Memo

To: Mark Franz, Village Manager, Village of Glen Ellyn

From: Maureen Barry, Financial Advisor

Date: November 16, 2011

Subject: Updated Glen Ellyn TIF Projections

Per your request, Ehlers has updated the tax increment projections first provided to the Village in the *Tax Increment Finance Feasibility Report* issued by Ehlers in March, 2011. The projections include: 1) Equalized Assessed Values (EAV) from tax year 2010, which were not yet available for the March report; and 2) EAVs from a group of parcels in the southeast corner of the proposed Redevelopment Project Area (RPA) that were not being considered for inclusion in the RPA at that time. The following modifies language used in the Feasibility Study to describe the analysis and incorporates the updates to the projections as described above.

CENTRAL BUSINESS DISTRICT TIF PROPERTY TAX REVENUE ANALYSIS

Ehlers has completed preliminary incremental property tax revenue estimates for the potential development projects in the proposed Central Business District TIF District as outlined in the Village of Glen Ellyn's *Downtown Strategic Plan*. Our estimates are based on research of tax assessment data, and discussions with the DuPage County Assessor and Clerk's Offices, and the Milton Township Assessor's Office.

The *Downtown Strategic Plan* (in Table 3) identified five potential redevelopment projects that may be initiated within the RPA within the next 20 years. These projects are listed below:

Potential Redevelopment Projects

Project #	Development
14	Main Street South Mixed-Use Development
15	Residential Redevelopment on Existing Church and Parking Lots
18a	Glenwood-Crescent Residential and Mixed-Use Redevelopment - Phase 1
18b	Glenwood-Crescent Residential and Mixed-Use Redevelopment - Phase 2
18c	Glenwood-Crescent Residential and Mixed-Use Redevelopment - Phase 3

Using the development costs stated for these projects in the *Downtown Strategic Plan* (in 2009 dollars), Ehlers developed several estimated tax increment projections. The projections consist of three different development scenarios that calculate the estimated incremental revenue that



could be generated within the proposed TIF district. Further detail regarding these scenarios can be found in the attached **Tables 3, 4, and 5**. (Tables 1 and 2 are used within the Feasibility Report for other items.) The scenarios can be summarized as follows:

Estimated TIF Increment Projections

Table &	Description	Base (Frozen) EAV	Estimated New Projects EAV	Estimated Residential Units	Total Increment	Net Present Value
Table 3	Inflationary Growth Only	53,618,031	0	0	\$7,044,555	\$2,327,845
Table 4	Projects 14, 15 & 18a,b,c (15 Year Buildout)	53,618,031	30,385,958	362	\$37,411,428	\$13,231,726
Table 5	Projects 14 & 15 only (15 Year Buildout)	53,618,031	10,804,565	110	\$17,833,796	\$6,202,410

The assumptions regarding new project values, timing and number of units are based on information within the *Downtown Strategic Plan*.

Table 3 shows the estimated increment that would be generated if there were **no development** in the RPA and the only growth was to occur from inflationary increases in EAV. In this scenario, an estimated total increment of \$7,044,555 is projected for all parcels within the RPA.

Table 4 shows the estimated increment that would be generated if the development of **all five of the potential redevelopment projects** listed above (14, 15, 18a, 18b and 18c) were to occur over a **15 year build-out** period. In this scenario, an estimated total increment of \$37,411,428 is projected for all parcels within the RPA.

In the interest of taking a more conservative approach, factoring in the current slow pace of development, **Table 5** shows the estimated increment if **only projects 14 and 15 were developed over a 15 year period**. In this scenario, an estimated total of \$17,833,796 is projected for all parcels within the RPA.

The **Table 5** scenario may be the most realistic scenario currently given today's development market and the status of redevelopment plans within the Village at this time. However, the 15 year estimate with all projects (**Table 4**) has been included to show the impact that higher EAV values would produce. The **Table 4** scenario is also consistent with timeframes suggested in the *Downtown Strategic Plan*.

These scenarios could be modified in any number of ways; however, these estimates should provide a general understanding of the type of tax increment that may be generated by TIF in this RPA.

Highlights of the assumptions used in these scenarios include:

1. Although the TIF District would likely be established in early 2012, the projections assume that the County Assessor will use information from tax year 2010/collection year 2011 for the TIF's initial year. The projections also assume the TIF will collect 23 years of increment.

