

**AGENDA ITEM EXECUTIVE SUMMARY****Agenda Item number: 4.F**

Title:

Recommendation to approve an Ordinance Authorizing the City of St Charles to borrow funds from the IEPA Water Pollution Control Loan Program for Riverside Lift Station

Presenter:

Tim Wilson

Meeting: Government Services Committee

Date: February 28, 2022

Proposed Cost: 17,000,000

Budgeted Amount: \$13,550,000

Not Budgeted: **Executive Summary** *(if not budgeted please explain):*

The design of the replacement for the City of St. Charles' Riverside Lift Station began in October of 2020. The scope of work included site piping, historical building and monument relocation, construction of a new lift station and new parking near the corner of IL Rt. 25 and Devereaux Way and demolition of the existing lift station and park. The design also included public wash rooms for the historical site as well as removal and replacement of water main and clay pipe effluent from the Main Wastewater Treatment Facility as they were in conflict with the demolition of the existing lift station.

Funding for the Riverside Lift Station Project is the IEPA Low-Interest Loan Program. City Council originally approved the \$13,550,000 loan, authorizing Ordinance 2021-M-30 in August of 2021. The construction portion of this loan and Ordinance was \$11,450,000. On Wednesday, January 26th, 2022, construction bids were opened and the apparent low bidder was Whittaker Construction and Excavating with a base bid of \$14,878,150.

The project engineer and City staff reviewed the low bid content and proposed pricing. In comparison to the engineering estimate it was discovered that there are cost increases across the board. This is mainly related to rising material cost and long lead times. The available labor force is also factoring in to some of the additional expenses. Some examples of large equipment on this project would include several 100 hp motors, electrical motor control centers, generator, large diameter site piping, fine screens and general building materials.

The proposed project is expected to take nearly two years to complete. Projections show the cost will continue to increase in materials and labor. Staff is making the recommendation to move forward with the current low bidder on the project. City staff is currently working IEPA's Water Pollution Control Loan Program to secure additional low interest loans for the project. As part of the additional funding request, the City will need to update the existing Authorizing Ordinance. It will be Staff's recommendation to increase the loan authorizing Ordinance to \$17,000,000 effective immediately; funds will be added to FY 22/23 budget.

The loan will be repaid from revenues of the Wastewater Utility over a 20 year period at an estimated interest rate of 1.1%. The ordinance also authorizes the Mayor to execute all loan agreements with the IEPA.

**Attachments** *(please list):*

\*IEPA Loan Ordinance, Loan Detail

**Recommendation/Suggested Action** *(briefly explain):*

Recommendation to approve an Ordinance Authorizing the City of St Charles to borrow funds from the IEPA Water Pollution Control Loan Program for Riverside Lift Station.

**City of St. Charles, Illinois**  
**ORDINANCE No. 2022 – M - \_\_**

**An Ordinance Authorizing the City of St Charles, Kane and DuPage  
County, Illinois to borrow funds from the Water Pollution Control Loan  
Program**

**WHEREAS**, the City of St. Charles, Kane and DuPage County, Illinois, operates its sewerage system (“the System”) and in accordance with the provisions of Article VII, Section 6 of the Illinois Constitution of 1970 and the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. (collectively “the Act”); and

**WHEREAS**, the Mayor and City Council of the City of St Charles (“the Corporate Authorities”) have determined that it is advisable, necessary, and in the best interest of the public health, safety, and welfare to improve the System, including the following: Riverside Lift Station together with any land or rights in land and all electrical, mechanical or other services necessary, useful or advisable to the construction and installation (“the Project”), all in accordance with the plans and specifications prepared by the consulting engineers of the Trotter and Associates, which Project has a useful life excess of 20 years; and

**WHEREAS**, the estimated cost of construction and installation of the Project, including engineering, legal, financial and other related expenses is \$17,000,000, 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 365, 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 payment shall be payable semi-annually, and the loan shall mature in 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 City of St Charles from the Water Pollution Control Loan Program through the Illinois Environmental Protection Agency, the loan to be repaid from revenues of the system, 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 City of St Charles is authorized to borrow funds from the Water Pollution Control Loan Program in the aggregate principal amount of \$ 17,000,000 to provide funds to pay the costs of the Project; and

