15,958,610	15,618,160	12,639,030	12,784,881	12,072,260	13,087,500	13,109,020	13,121,836	12,128,765	13,585,645	13,535,100
Operating Transfers																				
Water Department - Tax Abatement	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Reimburse General Fund	884,800	893,600	902,500	911,500	920,600	929,800	939,100	948,500	958,000	967,600	977,300	987,100	997,000	1,007,000	1,017,100	1,027,300	1,037,600	1,048,000	1,058,500	1,069,100
Total Operating Transfers	1,064,800	1,073,600	1,082,500	1,091,500	1,100,600	1,109,800	1,119,100	1,128,500	1,138,000	1,147,600	1,157,300	1,167,100	1,177,000	1,187,000	1,197,100	1,207,300	1,217,600	1,228,000	1,238,500	1,249,100
Revenues over (under) Expenses	(4,392,289)	(5,738,664)	123,637	2,106	18,061,735	(8,753,365)	(6,578,108)	15,024,891	(5,533,555)	(5,205,803)	(4,502,945)	(1,129,218)	(834,772)	392,576	(60,698)	484,650	1,066,454	2,687,340	1,886,715	2,626,409
Unreserved Ending Cash	7,313,005	1,574,341	1,697,978	1,700,084	19,761,819	11,008,454	4,430,346	19,455,237	13,921,682	8,715,879	4,212,934	3,083,716	2,248,944	2,641,520	2,580,821	3,065,471	4,131,925	6,819,266	8,705,981	11,332,390
Required Working Cash*	1,462,572	1,549,282	1,611,001	1,663,829	1,720,357	1,778,183	1,839,905	1,913,128	1,977,963	2,038,239	2,099,570	2,164,529	2,240,691	2,308,131	2,379,432	2,452,176	2,528,949	2,609,342	2,700,446	2,786,358
Est Gallons Billed (in thousands)	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000