



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

JB PRITZKER, GOVERNOR

JOHN J. KIM, DIRECTOR

Project Summary and Preliminary Environmental Impacts Determination

Date: APR 13 2022

Loan Applicant: City of Galena

IEPA Loan Project Numbers: L176109

To all interested persons:

Section 662.330 of the Illinois Procedures for Issuing Loans from the Public Water Supply Loan Program requires that the Illinois Environmental Protection Agency (IEPA) conduct an assessment of the environmental impacts of proposed public water supply projects to be funded with loans. This review is carried out in conjunction with the Agency's review of the applicant's project plan.

Prior to final approval of the project plan, the public's comments are sought regarding environmental impacts of the proposed project. Unless new information obtained through the public comment process causes reconsideration, the Agency will approve the project plan at the close of the public comment period.

The applicant will make the attached Project Summary and Preliminary Environmental Impacts Determination (PEID) available for public inspection. Within 60 days of receiving this letter, the applicant must conduct a public hearing regarding both the PEID and project planning. Advertisement of the hearing must be made at least 10 days in advance. The advertisement must include the purpose of the project along with the date, time, and location of the hearing. A comment period of at least 10 days shall be provided after the hearing in which written comments may be submitted to the loan applicant or to the IEPA contact person identified in the attached document.

For information purposes only, a copy of this document is being provided to your local newspaper.

Your participation in this process is appreciated.

Sincerely,

Heidi Allen
Pre-Construction Unit Manager
Infrastructure Financial Assistance Section
Bureau of Water

HA: JM: n:\bow\grants\com_docs\mallory\projects\drinking water\galena-6109-peid (lead service line replacement).docx

Attachment

2125 S. First Street, Champaign, IL 61820 (217) 278-5800
1101 Eastport Plaza Dr., Suite 100, Collinsville, IL 62234 (618) 346-5120
9511 Harrison Street, Des Plaines, IL 60016 (847) 294-4000
595 S. State Street, Elgin, IL 60123 (847) 608-3131

2309 W. Main Street, Suite 116, Marion, IL 62959 (618) 993-7200
412 SW Washington Street, Suite D, Peoria, IL 61602 (309) 671-3022
4302 N. Main Street, Rockford, IL 61103 (815) 987-7760

**Project Summary and
Preliminary Environmental Impacts Determination (PEID)**

The following project summary and environmental assessment has been prepared by the IEPA to assist the loan applicant in complying with the public notice requirements. Information in this report was obtained, in part, from the following source: the October 2021 Lead Service Line Replacement project plan for the City of Galena, Planning Submittal Checklist, Existing User Charge and O, M, and R Certification Sheet, with cover letter dated November 1, 2021, all prepared by Origin Design and Community Funding and Planning Services, Inc.

Part I – Project Information

Loan Applicant: City of Galena

County: Jo Daviess

Project Name: Lead Service Line Replacement

Project Number: L176109

Current Service Population: 3,429

Future Population (2040): 3,429

The City of Galena operates and maintains its own public water supply system which includes a distribution system and treatment plant. The City obtains its water from three wells.

Project Description: The City of Galena is proposing to replace approximately 300 lead service lines throughout the City. The project work would occur from the City's public watermains to the private houses or businesses, wherever lead is present.

The City surveyed 1,582 properties, roughly 550 surveys were returned, with 74 properties identified with lead lines. An additional 21 properties were identified as having lead service lines during the East Side Water System Improvements Project in 2021.

The City also looked through documents from 1916 and 1925 to identify the existing distribution system in those years and compared that with buildings that were constructed before 1987 in that area. This research identified 857 buildings within 100 feet of the watermain in 1916 and 1925. Of these buildings identified it is estimated that approximately 795 services have potential to be lead service lines.

The City will continue to gather data from property owners and take exploratory work to identify all lead service lines. A second phase of lead service line replacement may be necessary.

Project Location: All throughout the City of Galena. See attached map.

Project Justification: Lead lines are being replaced as a preventative measure against lead exposure through drinking water. The City of Galena does not have any lead watermains, but in some instances, there are lead pipes running from the public watermain to the house or business. These service lines are owned by the property owner. The use of lead piping became illegal in 1986, but it wasn't used much after the 1950's in Galena. By replacing the lead service lines the City will eliminate many health and safety issues facing its resident and users.

Construction Time Frame: Construction for this project is estimated to begin in August of 2022 and be completed by July of 2023.

Project Total Cost Estimate: \$3,729,455

Part II – Environmental Review and Impacts

Project construction impacts: Temporary adverse environmental impacts such as construction-associated noise, blowing dust, air emissions, traffic disruption, and soil erosion will likely occur during construction. The City or the project contractor must flush the new water service lines in accordance with Section 4.4.1 of AWWA C810-17. The City should leave a handout explaining the proper way to flush interior plumbing with each customer at a later date.

