



**FY 2026**  
**Budget Workshop**  
**Committee of the Whole**  
**November 15, 2025**



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# Financial Sustainability

## Ongoing Strategic Plan Priority Goal:





# A Few Things Happening This Year

## Services Delivery (year to date)

- 4,275 Fire/EMS calls (56% VLZ/44% District)
- 31 K+ Police Officer calls/contacts
- Transition dispatch services to LakeComm (19K+ CAD)
- 50,000+ hours of Public Works in 9 workload areas
- 505 M+ gallons of water pumped (+35 main breaks)
- 1,391 building permits + 3,985 plan reviews
- 1,326 dancers, 538 summer campers, 232 preschoolers
- Hosted 56 special events (90K+ participants)
- 149 VB agenda items and 470+ FOIA requests

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# A Few Things Happening This Year

## Infrastructure

- Main Street Streetscape
- Promenade enhancement
- Village Hall exterior facelift
- Whitney Road/Lake Zurich Drive water/sewer/roads
- Paulus Park OSLAD improvements
- Public Works fuel island replacement
- 16 natural areas improved
- Police station HVAC/security/dispatch transition



# A Few Things Happening This Year

## National Citizen Survey (2025)

(% Excellent or Good)

- **Overall quality of life** 91%
- Lake Zurich as place to live 92%
- Recommend living in Lake Zurich 92%
- Overall community reputation 83%
- Overall Village customer service 88%
- Staying in LZ next 5 years 87%
- Safe community 91%
- Natural environment 86%

# FY 2025 Budget Recap

Total Adopted FY 2025 Budget: \$91.16 M

- Total expenditures & other uses (includes non-cash)
- FY 2025 \$20.59 M in budgeted capital outlays across all funds
- General Fund: \$36.74 M budgeted revenues & expenditures
- Water/Sewer Fund: \$13.73 M budgeted revenues, \$23.3 M budgeted expenses
- Inflation, supply chain pressures, labor availability



# FY 2025 Budget Recap

## FY 2025 General Fund year-end estimates:

- \$835K decrease in expenditures
- \$1.9 M increase in revenue – sales, income taxes
- GF transfer to capital & equipment funds increased from \$1.3M to **\$4.1 M:**
  - \$2.1 M for fire station property (TIF 1)
  - \$990 K to capital fund (401)
- GF unreserved balance (“rainy day”) increased to **\$13.6 M (36.6% expenditures)**



# FY 2025 Budget Recap

## FY 2025 Water/Sewer Fund year-end estimates:

- Budgeted \$13.7 M revenues, \$23.3 M expenses
- Revenues \$742 K higher than budgeted
- Budgeted deficit reduced from \$9.57 M to \$2.95 M
  - Operating costs contained – personnel savings offset higher commodities costs
  - Contractual costs associated with Lake Michigan \$5.9 M less than budgeted (moved to FY 2026)
  - Budgeted capital spending steady at \$6.67 M
- \$12.66 M projected balance available for FY 2026





# FY 2025 Budget Recap

## FY 2025 Other Notable Funds – Year End Estimates

- Motor Fuel Tax (MFT): \$4.1 M balance (+\$580 K)
- Non-Home Rule (NHR): \$4.3 M balance (-\$3.1 M)
  - Capital \$6.4 M for Main St. project
- Capital Fund (401): \$11.3 M balance (-\$3.5 M)
  - GF transfer of \$990 K
  - Capital \$4.9 M for Main St. project
- Equipment Replacement Fund (615): \$6.05 M balance
- Hotel Tax: \$441 K balance
- Dispatch Fund: \$254 K balance (LakeComm transition)

# FY 2026 Budget Overview

- Covers January – December 2026
- \$90.2 million total budgeted expenditures across all funds
- Budgets \$55.3M for operations (including \$8M for Lake Michigan engineering/design)
- \$21.8 M for capital outlays across all funds
- Proposed FY 2026 Budget includes **balanced**  
**General Fund \$38.8 M**
- Revenue projections based on FY 2025 estimates + IML FY 2026 forecasts



# FY 2026 Budget Overview

- \$145K projected increase in GF revenue (+0.3% over FY 2025 year-end projection)
- General Fund expenditures +0.3% to FY 2025 year-end projections
- Budget funds 156 full time positions (-11)
- \$705 K budgeted transfer to support ongoing infrastructure and equipment investment
- **Balance between maintaining high quality services and infrastructure/equipment investments with the available resources**



