

ORDINANCE NO. 18-6

**AN ORDINANCE APPROVING 2019 ANNUAL BUDGET
FOR THE MORTON GROVE-NILES WATER COMMISSION
(JANUARY 1 THROUGH DECEMBER 31, 2019)**

WHEREAS, in 2017, the Morton Grove-Niles Water Commission ("MGNWC" or "Commission") was established by the Village of Morton Grove, a home rule Illinois municipal corporation ("Morton Grove"), and the Village of Niles, a home rule Illinois municipal corporation ("Niles"), by the adoption of ordinances pursuant to Division. 135 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-135-1, et seq.) ("Division 135"). The establishing ordinances are Morton Grove Ordinance 17-5, which was adopted on March 13, 2017, and Niles Ordinance No. 2017-19, which was adopted on March 14, 2017; and

WHEREAS, in order to accomplish the objectives set forth in the above-referenced Ordinances, Morton Grove and Niles also approved under those same Ordinances an intergovernmental agreement entitled, "Intergovernmental Agreement For The Establishment And Operation Of The Morton Grove-Niles Water Commission And For The Purchase And Sale Of Water To The Commission For Commission Use And To Commission Wholesale Water Customers" (the "IGA"), to provide for the governance and operation of the MGNWC and to create the Board of Commissioners of the Morton Grove-Niles Water Commission ("MGNWC Board") to govern the MGNWC; and

WHEREAS, the MGNWC is authorized, pursuant to state law and certain provisions of the IGA, to enact and approve an annual budget for each fiscal year; and

WHEREAS, the MGNWC's fiscal year is January 1 to December 31 each calendar year; and

WHEREAS, the Superintendent has prepared the 2019 Annual Budget which sets forth estimated revenues and proposed expenditures; and

WHEREAS, the proposed 2019 Annual Budget was made available for public inspection at the Village Clerk's Offices of the Village of Morton Grove and the Village of Niles for seven days prior to its consideration by the Board; and

WHEREAS, the 2019 Annual Budget is attached hereto as Exhibit "A" and made a part hereof; and

WHEREAS, all of the notice and due process provisions and requirements of the IGA and applicable State law, relative to the consideration and approval of the 2019 Annual Budget have been satisfied; and

WHEREAS, the Board of Commissioners of MGNWC finds that passage of this Ordinance,

for purposes of authorizing and approving the 2019 Annual Budget, is in the best interests of MGNWC; and

NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE MORTON GROVE-NILES WATER COMMISSION, COOK COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: Each of the Whereas paragraphs above is incorporated into Section 1 of this Ordinance as material terms hereof.

SECTION 2: The MGNWC Board adopts and approves of the 2019 Annual Budget for the Morton Grove-Niles Water Commission for the 2019 calendar year, a copy of which is attached hereto as Exhibit "A" and made a part hereof.

SECTION 3: Each section, paragraph, clause and provision of this Ordinance is separable, and if any provision is held unconstitutional or invalid for any reason, such decision shall not affect the remainder of this Ordinance, nor any part thereof, other than that part affected by such decision.

SECTION 4: This Ordinance shall be in full force and effect from and after its adoption, approval and publication in pamphlet form as provided by law.

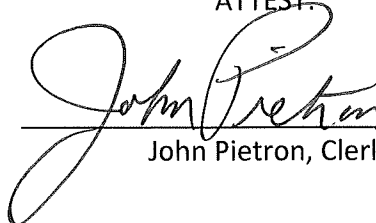
ADOPTED this 29th day of November 2018, pursuant to a roll call vote as follows:

AYES:	John Pietron, mark Fowler and Steven Vinezeano
NAYS:	None
ABSENT:	None

PASSED by the Board of Commissioners of the Morton Grove-Niles Water Commission, Cook County, Illinois on a roll call vote at a Regular Meeting thereof held on the 29th day of November 2018, and approved by the Chair, and attested by the Clerk on the same day.



