

1                   BUREAU OF WATER ANNUAL HEARING  
2           MISSISSIPPI RIVER CONFERENCE ROOM AUGUST 26, 2008

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15           Hearing held, pursuant to Notice, on the 26th day  
16 of August, 2008, at the hour of 10:05 a.m., at 1021  
17 North Grand Avenue East, Springfield, Illinois,  
18 before CHRISTINE DAVIS, duly appointed Hearing  
19 Officer.

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21                   TRANSCRIPT OF PROCEEDINGS

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23                   CAPITOL REPORTING SERVICE  
                  2021 Timberbrook Drive  
24                   Springfield, Illinois 62702  
                  (217) 787-6167

1 HEARING PANEL:

2 CHRISTINE DAVIS, Hearing Officer;

3 GEOFF ANDRES, Manager, Infrastructure Financial  
4 Assistance Section;

5 DEAN STUDER, Acting Manager, Watershed Management  
6 Section.

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9 HEARING OFFICER: Good morning. We are  
10 going to go ahead and go on the record. We will  
11 start the Bureau of Water Annual Hearing. I'm  
12 Christine Davis. I am the designated hearing officer  
13 for this hearing. This informational hearing is  
14 being held by the Illinois Environmental Protection  
15 Agency Bureau of Water. The purpose of the hearing  
16 is to provide an opportunity for the public to  
17 understand and comment on three programs managed by  
18 the Bureau of Water, specifically the Revolving Loan  
19 Program for Drinking and Waste Water, the Water  
20 Quality Management Plan and Section 319(h) Financial  
21 Assistance for Non-point Source Pollution Control  
22 Program.

23 Geoff Andres, Manager of the Infrastructure  
24 Financial Assistance Section will present information  
on the Revolving Loan Program. Dean Studer, Acting

1 Manager of the Watershed Management Section, will  
2 present information on the Water Quality Management  
3 Plan and the Section 319(h) Financial Assistance for  
4 Non-point Source Pollution Control Program.

5 After the presentations are concluded, the  
6 audience can ask questions or make comments on the  
7 three programs that were presented today. Comments  
8 given during the hearing do not have to be in  
9 writing, but after today's proceedings, comments must  
10 be submitted in writing. Once the hearing is  
11 adjourned, the comment period will remain open for 30  
12 days. Comments do not need to be notarized.  
13 Comments may be submitted by regular mail or by  
14 e-mail. E-mail comments should be sent to me at  
15 christine.davis@illinois.gov. C-H-R-I-S-T-I-N-E dot  
16 D-A-V-I-S at I-L-L-I-N-O-I-S dot G-O-V.

17 E-mailed comments will be accepted until midnight  
18 on September 25th, 2008. Regular mailed comments  
19 must be postmarked no later than September 25th,  
20 2008. Comments should be addressed to Christine  
21 Davis, Hearing Officer, Illinois EPA, Bureau of  
22 Water, 1021 North Grand Avenue East, PO Box 19276,  
23 Springfield, Illinois 62794-9276. This information  
24 is included on the public notice.

1           After the record closes in this matter, Illinois  
2           EPA will publish a responsiveness summary. The  
3           responsiveness summary will attempt to answer all of  
4           the relevant and significant questions raised at this  
5           hearing or submitted to me prior to the close of the  
6           comment period.

7           The responsiveness summary and hearing transcript  
8           will be posted on the Illinois EPA's web site.

9           Now, I will record a number of preliminary  
10          documents into the hearing -- into the official  
11          record as exhibits.

12          Exhibit #1 is the notice of the public hearing.

13          Exhibit #2 is the 2009 Water Pollution Control  
14          Loan Program - Draft Intended Use Plan Summary.

15          Exhibit #3 is the 2009 Water Pollution Control  
16          Loan Program - Draft Intended Use Plan.

17          Exhibit #4 is the 2009 Public Water Supply Loan  
18          Program - Draft Intended Use Plan Summary.

19          Exhibit #5 is the 2009 public water supply loan  
20          program - Draft Intended Use Plan.

21          Exhibit #6 are comments by Dean Studer, Acting  
22          Manager of the Watershed Management Section.

23          Exhibit #7 is Facility Planning Area Boundary  
24          Changes Enacted.

1 (Exhibits 1 through 7 recorded.)

2 MS. DAVIS: Exhibits 2, 3, 4, 5, and 7 are  
3 available on the table today. A listing of the  
4 exhibits will be placed on the agency's web site. I  
5 will update the listing periodically until the record  
6 closes in this matter.

7 On behalf of myself, Director Scott and Bureau of  
8 Water employees, I thank you for attending and  
9 participating in this hearing. I will now turn it  
10 over to Geoff Andres to begin his presentation.

11 MR. ANDRES: Okay. As Chris said, I'm Geoff  
12 Andres. I'm the Manager of the Infrastructure  
13 Financial Assistance Section here at the agency, and  
14 in that capacity, my section manages the Revolving  
15 Fund Loan Programs for wastewater and for drinking  
16 water. Today I am here to present our Intended Use  
17 Plan for the use of those funds for the upcoming  
18 fiscal year, federal fiscal year 2009.

19 I have -- the exhibits that are on the table are  
20 the Intended Use Plan summaries for both programs and  
21 the Draft Intended Use Plan for both programs. Both  
22 programs are very -- well, they are similar in nature  
23 in the requirements of the programs, but they're  
24 slightly different. So what I would like to do, just

1 go through the summary document on both programs to  
2 give you an idea where we are and some of the  
3 requirements that we have that are requirements of  
4 this hearing today.

