

Brainerd Community Center Bond Referendum

Town Hall Meeting
February 3, February 12 & March 6, 2014
Civic Center, Libertyville

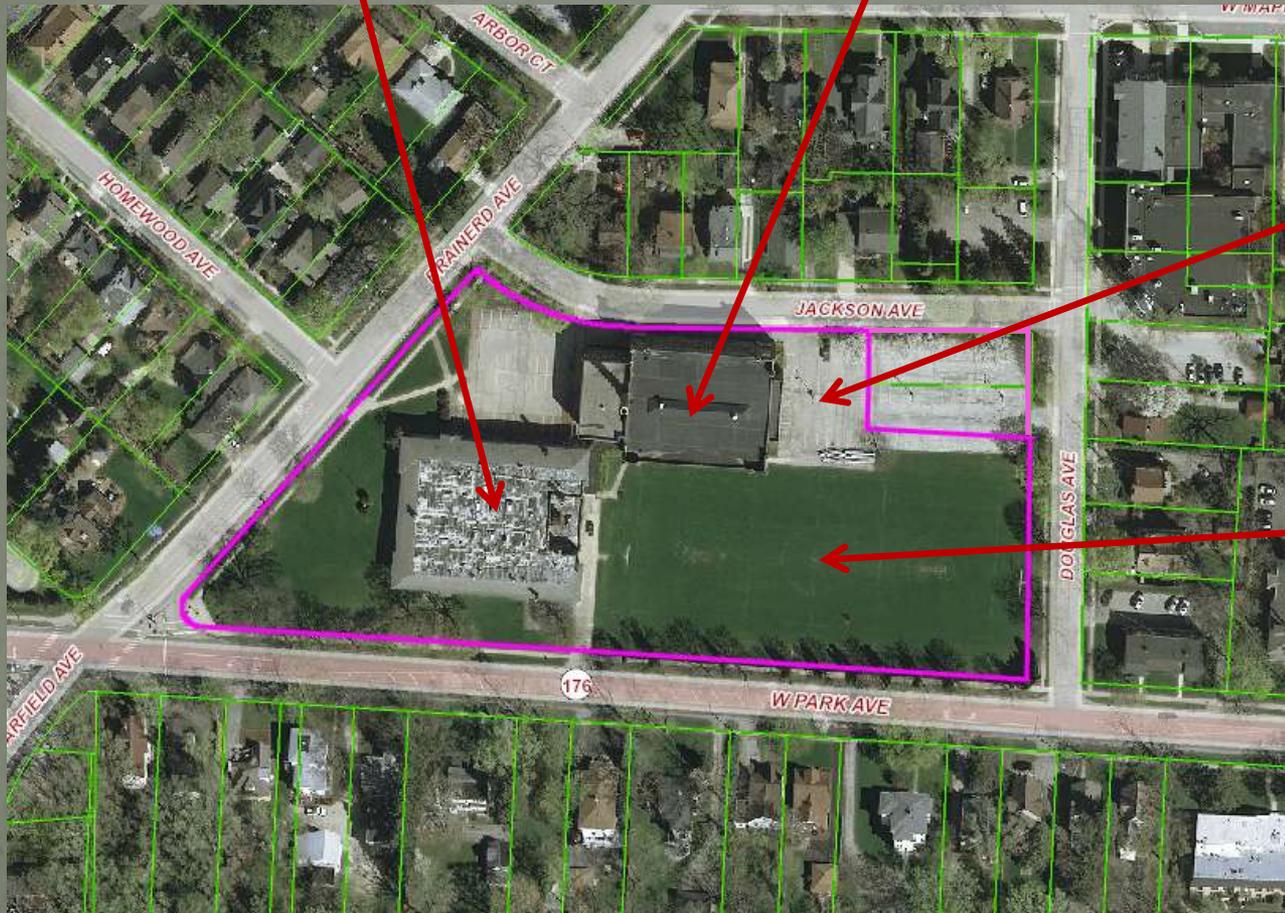
Agenda

- History of the Brainerd and Jackson Gym Buildings
- Background Information
- Ballot Proposal
- Renovation and Operation Proposal
- Financial Impact
- Overview: Referendum Passes
- Overview: Referendum Fails
- Question & Answer