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# FY 2026 Budget Overview

- **FY 2026 Water/Sewer Enterprise Fund:**  
**-\$8.3 M budgeted deficit**
- **\$13.7 M in revenue:**
  - Stable consumption, tighter system, efficient billing
  - Includes 3% water/sewer rate increase for operating/capital
  - Includes 4% Lake County sewer rate increase
  - Includes total \$6.00/1000g Lake Michigan capital charge (+\$1.50/1000g increase)
  - Includes NHRST \$3.2 M (0.5% rate) revenue



# FY 2026 Budget Overview

- **FY 2026 Water/Sewer Enterprise Fund:**  
**-\$8.3 M budgeted deficit**
- **\$23.6 M budgeted expenses**
  - \$4.6 M operations & maintenance
  - \$2.1 M depreciation expenses
  - \$360 K debt/service charges
  - \$8.5 M in water/sewer projects
    - \$3.5 M in water main replacements
    - \$3.0 M sanitary sewer lining/replacement
    - \$1.0 M in Mionske lift station
    - \$1.0 M in EPA reqs., lead line replacements
  - **\$8.0M for Lake Michigan design/engineering**

# FY 2026 Budget Overview

Other notable funds:

- Motor Fuel Tax: \$1.06 M in revenue, \$717 K in maintenance/crosswalks expenditures
- Non-Home Rule Sales Tax: \$3.4 M in revenue, \$5.6 M in projects!
- Capital Project Fund: \$3.85 M in projects!
- TIF #2: \$2.0 M for ORR utility relocation!
- Equipment Replacement Fund: \$1.3M in vehicles/equipment/technology
- Special Events: \$598 K in budgeted expenses





# FY 2026 Strategic Objectives

## Goal #1 – Financial Sustainability

- Balancing services & infrastructure investments, maintaining healthy fund balances
- Continue public safety pension funding, working toward 100% funding by 2040
- Continue to support long-term capital planning and infrastructure investment
- Remain vigilant for savings opportunities



# FY 2026 Strategic Objectives

## Goal #2 –Development

- Support infill and redevelopment opportunities (Regal, OSK, Cummings properties)
- Install Route 22 wayfinding for Main Street area
- Continue TIF façade improvement program
- Support industrial park expansions (TIF #4)
- Focus attraction efforts on industrial businesses that bring jobs and/or sales tax
- Opportunistic approach

