

Financial Considerations

- The Village is studying the total costs of producing and purchasing water and will be presented to the Village Board in discussion of potential options.
- Because the Village has not selected an option or developed specifications for any possible options, the Village does not yet know the total project costs. There are several ways in which large water supply projects can be financed (such as issuance of bonds, low-interest federal loans and other methods), and the Village will evaluate potential financing methods as the Village studies potential project options in greater detail.
- The Village's current water rate that customers pay generates revenues to cover operating costs and capital replacement projects for the plant. However, the cost of any of the project options likely cannot be funded through the water rate alone.
- The total annual operating costs for the Village to produce and deliver water is \$1.9 million per year.
- As the graph on page 44 of Strand's presentation presented at the March 19, 2015 Village Board meeting illustrates, the overall costs for the Village to operate its own water plant are reduced over time. This graph is a general comparison of the cost to purchase water from Highland Park at its current wholesale rate to the annual cost for the Village to operate and maintain a new WTP on the lakefront.