



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
August 25, 2014
7:30 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:30 PM. The Pledge of Allegiance was recited.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

BOARD MEMBERS PRESENT: President Hayes; Trustees: Blackwood, Farwell, Glasgow, LaBedz, Rosenberg and Sidor

Trustee Scaletta entered the meeting at 7:32 PM.

BOARD MEMBERS ABSENT: Trustee Tinaglia

STAFF MEMBERS PRESENT: Diana Mikula, Interim Village Manager; Tom Kuehne, Director of Finance; Charles Perkins, Director of Planning & Community Development; Bill Enright, Deputy Director of Planning & Community Development; Gerald Mourning, Police Chief; Scott Shirley, Director of Public Works; Cris Papierniak, Assistant Director of Public Works; Eileen Hellstrom, Recording Secretary

IV. NEW BUSINESS

A. TIF IV Developer Selection

Diana Mikula, Interim Village Manager, said over the past several months there has been interest from two developers in the portion of TIF District 4 south of Council Trail through to Golf Road. Recently, one of the developers indicated that they no longer have an interest in developing the site. The other developer, Steve Leonard, has continued to express an interest in developing this portion of TIF 4

and provided a response dated June 27, 2014. (See attached letter from Mr. Leonard.)

Mr. Leonard intends at this time to team with Sterling Bay Companies.

The Village previously entered into a development agreement in 2005 with Mr. Leonard and Target Corporation, but due to the uncertainty of the TIF District at that time due to several law suits challenging the TIF, the development agreement was terminated. Subsequently, the Village did prevail in the law suits and the TIF District was upheld by the Circuit Court and the Court of Appeals. Redevelopment was further delayed by the economic recession which began in 2007.

As a result of the delays, the Village commenced a process to extend the TIF District by 12 years. The Village first obtained support for the 12 year extension from various taxing districts including School District 59 and School District 214. A Bill was introduced in January, 2014 and the Governor recently signed the legislation into law.

The Village would like to commence negotiations with Mr. Leonard on a development agreement. The first step in that process is to formally designate Mr. Leonard as developer. If designated, Staff and Mr. Leonard will commence negotiations on a development agreement, and Mr. Leonard will also commence discussions with possible tenants. Also, conceptual site plans will be developed. Staff and Mr. Leonard concur that designation should not be indefinite, and that a time period of 12 months with one, three month extension, be included in any motion to designate a developer.

Charles Perkins, Director of the Planning & Community Development Department added that Mr. Leonard has had interest in this site for many years. He has staying power as this property has gone through some issues. Part of what he is seeking is designation as the developer so he can move forward to hire architects and attorneys and start in the negotiation process putting detailed project proforma's together.

Trustee Rosenberg asked Mr. Perkins about keeping the corner open in the shopping center to highlight the area, which was discussed a few years back.

Mr. Perkins replied that was correct and the goal is to have the corner be a focal point, something special and unique and those details would need to be worked out as we move forward.

Trustee Rosenberg asked if 12 months with one three month extension would be enough time to get done what needs to be completed between the Village and Mr. Leonard.

Mr. Perkins replied that it is a sufficient time period to negotiate the redevelopment agreement and have it be considered by the Board and hopefully

adopted. Within the agreement there will be a time line to implement the details of the plan. The project would not be implemented within this time period, this is the time period to identify potential tenants, funding sources, and negotiate the redevelopment.

Trustee Rosenberg wanted to clarify that there would be another timeline within the agreement to make sure the plan is implemented.

Mr. Perkins said that was correct.

Trustee Sidor asked what stores would be included in the development. He would like to see stores that are different and not just another shopping center with the same stores. He asked if stores that are innovative and different could be considered and not the same stores that exist down the road.

Mr. Perkins said this corner is a challenge because it is in the shadow of Woodfield Mall. Potential tenants would hinge on who is not in the marketplace. This is why the Village asked for the 12 month period so Mr. Leonard can see and talk to potential tenants to make this corner viable again. Trends come and go and we want to designate Mr. Leonard as the developer so he can go out in the marketplace and try to get something new, maybe the next retailer looking to come to the Chicagoland area and capture them here in Arlington Heights to have something unique but also economically viable.

Trustee Farwell thanked Mr. Leonard for his patience in this development. He would like to see what Mr. Leonard can come up with for the Village on this site.

TRUSTEE FARWELL MOVED, SECONDED BY TRUSTEE ROSENBERG, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD DESIGNATE STEVE LEONARD AS DEVELOPER OF THE PORTION OF TIF 4 SOUTH OF COUNCIL TRAIL THROUGH TO GOLF ROAD, FOR A PERIOD OF 12 MONTHS WITH ONE THREE-MONTH EXTENSION, AND THAT THE BOARD DIRECTS STAFF TO COMMENCE NEGOTIATIONS ON A DEVELOPMENT AGREEMENT WITH MR. LEONARD.

Trustee LaBedz said she is interested in the fact that Mr. Leonard is working with Sterling Bay. She has been following the success they have had in the West Loop area and Fulton Market district. She thinks what they have done is exciting and she is hopeful they will present the Village with something exciting as well.

Trustee Glasgow said he is impressed with what Mr. Leonard is planning on doing. He wants to see the best use for this property and feels this developer can do just that.

Mayor Hayes thanked Mr. Leonard for his continued interest. He also thanked Representative David Harris for ushering the TIF extension bill through the process in Springfield.

Upon a voice vote, the motion passed unanimously.

B. Police Station Study - Selection of Architectural Services

Ms. Mikula said the Village Board authorized the preparation of a Request for Proposal (RFP) to select an architectural firm which specializes in Police Station and Law Enforcement architectural design. The objective is to hire an architectural firm to prepare a feasibility study for utilizing the current Police Station site and Municipal Campus including Village Hall.

The selected architectural consultant shall review the most recent Space Needs study from 2010 and revalidate the space required based upon changes in employment, technology, and law enforcement standards. The goal is to determine whether a new Police Station meeting modern day standards can be feasibly developed upon the existing Municipal Campus.

On May 27, 2014, a Request for Proposals was issued to selected architectural firms that specialize in law enforcement and architectural design. Nine architectural firms submitted responses to the Request for Proposals.

The Village has established a Police Station committee that consists of the following representatives:

- Charles Perkins: Director of Planning & Community Development
- Diana Mikula: Interim Village Manager
- Gerald Mourning: Chief of Police
- Nick Pecora: Police Captain
- Thomas Kuehne: Director of Finance
- Cris Papierniak: Assistant Director of Public Works
- Steve Hautzinger: Design Planner

The Committee reviewed the responses from each of the nine architectural firms and met on several occasions as a committee to review these in more detail. The firms were ranked based upon their responsiveness to the Request for Proposals, their knowledge of Police facilities, approach to the project and history working on similar sized police stations.

Three firms were selected to be interviewed:

- FGM Architects
- Dewberry Architects, Inc.
- Wold Architects Engineers

After the interviews were completed, detailed reference checks were conducted.

The Police Station Committee unanimously recommends FGM Architects.

Fees from the consulting firms range from \$40,500 to \$283,533. FGM Architects proposal is \$70,355. The Committee ranked FGM Architects as the preferred consultant.

Mr. Perkins gave a presentation on the police facility. (See Short Presentation attached.)

Mr. Perkins talked about the study that was done in 2010 which identified some significant physical deficiencies and space deficiencies in the current police station. The building is 38,000 square feet and construction was started in 1978 and was occupied in 1979. At that time the size of the police department was 80 employees and today there are 139 employees. Similar police departments in other towns that are smaller than Arlington Heights or have a comparable or larger work force, have building sizes ranging from 53,000 to 80,000 square feet. The current police facility of 38,000 square feet is deficient in needed space.

The study in 2010 also identified issues with the roof, windows, HVAC system, firing range, sally port, structural deficiencies, electrical, storage, and security of the building.

The current study is not going to re-look at those physical deficiencies but will re-validate the projected space needs and come up with four to six concepts to fit a modern police building on this campus and how it would be accomplished.

Raymond Lee, AIA, Principal-in-Charge for FGM, said FGM has been working on police stations for over twenty five years. They have the most experience in Illinois with police stations and in complex remodeling and projects like this one, building a station in-between buildings. They work on police stations, fire stations, 911 centers and public works facilities. FGM is a large architectural firm with approximately 100 employees. The municipal sector of FGM has approximately 20 employees who specialize in municipal projects.

Carol Sente, Client Advocate for FGM, said the municipal sector of this firm does nothing but municipal work and in the last 2 ½ years has completed 11 police station projects. It has been a passion of Mr. Lee and Ms. Sente to develop a very strong police expertise and bring this expertise to clients such as Arlington Heights. She said a project that was very similar to Arlington Heights was Elk Grove Village's police station project. It was also an existing police station set between two buildings, village hall and a fire station which were all on a municipal campus.

Mr. Lee said FGM is the local Midwest leader in police facility design. (See FGM Exhibits.)

Ms. Sente said in past ten years FGM has completed 37 police station studies and 33 police station projects. The team working on this project would be: Raymond Lee, Principal-in-Charge. He would be working on the programming, cost estimating, and would oversee the team. Louise Kowalczyk would be assisting Mr. Lee in the programming and would be the senior designer. Ryan Rathman would be the Project Manager who would manage the project and the staff, and oversee the building analysis portion of what is existing, and review the constructability of various solutions that would be presented. Ms. Sente would

test their solutions against the criteria given to FGM and work with Mr. Lee on the study report.

Mr. Lee talked about FGM's philosophy on studies. They believe it has to be useful and a reference guide for something that can be referred to often.

Ms. Sente said they also want to answer the questions that the Board specifically asks so before they start, they ask, "What would you like to get the answer to?" They make sure each and every question is addressed in the study.

Mr. Lee explained that they use a planning process which goes through stages including data gathering and a vision. They would meet with the Board on several occasions to answer any questions as part of the planning process.

Mayor Hayes said the primary goal of this part of the process is to determine whether a new police station meeting modern day standards can feasibly be developed upon the existing municipal campus. He asked if there is some determination that it is potentially feasible.

Ms. Sente replied that it is possible for the police station to be developed upon the existing municipal campus.

Trustee Scaletta asked Ms. Sente if their firm was aware of the feedback from the study done in 2010. There were concerns on what the Board was presented with which was too costly and too large of a building and very elaborate. He would like them to keep in mind that it is a police station.

Ms. Sente replied that they look at what the budget is and maximize it. They would complement the architecture already on the campus.

Trustee Scaletta said he wants to make sure the police department has a building where they can do their job efficiently.

Trustee Glasgow asked Police Chief Gerald Mourning what differentiates this group from the other firms who bid on this project.

Chief Mourning replied that FGM has relevant experience and they specialize in planning and building police facilities. They thoroughly checked their references and all are outstanding. He visited a number of the facilities that FGM designed and built and they have been given high marks.

Trustee Glasgow said he would like to emphasize what Trustee Scaletta talked about, the 2010 plans were too grandiose as well as the cost. He wants to make sure this is a functional building and that they understand this is a utilitarian building and this being used 24 hours a day, 7 days a week, it's going to stand up to the wear and tear of what this building is designed to do.

Trustee Glasgow asked when FGM would ultimately give the Board a design

proposal.

Mr. Lee replied that the final report would be presented in February.

Trustee LaBedz asked if FGM is tuned into what changes might be in the future for police stations.

Mr. Lee said they design their police stations with flexibility and make rooms that can be flexible and adaptable for future needs.

Trustee Rosenberg said he agrees with Trustee's Scaletta and Glasgow and he also objected to the previous cost estimate from the study in 2010 which was too high.

Trustee Sidor asked what happens if FGM decides at a later point in time that the new police station won't fit on the existing site?

Mr. Lee responded that if they find out it's not working out, they will stop and tell the Board. They would not go any further on the project.

Trustee Sidor asked Staff if the Village is concurrently looking at other sites or has that been put on hold?

Mr. Perkins replied that Staff has identified a series of sites and talked with the Board and the direction was to do this study first to determine what is feasible on the current site and to revalidate the space needs. If it is not feasible on this site then they will come back to the Board and talk about what other sites are feasible.

Trustee Sidor wanted to confirm that if it's not feasible to build on the existing site, FGM will be the firm to develop concepts to build on an alternate site.

Mr. Perkins replied that was correct.

Trustee Farwell reiterated that the numbers were too high in the 2010 study and with the proposal this evening he would like FGM to deliver a police building with a cost that would be in-line with the Board's thinking.

Trustee Farwell said his concern is this firm developed sites that are nowhere near the Village's numbers. Price is an issue for this Board. He has faith in the committee that was formed by the administration to recommend FGM.

Mr. Lee replied that he understands the concern the Board has on the 2010 study. He would like to assure the Board that 87% of the work for the current study is done by senior level staff, people with many years' experience doing police stations. He will personally be working on this project for 36% of the whole project.

Trustee Farwell said he understands the Village will be paying for senior staff which is fine as long as they understand the message this evening about cost effectiveness.

Mr. Lee replied that is a message that his team understands very well working for nothing but municipalities. This Village is not unique in looking for the best value for the dollar. They feel FGM can look for better solutions that can actually save money in the long haul.

Trustee Blackwood talked about the comparison of facilities in the northwest suburban area, municipalities that have police officers that are relative to the size of the Village's current police force. It appears other police departments square footage is double over what Arlington Heights has. When you look at our current property, it's apparent there is very little space to go anywhere but up. She asked how you plan for a building that is going to be used by the Village for the next 30 years.

Mr. Lee replied that there will be changes in the patterns of how officers do their reports. They observe what is currently being used now and have discussions with command staff. They tailor to what the culture is at the Village's police station and how the culture may change and what technology may change in the future.

Trustee Blackwood thought having a large police station as seen in neighboring communities is not going to be necessary going forward based on the trends of technology.

Mr. Lee said if some of the stations look larger, it's due to the parking garages since there is so much technology in the police cars now that they have to be kept secure and warm or the technology won't work properly. If you subtracted 2400 square feet from the Village of Palatine's police department building for the parking garage, it isn't as big as you think it is.

Trustee Sidor asked if we have to go off site for the police station, what the cost would be if the Village has to go to Plan B.

Mr. Lee replied that the cost to go to Plan B would be \$3950.

Mayor Hayes asked Ms. Sente where she fits in on the timeline for the project schedule.

Ms. Sente replied that she would come to the kickoff meeting, the visioning session, the workshop, and would work internally with the concepts. She would work very closely with Mr. Lee in terms of writing the report.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE ROSENBERG THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE VILLAGE MANAGER BE AUTHORIZED TO EXECUTE A CONTRACT WITH FGM ARCHITECTS IN THE AMOUNT NOT TO EXCEED \$70,355 TO BE FUNDED FROM

ACCOUNT #431-9013-571-20-05 TO PREPARE A POLICE STATION FEASIBILITY STUDY.

Upon a voice vote, the motion passed unanimously.

Trustee Scaletta asked Staff to work with FGM on some dates as to when they might want to have collaboration with the Board so they can be available.

C. Proposed 5-Year Water & Sewer Rate Adjustment

Ms. Mikula said FY 2015 is the final year of the Village's previous water and sewer rate plan that included increasing rates by a combined 5% per year for the past five years. In October 2013 the CIP included information that a detailed analysis will need to be conducted in order to address the age of our water and sewer systems. Attached are detailed memos prepared by Staff from the Finance and Public Works Departments on proposed five year water and sewer rate adjustments; (see Exhibits regarding Water and Sewer).

Ms. Mikula said the Village's water & sanitary sewer infrastructure is over 60 years old. The current level investment to maintain these systems is inadequate. One of the results of the aging water system is an increase in water main breaks. The average number of water main breaks per one hundred miles of water main per year in the Village is twice that of comparable communities. To cover the cost of the significant increase in the Village's investment in its water and sewer infrastructure, four water and sewer rate alternatives were developed by Staff for the Board's consideration.

Alternative 1: 5% per year over 5 years – Alternative 1 would cover the Village's current low level of infrastructure costs however; it would not cover the recommended increase in annual water and sanitary sewer infrastructure improvements.

