

# VILLAGE OF RANTOUL & PEER COMMUNITIES

## TAX AND FEE REVENUE COMPARISONS





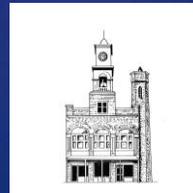
# INTRODUCTION

## RANTOUL VS. COMPARISON CITIES

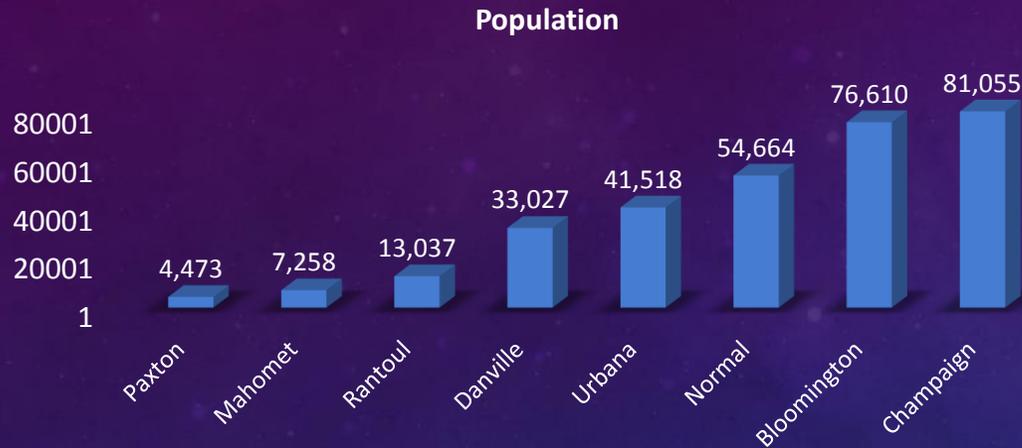
1. Bloomington
2. Champaign
3. Danville
4. Mahomet
5. Normal
6. Paxton
7. Rantoul
8. Urbana

The Village of Rantoul is working hard to expand opportunities for future growth and development. Numerous issues such as aging infrastructure and the loss of the former Chanute Airbase have helped lead to a stagnant economy. One of the many options to help address these issues is to consistently reevaluate the village'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 that have similar in population or services offered. By looking at these peer communities, the mayor and trustees can make better informed decisions using the village's attributes and existing tax and fee structures for guidance.



# POPULATION & SQUARE MILES OF LAND



■ Population

**Sq. Miles of Land**



■ 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 Rantoul to determine in certain areas if the village 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



## Property Taxes

Generally speaking, the higher the assessed property values, the lower the overall tax rate. To sum, wealthier communities with higher property values are able to generate the same amount or more revenue from lower rates as less wealthy communities.

