



BRINGING LAKE MICHIGAN WATER TO LAKE ZURICH

\$154 Million infrastructure project to be completed by 2028



PRESENTATION OVERVIEW

- Lake Zurich water supply 101
- Transition to Lake Michigan Water timeline
- Did we explore other options
- Construction costs
- Financing the project
- Your questions



WATER SUPPLY 101

From 1912 through 2009

Milestones:

- 1912 pumping from shallow wells
 - 1970's transition to deep wells to accommodate growing population
 - 1980's Illinois EPA orders decommissioning of municipal waste treatment plant
 - 1994 Wastewater treated by Lake County
 - 2000 U.S. EPA determines new lower level of radium in drinking water
 - 2002 ion exchange selected to meet new radium standard
 - 2009 \$9.5 million investment in plant upgrades
- 1970 Transition to deep wells
 - 1994 Lake County treats wastewater
 - 2000 EPA lowers radium levels
 - 2009 Ion exchange implemented

WATER SUPPLY 101

From 2011 through 2019

Milestones:

- 2011 LMW allocation granted
 - 2016 Lake County radium reduction
 - 2018 Water meter replacement
 - 2019 Lake County requires complete radium reduction
- 2011 Village granted conditional Lake Michigan Water allocation
 - 2012-2015 Preliminary studies to identify LMW suppliers. Community survey inconclusive on switching to LMW.
 - 2016 Lake County requires reduction in radium from wastewater customers
 - 2017-2019 Board & staff explore potential partners for obtaining LMW
 - 2018 Village-wide water meter replacement
 - 2019 Lake County asks for plan to remove radium from wastewater

WATER SUPPLY 101

From 2020 through 2023

Milestones:

- 2020 Study to consider new options
- 2022 Costs of treatment vs transition to LMW
- 2023 Move forward with LMW transition

- 2020 Contract with engineering firm to consider option not explored in the 2012 study
- Early 2021 Alternative treatment options, feasibility are examined
- Mid 2021 Possible LMW suppliers are identified
- Late 2021 Capital costs for treatment or transition are examined
- Early 2022 COW Workshop
- Early 2023 Transition to LMW funding options. Board provides unanimous direction to prepare agreement with Central Lake County Joint Action Water Agency (CLCJAWA)



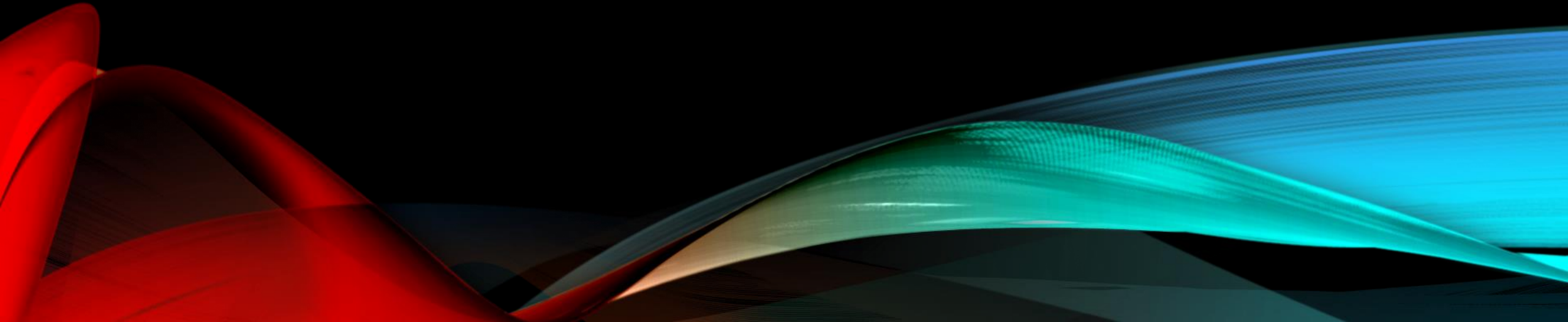
WATER SUPPLY 101

From 2023 through 2024

Milestones:

- 2023 CLCJAWA considers & approves Lake Zurich membership
- 2024 CLCJAWA launches pipeline route study
- Mid 2023 CLCJAWA considers Lake Zurich membership
- Late 2023 Board approves funding of construction as part of 2024 budget
- 2024 CLCJAWA approves Lake Zurich membership and launches route study

