

BUSINESS FINANCE AND BUDGET COMMITTEE

NOVEMBER 1, 2025 AT 9:00 AM



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

MINUTES

SPECIAL MEETING

9:00 AM

I. CALL TO ORDER

Councilman Falkenberg called the Business Finance & Budget Committee to order at 9:00 AM.

II. ROLL CALL

PRESENT :	Mayor Jim Schwantz, Councilman District 3 Doug Myslinski, Councilman District 4 Joe Falkenberg, Councilman District 1 Greg Langer, Councilman District 5 Kollin Kozlowski
ABSENT :	Councilman District 2 Scott Lamerand, Councilman District 6 Brad Helms
ARRIVED :	

Also Present:

Village Clerk Maureen Pasqualucci, Village Manager Reid Ottesen, Deputy Village Manager Hadley Skeffington-Vos, Director of Community Development Mike Jacobs, Director of Public Works Matt Barry, Police Deputy Chief David Brandwein, Police Deputy Chief Angelo Calanca, Police Deputy Chief Brian Gowney, Fire Customer Service Supervisor Sarah McKillop, Fire Chief Scott Mackeben, Deputy Fire Chief Anthony Lavacchi, Deputy Fire Chief Matthew Buzzard, Fire Division Chief Robert Kluzek, IT Director Larry Schroth, Director of Finance Andrew Brown, Assistant Finance Director Sara Sadoski, Accountant Abigail Redlinger, Director of Human Resources Monika Pandya

III. AGENDA ITEMS

- A. Consider a Discussion of the CY 2026 Proposed Budget & Capital Investment Plan

Chairman of the Business Finance & Budget Committee, Councilman Falkenberg introduced the financial overview, and conveyed his sincere appreciation to the 331 employees, all departments, the Finance Director and Village Manager for their collective efforts to achieve this balanced proposed budget.

Village Manager Reid Ottesen presented the CY2026 Proposed Annual Budget and Capital Investment Plan which totals \$152,336,203. Of this, \$94,518,919 represents the Operations Budget while the remaining \$57,817,284 represents our Capital Budget, TIF Districts, Debt Service, Transfers, Casualty/Liability Insurance Program, and Pension Administration requirements. In total, this represents a decrease of 4.03% over the CY 2025 budget. The Proposed Budget includes no change to the property tax levy and no new taxes or fees, while there is a focus on infrastructure investments, strategic IT outsourcing, and a renewed focus and investment in the Downtown District.

Revenue overview includes the following:

- Sales Tax Receipts (Now over 27% of Operating Revenues)
- State Income Tax Increase of \$1.63 million
- Local Use Tax Decrease of \$1.39 million
- Declining Cable Television Fee
- Ambulance Fee Adjustment
- General Fee Increase of 2.66%
- Water Rate: \$0.40 Increase per 1,000 Gallons
- Refuse Fee: No Increase

Village Manager Reid Ottesen and Finance Director Andrew Brown discussed state income tax revenue. Ottesen spoke about significant fluctuations in state income tax revenues, while Brown addressed state struggles with reconciling income tax and reassessment figures.

Ottesen presented a comparison between property tax and sales tax revenue, noting a spread of 2% between the two. Ottesen mentioned the budget doesn't reflect Deer Park sales tax.

Village Manager Ottesen presented State Sales Tax and State Use Tax, further elaborating on revenue from online businesses.

Councilman Myslinski questioned the e-commerce calculation. Ottesen reviewed the change in how e-commerce tax has been collected and remitted over time.

Councilman Kozlowski questioned the million dollar increase in sales tax and Ottesen responded that a large portion came from the new car dealerships and big box stores such as Walmart and Target. Ottesen emphasized the diversification of Palatine's sales tax base.

Councilman Koslowski and Ottesen discussed cable franchise fees and streaming services fees. According to Ottesen, the village remains open to exploring a potential streaming fee; however, such a measure is presently unnecessary, as the proposed budget is balanced.

Mayor Schwantz commented on sales tax dollars and collection of them instead of tax levies. He also addressed Deer Park parcels and questioned Rand Road developments. Ottesen responded that there is a TIF district and multiple water agreements to support potential development projects.

The Total Operating proposed budget is \$94,518,919 for CY2026. Ottesen reported that ambulance fee revenues are included in this budget.

Ottesen spoke about personnel services and recognized the contributions of village employees, noting that benefit costs continue to rise. He also reviewed budget comparisons with neighboring municipalities, highlighting Palatine as a best value community.

