

**WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF EVANSTON AND
THE VILLAGE OF MORTON GROVE AND
THE VILLAGE OF NILES**

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Background

The City of Evanston (“Evanston”) is the owner and operator of a water intake, filtration, treatment and pumping plant (the “Water Plant”) located at 555 Lincoln Street, Evanston, Illinois. The Water Plant is on the shore of Lake Michigan and Evanston draws water from Lake Michigan for Evanston’s drinkable water, firefighting and fire protection needs for its community, and for distribution and resale to its customers (“Evanston Water Utility”). The Village of Morton Grove (“Morton Grove”) and the Village of Niles (“Niles”) (collectively, “MG-N”) want to purchase drinkable Lake Michigan water from the Evanston Water Utility for the uses specifically allowed by this Agreement, including but not limited to, distribution and sale to customers of the Morton Grove and Niles water systems, respectively.

1. Parties

1.01 Parties

The parties to this Water Supply Agreement (“Agreement”) are Evanston, Morton Grove, and Niles, who are at times referred to in this Agreement as a “Party” or collectively as the “Parties”.

2. Initial Term of Agreement; Extended Term; Service Year; Fiscal Year

2.01. Initial Term

Because of the significant financial commitment and debt obligations that MG-N is making and incurring to expand its respective water systems to connect to the Evanston Water Utility under the terms of this Agreement, the Initial Term (“Initial Term”) shall commence on the Effective Date of this Agreement (as defined in Section 19.16 (Effective Date)) and shall end at 11:59 p.m. on December 31, thirty nine (39) years after the Effective Date of this Agreement.

2.02 Extended Term

The Initial Term of this Agreement shall be extended for up to two (2) consecutive terms (generally referred to as an “Extended Term” or specifically referred to as the “First Extended Term” and the “Second Extended Term”) in the sole discretion of MG-N, upon written notice by MG-N delivered to Evanston in writing not less than five (5) years prior to the termination date of the then-existing Term. The First Extended Term and the Second Extended Term will each be ten (10) years in length, unless MG-N delivers notice of its intention to not extend the Initial

Term or any Extended Term of this Agreement. If MG-N elects to extend this Agreement for the Second Extended Term, then this Agreement shall renew automatically at the end of the Second Extended Term at ten (10) year intervals thereafter, unless either Party conveys written notice of its intention to terminate this Agreement not less than five (5) years prior to the termination date of the then-existing Term.

2.03 Service Year; Fiscal Year

Each Service Year (“Service Year”) under this Agreement will be the time period of January 1st to December 31st. Each Fiscal Year (“Fiscal Year”) under this Agreement will be the time period of January 1st to December 31st.

3. Water Defined

3.01 Water Defined

In this Agreement, Water means Lake Michigan water that is safe for human consumption (i.e. drinkable water) and that meets or exceeds the requirements of any current or successor federal, state of Illinois, or local agency or governmental authority having jurisdiction over the operation of public water supplies. Evanston shall supply water that is like kind and quality with that supplied by Evanston to its other customers. Whether “water” is capitalized in this Agreement or not, it shall have the meaning set forth in this Section.

4. Commencement of Obligation to Deliver and Receive Water

4.01 MG-N Notice to Evanston to Proceed with Preliminary Project Phase Work

Not more than thirty (30) calendar days after MG-N awards the corridor and route study relative to identifying the optimum MG-N water transmission route from the Point of Delivery (defined in Section 6.01 (Water System Definitions and Related Terms) between the Evanston Connection Facilities and the MG-N Water System, MG-N shall deliver to Evanston in writing a notice to proceed on preliminary design of the Evanston Connection Facilities.

4.02 MG-N Notice to Evanston to Proceed with Final Engineering Design

Not more than thirty (30) calendar days after MG-N awards the final engineering design work for the MG-N Water System, MG-N shall deliver to Evanston in writing a notice to proceed on final engineering design of the Evanston Connection Facilities.

4.03 MG-N Notice to Evanston to Proceed with Construction

Not more than thirty (30) calendar days after MG-N awards the first construction contract relative to the construction of the MG-N Water System, MG-N shall deliver to Evanston in writing a notice to proceed on construction of the Evanston Connection Facilities.

4.04 Delivery Date

Evanston shall deliver water to MG-N, or to Morton Grove or to Niles on a date mutually agreed by the Parties, but no later than one hundred and twenty (120) calendar days of receiving written notice from MG-N (or Morton Grove or Niles) that MG-N (or Morton Grove or Niles) is ready to receive water.

4.05 MG-N Payment for Water; Water During Construction

Except for water usage during construction and testing of the Project improvements, MG-N shall not be responsible to pay for any water charges under this Agreement until the improvements and construction at the Point of Delivery, are completed, and until Evanston delivers water to MG-N or Morton Grove or Niles for resale to its customers. During the construction and testing of the improvements at the Point of Delivery, Evanston will charge MG-N for its water usage at the water rates and charges identified in Section 4.07 (Water Rate Payable to Evanston in Service Years 2018, 2019 and 2020) of this Agreement.

4.06 Phased Water Delivery to Morton Grove and Niles

Due to separate, existing water supply contract obligations of Morton Grove and Niles with the City of Chicago, Morton Grove may elect, by sending written notice pursuant to Section 4.04 (Delivery Date) to receive water under this Agreement before Niles receives water from Evanston. If Morton Grove elects to receive water under this Agreement before Niles, all water charges incurred by Morton Grove shall be due and owing to Evanston solely from Morton Grove, not Niles. If Niles elects to receive water from Evanston before Morton Grove, then the notice and payment obligations set forth in the preceding sentences applicable to Morton Grove shall apply to Niles. From and after the date that both Morton Grove and Niles are receiving water under this Agreement, the water charges shall be the responsibility of MG-N.

4.07 Water Rate Payable to Evanston in Service Years 2018, 2019, and 2020

The Parties agree that the identification of the total equivalent water rate payable to Evanston per 1,000 gallons supplied to MG-N in Service Years 2018, 2019, and 2020 will be as follows:

Service Year	MG-N Not to Exceed Rate	Morton Grove Only Not to Exceed Rate	Niles Only Not to Exceed Rate
2018	\$ 0.78	\$ 0.84	\$ 0.85
2019	\$ 0.81	\$ 0.86	\$ 0.87
2020	\$ 0.94	\$ 1.01	\$ 1.01

The above rates may be adjusted down based on final rate calculations as provided for in Section 5 (Rate). The rate charged to MG-N for water sold for construction and testing shall also use the above table. No True Up will be calculated for water sold for construction and testing purposes. Except for water sold to MG-N for construction and testing, if the actual rate incurred at any time during Service Years 2018, 2019, or 2020 is different than the scheduled rate set forth in this Section, a “True-Up” calculation, in accordance with Section 5.08 (True-Up) will be completed no later than thirty (30) days after the Evanston Comprehensive Annual Financial Report (“CAFR”) applicable to that Service Year is completed. The Parties attached as **Group Exhibit “A”** to this Agreement an illustrative example of the “True-Up” process, including an identification of the formula and its components that will be used in performing the “True-Up” calculation. Any credit due to MG-N or Morton Grove or Niles will be allocated to that Party according to the process outlined in Section 5.08 (True-Up) of this Agreement. All water charges otherwise required to be paid under Section 4.06 (Phased Water Delivery to Morton Grove and Niles) will be payable by MG-N, or Niles, or Morton Grove, as the case may be.

4.08 Water Rate Payable to Evanston in Service Years 2021 and Thereafter

The Parties agree that the identification of the total equivalent water rate payable to Evanston per 1,000 gallons supplied to MG-N in Service Years 2021 and thereafter will be calculated in accordance with Section 5 (Rate) below.

4.09 Rate Equity Parameters

Unless otherwise agreed to by the Parties, the water rate charged to any new wholesale water customers who have a total IDNR water allocation **less than one hundred and fifty percent (150%)** of the total IDNR water allocation of MG-N shall be calculated based on terms that are

not more favorable than the water rate formula set forth in Section 5.03 (Return on Rate Base), Section 5.04 (Depreciation Charge), and Section 5.05 (Quantity Charge).

5. Rate

5.01 Ratemaking Principles and Policies

The Parties agree that the definitions, policies and principles described in the AWWA M-1, the "Principles of Water Rates, Fees and Charges published by the American Water Works Association, Sixth Edition", as amended, may be used as a reference guide for the Parties under this Agreement. However, in the event of a conflict or inconsistency between any provision or term of the AWWA M-1 and this Agreement, the provision or term of this Agreement shall govern.

5.02 Billing and Payments

Evanston shall submit all water bills to MG-N on a monthly basis. MG-N shall pay all amounts due to Evanston pursuant to this Agreement in accordance with the Local Government Prompt Payment Act, 50 ILCS 505/1 et seq. ("LGPPA"). The water bills shall be itemized with sufficient detail to inform MG-N that the charges and fees set forth in each monthly bill conform to the agreed-upon rates and cost components set forth in this Agreement. If payment is not made within the required thirty (30) calendar day period, Evanston will charge MG-N a penalty for late payment of water bills in accordance with the interest penalty provision contained in Section 4 of the LGPPA (50 ILCS 505/4). No other penalty can be assessed against MG-N for late payments of water bills, except for Evanston's optional right to terminate this Agreement for nonpayment as provided for in Section 18.01 (Termination by Evanston). Evanston's termination option is subject to the right of MG-N to resolve any late payment within the applicable cure period. The billing structure will conform to the rates and components identified and defined below:

- Demand Charge: A fixed monthly payment consisting of (i) one-twelfth (1/12th) of the Annual Return on the Fair Value Rate Base as determined in accordance with Section 5.03 (Return on Rate Base) and (ii) a Depreciation Charge determined in accordance with Section 5.04 (Depreciation Charge).

- Quantity Charge: A payment based on the quantity of water delivered through the metering point(s) to MG-N's water system multiplied by the Quantity Rate determined in accordance with the provisions of Section 5.05 (Quantity Charge).

5.03 Return on Rate Base

The "Rate Base" consists of those components of Evanston's Water Utility relating to assets in the Source of Supply, Pumping Plant, Treatment Plant, Water Plant and Transmission locations (the "Evanston Water Utility Components"). These Water Utility Components in service as of December 31, 2015, are identified in the "Evanston Water Utility Components Sheet" which is part of attached **Group Exhibit "B"** (Example of Rate Calculation for MG-N Water Rate for Service Year 2017 Based on Evanston Audited Information for Fiscal Year 2015) to this Agreement. The Parties to this Agreement understand and acknowledge that these Evanston Water Utility Components will adjust annually as of the end of each Fiscal Year to reflect additions to, and retirements of, Evanston Water Utility Components. The Parties to this Agreement understand and acknowledge that these Evanston Water Utility Components may adjust between the Effective Date of this Agreement and the date of delivery of water. Evanston shall be included as a component of the Evanston Water Utility for purposes of asset allocation and rate making related to asset allocation only for MG-N.

- Original Cost Rate Base: The components of the Rate Base valued at the original cost to Evanston of the acquisition, engineering, construction and installation of the assets of the Water Utility as identified in the most recently available Evanston Comprehensive Annual Financial Report ("Evanston CAFR"), minus accrued depreciation as of the end of the Fiscal Year used as a basis for determining Water Charges under this Agreement.

- Reproduction Cost New Rate Base: The components of Rate Base valued initially in the most recently available Evanston CAFR prior to the commencement of delivery of water under this Agreement. Reproduction Cost New Rate Base will be recalculated as of the end of each succeeding fifth Fiscal Year, starting in 2020, reflecting components then properly allocated to the Rate Base pursuant to this Agreement. The recalculation of the Reproduction Cost New Rate Base will utilize the most current valuation of the Evanston Water Utility, as identified by a reputable qualified consulting engineering firm experienced in water works valuation hired by Evanston. Accrued depreciation identified by the engineering firm's valuation study, plus

accrued depreciation which occurred from the date of the valuation to the end of the applicable Fiscal Year of the rate determination, will be deducted from the reproduction cost new of the plant in service at the end of the Fiscal Year.

- Fair Value Rate Base: This will be calculated initially in the most recently available Evanston CAFR prior to the commencement of delivery of water under this Agreement. The Fair Value Rate Base will be recalculated as of the end of each succeeding fifth Fiscal Year, starting in 2020, and will consist of the sum of **fifty percent (50%) of the original Cost Rate plus fifty percent (50%)** of the Reproduction Cost Rate Base as of the calculation date. The Fair Value Rate Base will be subject to annual adjustment as of the end of the Fiscal Year between Fair Value Rate Base recalculations to reflect additions to and retirements of Water Utility assets contained in the Rate Base during the Fiscal Year. The next verification of the elements of the Fair Value Rate Base will be performed by Burns and McDonnell in 2020 (or its successor entity selected by Evanston, as the case may be), and then once every five (5) calendar years thereafter. Additions will be valued at their original cost until recalculation of the Fair Value Rate Base, at which time such additions will be valued in the same manner as the Fair Value Rate Base. Retirements will be valued at their fair value as reflected in the last previous Fair Value Rate Base computation.

- Annual Return on Rate Base: The Annual Return on Rate Base will be multiplied **nine and one half percent (9.5%)** on the MG-N share of the Fair Value Rate Base identified in the most recently available Evanston CAFR, and otherwise conform to the cost of service principles identified in Section 5.01 (General Principles and Policies). The MG-N share of the Fair Value Rate Base will be determined by allocating to MG-N a portion of such Fair Value Rate Base, as adjusted and recalculated from time to time as provided by this Agreement. This adjustment will be based upon the ratio of each Evanston Water Utility customer allocation, which includes the City of Evanston's allocation, compared to the total allocation of all Evanston Water Utility customers established by order of the Illinois Department of Natural Resources ("IDNR") during the Fiscal Year.

5.04 Depreciation Charge

These charges will be calculated as of the end of each Fiscal Year following commencement of the delivery of water to MG-N and will consist of one-twelfth (1/12th) of an annual depreciation charge, calculated by applying the depreciation rates utilized by Evanston identified in **Group Exhibit "C" (Depreciation Rates)** to this Agreement, to the original cost of the depreciable Water Utility asset defined in Section 5.03 (Return on Rate Base) in service contained in the Fair Value Rate Base allocated to MG-N. As of the date when any depreciable Water Utility asset will be placed in service or any depreciable Water Utility asset in the Fair Value Rate Base is retired from service, charges of depreciation to MG-N will be correspondingly adjusted as of the end of the Fiscal Year in which the addition or retirement took place.

5.05 Quantity Charge

MG-N will pay Evanston a Quantity Charge based upon a Quantity Rate equal to MG-N's share of the "Operating Costs" per 1,000 gallons of water delivered to the Point of Delivery. The "Operating Costs" to be included in determining the Quantity Rate are the costs assigned to the functions of Administration, Pumping, Filtration, and Distribution, identified in the Evanston CAFR of the Evanston Water Fund described in **Group Exhibit "B"** attached to this Agreement. The Operating Costs applicable to water deliveries during the Service Year will be determined based on the results of operation of the Evanston Water Utility, as audited by independent certified public accountants selected by Evanston, as reviewed by MG-N. The total Quantity Charge will be adjusted at the end of each Service Year to reflect the actual, total Quantity Charge owed to Evanston based on the Fiscal Year Operating Costs finally determined by the latest annual audit performed by the current Evanston independent certified public accountant as defined in Section 5.08 (True Up). In determining the Quantity Rate, Operating Costs will be allocated to MG-N based upon the ratio of its Average Day Demand identified in Section 7 (Water Supply; Allocation; Distribution) of this Agreement supplied by the Evanston Water Utility, to the aggregate of the Average Day Demand of all Evanston Water Utility, MG-N and other customers or users of the Evanston Water Utility system during the Fiscal Year. The Quantity Rate will not include any portion of any costs included in computing the Fair Value Rate Base, Annual Return on Rate Base or Depreciation Charge.

5.06 Demand Charge and Quantity Charge Smoothing

- **Demand Charge Cap.** Upon completion of the Clearwell Project immediately south of the Evanston Water Utility, and upon completion of the Intake Replacement Project, but not later than the end of year 2022, any increase and decrease in any Evanston Water Utility Asset shall not increase the total rate charged to MG-N by more than **four percent (4%)** per year until the entire cost of the Evanston Water Utility Asset has been recovered by either Party compared to the cost change that would have occurred if the Evanston Water Utility Asset change was not smoothed. No cap or smoothing will be calculated due to the change in total customers utilizing the Evanston Water Utility. Any increased capital costs associated exclusively with the acquisition of new customers by Evanston will not be included in the rate calculation for MG-N. MG-N's rate shall not be increased as a result of the acquisition of new Evanston customers. Evanston may accelerate the replacement of assets assigned to MG-N, as needed, to add a new Evanston customer or may add new assets beneficial to MG-N, provided that the new rate for MG-N is equal to or less than the then-current MG-N rate.

- **Quantity Charge Cap.** The Parties agree to cap the annual increase of the labor costs portion of the Operating Costs that are used to determine the Quantity Rate based on the actual, annual aggregate cost increase (if any), **if Evanston labor costs increase more than 4% in any given year.** When Evanston labor costs increase by more than 4% any given year, the labor costs portion of the Operating Costs shall be capped based on the average of the annual percentage increases of labor costs for public works employees of Evanston, Morton Grove and Niles (e.g., Evanston increase (4.4%) plus Morton Grove increase (4.0%) plus Niles increase (4.14%) divided by three equals a 4.167% capped increase).

5.07 MG-N Audit Rights

Not more than once per year, MG-N shall have the right to audit all parts of the water charges, and the components thereof, as well as any other fees, charges, or assessments provided for in this Agreement. MG-N's right to audit includes, but is not limited to, the Demand Charge, the Quantity Rate, the Quantity Charge, the Rate Base and the Depreciation Charge, as well as any other components of the water charges. Evanston shall reasonably cooperate with requests by MG-N and its auditors regarding reasonable requests for documents and information needed to

complete the audit related to the rights and obligations of the Parties under this Agreement. Each Party is responsible for its respective costs of the audit.

5.08 True-Up

At the end of each Service Year and subject to Section 5.07 (MG-N Audit Rights), there will be a final Quantity Charge or credit issued by Evanston to MG-N to adjust the total Quantity Rate calculated by utilizing the latest available Fiscal Year audited Operating Costs. Any adjustments to the water charges, and the components thereof, as well as any other fees, charges, or assessments provided for in this Agreement, that require additional payment to Evanston by MG-N or any credit to MG-N by Evanston shall be calculated as part of this annual True-Up process. The Parties have attached as **Group Exhibit "A"** to this Agreement, illustrative examples of the "True-Up" process. After the True-Up process and any dispute resolution process are completed, this final charge or credit shall be paid by the responsible Party within thirty (30) calendar days of the issuance of the invoice or credit by separate payment or as otherwise mutually agreed to in writing by the Parties.

6. Water System Definitions

6.01 Water System Definitions and Related Terms

In this Agreement, the following definitions apply:

- Evanston Clearwell Project: The replacement of the 5.0 MG treated water storage facility located on the south side of Lincoln Street opposite the water treatment plant (See, **Group Exhibit "B"**, #203 of the Treatment Plant asset list).
- Evanston Connection Facility: Evanston control valve, delivery meter, piping and other components necessary to supply water to MG-N that will be housed in an underground vault near the intersection of McCormick Boulevard and Emerson Street and owned by Evanston and included as a transmission component in the rate base.
- Evanston Facilities Adjustments: Modifications to the Evanston distribution system near the intersection of McCormick Boulevard and Emerson Street necessary to construct the Evanston Connection Facility and continue delivery of water to the Village of Skokie.

- Evanston Intake Replacement Project: The replacement of Evanston's 36" and 42" diameter intake(s) and all appurtenances thereto (See **Group Exhibit "B"**, #9 and #13 in the Source of Supply asset list).
- Evanston Water Utility: The assets in the Source of Supply, Pumping Plant, Treatment Plant, Water Plant and Transmission locations in service as of December 31, 2015, and identified in **Group Exhibit "B"** to this Agreement, which components may adjust annually as of the end of each Fiscal Year to reflect additions to, and retirements of, Water Utility components.
- Morton Grove Water System: The infrastructure that makes up the Morton Grove Water System, including but not limited to, the water treatment, pumping, storage, distribution and delivery system, pump stations, transmission and distribution mains, valves, meters, and connection facilities.
- Niles Water System: The infrastructure that makes up the Niles Water System, including but not limited to, the water treatment, pumping, storage, distribution and delivery system, pump stations, transmission and distribution mains, valves, meters, and connection facilities.
- MG-N Water System: The infrastructure that makes up a shared waterworks system that extends from the Point of Delivery to the Morton Grove Water System and the Niles Water System, including the MG-N connection facilities.
- Point of Delivery: The point of connection of the MG-N Water System and the Evanston Connection Facility adjacent to the underground vault near the intersection of McCormick Boulevard and Emerson Street.
- Project: The construction of the Evanston Connection Facilities, the Evanston Facilities Adjustments, the MG-N Water System, and all related and necessary improvements made to the Evanston Water Utility, the Morton Grove Water System, and the Niles Water System, as provided for in this Agreement.
- To the extent a word or term is used in this Agreement that is not defined herein, the first source of interpretation of the word or term shall be its definition in the AWWA M-1

Manual or other AWWA publication pertaining to water transmission and distribution facilities (if defined therein), then any applicable federal or state laws (e.g., Clean Water Act) and then the common definition found in the most recent edition of any mutually agreed upon nationally published dictionary (e.g., Webster's Dictionary or Merriman's Dictionary).

7. Water Supply; Allocation; Distribution

7.01 Water Supply, Sale and Purchase; Allocation

Evanston will sell and deliver to MG-N the full water requirements of the MG-N Water System, except as otherwise set forth in this Agreement. MG-N will purchase all of the water it receives from Evanston in accordance with this Agreement.

Morton Grove, Niles and MG-N, and their successor entities, are each responsible to obtain and maintain a water allocation from the Illinois Department of Natural Resources ("IDNR"). In this Agreement, Average Day Demand ("ADD") means the IDNR water allocations established in November 2011 for Morton Grove and Niles. In this Agreement, Maximum Flow Rate ("MFR") means the rate of flow that Evanston is required to provide at the Point of Delivery.

The Maximum Flow Rate to Morton Grove and Niles is based on the Year 2030 IDNR water allocation assigned to Morton Grove and Niles multiplied by a 1.65 peaking factor.

- Illustrative formula for calculating the MFR for Morton Grove and Niles: Morton Grove Year 2030 IDNR water allocation = 3.880 x 1.65 = 6.402 Million Gallons Per Day ("MGD") MFR.
- Niles Year 2030 IDNR water allocation = 5.146 x 1.65 = 8.491 MGD MFR.
- Total Maximum Flow Rate at Point of Delivery by Evanston to MG-N throughout the Term of this Agreement shall be 14.893 MGD MFR.

7.02 Emergency Connections

This Agreement will not prohibit Morton Grove, Niles, MG-N or Evanston from entering into any emergency water service agreement with another municipality, water agency, or other source. Nothing in this Section will prevent Evanston's right to collect all water charges provided for in this Agreement.

7.03 Coefficient of Friction

MG-N shall maintain its transmission mains to provide a coefficient of friction (“C-factor”) to be determined after the completion of the final design engineering for the MG-N Water System, which C-factor will be incorporated into this Agreement by a jointly executed side-letter issued prior to the delivery date of water. Unless otherwise agreed to by the Parties, the C-factor rating of the MG-N Water System between the Point of Delivery and the MG-N booster station or MG-N (referred to as the “Evanston Pressurized Zone” of the MG-N Water System) receiving reservoir shall not be less than a C-factor rating of 90. If the C-factor falls below 90 within the Evanston Pressurized Zone of the MG-N Water System, Evanston is not required to meet the Maximum Flow Rate as indicated in Section 7.01 (Water Supply Sale and Purchase; Allocation). The Maximum Flow Rate shall decrease directly on a one to one basis with the decrease in C-factor rating (e.g., each one (1) point loss or gain of C-factor equals a 1.11% change in the maximum flow rate: 80 C-factor = 88.90% maximum flow rate). The C-factor is identified in Cameron Hydraulic Data, or equivalent successor statement of measure, and typically used for the design of concrete pipes to reflect the roughness of the pipe after many years of operation. MG-N shall test its transmission mains beginning in Year 2023, and every fifth year thereafter, to determine the C-factor rating and promptly provide those results to Evanston to ensure adherence to this requirement. If the transmission main(s) of MG-N fail to meet the required C-factor rating as set forth in this Section, then another C-factor test shall be conducted during the subsequent Service Year.

7.04 Pressures

Evanston will supply water to MG-N by direct pressure from the Evanston Water Plant without intermediate pumping from reservoirs. Evanston shall control operating pressures within its water distribution system and adjust such pressures according to the water demands within its water distribution system to ensure that the pressure at the Point of Delivery is at all times between 40 and 50 pounds per square inch (“PSI”).

7.05 Supply and Service Agreement Only; Title to Water

Nothing in this Agreement shall be construed as granting any proprietary or other interest in the Evanston Water Utility to MG-N. Nothing in this Agreement shall be construed as granting any proprietary or other interest in the MG-N Water System to Evanston. Evanston and MG-N agree

that this Agreement is solely an agreement for the sale and purchase of a supply of Water and related services. Title to Water passes at the Point of Delivery from Evanston to MG-N. Evanston agrees to deliver an adequate water supply on a regular basis to maintain MG-N water requirements as provided for in this Agreement. Evanston agrees to not utilize off-peak pumping to meet the MG-N water requirements, unless requested by MG-N.

