Village of Downers Grove
Fiscal Year 2026
Proposed Budget

Village Manager's
Budget Message

Table of Contents

Introduction	Page 2
FY26 Budget Overview	Page 3
FY25 Budget Closeout	Page 5
General Fund	Page 6
Property Tax Levy	Page 9
Staffing	Page 14
Guiding DG Plans and Priority Action Items	Page 15
Ogden Avenue TIF District	Page 16
Water Fund	Page 17
Investment in Infrastructure	Page 18
Potential Impacts to the Budget	Page 21

Introduction

The Municipal Budget is the Village's annual implementation plan of its mission and strategic goals. The purpose of the budget is to align everyday operations and Village resources with community priorities outlined in planning documents such as the Long Range Plan and the Guiding DG Plans. The Proposed FY26 Budget is consistent with the Village's strategic goals, specifically the goal to be a *Steward of Financial, Environmental and Neighborhood Sustainability.*

The proposed budget will be reviewed and discussed over multiple meetings in an open, transparent and participative process. The budget review process provides ample opportunity for dialogue among community members, the Village Council, and staff in a series of public meetings.

Budget Review and Approval Schedule

Budget Discussion & Public Hearing / Motion to Estimate Levy	**Tuesday, November 4**
Budget Discussion at Coffee with the Council (Civic Center)	**Saturday, November 8**
Budget Discussion / Motion to Estimate Levy	**Tuesday, November 11**
Budget Discussion / Tax Levy & Public Hearing	**Tuesday, November 18**
Adopt Budget & Tax Levy / Budget Implementation Items	**Tuesday, December 2**
Budget Implementation Items	**Tuesday, December 9**

Village Budget Reflects Planning Documents and Reports

The Village's annual budget is the implementation document for plans and studies that have already been discussed or approved, including:

- **2025-2027 Long Range Plan**
- **2025 Comprehensive Plan Update**
- **2025 Active Transportation Plan**
- **2025 Environmental Sustainability Plan**
- **2025 Streetscapes Plan**
- **2024 Water Rate Study**
- **2024 Lead Service Line Replacement Plan**
- **2023 Stormwater Plan**

FY26 Budget Overview

Sustainable General Fund: The General Fund is budgeted to be sustainable with revenues of $66.8 million and expenses of $66.5 million. The fund balance is budgeted to be maintained at $25.8 million, approximately 39% of annual expenses, an amount consistent with S&P's guidelines to maintain the Village's AAA bond rating. Just over $472,000 of the fund balance is assigned to be used for future public safety pension contributions. The budgeted unassigned fund balance is $25.3 million.

Increase in Home Rule Sales Tax and Hotel Tax Rates: The FY26 Proposed Budget includes additional revenue from the increase in the Home Rule Sales Tax and Hotel Tax rates recommended in the Long Range Plan and recently approved by the Village Council. The increase in the HRST from 1.0% to 1.5% is budgeted to generate an additional $4.4 million. $3.3 million is in the Capital Fund and will be used to fund capital projects, especially projects recommended in the Guiding DG Plans. The remaining $1.1 million, along with the additional $200,000 from the increase in the Hotel Tax rate from 4.5% to 5.5% is in the General Fund and will be used to pay for operating expenses.

Total Property Tax Levy Increase of 2.5%: The FY26 property tax levy of $17.9 million is about $441,000 more than the FY25 levy, a 2.5% increase. The increase is driven entirely by the levy for required contributions for public safety pensions ($941,155 increase) and is offset by a $500,000 decrease in the levy for operations, made possible by the increase in the Home Rule Sales Tax and Hotel Tax revenues described above. The amount the owner of a typical residential property pays to the Village in property taxes will be approximately $808, about $20 more than this year.

Required Contribution to Public Safety Pensions Increase of $941,155: The FY26 Proposed Budget continues to provide funding for the required contributions to the Public Safety Pension Funds. The FY26 required contributions to the pension funds will increase by $941,155 compared to the FY25 contribution (a 12.1% increase for the Fire Pension and 6.0% for Police Pension).

Two Additional Full-Time Equivalent Positions: The FY26 Proposed Budget reflects two additional full-time equivalent (FTE) staffing positions to support the Long Range Plan Strategic Goals. The first position in the Communications Department will assist with the priority action item *Enhance Boards and Commissions Engagement*, social media posts including Instagram and public information initiatives including micromobility device regulations, changes to the solid waste collection operations and the social services referral program. Further, the proposed budget includes two part-time Community Service Officers. They will perform traditional CSO duties such as accident reporting, responding to non-emergency calls, parking enforcement, special events and traffic control. With these additions, the Village's total proposed staff for FY26 is 313.50 FTE.

$1 Million for Village Facilities Maintenance: The Major Buildings Fund includes $1 million for maintaining Village-owned facilities, including the Civic Center, the four fire stations, Public Works, the vehicle fleet garage, and two train stations. The Village is currently preparing an analysis of these major buildings' current conditions and preparing a multi-year maintenance plan.

