

December 7, 2015

Dear Neighbors:

Now that we have the Draft Feasibility Study it is possible to make a preliminary estimate as to what the project would cost individual taxpayers based on the information provided by the ACOE. Please keep in mind the calculation is based on the ACOE initial cost estimate and has a strong possibility of changing.

The calculation uses these two assumptions:

- 10 year pay back of the initial cost without interest.
- The cost of re-nourishment during the project does not change due to inflation.

The re-nourishment costs can be viewed as an annual expense and saved in a reserve account to be used as needed. Thus not subject to any interest costs.

<u>Initial Cost Sand Placement</u>	\$23,665,000
Village Share 10.5%	\$2,484,825
Per year over 10 years	\$248,482

<u>Re-Nourishment Cost</u>	\$57,765,000
Village Share 15%	\$8,664,750
Per year over 50 years	\$173,295

For the first ten years the Village will need \$421,777 (\$248,482+\$173,295) per year and for the remaining forty years \$173,295.

How does this affect you as an individual homeowner?

Based on the Village's present total net assessment of 14,184,439 the cost per \$100 of assessment for the first 10 years is approximately \$2.97 (\$1.75+\$1.22). The cost per \$100 of assessment for the remaining 40 years is \$1.22.

To calculate your annual estimated tax cost you can use the following example by substituting your assessment in place of the 30,000.

For a property assessed at 30,000.

$30,000/100 = 300 \times \$2.97 = \$891$ per year for the first 10 years.

$30,000/100 = 300 \times \$1.22 = \$366$ per year for the remaining 40 years.

The Village may have to borrow money to pay for the original sand placement. For example, at a 3% straight interest rate over ten years the costs would be as follows.

<u>Initial Cost Sand Placement</u>	\$23,665,000
Village Share 10.5%	\$2,484,825
Per year over 10 years	\$248,482
Interest at 3% per year	\$74,544
Total Cost to Village per year over 10 years	\$323,026

This would increase the cost to \$3.50 per \$100 of assessment over the first ten years. A typical property assessed at 30,000 would now pay \$1050 in taxes per year for first ten years.

Once again, I stress that this is a preliminary estimate based on the Draft ACOE numbers and the assumptions used. Clearly, there still could be a substantial change in the actual cost once the project goes out to bid. The Village plans to seek additional funding assistance and favorable payment terms as the project moves forward. I feel that it is critical that you have this information as you consider the viability of the proposed project based on its benefits versus its costs.

Regards,
Mayor Greg Letica