



UPDATE ON WHOLESALE WATER SALES

Presentation to the City Council
July 21, 2014



Existing Wholesale Customers

- Skokie
 - Wholesale customer since 1944
 - Current contract runs through February 28, 2017
 - Current wholesale water rate is \$1.02 per thousand gallons



Existing Wholesale Customers

- Northwest Water Commission
 - Under discussions to add new customers:
 - Des Plaines
 - Lake Zurich
 - Long Grove Village
 - NWC and Northwest Suburban Municipal JAWA partnering on study for new Lake Michigan water treatment facility
 - NWC will continue to purchase as much water as possible from Evanston because of low rate



New Wholesale Customers Lincolnwood

- Evanston gave Lincolnwood “best and final offer” in December 2013
- Lincolnwood is starting negotiations again



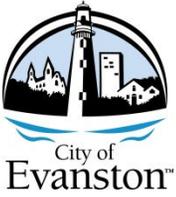
New Wholesale Customers Morton Grove, Niles, Park Ridge

- Ideally, three municipalities would join together to share cost of constructing water transmission main to new wholesale supplier
- Two options for new wholesale supplier:
 - Evanston – can serve all three towns with existing capacity
 - Wilmette/Glenview – can only serve Morton Grove and Niles



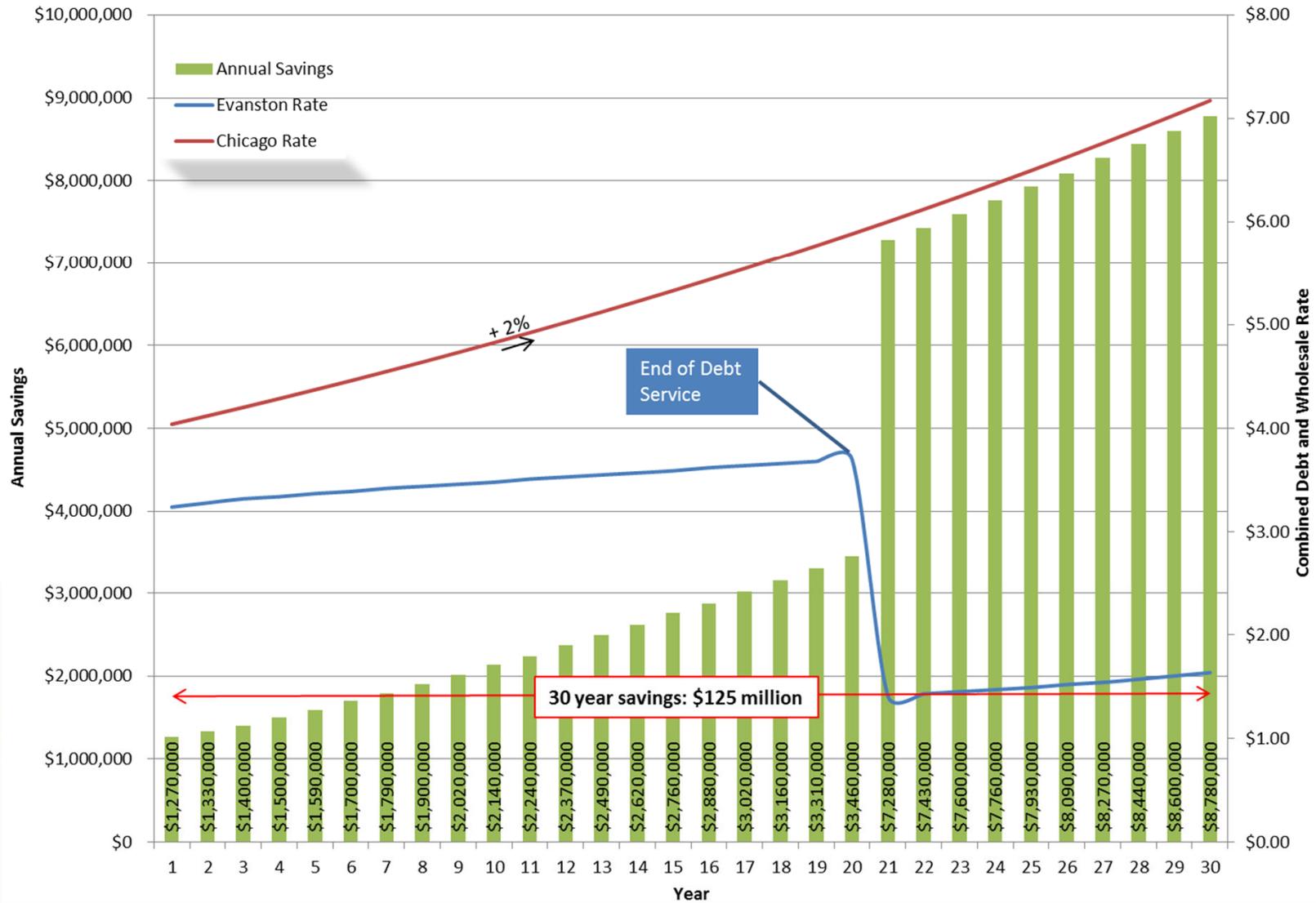
New Wholesale Customers Morton Grove, Niles, Park Ridge

Projected Cost Savings for Year 1			
Supplier	Morton Grove	Niles	Park Ridge
Wilmette/Glenview	\$ 450,000	\$ 374,000	--
Evanston (Morton Grove & Niles)	\$ 627,000	\$ 291,000	--
Evanston (MG, Niles & Park Ridge)	\$1,450,000	\$1,450,000	\$1,274,000



Projected Cost Savings Example – Park Ridge

Chicago/Evanston Water Cost Comparison - City of Park Ridge





Projected Rate Comparison for Evanston and Wilmette/Glenview

Projected Water Wholesale Rates (in \$/1,000 gallons)

Year	Evanston	Wilmette/Glenview
2018	\$ 0.92	\$ 2.56
2027	\$ 1.16	\$ 3.06
2037	\$ 1.38	\$ 3.73
2047	\$ 1.63	\$ 4.55

Note: Does not include cost of debt service for transmission main



Estimated Capital Costs Morton Grove, Niles, Park Ridge

Projected Capital Costs for Transmission Main				
Supplier	Morton Grove	Niles	Park Ridge	Total
Wilmette/Glenview	\$15.1 M	\$23.4 M	--	\$ 38.5 M
Evanston (Morton Grove & Niles)	\$36.2 M	\$56.1 M	--	\$ 92.3 M
Evanston (MG, Niles & Park Ridge)	\$25.0 M	\$40.4 M	\$49.9 M	\$115.3 M



Concerns with Wilmette/Glenview Cost Analysis and Water Supply

- Wilmette/Glenview estimated capital costs does not include all of the necessary costs
- W/G rates do not include long-term capital improvement costs to maintain facilities
- Reliability concerns with Wilmette water supply
 - Can not meet peak day demands for all proposed customers
 - Has not resolved winter icing issues



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Questions?