

THE CITY OF ROCHELLE & PEER COMMUNITIES

TAX AND FEE REVENUE COMPARISON



INTRODUCTION

ROCHELLE COMPARED TO OTHER COMMUNITIES



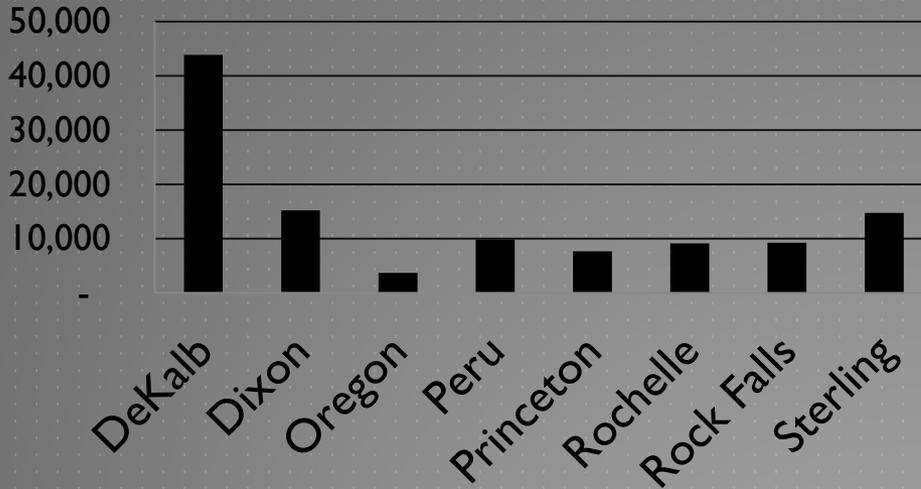
1. DeKalb
 2. Dixon
 3. Oregon
 4. Peru
 5. Princeton
 6. Rochelle
 7. Rock Falls
 8. Sterling
- The City of Rochelle is working hard to expand opportunities for future growth and development. Numerous issues such as aging infrastructure and lagging sales taxes have impeded our economic growth. One way to help address these issues is to consistently reevaluate the City's tax and fee structure.
 - This document is a cross comparison of taxes and fees levied by peer communities that are both home rule and non home rule and similar in population or services offered. By looking at these peer communities, the City Manger and the City Council can make better informed decisions using the City's attributes and existing tax and fee structures for guidance.



