



Rochelle Municipal Utilities Water/Water Reclamation

To: David Plyman

From: Kathy Cooper

Date: June 4, 2012

Re: Loan Program; Ordinance Authorizing a Loan Agreement

The Master Plan for the Rochelle Water System, updated in 2011, prioritized various infrastructure upgrades for the Water System. Because the industrial growth in the City has fueled the need for a new well in the southeast quadrant, this is shown as the highest priority in the plan. Additional infrastructure upgrades included connecting a new well to the existing system, iron removal at the well, if needed, and various water main extensions to create a looped water supply system.

After exploring several funding options, in December 2011, the staff began exploring the possibility of obtaining a loan from the Illinois Environmental Protection Agency to pay for the needed infrastructure improvements. Staff and Consultants contacted IEPA about the availability of the loans, and were informed that the State Revolving Loan Fund provides loans to water systems at the very favorable rate of 2.5%. The disadvantage of the IEPA loan is the process of qualifying for one of the loans.

The first step in obtaining approval of an IEPA loan is to submit a project plan to the IEPA. A preliminary project plan was presented in to the IEPA in January, and the IEPA requested more information about the City's needs. A follow-up letter from the Infrastructure Assistance Section encouraged the City to proceed with the loan application and to get an approved project plan on file with the IEPA. The revised Project Plan has been sent, and we are awaiting the review and approval of this plan. The projects to be funded and the engineer's estimate of cost are:

Construct a new well:	\$ 594,500
Construct a new well house:	\$ 840,000
Connect new well to main:	\$ 890,000
Twombly-Flagg-Caron connection:	\$1,637,000
Replace Well #4 wellhouse	\$ 756,000

These projects will be phased in over four years, and the decision could be made to delay or not proceed with any of them.

The information about the Project Plan and IEPA SRL was presented to the Utility Advisory Board on May 23, 2012, and there was not a quorum available for formal approval.

The next step in the approval process for an IEPA loan is for the City Council to adopt a Loan Authorizing Ordinance. I recommend approval of the Loan Authorizing Ordinance.