City of Highland Park

Committee of the Whole Meeting
City Hall - 1707 St Johns Avenue
September 14, 2026
5:30 PM
Agenda

Individuals with questions or feedback about an agenda item can address the City in the following ways:

1. **Emails with Unlimited Information**. Individuals may email the City an unlimited number of words at cityhp@cityhpil.com. Emails will be forwarded to the City Council if requested. All emails received will be acknowledged.
2. **Telephone**. Individuals with no access to email may leave a message with the City Manager's Office at 847.926.1000.
3. **Live Comments**. Individuals are able to address the Council during the City Council meeting. Questions/comments should be limited to three minutes or less.

Committee of the Whole and City Council meetings are broadcast live on the City's Facebook page and on the City's website. Meetings can be watched after the meeting from a video link on the City's website.

The City encourages individuals to sign-up for its enews for important information from the City. To sign-up for the enews, visit www.cityhpil.com.

I. Call to Order

II. Roll Call

III. Approval of Minutes

A. Approval of the Minutes of the Consolidated Meeting of the Committee of the Whole Held on August 17, 2026

IV. Scheduled Business

A. Place of Remembrance Budget Review

B. 2027 Proposed Budget for City Revenue and Capital Improvement

V. Other Matters

VI. Closed Session

VII. Adjournment

Staff Report

Meeting Date: September 14, 2026

Staff Contact: Ashley Palbitska, Assistant to the City Manager/Deputy City Clerk

Department: Administration

Title: Approval of the Minutes of the Consolidated Meeting of the Committee of the Whole Held on August 17, 2026

Recommendation:
For the City Council's approval are the minutes of the Consolidated Meeting of the Committee of the Whole held on August 17, 2026.

Attachments:
1. MIN COTW 8-17-2026

MINUTES OF THE REGULAR RESCHEDULED MEETING OF THE COMMITTEE OF THE WHOLE OF THE CITY OF HIGHLAND PARK

MEETING DATE: August 17, 2026
MEETING LOCATION: Regular Rescheduled - City Hall - 1707 St Johns Avenue

I. Call to Order

At 5:30 PM, Presiding Officer Tapia called the meeting to order and asked for a roll call:

II. Roll Call

Present: Presiding Officer Tapia, Councilmembers Center, Bruckman, Ross, Lidawer, Blumberg

Absent: Mayor Rotering

Staff Present: City Manager Neukirch, Director of Public Works Bannon, Community Development Director Fontane, Assistant City Manager Jason, Police Chief Jogmen, Finance Director McCaulou, Fire Chief Schrage, Assistant City Manager Taub, Communications Manager Bennett, Assistant to the City Manager Palbitska, Management Analyst Cherry, Social Services Specialist Alejandro

Also Present: Assistant Corporation Counsel Martinez, Highland Park Public Library Executive Director Smith, Highland Park Public Library Treasurer Biederman

III. Approval of Minutes

A. Approval of the Minutes of the Consolidated Meeting of the Committee of the Whole Held on July 13, 2026
B. Approval of the Minutes of the Closed Session of the Consolidated Meeting of the Committee of the Whole Held on July 13, 2026

Councilmember Lidawer moved to approve the Minutes of the Consolidated Meeting of the Committee of the Whole Held on July 13, 2026 and the Minutes of the Closed Session of the Consolidated Meeting of the Committee of the Whole Held on July 13, 2026. Councilmember Center seconded the motion. Upon a voice vote, Presiding Member Tapia declared the motion Passed (5 - 1 - 0).

MOVER:	Councilmember Lidawer
SECONDER:	Councilmember Center
AYES:	Presiding Officer Tapia, Councilmembers Center, Bruckman, Ross, Lidawer
PRESENT:	Councilmember Blumberg
ABSENT:	Mayor Rotering

C. Approval of the Minutes of the Special Meeting of the Committee of the Whole Held on July 20, 2026

D. Approval of the Minutes of the Closed Session of the Special Meeting of the Committee of the Whole Held on July 20, 2026

Councilmember Lidawer moved to approve the Minutes of the Special Meeting of the Committee of the Whole Held on July 20, 2026 and the Minutes of the Closed Session of the Committee of the Whole Held on July 20, 2026. Councilmember Center seconded the motion. Upon a voice vote, Presiding Officer Tapia declared the motion Passed (6 - 0).

MOVER:	Councilmember Lidawer
SECONDER:	Councilmember Center
AYES:	Presiding Officer Tapia, Councilmembers Center, Bruckman, Ross, Lidawer, Blumberg
ABSENT:	Mayor Rotering

IV. Scheduled Business

A. 2027 Proposed Budget for Library Operating & Capital

City Manager Neukirch introduced Highland Park Public Library representatives and opened the presentation regarding the 2027 proposed budget for the Library's operating and capital budget.

Executive Director Smith and Treasurer Biederman presented the Library's proposed operating and capital budget.

The Council, Library representatives and staff discussed completion of construction, ribbon cutting timing, FY2027 events, services provided by the Library, cultural groups the Library is aiming to include in offered services, the decrease within investment income, impact of maintenance costs between 2026 and 2027, insurance costs, and planning for an interior renovation starting in 2033.

Presiding Officer Tapia thanked the Library for their presentation and the valuable information provided.

B. Place of Remembrance Status and Project Timing

City Manager Neukirch introduced tonight's presentation regarding the Place of Remembrance.

Assistant City Manager Taub presented a status and project timing update regarding the Place of Remembrance.

The Council and staff discussed the reasoning for consideration to extend the timeline for completion of the Place of Remembrance. They discussed the need for continued review of the budget to ensure it includes work to be done at Port Clinton; they discussed concerns with the preliminary budget as a whole. They requested feedback from the working group and community in regard to the extension of the timeline for completion, costs related to the consultant, the importance of making sure the project is completed by fall 2027, and the possibility of holding some type of event got July 4, 2027, noting it's the five-year anniversary.

City Manager Neukirch highlighted key takeaways from the conversation and provided information as to what the next steps to move forward with the project.

C. Comprehensive Review of Chapter 119 (Alcoholic Beverages)

City Manager Neukirch introduced tonight's discussion with regard to the comprehensive review of Chapter 119: Alcoholic Beverages.

Assistant to the City Manager Palbitska and Management Analyst Cherry presented highlights regarding the comprehensive review of Chapter 119. They noted the staff report outlined the full comprehensive review and recommended changes.

The Council and staff discussed the impact of maintaining licenses versus eliminating unused licenses, the request for comparative fee information, appreciation knowing the information will be shared with the Business and Economic Development Advisory Group ("BEDAG"), clarification regarding the classification for BYOB, and the Police Department's perspective of allowing sales to continue after the kitchen has closed for the evening.

Staff indicated that at the next City Council meeting, there would be an ordinance amending Chapter 119 and a resolution to amend the Annual Fee Resolution as it relates to the updates proposed for license fees.

The Council noted the staff report was very informative, and they are looking forward to seeing the additional information at the September 14, 2026, City Council meeting related to comparative fees and feedback, if any, from BEDAG.

V. Adjournment

Councilmember Blumberg moved to adjourn the Committee of the Whole meeting. Councilmember Lidawer seconded the motion. Upon a voice vote, Presiding Officer Tapia declared the motion passed unanimously.

The Committee of the Whole adjourned its meeting at 6:52 PM.

Respectfully Submitted,

Ashley Palbitska
Assistant to the City Manager/Deputy City Clerk

Staff Report

Meeting Date:	September 14, 2026
Staff Contact:	Emily Taub, Assistant City Manager Jazmin Alejandro, Social Services Specialist Amanda Bennett, Communications Manager
Department:	Administration

Title: Place of Remembrance Budget Review

Recommendation:

Staff seeks feedback on the budget for the Permanent Place of Remembrance and design priorities including the potential inclusion of a water feature(s) and the disposition of the sundial bench. This guidance will inform the continued development and refinement of the design, including opportunities for value engineering, while ensuring that the project remains true to its purpose, quality, and significance to the community. Staff and the project team will use the direction to advance the design within the established budget parameters.

Policy Consideration:

Budget and Design Priorities

Budget Establishment

The engagement of Do Tank for the location feedback survey and focus group facilitation was $45,000.

The cost of the first stage of SWA's service agreement (project administration; listening, discovery, and community engagement; schematic design) is $262,500 plus up to $21,000 in reimbursable expenses (8% of the costs). The second stage of SWA's service agreement (design development; construction documentation; construction administration) is $629,800 plus up to $30,000 in reimbursable costs. The second stage of the service agreement is for services related to the Rose Garden site only. The cost associated with Stage 2 services for Port Clinton are not yet determined. The total costs for Stage 2 services for both sites are anticipated to not exceed the original estimate of $700,000 - $1,250,000.

At the December 15, 2025 Committee of the Whole meeting, City Council established a preliminary budget for construction of the Place of Remembrance of $2M at both the Rose Garden and Port Clinton, not including consultant costs.

Following the development of the unified design concept an opinion of probable cost was developed by SWA. An opinion of probable cost is a high level projection based on estimates by comparisons of recent, similar construction, and is not based on active quotes. During this process very little detailed information is available and the opinion has a high degree of uncertainty. At the June 8, 2026 Special Committee of the Whole meeting the City Council supported an updated budget of $2.3 - $2.8 million for the Rose Garden site with Port Clinton costs under development and at an additional cost. The City Council supported moving forward with a sculpture at Port Clinton. The budget for the sculpture was set at $200,000 with costs for setting and installation to be additional.

On August 17, 2026, an update was provided to the City Council including an initial estimate for the Rose Garden developed by the construction manager. The Rose Garden construction estimate ranged from 2.7M without water features to $3.6M with water features. Value engineering will continue to take place in order to ensure the Place of Remembrance delivers lasting meaning to the community while honoring the purpose and significance of the project.

This process has identified two significant areas of savings that can be leveraged while maintaining design integrity. These areas include a change in the bench design and material for the remembrance niches which is anticipated to save $257,000 and changes in lighting from poles to lighted bollards which is anticipated to save $86,000. The project team will continue to work to identify further opportunities for value engineering.

Alongside the design process the project team is working to identify ongoing maintenance and investment needs for future budget planning. All designs will include a robust maintenance plan which will require an investment on the part of the City to maintain the Place of Remembrance. Should water feature(s) be included, additional ongoing maintenance costs will be required.

Water Feature

A significant decision point to allow design development to move forward, as well as refine the construction budget, is the inclusion of a water feature or features and the form of the water feature(s), if included. A decision on inclusion of the water feature must be finalized in order to maintain progress toward the current completion timeline.

The unified design includes two water features at the council ring and remembrance pool. With both water features included and the current design, the initial estimate currently stands at 3.257M.

Options for moving forward and the associated budget impact include the following:

Options	Budget Impact
Council Ring & Remembrance Pool	0
No Water Features	$738,000
Council Ring Only (Remove Remembrance Pool)	$611,000
Remembrance Pool Only (Remove Council Ring)	$127,000

Council Ring & Reduce Remembrance Loop to One End Only	$100,000
Reduce Remembrance Loop to One End Only (Remove Council Ring)	$217,000

The inclusion of water features will require ongoing maintenance separate from landscaping. Although costs are still being estimated, weekly servicing of each site while the water is in season along with ongoing equipment replacement and repair needs are anticipated. Repair and replacement costs can be difficult to estimate. For context, although not similar in design and operation, Ravinia Festival has spent in the range of $20k to $60k in a typical year in addition to 100-200 working hours per season dedicated to the fountain. While it is not anticipated the City's costs would be similar, water will require a significant ongoing investment.

Staff requests Council direction on inclusion of water feature(s) in order to move forward with the design process.

Sundial Bench
The Rose Garden, formally known as the Laurel Park Gardener's Memorial, was a project of the Men's Garden Club of Highland Park, designed by landscape architect Marshall Johnson, and dedicated in 1942. Johnson later designed a stone bench for the garden that was dedicated to Felix Simon on July 4, 1944. Mr. Simon originally started the Gardner's Memorial Fund and was a charter member and first treasurer of the Men's Garden Club. The bench has come to be referred to as the sundial bench. Little to no documentation has been found regarding the bench between 1944 and 2026 and damage has occurred to the bench over time and current conditions include missing and broken stones.

Recognizing that the sundial bench was present at the time the Garden was designated a Historic Landmark in 1992, the City has explored options available for disposition of the bench. All options will require input from the Historic Preservation Commission.

- Option A: $54,000
  - Disassemble bench & arch, label & catalogue, and rebuild with replacement of broken/missing stones
  - SWA has identified a site near Stupey Cabin which would retain the bench on the property
- Option B: $46,000
  - Brace & remove the arch, disassemble the remaining stones (label & catalogue), reassemble with replacement of broken/missing stones, reinstall arch AS IS
- Option C: $21,000
  - Brace & remove the arch, demo the bench/removal of stones, reinstall the arch AS IS at a later date (does not include siting for the arch)
  - This option may also require storage fees and would require identifying a suitable

site for the bench

- Option D: Included in Project
    - Remove the bench and do not reinstall

All options that reinstall the bench do include some risk to the bench as the integrity of the structure and stones are unknown although every effort will be made to preserve the stone.

In order to preserve the bench as much as practicable, Staff recommends Option A with the bench being relocated on the property.