7.06 Temporary Restriction

Evanston has the right to restrict, on a temporary basis, the supply of water to MG-N in order to ensure an adequate water supply to all customers of the Evanston Water Utility for basic water services, and firefighting purposes, provided that the duration of the temporary water restriction is limited to the minimum time period necessary to resolve the condition or unforeseen emergency that caused the temporary restriction. Evanston shall take immediate, commercially reasonable actions to fix, repair, employ a temporary solution until a permanent solution is available or resolve the condition or unforeseen emergency that caused the temporary water restriction. If there is an insufficient water supply available to serve MG-N and all other customers, MG-N will receive its pro-rata share of the amount of water that is stored and available at the Evanston Water Utility based on the IDNR water allocation(s) as defined and identified in **Group Exhibit "B"** to this Agreement. If Evanston temporarily restricts the supply of water to MG-N under this Section, it shall deliver immediate written notice to MG-N that explains the reason(s) for the restriction, identifies the estimated reduction in the volume of water to be supplied to MG-N and the anticipated duration of the reduction in water supply service. During the first twenty-four (24) hour period of the temporary water restriction, Evanston shall provide MG-N with status reports in subsequent eight (8) hour intervals relative to the progress in resolving the condition or unforeseen emergency that caused the temporary water restriction. If the temporary water restriction extends or is anticipated to extend beyond a twenty-four (24) hour period, the Parties agree to meet to discuss commercially reasonable options and actions to fix, repair, employ a temporary solution until a permanent solution is available or resolve the condition or unforeseen emergency that caused the temporary water restriction.

7.07 Maintenance

Scheduled maintenance and repair to the Evanston Water Utility or the MG-N Water System that may impact water supply and service to MG-N cannot be done except upon prior notice to the other Parties of not less than five (5) days. Scheduled maintenance to water system infrastructure during peak demand periods shall be avoided to the extent possible. Notice of emergency maintenance or repair will be provided by the Party performing the maintenance and repair to the other Party as soon as practicable under the circumstances. Each Party agrees to maintain their respective water systems in accordance with the manufacturers' warranty and operational specifications.

7.08 MG-N Option to Purchase Water from Other Suppliers

Notwithstanding any other provision in this Agreement, MG-N may purchase water from other water suppliers under the following two (2) situations. First, MG-N may purchase water from other water suppliers to the extent Evanston fails to deliver to MG-N the full water requirements up to the total amount of the IDNR water allocations as required by this Agreement. In the event of such failure by Evanston, but excluding temporary restriction(s) under Section 7.06 or maintenance situations under Section 7.07 above, Evanston shall provide written notice to MG-N of the service failure, which shall include a description of the operational or technical reasons for the failure to deliver MG-N's full water requirements. Second, MG-N may purchase water from the City of Chicago under non-emergency conditions in order to maintain an active, operational water supply connection.

7.09 Surges and Back-Flows

No surges or back-flows into any Party's water system are allowable under this Agreement.

7.10 MG-N Responsibility for Damage to Evanston's Water Utility

MG-N is responsible for damage to the Evanston Water Utility or of any of its customers due to surges and back-flows caused by malfunction or misuse of MG-N's Water System, including, without limitation, valve operation or booster station operation, excluding damage where Evanston is responsible for the operation of the MG-N Water System, including, without limitation, its valve operation or booster station. MG-N shall install a flow control system and a pressure recording system consisting of remotely operated flow control valve(s) at the MG-N

receiving reservoir(s). MG-N shall provide the necessary equipment to transmit pressures, rates of flow and receiving reservoir(s) elevations prior to delivery of water by Evanston. All devices necessary for the control and transmission of pressures, levels and rates of flow of water furnished to MG-N that are part of the MG-N Water System shall be provided and maintained by MG-N, and comply with the provisions of Section 10 (Meters and Measurements; Meter Testing). Water pressure and rate of flow readings shall be transmitted to the Evanston Pumping Station. All flow control valves within the Evanston Water Utility shall be controlled by Evanston in accordance with the provisions of this Agreement.

7.11 Evanston's Responsibility for Damage to MG-N's Water System

Evanston is responsible for damage to the MG-N Water System or of the water systems any of its customers due to surges and back-flows caused by malfunction or misuse of Evanston's Water Utility, including, without limitation, valve operation, booster station operation or pump station operation.

7.12 Operating Meetings and Plan

Evanston shall provide to MG-N, at no cost to MG-N, with a copy of Evanston's most recently prepared annual operating plan and capital plan related to the Evanston Water Utility ("Operating Plan") no less than thirty (30) calendar days before each operations meeting provided for in this Section. Evanston shall convene an operations meeting with MG-N at least two (2) times per year for every year this Agreement is in effect. Meetings may be in person or may be convened through mutually acceptable electronic means. Evanston shall provide MG-N with copies of all required State or Federal filings that Evanston is required to file regarding its operation of its Water Utility and Water System. Evanston will provide MG-N with its then applicable Operating Plan related to the Evanston Water System prior to the date of first delivery of Water to MG-N.

7.13 Continuity of Operations Plan

Evanston agrees to provide a copy of the most recent WTP/Evanston Water Utility System evaluation report, along with a status report on the actions taken on the recommendations made in that report by March 1, 2017.

Evanston agrees to have a plant evaluation performed by a consultant in Year 2018 and every ten (10) years thereafter. This evaluation shall review each system and component of the Evanston Water Treatment Plant (“WTP”), and the portions of the Evanston Water Utility System that serves MG-N, to determine their useful life and dependability in order to meet the needs of the users of the WTP, and shall be summarized in a report. This report will be made available to Evanston’s wholesale water customers and MG-N. The Parties agree to meet and confer regarding the scheduling and implementation of any recommendations provided in the report during meetings convened under Section 7.12 (Operating Meetings and Plan) and Evanston agrees to update its capital improvement plan annually to address the report recommendations and share this information with MG-N.

Evanston has a vulnerability assessment report for the WTP and the Evanston Water Utility System and agrees to update the report on an as needed basis, and to make it available for review by MG-N. This report is currently an exempt public record under the Illinois Freedom of Information Act.

8. Existing and Future Customers of Evanston; MG-N Other Users

8.01 Existing and Other Water Customers Served by Evanston

Evanston agrees that it will continue to supply water to its existing customers without impairing MG-N’s right to Water service from Evanston under this Agreement, or impairing Evanston’s ability to deliver Water to MG-N under this Agreement. Nothing in this Agreement limits Evanston executing new, modified or amended agreements with any other current or future wholesale water customer served by Evanston. Evanston shall give MG-N at least six (6) calendar months prior written notice before Evanston enters into a contract to serve a new wholesale water customer or enters into an addendum to amend any water supply agreements with existing wholesale water customers. Evanston shall provide MG-N with copies of the contract and/or the addendum and the cost / benefit analysis report provided to the Evanston City Council, prepared in regard to the addition of a new wholesale water customer or customer whose IDNR water allocation has been changed, and MG-N may provide Evanston with written comments regarding this subject. MG-N agrees Evanston has the right to serve new wholesale water customer(s) subject to its obligations to MG-N under this Agreement.

In the event of the loss of the Northwest Water Commission (“NWC”) between the years of 2034-2047, the change in the total rate increase shall be calculated, and MG-N shall be assessed, **not more than fifty percent (50%)** of the rate increase incurred by the loss of NWC. Assuming the loss of NWC between the years of 2034-2047, total MG-N rate increases shall be **capped at eight percent (8%) per annum**. Evanston shall take all commercially reasonable actions to reduce all assets in use at the WTP to reflect the new plant demand without NWC. After 2048, MG-N rates shall be recalculated according to this Agreement.

8.02 Right of MG-N to Supply Water to Other Users

MG-N has the right to resell Water it owns under this Agreement to existing and future water users of MG-N’s Water System, provided that MG-N does not exceed its ADD under its then current IDNR water allocation, as determined by the IDNR or its successor regulatory agency. MG-N shall give Evanston at least six (6) calendar months prior written notice before MG-N enters into a contract to service any new water customer(s), and MG-N shall provide Evanston with copies of the contract and the cost / benefit analysis report prepared in regard to the addition of a new wholesale water customer. Evanston may provide MG-N with written comments regarding this subject.

8.03 Liability for Unreasonable Delay by MG-N

If MG-N fails or refuses to complete the MG-N Water System as required by this Agreement, then MG-N shall pay to Evanston all reasonable, actual, documented costs incurred by Evanston as listed in Section 18.03 (G, H, or I) (Termination by MG-N), and in Sections 4.01 (MG-N Notice to Evanston to Proceed With Preliminary Project Phase Work) through Section 4.07 (Commencement of Obligation to Deliver and Receive Water). If MG-N fails to complete the MG-N Water System due to a Force Majeure Event(s) or any other delays that prevent the completion of MG-N’s Project Improvements until after the delivery of water (Section 4.04), MG-N shall not be obligated to pay to Evanston any costs or penalty, provided that MG-N has taken and continues to take all commercially reasonable actions to complete the MG-N Project Improvements as soon as reasonably possible after the expected delivery date of water.

8.04 Liability for Unreasonable Delay by Evanston

If Evanston fails or refuses to complete the components at the Point of Delivery in a commercially reasonable time frame as outlined in Section 4.01 (MG-N Notice to Evanston to Proceed with Preliminary Project Phase Work) through Section 4.07 (Commencement of Obligation to Deliver and Receive Water) and MG-N are unable to receive water from Evanston by the anticipated initial delivery date of water, or such other alternate water delivery date, as provided for in Section 4.01 (MG-N Notice to Evanston to Proceed with Preliminary Project Phase Work) through Section 4.07 (Commencement of Obligation to Deliver and Receive Water) above, due to such failure or refusal by Evanston, then Evanston will pay to MG-N the difference between the water rate that would have been charged by Evanston under this Agreement, and the then-applicable Chicago water rate (or the water rate charged by an alternate water supplier).

9. Facility Completion Schedule

9.01 Specifications and Sequence of Construction for the Project Improvements

After the approval of this Agreement, and subject to the notice to proceed provisions set forth in this Agreement, the Parties agree to work cooperatively together and to share relevant information to develop their respective specifications for their own Project improvements and to prepare construction schedules and operating procedures for the Project improvements, including the joint review of preliminary design plans and final design plans for review comment purposes and delivery of periodic status reports by each Party relative to the Evanston Connection Facilities and the MG-N Water System.

9.02 IEPA and Other Approvals for the Project

The Parties agree to apply for, obtain and maintain all permits, licenses and other approvals required by the federal, state, county and local governments and governmental regulatory agencies with jurisdiction over the Project.

9.03 Easements, Licenses, Permits, Fees and Approvals

A. Evanston. Evanston shall take all necessary action to provide and grant to MG-N easements, permits and licenses for the construction of the MG-N Water System on Evanston-owned or controlled real property or easement premises and within Evanston's corporate boundaries.

Evanston agrees to waive all required permit fees, license fees and plan review fees that would otherwise be paid by MG-N to Evanston related to this Project. However, Evanston will not be responsible for any costs not on Evanston-owned or controlled real property or Evanston held easements but within Evanston's corporate boundaries. Construction of the MG-N Water System within Evanston must be completed in accordance with all Evanston City Code requirements governing construction and restoration applicable in Evanston.

B. MG-N. MG-N shall take all necessary action to acquire easements, permits and licenses for the construction of the MG-N Water System Facilities within Evanston's corporate boundaries and outside of Evanston's corporate boundaries. MG-N agrees to pay all required permit fees, license fees and plan review fees to all governmental regulatory agencies with jurisdiction over the Project, except for Evanston. Construction of the MG-N Water System shall conform to all applicable laws, ordinances, codes, regulations and specifications.

10. Meters and Measurements; Meter Testing

10.01 Unit of Measurement

The unit of measurement for water delivered pursuant to this Agreement will be gallons of water, U.S. Standard Liquid measure, and all meters installed pursuant to this Agreement must, unless the Parties otherwise agree, be so calibrated, and must read at one thousand (1,000) gallons of water.

10.02 Supervisory Control and Data Acquisition ("SCADA")

Evanston shall in real time provide to MG-N the following SCADA information, except during SCADA failure:

- a) total plant flow data;
- b) flow through MG-N master meter data;
- c) pressure at MG-N delivery meter facility data; and
- d) Evanston control valve position.

MG-N shall in real time provide to Evanston incoming and outgoing flow data from each receiving reservoir as well as the water level in each receiving reservoir, except during SCADA failure. At all times, but with prior notice to MG-N unless there is an emergency situation,

Evanston will operate and control the control valves at the booster station / receiving reservoir(s) in Morton Grove or Niles, or in any other jurisdiction where such MG-N facilities are located, through the use of the SCADA system, provided Evanston has approved the design and construction of the pressure control devices, control valves and related SCADA components that are designed and constructed to reasonable industry standards (e.g., a hydraulic transient study). In regard to on-site visits and inspections of each Party's respective water system facilities, the requesting Party shall request any on-site visits and inspections in advance by written notice to the receiving Party and shall comply with all security protocols and be accompanied by the receiving Party's staff during the on-site visit or inspection, and the receiving Party shall cooperate in scheduling such on-site visits and inspections. Evanston and MG-N agree to promptly repair any SCADA failures.

10.03 Delivery Meters

Water sold and delivered to MG-N pursuant to this Agreement must be measured through a meter or meters furnished, installed, maintained, replaced and read by Evanston (the "Delivery Meters"). Except as provided in this Agreement, all billing for Water sold and supplied pursuant to this Agreement must be based upon Evanston's readings of the Delivery Meters, subject to MG-N's right to audit Evanston's readings under Section 5.07 (MG-N Audit Rights) above. All Delivery Meters shall be in good working order, shall at all times meet or exceed the standards of the AWWA, or its successor entity, and shall be available for inspection, testing, and checking by MG-N upon reasonable request to Evanston. Evanston shall at its cost maintain, inspect, test, calibrate and adjust all Delivery Meters not more than two (2) times per year. Representatives from MG-N shall have the right to witness all such maintenance, inspections, tests, calibrations and adjustments. The cost of testing the Delivery Meters payable by MG-N shall be Two Hundred Dollars (\$200.00) per month. Copies of the results of all such maintenance, inspections, tests, calibrations and adjustments must be furnished by Evanston to MG-N upon request.

10.04 Check Meters

MG-N may, at their option and expense, install and operate a check meter(s) (a "Check Meter") to check each Delivery Meter, but the measurement of water for billing pursuant to this Agreement shall, except as hereinafter provided, be measured solely by the Delivery Meters. All Check Meters shall meet or exceed the standards of the AWWA and shall be available for

inspection and checking by Evanston upon reasonable request to MG-N. The costs for installation, maintenance, regulatory fees, reading, testing, calibration, and adjustment of all Check Meters shall be performed by MG-N at MG-N's sole cost and expense.

10.05 Meter Calibration and Adjustment

If either Evanston or MG-N at any time observes a variation between a Delivery Meter and a Check Meter or any other evidence of meter malfunction, such Party must promptly notify the other Party, and Evanston and MG-N agree to cooperate to inspect and test the accuracy of such meter(s). If upon any inspection or test, any meter is found to be out of service or the percentage inaccuracy of any meter is found to be **in excess of two percent (2%)** slow or fast, then the meter's registration, as well as charges for water based on incorrect metering, must be corrected by agreement of Evanston and MG-N based on the best data available. The best data available is defined as the registration of an installed Check Meter that is accurately registering in **excess of two percent (2%)** slow or fast during the period extending back to the time when such inaccuracy began. If it is impossible to determine the time period of inaccuracy, the correction period will extend back one-half of the time elapsed since the last date of calibration. Otherwise, the amount of water delivered during such period may be estimated by:

- correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation; or
- if the error is not ascertainable by calibration tests or mathematical calculation, by estimating the quantity of water delivered by reference to deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

10.06 Notification Concerning Meter Tests

Evanston and MG-N shall deliver to the other Party written notice at least seventy-two (72) hours in advance of the time of any planned maintenance, inspection, test, calibration, adjustment or other work affecting any Delivery Meter or Check Meter so that the other Party may arrange to have a representative present. If said representative is not present at the time set in such notice, the inspection, test, calibration, adjustment or other work will proceed in the absence of said representative. Notices required under this Section 10.06 shall be given to the

following persons at the following addresses, unless otherwise provided in writing by MG-N or Morton Grove or Niles:

If for Evanston:

Director of Public Works Agency
555 Lincoln Street
Evanston, Illinois 60201
Phone: 847.448.4311
Email: current business email address

If for Morton Grove:

Director, Public Works
Village of Morton Grove
7840 Nagle Avenue
Morton Grove Illinois 60053
Phone: 847.470.5235
Fax: 847.965.9511
Email: current business email address

If for Niles:

Public Services Director
Village of Niles
6849 West Touhy Avenue
Niles, Illinois 60714
Phone: 847.588.7900
Fax: 847.588.7950
Email: current business email address

10.07 Removal of Meters

Delivery Meters and Check Meters may be removed upon termination of this Agreement only upon mutual agreement of the Parties and upon the release of any easements related thereto.

10.08 Meters for Customers

Each Party is responsible for providing water meters to its own customers.

11. Dispute Resolution

11.01 Negotiation

If a dispute arises between Evanston and MG-N concerning this Agreement, the Parties will first attempt to resolve the dispute by negotiation. Each Party will designate persons to negotiate on their behalf. The Party contending that a dispute exists must specifically identify in writing all issues and present it to the other Parties. The Parties will meet and negotiate in an attempt to resolve the matter. If the dispute is resolved as a result of such negotiation, there must be a written determination of such resolution, and ratified by the corporate authorities of each Party, which will be binding upon the Parties. If necessary, the Parties will execute an addendum to this Agreement. Each Party will bear its own costs, including attorneys' fees, incurred in all proceedings in this Section. If the Parties do not resolve the dispute through negotiation, any Party to this Agreement may pursue other remedies under Section 11.02 (Remedies) below to enforce the provisions of this Agreement.

11.02 Remedies

In any action with respect to this Agreement, the Parties are free to pursue any legal remedies at law or in equity. Each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law. Each Party will bear its own costs, expenses, experts' fees, and attorneys' fees, incurred in all litigation arising under this Agreement.

11.03 Venue and Applicable Law

All questions of interpretation, construction and enforcement, and all controversies with respect to this Agreement, will be governed by the applicable constitutional, statutory and common law of the State of Illinois. The Parties agree that, for the purpose of any litigation relative to this Agreement and its enforcement, venue will be in the Circuit Court of Cook County, Illinois or the Northern District, Eastern Division of the United States District Court, Chicago, Illinois, and the Parties consent to the *in personam* jurisdiction of said Courts for any such action or proceeding.

12. Force Majeure

12.01 Excuse From Performance

No Party will be liable in damages to any other Party for delay in performance of, or failure to perform, its obligations under this Agreement, if such delay or failure is caused by a Force Majeure Event as defined in Section 12.02 (Force Majeure Event) below. If a Party cannot perform under this Agreement due to the occurrence of a Force Majeure Event, then the time period for performance of the Party under this Agreement shall be extended by the duration of the Force Majeure Event.

12.02 Force Majeure Event

A “Force Majeure Event” means an event not the fault of, and beyond the control of, the Party claiming excuse which makes it impossible or extremely impracticable for such Party to perform obligations imposed on it by this Agreement, by virtue of its effect on physical facilities and their operation or employees essential to such performance. Force Majeure Events include:

- an “act of God” such as an earthquake, flood, fire, Lake Michigan seiche, tornado, earth movement, or similar catastrophic event,
- an act of terrorism, sabotage, civil disturbance or similar event,
- a strike, work stoppage, picketing, or similar concerted labor action,
- delays in construction caused by unanticipated negligence or breach of contract by a third party or inability to obtain essential materials after diligent and timely efforts, or
- an order or regulation issued by a Federal or State regulatory agency after the Effective Date or a judgment or order entered by a Federal or State court after the Effective Date.

A Force Majeure Event does not include a change in economic or market conditions or a change in the financial condition of a Party to this Agreement.

12.03 Notice

The Party claiming a Force Majeure Event excuse must deliver to the other Parties a written notice of intent to claim excuse from performance under this Agreement by reason of a Force Majeure Event. Notice required by this Section must be given promptly in light of the

circumstances. Such notice must describe the Force Majeure Event, the services impacted by the claimed event, the length of time that the Party expects to be prevented from performing, and the steps which the Party intends to take to restore its ability to perform its obligations under this Agreement.

13. Preservation of Water Rights

Evanston intends to preserve all of its water rights, irrespective of whether the water held under such water rights is allocated under this Agreement. Nothing in this Agreement shall be construed as an abandonment, or evidence of intent to abandon, any of the water rights that Evanston presently possesses.

14. Good Faith and Fair Dealing

The Parties each acknowledge their obligation under Illinois law to act in good faith toward, and deal fairly with, each other with respect to this Agreement.

15. MG-N Option to Create a JAWA or a Water Commission; Assignment

A. JAWA; Water Commission. If a Municipal Joint Action Water Agency ("JAWA") is created, pursuant to 5 ILCS 220/3.1, as amended from time to time, or a municipal Water Commission is created, pursuant to 65 ILCS 5/11-135-1, et seq., as amended from time to time, which has jurisdiction over the MG-N Water System (the "MG-N Successor Entity"), all of MG-N's rights and obligations under this Agreement shall be automatically assigned to, and assumed by, the MG-N Successor Entity. MG-N shall have no further rights or obligations under this Agreement, effective as of the date of the creation of the MG-N Successor Entity. MG-N shall give Evanston prior written notice of the proposed creation of a MG-N Successor Entity at least ninety (90) calendar days prior to the creation of the MG-N Successor Entity. Immediately after the creation of the MG-N Successor Entity, signed copies of the corporate approval and formation documents (i.e. approving ordinance, intergovernmental agreement and by-laws) of the MG-N Successor Entity shall be sent to Evanston. Thereafter, the MG-N Successor Entity and Evanston agree to enter into an addendum to this Agreement to formally recognize the automatic assignment set forth herein and that MG-N has no further rights or obligations under this Agreement, provided however that MG-N is current in all required payments and charges owing to Evanston prior to such assignment taking effect.

B. Assignment by MG-N or the MG-N Successor Entity. MG-N and any MG-N Successor Entity shall have the right to assign this Agreement to a public water utility or another statutory water agency, provided that MG-N or Morton Grove or Niles becomes a member of the new statutory water agency, subject to prior written notice to Evanston and approval of the assignment by Evanston, which approval shall not be unreasonably withheld so long as the Successor Entity assumes all obligations of MG-N (or the obligations assumed by the MG-N Successor Entity) as set forth in this Agreement or any addendum, and the Successor entity is authorized and obligated to collect adequate revenue from its customers to pay the water rate charged by Evanston. After the assignment, MG-N, Morton Grove, or Niles, or the MG-N Successor Entity, shall have no further rights or obligations under this Agreement.

16. Financing Options for the Project

16.01 Cooperation with Project Financing

Evanston and MG-N will cooperate with each other to explore options for issuing water revenue bonds, other debt obligations and/or applying for any grants or loans to assist with the financing of the anticipated improvements to be made to their respective Water Systems in order to complete and operate the Evanston Connection Facilities, the Evanston Facilities Adjustments, the MG-N Water System and any other Water System improvements covered by this Agreement. Evanston may, if necessary and advantageous for Evanston and as determined solely by Evanston, issue debt to finance the Project, in part or in whole as the case may be, only if necessary and advantageous for MG-N, as determined by MG-N, provided that Evanston is able to earn an acceptable profit on the debt. To the extent that the Parties agree to issue bonds or other debt instruments in the name of Evanston, alone, or in their own respective or collective corporate names, the Parties agree to enter into such other additional intergovernmental agreements as are necessary to provide the statutory authority to issue such bonds and other debt instruments. As between Evanston and MG-N, each respective Party shall be responsible to make payments on its own debt service for its own Project Improvements. Evanston shall not be obligated to pay any of the debt service payments for MG-N Project Improvements. MG-N shall not be obligated to pay any of the debt service payments for Evanston Project Improvements.

16.02 MG-N Project Financing Options

MG-N reserves the right to finance its own Project Improvements.

17. Disconnection, Removal Relocation of Connection Facilities or Transmission Mains

17.01 Termination of Agreement

Upon termination of this Agreement, Evanston, in its discretion and at its cost, may disconnect or remove the Evanston Connection Facilities and / or the MG-N Connection Facilities and / or transmission mains located within Evanston's rights of way or utility easements, but only after the Parties mutually approve and sign an agreement and a release of easements that pertain to disconnection and / or removal of the Evanston Connection Facilities, the MG-N Connection Facilities and /or the transmission mains.

17.02 Relocation

In the event that the Point of Delivery or any portion of the Evanston Connection Facilities and the MG-N Connection Facilities or any transmission mains need to be relocated due to unanticipated circumstances or at the request of either Party, the Parties may negotiate an addendum to this Agreement that provides for the relocation, reconstruction, financing and cost sharing of the relocation work. If this Agreement is terminated, within one (1) year of the effective date of such termination, all connection facility assets, components, and equipment within Evanston must be removed at MG-N's sole cost and expense, unless otherwise agreed upon by the Parties.

