

# CAPITAL PROJECTS FUND

## REVENUE FOOTNOTES

The Capital Projects Fund is used primarily for the design, construction, and significant maintenance of streets, storm sewers and sidewalks within the Village. Funding is primarily obtained through taxes on the use of natural gas, electricity and telecommunications services. Additional significant revenue sources include a real estate transfer tax which is assessed at a rate of \$3 per \$1,000 selling price on the sale of real estate (implemented in December, 2000) and a November 2000 voter approved bond referendum for the financing of \$18,000,000 in storm sewer system improvements as part of the \$57 million (1999 dollars), 20 year street and storm sewer improvement plan.

Other revenues include a stormwater “fee in lieu” which is collected on developments that add impervious surface area and are unable to provide adequate on-site detention of storm-water runoff. These impact fees are used to fund storm sewer system improvements in the Village. The Capital Projects Fund also generates some additional revenues through the periodic sale of unneeded Village-owned land/rights of way and applies these funds toward future Village property purchases where desirable.

There has been significant activity in this Fund since the approval of the 2000 street and storm sewer referendum including 10 year General Obligation bond financing for the 17 specific storm sewer projects identified in the program. Bond financing activities include:

<u>Fiscal Year</u>	<u>Amount of Bonds</u>	<u>Sale Date / 10 Year Bonds</u>
FY01	\$ 4,000,000	January, 2001 (4.02% avg. interest rate)
FY03	9,000,000	August, 2002 (3.43% avg. interest rate)
FY04	<u>5,000,000</u>	April, 2003 (2.93% avg. interest rate)
Total	<u>\$18,000,000</u>	

Available Cash Analysis – The projected change in available cash balances for the current (FY05) and next (FY06) fiscal years is summarized below:

Available, May 1, 2004	\$14,257,000
Estimated FY05 Inflow / (Outflow)	(5,170,000)
Budgeted FY06 Inflow / (Outflow)	<u>(4,990,000)</u>
Projected Available, April 30, 2006	<u>\$4,097,000</u>

## REVENUE FOOTNOTES

### 1. **Telecommunications Tax: (\$1,250,000)**

This revenue source is derived from a 6% tax on telecommunication services within Glen Ellyn. Monthly payments are received from the Illinois Department of Revenue which, in January, 2003, took over as the centralized collection agent for all municipally-imposed telecommunications taxes. Prior to this, the Village directly received monthly tax returns and payments from some 80 to 100 individual telecommunications companies. This change was one of the results of legislation approved in February, 2002 which adopted the "Simplified Municipal Telecommunications Tax" which, in effect, increased municipalities' authority to increase their maximum tax rate from 5% to 6% while eliminating the 1% infrastructure maintenance fee which was found by the Illinois Supreme Court to be an illegal tax and not a fee. The corrective legislation resulted in no additional revenues for Illinois municipalities.

Glen Ellyn's 6% "simplified" telecommunications tax is allocated as follows:

- 5% - received as Capital Projects Fund revenue
- 1% - received in General Fund revenues (replacing the prior 1% Infrastructure Maintenance Fee)

Our FY05 revenue estimate of \$1,320,000 includes a one-time tax back-payment of \$70,000 received by one major telecommunications company who discovered they had not been remitting tax on a portion of their sales.

The budget projection of revenues to be generated through the telecommunications tax for FY06 represents a 7.5% reduction from the FY05 budget due to actual revenue receipts in FY05 and due to increasing uncertainties created by emerging technologies in the telecommunications industry such as VOIP (voice over internet protocol) which do not generate tax revenues for the Village.

### 2. **Electricity Use Tax: (\$950,000)**

Prior to 1998, the Village imposed a utility tax of 5% of gross charges on electrical companies. Changes in State law at that time resulted in the conversion of this tax to a use tax based on the number of kilowatt hours of electrical consumption per month (Village Ordinance VC-4618; 7-27-98). This revenue source is affected by weather and its impact on usage of electricity.

### 3. **Natural Gas Use Tax: (\$320,000)**

In December, 2003 the Village converted its 5% of gross charges natural gas utility tax to a use based tax of 2¢ per therm of natural gas used (effective 2-1-04) in order to:

- ✓ Provide equity among Glen Ellyn taxpayers. Those who purchased their natural gas from an out-of-state supplier did not pay tax on the gas they purchased. Under the

- new form of tax, all Glen Ellyn customers will pay the same tax.
- ✓ Provide some stabilization in the amount of tax collected from residents. The 2¢ per therm use tax is not tied to the market price of natural gas, therefore taxes collected will not increase as gas prices go up.
  - ✓ Achieve revenue stability. We can expect that future revenue streams will be more consistent and predictable because natural gas prices will no longer impact the computation and collection of the tax. We estimate that those customers who use out-of-state gas suppliers, and hence, were not taxed, will add an additional \$100,000 of revenue annually to our Capital Projects Fund, while customers who have always paid the tax will see no increase on average.