Background

In 2023, the City Council established a Working Group to guide the planning process for the permanent Place of Remembrance for the Highland Park shooting. The Place of Remembrance has three primary objectives:

- Create an accessible public place for reflection, remembrance, and solace;
- Pay tribute to the memories of Katie Goldstein, Irina McCarthy, Kevin Michael McCarthy, Jacki Lovi Sundheim, Stephen Straus, Nicolas Toledo, and Eduardo Uvaldo;
- Honor the community's resiliency, especially those who were injured.

The Working Group has been meeting regularly since November of 2023, with all meeting notes and related documents available online at hpremembrance.org/meetings. As previously shared with Council and the public, key milestones include:

- Potential location brainstorm and development of the location shortlist (Port Clinton Square, the southwest corner of St. Johns & Central, the Rose Garden): February 27, 2024 & April 3, 2024
- RFP process for location feedback focus group & survey consultants: August 27, 2024 (firm recommendation); October 15, 2024 (Council approval)
- Location feedback public engagement process: November 2024 - January 2025; March 31, 2025 (Working Group presentation); April 14 & April 25 (Committee of the Whole presentation); Full downloadable report recommending a prominent, primary Place of Remembrance at the Rose Garden and a subtle, secondary location at Port Clinton Plaza
- RFQ process for design services, a multi-phase process: April 30, 2025 (RFQ issued); June 18, 2025 (shortlist developed for interviews & representative designs); August 27, 2025 (Working Group recommendation); October 6, 2025 (Committee of the Whole discussion and selection of SWA Group); December 15, 2025 (Committee of the Whole update and budget determination); January 12, 2026 (approval of agreement with SWA Group)
- RFQ process for sculpture at Port Clinton: July 20, 2026, August 3, 2026 (RFQ issued)

Design Process Overview

In January, 2026, the City entered into an agreement with SWA Group for the design of the permanent Place of Remembrance, including the prominent primary location at the Rose Garden, and the subtle, secondary location at Port Clinton Plaza. The design and construction process is divided into five phases discussed in detail, with milestones, on the City's website.

Ideation
The first phase, Ideation, represented an opportunity for the design team to meet the community and hear feedback on potential design elements through a comprehensive public engagement strategy developed by SWA Group's partner consultant, All Together. Working in partnership with City staff, SWA Group and All Together implemented a tiered approach to this phase of community engagement in line with that of the Location Feedback Survey (2025; see below) and the Place of Remembrance communications plan. Feedback during the Ideation phase focused on mood boards and open-ended questions to help the team actively develop ideas and concept designs from community feedback. This phase entailed ideation listening sessions from victims' families, individuals who were injured, and first responders, focus groups with various stakeholders, including parade participants, government and resource partners and others who assisted with the shooting response, including City staff, a listening session at the Committee of the Whole (February 23, 2026), a community workshop, and a public survey. This phase also included an initial joint conversation between the Committee of the Whole and the Historic Preservation Commission, with respect to considerations pertaining to the historic landmark at the Rose Garden on March 9, 2026.

The Ideation phase resulted in the three design concepts that were presented at a public meeting of the Working Group on May 7, 2026 and at the Council design concept listening session at the Committee of the Whole on May 11, 2026. The engagement report summarizing quantitative and qualitative feedback received is available on the City's website.

Design Concepting
The second phase, Design Concepting, began in May and continued through June. During Design Concepting, the design team presented the three concept designs informed by the public engagement from the Ideation phase to the community to receive feedback on the concepts. Individual outreach to victims' family members and people who were injured was conducted by the Resiliency Division and in person listening sessions were held with the design team. Public workshops were held on May 9 and May 11 in addition to multiple opportunities to view the concepts at City Hall to reach and receive input from the community. A community wide survey was also conducted online and in paper format.

An engagement report summarizing the information shared by victims and the community was presented to City Council on June 8 and is available on the City's website. The comprehensive feedback informed the development of a single unified design concept which was shared with the City Council on June 8. A presentation to the Historic Preservation Commission on June 24 followed the discussion at the Committee of the Whole presentation of the unified design concept.

Design Development
The third phase, Design Development, began in July and is anticipated to continue through September 2026. Design Development includes schematic design, establishing an initial anticipated budget, and refinement of details such as specific materials and plantings.

During schematic design, the architect develops study drawings and documents that illustrate the concepts of the design and include spatial relationships, scale, and form. The design is still being refined in this stage.

The construction manager then uses this information to inform a preliminary budget estimate. This estimate is only preliminary and will continue to evolve as the design is refined and developed. The construction manager also established an initial project schedule.

The City issued a request for proposals for a construction manager in April of 2026. Following careful evaluation of the responding proposals, the City entered into an agreement with F.H. Paschen at the August 17 City Council meeting.

At the August 17 Committee of the Whole meeting, the preliminary budget and project schedule developed by the construction manager were reviewed. City Council supported extending the initial target completion date of July 4, 2027 to fall/winter 2027 in order to allow for value engineering of the project by working with the architect and construction manager to identify opportunities to reduce costs, optimize the design, and ensure the Place of Remembrance delivers lasting value to the community while honoring the purpose and significance of the project. Council elected to continue the budget discussion to the September 14, 2026 Committee of the Whole.

Subsequent Phases
Subsequent phases include Construction Documentation (anticipated September - December 2026), and Construction (anticipated 2027 - completion) – information on these phases is available on the City's website. The construction timeline will be developed after the final design is determined.

Next Steps
The next step in the process of design development is the application for a Certificate of Appropriateness from the Historic Preservation Commission. The City will submit an application and it is anticipated that the Historic Preservation Commission will consider the application at a meeting on October 8, 2026 at 6:30 PM at City Hall.

Core Priorities:
Fiscal Stability
The engagement of Do Tank for the location feedback survey and focus group facilitation was $45,000.

The cost of the first stage of SWA's service agreement (project administration; listening, discovery, and community engagement; schematic design) is $262,500 plus up to $21,000 in reimbursable expenses (8% of the costs). The second stage of SWA's service agreement (design development; construction documentation; construction administration) is $629,800 plus up to $30,000 in reimbursable costs. The second stage of the service agreement is for services related to the Rose Garden site only. The cost associated with Stage 2 services for Port Clinton are not yet determined. The total costs for Stage 2 services for both sites are anticipated to not exceed the original estimate of $700,000 - $1,250,000.

The City Council supported a preliminary budget of $2 million for construction of the Place of Remembrance. At the June 8, 2026 Committee of the Whole meeting, the City Council supported an updated budget of $2.3 - $2.8 million for the Rose Garden site with Port Clinton costs under development. The current intal estimate for the Rose Garden is $3.257 million. Although Council direction was not to pursue active fundraising due to the broad impact of the shooting on the community, the City has received several donations to support this project, most notably a restricted gift of $1 million from Jon & Mindy Gray among other similarly directed gifts for the Permanent Place of Remembrance.

Public Safety
The design concepts incorporate best practices for public safety and accessibility, including preservation of sightlines and hardscape that supports visitors who may be using mobility devices or pushing strollers.

Infrastructure Investment
The permanent Place of Remembrance will incorporate a primary installation at the Rose Garden and a subtle, secondary installation at Port Clinton Plaza. While the scale and nature of the designs will be different, each represents a significant infrastructure undertaking given the presence of existing structures at or adjacent to the site.

Environmental Sustainability
The design concepts take the City's commitment to environmentally sustainable practices into consideration through recommendations for native plantings and seasonality.

Attachments:
1. Place of Remembrance SD Budget (1)
2. Highland Park POR_Value Engineering Log_20260904

Staff Report

Meeting Date: September 14, 2026

Staff Contact: Kristi McCaulou, Finance Director

Department: Finance Department

Title: 2027 Proposed Budget for City Revenue and Capital Improvement

Recommendation:

Policy Consideration:
A budget workshop is planned to continue presenting the City's 2027 Proposed Annual Budget (budget). At the workshop, the City Manager, Finance Director and Public Works Director will present proposed revenue and fee proposals for Fiscal Year 2027, and the proposed 10-year Capital and Funding Proposal.

The public portion of the budget process included three neighborhood meetings and a City Council Spring Workshop thus far. The budget development takes into consideration feedback and recommendations from the City Council, public and staff. The Spring Workshop included discussion of the following topics:

- Mission, Priorities & Values Statement
- Multi-Year Major Project Work Plan Brainstorming
- Review of Select Initiatives for FY 2027
- Review State of the City Finances & Financial Plans
  - Budget FY 2027 Calendar
  - Total Long-Term Liabilities & Fund Balances
  - 10-Year CIP & Debt Planning
  - Pension & OPEB Contribution Strategy
  - Legislative - Local Government Distributive Fund
  - Policy Affirmation
    - Budgetary
    - Fund Reserve
    - Investment
    - Purchasing
  - Considerations Impacting Revenue

The budget schedule is shown below with topics highlighted for the September 14, 2026 meeting.

Description	Date	A	M	J	J	A	S	O	N	D
Neighborhood Meetings	04/29/2026 05/13/2026 06/08/2026									
City Council Spring Workshop	05/18/2026									
Personnel Requests Distributed to City Council	07/13/2026									
Library Operating & Capital Budget	08/17/2026									
Draft Budget to Council	09/10/2026									
Revenue, Capital, and Debt Planning	09/14/2026									
Department Budget Staff Reports to Council	10/08/2026									
Proposed Budget to Council	10/30/2026									
Proposed Budget to City's Website	11/02/2026									
Tax Levy Estimate Accepted Proposed Budget Public Hearing	11/09/2026									
Approval of: ○ Budget Ordinance and Budget Document ○ Annual Fee Resolution ○ Capital Improvement Program ○ Employee Compensation Plan and Policy Proposed Property Tax Levy Public Hearing	11/23/2026									
Approval of: ○ Property Tax Levy ○ Liability & Workmen's Comp. Insurance	12/14/2026									

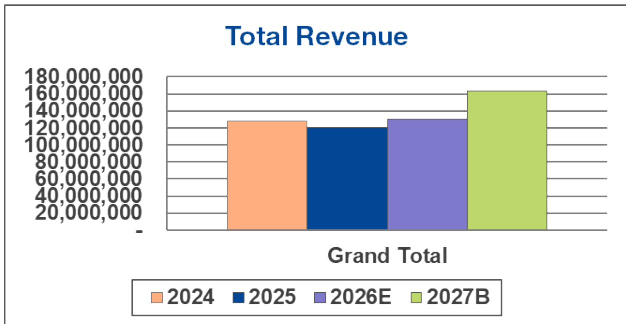
The City is firmly positioned to continue advancing its mission of providing high-quality municipal services in an efficient and fiscally-responsible manner through effective, transparent, collaborative, and inclusive governance, with values of being an inclusive and welcoming community that honors and affirms the intrinsic worth and unique perspectives of all who reside, work, study, and visit. The City's budget reflects input from the community and the commitment of the City Council and Staff to fiscal stability, public safety, and continued investment in the City's infrastructure, economic development, environmental sustainability and vibrancy.

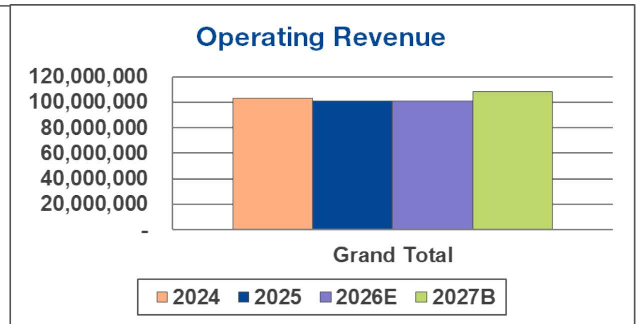
The budget includes a wealth of information pertaining to the community, the organization, the City's priorities, and costs for advancing priorities planned for the fiscal year and long-term. The City continues its commitment to long-term planning by including a 10-year capital improvement program (CIP) with funding, which guides the City's infrastructure, facility, and equipment planning. The fiscal year 2027 (2027) budget and the fiscal year 2026 (2026) estimate reflect the City's current estimates to sustain operations and plan for the future.

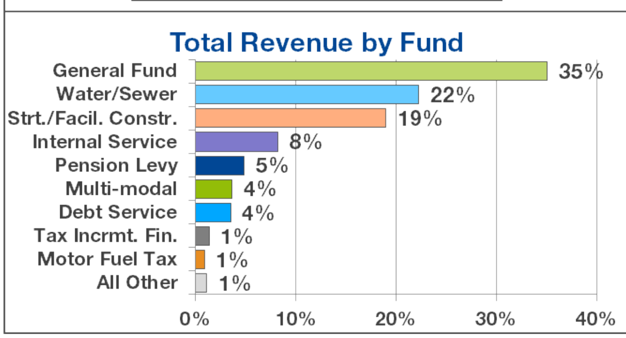
City Manager Neukirch, Finance Director McCaulou, and Public Works Director Bannon will present highlights of 2027 proposed revenue and capital, an updated 10-year capital improvement plan (CIP) and highlights of capital projects, grants, communications, City maintenance, and street repair. City Manager Neukirch and Assistant City Manager Taub previously presented personnel requests in closed session. Summary information of the City's budget is below.

