



Village of Hanover Park Administration

Municipal Building
2121 Lake Street
Hanover Park, IL 60133-4398

630-823-5600
FAX 630-823-5786
www.hpil.org

PRESIDENT
RODNEY S. CRAIG

VILLAGE CLERK
EIRA CORRAL

TRUSTEES
WILLIAM CANNON
JAMES KEMPER
JENNI KONSTANZER
JON KUNKEL
RICK ROBERTS
EDWARD J. ZIMEL, JR.

VILLAGE MANAGER
JULIANA A. MALLER

VILLAGE OF HANOVER PARK

VILLAGE BOARD REGULAR WORKSHOP MEETING Municipal Building: 2121 W. Lake Street Hanover Park, IL 60133

Thursday, November 21, 2013
6:00 p.m.

AGENDA

1. **CALL TO ORDER-ROLL CALL**
2. **ACCEPTANCE OF AGENDA**
3. **REGULAR BOARD MEETING AGENDA ITEM REVIEW**
4. **DISCUSSION ITEMS**
 - a. Public Input for FY'14B Budget
 - b. Property Tax Levy
 - c. SSA Property Tax Levy Ordinances
 - d. General Obligation Bonds Series 2010 and 2010A Ordinances
 - e. Real Estate Transfer Tax
5. **STAFF UPDATES**
 - a. Hanover Square Façade Presentation
6. **NEW BUSINESS**
7. **ADJOURNMENT**


Village of Hanover Park
AGENDA MEMORANDUM

TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Rebekah Flakus, Finance Director

SUBJECT: Public Input for Fiscal Year 2014B Budget Development

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 7, 2013 – Board Workshop

Executive Summary

Receive input from the public for the Fiscal Year 2014B Budget Development.

Discussion

As the Village of Hanover Park begins developing the Fiscal Year 2014B Budget, the public is invited to speak to elected officials and staff about any topics relevant to the budget which covers the period from May 1, 2014 through December 31, 2014. The purpose of the meeting is to provide an open forum for public commentary.

Topics could include public safety services, public works and capital projects or any issue regarding Village services. All input will be recorded and considered as part of the budget process.

Recommended Action

Receive input from the public for the Fiscal Year 2014B Budget Development.

Attachments: Press release

Budgeted Item:	_____ Yes	<u> X </u> No
Budgeted Amount:	\$	
Actual Cost:	\$	
Account Number:	# N/A	

Agreement Name: _____

Executed By: _____ Workshop Meeting 11/21/13

Village of Hanover Park

Municipal Building
2121 Lake Street
Hanover Park, Illinois 60133

Contact Person
Rebekah Flakus

Date
November 11, 2013

Release Date
Immediate



Hanover Park Requests Public Input For Fiscal Year 2014B Budget Development

As part of the development of the Village of Hanover Park's upcoming Fiscal Year 2014B budget, public input is being sought and discussion will take place at the regularly scheduled Board Workshop meeting of **Thursday, November 21 at 6:00 PM** in the Board Room of the Village Hall, 2121 Lake Street, Hanover Park.

With this meeting, residents have an opportunity to appear before Elected Officials and provide comments about potential budget issues. Topics could include public safety services, municipal utilities, public works projects or financial resources necessary to fund the budget.

The meeting format is similar to a Village Board Meeting Town Hall Session in which residents can appear directly before Elected Officials. Their input will be recorded so suggestions can be considered subsequently as part of the budget process. However, debate or immediate proposal response is not planned at this meeting. The meeting's purpose is to provide an open forum for public commentary.

The Fiscal Year 2014B budget will allocate expenditures and financial resources necessary to provide Village services for the period of May 1, 2014 to December 31, 2014.

Questions should be directed to Finance Director Rebekah Flakus at 630-823-5788 or rflakus@hpil.org.

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TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Rebekah Flakus, Finance Director

SUBJECT: 2013 Property Tax Levy and Revenue Increase Discussion

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 21, 2013 – Board Workshop

Executive Summary

Move to proceed with Ordinance authorizing the Levy and Assessment of Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, A Home Rule Municipality, Cook and DuPage Counties, Illinois for the Fiscal Year Beginning May 1, 2013 and ending April 30, 2014.

Discussion

Last year as part of the Fiscal Year 2014 Budget process, the Village Board and staff began to work to stabilize the Village's finances and to address the structural deficit facing the organization. A review of General Fund revenues in an attempt to increase and diversify revenues resulted in an increase in the property tax levy limited to 4.99%, an increase in Home Rule Sales Tax and an update to the Village's fines and fees to comparable amounts. These adjustments, in addition to cuts in expenditures and use of \$203,000 in fund balance reserves, resulted in a balanced budget.

At the October 28th, 2013 Finance Committee Meeting, staff discussed revenues needed to maintain current levels of Village services into the next Fiscal Year (FY2014B). Staff presented a recommendation of a Property Tax increase of 6.99% to cover a portion of the additional revenues needed. This recommendation was based on projected expenditure increases in costs for pensions, insurance and other uncontrollable expenditures. All non-personnel costs were projected to remain flat, with only an increase for inflation. General capital funding was not changed from the previous budget, but is now expected to include \$300,000 for the Emerald Ash Borer Tree removal/replacement Program as recommended by the Village Board. Even with these changes incorporated, the projected budget is showing a deficit. After discussion, the recommendation from the Finance Committee was to present the Village Board with a 4.99% increase in the Property Tax Levy and to work with Village Counsel to pull together a referendum to increase the Real Estate Transfer Tax. Staff was also asked to review other alternatives to generate revenue and reduce costs.

Agreement Name: _____

Executed By: _____ Workshop Meeting, 11/20/13, 1:51:30M

Exhibit A shows the impact difference between a 4.99% and a 6.99% increase. For a home in Cook County valued at \$229,000, the additional increase is estimated to be \$22.75 for the year. A property tax increase alone will not cover the projected expenses need to continue the current level of Village services. An increase of 4.99% will leave an estimated \$391,000 shortfall and a 6.99% increase will result in an estimated \$179,000 shortfall. This is based on a flat budget with no new programs being budgeted and both would result in a reduction in the current unrestricted fund balance percentage.

The Finance Committee discussed an increase in the Real Estate Transfer Tax from \$3 per \$1,000 to \$5 per \$1,000 of the sale. A vote on the Real Estate Transfer Tax increase referendum would not take place until March 18, 2014. The 2013 Property Tax Levy needs to be approved and filed in December, 2013 and the Fiscal Year 2014B Budget needs to be balanced and presented to the Village Board prior to the March 18, 2014 Election. Due to the need for a referendum, there is a chance that it may not pass and thus staff cannot rely on additional revenues from this source for the upcoming FY2014B budget.

Staff has reviewed all General Fund revenues again to see what additional areas or forms of revenue could be utilized. Based on this review, staff continues to recommend a 6.99% Property Tax Increase, along with consideration of an in Electric Utility Tax increase to the amount allowed by the State of Illinois. The projected additional revenues the Village would receive would help the Village to sustain its current level of services and fund General Fund capital, including the amount designated for tree removal/replacement

The Village's current Electric Utility Tax rate has been identified as being significantly less than the amount allowed by the State of Illinois. The tax rates are about one-third of what the Village is able to charge. The attached chart shows the Village's current tax in comparison to other surrounding communities. Currently, the Village is the lowest of the communities that have an electric tax.

The 2013 Property Tax Ordinances must be filed with the Cook County Clerk and the DuPage County Clerk by the last Tuesday in December, 2013 (December 31, 2013).

Recommended Action

Move to approve draft Ordinance authorizing the Levy and Assessment of Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, A Home Rule Municipality, Cook and DuPage Counties, Illinois for the Fiscal Year Beginning May 1, 2013 and ending April 30, 2014 and place on the Village Board Meeting agenda on December 19, 2013.

Move to proceed in drafting an Ordinance to amend the Municipal Electric Utility Tax in the Village of Hanover Park, Illinois to increase the rate to the State of Illinois allowed rate for Board review.

Attachments:

- An Ordinance Authorizing the Levy and Assessment of Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, A Home Rule Municipality, Cook & DuPage Counties, Illinois, for the Fiscal Year Beginning May 1, 2013 and Ending April 30, 2014,
- Example of Impact of Tax Increases on Property Taxes Paid Annually
- Property Tax Dollar Bill Graphic
- Electric Utility Tax Comparison
- Pension and Fund Balance History

Budgeted Item:	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Budgeted Amount:	\$			
Actual Cost:	\$			
Account Number:				

ORDINANCE NO. O 13-**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT OF TAXES FOR THE CORPORATE AND MUNICIPAL PURPOSES OF THE VILLAGE OF HANOVER PARK, A HOME RULE MUNICIPALITY, COOK AND DUPAGE COUNTIES, ILLINOIS, FOR THE FISCAL YEAR BEGINNING MAY 1, 2013 AND ENDING APRIL 30, 2014**

WHEREAS, the President and Board of Trustees of Hanover Park, Cook and DuPage Counties, State of Illinois, did on the 21st of March, 2013 after notice of publication and public hearing adopt a Budget in lieu of an Annual Appropriation Ordinance for said Village for the fiscal year beginning May 1, 2013; and

WHEREAS, the amount of said budget is ascertained to be the aggregate sum of \$55,259,775; and

