

# FOXFORD STATION

Apartment and Commercial  
Redevelopment

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Fiscal and Economic Impact to the Village of  
Western Springs, Western Springs Elementary  
School District 101 and Lyons Township High  
School District 204.

Located In: Western Springs, Illinois

Prepared for: Chicago Capitol Holdings

Date: June, 2014





June 23, 2014

Mr. John McFarland  
Chicago Capitol Holdings  
120 East Ogden Avenue  
Hinsdale, Illinois 60521

RE:Residential and Commercial Fiscal and Economic Impact Analysis in Western Springs, IL

Dear Mr. Grogan:

You are processing plans for a residential and commercial redevelopment in Western Springs, Illinois. The program redevelops the site at the Southeast corner of Wolf Road and Burlington Avenue from a vacant commercial use to a mixed use apartment and commercial building. A fiscal and economic impact study was completed for the Village of Western Springs, the Western Springs Elementary School District 101 and Lyons Township High School District 204.

An executive summary follows this transmittal letter. The full report includes tables that show the projected revenue and expenditure impacts and economic impact resulting from the apartment and commercial development on the Village of Western Springs, Western Springs Elementary School District 101 and Lyons Township High School District 204.

Sincerely,

STRATEGY PLANNING ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "Steven J. Hovany".

Steven J. Hovany, AICP  
President

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## EXECUTIVE SUMMARY

### FISCAL IMPACT CONCLUSIONS

Strategy Planning Associates, Inc. was contracted by Chicago Capital Holdings to evaluate the fiscal and economic impact of the residential and commercial mixed use development on the Village of Western Springs, Western Springs Elementary School Districts 101 and Lyons Township High School District 204. The development program is named: **Foxford Station**.

The primary purpose of this study is to show the relationship between revenues and expenses that results from the new annexation. All future dollar figures are in current dollar terms based on revenue sources and expenditure levels budgeted for the Village for FY 2014. We make no allowance for the effects of inflation on costs, and likewise, we make no allowance for the appreciation of home values and the increased tax revenues due to higher assessed values. These adjustments would call for speculation and therefore would be debatable and distorting to the real objective of the study. The economic impact portion of the study speaks to the broader impact of building out the development and bringing in new homeowners.

The study is not a budget forecasting document or development plan. Rather, our findings are intended to help guide policy decisions. Given the current revenue structure and level of services, the study determines the revenue impact on the community. The revenues due to the new community are not segregated but will be part of the entire budget(s)

#### 0.1 Project Mix:

The proposed development would demolish a vacant grocery store and build a mixed use building containing: **52 Rental Apartment** homes having an average estimated value of \$200,000, with a bedroom mix projected to be 7 1-bedroom, 38 2-bedroom, and 7 3-bedroom; 70 covered parking spaces on the first floor; and **3,495 of commercial retail space** on the street level valued at \$250 per square foot. Please note this study uses excel spread sheets which rounds numbers for easy reading but the full number carries through the spread sheets allowing numbers which can be slightly different then when checking with a calculator.

#### 0.2 Populations

- 105 new residents are projected at full occupancy.

#### 0.3 Student Generation

The study uses two sets of student generation multipliers: the 1996 ISCS student generation table; and multipliers resulting from our experience with elevator residential buildings.

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**Student Multipliers from ISCS 1996 table.** For the first analysis, the study uses population multipliers obtained from Illinois School Consulting Service (ISCS) 1996 table. The ISCS 1996 student generation table is the standard table incorporated into the codes of most suburban communities.

Upon project buildout 8 school age children are projected. (2.6 high school age; 2.4 junior high age; and 3.3 elementary age.) Of this number 90% or 7 are expected to attend public schools. (2.3 high school age; 2.2 junior high age; and 3.0 elementary age.) See Table 3. **The ISCS Table projection is considered the high end projection.**

**Student Multipliers for Elevator Apartment Units.** The ISCS multipliers identify average values across the Chicago region. They are not specific to location, type or target market. As we vary from average in terms of location, the typical garden apartment or targeted demographic, the multipliers need to be validated.

Strategy Planning Associates find that multipliers are significantly lower for mid rise elevator buildings. Prior surveys have identified 1 school age child per 50 to 100 units. This analysis will use approximately 1 school age child per 50 units. **This is The low end projection.**

Strategy Planning Associates finds the low end projection to be the most accurate. For this study, one student is projected to Elementary School District 101 and one student is projected to High School District 204.

#### 0.4 Market Value

The total projected market value is projected to \$11,273,750. Values are based on tax assessment practices which are less than the sales pricing for the real estate.

The total projected taxable value or Equalized Assessed Value (EAV) is \$3,276,845. For the current 2013 tax year, the assessed value is \$141,048

#### 0.5 Village Impact

With recurring revenues estimated at \$64,693 per year, and recurring non reimbursed expenses estimated at \$49,508 per year, we are showing a surplus of \$15,524 per year upon completion. A surplus occurs in the second year of development, and reoccurs in successive years.

The proposed development will have a positive effect on the long term fiscal posture of the Village and should not have any negative impact to the property tax burden of the current residents. As early as the second year, the development should provide a net improvement to the Village's tax base, helping to stabilize or even reduce the tax burden on existing residents.

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*Also note, these expenses are considered normal for a new development and it's strain on services or it's ability to stretch it's services. This development is the redevelopment of an existing site which already receives municipal services, is already surrounded by the municipality and may not create any recurring or marginal expenses in reality.*

#### 0.6 Impact to Western Springs Elementary School District 101

There is 1 school-age child from the development anticipated to be attending school in School District 101. Projected annual operating revenues of \$100,525 are expected to exceed annual operating expenses of \$9,113 for School District 101 by \$91,412.

Comparatively the ISCS 1996 table multipliers result in 5.1 students. Projected annual operating revenues of \$102,118 are expected to exceed annual operating expenses of \$46,837 for School District 101 by \$55,281.

This fiscal impact to the school district is a very conservative projection. While we measure the impact of real estate and State Aid against operating costs, there are approximately 5% other revenues coming from other sources. Impact fees are also not included as they are not recurring revenues. **Making the adjustment for revenues from other uses and impact fees would make the fiscal impact more positive.**

#### 0.7 Impact to Lyons Township High School District 204.

There is 1 school-age children from the development anticipated to be attending School District 204. Projected annual operating revenues of \$70,217 are expected to exceed annual operating expenses of \$15,881 for School District 204 by \$54,336.

Comparatively the ISCS 1996 table multipliers result in 2.3 students. Projected annual operating revenues of \$70,823 are expected to exceed annual operating expenses of \$37,102 for School District 204 by \$33,721.

This fiscal impact to the school district is a very conservative projection. While we measure the impact of real estate and State Aid against operating costs, there are approximately 11% of revenues coming from other sources. Impact fees are also not included as they are not recurring revenues. **Making the adjustment for revenues from other uses and impact fees would make the fiscal impact more positive.**

#### 0.8 Property Tax to All Districts

The development is expected to have a taxable value of \$3.3 million. Applying the 2012 tax rate of 7.902 per \$100 of equalized assessed value to the taxable value

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results in total annual property tax revenues of \$258,935 attributed to the new development. The current 2013 real estate tax on the site is \$32,340.

## 0.9 Economic Impact

The economic impact to the community is measured by the wealth it brings into the community and the ability of the community to capture this wealth and circulate it within the community. The proposed development will add new value to the community, increase the overall wealth and stability of the economic base, and contribute to the circulation of wealth within Western Springs.

The direct economic impact of the development is summarized below:

The construction phase is projected to expend \$7.72 million. Of this amount 58% or \$4.48 million is expected to be paid out in salaries and wages. The construction phase uses 247,109 man hours to complete. This converts to 124 full time equivalent (FTE) jobs. The 124 number is very conservative. While the mathematical calculation is correct, employment may be inconsistent. The actual jobs created count is likely larger.

In the operations phase, Foxford Station will bring in 52 new families. We conservatively estimate \$72,000 average family income. The new families are projected to have annual expenditures of \$3.0 million. For example, \$220 thousand is projected in grocery purchases, and \$202 thousand is projected in purchasing health care. The development being within the Village of Western Springs has the potential of spreading it's economic benefit throughout the community.

**In sum, our model of fiscal impact finds the proposed development, upon completion, will cause a positive impact to the Village of Western Springs and a positive impact to Western Springs Elementary School District 101 and Lyons Township High School District 204, The construction phase and the operations phase of the development will enhance and strengthen the local economy.**

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## 1.0 INTRODUCTION: FISCAL IMPACT ANALYSIS

Strategy Planning Associates, Inc. was contracted by Chicago Capital Holdings to evaluate the fiscal and economic impact of the residential and commercial mixed use development on the Village of Western Springs, Western Springs Elementary School Districts 101 and Lyons Township High School District 204.

