

Drinking Water Board Packet

June 8, 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

Roger Fridal, Chair
Kristi Bell, Vice-Chair
Scott Morrison
Jeff Coombs
David O. Pitcher
Eric Franson, P.E.
Barbara Gardner
Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DRINKING WATER BOARD MEETING

June 8, 2021 1:00 PM

Via Zoom Webinar

Tim Davis Cell # 385-226-6511

1. Call to Order
2. Electronic Meeting Notice – Roger Fridal
3. Roll Call – Tim Davis
4. Approval of Meeting Minutes
 - A. [March 4, 2021 Minutes](#)
 - B. [April 22, 2021 Minutes](#)
5. Disclosure for Intent to Publicly Comment – Roger Fridal
6. Disclosure for Conflict of Interest – Roger Fridal
7. Financial Assistance Committee Report
 - A. [Status Report](#) – Michael Grange
 - B. [Project Priority List](#) – Michael Grange
 - C. SRF Applications
 - i) STATE
 - a. [Escalante City](#) – Heather Pattee
 - b. [Green River](#) – Heather Pattee
 - c. [Pleasant Grove City](#) – Heather Pattee
 - ii) FEDERAL
 - a. [Bicknell Town](#) – Skye Sieber
 - b. [East Carbon City](#) – Skye Sieber
 - c. [Irontown](#) – Skye Sieber
 - d. [Little Meadows Estates](#) – Skye Sieber
 - e. [Spring Creek Water Users](#) – Heather Pattee

- f. Wellington City – Heather Pattee
- g. Provo River Water Users Association – Michael Grange
- h. Cannonville Town – Skye Sieber

8. Rulemaking Activities

A. Current Rulemaking Activities (Board Information Only)

- i. Update on the Rulemaking Process for Drinking Water State Revolving Fund Program Rules R309-700 and R309-705 and the Capacity Development Program Rule R309-800. Distribute Draft Rules for external stakeholder review and comment. – Michael Grange

9. Rural Water Association Report – Dale Pierson

10. Directors Report – Tim Davis

- A. Enforcement Report
- B. New Employees; Morgan Vinyard, Sarah Romero
- C. Other

11. Public Comment Period – Roger Fridal

12. Open Board Discussion – Roger Fridal

13. Other

14. Next Board Meeting

Date: Tuesday August 31, 2021
Time: 1:30 PM
Place: Davis Conference Center
1651 N 700 W
Layton, UT 84041

15. Adjourn

Agenda Item

4(A)



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

Roger Fridal, Chair
Kristi Bell, Vice-Chair
Scott Morrison
Jeff Coombs
David O. Pitcher
Eric Franson, P.E.
Barbara Gardner
Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DRINKING WATER BOARD MEETING
March 4, 2021 9:00 AM
Dixie Convention Center Garden Room / Zoom Webinar
1835 S Convention Center
St George, Utah 84790

DRAFT MINUTES

1. Call to Order

Roger Fridal, Chair, called the Board meeting to order at 9:18 AM.

2. Electronic Meeting Notice – Roger Fridal

Roger Fridal read the written determination to include an electronic component to the meeting.

3. Roll Call – Tim Davis

Board Members Present: Roger Fridal, Kristi Bell, Eric Franson, Scott Morrison, Barbara Gardner, Kim Shelley, David Pitcher, Blake Tullis

Board Members Absent: Jeff Coombs

Division of Drinking Water (DDW, Division) Staff Present: Tim Davis, Michael Grange, Allyson Spevak, Skye Sieber, Heather Pattee, Elisa Brawley, Darlene Funn, Dylan Martinez, Mimi Ujiie, Mark Berger, Michael Newberry, Luke Treutel

4. Approval of Meeting Minutes

- A. Approval of the January 12, 2021 Minutes
- B. Approval of the January 21, 2021 Minutes
- C. Approval of the February 4, 2021 Work Meeting Minutes

- David Pitcher moved to approve the January 12, 2021, January 21, 2021, and February 4, 2021 Board meeting minutes. Eric Franson seconded. The motion was carried unanimously by the Board.

5. Disclosure for Intent to Publicly Comment – Roger Fridal

No disclosure for the intent to publicly comment was made.

6. Disclosure for Conflict of Interest – Roger Fridal

No disclosure for conflict of interest was made.

7. Financial Assistance Committee Report

A. Status Report – Michael Grange

Michael Grange, Technical Assistance Section Manager with the Division of Drinking Water, reported that as of December 31, 2020 there is a balance of approximately \$15,200,000 in the State SRF fund. Over the course of the next year, the Division is expecting another \$3.9 million to be added to the fund through sales tax appropriation and repayment streams. Through January 1, 2022 approximately \$19.2 million will be available for State projects.

State project loans currently in process include Genola City, Bear River Water Conservancy District, Caineville Special Service District, and Hatch Town. The Division has sent Bear River's environmental documentation to the State Historic Preservation Office for their review which is another step toward loan closing. Staff is working with Genola City on a few remaining issues to be worked out prior to their loan closing.

Michael then reported that as of January 31, 2021 there is a balance of approximately \$26.3 million in the Federal SRF fund. Over the course of the next year, the Division is expecting another \$21.9 million to be added to the fund from the EPA capitalization grant, state match, and principal and interest payments. By February 1, 2022 there will be approximately \$44.2 million available for Federal projects.

Federal project loans currently in process include Hyde Park City, Daniel Town, and Moroni City. Wilson Arch is on today's agenda to request additional funding.

B. Project Priority List – Michael Grange

Michael Grange reported that two new projects are recommended to be added to the Project Priority List: 1) Boulder Farmstead with 37.1 points with a project consisting of constructing a new well and 2) East Grouse Creek with 36.1 points with a project consisting of a gas chlorination system, water meter replacement, backflow preventer installation, and an air/vac relief assembly. The Financial Assistance Committee recommends the Board approve the updated Project Priority List as presented, with the addition of these two projects.

- Eric Franson moved to approve the updated Project Priority List. Kristi Bell seconded. The motion was carried unanimously by the Board.

C. SRF Applications

i) FEDERAL

a. East Grouse Creek – Heather Pattee

Representing East Grouse Creek were Julie Tanner and Jim Tanner.

Heather Pattee informed the Board that the East Grouse Creek project consists of a gas chlorination system, water meter replacement, backflow preventer installation, and an air/vac relief assembly. The total project cost is \$343,220 with East Grouse Creek contributing \$3,220. The system applied for a \$100,000 CDBG (Community Development Block) grant. They're currently unsure of if and when they'll receive the grant, so they're requesting the full \$340,000 from the Drinking Water Board.

The project scored 36.1 points on the Project Priority List. The local Median Adjusted Gross Income (MAGI) is 66% of the State MAGI and the after-project water bill at full loan would be \$58.67 which is 2.22% of the local MAGI, therefore they do qualify as a hardship community to receive additional subsidy.

The project initially went before the Financial Assistance Committee at the lower amount of \$240,000, but since they're requesting the full \$340,000 the recommendation changes to a 50/50 split. The Financial Assistance Committee recommends that the Drinking Water Board authorize a loan of \$340,000 at 0.00% interest for 20 years with \$170,000 in principal forgiveness, for a repayable amount of \$170,000 to East Grouse Creek Pipeline Company. Conditions include that they resolve any deficiencies on their IPS report.

The system currently has 100 IPS points and this project will resolve all of these points. Julie Tanner informed the Board that the redundancy had been removed from their IPS report, so at the time of this meeting, their IPS points total is actually 50.

Julie clarified that East Grouse Creek Pipeline Company is a 109-year-old community cooperative which provides drinking water to the majority of the community.

Heather clarified that if they're awarded the \$100,000 CDB grant it would be deducted from the DWB loan as long as the bids don't come in higher than anticipated. If the grant is awarded, both the loan and principal forgiveness would be reduced by \$50,000.

- Eric moved that the Drinking Water Board authorize a loan of \$340,000 at 0.00% interest for 20 years with \$170,000 in principal forgiveness for a repayable loan amount of \$170,000 to East Grouse Creek Pipeline Company. Conditions include that they resolve any deficiencies on their IPS report. David Pitcher seconded. The motion was carried unanimously by the Board.

b. Boulder Farmstead – Skye Sieber

Representing Boulder Farmstead were Randy Catmull and James Saunders, a consulting engineer with Jones & DeMille Engineering.