Alternative 2: Five year percent increase amounts of 5-25-5-5-5 – Alternative 2 would allow the Village to reach the recommended annual water and sanitary sewer infrastructure expense level by 2019.

Alternative 3: Five year percent increase amounts of 5-19-5-5-5 – By increasing the annual water and sanitary sewer infrastructure expenses more gradually, the Village would reach the recommended annual infrastructure improvement level by 2022.

Alternative 4: Five year percent increase amounts of 5-10-10-10-5 – By increasing the annual water and sanitary sewer infrastructure expenses more gradually and spreading out the water and sewer rate increases, the Village would reach the recommended annual infrastructure improvement level by 2022.

Scott Shirley, Director of Public Works, said the Village has done a good job up to this point investing in our water and sewer system and the Village has now hit a juncture where we need to make some additional investments in the system. The

next phase is water main replacement and rehabilitation and refurbishing of the water storage tanks.

Trustee Rosenberg asked Tom Kuehne, Director of Finance, if the alternatives that are given to the Board include the Village's storm sewer-only mains or if that would be a separate additional cost.

Mr. Kuehne said the storm sewer-only mains are separate and were not included as part of the Water and Sewer Fund expense projections. He indicated that storm sewer-only mains handle storm water run-off which will be addressed when the Village Board discusses the results of the flood study at a future COW meeting.

Trustee Glasgow asked how the storm sewer-only mains and any potential flood remediation work might be funded. Mr. Kuehne stated that the Village would likely need to consider implementing a storm sewer utility fee. In addition, depending on the cost of any potential flood remediation infrastructure projects, the Village may need to consider special service areas, general obligation bonds, or a combination of these kinds of funding alternatives. He added that during the upcoming CIP process, Staff would be recommending that the Flood V Fund name be changed to the Storm Water Control Fund. This fund would account for the storm sewer-only mains, neighborhood drainage improvements, and potential flood remediation projects.

Trustee Sidor asked Mr. Shirley what is being fixed with this money out on the streets.

Mr. Shirley replied with the water main replacement money, water mains are being replaced that are anywhere from 40-50 years old and have experienced a high frequency of water main breaks.

Trustee Sidor asked if this is done by Staff or contracted out. Mr. Shirley said right now this is contracted out.

Trustee Sidor said the aging infrastructure has to be fixed and the Board has to find the most effective way of paying for it.

Trustee Glasgow asked what the disruption factor would be to residents.

Mr. Shirley said that residents will still have water except for a short period of time when the water services are switched over. Traffic is usually able to be maintained down the street. If the Village goes from \$400,000 to \$4,000,000 worth of water main replacement in a year, it would be ten times more disruptive during the construction season.

Trustee Glasgow asked when Public Works would start to change the water mains. Mr. Shirley replied they would like to start next summer. Trustee Glasgow said if this is passed then residents can expect to have disruptions from May until

October.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE FARWELL THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD:
ALTERNATIVE 3: FIVE-YEAR PERCENT RATE INCREASE AMOUNTS OF 5-19-5-5-5 THAT WILL ALLOW THE VILLAGE TO REACH THE ANNUAL WATER AND SANITARY SEWER INFRASTRUCTURE EXPENSE LEVEL GRADUALLY BY 2022.

Trustee Scaletta said he has a problem with the alternatives except for #4. Alternatives 2 & 3 have a significant increase which would be hard for some residents on a fixed income. He feels comfortable with alternative 4. He will be voting no for alternative 3.

Trustee Rosenberg asked about the possibility of having 10-10-10-10-10. He agrees with Trustee Scaletta that some of the increases in alternative 2 & 3 are very significant.

Mr. Kuehne said with alternative 3 you end up with the lowest average rate after 5 years.

Trustee Glasgow said the reason he chose alternative 3 is because it does give the lowest combined rate. His theory in picking this is that it gives Public Works the ability to begin doing repairs at an earlier stage. Alternative 3 makes the most fiscal sense and provides what the Village needs.

Trustee Sidor said he concurs with Trustee Glasgow and would like to see the infrastructure upgraded sooner rather than later.

Trustee LaBedz said she concurs with Trustee's Glasgow and Sidor. As much as she would like to not increase the tax, this is critical infrastructure. Public safety is also part of this issue since it includes drinkable water and usable sewers.

Trustee Farwell said the reason he seconded Trustee Glasgow's motion was that alternative 3 is the most economically prudent and conservative approach while getting the job done. This is old infrastructure and it needs to be replaced.

Mayor Hayes indicated he would concur with the motion and the second. This is a safety issue and alternative 3 allows the Village to get to this critical infrastructure improvement quicker. He is in favor of the motion, alternative 3.

The following voice vote was recorded:

Ayes: 7 Nays: 1

Ayes: Blackwood, Farwell, Glasgow, LaBedz, Rosenberg, Sidor, and Hayes

Nays: Scaletta

The motion carried.

V. ADJOURNMENT

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE LABEDZ TO ADJOURN THE MEETING 10:10 P.M.

Upon a voice vote, the motion passed unanimously.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.



Sent via electronic and U.S. Mail

June 27, 2014

Mr. Bill Enright
Deputy Director
Planning and Community Development
Village of Arlington Heights
33 South Arlington Heights Road
Arlington Heights, IL 60005-1499

Re: International Plaza Project

Dear Bill:

I am in receipt of your letter date June 20, 2014 where you request further information on the four topics below. Accordingly, I have reviewed my notes and spreadsheets, and have the following responses.

Please keep in mind, due to the preliminary and speculative nature of this project, all the financial projections and estimates are approximate based on industry rules of thumb and market knowledge. It is probable that as the project moves closer to reality, the site plan, tenant mix, and all related costs will change substantially to reflect the market at the time of development.

The first question related to the background of the development team.

Strategic Real Estate Services Corp and Sterling Bay Companies have teamed up to pursue this exciting development. Strategic Real Estate is a fourteen year old, entrepreneurial development firm specializing in shopping center projects usually occupied by mostly national retailers. Strategic has focused on major regional and national retail project located in the Midwestern states, Washington, Oregon, and numerous projects in Florida. Clients include The Home Depot, Target, Wal Mart, Meijer, Menards, Kohl's, Gander Mountain, Office Depot, and many more. Over 3,000,000 sf of new

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development projects have been completed by Strategic Real Estate during this timeframe.

Sterling Bay Companies is one of the most active and successful developers in the Chicago area. Specializing in major office redevelopment projects, Sterling Bay has been at the forefront recently of the rebirth of the West Randolph Street office market. Although their projects are too numerous to mention, they have recently completed deals with Google and Hillshire Brands in the west loop, contracted to redevelop the long dormant "Old Post Office" and purchased the Oprah Studios. Sterling has been extremely financially successful and in addition to their development acumen, will provide a great deal of the financial backing required for this project.

Together, Strategic and Sterling Bay recently completed a major regional shopping center project in Evergreen Park, including approximately 500,000 square feet of retail space. Anchors were Meijer, Menard, Ross and Michaels Arts and Crafts. Evergreen Marketplace is in the process of being finalized and sold, after a three year development process.

Regarding question number two, Sterling Bay, as the main financial backer of this project, has enjoyed unparalleled success in Chicago area development for over thirty years. Each deal involved both bank financing and invested equity, which is generally provided by Sterling Bay principals. They also have utilized institutional equity sources in some of their larger projects. At the appropriate time, we will provide bank references to more specifically demonstrate financial wherewithal both in equity and debt. Current Sterling projects involve investments greatly exceeding that required for this deal.

Question number three asks for a description of the development plan for the property. Although this is highly preliminary, we have attached a site plan demonstrating one potential layout where medium sized retail boxes are presented along the rear of the site, while the frontage is populated by outlots and small shops. Assuming there is adequate retail demand for this layout when leasing actually commences, this site plan would make sense.

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However, retailers feel strongly about their prototypical layouts and positions on site plans, so demand will clearly drive layout and density as we proceed.

We will seek to attract high quality national retailers who can drive sales to the center. This will be vital both for the health of the center, and the funding of the TIF and sales tax programs. Our first choice for anchor will be a grocer of some variety. Grocery anchored shopping centers are the most successful and valuable in today's market. Local and existing tenants will also be included as appropriate to create a shopping experience that will work well for all those involved.

The last question pertained to the project proforma and financing, both conventional and TIF. Clearly, as mentioned above, the capital sources will change significantly depending on actual tenancies and other circumstances. However, looking at the attached site plan, and utilizing rules of thumb and current market conditions, the project budget would very loosely approximate the attached spreadsheet.

As you review the numbers, which are very similar to the gap analysis we discussed late last year with updated values, please keep in mind there is no line item for profit or return. This spreadsheet is just third party arm's length cash outflows and anticipated resultant values in the end marketplace. The clear shortfall represents the municipal assistance required. As we proceed and better understand the actual numbers and other parameters, we will be able to also anticipate where equity return requirements will drop into the picture and adjust accordingly. Today, equity returns all-in are approximating 12-15%.

Regarding the TIF, unless market conditions change significantly between now and the completion of this project, this project will require approximately \$19-20 million in TIF proceeds to successfully attract the debt and equity needed to make this shopping center a reality. This requirement will be revisited as we proceed and may be adjusted downward if conditions warrant.

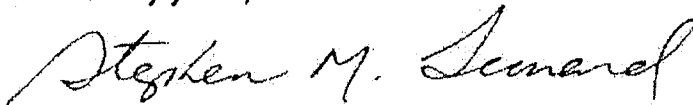
Mr. Bill Enright
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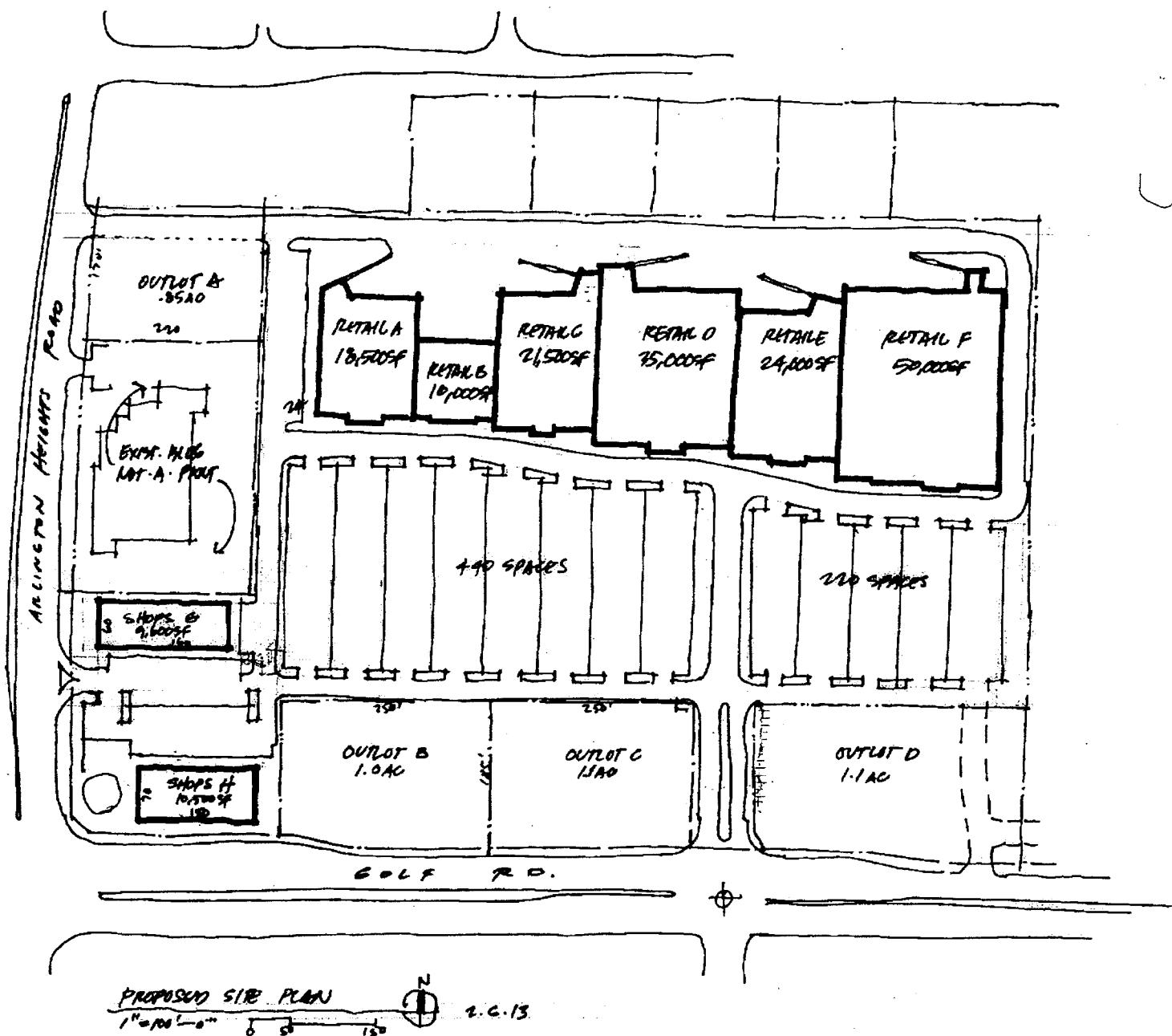
In summary, we are very excited to be considered for this project and look forward to getting started as soon as possible. Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "Stephen M. Leonard". The signature is written in dark ink and is positioned above the printed name and title.

Stephen M. Leonard
Principal

CC: Scott Goodman- Sterling Bay Companies



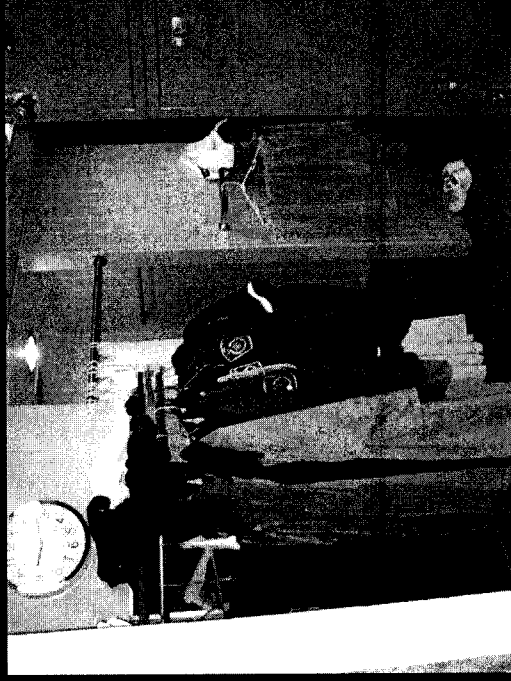
ARLINGTON HEIGHTS SHOPPING CENTER

CEN ARCHITECTS, INC

Physical Building Analysis Summary from 2010 Analysis

Significant Lack of Space - 38,000 sq. ft.

- Capacity is beyond maximum.
- When built Police Department was 80. Current Department 139 employees.
- Similar Police Departments substantially larger e.g. Palatine 70,000 sq. ft. Hoffman Estates 79,000 sq. ft.



