

Item #13A:

Village Manager Lothspeich

Public Water Extension Into Downtown - SSA Petitions



March 24, 2016

Dear Downtown Long Grove Property Owners (property owners list),

Re: Extension Of Public Water Into Historical Downtown Long Grove.

Since the creation of the Downtown TIF in 2008, the Village of Long Grove has invested approximately \$4.5M to date in the Downtown TIF (General Fund and Open Space Bonds). Last year, the Village Board approved an engineering proposal (\$150K) for the design/engineering for the extension of public water (\$2.9M) and streetscape improvements (\$2M) at an estimated installation cost of roughly \$5.0M. If these improvements are ultimately approved, the total Village investment in the Downtown will be in excess of \$9.5M (\$4.5M + \$5.0M).

Last August, the Village offered to establish a Special Service Area (SSA) as a means to provide the property owners with the ability to finance the costs for extending public water into the downtown. The total estimated cost for this project was \$2.9M. In response to questions raised during the establishment process and the approaching deadlines, the Village Board terminated the process in November in order to provide everyone additional time.

When the SSA process was terminated, the Village decided to proceed with the design of the water system loop up to Archer Road in order to meet Village obligations to provide public water to Harbor Retirement Associates (HRA, the former Midwest Bank property) and the Archer Parking Lot Outlots. The cost for this project is estimated at \$1.8M. The engineering design for this project is nearly complete and it is expected to go out to bid by the end of March with bids awarded by the end of April.

The estimated cost of the system extended into the crossroads is \$1.1M. To help fund the cost of the water system, the Village approved connection fees at a rate of \$7,000 per Residential Equivalent (RE). Based upon the Village's connection fee (\$7,000 per Residential Equivalent (RE), the Village would pay \$1.8M (62%) of this water system and the Downtown Property Owners would pay \$835K (29%). IF all the downtown properties connect (including the Triangle properties, Archer Outlots), then the Village would recoup approximately 41% of the water system cost (\$1.25M of \$2.9M).

The Village Board believes that the extension of public water into the Historic Downtown and the streetscape improvements are important infrastructure improvements toward maintaining the existing businesses and growing/attracting new businesses to the Historic Downtown. In order to provide these improvements, the Village Board remains interested in partnering with the Downtown property owners to extend the public water from Archer Road to the full downtown.

The Village Board remains willing to consider proposing the establishment of a Special Service Area (SSA) in the Downtown as a mechanism to ensure the recapture of 29% of the of the water system cost while providing the opportunity for every downtown property owner to pay their fair share based upon usage (RE) as either: (1) a one-time connection fee or (2) financing the cost for connection over the life of the SSA. The attached "Proposed SSA For Public Water Downtown" includes the estimated costs for each individual property with the one-time connection fee payment ranging from \$7,000 (1 RE) to \$119,000 (17 RE) and the 30 year SSA annual fee ranging from \$426 (1 RE) to \$7,235.

*The Village Board recognizes the importance of involving all stakeholders to be part of the discussion and is mailing this letter to all downtown property owners via certified mail, return receipt requested to be sure that all property owners are informed. Since ultimately the decision of whether or not to extend public water into the downtown is dependent upon the property owners determining that there is value in doing so, a draft petition form has been included for your consideration. **If the Village Board receives petitions from a minimum of 51% of the downtown property owners requesting a SSA to extend public water into the downtown, then the Village will move forward with the necessary steps to establish a SSA.** While the petitions do not bind the property owners to the SSA, having support from the majority of the property owners is necessary for the Village to establish the SSA.*

Please visit the Village's website for further details, including the Q&A from last year. <http://www.longgrove.net/content/downtown-public-water-opportunity-materials>. If you have any questions, you are encouraged to contact Village Manager David Lothspeich at dlothspeich@longgrove.net. On behalf of the Village Board, thank you in advance for your consideration.

Sincerely,

Angie

Angela Underwood
Village President
Village of Long Grove
847-634-9440

VILLAGE OF LONG GROVE

RESOLUTION 2015-R-27

**A RESOLUTION APPROVING THE PROPOSED CAPITAL
IMPROVEMENT PLAN FOR OLD MCHENRY ROAD AND RELATED
DOWNTOWN INFRASTRUCTURE AND STREETScape IMPROVEMENTS**

WHEREAS, the Village of Long Grove ("**Village**") has previously designated the Downtown/IL Rte. 83 Redevelopment Project Area ("**TIF District**") pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, and approved a Redevelopment Plan and adopted tax increment allocation financing for the TIF District; and

WHEREAS, the Village has undertaken various projects to promote development and eliminate blighted conditions within the TIF District in furtherance of the Redevelopment Plan; and

WHEREAS, the Village Board now desires to pursue the next phase of capital improvements within the TIF District in furtherance of the Redevelopment Plan, and, to that end, has reviewed various alternative projects, including improvements to the Village water system, roadways, streetscapes, bridge, pedestrian pathways, and parking facilities; and

WHEREAS, the Village Board has determined that it is in the best interests of the Village and its residents to pursue the potential projects described in the Estimated 2015 TIF Capital Improvement Plan attached hereto as **Exhibit A**;

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Long Grove, Lake County, Illinois, as follows:

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

SECTION TWO. Approval of Estimated 2015 TIF Capital Development Plan.

