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Legislation Text

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Committee on Finance November 21,
2017

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The City Council finds that access to an adequate supply of safe water is a basic human right and necessity of human life, and that as the city's Department of Water Management makes necessary improvements, implementation should be equitable, just and democratic, and the supply of water furnished by the city of Chicago to any household shall be made available at an affordable cost.

SECTION 2. Chapters 3-12 (3-12-020 et seq.) and 11-12 (11-12-010 et seq.) of the Municipal Code of Chicago are hereby amended by deleting the language stricken through and by inserting the underscored language, as follows:

3-12-020 Charge for sewer service and use of sewerage system.

(a) A charge for sewer service and use of the sewerage system of the City of Chicago is hereby established. The charge shall be an amount equal to the percentage set forth in the below Table, of the amount charged for water service pursuant to Chapter 11-12 of this Code, whether such water service is metered or otherwise. Provided, however, that:

- 1) property of the State of Illinois which is exempt from payment of a water service charge pursuant to subsection (a)(1) of Section 11-12-540 shall be exempt from payment of the first \$500.00 charge for sewer service per semiannual billing period;
- 2) property of the City of Chicago which is exempt from payment of a water service charge pursuant to subsection (a)(2) of Section 11-12-540 shall be exempt from payment of 100% of the charge for sewer service;
- 3) property of the Chicago Public Schools which is exempt from payment of a water service charge pursuant to subsection (a)(3) of Section 11-12-540 shall be exempt from payment of 100% of the charge for sewer service;
- 4) property of the City Colleges of Chicago which is exempt from payment of a water service charge pursuant to subsection (a)(4) of Section 11-12-540 shall be exempt from payment of the first \$500.00 charge for sewer service per semiannual billing period;
- 5) property of hospitals which is exempt from payment, in whole or in part, from payment of a water service charge pursuant to subsections (a)(5) or (a)(6) of Section 11-12-540 shall be exempt from payment of the first \$500.00 charge for sewer service per semiannual billing period;
- 6) property of public museums which is exempt from payment of a water service charge pursuant to subsection (a)(7) of Section 11-12-540 shall be exempt from payment of the first \$500.00 charge for sewer service per semiannual billing period¹

7) Property of not-for-profit organizations which is exempt from payment of a water service charge pursuant to subsection (a)(8) of Section 11-12-540 shall be exempt from payment of the first \$500 charge for sewer service per semiannual billing periodT: and

8) Property of residential users, as defined by section 11-12-010 of this Code, enrolled in the Water-for-All Program, pursuant to Section 11 -12-720 et seq. of this Code, shall be charged for sewer service in an amount equal to the percentage set forth in the below Table of the amount charged for water service after applying the water-for-all credit pursuant to 11-12-720 et seq.

§ Sec. 3-12-070 Late payment penalty.

a) A late payment penalty assessed at a monthly rate of one and one-quarter percent shall be imposed on all sewer usage fees billed under Section 3-12-060 for which payment in full is not received within 24 calendar days from the date the bill for such charges was sent as shown by the records of the department of finance and shall be subject to Section 11-12-480(c). Where the correctness of a rate or charge imposed under this chapter is disputed and where complaint of such incorrectness has been made prior to the time the usual penalty would be imposed, and where the adjusting of such complaint requires additional time, the penalty may be held in abeyance up to and including the tenth day succeeding the resending of such bill.

b) The rates and charges calculated and applied under Section 3-12-060 shall be recited upon a unified statement of charges. The unified statement of charges shall be prepared and sent to the billed party in such time periods as established by the comptroller. All revenues received in payment of such sewer use rates, charges, and penalties shall be deposited to the sewer revenue fund established under Section 3-12-010. Upon notice from the comptroller to the commissioner of water management that such sewer use charges shall remain unpaid after the expiration of 30 days from the date of such statement, the sewer service for the premises so serviced and delinquent shall be subject to termination by the commissioner of water management, and the service shall not be resumed until all sewer bills in arrears shall have been paid, including accrued penalties, and an amount equal to the actual costs of disconnection and reconnection shall have been paid for termination and resumption of service. Except as otherwise provided herein, the comptroller shall enforce the provisions of this section; provided that the commissioner of water management shall be responsible for termination or resumption of the sewer service.

