

Village of Carol Stream

SPECIAL WORKSHOP MEETING

MONDAY, DECEMBER 4, 2017

6:00 P.M.

CAROL STREAM FIRE PROTECTION DISTRICT

FIRE STATION 28

365 KUHN ROAD

CAROL STREAM, ILLINOIS 60188

TRAINING ROOM

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. FY 2018/19 BUDGET WORKSHOP
4. WATER METER PILOT PROGRAM REVIEW
5. OTHER BUSINESS
6. ADJOURNMENT

Village of Carol Stream
FY19 Preliminary Budget Discussion
Revenue Sources

- 1 Property Tax
- 2 Home Rule Sales Tax
- 3 Local Motor Fuel Tax
- 4 Food and Beverage Tax
- 5 Utility Tax - Water
- 6 Stormwater Utility Fee

Property Tax

Village of Carol Stream
Revenue Review - December 2017

Property Tax

New/Existing:

New

Description:

A local tax on real property.

Rates:

As a Home Rule unit of government, the Village has no maximum property tax rate or other restrictions with respect to the amount of taxes it can levy provided it meets all statutory requirements for imposing a property tax.

Estimated Revenues:

Levy amount is at the discretion of the governing body. Projected property tax bill shown below is based on 2016 Carol Stream total Equalized Assessed Values and the current local median home value of \$228,500.

<u>Levy</u>	<u>Rate</u>	<u>Est. Tax Bill</u>
\$ 500,000	0.0438	\$ 33
\$ 1,000,000	0.0876	\$ 67
\$ 1,500,000	0.1314	\$ 100
\$ 2,000,000	0.1752	\$ 133
\$ 2,500,000	0.2190	\$ 167
\$ 3,000,000	0.2629	\$ 200

**Implementation /
Administration:**

Tax levy ordinance must be adopted and filed by the last Tuesday of December (2017) for current year taxes (2017) to be billed by DuPage County the following May (2018) for collection in June and September (2018). County handles all collections and electronically deposits levy collections in Village's bank account.

Pros:

- One of the most stable/reliable revenue sources available to local governments.
- Highly efficient, lowest administrative cost to Village.
- Presently income tax deductible as an itemized deduction.

Cons:

- Arguably the most unpopular of all taxes/fees.
- Carol Stream property tax rates already above peer average.
- Springfield threat of legislative freeze.
- No property tax - a source of community identity/pride.

Village of Carol Stream
 Estimated Revenue Produced by a Property Tax

Property Tax

Enter total dollar amount of proposed tax levy
 Based on 2016 Assessed Values

\$ 1,500,000

Projected Property Tax Rate

0.1314

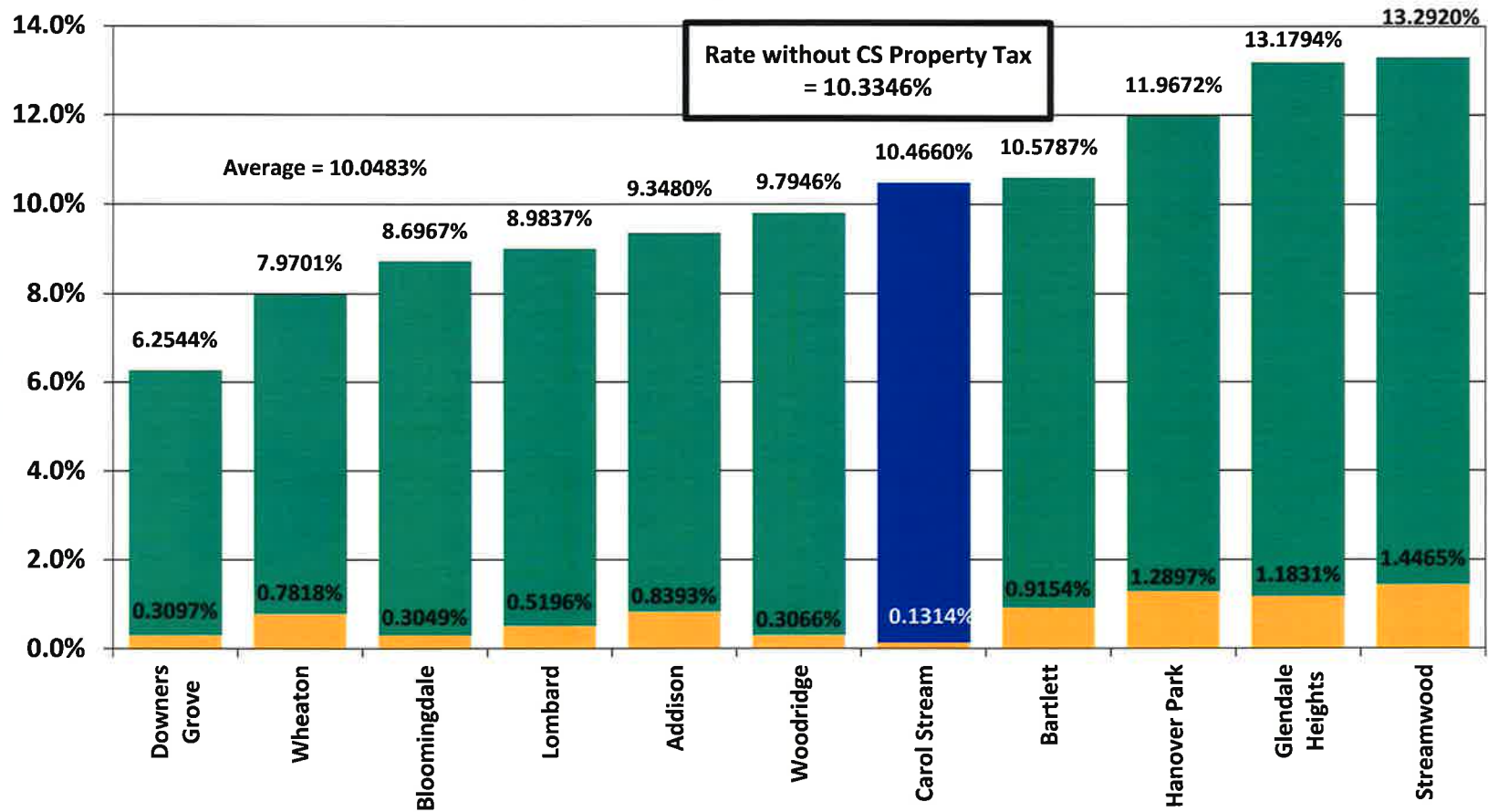
Estimated Village property tax bill
 for Median value home with MV of \$228,500.

