DRINKING WATER BOARD
PACKET

JULY 11, 2008

CEDAR CITY, UTAH

ITINERARY

CEDAR MOUNTAIN:

CEDAR BREAKS &
KCWCD WATER SYSTEM:
(DUCK CREEK & SWAIN'S CREEK, ETC.)

TOUR

JULY 10, 2008

State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

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

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Petra Rust
Richard W. Sprott
David K. Stevens, Ph.D.
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

DRINKING WATER BOARD
ITINERARY

JULY 10, 2008

MEET AT THE: Division Offices
150 North 1950 West
Salt Lake City, Utah 84116

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

8:30 a.m.	1.	Leave the Division of Drinking Water offices
12:30 p.m.	2.	Arrive in Cedar City and have lunch at: ***The Pastry Pub*** ***86 West Center Street, Cedar City, UT 84720*** ***Phone #: (435) 867-1400***
2:00 p.m.	3.	Drive to Cedar Mountain and tour: Cedar Breaks and KCWCD Water System (Duck Creek, Swains Creek, etc.)
5:30 p.m.	4.	Dinner: On Cedar Mountain at the Mammoth Creek Firehouse – Mike Noel's Phone #: (435) 644-3996
		Stay at the: Comfort Inn & Suites, 1288 South Main Street Cedar City, UT 84720, Phone #: (435) 865-0003

JULY 11, 2008

9:00 a.m.	5.	Board Meeting
Noon	7.	Leave for Salt Lake City

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.

AGENDA

FOR THE

DRINKING WATER BOARD MEETING

OF

JULY 11, 2008

State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

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

Drinking Water Board
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Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

DRINKING WATER BOARD MEETING

JULY 11, 2008

9:00 a.m.

Place: Heritage Center
105 North 100 East
Cedar City, Utah 84720

Ken Bousfield's Cell Phone #: (80l) 674-2557

1. Call to Order – Chairman Erickson

2. Roll Call – Ken Bousfield

3. Introductions – Chairman Erickson

4. Approval of Minutes – May 9, 2008 and June 6, 2008

5. Four Day Work Week – Ken Bousfield

6. SRF/Conservation Committee Report – Vice Chairman Myron Bateman
   1) Status Report – Karin Tatum
   2) Project Priority List – Karin Tatum
   3) State Revolving Fund (SRF) Applications
      a) Enoch City – Karin Tatum
      b) Springdale Town - Michael Grange
      c) Grouse Creek Water Company – Michael Grange
      d) Kane County WCD – Swain's Creek – Karin Tatum
      e) Kane County WCD – Long Valley Estates – Karin Tatum
      f) CICWCD Phase II – Karin Tatum
      g) CICWCD - Sky View Subdivision – Karin Tatum
      h) Pine Meadow Mutual Water – Change in Scope of Work – Karin Tatum
      i) Garden City – Rich Peterson

7. Ground Water Rules R309-515-6 (3), (6) and (12) Well Grout Authorization – Mike Georgeson

8. State Revolving Fund (SRF) Rule Revisions: R309-700 and R309-705 – Rich Peterson

9. St. George City Arsenic Exemption Extension – Ken Bousfield

10. Operator Certification Commission Information

11. Chairman's Report – Chairman Erickson

12. Directors Report
    a) Conflict of Interest Forms Update
    b) Henrieville Update

Next Board Meeting: Refer to Agenda Item # 5
Date:
Tour or Work Meeting
Time:
Location:
Tour OR Work Meeting?
Time: 1:00 p.m.
Location: ?

13. Other

14. Adjourn

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AGENDA ITEM 4

APPROVAL
OF THE

a) MAY 9, 2008 - MINUTES

State of Utah

Department of Environmental Quality

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Richard W. Sprott
Executive Director

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

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
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Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Petra Rust
Richard W. Sprott
David K. Stevens, Ph.D.
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MAY 9, 2008 IN SALT LAKE CITY, UTAH

Board Members Present

Anne Erickson, Chair
Myron Bateman, Vice Chair
Ken Bassett
Jay Franson
Petra Rust
Ron Thompson

Board Members Excused

Daniel Fleming
Helen Graber, Ph.D.
Paul Hansen
Richard Sprott
David Stevens, Ph.D.

Staff

Ken Bousfield
Ken Wilde
Ying-Ying Macauley
Rich Peterson

Guests

Rick Wixom, Springdale Town
Bill Bigelow, Howell Town
Verl Bagley, Greenwich Water
Dustyn Shaffer, Sunrise Engineering
Doug Nielsen, Sunrise Engineering
Chuck Jeffs, Rural Water
Dale Pierson, Rural Water
Craig Hawkes, Howell Town
Jeff Trombley, Kennedy/Jenks Consultants
Curtis Ludvigson, Rural Water
Laurie Ludvigson, self

Staff Continued

Michael Grange
Nagendra Dev
Karin Tatum
Sandy Pett
Sean Jordan
Linda Matulich

ITEM 1 – CALL TO ORDER

The Drinking Water Board meeting convened in Salt Lake City, Utah with Chairman Erickson presiding. The meeting was called to order at 1:05 p.m.

ITEM 2 – ROLL CALL

Chairman Erickson asked Ken Bousfield to call roll of the Board members. The roll called showed there were 6 members present.

ITEM 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

ITEM 4 – APPROVAL OF MINUTES

Chairman Erickson stated a motion was in order to approve the February 29, 2008 minutes.

Ron Thompson moved to approve the February 29, 2008 minutes.

Ken Bassett seconded the motion.

CARRIED
(Unanimous)

ITEM 5 – ELECTIONS OF VICE CHAIRMAN

Chairman Erickson opened the elections for Vice Chairman to the Drinking Water Board.

Ron Thompson moved the Board approve Myron Bateman as the Vice Chairman to the Drinking Water Board for the coming year.

Petra Rust seconded.

CARRIED
(Unanimous)

Jay Franson moved to close the elections for Vice Chairman.

Myron Bateman seconded.

CARRIED
(Unanimous)

ITEM 6 – SRF CONSERVATION COMMITTEE REPORT

Myron Bateman thanked the Board for their support in nominating him as Vice Chairman to the Board.

1) Status Report

Ken Wilde reported the Board has a total balance of $3.2 million for all of the loans that are in the federal loan fund. Staff expects to receive about $12.9 million in projected receipts over the next 12 months. Staff expects to receive the federal funding in July 2008 on the next capitalization grant. The Board should have about $16 million over the next 12 months.

Ken mentioned staff expects closing a lot of loans in June, July and August. Ken mentioned staff expects to close about $22,000,000 in projects between the state and federal in the next few months. Staff closed Central Iron County's loan in February and Greenwich's loan in March. The proposed projects for July 2008 show three that may be considered at the next Board meeting.

The Board has $3.4 million dollars available in the state loan fund that have not been committed or authorized yet. The Board should receive about $5.9 million during the next 12 months. A couple of loans are expected to close in the May June timeframe.

2) Priority Point List

Karin Tatum reported 3 projects are being added to the Project Priority List which are: 1) the Town of Howell, 2) Kane County Water Conservancy District, and 3) East Grouse Creek. Kane County Water Conservancy District and East Grouse Creek will probably be before the Board at the next Board meeting. Staff is requesting the Board add the three projects to the Project Priority List and approve the new list.

Ron Thompson moved the Board approve the Project Priority List to include the Town of Howell, the Kane County Water Conservancy District, and the East Grouse Creek Water System.

Petra Rust seconded.

CARRIED
(Unanimous)

3) SRF Applications

a) City of St. George – Extension

Michael Grange reported the Drinking Water Board authorized a $6,000,000 loan for 20 years at 1.77% interest at the March 4, 2005 Board meeting. St. George City requested a time extension on their loan in a letter dated June 6, 2006. The Board authorized an additional 360 day extension at the July 14, 2006 Board meeting to expire July 9, 2007. St. George City requested an additional extension to their loan in a letter dated March 31, 2008. The reason for extending the loan, is during a review of their water line easements in this project, St. George identified discrepancies in the recorded easements through land owned by the Shivwits Indians. At the time the discrepancies were identified, the City had entered into a negotiation with the Shivwits Indians to resolve the issue. The Shivwits Indians requested several concessions from the city. The Shivwits Indians were slow in responding to the city on the additional information the city wanted from the Shivwits Indians. St. George City believes they have identified a plan they can use to start their project. St. George City has asked for an additional extension until May 9, 2009 on their loan.

Jay Franson moved the Board authorize an extension on the loan to St. George City until May 9, 2009.

Anne Erickson seconded.

CARRIED
(Unanimous)

St. George City extended their thanks and appreciation to the Board for their help.

b) Town of Greenwich – Extension

Michael Grange reported the Drinking Water Board authorized a $111,000 loan for 20 years at 0.0% to the Town of Greenwich at the July 13, 2007 Board meeting. The Town of Greenwich requested an extension on their loan in a letter dated April 15, 2008. The Town of Greenwich is proposing constructing a new water storage reservoir. Mike reviewed what the Town of Greenwich is doing on their project and why they need the extension. Staff is requesting an extension on the Town of Greenwich's loan authorization until May 9, 2009.

Verl Bagely, representing the Town of Greenwich, addressed the Board.

Discussion followed.

Jay Franson declared a potential conflict of interest on voting on the project.

Ron Thompson moved the Drinking Water Board authorize an extension on the loan authorization to the town of Greenwich until May 9, 2009.

Ken Bassett seconded.

CARRIED

Jay Franson abstained.

c) Town of Springdale, Planning

Michael Grange reported the Town of Springdale is requesting a $19,000 Planning Advance to help develop a Master Plan for their culinary water system and to conduct a comprehensive water user rate study. The Town of Springdale's 2006 MAGI is $27,804 which is 75% of the State's MAGI. This qualifies the Town of Springdale to receive grant money. The Planning Grant will allow the town to develop their culinary water system master plan, to identify and properly address the town's current and future water system needs and to determine what facilities will allow Springdale to best meet the needs of their community. The money will also be used to conduct a water rate survey, which will allow the water system to evaluate user rates and determine what changes they may need to make to meet financial requirements.

Rick Wixom, Town Manager for Springdale, addressed the Board.

Discussion followed.

Ron Thompson moved the Board authorize a $19,000 planning grant to the Town of Springdale to prepare a Culinary Water System Master Plan and perform a comprehensive water user rate study, with the condition that the master plan identify and address any system deficiencies, as well as construction options and phases, as necessary.

Jay Franson seconded.

CARRIED
(Unanimous)

d) Town of Howell

Nagendra Dev reported the Town of Howell is requesting a $95,000 grant to construct a 100,000 gallon culinary water storage reservoir. The new reservoir will help bring the Town of Howell into compliance with the state-mandated storage and fire flow requirements. The storage tank will provide the required water storage capacity to meet the big demand and pressure requirements as required by the Drinking Water Rules. The proposed water storage tank will also meet the demand of the project for the projected population growth for the next 20 years based upon a 1% population growth rate. The proposed water storage tank will be elevated to provide the required pressure demands.

Nagendra mentioned the financial analysis of the project reveals there will be an interest rate of 3.13% for 20 years. The water user rate will be $35.73 per user per month will be 1.19% of the local MAGI. The current average bill is $30.80 a month.

Craig Hawkes and Bill Bigelow, representing the Town of Howell, were present to answer any questions of the Board.

Discussion followed.

Jay Franson moved the Board authorize a $95,000 construction loan at 3.13% for 20 years to the Town of Howell for construction of a 100,000 gallon culinary water storage reservoir.

Ron Thompson seconded.

CARRIED
(Unanimous)

ITEM 7 – APPROVAL OF A NEW COMMISSION MEMBER FOR THE CROSS CONNECTION CONTROL COMMISSION

Patti Fauver reported that Jeff Tingey, a Cross Connection Commission member, is no longer on the Commission. The Cross Connection Commission is recommending the Board approve Brad Jones, Logan City, to replace Jeff Tingey on the Commission.

Ron Thompson moved the Board approve Brad Jones to replace Jeff Tingey on the Cross Connection Control Commission and complete Mr. Tingey's term ending in 2009.

Myron Bateman seconded.

CARRIED
(Unanimous)

ITEM 8 – PROPOSED RULE TO AMENDMENT TO: "GROUTING TECHNIQUES AND REQUIREMENTS R309-515-6(6)(i)

Bill Birkes reported he has attended some meetings with the Division of Water Rights on some confusion of wording for the temporary surface conductor/secondary casings. Staff is proposing a rule change to hopefully clarify the language and the intent.

Staff had a conflict about gravel filled or gravel packed wells, and whether or not the grout seal is required between a conductor or surface casing and a permanent casing. Bill reviewed the proposed changes.

Discussion followed.

Jay Franson moved the Board authorize staff to conduct some further investigations and bring back a recommendation on their findings to the Board at the next Board meeting.

Ron Thompson seconded.

CARRIED
(Unanimous)

ITEM 9 – CHAIRMANS REPORT

Chairman Erickson thanked the Board for voting for her to continue as the Board Chair for this year. Chairman Erickson enjoys being on the Board.

Chairman Erickson apologized for not being at the Division Annual Retreat this year.

Chairman Erickson mentioned Danny was unable to make it to the meeting today due to a family health problem today.

ITEM 10 – DIRECTORS REPORT

Ken Bousfield mentioned the Division is fully staffed now. Ken introduced Sean Jordan, Environmental Engineer, who started with the Division on May 1, 2008.

Sean Jordan addressed the Board about his experiences and background.

a) Utah SDWA Sunset

Ken Bousfield reported that state laws need to be periodically reauthorized or they'll be automatically sunsetted. The Safe Drinking Water Act is scheduled to sunset the end of this current calendar year. The Safe Drinking Water Act is item #5 on the Natural Resources, Agriculture and Environment Interim Committee's agenda for their May 21, 2008 meeting at 9:00 a.m. Ken will be representing the Division and the Board on this review. The meeting is at the west entrance of their building, in room W020 on the first floor, which is immediately north and west of the Capitol building. The Board is invited to attend the meeting.

Discussion followed.

b) State EPA Mid-Year

Ken Bousfield reported on the April 25, 2008 Mid Year Review by EPA. Ken mentioned that EPA felt we have a good program and are doing a good job. EPA expressed concern that the Division was unwilling to sign an enforcement escalation policy.

Ken explained that he was unwilling to sign the policy because, as he stated, one size does not fit all. He felt signing the policy would require that he take enforcement actions against even cooperating systems.

The Board expressed their support of Ken's decision to not sign the enforcement escalation policy.

Discussion followed.

c) DDW Retreat

Ken Bousfield mentioned staff has a Division Retreat in April of every year. One of the objectives of the retreat is for staff to finalize the goals and objectives for the Division for the coming year, going from July 1, 2008 to June 30, 2009. The document has three sections: 1) the Division of Drinking Water has an agreement with EPA, which hasn't been finalized yet; 2) the Division will undertake some initiatives to improve their processes or take on some new challenges, and 3) core elements which the Division accomplishes during the normal course of business. The Department gave each Division some directives to follow for the coming year. Some of the topics included: compression issues, employee focus, looking at the out-of-state travel budgets, and incentive awards.

Ken reviewed what the Division accomplished during the Retreat for the coming year and what has been accomplished during the present year. The final report is due on May 30, 2008 to Rick Sprott, Executive Director of the Department of Environmental Quality.

Discussion followed.

d) Conflict of Interest Forms

Ken Bousfield reviewed the Conflict of Interest forms.

Discussion followed.

Other:

1. Ken Bousfield reported staff will be asking for another rule change from the Board. The rule deals with the requirement that all projects be designed by a professional engineer, and the professional engineer verifies his design by stamping the plans. The supportive state law lists qualifications to this requirement. Ken reviewed some minor projects, such as painting the interior of a storage tank as projects not needing a professional engineer. The rule change would deal with describing those projects that don't need to be prepared by a professional engineer.

   Ken reviewed the information on the rule change.

   Discussion followed.

2. Ken Bousfield mentioned when the Board members receive their packets there are two agenda items at the end of packet entitled: "Letters" and "News Articles". Ken asked if the Board members would prefer receiving the letters and news articles in the packet or on a weekly basis by e-mail.

   The Board requested having the letters and news articles sent to them on a weekly basis through the e-mail.

ITEM 11 – LETTERS

The letters are in the packet.

ITEM 12 – NEWS ARTICLES

The news articles are in the packet.

ITEM 13 – NEXT BOARD MEETING

Chairman Erickson polled the Board members on where they want to hold their July 11, 2008 Drinking Water Board Meeting.

Ron Thompson moved the Board approve holding the next Board meeting on July 11, 2008 Drinking Water Board meeting in Cedar City and precede it with a tour of Kane County Water Conservancy Districts facilities.

Myron Bateman seconded.

CARRIED
(Unanimous)

The next Board tour and meeting will be on:

TOUR:	**MEETING:**
TOUR: Cedar Breaks & KCWCD water systems **DATE:** July 10, 2008 **TIME:** 2:00 p.m.	**DATE:** July 11, 2008 **TIME:** 9:00 a.m. **LOCATION:** Heritage Center 105 North 100 East Cedar City, Utah 84720

ITEM 14 – OTHER

Chairman Erickson reviewed the handouts they received. A travel handout shows there some minor increases for motels, meals and gas.

Chairman Erickson mentioned the Board members received a Redirect Guide directory.

Chairman Erickson thanked Patti for the update on the Twenty-five Worst Drinking Water Systems List.

Chairman Erickson reported on the County Planning Issue Committee meeting that was held recently. Chairman Erickson is representing the Board on this Committee,

Dale Pierson addressed the Board on the County Development Planning Committee meeting issue from the Rural Water Conference in February, 2008.

Curtis Ludvgison mentioned he has been working with staff and water systems on their water rates and funding systems with their projects.

Chuck Jeffs reviewed water systems on the Twenty-five Worst Drinking Water Systems in Utah with the Board.

Discussion followed.

ITEM 15 – ADJOURN

Chairman Erickson stated a motion was in order to adjourn the Board meeting.

A motion was made to adjourn the Drinking Water Board meeting 2:35 p.m.

The motion was seconded.

CARRIED
(Unanimous)

Linda Matulich
Recording Secretary

APPROVAL OF THE

b) JUNE 6, 2008 -
TELECONFERENCE
MEETING

State of Utah

Department of Environmental Quality

Richard W. Sprott
Executive Director

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

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
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Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD TELECONFERENCE MEETING HELD ON JUNE 6, 2008 IN SALT LAKE CITY, UTAH

Board Members Present:

Anne Erickson, Chair
Ken Bassett
Danny Fleming
Jay Franson, P.E.
Paul Hansen, P.E.
Petra Rust
Richard Sprott
Ron Thompson

Board Members Excused:

Myron Bateman, Vice Chair
Helen Graber, Ph.D.
David Stevens, Ph.D.

Staff

Ken Bousfield
Ken Wilde
Rich Peterson
Linda Matulich

ITEM No. 1 – CALL TO ORDER

The Drinking Water Board teleconference meeting convened in Salt Lake City, Utah with Chairman Erickson presiding. The meeting was called to order at 9:05 a.m.

ITEM NO. 2 – ROLL CALL

Chairman Erickson asked Ken Bousfield to call roll of the Board members. The roll call showed there were 8 members present.

ITEM NO. 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked them to introduce themselves.

ITEM NO. 4 – SRF APPLICATION

1. Garden City Funding Request – Rich Peterson

Rich Peterson reported on Garden City's request. Garden City has a spring under the direct influence of surface water. The Drinking Water Board and Rural Development (RD) are funding the water treatment plant. The Drinking Water Board authorized $2.5 million. RD authorized a $2,024,000 loan and $2,647,000 for a grant. Garden City needs about $200,000 more for contingency purposes. Bonnie Carrig, Program Director, recently retired from RD. Garden City has had to go through the RD office in Denver since Bonnie Carrig left. The RD grant of $200,000 didn't get approved. This has caused some problems for Garden City.

The SRF/Conservation Committee is recommending that the Board increase the loan by another $200,000 with the same terms of 2.31% interest over 20 years. This additional funding would raise the contingency to 6%. The $200,000 would be added to the final payment in the 20th year. If the Town doesn't need the entire $200,000, the savings would be taken off of the final loan payment. The new loan origination fee would be $27,000.

Discussion followed.

Ron Thompson moved the Board authorize the $200,000 loan for a total of $2,700,000 with the same terms as previously authorized (2.31% over 20 years). The $33,000 planning loan would be rolled into the bond for a total of $2,733,000. The loan origination fee would be $27,000.

Petra Rust seconded.

Discussion on motion.

CARRIED
(Unanimous)

ITEM NO. 5 – NEXT MEETING

The next Board meeting and tour will be held on:

1. TOUR DATE: July 10, 2008
   TIME: 2:00 p.m.
   PLACE: Kane County Water Conservancy District's water systems

2. MEETING DATE: July 11, 2008
   TIME: 9:00 a.m.
   PLACE: Heritage Center
   105 North 100 East
   Cedar City, Utah 84720

ITEM NO. 6 – OTHER

No other business.

ITEM NO. 7 – ADJOURN

Chairman Erickson stated a motion to adjourn the Board teleconference meeting was in order.

A motion was made and seconded to adjourn the Board meeting at 9:17 a.m.

Linda Matulich
Recording Secretary

AGENDA ITEM 6

SRF/CONSERVATION COMMITTEE REPORT

6. 1) STATUS REPORT – Ken Wilde

DIVISION OF DRINKING WATER

STATE LOAN FUNDS

AS OF MAY 31, 2008

	SUMMARY		
	Total State Fund:	$11,001,829	
	Total State Hardship Fund:	$2,625,682	
	Subtotal:	$13,627,511	
LESS AUTHORIZED	Less:		
	Authorized Loans:	$8,161,000	*(see Page 2 for details)*
	Authorized Hardship:	$1,766,146	
	Subtotal:	$9,927,146	
	Total available after Authorized deducted	**$3,700,365**	
PROPOSED	**Proposed Loan Project(s):**	**$95,000**	*(see Page 2 for details)*
	Proposed Hardship Project(s):	**$19,000**	
	Subtotal:	**$114,000**	
AS OF:			
May 31, 2008	**TOTAL REMAINING STATE LOAN FUNDS:**	**$2,745,829**	
	TOTAL REMAINING STATE HARDSHIP FUNDS:	**$840,536**	

Total Balance of ALL Funds: $3,586,365

Projected Receipts Next Twelve Months:			
and Sales Tax Revenue			
Annual Maximum Sales Tax Projection	**$3,587,500**		
Less State Match for 2008 Federal Grant	($1,629,200)		
Less Administration Fees	($134,400)		
SUBTOTAL Sales Tax Revenue including adjustments:		$1,823,900	
Payment:			
Interest on Investments (Both Loan and Hardship Accounts)		$420,000	
Principal payments		$2,896,610	**Receive 90% in January**
Interest on payments		$733,080	
Total Projections:		$5,873,590	

Total Estimated State SRF Funds Available through 5-31-2009:	**$9,459,955**

DIVISION OF DRINKING WATER
STATE LOAN FUNDS
PROJECTS AUTHORIZED BUT NOT YET FUNDED
AS OF MAY 31, 2008

Community	Loan #	Cost Estimate	Date Authorized	Date Closed/Anticipated	Authorized Funding Loan	Grant	Total
Garden City 2.31% 20 yr*	3S048	2,700,000	Sep-02	Jun-08	$2,246,000		$2,246,000
Henrieville emergency grant	3S114	100,000	Feb-08	Jun-08		100,000	100,000
West Erda 0% 20 yr	3S074	760,000	Jun-04	?	380,000	380,000	760,000
Escalante 2.46% 30 yr	3S104	2,160,896	Mar-07	Jul-08	1,560,000	600,896	2,160,896
Bear River 2.19% 20 yr	3S096	2,880,000	Sep-07	Jul-08	1,818,000	600,000	2,418,000
Parowan 2.05% 20 yr	3S111	2,137,000	Jan-08	Jul-08	1,923,000		1,923,000
Howell Town 3.13% 20 yr	3S116	95,000	May-08		95,000		95,000
							0
Subtotal Loans and Grants Authorized					8,022,000	1,680,896	9,702,896
PLANNING LOANS/GRANTS							
Enterprise (planning loan 0% 5 yr)	3S092	7,000	May-06	Jan-07	7,000		7,000
Wellington (pl loan 2% 5 yr)	3S104	40,000	Mar-07	Sep-07	40,000		40,000
Enoch (pl loan 0% 5 yr)	3S106	36,000	May-07	Sep-07	36,000		36,000
Toquerville (pl 0% 5 yr)	3S107	16,000	Jul-07	Sep-07	16,000		16,000
Paragonah planning grant	3S110	16,250	Sep-07	Mar-08		16,250	16,250
Town of Alta planning grant	3S113	50,000	Jan-08			50,000	50,000
Wales Town (pl 0% 5yr)	3S112	40,000	Jan-08		40,000		40,000
Springdale planning grant	3S117	19,000	May-08			19,000	19,000
Subtotal Planning Loans/Grants Auth					139,000	85,250	224,250
Total authorized but not yet funded					$8,161,000	$1,766,146	$9,927,146
PROPOSED PROJECTS							
Town of Howell	3S116	240,000			95,000		
Springdale planning grant						19,000	
Total Proposed Projects					95,000	19,000	0
				Closed date			
Recently Closed:							
Cedar Hills	3S108		Jul-07	Oct-07	2,090,000		2,090,000
Circleville	3S105		May-07	Aug-07	242,000		242,000
Orderville 2.22% 30 yr	3S099	3,918,000	Nov-06	Jan-08	1,569,000	600,000	2,169,000
*Garden City BAN for $254,000 was closed June 2006.							

DIVISION OF DRINKING WATER
FEDERAL SRF
AS OF May 31, 2008

1997 thru 2007 SRF Grants	
Net Federal SRF Grants:	$73,905,366
Total State Matches:	$18,358,700
Closed Loans:	-$82,208,246
Total Grant Dollars:	**$10,055,820**

Principal Repayments	
Principle (P):	$13,302,583
Interest (I):	$1,449,835
Total P & I:	**$14,752,418**

Earnings on Invested Cash Balance	
Total:	**$1,057,046**

Hardship Fund	
Total:	**$2,675,862**

SUMMARY		
	Total Federal First Round Fund:	$10,055,820
	Total Federal Second Round Fund:	$15,809,464
	Total Federal Hardship Fund:	$2,675,862
	Subtotal:	$28,541,146
LESS AUTHORIZED	Less:	
	Authorized Federal 1st Round:	$18,686,000
	Authorized Federal 2nd Round:	$6,145,312
	Authorized Federal Hardship:	$185,193
	Subtotal:	$25,016,504
PROPOSED	**Proposed Federal 1st Round Project(s):**	**$0**
	Proposed Federal 2nd Round Project(s):	**$6,771,000**
	Proposed Federal Hardship Project(s):	**$215,000**
	Subtotal:	**$6,986,000**
AS OF:		
May 31, 2008	**TOTAL REMAINING FIRST ROUND FUNDS:**	**-$8,630,180**
	TOTAL REMAINING SECOND ROUND FUNDS:	**$2,893,152**
	TOTAL REMAINING HARDSHIP FUNDS:	**$2,275,670**

(see Page 2 for details)

(see Page 2 for details)

Total Balance of ALL Funds: -$3,461,358

Projected Receipts Next Twelve Months:		
Payment:		
2008 Fed SRF Grant	$6,516,800	
State 20% Match for FY 2008	$1,629,200	
Interest on Investments	$630,000	
Principal payments	$2,969,000	
Interest	$704,936	**Receive 90% in January**
Hardship fees	$607,680	
Total:	$13,057,616	

Total Estimated Federal SRF Funds Available through 5-31-2009: $9,596,258

DIVISION OF DRINKING WATER
FEDERAL SRF
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF MAY 31, 2008

COMMUNITY	Project			Authorized Date	Closing Date Scheduled	Authorized From Loan Funds (1st Round)			Authorized From Loan Funds (2nd Round)	Hardship Fund
	Total	Terms	Loan #			Loan	Forgiveness	Total	Loan	
Logan #3	9,545,000	0.8% int 20 yrs	3F052	May-05	Jun-08	3,000,000		3,000,000		
Greenwich WWC	320,000	0%, 20 yrs	3F070	Jul-07	Jul-08			0	111,000	110,300
Midvale	10,000,000	2% int, 20 yrs	3F069	Jul-07	Jul-08	5,050,000		5,050,000	0	
Erda Acres	2,420,000	Construction	3F064	Nov-07	Aug-08	1,620,000	500,000	2,120,000	0	
Mountain Regional Water	3,026,263	2.0% int, 20 yrs	3F076	Feb-08	Aug-08	3,026,000		3,026,000	0	
Woods Cross	5,000,000	1%, 20 yrs	3F072	Nov-07	Sep-08	5,000,000		5,000,000	0	
St George	15,000,000	1.77% int 20 yrs	3F047	Mar-05	Sep-08			0	6,000,000	
Twin Creeks #2	1,200,000	0% int 30 yrs	3F028	Apr-03	Deauth?	360,000	90,000	450,000		
					TOTAL CONSTRUCTION AUTHORIZED:	$ 18,056,000	$ 590,000	$ 18,646,000	$6,111,000	$ 110,300
PLANNING ADVANCES/OTHER AUTHORIZED:										
Beaver Dam Water	20,000	planning loan	3F062	May-06	Dec-07			0	4,312	
Leeds Domestic WUA	15,000	planning loan	3F066	Mar-07	Apr-08			0	15,000	
Pinon Forest SSD	15,000	planning loan	3F073	Oct-07	May-08			0	15,000	
Rural Water Assn of UT	111,744	Grant	*	Oct-07	Jan-08			0	0	74,893
Snowville	40,000	Principle Forgive	3F046	Jul-07	Jun-08		40,000	40,000	0	
					TOTAL PLANNING AUTHORIZED:	$0		$40,000	$34,312	$74,893
					TOTAL AUTHORIZED CONSTRUCTION & PLANNING:			$18,686,000	$6,145,312	$185,193
PROPOSED PROJECTS FOR MAY 2008:										
Mountain Valley Water	718,000	2.78% int 20 yrs						0		
KCWCD-Long Valley Est	4,580,950			Jul-08	Oct-08			0	1,000,000	
Springdale								0	2,500,000	
Enoch								0	2,500,000	
Central Iron Valley (Skyview)								0	215,000	215,000
East Grouse Creek Pipeline	556,000							0	556,000	
					TOTAL PROPOSED PROJECTS FOR THIS MEETING:	$0		$0	$6,771,000	$215,000
					TOTAL PROPOSED PROJECTS:			$0	$6,771,000	$215,000

*RWAU hardship grant is being disbursed monthly

6. 2) PROJECT PRIORITY LIST
- Karin Tatum

Project Priority List
Presented to the Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
BOARD PACKET FOR PROJECT PRIORITY LIST

Three projects are being added to the Project Priority List:

Sky View Subdivision, located in Iron County, scored **131.7 points**.
Sky View Subdivision is in need of a new distribution main, fire hydrants and new service laterals with meters. The Sky View project is being managed by Central Iron County Water Conservancy District and will join with CICWCD when the project is completed. The estimated project cost is $628,609.

Springdale Town, located in Washington County, scored **103.7 points**.
The proposed project includes replacing or upsizing approximately 15,000 feet of old pipelines including those lines that cannot handle the pressure requirements. A 1.0MG tank will also be constructed. The estimated project cost is $2,848,500.

Enoch Municipal Water, located in Iron County, scored **22.7 points**.
Enoch Municipal water is in need of making improvements to their system by upgrading and adding 58,000 feet of water line. The proposed project cost is approximately $2,429,100.

SRF/Conservation Committee Recommendation:

The DWB approve the updated project Priority List.