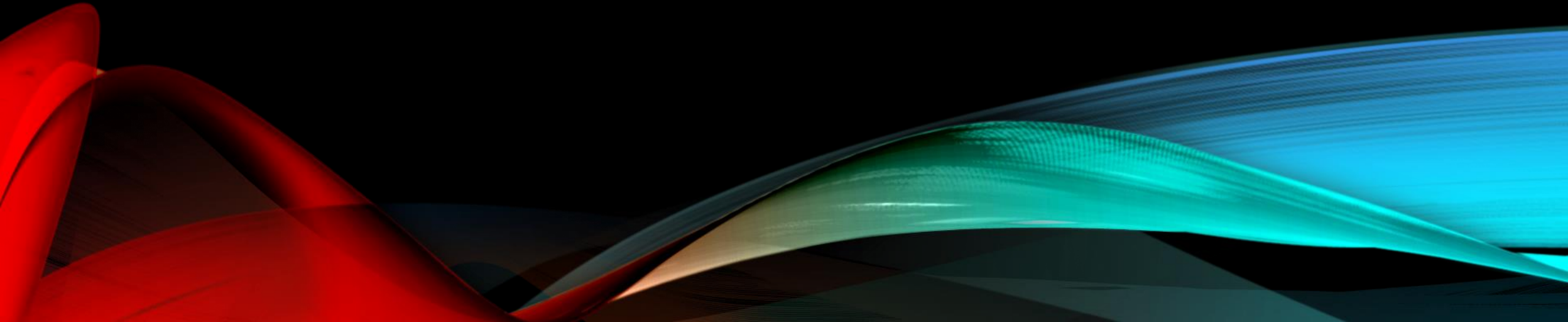
TRANSITION TO LAKE MICHIGAN WATER TIMELINE