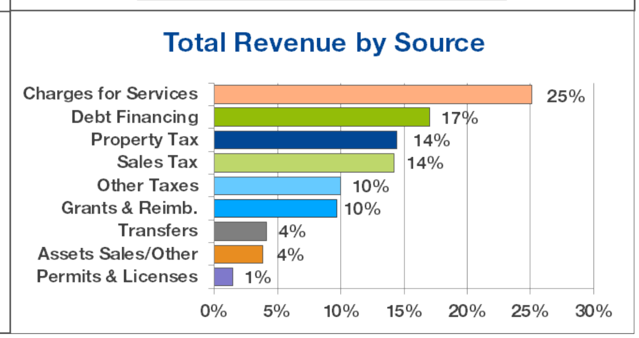
City Revenue for 2026 and 2027: Operating revenue of $109 million is expected to be 7%

higher than 2026, with 2026 operating revenue expected to be flat with 2025. 2027 operating revenue changes include higher water and sewer revenue, higher sales and property tax, and higher internal charges, offset by lower operating grants/reimbursements, contributions, interest income, and other revenue. Total revenue of $163 million is expected to be 26% higher than 2026, with 2026 total revenue expected to be 8% higher than 2025. In addition to operating changes, total revenue is impacted by non-operating revenue changes including changes in debt financing and its related debt levy, capital grants/reimbursements, and transfers between funds, consistent with the City's 10-year CIP and CIP funding plan; increases in tax increment financing revenue, consistent with market equalized assessed value changes; and changes in sale of assets.







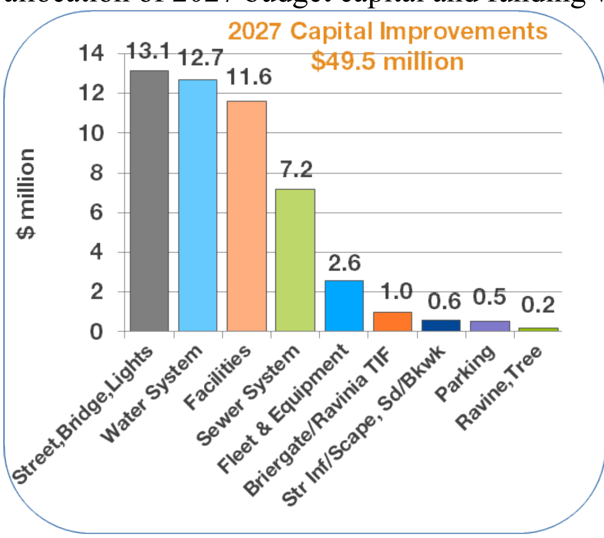


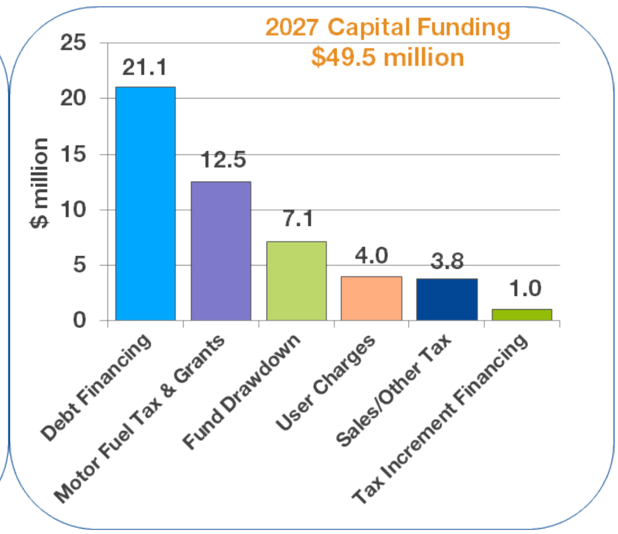
<u>City Revenue Assumptions:</u> Most revenue is estimated based on historical growth. Additional revenue detail is included in Exhibit A. The City diversifies its revenue stream and manages expenses to minimize the financial impact of City operations to taxpayers. The City regularly reviews fees and taxes to ensure revenues are appropriate to fund the cost of providing the City's high level of services. The budget includes changes for the following fees and taxes with changes detailed in Exhibit B.

- Ambulance Transport Fees
- Alarm System Fees
- Auction Sales Special Permit and Penalty
- Building Code (Permit to Obstruct Public-Right-of-Way)
- Building Code (Demolition Tax)
- Dog License Fee
- Failure to Apply for Push Cart and Animal Drawn Vehicle
- Food and Drink Sales Violations of Provisions
- Home Rule Sales Tax
- Lab Analysis Fee
- Non-Refundable Charitable Games Application Fee

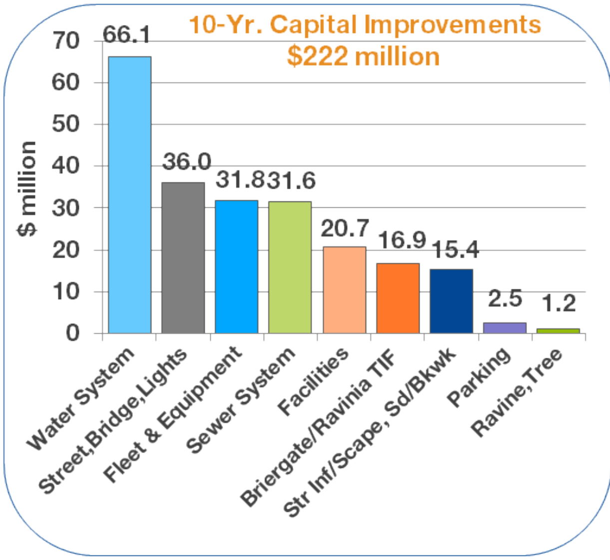
- Outdoor Dining Fee For Use of On-Street Parking
- Payment In-Lieu of Affordable Housing - See Exhibit D for the Payment in Lieu of Affordable Housing Memo
- Rental Registration
- Tax Levy
- Water/Sewer Rates

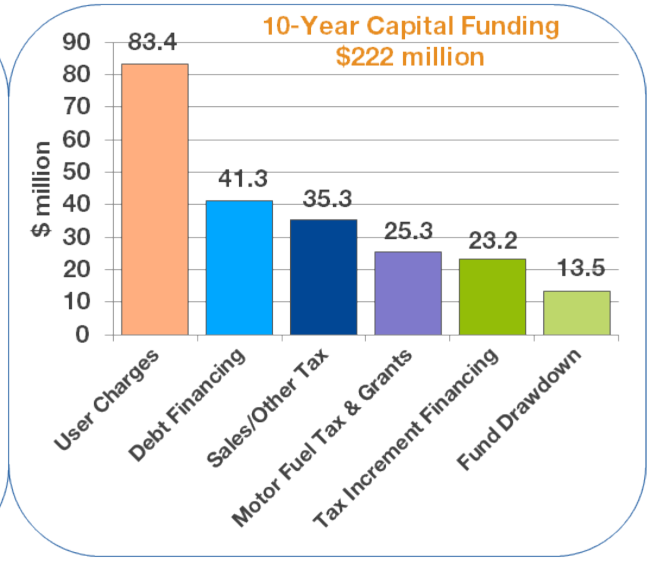
City 2027 Capital Improvement and Funding: The budget includes $49.5 million of capital improvements. $35 million is for infrastructure improvements including $15 million of street, streetscape, bridge, parking, sidewalk, bike walk, lighting, and forestry improvements and $20 million of water and sewer improvements. $14 million is for facility improvements and fleet/equipment replacement. The 2027 capital is supported by $21 million of debt financing, $13 million of motor fuel tax and grants, $7 million of strategic fund drawdowns, $5 million of sales tax, tax increment financing, and other taxes, and $4 million of user charges, resulting in a funding plan of 43% pay-as-you-go and 57% of the debt financing. The charts below show allocation of 2027 budget capital and funding with detail included in Exhibit C.





City 10-Year Capital Improvement and Funding: The City invested $294 million in capital improvements over the last 15 years through 2026 and is planning $222 million of capital improvements over the next 10 years, including the $49.5 million budgeted for 2027. The largest components of investment are for water, sewer, street, street scape infrastructure, sidewalks, bike walk, facilities, fleet, and equipment. The funding plan is 19% debt financing and 81% pay-as-you-go from user charges, debt financing, sales/other tax, strategic fund balance drawdown, motor fuel tax, grants, and tax increment financing. The City will meet or exceed fund balance targets each year of the 10-year period. The charts below show allocation of 10-year capital and funding with detail included in Exhibit C.





Next Steps:
Oct. 8 - Distribution of Department Staff Reports to City Council
Oct. 30 - Distribution of Proposed Budget to City Council
Nov. 2 - Proposed Budget on City website, www.cityhpil.com
Nov. 9 - Proposed Budget Public Hearing
Nov. 23 - Approval of Budget and Tax Levy Public Hearing
Dec. 14 - Approval of Tax Levy

Core Priorities:
Fiscal Stability

Public Safety

Economic Development

Infrastructure Investment

Environmental Sustainability

Vibrancy

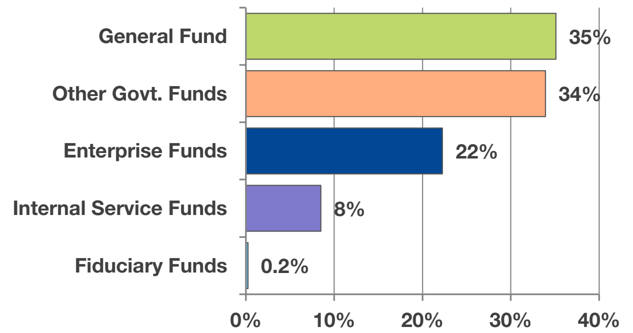
Attachments:
1. Exhibit A - Revenue by Year & for Year
2. Exhibit B - City Fee and Tax Changes
3. Exhibit C - 10-Year CIP and Funding
4. Exhibit D - Payment in Lieu of Affordable Housing Memo

EXHIBIT A

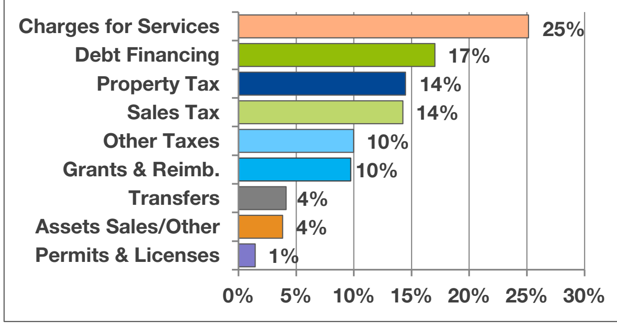
CITY OF HIGHLAND PARK

REVENUE BY YEAR

2027 Revenue by Fund



2027 Revenue by Source



	Total 2026 Estimate	Total 2027 Budget	Increase / (Decrease) '26 Est vs '25 Act $M	%	'26 Est vs '26 Bud $M	%	'27 Bud vs '26 Bud $M	%	'27 Bud vs '26 Est $M	%
Sales Tax[1]	20,050,000	23,280,000	0.04	0.2%	1.8	9.6%	5.0	27.3%	3.2	16.1%
Charges for Services[1]	7,771,800	7,996,300	2.3	42.8%	0.1	1.0%	0.3	3.9%	0.22	2.9%
State Income Tax[1]	5,558,900	5,670,100	(2.3)	-29.4%	0.1	0.9%	0.2	2.9%	0.1	2.0%
Utility Tax[1]	3,588,900	3,648,300	(0.1)	-3.1%	0.1	2.7%	0.2	4.4%	0.06	1.7%
Property Tax[2]	3,448,000	5,021,900	(1.2)	-25.9%	-	0.0%	1.6	45.6%	1.6	45.6%
Real Estate Transfer Tax[3]	2,600,000	2,652,000	(0.0)	-1.9%	0.0	1.2%	0.1	3.2%	0.1	2.0%
Other Taxes[1]	2,305,800	2,335,800	0.1	3.4%	(1.5)	-39.6%	(1.5)	-38.8%	0.0	1.3%
Permits and Licenses[1]	2,064,000	2,208,400	(0.00)	-0.2%	0.0	1.6%	0.2	8.7%	0.1	7.0%
Sale of Assets/Other Rev.[4]	7,183,700	4,534,400	1.7	31.6%	(0.1)	-1.4%	(2.8)	-37.8%	(2.6)	-36.9%
GENERAL FUND	**54,571,100**	**57,347,100**	**0.5**	**0.9%**	**0.4**	**0.8%**	**3.2**	**5.9%**	**2.8**	**5.1%**
Multi-Modal Transportation	6,089,100	6,002,300	0.3	5.4%	(0.1)	-1.9%	(0.2)	-3.3%	(0.1)	-1.4%
Motor Fuel Tax	1,466,800	1,494,000	(0.0)	-1.6%	-	0.0%	0.0	1.9%	0.0	1.9%
Enhanced 911	710,000	710,000	(0.01)	-1.1%	0.0	1.3%	0.0	1.3%	-	0.0%
Public Safety Pension[3]	7,259,500	7,890,100	0.3	3.9%	-	0.0%	0.6	8.7%	0.6	8.7%
Environmental Sustainability	419,400	266,900	0.2	81.6%	(0.0)	-2.8%	(0.2)	-38.2%	(0.2)	-36.4%
Debt Service[5]	5,984,100	5,723,000	2.71	82.6%	0.0	0.0%	(0.3)	-4.3%	(0.3)	-4.4%
Streets & Other Capital[6]	11,176,500	31,082,100	1.4	14.5%	2.1	22.5%	22.0	240.7%	19.9	178.1%
Tax Increment Financing	2,188,200	2,248,600	0.2	7.8%	0.0	0.5%	0.1	3.3%	0.1	2.8%
OTHER GOVT. FUNDS	**35,293,600**	**55,417,000**	**5.0**	**16.6%**	**1.9**	**5.8%**	**22.1**	**66.2%**	**20.1**	**57.0%**
Water[7]	20,376,300	26,680,700	3.8	23.1%	(3.1)	-13.1%	3.2	13.8%	6.3	30.9%
Sewer[8]	6,149,700	9,671,600	(0.8)	-11.2%	0.4	6.8%	3.9	68.0%	3.5	57.3%
ENTERPRISE FUNDS	**26,526,000**	**36,352,300**	**3.1**	**13.0%**	**(2.7)**	**-9.1%**	**7.2**	**24.5%**	**9.8**	**37.0%**
Equipment Maint/Replace	5,316,500	6,343,700	0.5	9.3%	(0.53)	-9.0%	0.5	8.6%	1.0	19.3%
Insurance	7,337,800	7,520,400	0.2	2.3%	(0.02)	-0.3%	0.2	2.2%	0.2	2.5%
INTERNAL SVC FUNDS	**12,654,300**	**13,864,100**	**0.6**	**5.1%**	**(0.5)**	**-4.2%**	**0.7**	**5.0%**	**1.2**	**9.6%**
Housing Trust	998,400	387,000	0.5	114.4%	0.4	71.1%	(0.2)	-33.7%	(0.61)	-61.2%
FIDUCIARY FUNDS	**998,400**	**387,000**	**0.5**	**114.4%**	**0.4**	**71.1%**	**(0.2)**	**-33.7%**	**(0.61)**	**-61.2%**
TOTAL REVENUE	**130,043,400**	**163,367,500**	**9.7**	**8.1%**	**(0.4)**	**-0.3%**	**32.9**	**25.2%**	**33.3**	**25.6%**

