

# **COAL CITY VILLAGE BOARD MEETING PUBLIC HEARING**

**Wednesday, May 25, 2022  
7:00 P.M.**

## **AGENDA**

1. Call meeting to order
2. Public Hearing – Regarding the application for an IEPA Loan to complete the Lead Service Line Replacement Project
3. Adjourn

## **Project Summary and Environmental Assessment**

The Village of Coal City has applied to the Illinois Environmental Protection Agency's (IEPA) Public Water Supply loan program to request funding to help finance a lead service line replacement project. The following project summary and environmental assessment has been prepared by the IEPA to assist the loan applicant comply with the public notice requirements.

This report is based on information submitted to the IEPA by the Village of Coal City. Sources of information include the following documents: the December 2021, Village of Coal City Lead Service Replacement Project Plan, with December 22, 2021 transmittal letter; and additional planning information from email dated March 3, 2022. This information was submitted and prepared by Chamlin & Associates.

### **Part I – Project Information**

**Loan Applicant:** Village of Coal City      **County:** Grundy

**Project Name:** Lead Service Replacement

**Project Numbers:** L176111

**Current Population Served:** 5,409      **Future Population (20 year):** 5,900

**Project Description:** The Village of Coal City owns and operates its own water treatment plant and water distribution system and is currently supplied with water from four (4) wells. The proposed project consists of the replacement of approximately 1,181 lead service lines within the distribution system throughout the Village of Coal City. The replacement will include full water service replacement from the water main to the residential water meter.

**Project Location:** Replacement of lead service lines will take place at various locations throughout the Village of Coal City. Please see attached map for project location.

**Project Justification:** Service lines are small pipes that carry drinking water from the water mains into homes. Older service lines may be constructed from lead. Older household plumbing fixtures and faucets may also contain lead. Lead can enter drinking water when corrosion of pipes and/or fixtures occurs. Lead is a toxic metal that can accumulate in the body over time. The adverse health effects of lead exposure in children and adults are numerous and well documented. Eliminating lead service lines will reduce exposure to residents living in homes currently utilizing lead service lines.

**Estimated Construction Start Date:** March 2023

**Estimated Construction Completion Date:** October 2023

**Project Cost Estimate:** \$14,408,200.00

## **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 project was submitted for review through the Illinois Department of Natural Resources (IDNR) EcoCAT system for compliance with the Illinois Endangered Species Act, Illinois Natural Areas Preservation Act (Section 17 Illinois Administrative Part 1075) and the Illinois Wetlands Act (Section 17 Illinois Administrative Code Part 1090). Initial review contained no record of threatened or endangered species within the project vicinity; however, further assessment was necessary for the Part 1090 wetlands review because the EcoCAT review indicated the presence of wetlands within the project area. Upon further review a joint consultation for Part 1075 & Part 1090 was issued June 11, 2021 concluding that adverse effects are unlikely.

**United States Army Corps of Engineers:** The Village of Coal City 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 U.S. Army Corps of Engineers Chicago District Office letter dated March 21, 2022 indicates that the proposed lead service line replacement project does not require Department of the Army (DA) authorization pursuant to Section 404 of the Clean Water Act or Section 10 of the Rivers and Harbors Act of 1899.

**Illinois Historic Preservation Division of IDNR:** An IDNR letter dated November 27, 2021 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.

## **Part III – Project Affordability for Residents and Utility Customers**

Construction	\$11,810,000
Contingency (10%)	\$1,181,000
Design Engineering	\$708,600
<u>Construction Engineering</u>	<u>\$708,600</u>
Total	\$14,408,200

The applicant is proposing to finance the project costs with a loan from the IEPA Public Water Supply Loan Program (PWSLP). A \$14,408,200 loan with an estimated interest rate of 1.11% for a twenty (20) year period, would have an annual repayment of approximately \$803,664.

The current loan program interest rate is 1.11%. The interest rate adjusts annually on July 1<sup>st</sup>. 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 is 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. Using current data, the Village of Coal City is eligible to receive a 0.83% small community rate, environmental discount rate reduction of 0.2%, and 100% principal forgiveness up to \$4,000,000 of the initial loan. The Agency adjusts qualifying criteria annually on July 1<sup>st</sup> 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 Village of Coal City does receive the above referenced IEPA loan program incentive reductions, the possible cost savings to the estimated loan repayments can be calculated as follows: principal forgiveness would subtract \$4,000,000 from the \$14,408,200 total estimated project cost, which would leave \$10,408,200 of the remaining project cost to be repaid. A \$10,408,200 loan with an estimated interest rate of 0.81% for a twenty (20) year loan repayment period, as requested by the Village, would have an annual repayment of approximately \$563,876.

**Source of Loan Repayment:** The user rates per 1,000 gallons of water used are anticipated to increase by approximately 8% by 2024 in order to repay the loan.

**Current Average Monthly Residential Cost of Service:** \$39.90

**How is the monthly residential rate/cost of service calculated?**

User Rates	
Rate per 1,000 Gallons	Usage in Gallons
\$ 13.30	0-5,999
\$ 14.82	6,000-20,999
\$ 14.22	21,000+

The Village of Coal City only bills for usage in increments of 1,000 gallons, so , for example, until the usage reaches the 4,000 gallon point, each residential account will only pay for 3,000 gallons used. For an average residential customer that uses 3,000 gallons of water per month, this calculates to:  $3(\$13.30) = \$39.90$  per month.

