



# MARCH 2015

## VILLAGE OF GLENCOE

### SPECIAL MAILING

675 Village Court | Glencoe, Illinois 60022 | 847-835-4111 | www.villageofglencoe.org

## Watch for Village Referendum Questions on April Election Ballot

As a non-home rule community, the Village of Glencoe requires voter authorization to issue long-term capital bonds. In determining what long-term capital needs should be the subject of resident referenda, the Village Board has for many years applied a number of benchmarks. Among these is an annual review of the long-term capital needs of the Village in order to appropriately maintain our infrastructure and determine which projects should be initiated in the current year.

As part of its study of the Village's capital needs, the Village Board considers factors that include engineering best practices in order to derive the longest useful life for infrastructure including streets, sidewalks, storm and sanitary sewer maintenance and upgrades, as well as major projects like water system maintenance and improvements. Likewise, these same factors are used to plan for the improvements necessary to keep Village-owned buildings functional.

These benchmarks are particularly appropriate, for example, in determining storm sewer improvements. Much of the Village's basic storm sewer system was installed between 65-100+ years ago. By the mid-1980s, it became apparent that the Village's storm sewer system, as then in existence, was inadequate to handle the volume of storm water for a fully developed residential community. Beginning in 1988, the Village Board initiated a long-term program to improve storm water management through projects that were to be funded in manageable portions. The Village has utilized an extensive study and engineering process in developing and implementing necessary storm water improvement projects. These projects were prioritized based on the severity of structural and street flooding that would be eliminated, the number of homes affected, as well as the improved access of Public Safety and our residents through improved street and property conditions. Since 1988, the Village Board has recommended and our residents have approved funding for 14 major storm sewer projects.

When considering whether long-term capital projects should be financed by bonds, the Village Board has used the benchmark since 2009, that at any given time a debt ceiling of \$424 per \$10,000 of total property tax should be utilized, the historic high point for debt incurred by the Village and applied to property tax bills of residents. Adjusted for inflation, this figure in 2015 dollars equals \$458 per \$10,000. This concept seeks to hold the property tax used to repay bond debt constant over the near term, at or below \$424 per \$10,000 of property tax paid. Thus, as the Village repays a series of bonds, the Village Board can then recommend replacing those bonds with new bonds to be used for the next group of long-term capital projects, while seeking to maintain the cost of all outstanding bonds at or below \$424 per \$10,000 of tax.

It is estimated that the projects that are the subject of the April referendum, when combined with the current outstanding Village bond debt, will raise the per \$10,000 of tax from \$217 to \$288, which is

less than the non-inflation adjusted benchmark of \$424.

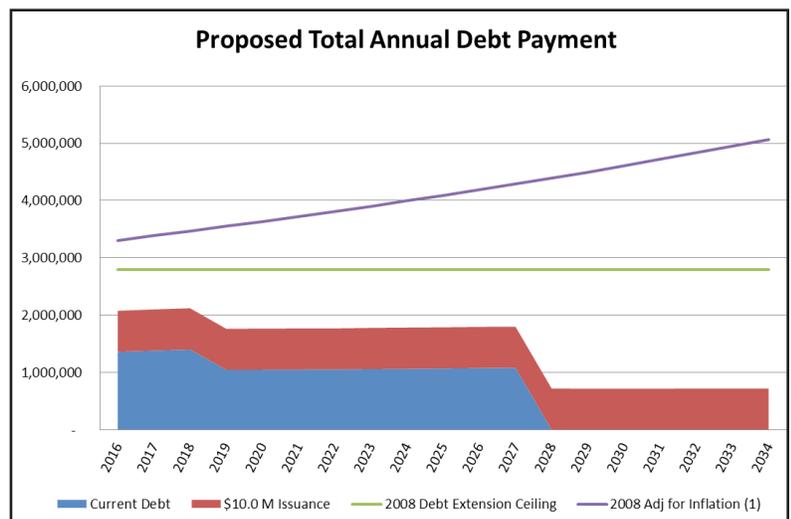
Based upon a multi-year study and ongoing review of the Village's long-term capital needs, the Village Board voted to adopt a Resolution placing two referendum questions on the April 7, 2015 General Election ballot to issue \$10 million in new bonds to fund infrastructure, facility improvement and maintenance needs.

