



Illinois Environmental Protection Agency

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JB Pritzker, Governor

James Jennings, Acting Director

PROJECT SUMMARY AND PRELIMINARY ENVIRONMENTAL IMPACTS DETERMINATION

Date: DEC 04 2025

Loan Applicant: Kishwaukee Water Reclamation District

Loan Project Number: L177632

To all interested persons:

Section 365.330 of the Illinois Procedures for Issuing Loans from the Water Pollution Control Loan Program requires that the Illinois Environmental Protection Agency (Illinois EPA) conduct an assessment of the environmental impacts of proposed wastewater projects to be funded with loans. This review is carried out in conjunction with the State'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. After receiving this letter, the loan 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 Illinois EPA contact person identified in the attached document.

Your participation in this process is appreciated.

Sincerely,

Nidhan Singh, M.B.A.
State Revolving Fund Manager
Infrastructure Financial Assistance Section
Bureau of Water

NS:CC:n/KWRD L177632 PEID

Attachment

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PROJECT SUMMARY AND ENVIRONMENTAL ASSESSMENT

The following project summary and environmental assessment has been prepared by the Illinois EPA to assist the loan applicant in complying with the public notice requirements. This report is based on information submitted to the Illinois EPA by the Kishwaukee Water Reclamation District (KWRD). Sources of information include the following documents: Waterman-Shabbona Sanitary Service Extension Project Planning Report prepared by KWRD and Baxter & Woodman, Inc. dated March 2025 and the Waterman-PBPN Sanitary Sewer Service Extension Project Planning Report dated September 2025, also prepared by KWRD and Baxter & Woodman.

PART I – PROJECT INFORMATION

Project Name:	Waterman-PBPN Sanitary Sewer Service Extension		
Loan Applicant:	KWRD		
County:	DeKalb	Project Number:	L177632
Current Population:	46,160	Future Population (20 year):	51,470
Design Average Flow:	8.63 MGD	Design Maximum Flow:	39.13 MGD

Project Description: While exploring wastewater treatment options to address their deteriorating facilities, the Village of Waterman and the Potawatomi Nation collectively engaged with the Kishwaukee Water Reclamation District (KWRD) to discuss service alternatives. Although the most straightforward option for the Potawatomi Nation would have been to convey their sewage to Shabbona's treatment facility, this was not feasible due to Shabbona's plant operating at capacity and facing permit violations.

KWRD has an existing 18" sanitary sewer main along Illinois Route 23, approximately 8.6 miles north of Waterman's treatment lagoons. This sewer was extended to the District's southern boundary to support future service area expansion. Building on the success of the Malta-Kish College sanitary extension completed in 2023, the proposed sewer extension presents another strong opportunity for intergovernmental collaboration.

The proposed solution involves constructing a new regional pump station in Waterman, where existing raw influent will be routed to a wet well. Gravity flows from the Shab-eh-nay Reservation will also be conveyed to this pump station through new sewer extensions. From there, the regional pump station will discharge wastewater through a new extension of approximately 32,000 lineal feet of 12-inch force main. Additional extensions to complete the connections include 30,000 lineal feet of 12-inch gravity sewer, 15,000 lineal feet of 15-inch gravity sewer, and 10,000 lineal feet of 18-inch sanitary gravity sewer. Final sizes will be fine tuned during the design stage. This configuration was selected to balance cost-effectiveness, capacity for future growth, and operational efficiency.

Project Location: See attached map for project location.

Project Justification: The existing KWRD wastewater treatment facility was originally constructed in the 1920s along the South Branch of the Kishwaukee River. Over the years, the plant has undergone several expansions and improvement projects. The most recent expansion, completed in 1998, increased the plant's capacity to its current rated limits of 8.63 million gallons per day (MGD) for Daily Average Flow (DAF) and 39.13 MGD for Daily Maximum Flow (DMF).

The Village of Waterman owns and maintains its own sanitary sewer system and wastewater treatment facility. The sanitary sewer collection system includes one pump station and older areas of the Village experience infiltration and inflow. The Village of Waterman's wastewater treatment facility consists of aerated lagoons and rock filters with a rated capacity of 0.18 MGD DAF and 0.35 MGD DMF. Around 2024, facing NPDES permit limit violations and anticipating continued residential development, the Village of Waterman recognized the need to expand capacity and implement nutrient removal at its wastewater treatment facility. Currently, Waterman's lagoon facilities are operating at or above their design capacity, meaning any significant development would require the Village to revisit or create a facility plan for a new treatment plant capable of ammonia and nutrient removal. Expanding the existing

lagoon system is not a viable option due to the challenges associated with effectively removing ammonia and nutrients.

Following the successful sewer regionalization project in the nearby Village of Malta in 2023, the Village of Waterman explored similar options with KWRD in 2024. After collaborating with KWRD, The Village of Waterman opted to regionalize its sewer system and direct flows to DeKalb, a decision driven by the prohibitive costs of constructing a new treatment plant compared to the more cost-effective regionalization approach.

