



Storm & Sanitary Sewer Fund 402

ORDINANCE NO. 8803

AN ORDINANCE AMENDING
CHAPTER 30 OF THE CITY CODE
PERTAINING TO ADMINISTRATION
TO ADOPT A FINANCIAL POLICY

PASSED this 17th day of April 2012, by 10 Ayes, 0 Nays, 4 Absent.

Revenue Policies

1. The City endeavors to develop and maintain a diversified and stable revenue base to shelter it from short-term fluctuations in any one revenue source.
2. In the past the Administrations Policy has been to base revenues on prior years actual for budgeting purposes. The policy shall be to estimate annual revenues on an objective, reasonable, and conservative basis. Most revenues shall be estimated based on a historical trend analysis. Major revenues shall receive a more in-depth analysis.
3. The City shall actively seek State and Federal grants.
4. Enterprise funds such as Sewer and Solid Waste shall be self-supporting.
5. All charges for services, fees, licenses, permits, etc. shall be reviewed annually to insure that rates are maintained at a level that is related to the cost of providing the services and are competitive with others providing similar services in the area.
6. Sewer and solid waste service charges shall be reviewed annually and set at levels adequate to meet expenditures for the next two years, less any excess fund balance.
7. Sewer and solid waste services shall be reviewed annually in conjunction with the Five Year Capital Improvement Program to assure that fees are set at a rate adequate to cover the cost of extending services to new developments.
8. Infrastructure Tax shall be reviewed annually to ensure that we are keeping up with the Five Year Capital Improvement Program.
9. Health Insurance shall be reviewed annually to ensure employees are paying a fair share of the cost.
10. One-time revenues shall not be used to support operating expenditures, except in emergency situations.

Capital Improvements Policy

1. The City shall implement and maintain a Five Year Capital Improvements Program and capital improvements shall be made in accordance with that plan. The program shall be updated annually.
2. The corresponding year of the Capital Improvement Program shall be incorporated into the annual operating budget as the Capital Improvement Fund Budget.
3. As part of the development of the Capital Improvements Program, the condition of City infrastructure shall be evaluated to appropriately prioritize and schedule maintenance and replacement.
4. Each capital project shall be evaluated for its impact on current and future operating budgets.

Capital Asset Policies

8. Estimated useful life means the estimated number of years that an asset shall be able to be used for the purpose for which it was purchased. Estimated useful lives for the category of assets identified in this policy are as follows:

+ Land Improvements	10-20 years
+ Buildings	25-50 years
+ Machinery & Equipment	3-20 years
+ Infrastructure	
Water Mains	50 years
Sewer Mains	50 years
Storm Sewers	50 years
Bridges	50 years
Streets/Curbs/Gutters	20 years
Traffic Signals	25 years
Sidewalk/Bikeways	15 years

Sewer Infrastructure Investment Needs

Sanitary Sewers

► Gravity Sewers

Approx. 935,672 feet = 177 miles
80 year life expectancy

Annual replacement needed

11,696 feet = 2.2 miles
80% rehab @ \$50/ft = \$468k
20% Replaced @ \$250/ft = \$585k

Annual Need = \$1,053,000

► Force Mains

Approx. 62,866 feet = 11.9 miles
50 year life expectancy

Annual replacement needed

1,257 feet = 0.24 miles
100% Replaced @ \$125/ft = \$157k

Annual Need = \$157,000

Sewer Infrastructure Investment Needs

Pump Stations - 5 year Estimate

<u>Fiscal Year</u>	<u>Estimated Cost</u>	<u>Description</u>
2021-2022	\$500,000	5 th St. Pump Station Replacement
2022-2023	\$350,000	Lake Side Pump Station Elimination
2022-2023	\$900,000	Ellsworth Pump Station Replacement
2023-2024	\$25,000	Harrison Park Rehabilitation
2023-2024	\$2,150,000	Eastgate Dr. Pump Station Elimination
2024-2025	\$400,000	Lynch Creek Pump Station Upgrades
2024-2025	\$400,000	Devonshire & Bayview Electrical Upgrades and Pump Replacements
2024-2025	\$300,000	Lakeview Pump Station Upgrades
2025-2026	\$400,000	Southgate Pump Station Electrical Upgrades & Pump Replacements
2025-2026	\$400,000	Wilkin Rd. Pump Station Upgrades

