

**Item #1:**

Continued Discussion Re: Herons Landing SSA Re: Lake Michigan Water

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VILLAGE OF LONG GROVE

Village of Long Grove  
3110 RFD  
Long Grove, IL 60047  
Attn: David Lothspeich

February 24, 2011

Re: Lake County Water Project

Dear Mr. Lothspeich, Village Board and HLHA Board:

First let me thank you for your service and taking the time to share the most recent issues surrounding the HLHA Water Project. It is clear that there are still a number of unresolved issues and questions concerning Lake County Water. As I discussed at the meeting, I am a very concerned homeowner and wish to protect our communities' interests in helping to gather as much information as possible in making this important decision. I believe that it is in the communities' best interest to fund the necessary studies required to gather as much detail as possible to permit every homeowner in Herons Landing a near exact cost within 5.0-7.5% (not 10-15%) of the full extent of the project and ongoing expected water costs.

I was very encouraged after attending this meeting last evening and speaking with David Lothspeich and Maria Rodriguez that the approval by the Village of Long Grove for the formation of the SSA would not take place until the intergovernmental agreement (IGA) was in place permitting the continued use of our wells. I suggested last evening that in the event of a thirty (30) year bond the IGA agreement should provide provisions that permit continued use of our wells for the term of the bond. As Eduardo Acuna has stated, "it is likely that our wells will be good for another 100 years". The continued use of our wells for irrigation clearly is an environmental benefit for all concerned as water becomes more precious.

It is also important that the HOA and other knowledgeable members of the community become more intimately involved in the entire process to insure that we are obtaining the best pricing, timing and use of proceeds. This includes going out for bid on the bond issue and determining the number of homeowners who wish to pay "UPFRONT" which would substantially reduce the size of the bond and its interest level in financial markets. It is also important to share with the community how the SSA will collect taxes from only a portion of the community who did not pay in full? Certainly in some cases it will also be a point of contention during the selling process of our homes?

Thanks again for all your efforts on our behalf and I look forward to gathering more critical information and assisting in this complex process for the benefit of our community. As Abraham Lincoln said: "The best thing about the future is that it comes one day at a time".

Sincerely,



Larry Kluge

Cc: Village of Long Grove Board  
HOA Board

Herons Landing Municipal Water Meeting  
Wednesday February 23, 2011  
7:00 p.m.  
Vernon Township Hall

**Meeting Outline:**

- We will review some of the major questions that have been provided and attempt to give clarity to the issues.
- Once the issues have been reviewed, we will open the floor for Questions, Answers, and Comments
- **Our Panelists for the meeting tonight include:**
  - Mr. Peter Kolb – Director of Public Works, Lake County IL
  - Mr. David Lothspeich – Village Manager, Long Grove
  - Mr. Bill Mass – Herons Landing Water Committee Chair
  - Mr. Steve Greenberg – Herons Landing Water Sub-Committee member
  - Mr. David Wolfe – President, Herons Landing HOA
- There are residents from both sides of the issue participating in this meeting and all input and questions are valued.
- When we get to the Q & A, individuals with questions and comments please identify yourself – as moderator, I will recognize you and give you the floor to ask your question or provide your opinion.
- It is required that when an individual is given the floor they have the opportunity to speak uninterrupted.

## **History – how did we get to this point?**

- On September 14, 2004 a vote was taken and the majority of Herons Landing owners were in favor of pursuing Municipal Lake Michigan Water.
- The Board and Water Committee worked to get Lake Michigan water, but ultimately it was not an option for Herons Landing.
- Changes have occurred over the past six years – supply and usage studies have been concluded and the financial climate has changed – resulting in an opportunity for Herons Landing to get Lake Michigan water in our subdivision.
- In 2010 Central Lake County Joint Action Water Agency approved an allocation of Lake Michigan Municipal Water for Herons Landing.
- A “Consent” form was distributed to the neighborhood by the Water Committee – the Committee received the consent of over 70% of our residents to proceed with the water project.
- The Herons Landing Board petitioned the Village of Long Grove to create an SSA (Special Service Area) to finance the Municipal Water Project.
- On January 11, 2011 the Village of Long Grove held a Public Hearing on the Herons Landing Municipal Water Project. By law, there is a 60 day challenge period following a public hearing. At the end of the challenge period, the Village of Long Grove will determine if they will create the requested SSA.
- During the Public Hearing, the Herons Landing Board process was challenged. The Village asked the Herons Landing Board to have a public meeting on the Municipal Water Project. We are having that meeting.

