

Brainerd bond referendum on March 18 ballot

A referendum on the General Primary Election ballot proposes that the Village authorize the issuance of \$11.5 million in bonds. The election is Tuesday, March 18.

- The bonds would fund the renovation of the Brainerd Building for use as a community center.
- Brainerd is owned by Libertyville High School District 128 and leased to the Village. The bonds would also fund the initial \$250,000 lease payment due December 31, 2014, to District 128 and the \$50,000 lease payments due to the District in 2015 and 2016.
- The bonds would be paid back over 10 years.
- The Village anticipates that the \$11.5 million would be a combination of taxable and tax-exempt bonds.
- The referendum was proposed by Brainerd Community Center, Inc., a not-for-profit organization that has been attempting to raise funds for the building's renovation.
- Town Hall meetings will be held at the Civic Center at 7 p.m. on February 3, and 12 and March 6 to inform voters about the referendum.

Message from the Mayor

On March 18, residents will vote to determine if the Brainerd Community Center, Inc., a not-for-profit organization, should rehabilitate the Brainerd Building and turn it into a community center. This vote is extremely important as it will impact both the quality of life and the



financial viability of the Village in the future. Residents both for and against the referendum are very emotional in their beliefs. The Village Board is not taking a position on the referendum. However, Board members believe it

is vital that residents understand all of the facts concerning the issue prior to the election and then participate in the election process.

Prior to 2000, Libertyville High School District 128 determined that the Brainerd Building was not functional for use as a school building. At that time, various uses were suggested for the building, including moving the library to Brainerd (prior to the construction of the new library addition in downtown). For several years the Village rented the building for use as a teen center. The building has been vacant since 2003 and has fallen into disrepair.

In 2006, then Mayor Jeff Harger appointed a committee to determine possible uses for the Brainerd Building and ways to fund the rehabilitation of the building. A not-for-profit organization, The Brainerd Community Center, Inc., was formed in 2006. At that time, the Village entered into a lease for the building from the High School District and then leased the building to the Brainerd organization. The group was charged with raising private funds to rehabilitate the building and then run it as a community center. To enhance fund-raising efforts, the group achieved National Landmark status for the building in 2008.

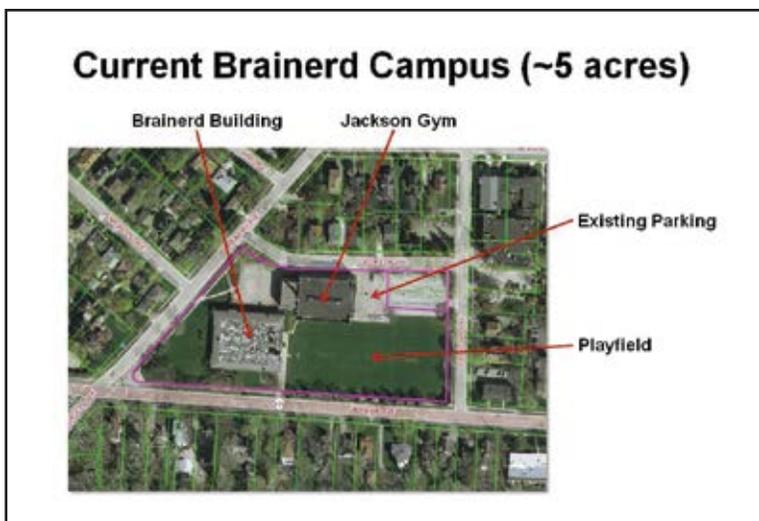
The lease between the Village and High School District allowed the Brainerd
Please turn to page 2.

Mayor's Message

Continued from page 1

organization time to raise funds for the building improvements. The initial lease payment of \$250,000 was not due until five years after the initial lease date. Rent payments in the amount of \$50,000 per year were then due annually until the total appraised value of \$1.25 million was paid to the High School District. Under the terms of the lease, the District would continue to own the building. That lease has been extended to delay lease payments for a period of three years.

Since 2006, the Brainerd organization has attempted to raise sufficient funds from private sources to renovate the building. As a result of the downturn in the economy, little financial support was found and the minimal funds raised were used to help keep the building from falling into further disrepair.