The Estimated 2015 TIF Capital Development Plan, attached to this Resolution as **Exhibit A** and, by this reference, incorporated herein, is hereby approved. The officials, officers, and employees of the Village are hereby authorized and directed to take such action as is necessary to carry out the intent and purpose of this Resolution.

SECTION THREE. Effective Date. This Resolution shall be in full force and effect immediately upon its passage and approval in the manner provided by law.

PASSED this 23rd day of June, 2015.

AYES: (5) Trustees: Borys; Jacob; Lyman; Marshall and Yaeger

NAYS: (0) None

ABSENT: (1) Trustee Sarlitto

APPROVED this 23rd day of June, 2015.



Angela Underwood, Village President

ATTEST:



Heidi Locker-Scheer, Village Clerk

EXHIBIT A

ESTMATED 2015 TIF CAPITAL IMPROVEMENT PROGRAM

Improvement	Details	Estimated Cost of Sub-Parts	Total Cost
Public Water System Extension and Improvements			\$2,890,000
	Installation of new water distribution mains, pump, and emergency power	2,040,000	
	Connection to Lake Michigan water source	700,000	
	Interconnection with Village of Buffalo Grove water system	150,000	
Robert Parker Coffin Road Bridge Replacement			700,000
Old McHenry Road Streetscape Improvements			67,000
Robert Parker Coffin Road Streetscape Improvements			1,050,000
	Roadway repair and rehabilitation		
	Curb and gutter improvements		
	Concrete sidewalks		
Old McHenry Road Street Lighting Installation and Improvements			462,000
Pedestrian Pathway System Improvement and Expansion from the Archer Lots to Old Route 53			200,000
TOTAL			\$5,369,000

Village of Long Grove
 Projected Summary of TIF Calculations Using Current Interest Rate (4%) on General Fund & Open Spaces Fund Advances
 Actual 2008-2014 and Projected for Years 2015-2031

Year	Year	New Development (EAV)	3% Annual		0% Annual		3% Annual		0% Annual	
			Property Tax Increase No New Development Fund Balance (Deficit)	Property Tax Increase No New Development Fund Balance (Deficit)	Property Tax Increase Harbor Chase Only Development Fund Balance (Deficit)	Property Tax Increase Harbor Chase & Archer Lots Development Fund Balance (Deficit)	Property Tax Increase Harbor Chase & Archer Lots Development Fund Balance (Deficit)	Property Tax Increase All Development Fund Balance (Deficit)		
2008	1		(177,678)	(177,678)	(177,678)	(177,678)	(177,678)	(177,678)	(177,678)	
2009	2		(1,563,516)	(1,563,516)	(1,563,516)	(1,563,516)	(1,563,516)	(1,563,516)	(1,563,516)	
2010	3		(3,271,014)	(3,271,014)	(3,271,014)	(3,271,014)	(3,271,014)	(3,271,014)	(3,271,014)	
2011	4		(786,666)	(786,666)	(786,666)	(786,666)	(786,666)	(786,666)	(786,666)	
2012	5		(1,757,904)	(1,757,904)	(1,757,904)	(1,757,904)	(1,757,904)	(1,757,904)	(1,757,904)	
2013	6		(2,009,656)	(2,009,656)	(2,009,656)	(2,009,656)	(2,009,656)	(2,009,656)	(2,009,656)	
2014	7		(3,361,803)	(3,361,803)	(3,361,803)	(3,361,803)	(3,361,803)	(3,361,803)	(3,361,803)	
2015	8		(3,514,095)	(3,514,095)	(3,514,095)	(3,514,095)	(3,514,095)	(3,514,095)	(3,514,095)	
2016	9		(3,689,026)	(3,689,026)	(3,689,026)	(3,689,026)	(3,689,026)	(3,689,026)	(3,689,026)	
2017	10	Harbor Chase (600K)	(3,814,045)	(3,833,791)	(3,214,045)	(3,227,359)	(3,214,045)	(3,233,791)	(3,233,791)	
2018	11		(3,928,936)	(3,969,353)	(2,686,936)	(2,745,353)	(2,686,936)	(2,645,353)	(2,645,353)	
2019	12	Archer Lots (200K)	(4,042,060)	(4,111,003)	(2,113,840)	(2,238,043)	(1,913,840)	(1,913,840)	(1,834,043)	
2020	13	Triangle (400K)	(4,156,348)	(4,262,197)	(1,495,363)	(1,714,319)	(1,081,363)	(681,363)	(594,159)	
2021	14		(4,269,458)	(4,421,146)	(826,728)	(1,171,353)	(183,988)	644,012	693,614	
2022	15		(4,383,939)	(4,590,981)	(107,936)	(611,195)	779,059	106,478	2,028,370	
2023	16	Executive House (100K)	(4,492,052)	(4,764,571)	671,423	(25,594)	1,818,999	851,843	3,519,553	
2024	17		(4,349,963)	(4,687,826)	1,551,436	651,150	2,930,867	1,659,644	4,996,298	
2025	18		(4,206,663)	(4,618,263)	2,454,798	1,320,714	4,073,040	2,460,265	6,465,862	
2026	19	South 15 (600K)	(4,063,557)	(4,557,536)	3,380,768	1,981,440	5,244,985	3,252,048	8,526,588	
2027	20		(3,901,656)	(4,486,919)	4,349,019	2,652,057	6,466,590	4,053,722	11,872,977	
2028	21		(3,723,079)	(4,408,797)	5,358,136	3,330,180	7,736,661	4,862,902	12,675,327	
2029	22		(3,539,551)	(4,335,169)	6,397,120	4,003,807	9,044,429	5,667,586	14,748,955	
2030	23		(3,366,653)	(4,281,900)	7,451,139	4,657,077	10,375,294	6,451,913	16,802,224	
2031	24		(2,573,444)	(3,618,341)	9,151,902	5,920,636	12,361,210	7,846,529	19,465,784	
Totals			(2,573,444)	(3,618,341)	9,151,902	5,920,636	12,361,210	7,846,529	23,035,517	19,465,784

