VILLAGE OF PALATINE

VILLAGE HALL - COUNCIL CHAMBERS
200 E. WOOD STREET
PALATINE, IL 60067-5339 – (847) 359-9050
http://www.palatine.il.us

BUSINESS FINANCE & BUDGET COMMITTEE

NOVEMBER 6, 2021

Village Hall - Council Chambers	Special Meeting	8:30 AM

I. ROLL CALL – Time: 8:30 AM

Attendee Name	Title	Status	Arrived
Jim Schwantz	Mayor	Present	
Tim Millar	District 1 Councilman	Present	
Scott Lamerand	District 2 Councilman	Present	
Doug Myslinski	District 3 Councilman	Present	
Greg Solberg	District 4 Councilman	Present	
Kollin Kozlowski	District 5 Councilman	Present	
Brad Helms	District 6 Councilman	Present	

Also Present:
Village Clerk Marg Duer, Village Manager Reid Ottesen, Deputy Village Manager Mike Jacobs, Director of Public Works Matt Barry, Police Chief Dave Daigle, Deputy Police Chiefs William Nord and Bryce Baker, Fire Chief Patrick Gratzianna, Deputy Fire Chiefs Scott Mackeben and Anthony Lavacchi, IT Director Larry Schroth, Director of Finance Paul Mehring, Assistant Finance Director Sue Conn and Accountant 2 Sara Sadoski, Director of Human Resources Pam Jackson, and Deputy Clerk Doris Sadik

II. AGENDA ITEM

1. Consider a Discussion of the CY 2022 Proposed Budget & Capital Investment Plan **-**

   Business, Finance and Budget Committee Chairman Brad Helms opened the meeting with his appreciation of the 318 employees, all departments, the Finance Director and Village Manager for all working together to achieve this responsible proposed budget, maintaining our dedication to the infrastructure, safety and welfare of Palatine. Helms announced the Public Hearing of the Proposed Budget on November 15, and Adoption on December 6.

   Village Manager Reid Ottesen provided an overview of the Proposed 2022 Annual Budget and Capital Investment Plan for the Village of Palatine, noting that the last extraordinary 18 months have included hiring freezes, elimination of positions, suspension of non-essential programs, and deferral of critical capital investment, while asking employees to perform new roles to deliver both traditional and newly demanded services.

   "Fifteen years of conservative and cautious budgeting have us in a position to succeed," said Ottesen. While this Budget represents a 5.85% increase over the

2021 Budget, it allows the reinstatement of positions and services, including rehiring 3 Firefighters, 2 Police Officers, and significant increases in infrastructure and TIF programs.

Ottesen clarified that the Proposed Budget does not recommend an increase in the property tax levy. The increased pension costs and other rising expenses will be absorbed through other revenue growth and our ongoing control of costs. Projected increases in revenue are anticipated in Sales Tax, State Income Tax, Building Permits/Inspection/Review fees, Ambulance Fees, Red Light Camera Fines in addition to other revenue sources. The General Fund operating reserves remain at a 3-4 month policy range. The Economic Stabilization Fund has a balance of $2.5 million due to cost cutting and was not needed to offset the impact of COVID-19. In response to the ever increasing cost of petroleum products, Ottesen recommended setting aside $1 million to offset potential cost increases in this area.

Ottesen used a Power Point presentation to illustrate each part of the Proposed 2022 Annual Budget and Capital Investment Plan (attached).

In response to Councilman Millar regarding a 20% reduction in parking permits during the pandemic, Ottesen projects an increase, not to what it was before the pandemic, but providing an opportunity to rethink downtown parking needs.

In response to Councilman Myslinski, Ottesen clarified the red light cameras provide a % charged on every violation and a lower fee for services.

Public Works Director Matt Barry responded to Council concern for routine streets & sidewalk maintenance, proper storm water management at Reimer Reservoir, pressure control, Smith & Colfax compensatory storage, WMRD, LED street lights, grant opportunities, reduction in service requests, and Euclid/Roselle elevated water storage and improved pressure, and confirming the 5.05% water rate increase, but maintaining one of the lowest water rates in the state.

Police Chief Daigle reported that the 106 officers in 2021 will be increased by one full time officer and 3 part time assistants, a new 3-season motorcycle unit, increased resident interaction through the Neighborhood Based Policing, and mental health services.

Councilmen commented on attracting the best candidates, utilizing expertise of retired officers, working closely with Cook County Sheriff in the NE area, and using portable cameras to improve safety.

Fire Chief Gratzianna reported a 6.29% increase will support the hiring of 3 Firefighters to adequately staff stations, the internal coordination of the Emergency Management Program, review of 5 district boundaries, focus on service, safety, savings, mutual aide, Field Operating Guide review, and seeking grant opportunities, noting that due to COVID, emergency calls increased by over

700 above average.

Village Clerk Duer left the meeting at 9:46 AM
Recess at 9:47 AM
Resume Budget Review at 9:52 AM
Deputy Clerk Doris Sadik resumed Minute taking at 9:52 AM.

Ottesen presented an overview of expenditures from other Village Departments noting a 1.02% total increase. Major initiatives include Geographic Information System (GIS) enhancements, implementation of the final phase of the ERP System to manage licensing, expansion of the Adjudication System (to be on-line in January), and to pursue extending the Downtown TIF District to Smith/Colfax.

The major Capital Investment expenses are for maintenance and improvements of ROWs, streets, sidewalks, the water system and facilities. The Storm Water Management dollars go for storm sewer/drain tile replacement (Spring Willow) and ditch rehabilitation (Franklin). Water Main replacement is the largest program for our water systems. Sidewalk replacement & extension and entryway/corridor enhancements are part of the ROW improvements. Road resurfacing encompasses a large part of the Street budget. Fiber Installation to Well 5 (North of Illinois) constitutes almost half of the Technology budget. This installation will assist the Palatine Park District and District 15.

Ottesen continued with an overview of liability insurance coverage, noting natural disasters will likely increase the cost of coverage. Markets with favorable returns have allowed the Village to maintain pension fund balances, explained Ottesen.

Councilman Lamerand stressed the importance of our obligation to fulfill these pensions.

TIF expenditures have had a positive impact on the Village overall. Ottesen explained that Palatine is a good example of how TIF Development can benefit a community, paying out $27,321,050 of TIF Surplus from 2010 to 2021.

Ottesen presented the Village's bond ratings with a total outstanding debt of $40,680,000, which has been reduced from $120,000,000 in 2010. At the November 8 Council Meeting, Ottesen will provide a breakdown of the $40,680,000 per Councilman Kozlowski's request.

Councilmen Helms and Lamerand expressed the sentiments of the Council in complimenting staff and the administration for presenting a balanced budget while, at the same time, providing services, maintaining operations and making improvements to the community--all without an increase to the property tax levy.

III. ADJOURNMENT – Time: 10:31 AM

Adjourn the Business Finance & Budget Committee Meeting **- Motion Carried by Voice Vote**

RESULT:	**MOTION CARRIED BY VOICE VOTE [UNANIMOUS]**
MOVER:	Kollin Kozlowski, District 5 Councilman
SECONDER:	Scott Lamerand, District 2 Councilman
AYES:	Schwantz, Millar, Lamerand, Myslinski, Solberg, Kozlowski, Helms

SUBMITTED BY:

Margaret R. Duer
Village Clerk

Consider a Discussion of the CY 2022 Proposed Budget & Capital Investment Plan

BACKGROUND:

Staff is pleased to begin public discussion and review of the CY 2022 Proposed Budget & Capital Investment Plan.

KEY ISSUES:

The CY 2022 Proposed Annual Budget and Capital Investment Plan totals $125,059,885. Of this total, $80,331,849 represents the Operations Budget and the remaining $44,728,036 represents our Capital Budget, TIF Districts, Debt Service, Transfers, Casualty/Liability/Health and other insurance Programs, and Pension Administration requirements. In total, this represents **an increase of 5.85%** over the CY 2021 budget. The Proposed Budget continues to reflect the impact of the economic climate, while offering the core service levels expected by our residents and, most importantly, lives within our financial means.

The Business, Finance & Budget Committee has a follow-up discussion scheduled on November 8. The required Public Hearing is scheduled for November 15, with the final budget adoption on December 6.

Today's proposed schedule is as follows:

General Overview:
- Revenue

Operating Department Review:
- Public Works
- Fire
- Police
- Community Services
- Planning & Zoning
- Information Technology
- Finance and Operations
- Village Manager's Office
- Human Resources
- Village Clerk
- Mayor and Council
- Legal
- Boards & Commissions

Non-Operating Expense Review:
- Capital Investment Plan
- Other Expenses (Insurance, Pensions, and Transfers)
- Economic Development Program
- Debt Service

Questions and Follow-Up

RECOMMENDATION:

Staff recommends commencement of the public budget review process.

ACTION REQUIRED:
Action is at the discretion of the Village Council.

ATTACHMENTS:

- Proposed 2022 Budget Message
- Proposed 2022 Budget Overview
- Revised 2022 Budget Presentation

VILLAGE MANAGER'S OFFICE
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October, 2021

Honorable Mayor and Village Council:

On behalf of the Village of Palatine, it is my privilege to present the Proposed 2022 Annual Budget and Capital Investment Plan for the Village of Palatine.

Over the past two years, the Village of Palatine has transformed our organization out of necessity. The Village took targeted, timely, and bold actions to address a global pandemic, avoid a financial collapse, and provide exemplary services to our community when our residents most needed us.

Our actions over the past 18 months have included hiring freezes, elimination of positions, suspension of non-essential programs, and deferral of critical capital investment, all while asking our employees to perform new roles to deliver both our traditional services as well as newly demanded services. We have learned from these extraordinary times, and we are a stronger and more resilient organization now than ever before.

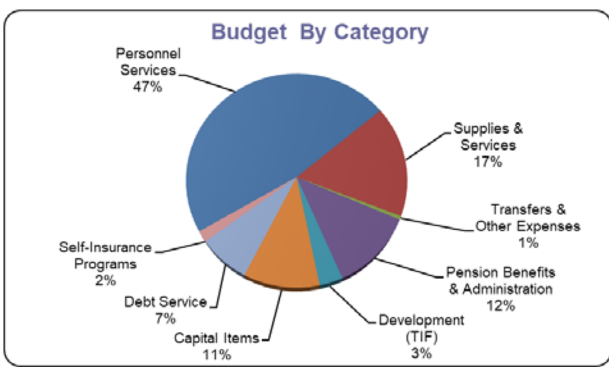
The 2022 Budget continues to build upon our commitment and resiliency. The Budget provides the necessary support for our residents and business community, continues to partner with outside agencies to deliver the most efficient services available, and continues to keep Palatine a safe and desirable community for our current and future residents.

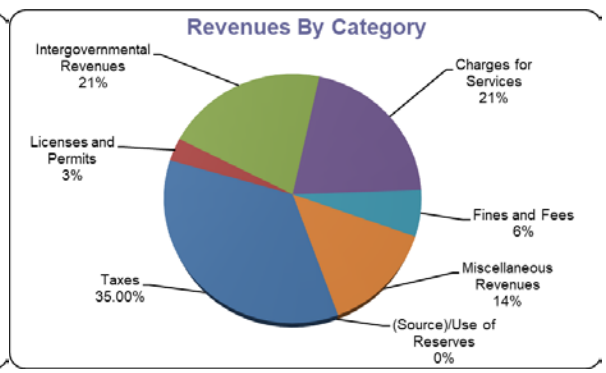
Our conservative and cautious approach to budgeting over the past 15+ years, and our responsiveness these past 18 months, have put us in a position to succeed and deliver on our core services.

The Proposed Budget demonstrates an ongoing commitment to high standards of public service and the efficient delivery of all programs and services. Additionally, it reinstates a number of the positions and services that were "on hold" this past year.

The 2022 Proposed Budget and Capital Investment Plan totals $125,059,885. $80,331,849 represents the Operations Budget and the remaining $44,728,036 represents our Capital Budget, TIF Districts, Debt Service, Transfers, Casualty/Liability/Health and other Insurance Programs, and Pension Administration requirements. While this represents a 5.85% increase over the 2021 Budget, it provides for the rehiring of the vacancies in the Fire Department (3 firefighters) and Police Department (2 police officers), and significant increases in our infrastructure investments and Tax Increment Financing programs.

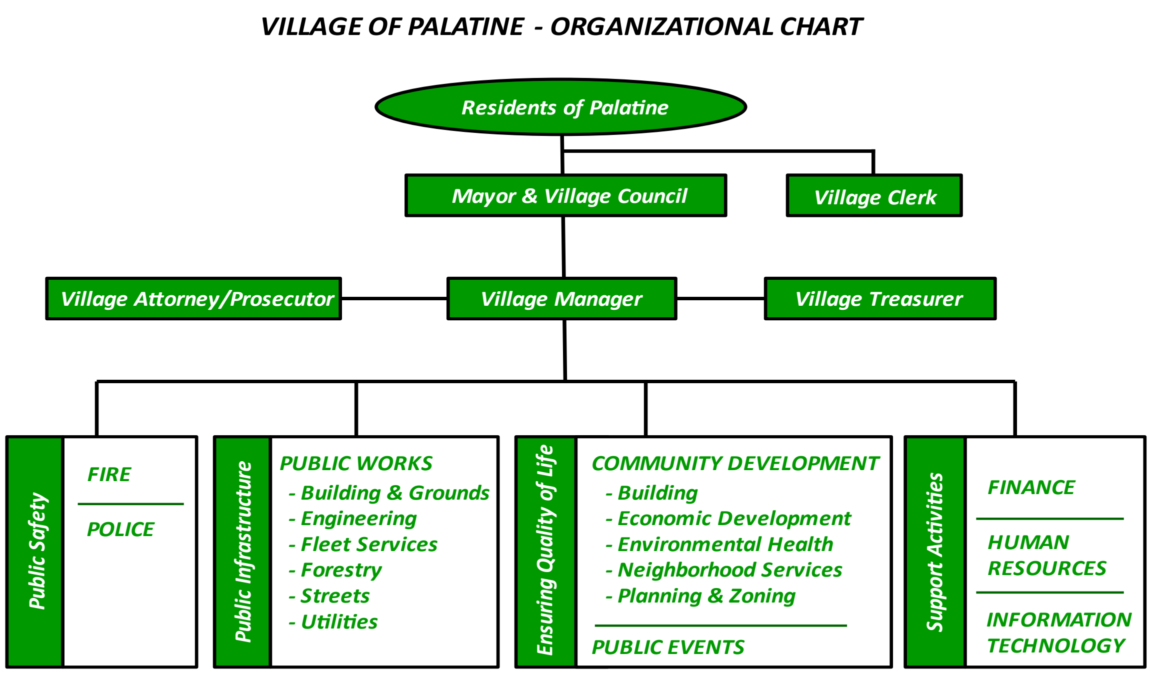
The development of a budget is a balance between existing resources (revenues) and demand for those resources (expenditures). Staff has worked hard over the years to achieve a balance between these competing interests. While last year the task was monumental given the uncertainty of the impact of COVID-19 on both our revenues and costs, this year it hasn't gotten any easier as the pandemic lingers, and the global supply chain shortage is having a direct impact on many of our businesses – particularly our automobile dealerships which account for 22% of our total sales tax receipts.





	2021 Adopted Budget	2022 Proposed Budget	2022 % of Total
Personnel Services	$ 57,668,495	$ 59,269,480	47.4%
Supplies	2,250,290	2,293,395	1.8%
Services & Charges	17,157,319	18,741,474	15.0%
Other Expenses	27,500	27,500	0.0%
Sub-Total Operations	**77,103,604**	**80,331,849**	**64.2%**
Transfers Out	1,085,000	670,000	0.5%
Pension Benefits & Administration	14,119,500	14,994,500	12.0%
Development (TIF)	2,475,000	4,175,000	3.3%
Capital Items	11,603,099	13,497,700	10.8%
Debt Service	9,787,111	9,260,836	7.4%
Self-Insurance Programs	1,974,850	2,130,000	1.7%
All Expenditures Total	**$ 118,148,164**	**$ 125,059,885**	

Our organization is structured to deliver the necessary services to our community in order to ensure the public health, safety, and welfare of our customers. We are structured and funded to deliver on this commitment. The following chart reflects our organizational structure.



In 2018, the Village Council approved a policy to raise property taxes by 1% per year to help fund the unfunded liability of the police and fire pension plans. This was to be in place through 2028 and then revisited. Based upon our strong financial controls and fiduciary responsibility, I am pleased to report that the Proposed Budget includes no increase in our property tax levy while still providing all our core services, including some expanded services.

Budget Policies and Parameters

Over the past decade, the uncertainty created by the fiscal affairs of the State and the rapidly increasing public safety pension costs had made it necessary to focus on simply maintaining our current services rather than looking at any expansion of services. Every effort has been made to live within the existing revenue streams. Any increase in tax rates or other fees was to be a last resort authorized by the Village Council after weighing service and personnel reductions. These past two years, this has become even more challenging given the pandemic. The Operating budget guidelines we have traditionally used have allowed us to financially perform at a level few have achieved. The guidelines have served us well in both times of growth and contraction. Once again, the Village Manager established these guidelines as part of the budget development process. These guidelines were as follows:

- All budgets would be predicated upon providing our core services.
- Ensure the continued safety of our residents and businesses to receive timely responses to all public safety, public works, and community service needs.
- All non-personnel operating expenditures, including commodities and contractual services, were to be funded at previous levels or less. No increase would be available for the fifth consecutive year due to other pressures on our revenues and demands for the dollars to meet statutory obligations (pensions). All Departments would need to reallocate funds between accounts to meet any increased funding needs.
- Benefit related expenditures would meet all statutory requirements for funding.
- The Capital Investment Plan must continue to address the needs of our residents and a systematic replacement of our aging infrastructure, roads, and facilities.
- Any existing or anticipated personnel vacancy shall be fully reviewed as to necessity and available options to replace work through outsourcing, realignment of responsibility, or transfer between Departments.
- All employees should be treated equitably, and compensation and benefit levels should be sustainable and market driven across all job classifications.