Skye Sieber informed the Board that Boulder Farmstead is a private water company which supplies water to the town of Boulder in Garfield County. The project consists of constructing a new well and it scored 37.1 points on the Project Priority List. The project total is \$309,000 and the water company is requesting the full amount from the Board.

To date, Boulder Farmstead has spent close to \$45,000 troubleshooting issues with their existing well which includes a video inspection, cleaning, and well pump replacement. Despite their efforts, they eventually determined that the existing well is failing and needs to be replaced.

The MAGI for Boulder Town is \$29,400 which is 61% of the State MAGI. Their current average monthly water bill is \$53.48 which is 2.81% of the local MAGI. The after-project water bill at full loan for 20 years was calculated to be \$80.10 which is 3.27% of the local MAGI. Based on their MAGI and the average monthly water bill, the community does qualify to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize \$309,000 in full principal forgiveness to Boulder Farmstead Water Company to construct a new well. Conditions include that they resolve all issues on their IPS report.

The water company currently has 55 points on their IPS report which are detailed on page 3 of their packet item.

Skye explained that the system's current average monthly water bill of \$53.48 includes a rate increase implemented in September 2020 and also includes pipe irrigation provided to a portion of the community. At 100% grant or principal forgiveness, their water bill would increase to \$71.05. This increase indicates that the system isn't collecting enough revenue to cover all of their annual operation and maintenance costs as well as their current debt service.

- David Pitcher moved that the Drinking Water Board authorize \$309,000 in principal forgiveness to Boulder Farmstead Water Company contingent on resolving all issues on their compliance report. Kristi Bell seconded. The motion was carried unanimously by the Board.

c. Wilson Arch – Skye Sieber

Representing Wilson Arch was Dawn Howe.

Skye Sieber reminded the Board that at the September 1, 2020 DWB Meeting, the Board authorized \$58,000 in principal forgiveness to the Wilson Arch Water and Sewer Company, located in San Juan County, to help them upgrade distribution pumps, motors, and a controller for the west side of their system. In January the system received plan approval from the Division to move forward with the project. The project design and plan approval require many more components than were originally factored into the cost estimate. The bids have come back and the new estimated project cost is \$188,000 which factors in legal fees incurred during the project.

Wilson Arch has a small capital reserve replacement fund which allows them to contribute \$5,300 toward the cost of the project so they're requesting \$182,700 from the Board. The local MAGI is

currently 86% of the State MAGI. The after-project water bill at full loan for 20 years would be \$139.08 or about 4% of the local MAGI, therefore they do qualify to be considered for additional subsidy. The terms and conditions were not changed from the original authorization so this new amount would also be full principal forgiveness.

The Financial Assistance Committee recommends that the Drinking Water Board 1) deauthorize the original funding of \$58,000 in principal forgiveness and 2) authorize \$182,700 in principal forgiveness to Wilson Arch Water and Sewer Company. Staff recommends an additional condition that Wilson Arch develop either an asset management plan or a capital development plan that projects future capital investment needs for the system over the next 5-10 years.

It is Wilson Arch's goal to eventually turn the system over to the special service district.

- Eric Franson moved that the Drinking Water Board deauthorize the original funding of \$58,000 in principal forgiveness. Kristi Bell seconded. The motion was carried unanimously by the Board.
- Eric Franson moved that the Drinking Water Board authorize \$182,700 in principal forgiveness to Wilson Arch Water and Sewer Company with the condition that Wilson Arch develop an asset management plan or a capital improvement plan that projects future capital investment needs over the next 5-10 years. Kristi Bell seconded. The motion was carried unanimously by the Board.

8. Rulemaking Activities (Informational)

A. Current Rulemaking Activities

- i.) R309-405 Compliance and Enforcement: Administrative Penalty – Rulemaking Update – Mark Berger

Mark Berger, DDW Rules section manager, reminded the Board that at the January 12, 2021 meeting, they authorized the Division to begin rulemaking for R309-405 Compliance and Enforcement: Administrative Penalty. The Division submitted the proposed rule to the Office of Administrative Rules and it was published in the Utah State Bulletin on February 1, 2021 for a public comment period which ended March 3, 2021.

At this time the Division isn't able to proceed with rulemaking because 1) the public comment period was still open at the time board packet items were due and 2) per State rulemaking rules, a rule cannot be made effective until 7 days after the public comment period ends. This time period allows for any public comments received by mail to be delivered and reviewed. Furthermore, a rule must be acted on within 120 days after it is published for public comment, so this rule would expire before the next scheduled Board meeting on June 8, 2021.

To accommodate that 120-day timeframe a special electronic Board meeting will be scheduled in April to allow for any public comments to be reviewed and included in the packet and for the Board to authorize the adoption of this rule.

B. Future Rulemaking Activities (Informational)

- i.) R309-210-6 – Lead and Copper Rule Changes – Luke Treutel
 - a. Overview and Timeline

Luke Treutel, DDW Lead and Copper Rule Manager, presented an overview of the Lead and Copper Rule Revisions (LCRR). EPA finalized the revisions and published the rule in the Federal Register on January 15, 2021. The rule's effective date is March 16, 2021 while the compliance date is January 16, 2024.

Like the previous rule, the LCRR applies to community water systems (CWSs) and non-transient non-community water systems (NTNCWSs). The changes are significant and compliance will require substantial effort and resources from public water systems and DDW. DDW will seek primacy from EPA and will officially propose the rule change and seek public comments at a future Board meeting. DDW will also provide training opportunities and issue guidance documents for water systems.

The Biden Administration has put a 60-day hold on regulations that have been finalized but have not yet taken effect, including the LCRR. As a result, the comment period may be reopened and changes may be made after the Administration and new EPA leadership complete their review. At this time DDW does not know if there will be substantial changes.

b. Key Changes

The rule revisions include significant changes to existing protocols and requirements, as well as the addition of completely new requirements. Key changes include (but are not limited to):

- The addition of a Trigger Level of 10 ug/L
- Water systems must develop a lead service line inventory (LSLI) and prepare a lead service line replacement (LSLR) plan
- Mandatory or goal-based LSLR is triggered by the 90th percentile of lead results
- Changes to sample site selection criteria, with an emphasis on sites served by lead service lines (LSLs)
- Changes to the sample collection procedure, including fifth-liter sampling at homes served by LSLs
- Find-and-Fix provisions to investigate and resolve high lead results
- Community Water Systems are required to test elementary schools and licensed child care facilities in their service area for lead from 2024-2029

Key Dates

- March 16, 2021: LCRR Effective Date
- 2022: EPA is expected to issue guidance documents
- January 16, 2024: LCRR Compliance Date
 - Water systems must comply with requirements set forth in the LCRR
 - All CWSs and NTNCWSs must submit an initial LSLI and a LSLR to DDW

Recommendations for Water Systems (Note: these recommendations are subject to change based on what the Biden Administration does with the LCRR)

- Start working on their lead service line inventories and to help achieve this:

- Access plumbing code, building code, or inspection reports. Also access meter or service line installation records, distribution system maps, or master plans.
- Document any service line materials that are encountered during the course of other work such as meter repair or replacement, or a water main break repair.
- Make a list of the schools and childcare facilities in the water system's service area.
 - DDW can work with UDOH to help identify the licensed childcare facilities in their area.
 - Water systems will need to sample at those schools and childcare facilities.
- Consider the recent lead and copper sample results of the water system and if results are above or near the action level or the trigger level. If so, DDW recommends
 - Water systems start thinking about corrosion control and take additional samples to better understand water quality parameters and chemistry.
- Evaluate their communication with customers
 - If they have a lead exceedance under the LCRR the water system must contact all of their customers within 24 hours which is a Tier 1 Public Notice.
 - Determine if they're prepared to give that notice to customers – do they have all of their customers' emails and/or phone numbers?

Luke clarified that the rule's effective date of March 16, 2021 still applies regardless of the 60-day hold.

