



July 18, 2018

RE: **Lake Michigan Water Update**

Dear Water/Sewer Customer,

For well over a decade now the Village of Wauconda has been working on the largest project in the Village's long history, which is the delivery of Lake Michigan water - a clean and sustainable source of drinking water for the residents and businesses of Wauconda. With the delivery of Lake Michigan water just one year away, I would like to take this opportunity to provide you with a brief history on this project and the current status of construction along with the financial impact of this project to the water/sewer customer, including a new water/sewer rate schedule effective July 1, 2018.

### **History of Lake Michigan Water Project**

The initiative to bring a clean and sustainable source of drinking water to the Village of Wauconda began back in 2006 when a Village-initiated water survey confirmed that the Village's long-term water quality and quantity could not be sustained by the Village's existing well structure. While the Village's current wells and treatment process provide clean and safe water to our customers today, this current water supply is not a sustainable option for the Village long-term. This information led Village officials to seek alternatives to the existing well structure and Lake Michigan water was identified as the best alternative for Wauconda. Over the course of the next 10+ years the Village completed the following actions toward the pursuit of Lake Michigan water:

- **2011** - The Village secured a Lake Michigan water allocation from the Illinois Department of Natural Resources to reserve the Village's share of this valuable commodity.
- **2012** - Wauconda voters approved by a 2-1 margin a referendum that authorized the Village to issue up to \$41 million in General Obligation Bonds to pay for the Lake Michigan water project.
- **2014** - The Central Lake County Joint Action Water Agency (CLCJAWA) authorized an Admissions Agreement to allow the Villages of Wauconda and Volo membership to the water agency.
- **2017** - Wauconda and Volo are officially instated as members of CLCJAWA.

### **Lake Michigan Water Project Construction**

The Lake Michigan water Project construction includes two primary components: 1) internal system improvements to facilitate the distribution of the single source of water throughout the Village; and 2) external improvements (outside Wauconda) to construct a transmission water main to deliver Lake Michigan water from the CLCJAWA system to Wauconda. The internal system improvements are broken out into three phases and include improvements to the Village's water mains along with the construction of an elevated storage tank and a ground storage tank and booster station. To date, Phases I & II of the internal improvements have been completed and Phase III is anticipated for

completion this fall. All internal improvements have been completed on time and within budget. Construction on the external improvements are being managed by CLCJAWA and began in 2017. The external improvements are broken into five segments and are anticipated for final completion in summer of 2019. At the current construction pace, delivery of Lake Michigan water to Wauconda is planned for July of 2019.

**Lake Michigan Water Financials / New Water & Sewer Rate Schedule**

The Lake Michigan water project is being paid for by a combination of property taxes and revenues generated by water rates. At the time of the 2012 referendum, the estimated monthly increase to the average Wauconda household was forecasted at \$43 per month upon delivery of Lake Michigan water, which combines increases to both property taxes and water rates. I am pleased to report that based on actual costs to date along with remaining project estimates, the estimated monthly increase to the average Wauconda household will fall below this initial \$43 per month estimate.

At the July 2, 2018 Village Board meeting, the Village Board approved a new 5-year Water & Sewer Rate Schedule that adjusts rates to begin paying for Lake Michigan water project costs as well as simplifies the current rate structure by eliminating the business and industrial categories by 2019. The new water & sewer rates effective July 1, 2018 are as follows:

<b><u>Description</u></b>	<b><u>Residential</u></b>	<b><u>Business</u></b>	<b><u>Industrial</u></b>
Combined Water & Sewer Services (per 1,000 gallons)	<b><u>\$15.40</u></b>	<b><u>\$15.72</u></b>	<b><u>\$15.94</u></b>
Water Service Only (per 1,000 gallons)	<b><u>\$6.98</u></b>	<b><u>\$7.13</u></b>	<b><u>\$7.25</u></b>
Sewer Service Only (per 1,000 gallons)	<b><u>\$8.42</u></b>	<b><u>\$8.59</u></b>	<b><u>\$8.69</u></b>

Please visit [www.wauconda-il.gov/WaterRates](http://www.wauconda-il.gov/WaterRates) to view the recently approved Water/Sewer Rate Schedule.

As we get closer to the delivery of Lake Michigan water in 2019, the Village will be maintaining consistent communication with our water/sewer customers to provide updates and useful information regarding this very important project. Please stay tuned and thank you for your patience and cooperation during this long endeavor.

Sincerely,

VILLAGE OF WAUCONDA



Lincoln F. Knight, Mayor