Total 5 Year Pump Station Needs = \$5,825,000

Average Annual Need = \$1,165,000

Sewer Infrastructure Investment Needs

Storm Sewers

► Storm Sewers

Approx. 750,000 feet = 142 miles

80 year life expectancy

Annual replacement needed

9,375 feet = 1.8 miles

65% Rehab @ \$50/ft = \$305k

35% Replaced @ \$250/ft = \$820k

Annual Need = \$1,125,000



Fund 402 Revenue

Existing

Total Revenue = \$3,700,846

Residential

Usage/Capacity*	61%
Revenue/Fees	73%
Ave. Rate/1000 gallons	\$3.27

Commercial

Usage/Capacity*	19%
Revenue/Fees	14%
Ave. Rate/1000 gallons	\$2.04

Industrial

Usage/Capacity*	20%
Revenue/Fees	13%
Ave. Rate/1000 gallons	\$1.77

Proposed

Total Revenue = \$7,728,446

Residential

Usage/Capacity*	56%
Revenue/Fees	56%
Ave. Rate/1000 gallons	\$5.95

Commercial

Usage/Capacity*	26%
Revenue/Fees	26%
Ave. Rate/1000 gallons	\$5.95

Industrial

Usage/Capacity*	18%
Revenue/Fees	18%
Ave. Rate/1000 gallons	\$5.95

*Usage percentages vary from existing to proposed due to adding minimum billing/usage amounts to commercial and residential accounts.



How will the additional funds be used?

\$2,005,000	Sanitary sewer infrastructure improvements
\$1,125,000	Storm Infrastructure Improvements
\$510,000	Engineering services for infrastructure improvements
\$150,000	Equipment & vehicle replacements
\$180,000	ROW maintenance and sewer inspections
\$60,000	Materials to maintain storm sewers

\$4,030,000 Total Additional Annual Investment



Monthly City Sewer Bills

Existing

Single Family Residential (9,956 homes)

Rates based on 2006 water consumption

Lowest = \$9.18/month

Highest = \$32.75/month

Average = \$16.10/month

Multi-Unit Residential (3,473 units)

\$11.75/unit/month (mostly)

Commercial (1,277 accounts)

Based on Average Water Usage from Prior Month

Lowest = \$0.02/month

Highest = \$2,868.54/month

Average = \$29.62

Industrial (8 accounts)

Based on Average Water Usage from Prior Month

Lowest = \$124.72/month

Highest = \$15,715.37/month

Average = \$4,306.69

Proposed

Single Family Residential (9,956 homes)

Flat Fee for all homes = \$29.75/month

Multi-Unit Residential (3,473 units)

\$17.85/unit/month

Commercial <10,000 gal/month (1,062 accounts)

Flat Fee of \$59.50/month

Commercial >10,000 gal/month (215 accounts)

Charge based on same cost per gallon as residential

Lowest = \$59.71

Highest = \$9,642.97

Industrial (8 accounts)

Charge based on same cost per gallon as residential

Lowest = \$419.10/month

Highest = \$52,747.03/month

Average = \$14,453.74

Rate Comparison to Other Communities

for 5,250 gallons as of October 2019 (per BCA study and other sources)

▶ Oakwood	\$47.35	▶ Tilton 2020	\$32.75
▶ Georgetown	\$46.25	▶ Tilton 2021	\$42.00
▶ Catlin	\$67.20	▶ Rantoul	\$31.30
▶ Charleston	\$40.24	▶ Watseka	\$36.45
▶ Homer	\$65.25	▶ Arthur	\$49.19
▶ Mahomet	\$59.59	▶ Chrisman	\$36.56
▶ Manteno	\$71.90	▶ Lafayette	\$44.35
▶ Marshall	\$44.25	▶ Terre Haute	\$64.35
▶ Mattoon	\$48.56	▶ Ridge Farm	\$46.68
▶ Monticello	\$49.00	▶ Chebanse	\$111.00
▶ Paris	\$53.99	▶ Thomasboro	\$71.90

Note: Other communities user rates may not include storm sewer costs.

Proposed Rate Reasonability Analysis

Within the water/wastewater utility industry, sewer rates are often reviewed for affordability by considering the rate as percentage of a community's median household income (MHI).

