



At the Heart of Community

PUBLIC WORKS DEPARTMENT

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AGENDAITEM

7B

Date: May 9, 2023
To: Ray Keller, Village Manager *RK*
From: Michael J Brown, Public Works Director
Subject: **Good Faith Resolution with Central Lake County Joint Action Water Agency.**

Issue: The Central Lake County Joint Action Water Agency (CLCJAWA) is requesting that the Village of Lake Zurich adopt a resolution expressing the intent to work towards a membership expansion to allow the Village to become a member of CLCJAWA.

Village Strategic Plan: This agenda item is consistent with the following Strategic Plan Goal.

- **Infrastructure Investment:** Ensure a sustainable, healthy and economical water source for current and future Lake Zurich residents.

Background:

- **In May 2022**, Village Manager Keller issued a formal Letter of Intent to CLCJAWA to request the opportunity to further explore the next steps in providing Lake Michigan water to Lake Zurich.
- **In September 2022**, the Village Board approved an intergovernmental agreement with CLCJAWA for the sharing of engineering study costs to study the feasibility, manner of accomplishment, and estimated costs to physically transport the water from CLCJAWA to the Lake Zurich borders.
- **In November 2022**, the Village Board approved a water system distribution supply study with CDM Smith that will identify the improvements that will be needed to connect Lake Zurich with a Lake Michigan water supply. In partnership with CLCJAWA as a potential water supplier, CDM Smith is developing an Engineer's Opinion of Probable Costs (EOPC) for the required, emphasizing operational efficiency and minimizing potential impacts on system pressure and fire flows.
- **In April 2023**, the Village Board received a presentation from CDM Smith at a public meeting that was broadcast live to the community, giving an overview of the proposed project phasing, infrastructure improvements, costs associated with providing Lake

Michigan water to Lake Zurich and possible funding options. The Executive Director of CLC JAWA presented a summary of the capital buy-in fee that is required to join the water agency and gave an overview of how the agency operates. The Board provided unanimous direction to Village staff to prepare a formal agreement to join CLC JAWA and proceed with the Lake Michigan water project.

Analysis: The next phase of the LMW initiative consist of the following objectives through the remainder of FY2023:

Good Faith Resolution: The adoption of the proposed Good Faith Resolution, that will provide an exclusive engagement for both agencies to continue to move forward with the intention of the Village of Lake Zurich becoming a full member of CLCJAWA. With the adoption of the agreement, both parties engaging in these discussions recognize that additional engineering, financial, economic or legal considerations may require the modification or expansion of the current principles and each party understands that it possesses a free and independent right to make a final determination regarding the expansion of CLCJAWA and the admission of Lake Zurich as a member.

IEPA SRF Loan Project Plan Submittal: Staff is working with CDM Smith to prepare a project plan to be submitted to the Illinois Environmental Protection Agency (IEPA) for SRF Funding, that will include an operational and rate analysis of the Village's current operations in regards to the water fund, and proposed project costs.

Route Study: At the April 3 Village Board meeting CDM Smith and CLCJAWA presented a proposed construction route from the connection site in Vernon Hills to the Village of Lake Zurich. The route study would provide opportunities to coordinate with external agencies and private property owners with the intention to refine costs, and secure the final alignment for engineering and design.

Preliminary Design efforts will commence in 2024 after the submission of the IEPA Project Plan and complete of the Route Study. Detailed design will follow after the preliminary design and will continue into 2025. Following design, multiple bid packages for the various improvements will be publicly bid in 2025 with full construction in 2026 with completion targeting 2028.

Recommendation: Adopt the Good Faith Resolution with the Central Lake County Joint Action Water Agency that would provide an exclusive engagement commitment with the Village of Lake Zurich and CLCJAWA.

W/Attachments:

- 1) Letter Dated April 27, 2023 from CLCJAWA
- 2) Good Faith Resolution

Central Lake County Joint Action Water Agency

Paul M. Neal Water Treatment Plant
200 Rockland Road
Lake Bluff, Illinois 60044



April 27, 2023

Mr. Michael Brown
Public Works Director
70 East Main Street
Lake Zurich, Illinois 60047

Dear Mike,

It was one year ago today that the Village of Lake Zurich (Village) made an informative presentation to our Board of Directors laying out the careful process the Village has taken to evaluate Lake Zurich's water supply future. Our Board was impressed with the in-depth water resource studies the Village has completed and the thorough approach taken to solve the ion-exchange radium discharge issue.

Three months later, CLCJAWA completed an engineering evaluation to confirm CLCJAWA's ability to provide the requested volume of water. Two months after that evaluation, our organizations signed an intergovernmental agreement to co-fund an engineering expansion assessment, the results of which were presented at the Village Board meeting in early April. After the presentation and public discussion with each Board member, the Board directed our Lake Zurich/CLCJAWA team to proceed to the next steps in this process.

The next step on the path to Lake Zurich's CLCJAWA membership, the same path followed by Wauconda, Volo, Lindenurst and Lake Villa, involves a resolution. After reporting the Village's wishes to my Board, they have directed me to provide you the attached resolution titled: A RESOLUTION EXPRESSING THE INTENT OF THE ADOPTING ENTITIES TO WORK TOWARDS A MEMBERSHIP EXPANSION OF THE CENTRAL LAKE COUNTY JOINT ACTION WATER AGENCY WITH THE VILLAGE OF LAKE ZURICH. We ask that the Village Board adopt this resolution in May. The CLCJAWA Board will then adopt the same resolution at our next meeting in June.