$14.5 Million for Implementation of Guiding DG Plans and Priority Action Items: The proposed budget supports the implementation of the Guiding DG Plans as well as the completion of the Priority Action Items identified in the Long Range Plan. Over $14 million is included in the budget across multiple funds to further Guiding DG recommendations and Priority Actions.

$36.2 Million Investment in Infrastructure: The Proposed FY26 Budget allows for continued substantial improvements in the Village's infrastructure systems. The investment includes $8.8 million in water, $8.8 million in streets, $6.3 million in sidewalks, $5.4 million in stormwater, $2.8 million in traffic systems, $1.7 million for improvements and upgrades to the Fuel System at Public Works, $1.0 million in Village facilities maintenance, and $0.8 million in parking. The improvements are designed to reduce the total life cycle costs of owning and operating the infrastructure systems.

Implementation of the 2024 Water Rate Study and Capital Plan, Including a $13 Million Bond Issuance: The Water Fund budget reflects the recommendations of the 2024 Water Rate Study and Capital Plan. A total of $8.8 million is budgeted for capital projects in FY26. Water rates will increase by 9% effective in July 2026, increasing the annual bill for a typical residential customer by about $60. The Village will issue bonds for $13 million to pay for water system capital improvements over the next three years. Major projects include the rehabilitation of the Summit Street water storage tank and the rehabilitation of a backup well.

$5.2 Million for Ogden Avenue TIF District Redevelopment Projects: The Proposed FY26 Budget reflects the recommendations in the Ogden TIF District close-out plan. The original expiration date of the District was December 31, 2024. The TIF was recently extended by up to 12 years to allow the Village to spend down the ending fund balance of about $7 million over the next few years and distribute tax increment received in 2026 and beyond to the other taxing bodies. $5.2 million is budgeted for reimbursement payments. Reimbursement payments include Perillo Rolls-Royce for $2.5 million, $1.2 million for the redevelopment of 1250 Ogden Avenue, and $1.5 million for an additional redevelopment project currently in the planning stages.

$1.9 Million in Distributions to Taxing Bodies from the Ogden TIF District: The Ogden TIF close-out plan also calls for revenue from property tax increment received after the original expiration date of the district to be distributed to the taxing bodies. The FY26 Proposed Budget includes $1.9 million to be distributed to the taxing bodies. The Village will receive about $190,000 from the distribution of tax increment (shown in the General Fund).

Over $1.2 Million of Funding for Economic Development Corporation and Downtown Management Corporation: The proposed budget includes $714,064 in funding for the Downers Grove Economic Development Corporation and $510,000 in funding for the Downtown Management Corporation. These amounts are consistent with the budgets that were prepared by the organizations. Both of these partner organizations will be requesting funding from the Village to support their operations.

Closing Out the FY25 General Fund Budget

The Proposed FY26 Budget is affected by the performance and management of the FY25 Budget. FY25 General Fund revenues are estimated to be slightly under the budgeted amount. However, FY25 General Fund expenses are estimated to be about $1.5 million lower than budget primarily due to lower personnel costs, professional services, and contractual services.

This strong budget performance, $1.0 million better than budgeted, allows the Village to provide additional funding of $1.35 million transfer to the Health Fund to increase funding for expected higher claims. One million dollars is an unplanned (unbudgeted) transfer and $350,000 that was originally budgeted to be transferred to the Risk Fund will instead be transferred into the Health Fund.

The transfer to the Health Fund is an expense in the General Fund. The table below shows the estimated FY25 revenue and expenses, including the additional transfer to the Health Fund.

	Revenue	**Expenses**	**Ending Fund Balance**	**Balance % of Expenses**
FY25 Bud	$64.86	$64.52	$25.52	39.6%
FY25 Est	$64.36	$63.97	$25.57	40.0%

General Fund

The General Fund is the main operating fund of the Village and includes funding for the majority of Village services. The General Fund is budgeted to be sustainable with revenues of $66.75 million and expenses of $66.50 million. The ending fund balance is budgeted to be $25.80 million, approximately 39.0% of annual expenses, an amount consistent with S&P's guidelines to maintain the Village's AAA bond rating.

Table 1: General Fund Revenues & Expenses, FY23 to FY26 (in millions)

Fiscal Year	Revenues	Expenses	Difference	Fund Balance	Fund Balance % of Expenses
FY26 Proposed Budget	$66.75	$66.50	$0.25	$25.82	38.8%
FY25 Estimate	$64.36	$63.97	$0.39	$25.57	40.0%
FY24 Actual	$62.97	$62.87	$0.10	$25.17	40.0%
FY23 Actual	$63.91	$62.27	$1.64	$25.08	40.3%

Revenues

Total General Fund revenue is budgeted to be $66.75 million, approximately $2.4 million more than the FY25 estimated revenue (3.7% increase). The General Fund derives its revenue from several sources, with the top four sources being property tax, sales tax, state-shared revenues including income tax and ambulance fees. Table 2 provides an overview of the top ten revenue sources in the General Fund. Table 3 summarizes the notable budgeted changes in key revenues.

