LRP Update Key Messages

The Rate Increases for Home Rule Sales Tax and Hotel Tax are Generating Additional Revenue as Planned

- Allowed the Village to reduce the 2026 Property Tax Levy for Operations by $500,000
- Provides funding for General Fund operating expenses
- Provides funding for the construction of Guiding DG capital projects, such as Downtown Flexible Amenity Areas and the renovation of Linda Kunze Plaza
- Provides funding for Village facilities maintenance

The General Fund Continues to be Sustainable

- In 2027 and 2028, revenues are projected to increase 4% each year, while expenses are projected to increase at an annual rate of about 6%.
- If recent trends and practices continue, there should be sufficient revenue in the General Fund through FY29
- No changes in key strategies will likely be required over the next few years

The Property Tax Levy Will Continue to Increase Moderately to Pay for Public Safety Pension Contributions

- The 2027 total property tax levy is projected to increase by 2.9%, driven entirely by the increases in required contributions to public safety pensions
- The required contributions are projected to increase from $11.4 million in 2026 to $20.4 million in 2040.
- The Public Safety Pension Funds should be fully funded by 2040
- The following strategies should be implemented:
  - Continue to make the required contributions to the Public Safety Pension Funds using dedicated revenue from the property tax levy through 2040
  - Use other existing revenue sources to fund operations to avoid or minimize increases in the levy for operations
  - In 2027, use the remaining Pension Stabilization Assignment balance of $472,346 to make a one-time additional payment to the Public Safety Pension Funds to reduce future contributions
  - Consider making contributions in excess of the required contributions to reduce future pension expenses, if financial conditions in the General Fund allow

Maintaining a Sustainable Health Fund Will Require Increasing Revenues to Cover Expected Cost Increases

- The Health Fund has been managed financially sustainably for the past 20 years
- Industry-wide and Village health care costs are increasing due to inflation, health system consolidation, and the use of high-cost pharmaceuticals
- The following strategies should be implemented:
  - Continue to manage the Health Fund in a financially sustainable manner, focusing on the long-term viability, monitoring the cash balance as well as annual revenues and expenses
  - Over the next few years, take steps to achieve balanced annual budgets:
    - Consider increasing all Health Fund revenue sources
    - Control costs by continuing to educate employees on healthcare consumerism and utilization, such as advocating for early cancer screenings and pharmaceutical alternatives for expensive and specialty drugs

        - Consider incorporating plan design changes and technological advancements to assist with controlling health plan costs
    - Partner with the Village’s health insurance consultants and vendors to monitor and comply with changing healthcare industry trends
    - Continue to fund the OPEB Trust to achieve 100% funding by 2050

The Other Post-Employment Benefit Trust is Performing Well

- The OPEB Trust Fund, established in 2019, is performing as planned, leveraging compound interest over time and significantly lowering the Village's long-term costs compared to a pay-as-you-go approach
- The OPEB Trust is in the “accumulation phase,” which started in 2019 and is projected to end in 2034
- The following strategies should be implemented:
    - Continue to contribute at least $300,000 annually to the OPEB trust
    - Once the trust achieves an 80% funding threshold (expected by 2034)
        - Transition to making annual contributions based directly on an actuarially determined calculation
        - Start using funds from the trust to pay for retiree healthcare benefits, based on an actuarially determined amount

The Capital Fund Should be Able to Pay for Planned Streetscapes and Active Transportation Plan Improvements Over the Next 5 Years. With the strong fund balance, ongoing revenues bolstered by recent rate increases, and grants, the Capital Fund:

- Is likely to be sustainable through 2031
- Should be able to pay for all of the recommended projects in the Streetscapes Plan, repairs to the sidewalks in the downtown, and five prioritized projects in the Active Transportation Plan
- Can provide $200,000 annual funding for the public art program

A Facilities Maintenance Plan has been Developed Based on the Results of the Facilities Condition Assessment Report

- Approximately $1 million per year is required to properly maintain the Village's major buildings ($300,000 more than is currently being provided)
- The Village should develop a plan to replace Fire Station 3 by 2031 and the Fleet Garage by 2036

In the FY27 Budget, An Additional Staff Member will be Requested to Assist with Lead Service Line Replacements over the next 11 Years

If Funds are Available, the Following Identified Needs Should be Considered:

- Additional funding for public safety pension contributions
- Contributions to the Health Fund
- Begin saving money for the planned replacement of Fire Station 3.

