LAKE MICHIGAN WATER PROJECT

MAY 8, 2017
LAKE MICHIGAN WATER PROJECT

• CURRENT WATER SUPPLY – SHALLOW WELLS

• OVER THE YEARS, THE VILLAGE HAS EXPERIENCED DECLINES IN ITS WELL WATER SUPPLY.

• IN 2005, WATER STUDY WAS COMPLETED.
  • STUDY CALLED FOR CONSTRUCTION OF 3 NEW SHALLOW WELLS AND 1 DEEP WELL
  • OR CONNECTION TO LAKE MICHIGAN WATER
LAKE MICHIGAN WATER PROJECT

• 2007 – FEASIBILITY STUDY AND COST ANALYSIS
  • FOUND THAT LAKE MICHIGAN WATER WAS FEASIBLE
  • MOST COST-EFFECTIVE LONG-TERM SOLUTION

• 2011 – VILLAGE WAS GRANTED A LAKE MICHIGAN WATER ALLOCATION FROM IDNR

• 2012-2013 – CONDUCTED AN EVALUATION OF ALL TRANSMISSION OPTIONS
  • FOUND THAT CLCJAWA WAS THE MOST COST EFFECTIVE AND HIGHEST QUALITY OPTION
NURSEY INFORMATIONAL MATERIALS AND NEWSLETTERS

- FEBRUARY 2010
- AUGUST 2010
- OCTOBER 2010
- FEBRUARY 2011
- APRIL 2011
- JUNE 2011
- OCTOBER 2011
- APRIL 2012
- OCTOBER 2012 – SPECIAL REPORT
- AUGUST 2013
- OCTOBER 2013
- DECEMBER 2013
- FEBRUARY 2014
- APRIL 2014
- JUNE 2014
- AUGUST 2014
- SEPTEMBER 2014
- APRIL 2015
- JUNE 2015
- JANUARY 2016
- APRIL 2016
- OCTOBER 2016
- JANUARY 2017
- MAY 2017
PUBLIC INFORMATION MEETINGS

- APRIL 4, 2011
- JANUARY 21, 2013
- FEBRUARY 23, 2013
- MARCH 23, 2013
- MARCH 24, 2013
- APRIL 13, 2013
- AUGUST 13, 2013

WWW.LINDENHURSTIL.ORG/LAKEMICHIGANWATER
WWW.LAKECOUNTYIL.GOV/LAKEMICHIGANWATER
REGULAR VILLAGE BOARD MEETINGS

- JUNE 28, 2010
- JUNE 13, 2011
- AUGUST 22, 2011
- APRIL 23, 2012
- SEPTEMBER 10, 2012
- FEBRUARY 11, 2013
- SEPTEMBER 23, 2013
- OCTOBER 13, 2014
- FEBRUARY 9, 2015
- AUGUST 10, 2015
- JANUARY 25, 2016
- OCTOBER 24, 2016
LAKE MICHIGAN WATER PROJECT

• 2013 – ENTERED INTO AN ADMISSIONS AGREEMENT WITH CLCJAWA

• 2015 – BEGAN CONSTRUCTION OF INTERNAL SYSTEM IMPROVEMENTS TO PREPARE VILLAGE’S WATER SYSTEM FOR TRANSITION

• 2016 – EXTENSION OF CLCJAWA TRANSMISSION MAIN TO LINDENHURST

• ANTICIPATED TRANSITION TO LM WATER – FALL 2017
LAKE MICHIGAN WATER PROJECT

• PHASE I WATER MAIN IMPROVEMENTS
• CONTRACTOR: BERGER EXCAVATING
• AMOUNT: $6,269,670
• FUNDING: IEPA WATER LOAN PROGRAM 2.21% OVER 20 YEARS
• REPAYMENT: VILLAGE WATER RATES
LAKE MICHIGAN WATER PROJECT

- PHASE II WATER MAIN IMPROVEMENTS
- CONTRACTOR: DIMEO BROTHERS
- AMOUNT: $6,329,758
- FUNDING: IEPA WATER LOAN PROGRAM 1.86% OVER 20 YEARS
- REPAYMENT: VILLAGE WATER RATES
LAKE MICHIGAN WATER PROJECT

- LAKE WATER RECEIVING FACILITY AND RESERVOIR
- CONTRACTOR: MANUSOS
- AMOUNT: $3,522,000
- FUNDING: IEPA WATER LOAN PROGRAM
  1.86% OVER 20 YEARS
- REPAYMENT: VILLAGE WATER RATES
WATER & SEWER RATE STRUCTURE CHANGE

• TWO FACTORS IMPACTING RECENT CHANGES IN WATER & SEWER UTILITY BILLS

1. CHANGE IN RATE STRUCTURE

2. NEW COSTS ASSOCIATED WITH TRANSITION TO LAKE MICHIGAN WATER
CHANGE IN RATE STRUCTURE

• FEEDBACK THAT CURRENT, MINIMUM CHARGE RATE STRUCTURE WAS INEQUITABLE
  • WATER - 0-15 UNITS = $35.06; OVER 15 UNITS $2.34 PER UNIT
  • SEWER - BASE CHARGE = $66.22; 0-10 UNITS - $.64/UNIT, 11-30 UNITS - $.85/UNIT, 30 PLUS - $1.00/UNIT
  • CUSTOMER USING ZERO WATER WOULD PAY $101.28 PER BI-MONTHLY BILL