WHEREAS, the Village of Hanover Park is a Home Rule Unit by virtue of the provisions of the 1970 Constitution of the State of Illinois; and may exercise power and perform any function pertaining to its government and affairs including the power to tax and incur debt; and adopts this Ordinance pursuant to its home rule powers; now, therefore,

BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, a Home Rule Municipality, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and there is hereby levied upon all taxable property within the corporate limits of said Village, subject to taxation for the year 2013, the total sum of \$11,351,907 for all purposes, except debt service, of the Village of Hanover Park, mentioned in said Budget as appropriated for the current fiscal year and in the specific amounts levied for the various purposes heretofore named being included herein by being placed in a separate column under the heading "Amount Levied" which appears over the same, the tax so levied for the current fiscal year of said Village and for the certain appropriations specified herein to be collected from said Tax Levy, the total of which has been ascertained as aforementioned and being summarized as follows:

VILLAGE OF HANOVER PARK
Cook and DuPage Counties, Illinois
FY 2014

<u>Object and Purpose of Appropriations</u>	<u>Amount</u> <u>Appropriated</u>	<u>Amount</u> <u>Levied</u>
Department 0110 - Total President & Board of Trustees	\$ 111,914	28,566
Department 0120 - Village Clerk	127,347	32,506
Department 0125 - Village Collector	75,306	19,222
Department 0135 - Environmental Committee	3,825	976
Department 0160 - CI & D Committee	4,010	1,024
Department 0165 - Sister Cties Committee	5,900	1,506
Department 0170 - Citizen's Corp	2,300	587
Department 0175 - Veteran's Committee	1,910	488
Department 0180 - Development Commission	1,975	504
Department 0195 - Conect Committee	5,350	1,366
Total Village Board, Clerk, Committees & Commissions	\$ 339,837	\$ 86,745
Department 0410 - Village Manager	\$ 324,059	82,717
Department 0440 - Human Resources	421,428	107,571
Department 0460 - Special Events	22,200	5,667
Department 0470 - Information Technology	759,695	193,915
Total Administration	\$ 1,527,382	\$ 389,870
Department 0510 - Finance Administration	\$ 176,276	44,995
Department 0520 - Collections	147,403	37,625
Department 0530 - General Accounting	196,153	50,069
Department 0550 - General Admin. Services	4,788,682	1,222,329
Total Finance	\$ 5,308,514	\$ 1,355,018

VILLAGE OF HANOVER PARK
Cook and DuPage Counties, Illinois
FY 2014

<u>Object and Purpose of Appropriations</u>	<u>Amount</u> <u>Appropriated</u>	<u>Amount</u> <u>Levied</u>
Department 0610 - Public Works Administration	\$ 168,066	42,899
Department 0620 - Highways & Streets	1,324,042	337,967
Department 0630 - Forestry	554,455	141,527
Department 0640 - Public Buildings	615,144	157,018
Department 0650 - Fleet	1,100,773	280,976
Department 0660 - Engineering	267,093	68,176
Department 0670 - MWRD Property	22,010	5,618
Total Public Works	\$ 4,051,583	\$ 1,034,181

Department 0710 - Fire Administration	\$ 553,405	482,374
Department 0720 - Fire Suppression	4,862,175	4,238,101
Department 0730 - Inspectional Services	597,300	520,635
Department 0740 - Non-Emergency 911	82,306	71,742
Total Fire Department	\$ 6,095,186	\$ 5,312,852

Department 0810 - Police Administration	\$ 827,647	211,260
Department 0820 - Patrol	7,304,648	1,864,538
Department 0830 - Investigations	1,644,065	419,654
Department 0840 - Community Services	94,983	24,245
Department 0850 - Staff Services	1,574,761	401,963
Department 0860 - Emergency Services	12,050	3,076
Department 0870 - Code Enforcement	547,522	139,757
Total Police Department	\$ 12,005,676	\$ 3,064,493

Department 0920 - Economic Development	\$ 426,044	108,749
Total Community Development	\$ 426,044	\$ 108,749

Total Appropriated (Budgeted) For All Funds 29,754,222

Total Amount to Be Raised by Tax Levy For All Funds 11,351,907

SECTION 2: That the amount of eleven million, three hundred fifty-one thousand, nine hundred seven dollars (\$11,351,907) ascertained as aforesaid, be and the same is hereby levied and assessed on all property subject to taxation within the Village of Hanover Park according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That this Levy Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code, provided, however, any tax rate limitation or any other substantive limitations to tax levies in the Illinois Municipal Code in conflict with this Ordinance shall not be applicable to this Ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois, and the County Clerks of Cook and DuPage Counties are hereby directed to extend taxes at such rates as is necessary to produce the sums herein provided.

SECTION 4: That there is hereby certified to the County Clerks of Cook County and DuPage County Illinois, the several sums, aforesaid, constituting said total amount and they said total amount of eleven million, three hundred fifty-one thousand, nine hundred seven dollars (\$11,351,907) which said total amount the said Village of Hanover Park requires to be raised by taxation for the current fiscal year of said Village, and the Village Clerk of said Village, is hereby ordered and directed to file with the Clerks of Cook and DuPage Counties, on or before the last Tuesday in December, a certified copy of this Ordinance.

SECTION 5: That in the determination of the aggregate levy contained herein, the Budget Officer and the President and Board of Trustees have taken into account the receipt of funds and funds estimated to be received pursuant to "An act in relation to the abolition of ad valorem personal property tax and the replacement of revenues lost thereby, and amending and repealing certain acts and parts of acts in connection therewith".

SECTION 6: That should any term provision, clause, or section of the Ordinance be held invalid, void, or defective by a court of competent jurisdiction each holding, decree, or finding shall not affect any remaining term, provision, clause, or section hereof.

SECTION 7: That this Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

Approved: _____
Rodney S. Craig
Village President

ATTESTED, filed in my office
this day of December, 2013.

Eira Corral, Village Clerk

ORDINANCE NO. O 13-**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT OF TAXES FOR THE CORPORATE AND MUNICIPAL PURPOSES OF THE VILLAGE OF HANOVER PARK, A HOME RULE MUNICIPALITY, COOK AND DUPAGE COUNTIES, ILLINOIS, FOR THE FISCAL YEAR BEGINNING MAY 1, 2013 AND ENDING APRIL 30, 2014**

WHEREAS, the President and Board of Trustees of Hanover Park, Cook and DuPage Counties, State of Illinois, did on the 21st of March, 2013 after notice of publication and public hearing adopt a Budget in lieu of an Annual Appropriation Ordinance for said Village for the fiscal year beginning May 1, 2013; and

WHEREAS, the amount of said budget is ascertained to be the aggregate sum of \$55,259,775; and

WHEREAS, the Village of Hanover Park is a Home Rule Unit by virtue of the provisions of the 1970 Constitution of the State of Illinois; and may exercise power and perform any function pertaining to its government and affairs including the power to tax and incur debt; and adopts this Ordinance pursuant to its home rule powers; now, therefore,

BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, a Home Rule Municipality, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and there is hereby levied upon all taxable property within the corporate limits of said Village, subject to taxation for the year 2013, the total sum of \$11,139,702 for all purposes, except debt service, of the Village of Hanover Park, mentioned in said Budget as appropriated for the current fiscal year and in the specific amounts levied for the various purposes heretofore named being included herein by being placed in a separate column under the heading "Amount Levied" which appears over the same, the tax so levied for the current fiscal year of said Village and for the certain appropriations specified herein to be collected from said Tax Levy, the total of which has been ascertained as aforementioned and being summarized as follows:

VILLAGE OF HANOVER PARK
Cook and DuPage Counties, Illinois
FY 2014

<u>Object and Purpose of Appropriations</u>	<u>Amount</u> <u>Appropriated</u>	<u>Amount</u> <u>Levied</u>
Department 0110 - Total President & Board of Trustees	\$ 111,914	27,563
Department 0120 - Village Clerk	127,347	31,364
Department 0125 - Village Collector	75,306	18,547
Department 0135 - Environmental Committee	3,825	942
Department 0160 - CI & D Committee	4,010	988
Department 0165 - Sister Cties Committee	5,900	1,453
Department 0170 - Citizen's Corp	2,300	566
Department 0175 - Veteran's Committee	1,910	470
Department 0180 - Development Commission	1,975	486
Department 0195 - Conect Committee	5,350	1,318
Total Village Board, Clerk, Committees & Commissions	\$ 339,837	\$ 83,697
Department 0410 - Village Manager	\$ 324,059	79,811
Department 0440 - Human Resources	421,428	103,791
Department 0460 - Special Events	22,200	5,468
Department 0470 - Information Technology	759,695	187,101
Total Administration	\$ 1,527,382	\$ 376,170
Department 0510 - Finance Administration	\$ 176,276	43,414
Department 0520 - Collections	147,403	36,303
Department 0530 - General Accounting	196,153	48,309
Department 0550 - General Admin. Services	4,788,682	1,179,377
Total Finance	\$ 5,308,514	\$ 1,307,404

VILLAGE OF HANOVER PARK
Cook and DuPage Counties, Illinois
FY 2014

<u>Object and Purpose of Appropriations</u>	<u>Amount</u> <u>Appropriated</u>	<u>Amount</u> <u>Levied</u>
Department 0610 - Public Works Administration	\$ 168,066	41,392
Department 0620 - Highways & Streets	1,324,042	326,091
Department 0630 - Forestry	554,455	136,554
Department 0640 - Public Buildings	615,144	151,500
Department 0650 - Fleet	1,100,773	271,103
Department 0660 - Engineering	267,093	65,781
Department 0670 - MWRD Property	22,010	5,421
Total Public Works	\$ 4,051,583	\$ 997,842

