

CITY OF WARRENVILLE

MEMO

To: Mayor, City Council, and City Administrator White
From: Public Works Director Kuchler *DK*
Subject: Naperville Treatment Plant Improvements – IGA Amendment No. 3
Date: December 3, 2025

The City of Warrenville has an intergovernmental agreement (IGA) with the City of Naperville to treat Warrenville’s wastewater. Warrenville pays Naperville every month for this service. In the past, Warrenville’s wastewater has made up about 9% of everything treated at Naperville’s plant.

Naperville has started several projects to upgrade its wastewater treatment plant. The total cost of these upgrades is estimated at about \$233,118,779. Warrenville’s share of this cost is about \$24,345,228, including financing. Because the original agreement did not contemplate how to handle a situation like this, staff and attorneys from both cities worked together to create Amendment No. 3 (attached), which explains how the payment plan will work. Amendment No. 3 includes Warrenville paying Naperville back over a period of 20 years. The annual payments are initially set at \$1.25 million.

To help cover these costs, Warrenville created a Naperville Wastewater Treatment Capital Improvement Volume Charge in 2023. This charge is added to customers’ bills and will be used to repay Warrenville’s share of the upgrade costs. The fee has not changed since it was created because it is currently enough to cover the expected expenses. When setting the fee, the City planned for TIF #3 and TIF #4 funds to pay for their portions of the costs.

Staff Recommendation

Staff is recommending that the City Council pass an ordinance approving the Third Amendment to the Intergovernmental Agreement with the City of Naperville for wastewater utility services regarding certain planned capital improvements.

ORDINANCE NO. O2025-

**AN ORDINANCE APPROVING THE THIRD AMENDMENT TO THE
INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF NAPERVILLE
FOR WASTEWATER UTILITY SERVICES
REGARDING CERTAIN PLANNED CAPITAL IMPROVEMENTS**

WHEREAS, on April 5, 1982, the City and the City of Naperville (**“Naperville”**) entered into an intergovernmental agreement (**“Agreement”**) for wastewater utility services, including the use of Naperville’s wastewater treatment plant and related facilities (**“Water Treatment Facilities”**) for the treatment of wastewater generated in the City (**“Services”**); and

WHEREAS, on December 17, 1984, the City Council adopted Ordinance No. 0729, approving a first amendment to the Agreement to set forth certain classes of charges to be paid by the City to Naperville under the Agreement (**“First Amendment”**); and

WHEREAS, on September 7, 1994, the City Council adopted Ordinance No. 1345, approving a second amendment to the Agreement to add certain prepaid capital charges attributable to the Cantera Development under the Agreement (**“Second Amendment”**); and

WHEREAS, Naperville has identified the need to undertake certain major capital improvements to the Wastewater Treatment Facilities used to provide the Services (collectively, the **“Planned Capital Improvements”**); and

WHEREAS, the City and Naperville estimate that Warrenville’s share of the Planned Capital Improvements costs will be approximately \$24,345,228.00 (**“City Share”**); and

WHEREAS, the City and Naperville desire to enter into a third amendment to the Agreement (**“Third Amendment”**) to (i) set forth the payment structure pursuant to which the City will pay the City Share to Naperville; (ii) remove provisions related to certain City obligations that have been fulfilled (iii) remove charge adjustments and audit provisions that are no longer applicable; (iii) update and clarify provisions related to other capital improvements; and (iv) clarify reserve capacity for future development within the City; and

WHEREAS, pursuant to the Third Amendment, the City Share will, as the Planned Capital Improvements are completed, be trued up to reflect the actual costs rather than estimates; and

WHEREAS, the Third Amended provides that the City will make approximately 20 annual payments toward the City Share, with the first City Share annual payment, in the amount of \$1,250,000.00, due on or around January 1, 2026; and

WHEREAS, the City has budgeted sufficient funds to pay the first City Share annual payment during the 2025/2026 Fiscal Year and intends to budget for City Share payments in future fiscal years; and

WHEREAS, the Mayor and the City Council have determined that it is in the best interest of the City and the public to approve the Third Amendment to the Agreement

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF WARRENVILLE, DUPAGE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: Recitals. The recitals listed above are incorporated in this Ordinance as if fully set forth in this Ordinance.

