



Alternative Water Source Program Finance Committee Update

September 21, 2021

PRESENTATION AGENDA



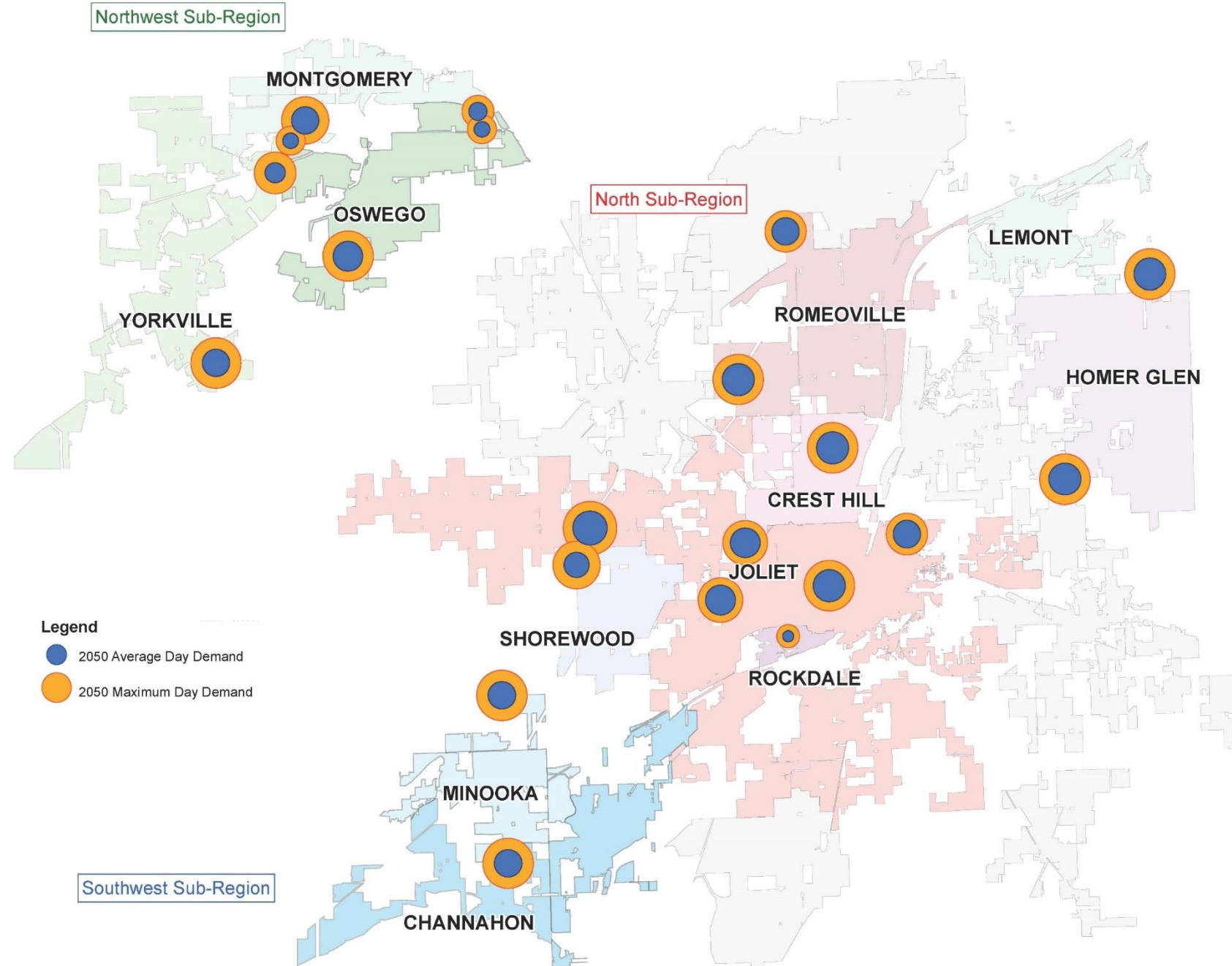
- Water Commission Approach
- AWSP & Joliet Funding Strategy Update