Q & A From Meeting With Downtown Property Owners Meetings 2015
Updated 03/24/2016

(Questions From 08/26/2015 Meeting)

1. **Will any of the proceeds from the Archer Lot sale be used toward the TIF in helping to pay off debt?** *Under the bond authorization ordinance, a minimum of 50% of the proceeds from the sale are required to be paid back to the Open Space Fund. These funds are restricted for the purchase of property and cannot be used for infrastructure.*
2. **Do we have a detailed list of the initial \$4.5MM expenditures?** *Due to lack of payment as a result of the TIF not generating sufficient revenues, the initial \$4.5M has accrued an additional \$500,000 in interest for a total in excess of \$5.0M. Please refer to attachment "[2 - \\$4.5M TIF Projects & Expenditures](#)".*
3. **How is the original \$4.5MM debt tied (if at all) to the new \$5MM debt both of which will be paid down by common TIF proceeds and does the Sun Chase TIF have any impact on this financing scheme?** *Sunset Grove TIF takes precedent for all bond payments but Sunset Grove has been self-supportive and actually ahead of projections so it has not had, and is not projected to have, a negative impact on the rest of the TIF. The existing \$4.5M bonds were financed entirely through the then village reserves in the Open Space Fund (\$1.5M) and General Fund (\$3.0M). As these bonds exist today, any positive increment above and beyond the funds necessary to pay the Sunset Grove bonds would flow back to pay off this debt. If the Village proceeds with the new \$5M debt, the existing bonds would be subordinate to the new bonds and the payment back to the Village would be pushed back until after the new debt was retired.*
4. **Do we have a master calendar showing timelines for the various projects, when anticipated incremental revenues would be seen and the financing mechanisms we see going forward?** *There is not a schedule for each of the projects but the anticipated timeline for the water system extension is as follows: (1) Bids Jan/Feb; (2) Awards Feb/March; (3) Construction March - October. The planned streetscape improvements for Old McHenry would be constructed as part of the Lake County road improvements that are tentatively planned for 2017. The improvements to Robert Parker Coffin Road and the Covered Bridge would be coordinated to be either before or after the Old McHenry Road improvements in 2017 to keep access to the downtown open as much as possible. Please refer to attachment "[4 - Downtown Infrastructure Improvements](#)" which lists all of the potential capital infrastructure projects with costs and identifies those that have been included in the proposed \$5.3M improvements to the downtown.*
5. **Can we provide information/assumptions related to the basis for projected TIF revenue (i.e. conservative, moderate and aggressive) and rationale for assuming conservative in our modeling?** *The Village has prepared various projections for potential future development and TIF revenues. When considering the proposed \$5.3M in downtown infrastructure improvements (\$3.0 M Water Extension and \$2.3M Streetscape Improvements), the revenues were based upon the projected property tax revenues from the Harbor Chase development with no other new development. The projections show a **negative \$3.6M** balance with no development and a **positive \$5.9M** balance with Harbor Chase. Both projections do not include annual increases in property taxes after 2016 due to concerns of the State passing a property tax freeze. Please refer to the attached "[5 - Projected Summary Of TIF Calculations](#)" for details.*

