



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Planning and Economic Development Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, AICP/ASLA, Planning Manager
William R. Gray, P.E., Public Works Director/City Engineer

DATE: August 30, 2001

SUBJECT: Urbana & Champaign Sanitary District Long Range Facility Plan

Introduction

In February 2001, the Urbana & Champaign Sanitary District (UCSD) issued a multi-volume Draft Long Range Facility Plan based upon work completed by Consoer Townsend Envirodyne Engineers, Inc. This planning effort is the first completed by the District in over 25 years and addresses the District's facilities planning area, interceptor sewer service area plan, treatment facilities long range plan, and a financial plan.

The Long Range Facility Plan outlines current deficiencies in biosolids treatment, treatment facilities, and in treatment capacity. The District has two treatment plants – the Northeast Plant along east University Avenue in Urbana and the Southwest Treatment Plant in Champaign. While the Southwest Treatment Plant is at capacity, the Northeast Plant has 15 to 17 years of capacity remaining. Both plants are in need of treatment upgrades to reflect current technologies, replace equipment that is at the end of its useful life, and meet EPA effluent requirements. Overall, the Plan recommends \$68 million dollars in improvements to the plants to occur over the 20-year planning horizon, with \$41 million allocated to the Northeast Plant and \$27 million to the Southwest Plant. Of the \$41 million needed for the Northeast Plant, \$36 million would be for rehabilitation and \$5 million for expansion. Of the \$27 million needed for the Southwest Plant, \$15 million would be for rehabilitation and \$12 million for expansion. The cost for expansion of the Northeast Plant reflects the consolidation of certain district wide treatment operations at this facility. Interceptor expansion debt retirement is estimated to cost an additional \$451,000 per year.

Funding for the treatment plant rehabilitation needs will come from the Illinois EPA's State Revolving Loan Fund, savings in operations and maintenance costs, and increased user fees. Typical residential user fees are approximately \$110 per year and would increase to over \$130 by the year 2004. Funding for treatment plant and interceptor expansion needs would come from reserves, user fees, connection fees, and a new interceptor cost recovery fee. The connection fees

were held at a low \$150 per year for 35 years and were recently increased to \$450 per single-family dwelling unit or population equivalent. This fee is scheduled to increase up to \$915 by May 2004 and then to increase 10% every three years thereafter. The new Interceptor Cost Recovery Fee would be \$1,400 per acre.

An executive summary of the Long Range Facility Plan, dated April 25, 2001, has been prepared by UCSD staff and provided previously to Council members. Copies of the complete plan are available at the library and at the Public Works and Community Development Services Department. Over the next month, UCSD will be completing the public review process of the long-range plan and will review ordinances adopting the increased fee structure. In recent weeks, construction of some of the improvements identified in the plan has become an even higher priority as the Illinois EPA has expressed increased concern about the capacity status of the Southwest Treatment Plant and has indicated that certain events could cause the plant to be placed on restricted status.

Background

The UCSD Long Range Facility Plan has been presented and discussed as a part of a joint meeting of the Urbana Comprehensive Plan Steering Committee and the Urbana Plan Commission held on May 3, 2001. This presentation and discussion was continued at a joint special meeting of the City Council, Comprehensive Plan Steering Committee and the Urbana Plan Commission held on July 12, 2001. Minutes from these meetings have been provided previously.

Questions and issues identified at these meetings include the following:

- Efficiency of expanding the Southwest Treatment Plant versus utilizing remaining capacity at the Northeast Treatment Plant
- Identification and analysis of alternatives to the proposed plan
- Proposed pump station relocation
- UCSD role in growth management
- Equity of proposed fee structure for residents in the two basins
- Assumptions used in the finance plan
- Sources of revenue
- Methods of estimating costs
- Planning for future expansion/improvements

Please refer to the Staff Memorandum dated July 19, 2001 and other communications referenced in that memorandum for further discussion of these issues.

At the special joint meeting of July 12, 2001, Council requested advisory input on the Long Range Facility Plan from both the Comprehensive Plan Steering Committee and the Plan Commission.

