

ENTERPRISE FUNDS

PROPOSED BUDGET

Fiscal Year

2019-2020

Enterprise Funds

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Enterprise Funds

INTRODUCTION

The City of Waukegan serves City of Waukegan 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, with treatment and transmission handed by the City’s waterworks staff. While the City is responsible for transmission of sewerage, all sewage treatment is handled by either Lake County Public Works or North Shore Water Reclamation District. Additionally, the City operates and maintains metered street parking, several surface parking lots, and one covered parking garage. The City accounts for the water and sewer, and the 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.

OVERVIEW

The FY20 Enterprise Funds budget calls for \$17.2 million in revenue, expenses of \$25.8 million, and transfers-in of \$220 thousand. The Enterprise Funds are anticipated to have an operating deficit of \$8.4 million after transfers; however, the City issued a revenue bond in the prior fiscal year with plans to use the bond proceeds over a multi-year period. Therefore, the City estimates that approximately \$13 million in unexpended bond proceeds will remain available at the end of FY19 for use in subsequent years.

Revenues	\$17,210,000
Expenses	-25,785,000
Surplus / Deficit before transfers	-8,575,000
Transfers In	220,000
Transfers Out	0
Surplus / Deficit after transfers	-8,355,000

DISCUSSION

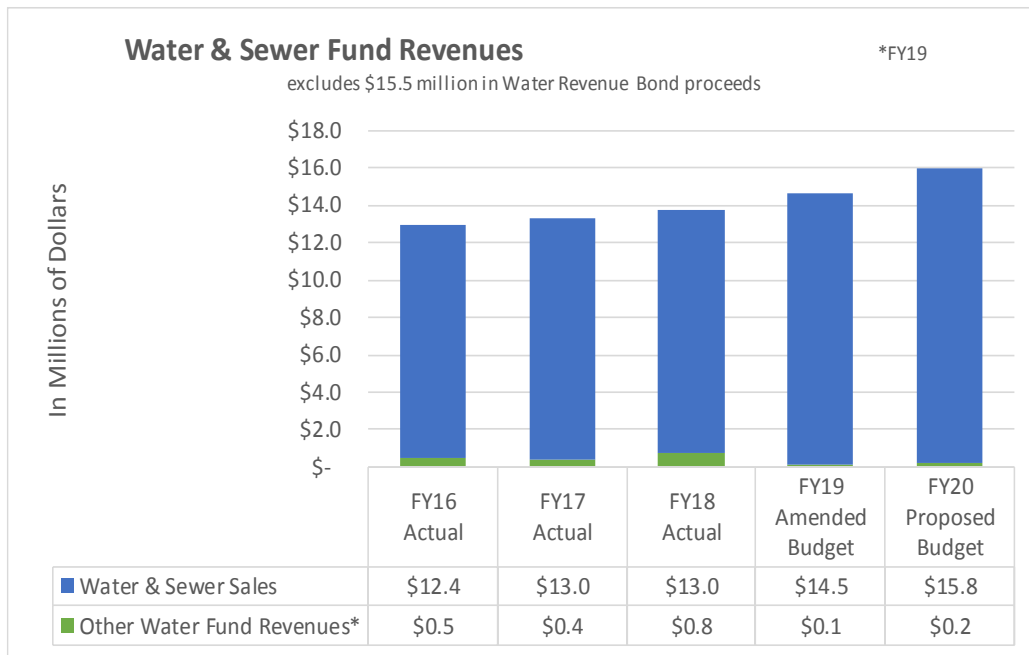
The revenues for FY20 reflect a \$14 million decrease, and expenses increased 15%, or \$3.5 million compared to the prior year budget. Bond proceeds were included in the prior year revenues, which is leading to the dramatic decrease. As the bonds were issued in FY19 with the intent to spend down the proceeds over a 2 to 3-year period in keeping with the City’s 5-year Capital Improvement Plan, the expenditure increase reflects a more aggressive capital project program related to Water and Parking in FY20.

