



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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JB PRITZKER, GOVERNOR

JOHN J. KIM, DIRECTOR

Project Summary and Preliminary Environmental Impacts Determination

Date: FEB 10 2020

Loan Applicant: City of North Chicago

IEPA Loan Project Number: L174589

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

4302 N. Main Street, Rockford, IL 61103 (815) 987-7760
595 S. State Street, Elgin, IL 60123 (847) 608-3131
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
412 SW Washington Street, Suite D, Peoria, IL 61602 (309) 671-3022
2309 W. Main Street, Suite 116, Marion, IL 62959 (618) 993-7200
100 W. Randolph Street, Suite 4-500, Chicago, IL 60601

Project Summary and Environmental Assessment

This report is based on information submitted to the IEPA by the City of North Chicago. Sources of information include the following documents: Water Tower No. 1 and Transmission Main prepared by Trotter and Associates, Inc. dated October 2018.

Part I – Project Information

Project Name: Water Tower #1 and related appurtenances.

Loan Applicant: City of North Chicago

County: Lake

Project Number: L174589

Current Population: 29,951

Future Population (20 year): 40,000

Project Description: Construct a 2 million gallon (MG) elevated drinking water storage tank with related appurtenances. Approximately 1,030 feet of 24-inch transmission main will be built to connect the new tower to the existing system.

Project Location: See attached map for project location.

Project Justification: Useable storage in the 4-million-gallon standpipe is limited to 212,000 gallons in order to maintain the required system pressure. Finished water must be stored at the water treatment plant and be pumped into the distribution system at variable rates to meet peak demand. The new 2 MG water tower will increase existing storage and help maintain adequate pressure in the system.

Estimated Construction Start Date: August 2020

Estimated Construction Completion Date: August 2021

Project Cost Estimate: \$6,650,000

Part II – Project Affordability for Residents and Utility Customers

Financial evaluation of the proposed project: North Chicago is proposing to finance the project costs with a loan from the Public Water Supply Loan Program (PWSLP). Annual repayments on a PWSLP loan in the amount of \$6,650,000 at an estimated interest rate of 2.0% for a term of twenty (20) years are \$406,692.18. Annual user rate increases have been in place for years and no additional increases are expected as a result of this project. Revenue versus expenses are regularly analyzed to identify when rate increases are necessary.

The City of North Chicago qualifies for a reduced interest rate, partial principal forgiveness and extended loan term by applying the current PWSLP criteria for the current fiscal year. Annual

loan repayment amounts would be substantially lower. The specific terms of the loan won't be known until the loan is prepared.

The current loan program interest rate is 2.0%. 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 qualifications are found in Section 662.210 and 662.250 of the Procedures for Issuing Loans from the PWSLP, which are available on the Agency's website. The final decision for incentive qualifications will be determined at the time a loan agreement is issued using updated Census Bureau and Department of Labor data. 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.

Source of Loan Repayment: User Fees

Current Average Monthly Residential Cost of Service: \$28.37; \$340.44 annually

Average Monthly Residential Water Use: 3,455 gallons

Number of Customers or Service Connections: 4,471 residential

How is the monthly residential rate/cost of service calculated? A flat monthly meter fee of \$10.37, with an additional \$5.21 per 1,000 gallons. For the average user, this calculates to:

$$3.455 * \$5.21 = \$18.00 + \$10.37 = \$28.37/\text{month}$$

Median Household Income (MHI): \$41,679

Percentage of MHI needed to pay the projected average annual residential cost of service:

0.82 %

Annual Cost of Service/MHI is an affordability ratio used by IEPA. If less than 2% of the median household income is required to pay the average, annual residential user rate, the project is considered affordable by IEPA standards.

Part III – Environmental Review and Impacts

Project information was submitted 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. In a letter dated August 27, 2019 IDNR concluded adverse effects are unlikely and terminated their consultation for 17 Ill. Adm. Code Part 1075 and 1090. The project has also been reviewed by IDNR's Illinois Historic

Preservation Office for compliance with the National Historic Preservation Act, Section 106. The Department determined that no historic properties would be impacted by the project.

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

George Lambert, 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

Proposed tower
Location

19th St

20th St

21st St

11th Ave

12th Ave