

70-O-22

AN ORDINANCE

**Authorizing the City to Borrow Funds from
the Illinois Environmental Protection Agency
Public Water Supply Loan Program**

WHEREAS, the City of Evanston, in the County of Cook, Illinois (the “City”) operates its public water supply system (“the System”) and in accordance with the provisions of the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois 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 (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:

Replace an existing 1909 intake in Lake Michigan that supplies raw water to the Evanston Water Plant, which involves abandoning the existing 1909 intake structure and pipeline, construction of a new replacement intake structure and pipeline, construction of new onshore facilities, and modifications to existing facilities to incorporate the new intake into the water treatment process at the Evanston Water Plant

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 City, which Project has a useful life of 100 years; and

WHEREAS, the estimated cost of constructing and installing the Project, including engineering, legal, financial, and other related expenses is Fifty Five Million

Six Hundred Sixty Five Thousand Nine Hundred Thirty Nine dollars (\$55,665,939) and there are insufficient funds on hand and lawfully available to pay such 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 payment 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 City from the Public Water Supply Loan Program through the Illinois Environmental Protection Agency, the loan to be repaid from revenues from 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 is authorized to borrow funds from the Public Waters Supply Loan Program in the aggregate principal amount of Thirty Five Million Two Hundred Seventy Nine Thousand Nine Hundred Thirty Nine dollars (\$35,279,939) to provide funds to pay the costs of the Project and;

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

NOW THEREFORE, BE IT ORDAINED BY THE CORPORATE AUTHORITIES OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS AS FOLLOWS:

SECTION 1: 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: It is necessary and in the best interests of the City 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 in the aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed Thirty Five Million Two Hundred Seventy Nine Thousand Nine Hundred Thirty Nine dollars (\$35,279,939).

SECTION 3: 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 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 to pay the principal and interest due to the Public Water Supply Loan Program without the written consent of the Illinois Environmental Protection Agency.

SECTION 4: Repayment of the loan to the Illinois Environmental Protection Agency by the City pursuant to this Ordinance is to be solely from the revenue derived from revenues of the System, and the loan does not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

SECTION 5: The City Manager is hereby authorized to make an application to the Illinois Environmental Protection Agency 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 6: 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 Illinois Environmental Protection Agency in accordance with the terms and conditions of the Loan Agreement.

SECTION 7: The City has outstanding bonds, payable from revenues of the system, that are senior to the loan authorized by this Ordinance, and the City 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 662.350(a)(9)(C)(PWS).

SECTION 8: 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: 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: All ordinances, resolutions, orders, or parts thereof, which conflict with the provisions of this Ordinance, to the extent of such conflict, are hereby repealed.

Introduced: July 11, 2022

Approved:

Adopted: July 25, 2022

August 1, 2022

Daniel Biss

Daniel Biss, Mayor

Attest:

Stephanie Mendoza

Stephanie Mendoza, City Clerk

Approved as to form:

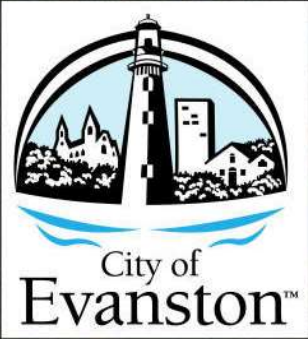
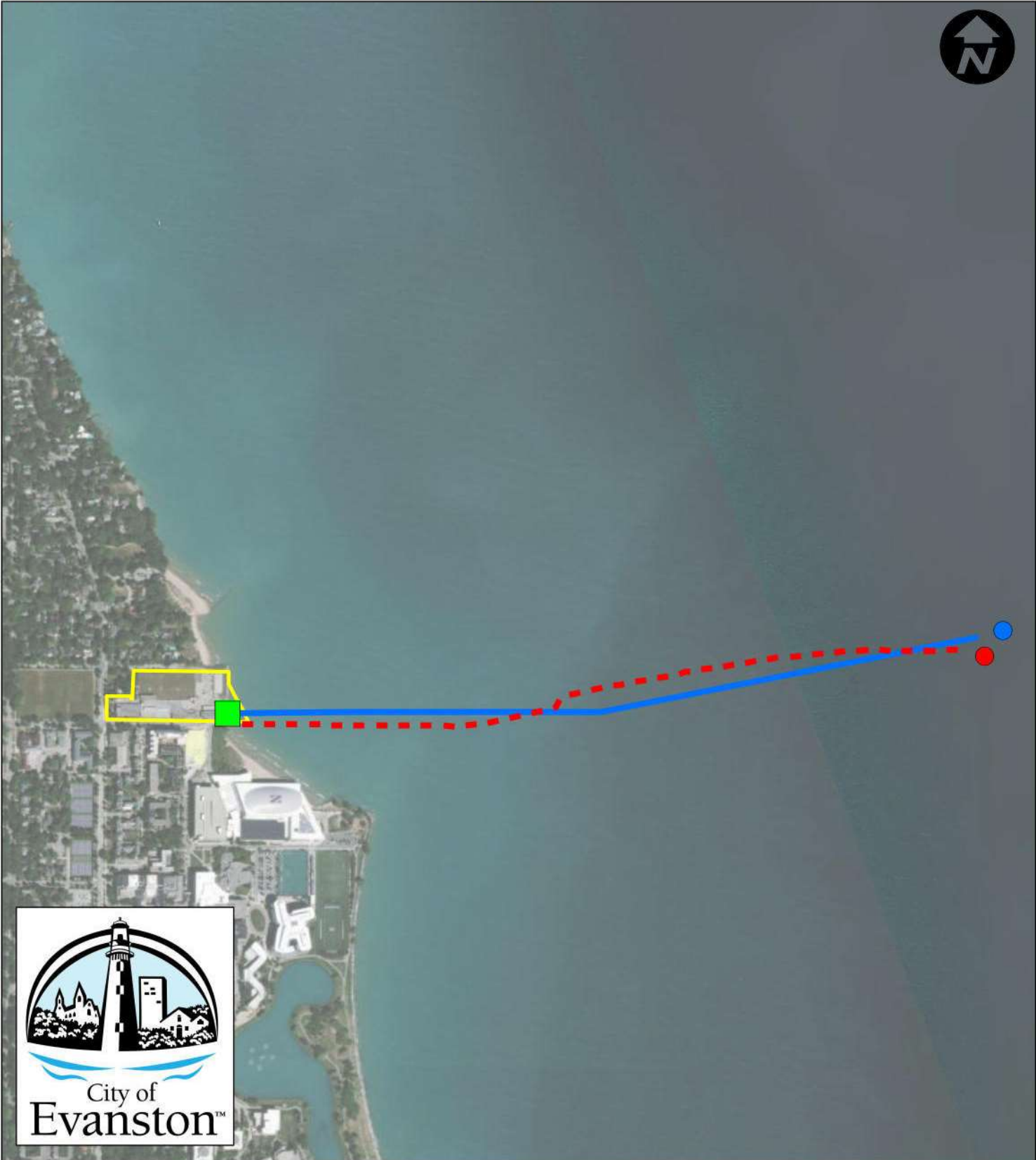
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Derke Price, Interim Corporation Counsel

Project Location Map

LEGEND

- Proposed Intake Structure
- Existing 36"/42" Intake Structure - To Be Abandoned
- Shore-Side Connections
- Proposed 60" Intake Pipeline
- - - Existing 36"/42" Intake Pipeline - To Be Abandoned
- Water Treatment Plant



City of Evanston
1909 Intake Replacement Project Financing
Five-Year Water Fund Analysis

