



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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BRUCE RAUNER, GOVERNOR

ALEC MESSINA, DIRECTOR

Project Summary and Preliminary Environmental Impacts Determination

Date: OCT 25 2018

Loan Applicant: City of Rochelle, IEPA Loan Project Number: L175571

To all interested persons:

Section 662.330 of the Illinois Procedures for Issuing Loans from the Public Water Supply Loan Program requires that the Illinois Environmental Protection Agency (IEPA) conduct an assessment of the environmental impacts of proposed public water supply projects to be funded with loans. This review is carried out in conjunction with the Agency's review of the applicant's project plan.

Prior to final approval of the project plan, the public's comments are sought regarding environmental impacts of the proposed project. Unless new information obtained through the public comment process causes reconsideration, the Agency will approve the project plan at the close of the public comment period.

The applicant will make the attached Project Summary and Preliminary Environmental Impacts Determination (PEID) available for public inspection. Within 60 days of receiving this letter, the applicant must conduct a public hearing regarding both the PEID and project planning. Advertisement of the hearing must be made at least 10 days in advance. The advertisement must include the purpose of the project along with the date, time, and location of the hearing. A comment period of at least 10 days shall be provided after the hearing in which written comments may be submitted to the loan applicant or to the IEPA contact person identified in the attached document.

For information purposes only, a copy of this document is being provided to your local newspaper of record.

Your participation in this process is appreciated.

Sincerely,

Heidi Allen
Pre-Construction Unit Manager
Infrastructure Financial Assistance Section
Bureau of Water

HA:CLN Rochelle L175571 PEID cover letter

Attachment

Project Summary and Environmental Assessment

The City of Rochelle has applied to the Illinois Environmental Protection Agency's (IEPA) Public Water Supply loan program to request funding to help finance a drinking water system improvements project. The following project summary and environmental assessment has been prepared by the IEPA to assist the loan applicant in complying with the public notice requirements. This report is based on information submitted to the IEPA by the City of Rochelle. Sources of information include the following documents: the 2018, City of Rochelle, Well #12 Water Treatment Plant Project Plan Report with May 7, 2018 transmittal letter; the September 27, 2017 letter, with attachments in response to the July 2, 2018 IEPA planning review letter; and October 5 and 15, 2017 emails, with attachments, which were all prepared by Willett, Hofmann & Associates, Inc.

Part I – Project Information

Loan Applicant: City of Rochelle

Project Number: L175571

Project Name: Radium removal water treatment plant for water supply well #12

County: Rochelle is located in Ogle County and the project is located in Lee County.

Current Population Served: 9,574

Future Population (20 year): 12,650

Project Description: The proposed project consists of a new 1,300 gallon per minute radium removal water treatment plant (WTP) for water supply well #12, which includes: treatment plant building, pressure filter, chemical feed equipment, a 32,000 gallon backwash storage tank, a new well pump for well #12, piping, controls and necessary appurtenances; construction of 1,030 linear feet of 10-inch diameter, and 2,830 linear feet of 21-inch diameter sanitary sewer to provide City sewer treatment for WTP backwash; and necessary construction site restoration.

Project Location: The new well #12 WTP will be located at 3188 Hayes Road, in rural Lee County, north of Steward, Illinois, on approximately one acre of property that will be purchased by the City and is adjacent to existing well #12 and an elevated water storage tank. The sanitary sewer construction will occur along Steward Road and Hayes Road, in Lee County, between Rochelle and Steward, Illinois. See the attached map for project locations.

Project Justification: The City received an IEPA Violation Notice W-2018-00030 because well #12 has levels of combined radium that exceed the maximum contaminate level (MCL) for drinking water. Excessive radium can cause health problems. Rochelle has entered into a Compliance Commitment Agreement and schedule to correct the noted violations. The proposed project will allow well #12 to comply with the radium drinking water standards and provide a safe and reliable source of drinking water for the community that will meet their future water supply demands.

Estimated Construction Start Date: June 2019

Estimated Construction Completion Date: March 2020

Project Cost Estimate: \$3,206,000

Part II – Environmental Issues Associated With the Project

Project construction impacts: Temporary adverse environmental impacts such as construction-associated noise, blowing dust, air emissions, traffic disruption, and soil erosion will likely occur during construction.

Illinois Department of Natural Resources: The loan applicant submitted project information to the Illinois Department of Natural Resources (IDNR) EcoCAT website to determine compliance with the Illinois Endangered Species Act, Illinois Natural Areas Preservation Act and the Illinois Wetlands Act. The September 27, 2018 review results indicate that protected resources are not present in the vicinity of the location submitted and terminated their consultation for 17 Ill. Adm. Code Parts 1075 and 1090. This indicates that there are no anticipated impacts to threatened and endangered species, wetlands or other natural areas from the proposed project.

Based on the October 2, 2018 letter from IDNR, Office of Water Resources, the sanitary sewer construction portion of the project that crosses an unnamed waterway must comply with the conditions of Statewide Permit No. 8, which authorizes underground pipeline and utility crossings construction activities. The October 15, 2018 Willett Hofmann & Associates, Inc. email to IEPA indicates that the City of Rochelle will incorporate all required environmental protective and mitigative measures into the design documents and bidding specifications/project manual for the project.

