



MEMORANDUM

TO: Mayor Laurel Lunt Prussing and Members of the City Council
FROM: William R. Gray, P.E., Public Works Director
James L. Simon, City Attorney
DATE: July 9, 2015
RE: Ameren Illinois Company Ordinance for a Gas Utility System in the City of Urbana

Introduction

Illinois Power Company (currently Ameren Illinois Company) had a gas franchise ordinance with the City of Urbana from August 19, 1964 until August 19, 2014. With the expiration of that ordinance Ameren Illinois (Ameren) and City of Urbana (City) representatives have been negotiating for a new gas agreement since early 2014. Attached please find a new ordinance that would permit Ameren to continue to provide gas service to Urbana customers and an ordinance that would amend the budget to reflect the terms of the agreement.

Some of the more significant features of this ordinance include:

1. The term of the agreement was reduced to a thirty (30) year term versus a fifty (50) year term in the previous agreement.
2. Ameren is permitted to continue to provide a gas utility system in Urbana.
3. Ameren is obligated to contact the City whenever new gas facilities will be installed to help plan their location so as to not interfere with current or future plans for street improvements and/or new development within the City or its mile and one half extraterritorial jurisdiction. (This was not required in the previous agreement.)
4. Ameren is to reimburse the City \$86,625 per year with a revision clause based on population increase (or decrease) and a corresponding increase (or decrease) in the number of customers served. (The previous ordinance granted "free" gas therms to the City and as a result the City effectively did not pay for gas service unless the allocated therms were exceeded during an infrequent extremely cold winter.)

Fiscal Impact

Typically the City does not pay for gas service to heat City facilities such as the City Building, Civic Center, fire stations, library, and the public works facilities. This has held true the last three years. During exceptionally cold winters the City has exceeded its allotted therms and may have paid several thousand dollars. The proposed ordinance provides the City \$86,625 per year. When one averages out the actually cost to the City, which is typically less than this amount versus the occasional extremely

cold winter, the City is effectively still receiving “free” gas service as compensation for Ameren’s right to operate in Urbana and use public right-of-way to deliver this service.

Recommendation

It is recommended that an Ordinance Approving an Ordinance Extending Authorization to Ameren Illinois Company to Construct, Operate, and Maintain a Gas Utility System in the City of Urbana (Thirty-Year Agreement Renewing Ameren Illinois Company Franchise Concerning Gas Utility System) and an Ordinance Revising the Fiscal Year 2015-2016 Annual Budget (Ameren Franchise Agreement) be approved.

ORDINANCE NO. 2015-07-075

AN ORDINANCE APPROVING AN ORDINANCE EXTENDING
AUTHORIZATION TO AMEREN ILLINOIS COMPANY
TO CONSTRUCT, OPERATE AND MAINTAIN
A GAS UTILITY SYSTEM IN THE CITY OF URBANA

(Thirty-Year Agreement Renewing Ameren Illinois
Company Franchise Concerning Gas Utility System)

WHEREAS, the City of Urbana (“Urbana”) is an Illinois home rule unit of local government pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and the Statutes of the State of Illinois; and

WHEREAS, the construction, expansion, operation and maintenance of a reliable gas utility system to, in and about the City of Urbana is an important component which contributes to the vitality of Urbana and the health, safety and comfort of its citizens; and

WHEREAS, heretofore, the City of Urbana and Ameren Illinois Company had entered into a twenty-year agreement (then denominated as an “ordinance”) for the construction, expansion, operation and maintenance of a reliable gas utility system to, in and about the City of Urbana; and

WHEREAS, the aforesaid franchise agreement has expired pursuant to its terms; and

WHEREAS, approval of a long-term renewal of the City of Urbana gas franchise agreement with Ameren Illinois Company will allow for continued economic efficiencies and minimize inconveniences which would be attendant in the absence of such an agreement was not renewed.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF URBANA, ILLINOIS as follows:

Section 1: The Mayor shall be and hereby is authorized to enter into and execute on behalf of the City of Urbana “An Ordinance Extending the Authorization to Ameren Illinois Company, Its Successors and Assigns, to Construct, Operate and Maintain a Gas Utility System in the City of Urbana, County of Champaign and State of Illinois” in form and substance substantially similar to the Exhibit appended hereto and incorporated into this Ordinance.

Section 2. The Mayor shall be and hereby is authorized to undertake such other actions as are necessary to carry out the purpose and intent of this Resolution.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSENT:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

ORDINANCE NO. 2015-07-076

AN ORDINANCE REVISING THE FISCAL YEAR 2015 - 2016 ANNUAL BUDGET
(Ameren Franchise Agreement)

WHEREAS, the corporate authorities heretofore did approve an annual budget for the City of Urbana ("City") for the fiscal year beginning on July 1, 2015, and ending on June 30, 2016; and

WHEREAS, the corporate authorities find that the best interests of the City are served by revising the annual budget by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, the Budget Director may not make such revision under the authority so delegated to her pursuant to 65 ILCS 5/8-2-9.6 or Urbana City Code § 2-133.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. The Fiscal Year 2015 - 2016 Annual Budget, as revised, is hereby further revised as set forth in Exhibit A, which is attached hereto and incorporated herein by reference.

Section 2. This Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of two-thirds of the corporate authorities then holding office (6 of 8 votes) of the City of Urbana, Illinois, at a meeting of the corporate authorities.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSENT:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

Budget Amendment 2015/16 - Exhibit A

		<u>Current Budget</u>	<u>Revised Budget</u>	<u>Difference</u>	<u>Reason</u>
General Operating Fund					
<u>Revenues</u>					
009-0-0054-0000	Ameren Franchise	-	86,625	86,625	new Ameren franchise agreement
<u>Total Revenues</u>		<u>32,237,693</u>	<u>32,324,318</u>	<u>86,625</u>	
<u>Expenditures</u>					
060-3-1300-3750	Utilities	158,400	245,025	86,625	additional natural gas cost
<u>Total Expenditures</u>		<u>32,707,173</u>	<u>32,793,798</u>	<u>86,625</u>	
<u>Ending Fund Balance</u>		<u>3,285,106</u>	<u>3,285,106</u>	<u>-</u>	10.02% of expenditures