NW Suburban Police Facility Comparison

	Arlington Heights	Palatine	Hoffman Estates	Elk Grove	Hanover Park	Skokie
Population (2012)	75,777	69,144	52,305	33,350	38,273	65,074
Sworn Officers	109	112	93	91	61	91
Civilians	30	41	45	32	38	39
Total Department Employment	139	153	138	123	99	130
Police Station Size	38,000 sq. ft.	70,000 sq. ft.	79,000 sq. ft.	80,000 sq. ft.	53,000 sq. ft.	79,300 sq. ft.
Year Built	1978	2012	2010	2009	2011	2010

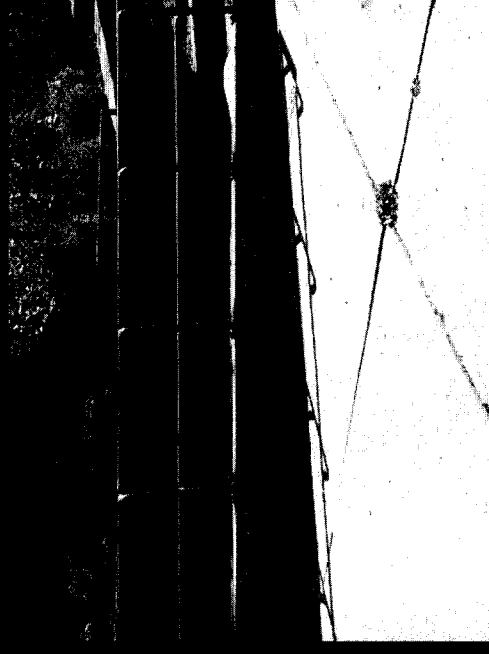
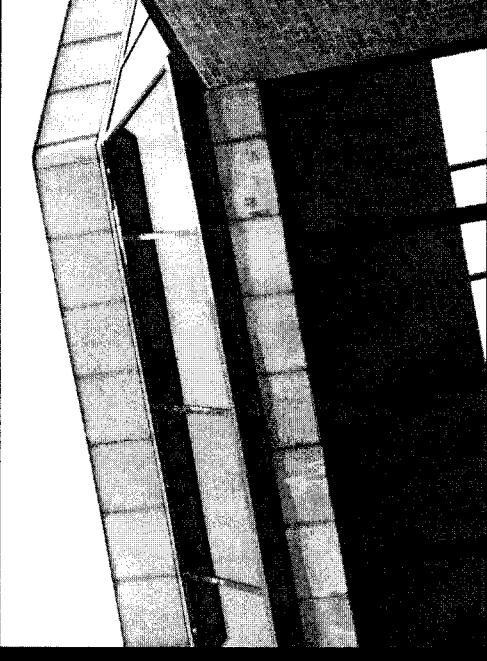
Locker Room Comparison



Physical Building Analysis Summary from 2010 Analysis

Architectural / Building

- Roof and windows are beyond their useful lives.
- Facility is not handicap accessible.
- Facility is not compliant with current code.
- Building finishes are marginal to deficient.
- Range is not up to current standards.
- Public vs. private areas are not secured.
- Divisions are not contiguous and Division adjacencies are marginal.
- Sally port safety is questionable.
- Capacity of facility is at a maximum.
- Low floor to floor heights limit new state of the art systems.



Physical Building Analysis Summary from 2010 Analysis

Structural

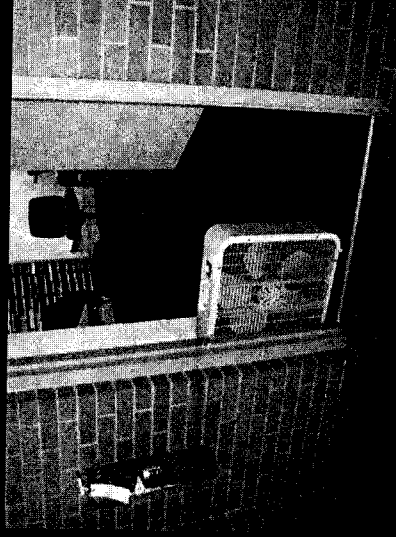
- Facility is not an essential structure per code.
- Garage is not an essential structure per code.
- Condition of certain floor slabs and foundation walls is marginal.
- Facility will not accept vertical expansion.

Mechanical

- HVAC systems and controls are beyond their useful lives.
- HVAC systems have no extra capacity.
- There is no smoke evacuation system in the atrium.

Plumbing

- Plumbing systems have no extra capacity and lack backflow preventers.



Physical Building Analysis Summary from 2010 Analysis

Fire Protection

- Sprinklers are at a minimum in the facility.

Electrical

- Electrical capacity is at a maximum.
- Electrical service is deficient.
- Systems do not meet current code.
- Condition of equipment is beyond its useful life.
- Lack of adequate outlets and energy efficient lighting.

Fire Alarm

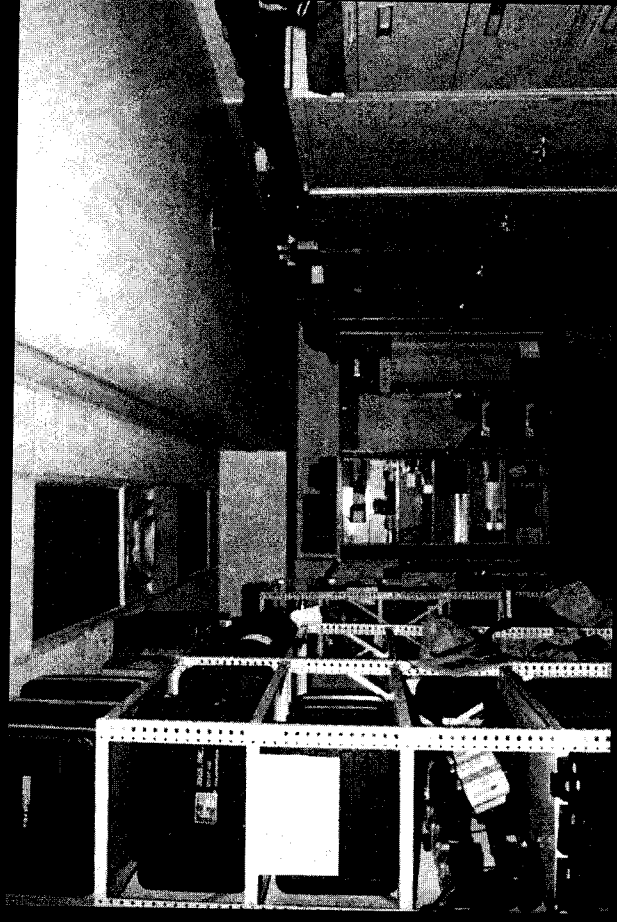
- Lacks visual notification.
- System is not serviceable.
- Capacity, number of devices and smoke detection is marginal.

Generator

- Well beyond its useful life.
- Installed with original building.
- Removal & replacement challenging & costly.

Storage

- Severe lack of storage.



Physical Building Analysis Summary from 2010 Analysis

Technology

- Technology installation and distribution is deficient.

Paging

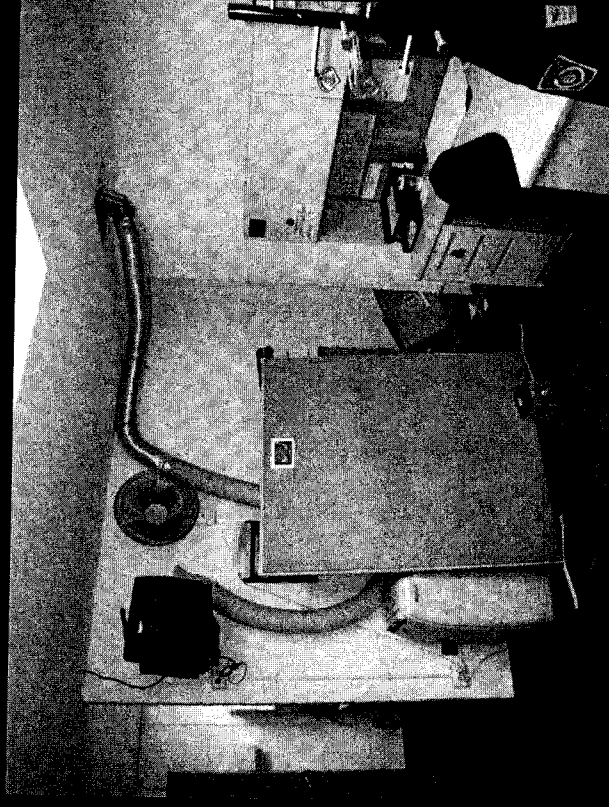
- Inadequate speakers throughout.

Audiovisual

- Deficient throughout.

Security & Surveillance

- Deficient throughout.

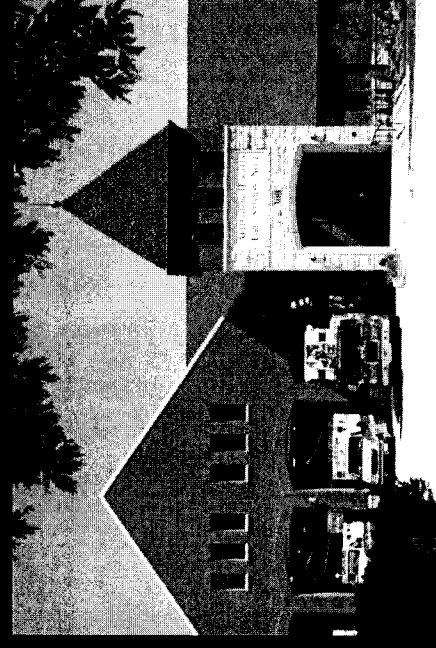
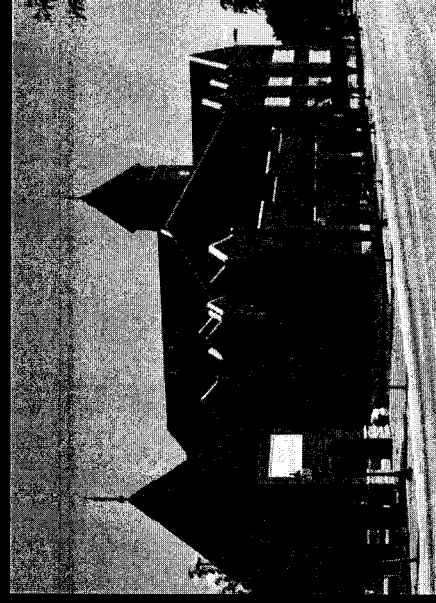




VILLAGE OF ARLINGTON HEIGHTS

Police Station Study

Presented by:
Ray Lee, AIA, LEED AP
Carol Sente



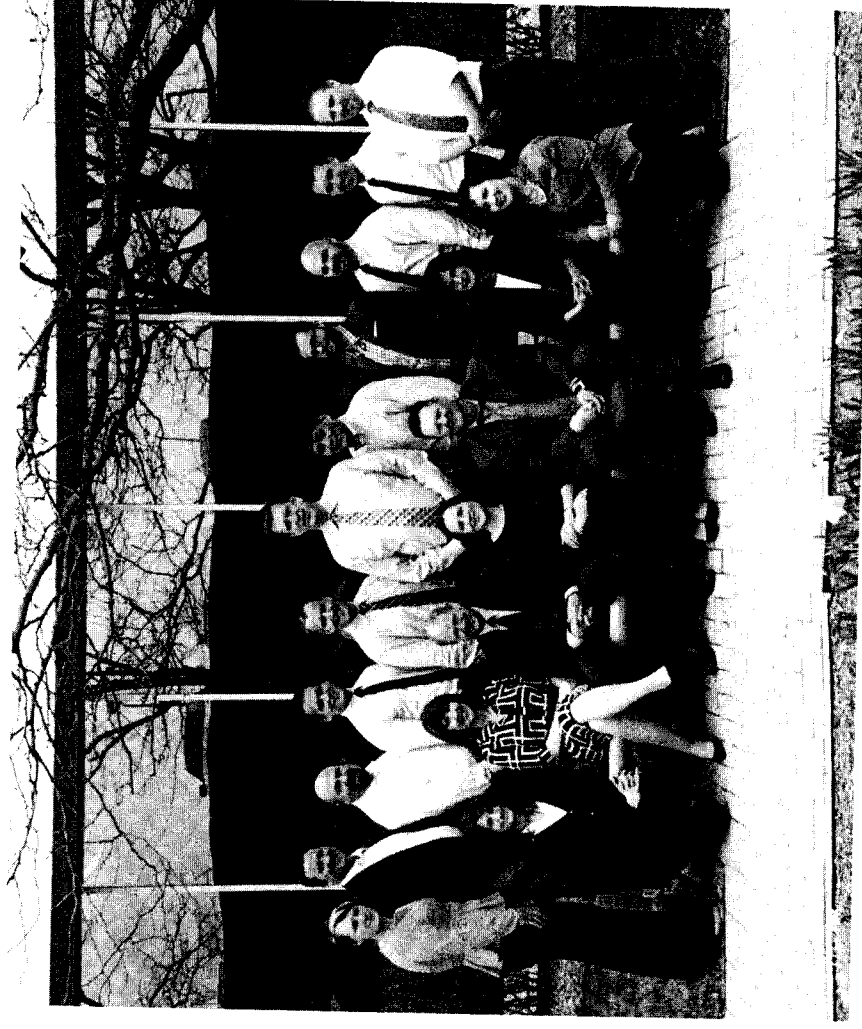
August 25, 2014

FGM ARCHITECTS

INTRODUCTION

About FGM

- Public Safety Experts with a commitment to enhancing communities
- SRBL Architects joined FGM in January 2012
- Bolstered FGM's ability to serve public safety clients and bring clients outstanding facilities

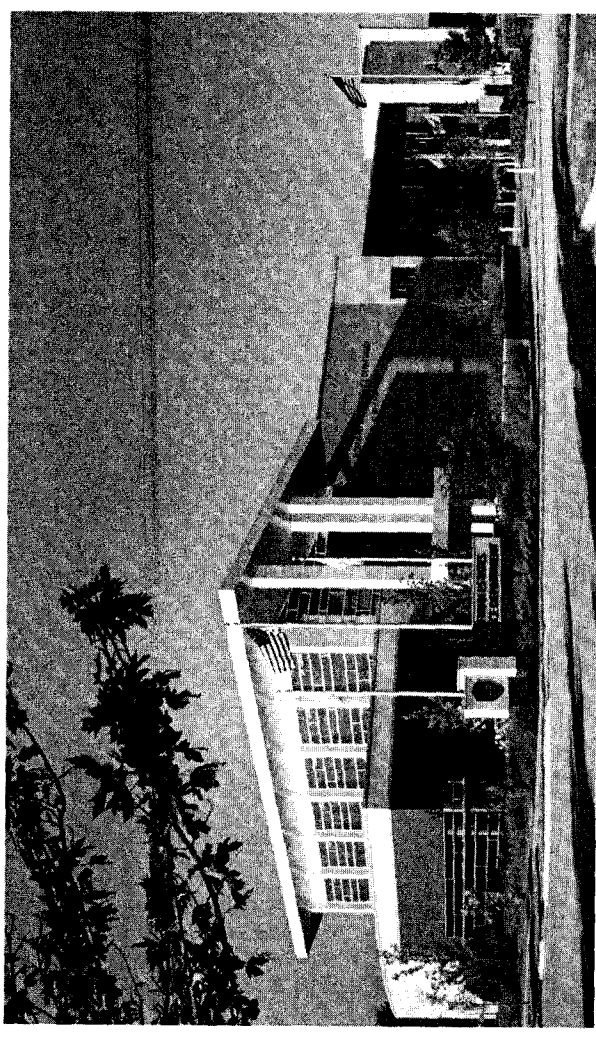


FGM ARCHITECTS

FGM ARCHITECTS TODAY

FGM Today

– LOCAL Midwest leader in police facility design



FGM ARCHITECTS

FGM TEAM



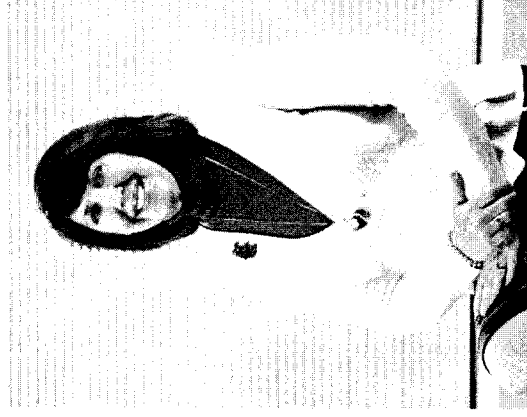
Ray Lee, AIA, LEED AP
Principal-in-Charge



