

Winnetka Village Council
STUDY SESSION
Village Hall
510 Green Bay Road
Tuesday, February 11, 2014
7:00 PM

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AGENDA

- 1) Call to Order
- 2) Urban Land Institute Implementation:
 - a) BCDC Recommendations – Parking and Building Height.....2
 - b) Sprinkler Requirements for Commercial Properties.....28
 - c) Updating of Liquor Licensing Procedures and Regulations.....53
- 3) Stormwater Utility – Discussion of Credits & Utility Fee.....72
- 4) Investment Review.....121
- 5) Public Comment
- 6) Executive Session
- 7) Adjournment

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Agenda Item Executive Summary

Title: BCDC Recommendations - Parking & Building Height

Presenter: Jason Harris, BCDC Chair

Agenda Date: 02/11/2014

Consent: YES NO

- | | |
|-------------------------------------|-------------------------|
| <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | Bid Authorization/Award |
| <input checked="" type="checkbox"/> | Policy Direction |
| <input type="checkbox"/> | Informational Only |

Item History:

The Urban Land Institute (ULI) completed its two-part Technical Assistance Panel (TAP) process and made a final report to the Village Council on August 6, 2013. On September 10, 2013, the Village Council held a strategic planning goal session - leading to a Council Study Session dedicated to an in-depth review of ULI recommendations on October 8, 2013. At the January 14, 2014 Study Session an update was provided on progress toward implementation of a number of ULI TAP recommendations, including reviews of liquor license, fire sprinkler, commercial district parking and building height requirements.

Executive Summary:

The task of reviewing the recommendations pertaining to parking, building height and the Retail Overlay was assigned to the BCDC last November. The BCDC has completed its review of the zoning regulations pertaining to commercial district parking and building height. In making its recommendations, the BCDC reviewed current regulations, examined regulations/standards of ten similar municipalities, and reviewed data of existing parking and structures in the Village's commercial districts. At the conclusion of its review, the BCDC made six recommendations, five related to parking and one on building height.

The BCDC is recommending the following changes be made to the parking regulations:

- 1) the required minimum for non-residential uses should remain at 2 spaces per 1,000 s.f. of floor area.
- 2) the required minimum for residential units should be reduced from the current minimum of 2.25 spaces per dwelling unit to 1.25 spaces/ unit for 1 bedroom or less; 1.5 spaces/unit for 2 bedrooms, and 2 spaces/unit for 3 bedrooms or more.
- 3) when there is a change in use in a building and the parking requirement for the new use is not greater than that for the previous use, additional parking, or zoning relief (variation) should not be necessary.
- 4) existing parking lots could be expanded without a special use permit.
- 5) for purposes of calculating gross floor area, the definition should be revised to eliminate certain uses - storage areas, stairwells, common hallways, common restrooms, etc. - currently being included in the calculation.

The BCDC is recommending the following change be made to the building height regulations;

- 1) the maximum height for buildings in the C-2 district should be increased to 45 feet and 4-stories, from the current 35 feet and 2 1/2 story maximums.

Recommendation / Suggested Action:

- 1) Provide policy direction on the BCDC six (6) recommendations
- 2) Consider referring some, or all of the BCDC recommendations to the Plan Commission to evaluate for consistency with the Plan Commission's land use goals and objectives, including the 2020 Comprehensive Plan.

Attachments:

- 1) Agenda Report, Mike D'Onofrio & Brian Norkus
- 1) Attachment A - Section 17.46.110 of the Village Code - Parking
- 2) Attachment B - Commercial District Parking Comparison
- 3) Attachment C - Commercial Building Heights
- 4) Attachment D - Elm Street/Hubbard Woods Building Heights

AGENDA REPORT

TO: Village Council

PREPARED BY: Michael D'Onofrio, Director of Community Development
Brian Norkus, Assistant Director of Community Development

SUBJECT: BCDC Recommendations – Parking and Building Height

DATE: February 5, 2014

At the January 14, 2014 Study Session, an update was provided on the progress toward implementation of several Urban Land Institute's (ULI) Technical Assistance Panel recommendations, as directed by the Council. This report focuses on ULI recommendations for review of the Village's zoning regulations related to parking, building height and the Retail Overlay District.

ULI's report noted several areas within the Zoning Ordinance as being appropriate for review:

1. Parking
 - a. Parking requirements for downtown residential units (currently at 2.25 spaces per dwelling unit) are too high;
 - b. Parking requirements for second floor commercial uses such as office tenants (currently at 2 spaces per 1,000 s.f) are too high;
 - c. The special use permit process for accessory parking lots is cumbersome, particularly as it relates to the expansion or modification of existing lots.
2. Building Height
 - a. Building height limits (currently 35' / 2 ½ stories) should be increased to allow greater density, particularly near train stations.
3. Retail Overlay District
 - a. Consider eliminating the Retail Overlay District, or;
 - b. Consider modifying permitted uses to allow additional personal service businesses such as yoga studios, financial planners, and medical offices, in addition to those already permitted such as beauty salons, nail salons and dry cleaners;
 - c. Consider modifying overlay district boundaries.

The ULI report points to key redevelopment sites in the Village, noting that the current zoning height limit of 2 ½ stories is overly restrictive, particularly within the central core of downtown commercial districts where examples of three and four story buildings already exist. And, because each commercial district is within a short walk of commuter rail, the current parking

standard of 2.25 spaces per unit is described as being both unrealistic and out of sync with neighboring communities.

The task of reviewing these zoning regulations was assigned to the Business Community Development Commission (BCDC) in November, 2013; the BCDC met twice a month in November and December in order to accomplish a thorough review of the regulations, in as quick a timeframe as possible. *(Note that some ULI recommendations related to parking, such as modifying the 90 minute parking limit and reallocation of commuter and shopper parking areas, were considered to be outside the scope of the BCDC's review and are not addressed here. These items will be reviewed by the appropriate village staff and stakeholders).*

The following sections of this report outline the BCDC's final recommendations for changes to the Zoning Ordinance with respect to parking requirements (#1 on the previous page) and building height regulations (#2). Votes were taken on both the parking and building height recommendations, and the BCDC voted 5 to 0 in favor of both sets of proposed revisions.

Further recommendations from the BCDC with respect to the Retail Overlay District (#3) will come in an additional report, after the BCDC concludes its review of that subject. It is anticipated that the BCDC will finalize its recommendations regarding the Retail Overlay District at its February 24 meeting.

PARKING REQUIREMENTS

The first step the BCDC took was to examine the current parking regulations, as well as their history. Attachment A (*Section 17.46.110 of the Village Code – Parking*), identifies the current parking regulations in the commercial districts.

The following is a synopsis of current parking regulations:

1. *No parking is required for first floor uses 'permitted by right'.* This standard has been in existence for many decades; the Comprehensive Plan gives this lack of a parking requirement substantial credit for the pedestrian-oriented, walkable character of the business districts.
2. *While there is no 'standard' parking requirement for Special Uses, the review process includes analysis of the adequacy of parking.* Most recently, the special use permit application process provided a basis for the review of parking demand and availability for Conlon Real Estate on Lincoln Avenue.
3. *Parking is not required for uses in existence prior to February 3, 1998.* With many of the Village's commercial buildings pre-dating a parking requirement, this provision serves to clarify that parking standards that follow apply to (a) new construction, (b) new uses of existing buildings, or (c) when existing buildings are expanded by 15% or more.

4. *New commercial uses on upper stories (or in lower basement levels) are required to provide 2 spaces per 1,000 s.f. of gross floor area.* This standard applies to new uses of existing buildings, or to new buildings; calculation of required parking does not include first floor space (see #1 above).
5. *New residential uses are subject to a minimum required parking of 2 spaces per dwelling unit, plus ¼ space designated as guest parking.* Prior to February 1998, the parking requirement was 1 ½ spaces per dwelling unit.
6. *Parking lots at grade, including enclosed parking areas on the first floor levels, are subject to a special use permit.* Expansion of existing lots is also subject to special use permit.

The second step the BCDC took was to examine the commercial parking district regulations in other municipalities (Attachment B – Commercial District Parking Comparison), including Lake Forest, Highland Park, Glencoe, Lake Bluff, Wilmette, Northfield, Glenview, Hinsdale, LaGrange and Downers Grove.) The BCDC analyzed these comparable communities to determine where Winnetka’s parking regulations fit in with other similar municipalities.

Based on the data collected and the recommendations from ULI, the BCDC then analyzed all the data in order to develop a number of recommendations related to how the Zoning Ordinance might be amended. The goal of this task was to have commercial parking district regulations that would enhance development opportunities, while at the same time provide parking standards that would result in an appropriate level of off-street parking for all users of the commercial districts.

In order to accomplish the above stated goal, the BCDC has recommended the following amendments to Section 17.46.110 of the Village Code:

Parking for Non-Residential Uses

Under the current regulations, the minimum required parking for non-first floor commercial uses is 2 spaces for 1,000 s.f. of floor area. The BCDC discussed this standard, examining several factors, including anecdotally, how it appears to be working in practice, the “built-out” nature and land use patterns in the commercial districts, as well as what other municipalities are requiring (ranges from 2/1,000 to 5/1,000 with an average of 3.3 spaces/1,000).

Recommendation #1 – the parking requirement for non-residential uses should remain unchanged, at 2 spaces per 1,000 s.f. of floor area.

The rationale behind this recommendation is that the current requirement appears to be working well, and is on the low end of the range for comparable communities. At the same time, the BCDC’s analysis revealed other desirable modifications (see #3, #4 and #5 on the following

pages), which in conjunction with the “2 per 1,000” standard, would result in a more appropriate calculation of parking requirements, and limit the instances in which the calculation would be required.

Parking for Residential Uses

Under the current regulations, the minimum required parking is 2.25 spaces for each dwelling unit. The Winnetka standard of 2.25 spaces per dwelling unit was modified in 1998 from its previous standard of 1.5 spaces per dwelling unit. The BCDC discussed this standard examining what similar municipalities require (ranges from 1 space/dwelling unit to 2.3 spaces/unit). Because provision of parking is a major expense in any redevelopment, the BCDC sought to fine-tune parking requirements in the Zoning Ordinance, to be based on the actual demand for parking depending on type of dwelling unit. Winnetka’s commercial areas were observed to have a large number of residential dwelling units in a wide variety of types, ranging from smaller one-bedroom rental apartments, to larger luxury condominiums with three bedrooms.

Because parking demand for such units will vary on either end of the spectrum, the BCDC’s recommendation seeks to recalibrate the parking requirements based on actual parking demand, based on the number of bedrooms.

Recommendation # 2 – The minimum required parking for residential units should be fine-tuned to reflect occupancy characteristics. Required parking should be calculated as follows: 1 bedroom or less – 1.25 spaces/ dwelling unit; 2 bedrooms – 1.5 spaces/ dwelling unit; 3 bedrooms or more – 2 spaces/dwelling unit.

Based on the data from the ten other municipalities studied, the current requirement of 2.25 spaces/dwelling unit is significantly higher than other communities (the average for a 2 bedroom unit across the ten municipalities is 1.67 spaces/unit). In addition, calibrating parking standards by number of bedrooms is a more accurate method of calculating compared to the current “one-size-fits-all” approach. Additionally, because Winnetka’s commercial districts are each within a short walk of a rail station, residents of downtown will overall tend to own fewer vehicles than their counterparts in communities with less access to transit.

It should be noted that parking requirements in the Village’s Multiple Family Residential zoning districts (B-1 and B-2 districts, located along the Green Bay Road corridor) will remain at 2.25 spaces per unit, both because the BCDC was not tasked with review of this standard and also based on higher dependency on vehicles.

Change of Use

Currently when there is a change in use of an existing space in the commercial district, the parking standard for the new use must be met (*see #3 and #4 on page 2-3*). In several instances

in the past when a change of use occurred (from rental apartment to commercial office space for example) the new use was subject to providing the number of parking spaces required for that new use. However, because a large number of existing buildings have little or no parking, the change of use requires a zoning variation from the parking standards. This requirement is appropriate when the new use requires more parking than the existing use. However, the same cannot be said when the new use requires less parking than the existing use. Take for example a situation where a 1,000 s.f. second floor space with no off-street parking is being converted from two dwelling units (requiring 2.25 parking spaces/unit, or 4.5 spaces total), to an office use (requiring 2 parking spaces). In this scenario a variation to the parking regulations would be necessary. The issue here is that even though the required parking is being reduced by 2.5 spaces, or 125%, a variation is still necessary.

Recommendation #3 – when there is a change in use and the parking requirements for the new use are not greater than those for the previous use, additional parking, or relief in the form of a zoning variation, would not be necessary.

The rationale behind this recommendation is that if there is a nonconforming parking situation in existence and the new use does not add to it, the use should be allowed without the need for zoning relief.

Parking at or Above Grade

The current parking regulations require a special use permit for any parking lot located at grade, including expansion of existing parking lots.

Recommendation #4 – modify zoning language to allow expansions of existing parking lots without a Special Use Permit.

The special use permit process is seen as unnecessary for expansions of existing parking lots, particularly given the desire to see additional parking be provided when possible. The Village's Design Guidelines establish criteria such as screening and landscaping for parking lots, which is reviewed by the Design Review Board even in the absence of a special use process.

The BCDC does wish to clarify that in the case of new parking lots, where parking is a primary use, or parking lots where new or modified curb cuts are proposed, should continue to be subject to the special use permit process.

Calculation of Floor Area

Currently when calculating parking requirements for commercial occupancies (x spaces per 1,000 s.f.), all square footage (gross area) is included.

Recommendation #5– for the purposes of calculating “gross floor area” the definition should be changed to eliminate the following uses: storage and utility areas, stairwells, common hallways, elevator shafts, common restrooms, off-street parking, loading areas and unused basements.

The rationale in this recommendation is that only areas which are used primarily in conjunction with the normal course of business activities should be included in the calculation. For example, people occupying office space are going to be adding to the parking demand, whereas storage areas, hallways or elevators are not occupied by office users and therefore do not add to the demand. Commercial buildings typically consist of approximately 15% of total floor area dedicated to such “non-leasable” common spaces. This modification would bring Winnetka standards in line with common practice elsewhere, and would provide a modest form of relief from parking standards.

BUILDING HEIGHT REGULATIONS

ULI recommended that building height restrictions should be revisited and expanded. ULI notes that additional density will result in more population in the commercial districts, which in turn will benefit retail activity.

As with the parking task, the first step of the BCDC’s review was to examine the current building height regulations, including their history. The current maximum allowable building height in the C-2 Commercial District is 35 feet or two and one-half stories and was established in February 1998 (Council Ordinance MC-20-1998). Prior to February 1998, maximum building height was 42 feet or four stories.

In December 2005, the Council amended the Zoning Ordinance by adopting Chapter 17.58, providing for Planned Developments, which applies to all commercial parcels more than 10,000 s.f. in size. In such developments, the maximum allowable height is increased to 45 feet, and further, allows the height limitation to be modified “...by taking into consideration other buildings in the vicinity, consistency with goals in the Comprehensive Plan, accommodation of parking and open space requirements and compatibility with adjoining properties.”

The second step the BCDC took with respect to this task was to review building height data from the same ten municipalities that were studied with respect to commercial parking requirements (Attachment C - Commercial Building Heights). This data reveals that building heights in those ten municipalities’ commercial districts range from a low of 30 feet to a high of 45 feet. Additionally, seven of the municipalities limit height by stories which range from a low of 2-stories to a high of 3-stories.

The third set of data which the BCDC took into account was a review of building heights in the East Elm, West Elm and Hubbard Woods districts (Attachment D - Elm Street/Hubbard Woods Building Heights). This data was provided by staff in order to allow for the BCDC to better understand both the height of various buildings as well as the common architectural features, such as roof slope and orientation, which establish a building's height as well as its overall appearance and relationship to the street.

The BCDC discussed several alternatives for addressing building height in a more appropriate fashion. Options considered included the possibility of having varying maximum heights by district ("should Hubbard Woods have a lower maximum height than the East and West Elm districts?") In addition, an even more-finely grained alternative was considered, including a variable height limit for different blocks ("should the block at the northeast corner of Elm and Lincoln have a shorter height limit than the southeast corner?")

After considering the data and discussing issues related to height, the BCDC developed its recommendation concerning building height, as follows:

Recommendation #6 – the maximum height for buildings in the C-2 district should be increased to 45 feet and four stories in order to provide an articulated roof line and in order to achieve compliance with Village Commercial Design Guidelines.

The BCDC's rationale behind increasing the height included the following factors:

- In order to achieve the increased density which ULI called for, the existing height regulations were too restrictive, particularly in the central core areas of downtown where more density is beneficial to commercial businesses, where residents have easy access to transit, and where density has less impact on surrounding neighborhoods.
- The 45 foot height was arrived at taking into account the following mixed use building characteristics which are desired:
 - A first floor height of 14 feet in order to accommodate first floor retail;
 - Second, third and fourth floor to floor heights in the range of 9 to 10 feet, for residential units; and
 - An adequate overall height which permits articulation of the roof line with gables and similar elements as called for in the Village's Commercial Design Guidelines. (The BCDC expressed serious concern that increased heights not result in cut off, flat roof buildings which is why it added the recommendation that building height be linked directly to compliance with the Commercial Design Guidelines).
- Whereas the current half story limitation (2.5 story maximum) was established in order to lessen the impact of height on adjacent residential properties, the BCDC concluded that oversight of appropriate building scale relative to neighboring residential homes is best left to review by the Design Review Board and the Commercial Design Guidelines.

BCDC Recommendation

February 5, 2014

- Although an increase in density is being proposed, there are other mitigating regulations – parking requirements, design guidelines – that will impact building height.
- After reviewing the building height data of existing buildings in the three commercial districts, the BCDC concluded that there was not necessarily a significant amount of height variability by commercial district to warrant different height limitations based on geography.

Recommendation:

- (1) Provide policy direction on the BCDC's six (6) recommendations;
- (2) Consider referring some, or all, of the BCDC's recommendations to the Plan Commission to evaluate for consistency with the Plan Commission's land use goals and objectives, including the 2020 Comprehensive Plan.

ATTACHMENT A

Winnetka, IL Village Code

Title 17 ZONING / Chapter 17.46 USE, LOT, SPACE, BULK AND YARD REGULATIONS FOR RETAIL COMMERCIAL DISTRICTS / Section 17.46.110 Parking.

Section 17.46.110 Parking.

Off-street parking shall be provided for all commercial and residential uses in the C-1 (Limited Retail) Zoning District and the C-2 (General Retail) Zoning District, subject to the following conditions and exceptions:

- A. **Parking for Residential Uses.** Subject to the exceptions in subsection C of this section, there shall be at least two (2) parking spaces for each dwelling unit, plus an additional one-quarter parking space per dwelling unit, which shall be designated as guest parking.
- B. **Parking for Nonresidential Uses.** Subject to the exceptions in subsection C of this section, there shall be at least two (2) parking spaces for each one thousand (1,000) square feet of gross floor area used for nonresidential purposes.
- C. **Exceptions to Parking Requirements.**
 - 1. Off-street parking shall not be required for nonresidential uses located at street level.
 - 2. Off-street parking shall not be required for nonresidential uses or residential uses in existence as of February 3, 1998, unless either the number of dwelling units in, or the gross floor area of, the building, structure or premises in which the excepted uses are located increases by an aggregate of fifteen (15) percent or more after February 3, 1998.
- D. **Drainage.** All parking areas shall provide for proper drainage to a storm sewer, as determined by the Zoning Administrator.
- E. **Parking Surface.** All parking areas shall be surfaced with an all-weather, dust-proof surfacing material, as approved by the Zoning Administrator.
- F. **Maintenance.** All parking areas shall at all times be maintained in such a manner as to be free of dust, trash and debris.
- G. **Design Standards.** The location, design, dimensions and configuration of all parking spaces, parking lots and parking garages shall be established pursuant to the standards set forth in the Fourth Edition of the Traffic Engineering Handbooks, published by the Institute of Transportation Engineers, Jesse L. Pine, editor, as determined by the Village Engineer, which handbook is incorporated in this section by reference.

ATTACHMENT A

Winnetka, IL Village Code

H. Accessibility Standards. In addition to all other requirements of this section, all parking lots and parking spaces comply with all applicable state and federal requirements for accessibility by the disabled, including, without limitation, the size, location, striping, configuration and number of parking spaces.

I. Location. Except as provided in the following paragraphs 1 and 2, all parking required by this section shall be located below grade and shall be provided on the same zoning lot as the residential or nonresidential uses it is intended to serve.

1. Parking at or above grade. A parking lot located at or above street level may be permitted as a special use, subject to the provisions of sections 17.40.030 and 17.44.030 of this code.

2. Remote parking. All or some of the parking required by this section may be located at a different site, subject to the approval of the Zoning Administrator and the Village Engineer, in order to consolidate the required parking for more than one (1) zoning lot into a single location. If the remote parking allowed by this exception is in a parking lot or parking garage, said parking lot or parking garage shall also meet all of the applicable requirements of this section and of sections 17.40.030 and 17.44.030 of this code.

(MC-4-2009, Added, 05/05/2009)

ATTACHMENT B – Commercial District Parking Comp.

		Lake Forest	Highland Park	Glencoe	Lake Bluff	Wilmette	Northfield	Hinsdale	Glenview	LaGrange	Downers Grove	Winnetka	Average of comparable communities	Median of comparable communities	Low value of comparable communities	High value of comparable communities
Parking																
Residential dwellings in downtown commercial districts	dwelling units above first floor commercial		1.00		1								1.00	1.00	1.00	1.00
	Studio /efficiency	1.83	1.25	1.5	1.5	1	1.25	1	1.5	1.5	1.4	2.0	1.37	1.45	1.00	1.83
	1 BR	1.83	1.50	1.5	1.5	1	1.5	2	1.5	1.5	1.4	2.0	1.52	1.50	1.00	1.00
	2 BR	1.83	2.00	1.5	1.5	1.5	2	2	1.5	1.5	1.4	2.0	1.67	1.50	1.40	2.00
	3 BR	2.33	2.00	1.5	1.5	1.5		3	1.5	1.5	1.4	2.0	1.80	1.50	1.40	3.00
	Guest parking (per unit)		.25 – .50	NA								0.25				
Commercial Parking Ratios (see exceptions below)	General professional office	4 per 1000 s.f.	4 per 1000 s.f.	1 per 500 s.f.	1 per 350 s.f.	1 per 300 s.f.	1 per 300 s.f.	1 per 250 s.f.	1 per 500 s.f.	1 per 350 s.f.	3.3 per 1000 s.f.	2 per 1000 s.f.	3.3 per 1000			
	Medical office	4 per 1000 s.f.	4.11 per 1000 s.f.	1 per 500 s.f.	1 per 350 s.f.	1 per 300 s.f.	1 per 300 s.f.	1 per 250 s.f.	1 per 500 s.f.	5 per licensed practitioner plus 1 per other employee	5 per 1000 s.f.	2 per 1000 s.f.	3.5 per 1000			
	Retail commercial	4 per 1000 s.f.	3.3 per 1000 s.f.	1 per 500 s.f.	1 per 500 s.f.	1 per 500 s.f.	1 per 250 s.f.	1 per 200 s.f.	1 per 500 s.f.		3.5 per 1000 s.f.	2 per 1000 s.f.	3.1 per 1000			
Exceptions to parking req. for downtown areas?		existing buildings may be replaced with new buildings while maintaining an existing nonconforming parking condition (NA to Planned Dev., or over 10,000 s.f.)				YES - see below			parking requirements do not apply to first 2000 s.f.	parking not required for all uses by right in downtown area	non-residential developments in downtown area (except medical and dental) are excluded from parking requirements	parking not required for nonresidential uses at street level				
Exceptions to parking req. for existing buildings?		Use change only triggers parking when there is an increased parking demand	Use change only triggers parking when there is an increased parking demand	Use change only triggers parking when there is an increased parking demand		Businesses in buildings erected prior to date of ordinance exempt from parking requirements (VC zone)		Use change only triggers parking when there is an increased parking demand.		Use change only triggers parking when there is an increased parking demand.	Use change only triggers parking when there is an increased parking demand.					

ATTACHMENT C – Commercial Building Heights

	<u>Lake Forest</u>	<u>Highland Park</u>	<u>Glencoe</u>	<u>Lake Bluff</u>	<u>Wilmette</u>	<u>Northfield</u>	<u>Hinsdale</u>
Downtown Commercial Districts	Includes three districts B2,3, &4. All allow maximum of 35 feet	Includes two districts B4 & 5. Allow maximum of 40 ft. or 3-stories	Includes one district B1 Central Business District. Allow maximum of 40 ft. or 3-stories, whichever is less	Includes two districts Central BD - 30 ft. & not to exceed 2-stories. CBD Block 1 - 35 ft. & not to exceed 3-stories	Includes two districts Village Center - 32 ft. & not to exceed 3-stories whichever is less. General Commercial - 30 ft. or 2.5 stories, whichever is less.	Includes two districts B1 Community Commercial - 35 ft. Village Center Overlay - 60 ft. or 6-stories. May approve up to 80 ft. or 8-stories (Along Edens)	Includes three districts - B1,2 &3. Allow maximum of 30 ft. or 2-stories, whichever is less.
Planned Developments	N/A	Allows up to 50 ft., but no more than 4-stories	N/A	N/A	N/A	N/A	N/A
Exeptions							In B2 district height may be increased by 20% to accommodate architectural feature.