Department 0710 - Fire Administration	\$ 553,405	482,374
Department 0720 - Fire Suppression	4,862,175	4,238,101
Department 0730 - Inspectional Services	597,300	520,635
Department 0740 - Non-Emergency 911	82,306	71,742
Total Fire Department	\$ 6,095,186	\$ 5,312,852

Department 0810 - Police Administration	\$ 827,647	203,837
Department 0820 - Patrol	7,304,648	1,799,021
Department 0830 - Investigations	1,644,065	404,907
Department 0840 - Community Services	94,983	23,393
Department 0850 - Staff Services	1,574,761	387,839
Department 0860 - Emergency Services	12,050	2,968
Department 0870 - Code Enforcement	547,522	134,846
Total Police Department	\$ 12,005,676	\$ 2,956,810

Department 0920 - Economic Development	\$ 426,044	104,928
Total Community Development	\$ 426,044	\$ 104,928

Total Appropriated (Budgeted) For All Funds 29,754,222

Total Amount to Be Raised by Tax Levy For All Funds 11,139,702

SECTION 2: That the amount of eleven million, three hundred fifty-one thousand, nine hundred seven dollars (\$11,139,702) ascertained as aforesaid, be and the same is hereby levied and assessed on all property subject to taxation within the Village of Hanover Park according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That this Levy Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code, provided, however, any tax rate limitation or any other substantive limitations to tax levies in the Illinois Municipal Code in conflict with this Ordinance shall not be applicable to this Ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois, and the County Clerks of Cook and DuPage Counties are hereby directed to extend taxes at such rates as is necessary to produce the sums herein provided.

SECTION 4: That there is hereby certified to the County Clerks of Cook County and DuPage County Illinois, the several sums, aforesaid, constituting said total amount and they said total amount of eleven million, three hundred fifty-one thousand, nine hundred seven dollars (\$11,139,702) which said total amount the said Village of Hanover Park requires to be raised by taxation for the current fiscal year of said Village, and the Village Clerk of said Village, is hereby ordered and directed to file with the Clerks of Cook and DuPage Counties, on or before the last Tuesday in December, a certified copy of this Ordinance.

SECTION 5: That in the determination of the aggregate levy contained herein, the Budget Officer and the President and Board of Trustees have taken into account the receipt of funds and funds estimated to be received pursuant to "An act in relation to the abolition of ad valorem personal property tax and the replacement of revenues lost thereby, and amending and repealing certain acts and parts of acts in connection therewith".

SECTION 6: That should any term provision, clause, or section of the Ordinance be held invalid, void, or defective by a court of competent jurisdiction each holding, decree, or finding shall not affect any remaining term, provision, clause, or section hereof.

SECTION 7: That this Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

Approved: _____
Rodney S. Craig
Village President

ATTESTED, filed in my office
this day of December, 2013.

Eira Corral, Village Clerk

Impact of Tax Increases on Property Taxes Paid Annually - COOK COUNTY

2012 Property Value	229,040.00
2012 Assessment Level	10.00%
2012 Assessed Value	22,904.00
2012 State Equalization Factor	2.81
2012 Equalized Assess Value (EAV)	64,259.46
2012 Local Tax Rate	10.616%
Total Tax Before Exemptions	<u>6,821.78</u>
Typical Homeowner's Exemption	<u>(743.12)</u>
Total Property Tax	\$ 6,078.66
Total Property Tax to Village	\$ 1,110.25

2012 Village Portion of the Local Tax Rate 1.939%

Percentage of Property taxes that goes to Village	18.26%
Percentage of Property taxes that goes to schools	63.33%
Percentage of Property taxes that goes to county	5.60%
Percentage of Property taxes that goes to Park District	4.81%

	<u>4.99% increase</u>	<u>6.99% increase</u>
Increase in Village portion of tax rate	0.097%	0.136%
	<u>2.036%</u>	<u>2.075%</u>
Total Property Tax	\$ 6,140.84	\$ 6,165.76
Total Property Tax to Village	\$ 1,166.95	\$ 1,189.70
Increase in Village Portion of Property Tax	\$ 56.70	\$ 79.45

* Median Price of homes selling is about **\$110,000**

Difference between 4.99% & 6.99% \$ 22.75

*If property value is below 229,040 the impact would be less



Park District - 4.81%

County - 5.60%

Village - 18.26%

Schools - 63.33%

Miscellaneous - 8.0%

Utility Tax Summary - Increase to the State Maximum

Proposed Utility Rate Increase		142% To the State Maximum									
		2010-2011	2011-2012	2012-2013	2012-2013	2013-2014	Increase in				
		Actual	Actual	Budget	Actual	Budget	Revenue				
312.03-00	Electric Tax	441,848	427,941	467,399	435,060	424,866	178,444				
Rate per kwh (All Amounts are in cents)											
		2,000	48,000	50,000	400,000	500,000	2,000,000	2,000,000	5,000,000	10,000,000	20,000,000
State Limit		0.610	0.400	0.360	0.350	0.340	0.320	0.315	0.310	0.305	0.300
HP Current Rate		0.252	0.165	0.149	0.144	0.140	0.132	0.130	0.128	0.126	0.124
Mount Prospect		0.351	0.236	0.212	0.185	0.184	0.132	0.120	0.105	0.095	0.080
Palatine		0.427	0.280	0.252	0.245	0.238	0.224	0.221	0.217	0.214	0.210
Streamwood		0.449	0.295	0.265	0.258	0.250	0.236	0.232	0.228	0.225	0.221
West Chicago		0.555	0.384	0.383	0.323	0.238	0.237	0.005	0.004	0.003	0.002
Hoffman Estates		0.561	0.368	0.331	0.322	0.313	0.294	0.290	0.285	0.281	0.276
Carol Stream		0.564	0.386	0.383	0.320	0.319	0.273	0.250	0.230	0.210	0.190
Roselle		0.566	0.332	0.265	0.264	0.220	0.200	0.180	0.150	0.110	0.080
Wheaton		0.610	0.400	0.360	0.350	0.340	0.320	0.315	0.310	0.305	0.300
Elgin		0.610	0.400	0.360	0.350	0.340	0.320	0.315	0.310	0.305	0.300

Note: Hoffman just approved an electric tax this year. Elk Grove is also voting to approve an electric tax on November 19th, 2014

Note: Schaumburg, Bartlett and Bloomingdale do not have an electric tax

Pensions & Insurance Cost History - Village Contributions

	Police Pension	Firefighter Pension	IMRF Pension	Insurance	Total Contributions	Amount Increase	% Increase
FY 2009	\$ 892,877	\$ 374,835	\$ 657,704	\$ 687,645	\$ 2,613,061		
FY 2010	\$ 987,365	\$ 471,152	\$ 680,073	\$ 698,497	\$ 2,837,087	\$ 224,026	8.57%
FY 2011	\$ 1,047,722	\$ 574,010	\$ 675,266	\$ 699,556	\$ 2,996,554	\$ 159,467	5.62%
FY 2012*	\$ 1,302,480	\$ 698,763	\$ 685,322	\$ 635,126	\$ 3,321,691	\$ 325,137	10.85%
FY 2013	\$ 1,562,318	\$ 805,643	\$ 1,029,138	\$ 794,031	\$ 4,191,130	\$ 869,439	26.17%
FY 2014	\$ 1,657,706	\$ 815,297	\$ 882,144	\$ 835,592	\$ 4,190,739	\$ (391)	-0.01%
2014-2015 projected	\$ 1,823,477	\$ 896,827	\$ 970,358	\$ 919,152	\$ 4,609,813	\$ 419,074	10.00%

* IMRF includes payment true-up for increase in annual dues

Change in General Fund Unrestricted Fund Balance

	Unrestricted Fund Balance	Budgeted Expenditures	% of Reserves	% Change
FY 2006	\$8,205,924	\$21,434,564	38.28%	
FY 2007	\$9,045,003	\$23,638,981	38.26%	-0.02%
FY 2008	\$7,849,607	\$24,336,641	32.25%	-6.01%
FY 2009	\$7,920,285	\$24,275,288	32.63%	0.37%
FY 2010	\$7,492,166	\$23,554,950	31.81%	-0.82%
FY 2011	\$7,831,351	\$25,498,295	30.71%	-1.09%
FY 2012	\$7,773,523	\$27,776,277	27.99%	-2.73%
FY 2013*	\$8,473,882	\$29,754,222	28.48%	0.49%
FY 2014 Projected	\$8,542,366	\$31,043,863	27.52%	-0.96%

* Increase in reserves due to withdrawl - IPBC to General Fund of \$1,128,770



TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Rebekah Flakus, Finance Director

SUBJECT: 2013 Special Service Areas Property Tax Levy Ordinances

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 21, 2013 – Board Workshop

Executive Summary

Ordinances Authorizing the Levy and Assessment of Taxes for the Fiscal Year Ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Three, Number Four, Number Five and Number Six

Discussion

Currently, the Village of Hanover Park has four active Special Service Areas. Special Service Area Three is along Astor Avenue, Special Service Area Four is along Leslie Lane, Special Service Area Five is the Greenbrook Tangelwood Homeowners Association, and Special Service Area Six is the Hanover Square Homeowner's Association. Each Special Service Area has contractual services, including garbage pickup for the residents. The Homeowner's Association in SSA5 has requested to levy additional funds for area lighting improvements.