ANTICIPATED TIMELINE TO LAKE MICHIGAN WATER



DID WE EXPLORE OTHER OPTIONS



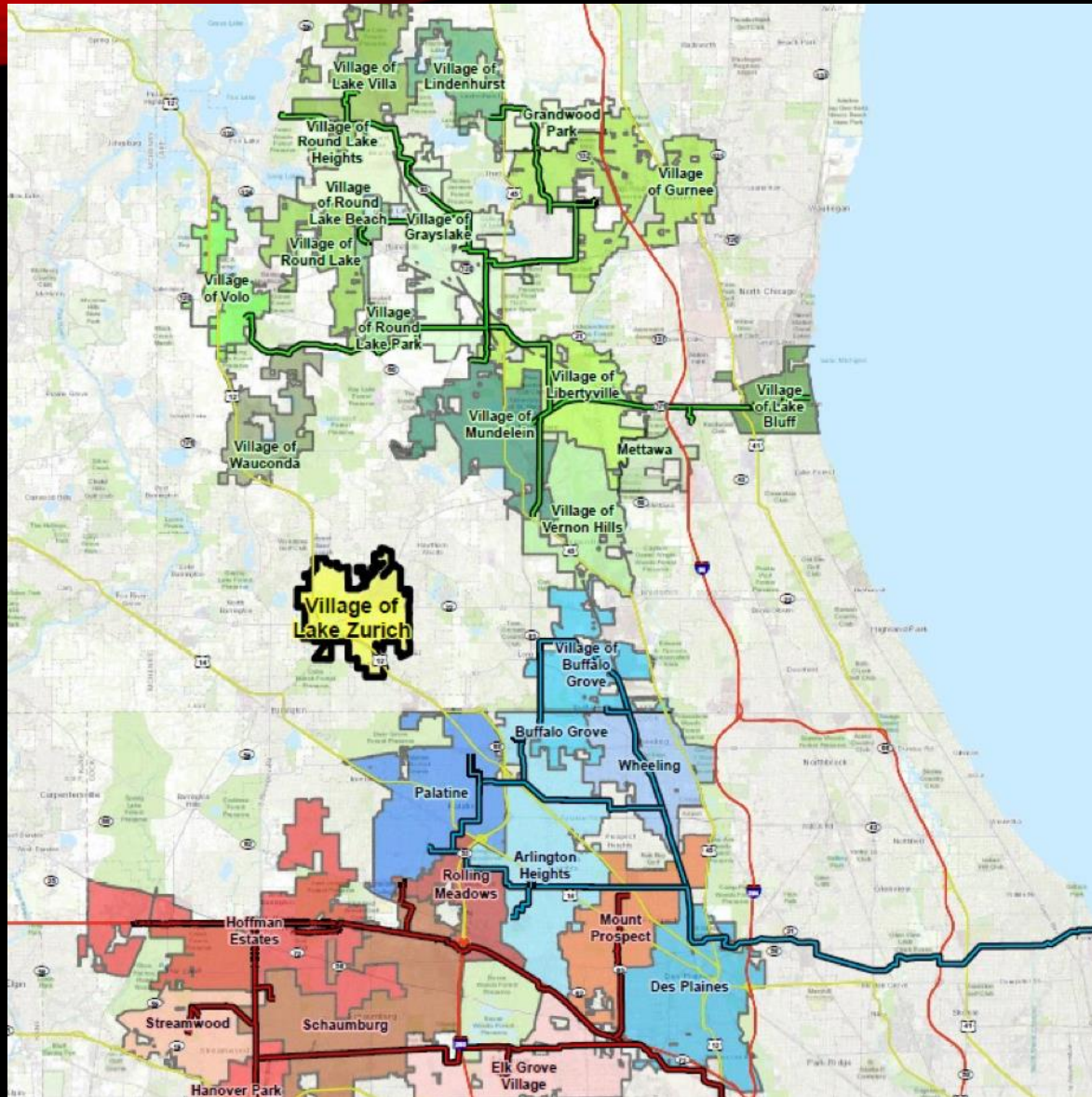
ARE THERE OTHER OPTIONS

- Do nothing
 - Not an option since Lake County already mandates no radium in wastewater.
- Replace ion exchange with radium selective media
 - Does not work for wells that have barium. Lowers water quality.
- Lime Softening
 - Difficult and costly to implement. Requires radium waste hauling & disposal
 - Cost estimated at \$120M
- WesTech Spiralator
 - Unproven at the scale needed. Requires radium waste hauling & disposal
 - Cost estimated at \$120M

The short
answer is:

NO

CLCJAWA VS OTHER SUPPLIERS



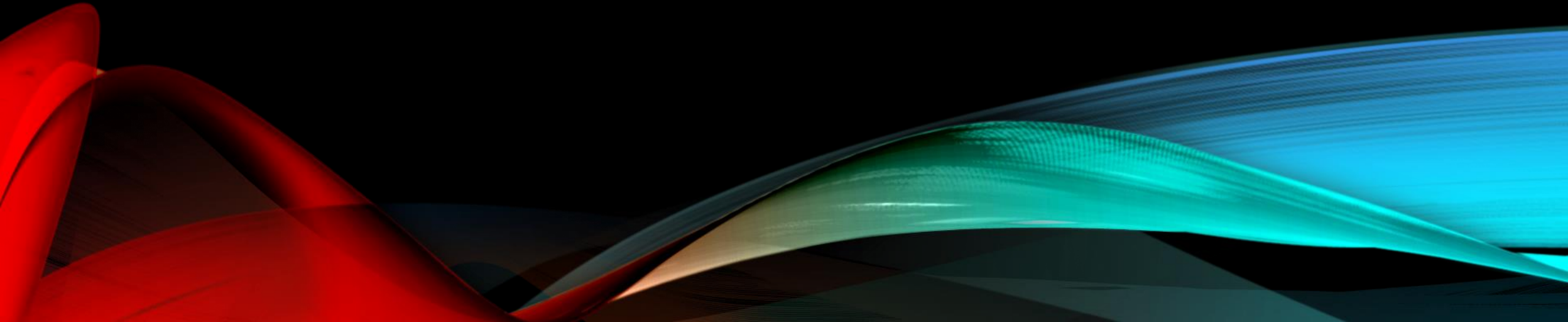
- Central Lake County JAWA – from Lake Bluff
- Northwest Water Commission – from Evanston
- Northwest Suburban Municipal JAWA – from Chicago



IS THIS THE RIGHT TIME?

- New regulations from U.S. and Illinois EPA. Capital investment solely paid for by the Village.
- Ongoing depletion of the St. Peter and Ironton-Galesville Aquifers. Is it adequate for the long-term?
- Great Lakes Compact allocated a fixed amount of Lake Michigan Water allocations for Illinois.

