

Committee-of-the-Whole Agenda

6:30 p.m.

Tuesday, November 15, 2016

Oath of Office

Oath of Office for permanent appointment as a Firefighter/Paramedic to Paul Tucker effective November 9, 2016.

Presentation

Quad Cities Chamber of Commerce – QCYP & Quad Citizen (Greg Aguilar & Brandy Donaldson, QCCC)

2016 City of Moline Recycle Super Hero Awards (Rodd Schick, Municipal Services General Manager)

Questions on the Agenda

Agenda Items

- 1. Municipal Gas Use Tax** (Keith Verbeke, Finance Manager)
- 2. Intergovernmental Agreement** (Jeff Anderson, City Planner)
- 3. Local Agency Agreement for AOC Streetscaping** (Scott Hinton, City Engineer)
- 4. Resolution for Improvement for AOC Streetscaping** (Scott Hinton, City Engineer)
- 5. Other**
- 6. Public Comment**

Explanation

1. An Ordinance amending Chapter 31, "TAXATION," of the Moline Code of Ordinances, by adding new Article XI, "MUNICIPAL GAS USE TAX". (Keith Verbeke, Finance Manager)

Explanation: The City contracted with Azavar Audit Solutions in May 2014 to conduct a comprehensive municipal audit. As a result of this audit, Azavar discovered a loophole whereby the City is losing municipal revenue each year. In order to capture the lost gas tax revenue, Staff is proposing to adopt a gas use tax on the use of gas from alternatives gas supplier's customers who purchase therms transported from out-of-state. The municipal gas use tax will not apply to any business certified by the Illinois Department of Commerce and Economic Opportunity under Illinois Statute 35 ILCS § 120/1f. Additional documentation attached.

Staff Recommendation: Approval
Fiscal Impact: Increase revenue to general and capital improvement funds.
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City

2. A Resolution authorizing the Mayor and City Clerk to execute an Intergovernmental Agreement between the City of Moline, Illinois, the City of Rock Island, Illinois, and the City of Davenport, Iowa, and area Public Housing Agencies for the purpose of collaborating on the development of and sharing the cost for, an Assessment of Fair Housing study. (Jeff Anderson, City Planner)

Explanation: The cities of Moline, Rock Island, and Davenport, are entitlement cities receiving community development formula grant funds through the Department of Housing and Urban Development (HUD), and pursuant to HUD requirements, each community is required to complete an Assessment of Fair Housing (AFH). As a result, the cities previously entered into an Intergovernmental Agreement to conduct the AFH. The cost is estimated to be in the range of \$80,000. The City of Moline will be responsible for \$13,350 of that cost, split between two years. Additional documentation attached.

Staff Recommendation: Approval
Fiscal Impact: -\$13,350 from 230-0726-491.03-22 (CDBG Planning Activities)
Public Notice/Recording: N/A
Goals Impacted: Strong Local Economy, A Great Place to Live

3. A Resolution authorizing the Mayor and City Clerk to approve a Local Agency Agreement for Federal Participation for Motor Fuel Tax Section 13-00258-00-LS, Sidewalk and Lighting Improvements on Avenue of the Cities. (Scott Hinton, Public Works)

Explanation: The City of Moline will receive Illinois Transportation Enhancement Program (ITEP) grant funds through the Illinois Department of Transportation in an amount not to exceed \$742,830 for sidewalk and lighting improvements on Avenue of the Cities from 34th to 41st Streets. The ITEP funds require a 20% local match to the grant funds. The 2017 Capital Improvement Program includes \$185,710 in Motor Fuel Tax (MFT) funds to provide the local match. Approving this Agreement provides acknowledgement to IDOT that the City has sufficient funds available to fund the local match, all participating construction costs above the maximum federal contribution, and all non-participating construction costs. This item will also appear on the Council Agenda under "Non Consent Agenda" on November 15, 2016.

Staff Recommendation: Approval.
Fiscal Impact: MFT funds are budgeted in the 2017 CIP for this project.
Public Notice/Recording: N/A
Goals Impacted: Strong Local Economy
Improved City Infrastructure & Facilities

4. A Resolution authorizing the approval of a Resolution for Improvement by Municipality Under the Illinois Highway Code for Motor Fuel Tax (MFT) Section 13-00258-00-LS, Sidewalk and Lighting Improvements on Avenue of the Cities. (Scott Hinton, Public Works)

Explanation: The City of Moline received a \$928,538 Illinois Transportation Enhancement Program (ITEP) grant to streetscape Avenue of the Cities from 34th to 41st Streets. The maximum Federal participation is \$742,830 with a corresponding \$185,708 local match. A Resolution for Improvement is necessary to use Motor Fuel Tax funds to pay for the City's 20% local match of the Illinois Transportation Enhancement Program (ITEP) grant and to fund 100% of the cost above the grant amount. The low bid for the improvements is \$1,187,678.05 which is \$259,138.05 above the ITEP and local match amount. The City of Moline is responsible for funding 100% of this additional cost. This item will also appear on the Council Agenda under "Non Consent Agenda" on November 15, 2016.

Staff Recommendation: Approval.

Fiscal Impact: \$185,710 in MFT funds is budgeted in the 2017 Capital Improvement Program for the local match. \$259,139 is available in MFT Reserves to fund that portion above the grant amount.

Public Notice/Recording: N/A

Goals Impacted: Strong Local Economy
Improved City Infrastructure & Facilities



CONFIDENTIAL AUDIT WORK PRODUCT
SUBJECT TO PROVIDER CONFIDENTIALITY AGREEMENT(S)

SUBJECT TO CONFIDENTIALITY AGREEMENT
AND FOIA EXEMPTION 5 ILCS 140/7 (m)

DATE: November 4th, 2016

TO: Keith Verbeke, Finance Manager, City of Moline

FROM: Jonathan Wezner, Senior Analyst, Azavar Government Solutions

SUBJECT: Alternative Gas Suppliers in Illinois

The City of Moline (the “City”) contracted with Azavar Government Solutions (“Azavar”) to audit utilities including MidAmerican Energy Company (“MidAmerican”). As part of Azavar’s analysis of audit data from MidAmerican we have identified a loophole whereby the City is losing municipal revenue each year. This report provides background information relating to Azavar’s previous Findings and recommendation to recover these lost revenues for the City.

Background of Natural Gas Market

Currently and since 2012, the City imposes a 5% tax on natural gas to service addresses within the City. This tax is paid by MidAmerican to the City on all service addresses within the City when the gas delivered is supplied by an in-state supplier (such as MidAmerican). However, the deregulation of natural gas changed several fundamental aspects of the natural gas market over the last several decades which have also changed factors that influence the collection of this tax.

In the early days of the industry, natural gas was typically produced within a municipality and the local government oversaw the distribution to their citizenry due to the monopolistic nature of the product. As the natural gas industry developed, providers began expanding the scope of their business by transporting natural gas between municipal boundaries. Municipalities found it difficult or impossible to protect their residents from being overcharged by overseeing the rates charged in the intrastate natural gas market and so the government stepped in and created commissions to regulate rates and distribution.

Later on, technological advancements made it possible for natural gas providers to once again increase their scope of business by leveraging interstate pipelines for the transportation of natural gas to customers. As had previously occurred, the increased complexity of the natural gas distribution system made regulation difficult and ineffective. This regulation gap again left customers susceptible to being overcharged by an industry that was difficult to regulate and increasingly consolidating providers.

The federal government intervened and took responsibility for regulating the interstate natural gas sales.



Additionally, rules were put in place to curb the installment of redundant interstate natural gas pipelines by competing companies within the same community. At this point, because of the monopolistic nature of the pipelines, the delivery portion of interstate natural gas sales became regulated, but the original sales from producers at the wellhead remained unregulated. This was altered when the Supreme Court decided in Phillips Petroleum Co. v. Wisconsin that natural gas producers would also have their interstate portion of the industry regulated.

Regulating this industry soon revealed itself to be a greater undertaking than originally suspected. By the 1970's price setting by the government had fallen so far behind that producers found it not profitable to explore new natural gas sources and eventually shortages followed. In short, the attempts to protect the end customers from monopoly pricing had backfired. Of note, the difference in regulation of interstate and intrastate pipeline delivery made it difficult to obtain natural gas in states where the gas was not produced.

The gradual move towards deregulation changed the landscape of the industry once again. The new Federal Energy Regulatory Commission sought to close the schism between intrastate and interstate natural gas delivery. However, the competitiveness of alternative forms of energy increasingly drew the larger industrial consumers away. To stem this, natural gas suppliers offered incentives to these large industrial users and allowed them to purchase natural gas directly from the supplier.