The primary purpose of this study is to show the relationship between revenues and expenses that results from the new annexation. All future dollar figures are in current dollar terms based on revenue sources and expenditure levels budgeted for the Village for FY 2014. We make no allowance for the effects of inflation on costs, and likewise, we make no allowance for the appreciation of home values and the increased tax revenues due to higher assessed values. These adjustments would call for speculation and therefore would be debatable and distorting to the real objective of the study. The economic impact portion of the study speaks to the broader impact of building out the development and bringing in new homeowners.

The study is not a budget forecasting document or development plan. Rather, our findings are intended to help guide policy decisions. Given the current revenue structure and level of services, the study determines the revenue impact on the community. The revenues due to the new community are not segregated but will be part of the entire budget(s)

### 1.1 Project Mix:

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FIGURE 1.

Existing Use



FIGURE 2. Plan of Redevelopment



The proposed development would demolish a vacant grocery store with parking lot and build a mixed use building containing: **52 Rental Apartment** homes having an average estimated value of \$200,000, with a projected bedroom mix of 7 1-bedroom, 38 2-bedroom, and 7 3-bedroom; 70 covered parking spaces on the first floor; and **3,495 of commercial retail space** on the street level valued at \$250 per square foot.

The development program is named: **Foxford Station**.

**Please note this study uses excel spread sheets which rounds numbers for easy reading but the full number carries through the spread sheets allowing numbers which can be slightly different then when checking with a calculator.**

## 1.2 Occupancy Schedule

We assume the first year or twelve-month period to be 2016. Residential occupancy will start in early 2016 and be completed within the year. The commercial portion will fully occupy in 2016. See Table 1.

### 1.3 Population Generation

We base our population projections on the latest (1996) factors provided by Associated Municipal Consultants, Inc., also known as the Illinois School Consulting Service in Naperville, Illinois.

We use Microsoft Excel spreadsheets to make calculations. Some of the figures presented may vary slightly from the figures determined using a calculator due to rounding. These differences are small, and are not significant to the determination of the fiscal impact.

We are projecting an ultimate population of 105 residents at full occupancy. See Table 2.

### 1.4 School Age Generation

The study uses two sets of student generation multipliers: the 1996 ISCS student generation table; and multipliers resulting from our experience with elevator residential building.

#### 1.4.1 Student Multipliers from ISCS 1996 table

For the first analysis, the study uses population multipliers obtained from Illinois School Consulting Service (ISCS) 1996 table. The ISCS 1996 student generation table is the standard table incorporated into the codes of most suburban communities.

Upon project buildout 8 school age children are projected. (2.6 high school age; 2.4 junior high age; and 3.3 elementary age.) Of this number 90% or 7 are expected to attend public schools. (2.3 high school age; 2.2 junior high age; and 3.0 elementary age.) See Table 3.

**The ISCS Table projection is considered the high end projection.**

#### 1.4.2 Student Multipliers for Midrise Apartment Units.

The ISCS population generation tables were first issued in 1972 and updated every couple years until 1996. The interim updates indicated a steady decline in both population per unit and school age children per unit. Demographic studies have indicated that these declines continued from 1996 to the present. These declining multipliers are consistently identified in demographic studies of changes in the local and national population.

The ISCS multipliers identify average values across the Chicago region. They are not specific to location, type or target market. As we vary from average in terms of location, the typical garden apartment or targeted demographic, the multipliers need to be validated.

Strategy Planning Associates find that multipliers are significantly lower for mid rise elevator buildings. Prior surveys have identified 1 school age child per 50 to 100 units. This analysis projects about 1 school age child per 50 units.

Upon project buildout 1.14 school age children are projected. (0.32 high school age; 0.62 junior high age; and 0.20 elementary age.) See Table 4.

The elevator building projection is considered the low end projection. Strategy Planning Associates feel the low end projection is the more accurate. For analysis purposes the study allocates one student to the elementary district and one student to the high school district

### 1.5 Estimated Total Market Value and Taxable Value

The total residential market value of the development, after buildout, is estimated to be \$10.4 million. The taxable value or Equalized Assessed Value (EAV) is \$2.71 million.

The residential taxable value was calculated by multiplying the assessors market value by 10%. Then applying the tax multiplier now 2.6039.

The total commercial market value of the development, after buildout, is estimated to be \$873,750. The taxable value or Equalized Assessed Value (EAV) is \$568,789 million.

The commercial taxable value was calculated by multiplying the assessors market value by 25%. Then applying the tax multiplier now 2.6039.

The subject site includes three tax parcels:

18-05-305-029-0000  
18-05-305-028-0000  
18-05-305-011-0000

The existing Assessed valuation of the three parcels, based on 2013 tax bills is \$141,048

The total projected market value is projected to \$11,273,750.

The total projected taxable value or Equalized Assessed Value (EAV) is \$3,276,845. For the current 2013 tax year, the assessed value is \$141,048

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TABLE 1. Development and Absorption Schedule

New Units Occupied Per Year	Avg. Assessor's Value	Project Year												
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
<b>New Residential Constructed/Occupied Per Year</b>														
Apartments	\$200,000	0	0	52	0	0	0	0	0	0	0	0	0	0
Units Per Year		0	0	52	0	0	0	0	0	0	0	0	0	0
Total Cumulative Units		0	0	52	52	52	52	52	52	52	52	52	52	52
<b>New Commercial Constructed/Occupied Per Year</b>	Avg. Assessor's Value	Project Year												
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Retail Commercial (sqft)	\$250	0	0	3,495	0	0	0	0	0	0	0			
Total Cumulative Sq. Ft.		0	0	3,495	3,495	3,495	3,495	3,495	3,495	3,495	3,495			

TABLE 2. Projected Total Population

Units By Type	Total Units	Year Residents Take Occupancy																		
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023									
<b>Units Per Year</b>																				
1 Bedroom	13%	0	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Bedroom	73%	0	0	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Bedroom	13%	0	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Units</b>		0	0	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Population</b>	People/ Unit*																			
1 Bedroom	1.758	0	0	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Bedroom	1.914	0	0	73	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Bedroom	3.053	0	0	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Population</b>		0	0	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105

\* Population Multipliers obtained from IJCS 1996 Table

TABLE 3. Projected Student Population ISCS 1996 Multipliers

School Age	Students/ Unit	Year Residents Take Occupancy									
		0	1	2	3	4	5	6	7	8	9
<b>High School Population (9-12)</b>											
Apartments											
1 Bedroom	0.001	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.046	0.00	0.00	1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.118	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total High School by Year</i>		0.00	0.00	2.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative High School</i>		0.0	0.0	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
<i>90% to Public Schools</i>		0.0	0.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
<b>Junior High School Population (7-8)</b>											
Apartments											
1 Bedroom	0.001	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.042	0.00	0.00	1.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.123	0.00	0.00	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Junior High School by Year</i>		0.00	0.00	2.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative Junior High School</i>		0.0	0.0	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
<i>90% to Public Schools</i>		0.0	0.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
<b>Elementary School Population (K-6)</b>											
Apartments											
1 Bedroom	0.002	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.086	0.00	0.00	3.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.234	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Elementary School by Year</i>		0.00	0.00	3.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative Elementary School</i>		0.0	0.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
<i>90% to Public Schools</i>		0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total School Age Children by Year</b>											
<i>Cumulative School Age Children</i>		0.00	0.00	5.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total School Age Children to Public Schools</i>		0	0	8	8	8	8	8	8	8	8
<i>90% to Public Schools</i>		0	0	7	7	7	7	7	7	7	7

Source: 1996 ISCS Multipliers

TABLE 4. Projected Student Population Multipliers Adjusted for Elevator Buildings

School Age	Students/ Unit	Year Residents Take Occupancy										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>High School Population (9-12)</b>												
Aparments												
1 Bedroom	0.0001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.0058	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.0148	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total High School by Year</i>		0.00	0.00	0.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative High School</i>		0.00	0.00	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
<b>Junior High School Population (7-8)</b>												
Aparments												
1 Bedroom	0.0001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.0053	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.0154	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Junior High School by Year</i>		0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative Junior High School</i>		0.00	0.00	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<b>Elementary School Population (K-6)</b>												
Aparments												
1 Bedroom	0.0003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Bedroom	0.0108	0.00	0.00	0.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Bedroom	0.0293	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Elementary School by Year</i>		0.00	0.00	0.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative Elementary School</i>		0.00	0.00	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
<i>Total School Age Children by Year</i>		0.00	0.00	0.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Cumulative School Age Children</i>		0.00	0.00	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23

