

2018-2019

ENTERPRISE FUNDS



CITY OF WAUKEGAN WATERWORKS PLANT 2017. WKGN PR DEPT PHOTO CREDIT.

PROPOSED BUDGET

City of Waukegan

2018-2019

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ENTERPRISE FUNDS OVERVIEW

The City accounts for the Waterworks & Sewerage and the Motor Vehicle Parking System in Enterprise Funds. These funds are used to report business-type functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The City of Waukegan services over 21 thousand metered water customers and provides wholesale water service to the municipalities of Park City, Beach Park and Green Oaks. The system receives its water from Lake Michigan and treatment is conducted at a City-owned facility. The City maintains over 330 miles of water mains, 350 miles of sanitary mains, and 375 miles storm water sewers. While the City is responsible for transmission the sewage treatment is handled by North Shore Sanitary District.

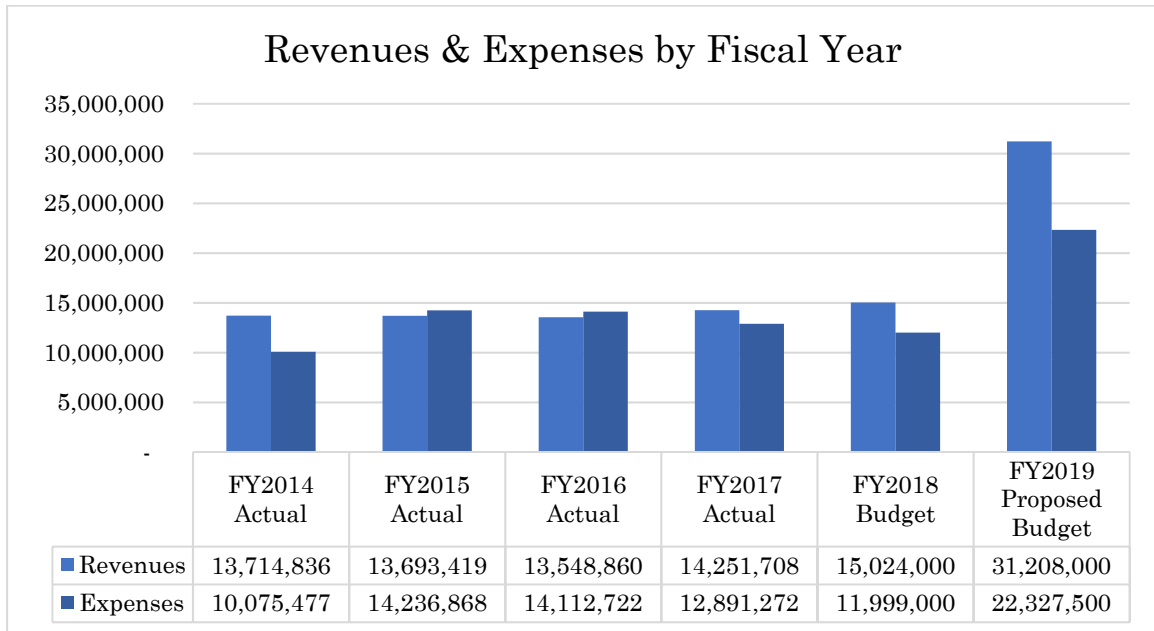
The City owns and operates a four level, 684 space parking garage located at 225 N. Country Street across from the Genesee Theatre. The City also operates and maintains nine surface parking lots for a combined 804 spaces. Six of the surface lots are City owned. The City also owns and operates 601 metered parking spaces. There are three additional lots that contribute revenue on a shared-basis to the City's parking system, but these are not owned by the City. Two lots with 178 spaces are owned by the State of Illinois and another 119 vehicle lot is owned by the Union Pacific Railroad.

