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

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Morton Grove</th>
<th>Niles</th>
<th>Park Ridge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilmette/Glenview</td>
<td>$450,000</td>
<td>$374,000</td>
<td>--</td>
</tr>
<tr>
<td>Evanston (Morton Grove &amp; Niles)</td>
<td>$627,000</td>
<td>$291,000</td>
<td>--</td>
</tr>
<tr>
<td>Evanston (MG, Niles &amp; Park Ridge)</td>
<td>$1,450,000</td>
<td>$1,450,000</td>
<td>$1,274,000</td>
</tr>
</tbody>
</table>
Projected Cost Savings
Example – Park Ridge

Chicago/Evanston Water Cost Comparison - City of Park Ridge

- Annual Savings
- Evanston Rate
- Chicago Rate

End of Debt Service

30 year savings: $125 million
## Projected Rate Comparison for Evanston and Wilmette/Glenview

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Evanston</th>
<th>Wilmette/Glenview</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 0.92</td>
<td>$ 2.56</td>
</tr>
<tr>
<td>2027</td>
<td>$ 1.16</td>
<td>$ 3.06</td>
</tr>
<tr>
<td>2037</td>
<td>$ 1.38</td>
<td>$ 3.73</td>
</tr>
<tr>
<td>2047</td>
<td>$ 1.63</td>
<td>$ 4.55</td>
</tr>
</tbody>
</table>

Note: Does not include cost of debt service for transmission main
## Estimated Capital Costs
Morton Grove, Niles, Park Ridge

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Morton Grove</th>
<th>Niles</th>
<th>Park Ridge</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilmette/Glenview</td>
<td>$15.1 M</td>
<td>$23.4 M</td>
<td>--</td>
<td>$ 38.5 M</td>
</tr>
<tr>
<td>Evanston</td>
<td>$36.2 M</td>
<td>$56.1 M</td>
<td>--</td>
<td>$ 92.3 M</td>
</tr>
<tr>
<td>(Morton Grove &amp; Niles)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evanston</td>
<td>$25.0 M</td>
<td>$40.4 M</td>
<td>$49.9 M</td>
<td>$115.3 M</td>
</tr>
<tr>
<td>(MG, Niles &amp; Park Ridge)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
Questions?