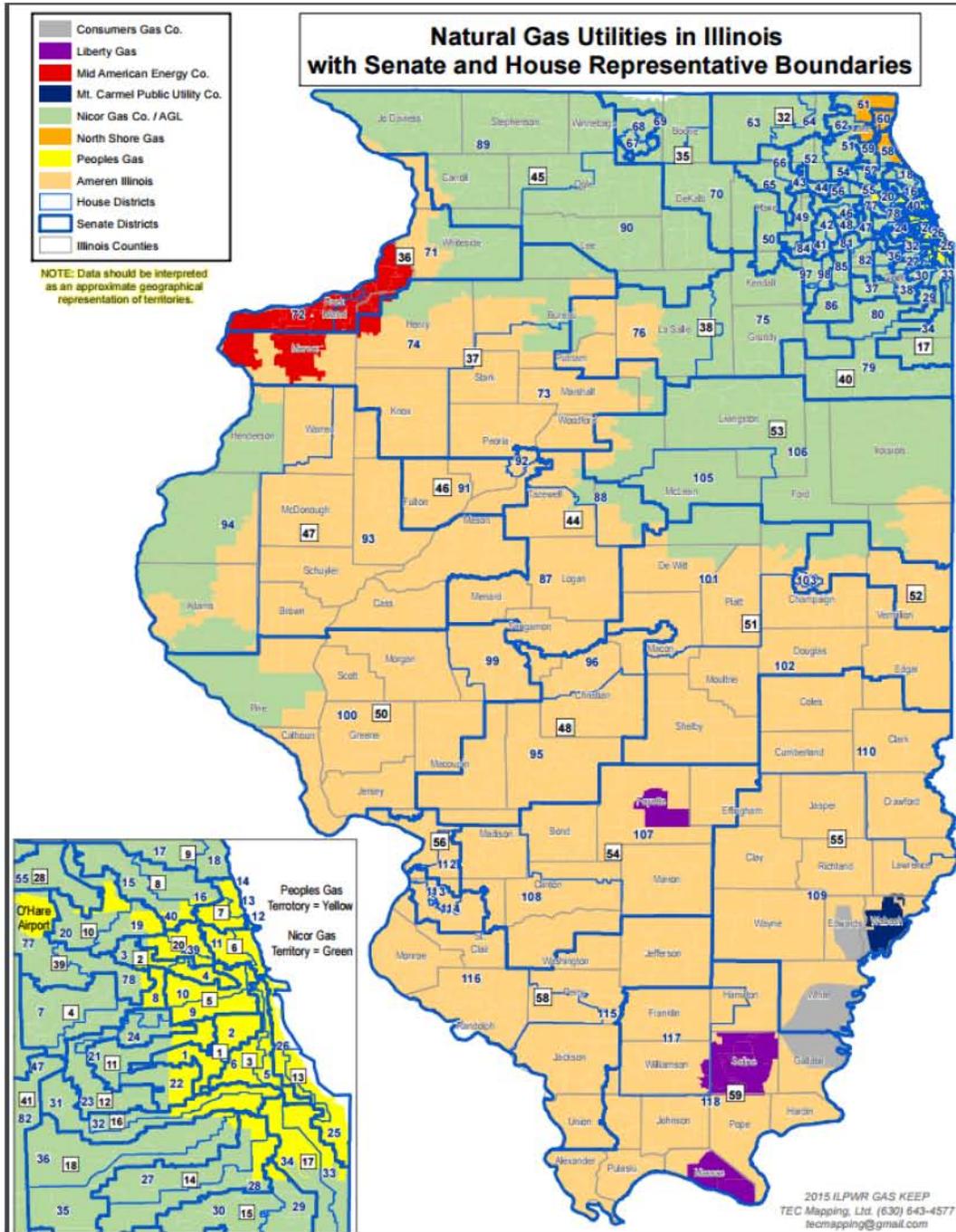
Soon after, FERC Order No. 436 took effect and the pipelines were to be used primarily for transportation as opposed to selling a bundled service. This order offered more customers open access to the producers of the natural gas not unlike the large industrial users were already receiving. To further cement this, FERC Order No. 636 made the unbundled service of natural gas and delivery of natural gas a requirement thus allowing customers greater flexibility in choosing who supplied the natural gas they purchased.

Natural Gas Market Today

As the market stands now there is currently an expanding market of interstate gas suppliers (also known as Alternative Gas Suppliers) operating. As more and more Alternative Gas Suppliers provide services the industry moves away from regulated monopoly pricing and towards pricing driven by competitively offered products. As of 2015 there were 36 Alternative Gas Suppliers providing service to Illinois and that number has already increased to 41 in 2016.

These Alternative Gas Suppliers provide their products to different market segments depending on which utility provider's territory they are selling to. Currently Nicor, Peoples and North Shore Gas have made purchasing gas from an Alternative Gas Supplier easily available to each the residential, commercial and industrial users. Alternatively, MidAmerican and Ameren have made it exceptionally difficult for all but the industrial customers to purchase their natural gas from an Alternative Gas Supplier; this will very likely change soon. Because Ameren's provider territory has a much larger footprint than MidAmerican's (Exhibit A), Ameren has been the Illinois Chamber of Commerce's ("ICC") primary focus in expanding access equally to all customers.

Exhibit A

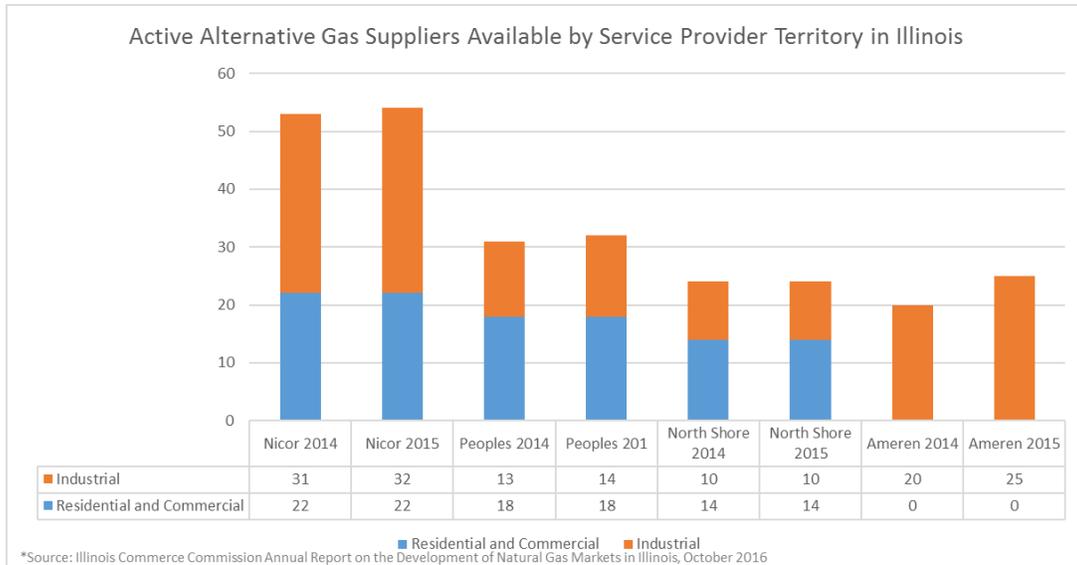


Currently, The ICC has approved an expansion of access to Alternative Gas Suppliers to Ameren’s whole customer base without unnecessary impediment. When this is implemented Ameren’s residential and commercial customers will also have access to interstate gas purchases. Although Ameren has appealed this ruling, it is now just a matter of delaying the inevitability that residential, commercial, and industrial customers will all have access to Alternative Gas Suppliers just as all Nicor, Peoples and North Shore Gas



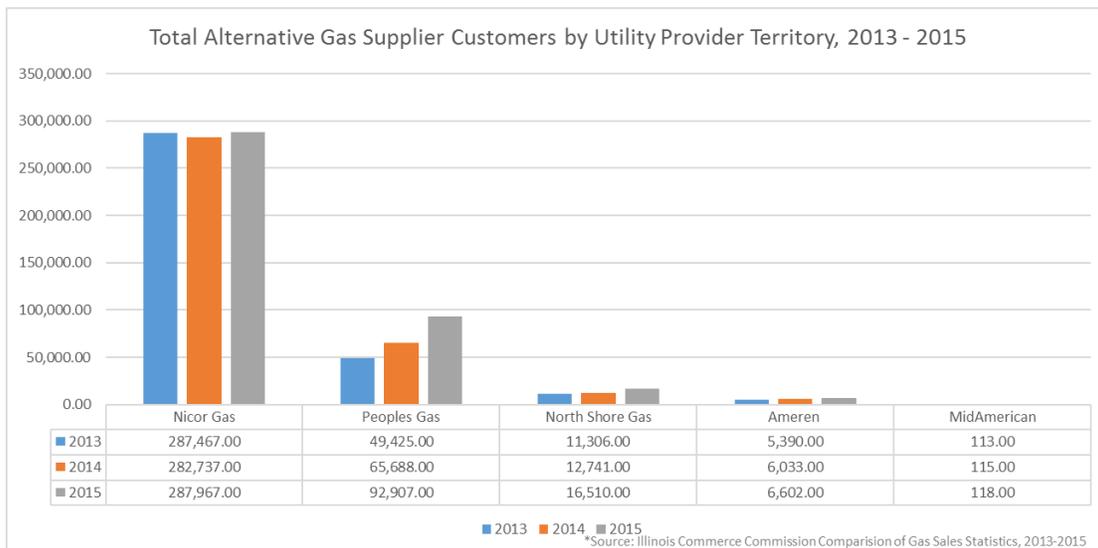
customers have. Shortly after Ameren un-impedes this service, we can expect the same from MidAmerican. As the market currently stands, industrial users have access to a growing number of Alternative Gas Suppliers and it is likely that the number available to MidAmerican’s residential and commercial clients will grow rapidly after the current and significant roadblocks are removed (Exhibit B).

