



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4659

by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

| | |
|-----------------------|--------------------------|
| 70 ILCS 2605/5.2 | from Ch. 42, par. 324L |
| 70 ILCS 2605/9 | from Ch. 42, par. 328 |
| 70 ILCS 2605/9.6a | from Ch. 42, par. 328.6a |
| 70 ILCS 2605/9.6c | |
| 70 ILCS 2605/9.6e new | |
| 70 ILCS 2605/9.8 | from Ch. 42, par. 328.8 |

Amends the Metropolitan Water Reclamation District Act. Modifies the definition of "Construction Purposes" and a Section on bonds to include stormwater management and resource recovery facilities and systems (currently, flood control facilities) and residential and municipal sewers that connect with District sewers, facilities, or systems. Further provides that the District may establish the Residential Cost Share Program to encourage residents and municipalities to update the sewage system they own to prevent infiltration of water entering the sewer system. Allows the District to fund the new Program in various ways. Effective immediately.

LRB099 17303 AWJ 41661 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Metropolitan Water Reclamation District Act
5 is amended by changing Sections 5.2, 9, 9.6a, 9.6c, and 9.8 and
6 by adding Section 9.6e as follows:

7 (70 ILCS 2605/5.2) (from Ch. 42, par. 324L)

8 Sec. 5.2. Definitions. Where used in this law, "budget
9 year" shall mean the fiscal year for which a budget is made.
10 "Current year" shall mean the fiscal year in progress, i.e.,
11 the fiscal year next preceding the budget year. "Preceding
12 year" shall mean the fiscal year preceding the current year.

13 The "Clerk" shall mean that officer so designated as
14 provided in Section 4.

15 "Fund" shall mean a sum of money or other resources set
16 aside for the purpose of carrying on specific activities or
17 attaining certain objectives in accordance with special
18 regulations, restrictions, or limitations. A fund shall be a
19 distinct financial or fiscal entity.

20 "Accountant" shall mean a public accountant or certified
21 public accountant licensed under the laws of this State.

22 "Expenditure" shall mean the amount of obligations
23 incurred either paid or to be paid from the appropriations for

1 the budget year for all purposes, including current expenses,
2 retirement of debt, and capital outlays.

3 "Disbursement" shall mean the actual payment in cash for
4 any purpose.

5 "Receipt" shall mean cash actually received and shall
6 include appropriable cash on hand at the beginning of any
7 specified year.

8 "Estimated receipt" shall mean cash estimated to be
9 received within the budget year and shall include the cash
10 surplus estimated to be appropriable at the beginning of the
11 budget year.

12 "Cash basis" shall mean that system of accounting wherein
13 revenues are accounted for when received in cash and
14 expenditures are accounted for when paid.

15 "Accrual basis" shall mean that system of accounting
16 wherein revenues are accounted for when earned or due, even
17 though not collected, and expenditures are accounted for as
18 soon as liabilities are incurred, whether paid or not.

19 "Function" (activity) of expenditure shall mean the
20 particular purpose or group of services aimed at accomplishing
21 a certain end for which an expenditure is made.

22 "Line Item" or item shall mean a particular type of
23 expenditure within a class or related group of such
24 expenditures, i. e., testing service, hospital service, towel
25 and laundry service, within the class titled "Impersonal
26 Services."

1 "Object" of expenditure shall mean specific articles, or
2 classes of things for which an expenditure is made, i. e.,
3 personal services, impersonal services, materials and
4 supplies, machinery and equipment, fixed charges and any such
5 other classes of articles or things as may be desirable.

6 "Character" of expenditure shall refer to the relationship
7 of total expenditures to current, prior, and future fiscal
8 periods, i. e., whether the expenditure is a current expense,
9 provision for the retirement of debt, or a capital outlay.

10 "Organization units" shall be the administrative units of
11 the district, i. e., departments, major sewage treatment
12 plants, and such other operating units or groups of operating
13 units as may be deemed desirable by the authorities of the
14 Sanitary District.

15 The "committee on finance" shall be any committee so
16 appointed and so designated by the board of commissioners for
17 the purpose of considering financial matters affecting the
18 district.

19 "Sinking Fund Requirements" shall mean the amounts that
20 will be needed to pay interest on and principal of bonds.