Below is a summary of what amounts each Special Service Area is levying:

Special Service Area Three	\$20,400
Special Service Area Four	\$29,800
Special Service Area Five	\$277,132
Special Service Area Six	<u>\$77,013</u>
 Total Special Service Area Levies	 \$404,345

The 2013 Special Service Area Property Tax Levies must be filed with the Cook County Clerk and the DuPage County Clerk by the last Tuesday in December, 2013 (December 31, 2013).

Agreement Name: _____

Executed By: _____ Workshop Meeting 11/21/13

Recommended Action

Move to pass the Ordinances Authorizing the Levy and Assessment of Taxes for the Fiscal Year Ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Three, Number Four, Number Five and Number Six.

Attachments:

An Ordinance Authorizing the Levy and Assessment of Taxes for the Fiscal Year ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Three

An Ordinance Authorizing the Levy and Assessment of Taxes for the Fiscal Year ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Four

An Ordinance Authorizing the Levy and Assessment of Taxes for the Fiscal Year ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Five

An Ordinance Authorizing the Levy and Assessment of Taxes for the Fiscal Year ending April 30, 2014 in and for the Village of Hanover Park Special Service Area Number Six

Budgeted Item:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	N/A
Budgeted Amount:	\$N/A		
Actual Cost:	\$		
Account Number:			

ORDINANCE NO. O 13-

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2014
IN AND FOR THE VILLAGE OF HANOVER PARK
SPECIAL SERVICE AREA NUMBER THREE**

WHEREAS, Ordinance O-98-35 entitled, “An Ordinance Establishing Special Service Area Number Three in the Village of Hanover Park, Illinois,” was approved by the President and Board of Trustees on June 18, 1998; and

WHEREAS, Ordinance O-98-35 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of five per cent (5.0%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Three.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Three, subject to the taxation for the year 2013, the sum total of \$20,400 for the following purposes:

	<u>Amount Appropriated</u>	<u>Amount Levied</u>
Contractual Services	\$24,500	\$20,400
Total amount to be levied by taxation for Special Service Area Number Three		<u>\$20,400</u>

SECTION 2: That the amount of twenty thousand, four hundred dollars (\$20,400) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Three according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-98-35 establishing the Village of Hanover Park’s Special Service Area Number Three.

SECTION 4: That it is hereby certified to the County Clerk of Cook County Illinois the sum of aforesaid, which totals amount the Village of Hanover Park Special Service Area Number Three requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of Cook on or before the time required by law a certified copy of this Ordinance.

SECTION 5: This Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013 pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this day of December, 2013

Village President

ATTESTED, filed in my office
This ___ day of December, 2013

Village Clerk

ORDINANCE NO. O 13-

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2014
IN AND FOR THE VILLAGE OF HANOVER PARK
SPECIAL SERVICE AREA NUMBER FOUR**

WHEREAS, Ordinance O-99-53 entitled, "An Ordinance Establishing Special Service Area Number Four in the Village of Hanover Park, Illinois," was approved by the President and Board of Trustees on September 2, 1999; and

WHEREAS, Ordinance O-99-53 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of four per cent (4.0%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Four.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Four, subject to the taxation for the year 2013, the sum total of \$29,800 for the following purposes:

	Amount <u>Appropriated</u>	Amount <u>Levied</u>
Contractual services	\$29,800	<u>\$29,800</u>
Total amount to be levied by taxation for Special Service Area Number Four		<u>\$29,800</u>

SECTION 2: That the amount of twenty-nine thousand, eight hundred dollars (\$29,800) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Four according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-99-53 establishing the Village of Hanover Park’s Special Service Area Number Four.

SECTION 4: That it is hereby certified to the County Clerk of Cook County Illinois the sum of aforesaid, which total amount the Village of Hanover Park Special Service Area Number Four requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of Cook on or before the time required by law a certified copy of this Ordinance.

SECTION 5: This Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this day of December, 2013

Village President

ATTESTED, filed in my office
This day of December, 2013

Village Clerk

ORDINANCE NO. O 13-

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2014
IN AND FOR THE VILLAGE OF HANOVER PARK
SPECIAL SERVICE AREA NUMBER FIVE**

WHEREAS, Ordinance O-05-58 entitled, "An Ordinance Establishing Special Service Area Number Five in the Village of Hanover Park, Illinois," was approved by the President and Board of Trustees on November 17, 2005; and

WHEREAS, Ordinance O-05-58 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of one and seven-tenths per cent (1.7%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Five.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Five, subject to the taxation for the year 2013, the sum total of \$277,132 for the following purposes:

	<u>Amount Appropriated</u>	<u>Amount Levied</u>
Scavenger Services & Repairs	\$85,000	\$85,000
Improvements	<u>\$300,000</u>	<u>\$192,132</u>
Total amount to be levied by taxation for Special Service Area Number Five		<u>\$277,132</u>

SECTION 2: That the amount of two hundred seventy-seven thousand one hundred thirty-two dollars (\$277,132) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Five according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-05-58 establishing the Village of Hanover Park’s Special Service Area Number Five.

SECTION 4: That it is hereby certified to the County Clerk of DuPage County, Illinois the sum of aforesaid, which total amount the Village of Hanover Park Special Service Area Number Five requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of DuPage on or before the time required by law a certified copy of this Ordinance.

SECTION 5: This Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this day of December, 2013

Village President

ATTESTED, filed in my office
This day of December, 2013

Village Clerk

ORDINANCE NO. O 13-

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2014
IN AND FOR THE VILLAGE OF HANOVER PARK
SPECIAL SERVICE AREA NUMBER SIX**

WHEREAS, Ordinance O-09-44 entitled, “An Ordinance Establishing Special Service Area Number Six in the Village of Hanover Park, Cook County, Illinois,” was approved by the President and Board of Trustees on December 17, 2009; and

WHEREAS, Ordinance O-09-44 provides in Section 5 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of five and eighty-five-tenths per cent (5.85%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Six.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1: That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Six, subject to the taxation for the year 2013, the sum total of \$77,013 for the following purposes:

	Amount <u>Appropriated</u>	Amount <u>Levied</u>
Contractual Services	\$ 37,000	\$37,000
Construction Costs	<u>\$64,207</u>	<u>\$40,013</u>
Total amount to be levied by taxation for Special Service Area Number Six		<u>\$77,013</u>

SECTION 2: That the amount of seventy-seven thousand, thirteen dollars (\$77,013) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Six according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

SECTION 3: That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-09-44 establishing the Village of Hanover Park’s Special Service Area Number Six.

SECTION 4: That it is hereby certified to the County Clerk of Cook County, Illinois the sum of aforesaid, which total amount the Village of Hanover Park Special Service Area Number Six requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of Cook on or before the time required by law a certified copy of this Ordinance.

SECTION 5: This Ordinance shall be in full force and effect from and after its passage and approval according to law.

ADOPTED this day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this day of December, 2013

Village President

ATTESTED, filed in my office
This day of December, 2013

Village Clerk



TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Rebekah Flakus, Finance Director

SUBJECT: Ordinances Abating a Portion of the Annual Tax for 2013 for General Obligation Bonds Series 2010 and 2010A

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 21, 2013 – Board Workshop

Executive Summary

Ordinances Abating a Portion of the Annual Tax for 2013 for General Obligation Bonds Series 2010 and Series 2010A.

Discussion

The Village of Hanover Park's Property Tax Levy is comprised of a Corporate Levy, Bond & Interest Levy and a Special Service Levies. The Corporate Levy is the Village's main property tax levy, which funds General Fund expenditures including the contributions to pensions. The Special Service Levies are for funding designated costs for the Village's Special Service Areas. Bond & Interest levies are included in the property tax levies if the Village has any bonds issued and outstanding.

The Bond & Interest levies, which are set when the Bonds are issued, are levied at a gross amount as seen in the chart below. The 2010 and 2010A Debt Service Bonds are Build America Bonds offering an abatement (reduction) of 35% of the interest payments. In order to reduce the set Bond & Interest Levies, the Village needs to abate a portion of the interest for the 2010 & 2010A Bonds to accurately levy the adjusted amount. These two amounts are shown in the Abatement Column.

Agreement Name: _____

Executed By: _____

Workshop Meeting 11/21/13

<u>Village of Hanover Park</u>		
<u>2013 Property Tax Levy</u>		
<u>April 30, 2014</u>		
	2012 Approved Property Tax Levy	2013 Requested Property Tax Levy
Gross Debt Service		
2010 Bonds	\$ 795,210.00	\$ 793,512.50
2010A Bonds	\$ 349,137.50	\$ 398,062.50
2011 Bonds	\$ 641,012.50	\$ 641,512.50
	\$ 1,785,360.00	\$ 1,833,087.50
Abatements		
2010 Bonds	\$ (178,573.50)	\$ (176,229.37)
2010A Bonds	\$ (104,698.13)	\$ (104,321.87)
Net		
2010 Bonds	\$ 616,636.50	\$ 617,283.13
2010A Bonds	\$ 244,439.37	\$ 293,740.63
2011 Bonds	\$ 641,012.50	\$ 641,512.50
Net Debt Service Levy	\$ 1,502,088.37	\$ 1,552,536.26

The proposed bond abatement ordinances reduce the 2013 property tax levy for 2010 General Obligation Bond Debt Service Fund by \$176,229, and the 2010A General Obligation Bond Debt Service Fund by \$104,322. The net 2013 debt service property tax levy totals \$1,704,538 as follows:

2010	General Obligation Bonds Net Property Tax Levy	\$617,283.13
2010A	General Obligation Bonds Net Property Tax Levy	\$293,740.63
2011	Refunding General Obligation Bonds Property Tax Levy	\$641,502.50
Total		\$1,552,536.26

Recommended Action

Move to approve Ordinances Abating a Portion of the Annual Tax for 2013 for General Obligation Bonds, Series 2010 and Series 2010A.