18. Termination; Default

18.01 Termination by Evanston

This Agreement shall be subject to termination if a court of competent jurisdiction restricts or limits any of Evanston's rights to obtain, sell, contract for, or distribute water to MG-N in a manner that prohibits Evanston from complying with its obligations to MG-N under this Agreement. Evanston will have the right to terminate this Agreement if MG-N fails and defaults with respect to its obligations under Section 5.02 (Billing and Payments) of this Agreement, and otherwise fails and refuses to cure such default under Section 11.01 (Negotiation) and Section 18.04 (Default; Cure Period; Relief).

18.02 Termination by Mutual Agreement

Only upon mutual consent, the Parties may agree to terminate this Agreement, in writing, after the approval of a termination or wind-down agreement by their respective corporate authorities.

18.03 Termination by MG-N

MG-N shall have the right to terminate this Agreement if it delivers written notice to Evanston of its intention to terminate this Agreement not less than five (5) years prior to the termination date of the then-existing Term. In addition, MG-N has the right to terminate this Agreement for the following reason(s):

- A. If MG-N is unable to obtain easements or title to real property to construct the MG-N Connection Facilities and other necessary MG-N Project Improvements.
- B. If the MG-N Engineering and Route Study determines that the MG-N Connection Facilities and other necessary MG-N Project Improvements will not be feasible for any reason, including but not limited to a lack of technical feasibility to complete the MG-N Project Improvements, or a lack of relative financial feasibility to pay for the MG-N Project Improvements.
- C. If the bid results for the MG-N Connection Facilities and other necessary MG-N Project Improvements exceeds:
 - 1) the MG-N Engineer's Estimate;
 - 2) the approved MG-N Project Budget; or
 - 3) the MG-N Project Financial / Debt Repayment schedule. MG-N shall provide all documents and data to Evanston prior to MG-N cancelling the bid.
- D. Evanston fails to deliver water in accordance with or otherwise fails to comply with the terms of this Agreement.
- E. MG-N can terminate this Agreement at the end of the Initial Term, or as otherwise provided during any Extended Term, subject to timely written notice to Evanston.

F. MG-N can terminate this Agreement prior to its issuance of written notice to proceed with Evanston's Preliminary Project Phase Work as set forth in Section 4.01 above, for any reason, without any liability to Evanston.

G. MG-N can terminate this Agreement after its issuance of written notice to proceed with Evanston's Preliminary Project Phase Work as set forth in Section 4.01 above, provided MG-N fully reimburses Evanston for all reasonable actual, documented costs incurred by Evanston relating only to Project consultants and Project engineering fees and expenses that are incurred by Evanston after the date of issuance of MG-N's Notice to Evanston to Proceed with Preliminary Project Phase Work. Evanston or MG-N will not be reimbursed for staff time or corporation counsel time or outside legal counsel fees and expenses.

H. MG-N can terminate this Agreement after its issuance of written notice to proceed with Evanston's Final Engineering Design Work as set forth in Section 4.02 above, provided MG-N fully reimburses Evanston for all reasonable actual, documented costs incurred by Evanston relating only to Project consultants and Project engineering fees and expenses that are incurred by Evanston after the date of issuance of MG-N's Notice to Evanston to Proceed with Final Engineering Design Work. Evanston or MG-N will not be reimbursed by the other Party for staff time or corporation counsel time or outside legal counsel fees and expenses.

I. MG-N can terminate this Agreement prior to acceptance of water from Evanston, provided MG-N fully reimburses Evanston for all reasonable actual, documented costs incurred by Evanston, relating only to Project consultants and Project engineering fees and expenses and construction costs that are incurred by Evanston after the date of issuance of MG-N's Notice to Evanston to Proceed with Construction as set forth in Section 4.03 above. Evanston or MG-N will not be reimbursed by the other Party for staff time or corporation counsel time or outside legal counsel fees and expenses.

18.04 Default; Cure Period; Relief

In the event any Party defaults in regard to any obligation under this Agreement, the non-defaulting Party shall send written notice of the default, with a description of the default, and a request that the defaulting Party cure the default. Any Party deemed to be in default under this Agreement by another Party shall have a thirty (30) calendar day cure period to resolve the

default to the other Party's satisfaction or to initiate and continue to take actions that are designed to cure the default in a reasonable time period so that the Party in default is in conformance with the terms of this Agreement. In the event that a default is not cured, the non-defaulting Party and the defaulting Party shall participate in the "Dispute Resolution" process contained in Section 11.01 (Negotiation) above. If the Dispute Resolution process is not successful, then either Party may seek to enforce remedies in Section 11.02 (Remedies) to enforce the provisions of this Agreement.

19. General Conditions

19.01 Entire Agreement

This Agreement constitutes the entire agreement of the Parties concerning all matters specifically covered by this Agreement. There are no representations, covenants, promises or obligations not contained in this Agreement that form any part of this Agreement or upon which any of the Parties is relying upon in entering into this Agreement. There are no other commitments, understandings, promises or conditions among the Parties in any other contract or agreement, whether oral or written, and this Agreement supersedes all prior written or oral agreements, commitments and understandings among the Parties.

19.02 Prompt Payment

In regard to the payment of any fee, charge or assessment provided for under this Agreement, the Parties are subject to and shall comply with the Local Government Prompt Payment Act (50 ILCS 505/1, et seq.).

19.03 Compliance With Laws

The Parties to this Agreement shall comply with all applicable Federal, State and local laws, rules and regulations in carrying out the terms and conditions of this Agreement.

19.04 Regulatory Bodies

This Agreement shall be subject to all valid rules, regulations, and laws applicable hereto passed or promulgated by the United States of America, the State of Illinois, or any governmental body or agency having lawful jurisdiction, or any authorized representative or agency of any of them; provided, however, that this Section 19.04 shall not be construed as waiving the right of any

Party to challenge the validity of any such rule, regulation, or law on any basis, including impairment of this Agreement.

19.05 Illinois Freedom of Information Act

The definition of a “public record” in the Freedom of Information Act (5 ILCS 140/1, et seq.) (“FOIA”) includes a “public record that is not in the possession of a public body but is in the possession of a party with whom the agency has contracted to perform a governmental function on behalf of the public body and that directly relates to the governmental function and is not otherwise exempt under this Act.” (5 ILCS 140/7(2)). Consequently, the Parties shall maintain and make available to the other Parties, upon request, their public records relating to the performance of this Agreement in compliance with the requirements of the Local Records Act (50 ILCS 205/1, et seq.) and FOIA.

19.06 Interpretation; Headings

This Agreement shall be construed and interpreted so as to preserve its validity and enforceability as a whole. No rule of construction that a document is to be construed against any of the drafting Parties shall be applicable to this Agreement. Section headings and titles are descriptive only and do not in any way limit or expand the scope of this Agreement.

19.07 Waiver

The failure of any Party to enforce any section, subsection, term, condition or covenant (collectively referred to as "provision") of this Agreement shall not be deemed a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with such provision and every other provision of this Agreement. No provision of this Agreement shall be deemed waived by any Party, unless the provision to be waived and the circumstances giving rise to such waiver are set forth specifically in a duly authorized and written waiver of the Party charged with such waiver. No waiver by either Evanston or MG-N of any provision of this Agreement shall be deemed or construed as a waiver of any other provision of this Agreement, nor shall any waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or a different provision of this Agreement.

19.08 No Individual or Personal Liability

The Parties agree that the actions taken in regard to and the representations made by each respective Party in this Agreement and by their respective corporate authorities have not been taken or made in anyone's individual capacity and no mayor/president, board member, council member, official, officer, employee, volunteer or representative of any Party will incur personal liability in conjunction with this Agreement.

19.09 No Third Party Beneficiaries

This Agreement is not intended to benefit any person, entity or municipality not a Party to this Agreement, and no other person, entity or municipality shall be entitled to be treated as beneficiary of this Agreement. This Agreement is not intended to nor does it create any third party beneficiary or other rights in any third person or party, including, but not limited to, any agent, contractor, subcontractor, consultant, volunteer or other representative of any Party hereto. No agent, employee, contractor, subcontractor, consultant, volunteer or other representative of the Parties hereto will be deemed an agent, employee, contractor, subcontractor, consultant, volunteer or other representative of any other Party hereto.

19.10 Amendments

No amendment to this Agreement shall be effective until it is reduced to writing in an addendum and approved by the corporate authorities of the Parties. All addenda shall be executed by an authorized official of each Party. If any governmental agency with regulatory authority enacts new rules or regulations or new nationally recognized water system engineering requirements are adopted that require the method of water production or any components of the infrastructure used for the delivery of water under this Agreement to be changed or modified, the Parties agree to negotiate an addendum to this Agreement that addresses the construction and operation of the required water system improvements to the Evanston Water Utility and/or the MG-N Water System, the cost allocation of such improvements among the Parties and the financing of such improvements.

19.11 Assignment

Except as set forth in Section 15 (MG-N Option to Create a JAWA or a Water Commission; Assignment), no Party shall assign, sublet, sell or transfer its interest in this Agreement or any of

its rights or obligations under this Agreement without the prior written, mutual consent of the other Parties. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

19.12 Notice

Except as otherwise provided in this Agreement, all notices and other communications in connection with this Agreement shall be in writing and deemed to be given on the date of mailing if sent by certified mail, return receipt requested and deposited in the U.S. Mail, postage prepaid, or may be delivered by messenger delivery, or overnight express mail, or personal delivery, or via facsimile, or via electronic internet mail ("e-mail") to the current mailing address(es) or email address(es) of the Parties' principal administrative offices, addressed to the Mayor/Village President or the City Administrator/City Manager/Village Manager. Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three (3) business days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid only to the extent that they are (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three (3) business days thereafter at the appropriate address set forth below. Unless otherwise provided in this Agreement, notices shall be deemed received after the first to occur of (a) the date of actual receipt; or (b) the date that is one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (b) the date that is three (3) business days after deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section, each Party to this Agreement shall have the right to change the address or the addressee, or both, for all future notices and communications to them, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications shall be addressed to, and delivered at, the following addresses, unless otherwise directed by the Parties:

If for City of Evanston:

With copy to: Corporation Counsel (same address as City Manager)

City Manager

Lorraine Morton Civic Center

2100 Ridge Avenue

Evanston, Illinois 60201

Phone: 847.866.2936

Email:

citymanagersoffice@cityofevanston.org

Director

Public Works Agency

555 Lincoln Street

Evanston, Illinois 60201

Phone: 847.448.4311

Email: publicworks@cityofevanston.org

If for Village of Morton Grove:

With copy to: Corporation Counsel (same address as Village Administrator)

Village Administrator

Richard T. Flickinger Municipal Center

Village of Morton Grove

6101 Capulina Avenue

Morton Grove, Illinois 60053

Phone: 847.663.3001

Fax: 847.370.1649

Email: business email address

Director, Public Works

Village of Morton Grove

7840 Nagle Avenue

Morton Grove, Illinois 60053

Phone: 847.470.5235

Fax: 847.965.9511

Email: Business email address

If For Village of Niles:

With copy to: Corporation Counsel (same address as Village Manager)

Village Manager

Village of Niles

1000 Civic Center Drive

Niles, Illinois 60714

Phone: 847.588.8010

Fax: 847.588.8051

Email: Business email address

Public Services Director

Village of Niles

6849 West Touhy Avenue

Niles, Illinois 60714

Phone: 847.588.7900

Fax: 847.588.7950

Email: Business email address

By notice with the foregoing requirements of this Section 19.12, the Parties shall have the right to change the addresses for all future notices and communications to itself, but no notice of such a change shall be effective until actually received.

19.13 Severability

In the event any term, provision or condition of this Agreement is held invalid by a court of competent jurisdiction, such invalidity shall not affect other terms, provisions or conditions of this Agreement which can be given effect without the invalid term, provision or condition. To this extent and purpose, the terms, provisions and conditions of this Agreement are declared severable. If any part of this Agreement is adjudged invalid, such adjudication shall not affect the validity of this Agreement as a whole or of any other part.

19.14 No Separate Legal Entity; No Joint Venture or Partnership or Agency

This Agreement establishes a cooperative intergovernmental undertaking, but the Parties do not intend to create a new or separate legal entity by entering into this Agreement. This Agreement does not establish or create a joint venture or partnership between the Parties, and no Party shall be responsible for the liabilities and debts of the other Parties hereto. No Party shall be deemed to be the agent, employee, or representative of any other Party.

19.15 Independent Sovereign Status

The Parties to this Agreement are independent, sovereign units of local government and no Party shall exercise control over either the performance of any other Party or the employees of any other Party.

19.16 Effective Date

The Effective Date of this Agreement shall be the date that the last authorized signatory signs and dates this Agreement, which date shall be inserted on the first page of this Agreement. This Agreement shall become effective only in the event the corporate authorities of each Party approves this Agreement.

19.17 Authorization

In accordance with applicable state laws, this Agreement was approved by each Party as follows:

- A. The adoption of Ordinance 5-O-17 by the Mayor and City Council of Evanston on the 13th day of February, 2017.
- B. The passage of Resolution 17-3 by the Village President and Board of Trustees of the Village of Morton Grove on the 23rd day of January, 2017.
- C. The passage of Resolution 2017-02R by the Village President and Board of Trustees of the Village of Niles on the 24th day of January, 2017.

19.18 Counterparts

This Agreement may be executed in counterparts (including facsimile signatures), each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement.

19.19 Exhibits

In the event of a conflict between any Exhibit attached hereto and the text of this Agreement, the text of this Agreement shall control. The following Exhibits are attached to this Agreement and made a part hereof:

A. Group Exhibit “A”: Illustrative Example of “True-Up” Process comprised of Pages A-1 through A-7 (Page A-1: Morton Grove - Niles Water Supply Quantity Rate True Up Calculation for Service Year 2016; Page A-2: Morton Grove - Niles Water Supply Estimated Quantity Rate for Service Year 2016 Based on FY 2014 Audited Information; Page A-3: 2014 Audited Information, City of Evanston, Illinois, Water Fund – Operations and Maintenance Account, Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balance – Budget and Actual for the FY ended December 31, 2014 with Comparative Totals for FY ended December 31, 2013 (Page 157); Page A-4: Morton Grove-Niles Water Supply True Up Quantity Rate for Service Year 2016 Based on FY 2015 Audited Information; Page A-5: 2015 Audited Information, City of Evanston, Illinois, Water Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual for the FY ended December 31, 2015 (Page 123); Page A-6: Calculation of Distribution Expenses Allocated to MG-N; Page A-7: Annual Pumpage (MG) (Water and Sewer 2015 Annual Report, Page 18).

B. Group Exhibit “B”: Example of Rate Calculation for MG-N Water Rate for Service Year 2017 Based on Evanston Audited Information for Fiscal Year 2015 comprised of Pages B-1 through B-21 (Pages B-1 and B-2: Example of Rate Calculation for MG-N Water Supply Prepared on 12/14/2016 by Dave Stoneback, Morton Grove - Niles Water Supply Rate Calculation for Service Year 2017, Based on FY 2015 Actual Information; Pages B-3 to B-12: Evanston Water Utility Component Sheets, Table B-1 dated 6/30/2016 (Reproduction Cost New Less Depreciation As Of December 31, 2015, Pages 1 through 10 of Burns & McDonnell Water Works Properties Valuation); Page B-13: Table B-2 dated 6/30/2016 (Reproduction Cost New Less Depreciation As Of December 31, 2015, Burns & McDonnell Water Works Properties Valuation); B-14: Table B-3 dated 6/30/2016 (Original Cost New Less Depreciation As Of

December 31, 2015, Burns & McDonnell Water Works Properties Valuation); Page B-15: Table B-4 dated 6/30/2016 (OCLD and RCNLD At December 31, 2015, Burns & McDonnell Water Works Properties Valuation); Page B-16: IDNR Water Allocations as of November 2011; Page B-17: 2015 Audited Information, City of Evanston, Illinois, Notes to the Financial Statements for the FY ended December 31, 2015 (Page 40); Page B-18: Evanston Audited Information, City of Evanston, Schedule of Fixed Assets and Depreciation, Year ended December 31, 2014; Page B-19: Annual Pumpage, 2015 Monthly Pumpage (MG) and 2015 Average Day Pumpage (MGD)(Water and Sewer 2014 Annual Report)(Page 17); Page B-20: 2015 Audited Information, City of Evanston, Illinois, Water Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual for the FY ended December 31, 2015 (Page 123); Page B-21: Evanston Distribution System, Calculation of Percent of System Allocated to MG-N, Calculation of Depreciation Charges.

C. Group Exhibit “C”: Depreciation Rates comprised of Page C-1: Depreciation Rates (Classes of Plant included: Source of Supply, Pumping Plant, Treatment Plant, Water Plant and Transmission)

D. Exhibit “D”: City of Evanston Ordinance 5-O-17 (Approval of Water Supply Agreement Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

E. Exhibit “E”: Village of Morton Grove Resolution 17-3 (Approval of Water Supply Agreement Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

F. Exhibit “F”: Village of Niles Resolution 2017-02R (Approval of Water Supply Agreement Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

IN WITNESS WHEREOF, this Agreement was executed on behalf of the Parties through their authorized representatives, after all duly required corporate action was taken, as set forth below on the signature pages.

SIGNATURE PAGES TO FOLLOW

**SIGNATURE PAGE FOR
CITY OF EVANSTON**

IN WITNESS WHEREOF, the below authorized officials of the City of Evanston signed this Agreement pursuant to legal authorization granted to him/her under Article VII, Section 10 of the 1970 Illinois Constitution, the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) and the corporate approval granted by passage of Ordinance 5-O-17 by the Corporate Authorities of the City of Evanston.

City of Evanston

By: Elizabeth B Tisdahl

Name: Elizabeth B. Tisdahl

Mayor, City of Evanston

Date: March 1, 2017.

Attest:

By: Rodney Greene

Name: Rodney Greene

City Clerk, City of Evanston

Date: March 1, 2017

Approved as to form and legality:


By: W. Grant Farrar

W. Grant Farrar, Corporation Counsel

**SIGNATURE PAGE FOR
VILLAGE OF MORTON GROVE**

IN WITNESS WHEREOF, the below authorized officials of the Village of Morton Grove have signed this Agreement pursuant to legal authorization granted to him/her under Article VII, Section 10 of the 1970 Illinois Constitution, the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) and the corporate approval granted by passage of Resolution 17-3 by the Corporate Authorities of the Village of Morton Grove.

Village of Morton Grove

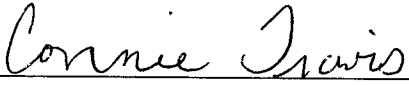
By:  _____

Name: Daniel DiMaria

Village President, Village of Morton Grove

Date: 3/16/17, 2017.

Attest:

By:  _____

Name: Connie Travis

Village Clerk, Village of Morton Grove

Date: March 16, 2017

Approved as to form and legality:

By:  _____

Teresa Liston, Village Attorney

**SIGNATURE PAGE FOR
VILLAGE OF NILES**

IN WITNESS WHEREOF, the below authorized officials of the Village of Niles have signed this Agreement pursuant to legal authorization granted to him/her under Article VII, Section 10 of the 1970 Illinois Constitution, the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) and the corporate approval granted by passage of Resolution 2017-02R by the Corporate Authorities of the Village of Niles.

Village of Niles

By: 

Name: Andrew Przybylo

Village President, Village of Niles

Date: 3-16-17

Attest:

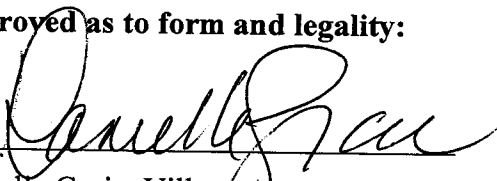
By: 

Name: Marlene Victorine

Village Clerk, Village of Niles

Date: 3-16-17

Approved as to form and legality:

By: 

Danielle Grcic, Village Attorney

Group Exhibit “A” – True Up

Illustrative Example of “True-Up” Process comprised of Pages A-1 through A-7 (Page A-1: Morton Grove-Niles Water Supply Quantity Rate True Up Calculation for Service Year 2016; Page A-2: Morton Grove-Niles Water Supply Estimated Quantity Rate for Service Year 2016 Based on FY 2014 Audited Information; Page A-3: 2014 Audited Information, City of Evanston, Illinois, Water Fund – Operations and Maintenance Account, Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balance – Budget and Actual for the FY ended December 31, 2014 with Comparative Totals for FY ended December 31, 2013 (Page 157); Page A-4: Morton Grove - Niles Water Supply True Up Quantity Rate for Service Year 2016 Based on FY 2015 Audited Information; Page A-5: 2015 Audited Information, City of Evanston, Illinois, Water Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual for the FY ended December 31, 2015 (Page 123); Page A-6: Calculation of Distribution Expenses Allocated to MG-N; Page A-7: Annual Pumpage (MG) (Water and Sewer 2015 Annual Report, Page 18).

(attached)

Group Exhibit A

Illustrative Example of the "True-Up" Process

Pages A-1 through A-7

**MORTON GROVE - NILES Water Supply
 QUANTITY RATE TRUE UP CALCULATION
 FOR SERVICE YEAR 2016**

SY 2016 Estimated Quantity Rate	\$0.3509
SY 2016 True Up Quantity Rate	\$0.3542

MONTH	YEAR	PUMPAGE (1,000 GALLONS)	ORIGINAL AMOUNT BILLED	ADJUSTED AMOUNT BILLED	DIFFERENCE
JANUARY	2016	192,500	\$ 67,548.25	\$ 68,183.50	\$ 635.25
FEBRUARY	2016	153,242	\$ 53,772.62	\$ 54,278.32	\$ 505.70
MARCH	2016	160,063	\$ 56,166.11	\$ 56,694.31	\$ 528.21
APRIL	2016	150,254	\$ 52,724.13	\$ 53,219.97	\$ 495.84
MAY	2016	153,280	\$ 53,785.95	\$ 54,291.78	\$ 505.82
JUNE	2016	175,514	\$ 61,587.86	\$ 62,167.06	\$ 579.20
JULY	2016	201,753	\$ 70,795.13	\$ 71,460.91	\$ 665.78
AUGUST	2016	226,287	\$ 79,404.11	\$ 80,150.86	\$ 746.75
SEPTEMBER	2016	198,463	\$ 69,640.67	\$ 70,295.59	\$ 654.93
OCTOBER	2016	172,448	\$ 60,512.00	\$ 61,081.08	\$ 569.08
NOVEMBER	2016	161,224	\$ 56,573.50	\$ 57,105.54	\$ 532.04
DECEMBER	2016	145,559	\$ 51,076.65	\$ 51,557.00	\$ 480.34
TOTALS		2,090,587	\$ 733,586.98	\$ 740,485.92	\$ 6,898.94

TOTAL AMOUNT OWED \$ 6,898.94

NOTE: Monthly Pumpage amount is not actual - quantity used for illustration purposes only

MORTON GROVE - NILES Water Supply
Estimated Quantity Rate for Service Year 2016
Based on FY 2014 Audited Information

Quantity Charge Calculation:

<u>Water Treatment Plant</u>		1000 Gallons
Actual usage in FY 2014 (Jan - Dec 2014)	Northwest Water Commission	7,941,653
	MG-N	2,544,132
	Evanston	2,719,978
	Skokie	<u>2,766,348</u>
	Total	15,972,111
 FY 2014 expenses	 Administration	 \$1,099,395
	Pumping	\$2,023,601
	Filtration	\$2,331,616
	Total	\$5,454,612
 Water Treatment Quantity Rate = Total Plant Expenses / Total Pumpage (per 1,000 gal)		 <i>subtotal</i> \$0.34
<u>Water Transmission System</u>		
Actual pumpage in FY 2015 (1000 gallons)	Evanston	2,719,978
	Skokie	2,766,348
	MG-N	<u>2,544,132</u>
	Total	8,030,458
 FY 2015 expenses	 Distribution	 \$1,444,158
	% allocated to MG-N	5.23%
		\$75,529
 Water Transmission Quantity Rate = Water Transmission Expenses / Total Pumpage (per 1,000 gal)		 <i>subtotal</i> \$0.01
 Estimated Quantity Charge =	 TOTAL	 Rate \$0.3509 \$892,771.27

2014 Audited Information

CITY OF EVANSTON, ILLINOIS

Water Fund - Operations and Maintenance Account

Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balance - Budget and Actual
For the Fiscal Year ended December 31, 2014
(With Comparative Totals for the Fiscal Year ended December 31, 2013)

