

# Drinking Water Board Packet

November 16, 2021

# Agenda



State of Utah

SPENCER J. COX  
*Governor*

DEIDRE HENDERSON  
*Lieutenant Governor*

Department of  
Environmental Quality

Kimberly D. Shelley  
*Executive Director*

DIVISION OF DRINKING WATER  
Tim Davis  
*Director*

**Drinking Water Board**  
(*Vacant*), Chair  
Kristi Bell, Vice-Chair  
Dawn Ramsey  
Scott Morrison  
Jeff Coombs  
David O. Pitcher  
Eric Franson, P.E.  
Blake Tullis, Ph.D.  
Kimberly D. Shelley  
Tim Davis  
*Executive Secretary*

DRINKING WATER ELECTRONIC BOARD MEETING  
Via Zoom Webinar

November 16, 2021, 2:30 PM

Tim Davis Cell # (385) 226-6511

1. Call to Order
2. Roll Call – Tim Davis
3. Disclosure for Conflict of Interest – Kristi Bell
4. Financial Assistance Committee Report
  - A. SRF Applications
    - i) STATE
      - a. Caineville SSD – Michael Grange
5. Public Comment Period – Kristi Bell
6. Open Board Discussion – Kristi Bell
7. Other
8. Next Board Meeting

Date: Tuesday January 11, 2021

Time: 1:00 PM

Place: Multi Agency State Office Building / Zoom Webinar  
Division of Drinking Water  
195 N 1950 W  
Salt Lake City, Utah 84116

9. Adjourn

Agenda Item

4(A)(i)(a)

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

**APPLICANT’S REQUEST:**

**On September 1, 2020, The Drinking Water Board authorized a loan of \$295,000 at 0.00% interest for 30 years and a grant of \$300,000, to the Caineville SSD to build a treatment facility, install fire hydrants and upgrade a storage tank. Bids for the project came in \$300,000 higher than anticipated. The updated project cost is \$1,000,000 and Caineville SSD is contributing \$5,000 towards the project.**

**STAFF COMMENTS:**

Caineville is an unincorporated area in Wayne County, approximately 15 miles west of Hanksville. As such, Median Adjusted Gross Income data is not available for the District’s specific service area. Staff determined that Hanksville is a very close approximation to Caineville based on economic conditions and used Hanksville’s MAGI of \$21,800 (45% of the state MAGI) to evaluate the project.

The estimated after-project water bill at a full loan is \$112.60 per connection, which is 6.20% of the local MAGI. Based on Staff’s evaluation, Caineville SSD qualifies as a hardship community and is eligible to receive additional subsidy.

| Option # | Description  | Repayable Loan Amount | Interest Rate | Term          | Grant            | Monthly Water Rate | % Local MAGI |
|----------|--------------|-----------------------|---------------|---------------|------------------|--------------------|--------------|
| *        | 50/50        | \$295,000             | 0.00%         | 30 yrs        | \$300,000        | \$68.04            | 3.75%        |
| <b>1</b> | <b>50/50</b> | <b>\$495,000</b>      | <b>0.00%</b>  | <b>40 yrs</b> | <b>\$500,000</b> | <b>\$62.52</b>     | <b>3.44%</b> |
| 2        | 40/60        | \$395,000             | 0.00%         | 40 yrs        | \$600,000        | \$52.51            | 2.89%        |
| 3        | 30/70        | \$295,000             | 0.00%         | 40 yrs        | \$700,000        | \$42.49            | 2.34%        |