Revenues

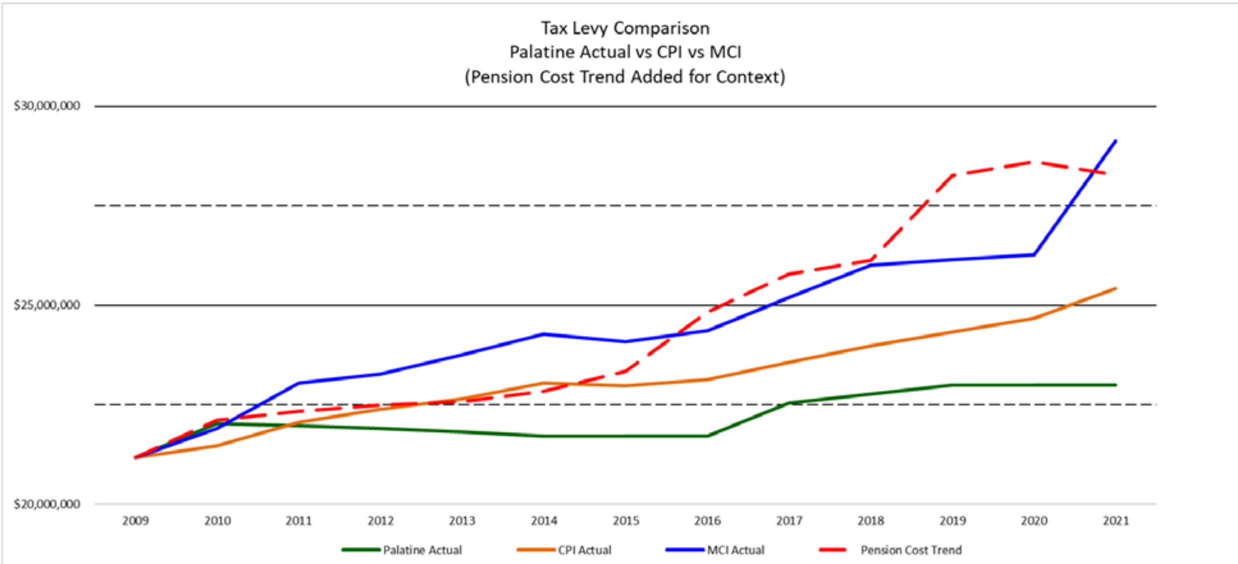
Typically, our annual budget process commences with a detailed review of our existing revenue sources. Staff utilizes a model that examines the previous three years of receipts and weighted factors are assigned to the more recent years to develop estimates for the upcoming calendar year. The estimates are then adjusted based upon known factors such as new or closed businesses. This model has proven to be dependable in both prosperous and declining economic conditions. The 2022 budget process, like last year, was unlike any ever experienced due to the pandemic and ongoing global supply chain crisis. The historical model was still used with a several adjustments based upon a variety of factors including discussion with business owners and smoothing to address pandemic sales surges and plunges.

Some of the more significant revenue sources and/or sources experiencing significant changes are:

- **Property Tax –** 2022 continues our commitment to maintaining a stable property tax rate. From 2012-2017, the Village experienced a constant or declining property tax levy. From 2018 through 2020, the Village raised their property tax levy solely to fund increasing public safety pension obligations. That increase was part of the 10-year plan approved by the Council to provide additional payments towards the pension liabilities, while providing for a stable tax levy and capturing the growth from successful economic activities upon the expiration of TIF Districts over the next decade. That would have resulted in a 2.16% increase in 2021; however, the Village absorbed the pension costs and did not capture the growth from the Dundee Road TIF expiration which had the net effect of reducing the levy to existing property owners.

  As mentioned earlier, the Proposed Budget once again does not recommend the increase in the property tax levy. The Budget is built upon a constant levy. The increased pension costs and other rising expenses will be absorbed through other revenue growth and our ongoing control of costs.

  When you compare our property tax levy to the Consumer Price Index or the Municipal Cost Index as depicted in the following chart, it is very clear that we do everything in our power to minimize property tax impacts on our residents.



- **Sales Tax –** Our sales tax receipts experienced a strong recovery the first half of 2021. Unfortunately, we are now seeing some decline due to the reduced inventory at our automobile dealerships. The 2022 estimate is based upon the assumption that auto sales return to normal by the second quarter and we also will welcome the new Volkswagen of Palatine dealership to the community and their corresponding sales tax receipts. Based upon our model, we are projecting a 4.2% increase in our State and Home Rule sales tax receipts for a total collection of $13,600,000. This revenue will be tracked very closely throughout the year and our budget will be adjusted accordingly if the auto sales do not recover. In fact, the Village Council set aside money as part of the Mid-Year 2021 Financial Review in case we experience a shortfall due to automobile sales.

- **State Income Tax –** Following a significant reduction one year ago, this revenue source has not only rebounded, but is increasing beyond previous years due to higher employment and higher wages. Based upon information and forecasts provided by the State, as well as the Illinois Municipal League, we anticipate an increase of $2,017,100 which comes off a previous year's reduction of $1,279,100. We will again monitor this revenue source very closely to see if the projections are becoming reality.

- **Building Permit/Inspection/Review Fees –** While building permit activity remains strong, the size and scope of projects has started to diminish. In total, building permit related revenues are anticipated to slightly decrease from $1,865,500 to $1,792,000.

- **Ambulance Fees –** The Village recently entered into an agreement that will allow for increased payments for Medicaid transports. This has resulted in our revenues increasing from $1,860,200 to $2,790,300. Unfortunately, the State of Illinois requires us to make a payment to them of approximately $500,000, thus the net increase in this revenue source is just under $500,000.

- **Red Light Camera Fines –** This is a very dynamic revenue driven in large part by road construction activities which often result in certain intersections being offline for periods of time. For the past year, the intersection of Rand and Dundee has been a construction site and the camera at that intersection has been offline. That camera should be back in service by early 2022 and the Village has also changed vendors which alters the fee structure and has a net positive impact to our revenues. The above changes result in an estimated increase from $477,300 in 2021 to $900,000 in 2022; however, there will be offsetting fees paid to the new vendor as compared to the previous vendor netting the fees off their remittance to the Village.

Many of our other revenues continue to remain relatively constant or experience a short-term increase or decrease.

Our Code of Ordinances provides for all other Village fees to increase in an amount equal to the Municipal Cost Index (MCI). This cost index is a representation of the costs for goods and services incurred by municipal government. For 2022, this would represent a 10.84% increase. This is reflective of the significant cost pressures for the goods and services used by local government. We realize that this increase would be very difficult for many of our residents and businesses. As such, we continue to try and avoid our increases wherever possible and have reduced this increase to 3%. This will still help offset some of our cost increases yet provide relief to our customers.

Reserves

A multi-year view is necessary when considering the existence of reserves and the year-to-year surpluses or deficits that create or deplete them. Particularly in capital funds, a surplus or deficit is merely a timing difference between receiving revenues and paying expenditures. In these funds we try to maintain level funding each year knowing that the expenses will vary from year to year. Thus, establishing a surplus for several years or spending down reserves is completely appropriate and, in fact, planned.

As recognized by the bond rating agencies, sound and conservative financial management over the years has positioned Palatine to withstand economic downturns and maintain financial strength. This past year has put us to the test unlike anything that could have ever been anticipated or planned.

We were able to withstand the pandemic in 2020 and 2021 through a combination of expenditure reductions, the planned use of 2019 surplus dollars, and utilization of our Economic Stabilization fund. All told, the Village adjusted the budget by $5.2 million. After these planned actions, the Village still retained strong unrestricted fund balance levels. Fortunately, the budget reductions, coupled with Federal dollars, were enough to still protect our fund balance and Economic Stabilization fund.

The Budget anticipates 2021 will mark the 18th consecutive year that the general fund will end within or above our targeted reserve range of three to four months operating costs. We should finish 2022 in that same position as well. This meaningful accomplishment demonstrates the commitment of the Council and Village leadership to fiscal constraint. These reserve levels have had a significant impact on the Village maintaining our outstanding bond rating over the past several years. Our conservative approach to finance, and the strong fund balance coupled with untapped revenue resources, continues to place us in high stature with the rating agencies. This subsequently saves the Village money when we need to utilize the bond market.

The targeted operating reserves set by the Reserve Policy are at levels considered prudent to provide for uninterrupted municipal services and preferred bond ratings. These reserves serve as a stabilizer during reduced revenue collections, which in turn allows for a consistent delivery of our most important services.

As previously discussed, as part of our efforts to counteract the public safety pension cost increases, the Proposed 2022 Budget includes an appropriation of reserves. Specifically, a plan has been developed to appropriate $180,000 per year over five years to smooth the pension cost increases. This total of $900,000 was specifically earmarked out of the 2017 surplus and 2022 will mark the fifth and final year of the five year draw down.

The General Fund operating reserves are projected to be approximately $20.7 million, which falls at the upper end of the 3-to-4 month policy range. This does not include the Economic Stabilization Reserve which previously was planned to be depleted to offset the impacts of COVID-19; however, due to our cost cutting and expenditure controls, we did not need to utilize these dollars to get through the downturn and in fact, experienced a surplus. As such, our Economic Stabilization Fund has a balance of $2.5 million which is available at the discretion of the Council.

There remains $2.5 million in fund balance beyond that discussed above. For 2022, I am recommending that we set-a-side $1.5 million to offset any potential lost revenues from our automobile dealerships due to supply chain issues or even potential supply chain impacts that could impact building materials (i.e., Home Depot sales). Additionally, as we are seeing petroleum-based products up in price by 60% this year alone, I am concerned over the impact this could have on our road program and the costs for motor fuel in the coming year. Thus, I am recommending that we set-a-side $1 million to offset potential cost increases in this area. I believe the reservation of these fund balance dollars is a prudent approach to budgeting rather than artificially decreasing sales tax dollars and increasing expenditures based upon speculation. We will revisit these dollars as part of the 2022 Mid-Year Financial Review.

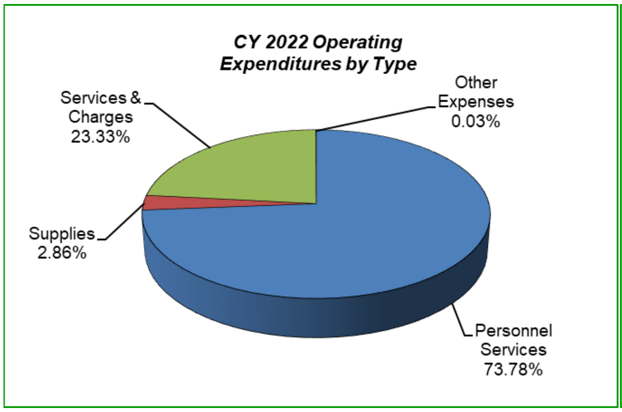
In the case of capital related reserves, these funds are considered sinking funds. It would not be fiscally prudent or responsible to fund current capital expenditures with current dollars nor to issue bonds for all capital purchases. In this case, these reserves can be likened to a savings account to pre-fund expected purchases. Additionally, these funds can be used to fund one-time emergency purchases. These fund balance levels will fluctuate from year to year based upon our capital project needs. All are within or in excess of our fund balance targets.

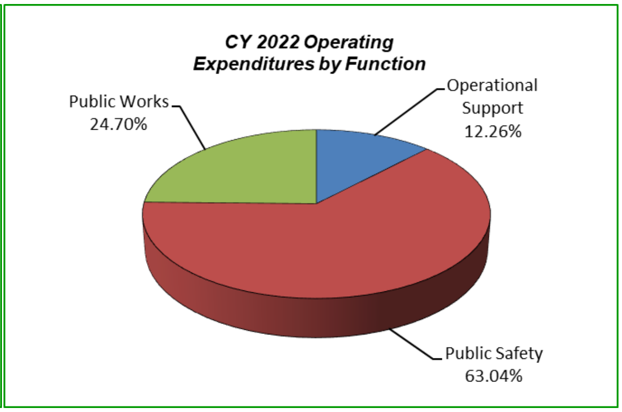
Annual Operating Budget

The entire Village organization is committed to delivering on our core services in the most cost effective and efficient manner. The challenges in doing so continue to be significant. Despite the challenges, the proposed budget demonstrates a real commitment to efficiency and living within our means.

Our operating expenditures are summarized as follows:

Expenditures by Category	Adopted 2021	Proposed 2022	% Change
Personnel	$57,668,495	$59,269,480	2.78%
Supplies	2,250,290	2,293,395	1.92%
Services & Charges/Other	17,184,819	18,768,974	9.21%
Total Operations	**$77,103,604**	**$80,331,849**	**4.19%**





Municipal government is a service business, and the services continue to grow and demand increases. Our job is to protect the public safety, maintain the infrastructure, and ensure a high quality of life. To accomplish these tasks, it takes a committed work force. 341 of our 380 employees (90%) work directly in our field services (Police, Fire, Public Works, and Community Development).

Personnel costs represent 73% of our operating expenses. As such, it is paramount that we focus on always controlling our personnel costs and balancing any increase or decrease in positions with the needs of the residents. Following the economic collapse over a decade ago, there has been a continuous focus on how we conduct business and the application of technology and cross-training in the workplace. This has allowed services to remain constant and the organization to reduce our personnel counts. As benefit costs continue to rise through outside influences, the head count reduction has allowed the Village to live within our means and limit tax adjustments. This coming year, we have re-evaluated several services and will be making a shift to outsourcing some of those services which has led to personnel reductions.

The 2022 Budget reflects a reduction in our workforce.

PERSONNEL CHANGES OVER PAST 15 YEARS

Date	Full-Time Employees	PT/Seasonal Employees
January 1, 2008	367	53
January 1, 2012	343	53
January 1, 2014	339	59
January 1, 2016	338	59
January 1, 2018	331	64
January 1, 2020	333	63
January 1, 2021	327	54
January 1, 2022	326	54

Additionally, in 2021 there were five positions that went unfunded and held vacant. The intention was to bring these positions back in 2022, if possible. These five positions include two sworn police officers and three sworn firefighters. I have been successful in including the funding for the reinstatement of the positions while still maintaining a flat property tax levy. In police, they have evaluated their staffing and will be replacing one of the vacant police officers with three part-time police assistants. This will allow for a police assistant on all shifts which frees up officer time for proactive policing.

Our staffing level remains below our staffing levels in 1999, more than 20 years ago, a time with a much smaller population and geographic area to serve. This would not be possible if not for the exemplary employees we have at the Village.

Departmental Budgets and New Initiatives

After many years of fearing for the impact of the State on our revenues and then battling the impact of a global pandemic, I am pleased to be able to discuss several new initiatives for 2022.

Some of the more notable initiatives and changes for CY 2022 include:

- ***Personnel Changes –*** As previously discussed, the budget has been developed reflecting a reinstatement of the three firefighter positions that were held vacant during the latter half of 2020 and throughout 2021. The reinstatement will allow us to again fully staff our equipment which will improve our second due response times. Additionally, the Police Department was operating with two fewer police officers for the past year. Based upon a review of staffing, the budget has been developed to restore one officer and the other vacant position is proposed to be filled with three part-time police assistants. This will provide for a police assistant on the street 24/7. This significantly frees up officers' time to do more proactive policing and will also help us address resident concerns about the enforcement of overnight parking restrictions.

Additionally, there are several other changes within the 2022 Budget as compared to 2021. We have eliminated a position within the Information Technology Department and will be joining a consortium for our Geographic Information Services. This will be further discussed in the next section. Funds are included for an intern to assist the Human Resources Department. This would be a graduate level position that would assist in analytical needs within the Department. Additionally, the Administration Department has funds to increase a part-time position by ten hours per week to help address the significant increase in adjudication cases as well as FOIA requests. Even with this increase, the Administration Department will be operating with 2 fewer FTE positions than just 5 years ago.

Wages are scheduled to adjust based upon contractual obligations and market conditions. Police and Fire Union members will have a contractual increase of 2.25% while non-represented employees will adjust by 2.5%. Management employees are all subject to performance-based increases which generally are between 2% and 3%. The Village Manager will make any necessary equity adjustments and reclassifications within the budgeted funds.

Change is a continuous process for our organization. While we have adjusted our organizational structure to deliver the highest level of services in the most efficient manner, we continue to be one of the leanest and most efficient municipalities anywhere in suburban Chicago. Staffing levels remain as low as possible while still being able to deliver on our core services.

- **Expansion of Technology –** While 2022 will mark the completion of our new enterprise software implementation for permitting, licensing, and inspections, we will also embark on a conversion of our Geographic Information System (GIS) to a regional consortium. During the past year, we had a change in staffing that had our GIS Manager position become vacant. Rather than immediately filling the spot, we looked at all alternatives. There is a very robust consortium that many surrounding communities have joined. We are proposing permanently eliminating the vacant position and redirecting those dollars to the consortium along with supplemental funds out of our utility funds as they will be direct beneficiaries of this change. The net cost increase is $79,075; however, there will be a significant increase in services available to staff and the public and it will free up at least 1/2 FTE of staff time in our IT Department to focus on other areas of need.

- **Other Initiatives –** There are several other initiatives that cross over between the capital budget and the operating budget that I would like to highlight.

  With the previous reduction in police staffing, we have reduced an officer in our traffic unit. After review of alternative programs to enhance our traffic enforcement and work within our existing staffing, we have included funds for the purchase on an electric motorcycle and the costs to outfit and train three officers to become motorcycle officers. They would complement the traffic unit and be utilized on days when staffing allows for one of them to use the motorcycle instead of the squad. This will have a focus on not only traffic enforcement, but patrol in some of the high-density areas of the Village. The capital cost of this initiative is a onetime expense of $46,000. If it is successful, we would look to add a second motorcycle in an upcoming budget and have up to six officers able to perform in this role.

A second capital cross-over initiative is the enhancement of our entry points to the Village and our corridor beautification program. There is $20,000 included in the capital budget for this program which is planned to be a five-year initiative totaling $100,000. Staff will actively engage the Beautification Commission in this endeavor as we focus on our entry points to the Village along Northwest Highway, Palatine Road, and the downtown area. The entry focus started in 2006 and 2007 and was abandoned with the economic collapse in 2008. This will replace our old wooden signs, several of which have already been discarded due to structural failure.

The 2022 Budget continues to provide funding for our Police Walking Beats in areas identified by Police that benefit from enhanced police presence. There will be an expansion of matters going to our adjudication process. Additionally, we will see more Village services being able to be conducted remotely and/or in a paperless manner. By the end of 2022, we should be 100% digital in our building division, including a conversion to digital of old permits and plans.

Our Operating Budget for 2022 will also be absorbing an increase of $50,000 as we deal with increasing motor fuel expenses. Our in-house milling and paving, as well as in-house resurfacing, will also be incurring cost increases due to the higher asphalt prices that are anticipated. The Budget also sees several areas where we are expanding our outside contractual relationships rather than expanding in-house staffing. One such area is expanding on our outside plan review services which has proven very successful this past year. We understand that the public/private partnerships can often generate the biggest return on our investments.

Pensions

Our pension contribution obligations continue to be a significant factor in the development of our budget. By State statute, the Village is mandated to fund pension benefits for all municipal employees. The Illinois General Assembly determines the benefits afforded to our employees as well as the employee contributions. The Village of Palatine has no control over these benefits. The sustainability of this system has long been challenged. Two years ago, the State moved forward with a plan to consolidate the police and fire pensions throughout the State. In the long-term (10+ years), this should drive smaller increases in funding requirements due to economies of scale.

The fire pension consolidation is moving much more quickly than the police consolidation. The Village has just commenced the process of transferring assets to the consolidated fire pension. This should help drive better returns in the coming year.

The Village's civilian employees participate in the Illinois Municipal Retirement Fund (IMRF). This fund is administered statewide and is very stable with controlled costs.

The 2022 Budget includes $12,446,180 to meet the statutorily required contributions we face for our three state pension systems. This represents a decrease of $289,425 over last year. Of this amount, the Fire contribution is increasing by $140,000 while Police is decreasing by $140,000 and the IMRF is decreasing by $289,425.

Again, the 2022 Budget has been formulated without the need for a property tax levy increase to fund pensions.

