

# Memorandum

## Public Works Department



**To:** City Manager  
**Subject:** Mill Street Wastewater Treatment Plant Expansion  
**Date:** July 20, 2011  
**Number:** 2011-221

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The City of Rock Island has been notified by the Illinois Environmental Protection Agency (IEPA) that the application for a low interest loan has been approved. The final loan documents did not arrive in time to attach to this report, but the terms are expected to be....

- Loan Amount = \$20,000,000
- Interest Rate = 1.25%
- Term = 20 years
- Principal Forgiveness = \$2,500,000

The final documents will be distributed to the City Council prior to the City Council meeting on July 25<sup>th</sup>.

This is the city's second loan through the Illinois EPA Water Pollution Control Loan Program. The loan documents for the first loan are attached for City Council information. The documents for the pending loan are expected to be virtually identical except for the project specific details.

The IEPA loan program has an annual cap of \$20,000,000 per community. Assuming the program is continued by the Illinois General Assembly, the city will receive additional loans in FY13 and FY14 for the project.

At the May 23, 2011 City Council meeting, the attached Notice of Intent to Award was approved for this contract. Since the IEPA has now endorsed the award of the contract, the City Council may now award the contract to Civil Constructors.

### **RECOMMENDATION**

The Public Works Department recommends that the City Council...

- Approve the loan agreement with the Illinois Environmental Protection Agency for construction of the Mill Street Wastewater Treatment Plant Expansion,
- award the construction contract to Civil Constructors in the amount of \$45,770,000.00 and
- authorize the City Manager to execute all the documents

**Submitted by:** Robert T. Hawes, P.E., Assistant City Manager/Public Works Director

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COPY

LOAN AGREEMENT

WASTEWATER PROJECT: L17-3560

LENDOR:

Illinois Environmental Protection Agency  
Bureau of Water  
Infrastructure Financial Assistance Section  
P.O. Box 19276  
1021 North Grand Avenue, East  
Springfield, IL 62794-9276

RECIPIENT:

Rock Island  
1309 Mill Street  
Rock Island, IL 61201

FEIN: 366-006-077

TERMS OF THE LOAN

Loan amount:	\$ 515,515.00	Initiation of operation:	01/01/2011
Annual fixed loan rate:	1.2500 %	Initiation of repayment period:	01/01/2011
Term:	20 years	First repayment due:	07/01/2011
Repayments:	Semi-annual	Final repayment due:	01/01/2031
Construction start:	09/01/2010		
Construction complete:	01/01/2011		

LOAN OFFER AND ACCEPTANCE

Offer by the State of Illinois Environmental Protection Agency

The Director (herein called the "Director") of the Illinois Environmental Protection Agency (herein called the "Agency") pursuant to the Environmental Protection Act, hereby offers to make a loan from the Water Revolving Fund, up to and not exceeding the above specified amount, at the fixed loan rate and repayment period given above, for the support of the efforts contained in the Project Description, herein. This Loan Offer is subject to all applicable State and Federal statutory and regulatory provisions, Standard and Special Loan Conditions, Procedures For Issuing Loans From the Water Pollution Control Loan Program (35 Ill. Adm. Code 365) and the terms specified in the Letter of Transmittal, attached hereto and included herein by reference.

*Douglas P. Scott*  
Agency Signature

Douglas P. Scott, Director  
Name and Title

*6/25/10*  
Date

By: *Lisa Bonnett*  
Agency Signature

Lisa Bonnett, Acting Deputy Director  
Name and Title

This offer must be accepted, if at all, on or before 08/15/2010.

Acceptance on behalf of the Borrower (SIGNATURE)

Authorized Representative

Date

Name and Title of Authorized Representative (Type or Print)

PROJECT DESCRIPTION

The City of Rock Island operates a combined waste water collection system which has overflow points that are tributary to the Rock River. This project addresses a portion of their USEPA approved Long Term Control Plan (LTCP) associated with CSO outfalls 011 and 012. The treatment basins will be modified to increase the amount of wastewater receiving treatment and the efficiency of the treatment basins. This work is covered by IEPA Construction Permit Number 2009-AB-1817.