	Budget	Actual	Prior Period Actual
Operating Revenues			
Charges for services	\$ 13,913,400	\$ 14,379,362	\$ 13,903,482
Miscellaneous	411,316	672,370	754,266
Total Operating Revenues	14,324,716	15,051,732	14,657,748
Operating Expenses Excluding Depreciation			
Administration	933,989	1,099,395	960,028
Operations			
Pumping	2,355,718	2,023,601	2,226,781
Filtration	2,740,856	2,331,616	2,435,092
Distribution	1,425,352	1,444,158	1,389,136
Meter maintenance	300,760	280,083	249,474
Other	491,700	759,985	915,196
Total Operating Expenses Excluding Depreciation	8,248,375	7,938,838	8,175,707
Operating Income Before Depreciation	6,076,341	7,112,894	6,482,041
Depreciation	-	1,569,014	1,449,757
Operating Income	6,076,341	5,543,880	5,032,284
Nonoperating Revenues (Expenses)			
Interest Income	2,500	17,552	12,256
Change in unrealized depreciation on investments	-	(61,547)	-
Interest Expense	-	(376,677)	(298,850)
Amortization of bond discount and costs	-	1,129	1,129
Bond issuance and amortization costs	-	1,624	(19,777)
Net book value of fixed assets disposed	-	(772,649)	(60,762)
Total Nonoperating Revenues (Expenses)	2,500	(1,190,568)	(366,004)
Income Before Transfers	6,078,841	4,353,312	4,666,280
Transfers In (Out)			
General Fund	(3,356,300)	(3,369,559)	(3,356,300)
Insurance Fund	(468,492)	-	-
Total Transfers In (Out)	(3,356,300)	(3,369,559)	(3,356,300)
Net Income	\$ 2,722,541	983,753	1,309,980
Other Changes in Unreserved Net Position			
Intrafund transfers in (out) - Net Position reserved - restricted accounts		6,267,672	(4,290,942)
Increase (Decrease) in Unreserved Net Position		7,251,425	(2,980,962)
Unreserved Net Position			
Beginning of year		55,120,773	58,101,735
End of year	\$ 62,372,198	\$ 55,120,773	

MORTON GROVE - NILES Water Supply
True-up Quantity Rate for Service Year 2016
Based on FY 2015 Audited Information

Quantity Charge Calculation:

		1000 Gallons
Water Treatment Plant		
<u>Actual usage in FY 2015 (Jan - Dec 2015)</u>	Northwest Water Commission	7,846,900
	MG-N	2,090,587
	Evanston	2,790,010
	Skokie	<u>2,786,870</u>
	Total	15,514,367
 FY 2015 expenses	Administration	\$1,473,338
	Pumping	\$1,752,932
	Filtration	\$2,015,362
	Total	\$5,241,632
	<i>subtotal</i>	\$0.34
 Water Treatment Quantity Rate = Total Plant Expenses / Total Pumpage (per 1,000 gal)		
Water Transmission System		
<u>Actual pumpage in FY 2015 (1000 gallons)</u>	Evanston	2,790,010
	Skokie	2,786,870
	MG-N	<u>2,090,587</u>
	Total	7,667,467
 FY 2015 expenses	Distribution	\$2,395,818
	% allocated to MG-N	5.23%
		\$125,301
	<i>subtotal</i>	\$0.02
 Water Transmission Quantity Rate = Water Transmission Expenses / Total Pumpage (per 1,000 gal)		
 Actual Quantity Charge =	TOTAL	Rate \$0.3542
		\$740,482.96

2015 Audited Information

CITY OF EVANSTON, ILLINOIS

Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2015

	Budget	Actual
Operating Revenues		
Charges for services	\$ 15,253,000	\$ 15,005,360
Miscellaneous	506,100	716,246
Total Operating Revenues	15,759,100	15,721,606
Operating Expenses Excluding Depreciation		
Administration	1,528,130	1,473,338
Operations		
Pumping	2,426,701	1,752,932
Filtration	2,612,781	2,015,362
Distribution	1,724,142	2,395,818
Meter maintenance	194,336	202,921
Other	19,349,100	420,562
Total Operating Expenses Excluding Depreciation	27,835,190	8,260,933
Operating Income (Loss) Before Depreciation	(12,076,090)	7,460,673
Depreciation	-	2,096,633
Operating Income (Loss)	(12,076,090)	5,364,040
Non-Operating Revenues (Expenses)		
Investment income	10,000	5,981
Interest Expense	(434,254)	(390,461)
Net book value of fixed assets disposed	-	302,700
Total Non-Operating Revenues (Expenses)	(424,254)	(81,780)
Income (Loss) Before Transfers	(12,500,344)	5,282,260
Transfers		
Transfers (out)	(3,194,053)	(3,194,053)
Total Transfers In (Out)	(3,194,053)	(3,194,053)
Net Income	\$ (15,694,397)	2,088,207
Net Position		
Beginning of Year		66,279,631
Change in accounting principle		(101,305)
Prior period adjustment		(55,806)
Beginning of Year, Restated		66,122,520
End of Year	\$	68,210,727

(See independent auditor's report.)

Calculation of Distribution Expenses allocated to MG-N

Total Evanston Distribution System

pipe size dia (in)	Length	
	(ft)	(in-ft)
3	608	1,824
4	6,621	26,484
6	387,032	2,322,192
8	152,754	1,222,032
10	67,658	676,580
12	93,238	1,118,856
14	1,950	27,300
16	33,076	529,216
18	4,389	79,002
20	2,960	59,200
24	45,430	1,090,320
30	8,912	267,360
36	17,405	626,580
42	186	7,812
48	3,568	171,264
	825,787	8,226,022

Portion of Evanston Distribution System Used by MG-N

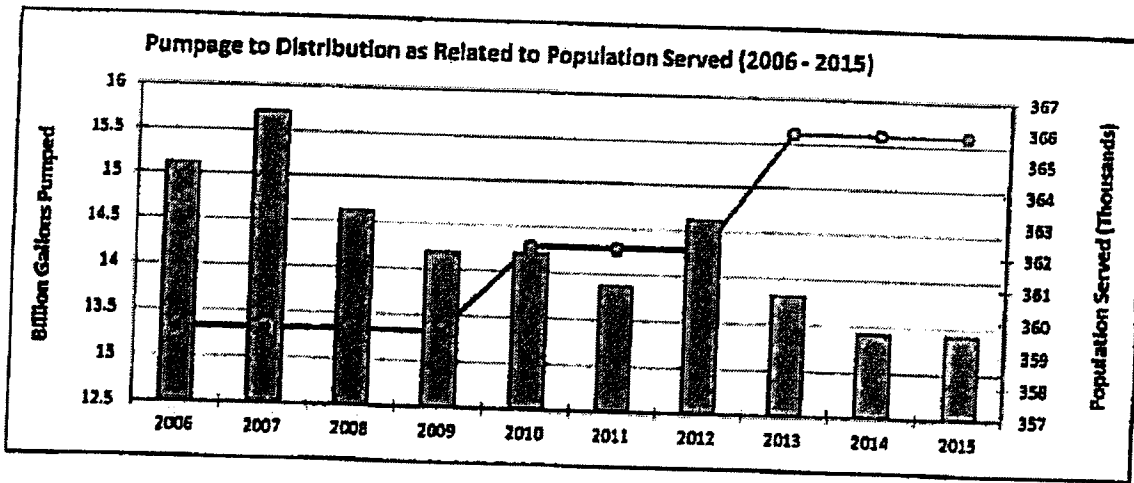
pipe size dia (in)	Length	
	(ft)	(in-ft)
36	7,198	259,128
48	3,568	171,264
	10,766	430,392

% in-ft used by MG-N of Evanston Total
 $430,392 / 8,226,022 = 5.23\%$

Annual Pumpage (MG)

Year	Lake Water Pumpage	Wash Water Recycled	Total Raw Water Pumpage	Finished Water Pumpage	Pumpage To		
					Evanson	Skokie	N.W.C.
2015	13,471,823	200,285	13,672,108	13,423,808	2,790,010	2,786,898	7,848,900
2014	13,416,872	239,547	13,656,419	13,427,979	2,719,978	2,766,348	7,941,853
2013	13,925,102	247,609	14,172,711	13,814,481	2,930,278	2,787,258	8,096,927
2012	14,817,637	322,302	15,110,485	14,827,115	2,939,417	3,068,004	8,819,694
2011	13,939,618	212,425	14,152,042	13,941,167	2,891,848	2,868,652	8,062,667
2010	14,087,849	218,251	14,306,100	14,268,257	2,701,569	3,094,554	8,472,134
2009	14,353,047	193,841	14,546,888	14,350,335	3,140,898	2,829,824	8,379,613
2008	14,872,552	134,695	15,007,147	14,893,877	3,142,816	2,981,341	8,589,720
2007	15,905,361	192,068	16,097,469	15,771,451	3,207,422	3,564,781	8,999,248
2006	15,332,651	180,528	15,493,179	15,174,831	2,950,899	3,329,305	8,894,627

MG-N
2,690,527
2,544,132



Group Exhibit "B"

Example of Rate Calculation for MG-N Water Rate Commission for Service Year 2017 Based on Evanston Audited Information for Fiscal Year 2015 comprised of Pages B-1 through B-21 (Pages B-1 and B-2: Example of Rate Calculation for MG-N Water Supply Prepared on 12/14/2016 by Dave Stoneback, Morton Grove - Niles Water Supply Rate Calculation for Service Year 2017, Based on FY 2015 Actual Information; Pages B-3 to B-12: Evanston Water Utility Component Sheets, Table B-1 dated 6/30/2016 (Reproduction Cost New Less Depreciation As Of December 31, 2015, Pages 1 through 10 of Burns & McDonnell Water Works Properties Valuation); Page B-13: Table B-2 dated 6/30/2016 (Reproduction Cost New Less Depreciation As Of December 31, 2015, Burns & McDonnell Water Works Properties Valuation); B-14: Table B-3 dated 6/30/2016 (Original Cost New Less Depreciation As Of December 31, 2015, Burns & McDonnell Water Works Properties Valuation); Page B-15: Table B-4 dated 6/30/2016 (OCLD and RCNLD At December 31, 2015, Burns & McDonnell Water Works Properties Valuation); Page B-16: IDNR Water Allocations as of November 2011; Page B-17: 2015 Audited Information, City of Evanston, Illinois, Notes to the Financial Statements for the FY ended December 31, 2015 (Page 40); Page B-18: Evanston Audited Information, City of Evanston, Schedule of Fixed Assets and Depreciation, Year ended December 31, 2014; Page B-19: Annual Pumpage, 2015 Monthly Pumpage (MG) and 2015 Average Day Pumpage (MGD)(Water and Sewer 2014 Annual Report)(Page 17); Page B-20: 2015 Audited Information, City of Evanston, Illinois, Water Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual for the FY ended December 31, 2015 (Page 123); Page B-21: Evanston Distribution System, Calculation of Percent of System Allocated to MG-N, Calculation of Depreciation Charges.

(attached)

Group Exhibit B

Example of Rate Calculation for MG-N Water Rate for Service Year 2017
Based on Evanston Audited Information for Fiscal Year 2015

Pages B-1 through B-21

EXAMPLE OF RATE CALCULATION FOR MG-N WATER SUPPLY

prepared 12/14/2016 by Dave Stoneback

MORTON GROVE - NILES WATER SUPPLY RATE CALCULATION FOR SERVICE YEAR 2017, based on FY 2015 actual information

Page 1 of 2

Return on Rate Base Calculation:

As of 12/31/2015 Multiplier

Water Treatment Plant Assets

Original Cost New Less Depreciation	\$26,511,026	0.5	\$13,255,513
Reproduction Cost New Less Depreciation	\$82,689,439	0.5	\$41,344,720
Total Fair Value Rate Base			\$54,600,233
Percent allocable to MG-N based on IDNR allocations			13.13%
Fair Value Rate Base Allocated to MG-N - JAWA			<i>subtotal</i> \$7,169,011

Water Transmission System Assets - Evanston/Skokie/MG-N

Original Cost New Less Depreciation	\$332,994	0.5	\$166,497
Reproduction Cost New Less Depreciation	\$2,751,468	0.5	\$1,375,734
Total Fair Value Rate Base			\$1,542,231
Percent allocable to MG-N based on IDNR allocations			29.88%
Fair Value Rate Base Allocated to MG-N - JAWA			<i>subtotal</i> \$460,819

Water Transmission System Assets - Skokie/MG-N only

Original Cost New Less Depreciation	\$58,300	0.5	\$29,150
Reproduction Cost New Less Depreciation	\$579,133	0.5	\$289,567
Total Fair Value Rate Base			\$318,717
Percent allocable to MG-N based on IDNR allocations			44.57%
Fair Value Rate Base Allocated to MG-N - JAWA			<i>subtotal</i> \$142,052
Fair Value Rate Base Allocated to MG-N - Total Water Utility			TOTAL \$7,771,881
Fair Value Rate Base Annual Return			10.00%
Total Annual Fair Value Return on Rate Base Charge			\$777,188
Monthly Charge for Fair Value Return on Rate Base			\$64,766
Cost per 1,000 gallons for Fair Value Return on Rate Base			\$0.37

Depreciation Calculation:

Depreciation Expense Plant

MG-N percentage IDNR allocations			\$1,411,291
Amount of Annual Depreciation allocated to MG-N			13.13%
			<i>subtotal</i> \$185,303

Depreciation Expense Transmission Assets - Evanston/Skokie/MG-N

Percent allocable to MG-N based on IDNR allocations			\$7,937
Amount of Annual Depreciation allocated to MG-N			29.88%
			<i>subtotal</i> \$2,372

Depreciation Expense Transmission Assets - Skokie/MG-N only

Percent allocable to MG-N based on IDNR allocations			\$1,476
Amount of Annual Depreciation allocated to MG-N			44.57%
			<i>subtotal</i> \$658

Total Annual Depreciation Charge

Monthly Charge for Depreciation			TOTAL \$188,332
Cost per 1,000 gallons for Depreciation Charge			\$15,694
			\$0.09

MORTON GROVE - NILES WATER SUPPLY RATE CALCULATION FOR SERVICE YEAR 2017, based on FY 2015 actual information

Quantity Charge Calculation:		1000 Gallons
<u>Water Treatment Plant</u>		
Actual usage in FY 2015 (Jan - Dec 2015)	Northwest Water Commission	7,846,900
	MG-N	2,090,587
	Evanston	2,790,010
	Skokie	2,786,870
	Total	15,514,367
FY 2015 expenses	Administration	\$1,473,338
	Pumping	\$1,752,932
	Filtration	\$2,015,362
	Total	\$5,241,632
Water Treatment Quantity Rate = Total Plant Expenses / Total Pumpage (per 1,000 gal)		<i>subtotal</i> \$0.34
<u>Water Transmission System</u>		
Actual pumpage in FY 2015 (1000 gallons)	Evanston	2,790,010
	Skokie	2,786,870
	MG-N	2,090,587
	Total	7,667,467
FY 2015 expenses	Distribution	\$2,395,818
	% allocated to MG-N	5.23%
		\$125,301
Water Transmission Quantity Rate = Water Transmission Expenses / Total Pumpage (per 1,000 gal)		<i>subtotal</i> \$0.02
		Rate
Estimated Quantity Charge =	TOTAL	\$0.3542 \$740,482.96
Cost per 1,000 gallons for Fair Value Return on Rate Base		\$0.37
Cost per 1,000 gallons for Depreciation Charge		\$0.09
Estimated cost per 1,000 gallons for Quantity Charge		\$0.35
Total Equivalent Rate per 1,000 gallons (2017)		<u>\$0.82</u>

MG-N shall not pay or contribute to any portion of the insurance cost relative to Evanston or the Evanston Water Utility during any Term or Extended Term of this Agreement.

Evanston Water Utility Component Sheets

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Dep Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990 or year acq [1]	Indices [2]	Index # Jan. 1, 1990 or year acq after	Index # Dec 31, 2015	Trend Factor [3]	RCN Dec. 31, 2015 (\$)	Lowes Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)
PUMPING	3/1/1975		17	47	15LOW LIFT PUMP ROOM WB	26,477	336,960	8	264	616	2,333	786,240	0.39	321,048	465,192
PUMPING	1/1/1951	12/30/2013	18	49	HOT WATER CIRC PUMP	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1951	12/30/2013	22	54	BOOSTER PMP-HYDR-O-PNEUMAT	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1951	12/30/2013	24	55	VACUUM PRIMING SYS-ENGINE	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1951	2/27/2007	25	57	VACUUM PRIMING SYS-ENGINE	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1951		26	58	VACUUM PRIMING SYS-ELEC DR	4,647	15,265	9	349	931	2,668	40,721	0.74	40,721	0
PUMPING	1/1/1951		30	64	15 MGD HIGH LFT SERV PMP 5	27,884	206,776	9	349	931	2,668	551,600	0.74	421,812	129,788
PUMPING	1/1/1951		31	66	10 MGD HIGH LFT SERV PMP 2	40,704	264,090	9	349	931	2,668	704,492	0.74	654,171	50,321
PUMPING	1/1/1951		33	70	DISCHARGE HEADER	77,312	471,976	9	349	931	2,668	1,259,053	0.74	962,806	296,248
PUMPING	1/1/1957		36	79	VACUUM PRIMING SYS ELEC DR	2,999	23,731	9	349	931	2,668	63,305	0.77	48,944	14,362
PUMPING	1/1/1957		37	82	VACUUM PRIMING SYS ELEC DR	2,628	21,094	9	349	931	2,668	56,271	0.77	43,505	12,766
PUMPING	1/1/1957		38	85	NORSHORE HEADR PMP DISCHG	5,204	23,669	8	264	616	2,333	55,694	0.74	38,331	17,364
PUMPING	1/1/1961	12/30/2013	40	87	SMP PMP HIGH LFT PMPING ST	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1961		42	91	DISCHARGE HEADER	42,082	169,861	9	349	931	2,668	453,125	0.71	290,533	162,592
PUMPING	1/1/1962		43	93	25 MGD HIGH LFT SERV PMP 9	59,874	351,518	9	349	931	2,668	937,717	0.70	655,183	281,534
PUMPING	1/1/1962		44	96	25 MGD HIGH LFT SERV PMP 8	59,874	351,518	8	264	616	2,333	820,209	0.70	573,954	246,254
PUMPING	1/1/1965	12/30/2013	49	109	HOT WATER TANK & PIPING	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1968		52	115	E-W HEADER PMP-DISCHARGE	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1972	2/27/2006	54	118	25 MGD LOW LFT SERV PMP 7	34,152	169,306	9	349	931	2,668	451,644	0.68	268,330	183,314
PUMPING	1/1/1972	2/27/2006	58	120	20 MGD LOW LFT SERV PMP 7	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1975	2/27/2006	59	129	BATTERY CHARGER	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1975	2/27/2006	60	133	BATTERY CHARGER POWR TMG LT	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1976		61	136	15 MGD LOW LFT SERV PMP 4	21,234	214,547	9	349	931	2,668	572,330	0.58	329,974	242,356
PUMPING	1/1/1976		62	139	15 MGD LOW LFT SERV PMP 5	29,686	207,608	9	349	931	2,668	553,820	0.58	319,502	234,318
PUMPING	1/1/1976		63	142	15 MGD LOW LFT SERV PMP 6	30,178	210,384	8	264	616	2,333	490,896	0.58	283,023	207,873
PUMPING	1/1/1976		65	146	LOW LFT PMPG STAT W/CRAHT	227,121	1,190,359	8	264	616	2,333	2,777,504	0.58	1,087,114	1,690,390
PUMPING	1/1/1980	12/31/2015	68	149	SUMP PUMP	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1981	2/27/2005	67	151	H-L STA CALCIUM BATTERY	0	0	0	0	0	0.000	0	0.00	0	0
PUMPING	1/1/1981		68	153	LOW LFT HIGH VOLT MOTR STS	15,000	20,816	8	264	616	2,333	48,571	0.74	36,067	12,503
PUMPING	1/1/1982		69	156	CLEANOMATIC PARTS CLNR P	808	1,016	8	264	616	2,333	2,371	0.79	1,883	488
PUMPING	12/31/1982		71	160	UPGRADE ELEC SYS LOW LIFT	80,743	106,820	9	349	931	2,668	284,955	0.67	189,855	95,100
PUMPING	12/31/1983		72	162	UPGRADE ELEC SYS HIGH LIFT	80,743	106,820	9	349	931	2,668	284,955	0.67	189,855	95,100
PUMPING	12/31/1984		73	165	2.30 MGD LL PUMP	572,613	718,407	9	349	931	2,668	1,916,438	0.65	1,247,417	669,021
PUMPING	3/1/1985		74	167	PUMP 7 LOW LFT VIB ISOL	2,502	3,082	9	349	931	2,668	8,222	0.54	4,475	3,747
PUMPING	3/1/1985		76	170	EAST OVRHD DR PMPING	6,493	7,376	9	349	931	2,668	19,676	0.76	14,919	4,757
PUMPING	12/31/1986		77	173	36IN BUTTERFLY 4WAY VALVE	10,500	12,680	9	349	931	2,668	33,772	0.64	21,625	12,148
PUMPING	12/31/1986		78	175	PLANT AUTO. CSTS CONT B82	299,764	322,445	16	299	700	2,341	778,299	0.62	485,552	292,748
PUMPING	3/1/1987		80	179	PT AUTO. CSTS CONT B-82	45,372	50,318	16	299	700	2,341	117,801	0.61	72,155	45,646
PUMPING	3/1/1987		82	182	18IN BALL VALV HIGH LIFT 7	9,781	11,467	9	349	931	2,668	30,590	0.61	18,737	11,853
PUMPING	3/1/1987		83	185	REFURB PMPG STATION CRANE	16,036	17,234	8	264	616	2,333	40,213	0.73	29,367	10,845
PUMPING	3/1/1984		84	188	1894 LL SUCTION WELLS	23,518	520,603	8	264	616	2,333	1,214,740	0.74	689,096	525,645

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alvard, Burdick & Howson
 [2] Indices:
 HWI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
 HWI-9 = Pumping Plant - Structures & Improvements
 HWI-9 = Pumping Plant - Electric Pumping Equipment
 HWI-15 = Water Treatment Plant - Structures & Improvements
 HWI-16 = Water Treatment Plant - Large Treatment Plant Equipment
 ENRCCI = Engineering News Record Construction Cost Index - 20 City
 [3] Trend factor calculated using indices at respective years
 [4] Lowes Type Survivor Curve estimates useful life based on condition percent factors for industrial property, shown here as % of life used
 [5] Depreciation calculated using Lowes Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Evanston Water Utility Component Sheets

TABLE B-1

REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Dep. Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990 or year eq[1]	Indices [2]	Index # Jan. 1, 1990 or year acq after	Index # Dec 31, 2015	Trend [3]	RCN Dec. 31, 2015	Iowa Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)
PUMPING	7/1/1988		766	1039	REPLAC SEALS LL PUMP #8	9,056	10,162	9	349	931	2,668	27,108	0.79	21,344	5,764
PUMPING	2/28/1989		777	1055	H/L LOOP BALL VALVE 36IN	31,243	31,615	9	0	931	2,668	84,337	0.58	49,147	35,190
PUMPING	12/30/2013		782	1061	HIGH LIFT PMP STA ROOF	0	0	0	0	0	0,000	0	0.00	0	0
PUMPING	12/30/2013		786	1069	SEWAGE EJECTOR	0	0	0	0	0	0,000	0	0.00	0	0
PUMPING	12/31/1989		804	1101	SUCTION WELL COMB STARTRS	1,101	1,084	8	264	616	2,333	2,529	0.76	1,918	612
PUMPING	8/31/1989		808	1103	FLAMMABL LIQ STOR CABINET	579	566	ENRCCI	4680	10037	2,145	1,257	0.78	953	304
PUMPING	12/31/1982		810	1108	HPS LITES GAR 3HELIOPORT	2,625	3,300	8	264	616	2,333	7,700	0.78	6,009	1,691
PUMPING	12/31/1986	2/27/2006	811	1112	N7 LL SUCTION PIPING MOD	3,135	3,658	8	264	616	2,333	6,535	0.76	6,472	2,064
PUMPING	12/31/1984	12/30/2013	812	1114	COND RECEIVER LEVEL CONTR	0	0	0	0	0	0,000	0	0.00	0	0
PUMPING	12/31/1987	2/27/2007	813	1116	BOILER COND LEVEL CONTROL	0	0	0	0	0	0,000	0	0.00	0	0
PUMPING	2/28/1990		823	1128	WINDOW FRAME REPLACEMENT	7,850	7,850	8	264	616	2,333	18,317	0.76	13,888	4,428
PUMPING	12/31/1991		872	1211	A91 ELECT SUBSTATUSWGR	692,235	692,235	9	368	931	2,530	1,751,281	0.53	929,430	821,851
PUMPING	6/25/1991		873	1213	250 KW GENERATOR HOOK-UP	8,045	8,045	9	368	931	2,530	20,353	0.74	15,114	5,239
PUMPING	12/31/1991		874	1215	5KV CABLE REPLACEMENT	9,458	9,458	9	368	931	2,530	23,928	0.73	17,374	6,554
PUMPING	12/31/1991		875	1217	6IN PLANT SERV RPZ	5,748	5,748	9	368	931	2,530	14,541	0.81	11,635	2,706
PUMPING	6/30/1992		887	1239	HL 5KV MTR STR CNTR	125,287	163,837	9	349	931	2,668	437,065	0.68	295,519	141,536
PUMPING	12/31/1992		894	1253	MECHANICAL SEALS-PMP#8LL	9,156	9,156	8	281	616	2,192	20,071	0.81	16,336	3,735
PUMPING	12/31/1992		895	1255	A90 HL PUMP 3	289,648	289,648	9	368	931	2,412	650,369	0.52	335,125	314,244
PUMPING	8/5/1992		896	1257	A90 2 HL SV F-32 F-33	17,646	17,646	8	264	616	2,192	38,684	0.80	30,854	7,830
PUMPING	1/1/1991		924	1310	7 MOTOR PROTECT IO 1000	654,728	4,710,404	8	264	616	2,333	10,990,943	0.74	7,144,113	3,846,830
PUMPING	12/31/1993		932	1326	HL PMP STA WCRANE & HOIST	6,200	6,200	8	295	616	2,088	12,946	0.78	10,103	2,844
PUMPING	12/31/1993		933	1328	HEAT EXCH 6 HL AFT COOLER	12,831	12,831	8	428	931	2,175	27,910	0.78	21,779	6,131
PUMPING	12/12/1995		988	1424	LL HOIST MODIF	9,471	9,471	8	312	616	1,974	18,699	0.38	7,021	11,678
PUMPING	9/25/1995		989	1428	20 KVA X-FORMER LL BASE	1,780	1,780	8	450	931	2,069	3,663	0.38	1,383	2,280
PUMPING	12/31/1995		991	1432	YEDMAN SUMP PUMP HL BSMT	2,288	2,288	8	312	616	1,874	4,517	0.74	3,354	1,163
PUMPING	12/31/1995		992	1434	HL 6 NAT GAS ENGINE	66,243	66,243	8	450	931	2,069	137,049	0.68	79,015	58,034
PUMPING	2/27/1997		1032	1505	HI-PRESS GAS PIPING	6,939	6,939	8	312	616	1,874	13,700	0.55	8,917	4,783
PUMPING	3/5/1996	12/31/2015	1033	1506	#7 H/L ENGINE REBUILD	49,779	49,779	8	489	931	1,904	94,774	0.72	66,473	28,300
PUMPING	10/1/1996		1034	1507	H.L. #3 VOLT. CTRL	23,970	23,970	8	0	0	0,000	0	0.00	0	0
PUMPING	6/10/1997		1046	1519	DEHUMIDIFIER - LL & HL BASE	96,188	96,188	9	473	931	1,968	47,180	0.72	34,057	13,123
PUMPING	2/28/1998		1051	1524	#2 H.L. ENGINE INSTALL	147,540	147,540	9	489	931	1,904	183,131	0.84	152,979	30,152
PUMPING	11/24/1998	12/30/2013	1066	1539	PMP SHOP WINDOW MODIF.	0	0	0	0	0	0,000	272,000	0.61	165,029	106,971
PUMPING	2/28/1999		1067	1540	#5 L.L. ENGINE INSTALL	77,069	77,069	8	505	931	1,844	0	0.00	0	0
PUMPING	7/26/1999		1068	1541	#7 L.L. ENGINE INSTALL	157,172	157,172	9	530	931	1,757	135,379	0.68	78,892	56,487
PUMPING	2/29/2000	12/30/2013	1079	1552	PERIMETER FENCE S.E. SECTION	3,287	3,287	8	530	931	1,757	276,089	0.56	160,890	115,199
PUMPING	12/31/1986		1085	1553	CONTROL RM HEATAC	0	0	0	351	616	1,755	5,769	0.77	4,439	1,330
PUMPING	2/15/2000		1086	1556	REMAINING ASSET #61 PMPING (HL)	932,610	1,060,493	9	349	931	2,668	2,828,994	0.61	1,732,801	1,096,193
						241,903	241,903	9	531	931	1,753	424,128	0.77	326,357	97,771

