



Alternative Water Source Program Funding Strategy Update

Finance Committee Meeting

June 16, 2020

Funding Option Summary



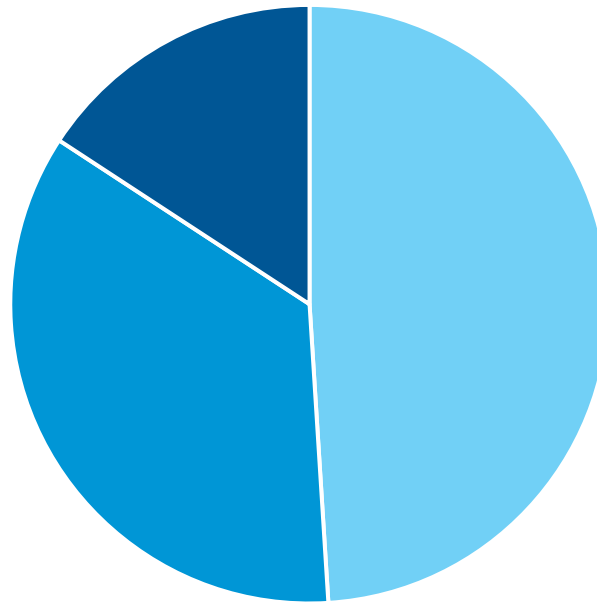
	Effort to Secure	Financing Costs	Compliance & Reporting Requirements	External Control
Federal and State Loans and Grants	High	Low	High	Low
Municipal Bonds	Low	Medium	Low	Low
P3s	High	High	Partner responsibility	High
Regional Partnering	Higher	Lower	High	Medium

Phase II Funding Strategy



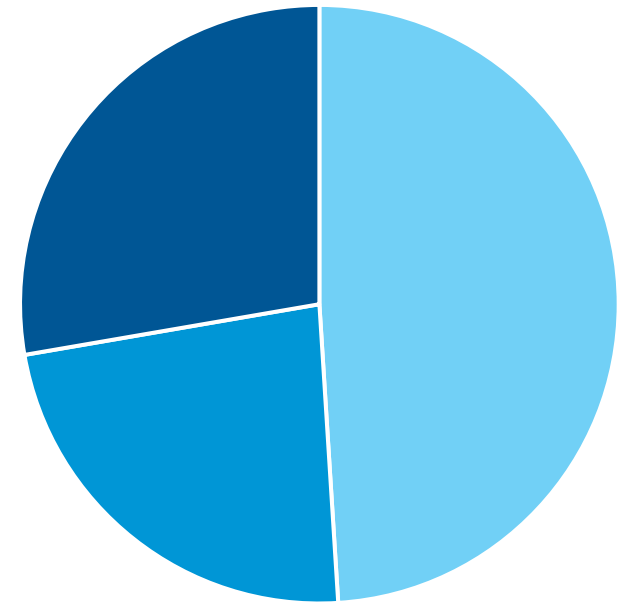
- WIFIA Loan to fund 49% of Project Costs
- Maximize SRF Loan support (up to \$50M/yr) over multiple years
- Municipal Bonds to fund remaining costs