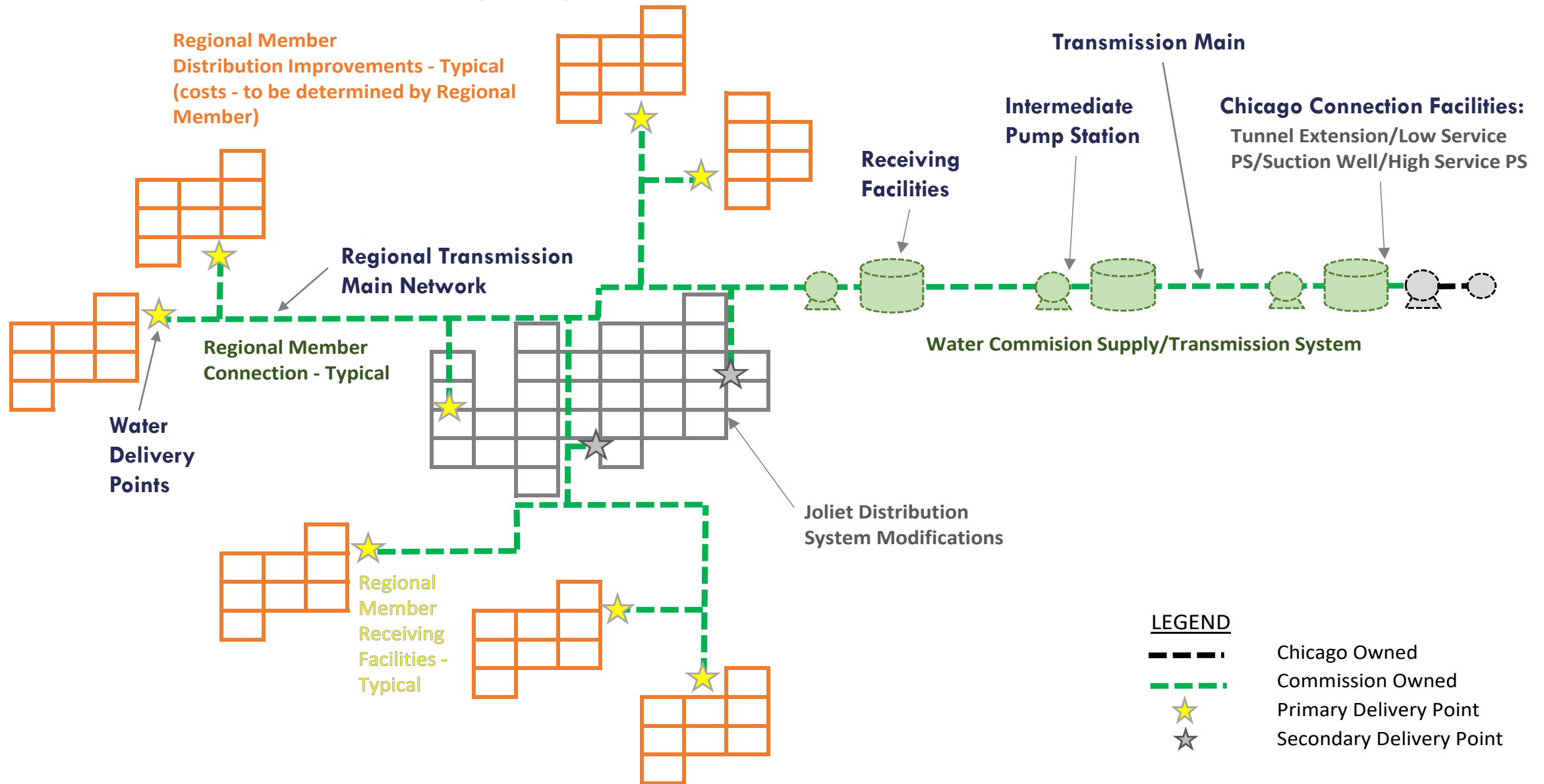
WATER COMMISSION APPROACH

REGIONAL COORDINATION UPDATE

- Coordinated discussions with 11 potential Commission Partners
- Technical Advisory Group
 - 2 meetings each month (coordination and workshop meetings)
- Mayors and Managers Group
 - Monthly meetings



