

## CAPITAL PROJECTS FUND

### REVENUE SUMMARY AND 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, projected to total \$2.6 million in FY06/07. 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. Bonds were issued in 2001, 2002, and 2003.

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 to be 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 (FY05/06) and next (FY06/07) fiscal years is summarized below:

Available, May 1, 2005	\$9,132,000
Estimated FY05/06 Inflow / (Outflow)	(4,587,000)
Budgeted FY06/07 Inflow / (Outflow)	<u>(3,757,000)</u>
Projected Available, April 30, 2007	<u>\$788,000</u>

Note: Specific cash balance reserves are required for future storm water projects (\$381,000 – see footnote 5) and future property purchases (\$481,000 – see footnote 16).

## REVENUE FOOTNOTES

1. **Telecommunications Tax: (\$1,340,000)** 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%	Capital Projects Fund revenue
1%	General Fund revenue (replacing the prior 1% Infrastructure Maintenance Fee, and the prior telephone franchise fees)

The budget projection of revenues to be generated through the telecommunications tax for FY06/07 assumes a 3% increase over estimated actual receipts for the FY05/06 fiscal year. This projection does not consider 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:** 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.

**(FY05/06 Estimate - \$1,025,000)** Use tax receipts estimated for FY05/06 are about 10% greater than actual receipts in the prior year due to the unusually warm summer of 2005 which included 26 days of recorded temperatures greater than 90 degrees. This compares to 3 days over 90 degrees in the previous summer of 2004.

**(FY06/07 Budget - \$950,000)** The amount budgeted for FY06/07 is an estimate of electricity use tax receipts based on “average” electricity consumption in a given year. It is unknown whether the significant increase in the cost of electricity that will occur with the final stage of deregulation on January 1, 2007 will noticeably reduce usage.

3. **Natural Gas Use Tax: (\$320,000)** In December, 2003 the Village converted its 5% utility tax on gross charges for natural gas 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 change as gas prices fluctuate.

Our revenue projection for FY06/07 is based on 16 million therms of gas consumed in Glen Ellyn at a rate of 2¢ for a total of \$320,000.

4. **Real Estate Transfer Tax: (\$950,000)** - Collections of this tax first began on December 1, 2000. This revenue source is solely dedicated to help pay for the 20 year street/storm 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. **Storm Water Ordinance (fee in lieu): (\$330,000)**

Ordinance 4738 adopted in 1999 amended local stormwater and flood plain regulations and established a fee to be paid by the petitioner of certain developments where 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:

Summary of Stormwater Fee-in-Lieu Payments  
**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
5223	1/26/04	Waters Edge Townhomes	Nicoll/Pershing/Harding	62,020
5253	04/12/04	National City Bank	524 Roosevelt Road	23,850
5385	8/8/05	Legacy/Warman Development	376 Roosevelt Rd	17,967
Total as of 4-30-06				<u>\$ 381,303</u>

Stormwater fees tentatively anticipated to be collected in the FY06/07 fiscal year include:

Glen Ellyn Clinic	\$154,000
Kingsbrook Glen	136,000
SWC of Roosevelt and Nicoll	40,000
	<u>\$330,000</u>

6. **Interest Income: (\$90,000)** - Based on an average cash balance of \$2 million at a 4.5% rate of investment return.

7. **Miscellaneous Revenue: (\$675,000)**

	FY04/05 <u>Actual</u>	FY05/06 <u>Estimate</u>	FY06/07 <u>Budget</u>
Limits Avenue Vacation (at Hawthorne)	\$0	\$0	\$250,000
Ackerman Park/North Side Storm Water Retention Project – Sale of Walgreen’s retention basin lot	0	0	\$350,000
Ada Harmon Wildflower Restoration reimbursement	0	60,000	0
School District 41 reimbursement for storm water control work completed at Ben Franklin School	63,362	0	0
Brandon Avenue Right of Way Vacation	37,201	160,800	0
Crescent Station (developer undergrounding reimb.)	0	69,000	
Harris Bank (undergrounding reimb.)	0	0	47,000
Fee in lieu of Maryknoll walking path	21,033	0	0
Rental Income – 63 S. Park Blvd.	5,300	5,700	6,000
Miscellaneous Other	<u>12,209</u>	<u>24,500</u>	<u>22,000</u>
	<u>\$139,105</u>	<u>320,000</u>	<u>675,000</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.