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alford, Burdick & Howson
[2] Indices:
H/M = Handy-McMillan Index, Cost Trends of Water Utility Construction, North Central Region
Line 8 = Pumping Plant - Structures & Improvements
Line 9 = Pumping Plant - Electric Pumping Equipment
Line 15 = Water Treatment Plant - Structures & Improvements
Line 16 = Water Treatment Plant - Large Treatment Plant Equipment
ENRCCI = Engineering News Record Construction Cost Index - 20 City

[3] Trend factor calculated using Indices at respective years
[4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property - shown here as % of life used
[5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Burns & McDonnell Engineering Company
Kansas City, Missouri

TABLE B-1

REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Disp Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990 or Year acq [1]	Indices [2]	Index # Jan. 1, 1990 or Year acq after	Index # Dec 31, 2015	Trend Factor [3]	RCN Dec. 31, 2015 (\$)	Iowa Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)
PUMPING	7/10/2001		1110	1582	HL#8	7,530	7,530	9	516	931	1.804	13,587	0.87		1,747
PUMPING	12/18/2001		1111	1583	HL#3 CONV TO DUAL DR	321,081	321,081	9	516	931	1.804	579,315	0.50		251,144
PUMPING	11/12/2002		1125	5920	HL#4 PUMP & ENGINE REPLACEMENT	653,293	673,293	9	534	931	1.743	1,173,849	0.25		863,450
PUMPING	12/14/2004			36396	STATION BATTERIES	24,015	24,015	9	604	931	1.541	37,016	0.27		9,863
PUMPING	9/13/2005			38387	LOW LIFT # 4 ENGINE REPL	128,589	128,589	9	620	931	1.502	193,091	0.38		72,501
PUMPING	1/31/2006			38375	HI LIFT # 7 PUMP REPL	104,507	104,507	9	639	931	1.457	152,263	0.16		24,300
PUMPING	11/28/2006			39239	LOW LIFT VACUUM PRIMING SYSTEM	557,929	557,929	9	639	931	1.457	812,882	0.15		120,569
PUMPING	3/1/2007			38642	LOW LIFT VACUUM PRIMING SYSTEM	36,175	36,175	9	640	931	1.455	52,624	0.29		15,013
PUMPING	10/28/2008			40221	#4 HL REPLACEMENT MOTOR GE	36,765	36,765	9	679	931	1.371	50,410	0.27		13,431
PUMPING	12/21/2010			41048	MASONRY PUMPING STATION	144,772	144,772	8	544	616	1.132	163,933	0.24		39,881
PUMPING	3/1/2010			42024	HL PUMP STA WINDOW REPLACEMENT	95,298	95,298	8	573	616	1.075	107,911	0.38		40,516
PUMPING	12/11/2012			42528	SWITCHGEAR	628,402	628,402	9	844	931	1.103	693,178	0.15		8,368
PUMPING	5/14/2013			42518	SECURITY DOOR REPLACEMENT	24,840	24,840	8	584	616	1.060	26,336	0.10		67,393
PUMPING	9/30/2013			42500	ARG FLASH & ELECTRICAL STUDY	54,915	54,915	9	844	931	1.103	60,576	0.19		103,764
PUMPING	12/31/2013			10888	INSRR LUBE STATION	22,455	22,455	9	900	931	1.034	23,228	0.13		2,632
PUMPING	3/31/2014			10100	SECURITY IMPROVEMENTS BZPP	84,108	84,108	9	900	931	1.034	87,006	0.19		11,458
PUMPING	5/28/2014			10104	SCADA SYSTEM	304,318	304,318	9	900	931	1.034	314,800	0.13		3,016
PUMPING	8/17/2004			38425	480 VOLT SWITCHGEAR REPLACEMENT	74,102	74,102	9	604	931	1.541	114,221	0.50		16,458
PUMPING	7/25/2011			41480	1987 ROOF SWITCHGEAR REPLACEMENT	83,500	83,500	8	557	616	1.106	92,345	0.19		40,872
PUMPING	11/8/2010			41005	WATER TREATMENT FACILITY ROOF	109,945	109,945	8	544	616	1.132	124,384	0.24		273,927
PUMPING	7/28/2015			10317	ROOF 1 and 31	146,373	146,373	8	616	616	1.000	148,373	0.00		57,847
						9,365,400	17,892,873					39,330,285			94,807
												22,485,209			148,373
												16,845,076			

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Avord, Burdick & Howson
[2] Indices:

- HWI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
- Line 8 = Pumping Plant - Structures & Improvements
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[3] Trend factor calculated using Indices at respective years
[4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property - shown here as % of life used
[5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Evanston Water Utility Component Sheets

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Dep Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990 or year acq [1] (\$)	Indices [2]	Index # 1990 or year acq after	Index # Dec 31, 2015	Trend Factor [3]	RCN Dec. 31, 2015 (\$)	Iowa Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)
SOURCE	3/1/1969		1	9	1809 36IN CI PIPE INTAKE	44,888	1,001,886	ENRCCI	4680	10037	2.145	2,146,703	0.65	923,219	1,225,463
SOURCE	3/1/1969		2	13	1909 42IN CI PIPE INTAKE	56,452	1,291,123	ENRCCI	4680	10037	2.145	2,789,017	0.65	1,189,746	1,579,271
SOURCE	7/1/1957		3	14	48IN INTAKE BRANCH CONN.	15,754	83,320	ENRCCI	4680	10037	2.145	135,000	0.74	72,883	82,916
SOURCE	7/1/1957		5	18	36IN INTAKE BRANCH	68,821	94,762	ENRCCI	4680	10037	2.145	203,275	0.74	109,097	94,178
SOURCE	7/1/1957		6	20	NORTH SHORE SCREEN WELL	153,713	799,896	ENRCCI	4680	10037	2.145	1,715,503	0.74	1,180,670	534,633
SOURCE	7/1/1957		7	23	NORTH SHORE SCREEN WELL	153,713	799,896	ENRCCI	4680	10037	2.145	1,715,503	0.74	1,180,670	534,633
SOURCE	7/1/1957		8	25	INTAKE TUNNEL	171,942	946,233	ENRCCI	4680	10037	2.145	2,028,348	0.74	1,396,666	632,679
SOURCE	7/1/1969		9	28	48IN CI PIPE SOURCE INTAK	397,092	830,432	ENRCCI	4680	10037	2.145	1,780,993	0.74	955,054	825,139
SOURCE	7/1/1969		10	30	TRAVELING WATER SCREENS	38,855	93,196	ENRCCI	4680	10037	2.145	198,874	0.72	143,420	56,453
SOURCE	12/31/1976		11	32	TRAVELING WATER SCREENS	38,855	93,196	ENRCCI	4680	10037	2.145	198,874	0.72	143,420	56,453
SOURCE	12/31/1976		12	34	54IN CONCRETE PIPE INTAKE	32,040	77,665	ENRCCI	4680	10037	2.145	166,136	0.56	59,562	106,574
SOURCE	12/31/1976		13	37	48IN CONCRETE INTAKE	684,950	1,675,274	ENRCCI	4680	10037	2.145	3,592,890	0.56	1,288,083	2,304,797
SOURCE	12/31/1976		14	38	54IN CONCRETE INTAKE PIPE	740,395	1,177,305	ENRCCI	4680	10037	2.145	2,524,917	0.56	1,160,802	1,364,115
SOURCE	3/1/1954		15	42	54IN CONCRETE INTAKE PIPE	1,034,251	2,536,507	ENRCCI	4680	10037	2.145	5,438,940	0.56	1,950,282	3,489,658
SOURCE	12/31/1990		16	44	1894 6FT RAW WATER TUNNEL	3,644	158,631	ENRCCI	4680	10037	2.145	340,209	0.74	152,993	147,216
SOURCE	10/1/1991		827	1136	48IN RAW WATER INTAKE/EXT	77,149	77,149	ENRCCI	4777	10037	2.101	162,099	0.46	74,178	87,922
SOURCE	12/31/1993	12/31/2015	934	1330	COMB STARTERS AT & AZ VLV	3,115	3,115	ENRCCI	4888	10037	2.053	6,396	0.81	5,206	1,190
SOURCE	7/7/1993		935	1332	ZEBRA HUSSEL CONTROL A92	0	0	ENRCCI	0	0	0.000	0	0.00	0	0
SOURCE	1/1/2010		40707	40686	BEHAV 1894 WELL	3,585	3,585	ENRCCI	5336	10037	1.891	6,744	0.78	5,262	1,481
SOURCE	2/8/2010		40707	40707	54" INTAKE ANCHOR ICE CONTROL	702,139	702,139	ENRCCI	8938	10037	1.123	788,473	0.29	224,936	563,537
SOURCE	12/31/1983	2/27/2010	934	133001	PIPE PIPE REPLACED	584,537	584,537	ENRCCI	8938	10037	1.123	656,411	0.38	246,466	409,943
						5,005,781	13,095,688		0	0	0.000	26,832,103	0	12,593,431	14,078,673

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alward, Burdick & Howson
 [2] Indices:
 HMI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
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 [4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property; shown here as % of life used
 [5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight-line approach

Evanston Water Utility Component Sheets

TABLE B-1

REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Disp Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990 or year acq [1]	Indices [2]	Index # Jan. 1, 1990 or year acq after	Trend Factor Dec 31, 2015 [3]	RCN Dec. 31, 2015 (\$)	Survivor Curve [4]	Depreciation [5] (\$)	RCNLD (\$)
TREATMENT	3/1/1975		85	190	15 FILTER BUILDING #1	26,512	309,759	15	264	616	722,771	0.75	545,249	177,522
TREATMENT	3/1/1975		86	193	15 RAPID SAND FILTERS 12MGD S	57,357	391,404	16	269	700	916,330	0.75	691,267	225,063
TREATMENT	7/1/1983		87	196	23 FILTER BUILDING #2	20,983	124,684	15	264	616	290,829	0.78	227,021	63,808
TREATMENT	7/1/1983		88	198	23 CLEAR WELLS #3 & #4	76,848	536,505	16	299	700	1,256,032	0.67	836,847	418,185
TREATMENT	7/1/1984		89	200	RAPID SAND FILTERS 23 ADD	140,073	391,404	16	299	700	916,330	0.67	610,517	305,814
TREATMENT	3/1/1947		90	203	34 CLEAR WATER RESRV 5MG	119,506	3,339,993	16	337	700	6,937,671	0.69	4,790,547	2,147,123
TREATMENT	1/1/1951		91	204	10 PIPING CLEARWELL PUMPS	877	55,995	16	299	700	2,341	0.74	82,637	48,221
TREATMENT	1/1/1951		95	208	WASH WATER PUMP #1 10MGD	10,168	106,543	16	299	700	2,341	0.74	254,114	0
TREATMENT	1/1/1951		96	209	WASH WATER PUMP #2 10MGD	10,168	106,543	16	299	700	2,341	0.74	254,114	0
TREATMENT	1/1/1951		97	212	SLOW MIXING EQUIP 2 UNITS	37,018	282,297	16	299	700	2,341	0.74	660,886	0
TREATMENT	1/1/1951		98	214	RAPID SAND FILTERS 48 ADD	87,841	971,947	16	299	700	2,341	0.74	1,740,059	0
TREATMENT	1/1/1951		99	217	FILTER BUILDING #3	110,895	646,459	15	264	616	2,275,461	0.74	1,740,059	535,403
TREATMENT	1/1/1951		100	220	FILTERED WATER PIPELINES	115,819	691,627	16	299	700	2,341	0.74	980,463	527,942
TREATMENT	1/1/1951		101	223	CLEAR WELLS #5 & #6	143,426	888,529	16	299	700	2,341	0.74	985,574	653,619
TREATMENT	1/1/1951		102	226	RAPID SAND FILTERS 24MGD S	194,384	759,660	16	299	700	2,341	0.74	1,240,467	639,701
TREATMENT	1/1/1951		103	229	CHEMICAL BUILDING STRUCT	276,597	1,608,793	15	264	616	1,778,468	0.74	1,060,554	717,914
TREATMENT	1/1/1951		104	232	SETTLING BASIN DRAINS	364,467	1,148,100	16	299	700	2,341	0.74	2,870,591	883,259
TREATMENT	7/1/1965		105	235	MIXING AND SETTLING BASINS	436,673	2,751,404	16	299	700	2,341	0.74	1,602,852	1,065,008
TREATMENT	7/1/1965		109	245	ELECT TRAV HOIST MONORAIL	3,253	13,536	15	264	616	6,441,414	0.74	3,841,210	2,000,204
TREATMENT	7/1/1965		113	252	ELEVATOR REMODEL 1963	8,813	67,678	15	264	616	2,333	0.75	23,704	7,860
TREATMENT	7/1/1965		114	256	WASH WATER DRAIN PT PIPING	10,137	88,359	16	299	700	2,341	0.75	118,515	39,400
TREATMENT	7/1/1965		116	259	WASH WATER PUMP DISC HEAD	26,173	116,565	16	299	700	2,341	0.68	206,861	111,021
TREATMENT	7/1/1965		117	262	WASH WATER PUMP #1 20 MGD	33,697	216,522	16	299	700	2,341	0.68	164,913	112,664
TREATMENT	7/1/1965		120	270	CARBON SLURRY SYSTEM	53,697	223,579	16	299	700	2,341	0.68	342,750	184,157
TREATMENT	7/1/1965		121	273	ALUM SULPH SYS LIQ AL SYS	53,620	223,579	16	299	700	2,341	0.75	392,832	130,597
TREATMENT	7/1/1965		122	276	LOW LIFT DISCH PIPE LINES	86,895	254,349	16	299	700	2,341	0.68	446,895	148,570
TREATMENT	7/1/1965		124	282	SURFACE WASH PUMP	80,854	361,763	16	299	700	2,341	0.68	503,180	343,757
TREATMENT	7/1/1965		125	285	FILTER BUILDING #4	97,481	427,077	15	264	616	846,937	0.68	460,995	328,601
TREATMENT	7/1/1965		126	288	CLEAR WELLS #7 AND #8	110,804	1,620,947	16	299	700	2,341	0.68	503,239	483,274
TREATMENT	7/1/1965		127	291	CHEMICAL BUILDING ADDITIO	112,052	481,558	15	264	616	3,794,859	0.68	1,758,169	2,036,690
TREATMENT	7/1/1965		130	300	CLEAR WELLS #9 AND #10	210,118	967,854	16	299	700	2,341	0.68	567,438	556,169
TREATMENT	7/1/1965		131	301	RAPID SAND FILTERS 63 ADD	207,390	683,684	16	299	700	2,341	0.68	1,048,708	1,216,091
TREATMENT	10/15/1973		132	304	MIXING & SETTLING BASINS	526,229	4,304,600	16	299	700	2,341	0.68	741,572	899,049
TREATMENT	10/15/1973		133	307	FILTER WASH WAST & SET BAS	606,272	1,395,675	16	299	700	2,341	0.68	5,987,315	4,090,344
TREATMENT	7/1/1977	12/31/2015	135	311	BUTTERFLY VALVE 30IN PNEU	0	0	16	299	700	3,267,467	0.59	1,622,628	1,644,838
TREATMENT	12/31/1977		136	314	FIBERGLASS PHOSPHAT TK PM	7,707	12,703	16	0	0	0	0.00	0	0
TREATMENT	3/1/1979		137	317	2 CENTRIFUGAL PUMPS	2,385	3,952	16	299	700	2,341	0.72	21,468	8,272
TREATMENT	3/1/1981		138	319	6IN FORCE MAIN	3,488	6,508	15	264	616	9,252	0.77	7,085	2,167
TREATMENT	3/1/1982		141	326	ADJUSTMENTS 1982	55,067	68,235	15	264	616	15,185	0.74	11,276	3,909
TREATMENT	3/1/1982		142	329	IMPRV MKG BASINS #1 & #2	215,223	278,753	16	299	700	2,341	0.61	60,730	100,818
TREATMENT	7/1/1982		143	332	20" BUTTERFLY VALVES 58 ADD	9,009	11,455	16	299	700	2,341	0.51	245,329	407,270
TREATMENT	12/31/1983		144	336	UPGRADE 12-2MGD FILT W/BEF	896,653	1,077,653	16	299	700	2,341	0.51	9,982	16,838
														1,782,266

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Aword, Burdick & Howson
[2] Indices:
HWI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
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Burns & McDonnell Engineering Company
Kansas City, Missouri

City of Evanston
Water Works Properties Valuation

Evanston Water Utility Component Sheets

TABLE B-1

REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

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TREATMENT	2/28/1985		147	345	6 FILT INFLU BUTTR VALVES	48,893	55,475	16	299	700	2,341	129,875	0.64	83,160	46,715
TREATMENT	3/1/1985	2/27/2011	149	350	DEHUM CARGO CR WEST FLTR	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	3/1/1985	12/31/2014	150	352	FILT CONTR UPGRD WEST PLT	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	2/28/1986		151	355	SYSTEM AUTOMAT CHEM BLDG	575,801	638,576	16	299	700	2,341	1,494,994	0.62	932,671	562,323
TREATMENT	2/28/1986		152	357	LOW LFT SUPP TO FLASH MIX	299,764	332,445	16	264	616	2,341	778,298	0.61	485,551	292,747
TREATMENT	12/31/1986		156	363	ENG COSTS SYSTEM AUTOMATI	7,766	8,559	15	264	616	2,341	19,971	0.61	12,233	7,738
TREATMENT	12/31/1986		157	365	22 FLOR FIXTURES W/ PLT	87,694	97,243	15	299	700	2,341	227,659	0.61	139,445	88,215
TREATMENT	3/1/1987		160	373	TMO FLORIDE FEED PUMPS	1,023	1,099	15	264	616	2,341	2,564	0.80	2,054	510
TREATMENT	3/1/1987		161	376	TMO POLYMER FEED PUMPS	2,218	2,388	15	264	616	2,341	5,391	0.80	4,478	1,113
TREATMENT	3/1/1987	12/31/2014	164	382	FILT CONTR UPGRD EAST PL	8,995	9,684	16	299	700	2,341	22,872	0.80	18,158	4,513
TREATMENT	1/1/1982		244	626	2 30X16 SPOOL PIECES	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	1/1/1982	12/31/2015	245	629	BRASS NOZZLES SURFACE WASH	464	590	16	299	700	2,341	1,381	0.51	522	859
TREATMENT	1/1/1982		246	632	4 30IN UNI-FLANG FIL14x18	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	1/1/1982		249	641	FILTER 14 & 18 30IN B/FV	2,084	2,650	16	299	700	2,341	6,204	0.51	2,344	3,860
TREATMENT	2/1/1988	2/27/2009	758	1019	2 CHLORINE CYLINDER SCALE	12,833	16,318	16	299	700	2,341	38,203	0.51	14,432	23,771
TREATMENT	5/1/1988	2/27/2005	759	1025	ROOF SERVICE BUILDING	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	5/1/1988		759	1027	MATERIAL FOR INST. FIL.	1,350	1,399	15	264	616	2,341	3,264	0.79	2,570	684
TREATMENT	12/31/1989	12/30/2013	800	1094	HEAD HOUSE ROOF	6,140	6,378	16	299	700	2,341	14,932	0.77	11,544	3,387
TREATMENT	12/31/1989		801	1095	SLUDGE LINE EXTENSION	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	7/31/1989		803	1099	FLAMMABL LIQ STOR CABINET	361,450	385,953	15	264	616	2,341	830,557	0.41	198,115	632,442
TREATMENT	12/31/1985		818	1121	CONTROL ROOM HVAC	220,715	217,358	15	264	616	2,341	507,169	0.76	384,590	122,619
TREATMENT	2/28/1990	12/31/2014	820	1124	ADDL FILTER CONTR EAST PL	443	447	ENRCCI	4680	10037	2,145	899	0.76	727	232
TREATMENT	10/23/1990		837	1132	RECT DRAIN VALV96 EFF VLV4	4,530	5,146	15	264	616	2,341	12,007	0.74	6,916	3,091
TREATMENT	5/20/1990		840	1160	SECURITY EQUIPMENT	43,920	43,920	16	303	700	2,310	101,465	0.47	47,989	53,476
TREATMENT	5/20/1990		841	1162	BLUE PRINT CABINET F	7,851	47,475	16	303	700	2,310	109,678	0.74	81,444	28,234
TREATMENT	11/20/1990		842	1164	SUMP PUMP#3 LEVEL	1,675	1,675	16	303	700	2,310	18,137	0.74	13,468	4,669
TREATMENT	12/31/1990		843	1165	FIRE SAFETY CABINET LAB	945	945	ENRCCI	4777	10037	2,101	3,869	0.74	2,873	986
TREATMENT	12/31/1991		884	1167	CHEM FEEDER DRIVE MOTOR	373	1,363	16	303	700	2,310	3,149	0.74	1,506	480
TREATMENT	6/25/1991	2/27/2007	885	1233	UPGRADE L304 & T304	502	373	ENRCCI	4777	10037	2,101	783	0.74	2,338	811
TREATMENT	2/28/1992	12/31/2015	890	1245	W/PLT GRANITE WORK TREAT	9,956	9,956	15	269	616	2,290	22,799	0.81	18,586	4,242
TREATMENT	12/31/1992		901	1249	FILTER SWITCHGEAR	0	0	0	0	0	0.000	0	0.00	0	0
TREATMENT	12/31/1992		902	1269	AS9 IMPR MXG BASINS 3x4	72,924	72,924	16	321	700	2,181	159,024	0.53	84,387	74,628
TREATMENT	12/31/1992		903	1271	AS9 W/3IN CLEARWELL PIP	151,711	151,711	16	321	700	2,181	330,334	0.37	1,054,701	606,501
TREATMENT	12/31/1992		904	1273	B91 FLOUIDE FEED SYSTEM	273,983	273,983	16	321	700	2,181	597,493	0.37	89,520	241,314
TREATMENT	12/31/1992		905	1275	B91 W/PLANT GRAY & HANDRL	134,917	134,917	16	321	700	2,181	294,212	0.43	161,674	435,818
TREATMENT	12/31/1992					8,198	8,198	16	321	700	2,181	17,878	0.43	125,279	168,934
															10,265

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alvard, Burdick & Howson
[2] Indices: MMI = Haney-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
Line 8 = Pumping Plant - Structures & Improvements
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ENRCCI = Engineering News Record Construction Cost Index - 20 City
[3] Trend factor calculated using Indices at respective years
[4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property - shown here as % of life used
[5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Evanston Water Utility Component Sheets