\$ 100

2015 Property Tax Rates (collected in 2016)

	<u>Village Rate</u>		<u>Total Rate</u>
Streamwood	1.4465%	Streamwood	13.2920%
Hanover Park	1.2897%	Glendale Heights	13.1794%
Glendale Heights	1.1831%	Hanover Park	11.9672%
Bartlett	0.9154%	Bartlett	10.5787%
Addison	0.8393%	Carol Stream	10.3346%
Wheaton	0.7818%	Woodridge	9.7946%
Lombard	0.5196%	Addison	9.3480%
Downers Grove	0.3097%	Lombard	8.9837%
Woodridge	0.3066%	Bloomingtondale	8.6967%
Bloomingtondale	0.3049%	Wheaton	7.9701%
Carol Stream	0.000%	Downers Grove	6.2544%

Total 2015 Community Property Tax Rate (Shown with hypothetical Carol Stream Property Tax of \$1.5 Million)



Source: Comprehensive Annual Financial Reports / DuPage County Clerk

Rates used are for portion of municipality within DuPage County (Cook County for Streamwood).

Amounts in orange indicate municipal tax rate. Amounts in green indicate all other taxing jurisdictions.

Home Rule Sales Tax

Village of Carol Stream
Revenue Review - December 2017

Home Rule Sales Tax (HRST)

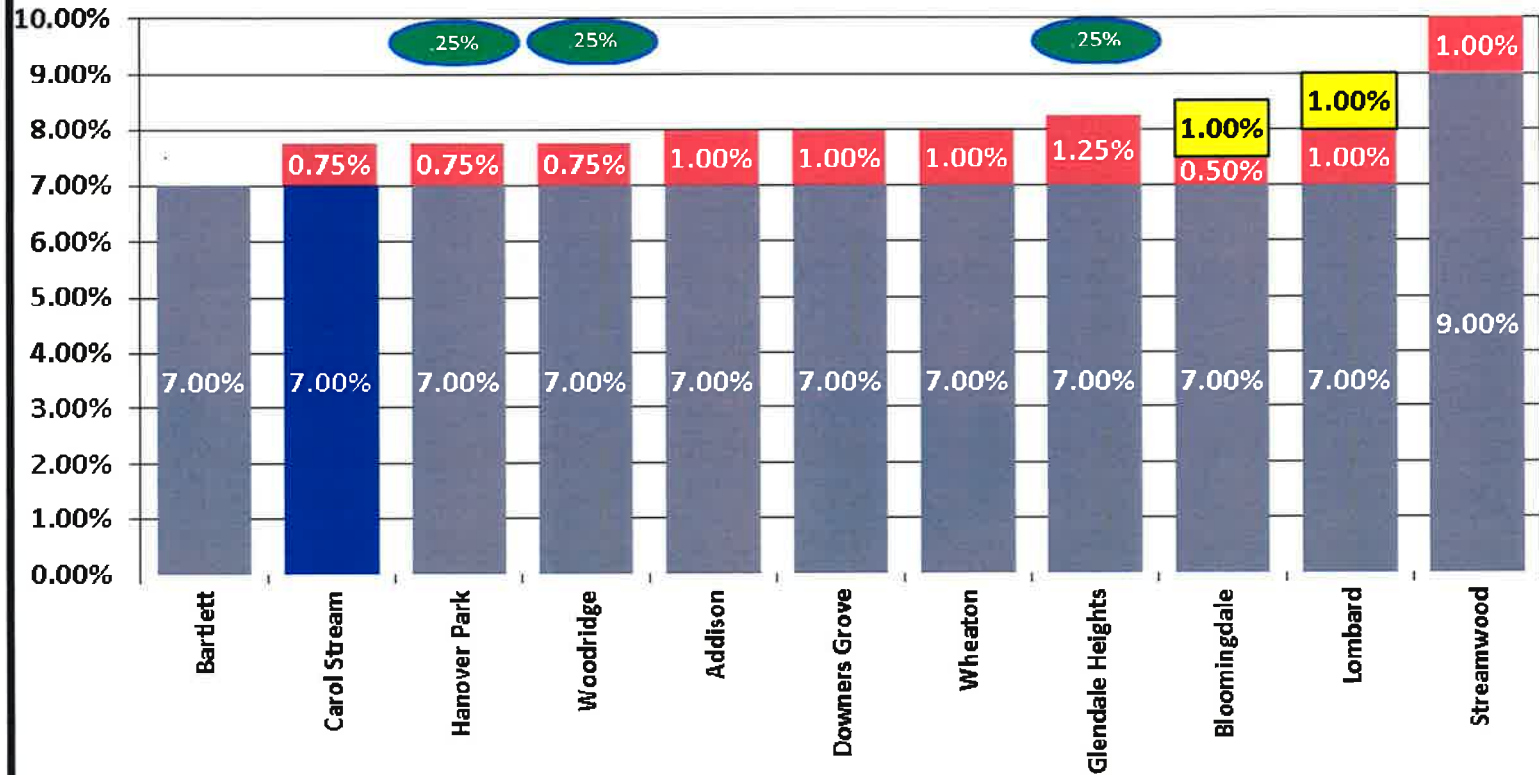
New/Existing:	Existing
Description:	Home rule communities can add a local sales tax onto the current State rate in increments of .25% with no maximum limit.
Rates:	Carol Stream first initiated a home rule sales tax of 0.50% effective 7/1/2003. The rate was increased by 0.25% to the current rate of 0.75% effective 7/1/2010 in response to significant revenue declines brought on by the Great Recession. 33 of 38 (87%) DuPage municipalities have some form of additional sales tax (HR, NHR or business district). 20 of the 38 communities (53%) have a rate higher than Carol Stream (1.00% or greater).
Estimated Revenues:	After factoring in recent loss of large retailers and the State 2% collection fee, revenue base for existing 0.75% HRST rate is reduced to \$3,900,000 from FY18 budget projection of \$4,872,000. A rate increase of 0.25% should generate approximately \$1,300,000.
Implementation / Administration:	Adoption of rate ordinance filed with the Illinois Department of Revenue is required to increase rate. No public hearing is required. Tax rate changes are only implemented twice per year on January 1 or July 1. Ordinance must be filed with IDOR no later than April 1 for July implementation or October 1 for January implementation. State handles taxpayer notification of rate changes and collection and distribution of taxes.
Pros:	<ul style="list-style-type: none">● Easy to implement and administer.● An increase in rate would still keep Carol Stream positioned similarly to its municipal peers.
Cons:	<ul style="list-style-type: none">● State administration fee of 2% of taxes collected.● Loss of competitive advantage to communities with higher tax rates?

