



# Illinois Environmental Protection Agency

2520 West Iles Avenue • P.O. Box 19276 • Springfield • Illinois • 62794-9276 • (217) 782-3397

## Wastewater Project Planning Submittal Checklist

Planning File

**Before** the Agency will begin review of a Project Plan, **a completed Funding Nomination Form**, along with **ALL of the items below** comprising the basic minimum requirements of a Project Plan must be included and the **page number(s) of ALL items noted**. Project planning must contain all pertinent information detailed in Ill. Adm. Code 35 Section 365.320(e). The loan applicant should be familiar with their planning responsibilities as detailed in Sections 365.320 and 365.330. **If any of the basic information is not provided, the planning documentation may be returned.**

Loan Applicant: \_\_\_\_\_

Consulting Engineer: \_\_\_\_\_

Cons. Engr. Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Project Description:

Fill in the blank with the page(s) where each item below is found in the project plan. Additional information and/or examples for each item number are provided by corresponding numbers contained in the attached instructions.

No.	Page(s)	Information
1.		Loan applicant's background, total population served by the applicant, customer base, and project location information.
2.		Detailed description of the EXISTING collection system and treatment facilities.
3.		Project description that explains the need and justification of the proposed project, including the benefits of the project.
4.		Discussion of the system's compliance with all applicable laws and regulations and with existing and proposed NPDES permit limits.
5.		Information regarding an anti-degradation analysis for a new or modified NPDES Permit (if applicable). Only applicable to certain treatment plant projects.
6.		Inventory of environmental impacts from the chosen alternative and a discussion of the measures required during design and construction to mitigate or minimize negative environmental impacts. The discussion must address at a minimum; rare and endangered species, historic and cultural resources, prime agricultural land, air and water quality, recreational areas, wetlands, floodplains and other sensitive environmental areas.  <b>Note:</b> The IEPA Loan Applicant Environmental Checklist <b>must be signed by the loan applicant's authorized representative</b> and submitted to the Agency with all applicable clearances and all records of consultation documentation. The records of consultation for all necessary environmental evaluations must be provided to the IEPA before a Final Planning Approval can be issued. The checklist is available at: <a href="https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/grants-loans/state-revolving-fund/documents/environmental_checklist.pdf">https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/grants-loans/state-revolving-fund/documents/environmental_checklist.pdf</a> .

7.		Basis of design for chosen alternative.
8.		Cost and effectiveness analysis summary and the completed Project Planning Certification of Cost and Effectiveness Analysis certification form, found on page 4 (attached), must be submitted with the Project Plan.
9.		Reproducible 8.5 X 11-inch map(s) showing the project(s) location(s) relative to the community.
10.		An estimate of the total project costs and a detailed estimate of construction item costs.
11.		Estimated loan terms, including: IEPA loan amount, interest rate, repayment period in years, and the annual loan repayment.
12.		Financial arrangements for assuring adequate annual debt service and O, M, and R coverage, a description of the dedicated source of revenue necessary for loan repayment, and any other funding involved in the project.
13.		Detailed description of the existing residential rate structure, water consumption, any proposed sewer rate changes, and the proposed average monthly residential sewer bill because of the project(s).
14.		One copy of completed Existing User Charge and O, M, and R Certification Sheet found on page 3 (attached) should be submitted with the Project Plan.
15.		Discussion of any "green" project components that are part of the proposed project.
16.		Schedule for project implementation.
17.		Copies of inter-governmental and/or service agreements.
18.		IEPA construction permit status.

**A Funding Nomination Form (FNF) must be submitted with the Project Plan** and then annually (**prior to March 31<sup>st</sup>**) until a loan is issued, the project is funded by another source, or canceled. The FNF and complete instructions are available at the IEPA web site at this link: <https://epa.illinois.gov/content/dam/soi/en/web/epa/documents/epa-forms/water/financial-assistance/wastewater/funding-nomination-for-wpc-loan.pdf>

**Three (3) copies of the Project Plan and related documents should be submitted along with one (1) copy of this completed checklist (Pages 1 through 3), one (1) copy of the Project Planning Certification of Cost and Effectiveness Analysis (Page 4) and one (1) copy of the completed Funding Nomination Form to:**

Infrastructure Financial Assistance Section (IFAS)  
 Illinois Environmental Protection Agency  
 2520 West Iles Avenue  
 P.O. Box 19276  
 Springfield, Illinois 62794

IFAS will distribute the planning documents to the appropriate Agency staff for review, comment, and approval. IFAS will contact the loan applicant if further information is needed.