c) An accrued past due sewer service liability in excess of \$10,000.00 may subject the owner of the subject property to an additional penalty, to be imposed in a separate hearing, in an amount not less than \$50.00 and not more than \$500.00 for the delinquency. Each day that a past due service liability exceeds \$10,000.00 shall constitute a separate delinquency. In determining whether to impose this additional penalty, the hearing officer may consider all reasons for the failure to make timely payment. The amount of this additional penalty does not include the delinquent amount owed for sewer service and any applicable late payment penalties, nor does it affect any other remedies of the city pursuant to the provisions of this code, including the right to a lien on the subject property.

d) Charges for sewer service hereunder shall be a lien upon the premises served pursuant to the law thereto pertaining. When such charges have been delinquent for a period of 60 days, the comptroller may cause a statement of lien to be recorded against the premises served and delinquent in the form and manner provided by law. The failure to record such a lien or to send notice thereof shall not affect the right of the city to

foreclose or adjudicate such lien, by an equitable action in accordance with the statutory requirements therefor and in the same manner as provided for water service in Section 11-12-490, et seq., of this Code. The comptroller shall execute releases of such liens on behalf of the city upon receipt of payment thereof.

e) Residential users, as defined by section 11-12-010 of this Code, enrolled in the Water-for-All Program pursuant to Section 11-12-720 et seq. of this Code shall be exempt from this section while enrolled in the Water-for-All Program.

11-12-010 Definitions.

For purposes of this chapter, the following definitions shall apply:

"Commercial user" shall include transit, lodging, retail and wholesale establishments or establishments otherwise engaged in selling merchandise or rendering services.

"Commissioner¹" means the city's commissioner of water management.

"Department" means the city's department of water management.

"Family" means any number of persons not to exceed 12, including children and employees.

"Full payment certificate" means a certificate issued by the comptroller indicating that all water and sewer charges and penalties that accrued to a water account are paid in full or otherwise not transferable to the subsequent owner.

"Industrial user" shall include establishments engaged in manufacturing activities involving the mechanical or chemical transformation of materials of substance into products.

"Institutional/governmental user" shall include schools, churches, park districts, municipal accounts and users associated with federal, state, and local governments.

"Owner" means: (1) the legal title holder or holders to any premises, or dwelling units, with or without accompanying actual possession thereof; (2) the beneficial owner or owners of an Illinois Land Trust if legal title is held by such a trust; (3) the purchaser under a real estate installment sales contract; (4) any person serving as executor, administrator, trustee, or guardian of an estate if legal title is held by the estate; or (5)

any person, including the agent of the legal title holder, who is authorized or entitled to control, manage or dispose of any premises, dwelling or dwelling unit.

"Premises" means a lot or a part of a lot, a building or a part of a building, or any other parcel or tract of land.

"Residential user" shall mean all dwelling units such as, but not limited to, houses, mobile homes, apartments and multifamily dwellings.

"Tenant" means an individual who is renting or leasing real property as his or her principal residence, which includes, but is not limited to, apartments, mobile home park sites, residential shareholders in nonprofit residential cooperatives or mutual housing corporations, owners of condominiums, or persons who are boarding.

"Unified statement of charges" means the statement sent to the billed party showing amounts due for refuse collection, water and sewer charges assessed or charged under: (i) chapter 11-12 for water taxes, rates or rents, or charges for installation or disconnection of water service; (ii) chapter 3-12 for sewer service and sewerage usage; and (iii) Article II of chapter 7-28 for refuse collection.

11-12-015 Sale. Lease. Transfer or Outsourcing of Water Supply and Services

Any action by the Commissioner, Council or Mayor of the City of Chicago to sell, lease, transfer or outsource the operation or control of the Chicago Waterworks System, including any plant or pumping station, or portion of a plant or pumping station, used to provide water service, to a for-profit entity will be without force and effect unless and until it is approved by a two-thirds majority of votes cast by the electors of the city of Chicago at the next general election occurring at least 90 days after such action.

11-12-020 Equity in Capital Improvements.

The Commissioner will develop a plan to ensure equitable and just implementation of capital improvements that will to the greatest extent possible eliminate health, economic and access disparities. The plan will be developed collaboratively with an advisory committee of stakeholders including public health agencies and organizations, labor unions, non-profit organizations, the school district, and community groups. It will make provision for ongoing advisory committee involvement in program implementation to help ensure that benefits are realized throughout the service area. It will include provisions for local job training and employment opportunities.

11-12-260 Annual statement, Rate establishment.

