

**Warrenville, Illinois
Fiscal Impact Report
Response to City Financial Questions**

Responses to City Questions (following format of the questions):

Laube Consulting Group LLC Fiscal Impact Analysis: Please revise the Laube information you previously submitted to address the following questions/issues:

1. Update the analysis to make it clear that it is not a “DRAFT”

Response: Done. Please see attached.

2. Change all references to “Village” to “City”

Response: Done. Please see attached.

3. Table 1 refers to “Village of Glenview”. Please correct this reference.

Response: All reference City of Warrenville. Please see the attached report.

4. Table 4 FMV Assumptions: Under the “Market Rate Units” section, please clarify what is meant by the word “Chunk Price”. Also, it appears as if the “Affordable Unit” information on the bottom half of this table is related to a different development project and therefore should be removed.

Response: The unit “chunk” price is an industry term that is defined as the total price per the unit without reference to the price per square foot. Any reference to the affordable units are removed.

5. Most of the Tables and the second bullet point under “Key Assumptions” assumes that there will be an annual reassessment growth of 2.5%. Please clarify if the calculations in this report assume the 2.5% growth is compounded annually. Based on the valuations of other attached housing products in the City of Warrenton, including the existing townhomes in the Cantera project near the southwest corner of Warrenton and Winfield Roads, a 2.5% annual reassessment growth is extremely aggressive and most likely unrealistic. Please provide data to support the 2.5% assessment growth assumption or revise the report and its conclusions to be more in line with what actually has or is occurring in the area market. Provide data to support whatever reassessment number that is used.

Response: The Illinois Property Tax Code limits (a) the amount of property taxes that can be extended for non home rule units of local government. These are essentially units of government on this development except for the City. As a result of this statute, the extension of property taxes for a unit of local government subject to the State Tax Cap may increase in any year by five percent or the percent increase in the Consumer Price Index for the preceding year, whichever is less, or the amount approved by referendum. As a result of this levy dynamic, we are assuming that all the taxing districts will levy the maximum they can under this law. Therefore, bottom line property taxes will increase at this rate over the course of the projection period. That is to say given the dynamic between the EAV and the tax rate (the tax rate is the levy divided by the EAV), bottom line taxes follow the levy and not changes in assessed values over time. Since we are looking at a 20-year projection period, our experience indicates that a materially good average of inflation is about 2.5% over a long period of time. In any segment of this projection period, it can be greater or less than this average. However, the long term average of 2.5% should materially and conservatively show a trend of what can happen over this projection period.

6. Section V. School District 203 Costs, third Key Assumption bullet point (page 7). Please identify the actual inflation rate that was used and explain why you did not use the actual average rate of per student increased operational costs experienced in District 203 each year over the past 5 years. Revise the report to use the average increased costs over the last 5 years in District 203.

Response: We are keeping the increase in the rate to the consumer price index for a 20-year period. You raise a good point in looking at the history of the school’s costs. School District 203 publishes only the last 2-years of costs per student. In analyzing that, the cost per pupil was \$15,527 in 2019 and \$15,298 in 2020, a decrease of 1.47%. However, given the same dynamic as stated above, we are assuming that the costs will generally follow inflation over this period of time (i.e., cost of living increases for teachers, and general inflationary increases for operating expenses. We certainly don’t want to project expenses going down. Part of the assumption here is that the school district appropriately manages spending and there will be no referendums to increase spending beyond this. It is not prudent to try to predict legislative events and outcomes of elections for purposes of this report. Therefore, we believe that this assumption is both conservative and very reasonable.