Enterprise Funds

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Amended Budget	FY20 Proposed Budget
Revenues	13,548,859	14,251,708	14,709,363	31,208,000	17,210,000
Expenses	-14,112,722	-12,891,272	-11,021,610	-22,327,500	-25,785,000
Net Transfers	1,442	0	0	325,000	220,000
Surplus/ Deficit	-562,421	1,360,436	3,687,753	9,205,500	-8,355,000

SOURCES

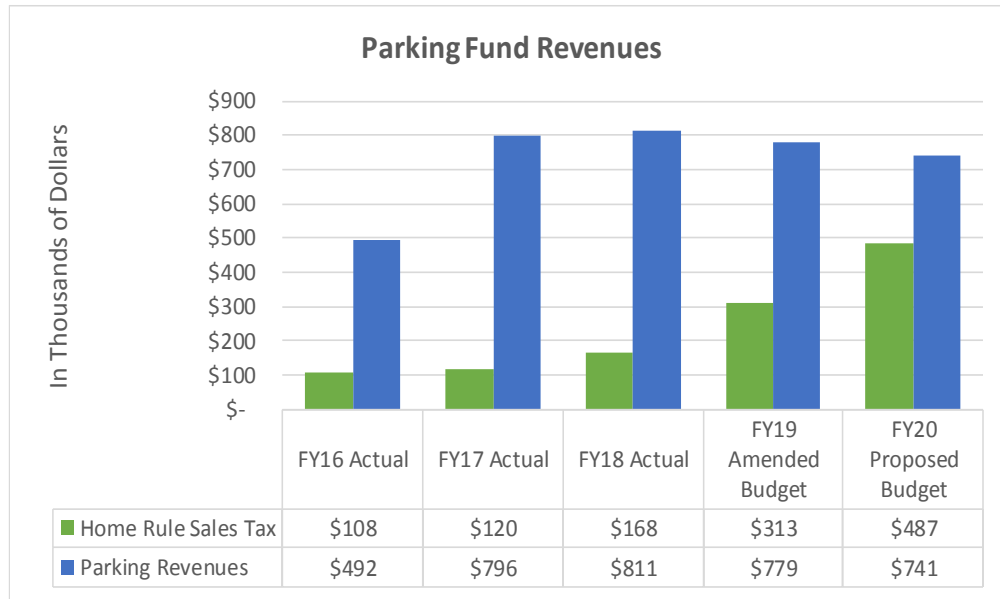
The Waterworks & Sewerage Fund is supported by the revenues generated through water sales and related charges. Water customers are charged on a per 1,000 gallon usage amount. Due to rate increases reflected in the City Code of Ordinances that take effect each May 1st, in addition to improved collection rates over the two-years, it is anticipated that these revenues will continue to show growth annually as demonstrated in the below chart. Other revenues recorded to the Fund include connection fees which ebb and flow depending on construction and annexation. The peak of these types of fees in FY18 is not anticipated to be duplicated in FY20.



The Motor Vehicle Parking Fund is supported by charges at the City's fee-based parking lots, garage, and parking meters. Moreover, the Fund is subsidized by Home Rules Sales Taxes. As parking revenues have been declining since FY18, the Home Rule Sales Tax subsidy has been increased to cover any Fund shortfalls. The reasons for the decline include the sale of a parking garage to College of Lake County (CLC), which had been the