In addition to the Village of Waterman, the Shab-eh-nay Reservation (owned by Prairie Band Potawatomi Nation), located just southeast of the City of Shabbona, consists of four homes with no sewage collection. Flows provided by Potawatomi Nation were estimated at 6 million gallons annually, which equates to an Average Daily Flow of 0.016 MGD. Tribe leadership is anticipating future development on their property which will require wastewater treatment.

Estimated Construction Start Date: July 2026

Estimated Construction Completion Date: September 2028

Project Cost Estimate: \$19,297,410

PART II – PROJECT AFFORDABILITY FOR RESIDENTS AND UTILITY CUSTOMERS

The applicant is proposing to finance the project costs with a loan from the Water Pollution Control Loan Program (WPCLP). Annual repayments on a WPCLP loan in the amount of \$19,297,410 at an estimated interest rate of 2.16% for a term of twenty (20) years are \$1,189,096.

The loan program rules include provisions for incentives such as reduced interest rates, partial principal forgiveness (a reduction in the amount of principal borrowed that would otherwise have to be repaid), and extended repayment periods for qualifying applicants. The criteria used to determine incentive qualification are found in Sections 365.210 and 365.250 of the Procedures for Issuing Loans from the WPCLP which is available on the Agency's website. The final decision for incentive qualification will be determined at the time a loan agreement is issued using updated Census Bureau and Department of Labor data. The Agency adjusts qualifying criteria annually on July 1st.

Using current data, KWRD is eligible to receive a 30-year loan term (**a Useful Life Calculation must be submitted based on as-bid project costs, and the loan term must match the term in the Authorizing Ordinance**), 1.0 % small community interest rate, environmental discount rate reduction, and partial loan principal forgiveness. Principal forgiveness is not guaranteed until a loan agreement is issued. The final loan and annual repayment amounts will be based on the as-bid project costs, and the loan terms in effect on the date the loan agreement is issued. **Although the loan program rules also include a provision for Wastewater Treatment Facility Consolidation Principal Forgiveness, the wastewater treatment facility being decommissioned/NPDES Permit eliminated, the treatment facility must be in a community with an MHI less than the Illinois state-wide MHI. The Village of Waterman's MHI exceeds the Illinois MHI, therefore the project cannot qualify for the Wastewater Treatment Facility Consolidation Principal Forgiveness.** A rate increase is necessary to repay the loan. KWRD's current rate system has planned increases of under ranging from 2.75 to 3% built-in annually over the next few years to cover the cost of loan repayment.

Source of Loan Repayment: User Fees

Current Average Monthly Residential Cost of Service: \$31.81

Projected Average Monthly Residential Cost of Service: \$39.42

Average Monthly Residential Water Use: 6.425 units (approximately 4,800 gallons per month)

Number of Customers or Service Connections: 10,861

How is the monthly residential rate/cost of service calculated? Fees for wastewater collection are based on the amount of water used and are billed on a bi-monthly basis. The current rate is \$2.85 per unit of water used plus a basic user charge of \$27.00. For the average user, this calculates to: $\$27.00 + (2.85 \times 12.85) / 2 = \31.82 per month.

The District currently has annual rate increases built into its rate structure throughout the life of the loan. All increases will be below 3.0%. For the average user, this calculates to \$39.42 per month at the time loan repayment will be due.

Median Household Income (MHI): \$51,415 (weighted)

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 service is utilized. The MHI listed above is from the current fiscal year's census information. The proposed annual cost for service of \$473.04 is .92% of the MHI for the area. The percentage is for comparison only and has no impact on whether a project qualifies for funding from the Illinois EPA. 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.

PART III – ENVIRONMENTAL ISSUES ASSOCIATED WITH THE PROJECT

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.

Illinois Department of Natural Resources (IDNR) State Historic Preservation Office (SHPO): An IDNR SHPO letter dated March 19, 2025, indicates that there are no anticipated impacts to historic, architectural, and archaeological resources from the proposed project and that it complies with Section 106 of the National Historic Preservation Act of 1966.

IDNR Impact Assessment The loan applicant submitted project information to the IDNR EcoCAT website to determine compliance with the Illinois Endangered Species Act, Illinois Natural Areas Preservation Act and the Illinois Wetlands Act. The review results indicated that protected resources are in the vicinity of the locations submitted and the project will be further evaluated. A February 25, 2025 letter by IDNR states that the project was reviewed for compliance with Title 17 Illinois Administrative Code Parts 1075 and 1090 and was determined to be in compliance.

However, IDNR did note that the State listed Blanding's turtle could be encountered in the project area. If observed, it must be avoided, and the Department should be notified immediately.

U.S. Army Corps of Engineers (USACE): The U.S. Army Corps of Engineers (USACE) reviewed the project information for any potential issues and issued letter dated March 14, 2025, indicating the proposed activity would qualify for Nationwide Permit 58 Utility Line Activities for Water and Other Substances. The Permit requirements must be incorporated into the final plans and specification for the project prior to loan issuance.