The Waterworks & Sewerage Fund is supported by the revenues generated through water sales and related charges. The Motor Vehicle Parking Fund is supported by charges at the City's fee-based parking lots, garage and parking meters. The expenditures to maintain these systems include personnel, operating and maintenance costs as well as capital projects and debt service related to long-term bonds issued for specific capital projects

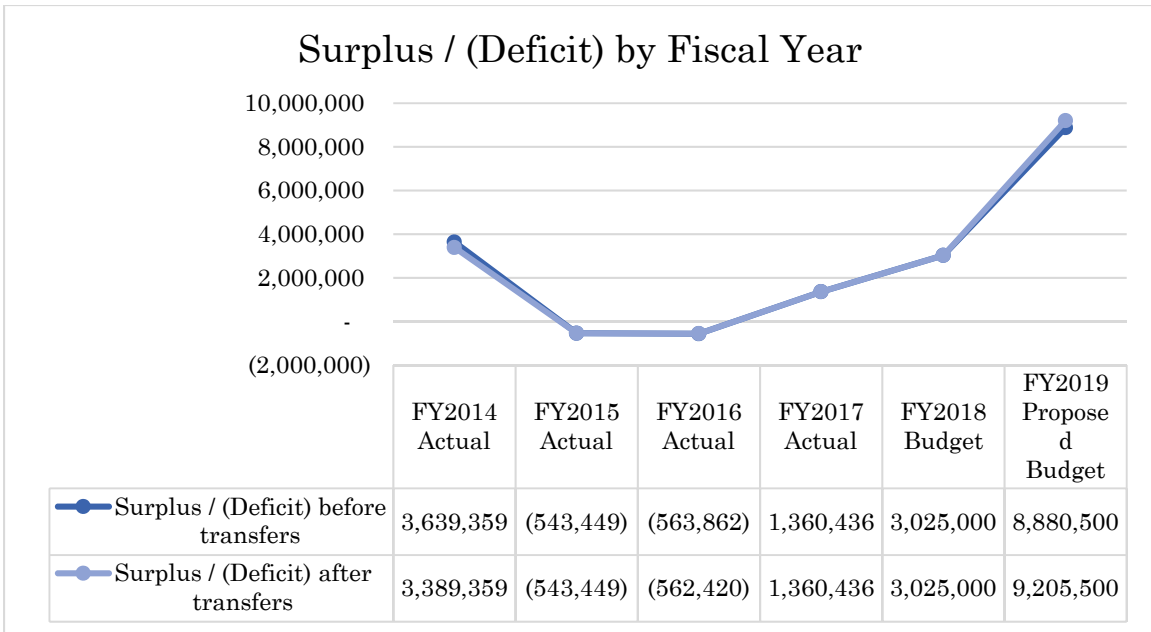
SOURCES & USES OF FUNDS

Revenues	\$31,208,000
Expenditures	-22,327,500
Surplus / (Deficit) before transfers	8,880,500
Transfers-In	325,000
Transfers-Out	0
Surplus / (Deficit) after transfers	9,205,500

The Enterprise Funds projected revenues are \$31.2 million for FY19, and expenses are estimated at \$22.3 million resulting in a surplus of \$8.9 million. After a transfer of \$325 thousand from the Capital Funds to the Motor Vehicle Parking Fund, the surplus after transfers is \$9.2 million.