SECTION 2: Approval of Third Amendment. The Third Amendment to the Agreement with Naperville is hereby approved in substantially the form attached to this Ordinance as **Exhibit A**, and in a final form approved by the City Administrator.

SECTION 3: Execution. The City Administrator is hereby authorized to execute, on behalf of the City, the Third Amendment to the Agreement

SECTION 4: Effective Date. This Ordinance shall be in full force and effect following its passage and approval as required by law.

PASSED THIS ____ day of _____, 2025.

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

APPROVED THIS ____ day of _____, 2025.

MAYOR

ATTEST:

CITY CLERK

EXHIBIT A
THIRD AMENDMENT

**THIRD AMENDMENT TO AGREEMENT
FOR WASTEWATER UTILITY SERVICE BETWEEN
THE CITY OF WARRENVILLE AND THE CITY OF NAPERVILLE**

THIS THIRD AMENDMENT TO AGREEMENT is entered into this __ day of _____, 2025 by and between the CITY OF NAPERVILLE, an Illinois municipal corporation of DuPage and Will Counties, Illinois (hereinafter referred to as "Naperville"), and the CITY OF WARRENVILLE, an Illinois municipal corporation of DuPage County, Illinois (hereinafter referred to as "Warrenville"). Naperville and Warrenville may be referred to herein individually as "Party" or collectively as "Parties".

RECITALS

WHEREAS, the Parties entered into an Agreement for Wastewater Utility Service Between the City of Warrenville and the City of Naperville, dated April 5, 1982 (hereinafter referred to as the "Agreement"), and

WHEREAS, on December 18, 1984, the Parties entered into a first amendment to the Agreement (hereinafter referred to as the "First Amendment"), which First Amendment was approved by Naperville by ordinance on December 18, 1984, and by Warrenville by ordinance on December 17, 1984; and

WHEREAS, the First Amendment amended Section 6 of the Agreement to set forth certain classes of charges to be paid by Warrenville to Naperville under the Agreement, including variable charges, including for wastewater treatment and sludge disposal and interceptor sewer transport, and fixed monthly charges, including debt service payments for certain capital improvements and flow metering, billing, and interceptor inspections; and

WHEREAS, the First Amendment also amended Section 7 of the Agreement to provide an audit and true-up process for the classes of charges to be paid by Warrenville to Naperville under the Agreement; and

WHEREAS, on May 17, 1994, the Parties entered into a second amendment to the Agreement (hereinafter referred to as the “Second Amendment”), which Second Amendment was approved by Naperville by ordinance on May 17, 1994, and by Warrenville by ordinance on September 7, 1994; and

WHEREAS, the Second Amendment again amended and restated Section 6 of the Agreement in its entirety to add certain prepaid capital charges attributable to the Warrenville Development Property (now commonly referred to as the Cantera Development); and

WHEREAS, Warrenville has satisfied in full its obligations set forth in (i) Section 6.B.I of the Agreement, as amended by the Second Amendment (regarding debt services of original 10 million gallons per day plant construction and interceptor sewers); (ii) Section 6.B.II of the Agreement, as amended by the Second Amendment (regarding debt service of the 5 million gallons per day plant expansion); and (iii) Section 6.C of the Agreement, as amended by the Second Amendment (regarding prepaid capital charges attributable to Warrenville Development Property) (hereinafter referred to collectively as “Warrenville’s Satisfied Obligations”); and

WHEREAS, the terms related to variable charges set forth in Section 6.B.III of the Agreement, as amended by the Second Amendment, regarding “Other Local Capital Improvements” no longer represent the agreement of the Parties going forward (hereinafter referred to as “Other Local Capital Improvement Charges”); and