2025-2027
Long Range Plan Update

Report #2
August 4, 2026

Table of Contents

Introduction and Overview

The Long Range Plan identifies and addresses issues affecting the long-term future of the Village. The Plan establishes the Village's goals and priority actions that guide annual budgets, daily operations, and delivery of services. The long range planning process is one of many strong management practices that led S&P to grant the Village its highest bond rating of AAA. The Long Range Plan consists of:

- Strategic Goals for 2025 to 2027 and beyond
- Key trends and issues affecting the Village's long-term future
- Strategies and solutions to address key trends and issues
- Priority Action Items to be completed by April 2027

To prepare the update to the Long Range Plan, the Village Council will meet multiple times in a workshop format from July through September. The meetings provide an opportunity for dialogue and collaboration among the Village Council, community members, and staff.

Date	Topics
July 21	• **Introduction and Overview** • **Strategic Goals** • **General Fund and Property Tax Levy** • **Health Fund and Other Post-Employment Benefits**
August 4	• **Village Facilities** • **Capital Fund and Guiding DG Implementation**
August 18	• **Priority Action Items Update** • **Water Fund**
September 1	• **Review and Accept the 2025-2027 Long Range Plan Update**

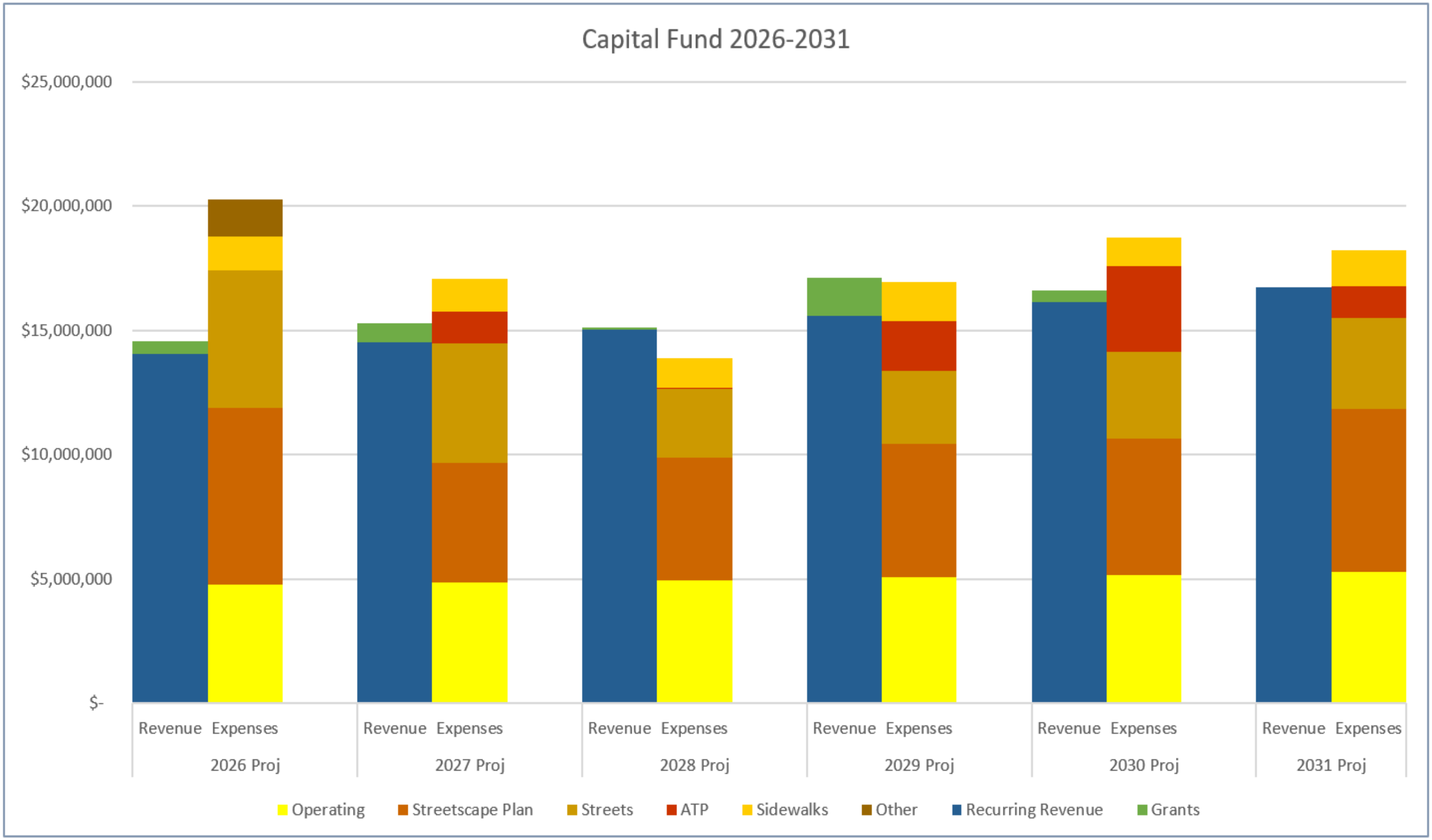
Capital Fund Sustainability

Trends & Issues	• In 2026, revenues are projected to be at $14.6 million, and expenses are projected to be approximately $20.3 million, with a budgeted ending fund balance of $3.7 million
	• In 2027 and 2028, revenues are projected to increase 4% each year, while expenses will fluctuate with anticipated construction projects.
	• Costs for maintenance, operations, and new infrastructure projects continue to increase
	• With the strong fund balance, ongoing revenues bolstered by recent rate increases, and grants, the Capital Fund:
	    ○ Is likely to be sustainable through 2031
	    ○ Should be able to pay for all of the recommended projects in the Streetscapes Plan and five prioritized projects in the Active Transportation Plan
	    ○ Can provide $200,000 annual funding for the public art program

Background & Key Facts	• The Capital Fund accounts for major infrastructure work, including but not limited to roads, sidewalks, traffic signals, and crosswalks. • Revenue sources for the Capital Fund are Home Rule Sales Tax, Property Tax, and Telecom Tax • The Village increased the Home Rule Sales Tax rate from 1.0% to 1.5%, effective January 1, 2026, to provide funding for “new” infrastructure projects and for Guiding DG-recommended capital improvement projects. This rate change is expected to increase