

VILLAGE OF LIBERTYVILLE  
BOARD OF TRUSTEES  
WATER & SEWER COMMITTEE

Tuesday, February 9, 2021  
7:00 PM  
Virtual

MINUTES

Pursuant to the Open Meetings Act, as amended by Public Act 100-0640, the Mayor of the Village of Libertyville, as the head of the public body, has made a determination that an in-person meeting is not practical or prudent because of disaster. Due to public health concerns this meeting will be conducted virtually.

Please join my meeting from your computer, tablet, or smartphone.

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**1. CALL TO ORDER**

Trustee Adams called to order the virtual meeting of the Water & Sewer Committee at 6:00 pm.

**2. ATTENDANCE**

Those present were: Trustee Scott Adams, Trustee Donna Johnson, Trustee Rich Moras, Mayor Terry Wepler, Trustee Pat Carey, Libertyville Village Administrator Kelly Amidei, Deputy Village Administrator Ashley Engelmann, Finance Director Nick Mostardo, Director of Public Works Paul Kendzior, Assistant Director of Public Works Laura Ditanto, Police Chief Clint Herdegen, Green Oaks Mayor Bernard Wysocki, Green Oaks Village Administrator Denise Kafkis, President - RHMG Engineers/Green Oaks Village Engineer Bill Rickert, and Myrna Shaw

**3. APPROVAL OF THE MINUTES OF THE NOVEMBER 13, 2018**

Trustee Johnson moved to approve the minutes of the November 13, 2018 meeting. Trustee Moras seconded. The motion carried on a roll call vote as follows:

Ayes: Trustee Adams, Trustee Johnson, Trustee Moras

Nays: None

**4. DISCUSSION OF VILLAGE OF GREEN OAKS – SPECTRUM SANITARY SEWER FEE ISSUE**

Director Kendzior provided the Committee a summary of the Spectrum sanitary sewer fee issue. The Spectrum Senior Living Facility (Spectrum) located in the Village of Green Oaks (Green Oaks) is served by the Lake County Department of Public Works (LCDPW) for sanitary sewer service. The LCDPW sanitary sewer interceptor line, in which Spectrum discharges to, is tributary to the Village of Libertyville's (Libertyville) wastewater treatment plant. Spectrum pays their sanitary sewer usage fees to Green Oaks, who in turn pays the LCDPW for monthly sanitary sewer services for those applicable properties in their Village.

The LCDPW issued a sewer/water permit to Spectrum for 142 residential customer equivalents (RCE's) back in April of 2016. The RCE used is based on full occupancy which is customary when the County issues a permit. Spectrum opened in August 2017, although the facility was not fully occupied. The RCE form of billing, which is also what the Village's Sewage Agreement with Lake County (County) is based upon, is considered a "fixed-rate" or non-metered.

Spectrum, still not fully occupied, submitted metered water usage data in July 2019 to Green Oaks that indicated their actual sanitary sewer usage, when converted back to a fixed-rate was only 27.9 RCE's, which is a difference of 114.1 RCE's from the permitted value of 142. Spectrum has been only paying Green Oaks sanitary sewer fees based upon the 27.9 RCE's. As of this date, we believe that Spectrum has more residents and is now between 85-95% occupied and updated water usage data is needed.

Green Oaks has requested to the LCDPW that Spectrum's sanitary sewer charges be based upon metered water usage. In order for this revised billing approach to be undertaken, it is understood by all parties involved that the Sewage Agreement between the County and Libertyville, also currently based upon RCE's, would need to be amended to metered water usage. If a "one-off" approach was undertaken with Spectrum, the Village would stand to lose an estimated \$57,450.00 in annual sewer fee revenues. The LCDPW currently pays Libertyville \$41.96/RCE monthly for sanitary sewage treatment. This is a favorable opportunity to explore the possibility of amending the Sewage Agreement to get away from the fixed rate and base the rate on actual water usage. One other example of an inaccurate fixed-rate is that Libertyville is currently paying LCDPW 7.64 RCE's for the Church Street parking structure that has a lone wash sink.

