



MANAGER'S REPORT FOR SEPTEMBER 13, 2013
GENERAL INFORMATION AND RESPONSES TO MAYOR & COMMISSIONER REQUESTS

Places to be this Week...

Village Council Meeting - The next Village Council meeting will be held on **Tuesday, September 17, 2013 at 7 p.m.** in the Council Chambers at Village Hall.

ComEd Town Hall Meeting - The Village will host a Town Hall meeting with ComEd on **Thursday, September 19, 2013 at 7 p.m. at the Public Works Building (5101 Walnut).**

Future Calendar Reminders...

Coffee with the Council - The next Coffee with the Council will be held on **Saturday, September 21 at 9 a.m.** at the Main Street Train Station.

Village Council Meeting - The Village Council meeting will be held on **Tuesday, October 1, 2013 at 7 p.m.** in the Council Chambers at Village Hall.

Bond Refunding - As authorized by the parameters ordinance approved by Council on June 4, 2013, staff is pursuing a refunding opportunity for approximately \$8.5 million GO Bonds Series 2005 (TIF). This refunding is expected to save the Village approximately \$300,000 or about 3.5% net present value savings. The timeline is below.

- September 17 - Receive the rating from S&P
- September 23 - Price the bonds and sign the Bond Purchase Agreement
- October 31 - Delivery of the bonds

Responses to Stormwater Utility Questions - Staff prepared the attached memo in response to Village Council questions about the stormwater utility raised at the August 20, 2013 meeting.

Change in Budget Meeting Time - The workshop meeting to review the proposed FY14 budget will take place as follows:

Date: Saturday, October 5, 2013

Time: 7:30 AM to 10:30 AM

Location: Fire Station #2

In the event that the budget review does not conclude in this 3-hour time frame, the budget review will continue at the Tuesday, October 8 Village Council meeting.

ATTACHMENT

Stormwater Utility Memo

Memorandum

To: Mayor & Council
From: David Fieldman, Village Manager
Re: Responses to Stormwater Utility Questions
Date: September 13, 2013

At the August 20, 2013 meeting the Village Council asked if the Village could exempt not-for-profit agencies from paying stormwater fees and, if so, what impact would such an exemption have on the stormwater utility.

The Village can charge different fees to owners or occupants of parcels based on criteria established by the Village. Therefore, the Village could charge reduced fees or grant fee exemptions to not-for-profit entities. Granting an exemption would:

- Reduce the degree to which the stormwater utility goals have been achieved
- Increase the fees for all other parcels in the Village
- Be inconsistent with the fee structure for the Village water utility

Providing a fee exemption for some but not all of property tax exempt parcels (i.e. providing a fee exemption for religious institutions only while continuing to charge fees for other property tax exempt parcels such as not-for-profits and governments) would increase the administrative tasks of operating the utility. Further, the Village's billing system would not allow an exemption to be granted to a not-for-profit that is leasing property from a property tax paying entity.

Exempting Parcels Based on Ownership Type

The Village has the ability to establish fees to pay for the costs of owning and maintaining the stormwater management system. The fees could be charged to some or all of the parcels based on criteria established by the Village. The Village could elect to exempt property tax exempt entities from paying stormwater fees. Property tax exempt entities include religious institutions and not-for-profit agencies such as Good Samaritan Hospital, Midwestern University, and the YMCA, as well as units of government.

Property tax exempt parcels account for 8.77% of the impervious area within the Village and therefore generate 8.77% of stormwater fee revenue (see Table 1).

Table 1

Impervious Area by Land Use Category

Land Use Category	Percentage of Impervious Area
Residential	50.19%
Commercial	33.24%
Property Tax Exempt	8.77%
Industrial	7.80%
Total	100%

Within the property tax exempt property classification, there are three major categories (see Table 2).

Table 2

Property Tax Exempt Properties by Type

Type	Percentage
Governments	72%
Religious Institutions	15%
Not-For-Profit Agencies	13%
Total	100%

Note: The percentages are estimates based on a review and interpretation of the stormwater billing system. The billing system does not identify tax exempt parcels by type.

