



IMPORTANT INFORMATION ABOUT THE LONG GROVE CAPITAL INFRASTRUCTURE REFERENDUM MARCH 18, 2014 VOTE

History.

The Village of Long Grove was incorporated in 1956 to preserve the semi-rural charm, 3-acre lot sizes and to avoid becoming a "developers town". The Village was incorporated without a Village property tax and as a non-home rule municipality and continues to not levy a property tax.

Since 1999 the Long Grove Comprehensive Plan has included the following Goals & Objectives:

- *"Maintain no Village property tax."*
- *"Village Policy to encourage private roads and to only accept dedicated roads under special circumstances. A reduction in length of dedicated roads will assist the Village in maintaining its no tax levy policy."*
- *"Annual Budget should be based upon sources of income which remain relatively stable."*

Challenge.

On average, the Village of Long Grove's total annual budget is roughly \$3.0 Million with approximately \$1.3 Million available for maintaining its infrastructure. Long Grove has roughly 30 miles of public roadway and the funding level necessary to properly maintain the Village's infrastructure, including roads, is roughly \$3.2 Million.

The Village has roughly \$500,000 for annual road paving and repairs, which is not sufficient to keep up with deteriorating road conditions and maintaining the Village roadways system to acceptable standards. Due to higher than expected revenues from new home building permits, the Village Board increased the road paving budget to \$750,000 this year and was able to repave nearly 1.3 miles of road. The number of new home building permits is anticipated to decline significantly after this year and the funds available to maintain the Village infrastructure are expected to be reduced for the foreseeable future.

Significant cost savings are achieved by making repairs to roads before they deteriorate to the point of requiring full reconstruction. The cost to repair a road ranges from approximately \$600,000 per mile for pavement overlay to approximately \$1.85 million per mile for full pavement reconstruction.

A standard to repave every ten (10) years equates to Long Grove repaving roughly 3.0 miles of road each year and requires nearly \$18 million in funding. Based upon having roughly \$500,000 per year for road paving and repairs and roughly \$1.8 Million to repave each road every ten years, there is currently an annual funding gap of \$1.2 Million. Until this funding gap is resolved, the Village will continue to experience deteriorating public roads.

Proposed Solutions:

During the past two years, the Village Board discussed this issue during their regular bi-monthly board meetings and encouraged all residents to participate in these discussions during four (4) Town Hall Meetings. *After careful consideration of many possible options, the Village President and Village Board decided upon the following two solutions:*

- (1). *Reduce Length Of Publically Funded Roads.* As suggested in the Long Grove Comprehensive Plan, the Village Board identified thoroughfare roads based upon the long-standing definition of public roads as being a road that connects two other public roads. All other public roads remaining were identified as non-thoroughfare roads and to be funded by the residents that are primarily served by these roads. The length of non-thoroughfare roads is approximately 13 miles, reducing the Village infrastructure funding gap by \$1.3M (from \$1.8M to \$400,000). The Village will be working with each subdivision that has public non-thoroughfare roads to discuss funding options, including establishing Special Service Areas (SSA's) or other funding mechanisms.
- (2). *Referendum For A Village Property Tax Dedicated To The Funding Of Capital Infrastructure.* Through encouraging appropriate commercial development (sales tax) and controlling expenses, the Village continues to pursue all other means necessary to properly maintain its limited infrastructure and avoid a property tax. The plan to reduce the length of publically funded roads from 29 to 16 miles was approved in an effort to maintain its no tax levy policy, however, a short-term funding gap of roughly \$400,000 has been identified (reduced from \$1.8 M). The Village is requesting resident approval of a property tax referendum that will automatically expire after 10 years and cannot be extended. In the interim, the Village will continue to support additional new revenue funding sources (new sales tax producing developments) to eliminate the need for a property tax after ten (10) years. If after ten (10) years the Village Board determines that a funding gap remains and that a property tax is still necessary, the Long Grove residents would need to be asked to vote on an entirely new referendum.