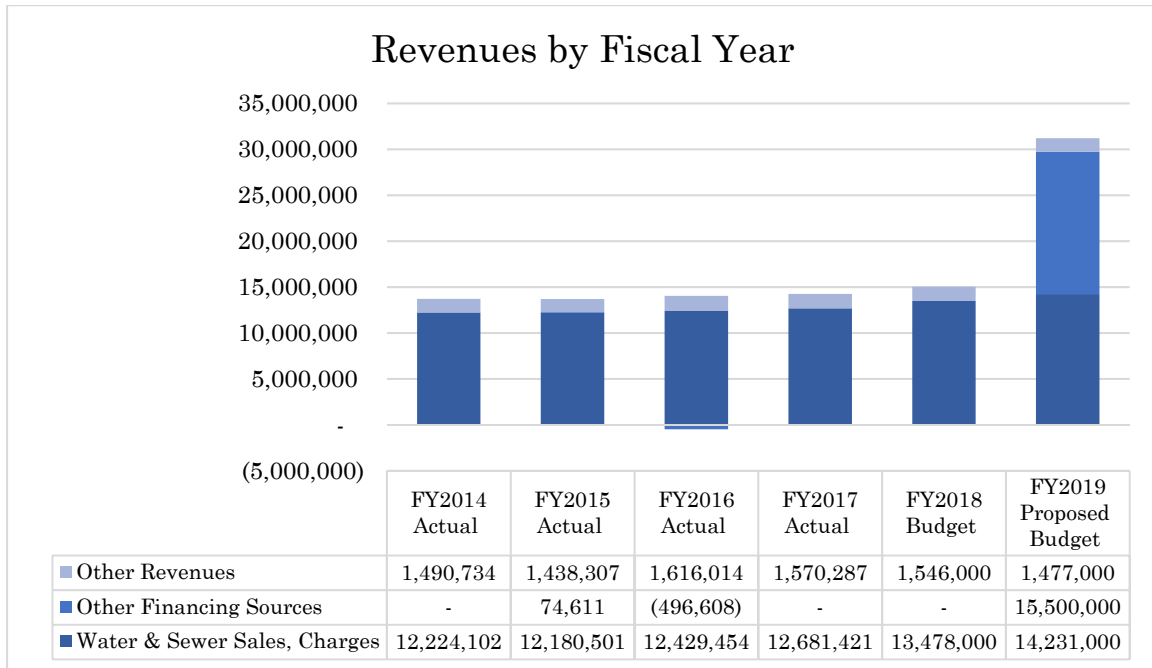


Enterprise Funds FY19 revenues will double to \$31.2 million, an increase of \$16.2 million. Of that increase \$15.5 million is related to a planned Water & Sewer Revenue Bond issuance. Expenses are estimated to increase by 86% to \$22.3 million, with the majority of that increase driven by capital projects linked to the bond issuance. Not all of the bond proceeds will be spent in the first year, with balances carried over into FY20 for multi-year projects.



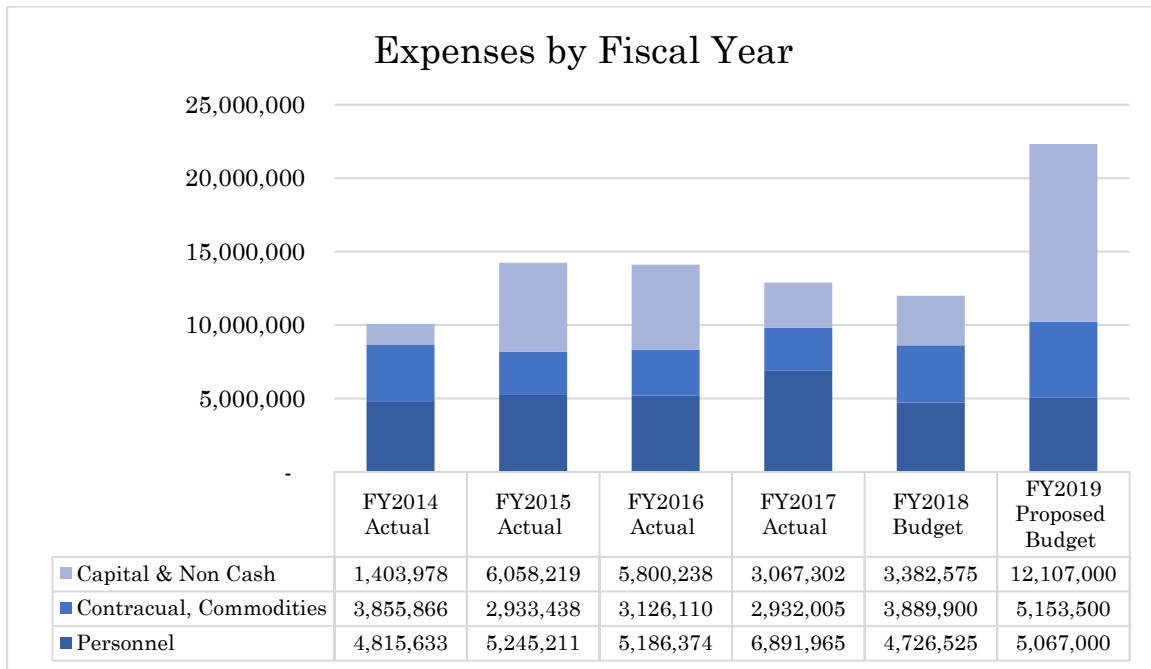
The Enterprise Funds are expected to generate a surplus of \$8.9 million, relative to bond proceeds flowing into the Water & Sewer Fund. Following an external study of the Water Plant and an engineering assessment of the water, waste water, and storm water infrastructure, several large capital projects will be undertaken to improve and enhance the system. The bonds issued will be repaid over a 20-year period with water and sewer fees. Unlike the Water and Sewer System, the Motor Vehicle Parking System does not generate sufficient revenues to support a new bond for improvements to the City’s garage and lots. Therefore, a transfer of \$325 thousand from a General Obligation (GO) bond to fund the parking system projects. The GO bond will be issued to support projects ranging from sidewalk repairs to fire engine replacements.