UTAH FEDERAL SRF PROGRAM

PROJECT PRIORITY LIST

July 11, 2008

Total Requested:	$222,948,720
For Projects totaling:	$326,082,502
Authorized:	$99,138,963

	Priority Points	System Name		County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized
N	131.70	CICWCD - Skyview Subdivision	3F080	Iron	30	New water main, fire hydrants	$628,609.00	630,918	
A	115.0	MOUNTAIN REGIONAL SSD	3F076	Summit	6,549	Dist. System, Booster Station, Fire Hyd.	$3,026,263	$3,026,263	$3,026,263
N	103.7	Town of Springdale	3F079	Washington	426	1MG tank, replace pipelines	$2,848,500	$2,848,500	
A	0.0	TWIN CREEKS SSD	3F028	Wasatch	54	Source Redev, Treat., Stor., Distr	$700,000	$450,000	$450,000
A	39.6	ERDA ACRES WATER CO.	3F064	Tooele	265	Update lines,well, chlorination facility	$2,400,000	$2,100,000	$2,100,000
A	0.0	St. George	3F047	Washington	50,000	Arsenic Treatment of Gunlock Wells	$21,550,000	$10,000,000	$6,000,000
	33.3	TOOELE CO SPECIAL SERV DIST		Tooele		Source, Trans, Treatment, & Storage	$500,000	$365,000	
A	28.8	LOGAN CITY	3F052	Cache	44,970	DeWitt Sprgs Transmission Line	$9,200,000	$9,200,000	$3,345,000
	23.1	WHISPERING PINES		Sanpete	233	Pump replacement, well equipment	$220,000	$220,000	
	22.9	KCWCD - Long Valley Estates	3F078	Kane	5,548	Well, Tank, Chlorination Bldg, Distrib., etc	$4,580,950	$4,580,950	
N	22.7	Enoch Municipal Water	3F081	Iron	3,430	Upgrade system, add 58,000 ft of line	$2,406,299	$1,921,299	
	22.5	ALTA TOWN		Salt Lake	367	Treatment (Antimony)	$531,300	$425,000	
A	19.6	MIDVALE CITY	3F069	Salt Lake	12,800	4MG tank, rehabilitate well	$9,852,500	$5,000,000	$5,000,000
A	12.7	TOWN OF HOWELL	3F074	Box Elder	250	100,000 gallon concrete tank	$245,000	$86,000	
	12.3	East Grouse Creek Pipeline Co.	3F077	Box Elder		Well Rehabilitation & Well House	$556,000		
	8.0	MOUNTAIN VALLEY WATER	3F075	Salt Lake	48	400,000gal Tank, Trans/Dist Pipelines	$805,980	$798,000	
A	8.0	WOODS CROSS	3F072	Davis	8,942	Storage Tank,water lines,well	$5,000,000	$5,000,000	$5,000,000
	7.8	WOODS CROSS		Davis	5,378	Equip. Well	$200,000	$150,000	
	5.0	SKYLINE MOUNTAIN SSD		Sanpete		2nd Home Subdivision	$9,000,000	$3,000,000	

6. 3) STATE REVOLVING FUND (SRF) APPLICATIONS

a) ENOCH CITY – Karin Tatum

Enoch City
Presented to Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN AUTHORIZATION

APPLICANT'S REQUEST:

Enoch City is requesting financial assistance in the amount of $1,910,000 to upgrade and add distribution and transmission lines and to connect their system to the Central Iron County Water Conservancy District (CICWCD). The full cost of the project is $2,410,000. The City is planning on contributing $500,000. Both the upgrades, as well as the regionalization with CICWCD, will solve the City's current deficiencies related to their distribution system and source capacity.

STAFF COMMENTS:

Enoch City has recently completed a culinary water system master plan. The master plan has concluded that the existing water distribution system is undersized, creating insufficient pressures during peak day demand and fire flow conditions. In addition, the City does not have sufficient source capacity to meet the demands of their current connections. The master plan recommends that the distribution system be upgraded to meet current demands and as part of the upgrading process, the lines will be sized to meet future requirements. In addition to upgrading and adding additional waterlines, Enoch City will connect to CICWCD, which will provide the additional source capacity needed as well as solve the pressure and flow demand problems in the area where the connection is made.

Simultaneously, the City will fund and construct a secondary irrigation system to deliver outdoor water with the goal of reducing the required size of the culinary waterlines that are being proposed for this project. Drinking Water funds will not be used for the secondary water system.

The local MAGI is 107% of the statewide median. The estimated water bill per ERC after construction would be approximately $48, which is 1.46 % of the local MAGI. Based on this, Enoch City does not qualify for principle forgiveness.

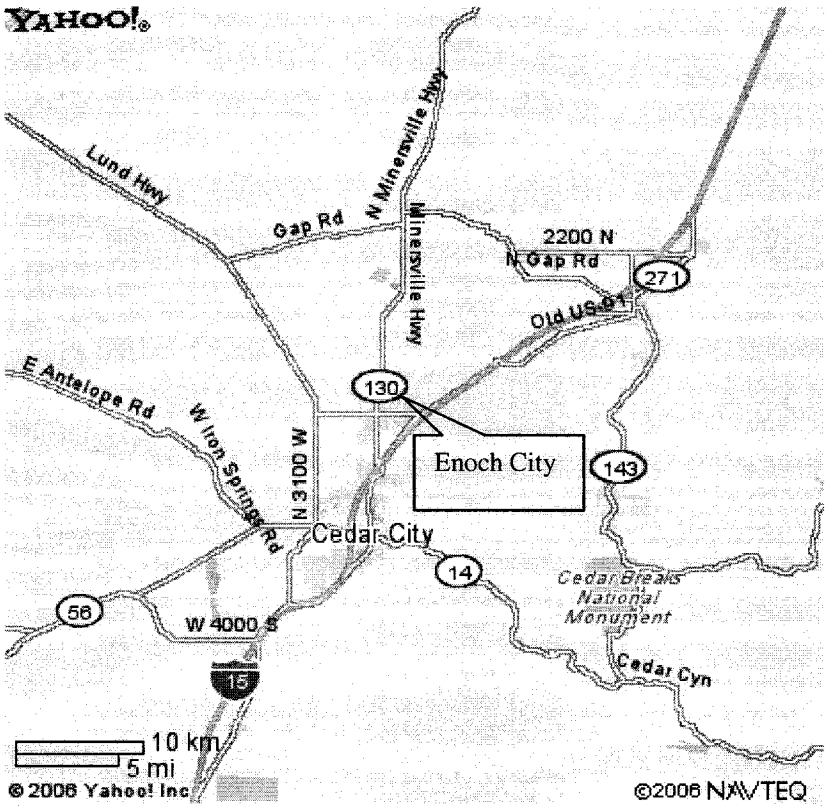
SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a $1,910,000 construction loan to Enoch City at 2.33% interest for 20 years, with the condition that they resolve all the issues in their compliance report. A 1% loan origination fee of $19,100 will be assessed, which either can be added to the authorized loan amount or paid by the City, out of city funds at loan closing.

APPLICANT'S LOCATION:

Enoch City is located in Iron County.

MAP OF APPLICANT'S LOCATION:



POSITION ON PROJECT PRIORITY LIST:

Enoch City has 22.7 points on the project priority list.

PROJECT DESCRIPTION:

A description of the project is presented below:

- Approximately 58,000 feet of waterline upgrades and additions will be constructed to correct the current deficiencies in the distribution system related to insufficient pressures during peak day demand and fire flow conditions.

- Enoch will connect to CICWCD on the west side of the City to receive water during peak demands, which will correct the current deficiencies in the system related to distribution system and source capacity. It will also solve the imminent issues related to storage capacity as the City experiences growth.

- Enoch City will fund and construct a secondary system to deliver outdoor water to reduce the required size for the culinary waterlines that are being proposed.

ALTERNATIVES EVALUATED:

The consulting engineer evaluated the following system alternatives:

1. **Alternative #1:** This alternative is a distribution system that does not receive water from the CICWCD water system, without the use of a secondary irrigation system.

2. **Alternative #2:** This alternative is a distribution system that does not receive water from the CICWCD water system, but utilizes a secondary irrigation system to deliver outdoor water which reduces the required sizes for culinary pip lines.

3. **Alternative #3:** This alternative is a distribution system that receives water from the CICWCD on the west side of the City during peak demands, without the use of a secondary irrigation system.

4. **Alternative #4:** This alternative is a distribution system that receives water from the CICWCD, and utilizes a secondary system to deliver outdoor water. This is the proposed alternative.

5. **Alternative #5:** Optimizing current facilities (no action)

POPULATION GROWTH:

The Governor's Office of Planning and Budget estimates a growth rate of 1.4% over the next 20 years for Enoch City.

	Year	Population	ERC's
Current:	2008	6,200	1757
Projected:	2030	8,400	2,800

Nolte Engineering has stated that this growth rate is significantly under estimated. They anticipate a much higher growth in population. In addition, Enoch is developing a number of commercial and industrial connections.

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	May 2008
SRF Committee Conference Call:	June 2008
DWB Funding Authorization:	July 2008
Environmental Work Completed:	September 2008
Commence Design:	May 2008
Complete Design:	August 2008
Issue Plan Approval:	September 2008
Advertise for Bids:	October 2008
Award Bid:	October 2008
Loan Closing:	November 2008
Begin Construction:	November 2008
Complete Construction:	March 2009

COST ESTIMATE:

Legal- Bonding	$10,000
Engineering- Design	$149,649
Engineering- CMS	$31,809
Engineering- Survey	$63,618
Engineering- Geotechnical	$10,603
Engineering- Environmental	$20,000
Construction- Transmission Lines	$1,279,164
Construction- Distribution Lines	$648,673
Contingency (10%)	$196,484
Loan Administration Fee	$19,100
Total Project Cost	**$2,429,100**

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

Funding Source	Cost Sharing	Percent of Project
DWB Loan (2.33%, 20-yr)	$1,910,000	78.6%
System Contribution	$500,000	20.6%
Loan Origination Fee*	$19,100	0.8%
Total Amount	$2,429,100	100%

* The Loan Origination Fee will either be paid at loan closing by the City or added to the total amount of their loan.

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance plus Depreciation:	$619,220
Existing DW Debt Service and Coverage:	$310,000
Replacement Reserve Account:	$49,389.11
Total Annual Cost:	$886,109.11
Annual Cost/ERC:	$504.33
Monthly Cost/ERC:	$48.32
Cost as % MAGI:	1.46%

SPECIAL CONDITIONS:

1. Complete all items as stated in the Engineering Agreement between Enoch City and the selected consulting engineer.

2. The agreement between Enoch City and CICWCD regarding the details of the connection made between the two systems must be submitted to the Division for review and approval prior to loan closing.

APPLICANT:	Enoch City 900 East Midvalley Road Enoch, Utah 84720 Telephone: (435) 586-1119
PRESIDING OFFICIAL & CONTACT PERSON:	Larry Brough, City Manager 900 East Midvalley Road Enoch, Utah 84720 Telephone: (435) 586-1119 Email: larry@cityofEnoch.org
CONSULTING ENGINEER:	Kelly Crane, P.E. Nolte Associates, Inc. 1870 N Main Street, Suite 102 Cedar City, Utah 84720 Telephone: (435) 865-1453 Email: kelly.crane@nolte.com
CITY ATTORNEY:	Gary Kuhlmann 113 E 200 N St. George, Utah 84770 Telephone: (435) 656-6156
BOND ATTORNEY:	Richard Chamberlain Chamberlain Associates 225 N 100 E Richfield, Utah 84701 Telephone: 801-896-4461 Email: rchmbrln@xmission.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Enoch
COUNTY: Iron
PROJECT DESCRIPTION: Upgrade and addition of waterlines

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	6,200	NO. OF CONNECTIONS:	1757	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$30.06 *			PROJECT TOTAL:	$2,410,000
CURRENT % OF AGI:	0.91%	FINANCIAL PTS:	60	LOAN AMOUNT:	$1,910,000
ESTIMATED MEDIAN AGI:	$39,626			PRINC. FORGIVENESS:	$0
STATE AGI:	$36,960			TOTAL REQUEST:	$1,910,000
SYSTEM % OF STATE AGI:	107%				

	@ ZERO % RATE	@ RBBI MKT RATE	AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%	2.33%
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%	2.33%
REQUIRED DEBT SERVICE:	$95,500.00	$154,174.32	$120,562.17
*PARTIAL COVERAGE (15%):	$0.00	$0.00	$0.00
*ADD. COVERAGE AND RESERVE (10%):	$9,550.00	$15,417.43	$12,056.22
ANNUAL DEBT PER CONNECTION:	$59.79	$96.52	$75.48
O & M + FUNDED DEPRECIATION:	$619,220.00	$619,220.00	$619,220.00
OTHER DEBT + COVERAGE:	$310,000.00	$310,000.00	$310,000.00
REPLACEMENT RESERVE ACCOUNT:	$48,136.00	$51,069.72	$49,389.11
NEEDED SYSTEM INCOME:	$884,856.00	$887,789.72	$886,109.11
ANNUAL O&M PER CONNECTION:	$503.62	$505.29	$504.33
AVG MONTHLY WATER BILL:	$46.95	$50.15	$48.32
% OF ADJUSTED GROSS INCOME:	1.42%	1.52%	1.46%

Enoch

DWB Loan Terms		
Local Share (total):	$	500,000
Other Agency Funding:	$	-
DWB Grant Amount:	$	-
DWB Loan Amount:	$	1,910,000
DWB Loan Term:		20
DWB Loan Interest:		**2.33%**
DWB Loan Payment:	$	120,562

DW Expenses (Estimated)		
Proposed Facility Capital Cost:	$	2,429,100
Existing Facility O&M Expense:	$	619,220
Proposed Facility O&M Expense:	$	619,220
O&M Inflation Factor:		**1.0%**
Existing Debt Service:	$	248,000

DW Revenue Sources (Projected)		
Beginning Cash:	$	-
Existing Customers (ERC):		1,757
Projected Growth Rate:		**1.4%**
Impact Fee/Connection Fee:	$	3,700
Current Monthly User Charge:	$	30.06
Needed Average Monthly User Charge:	$	48.32

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	Debt Service Ratio
0	1.4%	25	1,757	633,720	92,500	726,220	-	-	1,910,000	-	-	248,000	619,220	867,220	-
1	1.4%	25	1,782	1,033,223	92,500	1,125,723	**120,503**	**12,056**	1,834,000	76,000	44,503	248,000	619,220	999,779	1.37
2	1.4%	25	1,807	1,047,718	92,500	1,140,218	**120,732**	**12,056**	1,756,000	78,000	42,732	248,000	625,412	1,006,201	1.40
3	1.4%	25	1,832	1,062,213	92,500	1,154,713	**120,915**	**12,056**	1,676,000	80,000	40,915	248,000	631,666	1,012,637	1.42
4	1.4%	25	1,857	1,076,709	92,500	1,169,209	**120,051**	**12,056**	1,595,000	81,000	39,051	248,000	637,983	1,018,090	1.44
5	1.4%	26	1,883	1,091,784	96,200	1,187,984	**120,164**	**12,056**	1,512,000	83,000	37,164	248,000	644,363	1,024,583	1.48
6	1.4%	27	1,910	1,107,439	99,900	1,207,339	**120,230**	**12,056**	1,427,000	85,000	35,230	248,000	650,806	1,031,092	1.51
7	1.4%	27	1,937	1,123,093	99,900	1,222,993	**120,249**	**12,056**	1,340,000	87,000	33,249	248,000	657,315	1,037,620	1.54
8	1.4%	27	1,964	1,138,748	99,900	1,238,648	**120,222**	**12,056**	1,251,000	89,000	31,222	248,000	663,888	1,044,166	1.56
9	1.4%	27	1,991	1,154,403	99,900	1,254,303	**121,148**	**12,056**	1,159,000	92,000	29,148	248,000	670,527	1,051,731	1.58
10	1.4%	28	2,019	1,170,638	103,600	1,274,238	**121,005**	**12,056**	1,065,000	94,000	27,005	248,000	677,232	1,058,293	1.62
11	1.4%	28	2,047	1,186,873	103,600	1,290,473	**120,815**		969,000	96,000	24,815	248,000	684,004	1,052,819	1.64
12	1.4%	29	2,076	1,203,687	107,300	1,310,987	**120,578**		871,000	98,000	22,578	248,000	690,844	1,059,422	1.68
13	1.4%	29	2,105	1,220,502	107,300	1,327,802	**120,294**		771,000	100,000	20,294	248,000	697,753	1,066,047	1.71
14	1.4%	30	2,135	1,237,896	111,000	1,348,896	**120,964**		668,000	103,000	17,964	248,000	704,730	1,073,694	1.75
15	1.4%	29	2,164	1,254,710	107,300	1,362,010	**120,564**		563,000	105,000	15,564	248,000	711,777	1,080,342	1.76
16	1.4%	31	2,195	1,272,685	114,700	1,387,385	**120,118**		456,000	107,000	13,118	248,000	718,895	1,087,013	1.82
17	1.4%	30	2,225	1,290,079	111,000	1,401,079	**120,625**		346,000	110,000	10,625	248,000	726,084	1,094,709	1.83
18	1.4%	32	2,257	1,308,633	118,400	1,427,033	**121,062**		233,000	113,000	8,062	248,000	733,345	1,102,407	1.88
19	1.4%	31	2,288	1,326,607	114,700	1,441,307	**120,429**		118,000	115,000	5,429	248,000	740,678	1,109,107	1.90
20	1.4%	32	2,320	1,345,161	118,400	1,463,561	**120,749**		-	118,000	2,749	248,000	748,085	1,116,835	1.94
								Total Paid in Debt Service =		1,910,000	501,416				

Enoch

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	$1,910,000.00	ANTICIPATED CLOSING DATE	01-Nov-08
INTEREST	2.33%	P&I PAYMT DUE	01-Jan-10
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	$120,562.17	PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT		PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$1,910,000.00		$7,417.17	*	$0.00	$7,417.17	$1,910,000.00	0
2010	$1,910,000.00		$120,503.00		$76,000.00	$44,503.00	$1,834,000.00	1
2011	$1,834,000.00		$120,732.20		$78,000.00	$42,732.20	$1,756,000.00	2
2012	$1,756,000.00		$120,914.80		$80,000.00	$40,914.80	$1,676,000.00	3
2013	$1,676,000.00		$120,050.80		$81,000.00	$39,050.80	$1,595,000.00	4
2014	$1,595,000.00		$120,163.50		$83,000.00	$37,163.50	$1,512,000.00	5
2015	$1,512,000.00		$120,229.60		$85,000.00	$35,229.60	$1,427,000.00	6
2016	$1,427,000.00		$120,249.10		$87,000.00	$33,249.10	$1,340,000.00	7
2017	$1,340,000.00		$120,222.00		$89,000.00	$31,222.00	$1,251,000.00	8
2018	$1,251,000.00		$121,148.30		$92,000.00	$29,148.30	$1,159,000.00	9
2019	$1,159,000.00		$121,004.70		$94,000.00	$27,004.70	$1,065,000.00	10
2020	$1,065,000.00		$120,814.50		$96,000.00	$24,814.50	$969,000.00	11
2021	$969,000.00		$120,577.70		$98,000.00	$22,577.70	$871,000.00	12
2022	$871,000.00		$120,294.30		$100,000.00	$20,294.30	$771,000.00	13
2023	$771,000.00		$120,964.30		$103,000.00	$17,964.30	$668,000.00	14
2024	$668,000.00		$120,564.40		$105,000.00	$15,564.40	$563,000.00	15
2025	$563,000.00		$120,117.90		$107,000.00	$13,117.90	$456,000.00	16
2026	$456,000.00		$120,624.80		$110,000.00	$10,624.80	$346,000.00	17
2027	$346,000.00		$121,061.80		$113,000.00	$8,061.80	$233,000.00	18
2028	$233,000.00		$120,428.90		$115,000.00	$5,428.90	$118,000.00	19
2029	$118,000.00		$120,749.40		$118,000.00	$2,749.40	$0.00	20
			$2,418,833.17		$1,910,000.00	$508,833.17		

*Interest Only Payment

11004 Enoch City Water System
Compliance Report

June 9, 2008

Administration:
No issues.

Operator Certification:
No issues.

Bacteriological Information:
No issues.

Chemical Monitoring:
No issues.

Lead/Copper:
No issues.

Consumer Confidence Report
No issues.

Physical Facilities:
Storage Facility ST001 interior is peeling or cracked and the access needs a proper gasket.

Drinking Water Source Protection:
No issues.

Plan Review:
According to our database, numerous projects have been reviewed and plan approvals issued; only one operating permit has been issued for these projects.

Town of Springdale
Presented to the Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
PRESENTED TO THE DDRINKING WATER BOARD

APPLICANT'S REQUEST AND STAFF COMMENTS

The Town of Springdale is requesting $2,769,000 in financial assistance to construct a new 1,000,000 gallon water storage tank and to install a new distribution pipeline. Total project cost is $2,969,000 and Springdale is contributing $200,000 to the project. The Town of Springdale scored 103.7 points on the project priority list.

The local MAGI is $27,804, which is 75% of the State MAGI of $36,960, therefore, the Town qualifies for hardship grant. Based on information provided by Springdale, their average total monthly water bill for both culinary water and secondary irrigation water is currently $86.30 per month, equal to 3.72% of local MAGI. Under the proposed financing package of approximately 70% loan and 30% hardship grant, the estimated average total water bill after project completion will be $96.20, equal to 4.15% of their local MAGI. The average total water bill also takes into account approximately $60,000 of annual revenue the Town receives from the Resort Town Tax which is applied to water-related expenses.

The Town of Springdale has an aggressive water user rate structure. Residential rates begin at $13.46 per connection with use rates of $2.92 per 1000 gallons for the first 5,000 gallons, $3.25 per 1000 gallons for the next 5,000 gallons with additional increases as water use increases. Commercial rates begin at $26.93 per connection with use rates beginning at $4.49 per 1000 gallons for the first 10,000 gallons with additional increases as water use increases. Approximately 55% of the Town is connected to a secondary irrigation system. The average annual fee for irrigation water is $233 per irrigation connection which equates to approximately $10.70 per month when averaged over all connections on the Springdale culinary water system.

The initial financial evaluation, a 100% loan at full interest, returned an interest rate of 3.14% over 20 years and an average water user rate of $147.30 per user per month, which is 6.36% of local MAGI. Further evaluations identified that a funding package of 70% loan and 30% hardship grant would provide adequate project financing without exceeding the amount budgeted by Springdale to repay the loan. A comparison of financial evaluation results is outlined in the following table. Corresponding spreadsheet analyses are attached for reference.

Table 1
Average Total Monthly Water Bill per Connection
Loan / Grant Ratio approximately 70 / 30

Length of Loan	Annual Interest Rate	Monthly User Rate	% of Local MAGI
20 yrs	3.14%	$ 113.70	4.91%
	2.00%	$ 110.70	4.78%
	1.00%	$ 105.70	4.56%
30 yrs	3.14%	$ 103.70	4.48%
	2.00%	$ 99.20	4.28%
	1.00%	$ 96.20	4.15%

Staff recommends authorization of a $2,000,000 construction loan at 1.00% for 30 years and a $769,000 hardship grant, to the Town of Springdale, to construct a new water tank and install a new culinary water distribution pipeline.

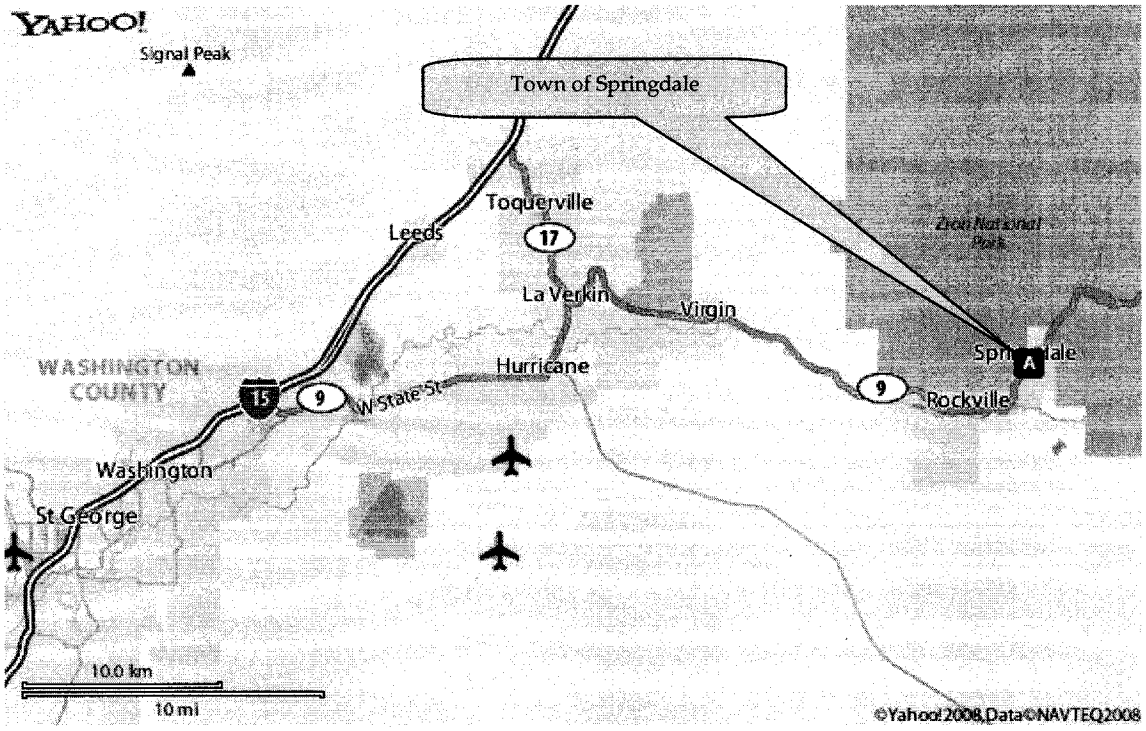
SRF COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a $2,000,000 construction loan at 1.00% for 30 years and a $769,000 hardship grant, to the Town of Springdale, to construct a new water tank and install a new culinary water distribution pipeline.

APPLICANT'S LOCATION:

The Town of Springdale is located in Washington County, approximately 30 miles east of St. George, Utah, at the west entrance to Zion National Park.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Construct a new 1,000,000 gallon water storage tank and install a new water distribution pipeline. The new pipeline will replace inadequate existing pipe as well as remove transite pipe from the culinary water distribution system.

ALTERNATIVES EVALUATED:

Alternative tank sites were evaluated for this project. The recommended location was selected as the most feasible because of its location on property currently owned by Dixie State College, its similar elevation to existing facilities, and proximity to the existing treatment plant. Other locations were either located on National Park property or were across the valley from the town which would increase the length of the required pipeline and increase the cost of the project.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget, the Town of Springdale is expected to grow at an average annual rate of change of 2.55% through 2030.

	Year	Population	ERC's
Current	2005	550	330
Projected	2030	1,005	603

IMPLEMENTATION SCHEDULE:

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

COST ESTIMATE:

Construction:	$2,122,500
Engineering:	$413,200
Contingency:	$291,000
Admin/Legal/Bonding:	$122,300
DDW Loan Origination Fee	$20,000
Total Capital Cost:	$2,969,000

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

Funding Source	Cost Sharing	Percent of Project
DWB Loan (1.0%, 30 yrs)	$2,000,000	67.36%
DWB Grant	$769,000	25.90%
Springdale	$200,000	6.74%
Total Amount:	$2,969,000	100.00%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	$202,590
DDW Debt Service (1.0%, 20 yrs):	$77,496
DDW 10% Coverage:	$7,750
Replacement Reserve Account:	$19,271
Other Debt Coverage:	$131,675
Resort Town Tax	($60,000)
Total Annual Cost / ERU:	$1,154
Monthly Cost / ERU:	$96.20
Cost as % of MAGI:	4.15%

SPECIAL CONDITIONS:

1. Complete all items as specified in the engineering agreement between Springdale and the selected consulting engineer.

2. Address all items as outlined in Springdale's' Compliance Report.

3. Review the Resort Town Tax documents.

CONTACT INFORMATION:

APPLICANT:	Town of Springdale 118 Lion Blvd. PO Box 187 Springdale, UT 84767 435-772-3434
PRESIDING OFFICIAL & CONTACT PERSON:	Pat Cluff, Mayor 118 Lion Blvd. Springdale, UT 84767 435-772-3434
CONSULTING ENGINEER:	Dustyn Shaffer Sunrise Engineering 11 North 300 West Washington, UT 84780 435-652-8450
BOND ATTORNEY:	Eric Johnson Smith Hartvickson 215 S. State Street, Suite 600 Salt Lake City, UT 84111 801-413-1620

27017 Springdale
Compliance Report
March 25, 2008

Administration:

System lacks Cross Connection Control annual public education or awareness, written records, and on-going enforcement plan.

Operator Certification:

No issues.

Bacteriological Information:

No issues.

Chemical Monitoring:

No issues.

Lead/Copper:

No issues.

Consumer Confidence Reports:

No issues.

Physical Facilities:

Storage facility access lacks proper gasket on Reservoir One.

Storage facility overflow pipe has improper screen on Reservoir One.