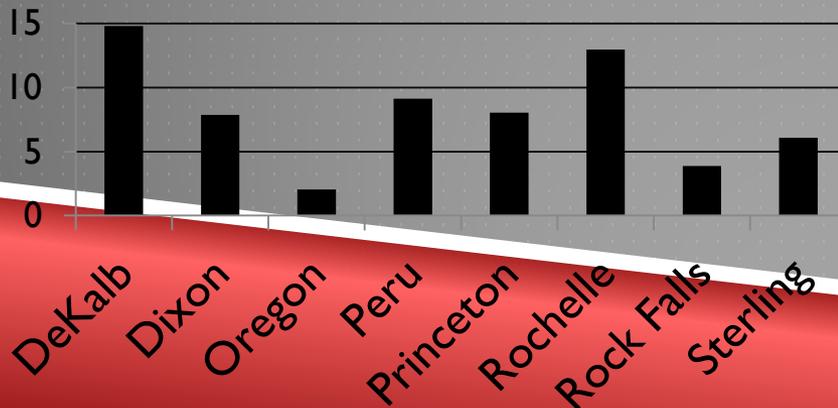


POPULATION & SQUARE MILES OF LAND

Population



Sq. Miles of Land



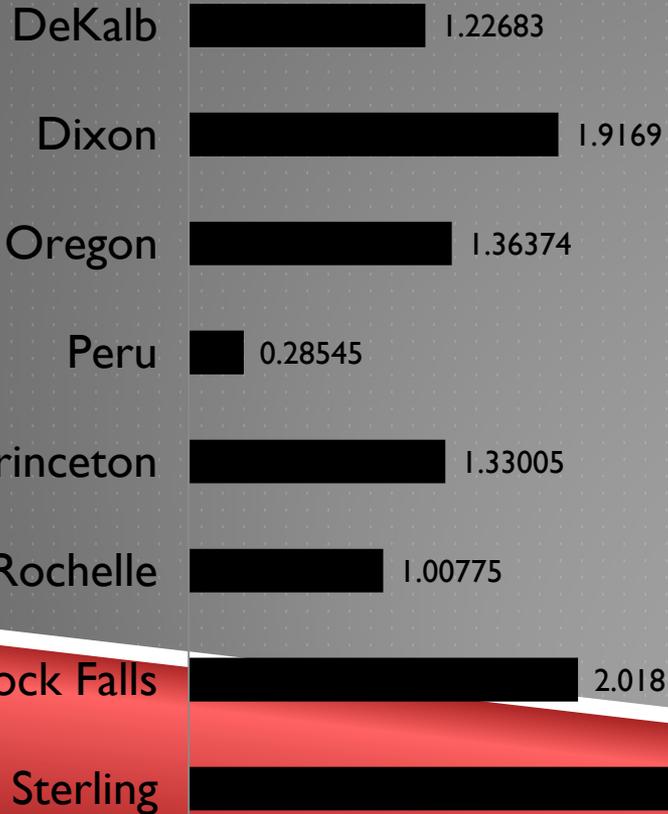
Size, Diversity & Services Matter: Population and Sq. Miles

- The peer group for this comparison is made up of a set of cities that are unique in population size and in some cases square miles of land served.
- Using a group of peer cities, each with its own diverse population and economy, will help Rochelle to determine if the City should consider generating additional revenues. These decisions, in part, can be based on how the other communities with similar or dissimilar attributes currently have their taxes and fees structured.

PROPERTY TAX



Property Tax



	<u>Median Home Value</u>	<u>Owner-occupied</u>
DeKalb	\$143,000	57.5%
Dixon	\$91,100	66%
Oregon	\$130,000	55.7%
Peru	\$115,000	73.2%
Princeton	\$103,000	65.7
Rochelle	\$115,000	60.2%
Rock Falls	\$78,000	65.4%
Sterling	\$81,200	63.6%

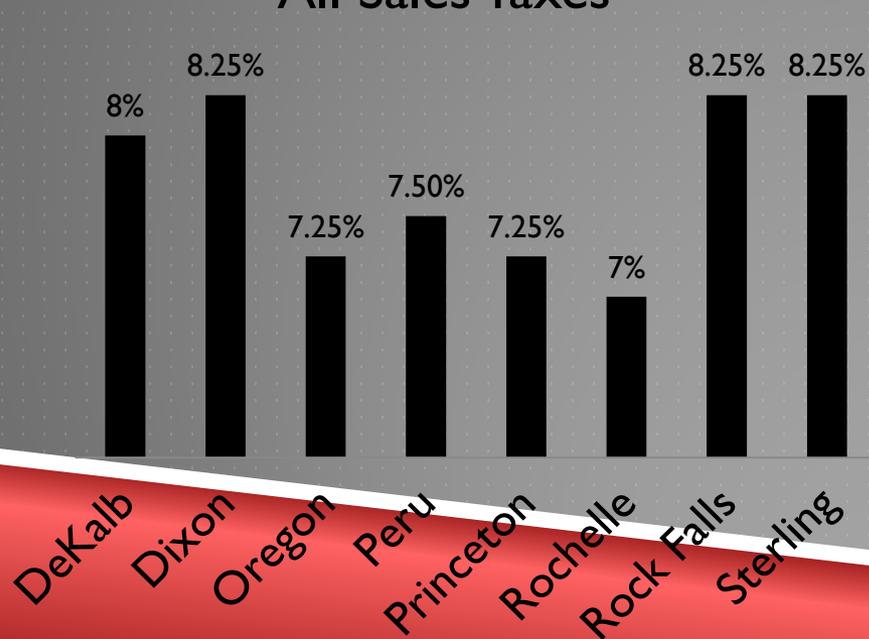
- Generally speaking, the higher the assessed property values, the lower the overall tax rate. Wealthier communities with higher property values typically are able to generate the same amount or more revenue from lower rates as less wealthy communities are able to do.
- Rochelle's median home value falls in the center of median home values when compared to the other communities. Rochelle (City portion) also has the second lowest property tax rate of the comparison group.