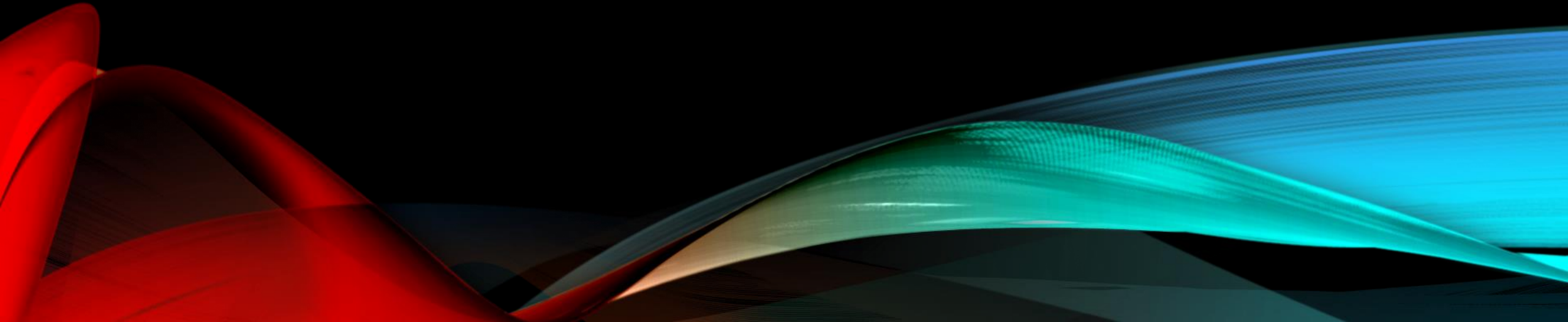
CONSTRUCTION COSTS



ESTIMATED PROJECT COSTS

Item	CLCJAWA on Behalf of Lake Zurich	Lake Zurich Distribution System Improvements
Construction	\$38M - \$44M	\$18M - 22M
Contingency	\$9M - \$11M	\$5M - \$6M
Change Orders	\$2M - \$3M	\$1M - \$2M
Engineering	\$9M - \$11M	\$5M - \$6M
Easements & Acquisitions	\$0.5M	
Total Estimated	\$59M - \$69M	\$29M - \$36M
Total Estimated in 2027	\$74M - \$88M	\$37M - \$44M
Program Cost	\$111M - \$132M	
CLCJAWA Connection Fee	\$22M	
Total	\$133M - \$154M	

FINANCING THE PROJECT



FINANCING CONSTRUCTION

- ❑ Three Financing Components
 - ❑ Village IEPA Loans
 - ❑ \$45 Million at \$2.3M per year for 30 years
 - ❑ CLCJAWA IEPA Loans (on behalf of Lake Zurich)
 - ❑ \$87 Million at \$4.5M per year for 30 years
 - ❑ CLCJAWA capital charge
 - ❑ \$22 Million at \$740K per year for 30 years

\$7.5M needed annually for debt service for 30 years starting in 2028

NO REFERENDUM NEEDED FOR WATER RATE RELIEF

- The recently State House Bill HB3144 includes a provision for non-home rule municipalities to institute up to a 1% sales tax on general merchandise without a referendum.
- Village Board will increase the existing non-home rule sales tax by .5% to 1% at the September board meeting.
- The new rate take effect January 1, 2025.
- Funds from the additional .5% are pledged to pay the costs associated with bringing Lake Michigan Water to the community.

NON-HOME RULE SALES TAX

- New sales tax rate effective January 1, 2025
- Applies to tangible goods, and prepared food, including clothing, grooming/hygiene products, electronics, appliances, housewares/home décor, readily consumed foods and beverages, restaurant sales, alcohol sales, soft drinks and candy, excluding food & medicine.
- Lake Zurich rate would go from 7.5% to 8%. Kildeer will be & Deer Park is at 8% today; Palatine at 10%
- With 40% of NHRST paid by non-residents, they pay 15% of project cost.

PROJECT CAPITAL COST REPAYMENT

New revenue of \$7.5 Million per year for 30 years

Lake Michigan Capital Rate on Utility Bill

+ Increase of Non-Home Rules Sales Tax

- Billed at \$x per 1,000 gallons
 - FY 2024 = + \$3
 - FY 2025 = + \$1.50 (+\$4.50 cumulative)
 - FY 2026 = + \$1.50 (+\$6 cumulative)
 - FY 2027 = + \$2 (+\$8 cumulative)
 - FY 2028 = + \$2 (+\$10 cumulative)

+ 0.5% local sales tax
ramps to \$2.5M
annually in 2025

Non-Home Rule Sales Tax Increase To Reduce Lake Michigan Water Rates

How will a .5% local sales tax increase help with my water bill?

Approximately 40% of Lake Zurich's local sales tax is paid by non-resident shoppers. Their dollars will help pay for bringing Lake Michigan water into the village.



I want to know more! Click:
LakeZurich.org/LakeMichiganWater