Reduction in the Degree to Which the Stated Goals are Achieved

The following goals were achieved by the stormwater utility and stormwater fund:

1. Provide a sustainable funding source dedicated to stormwater management activities.
2. Charge a fee for all parcels that are served by and impact the stormwater management system.
3. Establish fees that are based on each parcel's impact on the stormwater management system.
4. Encourage on-site management of stormwater.
5. Increase awareness of the stormwater management system.

To achieve all of the goals, the Village established fees based on the total cost of owning and

operating the stormwater management system and charged the fees to all parcels within the Village. The total fee amount due from each parcel is based on the amount of impervious area located on the parcel.

Opportunities exist for customers to reduce their stormwater fees by applying for an Incentive or Credit. Incentives are available for qualifying rain barrels, rain gardens, permeable pavers, and other projects that reduce the total volume or peak volume of stormwater, and/or improve the quality of stormwater leaving a parcel. A Credit is an ongoing reduction in the amount of stormwater fees assessed to a parcel in recognition of on site systems, facilities, or other actions taken to reduce the impact of stormwater runoff.

If the Village were to not charge fees to some or all of the property tax exempt parcel owners, goals 2, 3 and 4 would not be achieved to the extent which they are under the current system. The exempt parcels would not contribute to the cost of owning and maintaining the stormwater management system, and would not be encouraged to manage stormwater on-site.

Increased Fees

If the Village were to not charge tax exempt parcel owners a stormwater fee, the rate for all other parcels would need to increase in order to maintain current revenues. The rate per ERU (Equivalent Runoff Unit) would need to increase from \$8.40 to \$9.21 which represents a 9.6% increase (see Table 3).

Table 3

Stormwater Revenue & Fees Including & Exempting Property Tax Exempt Parcels

Land Use Category	Current Stormwater Revenue Allocation	Stormwater Revenue Allocation Exempting Property Tax Exempt Parcels
Residential	50.19%	55.01%
Commercial	33.24%	36.44%
Property Tax Exempt	8.77%	---
Industrial	7.80%	8.55%
Total	100%	100%
Stormwater Fee Per ERU	\$8.40 per month	\$9.21 per month

Inconsistent with the Fee Structure for the Village Water Utility

While exempting parcels based on type of ownership would be consistent with the funding of some Village services and infrastructure (i.e. those funded by property or sales taxes) exempting parcels would be inconsistent with the how the water system utility is operated. Both the water system and stormwater system are supported by enterprise funds. Enterprise funds are created for particular self sustaining operations, such as water and parking in order to separate revenue and financial controls from the General Fund.

The Village charges all water customers for their use of water. No exemptions to water fees are granted. Other utilities such as telephone, electricity and natural gas charge fees to all users and do not provide exemptions based on the type of parcel ownership.

Administration of Stormwater Fee Exemptions

Providing a fee exemption for some but not all property tax exempt parcels would increase the administrative tasks of operating the utility. Further, the Village's billing system would not allow an exemption to be granted to a not-for-profit that is leasing property from a property tax paying entity.

There are about 500 tax exempt parcels within the Village's geographic information system (GIS) and staff can easily identify the property tax exempt parcels using an existing database provided by the DuPage County Assessor. Distinguishing categories within the property tax exempt classification would require staff to manually change the database. Also, the Village would have to rely on another system or procedure such as the Internal Revenue Service or State of Illinois for determining eligibility of the stormwater fee exemption. For example, if the Village wanted to exempt religious institutions from the stormwater fee, the Village would have to use the Internal Revenue Service or State of Illinois criteria in determining if the parcel owner in question is recognized as a religious institution.

The Village's billing system would not allow an exemption to be granted to a not-for-profit that is leasing space from a property tax paying owner. For example, the Goodwill store, a not-for-profit entity, leases space in a multi-tenant building owned by an entity that is not tax exempt. The stormwater fee is billed to the property owner and is based on the total impervious area of the property. The property owner is responsible for apportioning the fee to the tenants. In this situation, the Village would not be able to grant an exemption to the Goodwill store. Restructuring the billing system to allow for an exemption in this case would be administratively burdensome.