Table 2: Top Ten General Fund Revenues

Rank	Source	FY26 Budget	FY25 Estimate	FY24 Actual	FY23 Actual
1	Sales Tax	$15,900,000	$15,900,000	$14,391,376	$14,723,798
2	Property Taxes - Pensions	$11,440,995	$10,499,840	$9,881,143	$9,463,031
3	State Income Tax	$9,300,000	$9,000,000	$8,532,965	$8,025,420
4	Property Taxes - Operations	$5,522,145	$6,022,145	$6,036,521	$6,440,119
5	Ambulance Fees	$3,300,000	$3,300,000	$3,261,817	$3,700,106
6	Food and Beverage Tax	$3,800,000	$3,700,000	$3,674,820	$3,698,298
7	Utility Taxes	$3,350,000	$3,300,000	$3,324,581	$3,427,467
8	Home Rule Sales Tax	$3,700,000	$2,600,000	$2,326,211	$2,369,902
9	State Shared Local Use Tax	$500,000	$500,000	$1,781,036	$1,955,866
10	Building Related Permits	$1,500,000	$1,600,000	$1,344,416	$1,200,150
	Sub-total	**$58,313,140**	**$56,421,985**	**$54,554,886**	**$55,004,158**
	All Other Total	$8,440,700	$7,936,300	$8,418,024	$8,905,236
	Total General Fund Revenues	**$66,753,840**	**$64,358,285**	**$62,972,910**	**$63,909,394**

Table 3: Key Drivers of General Fund Revenue Change, FY25 to FY26

General Fund Revenue Source	Difference from FY25 Estimate	Notes
Home Rule Sales Tax	$1,100,000	The taxable sales are budgeted to remain flat. The increase in the HRST rate is expected to increase revenue by $1.1 million.
Property Tax (Pensions)	$941,155	Pays for a portion of the increase in the required contribution to public safety pension funds
Property Tax (Operations)	($500,000)	The property tax levy for operations is $500,000 less than FY25. The reduction is made possible by the increase in the Home Rule Sales Tax and Hotel Tax revenues.
Income Tax	$300,000	Reflects projections prepared by the Illinois Municipal League
Hotel Tax	$200,000	While hotel tax revenue continues to improve, the budgeted increase is due to the increase in the Hotel Tax rate.
Food & Beverage Tax	$100,000	Food & Beverage tax has been increasing modestly throughout FY25. This trend is expected to continue through FY26.

Expenses

Total General Fund expenses are budgeted to be $66.50 million. This is an increase of just over $2.5 million compared to the FY25 estimate of expenses (3.96% increase).

General Fund expenses fall into two major categories - Personnel and Non-Personnel. Personnel expenses account for about 74% of total expenses. FY26 Personnel expenses are budgeted to increase by $2.46 million (5.3%). This is driven primarily by typical increases in salary and benefit expenses, including health insurance costs, and an increase in public safety pension expenses. Non-Personnel expenses are budgeted to be approximately $17.41 million, an increase of about $68,000 (0.4%) compared to FY25 estimated expenses. Table 4 summarizes these expenses.

Table 4: General Fund Expenses by Category FY25 vs. FY26

Category	FY26 Budget	FY25 Estimate	Change	% Change
Personnel	$49,090,289	$46,626,042	$2,464,247	5.29%
Non-Personnel	$17,409,069	$17,341,006	$68,063	0.39%
Total	**$66,499,358**	**$63,967,048**	**$2,532,310**	**3.96%**

Fund Balance Maintained at the Recommended Level

The General Fund balance is budgeted to be at the recommended level. This balance is consistent with S&P Global Ratings guidelines to maintain the Village's AAA bond rating**.** As shown in Table 1, the fund balance is budgeted to be $25.82 million, which is about 39% of the budgeted expenses. This balance is also compliant with the Village's cash balance policy.

Property Tax Levy

The total municipal budget relies on several sources of revenues, but the property tax levy is one of the most significant sources of funding. Property taxes account for approximately 25% of the General Fund budget. The Village's property tax consists of five components that support specific services and obligations of the Village. The two most significant components of the levy are the levy for operations and the levy for pension obligations.

The FY26 property tax levy of $17.9 million is a 2.5% increase over the FY25 levy. The Corporate Levy will decrease by $500,000 (16.2% reduction). This reduction is made possible by the increase in the Home Rule Sales Tax and Hotel Tax revenue increases. However, the levy for the required contributions to the public safety pension funds will increase by $941,155 (9.0% increase). The amount the owner of a typical residential property pays to the Village in property taxes will be approximately $808, about $20 more than this year.

Table 5: Village Property Tax Revenue FY26 vs. FY25

Tax Levy Component	FY26 Proposed	FY25	Change	Percent Change
Corporate Levy*	$2,586,645	$3,086,645	($500,000)	(16.2%)
Fire Protection*	$2,935,500	$2,935,500	–	–
Fire Pension	$5,690,158	$5,076,208	$613,950	12.1%
Police Pension	$5,750,837	$5,423,632	$327,205	6.0%
Capital	$971,524	$971,524	–	–
Total	**$17,934,664**	**$17,493,509**	**$441,155**	**2.5%**

*NOTE: The Corporate Levy and Fire Protection Levy together are referred to as the Levy for Operations.

