



MEETING NOTICE & AGENDA
VILLAGE BOARD COMMITTEE OF THE WHOLE
TO REVIEW THE PROPOSED 2020 BUDGET

October 17, 2019
7:00 p.m.
Village Hall Training Room

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- I. Call to Order
 - II. Review of FY 2020 Proposed General Fund Budget
 - III. Continued Discussion of Road Infrastructure Program Funding
 - IV. Review of FY 2020 Proposed Water and Sewer Fund Budgets
 - V. Public Comment
 - VI. Adjournment

If you are a person with a disability and need special accommodations to participate in and/or attend any Village public meeting, please notify the Village Manager's Office at (847) 853-7509 or TDD (847) 853-7634. For additional information please call (847) 853-7511, the Village Clerk's Office.



Date: October 11, 2019
To: Timothy J. Frenzer, Village Manager
From: Michael Braiman, Assistant Village Manager
Subject: Road Program Discussion- October 17, 2019

The PowerPoint presentation for the October 17, 2019 Budget Workshop includes continued discussion of road program funding beginning on Slide 42.

As the presentation indicates, staff is recommending an increased road program funding level of \$2.75 million for 2020. This is accomplished by:

- \$500,000 additional from the tax levy
- \$420,000 by reallocating funding from alleys and brick streets

The staff recommendation projects future funding as follows:

2020	2021	2022	2023	2024	2025	2026+
\$2.75M	\$2.3M	\$2.3M	\$2.6M	\$2.6M	\$2.6M	\$4M

*The additional \$300,000 beginning in 2023 is due to new sales tax projected from Edens Plaza.

As the histogram on slide #52 indicates, the recommendation reduces the miles of 'Serious' and 'Very Poor' streets as follows:

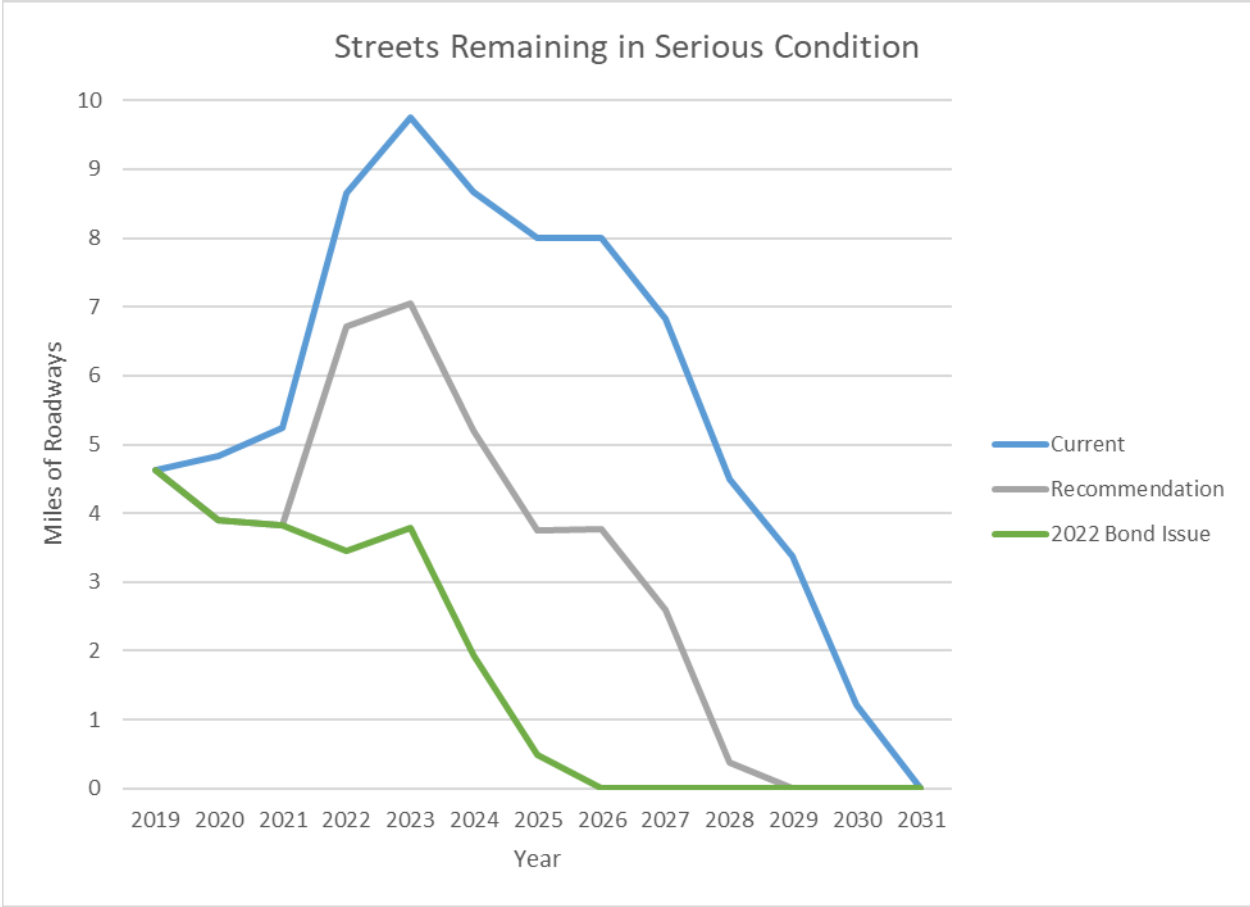
	Current	2021	2023	2025	2027	2029	2031
Current Funding*	17.8	15.0	16.6	16.7	12.9	8.2	3.7
Recommendation	17.8	13.6	13.9	12.4	8.6	4.0	0.0

*See slide 50 for the histogram based on current funding levels

Bond Issue

Given the total road resurfacing expenditure for 2020 (\$5.3M) due to the Central Avenue reconstruction project, the 2020 Neighborhood Storage Improvements and the regular road program as recommended above, there will be significant improvement in the Village's roadway condition next year. Accordingly, a bond issue is not recommended for 2020.

However, as more 'Very Poor' streets move into the 'Serious' category between 2020 and 2022, a spike in the miles of 'Serious' streets is anticipated- See slide 54. To prevent this spike, the Village Board could consider an estimated \$3.6 million bond issue in 2022 (total road program funding of \$5.9M in 2022). The table below demonstrates the spike and how a future bond issue could reduce the impact.



By taking an incremental approach to funding the road program, the Village will be able to immediately improve road conditions while providing future flexibility to enhance funding as necessary.



2020 Proposed Budget Workshop

October 17, 2019

Budgeting Theory

- Present a budget that is consistent with the goals and expectations of the Village Board:
 - Balance the operating budget
 - Maintain Aaa bond rating (highest possible rating)
 - Minimize the impact on the property tax levy
 - Meet contractual obligations
 - Maintain or enhance Village services
 - Fund critical infrastructure projects based on objective criteria

GFOA Budgeting Recognition

- The Village has received the GFOA Distinguished Budget Award for 29 consecutive years
- Of the 7,000 units of government in Illinois, only 112 received the award in 2018
- The award program encourages governments to prepare budget documents of the highest quality that reflect best practices such as:
 - Short and long-term factors that influence the budget
 - 3-year budgeting projections
 - Detailed explanation of revenues and expenses
 - Transparent document that is usable for the public

2020 Goals

Major Administration goals for FY 2020 include:

- Work with Newport Capital Partners to revitalize Edens Plaza
- Facilitate redevelopment proposals along Green Bay Road
- Implement the stormwater utility fee
- Review and update the Strategic IT Plan with focus on cyber security
- Complete negotiations with Firefighter's Union SEIU Local #73
- Study whether to consider amending the Zoning Code to regulate the total amount of impervious surface allowed on residential property for a new single-family home or large addition
- Initiate a rewrite of the Comprehensive Plan (funded by General Fund reserves)
- Substantially complete construction of the Neighborhood Storage project at Community Playfields
- Manage the construction and impacts of the Central Avenue reconstruction project

Summary of All Funds - Expenditures

	<u>2019 Budget</u>	<u>2019 Est. Act.</u>	<u>2020 Budget</u>
General Fund Operating	29,455,455	29,357,815	30,047,815
Road Program, Capital, and Other			
Non-Recurring	5,648,218	5,475,480	7,161,728
Public Safety Pensions*	8,605,800	8,198,000	9,112,000
Sewer Fund (operating and capital)	9,314,340	10,373,315	30,814,425
Water Fund (operating and capital)	16,065,450	14,027,045	16,920,385
Parking Meter Funds	390,425	395,690	414,780
All Other Funds**	4,682,000	4,678,000	5,202,000
Total Budget	74,161,688	72,505,345	99,673,133

*Pension payments to annuitants, not the Village's contribution

**Other Funds include MFT, General Debt Service, Section 105.

FY 2020 Budget Impact

The Proposed Budget includes the following tax and fee increases:

	FY 2020 Proposed Budget Changes	Avg. Annual Increase in 2020
Property Tax	2.3%	\$ 40
Add'l Prop. Tax- Road Funding	2.69%	\$ 50
Water Rate	None	None
Sewer Rate	4%	\$ 13
Stormwater Fee	New fee	\$ 144
Total Increase		\$ 247

General Fund Budget

	<u>2019 Budget</u>	<u>2019 Estimated</u>	<u>2020 Budget</u>
Total Revenues	33,471,255	34,645,560	34,165,410
Total Expenditures	(33,657,260)	(33,142,390)	(35,547,925)
Surplus/(Deficit)	(186,005)	1,503,170	(1,382,515)
Total Reserve	11,881,593	14,172,049	12,789,534
Operating Reserve	10,408,593	11,929,369	11,511,095
CERF Reserve	1,473,000	2,242,680	1,278,439
Reserve Amount Per Moody's Aaa Guidelines	9,640,170	9,737,320	9,941,640

