



State of Utah

JON M. HUNTSMAN, JR.  
*Governor*

GARY HERBERT  
*Lieutenant Governor*

Department of  
Environmental Quality

William J. Sinclair  
*Acting Executive Director*

DIVISION OF DRINKING WATER  
Kenneth H. Bousfield, P.E.  
*Director*

**Drinking Water Board**  
Paul Hansen, P.E., *Chair*  
Ken Bassett, *Vice-Chair*  
Terry Beebe  
Daniel Fleming  
Jay Franson, P.E.  
Helen Graber, Ph.D.  
Betty Naylor  
Petra Rust  
William J. Sinclair  
David K. Stevens, Ph.D.  
Ron Thompson  
Kenneth H. Bousfield, P.E.  
*Executive Secretary*

**DRINKING WATER BOARD  
MEETING**

**JUNE 29, 2009  
3:00 p.m.**

Place: DEQ Offices  
150 North 1950 West  
Library Conference Room  
Salt Lake City, Utah 84116

Ken Bousfield's Cell Phone #: (801) 674-2557

1. Call to Order – Chairman Paul Hansen
2. Roll Call – Ken Bousfield
3. Introductions – Chairman Paul Hansen
4. Financial Assistance Committee Report – Vice Chairman Ken Bassett
  - 1) SRF Applications
    - a) Corinne City - Restructure Loan - Jesse Johnson
5. Next Board Meeting:  
***Date: July 8, 2009***  
***Time of Board Meeting: 12:00 p.m.***  
***Location: 168 North 1950 West, Room 101***  
***Salt Lake City, Utah***
6. Other
7. Adjourn

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources at: (801) 536-4412, TDD (801) 536-4424, at least five working days prior to the scheduled meeting.



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*Executive Secretary*

**MEMORANDUM**

**TO:** DRINKING WATER BOARD  
**FROM:** Kenneth E. Wilde, P.E.  
Assistant Executive Secretary  
**DATE:** June 23, 2009  
**SUBJECT:** Drinking Water Board Information Items for  
June 29, 2009 Conference Call

We have scheduled a teleconference for **Monday, June 29, 2009 at 3:00 p.m.** You are welcome to meet with us here in our office or join with us via telephone. To join the call, please dial: 1-866-258-0959. When prompted for the room number, please enter \*4834001\*. You must enter the "\*" button before and after the seven digit code.

If you have any questions, please call Heather Bobb at 801-536-0093 or Linda Matulich at 801-536-4208.

The following are submitted for your consideration:

▶	Corinne City-Restructure loan	(Johnson)
▶	Other Business	

If you have any questions, please call me at (801) 536-0048.

cc: Kenneth H. Bousfield, P.E., Executive Secretary  
Paul Hansen, Chair, Drinking Water Board

**DRINKING WATER BOARD**  
**BOARD PACKET FOR CONSTRUCTION LOAN**  
**AUTHORIZATION**

**APPLICANT'S REQUEST**

Corinne City is requesting that the Drinking Water Board (Board) decrease its financial assistance to \$2,900,000 to construct a 1 MG concrete storage tank and replace 16,200 feet of 20 inch transmission line and 1,900 feet of 14 inch water line. Total project cost is estimated to be \$3,020,420 and Corinne has committed to providing \$20,420 to the project with another \$100,000 anticipated from a Community Development Block Grant (C.D.B.G.).

**STAFF COMMENTS:**

On January 14, 2009, the Board authorized a \$3,632,750 construction loan for Corinne with \$790,750 principal forgiveness and a 1.8% Hardship Grant Assessment fee per annum. The calculated interest rate for the loan was 2.89%. In order to help make the yearly payments, the Board authorized an adjusted payment schedule that allows them to pay less initially and also approved an interest buy-down from 2.89% to 1.8%. Because of the high cost of this project per connection, Corinne requested that they be considered for possible ARRA money as well. As a result, the Board reauthorized the loan to \$3,604,330, with \$1,000,330 in principal forgiveness at the April 23, 2009 Drinking Water Board Meeting.

