2023 Budget Workshop

NOVEMBER 1, 2022
Budget Highlights

- Property tax reduction of 0.56% – *first reduction in over 30 years*
- No changes to other fees, taxes, or charges
- Personnel updates for succession planning & policy initiatives
- Reserve drawdown of $2.53 million in alignment with reserve policy
- Continued investment in critical infrastructure projects
- Service improvements include website upgrade, housing plan, economic development, technology upgrades/security, and public safety initiatives
- Balanced budgets in operating funds including General, Water, & Sewer
Village Financial Position

CURRENT CONDITIONS
- Historical efforts have put the Village in solid financial position
  - Aaa bond rating exemplify strong finances
- Balance debt and continued infrastructure investment
  - Road program, water plant, and police station
- Management of liabilities including pension contributions
  - Improve funding level and stabilize contributions
- Maintain and improve service levels while minimizing taxes/fees
  - Property tax decrease & no other fee/tax changes

LOOKING FORWARD

Positive Indicators
- Hotel Tax Rebate
- Change in state law for online sales tax has increased overall disbursements
- Continued efforts for economic development to fill retail space

Areas to Watch
- Signs of recession
- Real Estate Transfer Tax
  - Transaction volume
- Income Tax
  - Impact of stock market
Village Goals

- Succession planning efforts across numerous departments
- Implement initiatives outlined in the sustainability plan
- Update of the Village’s website
- Oversee the drafting of a housing plan and historic preservation survey
- Technology improvements including data storage and cyber security
- Training initiatives for emergency responses and mental health services
- Implementation of automated license plate reader program
- Develop framework for the new solid waste contract
- Implementation of a private tree planting program
- Determine strategy for lead service line replacement and AMR implementation
- Assess treatment improvement options for per-and polyfluoroalkyl substances (PFAS)
- Continue oversight and management of the Village’s infrastructure investment
Decision Points

◦ Agreement on tax levy
  ◦ Decrease of 0.56%
◦ Agreement on reserve drawdown plan
  ◦ $2.53 million for property taxes, pensions, and capital
◦ Agreement on pension funding
  ◦ Continue planned funding levels
◦ Agreement on water fund transfer
  ◦ Maintain budget of $1.34M in 2023; actual transfers of $1.05M in 2020-2022
◦ Agreement on 2023 use of ARPA funds
  ◦ Allocation of $1.47M to lead service, water mains, & water treatment projects
◦ Agreement on shift of hotel taxes to Infrastructure Investment
  ◦ Provides a new revenue source for program with structural deficit
### Fund Summary

<table>
<thead>
<tr>
<th></th>
<th>2023 Revenues</th>
<th>2023 Expenses</th>
<th>Margin ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$39.94</td>
<td>$42.47</td>
<td>($2.53)</td>
</tr>
</tbody>
</table>

*in Millions

- Included in the General Fund are revenues and expenditures dedicated to the Infrastructure Investment Program and the Capital Investment Replacement Fund (CERF)

*The General Fund operations balance includes a reserve drawdown of $2.53 million*
$39.94 M total budget
- 10.2% increase from 2022
- $4.01M allocated to Infrastructure Investment
- $0.47M allocated to CERF

Revenue Methodology
- Maintain strong balance of revenue sources
- Project responsible revenue increases
## Proposed Tax Levy

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2023 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations/Roads</td>
<td>2.84%</td>
<td>(1.04%)</td>
</tr>
<tr>
<td>Public Safety Pensions</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>(0.38%)</td>
<td>0.48%</td>
</tr>
<tr>
<td><strong>Total Increase</strong></td>
<td>2.46%</td>
<td>(0.56%)</td>
</tr>
</tbody>
</table>

- First decrease in more than 30 years
- Due to inflation, the average tax bill of $15,000 could go up by 5%
- Given the proposed reduction, the Village’s proportion of the overall tax bill would go down
Property Tax Distribution

- School District #203: $0.26
- County & Other: $0.15
- Library: $0.04
- School District #39: $0.38
- Park District: $0.05
- Village of Wilmette: $0.12
Sales Taxes

Comprised of three sources:
- Sales tax – 75%
- Local use tax – 24%
- Cannabis tax – 1%

$4.58M estimate for 2022
- Up 6% compared to budget
- Positive impact of ‘Leveling the Playing Field Act’
  - Remote retailers and marketplace sales collect sales tax at destination vs. remitting use tax
  - Full 12-months of receipts

$4.78M budget for 2023
- Up 4% compared to 2022 estimates
  - 14% growth in sales tax
  - <1% growth in local use
- Continued impact of ‘Leveling the Playing Field Act’
- Impact of inflation on retail purchases
Rate increase in 2015 from 0.25% to 1.00%
- Portion of revenues dedicated to road program

