



## **PRESS RELEASE**

### ***Coal City's Village Board Attempts to Gain Funding for New Water Treatment Plant Improvements***

Coal City is attempting to tap into the resources being made available by the federal government as they provide additional funding to the IEPA (Illinois Environmental Protection Agency) for high priority projects surrounding the issues of water quality and building greater resiliency within municipal utility infrastructure. This arrives at an opportune time for Coal City - the water plant built at the Public Works facility on North Broadway has surpassed its 30th anniversary. The aging equipment is in need of modernization and replacement. Although it comes at a great cost, the current financing available from the IEPA increases the affordability of these improvements.

The total estimate for these improvements is \$6.1 million. Prior to these planned improvements, the Board of Trustees investigated the best means of spending resources on each of the sanitary and water utilities. Having determined the necessary improvements to modernize the sanitary treatment facility, the Board analyzed the available alternatives to best guarantee the future functionality of the water treatment facility. The planned improvement project will be a combination of capital replacement, treatment qualitative improvement as well as building additional required capacity to achieve additional volume to exceed IEPA mandates and improve fire suppression safety.

IEPA's method of allowing capital to be borrowed requires a dedicated source of funds to be set aside to ensure the repayment of the project. The proposal submitted to the IEPA sets forth the worst case scenario to assure the Illinois Finance Authority that providing funds to Coal City will be repaid. The scenario submitted to the IEPA shows the cost of utility rate increases to provide a new dedicated revenue source for the repayment of the borrowed funds. This projection is a conservative one; the actual rate of increases versus the projected rate of increases is predicted to be much less. This is accomplished by supplying additional funds for the annual debt payment aside from the utility rates collected from the utility payers. The Board of Trustees plan to do this with incremental property tax revenue generated by the Tax Increment Finance (TIF) District. However, it is necessary to possess these revenues prior to making payments for the future debt. Current projections of this revenue source would allow an annual subsidy of \$150,000 for the debt obligation, reducing the 5-year impact of borrowing to be reduced from an overall 29.5% increase in the rate (or an average of 5.9% per year) downward to 11% (an annual average of 2.2% per year). Current opportunities allow for the reduction in the impact of this borrowing due to the IEPA providing \$1million of principal forgiveness to reduce the total estimated borrowing downward to \$5.1 million and its cost of borrowing is looking to close the paperwork at an interest rate of 0.93%. This participation by the IEPA will reduce the cost of the project by \$161,746 per year or \$3,234,920 until the end of the scheduled debt repayment (versus the cost of the project at a market bond rate of 4.1%).



What the investment shall provide

Most importantly, this project has been designed to replace aging components of the water treatment system as well as improve the quality of water treatment to meet current standards for water quality. Of the projected improvements, about 1/3 of them are allotted to support existing equipment within the plant in need of replacement. Most significant of this portion of the project is the replacement of the aerator and the brine tank. The aerator adds oxygen to the water to aid with removing iron, manganese, and hydrogen sulfide. This is the beginning of the water treatment process. The water then gets pushed through 4 ion exchange media filters. The radium attaches to the media, and waits for a backwash cycle. When the backwash cycle kicks in, it cleans the media with salt water from the brine tanks. The salt is what allows the media to release the radium and be removed from the system.

However, the radium removal process can be greatly aided with new technology. This project will include the incorporation of a new radium removal method. The new technology will be incorporated on the blend water line. Removing radium from the blend water shall allow the operators to blend radium free raw water with the radium free finished water decreasing the total salt utilized in the treatment process. This pre-treatment method, which will assist the Village with ensuring it abides by current IEPA mandates, is 12% of the project's total expenditure estimate.

The last portion of the planned project due to this expenditure, but is not directly related to the increased volume of treated water to become available, is the addition of a new raw water well. Coal City utilizes 4 wells of varying sizes in order to gain raw water from the underground aquifers to possess the volume of water necessary to meet the daily demand of Coal City's utility users. The addition of another well will provide much greater flexibility for the utility operators when experiencing trouble at one of the village's other raw water wells. Each portion of the system involves a mechanical process - building additional redundancy creates greater resiliency. This resiliency is necessary to maintain safe drinking water, but also to provide the volume of water necessary for fire suppression. 21% of the project will include the installation of a new well on S. Dewitt Place by Fire Station 1.

The remainder of the expenditure is dedicated to increasing the volume of water that can be provided to Coal City utility payers each day. Currently, the village produces about 600,000 gallons per day. This is 80% of the allotted permitted amount for which the IEPA regulates the village's capacity to produce water. When a utility, such as Coal City, utilizes 4/5 of the total allotted permitted volume, one must increase overall capacity to allow any water main extensions and system repairs to take place. For instance, when the new O'Reilly's project replaced a portion of old water main to improve the connection between the Old Eileen area and the infrastructure to the west, the IEPA stopped the initial license because Coal City is at its 80% capacity mark. With the remaining 37% of estimated expenditure, this project will provide 800,000 gallons of new capacity for residents and businesses to utilize in the future.



Due to the current needs and available options, the Board of Trustees created a project for bid to create greater resiliency of the utility and provide additional capability. In addition to analyzing which investments should be made, the trustees contemplated different ways by which financing these necessary improvements could come at the lowest impact for its residents through the utilization of alternative revenues and relying upon user fees to ensure a portion of the funds for this new investment come from its largest users. Participation within the IEPA sponsored opportunities requires action by July for which the Board is currently fulfilling its application steps in order to have the capital necessary to complete this necessary investment.

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