Scott Morrison inquired about the level required for lead service line documentation. Luke replied that he's awaiting guidance from EPA on exactly what level of verification for LSL documentation will be acceptable. Based on research and other discussions with EPA, it seems that statistical approaches, modeling or machine learning may be feasible possibilities for documentation.

ii.) R309-530-8 – Facility Design and Operation: Membrane Technology Rule
Changes – Michael Newberry
a. Overview and Timeline

Michael Newberry, DDW Permitting Section Manager, gave an overview for the rulemaking process for the Membrane Technology Rule. The intent is to start the rulemaking process for this rule at the June 8, 2021 DWB Meeting.

b. Key Changes

Key changes to this rule include expanding on the current rule language to add clarity and consistency to design and construction requirements. These changes are intended to help public water systems and consultants.

iii.) R309-540 – Facility Design and Operation: Pump Station Rule – Michael
Newberry
a. Overview and Timeline

Michael Newberry gave an overview for the rulemaking process for the Pump Station Rule. The intent is to start the rulemaking process for this rule at the June 8, 2021 DWB Meeting.

b. Key Changes

Key changes to this rule include expanding on the current rule language to add clarity and consistency to design and construction requirements. These changes are intended to help public water systems and consultants.

9. Rural Water Association Report – Dale Pierson

Dale thanked the Board members that attended the RWAU Conference in person. He also spoke of the challenges of holding the conference in person during the pandemic.

10. Directors Report – Division Director / Staff

A. Enforcement Report

New DDW Director, Tim Davis, referred the Board to the Enforcement Report in the packet. Since the last Board meeting, only one system, Tooele Army Depot, has been added to the list for Corrective Action.

B. New Employees; Darlene Funn, Dylan Martinez

Darlene Funn comes to the Division from the Department of Insurance and is the Administrative Services section's new financial analyst.

Dylan Martinez is an Office Specialist with the Rules section and performs data entry for monitoring reports, tracks and mails Rules letters, and will be learning the Division's document filing system.

C. Legislative Update

The 2021 Legislative Session was relatively quiet for DDW.

H.B 13, the lead testing in schools bill, has been postponed because of the potential revisions to the LCRR.

At the time of this meeting DDW was awaiting authorization of their building block proposal. If the building block is not authorized, the Division will continue to work with communities and water systems on its fee proposal.

H.B. 346 Natural Resource Entities Amendments – in its current form this bill would create a coordination council to study if several state agencies including the Department of Natural Resources and the Department of Environmental Quality would coordinate better if consolidated.

D. Other

11. Public Comment Period – Roger Fridal

Page 9

No public comments were made.

12. Open Board Discussion – Roger Fridal

There was no open board discussion.

13. Other

14. Next Board Meeting

Date: Tuesday June 8, 2021

Time: 1:00 PM

Place: TBD

15. Adjourn

- Kristi Bell moved to adjourn the meeting. Blake Tullis seconded. The motion was carried unanimously by the Board.

The meeting adjourned at 10:24 AM.

Agenda Item

4(B)



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

Roger Fridal, Chair
Kristi Bell, Vice-Chair
Scott Morrison
Jeff Coombs
David O. Pitcher
Eric Franson, P.E.
Barbara Gardner
Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DRINKING WATER ELECTRONIC BOARD MEETING
Via Zoom

April 22, 2021 1:00 PM

DRAFT MINUTES

1. Call to Order

Roger Fridal, Chair, called the Board meeting to order at 1:01 PM.

2. Electronic Meeting Notice – Roger Fridal

Roger Fridal read the written determination to hold the meeting electronically.

3. Roll Call – Tim Davis

Board Members Present: Roger Fridal, Kristi Bell, Eric Franson, Scott Morrison, Barbara Gardner, David Pitcher, Blake Tullis

Board Members Absent: Jeff Coombs, Kim Shelley

Division of Drinking Water (DDW, Division) Staff Present: Tim Davis, Michael Grange, Allyson Spevak, Skye Sieber, Heather Pattee, Elisa Brawley, Mark Berger

4. Disclosure for Intent to Publicly Comment – Roger Fridal

No disclosure for the intent to publicly comment was made.

5. Disclosure for Conflict of Interest – Roger Fridal

No disclosure for conflict of interest was made.

6. Financial Assistance Committee Report

A. SRF Applications

195 North 1950 West • Salt Lake City, UT
Address: P.O. Box 144830 • Salt Lake City, UT 84114-4830
536-4200 • Fax (801) 536-4211 • T.D.D. (801) 536-4284

Printed on 100% recycled paper

Mailing
Telephone (801)
www.deq.utah.gov

i) FEDERAL

a. Woodland Hills Water Company – Heather Pattee

Representing Woodland Hills was Ted Mickelson of Jones and Demille Engineering.

Heather Pattee informed the Board that Woodland Hills was authorized a loan of \$3,200,000 with \$300,000 in principal forgiveness on July 20, 2020. As the project progresses they have encountered many conflicts which have created additional costs. Some of those conflicts include running into unmarked and unknown existing utilities which has caused them to realign the water line into the middle of the road.

The city is requesting an additional \$410,000 to cover these costs. The packet item recommendation #3 (90% repayable loan, 10% principal forgiveness) is the same loan and principal forgiveness ratio as the original authorization. The monthly water rate and local median adjusted gross income (MAGI) does include the previous loan, so with this new funding their water bill will be at 1.84% of the local MAGI.

The staff recommendation is that the Drinking Water Board authorize a loan of \$410,000 with \$41,000 in principal forgiveness at 0.00% interest for 30 years for a repayable amount of \$369,000 to the City of Woodland Hills.

Heather clarified that with this new funding the water rates won't be going up because the city previously raised their rates enough to cover the additional funding.

Ted Mickelson clarified that the original funding was a \$3.2 million request, with \$300,000 in principal forgiveness, and the city contributed \$300,000 for a repayable loan amount of \$2.6 million.

- David Pitcher moved that the Drinking Water Board authorize a loan of \$410,000 with \$41,000 in principal forgiveness at 0.00 % interest for 30 years for a repayable amount of \$369,000 to the City of Woodland Hills. Kristi Bell seconded. The motion was carried unanimously by the Board.

b. Cannonville Town – Skye Sieber

Representing Cannonville Town were Mayor Jeff Stock and Jesse Ralphs of Sunrise Engineering.

Skye Sieber informed the Board that Cannonville Town is requesting emergency funding to construct a replacement 300,000-gallon storage tank because the existing tank has failed. The project scored 67.3 points on the project priority list. The total construction costs are estimated at \$1,894,000 and the town is requesting the full amount from the Board.

The MAGI for Cannonville is \$32,600 which is 69% of the State MAGI. Their current average monthly water bill is \$31.78 which is 1.17% of the local MAGI. The after-project water bill at full loan for 20 years was calculated to be \$124.84 per connection which is 4.60% of the local MAGI. The community qualifies to be considered for additional subsidy.

The staff recommends that the Drinking Water Board authorize a loan of \$1,894,000 for 40 years at 0.00% interest with \$947,000 in principal forgiveness for a total repayable amount of \$947,000 to Cannonville Town to construct a replacement tank.

Mayor Stock informed the Board that the original tank was constructed in 2000 to allow for additional storage. A loan for that construction was paid off in December 2020, then the tank failed in January 2021. In addition to a new tank the system also needs to replace water valves and several fire hydrants. Based on the many needs of the system, Mayor Stock said the town cannot afford the Board's proposed 50% loan and 50% principal forgiveness for tank construction. Prior attempts to repair the existing tank were not successful. The cost of purchasing the property needed for the new tank is in their loan request, but they don't yet have full agreement from the owner to sell.

The Board would like the town to come back before the Board at the June 8, 2021 meeting with a larger funding request to include not only the tank but the fire hydrant and valve replacements as well. Mayor Stock countered that the tank is an emergency need and the other items can wait until later in the year.

- Scott Morrison moved that the town of Cannonville come back to the Board at the June meeting with an updated request which includes the other elements of the system that need to be replaced. That request will be considered by the Board at that time with an updated schedule of options from staff.
- Scott updated his motion; he moved that the Board table this discussion for future requests from the Town of Cannonville. David Pitcher seconded. The motion was carried unanimously by the Board.

B. Intended Use Plan – Michael Grange

Michael Grange informed the Board that the Intended Use Plan (IUP) is an annual report which the Division is required to prepare. The plan outlines how the Division intends to use the capitalization grants for the coming years. The plan is a public document which was put out for a 30-day public comment period on April 16, 2021. This is an informational item for the Board and the Division will keep them informed if any comments are received.

7. Rulemaking Activities

A. Current Rulemaking Activities (Board Action Needed)

- i. R309-405 Rule – Compliance and Enforcement: Administrative Penalty – Final Adoption – Mark Berger

Mark Berger informed the Board that at the January 12, 2021 meeting the Board authorized the Division to proceed with rulemaking to repeal and replace R309-405 and to propose the rule for public comment. The purpose of the rule is to set the procedures, criteria, and factors that apply to the assessment and settlement of formal administrative penalties against public drinking water suppliers. The rule is required for the State to have primacy to run its drinking water program.

