

*1. What is the referendum question?*

Shall the Village of Flossmoor, Cook County, Illinois, issue General Obligation bonds in an amount not to exceed \$10,000,000, said bonds bearing interest at not to exceed the rate of 9.00% per annum, for the purpose of paying the costs of the following infrastructure improvements throughout the Village: street reconstruction, street resurfacing and sidewalk improvements; and storm sewer system improvements including those related to the Flossmoor Road viaduct, and expenses related thereto?	Yes	
	No	

*2. Why does the referendum question point out a 9% interest rate when the Village’s bond rating is so good?*

A 9% interest rate is the maximum permitted by law. It is legally required by the State of Illinois that the maximum possible interest rate for the project be included in the referendum question. The Village is confident that with our bond rating and the state of the current economy, we can obtain an interest rate far less than 9%. Once issued, 85% of the bond proceeds must be spent within 3 years. Given the historically low market interest rates and the Village’s strong rating, borrowing is cheaper than it has been in recent history and now is an excellent time to go to the bond market.

The most recent debt issuance was the refinancing of the remaining Library Bonds in 2017. The net interest rate is 1.72%.

*3. What are the projects?*

The projects are street resurfacing and sidewalk replacement of various Village streets and stormwater improvements to the Flossmoor Road viaduct and areas upstream in Heather Hill and the neighborhood north of downtown that contribute to flooding.

*4. Why are these projects necessary?*

**Streets and Sidewalks** — The Village receives a dedicated funding source called Motor Fuel Tax (MFT) to help pay for street resurfacing and reconstruction, as well as sidewalk replacement. MFT dollars come from a tax on gasoline which is distributed by the State on a per capita basis. A street resurfacing plan was originally created so that every street in Flossmoor could be resurfaced on a 15-year rotation using MFT dollars. Over several years, the MFT dollars have not been able to “keep up” with the cost of streets and sidewalks. Why? Until Illinois increased the MFT last year, the tax had not been adjusted to make up for increasing construction costs as well as to fuel efficiency, which causes drivers to use less fuel. The MFT revenues no longer provide enough to continue to resurface the desired 2.5 miles of streets every year, but rather closer to 1 mile of street. To improve this situation, over the past three years collectively, the Village Board has spent approximately \$540,000 from the General Fund to supplement the street program. Continuing to allocate

General Fund money, which supports public safety and other general services, toward the street resurfacing program is not financially sustainable. The Village is at a point where a significant investment must be made. With the increase in the number of hybrid and electric cars, we expect to experience an additional negative impact on MFT revenue. Financing these projects is urgent to avoid falling further behind.

**Flossmoor Road Viaduct** — The Village of Flossmoor continues to experience street and building flooding problems at the Flossmoor Road viaduct under the Metra/CN railroads. The viaduct floods, causing road closures and lower level flooding of the adjacent downtown commercial/residential building. This viaduct is the main access point between the west and east sides of the Village. When closed, motorists and emergency response vehicles cannot travel to the east side of the Village, causing the Village to rely on mutual aid from other communities.

In 2005, a study was completed by CTE Engineers through a program administered by the Army Corps of Engineers - Chicago District Office. This study recommended several storm sewer alternative improvements to drain the viaduct east to Butterfield Creek and reduce the flooding during heavy storm events. At that time, flooding in the viaduct was not as frequent or severe. Given today's climate conditions and other storm-water management issues in the Village, this project needs an updated review and construction to begin. The study is underway and will be available in time for planned implementation. Referendum dollars will be allocated to getting the work done if grants are not received.

**This project is sorely needed for the Village of Flossmoor for the following reasons:**

The viaduct and Flossmoor Road closure, during flood events, impedes emergency vehicle access to the east side of town in a timely manner. The lower level flooding to the downtown commercial/residential building adjacent to the viaduct has caused much distress to the downtown business district. Businesses have been forced to leave the building and relocate, at times out of Village, due to the high costs of flood damage and repairs. This issue has made it difficult for the building owner to keep the commercial units full over time. The success of our businesses in the downtown area impacts our local economy. When the viaduct is flooded, commuter access to the Metra Train Station is severely restricted. This has caused some commuters to use other stations outside of the Village. For these reasons, the time has come to address this flooding issue. Without remediation of this flooding, the future of Flossmoor's central business district and the small businesses that call it home is at risk. The health of downtown as well as the safe access through the Flossmoor Road viaduct is in the best interest of the entire community.

*5. How much will my tax bill increase if the referendum passes?*

Taxpayers will be paying about the same they are paying now because the debt the Village issued to build the Flossmoor Public Library will be paid off in 2021. The current tax levy on the library bond issue, to be paid off in 2021, is \$623,150. The estimated impact of this new bond on the tax levy is \$643,310.

