



Memorandum

TO: Kevin J. Jackson, Village Manager

FROM: Lindsey Roland Nieratka, Chief Sustainability Officer

FOR: Village President and Board of Trustees

DATE: March 18, 2026

SUBJECT: **Staff Recommendation for Funding Sustainability Programming**

Purpose

The purpose of this memo is to provide the Village Board with options to consider for the long-term viability of the Sustainability Fund.

Background

The Village of Oak Park is deeply committed to Sustainability and created a Sustainability Fund to support that commitment. The Sustainability Fund was created in 2009 with grant funding to support a staff position focused on sustainability programming for the Village. Once those grants funds expired, a transfer from the Environmental Services Fund to the Sustainability Fund was instituted to support the staff position. For the first few years, the only expenditures from the Sustainability Fund were related to personnel and administrative costs and revenue came only from the Environmental Services transfer and occasional grant money. Revenue from the Community Choice Aggregation (CCA) program began in 2016. When the CCA program began, annual revenue was approximately \$400,000 a year. This revenue combined with vacancy in the staff sustainability position led to a growth in the Fund balance. The staff position was filled at the end of 2017 and in 2018 the Retail Bag Fee became the third source of revenue for the Fund. Expenditures continued to primarily be related to administration and personnel costs, allowing the Sustainability Fund to increase until 2020 when the Village began to fund Energy Efficiency grants and Solar rebates. In 2021, the Village added two new staff positions to the Sustainability Office. Around this same time revenue from the CCA decreased. In 2022 the Village released the Climate Ready Oak Park plan and increased programmatic expenditures related to plan implementation. The combination of decreasing revenue and increasing expenditure has resulted in the Sustainability Fund balance declining.

Sustainability Fund Revenue Options
March 18, 2026

In 2026, revenue into the Sustainability Fund comes from three sources: the retail bag fee (Approximately \$175,000), the community choice aggregation program (approximately \$140,000), and an annual transfer from the Environmental Services fund (\$150,000). Projected revenue for 2026 from those three sources is \$465,000. Programmatic expenditures are anticipated to be approximately \$1,650,000 in 2026 with personnel costs estimated at over \$400,000. Given projected revenue and budgeted expenses, the fund balance at the end of FY26 will be approximately \$1,000,000.

If revenue and expenses remain the same, the Sustainability Fund will continue to run a deficit of approximately \$1.5M and be fully expended within fiscal year 2027.

Staff Recommendation

Staff recommends that to fund Sustainability staffing and operations, the Village consider increasing revenue through user fees and cover any remaining deficit from the general fund.

Increase revenue through user fees

The following user fees were identified as potential revenue sources for Sustainability.

a. Retail Bag Fee

Currently, the Village charges \$0.10 per disposable retail bag provided at retailers over 5,000 square feet of which the Village receives \$0.05. In 2025, revenue from this fee was \$175,758. The Environment & Energy Commission is finalizing a recommendation to raise this fee.

The City of Chicago recently raised their bag fee from \$0.10 to \$0.15. If the Village raised the fee to \$0.15 and kept \$0.10, assuming a resulting decrease in bag use of 20%, annual revenue would increase by **\$105,455** (\$281,213 total).

Annual revenue from retail bag fee at different fee levels and use reduction scenarios.

| Use Reduction | 10 ¢ | 15 ¢ | 20 ¢ | 25 ¢ |
|---------------|---------------|----------------------|---------------|---------------|
| 0% | \$ 175,758.00 | \$ 351,516.00 | \$ 527,274.00 | \$ 703,032.00 |
| 10% | \$ 158,182.20 | \$ 316,364.40 | \$ 474,546.60 | \$ 632,728.80 |
| 20% | \$ 142,363.98 | \$ 281,212.80 | \$ 421,819.20 | \$ 562,425.60 |
| 30% | \$ 128,127.58 | \$ 246,061.20 | \$ 369,091.80 | \$ 492,122.40 |
| 40% | \$ 115,314.82 | \$ 210,909.60 | \$ 316,364.40 | \$ 421,819.20 |
| 50% | \$ 103,783.34 | \$ 175,758.00 | \$ 263,637.00 | \$ 351,516.00 |

Advantages of increasing the Retail Bag Fee

- The system for collection is already in place and residents are already aware of the existing fee.
- Raising the fee to \$0.15 will maintain consistency with the City of Chicago's fee.
- The fee has built in equity considerations as it is waived for customers using food assistance and can be avoided by using free Village tote bags.
- The Energy & Environment Commission is recommending the Village Board increase fees.