Illinois Historic Preservation Division of IDNR: An IDNR letter dated June 26, 2018 indicates that there are no anticipated impacts to historic, architectural, and archaeological resources from the proposed project and that it complies with Section 106 of the National Historic Preservation Act of 1966.

U.S. Army Corps of Engineers: The City of Rochelle submitted their project information to the U.S. Army Corps of Engineers (USACE) for their review and determination of requirements related to placement, or excavation, of any dredged or fill materials into rivers, lakes, ponds, large and small streams with perennial, intermittent or ephemeral flow, artificial water bodies and wetlands adjacent to these waters and associated permitting. The USACE Rock Island, Illinois, District Office letter dated June 21, 2018 indicates the sanitary sewer portion of the project that crosses an unnamed waterway is covered by their Nationwide Permit No.12 and the IEPA Water Quality Certification Regional Conditions for Nationwide Permit No.12. The City of Rochelle must provide a certification to the Corps that all authorized work and any required

mitigation were completed in accordance with the permit conditions. The September 27, 2018 Willett Hofmann & Associates, Inc. letter indicates that all required environmental protective and mitigative measures will be incorporated into the design documents and bidding specifications/project manual for the project.

Part III – Project Implementation and Affordability for Residents and Utility Customers

The estimated costs for the project are:

Construction	\$2,469,560
Contingency (10%)	\$246,440
Design Engineering	\$197,000
Construction Engineering	\$195,000
Loan Application Assistance	\$8,000
Land Acquisition (ineligible for IEPA loan funding)	\$50,000
Interest during construction	\$40,000
Total Project	\$3,206,000

The applicant is proposing to finance the project costs with a loan from the Public Water Supply Loan Program (PWSLP). The total project cost is estimated to be \$3,206,000. Land acquisition costs are not eligible to use IEPA loan funding and will have to be paid with local or other funding. After subtracting \$50,000 for land purchase, the remaining IEPA loan eligible costs are \$3,156,000. A \$3,156,000 loan with an estimated interest rate of 1.84% for a twenty (20) year period, would have an annual repayment of approximately \$188,732. If the annual loan repayment amount is divided between the City’s 3,910 service customers, each customer would pay \$48.27 per year, which equals \$4.03 per month.

The current loan program interest rate is 1.84%. The interest rate adjusts annually on July 1st. All loans are subject to the interest rate in effect at the time a loan agreement is issued. The loan program rules include provisions for incentives such as reduced interest rates, partial principal forgiveness, and extended repayment periods for qualifying applicants. The criteria used to determine incentive qualification are found in Sections 662.210 and 662.250 of the Procedures for Issuing Loans from the PWSLP which is available on the Agency’s website. The final decision for incentive qualification will be determined at the time a loan agreement is issued using updated Census Bureau and Department of Labor data. Using current data, the City of Rochelle is eligible to receive a 1.38% small community interest rate, and partial principal forgiveness. The Agency adjusts qualifying criteria annually on July 1st and the community specific information is also subject to change. Applicants that qualify for principal forgiveness will not have a repayment obligation for a portion of their loan. Principal forgiveness and/or a reduced interest rate will reduce the loan payment amount and possibly the associated increases to the user charges. Principal forgiveness is not guaranteed until a loan agreement is issued.

If the City of Rochelle does receive the above referenced IEPA loan program incentive reductions, the possible cost savings to the estimated loan repayments can be calculated as follows: using the maximum amount of principal forgiveness would subtract \$1,500,000 from the \$3,156,000 total estimated eligible project cost, which would leave \$1,656,000 of remaining project cost to be repaid. A \$1,656,000 loan with an estimated interest rate of 1.38% for a twenty (20) year loan repayment period, would have an annual repayment of approximately \$94,799. If this annual loan repayment amount is divided between the City of Rochelle's 3,910 water customers, each customer would pay \$24.25 per year, which equals \$2.02 per month.

Source of Loan Repayment: The City has calculated that no rate increase will be needed to repay the IEPA loan for the well #12 proposed project and the existing revenue is adequate to cover water system expenses. The provided planning report indicates that even when including the additional debt service from a previous radium removal treatment plant project for well #11 (loan number L175443) with the well #12 project debt service, the City will have a net income of \$60,050 for the Water Division Budget.

Current Average Monthly Residential Cost of Service: An average residential customer of the Rochelle system who uses 700 cubic feet (5,236 gallons) of water per month currently pays \$31.87 per month for water service.

How is the monthly residential rate/cost of service calculated? Rochelle's current residential water user charge system is based on a minimum monthly fixed service charge of \$10.45 and a water rate of \$3.06 for each 100 cubic feet of water metered. For an average 700 cubic feet residential user, this calculates to: $\$10.45 + (\$3.05 \times 7) = \$31.87$ per month.