• VILLAGE BOARD DETERMINED THIS WAS NOT AN EQUITABLE SYSTEM
NEW RATE STRUCTURE

- NEW RATE STRUCTURE IMPLEMENTS A PER UNIT CHARGE
- WATER - $6.09 PER UNIT
- SEWER - $5.75 PER UNIT
- NO MINIMUM CHARGES
NEW RATE STRUCTURE

• WHAT DOES THIS MEAN FOR UTILITY CUSTOMERS
  • THOSE THAT USE LESS, PAY LESS
  • THOSE THAT USE MORE, PAY MORE
  • 42% OF CUSTOMERS WILL SEE A REDUCTION IN COSTS (1,979 CUSTOMERS)
  • ANOTHER 30% WILL SEE AN INCREASE BETWEEN $10.72 AND $65.67 PER BILL
  • 72% OF CUSTOMERS WILL SEE ANYWHERE FROM A REDUCTION OF $90 TO AN INCREASE OF $65 PER BILL
  • 28% OF CUSTOMERS WILL SEE AN INCREASE GREATER THAN $65 PER BILL
LAKE MICHIGAN WATER

• TWO MAJOR COSTS ASSOCIATED WITH LAKE MICHIGAN WATER
  • DEBT PAYMENTS – INTERNAL SYSTEM IMPROVEMENTS - $1,020,327
  • PURCHASE OF WATER FROM CLCJAWA - $782,105

• ANNUALLY, VILLAGE PREPARES A 10-YEAR FINANCIAL FORECAST FOR WATER & SEWER FUND
## 10-YEAR FINANCIAL FORECAST

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water/Sewer Administration</td>
<td>1,047,089</td>
<td>1,071,076</td>
<td>1,107,617</td>
<td>1,160,393</td>
<td>1,203,606</td>
<td>1,239,714</td>
<td>1,276,905</td>
<td>1,315,213</td>
<td>1,354,669</td>
<td>1,395,309</td>
<td>1,437,168</td>
</tr>
<tr>
<td>Sewer Operating</td>
<td>746,053</td>
<td>754,380</td>
<td>777,194</td>
<td>800,724</td>
<td>824,992</td>
<td>849,742</td>
<td>875,234</td>
<td>901,491</td>
<td>928,536</td>
<td>956,392</td>
<td>985,084</td>
</tr>
<tr>
<td>Water Operating</td>
<td>590,020</td>
<td>1,389,225</td>
<td>1,507,087</td>
<td>1,498,947</td>
<td>1,498,747</td>
<td>1,543,709</td>
<td>1,590,020</td>
<td>1,637,721</td>
<td>1,686,853</td>
<td>1,737,458</td>
<td>1,789,582</td>
</tr>
<tr>
<td>Water/Sewer Debt Obligations</td>
<td>570,385</td>
<td>1,626,096</td>
<td>1,408,959</td>
<td>1,407,956</td>
<td>1,406,686</td>
<td>1,410,145</td>
<td>1,408,116</td>
<td>1,230,806</td>
<td>1,230,806</td>
<td>1,230,806</td>
<td>1,230,806</td>
</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td>2,953,546</td>
<td>4,840,777</td>
<td>4,800,857</td>
<td>4,868,020</td>
<td>4,934,031</td>
<td>5,043,310</td>
<td>5,150,276</td>
<td>5,085,231</td>
<td>5,200,864</td>
<td>5,319,965</td>
<td>5,442,640</td>
</tr>
<tr>
<td>Revenue vs. Costs</td>
<td>339,282</td>
<td>(79,041)</td>
<td>55,568</td>
<td>84,984</td>
<td>69,900</td>
<td>10,660</td>
<td>(45,767)</td>
<td>70,324</td>
<td>6,246</td>
<td>(60,784)</td>
<td>(130,867)</td>
</tr>
<tr>
<td>Year End Fund Balance</td>
<td>1,449,844</td>
<td>1,370,803</td>
<td>1,426,372</td>
<td>1,595,336</td>
<td>1,665,236</td>
<td>1,675,895</td>
<td>1,630,129</td>
<td>1,700,452</td>
<td>1,706,699</td>
<td>1,645,914</td>
<td>1,515,047</td>
</tr>
<tr>
<td>Target Balance (2 mo.)</td>
<td>492,258</td>
<td>806,796</td>
<td>800,143</td>
<td>811,337</td>
<td>822,338</td>
<td>840,552</td>
<td>858,379</td>
<td>847,538</td>
<td>866,811</td>
<td>886,661</td>
<td>907,107</td>
</tr>
<tr>
<td>+ or - vs. Target</td>
<td>957,586</td>
<td>564,007</td>
<td>626,229</td>
<td>783,999</td>
<td>842,897</td>
<td>835,344</td>
<td>771,749</td>
<td>852,914</td>
<td>839,888</td>
<td>759,254</td>
<td>607,941</td>
</tr>
</tbody>
</table>
RATE HISTORY

• WATER
  • 2007
    - MINIMUM CHARGE FOR 0 TO 15 UNITS = $15.17
    - OVER 15 UNITS = $1.01 PER UNIT
  • 2016
    - MINIMUM CHARGE FOR 0 TO 15 UNITS = $35.06
    - OVER 15 UNITS = $2.34 PER UNIT

• OVER 10 YEAR PERIOD, WATER RATES HAVE INCREASED 131%, OR 13% PER YEAR IN ANTICIPATION OF TRANSITION TO LAKE MICHIGAN WATER.

• IN 2011 – 2013, WATER & SEWER RATES WERE INCREASED 4%, BUT 100% OF THE INCREASE WENT TO WATER RATES (SO SEWER RATES WERE FROZEN FOR THREE YEARS)