Drinking Water Source Protection:

No issues Apr 1 08

Plan Review:

No plans submitted for review since 1999

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Springdale
COUNTY: Washington
PROJECT DESCRIPTION: waterline replacement, new tank

FUNDING SOURCE: Federal SRF

70% Loan; 30% Hardship Grant

ESTIMATED POPULATION:	550	NO. OF CONNECTIONS:	330	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$75.60 *			PROJECT TOTAL:	$2,969,000
CURRENT % OF AGI:	3.26%	FINANCIAL PTS:	58	LOAN AMOUNT:	$2,000,000
ESTIMATED MEDIAN AGI:	$27,804			HARDSHIP GRANT:	$769,000
STATE AGI:	$36,960			TOTAL REQUEST:	$2,769,000
SYSTEM % OF STATE AGI:	75%				

	@ ZERO % RATE	@ RBBI MKT RATE	EQUIVALENT ANNUAL PAYMENT	AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%	**	1.00%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		1.00%
REQUIRED DEBT SERVICE:	$66,666.67	$131,142.86		$77,496.23
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$6,666.67	$13,114.29		$7,749.62
ANNUAL DEBT PER CONNECTION:	$222.22	$437.14		$258.32
O & M + FUNDED DEPRECIATION:	$202,590.00	$202,590.00		$202,590.00
OTHER DEBT + COVERAGE:	$131,675.00	$131,675.00		$131,675.00
REPLACEMENT RESERVE ACCOUNT:	$18,729.83	$21,953.64		$19,271.31
NEEDED SYSTEM INCOME:	$263,993.83	$267,217.64		$264,535.31
ANNUAL O&M PER CONNECTION:	$799.98	$809.75		$801.62
AVG MONTHLY WATER BILL:	$95.88	$114.61		$96.20
% OF ADJUSTED GROSS INCOME:	4.14%	4.95%		4.15%

* Current water bill is based on revenue & number of connections as reported on application

$0

Springdale

PROPOSED BOND REPAYMENT SCHEDULE

70% Loan; 30% Hardship Grant

PRINCIPAL	$2,000,000.00	ANTICIPATED CLOSING DATE		01-Sep-08
INTEREST	1.00%		P&I PAYMT DUE	01-Jan-10
TERM	30		REVENUE BOND	
NOMIN. PAYMENT	$77,496.23		PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$2,000,000.00		$6,666.67 *	$0.00	$6,666.67	$2,000,000.00	0
2010	$2,000,000.00		$77,000.00	$57,000.00	$20,000.00	$1,943,000.00	1
2011	$1,943,000.00		$77,430.00	$58,000.00	$19,430.00	$1,885,000.00	2
2012	$1,885,000.00		$77,850.00	$59,000.00	$18,850.00	$1,826,000.00	3
2013	$1,826,000.00		$77,260.00	$59,000.00	$18,260.00	$1,767,000.00	4
2014	$1,767,000.00		$77,670.00	$60,000.00	$17,670.00	$1,707,000.00	5
2015	$1,707,000.00		$77,070.00	$60,000.00	$17,070.00	$1,647,000.00	6
2016	$1,647,000.00		$77,470.00	$61,000.00	$16,470.00	$1,586,000.00	7
2017	$1,586,000.00		$77,860.00	$62,000.00	$15,860.00	$1,524,000.00	8
2018	$1,524,000.00		$77,240.00	$62,000.00	$15,240.00	$1,462,000.00	9
2019	$1,462,000.00		$77,620.00	$63,000.00	$14,620.00	$1,399,000.00	10
2020	$1,399,000.00		$77,990.00	$64,000.00	$13,990.00	$1,335,000.00	11
2021	$1,335,000.00		$77,350.00	$64,000.00	$13,350.00	$1,271,000.00	12
2022	$1,271,000.00		$77,710.00	$65,000.00	$12,710.00	$1,206,000.00	13
2023	$1,206,000.00		$77,060.00	$65,000.00	$12,060.00	$1,141,000.00	14
2024	$1,141,000.00		$77,410.00	$66,000.00	$11,410.00	$1,075,000.00	15
2025	$1,075,000.00		$77,750.00	$67,000.00	$10,750.00	$1,008,000.00	16
2026	$1,008,000.00		$77,080.00	$67,000.00	$10,080.00	$941,000.00	17
2027	$941,000.00		$77,410.00	$68,000.00	$9,410.00	$873,000.00	18
2028	$873,000.00		$77,730.00	$69,000.00	$8,730.00	$804,000.00	19
2029	$804,000.00		$78,040.00	$70,000.00	$8,040.00	$734,000.00	20
2030	$734,000.00		$77,340.00	$70,000.00	$7,340.00	$664,000.00	21
2031	$664,000.00		$77,640.00	$71,000.00	$6,640.00	$593,000.00	22
2032	$593,000.00		$77,930.00	$72,000.00	$5,930.00	$521,000.00	23
2033	$521,000.00		$77,210.00	$72,000.00	$5,210.00	$449,000.00	24
2034	$449,000.00		$77,490.00	$73,000.00	$4,490.00	$376,000.00	25
2035	$376,000.00		$77,760.00	$74,000.00	$3,760.00	$302,000.00	26
2036	$302,000.00		$77,020.00	$74,000.00	$3,020.00	$228,000.00	27
2037	$228,000.00		$77,280.00	$75,000.00	$2,280.00	$153,000.00	28
2038	$153,000.00		$77,530.00	$76,000.00	$1,530.00	$77,000.00	29
2039	$77,000.00		$77,770.00	$77,000.00	$770.00	$0.00	30
			$1,556,666.67	$2,000,000.00	$331,636.67		

*Interest Only Payment

Springdale

DWB Loan Terms		
Local Share (total):	$	200,000
Other Agency Funding:	$	-
DWB Grant Amount:	$	769,000
DWB Loan Amount:	$	2,000,000
DWB Loan Term:		30
DWB Loan Interest:		**1.00%**
DWB Loan Payment:	$	77,496

DW Expenses (Estimated)		
Proposed Facility Capital Cost:	$	2,989,000
Existing Facility O&M Expense:	$	202,590
Proposed Facility O&M Expense:	$	202,590
O&M Inflation Factor:		**1.0%**
Existing Debt Service:	$	105,340

DW Revenue Sources (Projected)		
Beginning Cash:	$	-
Existing Customers (ERC):		330
Projected Growth Rate:		**2.0%**
Impact Fee/Connection Fee:	$	4,143
Current Monthly User Charge:	$	75.60
Needed Average Monthly User Charge:	$	85.50

ADDED RESORT TOWN TAX TOTALLING $60,000 ANNUALLY

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	Debt Service Ratio
0	2.0%	7	330	299,378	29,001	328,379	-	-	2,000,000	-	-	105,340	202,590	307,930	-
1	2.0%	7	337	345,762	29,001	434,763	**77,000**	**7,750**	1,943,000	57,000	20,000	105,340	202,590	392,680	1.27
2	2.0%	6	343	351,918	24,858	436,776	**77,430**	**7,750**	1,885,000	58,000	19,430	105,340	204,616	395,136	1.27
3	2.0%	7	350	359,100	29,001	448,101	**77,850**	**7,750**	1,826,000	59,000	18,850	105,340	206,662	397,602	1.32
4	2.0%	7	357	366,282	29,001	455,283	**77,260**	**7,750**	1,767,000	59,000	18,260	105,340	208,729	399,078	1.35
5	2.0%	7	364	373,464	29,001	462,465	**77,670**	**7,750**	1,707,000	60,000	17,670	105,340	210,816	401,576	1.38
6	2.0%	8	372	381,672	33,144	474,816	**77,070**	**7,750**	1,647,000	60,000	17,070	105,340	212,924	403,084	1.44
7	2.0%	7	379	388,854	29,001	477,855	**77,470**	**7,750**	1,586,000	61,000	16,470	105,340	215,053	405,613	1.44
8	2.0%	8	387	397,062	33,144	490,206	**77,860**	**7,750**	1,524,000	62,000	15,860	105,340	217,204	408,154	1.49
9	2.0%	7	394	404,244	29,001	493,245	**77,240**	**7,750**	1,462,000	62,000	15,240	105,340	219,376	409,706	1.50
10	2.0%	8	402	412,452	33,144	505,596	**77,620**	**7,750**	1,399,000	63,000	14,620	105,340	221,570	412,279	1.55
11	2.0%	8	410	420,660	33,144	453,804	**77,990**		1,335,000	64,000	13,990	105,340	223,785	407,115	1.25
12	2.0%	9	419	429,894	37,287	467,181	**77,350**		1,271,000	64,000	13,350	105,340	226,023	408,713	1.32
13	2.0%	8	427	438,102	33,144	471,246	**77,710**		1,206,000	65,000	12,710	105,340	228,283	411,333	1.33
14	2.0%	8	435	446,310	33,144	479,454	**77,060**		1,141,000	65,000	12,060	105,340	230,566	412,966	1.36
15	2.0%	9	444	455,544	37,287	492,831	**77,410**		1,075,000	66,000	11,410	105,340	232,872	415,622	1.42
16	2.0%	9	453	464,778	37,287	502,065	**77,750**		1,008,000	67,000	10,750		235,201	312,951	3.43
17	2.0%	9	462	474,012	37,287	511,299	**77,080**		941,000	67,000	10,080		237,553	314,633	3.55
18	2.0%	9	471	483,246	37,287	520,533	**77,410**		873,000	68,000	9,410		239,928	317,338	3.62
19	2.0%	10	481	493,506	41,430	534,936	**77,730**		804,000	69,000	8,730		242,328	320,058	3.76
20	2.0%	9	490	502,740	37,287	540,027	**78,040**		734,000	70,000	8,040		244,751	322,791	3.78
21	2.0%	10	500	513,000	41,430	554,430	**77,340**		664,000	70,000	7,340		247,198	324,538	3.97
22	2.0%	10	510	523,260	41,430	564,690	**77,640**		593,000	71,000	6,640		249,670	327,310	4.06
23	2.0%	10	520	533,520	41,430	574,950	**77,930**		521,000	72,000	5,930		252,167	330,097	4.14
24	2.0%	11	531	544,806	45,573	590,379	**77,210**		449,000	72,000	5,210		254,689	331,899	4.35
25	2.0%	10	541	555,066	41,430	596,496	**77,490**		376,000	73,000	4,490		257,236	334,726	4.38
26	2.0%	11	552	566,352	45,573	611,925	**77,760**		302,000	74,000	3,760		259,808	337,568	4.53
27	2.0%	11	563	577,638	45,573	623,211	**77,020**		228,000	74,000	3,020		262,406	339,426	4.68
28	2.0%	12	575	589,950	49,716	639,666	**77,280**		153,000	75,000	2,280		265,030	342,310	4.85
29	2.0%	11	586	601,236	45,573	646,809	**77,530**		77,000	76,000	1,530		267,680	345,210	4.89
30	2.0%	12	598	613,548	49,716	663,264	**77,770**		-	77,000	770		270,357	348,127	5.05
									Total Paid in Debt Service =	2,000,000	324,970				

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Springdale
COUNTY: Washington
PROJECT DESCRIPTION: waterline replacement, new tank

FUNDING SOURCE: Federal SRF

70% Loan; 30% Hardship Grant

ESTIMATED POPULATION:	550	NO. OF CONNECTIONS:	330	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$75.60 *			PROJECT TOTAL:	$2,969,000
CURRENT % OF AGI:	3.26%	FINANCIAL PTS:	58	LOAN AMOUNT:	$2,000,000
ESTIMATED MEDIAN AGI:	$27,804			HARDSHIP GRANT:	$769,000
STATE AGI:	$36,960			TOTAL REQUEST:	$2,769,000
SYSTEM % OF STATE AGI:	75%				

	@ ZERO % RATE	@ RBBI MKT RATE	EQUIVALENT ANNUAL PAYMENT	AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%	**	3.14%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		3.14%
REQUIRED DEBT SERVICE:	$66,666.67	$131,142.86		$103,893.72
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$6,666.67	$13,114.29		$10,389.37
ANNUAL DEBT PER CONNECTION:	$222.22	$437.14		$346.31
O & M + FUNDED DEPRECIATION:	$202,590.00	$202,590.00		$202,590.00
OTHER DEBT + COVERAGE:	$131,675.00	$131,675.00		$131,675.00
REPLACEMENT RESERVE ACCOUNT:	$18,729.83	$21,953.64		$20,591.19
NEEDED SYSTEM INCOME:	$323,993.83	$327,217.64		$325,855.19
ANNUAL O&M PER CONNECTION:	$981.80	$991.57		$987.44
AVG MONTHLY WATER BILL:	$111.04	$129.76		$103.70
% OF ADJUSTED GROSS INCOME:	4.79%	5.60%		4.48%

* Current water bill is based on revenue & number of connections as reported on application

$0

Springdale

PROPOSED BOND REPAYMENT SCHEDULE

70% Loan; 30% Hardship Grant

PRINCIPAL	$2,000,000.00	ANTICIPATED CLOSING DATE		01-Sep-08
INTEREST	3.14%		P&I PAYMT DUE	01-Jan-10
TERM	30		REVENUE BOND	
NOMIN. PAYMENT	$103,893.72		PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$2,000,000.00		$20,933.33 *	$0.00	$20,933.33	$2,000,000.00	0
2010	$2,000,000.00		$103,800.00	$41,000.00	$62,800.00	$1,959,000.00	1
2011	$1,959,000.00		$103,512.60	$42,000.00	$61,512.60	$1,917,000.00	2
2012	$1,917,000.00		$104,193.80	$44,000.00	$60,193.80	$1,873,000.00	3
2013	$1,873,000.00		$103,812.20	$45,000.00	$58,812.20	$1,828,000.00	4
2014	$1,828,000.00		$104,399.20	$47,000.00	$57,399.20	$1,781,000.00	5
2015	$1,781,000.00		$103,923.40	$48,000.00	$55,923.40	$1,733,000.00	6
2016	$1,733,000.00		$103,416.20	$49,000.00	$54,416.20	$1,684,000.00	7
2017	$1,684,000.00		$103,877.60	$51,000.00	$52,877.60	$1,633,000.00	8
2018	$1,633,000.00		$104,276.20	$53,000.00	$51,276.20	$1,580,000.00	9
2019	$1,580,000.00		$103,612.00	$54,000.00	$49,612.00	$1,526,000.00	10
2020	$1,526,000.00		$103,916.40	$56,000.00	$47,916.40	$1,470,000.00	11
2021	$1,470,000.00		$104,158.00	$58,000.00	$46,158.00	$1,412,000.00	12
2022	$1,412,000.00		$104,336.80	$60,000.00	$44,336.80	$1,352,000.00	13
2023	$1,352,000.00		$103,452.80	$61,000.00	$42,452.80	$1,291,000.00	14
2024	$1,291,000.00		$103,537.40	$63,000.00	$40,537.40	$1,228,000.00	15
2025	$1,228,000.00		$103,559.20	$65,000.00	$38,559.20	$1,163,000.00	16
2026	$1,163,000.00		$103,518.20	$67,000.00	$36,518.20	$1,096,000.00	17
2027	$1,096,000.00		$104,414.40	$70,000.00	$34,414.40	$1,026,000.00	18
2028	$1,026,000.00		$104,216.40	$72,000.00	$32,216.40	$954,000.00	19
2029	$954,000.00		$103,955.60	$74,000.00	$29,955.60	$880,000.00	20
2030	$880,000.00		$103,632.00	$76,000.00	$27,632.00	$804,000.00	21
2031	$804,000.00		$104,245.60	$79,000.00	$25,245.60	$725,000.00	22
2032	$725,000.00		$103,765.00	$81,000.00	$22,765.00	$644,000.00	23
2033	$644,000.00		$104,221.60	$84,000.00	$20,221.60	$560,000.00	24
2034	$560,000.00		$103,584.00	$86,000.00	$17,584.00	$474,000.00	25
2035	$474,000.00		$103,883.60	$89,000.00	$14,883.60	$385,000.00	26
2036	$385,000.00		$104,089.00	$92,000.00	$12,089.00	$293,000.00	27
2037	$293,000.00		$104,200.20	$95,000.00	$9,200.20	$198,000.00	28
2038	$198,000.00		$103,217.20	$97,000.00	$6,217.20	$101,000.00	29
2039	$101,000.00		$104,171.40	$101,000.00	$3,171.40	($0.00)	30
			$2,098,821.73	$2,000,000.00	$1,137,831.33		

*Interest Only Payment

Springdale

DWB Loan Terms

Local Share (total):	$	200,000
Other Agency Funding:	$	-
DWB Grant Amount:	$	769,000
DWB Loan Amount:	$	2,000,000
DWB Loan Term:		30
DWB Loan Interest:		**3.14%**
DWB Loan Payment:	$	103,894

DW Expenses (Estimated)

Proposed Facility Capital Cost:	$	2,989,000
Existing Facility O&M Expense:	$	202,590
Proposed Facility O&M Expense:	$	202,590
O&M Inflation Factor:		**1.0%**
Existing Debt Service:	$	105,340

ADDED RESORT TOWN TAX TOTALLING $60,000 ANNUALLY

DW Revenue Sources (Projected)

Beginning Cash:	$	-
Existing Customers (ERC):		330
Projected Growth Rate:		**2.0%**
Impact Fee/Connection Fee:	$	4,143
Current Monthly User Charge:	$	64.90
Needed Average Monthly User Charge:	$	93.00

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	Debt Service Ratio
0	2.0%	7	330	257,006	29,001	286,007	-	-	2,000,000	-	-	105,340	202,590	307,930	-
1	2.0%	7	337	376,092	29,001	465,093	**103,800**	**10,389**	1,959,000	41,000	62,800	105,340	202,590	422,119	1.26
2	2.0%	6	343	382,788	24,858	467,646	**103,513**	**10,389**	1,917,000	42,000	61,513	105,340	204,616	423,858	1.26
3	2.0%	7	350	390,600	29,001	479,601	**104,194**	**10,389**	1,873,000	44,000	60,194	105,340	206,662	426,585	1.30
4	2.0%	7	357	398,412	29,001	487,413	**103,812**	**10,389**	1,828,000	45,000	58,812	105,340	208,729	428,270	1.33
5	2.0%	7	364	406,224	29,001	495,225	**104,399**	**10,389**	1,781,000	47,000	57,399	105,340	210,816	430,945	1.36
6	2.0%	8	372	415,152	33,144	508,296	**103,923**	**10,389**	1,733,000	48,000	55,923	105,340	212,924	432,577	1.41
7	2.0%	7	379	422,964	29,001	511,965	**103,416**	**10,389**	1,684,000	49,000	54,416	105,340	215,053	434,199	1.42
8	2.0%	8	387	431,892	33,144	525,036	**103,878**	**10,389**	1,633,000	51,000	52,878	105,340	217,204	436,811	1.47
9	2.0%	7	394	439,704	29,001	528,705	**104,276**	**10,389**	1,580,000	53,000	51,276	105,340	219,376	439,382	1.48
10	2.0%	8	402	448,632	33,144	541,776	**103,612**	**10,389**	1,526,000	54,000	49,612	105,340	221,570	440,911	1.53
11	2.0%	8	410	457,560	33,144	490,704	**103,916**		1,470,000	56,000	47,916	105,340	223,785	433,042	1.28
12	2.0%	9	419	467,604	37,287	504,891	**104,158**		1,412,000	58,000	46,158	105,340	226,023	435,521	1.33
13	2.0%	8	427	476,532	33,144	509,676	**104,337**		1,352,000	60,000	44,337	105,340	228,283	437,960	1.34
14	2.0%	8	435	485,460	33,144	518,604	**103,453**		1,291,000	61,000	42,453	105,340	230,566	439,359	1.38
15	2.0%	9	444	495,504	37,287	532,791	**103,537**		1,228,000	63,000	40,537	105,340	232,872	441,749	1.44
16	2.0%	9	453	505,548	37,287	542,835	**103,559**		1,163,000	65,000	38,559		235,201	338,760	2.97
17	2.0%	9	462	515,592	37,287	552,879	**103,518**		1,096,000	67,000	36,518		237,553	341,071	3.05
18	2.0%	9	471	525,636	37,287	562,923	**104,414**		1,026,000	70,000	34,414		239,928	344,343	3.09
19	2.0%	10	481	536,796	41,430	578,226	**104,216**		954,000	72,000	32,216		242,328	346,544	3.22
20	2.0%	9	490	546,840	37,287	584,127	**103,956**		880,000	74,000	29,956		244,751	348,706	3.26
21	2.0%	10	500	558,000	41,430	599,430	**103,632**		804,000	76,000	27,632		247,198	350,830	3.40
22	2.0%	10	510	569,160	41,430	610,590	**104,246**		725,000	79,000	25,246		249,670	353,916	3.46
23	2.0%	10	520	580,320	41,430	621,750	**103,765**		644,000	81,000	22,765		252,167	355,932	3.56
24	2.0%	11	531	592,596	45,573	638,169	**104,222**		560,000	84,000	20,222		254,689	358,910	3.68
25	2.0%	10	541	603,756	41,430	645,186	**103,584**		474,000	86,000	17,584		257,236	360,820	3.75
26	2.0%	11	552	616,032	45,573	661,605	**103,884**		385,000	89,000	14,884		259,808	363,691	3.87
27	2.0%	11	563	628,308	45,573	673,881	**104,089**		293,000	92,000	12,089		262,406	366,495	3.95
28	2.0%	12	575	641,700	49,716	691,416	**104,200**		198,000	95,000	9,200		265,030	369,230	4.09
29	2.0%	11	586	653,976	45,573	699,549	**103,217**		101,000	97,000	6,217		267,680	370,898	4.18
30	2.0%	12	598	667,368	49,716	717,084	**104,171**		-	101,000	3,171		270,357	374,529	4.29
									Total Paid in Debt Service =	2,000,000	1,116,898				

6. 3) c) GROUSE CREEK WATER COMPANY –
Michael Grange

Grouse Creek Water Company
Presented to the Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
PRESENTED TO THE DRINKING WATER BOARD

APPLICANT'S REQUEST AND STAFF COMMENTS

The Grouse Creek Water Company is requesting $560,000 in financial assistance to rehabilitate an existing well, build a well house and rehabilitate an existing spring. Total project cost is $560,000.

The local MAGI is $24,517, which is 66% of the State MAGI of $36,960, therefore, the Water Company qualifies for Principal Forgiveness. Based on information provided by Grouse Creek, their average water bill is currently $15.75 per month, equal to 0.77% of local MAGI. Under the proposed financing package, 50% loan and 50% principal forgiveness, the estimated average water bill after project completion would be $35.49, equal to 1.74% of their local MAGI.

The initial financial evaluation, a 100% loan at full interest, returned an interest rate of 2.38% over 20 years and a water user rate of $91.15 per user per month, which would be 4.46% of local MAGI. According to the Culinary Water Study submitted by Sunrise Engineering, Inc., the water system has several areas where improvement is needed. Given the potential for future projects, likely requiring financial assistance, Staff is reluctant to increase the present water user rate by almost 600%, and a water rate that would be 4.46% of the local MAGI. A comparison of financial evaluation results is outlined in the following table for a $280,000 loan. Corresponding spreadsheet analyses are attached.

Length of Loan	Annual Interest Rate	Monthly User Rate	% of Local MAGI
20 yrs	2.38%	$ 53.40	2.61%
	1.50%	$ 50.32	2.46%
	0.00%	$ 45.41	2.22%
30 yrs	2.38%	$ 43.63	2.14%
	1.50%	$ 40.43	1.98%
	0.00%	$ 35.49	1.74%

Staff recommends authorization of a $560,000 construction loan with $280,000 in principal forgiveness and the remaining $280,000 at 0.00% for 30 years, to the Grouse Creek Water Company, to rehabilitate an existing well, construct a well house, and rehabilitate a spring.

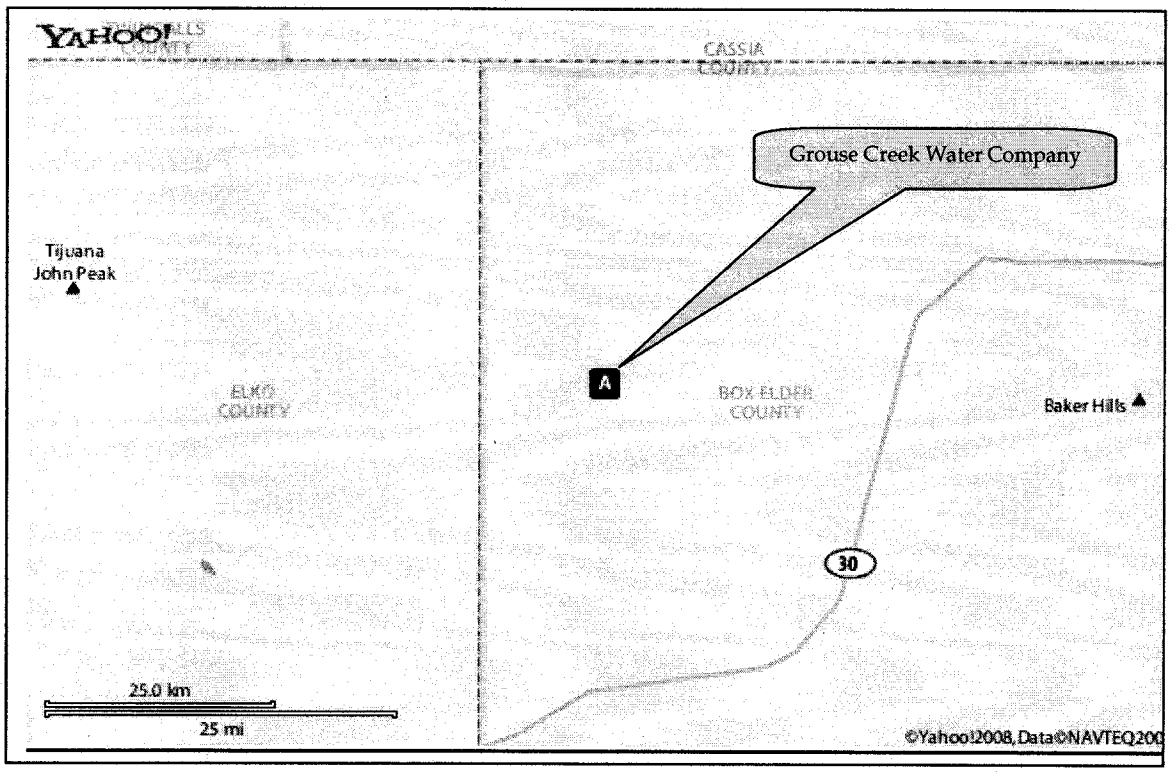
SRF COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a $560,000 construction loan with $280,000 in principal forgiveness and the remaining $280,000 at 0.00% for 30 years, to the Grouse Creek Water Company with the condition that they resolve all the issues in their compliance report. A 1% loan origination fee of $2,800 will be assessed, which either may be added to the authorized loan amount or paid by the community out of their own funds at loan closing.

APPLICANT'S LOCATION:

The Grouse Creek Water Company is located in Box Elder County, approximately 105 miles west of Brigham City, Utah and approximately 12 miles east of the Utah-Nevada border.

MAP OF APPLICANT'S LOCATION:



POSITION ON PROJECT PRIORITY LIST:

Grouse Creek has 12.3 points on the project priory list.

PROJECT DESCRIPTION:

The Grouse Creek project consists of rehabilitating an existing well, construct a new well house, and rehabilitate an existing spring. Iron bacteria are currently present in the well. While not a health hazard the bacteria can obstruct casing screens and impair well performance. The well currently produces 21 gpm. Rehabilitating the well is expected to return it to full production capacity of 50 gpm. Buckskin Spring currently produces 41 gpm. Rehabilitating the spring by removing surface vegetation, constructing a drain system to capture flow, and installing an impervious liner to contain seepage, is expected to restore the spring and increase flow back to historical levels of around 65 gpm.

ALTERNATIVES EVALUATED:

A number of alternatives were evaluated to help Grouse Creek Water Company resolve the issues it currently faces. Alternatives included rehabilitating the spring, rehabilitating the well, building a well house, building an additional storage tank, installing new distribution lines, and drilling a new well. The selected alternative was chosen as the most cost effective solution that would resolve the more pressing issues the company faces at this time.

POPULATION GROWTH:

There are no growth estimates for the Town of Grouse Creek. According to the Governor's Office of Planning and Budget the greater Box Elder County population is expected to grow at an average annual rate of 1.53%. However, since all water shares owned by the Grouse Creek Water Company are currently allocated, it is highly unlikely that any growth will take place.

	Year	Population	ERC's
Current	2005	50	49
Projected	2030	50	49

IMPLEMENTATION SCHEDULE:

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

COST ESTIMATE:

Construction:	$423,600
Engineering:	$106,000
Admin/Legal/Bonding:	$27,600
DDW Loan Origination Fee	$2,800
Total Capital Cost:	$560,000

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

Funding Source	Cost Sharing	Percent of Project
DWB Loan (0.0%, 30 yrs)	$280,000	50%
DWB Grant	$280,000	50%
Total Amount:	$560,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	$9,200
DDW Debt Service (0.0%, 30 yrs):	$9,334
DDW Additional Coverage & Reserve (10%):	$933
DDW Partial Coverage (15%):	$1,400
Total Annual Cost / ERU:	$187.76
Monthly Cost / ERU:	$35.49
Cost as % of MAGI:	1.74%

SPECIAL CONDITIONS:

1. Grouse Creek Water Company must resolve all outstanding issues on their compliance report.

2. Complete all items as stated in the Engineering Agreement between Grouse Creek Water Company and the selected consulting engineer.

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Grouse Creek Water Company
COUNTY: Box Elder
PROJECT DESCRIPTION: well rehab, well house construction, spring rehab

FUNDING SOURCE: Federal SRF

50% Loan; 50% Principal Forgiveness; 30 years

ESTIMATED POPULATION:	50	NO. OF CONNECTIONS:	49	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$15.75 *			PROJECT TOTAL:	$560,000
CURRENT % OF AGI:	0.77%	FINANCIAL PTS:	55	LOAN AMOUNT:	$280,000
ESTIMATED MEDIAN AGI:	$24,517			PRINC. FORGIVENESS:	$280,000
STATE AGI:	$36,960			TOTAL REQUEST:	$560,000
SYSTEM % OF STATE AGI:	66%				

	@ ZERO % RATE	@ RBBI MKT RATE	EQUIVALENT ANNUAL PAYMENT	AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%	**	0.00%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		0.00%
REQUIRED DEBT SERVICE:	$9,333.33	$18,360.00		$9,333.33
*PARTIAL COVERAGE (15%):	$1,400.00	$2,754.00		$1,400.00
*ADD. COVERAGE AND RESERVE (10%):	$933.33	$1,836.00		$933.33
ANNUAL DEBT PER CONNECTION:	$238.10	$468.37		$238.10
O & M + FUNDED DEPRECIATION:	$9,200.00	$9,200.00		$9,200.00
OTHER DEBT + COVERAGE:	$0.00	$0.00		$0.00
REPLACEMENT RESERVE ACCOUNT:	$0.00	$0.00		$0.00
NEEDED SYSTEM INCOME:	$9,200.00	$9,200.00		$9,200.00
ANNUAL O&M PER CONNECTION:	$187.76	$187.76		$187.76
AVG MONTHLY WATER BILL:	$35.49	$54.68		$35.49
% OF ADJUSTED GROSS INCOME:	1.74%	2.68%		1.74%

* Current average water bill is based on revenue & number of connections reported on application
**

Grouse Creek Water Company

PROPOSED BOND REPAYMENT SCHEDULE

50% Loan; 50% Principal Forgiven

PRINCIPAL	$280,000.00	ANTICIPATED CLOSING DATE	01-Oct-08
INTEREST	0.00%	P&I PAYMT DUE	01-Jul-10
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	$9,333.33	PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT		PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$280,000.00		$0.00	*	$0.00	$0.00	$280,000.00	0
2010	$280,000.00		$9,000.00		$9,000.00	$0.00	$271,000.00	1
2011	$271,000.00		$9,000.00		$9,000.00	$0.00	$262,000.00	2
2012	$262,000.00		$9,000.00		$9,000.00	$0.00	$253,000.00	3
2013	$253,000.00		$9,000.00		$9,000.00	$0.00	$244,000.00	4
2014	$244,000.00		$9,000.00		$9,000.00	$0.00	$235,000.00	5
2015	$235,000.00		$9,000.00		$9,000.00	$0.00	$226,000.00	6
2016	$226,000.00		$9,000.00		$9,000.00	$0.00	$217,000.00	7
2017	$217,000.00		$9,000.00		$9,000.00	$0.00	$208,000.00	8
2018	$208,000.00		$9,000.00		$9,000.00	$0.00	$199,000.00	9
2019	$199,000.00		$9,000.00		$9,000.00	$0.00	$190,000.00	10
2020	$190,000.00		$10,000.00		$10,000.00	$0.00	$180,000.00	11
2021	$180,000.00		$9,000.00		$9,000.00	$0.00	$171,000.00	12
2022	$171,000.00		$10,000.00		$10,000.00	$0.00	$161,000.00	13
2023	$161,000.00		$9,000.00		$9,000.00	$0.00	$152,000.00	14
2024	$152,000.00		$10,000.00		$10,000.00	$0.00	$142,000.00	15
2025	$142,000.00		$9,000.00		$9,000.00	$0.00	$133,000.00	16
2026	$133,000.00		$10,000.00		$10,000.00	$0.00	$123,000.00	17
2027	$123,000.00		$9,000.00		$9,000.00	$0.00	$114,000.00	18
2028	$114,000.00		$10,000.00		$10,000.00	$0.00	$104,000.00	19
2029	$104,000.00		$9,000.00		$9,000.00	$0.00	$95,000.00	20
2030	$95,000.00		$10,000.00		$10,000.00	$0.00	$85,000.00	21
2031	$85,000.00		$9,000.00		$9,000.00	$0.00	$76,000.00	22
2032	$76,000.00		$10,000.00		$10,000.00	$0.00	$66,000.00	23
2033	$66,000.00		$9,000.00		$9,000.00	$0.00	$57,000.00	24
2034	$57,000.00		$10,000.00		$10,000.00	$0.00	$47,000.00	25
2035	$47,000.00		$9,000.00		$9,000.00	$0.00	$38,000.00	26
2036	$38,000.00		$10,000.00		$10,000.00	$0.00	$28,000.00	27
2037	$28,000.00		$9,000.00		$9,000.00	$0.00	$19,000.00	28
2038	$19,000.00		$10,000.00		$10,000.00	$0.00	$9,000.00	29
2039	$9,000.00		$9,000.00		$9,000.00	$0.00	$0.00	30
			$280,000.00		$280,000.00	$0.00		