ALL FOR ONE APPROACH



WATER COMMISSION AND JOLIET



- Communities expected to confirm intent to join Water Commission and declare their 2050 Maximum Day Demand by January 2022
- Water Commission to be formally created once members obtain their Lake Michigan Allocation Permits (Q1 /Q2 2023)
- Once the Water Commission is formed, it will be a separate public entity of which the City of Joliet will be one member

KEY COMMISSION COSTS



Cost Categories	Basis for Cost
Water Supply	Volumetric based on actual water usage (\$ per 1,000 gallons) subject to minimum take
Capital Costs/Debt Service	Based on Member's 2050 "Contractual Maximum Day Demand" (\$ per MGD)
Operations, Maintenance & Replacement/Reserve Costs	O&M: Volumetric based on actual water usage (\$ per 1,000 gallons) R: Based on Member's 2050 "Contractual Maximum Day Demand" (\$ per MGD)
Commission Administration	Annual costs split equally between all members

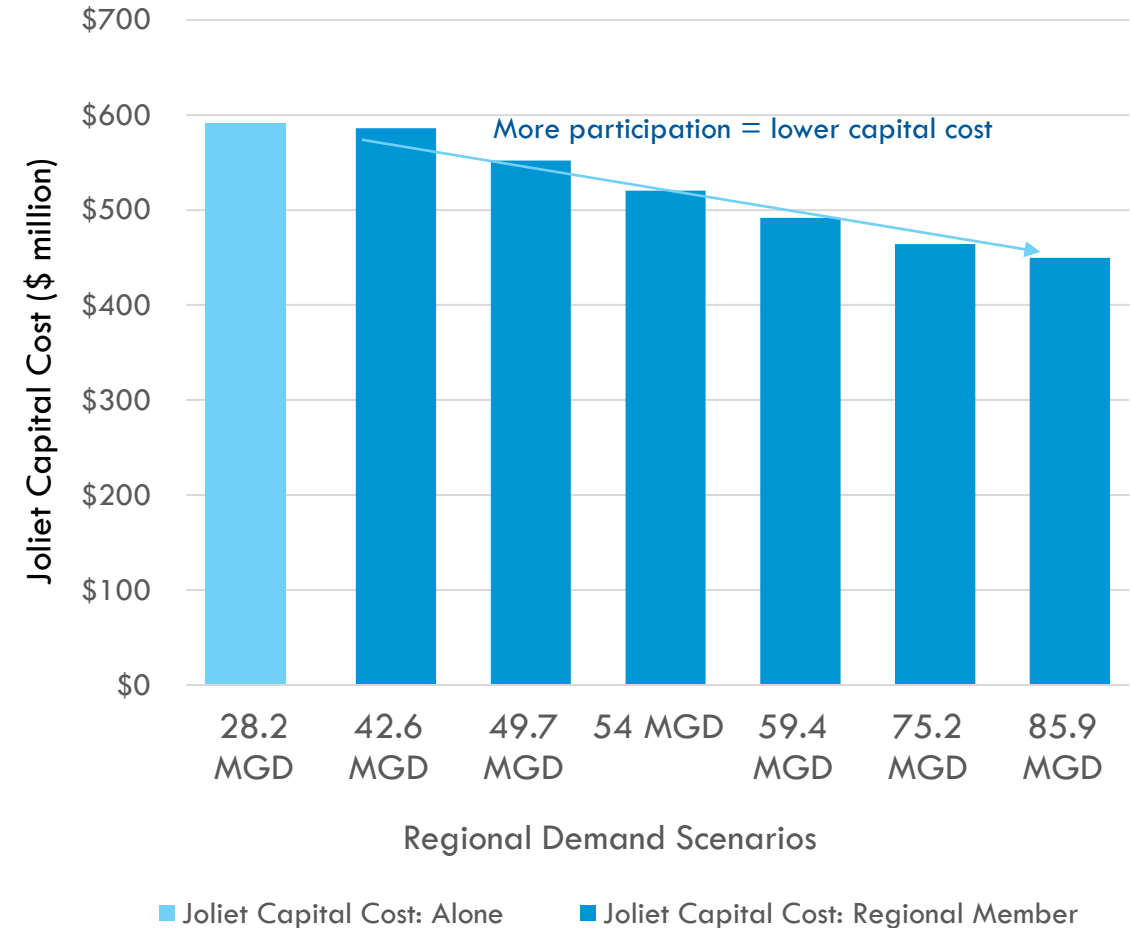
Commission Financial Advantage: Economies of **SCALE**



