

AGENDA
ADMINISTRATIVE/FINANCE
COMMITTEE-OF-THE-WHOLE
March 4, 2014
6:30 P.M.
City Hall – Council Chambers

- 1. Call to Order**
- 2. Budget Review FYE 2015**
- 3. Next Meeting – March 11, 2014**
- 4. Adjournment**

CITY OF DARIEN

MEMO

TO: Bryon Vana, City Administrator

FROM: Scott Coren, Assistant City Administrator

DATE: February 27, 2014

SUBJECT: Town Center Project Financing Options

To demonstrate the impact of financing the Town Center Project on the Capital Project fund, we created several examples of the Capital Projects Fund using the different financing options at different amounts.

- Option 1: Issuing no bonds
- Option 2: Issuing a new bond immediately
- Option 3: Issuing a new bond now with payments coinciding with an expiring bond

The second two options use an example of issuing a \$2 million bond, as it is the lowest level that leaves a sufficient available balance in the capital projects fund to consider projects after FYE 2017.

CAPITAL PROJECTS FUND BUDGET
FOR THE YEAR 2014-2015

Option 1

ACCOUNT	FYE 13 ACTUAL	FYE 14 BUDGET	FYE 14 ESTIMATED ACTUAL	FY 15 REQUEST	DEPT MAINT BUDGET REQUEST	COUNCIL DISCRETIONARY EXPENDITURES	FY 16 FORECAST	FY 17 FORECAST
REVENUE								
TRANSFER FROM GEN FUND	2,800,000	2,900,000	3,747,422	2,300,000	2,300,000	-	1,800,000	1,700,000
MISC REV	-	-	63,802	-	-	-	250,000	250,000
TRANSFER FROM ROAD FUND	-	-	-	-	-	-	-	-
PROPERTY TAXES	203,097	202,320	202,013	202,756	202,756	-	202,506	207,070
GRANTS/REIMBURSEMENTS	83,111	37,500	429,500	-	-	-	-	-
SALE OF PROPERTY	1,950,000	-	-	-	-	-	-	-
BONDS	-	-	-	-	-	-	-	-
INTEREST INCOME	54,123	10,000	32,000	10,000	10,000	-	12,000	6,000
TOTAL REVENUES	\$ 5,090,331	\$ 3,149,820	\$ 4,474,737	\$ 2,512,756	\$ 2,512,756	\$ -	\$ 2,264,506	\$ 2,163,070
CAPITAL								
DITCH/DRAINAGE PROJECTS	282,859	808,000	732,000	1,482,200	165,000	1,317,200	665,000	933,500
SIDEWALK REPLACEMENT	77,599	71,800	60,277	81,345	66,345	15,000	72,625	79,725
CRACK SEAL PROGRAM	91,476	101,250	99,772	125,500	125,500	-	115,500	115,500
CURB & GUTTER PROGRAM	378,754	351,075	258,000	278,985	278,985	-	292,934	299,200
ECONOMIC INCENTIVE	274,006	-	-	-	-	-	-	-
EQUIPMENT/OTHER PROJECT	135,194	210,000	210,000	194,000	-	194,000	157,000	263,000
STREET RECONSTRUCTION	1,480,535	1,427,405	1,401,157	1,073,000	1,058,000	15,000	1,218,000	1,115,000
STREET RECON-REIMB	168,621	-	-	-	-	-	-	-
BOND PAYMENT	202,622	202,194	202,622	202,756	202,756	-	202,506	207,070
CONSULTING/PROF SERVICES	52,277	45,500	221,100	42,000	42,000	-	45,000	45,500
Town Center Development	-	-	-	3,000,000	3,000,000	-	-	-
SUB-TOTAL	3,143,942	3,217,224	3,184,928	6,479,786	4,938,586	1,541,200	2,768,565	3,058,495
TOTAL EXPENDITURES	\$ 3,143,942	\$ 3,217,224	\$ 3,184,928	\$ 6,479,786	\$ 4,938,586	\$ 1,541,200	\$ 2,768,565	\$ 3,058,495
FISCAL YEAR BALANCE	1,946,389	(67,404)	1,289,809	(3,967,030)	(2,425,830)	(1,541,200)	(504,059)	(895,425)
BEG FUND BALANCE	1,864,708	3,853,117	3,811,097	5,100,906	5,100,906	5,100,906	633,877	129,818
ENDING FUND BALANCE	3,811,097	3,785,713	5,100,906	1,133,877	2,675,077	3,559,706	129,818	(765,607)
RESERVE BALANCE		(500,000)		(500,000)				
Available balance		3,285,713	5,100,906	633,877			129,818	(765,607)

Option 1: Not issuing any bonds would leave the Capital Projects fund with only \$129,818 after FYE 2016 and a negative balance of \$765,607 in FYE 2017. The City of Darien would not have funding to complete **core projects** as identified in the Capital Improvements Plan passed by the City Council in 2012.

City of Darien

2/27/2014

CAPITAL PROJECTS FUND BUDGET
FOR THE YEAR 2014-2015

Option 2

ACCOUNT	FYE 13 ACTUAL	FYE 14 BUDGET	FYE 14 ESTIMATED ACTUAL	FY 15 REQUEST	DEPT MAINT BUDGET REQUEST	COUNCIL DISCRETIONARY EXPENDITURES	FY 16 FORECAST	FY 17 FORECAST
REVENUE								
TRANSFER FROM GEN FUND	2,800,000	2,900,000	3,747,422	2,300,000	2,300,000	-	1,800,000	1,700,000
MISC REV	-	-	63,802	-	-	-	250,000	250,000
TRANSFER FROM ROAD FUND	-	-	-	-	-	-	-	-
PROPERTY TAXES	203,097	202,320	202,013	202,756	202,756	-	202,506	207,070
GRANTS/REIMBURSEMENTS	83,111	37,500	429,500	-	-	-	-	-
SALE OF PROPERTY	1,950,000	-	-	-	-	-	-	-
BONDS	-	-	-	2,000,000	-	2,000,000	-	-
INTEREST INCOME	54,123	10,000	32,000	10,000	10,000	-	12,000	6,000
TOTAL REVENUES	\$ 5,090,331	\$ 3,149,820	\$ 4,474,737	\$ 4,512,756	\$ 2,512,756	\$ 2,000,000	\$ 2,264,506	\$ 2,163,070
CAPITAL								
DITCH/DRAINAGE PROJECT	282,859	808,000	732,000	1,482,200	165,000	1,317,200	665,000	933,500
SIDEWALK REPLACEMENT	77,599	71,800	60,277	81,345	66,345	15,000	72,625	79,725
CRACK SEAL PROGRAM	91,476	101,250	99,772	125,500	125,500	-	115,500	115,500
CURB & GUTTER PROGRAM	378,754	351,075	258,000	278,985	278,985	-	292,934	299,200
ECONOMIC INCENTIVE	274,006	-	-	-	-	-	-	-
EQUIPMENT/OTHER PROJECT	135,194	210,000	210,000	194,000	-	194,000	157,000	263,000
STREET RECONSTRUCTION	1,480,535	1,427,405	1,401,157	1,073,000	1,058,000	15,000	1,218,000	1,115,000
STREET RECON-REIMB	168,621	-	-	-	-	-	-	-
BOND PAYMENT	202,622	202,194	202,622	230,642	230,642	-	449,173	455,670
CONSULTING/PROF SERVICE	52,277	45,500	221,100	42,000	42,000	-	45,000	45,500
Town Center Development	-	-	-	3,000,000	-	3,000,000	-	-
SUB-TOTAL	3,143,942	3,217,224	3,184,928	6,507,672	1,966,472	1,541,200	3,015,232	3,307,095
TOTAL EXPENDITURES	\$ 3,143,942	\$ 3,217,224	\$ 3,184,928	\$ 6,507,672	\$ 1,966,472	\$ 1,541,200	\$ 3,015,232	\$ 3,307,095
FISCAL YEAR BALANCE	1,946,389	(67,404)	1,289,809	(1,994,916)	546,285	458,800	(750,726)	(1,144,025)
BEG FUND BALANCE	1,864,708	3,853,117	3,811,097	5,100,906	5,100,906	5,100,906	2,605,991	1,855,265
ENDING FUND BALANCE	3,811,097	3,785,713	5,100,906	3,105,991	5,647,191	5,559,706	1,855,265	711,240
RESERVE BALANCE		(500,000)		(500,000)				
Available balance		3,285,713	5,100,906	2,605,991			1,855,265	711,240