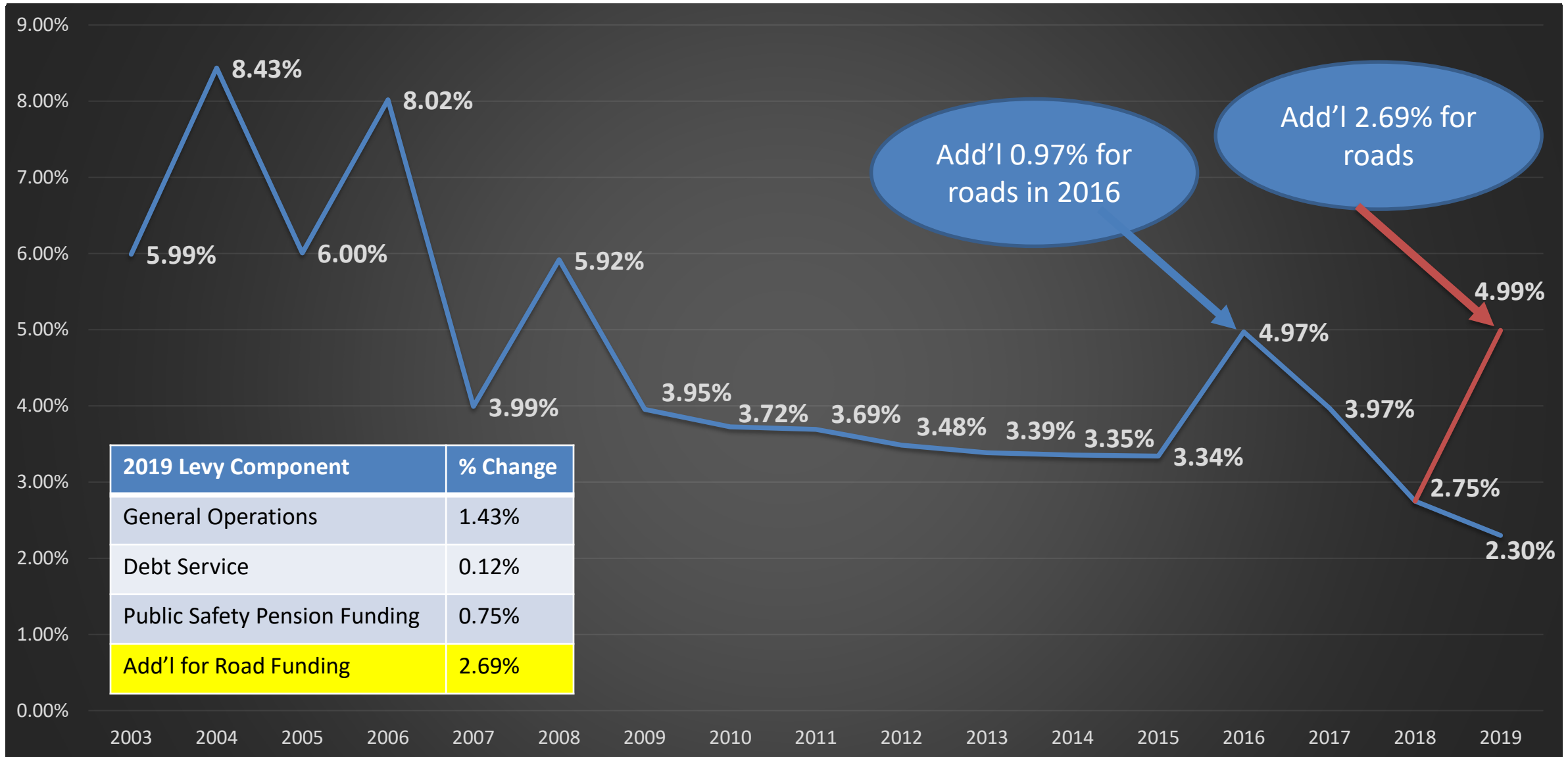
Note: Moody's reserve guidelines are at least 30% of operating revenues
 The FY 2020 reserve is projected to be 39% of operating revenues

- Draw down on operating reserve is planned in 2020 for:
- Pension funding amortization
 - Comprehensive Plan update
 - Eng. grant projects

2020 Budget Highlights

- The 2020 General Fund maintains Village services and provides for increased capital funding
- Key components of the budget include:
 - The proposed tax levy increase not including additional road funding is 2.30%, this would be the lowest percentage increase in 23 years
 - \$5.3 million included for road resurfacing, the largest one-year allocation in at least 20 years
 - \$1.4 million in critical vehicle and equipment replacements
 - Approximately \$400,000 draw down of reserves for rewrite of comprehensive plan and public safety pension funding amortization transition
 - No water rate increase; rate has been held flat for 6 of the last 9 years
 - 4% sewer fee increase, the first such increase in the last 5 years
 - No increases in any other fees including solid waste, permits, vehicle stickers, ambulance, etc.
 - More than \$25 million in sewer improvements (mostly Neighborhood Storage) and \$8 million in water plant and distribution improvements

Minimizing the Property Tax Levy Increase



Property Tax Comparison

Municipality	Tax Rate (2018)
Evanston	1.570
Kenilworth	1.458
Glencoe	1.300
Lake Forest	1.278
Winnetka	1.039
Wilmette	0.979
Northfield	0.893
Park Ridge	0.838
Highland Park	0.772
Northbrook	0.772
Skokie	0.652
Glenview	0.512
Average	1.005

Developing the Tax Levy

- The tax levy is comprised of 4 components:
 1. General operating- Primary service delivery such as police/fire/public works
 2. Additional road program allocation
 3. Public safety pensions
 4. Debt service

	General Operating	Add'l Road Allocation	Pensions	Debt Service	Total
FY 2019	9,661,800	150,000	5,096,000	3,713,000	18,620,800
FY 2020	9,928,400	650,000	5,236,000	3,735,000	19,549,400

Developing the Tax Levy

- The levy component most within the Village's control is General Operating
- General operating levy projections assume annual growth to account for wages, benefits, contractual services, commodities, and other miscellaneous expenses
 - The FY 2020 operating levy is increasing \$266,600
 - Staff determines the proposed general operating portion of the tax levy as the budget is finalized; the final amount is impacted by:
 - Expense reductions
 - Changes to other recurring revenue (e.g. sales tax, permits, income tax)

How Did We Lower The Levy Increase?

Levy Component	FY 2019 Budget	Previous FY 2020 Projections	FY 2020 Proposed
Operations	1.68%	4.03%	1.43%
Pensions	1.21%	0.75%	0.75%
Debt Service	-0.14%	0.12%	0.12%
Total % Increase	2.75%	4.90%	2.30%
Addn'l for Road Program	0.00%	2.69%	2.69%
Total Increase w/ Roads	2.75%	7.59%	4.99%

The operations portion of the levy was reduced by \$485,000

This was accomplished by:

- Utilized IRMA reserve to offset insurance premium
- Operating expense reductions of \$70,000
- Increased water fund transfer by \$50,000
- Increased non-recurring permit budget by \$70,000
- Finalized revenue projections for 2020

Actual Property Tax Revenue

The amount of tax levied does not equal the amount of revenue collected which is demonstrated below for FY 2020 for the General Fund

Operating Levy	9,928,400
Road Program Allocation	650,000
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Total GF Levy	10,578,400
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98.5% Collection Rate	10,419,700
Allowance for Tax Refunds	(144,000)
Prior Years' Collections	99,100
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Total General Fund Property Tax Revenue	10,374,800

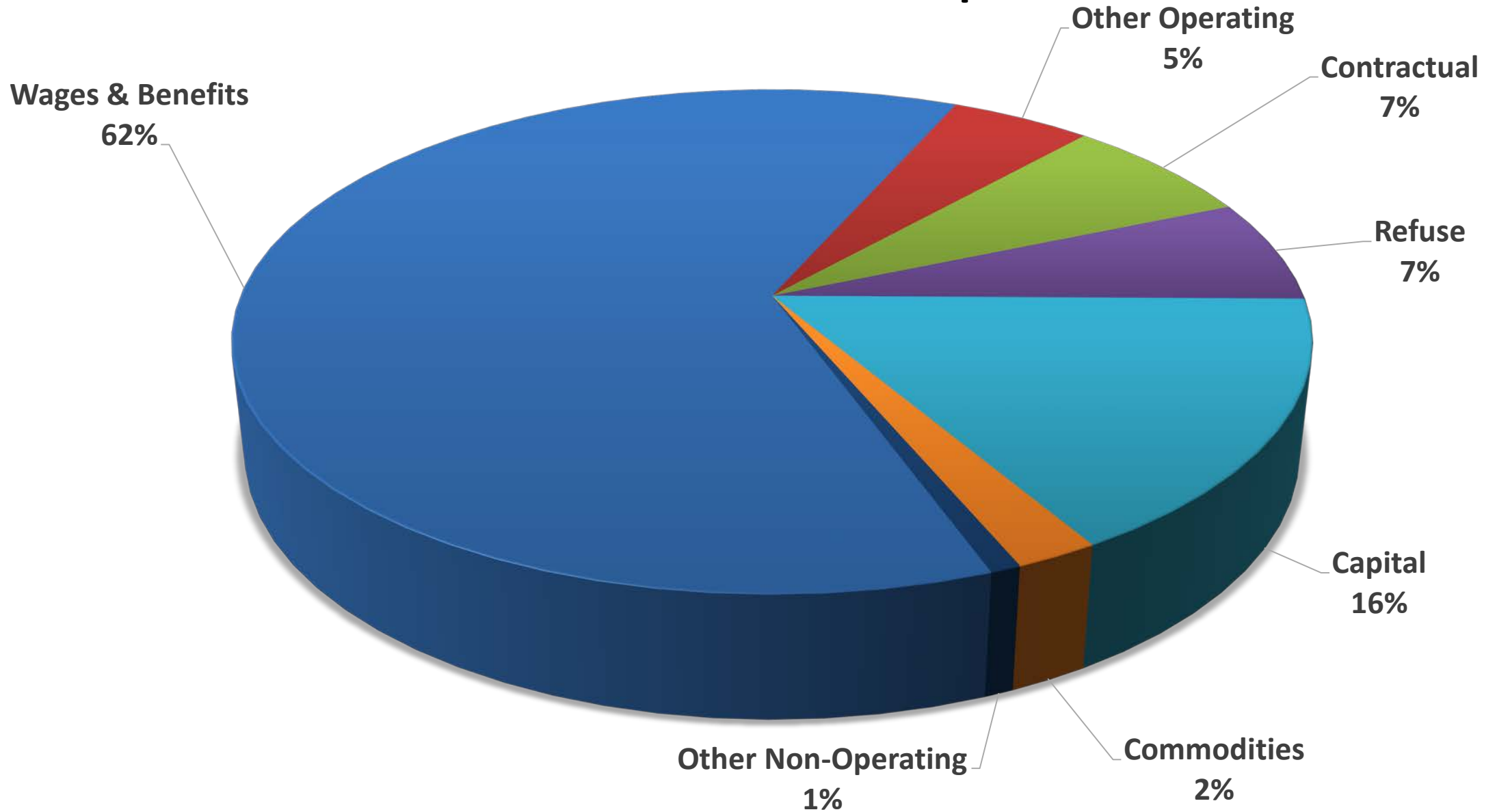
What is the IRMA Reserve?

