

Village of Algonquin

Located in McHenry and Kane Counties, Illinois



*Fiscal Year
2007-2008
Annual Budget*

A Glimpse into Algonquin's History...

The Village of Algonquin was settled in 1834 with the arrival of Samuel Gillian, the first settler in McHenry County. Other early settlers were Dr. Cornish, Dr. Plumleigh, Eli Henderson, Alex Dawson, and William Jackson. The Village changed names several times in the early days; the names included Cornish Ferry, Cornishville, and Osceola. The name Algonquin was finally selected in 1847 as a suggestion from Samuel Edwards as a namesake for a ship he once owned.

The Village was incorporated in 1890 and witnessed both commercial and recreational trade. Algonquin was a favorite vacation spot for residents of Chicago. Nestled in the foothills of the Fox River Valley, Algonquin became know as the "Gem of the Fox River Valley."

The first Village Hall was constructed in 1906 at 2 South Main and throughout the years housed fire protection, library, and school services for the community as well as accommodating the municipal offices. The building served as Village Hall until the new Village Hall was completed in 1996. The original building is now called Historic Village Hall and serves as a community facility and meeting location.

A highlight in Algonquin's history was the period from 1906 to 1913, when the Algonquin Hill Climbs were held. The event was one of the earliest organized auto racing events held in the United States. Algonquin had a population of about 600 residents at that time and the annual hill climbs would bring crowds in excess of 25,000 to the Village.

Over the years, Algonquin has developed into a growing and thriving community, with its solid base of residential and commercial development as well as an expanding industrial/business sector. A tremendous commercial success was witnessed in the fall of 2004 with the opening of Algonquin Commons, the largest lifestyle center in Illinois.

Algonquin's population as of a special census in 2003 was 27,885, which has more than doubled since the 1990 census 15 years ago, which recorded a population of 11,663. The Village has grown from a small, rural, farming community to a vibrant urban leader in McHenry and Kane Counties.

FISCAL YEAR 2006-2007 VILLAGE BOARD	FISCAL YEAR 2007-2008 VILLAGE BOARD
John Schmitt, Village President Brian Dianis, Trustee Jerry Glogowski, Trustee Barbara Read, Trustee Robert Smith, Trustee John Spella, Trustee Jim Steigert, Trustee Gerald S. Kautz, Village Clerk	John Schmitt, Village President Brian Dianis, Trustee Jerry Glogowski, Trustee Robert Smith, Trustee Debby Sosine, Trustee John Spella, Trustee Jim Steigert, Trustee Gerald S. Kautz, Village Clerk

Village of Algonquin

Mission Statement

The Mission of the People of Algonquin is to
Foster a Harmonious, Distinctive Community
with a Strong Sense of Place,
Preserving its Ecological and Historical Richness, Providing a
Safe and Comfortable Environment, Through a Responsible
Use of Community Resources, and Developing Ownership and
Pride in the Community
through Significant Citizen Involvement in all
Civic, Social, and Cultural Affairs.

To this End, We Will Provide for the Needs of Today, Prepare
for the Demands of Tomorrow,
and Remain Mindful and Respectful of the Past.

VILLAGE OF ALGONQUIN

FISCAL YEAR 2007-2008 BUDGET

TABLE OF CONTENTS

<u>Document</u>	<u>Page Number</u>
Government Finance Officers Association Recognition	1
Budget Ordinance	3
Budget Message.....	5
Supplement 1: Discussion of Funds, Trends, and Influences on the Budget	11
Supplement 2: Capital Improvement Project Funds	19
Supplement 3: Implementation of the Guiding Principles	31
Supplement 4: Conservation Community Efforts.....	35
The Budget Process	41
Revenue Assumptions and Trends.....	45
Financial Policies.....	51
Budget Summary	61
Summary of Estimated Financial Sources and Uses	63
Fund Balance Projections	65
Organizational Chart.....	66
Personnel Summary	67
 2007-2008 GENERAL OPERATING FUND	
General Fund Totals	69
Revenues.....	70
General Fund Summary Charts.....	72
General Services Administration Program Description	73
General Services Administration Expenditures.....	76
Police Program Description.....	77
Police Expenditures	80
Public Works Administration Program Description.....	81
Public Works Administration Expenditures	84
Public Works Streets Division Program Description	85
Public Works Streets Division Expenditures.....	88
Public Works Parks and Forestry Division Program Description	89
Public Works Parks and Forestry Division Expenditures	92
Community Development Program Description	93
Community Development Expenditures.....	95
Long-Term Debt Expenditures	96
Multidepartmental Expenditures	97
 WATER & SEWER OPERATING FUND	
Public Works Water and Sewer Division Program Description.....	99
Water and Sewer Operating Fund Revenues	105
Water and Sewer Operating Fund Expenditure Totals.....	106
Water and Sewer Operating Fund Expenditures - Water Division	107
Water and Sewer Operating Fund Expenditures - Sewer Division	109
 INTERNAL SERVICE FUND	
Public Works Vehicle and Equipment Maintenance Division Program Description.....	111
Vehicle Maintenance Service Fund Revenues	113
Vehicle Maintenance Service Fund Expenditures.....	114
Building Services Fund Program Description	115
Building Services Fund Revenues	117
Building Services Fund Expenditures	118
 CAPITAL AND INFRASTRUCTURE MAINTENANCE FUNDS	
Motor Fuel Tax Program Description	119
Motor Fuel Tax Fund Revenues	120

<u>Document</u>	<u>Page Number</u>
Motor Fuel Tax Fund Expenditures.....	121
Street Improvement Program Description	122
Street Improvement Fund Revenues	123
Street Improvement Fund Expenditures	124
Park Fund Program Description	125
Park Fund Revenues	126
Park Fund Expenditures.....	127
Water and Sewer Improvement and Construction Fund Program Description	128
Water and Sewer Improvement and Construction Fund Revenues	130
Water and Sewer Improvement and Construction Fund Expenditures	131

DEBT FUNDS

Debt Service Fund Schedule.....	133
Debt Service Fund Revenues	134
Debt Service Fund Expenditures	135
Water and Sewer Bond and Interest Fund Schedule	136
Water and Sewer Bond and Interest Fund Revenues.....	137
Water and Sewer Bond and Interest Fund Expenditures	138
Water and Sewer Bond Reserve Fund Revenues	139
Water and Sewer Bond Reserve Fund Expenditures.....	140
Water and Sewer Depreciation Fund Revenues	141
Water and Sewer Depreciation Fund Expenditures.....	142

OTHER FUNDS

Cemetery Fund Program Description	143
Cemetery Fund Revenues	144
Cemetery Fund Expenditures	145
Swimming Pool Program Description	146
Swimming Pool Fund Revenues	149
Swimming Pool Fund Expenditures	150
Village Construction Fund Revenues	151
Cemetery Trust Fund Revenues.....	152
Cemetery Trust Fund Expenditures.....	153
Cemetery Acquisition Fund Revenues	154
Community Development Fund Revenues	155
School Donation Fund Revenues.....	156
School Donation Fund Expenditures.....	157
Cul De Sac Fund Revenues	158
Cul De Sac Fund Expenditures.....	159
Insurance Fund Revenues	160
Insurance Fund Expenditures	161
Hotel Tax Fund Revenues	162
Hotel Tax Fund Expenditures.....	163
Police Pension Fund Revenues.....	164
Police Pension Fund Expenditures	165

SUPPLEMENTAL DOCUMENTS

Statistical Information	
Algonquin	166
Historical Demographic Profile.....	167
Department Highlights.....	168
Population and Housing.....	169
Business and Employment.....	170
Glossary	172
Glossary of Acronyms	184



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Village of Algonquin
Illinois**

For the Fiscal Year Beginning

May 1, 2006

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the **Village of Algonquin, Illinois** for its annual budget for the fiscal year beginning **May 1, 2006**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

ORDINANCE NO. 2007-0-14
AN ORDINANCE APPROVING THE VILLAGE OF ALGONQUIN
ANNUAL BUDGET FOR FISCAL YEAR 2007-2008

WHEREAS, the Village of Algonquin, McHenry and Kane counties, Illinois, is a home rule municipality as contemplated under Article VII Section 6, of the Constitution of the State Illinois, and the passage of this Ordinance constitutes an exercise of the Village's home rule powers and functions as granted in the Constitution of the State of Illinois.

WHEREAS, the Village of Algonquin, McHenry and Kane Counties, Illinois, has adopted 65ILCS 5/8-2-9.1 through 5/8-2-9.9 in lieu of passing an appropriation ordinance prior to the end of the first quarter of the fiscal year; and

WHEREAS, 65 ILCS 5/8-2-9.4 requires that the annual budget shall be adopted by the corporate authorities before the beginning of the fiscal year to which it applies; and

WHEREAS, Ordinance 92-O-82 requires the preparation of an annual budget Ordinance for approval by the Board of Trustees.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Algonquin, McHenry and Kane Counties, Illinois, as follows:

SECTION 1: That the Village of Algonquin Annual Budget for Fiscal Year 2007 – 2008, attached hereto and made a part hereof, is hereby approved.

SECTION 2: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue to full force and effect.

SECTION 3: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is here by authorized) as provided by law.


Voting Aye: Trustees: Jim Steigert, Barbara Read, John Spella, Bob Smith, Jerry Glogowski,
and Brian Dianis

Voting Nay: None


Absent: None

Abstaining: None

Approved:


John C. Schmitt, Village President




Gerald S. Kautz, Village Clerk

Passed: April 3, 2007

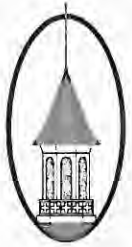
Approved: April 3, 2007

Published: April 4, 2007

Y:\VILLAGE\BUDGET\Budget 2007-2008\Budget Ordinance 2007-2008.doc

Prepared By:

William J. Ganek, Budget Officer
Village of Algonquin
2200 Harnish Drive
Algonquin, IL 60102



Village of Algonquin

The Gem of the Fox River Valley

BUDGET MESSAGE

APRIL 19, 2007

The Village of Algonquin Residents,
President and Board of Trustees

SUBJECT: 2007- 2008 Annual Budget

Honorable President and Board of Trustees:

Transmitted herewith is the Village of Algonquin Annual Budget for Fiscal Year 2007-2008. The annual budget represents the single most important policy adopted each year in any organization. This is particularly true in a growing village such as Algonquin, which offers multiple services and programs to its residents. The budget provides information that guides Village decision makers in making allocation choices based on anticipated revenue projections. The budget document is a planned program of expenditures based upon the revenue projections that carry out the Village's scope of services and goals established by the President and Board of Trustees. This budget document is a tool used to assist Village officials in making sound and rational choices regarding the provision of services to the public. The budget document should demonstrate relationships among fiscal entities: 1) revenues and operating programs, 2) taxes and services, 3) employment levels and costs, and 4) community priorities and practical constraints.

To this end six "Guiding Principles" have been established to guide the budget's development and to measure the success of the recommended implementation of the budget.

Fiscal Year 2007-2008 Guiding Principles

The Guiding Principles were established as part of the 2005-2006 budget year process. They have been refined for the 2007-2008 budget as outlined in the list below. The Village aims to focus its time and resources in accomplishing the following objectives:

- MAINTAIN AND/OR ENHANCE CUSTOMER SERVICE AND CITIZEN SATISFACTION

In order to provide the most efficient and effective services to residents, staff should continually **evaluate operations**. This can be accomplished by increasing the consistent focus on customer service through

efficiency studies, training of front line staff, and evaluating roles and responsibilities; and focusing on employee satisfaction, growth, and development foster positive customer service through training, evaluating roles and responsibilities, and implementing mechanisms for promoting effective internal and external communication.

- CONTINUE TO PROMOTE AND FOSTER ECONOMIC DEVELOPMENT

Economic development is instrumental in meeting the following initiatives: offering residents a community in which they can live, work, and play; creating jobs and bringing visitors to our community; providing revenue to fund needed capital projects and other operational programs; and allocating the necessary resources to **the continued development of the Village's economy**, focusing on the Business Park, downtown, Route 62 east corridor, and the mining operations.

- EVALUATE, PLAN FOR, AND IMPLEMENT IMPORTANT CAPITAL IMPROVEMENT PROJECTS IN ORDER TO MAINTAIN THE VILLAGE'S INFRASTRUCTURE AND UPHOLD A HIGH QUALITY OF LIFE FOR RESIDENTS

Providing adequate infrastructure throughout the Village is pertinent in order to ensure safe roadways, functional water and sewer systems, and top notch park facilities for residents, businesses, and visitors. Continue to develop and implement **multiyear plans**, including neighborhood capital improvements. Continue to develop and refine the Village's **transportation** network in order to provide efficient and easy access via the Village's roadway system.