The two referendum questions ask residents to fund the following:

- Storm sewer improvements and sanitary sewer maintenance upgrades (\$6.5 million)
- Village Hall HVAC improvements (\$2.5 million)
- Street resurfacing and sidewalk replacement work (\$1.0 million).

In determining whether to place the referendum questions on the ballot, the Village Board heard evidence from staff and several expert consultants, including Engineering Resource Associates (storm water) and Grumman Butkus (HVAC study), advising of the need to make these investments to ensure the continued performance of the Village's infrastructure. More information on each of these projects is included in this mailer.

In adopting the Resolution, the Village Board determined that these projects are appropriate for 20-year bond financing because their life expectancy is 20 years or more. The proposed debt schedule keeps debt payments well below the Village's historical benchmark that occurred in 2009, and described above. The maximum debt level expected with this proposed bond issue (approximately \$2.1 million) remains significantly under the 2009 level of \$2.8 million. As indicated above and highlighted in the chart below, in constant dollars and in real dollars adjusted for inflation, the Village's debt load remains below historical high points (see chart below).



Note: (1) Adjusted 2.4% annually.

# The Proposed Projects

## Ballot Questions

### Proposition One

*“Shall the Village of Glencoe, Cook County, Illinois, undertake the following capital improvements in and for the Village: storm sewer improvements, sanitary sewer upgrades, street resurfacing and sidewalk replacement, all on property owned by the Village or over which the Village has sufficient easements, and issue its general obligation bonds to the amount of \$7,500,000 for the purpose of paying the costs thereof, said bonds bearing interest at not to exceed the rate of 6.00% per annum?”*

### Proposition Two

*“Shall the Village of Glencoe, Cook County, Illinois, replace the heating, ventilating and air conditioning system in the existing Village Hall (built 1956) located on Village Court in said Village, said system serves administrative offices, public meeting spaces, Family Services of Glencoe, the public safety department, public safety living quarters, and other areas in the Village Hall, and issue its general obligation bonds to the amount of \$2,500,000 for the purpose of paying the costs thereof, said bonds bearing interest at not to exceed the rate of 6.00% per annum?”*

### Village Hall HVAC Improvements: \$2.5 million

The Village Hall is one of the only public buildings in the Village that remains in operation around the clock every day of the year. Constructed in 1956, this 24/7 full-service facility houses all Public Safety functions including 911 dispatching, Fire, Police and EMS services, administrative offices of Public Works, Finance and the Village Manager, offices and meeting space for Family Service of Glencoe and is the venue for dozens of public meetings each year. The proposed improvements include the complete replacement of all components of the original 1956 Village Hall HVAC system equipment and subsequent additions with new air handling units and air-cooled chiller and hot water boilers, in addition to upgrades to the building's electrical service. Many components of the system have useful lives of 20-40 years; all have substantially surpassed that timeline; and the high cost of maintenance exceeds appropriate return on investment.



The new computer controlled centralized system will improve temperature control and energy efficiency throughout the 40,000 SF Village Hall and provide basic comfort to the 75 staff and hundreds of visitors using the building each year. The specific improvements were recommended as a result of a comprehensive study commissioned by the Village in 2014 by Grumman Butkus, available for review on the Village's website at [www.villageofglencoe.org/assets/1/documents/HVAC\\_Study.pdf](http://www.villageofglencoe.org/assets/1/documents/HVAC_Study.pdf).

### Street Resurfacing: \$900,000

These improvements include resurfacing approximately 50,000 square yards of pavement on streets that were last paved from 1995-2002. The list of streets to be included in this program is currently being finalized, but will include 15-17 street segments. Maintenance resurfacing improves the driving surface, prolongs the life of the pavement sub-base and has been a common best practice employed by the Village for many years to ensure the best quality roadways for the lowest overall cost.