Exhibit B



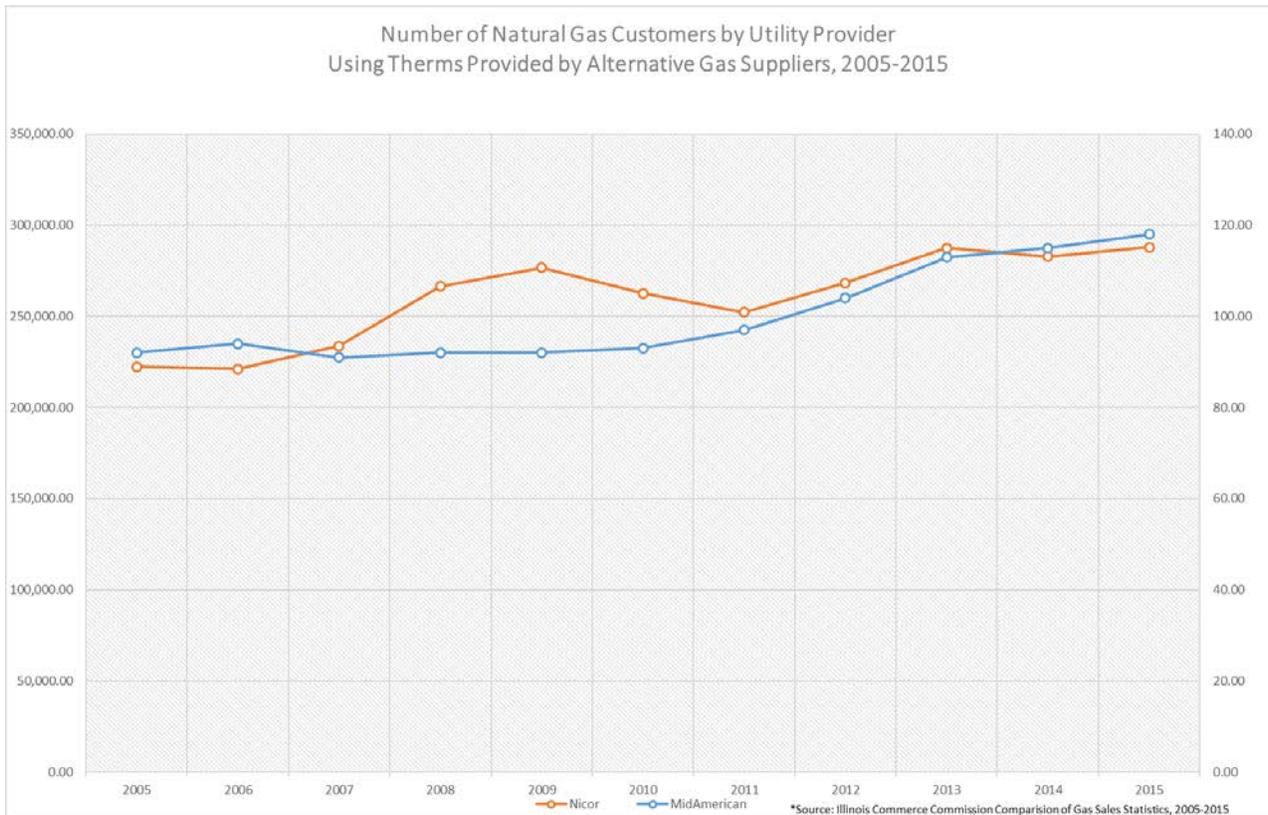
Currently, Nicor customers have utilized these Alternative Gas Suppliers in larger numbers than customers of other natural gas utilities in Illinois. In 2015, Nicor had 287,967 customers that had opted to purchase their natural gas from an Alternative Gas Supplier leaving Nicor only responsible for the transportation of that natural gas to their premises (Exhibit C).

Exhibit C



Nicor’s current count of customers who have switched to Alternative Gas Suppliers is a 29.5% increase (an additional 65,684 customers) over the last 10 years. Currently Nicor’s customers account for over 70% of the entire Illinois population that are leveraging services from Alternative Gas Suppliers, although all other utility providers are also seeing an increase in the market proportion using Alternative Gas Suppliers as well (Exhibit C). Ameren for example has seen their share of customers who have switched to Alternative Gas Suppliers increase from 892 to 6,602 over the last 10 years an increase of 640%. MidAmerican has seen a more modest gain of customers who have switched over the last 10 years at an increase of 28.26% (Exhibit D)

Exhibit D



The majority of Alternative Gas Supplier customers are residential. For Nicor these customers have numbered in the mid 230,000's for the last 3 years (Exhibit E). This is roughly 11.6% percent of both the residential customers and therms that Nicor transports during the year (Exhibit F). Additionally, other provider's customers are experiencing increases in residential customers switching to Alternative Gas Suppliers as well. After Ameren is forced to allow its customers unrestricted access to Alternative Gas Suppliers and MidAmerican follows suit, we can expect to see a steady increase that switch to Alternative Gas Suppliers as well.

Exhibit E

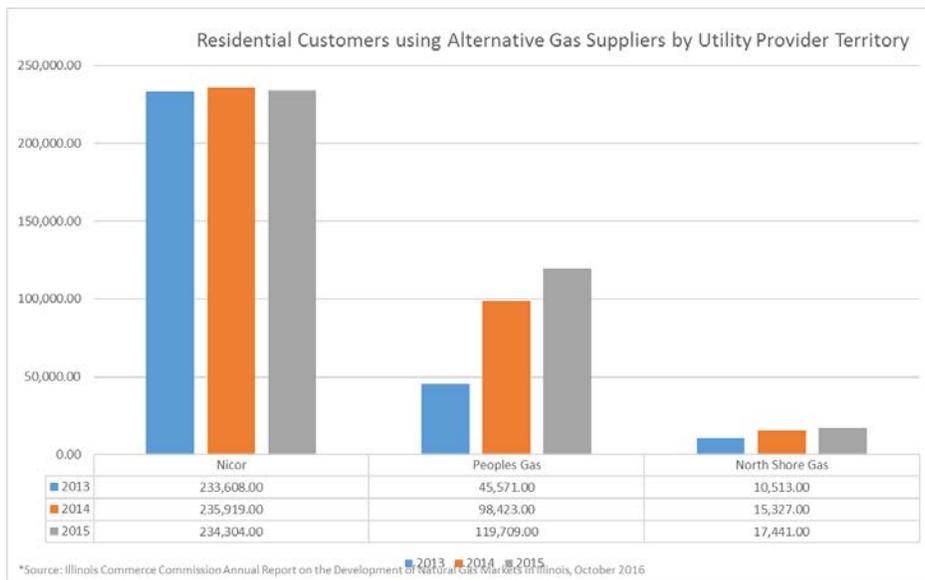
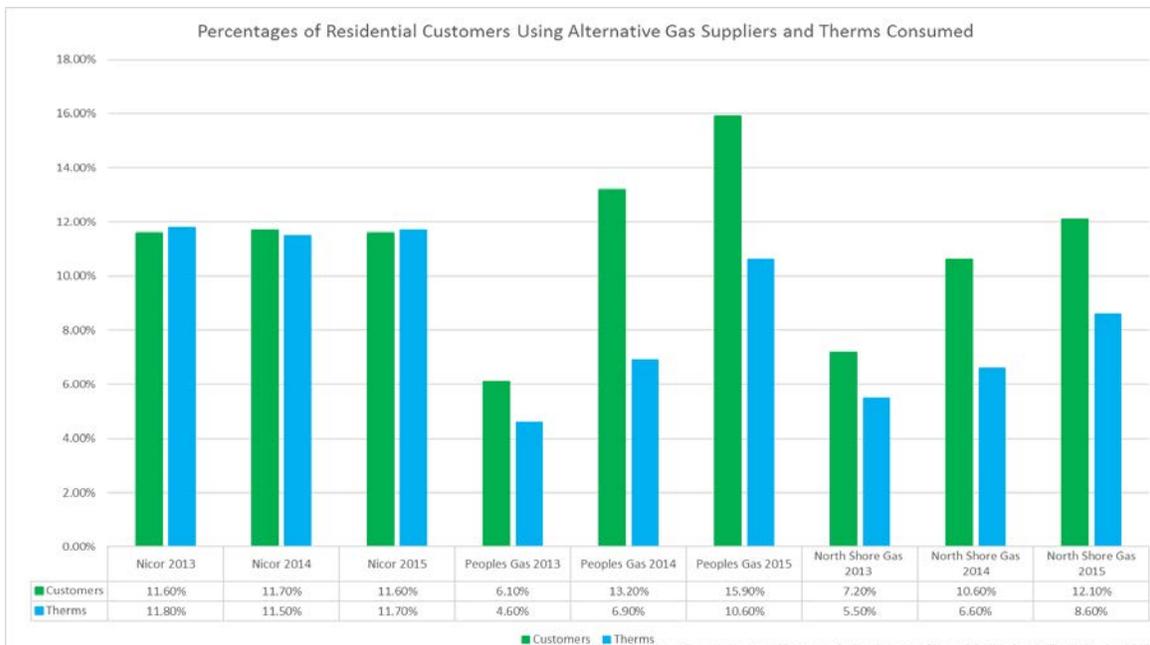


