PUBLIC ACCESS OPINION 17-003
(Request for Review 2017 PAC 46400)

FREEDOM OF INFORMATION ACT:
Financial Terms of Contracts, Billing Invoices, and Budget Documents Related to a Public Body's Use of Public Funds Are Not Exempt under Section 7(1)(g) of FOIA

The Honorable Pam Peabody
City Clerk
City of Taylorville
115 North Main Street
Taylorville, Illinois 62568

The Honorable Bruce J. Barry
President
Taylorville Sanitary District
Post Office Box 498
Taylorville, Illinois 62568

Dear Ms. Peabody and Mr. Barry:

This is a binding opinion issued by the Attorney General pursuant to section 9.5(f) of the Freedom of Information Act (FOIA) (5 ILCS 140/9.5(f) (West 2014)). For the reasons discussed below, this office concludes that the Taylorville Sanitary District (District) violated the requirements of FOIA in connection with Ms. Pam Peabody's December 22, 2016, FOIA request. Specifically, the District: (1) improperly redacted the substantive financial terms of its contracts with Veolia Water North America—Central, LLC (Veolia) for the management, operation, and maintenance of wastewater and related treatment facilities; (2) improperly redacted from monthly invoices the amounts billed pursuant to that contract; and (3) improperly withheld its budget ordinances in their entirities and improperly redacted financial terms from annual budgets submitted by Veolia.
BACKGROUND

On December 22, 2016, Ms. Peabody, in her capacity as the City Clerk of the City of Taylorville (City), submitted a FOIA request to the District seeking "copies of all contracts between the Taylorville Sanitary District and Veolia since 2010 as well as copies of any invoices from Veolia during that same time frame, and copies of the yearly budgets prepared and approved by the Taylorville Sanitary District for the same time period."1 On January 3, 2017, the District furnished copies of 1,470 pages of records to Ms. Peabody together with a bill for $213.00, which indicated that the first 50 pages of the records were provided free of charge.2 On February 14, 2017, the Public Access Bureau received Ms. Peabody's Request for Review complaining that the District improperly redacted most of the information contained in the records.3 Later that same day, this office requested a copy of the District's response letter related to Ms. Peabody's FOIA request. On February 15, 2017, Ms. Peabody responded by stating that the City "only received the invoice for" the copying charges and the 1,470 pages of records;4 her Request for Review indicated that "[t]hey did not completely deny our request they just redacted most of it."5

On February 23, 2017, the Public Access Bureau sent a copy of the Request for Review to the District and asked it to:

please provide unredacted copies of the contracts and five unredacted sample copies of the responsive invoices for this office's confidential review. If any information was redacted from the annual budgets, please also provide unredacted copies of the redacted portions, and identify the specific information that was

1Letter from Pam Peabody, CMC, City Clerk, City of Taylorville, to Bruce Barry, President, Taylorville Sanitary District (December 22, 2016).

2Taylorville Sanitary District, Bill, $213.00 (January 3, 2017).

3E-mail from Pam Peabody to Public Access [Bureau, Office of the Attorney General (February 14, 2017) to which was attached a letter from Pam Peabody, City Clerk, City of Taylorville, to Sarah Pratt, Public Access Counselor, Office of the Attorney General (February 13, 2017).

4E-mail from Pam Peabody to Public Access [Bureau, Office of the Attorney General] (February 15, 2017).

5E-mail from Pam Peabody to Public Access [Bureau, Office of the Attorney General (February 14, 2017) to which was attached a letter from Pam Peabody, City Clerk, City of Taylorville, to Sarah Pratt, Public Access Counselor, Office of the Attorney General (February 13, 2017).
The Honorable Pam Peabody  
The Honorable Bruce J. Barry  
May 26, 2017  
Page 3

redacted. Please also provide a detailed explanation of the District's factual and legal bases for redacting information from the records. In your response, please identify any relevant exemption in section 7 of FOIA (5 ILCS 140/7 (West 2015 Supp.), as amended by Public Act 99-642, effective July 28, 2016), and provide a detailed explanation for its applicability to the redacted information.6

