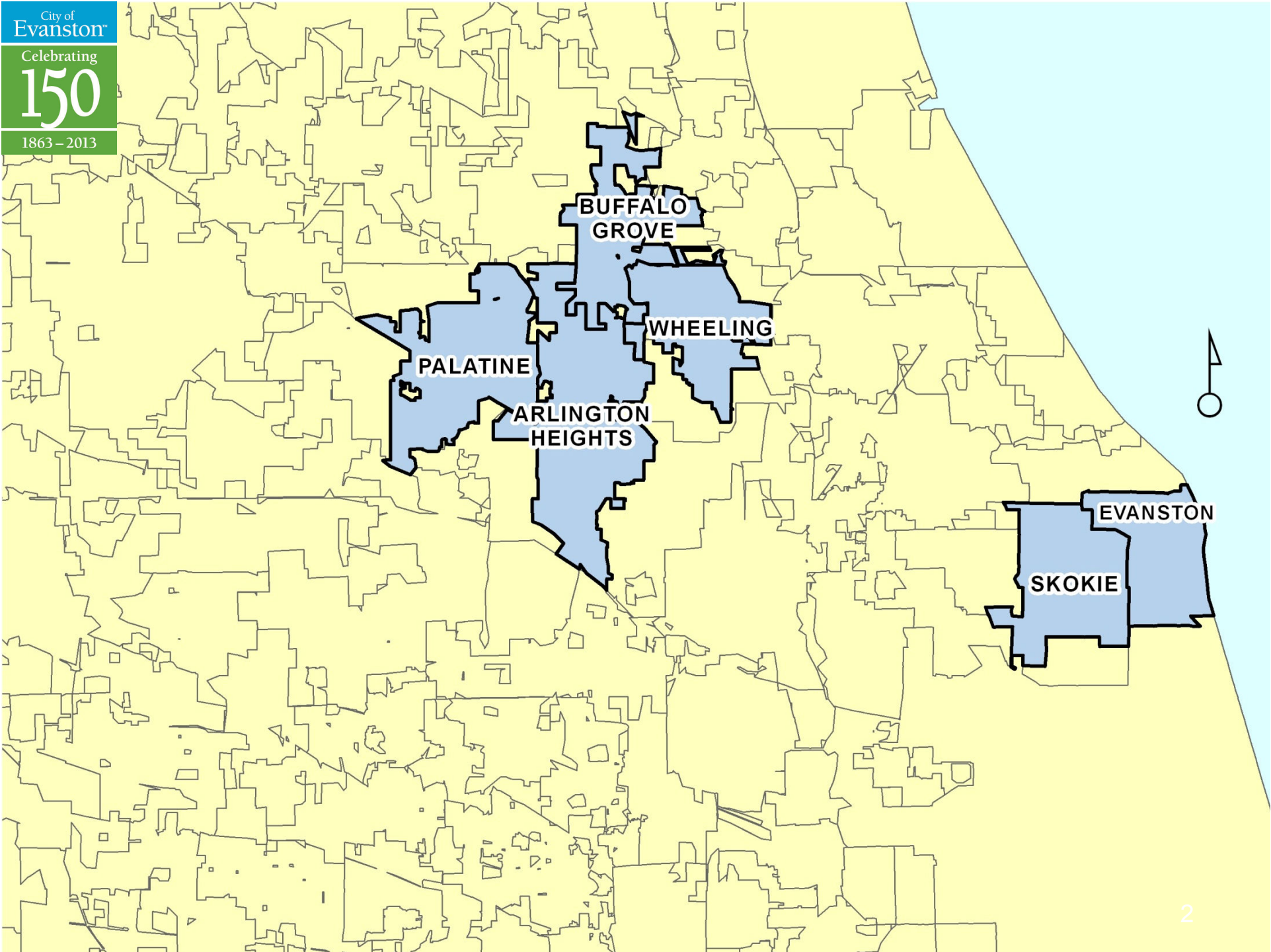


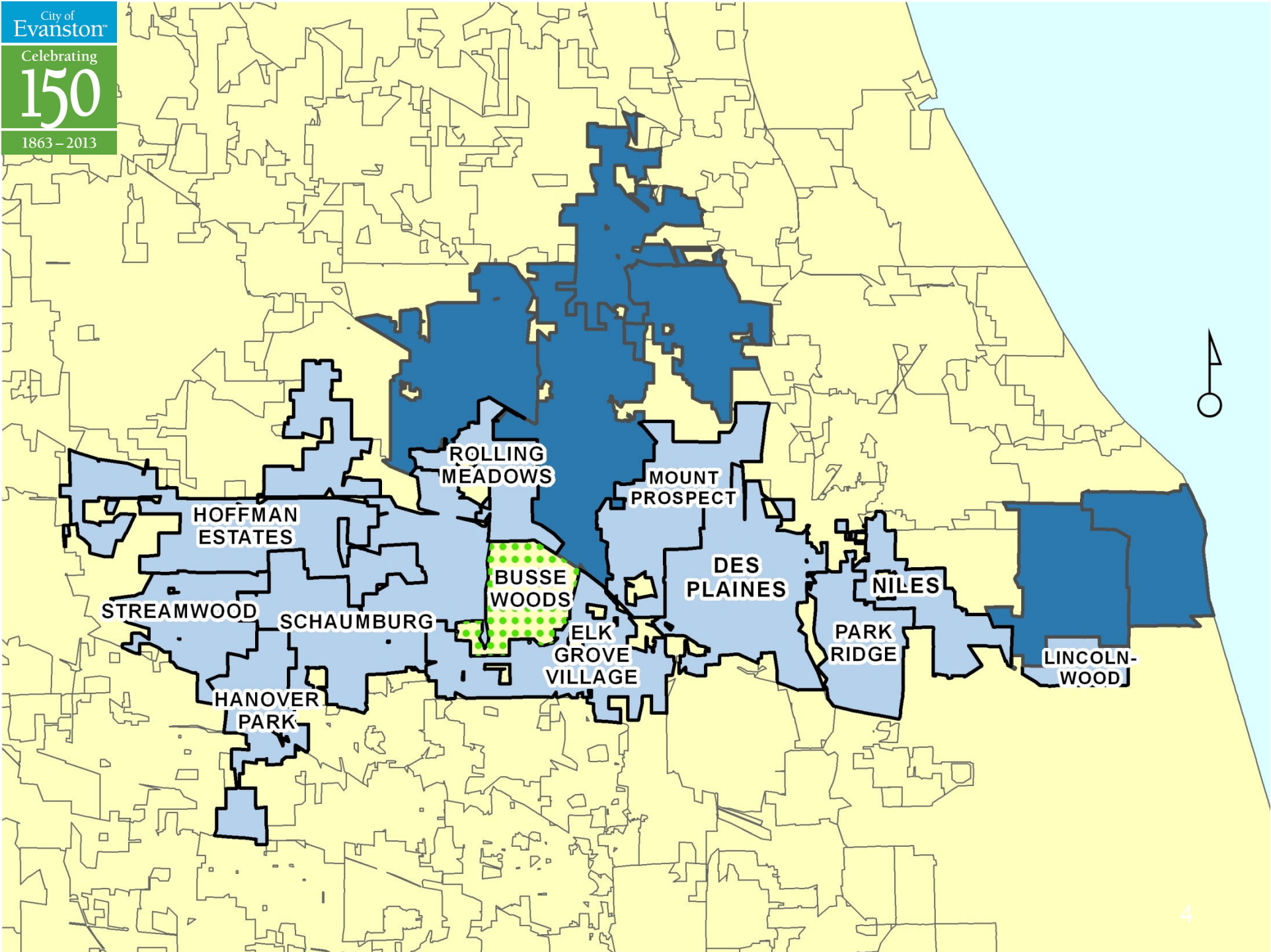
UPDATE ON WHOLESALE WATER SALES

Presentation to the City Council
February 11, 2013



UPDATE ON WHOLESALE WATER SALES

- Memoranda of Understanding – signed April 2012
 - Northwest Water Commission
 - Northwest Suburban Municipal JAWA
 - City of Des Plaines
 - Village of Lincolnwood
 - Village of Niles
 - City of Park Ridge