REVENUES



Enterprise Fund revenues are projected to be \$31.2 million for FY19. Of the revenues accounted for in the Enterprise Funds, 14.2 million are Sewer & Water sales and charges representing a 6% increase over the prior year budget in keeping with the May 2018 rate increase. A Water & Sewer Revenue Bond will be issued with estimated bond proceeds of \$15.5 million to be tapped over a two-year period for capital projects. Taxes, Fees, Fines and Permits are budgeted to be 4%, or \$69 thousand lower than FY18. This is due to several factors including an expected decline in late and shut-off charges as the City moves from quarter to monthly water billing, and no growth of parking revenue in the City's paid garage and lots. The Motor Vehicle Parking Fund is subsidized by Home Rules Sales Taxes, as parking revenues are not sufficient to support all costs of the system alone. That annual contribution is planned to increase from \$137 thousand to \$313 thousand to cover maintenance, operations and debt service. As mentioned earlier, a transfer in from GO Bonds will also be made to pay for capital improvements to the parking system.

EXPENSES



Total Enterprise Fund expenditures are expected to increase 86%, or \$10.3 million, from FY18 to a total of \$22.3 million for FY19.

Personnel Services and Benefits are budgeted to increase 7%, or \$340 thousand, to a total of \$5.1 million for FY19. This is due to increased overtime and related benefits relative to operating the water system more effectively. Contractual and Commodities are budgeted for a total of \$5.2 million, a \$1.3 million increase over the previous year budget. The increase in contractual spending is attributed to costs of utilities, audits, engineering, and debt service. It should be noted that the debt service on three different bond issues is included in the contractual category: (1) the 2010 D Water & Sewer Revenue Bonds with an outstanding principal amount of \$1.3 million; (2) the 2012 C Water & Sewer Revenue Bonds with an outstanding principal amount of \$6.7 million; and (3) the 2014 A Parking Fee & Sales Tax Refunding Revenue Bonds with an outstanding principal amount of \$2.5 million. Total debt service during FY18 is \$1.2 million. Capital projects are budgeted on a cash basis in the current year and then reclassified as depreciation under Non-Cash Expense once audit adjustments are made at fiscal year-end. In the FY19 budget

Enterprise Funds

proposal \$12.1 million in capital projects are planned, with a detailed listing provided as follows:

CAPITAL PROJECTS

Vehicle Replacements - Ford F550 dump truck with plow	\$70,000
Equipment Replacements - Caterpillar 420 F2 backhoe \$112,000 - Mini Excavator \$50 thousand - Vactor pumper/truck \$150 thousand	312,000
Computer Hardware Replacements - Asset management system \$250 thousand (funding split with General Fund)	250,000
Water Filtration Plant Improvements - SCADA replacement \$1,900 thousand - General Water Plant building, outbuilding, storage and security improvements \$1,750 thousand - Sedimentation Basin performance testing and engineering \$500 thousand - High Service Pumps replacement \$500 thousand - Water Intake Valve replacements \$450 thousand - Flow Meter replacements \$400 thousand - Reservoir Hatch improvements \$150 thousand - Water Intake Chlorine Line replacement \$150 thousand - Chlorine Feed system upgrade \$150 thousand - Service Reclaim pump replacements \$50 thousand	6,000,000
Water Main Repair & Replacements - Leith Ave (Grant to Ridgeland) water main and service repairs \$477 thousand - Rugby Ct water main and service repairs \$318 thousand - Water main Citywide replacement engineering & design \$205 thousand	1,000,000
Storm water Main Repair & Replacement <i>Phase 1:</i> - Montesano Ave (Poplar St. to Western Ave.)\$750 thousand - Garden Place (Pine St. to New York St.) \$250 thousand	1,000,000
Sanitary Sewer System Improvements - McAree Rd & Bonnie Brook Golf Course line replacement & concrete grass block paver \$892 thousand - Hawthorn Lane line replacement \$108 thousand	1,000,000
Lift, Booster Station & Tank Repairs <i>Phase 1:</i> - Lakehurst Lift Station \$525 thousand	2,000,000

<ul style="list-style-type: none"> - Beechnut Booster Station \$500 thousand - Delany Lift Station \$475 thousand - Golfmoor Booster Station \$285 thousand - Fountain Square Booster Station \$130 thousand - Country Lane Lift Station \$85 thousand 	
Parking System Improvements <ul style="list-style-type: none"> - Parking Garage repairs (electrical room, roof / ledge and cap replacements) \$75 thousand - Lot F (Sheridan Rd & Water St) repaving \$200 thousand - Lot D (Clayton St. & County St) repaving \$50 thousand - Parking system study & meter upgrades (<i>not eligible for bond funding</i>) \$150 thousand 	475,000
Total	\$12,107,000

HEADCOUNT

Enterprise Funds Central Services							
	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019 Proposed</u>	<u>Change</u>
Admin Asst - W/S	1.00	1.00	-	-	-	-	-
City Collector - W/S	-	1.00	1.00	1.00	-	-	-
Clerical Tech - Motor Veh	-	-	-	1.00	-	-	-
Clerical Tech - W/S	3.00	3.00	5.50	6.50	4.50	4.00	(0.50)
Deputy Clerk - Motor Veh.	-	-	1.00	1.00	-	-	-
Finance Coordinator - W/S	-	-	-	-	1.00	1.00	-
Maintenance Worker - Motor Veh.	1.00	1.00	1.00	1.00	-	-	-
Office Supervisor - W/S	1.00	1.00	2.00	1.00	-	-	-
Parking Supervisor - Motor Veh.	1.00	1.00	-	-	-	-	-
Senior Accountant - W/S	1.00	-	-	-	1.00	1.00	-
Staff Accountant - W/S	-	-	-	1.00	1.00	1.00	-
Systems Admininatrator - W/S	-	1.00	-	-	-	-	-
	8.00	9.00	10.50	12.50	7.50	7.00	(0.50)

Enterprise Funds Police Department							
	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019 Proposed</u>	<u>Change</u>
Maintenance Worker	-	-	-	-	1.00	1.00	-
Parking Supervisor	-	-	-	-	1.00	1.00	-
	-	-	-	-	2.00	2.00	-