PROJECT BUDGET

	TOTAL	ELIGIBLE
Construction	\$ 518,500.00	500,500.00
Contingency	15,555.00	15,015.00
Total Costs	\$ 534,055.00	515,515.00

The loan amount is \$ 515,515.00

COSTS EXCLUDED

LOAN INELIGIBLE

A cash allowance of \$18,000 for programming and control panel work is not eligible. Cash allowances are ineligible at the time of bidding, but may be payable from the loan contingency when the actual cost is known.

OTHER FUNDING SOURCES

Design and Engineering paid in advance with local funds.

SPECIAL CONDITIONS

PRINCIPAL FORGIVENESS

In accordance with the Procedures for Issuing Loans From the Water Pollution Control Loan Program Title 35 Ill. Adm. Code 365.260 (Loan Rules), \$128,879 of the loan amount will be forgiven by the State of Illinois pursuant to principal forgiveness provisions contained in the Loan Rules. This amount will not change and will not be required to be repaid.

STANDARD CONDITIONS

See Attachment A

## Attachment A

Loan Recipient: Rock Island  
L173560

### Loan Agreement – Standard Conditions Illinois EPA Water Pollution Control Loan Program

#### 1. PROJECT SCHEDULE

For the purposes of this agreement, the start date will be the date the agreement is executed by the governmental entity and the complete date will be the date of final repayment. Any obligation of the State of Illinois and the Agency to make any disbursement of loan funds shall terminate unless this project work is initiated and completed in accordance with the schedule contained in the Loan Agreement.

#### 2. DISBURSEMENTS

Disbursement requests for project work will be processed based on costs incurred, subject to the appropriation of funds by the Illinois General Assembly.

#### 3. REPAYMENT SCHEDULE – Nature of Obligations, Fixed Loan Rate, Interest, Loan Support, and Principal Payments, and Principal Forgiveness.

- a) In accordance with Ill. Adm. Code 365.440, the fixed rate is comprised of interest and loan support, both of which are established annually and will be reported at the Agency's public hearing. The term "interest" is used in this Loan Agreement as well as future correspondence, repayment schedules, etc. to reflect both interest and loan support.
- b) This Loan Agreement has been issued and entered into pursuant to an authorizing ordinance of the loan recipient. The recipient recites that it has taken all required actions to enter into the Loan Agreement and has complied with all provisions of law in that regard.
- c) For purposes of determining the repayment amount, the principal amount of the loan shall be the total amount of loan disbursements made by the Agency under this Loan Agreement, plus interest treated as principal as provided in paragraph (g) below less the amount of principal forgiveness as defined in the special condition(s) of this loan agreement. The amount financed shall not exceed the amount identified in the approved authorizing ordinance.
- d) By this Loan Agreement, the loan recipient agrees to repay to the Agency (or, upon notice by the Agency to the loan recipient, the Agency's assignee) the principal amount of the loan with interest on the outstanding and unpaid principal amount of the loan from time to time until repaid in full, all as provided in this Loan Agreement.
- e) The final principal amount will be determined by the Agency after a final disbursement request, final inspection and project review have been made to ensure all applicable loan conditions have been satisfied.
- f) Simple interest on each loan disbursement will begin on the day after the date of the issuance of a warrant by the Comptroller of the State of Illinois.
- g) Interest and principal on the loan will be due on the dates and in the amounts as set forth in repayment schedules provided for in this paragraph. Upon the initiation of the loan repayment period, the Agency shall establish and notify the loan recipient of an interim repayment schedule in accordance with the terms of this loan. After the Agency conducts the final review of the costs of the project to establish the final principal amount, the Agency shall establish and notify the loan recipient of a final repayment schedule. For purposes of calculating the repayment schedules, the Agency shall consider principal of the loan to consist of all unrepaid disbursements plus all unrepaid interest accrued on these disbursements at the time the schedule period begins. Each of these repayment schedules shall provide for repayment installments

consisting of principal plus simple interest on the unpaid principal balance. The installment repayment amount may change when the interim repayment schedule is replaced by the final repayment schedule.

h) Interest on each loan disbursement shall be calculated on the basis of the total number of days from the date the interest begins to accrue to the beginning of the repayment period and will be calculated on a daily basis using a 365 day year. All interest due on the principal of the loan during the repayment period is calculated on a periodic basis.

i) The Loan Agreement shall be subject to prepayment at any time in whole or in part, at the option of the loan recipient, by payment of the outstanding principal plus accrued and unrepaid interest on that principal accrued to the date of prepayment.