- **Up front and open to everybody – there are residents in favor of this project and residents opposed to this project.**

**As President of the HLHOA, it is my commitment to take actions that are in the best interest of the neighborhood, and are in accord with the desires of the majority of the neighborhood.**

- If you are in favor of the project and you have already given your consent – you need do nothing more other than stay informed and continue to show your support.
- If you are opposed to the project – you will need to sign a petition requesting that Long Grove not proceed with the creation of the SSA. Additional details will be provided later in this meeting.

## **A Few Perceived Pros and Cons to having municipal water in Herons Landing:**

### **Pro:**

The extensive water treatment that many of our residents currently use will no longer be necessary – a water softener system is not required, but homeowners may want to keep their current softener system anyway.

### **Pro / Con:**

Affect on property values. Some realtors feel that municipal water would increase the value of Herons Landing homes, however others feel it will not. We do have anecdotal accounts where current water issues have caused individual home sale deal problems.

### **Pro:**

Herons Landing would be the only community within Long Grove to have Lake Michigan Municipal Water. Also, Lake Michigan water would be a nice compliment to our existing sanitary sewers.

### **Con:**

We would have to pay for water. Although we are not currently paying a supplier for water, most Herons Landing residents have extensive and expensive water treatment plants in their basements. My personal water treatment system cost in excess of \$10,000 and has a life expectancy of 5 years – the system also requires ongoing maintenance and repairs requiring additional costs.

### **Pro:**

More consistent water pressure. Currently well pumps operate within a range of between approximately 45 lbs. and 65 lbs. The Lake Michigan water pressure is constant at approximately 60 lbs.

**Con:**

Construction project will cause disruption in the neighborhood. Yes, this would be a relatively substantial project, but horizontal drilling techniques will be utilized – the roads and driveways are not expected to be cut or dug up, and there is no expected closing of any streets or areas of the neighborhood. The construction part of the project would be expected to last approximately eight months.

**Pro:**

Improved Fire Safety. Although as you will learn details later in the meeting about the specific internal fire suppression systems – the addition of Lake Michigan Municipal Water would facilitate approximately 42 fire hydrants throughout our neighborhood. The Fire Department would no longer need to depend solely on the ponds as water sources should the need arise in our neighborhood.

**Pro:**

According to Lake County: “Demand for water has resulted in over pumping of the deep sand aquifer. Water levels are dropping and the water quality is deteriorating, this requires higher levels of treatment to remove contaminants like Iron, Sulfur, and Radium which is expensive.”

- There are many more items and issues that could be considered Pros and Cons to the Municipal Water Project – too many to name or identify all of them.

## **Top Questions:**

### **1) How much will the Municipal Water Project cost me?**

- a. \$27,542.00 – is the current projection. This amount includes contingency fees and has not yet been negotiated.
- b. The SSA creation is limited to a maximum of \$2,500 per home per year for a maximum of 30 years.
- c. The project includes the water line being run into your basement and being connected to your current water supply distribution system throughout the house. The plumbing included has been configured based upon keeping your existing well for irrigation and fire suppression.
- d. Slides: Budget, Engineering – Current, Engineering – proposed

### **2) Can I pay one time up front?**

- a. Yes – details are still being worked out via the Intergovernmental agreement. The current cost per lot is not a final number and once paid, the County has no method to be able to refund overpayments to individuals. The Upfront payment option may require making one majority payment and then another final payment once the costs are finalized.
- b. Once the Bonds are issued – you will not be able to pre-pay them. If you feel you do not want to have the burden the entire term of the SSA, you may want to consider making the upfront payment and financing it through an alternative source.

### **3) How was the cost determined? Are they accurate?**

- a. Professional Engineering Company, Lake County experts, Long Grove Legal Counsel, and Professional Financial Advising firm that specializes in SSA Bonds.
- b. The design and construction estimates were developed by an independent engineering firm working closely with Lake County. Both the Engineering firm and Lake County have extensive experience with projects of this type and nature. Additionally, the costs of the SSA creation, Bond issuance fees, and legal fees were generated with the help of the Village of Long Grove, Long Grove Legal Counsel, and Spear Financial – a financial advising firm that specializes in SSA Bonds.