IDNR Office of Water Resources (OWR): The project information was reviewed by IDNR OWR, and they determined that the project was covered under Statewide Permits (SWP) #6, #8, and #13. All terms and conditions of SWP #6, #8, and #13 must be included in the construction contract documents and followed throughout construction of the project.

Tribal Nations: Project information was submitted to all tribal nations with property interests in the project area November 2022. The Prairie Band Potawatomi Nation provided a letter dated March 26, 2025 with no objections to the proposed work. However, if human remains of archaeological materials are exposed as a result of project activities, then work must halt and the Tribe must be included in any further discussion regarding the treatment and disposition of the findings prior to their removal.

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

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Illinois Environmental Protection Agency
Bureau of Water
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PROJECT LOCATION MAP

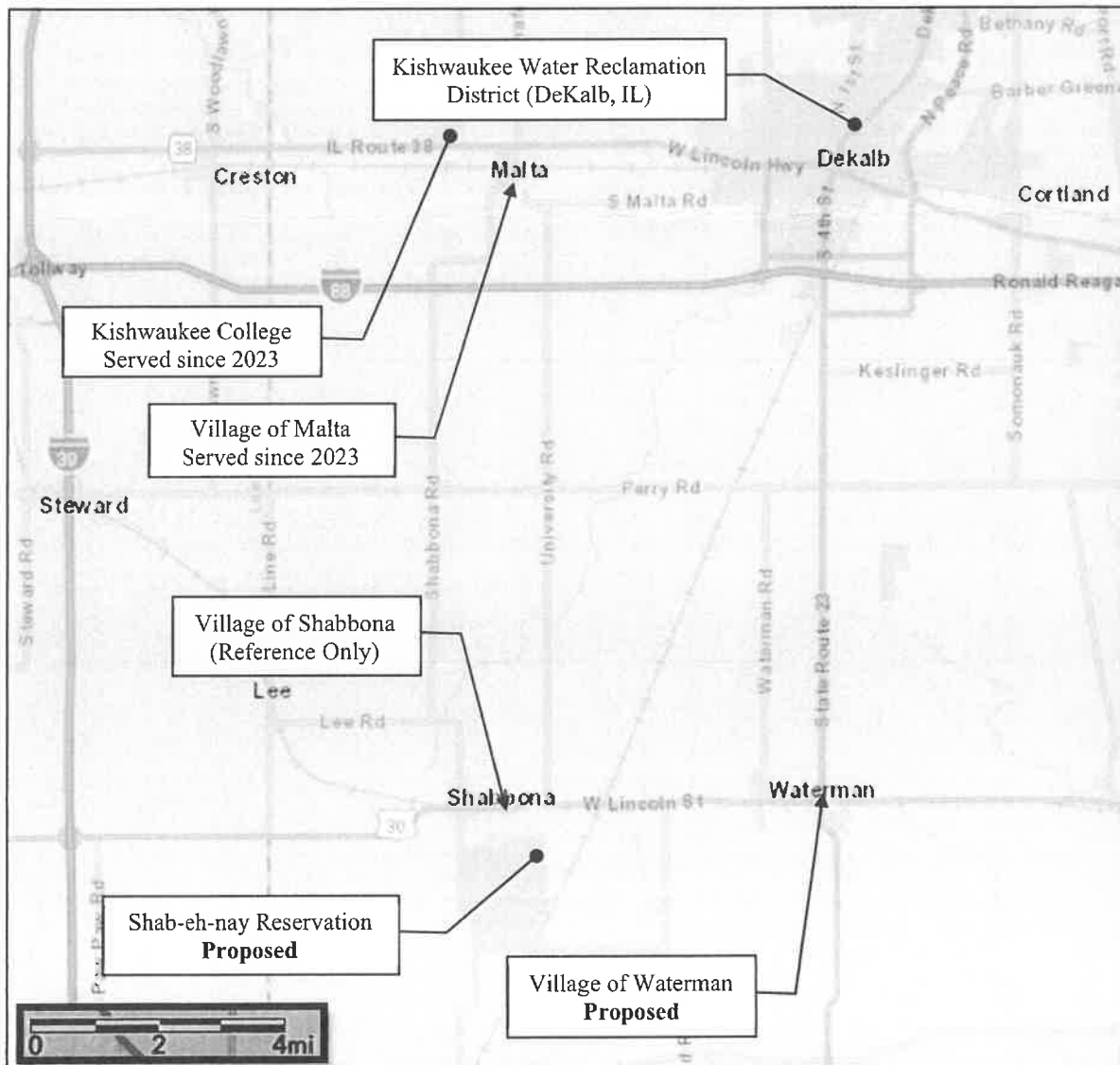


Fig.1 – Map of KWRD current and proposed service locations.