



# Revenue Options to Fund Capital Improvement Plan (non-Water/Wastewater)

FY20 Budget Workshop  
October 2, 2019

# Capital Improvements



## INTRODUCTION

Capital improvements are important to the Village's long-term sustainability and are defined as any major project improvement requiring the expenditure of public funds (over and above operating expenditures) for the construction, reconstruction, or replacement of physical assets.

To address the capital needs of the Village and to identify present priorities for the general public the Village reviews and approves a five-year Capital Improvement Plan (CIP) each fiscal year.

Examples of capital improvement projects include roads, utilities, drainage structures, multi-use paths, technology improvements, and municipal facilities.

For the purpose of this workshop, capital improvements for the Village's Waster/Wastewater infrastructure are not included. The Village established an Infrastructure Fee in 2017 to fund water/wastewater capital projects.

# Capital Funds



- Five Major Capital Funds:
  - Capital Projects and Improvement Fund
  - Street Improvement/Road & Bridge Fund
  - Motor Fuel Tax Fund
  - Facilities & Grounds Maintenance Fund
  - Equipment Replacement Fund

# Capital Funds (non-MFT)



- Current Dedicated Revenue:
  - Transfers from General Fund (Development related revenue streams such as building permit revenue)
  - A portion of Telecom Tax Revenue

## Major Capital Projects Funded by General Fund Surplus & Telecommunications Tax Revenue



Portions of Telecommunications Tax Revenue combined with one time GF revenue transfers assisted in the funding of the following projects:

- \$12 million Municipal Complex
- \$6 million Village share of the Village's \$60 million Tollway Project
- \$6 million Extension of Kreutzer Road
- \$4.1 million Village share of Widening of Route 47
- \$5 million in Downtown Improvements

**TOTAL = \$33,100,000**



# General Fund Reserves

## One-Time Revenue Transfers

### HISTORICAL ONE-TIME REVENUE TRANSFERS

Audit Year	From General Fund	To Street Improvement	To Tollway	To Downtown Improvement	To Downtown TIF	To Capital Improvement	To Equipment Replacement Fund
2010	\$1,451,176	\$1,451,176					
2011	\$1,078,545	\$360,000	\$218,545	\$500,000			
2012	\$1,055,478	\$200,000	\$255,478	\$600,000			
2013	\$1,217,495	\$350,000	\$267,495		\$400,000	\$200,000	
2014	\$1,106,883	\$556,883			\$550,000		
2015	\$1,438,396				\$550,000	\$888,396	
2016	\$1,030,652	\$250,000		\$20,000	\$60,652	\$450,000	\$250,000
2017	\$1,375,000	\$1,157,200					\$217,800
2018	\$1,055,159	To be Determined during the FY 2020 Budget Process					
2019 est.	\$981,057	Estimated - Final will come from FY2019 Audit					
2020 est.	\$0	Estimated - Final will come from FY2020 Audit					
	<b>FUND TOTALS 2010-2017</b>	<b>\$4,325,259</b>	<b>\$741,518</b>	<b>\$1,120,000</b>	<b>\$1,560,652</b>	<b>\$1,538,396</b>	<b>\$467,800</b>
	\$9,753,625	44%	8%	11%	16%	16%	5%
<b>TOTAL 2010-2019</b>	\$11,789,841	<b>AVERAGE</b>	\$1,071,804				