Attachments:

An Ordinance Abating a Portion of the Annual Tax for 2013 for General Obligation Bonds, Series 2010

An Ordinance Abating a Portion of the Annual Tax for 2013 for General Obligation Bonds, Series 2010A

Budgeted Item:	___ Yes	___ No	N/A
Budgeted Amount:	\$		
Actual Cost:	\$		
Account Number:			

ORDINANCE NO. O -13_**AN ORDINANCE ABATING A PORTION OF THE ANNUAL TAX FOR
2013 FOR GENERAL OBLIGATION BONDS, SERIES 2010**

WHEREAS, the Village of Hanover Park will have sufficient funds on hand to pay a portion of the tax levied by Ordinance 0-10-09, An Ordinance Providing for the Issuance of \$10,000,000 General Obligation Bonds, Series 2010, (Build America Bonds) of the Village of Hanover Park, Cook and DuPage Counties, Illinois, providing for the Levy and collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved April 15, 2010; and

WHEREAS, the total of the levy of the tax for the year 2013 provided in the Ordinance is unnecessary.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois as follows:

SECTION 1: That the County Clerks of Cook and DuPage Counties are hereby authorized and directed to abate \$176,229.37 of the heretofore levied tax of \$793,512.50 for the year 2013 as provided and levied in the Ordinance 0-10-09, An Ordinance Providing for the Issuance of General Obligation Bonds, Series 2010, of the Village of Hanover Park, Cook and DuPage Counties, Illinois, Authorizing the and providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved April 15, 2010; said tax shall be abated by reducing said sum \$176,229.37 and extending a tax in the amount of \$617,283.13 for the year 2013.

SECTION 2: That the Village Clerk is authorized and directed to file a certified copy of this Ordinance with the County Clerk of Cook and DuPage Counties Illinois.

SECTION 3: That the Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage and approval in the manner and form required by law.

ADOPTED this _____ day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this _____ day of December, 2013

Village President

ATTESTED, filed in my office

This _____ day of December, 2013

Village Clerk

ORDINANCE NO. 13- _**AN ORDINANCE ABATING A PORTION OF THE ANNUAL TAX FOR
2013 FOR GENERAL OBLIGATION BONDS, SERIES 2010A**

WHEREAS, the Village of Hanover Park will have sufficient funds on hand to pay a portion of the tax levied by Ordinance 0-10-29, An Ordinance Providing for the Issuance of \$5,000,000 General Obligation Bonds, Series 2010A, (Build America Bonds) of the Village of Hanover Park, Cook and DuPage Counties, Illinois, providing for the Levy and collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved on November 18, 2010 and

WHEREAS, the total of the levy of the tax for the year 2013 provided in the Ordinance is unnecessary.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois as follows:

SECTION 1: That the County Clerks of Cook and DuPage Counties are hereby authorized and directed to abate \$104,321.87 of the heretofore levied tax of \$398,062.50 for the year 2013 as provided and levied in the Ordinance 0-10-29, An Ordinance Providing for the Issuance of General Obligation Bonds, Series 2010A, of the Village of Hanover Park, Cook and DuPage Counties, Illinois, Authorizing the and providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved November 18, 2010; said tax shall be abated by reducing said sum \$104,321.87 and extending a tax in the amount of \$293,740.63 for the year 2013.

SECTION 2: That the Village Clerk is authorized and directed to file a certified copy of this Ordinance with the County Clerks of Cook and DuPage Counties, Illinois.

SECTION 3: That the Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage and approval in the manner and form required by law.

ADOPTED this _____ day of December, 2013, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this _____ day of December, 2013

Village President

ATTESTED, filed in my office

this day of December, 2013

Village Clerk



TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Rebekah Flakus, Finance Director

SUBJECT: Real Estate Transfer Tax Increase

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 21, 2013 – Board Workshop

Executive Summary

Move approval of Resolution calling for a referendum on whether the Village of Hanover Park should impose a real estate transfer tax increase and Resolution to give public notice of and hold a public hearing on the intent to submit the question of referendum on whether the Village of Hanover Park should impose a real estate transfer tax increase, and placing the resolutions on the Village Board Meeting for approval on November 21, 2013.

Discussion

On October 28, 2013, the Finance Committee discussed increasing the Real Estate Transfer Tax from \$3 per \$1,000 to \$5 per \$1,000 of the sale price.

The recommendation from the Finance Committee was to work with Village Counsel to pull together a referendum to increase the Real Estate Transfer Tax. Staff and Counsel have collectively researched and provide the Village Board with the documents necessary to proceed with a referendum. If passed, the increase in revenue based on the five-year average sale price of \$208,140 is estimated to be about \$138,760 annually.

The Board would need to approve a Resolution to give public notice of and hold a Public Hearing on the intent to have a referendum to increase the Real Estate Transfer Tax and a Resolution calling for a referendum on whether the Village should increase the Real Estate Transfer Tax.

Voting on the Real Estate Transfer Tax increase referendum would not take place until March 18, 2014, but in order to ensure the referendum is approved and filed within the State of Illinois guidelines, these Resolutions have been placed on the Village Board Meeting of November 21, 2013.

Agreement Name: _____

Executed By: _____

Workshop Meeting 11/20/13 11:52 AM

Recommended Action

Move approval of Resolution calling for a referendum on whether the Village of Hanover Park should impose a Real Estate Transfer Tax increase and a Resolution to give public notice of and hold a public hearing on the intent to submit the question of referendum on whether the Village of Hanover Park should impose a Real Estate Transfer Tax increase, and placing the Resolutions on the Village Board Meeting for approval on November 21, 2013.

Attachments:

- Resolution Calling for a Referendum on Whether the Village of Hanover Park Should Impose a Real Estate Transfer Tax Increase,
- Resolution to Give Public Notice of and Hold a Public Hearing on the Intent to Submit the Question of Referendum on Whether the Village of Hanover Park Should Impose a Real Estate Transfer Tax Increase,
- Notice of Proposed Increased Real Estate Transfer Tax for the Village of Hanover Park, Illinois
- Real Estate Transfer Price Calculation

Budgeted Item:	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	N/A
Budgeted Amount:	\$				
Actual Cost:	\$				
Account Number:					

RESOLUTION NO. R-13-**RESOLUTION CALLING FOR A REFERENDUM ON WHETHER THE VILLAGE OF HANOVER PARK SHOULD IMPOSE A REAL ESTATE TRANSFER TAX INCREASE**

WHEREAS, 65 ILCS 5/8-3-19 provides that a home rule municipality may increase a tax or other fee on the privilege of transferring title to real estate, but only subject to the provision of said statute including the requirement of a referendum on the question; and

WHEREAS, prior to adopting this Resolution to submit the question of increasing a real estate transfer tax referendum, the Corporate Authorities gave public notice of and held a public hearing on the intent to submit the question to referendum, all in the form and published as required by law; and

WHEREAS, it is the opinion of the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, (hereinafter referred to as the "Village") that it is in the best interest of the Village that its electors consider whether it should increase the Real Estate Transfer Tax; and

WHEREAS, 65 ILCS 5/8-3-19 and 10 ILCS 5/28-1 et seq., set forth the manner of submitting the question to referendum; now, therefore,

BE IT RESOLVED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1. Election Called; Proposition Stated:

There is hereby called an election to be held with the General Primary election in the Village on the 18th day of March, 2014, for the purpose of submitting to the voters of the Village the following public question:

“Shall the Village of Hanover Park, Illinois impose a real estate transfer tax increase of 66.67% to establish a new transfer tax rate of \$2.50 per \$500 to be paid by the seller of the real estate transferred? The current rate of the real estate transfer tax is \$1.50 per \$500.00, and the revenue is used for general corporate purposes. The revenue from the increase is to be used for public safety, police and fire.”

SECTION 2. Notice of Election:

The Village shall certify the Resolution and the proposition by its Village Clerk and shall give the required notices to the election authorities as prescribed by Illinois law.