Current Home Rule/NHR Sales Tax Rates
 All DuPage County Municipalities
 As of July 1, 2017


	Community	HR or NHR Sales Tax Rate	
0.00%	Bartlett	0.00%	
	Clarendon Hills (NHR)	0.00%	
	Lemont (NHR)	0.00%	
	Lisle (NHR)	0.00%	
	Roselle	0.00%	Bus. Dist. Tax
	Wayne (NHR)	0.00%	
	Willowbrook (NHR)	0.00%	Bus. Dist. Tax
0.25%	Burr Ridge	0.25%	NHR
0.50%	Bloomingtondale	0.50%	Bus. Dist. Tax
	Itasca	0.50%	NHR
	Naperville	0.50%	
	Oak Brook	0.50%	NHR
	Westmont	0.50%	NHR
	Winfield	0.50%	NHR
0.75%	Carol Stream	0.75%	
	Hanover Park	0.75%	
	West Chicago	0.75%	
	Woodridge	0.75%	
1.00%	Addison	1.00%	
	Batavia	1.00%	
	Bensenville	1.00%	NHR
	Darien	1.00%	
	Downers Grove	1.00%	
	Elk Grove Village	1.00%	
	Elmhurst	1.00%	
	Glen Ellyn	1.00%	
	Hinsdale	1.00%	NHR
	Lombard	1.00%	NHR (Bus. Dist. Tax)
	Schaumburg	1.00%	
	St. Charles	1.00%	
	Villa Park	1.00%	NHR
	Wheaton	1.00%	
Wood Dale	1.00%	NHR	
1.25%	Aurora	1.25%	
	Chicago	1.25%	
	Glendale Heights	1.25%	
	Warrenville	1.25%	
1.50%	Bolingbrook	1.50%	

Current Sales Tax Rates

As of July 1, 2017



Note: Base rate reflects sales tax reflected in DuPage County portion of each municipality (Streamwood is 100% Cook County). DuPage County base rate = 6.25% State of Illinois + 0.75% RTA = 7.00%. Municipalities receive 16% of the 6.25% State rate. Amounts above base rates (shown in red and yellow) are municipally imposed additions. Bloomingdale and Lombard collect an additional 1.00% business district tax at Stratford Square/Indian Lakes Resort and a portion of Yorktown Shopping Center.

 .25% Denotes increase in rate since 2013.

Local Motor Fuel Tax

Village of Carol Stream
Revenue Review - December 2017

Local Motor Fuel Tax (Gasoline Tax)

- New/Existing:** New
- Description:** A local motor fuel tax can be assessed on the sale of motor fuel. This tax is in addition to all other State and county motor fuel taxes and is assessed in terms of cents per gallon.
- Rates:** While there does not appear to be a statutory maximum on rate, recent surveys have disclosed that most communities that impose a local motor fuel tax generally tax from a minimum rate of \$0.01 to a maximum of \$0.06 per gallon with most communities ranging from \$0.02 to \$0.04.
- Estimated Revenues:** Carol Stream presently has 7 operating gas stations. Estimated revenues at various rates are shown below:

\$0.01	\$	182,000
\$0.02	\$	364,000
\$0.03	\$	546,000
\$0.40	\$	728,000
\$0.05	\$	910,000

- Implementation / Administration:** Adoption of local ordinance is required to establish tax. Tax collections are locally administered thus Village staff will assume responsibility for tax collection and resolving variances/disputes. Implementation could be possible within 90 days of adoption of ordinance.
- Pros:**
- Tax rolled directly into pump price.
 - A good portion of taxes paid will come from non-resident motorists.
 - With the exception of Costco, there are no other gas stations directly across jurisdictional boundaries.
- Cons:**
- While day-to-day tax administration should not be unduly burdensome for existing Village staff, the degree to which "tax audits" are desired will likely result in additional costs for consulting contracts.
 - May have slow growth over time as fuel efficiency improves/addition of electronic vehicles.
- Other:** November 2016 Illinois Constitutional amendment concerning transportation taxes requires proceeds to be spent on the same purpose as the tax. If implemented, revenues can be directly assigned to MFT or Capital Projects Funds, thus reducing the amount needed from General Fund surplus transfers for road maintenance. Other communities are doing this already.

Village of Carol Stream
 Estimated Revenue Produced by a Municipal Motor Fuel Tax

Municipality	Vehicle Fuel Tax Rate	Fuel Tax Revenue	Gas Stations	Revenue/\$.01	\$.01/Station
Bloomingtondale	\$ 0.02	\$ 512,209	9	\$ 256,104.50	\$ 28,456.06
Naperville	\$ 0.04	\$ 2,677,149	28	\$ 669,287.25	\$ 23,903.12
Woodridge	\$ 0.025	\$ 745,097	10	\$ 298,038.80	\$ 29,803.88
Warrenville	\$ 0.040	\$ 564,478	5	\$ 141,119.50	\$ 28,223.90
Elmhurst	\$ 0.015	\$ 203,124	7	\$ 135,416.00	\$ 19,345.14
Source: 2016 DMMC Survey				\$ 25,946.42	Avg \$.01/Station

		Rate/Gallon				
		\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.05
<u>Carol Stream</u>						
BP/Amoco	105 W. North Ave	26,000	52,000	78,000	104,000	130,000
Shell	106 W. North Ave	26,000	52,000	78,000	104,000	130,000
Pilot Travel Plaza	170 W. North Ave	26,000	52,000	78,000	104,000	130,000
BP/Amoco	260 S. Schmale Rd	26,000	52,000	78,000	104,000	130,000
7-Eleven/Mobile	550 W. Army Trail	26,000	52,000	78,000	104,000	130,000
BP/Amoco	860 W. Army Trail	26,000	52,000	78,000	104,000	130,000
Citgo	1440 W. Army Trail	26,000	52,000	78,000	104,000	130,000
Estimated Revenue		<u>\$ 182,000</u>	<u>\$ 364,000</u>	<u>\$ 546,000</u>	<u>\$ 728,000</u>	<u>\$ 910,000</u>