In response, the District provided: (1) an amendment, signed on June 13, 2011, to a May 1, 2008, agreement with Veolia; (2) a copy of a contract with Veolia covering the period of July 1, 2012, to June 30, 2015; (3) a one-year extension of a July 1, 2012, contract between the District and Veolia; (4) an April 7, 2016, letter concerning the one-year extension to the July 1, 2012, contract; (5) four unredacted sample invoices for monthly statements; and (6) a written response asserting that the redacted portions of the records are exempt from disclosure pursuant to section 7(1)(g) of FOIA (5 ILCS 140/7(1)(g) (West 2015 Supp.), as amended by Public Act 99-642, effective July 28, 2016).7 Although the written response indicated that the District was submitting copies of its budgets since 2010,8 this office did not receive the indicated records.

On March 13, 2017, this office forwarded a copy of the District's written response to Ms. Peabody.9 On March 22, 2017, the City Attorney replied on behalf of the City, disputing that any of the redacted information is exempt from disclosure pursuant to section 7(1)(g), and stating that the District's response to the FOIA request "did not include any yearly budgets prepared and approved by the District."10 On March 27, 2017, the City Attorney sent this office copies of the budget records that the District had provided to the City. The provided records appeared to consist of annual budgets prepared by Veolia and submitted to the District for approval during some of the requested periods. No budgets were included for the time period of

---

6Letter from Steve Silverman, Bureau Chief, Public Access Bureau, Office of the Attorney General, to The Honorable Bruce J. Barry, President, Board of Trustees, Taylorville Sanitary District (February 23, 2017), at 1.


9Letter from Steve Silverman, Bureau Chief, Public Access Bureau, Office of the Attorney General, to Pam Peabody, City Clerk, City of Taylorville (March 13, 2017).

May 1, 2011, to June 30, 2013. On March 29, 2017, this office sent the District a letter requesting unredacted copies of those annual budgets that were provided for our confidential review, and clarification of whether the District possessed any budgets for the time period of May 1, 2011, to June 30, 2013. In response, the District furnished copies of its budget ordinances covering the period from May 1, 2009, to April 30, 2017, together with certificates of authenticity. Although these budget ordinances are responsive to Ms. Peabody's request for "yearly budgets prepared and approved by" the District, the District did not explain its basis for withholding them from Ms. Peabody.

On April 5, 2017, this office sent another letter to the District again requesting unredacted copies of the redacted annual budgets that the District had provided in its response to the City, together with a written response clarifying whether the District possessed any such budgets for the time period of May 1, 2011, to June 30, 2013. In a letter dated April 11, 2017, and received by this office on April 19, 2017, the District furnished unredacted copies of the annual budgets provided in response to the FOIA request, as well as an amendment renewing the contract between the District and Veolia that was signed on June 13, 2011, and an agreement between the District and Veolia dated July 1, 2012. The amendment and the agreement had been previously provided to this office. The District did not provide copies of annual budgets prepared by Veolia covering the time period of May 1, 2011, to June 30, 2013, nor did it respond to this office's question concerning whether it possessed such records. The District did, however, submit a brief written response asserting that the records provided to the City were properly redacted for the reasons stated in its previous correspondence to the Public Access Bureau.

---

11Facsimile from Rocci L. Romano, Meyer, Austin & Romano, P.C., to Steve Silverman (March 27, 2017).

12Letter from Steve Silverman, Bureau Chief, Public Access Bureau, Office of the Attorney General, to The Honorable Bruce J. Barry, President, Board of Trustees, Taylorville Sanitary District (March 29, 2017), at 2.


14Letter from Steve Silverman, Bureau Chief, Public Access Bureau, Office of the Attorney General, to The Honorable Bruce J. Barry, President, Board of Trustees, Taylorville Sanitary District (April 5, 2017), at 1.


April 24, 2017, this office forwarded a copy of the District's response to the City Attorney; the City did not reply.

