

PRESS RELEASE

From: Village of Johnsburg
Date: March 30, 2009

Today the Village of Johnsburg released the second in a series of press releases designed to provide updates and inform residents of the status of the Village's pursuit of stimulus funding. In its first press release, the Village announced that it submitted a request for more than \$20 million dollars to be funded through the economic stimulus funding known as the American Recovery and Reinvestment Act (ARRA). The request was submitted to help fund a wastewater treatment collection system for properties within SSA#23 and the remaining sewer service area. Funds were also requested to provide water system and wastewater treatment plant improvements. Since the original submission, the Village has learned that funding assistance through ARRA for wastewater and water improvements would be provided through the Illinois Environmental Protection Agency's (IEPA) Water Pollution Control Loan Program commonly known as the State Revolving Loan Fund (SRF). ARRA funding through the SRF may provide 0% interest loans for 50% of a qualified project, not to exceed \$10,000,000. Additionally, one quarter of the project may qualify for loan forgiveness. The remaining 50% of a qualified project may then be funded with low interest financing through the State Revolving Loan Fund.

In order for projects to be considered, they must be "shovel ready" and a pre-application must be filed with the IEPA no later than March 31, 2009. The Village of Johnsburg submitted its pre-application on March 10, 2009. The next step is to submit a full loan application package for consideration. The information required for the loan application is significant and costly. Several years ago, the Village investigated the use of the State Revolving Loan Fund and found it to be cost prohibitive. Given the new conditions provided under the ARRA, the Village is again analyzing application costs to determine if current terms will make it a more viable source of funding.

In addition to providing engineering studies, project schedules, bid tabulations, and cost estimates, the application also requires qualified repayment source(s) to be identified. Although qualified repayment sources can include the pledge of user fees, sales tax revenues and special service area (SSA) taxes, the ideal repayment method would be through the pledge of SSA taxes. A special service area provides a means of collecting funds from the users of the system to repay the debt on their tax bill. In addition to the pledge of SSA taxes, the Village would also pledge a portion of its sales tax revenues. Pledging sales tax revenues alone would not be considered an acceptable repayment source as the Village does not generate sufficient sales tax to cover the debt service. "The pledging of SSA taxes for repayment of the State Revolving Loan Fund would insure that the Village receives economic stimulus funding through the American Recovery and Reinvestment Act. Unfortunately, the litigation brought about by the Coalition Against SSA #23 jeopardizes the Village's "shovel ready" status for the project and may prevent us from qualifying for funding," said Trustee and Finance Chairman Bruce Bennett. If the Coalition prevails, in all likelihood there would be insufficient time to establish an alternative revenue source and the Village would be unable to benefit from economic stimulus funding.

While ARRA funding may help reduce the cost of the wastewater treatment collection system project, it will not provide the degree of funding truly needed for the project. “The Village of Johnsburg, along with the Johnsburg Community Action Network (JCAN), continues to work diligently to draw regional and national attention to the environmental importance of this project in an effort to obtain additional funding to lessen the financial burden to our residents,” said Trustee Marylou Hutchinson.

For more information on American Recovery and Reinvestment Act programs go to www.recovery.gov or recovery.illinois.gov.