Projected Average Monthly Residential Cost of Service: \$ 31.87

Number of Customers or Service Connections: The Rochelle water system serves a total population of approximately 9,574. There are reported to be 3,901 total customers that are billed by the City. The total includes; 3,070 residential, 580 general service, 2 industrial, 20 other categories, and 229 lawn irrigation water customers. The two industrial customers use 62.6 percent of the total water volume billed.

Median Household Income (MHI): The MHI for Rochelle is \$44,205.

Financial Impact of the proposed project: In order to determine the financial impact of the proposed project on the community, a percentage comparison of the MHI to the annual cost for water service is utilized. According to the most recent census information, the average MHI for the City of Rochelle is \$44,205. The projected total annual water cost of \$385.44, is 0.865 percent of the MHI for the area. Any amount less than 2.0 percent is considered to be affordable under State and Federal loan program criteria.

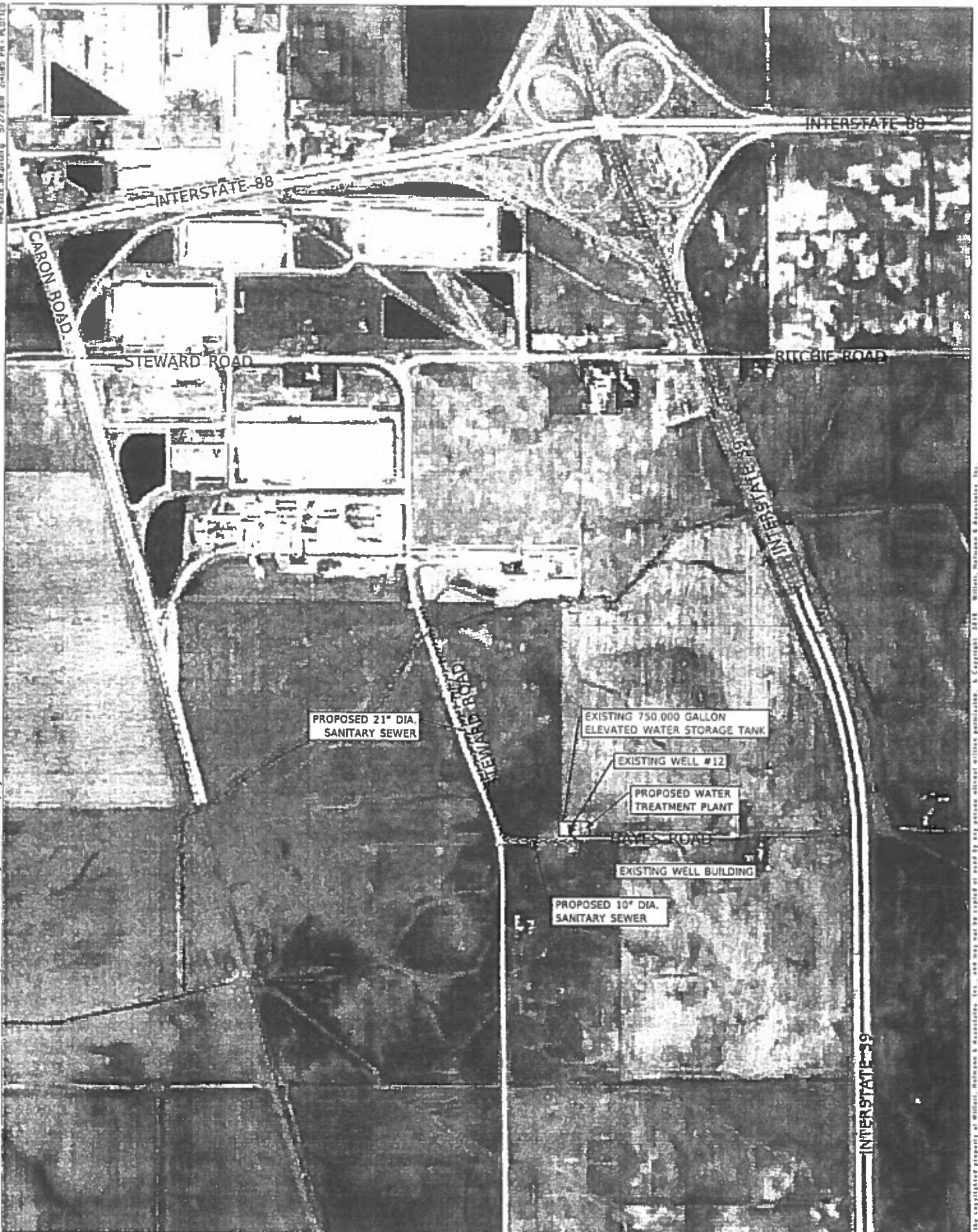
Public comments are invited on the proposed project. For further information contact:

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Bureau of Water
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Springfield, Illinois 62794-9276

(217)782-2027

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NO SCALE



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ROCHELLE MUNICIPAL UTILITIES
WELL NO. 12 WATER TREATMENT PLANT

EXHIBIT N - PROJECT LOCATION MAP

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