The purpose of the repeal and replacement is to align the existing rule with changes made to Utah Code 19-4 Safe Drinking Water Act (SDWA) during the 2020 Legislative General Session

through Senate Bill 88. The rule was also improved upon by adding clarity and transparency regarding the existing enforcement program. In part, the bill authorized the Director to make rules to issue and enforce notices of violations and to assess administrative penalties. The bill also established administrative penalties. Previously, the State statute said that all public water systems were subject up to a \$1,000 penalty per day, per violation. The statute was changed to meet federal requirements, which is that public water systems serving more than 10,000 people are subject to a penalty of exactly \$1,000 per day, per violation.

Because the enforcement requirements in Utah's SDWA are required for the State to retain its primacy authority, EPA was closely consulted during both the revisions to the statute as well as revisions to the rule. EPA has indicated that both the statute and the rule meet their requirement for the State to retain primacy.

The rule was published for a 30-day public comment period starting February 1, 2021 and no comments were received.

Staff recommends that the Board adopt, as proposed, the repeal and replacement of R309-405 Compliance and Enforcement: Administrative Penalty.

- Scott Morrison moved that the Drinking Water Board adopt the new R309-405 rule. Kristi Bell seconded. The motion was carried unanimously by the Board.

8. Public Comment Period – Roger Fridal

No public comments were made.

9. Open Board Discussion – Roger Fridal

There was no open board discussion.

10. Other

The Board agreed to move to a weekly DDW news email, replacing the Current News section in the meeting packets.

11. Next Board Meeting

Date: Tuesday June 8, 2021
Time: 1:00 PM
Place: TBD

12. Adjourn

- Kristi Bell moved to adjourn the meeting. Blake Tullis seconded. The motion was carried unanimously by the Board.

The meeting adjourned at 1:50 PM.

Agenda Item

7(A)

DIVISION OF DRINKING WATER
STATE LOAN FUNDS
AS OF April 30, 2021

SUMMARY		
	Total State Fund:	\$17,521,795
	Total State Hardship Fund:	\$2,903,952
	Subtotal:	\$20,425,747
LESS AUTHORIZED	Less:	
	Authorized Loans & Closed loans in construction:	\$3,212,000
	Authorized Hardship:	\$1,199,505
	Subtotal:	\$4,411,505
	Total available after Authorized deducted	\$16,014,242
PROPOSED	Proposed Loan Project(s):	\$3,745,000
	Proposed Hardship Project(s):	\$159,626
	Subtotal:	\$3,904,626
AS OF:		
April 30, 2021	TOTAL REMAINING STATE LOAN FUNDS:	\$10,564,795
	TOTAL REMAINING STATE HARDSHIP FUNDS:	\$1,544,821

(see Page 2 for details)

(see Page 2 for details)

Total Balance of ALL Funds: \$12,109,616

Projected Receipts Next Twelve Months: and Sales Tax Revenue	
Annual Maximum Sales Tax Projection	\$3,587,500
Less State Match for 2021 Federal Grant	(\$2,202,200)
Less State Match for 2019 Federal Grant A	(\$19,800)
Less Appropriation to DDW/Board	(\$1,018,500)
SUBTOTAL Sales Tax Revenue including adjustments:	\$347,000
Payment:	
Interest on Investments (Both Loan and Hardship Accounts)	\$84,000
Principal payments	\$2,734,000
Interest payments	\$672,735
Total Projections:	\$3,837,735
Total Estimated State SRF Funds Available through 5-01-2022	\$15,947,351

**DIVISION OF DRINKING WATER
STATE LOAN FUNDS
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF April 30, 2021**

Community	Loan #	Cost Estimate	Date Authorized	Date Closed/Anticipated	Authorized Funding		
					Loan	Grant	Total
Genola City 0% int 30 yrs	3S1732	2,849,400	Aug-19		2,273,000	326,400	2,599,400
Bear River WCD 0% int 20yrs	3S1761	201,005	Sep-20		141,000	60,005	201,005
Caineville SSD 0% int 30 yrs	3S1766	595,000	Sep-20		295,000	300,000	595,000
Subtotal Loans and Grants Authorized					2,709,000	686,405	3,395,405
PLANNING LOANS / GRANTS IN PROCESS							
Fairview	3S1736P	40,000	Aug-19	Sep-19		40,000	40,000
Thompson SSD	3S1747P	29,500	Jan-20	Feb-20		29,500	29,500
Axtell Community SSD 20yrs 2%	3S1765P	103,000	Sep-20		103,000		103,000
Circleville Town	3S1773P	40,000	Sep-20	Nov-20		40,000	40,000
Dutch John Town	3S1776P	40,000	Nov-20			40,000	40,000
Teasdale SSD	3S1779P	40,000	Jan-21			40,000	40,000
Angell Springs SSD	3S1789P	37,600	Mar-21	Apr-21		37,600	37,600
Leamington Town	3S1788P	36,000	Mar-21	Apr-21		36,000	36,000
Subtotal Planning in Process					103,000	263,100	366,100
CLOSED LOANS (partially disbursed)							
Mtn Regional-Community Wtr 2% 20 yr	3S254	2,600,000	Jul-18	Dec-19	400,000		400,000
Genola City Water Tank	3S1732	250,000	Aug-19	Mar-20		250,000	250,000
Subtotal Closed Loans Partially Disbursed					400,000	250,000	650,000
TOTAL AUTHORIZED/PLANNING/OR CLOSED BUT NOT YET FUNDED					\$3,212,000	\$1,199,505	\$4,411,505
PROPOSED PROJECTS FOR MAR 2021							
Escalante	3S1793	103,000				103,000	103,000
Green River	3S1790	56,626				56,626	56,626
Pleasant Grove	3S1796	3,745,000			3,745,000		3,745,000
Total Proposed Projects					3,745,000	159,626	3,904,626

**DIVISION OF DRINKING WATER
STATE LOAN FUNDS
AS OF April 30, 2021**

	5235	5240	
	Loan	Interest	
	Funds	(use for Grants)	Total
Cash:	\$17,521,795	\$2,903,952	\$20,425,747
Less:			
Loans & Grants authorized but not yet closed (schedule attached)	(2,812,000)	(949,505)	(3,761,505)
Loans & Grants closed but not fully disbursed (schedule attached)	(400,000)	(250,000)	(650,000)
Proposed loans & grants	(3,745,000)	(159,626)	(3,904,626)
Administrative quarterly charge for entire year	(1,018,500)		(1,018,500)
Appropriation to DDW	0		0
FY 2021 Federal SRF 20% match	(2,202,200)		(2,202,200)
FY 2019 Federal SRF 20% match ?	(19,800)		(19,800)
	7,324,295	1,544,821	8,869,116
Projected repayments during the next twelve months			
Thru 05-01-2022			
Principal	2,734,000		2,734,000
Interest		672,735	672,735
Projected annual investment earnings on invested cash balance		84,000	84,000
Sales Tax allocation thru May-01-2022	3,587,500		3,587,500
Total	\$13,645,795	\$2,301,557	\$15,947,351
* All interest is added to the Hardship Fee account.			