Levy for Operations

The property tax levy for operations, which consists of the Corporate Levy and Fire Protection Levy, will decrease by $500,000 compared to the FY25 levy. This reduction is made possible by the increase in the Home Rule Sales Tax and Hotel Tax revenue.

Levy for Public Safety Pensions

In FY26, the levy for public safety pensions will be $11,440,995, an increase of $941,155 over the FY25 pension levy. The Police Fund contribution is $5,750,837 and the Fire Fund contribution is $5,690,158, for a total of $11,440,995. The Village will use the property tax levy to make the required contributions to the public safety pension funds.

FAQ on Public Safety Pensions

What Does "Public Safety Pension" Mean?

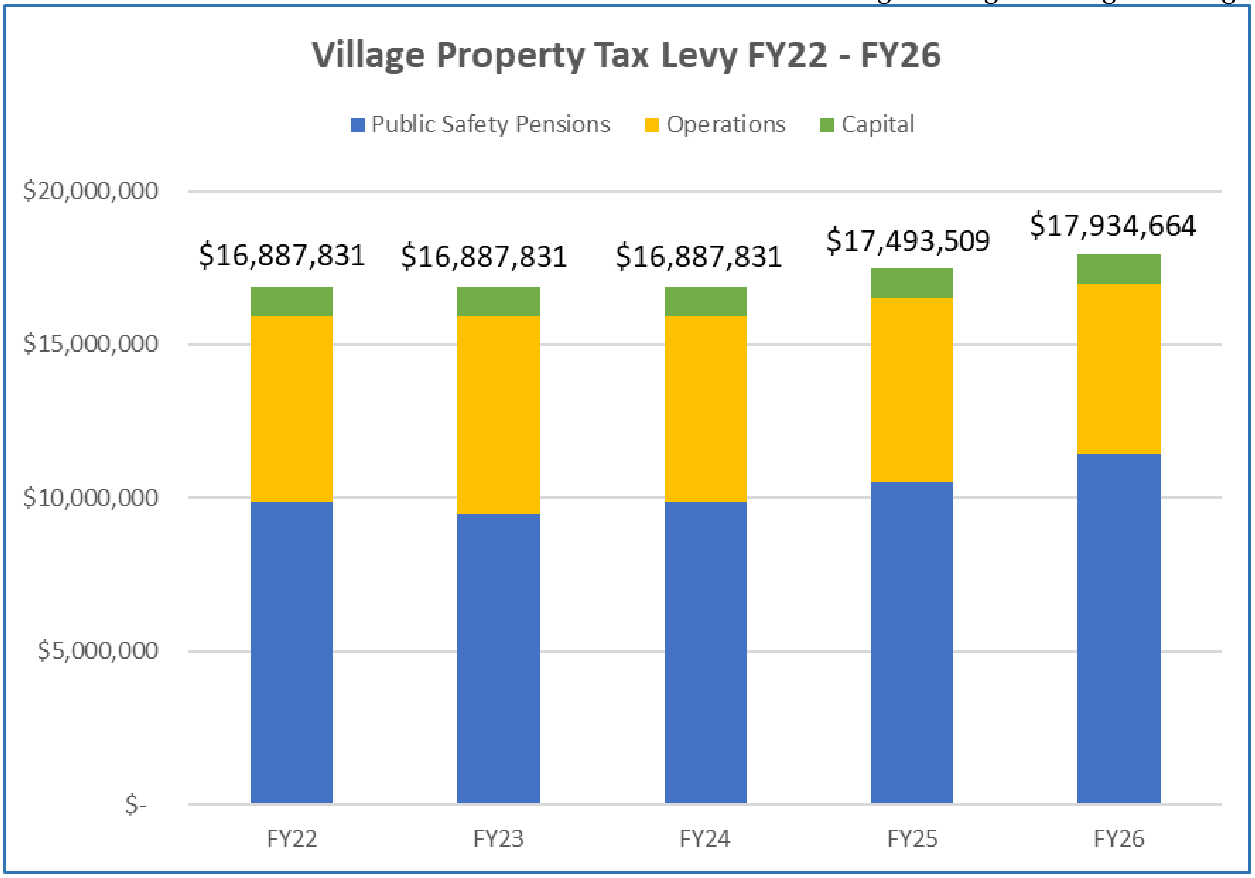
Police officers and firefighters are eligible for pension benefits upon retirement if they meet certain eligibility criteria which are set by State of Illinois law. Each municipality that employs police officers and firefighters must maintain a fund to pay the pensions. The pension funds are invested using parameters established by the State of Illinois to increase the value of the fund over time. The level of pension benefits is determined by State law.

Who Pays for Public Safety Pensions?