Originally, the project cost was estimated at \$3,924,750, and Corinne anticipated receiving \$300,000 from a C.D.B.G. Recently, Corinne was notified that they would only be able to receive \$100,000 from the C.D.B.G. Fortunately, the bids came in under budget, and total project cost is \$900,000 less than budgeted.

Due to the large reduction in costs, as well as the reduction in funding from the C.D.B.G., the Financial Assistance Committee decided it was appropriate for the Board to vote on the restructuring of Corinne's funding package. It is the Committee's opinion that the new amount should have the same pro rata structure as the April authorization, which had 27.8% of the funding as principal forgiveness, and that Corinne's participation would be reduced to their contribution of \$20,420 and only \$100,000 from C.D.B.G. funding.

Under the reduced funding amount of \$2,900,000, the loan principal would be \$2,084,000 and the principal forgiveness would be \$816,000. Staff would also like to mention that the engineering consultants have reduced their fees as requested by the Board.

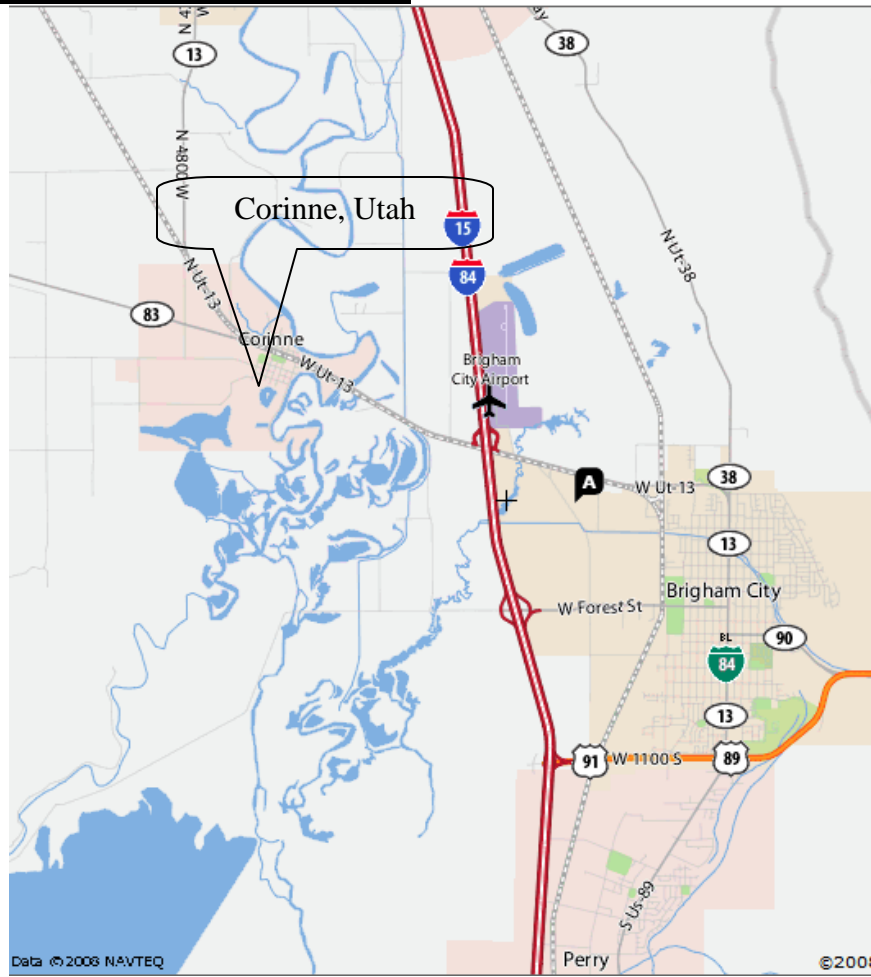
**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board reauthorize a \$2,900,000 construction loan with \$816,000 in principal forgiveness to Corinne City with a 1.8% Hardship Grant Assessment per annum for 30 years to be paid into the Hardship Grant Fund.** The Committee also recommends that a) the principle payments be adjusted according to the attached schedule with lower initial payments that would increase over the life of the loan, and b) that Corinne City be required to only provide \$100,000 of C.D.B.G. funding for the project instead of \$300,000.