- 2. The projects begin construction in 2012. (This may be aggressive, but it is also likely that projects will not require a full 15 years for build-out.)
- 3. A Homeowner's exemption has been factored in for residential units. There may be other types of exemptions, such as those that may be used by senior citizens, veterans, etc., that may also apply which have not been included in these calculations.
- 4. A 7% present value discount rate is used.
- 5. The Special Service Area currently in effect stays in existence at its current rate throughout the life of the TIF.

It should also be noted that new development value in **Tables 4** and **5** is limited to the projects described above as proposed in the *Downtown Strategic Plan* (and using 2009 dollar values). There will likely be other projects and improvements that will increase the assessed value of the parcels within the Central Business District that have not been included in these estimates.

These estimates are for illustrative and discussion purposes only and should not be used for the purposes of structuring any obligations of the Village without additional due diligence.

Impact of TIF on Proposed Public Works Projects

Glen Ellyn's *Downtown Strategic Plan* describes various public infrastructure projects as shown below (also found in the *Downtown Strategic Plan* and in 2009 dollars):

Potential Public Infrastructure Projects

			Tota		
	Development				
Project #	Description (source: Downtown Strategic Plan)	Costs			
5	Downtown Traffic Circulation Analysis		\$35,000		
6a	Public Signage, Wayfinding, Streetscaping - Five C	orners & Roosevelt	\$1,000,000		
6b	Public Signage, Wayfinding, Streetscaping - Oak, H	Hawthorne, etc.	\$1,000,000		
6c	Public Signage, Wayfinding, Streetscaping - Main	St. Parkway	\$1,500,000		
6d	Public Signage, Wayfinding, Streetscaping - Burial	of Overhead Utilities	\$8,450,000		
7	Main St & Crescent Blvd Streetscape, North Down	town Greenway	\$3,450,000		
8	Recreational and Multi-Use Paths		\$1,888,000		
9	Mixed-Use Forest Ave North Parking Structure	\$15,315,000			
10	New Train Station Facilities and Pedestrian Under	\$21,250,000			
11	Mixed-Use Forest Ave South Parking Structure	\$18,275,000			
12a	South Downtown Glen Construction	\$2,500,000			
12b	\$1,593,000				
	Total		\$76,256,000		
Estimated	TIF Increment Projections	Total	Net Present Value		
Table 3	Inflationary Growth Only	\$7,044,555	\$2,327,845		
Table 4	Projects 14, 15 & 18a,b,c (15 Year Buildout)	\$37,411,428	\$13,231,726		
Table 5	Table 5 Projects 14 & 15 only (15 Year Buildout) \$17,833,796				

As the TIF increment scenarios show, TIF funds alone may not be sufficient to pay for all of the costs of the public infrastructure projects that the Village would like to undertake, but it would cover a considerable portion of these costs, assuming the development of the five projects anticipated in the scenarios (or other similarly valued development) happens in a timely fashion.

Although this TIF is not expected to generate all of the funds that the Village will need to pay for these public projects, Ehlers advises the Village to set the "Redevelopment Project Costs" dollar figures high enough to allow the Village maximum flexibility should more redevelopment than expected occur within the TIF over the 23 years it will be in effect. These numbers should be viewed as maximum spending limits as opposed to planned and budgeted expenditures. As such, the figures within the proposed Redevelopment Plan have been purposely overstated, such that an amendment to the Plan should not be necessary at any point within the next 23 years. Ultimately, any Village expenditures from the TIF Fund will be limited by the amount that is actually generated by property tax increment from the property within the TIF. This will require the Village to "live within its means" with respect to TIF funds.

POTENTIAL IMPACT OF TIF DEVELOPMENT TO TAXING BODIES

In introducing a discussion of potential impacts of a TIF to the effected taxing bodies, including the Village, it is important to review how TIF dollars are collected. Tax increment is the difference between the amount of property tax revenue generated before TIF district designation and the amount of property tax revenue generated after TIF designation. Establishment of a TIF does not reduce property tax revenues available to the overlapping taxing bodies. Property taxes collected on properties included in the TIF at the time of its designation continue to be distributed to the school districts, county, community college and all other taxing districts in the same manner as if the TIF did not exist. Only property taxes generated by the incremental increase in the value of these properties after that time are available for use by the TIF.