Grouse Creek Water Company

DWB Loan Terms		
Local Share (total):	$	-
Other Agency Funding:	$	-
DWB Grant Amount:	$	280,000
DWB Loan Amount:	$	280,000
DWB Loan Term:		30
DWB Loan Interest:		**0.00%**
DWB Loan Payment:	$	9,333

DW Expenses (Estimated)		
Proposed Facility Capital Cost:	$	562,800
Existing Facility O&M Expense:	$	9,200
Proposed Facility O&M Expense:	$	9,200
O&M Inflation Factor:		**1.0%**
Existing Debt Service:	$	-

DW Revenue Sources (Projected)		
Beginning Cash:	$	-
Existing Customers (ERC):		49
Projected Growth Rate:		**0.0%**
Impact Fee/Connection Fee:	$	500
Current Monthly User Charge:	$	15.75
Needed Average Monthly User Charge:	$	35.49

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	Debt Service Ratio
0	0.0%	0	49	9,262	-	9,262	-	-	280,000	-	-	-	9,200	9,200	-
1	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	271,000	9,000	-	-	9,200	19,133	1.30
2	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	262,000	9,000	-	-	9,292	19,225	1.29
3	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	253,000	9,000	-	-	9,385	19,318	1.28
4	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	244,000	9,000	-	-	9,479	19,412	1.27
5	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	235,000	9,000	-	-	9,574	19,507	1.25
6	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	226,000	9,000	-	-	9,669	19,603	1.24
7	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	217,000	9,000	-	-	9,766	19,699	1.23
8	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	208,000	9,000	-	-	9,864	19,797	1.22
9	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	199,000	9,000	-	-	9,962	19,896	1.21
10	0.0%	0	49	20,867	-	20,867	**9,000**	**933**	190,000	9,000	-	-	10,062	19,995	1.20
11	0.0%	0	49	20,867	-	20,867	**10,000**		180,000	10,000	-	-	10,163	20,163	1.07
12	0.0%	0	49	20,867	-	20,867	**9,000**		171,000	9,000	-	-	10,264	19,264	1.18
13	0.0%	0	49	20,867	-	20,867	**10,000**		161,000	10,000	-	-	10,367	20,367	1.05
14	0.0%	0	49	20,867	-	20,867	**9,000**		152,000	9,000	-	-	10,470	19,470	1.16
15	0.0%	0	49	20,867	-	20,867	**10,000**		142,000	10,000	-	-	10,575	20,575	1.03
16	0.0%	0	49	20,867	-	20,867	**9,000**		133,000	9,000	-	-	10,681	19,681	1.13
17	0.0%	0	49	20,867	-	20,867	**10,000**		123,000	10,000	-	-	10,788	20,788	1.01
18	0.0%	0	49	20,867	-	20,867	**9,000**		114,000	9,000	-	-	10,896	19,896	1.11
19	0.0%	0	49	20,867	-	20,867	**10,000**		104,000	10,000	-	-	11,005	21,005	0.99
20	0.0%	0	49	20,867	-	20,867	**9,000**		95,000	9,000	-	-	11,115	20,115	1.08
21	0.0%	0	49	20,867	-	20,867	**10,000**		85,000	10,000	-	-	11,226	21,226	0.96
22	0.0%	0	49	20,867	-	20,867	**9,000**		76,000	9,000	-	-	11,338	20,338	1.06
23	0.0%	0	49	20,867	-	20,867	**10,000**		66,000	10,000	-	-	11,451	21,451	0.94
24	0.0%	0	49	20,867	-	20,867	**9,000**		57,000	9,000	-	-	11,566	20,566	1.03
25	0.0%	0	49	20,867	-	20,867	**10,000**		47,000	10,000	-	-	11,682	21,682	0.92
26	0.0%	0	49	20,867	-	20,867	**9,000**		38,000	9,000	-	-	11,798	20,798	1.01
27	0.0%	0	49	20,867	-	20,867	**10,000**		28,000	10,000	-	-	11,916	21,916	0.90
28	0.0%	0	49	20,867	-	20,867	**9,000**		19,000	9,000	-	-	12,036	21,036	0.98
29	0.0%	0	49	20,867	-	20,867	**10,000**		9,000	10,000	-	-	12,156	22,156	0.87
30	0.0%	0	49	20,867	-	20,867	**9,000**		-	9,000	-	-	12,277	21,277	0.95
								Total Paid in Debt Service =		280,000	-				

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Grouse Creek Water Company
COUNTY: Box Elder
PROJECT DESCRIPTION: well rehab, spring rehab, well house construction

FUNDING SOURCE: Federal SRF

50% Loan; 50% Principal Forgiveness

ESTIMATED POPULATION:	50	NO. OF CONNECTIONS:	49	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$15.75 *			PROJECT TOTAL:	$560,000
CURRENT % OF AGI:	0.77%	FINANCIAL PTS:	59	LOAN AMOUNT:	$280,000
ESTIMATED MEDIAN AGI:	$24,517			PRINC. FORGIVENESS:	$280,000
STATE AGI:	$36,960			TOTAL REQUEST:	$560,000
SYSTEM % OF STATE AGI:	66%				

	@ ZERO % RATE	@ RBBI MKT RATE	EQUIVALENT ANNUAL PAYMENT	AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%	**	2.38%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		2.38%
REQUIRED DEBT SERVICE:	$9,333.33	$18,360.00		$13,164.61
*PARTIAL COVERAGE (15%):	$1,400.00	$2,754.00		$1,974.69
*ADD. COVERAGE AND RESERVE (10%):	$933.33	$1,836.00		$1,316.46
ANNUAL DEBT PER CONNECTION:	$238.10	$468.37		$335.83
O & M + FUNDED DEPRECIATION:	$9,200.00	$9,200.00		$9,200.00
OTHER DEBT + COVERAGE:	$0.00	$0.00		$0.00
REPLACEMENT RESERVE ACCOUNT:	$0.00	$0.00		$0.00
NEEDED SYSTEM INCOME:	$9,200.00	$9,200.00		$9,200.00
ANNUAL O&M PER CONNECTION:	$187.76	$187.76		$187.76
AVG MONTHLY WATER BILL:	$35.49	$54.68		$43.63
% OF ADJUSTED GROSS INCOME:	1.74%	2.68%		2.14%

* Current water bill is based on revenue & number of connections reported on application
**

Grouse Creek Water Company

PROPOSED BOND REPAYMENT SCHEDULE

50% Loan; 50% Principal Forgiven

PRINCIPAL	$280,000.00	ANTICIPATED CLOSING DATE		01-Oct-08
INTEREST	2.38%		P&I PAYMT DUE	01-Jul-10
TERM	30		REVENUE BOND	
NOMIN. PAYMENT	$13,164.61		PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT		PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$280,000.00		$1,666.00	*	$0.00	$1,666.00	$280,000.00	0
2010	$280,000.00		$13,664.00		$7,000.00	$6,664.00	$273,000.00	1
2011	$273,000.00		$13,497.40		$7,000.00	$6,497.40	$266,000.00	2
2012	$266,000.00		$13,330.80		$7,000.00	$6,330.80	$259,000.00	3
2013	$259,000.00		$13,164.20		$7,000.00	$6,164.20	$252,000.00	4
2014	$252,000.00		$12,997.60		$7,000.00	$5,997.60	$245,000.00	5
2015	$245,000.00		$12,831.00		$7,000.00	$5,831.00	$238,000.00	6
2016	$238,000.00		$12,664.40		$7,000.00	$5,664.40	$231,000.00	7
2017	$231,000.00		$13,497.80		$8,000.00	$5,497.80	$223,000.00	8
2018	$223,000.00		$13,307.40		$8,000.00	$5,307.40	$215,000.00	9
2019	$215,000.00		$13,117.00		$8,000.00	$5,117.00	$207,000.00	10
2020	$207,000.00		$12,926.60		$8,000.00	$4,926.60	$199,000.00	11
2021	$199,000.00		$12,736.20		$8,000.00	$4,736.20	$191,000.00	12
2022	$191,000.00		$13,545.80		$9,000.00	$4,545.80	$182,000.00	13
2023	$182,000.00		$13,331.60		$9,000.00	$4,331.60	$173,000.00	14
2024	$173,000.00		$13,117.40		$9,000.00	$4,117.40	$164,000.00	15
2025	$164,000.00		$12,903.20		$9,000.00	$3,903.20	$155,000.00	16
2026	$155,000.00		$12,689.00		$9,000.00	$3,689.00	$146,000.00	17
2027	$146,000.00		$13,474.80		$10,000.00	$3,474.80	$136,000.00	18
2028	$136,000.00		$13,236.80		$10,000.00	$3,236.80	$126,000.00	19
2029	$126,000.00		$12,998.80		$10,000.00	$2,998.80	$116,000.00	20
2030	$116,000.00		$12,760.80		$10,000.00	$2,760.80	$106,000.00	21
2031	$106,000.00		$13,522.80		$11,000.00	$2,522.80	$95,000.00	22
2032	$95,000.00		$13,261.00		$11,000.00	$2,261.00	$84,000.00	23
2033	$84,000.00		$12,999.20		$11,000.00	$1,999.20	$73,000.00	24
2034	$73,000.00		$12,737.40		$11,000.00	$1,737.40	$62,000.00	25
2035	$62,000.00		$13,475.60		$12,000.00	$1,475.60	$50,000.00	26
2036	$50,000.00		$13,190.00		$12,000.00	$1,190.00	$38,000.00	27
2037	$38,000.00		$12,904.40		$12,000.00	$904.40	$26,000.00	28
2038	$26,000.00		$13,618.80		$13,000.00	$618.80	$13,000.00	29
2039	$13,000.00		$13,309.40		$13,000.00	$309.40	($0.00)	30
			$264,697.80		$280,000.00	$116,477.20		

*Interest Only Payment

Grouse Creek Water Company

DWB Loan Terms		
Local Share (total):	$	-
Other Agency Funding:	$	-
DWB Grant Amount:	$	280,000
DWB Loan Amount:	$	280,000
DWB Loan Term:		30
DWB Loan Interest:		**2.38%**
DWB Loan Payment:	$	13,165

DW Expenses (Estimated)		
Proposed Facility Capital Cost:	$	562,800
Existing Facility O&M Expense:	$	9,200
Proposed Facility O&M Expense:	$	9,200
O&M Inflation Factor:		**1.0%**
Existing Debt Service:	$	-

DW Revenue Sources (Projected)		
Beginning Cash:	$	-
Existing Customers (ERC):		49
Projected Growth Rate:		**0.0%**
Impact Fee/Connection Fee:	$	500
Current Monthly User Charge:	$	15.75
Needed Average Monthly User Charge:	$	43.63

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	Debt Service Ratio
0	0.0%	0	49	9,262	-	9,262	-	-	280,000	-	-	-	9,200	9,200	-
1	0.0%	0	49	25,656	-	25,656	**13,664**	**1,316**	273,000	7,000	6,664	-	9,200	24,180	1.20
2	0.0%	0	49	25,656	-	25,656	**13,497**	**1,316**	266,000	7,000	6,497	-	9,292	24,106	1.21
3	0.0%	0	49	25,656	-	25,656	**13,331**	**1,316**	259,000	7,000	6,331	-	9,385	24,032	1.22
4	0.0%	0	49	25,656	-	25,656	**13,164**	**1,316**	252,000	7,000	6,164	-	9,479	23,959	1.23
5	0.0%	0	49	25,656	-	25,656	**12,998**	**1,316**	245,000	7,000	5,998	-	9,574	23,888	1.24
6	0.0%	0	49	25,656	-	25,656	**12,831**	**1,316**	238,000	7,000	5,831	-	9,669	23,817	1.25
7	0.0%	0	49	25,656	-	25,656	**12,664**	**1,316**	231,000	7,000	5,664	-	9,766	23,747	1.25
8	0.0%	0	49	25,656	-	25,656	**13,498**	**1,316**	223,000	8,000	5,498	-	9,864	24,678	1.17
9	0.0%	0	49	25,656	-	25,656	**13,307**	**1,316**	215,000	8,000	5,307	-	9,962	24,586	1.18
10	0.0%	0	49	25,656	-	25,656	**13,117**	**1,316**	207,000	8,000	5,117	-	10,062	24,495	1.19
11	0.0%	0	49	25,656	-	25,656	**12,927**		199,000	8,000	4,927	-	10,163	23,089	1.20
12	0.0%	0	49	25,656	-	25,656	**12,736**		191,000	8,000	4,736	-	10,264	23,000	1.21
13	0.0%	0	49	25,656	-	25,656	**13,546**		182,000	9,000	4,546	-	10,367	23,913	1.13
14	0.0%	0	49	25,656	-	25,656	**13,332**		173,000	9,000	4,332	-	10,470	23,802	1.14
15	0.0%	0	49	25,656	-	25,656	**13,117**		164,000	9,000	4,117	-	10,575	23,693	1.15
16	0.0%	0	49	25,656	-	25,656	**12,903**		155,000	9,000	3,903	-	10,681	23,584	1.16
17	0.0%	0	49	25,656	-	25,656	**12,689**		146,000	9,000	3,689	-	10,788	23,477	1.17
18	0.0%	0	49	25,656	-	25,656	**13,475**		136,000	10,000	3,475	-	10,896	24,370	1.10
19	0.0%	0	49	25,656	-	25,656	**13,237**		126,000	10,000	3,237	-	11,005	24,241	1.11
20	0.0%	0	49	25,656	-	25,656	**12,999**		116,000	10,000	2,999	-	11,115	24,113	1.12
21	0.0%	0	49	25,656	-	25,656	**12,761**		106,000	10,000	2,761	-	11,226	23,987	1.13
22	0.0%	0	49	25,656	-	25,656	**13,523**		95,000	11,000	2,523	-	11,338	24,861	1.06
23	0.0%	0	49	25,656	-	25,656	**13,261**		84,000	11,000	2,261	-	11,451	24,712	1.07
24	0.0%	0	49	25,656	-	25,656	**12,999**		73,000	11,000	1,999	-	11,566	24,565	1.08
25	0.0%	0	49	25,656	-	25,656	**12,737**		62,000	11,000	1,737	-	11,682	24,419	1.10
26	0.0%	0	49	25,656	-	25,656	**13,476**		50,000	12,000	1,476	-	11,798	25,274	1.03
27	0.0%	0	49	25,656	-	25,656	**13,190**		38,000	12,000	1,190	-	11,916	25,106	1.04
28	0.0%	0	49	25,656	-	25,656	**12,904**		26,000	12,000	904	-	12,036	24,940	1.06
29	0.0%	0	49	25,656	-	25,656	**13,619**		13,000	13,000	619	-	12,156	25,775	0.99
30	0.0%	0	49	25,656	-	25,656	**13,309**		-	13,000	309	-	12,277	25,587	1.01
									Total Paid in Debt Service =	280,000	114,811				

6. 3) d) KANE COUNTY WCD –
SWAIN'S CREEK -
Karin Tatum

Kane County Water Conservancy District
Presented to Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
DRINKING WATER SYSTEM CHANGE IN SCOPE OF WORK AUTHORIZATION

APPLICANT'S REQUEST:

Kane County Water Conservancy District (KCWCD) is requesting a change in the scope of work for their Swain's Creek project. KCWCD will complete their Swain's Creek project with nearly $600,000 remaining in their budget. KCWCD would like to utilize the $600,000 towards a portion of their upcoming Long Valley Estates project.

Long Valley Estates is currently ranked #8 on the Top 25 Not Approved water systems in the State of Utah.

SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize the change in scope of work for Kane County Water Conservancy District to utilize any funding left over from their Swain's Creek project for planning, design and construction of the Long Valley Estates Project. Additionally, after the Board has authorized the Long Valley Estates project, the District may start using these funds immediately to start paying for planning and design expenses.

SPECIAL CONDITIONS:

1. KCWCD needs to provide all bid documents to the Division of Drinking Water prior to awarding the bid.

2. KCWCD needs to provide any additional engineering contracts to the Division of Drinking Water.

DRINKING WATER BOARD
BOARD PACKET FOR SOURCE/STORAGE/TREATMENT/DIST. UPGRADES
(LONG VALLEY ESTATES)
AUTHORIZATION

APPLICANT'S REQUEST:

Kane County Water Conservancy District (KCWCD) is requesting financial assistance from the Division of Drinking Water in the amount of $1,025,000 loan (2.82%, 20-yr) for the construciton of a new well, 350,000 gallon storage tank, chlorination building, 3,500 feet of 10-in distribution line, 29,620 feet of 8-in distribution line, 1,300 feet of 6-in distribution line, and the purchase and retrofit of Bryce Summit Estates System.

BACKGROUND:

In March 2006, KCWCD secured financing from USDA-Rural Development and Drinking Water to combine eleven (11) individual water companies and created one culinary water system that serves the Strawberry Valley and Duck Creek Village areas. The total project cost was $14,071,540. Drinking Water's portion of the project was $6,240,000 loan (1%, 30-yr) with $2,250,000 Principle Forgiveness (actual loan amount totaled $3,990,000).

KCWCD has received exceptional bids and should have at least $600,000 of Drinking Water's funding left over from the Swain's Creek project. KCWCD is also requesting that we roll these funds into the Long Valley Estates Project.

STAFF COMMENTS:

KCWCD is interested in cleaning up yet another poor water system located within their district, Long Valley Estates. Long Valley Estates has 220 lots with only 10 lots that have year round usage.

The project authorized in 2006 is nearly completed and will be included in the funding options calculations for Long Valley Estates project. The number of Equivalent Residential Connections (ERC's) used in this application review was 2,274 with a 2.5% growth rate. This means that repayment of the loan will not just be spread amongst Long Valley Estates property owners, but the entire District will be repaying the loan.

The base water rate per connection is $15.00 with a rate structure in place to encourage water conservation. KCWCD (District) has a mill levy with a 0.000465 tax rate. Based on the engineer's best estimate of the property values in the District's area, each connection pays at least $37 per year ($3/month) to the District from the mill levy tax. Large lots and properties with homes apparently pay more taxes. Including the base water rate, mill levy and any overages the individual connections pay, the average monthly water bill KCWCD collects is $20.03. The average monthly water bill is 0.74% of their MAGI of $32,409.

Long Valley Estates is currently ranked #8 on the Top 25 Not Approved water systems in the State of Utah (see attached Top 25 List).

KCWCD is offering a cash contribution of $454,000.

USDA-Rural Development will be funding $2,492,000, of which $1,515,000 will be a loan at 2.87% for 40 years and the remaining USDA-RD portion will be a grant totaling $977,000.

The average monthly water bill would be $25.12, which results in a water bill that is 0.93% of MAGI.

SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a $1,025,000 loan for 20-years at 2.82% interest, with the condition that KCWCD resolves all of the issues in Long Valley Estates compliance report. A 1% loan origination fee of $10,250 will be assessed, which either can be added to the authorized loan amount or paid by the District out of District funds at loan closing.

APPLICANT'S LOCATION:

Kane County Water Conservancy District is located in Kane County along SR-14.

PROJECT DESCRIPTION:

The project will include (directly from the Preliminary Engineering Report):

1. Water Supply – Drill and construct a new well to provide the required source capacity. The new well will be drilled east of the 26,000 gallon steel tank. The Bryce Summit well will be connected to the Long Valley Estates system as a redundant source.
2. Treatment – Construct a chlorination building adjacent to a new tank that will help the water in the tank to remain fresh. The chlorination system will be sodium hypochlorite and can be designed to meet the projected maximum daily flow of the system.
3. Storage – Construct a 350,000 gallon concrete storage tank adjacent to the chlorination building. Install associated piping and appurtenances at the required elevations to provide the desired water system pressure and fire protection in the areas that are currently deficient.
4. Distribution - All new culinary water distribution lines will be 8-in or 10-in PVC and ductile iron pipe lines. Approximately 1,300-ft of 6-in PVC pipe will be used for the well supply line and 36,200-ft of 8-in PVC and DI pipe, and 3,500-ft of 10-in PVC pipe will be used to make these distribution system improvements. All meters will include radio transmitters for radio reading.

ALTERNATIVES EVALUATED:

The consulting engineer evaluated the following collection system alternatives:

1. No Action.
2. Improvements with existing Long Valley Estates
3. Improvements with Bryce Summit Estates Well
4. Combine both projects, Long Valley Estates and Bryce Summit Estates, into one. The proposed project includes needed upgrades for source capacity, storage capacity, treatment, and fire flows.

POPULATION GROWTH:

KCWCD is estimated to grow at a 2.5% rate projected through the year 2030.

	Year	Population	ERU's
Current:	2008	2,248	2,194
Design	2030	10,949	4,101

Long Valley Estates has 220 Lots, of which only 8 of those lots are year round residents plus 90 lots that have seasonal residents.

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT:

Of the 8 existing full time residents, 7 of those are in support of the project.

Lynn Overtree owns about 36 of the additional lots and approached KCWCD in Spring 2006 interest in having KCWCD take over the Long Valley Estates Water System.

In 2007 the system froze cutting off service to water users. The repairs were paid for by Lynn Overtree. At this same time, KCWCD received multiple requests from property owners to have the District take over their water system.

EFFORTS TO SECURE FINANCING FROM OTHER SOURCES:

KCWCD has applied for funding with USDA Rural Development.

IMPLEMENTATION SCHEDULE:

Apply to DWB for Funding:	March 2008
DWB Funding Authorization:	May 2008
Advertise EA (FONSI):	May/June 2008
Commence Design:	November 2007
Complete Design:	April/May 2008
Submit Plans & Specifications:	May/June 2008
Receive DDW Plan Approval:	June/July 2008*
Advertise for Bids:	July/August 2008
Bid Opening:	September 2008
Loan Closing:	September 2008
Begin Construction:	Sept./October 2008
Complete Construction:	November 2009
Receive DDW Operating Permit:	November 2009

*Assuming there are no significant changes required to approve the Plans & Specs.

COST ESTIMATE:

Engineering Planning:	$20,000
Engineering Design:	$224,300
Engineering CMS:	$273,100
Engineering Misc.:	$108,000
Administration:	$51,000
Legal/Bonding:	$110,000
Water Rights:	20,000
Land & Easements:	$245,000
Construction:	$3,051,230
Contingency:	$457,685
DDW Loan Origination Fee:	$10,250
Total Capital Cost:	$4,570,565

COST ALLOCATION:

The cost allocation for the proposed project is shown below.

Funding Source	Cost Sharing	% of Project
DWB Loan (2.82%, 20-yr)	$1,025,000	23%
DWB Grant (Swain's Creek)	$600,000	13%
USDA-RD Loan (2.87%, 40-yr)	$1,515,000	33%
USDA Grant	$977,000	21%
Local Contribution	$454,000	10%
Total Amount:	$4,571,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE (ASSUMES NO GROWTH):

Operation & Maintenance & Depreciation:	$250,405
Existing Debt Service:	$785,726
DDW Debt Service (2.82%, 20-yrs):	$67,556
DDW Required Reserves (1 pmt/10-yr):	$6,756
Needed Income:	$505,958
Annual Cost / ERU:	$230.61
Monthly Cost / ERU:	$25.12
Cost as % of MAGI ($32,409):	0.93%

SPECIAL CONDITIONS:

1. Complete all items as outlined in the Compliance Report for Long Valley Estates.

2. Complete all items as listed in the Engineering Agreement between KCWCD-Long Valley Estates and Sunrise Engineering.

APPLICANT:	Kane County Water Conservancy District P.O. Box 122 Kanab, Utah 84741
PRESIDING OFFICIAL & CONTACT PERSON:	Michael E. Noel, Executive Director 190 West Center Street, Suite #200 Kanab, Utah 84741 Telephone: (435) 644-3997 Email: mnoel@xpressweb.com Randy Brown, Treasurer Telephone: (435) 644-3997 Fax: (435) 644-8679
CONSULTING ENGINEER:	Sunrise Engineering, Inc. Doug Nielsen, Funding Specialist 25 East 500 North Fillmore, Utah 84631 Telephone: (435) 743-6151 Cell: (435) 979-4294 Email:dnielsen@sunrise-eng.com Dustyn W. Shaffer, P.E. 11 North 300 West Washington, Utah 84780 Telephone: (435) 652-8450 Email: dshaffer@sunrise-eng.com
CITY ATTORNEY:	Edward Robinson 190 West Center Street, Suite #200 Kanab, Utah 84741 Telephone: (435) 644-5352
BOND ATTORNEY:	Chamberlain Associates Susan Baxter 225 North 100 East Richfield, Utah 84701 Telephone: (435) 896-4461 Fax: (435) 896-5441

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: **KCWCD-LONG VALLEY ESTATES** FUNDING SOURCE: Federal SRF
COUNTY: **KANE**
PROJECT DESCRIPTION: **Well, tank, chlorination building, distribution line, purchase & retrofit of Bryce Summit Estates System**

ESTIMATED POPULATION:	5,548	NO. OF CONNECTIONS:	2194	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	**$20.03** *			PROJECT TOTAL:	$4,571,000
CURRENT % OF AGI:	0.74%	FINANCIAL PTS:	52	LOAN AMOUNT:	$1,025,000
ESTIMATED MEDIAN AGI:	$32,409			FUNDS FROM SWAINS CREEK:	$600,000
STATE AGI:	$36,960			TOTAL REQUEST:	$1,625,000
SYSTEM % OF STATE AGI:	88%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.24%		AFTER REPAYMENT PENALTY & POINTS 2.82%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.24%		2.82%
REQUIRED DEBT SERVICE:	$51,250.00	$83,930.65		$67,754.65
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$5,125.00	$8,393.06		$6,775.47
ANNUAL DEBT PER CONNECTION:	$25.70	$42.08		$33.97
O & M + FUNDED DEPRECIATION:	$250,405.00	$250,405.00		$250,405.00
OTHER DEBT + COVERAGE:	$785,726.14	$785,726.14		$785,726.14
REPLACEMENT RESERVE ACCOUNT:	$46,511.80	$48,145.83		$47,337.03
NEEDED SYSTEM INCOME:	$505,142.93	$506,776.97		$505,968.17
ANNUAL O&M PER CONNECTION:	$230.24	$230.98		$230.61
AVG MONTHLY WATER BILL:	$24.41	$25.84		$25.13
% OF ADJUSTED GROSS INCOME:	0.90%	0.96%		0.93%

*** Current water bill is based on Revenue & Mill Levy for Kane County which is 0.000465%**

KCWCD - LONG VALLEY ESTATES

DWB Loan Terms

Local Share (total):	$	454,000		
DWB Grant Amount:	$	600,000		
DWB Loan Amount: (2.61% , 20 yr)	$	1,025,000	Annual Payment:	67,755
CIB Loan Amount: 0% , 30 yr)	$	-		
RDA Loan Amount: (4.25% , 40yrs)	$	2,192,000	***Includes Grant**	
DWB Loan Term:		20		
DWB Loan Interest:		2.82%		
RDA Interest:		2.87%		

Expenses (Estimated)

Proposed Facility Capital Cost:	$	4,571,000	
RDA Grant:	$	977,000	
CIB Grant:	$	-	
Local Contribution:	$	454,000	
Drinking Water Grant:	$	900,000	Remaining from Phase 1 - Swain's Creek
Cost Less Grants:	**$**	**2,240,000**	
Proposed Facility O&M Expense:	$	250,405	
O&M Inflation Factor:		3.0%	
RDA Debt Service:		51,465	

Revenue Sources (Projected)

Beginning Cash:	$	-	
Existing Customers (ERU):		2,274	
2008 ERU's (Estimate):		2280	
2009 ERU's (Estimate):		2194	
Projected Growth Rate:		2.50%	Impact:
Impact/Connection Fee:	$	10,500	Connection:
Current Monthly User Charge:	$	20.03	
Proposed Monthly User Charge:	$	20.03	
MAGI:		$32,409	
Proposed User Charge as % of MAGI:		0.74%	

