

SEWER FUND

Statement of Purpose

The Public Works Department, in accordance with the Metropolitan Water Reclamation District (MWRD) of Greater Chicago, the Environment Protection Agency (EPA), and all other governing bodies, operates and maintains the Village sewer system, consisting of 360,000 feet of sewers and 3,822 manholes, catch basins and inlets.

FY 2013-14 Key Objectives

1. Continue the annual program for sewer televising in order to clean and televise sewer segments. Data from this program will then be used in conjunction with the street condition survey to establish the next priorities for infrastructure improvements.
2. Clean and maintain main line sewers on an as-needed basis.
3. Inspect and clean one-fifth of all catch basins within the system.
4. Complete detailed plans and specifications, and construct the next segment of the Maple Avenue Relief Sewer.
5. Continue to research and apply for grant opportunities and assess financing options associated with MARS, OARS and areas south of 47th Street.
6. Continue to coordinate with the regional planning group for a solution to the drainage issues identified for the area south of 47th Street.
7. Continue to work with the Metropolitan Water Reclamation District in order to comply with all IEPA and MWRD monitoring requirements.

Performance Measures	2010	2011	2012
In house sewers/catch basins repaired/replaced (hours)	384	345	374
In house televised sewer (hours)	13	37	26
Sewer/catch basin cleaning	279	400	162
Sewer Televised (Contractor)	38,600 feet	5,000 feet	

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VILLAGE OF LA GRANGE
SEWER FUND
WORKING CAPITAL SUMMARY THROUGH APRIL 30, 2018

Working Capital, April 30, 2010			391,381
Revenues	2010-11	398,226	
Expenses	2010-11	<u>(601,201)</u>	<u>(202,975)</u>
Working Capital, April 30, 2011			188,406
Revenues	2011-12	380,074	
Expenses	2011-12	<u>(406,652)</u>	<u>(26,578)</u>
Working Capital, April 30, 2012			161,828
Revenues	2012-13	421,600	
Expenses	2012-13	<u>(579,859)</u>	<u>(158,259)</u>
Working Capital, April 30, 2013			3,569
Revenues	2013-14	456,100	
Expenses	2013-14	<u>(420,773)</u>	<u>35,327</u>
Working Capital, April 30, 2014			38,896
Revenues	2014-15	502,000	
Expenses	2014-15	<u>(441,115)</u>	<u>60,885</u>
Working Capital, April 30, 2015			99,780
Revenues	2015-16	554,000	
Expenses	2015-16	<u>(451,155)</u>	<u>102,845</u>
Working Capital, April 30, 2016			202,625
Revenues	2016-17	557,000	
Expenses	2016-17	<u>(481,346)</u>	<u>75,654</u>
Working Capital, April 30, 2017			278,278
Revenues	2017-18	561,000	
Expenses	2017-18	<u>(492,008)</u>	<u>68,992</u>
Working Capital, April 30, 2018			<u><u>347,270</u></u>

SEWER

ACCT. NO.	ACCOUNT DESCRIPTION	2010-11 ACTUAL	2011-12 ACTUAL	2012-13 BUDGET	2012-13 EST. ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET
8000	REVENUES									
	CHARGES FOR SERVICES									
5210	SEWER SERVICE FEE	391,170	373,883	410,000	415,000	450,000	495,000	545,000	545,000	545,000
5211	CONNECTION FEES	5,600	5,600	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	SUBTOTAL	396,770	379,483	416,000	421,000	456,000	501,000	551,000	551,000	551,000
	INTEREST INCOME									
5500	INVESTMENT INTEREST	1,456	591	1,000	600	100	1,000	3,000	6,000	10,000
	SUBTOTAL	1,456	591	1,000	600	100	1,000	3,000	6,000	10,000
	MISCELLANEOUS REVENUES									
5899	MISCELLANEOUS	-	-	-	-	-	-	-	-	-
	SUBTOTAL	-	-	-	-	-	-	-	-	-
	TOTAL REVENUES	398,226	380,074	417,000	421,600	456,100	502,000	554,000	557,000	561,000