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Dep. Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1980 or year eq[1]	Indices [2]	Index #, 1990 or year, Dec 31, 2015	Trend Factor [3]	RCN Dec 31, 2015 (\$)	Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)	
TREATMENT	12/31/1992		906	1277	B91 LL PIPING	397,404	397,404	16	700	2,181	866,613	0.43	369,013	497,600	
TREATMENT	8/4/1992		907	1279	ADDN #803 SLUDGE LINE	4,988	4,988	16	700	2,181	10,877	0.80	8,676	2,202	
TREATMENT	12/31/1992		908	1281	CLEAR WELLS VLV FS, F4	25,959	25,959	16	700	2,181	56,631	0.43	24,114	32,517	
TREATMENT	6/17/1992		909	1283	SUMP PUMP #4-3 SUB	4,128	4,128	16	700	2,181	9,001	0.81	7,328	1,675	
TREATMENT	7/9/1992		910	1285	PRAT LIN ACT FIL 15x16 2	3,813	3,813	16	700	2,181	8,315	0.80	6,632	1,683	
TREATMENT	11/18/1992		911	1287	PHOSPHATE FEED SYSTEM	5,339	5,339	16	700	2,181	11,642	0.80	9,288	2,356	
TREATMENT	12/31/1992		912	1289	DEHUM CARGO CR EAST FLTR	51,978	51,978	16	700	2,181	113,348	0.52	58,580	54,767	
TREATMENT	12/14/1993		944	1348	PRAT DURACT -12 63 ADDN	30,068	30,068	16	700	2,134	84,169	0.78	50,073	14,098	
TREATMENT	12/31/1993		945	1350	PHOS FEED SYSTEM	2,300	2,300	16	700	2,134	4,909	0.78	3,830	1,078	
TREATMENT	6/19/1993		946	1352	PRAT LIN ACT FIL 13x14	3,814	3,814	16	700	2,134	8,140	0.80	6,493	1,648	
TREATMENT	9/27/1994		968	1387	SUBMERS SLUDGE PUMP	20,463	20,463	16	700	2,077	42,504	0.76	32,389	10,115	
TREATMENT	11/08/1994		970	1381	PHOS FEED SYSTEM ADDN	14,785	14,785	16	700	2,077	30,711	0.76	23,402	7,308	
TREATMENT	9/13/1994	12/31/2014	974	1398	UPGRADE PH I INSTR/SOFTWR	57,988	57,988	16	337	700	2,077	120,450	0.76	91,786	28,664
TREATMENT	5/24/1994		978	1406	FLUORIDE X-FEER PUMP	0	0	0	0	0.000	0	0	0	0	
TREATMENT	2/28/1995		982	1414	ALUM STOR TANKS (3) EPOXY	2,499	2,499	16	337	700	2,077	5,191	0.78	4,051	1,140
TREATMENT	7/11/1995		984	1418	SLOMIX VFD F	57,428	57,428	16	446	700	1,570	90,133	0.76	68,663	21,449
TREATMENT	12/31/1995		985	1420	2 PENISTALIC CARB PUMPS F	2,283	2,283	16	446	700	1,570	3,584	0.74	2,861	923
TREATMENT	2/28/1996		986	1422	CL2 BUILDING	600	600	16	446	700	1,570	942	0.74	699	242
TREATMENT	12/31/1996	12/31/2014	1010	1465	UPGRADE PH II INSTR/SOFTW	1,001,189	1,001,189	15	319	616	1,931	1,933,331	0.38	725,924	1,207,408
TREATMENT	10/17/1996		1027	1489	FLUORIDE X-FEER PUMP	1,958	1,958	16	361	700	1,939	3,797	0.74	2,819	977
TREATMENT	2/13/1997	12/31/2015	1028	1501	CL2 MASS FLOWMETER	0	0	0	0	0.000	0	0	0	0	
TREATMENT	2/25/1997		1029	1502	LIMITORQ VALVE ACT - 12	22,492	22,492	16	372	700	1,862	42,324	0.72	30,552	11,772
TREATMENT	2/28/1997		1030	1503	(2) WPLT SUMP PUMPS	599	599	16	372	700	1,862	1,127	0.84	941	186
TREATMENT	5/20/1997		1041	1504	1949 FILTER ROOF REPL	662,232	662,232	15	325	616	1,895	1,255,184	0.56	699,674	555,510
TREATMENT	11/20/1997		1047	1520	OH DOOR W/PLT DOCK	3,647	3,647	15	325	616	1,895	6,913	0.72	4,991	1,923
TREATMENT	2/28/1998		1048	1521	FILT 19-24 VALVE SEATS 42IN	14,247	14,247	16	372	700	1,862	28,808	0.61	18,266	10,543
TREATMENT	8/18/1998	12/31/2015	1064	1523	(3) CL2 MASS FLOWMETERS	9,500	9,500	16	384	700	1,823	17,318	0.81	14,095	3,222
TREATMENT	2/28/1999	12/31/2014	1065	1538	UPGRADE PH IV INSTR/SOFTW	52,412	52,412	15	334	616	1,844	96,664	0.61	58,648	38,016
TREATMENT	10/26/1999	12/31/2015	1076	1549	CC-A TURBINE METER	0	0	0	0	0.000	0	0.00	0	0	
TREATMENT	11/9/1999		1077	1550	WEST SHOP DOORS	0	0	0	0	0.000	0	0.00	0	0	
TREATMENT	2/13/2001	12/31/2014	1078	1551	TURBIDITY MONITOR SYSTEM F	162,623	162,623	15	351	616	1,755	285,401	0.77	219,609	65,791
TREATMENT	9/26/2000		1090	1562	HYDRAULIC BOOSTER PUMP F	7,099	7,099	15	357	616	1,725	12,250	0.56	6,928	5,421
TREATMENT	6/13/2000	12/31/2014	1091	1563	UTICOR INTERFACE F	0	0	0	0	0.000	0	0.00	0	0	
TREATMENT	7/25/2000		1092	1564	WINDOW REPLACEMENT	3,268	3,268	16	399	700	1,754	5,734	0.62	3,577	2,157
TREATMENT	2/12/2002		1102	1574	FILTDORS(Q)LR-WEST ENT	101,710	101,710	15	357	616	1,725	175,500	0.65	114,233	61,266
TREATMENT	12/18/2001		1106	1578	REHAB OF 1948 FILTERS	6,900	6,900	15	390	616	1,579	10,898	0.50	5,477	5,421
TREATMENT	8/4/2001		1107	1579	LAB HVAC	1,278,522	1,278,522	16	414	700	1,891	2,161,753	0.27	575,965	1,585,788
TREATMENT	8/14/2001		1108	1580	CHAIN DECK DEHUMIDIFIER	86,434	86,434	15	372	616	1,656	146,438	0.50	73,595	72,843
TREATMENT	6/14/2001		1109	1581	LAB HVAC	60,571	60,571	16	414	700	1,691	102,414	0.33	33,928	68,486

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alford, Burdick & Howson
 [2] Indices:
 HWI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
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 Line 16 = Water Treatment Plant - Large Treatment Plant Equipment
 ENRCCI = Engineering News Record Construction Cost Index - 20 City
 [3] Trend factor calculated using indices at respective years
 [4] Lowes Type Survivor Curve estimates useful life based on condition percent factors for industrial property, shown here as % of life used
 [5] Depreciation calculated using lowes Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Disp Date	Old Asset#	Asset #	Description	Asset Cost (\$)	RCN Jan. 1, 1990, on year acq [1]	Index# [2]	Index # Jan. 1, 1990 or year acq after	Index # Dec 31, 2015	Trend [3]	RCN Dec. 31, 2015 (\$)	Survivor Curve [4] (%)	Depreciation [5] (\$)	RCNLD (\$)
TREATMENT	7/1/1985		128	9511	RAPD SND FILTERS '83 ADD	115,373	540,239	16	299	700	2,341	1,264,773	0.69	751,424	513,349
TREATMENT	7/1/1985		118	9512	WASH WATER PUMP #2 20 MGD	33,897	157,788	16	299	700	2,341	369,402	0.68	245,775	119,628
TREATMENT	2/26/2003		1123	9524	FIL. FLUME & WASH RATE	20,611	20,611	16	443	700	1,560	32,588	0.56	16,384	14,203
TREATMENT	11/1/2002		1124	9524	SETTLING BASIN EFFLUENT	139,679	139,679	15	390	616	1,579	220,621	0.21	34,095	186,526
TREATMENT	2/1/1998		756	34729	4 20IN BUTTER VALV EAST PL	7,109	7,598	16	299	700	2,341	17,789	0.72	12,785	5,024
TREATMENT	5/31/2003			35131	LAB CABINETS	70,855	70,855	ENRCCI	6925	10037	1,471	104,201	0.56	58,757	45,443
TREATMENT	6/30/2004			38433	COMPRESSOR SYSTEM	65,313	65,313	16	482	700	1,515	96,959	0.53	52,519	46,440
TREATMENT	8/16/2005			38412	SCRUBBER	1,024,792	1,024,792	16	482	700	1,452	1,488,287	0.38	558,819	929,468
TREATMENT	2/28/2008			39869	VACUUM ALUMI TANK SYSTEM	64,783	64,783	16	580	700	1,207	76,187	0.65	50,892	27,295
TREATMENT	1/12/2010			40723	FILTER SHOP EXPANSION	791,433	791,433	15	544	616	1,132	896,181	0.10	53,497	842,684
TREATMENT	2/28/2011			41021	MUNTERS DEHUMIDIFIER	47,850	47,850	16	622	700	1,125	53,850	0.32	17,351	36,499
TREATMENT	12/31/2012			42032	TURBIDI METERS	102,753	102,753	16	652	700	1,074	110,318	0.29	31,472	78,846
TREATMENT	12/31/2012			42041	FILTER REHAB ROOF STRUCTUREZ85	890,962	890,962	16	652	700	1,074	1,053,180	0.15	157,654	895,525
TREATMENT	12/31/2012			42059	FILTER REHAB STEEL STRUCTURZ85	742,279	742,279	15	573	616	1,075	797,982	0.07	55,851	744,132
TREATMENT	9/20/2013			42067	SECURITY DOOR REPLACEMENT	2,156,738	2,156,738	15	573	616	1,075	2,318,587	0.07	182,277	2,156,310
TREATMENT	12/31/2013			42542	ARC FLASH & ELECTRICAL STUDY	48,680	48,680	15	561	616	1,060	52,672	0.10	5,265	47,408
TREATMENT	12/31/2013			10095	WASH WATER PUMPS	18,305	18,305	16	671	700	1,043	19,096	0.19	3,612	15,484
TREATMENT	3/31/2014			10099	SECURITY IMPROVEMENTS BZPP	40,773	40,773	16	697	700	1,004	40,948	0.04	1,638	39,311
TREATMENT	3/31/2014			10101	RATE OF FLOW LOSS OF HD TRSMTR	84,108	84,108	16	697	700	1,004	84,470	0.19	15,978	68,492
TREATMENT	5/28/2014			10103	SCADA SYSTEM	65,630	65,630	16	697	700	1,004	65,912	0.10	6,588	59,325
TREATMENT	12/15/2015			10311	CLEARWELL I&I IMPROVEMENTS	1,643,315	1,643,315	16	697	700	1,004	1,650,388	0.13	214,279	1,436,109
TREATMENT	7/28/2015			10318	ROOF 15, 17, 27 IMPROVEMENTS	319,784	319,784	15	616	616	1,000	319,784	0.00	0	319,784
TREATMENT	4/4/2015			10319	CHLORINATION EQUIPMENT	560,936	560,936	15	616	616	1,000	560,936	0.00	0	560,936
TREATMENT	2/28/2006			39383	ROOF REPL FILTER PUMP HOUSE	404,779	404,779	16	700	700	1,000	404,779	0.04	16,191	388,588
TREATMENT	8/17/2004			42551	480 VOLT SWITCH GEAR REPLACEMENT	68,675	68,675	15	474	616	1,300	89,249	0.46	40,841	48,408
TREATMENT	8/16/2005			38404	EAST END STAIR TOWER	148,204	148,204	16	482	700	1,515	224,552	0.50	111,221	113,331
						378,341	378,341	15	450	616	1,369	517,906	0.19	97,667	419,959
						23,506,716	48,276,116					93,072,407		49,261,347	43,811,060

[1] From Valuation of Evanston Water Works 12/31/1989 Provided by Alvord, Burdick & Howson
[2] Index#

HMI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
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[3] Trend factor calculated using indices at respective years
[4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property, shown here as % of life used
[5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Evanston Water Utility Component Sheets

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Life in Months	Asset #	Description	Asset Cost [1] (\$)	Indices [2]	Index # Acquired	Index # Date Dec 31, 2015	Trend Factor [3]	RCN Dec 31, 2015 (\$)	lowa Survivor Factor [4] (%)	Depreciation [5] (\$)	RCNLD [6] (\$)	
WATER PLANT	11/22/2010	1080	40878	ADMIN OFFICE EXPANSION	1,584,192	ENRCCI	8938	10037	1.123	1,756,522	0.10	104,855	1,651,667	
WATER PLANT	8/16/2005	600	36391	GARAGE # 7	377,729	ENRCCI	7660	10037	1.310	494,944	0.19	93,623	401,320	
WATER PLANT	1/1/1981	1080	709	SERVICE BUILDING	422,159	ENRCCI	569	10037	17,640	7,448,768	0.74	4,840,398	2,608,368	
WATER PLANT	12/30/2013	240	42471	2012 ROOF REPLACEMENT	135,480	ENRCCI	9552	10037	1.051	142,358	0.10	14,229	128,131	
WATER PLANT	1/1/1983	960	734	SHORE PROTECTION BRKWRATER	194,514	ENRCCI	936	10037	10,723	2,085,930	0.70	1,228,322	857,608	
WATER PLANT	10/28/2013	188	42487	#819 VEHICLE	124,177	ENRCCI	9552	10037	1.051	130,462	0.19	24,692	105,800	
WATER PLANT	12/11/2012	240	42008	HVAC	195,736	ENRCCI	9324	10037	1.076	113,821	0.15	17,038	96,783	
WATER PLANT	12/11/2012	240	42009	HVAC	99,576	ENRCCI	9324	10037	1.076	107,191	0.15	16,046	91,145	
WATER PLANT	1/1/1982	1080	721	SERVICE BLDG SHOP ADDITIO	129,408	ENRCCI	759	10037	13,224	1,711,289	0.74	1,001,104	710,185	
WATER PLANT	1/1/1982	480	1237	EMERGENCY GENERATR 500KWT	302,105	ENRCCI	4086	10037	2,469	745,752	0.68	504,247	241,505	
WATER PLANT	1/1/1982	180	34702	2002 ROOF PROJECT	105,374	ENRCCI	1019	10037	9,850	1,037,918	0.75	778,955	258,964	
WATER PLANT	7/9/2002	240	9516	SECURITY FENCE	181,090	ENRCCI	6591	10037	1.123	276,189	0.56	155,739	120,450	
WATER PLANT	11/8/2010	300	40993	SECURITY FENCE	72,000	ENRCCI	8938	10037	1.123	80,853	0.19	15,284	65,569	
WATER PLANT	6/26/2012	144	42016	BACKHOE # 955	76,957	ENRCCI	9324	10037	1.076	82,842	0.38	31,106	51,737	
WATER PLANT	7/26/2014	180	10096	# 915 VEHICLE	34,911	ENRCCI	9635	10037	1.021	35,220	0.00	0	35,220	
WATER PLANT	1/1/1985	1080	759	GARAGE ADDITION #5 & #6	35,527	ENRCCI	1019	10037	9,850	358,786	0.68	181,692	178,094	
WATER PLANT	1/28/2006	600	39247	GARAGE 5 & 6 & RETAINING WALL	27,041	ENRCCI	1019	10037	1.274	34,442	0.17	5,637	28,805	
WATER PLANT	9/30/2013	240	42489	SECURITY DOOR REPLACEMENT	24,840	ENRCCI	7880	10037	1.051	26,101	0.10	2,609	23,492	
WATER PLANT	3/31/2014	120	10097	FIRE PROTECTION SYSTEM	26,288	ENRCCI	9552	10037	1.021	26,828	0.19	5,075	21,753	
WATER PLANT	12/18/2001	600	1585	GARAGE FLOOR	22,845	ENRCCI	9635	10037	1.553	35,463	0.27	9,454	26,029	
WATER PLANT	8/17/2004	240	36425	VOLT SWITCH GEAR REPLACEMENT	24,701	ENRCCI	7297	10037	1.375	33,978	0.50	16,828	17,148	
WATER PLANT	1/1/1985	1080	757	SHOP ADDITION F	14,832	ENRCCI	1019	10037	9,850	146,083	0.68	73,777	72,316	
WATER PLANT	12/31/1992	360	1295	B91 GARAGE #6 FLOOR	23,054	ENRCCI	5071	10037	1.715	45,631	0.63	28,971	16,660	
WATER PLANT	9/30/1997	240	1517	1997 ROOF REPLACEMENT	82,073	ENRCCI	9632	10037	1.715	140,767	0.70	96,504	42,263	
WATER PLANT	6/13/2000	240	1588	GARAGE #4 OH DOOR N	18,847	ENRCCI	8281	10037	1.588	30,117	0.65	19,604	10,514	
WATER PLANT	7/1/1985	720	756	LANDSCAPING	19,216	ENRCCI	1019	10037	8,850	90,776	0.68	61,379	29,397	
WATER PLANT	1/1/1982	480	1241	HTG SYM BOILER SELF CONST	6,786	ENRCCI	4086	10037	2,469	16,749	0.68	11,325	5,424	
WATER PLANT	3/1/1971	720	763	BRICKUP 30 WINDOWS F	2,895	ENRCCI	1753	10037	5,728	15,431	0.62	9,627	5,804	
WATER PLANT	8/11/1992	300	1287	PWR CABLE-XFORMER RM TO PS	10,367	ENRCCI	5071	10037	1,979	20,519	0.73	14,899	5,620	
WATER PLANT	3/12/2006	96	40230	I P PHONE SYSTEM	31,324	ENRCCI	5523	10037	1.174	36,776	0.65	23,938	12,838	
WATER PLANT	12/31/1995	300	1444	GAR #5 DOCK LEVELER	2,194	ENRCCI	8549	10037	1.817	3,987	0.65	2,595	1,392	
WATER PLANT	2/13/2001	180	1570	EAST PARKING LOT IMPROVEMENT	65,763	ENRCCI	6462	10037	1.553	102,146	0.72	75,851	26,295	
WATER PLANT	10/31/1996	240	1483	GAR #5 OH DOOR	7,969	ENRCCI	5765	10037	1.741	13,969	0.72	10,041	3,869	
WATER PLANT	10/31/1996	240	1495	GAR #6 OH DOOR	7,969	ENRCCI	5765	10037	1.741	13,969	0.72	10,041	3,869	
WATER PLANT	6/17/1992	300	1293	DRINKING FOUNTAIN-OUTSIDE	1,155	ENRCCI	5071	10037	1.979	2,286	0.73	1,660	626	
WATER PLANT	3/1/1981	480	772	3PH PATTERN HEATER F	389	ENRCCI	4285	10037	2.337	909	0.69	628	281	
										17,444,599		9,489,970	7,954,630	
					4,371,921									

[1] Values based on City fixed asset records as of December 31, 2015.

[2] Indices:

- HMI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
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- Line 11 = Water Treatment Plant - Large Treatment Plant Equipment
- Line 12 = Water Treatment Plant - Large Treatment Plant Equipment
- ENRCCI = Engineering News-Record Construction Cost Index - 20 City

[3] Trend factor calculated using indices at respective years

[4] lowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property - shown here as % of life used

[5] Depreciation calculated using lowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Burns & McDonnell Engineering Company
Kansas City, Missouri

TABLE B-1
REPRODUCTION COST NEW LESS DEPRECIATION AS OF DECEMBER 31, 2015
CITY OF EVANSTON

Location	Date Acquired	Life in Months	Asset #	Description	Asset Cost [1]	Indices [2]	Index # Date Acquired	Trend Dec 31, 2015 [3]	RCN Dec. 31, 2015 [4]	Iowa Survivor Curve [5]	Depreciation [5]	RCNLD [5]
TRANSMISSION	7/1/1956	1188	488	PRSTD CON JT MN 36IN14329	248,521	ENRCCI	724	10037	3,445,311	0.74	1,880,697	1,564,614
TRANSMISSION	7/1/1961	960	524	BUTTERFLY VALVES 48IN 2	13,800	ENRCCI	872	10037	156,843	0.71	96,188	62,655
TRANSMISSION	7/1/1961	1188	526	PRE CON JTWIN 48IN 3695 LF	295,966	ENRCCI	872	10037	3,406,664	0.71	1,703,332	1,703,332
					553,287				7,610,818		3,680,217	3,330,600

[1] Values based on City fixed asset records as of December 31, 2015.

[2] Indices:

- HMI = Handy-Whitman Index, Cost Trends of Water Utility Construction, North Central Region
- Line 8 = Pumping Plant - Structures & Improvements
- Line 9 = Pumping Plant - Electric Pumping Equipment
- Line 15 = Water Treatment Plant - Structures & Improvements
- Line 16 = Water Treatment Plant - Large Treatment Plant Equipment
- ENRCCI = Engineering News Record Construction Cost Index - 20 City

[3] Trend factor calculated using indices at respective years

[4] Iowa Type Survivor Curve estimates useful life based on condition percent factors for industrial property, shown here as % of life used

[5] Depreciation calculated using Iowa Type Survivor Curve. Depreciation for assets with an estimated life over 60 years were calculated using a straight line approach

Evanston Water Utility Component Sheets

TABLE B-2

REPRODUCTION COST NEW LESS DEPRECIATION DECEMBER 31, 2015
CITY OF EVANSTON

	RCN Balance at 12/31/2015	Additions at cost 12/31/2014 to 12/31/2015	Retirements at RCN 12/31/2015	RCN Balance at 12/31/2015		RCNLD at 12/31/2015
				Adjusted for Additions & Retirements	Depreciation at 12/31/2015	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
RCNLD at 12/31/2015 with additions and retirements						
Source of Supply	27,367,429	0	785,326	26,582,103	12,503,431	14,078,673
Pumping Plant	39,293,559	148,373	111,646	39,330,285	22,485,209	16,845,076
Treatment Plant	92,558,317	1,285,499	771,409	93,072,407	49,261,347	43,811,060
Water Plant	17,413,276	31,324	0	17,444,599	9,489,970	7,954,630
Transmission	7,010,818	0	0	7,010,818	3,680,217	3,330,600
TOTAL	183,643,399	1,465,196	1,668,381	183,440,213	97,420,174	86,020,039

	RCN Balance at 12/31/2016	Additions at cost 12/31/2015 to 12/31/2016	Retirements at RCN 12/31/2016	RCN Balance at 12/31/2016		RCNLD at 12/31/2016
				Adjusted for Additions & Retirements	Depreciation at 12/31/2016	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
RCNLD at 12/31/2016 with additions and retirements						
Source of Supply	27,257,448	1,677,900	0	28,935,348	13,155,589	15,779,759
Pumping Plant	40,875,695	0	0	40,875,695	23,931,632	16,944,063
Treatment Plant	95,784,139	636,064	168,800	96,251,404	52,052,500	44,198,904
Water Plant	17,887,797	0	0	17,887,797	9,967,487	7,920,310
Transmission	7,188,934	0	0	7,188,934	3,839,986	3,348,949
TOTAL	188,994,013	2,313,964	168,800	191,139,178	102,947,194	88,191,984

	RCN Balance at 12/31/2017	Additions at cost 12/31/2016 to 12/31/2017	Retirements at RCN 12/31/2017	RCN Balance at 12/31/2017		RCNLD at 12/31/2017
				Adjusted for Additions & Retirements	Depreciation at 12/31/2017	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
RCNLD at 12/31/2017 with additions and retirements						
Source of Supply	29,669,134	200,000	0	29,869,134	13,931,324	15,937,810
Pumping Plant	42,487,911	525,000	0	43,012,911	25,516,703	17,496,208
Treatment Plant	99,079,806	1,335,000	0	100,414,806	54,972,941	45,441,866
Water Plant	18,341,422	0	0	18,341,422	10,455,496	7,885,926
Transmission	7,371,242	0	0	7,371,242	4,005,316	3,365,927
TOTAL	196,949,516	2,060,000	0	199,009,516	108,881,780	90,127,736

	RCN Balance at 12/31/2018	Additions at cost 12/31/2017 to 12/31/2018	Retirements at RCN 12/31/2018	RCN Balance at 12/31/2018		RCNLD at 12/31/2018
				Adjusted for Additions & Retirements	Depreciation at 12/31/2018	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
RCNLD at 12/31/2018 with additions and retirements						
Source of Supply	30,627,679	0	0	30,627,679	14,755,573	15,872,107
Pumping Plant	44,747,558	0	0	44,747,558	27,183,273	17,564,286
Treatment Plant	103,315,263	20,000,000	7,581,883	115,733,380	52,455,234	63,278,146
Water Plant	18,807,214	0	0	18,807,214	10,961,959	7,845,255
Transmission	7,558,440	0	0	7,558,440	4,176,708	3,381,731
TOTAL	205,056,155	20,000,000	7,581,883	217,474,272	109,532,747	107,941,524