**Please use the box below for any special instructions or notes.**



## Existing User Charge and O, M, and R Certification Sheet

\_\_\_\_\_ Number of current residential customers served by the system.  
 \_\_\_\_\_ Actual average residential water use per customer per month (based on historical billing data)  
 \_\_\_\_\_ Current average monthly residential bill

### Provide details that apply to your specific user rate charges:

Water use charges: \_\_\_\_\_ per \_\_\_\_\_ gallons  
 \_\_\_\_\_ per \_\_\_\_\_ cubic feet

Flat Fee or Monthly User Charge: \_\_\_\_\_

Debt Service Charge: \_\_\_\_\_

Capital Improvement Charge: \_\_\_\_\_

Wholesale Charge: \_\_\_\_\_

Meter Service Fee (average-sized meter): \_\_\_\_\_

Other Charge: \_\_\_\_\_ Explain: \_\_\_\_\_

Other Charge: \_\_\_\_\_ Explain: \_\_\_\_\_

1. Is the water/sewer fund annually operating in a positive or negative balance at this time? (select one)

Positive  Negative

2. Based upon your most recent annual budget please indicate the net operating income for your water/sewer fund:

\_\_\_\_\_

- **Net Operating Income = Total Revenue - Total Cost of Providing Service**
- **Total Revenue = Revenue from user charges, commercial, residential, or wholesale, plus any other dedicated water/sewer fund revenue**
- **Total Cost of Providing Service = All Operation and Maintenance costs (including replacement fund) plus dedicated water/sewer fund debt**

3. Will a rate increase or other revenue generating action be necessary to pay for this project? (select one)

Yes  No

4. If a rate increase (or other cost increase) is necessary, please provide the proposed user rate charges and proposed average monthly residential water bill as an attachment.

**Any person who knowingly makes a false, fictitious, or fraudulent material statement, orally or in writing, to the Illinois EPA commits a Class 4 felony. A second or subsequent offense after conviction is a Class 3 felony. (415 ILCS 5/44(h))**

\_\_\_\_\_  
Authorized Representative (Printed) Title

\_\_\_\_\_  
Signature Date



## Water Pollution Control Loan Program (WPCLP) Project Planning Certification of Cost and Effectiveness Analysis

Loan Applicant: \_\_\_\_\_ Project No. \_\_\_\_\_

Section 602(b)(13) of the federal Water Pollution Control Act requires all public loan recipients to complete a cost and effectiveness analysis prior to receiving a loan for wastewater-related projects from the State Revolving Fund (SRF).

Please verify that both requirements 1 and 2 have been met by checking the boxes below. The form must be signed by the loan applicant's authorized representative, and the professional engineer who completed the analysis on behalf of the loan applicant, as applicable.

- 1. Loan applicant has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under the Illinois Water Pollution Control Loan Program (WPCLP).
- 2. Loan applicant has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation taking into account the following:
  - a) The cost of constructing the project or activity;
  - b) The cost of operating and maintaining the project or activity over the life of the project or activity; and
  - c) The cost of replacing the project or activity.

We certify that both requirements checked above have been completed for the project. To the best of my knowledge, this information is true and correct.

<b>Loan Applicant's Authorized Representative</b>	
_____	_____
Printed Name	Title
_____	_____
Signature	Date
<b>Professional Engineer (P.E.)</b>	
_____	_____
Printed Name	Title
_____	_____
Signature	Date