- The Village is a member of the Intergovernmental Risk Management Agency (IRMA), a 70 member consortium that pools resources for general liability and workers' compensation insurance
- The Village's premium history:

	2015	2016	2017	2018	2019	2020
Premium	854,454	884,040	893,610	838,233	883,346	941,000
Experience Modifier	(249,214)	(225,406)	(180,183)	(151,012)	(221,101)	(243,000)
Use of IRMA Reserve	(55,240)	(108,634)	(163,427)	(187,221)	(212,245)	(493,000)
Net Payment	550,000	550,000	550,000	500,000	450,000	205,000

- The experience modifier is a credit based on the Village's positive claims experience
- At present, the Village has \$1.9M in its IRMA member reserve
 - The member reserves are replenished by IRMA positive investment results

FY 2020 General Fund Expenses



Major General Fund Expense Categories

Category	2019 Budget	2020 Budget	\$ Change	% Change
Wages	17,506,300	17,991,925	485,625	2.8%
Benefits	4,386,210	4,545,740	159,530	3.6%
Contractual Services	2,598,930	2,533,205	(65,725)	-2.5%
Refuse	2,380,840	2,385,870	5,030	0.2%
Commodities	736,435	776,485	40,050	5.4%
Other Misc. Expenses	1,846,740	1,814,590	(32,150)	-1.7%
Other Capital	174,600	66,550	(108,050)	-61.9%

Expenses- Why 2018 & 2019 Were Unusual

- Prior to 2018, the General Fund Operating Budget (not including public safety pensions) had increased on average by \$590,000

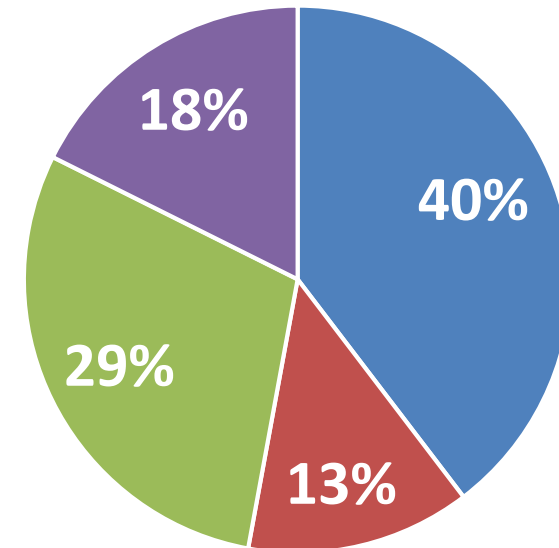
	2015	2016	2017	2018	2019	2020
Budget Increase	696,300	494,821	581,709	102,605	164,395	592,360

- What was different about 2018 & 2019 that is not repeated in 2020?
 - Eliminated Nurse & Deputy Fire Chief positions (1 of 2), Police command reorg. (2018 savings of \$335,000)
 - Reduced salt purchase due to weather (2018 savings of \$55,000)
 - 5 police officers retired in 2018, new officers hired in Tier II (2019 savings of \$150,000)
 - Leaf disposal cost absorbed by Advanced Disposal (2019 savings of \$120,000)
 - Favorable tree pruning bids (2019 savings of \$105,000)
 - Reduction in IMRF contribution rate (2019 savings of \$200,000)
 - In 2020 this cost is growing by \$184,000 in the General Fund

General Fund Wages

Category	2019 Budget	2020 Budget	\$ Change	% Change
Wages	17,506,300	17,991,925	458,625	2.8%

- Wages include a 2.25% cost of living adjustment, consistent with the collectively bargained police union contract
- 34% of the Village’s employees are unionized
- 60% of non-sworn employees are in a Tier II pay plan which was implemented in 2011, and amended in 2017 to further reduce salary growth:
 - Annual step increases reduced from 3% to 1.5%
 - \$109K savings in GF and \$170k Village-wide in 2020



■ Police
 ■ Engineering & Public Works
 ■ Fire
 ■ All Other

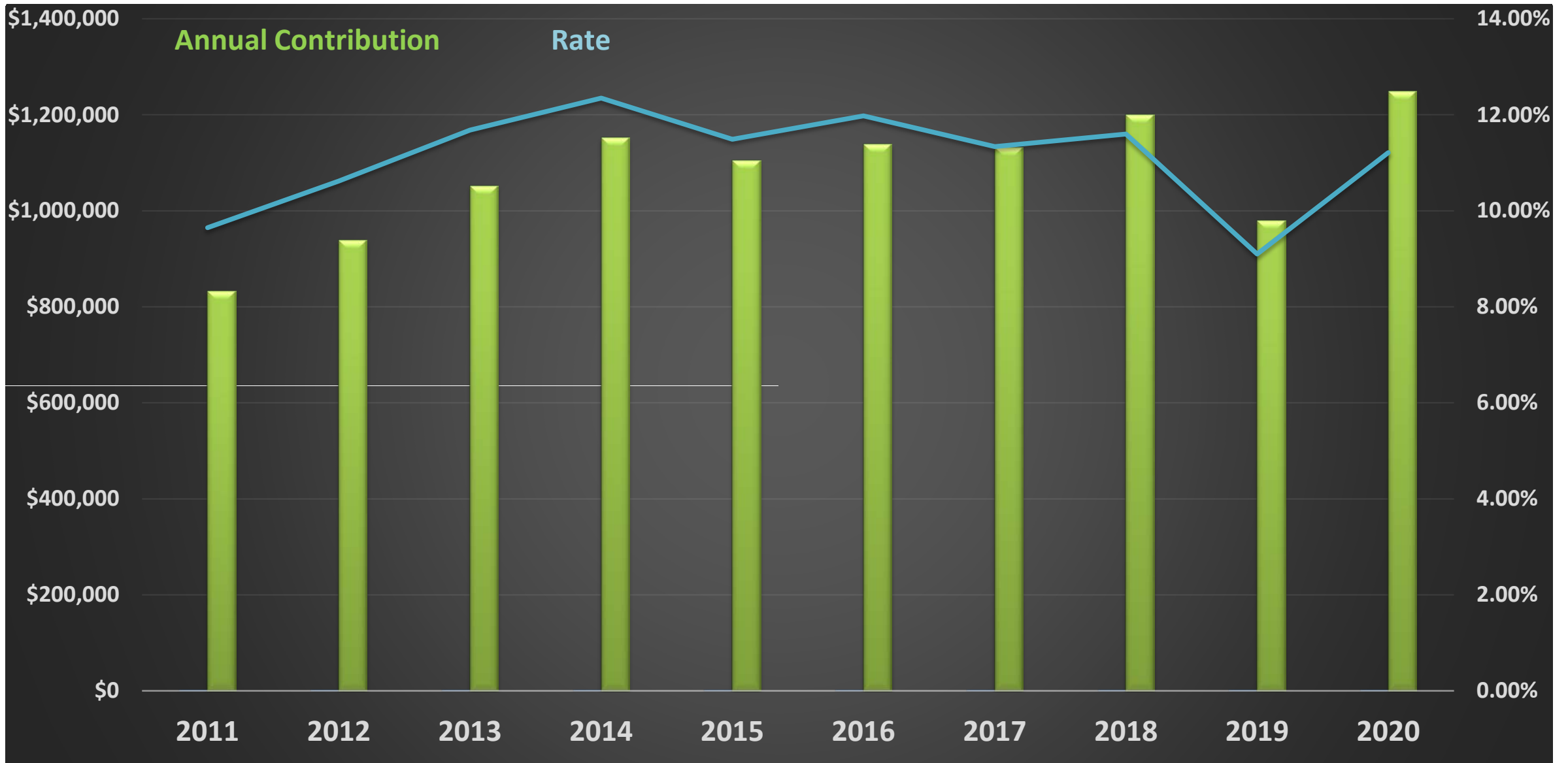
General Fund Benefits

Category	2019 Budget	2020 Budget	\$ Change	% Change
Benefits	4,386,210	4,545,740	159,530	3.6%

- Health Insurance costs increased by 4.47% (\$111,000)
- IMRF Contribution increased from 9.1% to 11.21% (\$184,000)
 - 10-year average IMRF rate is 11.1%
 - The IMRF contribution decreased by \$200k in 2019
- Workers' Compensation costs offset with IRMA reserve (-\$134,000)
- In 2016, Section 105 benefit was phased out
- Public Safety Pensions funded through the tax levy and are not included in the 3.6% increase

Pension Budget- All Funds			
	2019	2020	% Change
Police	2,273,000	2,397,000	5.5%
Fire	2,823,000	3,039,000	7.7%
Total Public Safety	5,096,000	5,436,000	6.7%
IMRF	980,320	1,249,690	27.5%
Total	6,076,320	6,685,690	10%

IMRF Contributions & Rate History



Health Insurance

- The Village is part of the North Suburban Employee Benefit Cooperative (NSEBC), an intergovernmental health insurance co-operative
- In 2020, PPO rates are increasing 8% and HMO rates by 9.4%
- Overall, the Village's insurance costs are increasing 4.7% which is achieved through insurance selections and implementation of new HMO tiers
 - Employees can now choose employee, employee + spouse, employee + children, family (previously was only employee and family)
 - Without new tiers, 2020 increase would be 6.5% (addn'l \$56,500)
- The anticipated \$230,000 NSEBC special assessment is being held in abeyance and will be reviewed by the cooperative in 2020

Refuse, Recycling & Yard Waste

Category	2019 Budget	2020 Budget	\$ Change	% Change
Refuse	2,380,840	2,385,870	5,030	0%

- The Village renegotiated the solid waste contract in 2018 with the following benefits:
 - 2% rate reduction in 2019
 - No rate increases in 2020, 2022 or 2023
 - 2.5% rate increase in 2021
 - New composting and electronics recycling services
 - Assumption of all leaf collection related expenses other than temporary seasonal labor which is budgeted at \$40,000 and \$10,000 to lease an extra leaf packer if needed
 - \$120,000 cost elimination in 2019
- The solid waste fee pays for 100% of the program cost

Contractual Services

Category	2019 Budget	2020 Budget	\$ Change	% Change
Contractual	2,598,930	2,533,205	(65,725)	-2.5%