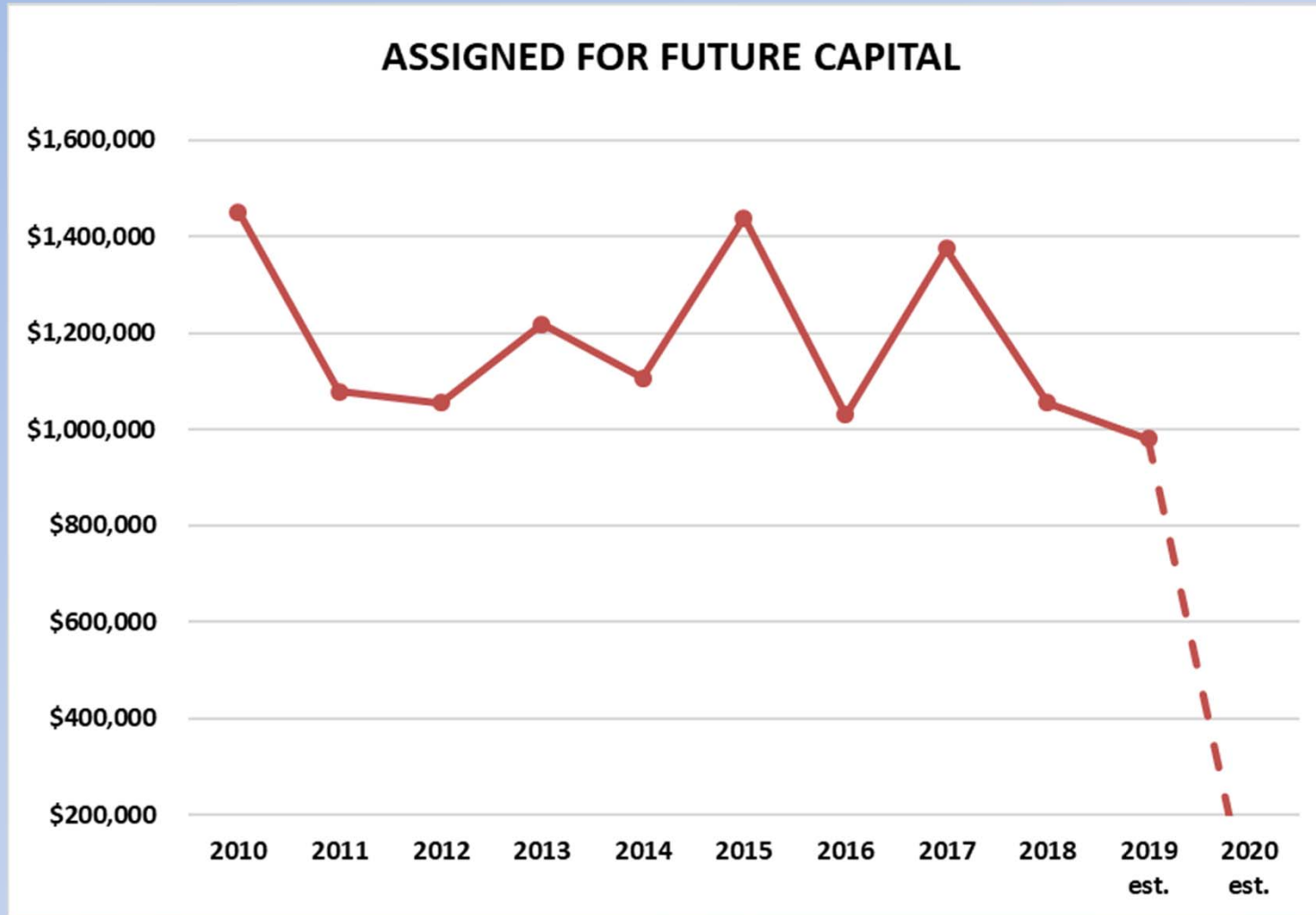
Note: Fund totals do not include the transfers for 2018 and 2019 (\$2,036,216).

# One Time Revenue Transfers



- Historically the Village has been conservative in its budgeted revenues and fiscally responsible in coming in under budgeted expenditures while continuing a high level of services for residents and business owners.
- While this historically has generated a surplus on average of \$1,000,000 annually, it is not enough revenue to sustain the 5-year Capital Improvement Plan (CIP).