Enterprise Funds Public Works							
	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019 Proposed</u>	<u>Change</u>
Admin Asst - WS	1.00	1.00	1.00	1.00	2.00	1.00	(1.00)
Utility Manager- WS	-	-	-	-	-	1.00	1.00
Backflow Coordinator - WS	1.00	1.00	1.00	1.00	1.00	1.00	-
Laboratory Supervisor - WS	1.00	1.00	1.00	1.00	1.00	1.00	-
Laborer - WS	7.00	7.00	9.00	10.00	9.00	9.00	-
Maintenance Worker - WS	29.00	29.00	27.00	23.00	20.00	20.00	-
Mechanic / Welder - WS	-	-	-	1.00	1.00	1.00	-
Public Works Supervisor - WS	4.00	4.00	4.00	4.00	4.00	4.00	-
Water Operator - WS	-	-	-	5.00	4.00	5.00	1.00
Water Plant Superintendent - WS	1.00	1.00	1.00	1.00	1.00	1.00	-
	44.00	44.00	44.00	47.00	43.00	44.00	1.00

For FY19, staffing is increased by a net of 0.5 full time equivalent (FTE) from the prior fiscal year budget. Overall, Enterprise Fund staffing is 53 FTE, with 7.0 FTEs in Central Services, 2.0 FTE in Police, and 44.0 FTEs in Public Works.

The FTE decrease shown in Central Services reflect a transfer of a part-time Clerical Tech to the General Fund Police Department to better match the employees' functions to their funding source. These are not reductions, but instead the reallocation of human capital resources. An administrative assistant position previously funded in the Water & Sewer Fund has also been transferred to the General Fund Police Department to replace a Clerical Tech position eliminated via retirement. Two new positions are proposed for the Water Plant including a Utility Manager to serve as "second in command" at

the Water Plant and an additional Maintenance Worker position dedicated to plant operations.

LINE ITEM DETAIL

FUND 555 SEWER & WATER FUND

555		32050	Permits - Sanit	-43,000
555		32055	Permits - Water	-3,000

Sub	3200		Permits	-46,000
555		34038	Fees - Parkway	-13,000

Sub	3400		Fees	-13,000
555		46100	Interest Earned	-25,000

Sub	4600		Interest Earn	-25,000
555		48050	Sale of Recycla Reimbursement	-8,000
555		48129	-	-2,000
555		48170	Sale of Labor & Reimb Wtr	-1,000
555		48256	On/Of	-5,000

Sub	4800		Miscellaneous	-16,000
555		49310	Bond Proceeds	-15,500,000

Sub	4900		Other Financi	-15,500,000
555		52040	Sales - Metered	-215,000
555		52045	Sales - Met. Wa	-1,700,000
555		52050	Sales - Metered	-11,700,000
555		52060	Sales - Service	-263,000
555		52070	Sales - Sewer O	-6,000
555		52080	Sales - 72 Hr.	-4,000

Enterprise Funds

555		52100	Sales - Hydrant	-7,000
555		52110	NSF Check Fees	-6,000

Sub	5200		Sewer and Wat	-13,901,000
555		55200	Water/Sewer Lei	
555		55201	Closing Letter	-108,000
555		55202	Closing Ltr Rei	-5,000
555		55500	Water Shut-Off	-197,000
			Water Sample	
555		55610	An	-20,000

Sub	5500		Sewer and Wat	-330,000
555		57000	Charges-Late Pa	-285,000

Sub	5700		Charges-Late	-285,000
555		913021200	Laborer Maintenance	130,000
555		913021211	Wor	243,000
555		913021400	Overtime	24,000
555		913021401	Double-Time	9,000
555		913021404	On-Call Pay	8,000
555		913021413	Tool Allowance	1,000
555		913021749	Public Works Su Maintenance	71,000
555		915021211	Wor	237,000
555		915021400	Overtime	5,000
555		915021401	Double-Time	2,000
555		915021404	On-Call Pay	4,000
555		915021413	Tool Allowance	1,000
555		915021749	Public Works Su	72,000
555		915021796	Administrative	57,000
555		915321399	Earned Sick Lea	1,000
555		915321724	Laboratory Supe Maintenance	72,000
555		915421211	Wor	485,000
555		915421399	Earned Sick Lea	1,000
555		915421400	Overtime	28,000
555		915421401	Double-Time	6,000