At the close of each fiscal year, the department of water management shall prepare a statement of the revenues and expenditures of the water system of the city and a balance sheet thereof. The department shall then prepare an ordinance, for submission to the city council, establishing the rates to be charged for water service in the following year. The fee, charges, and rates established by said ordinance shall be sufficient in all times to pay the cost of operation and maintenance of the water system, to make principal and interest payments on any outstanding bonds, and to establish and maintain any reserve funds or accounts as may be covenanted for in bond ordinances authorizing the issuance of outstanding bonds. To the extent that the Water-for-All Program set forth in 11-12-720 et seq. shall cause an increase in rates, such rates will be assessed to commercial users and industrial users not exempted under Sec. 11-12-540(a)m. (2). (3). (4). (5). (6). (7). and (8). No such increase in rates will be charged to residential users or institutional/government users. Nothing contained in this section shall be deemed to limit the authority of the City of Chicago to negotiate or fix rates by contract, or affect existing contracts, for users of water service outside the City of Chicago.

ARTICLE IX. WATER-FOR-ALL PROGRAM. (11-12-720 ET SEQ.)

11-12-720 Commissioner will adopt.

The Commissioner will adopt and enforce rules and regulations to administer a Water-for-All Program in conformance with this title.

11-12-730 Eligibility criteria-Each residential user whose household income in a calendar year is less than 200% of the federal government's official poverty income guidelines, as published annually by the U.S. Department of Health and Human Services shall be eligible for the Water-for-All Program.

11-12-740 Citizenship-Residential users are not required to be citizens or permanent residents of the United States in order to be eligible for the Water-for-All Program.

11-12-750 Duty to inform.

The Commissioner shall inform each residential user of the availability and eligibility criteria of The Water-for-All Program.

11-12-760 Water-for-all credit-Each eligible residential user who submits an application providing all necessary information described in this article shall receive one (1) fixed annual credit for each household per calendar year.

11-12-770 Amount of the water-for-all credit.

The water-for-all credit will be determined by the following formula:

$C = B - (I * A)$ Where

C = water-for-all credit.

B = the recipient's estimated annual water bill based on the charges under Section 11-12-310 using the household's historical annual water usage, or the charges under Section 11-12-270, and inclusive of the Chicago Water and Sewer Tax imposed by Chapter 3-80 of this code.

I = the recipient's estimated annual household income.

A = affordability threshold as follows:

- 1) if the recipient's annual household income is 50% or less than the federal government's official poverty income guidelines. A will equal 0%.
- 2) if the recipient's annual household income is greater than 50% but less than 100% of the federal government's official poverty income guidelines, A will equal 1%.
- 3) if the recipient's annual household income is greater than 100% of the federal government's official poverty income guidelines. A will equal 1.5%.

For all negative values of C, the water-for-all credit will be zero dollars. The annual water-for-all credit will be prorated to reflect the date of the recipient's enrollment in the program.

11-12-780 Income counted.

In calculating annual household income for both eligibility and amount of the water-for-all credit, the Commissioner shall use the same countable and non-countable income as established by the Illinois Low Income Home Energy Assistance Program.

11-12-790 Distribution of the water-for-all credit.

The water-for-all credit shall be applied to the water or wastewater bill or sent to each recipient as follows:

- a) Distribution of the credit shall begin as soon as practicable after the eligible user applies for the program, but in no case shall it be later than 90 days after a complete application demonstrating a user's eligibility for the program is received.
- b) Users who are billed on a monthly basis may elect to receive credits disbursed on a monthly basis in an amount equal to one-twelfth of the annual credit. Users who are billed on a bimonthly basis may elect to receive credits on a bimonthly basis in an amount equal to one-sixth of the annual credit. Users billed on a semiannual basis may elect to receive credits disbursed on a semiannual basis in an amount equal to one-half of the annual credit.
- c) The credit shall be applied to each subsequent bill until the full amount of the credit is exhausted.
- d) At the end of each calendar year, for users eligible for the Water-for-All Program for the following year, the Commissioner shall apply any unused credit to the recipient's bills for the following year.

11-12-800 Distribution of credit in case of termination of service-When a recipient terminates service, the

unused credit shall be dispersed according the following priorities:

a) within 45 days of termination of service, the Commissioner shall apply any unused balance to the recipient's account before any other credits or deposits are applied when determining the account balance due to or from the user:

b) when a recipient changes his or her principal residence and remains in a unit that is provided water and wastewater services by the Department, any unused credit shall be transferred to the new account of the recipient:

c) in the event of the death of a recipient, the unused credit shall be transferred to a new account of a surviving member of the decedent's household who is an eligible residential user in his or her own right: and

(d) within 60 days of termination of service, the Commissioner shall return any unused credit that cannot be transferred as stated above to the Department.

11-12-810 Water-for-All Program application.

