



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
Urbana Plan Commission
Comprehensive Plan Steering Committee

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

DATE: July 19, 2001

SUBJECT: Urbana & Champaign Sanitary District Long Range 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 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 Plan, dated April 25, 2001, has been prepared by UCSD staff and provided previously to Plan Commissioners, Steering Committee members, and Council members. Copies of the complete plan are available at the library and at the Public Works and Community Development Services Department. UCSD will be completing the public review process of the long-range plan over the next month and will begin to review ordinances adopting the increased fee structure in the fall. Construction of some of the improvements identified in the plan has become an even higher priority as the Illinois EPA has recently expressed increased concern about the capacity status of the Southwest Treatment Plant.

Background

Over the past several months, District staff has made a number of presentations on the long-range plan to various interest groups, including the City of Urbana. To assist in these presentations, the District has distributed the Executive Summary and copies of a slide presentation and maps.

On May 3, 2001, the City of Urbana held a joint meeting of its Comprehensive Plan Steering Committee and Plan Commission to address the District's Long Range Plan as it pertains to the City's planning efforts and concerns. A number of questions and issues were raised at this meeting. These questions focused on the expansion plans for the Northeast Plant versus the Southwest Plant, alternative analyses, proposed pump station relocation, the UCSD's role in growth management, and the equity of the proposed fee structure. The questions are summarized in a letter from Elizabeth Tyler to Dennis Schmidt, dated July 5, 2001. Responses to some of the questions raised at the May 3, 2001 meeting have been provided via an e-mail communication from Dennis Schmidt, dated July 2, 2001.

On July 12, 2001, UCSD representatives continued their presentation to a joint meeting of the Plan Commission, Comprehensive Plan Steering Committee, and City Council. The minutes from this meeting are not yet available, but the discussion is summarized as follows. This discussion focused upon the finance plan component of the Long Range Plan. City officials had questions about the revolving loan program, cost estimates, methods used for projecting population growth, evaluation of other financing methods, such as property tax, and user fees versus connection fees as a source of revenue.

There was a strong concern expressed that existing users could be seen as subsidizing new development. The point was made that growth had occurred in the Southwest basin while prices were held artificially low, but that now that Urbana is experiencing increased growth, the sewer costs will be higher. There was an argument made that because of this, connection fees should be tiered, with the Northeast basin paying a lower amount. District staff responded that historically all of their improvement costs have been paid for uniformly district wide.

There was further discussion about the differences between the Southwest Treatment Plant and the

Northeast Treatment Plant. District staff noted that the Northeast Treatment Plant (which encompasses 60 % of Champaign and all of Urbana) retains capacity due to a lower than anticipated growth rate in the basin, but also due to pretreatment requirements at industrial facilities.

There was further discussion about the equity of the funding formula. Under the long-range plan, \$5,000,000 worth of expansion would occur at the Northeast plant, while \$12,000,000 worth of expansion would occur at the Southwest plant. Yet connection fees in the northeast basin would have to pay just as much as those in the southwest basin. This would mean that hook-ups in Urbana would be paying for continued expansion of the southwest. This expansion would benefit southwest Champaign, the Village of Savoy, and the University of Illinois, but not the ratepayers in the City of Urbana. It was suggested that in addition to breaking the long-standing tradition of not increasing connection fees, the District could also break its long-standing tradition of having a uniform rate district wide. District responded that they have not found any examples of other districts with tiered connection fees.

There was discussion about how the District determines its amount of cash reserve and how to better plan for expansion and improvements in the future. The concept of contingency estimates was also discussed. The status of the EPA revolving loan fund was discussed as well as the potential for additional regulatory requirements. The concept of revenue generation from the plants – from sale of methane-generated power and biosolids applications - was also discussed.

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 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.

In reviewing the UCSD Long Range 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. Following are relevant goals, objectives, and policies of the City's Comprehensive Plan:

Goal 1.200 To protect, and to the extent possible, improve the quality of the environment for present and future generations.

Objective 1.210 Enter into intergovernmental agreements with other units of general and single purpose government to ensure that their decisions which have implications for growth and development affecting the City of Urbana are consistent with the goals, objectives and policies of this Plan.

Goal 3.400 To create a compact community where the conversion of agricultural land, the cost of providing public services, and the use of energy are minimized.

Objective 3.410 Designate growth areas in a manner that minimizes the cost of providing public services.

Policy 3.411 Encourage development only in areas where urban services and facilities are available at adequate capacity or have been planned.

Goal 3.500 To minimize non-productive and under-productive uses of land.

Objective 3.510 Reduce the future amount of land devoted to landfills and sewage treatment plants.

Policy 3.513 Investigate alternative technological approaches to the disposal of solid and chemical wastes, sewage treatment and recycling.

Goal 3.600 To assign the costs of development to those who receive its benefits.

Objective 3.610 Encourage appropriate units of government to undertake cooperative capital improvements programming in designated growth and renewal areas.

Policy 3.612 In the planning process, evaluate the public costs and benefits of land development.