- ASSESS ALL VIABLE OPTIONS TO INCREASE/MAINTAIN THE VILLAGE'S REVENUE BASE

Explore grants, storm water utility, and additional economic development. Obtain additional, dedicated revenue sources for funding capital projects. Evaluate projects and operations to find opportunities for **cost savings**.

- CONTINUE TO ALLOCATE THE NECESSARY RESOURCES FOR THE MAINTENANCE OF THE PUBLIC'S HEALTH, SAFETY, AND WELFARE THROUGH A WELL TRAINED AND DEDICATED POLICE FORCE.

Emphasizing and focusing on **public safety, emergency planning, and homeland security** remains a priority. As the number of commercial establishments expands significantly in the Village and the needs of the citizenry fluctuate and expand, more resources must be allocated to this important government function.

- CONTINUE TO PROMOTE AND DEVELOP PROGRAMS WITH A CONSERVATION FOCUS

Promoting and adhering to a conservation mindset and lifestyle has been a priority for the Village over the past several years. Conservation is imperative in order to protect and conserve natural resources, such as water, wetlands, and natural water bodies. Promote and enforce the Village's **water conservation program**, and begin to work with other governments and agencies to address issues of water quality and quantity on a regional basis. Continue to promote the Village's **recycling** program through educational materials and other programs.

In addition to advancement of services provided to our citizens, the replenishment of the three month minimum working capital can be satisfied during this fiscal year and be set on course for growth in the future. The decline of the working capital (cash reserve) occurred due to the reduction of state anticipated revenues over the past five years. The growth in sales and property taxes are resulting in larger increases than the declining rate of state revenues which still remain questionable.

For more information on the guiding principles and how they tie into the budget, please see Supplement Two: Implementation of the Guiding Principles.

Budget Overview

The Village of Algonquin is currently operating under the budget system as provided for by Illinois State Statutes. This process was adopted in lieu of passing an appropriation ordinance, since under the budget

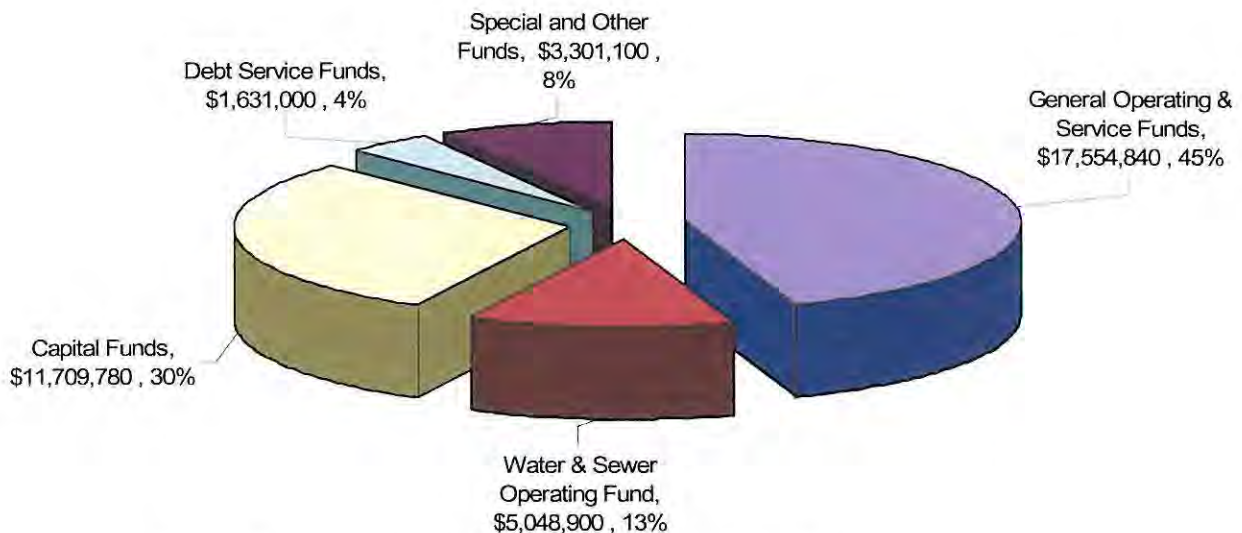
system its adoption more truly reflects anticipated receipts and disbursements. Under State Statutes, the annual budget must be adopted by the corporate authorities before the beginning of the fiscal year (May 1). The President and Board of Trustees of the Village of Algonquin adopted the annual budget for fiscal year 2007-2008 on April 3, 2007.

The budget for the Village is comprised of several funds. The principal operating funds are the General Fund and the Water and Sewer Operating Fund. There are several other funds that can be classified as capital improvement project (CIP) funds, debt service funds, service and special funds. Each fund has specific purposes, which are separated within the budget to account for these defined purposes.

The 2007-2008 budget for all funds of the Village of Algonquin totals over 40 million dollars of expenditures, including transfers. The Village establishes a budget for twenty-three separate funds. These funds can be further paired into five major funding groups as seen on the chart below.

Expenditures by Type of Fund*

Total: \$39,245,620



* Service fund expenditures are incorporated into the operating budgets.

The largest fund is the General Operating Fund for the Village at almost 17.5 million dollars (including transfers) in expenditures. These funds go towards the majority of services provided to the community by the various departments of the Village. The second largest category includes the capital improvement project funds which constitutes over 11.7 million dollars (including transfers) to be allocated towards improvements of the street system, water and sewer system, and parks. The other Operating Fund of the Village also serves as an Enterprise Fund and is the Water and Sewer Operating Fund. This fund consists of over 5 million dollars of expenditures (including transfers), and is necessary for the water and sewer distribution and treatment services used by Village residents. Due to their importance and the general operation of the Village, the Capital Funds, General and Water and Sewer Operating funds will be discussed in depth later in this summary. The Special and Other Funds include a total of over 3 million dollars (including transfers) and consist of various other funds relating to Pensions, School Donations, Cemetery Trusts, Insurance, and other funds. The last category is Bond and Interest which is over 1.6 million dollars and is used to retire debt previously established by the Village.

The 2007-2008 budget, as the previous four budgets, utilized a "constraint budget process" (discussed in the next section) to insure that expenditures do not exceed the projected revenues for the operating budget. Other funds, such as capital funds or debt funds, have reserves established to offset any shortfalls

of revenue for any particular year where the expenses exceed the revenues in order to accomplish the purpose of those limited purpose funds. The overriding principle for the operation funds is to “live within our means.” This principle is followed closely with additional emphasis to enhance our reserves in excess of the 25% (three month). Once this contingency was established in the base budget of the expenditure guidelines for fiscal year 2007-2008, the constraint budgeting process required each department to submit their individual budget maintaining the current level of service provided to our residents. This includes the maintenance of a competitive compensation and benefit package. Using this method of budgeting, the General Fund and Water Sewer Operating Fund budgets support the largest assets of the Village, its employees. Because of revenue growth in both the General Fund and the Water and Sewer Operating Fund budgets, the Village was able to maintain the high quality of life for residents and address the increasing service levels based on demand when necessary. Both income tax revenue and the equalized assessed value (property taxes) permitted further enhancements to the budget program. This increase provides the Village with the opportunity to reduce the property tax rate for property owners within the Village.

Additions of personnel were limited the past several years; so, there was a need to expand service capabilities this fiscal year. Staffing levels are proposed to increase by nine positions, specifically within the Police and Public Works Departments. The balance of the budget and any additional revenue projected in this budget went toward added equipment which would help our existing complement of employees provide more efficient services. Specialized equipment for road shoulder repair, park maintenance, park and play field maintenance, and water and sewer vehicles will be purchased with the idea of providing employees with tools for improved productivity in their respective fields.

Capital improvements over the past several years have been accelerated to satisfy the multi-year capital plans for streets, parks, and water and sewer improvements. As these plans are reviewed and updated each year, it was determined that the improvements over the next five years are beginning to exceed our capabilities to provide necessary funding. In 2006, upon analysis of the Village’s detailed updated five year capital plan for streets, water and sewer facilities, and parks, the Village Board enacted a home rule sales tax of three quarters of a percent to be applied towards capital facilities and infrastructure identified in the capital plans. To offset the impact of the sales tax on our residents, the utility tax for natural gas was reduced from 4% to 1%. In previous budgets, the utility tax was used for infrastructure improvements and the 1% will remain for that purpose. However, the net effect over the next five years will accomplish more than half of the planned expenditures within the capital improvement program. Existing revenue sources were anticipated to cover most of the remaining expenses needed to satisfy the capital plans. However, the depleted fund reserves from previous budgeted capital expenditures have reached the point where only limited street and park improvements can be accomplished during this fiscal year. By far the largest capital project expected for fiscal year 2007-2008 is the phase 6 expansion to the Wastewater Treatment Plant. This fourteen million dollar project is being partially funded by a water and sewer bond issue which was implemented by the Village Board in December of 2005. The proceeds of this bond issue are to be spent directly on the phase 6 expansion of the Wastewater Treatment Plant. The debt service for the nine million dollar bond issue is also scheduled for payment from future water and sewer connection fees funded by future development as well as the new home rule sales tax.

Factors Contributing to Changes in the Budget

Many factors, including policy issues, legislative mandates, and economic conditions, have impacted this year’s budget. Several of these factors are highlighted below, and described in further detail throughout the budget document.

POLICY ISSUES IMPACTING THE BUDGET

The Village Board established many directives that led the design of the budget, including:

- Continued emphasis on the Village’s comprehensive water conservation program as well as expansion of the Village’s water and sewer systems. Water Treatment Plant No. 3 came on line

in 2005, increasing the Village's capacity to provide water to residents. However, water conservation practices will continue. Funding is allocated for development of a deep well addition to Water Treatment Plant #3.

- Promotion and development of both the Village's Business Park and the downtown area have been a continued goal of the Village Board. This year, additional emphasis will be placed on the Business Park through an enhanced marketing strategy. Downtown efforts have been expanded with the addition of Cornish Park along the Fox River and design work is planned for expansion to streetscape improvements to support the downtown.
- A Special Census will be conducted in the spring/early summer of 2007 to capture additional residential growth in the Village, resulting in enhanced revenues based on the projected population increase.
- Recent bids initiated by the Village have come in over estimate, due to cost increases in the construction industry, especially relating to the higher cost of materials. Infrastructure needs in the Village are increasing to the aging of streets and water and sewer lines. These factors are resulting in a growing gap between capital expenditures and revenues. The Village is moving forward cautiously with only the highest priority capital projects.

LEGISLATIVE ISSUES IMPACTING THE BUDGET

- Increased state and federal requirements relating to improved homeland security issues have made it necessary for the Village to fund upgrades to security at the Public Works facility and all three water treatment facilities. The Police budget also reflects purchases and objectives to meet government homeland security standards.
- The Illinois Environmental Protection Agency (IEPA) and other governmental agencies that regulate environmental issues continue to reevaluate and increase their standards that municipalities must meet or exceed. The budget includes funding for establishment of pretreatment programs that will be required of all businesses that discharge into the Village's wastewater system and that meet certain standards. One urgent issue facing the Village currently is the need to expand the Village's Wastewater Treatment Plant. The Village is approaching IEPA allowable figures for treatment of wastewater, and the plant must be expanded to accommodate new growth in the Village. Funding for this expansion is included in the budget.
- Regulations for stormwater management are also adding a financial burden through the NPDES stormwater permit process.

ECONOMIC FACTORS IMPACTING THE BUDGET

- The Village continues to see growth in the commercial arena, with steady addition of retail, restaurants, and other commercial entities along the Randall Road corridor and on the east side of the Village. This development widens the Village's sales tax base, and provides jobs for residents.
- The Village's EAV continues to grow, and the Village's portion of residents' overall tax rate is maintained at the same rate even though Village property tax receipts increase.
- Income tax revenues distributed by the State of Illinois were stagnant and even lagged on occasion over the past four years. Receipts have now stabilized and are starting to show growth.
- Residential growth has slowed significantly over the past year, resulting in decreased community development revenues. This trend is expected through this fiscal year.
- The need for additional police personnel for traffic control through neighborhoods is growing at a faster rate than revenue growth.
- Health and liability insurance costs continue to rise, and are consuming larger portions of the budget each year.

