

**VILLAGE OF LINCOLNWOOD
PRESIDENT AND BOARD OF TRUSTEES
SPECIAL MEETING
VILLAGE HALL COUNCIL CHAMBERS
JULY 23, 2018**

Call to Order

President Bass called the regular meeting of the Lincolnwood Board of Trustees to order at 8:33 AM Monday, July 23, 2018, in the Council Chambers of the Municipal Complex at 6900 N. Lincoln Avenue, Village of Lincolnwood, County of Cook, and State of Illinois.

Pledge to the Flag

The Corporate Authorities and all persons in attendance recited the Pledge of Allegiance.

Roll Call

On roll call by Village Deputy Clerk Ashley Engelmann the following were:

PRESENT: President Bass, Trustees Sugarman, Spino, Hlepas Nickell (via telephone), Ikezoe-Halevi and Patel

ABSENT: Trustee Cope

A quorum was present.

Also present: Village Manager Tim Wiberg, Assistant Village Manager Ashley Engelmann, Assistant to the Village Manager Charles Meyer, Heather McFarland, Management Analyst; Robert Merkel, Finance Director; Peter Friedman, Village Attorney; Andrew Letson, Public Works Director; Nadim Badran, Assistant to the Public Works Director

Regular Business

1. Consideration of a Resolution Approving an Agreement with the City of Evanston for the purchase of Potable Water

This item was presented by Andrew Letson, Public Works Director via PowerPoint presentation. Mr. Letson stated that the Village currently purchases water from the City of Chicago. Since 2008, Chicago has increased the wholesale water rate by \$2.61 per 1,000 gallons which is nearly a 200% increase. In response to the rate increases the Village began evaluating alternative water suppliers.

Several potential alternative water suppliers were examined. They included Evanston, Skokie and Wilmette. After an extensive review it was determined that purchasing water from Evanston was the most cost effective approach. On August 15, 2017 the Village Board directed staff to negotiate a contract with the City of Evanston and to begin a route study to determine the best route for a water transmission main to supply water from Evanston to Lincolnwood.

The contract that was negotiated is based on the American Water Works Association M1 Manual, which is an industry standard. The rate is calculated based on their operating costs and the value of their infrastructure impacted by the Village's water use. The rate is broken into three categories: operations and maintenance, depreciation and return on rate.

Mr. Letson described the location of the transmission main as well as the water mains in Evanston that will be serving Lincolnwood at a connection point at Oakton Street.

The wholesale rate is divided into three categories: operation and maintenance (\$0.40), depreciation (\$0.15) and return on rate (\$1.05) for a total rate of \$1.60 (year 2020 rate).

Evanston has provided a guaranteed rate for 2020 which is \$1.60 per 1,000 gallons, while the projected rates for 2021 and 2022 are \$1.63 and \$1.82. The increases are anticipated to be approximately 2% annually.

A true up process will occur annually based on Evanston's Comprehensive Annual Financial Report and each community's actual use. Rate increases are based on actual increases in operational costs or the value of physical assets. Rate smoothing will also occur. Increases are capped at 4% per year. Increases greater than 4% will be spread out over future years.

Staff estimates a savings of \$500,000-\$600,000 annually compared to the cost of purchasing water from Chicago. Those savings take into account the debt service that will have to be paid annually for the infrastructure necessary to make the connection with Evanston.

The contract is a 39 year agreement with automatic renewals every 10 years. Lincolnwood must provide a five year notice if intending to cancel the agreement. Evanston will construct a transmission main from their southwest water tower to the delivery point. Evanston will be responsible for maintaining that portion of the main.

Evanston will provide water to Lincolnwood at 40-50 psi. Lincolnwood will control the pressure within the Village's system.

Lincolnwood will be able to exit the agreement if the cost of the transmission main makes the project infeasible.

Language is also included that allows the Village to exit the agreement if we are unable to agree to an emergency interconnect with the City of Chicago.

Attorney Friedman noted that there are several out clauses in the agreement. Evanston has agreed to a termination right up until December 31 of this year in the event that the Village is unable to negotiate an agreement with Chicago that is consistent with our receipt of water and purchase of water from Evanston.

Trustee Patel noted that the reason for the timing of a Special Meeting is due to the fact that there are other agencies that we are involved with that we need to work with and the timing did not allow for it to be discussed previously. He also noted that the Village is looking to obtain the City of Chicago as a back-up supplier. The Village currently has an emergency connection with the Village of Skokie; however they receive water from the City of Evanston so we don't want to have a redundant back-up.

Mayor Bass stated that is why we are being prudent and cautions and involving Legal Counsel to balance the situation so it most benefits the Village of Lincolnwood.

Mayor Bass asked for a motion to approve the agreement.

Trustee Hlepas Nickell noted the importance of the emergency interconnect out clause and absence that it would not be a smart move. She thanked Village Counsel for following up on the matter.

Trustee Patel moved to approve the Resolution, seconded by Trustee Spino.

Upon Roll Call the results were:

AYES: Trustees Sugarman, Spino, Hlepas Nickell (via telephone), Ikezoe-Halevi and Patel

NAYS: None

The motion passed

Public Forum

Mr. Glen Wherfel stated that he is very excited about the project. He is interested in the connection process. He noted that he was interested in the standpipe component. When he was a Trustee he championed the need for a standpipe. He asked for clarity on the pressure provided to us from Evanston and then to the residents. He wanted to ensure that the Village's current infrastructure can support the PSI. He would like to encourage users of Lake Michigan to respect the lake as a source of water.

Trustee Patel noted that part of this project will create a savings that will allow the Village to begin replacing the aging infrastructure in the Village.

Mayor Bass noted that an Ad Hoc Infrastructure Committee worked hard over the last 90 days to create a plan, subject to economic conditions to replace aging infrastructure.

Mr. Mark Yohanna asked why this action required a special meeting.

Mayor Bass stated that we have a contract renewal coming up with the City of Chicago. The Village is trying to balance the timing as well as new terms from Chicago that could affect the savings with the City of Evanston, a balance between contract terms and an emergency water source. Information was coming in day-by-day.

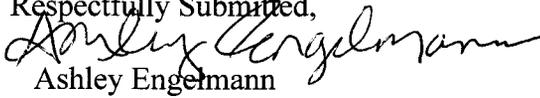
Mr. Friedman noted that it was also important to take action to lock down the rates provided by Evanston.

Mr. Wiberg also noted that we only have one meeting in July and August and Evanston has been holding this rate for over a year.

Adjournment

At 8:50 AM Trustee Patel moved to adjourn the Regular Meeting, seconded by Trustee Spino. The motion passed with a Voice Vote.

Respectfully Submitted,



Ashley Engelmann
Deputy Village Clerk