

DEPOT LIFE

A NEWSLETTER FOR EASTSIDERS

~~~~~ SPECIAL HOME RULE EDITION ~~~~~



It is my pleasure to introduce to you the new name for the Village's newsletter *Depot Life* (A Newsletter for Eastsiders).

On behalf of the Village, I hope that this newsletter name encompasses the true spirit of living in East Dundee and enjoying the beautiful amenities of our downtown with your family, friends, and neighbors. Stay tuned for the release of a new electronic newsletter...Depot Life. Visit the Village's website to sign up!

This newsletter of *Depot Life* is a special edition which focuses on factual information regarding the Village's finances and the Village's home rule authority. This information is being supplied to you because two separate home rule referendum questions will appear on the March 20, 2018 primary ballot.

In addition to this newsletter, the Village has scheduled financial educational presentations for the general public and our businesses who are seeking further information. Should you have

questions pertaining to this information, please do not hesitate to contact Village Administrator Jennifer Johnsen at 847-426-2822 x6120 or visit our website at [eastdundee.net](http://eastdundee.net).



**Lael Miller**  
Village President

### WHAT IS HOME RULE?

[SEE BACK SIDE FOR HOME RULE EDUCATIONAL WORKSHOPS SCHEDULE](#)

Home rule is defined as the transfer of power from State to local governments for the purpose of facilitating self governance. It is automatically granted under the Illinois Constitution to all municipalities with a population of 25,000 or more. Home rule can also be granted to a municipality through referendum for communities with a population of less than 25,000. Home rule is widely understood as the authority which grants local governments control over local issues and greater flexibility in revenue generation. East Dundee became a home rule municipality in 2004, when voters approved a referendum changing the Village's status to home rule. For additional information on the history of home rule and how Illinois municipalities have used home rule authority, visit [cgs.niu.edu/Policy\\_Profiles/Archives/2002/policy\\_v2n3.pdf](http://cgs.niu.edu/Policy_Profiles/Archives/2002/policy_v2n3.pdf).

# SPECIAL HOME RULE EDITION

## WHAT IS BOND ABATEMENT AND HOW DOES IT AFFECT ME?

Included in this newsletter is a list of the Village's debt (Exhibit M). The majority of the debt consists of general obligation bonds which are backed by the Village's ability to levy and collect property taxes. As such, the county automatically levies the required annual debt service, also known as debt payments, directly from East Dundee property owners on the property tax bill.

As a result of home rule revenues (Exhibit B), the Village has historically abated, or cancelled, the property taxes that would otherwise be collected to pay the Village's debts. Through the abatement process, the property taxes that would otherwise be levied and collected from residents is abated, or cancelled, and the Village instead makes the debt service payments from other revenues, including home rule sales taxes. The Village's general obligation debt service payment for the upcoming year is \$1.94 million.

As you can see on the Village debt summary (Exhibit M), the Village issued general obligation bonds for various public infrastructure and economic development projects. As a result of this debt, the Village has seen a positive transformation of the Village beginning in the downtown and spanning to the edges of the Village. The issuance of the debt was a conscious decision made by the Village Board over the years to allow for this transformation in order to improve the quality of life, broaden the tax base, and increase property values. At the time the Village took on the debt, it was assumed that the Village's home rule status would remain in place.

Should the Village lose its home rule status, the Village would stand to lose approximately \$1.6 million in home rule revenues derived from sources such as home rule sales taxes and vehicle title transfer fees. These revenues are most frequently derived from patrons coming from outside the Village and almost always involve discretionary expenditures made with disposable income.

Should the Village lose these home rule revenues while the Village has significant debt service payments to make, the Village will not be able to abate the property taxes required for the payment of the general obligation bonds, which would lead to a significant increase in property taxes. For a home valued at \$185,000, the property tax increase is expected to be \$1,200 per year (Exhibit A).