Constraint Budgeting Process

The budget for the General Fund for the fourth year followed a “constraint budgeting” process to ensure maintenance of the existing services while enhancing budget goals by department and division in the allocation of the anticipated revenue growth for the Village. In other words, it is the overriding principle of the budget to deliver outstanding service to our citizens at a reasonable price.

The 2007-2008 General Fund budget maintains its conservative projections of revenues and expenditures, and attempts to solve some of the concerns for improved service delivery identified by elected officials, Village staff, and citizens of this community. To maintain this approach, the budget for the General Fund again followed a “constraint budgeting” process. The steps followed in this process were as follows:

1. Revenue projections are made to establish the maximum framework for expenditure limits.
2. Determination of fixed costs for things such as personnel, utilities, and maintenance are placed in each of the departments’ budgets.
3. Allocating of the “constraint budget” is made in an amount slightly over the fixed costs determined in step 2 above and well below the revenue projection made in step 1 above.
4. Departments prepare their budget within the constraint guidelines with possible “enhancement” requests over the constraint which must be further justified.
5. Each department budget is reviewed and the enhancement budget requests are evaluated on how they accomplish the guiding principles noted above in step 4.
6. The budget is balanced to assure it is at or below revenue projection (*step 1 above*), finalized, and presented to the Village Board and public for consideration and adoption.

Conclusion

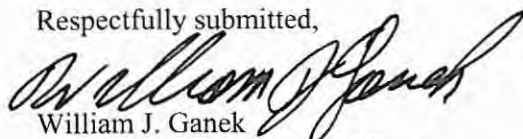
Projected revenues and expenditures are conservative yet realistic, so the implementation of this budget will result in continued improvement in the delivery of services to the residents of the Village of Algonquin. Implementation of this budget must be kept in mind as policy decisions are made throughout the year. With the support of the President and Board of Trustees, and the assistance of the Village staff, this budget can serve as a guide to maintaining efficient and effective municipal services and accomplishing the Village's financial objectives.

It is essential to carefully maintain the day-to-day operations, but continue to pursue important capital improvement projects. In many cases, these capital improvement projects warrant significant attention in respect to their opportunity to yield future operational cost savings, which enhance the Village's ability to contend with the many pressures upon local government presented by state mandates, tax caps, declining revenue sources, federal mandates, escalating insurance costs, and other demands for new or improved services from our residents.

This budget takes another step in affording the Village of Algonquin the opportunity and capability to initiate the projects tied to growth management of the Village, while maintaining a sound financial base for the benefit of the residents of the community and the improvement of its infrastructure.

For further discussion on the budget, please review the following budget supplements: Supplement One: Discussion of Funds, Trends, and Influences on the Budget, and Supplement Two: Implementation of the Guiding Principles.

Respectfully submitted,


William J. Ganek
Village Manager/Budget Officer

WJG:mfs

SUPPLEMENT 1: DISCUSSION OF FUNDS, TRENDS, AND INFLUENCES ON THE BUDGET

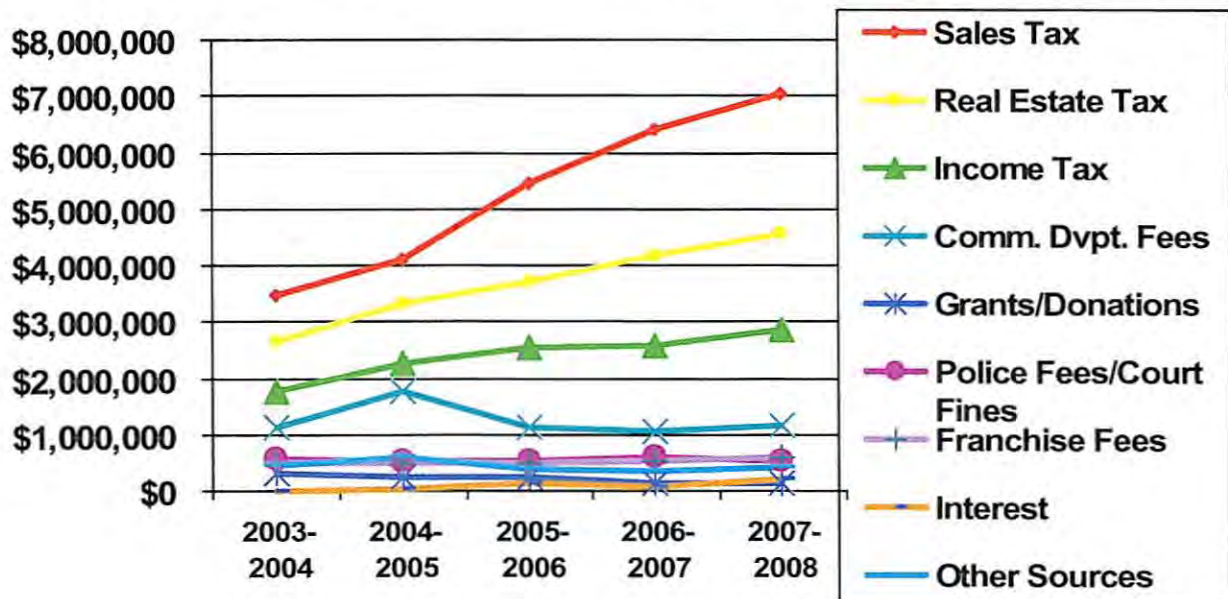
GENERAL FUND BUDGET OVERVIEW

The annual budget is a financial statement of the goals and objectives for the Village during the fiscal year. These goals and objectives have been assessed and reconfirmed over the past year regarding the delivery of basic Village services. The General Fund budget maintains its conservative projections of revenues and expenditures, and attempts to solve some of the concerns for improved service delivery identified by elected officials, Village staff, and citizens of this community. The budget for the General Fund followed a “constraint budgeting” process to ensure maintenance of the existing services while enhancing budget goals by department and division in the allocation of the anticipated revenue growth for the Village. It is the overriding principle of the budget to deliver outstanding service to our citizens at a reasonable price.

The 2007-2008 General Fund budget projects a 10% increase in revenues and expenditures as compared to the budget for the 2006-2007 fiscal year.

GENERAL FUND ANTICIPATED REVENUE (\$17,554,840) There are many sources of revenue needed to fund a \$17 million General Fund budget. Some of the revenue accounts are predictable based on past trends, while other revenues are dependent on activities that fluctuate from year to year. This section will address the larger revenue accounts and those revenue accounts involving various assumptions and deviations from the 2006-2007 budget.

The following chart shows the budget trends for revenues that support the general fund, by category.



The major categories of revenue line items are as follows:

SALES TAX - \$7,030,000 - Commercial development activities have increased dramatically from the previous two years within the Village due to recent large retail development projects. However, after the initial commercial development of the Commons, other approved projects have resulted in a slower than anticipated build out. The shortage in sales tax receipts realized during the 2005-2006 has been gradually made up with additional commercial projects during the 2006-2007 fiscal year. Projected sales taxes contribute approximately 40% of the total revenue for the General Fund, and are, by far, the largest revenue source in the General Fund.

Sales tax is one revenue source that can fluctuate based upon competition from adjacent communities and external economic forces from year to year and should not be completely relied upon as the ever increasing revenue source. The timing of new commercial uses and predicting sales tax to be generated by these new and sometimes competing businesses makes sales tax less predictable as a growth revenue source.

INCOME TAX - \$2,883,500 – Income taxes received by the State are based upon the census of population and overall income taxes collected by the State. The economy over the past three to four years resulted in a reduction of the income tax revenue collected by the State. However, recent growth in the State's economy will result in an increase in the share of income tax to the Village. The income tax revenue is projected at a 12% increase from the current budget projection. Income tax consists of 16% of the total revenue for the General Fund.

COMMUNITY DEVELOPMENT FEES - \$1,171,000 - The revenue from building permits, platting fees and annexation may fluctuate based on the economy and the extent of building activity. However, the decline in residential building permits is expected to be offset only slightly by growth of new development (primarily in the commercial area) this fiscal year. Based on the anticipated pace of building activity, an 11% increase from the current budget in overall community development fees is projected. Community development fees are estimated to account for 7% of the General Fund revenue.

POLICE AND COURT FINES - \$535,500 – This series of revenue accounts make up the payments from fines, prosecution fees and forfeited funds related to police and court activities plus any reimbursement for police training. These items account for 3% of General Fund Revenue.

FRANCHISE FEES - \$585,000 – These items cover revenues provided to the Village by utility companies for use of the public right-of-ways through franchise agreements. This revenue accounts for approximately 3% of the revenue in the General Fund.

INTEREST - \$206,500 - These revenue line items include interest received from the various investment institutions utilized by the Village. With the notable increase of working capital, there is a certain amount of estimation necessary to project revenue from interest rates that can fluctuate throughout the year. Interest income accounts for 1% of the General Fund Revenue, an increase over the 2006-2007 budget year due to better returns on investments.

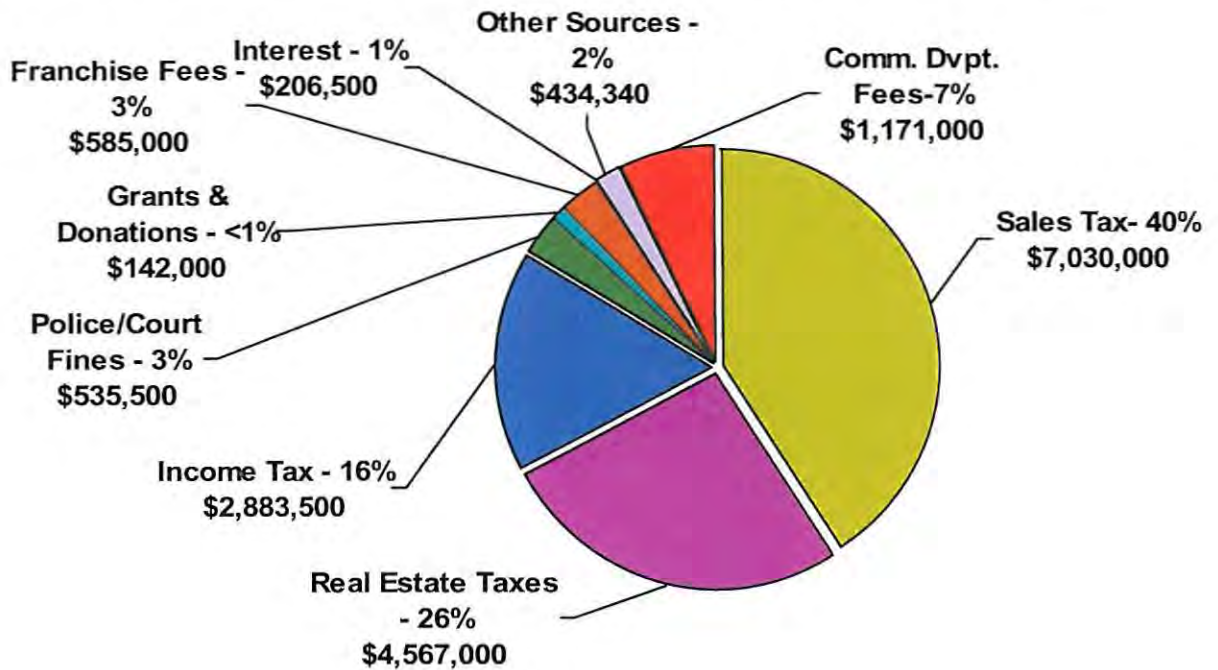
GRANTS AND DONATIONS - \$142,000 - This line item recognizes the revenue anticipated under the traffic grant program as well as donations for various purposes such as Founders' Days and ecosystem maintenance. The funds available for grants and donations have declined over the years to less than 1% of the General Fund revenues.

REAL ESTATE TAXES - \$4,567,000 - The real estate tax revenues include the distribution of the real estate taxes as levied. The real estate tax revenue contributes approximately 26% to the General Fund Budget,

and is the second largest source of revenue next to sales taxes. Due to the growth of newly developed commercial properties this revenue source has increased 13% from current year projections.

OTHER REVENUE - \$434,340 - Twenty-one other revenue sources account for the balance of the total revenue stream for the General Fund. All of the smaller revenue accounts together make up 2% of the General Fund revenue.

The following chart shows the breakdown of revenue items that fund the General Fund budget.