Both the employer and the employee are responsible for funding the public safety (police and fire) pension funds. Police officers contribute 9.91% and firefighters contribute 9.455% of their salary toward their pensions. This percentage is governed by State statute. The Village makes an annual contribution to each pension fund. The amount is based on an actuarial calculation that is determined by figuring the potential cost of the system based on statistical analysis which considers investment returns, employee contributions, and pension benefit payout costs.

Does the Village Fund the Pensions at the Required Amount?

Yes, each year the Village makes the required annual contribution to both the Police and Fire Pension Funds.



Equalized Assessed Valuation

Based on recent increases and conversations with the Downers Grove Township Assessor, staff expect that the total Equalized Assessed Valuation (EAV) of all taxable property in the Village will increase by 6%. The Village's tax rate is projected to decline because the EAV expected percentage increase is greater than the percentage increase in the levy. The EAV increase is an estimation and could change once the assessment is finalized.

Table 6: Levy, EAV, and Rate, 2022 to 2026

Year	Levy (millions)	EAV (billions)	Tax Rate
2026	$17.93	3.55 (est)	.5119 (est)
2025	$17.49	3.35	.5293
2024	$16.89	3.10	.5517
2023	$16.89	2.96	.5716
2022	$16.89	2.90	.5837

Village Tax Levy on a Typical Residential Property

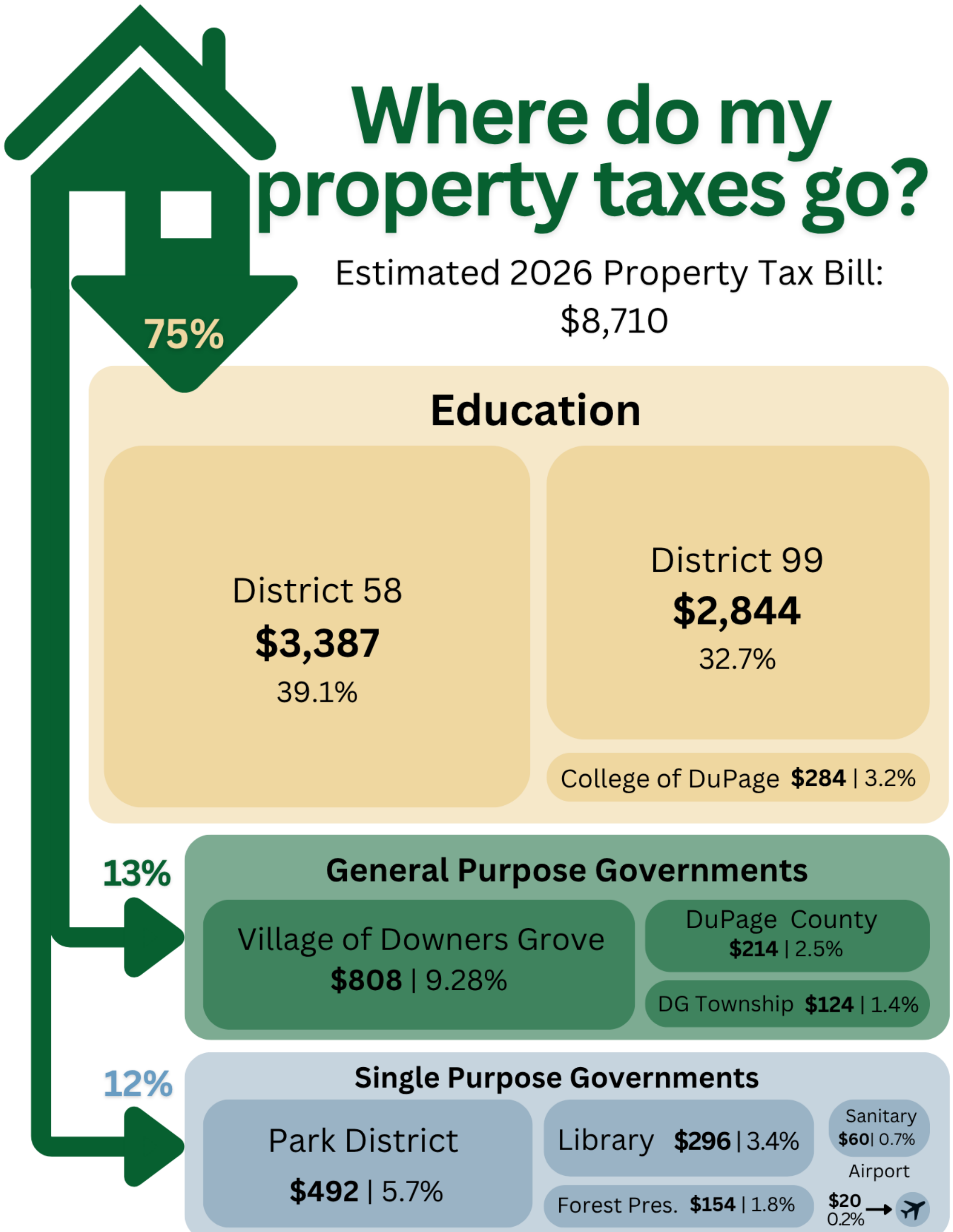
In 2025, a typical residential property with a market value of $446,967 (taxable value of $148,989) paid $789 to the Village. The taxable value of the same property is expected to increase by 6% in 2026. With the 2.5% increase in the Village property tax levy, a typical residential property is expected to pay $808, which is an increase of approximately $20.