WHEREAS, Naperville has identified the need to make certain major capital improvements, including improvements to the Springbrook Plant to ensure compliance with nutrient removal regulations and the long-term capacity of the Springbrook Plant, and certain collection and pumping system improvements, as more specifically identified and described in Section 3 of this Third Amendment (hereinafter referred to collectively as “Planned Capital Improvements”); and

WHEREAS, Naperville estimates that the Planned Capital Improvements will cost approximately \$233,118,779 (hereinafter referred to as the “Planned Capital Improvements Costs”); and

WHEREAS, Naperville further estimates that Warrenville’s share of the Planned Capital Improvements Costs will be approximately \$ 24,345,228 (“Warrenville Share of Planned Capital Improvements Costs”); and

WHEREAS, the Parties mutually desire to further amend the Agreement to (i) remove provisions related to Warrenville’s Satisfied Obligations because they are no longer applicable; (ii) provide terms upon which Warrenville will pay the Warrenville Share of Planned Capital Improvements Costs to Naperville; (iii) update and clarify the Other Capital Improvement Charges; (iv) remove charge adjustment and audit provisions that are no longer applicable; and (v) clarify reserve capacity for future development within Warrenville; and

WHEREAS, the terms of the Agreement and all previous amendments are incorporated herein by reference in their entirety and shall remain in full force and effect except to the extent they are modified by the provisions contained herein; and

WHEREAS, Warrenville and Naperville are authorized by Section 10, Article VII of the Illinois Constitution of 1970 to enter into agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree that:

1. **Recitals.** The foregoing Recitals are incorporated herein by reference as if fully set forth in this Section 1.

2. **Acknowledgment of Satisfaction of Obligations.** The Parties agree that Warrenville has satisfied all of its obligations under Section 6.B. II and Section 6.C of the Agreement, as amended by the Second Amendment.

3. **Amendments to the Agreement.**

A. **Amendments to Section 6.B of the Agreement.** Section 6.B of the Agreement, as amended by the Second Amendment, is hereby amended and restated in its entirety and shall read as follows:

“B. Fixed Charges

I. Warrenville Payment for its Proportional Share of the planned capital improvements, which include the Springbrook Plant upgrades and collection and pumping system improvements specifically listed and described on Exhibit A, attached to and made a part of this Agreement (collectively, the “Planned Capital Improvements”):

(a) General Obligation: Warrenville will pay to Naperville Warrenville’s proportional share of the actual costs incurred by Naperville to construct the Planned Capital Improvements (hereinafter referred to as the “Warrenville’s Proportionate Share”) over a 20-year term.

For the purposes of this Section 6.B.I the Planned Capital Improvements Costs include costs incurred by Naperville necessary for and directly attributable to the completion of the Planned Capital Improvements, including financing costs (including fees, charges, and interest), and design, engineering, and construction costs. The Planned Capital Improvements Costs do not include, and Warrenville shall have no responsibility for, legal, administrative, salary or benefit costs

for Naperville employees, or other fees or costs unless approved in writing by the Parties pursuant to an amendment of this Agreement.

Warrenville's Proportional Share shall be calculated by multiplying the total actual costs incurred by Naperville for the Planned Capital Improvements Costs by [the percentage of total wastewater flow attributable to Warrenville in the then-current year divided by the total wastewater treated at the Springbook Plant in the then current-year (hereinafter referred to as "Warrenville Proportional Share Rate")].

- (b) Annual Payments. It is understood that Naperville will complete the Planned Capital Improvements in several projects spread over several years, but that the Planned Capital Improvements will be completed in their entirety by December 31, 2034.

Warrenville agrees to pay the Warrenville Proportional Share by making up to 20 annual installment payments (each hereinafter referred to as a "Annual Payment") on or around January 1 of each year commencing in 2026 and ending in 2046 (hereinafter referred to as the "True Up/Payment Date"); provided, however, that Warrenville shall not be penalized in any manner for making early Annual Payments or for fulfilling its obligation to pay the Warrenville Proportional Share before 2046.

