WHEATON CITY COUNCIL PLANNING SESSION
WHEATON CITY HALL - COUNCIL CHAMBERS
303 W WESLEY STREET, WHEATON, ILLINOIS

MONDAY, MAY 8, 2023 - 7:00 P.M. - IN-PERSON & VIRTUAL

The meeting will also be live streamed and recorded.

- **Join by phone:** 312-626-6799, **Meeting ID:** 813 3224 2511 and **Password:** 132128
  - You will be automatically muted. If you would like to speak, you need to press *9 to raise your hand and let the meeting administrator know you would like to speak. Once it is your turn to speak, you will receive a notification asking you to press *6 to unmute yourself. Please announce your name and address before commenting and ensure you are in a quiet place.

- **Join by computer/smARTphone:**
  - [https://us02web.zoom.us/j/81332242511?pwd=c0VvWnJjNzBXREYyRW1yNWQyVcVNmQT09](https://us02web.zoom.us/j/81332242511?pwd=c0VvWnJjNzBXREYyRW1yNWQyVcVNmQT09)
  - You will be automatically muted. If you would like to speak, click on the “Raise Hand” button to let the meeting administrator know you would like to speak. When it is your turn to speak, you will receive a notification that the meeting administrator is asking you to press “unmute.” Please announce your name and address before commenting and ensure you are in a quiet place.

- **Public comments can be made by:**
  - In person at 7:00 p.m. on Monday, May 8, 2023, during the Public Comment portion of the meeting.
  - Virtually at 7:00 p.m. on Monday, May 8, during the Public Comment portion of the meeting.
  - Email the City Council at [allcouncil@wheaton.il.us](mailto:allcouncil@wheaton.il.us) before 5:00 p.m. on Monday, May 8, 2023.

**AGENDA**

1. Call To Order
2. Public Comment
3. Approval Of Minutes
   3.I. 03 13 23 Draft PS Minutes

Documents:

03 13 23 DRAFT PS MINUTES.PDF
4. Planning Session Discussion Item(S):

4.I. Stormwater Utility Fee Assessment - Presentation On Proposed Fee Policies And Impact

Documents:

STORMWATER UTILITY FEE ASSESSMENT PRESENTATION ON PROPOSED FEE POLICIES AND IMPACT.PDF

5. City Council/Staff Comments

6. Adjournment

During the Public Comment portion of the agenda, the presiding officer shall recognize any person requesting to be heard on any of the planning session agenda items only. Persons speaking during Public Comment shall not speak longer than three (3) minutes and shall be permitted to speak only once.

Visitors must remain quiet and not engage in behavior that interferes with the Planning Session. The presiding officer may, or upon a majority vote of the council, request any visitor who violates any provision of this paragraph to leave the council chambers, and such visitor shall thereupon leave.

Any person providing public comment shall address the presiding officer only and shall not proceed with remarks until recognized. When recognized, the person shall state his or her name and address. Cross floor discussions are prohibited. If a member of the City Council has questions of any person who has provided public comment, that person may address the specific question.
Monday, March 13, 2023

I. Call to Order
The Wheaton City Council Planning Session was called to order at 7:00 p.m. by Mayor Suess. The following were:

Physically Present: Mayor Suess
Councilman Barbier
Councilwoman Bray-Parker
Councilman Brown
Councilwoman Fitch
Councilwoman Robbins
Councilman Weller

Absent: None

City Staff Present: Michael Dzugan, City Manager
John Duguay, Assistant City Manager
Robert Lehnhardt, Director of Finance
Halie Cardinal, Public Relations Coordinator

II. Public Comment
There were no public comments.

III. Approval of Planning Session Minutes – February 27, 2023
The City Council approved the February 27, 2023 City Council Planning Session Minutes.

IV. Police and Firefighters’ Pension Funding Policy
City Manager Dzugan stated as part of the 2021 discussion to address the Police and Firefighters’ Pension Plans’ unfunded liabilities, the Council and staff discussed the need to review the current pension fund policy. He stated that a key component to calculating the funding should include a change in the City’s amortization from a closed to an open approach. He stated that the current closed approach calculates pensions to a specific date, which in this case is the State of Illinois’ date of 2040. He stated that an open approach acknowledges obligations to these pensions beyond 2040. He stated the City can consider an aggressive approach to funding future unfunded liabilities due to the City’s actions in 2021 that brought the City’s unfunded liabilities to almost zero.