A user can submit a Water-for-All Program application to the Department online, in person, or by mail. A complete application includes:

a) the application form signed and dated by the user or the user's authorized representative:

b) the names and ages of all household members:

c) annual income of all household members:

d) if a tenant, the name and address of the landlord, the amount paid in rent per month or the amount of the lease, and verification that the tenant pays a separate amount for water or wastewater services to the landlord: or a copy of the rental or lease agreement or verification of tenancy:

e) a statement signed by the applicant or the applicant's authorized representative allowing the Commissioner to obtain verification, through any statements made or documents presented by or other appropriate sources from the applicant or the applicant's authorized representative during the application process:

f) a certification that all answers to the questions and items on the application form are true and accurate to the best of the applicant's knowledge. This certification shall be dated, signed (or marked) by the applicant or authorized representative: and

g) a certification that the recipient will notify the Department should their actual income exceed the amount estimated in the application to make the applicant ineligible.

Upon request by the Commissioner for good cause, the applicant must provide verification of the information

provided on the eligibility application, and will be required to submit photocopies of his or her Federal, State, or City income tax return or other acceptable evidence-In lieu of the application set forth in this section, an applicant who demonstrates that he or she is already a participant in any state program where eligibility is established by income of less than 200% of the Federal government's official poverty income guidelines, shall be deemed eligible for the Water-for-All Program. The Commissioner

will provide a streamlined application process for these applicants and shall not require verification of income.

11-12-820 Applicants who become ineligible over the calendar year.

The water-for-all credit is conferred based upon annual income for the current calendar year, as estimated at the time of application. If the recipient's actual annual income for the current calendar year exceeds the eligibility criteria, that recipient will become ineligible for the remainder of the calendar year-Recipients are required to notify the Commissioner immediately if their annual income exceeds the eligibility criteria.

The Water-for-All Program shall take necessary action to recover the full amount of water-for-all credits distributed to beneficiaries during an ineligible period, when appropriate.

11-12-830 Water-for-All Program confirmation.

Upon entry into the Water-for-All Program, the Department shall provide a written statement setting forth:

- a) the estimated annual and periodic bill without the water-for-all credit:
- b) the amount of the water-for-all credit:
- c) the estimated annual and periodic bill with the water-for-all credit to be applied:
- d) the periodic bill due date:
- e) the amount of pre-water-for-all credit arrears that were accrued prior to enrollment:
- f) the requirement that the user pay bills issued:
- g) a brief explanation of the consequences of nonpayment:
- h) a brief explanation of the elimination of pre-enrollment arrears upon timely payments:
- i) a brief explanation of the duty to remain eligible or to notify the Department immediately if the user becomes ineligible: and

(j) a brief explanation of the annual recertification requirement for continued participation.

11-12-840 Water-for-All Program arrears-Each on-time payment by the Water-for-All Program recipient shall be credited towards pre-enrollment arrearages in the amount of this payment until such arrearages are zero.

Any amount paid for a bill in excess of the recipient's current water liabilities shall reduce the balance of his or her pre-enrollment arrears and reduce the amount of on-time payments that the recipient will have to make to satisfy such arrears

Once enrolled in the Water-for-All Program, timely payment of each bill in full shall satisfy all of a recipient's current water liabilities, so that there is no addition to arrears after enrollment.

In the event a recipient's service is terminated for non-payment of bills after enrollment in the Water-for-All Program, the recipient shall be entitled to immediate restoration of service upon payment of such unpaid bills, or upon such recipient's entry into an installment payment agreement with the Department regarding such unpaid bills.

11-12-850 Annual Water-for-All Program recertification.

No less than 60 calendar days before the end of each calendar year, the Commissioner shall notify each recipient of their obligation to recertify their eligibility for the program and allow each recipient to re-enroll upon recertification in person, online, or in the mail. The recipient's recertification of eligibility shall have the same effect as if the user had reapplied. A failure to provide such notice to the Department within 90 days after the user's notification, renders the recipient ineligible to continue in program, subject to reapplication.

11-12-860 Exceptions-Sections 11-12-030. 11-12-110. 11-12-330. 11-12-480. 11-12-490 and 11-12-510 of this code shall not apply to recipients of the water-for-all credits while enrolled in the Water-for-All Program.

SECTION 3. Should any section or provision of this ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of

the ordinance as a whole or any part thereof, other than the part so declared to be invalid.

SECTION 4. That this Ordinance takes effect on January 1st of the year following passage and

publication.

Carlos Ramirez-Rosa Alderman,
35th Ward