**APPLICANT'S LOCATION:**

Corinne City is located in Box Elder County, approximately 6 miles northwest of Brigham City.

**MAP OF APPLICANT'S LOCATION:**



**POSITION ON PROJECT PRIORITY LIST:**

Corinne City has 16.8 points on the priority list.

**PROJECT DESCRIPTION:**

Construct a 1,000,000 gallon concrete culinary water storage tank. Corinne City also will replace approximately 16,200 feet of deteriorating, 6-inch transmission line with 20” PVC pipe, and add approximately 1,900 feet of 14-inch water line.

**ALTERNATIVES CONSIDERED:**

Different line sizes were considered. The line sizes chosen were to allow for the least amount of pressure loss, since the storage tank is several miles outside the city.

The city is also considering reducing the amount of loan, removing the storage tank portion of the project, and only work on the transmission lines. They would then apply for assistance from Rural Development to complete the storage tank. This has been discussed briefly with the city and engineer.

**POPULATION GROWTH:**

There are no growth data specific to the Corinne area. However, according to the Governor’s Office of Planning and Budget, Box Elder County in general is expected to grow at an average annual rate of change of 2.5% through 2030. The Engineer has anticipated an average annual rate of change of 3% through 2030. All cost analyses have been performed using the estimated rate of change of 2.5%.

	Year	Population	ERC's
Current	2006	683	282
Projected (G.O.P.B.)	2030	1,235	462
Projected (Engineer)	2030	1,309	515

**IMPLEMENTATION SCHEDULE:**

Apply to DWB for Funding: October 2008  
DWB Funding Authorization: January 2009  
Plans Submitted: June 2009  
Plan Approval: July 2009  
Advertise for Bids: July 2009  
Bid Opening: August 2009  
Loan Closing: August 2009  
Begin Construction: September 2009  
Complete Construction: July 2010

**COST ESTIMATE:**

Construction:	\$2,238,277
Engineering:	\$313,000
Contingency:	\$377,193
Legal/Bonding:	\$35,000
Administrative:	\$56,950
Total Capital Cost:	<u>\$3,020,420</u>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1.8%, 30 yrs)	\$2,084,000	69.00%
DWB Principal Forgiveness	\$816,000	27.02%
C.D.B.G	\$100,000	3.31%
Corinne Contribution	\$20,420	0.67%
Total Amount:	<u>\$3,020,420</u>	<u>100.00%</u>

**ESTIMATED ANNUAL COST OF WATER SERVICE:**

Operation & Maintenance:	\$47,534
Other Debt Service	\$52,168.75
DDW Debt Service (1.8%, 30 yrs):	\$90,511.10
DDW 10% Coverage:	\$9,051.11
DDW 15% partial coverage:	<u>\$13,576.67</u>
Total Annual Cost / ERU:	\$373.40
Monthly Cost / ERU:	\$58.54
Avg. Cost w/ Irrigation	\$64.79
Cost as % of MAGI:	2.11%

**CONTACT INFORMATION:**

APPLICANT: Corinne City Water  
2420 N 4000 W  
Corinne, UT 84307  
435-744-5566

PRESIDING OFFICIAL &  
CONTACT PERSON: Richard Nimori, Mayor  
2420 N 4000 W  
Corinne, UT 84307  
435-744-5566

CONSULTING ENGINEER: Greg Seegmiller  
J-U-B Engineers Inc  
466 North 900 West  
Kaysville, UT 84037  
801-547-0393

