



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: January 10, 2022

Prepared By: Dennis Carr, PE, City Engineer
Jon Oliphant, AICP, Planning & Development Director
Joanie Baxter, CPA, Finance Director

Agenda Item: Stormwater Management Funding Mechanism Consideration

Explanation: Last year, Council approved a Citywide Stormwater Study. During discussions, Council made it apparent that they did not want this to just be a plan to sit on a shelf and collect dust. In October, Council indicated their interest in pursuing a stormwater funding mechanism and asked staff to bring forward options on potential sources.

While the stormwater study isn't yet complete, conversations with the designers have been held about a level of magnitude cost for the findings. Expectations are that the total cost of projects will exceed \$10 million, and future issues will arise as storm sewer infrastructure ages. It should be noted that each of our street reconstruction projects also has a stormwater component that could be funded with this mechanism in the future.

The two options being brought forward this evening for discussion would each generate approximately \$1 million per year:.

Option 1 would be to increase the home rule sales tax by 0.5%. With our current rate at 8.5%, this would bring the total rate to 9%. Attached is a comparison of sales tax rates for other regional cities as of January 1, 2022. Some of our closest neighboring cities are as follows:

- East Peoria's base rate is 8.5%, but their business district areas are all 9% or greater.
- Peoria has a base rate of 9% with a downtown business district at 10%.
- Peoria Heights has a base rate of 8.75%, with their two business district at 9.75%.
- Eureka and Morton both have a lower base rate. However, they have also had a stormwater utility fee on their water bills for several years.

Increasing the sales tax is the simplest and most efficient option. It wouldn't require agreements with other utility companies and would also allow for some of the burden to be paid by non-residents who are shopping in the city limits. The rate would continue to be lower than both downtown Peoria and the Levee District in East Peoria. The small increase would largely be negligible as it would only increase a \$100 purchase by \$0.50.

Sales tax increases need to be filed with the IL Dept. of Revenue by April 1 to go into effect on July 1, thus an Ordinance would need to be approved in March

Option 2 would be to -add a Stormwater Utility fee to the water and sewer bills. To achieve a \$1,000,000 -per year revenue stream, the fee would be in the ballpark of \$15 per month to every user. Attached is a comparison of rates for other regional cities. Some of our closest neighboring cities are as follows:

- Eureka currently has a \$6.00 per Equivalent Residential Unit (ERU is 3,250 sq ft of impervious) cost.
- Morton currently has a \$5.49 per ERU cost. (ERU is 3,300 sq ft of impervious)

- Peoria currently has a \$5.00 per ERU (ERU is 1,000 sq ft of impervious)

While placing the stormwater -fee on the utility bill is the common approach of neighboring communities, Option 2 would require the City to reach an agreement with Illinois American Water to place this fee on their bills as well as the requirement that the City provides a minimal payment to them for this service. The \$15 per account would also be similar to what Peoria has introduced with much heartburn/controversy.

Rate increases for the stormwater fee can be done any time of year, so there is no deadline in order to institute an increase to the fee on the utility bill .

Fiscal Impact: TBD

Action Requested: Discussion on funding mechanisms to address the various drainage-related projects.

| Municipality | | | | | |
|-----------------|-------------------------------|------------------|---|--|--------------|
| Municipality | SF Residential Cost/ERU/Month | Defined ERU (sf) | Residential Details | Non-Residential | Billed |
| Bloomington | \$1.89 | 1,000 | Small: <7k sf, Medium: 7k-12k; Large: >12k | | Utility bill |
| Champaign | \$5.55 | 3,478 | | | Utility bill |
| Decatur | \$3.67 | 4,500 | | \$3 + \$0.67/ERU | |
| Downers Grove | Varies | 3,300 | <2,500 sf: \$10.11; 2,500-4k sf: \$13.48; 4k-7k sf: \$20.22 | \$13.48/ERU | |
| Eureka | \$6.00 | 3,250 | | | |
| Freeport | \$4.00 | | | | |
| Highland Park | \$8.50 | 2,765 | | | |
| Hoffman Estates | Varies | 3,300 | <7,500 sf: \$1.50/month; 7,500-15k sf: \$2/month; >15k sf: \$2.50/month | \$2/ERU | |
| Moline | Varies | | <0.25 acres: \$1.95; 0.25-0.5 acres: \$3.75; 0.5-2 acres: \$7.69 | \$29.28*EHA; EHA = (Impervious acreage*0.95) + (Pervious acreage*0.15) | Utility bill |
| Morton | \$5.49 | 3,300 | | | |
| Mundelein | Varies | | <1 acre: \$3; 1-1.99 acres: \$6; 2-3.99 acres: \$12; 4-5.99 acres: \$20; 6+ acres: \$30 | Same as residential | Utility bill |
| Normal | \$4.60 | 3,200 | | | |
| Peoria | \$5.00 | 1,000 | | | |
| Rock Island | Varies | 2,800 | <6k sf: \$3.11; 6k-18k sf: \$4.15; >18k sf: \$5.19 | \$4.15/ERU | Utility bill |
| Rolling Meadows | \$4.76 | | | Same as residential | Utility bill |
| Urbana | \$4.94 | 3,100 | | | Utility bill |
| Wheeling | \$2.00 | 3,000 | | \$2/ERU | Utility bill |
| Wilmette | Varies | 3,590 | <3k sf impervious: \$12; 3k-4,300 sf impervious: \$14.58; >4,300 sf impervious: \$18.75 | (Impervious sf/ERU)*\$10.42 + \$4.17 | Utility bill |
| Winnetka | \$21.83 | 3,400 | | | Utility bill |

