



Rochelle Municipal Utilities Water/Water Reclamation

To: David Plyman

From: Kathy Cooper

Date: January 17, 2011

RE: Project Plans for a new well and water main

The Master Plan for the Water Division details the priorities for infrastructure improvements to the system. The highest priorities are for the construction of a new well in the southeast quadrant and completing the water main loop from Flagg/Caron Road to the terminus on Dement Road. The proposed new well is needed to provide sufficient fire protection to the industrial corridor as well as to provide an adequate reserve supply for the customers. Additionally, the City's largest water user is on a dead end line, and that is not a recommended engineering practice. The water main looping to Dement Road will ensure that there is a redundant supply and adequate flow and pressure to all users in the Technology Park. The attached drawing depicts the existing and proposed transmission mains for these areas.

The Illinois EPA (IEPA) administers the State Revolving Loan Fund (SRLF) to provide a source of low interest loans to communities for the funding of water and sewer projects. Rochelle has used this program to fund the construction of the treatment plant, the Northwest Interceptor, and the construction of the sewer collection system in the Askvig subdivision. The loans are available at very low interest rates, and Fehr-Graham Consulting Engineers made the City Staff aware of a potential twenty-five percent "forgiveness of principal" for communities undertaking potable water projects. The forgiveness of principal is scheduled to be phased out by October 1, 2012, and in order to be included in this program, the construction of the well must begin by then.

The SRLF has a number of requirements that a municipality must complete in order to qualify for the loan. These requirements include submitting a project plan and a user charge report to the IEPA, adopting and publishing an authorizing ordinance for the loan, and preparing the IEPA loan application documents. The requirements are in addition the design, permitting, and bidding requirements of a municipal infrastructure project. Once submitted to and approved by the IEPA, the project plan can be utilized for a five year period. A municipality is not required to fund all components that are included in the project plan.

To meet the timetable of the that will be required to tap into the SRLF program, Fehr-Graham Engineering and Willett-Hoffmann are working together to meet the Rochelle Municipal Utilities' Water Division's needs.

The components that Fehr-Graham will complete are:

1. Develop the project plan for the IEPA, SRLF loan, based upon the scope defined by the City:	\$10,700.
2. Complete the loan application:	\$11,250.
3. Design, permitting and bidding the water main plans for two projects, the Hayes to Steward and Phase I and II of the Twombly Road extensions:	
Hayes and Steward Road	\$ 71,400
Twombly Road, Phase I	\$131,300
Twombly easements	\$ 3,200
Twombly Road, Phase II	\$ 94,800
Twombly Road, II easements	\$ 2,300

The components that will be completed by Willett-Hofmann are:

1. Water rate study update for IEPA approval:	\$ 5,000
2. Engineering design work for the new well, well house and water treatment on Steward Road:	\$325,000
3. Well #12 site acquisition, plats and easements for watermain on Hayes and Steward Road:	\$ 10,000
3. Bidding and award:	\$ 10,000
4. Construction observation	\$280,000

Staff worked with Chris Frye to investigate the possibility of issuing a revenue bond to pay for the improvements. When one factors in the lower interest rates and the potential for the forgiveness of the principal, we believe that the revolving loan fund will provide significant savings for the City. The last payment for the construction of the Water Reclamation Plant bonds is in May 2014. We believe that we can structure the water and sanitary sewer rates so that the customers will not see a significant increase in their monthly bills.

To meet the schedule for inclusion in the loan forgiveness program, the project plan report is be submitted to the IEPA in February. This will be followed by the design work and user report charge report.

I recommend the approval of the engineering agreements with Fehr-Graham and Willett-Hofmann.