Lake Michigan – Chicago Dept of Water Management



■ WIFIA ■ SRF ■ Municipal Bonds

Lake Michigan – New Indiana Intake

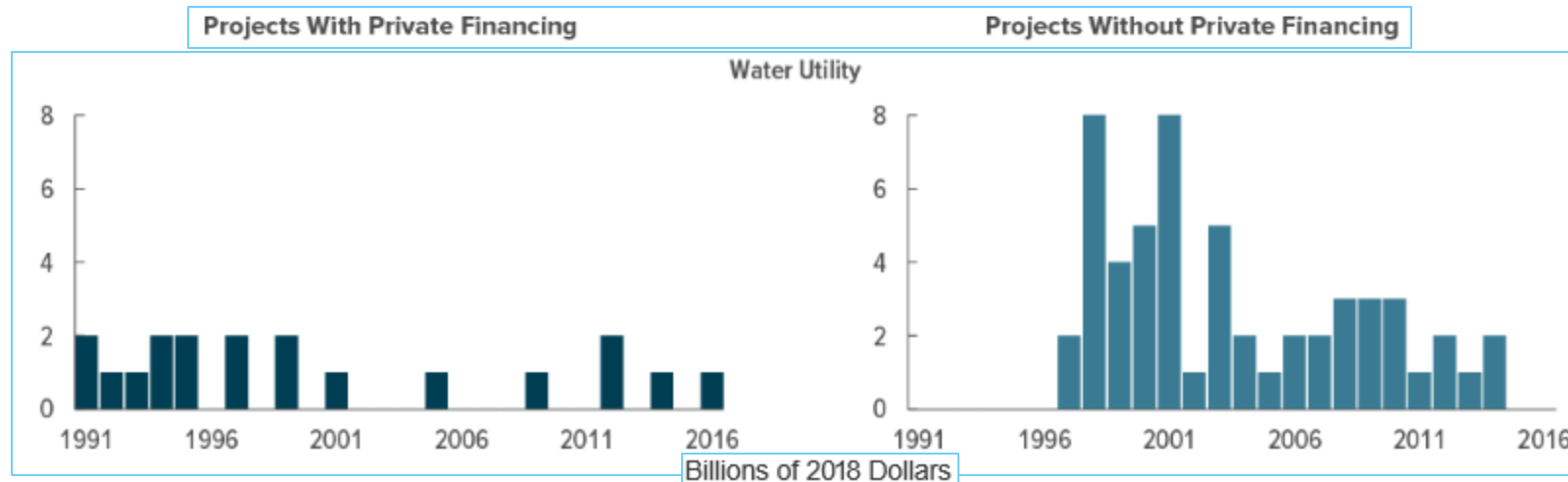


■ WIFIA ■ SRF ■ Municipal Bonds

Water P3s



- Since 1990, P3s = 1- 3% of all spending for highway, transit, and water infrastructure
- Private partner is typically paid by user fees
- Private Partner takes responsibility for O&M



Source: Congressional Budget Office, using data from the Federal Highway Administration and *Public Works Financing*

Public Private Partnerships (P3)



- Advantages

- Private partner secures capital and takes delivery responsibility and project risks

- Disadvantages

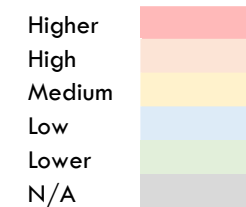
- Higher financing costs
- Less control

- Key Considerations

- Very few P3s in water sector. Requires strong agreement and significant stakeholder engagement/support.

Effort to Secure	Financing Costs
Compliance & Reporting Req'mts	External Control

Risk/Challenge Profile



Public Private Partnerships



Strengths	Weaknesses
<ul style="list-style-type: none">• Design, build, operate & maintain efficiencies resulting in cost savings• Project risk transfer• Transfer of project development and O&M responsibility• City staff directed to other projects or priorities• More flexible repayment terms	<ul style="list-style-type: none">• Higher financing costs• Less control – Transfer of project development and O&M responsibility• High transaction costs• Longer project development phase• Transfer of jobs
Opportunities	Threats
<ul style="list-style-type: none">• Leverage WIFIA• Explore ownership configurations, other options and costs during development• Identify investor-partner with lower return expectations	<ul style="list-style-type: none">• Stakeholder support• Political support• Regulatory changes• Force majeure/Disaster