6. **Can we provide information regarding algorithms/assumptions/rationale for the \$7,000 allocation by PIN?** The \$7,000 per RE is a one-time connection or tap-on fee. There are many ways to calculate such fees but the rationale used by the Village was to calculate the fee based upon water usage. The draft connection fees by PIN as based upon projected water usage by the existing and anticipated type of uses. The sanitary sewer usage as calculated by Lake County Public Works was used for the existing buildings; the usage for the properties that are anticipated to be developed/re-developed were based upon the anticipated development type and size. Finch Brewery for the former Red Oaks building was based upon the projected usage provided by Finch. The \$7,000 per RE connection fee was approved by the Village Board based upon the determination that this was a reasonable connection fee rather than establishing a fee that would result in the Village recapturing 100% of the watermain extension costs. The \$7,000 connection fee would result in the Village recapturing 62% of the watermain cost IF all (Harbor Chase, Downtown and Triangle) properties connect and the area develops with the anticipated users. The Village assumes the risk of absorbing additional costs IF the developments/uses don't occur as projected. The neighboring residential properties were NOT included in these calculations since there are not any cost estimates/plans to extend the public water system into these areas and there is no plan to require that these residential properties connect. Please note that in order for the Village to recapture 100% of the full \$3.0M cost for the planned watermain extension into the downtown, the connection fee per RE would increase from \$7,000 to \$11,250 (\$4,250 or 38% of the costs absorbed by the Village for the public benefits of improved fire protection, etc. Please refer to the attached "**6 - Watermain Connection Fee Analysis**" for details.
7. **Can we explain what, if any, fire-fighting capacity demand was assumed and impact to fee structure?** **NEED INFO FROM GHA.** The Village Engineer calculated the public water system would provide XXXX at XXXXX for fire-fighting purposes. Although this is less than the XXXXXX, it is the equivalent of XXXX tanker trucks and would be a significant improvement over the existing conditions. Please see attached "**7 - XXXXXXXX**".
8. **Can we provide the basis and assumptions for the estimated \$14/1000gal estimated cost for water?** The \$14/1,000 gallon water rate is the current water rate. For further explanation of the revenues vs. expenses for the current water system please refer to following question #9.
9. **Is the \$14/1000gal suggested fee a financial breakeven point or market rate based?** The \$14.00/1,000 gallon water rate is the existing water rate, not a suggested fee. With the current limited number of users (Sunset Grove, Executive House, Chase Bank), the water system is slightly below the financial breakeven point. In 2013, the Water Fund had a negative balance of (\$25,016) with a projection of a negative balance of (\$14,687) in 2014 when including costs for future repairs and replacements of the system. Please note that this analysis includes the amortization of the existing system for funding future repairs and replacement at the end of the projected useful life. The Village will update the water rate analysis to evaluate if the water rate per 1,000 gallons and/or minimum water bill (\$500) can be reduced. For further details please refer to attachment "**9 - Water Rate Analysis - Revenue Requirement**".

- 10. Can we provide a suggested schedule showing some likely scenarios for capacity utilization growth and corresponding potential price reduction impacts?** *Staff is working with the auditor and village engineer to update the water rate analysis based upon existing and potential growth. The evaluation should be completed by the end of September and the Village Board will consider the results of this evaluation and determine if the minimum water bill (\$500/quarter) and/or water rate (\$14/1,000 gallons) are possible.*
- 11. Does Sun Chase factor into usage rates and if so, is there a potential of recapture?** *Sunset Grove factors into the water rates in that they are currently the largest users on the system. The property owners for Sunset Grove, the Executive House, the South 15 and the former Midwest Bank (Harbor Grove) paid a combined \$3.0M of the \$3.9M total cost of the current/existing IL 83 deep well water system through the IL 83 Water SSA. In addition, the property owners also pay for their on-site (looping, hydrant, water services, meters, etc.) water system. The Village contributed roughly \$900K (23%) toward the IL 83 water system as part of the public benefit of having this system since it was anticipated to be extended into the downtown and the neighboring residential subdivisions along with providing fire protection.*
- 12. Is Harbor Chase still on the hook for \$170K after paying \$250K of their allocated \$420K fee?** *The Village Board has discussed this issue but has not come to a conclusion as to whether or not Harbor Chase should be responsible for paying the \$170,000. If not paid by Harbor Chase, the Village could decide to absorb this expense. The projected increment generated by Harbor Chase alone is the basis for the proposed \$5.3 M improvements for the downtown. The IL 83 SSA capped the cost for the property owners at \$3.2M. The property owners contributed \$850,000 (26.5%) to the IL 83 Water SSA to bring public water to their property. Harbor Chase has agreed to extend this existing water main from their southern property line, north up Old McHenry Road to their northern property line plus contributing \$250K toward extending this watermain further North up Old McHenry Road as part of the planned extension of public water into the downtown. Total direct investment in the public water system of \$1.1M.*
- 13. Do we intend to solicit interest in participating from adjacent neighbors/residents and if so, when?** *This was discussed at the Aug 25 meeting. The neighboring residents have not contacted the Village inquiring about/requesting public water. While the Village will inform the adjacent neighbors/residents of the proposed project, including them within the proposed SSA would only increase the costs for all the properties in the downtown since the homes are located on 2-acre lots and the number of customers per lineal foot of watermain would be very low. For reference, the Herons Landing (2-acre zoning) connection fee (which included the service line) was \$23,000 per residence compared to the proposed \$7,000 per RE for the downtown. Adding the residential properties would further complicate the proposed SSA for the downtown and would increase the difficulty of establishing the SSA prior to the end of the year.*

(Questions From 08/30/2015 Meeting)

14. Would be good to have additional cost information for onsite routing (i.e. from ROW to building, multiple meters, etc.) and potential to "group buy" services. *The proposed SSA is limited to the public watermain improvements located within the Old McHenry Road and Robert Parker Coffin Road ROW. These improvements include the public watermain and service connections from watermain to the buffalo-box shut-off valve (b-box) that will be installed at the outside limits of the ROW. The private property owners will be responsible for all costs to connect and any necessary improvements to their internal plumbing that are estimated to cost \$5,000 to \$9,600 per building, as follows:*

- Service line (1.5" service line) Each building connection from water meter to the b-box;
Short service (15' or less from b-box to water meter) = Budget \$2,000-\$3,500
Long service (15'-50' from b-box to water meter) = Budget \$3,500 - \$5,500
- Water meter & RPZ (Reduced Pressure Principle Assemblies - backflow preventer);
1.0" meter = Budget \$900 each
1.5" meter = Budget \$1,500 each
RPZ = Budget \$1,500-\$2,000 each
- Village permit fees = Budget \$600 (\$1,500 refundable security deposit required)
Application fee = \$50; Plan review fee=\$100; 3 inspections=\$435 (\$145 each)
(1) water tap, (2) water service, and (3) water meter/final.