### Sanitary Sewer Work: \$500,000

This work includes rehabilitation of 15,000 feet of sanitary sewer and 20 manholes through the installation of lining material to restore pipes and reduce inflow/infiltration (I/I). I/I is a major contributor to sanitary sewer backups and basement flooding. The Village receives numerous complaints each year related to basement backups, many of which are the result of the condition of the sanitary sewer main. This best practice improvement can extend the useful life of sanitary sewers by 30-40 years and significantly improves I/I conditions.

### Sidewalk Repairs: \$100,000

Proposed expenditures will accelerate ongoing residential repairs and fund replacement of approximately 400 sidewalk squares throughout the community.

### Storm Sewer Upgrades: \$6 million

These projects are designed to increase the capacity of existing storm sewer systems in five areas of the Village in an effort to relieve severe and recurring private property, street, and right-of-way flooding. All of these locations were studied as part of the 2014 Storm Water Drainage Study prepared by the Village's drainage consultant, Engineering Resource Associates, and the proposed improvements are consistent with their findings and recommendations. These proposed projects, much like those completed over the past decades, are considered essential to reducing the impacts of flooding and sewer backups, as well as maintaining emergency access to neighborhoods during storms.

The basin areas for recommended storm sewer upgrades include:

#### 1. Terrace Court Drainage Basin

This is a 55-acre watershed that drains storm water from the residential neighborhood north of the Takiff Center and east of Green Bay Road through a culvert pipe under the railroad tracks and into a ravine that discharges to Lake Michigan. The recommended storm sewer upgrade includes 2,200 feet of new storm sewer pipe to address insufficient storm sewer capacity and inadequate overland flow routes in this neighborhood and will significantly reduce private property structural flooding and blocked street access that currently directly impacts 30 homes, with additional positive impacts to the overall area as well.

#### 2. Skokie Ridge Drainage Basin

This is a 75-acre watershed that drains storm water from east of Hohlfelder Road and south of Green Bay Road through a local storm sewer system out to a larger system on Dundee Road that discharges into the east diversion ditch along the west boundary of the Village. The recommended storm sewer upgrade includes 3,500 feet of new storm sewer pipe to address insufficient storm sewer capacity and the challenges presented by the steep topography in this neighborhood. This is the 2<sup>nd</sup> phase of storm sewer upgrades for this area and will significantly reduce private property structural flooding and blocked street access that currently directly impacts 30 homes, with additional positive impacts to the overall area as well.

#### 3. Greenwood Avenue/Grove Street/Bluff Street Drainage Basin

This is a 78-acre watershed area that drains storm water from the residential neighborhoods west of Vernon Avenue and south of Lincoln Avenue through local storm sewer systems on Greenwood Avenue, Grove Street and Bluff Street out to a storm sewer system on Park Avenue that drains west down towards the Skokie Country Club and out to the east diversion ditch. The recommended storm sewer upgrade includes 2,300 feet of new storm sewer pipe to address insufficient capacity of the storm sewer and inadequate overland flow routes in these neighborhoods and will significantly reduce private property structural flooding and blocked street access that currently directly impacts 25 homes, with additional positive impacts to the overall area as well.

#### 4. Hazel Avenue Underpass/Village Hall

This is a 19-acre watershed area that drains storm water from the downtown business district through a local storm sewer system on Hazel Avenue to a storm sewer outfall that discharges to Lake Michigan. The recommended improvements include the re-grading and reconstruction of the Public Safety driveway on the east side of the Village Hall. This improvement will significantly reduce structural flooding that currently directly impacts the Village Hall basement, including the Emergency Operations Center, contributing to significant water damage and rendering the lower level of the Village Hall unusable when flooded.