5 The Intended Use Plan for the Water Pollution  
6 Control Loan Program is a requirement of Section 606  
7 C of the Title 6 of the Water Quality Act of 1987  
8 which amends the Federal Clean Water Act. The  
9 development of that is prerequisite to receipt by the  
10 agency of a federal grant for capitalization of the  
11 State Revolving Fund and Water Pollution Control Loan  
12 Program.

13 Requirements of the IEPA are essentially the same  
14 for both programs. We provide you with a list of the  
15 loan projects proposed for construction for  
16 publicly-owned treatment works on water pollution  
17 control side; for drinking water facilities on the  
18 drinking water side. We will give you today a  
19 description of our short and long-term goals and our  
20 for the fund and for both programs, information on  
21 the types of financial activities we support and  
22 including a description of project class and  
23 discharge requirements, terms of financial  
24 assistance, the units of local government that we

1     serve or that the program serves and the criteria and  
2     methods that we have established for the distribution  
3     of State loan funds.

4             On the Water Pollution Control Loan Program, our  
5     fiscal 2009 priority -- project priority list was  
6     developed based on pre-applications that were  
7     submitted to us by or before March 31st of 2008.  
8     Those projects were identified in those documents.  
9     Those pre-application documents were scored for  
10    priority in accordance with our loan priority scoring  
11    rules which are contained in 35 Illinois  
12    Administrative Code Part 366. This year we did  
13    receive 201 pre-applications for funding. The  
14    identified projects totaled \$1.855 billion. For  
15    convenience, we have provided a draft Loan Priority  
16    -- Project Priority List in alphabetical order. That  
17    is provided for you in the documents. Obviously I  
18    have 201. I won't go through each one of those, but  
19    we do provide that in alphabetical order for ease of  
20    access. Additional information on the Water  
21    Pollution Control Priority List includes project  
22    class, identification numbers, priority rank,  
23    requested loan amount, construction start date and  
24    some additional information for you.

1           In the Waste Water Program, we have four  
2           classifications for projects that we fund.  
3           Classification A is for Service Continuation which is  
4           generally projects for improvement, upgrade,  
5           rehabilitation, renovation or replacement of  
6           wastewater treatment works.

7           Class B, Service Expansion Projects, projects  
8           that expand the capacity of existing wastewater  
9           treatment facilities or works.

10          Projects C are New Service Projects, projects  
11          that provide wastewater collection, transportation or  
12          treatment for an unsewered local government unit.

13          and Class D, Combined Sewer Service Projects are  
14          projects that are constructed in a combined sewer  
15          service area and are intended to reduce or eliminate  
16          basement flooding and other problems caused by  
17          combined sewer service.

18          In preparing the list, we classified the projects  
19          in those classes and determined the relative priority  
20          based on information provided in the  
21          pre-applications. So we prioritize within each of  
22          those service classes. Additional projects will or  
23          may be added to the priority list throughout FY 2009  
24          upon Agency approval of the related facilities

1 planning and receipt of a pre-application.

2 We talked just a little bit about goals of the  
3 fund in terms of our wastewater program. We identify  
4 both long and short-term goals as we work with the  
5 program. These are we are working in concert with  
6 the USEPA, with a lot of our stakeholders to try and  
7 improve the program, and we do have a list of goals  
8 for the fund.

9 Some of our long-term goals we want to provide a  
10 stable and perpetual financing source for publicly  
11 owned treatment works and commit all available loan  
12 resources to eligible loan applicants.

13 The Revolving Fund has been a very successful  
14 program. We initially started off capitalization  
15 funding from the federal government. The State  
16 matched funding, and that has accelerated to the  
17 point now where we are producing over \$125 million a  
18 year in repayments through the program. So I think  
19 that long-term goal is maybe the most important we  
20 have, and it's been very successful to date;

21 #2. Financing. A provision of financing for  
22 municipal wastewater treatment facilities to attain  
23 and maintain compliance with State and federal  
24 wastewater treatment requirements;

1           #3. To provide financial assistance to all types  
2 of projects eligible under the Clean Water Act and  
3 State enabling legislation;

4           Obviously in the description of our project  
5 classes would indicate that we do significant number  
6 and amount of projects and significant -- a nice  
7 balance of types of projects out there;

8           Number 4 is provision of financial assistance to  
9 local government units at interest rates  
10 significantly below those offered on the open market;

11          #5. Maintaining integrity of the State Revolving  
12 Fund;

13          #6. Continue development of the fund as a major  
14 financial vehicle for achieving compliance with State  
15 and federal law and to explore the expansion of  
16 eligibility to address non-point source pollution  
17 projects.

18          That's a point that I think is a major concern  
19 here and here in this hearing. I mean, if that is  
20 something that we can do and utilize the resources of  
21 the fund, I think that is a realistic long-term goal  
22 for us.

23          Our short-term goals for fiscal 2009, provide  
24 financial assistance for projects necessary to

1 achieve or maintain compliance. That's always a  
2 focus in our program.

3 #2. To manage a program that provides local  
4 government units with as simple an approach as  
5 possible to financing wastewater treatment works,  
6 consistent with federal and State requirements.

7 I think in the next few years you will be seeing  
8 some significant changes in our program related to  
9 our rules and requirements and loan approval process  
10 that I think will help us to achieve that goal.

11 #3. To leverage the fund through the sale of  
12 bonds secured by the loan program to the extent  
13 necessary to fund all completed loan applications or  
14 provide a source of State matching funds for federal  
15 capitalization grants.

16 We don't have specific goals at this point. We  
17 don't have specific plans to issue bonds for the  
18 program, but we do reserve the right to do that. We  
19 have leveraged or issued bonds twice in the past to  
20 deal with program demand, and we do have  
21 appropriation authority, and we have a base that  
22 would support that when that need arises.

