

MINUTES OF A SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE SALT CREEK
SANITARY DISTRICT HELD AT 201 S ROUTE 83, VILLA PARK, IL ON FEBRUARY 22, 2020

The special meeting was called to order by President Hensley at 9:00 a.m. Present: Trustees: Raymond Hensley - President, Robert Taglia – Vice President and Troy Clampit – Clerk. Also present: Manager Jim Listwan and Business Administrator Ray Hoving.

Public Participation: No one from the public was present.

2019 – 2020 Budget Update:

Business Administrator presented an in depth look at the current fiscal year budget progress. He stated that expenses were projected to be down across all departments and that barring any unforeseen emergencies at the plant he expects that in sum expenses will be approximately \$340,000 lower than the 2019 – 2020 appropriation. Mr. Hoving highlighted for the trustees the areas where the greatest amount of savings occurred including the cost of health care, wages, and commodities such as electricity and natural gas. He also stated that a great deal of savings was realized by using very little of the contingency expenses that were budgeted. On the revenue side he projected a surplus of nearly \$40,000. He stated that the user charge which makes up the vast majority of the revenue and is based on resident water usage was only slightly higher than budget. The increased revenue was found in the charges incurred for late payment, as well as interest income, miscellaneous income and personal property replacement tax.

2020 – 2021 Proposed Budget

Billable Flow: Business Administrator Hoving projected that billable flow or the water consumed by the residents of Villa Park will remain flat for the next fiscal year at around 500 million gallons. He presented a history of billable flow which despite an increase in 2017-2018 has seen a steady decline over the past twelve years. He also displayed a chart showing the amount of water treated month by month versus what was billable. In calendar year 2019 Salt Creek treated over 1.48 billion gallons of water prior to its release into the Salt Creek. The district only collected revenues based on 1/3 of this volume. He stated that this discrepancy has many contributing factors but the main point is that it puts additional stress on the plant and its ability to treat the sewage.

User Rates: Business Administrator Hoving and Manager Listwan recommended a \$0.30 increase to the user charge for 2020 – 2021. The increase is needed in order to transfer funds from the corporate account to the improvement account to build reserves after the completion of the ongoing Low Voltage Switch Gear Project. A comparison of the districts rates with other districts and municipalities in the immediate area showed that despite the increase the district maintains one of the lowest user charge rates.

A draft of Revenue and Expenses for Fiscal Year 2020 - 2021 were presented to the board. Business Administrator Hoving and Manager Listwan presented and explained line item by line item the proposed budget.

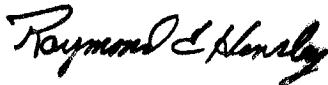

Revenues: The user charge is projected to rise by \$150,000 in FY 2020-2021. This is directly related to the increase in the user fee. The entirety of this new revenue is to be internally transferred to the Improvement Fund to build reserves for future projects. Revenue from other sources is projected to increase by approximately \$15,000 and is based on historical data. There are no increases in FY 20-21 to the capital improvement fees that are used to pay the Phase 3, 4 & 5 loans.

Expenses: Mr. Hoving stated that departmental expenses are projected to be approximately \$27,000 lower than FY 19-20 budget amount. He stated that the difference could have been greater however there are two items in this year's budget in the admin department that are considered one-time expenses that total nearly \$38,000. These expenses are related to the upgrade to the districts billing software and the intergovernmental agreement with the Village of Villa Park to share the cost of the water meter reading software. He continued that although the Administrative Department expenses are up this year there is projected to be a large decrease in the operations department. The maintenance department is forecasted to see an increase of approximately \$23,000 while the laboratory expenses are projected to drop approximately \$9,000.

Improvement, Replacement & Debt Service Fund: Funds from the improvement and replacement accounts are appropriated entirely to the Low Voltage Switch Gear project for FY 2020 – 2021. The yearly total expenses for the debt service fund are now over \$1.3 million. Mr. Hoving stated that the increase in the user charge this fiscal year has helped to stabilize the account and provided billable flow remains at its current ten-year projection should be fully funded through the final payoff of the phase 3 loan in 2026.

Wages & Fringe Benefits: Manager Listwan presented his FY 2020 – 2021 wage recommendations to the board.

Meeting Adjourned: Trustee Clampit moved, seconded by Trustee Taglia to adjourn the special meeting at 10:45 a.m. Ayes: Taglia, Clampit, Hensley Nays: None. Motion carried.

APPROVED  ATTEST 
Raymond Hensley, President Troy Clampit, Clerk

Prepared by Ray Hoving, Business Administrator