	<u>Glenview</u>	<u>La Grange</u>	<u>Downers Grove</u>	<u>Winnetka</u>
Downtown Commercial Districts	Includes four districts - B1,2,3 and Downtown Development. Allowable height in B districts is 40 feet. Downtown Development is ft.	Includes four districts- C1,2,3,&4. All allow a maximum of 45 ft. or 3-stories, whichever is less.	Includes two districts- Downtown Business allows maximum of 70 ft. Downtown Transition allows maximum of 60 ft.	Includes two districts - C1&2. Both allow a maximum of 35 ft. and 2.5 stories, whichever is less.
Planned Developments	N/A	Allows up to 70 feet or 5-stories.		Allows up to 45 feet.
Exeptions				

ATTACHMENT D – East/West Elm Building Heights



503 Chestnut
3-Stories
48' (top of Turret)

ATTACHMENT D – East/West Elm Building Heights



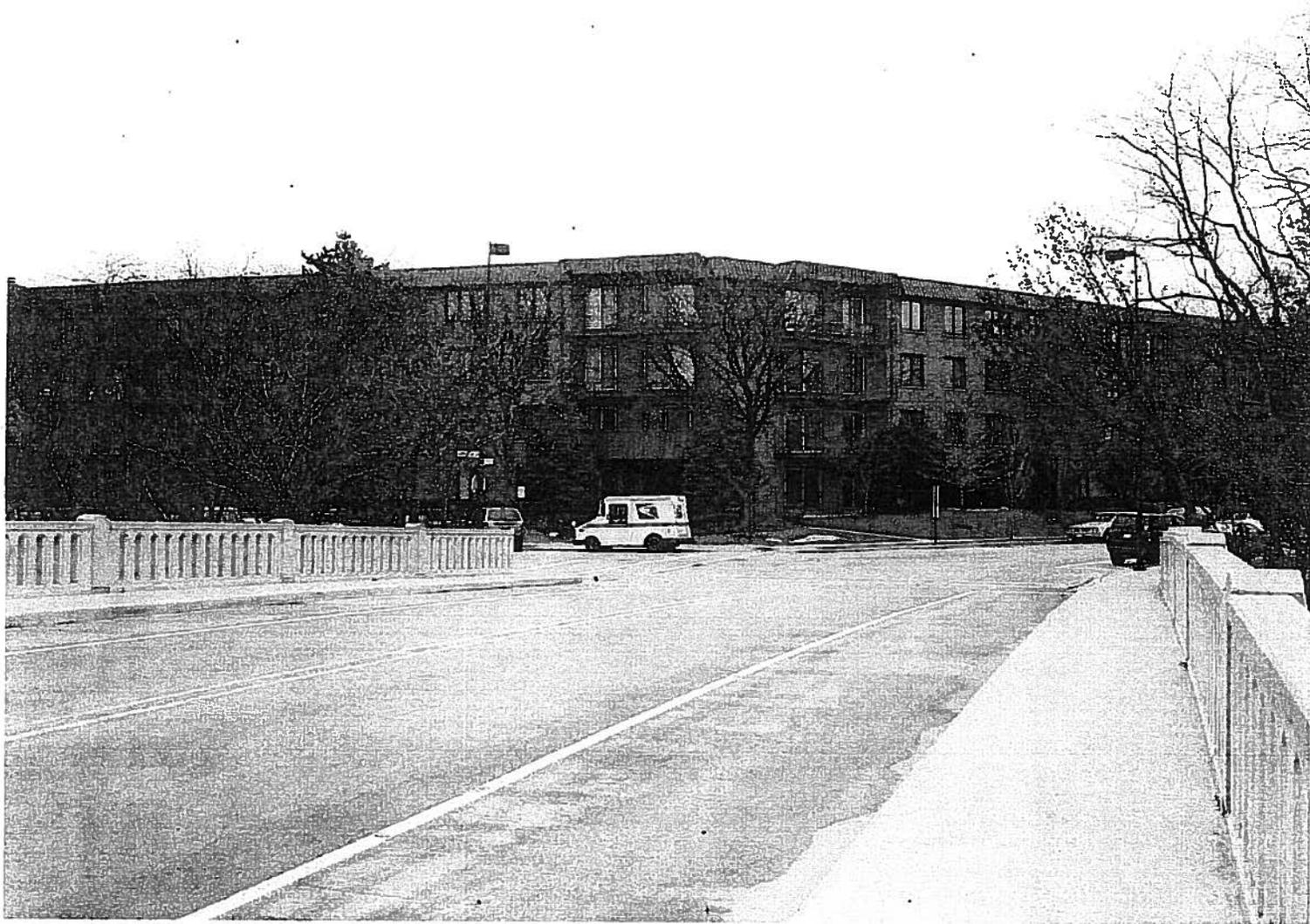
812 Oak
4 – Stories
46.5' (to ridge)

ATTACHMENT D – East/West Elm Building Heights



800 Oak
3 – Stories

ATTACHMENT D – East/West Elm Building Heights



711 Oak St
4 - Stories

ATTACHMENT D – East/West Elm Building Heights



723 Elm
3 – Stories
42' (to ridge)

ATTACHMENT D – East/West Elm Building Heights



Galleria
3 – Stories
43' (to ridge)

ATTACHMENT D – East/West Elm Building Heights



**560 Green Bay Rd
4 – Stories
47.5'**

ATTACHMENT D – Hubbard Woods Building Heights

894-896 Green Bay Rd

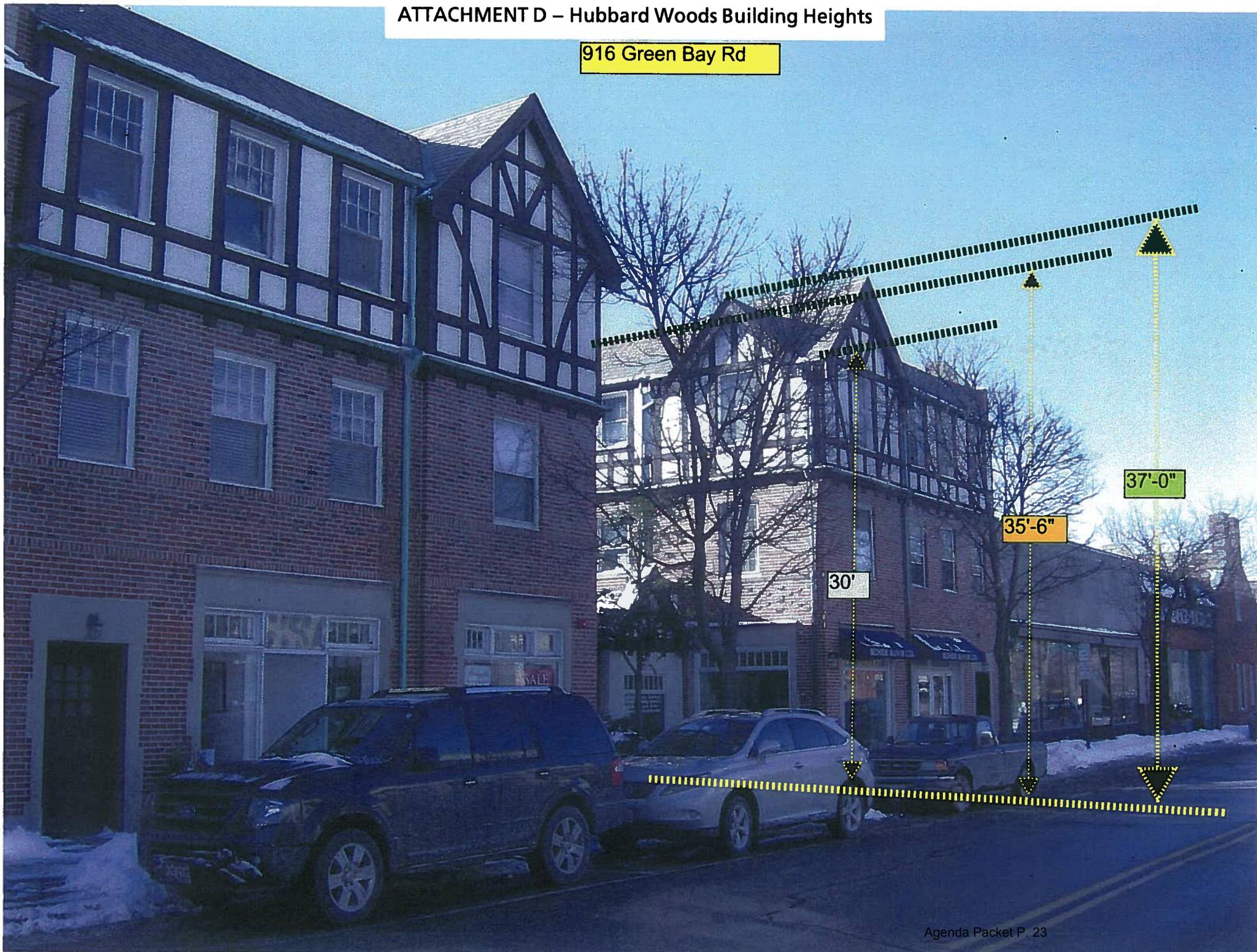


31'-0"

36'-6"

ATTACHMENT D – Hubbard Woods Building Heights

916 Green Bay Rd



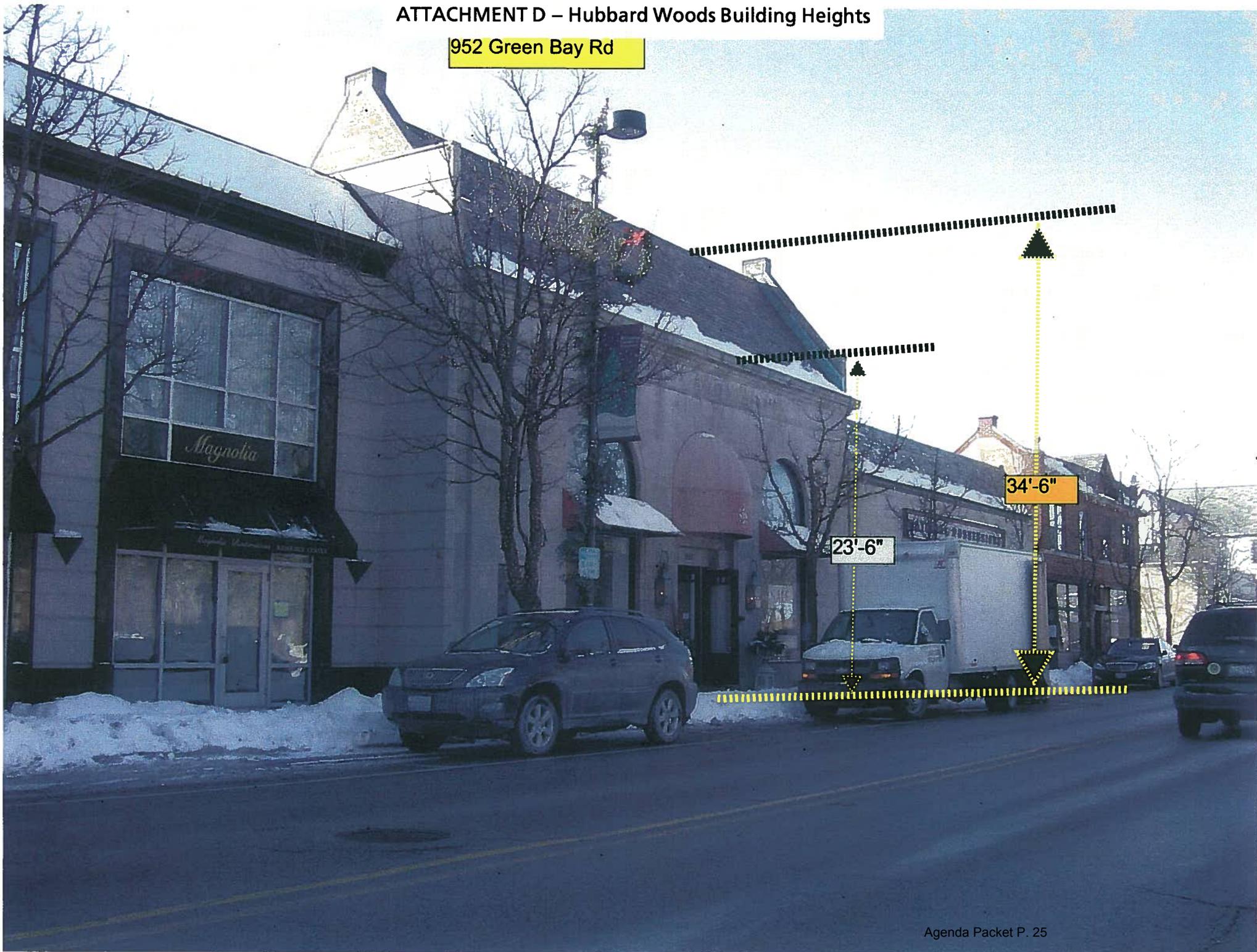
ATTACHMENT D – Hubbard Woods Building Heights

940 Green Bay Rd



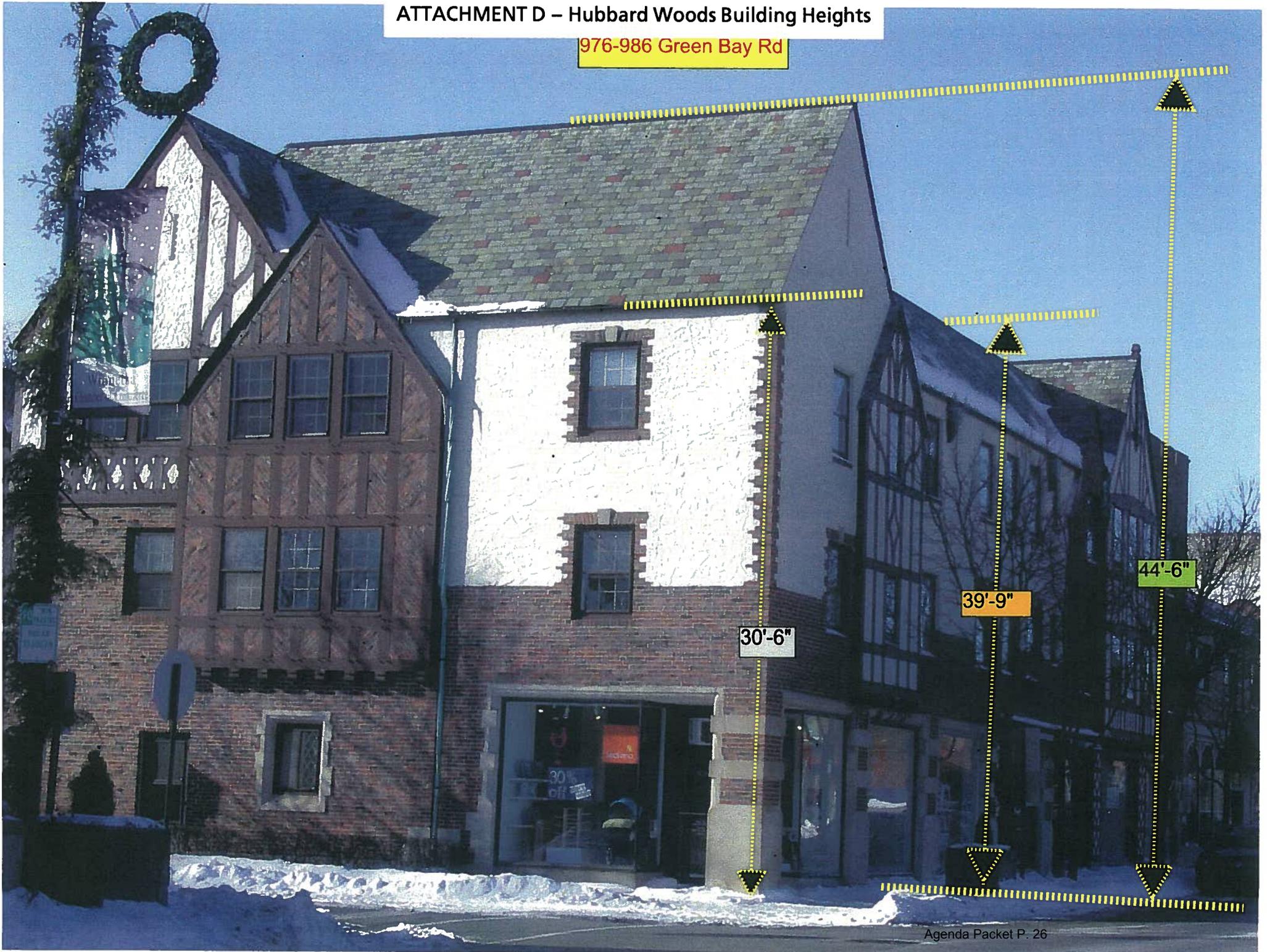
ATTACHMENT D – Hubbard Woods Building Heights

952 Green Bay Rd



ATTACHMENT D – Hubbard Woods Building Heights

976-986 Green Bay Rd



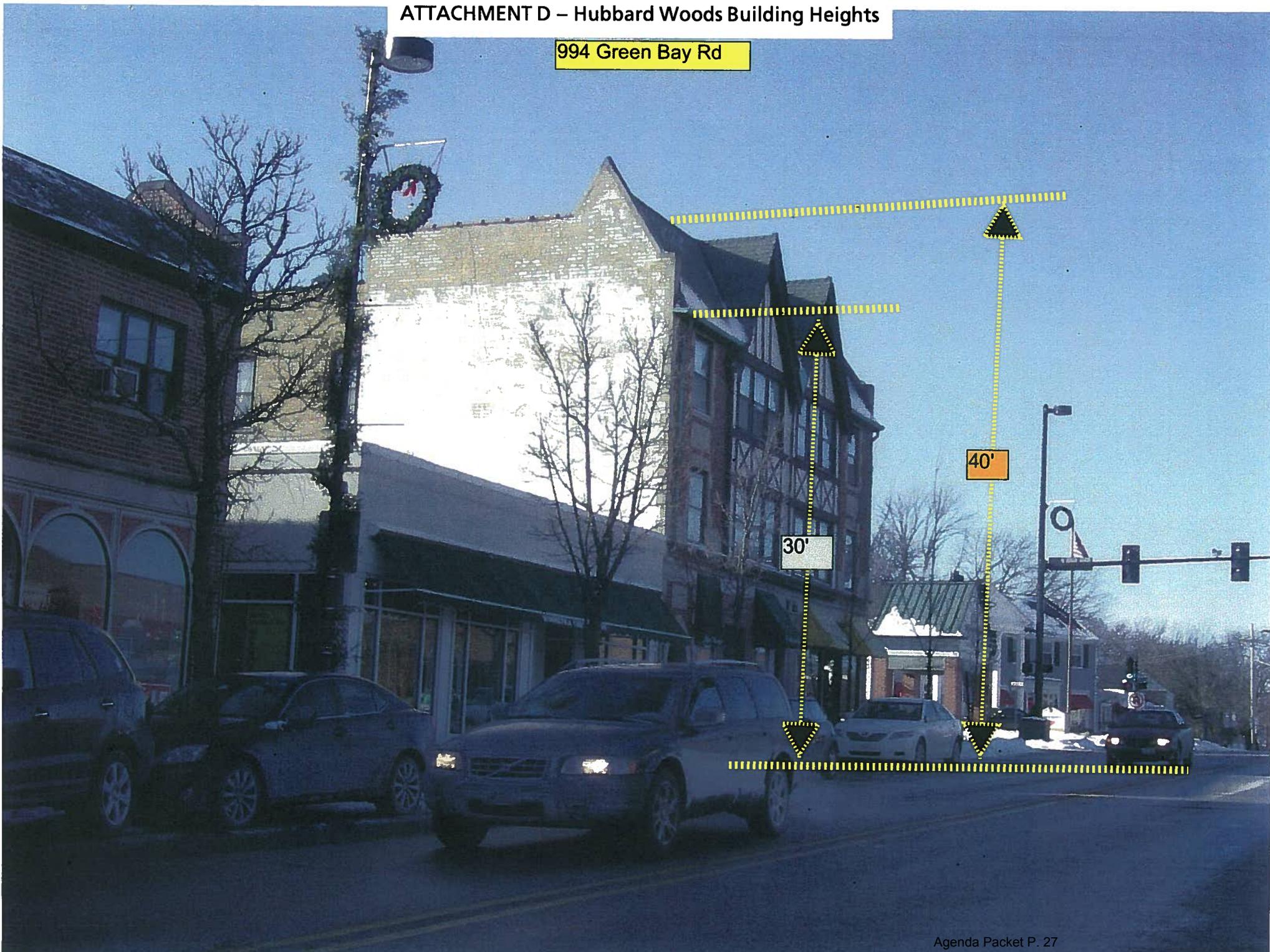
30'-6"

39'-9"

44'-6"

ATTACHMENT D – Hubbard Woods Building Heights

994 Green Bay Rd





Agenda Item Executive Summary

Title: Sprinkler Requirements For Commercial Properties

Presenter: Alan Berkowsky, Fire Chief

Agenda Date: 02/11/2014

Consent: YES NO

<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Bid Authorization/Award
<input checked="" type="checkbox"/>	Policy Direction
<input type="checkbox"/>	Informational Only

Item History:

An Ordinance enacted in 1977 requires sprinklers to be installed in an occupancy when a change of use occurs. The sprinkler requirement was also identified as an action item in the Urban Land Institute Report. This memo provides some background on the Sprinkler Ordinance, its impact and suggestions if change is desired by the Council.

Executive Summary:

The Village's sprinkler ordinance has been in effect since 1977. In an article dated January 22, 1977, the Winnetka Talk reported that, "Trustee Trindl introduced the proposed code revisions as a culmination of about four years of work between the council members, village staff and Fire Marshal Gilbert Schmidt." The Village Council apparently scrutinized this requirement very carefully. A small number of property owners have indicated that the sprinkler requirement has placed an undue burden on their ability to lease their property. However, many members of the business community have invested in their properties by installing sprinkler systems over the years, giving them flexibility to attract a greater variety of tenants.

The issue of whether the Sprinkler Code applies to certain occupancies has been in front of the Village Council in previous years. It has been appealed at least three times and each time it was upheld. Sprinklers are important in our commercial areas due to the inherent construction design of the buildings. This report provides an in-depth background on sprinklers as well as some historical perspective. It also lists some alternative solutions if the Council feels a change to the Code is needed.

Recommendation / Suggested Action:

Staff recommends continuation of sprinkler initiatives with or without modifications to the Ordinance.

Attachments:

- Berkowsky Memo, dated February 11, 2014
- Addendum 1: Existing Village Sprinkler Ordinance
- Addendum 2: Use Group Definitions (IBC)
- Addendum 3: Recent Sprinkler System Installs
- Addendum 4: D'Onofrio Memo- Actual Sprinkler Install Costs
- Addendum 5: Winnetka Commercial Fire Experience
- Addendum 6: Code Survey of Surrounding Communities
- Addendum 7: Fires in Similar Commercial Areas in Illinois

VILLAGE OF WINNETKA

INTERDEPARTMENTAL MEMO

TO: ROB BAHAN, VILLAGE MANAGER
FROM: ALAN BERKOWSKY, FIRE CHIEF
DATE: FEBRUARY 11, 2014
SUBJECT: COMMERCIAL SPRINKLER REQUIREMENTS

The Village's sprinkler ordinance has been in effect since 1977. In an article dated January 22, 1977, the Winnetka Talk reported that, "Trustee Trindl introduced the proposed code revisions as a culmination of about four years of work between the council members, village staff and Fire Marshal Gilbert Schmidt." Village Council apparently scrutinized this requirement very carefully. The effect of the requirement is both tangible and intangible. The tangible effect is the cost associated with the installation of a sprinkler system. The intangible effect is the potential saving of lives and property as a result of the sprinkler system when a fire occurs. A good example of this occurred just after the adoption of the sprinkler ordinance where a fire broke out on the stage of New Trier East High School in February of 1977. "It was the first time the sprinkler system was needed in the auditorium, built in 1956." (Winnetka Talk, February 17, 1977). Damage was limited to the stage area. The Village has been diligent in enforcing this Code over the years. As with any law, it is important to provide consistent and equitable enforcement.

Over the last two years, Underwriters Laboratories in Northbrook has been doing research on fire behavior as it relates to "Legacy" fires versus "Modern Day" fires. The research has proven that fires today are much more dangerous than fires prior to the 1980's. Most of the furnishings used are made of synthetic materials that burn faster and hotter than natural fibers (i.e. cotton). Flashover is a condition where everything in the room reaches its ignition point and ignites at one time. In "Legacy" fires, flashover took on the average of thirty (30) minutes. In "Modern Day" fires, flashover can occur in as fast as four (4) minutes. In many fire situations, there is a delay in reporting the fire and even with a quick response time, fires today can grow in size much quicker than in previous times.

This report provides an in-depth background on sprinklers as well as some historical perspective. It also lists some alternative solutions if the Council feels a change to the Code is needed.

Sprinkler Systems by the Numbers

Percent of Buildings with Sprinklers in West Elm Commercial District	64%
Percent of Buildings with Sprinklers in East Elm Commercial District	62%
Percent of Buildings with Sprinklers in Hubbard Woods Commercial District	52%
Percent of Buildings with Sprinklers in Indian Hill Commercial District	45%
Percent of Businesses That Never Reopen After a Significant Fire ¹	43%
Percent Businesses That Never Reopen or Fail Within 3 Years of a Fire ¹	72%
Percent of Fires Controlled or Extinguished by a Sprinkler System ²	91%
Average Number of Heads Required To Control or Extinguish a Fire ²	2
# of Months Since a Fire in a Commercial Area Fire Similar to Our Commercial District	5 Months
Number of Businesses Lost in the Above Fire	8

1. Modernmachineshoponline.com

2. NFPA

Sprinkler Concerns

In 1977, the Winnetka Village Council enacted an ordinance that required fire sprinklers to be installed in any commercial building whenever there was a change of use (occupancy classification). This provided an avenue to protect the business district without being overly onerous. More importantly, due to the design of the business districts, these areas are more prone to devastating fires for the following reasons:

1. The proximity of the buildings to each other
2. The age of the buildings
3. Structural openings in walls/ceilings created over the years
4. Common elements of the buildings (i.e. basements, attics)
5. The amount of available fire load
6. Residential occupancies above the commercial uses

Each property has a direct impact (if a fire were to occur) on its neighboring properties due to the design of the commercial districts. Without sprinkler protection in these types of commercial blocks/areas, any type of fire can result in injuries, significant business interruption and/or permanent loss. The Village's sprinkler requirements were well thought out and provided the business/property owner with sufficient time to plan for this upgrade in fire protection. Many communities have not only enforced a requirement for sprinklers in commercial buildings, but have also implemented ordinances that require all new single family residential homes be sprinklered as well. The Winnetka sprinkler requirement has been in effect for 37 years. In that time, many business owners have invested in their buildings and installed sprinkler systems that will provide a significantly higher level of fire safety while giving them market flexibility in the use of the building as new tenants become available.