Option 2: This considers a bond issuance of \$2 million, payable over ten years. The first two payments for this bond are listed and paid for out of the Capital Projects Fund in FYE 2016 and FYE 2017. The payment and maturity dates, as well as the amount issued, may be customized to our specific preferences.

The City's tax levy includes existing bond payments of approximately \$494,000 that end in 2018. At that time the City may decide to continue the levy and add this amount to the capital projects fund, with no year-over-year increase in their property tax bill from the City of Darien.

City of Darien

2/27/2014

CAPITAL PROJECTS FUND BUDGET
FOR THE YEAR 2014-2015

Option 3

ACCOUNT	FYE 13 ACTUAL	FYE 14 BUDGET	FYE 14 ESTIMATED ACTUAL	FY 15 REQUEST	DEPT MAINT BUDGET REQUEST	COUNCIL DISCRETIONARY EXPENDITURES	FY 16 FORECAST	FY 17 FORECAST
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MISC REV	-	-	63,802	-	-	-	250,000	250,000
TRANSFER FROM ROAD FUND	-	-	-	-	-	-	-	-
PROPERTY TAXES	203,097	202,320	202,013	202,756	202,756	-	202,506	207,070
GRANTS/REIMBURSEMENTS	83,111	37,500	429,500	-	-	-	-	-
SALE OF PROPERTY	1,950,000	-	-	-	-	-	-	-
BONDS	-	-	-	2,000,000	-	2,000,000	-	-
INTEREST INCOME	54,123	10,000	32,000	10,000	10,000	-	12,000	6,000
TOTAL REVENUES	\$ 5,090,331	\$ 3,149,820	\$ 4,474,737	\$ 4,512,756	\$ 2,512,756	\$ 2,000,000	\$ 2,264,506	\$ 2,163,070
CAPITAL								
DITCH/DRAINAGE PROJECT	282,859	808,000	732,000	1,482,200	165,000	1,317,200	665,000	933,500
SIDEWALK REPLACEMENT	77,599	71,800	60,277	81,345	66,345	15,000	72,625	79,725
CRACK SEAL PROGRAM	91,476	101,250	99,772	125,500	125,500	-	115,500	115,500
CURB & GUTTER PROGRAM	378,754	351,075	258,000	278,985	278,985	-	292,934	299,200
ECONOMIC INCENTIVE	274,006	-	-	-	-	-	-	-
EQUIPMENT/OTHER PROJECT	135,194	210,000	210,000	194,000	-	194,000	157,000	263,000
STREET RECONSTRUCTION	1,480,535	1,427,405	1,401,157	1,073,000	1,058,000	15,000	1,218,000	1,115,000
STREET RECON-REIMB	168,621	-	-	-	-	-	-	-
BOND PAYMENT	202,622	202,194	202,622	202,756	202,756	-	202,506	207,070
CONSULTING/PROF SERVICE	52,277	45,500	221,100	42,000	42,000	-	45,000	45,500
Town Center Development	-	-	-	3,000,000	-	3,000,000	-	-
SUB-TOTAL	3,143,942	3,217,224	3,184,928	6,479,786	1,938,586	1,541,200	2,768,565	3,058,495
TOTAL EXPENDITURES	\$ 3,143,942	\$ 3,217,224	\$ 3,184,928	\$ 6,479,786	\$ 1,938,586	\$ 1,541,200	\$ 2,768,565	\$ 3,058,495
FISCAL YEAR BALANCE	1,946,389	(67,404)	1,289,809	(1,967,030)	574,171	458,800	(504,059)	(895,425)
BEG FUND BALANCE	1,864,708	3,853,117	3,811,097	5,100,906	5,100,906	5,100,906	2,633,877	2,129,818
ENDING FUND BALANCE	3,811,097	3,785,713	5,100,906	3,133,877	5,675,077	5,559,706	2,129,818	1,234,393
RESERVE BALANCE		(500,000)		(500,000)				
Available balance		3,285,713	5,100,906	2,633,877			2,129,818	1,234,393

Option 3: This considers issuing a new bond and paying interest until 2018, when an existing bond with an annual payment of approximately \$494,000 expires. This leaves the largest available balance in the Capital Projects Fund because payments on the interest will be paid from the general fund until the bond expires in 2018, when the full principle and interest payments start, in conjunction with the current bond expiration. The debt is issued for a shorter period of time, however, because the annual payments are larger.

CITY OF DARIEN

MEMO

TO: Mayor, City Clerk, City Treasurer, City Council

FROM: Bryon Vana, City Administrator

DATE: February 25, 2014

SUBJECT: Town Center Project Financing Options

At the Goal Setting Session the City Council directed the Staff to begin preliminary planning for construction of a new development on the land currently occupied by the Heritage Center. The project costs and the method to pay for the project were to be evaluated along with the FYE 2015 budget. The draft budget is now available, and the City Council may consider several options to pay for the anticipated \$3,000,000 estimated cost of constructing the new development. Attached as information are several debt services schedules showing costs based on different scenarios and the handout sheet from the 2013 Goal Setting meeting.