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REVENUE NOTES

1. Sewer Service Fee

The Sewer Fund was established many years ago as an Enterprise Fund to pay for the maintenance and replacement of the Village's sanitary sewer system (as compared to storm sewer and combined storm and sanitary sewer work, which is funded through the Capital Project Fund). The Sewer Fund will however contribute towards but not fully fund, the maintenance and replacement of work involving combined sewers. Our goal is to maintain Sewer Fund reserves at about 50% of operating expenses. The Sewer Fund reserve balance as of April 30, 2012 was approximately 40 percent of annual operating expenses. However, after the completion of the Poplar Place Sewer Improvement Project in FY2012-13, the reserve balance falls to less than 1% of annual operating expenses.

As sewer fees are the sole source of revenue in the Sewer Fund, rate increases are necessary for revenues to keep pace with the increasing cost of operations. Historically, the Village has implemented smaller increases over a period of several years, rather than a larger increase all at once. The last sewer rate increase was a series of 5% increases from FY 2003-04 to FY 2007-08.

In order to provide funding for projected operations and capital expenditures, and to rebuild sewer reserves, staff recommends the planned sewer rate increases of 10% each year, for three consecutive years, beginning in FY2013-14. As we continue with repairs and main replacement we may need to consider additional rate increases to fund sewer projects and maintain adequate reserves. We estimate that these planned increases will result in an increase of \$15 per year for each sewer customer.

Similar to water, the sewer rate increase does not take into account any increase in revenue due to improved water accountability which is anticipated as a result of the water meter replacement project. Should revenues increase due to improved meter accuracy, future sewer rate increases as currently planned, could be reduced or eliminated to reflect the additional revenue. Sewer rates will continue to be reviewed on an annual basis.

Please note that in FY 2012-13, revenues from Sewer Service Fees are estimated to be over budget due to above average water usage resulting from the dry summer conditions.

2. Connection Fees

Revenues include sewer connection fees which reflect recovery of Village costs for providing these services for new construction. The Village is responsible for inspection and maintenance of the tap into the sewer main.

SEWER FUND

ACCT. NO.	ACCOUNT DESCRIPTION	2010-11 ACTUAL	2011-12 ACTUAL	2012-13 BUDGET	2012-13 EST. ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET
8000	EXPENDITURES	PERSONNEL								
6000	SALARIES - FULL-TIME	123,634	133,297	135,607	135,617	139,685	143,876	148,192	152,638	157,217
	SALARY ALLOCATIONS									
	Salaries - F/T - Admin	27,183	26,989	28,080	28,121	29,414	30,595	31,825	33,111	34,457
	Salaries - F/T - Finance	22,496	22,103	22,070	22,255	23,239	23,695	24,353	25,031	25,729
	Salaries - F/T - Water	18,592	17,877	18,399	18,535	19,721	20,056	20,558	21,072	21,599
		191,905	200,266	204,156	204,527	212,060	218,222	224,928	231,852	239,002
6002	SALARIES - OVERTIME	19,498	13,312	10,500	10,500	13,500	13,905	14,322	14,752	15,194
6004	IMRF CONTRIBUTIONS	30,049	27,893	27,905	27,480	31,578	32,498	33,495	34,525	35,587
6005	FICA/MEDICARE	15,421	15,338	16,421	16,450	17,255	17,758	18,303	18,865	19,446
6009	IRMA CONTRIB / CLAIMS	11,383	11,963	13,217	11,430	11,365	11,365	11,365	11,365	11,365
6010	HEALTH INSURANCE	14,922	15,876	14,609	14,609	15,036	16,145	17,337	18,619	19,996
6020	TRAINING & MEMBERSHIP	118	267	500	500	500	500	500	500	500
6021	UNIFORMS	1,289	1,162	1,400	1,400	1,400	1,400	1,400	1,400	1,400
	SUBTOTAL	284,585	286,077	288,708	286,895	302,694	311,793	321,650	331,877	342,490
	SUPPLIES & MATERIALS									
6100	TOOLS & SUPPLIES	823	1,216	1,500	1,500	1,500	1,500	1,500	1,500	1,500
6102	GAS & OIL	5,559	5,970	5,700	6,800	7,000	7,000	7,000	7,000	7,000
	SUBTOTAL	6,382	7,186	7,200	8,300	8,500	8,500	8,500	8,500	8,500
	OPERATIONS & CONTRACTUAL									
6210	TELEPHONE	3,368	2,863	3,000	3,000	3,000	3,000	3,000	3,000	3,000
6220	MTCE-EQUIPMENT	5,385	13,101	7,000	7,000	7,000	7,000	7,000	7,000	7,000
6224	MTCE-MANHOLE/SEWERS	11,402	2,069	10,000	10,000	10,000	10,000	10,000	10,000	10,000
6230	PROFESSIONAL SERVICES	10,575	14,347	5,000	5,000	5,000	15,000	15,000	15,000	15,000
6232	AUDITING	1,248	1,266	1,318	1,318	1,469	1,399	1,582	1,629	1,678
	SUBTOTAL	31,978	33,646	26,318	26,318	26,469	36,399	36,582	36,629	36,678