Director of Finance Lehnhardt stated that staff and the City’s actuary, Foster & Foster, are recommending a formal pension funding policy. The purpose of a pension funding policy is to define the manner in which the City funds the long-term cost of the pension plans and defines the calculation of the City’s actuarially determined contribution (ADC) to the pension plans. The goal is to ensure that pension benefits can be paid by adopting a long-term funding plan that systematically eliminates unfunded liability while producing a contribution requirement that is stable and predictable.
Jason Franken of Foster & Foster stated that a funding policy determines how pension benefits will be financed over time. He stated that there are three main components to a funding policy including the actuarial cost method, asset smoothing method, and amortization method. The actuarial cost method is used to allocate benefits over a member’s working career; the asset smoothing method is used to recognize investment gains and losses over a period of time; and the amortization method is used to pay off unfunded liabilities as they arise.

He stated that an actuarial cost method is a budgeting mechanism used to accumulate money over a member’s working career so that there is enough money to pay their pension benefits in retirement. This method includes two budgeting mechanisms, which are entry age normal cost method and projected unit credit cost method. He recommended that the City continue using the entry age normal cost method because it produces a more stable and predictable contribution pattern. He stated that asset smoothing is a standard actuarial practice and, through Illinois Pension Code, requires investment gains and losses to be recognized over a five-year period. He recommended no change to five-year asset smoothing.

In response to a Council question, Franken stated that the City had significant unrecognized investment gains through December 31, 2021 and in 2022 there were significant losses.

Franken stated that in regard to amortization of unfunded liabilities, each year the accrued liability is compared to the actuarial value of assets to determine the amount of unfunded liabilities. After bond issuance, the City is in the unique position of having a limited amount of unfunded liability. He stated that when selecting an amortization method, the considerations include length of the amortization period; choosing between open, closed, or layered amortization; and choosing between a level dollar or level percentage of payroll basis. He stated that in regard to the length of the amortization period, most funds in the State rely on the Illinois Pension Code. Currently, the State’s amortization period is through the year 2040, which is an arbitrary date arrived at through the political process. He stated that increasing contributions and volatility when approaching the end of the amortization period could be difficult for the City to manage.

In response to a Council question, Franken stated that as long as the City is contributing more than the statutory minimum as outlined in the Illinois Pension Code, then any desired changes to the funding policy are permitted.

Franken stated that the level percentage of payroll approach, used in the Illinois Pension Code, produces a payment stream that is designed to increase based on the expected growth in payroll, whereas the level dollar approach produces an amortization payment that is always the same amount and becomes a smaller percentage of payroll over time. Franken recommended adopting one of the following amortization approaches: 15-year open, level dollar amortization; 10-year open, level percentage of payroll with a 2.5% payroll growth assumption; and 15-year layered, level dollar amortization.

In response to a Council question, City Manager Dzugan stated that the City would maintain a disciplined approach to funding each year and that the pension funding policy is a long-term commitment. He stated that the that the City currently pays the actuarial-recommended amount.

In response to a Council question, Franken stated that for lateral hires who previously served in other departments, the Police and Fire Departments have different sets of transfer rules for pensions. Fire has a reciprocity agreement, which means the firefighter leaves his or her service in each pension fund in which they participated and ultimately receives a pension from multiple funds upon retirement, and the City of
Wheaton would pay the difference between the final rate of pay and their previous position’s rate of pay for the service years at the previous department. Police add the individual’s accrued liability to his or her new pension and then there is a transfer of money from the individual’s previous fund to the new fund. It also requires the individual to pay for their years of previous service to be transferred to Wheaton.

The Council generally expressed support for the policy as presented. City Manager Dzugan stated staff would make minor revisions based on this discussion and prepare it for the Council’s future review.

V. City Council/Staff Comments
Councilman Barbier complimented the Wheaton Park District, and everyone involved in the recent Casino Night event at Arrowhead benefitting the DuPage County Historical Museum.

VI. Adjournment
The meeting was adjourned at 8:06 p.m.

Respectfully submitted,

Halie Cardinal
MEMORANDUM

TO: The Honorable Mayor and City Council
FROM: Brandon Kowalke, Senior Management Analyst
Erik Berg, Management Analyst
DATE: May 8, 2023
SUBJECT: Stormwater Utility Fee Assessment: Presentation on Proposed Fee Policies and Impact

Objective
Provide follow-up on the proposal to restructure the City’s Stormwater Utility Fee so that it is no longer based on water consumption and instead is based on the amount of impervious area (IA) on a property. Staff will solicit feedback from the City Council on proposed policies as well as how the City plans to proceed with the establishment of this fee structure.