## EXHIBIT A: PROPERTY TAX BILL (SAMPLE)

| Rate 2015 | Tax 2015  | Taxing District                     | Rate 2016           | Tax 2016          |
|-----------|-----------|-------------------------------------|---------------------|-------------------|
| 0.362865  | \$153.64  | KANE COUNTY                         | 0.340128            | \$155.06          |
| 0.085019  | \$36.00   | KANE COUNTY PENSION                 | 0.079934            | \$36.44           |
| 0.287870  | \$121.88  | KANE FOREST PRESERVE                | 0.219292            | \$99.97           |
| 0.006484  | \$2.75    | KANE FOREST PRESERVE PENSION        | 0.006030            | \$2.75            |
| 0.214942  | \$91.01   | DUNDEE TOWNSHIP                     | 0.197297            | \$89.95           |
| 0.106838  | \$45.24   | DUNDEE TWP ROAD DIST                | 0.098795            | \$45.03           |
| 0.004372  | \$1.85    | DUNDEE TWP ROAD DIST PENSION        | 0.004045            | \$1.85            |
| -0.000087 | \$-0.04   | EAST DUNDEE VILLAGE                 | <del>0.004760</del> | <del>\$2.63</del> |
| 0.654056  | \$276.94  | EAST DUNDEE VILLAGE PENSION         | 0.612937            | \$279.43          |
| 6.325625  | \$2678.33 | DUNDEE SCHOOL DISTRICT 300          | 5.919650            | \$2698.71         |
| 0.218100  | \$92.35   | DUNDEE SCHOOL DISTRICT 300 PENSION  | 0.220000            | \$100.30          |
| 0.553057  | \$234.17  | ELGIN COLLEGE 509                   | 0.522282            | \$238.10          |
| 0.007810  | \$3.31    | ELGIN COLLEGE 509 PENSION           | 0.007295            | \$3.33            |
| 0.574438  | \$243.23  | DUNDEE TWP PARK DISTRICT            | 0.534760            | \$243.79          |
| 0.058800  | \$24.89   | DUNDEE TWP PARK DISTRICT PENSION    | 0.052599            | \$23.98           |
| 0.187583  | \$79.42   | FOX RIVER VALLEY PUBLIC LIBRARY     | 0.180753            | \$82.40           |
| 0.021906  | \$9.28    | FOX RIVER VALLEY PUBLIC LIBRARY PEN | 0.013347            | \$6.09            |
| 1.015208  | \$429.85  | EAST DUNDEE FIRE DISTRICT           | 1.007546            | \$459.33          |
| 0.092446  | \$39.14   | EAST DUNDEE FIRE DISTRICT PENSION   | 0.092918            | \$42.36           |

2016 Kane County Real Estate Tax Bill  
David J. Rickert, County Treasurer  
719 S. Batavia Avenue, Bldg. A  
Geneva, IL 60134

|           |            |       |           |            |
|-----------|------------|-------|-----------|------------|
| 10.777332 | \$4,563.24 | TOTAL | 10.103842 | \$4,606.24 |
|-----------|------------|-------|-----------|------------|

### Parcel Number

01-23-456-789

### Late Payment Schedule

|                   | 1st       | 2nd       |
|-------------------|-----------|-----------|
| Jun 2 thru Jul 1  | \$2337.67 |           |
| Jul 2 thru Aug 1  | \$2372.21 |           |
| Aug 2 thru Sep 1  | \$2406.76 |           |
| Sep 2 thru Oct 1  | \$2441.31 | \$2337.67 |
| Oct 2 thru Oct 27 | \$2475.85 | \$2372.21 |

Payment on or after 10/02/17 please see instructions on reverse side for late payments.