Insurance

The Budget continues to fund the Village's self-insurance program for our liability insurance. We continue to see strong performance in our liability program with actual claims coming in under expected claims, putting us in a secure position for any unforeseen large claims. Unfortunately, the natural disasters throughout the country (hurricanes, flooding, wildfires), civil unrest, and an ongoing pandemic have led to a significant tightening of the property and liability insurance markets. As such, despite our performance, we are anticipating an increase of 31.25% in these lines of coverage. In addition to the national factors referenced above, we are having insurance providers start to either decline to quote or provide higher pricing to Cook County municipalities based upon the circuit court system in Cook County. The ability to even get coverage in the future may be challenging as the courts continue to disregard the law and the state legislature moves forward with statutory change that penalizes police departments.

In 2020, the Village joined the Intergovernmental Personnel Benefits Cooperative (IPBC) for our health insurance coverage. Our review of performance in IPBC compared to the general market trends indicate we have saved nearly $1 million with our change. For 2022, the health insurance premiums will be increasing by 3.6%. The Public Works union employees remain in a separate plan through the Operating Engineers Union, and we anticipate those costs will be increasing. Our past collective bargaining agreement requires the employees to cover any cost increases that exceed that of other employees and thus, any costs will be offset by employee contributions.

Annual Capital Investment Plan

The 2022 Capital Investment Plan is balanced and provides the necessary investment in our utilities, streets, equipment, and facilities. This annual investment is necessary for Palatine to remain a strong and safe community. The Capital Investment Plan for 2022 totals $13,497,700. This represents an increase of $1,894,601 and is consistent with our five-year capital planning.

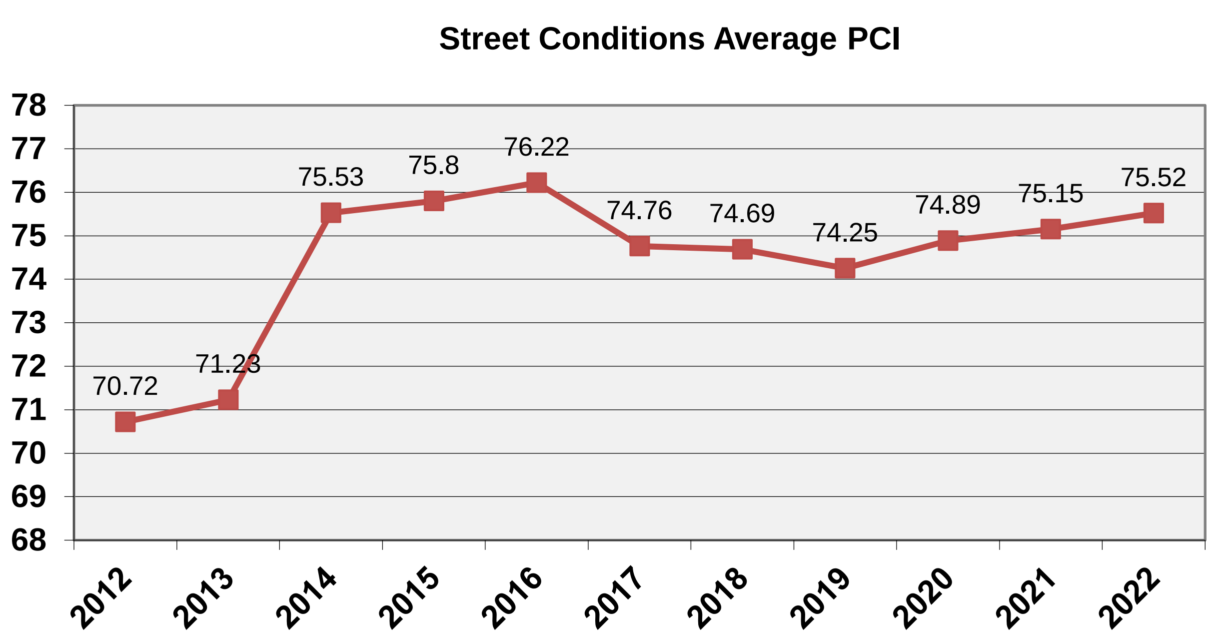
Our capital program operates as a sinking fund where it is planned that some years the expenditures will exceed revenues and other years the revenues exceed the expenditures. This is the nature of capital investments. Thus, you can't just look at fund balance levels and defer the need for permanent funding sources. Fortunately, the sinking fund process, coupled with other stable revenue sources, has allowed us to not only maintain our annual capital investment, but establish adequate reserves to address unforeseen situations or emergency repairs and replacements.

Further helping the health of our capital reserves is our commitment to identify grant monies for capital projects. In the past several years, we have been successful with the award of more than $7 million in funding for the complete resurfacing and other associated improvements for Rohlwing Road, Palatine Road, and various creek projects. These grant dollars free up money to be utilized for other local roads and infrastructure investments. Staff continues to look for grant opportunities for all capital projects.

The following sections highlight the Capital Investment Plan for 2022.

Street Maintenance Programs

On an annual basis, streets are physically evaluated/inspected and assigned a numeric rating (1 to 100) utilizing a computer model. All streets are evaluated at least every two years. A street rated 100 represents a new street. When streets fall below 60 they generally begin to enter the 5-year capital plan for resurfacing. Historic and present funding levels for street maintenance have been designed to provide a street system throughout the Village that carries an average rating in the lower "very good" range (70-75 PCI). The projected value for 2022 is 75.52 with the percentage of streets in the good and above level being 95.17%. The following graph illustrates the current average Pavement Condition Index (PCI) for the Village.



Three years ago, the Village Council established goals for our street maintenance program which are:

- Eliminate all resurfacing backlog (streets below a 50 PCI)
- Establish a system-wide average PCI of 75-80
- Increase resurfacing to over 6 miles and expand reconstruction
- Resurface main/collector roads at or before PCI of 60 (was 50) and residential roads at or before PCI of 55 (was 50)
- Complete concrete edging and integral curb program in 10 years or less
- Expand in-house programs to include resurfacing of concrete edging streets and add a third round of milling and paving

We have been successful in achieving several of these goals and the 2022 Budget continues to make meaningful progress towards full implementation.

The annual resurfacing program for 2022 includes funds for the following streets to be resurfaced:

2022 PROPOSED STREET RESURFACING PROGRAM

Street	From	To
Apple Tree Court	Heatherlea	Cul-de-Sac
Autumn Road	Palos	Deer
Babcock Drive	Baldwin	Clark
Bennett Avenue	Stuart	Pleasant Hill
Burno Drive	Stuart	Bennett
Cedar Street	Palatine	Illinois
Churchill Drive	Jonathan	Wilke
Clearwater Court	Edgewater	Cul-de-Sac
Clinton Court	Bedford	Cul-de-Sac
Cunningham Drive	Old Virginia	Williams
East Glade Avenue	Plum Grove	Oak
Echo Lane	Elm	Elm
Eisenhower Avenue & Court	Mac Arthur	Greenwood
Elizabeth Avenue & Court	Dead End	Kenilworth
Forest Court	Lincoln	Cul-de-Sac
Fremont Street	Sherman	Colfax
Glenn Drive	Cooper	Carpenter
Gloria Drive	Winston	Richards
Hampton Court	Cul-de-Sac	Kenilworth
Home Court	Home	Cul-de-Sac
Iris Drive	Zinnia	Lilly
Jonathan Drive	Churchill	Lake Louise
Kerwood Street	Palatine	Parallel
Lakeview Drive	Quentin	Quentin
Larkspur Lane	Thornhill	Lenox
Laurel Drive	Aster	Lilly
Lenox Lane	Larkspur	Rohlwing
Mill Court	Home	Cul-de-Sac
Morris Drive	Clark	Williams
Robinson Drive	Sayles	Anderson
Rose Avenue	Lilly	Capri
Rose Street	Wood	Wilson
Shady Pines Court	Hicks	Cul-de-Sac
Sherwood Court	Sherwood	Cul-de-Sac
St. James Court	Roselle	Cul-de-Sac
Virginia Drive	Winston	Anderson
Virginia Lake Court	Carpenter	Cul-de-Sac
Warren Avenue	NW Highway	Dead End
Whitehall Drive & Court	Kenilworth	Whytecliff
Whytecliff Road	Roselle	Middleton

Resurfacing is just one activity in a much larger effort of maintaining our road network. In addition to resurfacing, our comprehensive road maintenance program will again include the following activities:

- ***Crack-filling***: Performed within the first three or four years after a street is constructed or resurfaced. This work is performed by an outside contractor.

- ***Milling & Patching:*** This activity removes the surface course of asphalt, undertakes any base repair, and then places a new layer of asphalt. In some instances, patching of streets precedes resurfacing by two or three years and in other cases, it will address isolated problems. This expense is funded through our operations budget. In 2022 we will return to three cycles of milling and paving with a budget of $300,000.

- ***Curb and Gutter***: There are multiple programs designed to extend, repair, and upgrade curb and gutters throughout the Village. These programs include spot curb repair, 50/50 curb replacement, concrete edging, as well as repairs to curbing under the street resurfacing program.

- ***Street Rehabilitation/Reconstruction Program***: This effort will vary from year to year. In some cases, this program traditionally includes widening, curb and gutter, sidewalk, base patching, and installation of storm sewer to bring neighborhood collectors to Village standards. In 2022, we will take advantage of State funding and focus on Crescent Avenue from Kenilworth to Dorset, and Ellis Street from Quentin Road to the dead end. Additionally, there will be reconstruction activity using State funds on Cedar Street from Illinois to the south, and on Elm Street from Dorset to Illinois.

Capital Equipment and Improvements

Separate from our road system, the Village maintains a long-range plan for the systematic maintenance, replacement, and new investment in our equipment and other improvements throughout the Village. While these investments are all discussed in detail in the budget document, some highlights and higher cost items include:

- ***Sidewalk Replacement/Hazardous/Extension Program –*** The 2021 Budget allocated Community Development Block Grant funds to complete our annual sidewalk replacement program. This marked the end of the second cycle of sidewalk replacement across the Village. The systematic replacement of declining sidewalk initially focused on replacing those with vertical displacements greater than 1 inch in the early 2000's. In the second cycle, the replacement program focused on those vertical displacement of 7/8 of an inch or greater, horizontal displacements greater than 1/2 of an inch, and settlement that has resulted in back pitch of more than 5%. Staff has re-evaluated the sidewalk program in 2021 and will be recommending new standards with the Village Council prior to proceeding with the $350,000 of repairs planned in 2022. These new standards will include updates to treatment locations (likely reducing vertical displacement threshold to 3/4 of an inch) and new treatment methods (likely expanding on the cutting trial that was successful in 2021).

- ***Replacement of Equipment/Vehicles and Facility Upgrades –*** The Budget continues with implementation of the Vehicle Equipment and Optimization Plan. Additionally, we are beginning a proactive maintenance program for our Police Headquarters and Village Hall. Included in the 2022 budget are the following equipment and vehicle replacements as well as other facility projects:
    - $50,000 allocated for both Police and Village Hall for facility maintenance and upgrades
    - Forestry Log Loader Truck
    - 2 Heavy Duty Public Works Trucks
    - 2 Medium Duty Public Works Vehicles
    - Police Motorcycle and officer safety equipment

There was a planned replacement of our aerial ladder truck in Fire; however, that was approved in 2021 as part of the allocation of ARPA funds using revenue replacement dollars.

All our replaced equipment will either move to a reserve status or be sold at public auction.

- ***Irrigation Expansion ($30,000) –*** In an effort to enhance our corridor beautification and reduce our long-term maintenance and watering expenses, we will be expanding our irrigation system to the intersection of Hicks Road and Northwest Highway.
- ***Technology Improvements –*** Included in the Capital Investment Plan is the replacement of our primary data servers and an expansion of our remote card reader access program. The Plan also addresses our annual replacement of desktops, laptops, and other devices consistent with our long-term plan.

Water and Sewer Funds

The 2022 Capital Investment Plan continues to invest in storm water management, sanitary sewers, and our water system. $5,768,040 in improvements are proposed for the water and sewer systems. Highlights of these improvements include:

- ***Storm and Sanitary Sewer Sliplining Program ($210,000) –*** This is a proactive program to help seal our sewer systems.

- ***Ditch Analysis and Rehabilitation ($200,000) –*** This will be targeted for Franklin Street where a box culvert is failing, and the rehabilitation will improve water flow within the area.

- ***Storm Sewer and Draintile Replacement/Extension ($275,000) –*** The project focus for this program is fine-tuned each year. The identified locations are in the detailed budget sheets.

- ***Water Main Replacement/Extensions/Looping ($3,425,000) –*** This infrastructure improvement continues to increase as the Village aggressively moves forward with more water main replacements and eliminating dead ends in the system to improve system performance and redundancy.

- ***Water System Elevated Storage ($600,000) –*** Funds are included to undertake the engineering and design for new elevated storage in the area near Euclid and Roselle. This will improve pressure within the southwest portion of the Village and build upon the interconnect that will be completed with Hoffman Estates.

- ***Fire Hydrant Painting ($20,000) –*** A noticeable maintenance enhancement that is proposed is the start of a program to sandblast and paint our fire hydrants. This would be a contracted effort with favorable pricing to be secured through the Municipal Purchasing Initiative. Many of our hydrants need more than just an overcoat of paint on the years of wear that has accumulated. A 6-year cycle of blasting away all peeling paint and repainting all of our over 2,500 hydrants is recommended.

Unfortunately, with the ongoing decrease in water consumption the costs of maintaining the system continue to increase, thus rates will tend to rise by a higher percentage as many of our costs are fixed regardless of usage. Further, the costs associated with replacing aging pipes is rising each year. Based upon a comprehensive review of our long-range projects and the financial stability of the Northwest Water Commission which supplies our water, Staff is recommending a 5.05% rate increase bringing our rate per 1,000 gallons to $5.05 for our residents. Palatine will continue to have one of the cheapest water rates in Illinois.

Over the past year, Staff began the process of reviewing our rate structure for water, storm sewer, and sanitary sewer in comparison to other suburban communities. This evaluation has included looking at our usage rates and the fixed monthly billing charge. We will continue this evaluation in the coming year and present a recommendation to the Village Council as part of our mid-year financial review to help with the formulation of the

2023 Budget. One of the key factors that needs to be addressed is consistent funding as we address proactive storm water management in the future.

TIF Districts

The Village continues to promote development within our various TIF Districts to further expand our sales tax revenues and increase shopping, dining, and convenience options for our residents.

The Rand and Lake Cook TIF Districts are strengthening with recent projects such as the construction of the new Mazda and Subaru dealerships and soon to be constructed Volkswagen dealership. There are several other projects in these districts that are in the preliminary stages of discussions that could have very positive financial impacts for the Village.

The Downtown TIF District is nearing the end of its initial life. The Village continues to invest millions in infrastructure improvements in the downtown and discussions are taking place regarding a potential extension of this TIF District to continue with our infrastructure investments. Over $20 million in projects have been identified to complete the TIF Districts. The Village has the support of both school districts and other taxing bodies as we move forward in the process of seeking final legislative approval on an extension.

Refuse Fund

Unfortunately, the Budget is recommending an increase in the refuse rate of $1 per month which brings us back to our rate from 2019. While we had hoped to have another year of rate stability resulting from our new contract with Groot, the volume of refuse and recycling coming from our single-family neighborhoods has increased significantly since the pandemic. We assume most of this is due to a combination of working from home as well as people undertaking home improvement projects. In fact, in 2021, the Village is being assessed a “true-up” payment by our solid waste agency for the first time in several decades – all due to the volume of waste being generated.

Debt Service

The Village maintains an AA+ bond rating from Standard & Poor's and a Aa2 rating from Moody's. These ratings were maintained over the past 1 ½ years despite the pandemic impact and the concerns over the State of Illinois finances. These strong ratings help drive lower interest rates for any borrowing done by the Village, although there is no intention to go to the bond market in the coming year.

The budget includes an appropriation of $8,197,501 for the annual principal and interest on the Village's outstanding general obligation debt. Only a small portion of this payment comes through the property tax levy. There are two other sources of this debt payment listed in the chart below.

Other Sources of Debt 2022

Source of Payment	Principal & Interest	Percent of Debt
TIF Revenues	$4,959,680	60.50%
Water & Sewer Revenues	1,953,665	23.83%
Total	**$6,913,345**	**84.33%**

These other sources reduce the property tax burden on our stakeholders by a total of $6,913,345. More than 84% of our 2022 debt will be paid through sources other than Village-wide property taxes.

Understanding our total outstanding debt is also important as we assess the long-term financial stability of the Village. At the end of 2021, the Village will have $40,680,000 in outstanding principal on our bonds. Many sources outside of the property tax are responsible for guaranteeing these bonds. The following table represents the breakdown of all outstanding debt.

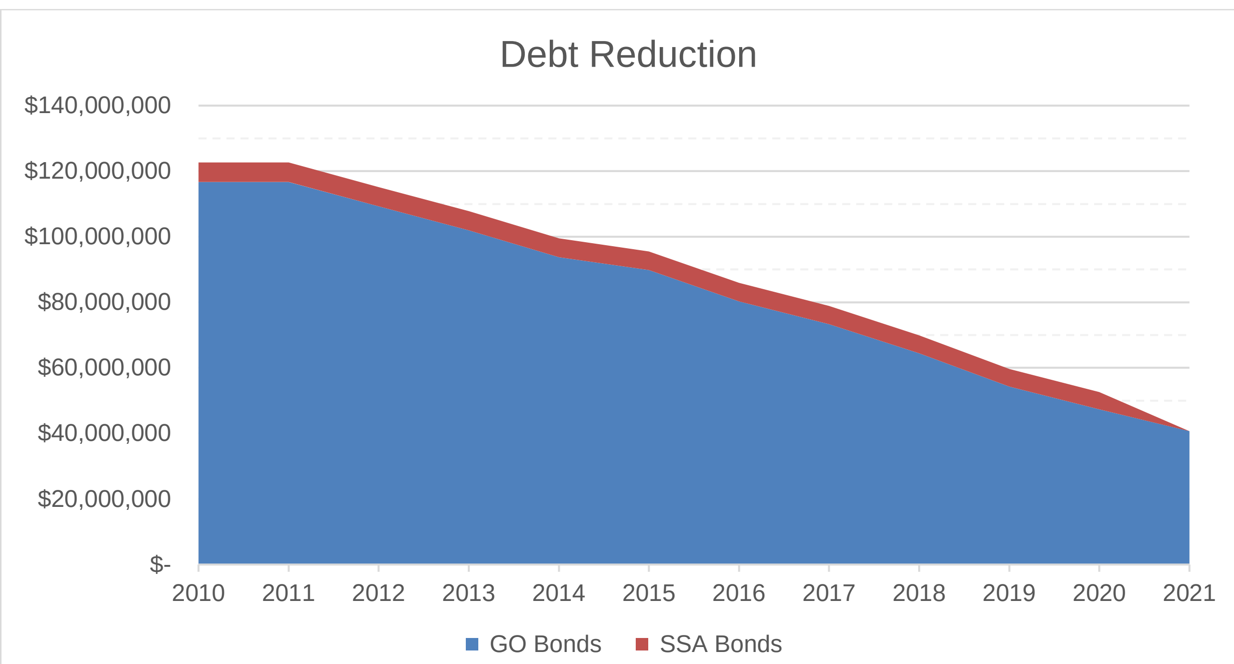
Total Outstanding Debt

(Principal Balance as of December 31, 2021)

Source of Payment	Outstanding Principal	Percent of Total Debt
Property Tax	$24,780,000	60.91%
TIF Districts	9,860,000	24.24%
Water & Sewer Fees	6,040,000	14.85%
Total	**$40,680,000**	**100.00%**

In October 2021, the Village reduced its outstanding debt burden by an additional $5,145,000 by redeeming the outstanding principal of the 2008 Special Service Area #5 Bond Issue.