The Comprehensive Plan Steering Committee addressed this item at its meeting on August 16, 2001. After a discussion that focused upon the relevant Comprehensive Plan policies and the efficiency and equity concerns noted above, the Committee moved to endorse the Long Range Facility Plan as presented in that it would be workable with the objectives of the Urbana Comprehensive Plan.

The Plan Commission addressed this item at their meeting on August 23, 2001. Following a discussion of the efficiency and equity concerns noted above, the Commission moved to endorse the Long Range Facility Plan as presented with the additional recommendation that the Sanitary District evaluate future changes to their funding model to encourage efficient growth and provide for future expansion.

Draft excerpts from the minutes for these meetings are attached to this memorandum.

Discussion

Sanitary sewer capacity is one of the primary considerations in determining the location and rate of development in a community. Therefore, consideration of the District's Long Range Facility Plan is critical to the City's Comprehensive Planning process. Increases in sanitary sewer user fees are an important economic concern for residents and business owners in any community. Increases in connection fees and in interceptor recovery fees will affect the cost of development in Urbana-Champaign and will result in an increased cost for new housing. It is estimated that by the year 2004, the cost of a new single-family house in the district will rise by over \$1,000 to cover increased connection fees and interceptor recovery fees.

The questions of efficiency and equity noted above are critical in that the citizens of Urbana need to be assured that efficient utilization of sanitary sewer capacity is being provided and that an inefficient or sprawling pattern of growth is not being subsidized by existing development. Equity of the rate structure is particularly important for the currently proposed plan because a disproportionate amount of expansion would occur at the Southwest plant (\$12,000,000) versus the Northeast plant (\$5,000,000) and ratepayers in both basins are proposed to pay the same user and connection fees even though capacity remains at the Northeast plant. When viewed from the perspective of area served, it can be further argued that the larger Northeast basin (say 2/3rds of the District) would be subsidizing growth in the much smaller Southeast basin area.

District staff has responded that the UCSD is in fact one large service area and that the two treatment plants provide qualitatively different services so it is not accurate to view services on a basin-by-basin approach. District officials also pointed out that they have historically over the past several decades had a uniform rate districtwide. Over this history, the District's planned improvements have benefited customers in different areas of the District to differing degrees. Staff noted that they have not found any examples of other districts with tiered connection fees. District staff also pointed out that if capacity is not expanded at the Southwest Treatment Plant, planned growth in this area (including southwest Champaign, Savoy, and the University of Illinois) would not be able to occur.

In reviewing the UCSD Long Range Facility Plan, the City should consider its conformance to the goals, objectives, and policies of the Comprehensive Plan and well as its potential effects upon the residents and economic development interests of the community. Relevant goals, objectives, and policies of the City's Comprehensive Plan are set forth in the July 19, 2001 Memorandum. These relevant policies address the following general concerns:

- Environmental quality and protection of natural resources
- Efficient provision of public services
- Encouragement of development in areas where urban facilities are available or have been planned
- Efficient use of land for sewage treatment
- Assignment of costs to those who receive benefits
- Use of alternative technological approaches
- Encouragement of cooperative capital improvements programs
- Farmland preservation
- Provision for the collection and disposal of sanitary sewage as required to protect people and the environment
- Support for expansions of the sanitary sewer system that are consistent with the City's population forecast
- Coordination with other agencies in sanitary sewer planning and management
- Encouragement of the use of new technology in the treatment and disposal of sanitary sewage

Summary of Findings

Based upon technical review of the Long Range Facility Plan by engineering and planning staff and upon the issues raised at the meetings noted above, the following findings can be made:

1. The Long Range Facility Plan will provide for reasonable and responsible improvements to the interceptor system, treatment plant processes, and treatment plant expansion needs for the entire District, including the City of Urbana.
2. Planned improvements set forth in the Long Range Facility Plan will be supportive of the City's Comprehensive Plan goals pertaining to growth and public facilities.
3. The Long Range Facility Plan will be consistent with Comprehensive Plan policies pertaining to "Smart Growth" principles in the Northeast basin in that it will allow for continued provision of sanitary sewer service in a compact and contiguous development pattern.
4. The Long Range Facility Plan is fully reflective of projected growth rates and future development areas anticipated by the City's Comprehensive Plan.