### Mail To:

VILLAGE RESIDENT  
123 ANYWHERE DR  
EAST DUNDEE, IL 60118

### Property Location:

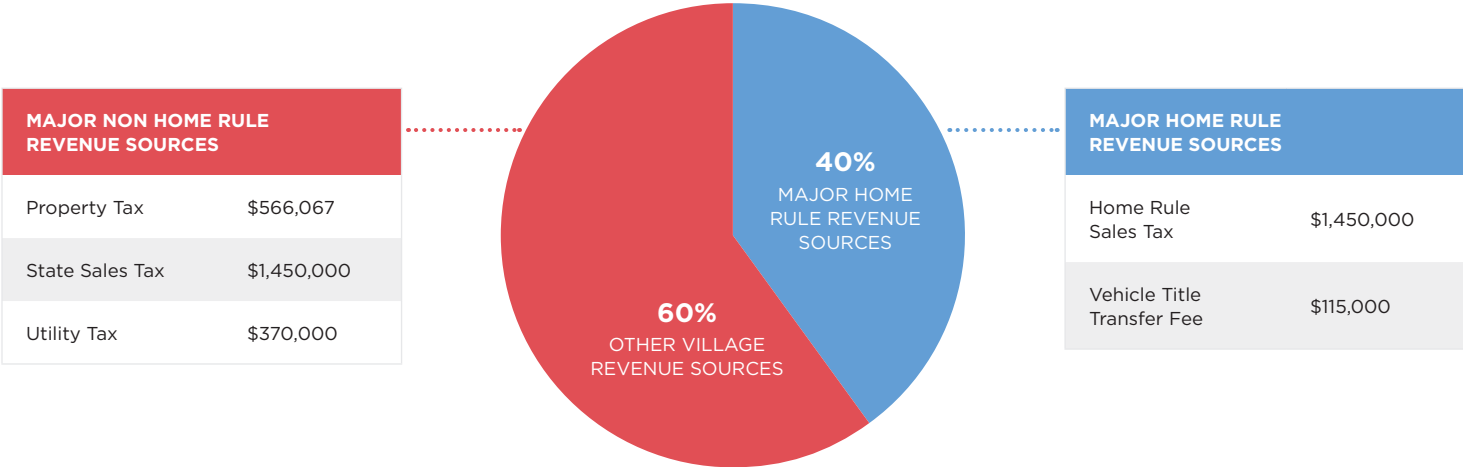
123 ANYWHERE DR  
EAST DUNDEE

|                                     |                                      |                 |
|-------------------------------------|--------------------------------------|-----------------|
| Township<br>DU                      | Tax Code<br>DU013                    | Acres<br>0.0000 |
| Tax Rate<br>10.103842               | Sold at Tax Sale                     | Forfeited Tax   |
| First Installment Tax<br>\$3,115.37 | Second Installment Tax<br>\$3,115.37 |                 |
| Abatement                           | Abatement                            |                 |
| Penalty                             | Penalty                              |                 |
| Other Fees                          | Other Fees                           |                 |
| Total Due<br>Due By 06/01/17        | Total Due<br>Due By 09/01/17         |                 |

|                        |              |
|------------------------|--------------|
| TIF BASE               | N/A          |
| FAIR CASH VALUE        | \$185,000.00 |
| LAND VALUE             | \$34,658.00  |
| + BUILDING VALUE       | \$96,978.00  |
| - HOME IMPROVEMENT/VET | \$0.00       |
| = ASSESSED VALUE       | \$61,667.00  |
| x STATE MULTIPLIER     | 1.0000000    |
| = EQUALIZED VALUE      | \$61,667.00  |
| - HOMESTEAD EXEMPTION  | -            |
| - SENIOR EXEMPTION     | -            |
| - OTHER EXEMPTIONS     | -            |
| + FARM LAND            | -            |
| + FARM BUILDING        | -            |
| = NET TAXABLE VALUE    | \$61,667.00  |
| x TAX RATE             | 10.103842    |
| = CURRENT TAX          | \$6,230.74   |
| + NON AD VALOREM TAX   | \$0.00       |
| + BACK TAX / FORF AMT. | \$0.00       |
| - ENTERPRISE ZONE      | \$0.00       |
| = TOTAL TAX DUE        | \$6,230.74   |

+ \$1,200

EXHIBIT B: HOME RULE REVENUES



HOME RULE REFERENDUM QUESTIONS

On the March 20th primary ballot, East Dundee residents will vote on two referendum questions regarding the Village’s home rule status. The first question is an advisory question, while the second question is a binding question.

**ADVISORY QUESTION**

Shall the Village of East Dundee, IL remain a home rule unit of government in order to (1) pay for the Village’s general obligation bonds with home rule revenues and avoid increasing property taxes by \$1.94 million (304%); approximately \$1,200/year for a home valued at \$185,000 and (2) fulfill the Village’s home rule sales tax sharing agreements for planned development projects?

☐ **YES**  
Expresses support for the Village to retain its home rule status.

☐ **NO**  
Expresses support for the Village to lose its home rule status.

**BINDING QUESTION**

Shall the Village of East Dundee, IL cease to be a home rule unit?

☐ **YES**  
The Village will lose its home rule status.

☐ **NO**  
The Village will retain its home rule status.



