



At the Heart of Community

VILLAGE MANAGER'S OFFICE

70 East Main Street  
Lake Zurich, Illinois 60047

Phone (847) 438-5141  
LakeZurich.org

AGENDATEM

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**MEMORANDUM**

Date: August 13, 2020

To: Mayor Tom Poynton  
Village Board of Trustees

From: Ray Keller, Village Manager *RK*

Re: **Resolution authorizing referendum question to increase non-home rule sales tax from 0.5% to 1.0%**

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**Issue:** Approval of this resolution would authorize placing a referendum question to increase the Village's non-home rule sales tax rate by a half-cent, from 0.5% to 1.0%, on the November 3, 2020 election ballot. As the Village is not a home rule unit of government, an increase in this sales tax rate must be approved by voters prior to its implementation.

**Analysis:** In fall 2019, the Village updated its Community Investment Plan, a comprehensive list of infrastructure and facility needs to be addressed over a twenty-year horizon. To complement this effort, the Village retained BKV Architects to conduct facility assessments of the Paulus Park Barn and Fire Station #1, two of the Village's oldest facilities. The Paulus Park Barn was constructed in 1956, initially used as a developer's sales office and subsequently moved to Paulus Park as its primary building. Fire Station #1 was constructed for Lake Zurich's then-volunteer fire department in 1981, at a time when the Village's population and call volume were less half of today's. The needs assessments identified pressing space and building deficiencies that would require substantial reinvestment.

The fire at the Paulus Park barn in November 2019 accelerated recognition of these needs, prompting the Village to retain EO Sullivan to conduct a public participation process to solicit the community's input. The needs assessment had identified several options for both facilities, including minimal improvements, rehabilitating or expanding the existing structures, or replacing the buildings altogether. The outreach process found that Village residents favored investment in a one-story expansion to the Paulus Park barn and a new Fire Station #1 to address the needs identified in the assessments. The two facility improvements are estimated to cost \$15.9 million, necessitating consideration of an appropriate revenue source to fund them.

The outreach process also explored the community's willingness to fund the improvements, either through bonds funded by a property tax increase, or an increase to the Village's non-home rule sales tax, both of which would require referendum approval. In January 2020, the Village retired a twenty-year bond that had funded the construction of the new police station, resulting in a reduction in the Village's share of the property tax bill. Since 2010, the Village has invested its half-cent (0.5%) non-home rule sales tax revenues in the annual road program and related water, sanitary and storm water infrastructure improvements. As a non-home rule municipality, the Village may collect a maximum one cent (1.0%) in sales taxes if approved by referendum.

The outreach process indicated that residents greatly favored a half-cent increase in the Village's non-home rule sales tax to fund the improvements, rather than rely on a property tax increase. In FY 2019, the Village collected \$2.1 million in non-home rule sales tax for these purposes, with 50% of Lake Zurich's retail sales being made by non-residents. After accounting for the loss of Peapod (closed in February 2020) and the impacts of Covid-19 on the local economy, the Village anticipates receiving at least an additional \$1.5 million annually in non-home rule sales taxes.

To place the referendum question on the November 3, 2020 ballot, the Village Board would need to adopt the provided resolution. The format of the referendum question is established by statute and would appear as follows:

“Shall the Village of Lake Zurich be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?”

If the referendum passes, the additional sales tax increase would go into effect no earlier than July 1, 2021. These additional funds would then be available for direct (cash) investment, debt financing, or a combination of funding approaches. After prioritizing investment in the park and fire buildings, the Village would be allowed to use the increased funds for other eligible infrastructure projects, such as those identified in the Community Investment Plan.

**Recommendation:** Consistent with the Village's commitment to radical transparency, placing the referendum question on the upcoming ballot would allow Lake Zurich voters to directly decide whether to approve a half-cent sales tax increase for future facility and infrastructure investments. Staff recommend a motion to approve a Resolution Providing for the Submission of the Proposition at Referendum of Whether the Village of Lake Zurich Shall Increase its Current Local Sales Tax of 0.5% to a Rate of 1%.