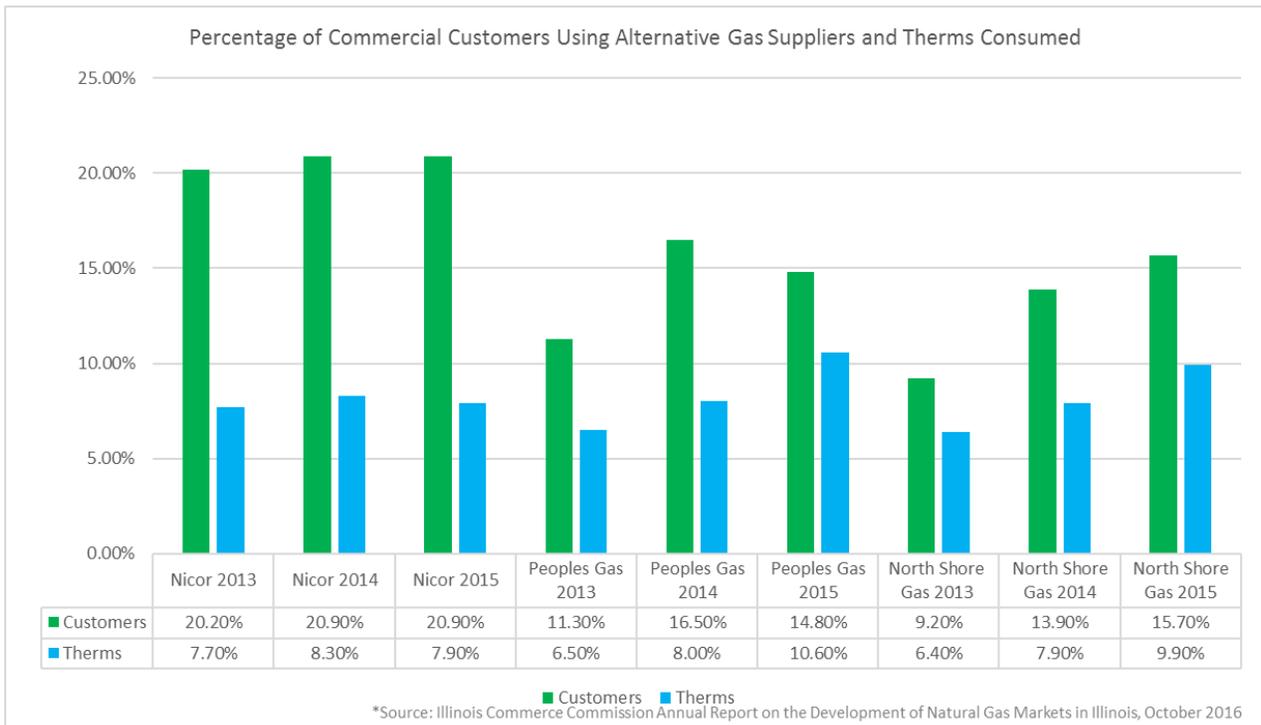
Exhibit F





Many commercial customers have also switched to Alternative Gas Suppliers. This group is comprised of small businesses and residential customers who consume less than 5,000 therms per year. Similar to the residential market, there tends to be an increase in the percentage of the markets therms that the switched users are consuming although these therms represent a smaller portion of the market than the customers who have switched (Exhibit G). We also expect to see a steady increase in MidAmerican customers who switch to Alternative Gas Suppliers and the therms they consume when this market becomes available to them.

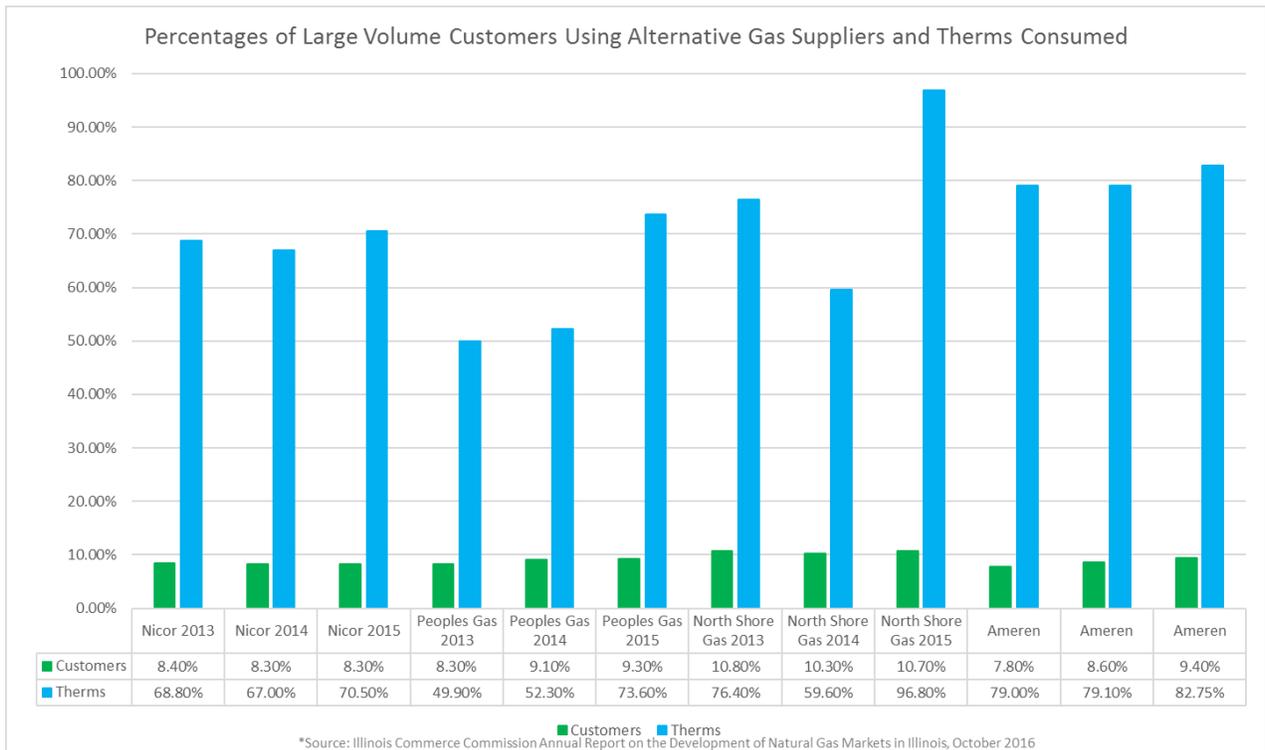
Exhibit G





In comparison to residential and commercial markets the industrial customers are less likely to switch to Alternative Gas Suppliers. However, the industrial customers that do switch consume a disproportionately large portion of the therms consumed in this market (Exhibit H). Thus a small portion of large volume customers switching to Alternative Gas Suppliers can affect a very large portion of the therms consumed and in all reporting utility companies, they do. Currently less than 10% of Ameren’s industrial customers have switched to Alternative Gas Suppliers, however they account for over 80% of the therms consumed in that market.