**Town of Cicero
Local Motor Fuel Tax
Survey Conducted January 2014**

		<u>Gas Tax</u>
1	Batavia	0.01
2	Channahon	0.01
3	Joliet	0.01
4	Cicero	0.02
5	Bloomington	0.02
6	Burbank	0.02
7	Carpentersville	0.02
8	Countryside	0.02
9	Freeport	0.02
10	Glenview	0.02
11	Highland Park	0.02
12	Lincolnwood	0.02
13	Morton Grove	0.02
14	Peoria	0.02
15	Rock Island	0.02
16	Rosemont	0.02
17	Sycamore	0.02
18	Downers Grove	0.025
19	Hoffman Estates	0.025
20	Niles	0.025
21	Woodridge	0.025
22	Carbondale	0.03
23	Berwyn	0.03
24	Evergreen Park	0.03
25	Norridge	0.03
26	Oak Forest	0.03
27	Rolling Meadows	0.03
28	DeKalb	0.035
29	Mount Prospect	0.04
30	Alsip	0.04
31	Des Plaines	0.04
32	Evanston	0.04
33	Galesburg	0.04
34	Naperville	0.04
35	Park Ridge	0.04
36	Pekin	0.04
37	Plainfield	0.04
38	Bolingbrook	0.05
39	Chicago	0.05
40	Chicago Ridge	0.06
41	Oak Park	0.06
1	DuPage County	0.04
2	Kane County	0.04
3	McHenry County	0.04
4	Cook County	0.06

Food and Beverage Tax

Village of Carol Stream
Revenue Review - December 2017

Food and Beverage Tax

New/Existing: New

Description: Municipalities may impose a local food and beverage tax on food and beverages (alcohol included) that are prepared for consumption on premises. This tax is in addition to the current State sales taxes that apply to these types of sales, including any existing home rule sales tax.

Rates: Tax rates are generally assessed in increments of 0.25%. Area tax rates generally range between a minimum of 1.0% and top out at 3.0%.

Estimated Revenues: Estimated revenues to Carol Stream were derived from actual sales data from the Village's 1% sales tax on businesses during calendar year 2016.

<u>Rate</u>	<u>Revenue Est.</u>	<u>Eff. Rate</u>	
0.0%	-	7.75%	(Current VOCS Rate)
1.0%	\$ 525,000	8.75%	
1.5%	\$ 787,500	9.25%	
2.0%	\$ 1,050,000	9.75%	

Implementation / Administration: Tax collections are locally administered thus Village staff will assume responsibility for tax collection and resolving variances/disputes. Implementation could be possible within 120 days of adoption of ordinance.

Pros:

- As an alternative to a general home rule sales tax increase, a food and beverage tax would not apply to larger sales tax producing businesses that might otherwise be more sensitive to increases in local tax rates.
- Currently received sales tax data from the Illinois Department of Revenue (IDOR) could be used to validate reported sales and taxes remitted in lieu of more costly contracted compliance auditing.

Cons:

- Local administration will require additional staff resources to complete. Monthly processing of approx. 60 individual tax returns, enrollment of new businesses, enforcement and follow-up with business owners and general program administration will be time consuming.
- Different sales tax rates within the community (food vs non-food businesses).

Other: Local food and beverage establishments make up approximately 10% of the total 1% general sales tax. This includes approximately 60 businesses.

Village of Carol Stream
Estimate of Potential Food and Beverage Tax Revenues
Based on 2016 1% Sales Tax Receipts

1	ALBERTOS RESTAURANT/FITZGERALD	150 S GARY AVE
2	AMIGOS PIZZA & TACOS INC	325 S SCHMALE RD
3	ANDREA'S PANCAKE HOUSE	877 E GENEVA RD
4	ARBYS	441 E GENEVA RD
5	AUGUSTINOS DELI & CATERING	246 S SCHMALE RD
6	BULL DOG ALE HOUSE INC	1021 FOUNTAIN VIEW DR
7	BURGER KING 6432	840 W ARMY TRAIL RD
8	BURRITO PARRILLA MEXICANA	415 S SCHMALE RD
9	CAROL STREAM DONUTS INC	880 W ARMY TRAIL RD
10	CAROLS GARDEN RESTAURANT INC	515 S SCHMALE RD
11	CHANGS HOT WOK INC	802 W ARMY TRAIL RD
12	CHARKIES INC	570 N SCHMALE RD
13	CHINA BUFFET	175 HIAWATHA DR # 181
14	CHINA CHEF 1	604 E NORTH AVE
15	CLUB SHOTS	720 E NORTH AVE
16	CULVERS OF CAROL STREAM	290 S SCHMALE RD
17	DAIRY QUEEN	948 W ARMY TRAIL RD
18	DENNYS	363 S SCHMALE RD
19	DIANAS RED HOTS	185 S SCHMALE RD
20	DUNKIN DONUTS	317 S SCHMALE ROAD
21	DUNKIN DONUTS	106 E NORTH AVE
22	DUNKIN DONUTS	242 W ARMY TRAIL RD
23	FLIP FLOPS TIKI BAR & GRILL	1022 FOUNTAIN VIEW DR
24	GTP 258 INC	258 COUNTY FARM RD
25	HONG NING FILIPINO RESTAURANT	598 E NORTH AVE
26	JIMMY JOHNS	240 W ARMY TRAIL RD
27	JIMMY JOHNS CAROL STREAM	543 S SCHMALE RD
28	JOHNS FOODS & LIQUORS	361 N GARY AVE
29	KFC	297 S. SCHMALE ROAD
30	KINTA JAPANESE RESTAURANT	135 HIAWATHA DR
31	LOU MALNATIS PASTA & PIZZA	343 E GENEVA RD
32	LUIGIS PIZZA COMPANY	184 N GARY AVE
33	MANHATTAN'S	300 S SCHMALE RD
34	MAPLE BERRY PANCAKE HOUSE	1276 KUHN RD
35	MC DONALDS #6785	355 S SCHMALE RD
36	MC DONALDS RESTAURANT IL INC	1335 N COUNTY FARM RD # 4963
37	PAPA RAYS PIZZA	267 W ELK TRL
38	PAPA SAVERIOS OF CAROL STREAM	256 COUNTY FARM RD
39	PHO LE	541 S SCHMALE RD
40	PIETANZA INC	1348 W ARMY TRAIL RD
41	PITA PARADISE	161 S SCHMALE RD