- (c) First Annual Payment. Naperville has prepared a detailed, itemized, estimate of the costs it will incur to complete the Planned Capital Improvements, which estimate is attached to and made a part of this Agreement as Exhibit B (hereinafter referred to as the "Total Cost Estimate").

The first Annual Payment due on or around January 1, 2026 shall be \$1,250,0000, which is the amount Warrenville anticipates it will collect annually from utility account holders through the assessment of its Naperville Wastewater Treatment Capital Improvement Volume Charge.

- (d) True Up; Subsequent Annual Payments. Prior to each True Up/Payment Date, including January 1, 2026, Warrenville and Naperville will review and revise the Total Cost Estimate by replacing estimated costs with actual costs that are, at that time, known, to arrive at an updated Total Cost Estimate ("Updated Total Cost Estimate"); provided, however, that Naperville will notify the Warrenville City Administrator as soon as practical after receiving notice that the Total Cost Estimate will increase.

- (1) If the Updated Total Cost Estimate is less than the Total Cost Estimate, then the Annual Payment due the following year (January 1, 2027 and so on) will continue to be \$1,250,000.
- (2) If, on the other hand, the Updated Total Cost Estimate is greater than the Total Cost Estimate, the next Annual Payment will be calculated by finding the Warrenville Proportional Share by multiplying the [Updated Total Cost Estimate less the Annual Payments already paid] by the Warrenville Proportional Share Rate to arrive at an updated estimated Warrenville Proportional Share. The Annual Payment would then be updated by dividing the estimated Warrenville Proportional Share by the number of years remaining in the 20-year payment term.
- (3) Alternatively, if the Total Cost Estimate has increased due to a discrete, additional cost, Warrenville may, at its sole election, opt to pay its total Warrenville Proportional Share of that discrete cost in a lump sum with the next Annual Payment rather than recalculate all future Annual Payments as described in Section 6.B.I.(d)(2) above.

Warrenville will continue to make Annual Payments to Naperville until it has paid the full Warrenville Proportionate Share of the total actual Planned Capital Improvements Costs.

II. Other Local Capital Improvements:

Naperville may determine, from time to time, that other capital improvements to the wastewater utility facilities providing service to Warrenville are necessary. For the purposes of this Section 6.B.II, “Other Capital Improvements” mean capital improvements other than those specifically identified in Section 6.B.I of this Agreement. Warrenville will pay to Naperville the Warrenville proportional share of the total actual engineering, design, and construction costs of the Other Capital Improvements as follows:

- (a) Naperville must notify Warrenville of any Other Capital Improvements at least 12 months before any payment by Warrenville for the Other Capital Improvement would be required.
- (b) Warrenville may, at its sole election, either:
 - (i) include the Other Capital Improvements as part of the Planned Capital Improvements and adjust the Planned Capital Improvements Costs accordingly and pay its proportional share of the Other Capital Improvements as part of its Annual Payment for the Planned Capital Improvements; or

- (ii) pay its proportional share of the cost of the Other Capital Improvements over a five-year term in five equal annual installment payments, using the formula below:

For the purposes of this Section 6.B.II(b)(ii), Warrenville’s proportional share shall be calculated by multiplying the total estimated cost of the Other Capital Improvements by the Warrenville Proportional Share Rate, defined in Section 6.B.I of this Agreement. At least 12 months prior to deadline to make the final annual payment for the Other Capital Improvement, Warrenville’s final proportional share of the *actual* cost of the Other Capital Improvement will be calculated. The final payment for the Other Capital Improvement will be adjusted so it is equal to the amount necessary to bring Warrenville’s payment total to the actual total cost of the Other Capital Improvement.

- (c) Warrenville shall not be penalized in any manner for making early payments or for fulfilling its obligation to pay its share of the Other Capital Improvements early.

III. Reserved.

IV. Flow Metering, Billing & Interceptor Inspection:

A fixed monthly payment equal to the prior five year annual average costs for the Total Expense divided by 12 months.