A few business owners in the past year have challenged the need for the installation of a sprinkler system when a change of occupancy occurred. It is important to note that current and past administrations have always enforced this requirement with consistency in order to be effective and fair.

Regulatory Requirements

The Village's 2013 Technical Assistance Panel (TAP) process conducted by the Urban Land Institute (ULI) Chicago was in part spurred by a desire to increase the Village's focus on economic development. ULI's final report (July, 2013), contained a number of recommendations, including:

“Evaluate change of use/fire sprinkler requirements in code; allow accessory uses within business without triggering a change.”

We have allowed businesses an accessory use which did not require the installation of sprinklers. However, there is a difference between an accessory use and a mixed-use occupancy. A mixed-use occupancy is a building or space that houses two or more use-group classifications (Addendum 2). Examples would be retailer with a manufacturing component in the same space (Mercantile/Factory-Industrial Use) or an architectural firm with static displays of merchandise (Business/Mercantile Use.)

Examples of an occupancy with an accessory use include:

- A nail salon (business) that has a small area that sells nail polish and other beauty aids (mercantile)
- Sporting arena (assembly) with souvenir stands (mercantile)
- Pest control company (business) with an area to sell retail products (mercantile)

According to the International Building Code 2009 Edition (adopted by the Village) “Accessory occupancies are those occupancies that are ancillary to the main occupancy of the building or portion thereof (IBC 508.2). Incidental uses are typical functions that have a common element to the main use and are limited to 10% of the space” (IBC 508.2.1).

In order to determine whether an occupancy use remains the same or changes to a mixed-use, we follow the adopted Code in which the factor of 10% of the occupancy is used as the criteria for determining whether it is a mixed-use or just incidental to the main use. The main problem with an accessory use is it is very difficult to monitor over time.

Modification Options

If there is a desire to modify the current Code, I have provided some options for Council to consider.

Option 1

Modify Current Code with Some Economic Development Incentives

Maintain the current Code but eliminate Exceptions #2 and #3 so there is no gray area in the decision process (Addendum 1).

And

Encourage economic development and safety by establishing a fund that would supplement a portion of the cost of a sprinkler system by covering the fee to review the sprinkler plans and to install the new water service. The Village's fees for installing a sprinkler system include:

- Water Service Tap Fee: Between \$2,000 - \$3,000
- Street Opening/Restoration Fee: Between \$1,500 - \$2,500
- Plan Review Fee: \$400 - \$865
- **Total Range of Village Fees: \$3,900 - \$6,365**

On average, the "Change of Use" trigger requiring a sprinkler system occurs three to four times a year (Addendum 3). I would suggest waiving the water tap, street restoration and plan review fees. The overall savings to the business owner could be up to \$6,365. This would reduce the impact (of the cost of the sprinkler system) to the tenant and/or building owner while maintaining the existing safety standard. The tangible cost to the Village would be in the area of \$2,500 for actual supplies and payments to third party vendors.

Advantages: Demonstrates commitment to economic development
 Reinforces Village's commitment to sprinkler systems
 Provides some financial relief for a new occupant/owner

Disadvantages: Recent installations may request retroactive consideration
 Additional administrative monitoring
 Budgetary impact

Option 2

Adopt an Overall Retrofit Ordinance for Certain Commercial Structures/Areas

Adopt a retrofit ordinance specifying certain commercial areas or structures to install a sprinkler system within a defined retrofit period (i.e. ten to twelve years). The ordinance could be drafted with a phased-in approach requiring certain components of the system to be completed every two or three years. This creates a level playing field and eliminates case-by-case decisions. Some financial relief could be given through the waiving of Village fee's as outlined in Option 1.

Advantages:

- Demonstrates Village's commitment to sprinkler systems
- Eliminates case-by-case evaluation of sprinkler needs
- Creates a level playing field for the commercial areas
- Commercial areas will be 100% sprinklered by the end of the process

Disadvantages:

- Unplanned expense for business owners/occupants
- Business and property owners may be frustrated by new mandate
- Additional administrative oversight for the compliance period
- Business owners/occupants may not understand importance of sprinklers
- Can be challenging to enforce for non-compliance
 - Penalties or fines can be levied for non-compliance
 - May require court interactions
- Possible budgetary impact (if fees are waived)

Option 3

Be More Specific on Which Buildings Would Require Sprinklers

The current Ordinance requires any commercial space that has a change of use to install sprinklers. However, there are some commercial areas (typically outside the East/West Elm and Hubbard Woods) that do not have the same concerns. Below are some examples of buildings that could be exempt from the requirement for a change of use. Any significant remodeling or renovations would still require that they meet the requirements of the 2009 International Building Code.

Exempt certain structures who meet the following criterion:

- a. A single story structure on a slab (no basement)
- b. Unobstructed fire department access to, at least, two sides of the building
- c. The tenant space does not exceed 5,000 square feet
- d. Does not contain residential dwellings

It is important to note that a high percentage of residential dwelling units exist above first floor commercial uses in the East/West Elm and Hubbard Woods commercial districts that would still require sprinklers in the event of a change of use. The significant concern for these types of mixed-use properties is that the commercial areas are typically vacated during the evening hours and any fire could obstruct the ability of the residents from safely evacuating from above. A working sprinkler system would control or extinguish the fires providing for a safe evacuation.

Advantages: Relaxes some sprinkler requirements for very specific situations
Provides some financial relief for a new occupant who meets criterion

Disadvantages: Impacts mainly commercial buildings in the Indian Hill commercial district

Summary

A small number of property owners have indicated that the sprinkler requirement has placed an undue burden on their ability to lease their property. However, many members of the business community have invested in their properties by installing sprinkler systems over the years, which gives them flexibility to attract a greater variety of tenants. The issue on whether the Sprinkler Code applies to certain occupancies has been in front of the Village Council in previous years. It has been appealed at least three times and each time it was upheld. Sprinklers are important in our commercial areas for the reasons stated earlier. Today, they are more important than ever due to a shorter “flashover” time resulting from the increase of synthetic furnishings. A sprinkler system is truly the best protection against a devastating fire.

Fire alarm systems work “hand-in-hand” with sprinkler systems. The fire alarm system will provide early occupant notification of a fire as well as notify the fire department to respond. However, a sprinkler system will actually contain or control the fire which protects the occupants while they are escaping. Firefighters can safely enter the structure and completely extinguish any fire that is remaining. In addition, the sprinkler system will protect the property and surrounding buildings from the fire and smoke. A building that only has an alarm system will be able to notify occupants, but cannot protect their escape and will burn uncontrollably until fire department personnel arrive. I have personally seen businesses reopen the next day after a sprinkler activation (due to a fire) that would not have been possible with only a fire alarm system.

It is a difficult task to balance regulatory requirements while encouraging economic development. We have made great strides (in the installation of sprinkler systems) since 1977 with an overall average of 59% of the occupancies in the East & West Elm and Hubbard Woods commercial districts having sprinkler systems. I hope we can continue to work towards a 100% compliance rate in the future.

Addendum 1 – Existing Village Sprinkler Ordinance

Section 15.16.050 Amendments to the Standards for Installation of Automatic Fire Extinguishing Systems, National Fire Protection Association (NFPA) Publication 13, 2010 Edition.

A. **Amendments.** The following provisions of the Standards for Installation of Automatic Fire Extinguishing Systems, National Fire Protection Association (NFPA) Publication 13, 2010 Edition are amended for adoption by the Village.

1. **Title.** The Standards for the Installation of Sprinkler Systems, 2010 Edition, also known as NFPA Publication 13, shall be known as Automatic Sprinkler Regulations of the Village of Winnetka.

2. **Applicability.** Except as provided in paragraph 3 of this subsection A, automatic fire extinguishing systems, installed in accordance with the standards set forth in NFPA Publication 13, Standard for the Installation of Sprinkler Systems, 2010 Edition, or alternate similar fire suppression systems as approved by the Fire Chief, shall be installed in all buildings used for the following occupancies:

- a. Assembly occupancy used for gathering together six or more persons;
- b. Any occupancy where there is an activity involving the use of flammable liquids or gases or where flammable or combustible finishes are applied;
- c. Mercantile occupancy;
- d. Institutional occupancy;
- e. Multifamily residential occupancy;
- f. Educational occupancy;
- g. Business occupancy; or
- h. Storage occupancy.

3. **Exceptions.** The requirements of the foregoing paragraph 2 shall not apply where the use or occupancy: (1) is the same as it was prior to the amendment of this section effective on February 15, 1977; (2) has continued without change or, if there has been a change, the change does not increase the hazard to life or property; and (3) does not constitute a distinct hazard to life or property as determined by the Fire Chief.
(Prior code § 26.17)

4. **Terms.** The terms used in this section shall have the same meanings as those terms have in the Fire Prevention Code and the Life Safety Code adopted by this chapter.
(MC-4-2012, § 24, Amended, 07/17/2012; MC-6-2010, § 5, Amended 10/5/2010; MC-10-2006, Amended, 12/19/2006; MC-3-2005, Amended, 06/21/2005)

Section 15.16.090 Appeals.

A. Appeal to Village Council. A person who has applied for a permit or received an order from the Fire Chief may take an appeal to the Village Council from a decision of the Fire Chief disapproving or denying an application for a permit, or from an order of the Fire Chief requiring any fire prevention or safety-to-life measures to be taken. The appeal shall be subject to the following conditions:

1. The basis of the appeal shall be a claim that the provisions of the Fire Prevention Code or the Life Safety Code do not apply or that the provisions have been misconstrued or wrongly interpreted.
2. The appeal shall be initiated in writing within thirty (30) days from the date of the Fire Chief's decision or order.
3. The party bringing an appeal to the Village Council shall have the burden of establishing that the Fire Chief's decision or order was in error.

B. Decision on Appeal. The Council, in the exercise of its discretion, may uphold, reverse or modify the requirements of the Fire Chief.

(Prior code § 26.09) (MC-6-2010, § 4, Amended 10/5/2010; MC-3-2005, Renumbered, 06/21/2005)

Addendum 2 – Use Group Definitions

Below is a summary of each “Use Group”:

Assembly Use Group: Assembly uses include theaters, banquet halls, restaurants, sporting arenas and the other like occupancies.

Business Use Group: The Business Use Group includes offices, banks, government buildings, etc.

Educational Use Group: Educational use group is defined as the gathering of six or more people for educational purposes through the 12th grade.

Factory Industrial Use Group: This includes the use of a building or portion thereof for the assembling, fabricating, finishing, manufacturing, packaging, repair or process operations.

Hazard Use Group: Hazard Use Group includes the manufacturing, processing, generation or storage of materials that constitute a physical or health hazard in quantities in excess of those allowed by the Code.

Institutional Use Group: Buildings or structures for which people are cared for or live in supervised areas such as hospitals, nursing facilities, child care centers.

Mercantile Use Group: The Mercantile Use Group includes any building or structure that is used for the sale or display of merchandise.

Mixed Use Occupancy: For a building that has mixed uses, it must be protected to the highest hazard.

Residential Occupancy: Sprinklers are required in all residential use groups other than one/two family dwellings.

Storage Use Group: Buildings or portions thereof used for the storage of materials.

Addendum 3
Sprinkler System Installations
Impacted by Change of Use Requirements
2009 - Current

<u>Date</u>	<u>Occupancy ID</u>	<u>Building</u>	<u>Installation Reason</u>
2/19/2009	WW40-04	858 Green Bay *	Change of use.
11/23/2009	WW40-05	852 Green Bay *	Change of use.
2/11/2010	EW19-01	576-580 Lincoln	Addition to existing building.
3/30/2010	WW18-01	551-553 Chestnut	Below grade office / work area and storage.
5/12/2010	WW40-01	850-858 Green Bay	Change of use.
7/20/2010	WW38-01	750 Green Bay	Below grade office / work area and storage.
7/18/2011	WW15-01	791 Elm	Upper level build out change of use.
11/29/2011	EW08-03	728 Elm St.	Change of use.
1/24/2012	HW41-05	1007 Green Bay	Change of use.
2/2/2012	HW05-01	901-905 Green Bay	Below grade change of use.
2/9/2012	WW33-01	954 Green Bay	Change of use.
2/16/2012	EW08-08	720 Elm	Change of use.
2/28/2012	HW19-01	1041-1049 Tower & 856-890 Green Bay	Change of use.
4/2/2012	WW07-06	813 Chestnut Court	Change of use.
12/6/2012	HW14-02	1052 Gage	Change of use.

If option 3 were adopted, these two properties would not have been required to be sprinklered based upon a single story on slab with no residential occupancies.

Memo

To: Alan Berkowsky, Fire Chief
From: Mike D'Onofrio, Director of Community Development
Date: January 27, 2014
Re: Fire Sprinkler Installations

In light of our discussions concerning potential changes to the fire sprinkler regulations, I have put together some cost data information. Specifically, I checked five commercial properties where portions of the buildings were retrofitted with fire sprinklers.

Based on my review of these cases I was able to determine the following:

- The five properties reviewed included tenant spaces in existing multi-tenant buildings, including both one-story and multi-story buildings.
- The average size of the tenant space where a fire sprinkler system was installed was 2,100 s.f.
- The type of installation ranged from the relocation and addition of several sprinkler heads, to the installation of an entire system including a new water service, backflow preventer, piping system and pendants.
- The costs ranged from a low of \$2,000 (for addition of 15 sprinkler heads to an existing system), to a high of \$33,200 (for installation of new water service, backflow preventer, piping system and pendants).
- Depending on the scope of the installation, the following Village fees/costs can be charged.
 - Water tap and meter - \$2,900
 - Street replacement - \$1,500
 - Right-of-Way opening - \$125.
 - Plan review fee \$400 - \$865 (depending on number of heads installed)
- With respect to the actual cost of piping, according to several sprinkler installation companies they estimate \$5/s.f. for occupied buildings. They also stated that the cost of an RPZ (backflow preventer) valve installed is \$7,000.

- The cost of installation of a new water service is quite variable based on the length of the service to be installed. As of this time I am still checking with contractors in order to determine a linear foot cost. I am fairly confident however that at a minimum the cost would be in the neighborhood of \$5,000 to \$6,000.

Based on a review of the data, the following conclusions can be made:

1. Approximately 40% of all sprinkler systems installed required the installation of a new water service, backflow preventer and piping system.
2. The average cost of the five projects reviewed was approximately \$14,000 (based on construction cost estimates provided by permit applicant).
3. The average cost of Village-related fees for these projects was \$2,160, or 15% of the total cost.
4. Under the scenario where a tenant space (2,000 s.f.) needs to add sprinklers, where other portions of the building are already sprinklered, it is estimated that the cost would be approximately \$10,000.
5. Under the scenario where the tenant space (2,000 s.f.) needs to add sprinklers, and there are no other sprinklers in the building, the estimated cost is approximately \$30,000.

I hope this information provides more insight as to the cost impact of sprinkler systems in existing commercial spaces. Please let me know if you need additional information, or have any questions.

Addendum 5 – Commercial Fire Incidents in Winnetka

I have included a list of fires that have occurred in Winnetka over the last few years. It is important to point out that when a fire occurred in a building that had sprinklers, the damage was minimal and the building was able to return to full operation in a very short time period. Though the 4:17AM fire at Faith, Hope and Charity is not in the business district, it is a good example of a fire that could have easily destroyed the building if not for the sprinkler system. In direct contrast, the fires that occurred in buildings without sprinkler systems, the dollar loss was significantly higher. For instance, the fire that occurred above Johnson’s Fish Market in 2005 resulted in the Fire Department having to rescue a sleeping teenager and dog from within the apartment where the fire originated. All three apartments in the structure were uninhabitable due to fire and smoke damage.

Date	Time	Address	Establishment	Use	Sprinklers
5/25/2012	11:37pm	925 Green Bay	Gap Clothing store	Mixed use - residential over commercial	Full
Exterior fire on roof/deck over commercial area. Extinguished by fire department.			*Loss - \$25,000		
Date	Time	Address	Establishment	Use	Sprinklers
12/18/2009	3:23pm	620 Lincoln	Winnetka Community House	Assembly	Full
Fire on the stage in the auditorium. Fire was controlled by sprinkler system.			*Loss - \$25,000		
Date	Time	Address	Establishment	Use	Sprinklers
9/10/2009	4:17am	200 Ridge	Faith, Hope and Charity School	Educational Use – Church	Partial
Fire in utility closet. Fire was controlled by sprinkler system			*Loss - \$5,000		
Date	Time	Address	Establishment	Use	Sprinklers
2/28/2007	3:01pm	505 Chestnut	LaBella’s Restaurant	Mixed use - Residential over assembly	Partially sprinklered at time of fire (now fully sprinklered)
Fire in void space between ceiling and roof area. Extinguished by fire department			*Loss - \$350,000 (Restaurant never re-opened after fire)		
Date	Time	Address	Establishment	Use	Sprinklers
11/24/2006	10:08pm	718-732 Elm	Samida Complex	Mixed use - Institutional, business, mercantile	Partial
Fire in common hallway. Extinguished by fire department.			*Loss - \$50		

Date	Time	Address	Establishment	Use	Sprinklers
6/12/2005	7:19am	809 Elm	Johnson's Fish Market	Mixed use - Residential over commercial	Non-sprinklered building
Fire in apartment on second floor. Sleeping teenager & dog rescued. Flames from window on arrival, extinguished by fire department.			* Loss - \$110,00 (multiple residents displaced from fire)		
Date	Time	Address	Establishment	Use	Sprinklers
4/1/2004	9:01pm	896 Green Bay	Trooping the Colour Clothing Store	Mixed use - Residential over commercial	Non-sprinklered building
Fire in basement of clothing store. Extinguished by fire department			* Loss - \$400,000 (multiple residents displaced from fire/business never reopened.)		

Addendum 6 – Surrounding Community Code Survey

A survey was performed of neighboring municipalities to determine their requirements for sprinklers in existing commercial occupancies. The results are as follows:

Municipality	Date	Source
Glencoe	9-11-12	Chief Volling
Existing: Any change of use of the occupancy classification.		

Municipality	Date	Source
Highland Park	9-11-12	Chief Tanner
Existing: * Per 2009 Building/Fire Code		

Municipality	Date	Source
Lake Forest	9-5-12	Chief Howell
Existing: Renovation involving 50% or more of area or structure Two or more building systems being replaced Change in occupancy classification that increases risk to life/fire		
Additional: In the opinion of the Fire Chief or Director of Community Development that sprinklers are needed for a specific occupancy.		

Municipality	Date	Source
Northbrook	9-6-12	Chief Nolan
Existing: Change of use classification which increases the fire hazard of the structure Any addition of 2,000 square feet or more Any building greater than 4,000 square feet.		

Municipality	Date	Source
Northfield	12-10-13	Ordinance
Existing: Change to a more “intense” occupancy or use Renovations in excess of fifty percent (50%) of the fair market value of property		

Municipality	Date	Source
Wilmette	9-11-12	Chief Dominik
Existing: * Per IFC/IBC Code		

*The following information is the basic code requirements for sprinklers under the International Building Code (IBC), the International Fire Code (IFC) and the NFPA Life-Safety Code. Typically, sprinkler requirements are found in Chapter 9 of the IBC. However, there are many other factors that the Code takes into account to determine if sprinklers are required.

Addendum 7 – Commercial Fires

The following articles depict fires in commercial areas similar to the commercial areas in Winnetka.

 ABC 7 Reporters Jason Knowles and Ravi Baichwal

November 10, 2010 (LOCKPORT, Ill.) (WLS) -- Approximately 75 firefighters responded to an extra-alarm fire Wednesday that destroyed four businesses.

Firefighters continued to investigate the scene late Wednesday morning, combing through the charred building to determine how the fire started.

No one was seriously hurt, but because the businesses burned down, some families now have to start over.

The fire tore through the string of businesses in the historic part of downtown Lockport just before 2 a.m. Wednesday. The now-charred building is attached to a boarded-up hotel and bar that burned down in a deadly fire in 2008.



"Bad luck, and unfortunately, four businesses. In this economy, if you lose a business, that's bad for the town," said Lockport Fire Chief Dave Skoryi. "When you're dealing with older buildings, they have timber construction which isn't used anymore."

The losses from the latest fire scene include an insurance company, a denim store, a bowling alley in the basement and Stephenson Photography.

"We had all of our customer files, our negatives, every event that ever happened in Lockport in the past --how many-- years," said Mary Pierson of Stephenson Photography. "It was all in there. It's all gone."

Some of the other business owners say they are not sure if they will re-emerge.

"With the wiring and stuff like that, it would probably have to be from the ground up because I'm sure all the water went down into it. We were down in the basement. We were below the other three businesses," said Lockport Lanes' Mike Stropkovic.

Then, there's the Henderson family. Mr. and Mrs. Henderson just rebuilt and moved their denim store, Weber Denim, after losing everything in yet another fire last year. They reopened in the now-destroyed Lockport building and had been planning on handing their business over to their son.

"A big loss. A lot of personal items, besides just the merchandise. A lot of hard work went into putting it all together. I just feel like, 'Pinch me.' It's a dream. It hasn't really hit me yet," shop owner Anna Henderson said.

Firefighters say they saved a man and a woman from an apartment next door to the burned building. The couple was treated on the scene and refused to be taken to the hospital.

"They helped us out. We had trouble breathing. They put us into an ambulance and had us checked out," said Brittany Arteaga who was rescued from the blaze.

"When engine company four got here, they went to the apartment building above," said Skoryi. "Smoke was so thick they couldn't see anyone, but they heard a female yelling. They were able to locate her and her husband and guide them out to safety."

Investigators say it will take days to determine a cause for the fire, but witnesses say they heard and saw an explosion.

"All of a sudden the building blew up across the street from my house. Literally, I thought my windows was going to get blown out. It was crazy," said witness Chazarae Musaraca.

Firefighters from several different suburban departments to put out the fire. None of them was injured.

Most business owners tell ABC7 Chicago they have insurance. Some say they are not sure if they will reopen. Even if they do, it will take time to do so, and they say they are losing money every day their businesses are closed.

But for a town that has rebuilt from flames before, there is confidence even the setback can be overcome

"As soon as we get them back in place, we hope to increase investment in the community because we have other buildings that have suffered from fire," said Tom Alves, Tallgrass Restaurant.

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THURSDAY, AUGUST 11, 2011

Downtown Villa Grove, IL Fire

I was alerted by a text message from David Bellmore around 6:30 PM of a major fire in the downtown district of Villa Grove, a smaller town about 20 miles south of Champaign-Urbana, suggesting I go document the blaze. I quickly made my way and grabbed the camera gear and hit the road. Immediately upon exiting Urbana on Route 130 southbound I could see the smoke plume, from nearly 20 miles away. It wasn't hard to spot either. Not like an "oh yeah, something must be going on way down there" but more of a "oh crap."

Anyway, for an event such as this I will simply let the photos do the talking. It was very fun to later meet up with David, who also happens to be a fire fighter for the Edge-Scott FPD who was called from Urbana to assist in the fire.

I'm all for sharing by the way, but please don't let me find these images on other sites with my name cropped out. That's stealing.



Photos by Andrew Pritchard, DeKalb, Illinois

MINONK — Flames that ripped through a row of historic buildings Wednesday morning occupied firefighters from throughout the region for hours and claimed two long-standing businesses in the city.

Four storefronts were destroyed by a blaze that appears to have begun about 4:15 a.m. in a former video rental business in the 500 block of Chestnut Street.



From there, flames spread to adjacent businesses in the connected structure, claiming buildings from the Minonk IGA grocery store to the corner of Fifth and Chestnut streets.

"We don't have a lot of retail in our downtown, and this hurts," Minonk city administrator Doug Elder said. "We lost a lot of history today."

Two of the businesses - the law office of Ned Leiken and the Meyer-Jochums Insurance Agency - were still operational. Elder said owners of the insurance agency have long been supporters of community initiatives. Those owners could not be reached for comment Wednesday.

"It's sad for our downtown, and it's our hope these active businesses will rebuild downtown," Elder said. "Time will tell."

The Minonk IGA, which was immediately adjacent to one of the buildings that burned, was spared damage from the fire. The grocery store, however, lost power because of the flames and likely lost perishable products.

Elder said the buildings were more than 100 years old, and the extent of damage prevented them from being salvaged. As firefighters continued to douse hot spots in the rubble, a track hoe was brought in to begin demolition of the structures.

The walls were being collapsed as a matter of public safety and to protect adjacent properties, Elder said.

"It's a public hazard right now," he said as the first walls began to come down.

Elder praised the efforts of the Minonk Fire Department and expressed gratitude to other departments from Woodford County and beyond for assistance.

"The Minonk Fire Department just did a heroic job of preventing the fire from taking the entire block," he said.

In addition, the Central Illinois Chapter of the American Red Cross responded to the area with its emergency response vehicle. Volunteers mobilized shortly after 8 a.m.

"It's for mass care, and it's our volunteers who provide drinks and snacks to first responders," said Erin Miller, chapter spokeswoman. "From what we understand, it's probably going to be on for most of the day."

Matt Buedel can be reached at 686-3154 or mbuedel@pjstar.com.

October 26, 2011

Fire in downtown Macomb

August 12, 2000 - These images are of area firefighters fighting the fire that broke out in downtown Macomb, Illinois in the early afternoon of Saturday, 12 August 2000. The sequence begins Saturday afternoon and concludes with the post-fire cleanup Sunday evening. Buildings involved in the blaze were on the southeast corner of the Carroll and Lafayette St. intersection (between the Square and Chandler park). Businesses affected by this blaze include:



Businesses affected by this blaze include:

- Gemini Hair Salon (demolished)
- Copperfield & Company Booksellers (demolished)
- Tech Pro Computing (demolished)
- Family Eyewear (demolished)
- Damone's Restaurant (demolished)
- Hartmann Photography (demolished August 2001)
- Stitching Post (demolished August 2001)

Several apartments were also destroyed. Among the fire squads responding to the blaze were Macomb, Good Hope, Blandinsville, Emmet-Chalmers, New Salem, Bushnell,

Colchester, Carthage, Rushville and Industry.

