

Alton approves sale of wastewater treatment plant to Illinois American Water

by Cory Davenport, Contributing Writer
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ALTON – Last night the Alton City Council voted to accept an offer from Illinois American Water to purchase its wastewater treatment plant for \$53.8 million.

Alton Mayor Brant Walker said it was “unfortunate” the city was forced to make such a move, but added “thank God” Illinois American Water was able to offer that windfall of

cash. If the move passes through the Illinois General Assembly and the Illinois Commerce Commission, the City of Alton will be able to take that check for nearly \$54 million and place it towards its mounting and insufferable pension debt Walker said has been accumulating for decades, despite the Donald Sandige administration being sued by both the police and fire departments for not paying toward the pensions, which are mandated by the State of Illinois without the city being at the negotiating table.

“The state does all the negotiating and says to not worry about it, because the cities will pay for it,” Walker said. “It's an unusual situation when the people responsible for paying it will not even have a seat at the table.”

How bad are Alton's pension debts after decades of under-funding or not funding at all? The most recent restructuring of the debt placed it around \$113 million. This fiscal year, the City of Alton's budget added \$4 million of its own money to aid that mounting debt – and pensions are not the only unfunded mandates being passed along to Alton without its input.

Since 1994, the City of Alton has been mandated by the Environmental Protection Organization (EPA) to do the separation of sewers and storm water in the city, but work did not begin on that until Walker took office in 2013. Currently, the city has six years to do that massive undertaking, which itself may cost upwards of \$60 million for the city to complete. If the deal with Illinois American Water goes through, however, it would cover that mandated work.

Walker said another possible EPA mandate may be coming soon to cities the size of Alton, which would remove nitrate pollution from wastewater. While the removal of nitrates may be overall good for the health of the environment, especially with Alton being so near a major waterway, it would be another unfunded mandate leaving Alton on the hook for possibly \$12 million. If that mandate passes now, however, it will fall into the hands of Illinois American Water (assuming the deal passes through Illinois regulatory bodies).

Since the deal passed through the city council and is expected to be approved by the state, Walker said the selling of the plant to Illinois American Water will save possibly dozens of jobs. He sent Riverbender.com a Chicago Tribune article from a Chicago suburb of Harvey, which detailed what would happen in Alton if such a move as the treatment plant being privatized did not occur.

The article details the City of Harvey being forced to cut 40 police officers and firefighters after the Illinois Comptroller's office withheld city revenues. It held back a

combined total of \$1,484,000 from city sales, income, local use, transportation, motor fuel, replacement and excise tax revenue at the request of the Harvey Police Pension Fund, which is \$7 million delinquent in payments.

Walker said similar drastic cuts would have to occur in Alton if the deal with Illinois American Water did not go through. He said he “could not imagine” the way the city would look without the deal. He said daunting changes such as closed parks and cut services would be incredibly likely without the additional \$53.8 million toward the pension fund.

“I would not want to hazard to guess the services cut,” he said. “It would be a very different looking city. I don't know what parks would be closed, or how flood prevention would change. Thank God we had the opportunity we did with Illinois American Water. If it goes through, Alton will not face the Harvey situation. More is coming, Harvey is not the only town – far from it. This is a bigger problem than just one or two cities.”

After the deal with Illinois American Water passes through regulating bodies, Walker said the city will survive.

“If everything stays as it is right now, and the state doesn't do anything crazy, we will survive,” he said. “Other than these pension issues, the City of Alton is doing great right now. It will be tight, but I know we can make it.”

So, what changes for the people of Alton after Illinois American Water takes over the sewers? Current Alton Wastewater Treatment Plant Director Steve Gibson said only the name on the bill. Walker said Illinois American Water has a great relationship with the City of Alton, and has provided it with services for as long as 140 years – a fact backed by a spokesperson from Illinois American Water.

Even those working in the plant will be offered their jobs at an equal or increased rate of pay while retaining their collective bargaining rights through the Teamsters union.

Gibson said the deal will not affect a resource recovery plant designed to be built atop the aging wastewater treatment plant. He said that resource recovery plant is still in the works, and it is designed to extract energy from waste solids, which will be renewable and sold on the open market. An updated presentation of that idea will be shown at an April 25 meeting of the Alton City Council.

As far as bills are concerned, Walker said he was told by Illinois American Water rates would lower by \$2-\$4 for as much as 85 percent of Altonians. These estimates are built around an average usage rate of 3,500 gallons a month, however, and sources inside the

city have estimated water usage to be closer to an average of 5,000 gallons a month. Walker himself said his household uses 4,800-5,000 gallons a month, but said that placed them higher than the average Altonian.