Using the process of marriage as an example, this resolution essentially "engages" our two organizations to work together in good faith to eliminate the ion-exchange radium discharge issue and to secure a permanent Lake Michigan water supply for the Village.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Soucie', is written over a light blue horizontal line.

William J. Soucie
Executive Director

VILLAGE OF LAKE ZURICH



RESOLUTION NO. 2023-05-_____

**RESOLUTION EXPRESSING THE INTENT OF THE ADOPTING ENTITIES TO
WORK TOWARDS A MEMBERSHIP EXPANSION OF THE CENTRAL LAKE
COUNTY JOINT ACTION WATER AGENCY WITH THE VILLAGE OF LAKE
ZURICH**

WHEREAS, the Central Lake County Joint Action Water Agency (“CLCJAWA”) is an intergovernmental entity created as a result of constitutional and statutory language allowing governmental bodies to seek to jointly draw water from Lake Michigan and distribute potable water to its Members; and

WHEREAS, CLCJAWA has carried out this function for decades, and has constructed a modern and efficient water distribution system; and

WHEREAS, after extensive studies, CLCJAWA has concluded that it has the ability to produce water in capacities which are in addition to those reasonably required now, and in the future, by its current Members; and

WHEREAS, the efficiency of CLCJAWA is improved and the cost charged to its Members and to ultimate water consumers, would be reduced if CLCJAWA is able to admit additional Members or to otherwise sell excess water capacity; and

WHEREAS, the Village of Lake Zurich could be served within the capacity of the CLCJAWA system; and

WHEREAS, in order for the Village of Lake Zurich to be admitted to membership in CLCJAWA, additional discussions need to ensue, based upon a general set of agreed principles; and

WHEREAS, the agreed principles, currently being considered by the parties, (“Current Principles”) is attached to this Resolution as Exhibit “A”, and

WHEREAS, the organization documents of CLCJAWA allows new Members to be admitted under such terms and conditions as are agreed to; and

WHEREAS, CLCJAWA and the Village of Lake Zurich desire to adopt the same or similar resolution agreeing to enter into further discussions under the Current Principles; and

WHEREAS by the passage of this Resolution, the entity adopting a pledge to engage in good-faith discussion in seeking to come to an agreement under which the Village of Lake Zurich shall be admitted to membership in CLCJAWA, but each entity adopting the Resolution retains its right to come to a final, independent conclusion regarding membership expansion;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTRAL LAKE COUNTY JOINT ACTION WATER AGENCY, LAKE COUNTY, ILLINOIS as follows:

SECTION 1: The Corporate Authorities of the CENTRAL LAKE COUNTY JOINT ACTION WATER AGENCY agree, by adopting this Resolution to engage in good-faith discussions regarding the expansion of CLCJAWA based upon the Current Principles appended to this Resolution as Exhibit “A”.

SECTION 2: The parties engaging in these discussions recognize that additional engineering, financial, economic or legal considerations may require the modification or expansion of the Current Principles and each party understands that it possesses a free and independent right to make a final determination regarding the expansion of CLCJAWA and admission of new Members.

SECTION 3: This Resolution shall be in full force and effect upon its passage.

ADOPTED by the President and the Village Board of Trustees of the Village of Lake Zurich, Illinois, this 15th day of May 2023, pursuant to a roll call vote as follows:

AYES:
NAYS:
ABSENT:

APPROVED by me this ____ day of May, 2023

Village President

Village Clerk

EXHIBIT A

Central Lake County Joint Action Water Agency Membership Expansion Current Principles (Guidelines)

Governance:

1. The Village of Lake Zurich will join as a full member with all rights and privileges of existing members. This will result in one new member.
2. An Admission Agreement will bind the two parties.

Financial:

1. The Village of Lake Zurich will pay CLCJAWA capital buy-in fees of \$2,973.00 per Lake Zurich housing unit (official census data) plus any additional housing units served by the Village's public water supply at the time of project completion.
2. The Village of Lake Zurich is responsible to finance the necessary capital improvement, to CLCJAWA's specification, to connect their system to the CLCJAWA system.
3. Payment of the capital buy-in fees may be staged over a 30-year period at 0.0% interest.
4. The Village of Lake Zurich and all parcels served by their public water supply, will be added to CLCJAWA's property tax district. The Agency currently has no general obligation bonds.

Miscellaneous Items:

1. CLCJAWA will only be responsible to provide a projected maximum day water demand based on the water demand schedule for Village of Lake Zurich of 3.4 million gallons per day.
2. The Village of Lake Zurich, as part of the infrastructure improvements required to connect to CLCJAWA's existing infrastructure will install:
 - a. Tee-connections with a valve for possible looping or interconnections at key locations (to be determined).
 - b. Needed improvements (or other compensation agreement with CLCJAWA) for the two existing Members who will experience a modeled maximum day pressure drop of 10 psi or greater.
3. The Village of Lake Zurich, as part of the infrastructure improvements required to connect to CLCJAWA's existing transmission system, will upsize the water mains one diameter size. The Village of Lake Zurich will be eligible for a recapture from any other new customers in the future.
4. Negotiate and agree on such other items as are critical to the installation, connection and completion of the Village of Lake Zurich infrastructure improvements required to connect to CLCJAWA's existing infrastructure to implement a fully functional water distribution system for the delivery of municipal water to the users in the Village of Lake Zurich.