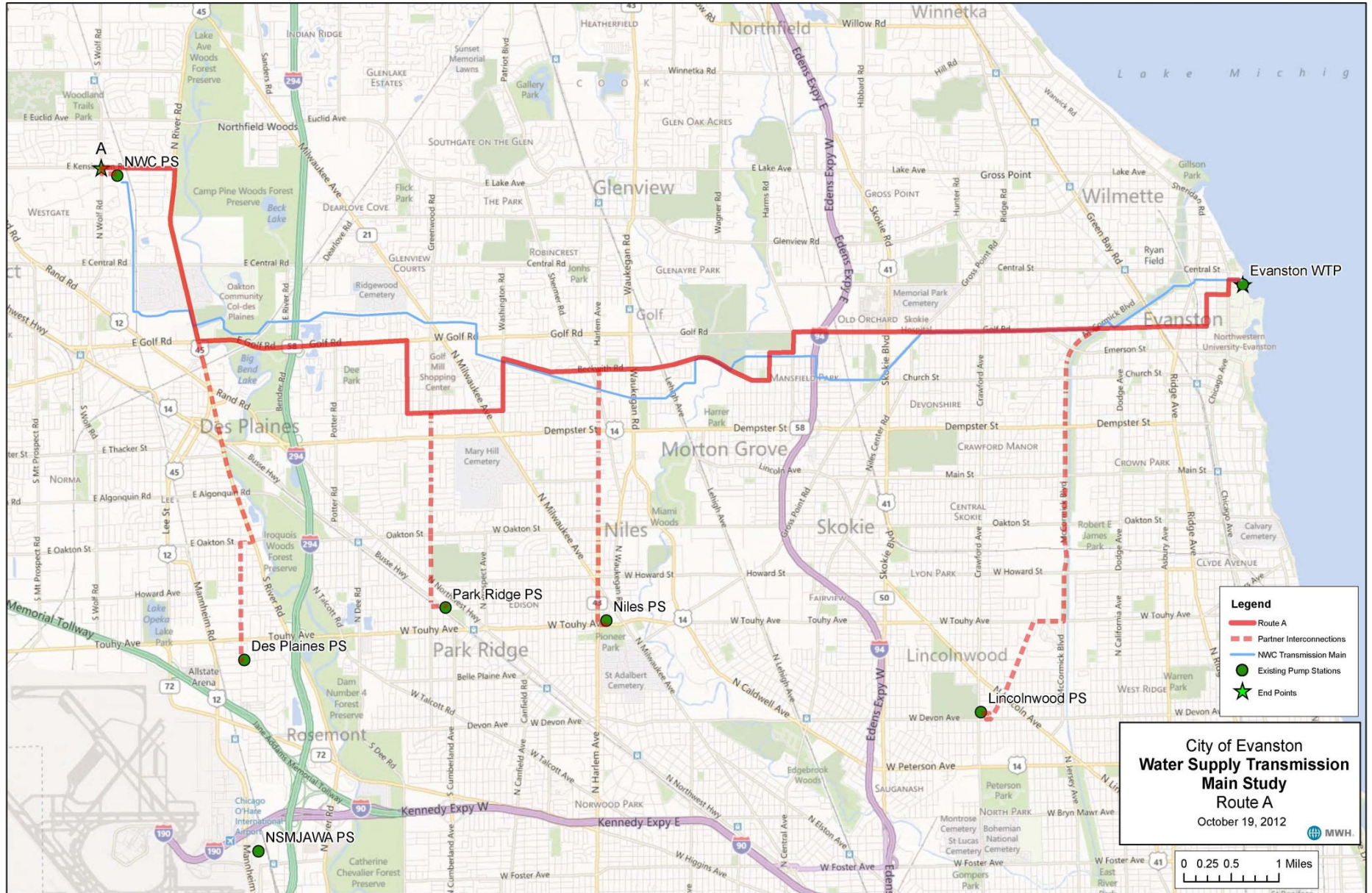


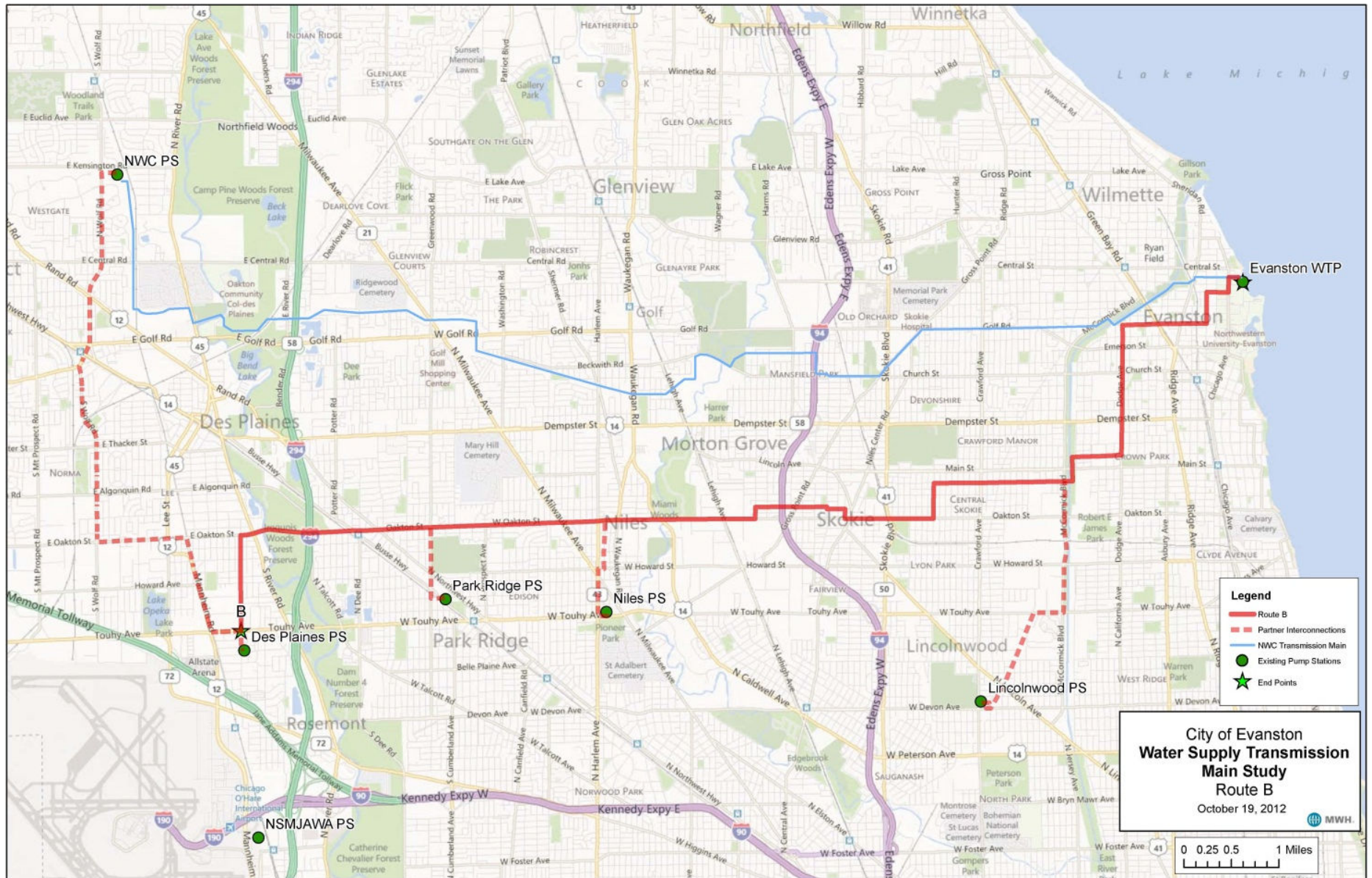
UPDATE ON WHOLESAL WATER SALES

