



EXECUTIVE DEPARTMENT

TO: Mayor Laurel Prussing and Members of the City Council

FROM: Michael Monson, Mayor's Chief of Staff

DATE: March 10, 2016

Introduction: On Jan. 21, 2016, the Illinois American Water Co. filed tariffs with the Illinois Commerce Commission seeking a general increase in rates and revising other terms and conditions for water and wastewater service. For the Urbana and Champaign area, the proposed increase is 19.6 percent.

For prior rate increases, the city of Champaign has partnered with other cities and local governments to hire a law firm to intervene in the rate case before the Illinois Commerce Commission and to share the costs, with the bill being split among the governments based on population.

In this latest case, Champaign has contacted Balough Law Offices of Chicago to represent the cities at a total rate not to exceed \$28,000. Champaign would serve as the lead agency, but all participating cities and villages would be named as intervenors in the case.

Issue: The issue before the Urbana City Council is whether to approve an intergovernmental agreement with the City of Champaign and other local governments to intervene in the case and share the costs of hiring attorneys and expert witnesses.

Fiscal Impact: The estimated cost share for Urbana would be \$8,012. Potential partners include Champaign, Savoy, St. Joseph, Philo, Sidney and South Beloit. Urbana would represent 28.6 percent of the population of this coalition and pay 28.6 percent of the costs. A budget amendment should not be necessary as the mayor has sufficient funds in her special counsel line item in her office's budget.

Additional Background: Urbana officials would receive monthly updates in the case from the law firm and/or consultants. Urbana officials also would serve on an executive committee with Champaign officials to provide guidance to consultants on major issues in the case. The agreement would continue until the ICC makes a decision in the case, which is expected to occur by Dec. 21.

Should more than \$28,000 be necessary, Champaign would propose an amendment to the intergovernmental agreement and each government would be able to decide if they want to continue participating in the case.

For the owner of an Urbana home using 4,500 gallons of water per month, the proposed rate increase would increase the monthly bill to \$55.55 from the current \$46.46.

Recommendation: The mayor's office recommends approval of the intergovernmental agreement.

RESOLUTION NO. 2016-03-015R

A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT REGARDING INTERVENTION IN A PROPOSED ILLINOIS-AMERICAN WATER COMPANY WATER AND SEWER RATE INCREASE CASE

(Docket No. 16-0093)

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

Section 1.

An Intergovernmental Agreement for intervention in Docket No. 16-0093, currently pending before the Illinois Commerce Commission, regarding a proposed Illinois-American Water Company water and sewer rate increase, between the Cities of Urbana, Champaign, and South Beloit, Illinois, and the Villages of Philo, Saint Joseph, Savoy, and Sidney, Illinois, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

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 and on behalf of the City of Urbana, Illinois.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

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

THIS AGREEMENT entered into this ____ day of _____, 2016, by and among units of local government in Champaign County and Winnebago County, including the CITY OF CHAMPAIGN, ILLINOIS ("Champaign"), the CITY OF URBANA, ILLINOIS ("Urbana"), and others (hereinafter "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. 16-0093; and

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

WHEREAS, the parties desire to agree 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; Signatory; Designated Representative.

A. All parties whose supervisory bodies have approved this Agreement and have evidenced such approval by sending an executed Agreement to the Lead Agency shall be designated as "signatory parties".

B. 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 the receipt in writing or electronically.

C. Each signatory party shall, simultaneously with the execution of the Agreement, provide the name (and other information) of a representative to receive reports and act on behalf of the party for decisions required under the Agreement.

Section 2. Parties. Governmental agencies may become parties to this Agreement by requesting to do so if all other then existing signatory 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 signatory party.

Section 3. Lead Agency. The City of Champaign shall be the Lead Agency on behalf of the parties. All signatory parties shall be named as intervenors. The Lead Agency shall be authorized to take such steps as are necessary to intervene into the cases in Illinois Commerce Commission Docket No. 16-0093 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.

A. Representatives of Champaign and Urbana will constitute an executive committee that will provide guidance to hired consultants on major issues in the intervention. Upon request of any party, such party may attend and be heard at any meeting and participate in the decision-making process.

B. The Lead Agency shall provide or cause hired consultants to provide regular updates of the efforts under this Agreement to the parties. Such updates shall be provided in writing or electronically, targeted for monthly distribution.

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 signatory parties and all additional parties on the basis set forth in Exhibit "A". Total cost of the intervention action and research shall not exceed TWENTY-EIGHT THOUSAND DOLLARS (\$28,000.00), without further agreement of the parties.

If additional funds are required above TWENTY-EIGHT THOUSAND DOLLARS (\$28,000.00), 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 once per month.

Section 7. Completion and Termination.

A. 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 a supplemental amendment to this Agreement is approved by the party. Provided however a party may terminate its participation earlier as provided;

B. Any signatory 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;

C. In the event of termination of this Agreement by any participant prior to completion and final payment by that participant, the participant 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.

D. In the event any of the provisions of this Agreement are violated by any signatory, 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. Notice. Notice given hereunder shall be given to:

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

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

Sidney at:

Mayor
Village of Sidney
221 South David Street
Sidney, IL 61877

Village Attorney
Village of Sidney
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

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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

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

DATE: _____

VILLAGE OF PHILO, ILLINOIS

By: _____
Village President

ATTEST:

Village Clerk

APPROVED AS TO FORM:

Village Attorney

DATE: _____

Designated Representative:

Dennis Schmidt
Public Works Director
City of Champaign
702 Edgebrook Drive
Champaign, IL 61820
(217) 403-4700
(217) 403-4755 (Fax)
Dennis.Schmidt@ci.champaign.il.us

Designated Representative:

(Name)

(Address)

Phone: _____

Fax: _____

E-Mail: _____

VILLAGE OF SAINT JOSEPH, ILLINOIS

By: _____
Mayor

ATTEST:

Village Clerk

APPROVED AS TO FORM:

Village Attorney

DATE: _____

Designated Representative:

(Name)

(Address)

Phone:

Fax:

E-Mail:

VILLAGE OF SAVOY, ILLINOIS

By: _____
Mayor

ATTEST:

Village Clerk

APPROVED AS TO FORM:

Village Attorney

DATE: _____

Designated Representative:

(Name)

(Address)

Phone:

Fax:

E-Mail:

VILLAGE OF SIDNEY, ILLINOIS

By: _____
Mayor

ATTEST:

Village Clerk

APPROVED AS TO FORM:

Village Attorney

DATE: _____

Designated Representative:

(Name)

(Address)

Phone:

Fax:

E-Mail:

CITY OF SOUTH BELOIT, ILLINOIS

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

DATE: _____

Designated Representative:

(Name)

(Address)

Phone:

Fax:

E-Mail:

CITY OF URBANA, ILLINOIS

Designated Representative:

By: _____
Mayor

(Name)

ATTEST: _____

(Address)

City Clerk

Phone: _____

APPROVED AS TO FORM: _____

Fax: _____

E-Mail: _____

City Attorney

DATE: _____

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2016 IAWC Rate Case Cost Share - Not to Exceed Amount \$28,000			
Community	Population	Percent	Cost Share
Champaign	81,055	56.232%	\$15,745.06
Urbana	41,250	28.617%	\$8,012.88
Savoy	7,280	5.051%	\$1,414.15
South Beloit	7,892	5.475%	\$1,533.03
St. Joseph	3,967	2.752%	\$770.60
Philo	1,466	1.017%	\$284.77
Sidney	1,233	0.855%	\$239.51
	144,143	100.000%	\$28,000.00