

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) X *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: Scott Niehaus, Village Manager
DATE: February 2, 2017 (B of T) DATE: February 16, 2017
TITLE: IEPA Public Water Supply Loan Program
SUBMITTED BY: Carl Goldsmith, Director of Public Works *CG*

BACKGROUND/POLICY IMPLICATIONS:
The Department of Public Works transmits for your consideration an Ordinance authorizing signatures of Village President and Village Clerk on documents required for the application for funding through the IEPA Public Water Supply Loan Program. The Village is seeking funds for the Water Meter Replacement Program included in the 2017 and 2018 CIP.

FISCAL IMPACT/FUNDING SOURCE
If application is approved by the Illinois Environmental Protection Agency, \$6,500,000 over twenty (20) years

Review (as necessary):
Village Attorney X _____ Date _____
Finance Director X _____ Date _____
Village Manager X _____ Date _____

NOTE: Materials must be submitted to / approved by the Village Manager's Office by 12:00 pm, Wednesday, prior to the Agenda Distribution.



February 2, 2017

TO: Village President and Board of Trustees

THROUGH: Scott Niehaus, Village Manager

FROM: Carl Goldsmith, Director of Public Works *CG*

SUBJECT: Illinois Environmental Protection Agency Public Water Supply Loan Program

Background

The Village of Lombard currently uses a combination of touchpad and a fixed network meter reading technology to read approximately 13,700 residential, commercial and multi-family water meters on a bi-monthly basis. In FY 2011 the Village of Lombard installed the base infrastructure of the automated meter reading system commonly referred to as advanced meter infrastructure (AMI) that included the installation of approximately 1,500 commercial and multi-family meters ranging in size from 5/8" to 6". To date the Village has also installed approximately 1,400 meters in size from 5/8" to 1" in single family residential units. At the time that the commercial and multi-family meters were replaced, the residential meters were still operating within recommended guidelines for accuracy. Since 2011, the meters have shown to have a diminished level of accuracy, roughly 93%, which is causing a loss of revenue to the Village. It is estimated that the slowing of the meters is resulting in \$600,000 of lost revenue annually.

The FY 2017 Automated Meter Change-Out Project will continue the installation of the remaining approximate 10,800 residential water meters and convert those meter accounts to the AMI technology. The Village has included funds in the 2017 and 2018 Capital Improvements Plan to replace the remaining meters with automated meters. The estimate of the project costs is \$5,490,000 split evenly over the two years. The Village does not currently have funding on-hand to support the cost of the project nor does the village possess the ability to issue revenue bonds to support the project. However, the Village can borrow the funds through the Illinois Environmental Protection Agency Public Water Supply Loan Program (PWSLP). This funding source allows municipalities to borrow money through the IEPA at an interest rate of 1.64% for a term of twenty (20) years. The Village has successfully utilized the IEPA PWSLP for the Roosevelt Road Watermain Lining Project and the Water Transmission Main Project. The pre-application has sought funding in the amount of \$6,500,000. The Village will only be responsible for reimbursing the amount that is borrowed through the program.

Part of the application process for seeking IEPA PWSLP funding is that the Village Board of Trustees must adopt an Ordinance that identifies the source of the repayment of the loan(s). The attached ordinance has been prepared by the Village Attorney and will be submitted to the IEPA as evidence of the Village's commitment to the loan process. The application and Ordinance indicate that the Village will be seeking to extend the debt service out for twenty (20) years. The

current interest rate for loans initiated between July 1, 2016 and June 30, 2017 is 1.64%. The source of funding to be used to pay the debt is the Water and Sewer Fund.

Upon passage of the Ordinance, it will be submitted to the IEPA as part of the formal application process. In the event that the funds are received, the Village will begin the process of replacing water meters with automated units this summer. It is expected that a contract for the purchase and installation of the meters and infrastructure will be brought to the Village Board of Trustees for consideration in April 2016.

Recommendation

The Village staff recommends that the Village President and Board of Trustees approve AN ORDINANCE AUTHORIZING THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM.