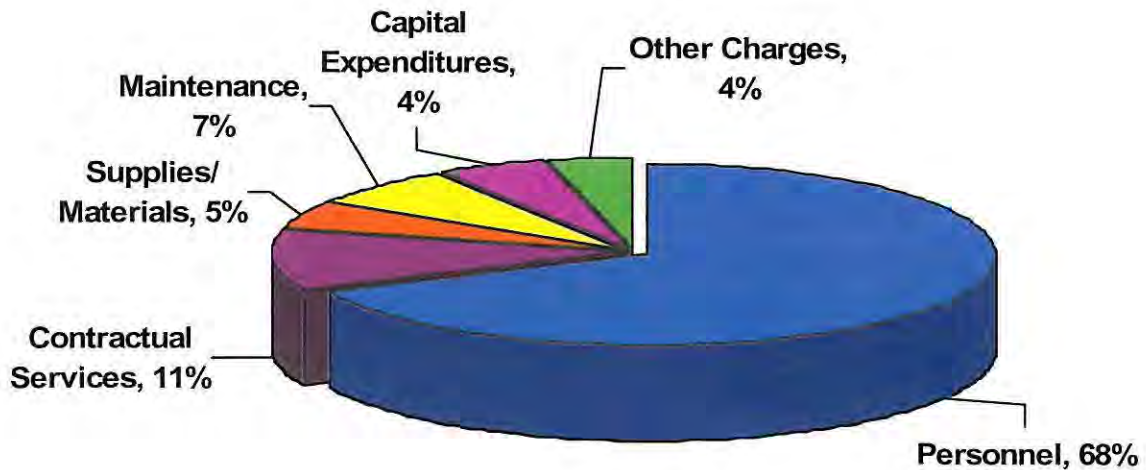
GENERAL FUND EXPENDITURES

Administration, Police, Community Development, and Public Works are separate Departments funded by the General Fund. Public Works has three distinct divisions of responsibility covered under the General Fund: (1) Streets Division, (2) Parks & Forestry Division, and (3) Public Works Administration. The Water and Sewer Division is also under the Public Works Department, but is classified under the Water and Sewer Operating Fund, and is considered a separate free-standing Enterprise Fund. The Vehicle Maintenance Service and Building Service Funds are administered through the Public Works Department, but receive their revenue from each department based upon the needs of vehicle and equipment maintenance.

General Fund Expenditures By Department

Administration	\$2,613,450	15%
Police	\$7,413,480	42%
Public Works Administration	\$650,740	4%
Streets	\$2,235,650	13%
Parks and Forestry	\$1,662,090	9%
Community Development	\$1,412,350	8%
Long-Term Debt	\$124,840	1%
Multidepartmental	\$1,442,240	8%
Total:	\$17,554,840	100%

General Fund Expenditures by Category



*Does not include transfers to other funds (debt service, pool, etc.) or long-term debt costs. Adjustments are also made to accurately reflect the effect of the redistribution line items, to adjust for the capital lease purchases, and to include the networking and GIS costs found in the Multidepartmental budget.

PERSONNEL

Last year's budget focused more on providing improved efficiency through streamlining operations and purchasing much needed equipment rather than the hiring of additional personnel. This year, due to many factors, such as the addition of Cornish and Spella Parks and new streets within the Village, it is imperative that the Village hire additional personnel to maintain expected service levels. Within the proposed General Fund budget, it is recommended that the Village add seven full-time employees during this fiscal year. The proposed new staff is as follows:

- Administration	0 employee
- Police	5 employees
- Streets	1 employee
- Parks	1 employee
- Community Development	0 employee
Total	7 employees

The General Fund budget suggests modest salary increases for both current and proposed personnel. The Village Board will be considering whether there will be any increases to the merit compensation plan for non-union employees, which is examined annually. The plan provides that the Department Heads, with the advice and consent of the Village Manager, will review all non-union employees for possible merit increase. Each department establishes a merit pool, so the proposed raises can reflect job performance rather than automatic across-the-board pay increases. For budget purposes, an approximate 4.5% merit pool increase is recommended at this time. Implementation of the merit compensation plan as established by the Committee of the Whole and the Village Board, by ordinance, will determine the appropriate merit pool increases for the employees during the 2007-2008 fiscal year.

OTHER GENERAL FUND INITIATIVES

Highlights of the General Fund Expenditures are outlined in the "Guiding Principles" section of this budget. To summarize, there are several major initiatives outlined in the General Fund for the 2007-2008

fiscal year, including the first stages of a 2007 special census, the second year of funding a vehicle replacement program, creation of an old town district tending team, purchase of a major piece of equipment (a grinder/planer) to assist with road resurfacing, purchase of three hybrid vehicles, continued enhancement of the three month cash reserves, and several neighborhood improvement projects.

WATER AND SEWER OPERATING FUND

The Water and Sewer Operating fund is a separate enterprise account that does not receive any tax income since revenue is derived solely from the use of the Village's water and sewer services. It is this reason the fund is classified as a true Enterprise Fund. The revenues and expenditures are directly related to the demand for these water and sewer services and are not supplemented by any other fund.

The fiscal year 2007-2008 Water and Sewer Operating Fund budget shows revenues slightly higher than expenditures, with estimated revenues of \$5,093,550 (3% increase) and expenditures of \$5,048,900 (2% increase). The modest increase in revenues is reflective of the effective water conservation programs implemented for the summer months. Hot and dry summers may produce increased revenue for water production, but it is better to be conservative in this budget and not depend on specific weather conditions.

ANTICIPATED REVENUE - WATER AND SEWER OPERATING FUND - (\$5,093,550)

Over \$4.8 million is expected to be generated from water and sewer fees. This source alone accounts for 95% of the revenue needed to operate the water and sewer system of the Village. Other revenue sources are generated from interest on cash reserves, service charges, late charges, turn on fees, new meter sales, and the sale of obsolete equipment.

PROPOSED EXPENDITURES - WATER AND SEWER OPERATING FUND - (\$5,048,900)

The expenditure format for the Water and Sewer Operating Fund separates the Water and Sewer Divisions; however, many of the expenditure items are split evenly between the Water Division line items and the Sewer Division line items.

With regard to personnel for the Utilities Division, this budget proposes one additional employee, an Environmental Compliance Officer. This position will supervise environmental programs for this division, such as the industrial pre-treatment program, grease management, wellhead protection, and permit tracking.

Operation and maintenance costs are increasing due to expansion to water and sewer distribution and treatment processes and continued aging of the entire system. The water and sewer operating budgets recognize the department's concentration on improved maintenance of the water system as seen by comparison of expenses between the water and sewer divisions (52% water – 48% sewer).

It is essential that the Village maintain the day-to-day operations and maintenance of this Enterprise Fund. Environmental Protection Agency requirements continue to tighten the standards on the quality of the drinking water and sanitary sewer effluent. This in turn raises the bar on the quality of the product generated by the Water and Sewer Divisions for the benefit of our citizens.

INTERNAL SERVICE FUNDS

VEHICLE MAINTENANCE SERVICE FUND – (BALANCED AT \$966,840)

The Vehicle Maintenance Service Fund is established to account for all the vehicle and equipment maintenance necessary across all departments of the Village. All parts and labor expenses incurred as part of the Village's annual vehicle maintenance are estimated and then allocated to each department based on number of vehicles and equipment. In addition, this service fund has similar overhead expenditures of "contractual services," "supplies," "maintenance," and "training," as do other department budgets. The Vehicle Maintenance Fund coordinates the daily maintenance of over 300 vehicles and other pieces of equipment (i.e. implements with engines such as chain saws, weed whips etc.) that

comprise the Village's fleet. The Vehicle Maintenance Service Fund is proposed with an 8% increase in expenditures from the current fiscal year.

BUILDING SERVICES FUND – (BALANCED AT \$618,800)

Oversight of building maintenance and building supplies has traditionally been conducted by the Public Works Department. This Department will continue to oversee these operations; however, in order to more accurately track costs and determine the actual amount necessary to operate each division of the Village, Building Services is now covered under a separate internal service fund. This division was officially established to allow building maintenance staff to establish routine maintenance procedures, establish accurate staffing levels, and provide budgetary information. The Public Works Administration budget, which included the costs for building maintenance and supplies in the past, has been reduced due to the creation of this new fund.

CAPITAL IMPROVEMENT PROJECT FUNDS

These funds are discussed in detail in Supplement 2 to the Budget Message, following this document.

DEBT FUNDS

The Village has five (5) bond series outstanding that require debt service from these funds. Three are related to the Water and Sewer Utility while the remaining bonds pertain to construction of Village Hall and the Public Works Facility. The Village does not plan to issue any debt during the 2007-2008 fiscal year. Aside from the capital debt issues described above in the water and sewer enterprise system, the next major capital project that may require bond issuance will be the expansion of the Village Hall, planned for 2011.

WATER AND SEWER BOND AND INTEREST

The Water & Sewer Bond & Interest Fund is used for debt service requirements of the 2001A, 2002 and 2005A bond series. Revenues include transfers totaling \$884,030 from Water & Sewer Operating and Water & Sewer Construction Funds as well as \$30,000 in interest income for total revenues of \$914,030. Expenditures include principal payments of \$430,000, interest expense of \$445,000 and bond fees of \$10,000 for total expenditures of \$885,000. Cash reserves will be used to balance the cash flow this fiscal year.

WATER AND SEWER BOND RESERVE

The Water & Sewer Bond Reserve Fund is required to have funds on deposit equal to the maximum annual debt service of Series 2002 which is \$252,245.00 for Fiscal Year 2008. These funds are available for debt service payments if there are insufficient funds in the Bond & Interest Fund for payment of debt service. This deposit requirement has been met and the only revenue is interest income in the amount of \$25,000. Expenditures of \$25,000 represent a year-end transfer of excess funds to the Water & Sewer Improvement and Construction Fund.

WATER AND SEWER DEPRECIATION

The Water & Sewer Depreciation Fund is required to have funds on deposit in the amount of \$150,000.00 for possible use as the only source of debt service payments or extraordinary maintenance and repairs in the utility system. This deposit requirement has been met and the only revenue is interest income in the amount of \$7,500. Expenditures of \$7,500 represent a year-end transfer of excess funds to the Water & Sewer Improvement and Construction Fund.

DEBT SERVICE

This Debt Service Fund is used for debt service requirements of the 2002A and 2005B bond series. The total revenues of \$738,800 include a \$593,800 transfer from the General Fund and interest income of \$145,000. Debt service expenditures include \$410,000 for principal payments, \$298,500 for interest expense, and \$5,000 for bond fees for total expenditures of \$713,500.

CEMETERY FUNDS:

The Village operates a municipal cemetery that has been in operation since before the incorporation of the Village in 1890. The Village has taken numerous steps over the last four years to enhance the cemetery, both operationally as well as aesthetically with the restoration of headstones, paving of access roads, land acquisition, and installation of directional markers.

CEMETERY ACQUISITION

The Cemetery Acquisition Fund provides for future land acquisition. Cemetery Acquisition revenues is \$200 from interest income. There are no expenditures planned for this fiscal year.

CEMETERY TRUST

The Cemetery Trust Fund provides investment income for perpetual care in maintaining the cemetery. We expect \$10,000 in interest income and perpetual care revenues of \$1,500. Expenditures consist of a \$6,000 transfer to the Cemetery Fund.

DEVELOPMENT FUNDS:

COMMUNITY DEVELOPMENT

The Community Development Fund is the revolving loan fund for development of small business. There are no loans at present and the only revenue is interest income of \$7,000. There are no loans proposed for this year.

SCHOOL DONATION

School Donation Fund revenues are budgeted at \$2,003,000 including \$2,000,000 for impact fees (per ordinance) and interest of \$3,000. The expenditures for this fund include impact fee payments to the two school districts totaling \$2,000,000 and \$3,000 for administration of the account.

CUL-DE-SAC

Cul-De-Sac Fund revenues include interest income of \$40,000. Expenditures are \$32,000 for contract snow plowing and \$82,500 for a grinder/planer that will be used for grinding asphalt and preparing cul de sac streets for new surfacing. (The total cost for the grinder/planer is \$165,000; the cost is shared with the Streets Division.)

TAX LEVY FUNDS:

INSURANCE

The Insurance Fund is primarily used for liability insurance. The revenues include interest of \$20,970 and real estate taxes of \$577,500 for a total of \$598,470. Expenditures include \$590,870 for insurance premiums and \$7,600 for professional services including the Employee Assistance Program and hepatitis shots.

POLICE PENSION

Revenues for the Police Pension Fund total \$1,333,500 including employee contributions of \$357,590, investment income of \$530,950 and employer contributions of \$444,960. Expenditures total \$272,000 due to pension benefits/employee contribution refunds of \$228,000 and administration expenses of \$44,000.