Notable Budget Comments:

1. Most revenues are estimated based on historical growth.
2. The City's total 2026 property tax for collection in 2027 includes an 8% rate increase totaling $1,580,100 to pay for to pay for higher General Funds needs 1,573,200; statutory pension cost increases $630,600; net of reallocation of tax revenue out of the Debt Fund ($537,900) and MultiModal ($85,800) to minimize the total tax increase required. Also see the Budget Prep. Notes and the Debt Svc., Public Safety Pen., and Multimodal sections.
3. Real Estate Transfer Tax for 2026 and 2027 is consistent with market trends.
4. Sale of Assets/Other Revenue includes reduction of Second St. parking lot air rights sale installment payments of $300,000 which ceased in 2026 and $2.3M reduction in grant revenue for 2027 and also inlcudes customary revenue from use of money, fines/forfeitures, and misc. other general revenue.
5. Debt Service reflects the property tax levy for previously issued and planned tax leviable general obligation bonds.
6. The Street & Other Capital revenue for 2026 and 2027 includes bond proceeds and transfers from other funds consistent with the City's 10-year CIP funding plan.
7. The Water Fund revenue includes a 15 cent per 100 cubic feet adjustment in the base water rate, net of historical usage.
8. The Sewer Fund revenue includes a 5% change in sewer rates with historical usage.

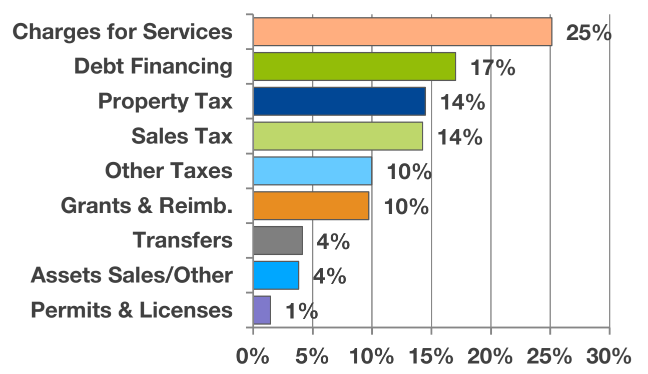
See Glossary of Terms and Funds in the Appendix.

CITY OF HIGHLAND PARK

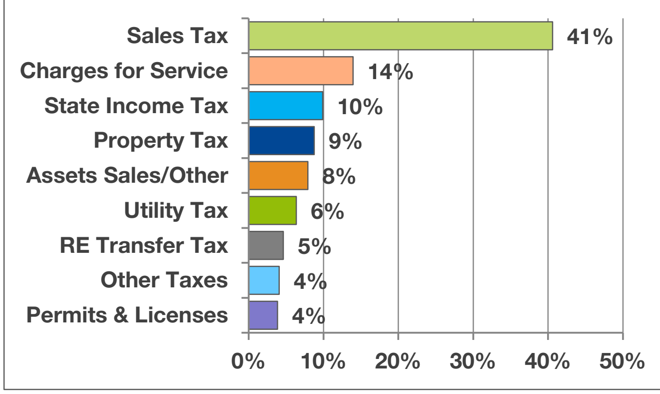
REVENUE FOR 2027

Fiscal Stability | Public Safety | Economic Development | Infrastructure | Environmental Sustainability | Vibrancy

Total 2027 Revenue



General Fund 2027 Revenue



	Charges Chgs for Services	Sales Tax	Property Tax	Other Taxes	Debt Financing	Grants & Reimburse.	Permits & Licenses	Transfers	Other Revenue	Total 2027 Budget
Sales Tax	-	23,280,000	-	-	-	-	-	-	-	23,280,000
Property Tax	-	-	5,021,900	-	-	-	-	-	-	5,021,900
Charges for Services	7,996,300	-	-	-	-	-	-	-	-	7,996,300
Utility Tax	-	-	-	3,648,300	-	-	-	-	-	3,648,300
State Income Tax	-	-	-	5,670,100	-	-	-	-	-	5,670,100
Other Taxes	-	-	-	2,335,800	-	-	-	-	-	2,335,800
Real Estate Trans. Tax	-	-	-	2,652,000	-	-	-	-	-	2,652,000
Permits and Licenses	-	-	-	-	-	-	2,208,400	-	-	2,208,400
Other Revenue	-	-	-	-	-	511,800	-	-	4,022,600	4,534,400
GENERAL FUND	**7,996,300**	**23,280,000**	**5,021,900**	**14,306,200**	**-**	**511,800**	**2,208,400**	**-**	**4,022,600**	**57,347,100**
Multi-Modal Transp.	1,700,000	-	3,744,000	296,900	-	168,600	-	-	92,800	6,002,300
Motor Fuel Tax	-	-	-	1,385,600	-	-	-	-	108,400	1,494,000
Enhanced 911	-	-	-	-	-	700,000	-	-	10,000	710,000
Public Safety Pension	-	-	7,890,100	-	-	-	-	-	-	7,890,100
Environmental Sustain.	-	-	-	-	-	-	-	-	266,900	266,900
Debt Service	-	-	4,895,400	-	-	-	-	314,200	513,400	5,723,000
Streets & Other Capital	-	-	-	-	20,000,000	4,376,100	-	6,400,000	306,000	31,082,100
Tax Increment Fin.	-	-	2,099,600	-	-	-	-	-	149,000	2,248,600
OTHER GOV. FD.	**1,700,000**	**-**	**18,629,100**	**1,682,500**	**20,000,000**	**5,244,700**	**-**	**6,714,200**	**1,446,500**	**55,417,000**
Water	14,745,600	-	-	-	7,815,000	3,688,600	115,000	-	316,500	26,680,700
Sewer	5,458,500	-	-	-	-	4,033,000	30,000	-	150,100	9,671,600
ENTERPRISE FD.	**20,204,100**	**-**	**-**	**-**	**7,815,000**	**7,721,600**	**145,000**	**-**	**466,600**	**36,352,300**
Eqp. Maint/Replace	5,632,900	-	-	-	-	504,100	-	30,000	176,700	6,343,700
Insurance	5,534,000	-	-	-	-	1,911,400	-	-	75,000	7,520,400
INTERNAL SVC FD.	**11,166,900**	**-**	**-**	**-**	**-**	**2,415,500**	**-**	**30,000**	**251,700**	**13,864,100**
Housing Trust	-	-	-	310,000	-	-	15,000	-	62,000	387,000
FIDUCIARY FD.	**-**	**-**	**-**	**310,000**	**-**	**-**	**15,000**	**-**	**62,000**	**387,000**
TOTAL REVENUE	**41,067,300**	**23,280,000**	**23,651,000**	**16,298,700**	**27,815,000**	**15,893,600**	**2,368,400**	**6,744,200**	**6,249,400**	**163,367,500**

See Glossary of Terms and Funds in the Appendix.

City of Highland Park

Exhibit B - 2027 Budget Fee and Tax Changes

The City diversifies its revenue stream and manages expenses to minimize the financial impact of City operations to taxpayers. The City regularly reviews fees and taxes to ensure revenues are appropriate to fund the cost of providing the City's high level of services. The 2027 Budget includes the following changes:

Ambulance Transport Fees: The City's ambulance transport fees are updated annually to align with the State of Illinois Healthcare and Family Services Provider Information Sheet, in order for the City to receive payment equivalent to Medicaid or private insurance. The updated fees noted below are included in the annual fee resolution, which will be in effect from January 1 through December 31, 2027.

- Basic Life Support $2,493.60
- Advanced Life Support $2,577.40
- Mileage Fee (unchanged) $9.46 per mile

Alarm System Fees: City Code section 129 refers to permit and penalty fees for alarm systems. The City is updating the fees as noted. The fees are included in the annual fee resolution, which will be in effect as of January 1, 2027.

Chapter 129: Alarm Systems		FY2026 Fee	FY2027 Fee
129.030(A)	Permit Fee - Initial Application	$35.00	$40.00
129.030(A)	Permit Fee - Annual Renewal	$25.00	$40.00
129.050(A)	Penalty for 3rd False Alarm per Year	$50.00	$75.00
129.050(A)	Penalty for 4th & 5th False Alarms per Year	$100.00	$150.00
129.050(A)	Penalty for 6th & 7th False Alarms per Year	$150.00	$225.00
129.050(A)	Penalty for 8th & 9th False Alarms per Year	$200.00	$300.00
129.050(A)	Penalty for 10th & 11th False Alarms per Year	$250.00	$375.00
129.050(A)	Penalty for 12 or More False Alarms per Year	$300.00 + $50 each beyond 12th False Alarm	$375.00 + $75 each beyond 12th False Alarm

Auction Sales Special Permit and Penalty: City Code section 112 refers to license, permits and penalty fees for auctions. The City is updating the fees as noted. The fees are included in the annual fee resolution, which will be in effect as of January 1, 2027.

Chapter 112: Auctions and Auctioneers		FY2026 Fee	FY2027 Fee
112.035(B)	Auction Sale Special Permit - Per Event	$15.00	$50.00
112.999	Violation - All Provisions of Chapter 112	$10.00 - $200.00	$100.00 - $500.00

Building Code (Permit to Obstruct Public-Right-of-Way and Demolition Tax): The City Code Section 170.108(C) Street Obstruction Permit – The City's street obstruction permit fee has not been changed since 2014. The City is updating the fees as noted. The fees are included in the annual fee resolution, which will be in effect as of January 1, 2027.

Chapter 170: Building Code		FY2026 Fee	FY2027 Fee
170.108 (C)	Permit to Obstruct a Public Right-of-Way (Street or Pavement) - 1st Day	$250.00	$350.00
170.108 (C)	Permit to Obstruct a Public Right-of-Way (Street or Pavement) - each addl. Day	$50.00	$70.00
170.108(C)	Permit to Obstruct a Public Right-of-Way (Sidewalk, Alley, or Public Way) - 1st Day	$100.00	$140.00
170.108(C)	Permit to Obstruct a Public Right-of-Way (Sidewalk, Alley, or Public Way) - each addl. Day	$25.00	$50.00
170.108(C)	Fee to Occupy a Non-Residential Parking Space During Right-of-Way Obstruction	$300.00 per Month	$425.00 per Month

The City Code Section 170.122(J)(1) Tax Imposed and Dedicated - Second phase of a two phase tax increase, as supported by City Council for the 2026 budget. It is an important revenue source for the City's affordable housing program. The City is updating the tax to $18,000, which is included in the annual fee resolution and will be effective as of January 1, 2027.

Dog License Fee: City Code sections 90.010 and 90.015 refer to dog license fees. The City is updating the fees as noted. The fees are included in the annual fee resolution, which will be in effect as of January 1, 2027.

Chapter 90: Dogs, Cats, and Other Animals		FY2026 Fee	FY2027 Fee
90.010(D)	Replacement Fee - Annual License	$2.00	$5.00
90.010(E)	Transfer Fee - Annual License	$2.00	$5.00
90.015	"Unaltered" Dog License Fee - Annual	$12.00	$15.00
90.015	"Altered" Dog License Fee - Annual	$7.00	$10.00

Failure to Apply for Push Cart and Animal Drawn Vehicle: City Code section 71.999 will increase to a minimum penalty of $50 for failure to apply for a push cart or animal drawn vehicle. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Food and Drink Sales Violations of Provisions: City Code section 115 refers to Food and Drink Sales. Violations of this chapter will increase the minimum penalty to $150.00. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Home Rule Sales Tax: City Council approved increasing Home Rule Sales tax from 1.0% to 1.5% on August 17, 2026 to help fund future capital needs. The tax is effective as of January 1, 2027.

