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INTEROFFICE MEMORANDUM

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO

DEPARTMENT: MONITORING AND RESEARCH

DATE: May 1, 2012

TO: David St. Pierre
Executive Director

FROM: Thomas C. Granato 
Director of Monitoring and Research

SUBJECT: Blue Ribbon Panel and User Charge Rates

As directed by the Board of Commissioners (Board) in November 2011, the Monitoring and Research Department (M&R) has undertaken the task of developing a Blue Ribbon Panel (BRP) to review proposed changes to the User Charge Ordinance (UCO) and the method employed to determine the annual User Charge (UC) rates. Two internal work groups of Department representatives have been working to develop a proposal to amend the UCO and to improve the current UC rate methodology while meeting legal requirements to present to the BRP.

After the meeting with you on January 18, 2012, the UCO revisions work group held two meetings to discuss issues such as the user self-reporting program, fair assessment of UC liabilities and presenting the UCO in a user friendly format. The working group also discussed the possibility of:

- Moving more users to the automatic billing program.
- Applying historical concentrations which will result in relaxing user sampling requirements.
- Revising the threshold for annual payers and moving the monthly billing of users to quarterly billing.
- Streamlining the rate calculation process, interest assessment method, and user appeal process.

M&R has also conducted two UC rate calculation work group meetings to date. At these meetings, the group discussed the current UC rate calculation method and the need to formulate an automated UC rate calculation process that is legally defensible, and avoids sharp rate fluctuations. Probable methods to avoid large yearly rate fluctuations include generating input data from a moving 5- or 10-year average for parameter items that are prone to have significant yearly fluctuations such as net assets appropriable. The UC rate calculation work group will determine the distribution of administrative costs by careful examination of functional areas. This will result in a more accurate accounting of the costs and may require subsequent adjustment of administrative cost recovery rates. The District and BRP will examine the equity in the recovery of the operation, maintenance, and replacement costs and the cost of administering the pretreatment and UC programs.

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On February 28, 2012, an e-mail update on the formulation of the BRP and the overall UC program reevaluation was provided to the user community. We received responses from the Chemical Industry Council of Illinois (CICI), Metropolitan Chicago Healthcare Council (MCHC), and Illinois Manufacturers' Association (IMA), expressing an interest in joining BRP. The Industrial Water, Waste & Sewage Group (IWWSG), a networking group of industry representatives, consultants, and related professionals, recommended five of its members to the BRP. In addition, five industry representatives including two from Corn Products and one each from Gelita USA, Rhodia Inc., and Mount Sinai Health Systems sent in their names for consideration. Of the total 16 persons expressing interest in joining the BRP, three represent industry sectors, five represent specific industries, five are environmental consultants, and three are attorneys. A notable exception is that the City of Chicago has not contacted us to nominate representatives. Corn Products and the City of Chicago Departments of Aviation and Water Management combined pay approximately 50 percent of the total net UCs to the District.

M&R recommends inviting the following 16 people who either directly requested, or were nominated by organizations they will represent, to be included in the BRP. The recommended 16 nominees comprise a representative cross section of the user community. The Law Department suggests that the two attorneys who represent specific Users, Ken Anspach and Karen Prena, be excluded from participating directly in the BRP in that they each represent the interests of one specific client as opposed to a wide segment of the user community. Along with other members of the public, Mr. Anspach and Ms. Prena will be able to comment on the proposed revisions once a draft ordinance is proposed. Keeping the BRP at a maximum of 16 members will also enable the group to function more efficiently.

No.	Name	Representing Organization	Title
1	Lisa Frede	CICI	Industry Sector
2	Elizabeth Lively	MCHC	Industry Sector
3	Dave Kolaz	IMA	Industry Sector
4	Jim Harrington	IWWSG	IWWSG Rep
5	Greg Denny	IWWSG	IWWSG Rep
6	John Polich	IWWSG	IWWSG Rep
7	Alan Jirik	Corn Products	Industrial User
8	Phil McCray	Rhodia, Inc.	Industrial User
9	Jim Boguslawski	Gelita USA	Industrial User
10	Joshua J. Bruschuk	Mount Sinai Health Systems	Tax-Exempt User
11	Brian Walsh	Environmental Monitoring Technologies	Consultant
12	Arthur Sherman	Eagle Environmental	Consultant
13	James Kahle	Laicon, Inc.	Consultant
14	TBD	Chicago Department of Aviation	Tax Exempt User
15	TBD	Chicago Department of Water Management	Tax Exempt User
16	TBD	Chicagoland Chamber of Commerce	Industry Sector

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M&R will invite representatives of the Chicago Department of Water Management and Chicago Department of Aviation to the BRP. Also, we will contact the Chicagoland Chamber of Commerce to determine if it is interested in nominating a representative to the BRP to represent its members.

On the District's side, I will chair and facilitate the BRP and from M&R, we will include Mathew Joseph, Assistant Director of Monitoring and Research, Patricia Kalinowski, Supervising Environmental Specialist, Joe Salerno and Edwin Ignacio, Senior Environmental Specialists, and from the Law Department, Margaret Conway, Principal Assistant Attorney.

If you agree with our recommendations, we will contact the user community using our list of company e-mail addresses announcing the formation of the BRP. We plan to convene the first BRP meeting at the end of June 2012 and continue with two or three more meetings through September 2012. The final BRP recommendations will be presented to the Board at a study session in late October 2012. We anticipate that the proposed UCO amendments and the 2013 UC rates will be ready for the December 4, 2012 Board meeting.

APPROVED BY:



David St. Pierre
Executive Director

TCG:MJ:ad/dm

cc: Hill
McElligott
Torres
Joseph
Kalinowski