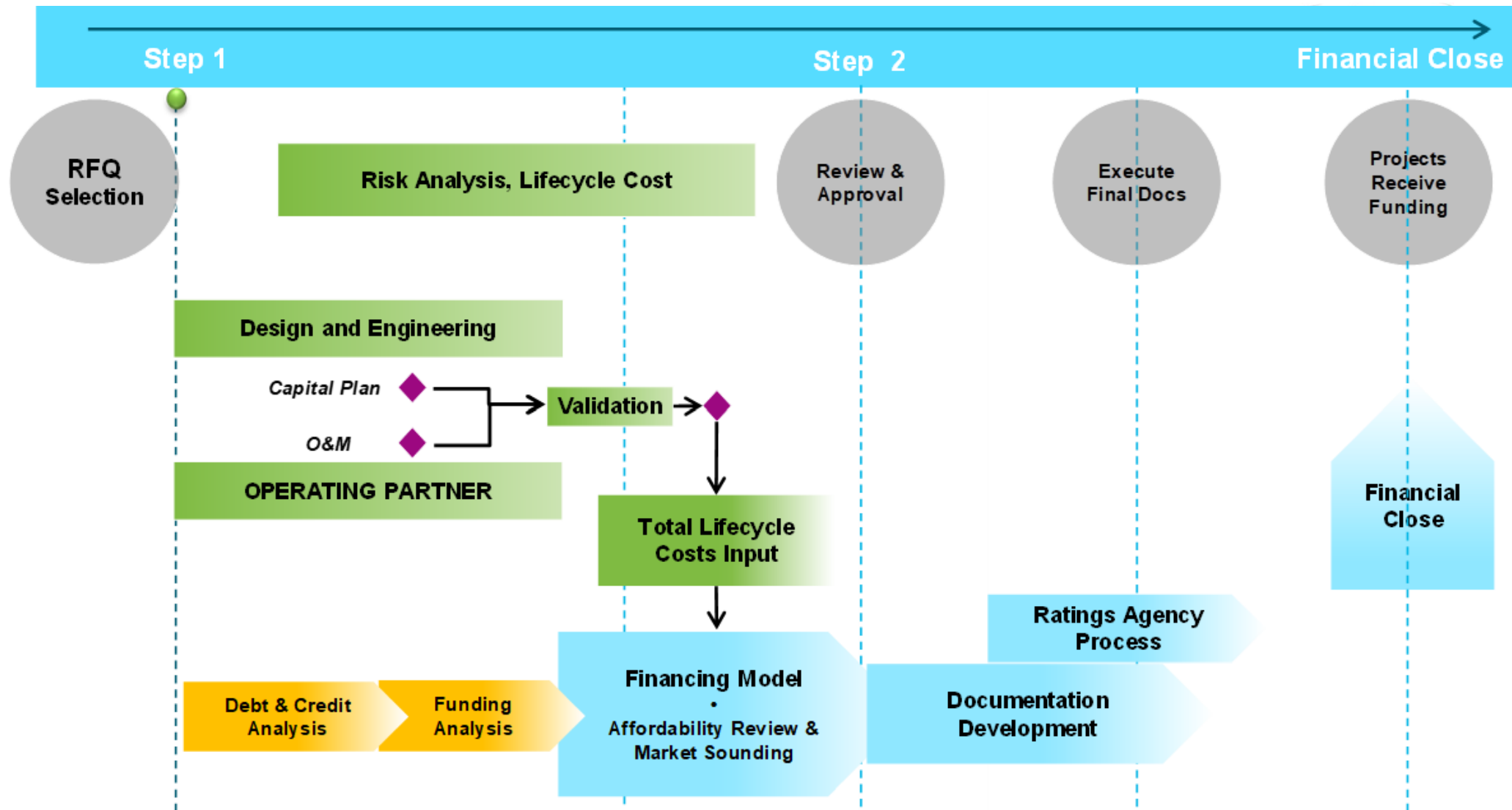
Actions to Date



Responses to Request for Information – July/August 2019

Respondents	Notice of Intent	RFI Response	Construct	Operate	Maintain	Finance
Aqua Illinois, Inc.	X		X	X	X	X
EJ Water Cooperative	X		X	X	X	X
Illinois American Water Company	X	X	X	X	X	X
Joliet Water Services Partnership	X	X	X	X	X	X
Vandecar Holdings, LLC	X		X	X	X	X
Veolia North America, LLC	X	X	X	X	X	X

Going Forward



Is a Public-Private Partnership an option that addresses Joliet's needs for the Alternative Water Source Program?



Key Considerations

- Timing
- Costs & Benefits
- Alternative Delivery Approach
- Project-specific Risk
- Stakeholder Support

Next Steps