Revenues had been in decline due to major retail closures

- $2.31M estimate for 2022
  - Up 16% compared to budget
  - Positive impact of ‘Leveling the Playing Field Act’
    - Greater impact on HRST compared to sales tax because it expanded the taxable base
    - Full 12-months of receipts

- $2.59M budget for 2023
  - Up 12% compared to 2022 estimates
  - Continued impact of ‘Leveling the Playing Field Act’
  - Impact of inflation on retail purchases
Real Estate Transfer Tax

2020 through 2022 record setting real estate market
- Transactions totaling 423 (through Sept.)
  - Down from 596 (through Sept. in 2021)
  - Projecting a total of 540 sales
- Average sale price of $929k
- $2.05M projection for 2022
- Up 54% compared to budget
  - Includes 8 one-time transactions including Edens Plaza and Plaza Del Lago totaling $628k
- Followed a decline from 2016 to 2019

$1.44M budget for 2023
- Increase of 8% compared to 2022 budget
- Projected decrease in transaction volume
- 2023 Budget – 540 transactions at $890k
Building Permits

Recurring Permits
- $1.18M budget for 2023
- Flat from 2022 budget
- Cyclical; permits follow real estate market
  - From 2021 to 2022 there is a projected decrease in new residential and residential additions and a projected increase in residential remodels

Non-recurring Permits
- 50% go to CERF for capital equipment
- Large Projects
  - 2022 included Optima ($836k) and 4 other projects
  - Plaza Del Lago and Edens Plaza anticipated for 2023
    - Not guaranteed so not included in the budget
July 2017 the income tax rate was increased
- 4.95% for individuals
- 7.00% for businesses

State share of revenues to municipalities
- 6.06% of individuals taxes
- 6.845% of corporate income taxes

$4.30M projection for 2022
- Up 25% compared to budget
- Low unemployment and strong corporate profits
- 2020 census population increase → 28,170 residents

$4.25M budget for 2023
- Down 1% compared to 2022 estimate
- IML projection of $151.00 per capita
  - Indices used includes GDP, unemployment, and real consumer spending
  - Risk due to poor stock market performance
Other Revenues Sources

**Ambulance Billing Fees**
- Budget increase of $470k
- Due to G.E.M.T. reimbursement
  - Federal reimbursement for ambulance transports for Medicaid patients
  - Village entered in agreement with State in 2020
    - Offset with 50% expense to State

**Grants & Contributions**
- $222k for Port Security Grant
  - Offset in Fire training and overtime expenses
- $897k for Infrastructure Investment Program
  - Skokie & Lake Intersection
  - Skokie Blvd. shared use path
  - Hibbard Road engineering
  - Wilmette Ave. resurfacing
  - Skokie Valley Trail

**Water Fund Transfer**
- Budget increase in 2021 to $1.34M
  - Corresponded to addition of North Maine wholesale customer
- Actual transfer from 2020-2022 of $1.05M

**New Program Initiatives**
- $115k for fees in lieu of tree replacement
- $50k for shared sustainability coordinator
**General Fund Expenditures**

**$42.47M total budget**
- General operations
- Infrastructure investment
- CERF

**General Fund operations**
- Includes service enhancements and reserve drawdown
- Reserve drawdown of $2.53 million
Service Level Enhancements

PERSONNEL

- Addition of 3 full-time positions
  - Sustainability Coordinator (50% to Park District)
  - Village Forester/Tree Preservation Officer
  - Firefighter/Paramedic (temporary over-hire)
- Conversion of part-time to full-time
  - Engineering Special Projects Coordinator → Permit Manager (customer service & traffic study requests)
- Addition of 1 seasonal position
  - Landscaping Assistant
- Succession Planning Efforts
  - New roles and pay classifications

PROGRAMS

- Redesign Village website
- Sustainability initiatives
- Housing plan consultant services
- Economic development initiatives including outdoor music and holiday décor replacement
- Upgrade/addition of technology including phones, laptops, and meeting rooms
- Technology security
- License plate readers
- Port security grant
- Private tree planting program
Reserve Draw Plan

TAXPAYER RELIEF

Recognize the Village’s strong financial position and high inflationary environment

Maintain flexibility to address future tax levy pressure
  ◦ Public safety pensions and/or
  ◦ Structural deficit in the infrastructure investment program

INFRASTRUCTURE INVESTMENT

Maintain positive progress in the road program
  ◦ Includes fully funding ancillary maintenance programs

Provide flexibility to complete priority one-time projects and/or infrastructure initiatives

2023 drawdown of $2.5+ million
10% planned reduction to 36% reserve level
## 2023 Reserve Drawdown