Infrastructure Property Tax Referendum To Establish An Annual Property Tax At A Rate Of 0.068:

- *\$166 Average (\$750K Market Value Home) Annual Property Tax.*
- *10-Year Term (Cannot Be Extended Without Another Referendum).*
- *Restricted To Spending On Capital Infrastructure.*

Aren't My Property Taxes Already Used For The Village's Operations?

Long Grove residents' tax dollars support eight (8) separate governmental agencies that serve our community. The Village of Long Grove currently does not levy a property tax and therefore does not receive any of the property taxes paid through the homeowner's real estate tax bill. The Village is currently funded by other sources such as: building permit fees; sales tax, telecommunications tax; motor fuel tax, etc.

How Much Would This Capital Infrastructure Referendum Cost Me?

The proposed property tax rate is 0.068. For a home with an average market value of \$750,000 and a \$21,358 annual property tax bill, the Village anticipates a property tax increase of \$166 per year. While the proposed referendum represents a significant increase in the property tax rate, if approved, the Village of Long Grove would receive 0.77% of the total property taxes.

Taxing Body	Rate	% Of Tax Bill	\$ Amount
KILDEER COUNTRYSIDE SCHOOL DIST #96 + PENSION	3.680	41.78%	\$8,993
STEVENSON HIGH SCHOOL DISTRICT #125 + PENSION	2.751	31.23%	\$6,723
LONG GROVE FIRE PROT DIST + PENSION	0.766	8.70%	\$1,872
COUNTY OF LAKE + PENSION	0.627	7.12%	\$1,532
VERNON AREA PUBLIC LIBRARY DIST + PENSION	0.296	3.36%	\$723
COLLEGE OF LAKE COUNTY #532	0.272	3.09%	\$665
FOREST PRESERVE + PENSION	0.212	2.41%	\$518
TOWNSHIP OF VERNON + GRAVEL + ROAD & BRIDGE	0.136	1.54%	\$332
VIL OF LONG GROVE INFRASTRUCTURE	0.068	0.77%	\$166
Totals	8.808	100.0%	\$21,524

What Will Happen If The Referendum Is Not Approved?

If the referendum is approved, the Residents will begin paying this new tax in 2015 and the Village will receive these funds in the summer of 2015. The Village Board will have the option of paying for the infrastructure improvements on a "pay as you go" basis and/or issuing bonds to "advance" a portion of the funds necessary to expedite projects. If the property tax referendum fails, the Village will continue with the current annual road and infrastructure maintenance program utilizing existing funding sources and the condition of the roads will continue to deteriorate.

What Will The March 18, 2014 Referendum Question Look Like?

The wording of the referendum question, based upon Statute and various legal requirements, reads as follows:

Public Question On Property Tax For Capital Infrastructure

Shall the Village of Long Grove, Lake County, Illinois, be authorized to levy a new tax for general corporate purposes under 65 ILCS 5/8-3-1 for a capital infrastructure improvement, repair, and replacement fund in accordance with 65 ILCS 5/8-2-9.5, and have an additional tax of not more than 0.068% of the equalized assessed value of the taxable property therein extended for such purposes for not more than 10 tax levy years?	YES _____	NO _____
--	------------------	-----------------

In connection with the foregoing public question, the following supplemental information is provided:

- (1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$0.00, and the approximate amount of taxes extendable if the proposition is approved is \$381,109.00.
- (2) For the 2014 levy year, the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$23.09.
- (3) Based upon an average annual percentage increase (or decrease) in the market value of such property of 3.0%, the approximate amount of the additional tax extendable against such property for the 2015 levy year is estimated to be \$23.78, and for the 2016 levy year is estimated to be \$24.50.
- (4) If the proposition is approved, the aggregate extension for 2014 through 2023 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

Further information is available under the "Village Referendum - Infrastructure Property Tax" Quicklinks Tab located on the left side of the Village's website www.longgrove.net.