Sewer Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERU)	Total Users (ERU)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Remaining Principle	DWB Loan Reserves	DWB Principle Payment	DWB Interest Payment	RDA Loan Repayment	RDA Loan Reserves	RDA Remaining Principle	RDA Principle Payment	RDA Interest Payment	Total Debt Payment	O&M Expenses	Total Expenses	Beginning Cash	Ending Cash Flow	Net Revenue	Debt Service Ratio
2009		57	2,331	560,187	598,500	1,158,687		1,025,000	-		9,635		-	2,192,000		14,494		-	-	-	1,158,687	1,158,687	-
2010	2.5%	58	2,338	561,952	611,888	1,173,840	67,755	986,000	6,775	39,000	27,805	51,465	5,146	1,194,000	21,000	43,481	131,142	250,405	376,400	1,158,687	1,956,126	797,440	-
2011	2.5%	58	2,252	675,735	613,715	1,289,449	67,755	946,000	6,775	40,000	26,677	51,465	5,146	1,173,000	21,000	42,878	131,142	257,917	383,912	1,956,126	2,861,663	905,537	8.65
2012	2.5%	56	2,309	692,628	591,268	1,283,896	67,755	905,000	6,775	41,000	25,521	51,465	5,146	1,151,000	22,000	42,275	131,142	265,655	391,650	2,861,663	3,753,910	892,246	8.54
2013	2.5%	58	2,366	709,944	606,050	1,315,993	67,755	863,000	6,775	42,000	24,337	51,465	5,146	1,128,000	23,000	41,644	131,142	273,624	399,619	3,753,910	4,670,284	916,374	8.74
2014	2.5%	59	2,426	727,692	621,201	1,348,893	67,755	820,000	6,775	43,000	23,124	51,465	5,146	1,105,000	23,000	40,984	131,142	281,833	407,828	4,670,284	5,611,349	941,065	8.95
2015	2.5%	61	2,486	745,885	636,731	1,382,615	67,755	775,000	6,775	45,000	21,855	51,465	5,146	1,081,000	24,000	40,324	131,142	290,288	416,283	5,611,349	6,577,681	966,332	9.16
2016	2.5%	62	2,548	764,532	652,649	1,417,181	67,755	729,000	6,775	46,000	20,558	51,465	5,146	1,056,000	25,000	39,635	131,142	298,997	424,992	6,577,681	7,569,871	992,189	9.38
2017	2.5%	64	2,612	783,645	668,965	1,452,610	67,755	682,000	6,775	47,000	19,232	51,465	5,146	1,031,000	25,000	38,917	131,142	307,967	433,962	7,569,871	8,588,519	1,018,649	9.60
2018	2.5%	65	2,677	803,236	685,689	1,488,926	67,755	633,000	6,775	49,000	17,851	51,465	5,146	1,005,000	26,000	38,200	131,142	317,206	443,201	8,588,519	9,634,244	1,045,725	9.83
2019	2.5%	67	2,744	823,317	702,832	1,526,149	67,755	583,000	6,775	50,000	16,441	51,465	5,146	978,000	27,000	37,454	131,142	326,722	452,717	9,634,244	10,707,676	1,073,432	10.06
2020	2.5%	69	2,813	843,900	720,402	1,564,303	67,755	532,000		51,000	15,002	51,465		951,000	27,000	36,679	119,220	336,523	455,743	10,707,676	11,816,236	1,108,560	10.30
2021	2.5%	70	2,883	864,998	738,413	1,603,410	67,755	479,000		53,000	13,508	51,465		923,000	28,000	35,904	119,220	346,619	465,839	11,816,236	12,953,808	1,137,571	10.54
2022	2.5%	72	2,955	886,622	756,873	1,643,495	67,755	425,000		54,000	11,985	51,465		894,000	29,000	35,100	119,220	357,018	476,237	12,953,808	14,121,066	1,167,258	10.79
2023	2.5%	74	3,029	908,788	775,795	1,684,583	67,755	369,000		56,000	10,406	51,465		864,000	30,000	34,268	119,220	367,728	486,948	14,121,066	15,318,701	1,197,635	11.05
2024	2.5%	76	3,105	931,508	795,190	1,726,697	67,755	312,000		57,000	8,798	51,465		833,000	31,000	33,407	119,220	378,760	497,980	15,318,701	16,547,418	1,228,718	11.31
2025	2.5%	78	3,183	954,795	815,069	1,769,865	67,755	253,000		59,000	7,135	51,465		801,000	32,000	32,517	119,220	390,123	509,342	16,547,418	17,807,941	1,260,522	11.57
2026	2.5%	80	3,262	978,665	835,446	1,814,111	67,755	192,000		61,000	5,414	51,465		768,000	33,000	31,599	119,220	401,827	521,046	17,807,941	19,101,006	1,293,065	11.85
2027	2.5%	82	3,344	1,003,132	856,332	1,859,464	67,755	130,000		62,000	3,666	51,465		735,000	33,000	30,652	119,220	413,881	533,101	19,101,006	20,427,369	1,326,363	12.13
2028	2.5%	84	3,427	1,028,210	877,740	1,905,951	67,755	66,000		64,000	1,861	51,465		701,000	34,000	29,705	119,220	426,298	545,517	20,427,369	21,787,803	1,360,433	12.41
2029	2.5%	86	3,513	1,053,916	899,684	1,953,599	67,755			66,000	0	51,465		666,000	35,000	28,729	119,220	439,087	558,306	21,787,803	23,183,096	1,395,293	12.70
2030	2.5%	88	3,601	1,080,263	922,176	2,002,439						51,465		630,000	36,000	27,724	51,465	452,259	503,724	23,183,096	24,681,811	1,498,715	30.12
2031	2.5%	90	3,691	1,107,270	945,230	2,052,500						51,465		593,000	37,000	26,691	51,465	465,827	517,292	24,681,811	26,217,020	1,535,209	30.83
2032	2.5%	92	3,783	1,134,952	968,861	2,103,813						51,465		554,000	39,000	25,629	51,465	479,802	531,267	26,217,020	27,789,566	1,572,546	31.56
2033	2.5%	95	3,878	1,163,326	993,083	2,156,408						51,465		514,000	40,000	24,510	51,465	494,196	545,661	27,789,566	29,400,313	1,610,747	32.30
2034	2.5%	97	3,975	1,192,409	1,017,910	2,210,319						51,465		473,000	41,000	23,362	51,465	509,022	560,487	29,400,313	31,050,145	1,649,832	33.06
2035	2.5%	99	4,074	1,222,219	1,043,358	2,265,576						51,465		431,000	42,000	22,185	51,465	524,292	575,757	31,050,145	32,739,964	1,689,819	33.83
2036	2.5%	102	4,176	1,252,774	1,069,442	2,322,216						51,465		388,000	43,000	20,980	51,465	540,021	591,486	32,739,964	34,470,694	1,730,730	34.63
2037	2.5%	104	4,280	1,284,094	1,096,178	2,380,271						51,465		344,000	44,000	19,746	51,465	556,222	607,687	34,470,694	36,243,279	1,772,585	35.44
2038	2.5%	107	4,387	1,316,196	1,123,582	2,439,778						51,465		298,000	46,000	18,483	51,465	572,909	624,373	36,243,279	38,058,683	1,815,405	36.27
2039	2.5%	110	4,497	1,349,101	1,151,672	2,500,773						51,465		251,000	47,000	17,163	51,465	590,096	641,561	38,058,683	39,917,895	1,859,212	37.13
2040	2.5%	112	4,609	1,382,828	1,180,463	2,563,292						51,465		203,000	48,000	15,814	51,465	607,799	659,264	39,917,895	41,821,923	1,904,028	38.00
2041	2.5%	115	4,725	1,417,399	1,209,975	2,627,374						51,465		153,000	50,000	14,436	51,465	626,033	677,498	41,821,923	43,771,800	1,949,877	38.89
2042	2.5%	118	4,843	1,452,834	1,240,224	2,693,058						51,465		102,000	51,000	13,001	51,465	644,814	696,278	43,771,800	45,768,580	1,996,780	39.80
2043	2.5%	121	4,964	1,489,155	1,271,230	2,760,385						51,465		49,000	53,000	11,537	51,465	664,158	715,623	45,768,580	47,813,342	2,044,762	40.73
2044	2.5%	124	5,088	1,526,384	1,303,011	2,829,395						51,465	-	5,000	54,000	10,016	51,465	684,083	735,548	47,813,342	49,907,189	2,093,847	41.68
2045	2.5%	127	5,215	1,564,544	1,335,586	2,900,129						51,465	-	61,000	56,000	8,467	51,465	704,605	756,070	49,907,189	52,051,248	2,144,059	42.66
2046	2.5%	130	5,346	1,603,657	1,368,976	2,972,633						51,465	-	118,000	57,000	6,859	51,465	725,743	777,208	52,051,248	54,246,672	2,195,424	43.66
2047	2.5%	134	5,479	1,643,749	1,403,200	3,046,948						51,465	-	177,000	59,000	5,223	51,465	747,516	798,981	54,246,672	56,494,640	2,247,968	44.68
2048	2.5%	137	5,616	1,684,842	1,438,280	3,123,122						51,465	-	238,000	61,000	3,530	51,465	769,941	821,406	56,494,640	58,796,357	2,301,716	45.72
2049	2.5%	140	5,757	1,726,963	1,474,237	3,201,200						51,465	-	300,000	62,000	1,779	51,465	793,039	844,504	58,796,357	61,153,052	2,356,696	46.79

KCWCD

PROPOSED BOND REPAYMENT SCHEDULE 0

PRINCIPAL	$1,025,000.00	ANTICIPATED CLOSING DATE	01-Sep-08
INTEREST	2.82%	P&I PAYMT DUE	01-Jan-10
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	$67,754.65	PRINC PREPAID:	$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT		PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	$1,025,000.00		$9,635.00	*	$0.00	$9,635.00	$1,025,000.00	0
2010	$1,025,000.00		$67,905.00		$39,000.00	$28,905.00	$986,000.00	1
2011	$986,000.00		$67,805.20		$40,000.00	$27,805.20	$946,000.00	2
2012	$946,000.00		$67,677.20		$41,000.00	$26,677.20	$905,000.00	3
2013	$905,000.00		$67,521.00		$42,000.00	$25,521.00	$863,000.00	4
2014	$863,000.00		$67,336.60		$43,000.00	$24,336.60	$820,000.00	5
2015	$820,000.00		$68,124.00		$45,000.00	$23,124.00	$775,000.00	6
2016	$775,000.00		$67,855.00		$46,000.00	$21,855.00	$729,000.00	7
2017	$729,000.00		$67,557.80		$47,000.00	$20,557.80	$682,000.00	8
2018	$682,000.00		$68,232.40		$49,000.00	$19,232.40	$633,000.00	9
2019	$633,000.00		$67,850.60		$50,000.00	$17,850.60	$583,000.00	10
2020	$583,000.00		$67,440.60		$51,000.00	$16,440.60	$532,000.00	11
2021	$532,000.00		$68,002.40		$53,000.00	$15,002.40	$479,000.00	12
2022	$479,000.00		$67,507.80		$54,000.00	$13,507.80	$425,000.00	13
2023	$425,000.00		$67,985.00		$56,000.00	$11,985.00	$369,000.00	14
2024	$369,000.00		$67,405.80		$57,000.00	$10,405.80	$312,000.00	15
2025	$312,000.00		$67,798.40		$59,000.00	$8,798.40	$253,000.00	16
2026	$253,000.00		$68,134.60		$61,000.00	$7,134.60	$192,000.00	17
2027	$192,000.00		$67,414.40		$62,000.00	$5,414.40	$130,000.00	18
2028	$130,000.00		$67,666.00		$64,000.00	$3,666.00	$66,000.00	19
2029	$66,000.00		$67,861.20		$66,000.00	$1,861.20	$0.00	20
			$1,364,716.00		$1,025,000.00	$339,716.00		

*Interest Only Payment

Utah Department of Environmental Quality
Division of Drinking Water

Improvement Priorty System
Worst 25 List

Run Date: 6/5/2008

	PWS ID	Name	Current Rating	Total IPS Points	Rating Date
1	UTAH11039	SKY VIEW SUBDIVISION	Not Approved	540	11/6/2007
2	UTAH25159	NEW HAVEN-SPANISH FK CAN	Not Approved	528	5/11/2007
3	UTAH22115	STAGECOACH SUBDIVISION	Not Approved	420	1/24/2008
4	UTAH02002	BEAVER DAM	Not Approved	310	11/6/2001
5	UTAH23006	OPHIR CANYON WATER ASSOCATION	Approved	300	9/7/1979
6	UTAH09084	LAKE POWELL MANAGEMENT	Not Approved	271	9/17/2002
7	UTAH22042	HOOP LAKE CAMPGROUND	Not Approved	255	3/27/2006
8	UTAH13050	LONG VALLEY ESTATES	Not Approved	254	6/28/2006
9	UTAH22117	BRIDGE HOLLOW WATER ASSOCIATION	Not Approved	245	1/23/2008
10	UTAH23001	WEST ERDA IMP DISTRICT	Not Approved	226	8/19/1996
11	UTAH25037	TUCKER REST AREA	Not Approved	222	3/7/2008
12	UTAH14021	SHERWOOD WATER COMPANY	Not Approved	214	9/29/2005
13	UTAH19018	DEVILS CANYON CAMPGROUND	Not Approved	210	5/14/2008
14	UTAH12007	BEAR CANYON PICNIC AREA	Not Approved	205	2/17/2007
15	UTAH25011	FAIRFIELD IRRIGATION CO.	Not Approved	200	1/7/2004
16	UTAH18044	FOREST GLEN A	Not Approved	200	1/25/2008
17	UTAH11014	PARAGONAH TOWN	Approved	197	5/5/1988
18	UTAH03105	CINNAMON CREEK AREA B	Not Approved	192	9/29/2005
19	UTAH29042	CAMP KIESEL	Corrective Action	190	9/28/2007
20	UTAH17002	GARDEN CITY	Corrective Action	187	5/9/2007
21	UTAH29071	SNOW BASIN SKI AREA	Approved	185	4/9/1996
22	UTAH07063	RED CREEK RANCHES	Not Approved	185	12/30/1899
23	UTAH11069	WOODS RANCH	Approved	175	9/18/2003
24	UTAH04010	SPRING GLEN WTR COMPANY	Not Approved	175	12/15/2004
25	UTAH13048	ZION VIEW WATER COMPANY	Not Approved	171	9/30/1997
26	UTAH29107	POLE PATCH WATER SYSTEM	Not Approved	170	2/15/2007
27	UTAH02072	EARLEY PARK	Not Approved	170	1/8/2001

6. 3) e) KANE COUNTY WCD – LONG VALLEY ESTATES –

Karin Tatum

6. 3) b) SPRINGDALE TOWN – Michael Grange

6. f) CICWCD PHASE II -
Karin Tatum

Central Iron County Water Conservancy District
Presented to Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
DRINKING WATER SYSTEM CHANGE IN SCOPE OF WORK AUTHORIZATION

APPLICANT'S REQUEST:

Central Iron County Water Conservancy District (CICWCD) is requesting a change in the scope of work for their Phase II project. CICWCD will be approximately $200,000 under their project cost and would like to put that savings towards the Sky View Subdivision project. Sky View is ranked #1 on the Top 25 Not Approved water systems in the State of Utah.

SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize the change in scope of work for Central Iron County Water Conservancy District to utilize any funding left over from their Phase II project for planning, design and construction of the Sky View Subdivision Project. Additionally, after the Board has authorized the Sky View Subdivision project, the District may start using these funds immediately to start paying for planning and design expenses for the Sky View Subdivision project.

SPECIAL CONDITIONS:

1. CICWCD needs to provide all bid documents for the Sky View subdivision project to the Division of Drinking Water prior to awarding the bid.

2. CICWCD needs to provide any additional engineering contracts for the Sky View subdivision project to the Division of Drinking Water.

6. g) CICWCD –
SKY VIEW SUBDIVISION
- Karin Tatum

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION PROJECT AUTHORIZATION

APPLICANT'S REQUEST

Central Iron County Water Conservancy District is requesting $430,000 in financial assistance to construct 17,500 L.F. of 8" distribution main, fire hydrants and new service laterals with meters for the Sky View Subdivision.

STAFF COMMENTS:

The Sky View subdivision is just another water system that will be absorbed by the Central Iron County Water Conservancy District. Sky View's water system has numerous deficiencies as noted on their Compliance report and IPS report (see attached). The numbers of deficiencies were so great that we had to simply add the IPS report to outline each of the Chemical Monitoring and TCR Rule violations. **As a result of their numerous violations, Sky View is listed on the top 25 worst water systems in the state.**

The total project cost is $630,000. Phase II of CICWCD's project will be approximately $200,000 under budget and would like to roll that remaining portion into the Sky View project leaving $430,000 left to be funded. The following is a summary of CICWCD's loans:

Agency	Loan Amount	Terms	Annual Repayment	Final Payment Year
DDW	$2,685,000	2.46%, 20-yr	$171,000	2027
USDA-RD	$2,250,000	4.25%, 40-yr	$118,000	2047
DDW	$3,610,000*	2.17%, 20-yr	$224,000	2029
USDA-RD	$2,756,000	4.125%, 40-yr	$141,000	2069
Total:	**$11,301,000**		**$654,000**	

*Rolled $75,000 Planning Loan into the Construction Loan.

The local MAGI is $27,356, which is 74% of the State MAGI of $36,960, therefore, CICWCD qualifies for Hardship Grant or Principle Forgiveness. Below is a summary of Loan or Hardship Grant options.

# of Years	Interest	Monthly User Rate	% of MAGI
20	0.0%	$60.84	2.67
	2.13%	$61.59	2.70
30	0.0%	$59.78	2.62
	2.12%	$60.54	2.66
Hardship Grant		**$57.67**	**2.53**

While these numbers may not look encouraging, these are just snapshots of one year. Further financial analysis shows that CICWCD is able to meet its current debt obligations. In addition, CICWCD continues to connect old and new subdivisions and continues to work with many of the existing subdivisions to show them the benefits of connecting with the larger water system.

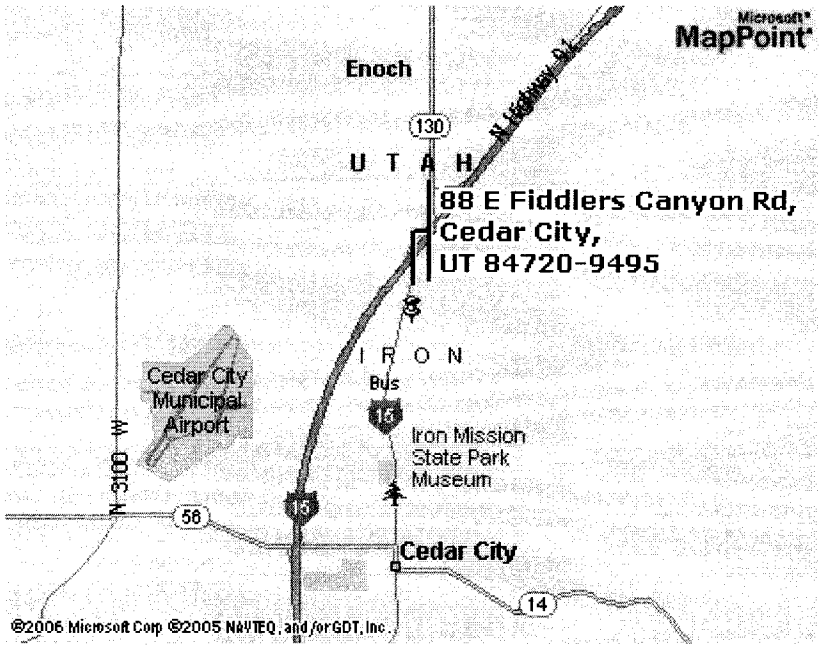
SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a $430,000 hardship grant to Central Iron County Water Conservancy District with the condition that CICWCD resolves all the issues in Sky View Water System's compliance report.

APPLICANT'S LOCATION:

Sky View Water System is located west of Cedar City in Iron County.

MAP OF APPLICANT'S LOCATION:



POSITION ON PROJECT PRIORITY LIST:

Sky View Water System has 131.7 points on the project priority list.

PROJECT DESCRIPTION:

The project includes the construction of 17,500 L.F. of 8" distribution main, fire hydrants and new service laterals with meters for the Sky View Subdivision

ALTERNATIVES EVALUATED:

At this time there aren't any alternatives other than connecting to the CICWCD and replacing all of the water lines, laterals, and meters.

POPULATION GROWTH:

While Sky View's connections are only 15, once the project is complete, CICWCD will absorb them into their water system adding Sky View to the total number of users on the overall water system.

Over the next 5 years, the number of connections will increase at a rate of approximately 40%, thus increasing the observed population by the same rate. Over the remaining 25 years, the growth will settle into a 2% growth rate. Due to the unusual circumstances surrounding this project regarding growth and regionalization, the numbers provided were from Nolte Engineering as opposed to the Governor's Office of Planning and Budget.

	Year	Population	ERC's
Current:	2006	38311	250
Projected:	2030	164426	5224

IMPLEMENTATION SCHEDULE:

Apply to DWB for Funding:	June 2008
DWB Funding Authorization:	July 2008
Plans Submitted:	October 2008
Plan Approval:	November 2008
Advertise for Bids:	January 2009
Bid Opening:	February 2009
Loan Closing:	March 2009
Begin Construction:	April 2009
Complete Construction:	June 2009

COST ESTIMATE:

Construction:	$565,000
Engineering:	$65,000
Admin/Legal/Bonding:	$0
DDW Loan Origination Fee	$0*
Total Capital Cost:	$630,000

*Proposing Hardship Grant for this project, thus there is not a DDW Loan Origination Fee.

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

Funding Source	Cost Sharing	Percent of Project
CICWCD – Phase II Roll Over	$200,000	32%
DWB Hardship Grant	$430,000	68%
Total Amount:	$630,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	$226,668
DDW New Debt Service (0.0%, 0 yrs):	$0
DDW Additional Coverage & Reserve (10%):	$817,500
DDW Partial Coverage (15%):	$44,033
Total Annual Cost / ERU:	$692.00
Monthly Cost / ERU:	$57.67
Cost as % of MAGI:	2.53%

SPECIAL CONDITIONS:

1. CICWCD must resolve all outstanding issues on Sky View Water System's compliance report.

2. Complete all items as stated in the Engineering Agreement between CICWCD and Nolte Engineering.

3. Documentation must be provided prior to loan closing on the transfer of ownership/water rights from Sky View to CICWCD.

CONTACT INFORMATION:

APPLICANT:	Central Iron County Water Conservancy District 88 East Fiddlers Canyons Road, Suite A Cedar City, Utah 84720 Telephone: (435) 865-9901 Fax: (435) 865-9902
PRESIDING OFFICIAL & CONTACT PERSON:	Scott Wilson, Executive Director 88 East Fiddlers Canyons Road, Suite A Cedar City, Utah 84720 Telephone: (435) 865-9901 Fax: (435) 865-9902 Email: rwilson@infowest.com
CONSULTING ENGINEER:	Rod Mills, P.E. Nolte 5217 South State Street, Suite 300 Murray, Utah 84107 Telephone: (801) 743-1300 Fax: (801) 743-0300 Email: rod.mills@nolte.com
FINANCIAL CONSULTANT:	None Appointed
ATTORNEY:	Richard Chamberlain Chamberlain & Associates 225 North 100 East Richfield, Utah 84720 Telephone: (435) 896-4461 Fax: (435) 896-5441 Email: rchmbrln@xmission.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Sky View Water System - CICWCD
COUNTY: Iron
PROJECT DESCRIPTION: Distribution Lines

FUNDING SOURCE: Federal SRF

0 % Loan & 100 % P.F.

ESTIMATED POPULATION:	1,144	NO. OF CONNECTIONS:	650	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$35.00 *			PROJECT TOTAL:	$631,000
CURRENT % OF AGI:	1.54%	FINANCIAL PTS:	58	LOAN AMOUNT:	$0
ESTIMATED MEDIAN AGI:	$27,356			PRINC. FORGIVENESS:	$430,000
STATE AGI:	$36,960			TOTAL REQUEST:	$430,000
SYSTEM % OF STATE AGI:	74%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%		2.43%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		2.43%
REQUIRED DEBT SERVICE:	$0.00	$0.00		$0.00
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$0.00	$0.00		$0.00
ANNUAL DEBT PER CONNECTION:	$0.00	$0.00		$0.00
O & M + FUNDED DEPRECIATION:	$226,668.00	$226,668.00		$226,668.00
OTHER DEBT + COVERAGE:	$817,500.00	$817,500.00		$817,500.00
REPLACEMENT RESERVE ACCOUNT:	$44,033.40	$44,033.40		$44,033.40
NEEDED SYSTEM INCOME:	$449,801.40	$449,801.40		$449,801.40
ANNUAL O&M PER CONNECTION:	$692.00	$692.00		$692.00
AVG MONTHLY WATER BILL:	$57.67	$57.67		$57.67
% OF ADJUSTED GROSS INCOME:	2.53%	2.53%		2.53%

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Sky View Water System - CICWCD
COUNTY: Iron
PROJECT DESCRIPTION: Distribution Lines

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

20 Year

ESTIMATED POPULATION:	1,144	NO. OF CONNECTIONS:	650	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$35.00 *			PROJECT TOTAL:	$631,000
CURRENT % OF AGI:	1.54%	FINANCIAL PTS:	64	LOAN AMOUNT:	$430,000
ESTIMATED MEDIAN AGI:	$27,356			PRINC. FORGIVENESS:	$0
STATE AGI:	$36,960			TOTAL REQUEST:	$430,000
SYSTEM % OF STATE AGI:	74%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%		2.13%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		2.13%
REQUIRED DEBT SERVICE:	$21,500.00	$34,709.40		$26,628.45
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$2,150.00	$3,470.94		$2,662.85
ANNUAL DEBT PER CONNECTION:	$36.38	$58.74		$45.06
O & M + FUNDED DEPRECIATION:	$226,668.00	$226,668.00		$226,668.00
OTHER DEBT + COVERAGE:	$817,500.00	$817,500.00		$817,500.00
REPLACEMENT RESERVE ACCOUNT:	$45,108.40	$45,768.87		$45,364.82
NEEDED SYSTEM INCOME:	$450,876.40	$451,536.87		$451,132.82
ANNUAL O&M PER CONNECTION:	$693.66	$694.67		$694.05
AVG MONTHLY WATER BILL:	$60.84	$62.78		$61.59
% OF ADJUSTED GROSS INCOME:	2.67%	2.75%		2.70%

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Sky View Water System - CICWCD
COUNTY: Iron
PROJECT DESCRIPTION: Distribution Lines

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.
30 Year

ESTIMATED POPULATION:	1,144	NO. OF CONNECTIONS:	650	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	$35.00 *			PROJECT TOTAL:	$631,000
CURRENT % OF AGI:	1.54%	FINANCIAL PTS:	68	LOAN AMOUNT:	$430,000
ESTIMATED MEDIAN AGI:	$27,356			PRINC. FORGIVENESS:	$0
STATE AGI:	$36,960			TOTAL REQUEST:	$430,000
SYSTEM % OF STATE AGI:	74%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
	0%	5.07%		2.12%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.07%		2.12%
REQUIRED DEBT SERVICE:	$14,333.33	$28,195.71		$19,517.71
*PARTIAL COVERAGE (15%):	$0.00	$0.00		$0.00
*ADD. COVERAGE AND RESERVE (10%):	$1,433.33	$2,819.57		$1,951.77
ANNUAL DEBT PER CONNECTION:	$24.26	$47.72		$33.03
O & M + FUNDED DEPRECIATION:	$226,668.00	$226,668.00		$226,668.00
OTHER DEBT + COVERAGE:	$817,500.00	$817,500.00		$817,500.00
REPLACEMENT RESERVE ACCOUNT:	$44,750.07	$45,443.19		$45,009.29
NEEDED SYSTEM INCOME:	$450,518.07	$451,211.19		$450,777.29
ANNUAL O&M PER CONNECTION:	$693.10	$694.17		$693.50
AVG MONTHLY WATER BILL:	$59.78	$61.82		$60.54
% OF ADJUSTED GROSS INCOME:	2.62%	2.71%		2.66%

11039 SkyView Water System
Compliance Report

Administration:

No issues

Operator Certification:

Operator not certified to level required

Bacteriological Information:

See attached IPS report

Chemical Monitoring:

See attached IPS report

Lead/Copper:

No issues

Consumer Confidence Report

No issues

Physical Facilities:

No issues

Drinking Water Source Protection:

Sky View Subdivision has not submitted a Preliminary Evaluation Report for their well, which is currently in use.

Plan Review:

All facilities lack plan approval

Utah Department of Environmental Quality
Division of Drinking Water

Public Water System IPS Report

Run Date: 6/5/2008

UTAH11039 SKY VIEW SUBDIVISION

PWS ID: UTAH11039 ***Name:*** SKY VIEW SUBDIVISION

Legal Contact SKY VIEW SUBDIVISION

Rating: Not Approved
Rating Date: 11/6/07

Address: 4997 N 3425 W
CEDAR CITY, UT 84720

Phone Number: 435-865-9172

City Served (Area):

County: IRON COUNTY

					Gal/Day	Gal/Min
System Type:	Community	***Last Inv Update:***	8/15/07	***Avg Daily Prod:***	0	0
Activity Status Cd:	Active	***Last Snty Srv Dt:***	11/6/2007	***Total Dsgn Cap:***	0	0
Population:	30	***Oper Period:***	1/1 to 12/31	***Total Emerg Cap:***	0	0

Total IPS Points: **540** **Rating Date:** 11/6/2007 **Rating:** **Not Approved**

Violation Pts*:	360
Admin & Physical Facilities:	150
Operator Certification Pts:	30

* Total violation points may not agree with the detail section. The detail secions show all 'open' violations; the violation points total adjusts for duplicate violations

Physical Facility, Administrative, & Source Protection Deficiencies from Site Visits

Code **Description**

C001 OPERATOR NOT CERT TO LEVEL REQUIRED FOR SYSTEM

Facility **Date Determined** **PWS Notified** **Max Pts** 0

11/6/2007

S001 SOURCE LACKS PLAN APPROVAL

Facility **Date Determined** **PWS Notified** **Max Pts** 150

11/6/2007

ALL WATER SYSTEM FACILITIES LACK PLAN APPROVAL. POINTS TO REMAIN UNTIL SYSTEM CLEARS ALL FACILITIES WITH STANDARDS AND HAS SUBMITTED A POINT OF CONTACT TO THE DIVISION PJF

Total Deficiency Pts 150

TCR Rule Violations

Date Range Starts: 6/1/2007

Determin Date	Complaince Period	Code	Violation Type	IPS Points Assessed
10/26/2007	9/1/07 -9/30/07	23	MONITORING (TCR), ROUTINE MAJOR	35
11/26/2007	10/1/07 -10/31/07	23	MONITORING (TCR), ROUTINE MAJOR	35
12/18/2007	11/1/07 -11/30/07	23	MONITORING (TCR), ROUTINE MAJOR	35
1/15/2008	12/1/07 -12/31/07	23	MONITORING (TCR), ROUTINE MAJOR	35
2/15/2008	1/1/08 -1/31/08	23	MONITORING (TCR), ROUTINE MAJOR	35
3/20/2008	2/1/08 -2/29/08	23	MONITORING (TCR), ROUTINE MAJOR	35
4/22/2008	3/1/08 -3/31/08	23	MONITORING (TCR), ROUTINE MAJOR	35
5/22/2008	4/1/08 -4/30/08	23	MONITORING (TCR), ROUTINE MAJOR	35
			Total TCR Violation Pts:	**280**

Utah Department of Environmental Quality
Division of Drinking Water

Public Water System IPS Report

UTAH11039 SKY VIEW SUBDIVISION

Run Date: 6/5/2008

Chemical Monitoring and Quality Violations

Violation No.	Period	Violation Type Code	Analyte/ Group	IPS Points
2008-2180 4224	01/01/08-03/31/08 5/1/2008	03	MONITORING, ROUTINE MAJOR Radionuclides	20
2008-2107 4211	10/01/07-12/31/07 2/5/2008	03	MONITORING, ROUTINE MAJOR Pesticides	20
2008-4166 4166	01/01/07-12/31/07 2/1/2008	03	MONITORING, ROUTINE MAJOR Others, not grouped NITRATE (AS N)	20
2008-2066 4187	01/01/07-12/31/07 2/5/2008	03	MONITORING, ROUTINE MAJOR Volatile Organics	20
2008-2188 4248	01/01/08-03/31/08 5/1/2008	03	MONITORING, ROUTINE MAJOR Pesticides	20
			Total Chemical Violation Points	100

Operator Certification Points

	Distribution	*Treatment*		
Level Required	SS			
Highest Certificate on Record				
Points	30	0	***Total Points***	30

Utah Department of Environmental Quality
Division of Drinking Water

Improvement Priorty System
Worst 25 List

Run Date: 6/5/2008

	PWS ID	Name	Current Rating	Total IPS Points	Rating Date
28	UTAH22073	PARK CITY RV PARK	Not Approved	168	5/21/2007
29	UTAH18053	CAMP TRACY BOY SCOUT CAMP	Not Approved	166	12/30/1999

Utah Department of Environmental Quality
Division of Drinking Water

Improvement Priorty System
Worst 25 List

Run Date: 6/5/2008

	PWS ID	Name	Current Rating	Total IPS Points	Rating Date
1	UTAH11039	SKY VIEW SUBDIVISION	Not Approved	540	11/6/2007
2	UTAH25159	NEW HAVEN-SPANISH FK CAN	Not Approved	528	5/11/2007
3	UTAH22115	STAGECOACH SUBDIVISION	Not Approved	420	1/24/2008
4	UTAH02002	BEAVER DAM	Not Approved	310	11/6/2001
5	UTAH23006	OPHIR CANYON WATER ASSOCATION	Approved	300	9/7/1979
6	UTAH09084	LAKE POWELL MANAGEMENT	Not Approved	271	9/17/2002
7	UTAH22042	HOOP LAKE CAMPGROUND	Not Approved	255	3/27/2006
8	UTAH13050	LONG VALLEY ESTATES	Not Approved	254	6/28/2006
9	UTAH22117	BRIDGE HOLLOW WATER ASSOCIATION	Not Approved	245	1/23/2008
10	UTAH23001	WEST ERDA IMP DISTRICT	Not Approved	226	8/19/1996
11	UTAH25037	TUCKER REST AREA	Not Approved	222	3/7/2008
12	UTAH14021	SHERWOOD WATER COMPANY	Not Approved	214	9/29/2005
13	UTAH19018	DEVILS CANYON CAMPGROUND	Not Approved	210	5/14/2008
14	UTAH12007	BEAR CANYON PICNIC AREA	Not Approved	205	2/17/2007
15	UTAH25011	FAIRFIELD IRRIGATION CO.	Not Approved	200	1/7/2004
16	UTAH18044	FOREST GLEN A	Not Approved	200	1/25/2008
17	UTAH11014	PARAGONAH TOWN	Approved	197	5/5/1988
18	UTAH03105	CINNAMON CREEK AREA B	Not Approved	192	9/29/2005
19	UTAH29042	CAMP KIESEL	Corrective Action	190	9/28/2007
20	UTAH17002	GARDEN CITY	Corrective Action	187	5/9/2007
21	UTAH29071	SNOW BASIN SKI AREA	Approved	185	4/9/1996
22	UTAH07063	RED CREEK RANCHES	Not Approved	185	12/30/1899
23	UTAH11069	WOODS RANCH	Approved	175	9/18/2003
24	UTAH04010	SPRING GLEN WTR COMPANY	Not Approved	175	12/15/2004
25	UTAH13048	ZION VIEW WATER COMPANY	Not Approved	171	9/30/1997
26	UTAH29107	POLE PATCH WATER SYSTEM	Not Approved	170	2/15/2007
27	UTAH02072	EARLEY PARK	Not Approved	170	1/8/2001

6. h) PINE MEADOW MUTUAL WATER
CHANGE IN SCOPE OF WORK
- Karin Tatum

Pine Meadow Mutual Water Company
Presented to Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
DRINKING WATER SYSTEM CHANGE IN SCOPE OF WORK AUTHORIZATION

APPLICANT'S REQUEST:

Pine Meadow Mutual Water Company (PMMWC) is requesting a change in the scope of work for their project. PMMWC received good bids and has been very effective in managing the project and as a result has saved approximately $600,000 from their original budget. PMMWC would like to add a 54' x 54' maintenance building utilizing their savings. The cost of the building is estimated to be $160,000-$180,000.