SECTION 3. Ballots:

The ballot for such election shall be in substantially the following form and the form prescribed by law:

RESOLUTION NO. R-13-

**RESOLUTION TO GIVE PUBLIC NOTICE OF AND HOLD A PUBLIC HEARING
ON THE INTENT TO SUBMIT THE QUESTION OF REFERENDUM ON WHETHER
THE VILLAGE HANOVER PARK SHOULD IMPOSE A REAL ESTATE TRANSFER
TAX INCREASE**

WHEREAS, 65 ILCS 5/8-3-19 provides that a home rule municipality may increase a tax or other fee on the privilege of transferring title to real estate, but only subject to the provision of said statute including the requirement of a referendum on the question; and

WHEREAS, prior to adopting this Resolution to submit the question of increasing a real estate transfer tax referendum, the Corporate Authorities must give public notice of and hold a public hearing on the intent to submit the question to referendum; and

WHEREAS, it is the opinion of the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, (hereinafter referred to as the "Village") that it desires to give such notice and hold a Public Hearing on whether its electors consider whether it should increase the Real Estate Transfer Tax; and

WHEREAS, 65 ILCS 5/8-3-19 and 10 ILCS 5/28-1 et seq., set forth the procedures prior to submitting the question to referendum; now, therefore,

BE IT RESOLVED by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

SECTION 1. Corporate Authorities Give Notice:

There shall be published public notice in the Daily Herald, a newspaper of general circulation within the Village, not more than 30 nor less than 10 days prior to December 19, 2013, the day of the Public Hearing on the Village's intent of submitting to the voters of the Village the following public question:

"Shall the Village of Hanover Park, Illinois impose a real estate transfer tax increase of 66.67% to establish a new transfer tax rate of \$2.50 per \$500 to be paid by the seller of the real estate transferred? The current rate of the real estate transfer tax is \$1.50 per \$500.00, and the revenue is used for general corporate purposes. The revenue from the increase is to be used for public safety, police and fire."

SECTION 2. Notice:

The Notice shall be in the following form and the Village Clerk shall arrange for its publication as provided for in Section 1:

**NOTICE OF PROPOSED INCREASED REAL ESTATE TRANSFER TAX
FOR THE VILLAGE OF HANOVER PARK, ILLINOIS**

A public hearing on a resolution to submit to referendum the question of a proposed increased real estate transfer tax for the Village of Hanover Park, Illinois, in an amount of \$2.50 per \$500 of value, or fraction thereof, to be paid by the seller of the real estate transferred, will be held on the 19th day of December, 2013, at 7:30 p.m., at the Municipal Building, Village Board Room 214, 2121 West Lake Street, Hanover Park, Illinois. The current rate of real estate transfer tax imposed by the Village of Hanover Park, Illinois, is \$1.50 per \$500 of value, or fraction thereof.

Any person desiring to appear at the public hearing and present testimony to the taxing district may do so.

Eira Corral
Village Clerk

(to be published in a newspaper not less than 10 days nor more than 30 days prior to the public hearing)

Village of Hanover Park
Transfer Tax Revenue Comparison

<u>Month</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
May	31,804	15,987	12,414	7,265	13,056	22,987
June	25,388	15,933	106,911	9,302	24,494	24,180
July	15,000	13,016	7,520	17,701	17,615	42,259
August	15,731	14,965	10,404	139,462	17,588	31,451
September	10,479	11,883	10,268	11,559	14,420	19,468
October	16,325	11,159	7,358	6,870	14,062	
November	11,771	19,254	11,491	5,606	16,063	
December	29,939	10,586	25,267	10,437	23,683	
January	10,090	17,252	6,422	6,503	16,276	
February	8,386	10,820	6,833	8,687	8,866	
March	9,843	14,680	8,283	10,982	18,992	
April	<u>11,960</u>	<u>12,338</u>	<u>10,592</u>	<u>14,581</u>	<u>18,286</u>	<u>-</u>
Total	<u>196,714</u>	<u>167,871</u>	<u>223,762</u>	<u>248,952</u>	<u>203,400</u>	<u>140,344</u>

Real Estate Transfer Tax Currently \$3 for every \$1,000 sale price
Proposed Increase to \$5 for every \$1,000 sale price

Average Revenue 2009 - 2013	\$ 208,140
Increased Revenue for \$3 to \$5 increase	\$ 138,760



TO: Village President and Board of Trustees

FROM: Juliana Maller, Village Manager
Shubhra Govind, Community & Economic Development Director
Katie Bowman, Village Planner

SUBJECT: Hanover Square Façade Investment Analysis

ACTION

REQUESTED: Approval Concurrence Discussion Information

MEETING DATE: November 21, 2013 – Board Workshop

Executive Summary

As directed at the Board Workshop of October 3, 2013, staff has prepared an analysis of the impact of the proposed façade improvements to the Hanover Square Shopping Center. As a part of this analysis, staff looked at the potential return on investment (ROI) in façade work, and the impact that this investment would have on the Village's involvement in the center and future projects within TIF 3. Analysis shows that the proposed \$1,500,000 investment in the center will have limited financial returns on investment in the short-term and limit the ability of TIF 3 to incentivize other development throughout the Village Center area. However, the improved image that the façade will bring will work towards goals for the center, TIF 3 Village Center area, and the Village overall.

Background

As the owner of the Hanover Square Shopping Center, the Village has developed plans for improvements to the building façade. The goal of this work is to improve the appearance, marketability, and value of the Hanover Square Shopping Center and the surrounding TIF 3 Village Center area. The Hanover Square operating account does not have sufficient funds to cover the cost of facade improvements. However, such costs may be borrowed and paid back utilizing TIF 3 funds. Based upon evaluation, a construction type loan for \$1,500,000 is recommended, with payments of approximately \$283,000 per year for 6 years.

Prior to beginning the façade improvement project, an evaluation of return on investment and impact of such improvements has been performed. The gain from a property investment may be evaluated in various ways, including the increase in income and the increase in property value. Projecting the exact gains that will come from an investment ahead of time is difficult and requires in-depth professional analysis. For the purposes of this discussion, a high-level analysis has been performed by staff, taking a number of assumptions into account. Note that actual outcomes will be subject to market conditions.

Agreement Name: _____

Executed By: _____

Workshop Meeting 11/21/13

Return on investment is calculated in order to measure the rate at which the money invested in a project is regained by that project. ROI analysis is common in business and real estate and assists in determining whether a project will generate sufficient returns to warrant an investment. The speed at which a project recovers its investment and the increase in value that an investment brings are also considered.

Return on investment considers net gain from an investment after expenses, or

$$\text{ROI} = \text{Gain from Investment} / \text{Cost of Investment}$$

Evaluating the return on investment will help the Village to better understand the financial impact of the façade project and better plan for both the management and marketing of the center, and TIF 3 overall.

Discussion

Evaluation of the return on the Village's \$1,500,000 investment in the Hanover Square façade may be approached from two perspectives; as the owner of the shopping center and as the Village overall.

CENTER-SPECIFIC ROI

▪ **Increase in Income**

A key goal of the new façade is to increase the income of the center by raising the rental rate and decreasing the time to rent out spaces. While it is expected that an improved façade will increase interest in the center, tenants locate in shopping centers for a variety of reasons, including market demand, demographics, covenants, appearance, and most importantly, location and access to a space. Additionally, there are a number of market conditions that will limit increases in rent, including:

- Slow and conservative retail expansion following recession
- Decreased demand for retail spaces due to the impact of internet commerce
- High Vacancy rate in surrounding area
- Limitations of Hanover Square location, being off of a main intersection and not surrounded by other retail

These conditions mean that quality spaces are generally available at better locations at low rates in the area. Tenants will typically consider these spaces first, unless rents at Hanover Square are lower.

For these reasons, it is difficult to project the exact financial impact of such improvements. At this time, some basic assumptions have been made in order to illustrate the impact that façade improvement could have on increased rental income at the center.

The table below outlines potential increases in income at the center utilizing the following assumptions:

- Current Average Rent Rate: \$12.40/sf gross*
- Goal Rent Rate: \$18.50/sf gross**
- A four year lease-up period in the following manner:
 - o Year 1: Education & Work Center: ± 10,000 sf at \$12/sf gross
Space 6622: 3,600 sf at \$9.75/sf gross
 - o Year 2: Spaces 6616-6618: 5,030 sf at \$13.50/sf gross
 - o Year 3: Portion of Space 6664: 20,000 sf at \$10.00/sf gross***
 - o Year 4: Portion of Space 6664: ± 17,310 sf at \$15.00/sf gross

* Gross rent includes tenant's share of common area maintenance and taxes, which is approximately \$4.50/sf in 2013.

** Goal net rent is following façade improvements, as estimated by Leasing Agents based upon local market analysis. However, such increase in rent will be limited by market factors and lower estimations are utilized to account for market uncertainties.

*** Note that rental rate for larger spaces is typically lower based upon market conditions.

Based upon these assumptions, it is estimated that it will take a minimum of 6 years for the \$1,500,000 investment in the façade to be recovered through increased income at the center. However, if the Education & Work Center does not open during the next year, these assumptions will change. Under that scenario, it will likely take over 7 years to gain a return on the investment.