Capital Fund revenues by approximately $3.3 million. • In 2023 and 2024, revenues exceeded expenses in the General Fund, which allowed it to transfer $4.2M to the Capital Fund to pay for accelerated maintenance and additional new projects beyond the planned maintenance of the existing infrastructure systems • In 2025, the Village Council approved three Guiding DG plans that include many recommended capital improvement projects. Major projects in FY2026 -2031 include pedestrian safety enhancements, downtown business district enhancements, and Guiding DG recommendations
Strategies & Solutions	• Continue to maintain infrastructure systems at the recommended standards • Continue to use a portion of the existing fund balance to pay for planned new infrastructure projects through 2027 (FY2025 fund balance was $14.5M). • Maintain a fund balance sufficient to make annual debt service payments of $2.7M. • Continue to seek grant funding for all types of projects • Use the enhanced revenue for the construction of Guiding DG capital projects, capital projects, and/or facilities maintenance

NOTE: Revenues include anticipated grant funding. The amount of grant funding varies each year, resulting in varying annual revenue. Revenues excluding grants are projected to increase by about 4% per year.

	2025 Actual	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues	$ 11.0	$ 14.6	$ 15.3	$ 15.1	$ 17.1	$ 16.6	$ 16.7
Expenses	$ 8.3	$ 20.4	$ 17.6	$ 14.3	$ 17.6	$ 19.2	$ 18.7
Fund Balance	$ 14.5	$ 8.6	$ 6.4	$ 7.2	$ 6.7	$ 4.2	$ 2.2



Capital Fund 2026-2031
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
Revenue
Expenses
2026 Proj
2027 Proj
2028 Proj
2029 Proj
2030 Proj
2031 Proj
Operating
Streetscape Plan
Streets
ATP
Sidewalks
Other
Recurring Revenue
Grants

Funding for Guiding DG Recommended Capital Projects

With the strong fund balance, ongoing revenues bolstered by recent rate increases, and grants, the Capital Fund is likely to be sustainable through 2031 and is projected to have sufficient revenue to pay for all of the recommended projects in the Streetscapes Plan and five prioritized projects in the Active Transportation Plan. Further, the Capital Fund is in a position to provide $200,000 annual funding for the public art program.

The Streetscapes capital projects planned to be completed from 2026 through 2031 can be found starting on page 70 of the Guiding DG Streetscapes Plan. The total projected costs of all of these projects are about $31 million (just over $5 million per year on average).

The five prioritized projects identified in the Active Transportation Plan, planned to be constructed from 2027 through 2031, are detailed in the table below. The total projected costs of these five projects are about $8 million ($1.6 million per year).

