

# **URBANA & CHAMPAIGN SANITARY DISTRICT BOARD MEETING AGENDA**

**Location:** UCSD Boardroom, Station R, 1100 E. University, Urbana IL

**Time and Date:** 10:00 a.m. - Thursday, April 28, 2016

1. **Call of Meeting to Order**
2. **Approval of the Agenda**
3. **Audience Participation**
4. **Public Hearing Regarding FY17 Budget**
5. **Budget Discussion\***
6. **Ordinance #699 – FY17 Budget and Appropriations\***
7. **Other Reports**
  - a. Impact of IAWC Meter Change
8. **Executive Session** (if necessary)
9. **Adjournment**

*\* Indicates information included in the Board Packet*

**Next Board Meetings – 10:00 A.M. on Thursday, May 5, 2016**  
Station R Boardroom, NE Plant, 1100 E. University Ave., Urbana

# Memorandum

**To:** Board of Trustees  
**From:** Kim Lytle  
**Date:** April 21, 2016  
**Re:** Agenda Item 5 - Budget Discussion

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## Requested Action:

This item requires no formal Board action and is provided to identify significant changes between the draft FY17 budget that was presented in March and the final FY17 budget that is presented today.

## Discussion:

### Operations & Maintenance Fund:

Revenues: Revenues for FY17 have been modified based upon actual data available through mid-April, 2016. The overall impact is a reduction in revenue of \$197,800. While there are changes in eight line items, two are responsible for the bulk of the reduction. Residential user charges were reduced by \$60,000 and Commercial user charges were reduced by \$130,000.

Expenditures: Overall expenditures decreased by \$21,882. Total changes by section and an explanation of any significant amounts are listed below.

100 Administration                      Decrease                      \$15,264

The three largest decreases are recognized in IMRF (\$18,250), Commercial Insurance (\$5,490), and Bank Service Fees (\$9,800). The only increase larger than \$5,000 was for Contracted Services – Network Management (\$13,640).

110 User Charge                      Increase                      \$5,200

User Charge Postage is expected to decrease by \$5,200. However, the additional \$10,000 estimate for the programming changes related to the IAWC water meter unit changes results in a net increase.

300 O&M                                      Decrease \$43,637

Decreases exceeding \$5,000 are in Wages – Staff due to retirements (\$20,737), Maintenance Supplies (MS) Boilers and Heat Exchangers (\$33,000), and MS Tools (\$12,000). Increases are in MS Instrumentation (\$7,500), Contracted Services (CS) Machinework / Hardcoating (\$7,300), and CS Motor Repairs (\$10,900).

310 Building & Grounds                      Decrease                      \$23,820

This is primarily due to a \$21,000 reduction for CS Road & Parking Lot Maintenance.

Capital Items:                                      Decrease                      \$46,000

The Spare Camera Head (\$22,000) was removed as it was purchased in FY16 and the VFD project was reduced by \$90,000. An Anaerobic Digester Thickening Project (\$50,000) and the O&M Log Book programming (\$16,000) were added.

**Construction Fund:**

No changes were made to either revenue or expenditures in this fund.

**Interceptor Cost Recovery Fund:**

The first payment on the 2<sup>nd</sup> Street – Phase 2 project is projected to be paid 4/17/17. This increases the expenditures by \$161,065.52.

**Debt Service Fund:**

No changes were made to either revenue or expenditures in this fund.

**Second Street Pump Station Fund:**

No changes were made to either revenue or expenditures in this fund.

**Net Effect:**

The overall change to the net effect moved from -\$1,653,980.81 to -\$1,894,325.33 which is an increased deficit of \$240,344.52.

**Summary Comments:**

With the size of the projected FY17 deficit, Staff will closely monitor both revenues and expenditures throughout the year. If it is determined that revenues will be lower or unexpected expenditures arise, Staff will review the list of both capital and routine expenditures and decide which can be deferred until a later year.