Current Brainerd Campus (~5 acres)

Brainerd Building

Jackson Gym



Existing Parking

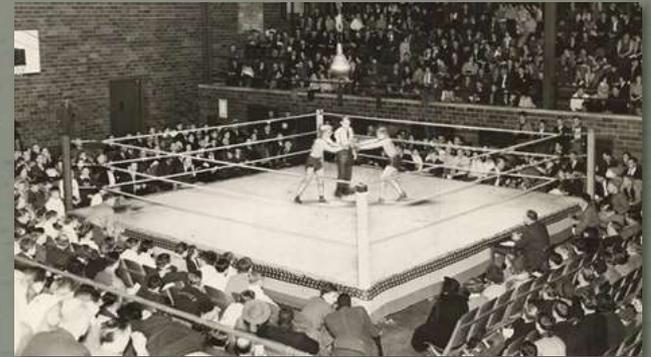
Playfield

Brainerd History

- Construction of the Brainerd Building began in 1916, with the building opening in 1917
- It was the first structure of the newly established Libertyville Township High School District
- The Jackson Gym was built in 1929 for athletic uses and additional classroom space
- It was one of the premier athletic venues in Lake County



Libertyville Boy's Club boxing match, Jackson Gym, 1937



Dance class, Brainerd Building, 1920s



Brainerd History

- In 2000, the classroom space was leased for the use of Libertyville's Parks and Recreation Department
- In 2003, all active use was discontinued and the building has been vacant since that time
- The Brainerd Building is currently listed in the National Register of Historic Places

Brainerd Building



Jackson Gym



Why keep the Brainerd Building?

- What has been the impetus for renovating the Brainerd Building for use as a community center?
 - Opportunity to **preserve** a building that is central to Libertyville's history
 - Location **close** to downtown, the library and Cook Park
 - Creation of **comprehensive community space** roughly 4 times the size of the Civic Center
 - Opportunity to provide both **indoor and outdoor space** for public and private events
 - Ability to program for **diverse groups of people**, including the elderly, teens, children, performing arts groups, etc.

Background

- In 2006, the Village of Libertyville signed a lease with District 128 for the Brainerd property
- The Village then sub-leased the property to the Brainerd Preservation Committee
- The organization was tasked with researching the preservation of the buildings, with the intent that private funds would be used for all renovation costs

