

MINUTES OF A SPECIAL MEETING OF THE WATER AND ELECTRICITY COMMITTEE OF
THE VILLAGE OF KENILWORTH HELD AT THE VILLAGE HALL, 419 RICHMOND ROAD AT
7:30 P.M. ON TUESDAY, OCTOBER 4, 2005.

Chairman Jackie Bossu called the meeting to order at 7:30 p.m. Those in attendance included:

Present:	Jackie Bossu	Chairman
	Jim Wilson	Member
	John McGinnis	Member
Other Village		
Officials Present:	Peter Dyson	Treasurer
	Max Slankard	Village Manager
	Tolbert Chisum	Village President
	Cristy Laier	Village Trustee
	Craig Miller	Village Trustee
Others Present:		
	Kenner Davis	716 Kent Road
	Ken Davis	716 Kent Road
	Bill Holland	342 Sterling Road

Chairman Bossu opened the meeting noting the discussion items are water rates and the Village street lighting system.

She commented that water rates should be considered within the framework of strategic financial planning. She noted that the Village is embarking on a strategic planning process for each department. Each of the five largest departments of the Village will do a strategic plan with the help of the Strategic Planning Group, which is a group of resident volunteers. Each department will do its own planning to set the budget for the next year, to create its own strategic plan, to provide input for a Village strategic plan, and to provide input to the Plan Commission as it develops a Comprehensive Plan.

With respect to water rates, rates are high to service the debt for the recent water plant renovation. In order to understand what the Village's options may be, she has reviewed information relating to the renovation and, over the past month, has developed six options that may be worth considering. These include:

- 1) Short-term rate reduction
- 2) Sell the water plant to a national consolidator of municipal water plants
- 3) Sell water to other communities or sell bottled water as per President Chisum's article
- 4) Purchase our water from another community
- 5) Outsource management to another community
- 6) Continue with operations status quo

Trustee McGinnis asked if these are free form ideas, or is there some content and detail to support them. Chairman Bossu said there is some content and detail. She has talked to Water Superintendent Ben Mercieri and Manager Max Slankard about short term rate reductions, and the Village's ability to sell water to other communities. Trustee Wilson said he sees all of the options as worth exploring, except maybe out-sourcing the management to another community. He added that in the long term, the Lake Michigan water allocation may become important, and it may be good to get some context on that issue. Chairman Bossu said she had talked to Don Injerd with the Illinois DNR, who told her there is no allocation issue. If the Village gave up its allocation and went onto another system, and then desired to

convert back to its own supply, the allocation would still be available. She noted that, if the Village got serious, she would want that in writing from Mr. Injerd.

Trustee Wilson said he does not see any idea on the listing that is outlandish. Trustee McGinnis questioned if this should be a Water Committee or Finance Committee discussion. Chairman Bossu said she thought the water rate was this Committee's job, as the Committee must keep in mind the need to repair water mains. Trustee McGinnis said the Committee could not discuss this without having the numbers. Chairman Bossu said she thought the Committee should see if there is an interest in looking more closely at any of the options, or excluding any of the options. Trustee McGinnis said the Committee needs to see numbers from the Village accountants, as these numbers are not always clear or obvious. He said the Committee can look at all of the options, though he is not sure we have the capacity to sell water to another community. Chairman Bossu agreed, saying she had discussed this with Water Superintendent Ben Mercieri and Village Manager Max Slankard, and the option of selling water to another community should probably be removed from the list of options.

She felt it was important for the Committee to consider the balance of the options. If a referendum is held at some point in the future, it will be important for there to have been a written report demonstrating the Village has fully considered its options. Trustee McGinnis noted that there may be issues with the bonds that bear on whether the plant could be closed or sold, and that is an important question. Chairman Bossu agreed. Manager Slankard said he was unable to find out the answer to that question today, but it may be solvable, and he will be receiving a response from Village bond counsel soon.

Treasurer Dyson commented that in this enterprise, the Village is like farmers, in that it has lean water revenue years and fat revenue years. He believes if the water rates are lowered, there will be the need for an increase in soft years. The Village's water rates were not an issue for the last 2 years when pumpage was low. He cautioned that maybe the Village should salt away the money made in a boom year.

