



*At the Heart of Community*

FINANCE DEPARTMENT

70 East Main Street  
Lake Zurich, Illinois 60047

(847) 438-5141  
LakeZurich.org

AGENDA ITEM

84

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MEMORANDUM

Date: September 29, 2015

To: Acting Village Manager Steve Husak

From: Director of Finance, Jodie Hartman  
Director of Community Services, Mike Earl

Subject: Emergency Sewer Repair Funding

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**Issue:** The recent failure of the sanitary transmission line under East Cuba Road, near Old McHenry Road, has proven to be a costly repair. Estimates for emergency repairs are still being prepared, but will likely be significantly more than the \$611,230 previously approved by the Village Board. As a large unbudgeted expense, staff is evaluating all options for funding the repairs. The attached ordinance allows the village the flexibility to pursue the option of issuing debt as a funding source.

**Analysis:** At the September 21, 2015 board meeting, the Village Board authorized Berger Excavating to proceed with emergency sewer repairs in an amount not-to-exceed \$611,230. Subsequent to the meeting, additional sections of the sewer pipe were televised, identifying additional sections in need of serious repairs. The pipe has deteriorated beyond the point where lining is possible. Taking advantage of the opportunity to repair the larger section at once will allow for some economy of scale and save the village money in the long run. Staff from both the village and Manhard Engineering expect that the plans for the exact length of pipe needing replacement, scope of bypass pumping, and traffic detour plans will be finalized in the next few days.

Current estimates are that the project costs will exceed \$1 million. Unfortunately, this high an expense cannot be absorbed by the Water and Sewer fund without serious detriment to other critical capital projects. There is a strong possibility the village will need to issue debt in order to fund the sewer repairs. As such, staff is proposing an ordinance for village board consideration and approval that would protect the village's option of issuing debt after the repairs have been completed. The ordinance states a maximum of \$1.5 million in principal. This is

higher than the current estimate and will allow for any additional unknown expenses. Any actual debt would be issued for the final determined amount.

The ordinance does not authorize the debt issuance, or guarantee the village will issue debt. It merely provides the opportunity for the village to authorize debt at a future date to cover expenses from these repairs. Without such ordinance, the village would only have a sixty (60) day window in which to issue the debt. Staff will bring forth any proposed debt issuance at a later date if necessary, once the project plan has been completed.

Should any additional questions arise, staff from Finance and/or Community Services are both available.

**Recommendation:** Staff recommends the Village Board approve the Ordinance expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the Village of Lake Zurich.

w/Attachments: Proposed Ordinance

**ORDINANCE NO. 2015-10-\_\_\_\_\_**

ORDINANCE expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the Village of Lake Zurich, Lake County, Illinois.

\* \* \*

WHEREAS, the President and Board of Trustees (the “*Board*”) of the Village of Lake Zurich, Lake County, Illinois (the “*Village*”), have developed a list of capital projects described in *Exhibit A* hereto (the “*Projects*”); and

WHEREAS, all or a portion of the expenditures relating to the Projects (the “*Expenditures*”) (i) have been paid within the 60 days prior to the passage of this Ordinance or (ii) will be paid on or after the passage of this Ordinance; and

WHEREAS, the Village reasonably expects to reimburse itself for the Expenditures with the proceeds of an obligation:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the President and Board of Trustees of the Village of Lake Zurich, Lake County, Illinois, as follows:

*Section 1. Incorporation of Preambles.* The Board hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

*Section 2. Intent to Reimburse.* The Village reasonably expects to reimburse the Expenditures with proceeds of an obligation.

*Section 3. Maximum Amount.* The maximum principal amount of the obligation expected to be issued for the Projects is \$1,500,000.

*Section 4. Ratification.* All actions of the officers, agents and employees of the Village that are in conformity with the purposes and intent of this Ordinance, whether taken before or after the adoption hereof, are hereby ratified, confirmed and approved.

*Section 5. Severability.* If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

*Section 6. Repeal.* All ordinances or parts thereof in conflict herewith be and the same are hereby repealed and this Ordinance shall be in full force and effect forthwith upon its adoption.

Adopted October 5, 2015.

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President, Village of Lake Zurich,  
Lake County, Illinois

Attest:

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Village Clerk, Village of Lake Zurich,  
Lake County, Illinois

## **EXHIBIT A**

### **DESCRIPTION OF CAPITAL PROJECTS**

- Capital projects including, but not limited to, sanitary sewer and road repairs.

Trustee \_\_\_\_\_ moved and Trustee \_\_\_\_\_  
seconded the motion that said ordinance as presented and read by title be adopted.

After a full discussion thereof, the President directed that the roll be called for a vote  
upon the motion to adopt said ordinance.

Upon the roll being called, the following Trustees voted AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following Trustees voted NAY: \_\_\_\_\_

Whereupon the President declared the motion carried and said ordinance adopted,  
approved and signed the same in open meeting and directed the Village Clerk to record the same  
in the records of the President and Board of Trustees of the Village of Lake Zurich,  
Lake County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at the  
meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.

\_\_\_\_\_  
Village Clerk

STATE OF ILLINOIS     )  
                                      ) SS  
COUNTY OF LAKE     )

**CERTIFICATION OF MINUTES AND ORDINANCE**

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Lake Zurich, Lake County, Illinois (the "*Village*"), and as such official I am the keeper of the records and files of the Village and of the President and Board of Trustees of the Village (the "*Board*").

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the \_\_\_\_ day of \_\_\_\_\_, 2015, insofar as same relates to the adoption of Ordinance No. \_\_\_\_\_ entitled:

ORDINANCE expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the Village of Lake Zurich, Lake County, Illinois.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was conducted openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the principal office of the Board at least \_\_\_\_ hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire \_\_\_\_-hour period preceding said meeting, that a true, correct and complete copy of said agenda as so posted being attached hereto as *Exhibit A*, that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code, as amended, and the Open Meetings Act of the State of Illinois, as amended, and the Local Government Debt Reform Act of the State of Illinois, as amended, and that the Board has complied with all of the applicable provisions of said Code and said Acts and its procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village, this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Village Clerk, Village of Lake Zurich,  
Lake County, Illinois

[SEAL]

**[Village Clerk to Attach Agenda]**