Option 1: Pay for the project directly out of the capital project fund

The draft budget shows an available cash balance of \$3,633,877 at the end of FYE 2015, after accounting for the \$500,000 reserve balance required in the Capital Improvement Guidelines passed by the City Council. This is enough to pay for the project without issuing a bond. However, all capital projects needed in the community could not be completed if the funds are spent on this project, without another revenue source.

Option 2: Issue a bond for \$3 million, payable over ten years

The City of Darien could issue a bond in the amount of \$3,000,000 to pay for capital project needs in FYE 15. It is better to issue a bond for capital projects instead of developing a property because the bonds would be tax exempt, saving the City of Darien approximately \$200,000 over the life of the bond. This would replenish the capital projects fund and allow projects to continue uninterrupted through our three year budget planning horizon. The City Council could decide each year to make payment on the bond through rents received from the new building and abate the bond payment so residents would not see an increase on their property tax bill.

Option 3: Extending an existing bond due in 2018 for seven years

Currently the City of Darien makes payment on a bond with a final payment scheduled on December 15, 2017. The City Council could coordinate issuing a \$3,000,000 bond now to coincide with the expiration of the existing bond to keep the bond obligations flat, but extending payments through 2024. This would supply capital project funding for core projects over the next three years, pay for the development of the property, and keep tax rates flat over the budget planning window.

City of Darien, DuPage County, Illinois
\$ 2,000,000 General Obligation Bonds, Series 2013
For Purchase of Property for Redevelopment
10 Year Maturity Schedule - Planning Purposes

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
01/01/2014	-	-	-	-
01/01/2015	160,000.00	4.000%	86,666.67	246,666.67
01/01/2016	175,000.00	4.000%	73,600.00	248,600.00
01/01/2017	180,000.00	4.000%	66,600.00	246,600.00
01/01/2018	190,000.00	4.000%	59,400.00	249,400.00
01/01/2019	195,000.00	4.000%	51,800.00	246,800.00
01/01/2020	205,000.00	4.000%	44,000.00	249,000.00
01/01/2021	210,000.00	4.000%	35,800.00	245,800.00
01/01/2022	220,000.00	4.000%	27,400.00	247,400.00
01/01/2023	230,000.00	4.000%	18,600.00	248,600.00
01/01/2024	235,000.00	4.000%	9,400.00	244,400.00
Total	\$2,000,000.00	-	\$473,266.67	\$2,473,266.67

Yield Statistics

Bond Year Dollars	\$11,831.67
Average Life	5.916 Years
Average Coupon	4.00000000%
Net Interest Cost (NIC)	4.00000000%
True Interest Cost (TIC)	3.9905085%
Bond Yield for Arbitrage Purposes	3.9905085%
All Inclusive Cost (AIC)	3.9905085%

IRS Form 8038

Net Interest Cost	4.00000000%
Weighted Average Maturity	5.916 Years

City of Darien, DuPage County, Illinois

\$ 2,500,000 General Obligation Bonds, Series 2013

For Purchase of Property for Redevelopment

10 Year Maturity Schedule - Planning Purposes

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
01/01/2014	-	-	-	-
01/01/2015	200,000.00	4.000%	108,333.33	308,333.33
01/01/2016	215,000.00	4.000%	92,000.00	307,000.00
01/01/2017	225,000.00	4.000%	83,400.00	308,400.00
01/01/2018	235,000.00	4.000%	74,400.00	309,400.00
01/01/2019	245,000.00	4.000%	65,000.00	310,000.00
01/01/2020	255,000.00	4.000%	55,200.00	310,200.00
01/01/2021	265,000.00	4.000%	45,000.00	310,000.00
01/01/2022	275,000.00	4.000%	34,400.00	309,400.00
01/01/2023	285,000.00	4.000%	23,400.00	308,400.00
01/01/2024	300,000.00	4.000%	12,000.00	312,000.00
Total	\$2,500,000.00		\$593,133.33	\$3,093,133.33

Yield Statistics

Bond Year Dollars	\$14,828.33
Average Life	5.931 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	3.9905308%
Bond Yield for Arbitrage Purposes	3.9905308%
All Inclusive Cost (AIC)	3.9905308%

IRS Form 8038

Net Interest Cost	4.0000000%
Weighted Average Maturity	5.931 Years

City of Darien, DuPage County, Illinois

\$ 3,000,000 General Obligation Bonds, Series 2014

Tax Exempt for Capital Projects

10 Year Maturity Schedule - Planning Purposes--Principal Starts in 2018

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2014	-	-	-	-	-
12/15/2014	-	-	48,346.67	48,346.67	48,346.67
06/15/2015	-	-	38,850.00	38,850.00	-
12/15/2015	-	-	38,850.00	38,850.00	77,700.00
06/15/2016	-	-	38,850.00	38,850.00	-
12/15/2016	-	-	38,850.00	38,850.00	77,700.00
06/15/2017	-	-	38,850.00	38,850.00	-
12/15/2017	-	-	38,850.00	38,850.00	77,700.00
06/15/2018	-	-	38,850.00	38,850.00	-
12/15/2018	400,000.00	2.000%	38,850.00	438,850.00	477,700.00
06/15/2019	-	-	34,850.00	34,850.00	-
12/15/2019	410,000.00	2.000%	34,850.00	444,850.00	479,700.00
06/15/2020	-	-	30,750.00	30,750.00	-
12/15/2020	415,000.00	2.500%	30,750.00	445,750.00	476,500.00
06/15/2021	-	-	25,562.50	25,562.50	-
12/15/2021	425,000.00	2.500%	25,562.50	450,562.50	476,125.00
06/15/2022	-	-	20,250.00	20,250.00	-
12/15/2022	435,000.00	3.000%	20,250.00	455,250.00	475,500.00
06/15/2023	-	-	13,725.00	13,725.00	-
12/15/2023	450,000.00	3.000%	13,725.00	463,725.00	477,450.00
06/15/2024	-	-	6,975.00	6,975.00	-
12/15/2024	465,000.00	3.000%	6,975.00	471,975.00	478,950.00
Total	\$3,000,000.00	-	\$623,371.67	\$3,623,371.67	-

Yield Statistics

Bond Year Dollars	\$23,161.67
Average Life	7.721 Years
Average Coupon	2.6913938%
Net Interest Cost (NIC)	2.6913938%
True Interest Cost (TIC)	2.6820925%
Bond Yield for Arbitrage Purposes	2.6820925%
All Inclusive Cost (AIC)	2.6820925%

IRS Form 8038

Net Interest Cost	2.6913938%
Weighted Average Maturity	7.721 Years

City of Darien, DuPage County, Illinois
\$ 3,000,000 General Obligation Bonds, Series 2014
Tax Exempt for Capital Projects
10 Year Maturity Schedule - Planning Purposes

