

**Item #3:**  
**Ord. Proposing SSA For Downtown Public Water**

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## Memorandum

Date: August 18, 2015  
To: President Underwood and Members of the Board of Trustees  
Village Manager David Lothspeich  
From: Betsy L. Gates  
Robert T. Pickrell  
Re: Special Service Area Establishment Procedures

This memorandum relates to the Village Board's ongoing consideration of a new phase of capital improvements to enhance the Village's downtown ("**2015 Capital Improvement Plan**"), including the possible extension of the Village's public water system. The Board has discussed several options for financing the 2015 Capital Improvement Plan, including the establishment of one or more special services areas ("**SSA**") pursuant to 35 ILCS 200/27-5 *et seq.* ("**SSA Law**"). This memorandum discusses the procedural requirements and timeline for consideration and establishment of an SSA.

### A. Overview

The following is an overview of the timeline and steps required to establish an SSA. Each step is discussed in greater detail in Section B, below.

1. Adopt proposing ordinance setting the date for a public hearing.
2. Publish notice at least once in a newspaper of general circulation within the Village a minimum of 15 days prior to the public hearing.
3. Mail notice by U.S. mail to all taxpayers within the proposed SSA a minimum of 10 days prior to the public hearing.
4. Conduct a public hearing not more than 60 days after the date the proposing ordinance was adopted.
5. 60-day objection period—If a petition is filed with the Village objecting to the SSA and signed by at least 51% of the owners of record and 51% of the electors residing in the proposed SSA, then the SSA shall not be established.
6. Enact an establishing ordinance creating the SSA after the expiration of the 60-day objection period.
7. File and record the establishing ordinance within 60 days of its approval.

## B. SSA Establishment Process

1. Proposing Ordinance<sup>1</sup>. The Village Board may adopt an ordinance proposing the creation of an SSA ("**Proposing Ordinance**"). 35 ILCS 200/27-30. An SSA can be proposed for the financing of any "special services," which are those services pertaining to the government and affairs of the Village that are provided within a contiguous area in addition to the services generally provided throughout the Village. 35 ILCS 200/27-5.

The Proposing Ordinance should set the date for a public hearing on the proposed SSA (which must be not more than 60 days after the Proposing Ordinance is adopted) and include the following additional information:

- a. Findings that the proposed SSA would provide special services for the benefit of the proposed area and that such area is contiguous as required by the SSA Law,
- b. The boundaries of the proposed SSA by legal description and street location;
- c. The permanent tax index number for each parcel within the proposed SSA;
- d. A description of the proposed special services to be provided and a statement of whether the services are for new construction, maintenance, or other purposes;
- e. The proposed amount of the tax levy for the initial year of the SSA;
- f. The maximum rate of taxes to be extended within the SSA in any year; and
- g. The maximum number of years that taxes will be levied if a maximum number of years is to be established.

35 ILCS 200/27-25, 200/27-30. If the Village intends to issue bonds secured by the SSA revenues, then the Proposing Ordinance should also set forth:

- a. A statement indicating who will be responsible for maintaining the special services after the life of the bonds (if not the Village);
- b. The maximum amount of bonds to be issued;
- c. The maximum period of time over which the bonds will be retired; and
- d. The maximum interest rate the bonds will bear.

35 ILCS 200/27-45.

2. Notice. The Village must provide notice of the public hearing ("**Notice**") by publication and mailing. The Notice must be: (a) published at least once 15 days prior to the public hearing in a newspaper of general circulation within the Village; and (b) mailed by U.S.

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<sup>1</sup> An SSA proposal can also be initiated by the submission of an application by an owner of record within the proposed SSA. In the event of a proposal initiated by an owner, an application must be submitted to the Village President that includes: the name of the applicant, the special services desired to be provided, the proposed SSA boundaries, the estimated amount of funding required, and the stated need and local support for the proposed SSA. The Village Board may accept or reject the application. 35 ILCS 200/27-20.

mail to the person in whose name the general real estate taxes for the last preceding year were paid for each parcel in the SSA (or the person last listed on the tax roll, if the prior year's taxes were not paid) at least 10 days prior to the hearing. 35 ILCS 200/27-30.

The Notice must contain the date, time, and place of the public hearing; all of the information set forth in Section 1, above; and a statement that all interested persons, including all persons owning taxable real property located within the SSA, will be given an opportunity to be heard at the hearing and an opportunity to file objections. 35 ILCS 200/27-25.

