

The Plan by Deborah Birutis **2009**

Winfield's Outlook

Winfield is in a stronger position financially than it has been in a long time. From 2005/2006 thru 2008/2009 the Village of Winfield has had a balanced budget for 4 years. Winfield's revenues in the General Fund are forecasted to be \$3.9 million in 2009/2010. Expenses in the General Fund are expected to come in at about \$3.8 million resulting in a small positive balance.

To maintain a strong financial position in the future Winfield must continue to increase all revenue streams while managing our operational expenses. It is no different than any business or any other community. With my background as a Vice President of Finance and Controller for various manufacturing and high tech corporations and experience as a current member of the Village's Administration and Finance Committee, I can help insure that we continue to build a financially secure Winfield.

Revenue Streams

Currently, the biggest sources of revenue for our village are property taxes, state income taxes and utility taxes. Impact fees for new developments and sales taxes are other potentially significant sources of revenue.

State Income Tax Revenue

The Village currently receives about \$830,000 annually in revenue from state income tax. The funds that the Village receives are based on population figures. The estimated State of IL shared revenues per capita for 2009 is \$106.50. The last census was done in 2000. The next one will be done in 2010.

Sales Tax Revenue

In the 2009-2010 budget, Winfield is expecting to receive \$400,000 in revenue from retail sales tax. In 2006/07 Winfield's sales tax was \$330,000 and has grown

by an average 7% per year for the last 3 years. This is based on 1% of the State of Illinois sales taxes collected in the community. Service industries and business offices generate little or no sales tax revenue for the Village of Winfield. We need to have a mixture of Retail and Service/Office businesses in our Village but a building comprised of 100% non-retail businesses would result in zero retail sales tax dollars to the Village.

Based on the Town Center Development Plan there are 43 acres downtown and based on the Comprehensive Plan there are another 120 acres in key areas 1A, 1B, 2, 3B and 7. These areas are already planned for commercial use. Using conservative sales estimates, the existing commercially zoned areas yet to be annexed into the village, along with the revitalization of town center, could potentially generate **\$2,000,000 in additional sales tax revenue for the Village.**

The sales tax revenue summary:

1. Develop Town center first: Based on the Village's official Marketing and Capacity Study by Houseal & Lavigne Associates completed December 2008, the estimated retail sales increase the Village can expect from Town Center is \$400,000 which doubles our current sales tax revenues. This does not include the TIF money that would be generated. Based on a study from Kane, McKenna and Associates Inc, our TIF has a base value of \$5.1 million and by estimating the equalized assessed valuation with no further development (if Town Center remained "as is") the TIF would generate \$6.0 million in incremental property tax over the remaining 19 years of the TIF (2009-2028). What this means is that in today's bond market we can jump start our town center by taking out a \$2.3 million bond and begin assembling land to develop key areas based on the Marketing & Capacity Study. Then this next development will continue to compound our revenues for more revenue generating areas within the TIF. This area must be concentrated on first to get the biggest return on our investment! Smart growth is paramount to making our downtown a reality. More on this topic will be discussed later in this plan.

2. Key areas 1A, 1B, 2, 3B and 7 total 120 acres. If we assume a conservative 30% building to land ratio and \$0.95 for calculating the sales tax revenue generated annually, the revenue potential would total approximately \$1,500,000.

To put these numbers in perspective, the current Comprehensive Plan and Town Center Development Plan will provide an increase in sales tax revenue from \$400,000 to \$2,300,000 annually!

With \$2.3 million in sales tax revenue, Winfield’s retail sales would compare very favorably to some of the surrounding towns which are considerably larger.

<u>Municipality</u>	<u>2007 Annual Sales Tax Revenue</u>
Wheaton	\$6,393,261
Glen Ellyn	2,984,891
West Chicago	3,672,571
Carol Stream	7,859,446
Warrenville	4,543,147

With the Illinois Department of Revenue report showing the 2003 retail sales potential for Winfield at over \$114 million which would be equal to \$1,400,000 in retail sales tax revenue, I do believe that \$2,300,000 is a realistic goal especially when previously mentioned key areas are annexed into the Village of Winfield.