<table>
<thead>
<tr>
<th>Project</th>
<th>2023 Request</th>
<th>Project</th>
<th>2023 Request</th>
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</thead>
<tbody>
<tr>
<td>Pension Contribution</td>
<td>200,000</td>
<td>Skokie Shared Use Path*</td>
<td>167,978</td>
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<tr>
<td>Property Taxes</td>
<td>650,000</td>
<td>Skokie Valley Trail*</td>
<td>6,250</td>
</tr>
<tr>
<td>Wilmette Ave. Resurfacing*</td>
<td>672,205</td>
<td>Website Redesign</td>
<td>75,000</td>
</tr>
<tr>
<td>Skokie &amp; Lake Intersection*</td>
<td>475,416</td>
<td>CERF Purchases</td>
<td>75,000</td>
</tr>
<tr>
<td>Hibbard Road Engineering*</td>
<td>40,000</td>
<td>Other Capital Initiatives</td>
<td>168,506</td>
</tr>
<tr>
<td><strong>TOTAL:</strong> $2.53 million</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Net Project Costs
# General Fund Reserves

- **Reserve Levels**
  - 2023 Budget - $42.47 million
  - 2023 Reserve Drawdown - $2.53 million
  - 2023 Baseline Budget - $39.94 million
    - Used for reserve calculation
  - The increase in the annual operating budget increases the reserve requirement
    - Baseline budget increase of $3.49 million
    - Requires reserve to increase $1.05 million
  - 30% reserve target

<table>
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<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Estimate</th>
<th>2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserve</td>
<td>$16.46</td>
<td>$16.46</td>
<td>$16.77</td>
</tr>
<tr>
<td>% of Budgeted Operating Expense</td>
<td>38.3%</td>
<td>46.0%</td>
<td>35.6%</td>
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<tr>
<td>$ Over Recommended Reserve</td>
<td>$3.04</td>
<td>$5.86</td>
<td>$2.25</td>
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</table>

*In Millions*
Water Fund
## Fund Summary

<table>
<thead>
<tr>
<th></th>
<th>2023 Revenues</th>
<th>2023 Expenses</th>
<th>Margin ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Operating</td>
<td>$10.26</td>
<td>$10.28</td>
<td>($0.02)</td>
</tr>
<tr>
<td>Water Capital</td>
<td>$1.47</td>
<td>$2.91</td>
<td>($1.45)</td>
</tr>
<tr>
<td><strong>Water Fund Total</strong></td>
<td><strong>$11.72</strong></td>
<td><strong>$13.19</strong></td>
<td><strong>($1.47)</strong></td>
</tr>
</tbody>
</table>

*in Millions*
Water Consumption

Residential water usage
- 2022 estimate of 1.21 million CCF
- Decline of 27% over past 26 years

Wholesale water sales
- 2022 estimate of 4.60 million CCF
- Historical declines offset by the addition of new customers including North Maine

2022 estimate
- Down 3% in residential and 8% in wholesale compared to 2021
- Return to average consumption after impacts of pandemic and a dry 2021 summer
  - Precipitation through Sept. 2022 totals 27.3 inches compared to 21.4 in 2021
Water Fund Revenues

Water Operations
- $3.21M in residential water charges
- $6.67M in wholesale water sales
- No increase in 2023 rate

Water Capital
- $3.68M in American Rescue Plan Act (ARPA) funds received in 2021/22
  - Allocation of funds for three projects
    - Lead Service Replacement
    - Water Main Replacement
    - Treatment Process Improvements
### Water Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale Rate (per 100 cubic feet)</th>
<th>Residential Rate (per 100 cubic feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1.331</td>
<td>$2.61</td>
</tr>
<tr>
<td>2017</td>
<td>$1.392</td>
<td>$2.61</td>
</tr>
<tr>
<td>2018</td>
<td>$1.392</td>
<td>$2.68</td>
</tr>
<tr>
<td>2019</td>
<td>$1.472</td>
<td>$2.75</td>
</tr>
<tr>
<td>2020</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
<tr>
<td>2021</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
<tr>
<td>2022</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
<tr>
<td>2023 (Budget)</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
<tr>
<td>2024 (Projected)</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
<tr>
<td>2025 (Projected)</td>
<td>$1.398</td>
<td>$2.75</td>
</tr>
</tbody>
</table>

- Water rates fund the maintenance and operations of:
  - **Water plant**
    - Produces water for Wilmette, Kenilworth, Glenview, Golf, North Maine, and American Water – 150,000 people
  - Water reservoir and meter maintenance
    - 4.0 MG standpipe
    - 3.0 MG reservoir & pumping station
  - Annual meter replacements
  - Water distribution system
  - *Does not include lead service mandates*
Water Fund Expenditures

Water Operations
- Personnel increase of 0.9%
- Increase of $27k for chemical costs
  - *Projected to be higher based upon recent bids*
- $1.34M for transfer to general fund

