



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY *Clesh*

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JB PRITZKER, GOVERNOR

JOHN J. KIM, DIRECTOR

Project Summary and Preliminary Environmental Impacts Determination

Date: NOV 10 2020

Loan Applicant: Rock Falls

IEPA Loan Project Numbers: L175718, 5719, 5720, 5721
and 5722

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

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Attachment

2125 S. First Street, Champaign, IL 61820 (217) 278-5800
2009 Mall Street Collinsville, IL 62234 (618) 346-5120
9511 Harrison Street, Des Plaines, IL 60016 (847) 294-4000
595 S. State Street, Elgin, IL 60123 (847) 608-3131

2309 W. Main Street, Suite 116, Marion, IL 62959 (618) 993-7200
412 SW Washington Street, Suite D, Peoria, IL 61602 (309) 671-3022
4302 N. Main Street, Rockford, IL 61103 (815) 987-7760

**Project Summary and
Preliminary Environmental Impacts Determination (PEID)**

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 Rock Falls. Sources of information include the following documents: the June 2019 City of Rock Falls Whiteside County, Illinois Water System Improvements Project Plan, with June 24, 2019 cover letter; and in response to IEPA requests for additional information, email(s)/mail dated June 1, 2020, which were prepared by Willett Hofmann & Associates, Inc.

Part I – Project Information

Loan Applicant: City of Rock Falls

County: Whiteside

Project Name: Water System Improvements

Project Numbers: Phase I: L175718
Phase II: L175719
Phase III: L175720
Phase IV: L175721
Phase V: L175722

Current Population Served: 9,266

Future Population (20 year): 9,938

Project Description: The City of Rock Falls intends to replace approximately 30,695 linear feet of aging, undersized, deteriorated water main and appurtenances over a 5-year period.

Project Location: Construction and installation of new 6" water mains will take place at various locations throughout the City. See descriptions below and attached map for project locations.

Phase I Includes 5,470 LF of water main and appurtenances

Project 1: Construction will take place on 3rd Avenue; W. 6th Street and W. 3rd Street.

Project 2: 2nd Avenue, from 1st Avenue to W. 5th Street

Project 3: Hudson Drive, from 5th Avenue to W. 10th Street

Project 4: W. 13th Street

Project 5: 6th Avenue

Phase II Includes 5,470 LF of water main and appurtenances

Project 6: 7th Avenue, 8th Avenue and W. 10th Street

Project 7: Flock Avenue

Project 8: W. 14th Street

Phase III Includes 6,635 LF of water main and appurtenances

Project 9: W. 18th Street, 12th Avenue, and W. 17th Street

Project 10: 13th Avenue, W. 20th Street and 11th Avenue

Project 11: Bennett Drive

Project 12: 10th Avenue

Project 13: 7th Avenue

Phase IV Includes 5,950 LF water main and appurtenances

Project 14: W. 8th Street

Project 15: Stanley Court to Garden Circle

Project 16: E. 13th Street and Avenue C

Project 17: Burlington Terrace and E. 6th Street

Project 18: Smith Court and Goodell Court

Project 19: Avenue C Water Main Replacement

Project 20: Avenue E

Phase V Includes 6,900 LF water main and appurtenances

Project 21: Circle Drive to Martin Road

Project 22: Wiker Drive

Project 23: Marsha Lane

Project 24: Keith Drive to Wiker Drive

Project Justification: The City has invested significantly in their water treatment and water storage facilities over the last 20 years but needs to put a greater emphasis on the water distribution system. According to the Illinois State Water Survey, the City's water system was originally constructed in 1885, so the existing water distribution system has some water mains that are over 100 years old. An IEPA Water System Inspection Report from May 20, 2016 indicated that some watermains are undersized and may not provide the required minimum system pressure. The report also noted that the unaccounted-for water of the system is greater than 15%, which indicates water main breaks. Replacing water mains will increase system pressure and reduce the amount of unaccounted-for water use.

Estimated Construction Dates

	Phase I	Phase II	Phase III	Phase IV	Phase V
Construction Start	September 2021	March 2023	March 2024	March 2025	September 2026
Construction End	June 2022	December 2023	December 2024	December 2025	December 2026

Project Cost Estimate:

Phase I: \$2,032,000 (with 10% contingency)

Phase II: \$1,982,000 (with 10% contingency)

Phase III: \$2,159,000 (with 10% contingency)

Phase IV: \$1,555,000 (with 10% contingency)

Phase V: \$1,941,000 (with 10% contingency)

Total of all Phases: \$9,669,000 (with 10% contingency)

Part II – Project Affordability for Residents and Utility Customers

The applicant is proposing to finance the project costs with a loan from the Public Water Supply Loan Program (PWSLP). A \$9,669,000 loan with an estimated interest rate of 1.35% for a twenty (20) year period would have an annual repayment of approximately \$551,919. If the annual loan repayment amount is divided between the City's 3,779 service customers, each customer would pay \$146.04 per year, which equals \$12.17 per month.

