



Legislation Text

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**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Conduct the public hearing for the Illinois Environmental Protection Agency (IEPA) Public Water Supply Loan Program to fund replacement of lead water services throughout the city

**DEPARTMENT:** Water Utilities

**SUBMITTED BY:** Darrell Blenniss, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

For the past 20 years, Naperville has offered residents a partial rebate if they choose to replace their lead water service lines. More recently, Water Utilities has been fully replacing lead water services on its capital improvement projects. New State of Illinois legislation requires Naperville to replace all lead water services by 2035 with a minimum annual replacement of 7%. For Naperville, this equates to approximately 20-25 replacements per year.

While the City has had success replacing lead services with existing strategies, there is no guarantee the new annual mandates can be met. In an effort to stay ahead of these requirements, staff believes that a standalone Lead Water Service Replacement program is in the best interest of the City.

To fund this program, the City is pursuing a low interest IEPA Public Water Supply Loan. This loan would allow the City to greatly accelerate the pace of lead service line replacements. Specifically, there are approximately 368 suspected lead services in the community and the City is proposing to replace all of them at no cost to property owners. With the anticipated funding, there may be an opportunity to replace these lead services within three years.

If the City does not make the intended funding list for the loan program, or the issued loan amount will not sufficiently fund the entire program, the City will continue to budget for the mandated replacement of lead service lines through rate-generated revenue while continuing to pursue additional funding options. However, this scenario would not meet a three-year timeline.

**DISCUSSION:**

The IEPA requires a public hearing prior to approval of funding through the Public Water Supply Loan Program. After the public hearing, a 10-day public comment period will commence on March 8, 2023 and end on March 18, 2023. Comments may be submitted to City staff or directly to the IEPA.

Upon receiving planning approval from IEPA, projects are scored then ranked to prioritize those that

qualify for reserved funding. An Intended Funding List is published July 1 which shows ranked projects that will have loan funding reserved. This funding is reserved until December 31 for projects that remain on schedule.

The IEPA Project Summary and Preliminary Environmental Impacts Determination (PEID) is attached and is available for viewing on the City's website or in person at the Community Services Department.

**FISCAL IMPACT:**

The proposed loan amount for the lead water service replacement project is \$8,021,337 with an estimated interest rate of 1.24% for a 20-year period. Annual repayment is approximately \$453,059.