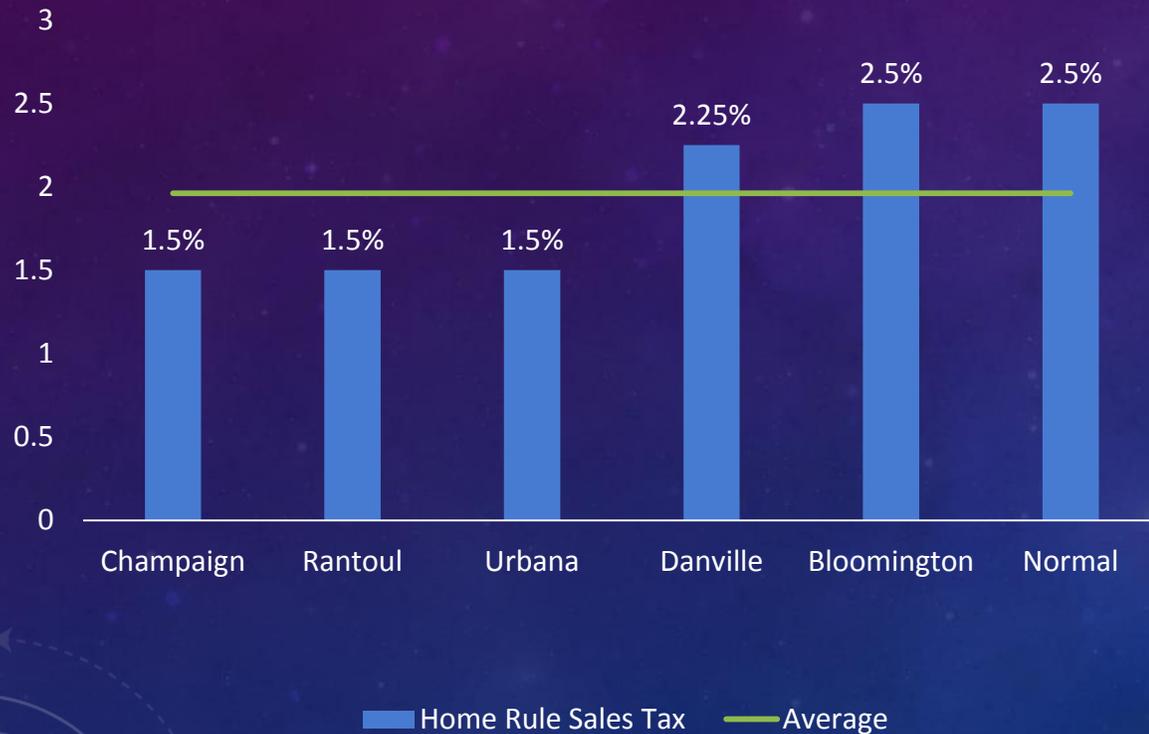
	<u>Medium Home Value</u>	<u>Owner-occupied</u>
Champaign	\$148,400 (10-14)	47.6%
Mahomet	\$195,900 (10-14)	81.3%
Paxton	\$91,900 (10-14)	N/A
Danville	\$66,000 (10-14)	58%
Urbana	\$148,600 (10-14)	36.4%*
Rantoul	\$84,700 (10-14)	49.2%

As you can clearly see, the median home values in Rantoul are significantly lower than peer communities. Overall the village's tax rate is the second highest, only behind Danville. Given the lower property values, lack of significant new construction and increasing pension costs, this is one area the village needs to look to address and find ways to reduce.

**\*Home to U of I**

# HOME RULE SALES TAX

Mean Home Rule Sales Tax



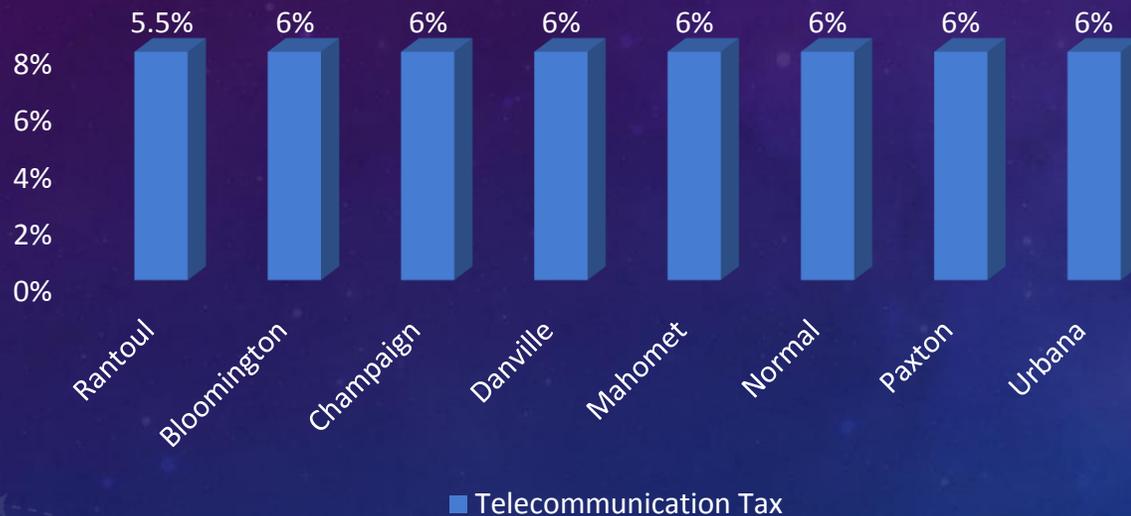
## Home Rules Sales Tax

Looking at the Home Rule Sales Taxes, Rantoul has a comparable rate to other communities that are home rule.

Overall, Rantoul's Sales Tax rate is below the average home rule sales tax rate of 2%. However, when looking at communities where there is considerable economic leakage (Champaign & Urbana), Rantoul has the same home rules sales tax rate.