23 Number 4 is to establish a more consistent source  
24 of State matching funds for the program.

1           That hints to our need to secure a more  
2 consistent source of matching. We need to be able to  
3 access those funds in a timely manner. You probably  
4 have all heard discussions on our State budget  
5 situation, on the Capital Plan. That Capital Plan  
6 and State bond resources are where we get our State  
7 matching funds, so we have had quite a challenge in  
8 the last five or six years in meeting those  
9 requirements, and we continue to struggle with that.  
10 We hope that is something that we can deal with.

11           Number 5 is streamline Loan Program requirements  
12 to reduce administrative burdens for loan applicants;

13           #6. Increase staffing levels commensurate with  
14 increases in loan demand;

15           #7. Provide continuing education and training  
16 opportunities for existing staff and new employees;

17           #8. Further the administrative capabilities of  
18 the program by converting -- primarily by converting  
19 our current computer system to a Windows based system  
20 for ease of operation; and

21           #9. To update or streamline our project priority  
22 scoring process.

23           Discussion on the specific '09 Intended Use Plan.  
24 Our project list, our IUP list is different than our

1 loan priority list in that our -- I will discuss that  
2 as to how that is divided, but our Intended Use Plan  
3 project list is based on our projection of available  
4 loan funds for fiscal 2009, and it is made up  
5 entirely of projects that are included on the project  
6 priority list that qualify for a position on our IUP,  
7 and they are included in priority order. So the IUP  
8 list is directly related to the project priority list  
9 but is a little bit different animal in that those  
10 are the top priorities that in our project classes  
11 from the priority list and fundable priorities based  
12 on projection of available funding. The IUP lists  
13 are also included in the documentation that we have  
14 provided today.

15 To qualify for a position on the wastewater IUP,  
16 a project must have submitted pre-application and  
17 they must have received IEPA approval of its facility  
18 plan prior to March 31st of 2008. So this is a  
19 requirement that is a major difference between those  
20 two programs.

21 In the Water Pollution Control Loan Program, the  
22 approval of that Facilities Plan requirement prior to  
23 March 31st makes a major difference in the projects  
24 that appear on the IUP. In short, those projects are

1 generally more ready to proceed or theoretically  
2 anyway in having an approved facility plan. The  
3 projects that qualify are arranged in priority order  
4 up to the limit of projected funds that we have  
5 allocated to each respective class.

6 As described in the full document -- I'm  
7 summarizing. We have the Intended Use Plan itself  
8 that will go into more detail -- we try to divide our  
9 available loan funds equally between the service area  
10 of the Metropolitan Water Reclamation District of  
11 Greater Chicago and the balance of the State. The  
12 50/50 split approximates the division of the State's  
13 population, and it recognizes frequently significant  
14 differences in the nature of wastewater needs in  
15 those two geographic areas. In the past we have  
16 shifted loan funds from the MWRDGC service area to  
17 meet demands downstate. We will shift, in this  
18 year's program or at least in the initial plan, \$3  
19 million from the downstate area allocation to the  
20 MWRDGC service allocation in fiscal year 2009.  
21 Available funds within the service areas are then  
22 allocated to project classes in proportion to  
23 relative needs in each class based on our needs as  
24 determined by our priority scoring system.

1           The number of projects that we have included, it  
2 looks like -- okay. I will give you a little bit of  
3 detail here, but the chart, if you look at the  
4 documentation, will show you a little bit of  
5 information in terms of the different needs in those  
6 areas. You'll see that in MWRDGC, all of the money  
7 is in the service continuation area whereas in  
8 downstate, you see more equal division of the funds  
9 between Class A, which is Service Continuation, B,  
10 Service Expansion and C, New Service Projects. So  
11 there are different needs, and we think we recognize  
12 that with our approach.

13           The number of projects that we include on our  
14 list is limited by our projection of available funds.  
15 Off that amount is based on our -- the President's  
16 fiscal 2009 budget proposal which allocated \$555  
17 million to the Water Pollution Control Loan Program  
18 in total. Illinois' share of that amount based on  
19 our current allocation formula would be 24.776,200,  
20 and assuming we do receive that amount in federal  
21 funding, the 20% State match would be \$4,955,240,  
22 making a total of new capitalization 29, slightly  
23 over \$29.7 million. In addition, as I discussed  
24 previously, we have repayment monies projected at

1 \$125 million available for obligation, raising our  
2 total available funds to \$154,731,440.

3 We reserve 5% of those anticipated funds for cost  
4 increases and amendments which will occur on projects  
5 leaving almost \$147 million available for new  
6 Intended Use Plan loan awards in fiscal 2009. The  
7 documentation includes a summary, gives you a picture  
8 of where that money is going and shows you that.

9 We also have authority to sell leveraged bonds  
10 during 2009 which could generate as much as 50  
11 million in additional funds for loan obligation.  
12 Those are not included in the program at this time.

13 The Agency's draft IUP project listing is based  
14 on that above allocation, and our projected program  
15 funding level is included as Attachment B to this  
16 document. So included here is a draft priority list  
17 an IUP list and hopefully a clear picture of where we  
18 plan to go with the program.

19 Now, the projects that are on the IUP will not be  
20 funded 100% across the board. Those are projects  
21 that we will reserve loan funding for, for a  
22 six-month period starting October 1st.

23 On April 1st of 2009, we will assess the  
24 readiness to proceed of those projects. Projects

1 that are not ready to proceed -- will not be ready to  
2 proceed during fiscal year 2009 can then be bypassed  
3 with that reserve funding utilized for other projects  
4 included on our project priority list.