**Projected Average Monthly Residential Cost of Service:** The Village of Coal City anticipates implementing a user rate increase in order to fund the project. The anticipated new figures can be found in the tables below.

User Rates	
Rate per 1,000 Gallons	Usage in Gallons
\$ 16.75	0-5,999
\$ 18.67	6,000-20,999
\$ 17.91	21,000+

For an average residential customer that uses 3,000 gallons of water per month, this calculates to:  
 $3(\$16.75) = \$50.25$  per month.

**Number of Customers or Service Connections:** The Village of Coal City water system serves a total population of 5,409 and reportedly has 2,420 water users. Of the 2,420 customers served by the system, 12 reside outside of the Village limits, and there are 2,296 residential, 120 commercial, and 4 industrial users served by the Coal City water system.

**Median Household Income (MHI):** \$74,755

**Financial Impact 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 used. The MHI's listed above are from the current fiscal year's census information the proposed annual water cost of \$603.00, is 0.81% of the MHI for in-Village Coal City 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.

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

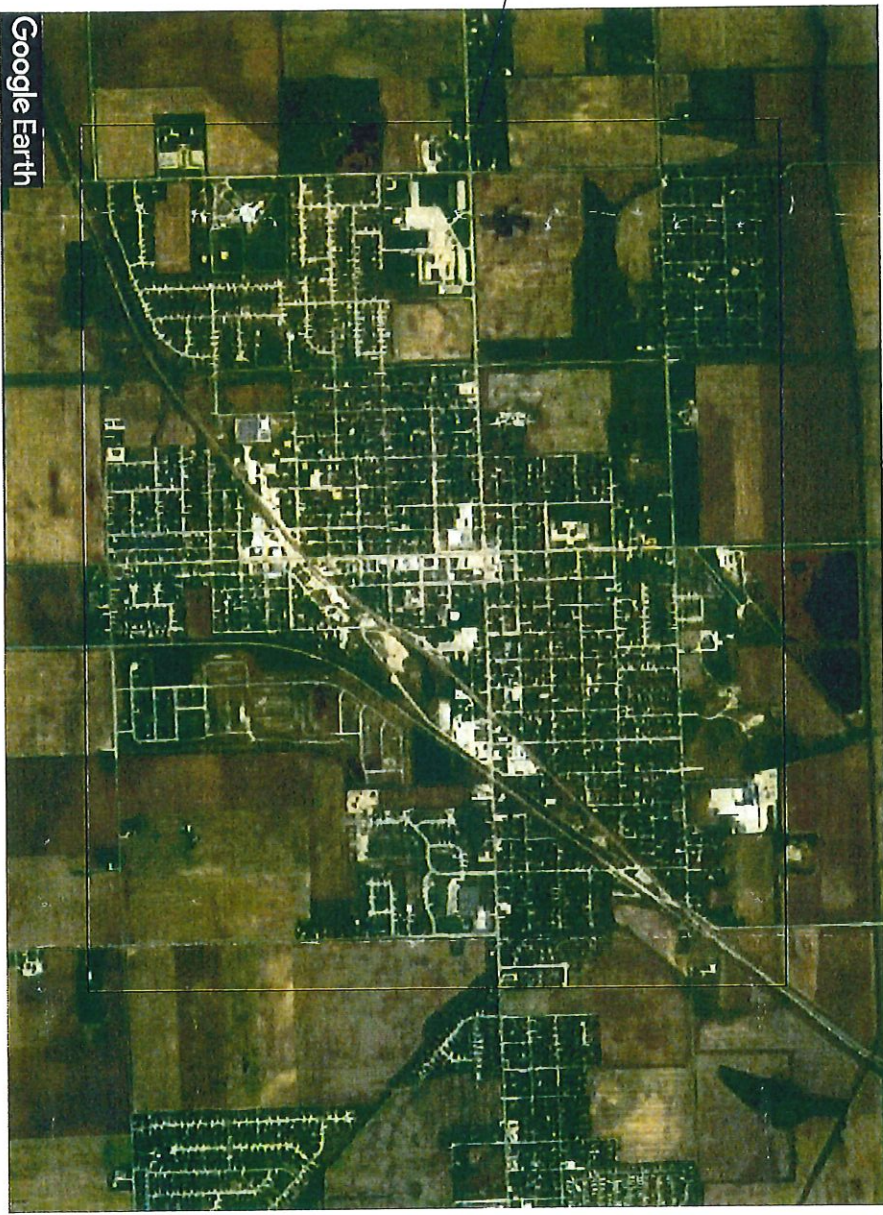
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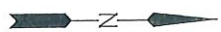


# Coal City Lead Service Replacement Coal City, IL Location Map

Project  
Location



Google Earth



## Appendix B

DESIGNED BY: DRAWN	DATE:	REVISION:	CONSTRUCTION PLANS	CURRENT AS OF: CURRENT
CHECKED BY: CHECKED	DATE:	DESCRIPTION:	SCALE: AS NOTED	SHEET: --
DATE: DATE			FILE NO: 2873.02	OF: --

CH2M HILL  
OTTAWA, MINNESOTA  
ILLINOIS