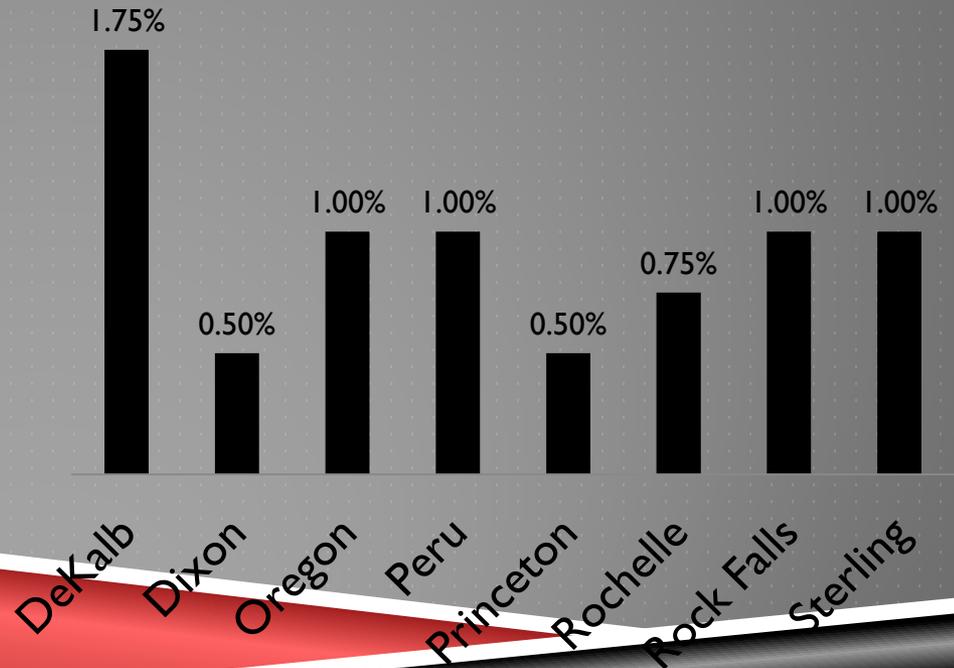
SALES TAX

- Comparatively, Rochelle has the lowest combined sales tax and one of the lowest city sales taxes. Rochelle could raise the city sales tax up another .25%. DeKalb and Peru are the only two home rule communities, thus having the ability to increase sales taxes above 1%. The City of Rochelle may want to consider a referendum to increase it's non-home rule sales tax .25% to 1% to fund future infrastructure projects.