Water Capital
- $850k in watermain replacements
  - Skokie & Lake Intersection and Manor Drive
- $920k for water plant improvements
  - Treatment process improvements & water intake study
- $625k for automatic meter reading program
  - Start of project in Q4 of 2023 and completion in 2024
- $458k for lead service line replacement
  - Public notification/inventory and replacements
  - $88M potential future liability depending on inventory
Water Operations Reserves

- **2022 Changes**
  - Decrease of $290k in general fund transfer
  - Carryover of vehicle replacements
  - Shifted lead service from water operations to water capital
- **Excludes** water fund capital projects that will be funded through borrowing
- **Future needs include:**
  - Water main replacements
  - Lead service replacements
  - Automatic meter reader (AMR)
- **25% reserve target**

### Table: Water Operations Reserves

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Estimate</th>
<th>2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserve</td>
<td>$5.35</td>
<td>$5.35</td>
<td>$5.49</td>
</tr>
<tr>
<td>Projected Ending Reserve</td>
<td>$5.39</td>
<td>$5.49</td>
<td>$5.47</td>
</tr>
<tr>
<td>% of Budgeted Operating Expense</td>
<td>53.1%</td>
<td>55.5%</td>
<td>53.2%</td>
</tr>
<tr>
<td>$ Over Recommended Reserve</td>
<td>$2.85</td>
<td>$3.02</td>
<td>$2.90</td>
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</table>

*in Millions*
Sewer Fund
## Fund Summary

<table>
<thead>
<tr>
<th></th>
<th>2023 Revenues</th>
<th>2023 Expenses</th>
<th>Margin ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Operating</td>
<td>$5.01</td>
<td>$5.52</td>
<td>($0.51)</td>
</tr>
<tr>
<td>Sewer Capital</td>
<td>$1.64</td>
<td>$3.54</td>
<td>($1.90)</td>
</tr>
<tr>
<td>Stormwater Operating</td>
<td>$2.19</td>
<td>$2.35</td>
<td>($0.16)</td>
</tr>
<tr>
<td>Stormwater Capital</td>
<td>$0.10</td>
<td>$10.60</td>
<td>($10.50)</td>
</tr>
</tbody>
</table>

**provides budget appropriation authority; the final projected ending balance will net to zero**

| Sewer Fund Total       | $8.94         | $22.01        | ($13.07)   |

*in Millions*
Sewer Fund Revenues

Sewer Operations
- $5.01M in residential sewer charges
  - No increase in 2023 rate
- $2.19M in stormwater charges
  - No increase in 2023 rate

Sewer Capital
- $1.64M in IEPA loans
  - Sewer lining program
## Sewer Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee (per 100 cubic feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$4.24</td>
</tr>
<tr>
<td>2017</td>
<td>$4.24</td>
</tr>
<tr>
<td>2018</td>
<td>$4.24</td>
</tr>
<tr>
<td>2019</td>
<td>$4.24</td>
</tr>
<tr>
<td>2020</td>
<td>$4.40</td>
</tr>
<tr>
<td>2021</td>
<td>$4.40</td>
</tr>
<tr>
<td>2022</td>
<td>$4.40</td>
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<tr>
<td>2023 (Budget)</td>
<td>$4.40</td>
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<tr>
<td>2024 (Projected)</td>
<td>$4.40</td>
</tr>
<tr>
<td>2025 (Projected)</td>
<td>$4.40</td>
</tr>
</tbody>
</table>

Sewer rates fund the maintenance and operations of:

- Village’s sewer system
  - 49.79 miles of storm sewers
  - 55.60 miles of sanitary sewers
  - 47.00 miles of combined sewer
- Sanitary and stormwater facilities
  - Lake & Harms Road
    - Stormwater pumping station
    - 1.0 MG sanitary lift station
  - 5.0 MG West Park sanitary storage facility
Stormwater Rates

<table>
<thead>
<tr>
<th></th>
<th>Fixed Fee</th>
<th>Cost per ERU</th>
<th>Average Residential Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$40</td>
<td>104</td>
<td>$144</td>
</tr>
<tr>
<td>2021</td>
<td>$50</td>
<td>125</td>
<td>$175</td>
</tr>
<tr>
<td>2022</td>
<td>$60</td>
<td>155</td>
<td>$215</td>
</tr>
<tr>
<td>2023 (Budget)</td>
<td>$60</td>
<td>155</td>
<td>$215</td>
</tr>
<tr>
<td>2024 (Projected)</td>
<td>$80</td>
<td>175</td>
<td>$255</td>
</tr>
<tr>
<td>2025 (Projected)</td>
<td>$80</td>
<td>175</td>
<td>$255</td>
</tr>
</tbody>
</table>

Stormwater rates fund debt service for the neighborhood storage project:
- Phase 1a – Storm sewer improvements
- Phase 1 – Community Playfields
- Phase 2 – Hibbard Park
- Phase 3 – Thornwood Park