## PLANNED DEVELOPMENTS

Over the past year and a half, the Village has been working with Speedway and PAL Land for developments to be located at the intersection of Route 72 and Christina Drive. Construction of the following projects, which are portrayed on the site plan (Exhibit C) and renderings below (Exhibit D and E), are planned to break ground in May of 2018.

- A Speedway fueling center to include ten gasoline pumps, four diesel fuel lanes and a 4,600 square foot convenience store with a Speedy Café
- An 11,100 square foot commercial center
- A 46,000 square foot industrial facility

### ESTIMATED ANNUAL REVENUE

The combined projects are expected to generate more than \$300,000 in annual sales taxes that would be retained by the Village to support existing operations and fund outstanding obligations.

### HOME RULE SALES TAX SHARING AGREEMENTS

In order to fund necessary roadway and infrastructure improvements, the Village has entered into development agreements with Speedway and PAL Land that include the rebate of a portion of home rule sales taxes. Without home rule sales taxes, the Village will not be able to fulfill its obligations related to these planned projects. Should the Village lose home rule, the Village will be working with the Department of Revenue to try to retain the Home Rule sales tax for these developments.

### \$2 MILLION IDOT GRANT

The Village has acquired a \$2 million grant from the Illinois Department of Transportation for the signalization of the intersection which will not be received unless the planned projects are constructed.

EXHIBIT C: PALUMBO DEVELOPMENT



EXHIBIT D: COMMERCIAL CENTER



EXHIBIT E: SPEEDWAY FUELING CENTER



## VILLAGE FINANCES RECOVERY IS HERE

The Village has taken great strides this year that will ensure the Village's financial security and sustainability and will allow the Village to continue to move forward. With the assistance of a new administration, since May 2017, the Village has been working diligently to address financial challenges and implement changes that will secure the Village's financial future. These financial challenges were not made transparent to the Village Board or the community until recently.

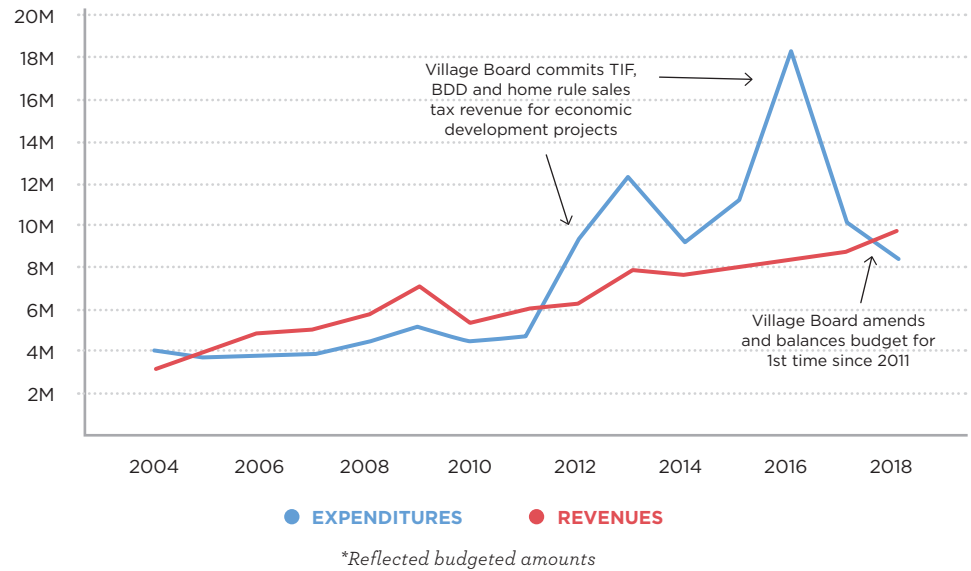
In response to these challenges, in June 2017, the Village adopted the FY 2018 Amended Budget which represented a \$1.4 million net change from the FY 2018 Budget adopted in April 2017. This change was accomplished through a significant reduction in workforce, cuts to nonessential services and capital projects, and modest revenue increases. The FY 2018 Amended Budget is balanced and represents the most fiscally responsible budget that the Village Board has adopted in years. The graph to the right (Exhibit F), which shows historical expenditures and revenues since 2004, illustrates the result of the strong efforts made by the Village to obtain fiscal stability during the current budget year. It is important to note that the spikes in expenditures seen between 2012 and 2016 are largely due to the economic development projects undertaken during that time period.