5 That's kind of a summary on water pollution  
6 control. If anyone has a question specifically to  
7 water pollution control --

8 HEARING OFFICER: We will go ahead and wait  
9 until --

10 MR. ANDRES: Till the end. Okay. All  
11 right. Public Water Supply Loan Program, obviously  
12 very, very similar. The purpose of the plan is to  
13 fulfill the requirements on the other side of the  
14 equation, section 145 2 B of the Federal Safe  
15 Drinking Water Act. Again, development of the IUP  
16 and this hearing is a prerequisite for award of our  
17 federal grant to capitalize the State Revolving Fund.

18 Again, required contents, a list of the projects  
19 proposed for construction on the State priority list;  
20 a description of the projects, expected terms of  
21 financial assistance and size of the communities we  
22 serve; criteria and method established for  
23 distribution of funds; a description of the financial  
24 status of State loan fund and short-term long-term

1 goals.

2       The priority list for the PWSLP or Public Water  
3 Supply Loan Program is also developed based on the  
4 pre-applications that are submitted prior to March  
5 31st of 2008. Projects identified in those  
6 pre-application documents are scored for priority  
7 through a different set of rules, 35 Illinois  
8 Administrative Code Part 663 which establishes  
9 priority scoring process for Public Water Supply  
10 Loans.

11       Fiscal year 2009 or for fiscal year 2009, we  
12 received 125 pre-applications and identified projects  
13 that totaled \$309 million. On the basis of that  
14 priority list and on projected available funds, we  
15 then developed our 2009 Intended Use Plan and our  
16 Intended Use Plan project list as required by the  
17 Safe Drinking Water Act. Again, both documents  
18 contain a summary which is a short version and  
19 Intended Use Plan itself, list of -- our priority  
20 list in alphabetical order and our IUP list of  
21 projects that have made that upper cut based on  
22 projected funds.

23       I'm going to go through a similar, similar  
24 presentation on this program of our long-term and

1 short-term goals and how we distribute that funding.

2 Long-term goals very similar. We want to provide  
3 stable perpetual financing source for drinking water  
4 projects. We want to provide it at interest rates  
5 below those available on the open market. We want to  
6 utilize it as a vehicle for bringing supplies into  
7 compliance with requirements of the Safe Drinking  
8 Water Act and Environmental Protection Act.

9 We have a little bit different long-term goal,  
10 to utilize available set aside funds to further  
11 develop implementation of Source Water Protection  
12 Programs. This is a program that we have used in the  
13 past and have dedicated some funding to in the past.  
14 Still have a little bit of funding there but kind of  
15 finishing off some of our projects in this area. The  
16 45% of community water systems with source water  
17 programs by 2010, 89% community water systems with  
18 source water protection strategies in place being  
19 implemented by 2010.

20 Our goals really have been advanced to us by our  
21 Public Water Supply Division who are working in  
22 concert with the local supplies constantly.

23 Our short-term goals, funding for all eligible  
24 compliance projects to the extent that applications

1 are completed, and we have available funding; to  
2 commit all our available loan resources to eligible  
3 loan applicants. A lot of similar goals. Simplify  
4 our approach in our program to provide applicants  
5 with a simplified approach; streamline our loan  
6 program requirements, leverage our available funds  
7 through the sale of bonds secured by the loan  
8 program.

9 Again, we state that as a goal because if we were  
10 to make that decision at some point in time, it needs  
11 to be included in our plan. We don't have immediate  
12 plans to issue bonds for the program, and the plan is  
13 not based on bonds.

14 Establish, implement wellhead protection programs  
15 and develop a process to enhance our ability to make  
16 wellhead information available to the public.  
17 Consistent source of State matching funds is just as  
18 important for this program as it is for the other.  
19 We need to increase our staffing levels, and we need  
20 to update, we need to streamline, we need to improve  
21 our computer system very similar to some of the  
22 things we need to do in the other program.

23 In the Public Water Supply Loan Program, our  
24 priority list includes projects which

1 pre-applications were submitted. Projects can be  
2 added. There is not a requirement that the projects  
3 have received approved planning to appear on the IUP.  
4 That's a major difference you're going to see, but  
5 essentially our process is very similar with the two  
6 programs. We may add projects to the list at any  
7 time if they do have approved planning and if they  
8 submit a pre-application for the current fiscal year.  
9 So it is a little more difficult to be added to the  
10 project.

11 We have included the complete priority list in  
12 alphabetical order, again, as Attachment A to the  
13 documents. Our IUP list is Attachment B and C to the  
14 documents. It is a subset, again, of the initial  
15 project priority list. It includes projects that  
16 have pre-application schedules indicating initiation  
17 of construction by March 31st of '09. No project  
18 planning approval requirement.

19 As long as the IUP projects do maintain progress  
20 toward construction by that date, March 31 of '09, we  
21 reserve loan funds in the amounts that are shown on  
22 the IUP list. Similar to the Water Pollution Control  
23 Program. If, after January 1 of '09 -- we use the  
24 March 31st date in our program -- we have the

1 authority to bypass prior to March 31st, but we are  
2 going to look at these projects at the end of the IUP  
3 period March 31st, and if they're not maintaining a  
4 schedule that would permit them to complete their  
5 loan applications and initiate loan funded  
6 construction in fiscal year 2009, we would bypass  
7 those projects and utilize those funds for other  
8 applicants on the non-IUP portion of the priority  
9 list.