Steven Vinezeano, Chair

ATTEST:


John Pietron, Clerk

EXHIBIT A
2019 BUDGET OF THE MORTON GROVE-NILES WATER COMMISSION

Morton Grove Niles WATER COMMISSION

November 27, 2018

Chairman Steven Vinezeano and Commissioners
Morton Grove-Niles Water commission
1000 Civic Center Drive
Niles, Illinois 60714

FY 2018 Budget Presentation

Chairman and Commissioners,

I am pleased to present to you the Annual budget of the Morton Grove-Niles Water Commission (MGNWC) for FY 2019 (January 1-December 31, 2019). This is the first operational year for the Water Commission with revenues received from the sales of water to our Members, covering the annual operational costs. This budget is presented with two parts, the operational budget which totals \$5,345,279 and the Capital Construction Budget which totals \$ 22,166,215 for core construction. Administrative costs associated with the construction completion, reserves, and reimbursements will be in addition to this amount. The Capital Construction Budget is supported by the proceeds from IEPA low interest loan reimbursements and from proceeds of the Water Commission's Alternative Revenue Bond, series 2018 proceeds. The Water Commission intends to initiate partial water sales to members in December, 2018 as the elements of the water delivery system are completed. Members are expected to meet full water requirements in January, February, and March 2019 by supplemental purchase of water from the City of Chicago. In April, the Commission intends to increase the water delivered as a result of completion and commissioning of the Intermediate Booster Pump Station 2551 Church Street in Evanston. Maximum daily demand volumes can be met solely by the Water Commission. Final construction of the Reservoir and the Main Pump Station, both located at 7900 Nagle, Morton Grove fully completed and commissioned by August 2019.

The budget is prepared with the input of the Stanley Consultants Team members who are responsible in preparing and presenting to the Water Commission the Operations Manual and the Water Rate Study. The budget included in the Operational Manual has also been reviewed by the Management and Operations Teams of the Commission. The recommended water rate itself will be presented in a separate report and recommendation at the Water Commission's November 29, 2018 meeting. While there is no statutory requirement for adoption of an annual budget by a Water Commission it is good practice to do so and also meeting the requirements of Intergovernmental Agreements between Members and the Commission. The agreements that guide the development of the budget include:

1. The Water Supply Agreement between the Morton Grove-Niles Water Commission and the Villages of Morton Grove and Niles
2. The Intergovernmental Agreement for the establishment and operations of the MGNWC and for the purchase and sale of water to the Commission for Commission use and to Commission wholesale customers.
3. Cost sharing Agreement regarding Morton Grove and Niles water supply matters.
4. The Schedule of Water Rates, Service Charges, and Fees for the MGNWC.
5. The Ordinance of the MGNWC authorizing the sale of MGNWC Alternate Revenue Bonds.
6. The IEPA Loan Agreement to the MGNWC from the State Water Revolving Fund
7. The Water Supply Agreement between the City of Evanston and the Village of Morton Grove and the Village of Niles (assigned to the MGNWC)

These Agreements were approved at different times and are not perfectly aligned with dates and terms, but are generally consistent with each other. The Agreements establish a calendar year fiscal year, call for a budget presentation in October, with adoption by the end of the fiscal year, and a true-up mechanism to assign all annual costs based on actual consumption. Additional important features for the MGNWC budget include:

1. The annual budget will allocate charges to Members based on prior year consumption ending either September 30 or October 31, once the Water Commission has delivered water for a preceding 12-month period. The Water Commission should use the period ending September 30 each year as these ties into the IDNR official water year.
2. For the Water Commission's first water delivery period (FY 2019), operations cost sharing is based on water allocations. For the budget you will review and approve for FY 2019 the cost allocation to Members, by prior agreement, will be

a. Morton Grove	3.54 mgd	31.7%
b. Niles	4.999 mgd	
c. Aqua (North Maine)	2.650 mgd	
d. Total Niles	7.649 mgd	68.3%
3. The contract to supply water to Morton Grove and Niles is a take or pay contract and requires the MGNWC to use its best efforts to deliver full water requirements to its members. The Water Commission also by Agreement invoices each member quarterly in advance four equal installments with payments due on January 1, April 1, July 1, and October 1. Using the Operational Budget for FY 2019 of \$ 5, 345,279 net \$4,826,604 after deducting the capitalized

interest from the ARB bond sale for the first interest payment in 2019, (\$ 518,675) the amount owned by the Members to the Water Commission will be:

- a. Morton Grove: 31.7% \$ 1,530,033.47 (annual)
 - b. Niles and Aqua 68.3% \$ 3,296,570.53 (annual)
4. Since 2019 is a transitional year with partial service from the Water Commission in the first quarter of 2019, I will be recommending adjustments to the quarterly payments. The Water Commission is authorized to adjust the quarterly billing should consumption patterns change during the 2019 fiscal year period. I will be working with the Water Commission Management Team to identify the best quarterly payment plan for all parties in 2019. Recommendations will be prepared once we actually begin to deliver water to Members in December 2018.
 5. At the end of each fiscal year, in this case December 31, 2019, a true-up computation is required for actual operational costs and Member budget allocations in the MGNWC Water Supply Agreements and the Evanston Supply Agreement. Supplemental required payments or credits will be identified and processed only upon completion of audits with monetary adjustments likely made in August 2020 for the first year of operation and annually thereafter.

Key features of the FY 2019 Budget:

Two budgets are presented to the Water Commission for approval, the FY 2019 Operations and the FY 2019, which includes required debt payments, and Capital Construction budget to completed all contracted work on the water delivery system.

1. Operating budget revenue requirements. Sales of water is the primary revenue to support the Operations Budget. A separate Water Rate Ordinance will be presented to the Water Commission at its November 29, 2018 meeting. It will be based on a Water Rate Study being prepared by Stanley Consultants and includes two interest payments for the Alternative Revenue Bond Debt and for the first repayment on the IEPA low interest loan program now expected to be due in February 2020. A reserve fund annual payment is also included in the Operations Budget. Debt payments are the largest element of the Operations Budget.
2. The Capital Construction budget relies on the first tranche of Alternative Revenue Bonds (ARB), series 2018, already issued and IEPA loan proceeds to complete construction, to repay the members some or all of the prior year cash advances in 2019, to establish the IEPA debt service reserve fund by December 2019, and to pay the final design and construction engineering costs to Stanley and for project coordination/management to WRB, LLC until project completion. Since IEPA funding has restrictions on some project costs such as accelerated construction costs, I will be closely monitoring if a supplemental alternative Revenue bond issue should be considered in 2019. In no event will a second bond tranche exceed the bonding authority established by the Commission.
3. Water sales to members which will drive the water rate recommendation are based on prior years consumption. Projected water purchases from Evanston are increased by 2% to account for MGNWC system loss and leakage.

4. The Water Rate Study will produce a first year and every year savings for Water Commission operations. For the first portion of the FY2019, January through April, the Water Commission will be capable of delivery of average daily demands. The Water Commission will be capable of meeting member maximum demands after April 1, 2019. Any supplemental water needs of the Members needed in the first quarter of 2019 would be met by the Villages using existing service lines between the Villages and the City of Chicago. Because Water Commission water delivery will commence in the lowest historical period of operations, January, February, and March, it is not expected that even the annual average daily demand will be needed during this low water use period.
5. Contracted operational services, and accounting services are in the operating budget from January 1. On demand services, special legal counsel, engineering support services, are being budgeted beginning January 1 as a contingency. Superintendent and Deputy Clerk services will launch upon construction completion.
6. The Water Commission will need to adopt a tax abatement Ordinance by February 2019, but should do so in November, 29 2018.

FY 2019 Budget format

The formatting of the operational budget follows the presentation of the Water Rate Study Table prepared in 10-year increments. While the Commission is being presented only the Fiscal 2019 budget for approval, using the rate forecast table provides the opportunity present a long-term operational forecast helpful for Commissioners. It will also serve as a reporting system on the Water Commission's success each year on meeting our savings objectives.