- Significant contractual expenditures:
 - IT Software, Maintenance, and Phone Costs: \$401,160
 - **Fire dispatch and 911 related expenses: \$372,090**
 - **Tree planting, pruning, and removal: \$305,080**
 - Bank charges, postage, and misc. finance expenses: \$200,700
 - **Contractual snow removal (parking lots, cul-de-sacs), landscaping, etc.: \$199,500**
 - **Outsourced plan reviews and inspections: \$109,500 (mostly reimbursed by applicants)**
 - Traffic signals, engineering and surveying services: \$95,600
 - Communications support: \$48,000
 - **Restaurant health inspections: \$45,000**

Commodities

Category	2019 Budget	2020 Budget	\$ Change	% Change
Commodities	736,435	776,485	40,050	5.4%

- Significant commodity expenditures:
 - Street lights (electricity, replacements, parts): \$172,020
 - Building supplies, repairs, heating: \$136,850
 - Salt: \$133,000 (\$34,250 increase)
 - Fire equipment, clothing, hose, etc.: \$101,130
 - Police uniforms, firing range, supplies: \$70,950

Other Expenses

Category	2019 Budget	2020 Budget	\$ Change	% Change
Other Expense	1,846,740	1,814,590	(32,150)	-1.7%

- Significant other expenses:
 - Vehicle Maintenance & Operations (internal service fund): \$1,128,035
 - Hotel Tax Rebate: \$312,000
 - Police & Fire Training: \$99,100
 - Misc. Police Operations (NIPAS, crime lab, major crimes, etc.): \$81,545
 - Communicator Newsletter (3 editions): \$16,750

2020 CIP- General Operating

- The projects highlighted in yellow are included in the proposed budget:

Project	Department	Budget (\$)
Server Room Configuration*	Admin. Services	17,500
Comprehensive Plan	Community Dev.	TBD
Roofing	Public Works	35,000
Carpeting Replacement	Village Hall	33,000
Garage Ramp Replacement	Village Hall	19,800
Garage Floor Rehab	Fire	101,000
Garage Floor Coating	Public Works	65,000
Interior Floor Refinishing	Public Works	30,000
Historic Resources Survey	Community Dev.	15,000

*Staff recommends completing the server room project in FY 2019

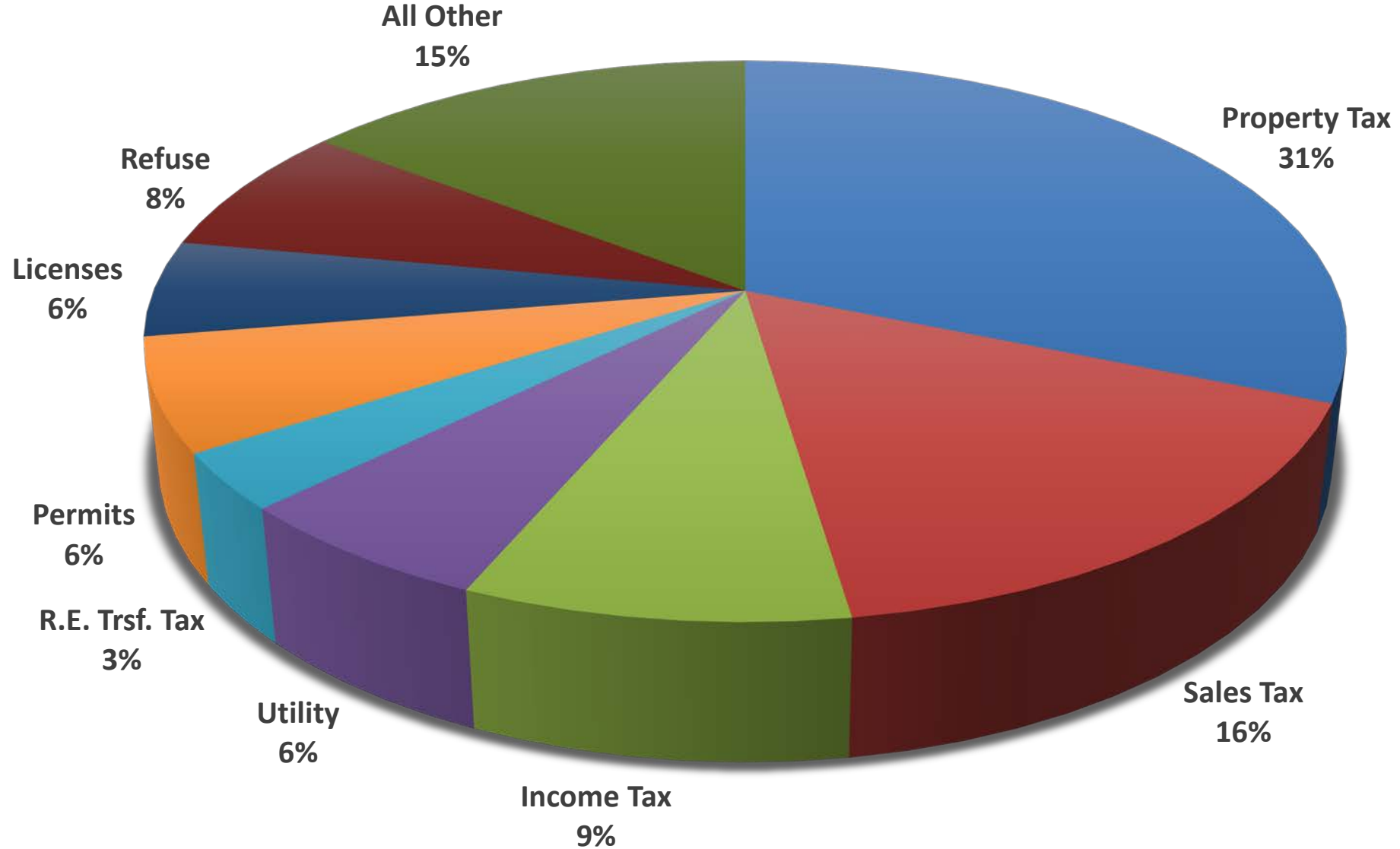
2020 CIP- CERF

- The following projects, totaling more than \$1.4 million are included in the proposed budget:

Vehicle	Budget (\$)
Ambulance	270,000
Fire SCBAs	250,000
PW Utility Trucks (5)	216,000
Police Squads (4)	184,000
Large Dump Truck	181,000
Sidewalk Snowplow	162,000
Council Chamb. AV	80,000
Fire Utility Vehicle	70,000
Phone System Repl.	24,500

- The 4 police squads will be hybrids as a first year pilot program
- The fire utility vehicle is step one of another fleet reduction initiative in the Fire Department, thereby removing a \$450,000 vehicle from the fleet

Proposed General Fund Operating Revenues



Major General Fund Revenue Categories

Category	2019 Est. Act.	2020 Budget	\$ Change	% Change
Sales Tax	3,508,000	3,578,000	70,000	2.0%
HR Sales Tax	1,795,000	1,831,000	36,000	2.0%
Service Charges	3,184,200	3,178,900	(5,300)	-0.2%
Income Tax	2,862,000	2,919,000	57,000	2.0%
Utility Tax	2,056,000	2,053,000	(3,500)	-0.2%
Recurring Permits	1,954,600	1,923,500	(31,100)	-1.6%
Licenses	1,874,500	1,836,500	(38,000)	-2.0%
Recurring R.E. Trsfr. Tax	1,092,000	1,080,000	(12,000)	-1.1%

Sales Tax

Category	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Sales Tax	3,698,404	3,508,000	3,578,000	70,000	2.0%
HR Sales Tax	2,034,526	1,795,000	1,831,000	36,000	2.0%

- 2019 estimate
 - Overall collections impacted by closure of Carson’s, Treasure Island, etc
 - Local Use Tax (internet purchases - distributed according to population) continues to grow
 - The year-end projection is down \$46,000 from 2019 budget
- 2020 projections
 - Statutory change regarding collection and distribution of sales tax; largest impact effective July 1
 - Restaurants: full year of Pescadero, expansion of Torino Ramen, Carlos & Carlos, etc.

Service Charges

2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
3,279,778	3,184,200	3,178,900	(5,300)	-0.17%

- Refuse collections, ambulance transport charges, yard waste sticker sales, elevator inspections, alarm charges
- 2019 estimate
 - The year-end projection is up \$11,400, less than 1%, from budget
 - 2018 was last year of Mather Place payment in lieu of taxes
- 2020 projections
 - Overall flat with minor adjustments
 - No fee increases are recommended

Income Tax

2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
2,594,015	2,862,000	2,919,000	57,000	2%

- Local Government Distributive Fund (LGDF)- Per capita distribution of state income tax revenues (individuals, trusts, and estates 6.06% and corporation 6.85%), State withholds 5% for “administrative purposes” (new as of 2018)
- 2019 estimate
 - Exceptionally high final payments filed in Spring – driven by capital gains and dividends
 - The year-end projection is up \$370,000, approximately 15%, from budget
- 2020 projections
 - Utilize IML projections and a variety of State resources to develop projection (Illinois unemployment approximately 4%, wage growth 3%, share of state taxes on cannabis, decoupling corporate income tax from federal repatriation credit)

Utility Tax

	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Electric	933,982	919,000	980,000	61,000	6.6%
Natural Gas	485,352	464,500	400,000	(64,500)	-13.9%
Telecommunications	716,990	673,000	673,000	0	0
Total	2,136,324	2,056,500	2,053,000	(3,500)	-0.2%

- Electric/Gas are weather dependent – remitted by utility companies
- Telecommunications tax – excise tax on all landline and cellular lines but not a VOIP- collected by State which withholds 0.5% for administrative fee - continues to decrease as homes shed landlines (\$173,000 decrease since 2016)
- 2019 estimate
 - The year-end projection is down \$43,500, approximately 2%, from budget
- 2020 projections
 - Historic norms for Electric & Gas, Telecom flat to 2019 projected actual

Permits

	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Recurring	2,230,182	1,954,600	1,923,500	(31,100)	-1.6%
Non-Recurring	956,617	1,070,000	100,000	(970,000)	-91%
Total	3,186,799	3,024,600	2,023,500	(1,001,100)	-33.1%

- 2019 estimate
 - The year-end projection is down \$154,000, approximately 7%, from budget
 - The number of demo permits is down half as much as last year
- 2020 projections
 - Projecting 10 fewer new home permits and a slight reduction in remodel permits
 - Increases the non-recurring budget from \$30,000 to \$100,000

Non-Recurring Revenues

- While General Fund revenues have exceeded conservative budget projections each of the last several years, this has been driven by non-recurring building permit revenues which can fluctuate significantly
- To demonstrate the volatility of non-recurring revenues, the 2019 projection of \$1.07M was greater than 2011 – 2014 combined