DIVISION OF DRINKING WATER
FEDERAL SRF
AS OF April 30, 2021

FIRST ROUND FUND		FEDERAL SECOND ROUND FUND		Hardship Fund
1997 thru 2020 SRF Grants		Principal Repayments	Earnings on Invested Cash Balance	Total:
Net Federal SRF Grants:	\$187,436,761	Principal (P):	\$65,551,145	\$1,057,715
Total State Matches:	\$43,473,100	Interest (I):	\$20,840,538	
Closed Loans:	-\$230,791,061	Total P & I:	\$86,391,683	
Total Grant Dollars:	\$118,800			\$1,555,231

SUMMARY	
Total Federal State Revolving Fund:	\$87,568,197
Total Federal Hardship Fund:	\$1,555,231
Subtotal:	<u>\$89,123,429</u>

LESS AUTHORIZED & PARTIALLY DISBURSED	Less:		(see Page 2 for details)
	Authorized & Partially Disbursed Closed Loans:	\$58,973,240	
	Authorized Federal Hardship:	\$536,285	
	Subtotal:	<u>\$59,509,525</u>	

PROPOSED	Proposed Federal Project(s):	\$53,365,800	(see Page 2 for details)
	Proposed Federal Hardship Project(s):	\$0	
	Subtotal:	<u>\$53,365,800</u>	

AS OF:	April 30, 2021	TOTAL REMAINING LOAN FUNDS:	-\$24,770,843
		TOTAL REMAINING HARDSHIP FUNDS:	\$1,018,946

Total Balance of ALL Funds after deducting proposed actions: -\$23,751,896

Projected Receipts thru May 1, 2022	
2019 Fed SRF Grant Amendment	\$99,000
2019 State Match Amendment	\$19,800
2021 Fed SRF Grant & State Match	\$10,996,100
Interest on Investments	\$415,200
Principal Payments	\$8,645,203
Interest	\$906,351
Hardship & Technical Assistance fees	\$715,424
Fund 5215 principal payments	\$108,200
Total:	<u>\$21,905,278</u>

} **Receive 60% in January**

Total Estimated Federal SRF Funds Available through: 05/01/2022 **-\$1,846,618**

**DIVISION OF DRINKING WATER
FEDERAL STATE REVIVING FUND
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF April 30, 2021**

PUBLIC WATER SYSTEM	Project			Authorized Date	Closing Date Scheduled or Estimated	Authorized From Loan Funds (1st or 2nd Round)			Hardship Fund	
	Total Project	Terms	Loan #			Loan	Forgiveness	Total		
Sigurd Town	2,300,000	0%, 30 YRS	3F1745	Jun-20	Jul-21	1,500,000	800,000	2,300,000		
Moroni	3,535,000	1% HGF 30 yrs (disadvantaged No LOF)	3F1772	Nov-20		2,485,000	735,000	3,220,000		
Daniel Town	5,692,000	0% int, 30yrs	3F1777	Jan-21		3,992,000	1,700,000	5,692,000		
Willow Creek	225,000	1%, 25 years	3F1759	Jan-21	Jul-21				200,000	
East Grouse Creek	343,220	\$170,000 loan @ 0% 20 yrs, \$170,000 PF	3F1783	Mar-21		170,000	170,000	340,000		
Boulder Farmstead	309,000	100% PF	3F1781	Mar-21			309,000	309,000		
Woodland Hills	410,000	90/10 0% 30 yrs	3F1798	Apr-21	Jul-21	369,000	41,000	410,000		
TOTAL CONSTRUCTION AUTHORIZED:						\$ 8,516,000	\$ 3,755,000	\$ 12,271,000	\$ 200,000	
COMMITTED ADVANCES / AGREEMENTS or PARTIALLY DISBURSED CLOSED 2ND ROUND AGREEMENTS:										
					Date Closed					
									0	
Rural Water Assn of Utah	676,000	5 yr contract for Development Specialist	Ongoing	Jan-18	Jun-18				0	
Granger Hunter Improvement District	20,000,000	1.25% HGA 20 yrs (portfolio)	3F1708	Feb-19	Jul-19	13,924,240		13,924,240	33,280	
Kearns Improvement District	21,000,000	1.25% hgf, 20 yrs (portfolio)	3F1725	Jun-19	Dec-19	13,600,000		13,600,000		
Central Utah WCD-Duchesne Valley WTP	18,000,000	1.25% HGF, 30 yrs	3F1731	Aug-19	Jun-20	12,820,000		12,820,000		
Central Utah WCD	10,000,000	1.25% HGF, 20 yrs (portfolio)	3F1741	Nov-19	Jun-20	1,400,000		1,400,000		
Lincoln Culinary Water Assn	2,516,000	60/40 1.25% hgf, 30 yrs	3F1696	Jan-19	Jul-20	328,000	218,000	546,000		
Swiss Alpine Water Co	1,752,000	.75% HGF 30 yrs	3F300	Feb-20	Jul-20	512,000		512,000		
Woodland Hills	3,200,000	0% 30 yrs	3F1767	Jul-20	Oct-20	1,255,000	145,000	1,400,000		
Hyde Park City	5,994,000	2.91% HGF 20 yrs	3F1744	Jan-20	Apr-21	2,500,000		2,500,000		
Axtell Community Service Distribution	40,000	5 yr 0% master plan & gw well siting	3F1719P	Mar-19	May-19			0	500	
Hildale City	40,000	100% pf master plan	3F1704P	Nov-18	Oct-19			0	40,000	
New Paria Subdivision	36,500	100% pf	3F160P	Apr-20	Oct-20			0	9,005	
Clark Bench Water Company	40,000	100% principal forgiveness	3F1778P	Dec-20					30,800	
Buena Vista Community	40,000	100% principal forgiveness	3F1784P	Jan-21					40,000	
Wilson Arch	182,700	100% PF	3F1770	Mar-21	Apr-21				182,700	
TOTAL PLANNING AUTHORIZED:						\$46,339,240	\$363,000	\$46,702,240	\$336,285	
TOTAL CONSTRUCTION & PLANNING:									\$58,973,240	\$536,285
AVAILABLE PROJECT FUNDS:									\$28,594,957	
AVAILABLE HARDSHIP FUNDS:									\$1,018,946	
PROPOSED PROJECTS FOR June 2021:										
Bicknell	2,178,000	50/50 1% 30 yrs	3F1786			1,089,000	1,089,000	2,178,000		
East Carbon	1,815,000	50/50 1% 20 yrs	3F1792			907,000	908,000	1,815,000		
Irontown	909,000	50/50 0% 40 yrs	3F1794			454,000	455,000	909,000		
Little Meadows	246,000	70/30 0% 25 yrs	3F1795			172,000	74,000	246,000		
Spring Creek Water Users	323,800	50/50 0% 30 yrs	3F1787			162,000	161,000	323,800		
Provo River WUA	44,000,000	1.5% 20 yrs	3F1796			44,000,000		44,000,000		
Wellington	1,717,000	60/40 1% 30 yrs	3F1797			1,000,000	717,000	1,717,000		
Cannonville Town	1,894,000	TBD by BOARD	3F1791			1,088,000	1,089,000	2,177,000		
TOTAL PROPOSED PROJECTS FOR THIS MEETING:						\$48,872,000	\$4,493,000	\$53,365,800	\$0	
*RWAU hardship grant is being disbursed monthly							\$3			
TOTAL FUNDS AFTER PROPOSED PROJECTS ARE FUNDED:									-\$24,770,843	
TOTAL FUNDS AFTER PROPOSED HS PROJECTS ARE FUNDED:									\$1,018,946	

**DIVISION OF DRINKING WATER
FEDERAL SRF LOAN FUNDS
AS OF April 30, 2021**

	Loan Funds 1st Round	Loan Payments		Hardship Fund	TOTAL
		2nd Round			
		Principal	Interest		
Federal Capitalization Grants and State 20% match	\$230,909,861				
Earnings on Invested 1st Round Funds			1,057,715		
Repayments (including interest earnings on 2nd round receipts)		65,551,145	20,840,538	1,555,231	319,914,490
Less:					
Closed loans and grants	-230,791,061				-230,791,061
SUBTOTAL of Funds Available	\$118,800	\$65,551,145	\$21,898,253	\$1,555,231	\$89,123,429
Loans & Grants authorized but not yet closed or fully disbursed	-9,491,000	-49,119,240	-363,000	-536,285	-59,509,525
SUBTOTAL of Funds Available less Authorized	-\$9,372,200	\$16,431,905	\$21,535,253	\$1,018,946	\$29,613,904
Future Estimates:					
Proposed Loans/Grants for current board package	-53,365,800			0	-53,365,800
SUBTOTAL of Funds Available less Proposed Loans & Grants	-\$62,738,000	\$16,431,905	\$21,535,253	\$1,018,946	-\$23,751,896
PROJECTIONS THRU May-2022					
2021 Fed SRF Grant & State Match	10,996,100				
2019 Fed SRF Grant Amendment	99,000				99,000
2019 State Match Amendment	19,800				19,800
Projected repayments & revenue during the next twelve months		8,753,403	906,351	715,424	10,375,178
Projected annual investment earnings on invested cash balance		324,000	84,000	7,200	415,200
TOTAL	-\$51,623,100	\$25,509,307	\$22,525,604	\$1,741,570	-\$1,846,618

Agenda Item 7(B)

DRINKING WATER BOARD
BOARD PACKET FOR PROJECT PRIORITY LIST

There are eight new projects being added to the project priority list:

Wellington is being added to the Project Priority List with 110.6 points. Their project consists of replacing asbestos concrete pipe, installing PRV stations and replacement of service meters.