In early 2013, Brainerd Community Center, Inc., prepared a petition to have the issue of whether the Village should issue bonds to pay for the renovation of the Brainerd Building put on the ballot. The group obtained sufficient signatures to have the question put on the next election ballot. At that time, the Brainerd organization believed the cost of renovation, which at the time was for a building shell, would be approximately \$3.5 million. At my request, the group withheld the petition and did not present it to the Village Board. My request was based upon two issues: 1) The proposed ballot question failed to address the amount that the voters would pay to issue bonds; and 2) There was not sufficient time to educate voters as to the costs and pros and cons of the proposal before the election. I made a commitment at that time

that I would request that the Village Board put the issue on an upcoming ballot once we had sufficient information to give the public concerning the issue.

Last fall, I appointed an ad hoc committee to provide answers to questions concerning the proposed referendum. I would like to thank the members of the public that served on this committee and the High School Board for its assistance and cooperation in preparing information for the residents.

On December 10th, the Village Board voted to approve putting the question to the voters at the March 18th election. The question asks voters if the Village should sell bonds in the amount of \$11.5 million to refurbish the Brainerd Building. The bonds would be paid for through increased property taxes.

While this is a primary election, if you do not wish to declare a party you can request a ballot which solely addresses the referendum issue.

The proposed plan will be presented at three town hall meetings at 7 p.m. on February 3rd, 12th and March 6th. The meetings will be held at the Libertyville Civic Center. I would ask all residents to try to attend one of the town hall meetings to obtain as much information as possible. We have also tried to provide as much information as possible in this newsletter.

If you have any questions that we have not answered please feel free to call me. I and other Village Board members can be reached through the Village phone number at 847-362-2430.

Terry Wepler, Mayor

Town Hall Information Meetings

**Brainerd Community Center
Bond Referendum**

Monday, February 3

Wednesday, February 12

Thursday, March 6

7 p.m.

Civic Center, Libertyville

Brainerd History

The Brainerd Building (below left) opened in 1917 as the first structure of the newly established Libertyville Township High School District. The middle photo shows a classroom during the school's first year of operation. The Jackson Gym (below right) was built in 1929 for athletic uses and additional classroom space. It was considered one of the premier athletic venues in Lake County. In 2000, the classroom space in the building was leased by the Village for use by the Parks and Recreation Department. Then in 2003, all active use was discontinued and the building has been vacant since that time. Landmarks Illinois recognized the Brainerd Building as a landmark building for preservation by placing it on its list of most endangered buildings in the Chicagoland area in 2010.



The Brainerd Referendum

February 18: Close of voter registration at Libertyville Village Hall and Libertyville Township Office.

March 3: First day of early voting.
Location: Lake County Central Permit Facility, 500 W. Winchester Road, Libertyville.

March 15: Last day for early voting.

March 18: General Primary Election
Election is for nomination of Federal, State and County candidates by an established political party. However, one may request a non-partisan ballot. No candidates will appear on the ballot.

The proposed referendum on the ballot will read:

Proposition To Issue Not To Exceed \$11,500,000 General Obligation Bonds

Shall the Village of Libertyville, Lake County, Illinois, rehabilitate the former Libertyville High School (commonly known as the Brainerd Building) owned by Community High School District Number 128 into a community center and fund a reserve fund in connection therewith to pay a portion of the annual rental payments to said High School District and issue its bonds to the amount of not to exceed \$11,500,000 for the purpose of paying these costs thereof?

YES _____

NO _____

What are potential benefits of renovating Brainerd?

Renovation offers an opportunity to preserve a building that is central to Libertyville's history. In addition, the location is conveniently close to downtown, the library and Cook Park.

The new Brainerd Community Center would provide a comprehensive community space roughly four times the size of the current Civic Center and it would have both indoor and outdoor areas for public and private events. The center could offer programs for diverse groups of people, including the elderly, teens, children, performing arts groups and others. Office space would be available for organizations and individuals.

What are the benefits if it fails?

If the referendum fails:

- Property tax would not increase.
- No potential negative impact to the Village's General Fund or on the interest rates paid on Village bonds issued.
- The potential tear-down costs of the Brainerd Building and Jackson Gym would be shared by all residents of District 128, as opposed to just the residents of Libertyville.