Evanston Water Utility Component Sheets

TABLE B-3

ORIGINAL COST LESS DEPRECIATION DECEMBER 31, 2015
CITY OF EVANSTON

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Original Cost Balance at 2/28/2005 [1]	Additions Original Cost 1/1/2015 to 12/31/2015	Retirements Original Cost 1/1/2015 to 12/31/2015	Original Cost Balance at 12/31/2015	Adjusted Depreciation on OC Balance at 2/28/2005 [2]	Depreciation on (A) 2/28/2005 to 12/31/2015	Depreciation on (B) 2/28/2005 to 12/31/2015	Depreciation on (C) 2/28/2005 to 12/31/2015	Depreciation Balance at 12/31/2015		OCLD at 12/31/2015
OCLD at 12/31/2014											
Source of Supply	4,212,409	1,266,677	75,759	5,423,286	1,525,757	457,933	70,488	44,600	2,009,578		3,413,708
Pumping Plant	7,543,974	2,542,520	814,306	9,272,188	3,008,792	1,367,834	202,438	390,595	4,186,470		5,085,718
Treatment Plant	15,107,834	8,408,620	1,037,068	22,479,386	5,003,638	2,677,848	466,223	411,142	7,766,567		14,712,819
TOTAL	26,864,217	12,237,816	1,927,174	37,174,860	9,538,187	4,503,616	769,148	846,337	13,964,614		23,210,245
OCLD at 12/31/2015											
Source of Supply	5,423,286	0	417,505	5,005,781	2,009,578	55,584	59,377	0	2,317	2,008,082	2,997,700
Pumping Plant	9,272,188	148,375	55,161	9,365,400	4,186,470	169,514	10,827	1,343	486	4,346,313	5,019,087
Treatment Plant	22,479,386	1,285,469	259,170	23,506,715	7,766,567	401,965	47,872	10,991	2,207	8,111,875	15,394,840
Water Plant	4,340,597	31,924	0	4,371,921	1,157,337	117,143	0	1,958	0	1,272,523	3,099,398
Transmission											
Asset # 498	248,521	0	0	248,521	74,541	2,510	0	0	0	77,051	171,470
Asset # 524	13,800	0	0	13,800	5,751	173	0	0	0	5,923	7,877
Asset # 528	295,966	0	0	295,966	81,030	2,990	0	0	0	84,019	211,947
TOTAL	42,073,744	1,485,196	730,836	42,808,104	15,283,273	749,859	118,076	14,292	5,023	15,905,786	26,902,320
OCLD at 12/31/2016											
Source of Supply	5,005,781	1,677,900	0	6,683,681	2,009,578	74,189	0	9,312	0	2,072,959	4,610,723
Pumping Plant	9,365,400	0	0	9,365,400	4,346,313	169,514	0	0	0	4,515,827	4,849,573
Treatment Plant	23,506,715	636,064	95,000	24,047,779	8,111,875	411,217	18,920	5,438	812	8,499,547	15,548,232
Water Plant	4,371,921	0	0	4,371,921	1,272,523	117,143	0	1,958	0	1,389,866	2,982,256
Transmission											
Asset # 498	248,521	0	0	248,521	77,051	2,510	0	0	0	79,562	168,959
Asset # 524	13,800	0	0	13,800	5,923	173	0	0	0	6,096	7,704
Asset # 528	295,966	0	0	295,966	84,019	2,990	0	0	0	87,009	208,957
TOTAL	42,808,104	2,313,964	95,000	45,027,068	15,905,786	777,736	18,920	14,750	812	16,650,685	28,376,403
OCLD at 12/31/2017											
Source of Supply	6,683,681	200,000	0	6,883,681	2,072,959	76,409	0	1,110	0	2,149,258	4,735,424
Pumping Plant	9,365,400	525,000	0	9,890,400	4,515,827	179,016	0	4,751	0	4,690,092	5,200,308
Treatment Plant	24,047,779	1,335,000	0	25,382,779	8,499,547	434,046	0	11,414	0	8,922,179	16,460,600
Water Plant	4,371,921	0	0	4,371,921	1,389,866	117,143	0	0	0	1,506,909	2,865,112
Transmission											
Asset # 498	248,521	0	0	248,521	79,562	2,510	0	0	0	82,072	166,448
Asset # 524	13,800	0	0	13,800	6,096	173	0	0	0	7,532	8,268
Asset # 528	295,966	0	0	295,966	87,009	2,990	0	0	0	89,999	205,968
TOTAL	45,027,068	2,060,000	0	47,087,068	16,650,685	812,287	0	17,275	0	17,445,676	28,641,393
OCLD at 12/31/2018											
Source of Supply	6,883,681	0	0	6,883,681	2,149,258	76,409	0	0	0	2,224,667	4,659,015
Pumping Plant	9,890,400	0	0	9,890,400	4,690,092	179,016	0	0	0	4,869,108	5,021,292
Treatment Plant	25,382,779	20,000,000	119,506	45,263,273	8,922,179	774,002	119,506	171,000	1,022	9,406,697	35,858,576
Water Plant	4,371,921	0	0	4,371,921	1,506,909	117,143	0	0	0	1,623,953	2,747,868
Transmission											
Asset # 498	248,521	0	0	248,521	82,072	2,510	0	0	0	84,582	163,939
Asset # 524	13,800	0	0	13,800	6,268	173	0	0	0	6,441	7,359
Asset # 528	295,966	0	0	295,966	89,999	2,990	0	0	0	92,989	202,978
TOTAL	47,087,068	20,000,000	119,506	66,967,562	17,445,676	1,152,243	119,506	171,000	1,022	18,308,435	48,856,127

[1] Original Cost from prior Table 3 at 12/31/2005 before adjustments
[2] From Evanston Table 4; Depreciation on OC Balance 2/28/2005.

Evanston Water Utility Component Sheets

TABLE B-4

OCLD AND RCNLD AT DECEMBER 31, 2015
CITY OF EVANSTON

ORIGINAL COST LESS DEPRECIATION AT DECEMBER 31, 2015			
	OC (\$)	Acc. Depr. (\$)	OCLD (\$)
Source of Supply	5,005,781	2,008,082	2,997,700
Pumping Plant	9,365,400	4,346,313	5,019,087
Treatment Plant	23,506,715	8,111,875	15,394,840
Water Plant	4,371,921	1,272,523	3,099,399
Transmission	558,287	166,994	391,293
Total	42,808,104	15,905,786	26,902,319

REPRODUCTION COST NEW LESS DEPRECIATION AT DECEMBER 31, 2015			
	RCN (\$)	Acc. Depr. (\$)	RCNLD (\$)
Source of Supply	26,582,103	12,503,431	14,078,673
Pumping Plant	39,330,285	22,485,209	16,845,076
Treatment Plant	93,072,407	49,261,347	43,811,060
Water Plant	17,444,599	9,489,970	7,954,630
Transmission	7,010,818	3,680,217	3,330,600
Total	183,440,213	97,420,174	86,020,039

FAIR VALUE RATE BASE DECEMBER 31, 2015			
	(\$)	(%)	(\$)
OCLD Rate Base	26,902,319	50	13,451,160
RCNLD Rate Base	86,020,039	50	43,010,019
Fair Value Rate Base			56,461,179

IDNR Allocations

IDNR Allocations as of November 2011

Lake Michigan Water Allocations (millions of gallons per day)																	
SYSTEM NAME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arlington Heights	9,715	9,745	9,775	9,805	9,835	9,865	9,895	9,925	9,955	9,985	10,015	10,045	10,074	10,102	10,131	10,160	10,188
Buffalo Grove	4,857	4,875	4,893	4,912	4,930	4,948	4,966	4,985	5,003	5,021	5,040	5,058	5,076	5,094	5,112	5,130	5,148
Palatine	7,933	7,964	7,995	8,027	8,058	8,090	8,121	8,152	8,184	8,215	8,246	8,278	8,309	8,341	8,372	8,403	8,435
Wheeling	5,607	5,720	5,785	5,850	5,915	5,980	6,045	6,091	6,137	6,182	6,228	6,274	6,292	6,311	6,329	6,348	6,366
Des Plaines	7,982	7,996	8,009	8,023	8,037	8,050	8,064	8,077	8,091	8,105	8,118	8,132	8,143	8,154	8,165	8,177	8,189
Total	36,093	36,800	36,458	36,617	36,775	36,933	37,091	37,230	37,370	37,509	37,648	37,787	37,895	38,002	38,110	38,218	38,326
Morton Grove	3,497	3,521	3,546	3,570	3,595	3,619	3,644	3,668	3,693	3,717	3,742	3,766	3,789	3,812	3,835	3,857	3,880
Niles	4,977	4,988	4,999	5,010	5,022	5,033	5,044	5,055	5,066	5,078	5,089	5,100	5,109	5,118	5,128	5,137	5,146
Total	8,473	8,509	8,545	8,581	8,616	8,652	8,688	8,723	8,759	8,795	8,831	8,866	8,898	8,930	8,962	8,994	9,026
Evansston	9,411	9,428	9,445	9,461	9,478	9,495	9,512	9,528	9,545	9,562	9,578	9,595	9,612	9,628	9,644	9,661	9,677
Stokke	10,505	10,560	10,616	10,671	10,727	10,782	10,838	10,893	10,948	10,999	11,054	11,109	11,164	11,219	11,274	11,329	11,384
PLANT TOTAL	64,483	64,797	65,064	65,330	65,596	65,862	66,129	66,320	66,512	66,703	66,895	67,086	67,242	67,399	67,555	67,711	67,867
% MG-N OF PLANT	13.14%	13.13%	13.13%	13.13%	13.14%	13.14%	13.14%	13.15%	13.17%	13.19%	13.20%	13.22%	13.23%	13.25%	13.27%	13.28%	13.30%

Lake Michigan Water Allocations (millions of gallons per day)																	
SYSTEM NAME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Morton Grove	3,497	3,521	3,546	3,570	3,595	3,619	3,644	3,668	3,693	3,717	3,742	3,766	3,789	3,812	3,835	3,857	3,880
Niles	4,977	4,988	4,999	5,010	5,022	5,033	5,044	5,055	5,066	5,078	5,089	5,100	5,109	5,118	5,128	5,137	5,146
Total	8,473	8,509	8,545	8,581	8,616	8,652	8,688	8,723	8,759	8,795	8,831	8,866	8,898	8,930	8,962	8,994	9,026
Evansston	9,411	9,428	9,445	9,461	9,478	9,495	9,512	9,528	9,545	9,562	9,578	9,595	9,612	9,628	9,644	9,661	9,677
Stokke	10,505	10,560	10,616	10,671	10,727	10,782	10,838	10,893	10,948	10,999	11,054	11,109	11,164	11,219	11,274	11,329	11,384
48/36" MAIN TOTAL	28,389	28,497	28,605	28,713	28,821	28,929	29,037	29,090	29,142	29,195	29,247	29,299	29,348	29,396	29,445	29,493	29,541
% MG-N OF PIPE	29.85%	29.86%	29.87%	29.88%	29.90%	29.91%	29.92%	29.99%	30.06%	30.12%	30.19%	30.26%	30.32%	30.38%	30.44%	30.50%	30.55%

Lake Michigan Water Allocations (millions of gallons per day)																	
SYSTEM NAME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Morton Grove	3,497	3,521	3,546	3,570	3,595	3,619	3,644	3,668	3,693	3,717	3,742	3,766	3,789	3,812	3,835	3,857	3,880
Niles	4,977	4,988	4,999	5,010	5,022	5,033	5,044	5,055	5,066	5,078	5,089	5,100	5,109	5,118	5,128	5,137	5,146
Total	8,473	8,509	8,545	8,581	8,616	8,652	8,688	8,723	8,759	8,795	8,831	8,866	8,898	8,930	8,962	8,994	9,026
Stokke	10,505	10,560	10,616	10,671	10,727	10,782	10,838	10,893	10,948	10,999	11,054	11,109	11,164	11,219	11,274	11,329	11,384
36" MAIN TOTAL	18,978	19,069	19,161	19,252	19,343	19,434	19,526	19,561	19,597	19,633	19,669	19,704	19,736	19,768	19,800	19,832	19,864
% MG-N OF PIPE	44.65%	44.62%	44.60%	44.57%	44.54%	44.52%	44.49%	44.60%	44.70%	44.80%	44.90%	45.00%	45.09%	45.17%	45.26%	45.35%	45.44%

2015 Audited Information

CITY OF EVANSTON, ILLINOIS

Notes to the Financial Statements
For the Fiscal Year ended December 31, 2015

NOTE 5. CAPITAL ASSETS - Continued

A. Capital Asset Activity - Continued

	Beginning	Additions	Deletions	Ending
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,644,510	\$ -	\$ -	\$ 4,644,510
Construction in progress	2,463,073	4,741,809	1,667,281	5,537,601
Artwork	359,752	-	-	359,752
Total Capital Assets, not being Depreciated	7,467,335	4,741,809	1,667,281	10,541,863
Capital assets, being depreciated/amortized:				
Land improvements	3,925,463	985,681	-	4,911,144
Buildings and improvements	77,282,216	-	-	77,282,216
Leasehold improvements	304,052	-	-	304,052
Plant	42,176,651	1,433,872	924,661	42,685,862
Transmission and distribution system	49,257,816	4,215,269	-	53,473,085
Sewer system and underground lines	249,439,877	1,295,207	-	250,735,084
Intangible assets	509,834	750,424	-	1,260,258
Equipment	3,086,113	87,284	340,755	2,832,642
Parking meters	1,698,308	160,720	-	1,859,028
Total Capital Assets being Depreciated/Amortized	427,680,330	8,928,457	1,265,416	435,343,371
Less accumulated depreciation/amortization for:				
Land improvements	1,631,955	141,290	-	1,773,245
Buildings and improvements	22,197,612	2,462,535	-	24,660,147
Leasehold improvements	302,753	-	20,222	282,531
Plant	15,311,894	1,411,291	865,721	15,857,464
Transmission and distribution system	6,934,574	636,142	-	7,570,716
Sewer system and underground lines	49,589,233	3,404,364	-	52,993,597
Intangible assets	315,774	106,182	-	421,956
Equipment	2,373,535	100,425	314,428	2,159,532
Parking meters	686,984	124,354	-	811,338
Total Accumulated Depreciation/Amortization	99,344,314	8,386,583	1,200,371	106,530,526
Total Capital Assets being Depreciated/Amortized, Net	328,336,016	541,874	65,045	328,812,845
Governmental Activities Capital Assets, Net	\$ 335,803,351	\$ 5,283,683	\$ 1,732,326	\$ 339,354,708

City of Evanston
SCHEDULE OF FIXED ASSETS AND DEPRECIATION
YEAR ENDED DECEMBER 31, 2014

Evanston Audited Information

	ASSETS					Depreciation FY2015
	OC Balance FY End 12/31/14	Additions 1/1/2015 to 12/31/2015	Retirements 1/1/2015 to 12/31/2015	Transfers 1/1/2015 to 12/31/2015	OC Balance FY End 12/31/15	
Source of supply Pumping plant	5,423,287		417,505		5,005,782	159,952
Water treatment plant	9,065,101	355,454.00	55,161		9,365,394	379,386
	21,788,283	1,978,608.00	258,170		23,506,721	733,086
Total Plant	41,245,137	2,334,062.00	730,836	0	37,877,897	1,272,424

Asset Name	Asset No	Cost	FY2015 Depreciation
PRSTD Con JT MN 36' 14329	498	248,521.00	4,341.00
Butterfly Valves 48"	524	13,800.00	308.90
PRSTD Con JT MN 48' 3895 LF	528	295,966.00	4,762.85
Total		558,287.00	9,412.75

Annual Pumpage

Pumping

2015 Monthly Pumpage (MG)

Month	Lake Water Pumpage	Wash Water Recycled	Net Raw Water Pumpage	Finished Water Pumpage	Pumpage To		
					Evanston	Skokie	N.W.C.
Jan-15	1,105.958	15.243	1,121.201	1,091.684	219.493	224.994	647.197
Feb-15	993.608	14.742	1,008.350	979.494	197.429	203.955	578.110
Mar-15	1,051.882	14.352	1,066.214	1,037.606	214.803	221.063	601.740
Apr-15	1,038.910	13.795	1,052.705	1,094.833	254.304	208.254	632.275
May-15	1,170.487	21.359	1,191.846	1,131.353	216.660	233.280	681.413
Jun-15	1,134.827	15.487	1,150.294	1,122.625	220.010	235.514	667.101
Jul-15	1,241.264	19.130	1,260.394	1,231.148	244.142	255.542	731.464
Aug-15	1,345.617	27.227	1,372.844	1,326.781	244.260	286.287	796.234
Sep-15	1,201.943	21.155	1,223.098	1,187.660	235.267	244.463	707.930
Oct-15	1,122.857	15.050	1,137.907	1,113.129	224.266	239.720	649.123
Nov-15	1,026.820	16.823	1,043.643	1,013.638	275.273	204.665	533.700
Dec-15	1,037.670	5.942	1,043.612	1,093.855	244.083	229.159	620.613
Total	13,471.823	200.285	13,672.108	13,423.806	2,790.010	2,786.896	7,846.900

2015 Average Day Pumpage (MGD)

Month	Lake Water Pumpage*	Wash Water Recycled	Net Raw Water Pumpage	Finished Water Pumpage	Pumpage To		
					Evanston	Skokie	N.W.C.
Jan-15	35.678	0.492	36.168	36.216	7.080	7.258	20.877
Feb-15	35.486	0.527	36.013	34.982	7.051	7.284	20.647
Mar-15	34.400	0.463	34.394	33.471	6.929	7.131	19.411
Apr-15	33.939	0.460	35.090	36.494	8.477	6.942	21.076
May-15	37.758	0.445	33.958	36.495	6.989	7.525	21.981
Jun-15	37.828	0.516	38.343	37.421	7.334	7.850	22.237
Jul-15	40.041	0.617	40.658	39.714	7.876	8.243	23.596
Aug-15	43.407	0.878	44.285	42.799	7.879	9.235	25.685
Sep-15	40.065	0.705	40.770	39.589	7.842	8.149	23.598
Oct-15	36.221	0.485	36.707	35.907	7.235	7.733	20.939
Nov-15	34.227	0.561	34.788	33.768	9.176	6.822	17.790
Dec-15	33.473	0.192	33.665	35.286	7.874	7.392	20.020
Average	36.909	0.549	37.458	36.778	7.644	7.635	21.498

Note: "Pumpage to Evanston" includes process and domestic water uses at the water treatment plant.

2015 Audited Information

CITY OF EVANSTON, ILLINOIS

Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2015

	Budget	Actual
Operating Revenues		
Charges for services	\$ 15,253,000	\$ 15,005,360
Miscellaneous	506,100	716,246
Total Operating Revenues	15,759,100	15,721,606
Operating Expenses Excluding Depreciation		
Administration		
Operations	1,528,130	1,473,338
Pumping		
Filtration	2,426,701	1,752,932
Distribution	2,612,781	2,015,362
Meter maintenance	1,724,142	2,395,818
Other	194,336	202,921
Total Operating Expenses Excluding Depreciation	19,349,100	420,562
Operating Income (Loss) Before Depreciation	27,835,190	8,260,933
Depreciation	(12,076,090)	7,460,673
Operating Income (Loss)	-	2,096,633
Operating Income (Loss)	(12,076,090)	5,364,040
Non-Operating Revenues (Expenses)		
Investment income		
Interest Expense	10,000	5,981
Net book value of fixed assets disposed	(434,254)	(390,461)
Total Non-Operating Revenues (Expenses)	-	302,700
Income (Loss) Before Transfers	(424,254)	(81,780)
Income (Loss) Before Transfers	(12,500,344)	5,282,260
Transfers		
Transfers (out)	(3,194,053)	(3,194,053)
Total Transfers In (Out)	(3,194,053)	(3,194,053)
Net Income	(15,694,397)	2,088,207
Net Position		
Beginning of Year		66,279,631
Change in accounting principle		(101,305)
Prior period adjustment		(55,806)
Beginning of Year, Restated		66,122,520
End of Year	\$	68,210,727

(See independent auditor's report.)

**EVANSTON DISTRIBUTION SYSTEM
 CALCULATION OF PERCENT OF SYSTEM ALLOCATED TO MG-N
 CALCULATION OF DEPRECIATION CHARGES**

Total Evanston Distribution System

pipe size dia (in)	Length (ft)	(in-ft)
3	608	1,824
4	6,621	26,484
6	387,032	2,322,192
8	152,754	1,222,032
10	67,658	676,580
12	93,238	1,118,856
14	1,950	27,300
16	33,076	529,216
18	4,389	79,002
20	2,960	59,200
24	45,430	1,090,320
30	8,912	267,360
36	17,405	626,580
42	186	7,812
48	3,568	171,264
	825,787	8,226,022

asset #	Transmission	Depreciation
528	3,568' 48" dia 1961	\$ 4,763
524	2 48" BF valves 1961	\$ 309
498	7,198' 36" dia 1956	\$ 4,341
		\$ 9,413

Portion of Evanston Distribution System Used by MG-N

pipe size dia (in)	Length (ft)	(in-ft)
36	7,198	259,128
48	3,568	171,264
	10,766	430,392

Evan/Skok/MG-N	Depreciaton
3,568' 48" dia 1961	4,763
2 48" BF valves 1961	309
4,763' (66%) 36" dia	2,865
Total	7,937

% in-ft used by MG-N of Evanston Total
 5.23%

Skokie / MG-N Only	Depreciation
2,435' (34%) 36" dia	1,476

Confirm Total 9,413

Group Exhibit "C"

Depreciation Rates comprised of Page C-1: Depreciation Rates (Classes of Plant included:
Source of Supply, Pumping Plant, Treatment Plant, Water Plant and Transmission)

(attached)

Group Exhibit C

Depreciation Rates

Page C-1

DEPRECIATION RATES

The Depreciation Charge pursuant to this Agreement shall be based on the depreciation rates for the various classes of plant set forth below:

<u>Class of Plant</u>	<u>Annual Rate of Depreciation</u>
<u>Source of Supply</u>	<u>1.11%</u>
<u>Pumping Plant</u>	<u>1.81%</u>
<u>Treatment Plant</u>	<u>1.71%</u>
<u>Water Plant</u>	<u>2.68%</u>
<u>Transmission</u>	<u>1.02%</u>

Exhibit "D"

City of Evanston Ordinance 5-O-17 (Approval of Water Supply Agreement
Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

(attached)

**Certificate as Keeper of
Records, Files and Seals**

STATE OF ILLINOIS)
)§
COUNTY OF COOK)

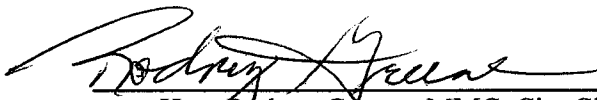
I, Rodney Greene, City Clerk of the City of Evanston in the County of Cook and State aforesaid and Keeper of the Records, Files and Seal of said City, do hereby certify that attached hereto is a true and correct copy of ORDINANCE 5-O-17, Authorizing the City Manager to Execute an Agreement to Sell Water to New Wholesale Water Customers, the Villages of Morton Grove and Niles, Illinois.

All of which appear from the records and files in my office



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Evanston this

__16th__ day of __March__, 2017__



Hon. Rodney Greene, MMC, City Clerk

1/23/2017

5-O-17

AN ORDINANCE

**Authorizing the City Manager to Execute an Agreement to Sell Water
to New Wholesale Water Customers,
the Villages of Morton Grove and Niles, Illinois**

NOW BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
EVANSTON, COOK COUNTY, ILLINOIS, THAT:

SECTION 1: Legislative Statement. The City of Evanston is the owner and operator of a water intake, filtration, treatment and pumping plant located at 555 Lincoln Street, Evanston, Illinois. Evanston draws water from Lake Michigan for Evanston's drinkable water, firefighting and fire protection needs for its community, and for distribution and resale to its customers. The Village of Morton Grove and the Village of Niles want to purchase drinkable Lake Michigan water from Evanston for distribution and sale to the customers of their respective water systems. The initial term of the Agreement will be for 39 years, and may be renewed as provided for in the terms of the Agreement.

SECTION 2: The City Manager is authorized and directed to negotiate with the Villages of Morton Grove and Niles, Illinois, an Agreement to sell water, in substantial conformance with the terms and conditions of the Agreement described in Exhibit A. The Corporation Counsel is authorized to approve the Agreement as to form and legality prior to its execution by the City Manager.

SECTION 3: If any provision of this ordinance or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity

shall not affect other provisions or applications of this ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this ordinance is severable.

SECTION 4: The Legislative Statement in Section 1 is declared to be prima facie evidence of the law of the City and shall be received in evidence as provided by the Illinois Compiled Statutes and the courts of the State of Illinois.

SECTION 5: This Ordinance 5-O-17 shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

Introduced: January 23, 2017

Adopted: February 13, 2017

Approved:

February 27, 2017
Elizabeth B. Tisdahl
Elizabeth B. Tisdahl, Mayor

Attest:

Rodney Greene
Rodney Greene, City Clerk

Approved as to form:

W. Grant Farrar
W. Grant Farrar, Corporation Counsel

Exhibit "E"

Village of Morton Grove Resolution 17-3 (Approval of Water Supply Agreement
Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

(attached)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CLERK'S CERTIFICATE

I, Connie Travis, Clerk of the Village of Morton Grove, in the County of Cook and State of Illinois, certify that the annexed and foregoing is a true and correct copy of that certain Resolution now on file in my Office, entitled:

RESOLUTION 17-03

**A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF
A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND
THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES**

which Resolution was passed by the Board of Trustees of the Village of Morton Grove at a Regular Village Board Meeting on the 23rd day of January 2017, at which meeting a quorum was present, and approved by the President of the Village of Morton Grove on the 23rd day of January 2017.