SRF/CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize the change in scope of work for Pine Meadow Mutual Water Company to construct the maintenance building.

6. 3) i) GARDEN CITY

- Rich Peterson

Garden City
Presented to the Drinking Water Board
July 11, 2008

DRINKING WATER BOARD
BOARD PACKET FOR PLANNING LOAN

BACKGROUND

The Board has previously (in September 2002, April 2004, January 2006, and most recently February 2008) authorized $2,700,000 in loan at 2.31% for 20 years to build a membrane filtration plant and storage tank. A bond anticipation note ($254,000) was closed and put into escrow. A planning advance of $33,000 was authorized on July 2, 2002 from the hardship grant funds. Rural Development (RD) has authorized $2,024,000 loan at 4.375% for 40 years and $647,000 in grant. A self contribution of $150,000 has already been spent by the Town.

The planning advance listed above has some issues still requiring discussion prior to closing the impending Town of Garden City's loan. There seems to be some question as whether or not the planning advance should be considered a loan or a grant.

Prior to a rule change effective July 1, 2003, the Division of Drinking Water (DDW) issued planning advances. In the February 28, 2003 board meeting, the Board was presented with a list of planning advances closed between 02/20/1998 and 07/11/2003. Each of the planning advances listed contained unclear wording regarding their status as to whether they were a grant or a loan. The presentation explained that our legal counsel had reviewed the Board's actions and determined, "... under the rules existing at the time the Board acted, these grants were not allowed, contrary to staff and the Board's belief ", because the Board had not had rule authority to issue any planning grants prior to the change. The Board waived all of the planning advances totaling $242,750 ranging in amounts from $3,750-$40,000. Garden City's planning advance was not included with this group of planning advances in 2003, because its loan had not yet closed. Division staff believes this was an oversight. Staff had thought that the Board had authorized a planning loan of $33,000 in March 2002, which was intended to be rolled into the bond amount. However, staff has recently learned the specifics of the Authorization.

DIVISION STAFF COMMENTS:
Division staff requests clarification regarding the $33,000 planning advance. Since the Authorization was prior to the rule change on July 1, 2003 and it contains wording about being a hardship grant and being repaid, **staff recommends that the Board waive repayment.**

SRF / CONSERVATION COMMITTEE RECOMMENDATION:

The Drinking Water Board waive the Town of Garden City $33,000 planning advance, as were the other planning advances waived in 2003.

AGENDA ITEM 7

GROUND WATER RULES
R309-515-6(3), (6) AND (12)
WELL GROUT AUTHORIZATION

Proposed Revisions to Rule R309-515-6

Ground Water -- Wells

Staff previously briefed the Drinking Water Board about staff's intent to recommend changes to the well drilling portion of its rules. The proposed changes were made available to the well drillers attending the Utah Groundwater Association's training seminars in Moab on April 18, 2008 and Salt Lake City on June 6, 2008. In addition, the changes were mailed to all Utah licensed well drillers and those consulting engineers who frequently submit plans for public drinking water wells to the Division. An invitation to submit comments regarding the proposals was given at each solicitation.

A few comments have been received and are included herein for your consideration. In addition, we understand the Utah Groundwater Association Board plans to meet the weekend of June 27, 2008 to consider the proposals and prepare any comments they deem appropriate. We will forward their comments for your consideration at the July 11, 2008 meeting upon receiving them.

The proposed changes follow this introduction with the usual format of underlined text representing the proposed additions and the text showing the strikethroughs we propose to remove.

The comments received are as follows:

WELLS:

1. Section 515-6(6)(ii)(C) Removing permission to use local clay with ten percent swelling bentonite. The commenter felt that if conditions warranted such as the need for a large amount of clay and if clay of satisfactory quality was available locally for sealing a well the use of the local clay ought to be allowed.

2. Section 515-6(6)(iii)(C) The commenter's stated that many times it is difficult to withdraw casing, even the relatively shallow conductor casing. They felt that this requirement represents an unnecessary additional hardship.

PITLESS ADAPTERS:

1. Section 515-6(12)d(i) "Pitless units and adapters shall …not be used unless the specific application has been approved by the Executive Secretary." No changes were suggested by staff for this rule, but a request was made that this requirement be removed.

2. Section 515-6(12)d "The excavation …shall be backfilled with swelling bentonite to the surface." There were three comments stating that the swelling bentonite may compromise the slab or well house floor surrounding the well. Another said that it would require a large amount of expensive material which would be somewhat difficult to remove if maintenance were required.

3. Section 515-6(12)(d)(iv) "pitless adapters or …shall contain a label or imprint indication compliance with the Water Systems Council Pitless Adapter Standard (PAS-97)." The commenter has built pitless adapters and units in his shop and believes his units are superior and less costly to water system owners. He would like some accommodation allowing that practice to continue.

Additional comments from the industry should be anticipated. As stated previously, Staff's intent in proposing these changes was to bring the Board's rules into harmony with those of the Division of Water Rights and to "fix" some issues of concern to staff as in Pitless Adapters Item 2 and 3 above.

STAFF RECOMMENDATION:

1. Revise the proposed rules as you feel necessary and authorize staff to proceed with rulemaking, or

2. Instruct staff to obtain any additional information or comments for consideration at a future Board meeting.

F:\wp\Well Grouting\DWB packet rule changes.doc

WELL GROUTING:

R309. Environmental Quality, Drinking Water.
R309-515. Facility Design and Operation: Source Development.
R309-515-6. Ground Water - Wells.

(3) The Utah Division of Water Rights.

The Utah Division of Water Rights (State Engineer's Office) regulates the drilling of water wells. Before the drilling of a well commences, the well driller must receive a start card from the State Engineer's Office. For public drinking water supply wells the rules of R655-4 still apply and must be followed in addition to these rules.

(6) Well Materials, Design and Construction.

(i) Grouting Techniques and Requirements.

For all public drinking water wells the annulus between the outermost well casing and the borehole wall[~~All permanent well casing for public drinking water wells~~] shall be grouted to a depth of at least 100 feet below the ground surface unless an "exception" is issued by the Executive Secretary (see R309-500-4(1)). If more than one casing is used, including a conductor {surface?} casing, the annulus between the outermost casing and the next inner casing shall be sealed with grout (meeting the grouting materials requirements of R309-515-6(i)ii herein) or with a water tight steel ring having a thickness equal to that of the permanent well casing and continuously welded to both casings.

If a well is to be considered in a protected aquifer the grout seal shall extend from the ground surface down to at least 100 feet below the surface, and through the protective layer, as described in R309-600-6(1)(x) [~~(v)~~] (see also R309-515 [~~151~~]6(6)(i)(iii)(D) below).

The following applies to all drinking water wells:

(i) Consideration During Well Construction.

(A) Sufficient annular opening shall be provided to permit a minimum of two inches of grout between the outermost permanent casing and the drilled hole, taking into consideration any joint couplings. [~~If a carrier casing is left in place, the minimum clearances above shall pertain to both annular openings (between casings and between carrier casing and the drilled hole), the carrier casing shall be adequately perforated so as to ensure grout contact with the native formations, and the carrier casing shall be withdrawn at least five feet during grouting operations.~~]

(B) Additional information is available from the Division for recommended construction methods for grout placement.

(C) The casing(s) must be provided with sufficient guides welded to the casing to permit unobstructed flow and uniform thickness of grout.

(ii) Grouting Materials.

(A) Neat Cement Grout.

Cement, conforming to ASTM Standard C150, and water, with no more than six gallons of water per sack of cement, shall be used for two inch openings. Additives may be used to increase fluidity subject to approval by the Executive Secretary.

(B) Concrete Grout.

Equal parts of cement conforming to ASTM Standard C150, and sand, with not more than six gallons of water per sack of cement may be used for openings larger than two inches.

(C) Clay Seal.

Where an annular opening greater than six inches is available a [~~clay~~] seal of [~~clean local clay mixed with at least ten percent~~] swelling bentonite meeting the requirements of R655-4-9.4.2 may be used when approved by the Executive Secretary.

(iii) Application.

(A) When the annular opening is less than four inches, grout shall be installed under pressure, by means of a positive displacement grout pump, from the bottom of the annular opening to be filled.

(B) When the annular opening is four or more inches and 100 feet or less in depth, and concrete grout is used, it may be placed by gravity through a grout pipe installed to the bottom of the annular opening in one continuous operation until the annular opening is filled.

(C) All temporary construction casings shall [~~should~~] be removed prior to or during the well sealing operation. Any exceptions shall be approved by the State Engineer and evidence of approval submitted to the Executive Secretary (see R655-4-9.4.3.1 for conditions surrounding leaving temporary surface casing in place).[~~but shall be withdrawn at least five feet during the grouting operation to ensure grout contact with the native formations.~~]

(D) When a "well in a protected aquifer" classification is desired, the grout seal shall extend from the ground surface down to at least 100 feet below the surface, and through the protective clay layer (see R309-600-6(1) (x) [~~(v)~~]). [~~If the clay layer starts below 100 feet, grout shall extend from the ground surface to a depth of at least 100 feet, grout or native fill may be utilized from there to the top of the clay layer, and then grout placed completely through the protective clay layer. If the clay layer starts and ends above 100 feet, grout shall extend from the ground surface down to and completely through the protective clay layer.~~]

(E) After cement grouting is applied, work on the well shall be discontinued until the cement or concrete grout has properly set; usually a period of 72 hours.

PITLESS ADAPTERS:

R309. Environmental Quality, Drinking Water.
R309-515. Facility Design and Operation: Source Development.
R309-515-6. Ground Water - Wells.

(12) Well Equipping.

(d) Pitless Well Units and Adapters.

The excavation surrounding the casing allowing installation of the pitless unit shall be backfilled with swelling bentonite to the surface. There shall be no torch cut holes in the well casing, if holes are necessary they shall be made by a hole saw with burrs and fins removed prior to the installation of the pitless unit and adapter.

Pitless well units and adapters shall:

(i) not be used unless the specific application has been approved by the Executive Secretary,

(ii) be used to make a connection to a water well casing that is made below the ground. A below the ground connection shall not be submerged in water during installation

(iii)[~~(ii)~~] terminate at least 18 inches above final ground elevation or three feet above the highest known flood elevation whichever is greater,

(iv)[~~(iii)~~] pitless adapters or pitless units to be used shall contain a label or imprint indicating compliance with the Water Systems Council Pitless Adapter Standard (PAS-97)~~be approved by NSF International or the Pitless Adapter Association or other appropriate Review Authority~~,

(v)[~~(iv)~~] have suitable access to the interior of the casing in order to disinfect the well,

(vi)~~(v)~~ Have a suitable sanitary seal or cover at the upper terminal of the casing that will prevent the entrance of any fluids or contamination, especially at the connection point of the electrical cables,

(vii)[~~(vi)~~] have suitable access so that measurements of static and pumped water levels in the well can be obtained,

(viii)[~~(vii)~~] allow at least one check valve within the well casing,

(ix) [~~(viii)~~] be furnished with a cover that is lockable or otherwise protected against vandalism or sabotage,

(x)[~~(ix)~~] be shop-fabricated from the point of connection with the well casing to the unit cap or cover,

(xi)[~~(x)~~] be of watertight construction throughout,

(xii)[~~(xi)~~] be constructed of materials at least equivalent to and having wall thickness compatible to the casing,

(xiii)[~~(xii)~~] have field connection to the lateral discharge from the pitless unit of threaded, flanged or mechanical joint connection,

(xiv)[~~(xiii)~~] be threaded or welded to the well casing. If the connection to the casing is by field weld, the shop assembled unit must be designed specifically for field welding to the casing. The only field welding permitted on the pitless unit will be that needed to connect a pitless unit to the casing, and

(xv)[~~(xiv)~~] have an inside diameter as great as that of the well casing, up to and including casing diameters of 12 inches, to facilitate work and repair on the well, pump, or well screen.

AGENDA ITEM 8

STATE REVOLVING FUND (SRF) RULE
REVISIONS R309-700 AND R309-705

8. STATE REVOLVING FUND (SRF) RULE REVISION

R309-700

Proposed Revisions to Rule R309-700 State SRF Loan Program

Staff has reviewed Rule R309-700 and has marked up the Rule with recommended revisions. The full text of the rule with recommended revisions is attached. Strikethrough in brackets **[—]** means delete and **underline** means add. The Drinking Water Board has given staff suggested revisions and instructed staff to make a comprehensive review of the rule and return to the Board with draft revisions. The suggested revisions add the changes made by the Legislature to Title 73, Chapter 10c of the Utah Code, clarify some of the rule language, make it more consistent with Rule R309-705, make minor corrections, and modify the point system used in determining the terms of proposed funding as requested by the Board.

*NOTE: Text that has been **added** or **[~~deleted~~]** since the 9/11/07 Board meeting has been printed in **bold blue**. If you do not have a color copy, this text will only appear as **bold** **[~~text~~]**.

STAFF RECOMMENDATION:

Review the proposed changes to Rule R309-700 and if they reflect what is wanted, authorize staff to initiate the rule-making process for the rule.

R309. Environmental Quality, Drinking Water.
R309-700. Financial Assistance: State Drinking Water [~~Project]~~ State Revolving Fund (SRF) Loan Program.
R309-700-1. Purpose.

This rule establishes criteria for financial assistance to public drinking water systems in accordance with Title 73, Chapter 10c, Utah Code Annotated using funds made available by the Utah legislature from time to time for this purpose.

R309-700-2. Statutory Authority.

The authority for the Department of Environmental Quality acting through the Drinking Water Board to issue loans to political subdivisions to finance all or part of drinking water project costs and to enter into "credit enhancement agreements", "interest buy-down agreements", and "Hardship Grants" is provided in Title 73, Chapter 10c, [~~Title 73,~~] Utah Code.

R309-700-3. Definitions and Eligibility.

Title 73, Chapter 10c, subsection 4(2)(a) limits eligibility for financial assistance under this section to political subdivisions.

Definitions for terms used in this rule are given in R309-110. Definitions for terms specific to this rule are given below.

"Board" means the Drinking [~~w~~]Water Board.

"Drinking Water Project" means any work or facility that is necessary or desirable to provide water for human consumption and other domestic uses. Its scope includes collection, treatment, storage, and distribution facilities; and also includes studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks.

"Project Costs" include the cost of acquiring and constructing any project including, without limitation: the cost of acquisition and construction of any facility or any modification, improvement, or extension of such facility; any cost incident to the acquisition of any necessary project, easement or right of way, engineering or architectural fees, legal fees, fiscal agents' and financial advisors' fees; any cost incurred for any preliminary planning to determine the economic and engineering feasibility of a proposed project; costs of economic investigations and studies, surveys, preparation of designs, plans, working drawings, specifications and the inspection and supervision of the construction of any facility; interest accruing on loans made under this program during acquisition and construction of the project; costs for studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks; and any other cost incurred by the Board or the Department of Environmental Quality, in connection with the issuance of obligation to evidence any loan made to it under the law.

"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax commission from federal

individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).

"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.

"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.

"Eligible Water System" means any community drinking water system owned by a political subdivision of the State.

"Interest Buy-Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.

"Financial Assistance" means a project loan, credit enhancement agreement, interest buy-down agreement, or technical assistance.

"Interest" means an assessment applied to loan recipients. The assessment shall be calculated as a percentage of principal.

"Emergency" means an unexpected, serious occurrence or situation requiring urgent or immediate action resulting from the failure of equipment or other infrastructure, or contamination of the water supply, threatening the health and / or safety of the public / water users.

R309-700-4. Application and Project Initiation Procedures.

The following procedures must normally be followed to obtain financial assistance from the Board:

(1) It is the responsibility of the applicant to obtain the necessary financial, legal and engineering counsel to prepare its application and an effective and appropriate financial assistance agreement.

(2) The applicant is required to submit a ~~[A]~~ completed application form, an engineering report listing the project alternatives considered and including a justification for the chosen alternative, a project financing plan that includes [~~ing~~] an evaluation of credit enhancement, interest buy-down and loan methods applicable to the project, and documents necessary to perform a financial capability assessment (when requested)**, and**

capacity assessment (when determined to be beneficial for evaluating project feasibility) [~~are submitted to the Board~~]. Comments from the local health department and/or district engineer may accompany the application. Comments from other interested parties such as an association of governments will also be accepted. Those costs incurred subsequent to the submission of a completed funding application form to the Board and prior to the execution of a financial assistance agreement and which meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.

(3) [~~An engineering and financial feasibility report is prepared by~~] Division staff will evaluate the application and supporting documentation, calculate proposed terms of financial assistance, prepare a report for review by the Board, and [~~for~~] present said report to the Board[~~'s~~] for its consideration.

(4) The Board may authorize financial assistance for the project on the basis of the staff's feasibility report and designate whether a loan, credit enhancement agreement, interest buy-down agreement, hardship grant or any combination thereof, is to be entered into, and approve the project schedule (see R309-700-13). The Board shall authorize a hardship grant only if it determines that other financing alternatives are unavailable or unreasonably expensive to the applicant (see R309-700-5). If the applicant seeks financial assistance in the form of a loan of amounts in the security account established pursuant to Chapter 10c, Title 73 [~~"~~]Utah Code[~~"~~], which loan is intended to provide direct financing of projects costs, then the Board shall authorize such loan only if it determines that credit enhancement agreements, interest buy-down agreements and other financing alternatives are unavailable or unreasonably expensive to the applicant or that a loan represents the financing alternative most economically advantageous to the state and the applicant; provided, that for purposes of this paragraph and for purposes of Section 73-10c-4(2), Utah Code, the term "loan" shall not include loans issued in connection with interest buy-down agreements as described in R309-700-[~~11~~]10(2) or in connection with any other interest buy-down arrangement.

(5) Planning Grant - The applicant must submit an application provided by the Division and attach a scope of work, project schedule, cost estimates, and a draft contract for planning services.

(6) Planning Loan - The applicant requesting a Planning Loan must complete an application for a Planning Loan, prepare a plan of study, satisfactorily demonstrate procurement of planning services, and prepare a draft contract for planning services including financial evaluations and a schedule of work.

(7) Design Grant or Loan - The applicant requesting a Design Grant or Loan must have completed an engineering plan meeting program requirements.

(8) The [~~project~~] applicant must demonstrate public support for the project. As a minimum, for a loan to be secured by a revenue bond, the Sponsor must mail notices to each water user in

the Sponsor's service area informing them of a public hearing. In addition to the time and location of the public hearing the notice shall inform water users of the Sponsor's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the bond, the rate of interest, the repayment schedule and shall describe the impact of the project on the user including: user rates, impact and connection fees. The notice shall state that water users may respond to the Sponsor in writing or in the public hearing within ten days after the date of the notice. A copy of all written responses and a certified record of a public hearing shall be forwarded to the Division of Drinking Water.

(9) For financial assistance mechanisms when the applicant's bond is purchased by the Board, the project applicant's bond documentation, including an opinion from legal counsel experienced in bond matters that the drinking water project obligation is a valid and binding obligation of the applicant (see R309-700-[~~14~~] 13(3)), must be submitted to the Assistant Attorney General for preliminary approval and the applicant shall publish a Notice of Intent to issue bonds in a newspaper of general circulation pursuant to the Utah Code, Section 11-14-21. For financial assistance mechanisms when the applicant's bond is not purchased by the Board, the applicant shall submit a true and correct copy of an opinion from legal counsel experienced in bond matters that the drinking water project obligation is a valid and binding obligation of the applicant.

(10) Hardship Grant - The Board or its designee executes a grant agreement setting forth the terms and conditions of the grant.

(11) As authorized in 19-4-106(3) of the Utah Code, the Executive Secretary may review plans, specifications, and other data pertinent to proposed or expanded water supply systems to insure proper design and construction, as specified in rule R309-500-4 General. Construction of a public drinking water project shall not begin until complete plans and specifications have been approved in writing by the Executive Secretary. [~~The Board, through its Executive Secretary, shall issue a Plan Approval for plans and specifications.~~]

(12) If a project is designated to be financed by the Board through a loan or an interest buy-down agreement as described in R309-700-[~~11~~]10(2) to cover any part of project costs an account supervised by the applicant and the Board will be established by the applicant to assure that loan funds are used only for qualified project costs. If financial assistance for the project is provided by the Board in the form of a credit enhancement or interest buy-down agreement as described in R309-700-[~~11~~]10(1) all project funds will be maintained in a separate account and a quarterly report of project expenditures will be provided to the Board.

(13) If a revenue bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be

submitted to the Board for review and approval to insure the system will have adequate resources to provide acceptable service.

(14) A plan of operation for the completed project, including staffing with an appropriately certified (in accordance with R309-300) operator, staff training, and procedures to assure efficient start-up, operation and maintenance of the project, must be submitted by the applicant and approved by the Board, its Executive Secretary or other designee.

(15) The applicant's contract with its engineer must be submitted to the Board for review to determine that there will be adequate engineering involvement, including project supervision and inspection, to successfully complete the project.

(16) The applicant's attorney must provide an opinion to the Board regarding legal incorporation of the applicant, valid legal title to rights-of-way and the project site, and adequacy of bidding and contract documents.

(17) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The Board executes the credit enhancement agreement or interest buy-down agreement setting forth the terms and conditions of the security or other forms of assistance provided by the agreement and notifies the applicant to sell the bonds (See R309-700-9 and -10[~~ and 11~~]).

(18) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The applicant sells the bonds and notifies the Board of the terms of sale. If a credit enhancement agreement is utilized, the bonds shall contain the legend required by Section 73-10c-6(3)(d), Utah Code. If an interest buy-down agreement is utilized, the bonds shall bear a legend which makes reference to the interest buy-down agreement and states that such agreement does not constitute a pledge of or charge against the general revenues, credit or taxing powers of the state and that the holder of any such bond may look only to the applicant and the funds and revenues pledged by the applicant for the payment of interest and principal on the bonds.

(19) The applicant opens bids for the project.

(20) LOAN ONLY - The Board approves purchase of the bonds and executes the loan contract (see R309-700-4(24)).

(21) LOAN ONLY - The loan closing is conducted.

(22) A preconstruction conference shall be held.

(23) The applicant issues a written notice to proceed to the contractor.

(24) The applicant must have adopted a Water [~~Management and~~] Conservation Plan prior to executing the loan agreement.

R309-700-5. Loan, Credit Enhancement, Interest Buy-Down, and Hardship Grant Consideration Policy.

(1) Board Priority Determination. In determining the priority for financial assistance the Board shall consider:

(a) The ability of the applicant to obtain funds for the drinking water project from other sources or to finance such project from its own resources;

(b) The ability of the applicant to repay the loan or other project obligations;

(c) Whether a good faith effort to secure all or part of the services needed from the private sector through privatization has been made; and

(d) Whether the drinking water project:

(i) meets a critical local or state need;

(ii) is cost effective;

(iii) will protect against present or potential hazards;

(iv) is needed to comply with the minimum standards of the Federal Safe Drinking Water Act, 42 USC, 300f, et. seq. or similar or successor statute;

(v) is needed to comply with the minimum standards of the Utah Safe Drinking Water Act, Title 19, Chapter 4 or similar or successor statute.

(vi) is needed as a result of an Emergency.

(e) The overall financial impact of the proposed project on the citizens of the community, including direct and overlapping indebtedness, tax levies, user charges, impact or connection fees, special assessments, etc., resulting from the proposed project, and anticipated operation and maintenance costs versus the median income of the community;

(f) Consistency with other funding source commitments which may have been obtained for the project;

(g) The point total from an evaluation of the criteria listed in Table 1;

TABLE 1

NEED FOR PROJECT

	POINTS
1. PUBLIC HEALTH AND WELFARE (SELECT ONE)	
A. There is evidence that waterborne illnesses have occurred	15
B. There are reports of illnesses which may be waterborne	10
C. No reports of waterborne illness, but high potential for such exists	5
D. No reports of possible waterborne illness and low potential for such exists	0
2. WATER QUALITY RECORD (SELECT ONE)	
A. Primary Maximum Contaminant Level (MCL) violation more than 6 times in preceding 12 months	15
B. In the past 12 months violated a primary MCL 4 to 6 times	12
C. In the past 12 months violated a primary MCL 2 to 3 times or exceeded the Secondary Drinking Water Standards by double	9
D. In the past 12 months violated MCL 1 time	6
E. Violation of the Secondary Drinking Water Standards	5

F. Does not meet all applicable MCL goals 3
G. Meets all MCLs and MCL goals 0

3. VERIFICATION OF POTENTIAL SHORTCOMINGS (SELECT ONE)

A. Has had sanitary survey within the last year 5
B. Has had sanitary survey within the last five years 3
C. Has not had sanitary survey within last five years 0

4. GENERAL CONDITIONS OF EXISTING FACILITIES (SELECT ALL THOSE WHICH ARE TRUE AND PROJECT WILL REMEDY)

A. The necessary water treatment facilities do not exist, not functioning, functioning but do not meet the requirements of the Utah Public Drinking Water Rules (UPDWR) 10
B. Sources are not developed or protected according to UPDWR 10
C. Source capacity is not adequate to meet current demands and system occasionally goes dry or suffers from low pressures 10
D. Significant areas within distribution system have inadequate fire protection 8
E. Existing storage tanks leak excessively or are structurally flawed 5
F. Pipe leak repair rate is greater than 4 leaks per 100 connections per year 2
G. Existing facilities are generally sound and meeting existing needs 0

5. ABILITY TO MEET FUTURE DEMANDS (Select One)

A. Facilities have inadequate capacity and cannot reliably meet current demands 10
B. Facilities will become inadequate within the next three years 5
C. Facilities will become inadequate within the next five to ten years 3

6. OVERALL URGENCY (Select One)

A. System is generally out of water. There is no fire protection or water for flushing toilets 10
B. System delivers water which cannot be rendered safe by boiling 10
C. System delivers water which can be rendered safe by boiling 8
D. System is occasionally out of water 5
E. Situation should be corrected, but is

not urgent	0
TOTAL POSSIBLE POINTS FOR NEED FOR PROJECT	100

(h) Other criteria that the Board may deem appropriate.

(2) Drinking Water Board Financial Assistance Determination. The amount and type of financial assistance offered will be based on the following considerations:

(a) An evaluation based upon the criteria in Table[~~s~~] 2 [~~and 3~~] of the applicant's financial condition, the project's impact on the community, and the applicant's commitment to operating a responsible water system.

The interest rate to be charged by the Board for its financial assistance will be computed using the number of points assigned to the project from Table 2 to reduce, in a manner determined by Board resolution from time to time, the most recent Revenue Bond Buyer Index (RBBI) as published by the Bond Buyer's Guide. The interest rate so calculated will be assigned to the financial assistance. To encourage rapid repayment of a loan the Board will increase the interest rate 0.02 per cent (0.02%) for each year the repayment period exceeds five (5.0) years.

For hardship grant consideration, exclusive of planning and design grants or loans described in Sections R309-700-6, 7 and 8, the estimated annual cost of drinking water service for the average residential user should exceed 1.75% of the median adjusted gross household income from the most recent available State Tax Commission records <u>or the local median adjusted gross income (MAGI) is less than or equal to eighty-percent (80.0%) of the State's median adjusted gross income</u>. <u>When considering funding for planning and design grants and loans described in Sections R309-700-6, 7 and 8, the Board will consider whether or not the applicant's local MAGI meets the above criteria for hardship grant funding.</u> If, in the judgment of the Board, the State Tax Commission data is insufficient<u>,</u> the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filings for a given zip code or city). The Board will also consider the applicant's level of contribution to the project.

TABLE 2

FINANCIAL CONSIDERATIONS

	POINTS
1. COST EFFECTIVENESS RATIO (SELECT ONE)	
A. Project cost $0 to $500 per benefitting connection	13
B. $501 to $1,500	11
C. $1,501 to $2,000	9
D. $2,001 to $3,000	6
E. $3,001 to $5,000	3

F. $5,001 to $10,000 1
G. Over $10,000 0

[~~2. PRIVATE SECTOR OR OTHER FUNDING, BUT NOT OWN CONTRIBUTION (SELECT ONE)~~

~~A. A reasonable search for it has been made without success 10~~
~~B. Will provide greater than 50% of project cost 10~~
~~C. Will provide 25 to 49% of project cost 8~~
~~D. Will provide 10 to 24% of project cost 5~~
~~E. Will provide 1 to 9% of project cost 3~~
~~F. Has not been investigated 0~~]

[~~3~~]2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)

A. Less than 70% of State Median AGI [~~15~~] 16
B. 71 to [~~90~~]80% of State Median AGI [~~12~~]14
C. 81 to 95% of State Median AGI 12
[~~C~~]D. [~~91~~]96 to [~~115~~]110% of State Median AGI 9
[~~D~~]E. [~~116~~]111 to [~~135~~]130% of State Median AGI 6
[~~E~~]F. [~~136~~]131 to [~~160~~]150% of State Median AGI 3
[~~F~~]G. Greater than [~~161~~]150% of State Median AGI 0

~~[4~~]3. APPLICANT'S COMMITMENT TO PROJECT
PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)

A. Greater than 25% of project funds [~~12~~]15
B. [~~10~~]15 to 25% of project funds [~~9~~]12
C. 10 to 15% of project funds 9
[~~C~~]D. 5 to 9% of project funds 6
[~~D~~]E. 2 to 4% of project funds 3
[~~E~~]F. Less than 2% of project funds 0

4 and 5. ABILITY TO REPAY LOAN:

[~~5A~~]4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)

[~~a~~]A. Greater than 2.50% of local median AGI 15
[~~b~~]B. 2.01 to 2.50% of local median AGI 11
[~~c~~]C. 1.51 to 2.00% of local median AGI 7
[~~d~~]D. 1.01 to 1.50% of local median AGI 3
[~~e~~]E. 0 to 1.00% of local median AGI 0

5[~~B~~]. TOTAL DEBT LOAD (PRINCIPAL ONLY) OF APPLICANT AFTER PROJECT IS CONSTRUCTED (INCLUDING WATER AND SEWER DEBT, LIGHTING DEBT, SCHOOL DEBT, ETC.) (SELECT ONE)

[~~a~~]A. Greater than 12% of fair market value 15

[~~b~~]B. 8.1 to 12% of fair market value 12
[~~c~~]C. 4.1 to 8.0% of fair market value 9
[~~d~~]D. 2.1 to 4.0% of fair market value 6
[~~e~~]E. 1.0 to 2.0% of fair market value 3
[~~f~~]F. Less than 1% of fair market value 0

6. SPECIAL INCENTIVES
Applicant:

~~[A. is using a master plan which includes water management and conservation 4]~~
[~~B~~]A. has a replacement fund receiving annual deposits of 5% of drinking water budget**, and has already accumulated a minimum of 25% of said annual DW budget in this reserve fund.** **[4]** 5
[~~C~~]B. is creating or enhancing a regionalization Plan [~~4~~]16
[~~D~~]C. has a rate structure encouraging conservation [4] 5
[~~E. has received a Quality Community designation 4~~]

TOTAL POSSIBLE POINTS FOR FINANCIAL NEED 100

(b) Optimizing return on the security account while still allowing the project to proceed.
(c) Local political and economic conditions.
(d) Cost effectiveness evaluation of financing alternatives.
(e) Availability of funds in the security account.
(f) Environmental need.
(g) Other criteria the Board may deem appropriate.