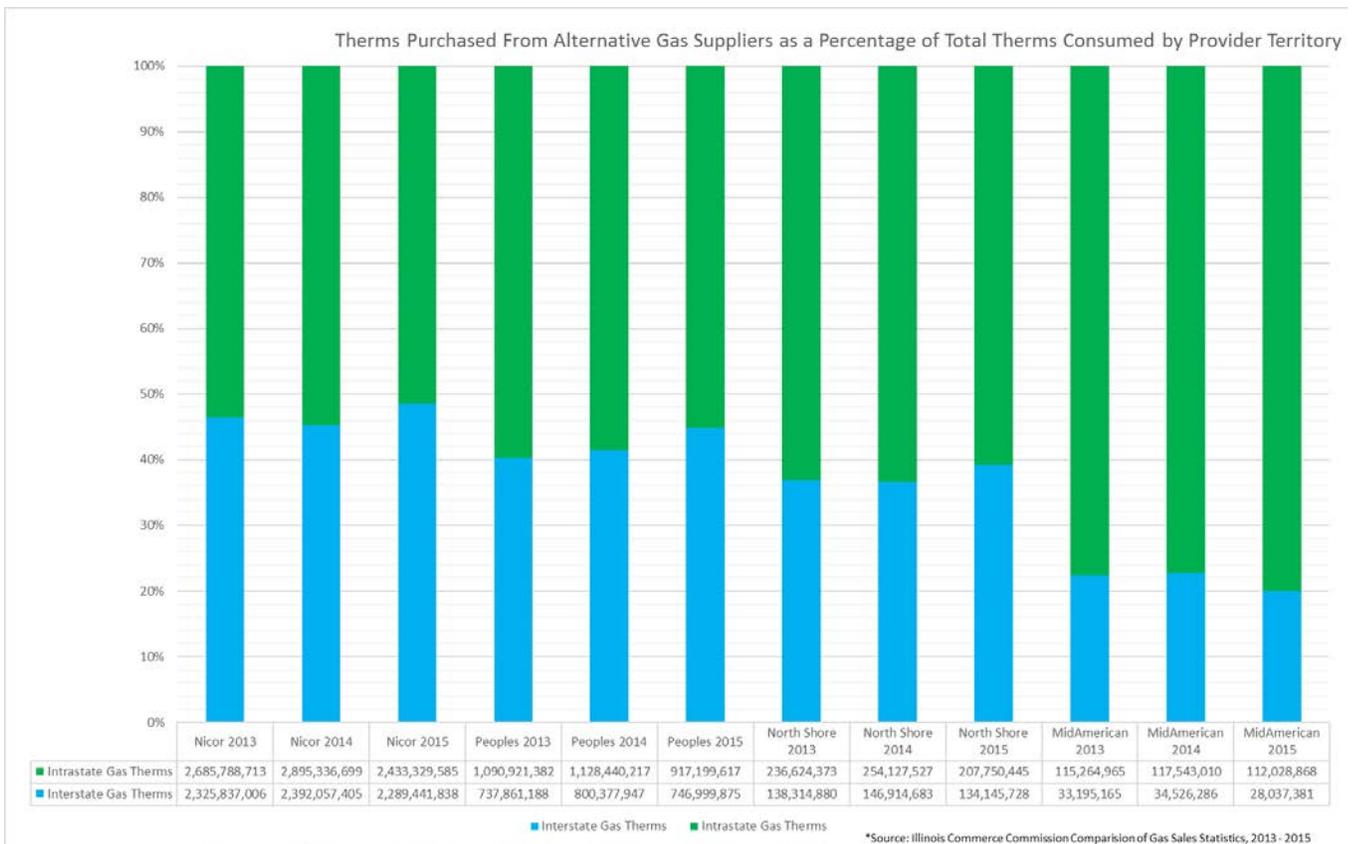
Exhibit H





The general trend of residential, commercial and industrial customers is an increasing propensity to leverage the growing availability of Alternative Gas Suppliers. The below graph depicts the percentage of therms that are purchased from an Alternative Gas Supplier compared to the total throughput therms in each utility provider's territory for 2013 - 2015 (Exhibit I). Currently, 20% of the therms MidAmerican delivers to customers come from out-of-state. This is in part due to the growing number of Alternative Gas Suppliers who in turn have driven prices to an increasingly competitive level. We can reasonably expect that as Alternative Gas Suppliers become easily available to MidAmerican's residential and commercial customers the percentage of Alternative Gas Supplier therms consumed within Ameren's territory will increase.

Exhibit I



In addition to the increasingly competitive prices there is another distinct advantage for the customer when their natural gas is purchased from Alternative Gas Suppliers; interstate purchases are exempt from some local taxes. As opposed to intrastate purchases, only the delivery costs and not the actual natural gas purchased have local taxes applied to it.

This loophole not only affects the local municipalities tax revenues but it had previously also affected State level revenues. Prior to addressing this loophole, the State estimated that they were losing out on approximately \$70 million in natural gas tax receipts. In response, State lawmakers along with the Governor signed into law P.A. 93-0031 (SB 1733) which created a State Natural Gas Use Tax ("GUT"). This State GUT is imposed upon the privilege of using in this State gas obtained in interstate purchase at the



same rate as the regular State natural gas tax. This state GUT only applied to the growing number of customers who opted into interstate gas purchases from Alternative Gas Suppliers and did not change any taxes to those who were already purchasing gas from within the State.

Azavar Finds that through analysis of and in recent discussions with MidAmerican there are several customers within the City that are using an Alternative Gas Supplier. Although MidAmerican has declined to share comprehensive data at the individual user level due to privacy concerns, Azavar recommends that the City bring parity and equitability to the taxation of natural gas as intended by the municipal utility tax by approving an update to the City's ordinance. The State of Illinois allows home rule communities to assess a municipal GUT, not unlike the State GUT, to capture tax on natural gas use that is not already captured by the City's municipal utility tax. An update to the City's ordinances to cover the use of gas by addresses that are purchasing gas from an Alternative Gas Supplier will close the loophole that has allowed some users to avoid paying their fair share of the municipal utility tax.

The impact of this tax will not affect those customers currently purchasing gas within the State of Illinois and paying the City's municipal utility tax. Residents and businesses within the City would pay either the current municipal utility tax or the use tax depending upon the source of the gas purchased. Azavar will provide the ordinance template and assist the City in closing this loophole.

The above provides background information related to Azavar's previous Findings and recommendations regarding this portion of our audit of MidAmerican. Azavar's staff is available to assist in moving forward to correct these issues, update the City's ordinances, and maximizing the City's revenues.

**COLLABORATION & INTERGOVERNMENTAL AGREEMENT AMONG THE
CITIES OF MOLINE AND ROCK ISLAND, ILLINOIS, CITY OF DAVENPORT IOWA
AND THE PUBLIC HOUSING AUTHORITIES IDENTIFIED IN ATTACHMENT
FOR
THE 2019 – 2024 ASSESSMENT OF FAIR HOUSING**

This agreement among the City of Moline, Illinois, a municipal corporation, (hereinafter “Moline”), the City of Rock Island, Illinois, a municipal corporation, (hereinafter “Rock Island”), and the City of Davenport, Iowa, a municipal corporation, (hereinafter “Davenport”), and list of six Public Housing Authorities identified in Attachment A (hereinafter PHAs) in consideration of the cost share identified, the mutual promises and covenants exchanged herein and in accordance with all appropriate Iowa and Illinois constitutional and statutory sections related to the enactment or adoption of intergovernmental and collaboration agreements hereby enter into the following agreement.

WHEREAS, the City of Davenport is a consolidated plan program participant with a program year start date of July 1 and the next 5-year consolidated plan cycle will begin in July 2020; and

WHEREAS, the City of Moline is a consolidated plan program participants with a program year start date of January 1 and the next 5-year consolidated plan cycle will begin in January 2020; and

WHEREAS, the City of Rock Island is a consolidated plan program participant with a program year start date of April 1 and the next 5-year consolidated plan cycle will begin in April 2018; and

WHEREAS, the PHAs as identified in Attachment A are public housing authorities with fiscal years and next 5-year plan cycles beginning as identified in Attachment A; and

WHEREAS, the Program participants are subject to the affirmatively furthering fair housing requirements found at 24 CFR 5.150 through 5.180 and required to submit an Assessment of Fair Housing (AFH);

WHEREAS, the AFH requires an analysis of a region’s Core Based Statistical Area (CBSA) for the entitlements and PHA’s which includes Scott County Iowa, Rock Island, Mercer, and Whiteside Counties in Illinois; and

WHEREAS, the Program Participants wish to collaborate to submit the AFH.

NOW THEREFORE, it is agreed among the parties hereto that:

LEAD ENTITY

The City of Davenport will serve as the lead entity of the collaboration and will be responsible for submitting the regional AFH on behalf of all the collaborating Program Participants.