Decrease from original projected rates:
- 2022 down $77
- 2023 down $110
- 2024 down $125
- 2025 down $157
Sewer Fund Expenditures

Sewer Operations
- Personnel increase of 1.0%
- Carryover of $310k for sewer main repairs
- Addition of $125k for Maple Ave. Outfall
- $335k for vehicles including small dump truck, utility truck, pick-up truck and large dump trucks

Sewer Capital
- $10.6M for neighborhood storage project
  - budget appropriation authority & carryover costs
- $1.90M for SWPS electrical improvements
- $1.64M for sewer lining and rehabilitation
### Sewer Operations Reserves

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Estimate</th>
<th>2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserve</td>
<td>$2.52</td>
<td>$2.52</td>
<td>$2.99</td>
</tr>
<tr>
<td>Projected Ending Reserve</td>
<td>$2.31</td>
<td>$2.99</td>
<td>$2.48</td>
</tr>
<tr>
<td>% of Budgeted Operating Expense</td>
<td>44.1%</td>
<td>67.0%</td>
<td>44.9%</td>
</tr>
<tr>
<td>$ Over Recommended Reserve</td>
<td>$1.00</td>
<td>$1.87</td>
<td>$1.10</td>
</tr>
</tbody>
</table>

*in Millions

- **2022 Changes**
  - Carryover of $310k in sewer main repair work
  - Carryover of vehicle replacements
  - Excludes sewer fund capital projects that will be funded through bond proceeds or IEPA loans
  - Future drawdown in reserves is for capital investment and rate stabilization
  - 25% reserve target
Stormwater Reserves

- **2022 Changes**
  - Increase of $109k in stormwater charges
  - Minimal stormwater incentive applications

- Program funds NSP debt service, stormwater incentive, and stormwater program administration. Future drawdowns in reserves used to stabilize future rate changes
  - No increase in 2023 rates
  - 5% reserve target

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Estimate</th>
<th>2023 Budget</th>
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<tbody>
<tr>
<td>Beginning Reserve</td>
<td>$520k</td>
<td>$520k</td>
<td>$887k</td>
</tr>
<tr>
<td>Projected Ending Reserve</td>
<td>$778k</td>
<td>$887k</td>
<td>$724k</td>
</tr>
<tr>
<td>% of Budgeted Operating Expense</td>
<td>42.4%</td>
<td>48.5%</td>
<td>30.8%</td>
</tr>
<tr>
<td>$ Over Recommended Reserve</td>
<td>$686k</td>
<td>$796k</td>
<td>$607k</td>
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</table>

*in Thousands*
Parking Meter Fund

Fund Summary

<table>
<thead>
<tr>
<th></th>
<th>2023 Revenues</th>
<th>2023 Expenses</th>
<th>Margin ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Center</td>
<td>$275,200</td>
<td>$276,321</td>
<td>($621)</td>
</tr>
<tr>
<td>CTA Station</td>
<td>$96,200</td>
<td>$302,439</td>
<td>($206,239)</td>
</tr>
<tr>
<td>Burmeister</td>
<td>$20,000</td>
<td>$11,500</td>
<td>$8,500</td>
</tr>
<tr>
<td><strong>Parking Meter Fund Total</strong></td>
<td><strong>$391,400</strong></td>
<td><strong>$590,260</strong></td>
<td><strong>($198,360)</strong></td>
</tr>
</tbody>
</table>

- Continued lower ridership has reduced revenue
- Review and reallocation of personnel expenses
- CTA includes $200k for parking lot paving
- $90k transfer from General Fund for parking
Capital and Debt Service
Debt Service

2023 Debt Service
- $3.72M for general debt service
- $1.88M for stormwater
- $2.36M for sewer
- $2.30M for water

Planned future debt financing & IEPA loans for major capital projects
- $25M to $35M for new police station
- $20M for water plant improvements
- $2.5M for automatic meter reading program
- $13M for sewer lining and repair projects
2023 Category Overview

- $19.34 million capital program
  - Update from original plan – reduced by $2.35M

- Major Projects
  - Road Program (inc. Asphalt to Brick) - $2.5 million
  - SWPS Electrical Improvements - $1.9 million
  - Sewer Lining & Rehabilitation - $1.6 million
  - Water Main Replacements - $850 thousand
  - Skokie & Lake Improv. - $820 thousand
  - Water Treatment Process Improv. - $820 thousand
  - Sewer Main Repairs - $770 thousand
  - Wilmette Ave Street Resurfacing - $767 thousand
  - Alley Reconstruction Program - $690 thousand
Capital Equipment Replacement Fund (CERF)