The Capital Construction Budget will track project costs by each awarded construction contract with professional services, Member reimbursements,, and related soft costs tracked separately. A total of \$28,760,215 will remain to be paid from the capital construction fund until the project is completed in August 2019, with the greatest expenses being construction and professional engineering services, \$22,166,215 and Full Member reimbursements of pre-commission costs, \$4,994,000.

Respectfully submitted,



William Balling
Superintendent

R7 - Future Bond Issue Moved to 2020 with payments based on 30% of prior \$25M bond issue.

MGNWC WATER RATE STUDY SUMMARY TABLE

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
IEPA SRF Repayments	\$ 2,247,860	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720
Revenue Bond Repayments	\$ 518,875	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750	\$ 1,037,750
Special Pledges Bond Issue (Oxbon Street Bypass (\$500,000) + Member Reassignment Fund (\$5.9M) Both Paid Lump Sum: \$7.5 M @ 4.1%/yr for 30 years. Payments structured to match existing revenue bond	\$ -	\$ 73,979	\$ 155,603	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205
Capital Contribution & Debt Reserve Fund	\$ 600,000	\$ 350,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Debt Payments + Capital Contribution Expenses	\$ 9,886,958	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520	\$ 5,925,520
Evansston Water Purchase	\$ 1,263,968	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936
Utilities and Chemicals	\$ 150,000	\$ 150,000	\$ 143,225	\$ 147,518	\$ 151,844	\$ 156,020	\$ 161,197	\$ 166,373	\$ 171,549	\$ 176,724	\$ 181,899
MWRD Easement Fees	\$ 80,000	\$ 80,000	\$ 82,631	\$ 85,262	\$ 87,893	\$ 90,524	\$ 93,155	\$ 95,786	\$ 98,417	\$ 101,048	\$ 103,679
Facility Maintenance (non-labor) Included in OCA	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720
Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JULIE location fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Calibration	\$ 20,000	\$ 20,500	\$ 21,218	\$ 22,055	\$ 22,914	\$ 23,804	\$ 24,726	\$ 25,680	\$ 26,666	\$ 27,684	\$ 28,735
Operational Contingency (Emergency Repairs)	\$ 6,000	\$ 6,300	\$ 6,642	\$ 7,019	\$ 7,434	\$ 7,888	\$ 8,381	\$ 8,914	\$ 9,486	\$ 10,098	\$ 10,750
Miscellaneous (Insurance, Audit, Supplies)	\$ 311,205	\$ 310,939	\$ 309,923	\$ 309,165	\$ 307,671	\$ 305,451	\$ 302,484	\$ 296,767	\$ 292,450	\$ 288,469	\$ 284,713
OG&I (Non-labor) Expenses	\$ 288,500	\$ 297,555	\$ 306,070	\$ 315,292	\$ 324,209	\$ 334,051	\$ 344,484	\$ 354,819	\$ 365,463	\$ 376,427	\$ 387,720
Operations Contract Agency (OCA) Includes IT and Network	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201	\$ 15,657	\$ 16,127
Utility Clerk Service	\$ 58,000	\$ 59,740	\$ 61,532	\$ 63,378	\$ 65,280	\$ 67,238	\$ 69,255	\$ 71,333	\$ 73,473	\$ 75,677	\$ 77,947
Superintendent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On-Demand Services - Included with OCA	\$ 10,000	\$ 10,300	\$ 10,600	\$ 10,927	\$ 11,265	\$ 11,613	\$ 11,971	\$ 12,339	\$ 12,718	\$ 13,108	\$ 13,499
Light Services	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 18,999	\$ 19,565	\$ 20,137
Engineering	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,514	\$ 23,195	\$ 23,900	\$ 24,629	\$ 25,383	\$ 26,162	\$ 26,966
OG&I Labor Expenses	\$ 403,900	\$ 415,605	\$ 428,079	\$ 440,915	\$ 454,143	\$ 467,867	\$ 481,990	\$ 496,254	\$ 511,142	\$ 526,475	\$ 542,270
Total Annual Expenses	\$ 5,344,838	\$ 6,217,800	\$ 6,880,976	\$ 7,460,804	\$ 8,062,418	\$ 8,695,470	\$ 9,359,588	\$ 10,054,784	\$ 10,790,984	\$ 11,568,284	\$ 12,386,674
Total Cost-of-Water Rate per 1000 gallons sold	\$ 3.50	\$ 3.50	\$ 4.01	\$ 4.12	\$ 4.16	\$ 4.19	\$ 4.24	\$ 4.28	\$ 4.32	\$ 4.36	\$ 4.40
Recommended Water Rate per 1000 gallons	\$ 3.50	\$ 3.50	\$ 4.01	\$ 4.12	\$ 4.16	\$ 4.19	\$ 4.24	\$ 4.28	\$ 4.32	\$ 4.36	\$ 4.40
Estimated Chicago Water Rate per 1000 gallons @ 2% growth	\$ 4.03	\$ 4.11	\$ 4.20	\$ 4.28	\$ 4.36	\$ 4.45	\$ 4.54	\$ 4.63	\$ 4.72	\$ 4.82	\$ 4.91
Projected Chicago Water Purchases (by Villages), mtd - 50% of Total Use in 2019	\$ 427	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Projected Evansston Water Purchases, mtd - 50% of total use in 2019	\$ 427	\$ 736	\$ 1,472	\$ 2,208	\$ 2,944	\$ 3,680	\$ 4,416	\$ 5,152	\$ 5,888	\$ 6,624	\$ 7,360
Projected MGNWC Sales to Villages, mtd - 50% of total use in 2019	\$ 419	\$ 722	\$ 1,438	\$ 2,154	\$ 2,870	\$ 3,586	\$ 4,302	\$ 5,018	\$ 5,734	\$ 6,450	\$ 7,166