Source: Comparative Survey

TABLE 5. Estimated Market and Taxable Value

Year Residents Move In	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Year Taxes Payable	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Residential Value</b>	Value per unit**									
Apartment Units Value	\$0	\$0	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000
<b>Total Residential Assessor's Value</b>	\$0	\$0	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000	\$10,400,000
Residential EAV	\$0	\$0	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000
State Multiplier**	\$0	\$0	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056
<b>Total Residential Taxable Value</b>	\$0	\$0	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056	\$2,708,056
<b>Commercial Value</b>	Value per sq. ft.*									
Commercial Value	\$0	\$0	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750
<b>Total Commercial Assessor's Value</b>	\$0	\$0	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750
Commercial EAV	\$0	\$0	\$218,438	\$218,438	\$218,438	\$218,438	\$218,438	\$218,438	\$218,438	\$218,438
State Multiplier**	\$0	\$0	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789
<b>Total Commercial Taxable Value</b>	\$0	\$0	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789	\$568,789
<b>Total Taxable Value***</b>	\$141,048	\$141,048	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845

\* Based on Cook County's Assessment practices, does not reflect market value  
 \*\* Tentative 2013 equalization factor by Illinois Department of Revenue  
 \*\*\* 2014-15 Existing Assessed Value

## 2.0 FISCAL IMPACT TO THE VILLAGE OF WESTERN SPRINGS

The primary purpose of this study is to show the impact of revenues that results from the new community. All future dollar figures are in current dollar terms, based on revenue sources and expenditure levels documented in the budget provided to us by the Village of Western Springs. We make no allowance for the effects of inflation on costs, and likewise, we make no allowance for the appreciation of home values and increases in tax revenues due to higher assessed values.

The revenues estimated in this report reflect recurring annual revenues related to the presence of the new population in the community.

Unless otherwise noted, our estimate of fiscal impact to the Village of Western Springs is based on the budgeted revenues for FY 2014. We project the fiscal impact to the government as a whole, and not to specific departments.

We are not including revenues from building permits, inspection/review fees, or other such non-recurring fees in our revenue projections. We assume in this study that building permit fees, as well as any one-time plat review fees, are structured to meet costs of inspection services and planning staff services. Similarly, in this report we exclude revenues or expenses related to proprietary operations, such as the Water & Sewer funds. We assume up-front charges such as tap-on fees and user consumption fees are structured to meet costs of these services. These fees and charges are discussed in the next chapter.

### 2.1 New Revenue Estimates

Tables 6, 7, and 8 and Figure 3 show the estimates of new revenue to the Village of Western Springs from the proposed development.

#### 2.1.1 Property Tax Revenue

We are projecting recurring annual property tax revenue to the Village at \$30,999 per year after the development is completed. This was determined using the Western Springs Village tax rate of 0.929 per \$100 of equalized assessed value and half of the 2012 Lyons Township Road and Bridge rate of 0.044 per \$100 of equalized assessed value which goes to the Village. Currently, the Village of Western Springs receives \$1,334 in property tax revenue from the site. See Table 6.

For Village associated jurisdictions, we are projecting recurring annual property tax revenue to the Western Springs Park District at \$4,194 per year; \$100,140 to Western Springs Elementary School District 101; \$69,764 to Lyons Township High School District 204; and \$6,455 to Western Springs Library.

### 2.1.2 Sales Tax Revenue, Residential (Retail Occupancy Tax)

We estimate approximately \$4,118 in new sales tax revenue will be generated annually from new residential spending. We base this estimate on the following assumptions: The renters will have household incomes averaging \$72,000.

Approximately 20% of income is spent on convenience goods and 10% of income is spent on comparison goods.

1. Approximately 50% of convenience goods and 10% comparison goods purchases are made within the municipality:

- convenience goods implies groceries, personal care services, etc.
- comparison goods implies cars, appliances, or clothing.

2. 100% of all goods purchased are taxable, from the viewpoint of the municipality. (Municipalities receive a 1% tax on sales from the State.)

3. We note that the sales tax revenues described here are those resulting from the direct expenditures of new residents in existing businesses. We note there are limited opportunities for variety of retail sales available in the community. However, there are further economic benefits likely to occur. **New population and income will encourage additional retail opportunities increasing the sales tax projection. Currently the building generates no sales tax.**

### 2.1.3 Commercial Sales Tax

We estimate annual sales generated from the operation of the first floor commercial space to be \$873,750 at \$250.00 per square foot. The Village of Western Springs receives a 1% tax on total sales, or an estimated \$8,738 annually. To avoid double counting \$1,000 is debited reflecting expenditures from the apartment residents at this commercial facility. While the development will produce direct sales tax revenues for the Village, we can expect that there will be spending by the employees during construction phase and employees during the operational phase to local businesses in Western Springs.

### 2.1.4 Utility Tax Revenue

For residential development, the municipality has a utility tax of 5% on utility usage. The average utility tax revenue per household is estimated to be \$14 for each 1% of tax, or \$70 per household. We estimate the development will produce \$3,640 in utility tax revenue after completion.

### 2.1.5 State Local Use Tax<sup>1</sup>

The State is projected to redistribute revenue from the Local Use Tax at a rate of \$16.70 per capita in 2014 (Illinois Municipal League, 10/13). We estimate an addi-

Additional \$1,706 will be generated annually with the addition of 105 new residents. The community would have to conduct a special census in order to receive the State Shared Revenues prior to the 2020 census.

#### **2.1.6 Income Tax Redistribution**

In 2014 the State is projected to redistribute the Income Tax to municipalities at a rate of \$95.40 per capita (Illinois Municipal League, 10/13). We estimate an additional \$10,034 will be generated annually with the addition of 105 new residents. The community would have to conduct a special census in order to receive the State Shared Revenues prior to the 2020 census.

#### **2.1.7 Motor Fuel Tax**

In 2014, the State is projected to redistribute fuels tax revenue to municipalities at an annual rate of \$23.50 per capita (Illinois Municipal League, 10/13). We estimate the new residents in the community will generate approximately \$2,472 in new fuels tax revenue annually after the community is built out. The community would have to conduct a special census in order to receive the State Shared Revenues prior to the 2020 census.

#### **2.1.8 Telecommunications Tax Revenue**

The Village has enacted a telecommunications tax. The average telecommunications revenue per household, is estimated to be \$40.00. With 52 new households, the community can be expected to generate an additional \$2,080 annually in telecommunications tax.

#### **2.1.9 Motor Vehicle Stickers**

The Village of Western Springs has a \$35.00 per annum vehicle sticker fee. Assuming 1.2 vehicles per unit and 80% compliance results in \$1,856 in annual fees upon completion of the residential portion.

#### **2.1.10 Total Revenue Impact**

Total annual recurring revenues to the municipality are expected to reach \$64,693 per year after completion. See Table 9 and Figure 3.

The \$64,693 municipal revenue is \$616 per capita for the 105 new residents, which is in excess of costs of service.

- 
1. The State redistributes revenue from the State Local Use Tax, the Income Tax, and the Motor Fuel Tax on a per capita basis using the most recent census data. As the residents from this project will arrive after the 2010 census, the Village would have to conduct a special census to receive revenue for those residents prior to the results of the 2020 census.

TABLE 6. Real Property Tax Revenue to the Village of Western Springs

Property Tax	Tax Rate Per \$100 Taxable Value (2013) *	Assessment Year and Year Payable											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Total Taxable Value	\$80,038	\$80,038	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845
Property Tax	0.94600	\$757	\$757	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999
Total Property Tax Revenue		\$757	\$757	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999

\*Tax Rate includes municipal rate of 0.924, and half of Lyons Township Read and Bridge rate of 0.014.

TABLE 7. Local Sales Tax Revenue, Residential

Spending from New Residential Population	Average	Total by Year												
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Household Income *	\$72,000	\$0	\$0	\$1,650,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000	\$3,744,000
Convenience Goods Spending	20%	\$0	\$0	\$338,000	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800
Comparison Goods Spending	10%	\$0	\$0	\$169,000	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400
Convenience Spending Locally	50%	\$0	\$0	\$169,000	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400
Comparison Spending Locally	10%	\$0	\$0	\$16,900	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440
Taxable Share, Convenience	100%	\$0	\$0	\$169,000	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400	\$374,400
Taxable Share, Comparison	100%	\$0	\$0	\$16,900	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440	\$37,440
Local Taxable Spending		\$0	\$0	\$185,900	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840	\$411,840
Sales Tax Revenue from New Resident Spending	1.00%	\$0	\$0	\$1,859	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118

\* Average household income is based on the assumption that residents will have income about 3 times local.

\* One half is allocated to the first year.