CITY ATTORNEY: Craig Smith  
Smith Halverson  
215 South State Street, Ste. 650  
SLC, UT 84111  
801-413-1600

FINANCIAL CONSULTANT: J-U-B Engineers Inc  
466 North 900 West  
Kaysville, UT 84037  
801-547-0393

# Corinne City

# Proposed Repayment Schedule Post-Bid

### DWB Loan Terms

Local Share (total):	\$	20,420
Other Agency Funding:	\$	100,000
DWB Grant Amount:	\$	816,000
DWB Loan Amount:	\$	2,084,000
DWB Loan Term:		30
DWB Loan Interest:		<b>1.80%</b>
DWB Loan Payment:	\$	90,511

### DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	3,020,420
Existing Facility O&M Expense:	\$	47,534
Proposed Facility O&M Expense:	\$	47,534
O&M Inflation Factor:		<b>1.0%</b>
Existing Debt Service:	\$	41,735

### DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		303
Projected Growth Rate:		<b>2.5%</b>
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	22.49
Water Bill	\$	47.00

### DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Service Ratio
0	2.5%	8	303	81,761	-	81,761	-	-	2,084,000	-	28,655	45,035	47,534	92,569	-
1	2.5%	8	311	175,404	-	175,404	48,512	9,000	2,073,000	11,000	37,512	46,985	47,534	152,031	1.34
2	2.5%	7	318	179,352	-	179,352	49,314	9,000	2,061,000	12,000	37,314	48,785	48,009	155,108	1.34
3	2.5%	8	326	183,864	-	183,864	49,098	9,000	2,049,000	12,000	37,098	50,435	48,489	157,022	1.36
4	2.5%	8	334	188,376	-	188,376	50,882	9,000	2,035,000	14,000	36,882	59,935	48,974	168,791	1.26
5	2.5%	9	343	193,452	-	193,452	52,630	9,000	2,019,000	16,000	36,630	61,885	49,464	172,979	1.26
6	2.5%	8	351	197,964	-	197,964	54,342	9,000	2,001,000	18,000	36,342	63,635	49,959	176,936	1.25
7	2.5%	9	360	203,040	-	203,040	55,018	9,000	1,982,000	19,000	36,018	67,185	50,458	181,661	1.25
8	2.5%	9	369	208,116	-	208,116	90,676	9,000	1,927,000	55,000	35,676	9,435	50,963	160,074	1.57
9	2.5%	9	378	213,192	-	213,192	99,686	9,000	1,862,000	65,000	34,686	3,639	51,473	163,798	1.57
10	2.5%	10	388	218,832	-	218,832	107,516	9,000	1,788,000	74,000	33,516	3,639	51,987	172,142	1.50
11	2.5%	10	398	224,472	-	224,472	107,184	9,000	1,713,000	75,000	32,184	3,639	52,507	172,330	1.55
12	2.5%	10	408	230,112	-	230,112	106,834	9,000	1,637,000	76,000	30,834	3,639	53,032	172,505	1.60
13	2.5%	10	418	235,752	-	235,752	107,466	-	1,559,000	78,000	29,466	-	53,563	161,029	1.70
14	2.5%	10	428	241,392	-	241,392	107,062	-	1,480,000	79,000	28,062	-	54,098	161,160	1.75
15	2.5%	11	439	247,596	-	247,596	107,640	-	1,399,000	81,000	26,640	-	54,639	162,279	1.79
16	2.5%	11	450	253,800	-	253,800	107,182	-	1,317,000	82,000	25,182	-	55,185	162,367	1.85
17	2.5%	11	461	260,004	-	260,004	107,706	-	1,233,000	84,000	23,706	-	55,737	163,443	1.90
18	2.5%	12	473	266,772	-	266,772	107,194	-	1,148,000	85,000	22,194	-	56,295	163,489	1.96
19	2.5%	11	484	272,976	-	272,976	107,664	-	1,061,000	87,000	20,664	-	56,858	164,522	2.01
20	2.5%	12	496	279,744	-	279,744	107,098	-	973,000	88,000	19,098	-	56,858	163,956	2.08
21	2.5%	12	508	286,512	-	286,512	107,514	-	883,000	90,000	17,514	-	57,426	164,940	2.13
22	2.5%	13	521	293,844	-	293,844	106,894	-	792,000	91,000	15,894	-	57,426	164,320	2.21
23	2.5%	12	533	300,612	-	300,612	107,256	-	699,000	93,000	14,256	-	58,001	165,257	2.26
24	2.5%	13	546	307,944	-	307,944	107,582	-	604,000	95,000	12,582	-	58,001	165,583	2.32
25	2.5%	14	560	315,840	-	315,840	106,872	-	508,000	96,000	10,872	-	58,581	165,453	2.41
26	2.5%	13	573	323,172	-	323,172	107,144	-	410,000	98,000	9,144	-	58,581	165,725	2.47
27	2.5%	14	587	331,068	-	331,068	107,380	-	310,000	100,000	7,380	-	59,166	166,546	2.53
28	2.5%	15	602	339,528	-	339,528	106,580	-	209,000	101,000	5,580	-	59,166	165,746	2.63
29	2.5%	14	616	347,424	-	347,424	107,762	-	105,000	104,000	3,762	-	59,166	166,928	2.67
30	2.5%	14	630	355,320	-	355,320	106,890	-	-	105,000	1,890	-	59,758	166,648	2.77

