

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: May 9, 2021

To: Village President & Board of Trustees

From: Napoleon Haney, Village Manager

Topic: Village of East Hazel Crest Water Sale and Purchase Agreement

PURPOSE

After the Village made the decision to change its water supplier from the City of Harvey to the City of Chicago Heights, staff spoke with the Village of East Hazel Crest (*2020 Census population of 1,297*) regarding their desire to purchase water from us. Staff worked with Village Attorney Chris Cummings to negotiate a water sale and purchase agreement that is now ready for Village Board approval.

PROCESS

Per the Village's agreement with the City of Chicago Heights, our water supplier, the Village of Homewood is required to request for and receive permission to sell water to other municipalities. On February 15, 2023, the City of Chicago Heights passed Resolution Number 2023-9 approving the Village of Homewood to sell water to the Village of East Hazel Crest.

The basic terms of the agreement with the Village of East Hazel Crest are the same or similar to the terms we have in our agreement to sell water to the Village of Flossmoor with only a difference in the length of the agreement. The Village's water agreement with Flossmoor is for 24 years. The term of the agreement with East Hazel Crest is ten (10) years with East Hazel Crest having the option to extend the agreement for two (2) additional five-year periods.

The total base rate for East Hazel Crest is \$4.75 per 1,000 gallons. This rate includes the amount Hammond charges Chicago Heights for water (\$2.05/1,000 gallons), the amount Chicago Heights charges us to deliver water (\$2.00/1,000 gallons), and our cost to deliver water to East Hazel Crest (\$0.70/1,000 gallons). This rate will increase annually on July 1st of every year by the increase in the Consumer Price Index and cannot be less than one 1% nor more than 3%.

OUTCOME

Approval of the water sale and purchase agreement allows Homewood to supply East Hazel Crest with safe and reliable water at a rate less than what they are charged by Harvey and with long-term stable annual increases.

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FINANCIAL IMPACT

- **Funding Source:** No Financial Impact
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass an ordinance approving the water sale and purchase agreement between the Village of Homewood and the Village of East Hazel Crest.

ATTACHMENT(S)

- Homewood's Ordinance approving a water sales contract with East Hazel Crest
- Water sale and purchase agreement between Homewood and East Hazel Crest
- City of Chicago Heights Resolution authorizing Homewood to sell water to East Hazel Crest