#### 4. MODIFIED OR SUBSEQUENT ORDINANCES

The ordinance authorizing entry into this Loan Agreement or dedicating the source of revenue shall not be amended or superseded substantively or materially without the prior written consent of the Agency.

#### 5. DBE REPORTING REQUIREMENTS

The loan recipient is required to comply with the Disadvantaged Business Enterprise (DBE) reporting requirements as established and mandated by federal law and implemented in federal code: 40 CFR Part 33. Compliance with the code will necessarily involve satisfaction of the six (6) good faith efforts as set forth in the federal DBE program, and will require the use of the particular contract specifications and language for advertising of the project. More information and guidance on the DBE requirements is available on the IEPA web site at:

<http://www.epa.state.il.us/water/forms.html#financial-assistance>

#### 6. COMPLIANCE WITH ACT AND REGULATIONS

The Agency shall not make any payments under this loan offer if the construction project has been completed and is being operated in violation of any of the provisions of the Clean Water Act, Environmental Protection Act and Water Pollution Control Regulations of Illinois (Title 35: Subtitle C: Chapter I: Pollution Control Board Regulations and Chapter II: Agency Regulations) adopted thereunder.

#### 7. FINAL INSPECTION

The loan recipient must notify the Agency in writing within 30 days of the completion of project construction and submit the final change order, along with the contractor's final costs. The plans of record should be forwarded to the appropriate Agency regional field office. The Agency will schedule the final inspection within 60 days of the receipt of the notice, provided all necessary change orders have been submitted and approved by the Agency.

#### 8. OPERATION AND MAINTENANCE OF THE PROJECT

The Agency shall not approve the final inspection for the project unless the loan recipient has certified that the training and operation and maintenance documents have been provided in accordance with 35 Ill. Adm. Code 365.740.

## 9. FLOOD INSURANCE

Evidence must be provided that flood insurance has been acquired on eligible structures constructed under this Loan Agreement as soon as structures are insurable.

## 10. DELINQUENT LOAN REPAYMENTS

- a) In the event that a repayment is not made by a loan recipient according to the loan schedule of repayment, the loan recipient shall notify the Agency in writing within 15 days after the repayment due date in accordance with 35 Ill. Adm. Code 365.1120 Delinquent Loan Repayments.
- b) After the receipt of this notification, the Agency shall confirm in writing the acceptability of the loan recipient's response or take appropriate action.
- c) In the event that the loan recipient fails to comply with the above requirements, the Agency shall promptly issue a notice of delinquency which requires a written response within 30 days.
- d) Failure to take appropriate action shall cause the Agency to pursue the collection of the amounts past due, the outstanding loan balance and the costs thereby incurred, either pursuant to the Illinois State Collection Act of 1986 (30 ILCS 210) or by any other reasonable means as may be provided by law.

## 11. SINGLE AUDIT ACT

Federal funds from Capitalization Grants for the Wastewater State Revolving Fund (i.e. see Catalogue of Federal and Domestic Assistance Number 66.458) which the Agency receives from the U.S. Environmental Protection Agency, may be used for this loan. Receipt of federal funds may require an annual audit which conforms to the Single Audit Act and O.M.B. Circular A-133. If a Single Audit is required, all loans from the Wastewater State Revolving Fund receiving federal funds must be audited and included in the audit report. The Agency will notify the recipient of any federal funds disbursed during the recipient's fiscal year.

## 12. SUBCONTRACTS UNDER CONSTRUCTION CONTRACTS

The award or execution of all subcontracts by a prime contractor and the procurement and negotiation procedures used by such prime contractor in awarding or executing such subcontracts shall comply with:

- a) All provisions of federal, State and local law.
- b) All provisions of 35 Ill. Adm. Code 365 with respect to fraud and other unlawful or corrupt practices.
- c) All provisions of 35 Ill. Adm. Code 365 with respect to access to facilities, records and audit of records.