**WHEREAS**, the loan to the City of St Charles shall be made pursuant to a Loan Agreement, including certain terms and conditions between the City of St Charles and the Illinois Environmental Protection Agency;

NOW THEREFORE, be it ordained by the Corporate Authorities of the City of St Charles, Kane and 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 City of St Charles 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 provisions of the Illinois Environmental Protection Act, 415 ILCS 5/1 et seq.; and that for the purpose of constructing the Project, it is hereby authorized that funds be borrowed by the City of St Charles in the aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed \$17,000,000.

## **SECTION 3. ADDITIONAL ORDINANCES**

The Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance, providing for entering into the Loan Agreement with the Illinois Environmental Protection Agency, prescribing all the details of the Loan Agreement, and providing for the collection, segregation and distribution of the revenues of the system, 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 laws. 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 City of St. Charles 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 City of St. Charles to pay the principal and interest due to the Water Pollution Control Loan Program without the written consent of the Illinois Environmental Protection Agency.

#### **SECTION 4. LOAN NOT INDEBTEDNESS OF City of St Charles**

Repayment of the loan to the Illinois Environmental Protection Agency by the City of St Charles pursuant to this Ordinance is to be solely from the revenue derived from the revenues of the system, and the loan does not constitute an indebtedness of the City of St Charles within the meaning of any constitutional or statutory limitation.

#### **SECTION 5. APPLICATION FOR LOAN**

The Mayor is hereby authorized to make application to the Illinois Environmental Protection Agency for a loan through the Water Pollution Control Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 365.

#### **SECTION 6. ACCEPTANCE OF LOAN AGREEMENT**

The Corporate Authorities hereby authorize acceptance of the offer of a loan through the Water Pollution Control 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 Illinois Environmental Protection Agency in accordance with the terms and conditions of the Loan Agreement.

## **SECTION 7. OUTSTANDING BONDS**

The City of St Charles has outstanding bonds, payable from revenues of the system, that are senior to the loan authorized by this Ordinance, and the City of St Charles establishes an account, coverage, and reserves equivalent to the account(s), coverage(s) and reserve(s) as the senior lien holders in accordance with 35 Ill. Adm. Code 365.350(a)(10)(C)(WPC).

## **SECTION 8. AUTHORIZATION OF MAYOR TO EXECUTE LOAN AGREEMENT**

The Mayor is hereby authorized and directed to execute the Loan Agreement with the Illinois Environmental Protection Agency. The Corporate Authorities may authorize by resolution a person other than the Mayor for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the Illinois Environmental Protection Agency 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, orders, or parts thereof, which conflict with the provisions of this Ordinance, to the extent of such conflict, are hereby repealed.

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PASSED by the Corporate Authorities  
on March 7th, 2022.

APPROVED March 07, 2022

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Lora A Vitek, Mayor  
City of St Charles  
Kane and DuPage County, Illinois

ATTEST:

AYES: \_\_\_\_\_  
NAYS: \_\_\_\_\_  
ABSENT: \_\_\_\_\_

PUBLISHED in the \_\_\_\_\_ on \_\_\_\_\_, 2022.

RECORDED in the City of St Charles Records on \_\_\_\_\_, 2022.

\_\_\_\_\_  
Nancy Garrison - City Clerk  
City of St. Charles  
Kane and DuPage County, Illinois



## CERTIFICATION

I, Nancy Garrison, do hereby certify that I am the duly elected, qualified and acting Clerk of the City of St. Charles. I do further certify that the above and foregoing, identified as Ordinance Number 2022-M-, is a true, complete and correct copy of an ordinance otherwise identified as Authorizing the City of St Charles, Kane and DuPage County, Illinois to borrow funds from the Water Pollution Control Loan Program Loan, passed by the City Council of the City of St Charles on the 7th day of March 2022, and approved by the Mayor of the City of St Charles on the same said date, the original of which is part of the books and records within my control as Clerk of the City of St Charles.

Dated this 7<sup>nd</sup> day of March, 2022.

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Clerk of the City of St Charles