Staff's recommendation is to begin exploring the possibility of amending the Sewage Agreement with the County from the fixed-rate RCE's to metered water usage, which would then give all parties the ability to fairly process Spectrum's request. A change from an RCE to a metered model would need to be revenue-neutral to the Village in order to maintain the rate study assumptions over time.

Mayor Wepler asked if Village Staff had spoken to anyone at LCPW about amending the Sewage Agreement. Director Kendzior has spoken with the LCPW Contract Manager Julie Gray. Ms. Gray recommended that instead of renegotiating the Sewage Agreement which goes through 2030, the Village and County could complete a Side Letter to the Agreement. The Side Letter would require the approval of the County Board as well.

Village and County staff have attempted to set a meeting time to discuss the side letter. Aligning schedules has been difficult due to Covid19.

Trustee Johnson asked Director Kendzior if Staff forecast any challenges about moving away from the RCE model and moving to a water usage billing model.

**(Recorded portion – speech to text need to fix)**

Director Kendzior stated that billing per RCE goes back to the 1990s when most customers operated on wells and it made sense when locations did not have County water service. However, locations on County water service have water meters and sewage billing should be based on water usage; and not RCE. Trustee Moras referred back to the negotiations of the Sewage Agreement in 2010 when LCPW needed to adjust their rates to complete significant capital improvements on their sewer interceptor. The County desired to raise the fee the Village paid to the County significantly and continue to pay the Village the low flat rate. This was inequitable to the Village because you can't accurately sewage flow due to inflow and infiltration. Trustee Moras stated that mechanisms for measuring flows must be accurate so the rates are equitable to all parties in the future.

Director Kendzior added that staff can install flow meters on the major interceptor connections to measure sewage flows. However, measurements vary during major upticks of flow because of rain and water use because the water is above the line.

Administrator Amidei stated that staff is recommending a review of the impact be completed regarding metered water usage. The review would have to be completed by a third party. Director Mostardo received a quote from NewGen Strategies and Solutions which is the firm that completed the Water and Sewer Rate Study. Libertyville wants to be a good neighbor to Green Oaks and help them out, however altering the rate format will be a pretty significant change.

Director Mostardo added the NewGen Strategies and Solutions is willing to help Libertyville with this rate study. Funds have been allocated in the Fiscal Year 2020/21 budget for this rate study which is estimated to cost between \$5,000 to \$10,000 to get an idea of what our rates need to be on the Lake County agreement in order to stay revenue neutral.

Director Kendzior state that the key is to remain revenue neutral. There will be some winners and losers since some people are probably paying less or more through the RCE pay format. Things will get balanced out by charging by water usage.

Trustee Adams asked if Libertyville and Green Oaks should share the expense of the rate study. Director Mostardo agreed that the expense should be shared.

Mayor Wysocki stated that Green Oaks does not have an agreement with Libertyville. The shared expense would have to be between Libertyville and County; and Green Oaks can reimburse the County. This reimbursement would be minor compared to other expenses.

Director Mostardo stated that staff already has a lot of data assemble to start the rate study. In addition, it will be good for NewGen Strategies and Solutions to review the data and tie it back to where we would like to be for the rate study.

Administrator Amidei stated that Libertyville and Green first spoke about this a little over a year ago. Libertyville has been concerned about the rate study being too tight if the Village took a big hit on water usage. In addition, due to the pandemic, the Village has lost water sales due to school closures and the closing of Winchester House. These closures make it challenging on the Village end.

Trustee Adams asked Paul what his recommendation is moving forward.

Director Kendzior stated that staff will start exploring the agreement with the County and have the financial consultant look at Village flows. Staff need to speak with the County on how much is coming through on the Interceptor since the Village has multiple connection points in which flows are comingled with them. If the Village switches to water usage for billings, staff need to ensure that we are revenue neutral.