Trustee McGinnis asked what the effect would be from a rate reduction. He said everyone needs to understand that Kenilworth under-funded its infrastructure for decades. The Village is now paying for 30 years of doing nothing. He is sensitive to this issue, but sooner or later Kenilworth has to pay. Trustee Wilson said it is foolish to explore options without supporting data. Trustee McGinnis said the Committee can agree that there is a way to determine how to explore options. Chairman Bossu recommended that she and Manager Slankard talk to other communities about potential sources of supply. She also suggested getting the Strategic Planning Group to work on this as well. If we are really going to consider these options, the Committee will need to know the hard numbers. She would also like to ask the SPG to investigate private consolidation. Mr. Ken Davis said he has talked to Aqua America, a national water plant consolidator. They have asked for a variety of statistical information from the Village as a beginning step.

Trustee McGinnis said he wants to know if Kenilworth's access to Lake Michigan water is absolute. He also wants a very definitive statement on the bonds. He said it is all cost of capital, and he doubted anyone would want this business in Kenilworth. Treasurer Dyson suggested the Committee prioritize the options.

Chairman Bossu said she felt understanding the bond restrictions was the first priority. She felt that exploring out-sourcing options with other communities, and investigating the sale to a consolidator, could parallel path. Trustee Wilson said he hates to limit the consolidator option to only Aqua America, noting that there is another company in Deerfield that does the same business. Chairman Bossu asked him to get names of other companies to the Village Manager. Treasurer Dyson asked that the Committee be sure to get all the data. Chairman Bossu noted other important issues including understanding storage needs, the need for backup supply, and the cost of mothballing the current facility. Trustee McGinnis asked if there was a statutory issue on storage. Chairman Bossu advised that there may be, but she has gotten different

answers from different sources. Trustee McGinnis commented that an analysis had been done before the plant renovation. Chairman Bossu stated that she has read the analysis, and Winnetka as a supply source was never considered. Trustee McGinnis stated his recollection was that the decision on the water plant renovation was not an economic issue, it was a storage issue, and the Committee should go back and check the storage metric. Chairman Bossu asked if he would do so. Trustee McGinnis agreed to. President Chisum commented that sale of bottled water should be considered. Chairman Bossu agreed.

Next, the Committee discussed the electric street light situation in the Village. The Village Manager reviewed the summary he had prepared on the issue between the Village and ComEd. He noted that this Committee had recommended in 2001 that a study be undertaken on the cost of converting the Village's street lights to new secondary, but the study had never been done. Trustee Wilson recalled that most ComEd pedestals and transformers are on private property, and questioned whether the Village would have the legal authority to enter the easements. He felt that it might be easier for ComEd to undertake a conversion of the power sources, on behalf of the Village, than for the Village to do so. President Chisum commented that he felt it would be important for the Village to understand the cost of converting the entire system, prior to entering into any discussions with ComEd on a final resolution of the outstanding issue. Trustee Miller commented that the Village has the schematics on the current system layout. The Village Manager commented that the Village has mapping on the system, but the challenge is determining where ComEd's actual power sources are as it relates to each light, and how much cabling would be required to convert the lights to a permanent, new secondary source. He noted that ComEd's mapping of their facilities in Kenilworth is poor. Given that most of their pedestals are on private property, it is often difficult to find their closest facility. That is what creates the need for field engineering work as part of making this determination.

Chairman Bossu commented that the first step seemed to her to be for the Village to contact the Northwest Municipal Conference and see if they can be of assistance. Next, the Village needs to understand if in fact there are any easement restrictions or issues that may dictate that ComEd would need to undertake the conversion. Lastly, the Village needs to figure out the cost of any necessary field engineering work, as a means to understand the cost of converting the system. President Chisum felt that, if the Village could come up with that cost, then negotiations with ComEd for a shared cost could begin. Trustee McGinnis added that the Village's legal counsel needs to tell the Village if the Village's position, based upon our understanding of previous agreements and actions, has any strength. He agreed that the Village needs to find a way to make this work in the short term; it must find what if any leverage points exist; and must determine the engineering cost.

There being no further business, Trustee Wilson made a motion to adjourn the meeting, which was seconded by Trustee McGinnis and unanimously approved.

Respectfully submitted,

Max Slankard
Village Manager