East Carbon City is being added to the Project Priority List with 105.6 points. Their project consists of constructing a new 1.5 MGD conventional water treatment plant.

Cannonville Town is being added to the Project Priority List with 67.3 points. Their project consists of a new concrete replacement storage tank and replacing their hydrants and valves.

Irontown is being added to the Project Priority List with 47.1 points. Their project consists of replacing and upgrading distribution lines, hydrants, and installing new water meters.

Provo River Water Users Association is being added to the Project Priority List with 25 points. Their project consists of replacing the Association's intake structure at Deer Creek Dam and Reservoir.

Bicknell Town is being added to the Project Priority List with 23 points. Their project consists of constructing a new 300,000-gallon concrete storage tank and new well to meet requirements for storage and source capacity.

Spring Creek Water Users is being added to the Project Priority List with 20 points. Their project consists of drilling a new well.

Little Meadow Estates is being added to the Project Priority List with 7.9 points. Their project consists of constructing a booster station, installing a chlorination system, installing a pressure reducing station and modifying existing storage tanks to meet DDW requirements.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board approves the updated Project Priority List.

Agenda Item

7(C)(i)(a)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT’S REQUEST:

Escalante City is requesting financial assistance to replace the fencing around the City’s eight springs.

The total project cost is \$108,294. Escalante City is contributing \$5,294 towards the project and is requesting \$103,000 from the Board.

STAFF COMMENTS:

The local MAGI for Escalante City is \$33,400, which is 71% of the State MAGI. The current average water bill is \$67.97/ERC, which is 2.44% of the local MAGI. The estimated after project water bill at full loan would be \$61.67/ERC or 2.22% of the local MAGI. Based on MAGI and average monthly water bill, Escalante City qualifies to be considered for additional subsidy.

Option	Grant	Loan	Grant	Term	Interest Rate	Water Bill	% Local MAGI
1	100%	\$0	\$103,000	yrs	%	\$60.76	2.18%

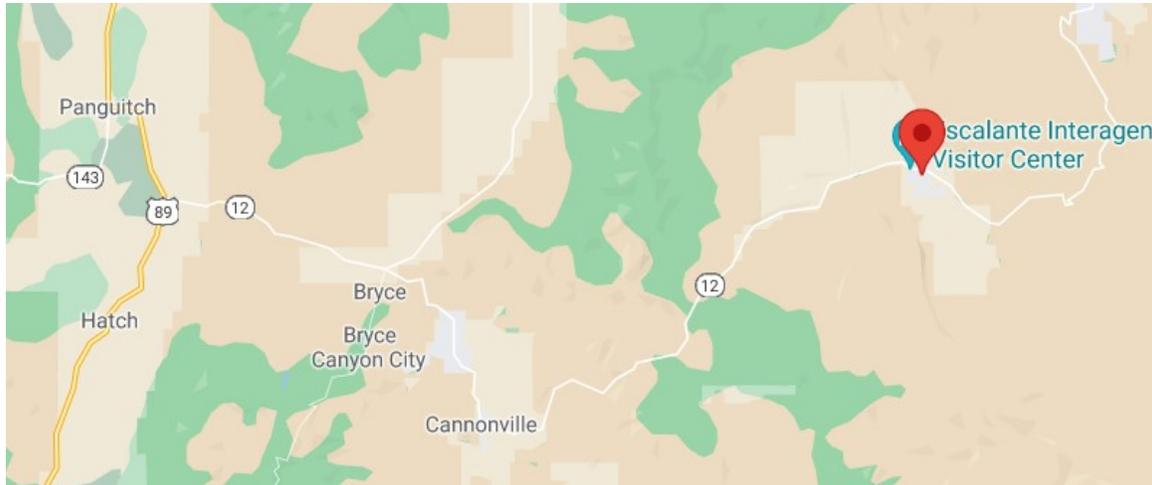
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a grant of \$103,000 to Escalante City.

APPLICANT'S LOCATION:

Escalante City is located in Garfield County approximately 66 miles East of Panguitch.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Escalante City needs to replace the fencing around all 8 of their springs that provide drinking water to the City. The existing fencing is dilapidated and does not protect the sources adequately. The City will also remove deep rooted vegetation from the spring areas and install new ditching to prevent runoff from crossing the spring areas.

POPULATION GROWTH:

Population growth is estimated by the City and includes ERC's instead of residential connections.

Year	Population	Connections
2020	800	976
2030	852	1021
2040	895	1073

COST ESTIMATE:

Legal/Bonding/Admin	\$2,626
Engineering - Design	\$3,876
Engineering - CMS	\$3,250
Construction -	\$89,386
Contingency (~10%)	\$9,156
Total	\$108,294

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Grant	\$103,000	
Local Contribution	\$5,294	
Total	\$108,294	

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	June 2021
Complete Design	June 2021
DDW Plan Approval:	July 2021
Advertise for Bids:	July 2021
Bid Opening:	July 2021
Loan Closing:	August 2021
Begin Construction:	August 2021
Complete Construction:	September 2021

Escalante City

June 8, 2021

Page 4

CONTACT INFORMATION:

APPLICANT:

Escalante City
PO Box 189
Escalante, Utah 84726
435-826-4644

PRESIDING OFFICIAL &
CONTACT PERSON:

Melani Torgersen, Mayor
PO Box 189
Escalante, Utah 84726
435-826-4644
mtorgersen@escalantecity.com

TREASURER/RECORDER:

Stephanie Steed
435-826-4644
ssteed@escalantecity.com

CONSULTING ENGINEER:

Richard White
Richard B. White, PE, PLLC
13441 S Lone Peak Lane
Draper, Utah 84020
801-673-6647
rich@rbwhitepe.com

CITY ATTORNEY:

Barry Huntington
Garfield County
PO Box 77
Panguitch, Utah 84759
T435-676-1106

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Escalante
 COUNTY: Garfield
 PROJECT DESCRIPTION: Rehab spring areas

FUNDING SOURCE: State SRF

0 % Loan & 100 % Grant

ESTIMATED POPULATION:	800	NO. OF CONNECTIONS:	540 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$67.97 *			PROJECT TOTAL:	\$108,294
CURRENT % OF AGI:	2.44%	FINANCIAL PTS:	59	LOAN AMOUNT:	\$0
ESTIMATED MEDIAN AGI:	\$33,400			GRANT AMOUNT:	\$103,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$103,000
SYSTEM % OF STATE AGI:	71%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%	AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>			
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%	0.00%
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 NEW DEBT PER CONNECTION:	\$0.00	\$0.00	\$0.00
O & M + FUNDED DEPRECIATION:	\$153,293.00	\$153,293.00	\$153,293.00
OTHER DEBT + COVERAGE:	\$186,405.00	\$186,405.00	\$186,405.00
REPLACEMENT RESERVE ACCOUNT:	\$15,120.85	\$15,120.85	\$15,120.85
ANNUAL EXPENSES PER CONNECTION:	\$657.07	\$657.07	\$657.07
TOTAL SYSTEM EXPENSES	\$354,818.85	\$354,818.85	\$354,818.85
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<u>RESIDENCE</u>			
MONTHLY NEEDED WATER BILL:	\$60.76	\$60.76	\$60.76
% OF ADJUSTED GROSS INCOME:	2.18%	2.18%	2.18%

\$0.00

Agenda Item

7(C)(i)(b)

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

APPLICANT’S REQUEST:

Green River City has a project consisting of conducting an in-depth analysis of various DBP control strategies and technologies to determine the preferred strategy to develop and implement to reduce the DBP’s allowing them to meet State standards. The total project cost is \$113,251 and the City is requesting half from the Community Impact Board and half from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for the City of Green River is \$33,300, which is 71% of the state MAGI. The current average water bill is \$65.74/ERC, which is 2.37% of the local MAGI. The estimated after project water bill at full loan would be \$62.69 which is 2.26% of the local MAGI. Therefore they do qualify as a hardship community to receive additional subsidy.