\*Original authorization

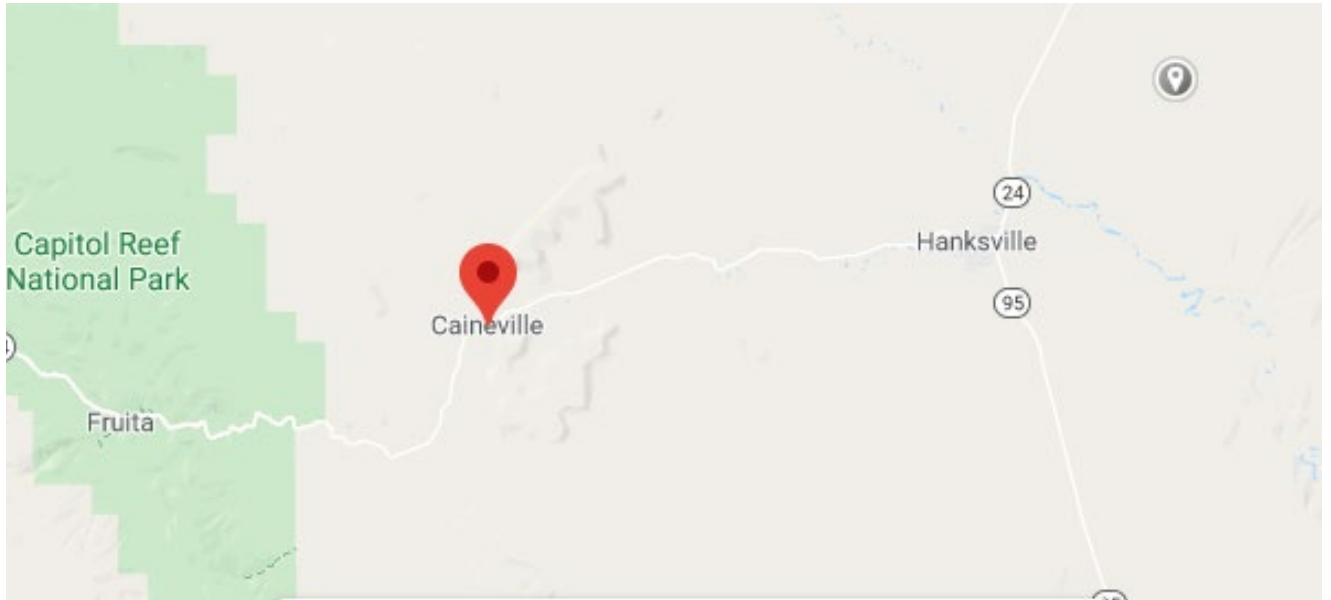
**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize an increase in funding of \$350,000 for a total funding amount of \$995,000 consisting of a loan of \$495,000 at 0.00% interest for 40 years and a grant of \$500,000, to the Caineville SSD. Conditions include they resolve any deficiencies on their IPS report and implement a rate structure for the water system.**

**APPLICANT'S LOCATION:**

Caineville SSD is located in Wayne County, 18 miles West of Hanksville.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Caineville Special Service District has a project consisting of a treatment facility, fire hydrants and tank upgrades. A Master Plan was completed within the past year and the treatment facility is graded as the highest priority for the system.

Most of the connections in the system are residential and each residential connection consists of 1 ERC, except one connection that uses more water and has been assigned 2 ERC's. The commercial connection is a hotel and the number of ERC's associated with the hotel is 6.5 ERC's for a total of 26.5 ERC's for the system.

With the increase in project cost, based on the bids, Caineville and their engineer did look at options to reduce the costs of the project, namely retrofitting the existing building to house the new treatment skid. Unfortunately, the building is not large enough and the challenge of providing water during the equipment exchange and the costs associated with the retrofit of the existing plumbing and building were higher than constructing a new building. They will look into different options for material types to lower the costs of the new building but anticipate it will not decrease costs significantly. There were also a couple of items that were discussed to remove from the project, such as the fencing around the treatment building and a small water line, but the total cost for both is less than \$35,000, not providing enough savings in the total project cost. All other components are critical to maintain drinking water standards, therefore the request for additional funds.

**COST ESTIMATE:**

|                     |           |                  |
|---------------------|-----------|------------------|
| Legal/Bonding/Admin | \$        | 15,000           |
| Environmental       | \$        | 10,000           |
| Engineering – CMS   | \$        | 65,000           |
| Construction        | \$        | 810,000          |
| Contingency         | \$        | 100,000          |
| <b>Total</b>        | <b>\$</b> | <b>1,000,000</b> |

**COST ALLOCATION:**

The cost allocation proposed for the project is shown below:

| <u>Funding Source</u>     | <u>Cost Sharing</u> | <u>Percent of Project</u> |
|---------------------------|---------------------|---------------------------|
| DWB Loan                  | \$495,000           | 49%                       |
| DWB principal forgiveness | \$500,000           | 50%                       |
| Recipient contribution    | \$5,000             | 1%                        |
| Total                     | \$1,000,000         | 100%                      |

