

Lake Michigan Water Project FAQ's

SSA #16 Frequently Asked Questions:

Webpage: www.lakecountyil.gov/lakemichiganwater

Contacts: 847-377-7500 press 2 for SSA questions/Engineering Department

1. What is a Special Service Area (SSA)?

An SSA is a funding mechanism for public improvements, such as water delivery systems. An SSA follows a legal process, which includes a public hearing, to establish the amount of money needed to fund the improvements in the area with the costs distributed among the properties receiving the service.

2. Who makes the ultimate decision on our future water supply?

The decision to move forward with a project to bring in Lake Michigan water was made by each community independently, however the final decision to create SSA 16 in order to fund the project, will be made by the Lake County Board.

3. What special service is being provided?

Lake Michigan water will replace the existing well water currently being provided by Lake County, Lake Villa and Lindenhurst.

4. When will the final decision be made?

A public hearing will be held at 6:00pm on August 13, 2013 at the Lehmann Mansion 485 N. Milwaukee Ave, Lake Villa to receive public comment. Following a 60 day waiting period, the Lake County Board could consider an establishing ordinance forming the SSA at the November 12, 2013 County Board meeting.

5. When will Lake Michigan water be available for my community?

If the SSA is approved, water delivery from Lake Michigan is anticipated in 2017.

6. Can we prevent SSA 16 from forming? What is the process to formally object to the formation of SSA 16?

Yes. If a petition that is signed by at least 51% of the electors residing within the area and by at least 51% of the owners of record of the land included within the boundaries of the area and filed with the County Clerk within 60 days following the final adjournment of the public hearing (August 13, 2013) objecting to the creation of the SSA or the issuance of the bonds, then no SSA may be created and no bonds may be issued.

7. How much money will I be taxed each year?

For a \$200,000 property, the tax amount will be approximately \$220-250/year.

8. What increase will I see in my water bill?

The average home with two residents uses about 6,000 gallons of water per month. The purchase of Lake Michigan water costs an additional \$2.76 per 1,000 gallons of water

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used. This means that a property with an average usage of 6,000 gallons per month would see an increase of \$16.56 per month on the water bill.

9. **What is being done to phase in the property tax increase?**

Phasing of the tax increase will be achieved by minimizing the tax amount in the first 2 years (**2014-2015**) to only fund the engineering design phase. This will be approximately **\$30/year** (for a \$200,000 property). Then in **2016**, construction will start and the full tax will be imposed at approximately **\$250/year** (for a \$200,000 property). In **2018**, the CLCJAWA tax will expire and there will be a reduction of approximately \$30/year on the taxes paid in **2019** bringing the tax down to **\$220/year for the duration of the bond.**

10. **What portion of the taxes expires in 2018?**

The existing 30 year CLCJAWA tax will expire in 2018. For a \$200,000 house, this represents \$30.96/year. This is an existing tax that anyone receiving water from CLCJAWA pays annually.

11. **When does the SSA 16 tax expire?**

The duration of the SSA tax will not exceed 30 years, but if an IEPA loan is secured then the duration may be reduced to approximately 25 years.

12. **When the SSA tax is established to fund this project, can a homeowner make a onetime pre-payment to avoid a 25 - 30 year property tax?**

No. The special service area costs are paid by *ad valorem real property taxation*. These taxes (SSA Taxes) are not like a special assessment, in which a given parcel is assessed an amount which is fixed (and prepayable) at any time. Rather, like all property taxes, the amount levied on a given parcel changes each year based on the equalized assessed value (EAV) of the given parcel relative to the EAV of all taxable parcels in the SSA. As is the case for all ad valorem taxes (as levied by each school district, park district, city, county, etc.) the EAV of a property may change each year (due to improvements, or inflation, or other factors) just as the EAV of the SSA as a whole may likewise change. It is not possible to determine what any given parcel's share of the SSA Taxes will be in the future, and it therefore is not possible to determine what should be pre-paid.

13. **Can a homeowner pay off the property tax component for the project early or otherwise buy out their portion of the bond early?**

No. For the same reasons above.

14. **Can a fixed per property fee be calculated and used to distribute project costs rather than ad valorem taxes?**

No. This is not in accordance with the ad valorem tax scheme of the SSA Law.