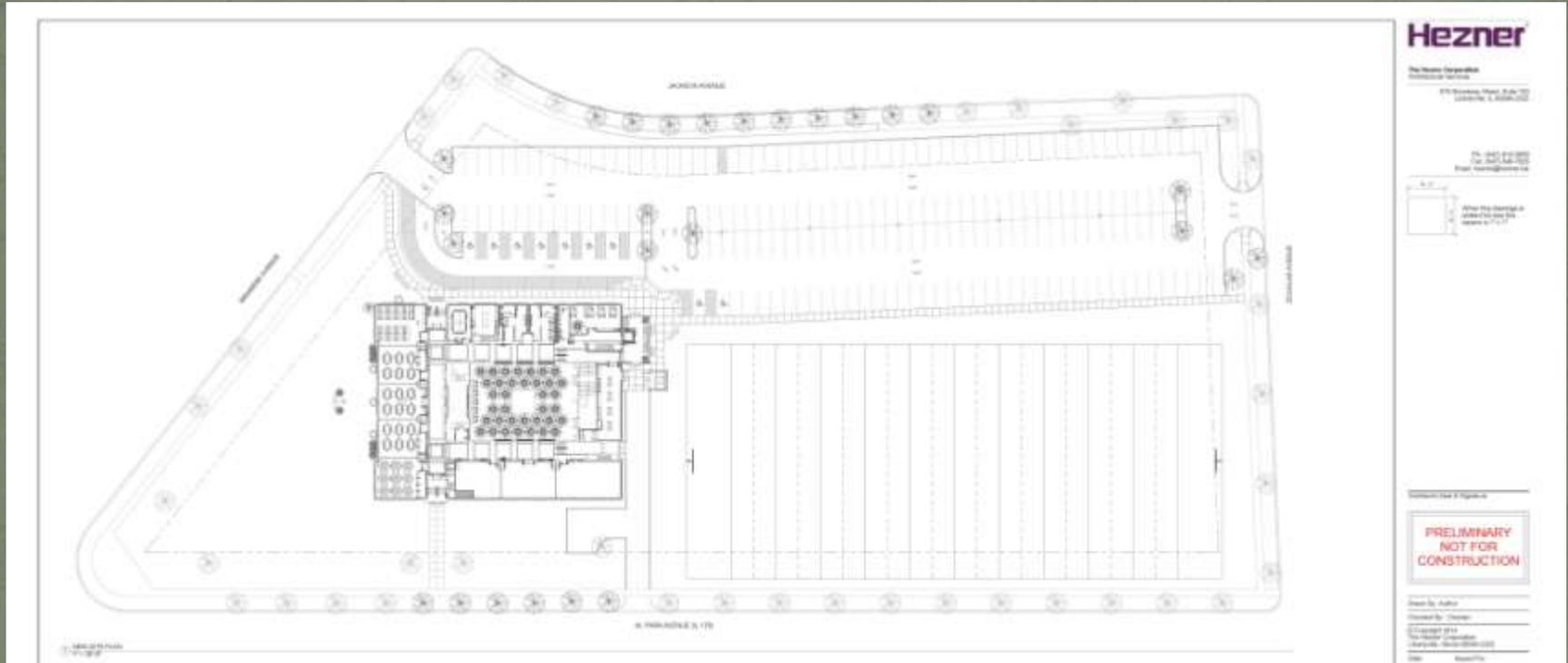
Background

- An initial lease payment of \$250,000 is due on December 1, 2014
- Additional \$50,000 payments are to be made each December 1 from 2015 to 2034 (totaling \$1,250,000)
- Since 2006, limited funds have been raised by Brainerd Community Center, Inc.
- Funds raised have been used for additional fundraising, promotions and repairs to the building

Ballot Proposal

- A referendum has been proposed to authorize the issuance of \$11,500,000 in bonds to be paid back over a period of 10 years
- The bonds would be used to renovate the Brainerd Building for usage as a community center
- The bonds would also fund the initial \$250,000 lease payment and the first two \$50,000 lease payments to the school district
- It is anticipated that the \$11,500,000 would be a combination of taxable and tax-exempt bonds

Renovation Proposal



Renovation Proposal

- The Jackson Gym will not be saved, whether or not the bond referendum is approved
- It will be demolished under either the renovation proposal or the high school proposal





Renovation Proposal

- The 25,000 sf Brainerd Building will be renovated into a multipurpose facility with catering and banquet, performing arts and leased or rented offices and rooms

Renovation Proposal



NEW EXTERIOR PERSPECTIVE FROM NE CORNER

BRAINERD CENTER



BOARD 7 08' 02'

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Renovation Proposal



BRAINERD CENTER



NEW EXTERIOR PERSPECTIVE FROM SW CORNER



IMAGE 2 OF 42
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Renovation Proposal