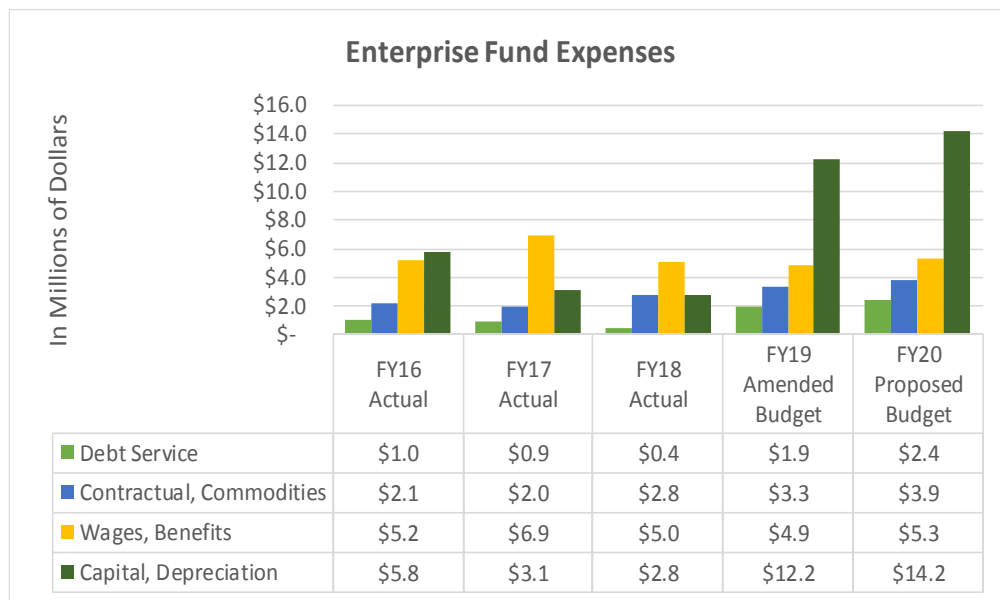
Enterprise Funds

primary lease of spaces from the City, as well as an overall reduction in collection rates the City's lots and metered parking. A transfer from the Capital Project Fund will be made to the Parking Fund totaling \$220,000 in order to make necessary repairs to the Parking Garage on Clayton Street.



USES

Expenses in the Enterprise Fund are intended to account for the costs associated with supporting the Water, Sewer, and Parking systems for the City.



Enterprise Funds

The FY20 Enterprise Funds include \$5.3 million in personnel wages and benefits, a \$462 thousand or 9% increase over the FY19 amended budget. This increase is a combination of salary increase per union contract, escalating costs associated with medical and workers compensation benefits, as well as back-filling positions outsourced during FY19 including the Water Plant Superintendent and Utility Manager.

Debt service is \$2.4 million in the FY20 budget, up \$474 thousand or 25% from the prior year due to the addition of principal payments related to the 2018 C Water & Sewer Revenue Bonds. The City's outstanding revenue bonds include the 2010 D Water & Sewer Revenue Bonds with principal outstanding of \$1.3 million May 1st and full retirement scheduled for FY31, the 2012 C Water & Sewer Revenue Bonds with principal outstanding of \$6.4 million May 1st and full retirement scheduled for FY33, the 2014 A Parking Fee & Sales Tax Revenue Bonds (refunded the previously issued 2004 bonds) with principal outstanding of \$2 million and full retirement scheduled for FY24, and the 2018 C Water & Sewer Revenue Bonds with \$15.6 million in principal outstanding May 1st and full retirement schedule for FY39.

Contractual and commodities are expected to increase 16%, or \$542 thousand, from FY19 to FY20 budget primarily due to increased costs of utilities, chemicals, and other supplies necessary to run the Water Plant. Lastly, the Capital Improvements are budgeted for \$14.2 million in FY20 with plans to utilize the remaining 2018 C bond monies. More information regarding the capital projects may be found in the *Capital Project Descriptions* section of this report.

HEADCOUNT

Central Services, Police Department and Public Works all have employees funded via the Enterprise Funds. The Central Services employees are all associated with the Finance Department, with no headcount changes from FY19 to FY20 currently proposed.

Enterprise Funds

Enterprise Funds Central Services						
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u> <u>Proposed</u>	<u>Change</u>
City Collector - W/S	1.00	1.00	-	-	-	-
Clerical Tech - Motor Veh	-	1.00	-	-	-	-
Clerical Tech - W/S	5.50	6.50	4.50	4.00	4.00	-
Deputy Clerk - Motor Veh.	1.00	1.00	-	-	-	-
Finance Coordinator - W/S	-	-	1.00	-	-	-
Maintenance Worker - Motor Veh.	1.00	1.00	-	-	-	-
Office Supervisor - W/S	2.00	1.00	-	1.00	1.00	-
Senior Accountant - W/S	-	-	1.00	1.00	1.00	-
Staff Accountant - W/S	-	1.00	1.00	1.00	1.00	-
	10.50	12.50	7.50	7.00	7.00	-

The Police Department supervises the management of the parking garage, lots and meters. This function was moved from Central Services to the Police Department effective FY18. There are no planned changes to the headcount in the Parking Fund for FY20.

