



## Regional Governance Structures

The City of Joliet and many neighboring communities in Will County, who utilize the deep groundwater aquifer for their existing water source, need to look for a new drinking water source. This is a regional problem. The potential for a regional solution has been considered over the past 2 years through the Alternative Water Source Studies (Phase I and Phase II) as well as this year, through the Alternative Water Source Program - 2020 Evaluation.

Regional outreach to community and non-community partners has been a focus of the Alternative Water Source Program - 2020 Evaluation to gauge interest, discuss water demands, delivery points and preferred governance structure. There are several governance structures available to legally join with other potential partner communities on a new alternative water source.

When considering a regional governance structure, several key issues need to be identified, as follows:

- ◆ What kind of organization? Who creates it and how?
- ◆ Who makes the decisions: Governing bodies? Officials?
- ◆ Power to acquire water supply - existing or new sources?
- ◆ Power to sell water at wholesale - who are the customers?
- ◆ How to pay for the new water supply system?
- ◆ Property rights and land acquisition
- ◆ Regulatory and liability issues

Depending on the key issues identified by the potential regional partners, five regional governance structures could be considered:

- ◆ Joint Action Water Agency
- ◆ Water Commission
- ◆ County Water Commission
- ◆ Public Water District
- ◆ Primary Wholesale Water Provider

While the governance structure for Joliet’s new regional water source has not yet been determined, two approaches are currently being evaluated further by the project team as a starting point for the regional discussions: Wholesale Water Provider and Water Commission.

### **Wholesale Water Provider**

If Joliet wants to be a Wholesale Water Provider, the governance structure is pretty straight forward. The City of Joliet would construct, finance, own, operate and maintain all of the improvements to bring the new alternative water source to Joliet. Joliet would then sell water to customer communities on a wholesale basis. That relationship would be established through the negotiation and approval of a water purchase/sale agreement between Joliet and the customer community. Joliet would have to acquire property or negotiate access with other agencies or municipalities to use right-of-ways outside of City limits. Customer communities would pay for the improvements to upsize the Joliet system improvements to meet their demands and would construct, finance, own, operate and maintain all of the improvements from the Joliet system to their water system.



## Water Commission

If Joliet wants to be part of a Water Commission with other neighboring communities, the following key issues associated with a Water Commission will apply:

- ◆ A water commission is a separate and new “membership-style” legal entity, not subsidiary to any other governmental unit.
- ◆ How created?
  - By adoption of ordinance or resolution to jointly acquire or construct/operate waterworks or source of supply by:
    - Municipalities—Cities & Villages
    - Other water commissions
- ◆ Who Governs - Board of Commissioners:
  - One per municipality member entity
    - Appointed by Mayor/President with approval of corporate authorities
    - An elector, chief administrator, member of governing body or officer or employee
  - One per water commission member entity
    - Appointed by water commission board
  - One appointed by County Board President in county where major part of water works are (will be), with advice/consent of County Board
  - No alternates
  - Six-year staggered terms
- ◆ Admission and withdrawal:
  - Admission of New Members
    - New member adopts ordinance or resolution to join
    - Majority of water commissioners must approve
    - Corporate authorities of a majority of existing members must approve (if Commission has more than 2 members)
  - Withdrawal of Existing Members
    - Member adopts ordinance repealing its initial ordinance or resolution to participate in the commission and declaring termination of membership and withdrawal
    - Commission board adopts resolution finding withdrawal will not adversely affect/burden the remaining members of the commission
    - Commission has not issued/sold revenue bonds and after withdrawing member will have no outstanding payment obligation to commission
- ◆ Water and Water System Purchases:
  - May purchase water supply or construct and operate common source of supply and water system (take or pay basis; 50-year term)
- ◆ Water Sales:
  - May sell to the municipalities and water commissions that created it for up to 50-year terms
  - Sales to other non-member entities allowed, such as municipalities, political subdivisions and private persons or corporations
  - May construct water transmission and distribution lines within 25-mile radius of members’ limits for purpose of furnishing water to additional entities contracting with the commission for a water supply on mutually agreeable terms



- ◆ Financing:
  - May issue revenue bonds to be paid out of water system revenues
  
- ◆ Real Estate/Property Rights:
  - Right to acquire, hold, sell, lease, transfer or dispose of real estate or personal property
  - Right to exercise eminent domain powers
  - Right to construct maintain, alter and extend water mains as a proper use of highways, streets, alleys and public ground of the state
  
- ◆ Dissolution:
  - Not expressly provided for, but withdrawal is allowed if no bonds have been issued and there are no outstanding obligations to pay system or water supply costs

The above key issues are dictated by existing legal statutes. It may be possible to incorporate other governance terms, however, it would require state legislation (changing the law, creating an “overlay” act or creating a new Law or Act).

Concurrently with the Alternative Water Source Program - 2020 Evaluation, Joliet’s Special Legal Counsel is performing an evaluation of regional governance structures. The recommended regional governance structure will be presented to the City Council at the August 25<sup>th</sup> City Council Workshop.