



2 LAGOON DRIVE - HAWTHORN WOODS, ILLINOIS 60047 (847) 438-5500

October 19, 2017

Dear Residents:

The Village of Hawthorn Woods would appreciate your input on a funding proposal to address our community's highest priority infrastructure needs.

Almost 15 years ago, the Village obtained the necessary approvals to address street improvements using Special Service Area (SSA) financing. During that time, a portion of the Village's streets were resurfaced and concrete ribbons were installed; however, streets that had recently been maintained were excluded from the SSA program. Additionally, no SSA funds were reserved for ongoing maintenance or repair. The life span of a street without upkeep or maintenance is drastically reduced; therefore, most of the Village's streets are now in need of resurfacing or reconstruction.

The Village's current administration has worked diligently to provide transparent financial reporting and fiscally responsible use of funding in order to get our community's finances on a solid footing. The Village's operating budget of \$4 million in revenue is balanced. However, there are insufficient funds collected to support a \$19.5 million streets program, as recommended by our consulting engineers. Therefore, we have identified our highest priority infrastructure projects and are pursuing a solid strategy to refinance the existing SSA bonds and provide adequate funding for the construction of these municipal projects.

Over the past five years, two engineering studies have been completed by Christopher B. Burke Engineering (CBBEL). One study focused on the Village's streets, while the other study analyzed our drainage needs. Below is a summary of CBBEL's key findings and updated recommendations:

- 66 percent of the Village's streets will need resurfacing by 2018.
- As many as 13 miles of the Village's roadways need to be completely reconstructed within the Village.
- Corrugated metal pipes under roadways and the Village's aged storm sewer system are failing village-wide.
- There are five critical drainage problems in the Village that need to be addressed.

With help from a Citizen Task Force comprised of HOA representatives, business leaders, civic leaders and other stakeholders, the Village has developed a funding proposal to strategically maintain, resurface and reconstruct our streets over the next 15 years as well as address high-priority drainage needs. The proposal also seeks funding to expand a portion of the Village's bike path plan. The Village has the opportunity to obtain a grant to pay for 80 percent of the bike path extension; however, 20 percent of the project costs will need to be funded by the Village.

To fund the proposed street, drainage and bike path improvements, the Village is considering placing a \$25.5 million bond measure on the March 2018 ballot. The proposed financing plan calls for refinancing the existing SSA bonds. The tax levy for the SSA bonds would no longer appear on a property owner's tax bill. The outstanding debt on the SSA bonds, which totals approximately \$3 million, would be rolled into the new bond issue. Bond proceeds would be allocated as follows: \$19.5 million for street improvements and ongoing maintenance, \$2.5 million for drainage improvements, \$500,000 for bike path improvements, and \$3.0 million to refinance the SSA bonds.

Unlike the previous SSA funding plan, the current proposal would provide for a comprehensive, 15-year street maintenance and improvement plan in which ALL Village streets would be positively impacted. Furthermore, the new bonds would be paid by a single tax rate applied to all property taxpayers in the Village.

Currently, taxpayers in SSA #1 and SSA #3 pay higher taxes on the same SSA bonds than taxpayers in SSA #2. Initially, all three SSAs paid the same rate for the SSA bonds. However, after the bonds were issued, significant new development was constructed in SSA #2, resulting in more taxpayers sharing in the cost of the bonds and a lower tax rate paid. The proposed new bonds would be equitably distributed to all taxpayers, eliminating the inequitable SSA districts.

The estimated tax impact of the proposed \$25.5 million, 20-year bond issue will vary depending on in which SSA a resident lives. Following is the estimated tax increase for each SSA based on a \$500,000 home:

- SSA #1: \$300.29 (an increase of \$25.02 per month)
- SSA #2: \$452.12 (an increase of \$37.68 per month)
- SSA #3: \$303.98 (an increase of \$25.33 per month)

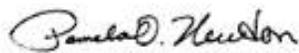
To gather community feedback on the Village's proposal, two open houses are scheduled at the Village Barn located at 2 Lagoon Drive, Hawthorn Woods, IL 60047:

- Thursday, November 2, 7:00 PM
- Saturday, November 4, 9:00 AM

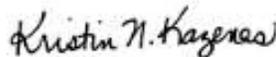
We will also be conducting a public opinion mail survey in the next few weeks. Your participation is greatly appreciated.

Thank you in advance for your thoughts and recommendations. Your input is absolutely critical in our developing a cost-effective, long-term solution to adequately fund our highest priority infrastructure needs and protect property values village-wide.

Sincerely,



Pamela O. Newton  
Chief Operating Officer



Kristin N. Kazenas  
Chief Financial Officer