

ORDINANCE NO. 1999-02-006

AN ORDINANCE APPROVING AN AGREEMENT FOR PAYMENT IN LIEU OF TAXES  
**(University Telephone Agreement)**

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

Section 1. That an Agreement for Payment in Lieu of Taxes, in the form of a copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

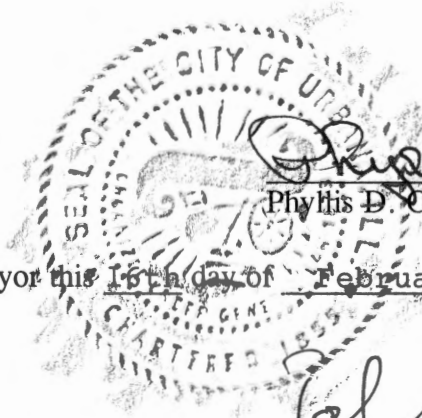
Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this 15th day of February, 1999.

AYES: Hayes, Huth, Kearns, Patt, Taylor, Whelan, Wyman

NAYS:

ABSTAINED:



Phyllis D. Clark  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 15th day of February, 1999.

Tod Satterthwaite  
Tod Satterthwaite, Mayor

UNIVERSITY OF ILLINOIS

Chicago • Springfield • Urbana-Champaign

rec'd  
3/3/99  
up

Office of University Counsel  
258 Henry Administration Building  
506 South Wright Street  
Urbana, IL 61801

March 1, 1999

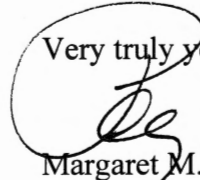
Jack Waaler  
City of Urbana  
400 S. Vine St.  
P. O. Box 219  
Urbana, IL 61801

Re: City of Urbana and University Telephone Agreement

Dear Jack:

I have enclosed a signed original of the above-referenced agreement for your files. If you have any questions or comments regarding this matter, please feel free to contact me at your convenience.

Very truly yours,



Margaret M. Rawles  
Assistant University Counsel

Enc.

c: Deanie Haldorsen w/signed original for CCSO files

**FILED**

**MAR 03 1999**

**Phyllis D. Clark  
City Clerk**

**AN AGREEMENT FOR PAYMENT IN LIEU OF TAXES**

WHEREAS, in 1986, the University and the Cities of Champaign and Urbana entered into an agreement intended to mitigate the tax impact of the decision of the University to install their own telephone system; and

WHEREAS, the term of the said Agreement has expired and the parties have discussed at length revisions in their agreement that would be advisable because of the subsequent enactment of the Federal Telecommunications Act and the Telephone Infrastructure Maintenance Fee Act; and

WHEREAS, each of the Cities have repealed the utility tax on transmitting messages authorized by 65 ILCS 5/8-11-2 and have replaced such tax with a tax authorized by 65 ILCS 5/8-11-17; and

WHEREAS, the parties have a disagreement over the question of whether, and to what extent, the activities of the University with reference to telecommunications are affected by these Acts and whether and to what extent taxes are due to the Cities under their respective ordinances; and

WHEREAS, the 1986 Agreement provided that if the parties had not reached any new agreement regarding fees to be paid by December 31, 1996, the City could terminate the agreement; agreement was not reached by that date, but the City agreed to an extension of time to negotiate, but although there was a tacit understanding that the fees required under the 1986 agreement or the fees required under a new agreement would be paid, the parties never reached agreement as to what fees would be paid to the City for the period of January 1, 1997 until payments under this agreement commenced; and

WHEREAS, furthermore, the parties are presently discussing and considering a general license agreement to accommodate the University's use of the City right-of-way for any utility purposes and to regulate the orderly use thereof.

And thus, the parties have negotiated this agreement to settle the dispute between them for at least the duration of this agreement;

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN, the parties agree as follows:



Section 1. Until a general agreement regarding the use and regulation of the City-owned public right-of-way by the University for their chiller lines, water lines, steam tunnels, and telecommunication lines, electric power lines and equipment is entered into, with respect to the telecommunications equipment installed by the University pursuant to the said 1986 agreement, the University agrees to continue to abide by the terms and conditions set forth in the 1986 Agreement, except as specifically amended by this Agreement. During the term of the Agreement and any successor Agreement, the University shall be granted unlimited access to all city-owned public rights-of-way for the construction, maintenance, inspection, protection, repair, replacement, retention, and use of Telecommunications Equipment for Telecommunications Service. However, prior to undertaking any work in the City right-of-way which would disturb the surface, the University will obtain a no charge permit from the City and, upon completion of such work, will restore the right-of-way to the City's usual standards.

Section 2. The City agrees to not, by ordinance or otherwise, vacate any street, alley or public way in which the University has its telecommunications equipment installed, without reserving such rights as necessary to allow the telecommunications equipment to remain in place unless the University is reimbursed for the costs of removal and relocation thereof.

