

**112-O-23**

**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:

Reliability improvements to the Evanston Water Plant electrical system, including electrical generators, medium voltage switchgear, low voltage switchgear, miscellaneous electrical improvements, building expansion, and related civil, structural, architectural, mechanical, and instrumentation and control work.

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 35 years; and

**WHEREAS**, the estimated cost of constructing and installing the Project, including engineering, legal, financial, and other related expenses is Eighteen Million Nine Hundred Thousand dollars (\$18,900,000) 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 Eighteen Million Nine Hundred Thousand dollars (\$18,900,000) 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 Eighteen Million Nine Hundred Thousand dollars (\$18,900,000).

**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 City Manager 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 City Manager 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: November 13, 2023

Approved:

Adopted: November 13, 2023

November 21, 2023

*Daniel Biss*

Daniel Biss, Mayor

Attest:

*Stephanie Mendoza*

Stephanie Mendoza, City Clerk

Approved as to form:

*Alexandra B. Ruggie*

Alexandra B. Ruggie, Interim Corporation Counsel

**City of Evanston**  
**Water Plant Electrical System Reliability Project**  
**L17-6577**

**Six-Year Projection of Revenues, Operations, Maintenance, and Debt Service**

	Actual - Previous 3 Years			Estimated - Next 6 Years, Starting with Current Fiscal Year						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Water Rate Increase</b>	<b>11.0%</b>	<b>5.4%</b>	<b>9.5%</b>	<b>5.0%</b>	<b>17.5%</b>	<b>23.3%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>
<b>Operating Revenues</b>										
User charge (system) revenue	8,529,573	8,771,787	9,638,911	9,722,616	11,424,073	14,088,167	15,990,070	18,148,729	20,598,808	23,379,647
Wholesale Revenue (Skokie, Northwest Water Commission, Morton Grove/Niles, Lincolnwood)	13,471,496	11,415,711	12,969,677	13,268,951	13,500,551	13,735,326	16,550,497	16,982,210	18,029,601	19,345,491
Misc. Fees and Revenue	850,418	1,224,892	889,328	3,738,930	5,962,650	1,828,053	844,120	1,210,883	1,228,370	1,257,115
Interest Income		8,299		2,461	2,032	2,943	2,920	2,951	2,960	2,956
<b>Total Operating Revenues</b>	<b>22,851,487</b>	<b>21,412,390</b>	<b>23,506,215</b>	<b>26,732,958</b>	<b>30,889,307</b>	<b>29,654,489</b>	<b>33,387,607</b>	<b>36,344,772</b>	<b>39,859,739</b>	<b>43,985,210</b>
<b>Operating Expenses</b>										
Salaries & Wages	4,115,656	4,306,380	3,845,689	5,225,600	5,448,182	5,533,136	5,671,465	5,813,251	5,958,583	6,107,547
Benefits	1,351,957	1,407,224	1,154,531	1,326,132	1,575,879	1,647,516	1,722,571	1,801,213	1,883,617	1,969,965
Engineering fees (Studies)	333,799	290,102	340,127	547,000	1,380,800	651,324	410,394	417,681	425,173	432,876
Utilities	1,097,323	1,109,871	909,510	1,082,700	1,055,633	1,087,302	1,119,921	1,153,519	1,188,124	1,223,768
Repairs and maintenance	258,586	287,409	206,410	471,900	539,600	555,788	572,462	589,635	607,325	625,544
Supplies	798,734	1,021,690	1,328,814	2,181,610	2,095,790	2,029,019	2,064,535	2,100,952	2,138,293	2,176,586
Miscellaneous	823,276	830,246	688,847	1,048,720	1,135,220	1,165,347	1,196,377	1,228,338	1,261,258	1,295,166
<b>Total Operating Expenses</b>	<b>8,779,330</b>	<b>9,252,922</b>	<b>8,473,928</b>	<b>11,883,662</b>	<b>13,231,104</b>	<b>12,669,431</b>	<b>12,757,726</b>	<b>13,104,590</b>	<b>13,462,373</b>	<b>13,831,453</b>
<b>TOTAL OPERATING INCOME</b>	<b>14,072,156</b>	<b>12,159,468</b>	<b>15,032,287</b>	<b>14,849,295</b>	<b>17,658,203</b>	<b>16,985,058</b>	<b>20,629,881</b>	<b>23,240,182</b>	<b>26,397,366</b>	<b>30,153,757</b>
<b>Non Operating Revenues (Expenses)</b>										
Debt Service (Principal and Interest) - Existing prior to this loan, GO Bonds and IEPA SRF Debt Service	(2,290,933)	(3,442,912)	(3,818,594)	(4,948,747)	(5,118,567)	(5,116,079)	(5,118,664)	(5,119,947)	(5,118,846)	(5,113,335)