	Square Feet	Gross Rent/SF	Yearly New Rent						
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Ed & Work Center	10,000	\$12.0	\$120,000	\$120,000	\$120,000	\$120,000	\$123,600	\$123,600	
Phase 1 6622	3,600	\$9.8	\$35,100	\$35,100	\$36,000	\$36,900	\$37,800	\$37,800	
Phase 2 6616-6618	5,030	\$13.5		\$67,905	\$67,905.0	\$67,905	\$69,942	\$69,942	
Phase 3 6664	20,000	\$10.0			\$200,000	\$200,000	\$200,000	\$206,000	
Phase 4 6664	17,310	\$15.0				\$259,650	\$259,650	\$267,440	
Gross New Rent			\$155,100	\$223,005	\$423,905	\$684,455	\$690,992	\$704,782	
Common Area Maint			\$4.5	\$61,200	\$83,835	\$173,835	\$251,730	\$259,282	\$259,282
Net Increase in Rent			\$93,900	\$139,170	\$250,070	\$432,725	\$431,710	\$445,500	
Cumulative Increase in Rent			\$93,900	\$233,070	\$483,140	\$915,865	\$1,347,575	\$1,793,075	

▪ Increase in Property Value

Another goal of investment in the façade is to increase the property value and sale price of the center. The value of real estate is calculated in various ways. For the purpose of this discussion, an income based approach is utilized. In this approach, value is based on the amount of time required to recover the full purchasing cost of the property through the net operating income of a center, or capitalization rate. Real estate investors look to recover the purchasing cost of a center within standard time frames based upon the condition, or class, of a center and local real estate market. In this way, the projected sale price of a center may be calculated as:

Net Operating Income = Total Income – Total Expenses

Projected Sale Price = Net Operating Income / Capitalization Rate

The table below outlines projected income and expenses for the center utilizing assumptions listed above. Income from a center is mainly from rental rates and expenses include such operating costs as utilities, taxes, maintenance costs, and property management services. These calculations include an estimated 3% yearly increase in expenses and a 3% increase in rental rates beginning in Year 5, which is common in leases. The projected sale price at each year is then calculated utilizing the formula above. The standard capitalization rate of 10.5% for the Chicago region for Class C centers is used (CBRE, 2/2013).

Based upon these assumptions, it is estimated that it will take four years for the total investment in the center to date, including \$1.36 million in capital and operating expenditures and \$1.5 million for the façade, to be recovered by a comparable increase in projected value of the center (\$2,800,000 + \$1,360,000 + \$1,500,000 = \$5,660,000). Note that based on market conditions, a center may not sell for its projected income-based value. See Financial Summary of Hanover Square Fund for summary of expenditures and revenues to date.

Income Based Valuation										
				Yearly Total Rent (existing and new tenants)						
	Square Feet	Gross Rent/SF	Current	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Existing Tenants	58,230	\$12.4	\$722,052	\$722,052	\$722,052	\$722,052	\$722,052	\$743,714	\$743,714	
Ed & Work Center	10,000	\$12.0		\$120,000	\$120,000	\$120,000	\$120,000	\$123,600	\$123,600	
Phase 1 6622	3,600	\$9.8		\$35,280	\$35,280	\$36,000	\$36,900	\$37,800	\$37,800	
Phase 2 6616-6618	5,030	\$13.5			\$67,905	\$67,905	\$67,905	\$69,942	\$69,942	
Phase 3 6664	20,000	\$10.0				\$200,000	\$200,000	\$200,000	\$206,000	
Phase 4 6664	17,310	\$15.0					\$259,650	\$259,650	\$267,440	
Total Annual Income			\$722,052	\$877,332	\$945,237	\$1,145,957	\$1,406,507	\$1,434,706	\$1,448,495	
Total Annual Expenses			\$677,442	\$697,765	\$718,698	\$740,259	\$762,467	\$785,341	\$808,901	
Annual Net Operating Income/			\$44,610	\$179,567	\$226,539	\$405,698	\$644,040	\$649,365	\$639,594	
Capitalization Rate: 10.5%										
Estimated Property Value			\$424,857	\$1,710,159	\$2,157,512	\$3,863,789	\$6,133,715	\$6,184,426	\$6,091,372	

▪ Additional Returns

In addition to realizing financial return on investment, there are several other goals of the façade improvement, which are difficult to measure in exact terms, including:

- Repositioning of Center
- Improve the appearance / image of the center
- Invest in the Village Center area
- Attract additional shoppers
- Bring in new tenants (increased rental rate)
- Bring tenants quicker (increased absorption rate)
- Bring higher rents for new tenants
- Retain existing tenants

VILLAGE-WIDE ROI

The proposed project and investment may also be evaluated according to the criteria outlined in the Village's policy on economic development incentives, specifically:

- That there is a demonstrable quantitative and qualitative return on the Village's investment to be realized during a reasonable period of time after granting of the incentive (such as through increased sales and property tax)
- That the Village's participation in the incentive agreement is necessary to assure the feasibility of the business to expand or develop within Hanover Park (financing gap)
- That the business concept and operations are sustainable in the long-term and able to operate without assistance following the conclusion of the incentive
- Only TIF increment from that property is usually considered for allocation to incentive for that property/project

The amount of incentive provided is also based on the extent to which the following conditions are obtained:

- Increase sales tax receipts
- Improve the property tax base
- Help the Village to remain economically viable and competitive with surrounding communities
- Attract additional businesses or development to the Village
- Provide additional goods and services to Hanover Park residents
- Protect or increase the revenue base of the Village

The extent to which the façade investment will meet these goals has not been fully calculated. However, it is expected that the project will work towards them.

Strategic Impacts of Investment

- ✓ TIF 3 Finances - Staff has also performed analysis of the impact that a \$1,500,000 loan for façade improvements would have on TIF 3. The \$283,000 annual payments for such a loan would obligate a significant proportion of the TIF 3 fund. TIF 3 is expected to generate approximately \$1.35 million in incremental property taxes in FY14. A total of \$1.8 million in expenses are budgeted for FY14, including existing redevelopment agreement obligations and white box buildouts in Hanover Square but not façade improvements.

Based upon Village projections, TIF 3 will generate \$10.8 million in revenues over the remaining 10 years of the TIF (through 2024). Of that, \$6.2 million will be obligated to expenditures (including façade project and existing redevelopment agreements). Under this scenario, approximately \$4.6 million will be available for projects in TIF 3 for the remaining life of the TIF. As is described further below, a large proportion of these funds may need to be utilized for additional improvements at Hanover Square.

With such a significant portion of the TIF obligated to Hanover Square, it would limit TIF 3's ability to assist with other redevelopment agreements for future development in the area. In particular, it would limit the TIF's ability to provide upfront financing for

redevelopment of the properties along the north side of Lake Street, at which development interest continues to increase. Unlike redevelopment agreements in which incremental property taxes generated from a property are used to reimburse the owner of that property: if obligated, incremental property taxes from the whole TIF would be required to first pay for improvements at Hanover Square before being available for future development of other properties (see TIF 3 projections attached).

- ✓ Sale of Center - Additionally, the investment in improvement of the façade will have impacts upon the future sale of the center. While the investment in a façade will not necessarily limit the Village's ability to sell the property, the Village will remain obligated to repay the \$1,500,000 loan. Proceeds from a sale may be utilized to make these payments; however any expenses not recovered in a sale will need to be paid from the overall TIF account, or the general fund if the TIF account cannot cover such costs.
- ✓ Buyers of Center - Another impact will be on the type of buyers and businesses that are interested in the center. At this time, the center is considered a value-add property in which a buyer has the opportunity to purchase at a lower cost, make improvements to add value, and gain from selling at a higher cost. After façade improvements are made, the center will function more as an income-generating property that provides the buyer value through annual income. As the purchase value will be based on actual tenant income rather than potential future gain, tenant spaces will need to be leased prior to sale in order to recover the investment.
- ✓ Additional Improvements Needed - Staff would also like to note that, in addition to façade improvements, additional large capital improvements are needed at the property. These include buildout of white box spaces; parking lot repaving and restriping; new interior sidewalks, curbs, and gutters; parking lot lighting; and landscape improvements. As new tenants lease spaces, these improvements will be required in order to meet ADA and building codes. The current operating budget of the center will not cover these costs and as such, additional funds may need to be taken from TIF 3 and borrowed if the Village continues to own the center. These improvements are significant capital investments required for centers in the long-term and the impact upon increase in value may be negligible in the short-term. A summary of potential improvements is below:

Hanover Square Capital Improvements

Capital Costs	Units	Cost/Unit	Total	Investment So Far	Future Investment
<u>Building Redevelopment</u>					
Façade Renovation	1,080	\$1,389/lin ft	\$1,500,000		\$1,500,000
Roof Replacement/Re-cover - main bld	38,325	\$10/sq ft	\$383,250	\$280,000	\$126,250
Roof Re-cover	37,925	\$4-\$6/sq ft	\$210,190	\$24,640	\$185,550
HVAC Replacement/Repair Allowance	1	n/a	\$150,000	\$29,000	\$121,000
White Box Buildouts	54,285	\$40/sq ft	\$2,171,400		\$2,171,400
Building Contingency	113,000	\$5/sq ft	\$565,000		\$565,000
Total Building Capital Costs			\$4,979,840	\$333,640	\$4,669,200
<u>Site Redevelopment</u>					
Monument Sign & Assoc Electrical	1	n/a	\$62,780	\$62,780	
New Water Line - Taqueria	1	n/a	\$10,285	\$10,285	
Repave Parking Lot (mill & overlay)	27,075	\$15/sq yd	\$406,125		\$406,125
Re-stripe Parking Lot	435	\$13.74/space	\$5,981		\$5,981
Curb & Gutter	7,500	\$18/lin ft	\$135,000		\$135,000
Sidewalk Replacement & ADA Ramps	1	n/a	\$50,000		\$50,000
Landscaping Allowance	1	n/a	\$75,000		\$75,000
Parking Lot Lighting	10	\$5,000/pole	\$50,000		\$50,000
Plans & Construction Mgmt Fees	1	15% costs	\$93,316		\$93,316
Total Site Redevelopment Costs			\$888,487	\$73,065	\$690,422
Total Capital Costs			\$5,868,327	\$406,705	\$5,359,622
Original Purchase of Center			\$2,800,000	\$2,800,000	
Projected Gross Investment			\$8,668,327	\$3,206,705	\$8,159,622

