



Date: May 19, 2020

To: Village Board of Trustees

From: Michael Braiman, Village Manager
Erik Hallgren, Assistant Village Manager

Subject: Additional Agenda Materials #3 – Village Board Question & Answers

Attached is a listing of questions and answers base upon inquires from Village Board members regarding the May 20, 2020 Committee of the Whole meeting related to Stormwater Utility Credits. Questions are related to comparable communities; credit values and methodologies; billing structure; exempt properties; and financial model assumptions.

STORMWATER CREDIT QUESTION & ANSWER

1. Please provide an average bill for comparable communities

- The Village's Year 1 Rate is \$144 for a Tier 2 SFR property and is projected to grow to \$442 in Year 7

Municipality	Average Fee	Fee Structure
Wilmette	144.00	Tier 2 Residential Charge
Winnetka	262.00	\$262 per ERU Annual fee; The average residential property is 1 ERU
Downers Grove	161.76	Tier 2 Residential Charge
Palatine	76.08	SWDFS = \$1.34 per month; FCS = \$5.00 per month
Rolling Meadows	57.12	\$4.76 per ERU per month; The average residential property is 1 ERU
Highland Park	102.00	\$8.50 per IAU per month; The average residential property is one IAU
Northbrook	108.00	\$1 per 1000 gallons of water consumed; Adds an average of \$27 to a residential quarterly bill
Hoffman Estates	24.00	Tier 2 (7,501 to 15,000 square feet) charge
Aurora	82.80	Monthly fee of \$6.90 for all water service consumers
Tinley Park	39.68	For a residential property avg. 20,000 gallons of water usage, the quarterly fee would be \$9.92
Buffalo Grove	60.96	Median lot size is 8,771.66 Square feet

2. Can you show the credit values over the next 10 years?

- These are the maximum values as presented for each credit type and based upon the projected fee structure

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7-10 Annual Value	10-Year Total
Institutional	(30,521)	(36,719)	(61,114)	(68,422)	(79,886)	(86,370)	(92,818)	(734,303)
MWRD Detention	(28,927)	(34,798)	(57,916)	(64,845)	(75,708)	(81,851)	(87,963)	(695,897)
Total	(59,449)	(71,517)	(119,030)	(133,267)	(155,594)	(168,221)	(180,781)	(1,430,200)

3. What is the average single-family bill over the next 10 years?

- These are the average SFR bills based upon the projected fee structure

	SFR Accounts	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7-10
Tier 1	1,632	118	144	240	267	312	339	363
Tier 2	4,263	144	175	292	325	380	412	442
Tier 3	2,109	186	225	375	418	489	530	568
Average		148	180	300	334	390	423	454

4. Please provide the governmental entities that are exempted, their total ERU's, and associated credit values?

- There is a total of 1,069 ERU's. Below is a breakout based upon the exempt organization. The other category includes the post office, coast guard, railroad properties, forest preserve and MWRD sites.

Entity	ERU's	Year 1 Value	Year 10 Value
Village of Wilmette	130.8	13,603	41,333
Metra	30	3,120	9,480
Wilmette Park District	413.8	43,035	130,761
Wilmette Public Library	12.6	1,310	3,982
CTA	49.3	5,127	15,579
Avoca School District	68.9	7,166	21,772
School District #39	241.1	25,074	76,188
Other	122.5	12,740	38,710
Total	1,069	\$111,176	\$337,804
<i>Rate Value per Account</i>		\$12.52	\$38.04

5. How do zoning requirements impact the amount of parking at the Institutional/501(c)3 properties?

- This relates to the question of whether the stormwater utility fees imposes a 'penalty' on a property for constructing parking that is required by the zoning ordinance that they otherwise may not have built. A cursory review by the Community Development Department found that a majority of the Institutional/501(c)3 properties have non-conforming parking meaning they have less parking spaces than required by the current code.

