AGENDA
President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Virtual Meeting

June 29, 2020
7:00 PM

I. CALL TO ORDER

A. **In response to the COVID-19 pandemic, this Committee-of-the-Whole meeting is closed to in-person, public attendance. The meeting will be held virtually, which permits the public to fully participate via their computers or by using their phones.**

To participate in the virtual meeting, please review these instructions.

If members of the public prefer, they can comment or ask a question pertaining to the meeting by emailing rhume@vah.com by 3 p.m. on the day of the meeting, June 29. Please limit your email to 200 words and if your question relates to a specific Agenda item, please note that in the email. Emails will be read at the meeting.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

A. Review of the Proposed 2021-2025 Capital Improvement Program (CIP)

B. Operating Fund Overview / Recommended Budget Ceilings 2021

V. OTHER BUSINESS

VI. ADJOURNMENT

Any member of the public wishing to speak will be given the opportunity to do so. If the item is on the Agenda, that opportunity will be while that Agenda item is being discussed. Any member of the public wishing to speak on an item not on the Agenda will be given the opportunity during the Other Business portion of the meeting. Please limit comments to three minutes.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.

Committee-of-the-Whole
6/29/2020

Item: CIP

Department: Finance

Review of the Proposed 2021-2025 Capital Improvement Program (CIP)

ATTACHMENTS:

Description	**Type**
CIP Executive Summary	Agreement

VILLAGE OF ARLINGTON HEIGHTS

2021 - 2025
CAPITAL IMPROVEMENT PROGRAM

"The Capital Improvement Program identifies community goals and needs and can ensure that major capital expenditures are in line with community expectations, anticipated growth, and projected financial capability."

June 2020

VILLAGE OF ARLINGTON HEIGHTS
2021 - 2025
Capital Improvement Program

June 2020

VILLAGE BOARD

Thomas W. Hayes, Village President

Richard Baldino	Bert Rosenberg
Mary Beth Canty	John Scaletta
Robin LaBedz	Thomas F. Schwingbeck, Jr.
Greg Padovani	Jim Tinaglia

ADMINISTRATION

Randall R. Recklaus, Village Manager

CAPITAL IMPROVEMENT PROGRAM COMMITTEE

Thomas F. Kuehne (Chairman)	Finance Director/Treasurer
Mary Ellen Juarez	Assistant Finance Director
Randall Recklaus	Village Manager
Diana Mikula	Assistant Village Manager
Scott Shirley	Director of Public Works
Cris Papierniak	Assistant Director of Public Works
Mike Pagones	Village Engineer
Chester Gorecki	Management Analyst
Jeff Musinski	Superintendent of Utilities
Steve Mullany	Public Works Services Coordinator
Charles Witherington-Perkins	Director of Planning & Community Development
William Enright	Deputy Director of Planning & Community Development
Steve Touloumis	Director of Building Services
Robert Taraszka	IT Manager
Andrew Larson	Fire Chief
Ron Fraider	Deputy Fire Chief
Nick Pecora	Chief of Police
Nate Hayes	Deputy Chief of Police
Mem Teolis	Police Fiscal Clerk
Kevin Baumgartner	Accountant/Budget Coordinator

VILLAGE OF ARLINGTON HEIGHTS
2021-2025 CIP
EXECUTIVE SUMMARY

A Capital Improvement Program (CIP) is a financial planning, budgeting, and management tool that identifies public facility, infrastructure, and equipment replacement and repairs, and schedules these requirements for funding and implementation. The development of the CIP consists of staff input, discussions of public input, and a review process leading to two products:

- A capital improvement plan
- A capital improvement budget

The former is the multi-year plan that identifies all capital projects that are proposed for funding during that period (subject to annual revision). The latter is the capital spending budget for the upcoming fiscal year.

The CIP lists each proposed capital project, the year when it is anticipated to start, the amount expected to be expended on the project each year, and the proposed sources of financing. Based on these individual project details, summaries of capital expenditure needs in each year are prepared. These are then matched with funding available from all sources, including current revenues, grants, and other intergovernmental assistance as well as borrowing. Thus, a Capital Improvement Program represents a balance between project requests and current and future financing capabilities.

Roadways, sidewalks, buildings, vehicles, and equipment should be replaced as needed to continue to provide for the safety and well-being of the public and Village employees. Deferral of needed infrastructure maintenance activities would only serve to increase overall costs over the long-term.

This "Executive Summary" provides a general overview of the 2021-2025 Capital Improvement Program for the Village of Arlington Heights. Following this section are multi-year presentations for each Village fund that has capital expenditures, including capital project request sheets for each 2021 through 2025 project listed in the fund. The project request sheets provide a justification for the expenditure, and identify the funding source and the fiscal year the expenditure is anticipated to occur.

CIP PROCESS

A detailed five-year CIP process is completed on a biennial basis as part of the Village's planning and budgeting process. The Village's CIP Committee assembles information to update the detailed five-year capital improvement plan, and projects funding sources to pay for them. Existing or ongoing projects included in the five-year CIP are re-evaluated for continued inclusion in the plan. The Village's website is also utilized to generate capital project ideas from Village residents. A number of the suggestions from our residents pertained to several common issues, some of which were already included in the CIP. Other requests will require more analysis, a few were forwarded to the Park District, and some suggestions were more operational in nature.

The detailed five-year CIP is developed during even-numbered years, with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. During the years when there isn't a detailed CIP being presented to the Board, the following activities occur:

A. Staff provides the Village Board with a summary update showing any changes in estimated costs from the prior year.

B. After the local election process that occurs every two years, each Department prepares a presentation for the "new" Board. This is followed by the Village Board's bi-annual goal setting process. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals.

Detailed five-year CIP plans and summary updates are sent to the Village Board for review, discussion, possible modification, and approval.

Projects included in the five-year CIP have been prioritized as follows:

Obligated (OBLG) – the Village has entered into a contract or agreement to complete the project or the project is obligated by State, Federal, or other environmental regulations.

Replacement/Maintenance (R/M) – this is part of an ongoing infrastructure or equipment maintenance program or scheduled replacement program.

Essential (ESST) – projects that, in staff's opinion, are necessary to continue providing basic services, or are necessary to maintain the health, safety, and welfare of the community.

Discretionary (DISC) – projects that are needed or desired, but do not fall into any of the other three categories.

2021-2025 CAPITAL IMPROVEMENT PROGRAM SUMMARY

The Village has continued to prudently plan for the future by investing in our infrastructure. This includes an ongoing commitment to maintain Village streets at a high level, and to increase the amount spent on the water main replacement program. During 2019 and 2020, some of the key CIP improvements included the following:

- Continued the annual street resurfacing and street reconstruction program totaling over $8.5 million.

- In October 2019 the Village Board approved a five-year plan to provide sustainable funding for the Village's Water & Sewer Fund. During August 2020, the Village will manage its debt service level by selling a $13.7 million bond issue. The annual debt service cost of this issue will be covered by retiring debt in 2021. $9 million of the proceeds from the bond sale is planned to be used in the Water & Sewer Fund to allow the Village to sustain the recommended 1%, or $4 million annual water main replacement schedule.

- The second and third year of a multi-year program to implement storm water control programs throughout the Village. During this two year period, the Village expanded the Cypress Detention Basin and improved the related storm sewers. A lack of adequate storm drainage in the Cypress Street area inhibited development and resulted in street and surface flooding problems, threatening private residences in the area. The Village also coordinated the replacement of water mains and the completion of roadway improvements in this area during the 2020 construction phase of the project. The Area 4 – Street Ponding Campbell/Sigwalt project was also completed. This project addressed deficiencies in the existing combined sewer system in the Downtown area through the installation of larger combined sewer mains.

Debt Service

Due to maturing debt, during 2020 the Village has an opportunity to manage its debt service by selling bonds without increasing the annual debt service cost. By managing debt in this way, the Village can continue to provide additional funding for needed capital improvements through bond sales, without increasing the Village's debt service property tax levy. Over the last year Staff has worked with the Village's bond consultant, Speer Financial, to develop a 15 year plan where the Village's debt service remains consistent from year to year while providing bond sale opportunities every five years. **Exhibit A** is a summary of this plan which reflects an annual debt service cost of about $6.5 million per year, or a decrease of $257,000 from the current debt service levy. This is also a fortuitous time to sell a bond issue, as interest rates on bond sales are very low.

As part of the October 2019 Water Rate Study, the Village Board approved using $8.5 million of the planned $13.7 million bond sale in August 2020 toward the water main replacement program. This bond sale will not increase the property tax levy due to maturation of existing debt. Staff has developed the following list of proposed uses for the 2020 bond sale:

$9,000,000	Water & Sewer Fund - Staff recommends increasing the amount used toward the water main replacement program by $500,000, due to new program costs in this fund. Starting in 2022, a new program concentrating on the replacement of high use commercial water meters is included in the Water & Sewer Fund. This program will help improve user fee collections by detecting and replacing failing commercial water meters earlier.
$3,000,000	Capital Projects Fund - It is recommended that $3.0 million be used toward the Village's street program. As shown in the five-year Capital Projects Fund summary, by using these bond funds the Village will be able to transfer $500,000 of the annual property tax levy from the Capital Projects Fund to the General Fund. This will provide needed property tax support for the Village's General Fund, which has incurred significant revenue losses during the Coronavirus pandemic.
$1,700,000	Municipal Parking Operations Fund – It is recommended that $1.2 million be used toward the parking structure maintenance program, $300,000 for the parking garage elevator improvements, and $200,000 for parking lot improvements (Nicholl Knoll Police annex and the Train Station).
$13,700,000	Total 2020 Bond Issue

As we look ahead to the potential 2025 $17 million bond opportunity shown in Exhibit A, additional monies could be allocated to the water main program in an effort to reduce the average age of the mains. The Village's elevator refurbishment program will require additional funding for elevator projects in the public parking garages, Village Hall, and elsewhere. By 2025 there will also likely be improvements needed to the Village's older fire stations, the Senior Center, and various other public buildings.

Capital Projects Priority List

To assist the CIP Committee in the development of the proposed CIP, in 2015 the Village Board was asked to update its capital project priority list. The results outlined below show that the Village Board's number one priority remains Street Resurfacing and Reconstruction. Flood Control and Storm

Sewer projects are the next highest priorities. In early 2021, Staff will perform another survey of the Village Board and will update this list if needed.

1. **Street Resurfacing** (Capital Projects Fund)
2. **Street Reconstruction** (MFT Fund)
3. **Flood Control Projects** (Storm Water Control Fund)
4. **Storm Sewer Program** (Storm Water Control Fund)
5. **Operating Equipment Replacement** (Capital Projects Fund)
6. **Backyard Drainage Improvements** (Storm Water Control)
7. **Pavement Crack Sealing** (Capital Projects Fund)
8. **Paver Brick Maintenance** (Capital Projects Fund)
9. **Sidewalk & Curb Replacement** (Capital Projects Fund)
10. **Roof Maintenance Program** (Capital Projects Fund)
11. **Traffic Signal Maintenance** (MFT Fund)
12. **Historical Society – Building Repairs** (Capital Projects Fund)

The Village's street resurfacing and reconstruction programs remain as key components of the CIP, with about 34% of the proposed 2021 capital budget expenditures designated for these programs.

Exhibits B, C and D provide CIP summary information and demonstrate the Village's focus on street projects. **Exhibit B** shows a pie chart broken down by expenditure type for 2021. **Exhibit C** is a multi-year bar chart of the 2021-2025 CIP by type of project. **Exhibit D** presents detailed information on the 2021-2025 CIP by type and by project name. **Exhibit E** is a multi-year presentation of CIP expenditures summarizing actual and projected expenditures from 2016 through 2025.

Summary by Fund:

The Capital Projects Fund accounts for a variety of capital improvement projects including street resurfacing/rehabilitation, sidewalk repair/replacement, operational equipment replacement, traffic signal improvements, and other miscellaneous projects. Financing for this fund is provided primarily by property taxes, a ¼% home-rule sales tax, an annual transfer-in of $300,000 from the SWANCC Fund, and grant revenues. 2020 also includes the abovementioned bond proceeds. Occasional transfers-in from other funds augment this fund's revenue stream.

The Village has increased spending on its annual street resurfacing and rehabilitation program from about $5.8 million per year to over $8.5 million per year. In 2021 and beyond, total street expenses across all funds are budgeted to exceed $9.8 million per year. As identified through a pavement study, this level of annual spending is necessary to maintain our streets in "good" condition. To provide a consolidated view of the total amount the Village spends on streets each year, the Capital Projects Fund section of the

CIP includes a “Summary of Total Street Expenses and Budgets” from FY2016 through 2025.

From 2019 - 2022 the Paver Brick Maintenance Program includes additional funds to update the pedestrian ways and eliminate trip hazards. These funds are available due to a prior year transfer from the EAB Fund in 2017 when that fund was closed. This program was put on hold in 2020 due to budget considerations. The remaining budgeted cost of this augmented program is $412,000 in 2021, $400,000 in 2022, and $100,000 per year thereafter to maintain the Downtown sidewalks.

The $300,000 Kensington Road & Multi-Use Path Improvement project was re-budgeted in 2021. Two new street projects are also included in 2021, with the first year costs of the Weber Drive/Old Wilke Road Street Reconstruction project and the Wilke Road Resurfacing project.