Total Paid in Debt Service = 2,084,000      747,233

# Corinne City

# Approved at the April 23, 2009 Drinking Water Board Meeting

### DWB Loan Terms

Local Share (total):	\$	20,420
Other Agency Funding:	\$	300,000
DWB Grant Amount:	\$	1,000,330
DWB Loan Amount:	\$	2,604,000
DWB Loan Term:		30
DWB Loan Interest:		<b>1.80%</b>
DWB Loan Payment:	\$	113,095

### DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	3,924,750
Existing Facility O&M Expense:	\$	68,290
Proposed Facility O&M Expense:	\$	68,290
O&M Inflation Factor:		<b>1.0%</b>
Existing Debt Service:	\$	41,735

### DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		303
Projected Growth Rate:		<b>2.5%</b>
Impact Fee/Connection Fee:	\$	2,533
Current Monthly User Charge:	\$	22.49
Water Bill for years 1-5	\$	47.00
Water Bill for years 6-10	\$	47.00
Water Bill for years 11-15	\$	52.00
Water Bill for years 16-30	\$	52.00

### DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing		Total Expenses	Service Ratio
												DW Debt Service	O&M Expenses		
0	2.5%	8	303	81,761	20,264	102,025	-	-	2,604,000	-	35,805	41,735	68,290	110,025	-
1	2.5%	8	311	175,404	20,264	195,668	<b>52,872</b>	<b>11,310</b>	2,598,000	6,000	46,872	41,735	68,290	174,207	1.35
2	2.5%	7	318	179,352	17,731	197,083	<b>55,764</b>	<b>11,310</b>	2,589,000	9,000	46,764	41,735	68,973	177,781	1.31
3	2.5%	8	326	183,864	20,264	204,128	<b>58,602</b>	<b>11,310</b>	2,577,000	12,000	46,602	41,735	69,663	181,309	1.34
4	2.5%	8	334	188,376	20,264	208,640	<b>62,386</b>	<b>11,310</b>	2,561,000	16,000	46,386	41,735	70,359	185,790	1.33
5	2.5%	9	343	193,452	22,797	216,249	<b>66,098</b>	<b>11,310</b>	2,541,000	20,000	46,098	41,735	71,063	190,205	1.35
6	2.5%	8	351	197,964	20,264	218,228	<b>69,738</b>	<b>11,310</b>	2,517,000	24,000	45,738	41,735	71,773	194,556	1.31
7	2.5%	9	360	203,040	22,797	225,837	<b>74,306</b>	<b>11,310</b>	2,488,000	29,000	45,306	41,735	72,491	199,842	1.32
8	2.5%	9	369	208,116	22,797	230,913	<b>77,784</b>	<b>11,310</b>	2,455,000	33,000	44,784	41,735	73,216	204,045	1.32
9	2.5%	9	378	213,192	22,797	235,989	<b>82,190</b>	<b>11,310</b>	2,417,000	38,000	44,190	41,735	73,948	209,183	1.31
10	2.5%	10	388	218,832	25,330	244,162	<b>87,506</b>	<b>11,310</b>	2,373,000	44,000	43,506	41,735	74,688	215,238	1.31