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ACCT. NO. ACCOUNT DESCRIPTION	2010-11 ACTUAL	2011-12 ACTUAL	2012-13 BUDGET	2012-13 EST. ACT	2013-14 BUDGET	2014-15 BUDGET	2015-16 BUDGET	2016-17 BUDGET	2017-18 BUDGET
<u>CAPITAL OUTLAY</u>									
6600 NEW EQUIPMENT	-	6,895	3,000	3,000	3,000	3,000	3,000	3,000	3,000
6605 COMPUTER EQUIPMENT	715	992	1,000	1,000	1,000	1,000	1,000	1,000	1,000
6625 SEWERS	199,000	5,000	205,000	185,000	5,000	5,000	5,000	5,000	5,000
66XX SEWER LINING	-	-	-	-	-	-	-	10,000	10,000
6660 EQUIPMENT - RESERVE (ERF)	36,097	38,747	34,346	34,346	39,110	40,424	40,424	50,340	50,340
6681 MANHOLE REPLACEMENT	42,444	28,109	35,000	35,000	35,000	35,000	35,000	35,000	35,000
SUBTOTAL	278,256	79,743	278,346	258,346	83,110	84,424	84,424	104,340	104,340
TOTAL FOR DEPARTMENT	601,201	406,652	600,572	579,859	420,773	441,115	451,155	481,346	492,008

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Personnel Services	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Director	.15	.15	.15	.15	.15	.15	.15	.15
Crew Leader	1	1	1	1	1	1	1	1
General Utility Worker	1	1	1	1	1	1	1	1
Total	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15

EXPENSE NOTES

1. **Salaries - Full-time**

The Village implemented a cost-containment plan to reduce operating expenses due to the length and severity of the recession. The cost-containment plan includes no general wage adjustment or merit increase for the Public Works Director in FY 2011-12. In addition, as a result of mid-term bargaining concessions with the Public Works union, General Utility Worker and Crew Leader salaries reflect a decrease in the contractual annual wage adjustment from 2.75% to 2.0% effective May 1, 2011.

2. **Salaries - Overtime**

Although the Village is experiencing a mild winter, overtime expenses in the Sewer Fund are estimated to approximate budget due to employees being called in frequently during the fiscal year due to their specialized expertise in the field. It is important to note that although at budget, overtime expenses have decreased significantly from previous years, in part due to a concerted effort by the Public Works Department to control costs whenever possible and still provide quality, essential services.

3. **Professional Services**

Expenses include costs for miscellaneous engineering services, annual updates to the sewer atlas and costs associated with the review and recommendations arising from the sewer televising program.