Evaluation

It is clear that improvement of the façade at Hanover Square will make the center more attractive to residents and tenants. How these improvements translate into increased rents and property value is more unclear. The high level of uncertainty and low rate of growth in the retail and real estate markets limits the certainty of projected rental rates and property values. While the cost of improvements may be recovered within 4 – 6 years under a positive scenario, additional improvements will be needed to the center over the coming years

Analysis shows that improvement of the façade will generally work towards goals for the center, TIF 3 Village Center area, and Village overall; however, the proposed \$1,500,000 investment in the center will have limited financial returns on investment in the short term and will limit the ability of TIF 3 to incentivize other development throughout the Village Center area. If the Board finds these projected returns to meet their expectations, it is requested that they direct Staff regarding next steps

Next Steps

Overall, the process for planning of façade work includes:
(Additional steps taken since last discussion are in bold)

- ✓ Obtain a Construction Management firm to help develop and manage façade project
- ✓ Obtain an Architect to develop proposed designs for center
- ✓ Obtain preliminary estimates of financing options
- ✓ Architect conducted structural analysis of building to determine most cost effective way to approach renovations
- ✓ Work with Architect to develop preliminary design options
- ✓ Work with Construction Manager to develop cost estimates for improvements
- ✓ Work with Construction Manager and Architect to develop color elevations for review
- ✓ Provide further information on costs and timeframe to banks to gain updated financing options
- ✓ Work with Construction Manager and Architect to develop final elevations
- ✓ Evaluate financing options
- ✓ Evaluate impact of financing on TIF and Village finances
- ✓ **Evaluate potential return on investment of financed improvements**
- ✓ **Evaluate impact of financing on Village's involvement in the center**
- ✓ **Present evaluation to Village Board for review and direction**
- Prepare contract for Construction Manager to perform façade improvements
- Village Board review and approve contract
- Establish financing agreement with financial institution
- Construction design and bidding work begins, project proceeds according to established timeline with goal of construction start in spring 2014.

Recommended Action

Review financial and other analysis associated with proposed façade improvements to the Hanover Square Shopping Center and direct Staff regarding next steps.

Attachments: Exhibit 1 – Façade Cost Estimate Summary
Exhibit 2 – TIF 3 Projections
Exhibit 3 – Financial Summary of Hanover Square Fund

Budgeted Item:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Budgeted Amount:	\$ 0	
Actual Cost:	\$ 1,500,000	
Account Number:	033-0000-465-13.21	

DRAFT Hanover Square Façade Costs 1,080 Lineal Feet
 Estimate as of 7/23/13

OPTION 1 - PARTIAL RENOVATION

Construction Costs

Base Budget	\$905,953
Reface EIFS Band	\$10,500
Replace standing seam roofing at reuse areas	\$45,936
Add recessed can lights and access panels in soffit	\$40,741
Subtotal	\$1,003,130
Main building doors & windows	\$189,609
Option 1 - Main Bld	\$1,192,739

Outlot Building

Base Budget	\$78,089
Paint existing standing seam equip screen on roof	\$3,281
Subtotal	\$81,370
Outlot windows and doors	\$38,088
Total	\$119,458

TOTAL OPTION 1 + OUTLOT w/ windows & doors **\$1,312,197**

Construction Administration Costs

Structural Engineer	\$7,480
Electrical Engineer	\$2,200
Architectural Drawings	\$27,500
Subtotal Design	\$37,180
Preconstruction Administration (ICSI)	\$10,000
ICSI Fee (9%)	\$4,246
Total Construction Administration	\$51,426

Insurance and Bonding

Builders Risk Insurance	\$1,000
Performance & Payment Bond (CM)	\$16,500
Subcontractor Perf & Payment Bond (1-2%)	\$30,000
Total Insurance & Bonding	\$47,500

TOTAL OPTION 1 + DESIGN & ADMINISTRATION **\$1,411,123**

VILLAGE OF HANOVER PARK, ILLINOIS
Projection through the end of TIF #3

Fund 033 - Tax Increment Financing #3 Fund

Description	Inception (2002)													
	to 2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Projected	2014-2015 Projected	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected	2022-2023 Projected	2023-2024 Projected
Revenues and Other Financing Sources														
Property Taxes	\$ 4,339,392	\$ 967,250	\$ 1,730,410	\$ 1,100,000	\$ 1,000,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 918,000	\$ 936,360	\$ 955,087	\$ 974,189
Investment Income	189,538	6,055	1,113	1,113	1,113	1,135	1,158	1,181	1,205	1,229	1,253	1,278	1,304	1,330
Developer revenue	75,000													
Miscellaneous	20,934													
Proceeds from Bonds					1,500,000									
Transfer from General	226,227	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues and Other Financing Sources	4,851,091	973,305	1,731,523	1,101,113	2,501,113	901,135	901,158	901,181	901,205	901,229	919,253	937,638	956,391	975,519
Expenditures and Other Financing Uses														
TIF Redevelopment Agreement	174,637	34,761												
ARF	-	-	38,916	40,000	40,000	40,800	41,616	42,448	43,297	20,987				
Suburban Tire	-	-	68,175	-	-	-	-	-	-	-				
NuCare	-	-	242,037	65,000	130,000	130,000	130,000	200,000	260,000	42,963				
Total Redevelop Agreements	174,637	34,761	349,128	105,000	170,000	170,800	171,616	242,448	303,297	63,950				
Personal Services	40,015	34,735	102,409	-	-	-	-	-	-	-				
Contractual Services	500,867	278,264	94,491	145,000	149,350	149,350	149,350	149,350	149,350	149,350	149,350	149,350	149,350	149,350
Capital Outlay	350,149	-	120,951	1,500,000	1,500,000	-	-	-	-	-				
Debt Service	-	-	-	-	214,896	335,292	335,292	335,292	335,292	335,292	167,646			
Transfers out	1,134,398	2,800,000	-	-	-	-	-	-	-	-				
Total Expenditures and Other Financing Uses	2,200,066	3,147,760	666,979	1,750,000	2,034,246	655,442	656,258	727,090	787,939	548,592	316,996	149,350	149,350	149,350
Net Change in Fund Balance	2,651,025	(2,174,455)	1,064,544	(648,887)	466,867	245,693	244,900	174,091	113,265	352,637	602,257	788,288	807,041	826,169
Beginning Fund Balance	-	2,651,025	476,570	1,541,114	892,227	1,359,094	1,604,787	1,849,687	2,023,778	2,137,043	2,489,680	3,091,937	3,880,226	4,687,267
Ending Fund Balance	\$ 2,651,025	\$ 476,570	\$ 1,541,114	\$ 892,227	\$ 1,359,094	\$ 1,604,787	\$ 1,849,687	\$ 2,023,778	\$ 2,137,043	\$ 2,489,680	\$ 3,091,937	\$ 3,880,226	\$ 4,687,267	\$ 5,513,436

Note: Projections were performed with an April 30th year end.

Capital Outlay for FY '14 includes \$1,000,000 for white box work and \$500,000 for Hanover Square's Roof Repair. For FY'15 capital outlay includes the façade work

Financial Summary of Hanover Square Fund as of September 30, 2013

Account	Description	FY12 Actual	FY13 Actual	FY14 To Date	Since Purchase
Balance Sheet					
	Cash & Investments	\$308,966	\$120,336	\$130,855	
	Accounts Receivable	\$21,806		\$0	
	Capital Asset (Land & Building)	\$2,792,461	\$2,792,798	\$3,123,351	
Total Assets		\$3,123,233	\$2,913,134	\$3,254,206	
	Accounts Payable	\$60,075		\$23,436	
	RE Taxes Payable	\$241,235	\$280,643	\$314,795	
	Deposits Payable	\$15,818	\$18,698	\$19,506	
Total Liabilities		\$317,128	\$299,341	\$357,737	
	Restricted for Capital Assets		\$2,792,462	\$3,123,351	
	Available Fund Balance		-\$179,005	-\$226,882	
Total Fund Balance		\$2,806,105	\$2,613,457	\$2,896,469	
Revenues and Other Financing Sources					
385.00-00	Rental Income	\$236,916	\$617,271	\$272,686	\$1,126,873
385.01-00	CAM Income		\$33,563	\$18,824	\$52,387
385.04-00	Late Fees		\$575	\$204	\$779
380-04-00	Reimbursed Expenses (insurance)		\$22,665		\$22,665
361.00-00	Interest Income		\$307	\$61	\$368
Total Rental Income		\$236,916	\$674,381	\$291,775	\$1,203,072
Expenditures and Other Financing Uses					
2-11	Office Supplies	\$242	\$145		\$387
3-13	Utilities - Electricity	\$12,351	\$28,193	\$5,483	\$46,027
3-16	Property Taxes	\$118,598	\$365,446	\$174,886	\$658,930
3-34	M&R Building	\$41,318	\$76,174	\$33,148	\$150,640
3-36	Maintenance Agreements	\$38,063	\$82,070	\$32,854	\$152,987
3-61	Consulting Services	\$12,700	\$59,614	\$15,913	\$88,227
3-62	Capital Outlay		\$255,534	\$154	\$255,688
3-93	Depreciation	\$7,539		\$0	\$7,539
Total Operating Services		\$230,811	\$867,176	\$262,438	\$1,360,425
	Income (loss)	\$6,105	(\$192,795)	\$29,337	(\$157,353)