



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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DEC 28 2020

Project Summary and Preliminary Environmental Impacts Determination

Loan Applicant: Village of Itasca

IEPA Loan Project Numbers: L175870

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 interest and participation in this process are appreciated.

Sincerely,

Heidi Allen
Pre-Construction Unit Manager
Infrastructure Financial Assistance Section
Bureau of Water

HA:EW N\BOW\Grants\COM_DOCS\Cover\Itasca L175870 PEID

Attachment

2125 S. First Street, Champaign, IL 61820 (217) 278-5800
1101 Eastport Plaza Dr., Suite 100, 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

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 Village of Itasca. Sources of information include the following documents: Village of Itasca – Lead Service Line Replacement, prepared by Robinson Engineering, dated September 2020. Additional documentation was obtained from loan application documents and compiled by the Illinois Environmental Protection Agency.

Part I – Project Information

Project Name: Lead Service Line Replacement

Project Number: L175870

Loan Applicant: Village of Itasca

County: DuPage

Current Population: 9,867

Future Population (20 year): 11,945

Number Service Connections: 2,984

Project Description: The Village intends to replace lead service lines. The Village's water system has 674 known lead service lines, of which 360 consist of needing full replacement from the water main to the water meter, and 314 needing partial replacement from the b-box junction to the water meter. For the lines requiring partial replacement, the sections of line from the main to the b-box junction have already been replaced. In order to maximize potential loan incentives, the Village intends to replace the lines in two phases.

Project Location: The service lines to be replaced are located throughout the Village. The attached map depicts areas for both full and partial replacement, as well as the overall phased locations.

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. Household plumbing fixtures and faucets made prior to 1986 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: November 2021

Estimated Completion Date: July 2023

Project Cost Estimate: \$6,140,000 for the total project (\$4,000,000 for Phase I; \$2,140,000 for Phase II)

Part II – Project Affordability for Residents and Utility Customers

The Village of Itasca intends to finance the projects with loans from the Public Water Supply Loan Program (PWSLP). Using the current program interest rates for a standard loan, a \$4,000,000 loan (L175870 (Phase I)), with an estimated interest rate of 1.35% for a twenty (20) year period would have an annual repayment of approximately \$228,325. A \$2,140,000 loan (Phase II), with an estimated interest rate of 1.35% for a twenty (20) year period would have an annual repayment of approximately \$122,154. 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 Village qualifies for principal forgiveness for lead service line replacement. For FY2021, the maximum amount is \$4 million. The maximum amount may change in future fiscal years. Lead service line replacement principal forgiveness is not guaranteed until a project has progressed to a point of readiness to proceed, and designated lead service line principal forgiveness funds are available.

Should lead service line principal forgiveness not be available, the loan program rules also 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 Village is eligible for the Small Community reduction in the interest rate, as well as the environmental discount rate, combined. The Village would also qualify for normal principal forgiveness, which is a percentage of the total project cost, the terms of which are outlined in the Agency's Intended Use Plan. The Agency adjusts qualifying criteria annually on July 1st.

Source of Loan Repayment: The Village intends to utilize the Agency's lead service line replacement principal forgiveness program as the entire funding source for the project. However, should lead service line principal forgiveness not be available, the Village could explore financing the project using a traditional loan. The standard source of funding utilized for applicants to finance traditional loans is through proceeds from user rate fees. The following information is representative of criteria used in consideration of standard loan financing.

Current Average Monthly Residential Water Use: 5,750 gallons

Current Average Monthly Residential Cost of Service: \$81.75

Projected Average Monthly Residential Cost of Service: Ordinance 1930-19 of the Village Code increases rates by 5% each year through the future

How is the monthly residential rate/cost of service calculated? Users are charged \$11.73 per 1,000 gallons of water used, plus a flat service fee of \$14.31 per month.

Median Household Income (MHI): \$88,878

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

1.10%

Financial Evaluation of the proposed project:

To evaluate the costs of the proposed project for the community, a percentage comparison of MHI to the average, annual cost for water service is utilized. The projected average annual water cost per customer of \$981.00 is 1.01% of the MHI for the Village of Itasca. 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:

Temporary adverse environmental impacts such as construction-associated noise, blowing dust, air emissions, soil erosion, and minor traffic disruptions will likely occur during construction. These temporary impacts will be minimized through provisions defined in the plans (i.e. implementation of soil erosion controls, proper traffic control, set construction hours).

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 Division of Ecosystems and Environment 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. The Department has concluded that adverse effects are unlikely.

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

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Illinois Environmental Protection Agency
Bureau of Water
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Village of Itasca Lead Service Line Replacement Program 2020