Illinois Department of Natural Resources (IDNR): The loan applicant submitted project information to the IDNR EcoCAT to determine compliance with the Illinois Endangered Species Act, Illinois Natural Areas Preservation Act and the Illinois Wetlands Act. An IDNR letter dated September 28, 2021, determined adverse effects are unlikely and terminated their consultation.

Illinois Department of Natural Resources-State Historic Preservation Office (IDNR-SHPO): The loan applicant submitted project information to the IDNR-SHPO to ensure compliance with the National Historic Preservation Act. An IDNR letter dated November 8, 2021, indicated there are no historic properties affected by the proposed project and the City is in compliance with Section 106 of the National Historic Preservation Act.

United States Army Corps of Engineers (USACE): The Loan Applicant submitted project information to the USACE to determine compliance regarding projects involving construction within any river, stream, wetland, floodway, waterway, or any body of water. A letter dated December 6, 2021, from the Department of the Army Rock Island District stated the project does not require Department of the Army authorization pursuant to Section 404 of the Clean Water Act or Section 10 of the Rivers and Harbors Act of 1899, therefore does not require a Department of the Army permit.

Illinois Department of Natural Resources-Office of Water Resources (IDNR-OWR): The loan applicant submitted project information to the IDNR-OWR to determine compliance regarding projects involving construction within any river, stream, floodway, waterway, or any body of water. Email correspondence from IDNR-OWR, dated November 30, 2021, determined that at this time it is unclear if this project will require a permit. Once the City has their final design plans for this project IDNR-OWR will be able to determine whether a permit is required or not. If OWR makes recommendations or requires a permit, this information must be included in the project's plans and specifications prior to bidding. The City of Galena agrees to abide by any conditions or mitigative measures issued by IDNR-OWR.

Part III – Project Affordability for Residents and Utility Customers

The estimated costs for the project are:

Construction	\$3,075,050
Contingency (10%)	\$307,505
Design Engineering	\$53,800
Construction-Engineering	\$228,600
Other Costs (Loan Administration)	\$64,500
Total Project	\$3,729,455

The applicant is proposing to finance the project costs with a loan from the IEPA Public Water Supply Loan Program (PWSLP). A \$3,729,455 loan with an estimated interest rate of 1.11% for a twenty (20) year period, would have an annual repayment of approximately \$208,022.

The current loan program interest rate is 1.11%. The interest rate adjusts annually on July 1st. All loans are subject to the interest rate in effect at the time a loan agreement is issued. The loan program rules include provisions for incentives such as reduced interest rates, partial principal forgiveness, and extended repayment periods for qualifying applicants. The criteria used to determine incentive qualifications are found in Section 662.210 and 662.250 of the Procedures for Issuing Loans from the PWSLP, which is available on the Agency's website. The final decision for incentive qualifications will be determined at the time a loan agreement is issued using updated Census Bureau and Department of Labor data. Using current data, the City of Galena is eligible to receive a 0.83% small community interest rate and lead service line principal forgiveness with a maximum of \$4,000,000 annually. The Agency adjusts qualifying criteria annually on July 1st and the community specific information is also subject to change. Applicants that qualify for principal forgiveness will not have a repayment obligation for a portion of their loan. Principal forgiveness and/or a reduced interest rate will reduce the loan payment amount and possibly the associated increases to the user charges. Principal forgiveness is not guaranteed until a loan agreement is issued.

Source of Loan Repayment: Current user fees.

Current Average Monthly Residential Cost of Service: \$22.15

Projected Average Monthly Residential Cost of Service: \$22.15

How is the monthly residential rate/cost of service calculated?

The City of Galena's existing rate structure, as of May 1, 2020, for its water system is as follows: \$6.32 base service fee per monthly period, plus a user charge of \$5.46 per 1,000 gallons. According to the most recent project plan an average residential user, uses 2,900 gallons of water per month. This calculates to $(\$5.46 \times 2.9) + \$6.32 = \$22.15$.

Number of Service Connections: 2,019 water customers (1,702 residential, 307 commercials, and 10 public users).

Median Household Income (MHI): \$57,851

Financial Evaluation of the Proposed Project:

To evaluate the costs of the proposed project for the community, a percentage comparison of the MHI to the average, annual cost for water services is utilized. The MHI listed above is from the current year's census information. The projected annual drinking water cost of \$265.80 is 0.46% of the MHI for Galena. The percentage is for comparison only and has no impact on whether a project qualifies for funding from the IEPA. The percentage comparison and MHI are two of several criteria used to determine whether a loan project qualifies for interest rate reductions or principal forgiveness.

Public comments are invited on the proposed project. For further information contact:

Jasmine Mallory, Project Manager
Infrastructure Financial Assistance Section
Illinois Environmental Protection Agency
Bureau of Water

1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276
(217)782-2027