6. Please provide breakdown of the ERU's by property grouping?

Property Type	ERU's	% of Total
SFR	8,442	70%
NSFR	1,460	12%
Institutional/501(c)(3) Eligible	393	3%
Detention Eligible	440	4%
Institutional and Detention Eligible	181	2%
Exempt Properties	1,069	9%
Total	11,984	

7. How much relief to the stormwater system does the pre 2014 MWRD ordinance requirement provide? For properties that have no detention facilities how much can they retain?

- Yes, the Pre-2014 MWRD ordinance provides substantial relief compared to properties with no detention requirements. These sites would be able to detain 6.00 inches of rainfall from a 100-year, 24-hour storm event. Properties that have no detention would be able to detain a minimal amount of rainfall (less than an inch).

8. What are the rate increases for both residential and NSFR assumed in the financial model on page 7 What’s the final projected residential and NSFR rates?

- The annual rates for both SFR and NSFR properties are based upon the same fixed fee and charge per ERU delineated in the projected fee structure below. The final projected rates in Year 7 are based upon the below table.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Fixed Fee	\$40	\$50	\$84	\$92	\$108	\$118	\$126
ERU Charge	\$104	\$125	\$208	\$233	\$272	\$294	\$316

9. I thought the tiers were setup to be 25%; 50%, 25%. Tier 1 is only 20%. Is that expected to change at all?

- 25/50/25 was used as a general guideline for delineating the SFR properties into the three tiers. There was the expectation that there would be shifts in the tiers as the billing database was finalized. There is minimal impact on the revenues received for the SFR revenues. The residential database is not projected to change significantly.

	Original Breakout	Updated Breakout
Tier 1	23.8%	20.4%
Tier 2	51.6%	53.3%
Tier 3	24.6%	26.3%

10. Why do revenues flatten out at year 7? Remind me why rates flatten after year 6, instead of after year 3 or 4, which is our last bond issuance?

- The debt service is layered to gradually increase from Year 1 through Year 7 so as to not wholly impact the current property owners. This method will spread the burden amongst all property owners over the term of the debt. When the debt service and operational expenses stabilize in Year 7, so will the utility fee.

11. Did we make any adjustments to our NSFR rates because the total ERUs went down? What was total impact on revenue based on this charge as this is a 20% reduction

- Since SFR and NSFR rates are based upon the same fee structure (all rates are a function of the fixed fee and ERU charge), any change to the NSFR rate will also change the SFR rate. Accordingly, there were no adjustments to the rates based upon the database refinements. As a result of database refinement projected NSFR revenues decreased \$53k in Year 1 and \$163k in Year 10. This is equivalent to 3.5% of the overall revenues. However, reductions were expected as part of the initial revenue model and that is why the loss in collection factor was originally set at 10%. As staff has refined figures, we have been able to accommodate the changes in accounts/ERU's because of the loss in collection factor.

12. On page 18 of board packet, why is 2021 bond showing in 2022. And it looks like in 2027 the bond payment decreases each year?

- This is the projected debt service model and will change based upon the actual issuance and interest rates. For this projection, PMA, the Village's financial advisor layered in the debt to gradually ramp up payments over the first several years of the stormwater utility, this included shifting the first payment for the 2021 series to 2022. Yes, the bond payments start to decrease in the out years (starting at \$3.85M in 2027 and going down to \$3.56 in 2052) based upon this projection. Staff with work with the financial advisory to appropriately layer debt service to align with the Village's overall debt profile and stormwater utility fee.

13. Please provide alternate credit values for the detention credits

- Below are detention credits at different cap levels. The amounts are rounded to the nearest 2.5%

	15% Cap	25% Cap	35% Cap	45% Cap	50% Cap
Pre-2014 WMO Compliant	10.0%	17.5%	25.0%	32.5%	35.0%
2014 WMO Compliant	12.5%	22.5%	32.5%	40.0%	45.0%
2020 WMO Compliant	15.0%	25.0%	35.0%	45.0%	50.0%

14. Can you clarify if the detention credits are applied to the whole property for eligible sites?

- For the financial model the detention credits were applied to the whole property. However, when each site goes through the application process, the detention credit will only be applied to the portion of their property impacted by the on-site detention. The financial model is built as a worst-case scenario.