Louise Kowalczyk,
AIA, LEED AP
Designer



Ryan Rathman, AIA, CSI,
LEED AP BD+C
Project Manager



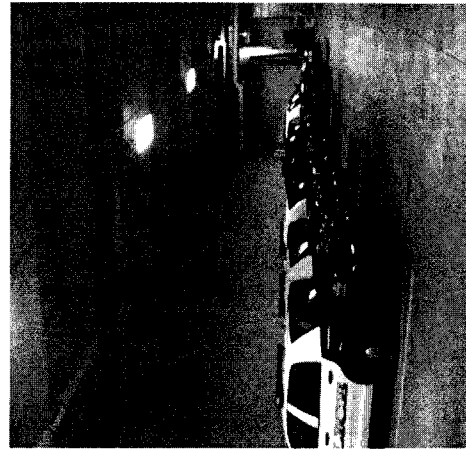
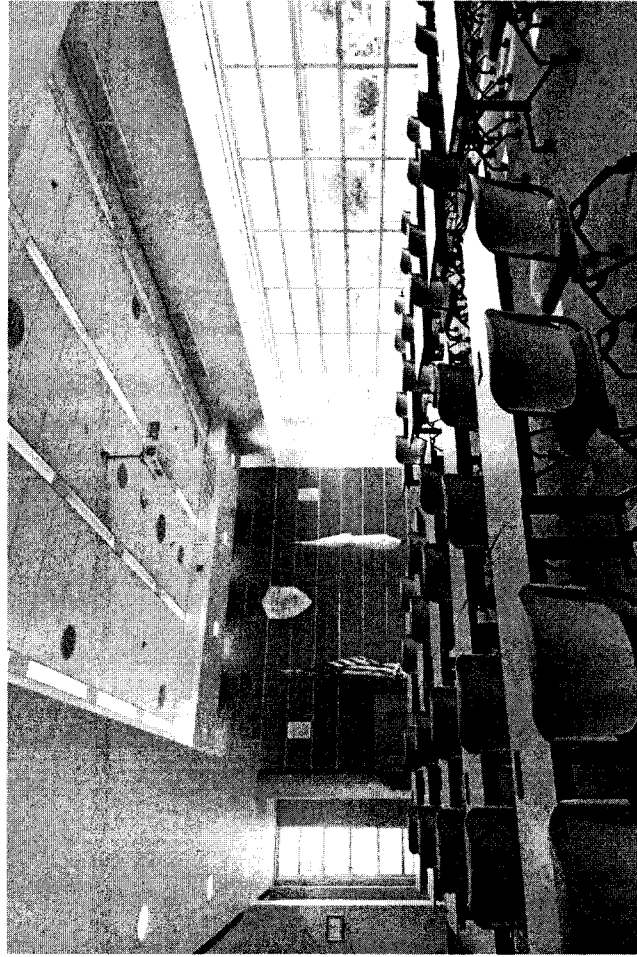
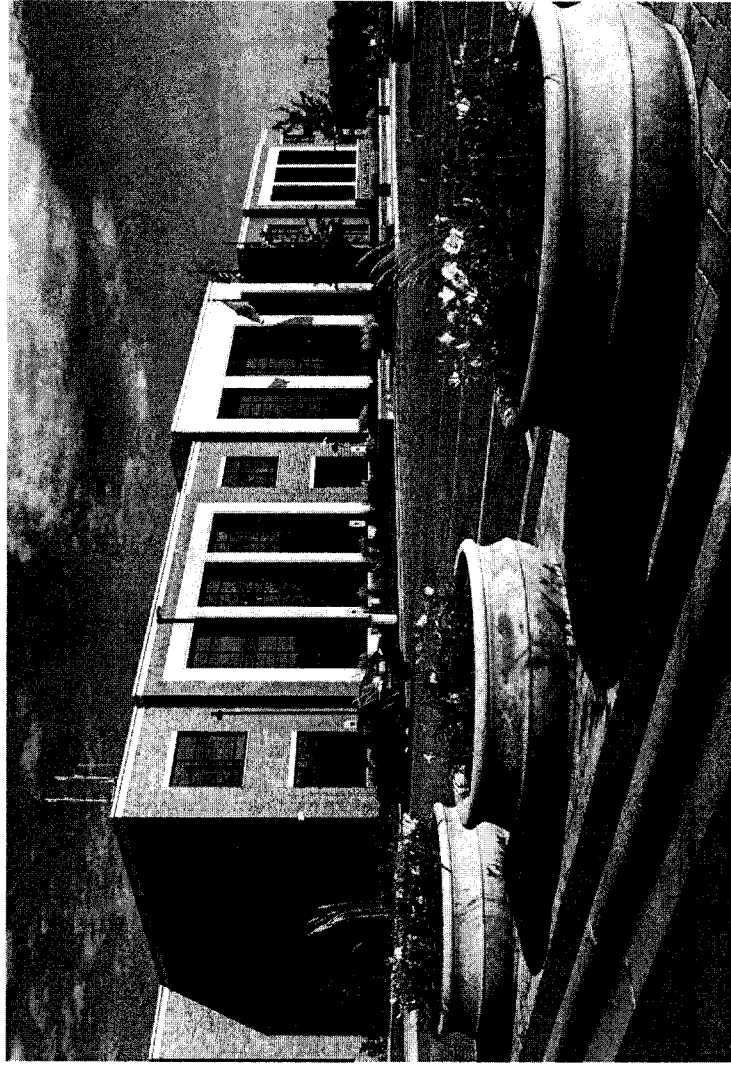
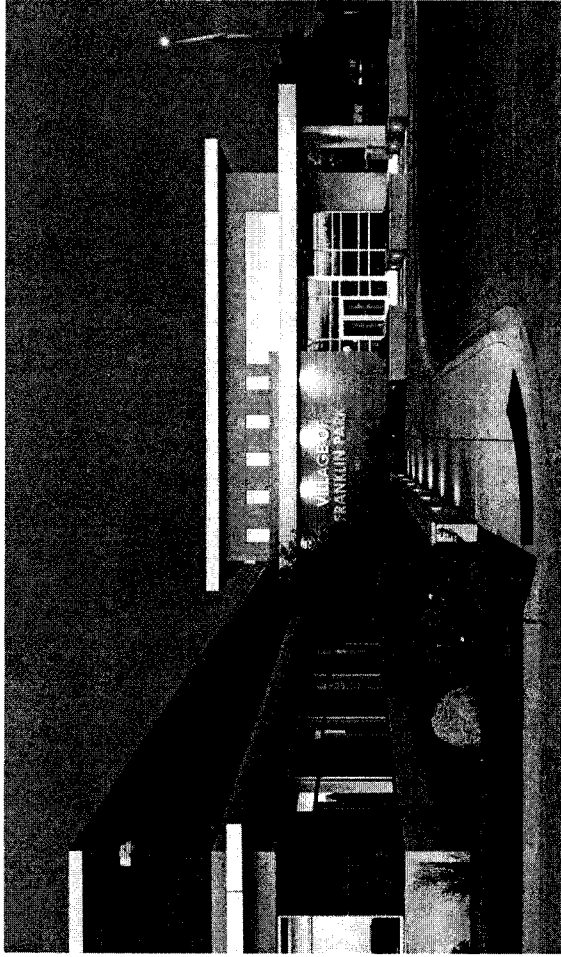
Carol Sente
Client Advocate

POLICE EXPERIENCE

- **20+ Years** Serving Police Departments
- **Designed over \$185,000,000** in Police Station Projects in the past 10 years
- **Designed Over 840,000 sf** in Police Station Projects
- **Over 100** Police Station Projects including seven conversion projects
- **Dozens** of Police Remodeling Projects
- **Over 50** Police Department Clients

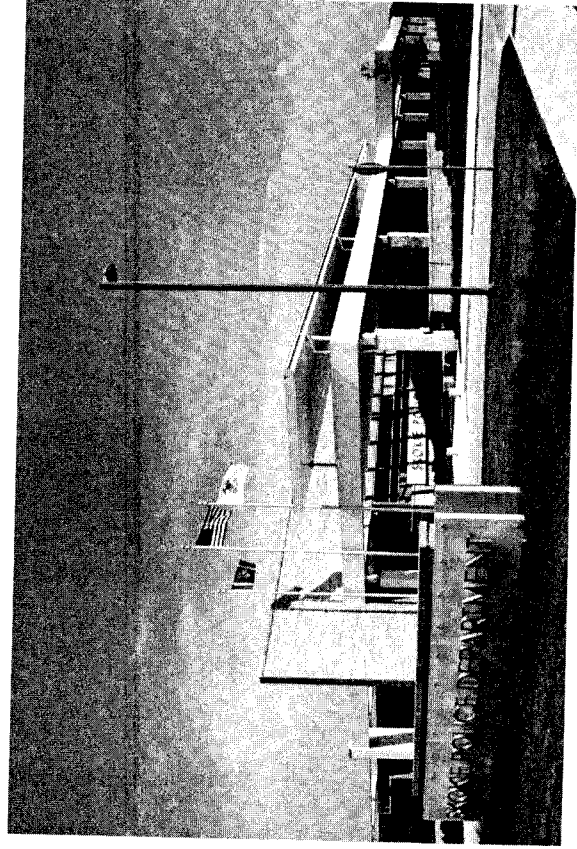
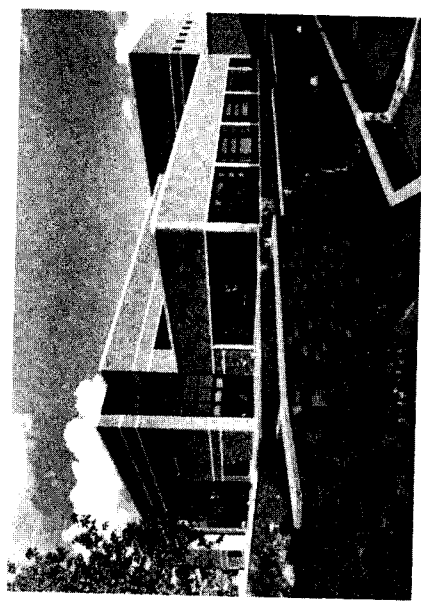
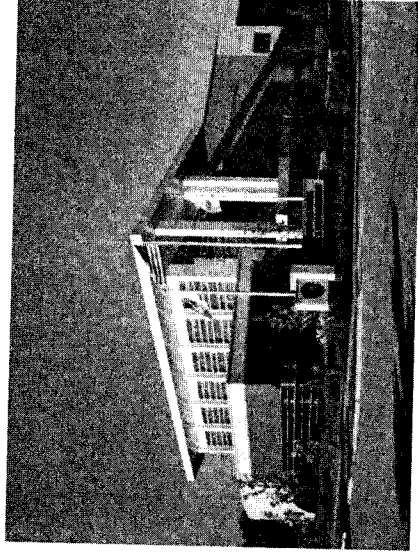
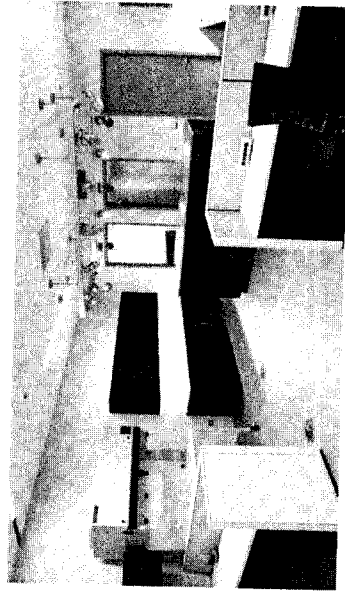
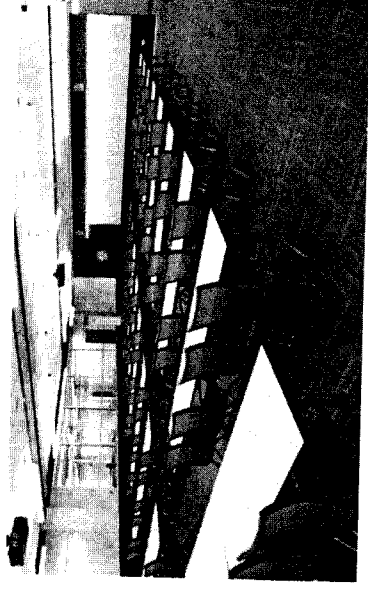
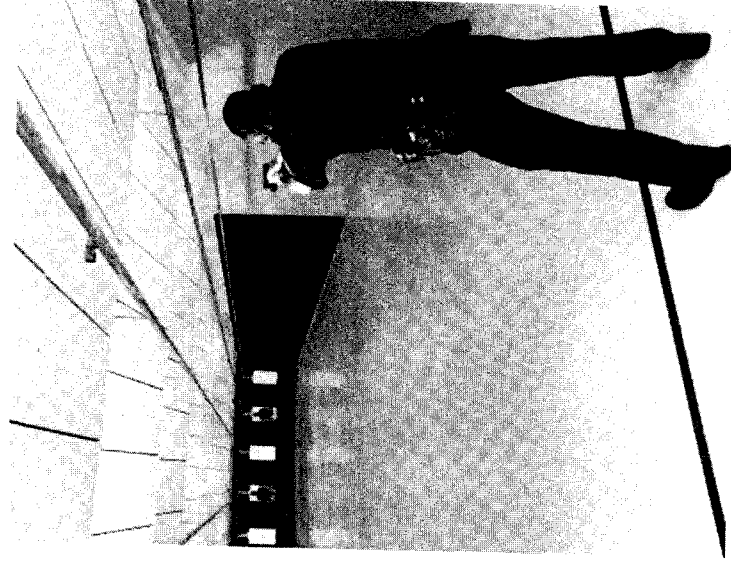
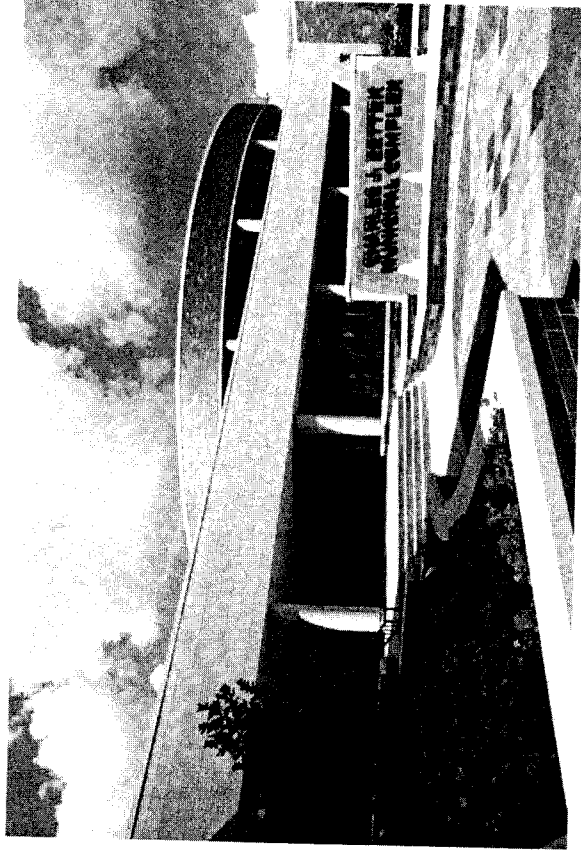


POLICE EXPERIENCE



FGM ARCHITECTS

POLICE EXPERIENCE



FGM ARCHITECTS

A Feasibility Study Must . . .