Transfers (Other Fund, General Fund, Insurance Fund)	(5,313,514)	(5,589,212)	(5,600,005)	(5,732,501)	(5,868,861)	(6,009,200)	(6,153,635)	(5,302,286)	(5,461,354)	(5,625,195)
Minor Capital Outlay	(2,129)	(89,126)	(64,917)	(335,000)	(1,141,500)	(265,180)	(291,474)	(391,619)	(301,917)	(427,375)
New GO Bonds	5,013,000	5,495,000	5,618,256	-	18,181,000	13,551,000	19,404,000	21,452,120	22,515,362	17,369,730
WIFIA Proceeds - 36"/42" Intake Replacement					20,386,000					
IEPA SRF - Loan Proceeds										
36"/42" Intake Replacement			777,149	15,210,000	19,292,790					
Electrical Reliability Project					3,300,000	5,500,000	5,500,000	3,300,000		
East Filter Plant Reliability						5,500,000	5,500,000			
West Filter Plant Modifications									6,500,000	5,500,000
Annual LSLR				-	4,105,000	5,636,000	5,648,000	5,660,240	5,672,725	3,889,999
Annual Water Main Replacement				-	-	-	-	-	-	-
Small Diameter Water Main Lining (L17-5393)						1,300,000				
Large Diameter Water Main Lining									2,000,000	
<b>Total Non-Operating Income (Loss)</b>	<b>(2,593,576)</b>	<b>(3,626,250)</b>	<b>(3,088,111)</b>	<b>4,193,752</b>	<b>53,135,862</b>	<b>20,096,540</b>	<b>24,488,227</b>	<b>19,598,508</b>	<b>25,805,970</b>	<b>15,593,825</b>
<b>Net Change in Position Before Capital Items</b>	<b>11,478,581</b>	<b>8,533,219</b>	<b>11,944,176</b>	<b>19,043,047</b>	<b>70,794,065</b>	<b>37,081,598</b>	<b>45,118,109</b>	<b>42,838,691</b>	<b>52,203,336</b>	<b>45,747,582</b>
<b>Capital Items</b>										
Capital Projects Funded with Cash	(1,496,000)	(1,615,000)	(5,040,631)	(9,302,457)	(1,775,000)	(2,015,000)	(2,914,600)	(3,671,400)	(3,742,576)	(4,834,559)
Capital Projects Funded with GO Bonds	(5,013,000)	(5,495,000)	(5,618,256)	-	(18,181,000)	(13,551,000)	(19,404,000)	(21,452,120)	(22,515,362)	(17,369,730)
Capital Projects Funded with WIFIA (Intake)					(20,386,000)					
Capital Projects Funded with SRF Loans										
36"/42" Intake Replacement			(777,149)	(15,210,000)	(19,292,790)					
Electrical Reliability Project					(3,300,000)	(5,500,000)	(5,500,000)	(3,300,000)		
East Filter Plant Reliability						(5,500,000)	(5,500,000)			
West Filter Plant Modifications									(6,500,000)	(5,500,000)
LSLR Pilot (Construction)										(3,889,999)
Annual Water Main Replacement					(4,105,000)	(5,636,000)	(5,648,000)	(5,660,240)	(5,672,725)	
Small Diameter Water Main Lining (L17-5393)										
Large Diameter Water Main Lining						(1,300,000)				
New Debt Service - GO Bonds				-	-	(1,449,605)	(2,530,051)	(4,077,167)	(5,787,585)	(7,582,776)
New Debt Service - WIFIA (Intake)							(952,193)	(952,193)	(952,193)	(952,193)
New Debt Service - IEPA SRF										
36"/42" Intake Replacement						(2,006,036)	(2,006,036)	(2,006,036)	(2,006,036)	(2,006,036)
Electrical Reliability Project									(1,122,592)	(1,122,592)
East Filter Plant Reliability								(645,508)	(645,508)	(645,508)
West Filter Plant Modifications										
Annual LSLR						(234,997)	(565,732)	(897,171)	(1,245,929)	(1,595,456)
Annual Water Main Replacement										
Small Diameter Water Main Lining (L17-5393)								(76,287)	(76,287)	(76,287)
Large Diameter Water Main Lining										(123,231)
<b>Total Capital Items</b>	<b>(6,509,000)</b>	<b>(7,110,000)</b>	<b>(11,436,036)</b>	<b>(24,512,457)</b>	<b>(67,039,790)</b>	<b>(37,192,638)</b>	<b>(45,096,900)</b>	<b>(42,738,124)</b>	<b>(52,266,794)</b>	<b>(45,698,368)</b>
<b>NET CHANGE IN POSITION</b>	<b>4,969,581</b>	<b>1,423,219</b>	<b>508,140</b>	<b>(5,469,410)</b>	<b>3,754,275</b>	<b>(111,040)</b>	<b>21,209</b>	<b>100,567</b>	<b>(63,458)</b>	<b>49,214</b>
<b>Beginning Water Fund Reserve</b>	\$ 756,594	\$ 5,726,175	\$ 7,149,393	\$ 7,657,533	\$ 2,188,123	\$ 5,942,398	\$ 5,831,358	\$ 5,852,567	\$ 5,953,134	\$ 5,889,677
<b>Ending Water Fund Reserve</b>	\$ 5,726,175	\$ 7,149,393	\$ 7,657,533	\$ 2,188,123	\$ 5,942,398	\$ 5,831,358	\$ 5,852,567	\$ 5,953,134	\$ 5,889,677	\$ 5,938,890
<b>Target Water Fund Reserve</b>	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000