Revenues projected for User Charges are budgeted based upon FY16 projections after 11.5 months. These remain well below what the original Long Range Plan anticipated. With the more dynamic modeling tool provided by MFSG as part of the Financial Plan and Rate study, Staff will input actual numbers after the audit is completed and share both the short and long term results of this with the Board.

The Construction and Interceptor Cost Recovery Funds (ICRF) revenues are higher this year due to rate increases approved in February 2016 that become effective May 1. Connection permit fees increase by \$18 / PE to \$373. ICR fees increase \$40 / PE to \$280. Both revenue streams use an estimate of 2,600 PE for the year.

Expenditure projections are not artificially inflated as the District has never followed a “use it or lose it” strategy. However, historically the budget has been slightly over actual expenditures. This is typically due to some being eliminated, deferred, or reduced in cost. A few projects that have been deferred in prior years have been included in the FY17 budget, making it less likely that many of the projects can be deferred or eliminated during this fiscal year. The most likely project to be eliminated is the \$440,000 Nitrification Pump VFDs as a more exhaustive cost / benefit study needs to be conducted. Staff will continue to look for ways to reduce other costs for this and other projects as more detailed design and construction information becomes available. We also monitor all revenues and expenditures and adjust as needed throughout the year, identifying any important changes for the Board as part of the monthly Treasurer’s Report.

**ORDINANCE NO. 699**  
**COMBINED ANNUAL BUDGET AND APPROPRIATION**  
**ORDINANCE FOR THE URBANA & CHAMPAIGN SANITARY DISTRICT,**  
**FISCAL YEAR OF MAY 1, 2016 TO APRIL 30, 2017,**  
**BOTH INCLUSIVE**

**BE IT ORDAINED** by the Board of Trustees of the Urbana & Champaign Sanitary District of Champaign County, Illinois:

**SECTION 1.** That this will be and the same is hereby termed the **COMBINED ANNUAL BUDGET AND APPROPRIATION ORDINANCE FOR THE URBANA & CHAMPAIGN SANITARY DISTRICT, FOR THE FISCAL YEAR MAY 1, 2016 TO APRIL 30, 2017.**

**SECTION 2.** That the following budget containing an estimate of revenue and expenditures be and the same is hereby adopted as the **BUDGET AND APPROPRIATIONS ORDINANCE OF THE URBANA & CHAMPAIGN SANITARY DISTRICT FOR THE FISCAL YEAR OF MAY 1, 2016 TO APRIL 30, 2017.**

**ESTIMATED EXPENDITURES**

**A. Operation and Maintenance Fund Expenditures:**

100	Administration	\$2,672,784.00
110	User Charge	116,770.00
195	Interfund Transfers	2,651,335.80
200	Engineering	183,600.00
300	Operations & Maintenance	3,996,162.00
310	Building & Grounds	173,180.00
330	Bio-solids	297,000.00
340	Wastewater Operations	1,159,900.00
350	Laboratory	59,500.00
	Capital Outlays	
134	Sewers	970,000.00
135	Pump Stations	60,000.00
136	Treatment Plant Facilities	449,000.00
137	Property Improvements	50,000.00
138	Machinery & Equipment	436,500.00
	Total Operation and Maintenance Fund Expenditures	<u>\$13,275,731.80</u>

**B. Construction Fund Expenditures:**

790	Expenditures	\$ 200,000.00
195	Interfund Transfers	<u>1,167,513.58</u>
	Total Construction Fund Expenditures	<u>\$1,367,513.58</u>

**C. Interceptor Cost Recovery Fund Expenditures:**

200	Principal & Interest	\$996,559.54
	Capital Outlays	0.00
	Total Interceptor Cost Recovery Fund Expenditures	<u>\$996,559.54</u>

**D. Debt Service Fund Expenditures:**

200	Principal & Interest	<u>\$4,568,849.60</u>
	Total Debt Service Fund Expenditures	<u>\$4,568,849.60</u>

E. Second Street Pump Station:	
775 Expenditures	\$5,200,000.00
Total Second Street Pump Station Fund Expenditures	<u>\$5,200,000.00</u>
Grand Total – All Budgeted Items for All Funds	<u>\$25,554,293.51</u>