Winfield has one of the highest per capita incomes in Du Page County. Most importantly, we have Central Du Page Hospital (CDH) within our borders. CDH will be a strong partner in Winfield’s growth and prosperity. The hospital almost doubles Winfield’s population on any given day through its employees, visitors and daily patients. They will continue to work closely with the Village of Winfield to bring about the beautiful Town Center we all desire. A representative from CDH has made recommendations while on the Marketing and Capacity Steering Committee and now CDH is a member of the Community Marketing & Development Task force instructed to implement the Marketing Plan.

Winfield’s Town Center

Winfield residents have clearly made downtown the development priority. In an August 2005 survey conducted by Main Street Winfield, residents identified food stores and restaurants as the key types of stores they would like to see downtown (publication: Winfield Stuff, August 2005). Also the 2008 Marketing & Capacity Study clearly identifies the type of stores that fit our demographics and also satisfy the Main Street survey. The development of Town Center alone would double the current sales tax revenues. The Village Board and the residents need to focus their efforts to make sure our vision of downtown becomes a reality. Again this does not consider the additional property tax generated by the downtown TIF district.

Tax Increment Financing

The Village of Winfield has created a TIF district for downtown. With this tool, Winfield can generate funds for roads or sewers, and provide incentives to attract new businesses without tapping general municipal revenues or raising taxes. When a TIF redevelopment project area/district is created, the value of the property in the area is established as the “base” amount. The property taxes paid on this base amount continue to go to the various taxing bodies as they always had, with the amount of the revenue declining only if the base declines or the tax rate goes down. It is the growth of the value of the property over the base that generates the tax increment. This increment is collected into a special fund for use by the Village to make additional investments in the TIF project area. This reinvestment generates additional growth in property value, which results in even more revenue growth for reinvestment. Spending this money on non-revenue generating areas is not wise and I will not agree to this type of spending until we have exhausted all revenue generating opportunities.

True Cost of Development

With all the outstanding opportunities to increase sales tax revenue, it is important to understand that commercial and retail development come at a cost. Commercial development increases traffic, wear and tear on the roads, increases the need for police and fire protection services, and lowers surrounding residential property values. The amount of sales tax revenue could fluctuate dramatically depending on the type of businesses involved and the financial success of those businesses.

Many developers also insist that high density residential development is needed to fuel retail sales. It should be noted that high density developments, such as townhome projects, bring in less revenue for local governments than the cost of servicing those developments. A study by the Du Page County Planning Department demonstrated that new development tended to increase property taxes for all residents. Communities in the county with the most rapid growth rate tended to have the greatest tax increases as referenced by this study.

A second study by the Metropolitan Planning Council (greater Chicago area) looked at a six county region surrounding Chicago and confirmed the findings of the Du Page County study. The study reached several more general conclusions: population growth tends to increase residential tax burdens and fast growing areas that do not increase taxes will tend to see a reduction in public services.

The simplest explanation for why growth burdens local resources is that it creates a need for costly new or upgrades of existing infrastructure to serve new development – water/sewer lines, roads, police and fire protection, parks, libraries, new schools, etc. While the taxes paid by new development are generally designed to cover the cost of providing on-going services, they are not adequate to cover the additional capital costs of the new expanded facilities which new development requires.

This does not mean that we should not have commercial development, but rather, we should make sure that the development is very well thought out and has a high probability of financial success. This is what the current Comprehensive Plan (1994 & 2001) does.

Impact Fee Revenue

Impact fees are charges assessed by counties and municipalities to developers to recover the costs that future tax revenues might not cover. The impact fees should be reviewed every year. Until action was taken by this current Board, these fees had not changed since 1989. As a consequence, development has taken place with the tax burden being placed squarely on the shoulders of the existing residents.

According to the APA (American Planning Association) the local Chicago land average in 1998 for impact fees is \$9,425 per unit. Estimating a 4% increase each year the average for impact fees would be \$13,415 per unit in 2007. This simple change will help insure that development helps pay for its impact to the community.

How have the revised impact fees benefited the community? For the Shelburne Farms/Highlake development, revenue from the revised impact fees alone will contribute an additional \$1,025,923 to Winfield and other taxing bodies.