Over the past 12 years, the Village has made great strides in reducing its debt burden. The chart below illustrates the outstanding debt as of December 31 of each year. Calendar year 2010 ended with $122,657,469 of outstanding debt and we are projecting an outstanding balance of $40,680,000 at the end of calendar year 2021. This represents a reduction of approximately $82 million, or about a 2/3 reduction.



The Future

It is “easy” to let a budget process become routine or to celebrate strong times with increased spending. It takes discipline to evaluate every program, every vacancy, and every dollar of new revenue on a regular basis to make sure any expenditure is necessary and makes a difference in the quality of life of our residents or the success of our businesses.

Our job is not about doing what is “easy,” but rather about exercising discipline. It is this discipline that has been demonstrated year after year, going back over the 18 years that the current administration has been in place, that has allowed us to survive the pandemic without catastrophic impact. Never did we think our discipline would be needed to navigate a global pandemic, but we are better off for it. While we still are feeling some impacts of a global pandemic and now a global supply chain shortage, I remain optimistic that we are on the right path.

The 2022 Proposed Budget and Capital Investment Plan took a lot of effort across the entire organization. The employees continued to pull together like never before and delivered on all of our services. We had to part ways with some of our employees due to the pandemic, but those left gave it their all and even developed some new methods of service delivery to meet the demands with reduced resources.

We are poised to make it through the next year. The Proposed Budget is balanced and reflective of a stable property tax base.

The employees and the Village Council remain committed to working together to deliver the most efficient and responsive local government services. There remain new challenges ahead of us if we are to remain a strong community. We have always risen to the challenge and will continue to do so.

As I have said throughout my tenure as Village Manager, nothing in this budget would be possible without the dedication and commitment of our employees. They serve 24 hours a day, 7 days a week, 365 days a year. You will not find a more committed and efficient Staff anywhere. I could not do my job without all their effort. This Budget demonstrates our commitment to the Village Council, the community, and to all that serve the public daily.

Thank you for the opportunity to continue to serve and lead this organization.

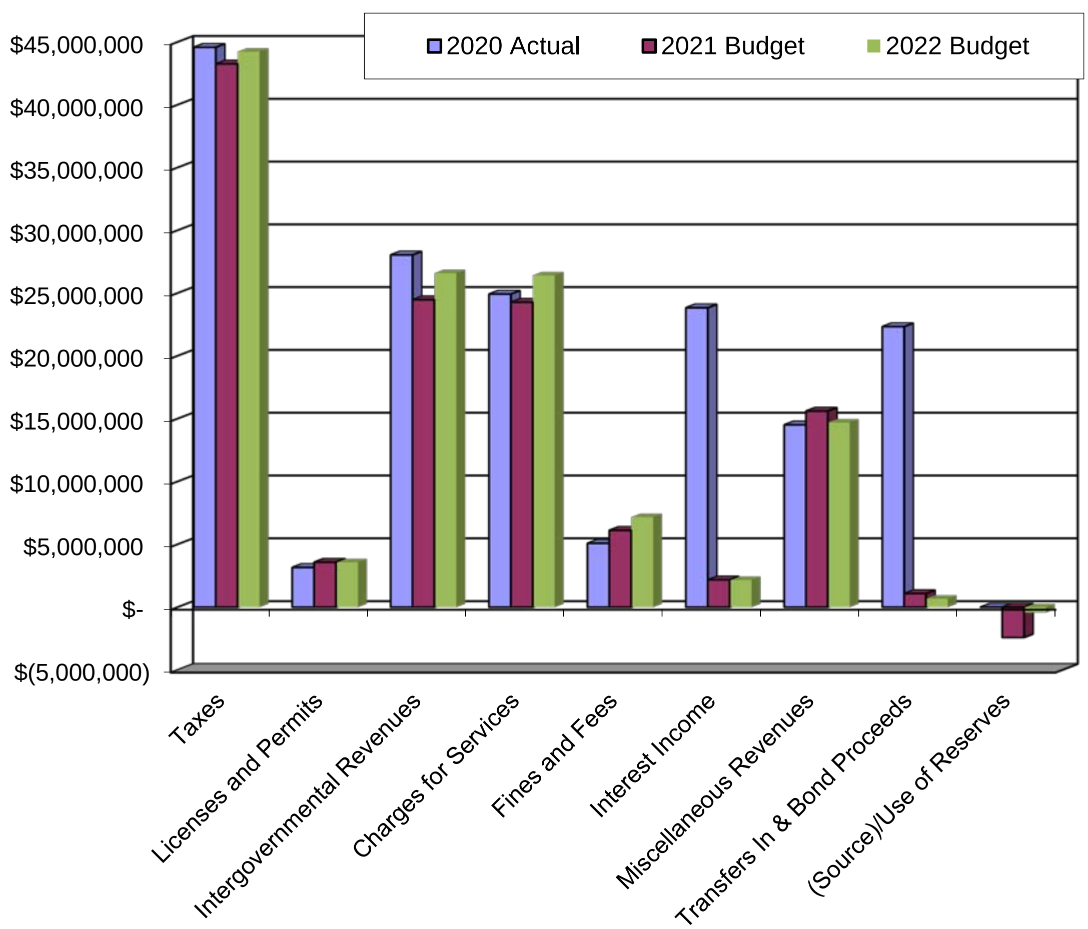
Respectfully submitted,

Reid T. Ottesen
Village Manager

Village of Palatine
CY 2022 Proposed Budget - Budget Overview

All Funds Revenues

	2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
Taxes	$ 44,582,706	$ 43,256,284	$ 44,228,934	2.25%
Licenses and Permits	3,163,653	3,577,500	3,574,200	-0.09%
Intergovernmental Revenues	28,041,167	24,470,899	26,585,084	8.64%
Charges for Services	24,924,160	24,276,934	26,413,523	8.80%
Fines and Fees	5,083,480	6,116,845	7,164,800	17.13%
Interest Income	23,831,678	2,175,400	2,163,075	-0.57%
Miscellaneous Revenues	14,511,971	15,607,275	14,693,160	-5.86%
Transfers In & Bond Proceeds	22,329,330	1,085,000	670,000	-38.25%
(Source)/Use of Reserves	-	(2,417,973)	(432,891)	-82.10%
All Revenues Total	**$ 166,468,145**	**$ 118,148,164**	**$ 125,059,885**	**5.85%**



Village of Palatine
CY 2022 Proposed Budget - Budget Overview

Fund Revenue Summary

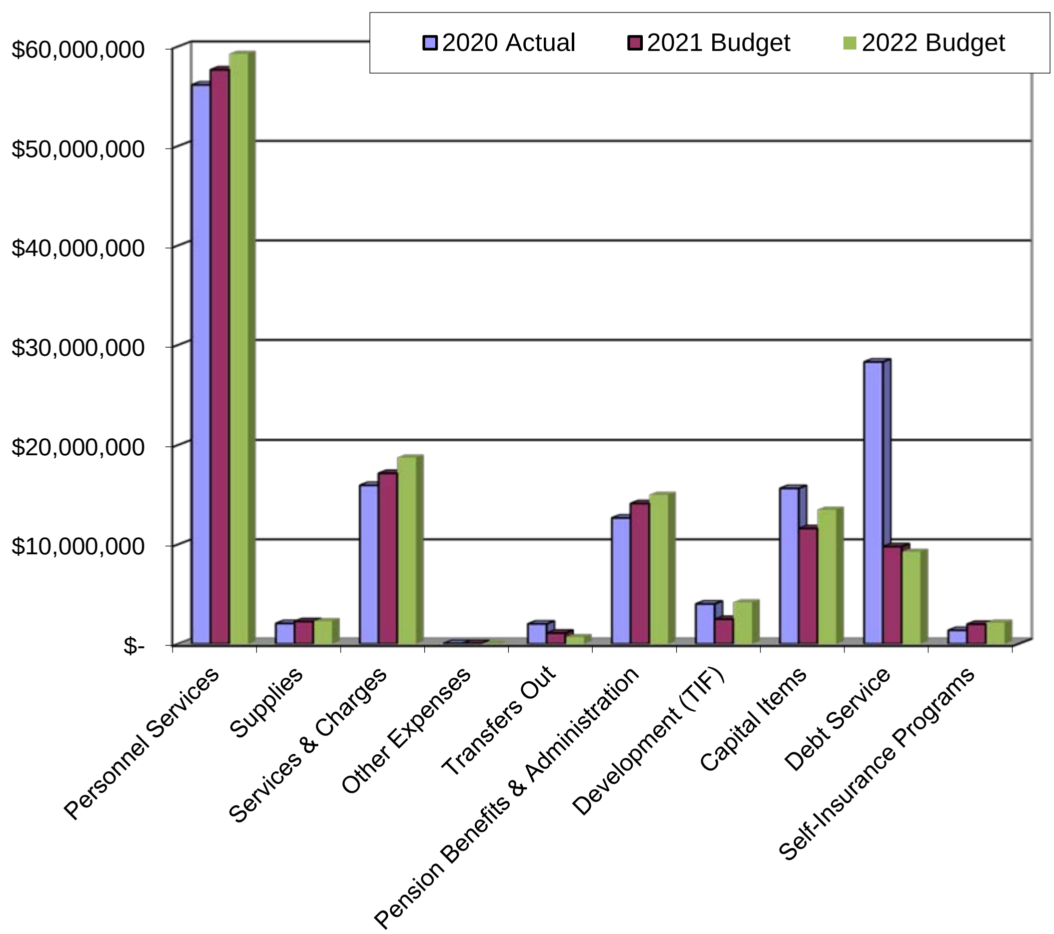
		2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
100	General	$ 61,152,156	$ 62,061,116	$ 64,640,172	4.16%
205	Motor Fuel Tax	4,127,189	2,471,375	2,493,475	0.89%
210	CDBG	445,723	515,274	484,944	-5.89%
221	Federal Equitable Sharing	12,738	20,000	20,000	0.00%
222	State Equitable Sharing	5,672	5,000	5,000	0.00%
223	DUI Fines	6,392	5,000	-	-100.00%
224	Foreign Fire Insurance Tax	100,437	70,000	70,000	0.00%
231	Dundee Road TIF (TIF #1)	4,748	-	-	0.00%
232	Rand/Dundee TIF (TIF #2)	358,560	-	-	0.00%
233	Downtown TIF (TIF #3)	7,402,393	4,858,600	5,349,295	10.10%
234	Rand Corridor TIF (TIF #4)	3,583,034	4,025,115	4,380,195	8.82%
235	Rand/Lake Cook TIF (TIF #5)	1,636,505	5,000	1,355,000	27000.00%
300	Debt Service	20,184,878	1,279,906	1,285,581	0.44%
401	Capital Equipment	1,776,795	1,630,960	1,366,630	-16.21%
402	Capital Improvements	1,678,444	927,795	1,700,885	83.33%
605	Waterworks	12,100,052	12,706,545	13,663,610	7.53%
610	Sewerage	6,685,260	4,000,348	4,104,353	2.60%
615	Refuse	4,394,478	4,506,385	4,739,215	5.17%
620	Parking System	341,445	582,905	583,500	0.10%
702	Liability Insurance	1,655,432	1,974,850	2,130,000	7.86%
710	Fleet Services	1,971,458	1,796,265	1,693,530	-5.72%
801	Police Pension	18,035,055	7,026,000	7,586,000	7.97%
802	Fire Pension	18,197,527	7,093,500	7,408,500	4.44%
825	SSA #5	611,774	586,225	-	-100.00%
All Funds Revenue Total		**$ 166,468,145**	**$ 118,148,164**	**$ 125,059,885**	**5.85%**

Attachment: Proposed 2022 Budget Overview (Proposed CY 2022 Budget Review)

Village of Palatine
CY 2022 Proposed Budget - Budget Overview

All Funds Expenditures

	2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
Personnel Services	$ 56,148,460	$ 57,668,495	$ 59,269,480	2.78%
Supplies	2,054,929	2,250,290	2,293,395	1.92%
Services & Charges	15,950,785	17,157,319	18,741,474	9.23%
Other Expenses	36,464	27,500	27,500	0.00%
Sub-Total Operations	**$ 74,190,638**	**$ 77,103,604**	**$ 80,331,849**	**4.19%**
Transfers Out	2,005,980	1,085,000	670,000	-38.25%
Pension Benefits & Administration	12,668,946	14,119,500	14,994,500	6.20%
Development (TIF)	4,015,582	2,475,000	4,175,000	68.69%
Capital Items	15,643,728	11,603,099	13,497,700	16.33%
Debt Service	28,367,465	9,787,111	9,260,836	-5.38%
Self-Insurance Programs	1,361,014	1,974,850	2,130,000	7.86%
All Expenditures Total	**$ 138,253,353**	**$ 118,148,164**	**$ 125,059,885**	**5.85%**



Attachment: Proposed 2022 Budget Overview (Proposed CY 2022 Budget Review)

Village of Palatine
CY 2022 Proposed Budget - Budget Overview

Fund Expenditure Summary

		2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
100	General	$ 59,247,116	$ 62,061,116	$ 64,640,172	4.16%
205	Motor Fuel Tax	3,876,659	2,471,375	2,493,475	0.89%
210	CDBG	445,723	515,274	484,944	-5.89%
221	Federal Equitable Sharing	44,435	20,000	20,000	0.00%
222	State Equitable Sharing	1,420	5,000	5,000	0.00%
223	DUI Fines	4,445	5,000	-	-100.00%
224	Foreign Fire Insurance Tax	66,660	70,000	70,000	0.00%
231	Dundee Road TIF (TIF #1)	-	-	-	0.00%
232	Rand/Dundee TIF (TIF #2)	1,089,000	-	-	0.00%
233	Downtown TIF (TIF #3)	5,343,789	4,858,600	5,349,295	10.10%
234	Rand Corridor TIF (TIF #4)	6,426,786	4,025,115	4,380,195	8.82%
235	Rand/Lake Cook TIF (TIF #5)	188,332	5,000	1,355,000	27000.00%
300	Debt Service	21,219,285	1,279,906	1,285,581	0.44%
401	Capital Equipment	2,168,699	1,630,960	1,366,630	-16.21%
402	Capital Improvements	1,836,168	927,795	1,700,885	83.33%
605	Waterworks	11,007,287	12,706,545	13,663,610	7.53%
610	Sewerage	3,414,473	4,000,348	4,104,353	2.60%
615	Refuse	4,743,888	4,506,385	4,739,215	5.17%
620	Parking System	572,042	582,905	583,500	0.10%
701	Health Insurance	-	-	-	0.00%
702	Liability Insurance	1,361,014	1,974,850	2,130,000	7.86%
710	Fleet Services	1,941,061	1,796,265	1,693,530	-5.72%
801	Police Pension	6,579,718	7,026,000	7,586,000	7.97%
802	Fire Pension	6,089,228	7,093,500	7,408,500	4.44%
825	SSA #5	586,125	586,225	-	-100.00%
All Funds Expenditure Total		**$ 138,253,353**	**$ 118,148,164**	**$ 125,059,885**	**5.85%**

Attachment: Proposed 2022 Budget Overview (Proposed CY 2022 Budget Review)