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2014	-	-	-	-	-
12/15/2014	-	-	41,828.89	41,828.89	41,828.89
06/15/2015	-	-	33,612.50	33,612.50	-
12/15/2015	275,000.00	1.000%	33,612.50	308,612.50	342,225.00
06/15/2016	-	-	32,237.50	32,237.50	-
12/15/2016	280,000.00	1.000%	32,237.50	312,237.50	344,475.00
06/15/2017	-	-	30,837.50	30,837.50	-
12/15/2017	280,000.00	2.000%	30,837.50	310,837.50	341,675.00
06/15/2018	-	-	28,037.50	28,037.50	-
12/15/2018	290,000.00	2.000%	28,037.50	318,037.50	346,075.00
06/15/2019	-	-	25,137.50	25,137.50	-
12/15/2019	295,000.00	2.000%	25,137.50	320,137.50	345,275.00
06/15/2020	-	-	22,187.50	22,187.50	-
12/15/2020	300,000.00	2.500%	22,187.50	322,187.50	344,375.00
06/15/2021	-	-	18,437.50	18,437.50	-
12/15/2021	305,000.00	2.500%	18,437.50	323,437.50	341,875.00
06/15/2022	-	-	14,625.00	14,625.00	-
12/15/2022	315,000.00	3.000%	14,625.00	329,625.00	344,250.00
06/15/2023	-	-	9,900.00	9,900.00	-
12/15/2023	325,000.00	3.000%	9,900.00	334,900.00	344,800.00
06/15/2024	-	-	5,025.00	5,025.00	-
12/15/2024	335,000.00	3.000%	5,025.00	340,025.00	345,050.00
Total	\$3,000,000.00	-	\$481,903.89	\$3,481,903.89	-

Yield Statistics

Bond Year Dollars	\$18,906.67
Average Life	6.302 Years
Average Coupon	2.5488570%
Net Interest Cost (NIC)	2.5488570%
True Interest Cost (TIC)	2.5320768%
Bond Yield for Arbitrage Purposes	2.5320768%
All Inclusive Cost (AIC)	2.5320768%

IRS Form 8038

Net Interest Cost	2.5488570%
Weighted Average Maturity	6.302 Years

City of Darien, DuPage County, Illinois

\$ 3,000,000 General Obligation Bonds, Series 2014

Taxable for Building Projects

10 Year Maturity Schedule - Planning Purposes

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2014	-	-	-	-	-
12/15/2014	-	-	60,822.22	60,822.22	60,822.22
06/15/2015	-	-	48,875.00	48,875.00	-
12/15/2015	265,000.00	2.000%	48,875.00	313,875.00	362,750.00
06/15/2016	-	-	46,225.00	46,225.00	-
12/15/2016	270,000.00	2.000%	46,225.00	316,225.00	362,450.00
06/15/2017	-	-	43,525.00	43,525.00	-
12/15/2017	275,000.00	3.000%	43,525.00	318,525.00	362,050.00
06/15/2018	-	-	39,400.00	39,400.00	-
12/15/2018	285,000.00	3.000%	39,400.00	324,400.00	363,800.00
06/15/2019	-	-	35,125.00	35,125.00	-
12/15/2019	290,000.00	3.000%	35,125.00	325,125.00	360,250.00
06/15/2020	-	-	30,775.00	30,775.00	-
12/15/2020	300,000.00	3.500%	30,775.00	330,775.00	361,550.00
06/15/2021	-	-	25,525.00	25,525.00	-
12/15/2021	310,000.00	3.500%	25,525.00	335,525.00	361,050.00
06/15/2022	-	-	20,100.00	20,100.00	-
12/15/2022	320,000.00	4.000%	20,100.00	340,100.00	360,200.00
06/15/2023	-	-	13,700.00	13,700.00	-
12/15/2023	335,000.00	4.000%	13,700.00	348,700.00	362,400.00
06/15/2024	-	-	7,000.00	7,000.00	-
12/15/2024	350,000.00	4.000%	7,000.00	357,000.00	364,000.00
Total	\$3,000,000.00	-	\$681,322.22	\$3,681,322.22	-

Yield Statistics

Bond Year Dollars	\$19,131.67
Average Life	6.377 Years
Average Coupon	3.5612277%
Net Interest Cost (NIC)	3.5612277%
True Interest Cost (TIC)	3.5381307%
Bond Yield for Arbitrage Purposes	3.5381307%
All Inclusive Cost (AIC)	3.5381307%

IRS Form 8038

Net Interest Cost	3.5612277%
Weighted Average Maturity	6.377 Years

DISTRIBUTED AT THE 2013 COUNCIL GOAL SETTING MEETING

The following preliminary review illustrates one financing option should the Council decide to construct the new building at the current Heritage Center Plaza.

The following assumptions are used in the calculation:

- Estimated construction and site cost is \$2,500,000
- City to borrow \$2,000,000 non-tax exempt bond, and the annual P&I payment is estimated be \$248,000 over the 10 year payback for a total payback of \$2,480,000
- Balance of \$500,000 paid from existing capital project funds
- Total available rental space is 14,400 sq. ft.
- Rental market of \$18 to \$23 per sq. ft.

The following is the annual rent revenue at various square foot rent estimates using 14,400 available sq. ft.:

1. \$18 per sq. ft. =	\$259,000
2. \$19 per sq. ft. =	\$273,600
3. \$21 per sq. ft. =	\$302,400
4. \$23 per sq. ft. =	\$331,200

Other notes:

The analysis changes if the city uses more existing funds then estimated above
We do not have an estimated value of the property if developed and rented

CITY OF DARIEN

Memorandum

TO: Mayor Weaver, City Council, Clerk, Attorney, Treasurer
FROM: Bryon D. Vana, City Administrator
DATE: February 24, 2014
RE: Draft Water Fund Budget- FYE 4-30-2015

Attached is an overview of the Water Fund. I wanted to provide this overview to assist the Council and residents in having a better understanding of the items that are used in planning the water fund budget. The overview includes:

- 1. What is a Water Fund?**
- 2. Explanation of our water rate analysis**
- 3. Summary of the proposed FYE 15 Water Fund budget.**

I will discuss the overview during the budget meeting on the proposed water fund. Feel free to contact me with any additional information.

City of Darien Water Fund Overview – FYE April 30, 2015

1. What is a Water Fund?

- Governmental water operations are established as enterprise funds. An enterprise fund establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services.
- Water fund revenues and expenditures are accounted for in separate funds with its own financial statements, rather than commingled with the revenues and expenses of all other government activities.
- The intent of the water fund is that the costs of providing water to the general public on a continuing basis be financed by user charges of the system. Sufficient user fees should be established to ensure that the utility can operate on a self-sustaining basis.
- The customers of our water fund include Darien residents and businesses, unincorporated residents, the County SERF system, and small areas of Downers Grove and Woodridge.