Table 7: Impact of Property Tax Levy on a Typical Residential Property

	FY26	FY25	Difference
Equalized Assessed Value	$157,928	$148,989	$8,939
Village Tax Rate	.5119	.5293	(.0174)
Village Tax Amount	**$808.48**	**$788.60**	**$19.88**

The Village portion of the property tax bill is about 9% of the total tax bill. Below is a breakdown of the percentage of distribution to local government entities from a typical tax bill. The information, as well as the property tax history of each parcel, is available on the DuPage County website.

Property Tax Levy on a Typical Residential Property, by Taxing Body



Property tax bill and amounts estimated using prior year rates. Actual amounts are still to be determined through each entity's budget process.

Staffing

The FY26 Proposed Budget reflects two additional full-time equivalent (FTE) staffing positions to support the Long Range Plan Strategic Goals. The first position in the Communications Department will assist with the priority action item *Enhance Boards and Commissions Engagement*, social media posts including Instagram and public information initiatives including micromobility device regulations, changes to the solid waste collection operations and the social services referral program. Further, the proposed budget includes two part-time Community Service Officers. They will perform traditional CSO duties such as accident reporting, responding to non-emergency calls, parking enforcement, special events and traffic control. With these additions, the Village's total proposed staff for FY26 is 313.50 FTE.

Table 8: Staffing Increases, FY22 - 26

Year	Additional FTE Positions
FY22	+1.0
FY23	+2.0
FY24	+6.75
FY25	+2.0
FY26 Proposed	+2.0
Total	**+13.75**

Implementation of Guiding DG Plans and Priority Action Items

The proposed budget supports the implementation of the Guiding DG Plans as well as the completion of the Priority Action Items identified in the Long Range Plan. Over $14 million is included in the budget for multiple projects as noted below:

Table 9: Funding for Guiding DG Implementation and Priority Action Items

Action Item	Plan / PAI	Funding Amount	Fund
Downtown Flexible Amenity Areas	Streetscape Plan, PAI	$1,800,000	Capital
Linda Kunze Plaza	Streetscape Plan, PAI	$4,475,000	Capital
39th St Share Use Path	Active Transportation Plan	$1,300,000	Capital
31st St Bike Path	Active Transportation Plan	$87,500	Capital
Ash Tree Removal and Replacement	Sustainability Plan	$50,000	Capital
Enhanced Parkway Tree Planting	Sustainability Plan	$360,000	Capital
LED Streetlight Replacement	Sustainability Plan	$250,000	Capital
Develop a Public Art Program	Comprehensive Plan, PAI	$200,000	Capital
Lead Service Line Replacement Plan	PAI	$500,000	Water
Facilities Condition Assessment	Sustainability Plan, PAI	$75,000	Maj. Buildings
Fairview Focus Area and Connection Area TIF	Comprehensive Plan, PAI	$30,000	Fairview TIF
Close the Ogden TIF	PAI	$5,200,000	Ogden TIF
Enhanced Parkway Tree Inventory	Sustainability Plan	$125,000	General
Street Intersection Improvements	Active Transportation Plan	Included in Roadway Maintenance - no line item	Capital
Complete an Attainable Housing Study	Comprehensive Plan, PAI	Will be completed within the budget - no line item	General
Update the Zoning Ordinance	Comprehensive Plan, PAI	Will be completed within the budget - no line item	General
Amend the Sign Ordinance to Allow Digital Signs	PAI	Will be completed within the GF budget - no line item	General
Consider a Private Tree Ordinance	Comprehensive Plan, PAI	Will be completed within the GF budget - no line item	General
Enhance Boards and Commissions Engagement	PAI	Will be completed within the GF budget - no line item	General
All Other Priority Action Items	PAI	Will be completed within budget	General

Ogden Avenue Tax Increment Financing District

The Proposed FY26 Budget reflects the recommendations in the Ogden TIF District close-out plan. The original expiration date of the District was December 31, 2024. In late 2023, the TIF was extended by up to 12 years to allow the Village to spend down the ending fund balance of approximately $7 million over the next few years and distribute tax increment received in 2025 and beyond to the other taxing bodies. $5.2 million is budgeted for reimbursements payments for Perillo Rolls-Royce ($2.5 million), 1250 Ogden ($1.2 million), and a redevelopment project currently in the planning stages ($1.5 million).