ORDINANCE NO. 7329

**AN ORDINANCE AUTHORIZING
THE VILLAGE OF LOMBARD,
DUPAGE COUNTY, ILLINOIS, TO BORROW FUNDS FROM
THE PUBLIC WATER SUPPLY LOAN PROGRAM**

WHEREAS, the Village of Lombard, DuPage County, Illinois, (hereinafter the "Village"), operates its public water supply system (hereinafter the "System") in accordance with the provisions of 65 ILCS 5/11-139-1 *et seq.*, and is subject to the provisions of the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.* (said statutory provisions being hereinafter collectively referred to as the "Act"); and

WHEREAS, in accordance with the provisions of Article VII, Section 10 of the *Illinois Constitution* of 1970, and 415 ILCS 5/4 and 5/19.1 through 5/19.9, the Village is authorized to enter into a Loan Agreement with the Illinois Environmental Protection Agency (hereinafter the "IEPA") for a loan of funds for public water supply system improvements, the repayment of which loan may be secured by a dedicated source of revenue; and

WHEREAS, the President and Board of Trustees of the Village (hereinafter the "Corporate Authorities") have determined that it is advisable, necessary and in the best interests of public health, safety and welfare to improve the System, including the following:

WATER METER REPLACEMENT – The project consists of the acquisition and installation of a completely operational network radio frequency automatic meter reading system in the Village, including, but not limited to, the acquisition and installation of approximately 13,000 new water meters, to replace existing water meters, along with registers, transmitter modules, receiver base stations, and a host computer and network transceivers/repeaters;

together with any land or rights in land and all electrical, mechanical or other services necessary, useful or advisable to the construction and installation (hereinafter the "Project"), all in accordance with the plans and specifications prepared by consulting engineers of the Village; which Project has a useful life of at least twenty-five (25) years; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial and other related expenses, is \$6,500,000.00, and there are insufficient funds on hand and lawfully available to pay these costs; and

WHEREAS, the loan shall bear an interest rate as defined by 35 Ill. Adm. Code 662, which does not exceed the maximum rate authorized by the Bond Authorization Act, as amended, 30 ILCS 305/0.01 *et seq.*, at the time of the issuance of the loan; and

WHEREAS, the principal and interest payments shall be payable semi-annually, and the loan shall mature in twenty (20) years, which is within the period of useful life of the Project; and

WHEREAS, the costs are expected to be paid for with a loan to the Village from the Public Water Supply Loan Program through the IEPA, the loan to be repaid from the water user fees, and the loan is authorized to be accepted at this time pursuant to the Act; and

WHEREAS, in accordance with the provisions of the Act, the Village is authorized to borrow funds from the Public Water Supply Loan Program in the aggregate principal amount of \$6,500,000.00 to provide funds to pay the costs of the Project; and

WHEREAS, the loan to the Village shall be made pursuant to a Loan Agreement, including certain terms and conditions, between the Village and the IEPA;

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

SECTION 1: INCORPORATION OF PREAMBLES. The Corporate Authorities hereby find that the recitals contained in the preambles are true and correct, and incorporate them into this Ordinance by this reference.

SECTION 2: DETERMINATION TO BORROW FUNDS. It is necessary and in the best interests of the Village to construct the Project for the public health, safety and welfare, in accordance with the plans and specifications, as described; that the System continues to be operated in accordance with the provision of the Act; and that for the purpose of constructing the Project, it is hereby authorized that funds be borrowed by the Village in an aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed \$6,500,000.00.

SECTION 3: PUBLICATION. This Ordinance, together with a Notice in the statutory form (a copy of which is attached hereto as Exhibit A and made part hereof), shall be published once within ten (10) days after passage of the Ordinance in the *Lombardian*, a newspaper published and of general circulation in the Village, and if no Petition, signed by electors numbering ten percent (10%) or more of the registered voters in the Village (i.e., three thousand thirty-seven (3,037) or more electors) asking that the question of improving the System as provided in this Ordinance and entering into the Loan Agreement therefor be submitted to the electors of the Village, is filed with the Village Clerk within thirty (30) days after the date of publication of this Ordinance

and the Notice, then this Ordinance shall be in full force and effect. A Petition form shall be provided by the Village Clerk to any individual requesting one. In the event that no such Petition is filed, the Village Clerk shall provide a No Referendum Certificate to the IEPA.