Lab Analysis Fee: City Code section 50.600 refers to water samples. The lab fee associated with this will be increasing to $25.00. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Non-Refundable Charitable Games Application Fee: City Code section 118.400(B)(7) will increase to $35.00. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Ordinance Where Penalty not Expressed: City Code section 14.020, which covers all ordinances, will increase to a minimum penalty of $50.00. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Outdoor Dining Fee For Use of On-Street Parking: The City offer restauranteurs the opportunity for permission to use parking spaces in the public right of way in their outdoor dining permit application. The City is updating the fee to $500 to reflect a more equitable value for using public right-of-way for private commercial gain which was supported by the majority of City Council on August 11, 2025. This adjusted fee better offsets the City's administrative costs associated with permit processing, oversight, and enforcement of the program. Furthermore, it acknowledges the opportunity cost of dedicating public parking spaces to private dining, contributing to a more sustainable and fair use of valuable public assets. The updated fee is included in the annual fee resolution, which will be in effect from January 1 through December 31, 2027.

Payment In-Lieu of Affordable Housing: On July 1, 2026, the Housing Commission considered the Payment In-Lieu of Affordable Housing and voted 5-0 to recommend increasing this fee from $185,400 to $222,500. The increased fee reflects the subsidy needed to acquire, and bring on-line, an affordable unit through the City's Scattered Site Program based on average programmatic leverage obtained since 2023. The updated fee is included in the annual fee resolution, which will be in effect from January 1 through December 31, 2027.

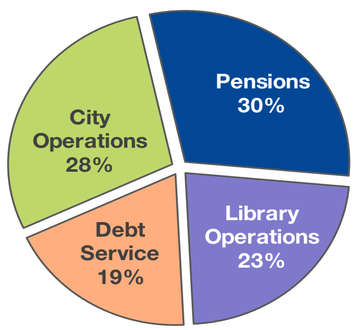
Rental Registration: City Code section 154.005(B)(5), Regulated Rental Dwelling Registration Fee – Annual Registration is increasing to $40.00. The fee has not been updated since 2014 and will better align with other registration fees. The fee is included in the annual fee resolution, which will be in effect as of January 1, 2027.

Sewer Rate: The 2027 rate adjustments of approximately 5% are consistent with the City's current 10-year sewer rate plan. The 2027 Budget sewer rates are noted below and are included in the annual fee resolution, which will be in effect from January 1 through December 31, 2027.

- Base Sewer Charge - Quarterly Residential $7.15
- Base Sewer Charge - Quarterly Commercial $10.65
- Sewer Charge - Low Income $0.95 per month
- Surcharge for Sanitary Sewer Use - Residential $1.50 per 100 Cubic Ft.
- Surcharge for Sanitary Sewer Use - Commercial $1.50 per 100 Cubic Ft.
- Stormwater Utility Fee - Base Fee $10.00 per month
- Stormwater Utility Fee $10.00 per Impervious Area Unit per mth.

Tax Levy:

City and Library Levy Property Taxes Uses



	2026 Tax Levy 2027 Fiscal Year		Increase/ (Decrease)	
General Fund/FICA/Medica	4,314,300	14%	1,706,900	65%
Police Pension	4,442,400	15%	420,500	10%
Fire Pension	3,447,700	11%	210,100	6%
Roads	3,744,000	12%	(85,800)	-2%
Debt	4,895,000	16%	(537,900)	-10%
IMRF Pension	487,600	2%	(133,700)	-22%
City Levy[1]	**21,331,000**	**70%**	**1,580,100**	**8%**
Library Operating/Pension	6,526,000	21%	565,500	9%
Library Debt	440,000	1%	(1,400)	0%
Library Levy[1]	**6,966,000**	**23%**	**564,100**	**9%**
City & Library Levy	**28,297,000**	**92%**	**2,144,200**	**8%**
Special Service Areas[2]	220,000	1%	0	0%
Ravinia & Briergate TIF[3]	2,099,600	7%	55,100	3%
Total All Levies	**30,616,600**	**100%**	**2,199,300**	**8%**

The City's 8% portion of the resident's tax bill continues to be one of the lowest percentages relative to comparable north shore municipalities. The City's 2026 property tax levy (excluding TIF and SSA), for collection in 2027, is 13% of the City's 2027 total revenue and is 60% dedicated to public safety and other personnel benefit costs. It includes individual levies for operations, pension funding, road maintenance and improvement, and debt service. The City's total 2026 property tax for collection in 2027 includes an 8% rate increase totaling $1,580,100, vs. the prior year budget, to pay for higher General Funds needs 1,573,200 ; statutory pension cost increases $630,600; net of reallocation of tax revenue out of the Debt Fund ($537,900) and MultiModal ($85,800) to minimize the total tax increase required. The Library's portion of the resident's tax bill is 3%. The Library's 2026 tax levy, for collection in 2027, is 96% of the Library's 2027 operating revenue excluding bond proceeds and transfers between funds. It includes combined funding for operations, capital, and debt service; and includes an increase of $564,100 significantly to pay for higher personnel costs. The total combined increase is 8%, which is approximately a $150 impact to a City tax payer, based on an average $500,000 equalized assessed value for the tax payer's property.

BUDGET PREP. NOTES

Fiscal Stability | Public Safety | Economic Development | Infrastructure | Environmental Sustainability | Vibrancy

Tax Levy Year Budget Year	Estimated TY25 FY26	Extended TY25 FY26	Proposed TY26 FY27	Proposed vs. PY Extended	Comments
OPERATING FUNDS					
General Corporate	3,228,700	3,228,014	4,801,900	49%	Public Safety, IMRF, FICA, Medical Insur.
Roads Maintenance	3,829,800	3,829,821	3,744,000	-2%	Street Lighting, Cleaning, and Maintenance
Total Operating	**7,058,500**	**7,057,835**	**8,545,900**	**21%**	
PENSION FUNDS					
Police Pension	4,021,900	4,021,924	4,442,400	10%	Actuarially Determined
Fire Pension	3,237,600	3,237,613	3,447,700	6%	Actuarially Determined
Total Pension	**7,259,500**	**7,259,537**	**7,890,100**	**9%**	
DEBT SERVICE LEVY	**5,432,900**	**5,487,324**	**4,895,000**	**-11%**	**Unabated Debt Service**
TOTAL CITY	**19,750,900**	**19,804,695**	**21,331,000**	**8%**	
LIBRARY					
Aggregate Levy[1]	6,401,925	6,401,943	6,966,000	9%	Operations, Capital, Debt
TOTAL LIBRARY	**6,401,925**	**6,401,943**	**6,966,000**	**9%**	
TOTAL COMBINED	**26,152,825**	**26,206,638**	**28,297,000**	**8%**	

Water Rate: The City has a uniform water service agreement with the municipal customers of Deerfield, Lincolnshire, Bannockburn and the Glenbrook Sanitary District with a term spanning years 2008 through 2033. Section 7 of the agreement defines the method in which the water rate assessed to both contract and residential customers is determined. The agreement calls for an annual water rate adjustment, if needed, each January 1, to ensure the financial sustainability of the fund, based on a pricing model.

The base water rate per 100 cubic feet (cf) is adjusted for meters and billing services for City residential customers and for an export surcharge for municipal contract customers. The 2027 total rate of $4.42 per 100 cf for City residential customers is 15 cents higher than 2026, which is consistent with the City's current 10-year water rate plan. The water rate continues to be one of the lowest in the Chicagoland area. A survey of comparable municipal water rates is included in the Water Fund section. The 2027 Budget water rate is included in the annual fee resolution, along with corresponding conservation based rates, which will be in effect from January 1 through December 31, 2027.

10-YEAR CAPITAL IMPROVEMENT
SUMMARY WITH FUNDING SOURCES ($000)

Fiscal Stability | Public Safety | Economic Development | Infrastructure | Environmental Sustainability | Vibrancy

Infrastructure:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Asphalt & Concrete	3,890	1,720	1,720	1,350	1,845	1,845	1,895	1,895	1,895	1,895	19,950
Ravinia Train Station Lot, East of Tracks	710	-	-	-	-	-	-	-	-	-	710
Vine Ave - Sheridan to St. Johns& Sheridan to Linden Av	1,100	-	-	-	-	-	-	-	-	-	1,100
Green Bay-Central to Clavey&Clavey to Lake Cook	55	3,680	-	-	-	-	-	-	-	-	3,735
Pavement Eval., Soil Test, Alleys, and Other Streets	205	30	185	-	130	-	-	-	-	150	700
Streets - Total	**5,960**	**5,430**	**1,905**	**1,350**	**1,975**	**1,845**	**1,895**	**1,895**	**1,895**	**2,045**	**26,195**
Parking Improvements	**530**	**930**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**2,500**
Bike/Walk Plan & Sidewalks	**575**	**515**	**85**	**355**	**185**	**465**	**465**	**465**	**465**	**465**	**4,040**
Ravinia TIF District Development	**500**	**5,854**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,354**
Briergate TIF District Development	**500**	**4,000**	**1,396**	**1,438**	**1,480**	**1,523**	**1,567**	**1,612**	**1,658**	**1,704**	**16,878**
Central Bus. Dist. Streetscape	**-**	**1,076**	**291**	**632**	**877**	**851**	**1,308**	**-**	**-**	**-**	**5,035**
St. Johns	4,035	-	-	-	-	-	-	-	-	-	4,035
Wade Ave Bridge	885	-	-	-	-	-	-	-	-	-	885
Inspections & Consulting	100	100	100	100	100	100	100	100	100	100	1,000
Judson Ave	965	-	-	-	-	-	-	-	-	-	965
Beech Street	680	-	-	-	-	-	-	-	-	-	680
Lake Cook Rd	300	-	-	-	-	-	-	-	-	-	300
Bridges - Total	**6,965**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**7,865**
Street Lighting & Striping	**220**	**120**	**120**	**120**	**220**	**220**	**220**	**220**	**220**	**220**	**1,900**
Tree Replacement	**155**	**115**	**115**	**115**	**115**	**115**	**115**	**115**	**115**	**115**	**1,190**
Ravines	**25**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**
Lead Service Line Replacement Program	7,815	7,000	6,500	-	-	-	-	-	-	-	21,315
Membrane Replacements	-	-	-	-	-	-	-	3,500	3,500	3,500	10,500
St. Johns Bridge	1,345	-	-	-	-	-	-	-	-	-	1,345
Montgomery Ave-Moraine to Dead End	-	-		-	130	900	900	900	900	900	4,630
Beech Ln/Beech St Bridge	680	-	-	-	-	-	-	-	-	-	680
Insertion Valve	415	-	-	-	-	-	-	-	-	-	415
Meters/Interconnects	550	65	75	235	140	140	140	140	140	140	1,765
Judson Ave Bridge	965	-	-	-	-	-	-	-	-	-	965
Green Bay Rd - Central to Clavey	55	600	-	-	-	-	-	-	-	-	655
Wade Ave Bridge	885	-	-	-	-	-	-	-	-	-	885
Skokie Valley Rd	-	530	-	-	-	-	-	-	-	-	530
Sycamore Pl-Lake Ave and Sylvester Place	-	800	800	-	-	1,000	1,000	1,000	1,000	1,000	6,600
Richfield Ave & Deerfield Rd, Cavell to Winthrop	-	745	-	-	-	-	-	-	-	-	745
St. Johns- Forest Ave to Laurel Ave	-	215	-	-	1,485	-	-	-	-	-	1,700
Kimballwood Ln Loop, Kimball Rd to Kimball Rd	-	-	745	-	-	-	-	-	-	-	745

10-YEAR CAPITAL IMPROVEMENT
SUMMARY WITH FUNDING SOURCES ($000)

Fiscal Stability | Public Safety | Economic Development | Infrastructure | Environmental Sustainability | Vibrancy