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non-Recurring Permit Revenues	-	220,000	528,000	256,000	486,000	1,105,761	670,548	956,617	1,070,000

Licenses

2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
1,904,064	1,874,500	1,836,500	(\$38,000)	-2.0%

- Vehicle Stickers (18,500+), animal licenses, business licenses, contractor licenses and liquor licenses
- 2019 projections
 - The year-end projection is up \$70,000, approximately 4%, from budget.
 - Strong vehicle sticker collections due to stepped up enforcement efforts, offset by slight decline in contractor licenses
- 2020 projections
 - Increased vehicle sticker sales estimate by 600 passenger vehicles due to improved compliance
 - Does not include vehicle sticker late fees

Real Estate Transfer Tax

Category	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Recurring	1,179,405	1,092,000	1,080,000	(12,000)	-1.1%
Non-recurring	239,400	59,700	0	(59,700)	-100%
Total	1,418,805	1,151,700	1,080,000	(71,700)	-6.2%

- 2019 projections

- The year-end projection is down \$180,000, approximately 14%, from budget
- There are approximately 50 fewer transactions so far this year

- 2020 projections

- Based on 450 sales at an average purchase price of \$800,000 which is consistent with recent months' trends; utilize local realtors to provide updates on market conditions

Other Taxes

Tax	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Wireless 911	606,799	610,000	610,000	0	0.0 %
PPRT	239,834	255,000	274,000	19,000	7.5 %
Fuel	287,472	270,000	270,000	0	0.0 %
Hotel	400,018	400,000	405,700	5,700	1.4 %
Total	\$ 1,534,123	\$ 1,535,000	\$ 1,559,700	\$ 24,700	1.6 %

- Wireless 911 Tax and Personal Property Replacement Tax (PPRT) are State taxes
- Fuel Tax and Hotel Tax are locally imposed taxes
- 2019 projections
 - The year-end projection is up \$77,100, approximately 5%, from budget
 - E-911 and PPRT are performing strong for the year
 - Fuel tax is down almost 2%
- 2020 projections
 - PPRT is projected to increase similar to income tax based on estimates from IML

Other Revenues

Category	2018 Actual	2019 Estimate	2020 Budget	\$ Change	% Change
Fines	300,460	333,700	303,700	(30,000)	-9.0%
Franchise Fees	676,588	670,500	672,500	2,000	0.3%
Rental Income	477,647	476,200	476,200	0	0.0%
Interest Income	407,449	502,900	302,000	(200,900)	-39.9%
Total	1,862,144	1,983,300	1,754,400	(228,900)	-11.5%

- 2019 projections

- The year-end projection is up \$222,000 from budget mainly due to interest income performance
- The first year of adjudication revenue collections have been substantially higher than budgeted but is somewhat offset by a decline in locally collected fines

- 2020 projections

- Interest income was reduced as the Village anticipates utilizing cash balances to better manage the timing of future bond issuances

Planned General Fund Reserve Drawdown

The chart below demonstrates that the Village is strategically allocating reserves to address future challenges and reduce pressure on property tax levies

Reserve Components	Projected Budget (\$)
2019 Total General Fund Reserve	14,172,000
CERF Commitment (2020-2022)	(2,025,000)
Pension Drawdown (2020-2022)	(1,250,000)
Skokie Valley Trail & Skokie/Lake	(933,000)
1225 Central Ave Property	(630,000)
Contingency	(200,000)

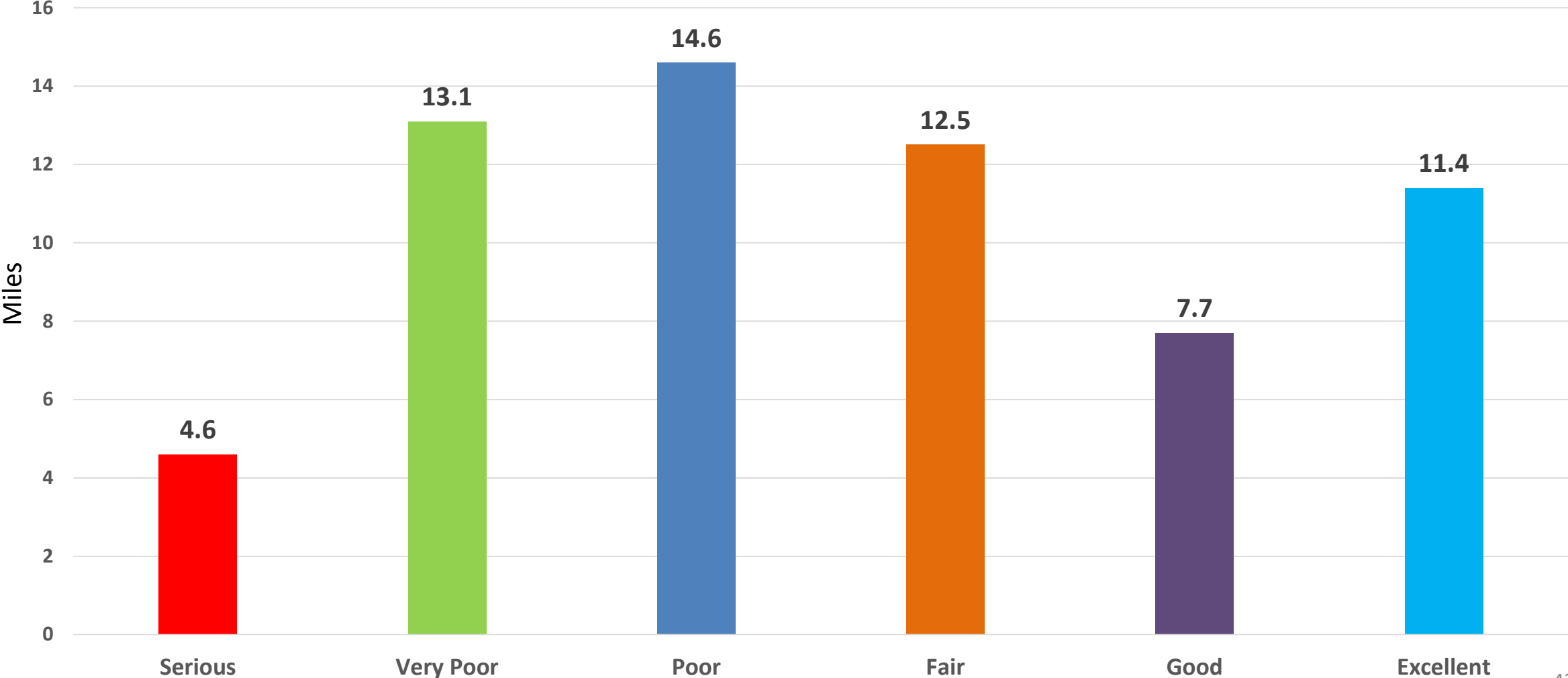
Proposed Reserve Policy

When the operating reserve exceeds 30% of operating revenues, spend down the excess reserve on infrastructure and/or pensions

Road Program

Current Condition of Roads

Pavement Condition- Overall PCI of 57



Identifying a Goal

- Proposed goal:
 - Prevent further degradation of the Village's infrastructure
 - Reduce the amount of streets rated as 'Serious' and 'Very Poor'
 - Adequately invest in maintenance programs
 - Beginning in 2026, allocate retired debt service to increase annual spending to \$4 million
 - This funding level will ensure there are no 'Serious' or 'Very Poor' streets over time
 - \$4 million annual funding is a 20-year pavement life cycle

How do we accomplish this goal?

- Keep the road program whole, meaning that we identify alternative funding sources for large one-time grant funded projects:

Alternatively Financed Project:	2020	2021	2022	Financing
Central Avenue Recon.	1,222,000	1,222,000		Bond Issue
Skokie Valley Trail	20,000	435,000	158,000	General Fund Reserve
Skokie / Lake Intersection			320,000	General Fund Reserve

- Initially pay for Central Ave. out of General Fund reserves and reimburse through bond proceeds in 2021; will increase the FY 2022 tax levy by an estimated 0.88%
- Increase annual road program funding by \$500,000, plus an additional \$420,000 in 2020 by reallocating funds in the engineering program for a projected road program of:

2020	2021	2022	2023	2024	2025	2026
\$2.75M	\$2.3M	\$2.3M	\$2.6M	\$2.6M	\$2.6M	\$4M

- Additional \$300,000 in projected sales tax beginning in 2023 from Edens Plaza

Reallocating Alley & Brick Street Renovation Budgets in 2020

Program	2019 Actual	2020 CIP	2020 Proposed
Alley Maintenance	\$753,000 0.40 miles 5 alleys	\$550,000 0.36 miles 4 alleys	\$450,000 0.27 miles (3 alleys)
Brick Renovation	\$428,000 0.17 miles (1 double-block)	\$320,000 0.09 miles (1 block)	\$0 0.00 miles (0 blocks)
Road Resurfacing			Add'l: \$420,000 0.43 miles (add'l)

In 2020, all of the currently rated 'Serious' and 'Very Poor' alleys will be reconstructed and engineering will be conducting a condition survey of all brick streets