Update: September 4, 2001. A year, the 2 remaining buildings have just been demolished. The site of the other demolished buildings is clear of debris, level and grass is growing. Business status report:

- Stylists from Gemini have joined other salons
- Copperfield & Company re-opened Sept 5, 2000, at 118 North Side Square
- Family Eyewear's John Malinak operated out of his home for about a year, then opened a new office on the east edge of Macomb, before closing the business in the Fall 2002.
- Hartmann Photography relocated to 119 North Randolph (2nd floor above Century 21 Purdum-Epperson)
- The Stitching Post moved to the north side of the Square.



Prophetstown Downtown Area Fire
July 15, 2013
Destroyed eight (8) downtown businesses



Jersey City, New Jersey November 27, 2013





Agenda Item Executive Summary

Title: Updating of Liquor Licensing Procedures and Regulations

Presenter: Robert M. Bahan, Village Manager

Agenda Date: 02/11/2014

Consent: YES NO

<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Bid Authorization/Award
<input checked="" type="checkbox"/>	Policy Direction
<input type="checkbox"/>	Informational Only

Item History:

On August 6, 2013, the Urban Land Institute presented its final report on the two Technical Assistance Panels it conducted of Winnetka's three business districts. Several recommendations in this report focused on the Village's liquor licensing process and procedures. On January 14, 2014, Staff reviewed conceptual changes to update Village regulations with the Council, which have now been more fully developed for consideration.

Executive Summary:

The Council identified ULI's liquor licensing recommendations as a priority for staff and Council review in early 2014. As reported to the Council at the January study session, we have identified three potential areas for changes to the administration of liquor licenses: (i) implementing procedural changes administratively, without amending the Village Code ("WVC"); (ii) updating and modifying liquor license categories, definitions and regulations to allow for more variety and flexibility; and (iii) reducing or eliminating the various "rider licenses" that attach to the basic license.

The following report represents the next step in updating the Village's liquor licensing regulations. It reports on ULI recommendations that have already been addressed, provides the Council with more detailed information about the Village's liquor licensing regulations and how they compare to licensing regulations in neighboring communities, identifies specific areas for possible amendments, and seeks the Council's policy input on those suggested amendments.

Recommendation / Suggested Action:

Provide policy direction.

Attachments:

- Agenda Report dated February 7, 2014
- Attachment 1: ULI TAP Report slide: "Revisit Liquor License"
- Attachment 2: Liquor License Comparison Tables
- Attachment 3: Definitions
- Attachment 4; Hours of Service

AGENDA REPORT

SUBJECT: **Updating of Liquor Licensing Procedures and Regulations**

PREPARED BY: Robert M. Bahan, Village Manager
 Katherine S. Janega, Village Attorney

REFERENCE: January 14, 2014 Study Session, Agenda pp. 140 – 147
 August 6, 2013 Council Meeting, Agenda pp. 22 - 92

DATE: February 7, 2014

Introduction

In 2013, pursuant to a contract with the Village of Winnetka, the Urban Land Institute (ULI) conducted two technical assistance panel (TAP) reviews of Winnetka’s three business districts. ULI’s final report to the Village Council included recommendations that the Village revisit its liquor licensing process and procedures. In particular, ULI noted the desire for more family-friendly dining and pubs. (See Attachment 1)

The Council identified ULI’s liquor licensing recommendations as a priority for staff and Council review in early 2014. As reported to the Council at the January study session, we have identified three potential areas for changes to the administration of liquor licenses: (i) implementing procedural changes administratively, without amending the Village Code (“WVC”); (ii) updating and modifying liquor license categories, definitions and regulations to allow for more variety and flexibility; and (iii) reducing or eliminating the various “rider licenses” that attach to the basic license.

This report represents the next step in updating the Village’s liquor licensing regulations. It reports on ULI recommendations that have already been addressed, provides the Council with more detailed information about the Village’s liquor licensing regulations and how they compare to licensing regulations in neighboring communities, identifies specific areas for possible amendments, and seeks the Council’s policy input on those suggested amendments.

1. Regulatory Framework for Liquor Licensing

All liquor licensing regulations are based on the Illinois Liquor Control Act, which establishes minimum eligibility standards for obtaining a liquor license, imposes certain limitations on liquor licensees, provides for State licensing and enforcement, and pre-empts certain home rule powers. (235 ILCS 5/1-1, *et seq.*) Because of this, all liquor license regulations have common features. For example, local liquor regulations contain definitions based on the Liquor Control Act, recite the statutory eligibility requirements, prohibit licenses within certain distances from churches, schools and hospitals, and prohibit service to minors. Local ordinances also require applicants to be fingerprinted, to have a State license, to have dram shop insurance, and to post certain warnings and notices, all as required by State law. In

addition, all local liquor ordinances establish procedures for the issuance, renewal, and revocation of licenses.

a. License Renewal Procedures

Winnetka's liquor license eligibility requirements are set by WVC Section 5.09.190. These requirements apply to both renewal applications and original applications, because Winnetka, like all municipalities, requires that the eligibility of both the licensee and the licensed premises must be established each year. Because of this requirement, the renewal forms are the same as the initial application forms and, until now, licensees have been completing the same form in its entirety every year.

As reported to the Council in January, this year's renewal process is being modified so that it will be more consistent with the procedures followed in other municipalities, where licensees seeking renewal fill out basic information at the front end of the application, and indicate the areas in which information has changed, such as a change in the legal form of the business, the addition or deletion of individuals subject to background checks, a change in the business manager or in the premises, or a new lease. Only the parts of the application that pertain to identified changes will then need to be completed. Proof of dram shop insurance and licensing by the State will still be required, and the application must still be supported by an affidavit.

We anticipate that this procedural change should make the renewal process more user friendly, while creating administrative efficiencies that not only simplify the amount of paper that needs to be processed, but also reduce the amount of documentation that must be kept on file.

b. Pre-qualifying for liquor licenses

The first procedural component that ULI recommended is that the Village "pre-qualify liquor license applications before they finalize their location." This is the Village's established practice. Like other municipalities, the Village Code defines the various liquor license classifications, but makes licenses available on a case-by-case basis, rather than maintaining an inventory of available licenses for automatic issuance. Consequently, when someone seeks to open a new restaurant, the construction and licensing processes run in tandem, and the resolution that creates the license for the particular applicant is conditioned on the completion of the background check, final inspection of the premises, and issuance of the certificate of occupancy by the Department of Community Development.

The most recent examples of the pre-qualification process occurred when D's Haute Dogs expanded from a fast food operation to a full service restaurant, when Café Aroma expanded its operations and moved from the north end of Lincoln Avenue to the corner of Lincoln and Elm, and when Trifecta opened on Chestnut near Oak. In all three instances, the liquor license process was completed before the site was ready.

In the case of Café Aroma, the Village first issued a license to allow beer and wine service at Café Aroma's original location at 561½ Lincoln (Resolution R-31-2010), because the build-out of the new space was delayed. In November, the Council adopted another resolution (R-40-2010), providing for the immediate transition to the license for the new location as soon as the space was ready. In the case of D's Haute Dogs, the Village conditionally approved the license while the applicant was still negotiating his lease. (Resolution R-33-2012)

For Trifecta, Village staff worked with the owner to develop a unique license category for a "Wine Station" rider, which allows customers with pre-approved, pre-paid cards to dispense their own pre-measured servings of featured wines. Before the build-out of the space was completed, the Village authorized a standard Class A-1 license so that Trifecta could open its doors as soon as the space could be occupied, while staff worked with the owner to sort out the details of the new service concept and translate them into a new license category. (Resolution R-34-2011) The new Wine Station rider was authorized the same day that the Village Code amendment creating the Wine Station category was passed. (MC-2-2012; R-15-2012)

Earlier examples include establishing the E-2 license category for Good Grapes and The Winnetka Wine Store in 2009, giving conditional approval to their licenses, facilitating Mirani's relocation from Green Bay Road to Elm Street in 2006, and creating a new license category for the original Corner Cooks, followed later by advance approval of a different type of license for Jerry's at Corner Cooks. Formal pre-approvals have also included licenses for businesses that failed to open for other reasons, as was the case with Cosí in 2001.

As liquor applications and inquiries are received, Staff intends to keep working on ways to enable potential licensees to locate in the Village, without significant administrative delay.

2. Amendments to License Categories and Regulations

We have continued examining the Village's license classifications and regulations, as first reported in January, in an effort to see if there are better ways to define the license classifications so that existing licensees can thrive and new and different types of food services can be attracted to Winnetka's business districts.

Not surprisingly, it is in the license classifications that the differences between Winnetka and other communities lie, as the Liquor Control Act leaves it to local entities to define local license classifications and set fees, as long as the local regulations are "not inconsistent" with the Liquor Control Act. (235 ILCS 5/4-1) The differences between Winnetka's liquor license classifications and those in the immediate vicinity (Wilmette, Glencoe and Northfield) are demonstrated in the detailed Comparison Table attached to this Agenda Report. (See Attachment 2)¹

¹ Staff has looked beyond neighboring communities, particularly to Glenview, Highland Park, Northbrook and Lake Forest, but has concluded that their license categories are not as

What the detailed analysis in Attachment 2 shows is that: (i) each community has license classifications that address unique aspects of each community, such as the presence of theatres, taverns, or corporate headquarters, (ii) other communities issue licenses only as businesses present themselves, rather than maintaining an inventory of licenses for automatic issuance, just as Winnetka does; and (iii) classifications have been carefully crafted to limit the number of licensees in any given category, so that the licensing community can have a variety of restaurants, other food service and specialty retail licenses. Examples of this crafting are evidenced by the numbers of categories for similar types of service (*i.e.*, full liquor service, or beer and wine), coupled with different square footage requirements and hours of service.

Based on the analysis shown in Attachment 2, staff suggests that the Council consider several amendments to the Village's Liquor Control Regulations, to assure the Village remains competitive with other communities and is attractive to new and diverse business proposals. Those suggested changes are outlined in the following sections.

a. Definitions. Winnetka has the most complex definition of "restaurant" and "specialty restaurant" in the area, due to its focus on the presence of a hostess, on nondisposable dishes, glasses and utensils, and on taking orders and serving patrons while they are seated. (See Attachment 3) The definition is a cause of further confusion because the Zoning Ordinance also classifies restaurants as "standard," "fast food," and "drive-in," and those definitions are also used in the food service licensing provisions.

We also suggest that the Council consider adding some new definitions to address different types of food establishments, particularly those that offer lighter fare or less formal service than what is contemplated under the current definitions. Policy direction is needed from the Council regarding the types of food operations that should (or should not) be eligible for liquor licenses. For example, a "casual dining" definition might work for D's Haute Dogs or Marco Roma (which had to give up its license because it didn't have sufficient wait staff), but care would need to be taken to make sure it doesn't also include places like Panera, Once Upon a Bagel or Starbucks. While Panera would probably not be eligible because of its proximity to a school, other similar operations with less extensive food offerings might be swept into a license category if the definition is too broad. Once the Council provides policy direction, staff can determine whether the definition of restaurant, or of a particular license category, should specifically exclude certain types of food service establishments.

instructive as those in the adjacent communities. This is particularly so with Wilmette and Glencoe, which share key geographic similarities, in that they are smaller, landlocked communities that have little space for new development, are bounded by Lake Michigan to the east, Cook County Forest Preserves and I-94 to the west, and other municipalities to the north and south, with Green Bay Road and the METRA rail lines running through the center of town.

b. Elimination of “riders.” Winnetka’s liquor ordinance uses riders to define certain license classifications, rather than defining new categories. For example, the “Sidewalk” rider, which allows only beer and wine to be served on the public way, is appended to the “A” license categories, which allow for full liquor service, and “E” categories, which are limited to beer and wine. Eliminating this rider can allow the sidewalk service to align with the underlying license issued to the business. It would also allow the difference in service hours to be eliminated.

We also recommend eliminating the “Television” rider, which has outgrown its usefulness as restaurateurs make the business decision about whether a television fits in with their business model. The mere presence or absence of a television can help to distinguish between a “fine dining” experience and a “casual dining” experience, without the need for a special license category. The “Packaged Meal” rider and the “Wine Station” rider are two other categories that should be eliminated as riders and be incorporated into a particular license classification.

Having specific license classifications for different types of business models will improve understanding on the part of licensees and the general public, while facilitating administration and enforcement by the Police Department, as the license classification itself will give all concerned a full definition of the type of service, without having to review additional layers of permissions or restrictions.

c. New license categories. One category of license that is clearly lacking from Winnetka’s liquor regulations is a restaurant license for beer and wine only. Allowing only beer and/or wine makes enforcement easier, because the beverages are easier to see and confirm, which can in turn allow for a reduced license fee. Similarly, some communities also have license classifications for reduced hours of service, which could appeal to some existing food service establishments, such as Caffe Buon Giorno, as the limited service and hours lends itself to a less intensive enforcement, and could warrant a reduced license fee.

Although ULI recommends creating a classification for “brew pubs,” staff recommends proceeding first with creating the beer and wine license category and with updating the Village’s restaurant definitions. With these changes, the Village could thus enable an establishment to serve beer with a lighter meal, or with pub fare. This approach would also allow staff to explore the brew-pub concept in greater detail, either independently, or in conjunction with a specific request.

d. Hours of Service. The current limits are 11:00 p.m. for restaurants, 10:00 p.m. for sidewalk service on Friday and Saturday, and 9:00 p.m. for sidewalk service the remainder of the week. In addition, service of alcohol without food is to cease a half hour before the applicable closing time. (See Attachment 4) We recommend considering expanding hours of service to make them more competitive within the neighborhood, and request policy guidance as to the parameters for expanded hours.

e. Service of alcohol without food or full meals. Winnetka’s provisions are cumbersome and difficult to enforce and monitor. Some communities in the area that allow liquor service without the service of food limit that service to two drinks, and also require that food be offered. Staff recommends pursuing the two-drink model. We also suggest a limited license for wine with desserts at specialty confection shops, similar to what is permitted in Wilmette.

f. Fees. We do not recommend reducing license fees at this time, except as necessary to reflect restructuring of riders and new definitions and classifications since. As the comparison table in Attachment 2 shows, Winnetka’s liquor license fees are low in comparison to fees in other communities, the result of a deliberate effort on the part of the Village to control liquor license fees in order to encourage new business development. Once definitions and license categories are adjusted, fees can be addressed as necessary.

3. Conclusion

There is clearly room for improvement in the Village’s liquor license regulations. We recommend that we proceed with a draft based on what is outlined in this Agenda Report, and that the draft then be circulated for review among interested parties, perhaps via the Business Community Development Commission and Chamber of Commerce.

In the meantime, we recommend that the Village publicize its history of working with developing businesses to keep the licensing process ahead of the lease and build-out process, thereby enabling a licensee to hit the ground running as soon as the licensed premises is ready. Should any business come forward with a concept that is new for Winnetka, that concept can be pushed to the head of the line, regardless of where the rest of the amendment process may be.

Attachments:

Attachment 1	ULI TAP Report slide: “Revisit Liquor License”
Attachment 2	Liquor License Comparison Tables
Attachment 3	Definitions
Attachment 4	Hours of Service

Recommendation:

Provide policy direction.

Revisit the Liquor License

- Pre-qualify liquor license applications before they finalize their location.
- Potential policies for alternative uses
- A reasonable component is that it must have a full service Menu
- In the shopper survey, over 75% of residents wanted more family friendly dining and pubs (including gastro public houses) in the Village which allows the service of alcohol without requiring the sale of food.
- The liquor law needs to be updated to reflect the desire for families to have more casual dining and have alcohol.
- Revisit the T.V. and bar requirement/limitations. Seems out dated for today's dining consumer.

Liquor License Comparison Tables

Note: Columns 2 – 5 show liquor license classification and fees by municipality for the type of service shown in Column 1.

Table 1 – Restaurants

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Restaurant without Bar				
Full liquor service	A (\$750)	A (\$2,000)	C-1 (\$1,000)	D (\$3,200)
Full liquor service, limited hours		A (\$1,000)		I (\$2,345)
Beer and/or wine only	--	B (\$1,000) O (Café) (\$1,500)	C-2 (\$500) K (Coffee Shop) (\$1,750; 2-drink limit) C-3 (Food Court) (\$2,000)	B (\$3,200)
Restaurant with Bar				
Full liquor service	A-1 (\$1,000)	C (\$2,500) J (\$3,000; in VC) M (\$5,000; in VC, PCD, GC-1)	C-4 (\$2,000) C-6 (\$2,500)	K (restaurant, lounge, corkage & certain package sales; \$5,500)
Beer and/or wine only	--	C-B (\$1,500)	C-5 (\$1,500)	

Liquor License Comparison Tables

Table 1 – Restaurants (cont'd)

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Other Service Features				
Wine by the bottle for off-premises consumption	Only with packaged meals Rider to A, A-1 (\$150; Packaged Meals)	(Only with packaged meals; 1,500 ml limit) A-1 (includes A service; \$2,000; \$1,000 for limited hours) B-1 (includes B service; \$1,100) C-1 (\$2,600) C-B-1 (\$1,600)	L (includes A-1 or C-4; requires “market area” for other products; \$3,000)	
Service of liquor without food	A, A-1 (Waiting; or limited hours, area)	A, (Waiting; or by the drink if food also offered)	C-1, C-2 (2-drink limit)	
BYOB / Corkage	--	--	--	J (\$1,500)
Outdoor service (public right-of way)	Rider to A, A-1 (\$150; beer & wine)	(Included)	(Included)	(Included)
Television	Rider to A, A-1 (No charge)	No reference; (but see Class T, below)	No reference	No reference
Wine Station	Rider to A, A-1 (No charge)	--	--	--

Liquor License Comparison Tables

Table 2 – Packaged Sales

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Packaged Sales				
Package retail (Grocery, Convenience)	B (\$750)	I (\$3,000)		
Package retail (General)	--	--	A-3 (\$3,000)	A, B (\$3,825)
Package retail – Beer & wine (Grocery, Pharmacy)	--	H (\$1,500)	A-2 (\$1,000)	--
Wine, retail by mail, on-line	D (\$150)			
Wine, wholesale to retailer	D-1 (No licenses)			

Liquor License Comparison Tables
Table 3 – Specialty/Limited Food Product Stores

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Specialty/Limited Food Products Stores				
Specialty/Limited food products: Packaged, with food, off-premises consumption	E (\$500) (Wine only)	K (\$500) (Beer & wine; limited <i>prix fixe</i> dinner)	A-1 (\$2,000)	
Limited wine: Desserts, pastries, confections	--	N (\$500)		
Beer and Wine, packaged, with food, off-premises consumption	E-1 (\$500)	--	J (\$2,000) (2 drinks on premises)	
Fine Wines, Premium Beers (imported, American craft), packaged, tastings; pre-made food on premises	E-2 (\$500)	L (\$1,500)		

Liquor License Comparison Tables
Table 4 – Special Events and Other Categories

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Special Events				
Fraternal, Civic, NFP, Festival	C (\$25/day; max \$75; 7 events/year)	E (\$25/event 2 hours; \$35/add'l event in 90 days; 4 events/year)	D, D-1 (\$50/day)	F (\$75/event; 10 events/year)
Business Events (attendees not charged for drinks)	--	--	E (\$50/event; 2/year; max of 8 hours/event)	G (\$75; 10 events/year; beer & wine)
Art Exhibits (attendees not charged for drinks)	--	--	H (\$100/year; 15 /year)	
NFP Historic Exhibits (attendees not charged for drinks)			I (\$100/year; 5 events/year)	
Other Categories				
Bowling Alley (Beer & wine)	--	B-2 (\$1,000;		
Clubs (For profit)		D (\$1,500)	B-1 (\$2,000)	

Liquor License Comparison Tables

Table 4 – Special Events and Other Categories (cont'd)

Type of Service	Winnetka	Wilmette	Glencoe	Northfield
Other Categories (cont'd)				
Clubs (NFP)	--	--	B-2 (\$375)	L (Full service in restaurant & lounge; beer and wine; periodic sale of cases; (\$3,500)
Corporate HQ Food Service	--	--	--	M (\$4,000)
Golf (Public)	P (\$500; Parks)	F (\$1,000; Parks)	(\$100; Village)	
Private party facilities (For profit; attendees not charged for drinks)	--	--	F (\$700/year)	--
Tavern	--	--	--	C (\$4,455; \$100/day for off-premises concession, up to 15 days/year)
Theater (Beer and wine; incidental to performance)	--	T (\$1,500)	G (\$200)	

LIQUOR CODE DEFINITIONS**Winnetka**

“Restaurant” means any public place kept, used, maintained, advertised and held out to the public as a place where complete meals are served, and where complete meals are actually and regularly served, such space being provided with adequate and sanitary kitchen and dining room equipment and having employed in such space a sufficient number and kind of employees to prepare, cook and serve suitable food for its patrons, where a host or hostess is present to seat patrons, where patrons order from individual pre-printed menus, where orders are taken from and food is served to patrons while they are seated at tables, where complete meals are served using nondisposable dishes, glassware and utensils, and at which the service of alcoholic beverages is incidental and complementary to such meal service.

Glencoe

BAR SERVICE. The sale of alcoholic beverages without the sale and service of complete meals for consumption on premises while seated in the bar area of a restaurant.

COFFEE SHOP. Any public place:

(1) Kept, used, maintained, advertised and held out to the public as a place where persons can purchase coffee and other single service beverages (as well as other food products) for consumption on-premises or off-premises, which beverage and food purchases may be made over-the-counter and without table service; and

(2) Having regular hours beginning no later than 7:00 a.m. on weekdays and 8:00 a.m. on Saturdays, and thereafter continuing for not less than ten consecutive hours. (Ord. No. 09-23-3256)

FOOD COURT.

(1) Any public place:

- A. Supervised by or under the control of a single owner, operator or manager;
- B. Where two or more eating places share a common seating area and related facilities for their customers;
- C. That is kept, used, maintained, advertised and held out to the public as a place where meals are served;
- D. Where meals are actually served; and
- E. Where the service of beer and wine is incidental and complementary to the service of such meals.

(2) For purposes of this chapter, the service of beer and wine at a food court shall be deemed “incidental and complementary to the service of meals “ if and only if:

- A. An individual customer contemporaneously purchases food items from designated eating places in the food court for consumption on-premises;
- B. The customer presents evidence that the cost of food items (other than bakery

goods, beverages and desserts) so purchased exceeds the total cost of beer and/or wine to be purchased by that customer; and

C. The beer and/or wine is consumed on-premises in reusable single-serving containers. (Ord. No. 91-21-1862)

RESTAURANTS. Any public place kept, used, maintained, advertised and held out to the public as a place where meals are served and where meals are actually and regularly served, at tables, without sleeping accommodations, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve to its customers or guests, complete meals, including dinner or luncheon menus, at which the service of alcoholic beverages is incidental and complementary to the service of such meals, except as may otherwise be provided in connection with a Class C-4 or C-5 license under this chapter. No lounges, diners, drive-ins or self-service or carryout establishments are included hereunder. (Ord. No. 96-14-2010)

Northfield

RESTAURANT. Any public place kept, used, maintained, advertised and held out to the public as a place where meals are served, and where meals are actually and regularly served, without sleeping accommodations, such place being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve suitable food for its guests.

Wilmette

(m) **Restaurant:** A place of business licensed under Chapter 5 of this code, without sleeping accommodations, whose primary purpose is the sale and on-site consumption of meals and beverages on non-disposable tableware, where meals are actually and regularly served or consumed at tables that are serviced by bus staff or wait staff. The meal service offered by a restaurant must include a complete menu offering several courses, including dinner or luncheon menus, at which the service of alcoholic beverages is incidental and complementary to the service of such meals. Without limiting the generality of the foregoing, this “restaurant” within the meaning of this Chapter does not include any of the following:

- (1) Lounges, luncheonettes, diners, coffee shops, drive-ins.
 - (2) Any establishment that has less than either:
 - (A) 400 square feet of table seating area for customers dining in; or
 - (B) 450 square feet of kitchen and food preparation area.
 - (3) Any establishment with less than 40 seats at tables at which customers dining in may be served.
- (2001-O-72, 11/13/01)

(t) **Specialty restaurant with limited wine service:** A single place of business licensed as a restaurant under Chapter 5 of this Code which serves a limited menu of specialty gourmet desserts, chocolates, confections, pastries and similar items to patrons seated at tables using non-disposable dishes, glassware and utensils, and at which the service of wine, including sparkling wines, is incidental and complementary to the service of such gourmet items consumed on the

premises, and where the premises does not contain a bar or counter used solely for serving alcoholic beverages.

(2006-O-40, 5/23/06)

(o) **Class O. Class O Licenses** shall permit the sale of beer and wine only, for immediate consumption on the licensed premises, by a **café** which does not have a bar when such sale is incidental and complementary to the sale and consumption of a meal to be consumed on the premises or incidental to the presentation of a live music performance on the premises. It shall be unlawful for any holder of a Class O License that provides outdoor café seating to serve alcoholic liquor to any patron without concurrently serving a meal to said patron.

Glenview

Restaurant means any public place kept, used, maintained, advertised and held out to the public as a place where meals are served, and where meals are actually and regularly served, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve suitable food for patrons.

Restaurant License – Class – requires:

“bona fide eating establishment. The restaurant must maintain suitable food preparation facilities and the restaurant must also make actual and substantial sales of meals for consumption on the premises.”

“No liquor license shall be issued to any fast food or convenience-type store, establishment or facility.”