5. The Long Range Facility Plan would not be consistent with Goal 3.600 of the Urbana Comprehensive Plan which states that the costs of development should be assigned to those who receive its benefits.
6. The Northeast Treatment Plant has 15 to 17 years of capacity remaining and will require close evaluation of growth rates to plan for expansion well in advance of capacity limitations.
7. The Sanitary District is currently using some environmentally friendly energy saving and revenue generating approaches to sewage treatment and disposal.

Options

Three different sets of recommendations regarding the UCSD Long Range Facility Plan have been put forward by City staff, the Comprehensive Plan Steering Committee, and the Plan Commission. These recommendations are reflected in the attached draft resolutions. The City Council may choose to adopt one of these draft resolutions or to prepare their own language in advising the UCSD Board as to the City of Urbana position regarding the proposed Long Range Facility Plan.

Recommendations

As noted above, while there are considerable areas of agreement, three different sets of recommendations have been put forth by City staff, the Comprehensive Plan Steering Committee, and the Urbana Plan Commission. These recommendations are summarized as follows and are reflected in the attached draft resolutions.

Staff Recommendation

1. The facilities planning area, interceptor sewer service area plan, and treatment facilities long-range plan components of the UCSD Long Range Facility Plan are recommended to be endorsed based upon technical engineering and planning review of these documents.
2. The financial plan, as proposed, is not recommended for endorsement due to rate payer equity concerns for those in the Northeast Basin versus those in the Southwest Basin. Rather, the District should consider a two-tiered funding approach for the two basins that more nearly reflects the benefits to be derived.
3. The District should monitor and evaluate future expansion needs that may be necessary in the Northeast basin so that planning can occur well in advance of capacity limitations.
4. The District should consider environmentally-friendly approaches and technologies in current and future expansion plans.

Comprehensive Plan Steering Committee

The Long Range Facility Plan is consistent with the goals and objectives of the Urbana Comprehensive Plan and should be endorsed as presented.

Urbana Plan Commission

The Long Range Facility Plan should be endorsed as presented with the additional recommendation that the Sanitary District evaluate future changes to their funding model to encourage efficient growth and provide for future expansion.

Attached:

- Draft Resolutions
- Draft Excerpt of Minutes from August 16, 2001 Comprehensive Plan Steering Committee meeting
- Draft Excerpt of Minutes from August 23, 2001 Plan Commission meeting
- Memorandum from William R. Gray to Tod Satterthwaite regarding Third Waste Water Treatment Plant, dated August 9, 2001

Supporting Documents (provided previously or otherwise available):

1. Urbana & Champaign Sanitary District, Draft Long Range Facility Plan, December 2000, 7 volumes, available at Urbana Public Library, Public Works Department, and Community Development Services Department
2. UCSD's Draft Long Range Plan, Executive Summary, prepared by Dennis Schmidt, dated April 25, 2001
3. UCSD Long Range Plan, overhead presentation and maps, dated May 3, 2001
4. Minutes, Special Joint Meeting between the Urbana Plan Commission and Comprehensive Plan Steering Committee, May 3, 2001
5. Responses to Questions Raised at the Joint Meeting, e-mail prepared by Dennis Schmidt, dated July 2, 2001
6. Letter from Elizabeth H. Tyler, AICP to Dennis Schmidt, P.E., Regarding Questions and Concerns About UCSD Long Range Plan, dated July 5, 2001
7. Staff Memorandum to Bruce K. Walden, Urbana Plan Commission, and Comprehensive Plan Steering Committee, dated July 19, 2001
8. Minutes, Special Joint Meeting between the Urbana City Council, the Urbana Plan Commission and the Comprehensive Plan Steering Committee, July 12, 2001

c: Dennis Schmidt, UCSD
UCSD Board Members

[STAFF RECOMMENDATION]