**IMPLEMENTATION SCHEDULE:**

|                               |               |
|-------------------------------|---------------|
| FA Committee Conference Call: | July 2020     |
| DWB Funding Authorization:    | November 2021 |
| Complete Design:              | December 2021 |
| Plan Approval:                | January 2022  |
| Advertise for Bids:           | November 2021 |
| Begin Construction:           | December 2021 |
| Complete Construction:        | October 2022  |

**IPS SUMMARY:**

| Code | Description                             | Physical Facilities | Quality & Monitoring | Significant Deficiency Violations |
|------|---|---------------------|----------------------|-----------------------------------|
| S024 | NO CHECK VALVE ON WELL DISCHARGE PIPING | 5                   |                      |                                   |
|      | <b>Total = -5</b>                       | 5                   | 0                    | 0                                 |

**CONTACT INFORMATION:**

APPLICANT:

Caineville Special Service District  
PO Box 150  
Caineville, UT 84775  
435-691-1771  
[johndoylejackson@gmail.com](mailto:johndoylejackson@gmail.com)

PRESIDING OFFICIAL &  
CONTACT PERSON:

John Jackson  
General Manager  
PO Box 150  
Caineville, UT 84775  
435-691-1771  
[johndoylejackson@gmail.com](mailto:johndoylejackson@gmail.com)

CONSULTING ENGINEER:

Kelly Chappell  
Ensign Engineering  
225 North 100 East  
Richfield, UT 84701  
435-896-2983  
[kchappell@ensignutah.com](mailto:kchappell@ensignutah.com)

RECORDER:

Randy Ramsley  
435-456-9146  
[mesafarm@mesafarmmarket.com](mailto:mesafarm@mesafarmmarket.com)



## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Caineville  
 COUNTY: Wayne  
 PROJECT DESCRIPTION: Tmnt facility, hydrants, valves, tank upgrades

FUNDING SOURCE: State SRF

### 50 % Loan & 50 % Grant

|                         |           |                     |      |                |             |
|-------------------------|-----------|---------------------|------|----------------|-------------|
| ESTIMATED POPULATION:   | 25        | NO. OF CONNECTIONS: | 26 * | SYSTEM RATING: | APPROVED    |
| CURRENT AVG WATER BILL: | \$18.08 * |                     |      | PROJECT TOTAL: | \$1,000,000 |
| CURRENT % OF AGI:       | 1.00%     | FINANCIAL PTS:      | 41   | LOAN AMOUNT:   | \$495,000   |
| ESTIMATED MEDIAN AGI:   | \$21,800  |                     |      | GRANT AMOUNT:  | \$500,000   |
| STATE AGI:              | \$48,000  |                     |      | TOTAL REQUEST: | \$995,000   |
| SYSTEM % OF STATE AGI:  | 45%       |                     |      |                |             |

|  | @ ZERO %<br>RATE<br>0% | @ RBBI<br>MKT RATE<br>2.63% |  | AFTER REPAYMENT<br>PENALTY & POINTS<br>0.00% |
|--|------------------------|-----------------------------|--|--|
| <b><u>SYSTEM</u></b>                   |                        |                             |  |  |
| ASSUMED LENGTH OF DEBT, YRS:           | 40                     | 40                          |  | 40   |
| ASSUMED NET EFFECTIVE INT. RATE:       | 0.00%                  | 2.63%                       |  | 0.00%  |
| REQUIRED DEBT SERVICE:                 | \$12,375.00            | \$20,153.08                 |  | \$12,375.00                                  |
| *PARTIAL COVERAGE (15%):               | \$1,856.25             | \$3,022.96                  |  | \$1,856.25                                   |
| *ADD. COVERAGE AND RESERVE (10%):      | \$1,237.50             | \$2,015.31                  |  | \$1,237.50                                   |
| <b>ANNUAL NEW DEBT PER CONNECTION:</b> | <b>\$594.95</b>        | <b>\$968.90</b>             |  | <b>\$594.95</b>                              |
| <br>                                   |                        |                             |  |  |
| O & M + FUNDED DEPRECIATION:           | \$4,038.00             | \$4,038.00                  |  | \$4,038.00                                   |
| OTHER DEBT + COVERAGE:                 | \$0.00                 | \$0.00                      |  | \$0.00                                       |
| REPLACEMENT RESERVE ACCOUNT:           | \$0.00                 | \$0.00                      |  | \$0.00                                       |
| <b>ANNUAL EXPENSES PER CONNECTION:</b> | <b>\$155.31</b>        | <b>\$155.31</b>             |  | <b>\$155.31</b>                              |
| <br>                                   |                        |                             |  |  |
| TOTAL SYSTEM EXPENSES                  | \$19,506.75            | \$29,229.35                 |  | \$19,506.75                                  |
| TAX REVENUE:                           | \$0.00                 | \$0.00                      |  | \$0.00                                       |
| <br>                                   |                        |                             |  |  |
| <b><u>RESIDENCE</u></b>                |                        |                             |  |  |
| MONTHLY NEEDED WATER BILL:             | \$62.52                | \$93.68                     |  | \$62.52                                      |
| <br>                                   |                        |                             |  |  |
| % OF ADJUSTED GROSS INCOME:            | 3.44%                  | 5.16%                       |  | 3.44%  |