**RESOLUTION NO. 2020-08-049**

**A RESOLUTION PROVIDING FOR THE SUBMISSION OF THE PROPOSITION AT REFERENDUM OF WHETHER THE VILLAGE OF LAKE ZURICH SHALL INCREASE ITS CURRENT LOCAL SALES TAX OF ONE-HALF PERCENT (.5%) TO A RATE OF 1%.**

**WHEREAS**, the Village of Lake Zurich (the "Village"), is a duly incorporated and existing non-home rule municipality, created under the provisions of the laws of the State of Illinois, and now operating under the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto; and

**WHEREAS**, the Village has considered and determined that certain Village expenditures will require new or increased revenues; and

**WHEREAS**, the Village has carefully studied and considered the possible sources of such additional revenue and determined that, at present, the most equitable and economical revenue solution would be an increase of a local sales tax in the Village; and

**WHEREAS**, pursuant to 65 ILCS 5/8-11-1.1 of the Illinois Municipal Code, as a non-home rule municipality, the Village is authorized to impose or increase a local sales tax to no greater than 1%, if approved by the voters of the Village; and

**WHEREAS**, pursuant to 65 ILCS 5/8-11-1.1 through 5/8-11-1.5 of the Illinois Municipal Code, the Village can initiate a referendum, to be submitted to the voters of the Village, on the question of whether the Village should be authorized to increase its current local sales tax to no greater than 1%; and

**WHEREAS**, such a local sales tax, if approved by the voters of the Village, is authorized to be imposed on all persons engaged in the business of selling tangible

personal property at retail in the Village under the Illinois Municipal Retailers Occupation Tax, Municipal Service Occupation and Municipal Use Tax Acts (collectively referred to as the “local sales tax”).

NOW THEREFORE, BE IT RESOLVED by the President and the Board of Trustees of the Village of Lake Zurich, Lake County, Illinois, as follows.

**SECTION 1:** That pursuant to 65 ILCS 5/8-11-1.1 of the Illinois Municipal Code, and other applicable law, the President and Board of Trustees of the Village hereby find that it is in the best interests of the Village, and in furtherance of the general welfare and safety of the Village to increase the current local sales tax of one-half percent (.5%) by another one-half percent (.5%) to an amount no greater than 1% upon all persons engaged in the business of selling tangible personal property in the Village.

**SECTION 2:** That the following proposition shall be submitted to the voters of the Village at the general election to be held on Tuesday, the 3rd day of November, 2020 (the “Election”):

“Shall the Village of Lake Zurich be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?”

**SECTION 3:** That the Election shall be held in the voting precincts and at the polling places established for the Village by the County Clerk of the County of Lake, Illinois (the “County Clerk”).

**SECTION 4:** That notice of said Election (the “Notice”) shall be given in accordance with the Election Code of the State of Illinois, 10 ILCS 5/1-1 et seq., (the

"Code") by the County Clerk by (i) publishing a Notice not more than 30 nor less than 10 days prior to the date of the Election in a local, community newspaper, having general circulation in the Village, and (ii) posting a copy of the Notice at least 10 days before the date of the Election at the principal office of the County Clerk, all in accordance with Article 12 of the Code.

**SECTION 5:** The Village shall also post a copy of the Notice at the principal office of the Village at least 10 days prior to the date of the Election.

**SECTION 6:** That where an electronic, mechanical, or electric voting system ("Electronic Voting System") is used at the Election, a true and legible copy of the specimen ballot label to be used at the Election shall be published and made available for public distribution and shall be supplied to the judges of said Election for posting in the polling places on the date of the Election, as required by Section 24A-18 of the Code.

**SECTION 7:** That it is hereby found and determined that the *Daily Herald* is a local community newspaper having general circulation in the Village as required by Sections 12-4 and 12-5 of the Code.

**SECTION 8:** That said Notice shall include the following:

### **NOTICE OF ELECTION**

#### **Village of Lake Zurich**

NOTICE IS HEREBY GIVEN that at the general election to be held on Tuesday, November 3, 2020, the following proposition will be submitted to the voters of the Village of Lake Zurich, Lake County, Illinois:

“Shall the Village of Lake Zurich be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to

levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?"

The polls at the election will be open at 6:00 a.m. and will continue to be open until 7:00 p.m. of that day.

DATED at \_\_\_\_\_, Illinois, this \_\_\_\_ day of \_\_\_\_\_, 2020.

/s/ Robin M. O'Connor  
County Clerk of the County of Lake, Illinois.

SECTION 9: That the ballot to be used at the Election shall be in substantially the following form with such alterations, changes, deletions and insertions as required by Article 24A of the Code if an Electronic Voting System is used at the Election:

(FACE OF BALLOT)

Ballot for voting on proposition whether the Village of Lake Zurich shall be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?"

OFFICIAL BALLOT

INSTRUCTIONS TO VOTERS: Mark a cross (X) in the square opposite the word indicating the way you desire to vote.

"Shall the Village of Lake Zurich be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?"	YES	
	NO	

(BACK OF PAPER BALLOT)  
OFFICIAL BALLOT

General Election - Tuesday, November 3, 2020  
VILLAGE OF LAKE ZURICH  
LAKE COUNTY, ILLINOIS

Ballot for voting on proposition whether the Village of Lake Zurich shall be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for municipal operations, public infrastructure, or property tax relief?"