R309-700-6. Planning Grant.

(1) A Planning Grant can only be made to a political subdivision with a population less than 10,000 people demonstrating an urgent need to evaluate its drinking water system's technical, financial and managerial capacity, and lacks the financial means to readily accomplish such an evaluation. **[~~A Planning Grant will be limited to $10,000 or the estimated cost of the planning effort, whichever is less unless otherwise approved by the Board~~].**

(2) Qualifying for a Planning Grant will be based on the criteria listed in R309-700-5(2)(a).

(3) The applicant must demonstrate that all funds necessary to complete project planning will be available prior to commencing the planning effort. The Planning Grant will be deposited with these other funds into a supervised escrow account at the time the grant agreement between the applicant and the Board is executed or the Board may choose to provide the funds in incremental disbursements as the applicant incurs expenses on the project.

[~~(3)~~](4) Failure on the part of the recipient of a Planning Grant to implement the findings of the plan may prejudice any future applications for drinking water project funding.

[~~(4)~~](5) The recipient of a Planning Grant must first

receive written approval for any cost increases or changes to the scope of work.

[~~(5)~~](6) The Planning Grant recipient must provide a copy of the planning project results to the Division. The planning effort shall conform to rules R309.

R309-700-7. Planning Loan.

(1) A Planning Loan can only be made to a political subdivision which demonstrates a financial hardship preventing the completion of project planning.

(2) A Planning Loan is made to a political subdivision with the intent to provide interim financial assistance for project planning until the long-term project financing can be secured. The Planning Loan must be repaid to the Board unless the payment obligation is waived by the Board.

(3) The applicant must demonstrate that all funds necessary to complete project planning will be available prior to commencing the planning effort. The Planning Loan will be deposited with these other funds into a supervised escrow account at the time the loan agreement between the applicant and the Board is executed.

(4) The recipient of a Planning Loan must first receive written approval for any cost increases or changes to the scope of work.

(5) A copy of the document(s) prepared by means of the planning loan shall be submitted to the Division.

R309-700-8. Design Grant or Loan.

(1) A Design Grant or Loan can only be made to a political subdivision demonstrating financial hardship preventing completion of project design. For purposes of this Section R309-700-8, project design means engineering plans and specifications, construction contracts, and associated work.

(2) A Design Grant or Loan is made to a political subdivision with the intent to provide interim financial assistance for the completion of the project design until the long-term project financing can be secured. The Design Grant or Loan must be repaid to the Board unless the payment obligation is waived by the Board as authorized by 73-10c-4(3)(b).

(3) The applicant must demonstrate that all funds necessary to complete the project design will be available prior to commencing the design effort. The Design Grant or Loan will be deposited with these other funds into a supervised escrow account at the time the grant or loan agreement between the applicant and the Board is executed.

(4) The recipient of a Design Grant or Loan must first receive written approval from the Board before incurring any cost increases or changes to the scope of work.

R309-700-9. Credit Enhancement Agreements.

The Board will determine whether a project may receive all or part of a loan, credit enhancement agreement or interest buy-down agreement subject to the criteria in R309-700-5. To provide security for project obligations the Board may agree to purchase

project obligations of applicants or make loans to the applicants to prevent defaults in payments on project obligations. The Board may also consider making loans to the applicants to pay the cost of obtaining letters of credit from various financial institutions, municipal bond insurance, or other forms of insurance or security for project obligations. In addition, the Board may consider other methods and assistance to applicants to properly enhance the marketability of or security for project obligations.

R309-700-10. Interest Buy-Down Agreements.

Interest buy-down agreements may consist of:

(1) A financing agreement between the Board and applicant whereby a specified sum is loaned or granted to the applicant to be placed in a trust account. The trust account shall be used exclusively to reduce the cost of financing for the project.

(2) A financing agreement between the Board and the applicant whereby the proceeds of bonds purchased by the Board is combined with proceeds from publicly issued bonds to finance the project. The rate of interest on bonds purchased by the Board may carry an interest rate lower than the interest rate on the publicly issued bonds, which when blended together will provide a reduced annual debt service for the project.

(3) Any other legal method of financing which reduces the annual payment amount on locally issued bonds. After credit enhancement agreements have been evaluated by the Board and it is determined that this method is not feasible or additional assistance is required, interest buy-down agreements and loans may be considered. Once the level of financial assistance required to make the project financially feasible is determined, a cost effective evaluation of interest buy-down options and loans must be completed. The financing alternative chosen should be the one most economically advantageous for the state and the applicant.

R309-700-11. Loans.

The Board may make loans to finance all or part of a drinking water project only after credit enhancement agreements and interest buy-down agreements have been evaluated and found either unavailable or unreasonably expensive. The financing alternative chosen should be the one most economically advantageous for the state and its political subdivisions.

R309-700-12. Project Authorization (Reference R309-700-4(4)).

A project may be "Authorized" for a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant in writing by the Board following submission and favorable review of an application form, engineering report (if required), financial capability assessment**, [~~and~~]** staff feasibility report**, and capacity assessment (when determined to be beneficial for evaluating project feasibility)**. The engineering report shall include a cost effectiveness analysis of feasible project alternatives capable of meeting State and Federal drinking water

requirements. It shall include consideration of monetary costs including the present worth or equivalent annual value of all capital costs, operation, maintenance, and replacement costs. The alternative selected must be the most economical means of meeting applicable State and Federal drinking water requirements over the useful life of the facility while recognizing environmental and other nonmonetary considerations. If it is anticipated that a project will be a candidate for financial assistance from the Board, the Staff should be contacted, and the plan of study for the engineering report (if required) should be approved before the planning is initiated.

Once the application form**[~~,~~]** **and other related documents have been reviewed and assessments made** **[~~plan of study, engineering report, and financial capability assessment are reviewed~~]**, the staff will prepare a project feasibility report for the Board's consideration in Authorizing a project. The project feasibility report will include a detailed evaluation of the project with regard to the Board's funding priority criteria, and will contain recommendations for the type of financial assistance which may be extended (i.e., for a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant).

Project Authorization is not a contractual commitment and is conditioned upon the availability of funds at the time of loan closing or signing of the credit enhancement, interest buy-down, or grant agreement and upon adherence to the project schedule approved at that time. If the project is not proceeding according to the project schedule the Board may withdraw the project Authorization so that projects which are ready to proceed can obtain necessary funding. Extensions to the project schedule may be considered by the Board, but any extension requested must be fully justified.

R309-700-13. Financial Evaluations.

(1) The Board considers it a proper function to assist and give direction to project applicants in obtaining funding from such State, Federal or private financing sources as may be available to achieve the most effective utilization of resources in meeting the needs of the State. This may also include joint financing arrangements with several funding agencies to complete a total project.

(2) Hardship Grants will be evidenced by a grant agreement.

(3) In providing any form of financial assistance in the form of a loan, the Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of recognized municipal bond counsel to the effect that the bonds are legal and binding under applicable Utah law (including, if applicable, the Utah Municipal Bond Act). For bonds of $150,000 or less the Board will not require this opinion.

(a) In providing any form of financial assistance in the form of a loan, the Board may purchase either a taxable or non-taxable bonds; provided that it shall be the general preference of the Board to purchase bonds issued by the applicant only if the

bonds are tax exempt and are accompanied by a legal opinion of recognized municipal bond counsel to the effect that interest on the bonds is exempt from federal income taxation. Such an opinion must be obtained by the applicant in the following situations:

(i) Bonds which are issued to finance a project which will also be financed in part at any time by the proceeds of other bonds which are exempt from federal income taxation.

(ii) Bonds which are not subject to the arbitrage rebate provisions of Section 148 of the Internal Revenue Code of 1986 (or successor provision of similar intent), including, without limitation, bonds covered by the "small governmental units" exemption contained in Section 148(f)(4)(c) of the Internal Revenue Code of 1986 (or any successor provision of similar intent) and bonds which are not subject to arbitrage rebate because the gross proceeds from the loan will be completely expended within six months after the issuance of such bonds.

(b) In any other situations, the Board may purchase taxable bonds if it determines, after evaluating all relevant circumstances including the applicant's ability to pay, that the purchase of the taxable bonds is in the best interests of the State and applicant.

(c) If more than 25 percent of the project is to serve industry, bond counsel must evaluate the loan to ensure the tax exempt status of the loan fund.

(d) Revenue bonds purchased by the Board shall be secured by a pledge of water system revenues, and it is the general policy of the Board that the pledge of water revenues for the payment of debt service (principal and/or interest) on a particular revenue bond be on a parity with the pledge of those water revenues as security for the debt service payments on all other bonds or other forms of indebtedness which are secured by the water revenues.

(4) The Board will consider the financial feasibility and cost effectiveness **[~~evaluation~~]** of the project in detail. The financial capability assessment must be completed as a basis for the review. **The Board may require that a full capacity assessment be made for a given project.** The Board will generally use these reports **and assessments** to determine whether a project will be Authorized to receive a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant (Reference R309-700-9, -10 and -11). If a project is Authorized to receive a loan, the Board will establish the portion of the construction cost to be included in the loan and will set the terms for the loan. The Board will require the applicants to repay the loan as rapidly as is reasonably consistent with the financial capability of the applicant. It is the Board's intent to avoid repayment schedules which would exceed the design life of the project facilities.

(5) Normal engineering and investigation costs incurred by the Department of Environmental Quality or Board during preliminary project investigation and prior to Board Authorization will not become a charge to the applicant if the project is found infeasible, denied by the Board, or if the applicant withdraws the

Application prior to the Board's Authorization. If the credit enhancement agreement or interest buy-down agreement does not involve a loan of funds from the Board, then administrative costs will not be charged to the project. However, if the project is Authorized to receive a loan or grant of funds from the Board, all costs from the beginning of the project will be charged to the project and paid by the applicant as a part of the total project cost. If the applicant decides not to build the project after the Board has Authorized the project, all costs accruing after the Authorization will be reimbursed by the applicant to the Board.

(6) The Board shall determine the date on which the scheduled payments of principal and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system one year of actual use of the project facilities before the first repayment of principal is required.

(7) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.

(8) LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.

(9) The Board will not forgive the applicant of any payment after the payment is due.

(10) The Board will require a debt service reserve account be established by the applicant at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the annual payment. The debt service reserve account shall be continued until the bond is retired. Annual reports/statements will be required. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual reports/statements will be required.

(11) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or interest on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system and to notify the Board prior to making any disbursements from the fund so the Board can confirm that any expenditure is for an acceptable purpose. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual

reports/statements will be required.

(12) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.

R309-700-14. Committal of Funds and Approval of Agreements.

After the Board has issued a Plan Approval and received the appropriate legal documents and other items required by Rule R309-700, the Board will determine whether the project loan, interest buy-down, credit enhancement, and/or grant meets the conditions of its authorization. If so, the Board will give its final approval. The Executive Secretary or designee may then execute the financial assistance agreement if no aspects of the project have changed significantly since the Board's authorization of the loan or credit enhancement, provided all conditions imposed by the Board have been met. If significant changes have occurred the Board will then review the project and, if satisfied, the Board will then commit funds, approve the signing of the contract, credit enhancement agreement, interest buy-down agreement, or grant agreement, and instruct the Executive Secretary to submit a copy of the signed contract or agreement to the Division of Finance.

R309-700-15. Construction.

The Division of Drinking Water staff may conduct inspections and will report to the applicant and applicant's engineer. Contract change orders must be properly negotiated with the contractor and approved in writing. Change orders in excess of $10,000 must receive prior written approval by the Executive Secretary before execution. The applicant shall notify the Executive Secretary when the project is near completion and request a final inspection. When the project is complete to the satisfaction of the applicant, the applicant's engineer, and the Executive Secretary, written approval will be issued by the Executive Secretary in accordance with R309-500-9 to commence using the project facilities.

KEY: loans, interest buy-downs, credit enhancements, hardship grants
Date of Enactment or Last Substantive Amendment: August 6, 2004
Notice of Continuation: April 2, 2007
Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

Presented to the Drinking Water Board for consideration on July 11, 2008.

8. STATE REVOLVING FUND (SRF) RULE REVISION

R309-705

Proposed Revisions to Rule R309-705 Federal SRF Loan Program

Staff has reviewed Rule R309-705 and has marked up the Rule with recommended revisions. The full text of the rule with recommended revisions is attached. Strikethrough in brackets **[—]** means delete and **underline** means add. The Drinking Water Board has given staff suggested revisions and instructed staff to make a comprehensive review of the rule and return to the Board with draft revisions. The suggested revisions add the changes made by the Legislature to Title 73, Chapter 10c of the Utah Code, clarify some of the rule language, make it more consistent with Rule R309-700, make minor corrections, and modify the point system used in determining the terms of proposed funding as requested by the Board.

*NOTE: Text that has been **added** or **[~~deleted~~]** since the 9/11/07 Board meeting has been printed in **bold blue**. If you do not have a color copy, this text will only appear as **bold** **[~~text~~]**.

STAFF RECOMMENDATION:

Review the proposed changes to Rule R309-705 and if they reflect what is wanted, authorize staff to initiate the rule-making process for the rule.

R309. Environmental Quality, Drinking Water.
R309-705. Financial Assistance: Federal Drinking Water [~~Project~~] State Revolving Fund (SRF) Loan Program.
R309-705-1. Purpose.

The purpose of this rule is to establish criteria for financial assistance to public drinking water system in accordance with a federal grant established under 42 U.S.C. 300j et seq., federal Safe Drinking Water Act (SDWA).

R309-705-2. Statutory Authority.

The authority for the Department of Environmental Quality acting through the Drinking Water Board to issue financial assistance for drinking water projects from a federal capitalization grant is provided in 42 U.S.C. 300j et seq., federal Safe Drinking Water Act, and Title 73, Chapter 10c, Utah Code.

R309-705-3. Definitions.

Definitions for general terms used in this rule are given in R309-110. Definitions for terms specific to this rule are given below.

"Board" means the Drinking Water Board.

"Drinking Water Project" means any work or facility that is necessary or desirable to provide water for human consumption and other domestic uses. Its scope includes collection, treatment, storage, and distribution facilities; and also includes studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks.

"Project Costs" include the cost of acquiring and constructing any project including, without limitation: the cost of acquisition and construction of any facility or any modification, improvement, or extension of such facility; any cost incident to the acquisition of any necessary property, easement or right of way, except property condemnation cost, which are not eligible costs; engineering or architectural fees, legal fees, fiscal agents' and financial advisors' fees; any cost incurred for any preliminary planning to determine the economic and engineering feasibility of a proposed project; costs of economic investigations and studies, surveys, preparation of designs, plans, working drawings, specifications and the inspection and supervision of the construction of any facility; Hardship Grant Assessments, fees and interest accruing on loans made under this program during acquisition and construction of the project; costs for studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks; and any other cost incurred by the Board or the Department of Environmental Quality, in connection with the issuance of obligation to evidence any loan made to it under the law.

"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax commission from federal

individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).

"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.

"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.

"Eligible Water System" means any community drinking water system, either privately or publicly owned; and nonprofit noncommunity water systems.

"Interest Buy-Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.

"Financial Assistance" means a project loan, credit enhancement agreement, interest buy-down agreement, or technical assistance.

"Hardship Grant Assessment" means an assessment applied to **a** loan **[~~recipients~~]**. The assessment shall be calculated as a percentage of **outstanding** principal **balance of a loan, applied on an annual basis**. Hardship grant assessment funds shall be subject to the requirements of UAC R309-700 for hardship grants.

"Negative Interest" means a loan with an interest rate at less than zero percent. The repayment schedule for loans having a negative interest rate will be prepared by the Drinking Water Board.

"Principal Forgiveness" means a loan wherein a portion of the loan amount is "forgiven" upon closing the loan. The terms for principal forgiveness will be as directed by section 4 of this rule and by the Drinking Water Board.

"Interest" means an assessment applied to **a** loan **[~~recipients~~]**. The assessment shall be calculated as a percentage of **outstanding** principal **balance of a loan, applied on an annual basis**.

"Emergency" means an unexpected, serious occurrence of situation requiring urgent or immediate action. With regard to a water system this would be a situation resulting from the failure

of equipment or other infrastructure, or contamination of the water supply, which threatens the health and / or safety of the public / water users.

"Technical Assistance" means financial assistance provided for a feasibility study or master plan, to identify and / or correct system deficiencies, to help a water system overcome other technical problems. The system receiving said technical assistance may or may not be required to repay the funds received. If repayment is required, the Board will establish the terms of repayment.

"SRF Technical Assistance Fund" means a fund (or account) that will be established for the express purpose of providing "Technical Assistance" to eligible drinking water systems.

R309-705-4. Financial Assistance Methods.

(1) Eligible Activities of the SRF.

Funds within the SRF may be used for loans and other authorized forms of financial assistance. Funds may be used for the construction of publicly or privately owned works or facilities, or any work that is an eligible project cost as defined by 73-10c-2 of the Utah Code or as allowed by 42 U.S.C.A. 300f et seq. Those costs incurred subsequent to the submission of a funding application to the Board and prior to the execution of a financial assistance agreement and which meet the above criteria are eligible for reimbursement from the proceeds of the financial assistance agreement.

(2) Types of Financial Assistance Available for Eligible Water Systems.

(a) Loans.

To qualify for "negative interest" or "principal forgiveness", the system must qualify as a "disadvantaged community" **as defined in section 3 of this rule**. Upon application, the Board will make a case by case determination whether the system is a "disadvantaged community". To be eligible to be considered as a disadvantaged community, the system must **meet the definition provided in section 3 of this rule** **[~~be located in a service area or zip code area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns~~]**. Additionally, the Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and other such information as the Board determines relevant to making the decision to recognize the system as a "disadvantaged community".

(i) Hardship Grant Assessment.

The assessment will be calculated based on the procedures and formulas shown in section 6 of this rule.

(ii) Repayment.

Annual repayments of principal, interest, fees and/or Hardship Grant Assessment generally commence not later than one year after project completion. Project completion shall be defined as the date the funded project is capable of operation and a notice of "beneficial occupancy" is given to the general contractor. Where a project has been phased or segmented, the repayment requirement applies to the completion of individual phases or segments.

The loan must be fully amortized not later than 20 years after project completion or not later than 30 years after project completion if the community served by the water system is determined to be a disadvantaged community. The yearly amount of the principal repayment is set at the discretion of the Board.

(iii) Principal Forgiveness.

Eligible water systems meeting the definition of "disadvantaged community" may qualify for financial assistance in the form of forgiveness of the principal loan amount. Terms for principal forgiveness will be determined by Board resolution.

Eligible applicants for "principal forgiveness" financial assistance will be considered by the Board on a case-by-case basis. The Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and such other information as the Board determines relevant to making the decision to recognize the system as a disadvantaged community.

(iv) Negative Interest Rate.

Eligible water systems meeting the definition of "disadvantaged community" may qualify for financial assistance in the form of a loan with a negative interest rate, as determined by Board resolution.

Eligible applicants for "negative interest" financial assistance will be considered by the Board on a case-by-case basis. The Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and such other information as the Board determines relevant to making the decision to recognize the system as a disadvantaged community.

(v) Dedicated Repayment Source and Security.

Loan recipients must establish one or more dedicated sources of revenue for repayment of the loan. As a condition of financial assistance, the applicant must demonstrate a revenue source and security, as required by the Board.

(b) Refinancing Existing Debt Obligations.

The Board may use funds from the SRF to buy or refinance municipal, inter-municipal or interstate agencies, where the initial debt was incurred and construction started after July 1, 1993. Refinanced projects must comply with the requirements imposed by the Safe Drinking Water Act(SDWA) as though they were projects receiving initial financing from the SRF.

(c) Credit Enhancement Agreements and Interest Buy-Down

Agreements.

The Board will determine whether a project's funding may receive all or part of a loan, credit enhancement agreement or interest buy-down agreement. To provide security for project obligations, the Board may agree to purchase project obligations of applicants, or make loans to the applicants. The Board may also consider making loans to the applicants to pay the cost of obtaining letters of credit from various financial institutions, municipal bond insurance, or other forms of insurance or security for project obligations. The Board may also consider other methods of assistance to applicants to properly enhance the marketability of or security for project obligations.

Interest buy-down agreements may consist of any of the following:

(i) A financing agreement between the Board and applicant whereby a specified sum is loaned to the applicant. The loaned funds shall be placed in a trust account, which shall be used exclusively to reduce the cost of financing for the project.

(ii) A financing agreement between the Board and the applicant whereby the proceeds of bonds purchased by the Board is combined with proceeds from publicly issued bonds to finance the project. The rate of interest on bonds purchased by the Board may carry an interest rate lower than the interest rate on the publicly issued bonds, which when blended together will provide a reduced annual debt service for the project.

(iii) Any other legal method of financing which reduces the annual payment amount on publicly issued bonds. The financing alternative chosen should be the one most economically advantageous for the State and the applicant.

(d) Technical Assistance.

The Board may establish a fund (or account) into which the proceeds of an annual fee on loans will be placed. These funds will be used to finance technical assistance for eligible water systems.

This fund will provide low interest loans for technical assistance and any other eligible purpose as defined by Section 1452 of the Safe Drinking Water Act (SDWA) Amendments of 1996 to water systems that are eligible for Federal SRF loans. Repayment of these loans may be waived in whole or in part (grant funds) by the Board whether or not the borrower is disadvantaged.

(i) The Board may establish a fee to be assessed against loans authorized under the Federal SRF Loan Program. The revenue generated by this fee will be placed in a new fund called the "SRF Technical Assistance Fund".

(ii) The amount will be assessed as a percentage of the Principal Balance of the loan on an annual basis, the same as the annual interest and hardship grant assessment are assessed. The borrower will pay the fee annually when paying the principal and interest or hardship grant assessments.

(iii) The Board may set / change the amount of the fee from time to time as they determine meets the needs of the program.

(iv) This fee will be part of the "effective rate"

calculated for the loan using Table 2, R309-705-6. This fee may be charged in lieu of or in addition to the interest rate or hardship grant assessment, but in no case will the total of the technical assistance fee, the interest rate, and hardship grant assessment exceed the "effective rate".

(v) The proceeds of the fund will be used as defined above or as modified by the Board in compliance with Section 1452 of the federal SDWA Amendments of 1996.

(3) Ineligible Projects.

Projects which are ineligible for financial assistance include:

(a) Any project for a water system in significant non-compliance, as measured by a "not approved" (R309-150) rating, unless the project will resolve all outstanding issues causing the non-compliance.

(b) Any project where the Board determines that the applicant lacks the technical, managerial, or financial capability to achieve or maintain SDWA compliance, unless the Board determines that the financial assistance will allow or cause the system to maintain long-term capability to stay in compliance.

(c) Any project meant to finance the expansion of a drinking water system to supply or attract future population growth. Eligible projects, however, can be designed and funded at a level which will serve the population that a system expects to serve over the useful life of the facility.

(d) Projects which are specifically prohibited from eligibility by Federal guidelines. These include the following:

(i) Dams, or rehabilitation of dams;

(ii) Water rights, unless the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;

(iii) Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;

(iv) Laboratory fees for monitoring;

(v) Operation and maintenance costs;

(vi) Projects needed mainly for fire protection.

R309-705-5. Application and Project Initiation Procedures.

The following procedures must normally be followed to obtain financial assistance from the Board:

(1) It is the responsibility of the applicant to obtain the necessary financial, legal and engineering counsel to prepare its application and an effective and appropriate financial assistance agreement.

(2) A completed application form and project engineering report **(facility plan)** listing the project alternatives considered and including a justification for the chosen alternative, a project financing plan including an evaluation of credit enhancement, interest buy-down and loan methods applicable to the project and financial capability assessment and a history of the

applicant's compliance with the SDWA are submitted to the Board. Comments from other interested parties such as an association of governments**, the local health and planning departments, and the Department of Environmental Quality (DEQ) District Engineers** will also be accepted. Those costs incurred subsequent to the submission of a completed funding application form to the Board and prior to the execution of a financial assistance agreement and which meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.

(3) An engineering[~~,~~] and financial feasibility report and **a** capacity development analysis[~~, and financial feasibility report is~~] are prepared by Division staff for presentation to and consideration by the Board. **A Capacity Assessment will be made by Division staff (See rule R309-352) for "equivalency" projects, essentially, those funded by the annual federal Capitalization Grant as defined by federal regulations. A capacity assessment may be prepared for a "non-equivalency project when it is determined to be beneficial for evaluating project feasibility.**

(4) The Board may authorize financial assistance for the project on the basis of the staff's feasibility report and designate whether a loan, credit enhancement agreement, interest buy-down agreement, or any combination thereof, is to be entered into, and approve the project schedule (see section 7 of this rule).

(5) The applicant must demonstrate public support for the project prior to bonding, as deemed acceptable by the Drinking Water Board. As a minimum, for a loan to be secured by a revenue bond, the Sponsor must mail notices to each water user in the Sponsor's service area informing them of a public hearing. In addition to the time and location of the public hearing the notice shall inform water users of the Sponsor's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the bond, the "effective rate", the repayment schedule and shall describe the impact of the project on the user including: user rates, impact and connection fees. The notice shall state that water users may respond to the Sponsor in writing or in the public hearing within ten days after the date of the notice. A copy of all written responses and a certified record of the public hearing shall be forwarded to the Division of Drinking Water.

(6) For financial assistance mechanisms where the applicant's bond is purchased by the Board, the project applicant's bond documentation must include an opinion from recognized bond counsel. Counsel must be experienced in bond matters, and must include an opinion that the drinking water project obligation is a valid and binding obligation of the applicant (see section 8 of this rule). The opinion must be submitted to the Assistant Attorney General for preliminary approval and the applicant shall publish a Notice of Intent to issue bonds in a newspaper of general circulation pursuant to 11-14-21 of the Utah Code. For financial assistance mechanisms when

the applicant's bond is not purchased by the Board, the applicant shall submit a true and correct copy of an opinion from legal counsel, experienced in bond matters, that the drinking water project obligation is a valid and binding obligation of the applicant.

(7) As authorized in 19-4-106(3) of the Utah Code, the Executive Secretary may review plans, specifications, and other data pertinent to proposed or expanded water supply systems to insure proper design and construction, as specified in rule R309-500-4 General. Construction of a public drinking water project shall not begin until complete plans and specifications have been approved in writing by the Executive Secretary. [~~The Board, through its Executive Secretary, shall issue, if warranted by conformance to Rules R309-500-560, a Plan Approval for plans and specifications.~~]

(8) If a project is designated to be financed by the Board through a loan or an interest buy-down agreement, an account supervised by the applicant and the Board will be established by the applicant to assure that loan funds are used only for eligible project costs. If financial assistance for the project is provided by the Board in the form of a credit enhancement or interest buy-down agreement, all project funds will be maintained in a separate account, and a quarterly report of project expenditures will be provided to the Board.

Incremental disbursement bonds will be required. Cash draws will be based on a schedule that coincides with the rate at which project related costs are expected to be incurred for the project.

(9) If a revenue bond is to be used to secure a loan, a User Charge Ordinance, or water rate structure, must be submitted to the Board for review and approval to insure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure the system will have adequate resources to provide acceptable service.

(10) A "Private Company" will be required to enter into a Loan Agreement with the Board. The loan agreement will establish the procedures for disbursement of loan proceeds and will set forth the security interests to be granted to the Board by the Applicant to secure the Applicant's repayment obligations.

(a) The Board may require any of the following forms of security interest or additional/other security interests to guarantee repayment of the loan: deed of trust interests in real property, security interests in equipment and water rights, and personal guarantees.

(b) The security requirements will be established after the Board's staff has reviewed and analyzed the Applicants financial condition.

(c) These requirements may vary from project to project at the discretion of the Board

(d) The Applicant will also be required to execute a Promissory Note in the face amount of the loan, payable to the

order of the lender, and file a Utah Division of Corporations and Commercial Code Financing Statement, Form UCC-1.

(e) The Board may specify that loan proceeds be disbursed incrementally into an escrow account for expected construction costs, or it may authorize another acceptable disbursement procedure.

(11) The applicant's contract with its engineer must be submitted to the Board for review to determine if there will be adequate engineering involvement, including project supervision and inspection, to successfully complete the project.

(12) The applicant's attorney must provide an opinion to the Board regarding legal incorporation of the applicant, valid legal title to rights-of-way and the project site, validity and quantity of water rights, and adequacy of bidding and contract documents, as required.

(13) A position fidelity bond may be required by the Board insuring the treasurer or other local staff handling the repayment funds and revenues produced by the applicant's system and payable to the State of Utah through the Drinking Water Board.

(14) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The Board shall execute the credit enhancement agreement or interest buy-down agreement setting forth the terms and conditions of the security or other forms of assistance provided by the agreement and shall notify the applicant to sell the bonds.

(15) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The applicant shall sell the bonds and shall notify the Board of the terms of sale. If a credit enhancement agreement is utilized, the bonds shall contain the legend required by 73-10c-6(3)(d) of the Utah Code. If an interest buy-down agreement is being utilized, the bonds shall bear a legend referring to the interest buy-down agreement and state that such agreement does not constitute a pledge of or charge against the general revenues, credit or taxing powers of the state and that the holder of any such bond may look only to the applicant and the funds and revenues pledged by the applicant for the payment of interest and principal on the bonds.

(16) The applicant shall open bids for the project.

(17) LOAN ONLY - The Board shall give final approval to purchase the bonds and execute the loan contract.

(18) LOAN ONLY - The closing of the loan is conducted.

(19) A preconstruction conference shall be held.

(20) The applicant shall issue a written notice to proceed to the contractor.

R309-705-6. Applicant Priority System and Selection of Terms of Assistance.

(1) Priority Determination.

The Board may, at its option, modify a project's priority rating based on the following considerations:

(a) The project plans, specifications, contract, financing, etc., of a lesser-rated project are ready for execution.
(b) Available funding.
(c) Acute health risk.
(d) Capacity Development (financial, technical, or managerial issues needing resolution to avoid EPA intervention).
(e) An Emergency.

The Board will utilize Table 1 to prioritize loan applicants as may be modified by (a), (b), (c), or (d) above.