# TELECOMMUNICATION TAX

Mean Local Telecommunication Tax



## Telecommunications 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; computer exchange services; cellular mobile telecommunication services; specialized mobile radio; stationary two-way radio; 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%. Most communities in the peer group, including Rantoul tax at the max rate making the overall rate 13% for residents.

# LOCAL MOTOR FUEL TAX

Mean Local MFT



## Local Motor Fuel Tax

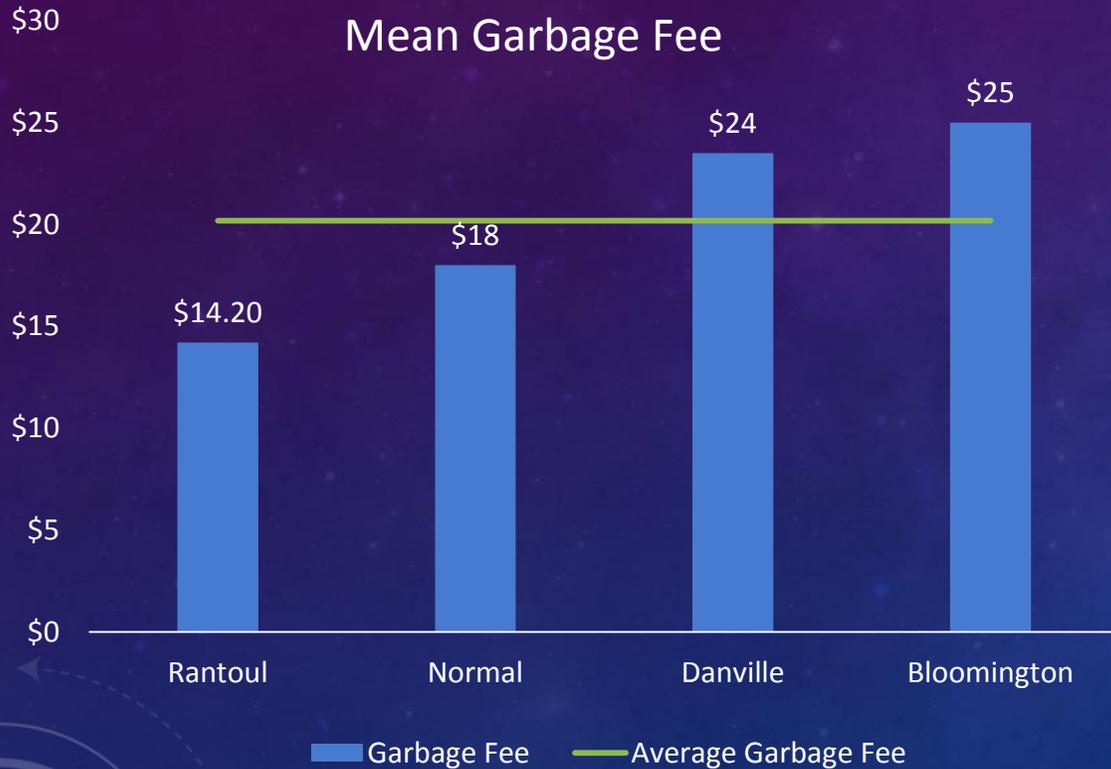
Aside from State of Illinois shared Motor Fuel Tax funds, the local MFT is the only major funding source used to help repair and upgrade transportation projects that are vital to business and everyday activities for the village.

The only communities that can be compared are other home rule jurisdictions as non-home rule communities are not allowed to adopt such a tax. Rantoul adopted its local MFT in October 2015 and levies \$.05 per gallon as compared to the average of \$.04 per gallon for the other communities.

This tax has consistently surpassed monthly projections and Rantoul's gas rates are similar or lower than other communities including non-home rule communities without such a tax.

Given the number of projects the village plans to undertake in the foreseeable future, raising the MFT is a viable option for increasing revenues if gas prices remain low.

# GARBAGE FEE



## Garbage/Recycling Collection Fees Residential Only

Most of the communities in the subject group do not offer a single hauler service such as Rantoul's. The only communities that have a comparable services are listed to the left.

Because each community is different and each level of service is different, finding comparable for this category is difficult. The different array of services offered includes curbside refuse pick-up, curb side recycling, lawn and yard waste pick-up and community clean-up activities.

As you can see the average monthly rate is \$20, which Rantoul remains well below. The monthly rate in Rantoul is \$14.20. For this 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.