Expenses per 1000 gallons Water Sold

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OG&I Labor Expenses	\$ 4.03	\$ 4.11	\$ 4.20	\$ 4.28	\$ 4.36	\$ 4.45	\$ 4.54	\$ 4.63	\$ 4.72	\$ 4.82	\$ 4.91
OG&I Non-labor Expenses	\$ 0.26	\$ 0.16	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.21	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.25
Water Purchase Rate per 1000 gallons	\$ 3.50	\$ 3.50	\$ 4.01	\$ 4.12	\$ 4.16	\$ 4.19	\$ 4.24	\$ 4.28	\$ 4.32	\$ 4.36	\$ 4.40

Water Purchase Expenses

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cost of Water if Niles & MG Purchase All Water From Evansston	\$ 3,191,507	\$ 2,886,709	\$ 2,556,063	\$ 2,244,797	\$ 2,044,431	\$ 1,863,104	\$ 1,698,954	\$ 1,550,204	\$ 1,416,454	\$ 1,295,204	\$ 1,184,454
Annual 1000 Gallon Units Purchased Per Year	919,301	811,240	703,319	603,319	511,319	428,319	354,319	289,319	233,319	185,319	143,319
Evansston Projected Water Rate w/ Per Adjusted & 2% Annual Increase	\$ 3.50	\$ 3.50	\$ 4.01	\$ 4.12	\$ 4.16	\$ 4.19	\$ 4.24	\$ 4.28	\$ 4.32	\$ 4.36	\$ 4.40
MGNWC: Evansston Water Purchase - 100% Purchase All Years	\$ 3,191,507	\$ 2,886,709	\$ 2,556,063	\$ 2,244,797	\$ 2,044,431	\$ 1,863,104	\$ 1,698,954	\$ 1,550,204	\$ 1,416,454	\$ 1,295,204	\$ 1,184,454

