



Lake County Illinois

Legislation Text

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Ordinance approving an agreement with the Central Lake County Joint Action Water Agency (CLCJAWA) and establishing the payment plan for \$8,030,400 in connection fees for the Grandwood Park and Fox Lake Hills water system customers to be paid over a 30-year period.

- The County operates the Grandwood Park water system with 2,237 customers and the Fox Lake Hills water system with 631 customers. Both systems switched from wells to Lake Michigan water supplied by CLCJAWA in early 2019.
- The direct cost of constructing the new CLCJAWA distribution system is funded through the 20-year Special Service Area 16 tax levy.
- A separate connection fee of \$2,800 per property equivalent is also required. The money will be collected through a surcharge fee for customers in these two systems. The collected funds will be paid to CLCJAWA annually over a 30-year period with no interest applied.
- The ordinance establishes the annual repayment plan to CLCJAWA. The annual payments are graduated over the 30-year period to allow the option to ease into the surcharge program. However, staff recommends establishing a constant customer rate for the 30-year period to be consistent with how other surcharge fees are collected and to avoid confusion during future rate periods.
- Rate options have been established and will be presented.

ORDINANCE

WHEREAS, the County operates the Grandwood Park water system with 2,237 customers and the Fox Lake Hills water system with 631 customers. Both systems switched from wells to Lake Michigan water supplied by CLCJAWA in early 2019; and

WHEREAS, one of the financial obligations of the County due to the addition of the Fox Lake Hills and Grandwood Park service areas to the Agency is the payment of connection fees to the Agency in previously-agreed amounts which will allow the two new County service areas to join the prior Members of the Agency in paying a proportional part of the original and subsequent costs associated with the capital improvements of the Agency ("Capital Improvement Buy-In Payment"); and

WHEREAS, pursuant to Section 4.5 of the Admissions Agreement, Lake County is required to pay a Capital Improvement Buy-In Payment in the amount of \$2,800 per housing unit as established in the Admissions Agreement, for a total amount of \$8,030,400.00 to satisfy Lake County's obligations to pay such connection fees and capital facility costs, which Buy-In Payment is also referred to herein as the "connection fee" or "Connection Fees"; and

WHEREAS, Section 4.5 of the Admissions Agreement provided two agreed-upon ways in which Lake County could pay its connection fee, and also allowed a third methodology that could be mutually agreed by the parties; and

WHEREAS, Lake County has connected to the Agency's system and has been receiving water from the Agency prior to the Effective Date of this Agreement; and

WHEREAS, negotiations have taken place between the Agency and Lake County to develop a methodology under which such connection fee payments would be made; and

WHEREAS, subject to making such connection, Lake County and the Agency have agreed that Lake County will pay various amounts in each fiscal year from year 2021 to 2050 for a combined total of \$8,030,400.00; and

WHEREAS, the parties wish to memorialize this understanding in the form of a written agreement that will be binding on both parties;

NOW, THEREFORE, BE IT RESOLVED, by this County Board of Lake County, Illinois, that the CLCJAWA connection fees agreement for Grandwood Park and Fox Lake Hills water system customers, be adopted and be made effective on dates as identified in attached agreement.

DATED at WAUKEGAN, LAKE COUNTY, ILLINOIS, on this 13th day of August, A.D., 2019.