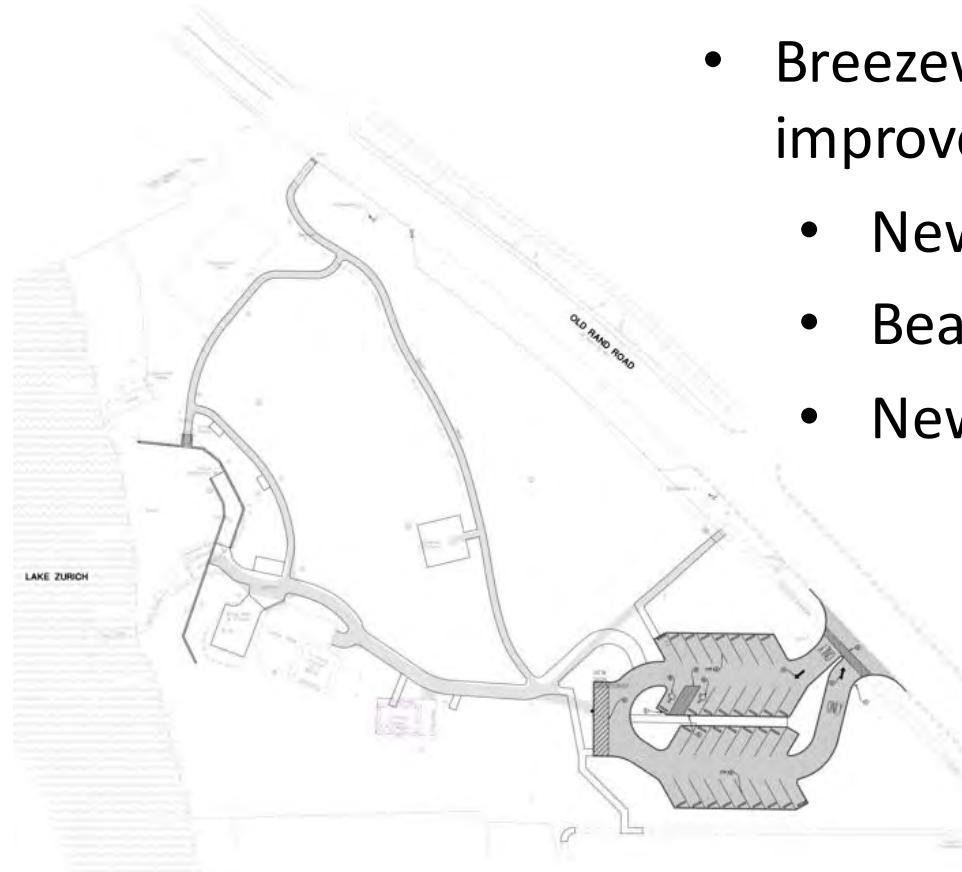




# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Breezewald Park improvements (\$1.1 M)\*
  - New parking lot
  - Beach retaining wall
  - New gazebo

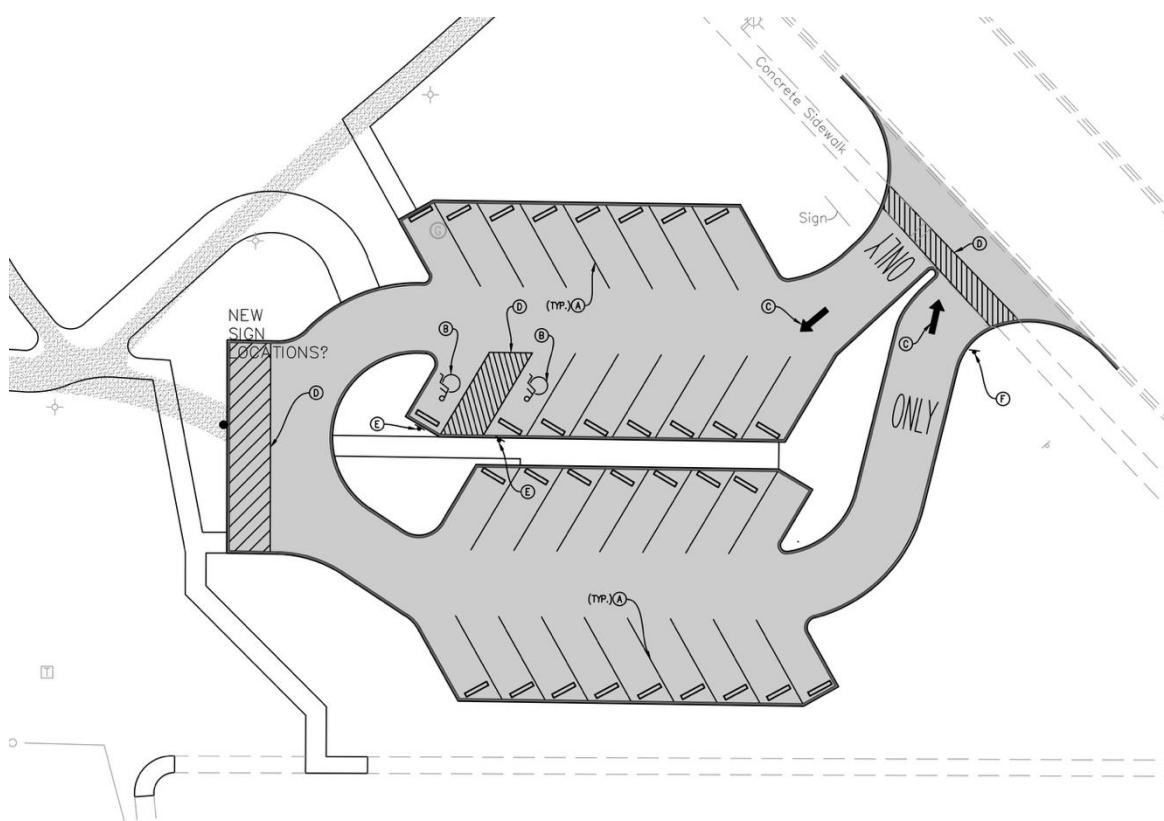




# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Breezewald Parking Lot design:





# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Paulus Park OSALD project (\$3.3 M total, \$786 K in FY 26)
  - Splash pad replacement
  - Stage band shell
  - New beach/guard house
  - Continued lake shoreline stabilization
  - Accessibility improvements
- Paulus Park Gazebo (\$100 K)
- Heatherleigh playground replacement (\$120 K)





# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Village Facilities:
  - Police Station floors/doors (\$150K)
  - Community Services – (\$585K)
    - Cold storage building
    - Fleet floor repair
    - Interior/exterior facelift
    - HVAC controls
  - New Fire Station #1 design/site work (\$500K)