- Capital Costs
- Water Supply Costs

Chicago cost of service decreases as volume of water used increases

Escalation assumed at 1.35% per year, Net escalation is ~0.87% to 0.99% per year

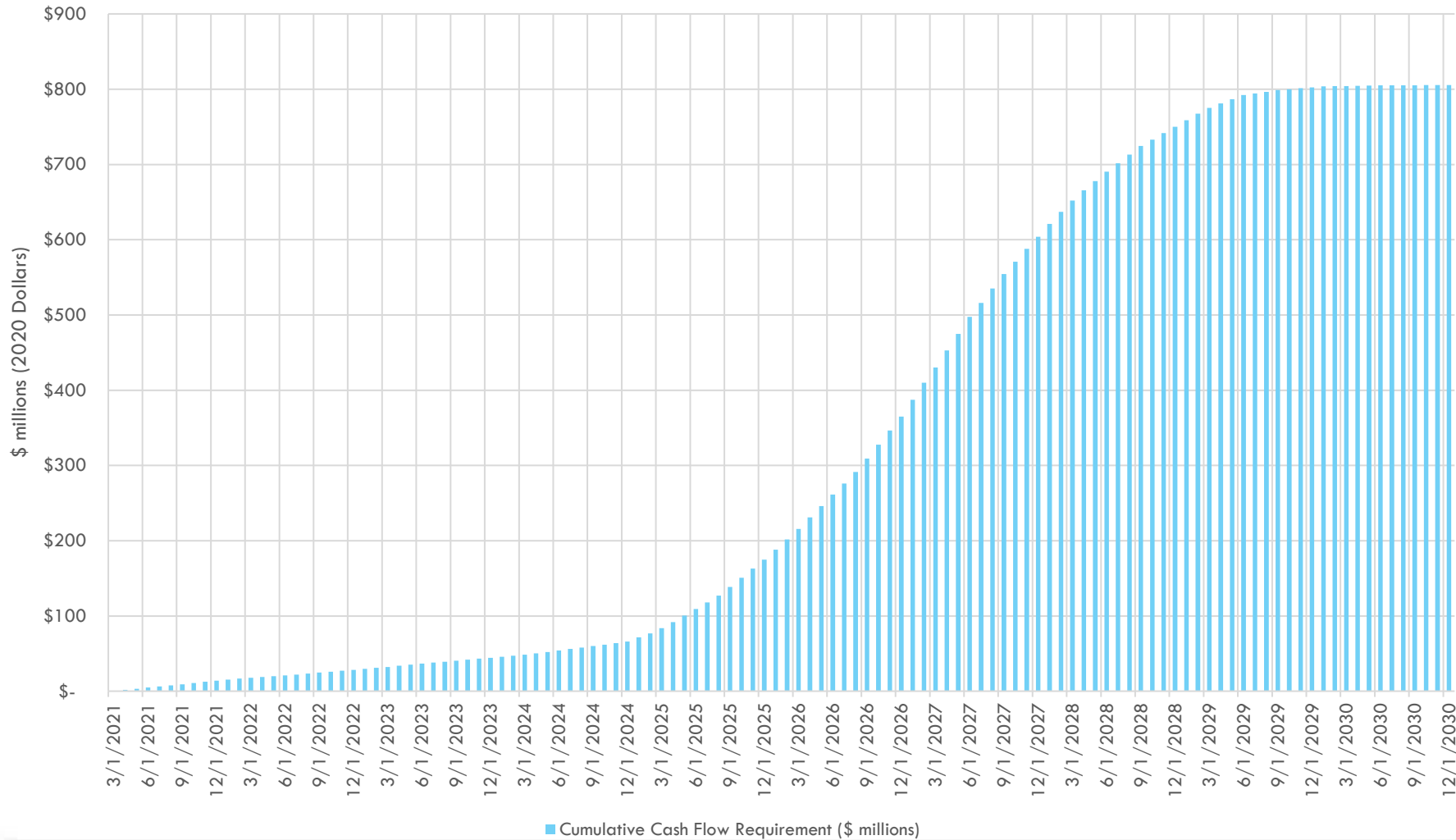




FUNDING STRATEGY

CAPITAL NEEDS*