The current loan program interest rate is 1.35%. 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 Rock Falls is eligible to receive a 1.01% small community interest rate, 50% principal forgiveness (up to a maximum of \$400,000 for each community), and a 30-year term loan. 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 Rock Falls does receive the above referenced IEPA loan program incentive reductions, the possible cost savings to the estimated loan repayments can be calculated as follows: 50% principal forgiveness up to \$400,000 would subtract \$400,000 from the \$9,669,000 total estimated project cost, which would leave \$9,269,000 of remaining project cost to be repaid. A loan in the amount of \$9,269,000, with an estimated interest rate of 1.01% for a thirty (30) year loan repayment period, would have an annual repayment of approximately \$358,264. If this annual loan repayment amount is divided between the City of Rock Falls' 3,779 water customers, each customer would pay \$94.80 per year, which equals \$7.90 per month. To make this project more manageable, the City has proposed to break this into five smaller project loans, phased over five years.

Source of Loan Repayment: The City of Rock Falls proposes to repay the loans by increasing the water user charges or by adding a new monthly improvements fee over a period of five years to cover the debt service for a loan. These rate increases, along with surplus generated from the water/sewer billing fund, will be used to repay each of the five IEPA loans.

Current Average Monthly Water Use: 476.3 cubic feet

Current Average Monthly Residential Cost of Service: \$26.91

How is the monthly residential rate/cost of service calculated? A residential customer of the Rock Falls water system is charged monthly based on the volume of water used, a debt service charge, and a capital improvement charge. The water rates for City residential customers features a \$10.80 basic user charge that includes the first 300 cubic feet of water, a debt service charge of \$4.85, a capital improvement charge of \$3.50, and a basic user rate of \$4.60 per 100 cubic feet of water used over the first 300 cubic feet. For an average of 476.3 cubic feet per month residential customer, the monthly bill calculates to: $\$10.80 + \$4.85 + \$3.50 + (\$4.60 \times 1.763) = \$26.91$.

Projected Average Monthly Residential Cost of Service: Rock Falls calculated that their water rate would need to increase each year until 2025 to adequately repay each loan. The first year of the user charge increase will have city residents served by the Rock Falls water system paying \$11.65 per month as a basic user charge for the first 300 cubic feet of water used, a \$4.85 debt service charge, a \$3.50 capital improvement charge, and a basic user rate of \$4.60 per 100 cubic feet of water used over 300 cubic feet per month. The average user charge for 476.3 cubic feet of water per month used is calculated as follows: $\$11.65 + \$4.85 + \$3.50 + (\$4.60 \times 1.763) = \$28.11$.

Number of Customers or Service Connections: 3,779

Median Household Income (MHI): The MHI for the City of Rock Falls is \$48,252.

Financial Evaluation of the Proposed Project: To evaluate the costs of the proposed project for the community, a percentage comparison of the MHI to the average, annual cost for water service is utilized. The MHI listed above is from the current fiscal year's census information. The proposed annual water cost of \$337.32, is 0.70% of the MHI for City of Rock Falls water users. The percentage is for comparison only and has no impact on whether a project qualifies for funding from the IEPA. The percentage comparison and MHI are two of several criteria used to determine whether a loan project qualifies for interest rate reductions or principal forgiveness.

Part III – Environmental Issues Associated With the Project

Project construction impacts: Construction activities will occur within municipal boundaries, on previously disturbed land. Temporary adverse environmental impacts such as construction-associated noise, blowing dust, air emissions, soil erosion, and traffic disruptions will likely occur during construction.

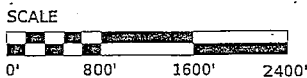
Illinois Department of Natural Resources: The loan applicant submitted project information to the Illinois Department of Natural Resources (IDNR), State Historic Preservation Office (SHPO), for consultation under Section 106 of the National Historic Preservation Act of 1966. The Department has concluded that adverse effects are unlikely.

The loan applicant submitted project information to the IDNR EcoCAT website to determine compliance with the Illinois Endangered Species Act, Illinois Natural Areas Preservation Act, the Illinois Wetlands Act, and Title 17 Ill. Adm. Code Parts 1075 and 1090. EcoCAT indicated the presence of the **Northern long-eared bat (*Myotis septentrionalis*)** within the project area. IDNR recommends that if trees are removed, a field visit should be performed by a qualified individual (biologist, forester, or others who have been trained accordingly) to determine if suitable trees are present that will provide habitat for the **Northern long-eared bat**. If suitable trees are present to provide habitat, they should be flagged and/or clearly marked and shall not be cut between April 1 through October 31st. These requirements will be added to the plans and specifications and followed throughout the construction process.

U.S. Army Corps of Engineers (USACE): No construction will occur at or near a body of water that will require a review/sign-off from the U.S. Army Corps of Engineers

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

Lanina Clark, Project Manager
Infrastructure Financial Assistance Section
Illinois Environmental Protection Agency
Bureau of Water
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276
(217)782-2027



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CITY OF ROCK FALLS, ILLINOIS
PROJECT PLAN REPORT - WATER SYSTEM IMPROVEMENTS

EXHIBIT D - PROJECT LOCATION MAP

LEGEND

PHASE 1	—————
PHASE 2	—————
PHASE 3	—————
PHASE 4	—————
PHASE 5	—————