RESOLUTION NO. 2001-09-026

A RESOLUTION REGARDING ENDORSEMENT OF THE URBANA & CHAMPAIGN
SANITARY DISTRICT LONG RANGE FACILITY PLAN

WHEREAS, the Urbana & Champaign Sanitary District (UCSD) has issued a Draft Long Range Facility Plan, dated December 2000, and has presented an Executive Summary of this Plan, dated April 25, 2001, to interested parties, including the City of Urbana; and

WHEREAS, the Draft Long Range Facility Plan was presented and discussed at a joint meeting of the Urbana Comprehensive Plan Steering Committee and Urbana Plan Commission on May 3, 2001 and at a special joint meeting of the Urbana City Council, Urbana Comprehensive Plan Steering Committee, and the Urbana Plan Commission on July 12, 2001; and

WHEREAS, issues raised during review of the Draft Long Range Facility Plan by the City include efficiency of expanding the Southwest Treatment Plant versus utilizing remaining capacity at the Northeast Treatment Plant; identification and analysis of alternatives to the proposed plan; the role of the Urbana & Champaign Sanitary District in growth management decisions; costs and benefits to be incurred by the residents of the Northeast Basin, including the citizens of Urbana, versus residents of the Southwest Basin; the equity of the proposed fee structure; assumptions used in developing the finance plan; and planning for future additional expansion and improvements; and

WHEREAS, recommendations to the Urbana City Council regarding endorsement of the Draft Long Range Facility Plan were considered by the Urbana Comprehensive Plan Steering Committee on August 16, 2001 and by the Urbana Plan Commission on August 23, 2001; and

WHEREAS, by a vote of 9 – 0, the Urbana Comprehensive Plan Steering Committee has recommended endorsement of the Draft Long Range Facility Plan as being consistent with the goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, by a vote of 4 – 2, the Urbana Plan Commission has recommended endorsement of the Draft Long Range Facility Plan, with the additional recommendation that the Urbana & Champaign Sanitary District evaluate future changes to their funding model to encourage efficient growth and provide for future expansion; and

WHEREAS, the Draft Long Range Facility Plan was reviewed by City of Urbana Planning and Engineering staff with respect to its effects upon the citizens of the City of Urbana, its technical soundness, and its conformity to the goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, City of Urbana planning and engineering staff have recommended that the facilities planning area, interceptor sewer service area plan, and treatment facilities long-range plan components of the Draft Long Range Facility Plan be endorsed, but that the financial plan component of the Draft Long Range Facility Plan not be endorsed and that a two-tiered funding approach for the two basins be evaluated that more nearly reflects the benefits to be derived; and

WHEREAS, City of Urbana planning and engineering staff further recommend that planning for future expansion and improvements to the Northeast Treatment Plant occur well in advance of capacity limitations and that environmentally friendly approaches and technologies be considered in current and future expansion plans; and

WHEREAS, the Draft Long Range Facility Plan will provide for reasonable and responsible improvements to the interceptor system, treatment plant processes, and treatment plant expansion needs for the entire District, including the City of Urbana; and

WHEREAS, planned improvements set forth in the Draft Long Range Facility Plan will be supportive of the relevant goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, planned improvements set forth in the Draft Long Range Facility Plan are consistent with population growth projections developed by City staff based upon the Land Use Map of the Urbana Comprehensive Plan, as amended; and

WHEREAS, the proposed financial plan component of the Draft Long Range Facility Plan would potentially pose an unfair burden upon rate payers in the Northeast Basin, including the residents of the City of Urbana, and would not be consistent with policies of the Urbana Comprehensive Plan which state that the costs of development should be assigned to those who receive its benefits; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that endorsement of the Urbana & Champaign Sanitary District Draft Long Range Facility Plan, with the exception of the financial plan component is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council does hereby endorse the facilities planning area, interceptor sewer service area plan, and treatment facilities long-range plan components of the Draft Long Range Facility Plan.

Section 3. The Urbana City Council does not endorse the financial plan component of the Draft Long Range Facility Plan and does hereby request that the Urbana & Champaign Sanitary District evaluate and consider a two-tiered funding approach for the Northeast and Southwest basins that more nearly reflects the benefits to be derived by the residents of each basin.