Some services might be more economical if they are directionally drilled and some may be more economical if they are open cut. The budget number is based on a 1.5" service line. If parcels require a larger service because of demand or fire suppression, prices would increase. The best ways for the to minimize these costs would be for the individual property owners to band together and have one contractor that could do the exterior work and one plumber that could do the interior work.

*Water pressures are expected to be consistently between 45 & 55 PSI which should not create any problems for existing interior plumbing that is in good condition. Property owners are encouraged to have the building(s) plumbing evaluated by a plumber to determine if changes may be required. may impact existing interior plumbing.
-The proposed water service lines should not conflict with other existing utilities since the service lines are expected to be installed below other utilities. However, there may be unforeseen conflicts for individual properties do to the age of the existing infrastructure or items such as buried tanks. Property owners are encouraged to have their property evaluated for potential conflicts between where the water currently enters their buildings (where the water meter would likely to be installed) and the street (where the watermain and b-box would likely be installed).*

15. Would be good to see 2014 budget actuals for existing water system. *The Village's fiscal year is from May 1 to April 30th. The annual audit for FY 2014 is underway and is expected to be completed in October. The actuals for the existing water system for year 2014 will be provided when available.*

16. See question 7 regarding fire-fighting capacity and potential subsidy.

- 17. Would be good to see how deep well and potential Lake Michigan water interconnects would work.** *The Village Board approved a proposal from Village Engineer Gewalt Hamilton & Associates (GHA) for the design and engineering of the water system extension into the downtown for the amount of \$150,000 and the plans are underway but not yet available to view. The existing system is served by a deep well (approx 1,300 feet deep). The proposed extension of the public water system can be served by the existing deep well and the proposed additional pumpage and storage is necessary regardless of the water source (deep well vs. Lake Michigan). The proposed connection to Lake Michigan water through the Northwest Water Commission (NWWC) would be made to the planned NWWC watermain on Arlington Heights Road to the existing well and pump building. If the connection to Lake Michigan water is made, then the system is planned to have an additional supplemental connection to the existing Buffalo Grove water system located in The Crossings Subdivision (south of IL 53). The deep well would be required to be abandoned if the system is served by Lake Michigan Water.*
- 18. See question 10 regarding capacity utilization schedule (i.e. potential for Finch, Archer, etc.) and what is cash flow impact to businesses in 2016, 2017, etc.** *The approved \$7,000 per RE connection fee include the assumptions that Finch, Archer and the Triangle properties are developed and connected with brewery, restaurant and residential uses respectfully. The proposed SSA fees are based upon this \$7,000 per RE connection fee and the amounts charged for the SSA would not vary depending upon whether these businesses and uses come to fruition. The Village assumes all risk for these planned uses and the charges to the downtown property owners will not increase if these assumptions do not come to fruition.*
- 19. Has the school been approached for connecting to the infrastructure?** *Yes, and all costs if extended to the school would be paid for by the School. Note that due to the distance between the planned downtown water system and the school, the costs for water system as a whole would increase and the assumptions used for determining the \$7,000 per RE connection fee would increase resulting in increased costs for the downtown if the school was included in the proposed SSA (similar to including the residential neighborhoods as noted in Question #13).*
- 20. Has grant funding been pursued?** *As noted during the August 25 Village Board Meeting, the Village Engineer and Staff are investigating potential grant funding. The Village made application for Federal Grant Funding for the existing water system as a "shovel ready project under the "Build America" infrastructure grants during the Great Recession and was not successful. IF the Village is successful in obtaining grant funding which reduces the overall project cost, then the Village Board may consider adjusting the \$7,000 per RE connection fee and/or the annual SSA property tax levy.*
- 21. In the existing water budget presented, what is the "replacement capital budget" line item and are there tax credits available to help lower overall cost for build-out/recapture?** *The replacement capital budget" line item is the sinking fund for the eventual replacement of the existing system after its' project useful life (50 years). The Village is not aware of any potential tax credits for build-out/recapture but the property owners may want to consult with their tax preparer/attorney for advice/counsel.*