# General Fund Reserves





# Telecommunications Tax Revenue

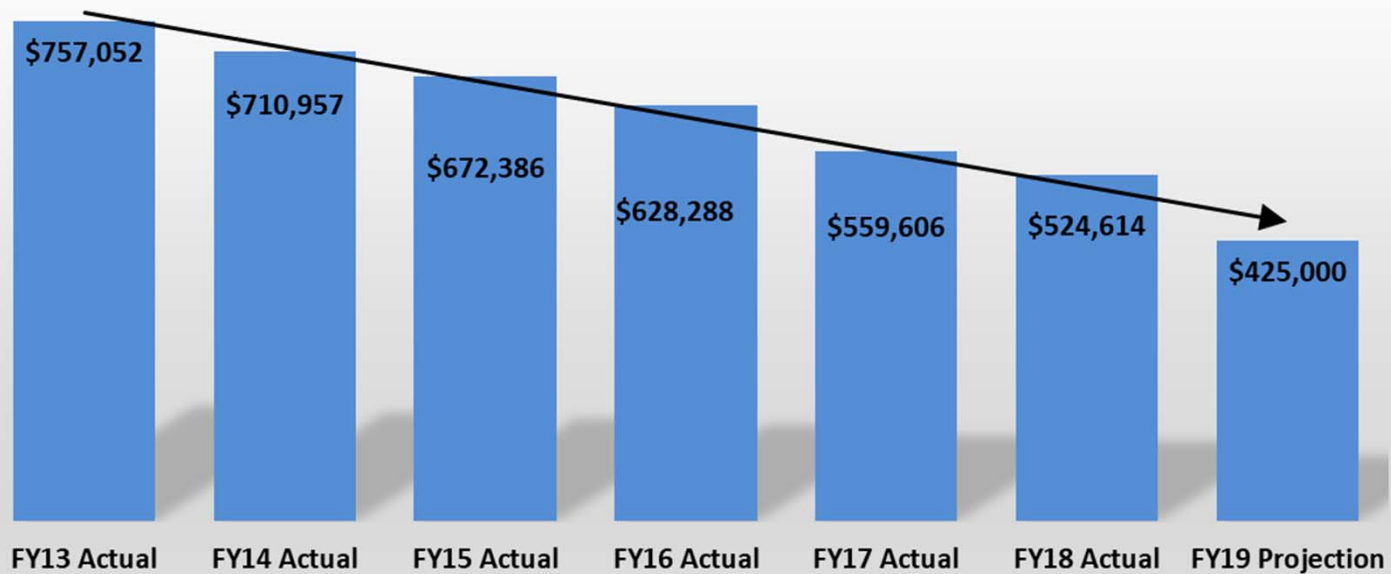


- Telecommunications Revenue has been used in years past to assist in funding projects within the Tollway Fund, Street Improvement Fund, Municipal Building Fund, the Downtown Capital Fund, the Downtown TIF Fund, General Capital Fund and the General Fund.

