



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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PAT QUINN, GOVERNOR

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217/782-2027

FEB - 9 2011

Mr. N. Jay Ross, Chairman
Loda Sanitary District
1701 Lakeview Drive
Loda, IL 60948

Re: Loda Sanitary District-Bayles Lake Homeowners Association/L174359
Facility Plan Review Letter

Dear Mr. Ross:

The Agency has completed an initial review of the Facilities Planning Report for the proposed wastewater collection and treatment system project to serve the Bayles Lake Homeowners Association and to be owned and operated by Loda Sanitary District, IEPA project number L174359. As a result of our review, we have determined that an update to the report is necessary before the Agency can complete a final review and move this project forward. The primary issue in this instance concerns the source of financing being contemplated, and the uncertainty surrounding the affordability of the project.

The Agency is currently advising loan applicants that any financing provided by the Agency will be in the form of low-interest loan funding in the foreseeable future. With funds authorized for use in the Agency's Unsewered Communities Grant Program (UCGP) having been fully committed at this time it is important that your Facilities Plan reflect the financial terms that are expected to be available for your project. During fiscal year 2012, which begins October 1, 2011, the Agency will offer 20 year loans with an anticipated interest rate of 2.5%.

Based on the information provided in your Facilities Plan, a total loan eligible project cost of approximately \$4,700,000 has been identified (estimated). If the estimated amount were to be financed by the Agency with a 20 year loan at 2.5% interest, a minimum monthly debt payment of \$96.17 for each of the 260 billed customers (estimated) would be required. Your plan also identifies additional monthly fees of \$10.00 for O&M services. The total resulting monthly customer bill would be approximately \$106.17, an amount that is considered to be unaffordable for residents under current Agency standards.

As you know, this monthly fee would be in addition to other one-time costs the homeowner would be responsible for in connecting their home to the public wastewater collection system, including costs for the installation of facilities in the home to pump wastewater to the public collection system and costs to properly abandon their existing wastewater treatment/disposal system. The inability to access funding from the UCGP as previously contemplated in the Facilities Plan will result in monthly bills that are unaffordable to residents unless other grant sources can be obtained.

B JEC/TJS JYRM

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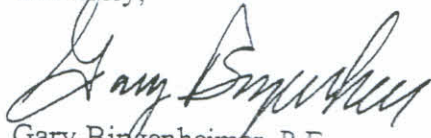
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Based on the above information, the Agency will await the submittal of a Facility Plan Amendment before continuing our review of this project. If alterations in the scope of the project are made and/or grant funding is obtained which will make the project affordable, please submit an amended Facility Plan to my attention and we will be pleased to work with you toward Agency funding. If you have questions or concerns, please feel free to contact me at the number listed above.

Sincerely,



Gary Bingenheimer, P.E.
Pre-Construction Unit Manager
Infrastructure Financial Assistance Section
Bureau of Water

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cc: Consulting Engineer, Berns, Clancy and Assoc., Urbana ✓
IEPA - WPC Permits - Brant Fleming