Recent Ogden Avenue Redevelopment Projects Supported by the TIF District

- 2025 - Agreement with 1250 Ogden LLC to construct a multi-tenant building with two restaurants at 1250 Ogden to reimburse the Developer up to $1.2 million.
- 2024 - Agreement with Downers Grove Equity LLC to construct a new Andy's Frozen Custard at the northeast corner of Ogden and Washington to reimburse the Developer up to $1.2 million.
- 2024 - Agreement with Gold Coast Exotic Imports to remodel and expand the existing 16,000 square foot building, construct a new 13,600 square foot two-story service center, and develop the 4241 Florence Avenue property into a vehicle inventory parking lot to reimburse the Developer up to $2.5 million.
- 2020 - Agreement with 1111 Ogden, LLC to construct a 9,000 square foot multi-tenant retail building at 1111 Ogden Avenue to reimburse the Developer in an amount not to exceed $850,000.

The Ogden TIF close-out plan also calls for revenue from property tax increments received after the original expiration date of the district to be distributed to the taxing bodies. The FY26 Proposed Budget includes $1.9 million to be distributed to the taxing bodies.

Water Fund

The Village completed a Water Rate Study in 2024 to project revenue needs for the Water Fund based on a ten-year CIP that included:

- Backup Well Rehabilitation/Reconstruction (3x)
- Lead Service Line Replacement beginning in 2027
- Water storage tank rehabilitation (4x)
- Replacement of 1% of watermain annually
- Village-wide replacement of water meters

The Water Rate Study recommended rate increases of 9% in 2025 and 2026 and 6% in 2027 and a debt schedule that includes $13.7 million bond issuance in 2025 and $22.9 million in 2028.

In 2025, the Village unexpectedly received a $5.3 million low-interest loan from the IEPA to fund the replacement of one backup well and a portion of watermain replacement. Based on this, the bond issuance planned for 2025 was rescheduled to 2026.

Due to inflation, costs for water system infrastructure projects are significantly higher than anticipated in the rate study. To address this, the multi-year capital projects plan was adjusted and the consultant that completed the rate study considered the updated plan and confirmed that the planned rate increases are sufficient to support the projects and debt service on the bond issuance.

A total of $8.8 million is budgeted for capital projects. Water rates will increase by 9% effective in July 2026, increasing the annual bill for a typical residential customer by about $60. The proposed budget includes a bond issuance in the amount of $13.0 million to pay for water system capital improvements over the next three years. The bond issuance recommended for 2028 will increase to $27.3 million and occur in 2029.

Investment in Infrastructure

The Village's strategic goal to provide *Top Quality Infrastructure* requires a commitment to ongoing investment in maintaining, replacing, or building new infrastructure. Since 2010, the Village has created and followed plans for sustainable funding for infrastructure. As a result, the Village has made major investments in streets, the stormwater system, water systems, and sidewalks.

The FY26 Budget includes $36.2 million for continued investment in the Village's water, streets, stormwater, sidewalk and other infrastructure. This is a significant increase in infrastructure investment compared to previous years. The increase is due primarily to the efforts to construct the infrastructure projects recommended in the Guiding DG Plans.

The Village maintains several major infrastructure systems: streets, sidewalks, stormwater and water. In addition, the Village manages public facilities, traffic, the parking deck, and parking lots. The Village has both long and short-term spending plans for each of its major systems. Short-term spending plans are in the annual Community Investment Plan.

$8.8 Million for Streets - The FY26 Budget includes $8.8 million for street maintenance projects, including resurfacing, crack-filling and patching as well as streetscapes projects in the downtown. The Active Transportation Plan recommendations for improvements to street intersections throughout the Village such as bump-outs, sliver medians and pedestrian crosswalk striping will be made in conjunction with street maintenance activities. The Downtown Flexible Amenity Areas is included in this category. Street maintenance projects are funded by the Motor Fuel Tax, Home Rule Sales Tax, Property Tax and Telecommunications Tax.

$8.8 Million for Water - The FY26 Budget includes $8.8 million for water infrastructure projects. This figure includes $500,000 for the replacement of lead service lines. Pursuant to the water rate study completed in 2024 and verified in 2025, water rates will be increased by 9%. For a typical residential customer, the bi-monthly water bill will increase by about $10 from $112 to $122. The Village will be issuing bonds for $13.0 million to help with capital projects to be completed in 2026 through 2028. Key projects for FY26 include the rehabilitation of the Summit Street water tank, a backup well rehabilitation, and watermain replacements.

$6.3 Million for Sidewalks - The FY26 Budget includes $6.3 million for sidewalk infrastructure projects. This consists of $500,000 for sidewalk maintenance and repair and $310,000 for crosswalk and accessibility improvements. The reconstruction of Linda Kunze Plaza at the Main Street train station is included in this category.