- 22. Is a TIF over-performance abatement being considered in lieu of plowing additional money into additional projects (i.e. burying of electric lines, etc.)?** Yes, the Village Board has discussed this as a potential option for consideration in the future when/if the anticipated development and the projected incremental property tax revenues occur. It is anticipated that the Village Board will consider the partial abatement vs. maintenance/repair of existing improvements and additional infrastructure improvements to the Historic Downtown (Robert Parker Coffin Road street lighting, benches, wayfinding signage, receptacles, etc.). It should be noted that it is likely that the Village Board would only consider future abatement if the Village has been fully reimbursed for all current (4.5M, \$5.0M with interest) and proposed (\$4.3M) investments in the Historic Downtown TIF. The planned watermain extension is roughly \$3.0M with the Downtown Property Owners contributing \$1.25M (41%) toward the project cost. Of this \$9.3M of investments, the Village would be covering \$8.0M (86%) and the Downtown Property Owners covering \$1.25M (14%) of the investment.
- 23. Can the \$500 quarterly payment be eliminated?** As noted in previous question #13, the water rate analysis will be completed by the end of September for the Village Board's consideration for potentially reducing the minimum quarterly bill (\$500) and/or water rate (\$14.00 per 1,000 gallons). *UPDATE 03242016. Based upon a water rate analysis, the Village Board recently reduced water rates by 25%. Water rates have been reduced to \$10.50 per 1,000 gallons and \$375 minimum quarterly bill.*
- 24. Can we get a clear definition of how the 51% voting by PIN and voter works (i.e. one owner of 10 PINS has 10 votes on PIN-based vote but only one vote on Voter-based vote)?** Please refer to the enclosed "2-Proposed SSA For Downtown Public Water" from Village Counsel that was included in the August 25, 2015 Village Board Meeting materials which summarizes the process for establishing a Special Service Area (SSA).
- 25. Have we considered a two-phase implementation including associated financing through tax levy?** The estimated costs for installing the proposed watermain extension into the historic downtown are based upon installing the entire system as part of a single project. The goals are to have the system installed prior to Lake County reconstructing Old McHenry Road in 2017 and to have the watermain loop installed prior to Harborchase planned opening in early 2017. As part of the reconstruction of Old McHenry Road, the Village has made commitments to Lake County to include improved sidewalks, lighting, etc. (streetscape) as part of their project.

While the project as designed could be broken out to install the portions through the Historic Downtown as a second phase of the water system extension, the timing necessitates that the Village provide a loop water system for Harbor Chase and the Archer Lots which would likely result in the water system design changing to loop the lines on Old McHenry Road and Robert Parker Coffin Road via Archer Road. Under this scenario, the extension into the Historic Downtown could be handles as the second phase but it should be noted that this approach would be expected to significantly increase the costs for the overall project (and therefore the Downtown property owners) for the following reasons:

- (1) as currently designed, the projected costs for the water system in the Historic Downtown as expected to be higher than the rest of the system due to having to design and work around the existing improvements (including buildings) within the ROW;
- (2) the current system does not include the extension of public watermain down Archer Road;

(3) reducing the size of the overall project into two separate projects would likely result in increased unit costs; and

(4) increased borrowing costs by breaking the project out into two phases.

(Questions From 09/10/2015 Meeting)

26. Are Fire Department related costs associated with SSA participation being picked up by the department? *No, fire protection improvements are not paid for by the Fire District(s). This is no different than the existing IL 83 SSA (IL 83 SSA property owners) that was responsible for paying for 80% plus of the original deep well water system with the Village paying the remainder costs. For the Herons Landing public water system SSA, the Residents paid 100% of the costs with no Village participation. In this instance, the proposed downtown public water SSA would pay for roughly 40% of the water system improvements with the Village paying the remaining 60% through the TIF. The proposed SSA does include the Long Grove Fire Protection District Department property in the SSA boundaries and is included in the calculations for payment to the SSA based upon their RE.*
27. Is the parcel south of Old 53 near Old McHenry in the TIF? *The attached exhibit "**27 - TIF & SSA Boundaries Map**" from the SSA proposing ordinance highlights the properties and boundary for the proposed downtown SSA. The exhibit has been modified to highlight the following boundaries:*
- *Proposed Downtown Water SSA (Yellow Highlighted)*
 - *Existing IL 83 SSA (Orange Highlighted) and*
 - *Existing TIF District (Thick Blue Outline).*
28. What specific actions, if any, will be taken in securing grant funding? *The Village Engineer and Village Planner have been tasked with researching potential grant funding opportunities for report back to the Village Board.*
29. Will the Village consider offering "tap-in" fee assistance? *As current approved, the Village's "tap on" fee is reduced with the users paying 40% and Village paying 60%. The proposed SSA is a method of financing these costs over a 20-30 year period. Individual property owners will have the option of either financing through the SSA or paying the "tap on" fee upfront and financing themselves. No further assistance has been discussed. It should be noted that the installation of the planned watermain through the downtown area is expected to be more difficult and therefore more costly on a unit/construction basis than the rest of the planned water system. By including the extension of the watermain through the existing downtown and into the cross-roads, the downtown property owners are benefiting from these reduced costs that would not exist if the downtown portion of the watermain was installed separately.*
30. Can individual property owners challenge the RE allocation for possible reduction? *Property owners should review the estimated RE's provided for each properties SSA fee calculations. If reductions are supported, the Village will evaluate (increase or reduce) the RE for purposes of the SSA. It is important to note that the water "tap on" fees are based upon actual usage and property owners are responsible for paying for any increase in actual usage (increased use beyond the original estimate or change of use). Any increase in RE would have to be paid for by the property owner outside of the parameters of the proposed SSA.*