On April 13, 2017, this office properly extended the time within which to issue a binding opinion by 30 business days pursuant to section 9.5(f) of FOIA.18

ANALYSIS

"All records in the custody or possession of a public body are presumed to be open to inspection or copying. Any public body that asserts that a record is exempt from disclosure has the burden of proving by clear and convincing evidence that it is exempt." 5 ILCS 140/1.2 (West 2014). Section 3(a) of FOIA (5 ILCS 140/3(a) (West 2014)) further provides: "Each public body shall make available to any person for inspection or copying all public records, except as otherwise provided in Sections 7 and 8.5 of this Act." The exemptions from disclosure contained in section 7 of FOIA (5 ILCS 140/7 (West 2015 Supp.), as amended by Public Act 99-642, effective July 28, 2016) are to be narrowly construed. See Lieber v. Board of Trustees of Southern Illinois University, 176 Ill. 2d 401, 407 (1997).

Section 9(a) of FOIA

As a threshold matter, section 9(a) of FOIA (5 ILCS 140/9(a) (West 2014)) provides:

Each public body denying a request for public records shall notify the requester in writing of the decision to deny the request, the reasons for the denial, including a detailed factual basis for the application of any exemption claimed, and the names and titles or positions of each person responsible for the denial. Each notice of denial by a public body shall also inform such person of the right to review by the Public Access Counselor and provide the address and phone number for the Public Access Counselor. Each notice of denial shall inform such person of his right to judicial review under Section 11 of this Act.


18Letter from Steve Silverman, Bureau Chief, Public Access Bureau, Office of the Attorney General, to Pam Peabody, City Clerk, City of Taylorville, and The Honorable Bruce J. Barry, President, Board of Trustees, Taylorville Sanitary District (April 13, 2017).
The District's January 3, 2017, response to the FOIA request consisted of redacted copies of records and a bill for those copies. The District did not provide a letter or other communication notifying Ms. Peabody of the partial denial or explaining the factual basis for any exemption under which the records were redacted. The District also did not include the other statutorily required information in a notice of denial. As a result, the District's partial denial of Ms. Peabody's request did not satisfy the requirements of section 9(a) of FOIA.

Section 7(1)(g) of FOIA

Although the District's response to the FOIA request did not provide any reason for redacting or withholding the responsive records, the District's response to this office cited section 7(1)(g) of FOIA, which exempts from disclosure:

Trade secrets and commercial or financial information obtained from a person or business where the trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential, and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business, and only insofar as the claim directly applies to the records requested.

Based on this office's comparison of the unredacted records with the redacted records provided to Ms. Peabody, the District redacted most of the substantive financial terms of the contractual agreements, including but not limited to the annual base fee that the District is required to pay Veolia and information concerning modifications to that fee, as well as indemnity, liability, and insurance provisions. The District also redacted from the invoices the amounts that Veolia billed the District and the payment terms. In addition, the District redacted from the annual budgets submitted by Veolia the proposed monthly amounts and other total amounts to be paid to Veolia, as well as itemized costs of various services and expenses. The budget ordinances that the District withheld in their entireties also contain the costs of the contracts with Veolia and appropriations for all other expenses.

The District's response to this office emphasized that the District's agreement with Veolia "contains a confidentiality clause. The trade secrets, commercial and financial information exchanged between Veolia and the District was and continues to be exchanged pursuant to the Agreement, including the confidentiality provisions, and that is the basis of the
claim the information is proprietary, privileged and confidential." This confidentiality provision, which is excerpted in the District's response, provides, in pertinent part:

[Veolia] or DISTRICT may from time to time disclose to the other party confidential information relating to the services and the terms of this Agreement ("Confidential Information"). Neither party will disclose Confidential Information of the other to any third party, or use such Confidential Information for any purpose other than as specified herein, without the express written consent of the other party. **∗∗∗ Confidential Information will be clearly designated in writing as confidential. Confidential Information does not include information: (a) generally available to or known to the public; (b) previously known to the recipient; (c) independently developed by the recipient outside the scope of this Agreement; (d) lawfully disclosed by a third party; or (e) required to be disclosed by operation of law.**[20] (Emphasis added.)