To the right, is a summary of the change in staff that resulted in a reduction of \$500,000 in personnel costs (Exhibit G).

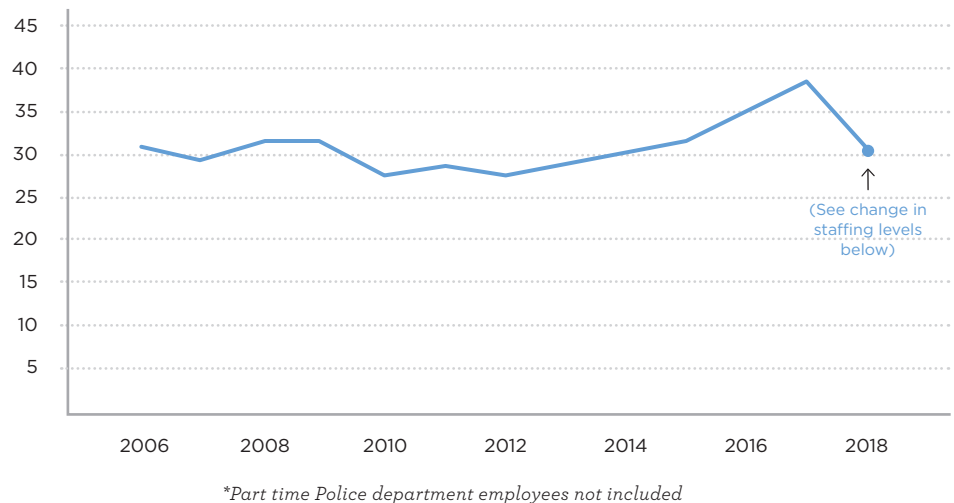
One area that the Village significantly reduced its expenditures was marketing and events. Despite this significant reduction, the Village executed a full season of events utilizing remaining staff positions (Exhibit H).

The Village is anticipating that it will take three to four years to replenish the reserves to Village Board adopted levels. This will be accomplished through the budgeting of reserve transfers and tight spending controls.

**EXHIBIT F: HISTORICAL EXPENDITURES AND REVENUES**



**EXHIBIT G: NUMBER OF FULL TIME EQUIVALENT EMPLOYEES\***



### CHANGE IN STAFFING LEVELS

|                          | FULL TIME EMPLOYEES | SALARIED CONTRACTORS | PART TIME EMPLOYEES | SEASONAL EMPLOYEES |
|--------------------------|---------------------|----------------------|---------------------|--------------------|
| Prior Staffing           | 33                  | 3                    | 12                  | 4                  |
| Current Planned Staffing | 30                  | 0                    | 8                   | 0                  |
| <b>Decrease</b>          | <b>-3</b>           | <b>-3</b>            | <b>-4</b>           | <b>-4</b>          |

**EXHIBIT H: CHANGES IN MARKETING AND EVENT COSTS**

|                                              | FY 2016 ACTUAL | FY 2017 ACTUAL | FY 2018 ORIGINAL BUDGET | FY 2018 AMENDED BUDGET |
|----------------------------------------------|----------------|----------------|-------------------------|------------------------|
| Expenditures                                 | \$426,718      | \$397,026      | \$364,003               | \$154,104              |