*6. How much of my tax bill goes to the Village?*

Currently, only 16% of your property taxes go to the Village of Flossmoor. Approximately, 65% of your bill goes to the school districts and the remaining 19% goes to other taxing agencies shown on your tax bill.

*7. Why is the Village doing the referendum now?*

In 2002, the Village issued \$8 million in bonds to construct the Flossmoor Public Library. Since then, the Village's tax levy has included this bond repayment. The Library bonds will be paid off in 2021 and this debt

will fall off our tax bills. The Village Board has intentionally discussed pursuing this bond issue for streets and the Flossmoor Road viaduct once the Library bonds were paid off so that the Village is replacing one debt issuance with another of a similar size to minimize any additional cost to taxpayers.

#### *8. What is the timeline of this project?*

The Village Board is eager to see these improvements happen but also wants to ensure that we take advantage of grant funding to finance as many of the flooding projects as possible. Therefore, some street projects will begin in 2021 while the Village waits for notification on grants that are currently in the decision process. If no grant funding is received, the Village will commit the necessary bond funds to improve the Flossmoor Road viaduct and areas upstream in Heather Hill and the neighborhood north of downtown Flossmoor that contribute to the flooding. Any remaining monies will be dedicated to additional street resurfacing.

#### *9. What streets are impacted by this project?*



Scan the QR code to view project maps of the impacted streets or visit **flossmoor.org**. This is a preliminary list of streets to be resurfaced and could change depending upon changing conditions and cost of construction.

#### *10. How does the Village decide which streets are the priority?*

The Village completed a pavement management report in 2017 using the Pavement Surface and Evaluation Rating (PASER) system which rates on a scale from “failed” to “excellent.” The study assigned a rating to each street based on condition and identified approximately \$20 million in street maintenance and rehabilitation. Recently, the Village retained a traffic management engineer to review the 2017 report and confirm the validity of this budget. The goal of a comprehensive street resurfacing program is to make improvements to the Village-owned streets to bring them to a PASER rating of at least “very good,” which would require \$13,335,136. While the Village cannot accomplish all of that work, we have identified the worst rated streets as a place to start. Should the Village receive grant funding for the Flossmoor Road viaduct, the Village could then use more of the bond money to complete more street resurfacing. As an example, if we allocate \$3 million or \$5 million, we could fund the improvements for the PASER rated “failed,” “poor” and a portion of “fair” roadways. A \$3 million allocation would equate to 4.1 miles of rehabilitation or 23% of recommended street improvements and a \$5 million allocation would equate to 7.4 miles of rehabilitation or 37% of the recommended improvements. If we allocate the entire \$10 million bond issue to street resurfacing, we could fund the improvements for the PASER “failed,” “poor” and “fair” rated streets and a small portion of the “good” rated roadways. A \$10 million allocation would equate to 20.1 miles of rehabilitation or 75% of the recommended improvements. Should the Village complete between \$5 million and \$10 million in street resurfacing, the Village Board will decide whether to introduce crack sealing as a rehabilitation option to extend the useful life of a street and stretch the budget to its highest capacity.

When streets are resurfaced or reconstructed, the sidewalk on those streets is evaluated and replaced during the construction. Therefore, the sidewalk along the streets resurfaced or reconstructed using bond monies will be evaluated and any hazardous sidewalk will be replaced. Hazardous sidewalk is defined as a sidewalk section that has a vertical displacement of 1.5” or greater between two sections of sidewalk or any other defect that would constitute a hazard for pedestrian traffic, such as a severely spalled surface or cracked section that could create a trip hazard.

*11. I don't live on a street that needs to be paved. How does this benefit me?*

The quality of the Village's infrastructure is a community-wide issue. The condition of our roads and sidewalks contributes to the appearance and desirability of a street, neighborhood and the community as a whole. By catching up on the worst streets now, the Village will be prepared to address the other streets in the future.

The Village's annual street resurfacing program does not have enough funding to support all the current resurfacing needs, and the Village cannot continue to supplement the street program with monies which are meant to support public safety and other general services. Without a significant investment in this program, the condition of our streets will fall further behind.

*12. If resurfacing streets is a priority, why are we including sidewalks in the projects? Can we delay sidewalk replacement to spend more money on streets?*

It is efficient to assess and address any sidewalk repairs at the same time as street resurfacing is occurring on the affected streets, as well as legally required under the Americans with Disabilities Act. This methodology is consistent with our annual street resurfacing program and will keep street conditions and sidewalk conditions for a particular street on a parallel track for the future. This methodology is also consistent with the Complete Streets Policy that the Village Board adopted in March of 2020. This policy states that when a street project is being developed, other modes of transportation, such as sidewalks, will be included in the project as long as it is feasible to do so. While sidewalk replacement is efficient to complete along with the streets, street resurfacing is the priority.