31. Is total project cost coverage ratio (60/40%) negotiable? *The 60/40% is relative to the connection "tap on" fee amounts that were set by ordinance. The percentage was based upon setting what was viewed as a reasonable "tap on" fee of \$7,000 per RE. The Village Board can amend this ordinance but has not discussed this a being negotiable.*
32. Is a debt certificate underwritten by SSA the only route to securing needed capital? *As noted previously, the Village Board is considering issuing roughly \$5.3M of new TIF debt in addition to the existing \$4.5M of existing TIF for a total of \$9.8M of TIF debt. The \$5.3M of new TIF debt includes the \$1.9M of the proposed SSA. Assuming that the proposed SSA is approved, the Village Board will decide whether to reduce the amount of the new TIF debt and/or to add projects that are currently not included in the planned improvements (example: streetscape lighting along Robert Parker Coffin Road, etc.)*
33. Post Meeting Question: how do property owners handle existing well disposition once system connections are made? *In all likelihood, the wells will need to be capped at the time the service is switched over. There are certain situations where they can remain active (primarily for large irrigation areas) but there is additional plumbing costs to keep the systems separate and it is not that common.*

	2008	2009	2010	2011	2012	2013	2014	2015	Totals to Date	Project Plan Estimate
Revenues										
Property Tax (increment)	\$ -	\$ -	\$ 21,913	\$ 65,370	\$ 60,419	\$ 175,312	\$ 208,157	\$ 229,416	\$ 760,587	\$ 22,007,942
BID Sales tax allocated	-	-	-	4,534	20,781	23,355	28,971	30,356	107,987	-
Sales	-	-	-	39,376	176,464	191,236	222,262	230,555	859,893	-
Sales Non-Home Rule	-	-	-	4,627	21,436	23,899	32,615	35,263	117,840	-
Interest on Investments	-	-	-	116	66	18	221	3,992	4,413	-
Miscellaneous Revenues	-	-	-	147	-	-	-	-	147	-
Proceeds from sale of limited obligation tax increment revenue bonds	-	-	-	4,450,000	-	-	-	-	4,450,000	-
Application of non-home rule sales tax for infrastructure	-	-	-	560,152	-	-	-	-	560,152	-
Statutory payment from general fund in lieu of property tax	-	-	-	14,770	17,531	20,816	22,942	76,059	176,059	-
Total Revenues	\$ -	\$ -	\$ 21,913	\$ 5,124,322	\$ 293,936	\$ 431,351	\$ 513,042	\$ 552,524	\$ 6,937,088	\$ 22,007,942
Expenditures										
Administrative - legal, accounting, etc	\$ 142,055	\$ 148,801	\$ 87,949	\$ 42,815	\$ 32,364	\$ 41,315	\$ 30,265	\$ 62,743	\$ 588,307	\$ 2,000,000
Sales Tax Rebate	-	-	-	300,000	-	-	-	-	300,000	-
Capital										35,000,000
Stemple lot	234	8,202	-	-	-	-	-	1,500	9,936	-
Public water supply	162	88,301	-	-	415,603	-	548,166	-	1,052,232	-
TIF establishment	29,613	26,768	-	-	-	-	-	-	56,381	-
Archer lots	210	797,343	1,317,796	(30,930)	-	3,545	2,036	-	2,090,000	-
Engineering	5,404	-	-	-	-	-	-	357	5,761	-
Comed burial costs	-	15,000	-	-	-	-	-	-	15,000	-
Covered bridge repair	-	194,693	550	5,274	787	3,180	2,039	-	206,523	-
Modern roundabout-Old McHenry	-	83,685	7,102	2,335	-	-	-	-	93,122	-
Streetscape	-	23,045	-	3,540	-	-	2,090	-	28,675	-
Downtown signage	-	-	9,351	-	-	-	-	-	9,351	-
IL 83/Downtown public water system	-	-	28,565	185,383	-	930	474	17,137	232,489	-
Robert Parker Coffin road paving	-	-	201,682	7,254	-	-	6,827	16,031	231,794	-
Sunset Grove improvements	-	-	-	1,530,628	254,225	-	-	523,291	2,308,144	-
Payments to Sunset Grove developer	-	-	-	78,016	-	86,379	633,544	233,404	1,031,343	-
Downtown mowing and maintenance	-	-	-	-	-	-	-	322	322	-
Debt Issuance Costs-limited obligation TIF bonds	-	-	-	300,000	-	-	-	-	300,000	7,400,000
Principal - limited obligation TIF bonds	-	-	-	85,292	333,750	333,750	333,750	328,125	1,414,667	-
Interest - limited obligation TIF bonds	-	-	76,416	197,853	136,656	177,951	182,867	181,998	953,741	-
Interest - Advances from Open Spaces and General funds	-	-	-	10,530	13,773	36,053	48,132	60,117	168,605	-
Interest - Arrearages from Open Spaces and General funds	-	-	-	2,639,974	1,265,174	683,103	1,865,190	1,535,025	11,281,393	-
Total Expenditures	177,678	1,385,838	1,729,411	2,484,348	(971,238)	(251,752)	(1,352,148)	(982,501)	(4,344,305)	-
Net Change in Fund Balance	(177,678)	(1,385,838)	(1,707,498)	(3,271,014)	(786,666)	(1,757,904)	(2,009,656)	(3,361,804)	(4,344,305)	-
FUND BALANCE (DEFICIT) - Beginning of Year	-	(177,678)	(1,563,516)	(3,271,014)	(786,666)	(2,009,656)	(3,361,804)	(4,344,305)	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (177,678)	\$ (1,563,516)	\$ (3,271,014)	\$ (786,666)	\$ (1,757,904)	\$ (2,009,656)	\$ (3,361,804)	\$ (4,344,305)	\$ (4,344,305)	\$ (4,344,305)
Debt Analysis From Highest Priority to Lowest										
Amount owed on Limited Obligation TIF bonds-Principal	-	-	-	4,450,000	4,450,000	4,450,000	4,375,000	4,285,000	17,005,000	-
Amount owed on Limited Obligation TIF bonds - Interest	-	-	-	4,521,375	4,187,625	3,853,875	3,853,875	3,192,000	19,008,750	-
Total for Limited Obligation TIF bonds	\$ -	\$ -	\$ -	\$ 8,971,375	\$ 8,637,625	\$ 8,303,875	\$ 8,228,875	\$ 7,477,000	\$ 36,013,750	\$ -
Amount owed to Open Spaces Fund - principal	-	-	784,229	1,088,097	2,038,125	2,038,125	2,038,125	2,038,125	10,936,626	-
Amount owed to Open Spaces Fund - interest and arrearages	-	-	-	65,002	-	101,476	209,952	325,428	606,856	-
Total owed to Open Spaces Fund	\$ -	\$ -	\$ 784,229	\$ 1,153,099	\$ 2,038,125	\$ 2,139,601	\$ 2,248,077	\$ 2,363,553	\$ 11,543,482	\$ -
Amount owed to General Fund - principal	177,678	1,563,516	2,405,874	2,135,642	2,392,530	2,501,205	2,463,763	2,501,521	15,077,129	-
Amount owed to General Fund - interest and arrearages	-	-	76,416	219,797	76,416	188,944	311,467	438,106	1,313,646	-
Total owed to General Fund	\$ 177,678	\$ 1,563,516	\$ 2,482,290	\$ 2,355,439	\$ 2,468,946	\$ 2,690,149	\$ 2,775,230	\$ 2,939,627	\$ 16,390,775	\$ -
Total principal owed to other funds of the village	-	-	-	-	-	-	4,501,888	4,539,646	9,041,534	-
Total interest and arrearages owed to other funds of the village	-	-	-	-	-	-	521,419	763,534	1,284,953	-
Total owed to other funds of the village	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,023,307	\$ 5,303,180	\$ 10,326,487	\$ -