\$0.00

# Caineville

PROPOSED BOND REPAYMENT SCHEDULE

50 % Loan & 50 % Grant

|                               |              |                          |                   |
|-------------------------------|--------------|--------------------------|-------------------|
| PRINCIPAL                     | \$495,000.00 | ANTICIPATED CLOSING DATE | February 15, 2022 |
| HARDSHIP GRANT ASSESSMENT FEE | 0.00%        | FIRST P&I PAYMENT DUE    | January 1, 2024   |
| TERM                          | 40           | REVENUE BOND             | \$495,000         |
| NOMIN. PAYMENT                | \$12,375.00  | PRINC. FORGIVE.:         | \$500,000         |

| YEAR | BEGINNING BALANCE | DATE OF PAYMENT | PAYMENT      | PRINCIPAL    | INTEREST | ENDING BALANCE | PAYM NO. |
|------|-------------------|-----------------|--------------|--------------|----------|----------------|----------|
| 2023 | \$495,000.00      | January 1, 2023 | \$0.00 *     | \$0.00       | \$0.00   | \$495,000.00   | 0        |
| 2024 | \$483,000.00      | January 1, 2024 | \$12,000.00  | \$12,000.00  | \$0.00   | \$483,000.00   | 1        |
| 2025 | \$471,000.00      | January 1, 2025 | \$12,000.00  | \$12,000.00  | \$0.00   | \$471,000.00   | 2        |
| 2026 | \$459,000.00      | January 1, 2026 | \$12,000.00  | \$12,000.00  | \$0.00   | \$459,000.00   | 3        |
| 2027 | \$447,000.00      | January 1, 2027 | \$12,000.00  | \$12,000.00  | \$0.00   | \$447,000.00   | 4        |
| 2028 | \$435,000.00      | January 1, 2028 | \$12,000.00  | \$12,000.00  | \$0.00   | \$435,000.00   | 5        |
| 2029 | \$423,000.00      | January 1, 2029 | \$12,000.00  | \$12,000.00  | \$0.00   | \$423,000.00   | 6        |
| 2030 | \$423,000.00      | January 1, 2030 | \$12,000.00  | \$12,000.00  | \$0.00   | \$411,000.00   | 7        |
| 2031 | \$411,000.00      | January 1, 2031 | \$12,000.00  | \$12,000.00  | \$0.00   | \$399,000.00   | 8        |
| 2032 | \$399,000.00      | January 1, 2032 | \$12,000.00  | \$12,000.00  | \$0.00   | \$387,000.00   | 9        |
| 2033 | \$387,000.00      | January 1, 2033 | \$12,000.00  | \$12,000.00  | \$0.00   | \$375,000.00   | 10       |
| 2034 | \$375,000.00      | January 1, 2034 | \$13,000.00  | \$13,000.00  | \$0.00   | \$362,000.00   | 11       |
| 2035 | \$362,000.00      | January 1, 2035 | \$12,000.00  | \$12,000.00  | \$0.00   | \$350,000.00   | 12       |
| 2036 | \$350,000.00      | January 1, 2036 | \$13,000.00  | \$13,000.00  | \$0.00   | \$337,000.00   | 13       |
| 2037 | \$337,000.00      | January 1, 2037 | \$12,000.00  | \$12,000.00  | \$0.00   | \$325,000.00   | 14       |
| 2038 | \$325,000.00      | January 1, 2038 | \$13,000.00  | \$13,000.00  | \$0.00   | \$312,000.00   | 15       |
| 2039 | \$312,000.00      | January 1, 2039 | \$12,000.00  | \$12,000.00  | \$0.00   | \$300,000.00   | 16       |