Cost of Water if Niles & MG Staved with Chicago

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Annual 1000 Gallon Units Purchased Per Year	919,301	811,240	703,319	603,319	511,319	428,319	354,319	289,319	233,319	185,319	143,319
Chicago Projected Water Rate w/ 2% Annual Increase	\$ 4.40	\$ 4.41	\$ 4.43	\$ 4.45	\$ 4.47	\$ 4.49	\$ 4.51	\$ 4.53	\$ 4.55	\$ 4.57	\$ 4.59
Chicago Only Projected Water Purchase Cost - Assuming all water is purchased from Chicago	\$ 4,084,920	\$ 3,608,920	\$ 3,111,920	\$ 2,602,920	\$ 2,082,920	\$ 1,562,920	\$ 1,042,920	\$ 522,920	\$ 12,920	\$ -	\$ -

Calculation of Annual Savings For Villages

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Chicago Only Projected Water Purchase Cost - Assuming all water is purchased from Chicago	\$ 4,084,920	\$ 3,608,920	\$ 3,111,920	\$ 2,602,920	\$ 2,082,920	\$ 1,562,920	\$ 1,042,920	\$ 522,920	\$ 12,920	\$ -	\$ -
Evansston Projected Water Purchase Cost - Paid Directly by Villages	\$ 1,263,968	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936	\$ 2,527,936
MGNWC Operational Costs - From Rows 9, 19, & 27 above	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158	\$ 941,158
Accumulated Cost Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Accumulated Savings: Monton Grove @ 44.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Accumulated Savings: Niles @ 55.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Accumulated Savings: Commission @ 0.3%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Assumptions

- 2018 Chicago water rate, \$3.95 per 1,000 gallons.
- 2016-2020 Evansston water rate is outlined in the water supply agreement.
- The \$0.13 increase in 2020 will pay to replace a clientwell at the Evansston Water Treatment Plant.
- The \$0.10 increase in 2021 will pay to construct a new Lake Michigan intake line at the Evansston.
- Both Chicago and Evansston rates are assumed to increase by 2% annually (except 2020-21 Evl)
- Water uses reduction of 0.25% is assumed starting in 2019.
- Water loss of 2% during transportation is assumed
- 2020 Niles flow: Until June 30th @ 5.64 MGD (Niles-North Maine) and From June-Dec 31st @ 3.0.
- Bond payments are in accordance with the payment schedule.
- IEPA payments start in 2020. No payment in 2019, but money for the first payment must be coll
- In 2019 it is assumed we will sell 50% of the water used by the two communities
- 2% annual increase in non-labor expenses beginning in 2019.
- 2% annual increase in Evasement fees beginning in 2019.
- Vehicle/travel allowance is intended for travel costs of the Superintendent.
- There will be no public outreach programs. Communication with users will be left to the commt.
- Utilities include electricity, natural gas, wi-fi, telephone
- 100% increase in labor expenses per year from 2020
- All positions listed are contractual services with no benefits and no payroll taxes.
- "No benefits" means there are no expenses for insurance, vacation time, training, pension, confi
- 2020 There will be a new \$7.5 M bond issue in 2020.
- Operational Contingencies: Annual surplus amounts to be transferred to Capital Contribution Ac

R7 - Future Bond Issue Moved to 2020 with payments based on 30% of prior \$25M bond issue. MGNWC WATER RATE STUDY SUMMARY TABLE