The Northwest Highway Corridor plan which started in 2017 and continues through 2023 will remove and replace the landscaping across five acres of land with a native species that blooms throughout the year. During the 2016 CIP the Village Board directed staff to use in-house resources as much as possible to develop a plan for this project. Through the efforts of the Planning and Public Works Departments, the scaled down plan to improve the Northwest Highway Corridor stands at a total cost of $357,700. The cost to maintain this corridor is expected to be about $25,000 per year which will be added to the General Fund operations budget. The current year phase was bid but placed on hold due to the pandemic.

The Rand Road Corridor Identification program is a multi-year program and is currently budgeted at a total cost since 2017 through 2025 of $829,700, with $427,800 coming from the Capital Projects Fund and $401,900 from the TIF V Fund. There is another 1.07 million in unspecified/uncommitted costs for this program. The project priorities are currently being reevaluated and adjusted based upon IDOT feedback and restrictions impacting the first two planned phases. The goal of the program is to create a separate unifying identity for this shopping district. In addition, enhancing the area will help attract new businesses while making it more aesthetically pleasing for residents, businesses and shoppers who patronize the area.

The proposed budget also includes funds for a consultant to help develop specific improvement plans for the South Arlington Heights Road Corridor. This corridor has been highlighted by local business owners as needing improvement. Funding for any future improvements to this corridor will need to be identified.

The proposed 2021-2025 Capital Projects Fund budget includes the third year of an eight year plan to convert all Village owned street lights to energy efficient LED’s. Under their present program, the Village will receive a rebate of $24,640 from Com Ed for each set of 400 fixtures installed. The manufacturer's projected life expectancy for the LED lights is 10-15 years, and the expected payback period for each set of 400 lights installed will be three years. This is based on the proposed annual expenditure including labor, an annual energy savings of $18,500, and the annual rebate.

The Motor Fuel Tax (MFT) Fund covers the cost of a portion of the Village's street rehabilitation program which was previously budgeted at $1.8 million per year based on annual MFT allotments received through the State. Of the State's .19/gallon tax on fuel purchases, 54.4% is shared with local governments. Of this amount, 49.1% is shared with municipalities based on population. The balance is shared with Counties and Townships.

In 2019, the State of Illinois approved a new capital plan under which the gas tax was doubled to .38/gallon. The newly increased portion of the tax is divided differently than the initial .19/gallon distribution. The Village projects that it will potentially receive an additional $900,000 per year for street reconstruction during non-pandemic driving scenarios. In addition to these funds, the State's capital plan provides additional bi-annual MFT grant funds for streets over the next three years. In May 2020 the Village received the first installment of these grants equal to $825,000. As this is a recent, first-time grant award from the State's new capital program, Staff will ensure that future grant installments are guaranteed before we include them in our budget.

The MFT taxes are applied on a cents per gallon sold basis. As a result, when gasoline usage goes down MFT tax receipts decline. Even with the decreased gasoline usage due to the pandemic, the additional revenues from the State capital program have allowed the Village to increase the 2021 budget for the MFT Street Rehabilitation program to $2.4 million per year. Once the Village has received these additional tax and grant funds for an entire year and normal driving habits return, the Village will likely be in a position to plan for a larger street rehabilitation program than is currently budgeted. This in turn may free up some of the street rehabilitation costs currently budgeted in the Capital Projects Fund to be used toward the street resurfacing program.

The Storm Water Control Fund includes an annual budget of $300,000 for the Backyard Drainage Improvements program. As part of the Water and Sewer Rate Study completed in 2014, it was noted that the Village did not have a storm sewer rehabilitation program, and that the Village repairs storm sewer failures as they are identified by either residents or Staff. The storm sewer system is comprised of approximately 212 miles of storm sewer with 9,462 related structures. The first part of establishing a storm sewer rehabilitation program is the overall assessment of the system's condition. Based on the size of the Village's system, the proposed CIP reflects annual storm sewer costs of $500,000 to lightly clean, televise, and analyze the condition of the Village's system. This portion of the program will take about two more years to complete, after which the entire annual budget will be devoted to storm sewer rehabilitation and replacement work identified during the system assessment.

The overhead sewer program is designed to encourage residents to install overhead sewers, including ejector pits and pumps. The enhanced program which started at the end of 2017, provides an even greater incentive with a 75% reimbursement for resident participants up to $11,250 per single family home (from 50% - $7,500 maximum). Since the beginning of the program in 2007, 232 homeowners have participated, and 36 of those have been completed under the enhanced program. A study performed in 2016 showed that overhead sewers are one of the most cost effective ways of protecting homes against sewer backups. The enhanced program is designed to fund the first 400 applicants for the enhanced program. Staff will continue to market the program; however, if an insufficient number of applicants come forward, staff may recommend that this program's funds be reallocated to other needed storm water projects.

During 2021 the Village plans to complete the Area D – Greenbrier/Roanoke/Wilke project. The lack of adequate storm drainage in this area results in street and surface flooding that threatens the private residences in the area. Larger storm pipes and more storage will be constructed to meet current standards. Larger storm pipes will also be constructed as part in the Area C – Burr Oak/Hintz Road project.

For all storm water projects, Staff is continuing to seek grant funding, when available, for these projects.

The Water & Sewer Fund – In October 2019 the Village Board approved a five-year water and sewer rate adjustment plan that allowed the Village to increase the amount spent on its water main replacement program. The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks are two to three times that of comparable communities. In 2015 the Village was spending about $500,000 per year on water main replacement. Due to the five-year rate plan changes in 2014 and 2019, as well as the $9 million in bond proceeds in 2020, the Village is now able to replace at least $4 million or the industry standard of 1% of its water main system on an annual basis.

Reaching the $4.0 million annual replacement level provides the Village with a recommended schedule by which the Village would replace 1% of its water mains each year. However, the Village's water mains are now an average of 66 years old, and we would need to improve the average age to at least 60 years old in order to maintain an average annual replacement schedule. The current plan reflects an annual increase of $100,000 in the water main replacement program. In addition, in 2025 the Village will have another bonding opportunity which could be used in part to replace some of our older water mains, thereby reducing the average age.

Even with the planned rate adjustments, the Village's water and sewer rates will be at or below the average for communities in the Chicago area. Other key Water & Sewer Fund CIP projects include the Sanitary Sewer Replacement, Water Tank Painting, and the Residential and Commercial Meter Replacement programs.

The Municipal Parking Operations Fund covers the costs associated with maintaining the public parking facilities, as well as the operating costs to collect fees and enforce parking regulations.

In September 2014 Village Staff completed a review of the Parking Garage Assessment prepared by Walker Restoration Consultants. The CIP reflects the results of this assessment which provided the Village with a ten-year working plan for the maintenance and rehabilitation of the four municipal parking garages. A 2015 transfer of $2 million from the General Fund to the Parking Fund helped cover the initial $2.3 million cost of the project.

According to the consultant, the completion of the rehabilitation work on the Village's four public parking garages during 2018 returned these 17 to 35 year old structures back to their original integrity, with new service lives of 40 to 50 years. Ongoing parking structure maintenance in 2021 and beyond includes surface top coats, elevator modernization, and concrete repairs and waterproofing at all four public parking structures. It is proposed that $1.7 million of the 2020 bond issue proceeds be allocated to the Municipal Parking Fund to cover some of these costs.

The Public Building Fund – Over the last 13 years this fund has been used to account for the construction of the new Public Works Facility, Fire Station 1, Village Hall, and the Police Station. Now that these major building projects are complete, the Village plans to close this fund by the end this year. This fund is projected to have over $3 million in fund balance remaining as of the end of 2020. As such, the Village Board has an opportunity to transfer these funds to needed areas. Staff has reviewed the Village's various capital projects and funds, and has the following recommendations for potential transfers:

1. Potential $2 million transfer to the Technology (IT) Fund. During June 2020 the Village sent out an RFP for our new Enterprise Resource Planning (ERP) software system. Proposals are due back to the Village in August. The Village's ERP consultants estimate that the bids should come in between $2 to 4 million for a new system, depending on the extent of what the Village wants to accomplish with its ERP system. The IT Fund currently has $2.6 million set aside for the all-in cost of the software and consultant fees. The Village's current ERP software system was purchased in 1996. Although it has been updated over the years, the newer software will provide more proven capabilities that the Village needs, in order to offer the efficiency and online services that are now expected by our residents and businesses.

2. Potential transfer to the Fleet Fund. During 2021 the Village will need to review the current internal funding scheme of the Fleet Fund. Based on the projected drawdown of the Fleet Fund's reserves over the next five years, this fund may need an infusion of cash, rather than increasing internal service charges to the General Fund Departments.

3. Transfer to the Arts, Entertainment, and Events (A & E) Fund. The Coronavirus Recession has resulted in a significant decrease in Food & Beverage (FBT) taxes, which is the primary revenue source for this fund. FBT revenues aren't expected to reach 2019 levels again until 2022. As a result, there is a projected funding gap for this fund that will need to be addressed, to continue a sustainable fund operation.

It is recommended that these suggested transfers be considered during the Village Board's review of the Proposed 2021 Budget.

Other Funds include the Criminal Investigations, TIF IV, TIF V, TIF Hickory/Kensington, Fleet, and Technology Funds.

ORGANIZATION OF THE CIP PLAN

To provide a clear sense of available resources and proposed capital projects, the sections that follow are divided by fund. A narrative summary of each fund's key projects and issues is provided at the beginning of each fund section. As mentioned earlier, multi-year presentations of each fund's revenues and expenditures are included, as well as project request sheets for each 2021 through 2025 project. If a fund includes both operating and capital expenses, projected operating expenses are shown through the last year of the CIP. The last two sections of the CIP show other non-major funds and then a list of unfunded projects which the CIP Committee felt were important to track, but were beyond the five-year horizon of the CIP, or marked as unfunded due to a high expense and an undetermined funding source.

The CIP Committee has reviewed each of these funds and the projects therein, and recommends that the proposed capital improvement budget for 2021 in the amount of $34,128,700 be accepted. This is the first year of the five-year $140.2 million Capital Improvement Program.

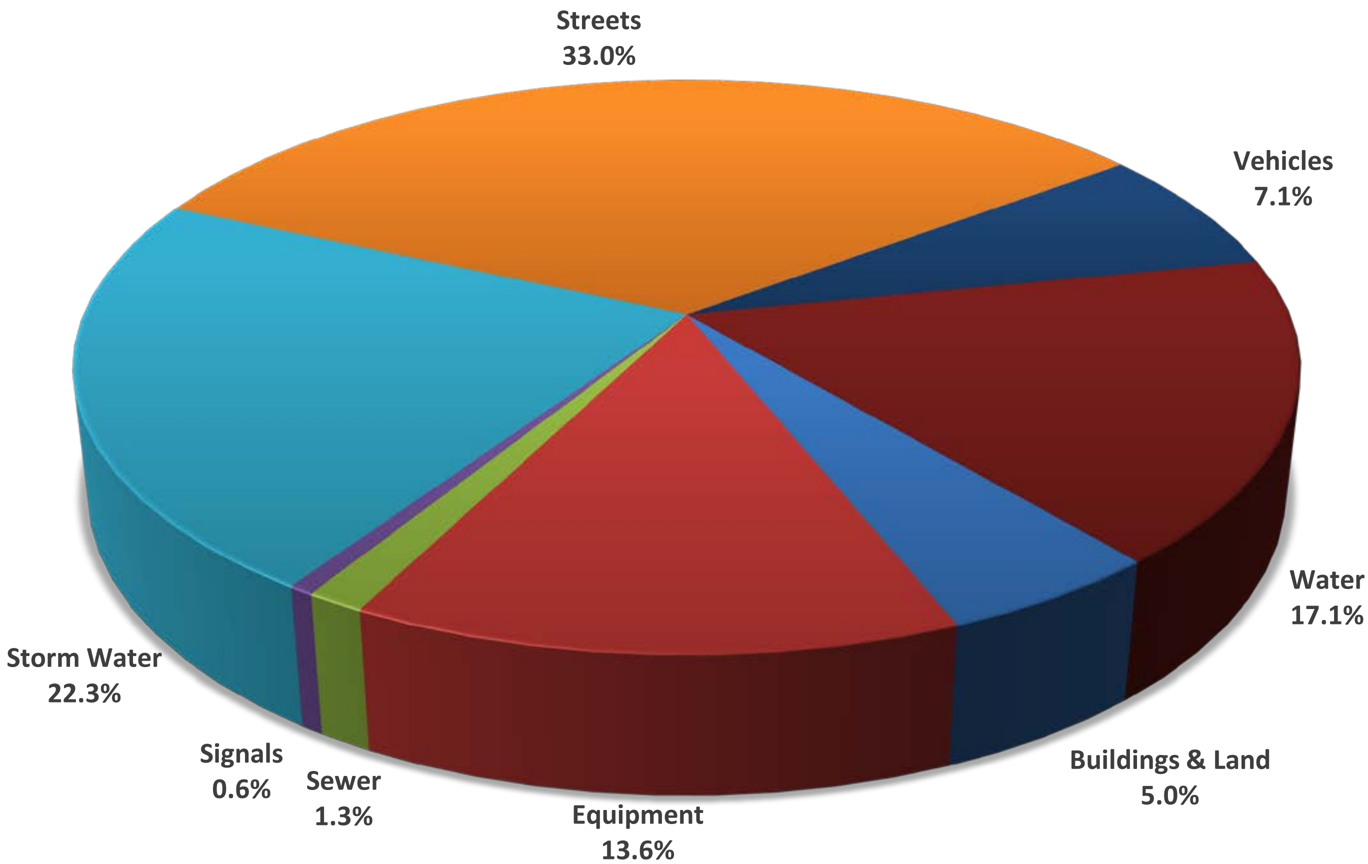
Village of Arlington Heights, Illinois
Debt Model - June 15, 2020
PRELIMINARY