Be Useful

Answer Questions

**Be Easy to Read &
Understand**

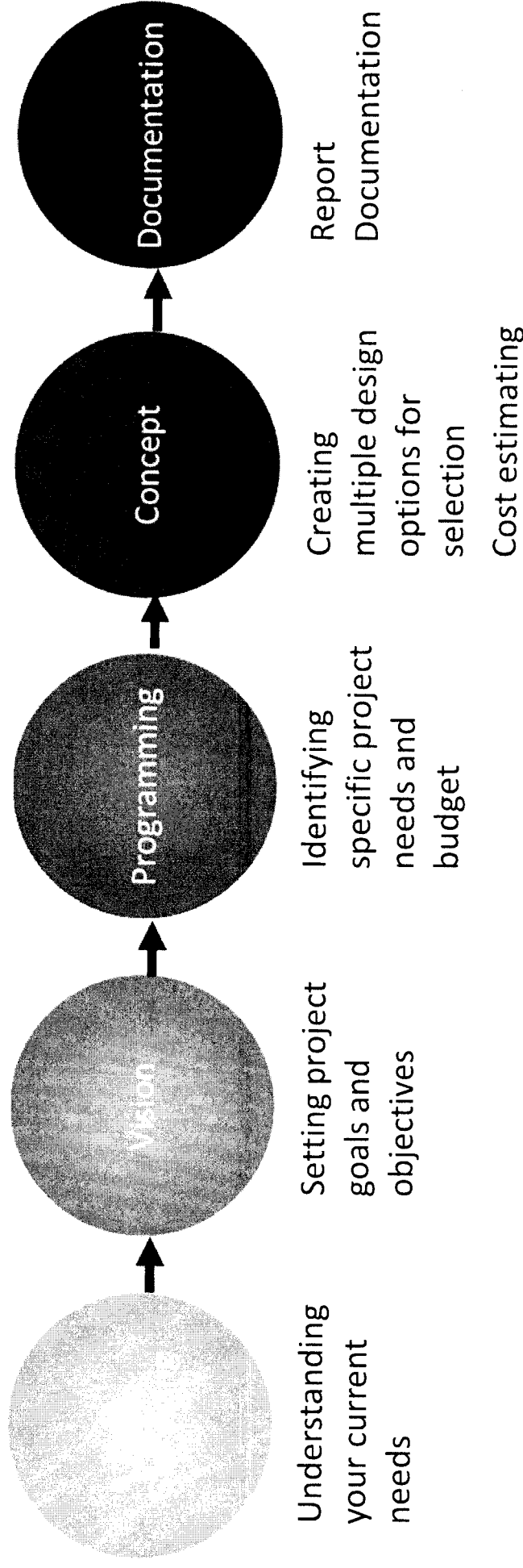
**Challenge the Status
Quo**

**Provide a Solid
Recommendation**

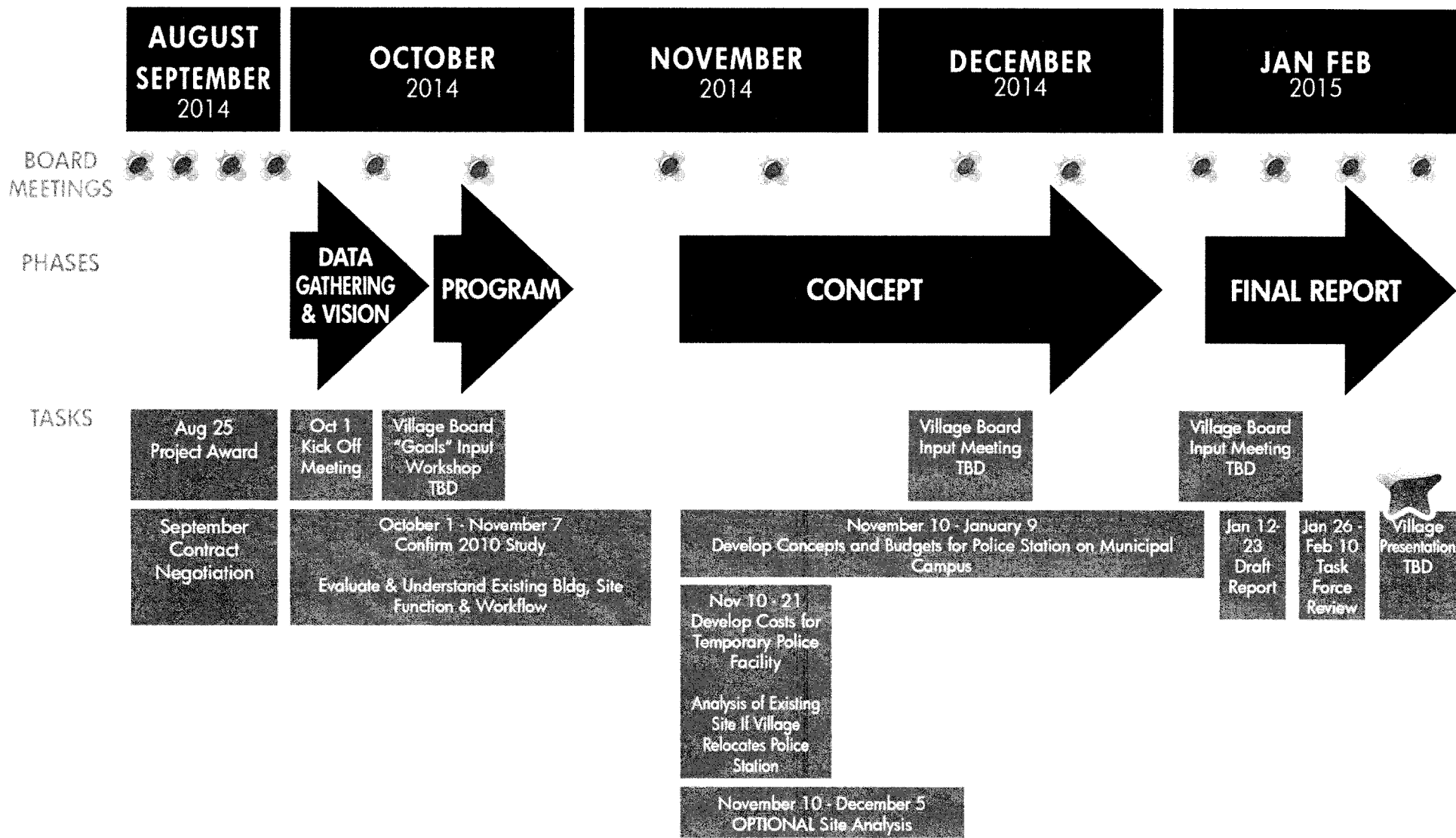


PROJECT APPROACH

Planning Process



PROJECT SCHEDULE



FGM ARCHITECTS

IN OUR CLIENTS' WORDS

TESTIMONIALS

"We were confident the firm was differentiated in their field and would present the most detailed and innovative recommendations for our community's consideration." – Chief Frank Kosman, Bensenville

"FGM brought a level knowledge and law enforcement expertise that has proven to be **indispensable** to the process. The ultimate police station design met or **exceeded every expectation** we had. Frankly I was surprised by their **depth of knowledge** regarding police operations and the future direction of law enforcement." – Chief Bob Sterba, New Lenox



"We work primarily with Principal Raymond Lee and his team and they understand our operational needs and conduct thorough reviews of projects. The team is easy to communicate with and provide flexibility and accessibility throughout the work process."

– Brian Tegetmeyer, DU-COMM

"**From Day One** FGM helped our staff with the process of building our new facility and made it simple." – Chief Michael Witz, Franklin Park

FGM ARCHITECTS

WHY SELECT THE FGM TEAM?

- Illinois Police Experience

Longest, broadest track record of successful Illinois Police Stations

- Proven Team - Unique abilities and experience of team

ARLINGTON HEIGHTS KNOWLEDGE + FRESH SET OF EYES

- Study Experience

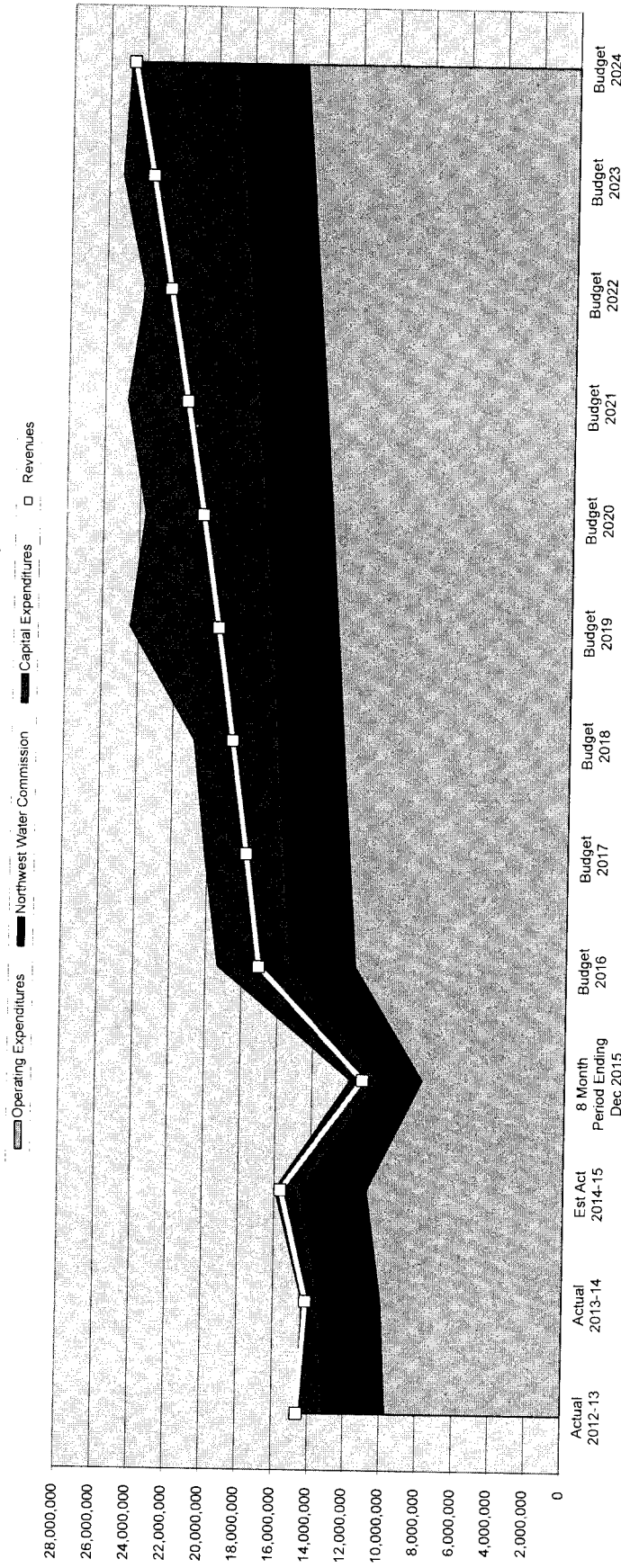
Solution to take your operation to the next level

WE WANT TO CONTINUE OUR RELATIONSHIP

FGM ARCHITECTS

ALTERNATIVE 1

Water & Sewer Fund With a 5% Rate Increases (Current Combined Rate: \$5.56/1,000 gallons)



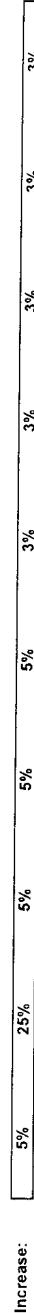
		Increase:											
		5%			5%			5%			5%		
		8 Month											
		Period Ending											
		Dec 2015											

WATER & SEWER FUND

ALTERNATIVE 1

ACCOUNT DESCRIPTION	PROJ #	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 EST ACT	FY2015 BUDGET	8 MONTH PERIOD								2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET		
						FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET	FY2015 BUDGET					FY2015 BUDGET	FY2015 BUDGET
Combined Water & Sewer Rate Increase:																			
REVENUES						5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
Water Sales		11,157,796	10,669,713	11,492,000	8,084,600	12,669,900	13,303,395	13,968,565	14,686,993	15,400,343	16,170,360	16,978,878	17,827,822	18,719,213					
Sewer Charge		2,083,999	2,355,187	2,964,000	2,085,200	3,267,800	3,431,190	3,602,750	3,782,887	3,972,031	4,170,633	4,379,165	4,598,123	4,828,029					
TOTAL REVENUES		14,606,340	14,186,964	15,642,000	16,104,100	11,164,550	17,826,685	18,663,414	19,541,980	20,464,474	21,433,093	22,450,142	23,518,044	24,639,342					
EXPENDITURES																			
OPERATING EXPENDITURES																			
Finance																			
Personal Services		709,899	736,958	778,500	800,800	551,900	883,200	918,500	955,200	993,400	1,033,100	1,074,400	1,117,400	1,162,100					
Contractual Services		258,627	248,422	271,800	271,800	185,700	288,500	294,300	300,200	306,200	312,300	318,500	324,900	331,400					
Commodities		2,193	1,241	4,000	4,000	2,700	4,200	4,400	4,500	4,600	4,700	4,800	4,900	5,000					
Sewer Back-up Rebate Program	SW-15-01	50,000	50,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000					
Subtotal Finance		1,020,719	1,036,621	1,079,300	1,101,600	765,300	1,276,900	1,317,200	1,359,900	1,404,200	1,450,100	1,497,700	1,547,200	1,598,500					
Water Utility Operation																			
Personal Services		4,880,628	5,061,262	5,140,700	5,223,100	3,607,600	5,823,400	6,056,300	6,298,600	6,550,500	6,812,500	7,085,500	7,368,400	7,663,100					
Contractual Services (except NWWC)		1,651,977	1,816,995	2,139,350	2,139,350	1,462,000	2,270,300	2,315,700	2,362,000	2,409,200	2,457,400	2,506,500	2,556,600	2,607,700					
Northwest Water Commission		3,463,906	3,471,037	3,667,200	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300					
Commodities		739,405	642,668	972,159	972,159	664,400	1,031,600	1,052,200	1,073,200	1,094,700	1,116,600	1,138,900	1,161,700	1,184,900					
Other Charges		1,402,805	1,439,246	1,491,000	1,491,000	1,028,300	1,581,600	1,678,200	1,728,500	1,780,400	1,833,800	1,888,800	1,945,500	2,003,900					
Subtotal Water Utility Operation		12,138,721	12,431,268	13,410,419	13,492,819	9,219,900	14,030,200	14,421,800	14,769,600	15,129,500	15,538,700	16,397,500	16,848,300	17,313,900					
TOTAL OPERATING EXPENDITURES		13,159,440	13,467,889	14,489,719	14,594,419	9,985,200	15,262,100	15,697,800	16,489,400	16,942,900	17,411,300	17,895,200	18,395,500	18,912,400					
BUILDING & LAND																			
Public Works Annex Improvements	BL-93-02	11,108	17,096	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000					
Roof Maintenance Program	BL-95-06	0	0	38,500	38,500	0	0	60,000	0	0	0	0	0	0					
SUBTOTAL - BUILDING & LAND		11,108	17,096	58,500	58,500	20,000	20,000	80,000	20,000	20,000	20,000	20,000	20,000	20,000					
EQUIPMENT																			
Operational Equipment	EQ-94-01	97,243	87,727	138,546	138,546	118,000	139,700	211,000	125,000	125,000	125,000	125,000	125,000	125,000					
Pumps - Submersible & Booster		0	0	80,000	80,000	7,700	47,200	0	86,400	50,700	105,200	64,800	94,600	67,200					
SCADA Enhancements		0	0	25,000	25,000	8,000	30,000	10,000	58,000	59,700	61,500	63,300	65,200	67,200					
Motor Controls - Water & Sewer		0	0	0	0	53,600	47,700	72,700	69,000	90,700	0	0	0	0					
Office Equipment	EQ-95-03	4,396	10,740	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000					
Emergency Generator Upgrade	EQ-99-02	16,244	0	10,000	10,000	25,000	795,700	0	869,500	0	922,400	0	521,900	0					
2-Way Mobile Radio Replacement	EQ-09-05	28,750	0	0	0	0	0	0	0	0	0	0	0	0					
SUBTOTAL - EQUIPMENT		146,633	98,467	268,546	268,546	227,300	1,075,300	308,700	355,100	1,222,900	341,100	1,229,100	267,900	821,700	274,400				
SEWER																			
Sewer Rehab/Replacement Program	SW-90-01	291,571	269,204	300,000	300,000	300,000	400,000	450,000	520,000	540,800	562,400	584,900	608,300	632,600					
SUBTOTAL - SEWER		291,571	269,204	300,000	300,000	300,000	400,000	450,000	520,000	540,800	562,400	584,900	608,300	632,600					
WATER																			
Watermain Replacement Program	WA-90-01	251,387	322,193	485,000	485,000	544,000	1,044,000	2,020,000	4,000,000	4,160,000	4,326,400	4,499,500	4,679,500	4,866,700					
Automatic Meter Reading System	WA-03-02	0	0	100,000	100,000	154,500	318,300	633,800	672,400	737,300	129,100	38,000	58,700	40,300					
Water Tank Repainting	WA-11-01	430,038	0	200,000	200,000	237,600	868,200	936,900	0	1,496,900	1,036,400	923,000	563,600	29,100					
Deep Well Rehabilitation	WA-11-02	257,641	221,879	0	0	25,800	291,700	27,300	28,100	0	0	0	0	0					
SUBTOTAL - WATER		939,066	544,072	785,000	785,000	961,900	2,522,200	3,618,000	6,129,300	5,772,300	5,491,900	5,062,500	5,301,800	4,936,100					
TOTAL CAPITAL EXPENDITURES		1,388,378	928,839	1,412,046	1,412,046	1,509,200	4,017,500	4,396,700	7,892,200	6,674,200	7,303,400	5,935,300	6,751,800	5,863,100					
TRANSFER TO HEALTH INSURANCE FUND																			
OPERATING CONTINGENCY		0	0	50,000	50,000	300,000	0	0	50,000	50,000	50,000	50,000	50,000	50,000					
TOTAL EXPENDITURES		14,547,818	14,396,728	15,951,765	16,262,365	11,844,400	19,329,600	20,144,500	20,796,800	23,667,100	24,764,700	23,880,500	25,197,300	24,825,500					
BEGINNING WORKING CASH																			
REVENUES OVER (UNDER) EXPENDS		5,261,554	5,320,076	5,110,312	4,800,547	4,800,547	4,120,697	1,820,897	(2,530,304)	(7,519,924)	(10,722,550)	(14,054,157)	(15,484,515)	(17,163,770)					
ENDING WORKING CASH		58,522	(209,764)	(309,765)	(158,265)	(679,850)	(2,299,800)	(2,133,386)	(4,889,620)	(3,202,626)	(3,317,607)	(1,430,358)	(1,679,266)	(186,158)					
Working Cash as % of Expenditures		5,320,076	5,110,312	4,800,547	4,120,697	4,120,697	1,820,897	(2,530,304)	(7,519,924)	(10,722,550)	(14,054,157)	(15,484,515)	(17,163,770)	(17,349,929)					
		37%	35%	30%	35%	9%	-2%	-13%	-31%	-45%	-57%	-65%	-68%	-70%					