Background
Staff presented an initial assessment of this proposal at the February 27th Planning Session, with a focus on: (1) why IA is a more ideal metric for assessing stormwater fees than water usage due to its direct relationship with stormwater runoff, (2) the City’s capacity to assess fees based on IA, and (3) a summary of how the restructured fee would impact overall fee burden across different property types (residential, commercial, institutional, and industrial). A copy of materials from this presentation can be found here:

- https://www.wheaton.il.us/AgendaCenter/ViewFile/Item/10438?fileID=12998

For Wheaton, adopting a stormwater fee based on IA would increase the number of properties/customers that pay stormwater fees because the restructured fee would now apply to properties that do not consume any water. Furthermore, because non-residential properties tend to have more IA and consume less water than residential properties, the restructured fee would be assessed more proportionally across all property types based on the service demands they place on the City’s stormwater infrastructure.

At the conclusion of the February 27th Planning Session, the City Council requested staff follow-up on how the restructured fee would be administered and impact utility bills citywide.

Fee Policies & Impact
At the May 8, 2023 Planning Session staff will present: (1) a refresher on the proposed fee structure, (2) a set of policy proposals that will guide the City’s administration of the restructured fee, (3) an analysis of how the restructured fee will impact utility costs for different property types, and (4) what next steps are necessary to communicate and establish the restructured fee.
Stormwater Utility Fee Assessment: Fee Policies & Impact

Brandon Kowalke, Senior Management Analyst

Erik Berg, Management Analyst
Purpose

• Discuss proposed stormwater fee structure
• Present an estimation of how this structure affects utility fees citywide
• Solicit feedback from the City Council on next steps
Agenda

- Background
- Proposed Fee Policies
- Projected Fee Impact
- Next Steps
Background
Current Fee & Challenges

• Based on Water Usage
• Insufficient revenue from the current rate to cover future stormwater operating and capital costs
• Fee base limited to properties using water
  • Most fees are paid by residents
Fee Alternative: Impervious Area

- **Impervious Area (IA)** = all surfaces preventing water infiltration
- Directly related to stormwater runoff
- Stormwater runoff = service demands
- Most reasonable and proportional metric for assessing stormwater fees
Initial Fee Assessment

- February 2023 – staff presented an assessment of adopting a new fee
  - City has the data and capacity to assess fees based on impervious area
  - Fee would be assessed across different property types more proportionally
Proposed Fee Structure

• Staff proposed a fee structure based on two items:
  1. The amount of IA on a property
  2. The proportion of IA on a property
1. Amount of Impervious Area

- ERU = Equivalent Runoff Unit
  - This represents the “billing rate”
  - City sets the amount of IA this represents (3,300 sqft)
  - Properties pay based on how many ERUs they have
2. Proportion of Impervious Area

- **IDF = Intensity of Development Factor**
  - This adds ERUs to each property based on its ratio of IA.
  - The higher the ratio of IA, the more ERUs are added.
  - Results in broader fee distribution and slightly lower fees for properties with more pervious area.
## Adjusted IDF Tiers

<table>
<thead>
<tr>
<th>IDF Tiers</th>
<th>Original Ranges</th>
<th>Original ERU</th>
<th>Adjusted Ranges</th>
<th>Adjusted ERU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 0</td>
<td>&lt;1%</td>
<td>0.1</td>
<td>&lt;1%</td>
<td>0.1</td>
</tr>
<tr>
<td>Tier 1</td>
<td>1% - 20%</td>
<td>0.25</td>
<td>1% - 20%</td>
<td>0.2</td>
</tr>
<tr>
<td>Tier 2</td>
<td>21% - 40%</td>
<td>0.5</td>
<td>21% - 40%</td>
<td>0.4</td>
</tr>
<tr>
<td>Tier 3</td>
<td>41% - 70%</td>
<td>0.75</td>
<td>41% - 60%</td>
<td>0.6</td>
</tr>
<tr>
<td>Tier 4</td>
<td>70% - 100%</td>
<td>1.0</td>
<td>61% - 80%</td>
<td>0.8</td>
</tr>
<tr>
<td>Tier 5</td>
<td>-</td>
<td>-</td>
<td>81% - 100%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

