

**ROCHELLE CITY COUNCIL  
REGULAR MEETING 5/11/2026  
AGENDA ITEM NO. \_\_**

**SUBJECT: Modifications** and extension of Articles VII (Municipal Gas Tax) and VIII (Municipal Electricity Tax) of Chapter 90 of the Rochelle Municipal Code utility tax fund

**Staff Contact:** Sam Tesreau, City Engineer

**Summary:**

In November 2021 City Council approved an ordinance #21-5308 amending articles VII and VIII of chapter 90 of the RMC to extend utility taxes through December of 2028. The rate structure contained within the current ordinance has not been increased for over 5 years while the cost of construction is increasing year over year at a rate of no less than 3% and as high as 15%. The available utility tax funds are allocated for various projects including sidewalk repair, replacement, new construction within the City ROW and/or easements and other street improvements in areas lacking curb and gutter and sidewalks, accessibility ramps and other professional and engineering services related to those projects.

Most of the funds have been used throughout the community over the past 20 years to repair or replace existing sidewalks and other pedestrian paths, upgrade accessibility ramps, construct new or missing sections or gaps within the City's sidewalk system, and construction of new curb and gutter streets within areas lacking said infrastructure improvements. Since 1997 over 1,300,000 sq ft of sidewalks, accessibility ramps and pedestrian paths have been constructed or replaced throughout the City.

However, with the potential for cost sharing in state funded grant opportunities, upcoming state/local projects, and ever-increasing material and labor costs the budgeted amount will need be increased over the next few years to sustain the quality and quantity of infrastructure replaced or constructed through 2032.

The current ordinance will terminate in 2028, and it is recommended that an increase in the current Municipal Electricity Tax tiered rate schedule (shown in the attached ordinance) be approved beginning in January 2027 to allow budgeting of critical infrastructure that utilizes this source of local funds. Until such time the current rate schedule will remain until December of 2026. The initial increase in the Municipal Electricity Tax, beginning in 2027, is estimated to produce another \$84,000 over the 2025 UTF revenues of \$420,000. This represents \$1.34 increase, on average, for residential customers per month. For comparison, if the maximum Municipal Electricity tiered rate schedule, allowed by State statute, were adopted by the City it would net approximately \$1.4M in utility tax revenue.

It is also recommended that an increase of 0.5% in the current Municipal Gas Tax (shown in the attached ordinance) be approved beginning in January 2027. The increase in the Municipal Gas Tax, beginning in 2027, is estimated to produce another \$16,000 over the 2025 UTF revenues of \$260,000.

Lastly, consideration should be given to future Municipal Utility tax increase, over the next one to two years, to align with increasing cost of construction expenses.

**Funding Sources:**

Source:	Budgeted Amount:	Proposed Expenditure:
UTF	N/A TBD	N/A TBD

**Recommendation:**

Please consider approval and adoption of the amended ordinance enclosure (1).

**Supporting Documents:**

Enclosure:

- (1) AN ORDINANCE AMENDING ARTICLES VII (MUNICIPAL GAS TAX) AND VIII (MUNICIPAL ELECTRICITY TAX) OF CHAPTER 90 (TAXATION) TO AMEND AND EXTEND UTILITY TAXES THROUGH DECEMBER OF 2032.