Village of Palatine
CY 2022 Proposed Budget - Budget Overview

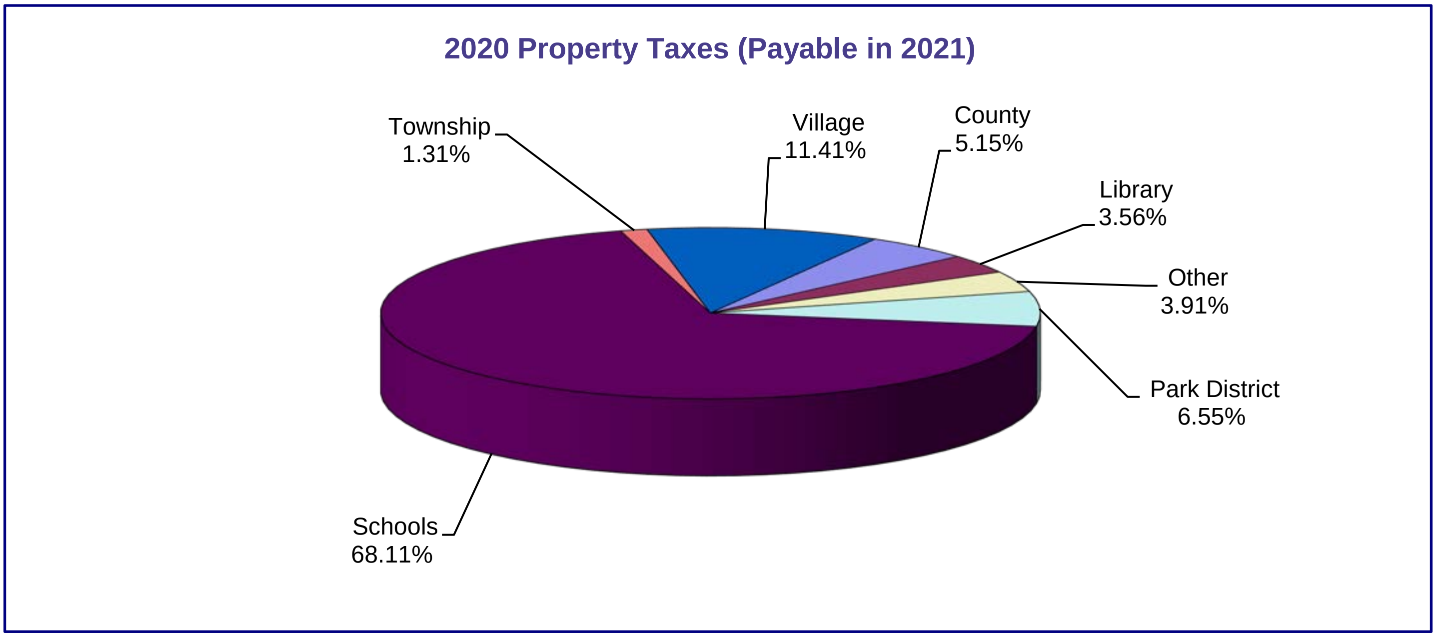
Fund Balance Summary

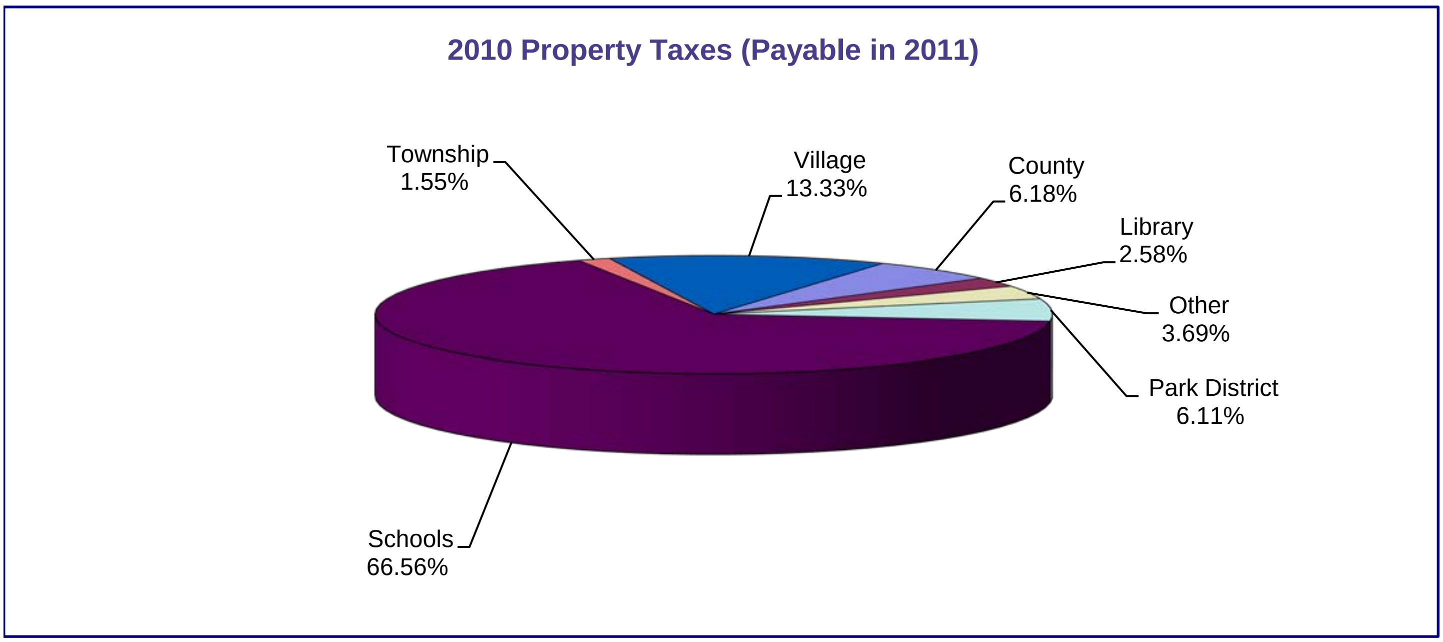
		Estimated Beginning Fund Balance	2022 Projected (Source)/Use of Reserves	Estimated Ending Fund Balance
100	General (Includes Economic Stabilization Reserve)	$ 25,807,095	$ 171,111	$ 25,635,984
205	Motor Fuel Tax	885,767	(12,575)	898,342
210	CDBG	-	-	-
221	Federal Equitable Sharing	435,339	-	435,339
222	State Equitable Sharing	287,390	-	287,390
223	DUI Fines	113,137	-	113,137
224	Foreign Fire Insurance Tax	224,018	-	224,018
233	Downtown TIF (TIF #3)	8,414,895	(2,254,705)	10,669,600
234	Rand Corridor TIF (TIF #4)	5,184,298	944,695	4,239,603
235	Rand/Lake Cook TIF (TIF #5)	3,574,040	(245,500)	3,819,540
255	CDBG - CV Fund	-	-	-
256	ARPA Fund	6,006,265	-	6,006,265
300	Debt Service	135,684	-	135,684
401	Capital Equipment	6,260,846	(22,065)	6,282,911
402	Capital Improvements	4,058,844	(7,380)	4,066,224
605	Waterworks	6,845,348	985,610	5,859,738
610	Sewerage	2,344,251	(262,487)	2,606,738
615	Refuse	432,109	(8,175)	440,284
620	Parking System	1,522,965	316,620	1,206,345
701	Health Insurance	793,086	-	793,086
702	Liability Insurance	4,124,877	433,600	3,691,277
710	Fleet Services	729,237	47,875	681,362
801	Police Pension	101,218,802	(203,530)	101,422,332
802	Fire Pension	94,323,531	(315,985)	94,639,516
All Funds Total		**$ 273,721,824**	**$ (432,891)**	**$ 274,154,715**

An operating reserve is set aside to provide a cushion against unexpected events, losses of revenue, and large unbudgeted expenditures. The most common trigger for use of reserves is on the income side, such as when a previously reliable source is reduced or withdrawn. Another common reason for either creating or using reserves is when there is a timing difference between when a revenue is recorded and the underlying expenditure is made.

In many cases, one of the main purposes of a fund is to accumulate funds today for a known or planned future outlay. Pension funds and funds that provide for capital outlay (Capital Projects and Enterprise Funds) are a good example of this accumulation of funds today for future outlays.

Property Taxes



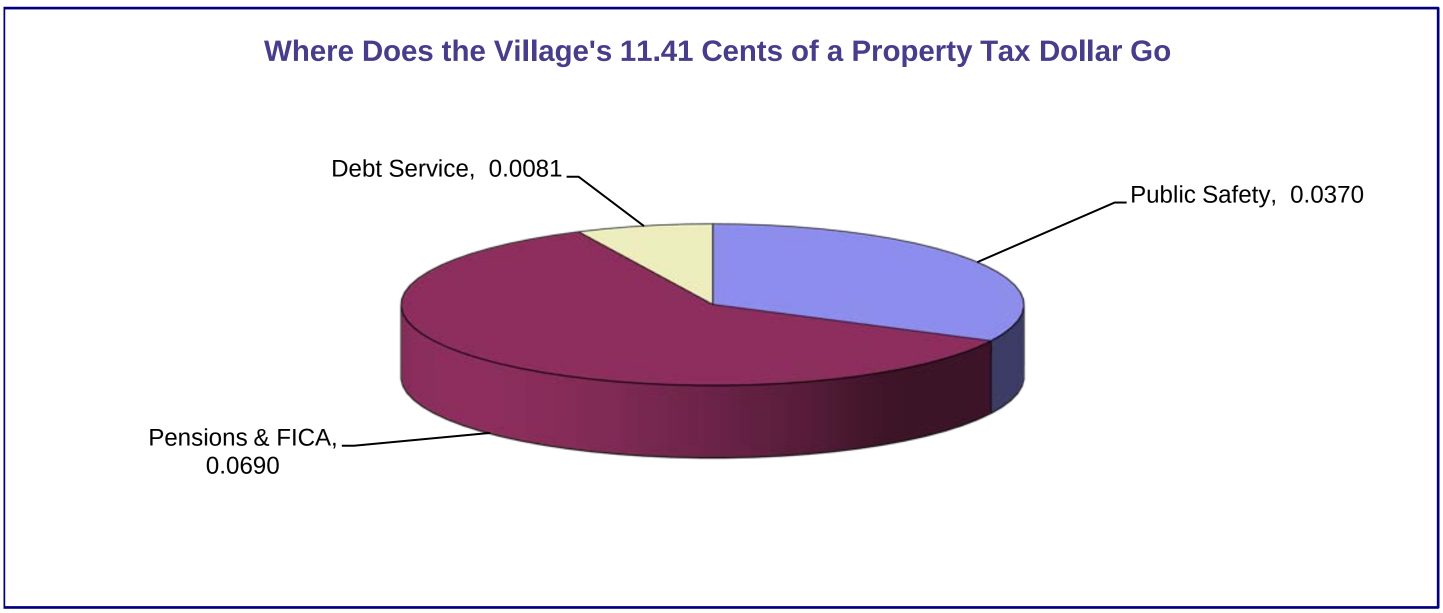


Property Taxes

Property Taxes fund Public Safety (Police and Fire Protection), the Village's share of Retirement Plan funding (FICA, IMRF, Police and Firefighters' Pensions), and Debt Service.

The Village has been diligent in monitoring its use of property taxes; the level of the Village's EAV; and the resultant tax rate. It has been the policy of the Village to be cognizant of the impact that the use of property taxes has upon its citizenry. This fact is represented in 6 consecutive years of either decreasing or constant property tax levies (2012-2017). Additionally, as can be seen from the graphs on the previous page, as compared to the other taxing districts within the Village, the Village's portion of the tax bill has remained fairly constant and relatively minor in relation to the total tax bill.

For 2022, the Village is proposing no property tax levy increase.

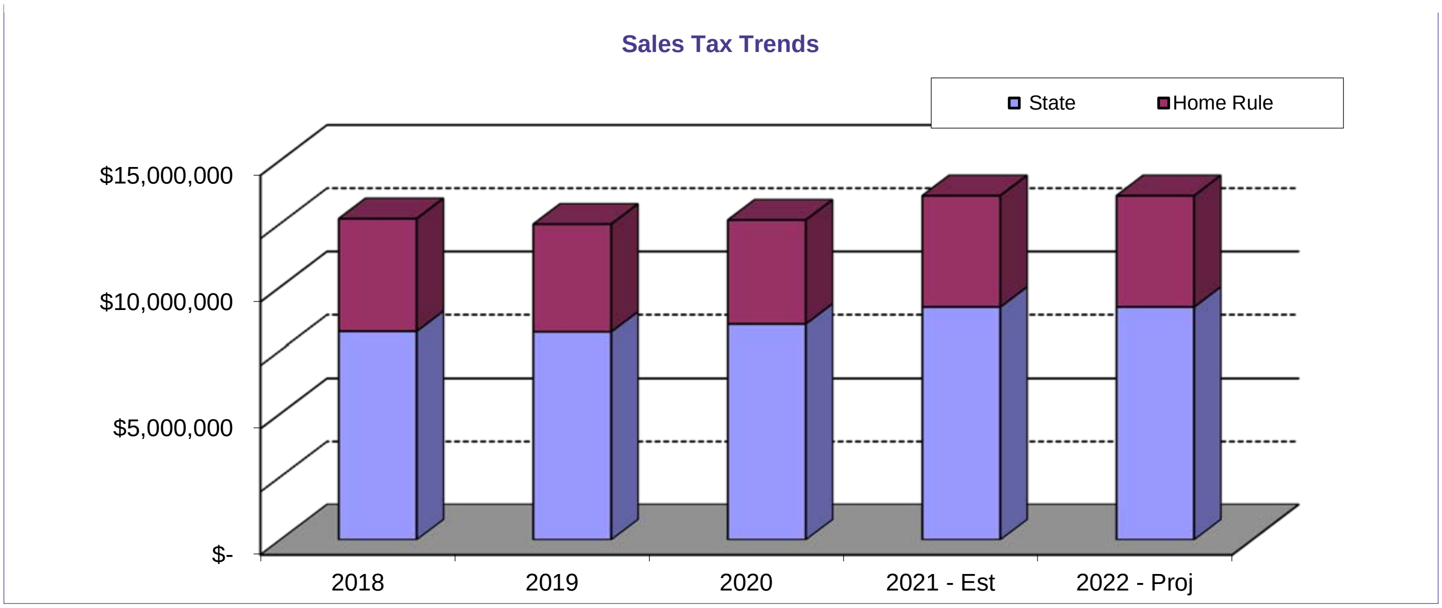


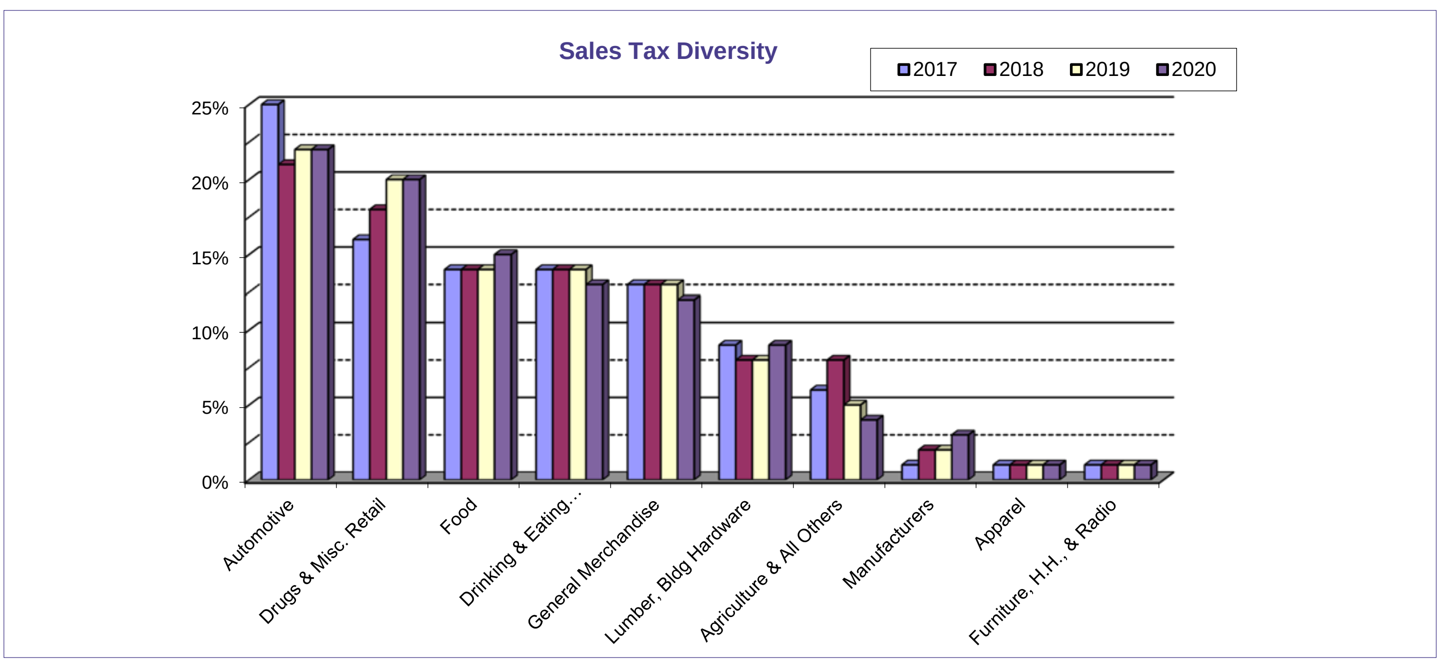
Sales Tax

The CY 2022 projection is based upon the current trend of receipts. This revenue source is very dependent on the strength of the economy and is a significant source of revenue to the general fund. The first graph below illustrates the trend of total collections.

The major strength in this revenue source for the Village of Palatine is the relative diversity in our sales tax generators. As can be seen in the second chart on this page, Palatine does not rely solely on one main sector of the local economy.

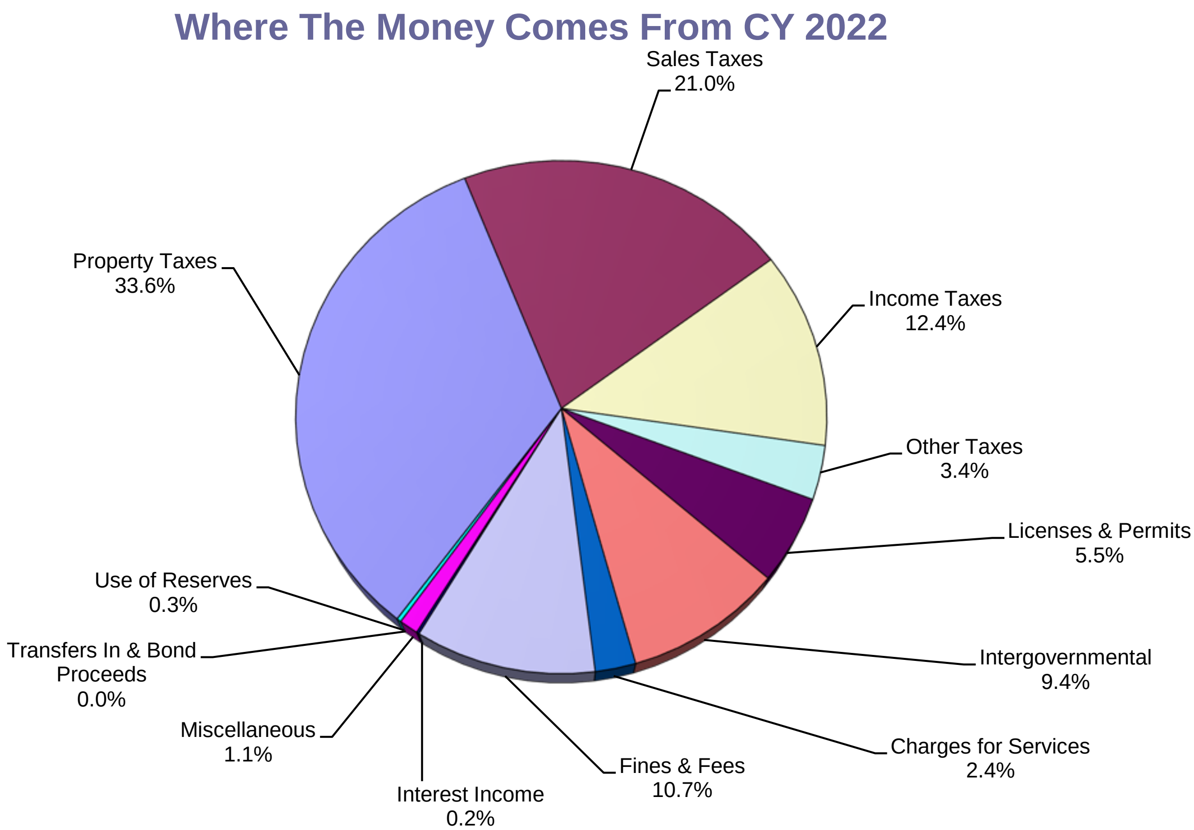
The diversity of the sales tax generators means that if one sector were to experience a downturn, the other sectors would compensate for it. As can be seen, four of the top five producers, excluding automotive, account for 60% of sales tax dollars and are for sectors that are not generally discretionary in nature.