*13. How much will the Flossmoor Road viaduct project cost?*

The Flossmoor Road viaduct drainage improvement project is estimated to cost between \$5.7 million and \$6.5 million. The Village's engineer is currently working on the updated study and finalizing the cost estimate for the project. Updated information will be shared with the public once it is available.

*14. I hear the Village is seeking grants for the Flossmoor Road viaduct project. Why is the Village also asking to use bond money to pay for this project?*

If the Village can obtain grants for the Flossmoor Road viaduct project, the Village can adjust and allocate more bond monies toward the street resurfacing and sidewalk replacement program. However, if grant monies are not received, the Village Board has decided the Flossmoor Road viaduct is a priority infrastructure project for the Village and improvements must be made soon.

*15. What happens if the Village receives grants for the viaduct project?*

If the Village receives grants for the viaduct project, the Village will apply those grant funds to the viaduct project and use any remaining bond funding on the street resurfacing program. The best-case scenario is that all of the viaduct repairs are paid for with grant funds, in which case the Village would have the full \$10 million to allocate to street resurfacing and reconstruction, and sidewalk improvements.

*16. What happens if the Village receives no grants for the viaduct project?*

If the Village does not receive grant funding for the viaduct project, the Village will proceed with using bond funds to pay for the improvements to the Flossmoor Road viaduct and areas upstream in Heather Hill and the neighborhood north of downtown that contribute to the flooding. In the Board's opinion, the flooding has become too frequent and too severe to wait much longer without taking any action. Restricting public safety access during flooding events and the private property damage that has occurred cannot continue. Addressing this flooding is a priority for the Village Board.

*17. The viaduct isn't the only place that floods. How will other areas benefit?*

The Village has several areas throughout the community where flooding occurs. The Village is working to address each of these areas either through Village funding or other grant programs. The Village Board chose the Flossmoor Road viaduct improvements for the bond funding because this project has the largest community-wide impact. By way of example, the Village sought and has been awarded a grant from the Metropolitan Water Reclamation District (MWRD) in the amount of \$754,000 which will be used to pay for flooding improvements to the Hagen Lane and Douglas Avenue areas of the community.

*18. Why didn't we do the viaduct work in 2005 when the Army Corps of Engineers completed the study?*

The Village did not have the funds needed to construct the necessary improvements. Further, the frequency and severity of the flooding was far less than what we experience today. The costs were not justifiable. Around that time, the Village had to choose between multiple infrastructure priorities, including sanitary sewer and storm sewer rehabilitation, developing a water main improvement program, in addition to developing multi-year programs to replace sidewalks and remove and replace parkway trees lost to the Emerald Ash Borer.

*19. If the stormwater improvements had been made to the Flossmoor Road viaduct in 2005 would viaduct flooding still be an issue?*

Most likely, yes. The 2005 viaduct study did not include analysis of Heather Hill and the neighborhood north of downtown upstream of the viaduct that have flooding problems. Further, the severity of storms has increased significantly since that time. In fact, the Village's rainfall distributions are up 20% on average for all storms. This data is from the updated Bulletin 75 rainfall data that the Illinois State Water Survey publishes and recently updated in 2019 because of the increased rainfall the State is receiving. A 100 year - 24-hour storm has increased 1 inch from the outdated Bulletin 70 to the updated Bulletin 75.

*20. How do we know the projects to fix the flooding will work?*

The Village's engineering firm consists of professional engineers who are specialists and experts in this area. They are currently completing an updated study of the viaduct's flooding issue, which will provide alternatives to remedy the flooding issue. This updated study will build upon the previous analysis completed in 2005 by CTE Engineers and the Army Corps of Engineers. While we cannot predict and prevent all future storm events and protect against all instances of flooding, the Village's goal is to significantly reduce the severity of flooding that occurs in the viaduct and surrounding area.

*21. What happens if the November 3, 2020 referendum does not pass?*

If the referendum does not pass, the Village would not complete a comprehensive street project unless and until the Village found another financing method that could provide the Village with the cash needed to complete the project. Unfortunately, that financing method would carry a higher interest rate. Street resurfacing and sidewalk projects would continue to be done on an annual basis (approximately 1 mile per year) using MFT revenues. The flooding mitigation projects would not occur until the Village finds a grant source to cover the cost of the project.