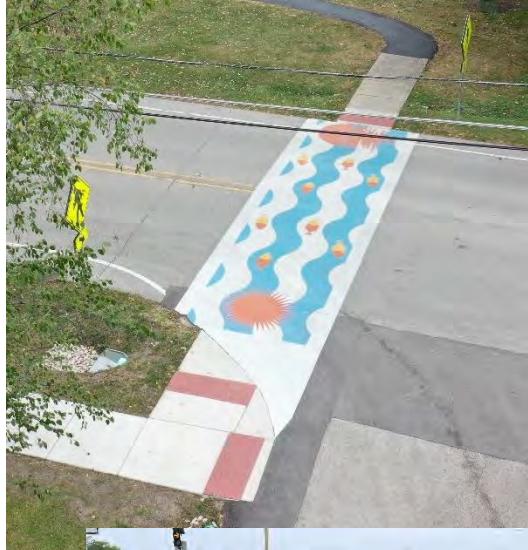




# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Village-wide Beautification Program (\$100K)
- Tree Enhancements Program (\$25K)
- Parkway tree trimming (\$100K)
- Park tree trimming (\$85K)
- Decorative crosswalks (\$25K)
- SMC/Lake watershed study (\$250K)



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# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- Old Rand Road Streetscape Project (\$5M+)





# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure

- South Old Rand Road utility relocation (\$2.0 M – TIF #2)



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# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure (water & sewer)

- Water Projects:





# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure (water & sewer)

- Sanitary Sewer Projects:
- Sewer lining (\$3 M)
  - Buffalo Creek – Buffalo Creek Dr./Riley Ln./Quentin Rd.
  - Spot lining/repair – Old Rand Road
- Mionske Lift Station/Block B (\$1 M)



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# FY 2026 Strategic Objectives

## Goal #3 – Infrastructure (water & sewer)

- Lake Michigan Water - \$8 M for design, easements





# FY 2026 Strategic Objectives

## Goal #4 – Service Sustainability

- Equipment replacements:
  - PD: 2 Squad Utility - \$64K each
  - FD: Command vehicle (\$115K)
  - PW: 2 dump trucks (\$150K, \$275K)
  - PW: Bucket truck (\$250K)
  - PW: Pickup truck (\$65K)



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# FY 2026 Strategic Objectives

## Goal #4 – Service Sustainability

- Maintain current service levels
- Recruitment / retention / retirement / succession





# FY 2026 Strategic Objectives

## Goal #4 – Service Sustainability

- Generational shift underway / succession planning
- Authorized 156 Full-time positions (-11 change)
  - 2 Communication Supervisors
  - 12 Telecommunicators
  - Management Services Director
  - + 1 Fire Inspector      + 1 Records Clerk
  - + 1 Police Officer      + 1 Fleet Manager
- GIS development – ongoing
- Fire Station #1 replacement study



# FY 2026 Strategic Objectives

## Goal #5 – Civic Engagement

- Special Events Fund - \$598 K budget includes:
  - Fourth of July
  - Rock the Block
  - Farmers Market
  - Miracle on Main
  - Merry & Bright
  - Arbor Day
  - Fishing Derby
  - Kids' Egg Hunt
  - **Live at the Lake Summer Events (new)**
  - External/Partner Events\*



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# FY 2026 Strategic Objectives

## Goal #5 – Civic Engagement



- Sustain recycling programs
- Refresh Village website
- Explore new avenues for community outreach & engagement
- Finish update to Master Parks Plan



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# Items for Additional Consideration

## Big Village Topics Being Tackled:

- Main Street / Old Rand Road Streetscape
- Block A/B redevelopments
- New Fire Station #1
- SMC/Village Lake Watershed Management
- Service sustainability – evolving community expectations, staff recruitment/retention
- Generational staff turnover underway
- Lake Michigan – still on target for end of 2028



# Items for Additional Consideration

## Big Village Topics Being Tackled:

- NHRST 0.5% increase (1/1/25) =  
\$3.1 M in FY 2025, \$3.2 M in FY 2026
- Scheduled rate increases for future debt service
  - X FY 2024 = +\$3.00/1000g (+\$3.00 cumulative)
  - X FY 2025 = +\$1.50/1000g (+\$4.50 cumulative)
  - FY 2026 = +\$1.50/1000g (+\$6.00 cumulative)
  - FY 2027 = +\$2.00/1000g (+\$8.00 cumulative)
  - FY 2028 = +\$2.00/1000g (+\$10.00 cumulative)
- **Generates approx. \$20 M by 2028 to pay as we go, reduce total amount financed**