| <b>Decrease from FY 2018 Original Budget</b> |                |                |                         | <b>-\$209,899</b>      |

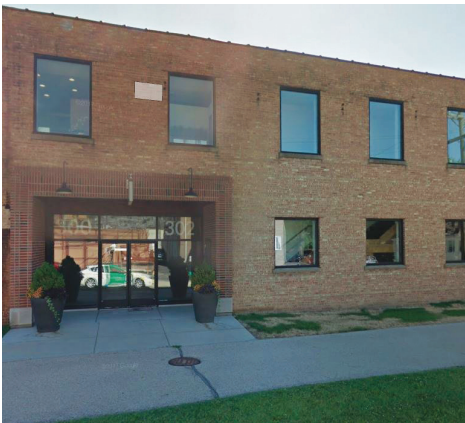
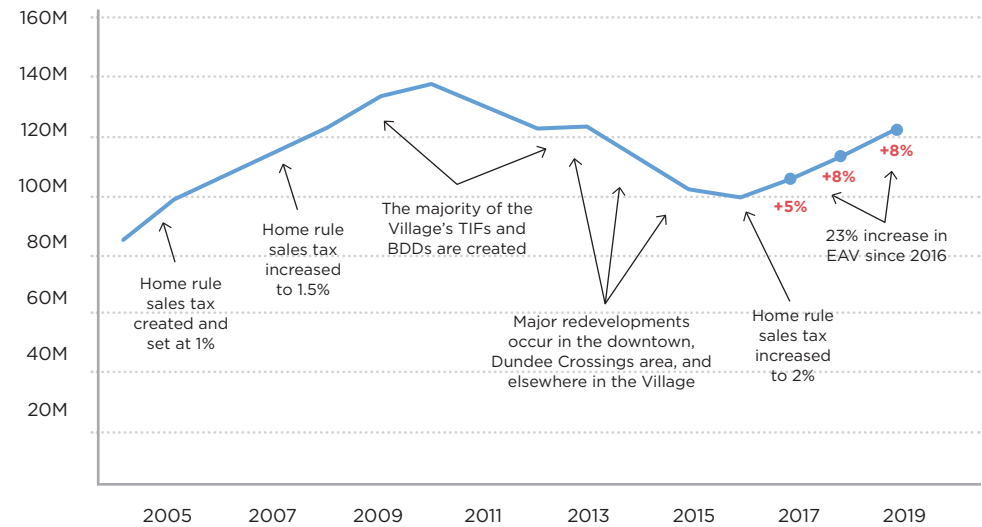


## VILLAGE INVESTMENTS: A RESPONSE TO THE GREAT RECESSION

Like many cities across the country, East Dundee was hard hit by the Great Recession. The value of the property base rapidly declined and businesses struggled. To minimize the impact on East Dundee residents, the Village Board took a decidedly active approach towards countering the effects of the economic downturn. The Village created multiple Tax Increment Financing Districts (TIFs) and Business Development Districts (BDDs). These economic tools allowed the Village greater flexibility in attracting development and aided in incentivizing investment. As a result of these improvements, the Village has seen a 23% increase in the overall property values of the Village, as measured using equalized assessed value (Exhibit I).



EXHIBIT I: CHANGES IN EQUALIZED ASSESSED VALUE

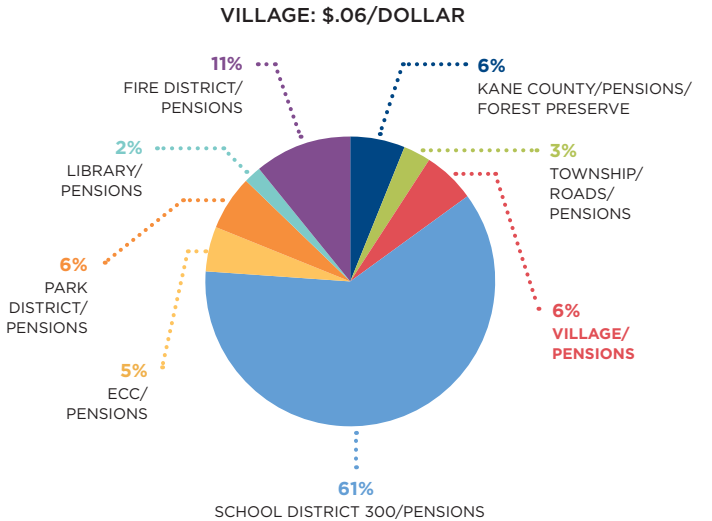


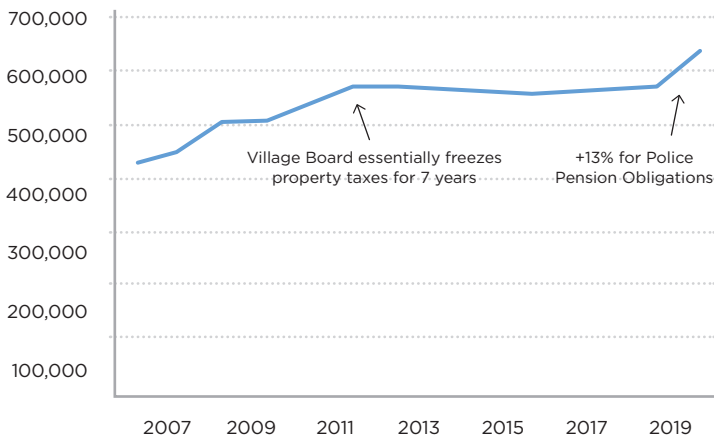
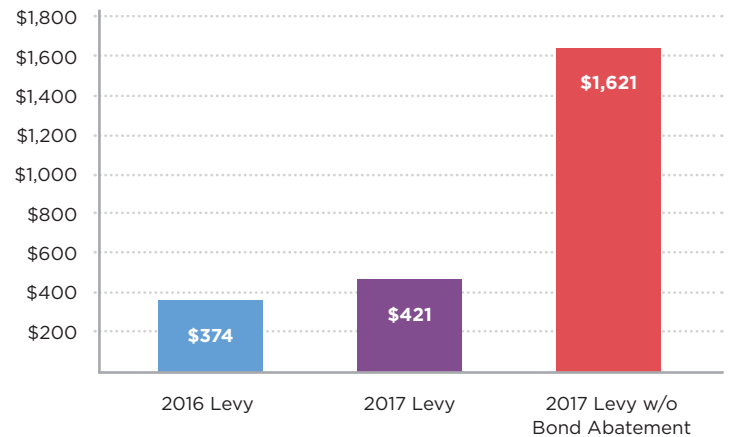
## PROPERTY TAX HISTORY

The Village's portion of the property tax bill makes up approximately 6% of the bill, or \$0.06 of each property tax dollar paid (Exhibit J).

Through the Village's home rule status, the Village is able to increase the amount of property taxes it collects without limitations imposed in state law. However, similar to other home rule villages, the Village chose to significantly limit property tax increases and instead create, use and rely on revenues only available under the Village's home rule status that are primarily derived from patrons coming from outside of East Dundee. The Village Board even imposed a restriction upon itself to