Renovation Proposal



NEW INTERIOR PERSPECTIVE OF AUDITORIUM WITH PERFORMANCE EVENT SETUP

BRainerd CENTER



IMAGE 0 OF 42

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Renovation Proposal



NEW INTERIOR PERSPECTIVES OF AUDITORIUM WITH RECEPTION EVENT SETUP

BRainerd CENTER



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Renovation Proposal



NEW INTERIOR PERSPECTIVES OF SENIOR ACTIVITIES AREA



BRAINERD CENTER



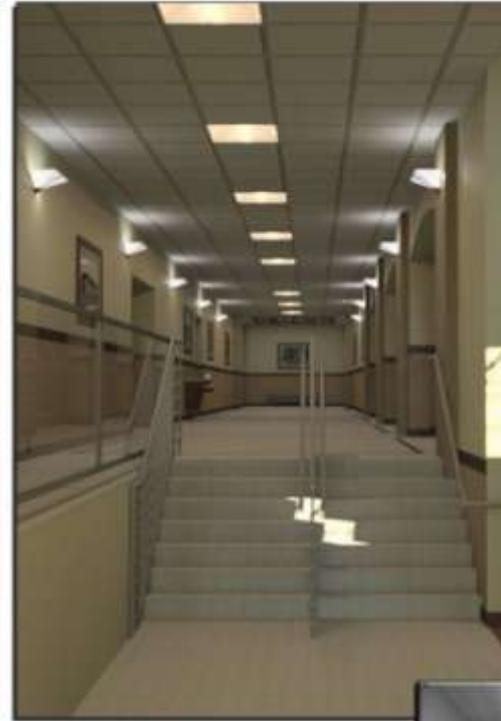
BOARD ROOM

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Renovation Proposal



NEW INTERIOR PERSPECTIVES OF SOUTH AND WEST HALLWAYS



BRainerd CENTER



WARD 3 W/ 2

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Renovation Costs

Base building and site construction (including demolition of Jackson Gym)	\$9,339,625
Furniture fixtures & equipment costs	\$300,000
Project costs for remediation and mold removal (10.5% of remediation costs)	\$31,500
Tenant buildout allowance for prospective tenants of leasable space	\$132,000
Design Fees	\$484,300
Contingency	\$400,000
Title policy administration fee	\$20,500
Placement costs for referendum bonds (3%)	\$364,075
Estimated increase in interest rates(2-year project term)	\$78,000
Lease (first 2 years)	\$350,000
Final Exposure	\$11,500,000

Operation Proposal

- A renovated Brainerd Community Center could offer the following services:
 - Senior programs and shared space
 - Home for performing arts groups
 - Banquet hall for receptions, fundraisers and class reunions
 - Teen center for after school and weekends
 - Summer festivals on the playfield

Operation Proposal

- It is anticipated that Brainerd Community Center, Inc. or a similar non-profit, as approved by the Village, would operate the building
- The organization would provide governance and oversight for all administration and operations
- Based on similar facilities within a 25-mile radius, a competitive rental rate for the 4,000 sf main performance area with stage is \$1,500-\$3,000 per event (events may be one day or multiple days)
- Rate may vary based on the group size and day of the week
- Lease or rental rates for custom or generic community space are \$5-\$10/sf

Cash Flow Projections (as proposed by Brainerd Community Center, Inc.)

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

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 & repair	12,000	12,460	14,000	14,420	14,853	\$67,733
Salaries, wages & taxes	150,000	154,500	159,135	163,909	168,826	\$796,370
Misc. office & 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
Snow plow, lawn service & heavy janitorial	42,000	45,000	48,000	50,000	52,000	\$237,000
Lease payment to 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

Cash Flow Projections (as proposed by Brainerd Community Center, Inc.)

	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

- Income projections from the current "C" room Civic Center revenues, performing arts and local caterers
- Projected first year occupancy numbers in the 25-40% range present an opportunity; currently the Libertyville Civic Center has a 21% occupancy
- Salaries and wages are 30% greater than current
- Utilities and outside contractor costs from quotes or industry data
- Fundraising figures are actual numbers from the 2013 Libertyville Days and NSCBW Fest
- Village lease may discount some expenses; no allowance made for township and other potential donations
- Lease payments to Village start year three
- Two years of fundraising, plus current account balances, will be carried over and exceed one years' operating expense
- 3% annual increases

Cash Flow Projections

- A space needs study has not been completed
- A review of current public facility space availability for private usage indicates that present space is underutilized
- The Village of Libertyville does not recognize the Brainerd Community Center, Inc. cash flow projections as necessarily accurate

Cash Flow Projections

- Numbers are based on the closure of the current Libertyville Civic Center
- A Civic Center Board vote indicated that they do not want to close the current facility and move into the new facility if Brainerd is renovated
- Seniors from the Senior Center have presented a petition requesting that the Senior Center not be moved

If the referendum passes...