Enterprise Funds Police Department						
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u> <u>Proposed</u>	<u>Change</u>
Maintenance Worker	-	-	1.00	1.00	1.00	-
Parking Supervisor	-	-	1.00	1.00	1.00	-
	-	-	2.00	2.00	2.00	-

The Public Works Department has divisions funded via the Water & Sewer Fund including Water Main, Sewer Main, and Meter Shop. In addition, the Water Plant staff is also accounted for in this Fund. There are no planned changes in this headcount allocation for FY20.

Enterprise Funds Public Works						
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u> <u>Proposed</u>	<u>Change</u>
Admin Asst - WS	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	-
Laboratory Supervisor - WS	1.00	1.00	1.00	1.00	1.00	-
Laborer - WS	9.00	10.00	9.00	9.00	9.00	-
Maintenance Worker - WS	27.00	23.00	20.00	20.00	20.00	-
Mechanic / Welder - WS	-	1.00	1.00	1.00	1.00	-
Public Works Supervisor - WS	4.00	4.00	4.00	4.00	4.00	-
Water Operator - WS	-	5.00	4.00	5.00	5.00	-
Water Plant Superintendent - WS	1.00	1.00	1.00	1.00	1.00	-

Enterprise Funds

CAPITAL PROJECT DESCRIPTIONS

Category	Budget Allocation	Project Description
Water Plant	\$8,500,000	FY19 rollover of Water Plant engineering contracts expected to result in construction projects during FY20 including filter rehabilitation, hatch and valve replacements, and pump upgrades.
Water / Sanitary Sewer	\$2,000,000	Water and sanitary main replacements will be complimentary to the roadway improvement program.
Stormwater System	\$1,390,000	Clean / televise stormwater mains estimated at \$80 thousand; improvements made at the following: Victory & 9 th , Grand & Metropolitan; Pioneer & Belvidere; Flossmoor & Hyde Park; and \$390 thousand set-aside as a grant program for bioswale improvements along Seahorse Drive.
Booster & Lift Stations	\$1,500,000	Funding in the amount of \$260 thousand for a SCADA system upgrade, balance to be used for engineering and improvements to various booster and lift stations citywide.
Vehicles / Equipment	\$300,000	Replacement of a service truck with crane and a backhoe at \$150 thousand each.
Parking System	\$500,000	Repairs to the parking garage on Clayton of \$200 thousand, and \$300 thousand in funding for a parking meter upgrade.

Enterprise Funds

LINE ITEM DETAIL

FY20 Proposed
Budget

WATER & SEWER FUND 555

Revenues

Permits

555 32050	Permits - Sanitary	-20,000
555 32055	Permits - Water Connection	-50,000
555 32060	Permits - Water Meter	-5,000
555 32067	Permits - Water Shed Development	-20,000

Fees

555 34038	Fees - Parkway Opening	-10,000
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Interest

555 46100	Interest Earned	-100,000
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Miscellaneous

555 48256	Reimb Wtr On/Of	-5,000
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Sewer and Water Sales

555 52020	Sales - Metered Sewer	-30,000
555 52040	Sales - Metered Water	-200,000
555 52045	Sales - Met. Water-Out	-2,000,000
555 52050	Sales - Metered Water & Sewer	-13,000,000
555 52060	Sales - Service Billing	-15,000
555 52070	Sales - Sewer Only	-10,000
555 52080	Sales - 72 Hr. Water Turn On	-2,000
555 52100	Sales - Hydrant Usage	-10,000
555 52110	NSF Check Fees	-10,000

Sewer and Water Charges

555 55201	Closing Letter	-100,000
555 55202	Closing Ltr Reissue	-5,000
555 55500	Water Shut-Off Charges	-80,000
555 55610	Water Sample Analysis	-10,000

Late Penalties

555 57000	Charges-Late Payment / Penalty	-300,000
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Revenues

-15,982,000

Transfers In

0

Expenses

Personnel Services

555 913021200	Laborer	132,000
555 913021211	Maintenance Worer	182,000
555 913021212	Maintenance Worer	67,000
555 913021399	Earned Sick Leave	3,000