limit property tax increases as if it were a non-home rule community. Non-home rule communities are limited to the lesser of 5% or rate of inflation plus additional increases for new construction and annexations (known as the Property Tax Extension Limitation Law or PTELL).

EXHIBIT J: CURRENT PROPERTY TAX RATES



**EXHIBIT K: HISTORICAL PROPERTY TAX LEVY****EXHIBIT L: PROPERTY TAX BILL (VILLAGE PORTION ONLY)  
HOME VALUED AT \$185,000**

Prior to 2017, the Village had essentially frozen the property tax levy beginning in 2009 (Exhibit K). As a result of freezing the property tax levy, the Village did not collect more than \$260,000 in property taxes the last six years that it could have collected under the PTELL tax cap. In 2017, the Village Board increased property taxes by 13% to \$640,000 which increased the levy to the amount it would have been had the Village followed the PTELL tax caps. The purpose for increasing the property tax levy was to fund police pension obligations at a level higher than the required statutory minimum as the funding rate had dropped to 52%. As the police pension fund earns significant interest, payments made today actually save the residents money down the road and help to avoid large balloon payments in the future. The 13% increase in the Village's property tax levy represents an annual increase of approximately \$47 for a home valued at \$185,000.

The chart to the right (Exhibit L), illustrates the estimated increase in the Village's portion of the property tax bill as a result of this 13% increase as well as the impact of the 304% increase that would be required if the Village were no longer able to abate the general obligation bond payments, which payments have been made thus far by the Village using non-property tax revenues, including home rule sales taxes.