## Instructions for Wastewater Project Planning Submittal Checklist

- Item 1. Provide general loan applicant background information including: County the loan applicant and project are located in; location of the proposed project by street address, or a written description if the project includes several addresses (example: along main street, between 2nd and 9th street); ownership of the property where the proposed project is located; the existing and historical population served by the system; the estimated future population served at the end of the loan repayment period; the population that will be directly served by the proposed project; the makeup of the project area population and/or customer base, conditions affecting growth and any other information that will verify the correct sizing of the proposed project; and any other community background information that may be relevant to the proposed project. **Note: If available, please also provide the latitude and longitude of the project location or the center point for large project areas. This will assist the IEPA with federal program reporting requirements. As noted above, the project location street address and/or large area description must be provided for the public notification summary.**
- Item 2. Provide a detailed description of the existing collection system and treatment facilities owned by the loan applicant, including: the age; construction materials; amount/lengths of the different pipe diameters present in the collection system; number of pump stations; type of treatment system; the existing treatment facility design average flow and design maximum flow; equipment; structures; current conditions; a discussion of the problems and system deficiencies, such as excessive I & I, flooding, overflows, basement backups, surcharging, customer complaints, hydraulic conveyance/ capacity problems, treatment plant performance deficiencies; more stringent future permit limits; etc.
- Item 3. Provide a project description that clearly **identifies the need and provides justification for the proposed project**. This section should verify the proposed project will correct and address the noted problems. Also describe the benefits of the project, for example: reduced basement flooding, replace and update equipment that has reached the end of its design life, meet future permit limits, allow continued safe and efficient wastewater treatment services; etc.
- Item 4. Provide an explanation whether there are any current violations of State or Federal laws and if the project will address these and future compliance issues. Provide an assessment of the chosen alternative's capability to maintain compliance with all applicable laws and regulations. If compliance issues are being addressed by the project, include a copy of the violation notice, compliance commitment agreement, or similar documentation regarding enforcement action. If your system does not provide treatment, no comments regarding NPDES permit compliance is required.
- Item 5. Where applicable, provide a discussion of existing and proposed NPDES permit limits and whether an anti-degradation analysis pursuant to Illinois Administrative Code 35, Section 302.105 applies to the proposed project. **The anti-degradation information is required only if the NPDES design ratings will be modified or a new permit will be issued.** If an anti-degradation analysis is required, additional information will be requested, reviewed and approved by the IEPA, Bureau of Water, Water Quality Standards Section and WPC Permits Section.
- Item 6. The loan applicant must determine whether any of the following environmental conditions are present at or near the proposed project construction areas, including at a minimum: rare and endangered species, historic and cultural resources, prime agricultural land, air and water quality concerns, recreational areas, river and stream crossings, wetlands, floodplains, and other sensitive environmental areas. Provide a complete list of these areas and a map that shows their location in relation to the proposed project. Submit project information to the applicable regulating entities listed on the IEPA Loan Applicant Environmental Checklist. Provide a copy of all correspondence between the loan applicant and the regulating entity, including all permits, conditions, recommendations and certifications that are required during design and construction to mitigate

or minimize negative environmental impacts. The loan applicant must provide written verification that they intend to comply with all required environmental impact conditions and recommendations and that they will be incorporated into the project construction bidding and contract specifications.

**Note:** The IEPA Loan Applicant Environmental Checklist **must be signed by the loan applicant's authorized representative** and submitted to the Agency with all applicable clearances and records of consultation before a final Planning approval can be issued. The IEPA Loan Applicant Environmental Checklist and complete instructions are available at the IEPA web site at this link: [https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/grants-loans/state-revolving-fund/documents/environmental\\_checklist.pdf](https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/grants-loans/state-revolving-fund/documents/environmental_checklist.pdf).

- Item 7. The basis of design for the chosen alternative should provide preliminary engineering data including to the extent appropriate, flow diagrams, unit process descriptions, detention times, flow rates, unit capacities, etc. to demonstrate that the proposed project will be designed in accordance with 35 Ill. Adm. Code 370.
- Item 8. Cost & Effectiveness Analysis and completed WPCLP project planning certification of cost and effectiveness analysis form. Prior to choosing a methodology for attaining the project's goal, both the cost and effectiveness of various alternatives must be evaluated. Provide a summary of the analysis conducted, including the alternatives evaluated and the results. Complete and provide the cost and effectiveness certification form, which is page 4 of the checklist form.
- Item 9. Provide an 8.5 x 11-inch map(s) that shows the project(s) location(s) relative to the community. A copy of the provided project location map will be included in the project summary document that is written by the IEPA to assist the loan applicant comply with the public notice requirement for planning approval. Black and white is preferred.
- Item 10. Provide a complete project cost estimate for the alternative selected in the following format:
  - 1) Design Engineering (including planning and form preparation): \$ \_\_\_\_\_
  - 2) Construction Engineering (including bidding): \$ \_\_\_\_\_
  - 3) Other Professional Services (separate legal, loan admin, etc.): \$ \_\_\_\_\_
  - 4) Construction: \$ \_\_\_\_\_
  - 5) Contingency (at 10% of estimated construction costs): \$ \_\_\_\_\_
  - 6) Total Estimated Project Costs: \$ \_\_\_\_\_

Please note that for planning purposes we use 10% of the estimated construction costs for contingency to be conservative and slightly overestimate the construction costs. After bids are opened and the actual construction costs are known, the contingency allowed in the loan agreement is reduced to 3% of the as-bid construction costs.