Infrastructure (continued):	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Blackstone Pl - Green Bay to East End	-	-	280	-	-	-	-	-	-	-	280
Egandale Rd - 2219 Egandale to Woodbridge	-	-	340	-	-	-	-	-	-	-	340
Bloom Ave, St Johns to Oak	-	-	420	-	-	-	-	-	-	-	420
Design Emerg. Interconnect improv.	-	-	100	225	100	-	-	-	-	-	425
Cedar Ave- Linden Ave to Sheridan Rd	-	-	-	530	-	-	-	-	-	-	530
Port Clinton Rd, Bloom St to Walker Ave	-	-	-	320	-	-	-	-	-	-	320
Skokie Ave - West End to Green Bay Rd	-	-	-	-	720	720	720	720	720	720	4,320
Backwash Pump Rotating Assembly	-	-	200	-	-	-	-	-	-	-	200
Water Tower Tuckpointing Dsgn & Constr	-	750	1,000	1,300	-	-	-	-	-	-	3,050
Distr. Sys Surge Suppression: Dsgn & Constr	-	-	-	-	200	-	-	-	-	-	200
Corrosion Optimization	-	-	-	400			-	-	-		400
West Side Res. Fac Improv. Dsgn & Constr.	-	-	300	1,000	-	-	-	-	-	-	1,300
Other Improvements	5	265	215	265	15	15	15	15	15	15	840
Water - Total	**12,715**	**10,970**	**10,975**	**4,275**	**2,790**	**2,775**	**2,775**	**6,275**	**6,275**	**6,275**	**66,100**
Stm/San - Lining, Inspection, Lateral, Treatment	500	150	200	1,000	400	400	400	400	400	400	4,250
Stm - Green Bay Rd - Clavey to Lake Cook	-	370	-	-	-	-	-	-	-	-	370
Stm/San - Dean Ave Bridge	115	25	25	-	-	-	-	-	-	-	165
Stm - Flood Mitigation Management Program	320	395	320	320	320	320	320	320	320	320	3,275
San - Beech Ln/Beech St Bridge	1,174	-	-	-	-	-	-	-	-	-	1,174
Stm/San - Green Bay Rd - Central to Clavey	110	1,200	-	-	-	-	-	-	-	-	1,310
San - Lift Station and Pump Improvements	20	40	40	40	40	40	40	40	40	40	380
Stm/San - Wade Ave Bridge	1,770	-	-	-	-	-	-	-	-	-	1,770
San - LAPP Resurf Project-Summit Av Rd	-	700	-	-	-	-	-	-	-	-	700
Stm - Ravinia Train Station Lot, East of Tracks	340	-	-	-	-	-	-	-	-	-	340
Stm/San - Judson Avenue Bridge	1,930	-	-	-	-	-	-	-	-	-	1,930
Stm - Braeside, Indian Tree Dr to Blackhawk Rd	-	-	500	-	-	-	-	-	-	-	500
Stm - Hazel Ave/N Ravinia Parking Lots	-	-	1,600	850	850	850	850	850	850	850	7,550
San - Linden Ave - Collapsed Sainitary Main Work	340	-	-	-	-	-	-	-	-	-	340
San - First St	-	-	300	500	-	-	-	-	-	-	800
Stm - Laurel Underpass - Laurel Ave. to Ravine	-	-	-	-	-	-	-	1,000	1,000	1,000	3,000
Other Improvements	540	195	315	725	325	325	325	325	325	325	3,725
Sewers - Total	**7,159**	**3,075**	**3,300**	**3,435**	**1,935**	**1,935**	**1,935**	**2,935**	**2,935**	**2,935**	**31,579**
Total Infrastructure	**35,304**	**32,185**	**18,417**	**11,950**	**9,807**	**9,959**	**10,510**	**13,747**	**13,793**	**13,989**	**169,661**

Infrastructure Funding Sources:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
User Charges and Other Revenue	4,043	10,438	8,841	7,945	6,927	6,926	7,543	9,804	10,034	10,885	83,385
Debt Financing - Water	7,815	7,000	6,500	-	-	-	-	-	-	-	21,315
Debt Financing - Streets & Facilities	6,500	-	-	-	-	-	-	-	-	-	6,500
Strategic Fund Drawdown - General	2,583	3,114	-	1,016	-	111	-	-	-	-	6,824
Strategic Fund Drawdown - Water Fund	-	-	130	-	-	-	-	931	701	-	1,763
Strategic Fund Drawdown - Multimodal Fund	723	149	150	151	-	-	-	-	-	-	1,173
Strategic Fund Drawdown - Sewer Fund	123	-	-	-	-	-	-	-	-	-	123
Grants/Reimbursements	11,116	230	-	-	-	-		-	-	-	11,346
Motor Fuel Tax	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	14,000
Tax Increment Financing (TIF)	1,000	9,854	1,396	1,438	1,480	1,523	1,567	1,612	1,658	1,704	23,232
Total Funding - Infrastructure	**35,304**	**32,185**	**18,417**	**11,950**	**9,807**	**9,959**	**10,510**	**13,747**	**13,793**	**13,989**	**169,661**

10-YEAR CAPITAL IMPROVEMENT
SUMMARY WITH FUNDING SOURCES ($000)

Facilities & Equipment:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Vehicle and Equipment Replacement	2,578	3,600	2,148	2,551	2,252	6,351	4,357	2,494	3,129	2,316	31,776
Fire Station 34 Redevelopment	6,750	6,750	-	-	-	-	-	-	-	-	13,500
Place of Remembrance	3,500	-	-	-	-	-	-	-	-	-	3,500
Station 33 Training Room	65	-	-	-	-	-	-	-	-	-	65
Facilities Improvements (Priority 1)	1,330	225	50	1,110	330	110	110	110	110	110	3,595
Total Facilities & Equipment	**14,223**	**10,575**	**2,198**	**3,661**	**2,582**	**6,461**	**4,467**	**2,604**	**3,239**	**2,426**	**52,436**

Facilities & Eqp. Funding Sources:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Home Rule Sales and Other General Tax	3,814	3,825	2,198	3,661	2,582	6,461	4,467	2,604	3,239	2,426	35,277
Debt Financing - Fire Station 34 Redevelopment	6,750	6,750	-	-	-	-	-	-	-	-	13,500
Strategic Fund Drawdown - Equipment Fund	159	-	-	-	-	-	-	-	-	-	159
Strategic Fund Drawdown - General	3,500	-	-	-	-	-	-	-	-	-	3,500
Total Funding - Facilities & Equipment	**14,223**	**10,575**	**2,198**	**3,661**	**2,582**	**6,461**	**4,467**	**2,604**	**3,239**	**2,426**	**52,436**
Grand Total City Capital	**49,527**	**42,760**	**20,615**	**15,611**	**12,389**	**16,420**	**14,977**	**16,351**	**17,032**	**16,415**	**222,097**
Grand Total City Funding	**49,527**	**42,760**	**20,615**	**15,611**	**12,389**	**16,420**	**14,977**	**16,351**	**17,032**	**16,415**	**222,097**

Library Capital:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Door/Window/Framing Rplcmt	90	-	60	-	-	-	-	-	-	-	150
Furniture and Equipment	180	70	470	85	100	75	125	80	80	90	1,355
Elevator, HVAC, and Plumbing Updates	-	275	305	-	340	5	75	370	615	-	1,985
Exterior Improvements	-	125	-	-	-	-	30	-	-	-	155
Interior Improvements	-	-	-	195	-	-	1,500	-	-	-	1,695
Total Library Capital	**270**	**470**	**835**	**280**	**440**	**80**	**1,730**	**450**	**695**	**90**	**5,340**

Library Funding:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10 Yr.
Fundraising, Other Revenue and Special Reserves	-	25	380	-	-	-	1,235	-	180	-	1,820
Library Tax Levy	270	445	455	280	440	80	495	450	515	90	3,520
Total Library Funding	**270**	**470**	**835**	**280**	**440**	**80**	**1,730**	**450**	**695**	**90**	**5,340**
Grand Total City and Library Capital	**49,797**	**43,230**	**21,450**	**15,891**	**12,829**	**16,500**	**16,707**	**16,801**	**17,727**	**16,505**	**227,437**
Grand Total City and Library Funding	**49,797**	**43,230**	**21,450**	**15,891**	**12,829**	**16,500**	**16,707**	**16,801**	**17,727**	**16,505**	**227,437**

See Glossary of Terms and Funds in the Appendix.

10-YEAR CAPITAL IMPROVEMENT
PROJECTS BY FUND ($000)

Fiscal Stability | Public Safety | Economic Development | Infrastructure | Environmental Sustainability | Vibrancy

Department and Division	Project and Fund Description	Capital Improvement Program Expenditures by Year										Total
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10-Yr.
Police Dept. Patrol	Rapid Deployment Rifles, Rifle-Rated Shields/Vests, Optical Sighting Systems for Sig Patrol Rifles, Pepperball Launchers	71	52	28	89	36	165	86	55	89	46	**717**
Police Dept. Communications	Livescan Fingerprint and Camera	-	-	-	20	-	-	-	-	-	-	**20**
Police Dept. Communications	Police Headquarters Video, Training Rm. AV, & Forensic Computer	37	37	65	125	45	45	70	54	54	139	**671**
Police Dept. Patrol	Drone As First Responder Program	-	60	60	60	60	63	63	63	63	63	**555**
Police Dept. Patrol	Breathalyzer Instrument	-	14	-	-	-	-	-	-	-	-	**14**
Public Safety Communications	Upgrade HP 2-way radio comms. to State of IL std. interoperable, digital STARCOM-21 system, Mobile Command Unit Base Station Radio	-	800	-	-	-	-	-	-	775	15	**1,590**
Fire Dept. Emerg. Med./Eqp.	Self-contained breathing apparatus	20	-	-	-	-	-	-	-	-	-	**20**
Fire Dept. Emerg. Med./Eqp.	Cardiac Monitor Replacement Stryker Power Load System to Reduce Back Injuries	62	171	-	70	72	-	77	79	231	81	**843**
Fire Dept. Suprsn. & Trng.	Auto Extrication Equipment Thermal Imaging Equipment	-	70	30	-	-	-	-	-	-	-	**100**
Comm. Develop.	Central Bus. Dist. Streetscape 2028-29: Survey & Geotech 2029: Ph.2 Benches,Tables,Seats 2028-31: Gateway/Parking Signs 2030-32: Bike/Transit Shelter 2030-32: Wayfinding 2033: Laurel Viaduct	-	1,076	291	632	877	851	1,308	-	-	-	**5,035**
Public Works Parking	Maint./Repair parking lots/decks Priority 1	530	930	130	130	130	130	130	130	130	130	**2,500**
Public Works Engineering	Street Capital Bike Walk Plan Priority 1	500	440	-	280	110	390	390	390	390	390	**3,280**
Public Works Oper./Facilities	Facilities Improvements based on Equis Master Plan Priority 1	1,330	225	50	1,110	330	110	110	110	110	110	**3,595**
Public Works Oper./Forestry	Tree Replacement McClory Trail Pollinator Garden Landscape Improvements	155	115	115	115	115	115	115	115	115	115	**1,190**
Resiliency	Place of Remembrance	3,500	-	-	-	-	-	-	-	-	-	**3,500**
	Subtotal General Fund	**6,205**	**3,990**	**769**	**2,631**	**1,775**	**1,869**	**2,349**	**996**	**1,957**	**1,089**	**23,630**
Public Works Street Lights	Street Lighting Improvements	120	120	120	120	120	120	120	120	120	120	**1,200**
Public Work Streets	Street Striping	100	-	-	-	100	100	100	100	100	100	**700**
	Subtotal Multi-Modal Fund	**220**	**120**	**120**	**120**	**220**	**220**	**220**	**220**	**220**	**220**	**1,900**
Fire Dept. Emrg. Med./Eqp.	Lakeshore Ratio Network Eqp.	10	10	10	10	10	10	10	10	10	10	**100**
	Subtotal E911 Fund	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**100**

10-YEAR CAPITAL IMPROVEMENT
PROJECTS BY FUND ($000)

Fiscal Stability · Public Safety · Economic Development · Infrastructure · Environmental Sustainability · Vibrancy

Department	Project and Fund Description	Capital Improvement Program Expenditures by Year										Total
and Division		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10-Yr.
Public Works Engineering	Street Capital Streets	5,960	5,430	1,905	1,350	1,975	1,845	1,895	1,895	1,895	2,045	**26,195**
Public Works Engineering	Street Capital Bridges	6,965	100	100	100	100	100	100	100	100	100	**7,865**
Public Works Engineering	Public Services Building Redevelopment	-	-	-	-	-	-	-	-	-	-	**-**
Public Works Engineering	Street Capital Ravines (Priority 1)	25	-	-	-	-	-	-	-	-	-	**25**
Public Works Engineering	Street Capital Sidewalk	75	75	85	75	75	75	75	75	75	75	**760**
Fire Dept. Emerg. Med./Eqp.	Fire Station 34 Redevelopment	6,750	6,750	-	-	-	-	-	-	-	-	**13,500**
Fire Dept. Emerg. Med./Eqp.	Station 33 Training Room	65	-	-	-	-	-	-	-	-	-	**65**
	Subtotal Streets and Other Capital Projects Fund	**19,840**	**12,355**	**2,090**	**1,525**	**2,150**	**2,020**	**2,070**	**2,070**	**2,070**	**2,220**	**48,410**
Public Works	Ravinia District Streetscape & Infrastructure	500	5,854	-	-	-	-	-	-	-	-	**6,354**
	Subtotal Ravinia TIF Fund	**500**	**5,854**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,354**
Administration/ Community Development / Public Works	Briergate TIF District Development - Ped Bridge over Rt 41 Rehabilitation	500	4,000	1,396	1,438	1,480	1,523	1,567	1,612	1,658	1,704	**16,878**
	Subtotal Briergate TIF Fund	**500**	**4,000**	**1,396**	**1,438**	**1,480**	**1,523**	**1,567**	**1,612**	**1,658**	**1,704**	**16,878**
Public Work Water Distrib.	Water Main Rplcmt. (Priority 1)	11,860	9,905	9,100	865	2,350	2,635	2,635	2,635	2,635	2,635	**47,255**
Public Works Water Prodtn.	Water Production & Storage improvements (Priority 1)	305	1,000	1,800	3,175	300	-	-	3,500	3,500	3,500	**17,080**
Public Work Water Distrib.	Water Distribution Meter & Interconnect Rplcmt.	550	65	75	235	140	140	140	140	140	140	**1,765**
	Subtotal Water Fund	**12,715**	**10,970**	**10,975**	**4,275**	**2,790**	**2,775**	**2,775**	**6,275**	**6,275**	**6,275**	**66,100**
Public Works Engineering	Storm Sewer Capital (Priority 1)	3,735	1,560	2,685	1,320	1,320	1,320	1,320	2,320	2,320	2,320	**20,220**
Public Works Engineering	Sanitary Sewer Capital (Priority 1)	3,404	1,475	575	2,075	575	575	575	575	575	575	**10,979**
Public Works Sanitary Sewers	Sanitary Sewers Lift Station Maint.	20	40	40	40	40	40	40	40	40	40	**380**
	Subtotal Sewer Fund	**7,159**	**3,075**	**3,300**	**3,435**	**1,935**	**1,935**	**1,935**	**2,935**	**2,935**	**2,935**	**31,579**
Public Works Fleet	Vehicle Replacement (Priority 1)	750	1,080	1,116	1,000	1,010	1,220	1,400	1,180	320	530	**9,606**
Fire Dept. Fleet	Vehicle Replacement 2025, 28, 35: Dive Boat/Ambulance 2026, 31: Staff vehicles 2030: Van 2032: Ladder Trk., Utility Pick-Up Trk., 1 PD/FD Utility Terrain Veh. 2033: Fire Engine	641	420	-	300	73	3,625	1,400	-	470	245	**7,174**

