



Illinois Environmental Protection Agency

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

Drinking Water 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 662.320(e). The loan applicant should be familiar with their planning responsibilities as detailed in Sections 662.320 and 662.330. **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 public water supply source(s), treatment facilities, water storage facilities, and distribution system.
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 governing public water systems.
5.		Basis of design for chosen alternative.
6.		<p>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.</p> <p>Note: The IEPA Loan Applicant Environmental Checklist <u>must be signed by the loan applicant's authorized representative</u> 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: https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/grants-loans/state-revolving-fund/documents/environmental_checklist.pdf.</p>

7.		Reproducible 8.5 X 11-inch map(s) showing the project(s) location(s) relative to the community.
8.		An estimate of the total project costs and a detailed estimate of construction item costs.
9.		Estimated loan terms, including: IEPA loan amount, interest rate, repayment period in years, and the annual loan repayment.
10.		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.
11.		Detailed description of the existing residential water rate structure, water consumption, any proposed rate changes, and an example of the existing and the proposed average monthly residential water bill because of the project(s).
12.		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.
13.		Discussion of any "green" project components that are part of the proposed project.
14.		Schedule for project implementation.
15.		Copies of inter-governmental and/or service agreements.
16.		IEPA construction permit status.

A Funding Nomination Form (FNF) must be submitted with the Project Plan and then annually (**prior to March 31st**) 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/drinking-water/funding-nomination-form-pws-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) 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.



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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

Instructions for Drinking Water 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 (usually 20 years); 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 water source, treatment facilities owned by the applicant, storage facilities, and distribution system including: the age; construction materials; amount/lengths of the different pipe diameters present in the distribution system; type of treatment system; the existing daily average and maximum water usage; equipment; structures; current conditions; a discussion of the problems and system deficiencies, such as water supply issues, excessive system water loss, water main breaks, customer complaints, low water pressure, hydraulic conveyance/capacity problems, treatment plant performance deficiencies; 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: better quality drinking water, reduced water main breaks, reduced operation and maintenance costs, replace and update equipment that has reached the end of its design life, provide public water to private systems or well users, allow continued safe and efficient public water supply; etc.
- Section 662.130 of the Public Water Supply Loan Program regulations lists Projects and Activities Available for Assistance from the PWSLP and provides eligible and ineligible project categories.
Section 662.130 d) 4) and 5) of the Public Water Supply Loan Program regulations states that the costs of projects whose main purpose is fire protection or servicing future growth are ineligible to utilize IEPA loan funding.
- 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.
- Item 5. 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 651 through 654.

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.

Item 7. 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 8. 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: | \$ _____ |

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 9. 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 8 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 662.210 and 662.250 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 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.**

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 10. 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 system revenue and any proposed rate increase will be adequate to cover 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 water 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 11. Provide a description of the following: the existing 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 only to the properties that benefit from the proposed project. See pages 9 and 10 for an example of a financial impact explanation from a public notice document.

- Item 12. 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 a 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 13. If this project involves any “green” components such as reducing energy demands of a water system; lowering water demand; removing led from watermain or service main; or other “green infrastructure components”, provide a description detailing how much of the total project is “green”. Example: This loan will be used to install water meters throughout the Village No other work will be funded. We anticipate this will greatly lower water demand.
- Item 14. The schedule should include the estimated month and year when 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 1st and ends June 30th. During the first six months of the fiscal year, starting every July 1st, 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 1st, IFL projects that are not adhering to their schedule and making progress to meet the requirements of Section 662.350 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 31st 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 1st. If you have questions on funding availability and scheduling, please contact the IEPA loan program project manager assigned to the project.

- Item 15. Explain whether any inter-governmental agreements and/or service agreements are necessary to complete the proposed project. 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 16. 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. 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 31st) 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/drinking-water/funding-nomination-for-pws-loan.pdf>

Example of Financial Impact Explanation from a public notice document

Project Cost Estimate:

Construction	\$1,214,700
Contingency	\$ 121,470
Design Engineering	\$ 74,100
<u>Construction Engineering</u>	<u>\$ 73,400</u>
Total Project	\$1,483,670

Part II - Project Affordability for Residents and Utility Customers

The Village is proposing to finance the project costs with a loan from the IEPA Public Water Supply Loan Program (PWSLP). A \$1,483,670 loan, with an estimated interest rate of 1.81%, for a twenty (20) year period, would have an annual repayment of approximately \$88,058.

The current loan program interest rate is 1.76%. 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 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 Spring is eligible for 1.0% hardship interest rate, and partial principal forgiveness. 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: The Village of Spring proposes to repay the loan using general revenues of the Village, including pledged taxes, per Ordinance No. 2018-O-003. Due to increased costs for water supply and necessary operation, maintenance and replacement costs, the Village is also increasing the rates charged for water service and establishing connection fees as outlined in Ordinance No. 2018-O-001.

Current Average Monthly Residential Cost of Service: An average residential customer from Spring reportedly uses 6,000 gallons of water per month and would pay \$51.00 per month.

How is the monthly residential rate/cost of service calculated? Effective May 1, 2018, the water rate is based on a volume charge of \$8.50 per 1,000 gallons of water used, and all customers must pay for a minimum of 3,000 gallons per month. For an average 6,000 gallons water user, this calculates to: $\$8.50 \times 6 = \51.00 per month.

Projected Average Monthly Residential Cost of Service: The Village of Spring Ordinance No. 2018-O-001 states that an automatic water rate of three percent (3%) of the prior existing rate will go in effect on May 1st of each year until the year 2040. The future 1,000 gallons water rate for each year from 2018 through 2040 is listed in Ordinance No. 2018-O-001. The 1,000 gallons water rate for the year 2040 is \$16.27. In the year 2040, an average 6,000 gallons water user would pay \$97.62 per month, which is calculated as $\$16.27 \times 6 = \97.62 .

Number of Customers or Service Connections: The Spring water system serves a total population of approximately 4,260. There are reported to be 1,202 water customers billed by the Village, which includes 1,118 residential, 83 commercial, and 1 industrial users.

Median Household Income (MHI): The MHI for Spring is \$44,048.

Financial Impact of the proposed project: To determine the financial impact of the proposed project on the community, a percentage comparison of the MHI to the annual cost for water service is utilized.

According to the most recent census information, the average MHI for the Village of Spring is \$44,048. The projected total annual water cost of \$612 is 1.39 percent of the MHI for the area. Any amount less than 2.0 percent is considered to be affordable under State and Federal loan program criteria. If the 3% rate increase through the year 2040 is added, the projected total annual cost would be \$1,171.44, which is 2.66 of the current MHI. However, it can be assumed that the MHI will increase by the year 2040 and the future water costs may also meet the affordability criteria then, as they do now.