10 Again, we are limited by our projection of  
11 available funds. The 2009 President's budget  
12 proposal proposed \$33,223,800 for the State of  
13 Illinois based on the overall allocation for the  
14 program. That amount would require a 20% State match  
15 of 6.644 million. We set aside 4% in the Public  
16 Water Supply Loan Program for administration costs.  
17 We set aside funding for cost overrun and loan  
18 amendment as we do in the other program, and in  
19 fiscal 2009, we are going to utilize \$20 million in  
20 loan repayment funds for the program.

21 The repayment portion is significantly less in  
22 PWSLP because of, one, it is a newer program. It was  
23 established ten years prior the water or ten years  
24 post. The Water Pollution Control Loan Program came

1 into play about 20 years ago whereas Public Water  
2 Supply ten years ago. The capitalization amounts  
3 were not as great initially, but just the difference  
4 there will illustrate the power of what you get by  
5 compounding these repayments over the years and the  
6 effectiveness of the two programs.

7 Based on our assumptions, our initial projection  
8 available for loan obligations is 58, 539,608 minus  
9 available loan funding gives us a total in available  
10 fund slightly over \$55.6 million. So, again, a very  
11 healthy program for Public Water Supply next year.

12 We do, again, have authority to sell leveraged  
13 bonds for as much as 25 million in additional funds.  
14 We are just simply reserving that right. We don't  
15 have that plan in place at this point in time.

16 Our fiscal year 2009 loan rates for both programs  
17 is at 2.5%. The loan rate is established as the  
18 lesser of 2.5 or greater of 2.5% or half of the bond  
19 market interest rate which puts us at 2.5 %. We have  
20 been at that rate for a number of years now.

21 I have, in the documentation, specific  
22 information regarding the ability for public comment.  
23 Our priority list is subject to revision and  
24 correction for a period of 30 days following this

1 public attention or public hearing. If it is brought  
2 to our attention, we will review and correct as  
3 necessary any incorrect entries based on the  
4 following criteria:

5 One would be formal approval of project planning  
6 prior to March 31st of '08 which requires rescoring  
7 of the project in all cases and may also require  
8 changes in the project description, classification,  
9 cost estimates and construction start date or, two,  
10 errors in interpretation on pre-application documents  
11 that resulted in incorrect information in the scoring  
12 system.

13 Aside from making necessary corrections of errors  
14 based on above criteria, the Agency will, in  
15 accordance with loan rules, periodically add new  
16 projects based on submission of pre-application  
17 approved project plan and keep the public informed of  
18 any changes. Up-to-date versions of our priority  
19 list are available upon request at any time  
20 throughout the year.

21 We don't post updated versions of the priority  
22 list on our web site because it would be probably a  
23 weekly or not weekly but probably a monthly thing and  
24 very difficult to get that done, and we have not done

1 that in the past. If you would like an updated copy,  
2 you can get it. So with that, I will go ahead and  
3 turn it back over to Chris unless anyone has any  
4 questions.

5 HEARING OFFICER: Again, we will go ahead  
6 and hold questions until after the other  
7 presentation. Thank you. Dean Studer will now  
8 present information on the Water Quality Management  
9 Plan and Section 319(h) Financial Assistance for  
10 Non-point Source Pollution Control Program.

11 MR. STUDER: Thanks, Chris. Bear with me.  
12 My presentation should run between five and ten  
13 minutes, so we will then turn things back over to  
14 Chris for questions and other procedural issues.

15 I'd like to thank you all for attending here.  
16 Good morning. My name is Dean Studer. I am Acting  
17 Manager of the Watershed Management Section, Bureau  
18 of Water. This morning's annual Bureau of Water  
19 hearing will address several issues and allow the  
20 public the opportunity to ask the Illinois EPA about  
21 its programs and priorities.

22 I will briefly describe the Illinois Water  
23 Quality Management Plan developments related to  
24 facility planning and priorities for the Clean Water

1 Act Section 319, Nonpoint Source Pollution Control  
2 Grants Program Federal Fiscal Year 2010 Work Plan.

3 The Illinois Water Quality Management Plan, or  
4 WQMP, was prepared in November of 1982. Various  
5 sections of the Federal Clean Water Act were  
6 consolidated into an integrated process that required  
7 the development and maintenance of the Water Quality  
8 Management Plan. These sections include:

9 Section 106 (this section provides for pollution  
10 control programs for prevention, reduction and  
11 elimination of pollution);

12 Section 205(j) (this section provides funds to  
13 carry out water quality management planning, cost  
14 effective and locally acceptable plan development  
15 determinations of POTW's, and those are publicly  
16 owned treatment works, that have infrastructure needs  
17 and development of joint regional planning.

18 Section 208 (this section establishes Areawide  
19 Waste Treatment planning);

20 And Section 303 (this section, in part, provides  
21 for the listing of all waters that are threatened or  
22 impaired, waters not meeting their water quality  
23 standards and designated uses.)

24 The purpose of the Water Quality Management Plan

1 is to coordinate the three area water quality  
2 management plans covering 20 counties with the State  
3 plan which covers the remaining 82 counties. The  
4 Water Quality Management Plan is composed of three  
5 area-wide plans and the State plan plus all approved  
6 facilities plans and all wastewater National  
7 Pollutant Discharge Elimination System or otherwise  
8 NPDES permits, excluding industrial process, thermal  
9 and noncontact cooling water NPDES permits. The  
10 Water Quality Management Plan addresses control of  
11 pollution sources, maintenance of stream use and  
12 water quality standards, protection of water -- of  
13 ground water resources and control of hydrologic  
14 modifications. In addition to assuring sound  
15 economic environmental decision making, the Water  
16 Quality Management Plan is intended to serve as a  
17 tool to protect the federal and State investment in  
18 pollution control facilities. The original Water  
19 Quality Management Plan has been frequently amended  
20 to reflect specific changes in various program  
21 elements.