Schedule 2
Projected Future Issuances - $6.5M Max Debt Service

			General Obligation Bond, Series 2020 Dated: August 26, 2020 **$13.7 Million Project**				General Obligation Bond, Series 2025 Dated: January 1, 2025 $17.04 Million Issuance				General Obligation Bond, Series 2030 Dated: February 1, 2030 $20.3 Million Issuance				
Levy Year	Bond Year (Dec. 1)	Existing Tax Supported Debt Service	Principal (12/1)	Rate (1)	Interest (6/1 & 12/1)	Total	Principal (12/1)	Rate (1)	Interest (6/1 & 12/1)	Total	Principal (12/1)	Rate (1)	Interest (6/1 & 12/1)	Total	**Estimated Total New Tax Supported Debt Service**
2019	2020	6,690,350			0	0				0				0	6,690,350
2020	2021	5,187,350	695,000	4.00%	613,997	1,308,997				0				0	6,496,347
2021	2022	4,976,900	1,060,000	4.00%	458,000	1,518,000				0				0	6,494,900
2022	2023	4,974,550	1,105,000	4.00%	415,600	1,520,600				0				0	6,495,150
2023	2024	4,974,400	1,150,000	4.00%	371,400	1,521,400				0				0	6,495,800
2024	2025	4,173,000	700,000	4.00%	325,400	1,025,400	675,000	4.00%	624,800	1,299,800				0	6,498,200
2025	2026	3,728,100	670,000	4.00%	297,400	967,400	1,145,000	4.00%	654,600	1,799,600				0	6,495,100
2026	2027	2,410,750	2,015,000	4.00%	270,600	2,285,600	1,190,000	4.00%	608,800	1,798,800				0	6,495,150
2027	2028	2,409,450	2,100,000	4.00%	190,000	2,290,000	1,235,000	4.00%	561,200	1,796,200				0	6,495,650
2028	2029	2,406,650	2,185,000	4.00%	106,000	2,291,000	1,290,000	4.00%	511,800	1,801,800				0	6,499,450
2029	2030	2,407,350	465,000	4.00%	18,600	483,600	1,895,000	4.00%	460,200	2,355,200	575,000	4.00%	676,667	1,251,667	6,497,817
2030	2031	2,406,400			0	0	2,205,000	4.00%	384,400	2,589,400	715,000	4.00%	789,000	1,504,000	6,499,800
2031	2032	2,408,800			0	0	2,290,000	4.00%	296,200	2,586,200	740,000	4.00%	760,400	1,500,400	6,495,400
2032	2033	2,409,600			0	0	2,385,000	4.00%	204,600	2,589,600	765,000	4.00%	730,800	1,495,800	6,495,000
2033	2034	2,407,200			0	0	1,980,000	4.00%	109,200	2,089,200	1,300,000	4.00%	700,200	2,000,200	6,496,600
2034	2035	2,406,600			0	0	750,000	4.00%	30,000	780,000	2,665,000	4.00%	648,200	3,313,200	6,499,800
2035	2036	2,407,600			0	0				0	3,550,000	4.00%	541,600	4,091,600	6,499,200
2036	2037				0	0			0	0	6,100,000	4.00%	399,600	6,499,600	6,499,600
2037	2038				0	0			0	0	3,890,000	4.00%	155,600	4,045,600	4,045,600
2038	2039				0	0			0	0				0	0
2039	2040				0	0			0	0				0	0
Total		$58,785,050	$12,145,000		$3,066,997	$15,211,997	$17,040,000		$4,445,800	$21,485,800	$20,300,000		$5,402,067	$25,702,067	**$121,184,914**

Notes: (1) Assumes an estimated current interest rates +.15% for 2020 and 4% for 2025 and 2030. Subject to change.

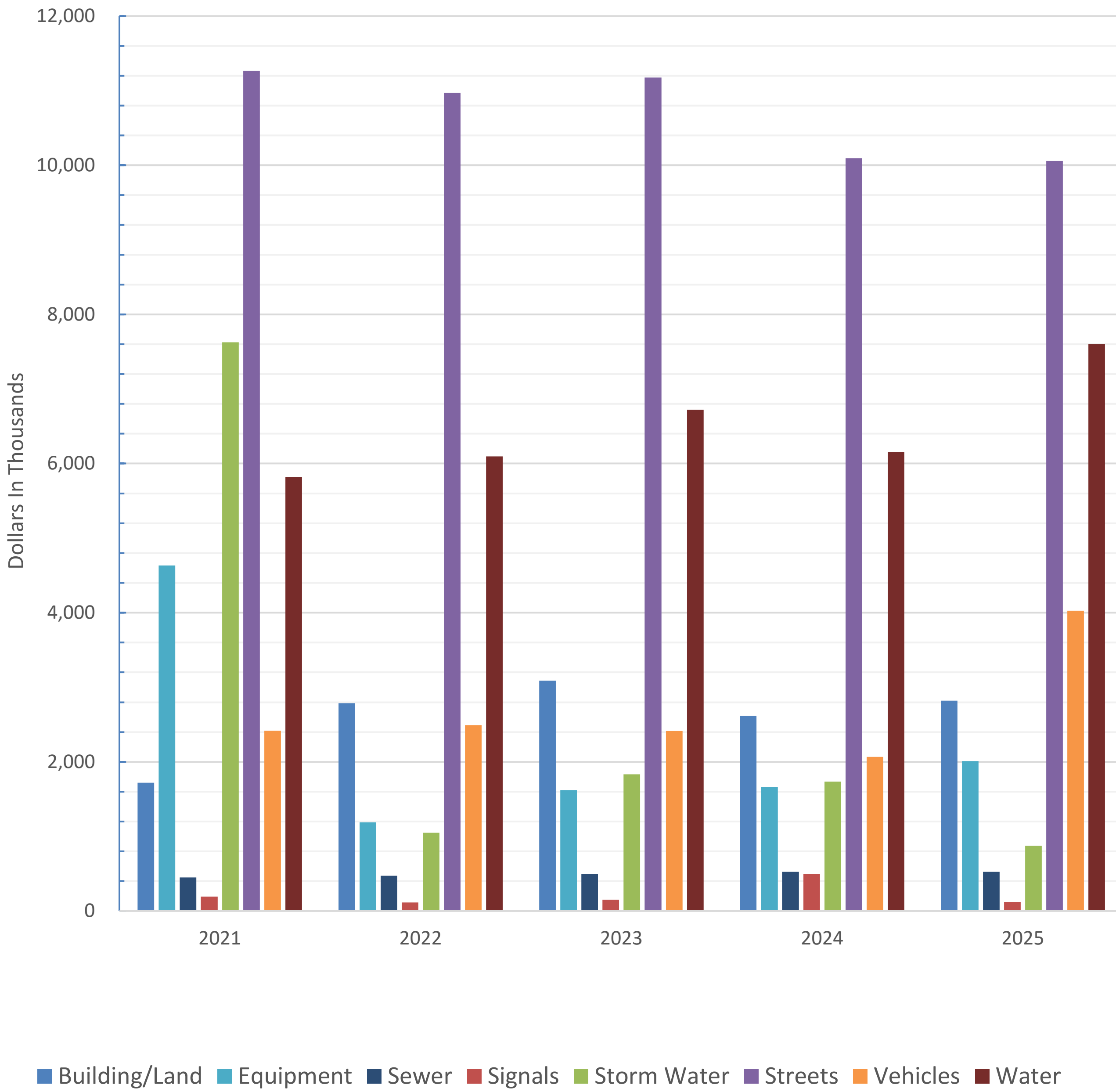
WHERE THE MONEY GOES
CAPITAL EXPENDITURES BY TYPE
Fiscal Year 2021



CATEGORY	2021 PROPOSED CIP	%
Buildings & Land	$1,721.5	5.0%
Equipment	4,632.9	13.6%
Sewer	450.0	1.3%
Signals	194.5	0.6%
Storm Water	7,626.6	22.3%
Streets	11,266.8	33.0%
Vehicles	2,416.4	7.1%
Water	5,820.0	17.1%
Total	**$34,128.7**	**100.0%**

(Shown in Thousands)

Village of Arlington Heights
2021-2025 Capital Improvement Program
SUMMARY BY TYPE



Village of Arlington Heights

2021-2025 CAPITAL IMPROVEMENT PROGRAM
By Type and Project Name
(shown in thousands)

Project Name	Project #	Total 2021	Total 2022	Total 2023	Total 2024	Total 2025	Total Project
Building/Land							
Overhead Door Replacement/Repair	BL-90-04	30.0	30.0	30.0	45.0	40.0	175.0
Public Works Annex Improvements	BL-93-02	30.0	43.0	29.0	29.0	360.0	491.0
Building Equipment Replacement	BL-95-04	30.0	27.9	77.5	23.0	30.0	188.4
Municipal Buildings Refurbishing	BL-95-05	97.0	271.4	178.2	40.0	30.0	616.6
Roof Maintenance Program	BL-95-06	-	-	515.0	1,200.0	985.0	2,700.0
Heating Plant/Air Conditioner Replacement	BL-96-01	65.0	240.0	-	-	85.0	390.0
Ongoing Maintenance to Brick Exteriors	BL-96-03	35.0	165.0	35.0	35.0	45.0	315.0
Historical Society Museum - Building Repairs	BL-96-04	50.5	25.0	25.0	45.0	45.0	190.5
Parking Structure Maintenance/Repairs	BL-00-06	-	375.0	1,150.5	200.0	200.0	1,925.5
TIF IV Redevelopment	BL-16-05	500.0	500.0	500.0	500.0	500.0	2,500.0
Metropolis Theater - Replace Flooring MPAC	BL-17-06	36.0	-	-	-	-	36.0
Hickory Kensington TIF District Redevelopment	BL-18-01	800.0	500.0	500.0	500.0	500.0	2,800.0
LED Parking Garage Lighting Conversions	BL-19-03	48.0	48.0	48.0	-	-	144.0
Seized Vehicle & Long-Term Bulk Evidence Storage Structure	BL-21-01	-	362.3	-	-	-	362.3
Municipal Parking Lot Improvements	BL-21-02	-	200.0	-	-	-	200.0
		1,721.5	**2,787.6**	**3,088.2**	**2,617.0**	**2,820.0**	**13,034.3**
Equipment							
Operational Equipment - Public Works	EQ-94-01	196.7	146.4	162.0	538.7	267.0	1,310.8
Operational Equipment - Police Department	EQ-95-01	146.0	146.0	73.0	134.0	168.8	667.8
Operational Equipment - Fire Department	EQ-95-02	170.5	157.5	147.5	260.6	762.2	1,498.3
Office Equipment	EQ-95-03	90.0	50.0	60.0	50.0	45.0	295.0
Operational Equipment - Municipal Fleet Services	EQ-97-01	78.2	38.2	3.5	61.0	91.0	271.9
IT Equipment Replacement	EQ-97-08	241.8	241.8	241.8	241.8	241.8	1,209.0
Emergency Generator Upgrades and Replacement	EQ-99-02	922.4	-	521.9	-	-	1,444.3
Operational Equipment - Information Technology	EQ-01-03	126.5	126.5	141.5	126.5	126.5	647.5
Metropolis Theater Capital Equipment	EQ-06-03	39.0	40.0	41.0	42.0	43.0	205.0
Patrol Vehicle Equipment Replacement Program	EQ-08-03	41.5	39.0	27.0	39.0	42.0	188.5
Operational Equipment - Municipal Parking Fund	EQ-09-01	10.0	10.0	10.0	10.0	10.0	50.0
SCADA Enhancements	EQ-15-25	61.5	63.3	65.2	30.0	75.0	295.0
Pumps & Motor Controls Rehab and Replacement	EQ-15-30	106.0	64.6	94.6	90.0	100.0	455.2
Metropolis Theater LED Series 2	EQ-17-11	-	32.5	-	-	-	32.5
Lighting Fixtures in Theater	EQ-18-03	-	-	35.0	-	-	35.0
Wireless Microphones	EQ-18-05	-	14.0	-	-	-	14.0
Stage Light Control Systems - Dimmer Rack	EQ-19-03	-	-	-	40.0	40.0	80.0
Village ERP Software Replacement	EQ-19-04	2,000.0	-	-	-	-	2,000.0
Metropolis Theater - Wireless Headsets/Base	EQ-21-03	-	20.0	-	-	-	20.0
Phone System Upgrade	EQ-21-01	175.0	-	-	-	-	175.0
A/V System Upgrades	EQ-21-02	227.8	-	-	-	-	227.8
		4,632.9	**1,189.8**	**1,624.0**	**1,663.6**	**2,012.3**	**11,122.6**
Sewer							
Sewer Rehab/Replacement Program	SW-90-01	450.0	475.0	475.0	475.0	475.0	2,350.0
Backyard Drainage Improvements	SW-11-02	400.0	300.0	-	300.0	300.0	1,300.0
Storm Sewer Rehab/Replacement Program	SW-15-20	500.0	500.0	500.0	500.0	500.0	2,500.0
Greenbriar/ Roanoke/ Wilke	SW-18-03	3,191.6	-	-	-	-	3,191.6
Enhanced Overhead Sewer Program	SW-18-01	250.0	250.0	135.0	135.0	75.0	845.0
Manhole Rehabilitation	SW-20-04	-	-	25.0	50.0	50.0	125.0
Area C/NW Burr Oak Burning Tree & C/SE Berkley/Hintz	SW-20-01	3,285.0	-	-	-	-	3,285.0
St. Ponding Area - Race Ave & Chicago Ave	SW-20-03	-	-	-	800.0	-	800.0
Area F - Forrest Ave Stormwater Improvements	SW-21-01	-	-	1,200.0	-	-	1,200.0
		8,076.6	**1,525.0**	**2,335.0**	**2,260.0**	**1,400.0**	**15,596.6**
Signals							
Traffic Signal Maintenance	SG-03-02	114.5	116.8	119.1	121.4	123.7	595.5
Algonquin Rd. and New Wilke Rd intersection Improvement	SG-17-01	80.0	-	35.0	380.0	-	495.0
		194.5	**116.8**	**154.1**	**501.4**	**123.7**	**1,090.5**