The incremental revenue generated by the increased impact fees for Shelburne Farms/Highlake Property will provide the following revenue **above and beyond** the old impact fee rates:

Village of Winfield	\$532,315
School District #34	89,680
School District #94	33,832
Fire District	100,456
Park District	224,232
Library	\$45,408
Additional	\$1,025,923

These revised impact fees, will also generate an additional \$300,000 to the governmental bodies for the newly approved Lee Station III development which broke ground in 2006. **To make sure that the Village of Winfield continues to receive its fair share of revenue from new development all impact fees will be reviewed on an annual basis. These fees are available for road maintenance and were increased to help pay for some of the road improvements.**

Property Tax Revenues

Property Tax revenue for Winfield is budgeted to be around \$600,000 for 2009-2010. **Outside of utility taxes, this is the largest source of revenue for the Village. Property taxes are also the most sustainable streams of revenue.**

The Village receives \$0.2226 per \$100 of assessed valuation (2008 rates) of the resident's property tax. The attraction of property tax revenues is that they show a steady growth over time. For example, the new Shelburne Farms development will add an additional \$100,000 in property tax revenue directly to the Village's \$600,000. Plans to add significant property value through annexation according to the 2001 Comprehensive Plan should be a priority for the Village. The areas 1A, 1B, 2, 3B, 6 and 7 are currently unincorporated and planned for commercial use. In a majority of these areas lies vacant land which can be developed commercially

and add additional revenue to not only the Village but Library, Park District, Fire District, School District and County.

Summary of the 120 acres as described in the 2001 Comprehensive Plan:

Key

<u>Area</u>	<u>Acres</u>	<u>Description</u>
1A	23.22	Southwest corner of North/St. Charles, several vacant parcels, small motel and restaurant.
1B	40.32	Southeast corner of St Charles and County Farm Road. Land comprised 50% vacant directly on the corner, remaining area heading east on St Charles described as light industrial. DTA Sports Center recently signed a pre-annexation agreement to be part of Winfield once they are contiguous.
2	20.00	Directly south of Great Western Trail and East of County Farm road. Currently one single family residence is located on the property and is "For Sale".
3B	24.00	Northwest corner of Geneva Road and Gary Avenue, extending West to Mission Court. Current uses are businesses, animal hospital and a gas station.
7	13.11	Northwest corner of Geneva and County Farm Roads. Current use is a mobile trailer park. A high quality retail commercial development is appropriate for this area.

Total 120.65 acres

Using the 30% building to land ratio for the 120 acres, land sold at \$5.00 per square foot, and building construction costs at \$110 per square foot.

The land value would be 120 acres at \$5.00 sq. ft equaling \$26,136,000
The building value would be 36 acres (120x30%) at \$110 sq. ft equaling \$172,497,600 and the combined value would be \$198,633,600 with an assessed value of \$66,144,989.

Applying 2007 tax rates to the assessed value of \$66,144,989 the results are detailed below:

Winfield Library District	\$ 118,267 annually
Village of Winfield	147,239
Fire Protection District	179,189
School Districts	3,097,174
Park District	298,314
County	336,480

Total Property Tax Revenue \$ 4,176,663 annually

The Village of Winfield and the Library would benefit at 100% due to annexation of the key areas listed above, while the other taxing bodies' additional revenue would be slightly less due to the existing assessed values these areas currently have on the tax rolls.

Utility Tax Revenues

The Village collects revenues for electric, gas and telecommunications utilities. The village collects these revenues on the sale of these utilities to local residents at the rate of 5% of the total bill which fluctuates based on demand, pricing and the weather seasons. All of these utility revenues will naturally increase over time. **Currently, Utility taxes are the single largest source of revenue for the village. The village will collect approximately \$1,000,000 in Utility taxes this 2009/2010 fiscal year.**

Utility tax revenue may be further increased through annexation and commercial development. Restaurants are particularly desirable since they are one of the largest users of water which generate usage fees for Winfield.

Doing the Math:

In summary, if the Village of Winfield does nothing else but:

- Develop Town center.
- Annex and develop the areas in our 1994 & 2001 Comprehensive Plan as stated in this plan.
- Make sure new development pays its own way through Impact fees and other **appropriate** fees (SSA, permit, administrative reimbursement).
- Continuously monitor and improve operational costs of the Village.