Highland Park

(M) Restaurant - Any public place kept, used, maintained, advertised and held out to the public as a place where meals are served, and where meals are actually and regularly served, at tables, without sleeping accommodations, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve to its customers or guests, complete meals, including dinner or luncheon menus, at which the service of alcoholic beverages is incidental and complementary to the service of meals.

Lake Forest

BRING-YOUR-OWN-BEVERAGE: Alcoholic beverages that patrons or guests of a licensed premises bring to such licensed premises for their own consumption on the licensed premises. (Ord. No. 2010-04)

RESTAURANT: A public place primarily kept, used, maintained, advertised and held out to the public for the serving of meals to patrons seated at tables or booths, and where complete meals are actually and regularly served, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve suitable food for its guests.

Northbrook

Restaurant means any public place kept, used, maintained, advertised and held out to the public as a place where meals are served, and where meals are actually and regularly served, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve suitable food for patrons.

- (1) Class "A" which shall authorize and allow the prime function of retail sale on the premises specified of alcoholic beverages for consumption only upon the premises where sold, which premises shall be a restaurant, or an entertainment facility with a restaurant, where the food service component of the business is operational during the hours of sale and service of alcoholic liquor and a printed menu is on display and in effect, plus any secondary liquor function or combination thereof as set forth in [section 4-55](#)

- (9) Class "I" which shall authorize and allow the service of **beer and wine only brought by a customer into a restaurant** for consumption only upon those premises, subject to:
 - a. The service of beer and wine must be incidental and complementary to the service of a meal.
 - b. The license does not authorize the sale of any alcoholic liquor by the licensee.
 - c. The licensee may charge a corkage fee.
 - d. The licensee shall not permit any customer to leave the premises with any open beer container or any open wine container other than a single bottle of wine secured in compliance with the requirements of Section 6-33 of the State Liquor Control Act [235 ILCS 5/6-33].

Village of Winnetka - Liquor Service Hours (WVC 5.09.250)

- **Class A or Class A-1**
 - 11:00 a.m. to 11:00 p.m. daily
 - Restaurant must close at midnight, except
 - Complete a meal served prior to 11:30 p.m., all patrons shall leave the premises no later than 12:30 a.m.
 - New Year's Eve - 2:00 a.m. a.m., but no food or alcoholic beverages shall be served after 1:00 a.m.; no one admitted after 1:00 a.m.

- **Beer or Wine – Sidewalk Service**
 - 11:00 a.m. to 9:00 p.m., Sundays through Thursdays
 - 11:00 a.m. to 10:00 p.m., Fridays and Saturdays.

- **Class B - Full-service grocery store**
 - 7:00 a.m. and 10:00 p.m. each day of the week.

- **Class C**
 - 11:00 a.m. to 2:00 a.m. of the following day, subject to the following limitations:
 - 11:00 a.m. to 2:00 a.m. - indoors in a fixed, permanent structure.
 - 2. 11:00 a.m. to 2:00 a.m. - in a tent or comparable temporary or movable structure, for consumption at tables and chairs located within the tent or structure; but must be incidental and complementary to the sale and consumption of other foods.
 - 11:00 a.m. to 10:00 p.m. - sold or consumed outdoors, or in a tent, booth, concession stand, or other such temporary or movable structure; but must be incidental and complementary to the sale and consumption of other foods.

- **Class E, E-1 or E-2**
 - only during the store's regular business hours
 - 11:00 to 8:00 p.m. - service of fine wine, imported beer or domestic craft beer with food

- **Service of liquor without food**
 - 30 minutes before licensed closing time - cease service, remove partially consumed alcoholic beverages, remove beverage serving containers.

- **Park District**
 - 11:00 a.m. to 7:30 p.m.
 - Golfing Facilities must be open for golfing activities and
 - Food service facility at the clubhouse must be in operation.



Agenda Item Executive Summary

Title: Stormwater Utility - Discussion of Credits & Utility Fee

Presenter: Katherine S. Janega, Village Attorney

Agenda Date: 02/11/2014

Consent: YES NO

<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Bid Authorization/Award
<input checked="" type="checkbox"/>	Policy Direction
<input type="checkbox"/>	Informational Only

Item History:

May 14, 2013 Study Session
October 1, 2013 Council Meeting, Agenda pp. 35 - 62
February 4, 2014 Council Meeting, Agenda pp. 27 - 59

Executive Summary:

At the February 4, 2014, Village Council meeting, the Council introduced Ordinance MC-2-2014, which would amend the Village Code to establish a stormwater utility. The Council's discussion at that time centered on the key remaining policy issue of whether to provide any credits or incentives.

As presented to the Village Council in the agenda materials, Ordinance MC-2-2014, Section 13.16.130 (B) of new Village Code Chapter 13.16 would allow the Village, in its discretion, to consider entering into agreements with institutions that could provide "significant stormwater management assistance to the Village" in addition to meeting applicable requirements. In return, the Village, in its discretion, could exempt the institution from all or part of the stormwater utility fee. Following a lengthy discussion, the Council deleted Section 13.16.130 (B) from Ordinance MC-2-2014 before moving to introduce it.

Pursuant to the Council's discussions on February 4th, the attached materials provide the Council with additional detail on the issue of utility fee credits, and also flesh out the actual stormwater utility rate that will be presented in Resolution form for Council action in conjunction with the passage of MC-2-2014.

Recommendation / Suggested Action:

Provide policy direction on Stormwater Fee Credits.

Attachments:

Agenda Report
Attachment 1 – MC-2-2014, as introduced on February 4, 2014
Attachment 2 – Credit Section of MFSG Policy Issue Report, October 1, 2013
Attachment 3 – Compilation of Credit Provisions
Attachment 4 – Downers Grove "Partnership" Credit
Attachment 5 – MFSG Draft Winnetka Stormwater Ordinance

AGENDA REPORT

SUBJECT: Stormwater Utility – Discussion of Credits and Utility Fee

PREPARED BY: Katherine S. Janega, Village Attorney

REFERENCE: May 14, 2013 Study Session
October 1, 2013 Council Meeting, Agenda pp. 35 – 62
February 4, 2014 Council Meeting, Agenda pp. 27 - 59

DATE: February 7, 2014

Introduction

At the February 4, 2014, Village Council meeting, the Council introduced Ordinance MC-2-2014, which would amend the Village Code to establish a stormwater utility. The Council’s discussion at the time of introduction centered on the key remaining policy issue of whether to provide any credits or incentives.

As presented to the Village Council in the agenda materials, Ordinance MC-2-2014, Section 13.16.130 (B) of new Village Code Chapter 13.16 would allow the Village, in its discretion, to consider entering into agreements with institutions that could provide “significant stormwater management assistance to the Village” in addition to meeting applicable requirements. In return, the Village, in its discretion, could exempt the institution from all or part of the stormwater utility fee.

Following a lengthy discussion, the Council deleted Section 13.16.130 (B) from Ordinance MC-2-2014 before moving to introduce it. Further detailed discussion on the topic of credits was then scheduled for the February 11th Study Session, when all Council members would be present. (See Attachment 1, page 7)

Pursuant to the Council’s discussions on February 4th, this Agenda Report provides additional detail on the issue of utility fee credits, and also fleshes out the actual stormwater utility rate that will be presented in Resolution form for Council action in conjunction with the passage of MC-2-2014.

Based on the Council’s discussions, it is staff’s understanding that the Council does not wish to consider incentives any further, so that topic is not included in this Agenda Report.

Stormwater Fee Credits and Exemptions

1. **Definition.** The term “stormwater fee credit” is generally defined in the municipality’s stormwater utility ordinance, with the details of the conditions and limits of available credits being defined either in the ordinance itself or in a separate stormwater credit manual. In some instances, however, rather than having a separate definition, the credit is given an operational definition in the code provision that authorizes it.

Regardless of how a municipality defines stormwater fee credits, and regardless of the formal vehicle for that definition, all stormwater fee credits have several common, defining characteristics:

- i. the credits are conditional reductions in the stormwater fee;
- ii. the credits are made available only to qualifying properties;
- iii. the credits are available only in return for on-site management or an in-kind contribution;
- iv. the utility customer's contribution must exceed applicable requirements;
- v. the utility customer is responsible for demonstrating and maintaining eligibility; and
- vi. the municipality determines the extent of the credit.

Some stormwater fee credit programs also require that the benefit to the municipal utility be of sufficient magnitude that it reduces the overall cost to the rest of the utility's customers.

2. MFSG Report on Credit Programs. The Village's stormwater utility fee consultant, Municipal & Financial Services Group (MFSG), reported that seven municipal stormwater utilities in Illinois have stormwater credit programs: Bloomington, Champaign, Downers Grove, Rock Island, Highland Park, Moline and Urbana. (See Attachment 2)

Of those seven municipalities, Highland Park and Moline define the full scope of the credits in their City Codes. The others all authorize the Credits in their respective codes, but provide the detail in separate manuals. (See Attachment 2) Downers Grove's credit program includes the same type of "partnership" credit that was contained in proposed Section 13.16.130(B). (See Attachment 4)

3. Winnetka's Proposed "Partnership Credit." The credit provision presented for Council consideration, which has been stricken from Ordinance MC-2-2014 (See Attachment 1), reads as follows:

B. The Village Council recognizes that, in certain unique circumstances, some institutions in the Village, such as schools, parks and churches, have sufficient resources that, in addition to complying with applicable stormwater detention requirements, they are also able to provide significant stormwater management assistance to the Village, through such actions as the donation of land for use in the stormwater system, significant capital contributions for the stormwater system or other such activities. The Village Council reserves the sole and exclusive right and discretion to enter into agreements with such owners to provide for such contributions to the Village's stormwater system, and to grant an exemption to such owners from all or part of the stormwater utility fee in exchange for such contribution.

The “partnership” credit that was proposed in Section 13.16.130(B) was contained in MFSG’s draft ordinance and is based on the Downers Grove provision. (See Attachment 5)

Although part of a section that is captioned “Exemptions from stormwater utility fee,” the language of Section 13.16.130 (B) clearly establishes the “partnership” program and a credit in that it does not automatically exempt any user from the stormwater utility fee and leaves it entirely to the Village Council’s discretion to determine whether and to what extent the fee should be reduced.

The advantage of including such a provision in the Village Code is twofold. First, it is black-and-white evidence that the Village is establishing a bona fide utility and that the charges to the customer are fees, not taxes.

Second, and equally important, including the provision puts the Village firmly in control of the credit process. By establishing the threshold for eligibility, the Village puts potential applicants on notice that they must present the Village with something significant that exceeds the basic requirements and provides a substantial benefit to the system. Omitting the provision will not eliminate requests for credits or fee reductions. It will simply put the Village in the potentially difficult position of reacting to a proposal that could seem popular, but might have no real beneficial impact on the stormwater system.

4. Other suggested credits. MFSG also recommended that the Village continue to explore offering credits, in two instances:

- i. A credit of up to 25% for non-residential parcels that provide on-site stormwater management that: (i) exceeds the current Village standards; (ii) provides stormwater detention that reduces the peak runoff rate; and (iii) provides stormwater retention that reduces the total quantity of runoff from the site.
- ii. A credit of up to 50% for any parcel that directly discharges outside the Village system. (See Attachment 5, Section xx.7)

As noted in the February 4th agenda materials, MFSG’s October 1st report provided detailed information on credit programs in seven Illinois municipalities that impose a fee based on impervious surface, as recommended by MFSG and reflected in MC-2-2014. The analysis included the credit and incentive program in the City of Rock Island, which had been challenged in court and upheld as a fee. None of the other stormwater fees in MFSG’s analysis have been challenged.

Another possible credit, which was raised at the February 4th Council meeting, would be a credit patterned after the City of Highland Park’s credit provision. (See Attachment 3, p. 3).

5. Legal issues. Finally, as previously reported to the Council, it should also be noted that the issue of credits is relevant to addressing the assertion, raised in both public comment and letters to the Council, that the proposed stormwater utility fee is a tax. The same argument was made, without success, in the City of Rock Island case. (*Church of Peace v. City of Rock Island*, 357 Ill.App.3d 471, 828 N.E.2d 1282, 293 Ill.Dec. 784 (3rd Dist. 2005).

Stormwater Utility Fee

Finance Director Ed McKee and Village Engineer Steve Saunders have been working with MFSG to define the stormwater utility fee. The fee is based on the amount of impervious surface on any given parcel, Equivalent Runoff Units (ERUs). The term ERU is defined in the draft of proposed Chapter 13.16, and equals 3,400 square feet. MFSG has also calculated that there are 6,613 ERUs in the Village.

Based on these numbers, on the outstanding debt, and on the revenue requirements for new stormwater utility, staff is recommending that the Council set the annualized charge per ERU at \$262. This amount will translate into a monthly charge of \$21.83 per ERU.

Should the Council provide for any stormwater fee credits, those credits would also be reflected in the rate resolution. The resolution will also clearly state that the fee will be charged on all utility bills issued on or after July 1, 2014.

Attachments:

Attachment 1 – MC-2-2014, as introduced on February 4, 2014

Attachment 2 – Credit Section of MFSG Policy Issue Report, October 1, 2013

Attachment 3 – Compilation of Credit Provisions

Attachment 4 – Downers Grove “Partnership” Credit

Attachment 5 – MFSG Draft Winnetka Stormwater Ordinance

Recommendation:

Provide policy direction on Stormwater Fee Credits.

ATTACHMENT 1

ORDINANCE MC-2-2014

(as introduced, February 4, 2014)

**AN ORDINANCE
ADDING A NEW CHAPTER 13.16 TO TITLE 13
AND MAKING RELATED AMENDMENTS
TO THE WINNETKA VILLAGE CODE
TO ESTABLISH A STORMWATER UTILITY**

WHEREAS, the Village of Winnetka (“Village”) is a home rule municipality in accordance with Article VII, Section 6 of the Constitution of the State of Illinois of 1970 and, pursuant thereto, has the authority, except as limited by said Section 6 of Article VII, to exercise any power and perform any function pertaining to the government and affairs of the Village, including the power to regulate for the protection of the public health, safety and welfare; and

WHEREAS, the Village owns and operates a system of storm sewers, drains, pipes, pump stations and outlets that collects stormwater that drains from properties located within the corporate limits of the Village and transports that stormwater for delivery into open watercourses (“Stormwater System”); and

WHEREAS, the principal watercourses that drain stormwater runoff from the Village are the Skokie River and Lake Michigan; and

WHEREAS, in response to a series of storms that inundated numerous areas of the Village, the Village has embarked on the development and implementation of a stormwater management plan that provides for a series of capital improvements, upgrades and additions to the Stormwater System throughout the Village (“Stormwater Projects”); and

WHEREAS, the Winnetka Village Council (“Village Council”) finds and determines that, due to the high cost of some of the Stormwater Projects and the long life of stormwater facilities once they are in place, it is in the best interests of the Village and its residents that the cost of the Stormwater Projects be spread over a long period of time, so that, to the extent reasonably possible, the Stormwater Projects are paid for as the improvements are used and current users of the Stormwater System do not pay for the use of the Stormwater System by future users; and

WHEREAS, the Village Council finds and determines that, in order to provide an effective and long term approach to stormwater management within the Village, it is necessary to provide an adequate and stable revenue stream for the Stormwater Projects and for the operation and maintenance of the Stormwater System; and

WHEREAS, the Village Council finds and determines that all land in the Village contributes to stormwater runoff and either uses or benefits from the maintenance of the Stormwater System; and

WHEREAS, the Village Council finds and determines that it is in the best interests of the health, safety and general welfare of the Village and its residents that the Stormwater System be operated as a municipal utility that is funded through user fees rather than property taxes; and

WHEREAS, the Village Council finds and determines that owning and operating the Stormwater System, and financing the operation, maintenance and improvement of the

Stormwater System through user fees, are matters pertaining to the government and affairs of the Village.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Winnetka, as follows:

SECTION 1: The foregoing recitals are hereby incorporated as the findings of the Council of the Village of Winnetka, as if fully set forth herein.

SECTION 2: Title 13 of the Winnetka Village Code, “Municipal Utility Services,” is hereby amended by adding a new Chapter 13.16, which shall be titled “Stormwater Utility System” and shall provide as follows:

**Chapter 13.16
Stormwater Utility System**

Sections:

- 13.16.010** Legislative findings, policy and purpose.
- 13.16.020** Definitions.
- 13.16.030** Stormwater utility established.
- 13.16.040** Scope of responsibility of stormwater utility.
- 13.16.050** Rules and regulations.
- 13.16.060** Charges for stormwater utility service.
- 13.16.070** Stormwater utility fee.
- 13.16.080** Billing and collection procedures.
- 13.16.090** Effect of nonpayment of bill.
- 13.16.100** Requests for adjustment of the stormwater utility fee.
- 13.16.110** Stormwater utility fund.
- 13.16.120** Impervious area database.
- 13.16.130** Exemptions from stormwater utility fee.
- 13.16.140** Stormwater service connections.
- 13.16.150** Interference with stormwater system.
- 13.16.160** Responsibility for damage to stormwater system.

Section 13.16.010 Legislative findings; policy and purpose.

A. Legislative findings. The Village Council finds:

1. that all real property in the Village contributes to runoff and either uses or benefits from the maintenance of the stormwater system;

2. that, in order to provide an effective and long term approach to stormwater management within the Village, it is necessary to provide an adequate and stable revenue stream for the construction, maintenance, operation and improvement of the Village of Winnetka stormwater system; and

3. that it is in the best interests of the health, safety and general welfare of the Village, its residents and property owners, that the Village of Winnetka stormwater system be operated as a municipal utility that is funded through user fees.

B. Statement of policy.

1. It is the policy of the Village of Winnetka to provide a dedicated funding source for the construction, maintenance, operation and improvement of stormwater facilities in the Village, so that the Village is able to proactively manage stormwater for the benefit of all residents and owners of real property within the Village.

2. It is the policy of the Village of Winnetka that, except as provided in this chapter, the owner or owners of any real property in the Village that uses or benefits from the Village's stormwater system be charged a stormwater utility fee, whether or not the owner or parcel is exempt from taxation.

C. Purpose. The purpose of this chapter is to establish a stormwater utility to protect the public health, safety and welfare of the residents of the Village of Winnetka from damage to property and local waterways from stormwater runoff and floods, through the construction and operation of flood reduction and control facilities, and through water quality management and floodplain management. It is also the purpose of this chapter to provide an effective and long-term approach to stormwater management within the Village by identifying and providing an adequate and stable funding source for stormwater management.

Section 13.16.020 Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning.

Developed Land means a parcel within the corporate limits of the Village that has been altered from its natural state by the addition of impervious area.

Direct Discharge means the conveyance of stormwater runoff directly from a parcel of property to a receiving stream or Lake Michigan, without using any part of the stormwater system.

Equivalent Runoff Unit (ERU) means the base billing unit for the stormwater utility fee, used as an index to compare runoff generated by different types and uses of parcels with different stormwater runoff characteristics. One ERU is defined as the runoff generated by a typical single family residential parcel and shall equal three thousand four hundred (3,400) square feet of impervious area or any fraction thereof.

Impervious Area means the area within a parcel that prevents or significantly impedes the infiltration of stormwater into the soil. Impervious areas shall include, but are not limited to buildings, roofed structures, paved areas, walkways, driveways, parking lots, patios, decks, swimming pools, and similar non-porous areas.

NPDES or National Pollutant Discharge Elimination System means the national permitting program implemented under the Clean Water Act.

Parcel means an area of land within the corporate limits of the Village that has been established by a plat or other legal means and has been assigned a Property Index Number (PIN) by the County of Cook, Illinois.

Stormwater Service Connection means such pumps, pipes, drains and other appurtenances necessary to drain and channel runoff from any parcel into the Village of Winnetka stormwater system.

Stormwater System, or Village of Winnetka Stormwater System, means the system of conveyances owned and operated by the Village and designed for or used in the collection, control, transportation, treatment or discharge of stormwater, including but not limited to storm sewers, storm drains, curbs, gutters, ditches, detention ponds or basins, dams, river impoundment, manmade channels or storm drains, and flood control facilities, and any appurtenances thereto.

Stormwater Utility means the Village of Winnetka stormwater utility established by this chapter for the management, operation, maintenance, engineering, planning and capital investments related to the stormwater system.

Undeveloped Parcel means a parcel of land that remains in its natural state with no impervious area.

User means the owner of a parcel that uses, benefits from or connects to the Village's stormwater system.

Section 13.16.030 Stormwater utility established.

A. Stormwater Utility. The Village hereby establishes a stormwater utility to provide for the management, operation, maintenance, engineering, planning, construction, enhancement and rehabilitation of the Village's stormwater system, as defined in this chapter.

B. Terms and Conditions of Service. All stormwater management service within the Village shall be provided in accordance with the provisions of this chapter and the rules and regulations promulgated pursuant to this chapter.

Section 13.16.040 Scope of responsibility of stormwater utility.

A. The stormwater utility shall be responsible for the operation, maintenance, management and improvement of the stormwater system owned by the Village in accordance with all applicable permits, licenses and regulations, including all activities required by the NPDES Stormwater Permit.

B. The Village of Winnetka stormwater utility shall be operated by the Department of Public Works established in Chapter 2.64 of this code.

Section 13.16.050 Rules and regulations.

The Village Manager shall adopt such rules and regulations as may be necessary to give effect to and explain the provisions of this chapter. The Director of Public Works shall make recommendations to the Village Manager regarding the content of the rules and regulations and shall enforce the rules and regulations once they are adopted.

Section 13.16.060 Charges for stormwater utility service.

A. Establishing Rates and Fees. Effective July 1, 2014, the owner of any parcel that uses, benefits from or connects to the stormwater utility shall be charged for such service in accordance with rates, fees and charges established from time to time by resolution of the Village Council. All resolutions setting or amending rates, fees and other charges for stormwater utility service shall be introduced at one meeting and adopted at a subsequent meeting.

B. Basis of Rates and Fees. The stormwater utility fee shall be based on the extent to which each parcel creates a need for stormwater management; the amount of impervious area on each parcel; and the cost of operating, maintaining, and improving the stormwater system.

Section 13.16.070 Stormwater utility fee.

A. Fee Imposed. A stormwater utility fee is hereby imposed on the owners of property in the Village. The stormwater utility fee for all parcels in the Village shall be based on the measured number of ERUs on the parcel, rounded to the nearest 10th of an ERU. Parcels with an impervious area of 170 square feet or less shall not be subject to the stormwater utility fee.

B. Fee Resolution. The stormwater utility fee shall be set by resolution as provided in section 13.16.060 of this Chapter

C. Fee components. The stormwater utility fee shall consist of the sum of the following:

1. Base Fee. The base fee shall be the amount to be charged each month per ERU in order to produce the amount of principal and interest on any outstanding stormwater utility system debt that is due and payable during the fiscal year for which the Base Fee is calculated. Notwithstanding the foregoing, the Base Fee for 2014 shall be that portion of principal and interest on outstanding stormwater utility system debt that will become due and payable in the second half of the 2014 Fiscal Year.

2. Such other rates, fees and charges that the Village Council determines are necessary to recover all costs related to operating, maintaining and improving the stormwater system utility.

Section 13.16.080 Billing and collection procedures.

A. Issuance of bill. The Finance Department shall issue all bills for stormwater utility fees.

1. For users of the stormwater system that have an existing utility account with the Village, the Finance Department may include the stormwater utility fee on the same statement issued for such other utility service.

2. The Finance Department may issue a separate bill to the owner of any parcel that does not have an existing utility account with the Village. If the owner of such parcel has not provided the Finance Department with a billing address, then the Finance Department may mail the stormwater utility bill to the same person who receives property tax bills for that parcel.

B. Responsibility for payment. The owner of any parcel, building or premises and the occupant thereof and the customer of the utility service of said system shall be jointly and severally liable to pay for such stormwater utility fee for said premises.

C. Application of payments. If the stormwater utility fee is included on a common statement and the user does not pay the total amount due on the statement, the payment shall be applied first to the stormwater utility fee. If any amount on a utility bill is past due, the payment will first be applied to such past due amounts.

Section 13.16.090 Effect of nonpayment of bill.

A. Additional Charges for Failure to Pay Bill. If any bill for stormwater service is not paid by the date due, as shown on the utility bill, a late payment penalty of five percent shall be added to the bill and collected from the user.

B. Collection Costs. Any unpaid bill that is turned over for collection shall be subject to an additional charge, the amount of which shall be established by the Village Manager, upon the recommendation of the Finance Director, in an amount sufficient to recover the Village's costs of carrying and collecting the debt.

C. Unpaid Accounts Constitute Lien. All unpaid amounts of rates, fees and charges for stormwater utility service shall constitute a lien against the property to which service was provided, to the extent such lien is authorized by law.

D. Effect of Delinquent Accounts. All delinquent stormwater utility accounts shall be subject to the provisions of Section 1.04.140 of this code. In addition, no person with a delinquent stormwater utility account shall be allowed either a new utility service at another location in the Village, or a change or upgrade of the service at the premises for which the delinquent account has accrued, unless the account is paid in full.

Section 13.16.100 Requests for adjustment of the stormwater utility fee.

A. The owner of a parcel, or the owner's authorized agent, may request correction of the stormwater utility fee by submitting a written request to the Village Manager or his or her designee on or before the date payment is due. The owner of the parcel is solely responsible for initiating any review of the amounts of the stormwater utility fee. Grounds for correction of the stormwater utility fee include:

1. Incorrect classification of the property for purposes of determining the fee;
2. Errors in the square footage of the impervious surface area of the property;
3. Mathematical errors in calculating the fee to be applied to the property; and
4. Errors in the identification of the owner of a parcel subject to the fee.

B. The Village Manger shall make a determination within 30 days after receipt of the property owner's completed written request for correction of the fee. The Village Manager's decision on a request for correction of the fee shall be final.

C. Any owner of a parcel who submits a request for correction of a fee shall comply with all rules and procedures adopted by the Village and must provide all information necessary for the Village Manager to make a determination on the request for correction

of the fee. Failure to comply with the provisions of this subsection shall be grounds for denial of the request.