The Total Expense shall be the sum of the costs for:

- (a) calibrating of and repairs to the master meter;
- (b) reading the master meter and preparing the monthly invoice for Warrenville; and
- (c) labor, material, and transportation to inspect the interceptors multiplied by Warrenville ration described in Section 6.A-II of this Agreement titled “Interceptor Sewer Transport Charge.”

B. Amendments to Section 6.C of the Agreement. Section 6.C of the Agreement, as amended by the Second Amendment, is hereby amended and restated in its entirety as follows:

“C. Reserved Capacity for Future Warrenville Development.

- I. In addition to the capacity guaranteed by Section 15 of the Agreement, Naperville agrees to provide 10,000 P.E. (Population Equivalent) of capacity for additional development within Warrenville’s corporate boundaries, including, without limitation, development within the Warrenville Development Property (also referred to as Cantera) (the “Option”). As of June 1, 2025,

Warrenville has reserved 8,743 P.E. of the Option. The Option is not a reservation of capacity but represents Warrenville's prior right to purchase capacity under the terms of this Agreement. A portion of the Option will be considered reserved only when Warrenville pays the costs associated with such portion of the Option as set forth in 6.C.II below.

- II. Warrenville will have the right to reserve all or a portion of the remaining Option by payment of the cost in effect at the time of the reservation as set forth on the schedule attached hereto as Exhibit C, attached to and made a part of this Agreement. In the event that Naperville does not have the capacity to provide all of the Option requested by Warrenville, Naperville agrees to provide that portion for which it does have capacity, and agrees to provide the balance thereof within two-and-one-half years from the date of the request.
- III. In the event Warrenville reserves capacity through the Option as set forth in this Section 6.C, Warrenville may make the necessary payments to Naperville in up to 10 annual installments plus interest on the unpaid balance of such payments at the municipal borrowing rate for obligations of Naperville with similar maturities (or if Naperville finances the construction of an additional expansion to the Springbrook Treatment Plant, the actual interest rate incurred by Naperville therefore). The total of such payments and interest shall be paid in equal annual amounts commencing on the date 90 days after the reservation is made on the first nine anniversaries thereof, unless paid sooner. Warrenville will not be penalized for satisfying its obligations under this Section 6.C.III in less than 10 years."

C. Amendments to Section 7 of the Agreement. Section 7 of the Agreement, as amended by the First Amendment, is hereby amended as follows:

- 1. All references to "Fixed Monthly Charges" are amended to read "Fixed Charges"; and
- 2. Section 7(c) is hereby deleted in its entirety and reserved for future use.

4. Severability. In the event any provision of this Third Amendment to the Agreement is held to be unenforceable or invalid for any reason, the enforceability thereof shall not affect the remainder of the said Agreement. The remainder of the Agreement shall be construed as if not

containing the particular provision and shall continue in full force, effect, and enforceability, in accordance with its terms.

5. **Amendments.** This Third Amendment to the Agreement may be amended by written agreement of the Parties.

6. **Counterpart Execution.** For convenience, this Third Amendment to the Agreement may be executed in counterparts, each of which shall be deemed to be an original and all such counterparts when taken together shall constitute one and the same document.

7. **Authorized Execution.** The undersigned warrant and represent that have read and understand this Third Amendment to the Agreement and that they are authorized to execute said Agreement.

IN WITNESS WHEREOF, the Parties by their signatures acknowledge they have read and understand this Third Amendment to the Agreement and intend to be bound by its terms.