2. Explanation of our water rate analysis

There are two factors that comprise a fair water rate: expense projections and revenue projections.

- A. Expense projections - analyzing our operating expenses, projecting system capital projects and setting aside funds to replace portions of the system as needed
- ***DuPage Water Commission (DWC)*** - Approximately 66% of the water fund expenses are for the direct purchase of Lake Michigan water from the DWC. Since 2008, the DWC rate has increased from \$1.04/1000 gallons to its current rate of \$3.97/1000. DWC rate will increase to \$4.68/1000 on 1-1-15, which is 4.5 times higher than the 2008 rate. We have seen an increase recently over monthly budget projections for DWC expenses. A portion of water we purchase from the DWC is referred to as *unaccounted for flow*. For example, if we have a water main break, leaky hydrant, fire, or slow customer meters we lose a certain amount of water that is not metered through a customer's meter. However, we still pay the DWC for that water.
 - ***Water System Capital Improvement, Equipment, and Maintenance Projects*** – Capital improvement projects funded by water revenues are critical to maintaining and efficient and safe system. Examples of recent improvements include:

1. Construction of the new water tower at Plainfield and Cass, which replaced an old, rusty tower
 2. The new tower holds significantly more water that may be needed during extremely dry summers or if water is needed to fight a large fire
 3. The addition of three altitude valves and pumps, which keep stable water pressure in homes
 4. Updated chlorination equipment, which ensures the water is clean and safe to drink
 5. New telemetry equipment, which helps to make sure we can bring water into the system when we needed it, such as during a fire
 6. Water tower painting, which lengthens the life span of our water towers and avoids costly future repairs
 7. Fire hydrant testing and painting, to make sure our fire hydrants work in emergencies and look attractive in our neighborhoods
- ***Water Depreciation Fund*** – A Water Depreciation Fund exists and is used to fund capital improvements, equipment, and maintenance projects. Funds are transferred from the Water Fund to the Water Depreciation Fund when the water rate is sufficient to generate surplus operating revenue. Project costs, such as the construction of a new water tower, exceeded the available funds in the Water Depreciation account so bonds were issued for that project.

B. Revenue projections - analyzing the number of gallons of water billed to all customers and developing a monthly fee to cover fixed costs in order to determine the rate that covers the expenses mentioned above

- ***Gallons Billed*** – All customers of the water system are billed based on readings from their water meter. The rate is charged based on 1000 gallons of water billed. We contract with DuPage County to provide those readings and bill our customers. Annually the staff reviews the amount of gallons billed to customers as a basis for estimated the following year's usage. This estimate requires staff to separate the gallons billed in various user categories since different rates apply to residents, unincorporated customers, and the SERF system. Estimated gallons bills also vary based on weather. We will sell more water during a hot and dry July then we would during a rainy July.
- ***Fixed Charge Fee*** - In addition to the rate billed per 1000 gallons, a customer's bills includes a monthly fee to cover certain fixed costs. Several examples include, meter reading, customer billing, fixed charges to the DWC, and repayment on the water tower bond.
- ***Other Water Revenues*** - There are also several additional categories of water revenue such as interest on money in the bank, *tap on fees* for new customers joining the water system, and inspection fees.

3. Summary of the proposed FYE 15 Water Fund budget.

The draft water fund budget is attached for review. Highlights are:

- ***FYE 14 estimated actual budget*** – The FYE 14 budget projected a fund balance of \$855,324 and the FYE 14 estimated actual budget shows a balance of \$314,852. The reduction in the fund balance is primarily due to significantly less water billed to customers than projected, an increase in water purchased from the DWC, and additional employee overtime necessary to respond to an increase in yearly water main breaks.
- ***FYE 15 draft budget*** - We revised projected revenues to reflect last year's water gallons billed and also reduced that estimate by 3% to account for additional water conservation. The projected expense to the DWC increased significantly due to higher DWC rates and to reflect last year's gallons.
- ***Proposed rate*** – The current customer water rate for Darien residents is \$6.40 per 1000 gallons billed and a \$5.00 fixed fee per bill. Unincorporated customers pay \$7.68 per 1000 gallons billed and a \$6.00 fixed fee per bill. The proposed FYE 15 customer water rate for Darien residents is \$7.75 per 1000 gallons billed and a \$10.00 fixed fee per bill. Unincorporated customers would pay \$9.30 per 1000 gallons billed and a \$12.00 fixed fee per bill.
- ***Impact*** – Currently a resident using 8000 of water per month would pay \$102.40, plus a \$5.00 fixed fee for a total 2 month bill of \$107.40. Under the proposed rate a resident using 8000 of water per month would pay \$124.00, plus a \$10.00 fixed fee for a total 2 month bill of \$134.00. Each \$0.10 change in the rate equals approximately \$70,000. The increase in the fixed cost generates approximately \$260,000 for a total fixed fee revenue of \$520,000.

City of Darien

02/25/14

MUNICIPAL SERVICES WATER FUND BUDGET SUMMARY FISCAL YEAR ENDING 2015

ACCOUNT	FY13 ACTUAL	FY14 BUDGET	FY14 EST ACT	FY15 REQUESTED	MAINTENANCE BUDGET REQUEST	COUNCIL DISCRETIONARY	FY16 FORECAST	FY17 FORECAST
REVENUE								
WATER SALES	\$ 5,714,354	\$ 6,318,567	\$ 5,635,018	\$ 7,064,348	\$ 7,064,348	\$ -	\$ 7,762,990	\$ 8,121,128
INSPECTION/TAP-ON/PERMITS	24,502	4,000	\$ 11,500	\$ 4,000	4,000	-	\$ 4,000	\$ 4,000
OTHER WATER SALES	8,055	4,500	3,100	\$ 3,000	3,000	-	\$ 3,000	\$ 3,000
METER SALES	4,828	3,500	\$ 2,400	\$ 3,000	3,000	-	\$ 3,000	\$ 3,000
TRANSFER FROM WATER DEPC	-	-	-	-	-	-	-	-
MISCELLANEOUS INCOME	9,151	-	-	-	-	-	-	-
INTEREST INCOME	9,941	4,000	\$ 6,000	\$ 2,000	2,000	-	\$ 2,000	\$ 2,000
TOTAL REVENUE	\$ 5,770,831	\$ 6,334,567	\$ 5,658,018	\$ 7,076,348	\$ 7,076,348	\$ -	\$ 7,774,990	\$ 8,133,128
TOTAL REVENUE	\$ 5,770,831	\$ 6,334,567	\$ 5,658,018	\$ 7,076,348	\$ 7,076,348	\$ -	\$ 7,774,990	\$ 8,133,128
Transfer to Wtr Depe	\$ 500,000	\$ -	\$ -	-	-	-		
Operating exp.	\$ 5,557,411	6,066,503	6,217,907	6,855,435	6,848,410	7,025	7,437,346	\$ 7,802,626
TOTAL EXPENDITURES	\$ 6,057,411	\$ 6,066,503	\$ 6,217,907	6,855,435	\$ 6,848,410		\$ 7,437,346	\$ 7,802,626
FISCAL YEAR BALANCE		268,064	(559,889)	220,913	227,938	-	337,644	330,502
BEG FUND BALANCE		587,260	872,495	312,606	312,606		533,519	871,163
ENDING FUND BALANCE	872,495	855,324	312,606	533,519	540,544	-	871,163	1,201,665
RATE		\$6.40/1000		fixed Fee \$10/bill \$7.75/1000			fixed Fee \$10/bill \$8.50/1000	fixed Fee \$10/bill \$9./1000