3. Hearing. Within 60 days after the adoption of the Proposing Ordinance, the Village must conduct a public hearing on the proposed SSA, tax levy, and bond issuance (if applicable). At the public hearing, interested persons may file written objections and be heard orally. The hearing may be continued to a date certain by motion set forth in the minutes of the hearing. 35 ILCS 200/27-35, 200/27-45. At the conclusion of the public hearing, the hearing should be finally adjourned by motion set forth in the minutes.

4. Objection Period. If a petition objecting to the creation of the SSA and signed by at least 51% of the electors residing within the SSA and 51% of the owners of record of property within the SSA is filed with the Village Clerk within 60 days after the final adjournment of the public hearing, then the SSA shall not be created. Such a petition may also object specifically to the levy of taxes and/or the issuance of bonds as proposed by the Village, in which case the Village shall not levy such tax or issue such bonds, as applicable. 35 ILCS 200/27-55. In the event a proper and successful objection petition is filed, the Village shall not re-propose the same SSA as to any of the objectors for at least two years. *Id.*

5. Establishing Ordinance. After the 60-day objection period concludes, if no objection petition meeting the requirements described above is filed, then the Village may enact an ordinance establishing the SSA ("**Establishing Ordinance**"). The Establishing Ordinance must include a legal description of the area, the permanent tax index numbers of all parcels in the SSA, an accurate map of the SSA, a copy of the public hearing notice, and a description of the special services to be provided. 35 ILCS 200/27-40. The Establishing Ordinance should also set forth the same information outlined in Section 1, above, with respect to taxes and bonds, as well as findings that the Village followed the required proposal, notice, and hearing procedures; no proper and successful objection petition was filed; and the SSA meets the requirements of the SSA Law.

6. Recordation and Filing. The Establishing Ordinance must be recorded with the County Recorder of Deeds within 60 days after its adoption (*id.*) and filed with the county clerk (35 ILCS 200/27-75). In addition, the Village must file: (a) a certified copy of each ordinance levying taxes in the SSA on or before the last Tuesday of December in each year; and (b) a certified copy of any ordinance authorizing the issuance of bonds and providing for a property tax levy in the SSA by December 31 of the year of the first levy. *Id.*

**VILLAGE OF LONG GROVE**

**ORDINANCE NO. 2015-O-\_\_\_\_**

**AN ORDINANCE PROPOSING THE ESTABLISHMENT OF A  
VILLAGE OF LONG GROVE SPECIAL SERVICE AREA FOR PROVIDING  
PUBLIC WATER TO THE HISTORIC DOWNTOWN AREA PORTION  
OF THE VILLAGE DOWNTOWN/IL RT. 83 REDEVELOPMENT DISTRICT**

Adopted by the  
President and Board of Trustees  
of  
the Village of Long Grove  
this \_\_\_\_ Day of \_\_\_\_\_, 2015

Published in pamphlet form by direction  
and authority of the Village of Long Grove  
Lake County, Illinois  
this \_\_\_\_ day of \_\_\_\_\_, 2015

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**WHEREAS**, the Village of Long Grove is an Illinois municipal corporation that is authorized to establish special service areas for the purpose of providing special services to designated areas within its boundaries pursuant to Article VII, Section 7 of the Illinois Constitution and the Special Service Area Tax Law, 35 ILCS 200/27-5 *et seq.* ("**SSA Law**"); and

**WHEREAS**, the Village has previously established the Downtown/IL Rt. 83 Redevelopment Project Area pursuant to 65 ILCS 5/11-74.4-1 *et seq.* (the "**TIF District**"); and

**WHEREAS**, a portion of the TIF District is currently served by the Village's public water system (the "**Water System**"); and

**WHEREAS**, the Board of Trustees of the Village (the "**Village Board**") has determined that the redevelopment and revitalization of the Village's Historic Downtown District as legally described in Exhibit A attached hereto and as depicted on Exhibit B attached hereto (the "**Downtown Area**") will be stimulated, and the public health, safety, and welfare of the Downtown Area will be advanced, if distribution mains from the Water System were extended to such area (the "**Special Service**"); and

**WHEREAS**, in order to make the Special Service financially viable, the Village Board has determined that it may be most advantageous to finance such Special Service in part via a special service area (the "**Downtown Water SSA**"); and

**WHEREAS**, the Board of Trustees of the Village of Long Grove has determined that it is in the best interest of the Village and the property owners, businesses, and residents within the Downtown Area to conduct a public hearing pursuant to Section 27-35 of the SSA Law to

consider the establishment of the Downtown Water SSA for the purpose of providing the Special Service to the Downtown Area;

**NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LONG GROVE, COUNTY OF LAKE, AND STATE OF ILLINOIS, as follows:**

**SECTION ONE.**      **Recitals.**      The foregoing recitals are incorporated herein as findings of the President and Board of Trustees.