There are provisions within the Act that address how schools and libraries may be compensated for increases to their student and patron numbers as a result of development related to TIF funded projects within the RPA. The law also allows municipalities to use TIF dollars for capital costs resulting from the redevelopment project, including improvements to parks and schools within the TIF. (TIF dollars can only be used for projects within the TIF boundaries, except in some cases involving the extension of water/sewer lines that support the TIF area.)

Table 3

VILLAGE OF GLEN ELLYN **TIF Increment Projections - Glen Ellyn Downtown**

PRELIMINARY PROJECTIONS

No Development - Entire TIF District

Inflationary Growth Only - Tax Codes 5036 and 5314 Parcels

Tax Rate (Tax / Levy Year 2010) TC 5036 Year TIF Created 2011 6.4316% TC 5314 6.5566% **Total TIF District - Frozen EAV** 53,618,031 Tax Year 2010

TIF Frozen EAV of TC 5036 Parcels 21,116,951 Tax Year 2010

TIF Frozen EAV of TC 5314 Parcels 32,501,080 Tax Year 2010

% Increase in Total EAV Tax Year Collect Year Tax Years 2011 thru 2014 0.00% First TIF Increment 2011 2012 Tax Years 2015 thru End 1.00% Last TIF Increment 2033 2034 Present Value Rate 7.00%

Total Projected Projected Projected Projected Incremental TIF Tax Collection Total Frozen Incremental **Estimated** Tax Revenue Tax Rate 1 EAV Year Year FAV FAV Generated Year 2012 53,618,031 2011 53,618,031 see note 1 2 2012 2013 see note 53,618,031 53,618,031 3 2013 2014 53.618.031 53.618.031 see note 2014 2015 4 53,618,031 53,618,031 see note 5 2015 2016 54,154,211 53,618,031 536.180 see note 1 34,891 6 2016 2017 54,695,753 53,618,031 1,077,722 see note 70,131 7 2017 2018 55,242,711 53,618,031 1,624,680 see note 1 105,724 see note 1 8 2018 2019 55,795,138 53,618,031 2,177,107 141,672 2019 2020 see note 1 177,980 9 56,353,089 53,618,031 2,735,058 2020 2021 56,916,620 53,618,031 3,298,589 see note 1 214,651 10 see note 1 2021 2022 11 57,485,787 53,618,031 3,867,756 251,689 12 2022 2023 58,060,644 53,618,031 4,442,613 see note 1 289,097 see note 1 2023 2024 5,023,220 326,879 13 58,641,251 53,618,031 14 2024 2025 59.227.663 53.618.031 5.609.632 see note 1 365.040 see note 1 2025 2026 403,581 15 59,819,940 53,618,031 6,201,909 2026 2027 60,418,139 53,618,031 6,800,108 see note 1 442,508 16 17 2027 2028 61,022,321 53,618,031 7,404,290 see note 1 481,825 2028 2029 8,014,513 see note 1 521,534 18 61,632,544 53,618,031 see note 1 2029 2030 62,248,869 53,618,031 8,630,838 561,641 19 2030 see note 1 20 2031 62,871,358 53,618,031 9,253,327 602,148 2031 2032 63,500,072 53,618,031 9,882,041 see note 1 643,061 21 see note 1 22 2032 2033 64,135,072 53,618,031 10,517,041 684,383 2033 2034 see note 23 64,776,423 53,618,031 11,158,392 726,118 **TOTAL** 7,044,555

> NPV: 2,327,845

² Assumes no redevelopment/development within proposed TIF Area of specified project phases. Only includes inflationary growth.