# Telecommunications Tax Revenue



Telecommunications Tax - Total Revenue



**FY2019 Estimated Split**

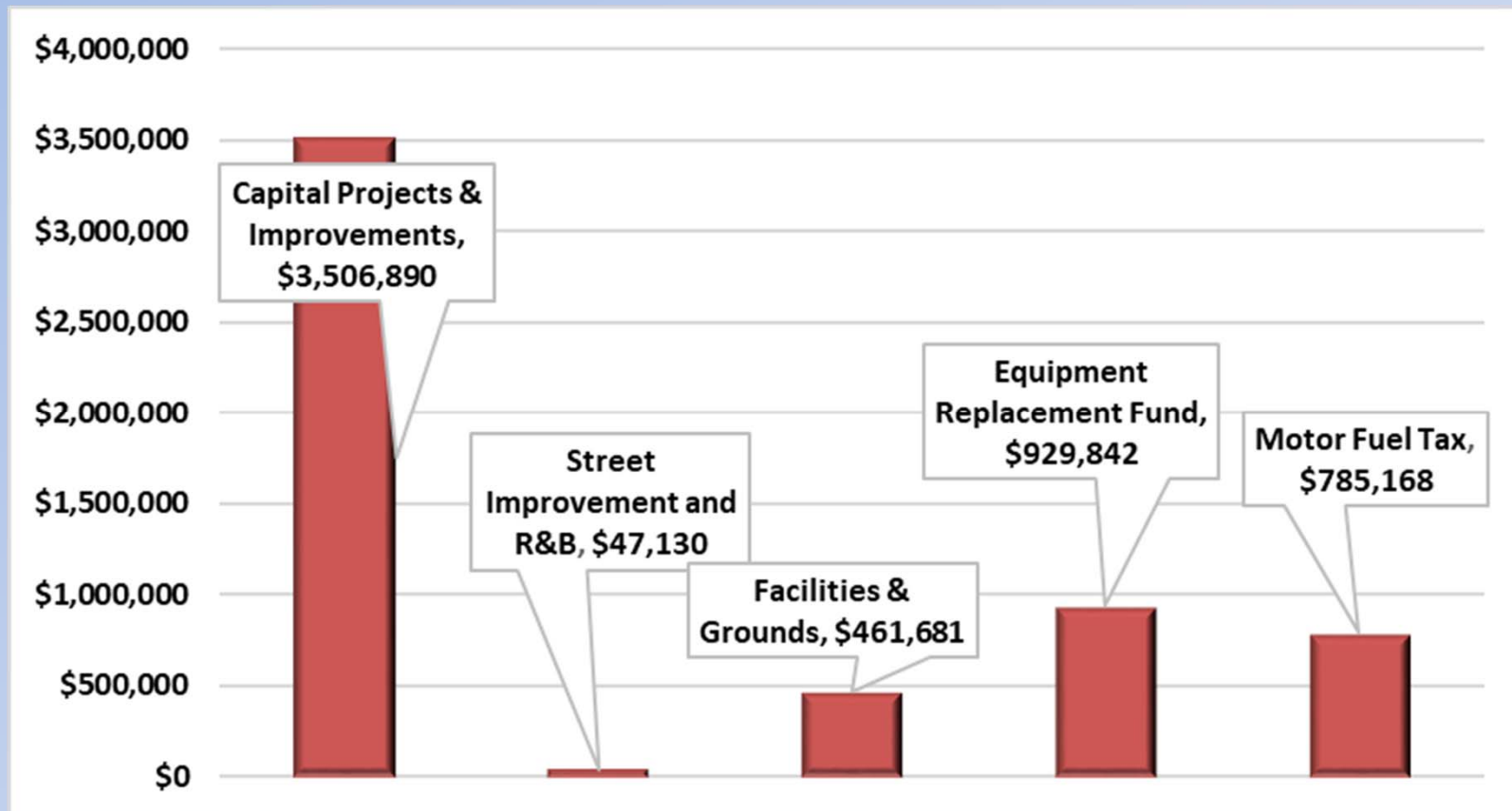
General Fund = \$75,000

Facilities & Grounds Maintenance Fund = \$110,000

Downtown TIF Fund = \$240,000

# Capital Funds

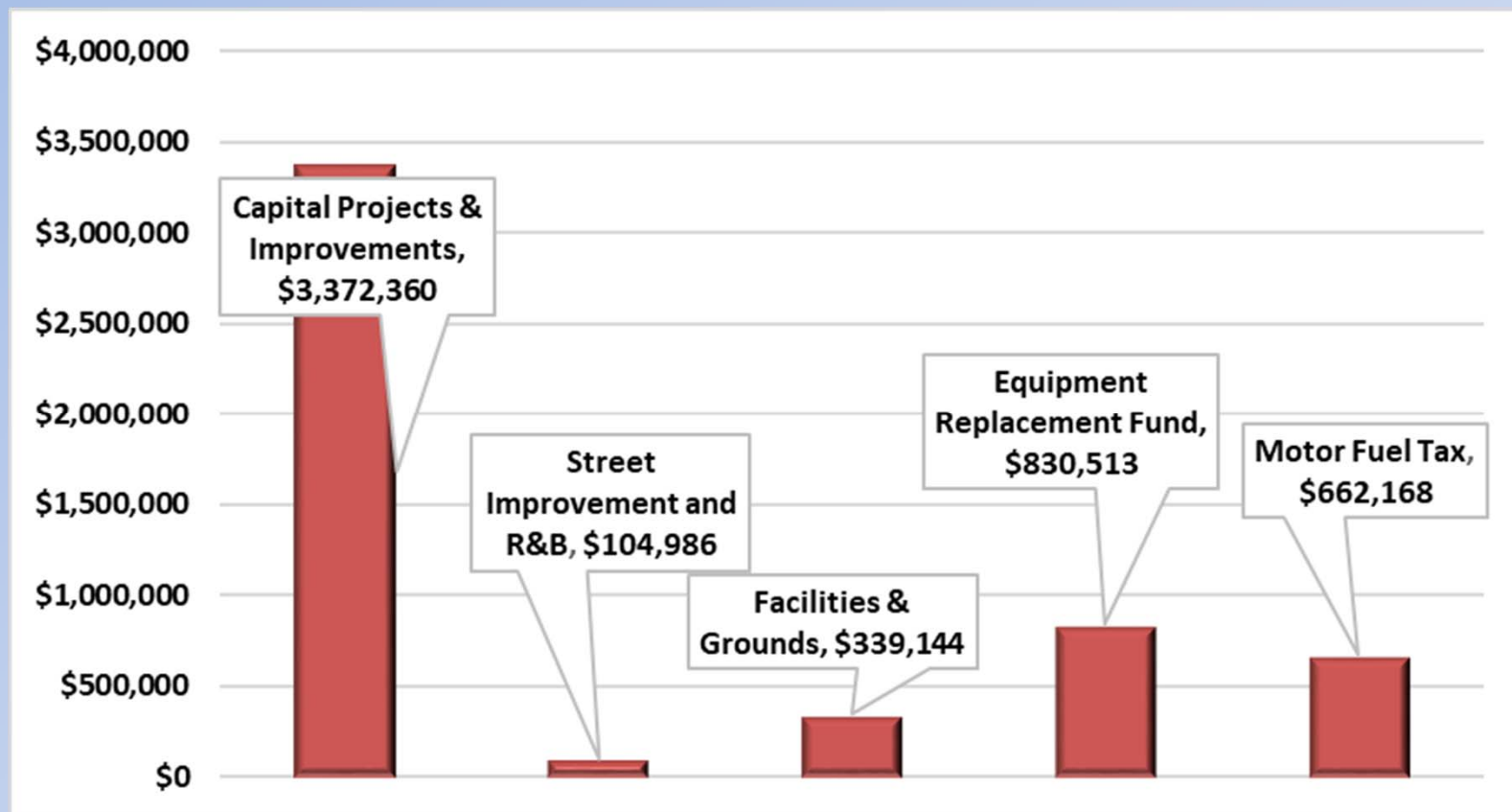
## Ending Fund Balances FY18



# Capital Funds

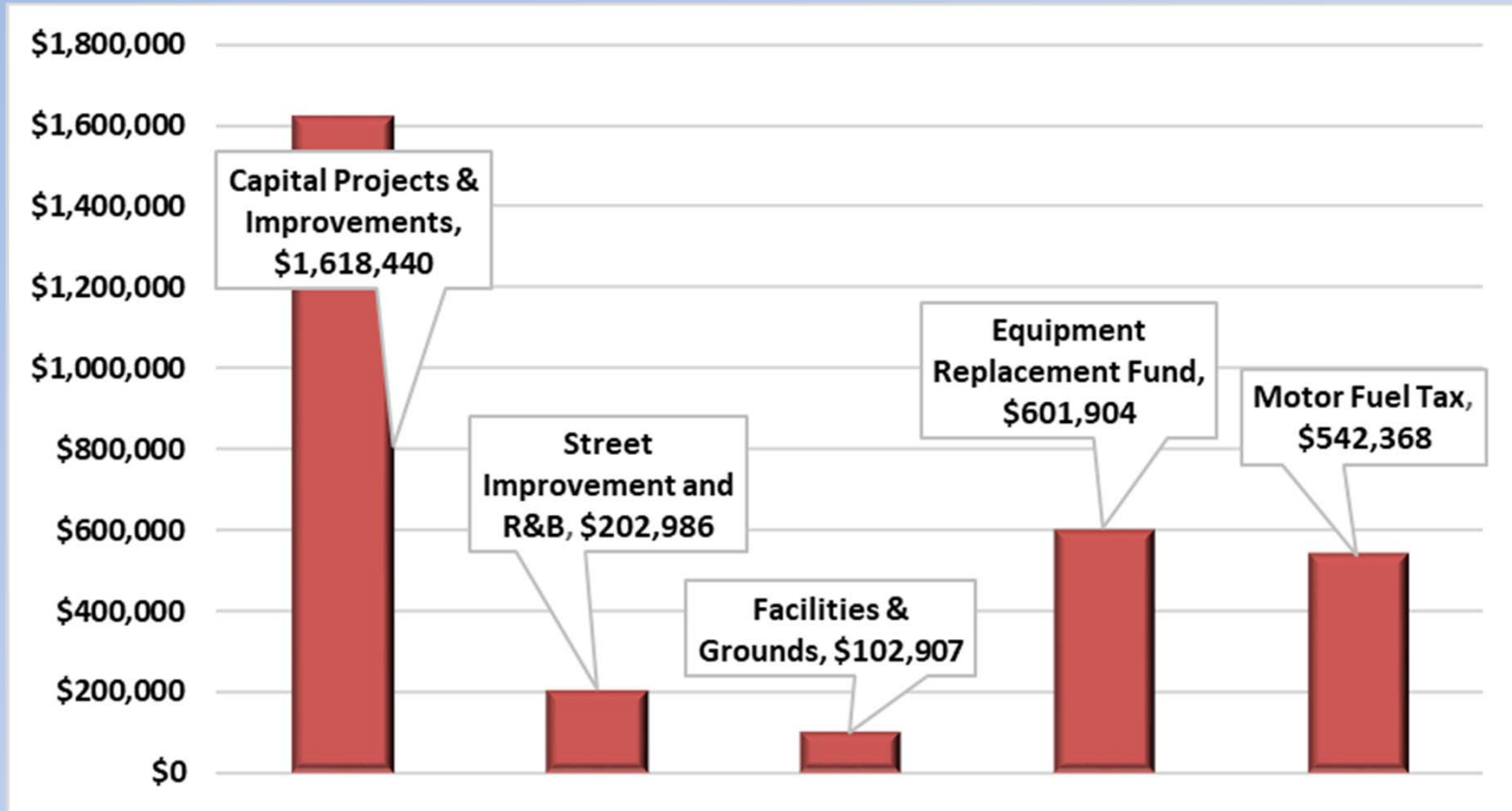


## Estimated Ending Fund Balances FY19



# Capital Funds

## Estimated Ending Fund Balances FY20



**Note:** Numbers changed from original handout based on re-aligning of projects between Streets and MFT.



# Capital Funds

## Current 5-Year CIP Expenditures

Capital Projects & Improvements FY20 - 24 = \$2,445,720						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$3,506,890	\$3,372,360	\$1,618,440	\$1,438,640	\$1,132,140	\$975,640
Revenues	\$54,000	\$0	\$0	\$0	\$0	\$0
Expenditures	\$188,530	\$1,753,920	\$179,800	\$306,500	\$156,500	\$49,000
Ending Fund Balance	\$3,372,360	\$1,618,440	\$1,438,640	\$1,132,140	\$975,640	\$926,640

Note: No dedicated revenue source.

Includes proposed \$1,300,000 transfer to the Street Fund for FY20 projects.



# Capital Funds

## Current 5-Year CIP Expenditures

Street Improvement and R&B FY20 - 24 = \$16,780,500						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$47,130	\$104,986	\$202,986	(\$2,902,514)	(\$9,082,514)	(\$14,393,514)
Revenues	\$1,267,200	\$1,437,000	\$75,000	\$75,000	\$75,000	\$75,000
Expenditures	\$1,209,344	\$1,339,000	\$3,180,500	\$6,255,000	\$5,386,000	\$620,000
Ending Fund Balance	\$104,986	\$202,986	(\$2,902,514)	(\$9,082,514)	(\$14,393,514)	(\$14,938,514)

- No dedicated revenue source.
- Revenues are from transfers between other funds and Road & Bridge Taxes from the Townships. FY20 has \$1,300,000 being transferred from the Capital Improvement Fund.