TABLE 8. Local Sales Tax: Commercial

Total Sales *	per Sq. Ft	Total by Year												
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Commercial Store Sales	\$250	\$0	\$0	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750
<b>TOTAL SALES</b>		\$0	\$0	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750	\$873,750
Sales Tax Revenue to the City														
% of Total Sales	1%	\$0	\$0	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738	\$8,738
Residential Offset**		\$0	\$0	-\$500	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000	-\$1,000
<b>TOTAL SALES TAX REVENUE</b>		\$0	\$0	\$8,238	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738

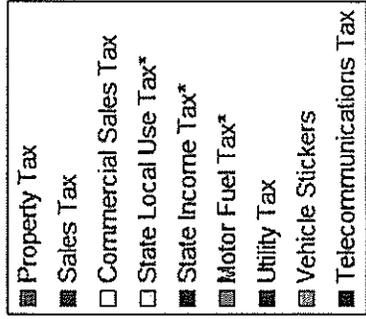
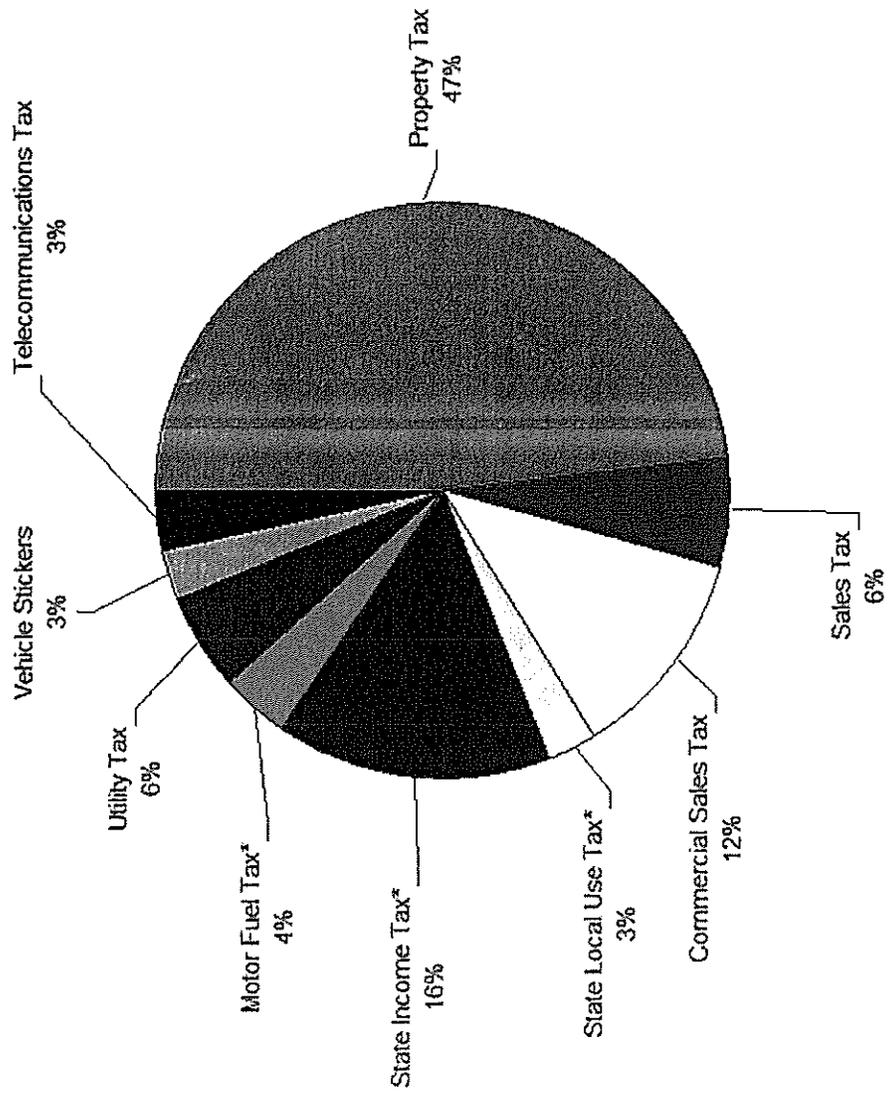
\*\* To avoid double counting, \$1,000 per annum is debited reflecting expenditures from residential at these commercial facilities.

TABLE 9. Revenues to the Village of Western Springs

Revenue Source	Year Residents Take Occupancy										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Property Tax	\$757	\$757	\$757	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	
Sales Tax	\$0	\$0	\$1,859	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	
Commercial Sales Tax	\$0	\$0	\$8,238	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	
State Local Use Tax*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,756	\$1,756	\$1,756	
State Income Tax*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,034	\$10,034	\$10,034	
Motor Fuel Tax*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,472	\$2,472	\$2,472	
Utility Tax	\$0	\$0	\$1,800	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	
Vehicle Stickers	\$0	\$0	\$928	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	
Telecommunications Tax	\$0	\$0	\$1,040	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	
<b>Totals</b>	<b>\$757</b>	<b>\$757</b>	<b>\$14,622</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$64,693</b>	<b>\$64,693</b>	<b>\$64,693</b>	

\* It is assumed that the community would have to conduct a special census in order to receive the State Shared Revenues prior to the 2020 census.

FIGURE 3. Revenues to the Village of Western Springs by Source



## 2.2 Expense Calculation - Village of Western Springs

Expenses are estimated using the Service-Standard Method of Fiscal Impact Evaluation. The Service-Standard Method is an average costing method which uses averages of staffing service. A marginal staffing ratio is used to estimate the number of new municipal staff necessary for every additional 1,000 residents of population growth. This ratio is multiplied by the estimated number of people in the new development (divided by 1,000) to estimate the number of new employees that may be necessary.

The Village's operating expenditures, as reported in its budget, are divided by its staff size to derive an estimate of operating expense per employee. This operating expense per employee is adjusted down according to the residential portion of the Village's total assessed valuation. This is to fairly distribute the costs of public services between residential and non-residential property owners. The adjusted operating expense per employee is multiplied by the estimated number of new employees caused by the development, arriving at an estimate of new operating expenses due to the development. See Table 10.

Capital expenses are estimated on a continuing annual basis, analogous to the payment of principal and interest on bonds issued to pay for public capital improvements caused by the development. Capital expenses are estimated at 10% of operating expenses in each year.

### 2.2.1 Expenses Attributable to Residential Development

#### *Current Staff Ratio Per 1,000 Residents*

The Village of Western Springs has 65 FTE (full-time equivalent) employees. We did not include full-time equivalent positions which are devoted to Water & Sewer or Capitol Projects functions. With an estimated 2012 population of 13,105 people, the number of FTE's equate to a staffing ratio of about 4.96 employees per 1,000 resident population.

We recognize that the marginal increase in municipal employees will be less than the ratio of current employees to 1,000 residents. One reason for this is that department heads are not duplicated as the size of the municipal staff grows. To compute the number of new employees needed per additional 1,000 residents, we net out department heads under the assumption that these positions would not be duplicated. Subtracting department heads or non duplicated employees needed from results in a marginal staffing ratio of 4.50 employees per 1,000 residents.

Based on our marginal staffing ratio per 1,000 residents, and 105 new residents in the development, we estimate a need for approximately 0.47 new staff by buildout.

### *Operating Expenses Per Employee*

The Village has budgeted approximately \$106,799 per employee in operating expenditures for FY 2014. Of the operating expense per employee, we estimate that only a portion is attributable to servicing residential uses. This ratio is based on the residential portion of the municipality's total assessed valuation or 93.34% of the total cost. Therefore, we estimate operating expenses per employee, attributable to servicing residential property, at \$99,686. See Table 11.

### *Timing of Expenditures*

We have recognized that some revenues are not actually received by a municipality in the same year that the taxes were levied, so we have delayed the receipt of certain revenues by one year or more, principally the property tax revenues and State Income. Regarding expenditures, we also recognize that communities usually identify a current need, then budget for this need in another fiscal year. That is, communities do not actually spend money in advance of growth, but after growth has occurred. To adjust for this lag in expenditures, we assume that half the growth in calculated costs between each year will not actually be spent in that year.

For example, in the first year of development, we estimate the new community will generate \$51,812 in new expenses to the Village of Western Springs. However, we only attribute one-half this amount in new expenses to the development in that year. One-half of the cost increase is allocated to the next fiscal year. The total cost of the residential development after it is complete is estimated to be \$51,812.

## **2.2.2 Expenses Attributable to Commercial Development**

Many fiscal analyses allocate all government costs to residential uses and effectually overemphasize the fiscal benefits of non-residential uses. In reality, non-residential uses also require the full range of government services that residential uses require; such as, police and fire protection, snow removal, and street improvements. The main benefit of such non-residential uses are in the provision of employment for the Village, and the fiscal impact of commercial sales tax revenues.