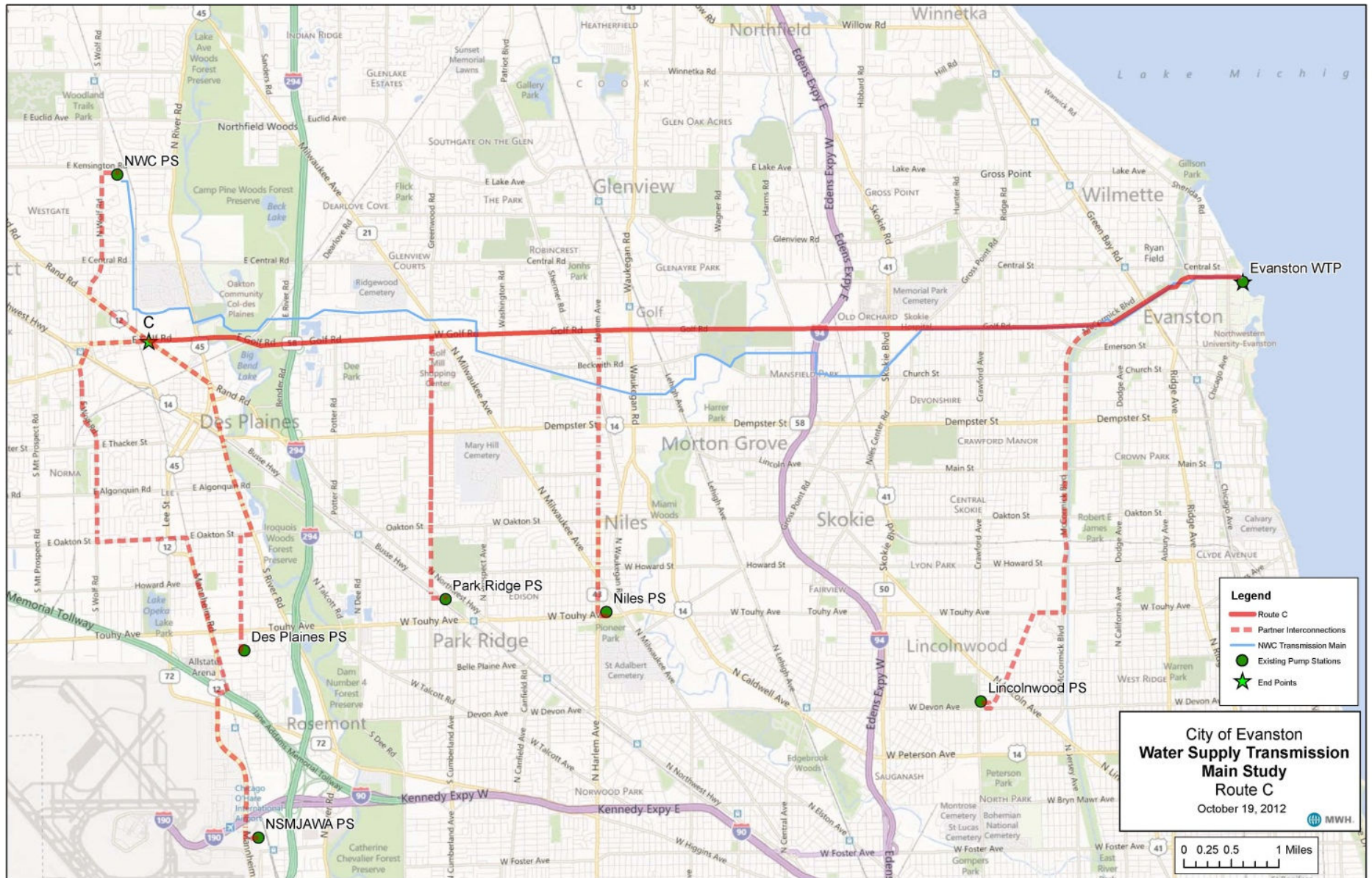
- Contracted with MWH for Transmission Main Study
- Completed the Transmission Main Study in December 2012
 - www.cityofevanston.org/utilities/wholesale-water-sales/

