

**Memorandum
Public Works Department**

To: City Manager
Subject: Water Treatment Plant Filter Building Replacement – Debt Ordinance
Date: December 1, 2016
Number: 2016-206

On November 17, 2016, the Public Works Department submitted an Ordinance for approval and passage by council to enable the City to borrow funds using low interest financing for the Water Treatment Plant Filter Building Replacement project through the Illinois State Revolving Loan Program, and said Ordinance was approved by council on said date.

Recently, The Public Works Department was advised by the Illinois EPA that after review of the “Ordinance Authorizing Loan Agreement Water Pollution Control Loan Program – Home Rule Entity”, a document prepared and provided to the City by the Illinois EPA, that the name of the program was incorrect, and therefore needed to be corrected.

Accordingly, an Amended Ordinance has been prepared whereby the program name has been changed from **Water Pollution Control Loan Program** to **Public Water Supply Loan Program**. The Ordinance as previously submitted to Council remains the same in all other respects.

Recommendation

The Public Works Department recommends that the City Council pass the attached AMENDED loan authorization ordinance for the Water Treatment Plant Filter Building Replacement Project.

Submitted by: Larry Cook Interim Public Works Director
Michael J. Kane, P.E., City Engineer

Approved by: Randall D. Tweet, Interim City Manager

**AMENDED
ORDINANCE AUTHORIZING LOAN AGREEMENT PUBLIC WATER SUPPLY
LOAN PROGRAM – HOME RULE ENTITY**

AN ORDINANCE AUTHORIZING THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM

WHEREAS, the City of Rock Island, Rock Island County, Illinois, operates its water treatment facility and treatment system (“the System”) and in accordance with the provisions of Article VII, Section 6 of the Illinois Constitution of 1970 (Ill. Const. Art. VII §6) 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 Rock Island, Rock Island County, Illinois (hereinafter City of Rock Island) 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:

Water Treatment Plant Filter Building Replacement

The improvements are designed to construct a new filtration facility at the City of Rock Island Water Treatment Plant which will replace the existing aging filter building. The facility will house eight new dual-media filters with a total firm capacity of 12 million gallons per day (MGD) with provisions for future plant expansion. The new system will be connected to the existing clarification process, waste backwash system, and the domed storage facility. The new filtration facility will meet or exceed current standards and is designed to accommodate future changes to the water treatment process in response to any changes in regulations or raw water quality.

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 of Rock Island, which Project has a useful life of more than 20 years; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial and other related expenses is \$30,000,000.00, 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 Rock Island from the Public Water Supply 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 Rock Island is authorized to borrow funds from the Public Water Supply Loan Program in the aggregate principal amount of \$30,000,000.00 to provide funds to pay the costs of the Project; and

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

NOW THEREFORE, be it ordained by the Corporate Authorities of the City of Rock Island, Rock Island 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 Rock Island 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 Rock Island in the aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed \$30,000,000.00.

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 Rock Island 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 Rock Island 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. LOAN NOT INDEBTEDNESS OF
THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

Repayment of the loan to the Illinois Environmental Protection Agency by the City of Rock Island 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 of Rock Island within the meaning of any constitutional or statutory limitation.

SECTION 5. APPLICATION FOR LOAN

The City Manager is hereby authorized to make 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 365.

SECTION 6. ACCEPTANCE OF LOAN AGREEMENT

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. AUTHORIZATION OF
CITY MANAGER TO EXECUTE LOAN AGREEMENT**

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 8. 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 9. 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.

SECTION 10. EFFECTIVE DATE

This ordinance shall be in full force and effect from and after its passage and approval as required by law.

MAYOR OF THE CITY OF ROCK ISLAND

ATTEST: _____
CITY CLERK