All Sales Taxes



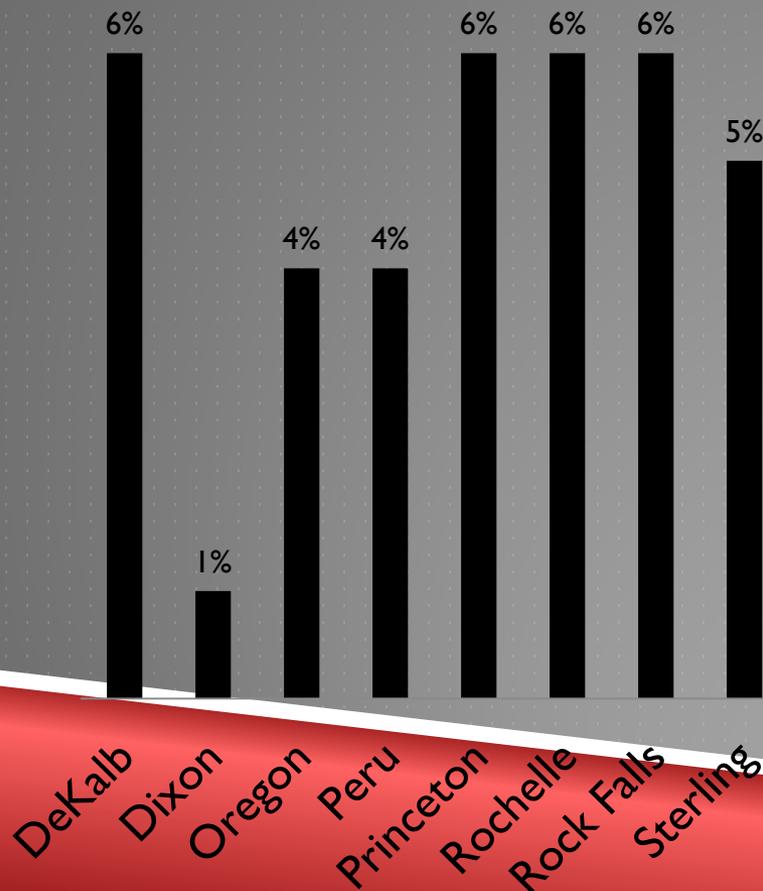
City Sales Tax





TELECOMMUNICATION TAX

Telecom Tax



- Telecommunication taxes are levied by the State of Illinois and by each city. The types of telecommunication which are taxable include, but are not limited to, messages or information transmitted through use of local, toll, or wide area telephone services, private line services, channel services, telegraph services, teletypewriter services, computer exchange services, cellular mobile telecommunication services, specialized mobile radio communications, stationary two-way radio communications, paging services, any other form of mobile or portable one-way communications, and any other transmission of messages or information by electronic or similar means.
- The State of Illinois imposes a 7% tax rate and regulates the Local Telecommunications Tax rate for cities and it cannot exceed 6%. Half of the communities in the peer group tax at the max rate allowed for municipalities.



LOCAL MOTOR FUEL TAX

- Aside from the State of Illinois shared Motor Fuel Tax funds, the local MFT is the only major funding source used to help repair and upgrade transportation projects that are vital to business and everyday activities.
- The Local MFT can only be implemented by those communities that are considered home rule. Rochelle is not a home rule community.
- Of all the peer communities compared, the only two that are home rule communities are DeKalb and Peru.
- DeKalb charges \$0.055 per gallon for their local MFT.
- Even though Peru is a home rule community, they do not impose a local MFT.



GARBAGE FEE

Monthly Garbage Fee



Residential Fees Only

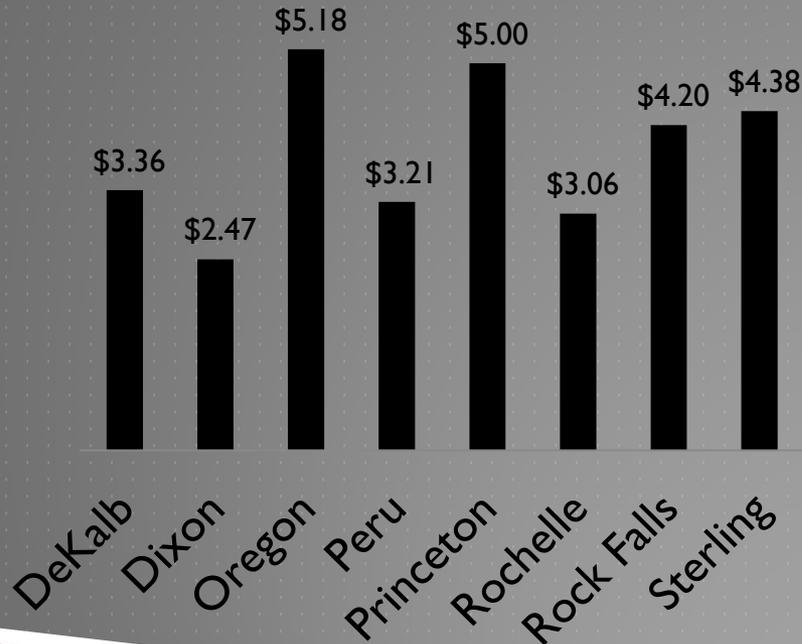
- Most of the communities in the subject group offer a single hauler service. The different array of services offered generally includes curbside refuse pick-up, curb side recycling, lawn and yard waste pick-up and community clean-up activities.
- The average monthly rate is \$14.88 which Rochelle is slightly below at a rate of \$13.00 per month. For this fee residents get weekly curb side pick-up, twice per month curb side recycling pick-up, yard waste removal and pick-up, and an annual community clean up day.