**EXHIBIT M: TOTAL VILLAGE DEBT SUMMARY**

| GENERAL OBLIGATION DEBT                                           | PROJECT                                                                                                                                                                                                                                                                                                                 | AMOUNT ISSUED       | OUTSTANDING PRINCIPAL<br>4/30/18 ESTIMATE |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------|
| GO Bond Series 2012A                                              | <ul style="list-style-type: none"> <li>Stormwater Detention Pond</li> <li>Acquisition of River Haven Property</li> <li>Construction of Water Main</li> <li>Van Buren Avenue &amp; Christina Drive Road Improvements</li> </ul>                                                                                          | \$4,865,000         | \$4,205,000                               |
| GO Bond Series 2012B                                              | <ul style="list-style-type: none"> <li>Grant to J.D. Byrider Redevelopment Project (\$520,500)</li> <li>Loan for J.D. Byrider Redevelopment Project (\$1,735,000) to be paid by J.D. Byrider</li> </ul>                                                                                                                 | \$2,360,000         | \$1,855,000                               |
| Limited General Obligation Tax Increment Revenue Bond Series 2012 | <ul style="list-style-type: none"> <li>Gat Guns Redevelopment Project (\$5.5 million) and Required Reserve Funds</li> </ul>                                                                                                                                                                                             | \$7,000,000         | \$5,280,000                               |
| GO Bond Series 2015                                               | <ul style="list-style-type: none"> <li>Police Station Redevelopment Project</li> <li>Acquisition of Summit School Properties</li> <li>Downtown Redevelopment Project (Road improvements, crosswalks, lighting, burying ComEd lines)</li> <li>Downtown Lift Station</li> <li>Downtown Water Main Improvements</li> </ul> | \$5,450,000         | \$5,450,000                               |
| GO Bond Series 2016                                               | <ul style="list-style-type: none"> <li>Pay off the Line of Credit for the Police Station</li> <li>311 Barrington Avenue Parking lot</li> <li>Summit School Roofing Project</li> </ul>                                                                                                                                   | \$2,865,000         | \$2,865,000                               |
| <b>Total General Obligation Debt Issued and Outstanding</b>       |                                                                                                                                                                                                                                                                                                                         | <b>\$22,540,000</b> | <b>\$19,655,000</b>                       |

| OTHER DEBT                                       | PROJECT                                                                                                             | AMOUNT ISSUED       | OUTSTANDING PRINCIPAL<br>4/30/18 ESTIMATE |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------|
| IEPA Loan 1997                                   | <ul style="list-style-type: none"> <li>Wastewater Treatment Plant</li> </ul>                                        | \$5,900,000         | \$0                                       |
| IEPA Loan 2005, Funded by Village of West Dundee | <ul style="list-style-type: none"> <li>Wastewater Treatment Plant Improvements</li> </ul>                           | \$7,200,000         | \$3,759,414                               |
| IEPA Loan 2010                                   | <ul style="list-style-type: none"> <li>Wastewater Treatment Plant Improvements</li> </ul>                           | \$3,414,000         | \$2,534,027                               |
| East Dundee Fire Protection District Loan        | <ul style="list-style-type: none"> <li>Purchase of Fire Station for Police Station Redevelopment Project</li> </ul> | \$2,000,000         | \$1,600,000                               |
| <b>Total Other Debt Issued and Outstanding</b>   |                                                                                                                     | <b>\$18,514,000</b> | <b>\$7,893,441</b>                        |
| <b>Total Debt Issued and Outstanding</b>         |                                                                                                                     | <b>\$41,054,000</b> | <b>\$27,548,441</b>                       |



Village of East Dundee  
120 Barrington Avenue  
East Dundee, IL 60118

Postal Customer  
Dundee, IL 60118

PRSRT STD  
ECRWSS  
US POSTAGE  
**PAID**  
EDDM RETAIL

# MEET YOUR TRUSTEES

## VILLAGE BOARD MEETINGS

Meetings are held at 6 PM on the 1st and 3rd Mondays of each month in the Police Department 2nd Floor Meeting Room. Committee of the Whole meetings are held on the 2nd Monday of the month. For more information, please visit [eastdundee.net](http://eastdundee.net)

### Back Row (left to right)

Dan Selep, Kirstin Wood, Scott Andresen,  
Alan Hall

### Front Row (left to right)

Jeff Lynam, Jennifer Johnsen, Lael Miller,  
Kathleen Mahony



## STAY UP-TO-DATE WITH THE VILLAGE



VISIT OUR WEBSITE  
[eastdundee.net](http://eastdundee.net)



### FOLLOW US ON FACEBOOK

Like our page to follow  
the Village's news,  
events and contests



### JOIN NEXTDOOR

Download the app  
to interact with  
local residents

## HOME RULE EDUCATIONAL WORKSHOPS

**MONDAY, FEBRUARY 19 | 4 PM**  
**FOR BUSINESS OWNERS ONLY**

**East Dundee Police Station**  
115 N 3rd Street

**FRIDAY, FEBRUARY 23 | 11 AM**

**Village Green**  
605 Barrington Avenue

**MONDAY, FEBRUARY 26 | 6 PM**

**Senior Center**  
665 Barrington Avenue

**THURSDAY, MARCH 1 | 7 PM**

**Immanuel Lutheran Church**  
310 E Main Street (in the Fellowship Hall)