Village of Carol Stream
Estimate of Potential Food and Beverage Tax Revenues
Based on 2016 1% Sales Tax Receipts

42	PIZZA HUT	299 S SCHMALE RD
43	PIZZA HUT	772 W ARMY TRAIL RD
44	PUB YAHOO	570 S GARY AVE
45	RED APPLE WAFFLE & PANCAKE HOU	414 S SCHMALE RD
46	ROCCOVINOS II	904 W ARMY TRAIL RD
47	ROSATIS PIZZA	161 HIAWATHA DR
48	ROSATIS PIZZA	881 E GENEVA RD
49	SAUERS BAKERY INC	788 W ARMY TRAIL RD
50	SPECTATORS PUB & GRILL INC	552 N GARY AVE
51	STARBUCKS COFFEE #9910	596 E NORTH AVE
52	SUBWAY	1209 N GARY AVE
53	TACO REAL INC	155 HIAWATHA DR
54	THAI-SAKURA INC	950 W ARMY TRAIL RD
55	THE VILLAGE TAVERN & GRILL OF	291 S SCHMALE RD
56	TRACY'S CAFE	465 THORNHILL DR
57	WENDYS OLD FASHIONED HAMBURGER	424 S SCHMALE RD
58	WHITE CASTLE SYSTEM INC	110 W NORTH AVE
59	WHITE COTTAGE PIZZA INC	596 KUHN RD

2016 Revenues for above businesses @ 1.0% sales tax rate

\$ 525,000

**Other local businesses that may be subject to food & beverage tax
due to sale of prepared food, but tax impact not known.**

ANGELO CAPUTO'S FRESH MARKETS	520 E NORTH AVE
PILOT TRAVEL CENTER #1041	170 W NORTH AVE

Wined and dined

Meals and drinks at many suburban eateries cost diners more because of food and beverage taxes that generated nearly \$41 million in 25 towns over the past year.

Town	Tax Rate	Revenue	Tax type
Arlington Heights	1.25%	\$2,502,497	Food & Beverage
Aurora	1.75%	\$4,157,669	Food & Beverage
Buffalo Grove	1.00%	\$728,515	Food & Beverage
Des Plaines	1.00%	\$1,190,477	Food & Beverage
Elgin	3.00%	\$1,236,890	Liquor
Elk Grove Village	1.00%	\$885,262	Food & Beverage
Glendale Heights	1.00%	\$494,902	Food & Beverage
Gurnee	1.00%	\$1,768,844	Food & Beverage
Hanover Park	3.00%	\$1,036,661	Food & Beverage
Hoffman Estates	2.00%	\$2,090,120	Food & Beverage
Itasca	1.00%	\$281,082	Food & Beverage
Lombard	1.00%	\$1,575,624	Places for eating
Mount Prospect	1.00%	\$1,096,795	Food & Beverage
Naperville*	1.00%	\$4,781,755	Food & Beverage
Palatine	1.00%	\$1,119,180	Food & Beverage
Rolling Meadows	2.00%	\$1,219,330	Food & Beverage
Rosemont	1.00%	\$2,501,402	Food & Beverage
Schaumburg	2.00%	\$6,868,120	Food & Beverage
South Barrington	1.50%	\$678,592	Food & Beverage
St. Charles	2.00%	\$1,062,211	Liquor
Streamwood	2.00%	\$1,192,895	Food & Beverage
Villa Park	1.50%	\$567,307	Places for eating
Warrenville	1.50%	\$641,575	Food & Beverage
West Dundee	1.00%	\$292,684	Food & Beverage
Wheeling	1.00%	\$847,714	Food & Beverage

* Naperville downtown restaurants are charged at 2%

Source: Municipal audits



Naperville

**City of Naperville
Finance Department
400 S. Eagle Street
Naperville, IL 60540**

FOOD & BEVERAGE TAX

Introduction

On July 1, 2004 the City of Naperville implemented a one percent (1%) tax on food and beverage (alcoholic and non-alcoholic) which can be consumed on the premises where purchased.

On September 15, 2015, the City passed a Home Rule Sales Tax of 0.50 %, per Ordinance 15-160, as of January 1, 2016.

On June 1, 2016 the Department of Revenue reduced the Sales Tax rate from 7.25% to 7.00%.

The breakdown of the 8.50% tax rate is:

7.00 %	Sales Tax (Effective 6/1/16)	Remitted to State
.50 %	Home Rule Sales Tax	Remitted to State
<u>1.00 %</u>	Food & Beverage Tax	Remitted to City of Naperville
8.50 %	Total Tax Collected	

Registration

All retailers are required to submit a completed Food & Beverage Tax Registration Form before conducting business. The seller must notify the City of Naperville of the last sale date. The new owner is required to re-register the location. Business owners must register each retail location separately.

Collection

The Food and Beverage Tax is due monthly. Payment of the tax must be made to the City of Naperville no later than the 20th of each month following the month in which the tax was collected. For example, taxes collected during the month of July are due no later than August 20.

Along with the tax payment, business owners must submit a completed Food & Beverage Tax Return Form and a copy of the State of Illinois forms ST-1 and ST-2, if applicable. Businesses may retain 2% of the total tax due to cover administrative expenses. The 2% is only applicable if payment is received on or before the 20th of subsequent month. Filing after the due date will result in a late payment penalty equal to 5% of the unpaid tax.

Completed forms and payments should be returned to:

**City of Naperville
Attn: Finance Dept., Food & Beverage Tax
400 S. Eagle Street
Naperville, IL 60540**

For additional information, contact the City of Naperville Finance Department at (630) 420-4115.