The Urban Land Institute has studied the impact of development and found that the service cost of 4 employees is the same as the service costs of a single resident. Western Springs has an operating cost of \$530.00 per capita. The cost of servicing an employee is determined by using the Village's non-residential assessment value and the adjusted operating budget of \$6.94 million. This calculation would therefore be \$132.50 per employee. This study uses the calculation of \$132.50 per employee to estimate the service costs for a non-residential use. See Table 12.

*Commercial Employees and Expenses*

The Urban Land Institute estimates 1 employee per 400 square feet of retail, resulting that a total of 8.7 employees will be generated by the commercial development. These new employees produce an estimated \$988 in new expenses. Table 11 shows the calculations of new expenses from the commercial land use.

*Commercial Annual New Capital Expenses (Capital costs annualized on an infinite basis)*

We estimate the annual capital costs based on a capital cost ratio of 10% of annual operating costs. With annual operating costs of \$988 per year, annual capital costs at 10% are estimated at \$99 per year, after the commercial component of the development is fully occupied. This represents the annual debt service on new capital facilities or equipment. Total commercial operating and capital expenses are \$1,087 annually.

**2.2.3 Expenses Attributable to Commercial Development Offset**

The existing building is about 12,000 square feet of commercial use. Using the formula of one employee per 400 square feet results in 30 employees. The Urban Land Institute has studied the impact of development and found that the service cost of 4 employees is the same as the service costs of a single resident. Western Springs has an unreimbursed operating cost of \$530.00 per capita. The cost of servicing an employee would therefore be \$132.59. This study uses the calculation of \$132.50 per employee to estimate the service costs for a non-residential use.

*Commercial Employees and Expenses*

Based on the employee estimates, we assume a total of 30 employees were generated by the existing building. These employees consumed an estimated \$3,390 in unreimbursed municipal operating services. The existing building will be removed and replaced with a larger structure. The impact being removed when the original building is removed is debited against the impact of the new building.

*Annual New Capital Expenses (Capital costs annualized on an infinite basis)*

We estimate the annual capital costs based on a capital cost ratio of 10% of annual operating costs. Demolishing the existing building results with a negative capital impact of (\$339.)

*Net Commercial Impact*

The new commercial impact when debited with the removed impact of the old building results in a net commercial impact of negative (\$2,643) See Table 13.

TABLE 10.

## Operating Budget, Village of Western Springs

Budget Projection, FY 2014	Expenditures Budgeted	Less Adjustments	Adjustments	Total Adjusted Expenditures
<b>General Fund</b>				
General Government	\$1,866,033	(\$123,993)	Capital Expense, Transfers	\$1,742,038
Finance Administration	\$544,776	(\$123,754)	Capital Expense, Fees	\$421,022
Law Enforcement Services	\$4,074,847	(\$336,799)	Capital Expense, Transfers	\$3,738,048
Municipal Services	\$3,904,167	(\$2,208,027)	Capital Expense, Transfers	\$1,596,140
Fire and Inspection Services	\$1,843,867	(\$247,500)	Capital Expense, Transfers	\$1,596,367
Community Development	\$428,897	(\$25,000)	Capital Expense, Permits, Fees	\$403,897
		(\$2,483,566)	Intergovernmental, Licenses and Permits, Fees, Service Charges, Sales/Reimbursements/ Rents /Others	(\$2,483,566)
<b>TOTAL, General Fund</b>	<b>\$12,564,587</b>	<b>(\$5,548,641)</b>		<b>\$7,015,946</b>
<b>SPECIAL FUNDS **</b>				
Police and Fire Pension	\$1,190,663	(\$1,631,093)	Transfers and fund	(\$440,432)
Recreation Fund	\$1,625,003	(\$1,258,600)	Fees and Fund Transfers	\$366,403
<b>TOTAL, Special Funds</b>	<b>\$2,815,666</b>	<b>(\$2,889,693)</b>		<b>(\$74,029)</b>
<b>OVERALL TOTAL</b>	<b>\$15,380,253</b>	<b>(\$8,438,336)</b>		<b>\$6,941,917</b>
Budgeted FY 2014				
* We are not including revenues from building permits or other such non-recurring fees in our revenue projections. We also assume in this study that building permit fees, inspection fees, and any one-time plat review fees are structured to meet costs of inspection services and planning staff services.				
** We did not include the following enterprise or non-operating funds: Capital, Roadway Construction Fund, Public Benefit Fund, Debt Service, and Special Purpose Reserve Fund.				

TABLE 11. Estimated New Expenses From Residential Land Uses

Assumptions	New Impacts	Year Landmark Take Occurs												
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
# of Full-Time Equivalents Employees*	63	0	0	305	105	105	105	105	105	105	105	105	105	105
Average per 1,000 Population	4.96	0.00	0.00	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Operating Expenses Per Employee	\$106,799	\$0	\$0	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182	\$47,182
% Attributable to Existing Res. Owners Based on Assessed Valuation	93.34%	\$0	\$0	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719	\$4,719
Operating Expenses Per Employee Attributable to Existing Residential Owners	\$99,085	\$0	\$0	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812	\$44,812
Marginal Additional Personnel Requirement Per 1,000 Additional Population **	4.10	\$0	\$0	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506	\$25,506

\* Less workers devoted to Street & Water Functions.

\*\* Less 6 non-displaced employees.

TABLE 12.

Estimated New Expenses From Commercial Land Use

Assumptions *	New Impacts	Year Users Take Occupancy											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
2014 Operating Expenses Per Capita \$452	New Commercial Employees	0	0	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
	Operating Costs	\$0	\$0	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988
	Old Commercial Employees	0	0	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
	Operating Costs	\$0	\$0	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)
2014 Operating Expenses Per Employee in Local Business**	Net Operating Expenses	\$0	\$0	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)	(\$2,402)
	Capital Costs 10% of Operating	\$0	\$0	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)
	Total Operating and Capital Costs	\$0	\$0	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)
	Adjusted Annual Costs (1/2 of the increase in cost between each year is delayed)	\$0	\$0	(\$1,321)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)	(\$2,643)

\* The Urban Land Institute estimates that the cost of providing municipal services to one employee in a local business is one-fourth the cost of providing services to a single resident.

\*\* Multipliers for employees per square foot provided by the Urban Land Institute.

### 2.3 Net Fiscal Impact to the Village of Western Springs's budget through the year 2023.

Table 13 shows the net fiscal impact to the Village of Western Springs's budget through 2023.

With recurring revenues estimated at \$64,693 per year, and recurring non reimbursed expenses estimated at \$49,508 per year, we are showing a surplus of \$15,185 per year upon completion. A surplus occurs in the second year of development, and reoccurs in successive years.

The proposed development will have a positive effect on the long term fiscal posture of the Village and should not have any negative impact to the property tax burden of the current residents. As early as the second year, the development should provide a net improvement to the Village's tax base, helping to stabilize or even reduce the tax burden on existing residents.

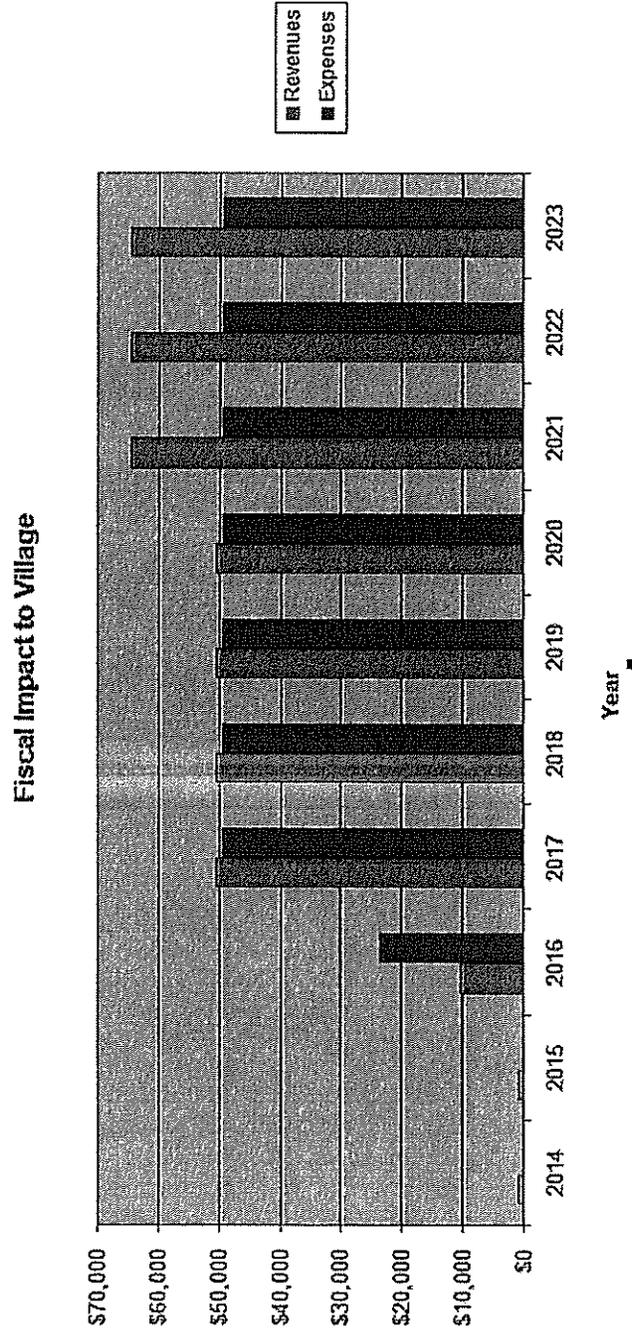
*Also note, these expenses are considered normal for a new development and it's strain on services or it's ability to stretch it's services. This development is the redevelopment of an existing site which already receives municipal services, is already surrounded by the municipality and may not create any recurring or marginal expenses in reality.*

TABLE 13.