City of Darien

2/25/2014

**MUNICIPAL SERVICES
WATER FUND BUDGET
FISCAL YEAR 2014-2015**

ACCOUNT	FYE 13 ACTUAL	FYE 14 BUDGET	FYE 14 EST ACT	FYE 15 BUD REQ	DEPT MANT BUDGET REQUEST	COUNCIL DISCRETIONARY REVENUES	FYE 16 FORECAST	FYE 17 FORECAST
PERSONNEL								
SALARIES	\$ 459,195	\$ 453,325	\$ 473,561	\$ 475,029	\$ 475,029	\$ -	484,530	494,220
OVERTIME	27,999	50,000	70,000	50,000	50,000	-	55,000	60,000
SUB-TOTAL	487,194	503,325	543,561	525,029	525,029	-	539,530	554,220
BENEFITS								
SOCIAL SECURITY	30,592	34,306	33,700	32,551	32,551	-	33,202	33,866
MEDICARE	7,155	8,023	7,881	7,612	7,612	-	7,764	7,920
IMRF	50,451	71,552	80,610	77,861	77,861	-	79,418	81,007
MEDICAL/LIFE INSURANCE	71,392	110,584	86,700	110,812	110,812	-	121,893	134,083
SUPPLEMENTAL PENSION	1,200	2,400	2,400	2,400	2,400	-	2,400	2,400
SUB-TOTAL	160,789	226,865	211,291	231,236	231,236	-	244,678	259,275
OPERATING								
LIABILITY INSURANCE	119,280	194,311	194,311	213,167	212,852	315	232,601	254,090
MAINTENANCE-BUILDING	22,039	62,770	62,770	24,877	24,877	-	27,713	28,648
MAINTENANCE-EQUIPME	21,359	12,100	12,100	12,143	12,143	-	12,498	12,935
MAINTENANCE-WATER SY	125,074	149,250	149,250	158,890	153,180	5,710	158,541	164,090
POSTAGE & MAILING	501	1,000	1,000	1,035	1,035	-	1,071	1,109
QUALITY CONTROL	9,921	16,390	16,000	15,525	15,525	-	16,068	16,631
SUPPLIES-OPERATION	256	7,160	6,000	7,160	7,160	-	7,250	7,250
TRAINING & EDUCATION	1,415	5,439	4,000	3,080	2,080	1,000	2,111	2,167
TELEPHONE	9,828	10,749	10,500	10,800	10,800	-	10,800	10,800
UNIFORMS	2,318	3,100	3,100	3,114	3,114	-	3,208	3,304
UTILITIES/GAS & ELECTRIC	46,681	48,825	48,800	48,800	48,800	-	51,240	53,802
VEHICLE GAS & OIL	23,843	22,575	22,575	22,575	22,575	-	23,704	24,889
SUB-TOTAL	382,514	533,669	530,406	521,167	514,142	7,025	546,805	579,715
CONTRACTUAL								
AUDIT	10,000	10,000	10,000	10,000	10,000	-	10,000	10,000
CONSULTING/PROF SERV.	7,605	13,000	13,000	13,000	13,000	-	13,000	13,000
LEAK DETECTION	14,718	20,100	20,000	19,500	19,500	-	19,500	19,500
DATA PROCESSING	153,109	152,328	152,328	152,328	152,328	-	152,328	152,328
DUPAGE WATER COMM	3,527,280	3,951,321	4,085,425	4,808,309	4,808,309	-	5,337,281	5,539,663
JANITORIAL SERVICE	-	-	-	-	-	-	-	-
SUB-TOTAL	3,712,713	4,146,749	4,280,753	5,003,137	5,003,137	-	5,532,108	5,734,491
CAPITAL								
EQUIPMENT	68,987	72,000	68,000	2,610	2,610	-	-	100,000
WATER METERS	14,967	25,000	25,000	25,000	25,000	-	25,000	25,000
SUB-TOTAL	83,954	97,000	93,000	27,610	27,610	-	25,000	125,000
TRANSFER								
RECAPTURE FEES	-	-	-	-	-	-	-	-
SERVICE CHARGE	250,000	250,000	250,000	250,000	250,000	-	250,000	250,000
WATER DEPRECIATION FU	-	-	-	-	-	-	-	-
SUB-TOTAL	250,000	250,000	250,000	250,000	250,000	-	250,000	250,000
DEBT RETIREMENT								
DEBT RETIRE	141,112	308,896	308,896	297,256	297,256	-	299,225	299,925
SUB-TOTAL	141,112	308,896	308,896	297,256	297,256	-	299,225	299,925
TOTAL EXPENSES	\$ 5,218,277	\$ 6,066,504	\$ 6,217,907	\$ 6,855,435	\$ 6,848,410	\$ 7,025	7,437,348	7,802,626

Water Department Summary

2014-2015 BUDGET SUMMARY

	Maintenance	Discretionary
SALARIES	\$ 525,029	\$ -
BENEFITS	\$ 231,236	\$ -
OPERATING COSTS	\$ 514,142	\$ 7,025
CONTRACTUAL	\$ 5,003,137	\$ -
CAPITAL	\$ 27,610	\$ -
TRANSFER	\$ 250,000	\$ -
DEBT RETIREMENT	\$ 297,256	\$ -
TOTAL	\$ 6,848,410	\$ 7,025

Account #	Description	Department Maintenance Budget Request	City Council Discretionary Expenditures
<u>SALARIES</u>		\$ 525,029	
50-4010	SALARIES	\$ 475,029	\$ -
50-4030	OVERTIME	\$ 50,000	\$ -
	Total	525,029	-
<u>BENEFITS</u>		\$ 231,236	
50-4110	SOCIAL SECURITY	\$ 32,551	\$ -
50-4111	MEDICARE	\$ 7,612	\$ -
50-4115	IMRF	\$ 77,861	\$ -
50-4120	MEDICAL/LIFE INSURANCE	\$ 110,812	\$ -
50-4135	SUPPLEMENTAL PENSION	\$ 2,400	\$ -
	Total	231,236	-
<u>OPERATING</u>			
50-4219	LIABILITY INSURANCE	\$ 212,852	\$ 315
	IRMA	194,040	-
	Deductible	10,000	-
	Safety Boots 6 @ 225	1,350	-
	Rubber Boots 6 @166	999	-
	Safety Vests 11 @ 27.50	303	-
	Safety Glasses and Gloves	485	-
	Wellness Fair & Flu Shots	-	315
	Air Mask Testing-Pulmonary Testing	190	-
	Legal Fees	2,000	-
	SAMI	1,000	-
	Hospital SAMI Review	1,100	-
	Fire Extinguisher Maint.	560	-
	CDL-Reinbursement	250	-
	Safetylane	575	-
	Total	212,852	315