Exhibit D

Village of Arlington Heights

2021-2025 CAPITAL IMPROVEMENT PROGRAM
By Type and Project Name
(shown in thousands)

Project Name	Project #	Total 2021	Total 2022	Total 2023	Total 2024	Total 2025	Total Project
Streets							
Street Program	ST-90-08	6,200.0	6,200.0	6,300.0	6,400.0	6,500.0	31,600.0
Street Rehabilitation Program	ST-90-09	2,400.0	2,400.0	2,400.0	2,400.0	2,400.0	12,000.0
Sidewalk & Curb Replacement	ST-90-11	405.0	415.0	425.0	435.0	445.0	2,125.0
Pavement Crack Sealing Program	ST-92-01	200.0	200.0	200.0	200.0	200.0	1,000.0
Street Light Cable Replacement	ST-00-01	10.0	10.0	10.0	20.0	20.0	70.0
Paver Brick Maintenance	ST-05-01	412.0	400.0	100.0	100.0	100.0	1,112.0
Downtown Street Furniture	ST-14-01	10.0	10.0	10.0	10.0	10.0	50.0
Downtown Streetscape Improvements	ST-15-35	200.0	110.0	-	-	-	310.0
Northwest Highway (Rt. 14) Corridor Landscaping Improvements	ST-16-20	101.0	75.0	77.0	-	-	253.0
Surface Treatment - Streets	ST-18-02	150.0	300.0	300.0	300.0	300.0	1,350.0
Kensington Road & Multi-Use Path Improvements	ST-18-01	300.0	-	-	-	-	300.0
Rand Road Corridor Identification Enhancement	ST-17-20	562.0	383.7	255.0	144.8	-	1,345.5
Downtown Outdoor Living Room	ST-17-25	-	20.0	-	-	-	20.0
Green Corridor Beautification	ST-99-03	-	160.0	-	-	-	160.0
LED Street Lighting Conversions	ST-19-01	64.0	64.0	64.0	64.0	64.0	320.0
Bike Plan/Bike Route Pavement Marking	ST-19-04	20.0	20.0	20.0	20.0	20.0	100.0
South Arlington Heights Road Corridor	ST-19-03	55.8	-	-	-	-	55.8
Windsor Drive Road Diet	ST-21-01	50.0	-	-	-	-	50.0
Weber Dr/Old Wilke Rd Street Reconstruction	ST-21-02	52.0	32.0	160.0	-	-	244.0
Wilke Road Resurfacing & Multi-Use Path Extension	ST-21-03	75.0	170.0	855.0	-	-	1,100.0
		11,266.8	**10,969.7**	**11,176.0**	**10,093.8**	**10,059.0**	**53,565.3**
Vehicles							
Vehicle Replacement - Planning	VH-95-12	-	-	-	25.5	-	25.5
Vehicle and Special Equipment Replacement - Public Works	VH-95-01	1,565.6	713.4	836.0	344.1	923.1	4,382.2
Vehicle and Special Equipment Replacement - Water & Sewer	VH-95-02	-	275.3	-	460.9	1,367.9	2,104.1
Vehicle Replacement - Police Department	VH-95-03	273.2	283.6	210.3	526.8	353.1	1,647.0
Vehicle Replacement - Fire Department	VH-95-04	504.6	1,179.2	1,367.0	710.5	1,215.6	4,976.9
Vehicle Replacement - Municipal Fleet Services	VH-95-06	48.0	-	-	-	-	48.0
Vehicle Replacement - Municipal Parking Operations	VH-95-08	-	-	-	-	67.0	67.0
Vehicle Replacement - Building & Health Services Department	VH-95-10	25.0	42.3	-	-	99.3	166.6
		2,416.4	**2,493.8**	**2,413.3**	**2,067.8**	**4,026.0**	**13,417.3**
Water							
Watermain Replacement Program	WA-90-01	4,000.0	4,100.0	4,200.0	4,300.0	4,400.0	21,000.0
Residential Meter & AMR System Replacement	WA-03-02	-	1,037.3	1,050.0	1,050.0	1,050.0	4,187.3
Water Tank Repainting	WA-11-01	1,820.0	660.0	1,155.0	490.0	1,850.0	5,975.0
Deep Well Rehabilitation	WA-11-02	-	-	15.0	15.0	-	30.0
Commercial Meter Replacements	WA-20-01	-	300.0	300.0	300.0	300.0	1,200.0
		5,820.0	**6,097.3**	**6,720.0**	**6,155.0**	**7,600.0**	**32,392.3**
		34,128.7	**25,180.0**	**27,510.6**	**25,358.6**	**28,041.0**	**140,218.9**

Village of Arlington Heights
2021-2025 CAPITAL IMPROVEMENT PROGRAM
SUMMARY BY YEAR
(in thousands)

CAPITAL SPENDING	ACTUAL 2016	ACTUAL 2017	ACTUAL 2018	ACTUAL 2019	ESTIMATED ACTUAL 2020	PROP BUDGET 2021	PROP BUDGET 2022	PROP BUDGET 2023	PROP BUDGET 2024	PROP BUDGET 2025	TOTAL 2021-2025
BUILDINGS & LAND	1,635.8	9,336.8	22,628.2	1,099.2	1,935.8	**1,721.5**	2,787.6	3,088.2	2,617.0	2,820.0	**13,034.3**
EQUIPMENT	1,249.7	1,877.6	3,172.1	1,834.2	2,746.4	**4,632.9**	1,189.8	1,624.0	1,663.6	2,012.3	**11,122.6**
SEWER	869.6	655.4	390.2	370.9	425.0	**450.0**	475.0	500.0	525.0	525.0	**2,475.0**
SIGNALS	778.9	384.0	102.9	118.7	648.0	**194.5**	116.8	154.1	501.4	123.7	**1,090.5**
STORM WATER CONTROL	518.1	1,387.8	1,442.1	8,252.8	4,295.1	**7,626.6**	1,050.0	1,835.0	1,735.0	875.0	**13,121.6**
STREETS	9,867.8	7,842.0	8,198.5	9,075.3	7,431.9	**11,266.8**	10,969.7	11,176.0	10,093.8	10,059.0	**53,565.3**
VEHICLES	520.5	2,008.0	1,211.8	1,410.1	3,378.1	**2,416.4**	2,493.8	2,413.3	2,067.8	4,026.0	**13,417.3**
WATER	2,481.0	2,761.3	2,028.7	4,880.1	5,967.6	**5,820.0**	6,097.3	6,720.0	6,155.0	7,600.0	**32,392.3**
TOTAL CAPITAL SPENDING	**17,921.4**	**26,252.9**	**39,174.4**	**27,041.3**	**26,827.9**	**34,128.7**	**25,180.0**	**27,510.6**	**25,358.6**	**28,041.0**	**140,218.9**

CAPITAL FUNDING	ACTUAL 2016	ACTUAL 2017	ACTUAL 2018	ACTUAL 2019	ESTIMATED ACTUAL 2020	PROP BUDGET 2021	PROP BUDGET 2022	PROP BUDGET 2023	PROP BUDGET 2024	PROP BUDGET 2025	TOTAL 2021-2025
Capital Projects Fund	6,675.7	7,480.4	7,093.7	8,637.2	6,682.5	**9,818.0**	9,378.8	10,073.4	9,683.8	9,603.2	**48,557.2**
Motor Fuel Tax Fund	4,116.6	1,535.4	1,978.4	1,874.0	2,513.2	**2,514.5**	2,516.8	2,519.1	2,521.4	2,523.7	**12,595.5**
Storm Water Control Fund	894.5	1,624.9	1,442.1	8,252.8	4,295.1	**7,626.6**	1,050.0	1,835.0	1,735.0	875.0	**13,121.6**
Water & Sewer Fund	3,315.2	4,031.7	2,760.4	5,957.3	7,707.1	**7,551.9**	6,852.2	8,057.7	7,586.0	9,326.5	**39,374.3**
Municipal Parking Operations Fund	559.8	786.0	144.1	370.4	687.5	**63.0**	638.0	1,213.5	215.0	215.0	**2,344.5**
Emerald Ash Borer (EAB) Fund	789.3	467.1	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Public Buildings Fund	457.8	8,037.5	23,856.4	83.1	60.0	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Fleet Operations Fund	520.5	2,008.0	1,211.8	1,410.1	3,378.1	**2,469.4**	2,493.8	2,413.3	2,067.8	4,026.0	**13,470.3**
Arts, Entertainment & Events Fund	105.8	122.5	93.9	156.0	42.3	**75.0**	106.5	76.0	82.0	83.0	**422.5**
Technology Fund	220.6	154.2	201.8	168.9	841.8	**2,241.8**	241.8	241.8	241.8	241.8	**3,209.0**
TIF IV Fund 263	265.6	3.0	1.3	0.0	525.0	**500.0**	660.0	500.0	500.0	500.0	**2,660.0**
TIF V Fund 264	0.0	2.2	1.8	12.8	11.2	**332.0**	243.3	28.8	101.8	0.0	**705.9**
TIF HK Fund 266	0.0	0.0	0.0	0.0	0.0	**800.0**	500.0	500.0	500.0	500.0	**2,800.0**
Criminal Investigations Fund	0.0	0.0	388.7	118.7	84.1	**111.5**	473.8	27.0	99.0	121.8	**833.1**
Foreign Fire Insurance Tax Fund	0.0	0.0	0.0	0.0	0.0	**25.0**	25.0	25.0	25.0	25.0	**125.0**
TOTAL CAPITAL FUNDING	**17,921.4**	**26,252.9**	**39,174.4**	**27,041.3**	**26,827.9**	**34,128.7**	**25,180.0**	**27,510.6**	**25,358.6**	**28,041.0**	**140,218.9**

Committee-of-the-Whole
6/29/2020

Item: Operating Fund Overview/Budget Ceilings

Department: Finance

ATTACHMENTS:

Description	Type
Operating Fund Overview/Recommended Budget Ceilings - 2021	Exhibits

INTER OFFICE

MEMO

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director/Treasurer
Date: June 18, 2020
Subject: **OPERATING FUND OVERVIEW/RECOMMENDED BUDGET CEILINGS – 2021**

The Operating Fund Overview and Budget Ceiling process typically serves as the Village Board's mid-year review of the Village's financial position, provides an initial property tax estimate for the coming year, and establishes budget ceilings for Village Departments as they prepare their budget proposals for the 2021 Budget. This planning process continues to serve us well, but this year we have already augmented the process by submitting earlier memos to the Board to provide financial estimates on the potential effects of the Coronavirus pandemic and the related recession. This crisis has been a sudden shock to the economic system, which is different from the Great Recession of 2008. While that recession also developed quickly due to flaws in an over-leveraged housing market, most businesses still remained open and a large majority of people's daily lives continued.

The Coronavirus recession of 2020 resulted in businesses being shut down quickly, as the State imposed shelter-in-place requirements. Last month, the Governor announced his Five-Phase plan to reopen the economy in Illinois and businesses have started to reopen. However, the recovery may be slow and halting, as people continue to practice social distancing until a vaccine is developed and available to the general population. We anticipate an uncertain business climate over the next 4 – 6 months, as we don't know if the virus will recede and surge again. For the purposes of our projections, we are assuming that the economy will improve slowly over the last half of this year through the first quarter of next year. At this point, we do not have a significant amount of definitive data on a number of our key tax revenues, as there is a normal lag time in receiving revenues through the State. However, in early June we received Sales, Home-Rule Sales, Income and Use tax data for April activity when everything was essentially closed. This provides us with what we hope is the low data point of this sudden recession.

Operating Fund Overview

The General Fund and the Water & Sewer Fund are the Village's key operating funds covered in this analysis. As of the end of 2019 the General Fund's ending balance as a percent of expenditures equaled 39%. This was in excess of the Village's minimum fund balance policy of 25% of expenditures. Maintaining adequate reserves helps ensure the Village's excellent bond rating, which lowers bond interest charges associated with that rating. These reserves also provide a source of funds for extraordinary weather related events or other damages (pandemics), and provide the flexibility needed to make prudent decisions during times of economic uncertainty.