Mayor Wysocki stated that the Green Oaks situation is very dire. If any investigation of the rates takes more than a year, this could cost Green Oaks dearly. In 2019, Green Oaks let the County know that there was a major difference in what Spectrum was being charged and compared to what Spectrum is actually using. Spectrum is being charged 37,000 gallons per day and their usage is only 6,000 gallons per day. Spectrum is being charged six times more than what they should be and Spectrum told Green Oaks they will only pay for what they use. Green Oaks met with the County and County stated that they need to speak with Libertyville. Libertyville Village stated that they will look at the agreement and nothing has been decided as of this date.

Green Oaks wrote letters to Village Board and Staff outlining the situation and Mayor Wysocki met with Mayor Wepler a year ago and followed up if meetings had occurred between Libertyville and the County.

A year after meeting with Mayor Wepler, Mayor Wysocki stated that Green Oaks has paid out \$254,000 over the last two years and Spectrum has only paid \$54,000 for their actual usage. Mayor Wysocki is asking the Village to review the rates, specifically for Spectrum at this time, so Green Oaks can deal with the revenue losses they are having. Green Oaks has never had a non-residential property with flow going into the County interceptor and to the Libertyville Treatment Plant.

Trustee Adams asked how long the rate study would take. Director Kendzior stated that it's hard to put a time frame on when the rate study can be completed but we hope in much shorter than a year. If the Committee looks at this as a one-off, the Village will lose \$57,450 and the Village water usage is down due to Covid19, the loss of Winchester House, and the schools

being closed. Village Staff understands the situation but need to look at things whole picture. Staff hopes that the study can be complete in a couple of months. Village staff must work with the County and the County Board will need to approve the side letter to the Sewage Agreement. In addition, the Village Board will need to approve the side letter.

Director Mostardo stated that Staff is winding down the Stormwater Rate Study and it will be complete in the next couple of weeks. Staff would like to begin the Sewer Rate Study right away. However, staff will need time to give notice to the current County sewer customers that their rates may increase if the Village moves to a metered rate structure. Staff estimates that the rate study could take three to four months to complete.

Mayor Weppler apologized that he did meet with Mayor Wysocki regarding the Spectrum fee charges and it did not get done quickly.

Trustee Moras referred back the negotiations with the County in 2010 regarding the Sewage Agreement and the Village dealt with the County at that time regarding the fees. Green Oaks is subject to County fees and we need to make sure that when this is complete that it is fair for all participants. There should not be another business or municipality involved in this web that is subsidizing someone else the way that is has been going on.

Staff is seeking approval from the Committee to give authority to Village staff to complete the sewer rate study and meet with the County towards modifying our current agreement with a side letter for metered billing.

Trustee Johnson moved to give authority to Village staff to complete the sewer rate study and meet with the County towards modifying our current agreement with a side letter for metered billing. Trustee Moras seconded. The motion carried on a roll call vote as follows:

Ayes: Trustee Adams, Trustee Johnson, Trustee Moras

Nays: None

Trustee Adams assured Mayor Wysocki and Administrator Kafkis that they will be kept informed on the progress of the rate study and meetings with the County to discuss the rates.

Mayor Wysocki stated that he will inform the Lake County Public Works Committee of the discussion of this meeting regarding Spectrum property rate charges.

Mayor Weppler stated that in the past he has spoken about that over the last 12 years the Village has had issues with the County sewer line. The Village has an agreement with the County through 2030. The Mayor would like the Village to put in our long-term plan that the Village get off the County line and let the County do what they will with their interceptor. The Village residents should be placed on a Village interceptor line. The County can then pay the Village for treating their sewage. Fees that the County has charged the Village over time have been excessive.

Director Kendzior stated that at least 2/3 of Village residents flow goes through the County Interceptor. Essentially, the Village would have to build a parallel interceptor. Per the Agreement, the Village can't leave the agreement until 2030.

## **5. ADJOURNMENT**

Trustee Johnson moved to adjourn the February 9, 2021 meeting. Trustee Moras seconded. The motion carried on a roll call vote as follows:

Ayes: Trustee Adams, Trustee Johnson, Trustee Moras

Nays: None

Respectfully Submitted:  
Laura Ditanto,  
Assistant Director  
Public Works Department