10-YEAR CAPITAL IMPROVEMENT
PROJECTS BY FUND ($000)

Department and Division	Project and Fund Description	Capital Improvement Program Expenditures by Year										Total
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10-Yr.
Police Dept. Fleet	Vehicle Replacement 2025: 1 Adm. Hybrid, 1 Com. Svc. 2026: 2 Patrol Hybrid, 2 Adm. Hybrid, 1 Mechanic's Truck 2027: 3 Patrol Hybrid, 2 Com. Svc. 2032: 1 PD/FD Utility Terrain Veh. 2028-34: 5 Vehicles per Year	340	365	391	431	475	553	576	634	698	768	**5,231**
Info. Technology Citywide	Server, Switches, Storage, Wireless, Email, Backup	8	133	60	8	83	282	287	31	31	31	**954**
Info. Technology Citywide	Web-Collaborative Office Software	200	200	200	200	200	200	200	200	200	200	**2,000**
Info. Technology Citywide	Enterprise Resource Pln. (ERP) Sys. Rplcmt. & Rptg. Software	201	-	-	-	-	-	-	-	-	-	**201**
Info. Technology Citywide	Laptop & Workstation Rplcmt.	95	95	95	95	95	95	95	95	95	95	**950**
Info. Technology Citywide	Electronic Data Mgmt. System	50	-	-	-	-	-	-	-	-	-	**50**
Info. Technology Citywide	Security Upgrade	45	45	45	95	45	45	45	45	45	45	**500**
Info. Technology Public Safety	Police and Fire MDC Rplcmt.	48	48	48	48	48	48	48	48	48	48	**480**
	Subtotal Equip. Replace. Fund	**2,378**	**2,386**	**1,955**	**2,177**	**2,029**	**6,068**	**4,051**	**2,233**	**1,907**	**1,962**	**27,146**
	Total City, excluding Library	**49,527**	**42,760**	**20,615**	**15,611**	**12,389**	**16,420**	**14,977**	**16,351**	**17,032**	**16,415**	**222,097**

See Glossary of Terms and Funds in the Appendix.

City of Highland Park

Memorandum

Date: Aug. 2, 2026 Revised Aug. 19, 2026

To: Ghida S. Neukirch, City Manager
Kristi McCaulou, Finance Director & Lara Lukasik, Deputy Finance Director

From: Joel Fontane, Community Development Director

Subject: **FY-27 - Recommendation Payment In-Lieu of Affordable Housing**

Recommendation. In addition to Community Development's May 4, 2026 recommendations, the Housing Commission and CD recommends the Payment In-Lieu for affordable housing be increased from $185,400 to $222,500 effective January 1, 2027. Please see attached revised annotated spreadsheet.

May 4, 2026 - Recommended FY-27 Fee Changes (unchanged):

1) Aligns Chapter 129 Alarm System application fee and renewal fees with other registration type fees, and adjusts the penalties for false alarms for inflation.
2) Chapter 154 - Increases the Rental Registration fee to $40 to align with other registration fees. Note this has not increased since the program's inception in 2014.

Chapter 170 – Building Code:

3) Section 170.108 - Adjusts obstruction permit fees for inflation since 2014 (~42% increase).
4) Section 170.122 - Implements the second part of a two-part increase of the Demolition Tax, as directed by Council. Note the Code reference correction in attached spreadsheet.

Additional Recommendation – FY-27 Payment In-Lieu of Affordable Housing Fee.

On July 1, 2026, the Housing Commission considered the Payment In-Lieu of Affordable Housing and voted 5-0 to recommend increasing this fee from $185,400 to $222,500. The recommended fee reflects the subsidy needed to acquire, and bring on-line, an affordable unit through the City's Scattered Site Program based on average programmatic leverage obtained since 2023 (see attached Policy Discussion Memo for details).

Proposed Annual Fee Resolution Amendment.

City Code Section	Description	FY-2026	FY-2027
150.2102(C)(2)	Per Unit Cash Payment In-Lieu of Providing Affordable Housing	$185,400	$222,500

Fiscal Impact. The proposed changes will offset the cost of registration processing, increase fees for use of the City's rights-of-way for construction, and implement the second part of a two-part increase to the City's Demolition Tax. The proposed change to the payment in-lieu will ensure it provides the average government subsidy needed to bring an affordable unit on-line.

Fiscal Stability | Public Safety | Economic Development | Infrastructure Investment | Environmental Sustainability | Vibrancy

City of Highland Park

Community Development Department

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847.432.0867
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Date: **July 1, 2026**

To: **Chair & Housing Commissioners**

From: **Zubin Coleman, Senior Planner**
Charmain Later, Deputy Director
Joel Fontane, Director – Community Development

Subject: **Policy Discussion & Consideration of Payment-In-Lieu Fee**

Recommendation. Staff recommend the Commission consider the following payment in-lieu fee policy discussion to make a recommendation to City Council relative to the FY-27 payment in-lieu fee amount.

Background. Periodically staff recommend changes to various fees and charges to account for changes in costs, market conditions, and City policy as part of the City's yearly budget process.[1] Since establishing an in-lieu fee of $100K per unit in 2003, the City's payment in-lieu fee has been changed three times: in 2008, 2013, and in 2022. In 2008, the in-lieu fee was increased from $100K to $200K per unit, and in 2013, the fee in-lieu was reduced to $125K per unit. Most recently, in 2022, the fee in-lieu was increased to $185.4K per unit, effective January 1, 2023.

The impetus for the 2013 change came from the developer of the proposed Grange Woods residential subdivision project. The developer requested paying a reduced fee-in-lieu amount of $115K rather than the then required amount of $200K per unit. At that time, the Housing Commission recommended the payment in-lieu be reduced to $125K based on the decline in housing sales prices associated with the Great Recession. The payment in-lieu fees stayed the same until coming out of the Covid-19 pandemic in 2022 when staff recommended a reexamination of the fee to account for changes in housing market conditions and inflation.

Through that analysis and consideration process, the payment-in-lieu fee was increased to $185,400 to align with the average subsidy amount that Community Partners for Affordable Housing (CPAH) uses as leverage for obtaining affordable single-family units in Highland Park. The City Council adopted the Housing Commission's recommendation, which is still the City's current in-lieu fee amount[2]. Following the 2022 fee-in-lieu change consideration, per City Council direction, staff analyze the fee-in-lieu amount every 3-5 years so that the fee aligns with the current housing market conditions or programmatic experience as deemed appropriate.

[1] Per Sec. 150.2125(B) [...]"The minimum per unit amount shall be determined by the City Council, based upon an estimate of the cost of providing an affordable housing unit, and shall be reviewed and modified periodically by the City Council."[...] In 2019, at the request of City Council, staff initiated a review of the payment in-lieu fee. Prior to the Commission making a recommendation, the City Council decided not to enact any changes to the payment in-lieu at that time. Thereafter, in response to the Covid-19 pandemic in March of 2020, consideration of this matter was further postponed until preparation for FY-23 budget, which began in May 2022.

[2] Reflected in the City's Annual Fee Resolution.

Policy Discussion.

What the Payment In-Lieu (Fee In-Lieu) amount represents.

The dollar amount of the City's payment in-lieu of affordable housing units represents some portion of the subsidy required to bring an affordable unit on-line assuming leverage of other governmental resources beyond those the Commission grants from the Housing Trust Fund (HTF)[3].

Use of the Fee In-Lieu.

All payment in-lieu dollars go to the City's Housing Trust Fund for the City's affordable housing initiatives per Sec. 150.2125(B) of the City's Code. The City's Housing Trust Fund grants leverage other State and Federal resources to acquire, repair, improve, and make affordable dwelling units through the City's Scattered Site program. Although the primary focus of the Scattered Site Program is to acquire and make permanently affordable single-family units, it also acquires units that are in need of upgrade and repair despite the higher costs of bringing these units on-line.

The rationale for this is programmatic policy approach to acquiring units has three main parts:

1) Preserving a diverse housing stock within Highland Park.

2) Mitigating persistent disrepair or lack of investment that leads to blight and the higher likelihood of demolition; since demolition results in a permanent loss of units that could otherwise reasonably be made permanently affordable.

3) These repairs and upgrades ensure the home is in good working order and free from near term unexpected costs related to key amenities and systems shortly after being occupied. These improvements ensure only high-quality affordable units are made permanently affordable through the Scatter Site Program. Moreover, these types of improvements are consistent with state and federal grant objectives as well as those of the City's Housing Trust Fund.

Method for Deriving the Fee In-Lieu Amount.

When the Housing Commission first recommended a payment in-lieu in 2003 it employed the following overarching criteria:

- The amount should relate to the cost of making a unit of market rate housing affordable to households at the target income level.
- The amount should be meaningful but reasonable so as not to impose an inappropriate burden on developers/landowners; and
- The methodology should be simple, easy to communicate and understand, and based on objective data and verifiable assumptions.

Implementation of this overarching policy led to the development of two methods to derive an appropriate payment in lieu of affordable housing, 1) The Market Price approach, and 2) The

[3] The payment in-lieu is not the entire cost of attaining an affordable unit.

Programmatic Experience approach. The following provides calculations based on both methods for consideration by the Commission and Council.

The City derived the payment in lieu adopted in 2003 and 2008 using The Market Price Approach. In 2022, the City derived the fee in-lieu using the Programmatic Experience Approach, which has been the City's fee in-lieu since Jan. 1, 2023. The following provides an analysis using both using 2025 housing sales price data for Highland Park, and cost per unit date from the Scatter Site Grant program since 2023. Both are further discussed later in this memo.

Fee In-Lieu Amount. Things to consider when developing an appropriate in-lieu fee recommendation:

- *Amount of Fee.* Setting the payment in-lieu too low could encourage more in-lieu fee requests from the development community and result in fewer on-site inclusionary units; setting the fee too high, and the payment in-lieu will no longer serve as a viable exception nor meaningful revenue source for the Housing Trust Fund. Staff suggest both extremes are undesirable from a policy perspective.
  - Setting a low in-lieu fee would not be in keeping with the purpose of the Inclusionary Housing Code, which is to require affordable units be provided on-site and might not adequately cover the costs of providing an affordable unit elsewhere. Setting an in-lieu fee too high could render the payment in-lieu exception moot, which would not be consistent with the intent of establishing an exception in the Code.
- *Leverage.* As is typical for non-profit grant-makers, the Commission seeks to leverage its funds through grantees with the capacity to achieve leverage. Due to its strong capacity in affordable housing, CPAH achieves considerable leverage of the City's Housing Trust Fund grants it receives.
  - Since 2023, CPAH has leveraged about 1.5 times what the Commission provided to it through Scattered Site grant funds[4].
- *The Inclusionary Housing Code's Incentive / Penalty Structure.* In the most extreme example, due to the Inclusionary Housing Code's incentive structure, the City's current payment in-lieu fee of $185.4K is effectively ~$239.2K if no affordable units are provided on-site.[5] However, the more units provided on-site vs. via payment in-lieu the smaller the difference between the nominal dollar value of the payment in-lieu ($185.4K) and the effective value due to the incremental benefit from market rate unit bonuses for each on-site affordable unit.
- *Types of Units Acquired Using Fee In-Lieu.* The payment in-lieu is one source of funds for the City's Housing Trust Fund, which provides resources to acquire and make

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[4] This leverage rate has dropped as CPAH's grant request was increased to $125K per unit for FY-26 (approved) and FY-27 (request) due to competition for housing resources and reduced availability of certain housing funds.

[5] When a proposed development does not include any affordable units on-site the number of units by payment in-lieu, either by-right or if approved by Council, as the case may be, is required to be 20%. By way of comparison, if all affordable units were included on-site, the proportion of all units after market rate unit bonuses is ~15.4%. Thus, a requirement that is effectively 1.29 times more for those projects that do not provide any affordable units on-site. This penalty decreases as more of the required number of affordable units are included on-site until it reaches no penalty for developments including all affordable units on-site.

permanently affordable housing throughout the community. These units typically take the form of three bedroom single-family detached homes regardless of whether a development would have otherwise been required to provide another type of unit.[6]

- *Past Payment In-Lieu Fee Amounts Adjusted for Inflation ($2026)*[7]
  - *August 2003:* *$100K adopted is equal to $180K today*
  - *May 2008:* *$200K adopted is equal to $307.4K today*
  - *March 2013:* *$125K adopted is equal to $178.8K today*
  - *January 2023:* *$185.4 adopted is equal to $206.4K today*

Key Policy Question. When evaluating the amount of the in-lieu fee, the Commission should consider whether it is sufficient to cover the estimated cost of providing an affordable unit - meaning bringing an affordable unit on-line ready to be occupied. A key policy question is how the leverage of other governmental funds should be taken into account when deriving a recommended payment in-lieu fee.