Also, provide a separate detailed estimate of construction cost items that includes project item quantities and unit costs for materials, pipes, structures, equipment, etc. based on the anticipated project. This is a preliminary cost estimate and not based on final design. **Be advised that all projects, funded in full or part by SRF loan funds, are subject to the Federal Build America, Buy America (BABA) requirements.**

Item 11. Estimated loan terms: Provide the estimated IEPA loan amount, current base interest rate, repayment period, and the calculated approximate annual loan repayment. The loan amount requested can be for the total estimated project costs listed in Item 10 above or less if the loan applicant intends to pay for part of the project with local or other funding. The current base interest rate for the fiscal year is listed on the IEPA website. The estimated annual loan repayment amount can be determined by any loan calculator on the internet by inputting the estimated loan interest rate, loan repayment period and amount to be borrowed. IEPA loans are repaid with semi- annual repayments, but for planning purposes, the annual repayment amount does not have to be exact.

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 365.210 and 365.250 of the Procedures for Issuing Loans from the WPCLP, 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. 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 loan applicant believes they will be eligible for principal forgiveness and/or reduced interest rates, they can explain why and **provide a second description of the estimated loan terms that includes principal forgiveness, reduced interest rates, and/or extended repayment periods, to compare to the full loan amount terms.** However, we first want to know the estimated annual loan repayment that has been calculated with the full loan amount, base interest rate, and the desired repayment period, as explained above. Please note that the approvals for reduced interest rates, extended loan terms, and principal forgiveness are made by IEPA and are not finalized until a loan agreement is issued.

Item 12. Explain the financial arrangements for assuring adequate annual debt service, O, M & R coverage requirements, and a description of the dedicated source of revenue necessary for loan repayment and any other funding involved in the project. A basic demonstration must be made that shows sewer system revenue and any proposed rate increase will be adequate to cover sewer system operation, maintenance and replacement costs and that the annual loan repayment has been included in the budget. This should include a summary that compares the existing and anticipated annual sewer system expenses to the annual revenue generated by the current and projected user charges and explains any other revenue used to operate the system. For planning purposes, this can be a basic budget summary.

The planning financial information is different than the detailed financial review, although some of this information will also be needed for the detailed demonstration for loan repayment. The detailed financial review is based on information requested in the IEPA loan application form and includes review of the debt ordinance and the demonstration for loan repayment, which must be approved by the IEPA loan program attorney and loan program finance manager.

- Item 13. Provide a description of the following: the existing sewer user charge system and rate structure; the basis for billing; the average residential customer's water consumption per billing period; the total number of bill paying customers in the system and a breakdown that provides the number of residential, industrial, commercial, etc. customers; an example that shows the current costs for an average residential customer per billing period; any proposed user charge or rate changes; and an example of the projected costs for an average residential customer per billing period after any proposed user charge or rate increases are added. We want to verify that any proposed rate increase and/or existing revenue will generate at least the annual loan repayment amount identified in item 10 above. The project summary that is prepared by the IEPA as part of the public notification requirements needs to explain the financial impact on the customers. The loan applicant must decide how they want to adjust their user charges. Some loan applicants may add a fixed monthly loan repayment fee that is determined by dividing the loan repayment amount equally between the customers. Others may add a per gallon rate increase based on the usage by dividing the annual loan repayment amount into the annual gallons billed. A rate increase is not always required, for example, if existing revenue is adequate to cover loan repayment. Some loan applicants have dedicated other sources of revenue for loan repayment, such as creating special service area property taxes that apply to only the properties that benefit from the proposed project. See pages 11 and 12 for an example of a financial impact explanation from a public notice document.
- Item 14. One copy of completed Existing User Charge and O, M, and R Certification Sheet found on page 3 (attached) should be submitted with the Project Plan. If there is different billing period besides monthly, you do not need to convert other billing periods to monthly. Please indicate the systems' billing period and provide the user charge information based on your billing period.
- Item 15. If this project involves any “green” components such as reducing energy or water demands at a treatment plant; nutrient removal projects; nutrient loss reduction projects; providing treatment to unsewered areas; or other “green infrastructure components”, provide a description detailing how much of the total project is “green. Example: 65% of the estimated project cost will fund phosphorus removal and 35% of the estimated project cost will fund replacing lift station no. 8.
- Item 16. The schedule should include the estimated month and year that the following project activities will occur: 1) obtaining project planning approval, 2) advertising the project for bids, 3) start of construction, and 4) completion of construction. Please note that because IEPA loan program funding is limited, potential projects are scored and prioritized to determine which will have available funds reserved for them during the next fiscal year. The State of Illinois fiscal year starts July 1<sup>st</sup> and ends June 30<sup>th</sup>. During the first six months of the fiscal year, starting every July 1<sup>st</sup>, funding is only available for projects with approved planning that have been scored and are on the intended funding list (IFL). During the second half of the fiscal year, starting every January 1<sup>st</sup>, IFL projects that are not adhering to their schedule and making progress to meet the requirements of Section 365.350 will be bypassed and the unused money will become available for projects that are ready to proceed. A proposed project must have planning approved by March 31<sup>st</sup> of the calendar year to be scored and possibly be included in the IFL and have funding reserved for the next fiscal year that starts July 1<sup>st</sup>. If you have questions on funding availability and scheduling, please contact the IEPA loan program project manager assigned to the project.