<table>
<thead>
<tr>
<th>Equipment</th>
<th>2021/22 Carryover</th>
<th>2023 New Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Dump Truck</td>
<td>129,000</td>
<td>-</td>
</tr>
<tr>
<td>Fleet Service Truck</td>
<td>100,000</td>
<td>-</td>
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<tr>
<td>Streets Service Truck</td>
<td>85,000</td>
<td>-</td>
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<tr>
<td>Hybrid Police Squads (6)</td>
<td>110,000</td>
<td>220,000</td>
</tr>
<tr>
<td>Vac-All Truck</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>Police Message Board</td>
<td>-</td>
<td>22,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 424,000</strong></td>
<td><strong>$ 442,000</strong></td>
</tr>
</tbody>
</table>

Internal service fund created in 2016

- Funding sources include:
  - Transfers from engineering & public works, police department and fire department operating budgets
  - 50% of non-recurring building permits
  - Continued delay, deferral, & cancellation of vehicle orders
  - 2023 budget includes updated pricing for units
Infrastructure Investment
## Expense Summary

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Estimate</th>
<th>2023 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$3.69</td>
<td>$4.29</td>
<td>$5.52</td>
</tr>
<tr>
<td>Motor Fuel Tax Fund</td>
<td>$1.80</td>
<td>$1.80</td>
<td>$1.80</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>$0.10</td>
<td>$0.02</td>
<td>$0.80</td>
</tr>
<tr>
<td><strong>Infrastructure Total</strong></td>
<td><strong>$5.59</strong></td>
<td><strong>$6.10</strong></td>
<td><strong>$8.12</strong></td>
</tr>
</tbody>
</table>

*in Millions*
2023 Revenue Summary

- Reduced property tax levy to $100k
- Shift of $400k for hotel tax receipts
- Consistent home rule sales tax disbursement
- Reserve drawdown components:
  - $650k for property tax road program allocation
  - $597k for MFT Rebuild Illinois grant funds
  - $803k for Central Ave. bond funds
  - $100k for Ouilmette Way carryover
  - $672k for Wilmette Ave. resurfacing
  - $475k for Skokie & Lake intersection
  - $168k for Skokie Shared Use Path
  - $40k for Hibbard Road Engineering
  - $6k for Skokie Valley Bike Path

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Licenses</td>
<td>1,515,000</td>
</tr>
<tr>
<td>MFT Allotment</td>
<td>1,215,000</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>100,000</td>
</tr>
<tr>
<td>Grants</td>
<td>897,212</td>
</tr>
<tr>
<td>Hotel Tax</td>
<td>400,000</td>
</tr>
<tr>
<td>Fuel Tax</td>
<td>210,000</td>
</tr>
<tr>
<td>Home Rule Sales Tax</td>
<td>135,350</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>110,000</td>
</tr>
<tr>
<td><strong>Annual Revenues</strong></td>
<td><strong>4,582,562</strong></td>
</tr>
</tbody>
</table>
## 2023 Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>2023 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Program (2.0M)</td>
<td>2,530,000</td>
</tr>
<tr>
<td>Asphalt to Brick Overlay (523k)</td>
<td>245,000</td>
</tr>
<tr>
<td>Skokie &amp; Lake Intersection Improv.</td>
<td>819,559</td>
</tr>
<tr>
<td>Central Ave. Reconstruction</td>
<td>802,500</td>
</tr>
<tr>
<td>Wilmette Ave. Resurfacing</td>
<td>766,860</td>
</tr>
<tr>
<td>Alley Reconstruction</td>
<td>690,000</td>
</tr>
<tr>
<td>Skokie Blvd Share Use Path</td>
<td>428,892</td>
</tr>
<tr>
<td>Brick Street Renovation</td>
<td>308,000</td>
</tr>
<tr>
<td>Engineering Services</td>
<td>278,000</td>
</tr>
<tr>
<td>Active Transportation Plan</td>
<td>265,000</td>
</tr>
<tr>
<td>Skokie Valley Trail</td>
<td>43,750</td>
</tr>
<tr>
<td>Parking Lot Resurfacing</td>
<td>70,000</td>
</tr>
<tr>
<td>Engineering Services</td>
<td>278,000</td>
</tr>
<tr>
<td>Curb Replacement</td>
<td>40,000</td>
</tr>
<tr>
<td>Pedestrian Improvements</td>
<td>25,000</td>
</tr>
</tbody>
</table>

**TOTAL: $8,116,561**
Road Program

Road Conditions
- Goal to maintain overall rating in “fair” or better condition
- Goal to eliminate all roads in serious condition
  - Current is 4% down from 11% in 2019
  - Future plan would achieve in 2028

PCI Rating
- 2019 rating of 57
- 2022 rating of 66
  - Improvement from projection of 61

Future Planning
- 2026 & beyond funding is at rehabilitation rate of 4% of roadway area per year
Personnel & Benefits
Personnel Expenses