Neither the sample invoices nor the budget documents reviewed by this office are marked as confidential. Although the terms of the agreement specifically provide for the submission of invoices[21] and annual budgets,[22] they do not designate that information as confidential nor has the District provided this office with any other information from which it could be concluded that the records in question were otherwise designated as confidential or furnished under a claim that they are privileged or proprietary. On that basis alone, the District has not sustained its burden of demonstrating by clear and convincing evidence that the records are exempt from disclosure pursuant to section 7(1)(g) of FOIA.

Even assuming that Veolia furnished the records to the District under a claim that they are proprietary, privileged, or confidential, section 7(1)(g) does not provide a valid basis for denying Ms. Peabody's request. The provision quoted above, upon which the District based its assertion of section 7(1)(g), expressly excludes information "required to be disclosed by

---


operation of law[ ]" from the prohibition upon the disclosure of "Confidential Information" by the District. Article VIII, section 1(c) of the Illinois Constitution of 1970 provides that "[r]eports and records of the obligation, receipt and use of public funds of the State, units of local government and school districts are public records available for inspection by the public according to law." Section 2.5 of FOIA (5 Ill. CS 140/2.5 (West 2014)) correspondingly provides that "[a]ll records relating to the obligation, receipt, and use of public funds of the State, units of local government, and school districts are public records subject to inspection and copying by the public." The information at issue directly relates to the use of public funds by the District, which is a unit of local government.

Therefore, even assuming, for the sake of argument, that the contracts, invoices, and budget documents in question constituted trade secrets or commercial or financial information furnished under a claim of confidentiality for purposes of section 7(1)(g) of FOIA, the more specific disclosure requirements of section 2.5 of FOIA would prevail:

When a general statutory provision and a more specific one relate to the same subject, we will presume that the legislature intended the more specific statute to govern. [Citation.] We will also presume that the legislature intended the more recent provision to control. Abruzzo v. City of Park Ridge, 231 Ill. 2d 324, 346 (2008).

Section 2.5 relates to a single category of records, those concerning the obligation, receipt and use of public funds, whereas "trade secrets and commercial or financial information obtained from a person or business where the trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential" could include a number of categories of information. See Ill. Att'y Gen. Pub. Acc. Op. No. 14-005, issued June 30, 2014, at 8 (concluding that article VIII, section 1(c) of the Illinois Constitution of 1970 and section 2.5 of FOIA required disclosure of the financial terms of a private management company's contract to operate the Illinois Lottery, which were redacted under section 7(1)(g) of FOIA: "Simply put, entities that contract to perform services for a governmental agency do not enjoy the same ability to withhold information that they do with respect to their private contracts.").

Because section 2.5 of FOIA and article VIII, section 1(c) of the Illinois Constitution of 1970 require disclosure of the records relating to the use of public funds and because the confidentiality provision upon which the District relies expressly excludes records that are required to be disclosed by law from the nondisclosure requirement, the confidentiality provision is inapplicable to the invoices and contract and budget records that directly relate to the District's use of public funds. Accordingly, this office concludes that the District has not
sustained its burden of demonstrating that the records are exempt from disclosure pursuant to section 7(1)(g) of FOIA.\textsuperscript{23}

**FINDINGS AND CONCLUSIONS**

After full examination and giving due consideration to the available information, the Public Access Counselor's review, and the applicable law, the Attorney General finds that:

1) On December 22, 2016, Ms. Pam Peabody, in her capacity as the City Clerk of the City of Taylorville, submitted a FOIA request to the Taylorville Sanitary District seeking "copies of all contracts between the Taylorville Sanitary District and Veolia since 2010 as well as copies of any invoices from Veolia during that same time frame, and copies of the yearly budgets prepared and approved by the Taylorville Sanitary District for the same time period."