¹ There are two tax codes within the proposed TIF Area. Tax Year 2010 rates of 6.4316% (Tax Code 5036) and 6.5566% (Tax Code 5314) are assumed for the life of the proposed TIF. SSA Rate is assumed for the life of the proposed TIF for those parcels located in Tax Code 5314

Table 4

Last TIF Increment

VILLAGE OF GLEN ELLYN TIF Increment Projections - Glen Ellyn Downtown

PRELIMINARY PROJECTIONS

Present Value Rate

7.00%

15 YEAR BUILDOUT with Inflationary Growth

2034

Project Phases 14, 15, and 18 A, 18 B and 18 C

2033

Tax Rate (Tax / Levy Year 2010) **Year TIF Created** 2011 TC 5036 6.4316% TC 5314 6.5566% **Total TIF District - Frozen EAV** 53,618,031 Tax Year 2010 All "New" Project EAV in TC 5314 6.5566% 21,116,951 Tax Year 2010 TIF Frozen EAV of TC 5036 Parcels TIF Frozen EAV of TC 5314 Parcels 32,501,080 Tax Year 2010 % Increase in Total EAV Tax Years 2011 thru 2014 0.00% Tax Years 2015 thru End **Collect Year** Tax Year 1.00% First TIF Increment 2011 2012

									Total Projected
				Redev Projects	Projected	Projected	Projected		Incremental
TIF	Tax	Collection	Pre-Develop	New "Net"	Total	Frozen	Incremental	Estimated	Tax Revenue
Year	Year	Year	EAV	EAV	EAV	EAV	EAV	Tax Rate 1	Generated
1	2011	2012		-		53,618,031	-	see note 1	-
2	2012	2013	53,618,031	-	53,618,031	53,618,031		see note ¹	_
3	2013	2014	53,618,031	2,025,731	55,643,762	53,618,031	2,025,731	see note 1	132,819
4	2014	2015	53,618,031	4,051,461	57,669,492	53,618,031	4,051,461	see note 1	265,638
5	2015	2016	54,154,211	6,142,308	60,296,519	53,618,031	6,678,488	see note 1	437,618
6	2016	2017	54,695,753	8,255,510	62,951,264	53,618,031	9,333,233	see note 1	611,412
7	2017	2018	55,242,711	10,391,293	65,634,004	53,618,031	12,015,973	see note 1	787,039
8	2018	2019	55,795,138	12,549,882	68,345,020	53,618,031	14,726,989	see note 1	964,518
9	2019	2020	56,353,089	14,731,505	71,084,594	53,618,031	17,466,563	see note 1	1,143,866
10	2020	2021	56,916,620	16,936,392	73,853,012	53,618,031	20,234,981	see note 1	1,325,103
11	2021	2022	57,485,787	19,164,775	76,650,562	53,618,031	23,032,531	see note 1	1,508,247
12	2022	2023	58,060,644	21,416,891	79,477,535	53,618,031	25,859,504	see note 1	1,693,317
13	2023	2024	58,641,251	23,692,976	82,334,227	53,618,031	28,716,196	see note 1	1,880,333
14	2024	2025	59,227,663	25,993,269	85,220,933	53,618,031	31,602,902	see note 1	2,069,314
15	2025	2026	59,819,940	28,318,014	88,137,954	53,618,031	34,519,923	see note 1	2,260,280
16	2026	2027	60,418,139	30,667,454	91,085,593	53,618,031	37,467,562	see note 1	2,453,250
17	2027	2028	61,022,321	33,041,836	94,064,157	53,618,031	40,446,126	see note 1	2,648,246
18	2028	2029	61,632,544	33,393,975	95,026,519	53,618,031	41,408,488	see note 1	2,711,043
19	2029	2030	62,248,869	33,749,634	95,998,504	53,618,031	42,380,473	see note 1	2,774,469
20	2030	2031	62,871,358	34,108,851	96,980,209	53,618,031	43,362,178	see note 1	2,838,529
21	2031	2032	63,500,072	34,471,659	97,971,731	53,618,031	44,353,700	see note 1	2,903,230
22	2032	2033	64,135,072	34,838,096	98,973,168	53,618,031	45,355,137	see note 1	2,968,577
23	2033	2034	64,776,423	35,208,197	99,984,620	53,618,031	46,366,589	see note 1	3,034,578
TOTAL									37,411,428

NPV: 13,231,726

Assumptions

¹ There are two tax codes within the proposed TIF Area. Tax Year 2010 rates of 6.4316% (Tax Code 5036) and 6.5566% (Tax Code 5314) are assumed for the life of the proposed TIF. SSA Rate is assumed for the life of the proposed TIF for those parcels located in Tax Code 5314.

² Assumes redevelopment/development within proposed TIF Area of specified project phases, including inflationary growth.