CITY OF NAPERVILLE

CITY OF WARRENVILLE

By: Douglas Krieger
City Manager

By: Cristina White
City Administrator

Exhibit A: Planned Capital Improvements

WW002 - Ultraviolet Disinfection and Non-Potable Water System Improvements	
	This project involves the engineering design, IEPA permitting and construction of an ultraviolet light disinfection system for wastewater effluent from Springbrook Water Reclamation Center. Springbrook is required by IEPA to disinfect wastewater effluent prior to releasing it to the DuPage River. The existing disinfection system is currently a chlorination/de-chlorination system that is nearing the end of its useful life. UV disinfection was chosen as the preferred disinfection method. It has the lowest life-cycle cost, as well as the best non-cost score. This method does not involve shipping, storing or dosing of chemicals.
WW042 - Biosolids Holding Tank	
	This project is for the construction of the second Biosolids Holding Tank at the Springbrook Water Reclamation Plant. The first tank was completed in FY2016. The second tank will provide operational flexibility and redundancy with construction planned for FY2025.
WW046 - Influent Pump Station and South Plant Forcemain Improvements	
	This project involves engineering design for replacement of obsolete pumps with diminished capacity that are unable to be repaired. In addition, this project will configure the influent pump station for a future 50/50 flow split between the North and South plants, as well as design a forcemain to convey additional flow to the South plant.
WW048 - South Plant Return Activated Sludge & Grit Removal Improvements	
	This project will provide for the installation of RAS (Return Activated Sludge)/Grit improvements at the South Plant. The existing aerated grit removal process is original to the South Plant construction and allows large amounts of grit to pass through the process, causing problems downstream, and does not provide for automatic removal and classification. A new vortex-type grit removal system will be designed along with a grit washer classifier. The new grit system shall be sized to accommodate both existing conditions as well as the proposed expansion of South Plant capacity for a 50/50 flow split. Also included in this project are RAS pumping improvements to support South Plant expansion.
WW045 - South Plant Capacity Upgrades	
	This project proposes to design and construct capacity improvements and upgrades to the South Plant, including aeration and clarifier improvements. Additional aeration capacity will be constructed, reaching a total of four three-pass basins, four additional high speed turbo blowers and new membrane diffusers for the new basins. The South Plant aeration basins will be configured for MUCT biological phosphorus removal, including baffle walls, mixers and recirculation pumps. In addition, three additional 115' diameter secondary clarifiers will also be constructed.
WW057 - Nutrient Removal and North Plant Upgrades	
	This project will reconfigure the existing aeration tanks in the North Plant for MUCT biological phosphorus removal, associated submersible mixers, recirculation pumps and replacement of the existing mechanical aeration system with high-speed turbo blowers and fine bubble diffusers. The existing mechanical aerators are 15-40 years old, and sourcing parts for maintenance and repairs is difficult. This project will also add sidestream fermentation and a chemical phosphorus removal backup system.
WW050 - Cloth Media and Disc Filters	
	The existing underground sand filters serving as tertiary filters for the North plant are near the end of their useful life. The South plant does not currently have tertiary filters. It is anticipated that a lower than 0.5 mg/L phosphorus limit will be imposed on Springbrook Water Reclamation Center in the future and that this will be achieved through chemical polishing and tertiary filtration. Cloth media disc filters are anticipated to provide tertiary filtration due to their compact footprint and ease of media replacement.
WW047 - Springbrook Interceptor Improvements (Phase 1)	
WW070 - Springbrook Interceptor Improvements (Phase 2)	
WW071 - Springbrook Interceptor Improvements (Phase 3)	

Exhibit A: Planned Capital Improvements

WW072 - Springbrook Interceptor Improvements (Phase 4)	
	The Springbrook (T01) Interceptor is one of two IEPA permitted interceptors that transport wastewater from the Water Utilities sanitary collection system to the Springbrook Water Reclamation Center. This major asset was installed in 1975 and, after a recent MSI (Multi Sensor Inspection), the Springbrook interceptor is in need of major repairs and rehabilitation. This project is a multi-year project, needing several phases to compete. Included in this project is the replacement of manholes in the Dragon Lake Forest Preserve, rehabilitation of the remaining manholes, CIP lining of the interceptor, and by-pass pumping
WW053 - Northwest Wastewater Pump Station Improvements / Upgrades	
	As part of the water utility's ongoing rehabilitation and renewal of its critical infrastructure, this project will provide for upgrades and improvements to major components at Northwest Wastewater Pump Station.
WW065 - North Pump Station Improvements	
	This project includes the replacement of pumps, piping, valves, and automation equipment for the North Pump Station.

Effective Date:

1-Jan-26