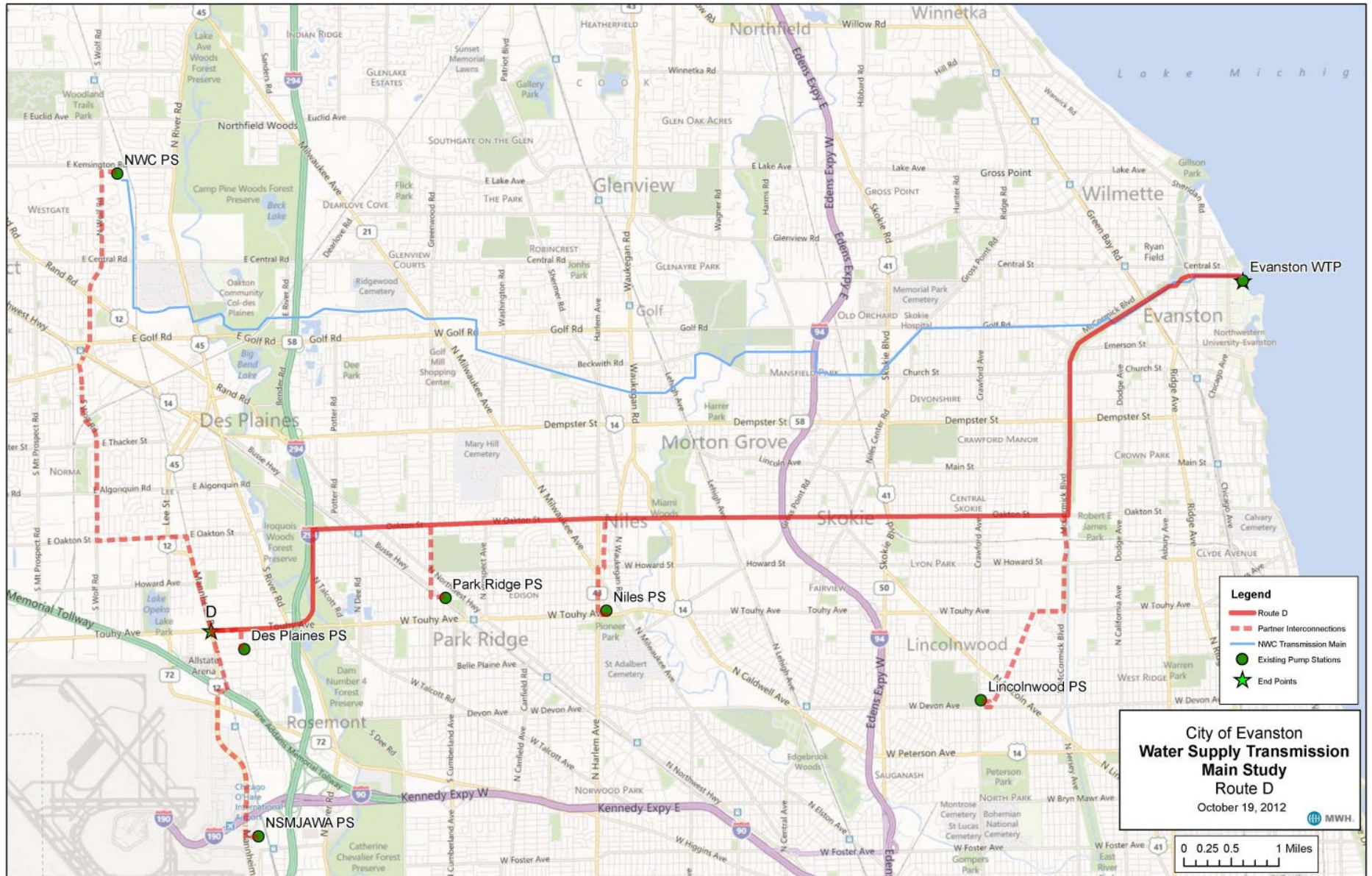
Transmission Main Study Objectives

- Investigated Four Routes
 - North Alignment vs. South Alignment
 - Open-cut Excavation vs. Tunneling
- Established water supply demands for each partner
- Obtained cost estimates for each route
- Allocated costs to the different partners









Transmission Main Responsibility

- At this time, it is assumed that the cost for constructing the transmission main will be borne by the partners that elect to participate.