A copy of the ordinance and all city tax forms are available on the City of Naperville's Web site

<http://www.naperville.il.us/>



Naperville

FOOD & BEVERAGE TAX REGISTRATION FORM

1. Name of Business (DBA) _____

Business Telephone _____

Business Location Address _____

City _____

State _____

Zip Code _____

Date Open for Business _____

2. Company/Corporate Name if Different from DBA _____

Corporate Telephone _____

Mailing Address (Company/Corporate) _____

City _____

State _____

Zip Code _____

(Must be different than Business Location Address)

3. Name of Owner or Manager _____

Owner Telephone _____

(Must be different than business phone #)

Owner Driver License Number (Required) _____

E-Mail Address _____

4. Nature of Business: (i.e. restaurant, deli, tavern, etc.) _____

5. Estimated Annual Sales Subject to Food & Beverage Tax: _____

6. Illinois Retailer Occupation Tax Number (IBT): _____

7. Federal Taxpayer ID Number or Social Security Number: _____

8. Name of Food and Beverage Tax Return Preparer: _____

Preparer's Telephone: _____

9. Frequency of Filing Illinois Department of Revenue Form ST-1

Monthly Semi-annually

Quarterly Annually

I declare that I have examined this registration form, and to the best of my knowledge, the information entered on this form is true, correct, and complete.

Signature of Applicant _____

Date _____

Please return the completed form to:

City of Naperville
400 S. Eagle Street
Naperville, IL 60540

Attn: Finance Dept., Food & Beverage Tax

Phone: 630-420-4115

Fax: 630-305-6226



Naperville

FOOD & BEVERAGE TAX RETURN FORM

For Tax Period Ending: _____

Due Date: **On or before the 20th of subsequent month**

Payee Name (Corporate/Company)
And Address (Mailing Address):

Business Name (DBA)
And Address (Business Location):

Phone: _____

Phone: _____

COMPUTATION OF TAX LIABILITY

- | | | | |
|--|------------------------------|---|------------------|
| 1. | Total Sales Subject to Tax | | _____ |
| 2. | Food and Beverage Tax | (Line 1 x 1%) | _____ |
| 3. | Less: 2% Filing Fee | (Line 2 x 2%) | (-) _____ |
| <small>(2% is only applicable if payment is received on or before the 20th of subsequent month)</small> | | | |
| 4. | Plus Penalty if Past Due | (Line 2 x 5%) | (+) _____ |
| 5. | Amount Due | (Line 2 Less Line 3 Plus Line 4) | (=) _____ |

Under penalties of perjury and other penalties provided by law I declare that I have examined this return and to the best of my knowledge and belief it is true correct and complete. I further declare that the information set forth is taken from the books and records of the business for which this return is filed.

Signature of Preparer

Date

Signature of Taxpayer

Date

Preparer Phone Number: _____

Please mail this completed return, a check in the amount shown on line 5, and a copy of the Illinois Department of Revenue Form ST-1 and ST-2, if applicable, to:

City of Naperville
400 S. Eagle Street
Naperville, IL 60540
Attn: Finance Dept., Food & Beverage Tax
Phone: 630-420-4115
Fax: 630-305-6226

Utility Tax - Water

Village of Carol Stream
Revenue Review - December 2017

Utility Tax - Water

- New/Existing:** New
- Description:** Similar to other utility taxes imposed by municipalities on natural gas and electricity, a utility tax can be assessed on water sold within the community on basis of gross charges incurred. This is essentially a tax the municipality imposes on itself assuming it is the sole provider of water to the community.
- Rates:** This tax is not used by many municipalities. Two non-home rule communities in our area (Hinsdale and Westmont) currently impose a utility tax on water sales at 5% of gross charges.
- Estimated Revenues:** Estimated revenues to Carol Stream are based on audited gross water revenues for FY17 of \$7,620,235.

	<u>Rate</u>	<u>Revenue Est.</u>	<u>Monthly Impact*</u>
	1.0%	\$ 76,000	\$ 0.44
	2.0%	\$ 152,000	\$ 0.87
	3.0%	\$ 228,000	\$ 1.31
	4.0%	\$ 304,000	\$ 1.74
	5.0%	\$ 380,000	\$ 2.18

* For a customer using 6,000 gallons of water per month.

- Implementation / Administration:** Implementation can be achieved through ordinance adoption. Estimated 120 day lead time from approval for implementation. Will likely require bill format and programming changes.
- Pros:**
- Relatively easy to implement. Our utility billing system, while not yet confirmed, should be able to accommodate a utility tax on water billed.
 - Revenues grow with increases in water rates and consumption billed.
- Cons:**
- Tax burden borne entirely by Village residents and businesses.
 - Despite Village's low water/sewer rates, this has the potential to be unpopular.
 - Relatively low revenue yield for the level of possible public backlash.
- Other:** Since this is a tax, proceeds are available as a General Fund revenue. There is no requirement that the tax support Water Fund activities. Need to research applying tax to unincorporated water customers.

Stormwater Utility Fee

Village of Carol Stream
Revenue Review - December 2017

Stormwater Utility Fee

New/Existing: New

Description: A number of area communities impose a stormwater utility fee to fund stormwater management activities and improvements. Most of these fees are collected into a dedicated enterprise fund (similar to water and sewer utility funds) . Carol Stream's costs of stormwater management have grown significantly over the last decade and have been a draw on existing revenues.

Rates: Rates are generally assessed on individual property owners and the degree to which their property impacts stormwater runoff through impervious surfaces/structures installed on the property.

Estimated Revenues: Projected revenue and rates would be set based on current and future stormwater activities supported by the Village. Transferring these activities to a dedicated stormwater utility fund will provide budgetary relief to the Village's General Fund and Capital Projects fund where stormwater activities are currently budgeted.

Stormwater costs currently reflected in the Village FY18 budget include:

General Fund	Engineering Dept.	\$	467,322
General Fund	Public Works Dept.		293,432
Capital Projects Fund	Capital		427,000
Total FY18 Stormwater Management		\$	1,187,754

Implementation / Administration: Implementation of a stormwater utility fee and fund would be a complex endeavor and involve a significant public information process. We would likely use our current utility billing system and incorporate stormwater utility charges onto the monthly water/sewer bill. A lead time of up to one year would be needed to develop a program.