The chart on the following page summarizes the Village's collections of gas taxes and average natural gas prices over the past 7 years:

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Natural Gas Price per Therm</u>
FY04/05 Est.	\$300,000	67.6¢
FY03/04	417,338	60.8¢
FY02/03	332,111	48.8¢
FY01/02	214,701	29.3¢
FY00/01	446,081	61.8¢
FY99/00	251,637	32.1¢
FY98/99	249,457	26.3¢

Our revenue projection for FY06 is based on 16 million therms of gas consumed in Glen Ellyn at a rate of 2¢ for a total of \$320,000. This amount is less than fiscal years 2004, 2003 and 2001 because natural gas prices were unusually high in those years. Our projection that the 2¢ per therm use tax would generate an additional \$100,000 in revenues was when compared to years such as 2002, 2000 and 1999 when gas prices were more moderate.

4. **Real Estate Transfer Tax: (\$860,000)** - Collections of this tax first began on December 1, 2000. This revenue source is dedicated to help pay for the 20 year street/sewer program as recommended by the Capital Improvements Commission and approved by the Village Board in July, 2000. Specifically, this revenue source is allocated to pay for expenses incurred in the "Street Program" line item as defined in Ordinance 4872, adopted August 28, 2000. See introduction to revenue footnotes for more information.

5. **State Grants:**

<u>Grant Name</u>	<u>FY03/04 Actual</u>	<u>FY04/05 Estimate</u>	<u>FY05/06 Projected</u>
Roosevelt Rd Streetlight (DCCA)*	<u>\$450,000</u>	<u>\$0</u>	<u>\$0</u>

\* Second and final payment for a total of \$900,000 State reimbursed expenses from Illinois First.

6. **Storm Water Ordinance (fee in lieu): (\$60,000)**

Ordinance 4738-VC adopted on July 26, 1999 amended local stormwater and flood plain regulations which established a fee to be paid by the petitioner of certain developments where sufficient stormwater drainage requirements could not be satisfied. Proceeds received from this fee are to be used to “enhance existing runoff storage facilities and related components, construct off-site facilities and related components, provide maintenance of stormwater facilities, or undertake other development that provides a watershed benefit.”

Proceeds collected from the stormwater ordinance since 1999 which are available for future uses specified in the ordinance are shown in the table below:

Village of Glen Ellyn  
Summary of Stormwater Fee-in-Lieu Payments  
October, 1999 to April, 2005

**Capital Projects Fund - Account: 4000-440400**

<u>Ord #</u>	<u>Approved</u>	<u>Project</u>	<u>Address</u>	<u>Amount</u>
4629	09/14/98	Medical Office Building	444-448 N. Park Blvd	\$ 1,500
4730	06/28/99	Hinsbrook Bank & Trust	500 Roosevelt Rd	41,340
4805	01/24/00	Shell Gas Station	631 Roosevelt Rd	50,997
4829	04/10/00	First Congregational Church	535 Forest Ave	1,590
4848	06/12/00	Dental Office	408 Pennsylvania Ave	3,959
5005	10/22/01	Crescent Station Condominiums	586 Crescent Blvd	23,850
5129	01/27/03	Harris Bank	405 Pennsylvania Ave	33,390
5189	09/08/03	BP Amoco Gas Station	339 Roosevelt Rd	50,880
5193	09/22/03	The Mews	460 Pennsylvania Ave	69,960
5253	04/12/04	National City Bank	524 Roosevelt Road	<u>23,850</u>
Total as of 4-30-05				<u>\$ 301,316</u>

7. **Miscellaneous Revenue: (\$900,000)**

Ackerman Park/North Side Storm Water Retention Project	
Sale of Walgreen's retention basin lot on Main Street	\$350,000
Parkside Church contribution	35,000
Limits Avenue Vacation (south of Hawthorne Blvd.)	250,000
Brandon Avenue Vacation (north of Roosevelt Rd.)	200,000
School District 41 reimbursement for storm water control work done by Village contractor at Ben Franklin School west of Bryant Avenue in 2004	50,000
Miscellaneous (including LED traffic signal grant)	<u>15,000</u>
Total	<u>\$900,000</u>

8. **Interfund Transfer – General Fund: (\$200,000)** - This transfer represents a re-allocation of MFT funds from the General Fund to support street and storm sewer capital projects each year.