Village of Palatine
CY 2022 Proposed Budget - Budget Overview

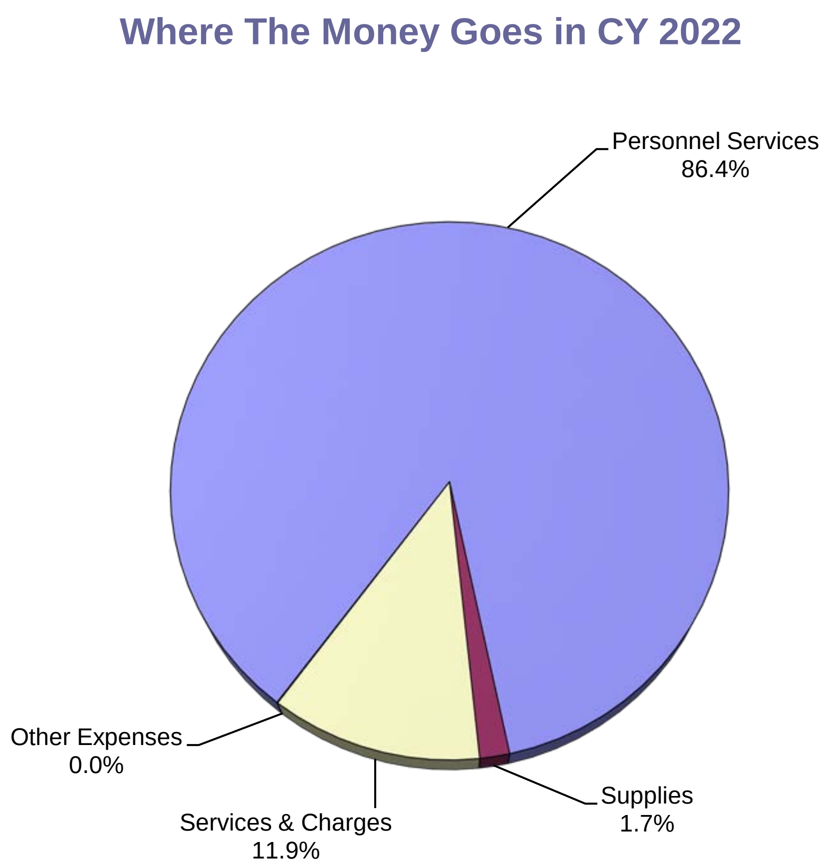
General Fund Revenue



Revenues By Type	2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
Taxes	$ 27,921,769	$ 29,393,068	$ 28,312,678	-3.68%
Licenses & Permits	3,148,868	3,564,000	3,560,700	-0.09%
Intergovernmental	22,111,733	20,667,625	23,296,340	12.72%
Charges for Services	1,419,399	1,538,054	1,552,988	0.97%
Fines & Fees	4,720,774	5,824,345	6,912,300	18.68%
Interest Income	289,279	101,400	101,400	0.00%
Miscellaneous	609,354	797,055	732,655	-8.08%
Transfers In & Bond Proceeds	930,980	-	-	-
Use of Reserves	-	175,569	171,111	-2.54%
Total Revenues	**$ 61,152,156**	**$ 62,061,116**	**$ 64,640,172**	**4.16%**

Village of Palatine
CY 2022 Proposed Budget - Budget Overview

General Fund Expenditures



Expenditures by Type	2020 Actual	2021 Adopted Budget	2022 Proposed Annual Budget	% Change
Personnel Services	$ 52,501,692	$ 54,138,140	$ 55,830,180	3.13%
Supplies	964,426	1,097,920	1,086,025	-1.08%
Services & Charges	5,744,533	6,797,556	7,696,467	13.22%
Other Expenses	36,465	27,500	27,500	0.00%
Total Expenditures	**$ 59,247,116**	**$ 62,061,116**	**$ 64,640,172**	**4.16%**

VILLAGE OF PALATINE Est. 1866

CY 2022 PROPOSED BUDGET & CAPITAL INVESTMENT PLAN

VILLAGE OF PALATINE
Est. 1866

"A budget is more than just a series of numbers on a page; it is an embodiment of our values."

– Barack Obama

VILLAGE OF PALATINE Est. 1866

CY 2022 Budget Summary

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Personnel Services	$57,668,495	$59,269,480	2.78%
Supplies	$2,250,290	$2,293,395	1.92%
Services and Charges	$17,157,319	$18,741,474	9.23%
Other Expenses	$27,500	$27,500	0.00%
Sub-Total Operations	**$77,103,604**	**$80,331,849**	**4.19%**
Transfers Out	$1,085,000	$670,000	-38.25%
Pension Benefits and Administration	$14,119,500	$14,994,500	6.20%
Development (TIF)	$2,475,000	$4,175,000	68.69%
Capital Investment	$11,603,099	$13,497,700	16.33%
Debt Service	$9,787,111	$9,260,836	-5.38%
Casualty/Liability Insurance Administration	$1,974,850	$2,130,000	7.86%
Total Expenditures	***$118,148,164***	***$125,059,885***	***5.85%***

VILLAGE OF
PALATINE
Est. 1866

VILLAGE OF PALATINE Est. 1866

CY 2022 Proposed Budget

VILLAGE OF
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CY 2022 PROPOSED BUDGET & CAPITAL INVESTMENT PLAN

REVENUE OVERVIEW

VILLAGE OF PALATINE Est. 1866

Revenue Projection Methodology

- Dynamic process throughout year
- Proposed budget revenue estimates are generated in July as part of the Mid-Year Financial Review
- Uses a projection factor based on three prior years' actual results.
  - Weighted by age (16% / 33% / 50%)
  - Gives most relevance to current results, but still considers multi-year trending
- 2022 impacted pandemic and now global supply chain issues

VILLAGE OF PALATINE
Est. 1866

Revenue Overview

Revenues	2021 Adopted Budget	2022 Proposed Budget	% Change
Taxes	$43,256,284	$44,228,934	2.25%
Licenses & Permits	$3,577,500	$3,574,200	-0.09%
Intergovernmental	$24,470,889	$26,585,084	8.64%
Charges for Services	$24,276,934	$26,413,523	8.80%
Fines & Fees	$6,116,845	$7,164,800	17.13%
Interest	$2,175,400	$2,163,075	-0.57%
Pension Contributions/Misc.	$15,607,275	$14,693,160	-5.86%
Transfers/Bond Proceeds	$1,085,000	$670,000	-38.25%
Sinking Funds/Reserves	$-2,417,973	$-432,891	-82.10%
Total	**$118,148,164**	**$125,059,885**	**5.85%**

VILLAGE OF PALATINE Est. 1866

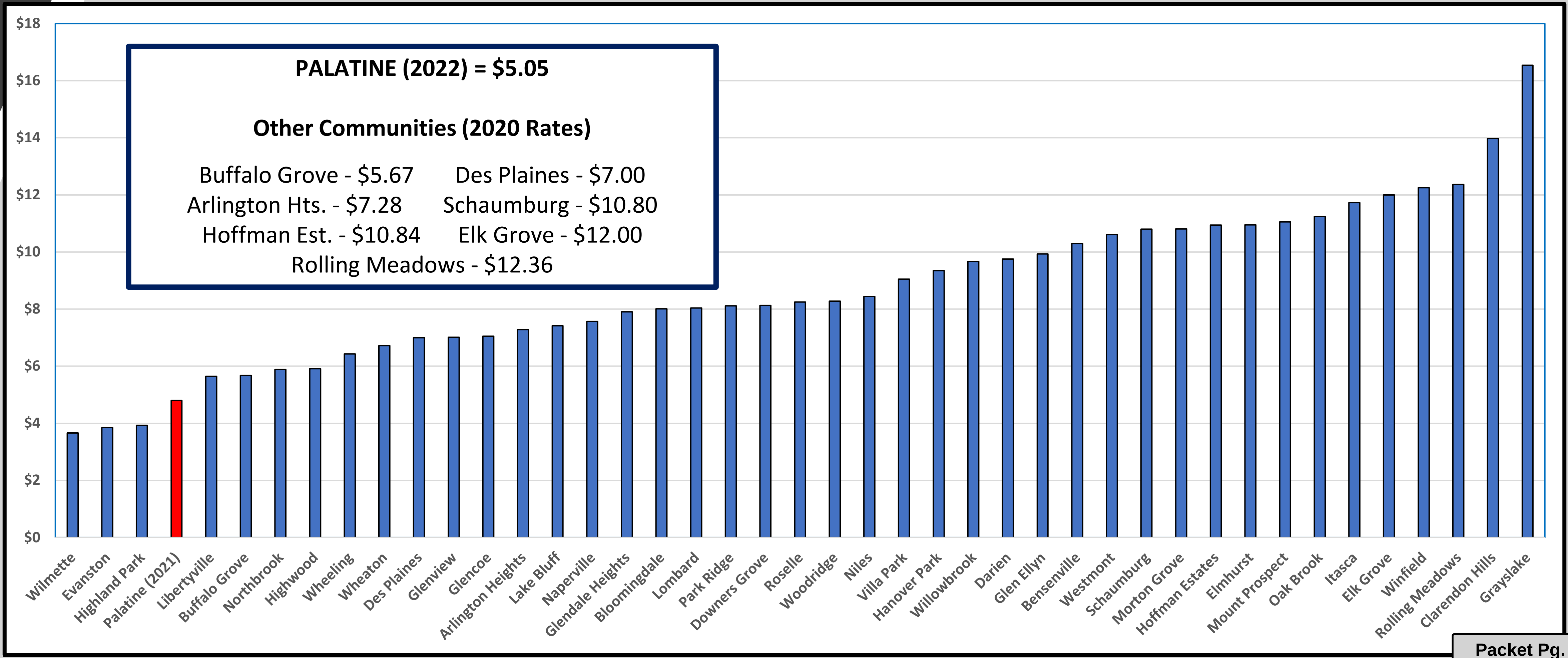
Revenue Overview

- General Fee Adjustment of 3.00%
- Sewer Rate: No Change
- Refuse Fee: $1.00 Increase per month
- Water Rate: $0.25 Increase per 1,000 Gallons

  (Reflects continued emphasis on critical infrastructure and reduced consumption)

VILLAGE OF PALATINE Est. 1866

Municipal Water Rates (per 1,000 Gallons)



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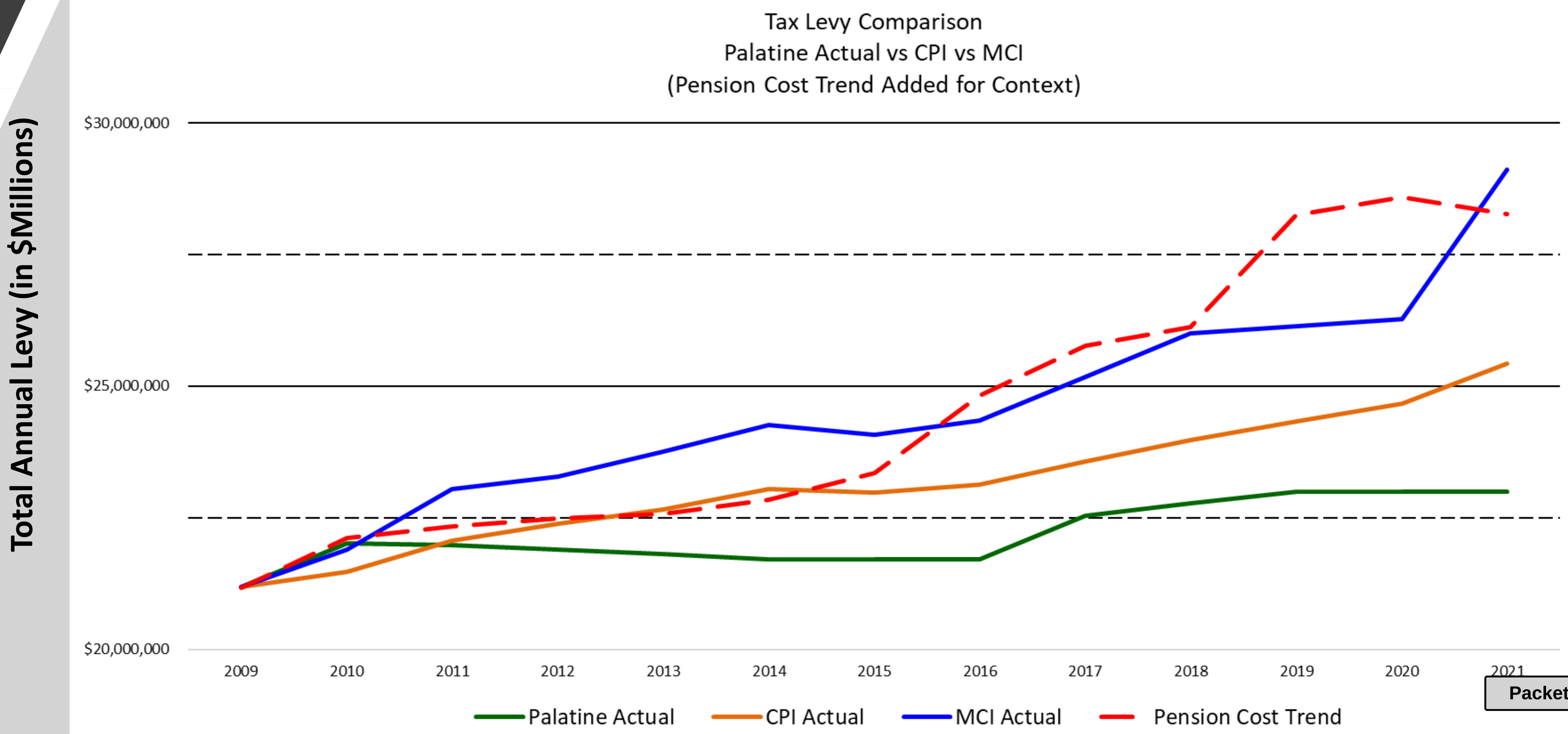
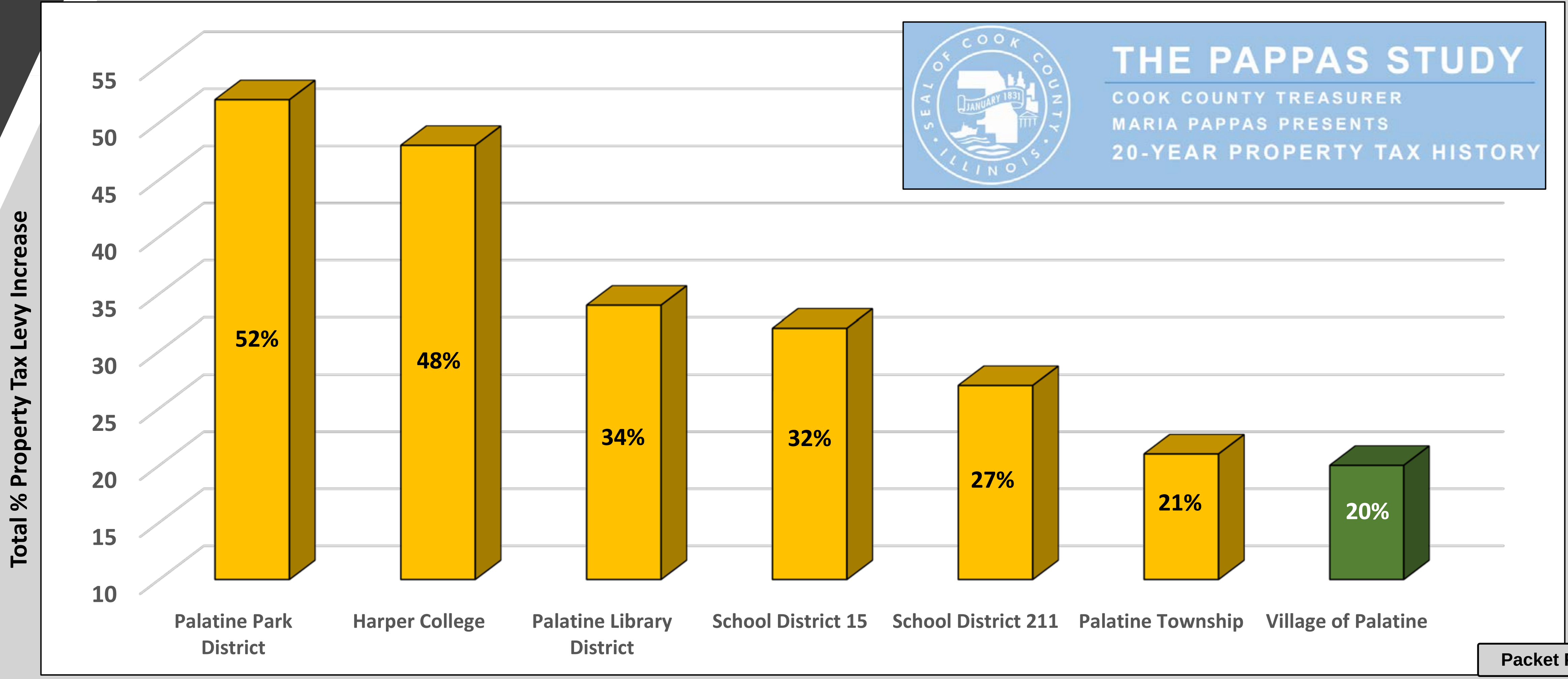
Palatine Tax Levy vs. CPI & MCI



VILLAGE OF PALATINE
Est. 1866

Local Taxing District's Total Property Tax Levy Increase for 2006 - 2019



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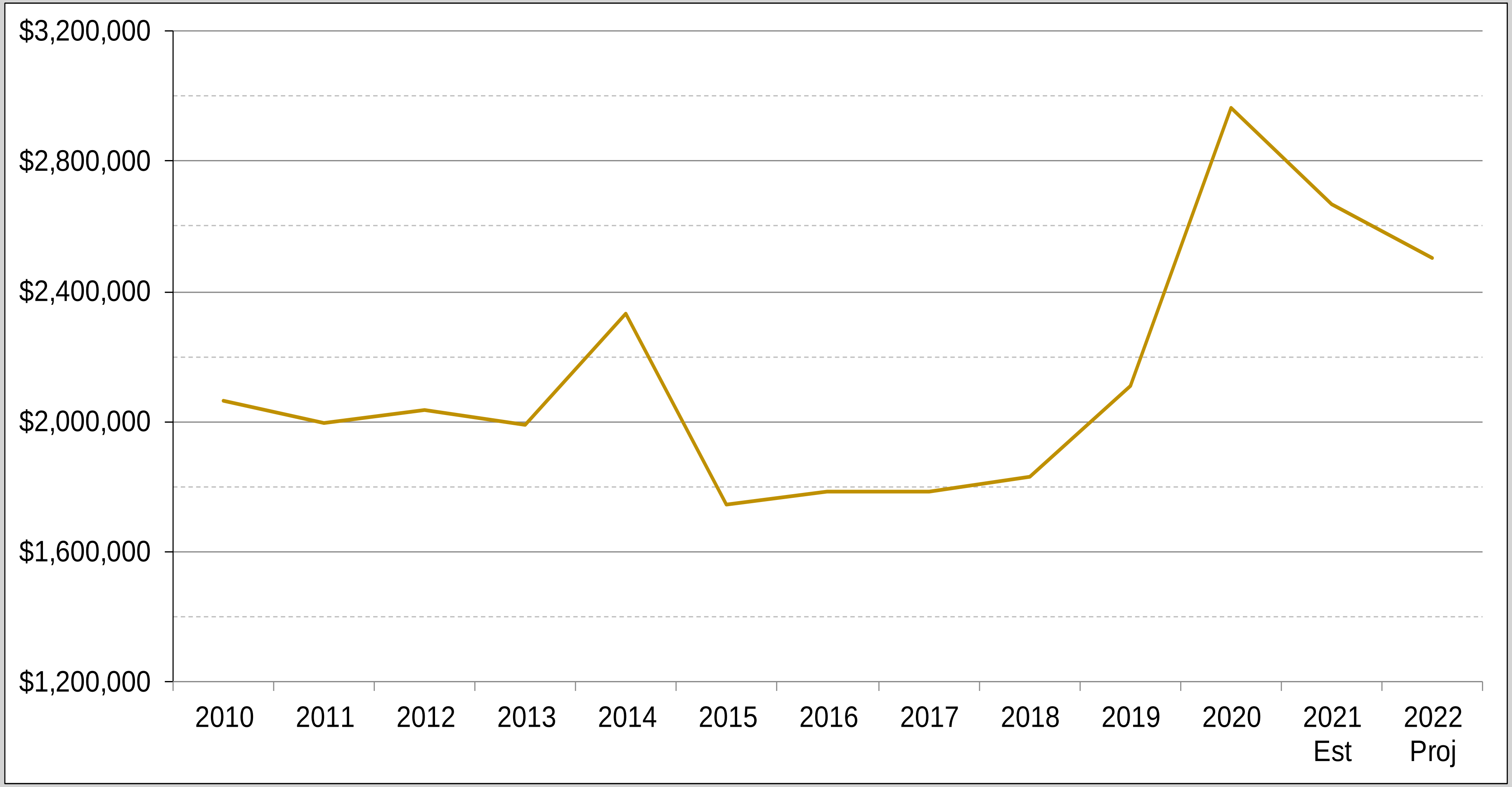
Revenue Overview: Operating