PROGRAM YEAR ALIGNMENT

Alignment of program year(s) and fiscal years(s) is not possible. As such, the AFH will be submitted in accordance with the lead entity’s (City of Davenport) next 5-year consolidated plan program year start date of July, 2020. The AFH will be submitted by October, 2019.

ROLES/RESPONSIBILITIES OF PROGRAM PARTICIPANTS

The City of Davenport will serve as the lead entity and as such will, after consultation with Program Participants, issue an RFQ to obtain the services of a consultant. Each Program Participant will be responsible for providing information, data, assisting with public input meetings, etc. as required by the consultant and identified in the agreed upon scope of work.

WITHDRAWAL

Prior to the selection of the consultant a Program Participant may withdraw from the collaboration. However, once the consultant is chosen, scope of work identified and financial obligation of each program participant identified, a participant will be held responsible, as stated in the contract, for their share of the AFH. Participants are to submit, in writing withdrawing from the regional AFH to the lead entity. Participants are also responsible for notifying HUD of their decision to withdraw.

SPECIAL CONDITIONS

In consideration of the mutual covenants and promises herein contained, the Program Participants hereby agree as follows:

1. The recitals hereto are incorporated herein by this reference thereto as if fully set out herein.
2. The City of Davenport will serve as the lead entity of the collaboration and the AFH will be submitted (by October 1, 2019) in accordance with Davenport's next five year plan program year start date of July 1, 2020; and
3. The City of Davenport will pay consulting cost for which the City of Davenport will be reimbursed from the Program Participants. At this time the cost of the AFH is estimated to be in the range of \$80,000. The cost of the AFH will be divided as follows: The three entitlements splitting 50% of the estimated cost, or approximately \$13,350 each and the six Public Housing Authorities splitting 50%, or approximately \$6,650 each. It is anticipated that payments to the consultant may be arranged to fall over two fiscal years for participants. If the selected consultants estimated proposal exceeds \$80,000 the collaborators retain the right to revise the scope of work to reduce the consultant costs associated with the AFH.
4. Each section of this Agreement and each sentence, clause or phrase contained in such section shall be considered severable and, if for any reason, any section or sentence, clause or phrase contained in such section is determined to be invalid or contrary to any existing or future laws, such invalidity shall not impair the operation of or affect that portion of this Agreement which is valid.
5. This instrument contains the sole agreement of the parties hereto and all prior negotiations or correspondence shall be deemed merged into this

Agreement; and the terms of this Agreement shall govern the rights of the parties exclusively.

6. This Agreement shall be governed by the laws of the State of Iowa, and the sole and exclusive venue for any disputes arising out of this Agreement shall be any state court located within Scott County, Iowa, or federal court located within the appropriate venue. A waiver of any part of this Agreement shall be limited to that specific event and shall not be a waiver of the entire Agreement.
7. The roles/responsibilities of the collaborating program participants will be identified as part of the agreement with the consultant.
8. Program participants will be responsible for ensuring that their jurisdiction's analysis, priorities, and goals are sufficient and suitable for inclusion in the AFH. In addition, program participants will collaborate and provide input on joint goals and priorities to be included in the AFH. The scope of the responsibilities to be carried out by the participants, individually and jointly, will ultimately be established during negotiations regarding the specific scope of work with the selected consultant.

SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this agreement.

WAIVER

A Program Participant's failure to act with respect to a breach by another Program Participant does not waive its right to act with respect to subsequent or similar breaches. The failure of the Program Participant to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates as indicated.

CITY OF DAVENPORT, IOWA,
a municipal corporation:

By: _____
Mayor

Attest: _____
City Clerk

Approved as to Form:

City Attorney

Date

CITY OF MOLINE, ILLINOIS,
a municipal corporation:

By: _____
Mayor

Attest: _____
City Clerk

Approved as to Form:

City Attorney

Date

City OF ROCK ISLAND, ILLINOIS, a municipal corporation:

By: _____
Mayor

Attest: _____
City Clerk

Approved as to Form:

City Attorney

Date

Attachment A

Contacted Public Housing Authorities	Fiscal year	Next 5-year plan	Collaborating
Office of Assisted Housing – Davenport Iowa	July 1	July,2021	yes
Mercer County Housing Authority		October, 2020	yes
Moline Housing Authority			yes
Rock Island Housing Authority			yes
Greater Metropolitan Area Housing Authority of RI County			yes
Henry County Housing Authority			yes

 Illinois Department of Transportation Local Public Agency Agreement for Federal Participation	Local Public Agency City of Moline	State Contract X	Day Labor	Local Contract	RR Force Account
	Section 13-00258-00-LS	Fund Type ITEP	ITEP, SRTS, or HSIP Number(s) 220005		
Construction		Engineering		Right-of-Way	
Job Number	Project Number	Job Number	Project Number	Job Number	Project Number
C-92-031-16	TE-00D2(161)				

This Agreement is made and entered into between the above local public agency, hereinafter referred to as the "LPA", and the State of Illinois, acting by and through its Department of Transportation, hereinafter referred to as "STATE". The STATE and LPA jointly propose to improve the designated location as described below. The improvement shall be constructed in accordance with plans prepared by, or on behalf of the LPA, approved by the STATE and the STATE's policies and procedures approved and/or required by the Federal Highway Administration, hereinafter referred to as "FHWA".

Location

Local Name Avenue of the Cities (23rd Avenue) Route FAU 5773 Length 0.49 mi
Termini From 34th Street to 41st Street

Current Jurisdiction City of Moline TIP Number MO-15-01 Existing Structure No NA

Project Description

Upgrade sidewalks for ADA compliance, add decorative lighting

Division of Cost

Type of Work	ITEP	%	%	LPA	%	Total
Participating Construction	742,830	(*)	()	185,708	(BAL)	928,538
Non-Participating Construction		()	()		()	
Preliminary Engineering		()	()		()	
Construction Engineering		()	()		()	
Right of Way		()	()		()	
Railroads		()	()		()	
Utilities		()	()		()	
Materials						
TOTAL	\$ 742,830			\$ 185,708		\$ 928,538

* 80% ITEP funds NTE \$742,830

NOTE: The costs shown in the Division of Cost table are approximate and subject to change. The final LPA share is dependent on the final Federal and State participation. The actual costs will be used in the final division of cost for billing and reimbursement.

If funding is not a percentage of the total, place an asterisk in the space provided for the percentage and explain above.

Local Public Agency Appropriation

By execution of this Agreement, the LPA attests that sufficient moneys have been appropriated or reserved by resolution or ordinance to fund the LPA share of project costs. A copy of the authorizing resolution or ordinance is attached as an addendum (required for State-let contracts only)

Method of Financing (State Contract Work Only)

METHOD A---Lump Sum (80% of LPA Obligation) _____
METHOD B--- _____ Monthly Payments of _____ due by the _____ of each successive month.
METHOD C---LPA's Share BALANCE divided by estimated total cost multiplied by actual progress payment.

(See page two for details of the above methods and the financing of Day Labor and Local Contracts)

Agreement Provisions

THE LPA AGREES:

- (1) To acquire in its name, or in the name of the **STATE** if on the **STATE** highway system, all right-of-way necessary for this project in accordance with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and established State policies and procedures. Prior to advertising for bids, the **LPA** shall certify to the **STATE** that all requirements of Titles II and III of said Uniform Act have been satisfied. The disposition of encroachments, if any, will be cooperatively determined by representatives of the **LPA**, and the **STATE** and the **FHWA**, if required.
- (2) To provide for all utility adjustments, and to regulate the use of the right-of-way of this improvement by utilities, public and private, in accordance with the current Utility Accommodation Policy for Local Agency Highway and Street Systems.
- (3) To provide for surveys and the preparation of plans for the proposed improvement and engineering supervision during construction of the proposed improvement.
- (4) To retain jurisdiction of the completed improvement unless specified otherwise by addendum (addendum should be accompanied by a location map). If the improvement location is currently under road district jurisdiction, an addendum is required.
- (5) To maintain or cause to be maintained, in a manner satisfactory to the **STATE** and the **FHWA**, the completed improvement, or that portion of the completed improvement within its jurisdiction as established by addendum referred to in item 4 above.
- (6) To comply with all applicable Executive Orders and Federal Highway Acts pursuant to the Equal Employment Opportunity and Nondiscrimination Regulations required by the U.S. Department of Transportation.
- (7) To maintain, for a minimum of 3 years after final project close-out by the **STATE**, adequate books, records and supporting documents to verify the amounts, recipients and uses of all disbursements of funds passing in conjunction with the contract; the contract and all books, records and supporting documents related to the contract shall be available for review and audit by the Auditor General and the department; and the **LPA** agrees to cooperate fully with any audit conducted by the Auditor General and the **STATE**; and to provide full access to all relevant materials. Failure to maintain the books, records and supporting documents required by this section shall establish a presumption in favor of the **STATE** for the recovery of any funds paid by the **STATE** under the contract for which adequate books, records and supporting documentation are not available to support their purported disbursement.
- (8) To provide if required, for the improvement of any railroad-highway grade crossing and rail crossing protection within the limits of the proposed improvement.
- (9) To comply with Federal requirements or possibly lose (partial or total) Federal participation as determined by the **FHWA**.
- (10) (State Contracts Only) That the method of payment designated on page one will be as follows:
 - Method A - Lump Sum Payment. Upon award of the contract for this improvement, the **LPA** will pay to the **STATE** within thirty (30) calendar days of billing, in lump sum, an amount equal to 80% of the **LPA**'s estimated obligation incurred under this Agreement. The **LPA** will pay to the **STATE** the remainder of the **LPA**'s obligation (including any nonparticipating costs) within thirty (30) calendar days of billing in a lump sum, upon completion of the project based on final costs.
 - Method B - Monthly Payments. Upon award of the contract for this improvement, the **LPA** will pay to the **STATE**, a specified amount each month for an estimated period of months, or until 80% of the **LPA**'s estimated obligation under the provisions of the Agreement has been paid, and will pay to the **STATE** the remainder of the **LPA**'s obligation (including any nonparticipating costs) in a lump sum, upon completion of the project based upon final costs.
 - Method C - Progress Payments. Upon receipt of the contractor's first and subsequent progressive bills for this improvement, the **LPA** will pay to the **STATE** within thirty (30) calendar days of receipt, an amount equal to the **LPA**'s share of the construction cost divided by the estimated total cost, multiplied by the actual payment (appropriately adjusted for nonparticipating costs) made to the contractor until the entire obligation incurred under this Agreement has been paid.Failure to remit the payment(s) in a timely manner as required under Methods A, B, or C, shall allow the **STATE** to internally offset, reduce, or deduct the arrearage from any payment or reimbursement due or about to become due and payable from the **STATE** to **LPA** on this or any other contract. The **STATE**, at its sole option, upon notice to the **LPA**, may place the debt into the Illinois Comptroller's Offset System (15 ILCS 405/10.05) or take such other and further action as may be required to recover the debt.
- (11) (Local Contracts or Day Labor) To provide or cause to be provided all of the initial funding, equipment, labor, material and services necessary to construct the complete project.
- (12) (Preliminary Engineering) In the event that right-of-way acquisition for, or actual construction of, the project for which this preliminary engineering is undertaken with Federal participation is not started by the close of the tenth fiscal year following the fiscal year in which the project is federally authorized, the **LPA** will repay the **STATE** any Federal funds received under the terms of this Agreement.
- (13) (Right-of-Way Acquisition) In the event that the actual construction of the project on this right-of-way is not undertaken by the close of the twentieth fiscal year following the fiscal year in which the project is federally authorized, the **LPA** will repay the **STATE** any Federal Funds received under the terms of this Agreement.

- (14) (Railroad Related Work Only) The estimates and general layout plans for at-grade crossing improvements should be forwarded to the Rail Safety and Project Engineer, Room 204, Illinois Department of Transportation, 2300 South Dirksen Parkway, Springfield, Illinois, 62764. Approval of the estimates and general layout plans should be obtained prior to the commencement of railroad related work. All railroad related work is also subject to approval by the Illinois Commerce Commission (ICC). Final inspection for railroad related work should be coordinated through appropriate IDOT District Bureau of Local Roads and Streets office.
- Plans and preemption times for signal related work that will be interconnected with traffic signals shall be submitted to the ICC for review and approval prior to the commencement of work. Signal related work involving interconnects with state maintained traffic signals should also be coordinated with the IDOT's District Bureau of Operations.
- The **LPA** is responsible for the payment of the railroad related expenses in accordance with the **LPA/railroad** agreement prior to requesting reimbursement from IDOT. Requests for reimbursement should be sent to the appropriate IDOT District Bureau of Local Roads and Streets office.
- Engineer's Payment Estimates shall be in accordance with the Division of Cost on page one.
- (15) And certifies to the best of its knowledge and belief its officials:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, local) with commission of any of the offenses enumerated in item (b) of this certification; and
 - (d) have not within a three-year period preceding the Agreement had one or more public transactions (Federal, State, local) terminated for cause or default.
- (16) To include the certifications, listed in item 15 above, and all other certifications required by State statutes, in every contract, including procurement of materials and leases of equipment.
- (17) (State Contracts) That execution of this agreement constitutes the **LPA's** concurrence in the award of the construction contract to the responsible low bidder as determined by the **STATE**.
- (18) That for agreements exceeding \$100,000 in federal funds, execution of this Agreement constitutes the **LPA's** certification that:
- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement;
 - (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress, in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions;
 - (c) The **LPA** shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
- (19) To regulate parking and traffic in accordance with the approved project report.
- (20) To regulate encroachments on public right-of-way in accordance with current Illinois Compiled Statutes.
- (21) To regulate the discharge of sanitary sewage into any storm water drainage system constructed with this improvement in accordance with current Illinois Compiled Statutes.
- (22) To complete this phase of the project within three (3) years from the date this agreement is approved by the **STATE** if this portion of the project described in the Project Description does not exceed \$1,000,000 (five years if the project costs exceed \$1,000,000).
- (23) To comply with the federal Financial Integrity Review and Evaluation (FIRE) program, which requires States and subrecipients to justify continued federal funding on inactive projects. 23 CFR 630.106(a)(5) defines an inactive project as a project which no expenditures have been charged against Federal funds for the past twelve (12) months.
- To keep projects active, invoicing must occur a minimum of one time within any given twelve (12) month period. However, to ensure adequate processing time, the first invoice shall be submitted to the **STATE** within six (6) months of the federal authorization date. Subsequent invoices will be submitted in intervals not to exceed six (6) months.
- (24) The **LPA** will submit supporting documentation with each request for reimbursement from the **STATE**. Supporting documentation is defined as verification of payment, certified time sheets or summaries, vendor invoices, vendor receipts, cost plus fee invoice, progress report, and personnel and direct cost summaries and other documentation supporting the requested reimbursement amount (Form BLRS 05621 should be used for consultant invoicing purposes). **LPA** invoice requests to the **STATE** will be submitted with sequential invoice numbers by project.

The **LPA** will submit to the **STATE** a complete and detailed final invoice with applicable supporting documentation of all incurred costs, less previous payments, no later than twelve (12) months from the date of completion of this phase of the improvement or from the date of the previous invoice, which ever occurs first. If a final invoice is not received within this time frame, the most recent invoice may be considered the final invoice and the obligation of the funds closed.

- (25) The **LPA** shall provide the final report to the appropriate **STATE** district within twelve months of the physical completion date of the project so that the report may be audited and approved for payment. If the deadline cannot be met, a written explanation must be provided to the district prior to the end of the twelve months documenting the reason and the new anticipated date of completion. If the extended deadline is not met, this process must be repeated until the project is closed. Failure to follow this process may result in the immediate close-out of the project and loss of further funding.
- (26) (Single Audit Requirements) That if the **LPA** expends \$750,000 or more a year in federal financial assistance they shall have an audit made in accordance with 2 CFR 200. **LPAs** expending less than \$750,000 a year shall be exempt from compliance. A copy of the audit report must be submitted to the **STATE** (Office of Finance and Administration, Audit Coordination Section, 2300 South Dirksen Parkway, Springfield, Illinois, 62764), within 30 days after the completion of the audit, but no later than one year after the end of the **LPA's** fiscal year. The CFDA number for all highway planning and construction activities is 20.205.

Federal funds utilized for construction activities on projects let and awarded by the **STATE** (denoted by an "X" in the State Contract field at the top of page 1) are not included in a **LPA's** calculation of federal funds expended by the **LPA** for Single Audit purposes.

- (27) That the **LPA** is required to register with the System for Award Management or SAM (formerly Central Contractor Registration (CCR)), which is a web-enabled government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award and the electronic payment processes. To register or renew, please use the following website: <https://www.sam.gov/portal/public/SAM/#1>.

The **LPA** is also required to obtain a Dun & Bradstreet (D&B) D-U-N-S Number. This is a unique nine digit number required to identify subrecipients of federal funding. A D-U-N-S number can be obtained at the following website: <http://fedgov.dnb.com/webform>.