Pros:

- Stormwater utility fee has potential to provide significant relief to General Fund / Capital Projects fund. Most equitable method of funding improvements.
- Stormwater projects on Village' s planning horizon continue to show significant increases compared to current costs, without any identified revenue stream to pay for them. This will likely not go away, so there is merit to discussing/planning for this now.
- Many of the computations have become automated through technological advances.
- Ability for property owners to reduce their fees through credits.

Cons:

- Complex implementation and public information process.
- Additional staffing/consulting costs could be incurred but recovered through stormwater fees.
- Applied to all properties within our jurisdiction, including governments, churches and other not for profits.

Jon Batek

From: Jim Knudsen
Sent: Wednesday, October 18, 2017 2:37 PM
To: Jon Batek
Subject: Stormwater Utility Fee

Of the comparable municipalities only Downers Grove has a true stormwater utility fee. Interestingly a previous comparable, Wheeling, also has a stormwater utility fee. Downers Grove's Stormwater utility fee generates about \$4M annually; annual increase of about 8.7% per year from \$3.6M in 2016 to \$11.4 in 2028. Their rates are tiered based and dependent on land use so you can't report just one rate. For more information go to <http://www.downers.us/res/stormwater-management/stormwater-utility>. Wheaton has a stormwater fee that is based on water usage (\$0.65/100 cubic feet of water used) that generates about \$1.56M annually. Below is a table of Chicago metro communities that have a stormwater utility fee as well a table of other Illinois communities. These are the ones I found, but there may be more.

CHICAGO METRO COMMUNITIES

Municipality	Basis	Annual Revenue (\$M)
Aurora*	Water Use Fee	\$3.0
Buffalo Grove	Imperviousness (Flat Fee & Area Fee)	\$1.3
Downers Grove	Imperviousness (ERU Fee)	\$4
Highland Park	Imperviousness (ERU Fee)	\$2.23
Hoffman Estates	Imperviousness (ERU Fee)	\$0.57
Northbrook	Water Use Fee	\$4.4
Orland Park	Water Use Fee	\$3.3
Richton Park*	Flat Fee	\$0.5
Rolling Meadows*	Imperviousness (ERU Fee)	\$0.56
Tinley Park*	Water Use Fee	\$0.48
Wheaton	Water Use Fee	\$1.56
Wheeling	Imperviousness (ERU Fee)	\$0.34
Winnetka	Imperviousness (ERU Fee)	\$4.1

OTHER ILLINOIS COMMUNITIES

Municipality	Basis	Annual Revenue (\$M)
Bloomington*	Imperviousness (ERU Fee)	\$2.76
Champaign*	Imperviousness (ERU Fee)	\$3.2
Decatur	Imperviousness (ERU Fee)	\$4.45
East Moline*	Imperviousness (ERU Fee)	\$0.35
Freeport*	Imperviousness (ERU Fee)	\$0.6
Galesburg	Imperviousness (ERU Fee)	\$0.75
Matteson	Imperviousness (IAU Fee)	\$0.65
Moline*	Imperviousness (ERU Fee)	\$1.8
Morton*	Imperviousness (ERU Fee)	\$0.9
Normal*	Imperviousness (ERU Fee)	\$1.7
Rantoul*	Imperviousness (ERU Fee)	\$0.57
Rock Island*	Imperviousness (ERU Fee)	\$1.6
Urbana*	Imperviousness (ERU Fee)	\$1.7

Based on Western Kentucky University Stormwater Utility Survey 2013. See https://www.wku.edu/engineering/civil/fpm/swsurvey/western_kentucky_university_swu_survey_2013.pdf.

Village of Carol Stream
Interdepartmental Memo

TO: Joe Breinig, Village Manager
FROM: Philip J. Modaff, Director of Public Works
DATE: November 30, 2017
RE: Water Meter Pilot Program Results and Discussion of AMR's

At the March 6, 2017, Village Board Workshop a proposed residential meter change-out program was the subject of considerable discussion. Subsequently, staff was authorized to proceed with a Meter Testing Pilot Program to, in part, determine the accuracy of the oldest meters in the system. Other program goals included gathering data on the impact of meter replacement on operations and administrative staff.

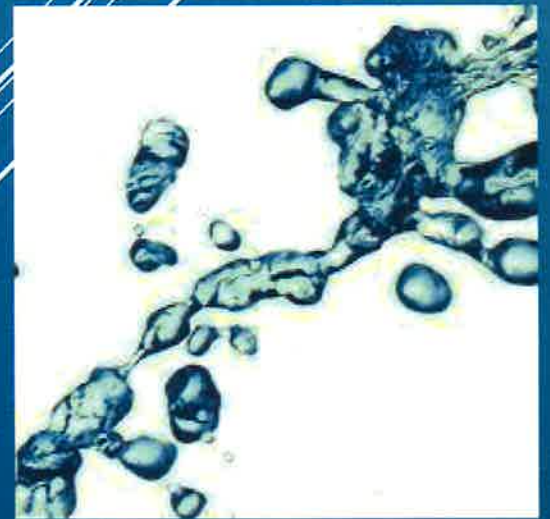
The Pilot Program has been completed and the test results reveal that the meters generally tested within acceptable standards. While test results at the lowest flow rate were on average slightly below recommended standards, and some meters at that flow rate were well below the standard, an overwhelming majority of the meters tested within standards at the medium and high flow rates.

At this time we are not recommending a meter replacement program. However, there is another emerging issue that should be brought to the Village Board's attention. The Automatic Meter Reading devices (AMR's), which are connected to the meters and which collect data from the meter and transmit to the mobile meter-reading equipment, are aging. These AMR units are powered by batteries that have varying life expectancies depending on the models installed over the past twenty years. About 85% of the AMR's in service are beyond their expected life.

I have prepared the attached presentation for the Board Workshop on December 4, to advise the Village Board of the results of the Meter Pilot Program and the emerging issue of the age of the AMR's.

Attachment

WATER METER PILOT PROGRAM



PROGRAM HIGHLIGHTS

- ▶ 115 meters tested
- ▶ Greater than 25 years old
- ▶ Meters removed and sent to third-party testing company
- ▶ Tested at three flow levels – low, medium and high



TESTING RESULTS

- ▶ **American Water Works Association Standard: "accurate" meters are those that test within 3% of actual flow**
- ▶ At the **low flow rate** meters tested on average at 95.17% accuracy. At this flow rate 65% tested within the standard.
- ▶ At the **medium flow rate** meters tested on average at 99.43% accuracy. At this flow rate 97% tested within the standard.
- ▶ At the **high flow rate** meters tested on average at 99.24% accuracy. At this flow rate 99% tested within the standard.
- ▶ **Conclusion:** assuming the meters less than 25 years old are operating with similar or better results, mass meter replacement is not warranted at this time.

