

**City of Dearborn  
Sewer / CSO Fund (590 , 598, & 599)  
Proposed FY2018-FY2020 Budget**

**This REFB represents the combination of 3 internal funds:**

**The Sewer Fund accounts for the operation of the City's sewage disposal system collecting and transporting sanitary sewerage from Dearborn to the Detroit Water and Sewerage Department (DWSJ) for final treatment.**

**The CSO Fund accounts for the construction costs of the federally mandated Combined Sewer Overflow project.**

**The CSO Debt Service Fund was established to collect and disburse taxes collected for the repayment of voter approved debt issued to construct the CSO project.**

**General Comments:**

- The FY2018 Budget reflects Revenues over Expenditures by \$38 thousand.
- CSO project litigation has resulted in the buildup of cash, which in part includes liquidated damages and contractor forfeited retainage. FY2018 budget reflects a decrease in project support to use the cash earmarked for the CSO projects.
- The Dearborn Sewer rates are recommended to increase 5.0% due to an increase in GLWA fixed sewer charge (cost of sewerage) and the AK Steel concession.
- CSO net operating cost for FY2018 is budgeted at \$2.19m compared to FY2017 adjusted budget of \$2.56m. Net cost includes third-party reimbursement from MDOT and Wayne County agreements.
- A budget was established for the entire CSO project in May 2004 and unexpended budget will be brought forward each year until the construction is completed.

**Revenue:**

- Billable units are budgeted to decrease in FY2018 due to the AK Steel concession, which is covered by the rate
- Taxes levied to pay CSO debt remains at 4.25 mills for FY2018. Cash in the CSO Debt Service Fund will be used as needed to supplement the FY2018 debt budget. The CSO debt millage is proposed to increase in FY2019 and FY2020 to 4.5 mills and 4.6 mills respectively, to cover the increase in debt service.

**Expenditures:**

- Cost of Sales paid to GLWA remain to be fixed. The budget for FY2018 is \$20,324,400 vs. FY2017 of \$19,670,200 or 3.3% increase.
- FY2018 includes project budget of \$2.0M to be used for infrastructure projects down from \$2.5M in FY2017.
- Sewer Fund Debt Service increases in FY2018 vs. FY2017 due to the addition of Sewer Fund Bonds and Sewer SRF loans.