Revenue Source	2021 Adopted Budget	2022 Proposed Budget	% Change
Sales Tax: Home Rule State	 $4,250,000 8,800,000	 $4,400,000 9,200,000	 3.53% 4.55%
State Income Tax	$5,992,900	$8,010,000	33.66%
Building Permit/Review/Inspection Fees	$1,865,500	$1,729,000	-7.32%
Ambulance Fees	$1,860,200	$2,790,300	50.00%
Red Light Fines	$477,300	$901,900	88.96%

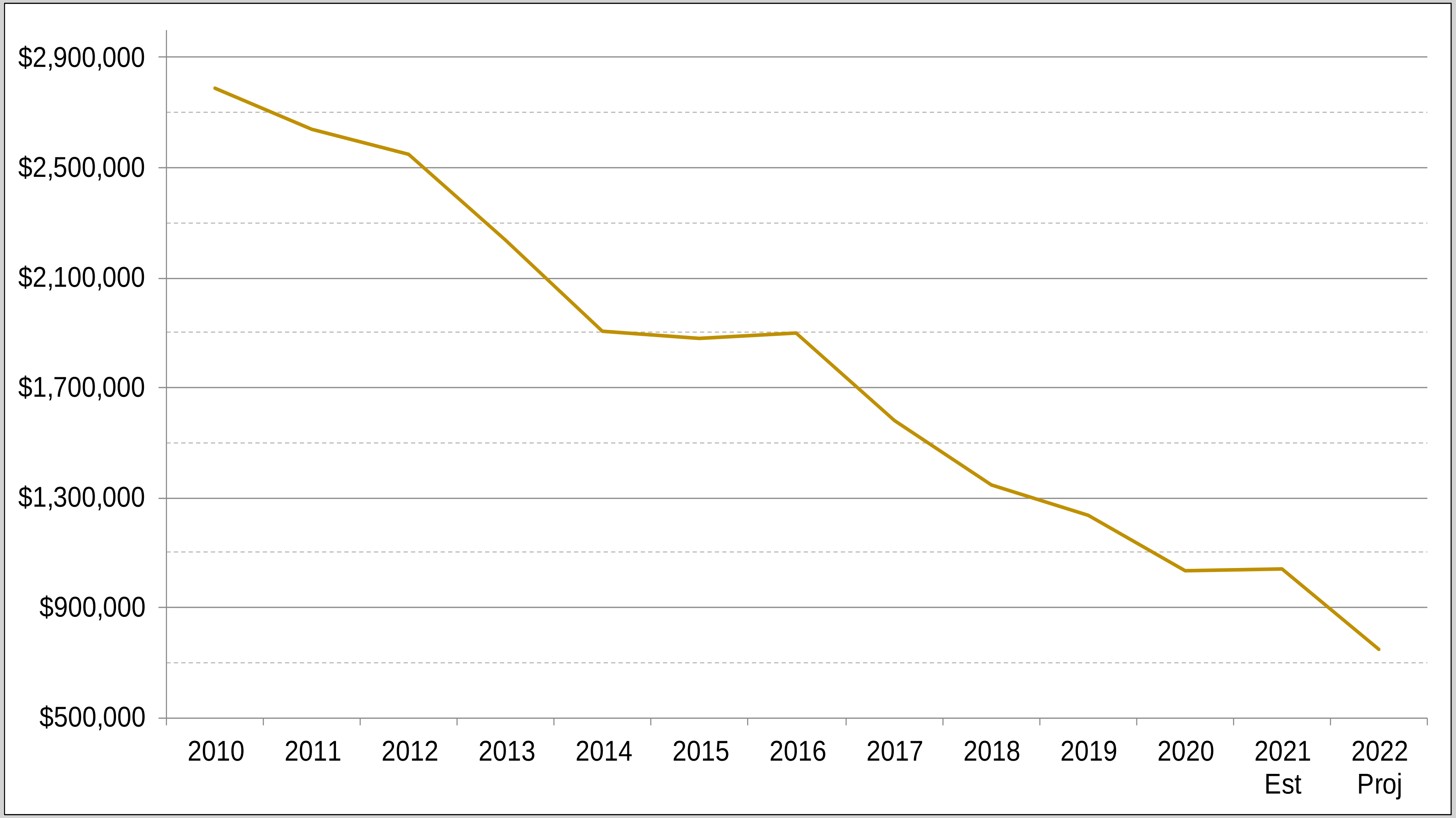
VILLAGE OF PALATINE Est. 1866

Motor Fuel Tax Revenues (2010 – 2022)



VILLAGE OF PALATINE Est. 1866

Telecommunication Tax Revenues (2010 – 2022)

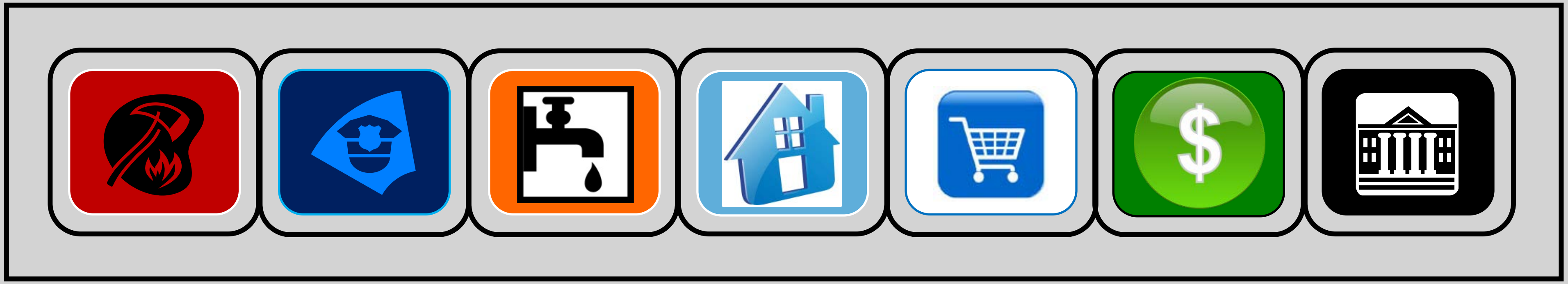


VILLAGE OF PALATINE
Est. 1866

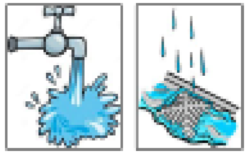
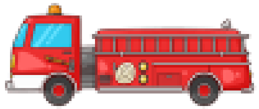
CY 2022 PROPOSED BUDGET

From Revenue to Services

What do you get for your money?



Monthly Cost of Village Services

	WATER & SEWER $40
	FIRE $33.50
	POLICE $33.05
	GARBAGE & RECYCLING $19.00
	BOND PAYMENTS $2.34
	PUBLIC WORKS $2.10
	SUPPORT SERVICE & COMMUNITY DEV'T $1.99

Property Taxes = $73
Water & Sewer = $40
Garbage & Recycling = $19
Monthly Total = $132

Note: Based on Median Home Value of $284,400 per US Census Bureau

96.7% to Police, Fire, PW, Water and Sewer

VILLAGE OF PALATINE
Est. 1866

CY 2022 PROPOSED BUDGET

OPERATING BUDGET

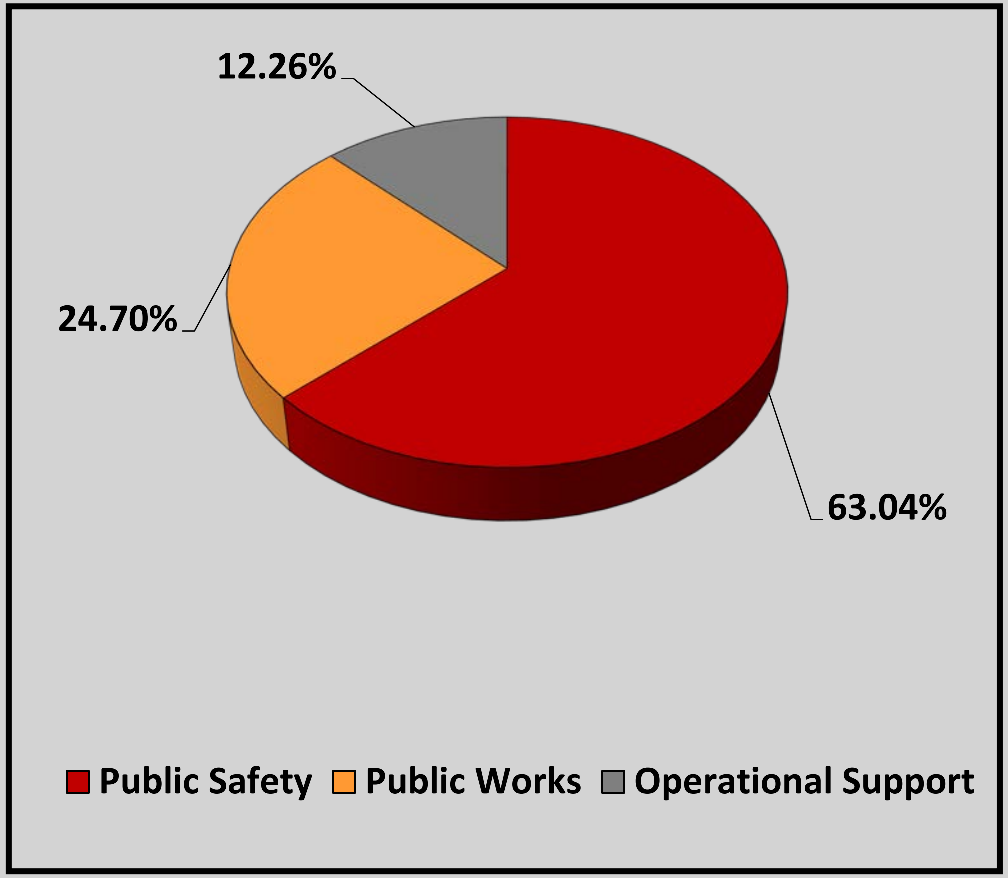
VILLAGE OF PALATINE Est. 1866

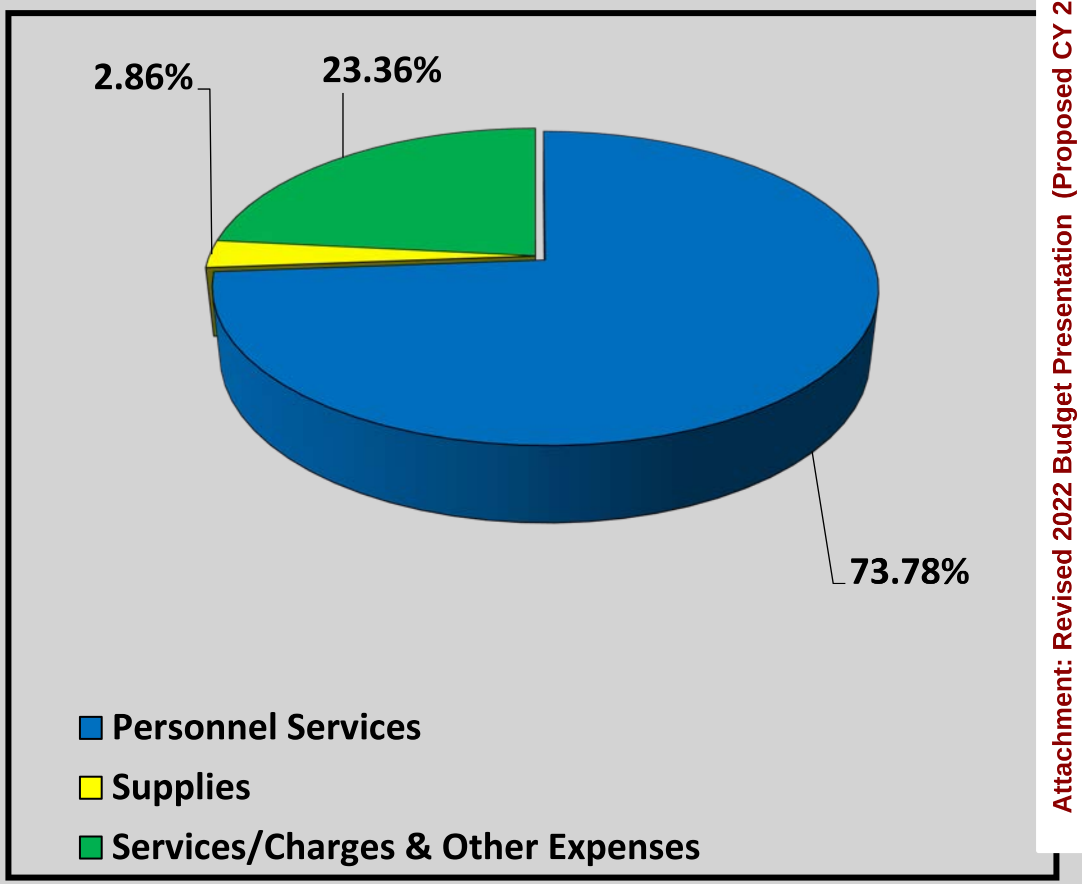
Expenditure Overview: Total Operating Budget

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Personnel Services	$57,668,495	$59,269,480	2.78%
Supplies	$2,250,290	$2,293,395	1.92%
Services & Charges/Other	$17,184,819	$18,768,974	9.22%
Total	**$77,103,604**	**$80,331,849**	**4.19%**

VILLAGE OF PALATINE Est. 1866

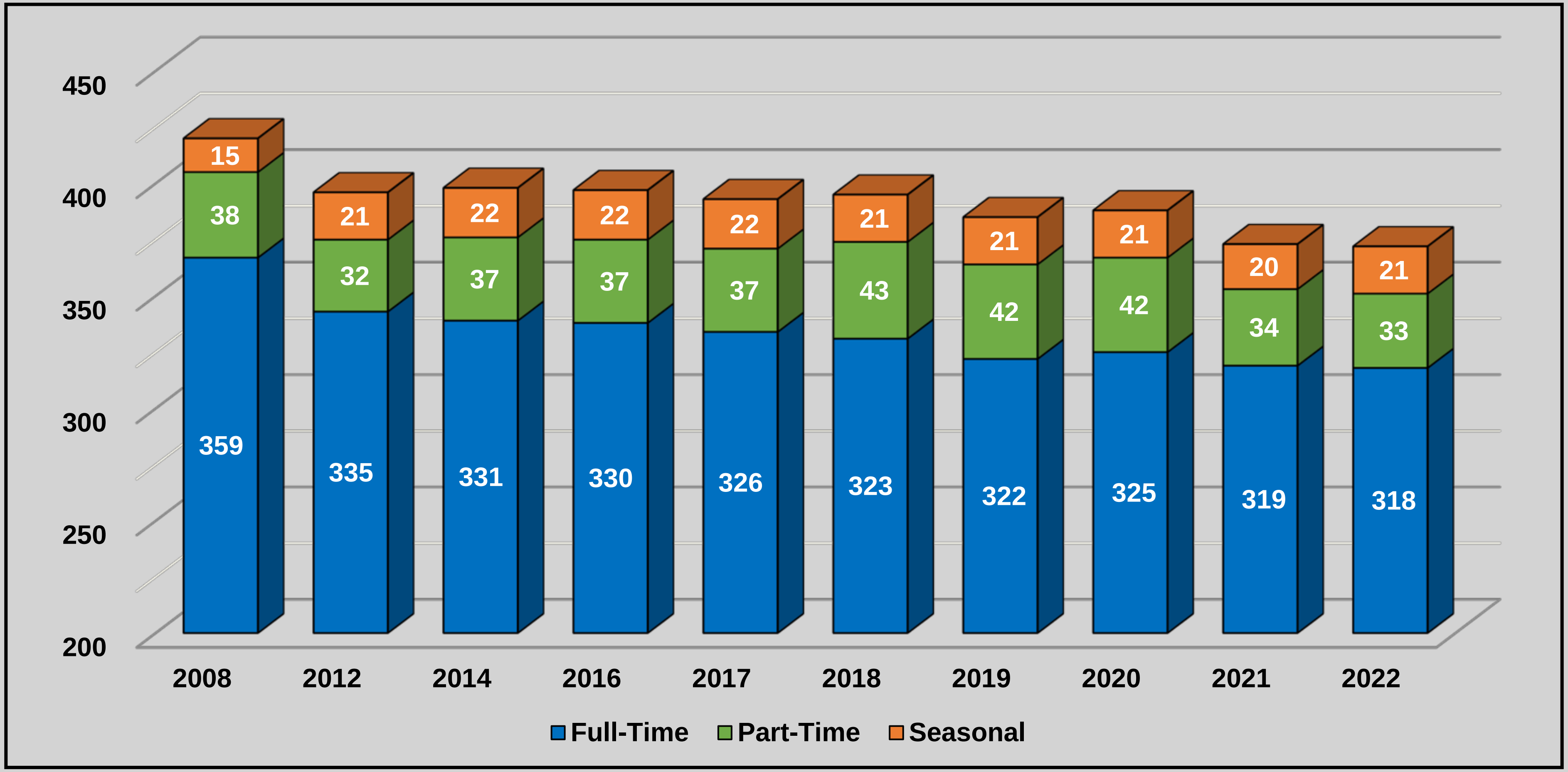
Operating Expenditures by Function





VILLAGE OF PALATINE Est. 1866

Historical Staffing Levels



* Does not include elected officials

VILLAGE OF PALATINE Est. 1866

A Return to “Normal”

VILLAGE OF PALATINE
Est. 1866

CY 2022 PROPOSED BUDGET

DEPARTMENT OPERATING BUDGETS

VILLAGE OF PALATINE Est. 1866

Expenditure Overview: Public Works Department

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Personnel Services	$7,347,125	$7,491,695	1.97%
Supplies	$1,770,140	$1,832,140	3.50%
Services and Charges	$9,888,798	$10,516,163	6.34%
Department Total	**$19,006,063**	**$19,839,998**	**4.39%**