D. If an adjustment or correction is approved by the Village, the adjustment will be incorporated into the stormwater utility fee calculation for the specified parcel and will apply to the next regularly generated bill.

Section 13.16.110 Stormwater utility fund.

A. Revenues. All revenues from the stormwater utility fee shall be deposited in the stormwater utility enterprise fund and shall be used solely for the operation, maintenance, expansion and rehabilitation of the stormwater infrastructure as deemed appropriate by the Village Council.

B. Financial records. The Finance Director shall maintain and report on the financial records of the stormwater utility in accordance with generally accepted government accounting principles.

Section 13.16.120 Impervious area database.

The impervious area for all parcels in the Village is established by the Village. The Village shall maintain an impervious area database for all parcels within the Village which will serve as the basis for determination of the number of ERUs associated with each parcel. The database will be based on available information, including geographic information systems analysis, aerial photographs, mapping information, site examination and other available information, and will be periodically updated based on available information.

Section 13.16.130 Exemptions from stormwater utility fee.

~~A. Public Rights-of-Way.~~ Dedicated public rights-of-way, such as roadways, sidewalks and alleys, shall not be subject to the stormwater utility fee.

~~B. The Village Council recognizes that, in certain unique circumstances, some institutions in the Village, such as schools, parks and churches, have sufficient resources that, in addition to complying with applicable stormwater detention requirements, they are also able to provide significant stormwater management assistance to the Village, through such actions as the donation of land for use in the stormwater system, significant capital contributions for the stormwater system or other such activities. The Village Council reserves the sole and exclusive right and discretion to enter into agreements with such owners to provide for such contributions to the Village's stormwater system, and to grant an exemption to such owners from all or part of the stormwater utility fee in exchange for such contribution.~~

Section 13.16.140 Stormwater service connections.

A. No stormwater service connection shall be installed, repaired, maintained or replaced except by a licensed plumber who has first notified the Public Works Department. All such work shall be subject to the approval of the Public Works

Department and shall be performed in accordance with the rules, regulations, standards and practices of the Public Works Department.

B. Any person who performs any work on a stormwater service connection shall first obtain a permit from the Village as provided in Title 15 of this Code. All such work shall be done in accordance with the terms of the permit authorizing the work and with the rules, regulations, standards and practices of the Public Works Department.

C. Penalties. Any person who engages in any work on a stormwater service connection that requires a permit, without first obtaining such permit, shall be subject to such additional fines, fees and penalties as may be set by the Village Council from time to time pursuant to Title 15 of this Code.

D. Responsibility of Owner. The installation, connection, alteration, maintenance, repair and replacement of stormwater service connections shall be at the sole expense of the owner of the premises to which the water service is supplied.

E. This section does not apply to work performed by employees of the Village.

Section 13.16.150 Interference with stormwater system.

A. No person shall alter, interfere with or disturb the stormwater system or appurtenances thereto without the permission of the Village Manager or his/her designee.

B. No person shall willfully or negligently break, injure or deface such stormwater system and appurtenances, or commit any act which is intended to or which shall obstruct or impair the intended use thereof.

Section 13.16.160 Responsibility for damage to stormwater system.

A. Damage to stormwater utility system. Any person who causes damage to any part of the Village's stormwater utility system shall be responsible for the cost of repairing such damage. The Village shall have the sole discretion and authority to determine the nature and extent of the damage and necessary repairs, the manner in which such repairs shall be done, and the persons who shall perform such repairs.

B. Damage to stormwater service connections. Any person who causes damage to any part of any service connection in the Village's stormwater utility system shall be responsible for the cost of repairing such damage. The Village shall have the sole discretion and authority to determine the nature and extent of the damage and necessary repairs, the manner in which such repairs shall be done, and the persons who shall perform such repairs. All such repairs shall be made by a licensed plumber in accordance with all applicable provisions of the rules, regulations, standards and practices of the Public Works Department.

C. Village rights reserved. The Village reserves all rights to recover the cost of repairing any damage to any part of the Village's stormwater utility system or to any part of any service connection in the Village's stormwater utility from the person or persons that caused the damage necessitating the repairs.

SECTION 3: Subsection A of Section 1.04.140, “Delinquent accounts,” of Chapter 1.04, “General Provisions,” of Title 1 of the Winnetka Village Code, “General Provisions,” is hereby amended to provide as follows:

A. Delinquent Account Defined. For purposes of this section, any account that is not current and for which the person owing the account has not entered into and remained in compliance with an enforceable payment plan pursuant to subsection C of this section, shall be considered to be a delinquent account. Such accounts shall include, but not be limited to, accounts with unpaid stormwater, water and electric fees, accounts with unpaid fees for false alarms, accounts with unpaid parking tickets, accounts with unpaid license or permit fees, and accounts with unpaid late fees or collection charges.

SECTION 4: Chapter 2.48, “Finance Department,” of Title 2 of the Winnetka Village Code, “Administration and Personnel,” is hereby amended in its entirety to provide as follows:

Chapter 2.48 FINANCE DEPARTMENT

Sections:

- 2.48.010 Creation of Finance Department.**
- 2.48.020 Finance Director.**
- 2.48.030 Bond.**
- 2.48.040 Compensation.**
- 2.48.050 Powers and Duties.**
- 2.48.060 Purchasing Agent.**
- 2.48.070 Requisitions for Supplies, Services and Materials.**
- 2.48.080 Approval of Village Bills.**
- 2.48.090 Local Tax Administrator.**

Section 2.48.010 Creation of Finance Department.

~~—A. Creation.~~ There is created the Finance Department, an administrative department of the Village. The Finance Department shall consist of a Finance Director and such other officers and employees as may be provided from time to time by the Council.

Section 2.48.020 Finance Director.

~~—B. Finance Director.~~ There is created the office of Finance Director, an administrative office of the Village. The Finance Director shall be appointed by the Village Manager.

Section 2.48.030 Bond.

~~—C. Bond.~~ Before entering upon the duties of the office of Finance Director, the Finance Director shall execute and file with the Village Clerk a bond with security to be approved by the Council. The bond shall be payable to the Village in the penal sum directed by resolution of the Council, and shall be conditioned upon the faithful

performance of the duties of the office of Finance Director, according to law and the ordinances of the Village. The premiums for such bond shall be paid by the Village.

Section 2.48.040 Compensation.

~~D. Compensation.~~ The compensation of the Finance Director shall be fixed by the Village Council, upon the recommendation of the Village Manager.

Section 2.48.050 Powers and Duties.

~~E. Powers and Duties.~~ The Finance Director shall be subject to the control and direction of the Village Manager and shall be head of the Finance Department. Subject to the approval of the Village Manager, the Finance Director shall have both control over all of the property and employees of the Finance Department and the power to appoint and remove such employees as may be required for the efficient operation of the Department. In addition to the duties required by state law, the Finance Director shall have the following duties, functions and responsibilities:

1. To assist the Budget Officer in the preparation of the annual budgets, and to prepare tax levy and tax abatement ordinances;
2. To supervise all expenditures of the Village and to maintain accurate records of such expenditures;
3. To keep the financial records of the Village;
4. To oversee all purchases made by the Village and to develop and recommend procedures for such purchases;
5. To prepare financial reports and statements;
6. To issue bills and collect fees for water, electric, sewer, refuse, stormwater and other services rendered by the Village;
7. To invest Village funds with the approval of the Treasurer;
8. To collect, and to maintain accurate records of, the following: all special assessments; all cash deposits required by the Village, including deposits for electric, sewer, ~~and~~ water and stormwater service; all fees for licenses and permits issued by the Village; and all payments of fines and fees, as provided in this code;
9. To collect late fees and to recover costs related to the collection of any unpaid or delinquent fees, fines, deposits or other payments due and owing to the Village;
10. To retain deposits and excess payments that may otherwise be subject to refunds, for the sole purpose of applying the retained amount to pay all or part of a delinquent account owed by the person making the deposit;
11. To develop and implement procedures to detect, prevent, and mitigate the impact of identity theft in accordance with section 4.04.020 of this Code and applicable federal laws, rules and regulations; and
12. To perform such other services as may be required by the Village Manager.

Section 2.48.060 Purchasing Agent.

~~F. Purchasing Agent.~~ The Finance Director shall be ex officio Purchasing Agent for the Village, and shall purchase all supplies, services and materials for use in all departments of the Village, pursuant to the written purchasing policy developed by the Village Manager as provided in this code.

Section 2.48.070 Requisitions for Supplies, Services and Materials

~~G. Requisitions for Supplies, Services and Materials.~~ Upon the receipt of a requisition made by the proper officer of any Village department in conformity with the purchasing policy for the purchase of any supplies, services or materials for use in that department, the Purchasing Agent shall issue a purchaser order, which shall be numbered and approved in accordance with the purchasing policy.

Section 2.48.080 Approval of Village Bills.

~~H. Approval of Village Bills.~~ All bills rendered against the Village will be certified as correct by the Finance Director and approved for payment by the Village Manager before being submitted to the Treasurer and the Council.

(Ord. MC-228-99 § 1 (part), 1999: prior code § 3.05)

Section 2.48.090 Local Tax Administrator.

~~I. Local Tax Administrator.~~ The Finance Director shall be ex-officio Local Tax Administrator for the Village, and shall be responsible for administering and collecting all locally imposed and administered taxes, as provided in the Local Taxpayers' Rights and Responsibilities Ordinance, Chapter 4.44 of this Code.

(MC-7-2008 § 2, Amended, 11/6/2008; MC-9-2000, Amended, 01/02/2001, Paragraph I added, Local Tax Administrator)

SECTION 5: Chapter 2.64, "Department of Public Works," of Title 2 of the Winnetka Village Code, "Administration and Personnel," is hereby amended in its entirety to provide as follows:

**Chapter 2.64
DEPARTMENT OF PUBLIC WORKS**

Sections:

- 2.64.010 Creation of Department of Public Works.**
- 2.64.020 Director of Public Works.**
- 2.64.030 Compensation.**
- 2.64.040 Powers and Duties.**

Section 2.64.010 Creation of Department of Public Works.

~~—A. Creation.~~ There is created the Department of Public Works, an administrative department of the Village. The Department of Public Works shall consist of a Director of Public Works and such other officers and employees as may be provided from time to time by the Council.

Section 2.64.020 Director of Public Works.

~~—B. Director of Public Works.~~ There is created the office of Director of Public Works, an administrative office of the Village. The Director of Public Works shall be appointed by the Village Manager.

Section 2.64.030 Compensation.

~~—C. Compensation.~~ The compensation of the Director of Public Works shall be fixed by the Village Manager, with the approval of the Council.

Section 2.64.040 Powers and Duties.

~~—D. Powers and Duties.~~ The Director of Public Works shall be subject to the control and direction of the Village Manager and shall be head of the Department of Public Works. Subject to the approval of the Village Manager, the Director of Public Works shall have both control over all of the property and employees of the Department of Public Works and the power to appoint and remove employees as required for the efficient operation of the Department. In addition, the Director of Public Works shall have the following duties, functions and responsibilities:

1. To maintain all public streets, alleys, roads, bridges, culverts, sidewalks and other structures pertaining to such public streets, alleys, roads, bridges, culverts, sidewalks and other structures in the Village;
2. To operate and maintain all public sewers and drains in the Village;
3. To maintain and protect trees located in the public streets and upon other public property;
4. To maintain all buildings, grounds and equipment belonging to the Village, except that which is expressly delegated to the supervision of other officers and departments;
5. To operate the municipal waste system in accordance with the provisions of Chapter 8.16 of this code.

6. To operate and maintain the stormwater utility system in accordance with the provisions of Chapter 13.16 of this code.

(Ord. MC-228-99 § 1 (part), 1999; Ord. MC-192-97 § 3, 1997; prior code § 3.09)

SECTION 6: This Ordinance is passed by the Council of the Village of Winnetka in the exercise of its home rule powers pursuant to Section 6 of Article VII of the Illinois Constitution of 1970.

SECTION 7: This Ordinance shall take effect immediately upon its passage, approval and publication as provided by law.

PASSED this ____ day of _____, 2014, pursuant to the following roll call vote:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED this ____ day of _____, 2014.

Signed:

Village President

Countersigned:

Village Clerk

Published by authority of the President and Board of Trustees of the Village of Winnetka, Illinois, this ____ day of _____ 2014.

Introduced:

Passed and Approved:

ATTACHMENT 2

**MFSG STORMWATER UTILITY IMPLEMENTATION
POLICY ISSUE WORKSHOP**

October 1, 2013

Cover and Pages 10 - 21

Village of Winnetka



Stormwater Utility Implementation Policy Issue Workshop



October 1, 2013

Prepared by



Municipal & Financial Services Group

C. CREDITS

As part of the Stormwater Utility Feasibility Study, the Village Council was presented with the concept of stormwater fee credits. As mentioned previously, the Council provided policy guidance that stormwater credits should not be included as part of the stormwater utility. However, based on our experience, we are recommending that the Council continue to explore the idea of credits as part of the stormwater utility. Specifically, based on our experience, not offering credits limits the ability for parcel owners to reduce their stormwater fee, which is a key feature of many stormwater utilities, and a goal of the utility structure. In light of these concerns, the concept of a credit program is further reviewed below.

1.0 - Overview

A stormwater fee credit is an on-going reduction in the stormwater fee applicable to a given property in recognition of qualifying on-site or off-site systems, facilities, measures, or other actions taken by property owners to reduce or mitigate the impact of their property(s) stormwater contribution. Credits are typically offered to those properties that demonstrate the continuing performance of the stormwater management control(s).

The majority of communities across the country that have implemented stormwater utilities include some form of a credit program. Some utilities maintain very simple programs to limit the administrative burden in managing a credit program and others maintain extremely complex programs that provide very specific credits. However, in any credit program, several key considerations must be addressed, including:

- Who is eligible to receive a stormwater fee credit, all property owners or just non-residential parcels?
- What stormwater management control facilities / activities qualify for credits?
- Do properties that *meet* local stormwater standards get credits, or only properties that *exceed* standards?
- How much of a fee reduction is offered with each control activity?
- Is there a maximum credit that is offered?

The way in which each of these considerations are addressed is largely dependent on local policies. As there is no one-size fits all credit program, each program is going to reflect the unique nature of each municipality. The components of a typical credit program are provided below.

Credit Eligibility

The majority of credit programs around the country focus on non-residential land uses only. The primary reason for this focus is that the economic benefits (reduction in fees) are outweighed by the requirements (time, effort and cost) associated with applying for and qualifying for the credits. In general, the costs associated with the credit application and maintenance requirements are typically significantly greater than the reduction in the stormwater fee that a residential parcel owner would experience. For example, it is not uncommon for a community to require that the credit application be completed by a registered professional engineer and a credit application fee be assessed. As a result, a parcel owner may need to spend up to \$700 to achieve an annual reduction in the stormwater fee of \$36 (10% of \$360). The other primary reason why credits are typically not offered to residential parcels is that the administrative burden of managing the credit program imposes costs on the utility that are otherwise avoidable.

There are utilities however, that offer credits to residential parcels to ensure that all parcels are treated the same. In these cases, since it is typically difficult for a residential parcel owner to significantly reduce their impact on the stormwater system (due to property size limitations), the credits that are most often available to residential parcel owners are fairly limited in magnitude (size of the reduction in the fee) to match the limited ability of these parcels to reduce their stormwater contributions. The primary exception to this is for properties that directly discharge stormwater outside of the stormwater system. For utilities that do not offer credits to residential parcels, a number have implemented incentive programs to provide funds to residential parcel owners to incentivize the installation of stormwater management activities. Incentives are discussed later in this section.

Stormwater Management Control Facilities / Activities

The key factors that influence the cost of operating stormwater systems include the quantity of runoff (both total volume and peak rate) and the quality of the runoff (what the stormwater runoff is carrying to local waterways). Therefore, on-site stormwater management control facilities and activities that qualify for a credit must address one or both of these factors. The credits available in a credit program are generally grouped into four categories, as shown in Table 2.

Table 2 - Stormwater Management Control Facilities and Activities

Control Activity	Examples
Peak Rate Reduction	Private Detention Basins, On-site Storage
Volume Reduction	Retention Basins, Rain Harvesting, Green Roofs, Permeable Pavement, Rain Gardens
Water Quality Control	Rain Gardens, Permeable Pavement, Best Management Practices
Direct Discharge	Property or portion of property directly discharges outside the Village stormwater system

Once the stormwater management control facilities and activities are identified, a community has to decide if credits are available to all parcels with stormwater management controls which are required to *meet* local standards, or only those with controls that *exceed* the local standards. This is a very important distinction, as it has a significant impact on defining the scope of the credit program and identifying owners that would be eligible for credits. In most communities with credit programs, only parcels that exceed the local standards are eligible for credits.

To qualify for a credit under any of the categories listed in Table 2, the parcel owners are typically required to demonstrate that the stormwater control activity is installed and operating as specified by the Village. The parcel owner is also responsible for the ongoing maintenance of the facility to remain eligible. Most utilities require some form of periodic reporting from the property owner to demonstrate ongoing eligibility. Many often require the owner to reapply after a 3 to 5 year period.

Lastly, some communities offer credits to entities that form partnerships with the utility to manage stormwater. This credit could be offered under the unique circumstance that an entity provides land necessary for stormwater control activities or makes some other significant financial contribution to the Village to assist in the ongoing management of stormwater. These credits are typically evaluated on a case-by-case basis.

Level of Credits

Once the control activities are defined, it is necessary to determine the appropriate level of the fee reduction or credit for each activity. Because fee credits are usually shown as a percentage of the full fee, it is important to set the level of the credit to be consistent with the actual ability of the control activity to reduce the runoff and or improve the quality of the runoff. Table 3 presents a sampling of a typical range of credits that, based on our experience, are offered for different types of control activities. It should be noted that both the control activity and the credit percentages are provided purely as examples.

Table 3 - Stormwater Fee Credits

Control Activity	Sample Stormwater Fee Credits
Peak Rate Reduction	Up to 25%
Volume Reduction	Up to 25%
Water Quality Control	Up to 10%
Direct Discharge	Up to 50%
Partnership	Up to 100%

The approach that is typically used to assess the credits for the control activities listed in Table 3 would include an evaluation of the portion of the impervious area on the property that drains to the control facility. For example, if 100% of impervious area drains to on-site detention basin(s), then the credit would be 10% (*i.e.*, the stormwater bill would be reduced by 10%). Alternatively, if 50% of impervious area drains to on-site detention, then the credit would be 50% of 10%, resulting in a 5% credit (*i.e.*, the stormwater bill would be reduced by 5%).

Several administrative concerns should be considered in setting the amount and availability of stormwater fee credits. First, it is important to determine the maximum credit that will be offered. Making the credit available to all parcel owners recognizes that all parcel owners can provide some sort of control activity. At the same time, setting a maximum recognizes that all parcel owners benefit from the Village’s stormwater management program and therefore contribute in some way to funding the stormwater system. Second, it is important to recognize that any reduction in revenues via a stormwater fee credit will result in less revenue being generated for the utility and/or an increase in the necessary base stormwater fee for all property owners.

2.0 - Comparison

There are currently nineteen communities within Illinois that have established a dedicated funding source for stormwater management. Approximately half of these communities have established full-blown stormwater utilities, which assess stormwater fees based on impervious area. The remaining communities use some other proxy for generating stormwater revenues such as water consumption, zoning, assessed value or they simply charge a flat fee per parcel. Of those communities with full-blown stormwater utilities, the majority provide for credits and incentives. To provide a benchmarking comparison of stormwater utility credit programs, we have selected seven communities within Illinois that have stormwater utilities structured in a similar manner to the one recommended for the Village. The credit programs for each community are discussed briefly in the section below, followed by a summary comparison in Table 4. The information presented is based on correspondence with each community and review of credits manuals and or Municipal Codes.

City of Moline

The City of Moline established its stormwater utility in 2001. The City maintains the most simplistic credit program of those included in the comparison. The City only offers credits for those properties that retain stormwater on their property. The reduction in the stormwater fee is based on the percentage of the impervious area draining to the retention area (i.e., if 50% of the impervious area drains to a retention basin the parcel receives a 50% credit). The City mentioned that they do not offer credits for detention because they still have to manage detained runoff within the stormwater system. Additionally, they do not offer a water quality credit because they don't believe this can be realistically measured. The City does not currently track those property owners receiving credits.

City of Bloomington

The City of Bloomington established its stormwater utility in 2000. The City also offers a fairly limited credit program. The program consists of only two credits. Property owners who discharge all of their runoff outside the City system may receive a credit of up to 100% of the fee. Property owners who reduce the peak rate of stormwater runoff may receive a credit of up to 50% of the fee (50% for peak rate reduction of a 100-year design storm down to a 3-year pre-developed level, 25% for peak rate reduction of a 50-year design storm down to the 3-year level). The City currently provides credits to 633 parcel owners.

City of Highland Park

The City of Highland park established its stormwater utility in 2006. The City's credit program consists of two credits. A credit of up to 50% is offered to property owners who directly discharge their stormwater runoff outside the City's stormwater system. A credit of up to 25% is offered to property owners whose properties drain to a private detention basin. The amount of the credit is based on the amount of the property draining to the detention basin, with a minimum requirement of at least 50% of the property draining to the basins to qualify for the credit. The City has received 72 applications for credits since it established the utility. The breakdown of the applications include; 5 public utility companies, 9 commercial properties, 25 from the Park and School District and 33 residential properties.

City of Champaign

The City of Champaign established its stormwater utility in 2012. The City's credit program is more complex than those implemented by the other communities mentioned above. The program is offered to all property owners (residential and non-residential), although the credits available to residential parcels are limited. The program can be broken down into three categories; credits for stormwater management activities, credits for direct discharge and credits for education. Non-residential property owners essentially have a "menu" of credits to pick from with a maximum of a 50% credit. The City offers an education credit for each student taught in public or private schools within the City.

City of Urbana

The City of Urbana established its stormwater utility in 2012. The City's credit program is almost identical to the City of Champaign. The minor differences include that the City does not

offer credits to residential properties that drain to private detention basins. Additionally, the range of credits offered for each type of stormwater management activity vary compared to Champaign.

Village of Downers Grove

The Village of Downers established its stormwater utility in 2012 and began billing a stormwater fee in January of 2013. The Village offers a credit program that is similar to the Cities of Champaign and Urbana. All property owners may apply for credits. The program includes credits for stormwater management activities, direct discharge and education. However, it also includes a credit for property owners who partner with the Village to manage stormwater. This “partnership” credit is offered to property owners who contribute land to the Village for the specific purpose of managing stormwater. The Village’s Park District is the only property owner who has applied and qualified for this credit. The Park District has partnered with the Village to develop a number of stormwater facilities on Park-owned property. Based on discussions with the Village, through August of this year, the Village has provided credits to ten properties. Eight of the properties have received water quantity credits and two schools have received the education credit. The Village has not and does not anticipate receiving a credit application from a residential property owner in the Village. The Village believes that there is no economic incentive for a residential property owner to apply due to the cost of the application (\$300 plus certification by a professional engineer) and maintenance of the facilities in light of the fact that a typical residential property owner pays just over \$100 per year in stormwater fees.

City of Rock Island

The City of Rock Island established its stormwater utility in 2002. The City’s credit program is offered to all property owners in the City. The program includes a credit for direct discharge and credits for stormwater quality and quantity improvements. The program also includes an annual credit of \$200 for properties which obtain/maintain a National Pollutant Discharge Elimination System (NPDES) stormwater discharge permit. The City also offers a fairly unique credit that the City has branded as “Rain gardens for Rock Island.” The City credits property owners for the installation and maintenance of qualifying rain gardens. The credit is provided at \$4 per square foot of garden installed per year against the parcels stormwater fees. Of all the credits offered by the City, the rain garden credit has been the most popular. The first year the City offered the rain garden program in 2005, it reimbursed property owners for a total of \$52,000. 2006 was the year in which the program peaked at \$65,000 and has since dropped to the point that last year the City provided \$34,000 in rain garden credits against stormwater fees.

Table 4 presents a summary of the stormwater programs included in the comparison.

Table 4 - Comparison Credit Programs

Community	Eligibility	Types Available	Range	Maximum	Term
Bloomington	Non-Residential	Peak Rate Reduction	0 - 50%	50% of SW Fees	Reapplication Every 5 Years
		Direct Discharge	0 - 100%	100% of SW Fees	
Champaign	Residential	Private Detention Basin	0 - 15%	15% of SW Fees	Reapplication Every 5 Years
	Non-Residential	Private Detention Basin, Rate Reduction, Volume Reduction, Water Quality	0 - 15% Each	50% of SW Fees	
		Direct Discharge	0 - 50%		
		Education	\$5/student		
Downers Grove	All Properties	Runoff Rate Reduction	0 - 20%	50% of SW Fees	Reapplication Every 5 Years
		Volume Reduction	0 - 20%		
		Water Quality	0 - 10%		
		Direct Discharge	0 - 50%	100% of SW Fees	
		Education	\$3/Student		
		Partnership	0 - 100%		
Rock Island	All Properties	Direct Discharge	0 - 100%	100% of SW Fees	Reapplication Only If Property is Redeveloped
		Quality	0 - 10%	10% of SW Fees	Reapplication Every Year
		NPDES Permit	\$200	\$200	
		Quantity Reduction	0 - 40%	40% of SW Fees	Not Defined
		Rain Gardens	\$4 per sq ft	No Maximum	Not Defined
Highland Park	All Properties	Direct Discharge	0 - 50%	50% of SW Fees	Not Defined
		Detention & Cleaning	0 - 25%	25% of SW Fees	
Moline	All Properties	Stormwater Retention	0 - 100%	100% of SW Fees	Not Defined
Urbana	Non-Residential	Runoff Rate Reduction	0 - 20%	50% of SW Fees	Not Defined
		Volume Reduction	0 - 20%		
		Water Quality	0 - 10%		
		Direct Discharge	0 - 50%		
		Education	\$5/student		

Table 4 demonstrates that there is a general consistency among the credit programs offered by the utilities in Illinois. All of the utilities link the credit to a specific type of stormwater management (runoff detention, retention, quality). A range of credits are offered based on the ability of the stormwater management activities to reduce impact on the stormwater system. The characteristics of the stormwater credit programs shown in Table 4 are not unique to the State of Illinois. The vast majority of credit programs around the United States share the same components with differences in the programs based on the level of complexity included in the program (e.g., how many different types of credits are offered).