OTHER FUNDS:

VILLAGE CONSTRUCTION

The Village Construction Fund is used to account for construction costs of municipal buildings. Revenues include interest of \$2,600 and donations for Municipal Facility Fees of \$20,000 for a total of \$22,600. There are no expenditures planned for this fiscal year.

HOTEL TAX

Hotel Tax Fund revenues are taxes on hotel room billings pursuant to the municipal ordinance. The budget for revenues is \$86,000 including hotel tax receipts of \$80,000 and interest income of \$6,000. Expenditures are \$76,000 per a development agreement and \$10,000 for regional/ marketing for a total of \$86,000.

SUPPLEMENT 2: CAPITAL IMPROVEMENT PROJECT FUNDS

This budget continues the Village's focus on important infrastructure improvements throughout the community. Capital expenditures are defined as "expenditures made to acquire, add to, or improve property, plant, and equipment, including land, structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and tangible and intangible exploration and development costs. In accounting, a capital expenditure is added to an asset account (i.e. capitalized), thus increasing the asset's basis." Following is a discussion of the capital funds as well as an outline of major capital projects planned for the 2007-2008 fiscal year.

CAPITAL FUNDS

The capital funds are an important element of the Village's overall budget. These particular funds cannot be co-mingled with other funds. They pay for major, one-time capital cost projects such as street reconstruction, water towers, and park development. Revenue for these projects is generated from a variety of sources, including the motor fuel tax, developer impact fees, grants, and the home rule sales tax. The Village considers these funds "special revenue." In other words, revenues are not used for any purpose other than capital projects. It should be noted that a percentage of the telecommunications tax is allocated directly for road improvements.

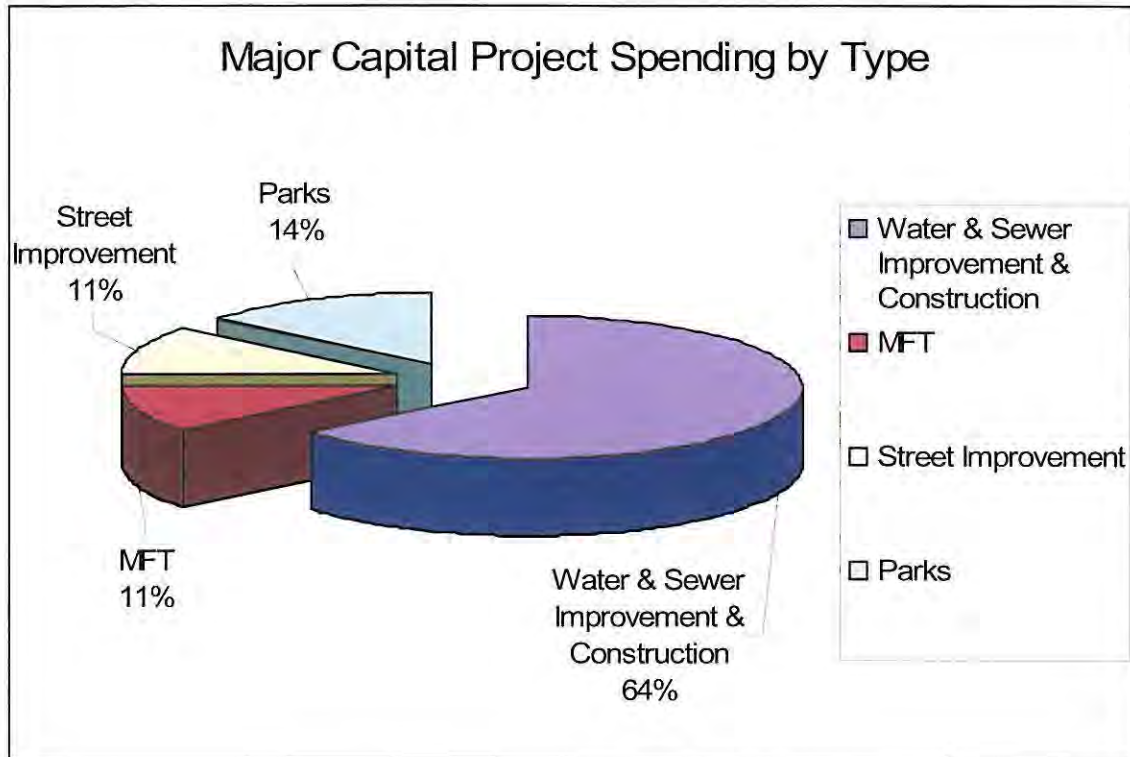
In the capital funds, we define capital projects as falling within one of the two categories described below:

Capital Improvements – Capital improvements are expenditures which are usually construction projects designed to improve the value of government assets and approved as part of the annual budget. Capital improvements can also be defined as acquisition or improvement of capital assets such as buildings, equipment, streets and water/sewer service lines.

Infrastructure Maintenance – Infrastructure maintenance involves materials or contract expenditures for the repair and upkeep of the entity's roads, bridges, water and/or sewer systems.

	Water & Sewer Improvement & Construction Fund	Motor Fuel Tax Fund	Street Improvement Fund	Park Fund	Totals
Expenditures	\$7,139,080	\$1,175,400	\$1,234,000	\$1,561,300	\$11,109,780
Revenues	\$5,392,000	\$856,000	\$1,486,000	\$721,000	\$8,455,000
Difference*	(\$1,747,080)	(\$319,400)	\$252,000	(\$840,300)	(\$2,654,780)
Revenue Source(s)	Developers (tap-on fees) and home rule sales tax	State motor fuel tax	Utility taxes	Developer park impact fees, State grants, donations for ecosystem maintenance, forestation, and wetland mitigation	

*Any shortfalls between revenues and expenditures are made up with cash reserves/fund balance.



MOTOR FUEL TAX AND STREET IMPROVEMENT FUND

These two funds have separate sources of revenue collection and expenditure requirements. The projects recommended in these two funds continue the Village's commitment to implement its multi-year street improvement program. Cash reserves within these two funds have been utilized in the past few years in an attempt to accelerate road repairs. Due to this effort over the past four years there are little or no reserves within these two funds to continue accelerating road improvements unless there is an increase in our revenue stream. Projects can now only be funded as revenue is received and accumulated to facilitate the projects year to year. The revenue for these two funds is estimated at over \$2.3 million dollars. The expenditures proposed for engineering and road construction projects covered by the two funds total just over \$2.4 million dollars. Over the past four years the Village has been putting \$3 to \$4 million per year into street improvements as part of the accelerated street program.

For this fiscal year, the Motor Fuel Tax Fund has anticipated expenditures in excess of proposed revenues of \$319,400. Last year, we accumulated a small amount of cash reserve funds in the MFT account. Thus, the MFT budget can accommodate a small amount of expenditures beyond revenues during the fiscal year. The Street Improvement Fund includes road projects which may not qualify for MFT funding due to certain restrictions required by the State on the use of MFT funds. The Street Improvement Fund budget shows proposed revenues exceeding projected expenditures by \$252,000. Some projects budgeted in this current fiscal year, such as the Circle Drive Ravine project, are carried over to the 2007-2008 fiscal year. Previous cash reserves need to continue to be accumulated in the fund to cover the larger future road projects.

WATER AND SEWER IMPROVEMENT AND CONSTRUCTION FUND

This fund includes the larger capital improvements to both the water and sewer treatment plants and distribution systems, and smaller expenditures that improve or enhance the existing system.

The Water and Sewer Improvement and Construction Fund is a capital account with cash reserves that can be accumulated from year to year. During previous fiscal years, revenues derived from tap-on fees, annexation agreements and bond proceeds were secured to cover the cost of the Wastewater Treatment Plant Expansion. It is recommended that the Village spend over \$7 million on the water and sewer treatment systems in this proposed budget. Over \$6.4 million of this fund is allocated toward phases 6A and 6B of the Wastewater Treatment Plant Expansion. The other minor expenditures include the final payout for well 13 installation and design services for the water treatment plant #3 ion exchange expansion.

Prior to allocation of the home rules sales tax to this fund, the major source of revenue for the Water and Sewer Improvement and Construction Fund was derived from the water and sewer tap-on fees from new development. The goal is that new development pays for the expansion of the water and sewer system. However, tap-on fees now account for just 28% of the revenue source. The new revenue source, a home rule sales tax which was implemented in July 2006, will bring in funds from expanding commercial development in the Village. Home rule sales tax is estimated at \$3,809,500, which is 71% of the revenue source for this fund. Other minor sources of revenue include interest and donations negotiated in recent annexation agreements. The revenue from tap-on fees is expected to decrease (37.5%) based upon the slowing of new residential and large commercial projects during this fiscal year.

PARK FUND

This fund is used for the acquisition of parklands and the development of new parks. Due to the accumulation of funds from developers, it is appropriate to complete the new park projects that have been previously planned for a few years. This year's park fund reflects completion of design and installation of phase 2 of the Ted Spella Park Wetland Mitigation and construction and grand opening of Spella Park Phase I.

CAPITAL PROJECT PLANNING

The Village of Algonquin undergoes a comprehensive review and update of the Capital Improvement Plans (CIP) each fall prior to the start of the budget process. CIPs are developed for Streets (funded through the MFT and Street Improvement Funds), Parks, and Water and Sewer projects (budgeted through the Water and Sewer Improvement and Construction Fund). Streets Division staff has a maintenance tracking program that allows them to continually monitor and evaluate the condition of all of the roads in the Village. This information is presented during the review of the capital improvement plans and factored into the prioritization process for scheduling capital improvement projects. The Capital Improvement Plans are all available for review at the Public Works Department Facility.

Below is an outline of both major capital projects and significant capital purchases included in the 2007-2008 budget.

MAJOR CAPITAL PROJECTS AND PURCHASES PLANNED IN BOTH THE OPERATING FUNDS AND CAPITAL FUNDS

Operating Funds

MultiDepartmental

Information Systems. The Information Systems budget, excluding individual purchases for departments such as personal computers, totals \$444,740. \$320,000 of this total accounts for a

new finance platform, including software and hardware. This is a major undertaking that will require a significant amount of staff time to implement over the course of approximately 1 ½ years, but should have a long term impact of increased efficiency. The total includes both capital and non-capital items that are necessary to maintain and expand the Village's computer network and Geographic Information System.

Building Services – Carpeting Village Hall (\$98,000). The carpeting in the 11 year old Village Hall is slated to be replaced. Other than the initial capital outlay for the materials and installation, this expense will have no impact on operations.

Vehicle Replacement Fund (\$247,500). Funds have been set aside for the second year in a row to establish a cash reserve for purchase of vehicles for all units of operation, excluding the Police Department, which has set replacements every year, and the Water and Sewer Divisions, which operate under a separate enterprise fund. The goal is to minimize the impact of vehicle purchases, especially more costly purchases such as a street sweeper, in order to avoid major financial burdens on a division in a particular year.

General Fund - General Services Administration

This Department does not have any capital purchases budgeted this fiscal year.

General Fund - Police

The Police Department will purchase two replacement patrol vehicles, one replacement administrative vehicle, and one shared vehicle that will be an addition to the department's fleet of vehicles. The total capital expenditure is \$126,625. These purchases will not have an impact on the operating budget; the Police Department budget typically accommodates these types of costs every year.

General Fund - Public Works

Streets Division. The Streets Division has three major capital purchases planned for the 2007-2008 fiscal year, as follows:

- Wirtgen W50DC Milling Machine (\$165,000, cost split evenly between the Streets Division and Cul de Sac budgets). This milling machine is necessary to grind asphalt before overlaying a road with new asphalt. This machine will grind and remove spoils in one task, thus expediting the whole process and allowing more work to be completed in less time. It will replace the current method of using a bobcat and grinding attachment, which destroys the integrity of the bobcat. Also, this purchase will save the Village from its annual bobcat lease, which costs the Village between \$6,000 and \$7,000 each year. It will also eliminate the patch quilt look on our roads, since staff will be able to complete an entire cross section of road instead of just a strip. This is more aesthetically pleasing and structurally more sound, for longer lasting durability which will result in an extended surface life.
- 72" Dixie Chopper (\$10,050). This piece of equipment will be added for cutting all rights-of-way, detention, and retention areas. It is necessary to maintain these areas during spring, summer, and fall. Most of these areas are high visibility and need constant attention.
- Ford F350 diesel powered pickup truck (\$35,000). This truck, equipped with a v-plow, is needed for the new supervisory position created in the previous budget. The vehicle will also be used for snow removal and as an additional fleet vehicle as needed.

Parks & Forestry Division. This division also has three capital purchases planned for the 2007-2008 fiscal year.

