



FY 2026

Budget Workshop

Committee of the Whole

November 15, 2025



2026
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Financial Sustainability

Ongoing Strategic Plan Priority Goal:



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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

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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)



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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



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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**



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



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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**



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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



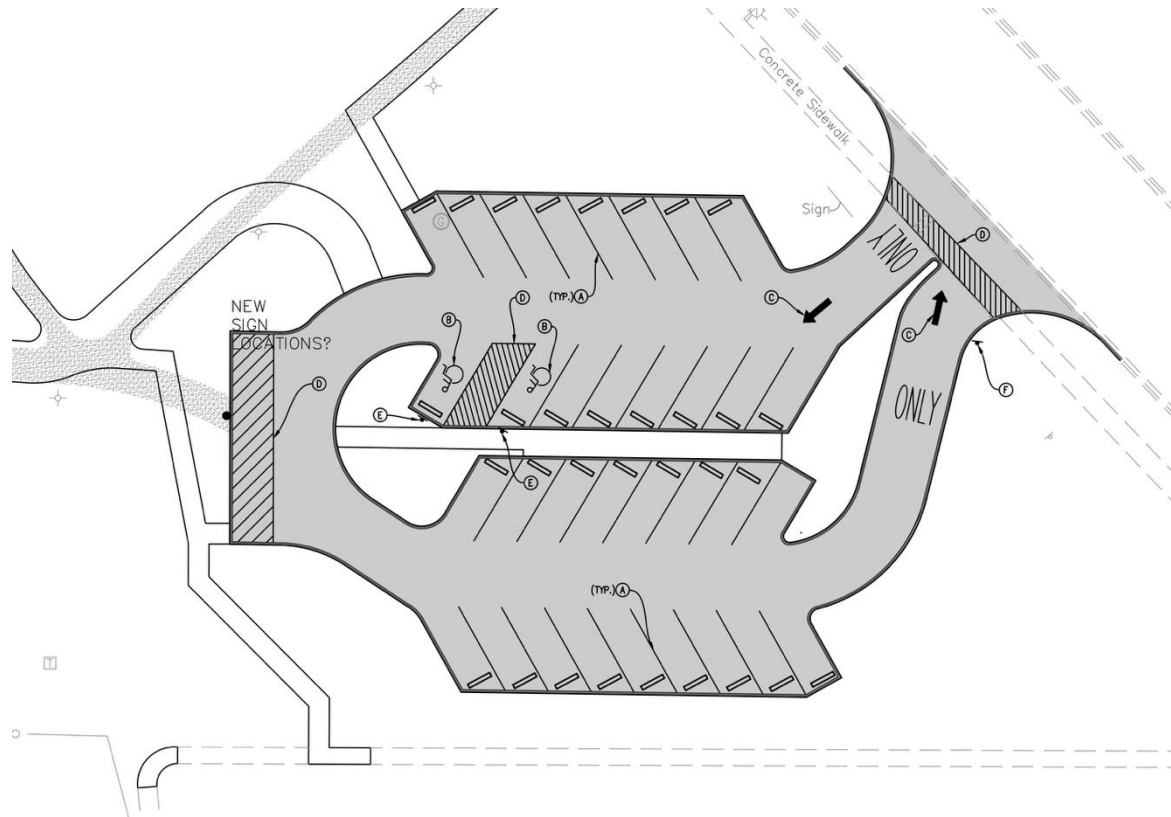
- Breezewald Park improvements (\$1.1 M)*
 - New parking lot
 - Beach retaining wall
 - New gazebo



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)



FY 2026 Strategic Objectives

Goal #3 – Infrastructure

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



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FY 2026 Strategic Objectives

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Goal #3 – Infrastructure

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





FY 2026 Strategic Objectives

Goal #3 – Infrastructure (water & sewer)

- Water Projects:

- Water mains (\$3.5 M)
- Lead services (\$400K)
- Well column pipe (\$65K)



FY 2026 Strategic Objectives

Goal #3 – Infrastructure (water & sewer)

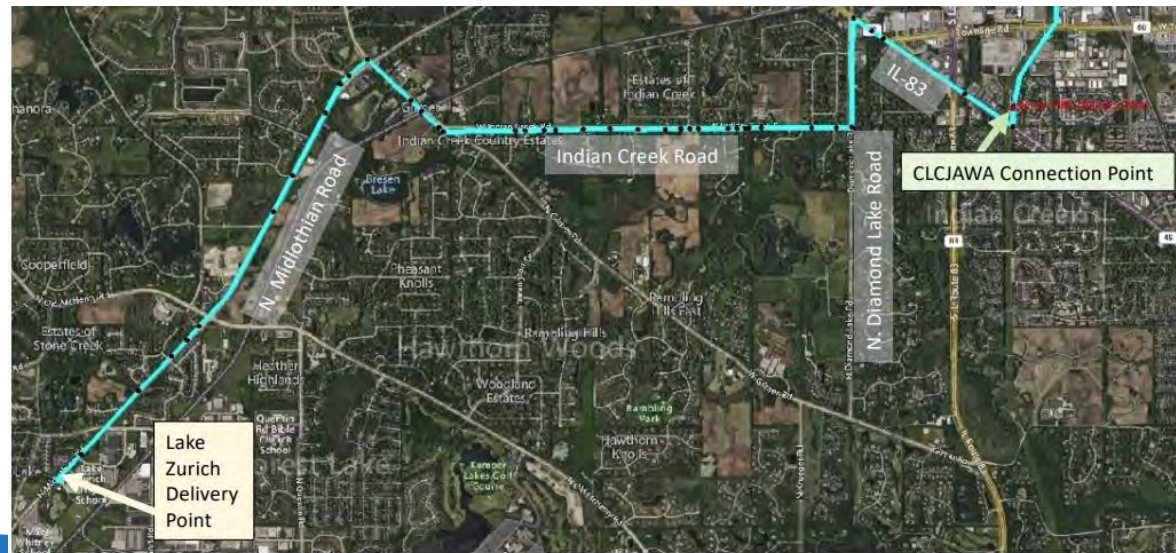
- Sanitary Sewer Projects:
 - Sewer lining (\$3 M)
 - Buffalo Creek – Buffalo Creek Dr./Riley Ln./Quentin Rd.
 - Spot lining/repair – Old Rand Road
 - Mionske Lift Station/Block B (\$1 M)