**4) If there are cost overruns – who will be responsible?**

- a. The residents of Herons Landing – although we don't expect any additional costs, if there are, it comes down to us.
- b. Once started, the project has to be finished. If there is a shortfall, it will be billed to homeowners – each portion would be 1 / 118th.

**5) How much will the water service cost me – how is it billed?**

- a. Water rate is \$5.75 per 1,000 gallons – average of 8,000 gal per month: resulting in a \$46.00 per month average water bill
- b. Sewer rate is \$3.23 per 1,000 gallons – currently paying flat fee of \$35.68 per month. At 8,000 gallons of water usage, the sewer cost would be \$25.84 per month average.
- c. Billing for service will be every two months directly to each individual homeowner

**6) Can I keep my well?**

- a. Yes – currently we expect three options
  - i. Keep well – no connection to municipal water
  - ii. Connect to municipal water – keep well for irrigation and fire suppression
  - iii. Connect to municipal water – do not keep well
    - 1. Possible extra supply line cost
    - 2. RPZ valve & annual inspections
    - 3. Well abandonment – projected at \$1,300

**7) After the water lines are run – will the contractor fix my landscaping?**

- a. Holes will be filled, topped with black dirt, and areas will be seeded
- b. Any additional landscaping repairs will be the responsibility of the homeowner

**8) How torn up will the neighborhood be during construction?**

- a. This is a relatively major project – however, roads are not expected to be torn up and there will be access to the entire neighborhood throughout the project.
- b. Horizontal drilling techniques – under the roads and yards
- c. There will be at least two holes / pits dug for each house. One hole in the front near the street for the B Box and one hole at the house foundation where the line will penetrate the basement wall.
- d. May be delays while machines are running on the roads or pipe is being put in a certain area – across a road or driveway temporarily.

**9) Do I have to hook up to the municipal water if I don't want to?**

- a. No you don't
  - i. Will still be responsible for the SSA – billed on your tax bill
  - ii. The water will be run to a B Box at the street in front of your house
  - iii. The connection fees will already be paid – if you or subsequent owners want to connect in the future.
  - iv. You will be responsible for the cost of running the supply line from the B Box to your house and the internal plumbing – costs that are currently included in the project.

**10) Will the pressure from the Lake Michigan water damage my internal plumbing?**

- a. It should not – current well pressures run up to 65 LBS or greater and fluctuate up and down depending on internal draw – the Lake Michigan water should be at a steady consistent 60 LBS of pressure.
- b. One example within Herons Landing – the holding tank pressure runs from 48 lbs low to 65 lbs high – when the pressure drops to 48 lbs, the well pump turns on and fills the holding tank until the pressure reaches 65 lbs.

**11) What is the status of the project – how can I stop it if I want to?**

- a. There have been 89 affirmative consent forms signed by our owners – consent forms are on file with our Association Attorney – Michael Kim and the ballots are available for review with Mr. Kim.
- b. A Public Hearing was held by the Village of Long Grove on January 11, 2011 – we are currently within the 60 day post public hearing challenge period.
- c. Lake County and Long Grove have put together a rough project schedule with multiple Milestones – if the milestones are met, it is projected that construction could start in April of 2012 and be completed by November of 2012.  
Show Schedule Slide
- d. It is my understanding that if a petition is signed by over 50% of the owners and by over 50% of the electorate within the SSA area – and the petition is presented to the Village of Long Grove – the project will be terminated. More specific information regarding the petition would be available thru The Village of Long Grove.

- Please know – there are multiple governmental agencies working together and Intergovernmental agreements will need to be created. The project and Intergovernmental agreements will not move forward until the SSA is approved and the project is officially moving forward.
  
- Specific details are still subject to change – however, the information being provided to you is the best and most accurate available at this time.

- At this point, I invite you to ask your questions and offer your opinions – again, please be respectful. We are all neighbors – in the end, regardless of anything else we all still live next to one another in what I consider to be one of the greatest neighborhoods in the area if not in the state or the country.
- You will be recognized and you will be given the floor to speak – please do not interrupt the Panel when responding or individuals when they have been given the floor to speak.
- Thank you for your participation in this meeting and in the process!