22 This year, the Water Quality Management Plan  
23 was amended to reflect 16 facility plan approvals, 57  
24 facility planning area boundary changes and 2 new

1 municipal NPDES permits. A listing of these  
2 amendments is available at today's hearing for those  
3 who would like a copy.

4 The Illinois EPA's role in facilities planning is  
5 directed by various provisions of the federal Clean  
6 Water Act that require all states to provide planning  
7 and management goals for the overall improvement of  
8 water quality.

9 To update the BMAG or Basinwide Management  
10 Advisory Group progress, I can report that we are in  
11 the final stages of the watershed planning process  
12 led by the Chicago Metropolitan Agency for Planning,  
13 otherwise known as CMAP. Three subwatershed groups  
14 have been asked if their Planning Partners would test  
15 the principals set forth in the BMAG report. Each  
16 group has agreed to do so. The three subwatersheds  
17 are Lawrence Creek, Beaver Creek and the Upper  
18 Kishwaukee River. Watershed planning and subsequent  
19 implementation will be executed side by side with the  
20 existing FPA program to allow us to evaluate the  
21 strengths and weaknesses of the group's recommended  
22 approach to watershed planning versus our current  
23 approach. We can then adopt changes that are  
24 protective and reasonable. The initial planning

1 processes are almost complete with draft plans  
2 currently being finalized. If you are interested in  
3 more information concerning FPA recommendations by  
4 the BMAG work group, you can find several  
5 documents at our Facility Planning Area Research web  
6 page, part of Illinois EPA's Bureau of Water web  
7 page. The link is  
8 [www.epa.state.il.us/water/watershed/facilityplanning/](http://www.epa.state.il.us/water/watershed/facilityplanning/index.html)  
9 [index.html](http://www.epa.state.il.us/water/watershed/facilityplanning/index.html).

10 Next I will present the priorities for the  
11 federal fiscal year 2010 Nonpoint Source Pollution  
12 Control Grant Program Work Plan. As State and  
13 federal budgets are reduced, requests for this  
14 competitive grant program have been increased  
15 throughout the years. At a time of decreased Section  
16 319 budgets and increased project requests for  
17 funding, USEPA guidance has become more restrictive  
18 as to the types of projects that can be funded. To  
19 facilitate future applications and project planning,  
20 we have decided to formally announce federal fiscal  
21 year 2010 priorities. The following four criteria  
22 will be used to prioritize 319 project funding.  
23 Project proposals demonstrating one or more of the  
24 following criteria will be given highest priority to

1 receive federal fiscal year 2010 funding.

2 Implementation of a watershed-based plan, a plan  
3 that meets the nine minimum elements as described in  
4 USEPA Section 319 Guidance;

5 Implementation of a Total Maximum Daily Load  
6 Implementation Plan;

7 Watershed-based Planning; and finally

8 Programs including an evaluation component,  
9 either environmental or social, with priority to  
10 those programs which both -- which evaluate both  
11 elements.

12 All other types of projects, research,  
13 demonstration and site specific  
14 restoration/protection will continue to be considered  
15 as funding allows. The 319 application deadline  
16 remains August 1st, 2009.

17 That concludes my prepared remarks.

18 HEARING OFFICER: Thanks, Dean. At this  
19 time I will open the proceedings for questions and  
20 comments from the audience pertaining to the three  
21 programs that were presented today. Any person who  
22 wishes to make oral comments during this hearing may  
23 do so as long as the comments are relevant to the  
24 issues which were addressed at this hearing.

1           If you have comments in regard to other agency  
2 programs, please wait until after the hearing  
3 concludes to discuss these with agency staff.

4           Before stating your question or comment, please  
5 state your name, spell your name and, if applicable,  
6 identify any organization that you represent.

7           Questions asked of the speakers must be formed or  
8 framed as a question relevant to the subject  
9 presented.

10          Bill, do we have postcards? What we will do is  
11 call people that signed the postcards first in the  
12 order that they submitted them and then open it to  
13 the rest of the group.

14          Okay. Catherine Edmiston?

15                 MS. EDMISTON: Yes.

16                 HEARING OFFICER: Again, state your name,  
17 spell your name, tell us who you're with.

18                 MS. EDMISTON: Catherine Edmiston, last name  
19 E-D-M-I-S-T-O-N. I'm with Citizens Against Longwall  
20 Mining. I'm from Montgomery County. I own land in  
21 Montgomery County. I live in Abingdon, but this is a  
22 family farm, and there are other family farms of mine  
23 that belong to other family members that have been --  
24 that are centennial farms. So we really have an

1 interest in the water.

2 I would like first to request a copy of what you  
3 gave, please.

4 HEARING OFFICER: With Dean Studer's  
5 presentation?

6 MS. EDMISTON: Yes, yes.

7 HEARING OFFICER: Certainly.

8 MS. EDMISTON: And Mr. Andres, do these loan  
9 programs go toward correcting -- do they go towards  
10 correcting coal pollution?

11 MR. ANDRES: Not specifically, no. I mean,  
12 we have -- if you had a situation where you had a  
13 local government unit who was interested in a project  
14 that was going to, you know, reduce discharge, but  
15 no, not specifically, no.

16 MS. EDMISTON: Not specifically. Have they  
17 ever, in the past, requested loans for fixing up  
18 water?

19 MR. ANDRES: For fixing up water from coal  
20 mines?

21 MS. EDMISTON: Oh, yes.

22 MR. ANDRES: Mining companies? No, they  
23 would not be eligible recipients under our program.

24 MS. EDMISTON: Because they are supposed to

1 pay for that themselves, right? I mean, the coal  
2 companies, when they do damage, are supposed to pay  
3 for damage, right?