THE STATE AGREES:

- (1) To provide such guidance, assistance and supervision and to monitor and perform audits to the extent necessary to assure validity of the **LPA's** certification of compliance with Titles II and III requirements.
- (2) (State Contracts) To receive bids for the construction of the proposed improvement when the plans have been approved by the **STATE** (and **FHWA**, if required) and to award a contract for construction of the proposed improvement, after receipt of a satisfactory bid.
- (3) (Day Labor) To authorize the **LPA** to proceed with the construction of the improvement when Agreed Unit Prices are approved, and to reimburse the **LPA** for that portion of the cost payable from Federal and/or State funds based on the Agreed Unit Prices and Engineer's Payment Estimates in accordance with the Division of Cost on page one.
- (4) (Local Contracts) For agreements with Federal and/or State funds in engineering, right-of-way, utility work and/or construction work:
- To reimburse the **LPA** for the Federal and/or State share on the basis of periodic billings, provided said billings contain sufficient cost information and show evidence of payment by the **LPA**;
 - To provide independent assurance sampling, to furnish off-site material inspection and testing at sources normally visited by **STATE** inspectors of steel, cement, aggregate, structural steel and other materials customarily tested by the **STATE**.

IT IS MUTUALLY AGREED:

- (1) Construction of the project will utilize domestic steel as required by Section 106.01 of the current edition of the Standard Specifications for Road and Bridge Construction and federal Buy America provisions.
- (2) That this Agreement and the covenants contained herein shall become null and void in the event that the **FHWA** does not approve the proposed improvement for Federal-aid participation within one (1) year of the date of execution of this Agreement.
- (3) This Agreement shall be binding upon the parties, their successors and assigns.
- (4) For contracts awarded by the **LPA**, the **LPA** shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any USDOT – assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The **LPA** shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of USDOT – assisted contracts. The **LPA's** DBE program, as required by 49 CFR part 26 and as approved by USDOT, is incorporated by reference in this Agreement. Upon notification to the recipient of its failure to carry out its approved program, the **STATE** may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for

enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31U.S.C. 3801 et seq.). In the absence of a USDOT – approved LPA DBE Program or on State awarded contracts, this Agreement shall be administered under the provisions of the STATE's USDOT approved Disadvantaged Business Enterprise Program.

- (5) In cases where the STATE is reimbursing the LPA, obligations of the STATE shall cease immediately without penalty or further payment being required if, in any fiscal year, the Illinois General Assembly or applicable Federal Funding source fails to appropriate or otherwise make available funds for the work contemplated herein.
- (6) All projects for the construction of fixed works which are financed in whole or in part with funds provided by this Agreement and/or amendment shall be subject to the Prevailing Wage Act (820 ILCS 130/0.01 et seq.) unless the provisions of that Act exempt its application.

ADDENDA

Additional information and/or stipulations are hereby attached and identified below as being a part of this Agreement.

Number 1- Location Map, Number 2 – LPA Appropriation Resolution

(Insert Addendum numbers and titles as applicable)

The LPA further agrees, as a condition of payment, that it accepts and will comply with the applicable provisions set forth in this Agreement and all Addenda indicated above.

APPROVED

Local Public Agency

APPROVED

State of Illinois
Department of Transportation

Name of Official (Print or Type Name)

Randall S. Blankenhorn, Secretary Date

Title (County Board Chairperson/Mayor/Village President/etc.)

By: _____
Aaron A. Weatherholt, Deputy Director of Highways Date

(Signature) Date

Omer Osman, Director of Highways/Chief Engineer Date

The above signature certifies the agency's TIN number is _____ conducting business as a Governmental Entity.

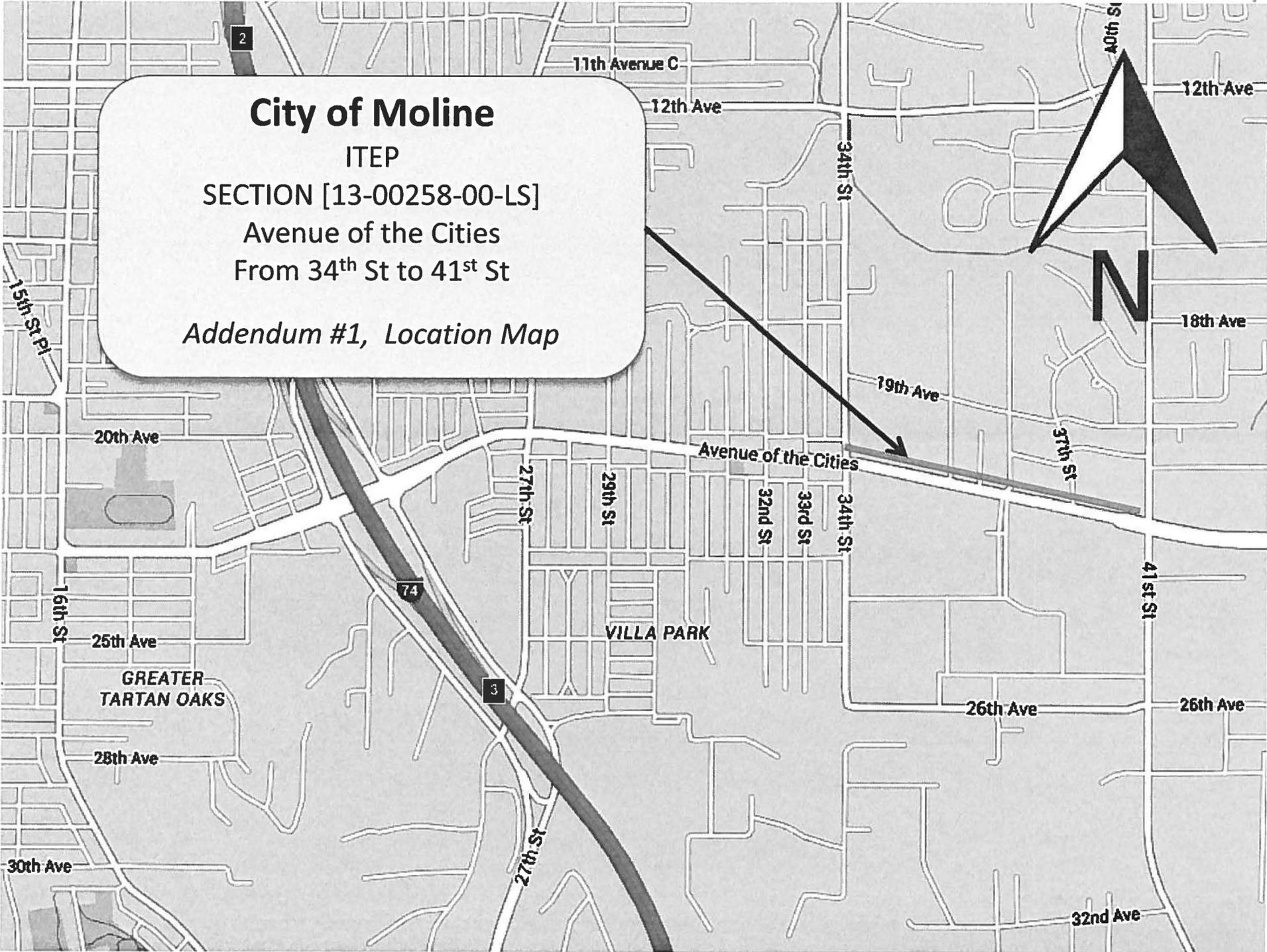
William M. Barnes, Chief Counsel Date

DUNS Number _____

Jeff Heck, Chief Fiscal Officer (CFO) Date

NOTE: If the LPA signature is by an APPOINTED official, a resolution authorizing said appointed official to execute this agreement is required.

City of Moline
ITEP
SECTION [13-00258-00-LS]
Avenue of the Cities
From 34th St to 41st St
Addendum #1, Location Map





BE IT RESOLVED, by the Council of the
City of Moline Illinois
Council or President and Board of Trustees
City, Town or Village

that the following described street(s) be improved under the Illinois Highway Code:

Name of Thoroughfare	Route	From	To
Avenue of the Cities		34 th Street	41 st Street

BE IT FURTHER RESOLVED,

1. That the proposed improvement shall consist of sidewalk and lighting improvements

and shall be constructed _____ wide
and be designated as Section 13-00258-00-LS

2. That there is hereby appropriated the (additional Yes No) sum of four hundred forty four thousand
eight hundred forty nine Dollars (\$444,849.00) for the
improvement of said section from the municipality's allotment of Motor Fuel Tax funds.

3. That work shall be done by contract ; and,
Specify Contract or Day Labor

BE IT FURTHER RESOLVED, that the Clerk is hereby directed to transmit two certified copies of this resolution to the district office of the Department of Transportation.

Approved _____

Date _____

Department of Transportation

Regional Engineer _____

I, Tracy Koranda Clerk in and for the
City of Moline
City, Town or Village
County of Rock Island , hereby certify the
foregoing to be a true, perfect and complete copy of a resolution adopted
by the Council
Council or President and Board of Trustees
at a meeting on _____
Date
IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this
_____ day of _____
(SEAL)

City, Town, or Village Clerk