Option	Description	Repayable Loan Amount	Interest Rate	Term	Principal Forgiveness	Monthly Water Rate	% Local MAGI
1	Full Loan	\$ 56,626	1.32%	5 yrs	0	\$62.69	2.26%
2	Full PF	\$0	0.00%	0 yrs	\$56,626	\$60.11	2.17%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$56,626 with 100% principal forgiveness to the City of Green River. Conditions include they resolve any deficiencies on their IPS report.

APPLICANT'S LOCATION:

Green River City is located in Emery County 52 miles Northwest of Moab.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The City struggles to meet State standards for disinfection byproducts (DBPs) that result from chlorine reacting with high TOC; in the third quarter 2018, one hot spot in town saw readings as high as 146 ug/L, causing the system to exceed the regulatory standard of 80 ug/L as a locational running annual average (LRAA). The City had to send out a public notice for several quarters.

The City recently completed jar testing at the WTP as an initial step to instigate methods to reduce DBPs. As part of that study, Brown and Caldwell (BC) performed jar testing to verify the efficacy of enhanced coagulation for TOC removal, test various coagulants, coagulant doses, and experiment with powdered activated carbon (PAC) to remove TOC and to control DBP formation. One major finding from jar testing was that enhanced coagulation is not enough to consistently reduce DBPs. The water treatment plant needs an additional operating tool or technology to consistently meet the regulated limit, and BC has recommended further evaluating distribution system water age and evaluating additional treatment processes such as ozone or granular activated carbon (GAC).

The purpose of this project is to conduct an in-depth analysis of various DBP control strategies and technologies and then develop and implement the preferred strategy to reduce DBPs to meet State standards.

The City has gone as far as possible to correct the problem. The Water Fund does not have enough reserve to go further without financial assistance.

POPULATION GROWTH:

Year	Population	Connections
2020	932	436
2030	1052	449
2040	1162	458

COST ESTIMATE:

Legal/Bonding/Admin	\$
Engineering – Design	\$113,251
Total	\$113,251

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	\$0	0%
DWB principal forgiveness	\$56,626	50%
CIB	\$56,625	50%
Total	\$113,251	100%

IMPLEMENTATION SCHEDULE:

FA Committee Conference Call:	May 2021
DWB Funding Authorization:	June 2021
Complete Plan:	December 2021

IPS SUMMARY:

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M007	CCC – Lacks on-going enforcement	15		
M006	CCC – lacks written records	15		
T076	Inadequate supply or flow rate to meet filter backwash needs	15		
	Total = 45	45	0	0

City of Green River

June 8, 2021

Page 4

CONTACT INFORMATION:

APPLICANT:

Green River City
500 South 1300 East
Green River, UT 84525
435-564-3448
bmeadows@greenriverutah.com

PRESIDING OFFICIAL &
CONTACT PERSON:

Conae Black
City Administrator
460 East Main
PO Box 620
Green River, UT 84525
435-564-3448
cblack@greenriverutah.com

CONSULTING ENGINEER:

Jeremy Williams
Brown and Caldwell
6975 Union Park Center, ste 490
Midvale, UT 84047
801-316-9826
jwilliams1@brwncald.com

RECORDER:

Lori Meadows
435-564-3448
lmeadows@greenriverutah.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Green River City
 COUNTY: Emery
 PROJECT DESCRIPTION: Model analysis

FUNDING SOURCE: Federal SRF

0 % Loan & 100 % P.F.

ESTIMATED POPULATION:	973	NO. OF CONNECTIONS:	436 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$65.74 *			PROJECT TOTAL:	\$113,251
CURRENT % OF AGI:	2.37%	FINANCIAL PTS:	55	LOAN AMOUNT:	\$0
ESTIMATED MEDIAN AGI:	\$33,300			PRINC. FORGIVE.:	\$56,626
STATE AGI:	\$47,200			TOTAL REQUEST:	\$56,626
SYSTEM % OF STATE AGI:	71%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%	AFTER REPAYMENT PENALTY & POINTS 1.22%
<u>SYSTEM</u>			
ASSUMED LENGTH OF DEBT, YRS:	5	5	5
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%	1.22%
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 NEW DEBT PER CONNECTION:	\$0.00	\$0.00	\$0.00
O & M + FUNDED DEPRECIATION:	\$299,530.00	\$299,530.00	\$299,530.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00	\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$14,976.50	\$14,976.50	\$14,976.50
ANNUAL EXPENSES PER CONNECTION:	\$721.35	\$721.35	\$721.35
TOTAL SYSTEM EXPENSES	\$314,506.50	\$314,506.50	\$314,506.50
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<u>RESIDENCE</u>			
MONTHLY NEEDED WATER BILL:	\$60.11	\$60.11	\$60.11
% OF ADJUSTED GROSS INCOME:	2.17%	2.17%	2.17%

\$0.00

Agenda Item

7(C)(i)(c)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Pleasant Grove City is requesting financial assistance to drill a new well, install a well house, a mobile generator, and switch gear modifications to various well houses.

The total project cost is \$4,144,949 and Pleasant Grove City will be contributing \$400,000 towards the project. They are requesting \$3,744,949 from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for Pleasant Grove City is \$49,100, which is 104% of the State MAGI. The current average water bill is \$73.48/ERC, which is 1.8% of the local MAGI. The estimated after project water bill at full loan would be \$60.37/ERC or 1.48% of the local MAGI. The system is currently charging enough to cover additional loan debt as they were proactive in raising their water rates to create a substantial reserve fund. There is also a fluctuation in the income as they do receive more income from their commercial connections vs. the residential connections, percentage wise.

As Water Revenue Bonds can only be done in \$1,000 increments, we are rounding the project cost to \$3,745,000.

Option	Loan	Loan	Grant	Term	Interest Rate	Water Bill	% Local MAGI
1	100%	\$3,745,000	\$0	20 yrs	1.60%	\$60.37	1.48%
2	100%	\$3,745,000	\$0	20 yrs	1.0%	\$60.23	1.47%

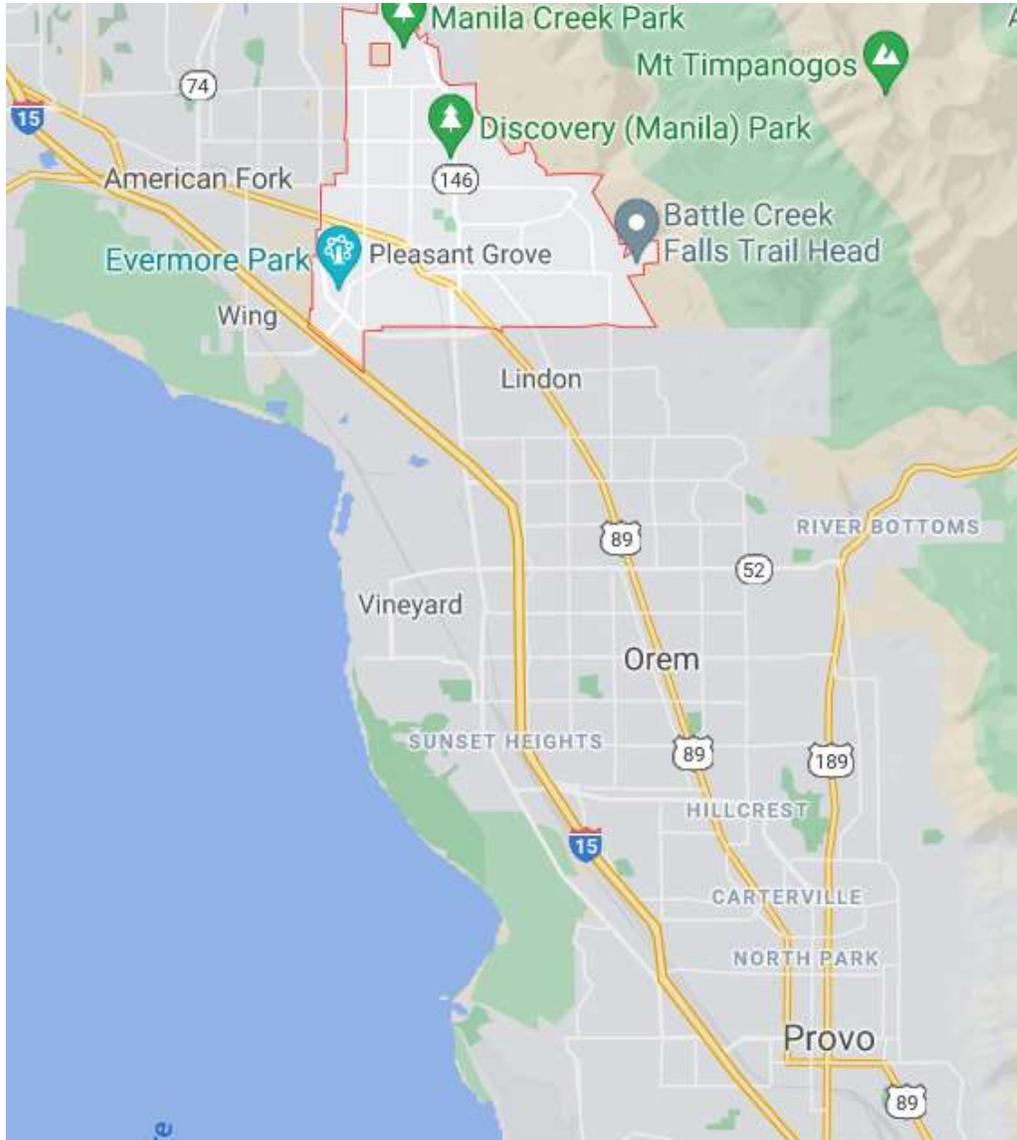
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$3,745,000 at 1.60% interest or fee for 20 years to Pleasant Grove City.

