



TO: Urbana City Council
FROM: Mayor Diane Wolfe Marlin
DATE: May 2, 2022
RE: Illinois American Water Company Rate Increase Intervention

Introduction and Background

The Illinois-American Water Company (IAWC) recently filed a rate increase case at the Illinois Commerce Commission (ICC). The Company has proposed a general increase in rates for water and wastewater services. The effective water customer increase would be 32.9 percent.

In the past, the City of Urbana has entered into an intergovernmental agreement with other municipalities to retain the services of an attorney for intervention in our behalf in other ICC cases. In 2016, the IAWC had proposed a 17.61 percent increase; the final increase was reduced to 12.58 percent.

Discussion

The attached Resolution authorizes the Mayor to enter into an intergovernmental agreement with the City of Champaign, Village of Philo, Village of Saint Joseph, Village of Savoy, and City of South Beloit, Illinois for the purpose of intervening in the Illinois American Water Company Rate Increase Case. The City of Champaign will be Lead Agency and the Cost Share Allocation will be based on population data from the 2020 Census. Total cost of the intervention action will not exceed \$32,000 without amending the agreement.

Fiscal Impact

Per the attached Agreement, the City of Urbana's Cost Share Allocation is \$8,195.85.

Options

1. Approve the attached resolution.
2. Approve the attached resolution with changes.
3. Do not approve the resolution.

Recommendation

It is recommended that the City Council pass the Resolution Approving an Intergovernmental Agreement Regarding the Illinois American Water Company Rate Increase Case for the purposes of intervening in the case.

Attachment: Intergovernmental Agreement

RESOLUTION NO. _____

**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT
REGARDING THE ILLINOIS AMERICAN WATER COMPANY RATE
INCREASE CASE**

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, and the passage of this Resolution constitutes an exercise of the City’s home rule powers and functions as granted in the Illinois Constitution, 1970; and

WHEREAS, Section 10 of Article VII of the Illinois Constitution of 1970 and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq. enable the units of government to enter into agreements among themselves and provide authority for intergovernmental cooperation; and

WHEREAS, reliable and low-cost water service is essential for the public and economic health of the local and regional community; and

WHEREAS, Illinois American Water Company has proposed a general increase in rates for water and wastewater services as reflected in Illinois Commerce Commission Docket No. 22 - 0210; and

WHEREAS, the City of Urbana desires to enter into an Intergovernmental Agreement (“Agreement”) with other community stakeholders that purchase water from Illinois American Water and desire to share the costs of intervening in this case and

WHEREAS, the City Council, after due consideration, finds that approval of this Agreement promotes the fiscal welfare of the City, is in the best interests of the residents of the City, and is desirable for the welfare of the City’s government and affairs.

NOW, THEREFORE, BE IT RESOLVED by the City Council, of the City of Urbana, Illinois, as follows:

Section 1.

The City of Urbana, Illinois, hereby authorizes the Mayor to enter into an intergovernmental agreement with City of Champaign, Village of Philo, Village of Saint Joseph, Village of Savoy, and City of South

Beloit, Illinois for the purpose of intervening in the Illinois American Water Company Rate Increase Case.

Section 2.

The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said agreement as so authorized and approved for on and behalf of the City of Urbana, Illinois.

PASSED BY THE CITY COUNCIL this _____ day of May , 22.

AYES:

NAYS:

ABSTENTIONS:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this _____ day of May , 2022.

Diane Wolfe Marlin, Mayor

**INTERGOVERNMENTAL AGREEMENT REGARDING
ILLINOIS AMERICAN WATER COMPANY RATE INCREASE CASE**

THIS AGREEMENT entered into on the date it is fully executed, by and among units of local government in Champaign County and Winnebago County, including the CITY OF CHAMPAIGN, ILLINOIS ("Champaign"), the VILLAGE OF PHILO ("Philo"), the VILLAGE OF SAINT JOSEPH ("St. Joseph"), the VILLAGE OF SAVOY ("Savoy"), the VILLAGE OF SIDNEY ("Sidney"), the CITY OF SOUTH BELOIT ("South Beloit"), and the CITY OF URBANA, ILLINOIS ("Urbana")(collectively "the Parties").