What happens if the referendum fails?

- According to the terms of the lease with Libertyville High School District 128, the Village would notify the district by August 1, 2014, that the lease is being terminated.
- The Village would be responsible for participating in demolition and asbestos remediation costs.
- The Village would then be freed of any further obligations.
- District 128 has indicated that its main needs are additional student parking and playing fields. The Brainerd and Jackson Gym buildings would be demolished to create space for them.
- The site would not be used for commercial or residential development without Village approval. Use of the space would remain institutional.

Will the Brainerd Community Center be self sustaining?

Brainerd Community Center projected budget:

- The Brainerd organization provided the following projected budget.
- The budget forecasts effective gross income of \$1,662,709 with \$1,679,335 in operating expenses over the first five years of operation for a shortfall of \$16,626.
- As the Village did not prepare the projected budget, it neither endorses nor denies the accuracy of these figures.

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Seminar, community, conference rentals	89,000	91,670	94,420	97,253	100,170	\$472,513
Multi-purpose	144,360	148,691	153,152	157,746	162,478	\$766,427
Leased space	18,156	18,700	19,262	19,840	20,435	\$96,393
Athletic field	2,000	2,060	2,122	2,185	2,251	\$10,618
Catering commission	59,663	61,453	63,296	65,195	67,151	\$316,758
Effective Gross Income	\$313,179	\$322,574	\$332,252	\$342,219	\$352,485	\$1,662,709

Brainerd Community Center projected budget, *continued*

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Professional fees	15,000	15,450	15,914	16,391	16,883	\$79,638
Insurance	15,659	16,129	16,613	17,111	17,624	\$83,136
Maintenance and repair	12,000	12,460	14,000	14,420	14,853	\$67,733
Salaries, wages and taxes	150,000	154,500	159,135	163,909	168,826	\$796,370
Miscellaneous office and advertising	15,000	15,450	15,914	16,391	16,883	\$79,638
Utilities	35,000	36,050	37,132	38,245	39,393	\$185,820
Snowplow, lawn service, heavy janitorial	42,000	45,000	48,000	50,000	52,000	\$237,000
Lease payment to the Village	—	—	50,000	50,000	50,000	\$150,000
Total Operating Expenses	\$284,659	\$295,039	\$356,708	\$366,467	\$376,462	\$1,679,335

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Effective Gross Income	313,179	322,574	332,252	342,219	352,485	\$1,662,709
Total Operating Expenses	284,659	295,039	356,708	366,467	376,462	\$1,679,335
Net Operating Income	\$28,520	\$27,535	-\$24,456	-\$24,248	-\$23,977	-\$16,626

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Net Operating Income	28,520	27,535	- 24,456	- 24,248	-23,977	- \$16,626
Fundraising	70,000	75,000	80,000	80,000	80,000	\$385,000
Total Income	\$98,520	\$102,535	\$55,544	\$55,752	\$56,023	\$368,874

In the tables on the previous page and above:

- Income projections are from the current "C" room Civic Center revenues, plus performing arts and local caterers revenue.
- The projected first-year occupancy numbers in 25-40% range present an opportunity; Currently, the Civic Center has a 21% occupancy rate.
- Salaries and wages are 30% greater than they are currently.
- Utilities and outside contractor costs were determined by quotes or industry data.
- Fundraising figures are actual number for the 2013 Libertyville Days and North Shore Wine, Beer, Cigar and Food Festival.
- The Village lease may discount some expenses. No allowance was made for township and other potential donations.
- The lease payments to the Village start in year three.
- Two years of fundraising, plus current account balances will be carried over. They exceed one year's operating expense.
- Expenses reflect a 3% annual increases.
- A space needs study has not been completed. However, a review of current public facility space availability for private usage indicates that present space in Village-owned buildings is under utilized.

What negative impact could passage have on Village finances?

Property tax dollars are used, in part, to operate Village-owned buildings, including the Village Hall; Police Department, Schertz Building; Fire Stations 1 and 2; Adler Park and Riverside pools and buildings; and the Bolander Building (sale pending). In addition, these taxes help fund the Village-owned *and Village subsidized* Civic Center, David Adler Cultural Center, Cook House and Libertyville Sport Complex.