## 13. REQUIREMENTS OF BOND ORDINANCE

If the dedicated source of revenue is pledged in a subordinate position to an existing revenue bond ordinance, the covenants regarding coverage and reserve shall be in accordance with 35 Ill. Adm. Code 365.940.

## 14. RECORDS RETENTION

The loan recipient agrees to establish and maintain the books and other financial records pertaining to this project in accordance with Generally Accepted Accounting Principles. The loan recipient shall maintain all books and records pertaining to this project for a period not less than 3 years from the date of the final loan closing. All records pertaining to the issuance of bonds and the repayment of this loan shall be maintained for a period not less than 3 years from the final repayment date.

## 15. CONTINUING DISCLOSURE

The recipient covenants and agrees that, if at any time the Agency shall notify the recipient that the recipient is deemed to be an “obligated person” for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), the recipient shall promptly execute an undertaking in form acceptable to the Agency in compliance with the Rule in which the recipient shall agree, among other things, to provide annual financial information (as defined in the Rule) with respect to the recipient to all required information repositories for so long as the recipient shall be deemed an obligated person. The recipient shall be deemed to be an obligated person at any time one or more of the recipient’s outstanding loans with the Agency which are pledged to secure bonds issued on behalf of the Agency and the aggregate principal amount of such loan or loans exceeds a percentage (currently 20%) of the aggregate principal amount of all loans of the Agency pledged to secure such bonds.

## 16. WAGE RATE REQUIREMENTS

The loan recipient is required to comply with Wage Rate requirements established in rules issued by the U.S. Department of Labor to implement the Davis-Bacon Wage Act and other related acts (29 CFR Parts 1, 3 and 5). These rules require a number of specific actions by the federal funding recipient (the IEPA), the sub-recipient (the loan recipient) and the contractor, including payroll record certification and reporting as required. More information and guidance on the Davis-Bacon Wage Act requirements are available on the IEPA web site at: <http://www.epa.state.il.us/water/forms.html#financial-assistance>

## 17. REPORTING REQUIREMENTS

The loan recipient will be required to comply with the volume and frequency of reporting requirements that may be required by the federal or State funding authority.

## 18. ADDITIONAL COMPLIANCE ITEMS

The loan recipient, prime contractor(s) and subcontractor(s) shall comply with applicable federal funding certifications, non-discrimination statutes, regulations and environmental standards, including but not limited to the following:

- a) The Americans with Disabilities Act of 1990, as amended, and 42 USC 12101
- b) New Restrictions on Lobbying 40 CFR Part 34
- c) Complete and keep on file, as appropriate, Immigration and Naturalization Service Employment Eligibility Form (I-9)
- d) False Claims Act – Prompt referral to USEPA’s Inspector General of any credible evidence of a false claim or criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds under this loan (Loan Recipient Only)
- e) The Coastal Zone Management Act of 1972, 16 U.S.C. 1451 (Loan Recipient Only)

**Memorandum  
Public Works Department**



**To:** City Manager  
**Subject:** Wet Weather Treatment System, Project 2624  
**Date:** May 17, 2011  
**Number:** 2011-146

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The Engineering Division opened bids for the above referenced project on Tuesday, May 10, 2011. A copy of the bid tabulation is attached.

The invitation for bid was advertised in the Rock Island Argus and in the Peoria Star Journal on March 22, 2011, and March 23, 2011, and was also posted on the City Website. The following contractors were contacted:

Civil Constructors	F. H. Paschen
IHC Construction Co.	Joseph J. Henderson
River City Construction	Williams Brothers Construction

The low bid is from Civil Constructors, Inc., in the amount of \$45,770,000.00 which is 1.7% above the engineer's estimate of \$45,000,222.00.

**Recommendation**

This project is expected to be funded by a loan from the Illinois Environmental Protection Agency and the contract cannot be awarded until they have given their approval. However, it is recommended that the City Council approve the attached Notice of Intent to Award to Civil Constructors, Inc., in the amount of \$45,770,000.00.