- Item 17. Explain whether any inter-governmental agreements and/or service agreements are necessary to complete the proposed project or for operation of the system. If necessary, copies of final executed intergovernmental agreements and/or service agreements must be provided before a loan is issued. If this item is not applicable to the proposed project, please indicate so.
- Item 18. Will the project require an IEPA construction permit? If yes, provide the status of the IEPA construction permit or provide a copy, if it has been issued. If it is believed the project will not require a construction permit, please explain why. Please note that a project planning approval letter can be issued before a construction permit is issued, however if a construction permit is required for the project, it must be issued before a loan agreement can be processed and issued.

**A Funding Nomination Form (FNF) should be submitted with the Project Plan and then annually (prior to March 31<sup>st</sup>) until a loan is issued, the project is funded by another source, or cancelled. The FNF and complete instructions are available at the IEPA web site at this link:**

**<https://epa.illinois.gov/content/dam/soi/en/web/epa/documents/epa-forms/water/financial-assistance/wastewater/funding-nomination-for-wpc-loan.pdf>**

## Example #1 of a Financial Impact Explanation from a public notice document prepared by IEPA

### Project Cost Estimate:

Construction	\$7,830,000
Contingency (10%)	\$ 783,000
Design Engineering	\$ 630,000
Construction Engineering	\$ 630,000
Legal	<u>\$ 80,000</u>
Total Project	\$9,953,000

### Part II - Project Affordability for Residents and Utility Customers

The Village of Spring intends to finance the proposed project with a loan from the IEPA Water Pollution Control Loan Program (WPCLP). An \$9,953,000 loan, with an estimated interest rate of 1.75%, for a twenty (20) year period, would have an annual repayment of approximately \$590,168.

**Source of Loan Repayment:** A combination of increased user charges, utility taxes, and revenue that will become available from retiring a previous IEPA loan in 2017 and two other loans that will be completed in 2018 and 2023, will be used to repay the proposed loan. If the annual repayment amount of \$590,168 is divided equally between the existing 1,669 sewer customers, the annual cost of the project is \$353.61 per customer.

**Current Average Bi-Monthly Residential Cost of Service:** An average residential customer from Spring uses 14,154 gallons of water bi-monthly (every two months), which is 7,077 gallons per month. An average residential user would currently pay \$73.27 per two-month billing period (or \$36.64 per month) for sewer service.

**Projected Average Bi-Monthly Residential Cost of Service:** The Villages' Ordinance 1053, 11-14-2006 states that the sewer service basic user rate, per 1,000 gallons of metered water, shall increase by \$0.10 on March 1<sup>st</sup> of each year. For only the sewer customers served by a sewer lift station, there is also a sanitary sewer lift station surcharge rate, per 1,000 gallons, that also will increase by \$0.02 on March 1<sup>st</sup> of each year. The Village of Spring has also proposed a one-time additional rate increase of \$1.00 per 1,000 gallons starting in the year 2019 to cover increased operations, maintenance, and replacement (OM&R) costs associated with the plant improvements. The projected cost for sewer service will continue to increase each year, as explained above, unless modified by action of the Village Board of Trustees. If the existing annual rate changes are added over the 20-year loan period and \$1.00 per 1,000 gallons OM&R increase is added, an average residential customer would pay \$121.40 per two-month billing period (or \$60.70 per month) for sewer service by the year 2039.