Water Department Summary

Account #	Description	Department Maintenance Budget Request	City Council Discretionary Expenditures
<u>OPERATING CONT.</u>			
50-4223	MAINTENANCE - BUILDING	\$ 24,877	\$ -
	Gas Pump Maintenance	1,035	-
	Alarm System - ADT-PW Shop	932	-
	HVAC	5,175	-
	Cleaning Supplies	1,553	-
	General Plant Maintenance	3,209	-
	Janitorial Services	8,870	-
	Garage Doors	3,105	-
	Seal Coating - Water Plants FYs 16 and 17 septic maintenance	-	-
		1,000	-
	Total	24,877	-
50-4225	MAINTENANCE EQUIPMENT	\$ 12,143	\$ -
	Truck Tires-Alignment	1,760	-
	General Maintenance	5,175	-
	Tractor Maintenance General Maint	1,346	-
	Miscellaneous Maintenance	1,294	-
	Printer Maintenance	569	-
	Chlorine Analyzer Maint Agreement	2,000	-
	Total	12,143	-
50-4231	MAINTENANCE - WATER SYSTEM	\$ 153,180	\$ 5,710
	Water Maintenance-Clamps	20,700	-
	Flat Work Concrete Restoration	23,805	-
	Landscape & Asphalt Restoration	20,700	-
	Hydrants, Valves & Accessories	26,910	-
	Generator O & M	2,070	-
	Bolts, Water Spec. Tools	6,728	-
	Road Patch-Base Repair Old Oak	15,525	-
	Truck & Dump Fees	26,393	-
	EPA-CCDD Soil Testing	10,350	-
	Water Main Tap Machine	-	5,710
	Total	153,180	5,710
50-4233	POSTAGE/MAILINGS	\$ 1,035	\$ -
	Residence Correspondence	1,035	-
	Total	1,035	-
50-4241	QUALITY CONTROL	\$ 15,525	\$ -
	EPA-Contract-Sampling Stage 2-Reduced Lead & Copper	10,350	-
	Bacteriological sampling	3,623	-
	Chemical Sampling Kits	1,553	-
	Total	15,525	-

Water Department Summary

Account #	Description	Department Maintenance Budget Request	City Council Discretionary Expenditures
<u>OPERATING CONT.</u>			
50-4255	SUPPLIES - OPERATION	\$ 7,160	\$ -
	Copy Paper	700	-
	Plain Paper	260	-
	Ink Cartridges Toner	1,700	-
	Chlorine Gas	4,500	-
	Total	7,160	-
50-4263	TRAINING & EDUCATION	\$ 2,080	\$ 1,000
	Rural Water Assoc. Training	466	-
	AWWA-Membership Don-Kris-Dan Dave	414	-
	Travel & Meetings	300	-
	Tuition Reimbursement	0	500
	Municipal Services Seminars	500	-
	Management Seminars	-	500
	Operator CEU Cert Training	400	-
	Total	2,080	1,000
50-4267	TELEPHONE	\$ 10,800	\$ -
	Phone charges	7,400	-
	Phone Repl Parts	400	-
	Modems-SCADA System	3,000	-
	Total	10,800	-
50-4269	UNIFORMS	\$ 3,114	\$ -
50-4271	UTILITIES - GAS/ELECTRIC/SEWER	\$ 48,800	\$ -
50-4273	VEHICLE - GAS & OIL	\$ 22,575	\$ -
	Unleaded	15,275	-
	Diesel	6,175	-
	Oil	1,125	-
	Total	22,575	-
<u>CONTRACTUAL SERVICES</u>			
50-4320	AUDIT	\$ 10,000	\$ -
50-4325	CONSULTING/PROFESSIONAL SERVICES	\$ 13,000	\$ -
	Telemetry	3,500	-
	Julie Mem Dues	4,500	-
	Water Related Eng.	5,000	-
	Total	13,000	-
50-4326	LEAK DETECTION	\$ 19,500	\$ -
	Leak Locating	5,000	-
	Leak Locating Quality Control	14,500	-
	Total	19,500	-
50-4336	DATA PROCESSING (County Meter Reading & Billing)	\$ 152,328	\$ -

Water Department Summary

Account #	Description	Department Maintenance Budget Request	City Council Discretionary Expenditures
<u>CONTRACTUAL SERVICES CONT.</u>			
50-4340	DUPAGE WATER COMMISSION	\$ 4,808,309	\$ 4,808,309 \$ -
<u>CAPITAL PURCHASES</u>			
50-4815	EQUIPMENT		\$ -
	Copy Machine (cost split with Streets)	2,610	-
	Unit 407 fye 17		-
	Unit 404 fye 17		-
	Total	2,610	\$ -
50-4880	WATER METERS		\$ -
	Meters-General	25,000	-
	Total	25,000	-
<u>TRANSFER</u>			
50-4885	RECAPTURE FEES	-	\$ -
50-4251	SERVICE CHARGES	250,000	\$ -
50-4620	WATER DEPRECIATION FUND	-	\$ -
<u>DEBT RETIREMENT</u>			
50-4950	DEBT RETIRE	\$ 297,256	\$ 297,256
	Total	\$ 6,848,410	\$ 7,025

MUNICIPAL SERVICES
 WATER DEPRECIATION FUND BUDGET
 FISCAL YEAR ENDING 2015

ACCOUNT	FYE 13 ACTUAL	FYE 14 BUDGET	FYE 14 EST. ACT.	FYE 15 REQUEST	DEPT MAIN BUDGET REQUEST	COUNCIL DISCRETIONARY EXPENDITURES	FYE 16 FORECAST	FYE 17 FORECAST
REVENUE								
INTEREST INCOME	\$ 8,652	\$ -	\$ -	4,000	\$ -	\$ 4,000	\$ 1,500	\$ 1,500
TRNSF FROM WTR FUND	500,000	-	-	-	-	-	-	-
MISC. REVENUE	13,573	-	-	-	-	-	-	-
BOND PROCEES	-	-	-	-	-	-	-	-
TOTAL REVENUES	\$ 522,224	\$ -	\$ -	\$ 4,000	\$ -	\$ 4,000	\$ 1,500	\$ 1,500
EXPENDITURES								
vehicle		-	-	-	-	-	-	-
equipment	22,200	-	-	105,200	-	105,200	-	-
distribution		121,000	47,520	296,500	-	296,500	41,000	-
storage		-	83,800	16,500	-	16,500	-	-
TRANSFER TO WATER OPER	-	-	-	-	-	-	-	-
Bond Payment interest	33,581	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 55,780	\$ 121,000	\$ 131,320	\$ 418,200	\$ -	\$ 418,200	\$ 41,000	\$ -
FISCAL YEAR BALANCE	466,444	(121,000)	(131,320)	(414,200)		(414,200)	(39,500)	1,500
BEG FUND BALANCE		614,274	742,718	611,398	611,398	611,398	197,198	157,698
ENDING FUND BALANCE	742,718	493,274	611,398	197,198	611,398	197,198	157,698	159,198