*22. If the referendum does not pass, what are other options to finance this project?*

General obligation (GO) bonds are the least expensive way to finance this project. The bonds would allow the most work to be done in a relatively short amount of time. Additional alternative methods, which would be more expensive, include an increase in the stormwater fee (which could only be used for the viaduct project), alternate revenue bonds, or special assessments or service areas, for example.

*23. What is a 'General Obligation Bond'?*

A bond is a way to borrow a large amount of money that can be used to pay for a project or projects, which is then repaid over time. Municipalities most often issue GO bonds, which means the municipality is guaranteeing repayment of the bonds through property taxes. As a non-home rule community, Flossmoor must have voter approval for the GO bonds via a referendum. Municipal GO bonds are attractive to investors because they have tax benefits and are considered to be lower risk than some other types of investment. Under a straight general obligation issue, water, sewer or other related fee increases would not be required, as the debt would be repaid by property taxes. Property taxes also represent the most dependable revenue source to repay debt and are the least expensive type of financing. An additional positive is that property taxes are deductible to some of the taxpayers in the Village.

The Village used GO Bonds to finance the building of the Flossmoor Public Library and the 2012 Water Main Improvement Program.

*24. Why does the Village want to pay for these projects this way?*

The Village does not receive enough money from the MFT to pay for the necessary investment in the street resurfacing and sidewalk replacement program without supplementing it from other funding sources currently used for other Village services. Further, the Village's stormwater utility fee does not generate enough cash to pay for the viaduct project. The Village has a "save first, then spend" philosophy for many large dollar projects, but the cost of these projects is too high to wait until we have saved enough cash. In addition, street projects become more expensive as the condition of a street worsens. If we wait until we have saved enough cash, the projects will become more expensive than as they are today.

A simplified analogy for a bond issuance is to compare it to a mortgage for a house; instead of saving for 30 years to buy a house, we purchase the house and pay it off as we use it. In the case of bonds, the bond issuance is the "mortgage" and the "mortgage payment" is the annual payment on the bonds, which the Village generates through property taxes. Another benefit to taxpayers is that a portion of property taxes are income tax deductible, whereas other funding sources would not be.

*25. How will the other streets in need of resurfacing be repaired?*

The Village will continue to use annual MFT revenues to repair the remaining streets. The bond monies will allow the Village to get the worst streets resurfaced now and maintain and repair the others over time. The Village will be in a better position to address future street resurfacing needs if we can catch up on the worst streets now. The Village will consider introducing crack sealing into our annual program, which will slow down the deterioration of streets in the future.

*26. In 2019, a State legislative change nearly doubled the Village's MFT allocation. Will this mean that the Village will be able to complete nearly double the work on an annual basis?*

While the MFT increase will help, it will not double the amount of work we can do on an annual basis, at least in the short term. The pandemic and the reduced commuting as well as the increase in fuel-efficient and alternative fuel vehicles will all impact the Village revenue sources. However, the Village also recently passed a local MFT tax impacting our two gas stations which will help with a small offset to any state-wide revenue loss. Additionally, there are other street maintenance expenses paid with MFT funds, including salt and chemicals for snow removal and pavement striping. The ability to complete a comprehensive street resurfacing program financed with the cash available through the bond monies will have a significant, positive impact on the Village's ability to catch up.

*27. Doesn't the Village have reserves (savings) to pay for this type of capital improvement?*

The Village does have allocated reserves. As of April 30, 2020, the Village has \$3,338,000 allocated for emergency reserves. This four-month allocation of expenditures is required to sustain the Village through any major loss of revenue, such as a delay in property tax disbursements. An additional \$1,151,577 is allocated for other capital improvements to benefit the Village. The Village has a long history of saving money for capital improvement projects so that debt does not need to be used. This strategy has served the Village well; it has only been when the Village capital improvements needs are so large (such as a street resurfacing program, the viaduct repairs or water main improvement) that the Village has needed to issue debt.

*28. What is the status of other infrastructure projects?*

The Village is nearly 100 years old and maintaining, replacing and improving its infrastructure is a major priority. In addition to these projects, the Village is pursuing other neighborhood flooding improvements, a new water supplier, sanitary sewer rehabilitation in Flossmoor Hills and Highlands, and reconstruction of Brookwood Bridge and the Butterfield Road culvert. The following infrastructure projects have been identified as needs (in some cases preliminary engineering or design has occurred): Central Business District Roadway, Pedestrian and Streetscape Improvements, replacement of the Dartmouth Bike Bridge, and the replacement of all water meters in the Village. These large capital improvements are in addition to annual work such as the street resurfacing program, sidewalk replacement program and parkway tree maintenance.