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# Items for Additional Consideration

## State of Illinois Impacts:

- Need to constantly monitor for “solutions” that push
- State problems onto local governments
- Favorite legislative targets:
  - PENSIONS
  - LGDF
  - New environmental regulations
  - Preemptive decisions



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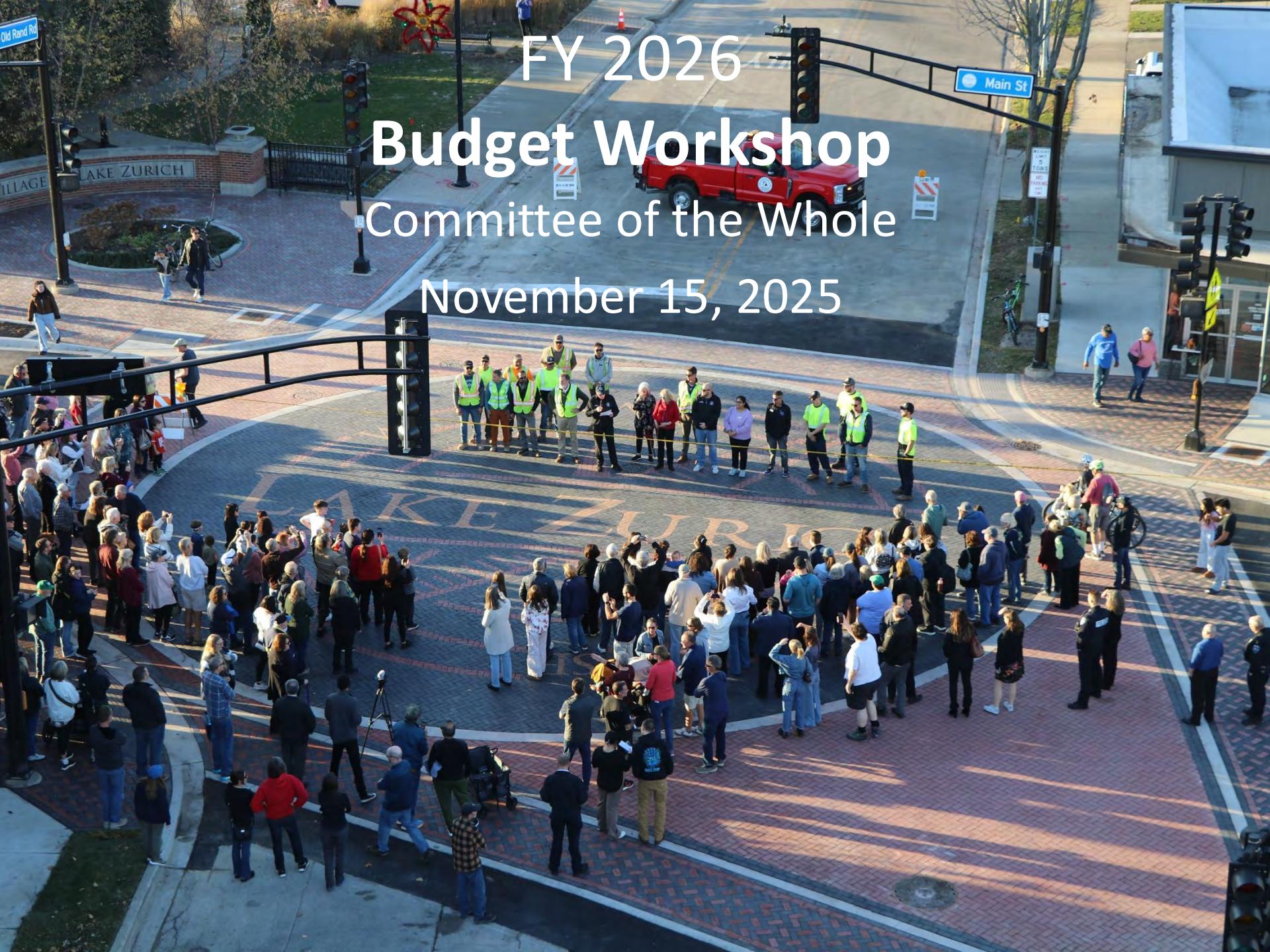


# Items for Additional Consideration

## FY 2026 and beyond:

- Ongoing supply chain disruptions?
- Vehicle replacements?
- Labor market?
- National & state political volatility
- *Future will require active, ongoing management from Village Leadership Team*





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