
March 19, 2021

Ms. Pam Reece
City Manager
Town of Normal
11 Uptown Circle
Normal, IL 61761

Dear Pam,

This letter is to follow-up on our review of the City and Town sewer charges. As you know, City staff reached out to Town staff back in 2018 with concerns and to start the discussion on the sewer charge remittance. The City has wanted to get resolution to this since that time and we accordingly appreciated the opportunity to get everyone together last week as we continue to try and figure the situation out.

Since our meeting, we have done some additional investigation and believe we have tracked the issue down to when the City did its conversion from the City's former accounting system, Banner, to Munis around 2012. We are continuing to review and investigate this, but that conversion may be the culprit that caused the change in practice. That, coupled with the Town not seeking the funds at the time, likely added to the confusion. Assuming the conversion is the case, we just need to verify the amounts owed and make sure there were no agreements or other reason that would not make the remittance due or that would otherwise offset the amount, such as consideration of administrative expenses (e.g., billing staff, equipment costs, meter maintenance, etc.). This is nothing more than due diligence on the part of the City regarding our fiduciary duties and we know the Town would perform the same.

As I stated on the call, the City is committed to figuring this out and remitting any amounts owed to the Town. This is why City staff initially reached out to Town staff questioning the collection, providing a list of properties, and has continued to raise the issue with Town staff, and why we booked this as potential liability in our audits. With a substantial amount of staff turnover, this has truly been a mystery and we appreciate the Town's patience and assistance in addressing it. When comments came back from Town staff that the Town did not believe the City owed the money or had an agreement for remittance, the mystery seemed to deepen.

The comments from Town staff remain concerning and we believe may be one of the last pieces of review needed to finish our due diligence. For example, in an email on September 24, 2018, the Town of Normal Billing Coordinator, Leigha Adelsberger, stated as follows:

It is my understanding that there is no reimbursement anymore. Bloomington receives the revenue from all of those accounts for the fees they charge, and we receive the revenue from the storm water/garbage fees we charge on them. We no longer share the revenue.

Despite the statement from Ms. Adelsberger, which was shared by John Burkhart, the City remained concerned this might be money owed to the Town. Accordingly, our Finance Director, Scott Rathbun, followed up with Mr. Burkhart in April of 2019. The last communication the City had from Mr. Burkhart, or I believe anyone from the Town on this issue until recently, was from May 28, 2019, wherein he stated:

I will follow up with our Finance Director and see what his thoughts are. Obviously, the Town would like the revenue, but it does not appear that this was accounted for when the agreement was reached years ago. I will let you know.

Again, the City had not heard anything back from the Town until recently. Although we may not have all the answers to your recent correspondence, the City will certainly provide what it can and some of what was requested was shared by City staff years ago. Ideally, it is again my recommendation we use a third-party to do the calculations. We would appreciate knowing the Town's final position on that request.

Although we believe we have tracked down the source of the issue, to truly confirm this is what happened and the amount of money that should be remitted, we do have just a few questions for the Town on the attached. If you could please review and provide responses to these questions, we should be getting close to understanding the next steps and finally getting this resolved.

Finally, in addition to the payment, we believe we should also work on an intergovernmental agreement to clarify the roles and responsibilities regarding the collection and remittance of sewer charges and any related issues. This should help avoid any questions or confusion going forward.

Although we can continue to correspond with each other through formal correspondence, I would again suggest we simply use email with a common regarding line. Based on the fact that it was the City that brought this to the Town's attention, and we have been trying to get clarity since 2018, the Town should have no concern that the City is attempting to avoid its responsibilities or obligations to the Town. We are committed to resolving the issue in a mutually agreeable and timely manner.

Sincerely,



Tim Gleason
City Manager

City of Bloomington Questions

1. Why did Town staff believe and convey after the question was brought to their attention that they did not think the City owed the money to the Town? Specifically, is the Town aware of any agreements, whether written or oral, addressing the collection and/or remittance of sewer charges?
2. Is there a specific reason the Town never requested the payment and/or was this issue ever flagged on any of your audits?
3. Please provide a list of properties that Normal collects any Bloomington sewer charges and documents evidencing collection and/or remittance of sewer charges to Bloomington.
4. Please provide any records showing the last remittance of these sewer charges from the City to the Town. We are hopeful this may confirm the theory that the issue stemmed from the software conversion.
5. Are there any other types of infrastructure support that the communities provided to one another that should be considered when looking at the financial relationship between the two communities? For example, lift stations, force mains, other sewer infrastructure, etc.
6. Should there be any offset for administration costs (e.g., computer software, customer support, billing, collections, etc.) and/or equipment or infrastructure costs, such as meters.
7. There is an intergovernmental agreement from 1986 on sewer maintenance in the Metro Zone that contemplated Normal billing for sewer usage in the area and paying half the fees to the City. It does not appear this happened, or at least some point it stopped. Does the Town have any history or knowledge regarding that agreement and the practices therefrom?
8. Has the Town identified any offsets that should be applied to the remittance? For example, any situations where the Town collects sewer charges for the City but has not remitted same.