Methodology for Informing In-Lieu Fee. Consistent with the Housing Commission's overarching criteria (see Policy Discussion above), staff provide the following information to inform the consideration of an appropriate in-lieu fee.

1. The estimated subsidy required based on Market Sales Approach.
2. The subsidy needed to obtain an affordable unit based on the Programmatic Experience Approach.[8]

The Market Price Approach.

The following provides the market price approach methodology.

Estimated subsidy needed based on market sales data and target Area Median Income:

1. Identify the 80% of the Area Median Income (AMI) for a family of four in the Chicago metropolitan area[9] ($95,920) and multiply it by three to derive a rough estimate the maximum cost of a unit that would be affordable to that household.
2. Subtract the result above from the highest sales prices of the lowest sixth sales price segment of the Highland Park home sales market[10] (see Table 1 below).

Underlying Assumptions.

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[6] Typically a unit with fewer bedrooms. Moreover, some developments are rental vs. scatter site program units being primarily ownership units.

[7] As of April 2026 based on the Bureau of Labor Statistics CPI Inflation Calculator (bls.gov)

[8] The actual program experience through the Commission's Scattered Site Program grant-making to Community Partners for Affordable Housing (CPAH)

[9] U.S. HUD Chicago-Joliet-Naperville HUD Metro Fair Market Rent area as published by the U.S. Department of Housing and Urban Development (HUD). 2025 data used for this analysis.

[10] In 2003, the City Council accepted the Housing Commission's recommendation to tie the fee in lieu payment amount to the top sales price of the lowest sixth pricing segment of the market.

- The top price of the lowest sixth of home sales approximates an appropriate target acquisition price[11] for units acquired.
- Single-family detached homes are the program's main housing type target, not lower cost townhome or condos within multi-family residential buildings, therefore sales data for this type of home should be used to inform the in-lieu fee.[12]
- Acquiring and making units affordable to those households with 80% of Area Median Income is the appropriate level of affordability for programmatic decision-making.[13]

The Programmatic Experience Approach.

Method for deriving payment in-lieu via programmatic experience:

- Staff compares the estimated subsidy above with the actual subsidy need based on programmatic experience from 2023 to 2025 to derive a set of in-lieu fee alternatives for consideration (see Table Two below).

[11] This subsidy does not include the cost associated with repairs / upgrades that may be needed or desirable before making it an affordable unit available for sale to an eligible household.

[12] The rationale for this is, in part, because there is an insufficient volume of homes sold of other types, and because a policy goal is to include affordable housing throughout the community, which consists of largely single-family detached home neighborhoods.

[13] Per Sec. 150.2155(A) […] "no less than 50 percent of the affordable housing units shall be sold to low-income households at a price, as determined pursuant to Section 150.2155(C) of this Code, that, on average, is affordable to a household with an annual income that is 65 percent of area median income. Any remaining affordable units shall be sold to moderate-income households at a price, as determined pursuant to Section 150.2155(C) of this Code that, on average, is affordable to a household with an annual income that is 100 percent of area median income." […] This requirement yields an average affordability of 82.5% of area median income, thus the use of 80% AMI as the appropriate level of affordability.

Key Findings from 2025 Sales Price & Pgm. Experience Since 2023 (see Tables 1 & 2 below).

- The vast majority (75%[14]) of homes sold citywide are single-family detached homes. There were few sales of non-single-family detached homes – 95 sales, or ~26% of all.
- About $217K per unit is the estimated subsidy required to *acquire*[15] a single-family home at the top price in the lower sixth of all single-family home sales.
- On average, based on Programmatic Experience since 2023, a subsidy of $222.5K per unit was required to bring an affordable unit on-line – including the costs of repairs / upgrades needed or desirable before making it an affordable unit available to an eligible household (see Table 2).
- Based on market sales data the City's in-lieu fee $185.4K is not sufficient to cover the subsidy gap (cost) for a single-family detached type home (see Table 1 & 2), the primary housing type focus of the City's Scattered Site Program.
- Based on Programmatic Experience the average subsidy of $222.5K per unit exceeds the City's fee-in-lieu of $185.4K.
- The City, through its Scattered Site grant-making to CPAH since 2023, has been able to leverage its grant monies sufficient to acquire and bring on-line about 2.11 affordable units at the current in-lieu fee amount of $185.4K.
- **Tables 1 & 2** on the next pages provide a summary of the sales prices for 2025 at various cut-off points, and the Commission's recent cost and subsidy experience through its Scattered Site Program grants to CPAH (2023 to 2025).

[14] Of all sales under $1.5M.

[15] This would not include repairs and upgrades typically pursued.

Table 1
Sales Prices & Subsidy Needs in Highland Park 2025
(All Sales *excluding* those equal to or greater than $1.5 million)

Number of Sales by Type of Unit with Percent Sales by Type	Sales Price 2025	Per Unit Subsidy Needed (assumes affordable price of $287,760*)
Single-Family Detached – 277 sub-total (75%)		
Median price	$803,000	$515,240
Top price in lowest third	$659,000	$371,240
Top price in lowest quartile	$589,000	$301,240
Top price in lowest quintile	$540,000	$252,240
Top price in lowest sixth	$505,000	$217,240
Condos – 68 sub-total (18%)		
Median price	$434,000	$146,240
Top price in lowest third	$301,000	$13,240
Top price in lowest quartile	$275,000	-$12,760
Top price in lowest quintile	$258,000	($29,760)
Top price in lowest sixth	$235,000	($52,760)
Townhomes – 27 sub-total (7%)		
Median price	$470,000	$182,240
Top price in lowest third	$430,000	$142,240
Top price in lowest quartile	$415,000	$127,240
Top price in lowest quintile	$395,000	$107,240
Top price in lowest sixth	$388,000	$100,240
All Unit Types – 372 sub-total[16]		
Median price	$725,000	$437,240
Top price in lowest third	$560,000	$272,240
Top price in lowest quartile	$475,000	$187,240
Top price in lowest quintile	$440,000	$152,240
Top price in lowest sixth	$425,000	$137,240
*calculated using the median HHLD income at 80% Area Median Income multiplied by three.	Source: MLS Data	Source: Calculated by City

[16] 48 homes sold for $1.5 million or more in Highland Park in 2025 (0 townhomes, 6 Condos & 42 Single-Family detached.) Source: MLS Data 2025.

Table 2
2023-25 Acquisition Costs & Subsidy Needed for Projects w/ City Housing Trust Fund Participation

Program year[17]	Location	Acquisition Cost (Includes rehabilitation & soft and closing costs)	Actual Sale Price	Subsidy Needed per Unit	City Subsidy & as % of Total Subsidy/Unit
2023	1269 Cavell Ave	$400,860	$215,000	$185,860	$85,000 or 45.7%
2023	930 Park Ave	$435,157	$220,000	$215,157	$85,000 or 39.5%
2023	1464 Lincoln Pl	$432,884	$220,000	$212,884	$85,000 or 39.9%
2024	954 Lilac Ln	$427,905	$220,000	$207,905	$85,000 or 40.9%
2024	1024 Ridge Rd	$399,250	$185,000	$214,250	$85,000 or 39.7%
2024	569 Sumac Rd	$468,428	$220,000	$248,428	$85,000 or 34.2%
2025	661 Homewood Ave	$475,589	$220,000	$255,589	$97,850 or 38.3%
2025	1342 Ferndale Ave	$459,800	$220,000	$239,800	$97,850 or 40.8%
2025	1500 McCraren Rd	TBD	TBD	TBD	$97,850

- Average Total Government Subsidy is $222,485 per unit of which ~$89K (40%) came from the City's Housing Trust Fund and the rest from other government sources**.**

Recent Scattered Site Grant Request Changes. According to CPAH, the competition for other governmental funds is increasing in Lake County as affordable housing is being pursued in more communities, and changes at the Federal level have made housing monies increasingly scarce. Moreover, the cost of units acquired has increased during the past three years. Therefore, CPAH increased its Scattered Site grant request[18] from $85K per unit in 2023 and 2024 to $97.9K per unit for Fiscal Year 2025, and $125K per unit for Fiscal Year 2026.[19] CPAH's Fiscal Year 2027 Scattered Site Grant request is also $125K per unit. Given the average subsidy needs since 2023, the Scattered Site Grant program has achieved a consistent leverage of 1.5 times more than the Commission's grant. However, staff expect, leverage to erode as Housing Trust Fund resources will likely account for a greater proportion of the government subsidy needed to bring an affordable unit online, assuming all else is constant, given the increase per unit subsidy ($125K) approved in Fiscal Year 26 and requested for Fiscal Year 2027.

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[17] Note that in 2022 the Housing Commission made a $1M Scatter Site Grant for the development of Betsy Lassar Pl., an eight-unit Townhouse development.

[18] The use of this anticipated grant request amount to derive the payment in-lieu fee does not obligate the Housing Commission to accept any future grant proposal making such request or proposing any particular leverage rate. The consideration of grant requests, and the leverage they propose, is a separate Commission consideration.

[19] On Mar. 4, 2026 the Commission approved a Scattered Site Grant of $375K for three affordable homes ($125K ea.).

Recommendation to City Council.

- The following motions are sorted from highest fee to lowest fee with no implied rank or preference.

Suggested Motion Alternatives: *"Motion to recommend to City Council that the payment in-lieu of affordable housing fee for fiscal year 2027 be:" (choose one below or state a different motion.)*

… increased from $185.4K to $250K per unit.

- Rationale: to ensure that it can leverage two (2) units for each payment in-lieu through the City's Scattered Site Program at current (FY-26) Housing Trust Fund contribution rate.

…increased from $185.4K to $222.5K per unit.

- Rationale: to reflect the average government subsidy, from all sources[20], needed to acquire, and bring on-line, an affordable unit through the City's Scattered Site Program based on average programmatic leverage obtained since 2023.

…increased from $185.4K to $217K per unit.

- Rationale: to reflect the subsidy needed to make affordable a unit priced at the top of the lowest sixth of the single-family detached units sold in 2025.

…increased from $185.4K to $204.6K per unit.

- Rationale: to adjust for inflation since this fee was last changed in 2023 to ensure that (choose one):
  1. it can leverage more than two units (2.3) for each payment in-lieu through the City's Scattered Site Program at Housing Trust Fund contribution rates since 2023.[21]
  2. it can leverage 1.6 units for each payment in-lieu through the City's Scattered Site Programs at current Housing Trust Fund contribution rate for 2026.[22]

…left unchanged at $185.4K per unit (choose one):

1. Rationale: the current fee in-lieu sufficiently leverages a desirable number of affordable units (2.1) through the City's Scattered Site Program to meet the City's programmatic needs based on the Housing Trust Fund contribution rate since 2023.
2. Rationale: the current fee in-lieu sufficiently leverages a desirable number of affordable units (1.48) through the City's Scattered Site Program to meet the City's programmatic needs at the anticipated Housing Trust Fund contribution rate.

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[20] Based on program information for the period 2023 to 2025.

[21] Since 2023 CPAH has requested and leveraged an average of $88.2K of Housing Trust Fund grant monies acquire and bring on-line affordable units.

[22] CPAH has maintained its $125K per unit request FY-27.

...decreased from $185.4K to $172.5K per unit.

- Rationale: to reflect the average government subsidy, from all sources[23] adjusted for the code's maximum penalty structure[24] for developments with no on-site affordable units[25] through the City's Scattered Site Program at current Housing Trust Fund contribution rates since 2023.[26]

...decreased from $185.4K to $176.4K per unit.

- Rationale: to ensure that it can leverage two (2) units for each payment in-lieu through the City's Scattered Site Program at Housing Trust Fund average contribution rate between 2023-2025.

...decreased from $185.4K to $125K per unit.

- Rationale: the current fee in-lieu is higher than what is anticipated to be needed to leverage Housing Trust Fund grants to bring on-line an affordable unit through the City's Scattered Site Program at current Housing Trust Fund contribution rate (125K per unit).

...decreased from $185.4K to $88.2K per unit.

- Rationale: the current fee in-lieu is higher than what is needed to leverage Housing Trust Fund grants to bring on-line an (1) affordable unit through the City's Scattered Site Program since 2023.

...increased or decreased from $185.4K to [other amount per unit]

- Rationale: the increase/decrease accounts for changes in the economy and market conditions, ensuring an adequate number of units can be leveraged through the City's Scattered Site Program of from a payment in-lieu. Include other rationale if and as appropriate.

[23] $185.4K based on program information for the period 2023 to 2025.

[24] That requires 1.29 times more affordable units be paid in-lieu (~20% of the units) than is otherwise required on-site (~15.4%).

[25] When a proposed development does not include any affordable units on-site the number of units by payment in-lieu, either by-right or if approved by Council as the case may be, is required to be 20%. By way of comparison, if all affordable units were included on-site the proportion of all units after market rate unit bonuses is ~15.4%. The results in a requirement that is 1.29 times more for those projects that do not provide any affordable units on-site.

[26] Since 2023, CPAH has requested and leveraged, on average, $88.2K of Housing Trust Fund grant monies acquire and bring on-line affordable units.