In 2011 staff proposed funding for the implementation of a Geographic Information System (GIS). A GIS system provides for electronic mapping and record keeping of Village utilities in a standardized format that can be shared across the organization. At that time, the Village Board elected to delay this objective due to budgetary constraints. Staff proposes to re-

initiate funding for this program in FY2014-15, which would be shared with the Sewer Fund. Additional information on the proposed GIS program will be presented to the Village Board as part of the next year's budget.

FY 2011-12 expenses include miscellaneous engineering services associated with the sewer system, specifically related to responding to MWRD inquiries related to the separate sewer system areas.

4. New Equipment

FY 2011-12 expenses reflect the purchase of trench shoring equipment which was shared equally with the Water Fund for a total cost of \$13,800.

5. Sewers

The FY2013-14 budget includes the annual \$5,000 NPDES (National Pollutants Discharge Elimination System) permit fee charged by the State of Illinois for the discharge of combined sewage.

The Village will continue to review the information obtained from the sewer televising program in order to determine if any immediate action is necessary to maintain the functionality of the existing system.

FY2012-13 expenditures include costs associated with the Poplar Place drainage improvements project. The overall project came in below the estimated cost. Please note, funds for construction costs for this project were also budgeted in the Capital Projects Fund in FY 2012-13. Please see the Capital Projects Fund for a complete description of the project.

Expenses of \$194,000 in FY 2010-11 reflect sewer related expenses for the Bluff/MARS project. This project included the installation of new combined sewers, water main, drainage structures and street reconstruction on Bluff Avenue from Burlington Avenue to 47th Street.

The Sewer Fund was established as an enterprise fund to finance the cost of sanitary sewer expenses. The Village's sewer system consists of three types of flows: storm, sanitary and combined. While much of the Village's sewer system is combined flow, we would not be able to finance the entire cost of MARS solely using this Fund or at a higher funding level. The preliminary engineering estimates for MARS indicate that we may need additional increases in sewer rates to fund future segments of this project. Staff will be assessing these various options for financing and will provide additional information during future budget development processes.

6. Sewer Lining

The Village owns and maintains approximately 360,000 feet of sewers. The life expectancy of a sewer can vary, but a conservative estimate is that the useful life of a sewer is 100 years. Therefore a rehabilitation program to repair, replace and/or rehabilitate the existing infrastructure is required to maintain the functionality of the existing system. Traditionally, the Village splits the cost of maintaining combined sewers between the Capital Projects Fund (storm sewer portion -90%) and Sewer Fund (sanitary sewer portion – 10%).

To start repairing some of the Village's sewers, staff proposed an annual sewer lining program with a cured-in-place liner that provides a new structurally sufficient pipe within the existing pipe. This process is less disruptive to residents since it does not require traditional open trench methods for installation.

Although replacing the Village's aging sewer infrastructure remains an important long term goal, due to limited funding, this program was put on hold until sufficient reserves were accumulated to sustain the program on an annual basis. This maintenance activity is planned to resume in FY2016-17 in the amount of \$10,000 per year with a corresponding \$100,000 budgeted in the Capital Projects line item.

7. Manhole Replacement

In order to properly establish street reconstruction priorities, condition of the water and sewer infrastructure must be taken into consideration. Previously, the Village budgeted funds within the Capital Projects and Sewer Funds to conduct the cleaning and televising of our sewer system infrastructure over a six-year period. It was proposed that after completion of the sewer televising program in FY 2010-11, funding would shift back to the manhole replacement program. Due to reduced funding, the manhole replacement program has been temporarily discontinued in the Capital Projects Fund.

The Sewer Fund will continue to provide funding for the ongoing maintenance and repair of manholes within the sewer system in subsequent years. Manhole replacement will also continue to be completed as part of the street resurfacing projects. The Capital Projects Fund budget reflects the continuation of the sewer televising program due to the importance of assessing the condition of the mains, identifying areas that require immediate repair and removing debris within the sewers to maintain the optimum operational effect of the sewer system.

FY 2010-11 expenses increased due to sewer televising at Poplar Place, Sunset and Elm, and other special sewer investigations related to the significant flooding which occurred during the summer of 2010.