Councilman Kozlowski asked about a drop in supplies from the overall expenditures budget.

Director of Public Works Matt Barry presented the Public Works Operating Budget, noting a change in supplies due to the in-house milling and paving program transitioning into a more cost prohibitive resurfacing program coupled with contracted work. He also discussed recycling initiatives, employee retention, reconstruction of Kerry Court, potential Bears relocation impact, and conducting a 10-year evaluation of future water and sewer needs.

Fire Chief Scott Mackeben reported an increase of 1% to the proposed Fire Department Budget while initiatives move forward improving facilities — including a new administration office, repairs to the training tower behind Station 84, re-mounting an ambulance, and replacing an administrative vehicle. He also highlighted training programs, improving shared services with Inverness and Rolling Meadows and planning for leadership transition.

Deputy Fire Chief Matthew Buzzard added that the Harper tower training facility is nearly finished, with completion estimated by Spring 2026.

Councilman Myslinski questioned response times and goals. Mackeben answered that the department is meeting the standards.

Deputy Police Chief Angelo Calanca reported on the new Community Engagement and Planning Division, Neighborhood Based Policing and Community Services. This includes enhanced social service coordination and renewed emergency management. He also spoke about the initiative of online reporting along with other initiatives including:

- Strengthen recruitment and retention efforts.
- Rebrand and optimize the Community Engagement and Planning Division.
- Continue to actively pursue grant opportunities and external funding.
- Enhance training and threat preparedness.

- Implement a secure online reporting platform that allows residents to conveniently report non-emergency incidents.
- Continue proactive criminal and traffic enforcement through targeted patrols, data-driven deployment strategies, and collaboration with specialized units and regional task forces.
- Work in conjunction with the Village Manager and Public Works on an evaluation of the impact of the potential Bears relocation and impact on Palatine.

Ottesen continued with a brief overview of the other departments.

- Analysis of a potential TIF District along the eastern portion of the Northwest Highway corridor.
- Develop a long-term capital funding strategy.
- Prepare an RFP for refuse services.
- Conduct a cost benefit analysis for the IPBC (health insurance) membership to determine future viability.
- Integrate Managed IT Provider into organization.
- Coordinate an expansion of the Downtown streetscape and wayfinding signage.

Regarding the non-operating and capital investment budget, Ottesen referenced the 10-20-year long term planning, flexibility and grant-seeking efforts, with \$3.67 million received this year. He noted since its inception in 2010, telecommunication revenue has decreased. Once again, compared to neighboring communities, Palatine continues to do more with less.

Director of Public Works Matt Barry talked about 10-year expenditures and operating funds reallocated to capital projects. He discussed exploring new revenue sources for the Capital program, due to a gap between projected expenditures and expected revenue sources.

Ottesen presented the gap for capital revenues that we are funding with utility and property tax dollars since telecommunication taxes are waning. He explained that future funding will need to come from sources beyond the telecommunications tax, offering multiple other revenue options to consider.

Finance Director Andrew Brown discussed alternative funding options for long-term capital needs. Funding these options by the end of the year could assist with keeping up with pension and insurance costs. Potential revenue sources include:

- **Increase Current Taxes:** Food and Beverage, Home Rule Sales, or Hotel/Motel Tax.
- **Increase Fees:** Building, Zoning, or Inspections

- **Explore New Taxes and Fees:** Natural Gas Utility Tax, Local Motor Fuel Tax, or Property Tax Increase
- **Criteria:** Equitable, Reliable, and Sustainable

Councilman Myslinski questioned revenue from EV vehicles and Director Brown referred to the current utility tax dedicated to capital and its relationship to the local motor vehicle tax.

Finance Director Brown discussed TIF Districts, TIF Surplus Rebates, and General Obligation Bonds.

Ottesen announced that the Business, Finance and Budget Committee has Follow-up discussions are scheduled for November 3 and November 10. The required Public Hearing will take place on November 17th, with final budget adoption on December 1.

IV. RECOGNITION OF AUDIENCE

No one came forward.

V. ADJOURNMENT

RESULT:	MOTION APPROVED BY VOICE VOTE
MOVER:	Jim Schwantz
SECONDER:	Kollin Kozlowski
AYES:	Jim Schwantz, Doug Myslinski, Joe Falkenberg, Greg Langer, Kollin Kozlowski
NAYS:	None

MEETING ADJOURNED AT 11:02 AM.

SUBMITTED BY:

Maureen Pasqualucci
Village Clerk