**SECTION TWO.**      **Findings.**

(a) Pursuant to Section 27-20 of the SSA Law, the Village Board hereby initiates the consideration of creating a special service area for the Downtown Area.

(b) It is in the public interest that the President and Board of Trustees of the Village consider the creation of a special service area for The Downtown Area.

(c) The proposed special service area is contiguous as required by the SSA Law and as depicted on the map of the Downtown Area attached hereto as Exhibit A.

(d) The property owners, businesses, and residents of the Downtown Area will benefit specially from the provision of the Special Service to the Downtown Area. The Special Service will provide the Downtown Area with a safe and adequate potable water supply, which service is not generally provided to all the residents of the Village. The Special Service will involve new construction of water distribution facilities serving the Downtown Area.

**SECTION THREE.**      **Proposal.**      In response to the conditions and needs of the Downtown Area, and in their determination of the need to promote the public health, safety, and welfare of the Village and its residents, the President and Board of Trustees of the Village

hereby propose the establishment of the Downtown Water SSA to provide the Special Service to the Downtown Area, as well as the possible issuance of bonds therefor.

**SECTION FOUR.**      **Public Hearing.**

(a)      In General. Pursuant to Section 27-35 of the SSA Law, a public hearing shall be held on the ***[13<sup>th</sup> day of October]*** 2015, at 7:00 p.m., in the Board Room of the Long Grove Village Hall, 3110 Old McHenry Road, Long Grove, Illinois, to hear and consider testimony regarding the proposed establishment of the Downtown Water SSA described in this Ordinance. At the hearing, the Village will also hear and consider testimony regarding the issuance of bonds for the proposed Special Service, the imposition or levy by the Village of a tax in the proposed special service area sufficient to produce revenues to pay the principal and interest on any such bonds or otherwise to provide for the construction of the Special Service.

(b)      Bond, Construction Taxes. The maximum amount of any bonds would be ***[\$1,500,000.00]***, which bonds would be payable over not more than a 30-year period. Such bonds would be issued at an interest rate not exceeding six and one-half percent (6.5%) per annum as a net yield. The maximum annual taxes to be extended within the special service area in any year for the construction of the Special Service (or the payment of principal and interest on any bonds issued for such construction) would not exceed ***[\$247,500.00]***, which payments would not continue for more than 30 years. The taxes described in this Section 4(b) will be payable within the special service area pursuant to a special tax roll as more fully described in Section 4(c) below.

(c)      Special Tax Roll. The special service area taxes that would be imposed pursuant to Section 4(b) would be payable pursuant to a special tax roll. The special tax roll will allocate taxes on a ***[projected usage basis as measured by residential-equivalents]*** (“R.E.”) among the Downtown Area lots.

(d) Annual Levy Ordinances. Following the establishment of the Downtown Water SSA, the Village may commence levying SSA taxes by annually filing one or more tax levy ordinances with the appropriate County officials. The Village may file tax levy ordinances for the special service area taxes contemplated under Section 4(b), subject to the terms of this Section or as may be provided in the establishing ordinance.

**SECTION FIVE. Notice of Hearing.** Pursuant to the SSA Law, notice of the public hearing will be published at least 15 days prior to the date scheduled for the commencement of the public hearing in the *Daily Herald*, a newspaper of general circulation within the Village. In addition, notice by mailing in the United States mail will be given not less than 10 days prior to the time set for public hearing in the manner required by the SSA Law. The Village Board hereby authorizes the Village Manager and Village Attorney to prepare such notices consistent with this Ordinance.

**SECTION SIX. Objections.** If a petition signed by at least 51 percent of the electors residing within the Downtown Area and at least 51 percent of the owners of record of property within the Downtown Area is filed with the Village Clerk within sixty days following the adjournment of the public hearing objecting to the establishment of the special service area herein contemplated, then such special service area may not be established.

**SECTION SEVEN. Effective Date.** This Ordinance shall be in full force and effect immediately from and after its passage and approval.

PASSED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015.

AYES: ( )

NAYS: ( )

ABSENT: ( )

ABSTAIN: ( )

APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2015.

\_\_\_\_\_  
Village President

ATTEST:

\_\_\_\_\_  
Village Clerk

DRAFT

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE DOWNTOWN AREA**

**DRAFT**

**EXHIBIT B**

**DEPICTION OF THE DOWNTOWN AREA**

**DRAFT**