- Flatbed truck (\$59,000). This will replace a truck that has served its useful life and will be replaced with a similar size truck body, but with a stake bed configuration, which will allow the unit to better serve a variety of tasks.
- Superintendent vehicle (\$26,500). This hybrid vehicle purchase will expand the fleet. It is a more fuel efficient vehicle and will provide a cost savings when it comes to replacement.
- Compact pick-up truck (\$14,500). This unit will be an addition to the fleet, and will serve to transport employees to job sites.

General Fund - Community Development

This division has one capital purchase planned, a replacement pick-up truck for inspectors (\$30,000). Since this is a replacement vehicle, it will not impact their operations, but will allow them to continue to operate with functioning vehicles.

Water and Sewer Operating Fund

In this fund, two vehicles will be purchased, including a replacement vehicle for the Utilities Superintendent (\$23,000) and a replacement Dodge Dakota pickup truck (\$18,500).

Vehicle Maintenance and Building Services Funds

A hybrid vehicle (\$28,000) will be purchased to replace a failing vehicle. Also, a van (\$27,000) will be purchased and used to replace another vehicle intended for visiting municipal facilities.

WATER AND SEWER IMPROVEMENT AND CONSTRUCTION

Well 13 Construction and Oversight

Final payout of \$1,000 for construction oversight and \$12,000 in construction costs.

Impact on Operations: This is an additional well to our water provision system. Current staffing levels are adequate to accommodate maintenance and oversight of this new well.

Waste Water Treatment Plant Expansion Phases 6A and 6B

Engineering, Construction and Construction Management: \$6,550,000

Total project cost for phases 6A and 6B: \$15,000,000

Funds are provided to continue construction of expansion requirements as described in the facility plan of 2005 compiled by Trotter and Associates for the Village's waste water treatment system. These improvements include the construction of new biological processes, final clarifiers, ferric chloride addition, aerobic digestion, and upgrades to the ultra violet disinfection and influent pumping station. Phase 6A will increase the treatment population equivalent to approximately 40,000, and Phase 6B will bring the population equivalent to 50,000.

Impact on Operations: Although this is a significant expansion to the Village's waste water treatment system, staff on hand is capable of handling this additional capacity.

Design of Water Treatment Plant 3 Ion Exchange Expansion: \$100,000

This money will fund engineering services to complete the design and construction documents for the future expansion of Water Treatment Plant #3. This includes design of selective ion exchange equipment and expansion of the existing facility to incorporate the new equipment and process.

Impact on Operations: There is no impact on operations at this point in time. However, an additional water operator may be needed in the future.

Engineering Services for Grand Reserve Lift Station Odor Control: \$4,000

This project will be designed this fiscal year for construction in the future. This project involves installation of an odor control system similar to the system recently installed at the Braewood Lift Station. This is a proactive measure to prevent odors from infiltrating the neighborhoods surrounding this lift station.

Emergency Replacement of Route 62 Water Main

Engineering and Construction Costs: \$600,000

The water main attached to the State Route 62 bridge crossing the Fox River is near failure. Some of the support hangers have failed. We should replace this main prior to a catastrophic rupture of this very important component of our distribution system. This item was not completed in fiscal year 2006-07 due to underestimating the cost of the project.

Impact on Operations: This project will have a positive impact, because it will prevent a potential catastrophic failure of this crucial water main connection.

MFT/STREETS

Huntington Drive North Road Reconstruction

Construction Oversight: \$70,000 and Construction: \$908,600

This project involves the reconstruction of Huntington Drive North between Aberdeen Drive and Neubert School. New pavement eliminates cracks and potholes in the existing road, which cause hazards and are a liability issue. New pavement also helps improve the aesthetics of the neighborhood and makes the road safer for the traveling public. This project will patch all existing curb, replace all failing storm drainage structures, provide safe and proper pedestrian accessible crossings, grind and overlay all asphalt driving surfaces, and restore any disturbed landscaping.

Impact on operations: This roadway has required significant maintenance, including patching, over the past few years. Once this project is completed, Streets Division staff will be able to focus their on-going maintenance efforts in other areas.

Harnish and Stonegate Drive Resurfacing

Construction Oversight: \$60,000. Construction Costs: \$770,000

This project involves resurfacing the prematurely failed road surface on the two main collector roads in the Dawson Mill subdivision, Harnish Drive and Stonegate Drive. The surface will be completely removed, the subbase will be analyzed and adequately stabilized to meet the demand of these busy roads, and the surface will be properly reinstalled with petromat underlayment to bridge problems in subbase that may remain. Also as part of this project, a six-foot wide curbed landscape median will be installed with the intention of slowing traffic in these areas by narrowing the roadway and causing a visual deterrent to potential speeders.

Impact on Operations: As in the Huntington Drive North Road Reconstruction project, these roadways have experienced premature failure, requiring attention from Streets Division staff. New surfaces will dramatically reduce the on-going maintenance efforts currently required for these streets.

Sleepy Hollow Road Reconstruction

Construction: \$43,000 (Algonquin's cost share)

The Village entered into a cooperative agreement with the Village of Carpentersville and Dundee Township Highway Department to reconstruct this roadway, which currently is under township ownership but will convert to the Village of Algonquin once this land is annexed to the Village.

Impact on Operations: None.

Hanson Road (County Line to Edgewood)

Design and Construction Oversight: \$80,000 and Construction: \$100,000

This is the Village's portion of a FAU funded project. This project involves the reconstruction of Hanson Road to an urban cross section between County Line Road and Edgewood. This project will provide storm drainage improvements, curb and gutter, bike path on the west side, new driving surface, landscape restoration and enhancement, and reforestation where feasible.

Impact on Operations: As in the Huntington Drive North Road Reconstruction project, these roadways have experience premature failure, requiring attention from Streets Division staff. New surfaces will dramatically reduce the on-going maintenance efforts currently required for these streets.

Circle Drive Ravine

Construction Oversight (final): \$5,000 and Construction (final): \$70,000

This amount finals out the project to repair the severe erosion problem in the Village-owned woods north of Circle Drive in High Hill Farms subdivision. Years of erosion have caused a significant gully on the hillside that must be stabilized and filled. Because of the force of the water that runs down the hillside, the drainage will need to be put into a pipe, thus restoring the natural land and trees in this area.

Impact on Operations: None.

Design of Hanson Road Reconstruction Part 2, Phase 1 (Edgewood to Algonquin Road)

Design Costs: \$40,000

Design of Ratt Creek Tributary Restoration

Design Costs: \$45,000

Design of Arrowhead Subdivision Road Reconstruction Phase 2

Design Costs: \$70,000

PARKS

Reforestation: \$20,000

Funding is provided for reforestation of parkway planting areas within the Village that have not previously possessed a tree. This funding is provided by the reforestation fee assessed to developers for mitigation of tree loss during development as prescribed in Chapter 5, Section 15 of Village Code.

Impact on Operations: This project will increase aesthetics in various neighborhoods by adding trees. These trees will need to be monitored by the existing Parks & Forestry Division Staff.

Wetland Mitigation

Yellowstone Detention Naturalization (\$120,000), Yellowstone Detention Buffer Enhancement (\$30,000) and Countryside Detention Naturalization (\$30,000)

The Yellowstone Detention Basin is currently a dry bottom detention planted in turf grass. During heavy rain events, it becomes soggy and makes maintenance difficult. By planting a combination of wetland and mesic prairie planting zones, this basin will serve as a natural area for water quality improvements by filtering pollutants from the storm water as it is detained and will allow for more ground water infiltration. Between this basin and the Yellowstone Park, there is a remnant oak savannah. This is overrun by invasive woody species, which are not allowing new oak seedlings to establish and grow, thus providing reforestation of the savannah as the old oaks

die off. This area will be scrubbed and burned. New oak species will be planted along with a wildflower understory. This area is crucial in protecting and buffering the new wetland detention.

Money is also provided to naturalize the Countryside Detention basin located at the corner of Countryside Drive and Route 62. This basin is currently a dry bottom detention planted in turf grass. During heavy rain events, it becomes soggy and makes maintenance difficult. By planting a combination of wetland and mesic prairie planting zones, this basin will serve as a natural area for water quality improvements by filtering pollutants from the storm water as it is detained and will allow for more ground water infiltration.

Impact on Operations: None.

Open Space Maintenance

Arbor Hills Wetland-Stonegate Drive (\$8,300) and Arbor Hills Wetland & Upland-Oakleaf Drive (\$20,000)

Funding for these projects comes from the Woods Creek Ecosystem revenue fund for enhancement of wetlands and uplands. Management and maintenance activities include reduction and elimination of weedy and invasive species, reestablishment and seeding of the buffer areas, burning, and herbicide treatments.

Impact on Operations: None.

Cornish Park

Final construction payout: \$140,000

This is the final payment for the brand new park that opened in historic downtown Algonquin in summer 2006.

Impact on Operations: This park is an addition to the Village's park system, and will require attention and maintenance by the Parks & Forestry Division staff. In this budget, funding is included to create a Old Town District Tending Team, which will, in part, be responsible for the maintenance and upkeep of this beautiful and popular park. One new employee will be hired to join an existing employee to form the team.

Spella Park Wetland Mitigation

Phase 2 Design and Construction Oversight: \$20,000 and Construction (\$150,000)

Last year, the existing field tiles at Spella Park were broken to inundate the area with water, creating hydric soil conditions. Money is provided this fiscal year to plant this area with wetland species.

Impact on Operations: This is a longer term park project that, once complete, will need to be maintained and operated by the Parks and Forestry Division. The Division is reviewing their staffing levels to determine how to best accommodate this addition to the Village's already extensive park system.

Spella Park Phase I

Design and Construction Oversight: \$18,000 and Construction: \$1,000,000

The Village will begin to construct Spella Park this fiscal year. Part of the funds for this project has been provided through a grant from the Illinois Department of Natural Resources. Spella Park improvements include installation of tot play areas, lighted tennis courts, lighted sled hill, warming shelter, walking paths with pedestrian bridge across Woods Creek, gazebo shelter near new soccer fields, basketball shoot-around, and new parking near the west end of the park to serve play areas and the sledding hill.

Impact on Operations: This is a longer term park project that, once complete, will need to be maintained and operated by the Parks and Forestry Division. The Division is reviewing their

staffing levels to determine how to best accommodate this addition to the Village's already extensive park system.

CAPITAL PROJECT TRENDS AND INITIATIVES

As a result of significant cash shortfalls for capital project funding, due in part to increased cost of construction materials and labor as well as stagnation of revenue sources (as discussed further in the "Revenue Assumptions" section of this budget document), the Village Board approved a long term solution in mid 2006 which will reduce the gap between revenues and proposed expenditures over the coming years in the capital funds. The solution was a new revenue source that would not overly burden residents and businesses yet will meet the needs of Village capital projects. A combination of ordinances was designed to substantially relieve Village residents and businesses of the tax burden on natural gas while placing a substantial portion of the cost of capital improvements on non-residents as they shop in Algonquin.

On March 7, 2006, the Village Board passed an ordinance that will eliminate the utility tax on natural gas and delivery charges for Village residents and businesses. The 4% Utility Tax related to natural gas no longer applied as of July 1, 2006. A use tax fee of \$0.0103 was implemented as a charge per therm and was designed to be revenue neutral to 1% of natural gas charges. This action did two things: 1) it deleted the 4% utility tax charges that residents and businesses paid on natural gas and delivery charges and, 2) it implemented a use tax of \$0.0103 to be calculated on therms used rather than the volatile energy costs that have been experienced these past winters. The result will be a substantial reduction of fees paid relative to natural gas for users located within the corporate limits of the Village of Algonquin. The change in billing was effective July 1, 2006. The revenues from the "per therm" tax are allocated to the Street Improvement fund as a partial replacement for the discontinued utility tax.

A home rule retailers' occupation tax and service occupation tax of three-quarters percent (3/4%) was also passed by ordinance. The Village is empowered to impose a tax upon all persons engaged in the business of selling tangible personal property at retail in the Village of Algonquin. This tax applies to retail and service sales and was implemented as of July 1, 2006. It does not apply to sales of food for human consumption off the premises where it is sold (i.e., groceries but not food which has been prepared for immediate consumption), prescription and non-prescription medicines, or other medical supplies. In addition, it does not apply to sales of tangible personal property that is titled or registered with an agency of this state's government (e.g., cars, trucks, motorcycles, etc.). As noted above, day-to-day shopping needs for necessities such as groceries and medical items are exempt from the home rule sales tax. It is estimated that 60% to 70% of the sales tax generated in Village businesses comes from non-residents. The 3/4% tax translates to 75¢ per \$100 of goods purchased.