	Current Year	Estimated - Next 5 Years				
	2021	2022	2023	2024	2025	2026
Proposed Rate Increases	0.0%	9.5%	0.0%	0.0%	9.8%	3.6%
Operating Revenues						
User charge (system) revenue	8,771,787	9,607,738	9,607,738	9,607,738	10,551,218	10,931,062
Wholesale Revenue (Skokie, Northwest Water Commission, Morton Grove/Niles, Lincolnwood)	11,718,608	13,414,862	13,799,378	14,089,432	14,348,421	17,901,940
Misc. Fees and Revenue	1,165,468	682,650	693,573	704,981	716,898	729,346
Total Operating Revenues	21,655,863	23,705,250	24,100,688	24,402,151	25,616,537	29,562,348
Operating Expenses						
Salaries & Wages	4,555,932	4,734,899	4,853,272	4,974,604	5,098,969	5,226,443
Benefits	1,422,831	1,361,522	1,422,994	1,487,396	1,554,869	1,625,563
Engineering fees (Studies)	402,000	909,800	376,581	381,161	627,571	394,159
Utilities	1,085,300	1,088,600	1,121,258	1,154,896	1,189,543	1,225,229
Repairs and maintenance	364,109	380,329	391,739	403,491	415,596	428,063
Supplies	1,482,717	1,492,344	1,488,612	1,514,634	1,541,301	1,568,630
Miscellaneous	1,351,620	1,062,726	1,057,362	1,085,003	1,113,473	1,142,797
Total Operating Expenses	10,664,509	11,030,220	10,711,818	11,001,184	11,541,319	11,610,884
TOTAL OPERATING INCOME	10,991,354	12,675,030	13,388,870	13,400,968	14,075,218	17,951,464
Non Operating Revenues (Expenses)						
Grant						
Debt Service (Princial and Interest) - Existing prior to this loan, GO Bonds and IEPA SRF Debt Service	(2,134,492)	(3,699,168)	(3,700,807)	(3,870,627)	(3,868,139)	(3,870,723)
Transfers (Other Fund, General Fund, Insurance Fund)	(5,589,212)	(5,600,005)	(5,732,501)	(5,868,861)	(6,009,200)	(6,153,635)
Minor Capital Outlay	(203,000)	(425,400)	(600,330)	(438,788)	(317,537)	(325,582)
Interest Income	5,922	5,144	3,547	2,491	2,048	1,755
New GO Bonds	-	6,410,000	4,750,000	4,740,000	5,423,000	5,234,000
WIFIA Proceeds - 1909 Intake Replacement			8,558,000	11,828,000		
IEPA SRF - Loan Proceeds						
Plant Reliability (L17-5107)						
Treated Water Storage Replacement (L17-5108)	2,143,029					
1909 Intake Replacement - SRF		3,721,000	31,559,000			
Medium Voltage Generator and Switchgear			3,700,000	3,700,000		
East Filter Plant Reliability					9,200,000	-
Water Transmission Main Rehabilitation (L17-5106)		11,405,000				
LSLR Pilot (Construction)		3,210,000				
Small Diameter Water Main Lining (L17-5393)		1,300,000				
Large Diameter Water Main Lining			1,700,000			
Total Non-Operating Income (Loss)	(5,777,752)	16,326,571	40,236,909	10,092,216	4,430,172	(5,114,185)
Net Change in Position Before Capital Items	5,213,601	29,001,601	53,625,780	23,493,183	18,505,390	12,837,280
Capital Items						
New Debt Service - GO Bonds		0	(511,081)	(889,807)	(1,267,736)	(1,700,122)
New Debt Service - WIFIA - 1909 Intake Replacement						(917,060)
New Debt Service - SRF						
Treated Water Storage Replacement (L17-5108)		(120,856)	(120,856)	(120,856)	(120,856)	(120,856)
1909 Intake Replacement					(2,030,741)	(2,030,741)
Medium Voltage Generator and Switchgear					(430,100)	(430,100)
East Filter Plant Reliability						(539,880)
Water Transmission Main Rehabilitation (L17-5106)			(643,182)	(643,182)	(643,182)	(643,182)
LSLR Pilot (Construction)			(181,027)	(181,027)	(181,027)	(181,027)
Small Diameter Water Main Lining (L17-5393)			(73,313)	(73,313)	(73,313)	(73,313)
Large Diameter Water Main Lining				(97,805)	(97,805)	(97,805)
Capital Projects Funded with Cash	(3,339,745)	(6,866,000)	(5,375,000)	(1,895,000)	(635,000)	(945,000)
Capital Projects Funded with GO Bonds	0	(6,410,000)	(4,750,000)	(4,740,000)	(5,423,000)	(5,234,000)
1909 Intake Replacement Funded with WIFIA Loan			(8,558,000)	(11,828,000)		
Capital Projects Funded with SRF Loans						
Plant Reliability (L17-5107)						
Treated Water Storage Replacement (L17-5108)	(2,143,029)					
1909 Intake Replacement		(2,940,000)	(31,559,000)			
Medium Voltage Generator and Switchgear			(3,700,000)	(3,700,000)		
East Filter Plant Reliability					(8,700,000)	
Water Transmission Main Rehabilitation (L17-5106)		(11,000,000)				
LSLR Pilot (Construction)		(3,210,000)				
Small Diameter Water Main Lining (L17-5393)		(1,300,000)				
Large Diameter Water Main Lining			(1,700,000)			
Total Capital Items	(5,482,774)	(31,846,856)	(57,171,459)	(24,168,989)	(19,602,759)	(12,913,084)
NET CHANGE IN POSITION	(269,173)	(2,845,255)	(3,545,679)	(675,806)	(1,097,369)	(75,805)
Beginning Water Fund Reserve	\$ 11,982,201	\$ 11,713,028	\$ 8,867,774	\$ 5,322,095	\$ 4,646,289	\$ 3,548,920
Ending Water Fund Reserve	\$ 11,713,028	\$ 8,867,774	\$ 5,322,095	\$ 4,646,289	\$ 3,548,920	\$ 3,473,115
Target Water Fund Reserve	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000