FYE 14 est actual	ACTUAL COST	BUDGET COST	vehicle	equipment	distribution	storage	TOTAL
Hydrant Painting	35520				35,520		
Emergency Tank Repairs	83800					83,800	
eng Plainfield/Cass main replacement	8000				8,000		
valve replacement					4,000		
total	127320	0			47,520	83,800	131,320
FYE 14			vehicle	equipment	distribution	storage	
Water Main Valves replacement 10 Locations		70000			70,000		
eng Plainfield/Cass main replacement		10000			10,000		
Hydrant Painting		41000			41,000		
FYE 14 total		121,000			121,000		121,000
FYE 15			vehicle	equipment	distribution	storage	
Water Main Valves replacement 10 Locations		70000	0		70,000		
Plainfield/Cass main replacement		188000	\$ -		188,000		
Hydrant Painting		38,500			38,500		
Tank Washing Lemont Road		16500				16,500	
Water Valve Trailer /GPS/Water Excavator		105200	0	105200			
FYE 15 total		418200	0	105200	296500	16500	418200
FYE 16			vehicle	equipment	distribution	storage	
Hydrant Painting		41000			41,000		
FYE 16 total		41,000			41,000		41,000

BUDGET REQUEST FORM
Maintenance Budget

Department: Municipal Services Fund: Water

Project/Program Title: Fire Hydrant Painting

Description of proposed new program/activity/expenditure, including purpose and justification:

Year purchased: _____ Original Cost: _____

Last year the City had the awarded contractor, DMD Construction Inc., sand blast and paint 480 of the City's 1450 Fire Hydrants. DMD Construction completed the requested hydrants within the given time frame and was more than courteous when dealing with City staff and residents. We recommend continuing the contract with DMD Construction Inc. going forward. This year we would like to have the contractor sand blast and paint 494 hydrants. Painting this number of hydrants above would allow the Contractor not to have to stop in the middle of a subdivision as was the case last year. It also allows us to take advantage of slightly lower pricing per the three year contract for the additional 14 hydrants. This upcoming year's areas that will see the painted hydrants are as follows: Farmingdale subdivision (finish the 22 remaining hydrants on the east end of the subdivision), Brookhaven Shopping Center and Brookhaven II subdivision including Norman Courts, Plainfield Rd. (starting at Cass Ave. and going West to Manning Rd. on the North Side of the street), Everything off of Manning Rd. including Farmingdale Ridge, Darien Towne Center & Marketplace of Darien, all areas off of Plainfield Rd. (north and south side of the street) between Manning/Lakeview West to Lemont Rd. (including Lake in the Woods, Bruce Lake, the Office Park, Retirement Home, CVS, Brookeridge, Brookeridge Creek & Rosehill), The Lemont "Dog Leg" industrial area, Woodmere, Chestnut Shopping Center, Dead End Main St., 75th St. (from Lemont Rd. to Lyman), and the Farmingdale Village subdivision.

Estimated Budget:

Account #	Account Name	Cost
12-51-4818	Water Depreciation Fund	\$0.00
	Sand Blasting & Prepping Fire Hydrants @ \$41.00/each (494 hydrants)	\$20,254.00
	Priming and Painting Fire Hydrants @ \$35.00/each (494 hydrants)	\$17,290.00
	Contingency of 16 hydrants @ \$76.00/each	\$1,216.00
	TOTAL COST:	\$38,760.00

(COST SHOULD INCLUDE DELIVERY & ANY OTHER CHARGES)

Has this request been submitted before? _____ Yes _____ No

If yes, how many times: _____

SUBMITTED BY: Kris Thom & Dan Salvato

Recommended by City Administrator: _____ Yes _____ No

Expansion Request is for: • Any new program/activity costing in excess of \$1,000; • Any new equipment (not replacement) costing in excess of \$1,000; • Any new employee; or • Any capital project.

BUDGET REQUEST FORM
Expansion Budget

Department: Municipal Services Fund: Water

Project/Program Title: Water Valve Maintenance Trailer

Description of proposed new program/activity/expenditure, including purpose and justification:

Currently we are asking the City Council to allocate funds to the department to replace valves that are not properly working to shut down the water in our system. The way we are finding the valves is by having departmental staff go out and manually shut down the valves, counting number of turns and checking to see if the water shuts down as intended when the water system was installed. This requires between 2 and 3 employees minimum to properly complete the test shutdowns. Purchasing this trailer would allow us to assign one full time employee to operating valves, cutting down on man hours spent, allowing us to either operate more valves per year or work on other projects as needed. This trailer machine will operate the valve for us while utilizing the hardware and software that is built into it which protects the valve from being over operated. This trailer will also come equipped with 250 gallon hydraulic dump tank for small excavating digs such as potholing utility lines or small utility repair digs. It has a 66 gallon water tank to be used in conjunction with the power washer attachment and includes suction wands. It also has a hydraulic hose reel so we could operate hydraulic tools or pumps from it. In conjunction with this trailer I would like to recommend purchasing GPS software and receiver which will allow us to get GPS coordinates on Valves and Fire Hydrants for improved mapping which will save the crews time in the field searching for valves. This system also allows the operator to input last time operated, by whom and any details or repair information that is necessary.

Estimated Budget:

Account #	Account Name	Cost
<u>12-51-4815</u>	<u>Water Depreciation Fund – Capital Purchases - Equipment</u>	
<u>12-51-4815</u>	<u>Grand LX (Diesel)</u>	<u>\$75,597.35</u>
	<u>GPS Software, computer, mapping software and training</u>	<u>\$22,373.00</u>
	<u>GPS Receiver with floodlight</u>	<u>\$7,230.00</u>
	TOTAL COST:	<u>\$105,200.35</u>

(COST SHOULD INCLUDE DELIVERY & ANY OTHER CHARGES)

Has this request been submitted before? _____ Yes No

If yes, how many times: _____

SUBMITTED BY: Kris Throm and Dan Salvato

Recommended by City Administrator: _____ Yes _____ No