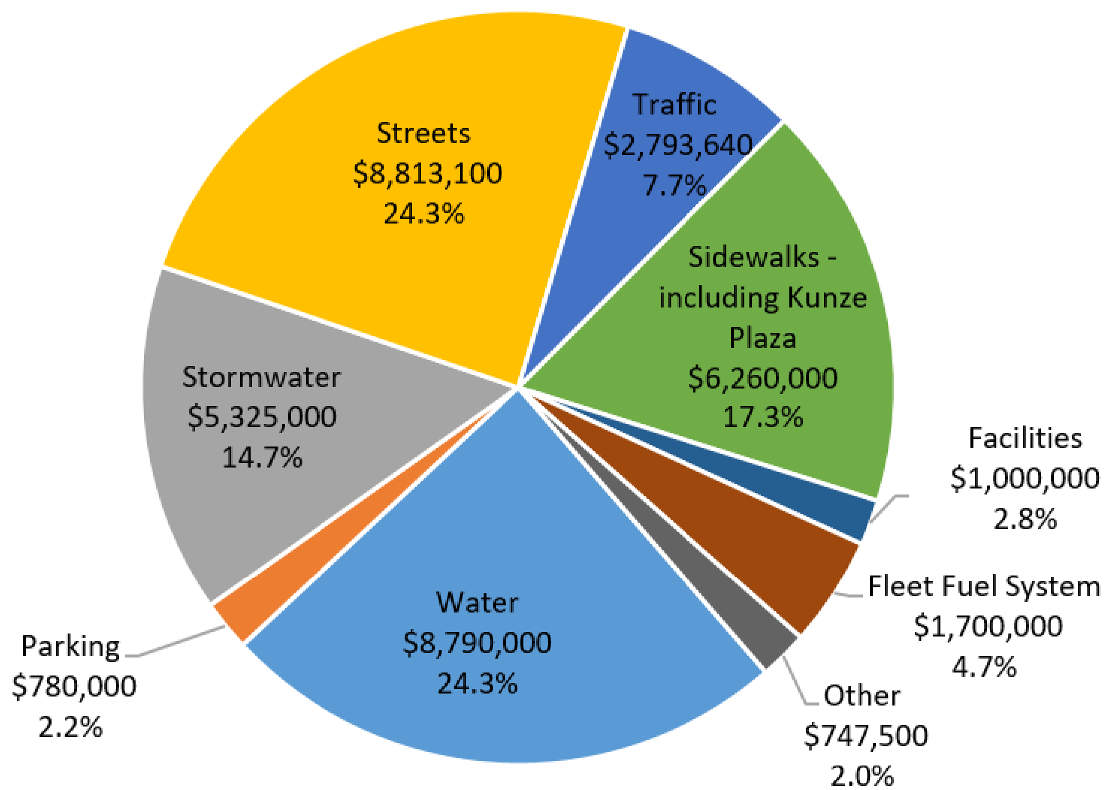
$5.4 Million for Stormwater - The FY26 Budget includes $5.4 million of investment in the stormwater management system. Revenues for stormwater expenses are provided by stormwater utility fees. The fees are budgeted to increase by 8.7% in FY26 ($20.46 per ERU up from $18.82 per ERU) pursuant to the 2023 Stormwater Plan. Key projects for FY26 include continued work on the lining of the 11' diameter pipe, which runs through the downtown, Prentiss Creek stream corridor improvements, and replacement of storm sewers.

$2.8 Million for Traffic - The FY26 Budget includes $2.8 million for traffic management and safety improvements. This includes $2.0 million for continued pedestrian safety improvements (intersection improvements at Main Street and Oxford Avenue), $475,000 for traffic signal modernization, and $200,000 for neighborhood traffic management efforts.

$1.7 Million for Fleet Fuel System Replacement - The FY26 Budget includes $1.7 million of investment in the Capital Fund to upgrade and improve the Fuel System at Public Works. The Fuel System stores and dispenses fuel to all Village vehicles and is used to sell fuel to other organizations.

$1 Million For Village Facilities Maintenance - The Major Buildings Fund includes $1 million for maintaining Village-owned facilities including the Civic Center, four fire stations, Public Works and the Fleet Garage. The Village is currently preparing an analysis of these major buildings' current conditions and preparing a multi-year maintenance plan.

FY2026 CAPITAL BUDGET BY MAJOR PROGRAM TYPE: $36.21 MILLION



Potential Impacts to the Budget

The FY26 Budget was prepared with great care and attention to detail and reflects staff's best assessment of revenues and expenses in each fund. However, there are several factors that could affect the budget, both positively and negatively, over the course of the year.

Most of the Village's revenue sources have the potential to be impacted by general economic conditions at the local, state, national, and international levels. The State of Illinois controls many of the Village's revenue sources, and Illinois continues to take actions to solve the state's ongoing financial challenges. Staff will continually monitor the general economic conditions locally and abroad, and staff will be prepared to implement any strategies needed to address any impacts to Village revenues.

If revenues perform better than the budgeted amounts, especially in the General Fund, the unanticipated funds could be transferred into other funds such as the Debt Service Fund, Health Fund, Risk Fund, and Major Buildings Fund to address trends and issues identified in the Long Range Plan.

Most of the Village's expenses are steady and predictable. However, expenses may increase if the Village has to provide additional services in response to unexpected emergencies. Further, general economic conditions may affect Village expenses. Staff is monitoring economic conditions with a focus on inflationary pressures, global supply chain issues, and international events.

Throughout 2026, staff will provide reports to the Village Council and community on the Village's budget performance and propose any modifications to the budget, if necessary.