

NORTHWEST WATER COMMISSION
1525 North Wolf Road
Des Plaines, Illinois 60016
TEL 847-635-0777
FAX 847-635-9244



COMMISSION MEMBERS
Village of:
Arlington Heights
Buffalo Grove
Palatine
Wheeling

October 1, 2014

Mr. Scott T. Shirley, P.E.
Director of Public Works
Village of Arlington Heights
222 N. Ridge
Arlington Heights, IL 60005

Dear Mr. Shirley:

Over the last several years, the Northwest Water Commission debated whether or not we should provide water to customers outside of our membership. This matter was not taken lightly. At stake was our ability to continually provide safe drinking water to our members who in the early 1980's took a huge risk to bring Lake Michigan water to the area. We looked at this issue from multiple aspects and always from a "what is best for the Commission and its members" perspective.


We looked at the strength of our infrastructure in physical terms and in staffing terms and determined that it was possible. We looked at a rate structure that would provide a reasonable return on investment while not "gouging" another community. We looked at our strategic plan and determined that not only would additional revenue help us further maintain and develop our physical infrastructure, it would also provide for stabilization of our water rates for years to come. The contract developed achieves all of this while providing the highest protection to the Commission and its members.

A key provision of the Member Agreement (our contract with our member villages) is that the Commission sell water at a rate above the current member rate. The proposed contract with the City of Des Plaines does just that in that we are imposing a 60 cent per thousand gallons used surcharge. This surcharge was developed using a methodology endorsed by the American Water Works Association. The City of Des Plaines wishes to purchase 5 million gallons per day. (Currently, the Commission has 6 million gallons per day in contractual excess capacity.)

On an annual basis, the Commission expects to receive a net increase in revenues over expenditures of at least \$2,475,000. This increase in revenue will be used to pay for Commission infrastructure improvements and for water rate stabilization to our member communities.

As your Executive Director, I strongly recommend that the Village of Arlington Heights adopt a resolution supporting the contract for the sale of water between the Northwest Water Commission and the City of Des Plaines.

Should you have any questions, please do not hesitate to ask.

Sincerely,

John J. DuRocher
Executive Director