The Water & Sewer Fund's 2019 ending working cash balance was only 10% of expenses. This Fund has underperformed over the last few years due to service charge revenues coming in lower than projected. This is likely due to wetter spring/summer weather, more efficient plumbing systems, and older water meters that tend to slow down as they reach the end of their useful lives. As such, water and sewer revenue estimates are based on water usage which is lower than the 15 year average. During the fall of 2019, the Village implemented a five-year rate increase plan in order to reach our long-term goal of replacing 1% of our water mains each year.

Conservative revenue projections have been made for the three-year projections prepared for each of these operating funds. In addition, full staffing levels have been assumed without regard to temporary vacancies that occur each year. For this reason the projections can be considered "worst-case" scenarios of the future. This is more evident with the General Fund because of the variety of revenue sources that are dependent on the local economy. On the other hand, the Water & Sewer Fund's revenue stream is based on user fees, which are somewhat more predictable but vary depending on usage.

General Fund

The Village has maintained a strong fund balance of 39% of expenditures in this fund. Through the use of these reserves, the Village is able to develop a financial and operating plan to address the effects of the Coronavirus Recession. During the Great Recession the Village took a number of actions that may no longer be viable options during the current recession. For instance, during the last recession the Village cut 10% of its workforce primarily through a reduction in administrative positions and the elimination of the Teen Center as shown in **Exhibit 1**. The Village chose to continue to operate as a lean administrative organization since that time, and these positions were never reinstated. As a result, if further staff reductions are needed in the future, this would likely come from basic Village services. To put this into perspective, 80% of the General Fund's expenditures are for Personal Services, which include wages and benefits. It is also notable that 85% of the General Fund budget is devoted to Police, Fire, and Public Works services. During the Great Recession, the Village also implemented electric and natural gas utility taxes to help close the revenue gap.

Exhibits 2 and 3 – General Fund includes a summary of General Fund revenues and expenditures for 2018 through 2023, as well as detailed revenue estimates for select taxes. Since the General Fund's revenue base is comprised of certain key "growth" revenues that are susceptible to economic changes, balancing this fund will continue to be a challenge over the next couple of years. The attached summary shows that General Fund revenues are currently projected to come in $5.3 million or 7% under budget for 2020. This is an improvement over our earlier projections which were made before we received Sales and Income tax data for April activity in June. Sales and Home-Rule Sales taxes are now projected to come 8 – 10% under budget for 2020. This reflects decreases of 20% in April, May, and June of this year followed by a slow recovery through the first quarter of 2021. While some of the Village's car dealers reported downturns of 60% to 70% during the April – May time period, other top sales producers such as grocers, drug stores, and hardware stores appear to have maintained a good portion of their sales, and in some cases increased their sales.

The Use tax (internet sales) continues to increase over the prior year, and may outperform our current projections. In 2015 the State passed a law requiring Internet retailers with no physical presence, but which have potential nexus, to collect a 6.25% State Use Tax (but not local sales taxes). The State receives 80% of the Use Tax receipts with the remaining 20% divided between local entities based on a formula and population. In June 2018 the U.S. Supreme Court ruled that all larger out-of-state online vendors are required to collect Sales or Use taxes. This action has continued to increase the amount that municipalities receive through the allocated portion of the Use tax. Income tax receipts are expected to decrease due to significant unemployment claims across the State. Food & Beverage tax receipts are projected to come in under budget by 25% due to the earlier closure of restaurants, and the expected social distancing precautions that will have to be maintained until the development of a vaccine for the virus.

The expenditure side of the 2020 General Fund projection reflects decreases previously identified by each Department in April. These decreases included cancelling internships and summer help and reductions in training among others. Since the Village budgets for wages and fringes at full employment throughout the year, it is also assumed that personal services will come in about $1 million under budget in 2020. This is due to normal vacancy savings of about $500,000 per year, and additional savings from purposely holding certain vacancies open longer and savings from the cancelled internship and summer help programs in 2020. Throughout the remainder of the year, Staff will continue to conduct an aggressive review and deferral of selected vacancies that will result in some positions going unfilled, providing additional savings in 2020. Based on these expenditure decreases, total 2020 General Fund expenditures are projected to come in at least $1.16 million under budget, with the year-end fund balance decreasing from 39% to 35% as of the end of 2020. It is still unclear how the Coronavirus Recession will run its course, but we believe the 2020 estimates provide a reasonable basis for the 2021 projections.

For 2021, the Village Board has made clear its desire to have a zero percent increase in the 2020 property tax levy collected in 2021, as a number of residents and businesses are struggling through the Coronavirus Recession. Keeping the property tax as low as possible is one of the few ways the Village can help the bottom line for our residents and businesses. From a longer term perspective, General Fund revenues are not expected to bounce back to 2019 levels until 2022. With these things in mind, Staff has prepared this operating fund overview assuming a zero percent 2020 property tax levy as explained later in this memo. To attain this goal, Staff has developed a number of creative actions to buttress ongoing General Fund revenues and reduce expenditures. These proposals have been incorporated into our General Fund projections, and include the following:

1. In March 2020 the Village Board approved paying down Police and Fire Pension Fund liabilities by $2.5 million through the use of 2019 General Fund surplus monies. This action, along with positive 2019 investment returns for these pension funds, resulted in a decrease in the 2020 public safety pension fund levies by $446,390. This decrease is proposed to be used to increase the General Fund operating levy.

2. During 2020, a portion of the Village's debt will be retired allowing for the sale of a $13.7 million bond issue without increasing debt costs. A large portion of this bond issue, or $9 million is planned to be used toward improving the Village's water main replacement program. Other capital needs will also be addressed through the bond issue as outlined in the CIP. By limiting the bond issue to $13.7 million, the Village will reduce its debt service levy by $257,000. The decrease in the debt service levy will allow the Village to increase the General Fund operating levy without increasing the 2020 property tax levy.

3. It is proposed that $3 million of the upcoming $13.7 million 2020 bond issue be used toward partial funding of the Village's street program. As a result, $500,000 of the annual property tax levy can be shifted from the Capital Projects Fund to the General

Fund without affecting the amount spent on the street program. (It should be noted that the 2015 General Fund levy was previously reduced in order to increase the Capital Projects Fund levy for street purposes.)

4. An early meeting with the Village's health consultant has shown that the projected health insurance increase for 2021 can be reduced from our original estimate of 8% to 5%, saving about $226,000.

5. The annual cost for the Northwest Central Dispatch (NWCD) member contribution was decreased by $165,000 due to the receipt of new, ongoing 911 funds from the State.

6. As the 2021 General Fund Budget is developed, Department Staff will continue to look for additional ways to reduce expenditures or increase revenues further in order to approach a balanced budget. <u>However, maintaining a zero percent property tax for the second year in a row during a recession, while trying to maintain staffing levels and services, may require some difficult choices.</u>

Since it is projected that the economy will slowly improve over the remainder of 2020 through the first quarter of 2021, revenue projections for 2021 show a marked increase over 2020. However, as noted earlier Staff is projecting that General Fund revenues aren't expected to return to 2019 levels until mid-2021 or early-2022. **Exhibits 4 and 5** show the history of Sales and Income tax receipts respectively. These revenues have historically been the Village's key General Fund growth revenues that cover expenditure increases. **Exhibit 6** shows the history of Use tax receipts.

Disruptive technologies continue to significantly alter the way that businesses and entire industries operate. Some innovations are having a direct effect on the Village's revenue base. As noted above, the growth in Local Use tax receipts is a reflection of the ongoing rise of e-commerce. A couple of other General Fund revenue sources are being affected by disruptive technologies. Telecommunications tax receipts are projected to decline by 5% each year, as more residents "cut the cord" to their land lines. Cable Franchise Fees are also projected to decrease, as more residents are choosing internet streaming services over regular cable or premium channels. Cable Franchise fees are not applied to internet steaming services like Netflix, Amazon and Hulu.

The historical and three-year projections for the General Fund for 2021 through 2023 reflect past performance, and provide estimates of the fund's projected revenues and expenditures. To project these expenditures Staff prepares detailed spreadsheets which include each authorized position. As noted earlier, these projections conservatively assume that all positions are filled and that there are no vacancies. Some of the key revenue and expenditure assumptions include the following:

General Fund Assumptions

Revenues:

Food & Beverage Tax (FBT)	(24%) in 2020, +26% in 2021, 2% in 2022, and 3% in 2023
Home Rule Sales Tax	(9%) in 2020, +5% in 2021, 2% in 2022, and 3% in 2023
Sales Tax	same as above
Income Tax	(14%) in 2020, +10% in 2021, 2% in 2022, and 3% in 2023
Local Use Tax	+ 6% in 2020, 2% in 2021, 5% in 2022, and 5% in 2023
Property Tax (Village and Library)	0% for 2020 levy, 0% in 2021, 4% in 2022
Telecommunications Tax	(7%) in 2020, (5%) in 2021 and thereafter

Utility Tax	+ 0%

Expenditures:

Wages	+2.1%, 2021 Projected v. 2020 Budget (includes steps if applicable)
Health Insurance	+ 5%

Property Tax Projections

One of Staff's key goals is to work to keep any proposed property tax increase as low as possible as shown in **Exhibit 7 – Property Tax Levy History.** The upcoming 2020 property tax levy for the 2021 Budget reflects a 0% increase for the second year in a row. To accomplish this while increasing needed property tax support for the General Fund, the following actions have been taken or are recommended:

1. The Village paid down a portion of the unfunded liabilities in the Police and Fire pension funds by transferring $1.25 million to each of these funds using 2019 General Fund surplus monies. Per the Village's actuary, this reduced the combined public safety pension fund property tax levy by about $246,000 per year between now and 2040. In addition, the total public safety pension fund levies decreased by an additional $200,000 due to positive investment returns in 2019. (In 2019 the Village also paid down a combined $3 million of the public safety pension liabilities, saving the Village about $288,000 between then and 2040).

2. As outlined in the CIP, it is recommended that the Village manage its debt service levy by selling only $13.7 million in bonds in 2020 to replace retiring debt. This will result in a decrease in annual debt service payments of about $257,000 per year.

3. As outlined in the CIP, it is recommended that $3 million of the 2020 bond issue be used toward funding a portion of the street program in the Capital Projects Fund. This will allow for a decrease in Capital Project Fund property taxes of $500,000 and an increase in General Fund property taxes by the same amount.

A second key Staff goal is to try to ensure that sufficient funds are available to provide a consistent, high level of Village services each and every year.

As shown in **Exhibit 8,** the first step in developing the Village's property tax levy is entering the known debt service payment requirements and the annual required contributions for the Police and Fire Pension levies. For many years the Village has also increased the capital levy by $100,000 each year to account for cost increases associated with the annual street program. The 2020 levy year reflects a reduction in the Capital Improvement levy due to the planned 2020 bond issue. The FICA and IMRF levies are derived from the detailed wage sheets prepared for the 2021-2023 budget projections. Once all of the revenue projections for the General Fund are completed, the remaining gap between the General Fund's estimated revenues and expenditures is divided equally between the Fire and Police Protection levies. However, due to the Coronavirus Recession and the desire to pass a 0% 2020 property tax levy, Village Staff will continue to work on lowering the projected deficit as much as possible during the development of the 2021 Budget. It should be noted that this is a property tax estimate for budget ceiling purposes. The final property tax levy amount will be decided by the Board during the 2021 budget meetings held in November 2020.

Water & Sewer Fund

In October 2019 the Village Board approved a five-year water and sewer rate adjustment plan that allowed the Village to increase the amount spent on its water main replacement program. The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks are two to three times that of comparable communities. The Village's residential and commercial water meters are also older, and the three-year projections include a replacement plan for these water meters. In 2015 the Village was spending about $500,000 per year on water main replacement. Due to the five-year rate plan changes in 2014 and 2019, as well as $9 million in 2020 bond proceeds, the Village is now able to sustain its goal of replacing at least $4 million, or 1% of our water mains on an annual basis. As mentioned earlier, water and sewer revenue estimates are based on water usage which is lower than the 15 year average. **Exhibits 9 and 10** show the historical and three-year projections for this fund.

Proposed Budget Ceilings for 2021

The 2021 budget process began in March 2020 when preparations began for the biennial five-year Capital Improvement Plan (CIP). The second step in the Village's budget process includes the financial review of the two key operating funds, the General Fund and the Water & Sewer Fund, culminating in the establishment of budget ceiling amounts for these two operating funds. As part of this step staff makes various assumptions on revenue, expense, and property tax increases as outlined earlier. These two steps lead to the development of the proposed budget document which is reviewed prior to approval of the final budget. **Exhibit 11** is a draft copy of the budget calendar for 2021.

The recommended expenditure ceilings for the General Fund and the Water & Sewer Fund are based on the following projections:

	General Fund	**Water & Sewer Fund**
Revenues	$ 78,073,100	$ 22,091,200
Expenditures	(79,861,000)	(24,350,600)
Surplus (deficit)*	(1,787,900)	(2,259,500)
Beginning Balance	27,186,316	7,844,917
Ending Balance	$ 25,390,416	$ 5,585,417

*The deficit in the General Fund is due to primarily to COVID19 Recession revenue losses and maintaining a 0% overall property tax levy for 2020. Staff will look for additional revenue sources and expenditure cuts during the preparation of the 2021 Proposed Budget. Unless other unforeseen circumstances arise, Staff expects that the 2021 proposed General Fund Budget will come in under the budget ceiling. The Water & Sewer Fund deficit reflects the Village's ongoing plan to replace 1% of the Village's water mains each year. The $9 million 2020 bond issue will allow the Village to bridge the funding gap, until water and sewer user fee revenues reach a sustainable level to support the fund's long-term operations and capital expenses.