Enterprise Funds

555 913021400	Overtime	30,000
555 913021401	Double-Time	18,000
555 913021404	On-Call Pay	9,000
555 913021413	Tool Allowance	2,000
555 913021749	Public Works Sup	74,000
555 915021200	Laborer	104,000
555 915021211	Maintenance Worer	190,000
555 915021400	Overtime	7,000
555 915021401	Double-Time	3,000
555 915021404	On-Call Pay	6,000
555 915021413	Tool Allowance	1,000
555 915021749	Public Works Sup	74,000
555 915021796	Administrative Asst	59,000
555 915321724	Laboratory Supe	72,000
555 915421211	Maintenance Worker	434,000
555 915421400	Overtime	41,000
555 915421401	Double-Time	10,000
555 915421404	On-Call Pay	13,000
555 915421413	Tool Allowance	2,000
555 915421749	Public Works Sup	83,000
555 915521200	Laborer	133,000
555 915521213	Back Flow Coord	80,000
555 915521399	Earned Sick Leave	1,000
555 915521400	Overtime	5,000
555 915521401	Double-Time	12,000
555 915521403	Double Time	1,000
555 915521413	Tool Allowance	1,000
555 915521760	Water Plant Sup	119,000
555 915521796	Administrative Asst	56,000
555 915521803	Comm/Utilities Mgt	65,000
555 915721200	Laborer	44,000
555 915721211	Maintenance Worker	420,000
555 915721220	Water Operator	252,000
555 915721399	Earned Sick Leave	1,000
555 915721400	Overtime	36,000
555 915721401	Double-Time	57,000
555 915721403	Double-Time	1,000
555 915721404	On-Call Pay	8,000
555 915721413	Tool Allowance	2,000
555 915721749	Public Works Sup	69,000
555 915921110	Clerical Technian	188,000
555 915921399	Earned Sick Leave	1,000

Enterprise Funds

555 915921400	Overtime	1,000
555 915921730	Staff Accountant	117,000
555 915921776	Senior Accountant	69,000
<i>Personnel Benefits</i>		
555 913022456	Hospitalization	112,000
555 913022461	Employer Portio OASDI	32,000
555 913022462	Employer Portio Medicare	7,000
555 913022467	Life Insurance	2,000
555 913022610	Employer IMRF	67,000
555 915022456	Hospitalization	98,000
555 915022461	Employer Portio OASDI	28,000
555 915022462	Employer Portio Medicare	6,000
555 915022467	Life Insurance	1,000
555 915022610	Employer IMRF	58,000
555 915322456	Hospitalization	14,000
555 915322461	Employer Portio OASDI	5,000
555 915322462	Employer Portio Medicare	1,000
555 915322610	Employer IMRF	9,000
555 915422456	Hospitalization	112,000
555 915422461	Employer Portio OASDI	36,000
555 915422462	Employer Portio Medicare	8,000
555 915422467	Life Insurance	2,000
555 915422610	Employer IMRF	76,000
555 915522456	Hospitalization	98,000
555 915522457	Workmen's Compensation	233,000
555 915522458	Liability Insurance	35,000
555 915522461	Employer Portio OASDI	29,000
555 915522462	Employer Portio Medicare	7,000
555 915522467	Life Insurance	2,000
555 915522610	Employer IMRF	131,000
555 915722456	Hospitalization	182,000
555 915722461	Employer Portio OASDI	56,000
555 915722462	Employer Portio Medicare	13,000
555 915722467	Life Insurance	3,000
555 915722610	Employer IMRF	116,000
555 915922456	Hospitalization	98,000
555 915922457	Workmen's Compensation	11,000
555 915922458	Liability Insurance	6,000
555 915922461	Employer Portio OASDI	30,000
555 915922462	Employer Portio Medicare	7,000
555 915922467	Life Insurance	2,000
555 915922610	Employer IMRF	62,000