**Number of Customers or Service Connections:** The Spring sewer system serves a total population of approximately 4,660. There are reported to be 1,669 sewer customers billed by the Village. There are currently 295 users that are tributary to lift stations. There are no significant industrial users.

**How is the bi-monthly residential rate/cost of service calculated?** Spring's current single family residential sewer user charge system (effective May 2017 billing) is based on bi-monthly fixed sewer debt service charge of \$10.00; a volume rate of \$3.90 per 1,000 gallons of drinking water metered; and if the customer is served by a lift station, a lift station surcharge rate of \$0.57 per 1,000 gallons is also charged. There is a minimum volume charge of 8,000 gallons per billing period. For an average 14,154 gallons residential user with lift station surcharge, this calculates to:  $\$10.00 + (14.154 \times \$3.90) + (14.154 \times \$0.57) = \$73.27$  per two-month billing period.

The impact to an average user caused by the future \$0.10 annual rate increase per 1,000 gallons of water used can be calculated over the 20-year loan period by the following: The sewer volume rate will increase \$0.10 each year for 20 years, which equals a \$2.00 total rate increase and for customers served by lift stations an additional rate increase of \$0.02 each year for 20 years equals a total rate increase of \$0.40. In the year 2037, the sewer volume rate would be \$5.90 per 1,000 gallons of water metered, plus if the customer is served by a lift station, a surcharge of \$0.97 per 1,000 gallons. The OM&R rate increase will add another \$1.00 per 1,000 gallons of water metered, starting in year 2019. For an average 14,154 gallons residential user with lift station surcharge, this calculates to:  $\$10.00 + (14.154 \times \$5.90) + (14.154 \times \$0.97) + (14.154 \times \$1.00) = \$121.40$  per two-month billing period in the year 2039.

**Median Household Income (MHI):** The MHI for Spring is \$62,768.

**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 sewer service is utilized. According to the most recent census information, the MHI for the Village of Spring is \$62,768. The current average total annual sewer cost of \$439.62 is 0.70 percent of the MHI for the area. If a yearly \$0.12 per 1,000 gallons rate increase, over the twenty-year loan period, and the \$1.00 OM&R per 1,000 gallons rate increase are added, the projected total annual sewer cost would be \$728.40 in the year 2039. When construction is complete, customers will be paying approximately \$79.29 per billing cycle or \$475.74 per year, which is 0.76 percent of the current MHI. Any amount less than 2.0 percent is considered affordable under State and Federal loan program criteria.

## Example #2 of a Financial Impact Explanation from a public notice document prepared by IEPA

### Proposed Projects and Implementation

The District has proposed the relocation of the force main under the lake. Construction will consist of approximately 16,400 feet of 8-inch diameter force main and rehabilitation of the lift station. Also included in the project will be site restoration, erosion control, cleaning, capping, and abandonment in place of the existing force main and other necessary appurtenances.

The facility planning proposes the following estimated costs:

Construction	\$1,568,000
Contingency	156,800
Construction Engineering	<u>235,200</u>
Total	\$1,960,000

The District plans to fund a portion of the project using a low interest loan from the IEPA's Water Pollution Control Loan Program (WPCLP). The District will fund \$400,000 with reserve funds. Annual repayments on a WPCLP loan of \$1,560,000 at an interest rate of 1.75% for 20 years are \$93,118.

Project design is complete and will be paid for with existing local funds. Once construction begins, it will take approximately 8 months to complete. The District plans on repaying the loan using money collected from user fees and also from their surplus funds that the district currently receives from a tax levy. The District's rate structure was developed to recover the cost of providing sanitary sewer service and supply reserve funds for repairs and projects. Rates are periodically reviewed and adjusted. Currently, sewer rates are \$29.10 per month. As a result of the project, user fees for all users within the subdivision served by the force main will increase by \$6.00 per month to \$35.10. The tax levy will be increased \$49,179 annually to fund the project. This cost will be divided among all District residents. This equates to an average tax increase of less than \$100 annually per homeowner.

The District is in an unincorporated area of the county. The median household income (MHI) for the county is \$39,976. Annual cost for wastewater collection and treatment services after the rate increase is \$421.20. The annual cost of service as a percentage of the MHI is 1.05%. This is an affordability ratio used by IEPA. If less than 2% of the MHI is required to pay the average residential user rate, the project is considered affordable. The tax increase is not considered in this formula.