



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authority to waive accrued user charge interest in the total amount of \$729,511.95 for the City of Chicago's Jardine Water Purification Plant, Sawyer Water Purification Plant (f/k/a as South Water Purification Plant), O'Hare Airport North Airfield Detention Basin, South Airfield Detention Basin, and O'Hare Airport Terminal Complex

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12/7/2017	1	Committee of the Whole	Deferred	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF DECEMBER 7, 2017

COMMITTEE ON JUDICIARY

Mr. David St. Pierre, Executive Director

Authority to waive accrued user charge interest in the total amount of \$729,511.95 for the City of Chicago's Jardine Water Purification Plant, Sawyer Water Purification Plant (f/k/a as South Water Purification Plant), O'Hare Airport North Airfield Detention Basin, South Airfield Detention Basin, and O'Hare Airport Terminal Complex

Dear Sir:

The City of Chicago Department of Water Management (City) oversees the operations of the Jardine Water Purification Plant (Jardine) located at 1000 E. Ohio Street, Chicago, Illinois and the Sawyer Water Purification Plant (Sawyer) located at 3300 E. Cheltenham Place, Chicago, Illinois. Both facilities pay annual User Charges to the Metropolitan Water Reclamation District of Greater Chicago (District) based upon estimated monthly payments.

For the year 2012, the City collectively paid \$6,295,997.44 in User Charges for Jardine and Sawyer. For the year 2014, the City collectively paid \$4,069,505.12 in User Charges for the two facilities. Interest was assessed against the two facilities as follows: Jardine, \$31,594.03 (2012); Sawyer, \$136,215.91(2012) and \$17,205.68 (2014). Thus, for the two facilities, there was a total assessed interest charge of \$153,421.59 for 2012 and 2014.

Although the City was assessed interest for being late with its monthly estimated payments, in the year 2014, due to the monthly payments totaling in excess of the cleared amount, Jardine's User Charge account actually had a credit balance of \$834,313.31. Additionally, for the year 2013, the Jardine account had a User Charge credit of \$826,677.63. For the year 2010, the Sawyer account was owed a User Charge credit of \$11,443.05.

The City requested that the District apply all existing credit amounts to any delinquent net User Charges for either account and that was done. The City did not want the District to apply any of its credits to the 2012 and 2014 interest charges, with the result that currently no User Charge balance is owed for either facility, but an interest balance remains against each account.

The City requested a waiver of interest that remains assessed against Jardine and Sawyer for 2012 and 2014 in the total amount of \$153,421.59. The City has further directed that the remaining credit of \$1,079,035.66 owed to the Jardine Plant account and the \$3,302.10 owed to the Sawyer account be applied to the City's 2015 User Charge balance to reduce its liability. As a result, the City has indicated it will make a good faith effort to become current with User Charge payments, and represents that as a result of the District's Ordinance revisions that extended the time to pay invoices from 30 days to 45 days, it will endeavor to remain current in the future. The City's request seeks to address: (1) the assessment of interest for 2012 in the amounts set forth above when it could not meet the 30-day payment deadlines; (2) interest assessed against Jardine for late estimated payments for 2014 when computation of the actual UC owed resulted in a credit to the City in the amount of \$834,313.31; (3) interest assessed against the Sawyer facility in the amount of \$4,884.---56 for the two months between the City's filing of its RD 925 for 2014 and the MWRD's clearing of that account; (4) interest assessed in the amount of \$12,321.12 for late monthly estimated payments made by the Sawyer facility for 2014 and filing its RD 925 one week late.

Additionally, in 2016, Jardine and Sawyer incurred interest charges for late submittal of estimated prepayments totaling \$66,432.19. In a meeting between representatives from the City and the District, the City requested a waiver of 2016 interest charges, as well. Throughout year 2016, the water purification plants carried sufficient credit balances to offset those charges.

A similar situation has arisen with the City of Chicago Department of Aviation, which oversees the operations of the O'Hare Airport North Airfield Detention Basin, South Airfield Detention Basin and O'Hare Airport Terminal Complex. The City had fallen in arrears on its monthly User Charges during the years 2013 and 2015. The City requested the District's consideration in eliminating accrued interest for the User Charge accounts of the airfields and terminal. The interest at issue is in the amount of \$436,312.82, which includes: O'Hare Terminal Complex, \$30,674.31 (2015) and South Airfield Detention Basin, \$405,638.51 (2015). This interest accrued as a result of late monthly User Charge payments. The City also requested a waiver of 2016 interest calculated to be \$41,751.32 (O'Hare Terminal Complex, \$29,208.79; North Airfield Detention Basin, \$2,602.14; South Airfield Detention Basin, \$9,940.39). The City contends that the failure to make timely User Charge payments was due in large part to lapses in the City's internal accounting process, which it will address going forward to avoid missing or delinquent monthly payments in the future. The Law Department, Finance Department, and Monitoring and Research Department collaborated to address the City's delinquent accounts and the City is now current with its three O'Hare Airport accounts, but interest balances remain.

The Executive Director recommends granting the City's request for waiver of the interest for each facility as set forth herein. The years subject to this waiver are 2012, 2014, 2015, and 2016.

Therefore, authority is requested that the Board of Commissioners grant the City of Chicago's request for a waiver of User Charge interest that has accrued to date for all five of the aforementioned City of Chicago facilities in the total amount of \$729,511.95, and authorize the Department of Finance to take the steps necessary to effectuate the waiver of the interest charges at issue.

Requested, Susan T. Morakalis, General Counsel, STM:LLD:MTC:nm

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, Mariyana Spyropoulos, Chairman Committee on Judiciary

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for December 7, 2017