



Legislation Text

File #: 21-134, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager and Finance Director/Comptroller with a Request for the Following (All Council Districts):

- A. ADOPT an ORDINANCE Authorizing the City of Peoria to BORROW FUNDS from the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (IEPA) STATE REVOLVING FUND (SRF) Loan Program; and
- B. AUTHORIZE the City Manager to Sign and Submit LOAN APPLICATION Forms, Tax Compliance Certificate and AGREEMENT, and Supporting Documents for the IEPA Loan Program.

BACKGROUND: On December 15, 2020, the City Council approved a Consent Decree with the United States Environmental Protection Agency (USEPA) and the IEPA to remediate Combined Sewer Overflows (CSOs). This mandate requires capital investments of approximately \$109 million over an eighteen (18) year time frame, beginning in 2022, to remediate CSO (ref. item 20-303).

On May 11, 2021, the City Council approved sewer rates to fund the first five (5) years of the CSO program loan payments (ref. item 21-039).

The City has applied for pre-approval to the IEPA loan program. This program provides low interest (currently 1.4%) loans to municipalities for wastewater and stormwater projects, such as the CSO control program.

The proposed Ordinance will authorize the City to borrow funds from the IEPA loan program to cover the first five (5) years of projects in the eighteen (18) year CSO control program. The loan application, if approved, will fund CSO improvements for the first year of projects. Loan applications will be completed annually through the first five (5) years covered by the proposed Ordinance.

The IEPA loan program is competitive. Submitting the loan application as soon as possible will strengthen the City's position to receive funding.

All owners of properties in the City limits, indirectly or directly connected to public combined or sanitary sewers, would pay the proposed CSO remediation district fees to repay the IEPA loan.

The attached CSO Fact Sheet, ordinance, and loan application include more information.

FINANCIAL IMPACT: Use of the IEPA SRF will provide lower interest rates on borrowing than issuing bonds. The current interest rate is 1.4%.

NEIGHBORHOOD CONCERNS: The CSO program is intended to improve our neighborhoods with the addition of green infrastructure. Using the low-interest IEPA loan program minimizes costs.

IMPACT IF APPROVED: The City will be eligible to receive IEPA loan funding for the first year of its CSO program.

IMPACT IF DENIED: Other revenue sources will need to be found to fund the Consent Decree-mandated

CSO projects

ALTERNATIVES: Issue bonds or identify other revenue to fund the Consent Decree-mandated CSO projects.

EEO CERTIFICATION NUMBER: N/A

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Invest in our infrastructure and transportation.
2. Reinvest in neighborhoods.
3. Have an efficient government.

DEPARTMENT: Finance