21 "Construction Fund" shall mean the amounts to be used for
22 paying the costs incurred for construction purposes.

23 "Construction Purposes" shall mean the replacement,
24 remodeling, completion, alteration, construction, and
25 enlargement, including alterations, enlargements and
26 replacements which will add appreciably to the value, utility,

1 or the useful life of sewage treatment works, administrative
2 buildings, flood control, stormwater management and resource
3 recovery facilities and systems, or water quality improvement
4 projects, and additions therefor, pumping stations, tunnels,
5 conduits, ~~and~~ intercepting sewers, residential and municipal
6 sewers directly or indirectly connecting with district sewers,
7 facilities or systems therewith, and outlet sewers, and those
8 activities set forth in Section 9.6e, together with the
9 equipment and appurtenances necessary thereto, and for the
10 acquisition of the sites and rights of way necessary thereto,
11 and for engineering expenses for designing and supervising the
12 construction of the works above described, and for removal of
13 the rock ledge in the bed of the Des Plaines River (Illinois
14 Waterway) through the City of Joliet.

15 Prior to the commencing of work involved in the removal of
16 the rock ledge in the bed of the Des Plaines River formal
17 approval shall be obtained for the design and plans for
18 accomplishing this work from the Corps of Engineers, U. S.
19 Army, and the State of Illinois Department of Natural
20 Resources.

21 The Metropolitan Sanitary District of Greater Chicago, its
22 agents, successors or assigns shall save the State of Illinois
23 harmless from any and all claims of whatever nature which may
24 arise as a result of or in consequence of any work which may be
25 performed by the District.

26 The rights, powers, and authorities granted in this Act

1 shall be subject to the provisions of Section 18 of the Rivers,
2 Lakes, and Streams Act.

3 It is the intent and purpose of this Act to provide a legal
4 basis which will authorize and require all Sanitary Districts
5 organized under the provisions hereof to make and execute the
6 budgets of their Corporate Funds and Construction Funds in such
7 manner that the budgets may be planned and balanced with
8 receipts on an actual cash basis and expenditures on an accrual
9 basis, and all definitions, terms, provisions and procedures
10 set forth in this Act shall be thus construed as applied to
11 corporate funds and construction funds.

12 (Source: P.A. 97-367, eff. 8-15-11.)

13 (70 ILCS 2605/9) (from Ch. 42, par. 328)

14 Sec. 9. The corporation may borrow money for corporate
15 purposes and may issue bonds, notes or other evidences of
16 indebtedness therefor, but shall not become indebted in any
17 manner, or for any purpose to an amount in the aggregate to
18 exceed 5.75% of the valuation of taxable property therein, to
19 be ascertained by the last assessment for State and county
20 taxes previous to incurring of such indebtedness. No ordinance
21 providing for the issuance of such obligations of any sanitary
22 district organized under this Act shall be valid unless it
23 specifically states the purpose for which such obligations are
24 to be issued. The funds derived from the sale of any such
25 obligations shall be used solely for the purpose stated in such

1 ordinance. Such obligations may be sold and delivered as and
2 when the proceeds thereof shall be deemed necessary by the
3 board of commissioners. Such obligations shall be of the form
4 and tenor and shall be executed for and on behalf of such
5 sanitary district by such of its officers as may be specified
6 in the ordinance. The validity of every such obligation so
7 executed shall remain unimpaired by the fact that one or more
8 of the subscribing or attesting officers shall have ceased to
9 be such officer or officers before the delivery of the
10 obligations to the purchaser.

11 Except for the purpose of paying lawful claims against such
12 sanitary district for damage to land or for damage to or
13 destruction of other property, where such damage or destruction
14 is caused or occasioned by such sanitary district, and except
15 for the purpose of establishing a corporate working cash fund
16 as is provided by Section 9b of this Act, and except for the
17 purpose of establishing a construction working cash fund as is
18 provided by Section 9c of this Act, and except as is otherwise
19 provided in Sections 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, ~~and~~ 9.6a, ~~and~~
20 and 9.6e of this Act, no such sanitary district shall issue
21 obligations payable from taxes unless the proposition to issue
22 such obligations shall have been first submitted to the legal
23 voters of such sanitary district, and shall have been approved
24 by a majority of those voting upon the proposition.