As demonstrated in Table 4, two of the seven communities limit credits to non-residential properties. The remaining five communities offer credits to all property owners, however in the case of Champaign, the residential credits are very limited, applying only to properties

draining to private detention basins. Based on our discussions with the communities that offer credits to residential property owners, the consistent theme was that these property owners do not apply for credits because they would not realize any economic benefit. Essentially the cost of applying for the credit and maintaining the stormwater management feature would be more costly than the reduction in the stormwater fee. Most communities mention that the overall participation rate in the credits program is very limited, with generally less than 5% of the total parcels participating. The common themes, as to why participation is low, include:

- The property developer is not the long-term property owner and will not receive any economic benefit
- Retrofitting a property for a credit is rarely cost effective
- The property is managed by a property company located elsewhere (not in the community) and is not aware of availability of credits
- Application process considerations (burdensome, costly, require professional assistance)
- Credit programs require ongoing maintenance of stormwater controls (ongoing maintenance costs)

(It should be noted that a number of the reasons for the limited participation are due to economic considerations which relate to how much the community is charging in stormwater fees.) To provide context for the comparison of the various credit programs, the annual stormwater fees, stormwater revenues and amount of credits provided by the comparable communities are shown in Table 5.

Table 5 - Stormwater Fees, Total Stormwater Revenues and Credits

Community	Annual Stormwater Fee Per ERU	Annual Stormwater Fee Revenues	Reduction Due to Credits
Bloomington	\$52.20	\$2,700,000	\$153,000
Champaign	\$62.28	\$2,400,000	\$20,000
Downers Grove	\$100.80	\$3,400,000	⁽¹⁾ \$200,000
Rock Island	\$45.96	\$1,600,000	⁽²⁾ \$35,100
Highland Park	\$60.00	\$1,245,000	\$3,100
Moline	\$45.00	\$1,000,000	⁽³⁾ \$50,000
Urbana	\$59.28	\$1,500,000	\$50,000

⁽¹⁾ Budget estimate, tracking based on 9 months of operation

⁽²⁾ Rain garden credits account for \$34,000 of total credits

⁽³⁾ Estimate, the City does not track credit amounts

As demonstrated in Table 5, the annual stormwater fees assessed by the comparison communities are significantly less than those considered by the Village. If the Village offers a credit program, the economic benefits to the property owner may be greater in the Village than in the comparison communities, potentially resulting in a higher rate of participation.

3.0 - Financial Impact

To estimate the potential fiscal impact of a credit program it was assumed that the Village would offer a program that consists of two components, including:

- Credits for on-site stormwater management activities, on non-residential parcels, that exceed current standards, with a maximum credit of 25%.
- Credits for any parcel that directly discharges outside the Village system, with a maximum credit of 50%.

To estimate the fiscal impact of this credit program, it was assumed that 30% of non-residential parcels would apply and qualify for the credit and that each parcel would receive the maximum credit of 25% of their stormwater fee. Additionally, it was assumed that all of the parcels abutting Lake Michigan, within the Village (111 parcels), would apply and qualify for the direct discharge credit, receiving a 50% reduction in their stormwater fee. The financial impact is documented in Table 6.

Table 6 - Credit Program Fiscal Impact Estimate

	FY14	FY15	FY16
Stormwater Fee without Credits	\$262	\$356	\$358
Stormwater Fee Revenues without Credits	\$1,739,382	\$2,363,435	\$2,376,712
Revenue Reduction Due to Non-Residential Credits	(\$26,894)	(\$36,543)	(\$36,749)
Revenue Reduction Due to Direct Discharge	(\$41,514)	(\$56,408)	(\$56,725)
Stormwater Fee Revenues with Credits	\$1,670,974	\$2,270,483	\$2,283,239
Stormwater Fee Required to Maintain Original Funding	\$272	\$370	\$372

Table 6 demonstrates that the impact of the credit program would not be insignificant. In order to generate the revenues necessary to fund the planned capital improvements within the system, the stormwater fee would need to be increased. It should be noted that the analysis was completed for a fairly limited credit program and that an expanded program would result in a more significant fiscal impact. However, we believe that the assumptions regarding the participation and qualification rates provided in the estimate are conservative.

4.0 - Policy Consideration

Policy Issue

Should the Village offer credits to parcel owners within the Village that provide on-site stormwater management?

Recommendation

We recommend that the Village offer credits with the specific considerations:

- Credits should be made available to non-residential parcels that provide on-site stormwater management that *exceeds* the current Village standards.
- Credits should only be made available for on-site stormwater management that provides for peak runoff rate reduction (on-site detention) and reduction in the total runoff quantity (on-site retention).
- Credits should be made available for any parcel that discharges directly outside the Village stormwater system.

D. INCENTIVES

For the same reasons explained in the introduction to the discussion on credits, above, we are presenting the concept of incentives for further review, although the Village Council's initial policy direction indicated that it would not offer an incentive program.

1.0 - Overview

Stormwater incentives are typically offered to all property owners on a first come, first served basis, with the annual budget for the stormwater utility setting the maximum amount available for incentives in any given year. Unlike credits, incentives are not renewable on an annual basis. Instead, they are offered as a one-time rebate against the cost of buying and installing stormwater management controls. Property owners who receive stormwater fee credits are typically excluded from the incentive program. Similarly, stormwater controls that are required to meet local standards are also typically not eligible for reimbursements.

All property owners within the Village could be eligible to receive a stormwater incentive for the purchase, construction and installation of qualifying stormwater facilities. Property owners would be required to submit a stormwater incentive application, along with proof of purchase and installation of the stormwater facility. The Village would reserve the right to inspect the installed facility prior to approving the application. It should be noted that typically the application process and requirements for incentives are less rigorous than those required for the credit program.

Like the stormwater management facilities and activities discussed with the stormwater fee credit, the incentive program would offer rebates or reimbursements for activities that control the various aspects of stormwater runoff (quantity, peak rate and quality). The two most common stormwater control activities available to residential property owners include rain barrels and rain gardens. Other activities that are often incentivized would include the use of green methods, such as installing pervious pavement or green roofs, or the installation of best management practices that improve water quality.

Some sample stormwater incentives are presented in Table 7.

Table 7 - Sample Stormwater Incentives

Control Activity	Incentive Amount	Requirements	Maximum Incentive
Rain Barrels	\$1 per gallon of capacity	Minimum of 50 gallons	\$50
Rain Gardens	\$5 per square feet of garden	Minimum of 50 square foot of garden	\$500
Other Facilities (green roofs, permeable pavement, cistern)	30% of cost of materials, construction and installation		\$1,000

The incentives detailed in Table 7 outline the most common stormwater management control activities, although the Village may offer incentives for other activities, as available stormwater control activities change over time. The maximum incentives are based on the overall magnitude of the cost of each type of activity and are not intended to fully fund the cost of the control activity. These reimbursements should only be offered to property owners who not only provide proof of purchase, but also prove the actual cost of installation and construction.

2.0 - Comparison

Three of the communities included in the credit program comparison offer incentive programs. A brief description of each incentive program is provided below.

Champaign

The City of Champaign offers incentives to properties not participating in the credit program. The incentives are offered as rebates for the cost of constructing qualifying stormwater management features up to a maximum incentive of \$1,000 per property owner. Once the maximum incentive is reached, the property can no longer receive additional incentives regardless of ownership. The City also offers a rebate of \$25 per rain barrel installed with no limit.

Downers Grove

The Village of Downers Grove offers incentives to properties not participating in the credit program. Similar to Champaign, the incentives are provided for the installation of stormwater management features based on the type of activity. The Village offered incentives to property owners who had installed management features prior to the formation of the utility. The Village began offering the incentives in January of this year and has provided them to 157 properties at a total cost of approximately \$10,000. The amount provided to date is half of the total budget the Village set aside for the incentive program.

Urbana

The City of Urbana offers incentives to properties not participating in the credit program. The incentives program is very similar to the City of Champaign with the only differences being the amounts of the incentives offered. The City limits the maximum incentive to \$300 per property. However, the property may apply for the incentive every ten years. The City maintains a budget of \$32,500 for the program.

Table 8 presents a comparison of the incentive programs offered by these communities.

Table 8 - Comparison Incentive Programs

Community	Eligibility	Types Available	Range	Maximum	Annual Incentive Budget
Champaign	All properties not receiving credits	Rain Garden, Runoff Rate Reduction, Runoff Volume Reduction, Runoff Water Quality	\$250 per stormwater management feature	\$1,000	\$10,000
		Rain Barrel	\$25 per Barrel	None	
Downers Grove	All properties not receiving credits	Rain Barrel	\$25 per Barrel	\$25	\$20,000
		Rain Garden	\$250 per Garden	\$250	
		Permeable Pavement	\$0 - \$300 per Property	\$300	
		Other Facilities (cisterns, etc.)	\$0 - \$300 per Property	\$300	
Urbana	All properties not receiving credits	Rain Barrel	\$50 per Barrel	\$50	\$32,500
		Rain Garden	\$250	\$300	
		Rate Reduction	\$250		
		Volume Reduction	\$250		
		Water Quality	25% of construction		

The incentive programs are fairly consistent among each of the communities, with the primary differences being the level of complexity of the program and the amount of incentives offered.

3.0 - Financial Impact

The fiscal impact of the incentive program is easy to estimate assuming an annual budgetary limit is set for the program. Based on our experience we have seen communities budget as little as \$5,000 and as much as \$200,000. Based on the size of the Village, we recommend that the Village initially set a budget of \$15,000 for the incentive program. To fund a budget of this level, the Village would need to increase the annual stormwater fee per ERU by approximately \$2.25.

ATTACHMENT 3

**CREDITS AND INCENTIVES
ILLINOIS MUNICIPAL STORMWATER UTILITIES**

CODE EXCERPTS

CREDITS AND INCENTIVES

CITY OF BLOOMINGTON

Chapter 37 : Section 67 : Exemptions and Credits Applicable to Storm Water Service Charges per Month.

- (a) All property in the City containing developed land shall be charged storm water service charges except pedestrian/bicycle trails, streets and highway rights-of-ways owned by a Township, McLean County, the City of Bloomington, or the State of Illinois.
- (b) Parcels shall be eligible to receive a storm water service charge credit based upon the requirements of the Bloomington Storm Water Credit Manual.
- (c) Any credit allowed against the storm water service charge is conditioned upon continuing compliance with the Bloomington Storm Water Credit Manual. (Ordinance No. 2004-23)

CITY OF CHAMPAIGN

Sec. 29.5-6.08. City of Champaign stormwater credit and incentive manual.

The Director of Public Works is hereby authorized to develop and publish a Stormwater Credit and Incentive Manual for purposes of establishing a program of incentives and credits that will reduce the stormwater utility fee that particular property owners will be required to pay, to promote efforts by said property owners to mitigate the effects of stormwater on the City's stormwater system and facilities. The Stormwater Credit and Incentive Manual shall not go into effect until fifteen (15) days after a copy of the manual has been provided to the City Council.

Sec. 29.5-6.09. Stormwater utility fee credits.

Persons subject to the stormwater utility fee shall be eligible to receive a stormwater utility charge credit and/or incentive based upon the requirements of the City of Champaign Stormwater Credit and Incentive Manual.

Any credit allowed against the stormwater utility charge is to be conditioned upon continuing compliance with the City of Champaign Stormwater Credit and Incentive Manual. Proof of compliance as defined in the manual will be required.

VILLAGE OF DOWNERS GROVE**Section 25.67. Stormwater Utility Fee Credits and Incentives.**

(a) The Village desires to encourage and recognize the benefits of on-site stormwater management by parcel owners and/or tenants. As a result, subject to certain conditions, parcel owners and/or tenants may be entitled to receive a one-time incentive or ongoing credit which will reduce their stormwater utility fee. Applications for credits or incentives must be filed in writing with the Stormwater Administrator, along with the required documentation as set forth on the application and the non-refundable application fee as set forth in Administrative Regulation entitled "Stormwater Credit & Incentive Manual". The Stormwater Administrator shall review an application for a credit or incentive, and shall either grant or deny the requested credit or incentive within forty-five (45) days of receipt of a completed application and payment of any applicable fees. Amounts for credit(s) or incentive(s) granted, are set forth in Administrative Regulation entitled "Stormwater Credit & Incentive Manual". The Village Treasurer or designee shall apply a credit or incentive granted by the Stormwater Administrator to the applicant's next regularly generated bill after approval of the credit or incentive. The Village reserves the right to enter upon the applicant's property to inspect said stormwater facility during the process of investigating the application and for determining continued compliance if granted a credit or incentive.

(b) Credit.

(i) The party who owns and is responsible for maintaining a qualifying stormwater management facility on a parcel may be eligible to receive a stormwater utility fee credit based upon the requirements set forth in the Manual. Subject to other provisions contained herein and those in the Manual, stormwater utility fee credits are provided for up to a maximum of five (5) years before the applicant has to re-apply. An applicant may apply and be eligible for more than one type of credit up to a maximum amount for each credit. Any credit allowed against the stormwater utility fee is conditioned upon continuing compliance with the Manual. Proof of continuing compliance will be required.

(ii) A credit may be forfeited under the following circumstances: failure to make stormwater utility fee payments; submission of inaccurate documents; failure to submit required annual documentation; failure to maintain a stormwater facility; and failure of a stormwater facility to operate as credited. Any party who has received an improperly issued credit shall be required to reimburse the Village.

(c) Incentive. Any parcel owner or tenant may be eligible to receive a one-time reduction in the stormwater utility fee per stormwater facility for the purchase, construction and installation of qualifying stormwater facilities. Some examples of incentives include but are not limited to rain barrels, rain gardens, green roofs, permeable pavement, and cisterns.

(Ord. 5274, Add, 08/21/2012)

CITY OF HIGHLAND PARK

Sec. 51.300 Stormwater Utility Fee.

(E) Credits and Reimbursement.

(1) Any property owner whose property does not impact on the City stormwater utility system to the extent of the Stormwater Utility Fee charged to that property by this Section may apply for a credit against the Stormwater Utility Fee.

(2) Applications for credits against the Stormwater Utility Fee filed pursuant to this Subsection shall be filed in writing with the City Engineer, along with documentation required by the City Engineer for the assessment of the application, which documentation shall include, without limitation:

(a) Detailed specifications of any on-site cleaning of stormwater performed prior to discharge into the City stormwater utility system, along with sufficient evidence that any on-site cleaning system is in good working order and is maintained on a regular basis;

(b) Topographical depictions of the runoff patterns and directions of all stormwater emanating from the relevant property that does not impact the City stormwater utility system; and

(c) Relevant photographic evidence in support of the application.

(3) The City Engineer shall review an application for a credit against the Stormwater Utility Fee, and shall either grant or deny the requested credit, within 30 days after the date on which the application is received. The amount of the credit shall be in the amount set forth in the Annual Fee Resolution. The City Engineer shall only grant the requested credit upon determining, in his or her discretion, that either:

(a) Not less than one half of the stormwater emanating from the relevant property is detained and cleaned, in accordance with effective engineering practices and techniques, prior to discharge into the City stormwater utility system; or

(b) The emanation of stormwater from the relevant property has no impact on the City stormwater utility system.

(4) The City Collector shall apply credits granted by the City Engineer to the applicant's account, and shall refund any overpaid monies to the applicant within 30 days of receipt of the City Engineer's review of the application.

CITY OF MOLINE

SEC. 34-4400. IN GENERAL.

(a) All owners of real property located within the City of Moline which property discharges into the stormwater system shall be charged for and shall pay the City of Moline for the use of the stormwater system based on the relative amount and rate of flow of stormwater which is determined to be entering the stormwater system from and as a result of the owner's real property. The impact of the stormwater from the real property upon the stormwater system shall be determined on the basis of the flat rates or the measurements contained and set forth in this section.

(1) **FLAT RATE CHARGES:**

Commencing on January 1, 2005, and continuing thereafter, the owners of real property specified herein shall pay to the City of Moline a quarterly stormwater utility service charge for the following real property which discharges into the stormwater system:

\$5.84 per quarter for residential parcels having a maximum of four (4) dwelling units on less than 0.25 acres of land;

\$11.24 per quarter for residential parcels having a maximum of four (4) dwelling units on 0.25 to under 0.50 acres of land;

\$23.07 per quarter for residential parcels having a maximum of four (4) dwelling units on 0.50 to 2.00 acres of land.

(2) **CHARGES BASED ON INDIVIDUALLY MEASURED LAND AREA:**

Commencing on January 1, 2005, and continuing thereafter, the owners of nonresidential property or residential property measuring greater than 2 acres, shall pay to the City of Moline a quarterly stormwater utility service charge computed in the following manner:

\$87.83 per acre multiplied by the following factors for the acreage of the following types of land area:

- A. A factor of 0.95 for Impervious Area
- B. A factor of 0.15 for Pervious Area

(b) Notwithstanding any other provision contained herein, in no event shall any owner specified herein pay less than \$5.84 per quarter.

(c) Properties which discharge to an approved stormwater detention or retention system, retain stormwater on site, reduce the amount of impervious areas as part of redevelopment, or are 100% vacant pervious property, or discharge directly to the Mississippi or Rock Rivers, may be eligible to receive up to a 100% discount from the quarterly stormwater utility service charge; said discount shall be incrementally granted by the city engineer based on the percentage detention, retention, or reduction of the post-development discharge, pursuant to the BMP plan. Requests for discount shall be addressed to the city engineer and submitted to code compliance. Requests shall include the percentage discount requested with numerical justification for the amount, a physical description of the property with topographic maps, aerial photos, drainage studies, and other relevant information upon which the request is based.

CITY OF MOLINE (cont'd)

SEC. 34-4401. PROPERTY SUBJECT TO STORMWATER UTILITY SERVICE CHARGE.

All real property located within the City of Moline, which property discharges into the stormwater system, and except as otherwise provided in this section, whether publicly or privately owned and whether subject to or exempt from real property taxation, shall be subject to the stormwater utility service charges fees established and set forth under this section. Streets, highways and railroads, however, shall not be subject to the stormwater utility service charges established and set forth under this section.

SEC. 34-4407. SECTIONS INAPPLICABLE TO DISCHARGES OR ACTIVITIES AUTHORIZED BY A NPDES PERMIT.

The provisions of this article shall not apply to a discharge or activity specifically authorized by a NPDES Permit

CITY OF ROCK ISLAND

Sec. 16-906. Exemptions And Credits Applicable To Service Charges:

- (a) All developed property in the city shall be charged stormwater service charges except street and highway rights of way owned by a township, Rock Island County, the city or the state of Illinois.
- (b) Parcels shall be eligible to receive a stormwater service charge credit based upon the requirements of the "**Rock Island Stormwater Credit Manual**".
- (c) Any credit allowed against the storm water service charge is conditioned upon continuing compliance with the "Rock Island Storm Water Credit Manual". (Ord. 74-2002, § 1, 9-9-2002; Ord. 30-2003, § 1, 4-14-2003)

CITY OF URBANA

Sec. 24-175. Stormwater utility fee credits.

City of Urbana Stormwater Credit and Incentive Manual. The director of public works is hereby authorized to develop and publish a Stormwater Credit and Incentive Manual for purposes of establishing a program of incentives and credits that will reduce the stormwater utility fee that particular property owners will be required to pay, to promote efforts by said property owners to mitigate the effects of stormwater on the city's stormwater system and facilities. The Stormwater Credit and Incentive Manual shall not go into effect until fifteen days after a copy of the manual has been provided to the city council.

ATTACHMENT 4

**DOWNERS GROVE
“PARTNERSHIP” CREDIT PROVISIONS**

Downers Grove – Credit Manual Excerpt

“2.2.6 Partnership Credit

A credit may be offered to applicants that operate in partnership with the Village to improve the overall stormwater system. These partnerships would include applicants who provide land and/or facilities for use by the Village to facilitate the management of stormwater. Applicants who form these partnerships may be eligible for up to 100% stormwater utility fee credit. The applicant will be required to submit documents outlined on the Partnership Credit Application Form, as may be amended from time to time, and any additional information deemed necessary by the Stormwater Administrator.

2.3 Maximum Credit Amounts

Table 1 presents the maximum credit available for each individual stormwater management activity.

Table 1 - Stormwater Utility Fee Credits

Control Activity	Stormwater Utility Fee Credit
Site Runoff	Rate Reduction Up to 20%
Volume Reduction	Up to 20%
Water Quality	Up to 10%
Direct Discharge	Up to 50%
Education	Up to 100%
Partnership	Up to 100%

Except for Partnerships and Education credits, the maximum aggregate stormwater utility fee credit for any individual parcel is 50% of the gross billing amount regardless of how many individual credits for which the parcel qualifies. A maximum credit of 100% of the stormwater utility fee is allowed for Educational institutions and Partnerships.

The assessment for the control activities and credits must include an evaluation of the portion of the impervious area on the property that drains to the control facility.

An example is provided for clarification:

If 100% of impervious area drains to onsite detention basin(s) then the credit is 20%.

Alternatively, if 80% of the impervious area drains to onsite detention, then 80% times 20% results in a 16% credit of the stormwater utility fee.

It is possible to have stormwater facilities that provide site runoff rate reduction, volume reduction, and water quality control thereby reaching a cumulative 50% credit. “

ATTACHMENT 5

MFSG DRAFT STORMWATER UTILITY ORDINANCE

Village of Winnetka Stormwater Utility Ordinance

Section xx.1. Purpose

Section xx.2. Stormwater utility fee and stormwater utility enterprise fund

Section xx.3. Scope of responsibility of stormwater utility

Section xx.4. Definitions

Section xx.5. Stormwater utility fee structure

Section xx.6. Impervious area database

Section xx.7. Exemptions from stormwater utility fee

Section xx.8. Stormwater utility fee credits

Section xx.9. Stormwater utility fee amounts

Section xx.10. Billing and collection procedures

Section xx.11. Requests for adjustment of the stormwater utility fee

Section xx.12. Accounts

Section xx.1. Purpose.

The purpose of this chapter is to establish a stormwater utility to protect the public health, safety and welfare of the residents of the Village of Winnetka from damage to property and local waterways caused by stormwater runoff and floods by reduction, control and discharge of pollutants to the Village's stormwater system. In order to provide an effective and long-term approach to stormwater management within the Village, an adequate and stable funding source must be identified. The establishment of a stormwater utility and dedicated funding source will ensure that the Village is able to proactively manage stormwater to the benefit of all residents, and, most specifically, the owners of real property, within the Village.

Section xx.2. Stormwater utility fee and stormwater utility enterprise fund.

- (a) The Village hereby establishes a stormwater utility fee to provide an adequate and stable funding source for the management, operation, maintenance, enhancement and rehabilitation of the Village's stormwater infrastructure.
- (b) The Village hereby establishes a stormwater enterprise fund. The stormwater enterprise shall be established in the Village budget and accounting system, separate and apart from the Village's General Fund. All revenues from the stormwater utility fee shall be deposited in the stormwater enterprise fund and be used solely for the operation, maintenance, expansion and rehabilitation of the stormwater infrastructure as deemed appropriate by the Village Council. The governing body for the stormwater utility shall be the Village Council.

- (c) The stormwater utility fee is hereby imposed on the owner of property in the Village and shall be set by the Village Council. The stormwater utility fee is imposed upon all real property in the Village to fund stormwater management programs. Any real property completed or added to the State assessment role after January 1 or annexed into the Village after January 1 may be subject to a partial year charge.

Section xx.3. Scope of responsibility of stormwater utility

- (a) The Stormwater Utility shall be responsible for the operation, maintenance, management and improvement of the stormwater system owned by the Village including all activities required by the NPDES Stormwater Permit.
- (b) The management and supervision of the stormwater utility shall under the Director of Public Works.
- (c) The boundaries and jurisdiction of the stormwater management utility shall extend to the corporate limits of the Village.

Section xx.4. Definitions.

The following words, terms and phases, when used in this ordinance, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning.

Credit - means a conditional reduction in the amount of a stormwater fee to an individual property based upon the provisions of the Village Stormwater Credit and Incentive Manual.

Developed Land - means property altered from a natural state that contains impervious or partially impervious cover, including such development as buildings, pavement, gravel roads, recreation areas.

Direct Discharge - means the conveyance of stormwater runoff directly to receiving stream without entering the Village-owned stormwater system.

Equivalent Runoff Unit (ERU) - An ERU shall mean three thousand three hundred (3,400) square feet of impervious surface or any fraction thereof. Three thousand four hundred (3,400) square feet is the normalized statistical average for impervious surface area on a single family property in the Village of Winnetka.

Impervious Area - means area within developed land which prevents or significantly impedes the infiltration of stormwater into the soil. Common impervious areas include, but are not limited to, rooftops, patio areas, driveways and parking lots.

NPDES or National Pollutant Discharge Elimination System - means the national permitting program implemented under the Clean Water Act.

Parcel - means any, designated lot, trace or areas of land, established by a plat or other legal means and to be used, developed or built upon as a unit.

Single Family Residential (SFR) - means developed land containing one dwelling structure which contains one or more bedrooms, with a bathroom and kitchen facilities, designed for occupancy by one or two families. SFR units may include houses (including duplexes), manufactured homes and mobile homes located on one or more individual lots or parcels of land. Developed land may be classified as a SFR despite the presence of a commercial use within the dwelling unit so long as such use does not result in additional impervious area such as parking spaces, playgrounds, structures or additions to the buildings which are used for nonresidential uses.

Stormwater System - means a conveyance or system of conveyances and include sewers, storm drains, curbs, gutters, ditches, retention ponds or basins, dams, river impoundment, man made channels or storm drains and flood control facilities and appurtenances thereof which is designed or used for the collection, control, transportation, treatment or discharge of storm water.