2) On January 3, 2017, the District furnished copies of 1,470 pages of records together with a bill for $213.00, which indicated that the first 50 pages of the records were provided free of charge. The District redacted most of the substantive financial information in the records but did not include a partial denial letter or other correspondence setting forth the reasons for redacting the financial information.

3) On February 14, 2017, the Public Access Bureau received Ms. Peabody's Request for Review complaining that the District had improperly redacted most of the information from the records she received.

4) On February 23, 2017, the Public Access Bureau sent a copy of the Request for Review to the District and asked it to provide unredacted copies of the contracts and unredacted copies of five of the responsive invoices as a sample for this office's confidential review. If any information was redacted from the annual budgets, this office asked the District to provide unredacted copies and identify the specific information that was redacted. In addition, this office asked the District to provide a detailed explanation of the District's factual and legal bases for redacting information from the records.

\textsuperscript{23}It is also presumed in construing statutes that the legislature intended the more recent statutory provision to control. *Abruzzo v. City of Park Ridge*, 231 Ill. 2d 324, 346 (2008). Section 2.5 of FOIA was enacted by Public Act 96-542, effective January 1, 2010. That legislation also amended the language of section 7(1)(g) by narrowing its scope to the current version of the exemption. The original version of FOIA, enacted by Public Act 83-1013, effective July 1, 1984, contained an exemption for "[t]rade secrets and commercial or financial information obtained from a person or business where such trade secrets or information are proprietary, privileged or confidential, or where disclosure of such trade secrets or information may cause competitive harm." Ill. Rev. Stat. 1985, ch. 116, par. 207(g). Section 2.5 of FOIA is, therefore, the later expression of the General Assembly's intent.
5) On March 9, 2017, this office received from the District a copy of: (1) an amendment, dated June 13, 2011, to its May 1, 2008, agreement with Veolia; (2) a copy of a contract between the District and Veolia covering the period of July 1, 2012, to June 30, 2015; (3) a one-year extension of the July 1, 2012, contract between the District and Veolia; (4) an April 7, 2016, letter concerning the one-year extension of the July 1, 2012, contract; (5) unredacted sample invoices for monthly statements; and (6) a written response asserting that the redacted portions of the records are exempt from disclosure pursuant to section 7(1)(g) of FOIA.

6) On March 13, 2017, this office forwarded a copy of the District's response to Ms. Peabody. On March 22, 2017, the City Attorney replied on behalf of the City by disputing that any of the redacted information is exempt from disclosure pursuant to section 7(1)(g) and by stating that the District's response to the FOIA request did not include any yearly budgets prepared and approved by the District.

7) On March 27, 2017, the City Attorney provided this office with copies of the budget records that the District produced in response to the FOIA request, which appeared to consist of a number of annual budgets prepared by Veolia and submitted to the District for approval. This did not include budgets for the time period of May 1, 2011, to June 30, 2013. On March 29, 2017, this office sent the District a letter requesting unredacted copies of the annual budgets provided to the District and clarification of whether the District possessed any budget materials for the time period of May 1, 2011, to June 30, 2013.

8) With a letter dated March 31, 2017, the District furnished this office with copies of other records responsive to Ms. Peabody's FOIA request. Specifically, the District provided copies of budget ordinances covering the period from May 1, 2009, to April 30, 2016. Although these budget ordinances are responsive to Ms. Peabody's request for "yearly budgets prepared and approved by" the District, the District did not provide a reason for withholding them.

9) On April 5, 2017, this office sent a third letter to the District requesting unredacted copies of the annual budgets that were provided with redactions in the District's response to the City, together with a written response clarifying whether the District possessed any such budgets for the time period of May 1, 2011, to June 30, 2013. In a letter dated April 11, 2017, the District furnished this office with copies of the annual budgets provided in response to the FOIA request; the District did not provide copies of any annual budgets prepared by Veolia covering the time period of May 1, 2011, to June 30, 2013, or respond to this office's request for clarification of whether it possessed such records, although it did submit a brief written response asserting that the records provided to the City were properly redacted for the reasons stated in its previous correspondence to the Public Access Bureau.
10) On April 24, 2017, this office forwarded a copy of that response to the City Attorney; he did not reply.

