

PRESS RELEASE

From: Village of Johnsburg

Date: July 20, 2009

In light of recent articles in the Northwest Herald regarding the pursuit of a stimulus loan for our wastewater treatment collection system, the Village of Johnsburg issued a press release today to address and clarify the misinformation circulating throughout the community. The Village stated that there is a misconception that stimulus funding is “free money”. Stimulus funding for wastewater projects being disbursed through the Illinois Environmental Protection Agency’s (IEPA) State Revolving Loan Fund (SRF), does not come in the form of a grant - it is a loan. A portion of the loan could be established with no interest financing and the remaining would be established at a lower interest rate.

The Village was initially informed of the possibility of stimulus funding in the fall of 2008. Under the impression that stimulus funding would be disbursed in the form of grants at that time, the Village submitted a list of projects totaling \$21,120,000 through the Metropolitan Mayors Caucus to cover wastewater improvement for both sides of the river and water system improvement. In February of 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. In March, the Village received notification that stimulus funding through ARRA would be disbursed through the IEPA’s State Revolving Loan Fund. Given that the money would be disbursed as a loan, requiring a qualified revenue stream for repayment, on March 10, 2009 the Village revised its request and submitted an application to the IEPA’s SRF for a \$10,000,000 loan for the west side sewer collection system. The Village then continued to work on the loan and communicated with the IEPA regarding their specific requirements. By the end of March, the Village was advised that pending litigation would have an impact on its ability to receive the ARRA loan through the SRF. President Hettermann stated, “Without the SSA in place, a defined revenue stream was not available to secure the loan”. The Village reported that the only revenue stream they could propose without the SSA was through a direct bill system which would increase the costs to its paying residents to cover any loss of revenues resulting from individuals defaulting on their payments. “The uncertainty of costs to our residents along with potential litigation issues related to the pursuit of direct billing impacted the Village’s ability to propose a direct billing system for the project”, said President Hettermann.

Throughout April the Village continued to pursue the loan through the SRF and determined that an estimated expenditure in the amount of \$10,000 would be needed to move on to the next step in the SRF process. Towards the end of April, the Village was informed by Representative Jack Franks that there was a large demand for SRF financing and therefore municipalities should move quickly through the SRF application steps if they want to receive a loan. The Village continued its communications with the IEPA regarding the loan requirements and was informed via email “any project for which a planning report is not already in house has virtually no chance of receiving stimulus funding”. The IEPA’s email also stated “We do not want anyone to waste time/effort/money if the only reason they were pursuing a project was in hopes of receiving stimulus money.” A follow up telephone conversation with the IEPA confirmed that more than \$3.2 billion in requests were received and only \$170 million was available in stimulus financing through the SRF for sewer treatment projects. The

IEPA informed the Village that projects already in the SRF process prior to the signing of the American Recovery and Reinvestment Act were receiving the loans along with many sewer replacement projects requiring less time and expense for submittal.

“Even if the Village could have secured a loan through the ARRA, it would still not make the project affordable according to our residents,” said Trustee Marylou Hutchinson. The Village found that if the project would not be considered affordable with the stimulus loan, it would be irresponsible for them to spend the dollars necessary to pursue the SRF given the unlikely chance that financing would be available.

“While we are disappointed that stimulus funding will not provide the assistance we had hoped it would, we will continue to work with our national and state representatives to secure funding alternatives for this much needed infrastructure improvement,” said President Ed Hettermann.

For more detailed information regarding the Village’s pursuit of the stimulus loan click on “Stimulus Timeline”.