



Report to Utility Committee

Item Name: Upcoming Sewer Utility Projects
Meeting Date: February 3, 2026
Referring Body:
Committee Contact:
Staff Contact: John Jacobs
Report Prepared by: John Jacobs

AGENDA ITEM: Upcoming Sewer Utility Projects

OBJECTIVE(S): To get direction from UC on possible upcoming projects.

HISTORY/BACKGROUND: In the 2026 budget, approved in November 2025, staff included a 5-year CIP with staff recommended projects. As this is prime bidding season for contractors for 2026 projects, we would like to start the RFP process for one project as we have the cash on hand. The other projects we have scheduled for this year, we will need to finance, possibly in coordination with other Village projects. The projects planned for 2026 in the CIP are:

2026 Projects:

- #1 – **Removal of Lift Station #3** - \$600,000 - Cash on Hand
 - #2 – **Lift Station #1 Generator** - \$250,000 - Finance
 - #3 – **Village Garage – Sewer Portion** - \$266,666 - Finance
- Total 2026 Projects = \$1,116,666
Cash Amount = \$600,000
Borrowed Amount = \$516,666

Then, if we continue to look at the projects scheduled for 2027, they are the following:

2027 Projects:

- #1 – **Lift Station #5 Panel Upgrade & Generator** - \$300,000 - Cash on Hand
 - #2 – **Hoist Truck** - \$100,000 – Cash on Hand
 - #3 – **Sewer Vacuum Truck** - \$550,000 – Finance
 - #4 – **Replace Plow Truck** - \$80,000 – Cash on Hand
- Total 2027 Projects = \$1,030,000
Cash Amount = \$480,000
Borrowed Amount = \$550,000

Then, if we continue to look at the projects scheduled for 2028, they are the following:

2028 Projects:

- #1 – **Lift Station #7 Panel Upgrade & Generator** - \$500,000 - Finance
- Total 2028 Projects = \$500,000
Borrowed Amount = \$500,000

Therefore, the cumulative proposed 3-year total of Sewer Utility CIP projects is:

Total 2026-2028 Projects = \$2,646,666

Cash Amount = \$1,080,000

Borrowed Amount = \$1,566,666 (before any issuance costs)

Note, this proposed borrowing amount of \$1,566,666 shown here is LOWER than the number shown and discussed in the 2026 budget book from October 2025, which was \$1,650,000, before any issuance costs.

Proposed Capital Borrowing during 2026:

Sometime after 6/30/2026, the Village will propose to borrow some amount of funds for the 2026 capital improvements program (CIP). The Sewer Utility projects are already in the queue to be borrowed for during 2026 (for the proposed 2026-2028 CIP projects).

However, we are still awaiting discussion and review of the CIP street improvement projects for the years of 2026-2030. Once it is determined which street projects, if any, that we plan to proceed with during the 2026 year, we then could consider packaging them up with the sewer utility projects by one of the options below:

- 1) One combined 2026 capital borrowing debt issuance for streets & sewer projects, as a general obligation debt issuance, or
- 2) Two separate 2026 capital borrowing debt issuances: one for streets (General Obligation) and one for sewer (Sewer Revenue Bonds), or
- 3) If no streets projects are considered for 2026, then only a sewer projects borrowing (General Obligation or Sewer Revenue Bonds) would be pursued.

In order to borrow any debt in 2026, both the 2024 and 2025 financial audited statements would need to be available. Also, if we borrow after 7/1/2026, then no debt service payment would need to be made until calendar year 2027.

You will recall that if the Village were to issue the \$1,566,666 proposed debt in 2026, then the first principal and interest payments would be due in 2027. This would require a proposed 2.50% annual Sewer Utility Rate increase beginning in 2027. The estimated **annual increase** on the Sewer Utility bill at this time would be **\$12.45 on an average residential customer**. The annual increase in future years of 2028-2035 would be in the \$13-\$15 range for residential customers.

No additional Sewer Utility capital borrowing is forecast for the years of 2027-2030 in the Village's 5-year CIP (capital improvements program) for the Sewer Utility. Village Staff believe that annual capital reserves created in future years of 2028-2030 would be able to finance annual capital projects in the \$300,000-\$400,000 range by using cash on hand funds for them. Village Staff does not believe that additional capital borrowing would be necessary through 2030, after the proposed 2026 capital borrowing issue was executed as stated above.

Greg and I would welcome any questions from the UC Committee at the meeting on Tuesday night.