**Note:** Numbers changed from original handout based on re-aligning of projects between Streets and MFT.



# Motor Fuel Tax Fund

## Current 5-Year CIP Expenditures

Motor Fuel Tax FY20 - 24 = \$4,550,000						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$785,168	\$662,168	\$542,368	\$542,368	\$542,368	\$942,368
Revenues	\$862,000	\$1,080,200	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Expenditures	\$985,000	\$1,200,000	\$1,000,000	\$1,000,000	\$600,000	\$750,000
Ending Fund Balance	\$662,168	\$542,368	\$542,368	\$542,368	\$942,368	\$1,192,368

- Dedicated revenue source motor fuel tax allotments received from the State.
- *In July of 2019 the State of Illinois doubled the motor fuel tax. This increase should increase revenues in the MFT Fund by an estimated \$380,000.*

**Note:** Numbers changed from original handout based on re-aligning of projects between Streets and MFT.





# Capital Funds

## Current 5-Year CIP Expenditures

Facilities & Grounds FY 20 - 24 = \$2,063,585						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$461,681	\$339,144	\$102,907	(\$165,630)	(\$405,667)	(\$737,704)
Revenues	\$136,658	\$119,200	\$100,000	\$90,000	\$80,000	\$70,000
Expenditures	\$259,195	\$355,437	\$368,537	\$330,037	\$412,037	\$597,537
Ending Fund Balance	\$339,144	\$102,907	(\$165,630)	(\$405,667)	(\$737,704)	(\$1,265,241)

Note: 24% of the Telecommunications Tax revenue is dedicated to this Fund.

Expenditures include **\$150,000** annually for mowing contract, landscaping contracts and all building maintenance agreements as well as the CIP.

The contract landscaping areas include the entryway sign locations, downtown, Wing Pointe entryway at Haligus and Huntley Dundee Roads, Southwind entryway at Reed Road and Cambridge Drive, all 4 corners at the intersection of Main Street and IL Route 47 and the planting beds at Municipal Complex; The contract mowing areas consist of 46 acres (of the 106 acres total) consisting of 93 separate tracts (of the 198 tracts total) including RT 47 medians.



# Capital Funds

## Current 5-Year CIP Expenditures

Equipment Replacement Fund FY20 - 24 = \$3,357,202						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$929,842	\$830,513	\$601,904	(\$509,279)	(\$1,039,409)	(\$1,680,539)
Revenues	\$240,300	\$310,500	\$10,000	\$10,000	\$10,000	\$10,000
Expenditures	\$339,629	\$539,109	\$1,121,183	\$540,130	\$651,130	\$505,650
Ending Fund Balance	\$830,513	\$601,904	(\$509,279)	(\$1,039,409)	(\$1,680,539)	(\$2,176,189)

Revenue includes a small portion of Police Fines and transfers from other funds. No other dedicated revenue source.

# Capital Funds



Current Dedicated Revenue is not enough to support the current CIP.

***Estimated Ending Balances*** by fiscal year:

FY20 \$3,068,605

FY21 **(\$1,596,415)**

FY22 **(\$8,853,082)**

FY23 **(\$14,893,749)**

FY24 **(\$16,260,936)**

**Note:** Numbers changed from original handout based on re-aligning of projects between Streets and MFT.



# Capital Revenue Options (non-MFT) Sorted High to Low

Type	Option	Estimated Annual
Home Rule Sales Tax	1.00% of applicable receipts	\$1,560,000
Home Rule Sales Tax	.75% of applicable receipts	\$1,170,000
Home Rule Sales Tax	.50% of applicable receipts	\$780,000
Infrastructure Maintenance Fee General Capital	\$5/Month or \$10/Water Bill	\$660,000
Electric Utility Tax	Sliding Scale cents/therm	\$500,000
Real Estate Transfer Tax (Requires Referendum)	\$3/\$1,000	\$500,000
Natural Gas Tax	5% of Gross Receipts	\$400,000
Home Rule Sales Tax	.25% of applicable receipts	\$390,000
Vehicle Stickers	\$20/Vehicle	\$200,000 - \$400,000
Local Food & Beverage Tax	1% of Gross Receipts	\$200,000
Local Gasoline/Fuel Tax	\$.02/Gallon	\$180,000
Auto Rental Tax	1.00% Maximum Rate	\$11,000
Property Tax Levy	Amount to be determined annually	TBD
Special Assessments	Amount to be determined per project	TBD

# Revenue Options

## Who Pays?



Type	R	N
Home Rule Sales Tax	X	X
Infrastructure Maintenance Fee General Capital	X	
Electric Utility Tax	X	
Real Estate Transfer Tax	X	X
Natural Gas Tax	X	
Vehicle Stickers	X	
Local Food & Beverage Tax	X	X
Local Gasoline/Fuel Tax	X	X
Auto Rental Tax	X	X
Property Tax Levy	X	
Special Assessments	X	
<b>R = Resident</b>		<b>N = Non- Resident</b>