## Net Fiscal Impact to Village of Western Springs

	Year Residents Take Ownership										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Property Tax	\$757	\$757	\$757	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999	\$30,999
Sales Tax Residential	\$0	\$0	\$1,859	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118	\$4,118
Sales Tax Commercial	\$0	\$0	\$3,869	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738
State Local Use Tax*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,756	\$1,756	\$1,756	\$1,756
State Income Tax*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,034	\$10,034	\$10,034	\$10,034
Motor Fuel Tax*†	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,472	\$2,472	\$2,472	\$2,472
Utility Tax	\$0	\$0	\$1,800	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640
Vehicle Stickers	\$0	\$0	\$928	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856	\$1,856
Telecommunications Tax	\$0	\$0	\$1,040	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080
<b>Annual Revenues</b>	<b>\$757</b>	<b>\$757</b>	<b>\$10,253</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$50,431</b>	<b>\$64,693</b>	<b>\$64,693</b>	<b>\$64,693</b>	
Annual Expenses Residential	\$0	\$0	\$25,906	\$51,812	\$51,812	\$51,812	\$51,812	\$51,812	\$51,812	\$51,812	
Annual Expenses Commercial	\$0	\$0	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	
Old Commercial Credit	\$0	\$0	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	(\$3,390)	
<b>Total Annual Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,602</b>	<b>\$49,508</b>	<b>\$49,508</b>	<b>\$49,508</b>	<b>\$49,508</b>	<b>\$49,508</b>	<b>\$49,508</b>	<b>\$49,508</b>	
<b>Net Annual Fiscal Impact</b>	<b>\$757</b>	<b>\$757</b>	<b>(\$15,653)</b>	<b>(\$1,381)</b>	<b>(\$1,381)</b>	<b>(\$1,381)</b>	<b>(\$1,381)</b>	<b>\$12,881</b>	<b>\$12,881</b>	<b>\$12,881</b>	

FIGURE 4. Net Fiscal Revenue Impact, Village of Western Springs



### **3.0 FISCAL IMPACT TO WESTERN SPRINGS ELEMENTARY SCHOOL DISTRICT 101**

This study estimates new revenues for Western Springs Elementary School District 101 provided by the Illinois State Board of Education.

#### **3.1 Projected Student Population**

After evaluating several student generation models, the study estimates that development, as proposed will result in 1 elementary school age child. The student count results from the unique demographic profile of the housing products being proposed. For comparison purposes the study also presents data using the ISCS 1996 table multipliers. The ISCS multipliers are shown for comparison only and are not the recommendations of the study.

#### **3.2 New Revenue Estimates**

Table 14 summarizes the new revenues to the School District from the proposed redevelopment.

##### **3.2.1 Property Tax Revenue**

The 2012 property tax rate was 3.056 per \$100 assessed valuation. With a total taxable value of \$3.28 million dollars after completion, we are estimating that the development will ultimately generate \$100,140 in annual property tax revenue for School District 101.

##### **3.2.2 General State Aid**

In 2013-13, School District 101 is expected to receive \$384.82 per student in unrestricted General State Aid, according to the Illinois State Board of Education.

With 1 new students after the development is built out in 2016, we estimate an additional \$384.82 per year will ultimately be generated to the School District from General State Aid. We estimate a one-year delay in realizing General State Aid, so that the amount generated by the first year's new students is not received until the second year.

Comparatively the ISCS 1996 table multipliers result in 5.1 students and \$1,978 in General State Aid.

TABLE 14. Estimated Revenues, Elementary District 101

Revenue	2012 Tax Rate Per \$100	Year Residents Take Occupancy										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Taxable Value	\$80,038	\$80,038	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845
Number of Students	0.0	0.0	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Property Tax Revenue*	\$2,446	\$2,446	\$2,146	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140
State Aid	\$0	\$0	\$0	\$1,978	\$1,978	\$1,978	\$1,978	\$1,978	\$1,978	\$1,978	\$1,978	\$1,978
<b>Total Revenues</b>	<b>\$2,446</b>	<b>\$2,446</b>	<b>\$2,146</b>	<b>\$102,118</b>								

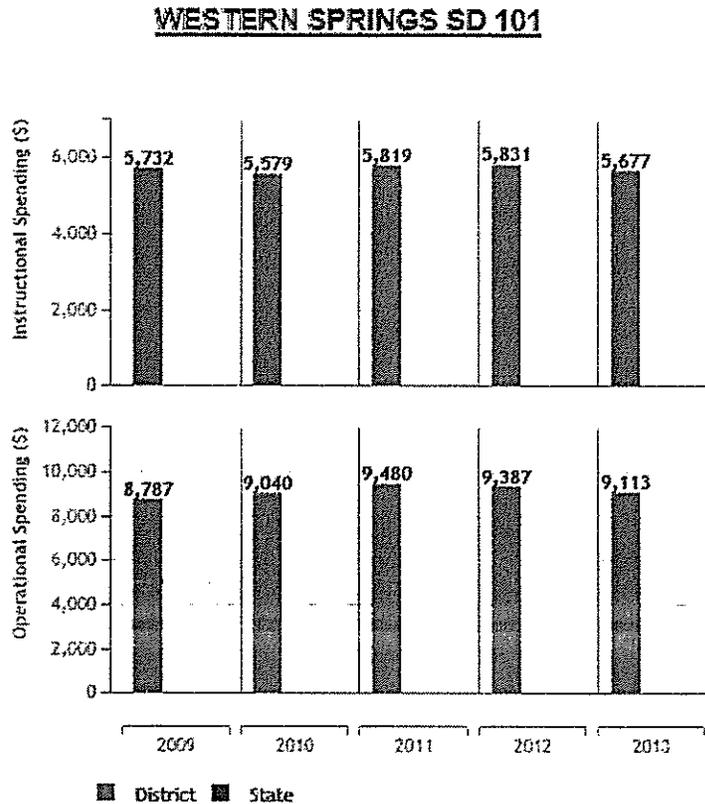
Multipliers Updated for Elevator Building

Revenue	2012 Tax Rate Per \$100	Year Residents Take Occupancy										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Taxable Value	\$80,038	\$80,038	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845	\$3,276,845
Number of Students	0	0	1	1	1	1	1	1	1	1	1	1
Property Tax Revenue*	\$2,446	\$2,446	\$2,146	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140	\$100,140
State Aid	\$0	\$0	\$0	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385	\$385
<b>Total Revenues</b>	<b>\$2,446</b>	<b>\$2,446</b>	<b>\$2,146</b>	<b>\$100,525</b>								

### 3.3 Expense Calculation

#### 3.3.1 Annual Operating Costs

##### Per Student Spending



Source: Illinois State Board of Education

For 2013 School District 101 reported operating expenditures of \$9,113 per pupil. One new student, after full residential occupancy in 2016, is projected to attend school in School District 101. Using the per pupil operating expenditure of \$9,113 per pupil, we estimate new educational operating expenses of \$9,113 per year after all of the units are occupied. See Table 15.

Comparatively the ISCS 1996 table multipliers result in 5.1 students and \$46,837 in projected educational operating expenses after all of the units are occupied.

#### 3.3.2 Timing of Expenditures

We have recognized that some revenues are not actually received by the school district in the same year that the taxes were levied or the population arrives, so we

have delayed the receipt of both the property tax revenue, as well as General State Aid, by one full year. Regarding expenditures, we also recognize that school districts usually identify a current need, and then budget for this need in another fiscal year. That is, school districts do not actually spend money in advance of growth, but after growth has occurred. To adjust for this fact, we assumed that one-half of our calculated growth in costs between each year, relating to the new population in each year, will actually be deferred to a future budget year.