Residential Only

WATER RATES

Water Rates per 100 Cubic Feet



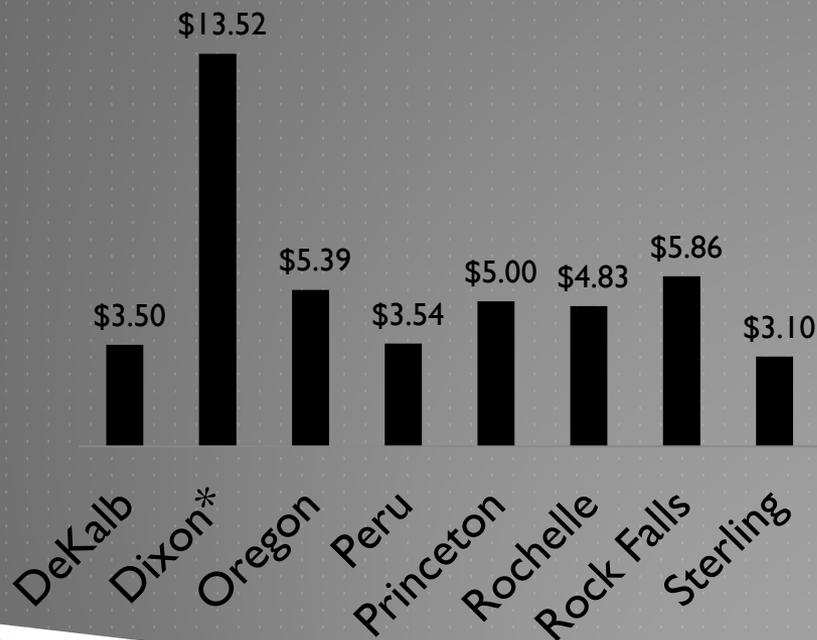
- Most communities in the comparison group own and operate their own water treatment and distribution systems, while the others are an investor owned utility.
- When looking at water rates, it is important to compare treatment types, age and condition of the distribution system and whether it is investor owned or municipally owned and operated. Typically municipally owned systems are able to offer lower rates than those owned and maintained by an IVO.
- Rochelle has the second lowest water rate out of the comparison group. This is due to the efficiencies created by the Rochelle water department, and their ability to leverage long term low interest debt to finance capital projects. This comparison sheet does not compare the overall fiscal health of any of the comparison utilities.



Residential Only

WASTE WATER RATES

Waste Water Rates per 100 Cubic Feet



- All of the peer communities own and operate their wastewater treatment facilities, large interceptors, and their smaller collector sewers that connect the homes and the businesses.
- When looking at the waste water rates, like with water rates, it is important to compare treatment types, age and condition of the interceptors.
- Rochelle's rates are slightly higher than the average of \$4.47. This is in part due to the aging infrastructure, replacement costs, and capital projects.
- The City utilizes long-term debt to fund capital infrastructure projects in an effort to keep overall rates low. This comparison sheet only takes into account average monthly residential bills and does not compare overall fiscal health of each utility.