The Village of Winfield can add about \$2.5 million to our revenue base on an annual basis. This revenue will be sustainable and can grow with the village.

This does not take into account utility taxes, state income taxes and existing property taxes that will naturally increase over time. It also does not include impact fees, special service fees, permit fees, and other revenue generating options.

Put another way, we can raise our General Fund revenues to over \$7.0 million on an annual basis by executing the 1994 & 2001 Comprehensive Plan and the 2002 Town Center Development Plan and the 2008 Town Center Marketing & Development Study.

Our expenses have been relatively unchanged since 2002. Even if we assume that total operational costs increase 3-5% per year, it puts our General Fund in a strong financial position for at least the next 20 years.

The Plan:

1st Year Goals:

Administrative:

- Hire qualified, full-time Village Manager
- Appoint my replacement to ensure balanced representation for all of Winfield.
- Hold strategic planning session with new Board to establish priorities and responsibilities.
- Develop 4 year plan (based on term in office) that can be evaluated by residents.

Fiscal:

- Continue balanced budget policy with goal of at least 5% annual revenue increase while maintaining only a 3% annual cost increase.
- Create 4 year fiscal plan which identifies and projects all revenue streams and cost centers. The length coincides with my term in office.
- Prioritize Town center development: 1. Assign Plan Commission to review building codes and establish new ordinances to incentivize new businesses to locate in Winfield. 2. Negotiate a written agreement with CDH regarding

key downtown property. 3. Relocate Fire Station, Post Office, and Village Hall to make room for retail. 4. Create a marketing brochure and begin marketing Winfield to quality developers and new businesses 5. Land assembly is paramount to town center- work with land owners to relocate them. 6. Identify budget and issue a municipal bond to jump start town center development (see page 2).

- Work with local business owners, Chamber of Commerce and property owners to create a plan for energizing and marketing existing businesses. Establish Task Force which includes Chamber members who live in Winfield, Chamber members who are non-residents, businesses that are not Chamber members, residents and government entities.
- Identify new annexation targets and begin negotiations.

Roads:

- Instruct Traffic & Transportation Committee to identify all possible grant money and funding options for the \$5.5 million needed to repair our roads.
- Meet with residents in town hall meetings to explain the funding options, gain a consensus and, within one year, fund the project and proceed with critical road repair program.
- Work with CDH to inform the hospital of the community needs and to ask for their help.

Flooding:

- Identify reasons behind flooding issues and analyze the results of Engineering study by Rempe-Sharpe (Board approved study and currently waiting recommendations from engineering firm).
- Work with Du-Page County on a potential detention/retention pond, with Forest Preserve for potential dredging of the creek and with surrounding municipalities to implement projects that will reduce flooding.

Communications:

- Improve communications with key community entities by creating liaison positions. Each Trustee will be assigned to one of the following: Chamber of Commerce, CDH, Fire District, Park District, School District 34 & 200 and Library District.

- Personally produce and write monthly newsletter with more planning/detail than our current literature which historically has been written by the Village Manager.
- Hold monthly “Coffee with the President/Mayor” for the residents on the 1st Saturday of each month.

The Plan:

2nd-4th Year Goals:

- Continue all ongoing activities from 1st year with residential and retail areas.
- For Winfield’s Town Center to be successful it needs to be differentiated from surrounding municipalities. In marketing terms, Winfield’s downtown needs a unique selling proposition. I believe we already have one. Winfield is known for its beautiful tree-lined, park-like atmosphere. Unlike other typical commercial developments that are simply a mass of concrete and bricks, Winfield’s Town Center can incorporate and enhance our beautiful natural surroundings. We need to build our downtown to include trees, green space, a river walk, bike trails, and possibly the Levitt Pavilion. People will be able to live, dine and shop in Winfield’s park-like town center. Can you see it?

Downtown in the Park!

- Look at developing other areas outside of town center that are zoned commercial in our 2001 Comprehensive Plan.
- Address flooding issues identified in engineer’s plan.
- Adjust strategic plan as necessary to maximize revenue, contain costs and generate funds to properly maintain our infrastructure.