Item	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
IEPA SRF Repayments	\$ 2,247,860	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720	\$ 4,495,720
Revenue Bond Repayments	\$ 518,675	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350	\$ 1,037,350
Second Potential Bond Issue (Oakton Street Bypass \$950,000 + Member Reimbursement \$6.5M) Both Paid Lump Sum: \$7.5 M @ 4.1%/yr for 30 years. Payments structured to match existing revenue bond	\$ -	\$ 73,479	\$ 155,603	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205	\$ 311,205
Capital Contributions & Debt Reserve Fund	\$ 600,000	\$ 350,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Debt Payments - Capital Contribution Expenses	\$ 2,666,536	\$ 5,959,549	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673	\$ 6,585,673
Evansville Water Purchase	\$ 1,263,998	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997	\$ 2,527,997
Utilities and Chemicals	\$ 135,000	\$ 139,150	\$ 143,222	\$ 147,518	\$ 151,844	\$ 156,402	\$ 161,197	\$ 166,033	\$ 171,014	\$ 176,144	\$ 181,429
Water Treatment Plant	\$ 60,205	\$ 61,000	\$ 62,637	\$ 63,890	\$ 65,168	\$ 66,471	\$ 67,801	\$ 69,157	\$ 70,540	\$ 71,951	\$ 73,390
Facility Maintenance (non-labor) included in OCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Allowance	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720
J.U.L.I.E. Inflation fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meter Calibration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operational Contingency (Emergency Repairs)	\$ 20,000	\$ 20,000	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335	\$ 26,095	\$ 26,878
Insurance (Automobile, Auto, Theft)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Insurance (Fire, Liability, Public Liability)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Insurance (Medical Malpractice, Professional Liability)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Insurance (Workers Compensation, Health, Dental, Vision, Life, Disability)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Insurance (General Liability, Products/Completed Operations, Umbrella)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Insurance (Fidelity Bond, Directors and Officers Liability)	\$ 10,000	\$ 10,000	\$ 10,640	\$ 11,304	\$ 11,994	\$ 12,714	\$ 13,464	\$ 14,245	\$ 15,058	\$ 15,905	\$ 16,787
Operating Costs Agency (OCA) includes IT and Network	\$ 288,500	\$ 297,155	\$ 306,070	\$ 315,292	\$ 324,797	\$ 334,457	\$ 344,258	\$ 354,189	\$ 364,253	\$ 374,457	\$ 384,770
Operational Contingency	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201	\$ 15,657	\$ 16,127
Energy Costs Service	\$ 58,000	\$ 59,740	\$ 61,532	\$ 63,378	\$ 65,280	\$ 67,238	\$ 69,255	\$ 71,333	\$ 73,473	\$ 75,677	\$ 77,947
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Services - included with OCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor Services	\$ 10,000	\$ 10,000	\$ 10,600	\$ 11,255	\$ 11,955	\$ 12,695	\$ 13,425	\$ 14,145	\$ 14,855	\$ 15,555	\$ 16,245
Labor Services - Union	\$ 15,000	\$ 15,450	\$ 15,915	\$ 16,395	\$ 16,885	\$ 17,390	\$ 17,910	\$ 18,445	\$ 18,995	\$ 19,565	\$ 20,150
Labor Services - Non-Union	\$ 20,000	\$ 20,000	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335	\$ 26,095	\$ 26,878
Accumulated Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Labor Expenses	\$ 403,500	\$ 415,605	\$ 428,070	\$ 440,915	\$ 454,143	\$ 467,767	\$ 481,800	\$ 496,254	\$ 511,142	\$ 526,476	\$ 542,270
Total Annual Expenses	\$ 5,344,638	\$ 9,217,600	\$ 8,868,976	\$ 9,082,804	\$ 9,145,470	\$ 9,207,656	\$ 9,269,537	\$ 9,331,224	\$ 9,392,711	\$ 9,454,007	\$ 9,515,114
Total Cost-of-Water Rate per 1000 gallons sold	\$ 31.50	\$ 33.50	\$ 34.01	\$ 34.12	\$ 34.16	\$ 34.19	\$ 34.24	\$ 34.29	\$ 34.32	\$ 34.36	\$ 34.40
Recommended Water Rate per 1000 gallons	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
Estimated Chicago Water Rate per 1000 gallons	\$ 4.03	\$ 4.11	\$ 4.19	\$ 4.26	\$ 4.33	\$ 4.40	\$ 4.47	\$ 4.54	\$ 4.61	\$ 4.68	\$ 4.75
Projected Chicago Water Purchase (bv Villages), mtd - 50% of Total Use in 2019	\$ 4.27	\$ 4.38	\$ 4.47	\$ 4.55	\$ 4.63	\$ 4.71	\$ 4.79	\$ 4.87	\$ 4.95	\$ 5.02	\$ 5.10
Projected Evansville Water Purchase, mtd - 50% of total use in 2019	\$ 4.27	\$ 4.38	\$ 4.47	\$ 4.55	\$ 4.63	\$ 4.71	\$ 4.79	\$ 4.87	\$ 4.95	\$ 5.02	\$ 5.10
Projected MGNWC Sales to Villages, mtd - 50% of total use in 2019	\$ 4.19	\$ 4.22	\$ 4.26	\$ 4.30	\$ 4.34	\$ 4.38	\$ 4.42	\$ 4.46	\$ 4.49	\$ 4.53	\$ 4.57
Evansville per 1000 gallons Water Sold	\$ 20.20	\$ 20.26	\$ 20.31	\$ 20.36	\$ 20.41	\$ 20.46	\$ 20.51	\$ 20.56	\$ 20.61	\$ 20.66	\$ 20.71
Evansville per 1000 gallons Water Sold - Village	\$ 20.20	\$ 20.26	\$ 20.31	\$ 20.36	\$ 20.41	\$ 20.46	\$ 20.51	\$ 20.56	\$ 20.61	\$ 20.66	\$ 20.71
Evansville per 1000 gallons Water Sold - O&M	\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.90	\$ 0.92	\$ 0.94	\$ 0.96	\$ 0.98	\$ 1.00	\$ 1.02	\$ 1.04
Evansville per 1000 gallons Water Sold - Capital Contribution Expenses	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
O&M (Non-labor) Expenses	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26
O&M Labor Expenses	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
Water Purchase Rate per 1000 gallons	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50