# STORM WATER UTILITY FEE

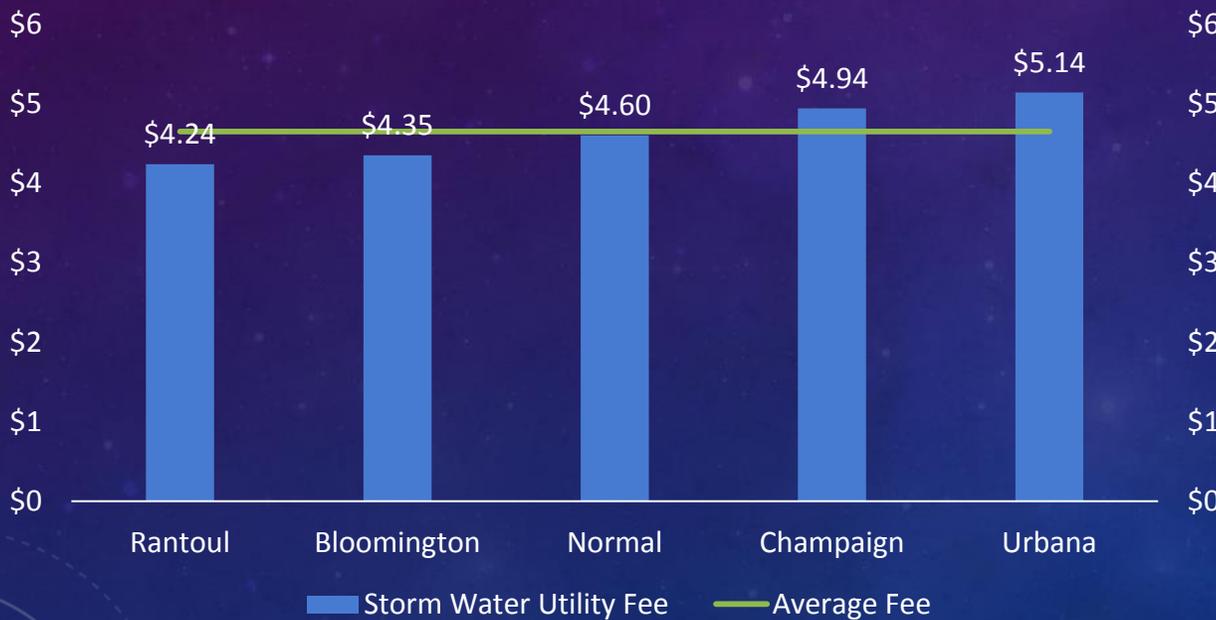
## Storm Water Utility

Most communities across the state are beginning to seriously considering instituting a storm water utility fee as a way to fund storm water infrastructure upgrades within their jurisdictions. These fees ensure the creators of the storm water runoff help to directly pay for the costs associated with upgrading and maintaining this important infrastructure. This fee is preferential to funding through taxes, such as a property tax levy, because with this tax, exempt entities such as government facilities that contribute to the system don't help to fund its maintenance and upkeep.

Typically the formula for the storm water utility rates starts with creating an equivalent residential unit or "ERU" as a baseline. This is a measurement of impervious area on a property that restricts the drainage of water into the soil. The Village of Rantoul uses this formula for commercial and industrial properties and is based off of the ERU set for residential properties.

The other communities use an "ERU" formula for their residential property rates. As you can see the village is lower than all the other comparable communities with this fee.