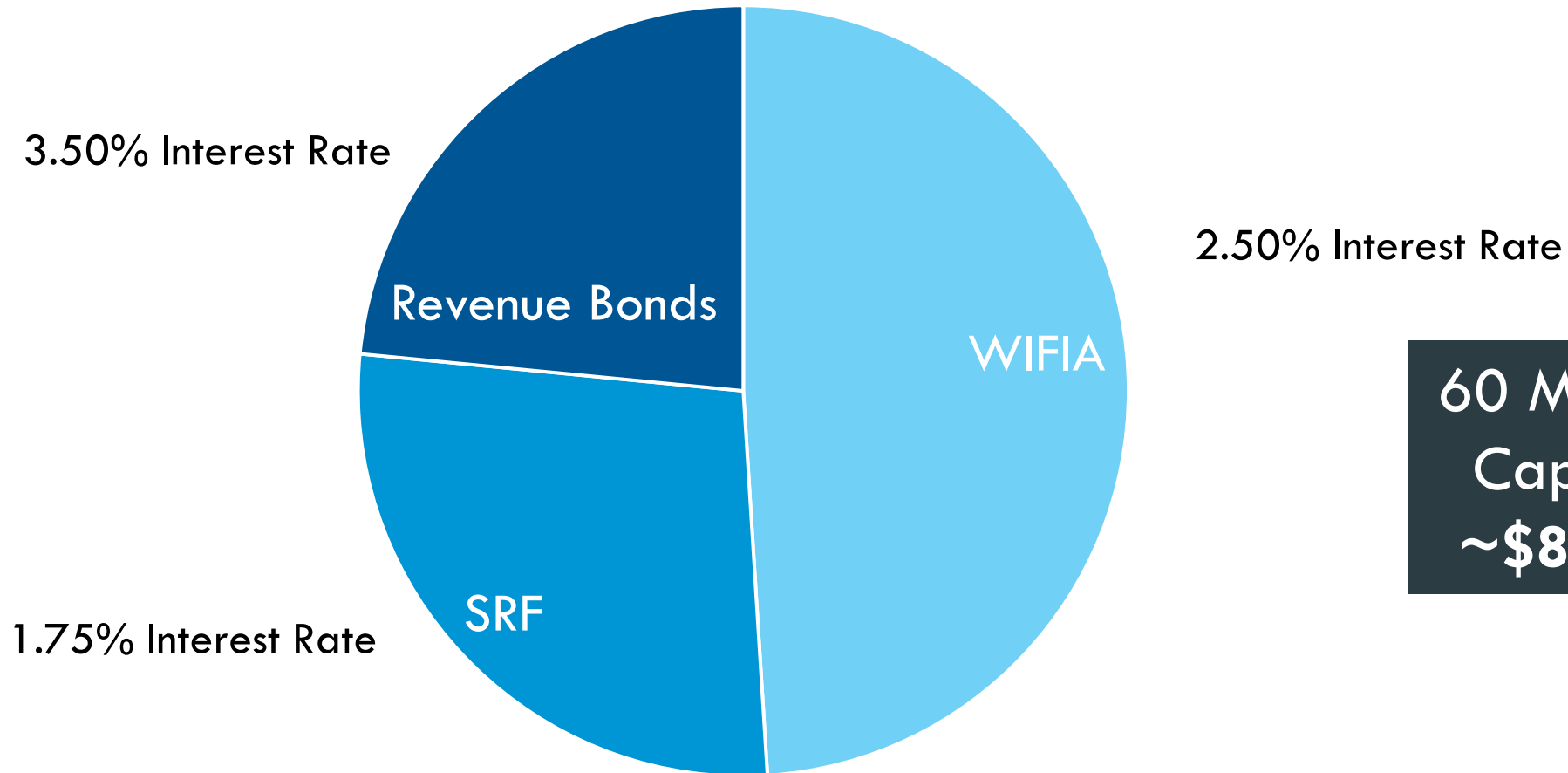
Alternative Water Source Program (AWSP)
Projected Cumulative Cash Needs (Constant 2020 Dollars)



- Sizing impacts total cost but not development schedule
- 85%+ of cost is incurred 2025-2028
- 2021-2024 cost = 10%