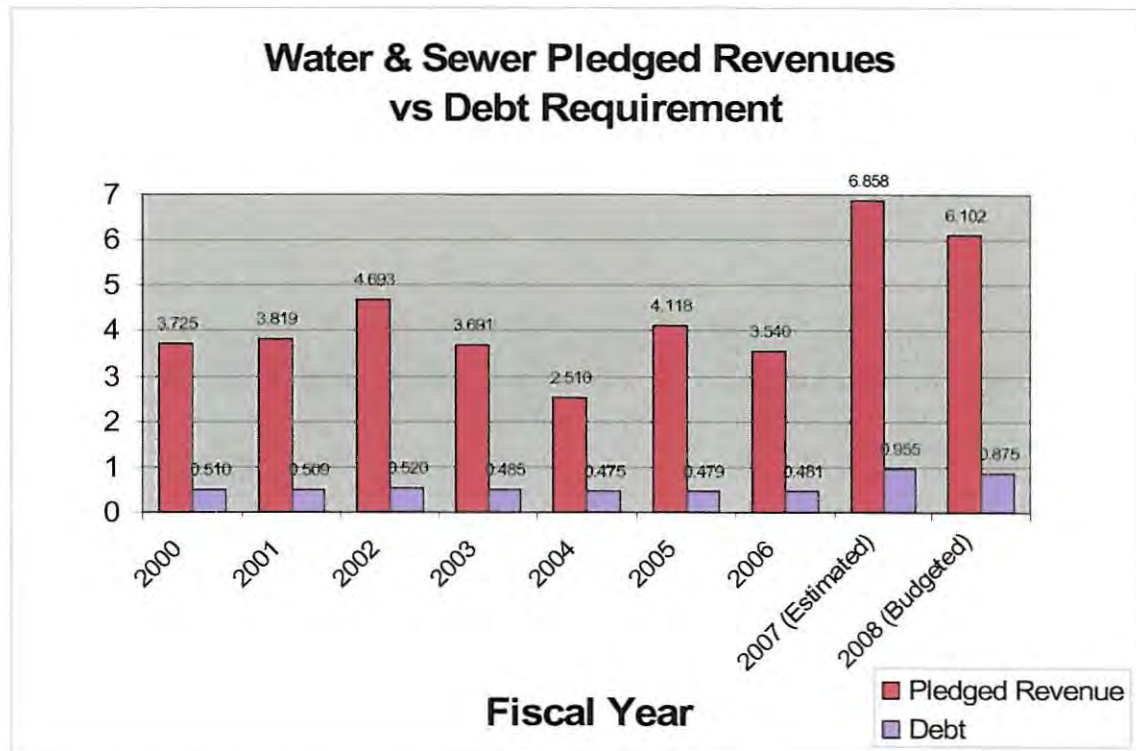
This year, the home rule sales tax will be dedicated for capital needs and infrastructure improvements solely in the Water and Sewer Improvement and Construction Fund. Because the home rule sales tax is a relatively new initiative, there are no trends or patterns on which to base revenue projections; therefore, the home rule sales tax revenue figures in these funds are conservative estimates of receipts.

In addition to the above, the Village Board passed a bond measure in December 2005 (fiscal year ending 2006) in the amount of \$9 million to partially fund the expansion of the Waste Water Treatment Plant. This plant has reached capacity, and expansion is necessary in order to support the continued commercial, industrial, and residential expansion of the Village. Additional revenues for this \$14 million project (which includes engineering, construction manager costs,

and consultant fees) will come from this enhanced revenue. The Village believes that there will not be further need for bond issues relating to the Waste Water Treatment Plant expansion project until Phase 7 is initiated in Fiscal Year 2011-2012.

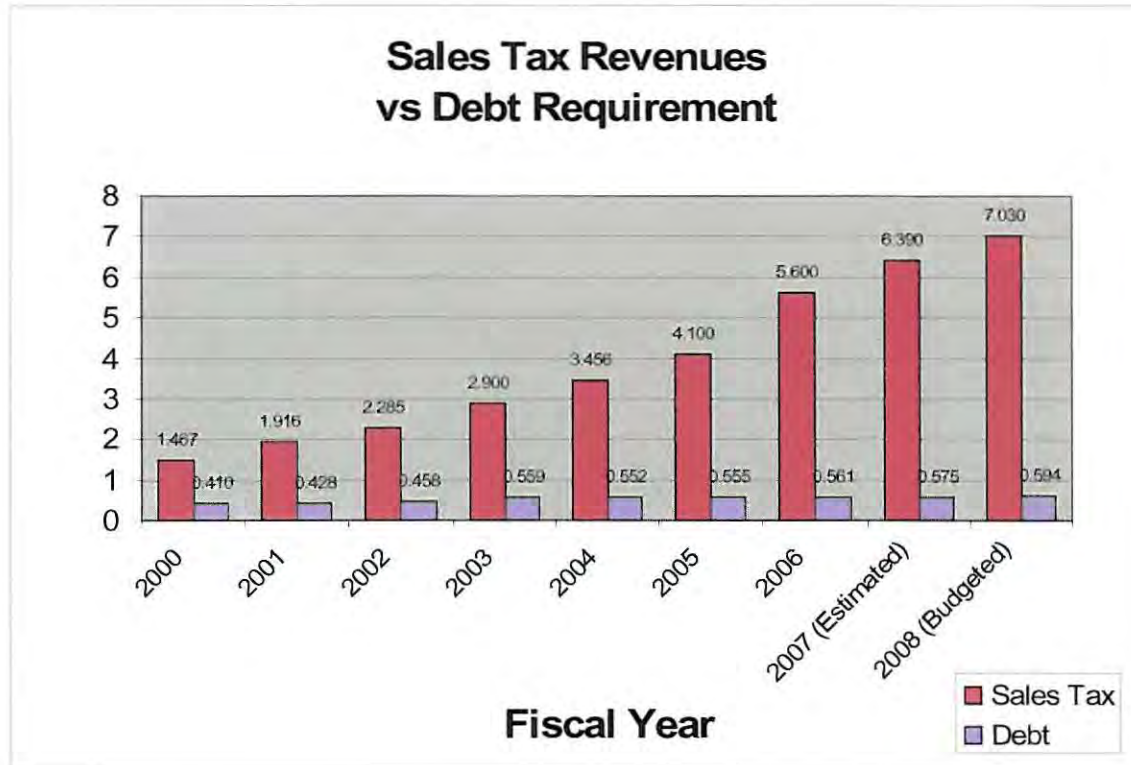
IMPACT OF CAPITAL DEBT OBLIGATIONS ON CAPITAL FUNDS

Water and Sewer Improvement and Construction Fund revenues are pledged to offset the debt initiatives as described above as well as existing debt. The debt coverage from the Pledged Revenues is required to be a minimum ratio of 1.25 of revenues to debt (as established in the bond ordinance). The actual, estimated actual and budgeted coverage for fiscal years 2000 - 2008 is shown below:



IMPACT OF CAPITAL DEBT OBLIGATIONS ON GENERAL FUND

General sales tax revenues are pledged to offset the debt obligations incurred for construction of Village Hall (completed in 1996) and the Public Works facility (completed in 2003). The debt coverage from sales tax revenues is required to be a minimum ratio of 1.25 of revenues to debt (as established in the bond ordinance). The actual, estimated actual and budgeted coverage for the fiscal years from 2000 to 2008 is as follows:



Thus, the Village has ample funds to offset debt obligations.

SUMMARY

In conclusion, through sound financial planning, the Village is able to plan for capital purchases with minimal impact on operations. In the capital funds, the Village has established known and, for the most part, predictable revenue sources to provide a stable source of funding for major capital projects as outlined in the multi-year plans. Regarding vehicle purchases, the Village is smoothing the cost impact through establishment of a designated cash fund. Where necessary, the Village does utilize bonds for major capital improvements. Village leaders feel that, through these important planning steps, the Village of Algonquin can ensure that funding will be available for continued maintenance of existing infrastructure, and addition of resources and infrastructure to meet the needs of our growing citizenry.

SUPPLEMENT 3:

IMPLEMENTATION OF THE GUIDING PRINCIPLES

Prioritizing Needs in Accordance with Guiding Principles

For the past five years, including this fiscal year, the Village has focused on constraint budgeting, a process that requires department heads to scrutinize their operations and prioritize need as they put together their budget requests. Each budget item was evaluated to ensure that it met the priorities of the residents and elected officials, as outlined in the Guiding Principles.

The Village of Algonquin's goal and priority setting process tends to be less formal, defined through Village Board discussions at both the Committee and Board level, staff discussion at staff meetings and goal-setting sessions, resident requests and input, focus groups, public hearings, and the like. The budget team relied on the above input to formulate the following list of guiding principles. The term "guiding principles" reflects those values that have and will continue to define Village operations.

Our ultimate goal is to demonstrate to our residents and the public at large that we have compiled a budget that provides the most results at the most efficient price.

The principles listed below are, for the most part, timeless, and will be part of the fabric of the Village's direction for the coming years, if not forever. However, the means in which we meet or work towards these principles may change from year to year. This document intends to not only describe the guiding principles, but also to highlight some of the major programs and other purchases that have been included in this year's budget in order to support the guiding principles. Many programs and services can fit into more than one category; we have placed the programs in the category where they fit best. Programs are defined by department. Please note that Administration includes the Swimming Pool Division, and Public Works includes Public Works Administration, Streets Division, Parks and Forestry Division, Water and Sewer Operating Division, Vehicle Maintenance Division, and the Building Services Division.

The Guiding Principles were originally established as part of the 2005-2006 budget year process, as defined in the Budget Message (see the Budget Message for additional description of each guiding principle). They have been refined for the 2007-2008 budget as outlined in the list below. The Village aims to focus its time and resources in accomplishing the following objectives:

- (1) MAINTAIN AND/OR ENHANCE CUSTOMER SERVICE AND CITIZEN SATISFACTION
 - a. Annual calendar/report and quarterly newsletter
 - b. On-line New Resident information
 - c. Funds for professional and technical training of staff along with the provision of computers and technology to aid staff in performing their jobs with efficiency and effectiveness
 - d. Mosquito and wildlife control
 - e. Summer concert series and public art program, including the addition of lighted pedestals for the artwork displayed outdoors
 - f. Addition of a Maintenance Worker in the Streets Division to focus on road maintenance, right-of-way maintenance, storm water detention maintenance, and graffiti removal

- g. Old Town District Tending Team – dedicating one new employee and one existing employee from the Parks & Forestry Division to focus on maintenance, upkeep, and beautification in historic downtown
 - h. Renovation of the Holder Park parking lot and site amenities
 - i. Addition of a Dixie chopper to the Streets Division for mowing rights-of-way, detention, and retention areas to ensure that these locations are pleasant in appearance
 - j. Continue to fund the Senior Bus program
 - k. Provide various events and recreational programming, including athletics, camps, early childhood programs, nature & science, special trips, and visual & performing arts
 - l. Rent out games and picnic kits for block parties and other community events
 - m. Provide funds for reimbursing non-resident fees for Village residents that participate in NISRA programming
 - n. Fund the Historic Commission and their various community services
- (2) CONTINUE TO PROMOTE AND FOSTER ECONOMIC DEVELOPMENT
- a. Business park marketing, including the enhanced corporate campus marketing program
 - b. Business retention program
 - c. Retail marketing program
 - d. Downtown revitalization
 - e. Purchase of a table top panel for professional display of maps of the corporate campus at tradeshow
- (3) EVALUATE, PLAN FOR, AND IMPLEMENT IMPORTANT CAPITAL IMPROVEMENT PROJECTS IN ORDER TO MAINTAIN THE VILLAGE’S INFRASTRUCTURE AND UPHOLD A HIGH QUALITY OF LIFE FOR RESIDENTS
- a. All projects outlined in the capital budgets (Streets, MFT, Parks, and Water & Sewer Improvement & Construction)
 - b. Use of GIS aerials and planimetrics for planning of capital projects
 - c. Street sign program
 - d. Curb and sidewalk repair
 - e. Crack sealing program
 - f. Purchase of a grinder/planer to assist with grinding asphalt before overlaying a road with new asphalt. This machine will allow staff to expedite the process and allow more work to be completed in less time. This is a more aesthetically pleasing and structurally sound option, and will result in longer lasting and durable streets with an extended surface life
- (4) ASSESS ALL VIABLE OPTIONS TO INCREASE/MAINTAIN THE VILLAGE’S REVENUE BASE
- a. Police grants for traffic and equipment
 - b. Recreation programs continue to pay for themselves
 - c. Conduct a special census in early summer 2007
 - d. Continue to build the Village’s working capital reserve