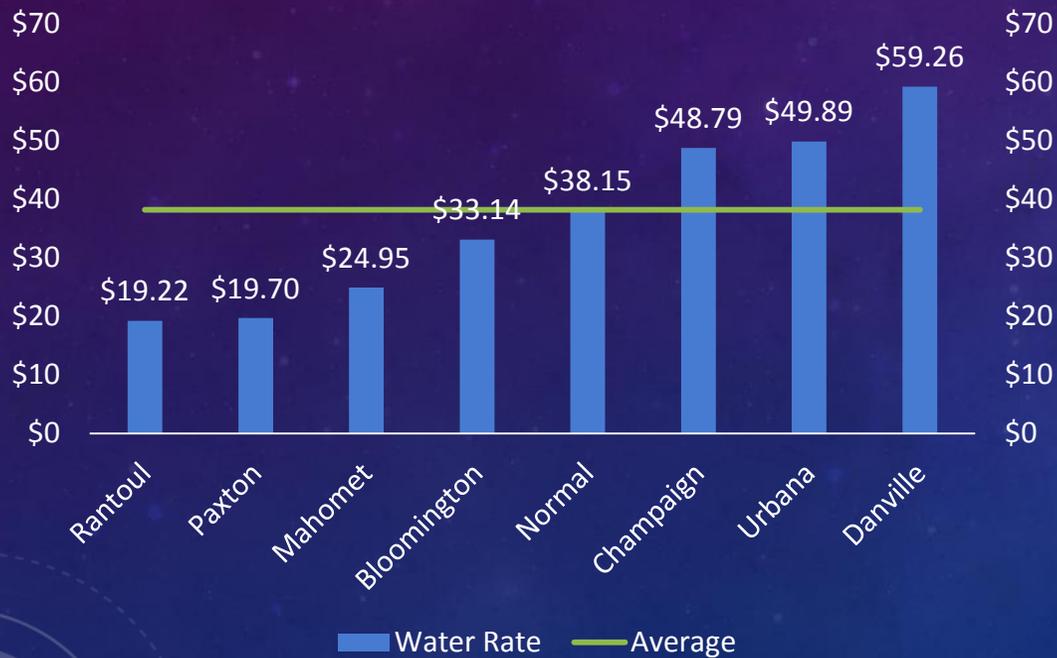
Mean Storm Water Utility Fee



# WATER RATES

## Water Utility Rates

### Mean Water Rates



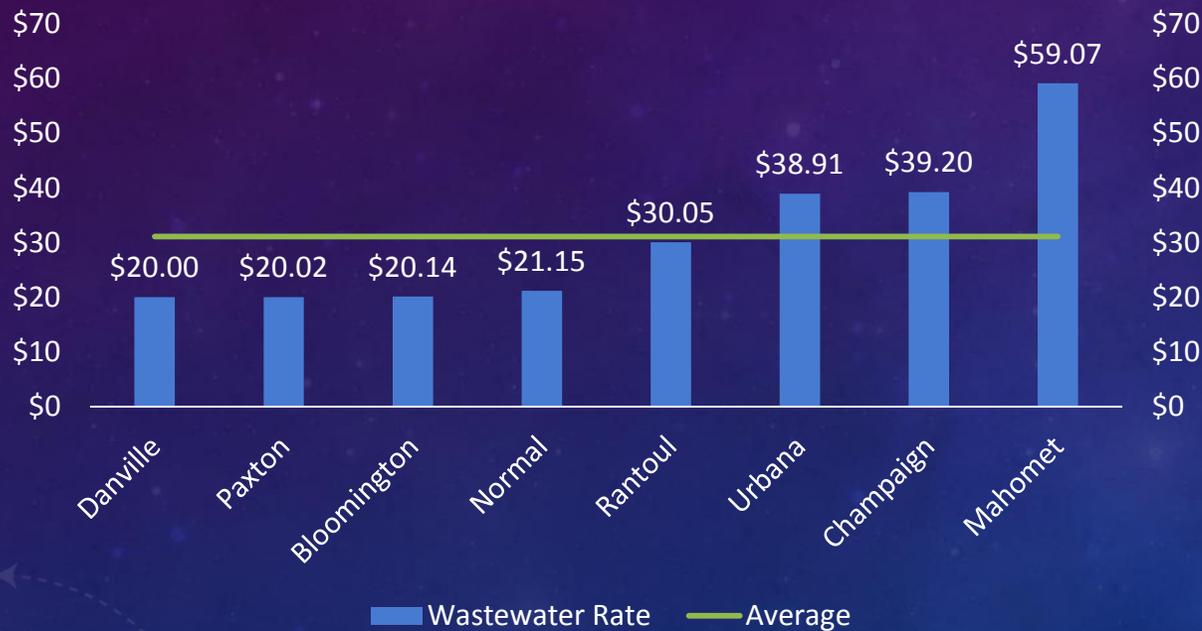
About half of the communities in the comparison group own their own water treatment and distribution systems, while the other half are served by an investor owned utility.

When looking at water rates it's important to compare treatment types, age and condition of the distribution system and weather it's IVO or municipally owned and operated. Typically municipally owned systems are able to offer lower rates than those owned and maintained by an IVO. The typical monthly bills shown in the chart to the left is based on an average consumption of 3,000 gallons per month.