*60 MGD Scenario

AWSP FUNDING STRATEGY



**60 MGD System
Capital Costs:
~\$800 million**

JOLIET WIFIA LOAN 1



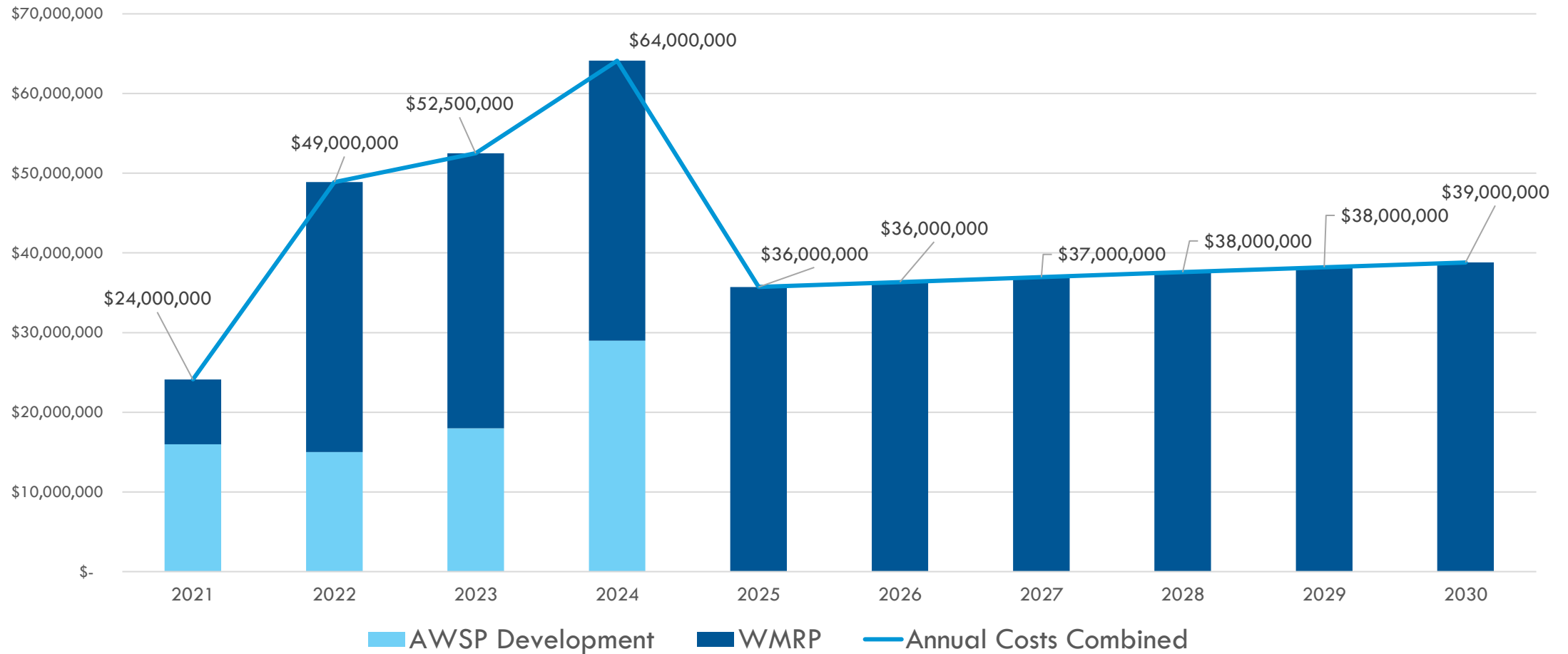
TOTAL WATER MAIN REPLACEMENT PROGRAM (2017-2030)	\$ 373,000,000
TOTAL ALTERNATIVE WATER SOURCE PROGRAM (2018-2024)	\$ 90,000,000
WIFIA I - TOTAL ELIGIBLE PROJECT COSTS	\$ 463,000,000
WIFIA I - MAXIMUM LOAN AMOUNT (49% of TOTAL ELIGIBLE COSTS)	\$ 227,000,000

The Commission will reimburse Joliet for development costs (engineering, land acquisition, legal, etc.).