Enterprise Funds

Contractual Services

555 913024412	Equipment Maint	6,000
555 913024426	Utilities	29,000
555 913024438	Other Professio	17,000
555 913024439	Laundry Service	3,000
555 915524412	Equipment Maint	4,000
555 915524423	Telephone	23,000
555 915524424	Real Estate Tax	32,000
555 915524436	Consultant Serv	82,000
555 915524438	Other Professio	43,000
555 915524439	Laundry Service	8,000
555 915524490	Risk Premiums	90,000
555 915524801	IT Serv Softwar	90,000
555 915524802	IT Serv Hardwar	15,000
555 915524803	IT Serv Utiliti	395,000
555 915724426	Utilities	732,000
555 915924407	Bank Service Ch	99,000
555 915924423	Telephone	1,000
555 915924428	Rental/Lease Pu	4,000
555 915924429	Conference & Tr	3,000
555 915924431	Training & Scho	2,000
555 915924432	Postage	99,000
555 915924434	Printing	26,000
555 915924438	Other Professio	45,000
555 915924443	Membership Dues	1,000
555 915924476	Municipal Audit	21,000
555 915924801	IT Serv Softwar	203,000
555 915924802	IT Serv Hardwar	4,000
555 916024435	Engineering Ser	100,000
555 916024438	Other Professio	100,000
555 916024505	Adelphi Landfil	50,000
555 916124076	Lease Payments	925,000
555 916124404	Bond Interest E	912,000
555 916124405	Bond Service Fe	5,000
555 916324450	Services Provid	615,000

Commodities

555 913025466	Gasoline & Oil	31,000
555 913025468	Operating Suppl	18,000
555 915425468	Operating Suppl	144,000
555 915525464	Chemical Suppli	135,000
555 915525466	Gasoline & Oil	11,000
555 915525468	Operating Suppl	346,000

Enterprise Funds

555 915525493	Hydrants Operat	26,000
555 915925465	Office Supplies	1,000
555 915925468	Operating Suppl	1,000
<i>Capital Outlay & Improvements</i>		
555 916026494	Equipment	300,000
555 916027018	Water Filtratio	8,500,000
555 916027043	Water Main Repl	1,000,000
555 916027082	Storm Sewer Imp	1,390,000
555 916027085	Sanitary Sewer	1,000,000
555 916027090	Booster Station	750,000
555 916027691	Lift Station Re	750,000
Expenses		24,337,000
Transfers Out		0
WATER & SEWER FUND 555		8,355,000

MOTOR VEHICLE PARKING LOT FUND 595

Revenues

Tax Collection

595 30080	Home Rule Retai	-487,000
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Fees

595 34024	Fees - Street Meter Parking	-200,000
595 34025	Fees - Parking Lot C	-50,000
595 34030	Fees - Parking Lot Machines	-175,000
595 34055	Fees - Monthly Parking Pass	-100,000
595 34059	Fees - Special Events	-100,000

Interest

595 46100	Interest Earned	-10,000
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Miscellaneous

595 46300	Rental Income - Clayton	-50,000
595 46361	Rental Income - Metra	-6,000
595 48900	Miscellaneous Revenue	-50,000

Revenues		-1,228,000
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595 63307	Transfers From	-220,000
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Transfers In		-220,000
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Expenses

Personnel Services

595 459521211	Maintenance Wor	63,000
595 459521400	Overtime	2,000
595 459521401	Double-Time	1,000
595 459521711	Parking Lot Sup	70,000

Personnel Benefits

Enterprise Funds

595 459522456	Hospitalization	28,000
595 459522457	Workmen's Compe	3,000
595 459522458	Liability Insur	2,000
595 459522461	Employer Portio	9,000
595 459522462	Employer Portio	2,000
595 459522467	Life Insurance	1,000
595 459522610	Employer IMRF	18,000
<i>Contractual Services</i>		
595 459524075	Principal Retir	
595 459524076	Lease Payments	470,000
595 459524403	Interest Expens	80,000
595 459524405	Bond Service Fe	5,000
595 459524410	Building & Grou	1,000
595 459524412	Equipment Maint	20,000
595 459524423	Telephone	6,000
595 459524424	Real Estate Tax	1,000
595 459524426	Utilities	42,000
595 459524438	Other Professio	19,000
595 459524450	Services Provid	24,000
595 459524476	Municipal Audit	5,000
595 459524490	Risk Premiums	4,000
595 459524801	IT Serv Softwar	2,000
595 459524802	IT Serv Hardwar	18,000
<i>Commodities</i>		
595 459525466	Gasoline & Oil	1,000
595 459525468	Operating Suppl	8,000
595 459525480	Miscellaneous E	42,000
595 459525484	Credit Card Fee	1,000
<i>Capital Outlay & Improvements</i>		
595 459526492	Improvements	500,000
Expenses		1,448,000
Transfers Out		0
MOTOR VEHICLE PARKING LOT FUND		0
Report Final Totals		8,355,000