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)



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*



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

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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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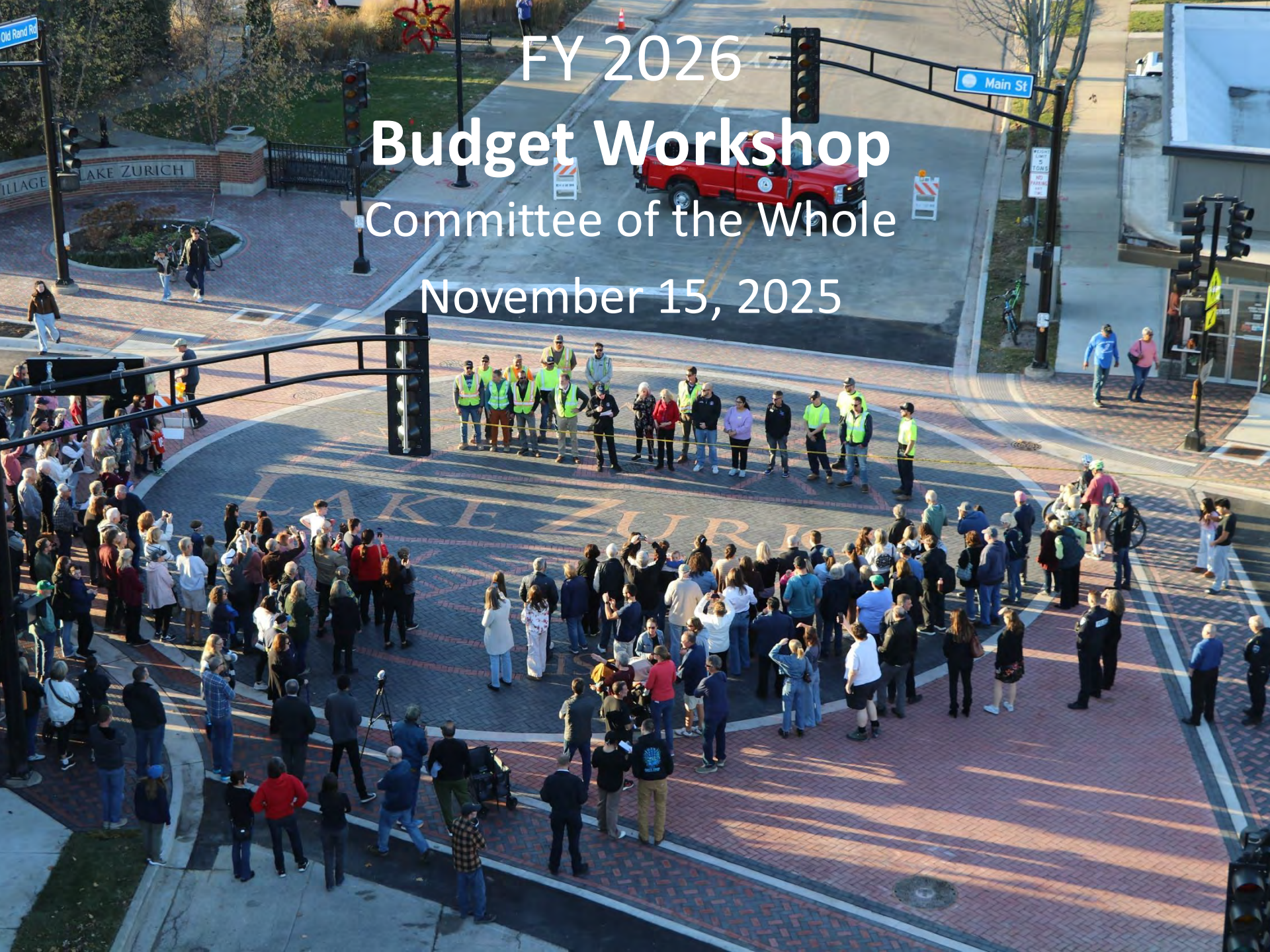


Items for Additional Consideration

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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