11) Pursuant to section 9.5(f) of FOIA, on April 13, 2017, this office properly extended the time within which to issue a binding opinion by 30 business days, to May 26, 2017. Therefore, the Attorney General may issue a binding opinion with respect to this matter.

12) The District did not provide Ms. Peabody with a partial denial letter setting out a detailed factual basis for its redaction or withholding of records, or the other information required by section 9(a) of FOIA when a public body denies a request in whole or in part. The District's failure to provide that information violated section 9(a) of FOIA.

13) Section 7(1)(g) of FOIA, which the District has subsequently cited as its basis for redacting or withholding the records in question, exempts from disclosure "[t]rade secrets and commercial or financial information obtained from a person or business where the trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential, and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business, and only insofar as the claim directly applies to the records requested."

14) The District asserts that the information at issue is confidential under a confidentiality provision of its agreement with Veolia. That agreement, however, expressly requires confidential information to "be clearly designated in writing as confidential." None of the information at issue is marked as confidential. Further, the District has not identified another basis for the assertion that the information is proprietary, privileged, or confidential.

15) In addition, the plain language of the confidentiality provision upon which the District relies does not apply to information that is "required to be disclosed by operation of law."

16) Article VIII, section 1(c) of the Illinois Constitution of 1970 provides that "[r]eports and records of the obligation, receipt and use of public funds of the State, units of local government and school districts are public records available for inspection by the public according to law." Section 2.5 of FOIA correspondingly provides that "[a]ll records relating to the obligation, receipt, and use of public funds of the State, units of local government, and school districts are public records subject to inspection and copying by the public."

17) Because the records in question directly relate to the District's use of public
funds, those records are required to be disclosed under section 2.5 of FOIA and article VIII, section 1(c) of the Illinois Constitution of 1970. Consequently, the confidentiality provision upon which the District based its assertion of section 7(1)(g) is expressly inapplicable.

Therefore, it is the opinion of the Attorney General that the District's response to Ms. Peabody's Freedom of Information Act request violated the requirements of FOIA. Accordingly, the District is directed to take immediate and appropriate action to comply with this opinion by disclosing to Ms. Peabody unredacted copies of the redacted records that were provided to her, as well as unredacted copies of the budget ordinances that the District provided to this office. In addition, if Veolia submitted any annual budgets to the District covering the time period of May 1, 2011, to June 30, 2013, those records also are responsive to Ms. Peabody's request and must be provided to her.

This opinion shall be considered a final decision of an administrative agency for the purposes of administrative review under the Administrative Review Law. 735 ILCS 5/3-101 et seq. (West 2014). An aggrieved party may obtain judicial review of the decision by filing a complaint for administrative review in the Circuit Court of Cook or Sangamon County within 35 days of the date of this decision naming the Attorney General of Illinois and Ms. Pam Peabody as defendants. See 5 ILCS 140/11.5 (West 2014).

Very truly yours,

LISA MADIGAN
ATTORNEY GENERAL

By:

Michael J. Luke
Counsel to the Attorney General
CERTIFICATE OF SERVICE

Sarah L. Pratt, Public Access Counselor, hereby certifies that she has served a copy of the foregoing Binding Opinion (Public Access Opinion 17-003) upon:

The Honorable Pam Peabody
City Clerk
City of Taylorville
115 North Main Street
Taylorville, Illinois 62568
cityclerk@taylorville.net

The Honorable Bruce J. Barry
President
Taylorville Sanitary District
Post Office Box 498
Taylorville, Illinois 62568
via facsimile (217) 287-2113

by causing a true copy thereof to be sent electronically or by facsimile to the addresses as listed above and by causing to be mailed a true copy thereof in correctly addressed, prepaid envelopes to be deposited in the United States mail at Springfield, Illinois on May 26, 2017.

SARAH L. PRATT
Public Access Counselor

SARAH L. PRATT
Public Access Counselor
500 South Second Street
Springfield, Illinois 62706
(217) 785-5526