SECTION 4: ADDITIONAL ORDINANCES. If no Petition meeting the requirements of the Act and other applicable laws is filed during the thirty (30) day Petition period, then the Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance providing for entering into the Loan Agreement with the IEPA, prescribing all the details of the Loan Agreement, and providing for the collection, segregation and distribution of the water user fees, so long as the maximum amount of the Loan Agreement as set forth in this Ordinance is not exceeded and there is no material change in the Project or purposes described herein. Any additional ordinances or proceedings shall in all instances become effective in accordance with the Act or other applicable law. This Ordinance, together with such additional ordinances or proceedings, shall constitute complete authority for entering into the Loan Agreement under applicable law.

However, notwithstanding the above, the Village may not adopt additional ordinances or amendments which provide for any substantive or material change in the scope and intent of this Ordinance, including but not limited to interest rate, preference, or priority of any other ordinance with this Ordinance, parity of any other ordinance with this Ordinance, or otherwise alter or impair the obligation of the Village to pay the principal and interest due to the Public Water Supply Loan Program without the written consent of the IEPA.

SECTION 5: LOAN NOT INDEBTEDNESS OF THE VILLAGE. Repayment of the loan to the IEPA by the Village pursuant to this Ordinance is to be solely from the revenue derived from water user fees, and the loan does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory limitation.

SECTION 6: APPLICATION FOR LOAN. The Village Manager of the Village is hereby authorized to make application to the IEPA for a loan through the Public Water Supply Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 662.

SECTION 7: ACCEPTANCE OF LOAN AGREEMENT. The Corporate Authorities hereby authorize acceptance of the offer of a loan through the Public Water Supply Loan Program, including all terms and conditions of the Loan Agreement as well as all special conditions contained therein and made a part thereof by reference. The Corporate Authorities further agree that the loan funds awarded shall be used solely for the purposes of the Project as approved by the IEPA in accordance with the terms and conditions of the Loan Agreement.

SECTION 8: AUTHORIZATION OF PRESIDENT TO EXECUTE LOAN AGREEMENT. The Village President is hereby authorized and directed to execute the Loan Agreement with the IEPA. The Corporate Authorities may authorize by resolution a person other than the Village President for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the IEPA in connection with this loan.

SECTION 9: SEVERABILITY. If any section, paragraph, clause or provision of this Ordinance is held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 10: REPEALER. All ordinances, resolutions or orders, or parts thereof, which conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

SECTION 11: That this Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form and as provided for in Section 3 above, as provided by law.

Passed on first reading this _____ day of _____, 2017.

First reading waived by action of the Board of Trustees this 16th day of February, 2017.

Passed on second reading this 16th day of February, 2017, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this 16th day of February, 2017.

Keith Giagnorio, Village President

ATTEST:

Sharon Kuderna, Village Clerk

Published by me in pamphlet form this 17th day of February, 2017.

Sharon Kuderna, Village Clerk

Exhibit A

**NOTICE OF INTENT TO BORROW FUNDS
AND RIGHT TO FILE PETITION**

NOTICE IS HEREBY GIVEN that, pursuant to Ordinance Number 7329, adopted on February 16, 2017, the Village of Lombard, DuPage County, Illinois (the "Village") intends to enter into a Loan Agreement with the Illinois Environmental Protection Agency in an aggregate principal amount not to exceed \$6,500,000.00 and bearing annual interest at an amount not to exceed the maximum rate authorized by law at the time of execution of the Loan Agreement, for the purpose of paying the cost of certain improvements to the public water supply system of the Village. A complete copy of the Ordinance accompanies this Notice.

NOTICE IS HEREBY FURTHER GIVEN that, if a Petition signed by three thousand thirty-seven (3,037) or more electors of the Village (being equal to ten percent (10%) of the registered voters in the Village), requesting that the question of improving the public water supply system and entering into the Loan Agreement be submitted to the electors of the Village, is submitted to the Village Clerk within thirty (30) days after the publication of this Notice, the question of improving the public water supply system of the Village, and entering into the Loan Agreement, as provided in the Ordinance, shall be submitted to the electors of the Village at the next election to be held under general election law on March 20, 2018. A Petition form is available from the office of the Village Clerk.

SHARON KUDERNA
CLERK OF THE VILLAGE OF LOMBARD,
DUPAGE COUNTY, ILLINOIS