Recommendation

It is recommended that the Board approve the proposed budget ceilings for 2021 of $79,861,000 for the General Fund and $24,350,600 for the Water & Sewer Fund.

H:\Budget\budget21\operating fund 2021 overview.doc

CHANGE IN VILLAGE FTE STAFFING LEVEL FY2002 V. 2020

Exhibit 1

	FY2002	2020	+ (-)	% of Increase (Decrease)	
Integrated Services	5.00	6.50	1.50	30%	*
IT	9.00	5.00	(4.00)	-44%	*
Human Resources	4.50	4.00	(0.50)	-11%	
Legal	3.50	2.75	(0.75)	-21%	
Finance/Village Clerk	22.00	16.00	(6.00)	-27%	*
Front Desk - Customer Service Rep.	1.00	1.00	0.00	0%	*
Police	149.00	139.00	(10.00)	-7%	
Fire	105.50	110.00	4.50	4%	
Planning	12.00	10.00	(2.00)	-17%	
Building	19.00	18.00	(1.00)	-5%	
Health/Senior Services	16.50	13.00	(3.50)	-21%	
Youth Services	3.00	0.00	(3.00)	-100%	**
Public Works/Engineering/Fleet	83.00	61.75	(21.25)	-26%	
Water Utilities	40.00	40.75	0.75	2%	
	473.00	427.75	(45.25)	-9.57%	

* As of FY2015 IT was moved from Finance to Integrated Services and the Customer Service Rep moved from Intgr. Svcs. to Finance. For comparison purposes all of these areas are shown separately.

** The Youth Services division was eliminated FY2011.

fin2/Budget/2021
6/23/2020

Yellow = Detailed Spreadsheet

Light Blue = Estimate

EXHIBIT 2

GENERAL FUND

THREE YEAR PROJECTIONS

FISCAL YEARS 2021 THROUGH 2023

SOURCES OF FUNDS

	2018 ACTUAL	2019 ACTUAL	2020 PROJ ACTUAL	$ +, - From Bud	% +, - From Bud		2020 APPR BUDGET		2021 PROJ BUDGET		2022 PROJ BUDGET		2023 PROJ BUDGET
BEGINNING FUND BALANCE	**$30,647,253**	**$30,705,240**	**$31,196,316**				**$31,196,316**		**$27,178,316**		**$25,390,416**		**$23,107,416**
TAXES													
Property Tax	$23,013,660	$23,747,591	$24,733,600	$0	0%	EST	$24,733,600	EST	$25,793,100	104%	$26,824,800	103%	$27,629,500
Sales Tax	$12,787,847	$12,914,676	$11,736,000	($957,000)	-8%	SS	$12,693,000	SS	$12,314,000	102%	$12,560,300	103%	$12,938,000
Home Rule Sales Tax	5,366,766	5,401,119	4,924,000	($563,000)	-10%	SS	5,487,000	SS	5,196,000	102%	5,299,900	103%	5,458,700
Use Tax	2,167,590	2,488,120	2,751,000	$151,000	6%	SS	2,600,000	SS	2,789,000	105%	2,928,500	105%	3,074,900
Income Tax	7,192,128	7,993,678	6,892,900	($1,081,900)	-14%	SS	7,974,800	SS	7,270,000	102%	7,415,400	103%	7,637,800
Food & Beverage Tax	2,076,857	2,079,454	1,581,000	($535,000)	-25%	SS	2,116,000	SS	1,995,000	102%	2,034,900	103%	2,096,500
Telecommunications Tax	2,437,145	2,356,600	2,186,000	$30,000	1%	SS	2,156,000	SS	2,077,000	95%	1,973,200	95%	1,874,500
Hotel Tax	1,078,944	1,109,349	750,000	($325,000)	-30%	EST	1,075,000		1,075,000	100%	1,075,000	100%	1,075,000
Electric Utility Tax	3,086,808	2,900,788	3,100,000	$0			3,100,000		3,100,000	100%	3,100,000	100%	3,100,000
Natural Gas Utility Tax	2,330,903	2,319,957	2,200,000	$0			2,200,000		2,200,000	100%	2,200,000	100%	2,200,000
All Other Taxes	709,179	828,472	748,000	$0			748,000		748,000		748,000		748,000
TOTAL TAXES	62,247,827	64,139,804	61,602,500	(3,280,900)	-5%		64,883,400		64,557,100		66,160,000		67,832,900
INTERGOVERNMENTAL	273,471	321,524	243,000	$0			243,000	100%	243,000	100%	243,000	100%	243,000
LICENSES/PERMITS													
Vehicle Licenses	1,216,877	1,764,964	1,350,000	($80,000)	-6%	EST	1,430,000	100%	1,430,000	100%	1,430,000	100%	1,430,000
Business Licenses	714,343	637,785	720,000	$0			720,000	100%	720,000	100%	720,000	100%	720,000
Building Permits	1,503,941	1,393,546	900,000	($300,000)	-25%	EST	1,200,000	100%	1,200,000	100%	1,200,000	100%	1,200,000
All Other Licenses/Permit	879,480	1,038,864	600,000	($312,500)	-34%	EST	912,500	100%	912,500	100%	912,500	100%	912,500
TOTAL LICENSE	4,314,641	4,835,159	3,570,000	($692,500)	-16%		4,262,500		4,262,500		4,262,500		4,262,500
FEES	5,143,498	5,398,268	4,181,000	($1,045,800)	-20%	EST	5,226,800	100%	5,234,600	100%	5,242,400	100%	5,250,200
FINES	535,678	488,364	458,000	($113,100)	-20%	EST	571,100	100%	571,100	100%	571,100	100%	571,100
SERVICE CHG	2,057,768	2,112,976	2,145,700	$0			2,145,700	103%	2,204,500	103%	2,265,000	103%	2,327,200
INTEREST INC.	474,478	676,476	200,000	($211,000)	-51%	EST	411,000		300,000	137%	411,000	100%	411,000
SALES/REIMB/RENTS	127,393	118,549	143,000	$0			143,000	100%	143,000	100%	143,000	100%	143,000
OTHER	552,696	468,949	350,000	$0			350,000	102%	357,300	102%	364,800	102%	372,500
SUB-TOTAL	**$75,727,450**	**$78,560,069**	**$72,893,200**	($5,343,300)	-7%		**$78,236,500**		**$77,873,100**		**$79,662,800**		**$81,413,400**
TRANSFERS IN	200,000	200,000	200,000	$0			200,000	100%	200,000	100%	200,000	100%	200,000
TOTAL REVENUES	**$75,927,450**	**$78,760,069**	**$73,093,200**	**($5,343,300)**	-7%		**$78,436,500**		**$78,073,100**		**$79,862,800**		**$81,613,400**

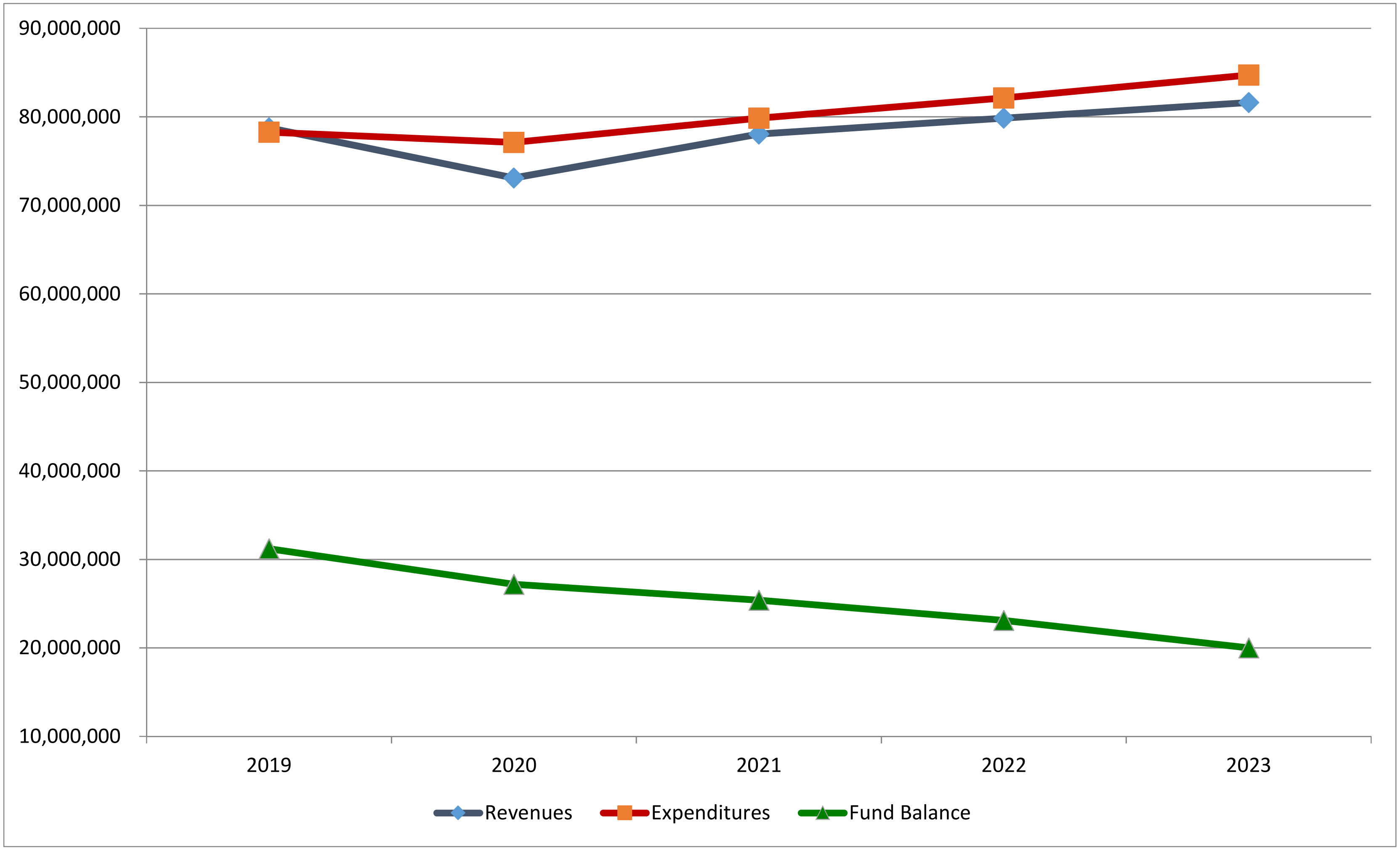
USES OF FUNDS

	2018 ACTUAL	2019 ACTUAL	2020 PROJ ACTUAL	$ +, - From Bud	% +, - From Bud	2020 APPR BUDGET		2021 PROJ BUDGET		2022 PROJ BUDGET		2023 PROJ BUDGET
PERSONAL SERVICES												
Salaries	$35,132,688	$35,954,318	$37,526,100	$1,042,600	-3%	$ 38,568,700	2.2%	$ 39,423,100	3.4%	$ 40,764,500	3.1%	$ 42,016,500
Overtime	$2,548,269	$3,010,607	$2,191,900	($132,400)	6%	2,059,500	2.3%	2,106,600	2.4%	2,157,900	2.2%	2,206,200
Special Details	$351,483	$387,971	$400,200	$0	0%	400,200	2.3%	409,400	2.2%	418,600	2.3%	428,100
Workers Compensation	$1,759,900	$1,795,200	$1,831,100	$0	0%	1,831,100	5.0%	1,922,600	5.0%	2,018,700	5.0%	2,119,600
Medical Insurance	$6,590,100	$7,270,525	$7,640,700	$0	0%	7,640,700	5.0%	8,022,800	8.0%	8,664,600	8.0%	9,357,700
Public Safety Pensions	$11,732,000	$8,970,000	$9,339,000	$0	0%	9,339,000	-3.8%	8,986,000	1.6%	9,131,000	1.8%	9,291,000
IMRF	$1,669,079	$1,367,137	$1,739,400	$79,500	-4%	1,818,900	2.2%	1,858,200	3.3%	1,919,700	3.3%	1,982,300
Social Security	$792,643	$817,081	$833,700	$54,100	-6%	887,800	2.8%	913,000	2.9%	939,500	2.8%	965,900
Medicare	$530,350	$550,952	$578,700	$13,400	-2%	592,100	1.4%	600,100	4.0%	624,000	3.0%	642,900
Other	$12,945	$10,845	$10,800	$0	0%	10,800	0.0%	10,800	0.0%	10,800	0.0%	10,800
TOTAL PERSON.	$61,119,457	$60,134,636	$62,091,600	$1,057,200	-2%	$ 63,148,800		$ 64,252,600		$ 66,649,300		$ 69,021,000
CONTRACTUAL												
IT/GIS Service Charge	1,382,400	1,401,700	1,582,700	$0	0%	1,582,700	3.2%	1,633,100	2.4%	1,672,200	2.5%	1,713,700
Vehicle/Equip Lease Chai	2,856,600	3,054,500	2,988,000	$0	0%	2,988,000	3.9%	3,105,300	3.0%	3,198,400	3.0%	3,294,300
All Other Service Charges	6,905,878	7,115,371	6,899,800	$239,700	-3%	7,139,500	0.4%	7,166,700	1.8%	7,292,600	0.6%	7,333,500
TOTAL CONTRA	11,144,878	11,571,571	11,470,500	239,700	-2%	$ 11,710,200		$ 11,905,100		$ 12,163,200		$ 12,341,500
COMMODITIES	2,183,725	2,183,725	2,530,800	$7,700	0%	2,538,500	-2.9%	2,464,300	1.1%	2,491,700	1.1%	2,519,300
OTHER CHARGES	926,391	926,391	818,300	$20,700	-2%	839,000	0.0%	839,000	0.3%	841,600	0.3%	844,200
SUB-TOTAL	**$75,374,451**	**$74,816,323**	**$76,911,200**	$1,325,300	-2%	**$ 78,236,500**		**$ 79,461,000**		**$ 82,145,800**		**$ 84,726,000**
CONTINGENCY	0	0	200,000	$0	0%	200,000		400,000		0		0
TRANSFERS OUT	495,012	3,452,670	0	$0		0		0		0		0
TOTAL EXPENDITURES	**$75,869,463**	**$78,268,993**	**$77,111,200**	**$1,325,300**	-2%	**$ 78,436,500**		**$ 79,861,000**		**$ 82,145,800**		**$ 84,726,000**
SURPLUS(DEFICIT)	**57,987**	**491,076**	**(4,018,000)**			**0**		**(1,787,900)**		**(2,283,000)**		**(3,112,600)**
ENDING FUND BALANCE	**$30,705,240**	**$31,196,316**	**$27,178,316**			**$ 31,196,316**		**$ 25,390,416**		**$ 23,107,416**		**$ 19,994,816**
FUND BALANCE AS % OF EXP.	**40.47%**	**39.86%**	**35.25%**			**39.77%**		**31.79%**		**28.13%**		**23.60%**

