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FOR IMMEDIATE RELEASE

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FINANCE COMMITTEE REVIEWS PRELIMINARY FISCAL YEAR 2019 BUDGET

(Glencoe, Illinois)—After months of working in tandem with the Finance Committee to review financial policies, the 10-Year Community Improvement Program and the Village's 5-Year long range financial forecast, Village staff presented the Preliminary Fiscal Year 2019 Budget at the December 19 Finance Committee meeting.

The Preliminary Fiscal Year 2019 Budget includes \$25,018,611 in expenditures across all funds and departments. "Front-of-mind for the Village Board and staff when developing the Village's preliminary spending plan was how to maintain Glencoe's high-quality service levels, while balancing limited revenue growth potential and the possibility of adverse State and federal action that might further limit revenues," said Village Manager Philip Kiraly. "To this end, investments are proposed that leverage current resources through developing employees, improving processes and stretching the longevity of equipment and infrastructure."

The final budget presentation is scheduled for the January 18, 2018 Village Board meeting, and if approved, the budget would be effective March 1, 2018 through February 28, 2019. Highlights from the Preliminary Fiscal Year 2019 Budget, which can be viewed online at www.villageofglencoe.org, include:

- \$3.45 million in recommended Community Improvement Program (CIP) projects, including:
 - The final year of infrastructure improvements paid for with the remaining \$1.275 million in bond funds approved by voters in April 2015. This includes such projects such as the lining of sanitary storm sewers (extending the useful life of the sewers by over 50 years), storm sewer outfall improvements at South Avenue, Apsen Lane, Longwood Avenue and Sylvan Road, over 30,000 square feet of residential sidewalk replacements and street resurfacing at Tudor Court;
 - An investment in a new enterprise resource planning software that will simplify the Village's business processes (i.e. payments to the Village, permits, business licenses);
 - Other major projects include light pole replacements in the commuter parking lots, restoration of sidewalk pavers in the downtown area and replacement of equipment for the Public Safety and Public Works departments.
- A proposed \$1.36 million General Fund Balance reserve draw-down (spending down revenue that was in excess of expenditures from prior fiscal years) to off-set select one-time expenses, primarily capital purchases as outlined above;
- A reduction of one full-time administrative position in the Public Works Department;

- Retaining and reassigning Public Works employees that previously collected garbage to other areas of the Village’s operations;
- Cost of living adjustments (COLA) for non-union Village employees of 2.5%, a 2.5% COLA for Public Works bargaining unit employees as required by contract and a 2.75% COLA for Public Safety bargaining unit employees as required by contract;
- Contractual services for 911 emergency dispatch, garbage/recycling collection and building permit plan review and inspections have been fully integrated into the budget for a full fiscal year; and
- Adjustment of certain fees for service, including a 2.5% increase in the Village’s sanitary sewer charge. The increase in the sewer charge will help to off-set the cost of sanitary sewer linings which extend the useful life of the system.

Proposed Changes to Water Rate

The Preliminary Fiscal Year 2019 Budget also proposes changes to the structure of the Village’s water rate, incorporating a new fixed charge based on water meter size (as opposed to the current minimum quarterly rate) as well as a new volumetric rate for all Village water customers. The new water rates are intended to cover the full cost of operations and maintenance, as well as infrastructure improvements to the Village’s production facility (water plant) and distribution system (water mains, service lines, etc.).

This new rate structure provides sufficient resources to pay for the Water Fund’s Fiscal Year 2019 operating expenses as well as approximately \$615,000 in infrastructure and equipment replacements. “The rate increase is an incremental step toward an overall capital investment plan, which accommodates the total \$18 million in needed improvements,” said Kiraly. “The Village Board has directed staff to begin preparing for a comprehensive review of all capital needs, debt capacity and alternative funding sources to be initiated later in Fiscal Year 2019.”

Water Rate Analysis Background

As part of its long-range planning process, the Village proactively positions itself for future infrastructure investment. To aid with this planning, the Village completed an analysis of the existing water distribution system in 2016. This analysis highlighted the need for significant water main replacements, relocation and replacement of the Village’s elevated water tank and other distribution system equipment totaling over \$18 million in the next 10 years. In recent fiscal years, reserve funds have been used to fund infrastructure projects, making up the difference between revenues and expenditures in the Water Fund, however, the reserve funds are not sufficient to cover all needed, planned improvements as well as unplanned maintenance (such as emergency cleanings, water main repairs or replacements).

To determine the best funding options for the infrastructure improvements, a water rate analysis was completed by Ehlers, Inc., a consultant working with the Village, in the summer of 2017. The analysis concluded that the Village’s existing water rate does not provide sufficient funding for the water system’s operation and planned infrastructure improvement needs. Presently, the Village’s current volumetric rate of \$3.567 per 100 cubic feet falls well below the average rate charged by surrounding communities. After discussion and a review of the Village’s water rate and various funding options at both the November 14 and December 19, 2017 Finance Committee meetings, the Finance Committee directed staff to incorporate a quarterly fixed charge and new volumetric rate of \$4.500 per 100 cubic feet (equating to approximately 750 gallons) into the Fiscal Year 2019 Budget revenue assumptions. It is estimated that the impact to the average resident would be as follows:

Example Customer Impact, 1-inch water meter

Customer (Quarterly usage in cubic feet)	Current	Proposed		
	Total Quarterly Charge	Fixed Charge	Volumetric Charge	Total Quarterly Charge
Low user (1,500)	\$53.51	\$19.50	\$67.51	\$87.01
Average user (3,000)	\$107.01	\$19.50	\$135.01	\$154.51
High user (3,750)	\$133.76	\$19.50	\$168.76	\$188.26

Not included in this analysis are financing plans for the Village's circa-1928 water treatment plant. In 2014 the Village completed an analysis of various options for the water treatment plant (including purchase of water from a neighboring community) and considered a possible cost sharing agreement with the Northwest Water Commission (NWC). Such an agreement is no longer possible, as the NWC elected to consider other alternatives. It is still anticipated that investment in the water treatment plant, or consideration/selection of an alternative provider of the Village's water needs, will be necessary in the next 10-15 years. The Village will continue to review and evaluate options to address the water treatment plant's needs over the next several years.

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