



Legislation Text

File #: 23-1214, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Pass the ordinance approving a Water Purchase and Sale contract between the DuPage Water Commission and contract customers and adopt the resolution approving an extension of the water supply contract between the DuPage Water Commission and the City of Chicago for a period of not less than 15 and not more than 20 years

DEPARTMENT: Water Utilities

SUBMITTED BY: Darrell Blenniss, Water Utilities Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City of Naperville purchases Lake Michigan drinking water from the DuPage Water Commission (DWC). The City entered into a contract with the DWC in 1986. The contract is set to expire on February 24, 2024. The new contract term is 40 years.

The contract between the City of Chicago (Chicago) and DWC expires on March 19, 2024. The recommended contract extension between Chicago and DWC is not less than 15 and no more than 20 years. DWC needs customer consent with regards to this extension.

DISCUSSION:

DWC & Naperville Contract:

In preparation for the February 2024 customer contract expiration, DWC solicited the formation of an advisory steering committee (Committee) consisting of contract customers. The purpose of the Committee was to provide input and advice on a new contract extension. The Committee was established in June 2019, and was comprised of a cross-section of the following DWC customers: Bartlett, Bloomingdale, DuPage County, Glen Ellyn, Hinsdale, Naperville, Oak Brook, and Woodridge.

The Committee met multiple times in 2019 and also held an informational session for all customers in January 2020. The Committee's work was put on hold due to the COVID-19 pandemic.

Following DWC's hiring of a new General Manager, the Committee was asked to reconvene in October 2022 to continue its advisory work. The Committee met several times with DWC leadership to provide input on potential amendments, and to also review and respond to DWC's proposed changes.

In addition, the Committee solicited an independent legal review of the proposed contract from both

the City of Naperville's City Attorney and the DuPage County State's Attorney's Office. Legal counsel from both agencies reviewed the amended document and worked directly with DWC's legal counsel to discuss various updates to the proposed final draft.

The Committee, on behalf of DWC customers, has completed its good faith, independent review of the proposed new water supply contract, and has had an opportunity to provide DWC leadership meaningful input throughout the process.

The Committee, therefore, supports and endorses the distribution of this final draft to DWC customers for review and approval.

DWC & Chicago Contract:

Pursuant to DWC guidelines, 3/4 of the charter customers must provide consent regarding the extension of the water supply contract between the City of Chicago and DWC. The attached resolution provides the City's consent for an extension of no less than 15 years and no more than 20 years. DWC believes that this is sufficient time to continue negotiations with the City to achieve favorable terms, evaluate the impacts of the recent Joliet/Chicago contract, and continue to explore alternative water supply opportunities.

FISCAL IMPACT:

None. However, please note that the annual purchase of Lake Michigan water from the DWC accounts for the second largest recurring commodity purchase by the City.