- **Salary and Wages**
  - Annual wage (2.75%) and pay scale adjustments
  - Includes three new position requests, upgrades, and succession planning

- **Benefit Assumptions**
  - IMRF rate is 6.42%
  - Healthcare increases of 2.0% to 3.1%
  - Public Safety Pensions
    - Impact of 15-Year rolling amortization
    - $200,000 drawdown of reserve in 2023

*Budgeted increase of $666,072 (1.84%)*
**Village Initiatives**

**Ongoing Initiatives**
- Human Relations Commission
- Housing Commission
- Intergovernmental Cooperation Committee
- Administrative Adjudication
- Stormwater Utility
- Sustainability Plan
- Tree Preservation
- Active Transportation Plan
- Lead Service Line Mandates
- Regular Financial Reporting
- Increased Infrastructure Program
  - Patching, Pavement Rejuvenation, & Parking Lots
  - Added $3M+ in 2023 compared to historic lows

**One-Time Initiatives**
- Neighborhood Storage
- Central Ave. Reconstruction
- Comprehensive Plan
- Housing Plan
- Historic Preservation Survey
- Skokie/Lake Improvements
- Skokie Valley Trail
- Skokie Shared Use Path
- Ouilmette Way
- Sesquicentennial
- Leaf Blower Working Group
- Automatic Meter Reading Program
- Website Update

---

<table>
<thead>
<tr>
<th></th>
<th>Prior Lows</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>0.9 miles</td>
<td>2.1 miles</td>
</tr>
<tr>
<td>Alleys</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Brick Street Renovation</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Asphalt to Brick Overlay</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
Personnel – Full-Time Additions

**POLICY INITIATIVES**
- Sustainability Coordinator
  - 50% cost share with Park District
- Tree Preservation Officer
  - Offset with fees in lieu of tree replacement
- Financial Analyst (PT to FT)
  - Improved reporting

**SUCCESSION PLANNING OVERHIRES (TEMP.)**
- Police Officer
- Firefighter/Paramedic
- Building Inspector

**INSOURCING – CONTRACTUAL OFFSET**
- Plumbing Inspector
- Corporation Counsel

**ENGINEERING SUPPORT**
- Special Projects Coordinator (PT to FT)
- Engineering Technician
- Engineering Assistant I
Personnel – Part-Time Additions

- Interns
  - Engineering
  - Business Development
  - Finance
  - Public Works/VMO
  - GIS
  - Forestry
- Engineering & Public Works
  - Landscaping Assistant (contractual offset)
- Finance
  - Customer Service Clerk
  - Accounting
- Police
  - Crossing Guard
  - Community Service Officer
- Museum
  - Curator (paid by Historical Society)
Pensions

- Cost increase of 493% since 1998
  - 7.1% annual growth
- IMRF
  - Rate is set at 6.42%
  - Rate decrease
  - Funding ratio of 98%
- Public Safety Pensions
  - $5.78M total contribution
    - Includes $200k drawdown of reserves
  - $3.27M fire contribution
    - Funding ratio of 70.5%
  - $2.56M police contribution
    - Funding ratio of 76.1%
2019 modification of pension methodology
• 15-Year rolling amortization schedule for police and fire pension funds
  • Short-term funding increases through 2023
• Projected to save $40M in contributions from 2020 through 2040
• Smooths out annual contributions while increasing funding ratios

2022 Experience
• Based upon negative investment returns, likelihood of increased contributions impacting levy
# Fund Overview

<table>
<thead>
<tr>
<th>Fund</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>39.94</td>
<td>42.90</td>
</tr>
<tr>
<td>Sewer Fund</td>
<td>8.94</td>
<td>22.01</td>
</tr>
<tr>
<td>Water Fund</td>
<td>11.72</td>
<td>13.19</td>
</tr>
<tr>
<td>Parking Meter Fund</td>
<td>0.39</td>
<td>0.59</td>
</tr>
<tr>
<td>Capital Projects Fund</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>General Debt Service Fund</td>
<td>3.73</td>
<td>3.72</td>
</tr>
<tr>
<td>Motor Fuel Tax Fund</td>
<td>1.23</td>
<td>1.80</td>
</tr>
<tr>
<td>Police and Fire Pension Funds</td>
<td>14.09</td>
<td>9.95</td>
</tr>
<tr>
<td>Section 105 Fund</td>
<td>0.28</td>
<td>0.28</td>
</tr>
<tr>
<td><strong>NON-INTERNAL SERVICE FUNDS</strong></td>
<td><strong>$ 80.32</strong></td>
<td><strong>$ 95.43</strong></td>
</tr>
<tr>
<td>Employee Insurance Fund</td>
<td>3.96</td>
<td>3.96</td>
</tr>
<tr>
<td>Municipal Garage Fund</td>
<td>1.55</td>
<td>1.55</td>
</tr>
<tr>
<td>Worker’s Compensation Fund</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>IMRF Fund</td>
<td>1.94</td>
<td>1.94</td>
</tr>
<tr>
<td><strong>ALL FUNDS</strong></td>
<td><strong>$ 87.93</strong></td>
<td><strong>$ 103.05</strong></td>
</tr>
</tbody>
</table>