4 MR. ANDRES: Uh-huh.

5 MS. EDMISTON: We are faced with drastic  
6 damage in Montgomery County. Longwall mining takes  
7 place in over --

8 HEARING OFFICER: Ma'am, that's a topic  
9 that's not on the agenda.

10 MS. EDMISTON: I see. So you don't want to  
11 know about that?

12 HEARING OFFICER: This hearing is not an  
13 appropriate vehicle to address that topic. I  
14 encourage you to discuss that with our agency staff  
15 after the completion of the hearing.

16 MS. EDMISTON: We have -- we have the  
17 possibility of a great deal of chemicals  
18 from coal waste going into Shoal Creak, and Mr.  
19 Studer, who is in charge of restoring streams and is  
20 supposedly working on ground water, you know, you're  
21 supposed to be -- you're supposed to be concerned  
22 about this. Everybody in Montgomery County is very  
23 concerned. We know. We have a listing of the  
24 chemicals that are going into this ground water, and

1 we know that ground water can be destroyed, aquifers,  
2 by longwall mining.

3 HEARING OFFICER: Ma'am, the presentation --  
4 the programs that were presented today do not address  
5 that topic. That is an agency topic, but it is not  
6 addressed here.

7 MS. EDMISTON: My question is how often do  
8 you test the waters for metallic hydrochloric acid,  
9 sulfuric acid, sulphur waste, arsenic and mercury?  
10 How often are they tested, and has it improved over  
11 the last year?

12 HEARING OFFICER: Ma'am, the agency staff  
13 that are here with us today at this hearing do not  
14 have the technical background to address your  
15 question. I'm going to need to ask you to wait and  
16 talk to another agency staff person after the hearing  
17 concludes.

18 MS. EDMISTON: The Bureau of Water Illinois  
19 Environmental Protection Agency cannot answer my  
20 question?

21 HEARING OFFICER: What I said was the  
22 technical staff that I have here for this hearing  
23 cannot answer your question today.

24 MS. EDMISTON: They can't?

1           HEARING OFFICER: Not at this hearing, but  
2 if you would like to take it up with one of our  
3 staff, I'm sure they can help you. Do you have any  
4 other questions relating to the programs?

5           MS. EDMISTON: You don't want the answer to  
6 go on public record; is that correct?

7           HEARING OFFICER: Ma'am, do you have any  
8 other questions that relate to the program?

9           MS. EDMISTON: I'd like an answer to my  
10 question which is perfectly feasible, isn't it?

11          MR. STUDER: Ma'am, the people that need to  
12 answer that question are not here because the  
13 specific question that you have asked is not  
14 pertaining to these particular programs. I would  
15 gladly meet with you after the hearing and provide  
16 you with an indication of the staff members that may  
17 be able to answer your questions.

18          MS. EDMISTON: I see.

19          HEARING OFFICER: Mary Ellen DeClue?

20          MS. DeCLUE: Basically I just wanted to ask  
21 some questions about how do I go about, as a citizen,  
22 acquiring the analysis from the city? The EPA does  
23 city water analysis; is that correct? You analyze --  
24 I'm from Litchfield.

1 HEARING OFFICER: Sorry. On a particular  
2 topic, drinking water supply?

3 MS. DeCLUE: Sorry. Drinking water supply,  
4 yeah. I would like to know how I can access what is  
5 analyzed, what do they get, how many times do they do  
6 that? Like, do I need to like apply to the Illinois  
7 EPA?

8 MS. TONSOR: What -- my name is Connie  
9 Tonsor. I'm an attorney with the agency. What you  
10 would do is easier -- Dean or one of the folks can  
11 show you after the hearing -- is you just ask for a  
12 FOIA request and ask for all of that information.  
13 For drinking water supplies, it is out on the web  
14 already, their analytical work. So that is already  
15 on the internet.

16 MS. DeCLUE: From my particular city?

17 MS. TONSOR: Yes.

18 MS. DeCLUE: Like I can access 2007 complete  
19 analysis?

20 MS. TONSOR: You could, and I am not as  
21 proficient in internet as many, and I have called it  
22 up on occasion to access various communities that I  
23 am looking at.

24 In addition to that, if you want to get like

1 paper, I think that, which is paper, they can run a  
2 print off for you.

3 MS. DeCLUE: I can download it, I assume,  
4 print it out, right?

5 MS. TONSOR: I think you can if you have the  
6 capability to do so, but if you would like us to like  
7 do a printout for you, then you submit a FOIA, and we  
8 do a printout.

9 HEARING OFFICER: FOIA is F-O-I-A for  
10 Freedom of Information Act.

11 MS. TONSOR: It is a Freedom of Information  
12 Act request. Karen Dawson is the records person, and  
13 she would handle that.

14 MS. DeCLUE: That's drinking water. What  
15 about I live on Lake Lou Yager. How can I access  
16 analysis that's been done on lake water?

17 MS. TONSOR: Same way.

18 MS. DeCLUE: Same way?

19 MS. TONSOR: It is a different program that  
20 analyzes the surface water in the lake. I think they  
21 try and analyze everything on a five-year cycle, so  
22 it might not be like last year, something of that  
23 nature, but they would be able to pull up any  
24 analytical data on that lake.

1 MS. DeCLUE: Okay. What about wastewater  
2 treatment analysis of like how do they know when the  
3 water is acceptable to --

4 MS. TONSOR: Yeah. With every wastewater  
5 treatment plant, if it has a surface discharge, and  
6 most of them do, they have to submit to us a document  
7 called a Discharge Monitoring Report pursuant to  
8 their permit. Those discharge monitoring report  
9 results are -- they're trying to place them all on  
10 the web now, but they're not completely on the web.  
11 However, you could also ask for a FOIA for that  
12 report for your specific treatment plant, and we can  
13 get you that through Freedom of Information Act  
14 request, too.