ATP Projects 2027-2031		
Project Location	**Improvement**	**Year**
59th Resurfacing & Shared Use Path	Shared-use path from Dunham Rd to Fairview Ave.	2027
Rogers Street Connection	Shared-use path on Rogers St from Main St to Maple Ave.	2028
Pershing Connection & Concord Trail	Shared-use path from Pershing Ave to Belmont Rd through Village ROW. Trail within the Nicor gas pipe easement from 75th St to Concord Square Park, Concord Square Park to Woodward Ave.	2029
Fairmount from 59th to 75th St	Undetermined facility on Fairmount Ave from 59th to 75th.	2030
Warren Ave	Undetermined facility on Warren Ave from Forest Ave to I-355 (Walnut Ave).	2030
Gilbert Ave	Shared-use path on Gilbert Ave from Belmont Rd (via Curtiss St) to Gilbert Park, Gilbert Park to Forest Ave.	2031

While the funds should be available to complete the above-noted Streetscapes and Active Transportation Plan projects, there are several non-financial factors that may affect the ability to construct these projects on this schedule.

Facilities Maintenance Plan

Trends & Issues	• The facility conditions assessment and maintenance plan recommends budgeting approximately $10 million over 10 years in system replacements and improvements. • The 0.5% increase in the Home Rule Sales Tax, effective January 2026, called for $700,000 to be allocated for facilities maintenance projects. • The fund balance in the Major Buildings Fund at the beginning of FY26 was $2.5 million
Background & Key Facts	• The Village is in the process of preparing a facility condition assessment and maintenance plan that will determine funding requirements and priorities necessary for effective operations and capital maintenance of Village facilities. • In 2025, the Village Council approved the Environmental Sustainability Plan, which includes goals, objectives and actions that will improve the sustainable operation of Village-owned facilities. • Construction of the 80,000 square foot Civic Center was substantially completed in 2024. The remaining major buildings that support Village operations were constructed between 1971 and 2008. • The Main Street Train Station was constructed in 1911 and the Fairview Avenue Train Station was constructed in 1916. Both buildings have been designated as historic landmarks.

Strategies & Solutions	• Consider *Preparation of a Facility Replacement Plan* as a 2027-29 LRP Priority Action Item to include: *Replace Fire Station 103 with a new facility by 2031.* The replacement plan will include the following information/answers:
	    ○ What Will Be Constructed?
	    ○ Where Will It Be Constructed?
	    ○ When Will It Be Constructed?
	    ○ How Much Will It Cost?
	    ○ How Will the VoDG Pay for It?
	    ○ Detailed Report Regarding Fire Operations
	• Complete Phase II of the Facility Condition Assessment and Maintenance Plan in a manner that incorporates relevant goals, objectives, and actions from the Environmental Sustainability Plan.
	• Pursue grant and rebate opportunities available to support environmentally sustainable improvements to Village facilities.
	• Identify dedicated funding source(s) to provide sufficient funding for facilities maintenance and future replacement.
	• As part of the FY2027 budget process, identify a revenue source to support an additional $290,000 per year of funding for annual maintenance projects.
	• Consider strategically transferring money from the General Fund and Capital Fund to the Major Building Fund to pay for facilities-related expenses.

Facilities Condition Assessment Process Summary and Recommendations

Facility	General Condition	Key Maintenance Items (over 10 year period)	Est. 10-Yr Maint. Cost	Avg Annual Maint. Cost	Recommendation
Civic Center	Maintainable	Digital/Power Systems Water Heaters *Maintenance costs begin to appear in years 5-10*	$1,100,000	$110,000	Maintain per Plan
Fleet Garage	Maintainable, but in an undesirable location	HVAC Lighting Exterior Walls	$1,000,000	$100,000	Maintain per Plan, Relocate to New Facility by 2036
Public Works	Maintainable	HVAC Fire Suppression/Alarms Exterior Enclosure	$2,400,000	$240,000	Maintain per Plan
Station 1 2560 Wisconsin	Maintainable	Water Heater Exterior Walls Fire Suppression/Alarms	$800,000	$80,000	Maintain per Plan
Station 2 5420 Main	Maintainable	HVAC Fire Suppression Electrical Systems	$1,400,000	$140,000	Maintain per Plan
Station 3 3900 Highland	Maintainable, but not well suited to support future operational needs	Generator HVAC Exterior Walls Parking Lot Interior Flooring	$1,100,000	$110,000	Maintain for 5-Yr Life, Replace with New Facility by 2031
Station 5 6701 Main	Maintainable	HVAC Electrical Systems Exterior Walls Interior Flooring	$1,100,000	$110,000	Maintain per Plan
Main Street Train Station	Maintainable	HVAC Roof Exterior Doors	$600,000	$60,000	Maintain per Plan
Fairview Train Station	Maintainable	Electrical System Exterior Doors	$400,000	$40,000	Maintain per Plan
TOTAL			**$9,900,000**	**$990,000**	