# REVENUE COMPARISONS FY18



<b>Municipality</b>	<b>Total Population</b>	<b>Home Rule Sales Tax Rate</b>	<b>Home Rule Sales Tax Revenue</b>
Algonquin	30,046	0.75%	\$4,187,426
Crystal Lake	40,743	0.75%	\$5,159,592
Huntley	26,632	0.00%	\$0
Lake in the Hills	29,228	1.00%	\$1,927,663
McHenry	26,992	0.75%	\$2,003,318
Woodstock	25,528	1.00%	\$2,676,112

# REVENUE COMPARISONS FY18



Municipality	Natural Gas Tax Revenue	Electric Tax Revenue
Algonquin	\$919,160	
Crystal Lake	\$0	\$0
Huntley	\$0	\$0
Lake in the Hills	\$640,052	\$727,631
McHenry	\$0	\$0
Woodstock	\$0	\$0

# REVENUE COMPARISONS FY18



<b>Municipality</b>	<b>Video Gaming Revenue</b>	<b>Telecommunications Tax Revenue</b>	<b>Vehicle Sticker Revenue</b>
Algonquin	\$107,334	\$635,635	\$0
Crystal Lake	\$116,386	\$1,076,925	\$227,659
Huntley	\$167,073	\$524,614	\$0
Lake in the Hills	\$197,177	\$454,644	\$0
McHenry	\$463,592	\$123,903	\$151,763
Woodstock	\$215,233	\$487,501	\$0

Note: Video Gaming revenue does not include fees for licensing.



# REVENUE COMPARISONS FY18



Municipality	Total All Revenue Sources
Algonquin	\$5,849,555
Crystal Lake	\$6,580,562
Huntley	\$691,687
Lake in the Hills	\$3,947,167
McHenry	\$2,742,576
Woodstock	\$3,378,846

Revenue Sources Include:

- Home Rule Sales Tax
- Natural Gas Tax
- Electric Tax
- Video Gaming Revenue
- Telecommunications Tax
- Vehicle Stickers

# Revenue Options to Fund Capital Improvement Plan (non-Water/Wastewater)



## Option #1

### Status Quo:

Current revenue does not sustain the  
Current CIP

5 Year Shortage (\$16,260,936)

Revenue Options to Fund Capital Improvement Plan  
(non-Water/Wastewater)



## Option #2

### Modified CIP:

Use the \$1,000,000 in MFT revenue for the annual street improvement program and modify the current CIP

5 Year Shortage (\$3,422,236)

# Capital Funds

## Modified 5-Year CIP Expenditures



Capital Projects & Improvements FY20 - 24 = \$1,777,520						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$3,506,890	\$3,372,360	\$1,736,640	\$1,696,840	\$1,690,340	\$1,643,840
Revenues	\$54,000	\$0	\$0	\$0	\$0	\$0
Expenditures	\$188,530	\$1,635,720	\$39,800	\$6,500	\$46,500	\$49,000
Ending Fund Balance	\$3,372,360	\$1,736,640	\$1,696,840	\$1,690,340	\$1,643,840	\$1,594,840

Note: No dedicated revenue source.

Includes proposed \$1,300,000 transfer to the Street Fund for FY20 projects.

Items removed include:

Salt Dome

Comprehensive Plan Update

Banners for Downtown

Electric Portable Light for concerts

Audio Visual upgrade for Village Board Room

Zoning Ordinance Update

Aquatic Mgmt. Wing Pointe

Speed Trailer

**\$668,200**

# Capital Funds

## Modified 5-Year CIP Expenditures



Street Improvement and R&B FY20 - 24 = \$4,677,000						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$47,130	\$104,986	\$508,986	(\$987,014)	(\$1,781,014)	(\$2,296,014)
Revenues	\$1,267,200	\$1,437,000	\$75,000	\$75,000	\$75,000	\$75,000
Expenditures	\$1,209,344	\$1,033,000	\$1,571,000	\$869,000	\$590,000	\$614,000
Ending Fund Balance	\$104,986	\$508,986	(\$987,014)	(\$1,781,014)	(\$2,296,014)	(\$2,835,014)

Note: No dedicated revenue source.

Revenues are from transfers between other funds and Road & Bridge Taxes from the Townships. FY20 has \$1,300,000 being transferred from the Capital Improvement Fund.