FY 2020 Proposed Engineering Program

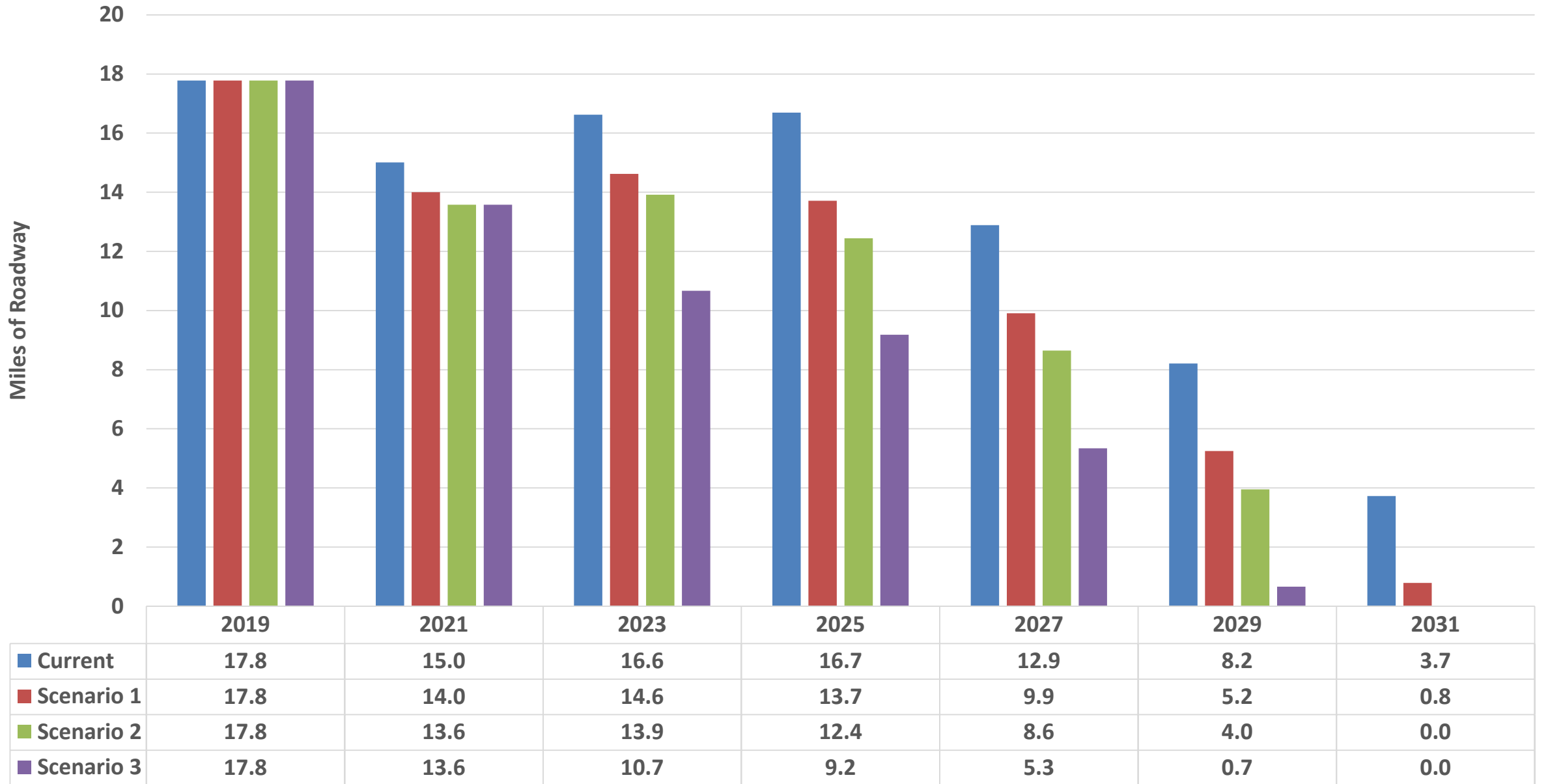
	2018 <u>Actual</u>	2019 <u>Est Actual</u>	2020 <u>Proposed</u>
Road Resurfacing	1,070,555	700,000	2,750,000
Road Program Engineering Services		88,270	170,000
Alley Maintenance	473,929	752,965	450,000
Brick Street Maintenance	103,670	140,000	110,000
Brick Street Renovation	337,573	428,045	-
Curb Replacement	41,917	43,400	25,000
Sidewalks	63,917	74,200	70,000
Pavement Marking	50,774	53,000	50,000
Crack Sealing	41,200	42,400	25,000
Sheridan Retaining Wall Repair	12,934		
Street Patching		200,000	92,000
Traffic Calming		30,000	25,000
Pavement Surface Rejuvenation		16,900	19,000
Central Avenue Reconstruction	35,647	587,500	1,584,870
Locust Road	196,855	1,214,000	33,555
Skokie/Hibbard Improvements	11,299		
Skokie/Lake Intersection Impvs.	-	85,365	56,910
Skokie Valley Bike Trail		12,155	150,000
Total Expenses	2,440,268	4,468,200	5,611,335

Road Program Funding Scenarios

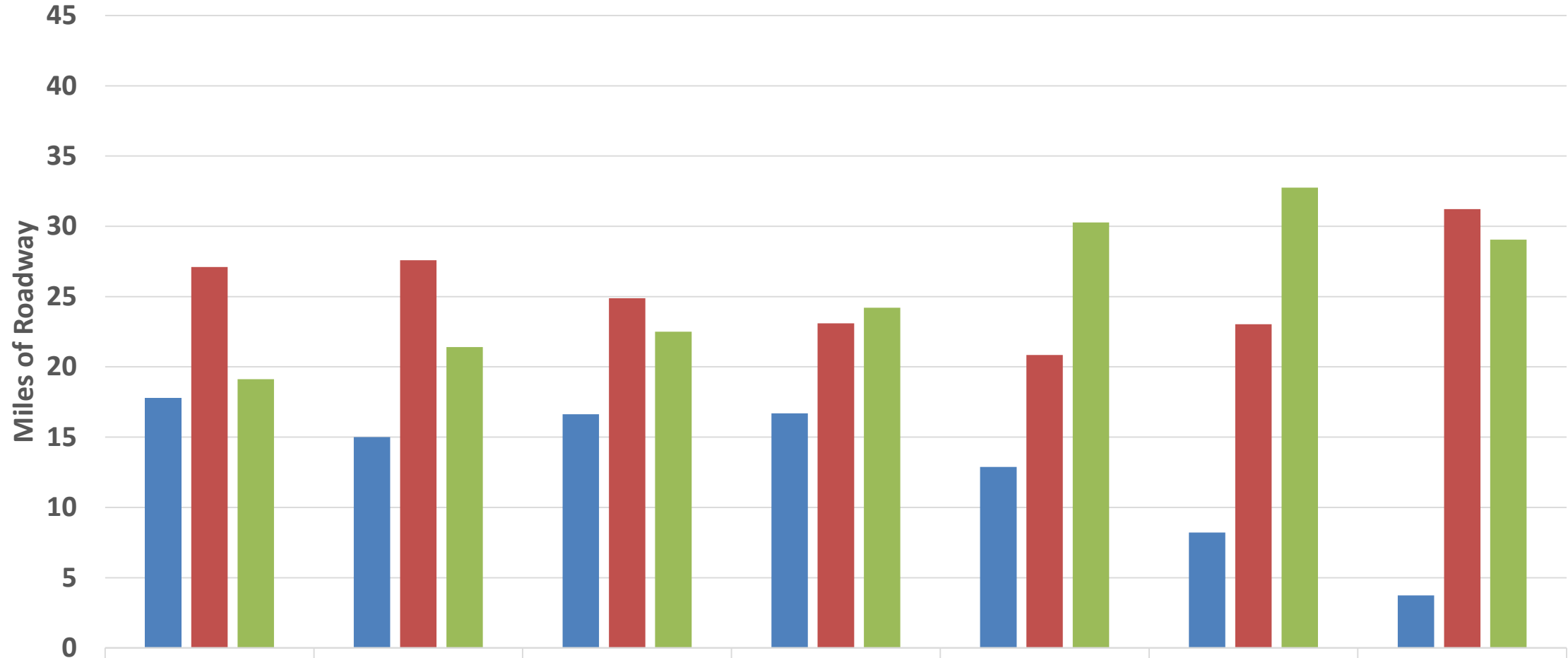
Scenario	2020	2021	2022	2023	2024	2025	2026
#1- Additional \$500,000	\$2.3M	\$2.3M	\$2.3M	\$2.3M	\$2.3M	\$2.3M	\$4M
#2- Recommendation	\$2.75M	\$2.3M	\$2.3M	\$2.6M	\$2.6M	\$2.6M	\$4M
#3- Bond Issue (\$3.6M in 2022)	\$2.75M	\$2.3M	\$5.9M	\$2.6M	\$2.6M	\$2.6M	\$4M

- Staff recommends scenario #2, with the option to select #3 should road conditions or revenue projections warrant a future bond issue
 - The entire roadway inventory could be re-evaluated in 2022 (one year earlier than planned) which will better inform the need for a bond issue
 - This will provide 4 full years of the new street patching program to determine its impact on street conditions; some streets are likely to move up one or more condition categories