I further certify that the vote on the question of the passage of said Resolution by the Board of Trustees of the Village of Morton Grove was taken by Ayes and Nays and recorded in the Regular Village Board Meeting Minutes of the Board of Trustees of the Village of Morton Grove, and that the result of said vote was as follows, to-wit:

AYES: 6
NAYS: 0
ABSENT: 0

I do further certify that the original Resolution, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Village of Morton Grove, this 24th day of January 2017.

Connie Travis

Village Clerk

[SEAL]

Legislative Summary

Resolution 17-03

A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES

Introduced: January 23, 2017

Synopsis: This Resolution will authorize a 40 year water supply agreement among the city of Evanston and the Villages of Niles and Morton Grove

Background: The Villages of Niles and Morton Grove currently purchase water from the City of Chicago. Morton Grove's current 10-year contract with Chicago expires in 2018 and Niles' contract expires in 2019. The contract allows the City of Chicago to unilaterally determine the water rate paid by the Village. Since 2008, the water rate charged by Chicago has risen by 114%. Because of these large and unpredictable rate increases Niles and Morton Grove ("MG-N") began working together in 2013 to evaluate alternative water supply options.

In 2014 MG-N received proposals for long-term water supply agreements from the City of Evanston and the Villages of Wilmette and Glenview. Morton Grove also received an individual proposal from Wilmette/Glenview. Each proposal offered a safe, high quality, reliable supply of Lake Michigan water, but the proposal from Evanston offered the best long term savings.

Evanston and MG-N have negotiated a 40-year water supply agreement which includes two ten-year extensions at the option of MG-N. The rate charged by Evanston is determined by a fixed formula whereby MG-N will pay a percentage of the cost to operate, maintain and update the Evanston water treatment facility plus an agreed rate of return. The initial 2019 Evanston water rate is expected to be \$.81 per 1,000 gallons. By comparison, if Chicago raises its water rate 2% per year, its 2019 rate will be \$4.04 per thousand gallons. MG-N will need to construct transmission mains and other infrastructure to transport the water from Evanston to Morton Grove and Niles. The cost to design and construct this infrastructure is conservatively estimated at approximately \$90,000,000, which will be financed by bonds. After adding the infrastructure construction and operations costs to the Evanston wholesale water rate, the total Evanston rate is projected to be \$3.47 in 2019. Over 40 year, Morton Grove is expected to save over \$98 million dollars from this agreement (assuming Chicago raises its rate by only 2% each year).

Departs Affected: Legal, Administration, and Public Works, Finance Departments

Fiscal Impact: A lower water rate will allow the Village to invest additional funds to upgrade and maintain its local water infrastructure, as well as provide stable rates to residents and local businesses.

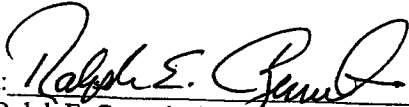
Source of Funds: Enterprise Fund (sale of water to customers)

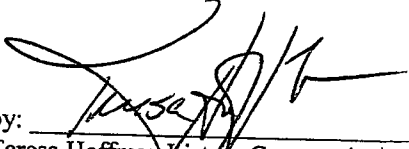
Work Impact: The Village Administrator Public Works Director, Village Engineer, Finance Director and Corporation Counsel will oversee the implementation of the Agreement.

Admin Recommend: Approval as presented.

First Reading: Not required.

Special Consider or Requirements: None

Respectfully submitted: 
Ralph E. Czerwinski, Village Administrator

Prepared by: 
Teresa Hoffman Liston, Corporation Counsel

Reviewed by: 
Andy DeMonte, Public Works Director

Reviewed by: 
Steve Bull, Finance Director

RESOLUTION 17-03

A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES

WHEREAS, the Village of Morton Grove (Village), located in Cook County, Illinois, is a home rule government under the provision of Article 7 of the 1970 Constitution of the State of Illinois, can exercise any power and perform any function pertaining to its government affairs, including but not limited to the power to tax and incur debt; and

WHEREAS, the President and Board of Trustees of the Village of Morton Grove, a home rule Illinois municipal corporation (Morton Grove) and the President and Board of Trustees of the Village of Niles, a home rule Illinois municipal corporation (Niles), have undertaken studies and analyses of the feasibility of jointly establishing, acquiring, constructing and operating a common source of supply of water and related waterworks system for the purpose of the delivery of potable drinkable water to their respective residents, business owners, property owners, and governmental and institutional properties, and in furtherance thereof, approved and entered into an Agreement entitled "*Cost Sharing Agreement Regarding Morton Grove And Niles Water Supply Matters*" (the Cost Sharing Agreement) on January 23, 2017, as approved by Morton Grove Resolution 17-02 on January 23, 2017, and as approved by Niles by Resolution on January 24, 2017; and

WHEREAS, as set forth in the Cost Sharing Agreement, Morton Grove and Niles (collectively, the Villages) determined there was a need to jointly cooperate and share the costs of studying, analyzing, and negotiating agreements regarding certain water supply matters involving the Villages, including but not limited to the assessment of options for entering into a proposed Water Supply Agreement with one or more Illinois municipalities, and the creation of and participation in a Joint Action Water Agency or a Municipal Water Commission by the Villages; and

WHEREAS, after studying and analyzing the costs and benefits associated with different options for water supply agreements for the Villages with one or more Illinois municipality(ies), the Villages have determined it is in their best interests to jointly enter into a Water Supply Agreement with the City of Evanston ("Evanston"), in order that the Villages and their respective water customers receive an adequate supply of water from Evanston; and

WHEREAS, Morton Grove desires to approve and enter into an Agreement entitled "*Water Supply Agreement between the City of Evanston and the Village of Morton Grove and the Village of Niles*" (the Agreement) for the purposes set forth in the Agreement in substantial conformity with Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Section 4 of the Agreement (Commencement of Obligation to Deliver and Receive Water) sets forth the obligations of the Villages and Evanston with regard to the design and construction work needed prior to commencement of the delivery of water from Evanston to the Villages under the Agreement; and

WHEREAS, Section 5 of the Agreement (Rate) provides for the cost of the water sold by Evanston and paid for by the Villages, and the means by which the rate for water sold under the Agreement is calculated; and

WHEREAS, Section 7 of the Agreement (Water Supply; Allocation; Distribution) provides for Evanston to sell and deliver water to the Villages, and for the Villages to purchase and receive water from Evanston; and

WHEREAS, the Villages are still evaluating options for jointly acquiring and operating a common source of supply of water and a related waterworks system, in order to connect their respective waterworks systems to the waterworks system of Evanston, and the Villages may establish a Municipal Water Commission together pursuant to Division 135 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-135-1, *et seq.*) in furtherance thereof, to be known as the "MG-N Water Commission"; and

WHEREAS, in the event the Villages create the MG-N Water Commission, Section 15 of the Agreement (MG-N Option to Create a JAWA or a Water Commission; Assignment) provides for the automatic assignment of the Villages' rights and obligations under the Agreement to the MG-N Water Commission, and the Villages shall have no further rights or obligations under the Agreement; and

WHEREAS, the President and Board of Trustees of the Village of Morton Grove have the authority to enter into an Agreement pursuant to Morton Grove' home rule powers as provided by Article VII, Section 10 of the 1970 Constitution of the State of Illinois, the Illinois Intergovernmental Cooperation Act (5 ILCS 220/1, *et seq.*) and the Illinois Municipal Code (65 ILCS 5/1, *et seq.*), and find entering into the Agreement is in the best interest of Morton Grove.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MORTON GROVE, ILLINOIS, AS FOLLOWS:

SECTION 1: The Corporate Authorities do hereby incorporate the foregoing whereas clauses into this Resolution as though fully set forth therein thereby making the findings as hereinabove set forth.

SECTION 2: The President and Board of Trustees of the Village of Morton Grove authorize the revocation of the economic terms and the attached form of an agreement entitled *Water Supply Agreement between The City Of Evanston And The Village Of Morton Grove And The Village Of Niles* (the "Agreement") for the purposes set forth in the Agreement, attached hereto as Exhibit "A". The President

and Board of Trustees of the Village of Morton Grove authorize and direct the Village Administrator, or his designee, to execute the final version of the Agreement, which may contain certain non-substantive and non-financial modifications that are approved by the Village Attorney, and to execute and deliver all other instruments and documents and pay all costs that are necessary to fulfill Morton Grove's obligations under the Agreement.

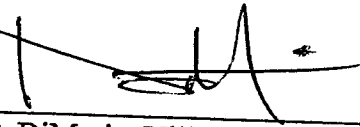
SECTION 3: The President and Board of Trustees of the Village of Morton Grove authorize and direct the Village Administrator, or his designee, to execute said Agreement, and to execute and deliver all other instruments and documents and pay all costs necessary to fulfill Morton Grove's obligations under the Agreement.

SECTION 4: This resolution shall be in full force and effect upon its passage and approval.

PASSED THIS 23rd day of January 2017.

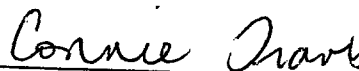
Trustee Grear	<u>aye</u>
Trustee Minx	<u>aye</u>
Trustee Pietron	<u>aye</u>
Trustee Ramos	<u>aye</u>
Trustee Thill	<u>aye</u>
Trustee Witko	<u>aye</u>

APPROVED by me this 23rd day of January 2017



Daniel P. DiMaria, Village President
Village of Morton Grove
Cook County, Illinois

APPROVED and FILED in my office this
24th day of January 2017.



Connie Travis, Village Clerk
Village of Morton Grove
Cook County, Illinois

Exhibit "F"

Village of Niles Resolution 2017-02R (Approval of Water Supply Agreement
Between the City of Evanston, the Village of Morton Grove and the Village of Niles)

(attached)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CLERK'S CERTIFICATE

I, Connie Travis, Clerk of the Village of Morton Grove, in the County of Cook and State of Illinois, certify that the annexed and foregoing is a true and correct copy of that certain Resolution now on file in my Office, entitled:

RESOLUTION 17-03

**A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF
A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND
THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES**

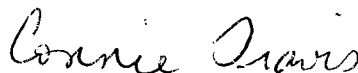
which Resolution was passed by the Board of Trustees of the Village of Morton Grove at a Regular Village Board Meeting on the 23rd day of January 2017, at which meeting a quorum was present, and approved by the President of the Village of Morton Grove on the 23rd day of January 2017.

I further certify that the vote on the question of the passage of said Resolution by the Board of Trustees of the Village of Morton Grove was taken by Ayes and Nays and recorded in the Regular Village Board Meeting Minutes of the Board of Trustees of the Village of Morton Grove, and that the result of said vote was as follows, to-wit:

AYES: 6
NAYS: 0
ABSENT: 0

I do further certify that the original Resolution, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Village of Morton Grove, this 24th day of January 2017.






Village Clerk

[SEAL]

Legislative Summary

Resolution 17-03

**A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF
A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND
THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES**

Introduced:	January 23, 2017
Synopsis:	This Resolution will authorize a 40 year water supply agreement among the city of Evanston and the Villages of Niles and Morton Grove
Background:	<p>The Villages of Niles and Morton Grove currently purchase water from the City of Chicago. Morton Grove's current 10-year contract with Chicago expires in 2018 and Niles' contract expires in 2019. The contract allows the City of Chicago to unilaterally determine the water rate paid by the Village. Since 2008, the water rate charged by Chicago has risen by 114%. Because of these large and unpredictable rate increases Niles and Morton Grove ("MG-N") began working together in 2013 to evaluate alternative water supply options.</p> <p>In 2014 MG-N received proposals for long-term water supply agreements from the City of Evanston and the Villages of Wilmette and Glenview. Morton Grove also received an individual proposal from Wilmette/Glenview. Each proposal offered a safe, high quality, reliable supply of Lake Michigan water, but the proposal from Evanston offered the best long term savings.</p> <p>Evanston and MG-N have negotiated a 40-year water supply agreement which includes two ten-year extensions at the option of MG-N. The rate charged by Evanston is determined by a fixed formula whereby MG-N will pay a percentage of the cost to operate, maintain and update the Evanston water treatment facility plus an agreed rate of return. The initial 2019 Evanston water rate is expected to be \$.81 per 1,000 gallons. By comparison, if Chicago raises its water rate 2% per year, its 2019 rate will be \$4.04 per thousand gallons. MG-N will need to construct transmission mains and other infrastructure to transport the water from Evanston to Morton Grove and Niles. The cost to design and construct this infrastructure is conservatively estimated at approximately \$90,000,000, which will be financed by bonds. After adding the infrastructure construction and operations costs to the Evanston wholesale water rate, the total Evanston rate is projected to be \$3.47 in 2019. Over 40 year, Morton Grove is expected to save over \$98 million dollars from this agreement (assuming Chicago raises its rate by only 2% each year).</p>
Departs Affected:	Legal, Administration, and Public Works, Finance Departments
Fiscal Impact:	A lower water rate will allow the Village to invest additional funds to upgrade and maintain its local water infrastructure, as well as provide stable rates to residents and local businesses.
Source of Funds:	Enterprise Fund (sale of water to customers)
Work Impact:	The Village Administrator Public Works Director, Village Engineer, Finance Director and Corporation Counsel will oversee the implementation of the Agreement.
Admin Recommend:	Approval as presented.
First Reading:	Not required.
Special Consider or Requirements:	None
Respectfully submitted:	 Ralph E. Czerwinski, Village Administrator
Reviewed by:	
Prepared by:	 Teresa Hoffman Liston, Corporation Counsel
Revised by:	

RESOLUTION 17-03

A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES

WHEREAS, the Village of Morton Grove (Village), located in Cook County, Illinois, is a home rule government under the provision of Article 7 of the 1970 Constitution of the State of Illinois, can exercise any power and perform any function pertaining to its government affairs, including but not limited to the power to tax and incur debt; and

WHEREAS, the President and Board of Trustees of the Village of Morton Grove, a home rule Illinois municipal corporation (Morton Grove) and the President and Board of Trustees of the Village of Niles, a home rule Illinois municipal corporation (Niles), have undertaken studies and analyses of the feasibility of jointly establishing, acquiring, constructing and operating a common source of supply of water and related waterworks system for the purpose of the delivery of potable drinkable water to their respective residents, business owners, property owners, and governmental and institutional properties, and in furtherance thereof, approved and entered into an Agreement entitled "*Cost Sharing Agreement Regarding Morton Grove And Niles Water Supply Matters*" (the Cost Sharing Agreement) on January 23, 2017, as approved by Morton Grove Resolution 17-02 on January 23, 2017, and as approved by Niles by Resolution on January 24, 2017; and

WHEREAS, as set forth in the Cost Sharing Agreement, Morton Grove and Niles (collectively, the Villages) determined there was a need to jointly cooperate and share the costs of studying, analyzing, and negotiating agreements regarding certain water supply matters involving the Villages, including but not limited to the assessment of options for entering into a proposed Water Supply Agreement with one or more Illinois municipalities, and the creation of and participation in a Joint Action Water Agency or a Municipal Water Commission by the Villages; and

WHEREAS, after studying and analyzing the costs and benefits associated with different options for water supply agreements for the Villages with one or more Illinois municipality(ies), the Villages have determined it is in their best interests to jointly enter into a Water Supply Agreement with the City of Evanston ("Evanston"), in order that the Villages and their respective water customers receive an adequate supply of water from Evanston; and

WHEREAS, Morton Grove desires to approve and enter into an Agreement entitled "*Water Supply Agreement between the City of Evanston and the Village of Morton Grove and the Village of Niles*" (the Agreement) for the purposes set forth in the Agreement in substantial conformity with Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Section 4 of the Agreement (Commencement of Obligation to Deliver and Receive Water) sets forth the obligations of the Villages and Evanston with regard to the design and construction work needed prior to commencement of the delivery of water from Evanston to the Villages under the Agreement; and

WHEREAS, Section 5 of the Agreement (Rate) provides for the cost of the water sold by Evanston and paid for by the Villages, and the means by which the rate for water sold under the Agreement is calculated; and

WHEREAS, Section 7 of the Agreement (Water Supply; Allocation; Distribution) provides for Evanston to sell and deliver water to the Villages, and for the Villages to purchase and receive water from Evanston; and

WHEREAS, the Villages are still evaluating options for jointly acquiring and operating a common source of supply of water and a related waterworks system, in order to connect their respective waterworks systems to the waterworks system of Evanston, and the Villages may establish a Municipal Water Commission together pursuant to Division 135 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-135-1, *et seq.*) in furtherance thereof, to be known as the “MG-N Water Commission”; and

WHEREAS, in the event the Villages create the MG-N Water Commission, Section 15 of the Agreement (MG-N Option to Create a JAWA or a Water Commission; Assignment) provides for the automatic assignment of the Villages’ rights and obligations under the Agreement to the MG-N Water Commission, and the Villages shall have no further rights or obligations under the Agreement; and

WHEREAS, the President and Board of Trustees of the Village of Morton Grove have the authority to enter into an Agreement pursuant to Morton Grove’ home rule powers as provided by Article VII, Section 10 of the 1970 Constitution of the State of Illinois, the Illinois Intergovernmental Cooperation Act (5 ILCS 220/1, *et seq.*) and the Illinois Municipal Code (65 ILCS 5/1, *et seq.*), and find entering into the Agreement is in the best interest of Morton Grove.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MORTON GROVE, ILLINOIS, AS FOLLOWS:

SECTION 1: The Corporate Authorities do hereby incorporate the foregoing whereas clauses into this Resolution as though fully set forth therein thereby making the findings as hereinabove set forth.

SECTION 2: The President and Board of Trustees of the Village of Morton Grove authorize the approval of the economic terms and the attached form of an agreement entitled *Water Supply Agreement Between The City Of Evanston And The Village Of Morton Grove And The Village Of Niles* (the “Agreement”) for the purposes set forth in the Agreement, attached hereto as Exhibit “A”. The President

and Board of Trustees of the Village of Morton Grove authorize and direct the Village Administrator, or his designee, to execute the final version of the Agreement, which may contain certain non-substantive and non-financial modifications that are approved by the Village Attorney, and to execute and deliver all other instruments and documents and pay all costs that are necessary to fulfill Morton Grove's obligations under the Agreement.

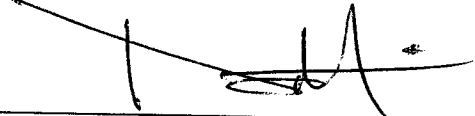
SECTION 3: The President and Board of Trustees of the Village of Morton Grove authorize and direct the Village Administrator, or his designee, to execute said Agreement, and to execute and deliver all other instruments and documents and pay all costs necessary to fulfill Morton Grove's obligations under the Agreement.

SECTION 4: This resolution shall be in full force and effect upon its passage and approval.

PASSED THIS 23rd day of January 2017.

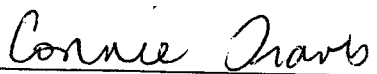
Trustee Grear	<u>aye</u>
Trustee Minx	<u>aye</u>
Trustee Pietron	<u>aye</u>
Trustee Ramos	<u>aye</u>
Trustee Thill	<u>aye</u>
Trustee Witko	<u>aye</u>

APPROVED by me this 23rd day of January 2017



Daniel P. DiMaria, Village President
Village of Morton Grove
Cook County, Illinois

APPROVED and FILED in my office this
24th day of January 2017.



Connie Travis, Village Clerk
Village of Morton Grove
Cook County, Illinois

EXHIBIT "A"

**WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON
AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES**

(attached)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, **MARLENE J. VICTORINE**, do hereby certify that I am the duly appointed and qualified Village Clerk of the Village of Niles, County of Cook and State of Illinois, and, as such, am the keeper of the records, legal documents and files of said Village.

I **DO FURTHER CERTIFY** that the attached and foregoing is a true, correct, and complete copy of a legal document duly adopted by the Board of Trustees of the Village of Niles on the 24th day of January, 2017 entitled:

RESOLUTION 2017-02R AUTHORIZING THE APPROVAL AND EXECUTION OF A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Niles, this 26th day of January, 2017.



Village Clerk of the Village of Niles
Cook County, State of Illinois

(SEAL)

RESOLUTION 2017-02R

RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF A WATER SUPPLY AGREEMENT BETWEEN THE CITY OF EVANSTON AND THE VILLAGE OF MORTON GROVE AND THE VILLAGE OF NILES

WHEREAS, the President and Board of Trustees of the Village of Morton Grove, a home rule Illinois municipal corporation (“Morton Grove”) and the President and Board of Trustees of the Village of Niles, a home rule Illinois municipal corporation (“Niles”) have undertaken studies and analysis of the feasibility of jointly establishing, acquiring, constructing and operating a common source of supply of water and related waterworks system for the purpose of delivery of potable drinkable water to their respective residents, business owners, property owners, and governmental and institutional properties, and in furtherance thereof approved and entered into an agreement entitled “Cost Sharing Agreement Regarding Morton Grove And Niles Water Supply Matters” (the “Cost Sharing Agreement”) as approved by Morton Grove Resolution Number 17-02 on January 23, 2017, and as approved by Niles Resolution Number 2017-04R on January 24, 2017; and

WHEREAS, as set forth in the Cost Sharing Agreement, Morton Grove and Niles (collectively, the “Villages”) determined that there was a need to jointly cooperate and share the costs of studying, analyzing and negotiating agreements regarding certain water supply matters involving the Villages, including but not limited to the assessment of options for entering into a proposed water supply agreement with one or more Illinois municipalities, and the creation of and participation in a joint action water agency or a municipal water commission by the Villages; and

WHEREAS, after studying and analyzing the costs and benefits associated with different options for water supply agreements for the Villages with one or more Illinois municipalities, the Villages have determined that it is in their best interests to jointly enter into a water supply agreement with the City of Evanston (“Evanston”), in order that the Villages and their respective water customers receive an adequate supply of water from Evanston; and

WHEREAS, Morton Grove desires to approve and enter into an agreement entitled “Water Supply Agreement Between The City Of Evanston And The Village Of Morton Grove And The Village Of Niles” (the “Agreement”) in substantially the same form as the copy attached hereto as **Exhibit “A”** and made a part hereof; and

WHEREAS, Section 4 of the Agreement (Commencement of Obligation to Deliver and Receive Water) sets forth the obligations of the Villages and Evanston with regard to the design and construction work needed prior to commencement of the delivery of water from Evanston to the Villages under the Agreement; and

WHEREAS, Section 5 of the Agreement (Rate) provides for the cost of the water sold by Evanston and paid for by the Villages, and the means by which the rate for water sold under the Agreement is calculated; and

WHEREAS, Section 7 of the Agreement (Water Supply; Allocation; Distribution) provides for Evanston to sell and deliver water to the Villages, and for the Villages to purchase and receive water from Evanston; and

WHEREAS, the Villages are still evaluating options for jointly acquiring and operating a common source of supply of water and a related waterworks system, in order to connect their respective waterworks systems to the waterworks system of Evanston, and the Villages may establish a municipal water commission together pursuant to Division 135 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-135-1, *et seq.*) in furtherance thereof, to be known as the “MG-N Water Commission”; and

WHEREAS, in the event the Villages create the MG-N Water Commission, Section 15 of the Agreement (MG-N Option to Create a JAWA or a Water Commission; Assignment) provides for the automatic assignment of the Villages’ rights and obligations under the Agreement to the MG-N Water Commission, and the Villages shall have no further rights or obligations under the Agreement; and

WHEREAS, the President and Board of Trustees of the Village of Morton Grove have the authority to enter into the Agreement pursuant to Morton Grove’ home rule powers as provided by Article VII, Section 10 of the 1970 Constitution of the State of Illinois, the Illinois Intergovernmental Cooperation Act (5 ILCS 220/1, *et seq.*) and the Illinois Municipal Code (65 ILCS 5/1, *et seq.*), and find that entering into the Agreement is in the best interests of Morton Grove.

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Niles, Illinois, as follows:

SECTION 1: Each Whereas paragraph above is incorporated by reference into this Section 1 and made a part hereof as material and operative provisions of this Resolution.

SECTION 2: The President and Board of Trustees of the Village of Niles authorize the approval of the economic terms and the attached form of an agreement entitled “Water Supply Agreement Between The City Of Evanston And The Village Of Morton Grove And The Village Of Niles” (the “Agreement”) for the purposes set forth in the Agreement, attached hereto as **Exhibit “A”**. The President and Board of Trustees of the Village of Niles authorize and direct the Village Manager, or his designee, to execute the final version of the Agreement, which may contain certain non-substantive and non-financial modifications that are approved by the Village Attorney, and to execute and deliver all other instruments and documents and pay all costs that are necessary to fulfill Niles’s obligations under the Agreement.

PASSED: This 24th day of January, 2017
YEAS: 6 Alpogianis, Jekot, LoVerde, Matyas, McCreery, Strzelecki
NAYS: 0
ABSENT: 0
ABSTAIN: 0

APPROVED by me this 24th day of January, 2017.



President of the Village of Niles
Cook County, Illinois

ATTESTED AND FILED in my office this 24th day of January, 2017, and published in pamphlet form as provided by law in the Village of Niles, Illinois.



Village Clerk

Exhibit "A"

**Water Supply Agreement Between The City Of Evanston
And The Village Of Morton Grove And The Village Of Niles**

(attached)