*in Millions*
## Reserve Levels

<table>
<thead>
<tr>
<th>Fund</th>
<th>2021 YE Balance</th>
<th>2022 YE Estimate</th>
<th>2023 YE Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Operations</td>
<td>12.90</td>
<td>13.83</td>
<td>13.20</td>
</tr>
<tr>
<td>CERF</td>
<td>2.30</td>
<td>1.98</td>
<td>1.58</td>
</tr>
<tr>
<td>Infrastructure Investment</td>
<td>1.25</td>
<td>0.96</td>
<td>(0.55)</td>
</tr>
<tr>
<td><em>General Fund</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Fund (Operations)</td>
<td>5.35</td>
<td>5.49</td>
<td>5.47</td>
</tr>
<tr>
<td>Sewer Fund (Operations)</td>
<td>2.52</td>
<td>2.99</td>
<td>2.48</td>
</tr>
<tr>
<td>Stormwater Program</td>
<td>0.52</td>
<td>0.89</td>
<td>0.72</td>
</tr>
<tr>
<td>Motor Fuel Tax Fund</td>
<td>1.04</td>
<td>0.98</td>
<td>0.41</td>
</tr>
<tr>
<td>Capital Projects Fund</td>
<td>0.88</td>
<td>0.87</td>
<td>(0.13)</td>
</tr>
<tr>
<td>Parking Meter Fund</td>
<td>0.83</td>
<td>0.82</td>
<td>0.62</td>
</tr>
</tbody>
</table>

*in Millions*
No tax or fee increases for 2023

<table>
<thead>
<tr>
<th></th>
<th>2022 Actual</th>
<th>2023 Budget</th>
<th>2024 Projection</th>
<th>2025 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Increase</td>
<td>2.46%</td>
<td>(0.56%)</td>
<td>4.43%</td>
<td>5.48%</td>
</tr>
<tr>
<td>Water Rate</td>
<td>$2.75/unit</td>
<td>$2.75/unit</td>
<td>$2.75/unit</td>
<td>$2.75/unit</td>
</tr>
<tr>
<td>Sewer Rate</td>
<td>$4.40/unit</td>
<td>$4.40/unit</td>
<td>$4.40/unit</td>
<td>$4.40/unit</td>
</tr>
<tr>
<td>Stormwater Fee</td>
<td>$215</td>
<td>$215</td>
<td>$255</td>
<td>$255</td>
</tr>
<tr>
<td>Refuse Fee</td>
<td>$23.75/month</td>
<td>$23.75/month</td>
<td>$26.00/month</td>
<td>$28.00/month</td>
</tr>
<tr>
<td>Vehicle Sticker</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
</tr>
</tbody>
</table>
Budget Highlights

- Property tax reduction of 0.56% – *first reduction in over 30 years*
- No changes to other fees, taxes, or charges
- Personnel updates for succession planning & policy initiatives
- Reserve drawdown of $2.53 million in alignment with reserve policy
- Continued investment in critical infrastructure projects
- Service improvements include website upgrade, housing plan, economic development, technology upgrades/security, and public safety initiatives
- Balanced budgets in operating funds including General, Water, & Sewer
Decision Points

- Agreement on tax levy
  - Decrease of 0.56%
- Agreement on reserve drawdown plan
  - $2.53 million for property taxes, pensions, and capital
- Agreement on pension funding
  - Continue planned funding levels
- Agreement on water fund transfer
  - Maintain budget of $1.34M in 2023; actual transfers of $1.05M in 2020-2022
- Agreement on 2023 use of ARPA funds
  - Allocation of $1.47M to lead service, water mains, & water treatment projects
- Agreement on shift of hotel taxes to Infrastructure Investment
  - Provides a new revenue source for program with structural deficit
Budget Schedule

Mid-Year Financial Report
• August 9

CIP Workshop
• September 20

Operating Budget Submittal
• October 11

Budget Workshop
• November 1

Budget Ordinance Adoption
• November 22

Property Tax Levy Ordinance Adoption
• December 13
Budget Adjustments

The following items were not included in the original budget submission but will be updated in the proposed ordinance:

- $100,000 for water treatment chemicals (recent bid pricing)
- $25,000 for Village-wide employee recognition events and activities
- $19,000 for landscaping services (recent bid pricing)
- $18,000 for server hardware replacements and data backup servers