1. 2018 Chicago water rate, \$3.95 per 1,000 gallons.
 2. 2018-2020 Evansville water rate is outlined in the water supply agreement.
 3. The \$0.13 increase in 2020 will pay for replaces a clewell at the Evansville Water Treatment Plant.
 4. The \$0.10 increase in 2021 will pay to construct a new Lake Michigan intake line at the Evansville.
 5. Both Chicago and Evansville rates are assumed to increase by 2% annually (except 2020-21 Eval.
 6. Water uses reduction of 0.25%, is assumed starting in 2019.
 7. Water loss of 2% during transportation is assumed.
 8. 2020 Niles flow: Until June 30th @ 5.64 MGD (Niles-North Main) and From June-Dec 31st @ 3.3 MGD.
 9. Bond payments are in accordance with the payment schedule.
 10. IEPA payments start in 2020. No payment in 2019, but money for the first payment must be collected in 2019.
 11. In 2019 it is assumed we will sell 50% of the water used by the two communities.
 12. 3% annual increase in non-labor expenses beginning in 2020.
 13. 2% annual increase in Evanescent fees beginning in 2019.
 14. Vehicle/travel allowance is intended for travel costs of the Superintendent.
 15. There will be no public outreach programs. Communication with users will be left to the community.
 16. Utilities include electricity, natural gas, wi-fi, telephone.
 17. 3% increase in labor expenses per year from 2020.
 18. All positions listed are contractual services with no benefits and no payroll taxes.
 19. "No benefits" means there are no expenses for insurance, vacation time, training, pension, contribution.
 20. There will be a new \$7.5 M bond issue in 2020.
 21. Operational Contingencies: Annual surplus amounts to be transferred to Capital Contribution Account.

CLERK'S CERTIFICATION

I, John Pietron, certify that I am the duly appointed, qualified Clerk of the Morton Grove-Niles Water Commission. I do further certify that the above and foregoing, identified as Ordinance Number 18-6, is a true, complete and correct copy of a Resolution otherwise identified as:

**AN ORDINANCE APPROVING 2019 ANNUAL BUDGET
FOR THE MORTON GROVE-NILES WATER COMMISSION
(JANUARY 1 THROUGH DECEMBER 31, 2019)**

Which Ordinance was passed by the Morton Grove-Niles Water Commission on the 29th day of November 2018, the original of which is part of the books and records within my control as Clerk of the Morton Grove-Niles Water Commission.

Dated this the 29th day of November 2018



John Pietron, Clerk
Morton Grove-Niles Water Commission