

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: December 14, 2021

To: Village President & Board of Trustees

From: Jim Marino, Village Manager

Topic: Village of Flossmoor 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 Flossmoor regarding Flossmoor's desire to continue 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

In June of 2020, the Village entered into a memorandum of understanding with Flossmoor that provided Flossmoor a period of time to evaluate the feasibility of continuing to purchase water from us after we began purchasing water from Chicago Heights. Because we are changing to a different water supplier, there were several water testing, engineering, IEPA requirements, and cost sharing matters that had to be evaluated by Flossmoor. After Flossmoor decided to continue to purchase water from us, we began negotiating a water sale and purchase agreement.

The basic terms of the agreement with Flossmoor are the same or similar to the terms we have in our agreement to purchase water from Chicago Heights. The term of the agreement is 25 years. The total base rate 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 Flossmoor (\$0.70/1,000 gallons). This rate will increase annually 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 continue to supply Flossmoor with safe and reliable water at a rate less than what we 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 Flossmoor.

ATTACHMENT(S)

Ordinance

Water sale and purchase agreement