



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 9, 2015

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into a Contract of Commitment with Illinois-American Water Company for the development of a project for beneficial reuse of effluent water at the Calumet Water Reclamation Plant, in relation to 14-EOI-11 (Re-Advertised), Request for Expression of Interest for A Development Project for Beneficial Reuse of Effluent Water at the Calumet Water Reclamation Plant

Dear Sir:

Authorization is requested to enter into a Contract of Commitment with Illinois-American Water Company for the development of a project for beneficial reuse of effluent water at the Calumet Water Reclamation Plant, in relation to 14-EOI-11 (Re-Advertised), Request for Expression of Interest for A Development Project for Beneficial Reuse of Effluent Water at the Calumet Water Reclamation Plant.

On December 18, 2014, the Board of Commissioners authorized negotiations with Illinois-American Water Company (IAWC) for the further development of the reuse opportunity at the Calumet Water Reclamation Plant (CWRP). IAWC was the sole responder to the Request for Expression of Interest (REOI) and, upon review, the response was determined to have met the criteria set forth in the REOI, showing sufficient merit to further develop the plan and evaluate its feasibility.

The Contract of Commitment with IAWC seeks to memorialize the District's desire to move forward with the development of a beneficial reuse of effluent water at the CWRP should IAWC prove the concept to be feasible. The Contract of Commitment also sets forth the efforts to be expended by IAWC for which the District is requested to participate in discussions with, and provide feedback and guidance to, IAWC throughout the process, as appropriate. These topics include, but are not necessarily limited to, the following:

- The general operational configuration of the reuse model, including the location of IAWC's connection to existing infrastructure, water quality expectations, additional treatment required by IAWC, locations for IAWC infrastructure, and the responsibilities of the Parties relating to such
- Potential pipeline corridors for the distribution system
- Identification of, and strategies associated with, scheduling meetings with potential customers, right-of-way grantors, and other parties who may have an interest in or be affected by an effluent distribution system
- Financial considerations, including IAWC's expected capital investment, operation and maintenance costs, District water costs, customer rates, and other potential financial matters.

Though no deliverables are expected under this Contract of Commitment, IAWC has set forth the following proposed milestones for the development of the plan:

- Initial collaboration and meetings with all stakeholder groups, including potential customers and municipal stakeholders to be complete by May 31, 2015
- Economic analysis and financial model updates to be complete by June 30, 2015
- Determination of viability by July 18, 2015
- Establish a regulatory structure with the Illinois Commerce Commission by October 31, 2015
- Negotiation of a potential long term effluent reuse contract with the District by October 31, 2015

The work under this Contract of Commitment is a further refinement of the concepts provided by IAWC in its response to the REOI and is an intermediate step in the ultimate determination of feasibility and the negotiation of the terms for a potential long term agreement for effluent distribution. The required investigative, real estate, sales, and regulatory efforts are to be completed entirely by IAWC, with the District providing feedback and guidance to IAWC as appropriate. As stipulated in the REOI, the Contract of Commitment requires no capital expenditures by the District.

Based on the foregoing, it is requested that the Board of Commissioners grant authorization to enter into a Contract of Commitment with Illinois-American Water Company for the development of a project for beneficial reuse of effluent water at the CWRP. Upon determination of feasibility and successful negotiation of the terms of a potential long term effluent reuse agreement, the Board of Commissioners will later be requested to authorize execution of said Agreement.

Requested, Catherine A. O'Connor, Director of Engineering, WSS:KMF

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for April 9, 2015