- The cost of the bond would be paid via an increase in Village of Libertyville property taxes
- All bonds issued in the same year as the Brainerd bond will incur a higher interest rate, due to them not being bank-qualified; bonds are not considered bank-qualified if more than \$10,000,000 total are sold in a calendar year, leading to increased interest rates on all bonds for that year
- This may affect not only Brainerd bonds, but also road, sewer and water improvement bonds as well

If the referendum passes...

- The Village is not obligated to proceed with the proposed renovation plans

Village of Libertyville Major Revenue Sources

- Sales Tax
- Property Tax
- Fire Protection District
- State Income Tax
- Gas & Utility Taxes
- Building Permits & Fees

Effect on Taxes

Property Location	Tax Year	Pin Number	Tax Code	Acres
LIBERTYVILLE	2012			0
Legal Description				
Taxing Body				
Rate	Land Value			
COUNTY OF LAKE	0.491	+ Building Value	\$47,576	
COUNTY OF LAKE PENSION	0.111	x State Multiplier	\$85,812	1.0188
<u>VIL OF LIBERTYVILLE</u>	<u>0.318</u>	= Equalized Value	\$135,885	
<u>VIL OF LIBERTYVILLE PENSION</u>	<u>0.247</u>	+ Farm Land and Bldg Value		
ROAD AND BRIDGE-LIBERTYVILLE	0.001	+ State Assessed Pollution Ctrl.		
COOK MEMORIAL PUBLIC LIBRARY DIST	0.257	+ State Assessed Railroads		
COOK MEMORIAL PUBLIC LIBRARY DIST PENSION	0.025	= Total Assessed Value	\$135,885	
LIBERTYVILLE SCHOOL DISTRICT #70	2.805	- Fully Exempt		
LIBERTYVILLE SCHOOL DISTRICT #70 PENSION	0.034	- Senior Freeze		
COLLEGE OF LAKE COUNTY #632	0.272	- Home Improvement		
LIBERTYVILLE COMM HIGH SCHOOL DIST #128	2.508	- Limited Homestead	\$6,000	
LIBERTYVILLE COMM HIGH SCHOOL DIST #128 PENSION	0.072	- Senior Homestead	\$4,000	
FOREST PRESERVE	0.201	- Veterans/Disabled		
FOREST PRESERVE PENSION	0.011	- Returning Veteran		
CEN LK COUNTY JOINT ACTION WATER AGENCY	0.052	= Taxable Valuation	\$125,065	
TOWNSHIP OF LIBERTYVILLE	0.063	x Tax Rate	7.532	
TOWNSHIP OF LIBERTYVILLE PENSION	0.002	= Real Estate Tax	\$9,485.09	
Totals	7.532	+ Omitted Tax		
		+ Forfeited Tax		
		= Total Tax Billed	\$9,485.09	
		+ Interest Due as of	1/7/2014	
		+ Cost		
		= AMOUNT BILLED	\$9,485.09	
		<u>Fair Market Value</u>	<u>\$406,995</u>	
		Total Due	1/7/2014 \$9,485.09	

Current Tax Rate: **0.565** (0.316 + 0.247)
 Increase to Tax Rate: **0.136**
 Total Tax Rate: **.701**

For this home assessed at **\$406,995**, the yearly Village tax would increase from **\$710** to **\$881**.