Stormwater Utility - means a stormwater management program that may include all or part of the management, administration, maintenance, engineering, planning and capital investments related to the stormwater infrastructure.

Undeveloped Parcel - means a parcel that remains in its natural state with no impervious area.

Village - means the Village of Winnetka, a municipal corporation organized under the laws of the State of Illinois.

Section xx.5. Stormwater utility fee structure.

The stormwater utility fee shall be based on the extent to which each parcel creates a need for stormwater management; the amount of impervious area on each parcel; and the cost of maintaining, replacing and improving the stormwater system. The impervious area for all parcels in the Village is established by the Village based on site examination, mapping information, aerial photographs, geographic information system analysis and other available information.

- (a) The basis for determining the stormwater utility fee for each parcel shall be the amount of impervious area on the parcel. The billing unit shall be based on the impervious area on single family residential parcels. This billing unit is known as an Equivalent Runoff Unit (ERU) and is based on the normalized average impervious area for all residential properties in the Village initially established at 3,400 square feet based on analysis of the Village geographical information system.
- (b) All parcels in the Village shall be based on the measured number of ERUs on the parcel rounded to the 10th of an ERU.

Section xx.6. Impervious area database.

The Village shall maintain an impervious area database for all parcels within the Village which will serve as the basis for determination of the number of ERUs associated with each parcel. The database will be periodically updated based on available information.

Section xx.7. Exemptions from stormwater utility fee.

- (a) The Village Council finds that all real property in the Village contributes to runoff and either uses or benefits from the maintenance of the stormwater system. Therefore, except as otherwise provided in this Section, all real property in the Village, including property that is tax exempt from property tax shall be charged the stormwater utility fee.
- (b) Specific properties that shall be exempt from the stormwater fee include roadways, sidewalks and railways inside the public right-of-ways.
- (c) The Village Council recognizes that in certain instances, property owners within the Village may form unique partnerships with the Village in an effort to assist with the management of stormwater. These partnerships may include, but are not limited to, the donation of land for use in the stormwater system, significant capital contributions for the stormwater system or other such activities. In these instances the Council may deem a certain property or groups of properties exempt from the stormwater utility fee in recognition of the partnership.

Section xx.8. Stormwater utility fee credits.

The Village Council desires to encourage and recognizes the benefits of on-site stormwater management by individual property owners. As a result parcels shall be eligible to receive a stormwater utility fee credit based upon the requirements of the Village Stormwater Credit and Incentive Manual. Any credit allowed against the stormwater utility fee is conditioned upon continuing compliance with the Village Stormwater Credit and Incentive Manual.

Section xx.9. Stormwater utility fee amounts.

- (a) The stormwater utility fee amount for all parcels shall be based on number of ERUs assessed for each parcel times the established rate per ERU as published in the Village Utility Fee Schedule.
- (b) The stormwater utility fee for any parcel will remain constant from billing period to billing period unless the following changes occur:
 - (i) A physical modification to the parcel that changes its level of impervious area;

- (ii) A credit for on-site stormwater management is either awarded or revoked;
- (iii) The stormwater utility fee is changed by the Village Council; or
- (iv) An adjust is made to the bill as described in Section xx.10.

Section xx.10. Billing and collection procedures.

- (a) Billings for stormwater utility fees shall be rendered by the Finance Department on a monthly, bi-monthly, quarterly or annual basis at the discretion of the Finance Department.
- (b) All bills for the stormwater utility fee may be billed on a common statement and collected along with the Village water rents. If the stormwater utility fee is included on a common statement, and the party responsible for the payment of the stormwater utility fee makes a payment insufficient to pay the total amount required by the common statement, the payment shall be applied first to the stormwater utility fee, then to any water rents.
- (c) The owner of any parcel, building or premises and the occupant thereof and the customer of the water service of said system shall be jointly and severally liable to pay for such stormwater utility fee for said premises.
- (d) For those properties not receiving a water bill, the Village will send a separate stormwater utility fee bill to the owner of the property.
- (e) Payment must be received by the Village by close of business on the due date printed on the bill or a late charge of XX percent (XX%) shall be due after such due date, which due date shall not be earlier than the fifteenth day of the month in which the bill is rendered.
- (f) If the charges for services on the common statement are not paid for XX days after the rendition of the bill for services, such services shall be discontinued without further notice and shall not be reinstated until all claims are settled.
- (g) Whenever a bill for service remains unpaid for XX days after it has been rendered, the Village Treasurer shall file with the County Recorder of Deeds a statement of lien claim. This statement shall contain the legal description of the premises served, the amount of the unpaid bill and a notice that the Village claims a lien for this amount as well as for all charges subsequent to the period covered by the bill. If the user whose bill is unpaid is not the owner of the premises and the Village Treasurer has notice of this, notice shall be mailed to the owner of the premises if his/her address be known to the Treasurer, whenever such bill remains unpaid for the period XX days after it has been rendered. The failure of the Village Treasurer to record such lien or to mail such notice or the

failure of the owner to receive such notice shall not affect the right to foreclose the lien for unpaid bills as mentioned in the foregoing section.

- (h) Property subject to a lien for unpaid charges shall be sold for non-payment of the same, and the proceeds of the sale shall be applied to pay the charges, after deducting costs, as is in case in the foreclosure of statutory liens. Such foreclosure shall be by bill-in equity in the name of the Village. The Village Attorney is hereby authorized and directed to institute such proceedings in the name of the Village in any court having jurisdiction over such matters against any property for which the bill has after it has been rendered. The Village Attorney is entitled to attorney fees as determined by the court.

Section xx.12. Requests for adjustment of the stormwater utility fee

- (a) A property owner may request correction of the stormwater utility fee by submitting the request in writing to the Village Manager or his designee within XX days after the date the bill is mailed or issued to the parcel owner. The owner of the parcel is solely responsible for initiating any review of the amounts of the stormwater utility fee. Grounds for correction of the stormwater utility fee include:
 - (i) Incorrect classification of the property for purposes of determining the fee;
 - (ii) Errors in the square footage of the impervious surface area of the property;
 - (iii) Mathematical errors in calculating the fee to be applied to the property; and
 - (iv) Errors in the identification of the property owner of a property subject to the fee.
- (b) The Village Manager shall make a determination within XX days after receipt of the property owner's completed written request for correction of the fee. The Village Manager's decision on a request for correction of the fee shall be final.
- (c) A property owner must comply with all rules and procedures adopted by the Village when submitting a request for correction of the fee and must provide all information necessary for the Village Manager to make a determination on a request for correction of the Fee. Failure to comply with the provisions of this subsection shall be grounds for denial of the request.
- (d) If an adjustment is approved by the Village, the adjustment will be incorporated into the stormwater utility fee calculation for the specified parcel and will apply to the next regularly generated bill.

Section xx.13. Accounts.

The Village Treasurer shall establish a proper system of accounts and shall keep proper books, records, and accounts in which complete and correct entries shall be made of all transactions relative to the stormwater fund, and at regular annual intervals he shall cause to be made an audit by an independent auditing concern of the books to show the receipts and disbursements of the stormwater fund. In addition to the customary operating statements, the annual audit report shall also reflect the revenues and operating expenses of the stormwater facilities, including a replacement cost. The financial information to be shown in the audit report shall include the following:

- (i) Billing data to show total number of billing units per fiscal year.
- (ii) Debt service for the next succeeding fiscal year.
- (iii) Number of stormwater utility rate payer



Agenda Item Executive Summary

Title: Investment Review

Presenter: Ed McKee, Finance Director

Agenda Date: 02/11/2014

Consent: YES NO

<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Bid Authorization/Award
<input checked="" type="checkbox"/>	Policy Direction
<input type="checkbox"/>	Informational Only

Item History:

Continued historically low interest rates have reduced the interest earnings on the Village's investment portfolio. Staff was asked to review previous returns and evaluate alternative strategies the Village could pursue to increase investment income.

Executive Summary:

Attached is a memo explaining the Village's investment strategy that has produced a market rate of return over the past five years, while not exposing the Village to any investments where a loss of principal was to be expected.

Below are the four alternatives identified by staff and the advantages (+) and disadvantages (-) of each:

- 1) Join IMET investment pool: + used by many communities - return no greater than current
- 2) Hire a known bond manager: + possible higher investment income of .50% per year over longer periods of time - possible loss of investment principal when interest rates increase
- 3) Conduct a search for a bond manager: + same advantage as #2 and the ability for the Council to be involved in the selection process, if desired - additional cost of a search (about \$5,000)
- 4) Purchase many certificates of deposit from financial institutions to use FDIC insurance instead of collateral to back CDs: + could increase investment income \$31,650 - staff has internal control, compliance, and time concerns about this approach not commonly used by municipalities in our geographic area

Ultimately, investing is often a trade-off of additional return for some additional risk. If the Village wants to maintain the current risk profile, no investment strategy changes are proposed. If the Village is willing to experience small (1 to 2%) losses of investment principal in return for higher expected investment earnings, Staff suggests option number 2 - hiring a known bond manager.

Recommendation / Suggested Action:

Review the attached memo and supporting calculations and discuss the Council's risk preferences and investment return expectations. Direct Staff to make changes to investment strategy, if desired.

Attachments:

- 1) Village corporate investments memo dated 2/11/2014
- 2) CD Scenario spreadsheet and supporting documentation

To: Robert M. Bahan, Village Manager

From: Ed McKee, Finance Director

Date: February 11, 2014

Re: Village Corporate Investments

You asked me to summarize in this correspondence the Village's past investment performance for the Village's non-pension funds, explain the current investment environment, and explain what alternatives are available to the Village Council should they wish to pursue an alternative strategy.

As you are aware, macro-economic forces and the actions of the Federal Reserve Bank have resulted in historically low interest rates for fixed income investments of the type made by the Village. We have periodically discussed this low interest rate environment and the impact on the Village's investments. Staff has been shortening the duration of the Village's investment portfolio within the current investment policy guidelines as longer term investments offer little additional return. Other finance directors and I have discussed approaches to investments, and they face similar challenges.

Past Performance

The Village currently invests about \$40 million in three types of investments: 1) the State Investment Pool (the Illinois Funds), 2) the Village's depository bank (Harris Bank, Winnetka), and 3) certificates of deposit (CDs). Prior to a few years ago, 50 to 70% of the Village's investment portfolio consisted of laddered CDs maturing 18 to 36 months out from the time of purchase. This allowed the Village to take advantage of the generally upward sloping nature of the yield curve to earn a higher return than investing in only very liquid accounts. Because these investments were purchased at different times, there was adequate cash-flow to meet unforeseen contingencies with a low probability of a forced sale of an existing investment.

On the following page is a summary of the three investment types currently used and several alternatives. The returns shown are the annualized amounts for the last 1, 3, and 5 years. To the right of the chart are alternative investment options: the Illinois Metropolitan Investment Fund (IMET) and a separately managed bond account. The IMET investment is commonly used by municipalities and has a 1 to 3 year duration.

The separately managed bond account would be specific to the Village of Winnetka and contain short to medium maturity securities with an overall portfolio duration around 2.5 to 3 years. The investment returns indicated reflect the expected investment returns by a bond portfolio meeting the restrictions imposed by State Statute. Typical investments in this portfolio would include CDs, commercial paper maturing within 270 days, Agency securities, municipal bonds, and short-term corporate bonds.

Current Yield on Date	Annualized Investment Returns for Periods Ending October 30, 2013				
	Village Portfolio	State Pool Short-Term	Harris Short-Term	Option 1 IMET Pool	Option 2 Bond Account Credit Risk
One Year	0.36%	0.05%	0.20%	0.25%	0.15%
3 Year	0.90%	0.07%	0.22%	0.22%	2.00%
5 Year	1.38%	0.13%	0.28%	1.35%	n/a

Based on the above analysis, Staff believes that historically, the Village has earned a fair return on the investment portfolio while maintaining a low risk approach to investing. The Village’s portfolio returns have not exposed the Village to a negative return and all deposits in excess of FDIC limits are back by collateral held at the Federal Reserve.

Current Investment Environment

The current low fixed income return environment has persisted for several years now and this has impacted the Village’s investment strategy. Normally, the Village would buy a new CD when an existing one matured and would look at a term of somewhere between 12 and 36 months. Over the past two years, when CDs mature, the Village has frequently elected to transfer those maturities into the Harris money market accounts, as that rate has been comparable to the one year CD rate.

Staff continues to evaluate CD purchases of up to 36 months in length. The premium offered for longer-term investments has varied, but currently is only about 0.15% to go from the money market rate with daily availability to a 36 month CD. Staff has felt it is appropriate to keep the liquidity given the relatively low premium offered.

In terms of the CD rates earned by the Village, it is important to understand the Village has an investment policy that focuses on preservation of capital and minimizing risk. For example, the Village requires that financial institutions post collateral for all CDs invested by the Village into the Village of Winnetka’s separate account at the Federal Reserve Bank of Boston. This protects the Village should the financial institution fail as the Village’s CD investments exceed FDIC insurance limits. Because the financial institutions factor in the cost to them of posting collateral for CDs, the returns earned by the Village are less than those available on uncollateralized CDs. It is a common practice for municipalities to require collateralization of public funds to meet a preservation of capital standard.

Available Alternatives

Staff believes the current investment strategy is appropriate given the Village’s investment policy. If the Village Council is seeking higher investment returns, it may be appropriate to move from a preservation of capital philosophy to total return philosophy over a 3 to 5 year time horizon. This would allow for alternative investment strategies that would likely provide a higher long-term return for the Village, though there would be more variability in the market value of the investments.

Option 1: Join the IMET investment pool. Many communities utilize this investment option for money they do not need in the near term. The investment returns under this option have been less than the CD earnings on the Village’s investments. IMET’s investment return approximately matches the total Village portfolio return over longer periods of time, including the cash held by the Village that earns a significantly lower rate of return.

Option 2: Hire a Bond Manager known to the Village. I have met several times with Great Lakes, one of the bond managers used by the Police and Firefighters’ Pension Funds, to understand what returns could be expected in a separately managed bond account. While the regulations for non-pension investments are different, I would still expect a separately managed bond account to result in a higher investment returns for the Village over a 3 year or longer time frame (compared to the Village’s current investment strategy).

One concern the Council should fully understand and be comfortable with, is that bond portfolios have negative annual investment returns when interest rates increase beyond a certain rate. The price someone will pay for a bond is the present value of future cash flows at a given discount rate. The discount rate is set by the financial market. If the market discount rate were to rise (due to higher interest rates, for example), the value of an outstanding bond would fall. It is helpful to think of the value of the bond on one side of a seesaw and the discount rate to be on the opposite side. If the discount rate goes up, the value of the bond goes down. Conversely, if the discount rate goes down, the value of the bond goes up.

The table below shows an example of how annual returns would be calculated given the assumed changes in interest rates. The change in bond value amounts are calculated by taking the change in interest rates times the portfolio duration times -1 (as there is an inverse relationship). The investment yield is then added to the change in portfolio value to calculate the total return for the account.

Interest Rate Change	Portfolio Duration	Change in Portfolio Value	Investment Yield	Total Return
2.00%	2.00	-4.00%	1.20%	-2.80%
1.00%	2.00	-2.00%	1.20%	-0.80%
0.00%	2.00	0.00%	1.20%	1.20%
-1.00%	2.00	2.00%	1.20%	3.20%
-2.00%	2.00	4.00%	1.20%	5.20%

Option 3: Conduct a search for a bond manager. The Council could retain The Bogdahn Group (or another independent investment consultant) to perform a search to find a new Bond Manager for the Village's corporate funds. The Bogdahn Group (formerly, Becker, Burke, and Associates) has provided investment advice to both the Police and Firefighters' Pension funds for about 10 years, including selecting bond investment managers.

Both Pension Boards have selected Great Lakes Investment Advisors as a bond manager through a competitive screening process. If the Village Council preferred a new investment manager search, one could be performed for about \$5,000.

Option 4: Purchase many Certificates of Deposit. One of the Council Members has indicated that the Village should explore making many CD investments at multiple banks to remain under the \$250,000 FDIC limit. This would allow the financial institutions to pay a higher interest rate because they would not have to pledge collateral to secure a Village deposit.

This is a very time intensive approach to investing and has many risks, including those related to internal control concerns, fraud risks, compliance risks, and managing many relationships. From a practical standpoint, if the Village were to invest \$40,000,000 and remain under the \$250,000 FDIC insurance per institution FDIC, that would require relations with 160 financial institutions. This is beyond the capability of the existing Finance Department.

In attempting to estimate the additional income from this strategy, the staff looked at on-line CD quotes from various sources, including the web site: <http://www.bankrate.com/funnel/cd-investments/cd-investment-results.aspx?local=false&tab=CD&prods=15>

While some financial institutions are offering 1% interest rates for one year, many are unknown to the staff. Once you get below the first 23 or so financial institutions, there is little benefit to this strategy, as the rate earned is not too different from that under the Village's current CD possibilities. This means only about 10% of the Village's assets (\$5,500,000) could be successfully invested in this strategy (see Attachment A). Staff estimates that about \$31,650 of additional income might be generated under this strategy, a roughly 0.05% increase in return. This calculation ignores the value of the diverted Staff time and potential custodial costs.

Conclusion

Historically, the Village has had a cash and investment balance around \$40 million. With the recent bond issues, the cash and investment balance will likely increase to around \$60 million before the Village starts paying for stormwater improvements. While not exhaustive of all investment possibilities, Staff has explored several alternatives to the current investment strategy for non-pension holdings. If the Village wishes to maintain the current preservation of capital philosophy and never expect to experience a negative investment return, then no changes to the current investment strategy are suggested.

If the Council is willing to modify the preservation of capital philosophy that underpins the current investment strategy of the Village, Staff believes that option #2 - hiring a fixed income manager already utilized by the Police and Firefighters' Pension Funds and modifying their investment strategy to meet the risk tolerances of the Council, is the best option. A bond manager could reasonably be expected to improve investment income by .50% over a three to five year time frame. If \$30,000,000 were invested, that would result in \$150,000 ($\$30,000,000 * .50\%$) of additional annual investment income. However, there will be periods of time when a bond manager will underperform the Village's current investment strategy, and losses of investment principal are to be expected under this investment strategy when interest rates rise significantly.

Attachment A – CD Scenario spreadsheet - showing incremental revenue possible based on CD rates obtained on 1/22/2014 via the website: <http://www.bankrate.com/funnel/cd-investments/cd-investment-results.aspx?local=false&tab=CD&prods=15>

CD Scenario

Attachment A

CD Rates	Less MM Rate	Less Management Fee	Rate Difference	Additional Income on \$ 250,000.00	Cumulative Amount Invested
1.05%	0.15%	0.15%	0.75%	\$ 1,875.00	\$ 250,000.00
1.00%	0.15%	0.15%	0.70%	\$ 1,750.00	\$ 500,000.00
0.99%	0.15%	0.15%	0.69%	\$ 1,725.00	\$ 750,000.00
1.10%	0.15%	0.15%	0.80%	\$ 2,000.00	\$ 1,000,000.00
1.02%	0.15%	0.15%	0.72%	\$ 1,800.00	\$ 1,250,000.00
1.00%	0.15%	0.15%	0.70%	\$ 1,750.00	\$ 1,500,000.00
1.00%	0.15%	0.15%	0.70%	\$ 1,750.00	\$ 1,750,000.00
0.95%	0.15%	0.15%	0.65%	\$ 1,625.00	\$ 2,000,000.00
0.95%	0.15%	0.15%	0.65%	\$ 1,625.00	\$ 2,250,000.00
0.95%	0.15%	0.15%	0.65%	\$ 1,625.00	\$ 2,500,000.00
0.95%	0.15%	0.15%	0.65%	\$ 1,625.00	\$ 2,750,000.00
0.91%	0.15%	0.15%	0.61%	\$ 1,525.00	\$ 3,000,000.00
0.90%	0.15%	0.15%	0.60%	\$ 1,500.00	\$ 3,250,000.00
0.90%	0.15%	0.15%	0.60%	\$ 1,500.00	\$ 3,500,000.00
0.85%	0.15%	0.15%	0.55%	\$ 1,375.00	\$ 3,750,000.00
0.80%	0.15%	0.15%	0.50%	\$ 1,250.00	\$ 4,000,000.00
0.75%	0.15%	0.15%	0.45%	\$ 1,125.00	\$ 4,250,000.00
0.71%	0.15%	0.15%	0.41%	\$ 1,025.00	\$ 4,500,000.00
0.68%	0.15%	0.15%	0.38%	\$ 950.00	\$ 4,750,000.00
0.65%	0.15%	0.15%	0.35%	\$ 875.00	\$ 5,000,000.00
0.60%	0.15%	0.15%	0.30%	\$ 750.00	\$ 5,250,000.00
0.55%	0.15%	0.15%	0.25%	\$ 625.00	\$ 5,500,000.00
0.30%	0.15%	0.15%	0.00%	\$ -	\$ 5,750,000.00
				\$ 31,650.00	

CD Rates: National High Yield

Edit

[Glossary Terms](#)

Default	Institution	APY	Min Deposit
1 yr CD			
 ★★★★★	APY 1.05% Wed Jan 22 Rate 1.04 % Compounded daily Min Deposit \$25,000		
Go to myoptimizerplus.com to open an account today. FDIC Insured			
 ★★★★★	APY 1.00% Wed Jan 22 Rate 1.00 % Compounded daily Min Deposit \$500		
Call Now to open your FDIC-insured CD account.			
 ★★★★★	APY 0.99% Wed Jan 22 Rate 0.99 % Compounded daily Min Deposit \$0		
Go to AllyBank.com to Open an Account Today			
AloStar Bank of Commerce ★★★★★	APY 1.10% Wed Jan 22 Rate 1.09 % Compounded daily Min Deposit \$1,000		
Pacific Mercantile Bank ★★★★★	APY 1.02% Wed Jan 22 Rate 1.01 % Compounded daily Min Deposit \$10,000		

15-MONTH CD

1.15% APY¹

On balances of \$2,000 or more

Great Rates + Safety = Peace of Mind.

Click here to open an account using promo code: **BANKRATE15** →

Call us at 1-800-903-8154 to get started now.

Member FDIC
*See disclosures
†Treasurer of GE Capital Retail Bank

Min Deposit \$500

Colorado Federal Savings Bank



APY 1.00%

Wed Jan 22

Rate 1.00 %

Compounded daily

Min Deposit \$5,000

The Palladian PrivateBank



APY 1.00%

Wed Jan 22

Rate 1.00 %

Compounded quarterly

Min Deposit \$10,000

Discover Bank



APY 0.95%

Wed Jan 22

Rate 0.95 %

Compounded daily

Min Deposit \$2,500

Doral Direct



APY 0.95%

Wed Jan 22

Rate 0.95 %

Compounded daily

Min Deposit \$500

glantbank.com



APY 0.95%

Wed Jan 22

Rate 0.95 %

Compounded daily

Min Deposit \$2,500

Home Savings Bank



APY 0.95%

Wed Jan 22

Rate 0.95 %

Compounded daily

Min Deposit \$10,000

E-LOAN



APY 0.91%

Wed Jan 22

Rate 0.91 %

Compounded daily

Min Deposit \$10,000

537 = 12

California First National Bank



APY 0.90%

Wed Jan 22

Rate 0.90 %

Compounded monthly

Min Deposit \$5,000

VirtualBank



APY 0.90%

Wed Jan 22

Rate 0.90 %

Compounded daily

Min Deposit \$10,000

First Internet Bank of Indiana



APY 0.85%

Wed Jan 22

Rate 0.85 %

Compounded monthly

Min Deposit \$1,000

Barclays



APY 0.80%

Wed Jan 22

Rate 0.80 %

Compounded daily

Min Deposit \$0

Pentagon Federal Credit Union



APY 0.75%

Wed Jan 22

Rate 0.75 %

Compounded daily

Min Deposit \$1,000

USAA



APY 0.71%

Wed Jan 22

Rate 0.71 %

Compounded monthly

Min Deposit \$1,000

Intervest National Bank



APY 0.68%

Wed Jan 22

Rate 0.68 %

Compounded daily

Min Deposit \$2,500

ableBanking, a division of Northeast Bank



APY 0.65%

Wed Jan 22

Rate 0.65 %

Compounded daily

8+12 = 20

Min Deposit \$1,000

EverBank



APY 0.60%

Wed Jan 22

Rate 0.60 %

Compounded daily

Min Deposit \$1,500

1

Bank of Internet USA APY 0.55%



Wed Jan 22

Rate 0.55 %

Compounded daily

Min Deposit \$1,000

2

State Farm Bank



APY 0.30%

Wed Jan 22

Rate 0.30 %

Compounded daily

Min Deposit \$500

3 + 20

Lone Star Bank



APY 0.25%

Wed Jan 22

Rate 0.25 %

Compounded daily

Min Deposit \$1,000

Heritage Bank



APY 0.23%

Wed Jan 22

Rate 0.23 %

Compounded annually

Min Deposit \$1,000

American Bank



APY 0.20%

Wed Jan 22

Rate 0.20 %

Compounded daily

Min Deposit \$500

Citizens Trust Bank



APY 0.20%

Wed Jan 22

Rate 0.20 %

Compounded daily

Min Deposit \$500

Mount McKinley Bank
★★★★★
APY 0.18%
Wed Jan 22
Rate 0.18 %
Compounded daily
Min Deposit \$5,000

Bangor Savings Bank
★★★★☆
APY 0.15%
Wed Jan 22
Rate 0.15 %
Compounded monthly
Min Deposit \$500

IGObanking.com
★★★★☆
APY 0.15%
Wed Jan 22
Rate 0.15 %
Compounded daily
Min Deposit \$1,000

Salem Five
★★★★☆
APY 0.25%
Tue Jan 21
Rate 0.25 %
Compounded monthly
Min Deposit \$500

1st Source Bank
★★★★☆
APY 0.15%
Tue Jan 21
Rate 0.15 %
Compounded annually
Min Deposit \$500

TAB Bank
★★★★☆
APY 0.65%
Mon Jan 20
Rate 0.65 %
Compounded daily
Min Deposit \$1,000

[See more »](#)

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