11	2.5%	10	398	248,352	25,330	273,682	<b>96,714</b>	<b>11,310</b>	2,319,000	54,000	42,714	41,735	75,435	225,193	1.43
12	2.5%	10	408	254,592	25,330	279,922	<b>101,742</b>	<b>11,310</b>	2,259,000	60,000	41,742	41,735	76,189	230,976	1.42
13	2.5%	10	418	260,832	25,330	286,162	<b>107,662</b>	<b>11,310</b>	2,192,000	67,000	40,662	41,735	76,951	237,657	1.40
14	2.5%	10	428	267,072	25,330	292,402	<b>115,456</b>	<b>11,310</b>	2,116,000	76,000	39,456	41,735	77,720	246,221	1.37
15	2.5%	11	439	273,936	27,863	301,799	<b>128,088</b>		2,026,000	90,000	38,088	41,735	78,498	248,321	1.31
16	2.5%	11	450	280,800	27,863	308,663	<b>132,468</b>		1,930,000	96,000	36,468	41,735	79,283	253,486	1.32
17	2.5%	11	461	287,664	27,863	315,527	<b>141,740</b>		1,823,000	107,000	34,740	41,735	80,075	263,550	1.28
18	2.5%	12	473	295,152	30,396	325,548	<b>148,814</b>		1,707,000	116,000	32,814	41,735	80,876	271,425	1.28
19	2.5%	11	484	302,016	27,863	329,879	<b>152,726</b>		1,585,000	122,000	30,726	41,735	81,685	276,146	1.28
20	2.5%	12	496	309,504	30,396	339,900	<b>158,530</b>		1,455,000	130,000	28,530	41,735	81,685	281,950	1.29
21	2.5%	12	508	316,992	30,396	347,388	<b>160,190</b>		1,321,000	134,000	26,190	41,735	82,502	284,427	1.31
22	2.5%	13	521	325,104	32,929	358,033	<b>160,778</b>		1,184,000	137,000	23,778	41,735	82,502	285,015	1.36
23	2.5%	12	533	332,592	30,396	362,988	<b>160,312</b>		1,045,000	139,000	21,312	41,735	83,327	285,374	1.38
24	2.5%	13	546	340,704	32,929	373,633	<b>159,810</b>		904,000	141,000	18,810	41,735	83,327	284,872	1.44
25	2.5%	14	560	349,440	35,462	384,902	<b>160,272</b>		760,000	144,000	16,272	41,735	84,160	286,167	1.49
26	2.5%	13	573	357,552	32,929	390,481	<b>160,680</b>		613,000	147,000	13,680	41,735	84,160	286,575	1.51
27	2.5%	14	587	366,288	35,462	401,750	<b>160,034</b>		464,000	149,000	11,034	41,735	85,002	286,771	1.57
28	2.5%	15	602	375,648	37,995	413,643	<b>160,352</b>		312,000	152,000	8,352	41,735	85,002	287,089	1.63
29	2.5%	14	616	384,384	35,462	419,846	<b>160,616</b>		157,000	155,000	5,616	41,735	85,002	287,353	1.65
30	2.5%	14	630	393,120	35,462	428,582	<b>159,826</b>		-	157,000	2,826	41,735	85,002	286,563	1.70

Total Paid in Debt Service = 2,604,000      1,005,861