/s/ Robin M. O'Connor  
County Clerk of the County of Lake, Illinois.

**SECTION 10:** That the Election shall be conducted by the election judges appointed by the County Clerk to act in the voting precincts at which said proposition will be submitted to the voters of the Village.

**SECTION 11:** That the Village Clerk of this Village shall, not less than 68 days before the November 3, 2020 general election, certify to the County Clerk the proposition as hereinabove set forth to be submitted to the voters of this Village at said Election. Such certification shall include the form of the public question to be placed on the ballot, the date on which the public question was initiated by the adoption of this Resolution, and a certified copy of this Resolution, and shall be substantially in the form of **EXHIBIT A** attached hereto and hereby made a part of this Resolution.

**SECTION 12:** That said Election shall be held and conducted and the returns thereof duly canvassed, all in the manner and the time provided by law.

SECTION 13: That all orders, resolutions and ordinances, and parts thereof, in conflict herewith shall be and the same are hereby repealed, and that this Resolution shall be in full force and effect immediately upon its passage and approval as provided by law.

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Passed by the corporate authorities of the Village of Lake Zurich on the 17th day of August, 2020 by the following roll call vote:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Tom Poynton, Village President

ATTEST:

\_\_\_\_\_  
Kathleen Johnson, Village Clerk

EXHIBIT A

STATE OF ILLINOIS     )  
  )  
COUNTY OF COOK         )     SS

TO: Robin M. O'Connor  
Lake County Clerk  
18 N. County St.  
Waukegan, Il. 60085

VILLAGE CLERK'S CERTIFICATE  
TO ELECTION AUTHORITY

I, the undersigned, duly qualified and acting Clerk of the Village of Lake Zurich, Lake County, Illinois (the "Village"), pursuant to the applicable provisions of the Illinois Municipal Code and the Illinois Election Code, do hereby certify the following information in connection with the public question to be submitted at the general election scheduled for November 3, 2020, of whether the Village of Lake Zurich shall be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for municipal operations, public infrastructure, or property tax relief, in accordance with Illinois law:

1. That attached hereto is a true and correct copy of a Resolution entitled:

"A RESOLUTION PROVIDING FOR THE SUBMISSION OF THE PROPOSITION AT REFERENDUM OF WHETHER THE VILLAGE OF LAKE ZURICH SHALL INCREASE ITS CURRENT LOCAL SALES TAX OF ONE-HALF PERCENT (.5%) TO A RATE OF 1%"

which Resolution was duly adopted by said President and Board of Trustees at a meeting held on the 17<sup>th</sup> day of August, 2020, and approved by the President of the Village of Lake Zurich on the 17<sup>th</sup> day of August, 2020, at which meeting a quorum of said President and Board of Trustees was present, and which Resolution requires the submission to the voters of said Village of the following public question:

"Shall the Village of Lake Zurich be authorized to increase its current one-half percent (.5%) sales tax by another one-half percent (.5%) to levy a 1% sales tax to be used for public infrastructure, municipal operations, or property tax relief?"

2. That the aforesaid Resolution includes the form of a public question to be placed on the ballot for the regularly scheduled general election to be held on November 3, 2020, and that said public question was initiated by the President and Board of Trustees of the Village of Lake Zurich, Lake County, Illinois, by the adoption of said Resolution on August 17, 2020.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Village Clerk  
Village of Lake Zurich

**LAKE COUNTY CLERK**  
**FILING CERTIFICATE**

I, Robin M. O'Connor, County Clerk of Lake County, do hereby certify that I am the duly qualified and acting County Clerk of the County of Lake, Illinois, and as such official I do further certify that on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, there was filed in my office a certified copy of an Ordinance entitled:

**A RESOLUTION PROVIDING FOR THE SUBMISSION OF THE PROPOSITION AT REFERENDUM OF WHETHER THE VILLAGE OF LAKE ZURICH SHALL INCREASE ITS CURRENT LOCAL SALES TAX OF ONE-HALF PERCENT (.5%) TO A RATE OF 1%.**

Adopted on the 17<sup>th</sup> day of August, 2020, by the President and Board of Trustees of the Village of Lake Zurich, Lake County, Illinois, and approved by the President of the Village of Lake Zurich on the 17<sup>th</sup> day of August, 2020, and the accompanying Village Clerk's Certificate to Election Authority, and that the same have been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I have hereunto set my official signature and the seal of the County Clerk this \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Robin M. O'Connor, County Clerk  
Lake County, Illinois

(Seal)