Vendor: Civil Constructors, Inc.  
Contract Amount: \$45,770,000.00

**Accounts Chargeable:**

Fund:	506	Wastewater Operation & Maint.
Division:	618	Utilities Services
Cost Center:	341	Wastewater Mill Street Plant
Object Class:	5380	Infrastructure Maintenance
Project Code	2624	Wet Weather Treatment System
Grant	000	

Submitted by: James Johnson, P.E., City Engineer  
Robert T. Hawes, P.E., Assistant City Manager/P. W. Director

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Approved by: John C. Phillips, City Manager

**Project** City of Rock Island Wet Weather Treatment System-Job No. 2624

**Date of Bid Opening** Tuesday May 10, 2011

**Time** 10:00 AM

**Number of Addenda Issued** 1

**Range of Bidders** \$45,770,000.00 Low

\$49,770,000.00 High

**Design Estimate** \$45,000,222.00

Bidder Address City, State	Civil Constructors 1716 - 179th Street East Moline, IL 61244	Joseph J. Henderson & Son 4288 Old Grand Avenue Gurnee, IL 60031	Williams Brothers Construction P.O. Box 1366 Peoria, IL 61654	River City Construction 101 Hoffer Lane East Peoria, IL 61611	IHC Construction Companies 1500 Executive Drive Elgin, IL 60123	F.H. Paschen, S.N. Nielsen & Assoc. 8725 W. Higgins Road, Ste 200 Chicago, IL 60631
Bid Item No. 1 Amount	\$45,000,000.00	\$44,967,000.00	\$45,826,000.00	\$46,273,000.00	\$46,854,000.00	\$48,721,000.00
Bid Item No. 2 Amount	\$40,000.00	\$66,000.00	\$110,000.00	\$128,000.00	\$180,000.00	\$120,000.00
Bid Item No. 3 Amount	\$475,000.00	\$679,000.00	\$654,000.00	\$730,000.00	\$598,000.00	\$533,000.00
Bid Item No. 4 Amount	\$130,000.00	\$250,000.00	\$60,000.00	\$230,000.00	\$144,000.00	\$144,000.00
Bid Item No. 5 Amount	\$125,000.00	\$248,000.00	\$100,000.00	\$226,000.00	\$210,000.00	\$252,000.00
Total Lump Sum Base Bid Amount for Determination of Lowest Bid (Basis of Award)	\$45,770,000.00	\$46,210,000.00	\$46,750,000.00	\$47,587,000.00	\$47,986,000.00	\$49,770,000.00
Alternate No. 1 Amount	\$490,000.00	\$490,000.00	\$280,000.00	\$23,500.00	\$625,000.00	\$520,000.00
Alternate No. 2 Amount	\$25,000.00	\$65,000.00	\$30,000.00	-\$1,500.00	\$100,000.00	\$30,000.00
Addendum No. 1 Acknowledged	YES	YES	YES	YES	YES	YES
Bid security provided? Correct Amount (5%)?	YES/YES	YES/YES	YES/YES	YES/YES	YES/YES	YES/YES

**NOTICE OF INTENT TO AWARD**

To: Civil Constructors, Inc.  
1716 179<sup>th</sup> Street  
East Moline, Illinois 61244

Project Description: Wet Weather Treatment System  
City of Rock Job No. 2624

The OWNER has considered the BID submitted by you for the above described WORK, in response to its Advertisement for Bids, dated March 22, 2011, and Information for Bidders.

You are hereby notified that your BID will be accepted, contingent upon Illinois Environmental Protection Agency (IEPA) approval, for items in the amount of \$45,770,000.00.

You will be required by the Information for Bidders to execute the Agreement and furnish the required CONTRACTOR'S Performance BOND, Payment BOND and certificates of insurance within ten (10) calendar days from the date of the final Notice to be sent upon IEPA approval, to you.

Dated this \_\_\_\_\_ day of May, 2011.

\_\_\_\_\_  
City of Rock Island  
OWNER

By: \_\_\_\_\_

Title: City Manager