Sales Tax Rates for Other Regional Cities:

Rates as of 1/1/22

| | | |
|-------------|---|------------|
| Washington | Base Rate | 8.5% |
| | City Share of tax rate | 1.75% |
| Bartonville | Base Rate | 8.5% |
| | City Share of tax rate | 1.25% |
| Canton | Base Rate | 8.75% |
| | City Share of tax rate | 1% |
| Chillicothe | Base Rate | 7.75% |
| | City Share of tax rate | 0.5% |
| East Peoria | Base Rate | 8.5% |
| | Farm Creek Area BD | |
| | (Altorfer, Bass Pro, Camp, N. Main, Riverside - 257 properties) | 9.5% |
| | Costco Area BD | |
| | (Center, Commercial, Edmund, Richland, W. Washington - 282 properties) | 9% |
| | Target Area BD | |
| | (Altorfer, W. Camp, Clock Tower, Spinder, W. Washington - 335 properties) | 9.5% |
| Eureka | City share of tax rate | 1.75-2.75% |
| | | |
| Eureka | Base Rate | 8.25% |
| | City Share of tax rate | 0% |

| | | |
|------------------|--|------------|
| Germantown Hills | Base Rate | 8.25% |
| | Germantown Crossing BDD (18 properties) | 9.25% |
| | City Share of tax rate | 0-1% |
| Metamora | Base Rate | 8.25% |
| | City Share of tax rate | 0% |
| Morton | Base Rate | 6.75% |
| | Morton BD (76 streets - 974 properties) | 7% |
| | City share of tax rate | 0-0.25% |
| Pekin | Base Rate | 8.5% |
| | Pekin BD | 9.5% |
| | City share of tax rate | 1.75-2.75% |
| Peoria | Base Rate | 9% |
| | Hospitality Improvement Zone BD (Fulton, Hamilton, Kumpf, Main, Adams, Jefferson, Madison, Monroe, 4th, Garrett - 52 properties) | 10% |
| | City share of tax rate | 1.75-2.75% |
| Peoria Heights | Base Rate | 8.75% |
| | Inside PH BDD No. 1 (111 properties) | 9.75% |
| | Inside PH BDD No. 2 (255 properties) | 9.75% |
| | City share of tax rate | 1.5-2.5% |
| Bloomington | Base Rate | 8.75% |
| | City share of tax rate | 2.5% |
| Champaign | Base Rate | 9% |
| | City share of tax rate | 1.5% |
| Danville | Base Rate | 9.25% |
| | City Share of tax rate | 2.75% |
| Decatur | Base Rate | 9.25% |
| | City Share of tax rate | 1.5% |
| Galesburg | Base Rate | 8.75% |
| | N. Seminary Street BD (2 properties) | 9.75% |
| | City share of tax rate | 1-2% |
| Lincoln | Base Rate | 8.75% |
| | City share of tax rate | 0.5% |
| Moline | Base Rate | 8.5% |
| | Avenue of the Cities/27th St. BD | 9.5% |
| | Marquis Harbor West BD | 9.5% |
| | City Share of tax rate | 1.25-2.25% |
| Normal | Base Rate | 8.75% |

| | | |
|-------------|---|----------|
| | City share of tax rate | 2.5% |
| Pontiac | Base Rate | 7.25% |
| | Vermillion Plaza BD (17 properties) | 8.25% |
| | City Share of tax rate | 0-1% |
| Rock Island | Base Rate | 8.5% |
| | City Share of tax rate | 1.25% |
| Springfield | Base Rate | 9.75% |
| | South Central BD | |
| | Legacypointe, Lincolnshire, Macarthur - 28 properties) | 10.75% |
| | City share of tax rate | 2.5-3.5% |
| Urbana | Base Rate | 9% |
| | City share of tax rate | 1.5% |