

12/29/00, 1/16/01

1-O-01

AN ORDINANCE

**Authorizing the City to Borrow
An Additional \$16,116,591 from the
Illinois Water Pollution Control Revolving
Loan Fund to Complete the Phase VI Sewer Project**

WHEREAS, the City of Evanston, Cook County, Illinois ("CITY"), operates its sewerage collection system, including all property, real, personal or otherwise owned or to be owned by the CITY or under the control of the CITY, and used for sewerage collection purposes, and any and all further extensions, improvements, and additions to the system, but, however, excluding expressly property which from time to time is deemed by the CITY to be no longer useful or necessary to the continued effective and efficient operation of the system or extensions, improvements or additions which are at the time of construction, acquisition and installation expressly excluded from the definition of system hereunder by the CITY, hereinafter referred to as "SYSTEM", and in accordance with 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, *Illinois Compiled Statutes*, 1993, 30 ILCS 350/1, *et seq.*, hereinafter collectively referred to as the "ACT"; and

WHEREAS, Ordinance 74-O-98 authorized the City to borrow funds from the Illinois Water Pollution Control Revolving Loan Fund in the aggregate principal amount not to exceed \$23,153,409 for completion of the construction Projects A, B, C, and D which comprise Phase VI of the City's Long Range Sewer Improvement Project ("Phase VI Project"); and

WHEREAS, Project A was awarded on September 11, 1998, for \$16,490,440.00, an amount well above the estimate; and

WHEREAS, the cost estimates for Projects B, C, and D have been increased based upon the higher-than-anticipated cost for Project A; and

WHEREAS, the estimated total cost of completion of the Phase VI project is \$39,270,000, an increase of \$16,116,591 over the amount Ordinance 74-O-98 authorized the City to borrow from the Illinois Water Pollution Control Revolving Loan Fund; and

WHEREAS, \$39,270,000 is the estimated cost of constructing and installing the PROJECT, including engineering, legal, financial, and other related expenses, for which there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, such costs are expected to be paid for with a loan to the CITY from the Illinois Environmental Protection Agency through the Water Pollution Control Revolving Loan Fund, said loan to be repaid from revenues of the SYSTEM, and such loan is authorized to be accepted at this time pursuant to the ACT; and

WHEREAS, City Council authorization of the borrowing of the additional funds to complete the Phase VI Project is necessary, appropriate, and in the best interests of the citizens of Evanston; and

WHEREAS, certain lengths and sizes of the sewer have been modified since enactment of Ordinance 74-O-98; and

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS:

SECTION 1: The City Council hereby finds that the recitals contained in the

preamble to this Ordinance are true and correct and hereby incorporates them into this Ordinance.

SECTION 2: It is necessary to public health, safety and welfare and in the best interests of the CITY to construct the PROJECT and that the SYSTEM continue to be operated and funded in accordance with the provisions of the ACT, and that for the purpose of constructing the PROJECT, it is hereby authorized that funds be borrowed by the City of Evanston in an aggregate principal amount not to exceed \$39,270,000.

SECTION 3: Subject to the express provisions of this Ordinance, 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 Water Pollution Control Revolving Loan Fund 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 revenues derived from the SYSTEM, as hereinafter provided; and the loan does not constitute an indebtedness of the CITY within the meaning of any constitutional or statutory limitation. For the purposes hereof, "revenues" (hereinafter "REVENUES") of the SYSTEM means all income from whatever source derived from the SYSTEM, including investment income and the like, connection, permit and inspection fees and the like, user charges of all kinds for the use and service of the SYSTEM, and including such transfers from the corporate funds or the

water fund of the CITY as the City Council shall from time to time determine through the budget and appropriation of such funds, or other proper action; but shall not include non-recurring income from the sale of property of the SYSTEM, governmental or other grants or loans, and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds. The repayment of the loan from the REVENUES shall in all events be made only after provision for the payment of "OPERATION AND MAINTENANCE COSTS" of the SYSTEM, hereby defined to mean all costs of operating, maintaining and routine repair of the SYSTEM, including such items as wages, salaries, costs of materials and supplies, taxes, power, fuel, insurance, purchase of sewage treatment or disposal capacity, including all payments for such services to be made pursuant to long-term contracts for the provision of such services, but shall not include debt service of any kind, depreciation, any capital reserve requirements, and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds. The CITY hereby pledges the REVENUES, after provision has been made for the payment of OPERATION AND MAINTENANCE COSTS, to the repayment of the loan; and covenants and agrees to charge such rates and impose such fees and charges for the use and service of the SYSTEM as shall be sufficient to pay in a timely manner all repayments as required on the loan pursuant to the terms of the Loan Agreement.

SECTION 5: The City Council hereby authorizes acceptance of the offer of a loan through the Water Pollution Control Revolving Loan Fund, including all terms and conditions of the Loan Agreement ("LOAN AGREEMENT") attached as Exhibit A, as well

as all special conditions contained therein and made a part thereof by reference. The loan funds awarded shall be used solely for the purpose of the PROJECT as approved by the Illinois Environmental Protection Agency in accordance with the terms and conditions of the LOAN AGREEMENT.

SECTION 6: The length of new relief sewers installed using the open cut construction method is modified to 14,900 feet from 13,100 feet. The length and size of relief sewer installed by tunnel construction is modified from 2,250 linear feet of 66" diameter pipe to approximately 2,900 feet of 78" diameter pipe. Approximately an additional 713 linear feet of 42" diameter pipe relief sewers will be installed.

SECTION 7: The City Manager is hereby authorized and directed to execute the LOAN AGREEMENT with the Illinois Environmental Protection Agency and to negotiate any additional terms or conditions deemed to be in the best interests of the City.

SECTION 8: The CITY hereby covenants and agrees that the REVENUES, after provision has been made for the payment of OPERATION AND MAINTENANCE COSTS, are a dedicated source of funds for the repayment of the loan as evidenced by the LOAN AGREEMENT. The CITY reserves the right, without limitation of any kind, to issue obligations ("OBLIGATIONS") of any kind (including bonds, notes or other obligations by whatever name and including all loans) payable from the REVENUES and prior in lien to, on a parity of lien with, or subordinate in lien to the lien on the REVENUES for the repayment of the loan as provided in the LOAN AGREEMENT, as shall be determined by the City Council; provided, however, that any covenants or agreements made by the CITY for the benefit of the holders of such OBLIGATIONS shall, at the time of the incurring of

such OBLIGATIONS, also be made in a similar manner for the benefit of the obligation to repay the loan as represented by the LOAN AGREEMENT. The CITY intends that the obligation to repay the loan as represented by the loan as evidenced by the LOAN AGREEMENT shall bear interest as provided therein on a basis which is not tax-exempt under the provision of the Internal Revenue Code of 1986, and the officers of the CITY charged with the execution of the LOAN AGREEMENT shall act in accordance with this stated intent.

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

SECTION 10: This Ordinance shall be published in pamphlet form by authority of the City Council as the Corporate Authorities of the CITY; and this Ordinance shall become effective immediately upon its passage, approval and publication as herein provided, all pursuant of the ACT and including, expressly, the home rule powers of the CITY pursuant to Section 6(a) of Article VII of the Illinois Constitution of 1970.

SECTION 11: That all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 12: That this ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

Introduced: February 26, 2001

Adopted: February 26, 2001

Approved:

February 27 2001

Lorraine A. Norton
Mayor

ATTEST:

Mary D. Morris
City Clerk

Approved as to form:

[Signature]
Corporation Counsel