Partner Water Supply Demands

Partner	Design Demand (MGD)
Lincolnwood	4.4
Niles	9.3
Park Ridge	9.1
Des Plaines	15.0
Northwest Water Commission	26.0 / 80.0
NSMJAWA	78.1

Total Cost Estimate

(including Contingency and Engineering Costs)

Item	Route A North Open Cut	Route B South Open Cut	Route C North Tunnel	Route D South Tunnel
Transmission Main	\$169,011,400	\$157,589,000	\$233,553,600	\$263,816,000
Lincolnwood Connection	\$ 17,836,500	\$ 11,224,000	\$ 17,836,500	\$ 8,314,500
Niles Connection	\$ 13,167,500	\$ 5,313,000	\$ 14,547,500	\$ 5,336,000
Park Ridge Connection	\$ 13,052,500	\$ 5,324,500	\$ 15,536,500	\$ 5,324,500
Des Plaines Connection	\$ 19,872,000	\$ 1,345,500	\$ 20,895,500	\$ 3,082,000
NWC Connection	\$ 2,311,500	\$ 47,713,500	\$ 48,817,500	\$130,881,500
NSMJAWA Connection	N/A	N/A	\$135,907,000	\$ 54,786,000
TOTAL	\$235,251,400	\$228,509,500	\$487,094,100	\$471,540,500

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Allocation of Costs to the Partners

Partner	Route A North Open Cut	Route B South Open Cut	Route C North Tunnel	Route D South Tunnel
Lincolnwood	1.1%	2.2%	0.3%	0.7%
Niles	9.2%	11.1%	3.0%	3.2%
Park Ridge	11.7%	12.9%	3.6%	3.8%
Des Plaines	25.4%	27.0%	8.1%	8.0%
NWC	52.6%	46.8%	43.0%	42.7%
NSMJAWA	N/A	N/A	42.0%	41.7%
TOTAL	100.0%	100.0%	100.0%	100.0%

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TOTAL	100.0%	100.0%	100.0%	100.0%

Costs for Partners per 1000/gal

Partner	Route A North Open Cut	Route B South Open Cut	Route C North Tunnel	Route D South Tunnel
Lincolnwood	\$1.85	\$1.37	\$1.75	\$0.94
Niles	\$1.25	\$0.99	\$0.94	\$0.60
Park Ridge	\$1.46	\$1.13	\$1.07	\$0.68
Des Plaines	\$1.70	\$1.18	\$1.08	\$0.65
NWC	\$0.91	\$1.22	\$1.50	\$2.46
NSMJAWA	N/A	N/A	\$1.22	\$0.85

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NSMJAWA	N/A	N/A	\$1.22	\$0.85

Water Treatment Facility Expansion - Capacity

- Existing facility rated at 108 mgd
- Currently investigating costs to expand treatment plant to meet the demands so that Evanston can determine the cost to supply water to the new customers
- 132 mgd – can still use current rapid sand filters
- 214 mgd – need to replace half of the filters with membrane filtration units

Water Treatment Facility Expansion - Funding

- The cost to expand the water treatment facility is proposed to be funded by water revenue bonds sold by Evanston
- There is no determination of appropriate rates as of yet, and preliminary information and data regarding rates is still incomplete.

Water Treatment Facility Expansion - Funding

- Appropriate rates will be charged to the new wholesale water customers to recover the capital cost of the treatment facility expansion, as well as operational and maintenance costs
- Rates are subject to final determination and action by the City Council

Proposed Rate Structure

- American Water Works Association (AWWA)
- Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices (M1)
- Two Parts
 - Demand Charge
 - Quantity Charge

Proposed Rate Structure

AWWA M1

- Part One - Demand Charge
 - Fair Value Rate Base
 - Original Cost (less depreciation) Rate Base (OCLD)
 - Reproduction Cost (less depreciation) New Rate Base (RCLD)
 - 50 / 50 % split
 - 8% return on rate
 - Depreciation Charge
 - Loss in value of facilities, not restored by current maintenance, that occurs due to wear and tear, decay and obsolescence.

Proposed Rate Structure

AWWA M1

- Part Two – Quantity Charge
 - A payment based on the quantity of water delivered
 - A rate based on an appropriate share of the operating costs

Conclusion / Next Steps

- Lincolnwood separate contract
- Resolve if NWC is going to move forward
- Resolve if NSMJAWA is going to move forward
- Based on NSMJAWA decision, open discussions with other municipalities

UPDATE ON WHOLESALE WATER SALES

Questions?