- At Council’s request, staff adjusted the IDF ranges to more consistent increments
Billing Example

Impervious Area = 6,600 sqft

\[
\frac{6,600}{3,300} = 2 \text{ ERU}
\]

Total Area = 18,850 sqft

\[
\frac{6,600}{18,850} = 35\%
\]

35% = Tier 2

= 0.4 ERU

Billing Rate = 2 + 0.4 = 2.4 ERU
Fee: Required Characteristics

1. Fee must be for a specific purpose and not to raise general revenue
2. Fee must be proportional to benefits or services rendered
3. Fee must be voluntary, meaning some mechanism exists for the end user to avoid service consumption
Proposed Fee Policies: Billing
Fee Policies: Exemptions

• Public right-of-way
  • Necessary assets that provide citywide benefits (*Roads, sidewalks, utilities, etc.*)

• City-owned properties
  • Currently exempt from water-usage fees
  • Administrative burden to budget

• Properties with less than 250 sqft of IA
  • Side yards, small utilities, or open spaces
  • High administrative burden to collect fees
Fee Policies: Customer Billing

- Fees are billed monthly along with water and sanitary sewer fees on a combined utility bill
- If no utility account exists, a bill will be sent to the property owner
  - If the City does not have the owner’s address, a bill may be sent to the address receiving tax bills for the property
- For billing purposes, a property’s ERU will be rounded up to the nearest 1/10
Fee Policies: Multi-account Billing

• **Commercial** properties with multiple utility accounts will be billed to the property owner’s utility account

• **Multi-Family** properties with multiple utility accounts will be billed equally across all accounts
Proposed Fee Policies: Appeals & Credit
Fee Policies: Appeals

- **Appeals**: A process will be established for customers to:
  1. Contest mathematical billing errors
  2. Contest the amount of impervious area recorded for their property
  3. Contest who the City has recorded as the property owner and/or bill payer
Fee Policies: Credit Option

• **Discharge Credit:** 50% fee reduction if none of a property’s stormwater runoff discharges to the City’s utility system during a 100-year storm event

• **Duration:** Valid for up to 5 years with annual renewal

• **Requirements:**
  - $300 Application Fee
  - Site Drainage and Utility plan prepared by a licensed Professional Civil Engineer showing 100% of the property’s drainage areas discharge outside the City’s Stormwater System
Projected Fee Impact
1. Current Revenue Needed = $1,750,000
   • Covers stormwater operating costs for 2024
2. Fee per ERU = $4.24
3. Policies
   • City does not charge its own properties
   • City does not charge properties with less than 250 sq ft of impervious area
   • ERUs are rounded up the nearest 1/10th - ($0.42)
# Fee Impact: Commercial/Industrial

## Commercial and Industrial Property Impact

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Impervious Area Size</th>
<th>Total ERU</th>
<th>Current Monthly Fee</th>
<th>Proposed Monthly Fee</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>Medium</td>
<td>7.3</td>
<td>$17</td>
<td>$31</td>
<td>+81%</td>
</tr>
<tr>
<td></td>
<td>Large</td>
<td>16.9</td>
<td>$12</td>
<td>$72</td>
<td>+507%</td>
</tr>
<tr>
<td></td>
<td>Maximum</td>
<td>364.4</td>
<td>$556</td>
<td>$1,545</td>
<td>+172%</td>
</tr>
<tr>
<td>Industrial</td>
<td>Medium</td>
<td>8.7</td>
<td>$5</td>
<td>$37</td>
<td>+703%</td>
</tr>
<tr>
<td></td>
<td>Maximum</td>
<td>45.8</td>
<td>$3</td>
<td>$194</td>
<td>+5550%</td>
</tr>
</tbody>
</table>

- Commercial and industrial properties typically use little water and have moderate to high amounts of impervious area. Fees for these properties will increase under the new structure.
### Residential Property Impact

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Impervious Area Size</th>
<th>Total ERU</th>
<th>Current Monthly Fee</th>
<th>Proposed Monthly Fee</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Residential (Single Family)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>1.4</td>
<td>$7</td>
<td>$6</td>
<td>-10%</td>
</tr>
<tr>
<td>Large</td>
<td></td>
<td>2.4</td>
<td>$10</td>
<td>$10</td>
<td>-3%</td>
</tr>
<tr>
<td>Very Large</td>
<td></td>
<td>4.5</td>
<td>$22</td>
<td>$19</td>
<td>-13%</td>
</tr>
<tr>
<td>Maximum</td>
<td></td>
<td>7.4</td>
<td>$26</td>
<td>$31</td>
<td>+21%</td>
</tr>
<tr>
<td><strong>Residential (Multifamily)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small/Condo</td>
<td></td>
<td>1.0</td>
<td>$7</td>
<td>$4</td>
<td>-39%</td>
</tr>
<tr>
<td>Apartment Bldg.</td>
<td></td>
<td>133.0</td>
<td>$1,392</td>
<td>$564</td>
<td>-60%</td>
</tr>
</tbody>
</table>