WHEREAS, reliable and low cost water service is essential for the economic health of the local and regional community; and

WHEREAS, ILLINOIS-AMERICAN WATER COMPANY has proposed a general increase in rates for water and wastewater services as reflected in Illinois Commerce Commission Docket No. 22-0210; and

WHEREAS, the parties and their individual, commercial, and industrial residents purchase water from the above-named business; and

WHEREAS, the parties desire to share the costs of intervening in this case; and

WHEREAS, Section 10 of Article VII of the 1970 Illinois Constitution and "The Intergovernmental Cooperation Act" (5 ILCS 220/, et seq.) provides for intergovernmental cooperation.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Parties. The authorized representative of each party has approved this Agreement and evidenced such approval by sending an executed signature page to the Lead Agency. The Agreement shall be effective as to the party when the Agreement is received by the designated representative of the Lead Agency, who shall acknowledge receipt in writing or electronically.

Section 2. Additional Parties. Governmental agencies may become parties to this Agreement by requesting to do so if all other parties consent. Such consent shall be evidenced by the written approval of the parties, which may be evidenced electronically. Such additional party shall contribute financially to these undertakings in a roughly proportionate amount according to the community's population. The contribution shall be based on total costs, including costs incurred before the approval of this Agreement by an existing party.

Section 3. Lead Agency. The City of Champaign shall be the Lead Agency on behalf of the parties. All parties shall be named as intervenors. The Lead Agency shall be authorized to take such steps as are necessary to intervene into the case in Illinois Commerce Commission Docket No. 22-0210 on behalf of all the parties to this Agreement. The Lead Agency on behalf of the parties shall contract for services desirable or necessary, to facilitate the intervention including without limitation, financial, legal, and engineering consultants. The Lead Agency shall provide guidance to the consultant; however, shall consult with other parties as set forth in

Section 4. If the parties agree in advance, however, any and all such contracts may be entered into by another of the parties and billing for the costs of such contracts shall be in accordance with Section 6. Such contracts shall be entered into as expeditiously as possible.

Section 4. Guidance and Communication. Representatives of Champaign will provide guidance to hired consultants on major issues in the intervention. The Lead Agency shall provide regular updates to the parties of the efforts under this Agreement. Such updates shall be provided electronically, on at least a monthly basis.

Section 5. Cost sharing. The parties agree to share all costs of hiring attorneys and experts pursuant to Section 2, such costs to be split among the parties as set forth in Exhibit "A". If an additional party is added to this Agreement, the total costs shall be shared with the then existing parties and all additional parties on the basis set forth in Exhibit "A". Total cost of the intervention action shall not exceed THIRTY-TWO THOUSAND DOLLARS (\$32,000.00), without further agreement of the parties.

If additional funds are required above THIRTY-TWO THOUSAND DOLLARS (\$32,000.00), each party will be contacted by the Lead Agency with a proposed amendment to this Agreement, stating the required additional funds and each party will have an opportunity to continue with the project pursuant to the Agreement as amended. If a party chooses not to continue its participation due to the need for additional funds, such party may cease to participate but will be responsible for its proportionate share of costs to date.

No party to this Agreement will seek reimbursement for its own staff time or in house resources provided to support this project.

Section 6. Payment. Payment for attorney and expert services rendered under this Agreement shall be due to the Lead Agency within twenty-eight (28) days following receipt by each party of a statement for the services performed. Such statement shall, in general, describe the services rendered. Billing in this manner will be performed periodically, but in no event more often than every six months.

Section 7. Completion and Termination. This Agreement will continue in full force until the decision of the Illinois Commerce Commission in the rate case cited above. If the rate case is appealed to the courts after the final decision of the Illinois Commerce Commission, no party shall be required to continue with the case or to contribute to such costs unless an amendment to this Agreement is approved by the party. Provided however a party may terminate its participation earlier as provided.

Any party to this Agreement may terminate this Agreement by giving no less than fourteen (14) days' written notice of the intent to terminate this Agreement. Notice shall be considered given when deposited in the United States mail, postage prepaid, and addressed as provided in Section 8 below.

In the event of termination of this Agreement by any party prior to completion and final payment by that party, the party will pay the Lead Agency its share of costs for all services performed up to that party's total proportionate share of the project costs which were actually and satisfactorily rendered up to date of termination.