25 (Source: P.A. 83-1525.)

1 (70 ILCS 2605/9.6a) (from Ch. 42, par. 328.6a)

2 Sec. 9.6a. Bonds for sewage treatment and water quality
3 improvements. The corporate authorities of a sanitary
4 district, in order to provide funds required for the replacing,
5 remodeling, completing, altering, constructing and enlarging
6 of sewage treatment works, administrative buildings, water
7 quality improvement projects, or flood control, stormwater
8 management and resource recovery facilities and systems, and
9 additions therefor, pumping stations, tunnels, conduits,
10 intercepting sewers, residential and municipal sewers directly
11 or indirectly connecting with district sewers, facilities or
12 systems, and outlet sewers, and those improvements set forth in
13 Section 9.6e, together with the equipment, including air
14 pollution equipment, and appurtenances thereto, to acquire
15 property, real, personal or mixed, necessary for said purposes,
16 for costs and expenses for the acquisition of the sites and
17 rights-of-way necessary thereto, and for engineering expenses
18 for designing and supervising the construction of such works,
19 may issue on or before December 31, 2024, in addition to all
20 other obligations heretofore or herein authorized, bonds,
21 notes or other evidences of indebtedness for such purposes in
22 an aggregate amount at any one time outstanding not to exceed
23 3.35% of the equalized assessed valuation of all taxable
24 property within the sanitary district, to be ascertained by the
25 last assessment for State and local taxes previous to the
26 issuance of any such obligations. Such obligations shall be

1 issued without submitting the question of such issuance to the
2 legal voters of such sanitary district for approval.

3 The corporate authorities may sell such obligations at
4 private or public sale and enter into any contract or agreement
5 necessary, appropriate or incidental to the exercise of the
6 powers granted by this Act, including, without limitation,
7 contracts or agreements for the sale and purchase of such
8 obligations and the payment of costs and expenses incident
9 thereto. The corporate authorities may pay such costs and
10 expenses, in whole or in part, from the corporate fund.

11 Such obligations shall be issued from time to time only in
12 amounts as may be required for such purposes but the amount of
13 such obligations issued during any one budget year shall not
14 exceed \$150,000,000 plus the amount of any obligations
15 authorized by this Act to be issued during the 3 budget years
16 next preceding the year of issuance but which were not issued,
17 provided, however, that this limitation shall not be applicable
18 (i) to the issuance of obligations to refund bonds, notes or
19 other evidences of indebtedness, (ii) to obligations issued to
20 provide for the repayment of money received from the Water
21 Pollution Control Loan Program ~~Revolving Fund~~ for the
22 construction or repair of wastewater treatment works or any
23 other purposes as authorized by the Water Pollution Control
24 Loan Program, and (iii) to obligations issued as part of the
25 American Recovery and Reinvestment Act of 2009, issued prior to
26 January 1, 2011, that are commonly known as "Build America

1 Bonds" as authorized by Section 54AA of the Internal Revenue
2 Code of 1986, as amended. Each ordinance authorizing the
3 issuance of the obligations shall state the general purpose or
4 purposes for which they are to be issued, and the corporate
5 authorities may at any time thereafter pass supplemental
6 appropriations ordinances appropriating the proceeds from the
7 sale of such obligations for such purposes.

8 The corporate authorities may issue bonds, notes or other
9 evidences of indebtedness in an amount necessary to provide
10 funds to refund outstanding obligations issued pursuant to this
11 Section, including interest accrued or to accrue thereon.

12 (Source: P.A. 96-828, eff. 12-2-09; 96-1308, eff. 1-1-11;
13 97-367, eff. 8-15-11.)

14 (70 ILCS 2605/9.6c)

15 Sec. 9.6c. Local Government Assistance Program; bonds.

16 (a) The General Assembly finds that governmental units
17 located within the boundaries of the district require
18 assistance in financing the cost of repair, replacement,
19 reconstruction, ~~and~~ rehabilitation, and construction of local
20 sanitary, combined, and storm sewer collection systems to
21 reduce ~~certain excessive sanitary sewer~~ groundwater inflows in
22 separate sewer area sanitary sewers and mitigate flooding in
23 separate and combined sewer areas; that such inflows ~~ultimately~~
24 result in sanitary and combined sewer overflows, basement
25 backups, and an increased need for treatment and storage

1 facilities of the district; and that the district, in the
2 discretion of its commissioners, advantageously may provide
3 loan funds for such purposes.