Difference in Serious/Very Poor Streets per Scenario



Current funding until 2025, \$4.0 M 2026+



■ Serious/Very Poor

■ Poor/Fair

■ Good/Excellent

2019

2021

2023

2025

2027

2029

2031

17.8

15.0

16.6

16.7

12.9

8.2

3.7

27.1

27.6

24.9

23.1

20.8

23.0

31.2

19.1

21.4

22.5

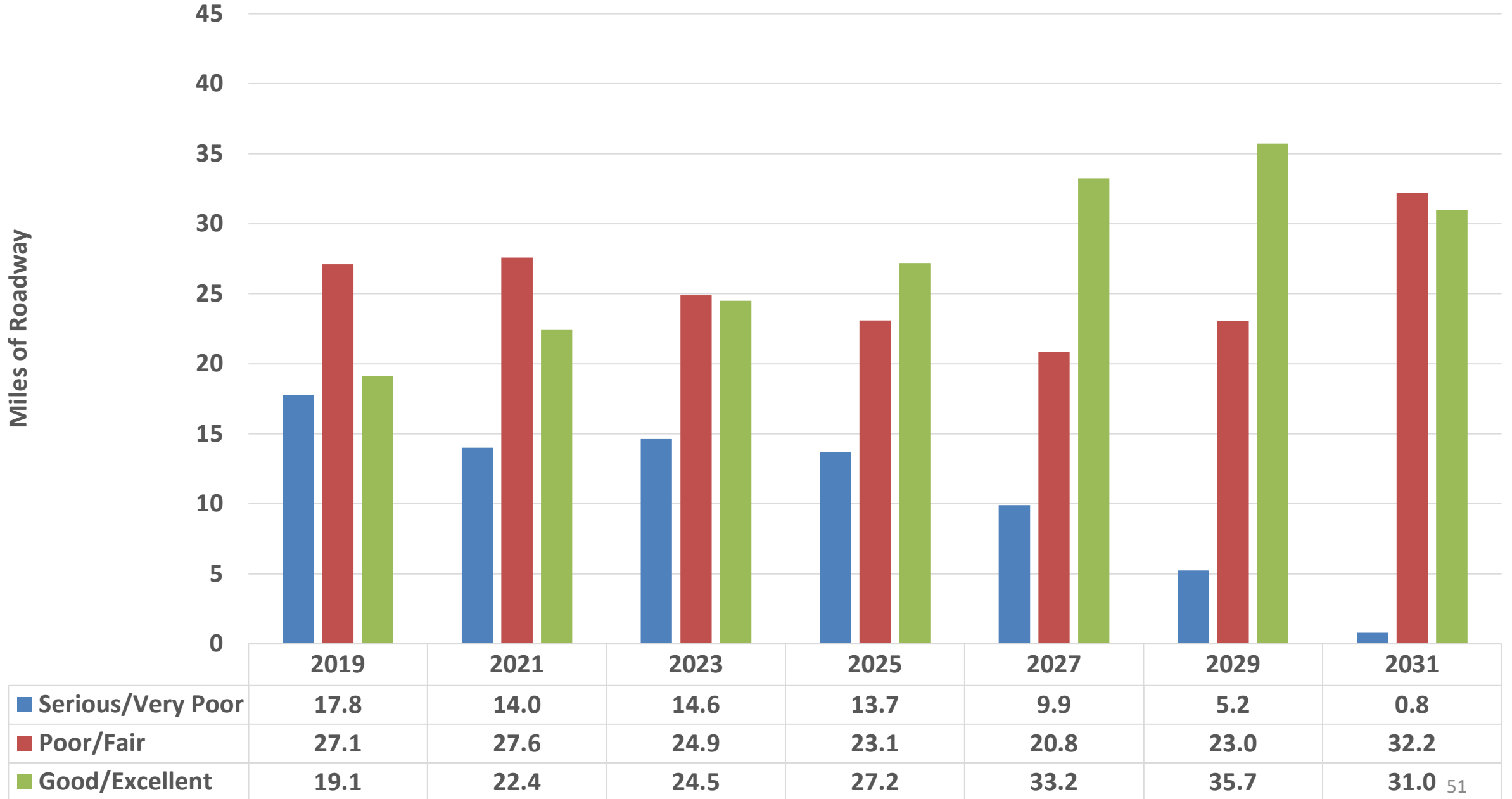
24.2

30.3

32.8

29.1

Scenario 1 - \$2.3 M until 2025, \$4.0 M 2026+



Recommended Scenario 2

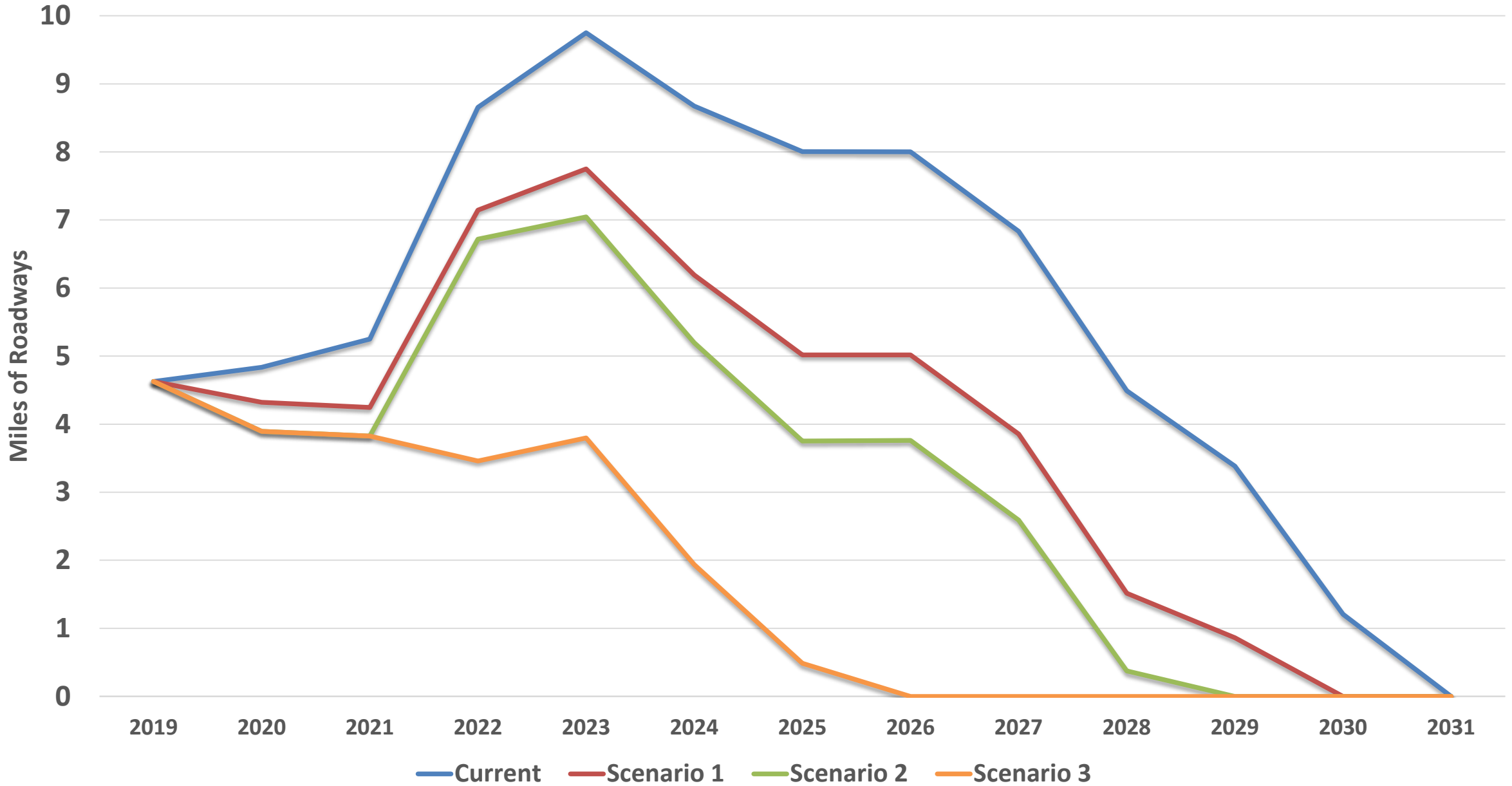
\$2.75 M (2020), \$2.3 M (2021-2022), \$2.6 M (2023-2025), \$4.0 M (2026+)



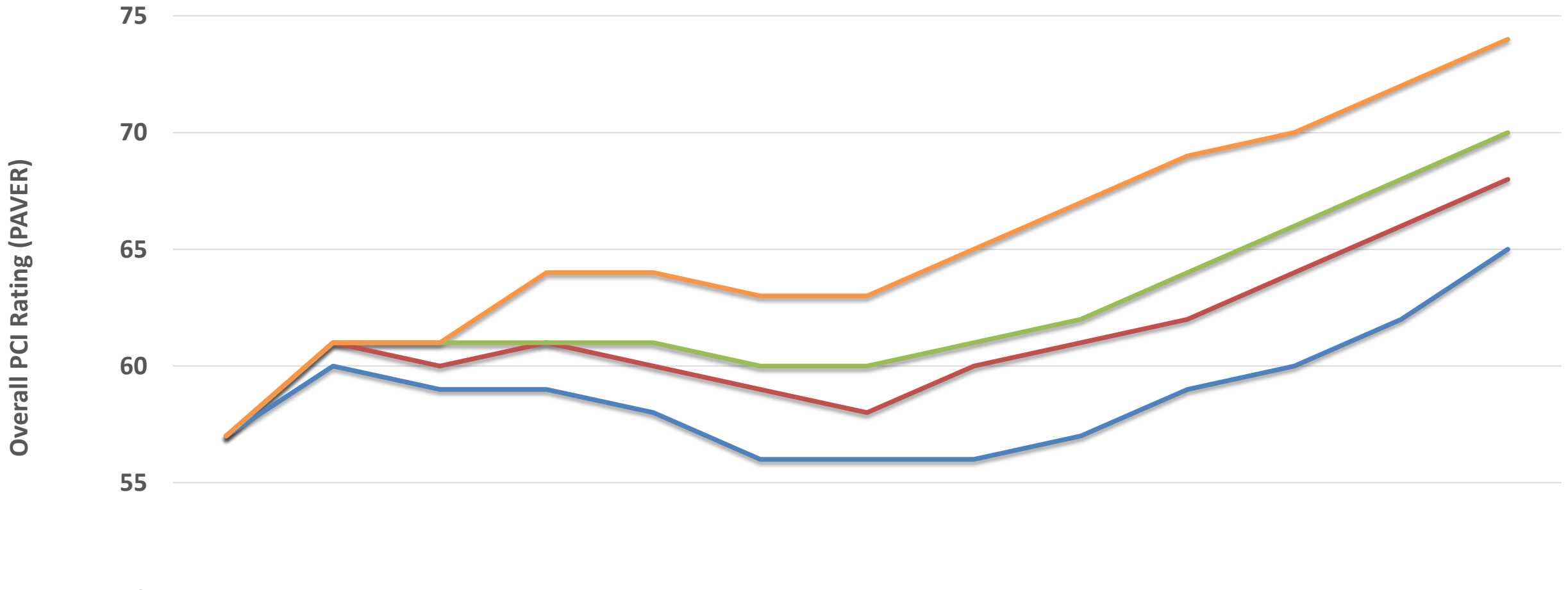
Scenario 3- \$2.75 M (2020), \$2.3 M (2021), \$5.9M (2022), \$2.6 M (2023-2025), \$4.0 M (2026+)