Table 5

VILLAGE OF GLEN ELLYN TIF Increment Projections - Glen Ellyn Downtown

PRELIMINARY PROJECTIONS

15 YEAR BUILDOUT with Inflationary Growth

Project Phases 14 and 15 Only

Tax Rate (Tax / Levy Year 2010)

TC 5036 6.4316% TC 5314 6.5566%

All "New" Project EAV in TC 5314 6.5566%

% Increase in Total EAV

Tax Years 2011 thru 2014 0.00% Tax Years 2015 thru End 1.00%

> 7.00% Present Value Rate

Year TIF Created

2011

Total TIF District - Frozen EAV

53,618,031 Tax Year 2010

TIF Frozen EAV of TC 5036 Parcels TIF Frozen EAV of TC 5314 Parcels 21,116,951 Tax Year 2010 32,501,080 Tax Year 2010

First TIF Increment **Last TIF Increment**

_	Tax Teal	Collect Teal
	2011	2012
Г	2033	2034

TIF Year	Tax Year	Collection Year	Pre-Develop EAV	Redev Projects New "Net" EAV	Projected Total EAV	Projected Frozen EAV	Projected Incremental EAV	Estimated Tax Rate ¹	Total Projected Incremental Tax Revenue Generated
1	2011	2012		-		53,618,031	-	see note 1	-
2	2012	2013	53,618,031	-	53,618,031	53,618,031	-	see note 1	-
3	2013	2014	53,618,031	720,304	54,338,335	53,618,031	720,304	see note 1	47,227
4	2014	2015	53,618,031	1,440,609	55,058,640	53,618,031	1,440,609	see note 1	94,455
5	2015	2016	54,154,211	2,183,842	56,338,053	53,618,031	2,720,022	see note 1	178,077
6	2016	2017	54,695,753	2,934,948	57,630,701	53,618,031	4,012,670	see note 1	262,564
7	2017	2018	55,242,711	3,694,005	58,936,716	53,618,031	5,318,685	see note 1	347,925
8	2018	2019	55,795,138	4,461,092	60,256,230	53,618,031	6,638,199	see note 1	434,168
9	2019	2020	56,353,089	5,236,290	61,589,380	53,618,031	7,971,349	see note 1	521,303
10	2020	2021	56,916,620	6,019,681	62,936,301	53,618,031	9,318,270	see note 1	609,338
11	2021	2022	57,485,787	6,811,345	64,297,131	53,618,031	10,679,100	see note 1	698,282
12	2022	2023	58,060,644	7,611,365	65,672,010	53,618,031	12,053,979	see note 1	788,144
13	2023	2024	58,641,251	8,419,826	67,061,077	53,618,031	13,443,046	see note 1	878,934
14	2024	2025	59,227,663	9,236,812	68,464,475	53,618,031	14,846,444	see note 1	970,660
15	2025	2026	59,819,940	10,062,408	69,882,348	53,618,031	16,264,317	see note 1	1,063,333
16	2026	2027	60,418,139	10,896,699	71,314,838	53,618,031	17,696,807	see note 1	1,156,961
17	2027	2028	61,022,321	11,739,773	72,762,094	53,618,031	19,144,063	see note 1	1,251,555
18	2028	2029	61,632,544	11,863,771	73,496,315	53,618,031	19,878,284	see note ¹	1,299,394
19	2029	2030	62,248,869	11,989,009	74,237,878	53,618,031	20,619,847	see note 1	1,347,712
20	2030	2031	62,871,358	12,115,499	74,986,857	53,618,031	21,368,826	see note 1	1,396,513
21	2031	2032	63,500,072	12,243,254	75,743,326	53,618,031	22,125,295	see note 1	1,445,802
22	2032	2033	64,135,072	12,372,286	76,507,359	53,618,031	22,889,328	see note 1	1,495,584
23	2033	2034	64,776,423	12,502,609	77,279,032	53,618,031	23,661,001	see note 1	1,545,864
TOTAL									17,833,796

NPV: 6,202,410

Assumptions

² Assumes redevelopment/development within proposed TIF Area of specified project phases, including inflationary growth.



¹There are two tax codes within the proposed TIF Area. Tax Year 2010 rates of 6.4316% (Tax Code 5036) and 6.5566% (Tax Code 5314) are assumed for the life of the proposed TIF. SSA Rate is assumed for the life of the proposed TIF for those parcels located in Tax Code 5314.