As you can see Rantoul's rates, compared to region average is low, event with the new water rate structure approved last year. The village has done a good job keeping of utilizing long-term debt to fund capital infrastructure projects in an effort to keep overall rates lower. This comparison sheet does not compare overall fiscal health of the utility, only average month residential bills.

# WASTE WATER RATES

## Mean Waste Water Rates

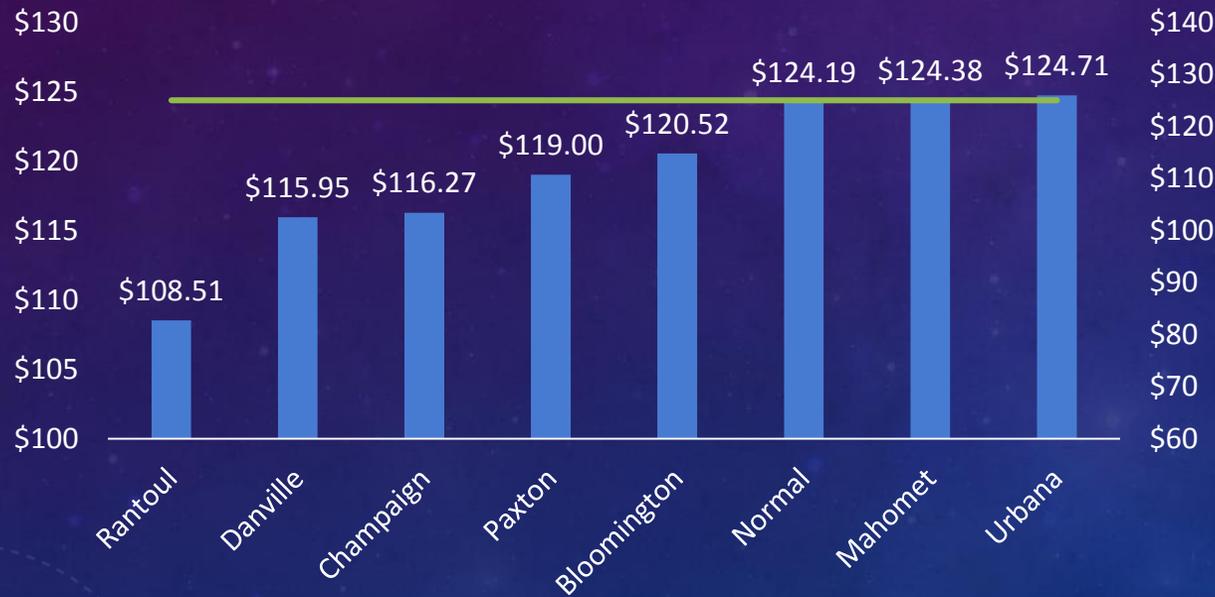


## Waste Water Utility Rates

Other than Paxton and Rantoul, the other peer communities are members of regional sanitary sewer districts. These districts typically operate the treatment facilities and large interceptors while the communities operate the 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 and treatment types. As you can see Rantoul's rates are well below the peer group average and some of the lowest rates in the region and state. It is also important to note that sanitary sewer districts have the authority to levy property taxes to help fund their systems. The Village of Rantoul does not do this. Finally, the village has done a good job utilizing 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.

# ELECTRIC RATES (1,000 KW)

Mean Electric Bill (Winter Months)



## Electric Utility Rates (Residential)

Of all the comparison communities, Rantoul is the only one that owns and operates its own electric generating and distribution system. The other communities are served by either an IOU or local CO-OP.

Although Rantoul's wholesale electric rates (through IMEA) have increased since 2007, they are still lower compared to comparison utilities. As you can see, the average winter bill, based on 1,000 kw of usage, for a residential property in Rantoul is less than the comparison average and lower than all the other communities in the group.

Rantoul owning its electric utility has many of the same advantages as owning the water utility, including more control over costs, rates are more reflective of political will and more reliable local service.

As with its water and waste water infrastructure, the village 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

After evaluating and comparing each community in the peer group, Rantoul has the ability to raise revenues in the following areas:

1. Garbage Collection Fee
2. Motor Fuel Tax
3. Utility Rates, specifically storm water fees

Areas to consider decreases in fees or taxes in an effort to spur additional development

1. Property Taxes