Items removed include:

Dean St. Widening

Reed Road Extension

50/50 Tree Program

Intersection Improvements: Huntley/Kreutzer

Realignment: Kreutzer Road

Street Lighting Route 47

Traffic Signal: Kreutzer Road

Corridor Landscaping

Engineering for Ped. Overpass @ Rt. 47

**\$12,103,500**

# Capital Funds

## Modified 5-Year CIP Expenditures



Motor Fuel Tax FY20 - 24 = \$4,550,000						
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Revenues	\$862,000	\$1,080,200	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Expenditures	\$985,000	\$1,200,000	\$1,000,000	\$1,000,000	\$600,000	\$750,000
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Note: Dedicated revenue source motor fuel tax allotments received from the State.

*In July of 2019 the State of Illinois doubled the motor fuel tax. This increase should increase revenues in the MFT Fund by an estimated \$380,000.*

# Capital Funds

## Modified 5-Year CIP Expenditures



Facilities & Grounds FY 20 - 24 = \$1,996,585						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$461,681	\$339,144	\$102,907	(\$145,630)	(\$366,667)	(\$678,704)
Revenues	\$136,658	\$119,200	\$100,000	\$90,000	\$80,000	\$70,000
Expenditures	\$259,195	\$355,437	\$348,537	\$311,037	\$392,037	\$589,537
Ending Fund Balance	\$339,144	\$102,907	(\$145,630)	(\$366,667)	(\$678,704)	(\$1,198,241)

Note: 24% of the Telecommunications Tax revenue is dedicated to this Fund.

Expenditures include **\$150,000** annually for mowing contract, landscaping contracts and all building maintenance agreements as well as the CIP.

The contract landscaping areas include the entryway sign locations, downtown, Wing Pointe entryway at Haligus and Huntley Dundee Roads, Southwind entryway at Reed Road and Cambridge Drive, all 4 corners at the intersection of Main Street and IL Route 47 and the planting beds at Municipal Complex; The contract mowing areas consist of 46 acres (of the 106 acres total) consisting of 93 separate tracts (of the 198 tracts total) including RT 47 medians.

Items removed include:

Village Entrance Signs Stone Wrap

**\$68,000**

# Capital Funds

## Modified 5-Year CIP Expenditures



Equipment Replacement Fund FY20 - 24 = \$3,357,202						
	Estimated	Draft Budget	Projected			
	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	\$929,842	\$830,513	\$601,904	(\$509,279)	(\$1,039,409)	(\$1,680,539)
Revenues	\$240,300	\$310,500	\$10,000	\$10,000	\$10,000	\$10,000
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Ending Fund Balance	\$830,513	\$601,904	(\$509,279)	(\$1,039,409)	(\$1,680,539)	(\$2,176,189)

Revenue includes a small portion of Police Fines and transfers from other funds. No other dedicated revenue source.



# Capital Funds

## Modified 5-Year CIP Expenditures



Current Dedicated Revenue (MFT and Telecommunications Tax) is not enough to support the modified CIP.

***Estimated Ending Balances*** by fiscal year

FY20 \$3,492,805

FY21 \$ 597,285

FY22 (\$ 954,382)

FY23 (\$ 2,069,049)

FY24 (\$ 3,422,236)

# Capital Funds



## 1. Capital Projects and Improvements Fund

New Revenue Source Needed

# Capital Funds



## 2. Street Improvement/Roads & Bridge Fund

New Revenue Source Needed

# Capital Funds



## 3. Motor Fuel Tax Fund

### Revenue Source:

- Monthly Motor Fuel Tax Allotment
- Monthly Transportation Renewal Fund Allotment

Both sources are received from the State

# Capital Funds



## 4. Facilities & Grounds Maintenance Fund

### Revenue Source:

- General Fund Surplus
- Telecommunications Tax Revenue

# Capital Funds



## 5. Equipment Replacement Fund

Revenue Source:

- General Fund Surplus

# Capital Revenue Options (non-MFT) Sorted High to Low



Type	Option	Estimated Annual
Home Rule Sales Tax	1.00% of applicable receipts	\$1,560,000
Home Rule Sales Tax	.75% of applicable receipts	\$1,170,000
Home Rule Sales Tax	.50% of applicable receipts	\$780,000
Infrastructure Maintenance Fee General Capital	\$5/Month or \$10/Water Bill	\$660,000
Electric Utility Tax	Sliding Scale cents/therm	\$500,000
Real Estate Transfer Tax (Requires Referendum)	\$3/\$1,000	\$500,000
Natural Gas Tax	5% of Gross Receipts	\$400,000
Home Rule Sales Tax	.25% of applicable receipts	\$390,000
Vehicle Stickers	\$20/Vehicle	\$200,000 - \$400,000
Local Food & Beverage Tax	1% of Gross Receipts	\$200,000
Local Gasoline/Fuel Tax	\$.02/Gallon	\$180,000
Auto Rental Tax	1.00% Maximum Rate	\$11,000
Property Tax Levy	Amount to be determined annually	TBD
Special Assessments	Amount to be determined per project	TBD



# 2016 – 2020 Strategic Plan

## ***PRIORITY NO. 2***

Promote Sound Financial Management and  
Fiscal Sustainability