- e. Continue to set aside funds for vehicle replacement
 - f. Continue to explore and implement agreements with cell companies for locating on existing cell towers on Village property, which brings in rental income
 - g. Continue to implement the retail marketing program and business park marketing
- (5) CONTINUE TO ALLOCATE THE NECESSARY RESOURCES FOR THE MAINTENANCE OF THE PUBLIC'S HEALTH, SAFETY, AND WELFARE THROUGH A WELL TRAINED AND DEDICATED POLICE FORCE
- a. Staffing all open positions in the Police Department, plus addition of two additional patrol officers, a Technical Services Manager, a Records Clerk, and a Community Service Officer, will allow the levels of patrol and focus on traffic staffing to increase
 - b. Continue to fund SEECOM
 - c. Community programs, such as DARE, Citizens' Police Academy, neighborhood watch, and crime prevention
 - d. Traffic lights and street lights – maintenance and electric
 - e. Routine repairs to playgrounds conducted by the Parks & Forestry staff (including the on-staff Playground Safety Inspectors)
 - f. Addition of a new diesel pickup truck to the Streets Division, to assist with transportation as well as snow removal
 - g. Purchase of essential public safety training and field tools, such as evidence supplies, tire deflation devices, rifles, tactical training suits, and four vehicles (two patrol cars, one administrative car, and one pool/shared car)
- (6) CONTINUE TO PROMOTE AND DEVELOP PROGRAMS WITH A CONSERVATION FOCUS
See Supplement 4 to the budget message for additional information on the Village's Conservation Efforts.
- a. Conservation Community Day
 - b. Broadleaf and Aquatic Weed Control
 - c. Mosquito Abatement
 - d. Arbor Day Programs
 - e. Tree trimming, 50/50 Tree Program, tree replacement
 - f. Natural areas management
 - g. Naturalized detention maintenance including selective weed control, herbiciding, plant identification, burning, and mowing to allow for the healthy growth of the habitat and to provide for optimal storm water filtration and ground water infiltration
 - h. Water conservation program – education and communication
 - i. Purchase of three hybrid vehicles

SUPPLEMENT 4:

VILLAGE OF ALGONQUIN'S CONSERVATION COMMUNITY EFFORTS

The Village of Algonquin has a number of programs, policies, and laws that protect and enhance the environment. Collectively, we refer to these initiatives as our Conservation Community Program. Outlined below is a summary:

WOODS CREEK CORRIDOR

The Village has set aside all the land along Woods Creek to preserve the creek, maintain open space, and to provide areas where residents can explore and enjoy nature. The Village is actively working to restore the native plantings, enhance the creek banks, and educate residents about this natural corridor. Woods Creek is located west of the Algonquin Area Public Library and runs parallel to Randall Road and Fairway View Drive.

There are several paths along the Woods Creek Corridor that are open to the public. Residents and visitors can enjoy walking, jogging, biking, or rollerblading along the eight foot wide asphalt path, relaxing in the quiet, serene setting. The path runs along Woods Creek, providing opportunities to see fish and other aquatic animals, including ducks that frequent the area near Bunker Hill Drive. The path travels through wooded areas, restored wetlands, and prairie plantings. Deer and other animals can be seen on a journey along the path. The path has interpretive signs to explain why Woods Creek is protected and a value to our community.

CONSERVATION COMMUNITY DAY

The Village of Algonquin launched the Conservation Community Program in 2003. The program addresses all the environmentally friendly activities the Village implements, as well as the programs promoted and offered to developers and residents. Algonquin is a growing community; however, we are proud to announce that we approach growth with the natural environment in mind. Residents, schoolchildren, community groups, and others are invited to attend Conservation Community Day. The event features fun and educational activities for all ages. The Village and area environmental groups have booths and activities set up along the Woods Creek Corridor path system. Conservation Community Day is held each year in June.

WATER CONSERVATION

The Village of Algonquin is proactive in water conservation. The Village enacted outside water restrictions several years ago to encourage residents to think about the amount of water used/wasted, especially in the summer months. The Village does a large education push at the beginning of each summer. This education effort includes working with local media to publicize ways to conserve water. Village staff make short presentations to all area grade schools each May on the importance of water, where it comes from, and how to conserve it. A contest is held each year to actively engage residents and businesses in the importance of water conservation.

The Village website has a lot of information regarding water conservation (www.algonquin.org). Also, pamphlets are mailed each year to all residents explaining the water regulations and ways to conserve water.

Residents are encouraged to follow the water system status regulations (Green, Yellow, Orange, Red) when using outside water; be mindful of the amount of water you use for all activities and try to reduce the total amount; plant native landscaping, as this requires less care and less water; and allow grass to go dormant in hot, dry weather. The Village's water conservation efforts have

reduced the overall water use by over one million gallons each summer since implementation of this program.

RECYCLING CARTS

In August 2005, the Village of Algonquin launched a new recycling cart program*. The Village, in conjunction with Waste Management, provided each single-family and townhome residence in the Village with a 64 gallon recycling cart, which replaced small 18 gallon bins. Promoting recycling has always been a priority for the Village, and this program was designed to increase the amount of recyclables that are diverted from landfills. The 64 gallon carts have many advantages, as follows:

- The carts are on wheels, making them easy to pull to the curb.
- There is more room for recyclables, meaning that you can recycle more. This leads to less material clogging up landfills. It should also reduce the amount of garbage, saving residents money on stickers. (Algonquin utilizes a sticker based program for garbage.)
- One of the many positive features of this program is the ability to mix all types of recyclables in the cart (known as "single-stream"). There is no need to separate paper and containers.
- The carts have lids, eliminating recycling litter from blowing all over neighborhoods and keeping recyclables clean.

This partnership between the Village of Algonquin, Waste Management, and most importantly, the residents of Algonquin, has resulted in an average increase of over 12% of materials diverted from our area landfills!

The Village of Algonquin also encourages its residents and businesses to reduce the amount of garbage that they generate, reuse materials when possible, and recycle what you can. In addition, try to buy recycled products when available to ensure that a market for recyclables exists. These simple steps, done both at home and at businesses, can make a big difference in our world if we all work together.

In addition to residential recycling, Algonquin is also focusing on commercial and manufacturing recycling. In October 2006, the Algonquin Village Board passed an ordinance that encourages all businesses and manufacturers in Algonquin to adopt a recycling program.

**This project was funded in part through a grant from the Illinois Department of Commerce and Economic Opportunity.*

ADDITIONAL RECYCLING EFFORTS

In addition to the existing recycling collection program that has been in place for over ten years, some examples of recycling projects that the Village implements are as follows:

- Park name signs and posts are 100% recycled plastic.
- Park benches that are purchased for Towne Park and all decking material is 100% recycled milk cartons, and manufactured and purchased in Cary, Illinois.
- All purchased playground safety surface is recycled lumber from demolished homes, discarded pallets, tree removals, etc.
- The rubberized safety surfacing used in our park system is made from recycled car tires.
- The lumber decking used at various sites (including Angeltowne playground) is made of recycled lumber pulp and milk containers.

- The hydromulch product we use as a medium for applying grass seed is made of recycled newspaper and wood fiber.
- The erosion blankets we use are made of recycled coconut husks and straw.
- The baseball sand/clay mix that we use is a byproduct of gravel production.
- The tree mulch that we generate from tree removals is used in planter beds and tree rings, as well as is available to the residents for this use.
- All departments of the Village recycle batteries, print cartridges, computers, printers, monitors, light bulbs and ballasts, scrap metal, as well as all other items covered under the refuse and recycling contract between the Village and Waste Management.
- We host a Conservation Community Day every summer, which involves different environmental agencies. As a part of this event, we have a recycled art contest. The recycled art is on display.
- We have a water conservation program, which has included a contest to recognize the best conservation methods. One winner "recycles" his rainwater by collecting it and using it during dry weather to water his landscaping.
- We maintained a recycling roll off during a records recycling project.
- When constructing our new public works facility, construction materials were collected for recycling.
- As previously mentioned, we have coordinated distribution of educational materials on a regular basis to our residents to promote recycling, tout the benefits to the environment, and ensure that residents are packaging recycling correctly in order to minimize contamination.

CLEAN AIR COUNTS AWARD

The Metropolitan Mayors Caucus announced in fall 2006 that the Village of Algonquin has been recognized as a Clean Air Counts (CAC) community. CAC is an innovative, voluntary approach to reducing smog-causing emissions in the Chicago metropolitan region to achieve compliance with standards of the federal Clean Air Act and to improve air quality in our community. The Village has achieved silver status participation in the Clean Air Counts Community Campaign for its dedication to improving air quality.

By implementing an idling policy for all Village of Algonquin Public Works vehicles that disallows idling for more than three minutes for gasoline engines and five minutes for diesel engines, and implementing purchasing guidelines that give priority to low VOC (volatile organic chemicals) air friendly products, energy efficient lighting and Energy Star approved products, the Village is making a visible difference.

Superintendent of Internal Services Vincent Olsen has been the leader in implementing programs such as using vegetable grease to fuel municipal lawn mowers and vehicles. He collects used frying grease from local restaurants and converts it into filtered grease which can be used to fuel vehicles. The grease is free, so not only is the Village using a recycled and clean fuel, it is also saving money.

Joining Clean Air Counts means individuals and/or organizations are making a commitment to undertake voluntary efforts to reduce smog in the Chicago region. CAC adopters assess opportunities to reduce emissions and conserve energy in areas related to transportation, energy, operations and maintenance, and development. Adopters also agree to simple, annual reporting about their efforts so that the Campaign can quantify members' efforts.

Clean Air Counts is a six-county Chicago regional initiative of the Metropolitan Mayors Caucus,

the U.S. Environmental Protection Agency - Region V, City of Chicago, and Illinois EPA. It seeks significant reductions in smog-forming pollutants and energy consumption.

Parts of the above description are taken from a press release distributed by the Metropolitan Mayors Caucus on August 8, 2006. The Village was formally presented with a plaque and recognition in fall 2006. For more information on the Clean Air Counts initiative, visit www.cleanaircounts.org or www.mayorscaucus.org.

CONTROLLING SOIL EROSION

Soil erosion is the process of detachment and transportation of soil materials by water, wind, ice, and gravity. While geologic erosion naturally produces about 30% of the total sediment in the U.S., accelerated soil erosion from man's use of land accounts for the remaining 70%. Surface mining, forestry, agriculture, and construction are the major activities that cause accelerated erosion. Although construction, by volume, does not cause most sediment pollution, it is the most evident and damaging because of the rate at which it occurs.

When natural landscape is converted to accommodate houses, subdivisions, shopping centers, and roads, these land use conversions collectively are called *urbanization*. Water-generated accelerated erosion is unquestionably the most severe in areas, such as Algonquin, which are undergoing urbanization at a fast rate.

Erosion problems associated with construction activities include water pollution, flooding, stream channel damage, decreased groundwater storage, slope failures, damage to adjacent or downstream properties, and the time and costs associated with addressing these issues. Successful minimization of these impacts can be achieved by implementing erosion control and sediment measures on construction sites to prevent soil movement/loss in the first place, enhance project aesthetics, and eliminate appreciable damage to off-site receiving channels, property, and natural resources.

The Public Works Department recently hired a full time staff member who, as one of his duties, performs soil erosion and sediment control inspections on construction sites. He also monitors these sites after significant rain events. The Village requires contractors to submit a soil erosion and sediment control plan for every development and construction project. This plan outlines what soil erosion measures will take place on the site such as installation of silt fence, storm sewer inlet protection, slope stabilization and planting, and proper construction entrances.

The Village encourages residents to use native vegetation when landscaping their homes, because plants native to this area have deep root systems that help to hold soil in place during heavy rain events and wash outs; hire contractors and landscapers who are cognizant of erosion control issues and use appropriate measures when doing work at your private residence; and report silt fence violations to Public Works (847-658-2754).

TREE PRESERVATION

Trees and their preservation, maintenance, and care are a focus for the Village of Algonquin, specifically for the Parks and Forestry Division of the Public Works Department, which employs several Certified Arborists. Algonquin is the only community in McHenry County that currently has a comprehensive tree preservation ordinance. The following are among the many tree-oriented programs that the Village implements each year.

Arbor Day: Arbor Day is celebrated each April with over 350 of the Village's third graders. The