Enterprise Funds

555	915421404	On-Call Pay	10,000
555	915421413	Tool Allowance	1,000
555	915421749	Public Works Su	81,000
555	915521200	Laborer Maintenance	138,000
555	915521211	Wor	61,000
555	915521213	Back Flow Coord	77,000
555	915521399	Earned Sick Lea	4,000
555	915521400	Overtime	16,000
555	915521401	Double-Time Female	21,000
555	915521403	Search/D	1,000
555	915521404	On-Call Pay	3,000
555	915521760	Water Plant Sup	119,000
555	915521803	Comm/Utilities	65,000
555	915721200	Laborer Maintenance	86,000
555	915721211	Wor	252,000
555	915721220	Water Operator	244,000
555	915721400	Overtime	27,000
555	915721401	Double-Time Female	48,000
555	915721403	Search/D	1,000
555	915721404	On-Call Pay	5,000
555	915721413	Tool Allowance	10,000
555	915721749	Public Works Su	82,000
555	915921110	Clerical Techni	179,000
555	915921399	Earned Sick Lea	1,000
555	915921400	Overtime	1,000
555	915921730	Staff Accountan	59,000
555	915921776	Senior Accounta	67,000
555	915921862	Finance Coordin	51,000

Sub 2100 Personnel Ser ----- 3,167,000

555	913022456	Hospitalization	120,000
555	913022461	Employer Portio	31,000
555	913022462	Employer Portio	7,000
555	913022467	Life Insurance	2,000
555	913022610	Employer IMRF	71,000
555	915022456	Hospitalization	120,000

Enterprise Funds

555	915022461	Employer Portio	24,000
555	915022462	Employer Portio	5,000
555	915022467	Life Insurance	1,000
555	915022610	Employer IMRF	55,000
555	915322456	Hospitalization	15,000
555	915322461	Employer Portio	5,000
555	915322462	Employer Portio	1,000
555	915322610	Employer IMRF	11,000
555	915422456	Hospitalization	135,000
555	915422461	Employer Portio	39,000
555	915422462	Employer Portio	9,000
555	915422467	Life Insurance	2,000
555	915422610	Employer IMRF	89,000
555	915522456	Hospitalization Workmen's	90,000
555	915522457	Compe	150,000
555	915522458	Liability Insur	50,000
555	915522461	Employer Portio	31,000
555	915522462	Employer Portio	7,000
555	915522467	Life Insurance	2,000
555	915522610	Employer IMRF	72,000
555	915722456	Hospitalization	165,000
555	915722461	Employer Portio	48,000
555	915722462	Employer Portio	11,000
555	915722467	Life Insurance	3,000
555	915722610	Employer IMRF	110,000
555	915922456	Hospitalization Workmen's	105,000
555	915922457	Compe	21,000
555	915922458	Liability Insur	7,000
555	915922461	Employer Portio	22,000
555	915922462	Employer Portio	5,000
555	915922467	Life Insurance	2,000
555	915922610	Employer IMRF	52,000

Sub	2200	Personnel Ben	1,695,000
Equipment			
555	913024412	Maint	8,000
555	913024426	Utilities	23,000
555	913024438	Other Professio	22,000

Enterprise Funds

555	913024439	Laundry Service Equipment	5,000
555	915524412	Maint	4,000
555	915524423	Telephone	22,000
555	915524424	Real Estate Tax	22,000
555	915524432	Postage	1,000
555	915524436	Consultant Serv	48,000
555	915524438	Other Professio	85,000
555	915524439	Laundry Service	6,000
555	915524490	Risk Premiums	64,000
555	915724426	Utilities	570,000
555	915924407	Bank Service Ch Equipment	44,000
555	915924412	Maint	162,000
555	915924423	Telephone	1,000
555	915924428	Rental/Lease Pu	4,000
555	915924429	Conference & Tr	4,000
555	915924431	Training & Scho	1,000
555	915924432	Postage	43,000
555	915924434	Printing	8,000
555	915924437	Legal Services	4,000
555	915924438	Other Professio Membership	57,000
555	915924443	Dues	27,000
555	915924476	Municipal Audit	36,000
555	916024435	Engineering Ser	100,000
555	916024438	Other Professio	400,000
555	916024505	Adelphi Landfil	50,000
555	916124014	Bond Issuance E	787,500
555	916124076	Lease Payments	450,000
555	916124404	Bond Interest E	90,000
555	916124405	Bond Service Fe	5,000
555	916324450	Services Provid	597,000