In the event any of the provisions of this Agreement are violated by any party, the aggrieved party may serve written notice upon the other the intention to terminate such Agreement, such notice to contain the reasons for the termination. Unless within five (5) calendar days after the serving of such notice, the violation shall cease, and satisfactory agreements for correction be made, the contract shall expire five (5) calendar days after such service. In addition to any other remedies available at law, the defaulting party shall be liable to the other parties for any damages sustained by them based on the default. The terminating party shall pay the Lead Agency its proportionate share of the project costs up to the point of termination.

Section 8. Severability. Any part or provision of this Agreement which is held to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

Section 9. Notice. Notice given hereunder shall be via U.S. Mail as follows:

Champaign at:

**City Manager
City of Champaign
102 North Neil Street
Champaign, IL 61820**

**City Attorney
City of Champaign
102 North Neil Street
Champaign, IL 61820**

Philo at:

**Village President
Village of Philo
P.O. Box 72
Philo, IL 61864**

**Village Attorney
Village of Philo
P.O. Box 72
Philo, IL 61864**

Saint Joseph at:

**Mayor
Village of Saint Joseph
207 East Lincoln Street
Saint Joseph, IL 61873**

**Village Attorney
Village of Saint Joseph
207 East Lincoln Street
Saint Joseph, IL 61873**

Savoy at:

**Mayor
Village of Savoy
611 North Dunlap Avenue
Savoy, IL 61874
Sidney at:**

**Village Attorney
Village of Savoy
611 North Dunlap Avenue
Savoy, IL 61874**

**Mayor
Village of Sidney**

**Village Attorney
Village of Sidney**

221 South David Street
Sidney, IL 61877

221 South David Street
Sidney, IL 61877

South Beloit at:

Mayor
City of South Beloit
519 Blackhawk Boulevard, Suite 2
South Beloit, IL 61080

City Attorney
City of South Beloit
519 Blackhawk Boulevard, Suite 2
South Beloit, IL 61080

Urbana at:

Mayor
City of Urbana
400 South Vine Street
Urbana, IL 61801

City Attorney
City of Urbana
400 South Vine Street
Urbana, IL 61801

Section 10. Signature. This Agreement may be executed in counterparts. Facsimile, pdf, and electronic signatures shall be given the same legal effect as original ink signatures.

IN WITNESS WHEREOF, the City of Champaign, Village of Philo, Village of Saint Joseph, Village of Savoy, Village of Sidney, City of South Beloit and City of Urbana have executed this Agreement.

CITY OF CHAMPAIGN, ILLINOIS

By: _____
City Manager

DATE: _____

APPROVED AS TO FORM:

City Attorney

VILLAGE OF PHILO, ILLINOIS

By: 
Village President

DATE: _____

APPROVED AS TO FORM:

Village Attorney

VILLAGE OF SAINT JOSEPH, ILLINOIS

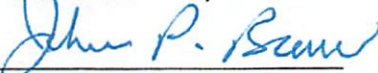
By: _____
Mayor

DATE: _____

APPROVED AS TO FORM:

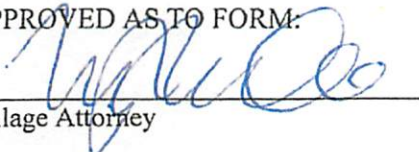
Village Attorney

VILLAGE OF SAVOY, ILLINOIS

By: 
Mayor

DATE: April 21, 2022

APPROVED AS TO FORM:


Village Attorney

VILLAGE OF SIDNEY, ILLINOIS

By: _____
Mayor

DATE: _____

APPROVED AS TO FORM:

Village Attorney

CITY OF SOUTH BELOIT, ILLINOIS

By: _____
Mayor

DATE: _____

APPROVED AS TO FORM:

City Attorney

CITY OF URBANA, ILLINOIS

By: _____
Mayor

DATE: _____

APPROVED AS TO FORM:

City Attorney

EXHIBIT A COST SHARE ALLOCATION

<u>Community</u>	<u>Population*</u>	<u>Percentage</u>	<u>Cost Share</u>
Champaign	88,302	58.993%	\$18,877.75
Urbana	38,336	25.612%	\$ 8,195.85
Savoy	8,857	5.917%	\$ 1,893.44
S. Beloit	7,989	5.337%	\$ 1,707.84
St. Joseph	3,671	2.453%	\$ 784.96
Philo	1,376	0.919%	\$ 294.08
Sidney	1,151	0.769%	\$ 246.08
TOTAL	149,682	100.000%	\$32,000.00

***Population numbers from 2020 Census Data**