Policy 3.613 Through the Subdivision Ordinance and annexation agreements, limit the public's share of the cost for providing utilities and public services to the amount justified by the public benefit received.

Goal 4.200 To minimize tax increases or service reductions caused by inflation.

Objective 4.210 Promote commercial and industrial developments which are compatible with the character, environment and resources of the community.

Policy 4.212 Encourage developments whose requirements for water supply, waste disposal, land, transportation and related services can be provided by the community's existing or potential resources.

Goal 4.300 To provide fiscal and human resources adequate to implement the goals, objectives and policies of this Plan.

Objective 4.310 Pursue alternative revenue sources such as tax base sharing.

Policy 4.311 Identify potential sources of revenue and develop strategies to realize their potential.

Goal 5.100 To provide sound and attractive residential neighborhoods which meet the housing needs of the current and future population, are accessible to urban services and facilities, and in a manner which conserves land, energy and other resources.

Objective 5.120 Promote residential development patterns which preserve and improve environmental quality and protect natural resources.

Policy 5.121 Encourage new residential development only in areas where urban services and facilities are available at adequate capacity or have been planned and will be available when the proposed development is in place.

Policy 5.122 Discourage the extension of water, sewer, transportation, and related facilities into prime agricultural land not contiguous to the urbanized area.

Goal 8.100 To provide for the collection and disposal of sanitary sewage as required to protect people and their environment.

Objective 8.110 Upgrade sanitary sewer service in the developed areas of the City.

Policy 8.111 Give priority to sanitary sewer improvements in developed areas where existing facilities do not meet standards of quality and service.

Goal 8.200 To encourage and support the extension of sanitary sewer facilities only in areas deemed suitable for urban development.

Objective 8.210 Provide for the needs of the future population and of expanding commerce and industry.

Policy 8.211 Encourage and support expansions of the sanitary sewer system that are consistent with the City's population forecast.

Policy 8.212 Encourage and support new sanitary sewer facilities in areas contiguous to existing developments, and where urbanization does not conflict with the preservation of natural resources.

Objective 8.220 Coordinate with the activities of other departments, agencies and units of government involved in sanitary sewer planning and management.

Policy 8.221 Coordinate the provision and maintenance of sanitary sewer services with related urban services and facilities.

Policy 8.222 Encourage the application of the new technology in the treatment and disposal of sanitary sewage.

Recommendation

City Council, Plan Commission, and the Comprehensive Plan Steering Committee should review the UCSD Long Range Plan for its conformance to the City's Comprehensive Plan and ability to provide for the general welfare of the community. The Plan Commission and Comprehensive Plan Steering Committee should provide an advisory recommendation to the City Council for their consideration at the regular Council meeting of August 20, 2001. It is anticipated that Council can adopt a Resolution concerning acceptance of the Long Range Plan and relevant recommendations for District consideration.

Based upon planning and engineering review of the Long Range Plan and consideration of issues raised during public meetings on the plan, staff has the following findings and recommendations:

1. Staff recommends endorsement of the facilities planning area, interceptor sewer service area plan, and treatment facilities long-range plan components of the UCSD Long Range Plan.

Staff has conducted a technical review of these plan components and believes that the 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. These planned improvements will be supportive of the City's Comprehensive Plan goals pertaining to growth and public facilities. The Plan will be consistent with 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. The Plan is also fully reflective of projected growth rates and future development areas anticipated by the City's Comprehensive Plan.

2. Staff does not recommend endorsement of the financial plan as it is currently envisioned with respect to the connection rate structure.

Goal 3.600 of the Urbana Comprehensive Plan states that the costs of development should be assigned to those who receive its benefits. Yet, as currently proposed two-thirds of the District will be paying for a \$12 million expansion (at the Southwest Plant) that will benefit only one-third of the District. At the same time, planned expansion needs at the Northeast Plant will total only \$5 million and will not result in any appreciable expansion of service area. Because of the equity issues associated with the disproportion between the cost and amount of treatment plant capacity proposed as a part of the Long Range Plan between the two basins, staff recommends that the District evaluate and put forward a two-tiered funding approach whereby rate payers in the

Northeast basin would pay for expansion of the Northeast Treatment Plant and rate payers in the Southwest basin would pay for expansion of the Southwest Treatment Plant.

3. Staff recommends that the District begin now to evaluate future expansion needs that may be necessary in the Northeast basin.

District staff has noted that the Northeast Treatment Plant has 15 to 17 years of capacity

remaining and that this is close enough to 20 years not to be concerned with major expansion for the current plan. Staff urges the District to closely evaluate growth rates in this basin over the next three to five years and to begin to plan for necessary expansion well in advance of capacity limitations at this plant.

4. Staff recommends that the District consider environmentally-friendly approaches and technologies in current and future expansion plans.

It is recommended that in its continued long-range planning efforts, the District take a close look at the “Smart Growth” implications of any future expansion alternatives; evaluate the potential for energy saving and revenue generating approaches, such as co-generation of power; and investigate the implementation of environmentally friendly technologies, such as the increased use of effluent for fertilization/irrigation.

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

c: Dennis Schmidt, UCSD
UCSD Board Members