- Residential properties use a greater amount of water than other property types and on average have low amounts of impervious area. Fees for these properties will typically remain the same or decrease slightly.
**Fee Impact: Jurisdictions/Schools**

### Jurisdictions/Schools Fee Impact

<table>
<thead>
<tr>
<th>Organization</th>
<th>Total ERU</th>
<th>Current Monthly Fee</th>
<th>Proposed Monthly Fee</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheaton Park District</td>
<td>606.8</td>
<td>$1,006</td>
<td>$2,573</td>
<td>+156%</td>
</tr>
<tr>
<td>County of DuPage</td>
<td>919.3</td>
<td>$5,170</td>
<td>$3,898</td>
<td>-25%</td>
</tr>
<tr>
<td>CUSD 200</td>
<td>881.7</td>
<td>$1,271</td>
<td>$3,739</td>
<td>+194%</td>
</tr>
<tr>
<td>Wheaton College</td>
<td>711.5</td>
<td>$3,612</td>
<td>$3,017</td>
<td>-17%</td>
</tr>
</tbody>
</table>

- 73% of all impervious area on institutional* properties within the City belong to these four organizations. Generally, institutional properties will see an increase in fees under the new structure.

*Institutional = government, nonprofit, & tax-exempt entities*
### Fee Impact: Averages

**Average Fee Impact Across Residential & Commercial Properties**

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Total Properties</th>
<th>Avg. Current Monthly Fee</th>
<th>Avg. Proposed Monthly Fee</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>16,452</td>
<td>$7.10</td>
<td>$6.40</td>
<td>-$(0.70)</td>
<td>-10%</td>
</tr>
<tr>
<td>Commercial</td>
<td>744</td>
<td>$16.00</td>
<td>$30.80</td>
<td>+$14.80</td>
<td>+92%</td>
</tr>
<tr>
<td>Institutional</td>
<td>363</td>
<td>$32.40</td>
<td>$48.50</td>
<td>+$16.10</td>
<td>+50%</td>
</tr>
<tr>
<td>Industrial</td>
<td>18</td>
<td>$1.20</td>
<td>$36.20</td>
<td>+$35.00</td>
<td>+2936%</td>
</tr>
</tbody>
</table>

**Per Capita Fee Comparison Across Municipalities**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population (#)</th>
<th>Stormwater Fee Revenue ($)</th>
<th>Revenue Per Capita ($)</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheaton</td>
<td>53,126</td>
<td>$1,750,000</td>
<td>$33</td>
<td>Proposed Fee 2024</td>
</tr>
<tr>
<td>Winnetka</td>
<td>12,744</td>
<td>$1,998,964</td>
<td>$156</td>
<td>Budget 2023</td>
</tr>
<tr>
<td>Downers Grove</td>
<td>50,247</td>
<td>$6,203,480</td>
<td>$123</td>
<td>Budget 2023</td>
</tr>
<tr>
<td>Libertyville</td>
<td>20,579</td>
<td>$2,100,000</td>
<td>$102</td>
<td>Budget 2023</td>
</tr>
</tbody>
</table>
Summary

• Initial revenue generation minimizes fee increases but only covers existing stormwater operating costs

• Proposed fee policies and credit option focus on reducing administrative complexity and costs

• More credit and incentive options would require additional staff to administer and increased revenue generation to offset discounts to user fees
Next Steps

• Review Property & Billing Data | May - August 2023

• Communicate Fee Changes
  • Generate informational materials | June 2023
  • Publicize information (mail, social media, etc.) | June - July 2023
  • Host public information sessions | July 2023
  • Summarize public feedback for the Council | August 2023
  • Create and publicize fee lookup tool | September 2023

• Finalize Fee Policies & Ordinance | September 2023

• Adopt Fee Policies & Ordinance | October 2023

• Implement New Fee | January 2024
Questions & Comments?