Streets Remaining in Serious Condition



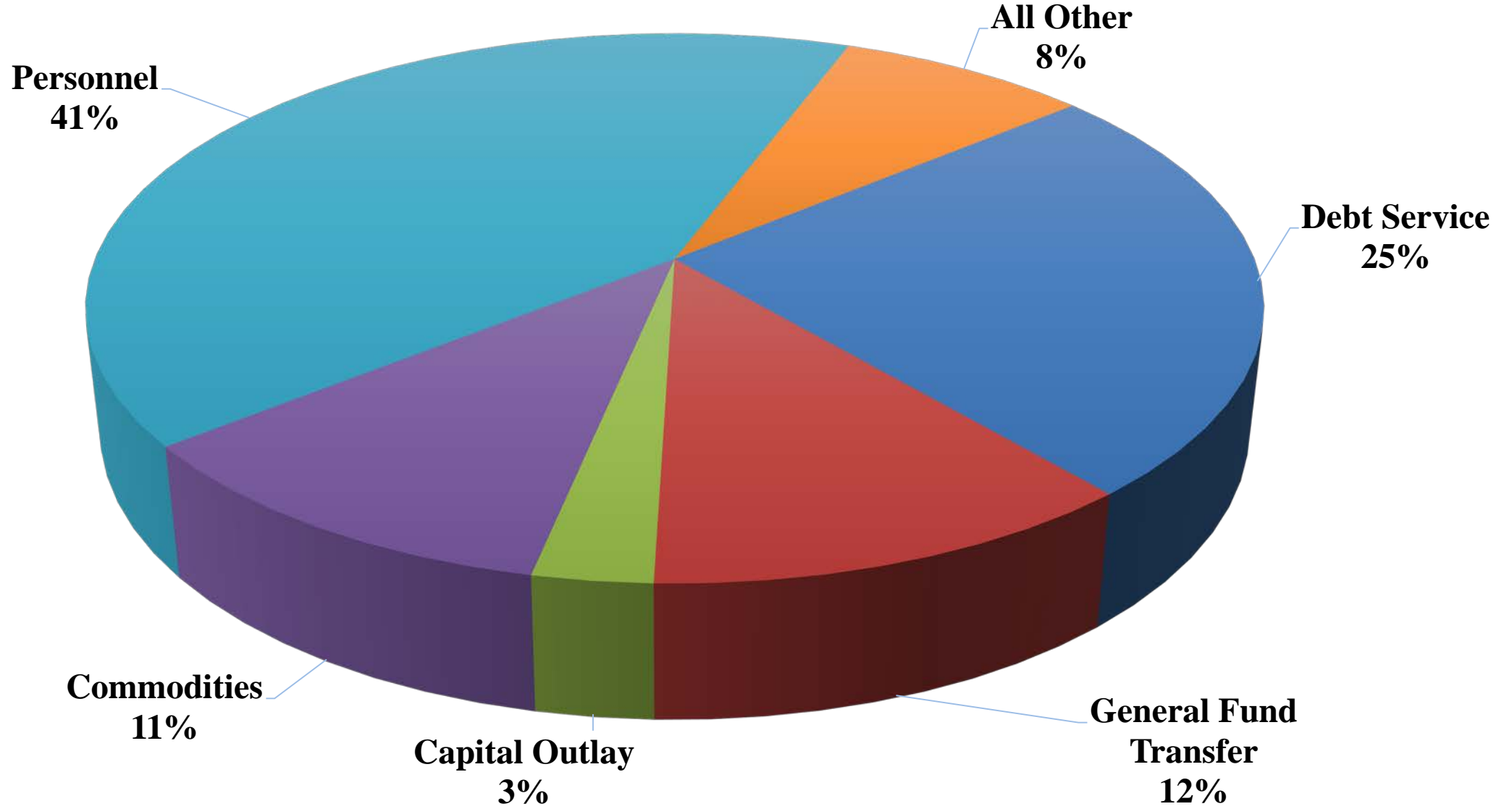
PCI Rating over Time



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
— Current	57	60	59	59	58	56	56	56	57	59	60	62	65
— Scenario 1	57	61	60	61	60	59	58	60	61	62	64	66	68
— Scenario 2	57	61	61	61	61	60	60	61	62	64	66	68	70
— Scenario 3	57	61	61	64	64	63	63	65	67	69	70	72	74

Water Fund

FY 2020 Water Fund Operating Expenditures by Category



Water Fund Operating Budget

	2019 Estimate	2020 Budget
Revenues	8,617,670	9,552,600
Expenses	9,034,810	9,000,185
Reserve	2,957,303	3,509,718
Recommended Minimum	1,846,940	1,906,180

- North Maine Utilities will begin purchasing water in mid-2020
- Not included above are debt financed projects:
 - \$5 million for the completion of the Water Plant electrical improvements
 - \$2.9 million for water main replacements

Water Rate

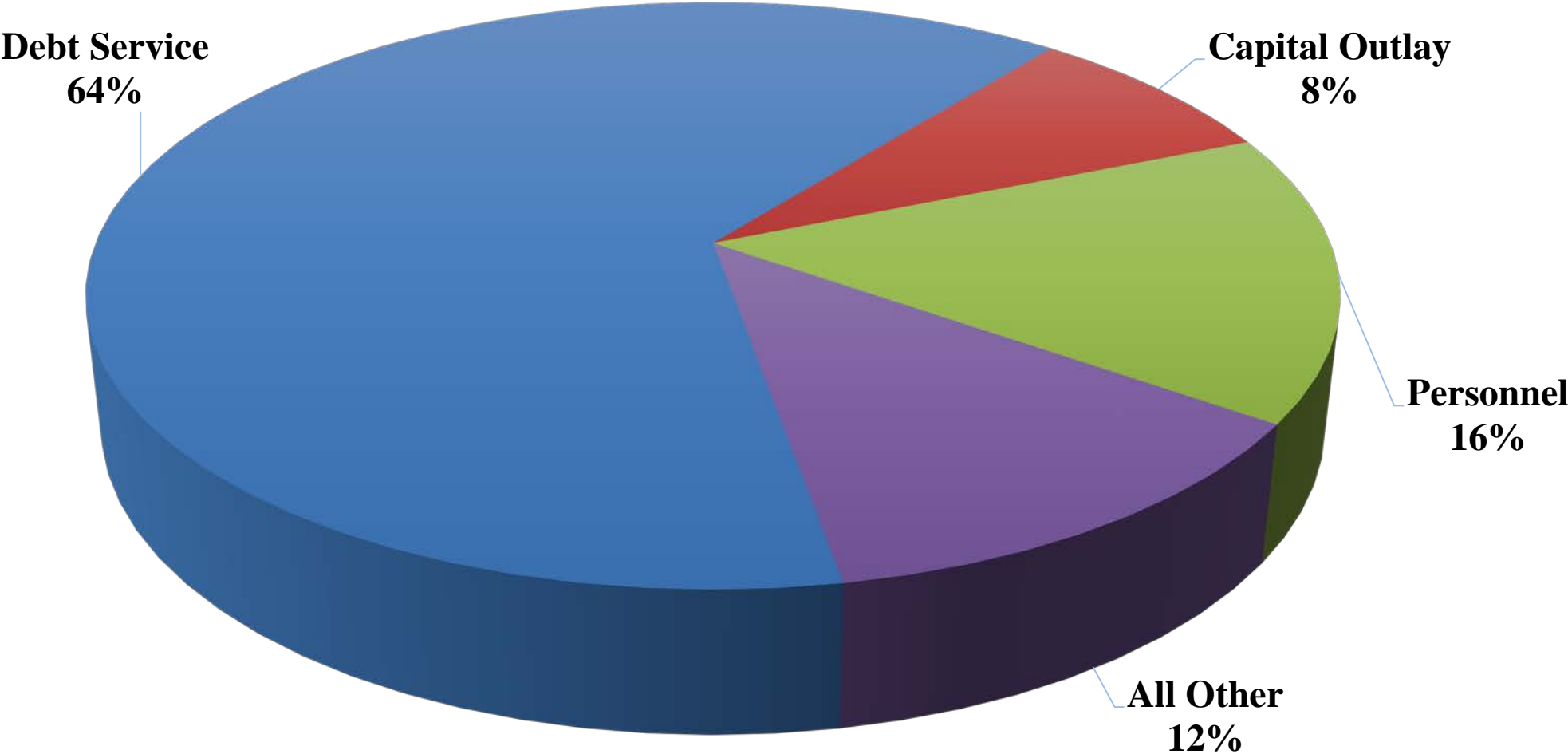
- The Village has worked diligently since 2012 to limit residential water rate increases:

History of Water Rate Increases										
2012	2013	2014	2015	2016	2017	2018	2019	2020 Bud.	2021. Proj.	2022 Proj.
None	None	None	None	5%	None	2.7%	2.7%	None	None	None

- Rate increases are not anticipated for several years due to new wholesale revenues from North Maine Utilities beginning in mid-2020 and deferral of the annual water main replacement program to 2023

Sewer Fund

FY 2020 Sewer Fund Expenditures by Category



Sewer Fund Operating Budget

	2019 Estimate	2020 Budget
Revenues	4,622,900	6,568,970
Expenses	5,405,125	6,184,425
Reserve	1,831,108	2,215,653
Recommended Minimum	1,016,600	1,700,990

- Increases in FY 2020: Stormwater fee revenue & Neighborhood Storage Improvements debt service
- Not included above are debt financed projects:
 - \$23.2 million for Phase 1A and 1 of the Neighborhood Storage Improvements
 - \$820,000 for sewer lining
 - \$400,000 for SWPS electrical improvements (year 1 of 2)

2020 Sewer Rates

History of Sewer Rate Increases								
2014	2015	2016	2017	2018	2019	2020 Bud.	2021 Proj.	2022 Proj.
\$0.40	\$0.40	None	None	None	None	\$0.16	\$0.16	None

Stormwater Utility Fee (New)	
	2020 Budget
Fixed Fee	\$40
ERU	\$104
Avg. Residential Bill	\$144

Utility Rate Survey

Municipality	Water Rate	Sewer Rate	Additional	Annual Cost
Kenilworth	\$ 5.41	\$ 0.75	\$ 345.00	\$ 837.80
Winnetka	\$ 3.80	\$ 1.68	\$ 359.20	\$ 797.52
Northfield	\$ 6.51	\$ 2.58	\$ -	\$ 727.20
Wilmette Proposed	\$ 2.75	\$ 4.40	\$ 148.32	\$ 720.32
Deerfield	\$ 5.00	\$ 3.47	\$ -	\$ 677.60
Park Ridge	\$ 6.05	\$ 1.19	\$ 79.38	\$ 658.30
Lake Forest	\$ 4.62	\$ 0.87	\$ 192.00	\$ 631.20
Glenview	\$ 5.13	\$ 1.04	\$ 112.12	\$ 605.72
Glencoe	\$ 4.90	\$ 1.03	\$ 129.04	\$ 603.20
Evanston	\$ 2.74	\$ 3.39	\$ -	\$ 490.40
Northbrook	\$ 4.39	\$ 1.69	\$ -	\$ 486.40
Highland Park	\$ 2.60	\$ 1.30	\$ 126.00	\$ 438.00
Skokie	\$ 4.23	\$ -	\$ -	\$ 338.64
Average	\$ 4.47	\$1.80*	\$ 114.70	\$ 616.33

Wilmette additional includes the average (Tier 2) residential stormwater fee and water meter replacement fee. Annual cost is based on median water usage (80 units) in Wilmette.

*Does not include Skokie

Next Steps

- Continued Budget Discussion at Village Board meeting (if necessary)
 - Tuesday, October 22 at 7:30pm
- Budget Workshop #2 (if necessary)
 - Thursday, October 29 at 7:00pm
- Budget Ordinance adopted in November
 - Introduced: November 12
 - Adopted: November 26
- Tax Levy Ordinance adopted in December
 - Introduced: November 26
 - Adopted: December 10