| 2040 | \$300,000.00      | January 1, 2040 | \$13,000.00  | \$13,000.00  | \$0.00   | \$287,000.00   | 17       |
| 2041 | \$287,000.00      | January 1, 2041 | \$12,000.00  | \$12,000.00  | \$0.00   | \$275,000.00   | 18       |
| 2042 | \$275,000.00      | January 1, 2042 | \$13,000.00  | \$13,000.00  | \$0.00   | \$262,000.00   | 19       |
| 2043 | \$262,000.00      | January 1, 2043 | \$12,000.00  | \$12,000.00  | \$0.00   | \$250,000.00   | 20       |
| 2044 | \$250,000.00      | January 1, 2044 | \$13,000.00  | \$13,000.00  | \$0.00   | \$237,000.00   | 21       |
| 2045 | \$237,000.00      | January 1, 2045 | \$12,000.00  | \$12,000.00  | \$0.00   | \$225,000.00   | 22       |
| 2046 | \$225,000.00      | January 1, 2046 | \$13,000.00  | \$13,000.00  | \$0.00   | \$212,000.00   | 23       |
| 2047 | \$212,000.00      | January 1, 2047 | \$12,000.00  | \$12,000.00  | \$0.00   | \$200,000.00   | 24       |
| 2048 | \$200,000.00      | January 1, 2048 | \$13,000.00  | \$13,000.00  | \$0.00   | \$187,000.00   | 25       |
| 2049 | \$187,000.00      | January 1, 2049 | \$12,000.00  | \$12,000.00  | \$0.00   | \$175,000.00   | 26       |
| 2050 | \$175,000.00      | January 1, 2050 | \$13,000.00  | \$13,000.00  | \$0.00   | \$162,000.00   | 27       |
| 2051 | \$162,000.00      | January 1, 2051 | \$12,000.00  | \$12,000.00  | \$0.00   | \$150,000.00   | 28       |
| 2052 | \$150,000.00      | January 1, 2052 | \$13,000.00  | \$13,000.00  | \$0.00   | \$137,000.00   | 29       |
| 2053 | \$137,000.00      | January 1, 2053 | \$12,000.00  | \$12,000.00  | \$0.00   | \$125,000.00   | 30       |
| 2054 | \$125,000.00      | January 1, 2054 | \$13,000.00  | \$13,000.00  | \$0.00   | \$112,000.00   | 31       |
| 2055 | \$112,000.00      | January 1, 2055 | \$12,000.00  | \$12,000.00  | \$0.00   | \$100,000.00   | 32       |
| 2056 | \$100,000.00      | January 1, 2056 | \$13,000.00  | \$13,000.00  | \$0.00   | \$87,000.00    | 33       |
| 2057 | \$87,000.00       | January 1, 2057 | \$12,000.00  | \$12,000.00  | \$0.00   | \$75,000.00    | 34       |
| 2058 | \$75,000.00       | January 1, 2058 | \$13,000.00  | \$13,000.00  | \$0.00   | \$62,000.00    | 35       |
| 2059 | \$62,000.00       | January 1, 2059 | \$12,000.00  | \$12,000.00  | \$0.00   | \$50,000.00    | 36       |
| 2060 | \$50,000.00       | January 1, 2060 | \$13,000.00  | \$13,000.00  | \$0.00   | \$37,000.00    | 37       |
| 2061 | \$37,000.00       | January 1, 2061 | \$12,000.00  | \$12,000.00  | \$0.00   | \$25,000.00    | 38       |
| 2062 | \$25,000.00       | January 1, 2062 | \$13,000.00  | \$13,000.00  | \$0.00   | \$12,000.00    | 39       |
| 2063 | \$12,000.00       | January 1, 2063 | \$12,000.00  | \$12,000.00  | \$0.00   | \$0.00         | 40       |
|      |                   |                 | \$495,000.00 | \$495,000.00 | \$0.00   |                |          |

\*Interest Only Payment