### 3.4 Net Fiscal Impact

#### 3.4.1 Long-Term Impact to Operating Budget

Table 16 indicates that projected annual operating revenues are expected to exceed annual operating expenses for School District 101 by \$91,412 in the years following the completion of the development.

Comparatively the ISCS 1996 table multipliers result in 5.1 students and a positive fiscal impact of \$55,281.

#### 3.4.2 Summary

There is 1 school-age child from the development anticipated to be attending school in School District 101. Projected annual operating revenues of \$100,525 are expected to exceed annual operating expenses of \$9,113 for School District 101 by \$91,412.

Comparatively the ISCS 1996 table multipliers result in 5.1 students. Projected annual operating revenues of \$102,118 are expected to exceed annual operating expenses of \$46,837 for School District 101 by \$55,281.

This fiscal impact to the school district is a very conservative projection. While we measure the impact of real estate and State Aid against operating costs, there are approximately 5% other revenues coming from other sources. Impact fees are also not included as they are not recurring revenues. **Making the adjustment for revenues from other uses and impact fees would make the fiscal impact more positive.**



## **4.0 FISCAL IMPACT TO LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204**

This study estimates new revenues for Lyons Township High School District 204 provided by the Illinois State Board of Education.

### **4.1 Projected Student Population**

After evaluating several student generation models, the study estimates that development, as proposed, will result in 1 high school age children. The student count results from the unique demographic profile of the housing products being proposed.

For comparison purposes the study also presents data using the ISCS 1996 table multipliers producing 2.3 high school age children. The ISCS multipliers are shown for comparison only and are not the recommendations of the study.

### **4.2 New Revenue Estimates**

Table 17 summarizes the new revenues to the School District from the proposed development.

#### **4.2.1 Property Tax Revenue**

The 2012 property tax rate was 2.129 per \$100 assessed valuation. With a total taxable value of \$3.28 million dollars after completion, we are estimating that the development will ultimately generate \$69,764 in annual property tax revenue for High School District 204.

#### **4.2.2 General State Aid**

In 2013-2014, School District 204 is expected to receive \$453.79 per student in unrestricted General State Aid. according to the Illinois State Board of Education.

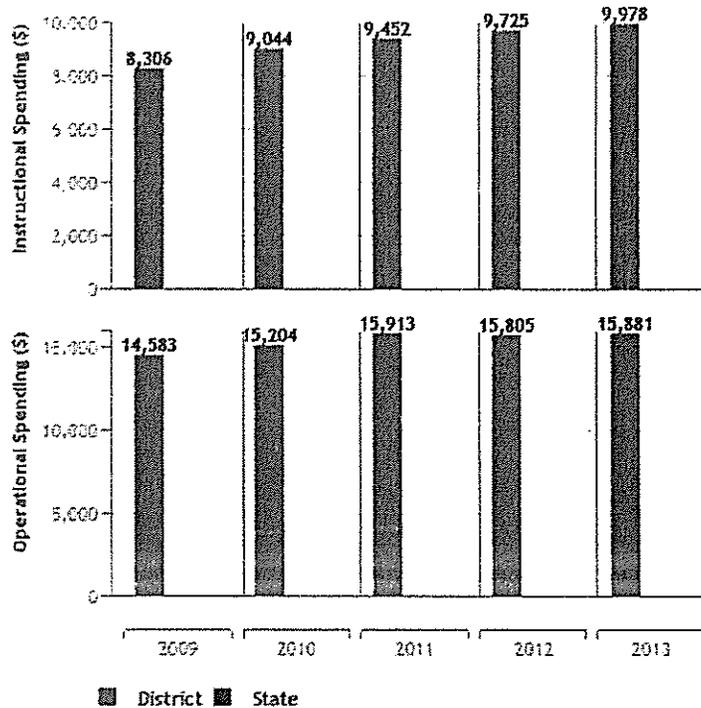
With 1 new student after the development is built out in 2016, we estimate an additional \$453 per year will ultimately be generated to the School District from General State Aid. We estimate a one-year delay in realizing General State Aid, so that the amount generated by the first year's new students is not received until the second year.

Comparatively the ISCS 1996 table multipliers result in 2.3 students and \$1,059 in General State Aid.



### 4.3 Expense Calculation

#### Per Student Spending



Source: Illinois State Board of Education

#### 4.3.1 Annual Operating Costs

#### 4.3.2 Annual Operating Costs

For 2013 School District 204 reported operating expenditures of \$15,881 per pupil. Projecting 1 new student, after full residential occupancy in 2016, will attend in School District 204. Using the per pupil operating expenditure of \$15,881 per pupil, we estimate new educational operating expenses of \$15,881 per year after all of the units are occupied. See Table 18.

Comparatively the ISCS 1996 table multipliers result in 2.3 students and a new educational operating expenses of \$37,102 per year after all of the units are occupied. Please note that about 11% revenues come from other sources beyond property taxes and State Aid. This report also does not include impact fees which are

not recurring revenues. If both these factors were applied the net operating cost attributed to residential would be reduced.

#### 4.3.3 Timing of Expenditures

We have recognized that some revenues are not actually received by the school district in the same year that the taxes were levied or the population arrives, so we have delayed the receipt of both the property tax revenue, as well as General State Aid, by one full year. Regarding expenditures, we also recognize that school districts usually identify a current need, and then budget for this need in another fiscal year. That is, school districts do not actually spend money in advance of growth, but after growth has occurred. To adjust for this fact, we assumed that one-half of our calculated growth in costs between each year, relating to the new population in each year, will actually be deferred to a future budget year.



#### 4.4 Net Fiscal Impact

##### 4.4.1 Long-Term Impact to Operating Budget

Table 19 indicates that projected annual operating expenditures are expected to exceed annual operating revenues for School District 204 by \$54,336 in the years following the completion of the development.

Comparatively the ISCS 1996 table multipliers result in 2.3 students and a positive fiscal impact of \$33,721.

##### 4.4.2 Summary

There is 1 school-age children from the development anticipated to be attending School District 204. Projected annual operating revenues of \$70,217 are expected to exceed annual operating expenses of \$15,881 for School District 204 by \$54,336.

Comparatively the ISCS 1996 table multipliers result in 2.3 students. Projected annual operating revenues of \$70,823 are expected to exceed annual operating expenses of \$37,102 for School District 204 by \$33,721.

This fiscal impact to the school district is a very conservative projection. While we measure the impact of real estate and State Aid against operating costs, there are approximately 11% of revenues coming from other sources. Impact fees are also not included as they are not recurring revenues. **Making the adjustment for revenues from other uses and impact fees would make the fiscal impact more positive.**



## 5.0 PROPERTY TAX REVENUES TO OTHER DISTRICTS

The development is expected to have a taxable value of \$3.3 million. Applying the 2012 tax rate of 7.902 per \$100 of equalized assessed value to the taxable value results in total annual property tax revenues of \$258,935 attributed to the new development. Table 20 details the distribution of property tax revenues by taxing district. The current 2013 real estate tax on the site is \$32,340.

TABLE 20. Property Tax Distribution to All Districts

Taxing Jurisdiction	Tax Rate/\$100*	Extension **
Cook County	0.468	\$15,336
Forest Preserve District of Cook County	0.063	\$2,064
Cook County Health Facilities	0.063	\$2,064
Lyons Township	0.063	\$2,064
Lyons General Assistance	0.003	\$98
Lyons Road and Bridge	0.044	\$1,442
Lyons Township Mental Health	0.103	\$3,375
Village of Western Springs	0.924	\$30,278
Western Springs Library	0.197	\$6,455
Elementary School District #101	3.056	\$100,140
High School District #204	2.129	\$69,764
DuPage Community College #502	0.276	\$9,044
Metro Water Reclamation Dist of Greater Chicago	0.370	\$12,124
DesPlaines Abatement District	0.015	\$492
Western Springs Park District	0.128	\$4,194
<b>TOTAL</b>	<b>7.902</b>	<b>\$258,936</b>

\* Using 2012 individual tax rates.

\*\* Based on a taxable value of: \$3,276,845

## 6.0 ECONOMIC IMPACT

According To “Economic Base Theory,” productive activity that creates value and imports money into a community and increases the economic base of the community. Once income is imported into a community, it circulates and has a multiplier effect as it is spent over and over again. Residents in a free standing Village earn and spend their money within the community, making the calculation of changes in the economic base very simple. However, communities such as Western Springs have an open economic system, meaning that residents earn and spend money both within and outside the Village borders. Projecting the changes in the economic base generated by the proposed development involves three issues: the value added by the development; the creation of wealth through income brought in by the new residents; and the circulation of that new wealth within the community.