15 MS. DeCLUE: But that would be from your  
16 agency?

17 MS. TONSOR: Yeah.

18 MS. DeCLUE: Okay. Thank you very much.

19 HEARING OFFICER: Anything else?

20 MS. DeCLUE: No, that's all.

21 HEARING OFFICER: Do we have anybody else  
22 that hasn't had a chance to ask any questions, to  
23 make any comments yet that you would like to? Ma'am,  
24 please state your name.

1 MS. BLUMENSHINE: Good morning. I am Joyce  
2 Blumenshine, B-L-U-M-E-N-S-H-I-N-E. I just had a  
3 brief question for Dean Studer, please, regarding the  
4 water quality management. I am from the Peoria area.  
5 I'm concerned about protection of the Sankoty and  
6 Mahomet aquifers under watershed protection and also  
7 impaired streams, rivers such as Mackinaw that are in  
8 that area. Currently Peoria Disposal Company, a  
9 hazardous waste landfill, is proposed to get a  
10 delisting of electric arc furnace dust waste, a  
11 toxic, hazardous USEPA classified waste so they can  
12 landfill it in municipal waste landfills, two of  
13 which are over the Mahomet, Indian Creek Landfill in  
14 Tazwell County, Clinton Landfill in DeWitt.

15 My question was, sir, is there involvement before  
16 these types of actions are done from your division as  
17 far as protection of the aquifers? Is there anything  
18 within the Water Quality Management Plan for these  
19 major aquifers and oversight regarding these types of  
20 things?

21 MR. STUDER: The answer to that is our  
22 public water people are involved in, in those actions  
23 prior to action and also got some ongoing programs  
24 for continuing sampling of underground aquifers. The

1 person that would be directly responsible for  
2 overseeing that program, I'd be happy to provide that  
3 information to you after the hearing as it doesn't  
4 really directly relate to the program plan.

5 HEARING OFFICER: Did you have any other  
6 questions, comments? Okay. I'm not seeing anyone  
7 else that hasn't spoken yet. Is there anyone that  
8 hasn't spoken that would like to state anything else,  
9 ask any other questions, again, relevant to the  
10 program that's been presented today? Yes, ma'am.

11 MS. EDMISTON: I'd like Mr. Studer to  
12 explain to me about the protection of the ground  
13 water, sources of ground water. How do you go about  
14 that and what do you --

15 MR. STUDER: I will talk to you after the  
16 hearing. That doesn't directly relate to the  
17 program. I would like to keep the record directly  
18 related to the program itself.

19 HEARING OFFICER: Is there anyone else?  
20 Actually state your name.

21 MS. DeCLUE: Mary Ellen DeClue, D-E-C-L-U-E.  
22 On this little pink, it says Deer Creek transfer of  
23 3,000 acres from non, what is non-FPA region? I  
24 don't know.

1           MR. STUDER: I can provide that but Amy, do  
2 you want to give a --

3           MS. WALKENBACH: Amy Walkenbach. FPA is  
4 Facility Planning Area, and for a wastewater  
5 treatment plant to service a certain area, they must  
6 be -- that area must be within the facility planning  
7 area. So before somebody can put sewers in from, say  
8 a subdivision to the wastewater treatment plant, they  
9 must amend that boundary area.

10          MS. DeCLUE: Okay. Thank you.

11          HEARING OFFICER: That was Walkenbach.  
12 W-A-L-K-E-N-B-A-C-H.

13          Is there anything else? Yes, ma'am

14          MS. EDMISTON: I'm wondering what else goes  
15 into that transfer of that non-FPA region from Deer  
16 Creek? Are there other laws that were relaxed in  
17 that area in regard to the facility, to the planning?

18          MS. WALKENBACH: This refers to Clean Water  
19 Act, Section 208, and it sets up a process for  
20 wastewater treatment plants to plan for regional  
21 growth, and so that is where you get the facility  
22 planning area. The area is intended to act as a  
23 20-year growth area. So what we expect out of that  
24 is when we transfer that area into the facility

1 planning area, that growth may or may not occur  
2 within the next 20 years, but that the wastewater  
3 treatment facility will be poised to service that  
4 area when growth does expand to that area. So this  
5 is looking specifically at wastewater treatment sewer  
6 service.

7 HEARING OFFICER: Thank you very much. Is  
8 there anything else or anyone else? Okay. This  
9 concludes the question and comment section of this  
10 hearing. The comment period will remain open until  
11 midnight, September 25th, 2008. You can file written  
12 comments by mail or electronically to me. On behalf  
13 of the employees of the Bureau of Water and Director  
14 Scott, we do thank you for attending this hearing and  
15 participating. The hearing is closed.

16 (Hearing closed.)

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1 STATE OF ILLINOIS )  
 ) SS  
2 COUNTY OF SANGAMON )

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CERTIFICATE

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I, Jennifer L. Crowe, affiliated with Capitol Reporting Service, Inc., do hereby certify that I reported in shorthand the foregoing proceedings; that the witness was duly sworn by me; and that the foregoing is a true and correct transcript of the shorthand notes so taken as aforesaid.

I further certify that I am in no way associated with or related to any of the parties or attorneys involved herein, nor am I financially interested in the action.

\_\_\_\_\_  
CSR License No. 084-003686  
Certified Shorthand Reporter  
and Notary Public

Dated this 4th day of  
September, A.D., 2008, at  
Springfield, Illinois.