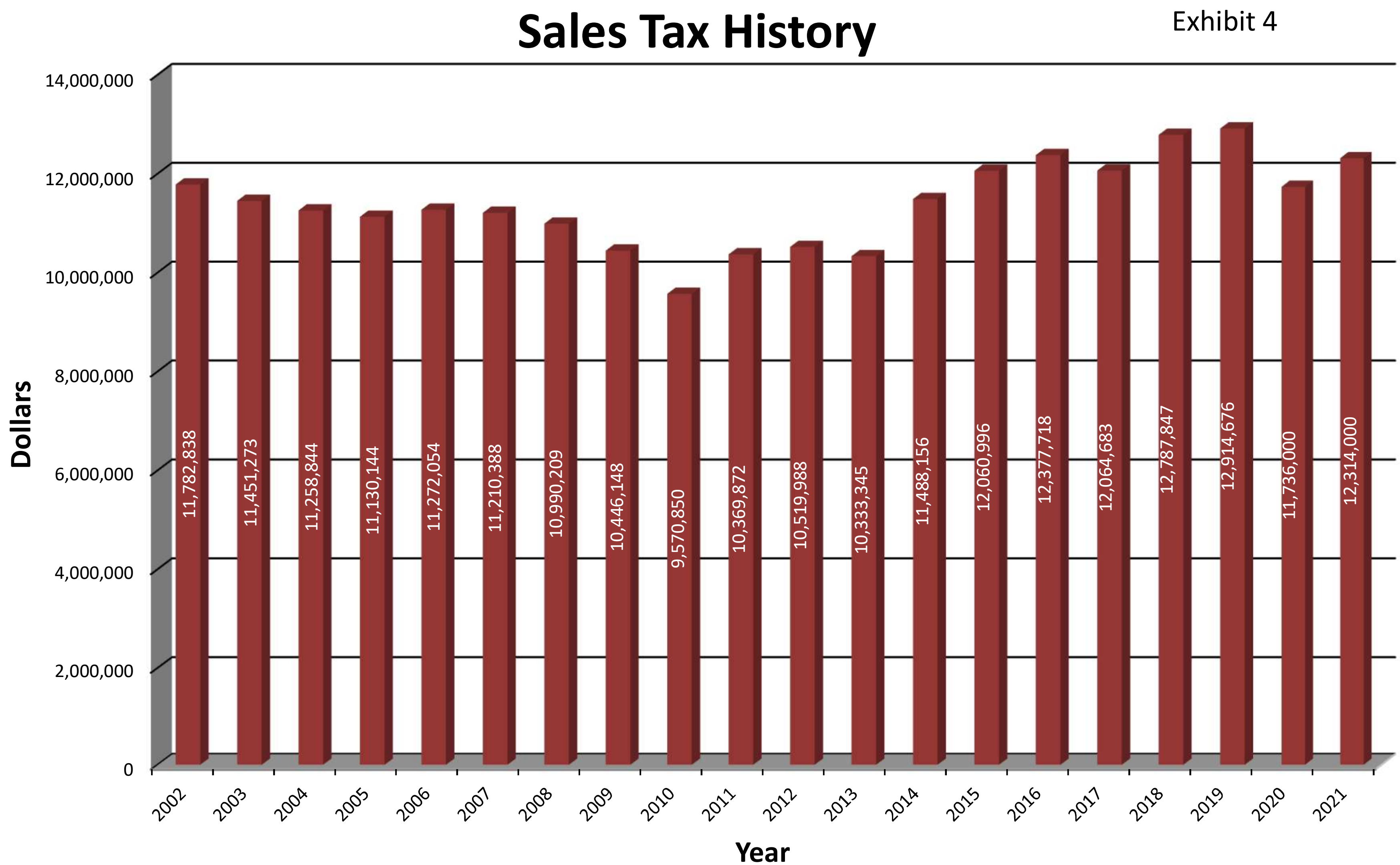
Note: Village policy is to maintain at least a 25% fund balance.

GENERAL FUND
REVENUES vs EXPENDITURES 2019-2023
Staff Proposal

Exhibit 3



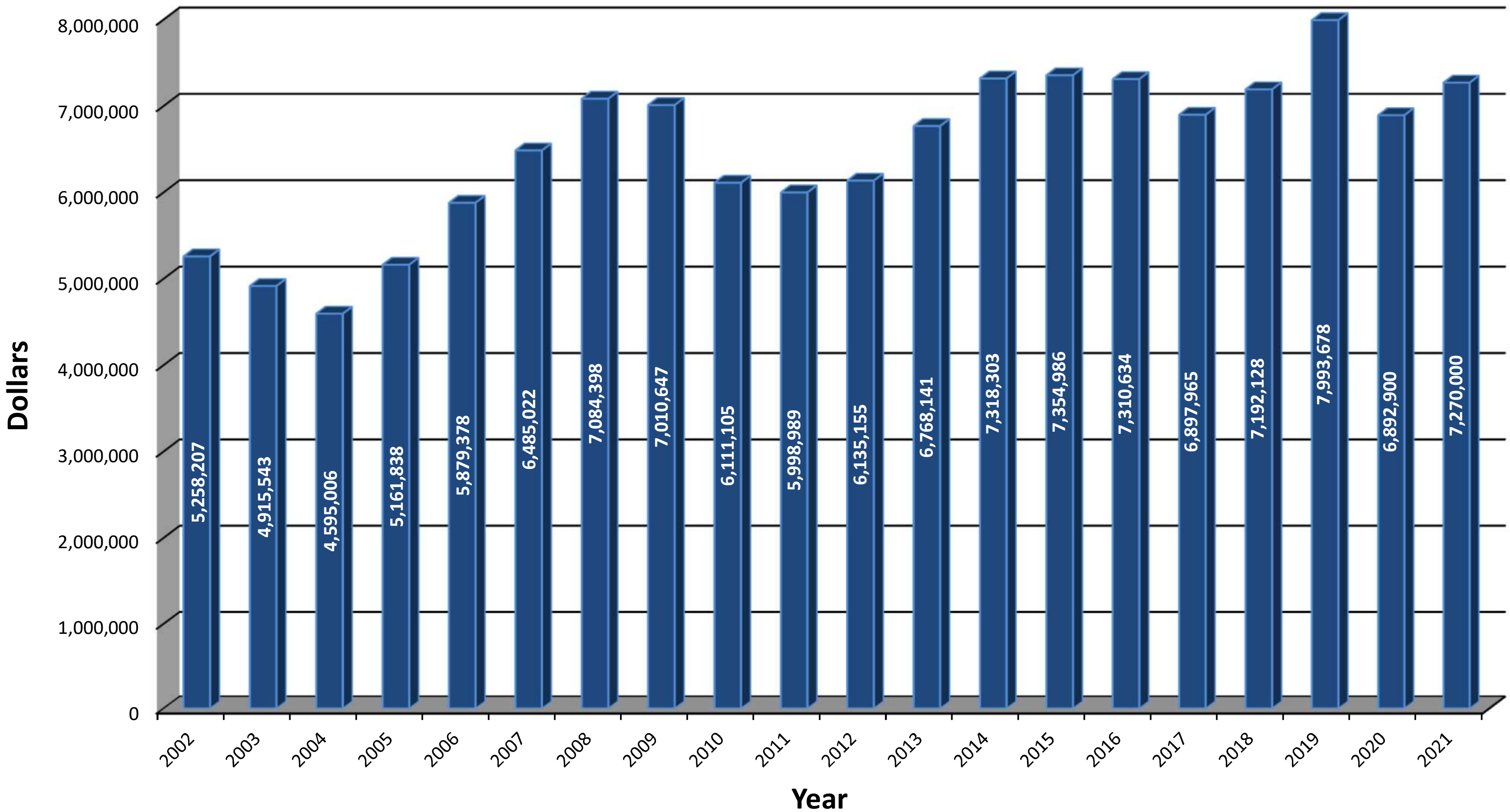
	ACTUAL 2019	ESTIMATED ACTUAL 2020	PROPOSED BUDGET 2021	PROPOSED BUDGET 2022	PROPOSED BUDGET 2023
Revenues	78,760,069	73,093,200	78,073,100	79,862,800	81,613,400
Expenditures	78,268,993	77,111,200	79,861,000	82,145,800	84,726,000
Surplus/Deficit	491,076	(4,018,000)	(1,787,900)	(2,283,000)	(3,112,600)
Fund Balance	31,196,316	27,178,316	25,390,416	23,107,416	19,994,816
Fund Bal as % of Expend	39.86%	35.25%	31.79%	28.13%	23.60%



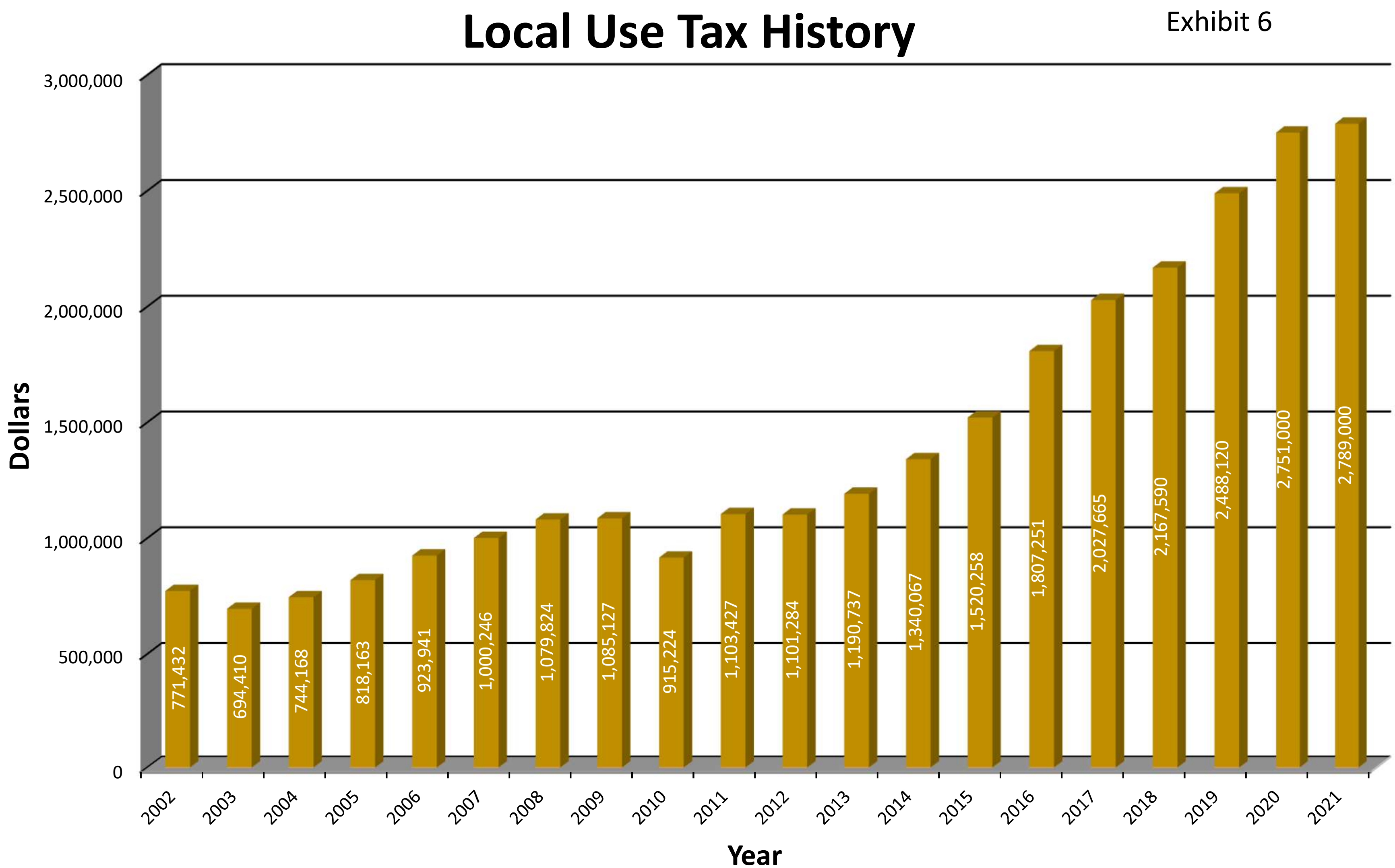
Note: The 8 month year was removed because of lower amount due to short year.