#### 5. Madison Avenue Drainage Basin

This is an 8-acre watershed area that drains storm water from the residential neighborhood on Madison Avenue between Vernon Avenue and Greenwood Avenue through the local storm sewer system on Madison Avenue west and south through the systems on Greenwood Avenue and Grove Street to the storm sewer outfall on Ivy Lane at the east diversion ditch. The recommended storm sewer upgrade includes 1,000 feet of new storm sewer pipe to address insufficient storm sewer capacity and inadequate overland flow routes and will significantly reduce private property structural flooding and blocked street access that currently directly impacts 13 homes, with additional positive impacts to the overall area as well.

The Stormwater Study commissioned by the Village is available on the Village's website at [www.villageofglencoe.org/departments/public\\_works/stormwatermanagement/default.aspx](http://www.villageofglencoe.org/departments/public_works/stormwatermanagement/default.aspx).





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## Village of Glencoe Special Mailing

# How Will This Bond Affect My Property Taxes?

Glencoe currently has a “AAA” bond credit rating from Standard and Poor’s, which is the highest rating awarded. With this rating, the Village can take advantage of the historically low interest rates currently available in the municipal bond market.

The following schedule provides a projection of Village debt service payments based upon the issuance of \$10.0 Million in 20 year bonds for the requested improvement programs described in these materials and scheduled to begin later this year.

Even with this additional proposed debt load, the Village’s total debt payment of \$2,076,741 would remain substantially below that of our historical high point in 2009 (\$2,799,734).

The impact to the individual property owner in the first year is \$71 per \$10,000 of total taxes, and thereafter the average cost over the projected life of the new debt (through 2034) is \$100 annually per \$10,000 total taxes\*. Debt levels would remain flat through 2027, but thereafter would be substantially reduced as past debt is retired.

The Village Board, in its public deliberations on this subject, expressed a goal of minimizing the impact to individual property tax payers while maximizing the flexibility of the Village’s debt structure. Expected low interest rates will also provide a lower overall cost of these necessary projects.

*Further information  
 can be found at  
[www.villageofglencoe.org](http://www.villageofglencoe.org).*

DEBT SERVICE PROJECTION							
<i>Initial net first year increase per \$10,000 total property taxes is \$71.</i>							
New Debt Overlapped with Existing Debt							
Year Paid	Debt Service Before Referendum	Cost per 10K Taxes	\$10.0 M Series 2015	Cost per 10K Taxes	Combined Debt Service After Referendum	Cost per 10K Taxes	Cost per 10K Taxes
2015	1,564,195	<u>217</u>					
2016	1,359,895	189	716,846	99	2,076,741	<u>288</u>	
2017	1,380,370	191	719,620	100	2,099,990	291	
2018	1,401,995	194	718,748	100	2,120,743	294	
2019	1,045,000	145	716,488	99	1,761,488	244	
2020	1,047,800	145	718,033	100	1,765,833	245	
2021	1,050,200	146	718,023	100	1,768,223	245	
2022	1,052,200	146	716,398	99	1,768,598	245	
2023	1,058,800	147	718,573	100	1,777,373	247	
2024	1,063,719	148	719,853	100	1,783,572	247	
2025	1,068,106	148	720,208	100	1,788,314	248	
2026	1,075,719	149	719,348	100	1,795,067	249	
2027	1,081,375	150	717,495	100	1,798,870	249	
2028	-	-	719,895	100	719,895	100	
2029	-	-	716,370	99	716,370	99	
2030	-	-	717,065	99	717,065	99	
2031	-	-	716,798	99	716,798	99	
2032	-	-	720,548	100	720,548	100	
2033	-	-	718,123	100	718,123	100	
2034	-	-	719,673	100	719,673	100	
	<u>13,685,179</u>		<u>13,648,099</u>		<u>27,333,284</u>		

\*Total new debt may vary based upon actual market results.

*\*The foregoing amounts are estimates based on assumed interest rates, and may change to some extent based on actual market rates when the debt is issued.*