4 (b) For purposes of this Section, the following terms shall
5 have the meanings set forth, as follows:

6 The following terms shall have the meanings given to
7 them in the Local Government Debt Reform Act: (A)
8 "alternate bonds"; (B) "applicable law"; (C) "bonds"; (D)
9 "general obligation bonds"; (E) "governmental unit"; (F)
10 "ordinance"; and (G) "revenue source".

11 "Assistance bonds" means the bonds to be issued by the
12 district to provide funds for the program as authorized in
13 subsection (f) of this Section.

14 "Assistance program" means the program authorized in
15 this Section by which the district may make loans to local
16 governmental units for any one or more of the following
17 undertaken with respect to the repair, replacement,
18 reconstruction, ~~and~~ rehabilitation, and construction of
19 sanitary, combined, and storm local sewer collection
20 systems: preliminary planning, engineering, architectural,
21 legal, fiscal or economic investigations or studies,
22 surveys, designs, plans, working drawings, specifications,
23 procedures or other necessary actions, erection, building
24 acquisition, alteration, remodeling, or improvement of
25 such collection systems, or the inspection or supervision
26 of any of the foregoing.

1 "Loan" means a loan made by the district to a local
2 governmental unit under the assistance program.

3 "Local governmental unit" means a governmental unit
4 within the boundaries of the district.

5 "Reconstruction" shall include the construction of
6 totally new lines or systems if reasonably designed to
7 replace obsolete lines or systems.

8 (c) The commissioners may establish an assistance program.

9 (d) The commissioners are authorized to do any one or more
10 of the following with respect to the assistance program:

11 (1) Establish the assistance program as a use or
12 appropriation within the corporate fund of the district.

13 (2) Accept grants, borrow funds, and appropriate
14 lawfully available funds for the purpose of funding the
15 assistance program.

16 (3) Make the loans as provided in subsection (e).

17 (4) Enforce loans with all available remedies as any
18 governmental unit or private person might have with respect
19 to such loans.

20 (e) The district shall have the power to make loans and
21 local governmental units shall have the power to obtain loans
22 from the district, but only if authorized to borrow under such
23 powers as may be granted to such local governmental units under
24 other applicable law. This Section does not grant local
25 governmental units separate borrowing power. If authorized to
26 issue bonds under such applicable law, however, the form of the

1 borrowing may be such as the district and the local
2 governmental unit may agree, including, without limitation, a
3 loan agreement made between the district and local governmental
4 unit to evidence the bond. Any such loan agreement shall state
5 the statutory authority under applicable law for the bond it
6 represents but otherwise need not be in any specific form. The
7 district shall have all rights and remedies available to the
8 holder of a bond otherwise issued in the form provided for same
9 under applicable law and also such rights and remedies as may
10 be additionally available under subsection (d)(4) of this
11 Section. The loans may be made upon such terms and at such
12 rates, including expressly below market rates, representing a
13 subsidy of funds from the district to the local governmental
14 units, as the district may specify in the loan agreements.

15 (f) The district may borrow money and issue its assistance
16 bonds under this Section 9.6c for the purpose of funding the
17 assistance program, which bonds shall be alternate bonds
18 payable from any lawfully available revenue source, including
19 without limitation receipts from the loans.

20 (Source: P.A. 98-652, eff. 6-18-14.)

21 (70 ILCS 2605/9.6e new)

22 Sec. 9.6e. Residential Cost Share Program.

23 (a) As used in this Section:

24 "Infiltration" means the quantity of water entering a sewer
25 system through such sources including, but not limited to,

1 defective pipes, pipe joints, connections, or manhole walls.

2 "Inflow" means the quantity of water entering the sewer
3 system through connections including, but not limited to, area
4 or foundation drains, connected downspouts, and catch basins.

5 "Program" means the Residential Cost Share Program.

6 "Residential" means real property primarily used as a
7 residence or dwelling and for which the majority of wastewater
8 generated from the property is of a domestic nature and which
9 falls within the scope of the Program established by the
10 District.