If the Brainerd Community Center is unable to break even or cannot meet its financial obligations, the Village will be responsible for covering its operating costs in addition to subsidizing the other four buildings. The money needed for operating costs would come from the General Fund. This could negatively impact other services such as police, fire, public works and/or parks.

For more information about the referendum, please go to www.libertyville.brainerd

What effect would passage have on the Village portion of your property taxes?

The major sources of Village revenue include sales tax, property tax, the fire protection district, state income tax, gas and utility taxes, building permits and fees. For property tax, the Village portion projected for 2013 property taxes to be paid in 2014 is .650 per \$1,000 of EVA. If the referendum passes, the estimated tax rate for the Village share of your property taxes would increase by 21.84% to .791 per \$1,000 of EVA. The graph below shows the estimated effect on Libertyville property taxes if the referendum passes. The "Current Tax" refers to estimated taxes at the .650 rate. The "New Tax" refers to estimated taxes if the referendum passes.

Home Value	Current Tax	New Tax	Difference
\$300,000	\$650.00	\$791.98	\$141.98
\$400,000	\$866.67	\$1,055.97	\$189.30
\$500,000	\$1,083.33	\$1,319.96	\$236.63
\$600,000	\$1,300.00	\$1,583.96	\$283.96
\$700,000	\$1,516.67	\$1,847.95	\$331.28
\$800,000	\$1,733.33	\$2,111.94	\$378.61
\$900,000	\$1,950.00	\$2,375.93	\$425.93
\$1,000,000	\$2,166.67	\$2,639.93	\$473.26
\$1,100,000	\$2,383.33	\$2,903.92	\$520.59
\$1,200,000	\$2,600.00	\$3,167.91	\$567.91

Jackson Gym to be demolished



The Brainerd Building's Jackson Gym will be demolished under either the renovation proposal if the referendum passes or Libertyville High School District 128's proposal.

If the referendum passes, bond funds will pay for the gym's demolition. The area will be used for additional parking for the community center. Libertyville High School will have access to 50% of Brainerd's parking spaces between 7 a.m. and 4 p.m., Monday – Friday.



If the referendum fails, Libertyville High School, which owns the property, currently plans to demolish both the Brainerd Building and Jackson Gym and use the entire site for playfields and additional parking.

In both scenario's, at least a portion of the site will be used for a playfield.

Proposed interior and exterior and estimated renovation costs of the Brainerd improvements

If the referendum passes, the 30,000 square-foot Brainerd Building will be renovated into a multipurpose facility. The auditorium could be used for catering and banquets as well as for performing arts, lectures and other venues. Offices and conference rooms would be available for rent or lease.



Above are renderings of the interior of the proposed Community Center, as well as the southwest and northeast exterior views. At right, are estimated renovation costs for the project.

Base building and site construction, including demolition of Jackson Gym	\$9,339,625
Furniture, fixtures and equipment costs	\$300,000
Project costs for remediation and mold removal (10.5% of remediation costs)	\$315,000
Tenant build-out allowance for prospective tenants of leasable space	\$132,000
Design fee	\$484,300
Contingency	\$400,000
Title policy administration fee	\$20,500
Placement costs for referendum bonds (3%)	\$364,075
Estimated increase in interest rates (two-year project term)	\$78,000
Lease (first three years)	\$350,000
Final Exposure	\$11,500,000



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2014 Village sticker sales



It's that time of year again. 2014 Village stickers will be on sale at the Village Hall beginning on March 10. They must be displayed in your vehicles' windshields no later than May 1, 2014.

Stickers are required for all vehicles registered or housed in the Village and cost \$30 for cars and trucks. The minimum penalty for not having a valid vehicle sticker displayed is \$100.

One-hundred percent of vehicle sticker revenue — approximately \$400,000 — goes to repairing Village streets.

Thank you ad hoc committee

The Village Board and staff thanks the ad hoc committee for helping develop detailed information about Brainerd referendum. Members include Art Kopp, Doug Reed, Kathleen O'Connor, Kurt Hezner, Scott Adams, Thomas Milowski and Todd Gaines.

Village residents are invited to a public hearing on the Village budget at 8 p.m. on Tuesday, April 8, at the Village Hall.

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