*29. I already pay high taxes. Why should I pay more to the Village?*

The Village recognizes that resident tax bills are high. All of us pay to receive top quality services from the Village, schools and other taxing agencies. As described above, the Village has taken fiscal management very seriously and with regard to this project, the Village has weighed all of its options to pay for this important and necessary infrastructure improvement. The Village has always placed emphasis on its core services – public safety and public works – and these projects are important to the quality of our infrastructure.

The question is how to pay for it. The Village Board has weighed the options on how best to pay for it and identified that GO bonds are the least expensive method. If grant funds cannot be obtained and the voters decide not to pay for the project through GO bonds that are repaid with property taxes, we must pursue another way besides property taxes to pay for this project. Each of the other methods are more expensive, as pointed out above. Alternatively, the Village Board could decide to do neither project without the support of the community to issue GO bonds.

Additionally, the financial impact of the referendum to taxpayers will be about what they are paying today for the debt the Village issued to build the Flossmoor Public Library, which will be paid off in 2021.

*30. What has the Village done to decrease my taxes?*

The community should feel confident that their local tax dollars are well managed, and the Village Board is appropriately responding to observed financial trends. In fact, the Village's sound financial practices and policies have been praised by Standard & Poor's (S&P), a bond rating agency. In 2009, S&P upgraded the Village's bond rating from AA to AA+, with "strong financial operations" cited as one of the four major strengths of the Village. S&P reaffirmed that rating in 2018 when the Village refinanced the Library bonds to a lower rate. Without a doubt, to receive an upgrade to the AA+ rating amid the many financial and economic challenges in recent years is an incredible achievement for the Village and its residents. The Village has held that bond rating through 2020 and is hopeful that it can be retained during this bond issuance.

Furthermore, the AA+ rating has a direct financial impact on the Village and its taxpayers. Specifically, the Village's bond rating upgrade itself accounted for nearly \$80,000 of the \$265,000 savings associated with the 2009 Advance GO Refunding Bond Issue. These savings do not impact the Village budget, but rather, are reflected directly on tax bills.

Tax payers will directly benefit from a competitive interest rate when selling these GO bonds because of the Village's excellent bond rating. Interest rates are at a historic low, making borrowing money an inexpensive option.

*31. If the cost to taxpayers is similar to what is being paid today, why isn't the Village going for a bigger debt issuance in order to do more work?*

A taxing body has a limit on how much debt it can accumulate. The amount of available debt that the Village can access, as of April 30, 2020, is \$12,159,635. The Village Board does not want to "max out" our debt and instead chose \$10 million for this debt issuance in case a critical issue emerges that requires additional debt before this bond is paid off.

*32. Why are stormwater improvements being combined with streets? Why doesn't the Village go for two separate bond issues?*

The Village is asking one question so that the Village can adapt to whether or not grants are received for the Flossmoor Road viaduct project. If grants are received, whether to pay for a portion or all of the viaduct improvements, the Village can adjust and allocate more bond monies toward the street resurfacing program.

*33. The Village already charges me a stormwater utility fee. Why can't the Village just use that money to fix the viaduct?*

The Village is permitted to assess property owners a stormwater utility fee for stormwater management purposes. That money has been designated in a separate fund to pay for stormwater management improvements and covers many stormwater related expenses that would otherwise be paid for with General Fund money. While the fee includes a capital improvement component, it does not generate enough funds to pay for such an expensive project. The fund is able to cover smaller stormwater related projects and annual maintenance of the system, such as adding catch basins and culvert repairs. The Village makes these decisions with residents in mind. To include projects of this magnitude in quarterly bills would significantly increase the bill indefinitely and take a long time to generate the cash needed to complete the project. When GO bonds are used, there is a beginning and an end to financing the project.

*34. Are there any low-interest loans or grants available for the street work?*

Grant funding or low-interest loans are not available for street work at this time. The Village continues to pursue available State and federal funding for water, sanitary and storm infrastructure.

*35. The State of Illinois had a capital bill program. Did we get any of that money?*

Like many municipalities, the State has allocated funding for the Village of Flossmoor through the Capital Bill, which is great news. The Capital Bill was approved in May 2019 and those allocations were carried over into the current fiscal year. The funding for the Capital Bill is gaming and cannabis revenue. The public act that outlines the Capital Bill's potential allocations for Flossmoor includes \$162,500 for roadway improvements and \$500,000 for the Flossmoor Road viaduct. Disbursements have yet to be made, so we cannot currently depend on that revenue. If we do receive the capital bill proceeds, it will stretch our bond funding further toward fixing our streets and sidewalks.