Section 4. The Urbana City Council does further recommend that planning for future expansion and improvements to the Northeast Treatment Plant occur well in advance of capacity limitations and that environmentally friendly approaches and technologies be considered in current and future expansion plans of the Urbana & Champaign Sanitary District.

PASSED by the City Council this _____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, _____.

Tod Satterthwaite, Mayor

A RESOLUTION REGARDING ENDORSEMENT OF THE URBANA & CHAMPAIGN
SANITARY DISTRICT LONG RANGE FACILITY PLAN

WHEREAS, the Urbana & Champaign Sanitary District (UCSD) has issued a Draft Long Range Facility Plan, dated December 2000, and has presented an Executive Summary of this Plan, dated April 25, 2001, to interested parties, including the City of Urbana; and

WHEREAS, the Draft Long Range Facility Plan was presented and discussed at a joint meeting of the Urbana Comprehensive Plan Steering Committee and Urbana Plan Commission on May 3, 2001 and at a special joint meeting of the Urbana City Council, Urbana Comprehensive Plan Steering Committee, and the Urbana Plan Commission on July 12, 2001; and

WHEREAS, issues raised during review of the Draft Long Range Facility Plan by the City include efficiency of expanding the Southwest Treatment Plant versus utilizing remaining capacity at the Northeast Treatment Plant; identification and analysis of alternatives to the proposed plan; the role of the Urbana & Champaign Sanitary District in growth management decisions; costs and benefits to be incurred by the residents of the Northeast

Basin, including the citizens of Urbana, versus residents of the Southwest Basin; the equity of the proposed fee structure; assumptions used in developing the finance plan; and planning for future additional expansion and improvements; and

WHEREAS, recommendations to the Urbana City Council regarding endorsement of the Draft Long Range Facility Plan were considered by the Urbana Comprehensive Plan Steering Committee on August 16, 2001 and by the Urbana Plan Commission on August 23, 2001; and

WHEREAS, by a vote of 9 - 0, the Urbana Comprehensive Plan Steering Committee has recommended endorsement of the Draft Long Range Facility Plan as being consistent with the goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, by a vote of 4 - 2, the Urbana Plan Commission has recommended endorsement of the Draft Long Range Facility Plan, with the additional recommendation that the Urbana & Champaign Sanitary District evaluate future changes to their funding model to encourage efficient growth and provide for future expansion; and

WHEREAS, the Draft Long Range Facility Plan was reviewed by City of Urbana Planning and Engineering staff with respect to its effects upon the citizens of the City of Urbana, its technical soundness, and its conformity to the goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, City of Urbana planning and engineering staff have recommended that the facilities planning area, interceptor sewer service area plan, and treatment facilities long-range plan components of the Draft Long Range Facility Plan be endorsed, but that the financial plan component of the Draft Long Range Facility Plan not be endorsed and that a two-tiered funding approach for the two basins be evaluated that more nearly reflects the benefits to be derived; and

WHEREAS, City of Urbana planning and engineering staff further recommend that planning for future expansion and improvements to the Northeast Treatment Plant occur well in advance of capacity limitations and that environmentally friendly approaches and technologies be considered in current and future expansion plans; and

WHEREAS, the Draft Long Range Facility Plan will provide for reasonable and responsible improvements to the interceptor system, treatment plant processes, and treatment plant expansion needs for the entire District, including the City of Urbana; and

WHEREAS, planned improvements set forth in the Draft Long Range Facility Plan will be supportive of the relevant goals and objectives of the Urbana Comprehensive Plan; and

WHEREAS, planned improvements set forth in the Draft Long Range Facility Plan are consistent with population growth projections developed by City staff based upon the Land Use Map of the Urbana Comprehensive Plan, as amended; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that endorsement of the Urbana & Champaign Sanitary District Draft Long Range Facility Plan, with the exception of the financial plan component is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above

recitations are true.

Section 2. *The Urbana City Council does hereby endorse the Draft Long Range Facility Plan as being consistent with the goals and the objectives of the Urbana Comprehensive Plan.*

PASSED by the City Council this _____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, _____.

Tod Satterthwaite, Mayor