Water & Sewer Fund



	Actual 2012-13	Actual 2013-14	Est Act 2014-15	8 Month								Budget 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024
				Period Ending Dec 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022					
Water Sales & Sewer Charge	13,241,795	13,024,900	14,456,000	10,169,800	18,973,600	19,922,280	20,918,394	21,964,314	22,623,243	23,301,940	24,000,999	24,721,029	25,462,659			
Other Revenue	1,364,545	1,162,064	1,186,000	994,750	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100			
Total Revenue	14,606,340	14,186,964	15,642,000	11,164,550	20,065,700	21,014,380	22,010,494	23,056,414	23,715,343	24,394,040	25,093,099	25,813,129	26,554,759			
Operating Expenditures	9,695,534	9,996,792	10,872,519	7,878,200	11,644,900	12,080,600	12,469,600	12,872,200	13,289,000	13,720,400	14,166,900	14,629,400	15,108,100			
Northwest Water Commission	3,463,906	3,471,097	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300			
Capital Expenditures	1,368,378	928,839	1,412,046	1,509,200	4,017,500	4,396,700	4,680,000	7,892,200	6,674,200	7,303,400	5,935,300	6,751,800	5,863,100			
Total Expenditures	14,547,818	14,396,728	15,951,765	11,844,400	19,329,600	20,144,500	20,796,800	24,431,600	23,667,100	24,764,700	23,880,500	25,197,300	24,825,500			
Beginning Working Cash	5,261,554	5,320,076	5,110,312	4,800,547	4,120,697	4,856,797	5,726,677	6,940,371	5,565,185	5,613,428	5,242,768	6,455,367	7,071,195			
Revenues Over/(Under) Exp	58,522	(209,764)	(309,765)	(679,850)	736,100	869,880	1,213,694	(1,375,186)	48,243	(370,660)	1,212,599	615,829	1,729,259			
Ending Working Cash	5,320,076	5,110,312	4,800,547	4,120,697	4,856,797	5,726,677	6,940,371	5,565,185	5,613,428	5,242,768	6,455,367	7,071,195	8,800,455			
Working Cash as % of Expenditures	37%	35%	30%	35%	25%	28%	33%	23%	24%	21%	27%	28%	35%			

WATER & SEWER FUND

ALTERNATIVE 2

ACCOUNT DESCRIPTION	PROJ #	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 EST ACT	FY2015 BUDGET	8 MONTH PERIOD								2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
						DEC 2015	BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET				
REVENUES																	
Water Sales		11,157,796	10,669,713	11,492,000	11,934,000	8,084,600	15,083,300	15,837,465	16,629,338	17,460,805	17,984,629	18,524,168	19,079,893	19,652,290	20,241,859	20,241,859	20,241,859
Sewer Charge		2,083,999	2,355,187	2,964,000	3,078,000	2,085,200	3,890,300	4,064,815	4,289,056	4,503,509	4,638,614	4,777,772	4,921,105	5,068,739	5,220,801	5,220,801	5,220,801
TOTAL REVENUES		14,606,340	14,186,964	15,642,000	16,104,100	11,164,550	20,065,700	21,014,380	22,010,494	23,056,414	23,715,343	24,394,040	25,093,099	25,813,129	26,554,759	26,554,759	26,554,759
EXPENDITURES																	
OPERATING EXPENDITURES																	
Finance																	
Personal Services		709,899	736,958	778,500	800,800	551,900	844,900	883,200	918,500	955,200	993,400	1,033,100	1,074,400	1,117,400	1,162,100	1,162,100	1,162,100
Contractual Services		298,627	248,422	271,800	271,800	185,700	282,800	288,500	294,300	300,200	306,200	312,300	318,500	324,900	331,400	331,400	331,400
Commodities		2,193	1,241	4,000	4,000	2,700	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,000	5,000
Sewer Back-up Rebate Program	SW-15-01	50,000	50,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal Finance		1,020,719	1,036,621	1,079,300	1,101,600	765,300	1,231,900	1,276,000	1,317,200	1,359,900	1,404,200	1,450,100	1,497,700	1,547,200	1,598,500	1,598,500	1,598,500
Water Utility Operation																	
Personal Services		4,880,628	5,061,262	5,140,700	5,223,100	3,607,600	5,544,000	5,823,400	6,056,300	6,298,600	6,550,500	6,812,500	7,085,000	7,368,400	7,663,100	7,663,100	7,663,100
Contractual Services (except NWWC)		1,651,977	1,816,995	2,139,360	2,139,360	1,462,000	2,225,800	2,270,300	2,315,700	2,362,200	2,409,200	2,457,400	2,506,500	2,556,600	2,607,700	2,607,700	2,607,700
Northwest Water Commission		3,463,906	3,471,097	3,667,200	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300	3,854,300	3,854,300
Commodities		739,405	642,668	972,159	972,159	664,400	1,011,400	1,031,600	1,052,200	1,073,500	1,094,700	1,116,600	1,138,900	1,161,700	1,184,900	1,184,900	1,184,900
Other Charges		1,402,805	1,439,246	1,491,000	1,491,000	1,028,900	1,581,800	1,629,300	1,678,200	1,728,500	1,780,400	1,833,800	1,888,800	1,945,500	2,003,900	2,003,900	2,003,900
Subtotal Water Utility Operation		12,138,721	12,431,268	13,410,419	13,492,819	9,219,900	14,030,200	14,421,800	14,769,600	15,129,500	15,538,700	15,961,200	16,397,500	16,848,300	17,313,900	17,313,900	17,313,900
TOTAL OPERATING EXPENDITURES		13,159,440	13,467,889	14,489,719	14,594,419	9,985,200	15,262,100	15,697,800	16,086,800	16,489,400	16,942,900	17,411,300	17,895,200	18,395,500	18,912,400	18,912,400	18,912,400
BUILDING & LAND																	
Public Works Annex Improvements	BL-93-02	11,108	17,096	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Roof Maintenance Program	BL-95-06	0	0	38,500	38,500	0	0	0	60,000	0	0	0	0	0	0	0	0
SUBTOTAL - BUILDING & LAND		11,108	17,096	58,500	58,500	20,000	20,000	20,000	80,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
EQUIPMENT																	
Operational Equipment	EQ-94-01	97,243	87,727	138,546	138,546	118,000	139,700	211,000	101,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Pumps - Submersible & Booster		0	0	80,000	80,000	7,700	47,200	0	94,000	86,400	50,700	105,200	64,600	94,600	67,200	67,200	67,200
SCADA Enhancements		0	0	25,000	25,000	8,000	30,000	10,000	30,000	58,000	59,700	61,500	63,300	65,200	67,200	67,200	67,200
Motor Controls - Water & Sewer		0	0	0	0	53,600	47,700	72,700	95,100	69,000	90,700	0	0	0	0	0	0
Office Equipment	EQ-95-03	4,396	10,740	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Emergency Generator Upgrade	EQ-99-02	16,244	0	10,000	10,000	25,000	795,700	0	20,000	869,500	0	922,400	0	521,900	0	521,900	0
2-Way Mobile Radio Replacement	EQ-09-05	28,750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL - EQUIPMENT		146,633	98,467	268,546	268,546	227,300	1,075,300	308,700	355,100	1,222,900	341,100	1,229,100	267,900	821,700	274,400	274,400	274,400
SEWER																	
Sewer Rehab/Replacement Program	SW-90-01	291,571	269,204	300,000	300,000	300,000	400,000	450,000	500,000	520,000	540,800	562,400	584,900	608,300	632,600	632,600	632,600
SUBTOTAL - SEWER		291,571	269,204	300,000	300,000	300,000	400,000	450,000	500,000	520,000	540,800	562,400	584,900	608,300	632,600	632,600	632,600
WATER																	
Watermain Replacement Program	WA-90-01	251,387	322,193	485,000	485,000	544,000	1,044,000	2,020,000	3,044,000	4,000,000	4,160,000	4,326,400	4,499,500	4,679,500	4,866,700	4,866,700	4,866,700
Automatic Meter Reading System	WA-03-02	0	0	100,000	100,000	154,500	318,300	633,800	652,800	672,400	737,300	129,100	38,000	58,700	40,300	40,300	40,300
Water Tank Repainting	WA-11-01	430,038	0	200,000	200,000	237,500	868,200	936,900	0	1,456,900	875,000	1,036,400	525,000	563,600	29,100	29,100	29,100
Deep Well Rehabilitation	WA-11-02	257,641	221,879	0	0	25,800	291,700	27,300	28,100	0	0	0	0	0	0	0	0
SUBTOTAL - WATER		939,066	544,072	785,000	785,000	961,300	2,522,200	3,616,000	3,724,900	6,129,300	5,772,300	5,491,900	5,062,500	5,301,800	4,936,100	4,936,100	4,936,100
TOTAL CAPITAL EXPENDITURES		1,388,378	928,839	1,412,046	1,412,046	1,509,200	4,017,500	4,396,700	4,660,000	7,892,200	6,674,200	7,303,400	5,935,300	6,751,800	5,863,100	5,863,100	5,863,100
TRANSFER TO HEALTH INSURANCE FUND		0	0	0	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
OPERATING CONTINGENCY		0	0	50,000	175,900	300,000	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES		14,547,818	14,386,728	15,951,765	16,262,365	11,844,400	19,329,600	20,144,500	20,796,800	24,431,600	23,667,100	24,764,700	23,880,500	25,197,300	24,825,500	24,825,500	24,825,500
BEGINNING WORKING CASH		5,261,554	5,320,076	5,110,312	5,110,312	4,800,547	4,120,697	4,856,797	5,726,677	6,940,371	5,565,185	5,613,428	5,242,768	6,455,367	7,071,195	7,071,195	7,071,195
REVENUES OVER (UNDER) EXPENDS.		58,522	(209,764)	(309,765)	(309,765)	(158,265)	(679,850)	736,100	869,880	1,213,694	(1,375,186)	48,243	(370,660)	1,212,599	1,729,259	1,729,259	1,729,259
ENDING WORKING CASH		5,320,076	5,110,312	4,800,547	4,800,547	4,120,697	4,856,797	5,726,677	6,940,371	5,565,185	5,613,428	5,242,768	6,455,367	7,071,195	8,800,455	8,800,455	8,800,455
Working Cash as % of Expenditures		37%	35%	30%	30%	35%	25%	28%	33%	23%	24%	21%	27%	28%	35%	35%	35%

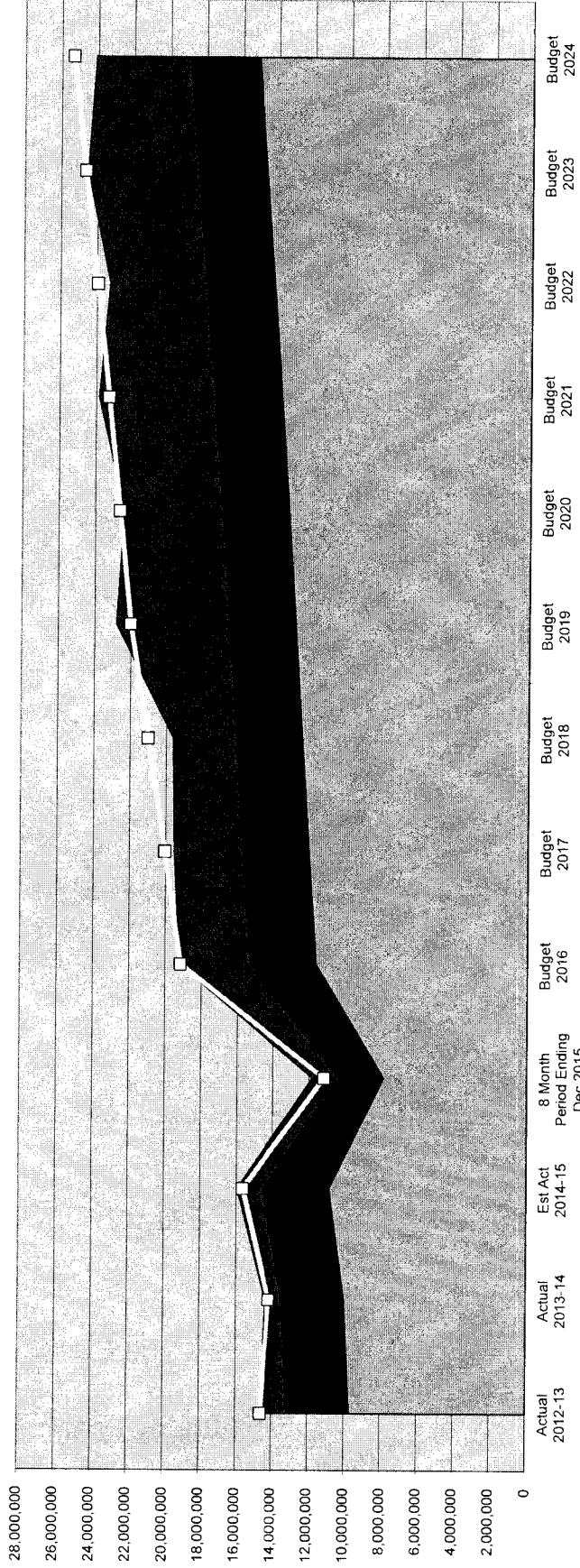
ALTERNATIVE 3

GRADUAL INCREASE IN CAPITAL COSTS

Water & Sewer Fund

With a 5%-19%-5%-5%-5% Rate Increases
(Current Combined Rate: \$5.56/1,000 gallons)

Operating Expenditures Northwest Water Commission Capital Expenditures Revenues



Increase:

5%	19%	5%	5%	5%	3%	3%	3%	3%	3%
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	Actual 2012-13	Actual 2013-14	Est Act 2014-15	8 Month Period Ending Dec 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024
Water Sales & Sewer Charge	13,241,795	13,024,900	14,456,000	10,189,800	18,062,800	18,965,940	19,914,237	20,909,949	21,537,247	22,183,365	22,848,866	23,534,332	24,240,362
Other Revenue	1,364,545	1,186,000	1,186,000	994,750	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100	1,092,100
Total Revenue	14,606,340	14,186,964	15,642,000	11,164,550	19,154,900	20,058,040	21,006,337	22,002,049	22,629,347	23,275,465	23,940,966	24,626,432	25,332,462
Operating Expenditures	9,695,534	9,996,792	10,872,519	7,878,200	11,644,900	12,080,600	12,469,600	12,872,200	13,289,000	13,720,400	14,166,900	14,629,400	15,108,100
Northwest Water Commission	3,463,906	3,471,097	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300
Capital Expenditures	1,388,378	928,839	1,412,046	1,465,200	3,888,500	3,776,700	3,491,000	6,272,200	5,398,400	6,364,600	5,325,900	6,084,000	5,122,400
Total Expenditures	14,547,818	14,396,728	15,951,765	11,800,400	19,210,600	19,524,500	19,627,800	22,811,600	22,391,300	23,825,900	23,271,100	24,529,500	24,084,800
Beginning Working Cash	5,261,554	5,320,076	5,110,312	4,800,547	4,164,697	4,108,997	4,642,537	6,021,074	5,211,523	5,449,570	4,899,135	5,569,001	5,665,932
Revenues Over/(Under) Exp	58,522	(209,764)	(309,765)	(635,850)	(55,700)	533,540	1,378,537	(809,551)	238,047	(550,435)	669,866	96,932	1,247,662
Ending Working Cash	5,320,076	5,110,312	4,800,547	4,164,697	4,108,997	4,642,537	6,021,074	5,211,523	5,449,570	4,899,135	5,569,001	5,665,932	6,913,594
Working Cash as % of Expenditures	37%	35%	30%	35%	21%	24%	31%	23%	24%	21%	24%	23%	29%

WATER & SEWER FUND

ALTERNATIVE 3

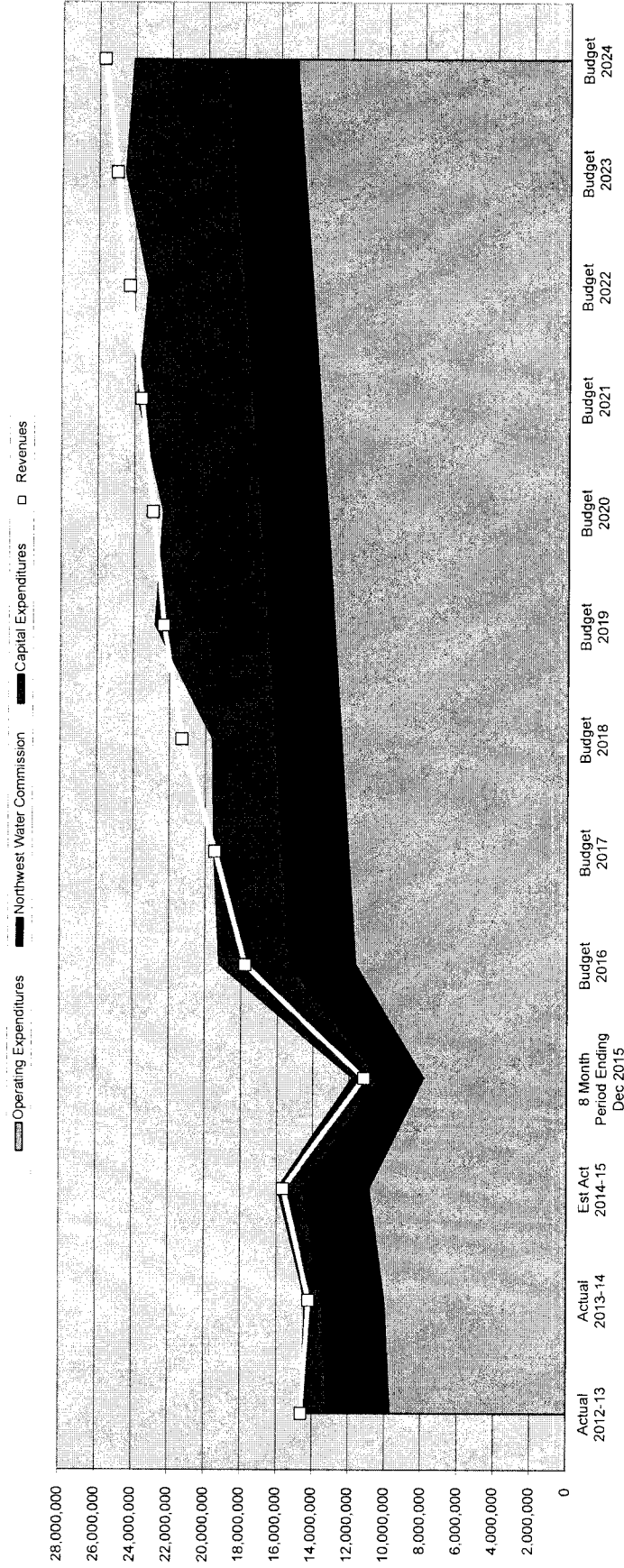
ACCOUNT DESCRIPTION	PROJ #	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 EST ACT	FY2015 BUDGET	FY2015 BUDGET INCREASE:	8 MONTH PERIOD								2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET			
							Combined Water & Sewer Rate Increase:	2016		2017		2018		2019					2020		
								DEC 2015	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET					BUDGET	BUDGET	BUDGET
REVENUES							5%	19%	5%	5%	5%	3%	3%	3%	3%						
Water Sales		11,157,796	10,669,713	11,492,000	11,934,000	8,084,600	14,359,300	15,077,265	15,831,128	16,622,685	17,121,365	17,635,006	18,164,056	18,708,978	19,270,247						
Sewer Charge		2,083,999	2,355,187	2,964,000	3,078,000	2,085,200	3,703,500	3,888,675	4,063,109	4,287,264	4,415,882	4,548,359	4,684,809	4,825,354	4,970,114						
TOTAL REVENUES		14,606,340	14,186,964	15,642,000	18,104,100	11,164,550	19,154,900	20,058,040	21,006,337	22,002,049	22,629,347	23,275,465	23,940,966	24,626,432	25,332,462						
EXPENDITURES																					
OPERATING EXPENDITURES																					
Finance																					
Personal Services		709,899	736,958	778,500	800,800	551,900	844,900	883,200	918,500	955,200	993,400	1,033,100	1,074,400	1,117,400	1,162,100						
Contractual Services		258,627	248,422	271,800	271,800	185,700	282,800	288,500	294,300	300,200	306,200	312,300	318,500	324,900	331,400						
Commodities		2,193	1,241	4,000	4,000	2,700	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000						
Sewer Back-up Rebate Program	SW-15-01	50,000	50,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000						
Subtotal Finance		1,020,719	1,036,621	1,079,300	1,101,600	765,300	1,231,900	1,276,000	1,317,200	1,359,900	1,404,200	1,450,100	1,497,700	1,547,200	1,598,500						
Water Utility Operation																					
Personal Services		4,880,628	5,061,262	5,140,700	5,223,100	3,607,600	5,544,000	5,823,400	6,056,300	6,298,600	6,550,500	6,812,500	7,085,000	7,368,400	7,663,100						
Contractual Services (except NWWC)		1,851,977	1,816,995	2,139,360	2,139,360	1,462,000	2,225,800	2,270,300	2,315,700	2,362,000	2,409,200	2,457,400	2,506,500	2,556,600	2,607,700						
Northwest Water Commission		3,463,906	3,471,097	3,667,200	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300						
Commodities		739,405	642,668	972,159	972,159	664,400	1,011,400	1,031,600	1,052,200	1,073,200	1,094,700	1,116,600	1,138,900	1,161,700	1,184,900						
Other Charges		1,402,805	1,439,246	1,491,000	1,491,000	1,028,900	1,581,800	1,629,300	1,678,200	1,728,500	1,780,400	1,833,800	1,888,800	1,945,500	2,003,900						
Subtotal Water Utility Operation		12,138,721	12,431,268	13,410,419	13,492,819	9,219,900	14,030,200	14,421,800	14,769,600	15,129,500	15,538,700	15,961,200	16,397,500	16,848,300	17,313,900						
TOTAL OPERATING EXPENDITURES		13,159,440	13,467,889	14,489,719	14,594,419	9,985,200	15,262,100	15,697,800	16,086,800	16,489,400	16,942,900	17,411,300	17,895,200	18,395,500	18,912,400						
BUILDING & LAND																					
Public Works Annex Improvements	BL-93-02	11,108	17,096	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000						
Roof Maintenance Program	BL-95-06	0	0	38,500	38,500	0	0	0	60,000	0	0	0	0	0	0						
SUBTOTAL - BUILDING & LAND		11,108	17,096	58,500	58,500	20,000	20,000	20,000	80,000	20,000	20,000	20,000	20,000	20,000	20,000						
EQUIPMENT																					
Operational Equipment	EQ-94-01	97,243	87,727	138,546	138,546	118,000	139,700	211,000	101,000	125,000	125,000	125,000	125,000	125,000	125,000						
Pumps - Submersible & Booster		0	0	80,000	80,000	7,700	47,200	0	94,000	86,400	50,700	105,200	64,600	94,600	67,200						
SCADA Enhancements		0	0	25,000	25,000	8,000	30,000	10,000	30,000	58,000	59,700	61,500	63,300	65,200	67,200						
Motor Controls - Water & Sewer		0	0	0	0	53,600	47,700	72,700	95,100	69,000	90,700	0	0	0	0						
Office Equipment	EQ-95-03	4,396	10,740	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000						
Emergency Generator Upgrade	EQ-99-02	16,244	0	10,000	10,000	25,000	795,700	0	20,000	869,500	0	922,400	0	521,900	0						
2-Way Mobile Radio Replacement	EQ-09-05	28,750	0	0	0	0	0	0	0	0	0	0	0	0	0						
SUBTOTAL - EQUIPMENT		146,633	98,467	268,546	268,546	227,300	1,075,300	308,700	355,100	1,222,900	341,100	1,229,100	267,900	821,700	274,400						
SEWER																					
Sewer Rehab/Replacement Program	SW-90-01	291,571	289,204	300,000	300,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000	515,000						
SUBTOTAL - SEWER		291,571	289,204	300,000	300,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000	515,000						
WATER																					
Watermain Replacement Program	WA-90-01	251,387	322,193	485,000	485,000	500,000	1,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000	4,120,000	4,243,600						
Automatic Meter Reading System	WA-03-02	0	0	100,000	100,000	154,500	318,300	633,800	652,800	672,400	737,300	129,100	38,000	58,700	40,300						
Water Tank Repainting	WA-11-01	430,038	(209,764)	200,000	200,000	237,600	868,200	936,900	0	1,456,900	875,000	1,036,400	525,000	563,600	29,100						
Deep Well Rehabilitation	WA-11-02	257,641	221,879	0	0	25,800	291,700	27,300	28,100	0	0	0	0	0	0						
SUBTOTAL - WATER		939,066	544,072	785,000	785,000	917,900	2,478,200	3,098,000	2,680,900	4,629,300	4,612,300	4,665,500	4,563,000	4,742,300	4,313,000						
TOTAL CAPITAL EXPENDITURES		1,388,378	928,839	1,412,046	1,412,046	1,465,200	3,898,500	3,776,700	3,491,000	6,272,200	5,398,400	6,364,600	5,325,900	6,084,000	5,122,400						
TRANSFER TO HEALTH INSURANCE FUND																					
OPERATING CONTINGENCY		0	0	0	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000						
TOTAL EXPENDITURES		14,547,818	14,396,728	15,951,765	16,262,365	11,800,400	19,210,600	19,524,500	19,627,800	22,811,600	22,391,300	23,825,900	23,271,100	24,529,500	24,084,800						
BEGINNING WORKING CASH		5,261,554	5,320,076	5,110,312	5,110,312	4,800,547	4,164,697	4,108,997	4,642,537	6,021,074	5,211,523	5,449,570	4,899,135	5,569,001	5,665,932						
REVENUES OVER (UNDER) EXPENDS		58,522	(209,764)	(309,765)	(158,265)	(635,850)	(55,700)	533,540	1,376,537	(809,551)	238,047	(550,435)	689,866	96,932	1,247,662						
ENDING WORKING CASH		5,320,076	5,110,312	4,800,547	4,800,547	4,164,697	4,108,997	4,642,537	6,021,074	5,211,523	5,449,570	4,899,135	5,569,001	5,665,932	6,913,594						
Working Cash as % of Expenditures		37%	35%	30%	30%	35%	21%	24%	31%	23%	24%	21%	24%	23%	29%						

ALTERNATIVE 4

GRADUAL INCREASE IN CAPITAL COSTS

Water & Sewer Fund

With a 5%-10%-10%-10%-5%-5% Rate Increases
(Current Combined Rate: \$5.56/1,000 gallons)



Increase:

5%	10%	10%	10%	5%	3%	3%	3%	3%	3%
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	Actual 2012-13	Actual 2013-14	Actual 2014-15	Est Act 2014-15	8 Month Period Ending Dec 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024
Water Sales & Sewer Charge	9,695,534	9,996,792	10,872,519	10,872,519	7,878,200	11,644,900	12,080,600	12,469,600	12,872,200	13,289,000	13,720,400	14,166,900	14,629,400	15,108,100
Northwest Water Commission	3,463,906	3,471,097	3,667,200	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300
Capital Expenditures	1,388,378	928,839	1,412,046	1,412,046	1,465,200	3,898,500	3,776,700	3,491,000	6,272,200	5,398,400	6,364,600	5,325,900	6,084,000	5,122,400
Total Expenditures	14,547,818	14,396,728	15,951,765	15,951,765	11,800,400	19,210,600	19,524,500	19,627,800	22,811,600	22,391,300	23,825,900	23,271,100	24,529,500	24,084,800
Beginning Working Cash	5,261,554	5,320,076	5,110,312	5,110,312	4,800,547	4,164,697	2,742,897	2,676,867	4,344,174	3,837,831	4,388,183	4,159,422	5,160,612	5,598,807
Revenues Over/(Under) Exp	58,522	(209,764)	(309,765)	(309,765)	(635,850)	(1,421,800)	(66,030)	1,667,307	(506,343)	550,352	(228,761)	1,001,190	438,195	1,599,163
Ending Working Cash	5,320,076	5,110,312	4,800,547	4,800,547	4,164,697	2,742,897	2,676,867	4,344,174	3,837,831	4,388,183	4,159,422	5,160,612	5,598,807	7,197,971
Working Cash as % of Expenditures	37%	35%	30%	30%	35%	14%	14%	22%	17%	20%	17%	22%	23%	30%