Section 3. (a) As settlement of the dispute regarding what taxes are due the City, the University agrees to pay to the City of Urbana, the sum of Sixty-Three Thousand, Eight Hundred and Ninety Three Dollars (\$63,893.00) annually. Attachment A illustrates the determination of the amount of this payment in lieu of taxes and is specifically incorporated into this Agreement. The said sum shall be paid in equal monthly installments of \$5,324.00. The first payment shall commence on the 28th day of February, 1999, and continue for the term of this Agreement. On February 28, 1999, the payment for January, 1999 in the amount of \$5,324.00 shall also be made.

(b) The University shall also pay to the City that amount of money which represents the difference between the monthly amount of \$5,324.00 (totaled for the period of January 1, 1997 to date) and what was actually paid by the University to the Cities since the 1<sup>st</sup> day of January, 1997, as bridge payments between the 1986 Agreement and this agreement, the total amount of which is agreed to be \$28,993.36 for 1997, and \$27,883.16 for 1998..

Section 4. Duration of Payments. The payments under this Agreement shall continue until January 1, 2003, but shall continue thereafter on a month-to-month basis unless and until the City serves written notice upon the University to terminate the agreement.

Section 5. Delivery of Notices. Any notices required or permitted hereunder shall be in writing and shall be delivered via certified mail, addressed to the parties as follows, unless otherwise indicated in the future. If to the City of Urbana, then addressed to the Mayor, City of Urbana, 400 South Vine Street, Urbana, IL 61801 with a copy addressed to Chief Administrative Officer, City of Urbana, 400 South Vine Street,

Urbana, Illinois 61801; and if to the University of Illinois, to the Board of Trustees of the University of Illinois, 354 Administration Building, 506 South Wright Street, Urbana, Illinois 61801, with a copy to the General Counsel of the University of Illinois, at Suite 258, 506 South Wright Street, Urbana, Illinois 61801. Notice shall be deemed to be given three days after the date of mailing.

IN WITNESS TO THEIR AGREEMENT, the parties have executed this document this 28 day of February, 1999.

THE BOARD OF TRUSTEES OF  
THE UNIVERSITY OF ILLINOIS

THE CITY OF URBANA, ILLINOIS

By: Craig S. Bazzani  
Comptroller

By: Tal Sattathwate

ATTEST:

ATTEST:

By: Michelle M. Thompson  
Secretary

Phyllis D. Clark

By: Charles C. Colbert  
Vice Chancellor for  
Administrative Affairs  
and Human Resources

By: Roni Gordon  
Director of CCSO

Approved as to form:

By: Jeanette Hawlen  
Legal Counsel

ATTACHMENT A  
FOR THE CITY OF URBANA

**City of Urbana  
Telecommunications  
University Of Illinois**

	Annual Charge for all Students (Based on FY98)	Urbana Share of lines 68.85 % ****	1 / 12th of Annual (Column)	Monthly Revenue based on 5 %	Monthly Revenue (.0175 Monthly Processing fee)	Annual Revenue
<b>Long Distance *</b>	<b>\$1,700,004</b>	<b>\$1,000,452</b>	<b>\$83,371</b>	<b>\$4,169</b>	<b>\$4,169</b>	
<b>(Municipal Tax)</b>					<b>-\$73</b>	
					<b>\$4,096</b>	<b>\$49,147</b>
<b>Measured Service **</b>	<b>\$13,000</b>	<b>\$7,651</b>	<b>\$638</b>	<b>\$32</b>	<b>\$395</b>	<b>\$4,740</b>
<b>Street Crossings ***</b>					<b>\$833.83</b>	<b>\$10,006</b>
<b>Urbana Total</b>					<b>\$5,324</b>	<b>\$63,893</b>

**Long Distance \*** Based on the amount billed to students FY98, for interstate and interstate calls

**Measured Service \*\*** Local calls, annual estimate for students calling

**Street Crossings \*\*\*** Flat fee to be paid to the city for street crossings and access to the streets

**Urbana Share of lines  
68.85 % \*\*\*\*** Based on the number of student lines in the City of Urbana

11/9/98  
11:07 AM

City of Urbana-taxes  
Urbana



**City of Urbana**  
**Adjustment**  
**for**  
**1997, 1998, and 1999**

1997					
	Payment based on 1986 License Agreement	Adjustment payment for credit (made 2/1998)	Adjustment payment based on new Agreement		Total amount Paid to the city for the year
City of Urbana	\$15,507.84	\$19,391.80	\$28,993.36		\$63,893.00

1998					
	Lump sum payment made June, 1998 for new Agreement	Lump sum payment (to be made) as adjustment for 1998	Monthly payment based on the new Agreement	# of mths still owe 1998	Total amount Paid to the city for the year
City of Urbana	\$36,009.84	\$27,883.16	\$5,324.00	0	\$63,893.00

1999					
	Payments made so far in 1999	Lump sum payment to be made for 1999	Monthly payment based on the new Agreement	# of mths still owe 1999	Total amount Paid to the city for the year
City of Urbana	\$0.00	\$5,324.00	\$5,324.00	11	\$63,893.00