

Lake Michigan Water Project:
Public Hearing Regarding the Formation of Special Service Area #16

Existing Corporate Systems & Operations FAQ

Q: When all of the new subdivisions were being built, was there a water supply study done? Were any of the infrastructure costs paid by developers? Also, are there other alternative sources to fund this project?

A: When new subdivisions were planned in the Grandwood Park area, the County evaluated water supply needs and the existing groundwater system to determine necessary infrastructure improvements. Those studies led to the construction of additional wells and reservoirs. Some of these improvements were paid for with developer funds. However, the supply in the shallow aquifer has diminished over time and is no longer a sustainable, long-term option. Other funding sources were considered and analyzed. There are three methods of long term financing for a project of this sort, (1) SSA Bonds, (2) General Obligation (GO) Bonds, and (3) Water Revenue Bonds. SSA bonds and GO bonds are both based on property values, so the payment obligations would be no different between the two as it relates to proportional debt assignment. To implement a GO Bond, Lake Villa and Lindenhurst each would need to successfully pass a GO referendum for the project to proceed. SSA financing would be the only option for Lake County because assigning a General Obligation tax against the entire County would be inequitable. Revenue Bonds are available to all three communities and are a possibility; however water rates would need to be drastically increased immediately to cover construction costs or additional money borrowed from another source (construction loan) to cover construction costs. This would make Revenue Bonds the more expensive alternative and runs contrary to public input received to phase in the rate impact of Lake Michigan water.

Q: Doesn't Lake Villa have plenty of deep well water?

A: Over the last 15 years the water level in the aquifers that supply Lake Villa's shallow wells have been declining. In an effort to meet the increasing public need, Lake Villa installed three (3) deep wells. As demand and water use increases throughout the region, the deep aquifers are being depleted, putting our deep wells in jeopardy.

Q: Will sewage rates increase as well as a result of this project?

A: No, the sewer rates will not increase as a result of this project.

Q: I know that we have a backup water supply with our shallow wells, but maybe it would be a wise thing to consider a second connection point with the Village of Lindenhurst?

A: A second connection to the Central Lake County Joint Action Water Agency (CLCJAWA) had been discussed and considered, but would significantly increase the cost of the project. The Village of Lindenhurst will maintain several shallow wells for use in emergency situations. Additionally, the Village will be constructing additional water storage that will provide sufficient water supply for several days in the event of a major disruption. Moreover, the Village currently has an interconnection with the Village of Lake Villa that can be utilized to provide water to the Lindenhurst system in the event of an emergency.