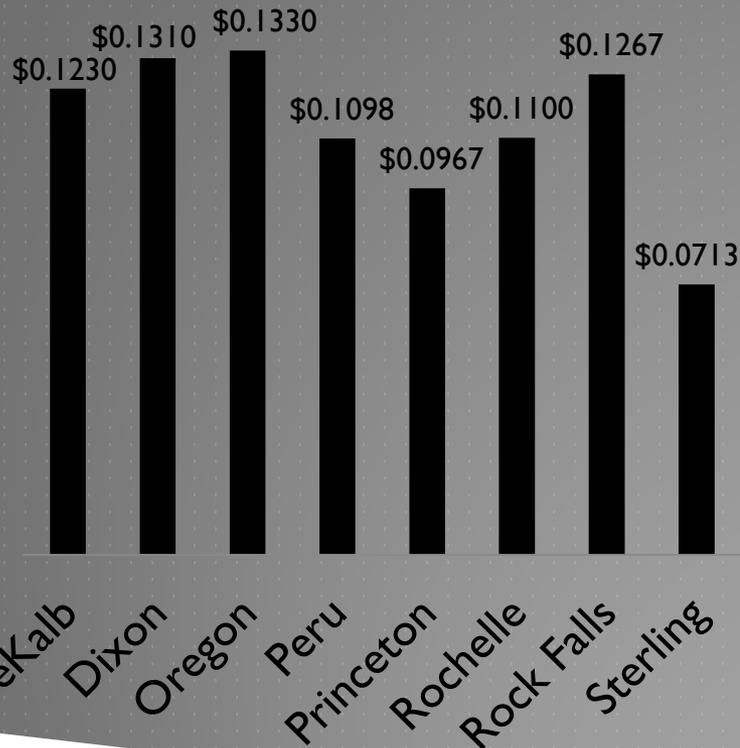
*Dixon charges \$40.56 every three months for their waste water services. This covers up to 300 cubic feet of waste water, and after the first 300 cubic feet, the customers are charged \$4.42 for every additional 100 cubic feet.



ELECTRIC RATES

Residential Only

Electric Rates per KWH



- Most of the peer communities utilize investor owned electric utility companies or electrical aggregations to maintain and operate their electric generating systems and electric distribution. Rochelle, Rock Falls, Princeton and Peru own and operate their own electric generating and distribution systems.
- In the past year Rochelle's wholesale electric rates have steadily decreased. Because of this Rochelle's electric rates are now slightly below the average of these communities. The average rate is \$0.1127 while Rochelle's is \$0.1100.
- Because Rochelle owns its electric utility, we are able to obtain many of the same advantages as owning the water utility, including more control over costs, rates that are more reflective of political will and more reliable local service.
- As with the water and waste water infrastructure, the City has done a great job tracking and raising rates as needed and using those funds to reinvest in the utility infrastructure.



CONCLUSIONS

Opportunities for Revenue Enhancements

In the coming budget year the City will need to conduct a rate analysis of its Water and Water Reclamation departments. In August, we hope to finalize the cost of service analysis for the electric department. Our overall goal will be to continue to keep overall rates low. One idea the council should consider is smaller more manageable rate increases (specifically water and water reclamation) annually rather than larger more spread out increases. One option is to simply increase rates annually by the rate of inflation just to keep up with increasing O & M costs.

I do feel the City Council should consider approving a referendum to increase the non home rule sales tax by $\frac{1}{4}$ percent next year. This would generate approximately \$250,000 annually and should be utilized for property tax reduction and street and storm water improvements. Our team will continue to look at finding ways to consolidate services so we can offer the best services in the most efficient and equitable manner.

If you have any further questions please contact City Manager Jeffrey A. Fiegenschuh, ICMA-CM, MPA at: 815-561-2000 or jfiegenschuh@rochelleil.us