Sub 2400 Contractual S ----- 3,750,500

555	913025466	Gasoline & Oil	28,000
555	913025468	Operating Suppl	24,000
555	915425468	Operating Suppl	74,000
555	915525464	Chemical Suppli	133,000
555	915525466	Gasoline & Oil	11,000

Enterprise Funds

555	915525468	Operating Suppl Computer	314,000
555	915525478	Suppli	8,000
555	915525480	Miscellaneous E	1,000
555	915525491	Concrete Patch Hydrants	50,000
555	915525493	Operat	17,000
555	915925465	Office Supplies	1,000
555	915925468	Operating Suppl Computer	1,000
555	915925478	Suppli	4,000

Sub	2500	Commodities	666,000
555	916026493	Vehicle	70,000
555	916026494	Equipment Computer	312,000
555	916026495	Hardwa	250,000

Sub	2600	Capital Outla	632,000
555	916027018	Water Filtratio Water Main	6,000,000
555	916027043	Repl Storm Sewer	1,000,000
555	916027082	Imp	1,000,000
555	916027085	Sanitary Sewer	1,000,000
555	916027691	Lift Station Re	2,000,000

Sub	2700	Capital Impro	11,000,000

Fnd	555	SEWER & WATER	FUND
			-9,205,500
FUND 595 MOTOR VEHICLE PARKING FUND			
595	30080	Home Rule Retai	-313,000

Sub	3000	Tax Collectio	n	-313,000
595		34024	Fees - Street M	-221,000
595		34025	Fees - Parking	-61,000
595		34030	Fees - Parking	-196,000
595		34055	Fees - Monthly	-125,000
595		34059	Fees - Special	-110,000

Sub	3400	Fees		-713,000
595		46100	Interest Earned	-5,000

Sub	4600	Interest Earn		-5,000
595		46300	Rental Income -	-26,000
595		46351	Rental Income -	-26,000
			Rental Income-	
595		46361	M	-3,000
595		46370	Rental Income -	-6,000
595		63307	Transfers From	-325,000

Sub	6300	Transfers - I		-325,000
			Maintenance	
595		459521211	Wor	60,000
595		459521400	Overtime	2,000
595		459521401	Double-Time	1,000
595		459521711	Parking Lot Sup	68,000

Sub	2100	Personnel Ser		131,000
595		459522456	Hospitalization	30,000
			Workmen's	
595		459522457	Compe	5,000
595		459522458	Liability Insur	2,000
595		459522461	Employer Portio	8,000
595		459522462	Employer Portio	2,000
595		459522473	Parking Stipend	7,000
595		459522610	Employer IMRF	20,000

Enterprise Funds

Sub	2200	Personnel Ben		74,000
595		459524076 Lease Payments		450,000
595		459524403 Interest Expens		90,000
595		459524405 Bond Service Fe		5,000
595		459524410 Building & Grou		9,000
		Equipment		
595		459524412 Maint		21,000
595		459524423 Telephone		4,000
595		459524424 Real Estate Tax		1,000
595		459524426 Utilities		20,000
595		459524429 Conference & Tr		1,000
595		459524438 Other Professio		60,000
595		459524450 Services Provid		23,000
595		459524476 Municipal Audit		5,000
595		459524490 Risk Premiums		3,000

Sub	2400	Contractual S		692,000
595		459525466 Gasoline & Oil		2,000
595		459525468 Operating Suppl		13,000
595		459525480 Miscellaneous E		30,000

Sub	2500	Commodities		45,000
595		459526492 Improvements		475,000

Sub	2600	Capital Outla		475,000

Fnd	595	MOTOR VEHICLE		

	Report Final	Totals		-9,205,500
			=====	