EMERGING ISSUE

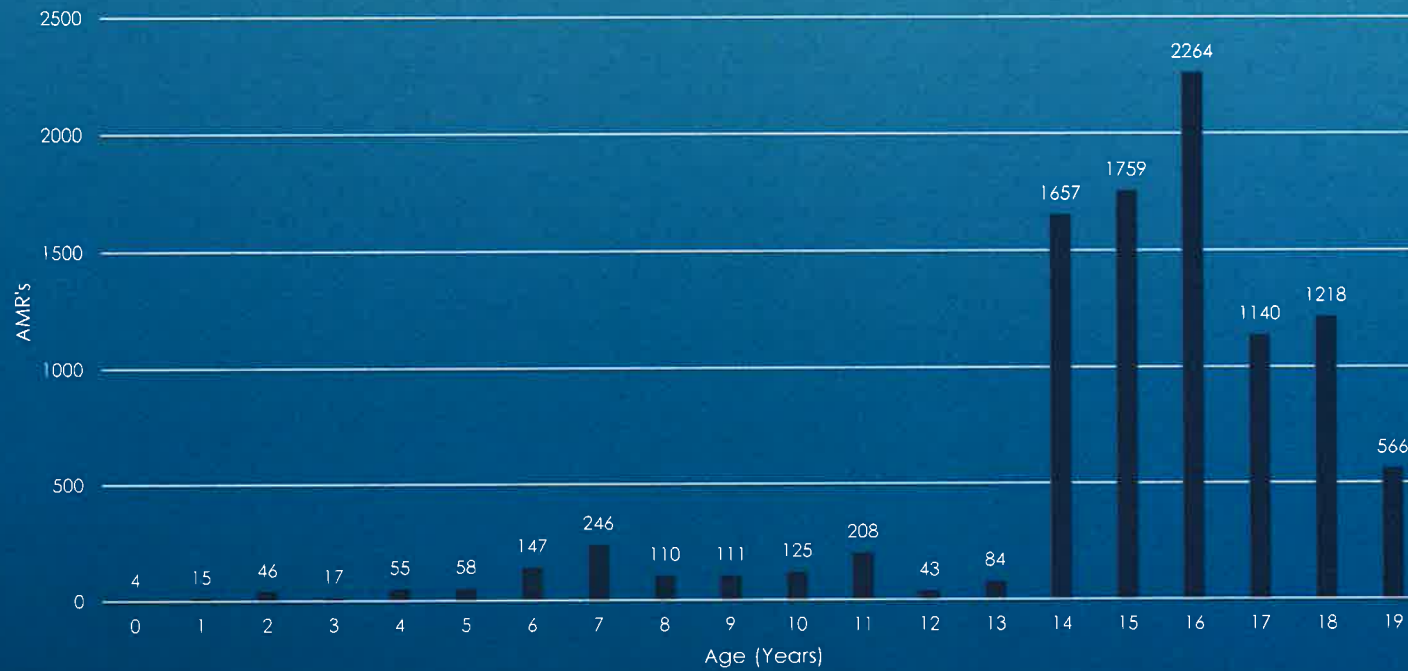
- ▶ An Automatic Meter Reading device (AMR) is installed with each meter.
- ▶ The AMR does not **measure** water consumption, but rather captures the consumption as measured and recorded by the meter.
- ▶ The AMR is the transmitting device which is read by vehicle-mounted, meter reading equipment.
- ▶ The AMR is powered by a battery (the meter has no power source).

EMERGING ISSUE

- ▶ There are currently 10,000 AMR's in service (on meters under 2")
- ▶ 85% of AMR's in service are greater than 13 years old
 - ▶ The oldest AMR's (installed pre-2005) have a life-expectancy of 10 years (initially thought to be 7-8 years)
 - ▶ AMR's installed starting in 2005 have a life expectancy of 10 – 15 years
 - ▶ AMR's installed starting in 2012 have a life expectancy of 20 years.

EMERGING ISSUE

Age of AMR's in Service



EMERGING ISSUE

- ▶ The replacement of AMR's over the three most recent 12-month periods is as follows:
 - ▶ 2014-15: 236
 - ▶ 2015-16: 235
 - ▶ 2016-17: 284
- ▶ Based on the age of AMR's in service and the life-expectancy of the various units, consideration should be give to planning for replacement of AMR's

OPTIONS

- ▶ Do nothing and replace AMR's as they fail
- ▶ Develop a replacement program
 - ▶ **Mass replacement** (all in 1 year) over a certain age (> 14 years?)
 - ▶ **Phased replacement**, starting with the oldest, over a period of years (3, 4, 5 years?)
 - ▶ Budget for replacement
 - ▶ If all AMR's purchased at one time, cost is estimated at approximately \$1.1 million (assumes replacement of oldest 8,600 AMR's)
 - ▶ If planned for 2,850 per year, equipment cost would be approximately \$393,000 per year (assumes replacement of oldest 8,600 AMR's over 3 year period and current pricing)

OPTIONS

- ▶ "Do nothing" option:
 - ▶ in-house staff can attempt to keep up with failures and change out the oldest ones as we come across them.
 - ▶ If rate of failure increases significantly, more resources will need to be directed to this work.
- ▶ Mass replacement:
 - ▶ 2-3 maintenance staff and one full-time administrative staff needed; OR,
 - ▶ Hire contractor to schedule and make replacements
- ▶ Phased replacement:
 - ▶ At least 1 maintenance staff (plus currently dedicated meter person)
 - ▶ Significant additional administrative hours required

SUMMARY

- ▶ Meter replacement is not recommended at this time
- ▶ AMR replacement should be considered
 - ▶ Most AMR's are **well beyond** expected useful life
 - ▶ "Do nothing", one-year or multi-year program options
 - ▶ In-house staff capable (and willing)
 - ▶ Will impact current operations functions
 - ▶ Will impact administrative function