Disadvantages of increasing the Retail Bag Fee

- The intent of the fee is the reduction of bag use, not revenue generation.
- The EEC is proposing an eventual full ban on plastic bags which could decrease revenue if enacted.
- An increase in plastic bag fees may result in more residents choosing to patronize grocery stores outside of Oak Park where there is no fee on bags, decreasing tax revenue overall.

b. Environmental Services Fund and Water and Sewer Fund

The Village of Oak Park charges residents for waste services. Currently, the Village transfers \$150,000 from the Environmental Services fund to the Sustainability fund to cover programming related to waste reduction and other related topics. This amount is rolled in and calculated as part of the rates paid by Village residents. The Village could increase the amount of this transfer and cover the cost with a revised fee/rate structure.

The Village of Oak Park charges residents for water and sewer services. Like the Environmental Services Fund, the Village could transfer a specific amount per year to the Sustainability fund to cover programming which reduces flooding and alleviates pressure on the combined sewer stormwater system. To cover the amount of this transfer, the Village could revise the fee/rate structure.

Ever **\$1** assessed per customer per month results in approximately **\$150,000** of revenue

Advantages of a fee on Environmental Services Fund or Water and Sewer Fund

- Fees for both the Water and Sewer Fund and the Environmental Services are re-evaluated annually providing regular opportunity to assess the budget needs and adjust the fee.

Disadvantages of a fee on Environmental Services Fund or Water and Sewer Fund

- An additional fee would increase waste or water/sewer bills.
- A fee, if applied uniformly, will disproportionately impact low- or fixed-income

households.

- A dollar assessed on water or refuse bills is not significantly different from a dollar increase in property tax from use of the general fund.

Other user fees were considered by Staff but deemed less appropriate based on potential to be put to a different use, statutory limitations, or because the potential revenue generation is low.

- **Parking fees and Vehicle License fees.** Staff determined that there was low potential to raise significant revenue from these fees. Additionally, these fees are allocated towards specific uses already and future increases may need to be allocated to those uses.
- **Electric Vehicle charging fees.** The Village Board has already determined that these fees should be used for the parking fund. Net revenue is approximately \$25,000 per year.
- **Natural Gas Use Tax.** The Village could raise the Natural Gas Use Tax to meet the City of Chicago's rate. However, additional revenue would be less than \$80,000 per year.
- **Utility taxes (electricity and gas).** These taxes are capped by State Statute.
- **Motor Fuel Tax.** This tax is capped by State Statute and has legal restrictions on use.

Use the General Fund to support expenditures above revenue

As a core Village service, Sustainability could be funded from a combination of revenue from user fees and the general fund. Staff would present the annual budget based on the Board Goals and planned projects. Any shortfall between projected expenses and revenue in the approved budget would come from the general fund.

Advantages of using general fund revenue.

- Funding sustainability efforts from the general fund would create a consistent source of funding for programs.
- General fund revenue is allocated annually based on needs identified during the budgeting process and could be adjusted each year to meet those needs.
- If OSR receives grants or revenue sources increase, the ask from the general fund would decrease.

Disadvantages of using general fund revenue.

- Adding new expenses to the general fund will either require a reduction in spending in other areas or an increase in levy. An increase in levy to meet the \$1.5 million shortfall would result in an annual increase of \$84 for a home valued at \$400,000.
- This approach does not create revenue dedicated to Sustainability but relies on Board allocation annually.

Environment & Energy Commission Recommendation:

The Environment & Energy Commission (EEC) reviewed Sustainability Fund options at their March 3, 2026 meeting. The EEC unanimously recommends that the Board fund the Sustainability Fund through the General Fund. Additionally, EEC recommends that any taxes or fees considered be progressive and/or are tied to undesirable behaviors. The EEC is preparing a recommendation to the Village Board related to the single use retail bag fee.

Next Steps:

With direction from the Board, Village Staff will prepare an amendment to the Single Use Retail Bag Fee and/or changes to the Water and Sewer or Refuse Fees and bring these back to the Board for approval.

cc: Lisa Shelley, Deputy Village Manager
Ahmad Zayyad, Deputy Village Manager
Jack Malec, Assistant to the Village Manager
Kevin Bueso, Chief Financial Officer
Christina M. Waters, Village Clerk
All Department Directors