11 (b) The General Assembly finds that:

12 (1) basement backups present a public health and safety
13 issue;

14 (2) infiltration and inflow can occur from sources on
15 both public and private properties and ultimately must be
16 conveyed and treated by the district at a cost to the
17 District's taxpayers;

18 (3) under many circumstances, removing infiltration
19 and inflow from private property is the most direct means
20 to reduce the incidence of basement backups because it
21 removes excess flow at the source and thereby frees
22 capacity for sanitary flows requiring treatment at a water
23 reclamation plant;

24 (4) disconnecting foundation drains and downspouts is
25 an effective strategy for reducing inflow;

26 (5) large cisterns and rain gardens are successful

1 methods for reducing infiltration and inflow;

2 (6) overhead sewers, backflow prevention valves, and
3 bypass pumps are effective systems for protecting private
4 properties from basement backups during large rain events;

5 (7) rehabilitation or replacement of lateral sewers
6 (including flood grouting) is also an effective method for
7 reducing infiltration, especially in older communities
8 where deteriorated laterals can contribute very large
9 quantities of clear water to the sanitary system thereby
10 overburdening local and District sewer lines with water not
11 requiring treatment;

12 (8) private property infiltration and inflow work
13 reduces the incidence of combined and sanitary sewer
14 overflows to surface water during wet weather by increasing
15 the percentage of total flow that can be conveyed and
16 treated at a water reclamation plant;

17 (9) although privately owned, lateral sewers are a
18 necessary part of the collection system and lateral sewer
19 replacement or rehabilitation may be a benefit to the
20 residential property owner, that benefit is incidental to
21 the public benefits and public purpose described above;

22 (10) it is efficient and beneficial for the District to
23 cooperate and assist by way of cost share programs with
24 units of local government who in turn may assist
25 residential property owners with the activities referenced
26 in this section; and

1 (11) a Residential Cost Share Program would be
2 beneficial to lessening and preventing infiltration and
3 inflow.

4 (c) The board of commissioners of the District may
5 establish a Residential Cost Share Program by ordinance. Once
6 the Program is established by ordinance, the District is
7 authorized to cooperate with and assist units of local
8 government located in whole or in part within the boundaries of
9 the District by financing and cost sharing residential repairs,
10 replacements, reconstructions, rehabilitations, installations,
11 constructions, and disconnections of the following:

12 (1) Downspouts;

13 (2) foundation drains;

14 (3) lateral sewers;

15 (4) overhead sewers;

16 (5) backflow prevention valves;

17 (6) bypass pumps;

18 (7) cisterns;

19 (8) residential rain gardens; and

20 (9) other infiltration and inflow control strategies

21 as approved by the District in its Program.

22 (d) The board of commissioners of the District are
23 authorized to: (1) establish the Program as a use or
24 appropriation within the corporate or stormwater funds of the
25 District; and (2) accept grants, cost share with units of local
26 government, borrow funds, and appropriate lawfully available

1 funds for the purpose of funding the Program. Funds borrowed to
 2 fund the Program will be general obligations of the District
 3 authorized under Section 9.6a of this Act.

4 (70 ILCS 2605/9.8) (from Ch. 42, par. 328.8)

5 Sec. 9.8. Except as is otherwise provided by Sections 9,
 6 9.1, 9.2, 9.3, 9.5, 9.6, 9.6a, 9.6c, 9.6e, 9b, and 9c of this
 7 Act, whenever the corporate authorities of the Sanitary
 8 District desire to issue bonds for any of its corporate
 9 purposes, they shall by ordinance direct that the ordinance or
 10 ordinances for the issuance of such bonds be submitted to the
 11 legal voters of such sanitary district at any election. The
 12 clerk of such sanitary district shall certify the ordinance and
 13 the question to the proper election officials who shall submit
 14 the question at an election in accordance with the general
 15 election law. The question shall be in substantially the
 16 following form:

17 -----
 18 Shall bonds for the purpose of YES
 19 (State purpose) in the sum of.... be -----
 20 issued by the Sanitary District of....? NO
 21 -----

22 It shall not be necessary to print in full on the ballot
 23 any such ordinance authorizing the issuance of bonds.

24 The result of the referendum on the question shall be
 25 entered upon the records of the district.

1 (Source: P.A. 90-690, eff. 7-31-98.)

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.