Effect on Village Tax Rate

- Current Equalized Assessed Value (EAV): 1,092,633,571
- 2012 Tax Rate: 0.565
- Based on the 2012 tax rate for taxes paid in 2013:

Amount of Bond	Annual Debt Service	Increase to Tax Rate	Total Tax Rate	% Increase
\$11,500,000	\$1,489,300	.136	.701	24.12%

Home Value	Current Tax	New Tax	Difference
\$300,000	\$565.00	\$701.30	\$136.30
\$400,000	\$753.33	\$935.07	\$181.74
\$500,000	\$941.67	\$1,168.84	\$227.17
\$600,000	\$1,130.00	\$1,402.61	\$272.61
\$700,000	\$1,318.33	\$1,636.38	\$318.05
\$800,000	\$1,506.66	\$1,870.15	\$363.49
\$900,000	\$1,694.99	\$2,103.92	\$408.93
\$1,000,000	\$1,883.32	\$2,337.69	\$454.37
\$1,100,000	\$2,071.65	\$2,571.46	\$499.81
\$1,200,000	\$2,259.98	\$2,805.23	\$545.25

Effect on Village Tax Rate

- Estimated 2013 EAV: 1,048,965,060
- Estimated 2013 Tax Rate: 0.650
- Based on the estimated 2013 tax rate for taxes paid in 2014:

Amount of Bond	Annual Debt Service	Increase to Tax Rate	Total Tax Rate	% Increase
\$11,500,000	\$1,489,300	.142	.792	21.84%

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

If the referendum passes...

- The Brainerd Committee's Business Plan forecasts a gross income of \$1,662,709 with \$1,679,335 in operating expenses, over the first 5 years of operation (for a negative balance of \$16,626, proposed to be offset through fundraising)
- If the Brainerd Community Center is unable to break even or cannot meet its obligation, the Village of Libertyville will be responsible for covering operating costs
- This money will come from the General Fund and will negatively impact other service areas such as police, fire, public works and/or parks

Current Village Facility Obligations

- Adler Park Buildings & Pool
- Bolander Building
- Civic Center
- Cook House
- Crawford Warming House & Butler Park Structures
- David Adler Music & Arts Center
- Fire Stations 1 & 2
- Public Works, Pumping Houses & Water Towers
- Riverside Pool & Buildings
- Schertz Building
- Sports Complex
- Village Hall
- Wastewater Treatment Facility

Additional Information

- Bond funding would cover the demolition of the Jackson Gym building, increasing parking to 200 spaces and adding a 9-car drop off area
- Libertyville High School will have access to 50% of the parking spaces on the Brainerd building property between the hours of 7 am and 4 pm, Monday through Friday of each week school is in session, as well as during athletic events
- Residents of District 128 will be charged at the same rate as residents of the Village of Libertyville for any programs run by or at the facility

Additional Information

- Residents would be investing \$11,500,000 in a building that would not be owned by the Village, but by the District 128 (the Village is a tenant only)
- The District has indicated that it would consider selling the Brainerd Building and the land immediately under the building to the Village, if it would result in a savings to the taxpayers
- The District would opt for a condition that would allow them to get the building back if it were not used as a community center

If the referendum does not pass...

- According to the terms of the lease, the Village would notify District 128 by August 1, 2014 that the lease is being terminated
- The Village would then be responsible for participating in demolition costs; these costs are estimated to be around \$977,000
- The Village may opt to instead pay the amount of rent due for the period of the lease, which is estimated to be around \$404,000
- The Village would then be freed of any further obligations

If the referendum does not pass...

- District 128 has indicated that its main needs are additional student parking and playing fields, with the the Brainerd and Jackson Gym buildings being demolished
- The site cannot be used for commercial or residential development without Village approval; uses must remain institutional

If the referendum does not pass...

- Benefits to the community include:
 - No property tax increase
 - No potential negative impact to the Village's General Fund
 - No impact on the Village's bond rating
 - Cost of potential teardown of the Brainerd and Jackson Gym buildings to be shared by all residents of District 128, as opposed to just residents of Libertyville

Thank you to the Brainerd Ad Hoc Committee

Scott Adams

Todd Gaines

Kurt Hezner

Art Kopp

Thomas Milowski

Kathleen O'Connor

Doug Reed

Questions?

Thank you for attending