



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: 06-14-2021

Prepared By: Dennis Carr – City Engineer

Agenda Item: Illinois American Water – Potential Future Bulk Water Sale

Explanation: Illinois American Water is responsible for providing water to 432 City of Washington Resident Accounts in the Washington Estates Area. Their system has a well, a treatment plant, and a water tower that serve this area. Their system is also currently isolated from any other water source. This isolation raises concerns for IAWC as there is no emergency plan in place for if something were to happen to a well or the plant.

In an earlier meeting this year, staff brought forward an emergency interconnect with IAWC that council was in favor of. While the initial talks stemmed around an emergency connection, talks continued regarding a future bulk sale of water to IAWC to supply Washington Estate with water. IAWC would maintain their infrastructure, they would just purchase their water from the City instead of pumping it and treating it themselves.

There has been some continuing discussion with IAWC about the potential for the City providing water in the future. IAWC is constantly looking at ways to provide water at the cheapest rates possible. Before Ray had left, he had legal counsel working towards a draft agreement with IAWC regarding bulk sale of water. One point that staff would like direction on are the fees/rate. Staff's feeling towards the rate should be that IAWC be charged a rate equivalent to that of every other resident as well as we should be charging the water portion of the infrastructure fee on a per customer basis. The infrastructure fee was established to move Capitol Projects forward which include projects at both the plants and water towers, both of which they would be getting the added benefits from.

Legal Counsel was able to find another agreement between IAWC and the City of Elgin that they have been using as an example for what could be our agreement. Elgin charged a 1-time connection fee to IAWC on a per customer basis that would pay for any staff/legal fees developed in making the agreement. Staff would recommend we keep that similar language in our potential agreement. During IAWC's legal review of the draft agreement, they struck out a few items that they had included for the City of Elgin and Staff feels we should be receiving the same favorable conditions as that of Elgin. Staff would like council's support on those matters as well.

The agreement would come with a 20-year term, but the City would be allowed to cancel the agreement with a 1 year's notice.

Fiscal Impact: There would be additional cost to produce/treat more water for the residents, but the City would receive more revenue for the sale of the water and the infrastructure fees.

Recommendation/Committee Discussion Summary: Staff requests discussion on proceeding towards a potential agreement for the bulk sale of water to IAWC with the rate/fees and favorable conditions described before.

Action Requested: Discussion and recommendation on direction forward with the potential bulk sale agreement with IAWC.