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## **President's Letter to Residents on Town Center and the New Grant Agreement**

Many of you may recall the Town Center (TC) concept presented in a special newsletter last November and rolled out in town hall meetings last December and January. This was pretty exciting, but in mid-January 2019 Northwestern Medicine (NM) terminated discussions with the Village. We restarted negotiations in early June and I believe it is time for an update.

The biggest news is that NM has yet again terminated discussions, and this time they have also given the Village an ultimatum on Town Center redevelopment as well as continuation of their annual grant. In early December, NM informed us that no more discussion will occur until the Village agrees to NM's terms. This is disappointing, but not unexpected since NM has terminated discussions on multiple occasions. This is a lesson for Winfield board members that I learned long ago: NM is Big Corporate and they play hardball.

### **Town Center**

The Village insisted that new development benefit Winfield residents with first-floor commercial on all buildings, new amenities such as a Riverwalk Park, and moving Village Hall to the perimeter of Town Center so the old Village Hall site that is located on prime land could be redeveloped for more commercial space. In fall 2018, we shook hands that all new development would permanently remain on the tax rolls, but NM changed their position in January 2019 suggesting 25 years be the limit. The Village Board reluctantly agreed to NM's demand on the tax status, and we are well aware that this major concession means our schools, park district, fire district, library, and Village government will lose over a million dollars a year in property tax revenue when the eligible TC properties go off the tax rolls permanently. NM's ultimatum has a number of negative surprises:

- NM has reduced the time the properties are on the tax rolls from 25 years to 20 years. This new demand results in about \$5M more in lost property tax revenue compared to the promised 25 year term.
- NM's 4-story parking deck will now extend into and guts the center of our long-planned Riverwalk Park in our Town Center.
- NM also demands that the Village sell 2 Village-owned properties near Sportsman's Barbershop that are not necessary for the proposed TC buildings. The Village Board is concerned that NM is land-banking our Town Center.
- NM is insisting that the Village buy their Snyder Office Building to be used as the new Village Hall and Police Station. The Snyder building is the 3-story brick office building located on the south side of Jewell Road and just west of Lee Station. This would provide NM a tidy profit since CDH bought the building and land for \$2.8M in 2007 and the Village would buy only the building for \$3M. The Village taxpayers would then need to spend perhaps \$8 million retrofitting the building, for a total cost of about \$11 million.

The worst part of the forced move to the Snyder building is that after 50 or 60 years the Village would be forced to give the jury-rigged Village Hall back to NM when the land lease expires. Then Winfield would have no Village Hall and millions of taxpayer dollars spent buying and retrofitting the building would be wasted. It is worth noting that a municipal architect has estimated that a brand new but modest Village Hall would cost between \$10M and \$12M. Either the Snyder building retrofit or a new Village Hall could be paid for with Tax Increment Finance (TIF) revenue associated with the TC redevelopment.

### **Grant Discussions**

So you may be asking: what was the Village's position on the grant renewal? The historic Economic Development Grant that I negotiated in December 2015 was for \$900,000 per year for 5 years, and it is set to expire in about a year. The Village's position is simple: continue the grant at the current level of \$900,000 per year and add a cost of living index so its value keeps up with inflation.

Back in 2015, the Village documented that CDH's non-profit status results in the extraction of over \$40M in property tax from Winfield taxpayers and that we get pennies on the dollar in return. The Village government alone loses \$1.7M and Village taxpayers are obliged to provide hundreds of thousands in free services such as roads and police to CDH. So although CDH provides world-class healthcare and is an amazing asset to the region, Winfield taxpayers alone pay this heavy price. A grant of \$900,000 per year is partial compensation for the burden that CDH imposes on us. It is also worth noting that according to Crain Chicago Business in December 2018 that CDH has revenue of over \$1B and had a profit of over \$213M. This makes CDH the most profitable non-profit hospital in Illinois.

NM's ultimatum is to reduce the grant by about 45 percent. This number may go up or down based on an unknown cost-calculation methodology NM is attempting to force on the Village. Due to this significant uncertainty, it is conservative to estimate the new grant NM is proposing as \$500,000 per year.

The Village Board believes slashing the grant is unjustified. We also know that the Village faces a fiscal crisis in coming years since the \$500,000 annual revenue from the Roosevelt Road red light camera will end in 2022. Losing this revenue and having NM slash the grant means the annual loss of about \$1M – and this will force severe cuts in services and infrastructure in the near future. The graph on page 1 of the Winfield Word illustrates the alarming results of NM's ultimatum.

Village taxpayers deserve relief, so our bottom line is that NM needs to pull its weight.

### **Next Steps**

The Village Board is considering how to respond to NM's ultimatum. Further public discussion in various forums is likely necessary. Stay tuned.



Erik Spande  
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