Village of Long Grove
 Projected Summary of TIF Calculations Using Current Interest Rate (4%) on General Fund & Open Spaces Fund Advances
 Actual 2008-2015 and Projected for Years 2017-2031

0%

Year	Year	New Development		Property Tax (increment)	Total Sources	Total Uses	Harbor Chase		Resources		Advance Subject to Interest
		(EAV)					Only Development Fund Balance	Available to Reduce	Advances	Interest	
2008	1			-	177,678		(177,678)				
2009	2			-	1,385,838		(1,563,516)				
2010	3			21,913	1,729,411		(3,271,014)				
2011	4			65,370	5,124,322		(786,666)				
2012	5			60,419	293,936		(1,757,904)				
2013	6			175,312	431,351		(2,009,656)				
2014	7			208,157	513,042		(3,361,803)				
2015	8			214,402	506,765		(3,514,095)		(152,292)		5,023,307
2016	9			214,402	515,536		(3,695,458)		(181,363)		5,175,599
2017	10			214,402	524,570		(3,833,791)		(138,333)		5,356,962
2018	11		Harbor Chase (600K)	814,402	1,133,875	669,437	(3,369,353)	464,439			5,495,295
2019	12			814,402	1,143,460	661,109	(2,887,002)	482,350			5,030,857
2020	13			814,402	1,153,331	655,565	(2,389,236)	497,766			4,548,506
2021	14			814,402	1,163,499	647,530	(1,873,266)	515,970			4,050,740
2022	15			814,402	1,173,972	641,891	(1,341,185)	532,081			3,534,770
2023	16			814,402	1,184,759	628,358	(784,783)	556,402			3,002,689
2024	17			814,402	1,195,870	519,125	(108,038)	676,745			-
2025	18			814,402	1,207,314	537,750	561,526	669,564			-
2026	19			814,402	1,219,101	558,375	1,222,252	660,726			-
2027	20			814,402	1,231,242	560,625	1,892,869	670,617			-
2028	21			814,402	1,243,748	565,625	2,570,992	678,123			-
2029	22			814,402	1,256,628	583,000	3,244,620	673,628			-
2030	23			814,402	1,269,895	616,625	3,897,890	653,270			-
2031	24			814,402	1,283,559	20,000	5,161,449	1,263,559			-
Totals				12,576,004	24,791,690	19,630,241	5,161,449				

Assumptions and notes:

- **Property Tax Revenue= Assume 0% increase each year after 2016
- **Sales Tax Revenue = Assume 3% increase each year after 2014
- **Administrative Expenditures = Assume \$20,000 each year after 2014
- **Capital Expenditures = Completed as of 2014.
- **No additional interest or arrearages on advances from Open Spaces or General Fund after 2014.
- **Assumes no additional rebates or developer incentives will be paid.