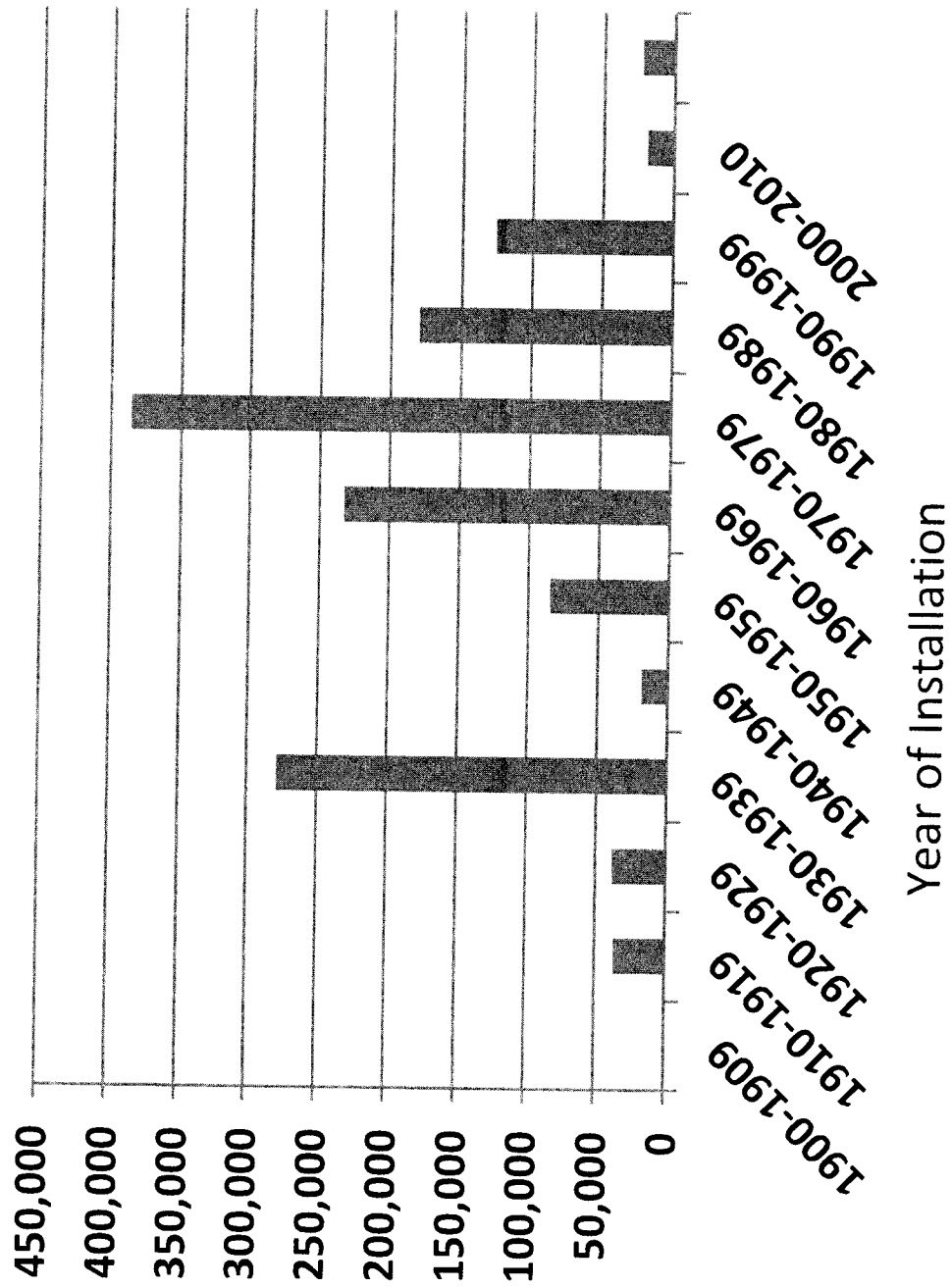
WATER & SEWER FUND

ALTERNATIVE 4

ACCOUNT DESCRIPTION	PROJ #	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 EST ACT	FY2015 BUDGET	8 MONTH PERIOD								2023 BUDGET	2024 BUDGET	
						FY2015 ENDING DEC 2015	BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET			2022 BUDGET
REVENUES																
Water Sales		11,157,796	10,669,713	11,492,000	11,934,000	8,084,600	13,273,300	14,600,630	16,060,693	16,863,728	17,369,639	17,890,729	18,427,451	18,980,274	19,549,682	
Sewer Charge		2,083,999	2,355,187	2,964,000	3,078,000	2,085,200	3,423,400	3,765,740	4,142,314	4,349,430	4,479,913	4,614,310	4,752,739	4,895,321	5,042,181	
TOTAL REVENUES		14,606,340	14,186,964	15,642,000	16,104,100	11,164,550	17,788,800	19,458,470	21,295,107	22,305,257	22,941,652	23,597,139	24,272,290	24,967,695	25,683,963	
EXPENDITURES																
OPERATING EXPENDITURES																
Finance																
Personal Services		709,899	736,958	778,500	800,800	551,900	844,900	883,200	918,500	955,200	993,400	1,033,100	1,074,400	1,117,400	1,162,100	
Contractual Services		258,627	248,422	271,800	271,800	185,700	282,800	288,500	294,300	300,200	306,200	312,300	318,500	324,900	331,400	
Commodities		2,193	1,241	4,000	4,000	2,700	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	
Sewer Back-up Rebate Program	SW-15-01	50,000	50,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Subtotal Finance		1,020,719	1,036,621	1,079,300	1,101,600	765,300	1,231,900	1,276,000	1,317,200	1,359,900	1,404,200	1,450,100	1,497,700	1,547,200	1,598,500	
Water Utility Operation																
Personal Services		4,880,628	5,061,262	5,140,700	5,223,100	3,607,600	5,544,000	5,823,400	6,056,300	6,298,600	6,550,500	6,812,500	7,085,000	7,368,400	7,663,100	
Contractual Services (except NWWC)		1,651,977	1,816,995	2,139,360	2,139,360	1,462,000	2,225,800	2,270,300	2,315,700	2,362,200	2,409,200	2,457,400	2,506,500	2,556,600	2,607,700	
Northwest Water Commission		3,463,906	3,471,097	3,667,200	3,667,200	2,457,000	3,667,200	3,667,200	3,667,200	3,667,200	3,703,900	3,740,900	3,778,300	3,816,100	3,854,300	
Commodities		739,405	642,668	972,159	972,159	664,400	1,011,400	1,031,600	1,052,200	1,073,200	1,094,700	1,116,900	1,138,900	1,161,700	1,184,900	
Other Charges		1,402,805	1,439,246	1,491,000	1,491,000	1,028,900	1,581,800	1,629,300	1,678,200	1,726,500	1,780,400	1,833,800	1,888,800	1,945,500	2,003,900	
Subtotal Water Utility Operation		12,138,721	12,431,268	13,410,419	13,492,819	9,219,900	14,030,200	14,421,800	14,769,600	15,129,500	15,538,700	15,961,200	16,397,500	16,848,300	17,313,900	
TOTAL OPERATING EXPENDITURES		13,159,440	13,467,889	14,489,719	14,594,419	9,985,200	15,262,100	15,897,800	16,086,800	16,489,400	16,942,900	17,411,300	17,895,200	18,395,500	18,912,400	
BUILDING & LAND																
Public Works Annex Improvements	BL-93-02	11,108	17,096	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
Roof Maintenance Program	BL-95-06	0	0	38,500	38,500	0	0	0	60,000	0	0	0	0	0	0	
SUBTOTAL - BUILDING & LAND		11,108	17,096	58,500	58,500	20,000	20,000	20,000	80,000	20,000	20,000	20,000	20,000	20,000	20,000	
EQUIPMENT																
Operational Equipment	EQ-94-01	97,243	87,727	138,546	138,546	118,000	139,700	211,000	101,000	125,000	125,000	125,000	125,000	125,000	125,000	
Pumps - Submersible & Booster		0	0	80,000	80,000	7,700	47,200	0	94,000	86,400	50,700	105,200	64,600	94,600	67,200	
SCADA Enhancements		0	0	25,000	25,000	8,000	30,000	10,000	30,000	58,000	59,700	61,500	63,300	65,200	67,200	
Motor Controls - Water & Sewer		0	0	0	0	53,600	47,700	72,700	95,100	69,000	90,700	0	0	0	0	
Office Equipment	EQ-95-03	4,396	10,740	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Emergency Generator Upgrade	EQ-99-02	16,244	0	10,000	10,000	25,000	795,700	0	20,000	869,500	0	922,400	0	521,900	0	
2-Way Mobile Radio Replacement	EQ-09-05	28,750	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL - EQUIPMENT		146,633	98,467	268,546	268,546	227,300	1,075,300	308,700	355,100	1,222,900	341,100	1,229,100	267,900	821,700	274,400	
SEWER																
Sewer Rehab/Replacement Program	SW-90-01	291,571	269,204	300,000	300,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000	515,000	
SUBTOTAL - SEWER		291,571	269,204	300,000	300,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000	515,000	
WATER																
Watermain Replacement Program	WA-90-01	251,387	322,193	485,000	485,000	500,000	1,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000	4,120,000	4,243,600	
Automatic Meter Reading System	WA-03-02	0	0	100,000	100,000	154,500	318,300	633,800	652,800	672,400	737,300	129,100	38,000	58,700	40,300	
Water Tank Repainting	WA-11-01	430,038	0	200,000	200,000	237,600	868,200	936,900	0	1,456,900	875,000	1,036,400	525,000	563,600	29,100	
Deep Well Rehabilitation	WA-11-02	257,641	221,879	0	0	25,800	291,700	27,300	28,100	0	0	0	0	0	0	
SUBTOTAL - WATER		939,066	544,072	785,000	785,000	917,900	2,478,200	3,098,000	2,680,900	4,629,300	4,612,300	4,665,500	4,563,000	4,742,300	4,313,000	
TOTAL CAPITAL EXPENDITURES		1,388,378	928,839	1,412,046	1,412,046	1,465,200	3,898,500	3,776,700	3,491,000	6,272,200	5,398,400	6,364,600	5,325,900	6,084,000	5,122,400	
TRANSFER TO HEALTH INSURANCE FUND																
OPERATING CONTINGENCY		0	0	0	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
TOTAL EXPENDITURES		14,547,818	14,396,728	15,951,765	16,262,365	11,800,400	19,210,600	19,524,500	19,627,800	22,811,600	22,391,300	23,825,900	23,271,100	24,529,500	24,084,800	
BEGINNING WORKING CASH		5,261,554	5,320,076	5,110,312	(158,265)	4,800,547	4,164,697	2,742,897	2,676,867	4,344,174	3,837,831	4,388,183	4,159,422	5,160,612	5,598,807	
REVENUES OVER (UNDER) EXPENDS.		58,522	(209,764)	(309,765)	(158,265)	(158,265)	(1,421,800)	1,667,307	(66,030)	(506,343)	550,352	(228,761)	1,001,190	1,599,163	1,599,163	
ENDING WORKING CASH		5,320,076	5,110,312	4,800,547	4,800,547	4,642,282	2,742,897	2,676,867	4,344,174	3,837,831	4,388,183	4,159,422	5,160,612	5,598,807	7,197,971	
Working Cash as % of Expenditures		37%	35%	30%	35%	35%	14%	14%	22%	17%	20%	17%	22%	23%	30%	

Exhibit A - Water Main Age

Length of Water Main Installed (ft)



Water and Sewer Rate Survey (with current Village of Arlington Heights rate)

EXHIBIT B
July 2014

Municipality	Water/Sewer Rate	Water Rate (per 1,000 gallons)	Sewer Rate (per 1,000 gallons)	Service Charges	Storm Sewer Charges	Comments
Rolling Meadows	\$11.60	\$8.76	\$2.84	Access Fees \$2.00/month - water \$1.00/month - sewer	\$3.71/month	No planned increases at this time
Palatine	\$11.41	\$9.14	\$2.27	\$2.04/month - water \$2.04/month - sewer	\$5.00/month flood control surcharge	Palatine's combined rate (\$4.29) is subsidized through property taxes per a 1985 referendum. For comparison purposes Palatine's tax exempt non-property tax paying rate is used here.
Elk Grove	\$10.75	\$8.75	\$2.00	No	No	Increases in January 2015 to: \$9.75 Water, \$2.25 Sewer
Schaumburg	\$9.37	\$7.76	\$1.61	\$3.17/month	Included in rate	Increases in May 2015
Mt. Prospect	\$9.22	\$7.51	\$1.71	No	\$5.00/month (sewer construction project fee - 15 years)	Increase in January 2015 Some of Mount Prospect gets serviced and billed by Illinois American Water.
Park Ridge	\$8.12	\$6.75	\$1.37	\$3.22 - sewer \$9.26-\$898 - water (bi-monthly-based on water meter size)	No	Sewer Charge to Sewer Fund Water Meter Charge to Water Fund Increases in May 2015
Des Plaines	\$7.47	\$6.25	\$1.22	No	\$1.20/1000 gallons	Converted from rate per 100 cubic feet. Increases in January 2015
Wheeling	\$6.75	\$5.41	\$1.34	No	No	No planned increases at this time
Northbrook*	\$5.95	\$4.90	\$1.05	No	\$1.00/month	*Rates effective September 2014
Arlington Heights	\$5.56	\$4.42	\$1.14	\$5.20 bi-monthly	No	
Buffalo Grove	\$5.26	\$4.21	\$1.05	No	No	4% Increase Annually

Average Combined Rate \$8.31	Average Water Rate \$6.71	Average Sewer Rate \$1.60
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EXHIBIT C

SUMMARY OF RATE INCREASE EFFECTS ON AN AVERAGE HOMEOWNER

(Average usage = 3,000 gallons per person per month; 4 people bi-monthly usage: 24,000 gallons)

	FY2015	Average Bi-monthly Bill	Average Annual Bill
Water Rate	4.42	106.08	636.48
Sewer Rate	1.14	27.36	164.16
Combined Rate	5.56	133.44	800.64

ALTERNATIVE 1	8 Mos.	2016	2017	2018	2019
Water Rate	4.64	4.87	5.12	5.37	5.64
Sewer Rate	1.20	1.26	1.32	1.39	1.45
Combined Rate	\$5.84	\$6.13	\$6.44	\$6.76	\$7.10
Water	111.38	116.95	122.80	128.94	135.39
Sewer	28.73	30.16	31.67	33.26	34.92
Average Bi-monthly Bill: Combined	140.11	147.12	154.47	162.20	170.31
Combined % Increase	5.00%	5.00%	5.00%	5.00%	5.00%
Average Increase: Bi-monthly	6.67	7.01	7.36	7.72	8.11
Annually	40.03	42.03	44.14	46.34	48.66

ALTERNATIVE 2	8 Mos.	2016	2017	2018	2019
Water Rate	4.64	5.80	6.09	6.40	6.72
Sewer Rate	1.20	1.50	1.57	1.65	1.73
Combined Rate	\$5.84	\$7.30	\$7.66	\$8.05	\$8.45
Water	111.38	139.23	146.19	153.50	161.18
Sewer	28.73	35.91	37.71	39.59	41.57
Average Bi-monthly Bill: Combined	140.11	175.14	183.90	193.09	202.75
Combined % Increase	5.00%	25.00%	5.00%	5.00%	5.00%
Average Increase: Bi-monthly	6.67	35.03	8.76	9.19	9.65
Annually	40.03	210.17	52.54	55.17	57.93

ALTERNATIVE 3	8 Mos.	2016	2017	2018	2019
Water Rate	4.64	5.52	5.80	6.09	6.39
Sewer Rate	1.20	1.42	1.50	1.57	1.65
Combined Rate	\$5.84	\$6.95	\$7.29	\$7.66	\$8.04
Water	111.38	132.55	139.17	146.13	153.44
Sewer	28.73	34.19	35.90	37.69	39.57
Average Bi-monthly Bill: Combined	140.11	166.73	175.07	183.82	193.01
Combined % Increase	5.00%	19.00%	5.00%	5.00%	5.00%
Average Increase: Bi-monthly	6.67	26.62	8.34	8.75	9.19
Annually	40.03	159.73	50.02	52.52	55.15

ALTERNATIVE 4	8 Mos.	2016	2017	2018	2019
Water Rate	4.64	5.11	5.62	6.18	6.79
Sewer Rate	1.20	1.32	1.45	1.59	1.75
Combined Rate	\$5.84	\$6.42	\$7.06	\$7.77	\$8.55
Water	111.38	122.52	134.77	148.25	163.08
Sewer	28.73	31.60	34.76	38.24	42.06
Average Bi-monthly Bill: Combined	140.11	154.12	169.54	186.49	205.14
Combined % Increase	5.00%	10.00%	10.00%	10.00%	5.00%
Average Increase: Bi-monthly	6.67	14.01	15.41	16.95	18.65
Annually	40.03	84.07	92.47	101.72	111.89