



Office of the Chicago City
Clerk



F2011-358

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date: 11/16/2011
Sponsor(s): Mendoza, Susana A. (Clerk)
Type: Communication
Title: Village of Plainfield's Proposed Water Rate Increase
Committee(s) Assignment:



Michael P. Collins
PRESIDENT

Michelle Gibas
VILLAGE CLERK

TRUSTEES

Margie Bonuchi

Paul Fay

Bill Lamb

Garrett M. Peck

James Racich

Dan Rippy

TRANSMITTAL

To: Susana Mendoza, City Clerk

November 10, 2011

From: Mayor Mike Collins

RE: Proposed Water Rate Increase

We are requesting that the attached letter become part of the Public Record as related to the 2012 City of Chicago Budget.

I am respectfully requesting that a copy of this letter be given to each Alderman.

Thank you,

Mike Collins

RECEIVED
CITY COUNCIL DIVISION
2011 NOV 14 PM 2:05
OFFICE OF THE
CITY CLERK



From the Office of
Michael P. Collins
Village President

November 9, 2011

City of Chicago
Mayor Rahm Emanuel
121 N LaSalle Street
Chicago City Hall 4th Floor
Chicago, IL 60602

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Dear Mayor Emanuel:

As a fellow mayor, I wish to express my concerns regarding the proposed Chicago water rate increases. The Village of Plainfield receives Lake Michigan water from the City of Chicago via the Bedford Park and American Water pipelines. Our decision to convert to Lake Michigan water in 2004 was based on the water quality, available quantity, and historically stable Chicago water rates. Based on our experience, I must commend your staff on the exceptional water quality and reliability that our Village has received.

In 2008, 2009, and 2010 we struggled through the City of Chicago's water rate increases that totaled 44%. Before this series of increases was established by Chicago, we were informed that additional revenue was needed to replace old water mains and reduce leakage. As part of our review of your 2012 Budget Summary, we noticed that approximately 32 miles of water main have been replaced this year under the current water rate structure. It is our belief that if Chicago continues to replace water mains at the current pace that it will take less than 30 years to update your older sections of the distribution system. We recommend that the City utilize the IEPA's low interest loan program, or other available funding sources, to expedite these needed projects without creating a drastic increase in water rates.

We believe that the proposed plan to increase water rates by 70% is unnecessary for several reasons:

1. The existing water rate provides sufficient funding for a long-term "reasonable" capital improvement program.
2. The recently proposed "ten-year" improvement program is unrealistic and would be very difficult to construct. We believe the replacement of 100 miles of water main per year is overly aggressive and could result in significant waste.
3. The proposed rate increases appear to be greater than what is actually needed to support the improvement plan as proposed.
4. While we understand that several of the City's distribution mains are old, the current condition of each pipe section should be assessed to determine the need for replacement. We believe a long-term rehabilitation and financing plan should be developed based on actual system condition, not just the age of the system.

5. The plan as proposed will cause an undue hardship for many of the consumers that receive lake water.

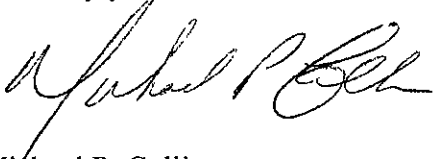
Our estimates indicate that the last series of rate increases are providing over \$120 million of new revenue each year for the City of Chicago. If the new proposed rate increase is passed it will likely produce an additional \$450 million in revenue per year. This seems excessive to us.

In closing, we are respectfully requesting that the City of Chicago take the time to develop a long-term capital improvement and corresponding funding plan for the proposed water system improvements. This plan should be based on the condition of the existing facilities, not on their age alone. In addition, this plan, together with a revenue proposal intended to support it, should be shared with your water customers, both inside and outside of Chicago, before any increases are considered.

As your city provides drinking water to over 5 million people, we are asking that the Chicago City Council proceed in a conservative and fiscally responsible manner.

We thank you in advance for your time and consideration regarding this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael P. Collins". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael P. Collins
Village President

cc: Chicago Council Alderman
Plainfield Board of Trustees
Tom Cross, House Republican Leader