Infrastructure

VILLAGE OF PALATINE Est. 1866

Public Works Department

- Initiatives and Impacts
    - Move Smith and Colfax stormwater improvements to design phase
    - Complete 10-Year Storm and Sanitary Sewer Plan and coordinate with Finance and Village Manager on a financing strategy
        - This will focus on a proactive and preventative program
    - Develop new sidewalk improvement program following completion of 2021 initiative
    - Streetlight inventory and plan for LED conversions

VILLAGE OF PALATINE Est. 1866

Expenditure Overview: Police Department

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Personnel Services	$23,280,955	$23,989,490	3.04%
Supplies	$190,040	$183,550	-3.42%
Services and Charges	$1,265,220	$1,396,795	10.40%
Department Total	**$24,736,215**	**$25,569,835**	**3.37%**

Police Services

VILLAGE OF PALATINE Est. 1866

Police Department

- Initiatives and Impacts
  - Implement new staffing model with focus on service delivery and proactive policing
  - Expand traffic initiative and other community outreach through the establishment of a motorcycle unit
  - Continue the evaluation of the 2021 beat restructuring Initiative
    - Positive impact on Neighborhood Based Policing
    - More resident interaction
  - We Never Walk Alone

VILLAGE OF PALATINE Est. 1866

Expenditure Overview: Fire Department

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Personnel Services	$19,880,105	$20,620,305	3.72%
Supplies	$195,600	$192,140	-1.77%
Services and Charges	$630,030	$1,194,740	89.63%
Department Total	**$20,705,735**	**$22,007,185**	**6.29%**

Fire Services

VILLAGE OF PALATINE Est. 1866

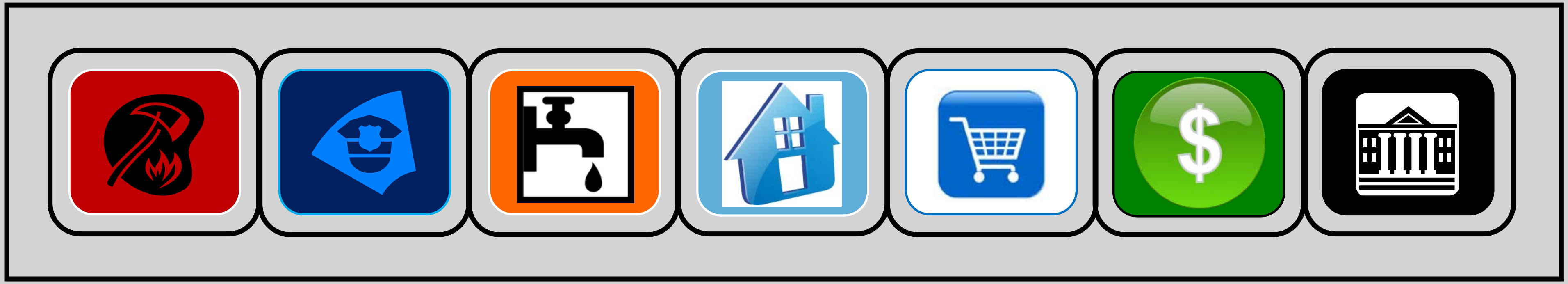
Fire Department

- Initiatives and Impacts
  - Coordinate smooth transformation of emergency management program
  - Comprehensive review of our five fire response districts to evaluate potential redistricting
  - Evaluate RPM Program and identify any areas for improvement as well as mutual aid services
  - Implement the Ground Emergency Medical Transport (GEMT) Medicaid program

VILLAGE OF PALATINE Est. 1866

CY 2022 PROPOSED BUDGET

DEPARTMENT OPERATING BUDGETS



VILLAGE OF PALATINE
Est. 1866

Expenditure Overview: Other Village Departments

Department	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Community Development	$3,116,888	$3,136,739	0.64%
Finance & Operations	$1,952,420	$1,862,255	-4.62%
Information Systems	$1,408,839	$1,487,914	5.61%
Village Manager’s Office	$1,035,630	$1,037,235	0.15%
Mayor & Council/Clerk/Other Boards	$516,045	$530,710	2.84%
Legal	$485,510	$518,770	6.85%
Human Resources	$483,780	$517,085	6.88%
Department Totals	**$8,999,112**	**$9,090,708**	**1.02%**

VILLAGE OF PALATINE Est. 1866

Other Departments

- Initiatives and Impacts
  - Actively monitor sales tax receipts to determine impact of global supply chain on our automobile and home improvement businesses
  - Enhancement of Geographic Information System (GIS)
    - Increase data and transparency for public and develop stronger data driven decision making within organization
  - Implementation of final phase of ERP System
    - Business Licenses Liquor License Rental License
  - Expansion of Adjudication System to more zoning related tickets
  - Advocate and pursue extension of Downtown TIF

VILLAGE OF PALATINE
Est. 1866

CY 2022 PROPOSED BUDGET

NON-OPERATING EXPENSES & CAPITAL INVESTMENT

VILLAGE OF PALATINE Est. 1866

Expenditure Overview: Capital Investment

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Buildings & Facilities	$420,000	$577,000	37.38%
Storm Water Management	$650,000	$735,000	13.08%
Right-of-Way Improvements	$348,929	$715,215	104.97%
Sanitary Sewer System	$150,000	$200,000	33.33%
Streets	$3,435,170	$4,097,360	19.28%
Technology	$335,950	$649,700	93.39%
Vehicles & Equipment	$1,359,010	$1,041,930	-23.33%
Water System	$4,904,040	$5,481,495	11.78%
Total	**$11,603,099**	**$13,497,700**	**16.33%**

VILLAGE OF PALATINE Est. 1866

Buildings & Facilities: $577,000

CSF/Police/Village Hall Maintenance Projects	**$ 150,000**
Train Station Maintenance & Improvements	**$ 40,000**
Village Facility Roof Replacements	**$ 25,000**
Emergency Power Systems	**$ 22,000**

Special Funding Sources

Parking Deck Maintenance & Improvements (Level 4 Concrete, Joint, Sealant Repair)	**$ 200,000**
Parking Lot Rehabilitation (Train Station Lots)	**$ 100,000**
LED Street Lighting Design (Palatine Road – NW Highway to Smith))	**$ 40,000**

VILLAGE OF PALATINE Est. 1866

Storm Water Management: $735,000

Storm Sewer/Drain Tile Replacement (Spring Willow)	$	275,000
Ditch Analysis & Rehabilitation (Franklin)	$	200,000
Roadway Drainage Improvements	$	110,000
Storm Sewer Slip Lining	$	60,000
Residential Drainage Improvements	$	30,000
Creek Outfall Structures Rehab	$	10,000
Special Funding Sources		
Sub-Watershed Analysis (Smith and Colfax)	$	50,000

VILLAGE OF PALATINE Est. 1866

Right-of-Way Improvements $715,215

Sidewalk Replacement & Extension Program	$ 350,000
Irrigation Expansion	$ 30,000
Entryway/Corridor Enhancements	$ 20,000

- New Initiative – 5 Year Plan

Special Funding Sources

CDBG – Fiber Optic Links for Water and Sewer	$ 315,215

VILLAGE OF PALATINE
Est. 1866

Sanitary Sewer System Improvements $200,000

Village-Wide Sanitary Sewer Sliplining	**$ 150,000**
• Winston Park and Dundee/Rand	
Lift Station Improvements	**$ 50,000**
• Replace constant speed drives with variable speed drives	

VILLAGE OF PALATINE Est. 1866

Streets: $4,097,360

Road Resurfacing	**$ 2,493,475**
• Concrete Edging Extension	$ 145,765
• 50/50 Curb & Apron Replacement	$ 132,005
• Integral Curb Program	$ 82,115
Arterial Street Improvements	**$ 744,000**
• Palatine Road Engineering/Design	

Special Funding Sources

DT Street Rehabilitation & Landscaping	**$ 500,000**
(Const Greeley North of Palatine Rd)	

VILLAGE OF PALATINE
Est. 1866

Proposed 2022 Street Resurfacing List

Street	From	To
Apple Tree Court	Heatherlea	Cul-de-Sac
Autumn Road	Palos	Deer
Babcock Drive	Baldwin	Clark
Bennett Avenue	Stuart	Pleasant Hill
Burno Drive	Stuart	Bennett
Cedar Street	Palatine	Illinois
Churchill Drive	Jonathan	Wilke
Clearwater Court	Edgewater	Cul-de-Sac
Clinton Court	Bedford	Cul-de-Sac
Cunningham Drive	Old Virginia	Williams
East Glade Avenue	Plum Grove	Oak
Echo Lane	Elm	Elm
Eisenhower Avenue & Court	Mac Arthur	Greenwood
Elizabeth Avenue & Court	Dead End	Kenilworth
Forest Court	Lincoln	Cul-de-Sac
Fremont Street	Sherman	Colfax
Glenn Drive	Cooper	Carpenter
Gloria Drive	Winston	Richards
Hampton Court	Cul-de-Sac	Kenilworth
Home Court	Home	Cul-de-Sac

VILLAGE OF PALATINE
Est. 1866

Proposed 2022 Street Resurfacing List

Street	From	To
Iris Drive	Zinnia	Lilly
Jonathan Drive	Churchill	Lake Louise
Kerwood Street	Palatine	Parallel
Lakeview Drive	Quentin	Quentin
Larkspur Lane	Thornhill	Lenox
Laurel Drive	Aster	Lilly
Lenox Lane	Larkspur	Rohlwing
Mill Court	Home	Cul-de-Sac
Morris Drive	Clark	Williams
Robinson Drive	Sayles	Anderson
Rose Avenue	Lilly	Capri
Rose Street	Wood	Wilson
Shady Pines Court	Hicks	Cul-de-Sac
Sherwood Court	Sherwood	Cul-de-Sac
St. James Court	Roselle	Cul-de-Sac
Virginia Drive	Winston	Anderson
Virginia Lake Court	Carpenter	Cul-de-Sac
Warren Avenue	NW Highway	Dead End
Whitehall Drive & Court	Kenilworth	Whytecliff
Whytecliff Road	Roselle	Middleton

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Technology: $649,700

Fiber Installation to Well 5	$	309,500
Public Safety Communications Hardware	$	91,000
Infrastructure Software & Upgrades	$	55,000
Hardware/Software Replacement	$	210,200
Utilities System Alerting Upgrades	$	25,000
Technology Hardware Additions	$	14,000

- Card reader system completion

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Vehicles & Equipment: $1,041,930

Public Works Vehicle Replacements Log Loader Truck (3) Dump Trucks & (1) E250	**$**	**687,735**
Public Works Equipment Replacements	**$**	**236,395**
Police Department Vehicle Replacement Motorcycle Unit	**$**	**46,000**
Fire Dept Equipment Replacements	**$**	**30,600**
Police Dept Equipment Repl & Additions	**$**	**21,200**
Wellness Room Equipment Replacements	**$**	**2[illegible]**

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Water System: $5,481,495

Water Main Replacements	$	3,025,000
Water System Reinforcements	$	1,000,000
Water Tank Addition	$	600,000
Water Tank Maintenance Program	$	406,495
Water Main Extensions & Looping	$	400,000
Well & Pump Station Improvements	$	50,000

Water Main Replacements:

- Willow Wood Dr, Baldwin to Warwick
- Chewink Ct, Benton to dead end
- Wren Ave, Chewink to dead end
- Home Ave, Del Mar to Thackeray
- Mallard Dr, Falmore to Illinois
- Gardenia, Old Hicks to Capri
- Ridge Tr, Harvard Ct, Pintail Ct, Mallard Ct & Gull Ct

VILLAGE OF PALATINE
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CY 2022 PROPOSED BUDGET

NON-OPERATING EXPENSES

& OTHER EXPENSES

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Expenditure Overview: Other Expenses

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Casualty/Liability Insurance Administration	$1,974,850	$2,130,000	7.86%
Pension Benefits & Administration	$14,119,500	$14,994,500	6.20%
Other Personnel and Insurance Services/Charges	$2,087,325	$2,240,035	7.32%
Transfers	$2,623,054	$2,222,988	-15.25%

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CY 2022 PROPOSED BUDGET

NON-OPERATING EXPENSES

DEVELOPMENT

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Expenditure Overview: Economic Development

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
Non TIF Refunds & Expenses	$31,100	$31,100	0.00%
TIF Redevelopment Projects	$225,000	$575,000	155.56%
TIF Surplus Rebate	$2,250,000	$3,600,000	60.00%
Total	**$2,506,100**	**$4,206,100**	**67.83%**

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TIF District Surplus Rebates

Taxing District	*CY 2022 Projected*
District 15	$ 1,261,080
District 211	1,021,680
Village of Palatine	431,280
Palatine Park District	230,760
County	189,720
Harper	147,960
MWRD	144,360
Palatine Library	95,400
Township Road & Bridge	28,080
Forest Preserve District	22,320
Township	19,080
Township General Assistance	4,320
NWMAD	3,960
Total	**$ 3,600,000**

Approximate TIF Surplus Total Payout CY 2010 – 2021

Taxing District	**Approximate Amount**
District 15	$ 10,806,870
District 211	8,755,323
Village of Palatine	3,695,869
Palatine Park District	1,977,506
Harper	1,267,948
Palatine Library	817,534
Total	**$ 27,321,050**

Approximately $27,321,050 Reinvested in Community from 2010 - 2021

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CY 2022 PROPOSED BUDGET

NON-OPERATING EXPENSES

DEBT SERVICE

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Expenditure Overview: Debt Service

Expenditures	*2021 Adopted Budget*	*2022 Proposed Budget*	*% Change*
G.O. Bonds	$8,745,111	$8,204,776	-6.18%
TIF Revenue Notes	$1,042,000	$1,056,060	1.35%
Total Debt Service	**$9,787,111**	**$9,260,836**	**-5.38%**

Source of Funds	**Amount**	*% of Total*
TIF Revenues - G.O. Bonds	$4,959,680	60.44%
Water & Sewer Fees - G.O. Bonds	$1,953,965	23.82%
Sub-Total	**$6,913,645**	**84.26%**
Property Taxes	$1,291,131	13.94%
Total G.O. Bonds	**$8,204,776**	**100.00%**

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Debt Service Summary

Bond Ratings

Moody's: Aa2 and Standard & Poor's: AA+

Total Outstanding Debt (Principal Due: 12/31/2021)

Source of Payment	**Outstanding Principal**	***% of Total Debt***
Property Tax	$24,780,000	60.91%
TIF Districts	$9,860,000	24.24%
Water & Sewer Fees	$6,040,000	14.85%
Total Debt Service	**$40,680,000**	**100.00%**

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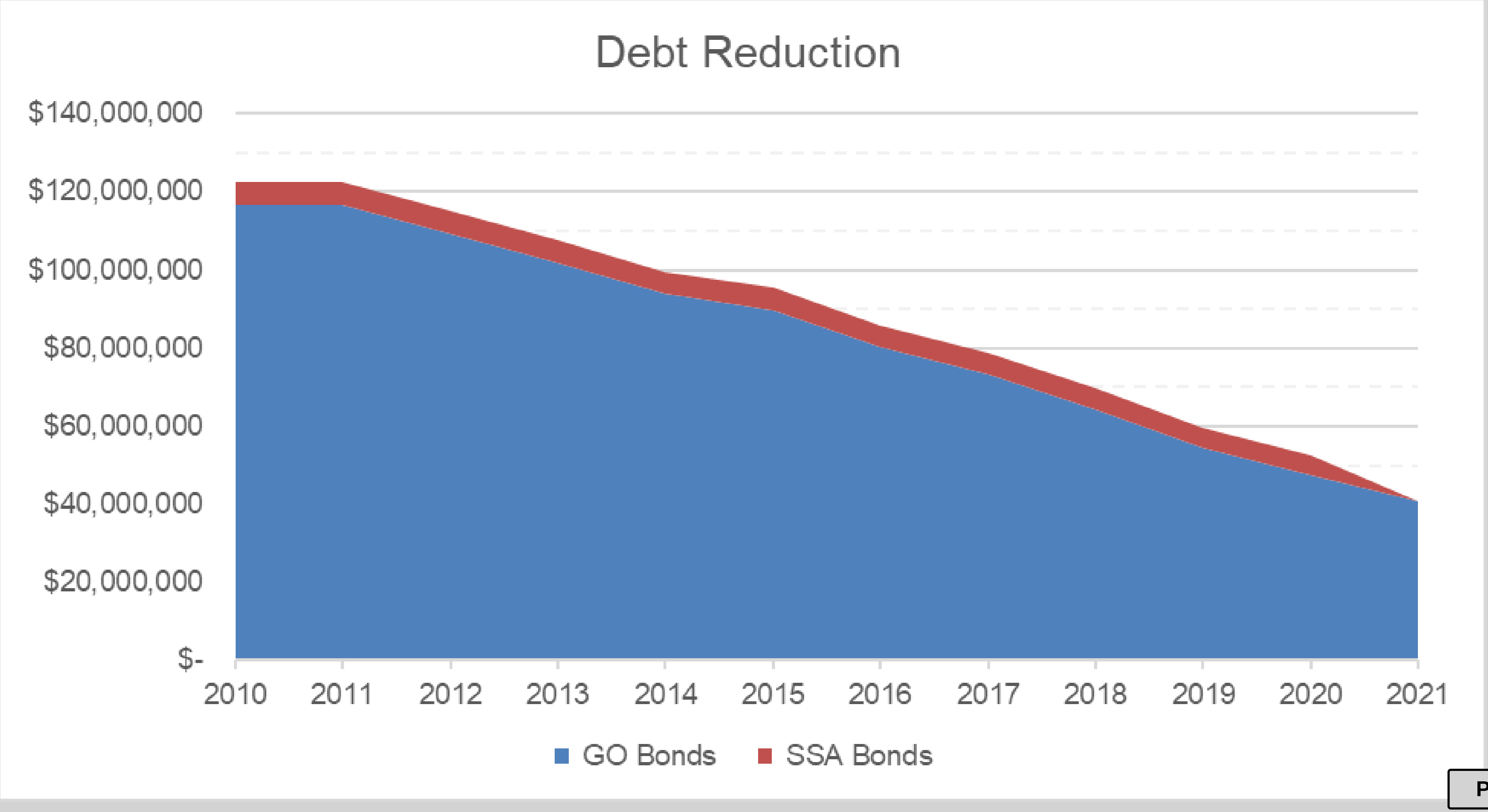
Outstanding General Obligation Bonds Last 10 Years



Budget Review Schedule & Related Information

Remaining Schedule:

- Budget Follow-up Meeting if necessary:
  - Monday, November 8
- Public Hearing:
  - Monday, November 15
- Adoption of Budget and Tax Levy:
  - Monday, December 6

Budget Documents Available at:

- Village Clerk's Office
- www.palatine.il.us

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CY 2022 PROPOSED BUDGET & CAPITAL INVESTMENT PLAN

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