15. **If the County sells the first set of bonds (for engineering) and follows in two years with a second set of bonds (for construction), will there be two levies on the tax bills?**

Yes. There would be a levy for each actual SSA Bond series. These would be added together like separate bond levies for any taxing district.

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16. If I have a private well, will I receive the SSA tax? Will I have watermain accessible to my house to receive Lake Michigan water as part of this project?

Ultimately, if you received the public hearing mailing, you will be included in the SSA and be taxed for this SSA.

This project is extending distribution piping to the municipal water systems that already exist. If a watermain is not accessible to your home currently, check with your water provider to see if there are any plans to install piping to serve your property.

17. Why is such a high portion of the cost assigned to the property tax component rather than the water rate component?

The design and construction of the water piping extensions must be funded with tax dollars, because there is no revenue from the sale of water until the construction is completed and water can be delivered to customers scheduled for 2017. Upon completion of construction and delivery of Lake Michigan water to customers, the additional water rate pays CLCJAWA for the cost of purchasing their water and the connection fee.

18. Why am I be assessed a higher SSA tax to receive Lake Michigan Water?

An SSA is the most appropriate and only funding mechanism that can be used to sell bonds of this magnitude. Using the value of your home to determine your share of the tax burden is the mechanism for funding other services rendered to properties such as fire protection, police protection, parks, schools, etc. Therefore, if your house is valued higher than your neighbor, you will be assessed a higher SSA tax.

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General Project Frequently Asked Questions:

1. **Why do we need Lake Michigan water in the first place?**

Since the early 1950s, suburban Chicago communities have experienced reduced water levels in their wells. The near western and northwestern suburbs first experienced this problem. As more people move to the northern suburbs, well water levels will decrease in those communities. Western Lake County is now experiencing significant drops in water well levels. Experts tell us that unless something is done soon we will likely face serious regional water shortages.

2. **Will I see a difference in the water in my home?**

Yes, in most cases, you will see improved water quality in your home. The existing community wells produce water that is very hard, which means it has a high mineral content. The minerals in the water interfere with the action of soaps, which causes many people to use a home water softener. Well water frequently contains elevated quantities of dissolved iron, which can discolor laundry, stain plumbing fixtures, and reduce the life of household appliances such as water heaters, dishwashers, washing machines, coffee makers, etc.

Lake Michigan water, on the other hand, has only moderate hardness and almost no dissolved iron. Many people with Lake Michigan water do not use a home water softener, and have no trouble with iron stains.

3. **What is a Lake Michigan allocation and why is it important?**

Within Illinois, the use of Lake Michigan water is controlled by the Illinois Department of Natural Resources (IDNR). The County applied for and received an IDNR Lake Michigan Water Allocation Permit in February 2011. The permit, however, is reviewed by the IDNR every 5 years. If the County does not make positive strides toward obtaining Lake Michigan Water for the Fox Lake Hills and Grandwood Park systems, the IDNR can revoke the permit.

4. **Who is currently participating in this Lake Michigan water supply project funded by this SSA 16?**

The communities who are currently participating in this portion of the Lake Michigan water supply project include: Lake Villa, Lindenhurst and Lake County (unincorporated areas of Fox Lake Hills and Grandwood Park, which are serviced by Lake County Public Works). There is the potential for the communities of Wauconda and Volo to also obtain Lake Michigan water, but they would fund their project separately.

5. **How will Lake Michigan water come to my home?**

Present plans include the construction of 22 miles of a water transmission main connecting the existing municipals systems to CLCJAWA's existing system.

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6. Will my streets be torn up with construction?

Most of the communities in the system already have local water mains in the streets to deliver water to homes and businesses. The Lake Michigan water supply pipeline will connect to the local distribution water mains. This means that local streets will not be disrupted.

There will be major construction to install the Lake Michigan water main to connect from CLCJAWA's system to each community. For the most part, this construction will take place along major roads. Construction planning will include provisions to maintain traffic during the construction period.

Water mains will need to be installed in areas that do not presently have local water mains and that construction will impact local streets. Once again, traffic will be maintained during construction.