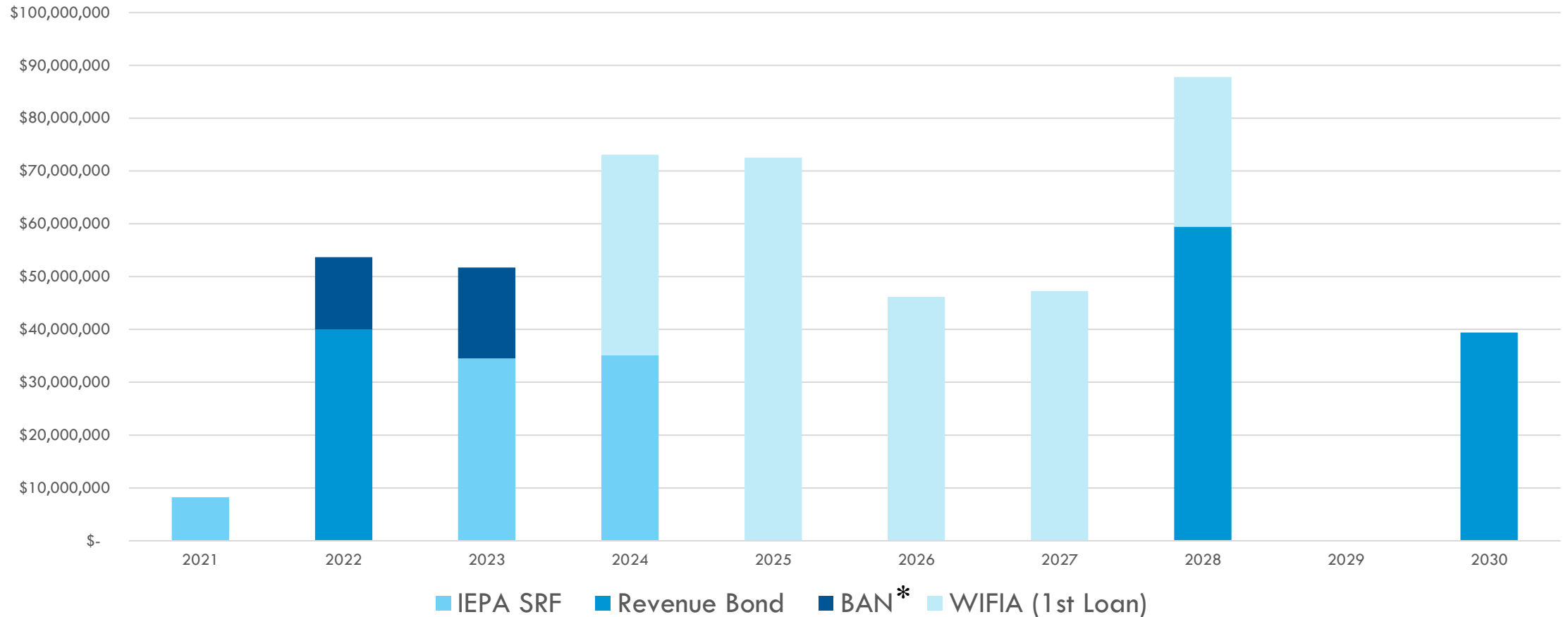
WIFIA TIMING –

- ✓ Submit Complete Application (July 2021)
- Execute WIFIA - Joliet Master Credit Agreement and 1st Joliet WIFIA Loan Q1 2022
- Execute 2nd Joliet WIFIA Loan Q3 2023
 - 2nd WIFIA Loan will cover 49% of Joliet-only system costs

Joliet WIFIA LOAN 1: Uses



Joliet WIFIA LOAN 1: Sources (Hypothetical Scenario)



* BAN: Bond Anticipation Note

CURRENT FUNDING CONSIDERATIONS



- Clearly delineate Joliet vs. Commission.
- Analyze funding and financial needs for Joliet as Commission Member.
- Align financial assumptions with legal terms. Coordinate project and advisor team.
- BE PROACTIVE

NEXT STEPS FOR UPDATED COSTS



- **Updated construction cost estimates** for Preliminary Engineering (30%) to be completed Spring 2022
- **Regional costs and routes to be finalized** after Commission Members confirmed Spring 2022
- Updated cost estimates to be incorporated into **water rate increases** anticipated to be proposed in Summer 2022 for 2022 to 2024