- < 1% of MHI = very affordable
- 1 - 1.5% of MHI = affordable
- 1.5 - 2% of MHI = less affordable
- > 2% of MHI = likely to cause hardship

Proposed Sewer Bill = City + DSD = \$29.75 + \$8.25 = \$38

2018 Danville MHI = \$36,176

1% of MHI = \$30.15/month

1.5% of MHI = \$45.22/month


$(12 \text{ months} \times \$38/\text{month}) / \$36,176 = 1.26\% \text{ of MHI (affordable)}$

*Proposed sewer charge includes Danville Sanitary District fees (\$8.25/month for 2021) and storm water costs (+/- 33% of City portion of proposed charge)

Benefits of Proposed Fund 402 Changes

<u>Current</u>	<u>Proposed</u>	
✓	✓	<i>Able to fulfill basic operational needs and complete emergency repairs</i>
○	✓	<i>Meets estimated funding requirements to fulfill 5-year capital investment needs in pump stations</i>
○	✓	<i>Funds sewer smoke testing, flow monitoring, and televising for investigating causes of sewer backups, inflow and infiltration removal, and mitigating future structural pipe failures</i>
○	✓	<i>Funds estimated annual need for sewer lining, replacements, and rehabilitation projects</i>
○	✓	<i>Funds maintenance of remote easements and rights-of-way</i>
○	✓	<i>Supports replacements of equipment such as Vector trucks and TV truck</i>
○	✓	<i>Increased funding for storm sewer maintenance</i>
○	✓	<i>Funds storm sewer replacement or rehabilitation at estimated level of average annual need</i>
○	✓	<i>Commercial and industrial users pay the same rate for capacity/usage as residential customers</i>
○	✓	<i>Monthly minimum charge for residential, commercial, and industrial customers</i>
○	✓	<i>Sufficient annual increases to cover the cost of inflation and customer/population loss</i>
○	✓	<i>Allows for annual infrastructure investments to keep pace based on an asset life expectancy</i>
○	✓	<i>Fund operates as a self-supporting enterprise fund</i>
○	○	<i>Addresses decades of deferred maintenance and need</i>

How does this affect my bill?

**Danville Sanitary District**

REMIT TO:
PO Box 81
Danville, IL 61834-0081
PHONE 1-217-442-3193

MAKE CHECKS PAYABLE TO:
DANVILLE SANITARY DISTRICT
PO Box 81
Danville, IL 61834-0081
PHONE 1-217-442-3193
Mon - Thurs 7:30 - 4:00
Please Put Account Number on Check

SERVICE ADDRESS: [REDACTED] DATE: 10/13/2020 ACCOUNT NO.: [REDACTED]

DATE: 10/13/2020 ACCOUNT NO.: [REDACTED]

AMOUNT DUE NOW	DUE DATE	AMOUNT DUE
	11/08/2020	\$72.25
AFTER DUE DATE		\$88.03

ACCEPTABLE PAYMENT OPTIONS:
1) INTERNET - CREDIT CARD / E-CHECK
2) PAY BY PHONE - 1-844-244-2304
3) LOCAL OFFICE
16161 GRAPE CREEK ROAD

DANVILLE LOCATIONS:
4) FIRST FINANCIAL BANK
5) FIRST MIDWEST BANK / DANVILLE
7) MAILED TO:
P.O. BOX 81
DANVILLE, IL 61834-0081

AMOUNT DUE NOW: \$72.25
AFTER DUE DATE: \$88.03

THIS IS THE ONLY NOTICE YOU WILL RECEIVE.
Failure to receive bill does not exempt penalties or disconnect for non-payment.
We are not responsible for late remittance made through the mail service.

DANVILLE SANITARY DISTRICT

Billing from 08/31/20 thru 09/30/20

DATE	READING	DATE	READING	USAGE	PREVIOUS BALANCE	PAYMENTS	CURRENT BALANCE
					72.25	72.25	0.00

DSD TREATMNT 6.70
DSD BASE CRG 11.05

CITY OF DANVILLE

Proposed changes will be reflected in "CITY SEWER". This charge would be \$29.75 as of 4/1/2021.

CITY SEWER	18.75
CITY GARBAGE	23.50
PUB SAF FEE	22.25
CURRENT BILL	\$72.25
AMOUNT DUE	\$72.25
AMOUNT DUE AFTER 11/08/2020	\$88.03

[REDACTED]

Visit dsd2035.com to view Danville Sanitary District's proposed Capital Improvement Plan and multi-year user fee schedule.