ESTIMATED REVENUES

A. Operation and Maintenance Fund Revenue:

    Estimate of revenue expected to be received from:

User Charges	\$ 7,884,000.00
User Charge Line Maintenance	575,000.00
Industrial Waste Treatment	376,000.00
Industrial Sludge Disposal	174,000.00
User Charge Contracts	2,000,000.00
Illinois Replacement Tax	225,000.00
Other Sources	<u>1,192,000.00</u>
Total Operation and Maintenance Fund Revenue	<u>\$12,426,000.00</u>

B. Construction Fund Revenue:

Connection Fees	\$969,800.00
Total Construction Fund Revenue	<u>\$969,800.00</u>

C. Interceptor Cost Recovery Fund Revenue:

Interceptor Cost Recovery Fees	\$ 728,000.00
Other Sources	<u>371,679.58</u>
Total Interceptor Cost Recovery Fund Revenue	<u>\$1,099,679.58</u>

D. Debt Service Fund Revenue:

Interfund Transfers	\$3,818,849.60
Total Debt Service Fund Revenue	<u>\$3,818,849.60</u>

E. Second Street Pump Station:

Interfund Transfers	\$5,200,000.00
Total Debt Service Fund Revenue	<u>\$5,200,000.00</u>

Grand Total – All Estimated Revenue for All Funds	<u>\$23,514,329.18</u>
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**SECTION 3.** All unexpended balances of any item or items of any general appropriation made by this ordinance may be expended in making up any insufficiency in an item or items in the same general appropriation made by this ordinance.

**SECTION 4.** This ordinance shall be in full force and effect from and after its passage, adoption, approval and publication in accordance with the laws. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

**PASSED AND ADOPTED BY THE** Board of Trustees of the Urbana & Champaign Sanitary District of Champaign County, Illinois, this day of April 28<sup>th</sup> 2016.

\_\_\_\_\_  
Clerk of Urbana & Champaign Sanitary  
District and of its Board of Trustees

**APPROVED BY THE PRESIDENT** of the Urbana & Champaign Sanitary District and of  
its Board of Trustees this 28<sup>th</sup> day of April 2016.

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President of Urbana & Champaign Sanitary  
District and of its Board of Trustees

**ATTEST:**

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Clerk of Urbana & Champaign Sanitary  
District and of its Board of Trustees

**APPROVED:**

\_\_\_\_\_, 2016  
Attorney, Urbana & Champaign  
Sanitary District

**PUBLISHED:** \_\_\_\_\_

STATE OF ILLINOIS            )  
  )SS  
COUNTY OF CHAMPAIGN    )

I, Jennifer Putman, do hereby certify that I am the duly appointed Clerk of the Board of Trustees of the Urbana & Champaign Sanitary District of Champaign County, Illinois, and that the foregoing Ordinance No. 699 is a true, complete and exact copy of said Ordinance that was adopted at the regular meeting of said Board of Trustees held on April 28, 2016 at 10:00 A.M. at the Administration Building of the Northeast Wastewater Treatment Facility.

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Clerk

Signed and sworn to before me April 28, 2016

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Notary Public

NOTICE OF ADOPTION OF  
ANNUAL BUDGET AND APPROPRIATION ORDINANCE  
URBANA & CHAMPAIGN SANITARY DISTRICT

NOTICE IS HEREBY GIVEN that the Urbana & Champaign Sanitary District, by and through its Board of Trustees, at a special meeting on April 28, 2016, and after conducting a Public Hearing, as required by law, adopted the Budget and Appropriation Ordinance No. 699 for the Urbana & Champaign Sanitary District for the fiscal year commencing May 1, 2016 and ending on April 30, 2017. A copy of that Ordinance, as adopted, follows:

DATED this 28<sup>th</sup> of April, 2016.

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Clerk of the Urbana & Champaign Sanitary District