Exhibit 5

Income Tax History



Note: The 8 month year was removed because of lower amount due to short year.



Note: The 8 month year was removed because of lower amount due to short year.

PROPERTY TAX LEVY HISTORY

Exhibit 7

LEVY YEARS 2003 - 2020

LEVY YEAR	VILLAGE % INCREASE	LIBRARY % INCREASE	TOTAL % INCREASE	COMMENTS	BUDGET YEAR
2020	0.00	0.00	0.00		2021
2019	0.00	0.00	0.00		2020
2018	1.97	1.00	1.70		2019
2017	3.68	0.00	2.61	To cover sales and State income tax decreases	2018
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016
2014	0.00	0.00	0.00		8-mo.
2013	2.65	0.00	1.84		FY2015
2012	1.74	0.00	1.20		FY2014
2011	0.00	0.00	0.00		FY2013
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011
2008	0.32	0.00	0.21		FY2010
2007	2.48	4.90	3.26		FY2009
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006
2003	2.14	0.99	1.72		FY2005

Exhibit 8

VILLAGE OF ARLINGTON HEIGHTS
TOTAL ESTIMATED VILLAGE AND LIBRARY CALCULATIONS
(2020 Est. Tax Levy for the 2021 Budget with 2019 Extended Tax Levy)

	EXTENDED 2019 LEVY FOR 2020 BUDGET YEAR	**PROPOSED 2020 LEVY FOR 2021 BUDGET YEAR**	DOLLAR CHANGE	% CHANGE	
POLICE PROTECTION	**6,108,278**	**6,719,700**	611,422	10.01%	
FIRE PROTECTION	**6,108,278**	**6,719,700**	611,422	10.01% =>	General Fd rev - exp gap
IMRF	**1,837,190**	**1,858,200**	21,010	1.14%	2021 wage projections
SOCIAL SECURITY	**1,494,797**	**1,509,500**	14,703	0.98%	2021 wage projections
POLICE PENSION FUND	**4,251,090**	**4,073,000**	(178,090)	-4.19%	Actuary ARC
FIRE PENSION FUND	**5,181,300**	**4,913,000**	(268,300)	-5.18%	Actuary ARC
TOTAL GENERAL FUND	**24,980,933**	**25,793,100**	812,167	3.25%	
CAPITAL IMPROVEMENT	**5,555,000**	**5,000,000**	(555,000)	-9.99%	
DEBT SERVICE	**6,757,254**	**6,500,000**	(257,254)	-3.81%	Bond Documents (EST)
TOTAL VILLAGE TAX LEVY	**37,293,187**	**37,293,100**	**(87)**	**0.00%**	
TOTAL LIBRARY TAX LEVY	**14,535,565**	**14,535,565**	**0**	**0.00%**	
GRAND TOTAL TAX LEVY	**51,828,752**	**51,828,665**	**(87)**	**0.00%**	

Exhibit 9

WATER AND SEWER FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2021 THROUGH 2023

SOURCES OF FUNDS

	2019 ACTUAL	2020 EST ACTUAL	2020 CURRENT BUDGET	2021 PROP BUDGET	2022 PROJ BUDGET	2023 PROJ BUDGET
BEGINNING WORKING CASH	**$2,974,361**	**$2,190,117**	**$2,190,117**	**$7,824,917**	**$5,565,517**	**$4,844,417**
SERVICE CHG	$18,454,496	$20,961,300	$21,405,200	$21,953,200	$22,994,700	$24,088,300
INTEREST INC.	$43,175	$20,000	$20,000	$20,000	$20,000	$20,000
SALES/REIMB/RENTS	$144,533	$98,000	$98,000	$98,000	$98,000	$98,000
OTHER	$1,578,435	$9,000,000	$8,500,000	$20,000	$20,000	$20,000
SUB-TOTAL	**$20,220,639**	**$30,079,300**	**$30,023,200**	**$22,091,200**	**$23,132,700**	**$24,226,300**
TRANSFERS IN	545,882	0	0	0	0	0
TOTAL REVENUES	**$20,766,521**	**$30,079,300**	**$30,023,200**	**$22,091,200**	**$23,132,700**	**$24,226,300**

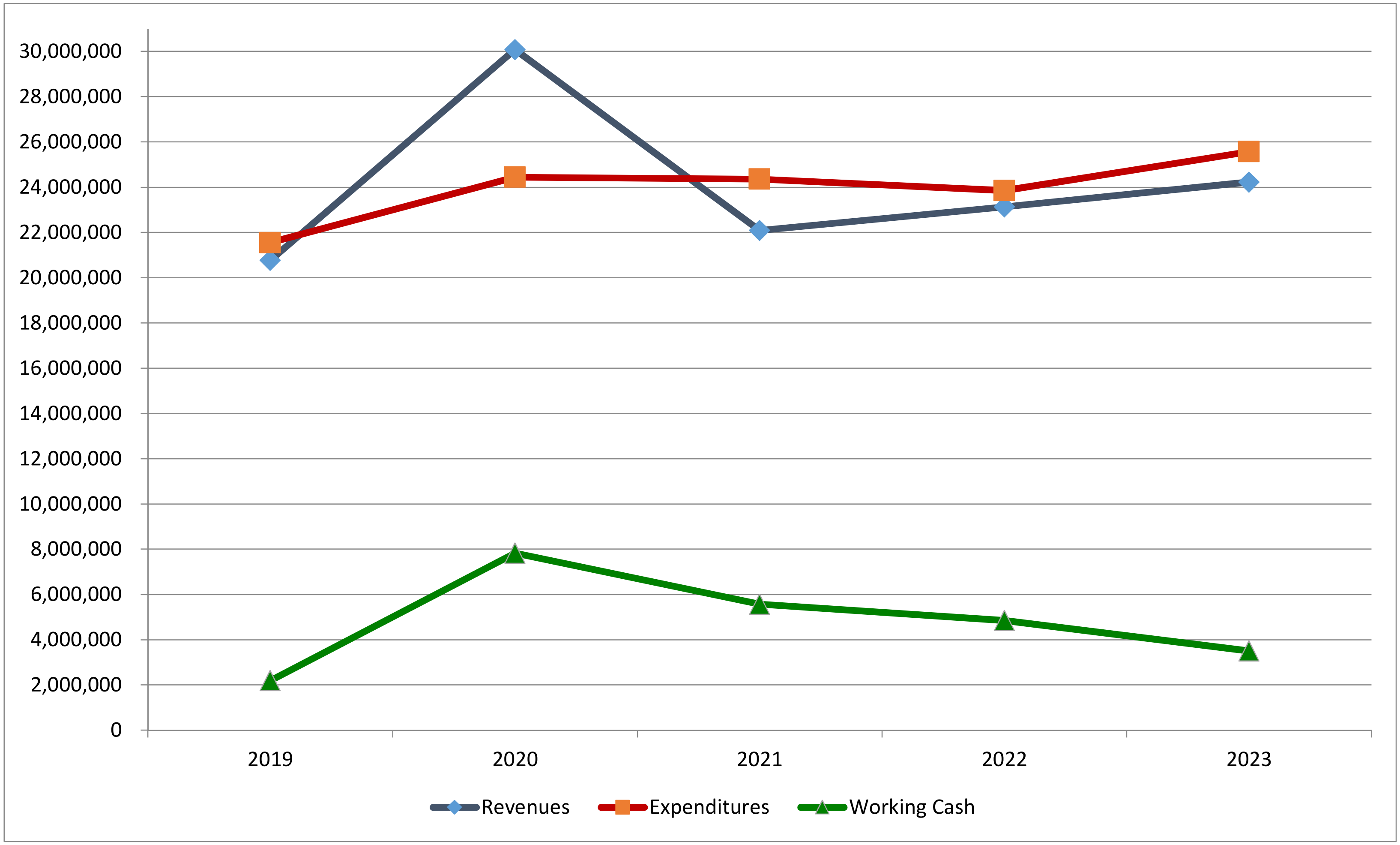
USES OF FUNDS

	2019 ACTUAL	2020 EST ACTUAL	2020 CURRENT BUDGET	2021 PROP BUDGET	2022 PROJ BUDGET	2023 PROJ BUDGET
PERSONAL SERVICES	$6,574,667	$7,014,800	$7,014,800	$7,129,500	$7,427,800	$7,726,600
CONTRACTUAL	2,618,267	2,655,500	2,659,850	2,712,500	2,752,600	2,793,900
NORTHWEST WATER COMMISSION	3,676,300	4,024,200	4,024,200	4,124,900	4,228,100	4,333,900
COMMODITIES	1,007,287	759,500	759,500	748,400	756,600	764,900
OTHER CHARGES	1,716,928	1,783,400	1,783,400	1,783,400	1,836,500	1,891,100
CAPITAL ITEMS	5,957,317	7,707,100	7,707,139	7,551,900	6,852,200	8,057,700
SUB-TOTAL	**$21,550,765**	**$23,944,500**	**$23,948,889**	**$24,050,600**	**$23,853,800**	**$25,568,100**
CONTINGENCY	0	0	95,000	300,000	0	0
TRANSFERS OUT	0	500,000	500,000	0	0	0
TOTAL EXPENDITURES	**$21,550,765**	**$24,444,500**	**$24,543,889**	**$24,350,600**	**$23,853,800**	**$25,568,100**
SURPLUS(DEFICIT)	**(784,244)**	**5,634,800**	**5,479,311**	**(2,259,400)**	**(721,100)**	**(1,341,800)**
ENDING WORKING CASH	**$2,190,117**	**$7,824,917**	**$7,669,428**	**$5,565,517**	**$4,844,417**	**$3,502,617**
WORKING CASH AS % OF EXPENDITUR	**10%**	**32%**	**31%**	**23%**	**20%**	**14%**

Note: Village policy is to maintain at least a 25% fund balance.

Exhibit 10

WATER AND SEWER FUND
REVENUES vs EXPENDITURES 2019-2023



	ACTUAL 2019	ESTIMATED ACTUAL 2020	PROPOSED BUDGET 2021	PROPOSED BUDGET 2022	PROPOSED BUDGET 2023
Revenues	20,766,521	30,079,300	22,091,200	23,132,700	24,226,300
Expenditures	21,550,765	24,444,500	24,350,600	23,853,800	25,568,100
Surplus/Deficit	(784,244)	5,634,800	(2,259,400)	(721,100)	(1,341,800)
Working Cash	2,190,117	7,824,917	5,565,517	4,844,417	3,502,617
Fund Bal as % of Expend	10%	32%	23%	20%	14%

BUDGET CALENDAR

Exhibit 11

For Preparation of 2021 Budget

(January 1, 2020 – December 31, 2020)

DATE	DAY	ACTIVITY
March - June, 2020	–	Capital Improvement Project Recap prepared.
June 24, 2020	Wednesday	Operating Fund Overview/Recommended 2021 Budget Ceilings and Proposed 2020 Property Tax Levy released to Village Board for discussion at June 29th Committee-of-the-Whole meeting.
June 29, 2020	**Monday**	Committee-of-the-Whole reviews Capital Improvement Plan, and discusses the Operating Fund Overview, Recommended 2021 Budget Ceilings, and proposed 2021 tax levy.
July 6, 2020	Monday	Board considers any motions stemming from June 29th Committee-of-the-Whole meeting regarding the recommended 2021 Budget Ceilings.
July 10, 2020	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 10, 2020	Monday	Department budget requests and projections due.
Aug 10 – Sep 4, 2020	–	Finance Department compiles departmental budget submissions.
September 4, 2020	Friday	First draft of 2021 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 9 – Sep 11, 2020	–	Departments meet with Village Manager and Budget Team.
Sep 11 – Oct 23, 2020	–	Final draft of 2021 budget prepared.
October 23, 2020	Friday	Release final draft of 2021 Budget to Village Board.
November 9, 2020	**Monday**	**1st Budget Meeting** – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Health & Human Services, HR, Finance, Building Services, and Police
November 10, 2020	**Tuesday**	**2nd Budget Meeting** – Budgets for Metropolis Theater, Boards & Commissions, Legal, Planning & Community Development, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
November 12, 2020	**Thursday**	**3rd Budget Meeting** – If needed
November 18, 2020	Wednesday	Notice of Public Hearing on 2021 Budget published in newspaper.
December 7, 2020	**Monday**	Board approves 2020 Tax Levy and Abatement Ordinances. Public Hearing on 2021 Budget. Approval of 2021 Budget at formal meeting.