### 6.1 Economic Base Value Added

The building and development process demonstrates how the economic base is enhanced by the addition of new value. This report showed that the development will generate new properties valued at \$11.3 million upon completion. To this point, we have used market value based on tax assessment practices. Put most simply, much of what is built is not included by the assessor. We estimate the actual market value would be 20% higher than the assessor’s market value or \$13.6 million. If this construction is purchased with money from outside the community, the increase in value brings wealth into the community and adds to the economic base. To the extent that this money is retained and circulated within the community, the economic well being of the community is increased.

### 6.2 Economic Impact to the Village of Western Springs

Economic impacts are differentiated by time and type. The first type, construction phase impacts, are short term effects. They include employment impacts that encompass on-site and off-site construction employment, on-site and off-site trade/transportation/service employment, and manufacturing employment in support of construction; income impacts that refer to the wages and salaries of construction related workers; and expenditure impacts that extend to the construction related workers’ spending of their wages and salaries and to the material purchases made inside and outside the region in support of the construction.

The second type of impact is the operation phase impact. These are long term impacts generated by the operation of the project. They include resident, income and expenditure effects that occur over the long run.

The following sections quantify the effect on the Western Springs economy.

### 6.3 Construction Phase Impacts

The economic impact of the construction process is analyzed in two ways. First, the construction process is broken down by the types of activities that occur in the development, construction, and marketing process with the emphasis of the type of contractor used in each category. Second, the effects of direct employment and the purchase of goods during the construction process are analyzed with the emphasis on salaries paid.

#### 6.3.1 Cost Distribution by Category

The total market value of the development at completion is \$13.6 million. Of this amount 77.2% or \$10.8 million relates to costs of construction. The improvement of the land, the construction of the buildings, and many of the supporting functions are performed on site, or within the Village of Western Springs. About 77.2% of the market cost of the development is expensed for people and materials, with the remainder projected for profit, financing, and miscellaneous costs. This section below details these expenditures and discusses the potential of Western Springs to capture the income from the completed work.

The expenditure for selected categories is projected by applying anticipated costs. The distribution of costs are based on a typical pro-forma, not specific to this program. Each category is discussed below. See Table 21.

**Planning, Engineering and Design:** 2.1% or \$0.28 million is projected to be spent to create and implement the plans. Disciplines involved include land planning, architecture, landscape architecture, engineering, legal and financial. Local firms have a location advantage for getting these assignments. Once a project is underway, it is often more economical to use a firm located in the immediate area. This professional services sector is in need of this new business.

**Site Improvements:** 8.7% or \$1.16 million is projected to be spent on site improvements and preparing the land for construction including demolition. Types of contractors brought into the project at this stage are sewer and water contractors, electric and other utility installers, and landscapers. Local firms will have a competitive advantage in bidding for this work. This contractor sector is in need of this new business.

**Direct Building Construction:** 58% or \$7.72 million is projected to be spent on actual construction. All the building materials will need to be purchased. Local firms have an advantage in the bidding process. Typical contractors who will be used are plumbers, roofers, electricians, carpenters, excavators, dry-wallers, painters and similar trades. Local contractors will have an advantage in bidding on these contracts. This money will be spent in Western Springs.

**Indirect Building Construction and Fees:** 2.9% or \$0.39 million is projected to be spent on indirect construction costs. The largest portion of this amount will be captured locally in permit and inspection fees. This category is a major revenue source for the Village of Western Springs.

**Marketing:** 3.0% or \$0.69 million is projected to be spent to market the project to potential buyers. This includes advertising costs, brokers' fees, and staff expenses relating to the marketing and sale of the housing units. This money is largely spent in Western Springs.

**Overhead:** 2.5% or \$0.33 million is projected to be spent on overhead. This is the administrative cost of running the project. Almost all of this will be spent in Western Springs and use local employees.



## 6.4 Construction Phase Impacts

During the construction phase, the development will be one of Western Springs' larger employers. During the 1 year construction phase, the development will expend \$10.3 million.

### 6.4.1 Construction Phase Employment Impacts

Construction phase economic impacts include employment impacts that encompass on-site and off-site construction employment, on-site and off-site trade/transportation/service employment, and manufacturing employment in support of construction; income impacts that relate to the wages and salaries of construction related workers; and expenditure impacts that extend to the construction related workers spending of their wages and salaries and to material purchases made inside and outside of the Village in support of the construction.

The construction phase is projected to expend \$5.55 million. Of this amount 58% or \$3.22 million is expected to be paid out in salaries and wages. The following table distributed expenses into categories using a typical distribution and current average wage rates. The end product is the employment impact of the new development, computed by multiplying the dollar value of the project's contract construction by the national average construction employee hours per \$1,000 value of contract construction. This computation yields the construction hours required by the project. Dividing the hours by 2,000 (the average number of hours of labor per year) provides the number of full-time-equivalent (FTE) jobs generated by the project. Table 22 shows that construction phase uses 306,070 man hours to complete. This converts to 89 full time equivalent (FTE) jobs. The 89 number is very conservative. While the mathematical calculation is correct, employment may be inconsistent. The actual jobs created count is likely larger.

TABLE 22. Employment Impacts Income By Project Component in Construction Phase

Component	Share of Expenses	Labor Hrs \$1,000*	Total Labor Hours	FTE Jobs **
<b>Residential</b>				
On-site Construction	36.90%	44.44	52,782	26
Off-site Construction	4.70%	44.44	6,723	3
Manufacturing	32.60%	60.61	63,598	32
Trade, Transportation and Services	19.40%	66.53	41,543	21
All others	6.40%	62.5	12,875	6
<b>Total</b>			<b>177,521</b>	<b>89</b>

\* Source: Robert Ball, "Employment Created by Construction Expenditures," Monthly Labor Review, Published by the Urban Land Institute.

\*\* A full time equivalent job (FTE) consists of 2,000 labor hours. Published by the Bureau of Labor Statistics.

6.4.2 Income Impact of Construction Phase

The construction phase of the development results in \$3.22 million in wage income. Of this, 76% or \$2.57 million is considered disposable income. The full weight of this disposable income is scattered throughout the region based on where the employees live. Keep in mind that this development is in town, employees tend to cluster close to where they work and the employees are there all day and in a good position to be enticed to see the retail and service opportunities in Western Springs.

TABLE 23. Income Impact of Construction Phase

Component	Total Labor Hours	Avg. Hourly Earnings*	Total Wage Income	Disposable Income **
<b>Residential</b>				
On-site Construction	52,782	\$22.50	\$1,187,585	\$950,068
Off-site Construction	6,723	\$22.50	\$151,264	\$121,011
Manufacturing	63,598	\$16.50	\$1,049,368	\$839,494
Trade, Transportation and Services	41,543	\$15.03	\$624,396	\$499,517
All others	12,875	\$16.00	\$205,997	\$164,798
<b>TOTAL</b>	<b>177,521</b>		<b>\$3,218,611</b>	<b>\$2,574,888</b>

\* Source: Bureau of Labor and Statistics, Area Occupational Employment and Wage Estimates

\*\* Disposable income is estimated at 76% of personal wage income. Source: US Bureau of Labor Statistics, Consumer Spending Patterns, Chicago Metro Area

Of the \$2.57 million in disposable income resulting from the new development, 92% is allocated to consumption income. The following table displays in broad categories how the money is spent. With \$0.41 million spent on comparison goods and \$0.55 million spent on convenience goods there is a lot of opportunity to gain a market share of these expenditures.

TABLE 24. Expenditure Impacts of Construction Phase Employment

Type of Expenditure	As a Fraction of Total Consumption	Expenditures *
Comparison Goods	0.171	\$405,081
Convenience Goods	0.232	\$549,584
Other Goods/Services	0.597	\$1,414,232
<b>TOTAL</b>	<b>1.000</b>	<b>\$2,368,897</b>

\*Values available for consumption spending estimated at 52% of disposable income dollars going towards Comparison and Convenience Goods

### 6.5 Impact of the Operation Phase of the Development

The development will bring in 52 new families. We conservatively estimate \$72,000 average family income. The following table excerpted from Department of Labor Consumer Expenditure Report shows how families spend their income. See Table 25.

The new families are projected to have annual expenditures of \$3.0 million. As an example, Annually \$220 thousand is projected in grocery purchases, and \$202 thousand is projected in purchasing health care. A further breakdown is presented in table 25.

The development being within the Village of Western Springs has the potential of spreading it's economic benefit throughout the community.



## 7.0 SUMMARY

In sum, our model of fiscal impact finds the proposed development, upon completion, will cause a positive impact to the Village of Western Springs and a positive impact to Western Springs Elementary School District 101 and Lyons Township High School District 204, helping to stabilize or even reduce the tax burden on existing residents. The construction phase and the operations phase of the development will enhance and strengthen the local economy.