TABLE 1
Priority System

Deficiency Description	Points Received
Source Quality/Quantity	
Health Risk (select one)	
A. There is evidence that waterborne illnesses have occurred.	25
B. There are reports of illnesses which may be waterborne.	20
C. High potential for waterborne illness exists.	15
D. Moderate potential for waterborne illness	8
E. No evidence of potential health risks	0
Compliance with SDWA (select all that apply)	
A. Source has been determined to be under the influence of surface water.	25
B. System is often out of water due to inadequate source capacity.	20
-or- System capacity does not meet the requirements of UPDWR.	10
C. Source has a history of three or more confirmed microbiological violations within the last year.	10
D. Sources are not developed or protected according to UPDWR.	10
E. Source has confirmed MCL chemistry violations within the last year.	10
Total	100

Treatment

Deficiency Description	Points Available
Health Risk/Compliance with SDWA (select all that apply)	
A. Treatment system cannot consistently meet log removal requirements, turbidity standards, or other enforceable drinking water quality standards.	25
B. The required disinfection facilities are not installed, are inadequate, or fail to provide adequate water quality.	25
C. Treatment system is subject to impending failure, or has failed.	25

-or-

Treatment system equipment does not meet demands of UPDWR including the lead and/or copper action levels.	20
-or-	
System equipment is projected to become inadequate without upgrades.	5
Total	[~~80~~]75

Storage

Deficiency Description	Points Available
Health Risk / Compliance with SDWA (select all that apply)	
A. Storage system is subject to impending failure, or has failed.	25
-or-	
System is old, cannot be easily cleaned, or subject to contamination.	15
B. Storage system is inadequate for existing demands.	20
-or-	
Storage system demand exceeds 90% of storage capacity.	10
C. Applicable contact time requirements cannot be met without an upgrade.	15
D. System suffers from low static pressures.	15
Total	75

Distribution

Deficiency Description	Points Available
Health Risk/Compliance with SDWA (select all that apply)	
A. Distribution system equipment is deteriorated or inadequate for existing demands.	20
-or-	
Distribution system is inadequate to meet 5 year projected demands.	10
B. Applicable disinfectant residual maintenance requirements are not met or high backflow contamination potential exists.	20
C. Project will replace pipe containing unsafe materials (lead, asbestos, etc).	15
D. Minimum dynamic pressure requirements are not met.	10
E. System experiences a heavy leak rate in the distribution lines.	10
Total	75

Emergencies

Upon the Board finding of an emergency as required by R309-705-9.	Total 100

Priority Rating = (Average Points Received) x (Rate Factor) x (AGI

Factor)

Where:
* Rate Factor = (Average System Water Bill/Average State Water Bill)
** AGI Factor = (State Median AGI/System Median AGI)

(2) Financial Assistance Determination. The amount and type of financial assistance offered will be based upon the criteria shown in Table 2. As determined by Board resolution, disadvantaged communities may also receive zero-percent loans, or other financial assistance as described herein.

Effective rate calculation methods will be determined by Board resolution from time to time, using the Revenue Bond Buyer Index (RBBI)as a basis point, the points assigned in Table 2, and a method to reduce the interest rate from a recent RBBI rate down to a potential minimum of zero percent. To encourage rapid repayment of a loan the Board will increase the interest rate 0.02 per cent (0.02%) for each year the repayment period exceeds five (5.0) years.

TABLE 2
INTEREST, HARDSHIP GRANT FEE AND OTHER FEES REDUCTION FACTORS

	POINTS
1. COST EFFECTIVENESS RATIO (SELECT ONE)	
A. Project cost $0 to $500 per benefitting connection	13
B. $501 to $1,500	11
C. $1,501 to $2,000	9
D. $2,001 to $3,000	6
E. $3,001 to $5,000	3
F. $5,001 to $10,000	1
G. Over $10,000	0

[~~2. PRIVATE SECTOR OR OTHER FUNDING, BUT NOT OWN CONTRIBUTION (SELECT ONE)~~

~~A. A reasonable search for it has been made without success~~	~~10~~
~~B. Will provide greater than 50% of project cost~~	~~10~~
~~C. Will provide 25 to 49% of project cost~~	~~8~~
~~D. Will provide 10 to 24% of project cost~~	~~5~~
~~E. Will provide 1 to 9% of project cost~~	~~3~~
~~F. Has not been investigated~~	~~0~~]

[~~3~~]2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)

A. Less than 70% of State Median AGI	[~~15~~] 16
B. 71 to [~~90~~]80% of State Median AGI	[~~12~~] 14
C. 81 to 95% of State Median AGI	12
[~~C~~]D. [~~91~~]96 to [~~115~~]110% of State Median AGI	9

[~~D~~]E. [~~116~~]111 to [~~135~~]130% of State Median AGI 6
[~~E~~]F. [~~136~~]131 to [~~160~~]150% of State Median AGI 3
[~~F~~]G. Greater than [~~161~~]150% of State Median AGI 0

[~~4~~]3. APPLICANT'S COMMITMENT TO PROJECT
PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)

A. Greater than 25% of project funds [~~12~~]15
B. [~~10~~]15 to 25% of project funds [~~9~~]12
C. 10 to 15% of project funds 9
[~~C~~]D. 5 to 9% of project funds 6
[~~D~~]E. 2 to 4% of project funds 3
[~~E~~]F. Less than 2% of project funds 0

4 and 5. ABILITY TO REPAY LOAN:

[~~5A~~]4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)

[~~a~~]A. Greater than 2.50% of local median AGI 15
[~~b~~]B. 2.01 to 2.50% of local median AGI 11
[~~c~~]C. 1.51 to 2.00% of local median AGI 7
[~~d~~]D. 1.01 to 1.50% of local median AGI 3
[~~e~~]E. 0 to 1.00% of local median AGI 0

5[~~B~~]. TOTAL DEBT LOAD (PRINCIPAL ONLY) OF APPLICANT AFTER PROJECT IS CONSTRUCTED (INCLUDING WATER AND SEWER DEBT, LIGHTING DEBT, SCHOOL DEBT, ETC.) (SELECT ONE)

[~~a~~]A. Greater than 12% of fair market value 15
[~~b~~]B. 8.1 to 12% of fair market value 12
[~~c~~]C. 4.1 to 8.0% of fair market value 9
[~~d~~]D. 2.1 to 4.0% of fair market value 6
[~~e~~]E. 1.0 to 2.0% of fair market value 3
[~~f~~]F. Less than 1% of fair market value 0

6. SPECIAL INCENTIVES
Applicant:

~~[A. is using a master plan which includes water management and conservation 4]~~
[~~B~~]A. has a replacement fund receiving annual deposits of 5% of drinking water budget**, and has already accumulated a minimum of 25% of said annual DW budget in this reserve fund.** **[4] 5**
[~~C~~]B. is creating or enhancing a regionalization Plan [~~4~~]16
[~~D~~]C. has a rate structure encouraging conservation [4] 5
[~~E. has received a Quality Community designation 4~~]

TOTAL POSSIBLE POINTS FOR FINANCIAL NEED 100

R309-705-7. Project Authorization.

A project may receive written authorization for financial or technical assistance from the Board following submission and favorable review of an application form, engineering report (if required), capacity development (including financial capability) assessment and staff feasibility report. The engineering report shall include a cost effective analysis of feasible project alternatives capable of meeting State and Federal drinking water requirements. It shall include consideration of monetary costs including the present worth or equivalent annual value of all capital costs, operation, maintenance, and replacement costs. The alternative selected must be the most economical means of meeting applicable State and Federal drinking water requirements over the useful life of the facility while recognizing environmental and other nonmonetary considerations.

Once the application submittals are reviewed, the staff will prepare a project feasibility report for the Board's consideration in Authorizing a project. The project feasibility report will include an evaluation of the project with regard to the Board's funding priority criteria, and will contain recommendations for the type of financial assistance which may be extended (i.e., for a loan, credit enhancement agreement, or interest buy-down agreement).

The Board may authorize financial assistance for any work or facility to provide water for human consumption and other domestic uses. Generally, work means planning, engineering design, or other eligible activities defined elsewhere in these rules.

Project Authorization is conditioned upon the availability of funds at the time of loan closing or signing of the credit enhancement, or interest buy-down and upon adherence to the project schedule approved at that time. The Board, at its own discretion, may require the Applicant to enter into a "Commitment Agreement" with the Board prior to execution of final loan documents or closing of the loan. This Commitment Agreement or Binding Commitment may specify date(s) by which the Applicant must complete the requirements set forth in the Project Authorization Letter. The Commitment Agreement shall state that if the Department of Environmental Quality acting through the Drinking Water Board is unable to make the Loan by the Loan Date, this Agreement shall terminate without any liability accruing to the Department or the Applicant hereunder. Also, if the project does not proceed according to the project schedule, the Board may withdraw project Authorization, so that projects which are ready to proceed can obtain necessary funding. Extensions to the project schedule may be considered by the Board, but any extension requested must be fully justified.

R309-705-8. Financial Evaluations.

(1) The Board considers it a proper function to assist

project applicants in obtaining funding from such financing sources as may be available.

(2) In providing financial assistance in the form of a loan, the Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of recognized municipal bond counsel. Bond counsel must provide an opinion that the bonds are legal and binding under applicable Utah law (including, if applicable, the Utah Municipal Bond Act). For bonds of $150,000 or less the Board will not require this opinion.

(3) In providing financial assistance in the form of a loan, the Board may purchase either taxable or non-taxable bonds; or a secured promissory note provided that it shall be the general preference of the Board to purchase bonds issued by the applicant only if the bonds are tax exempt. Tax-exempt bonds must be accompanied by a legal opinion of recognized municipal bond counsel to the effect that the Interest and the Hardship Grant Assessment, or a fee (also interest) on the bonds is exempt from federal income taxation. Such an opinion must be obtained by the applicant in the following situations:

(a) Bonds which are issued to finance a project which will also be financed in part at any time by the proceeds of other bonds which are exempt from federal income taxation.

(b) Bonds which are not subject to the arbitrage rebate provisions of Section 148 of the Internal Revenue Code of 1986 (or successor provision of similar intent), including, without limitation, bonds covered by the "small governmental units" exemption contained in Section 148(f)(4)(c) of the Internal Revenue Code of 1986 (or any successor provision of similar intent) and bonds which are not subject to arbitrage rebate because the gross proceeds from the loan will be completely expended within six months after the issuance of such bonds.

(4) If more than 25 percent of the project is to serve industry, bond counsel must evaluate the loan to ensure the tax exempt status of the loan fund.

(5) Revenue bonds purchased by the Board shall be secured by a pledge of water system revenues, and it is the general policy of the Board that the pledge of water revenues for the payment of debt service (principal and/or Hardship Grant Assessment) on a particular revenue bond be on a parity with the pledge of those water revenues as security for the debt service payments on all other bonds or other forms of indebtedness which are secured by the water revenues.

(6) If a project is Authorized to receive a loan, the Board will establish the portion of the construction cost to be included in the loan and will set the terms for the loan. It is the Board's intent to avoid repayment schedules exceeding the design life of the project facilities.

(7) Normal engineering and investigation costs incurred by the Department of Environmental Quality (DEQ) or Board during preliminary project investigation and prior to Board Authorization will not become a charge to the applicant if the project is found infeasible, denied by the Board, or if the applicant withdraws the

Application prior to the Board's Authorization.

If the credit enhancement agreement or interest buy-down agreement does not involve a loan of funds from the Board administrative costs will not be charged to the project. However, if the Board Authorizes a loan for the project, all costs incurred by the DEQ or Board on the project will be charged against the project and paid by the applicant as a part of the total project cost. Generally, this will include all DEQ and Board costs incurred from the beginning of the preliminary investigations through the end of construction and close-out of the project. If the applicant decides not to build the project after the Board has Authorized the project, all costs accrued after the Authorization date will be reimbursed by the applicant to the Board.

(8) The Board shall determine the date on which the scheduled payments of principal, Hardship Grant Assessment, and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system up to one year of actual use of the project facilities before the first repayment of principal is required.

(9) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.

(10) LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.

(11) The Board will not forgive the applicant of any payment after the payment is due.

(12) The Board will require that a debt service reserve account be established by the applicant at or before the time that the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the annual payment. The debt service reserve account shall be continued until the bond is retired. Failure to maintain the reserve account will constitute a technical default on the bond(s).

(13) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or Hardship Grant Assessment on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default

on the bond(s) and may result in penalties being assessed.

(14) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.

(15) The applicant must have adopted a Water Management and Conservation Plan prior to executing the loan agreement.

R309-705-9. Emergency Assistance.

(1) Authority: Title 73, Chapter 10c of State Statute and the SDWA Amendment of 1996 give the Board authority to provide emergency assistance to drinking water systems.

(2) Eligibility: Generally, any situation occurring as defined in Section R309-705-3 would qualify for consideration for emergency funding. However, prior to authorizing funds for an emergency, the Board may consider one or more of the various factors listed below:

(i) Was the emergency preventable? Did the utility / water system have knowledge that this emergency could be expected? If not. Should it have been aware of the potential for this problem? Did its management take reasonable action to either prevent it or to be as prepared as reasonably possible to correct the problem when it occurred (prepared financially and technically for the event causing the problem)?

(ii) Has the utility / system established a capital improvement replacement reserve fund? Has the utility / system been charging reasonably high rates in order to establish a reserve fund to cover normal infrastructure replacement and emergencies?

(iii) Is the community a disadvantaged (hardship) community?

(iv) Is the potential for illness, injury, or other harm to the public or system operators sufficiently high that the value of providing financial assistance outweighs other factors that would preclude providing this assistance. (Even though the State does not have any legal obligation to provide financial assistance to help correct the problem.).

(3) Requirements for the Applicant: The applicant will be required to do the following as a condition of receiving financial assistance to cope with a drinking water emergency:

(i) To the extent feasible, the utility / system shall first use its own resources, e.g. capital improvement replacement fund, to correct the problem.

(ii) If the utility / system is not placing funds into a reserve fund on a regular basis and / or is charging relatively low water rates it shall be required to examine its current rate structure and policies for placing funds into a reserve account. The Board may require the utility / system to establish a reserve account and / or to revise its rate structure (increasing its rate) as a condition of the loan.

(iii) The Board may place other requirements on the utility / system.

(4) Financial Agreements, Bonding, etc: The State will work with the Applicant to help secure obligating documents. For example, the Board:

(i) Could waive the 30-day notice period, if legally possible.

(ii) Could accept a generic bond.

(iii) Could accept an unsecured loan or bond.

(5) Funding Alternatives: An Applicant may be authorized to receive a loan by any of the financial assistance methods specified in R309-705-4 for funding an emergency project. The Board may set and revise the methodology and factors to be considered when determining the terms of financial assistance it provides including assigning a priority it deems appropriate. The terms of the loan, including length of repayment period, interest or hardship grant assessment, and principal forgiveness (grant) or repayment waivers will be determined at the time the emergency funding is authorized.

(6) Funding Process - The Board must find that an emergency exists according to the criteria in R309-705-9(2). It is anticipated that under normal emergency conditions time restraints will not allow a request for emergency funding to be placed on the agenda of a regularly scheduled Board meeting or adoption and advertisement of a project priority list. Therefore, the following procedures will be followed in processing a loan application for emergency assistance:

(i) Division staff will evaluate each application for emergency funding according to the criteria listed in R309-705-9(2). Staff will solicit recommendations from the LHD and District Engineer about the proposed project to mitigate the emergency. Staff will submit a report of its findings to the Board Chairperson or designee.

(ii) The Board Chairperson or designee will arrange for a timely meeting of the Board to consider authorizing assistance for the emergency. This meeting may be conducted by telephone.

R309-705-10. Committal of Funds and Approval of Agreements.

After the Board has issued a Plan Approval, the loan, credit enhancement, interest buy-down, or hardship grant will be considered by the Board for final approval. The Board will determine whether the agreement is in proper order. The Executive Secretary, or designee, may then execute the loan or credit enhancement agreement if no aspects of the project have changed significantly since the Board's authorization of the loan or credit enhancement, provided all conditions imposed by the Board have been met. If significant changes have occurred the Board will then review the project and, if satisfied, the Board will then commit funds, approve the signing of the contract, credit enhancement agreement, or interest buy-down agreement, and instruct the Executive Secretary to submit a copy of the signed contract or agreement to the Division of Finance.

R309-705-11. Construction.

The Division of Drinking Water staff may conduct inspections and will report to the applicant and applicant's engineer. Contract change orders must be properly negotiated with the contractor and approved in writing. Change orders in excess of $10,000 must receive prior written approval by the Executive Secretary before execution. When the project is complete to the satisfaction of the applicant, the applicant's engineer, and the Executive Secretary, written approval will be issued by the Executive Secretary in accordance with R309-500-9 to commence using the project facilities.

R309-705-12. Compliance with Federal Requirements.

(1) Applicants must show the legal, institutional, managerial, and financial capability to construct, operate, and maintain the drinking water system(s) that the project will serve.

(2) Applicant(s) shall require its contractors to comply with federal provisions for disadvantaged business enterprises and exclusions for businesses under suspension and/or debarment. Any bidder not complying with these requirements shall be considered a non-responsive bidder.

(3) As required by Federal Code, applicants may be subject to the following federal requirements (all assessments shall consider the impacts of the project twenty (20) years into the future):

Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended

Clean Air Act, Pub. L. 84-159, as amended

Coastal Barrier Resources Act, Pub. L. 97-348

Coastal Zone Management Act, Pub. L. 92-583, as amended

Endangered Species Act, Pub. L. 92-583

Environmental Justice, Executive Order 12898

Floodplain Management, Executive Order 11988 as amended by Executive Order 12148

Protection of Wetlands, Executive Order 11990

Farmland Protection Policy Act, Pub. L. 97-98

Fish and Wildlife Coordination Act, Pub. L. 85-624

National Environmental Policy Act of 1969 (NEPA), Pub. L. 91-190

National Historic Preservation Act of 1966, PL 89-665, as amended

Safe Drinking Water Act, Pub. L. 93-523, as amended

Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Age Discrimination Act of 1975, Pub. L. 94-135

Title VI of the Civil Rights Act of 1964, Pub. L. 88-352

Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)

Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)

The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient)

Equal Employment Opportunity, Executive Order 11246

Women's and Minority Business Enterprise, Executive Orders

11625, 12138 and 12432

Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

Anti-Lobbying Provisions (40 CFR Part 30)

Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended

Procurement Prohibitions under Section 306 of the Clean Water Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans

Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

Debarment and Suspension, Executive Order 12549

Accounting procedures, whereby applicants agree to maintain a separate project account in accordance with Generally Accepted Accounting Standards and Utah State Uniform Accounting requirements.

KEY: SDWA, financial assistance, loans
Date of Enactment or Last Substantive Amendment: August 6, 2004
Notice of Continuation: April 2, 2007
Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

Presented to the Drinking Water Board for consideration on July 11, 2008.

AGENDA ITEM 9

ST. GEORGE CITY ARSENIC
EXEMPTION EXTENSION

ST. GEORGE CITY
ARSENIC EXEMPTION EXTENSION

St. George City is requesting the Drinking Water Board approve an Arsenic Exemption extension to comply with the new Arsenic Standard for drinking water. St. George City's current extension expires in January 2009.

STAFF RECOMMENDATION: Staff is recommending the Drinking Water Board authorize an Arsenic Exemption Extension to St. George City from January 2009 to January 2011.

State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

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

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Petra Rust
Richard W. Sprott
David K. Stevens, Ph.D.
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

June 16, 2008

Barry Barnum
St. George City
175 East 200 North
St. George, Utah 84770

Dear Mr. Barnum:

Subject: Arsenic Exemption Extension Request Approval for the Drinking Water Board

Your Arsenic Exemption Extension request has been placed on the agenda for the Drinking Water Board for July 11, 2008. The Board meeting will be held at the Heritage Center, 105 North 100 East, Cedar City, Utah 84720. The Board meeting will start at 9:00 a.m.

Enclosed is a copy of your letter and the write up for the Drinking Water Board packet.

If you have any questions, please feel free to call me at (801) 536-4207.

Sincerely,

DRINKING WATER BOARD

Kenneth H. Bousfield, P.E.
Executive Secretary

Enclosures

RECEIVED
JUN 1 6 2008
Drinking Water

June 11, 2008

Ken Bousfield
Utah Division of Drinking Water
P.O. Box 144830
Salt Lake City, Utah 84114-4830

Dear Mr. Bousfield:

The City of St. George hereby respectfully requests an audience with the Utah Drinking Water Board to request an extension of time required for St. George to comply with the new arsenic standard for drinking water. St. George's current extension expires on January 2009.

St. George has been able to bring all sources except the Gunlock well system into compliance with the arsenic standards. The plan to bring Gunlock into compliance has been developed and the Drinking Water Board authorized a bond to the City for $6 million to implement the plan. The plan consisted of installing a new pipeline adjacent to the existing Gunlock pipeline, which would be used to take Quail Lake water to the Gunlock tank to blend with the well water and bring it into compliance. Both the Gunlock tank and the proposed water line are located on the Shivwits Reservation.

However, during the design process it was discovered that the easements for the existing pipeline and tank were not described correctly. The line and tank are in the correct locations so the discrepancy is simply with the description. The issue could have been easily and quickly resolved if the Shivwits Band had simply signed the corrected description. The Band Council instead made several demands on the City. The City conceded to the demands and prepared an agreement to this effect which was approved by the City Council and signed by the Mayor. The signed agreements were provided to the Band. The Band lost the agreements and requested a new set which was provided. The Band has now requested intervention by the Bureau of Indian Affairs. The Bureau has reviewed the agreement and has suggested additional meetings and a process which will further delay resolution. Immediately upon receiving the Bureau's suggestion of a meeting I wrote a letter requesting such a meeting as quickly as possible. Nothing has been forthcoming from the Bureau. It is ironic that the Shivwits Band will be the primary beneficiary of the City's plan since the Band is provided culinary water from the Gunlock source.

CITY OF ST. GEORGE
175 East 200 North, St. George, Utah 84770
Phone: (435) 627-4000
www.sgcity.org

MAYOR
Daniel D. McArthur

CITY MANAGER
Gary S. Esplin

CITY COUNCIL
Suzanne B. Allen
Gil Almquist, Gail Bunker
Jon Pike, Gloria Shakespeare

The City has now been placed in a position through no control of its own in which it will not be able to bring the Gunlock Well Field into compliance before the current extension expires.

Recently the cities of Ivins and St. George have been exploring an alternative plan with the Washington County Conservancy District in which the three parties propose to build an expanded project which will provide additional storage as well as the capability of bringing the Gunlock source into compliance. Unfortunately this project cannot be completed before the expiration of our current extension. We, therefore, request that the Board consider an additional extension for the completion of this project.

Thank you for your help with this request.

Very truly yours,

Barry Barnum

AGENDA ITEM 11

OPERATOR CERTIFICATION COMMISSION INFORMATION

State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

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

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MEMORANDUM

TO: Operator Certification Commission

FROM: Kim Dyches, Commission Secretary K.D.

DATE: May 20, 2008

SUBJECT: Next Commission Meeting

The next Operator Certification Commission meeting will be held Wednesday, June 4, 2008:

Date: June 4, 2008
Time: 9:30 a.m.
Location: Division of Drinking Water
150 North 1950 West
Library Conference Room (2nd Floor)
Salt Lake City, Utah

The meeting agenda is enclosed. If you have additional agenda items, or if you cannot attend the meeting, please let me or Margaret know. Thank you.

Kim: Telephone: (801) 536-4202
E-mail: kdyches@utah.gov

Margaret: Telephone: (801) 536-4192
E-mail: mhand@utah.gov

OPERATOR CERTIFICATION COMMISSION

Commission Member	Agency Represented	Date of Original Appointment (January 1)	Term of Office Expires (December 31)
James Callison (Commission Chair) Environmental Technology Utah Valley State College 800 W. University Parkway Orem, Utah 84058-5999 Phone: 801-863-8679 Fax: 801-863-7077 E-mail: callisji@uvsc.edu	Joint Training Coordinating Committee	1993	2008
Dr. David K. Stevens Utah State University Department of Civil and Environmental Engineering Logan, Utah 84322-4110 Phone: 435-797-3229 Fax: 435-750-1185 E-mail: david.stevens@usu.edu	Higher Education	1987	2009
Bart Simons Provo City Water Resources 1377 South 350 East Provo, Utah 84606 Phone: 801-852-6782 Fax: 801-852-6778 E-mail: provo.bsimons@email.state.ut.us	Utah League of Cities and Towns	1995	2009
Gary M. Larsen P.O. Box 72 Millville, Utah 84326 Phone: 435-750-0924 (Millville City) Fax: 435-750-6206 E-mail: glarsen@rwau.net	Rural Water Association of Utah	2007	2010
Jay Franson, P.E., Mayor Highland City 5578 West 10400 North Highland, Utah 84003 Phone: 801-756-0309 Fax: 801-756-0481 E-mail: fransonjw@franson-noble.com	Drinking Water Board	2002	2008
Craig F. Fahrni Jordan Valley Water Conservancy District 8215 South 1300 West (P.O. Box 70) West Jordan, Utah 84088 Phone: 801-256-4401 Fax: 801-565-4394 E-mail: craigf@jvwcd.org	American Water Works Association – Distribution	2001	2010
Mark H. Clark Weber Basin Water Conservancy District 2837 E. Hwy. 193 Layton, Utah 84040 Phone: 801-771-1677 Fax: 801-544-0103 E-mail: mclark@weberbasin.com	American Water Works Association – Treatment	2001	2010

State of Utah

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Operator Certification Commission Meeting
Wednesday, June 4, 2008
9:30 a.m.
Division of Drinking Water
150 North 1950 West
Library Conference Room (2nd Floor)
Salt Lake City, Utah

AGENDA

1. Call to order
2. Approval of minutes - January 5, 2006
3. Commission members whose terms expire December 31, 2008
4. Program budget
5. Water specialist requirements for unrestricted status. Should DRC be required for a specialist to become unrestricted?
6. Assign ID number for electronic signatures for opcert applications
7. One CEU credit will be given for registration and attendance at the annual technical program meeting of the American Water Works Association (AWWA), the Intermountain Section of AWWA, the Rural Water Association of Utah, or the National Rural Water Association (or any conference of a like nature) changing it to rule or policy?
8. Waiving operator certification fees for local health department staff
9. Photo ID cards for operators
10. Recognition pins for operators serving more than 15 years
11. Annual award for operator(s) who operate systems in each category for good compliance
12. Recognize Arnold Smith for his years of service on the Commission
13. Other business
14. Adjourn

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State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE OPERATOR CERTIFICATION COMMISSION MEETING HELD JANUARY 5, 2006, IN SALT LAKE CITY, UTAH.

Commission Members Present
Jim Callison, Chair
David Stevens
Bart Simons
Arnold Smith
Craig Fahrni
Mark Clark

Commission Members Excused
Jay Franson

Drinking Water Staff Present
Kim Dyches
Margaret Hand
Sandy Pett

ITEM 1. CALL TO ORDER

Jim Callison called the meeting to order.

ITEM 2. APPROVAL OF MINUTES

Mark moved to accept the minutes of the May 20, 2005, meeting as written.
Bart seconded the motion.
Motion carried.

ITEM 3. COMMISSION MEMBERS WHOSE TERMS EXPIRE IN 2006

David Stevens and Bart Simons terms are due to expire in 2006. David and Bart are both willing to extend their terms for another three years. Kim will submit their names to the appropriate organizations and present the results to the Drinking Water Board for approval.

ITEM 4. PROGRAM BUDGET, RWAU CONTRACT, AND EPA FUNDING UPDATE

Sandy Pett presented the opcert program financial review. She said the opcert funding is provided from four different sources: Dedicated credits (program fees), federal SRF grant set-asides, federal EPA opcert training grant, and the State general funds.

Sandy said the actual revenue received through November 2005 is very close to the budget estimates. She said that an extension of the EPA training grant will be requested so that funds will be available for FY2007.

Sandy said the RWAU training contract with DDW has been renewed. Kim said most of the remaining EPA training grant will be used for the RWAU contract. He said that Chuck Jeffs and other RWAU circuit riders have been assisting the small system operators with one-on-one training.

Sandy said funding is in good shape for this year, but there are concerns for next year's funding. She said the proposed fee increases have been implemented, requested, and entered into the budget cycle. These increases, along with the EPA training grant extension, should help next year's funding.

If the legislature approves the fee increases, they will go into effect on July 1, 2006. Kim said the proposed fee structure was announced in the 2005 *OpenLine* newsletter. If the new fees are approved, Kim will write an article for the 2006 newsletter announcing the new opcert fees.

The Commission members felt that it is fair to allow operators to renew their 2006 expired certificates before the July 1, 2006, effective date of the new fees, but only if they have earned the required number of CEUs.

David moved to approve the opcert financial review as written.
Arnold seconded the motion.
Motion carried.

ITEM 5. FEE SCHEDULE HEARING

Kim said a fee schedule hearing was held but no one showed up to protest the increased fees.

ITEM 6. STATUS OF SDWIS AND OPCERT DATABASE

Kim said the new Safe Drinking Water Information System is being used by DDW staff. In the near future, water system personnel will be able to access SDWIS information.

ITEM 7. EXAM STATISTICS

Kim said the newly validated exam questions were used for the first time at the RWAU northern conference in Park City in September 2005. The new study guides were made public in June 2005 and were distributed to the instructors. The study guides are available online. Kim said the exam question bank includes:

Chemical Feed:	100 questions
Math:	214 questions
O&M:	435 questions
Pumps:	134 questions
Rules:	157 questions
Safety/Security:	175 questions (includes 50 new security questions)

Kim said that both he and RWAU are available to assist water operators in preparing for the certification exams.

ITEM 8. COMMUNITY AND NTNC SYSTEMS WITHOUT CERTIFIED OPERATORS

Kim said there are about 20 water systems without a certified operator. He said most of these systems have a low number of connections, and RWAU is assisting these systems.

ITEM 9. LIMIT EXAM REVIEWS TO PREVIOUS TWO YEARS

Kim said that old exams are archived every two years because of insufficient file space in the DDW office. He said that it's impossible to generate an old exam using LXR. It was asked that the Commission approve a policy to limit exam reviews to the previous two years.

Craig moved to limit exam reviews to the previous two years.
David seconded the motion.
Motion carried.

ITEM 10. CEUS

Kim is concerned about the controversial topics that operators are submitting for CEU credit. It was suggested that controversial topics be reviewed and approved by the Commission.

Kim said that operators are not giving him enough information when submitting CEUs. And with the large volume of CEUs submitted each week, he doesn't have time to contact each operator. He feels that if information is missing, he should deny CEU credit. It was suggested that Kim write a newsletter article explaining CEUs and the proper way to submit them. Kim will draft a policy on CEUs and have it approved by the Commission.

David moved that Kim write a policy on CEUs to include approved and non-approved courses, and require the use of official CEU forms.
Arnold seconded the motion.
Motion carried.

ITEM 11. RECIPROCITY ISSUE – KEN RICE

Kim explained the reciprocity situation with Ken Rice. Ken certified in Utah (D4 and T4) and then moved to Nevada about two years ago. He was granted reciprocity with Nevada for grade 3

certificates. Ken said he might move back to Utah and asked if would be granted reciprocity for his original grade 4 certificates.

Ken asked if an operator would be allowed to get his original grade level back if he returned to Utah. The Commission said that if the operator kept his certificate current, then he would be allowed to keep the same grade level in Utah by renewing the certificate. If the operator let his Utah certificate lapse and then applied for reciprocity, he would be approved for the current grade level that he holds in another state, or maybe one grade less if requesting reciprocity from Nevada.

Kim will draft a policy regarding these circumstances and he will e-mail the policy to the Commission for a straw poll.

ITEM 12. RETURN TO TWO EXAMS PER YEAR (APRIL AND NOVEMBER) AND ALLOW RWAU TO HOST A SITE

Because of the small number of examinees in 2005, Kim felt that the RWAU and AWWA exams should be eliminated beginning in 2007.

Kim said that RWAU has expressed an interest in proctoring exams in April and November at the local health department sites. He said the local health departments are already under contract to proctor the April and November exams. So it was suggested that RWAU coordinate with the local health departments on their own if they want to hold training at their sites just prior to the exams.

Kim will review the exam rules and proctor responsibilities with each local health department.

ITEM 13. NEW TRAINING CALENDAR

Jim said the training committee will no longer have the calendar printed and mailed to water systems because it has become too costly. The calendar is now available online. Jim said the training committee plans to meet quarterly so that the calendar can be updated online as new training information is added and other training is changed or canceled.

ITEM 14. OTHER BUSINESS

Disciplinary Actions - Kim said that several water operators were contacted by letter stating that their certificates were in jeopardy on grounds of demonstrated disregard to protect public health. Kim read the letter aloud to the Commission members.

ITEM 15. ADJOURN

The meeting adjourned at 3:30 p.m.