APPLICANT'S LOCATION:

Pleasant Grove City is located in Utah County, approximately 11 miles North of Provo.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Pleasant Grove City needs to drill a new well as the existing 4 wells will soon be too low to pump. This new well will replace the existing wells and is sized to accommodate anticipated future growth within the City. This project is part of the Master Plan.

POPULATION GROWTH:

The population growth listed are the City’s estimates.

Year	Population	Connections
Current	39,576	8,693
2030	41,942	10,641
2040	47,053	12,748

COST ESTIMATE:

Legal/Bonding/Admin	\$77,500
Engineering - Design	\$217,000
Engineering - CMS	\$248,000
Construction -	\$3,100,000
Contingency (~10%)	\$465,050
1% Loan Origination Fee	\$37,450
Total	\$4,145,000

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1.6 %, 20-yr)	\$3,745,000	90%
Local Contribution	\$400,000	10%
Total	\$4,145,000	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	June 2021
Bid Opening:	Aug 2021
Loan Closing:	Aug 2021
Begin Construction:	Sep 2021
Complete Construction:	July 2022

IPS SUMMARY:

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
V021	Storage tank roof or walls show signs of deterioration	15		
SS02	Spring collection area not fenced	15		
	Total =	30		

Pleasant Grove City

June 8, 2021

Page 4

CONTACT INFORMATION:

APPLICANT:

Pleasant Grove City
70 South 100 East
Pleasant Grove, Utah 84062
801-785-2941

PRESIDING OFFICIAL &
CONTACT PERSON:

Marty Beaumont, Public Works Director
323 West 700 South
Pleasant Grove, Utah 84062
801-785-2941
mbeaumont@pgcity.org

TREASURER/RECORDER:

Kathy Kresser
801-785-5045
kkresser@pgcity.org

CONSULTING ENGINEER:

Brett Wood
Horrocks Engineers
2162 West Grove Parkway, ste 400
Pleasant Grove, Utah 84062
801-763-5179
brettw@horrocks.com

BOND ATTORNEY:

Randall Larsen
Gilmore & Bell, P.C.
15 West South Temple, ste 1450
Salt Lake City, Utah 84101
801-258-2722
rlarsen@gilmorebell.com

CITY ATTORNEY:

Christine Peterson
Pleasant Grove City
70 South 100 East
Pleasant Grove, Utah 84062
801-785-5045, x109
cpeterson@pgcity.org

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Pleasant Grove
 COUNTY: Utah
 PROJECT DESCRIPTION: New well

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	39,576	NO. OF CONNECTIONS:	8693 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$73.48 *			PROJECT TOTAL:	\$4,145,000
CURRENT % OF AGI:	1.80%	FINANCIAL PTS:	52	LOAN AMOUNT:	\$3,745,000
ESTIMATED MEDIAN AGI:	\$49,100			PRINC. FORGIVE.:	\$0
STATE AGI:	\$47,200			TOTAL REQUEST:	\$3,745,000
SYSTEM % OF STATE AGI:	104%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%	AFTER REPAYMENT PENALTY & POINTS 1.60%
<u>SYSTEM</u>			
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%	1.60%
REQUIRED DEBT SERVICE:	\$187,250.00	\$244,792.88	\$220,286.60
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$18,725.00	\$24,479.29	\$22,028.66
ANNUAL NEW DEBT PER CONNECTION:	\$23.69	\$30.98	\$27.87
O & M + FUNDED DEPRECIATION:	\$2,391,230.00	\$2,391,230.00	\$2,391,230.00
OTHER DEBT + COVERAGE:	\$387,743.75	\$387,743.75	\$387,743.75
REPLACEMENT RESERVE ACCOUNT:	\$144,433.75	\$147,310.89	\$146,085.58
ANNUAL EXPENSES PER CONNECTION:	\$336.29	\$336.63	\$336.48
TOTAL SYSTEM EXPENSES	\$3,129,382.50	\$3,195,556.81	\$3,167,374.59
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<u>RESIDENCE</u>			
MONTHLY NEEDED WATER BILL:	\$60.01	\$60.64	\$60.37
% OF ADJUSTED GROSS INCOME:	1.47%	1.48%	1.48%

\$0.00

Agenda Item

7(C)(ii)(a)

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE

APPLICANT'S REQUEST

Bicknell is requesting financial assistance to construct a new 300,000-gallon concrete storage tank and new well to meet requirements for storage and source capacity. This project scored 23 points on the Project Priority List

The total amount of estimated funding needed is \$2,278,000. The town will contribute \$100,000 towards this project and is requesting **\$2,178,000** from the Drinking Water Board.

STAFF COMMENTS

The Median Adjusted Gross Income for Bicknell is \$38,100, which is 81% of the State MAGI and the current average monthly water bill is \$47.80, which is 1.51% of the local MAGI. The after-project water bill at a full loan for 20 years would be \$91.51/ERC, which is 2.88% of the local MAGI. Based on the after-project monthly water bill, the community qualifies to be considered for additional subsidy. The following funding options were evaluated:

Option	Loan / PF	Loan	Principal Forgiveness	Term	Interest/HGA fee	Water Bill	% Local MAGI
1	100 / 0	\$2,200,000	\$0	30 yrs	1.0%	\$73.28	2.31%
2	70 / 30	\$1,528,000	\$650,000	30 yrs	1.0%	\$63.07	1.99%
3	60 / 40	\$1,308,000	\$870,000	30 yrs	1.0%	\$59.61	1.88%
4	50 / 50	\$1,089,000	\$1,089,000	30 yrs	1.0%	\$56.17	1.77%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a loan of \$2,178,000 for 30 years at a 1.0% interest or fee with \$870,000 in Principal Forgiveness for a total repayable amount of \$1,308,000 to Bicknell Town to construct a new tank and well.

APPLICANT'S LOCATION

Bicknell is located between Loa and Torrey in Wayne County, approximately 55 miles southeast of Richfield.



PROJECT DESCRIPTION

Bicknell updated their water master plan in November 2020, which identified the system does not currently meet State requirements for source production and storage capacity. To address these deficiencies, a new 300,000-gallon storage tank and new well are proposed. The tank would be constructed near the town's existing 320,000-gallon tank on Federal land and together would provide sufficient storage for both current and future conditions. The tank will require an easement and environmental assessment from BLM. The proposed well would be constructed near the existing Brinkerhoff Spring on private land and include a well house and 6" PVC transmission line to connect it to the system. The town has a current agreement for the well contingent upon funding. Minor upsizing in plumbing to the existing chlorinator will be necessary to increase flow rates and a couple of fire hydrants will also be added. The other deficiency identified in the master plan is the system does not provide proper fire flow protection throughout town due to undersized pipes; however, it was determined that addressing storage and source needs is a higher priority at this time.

POPULATION GROWTH

Projected population and connections for Bicknell over the next 20 years is based on a 2.34% growth rate estimated in the town’s November 2020 Water Master Plan:

Year	Population	Connections
2020	327	257
2030	413	314
2040	519	385

IMPLEMENTATION SCHEDULE

DWB Authorization	June 2021
Complete Design/Plan Approval	September 2021
Advertise for Bids/Loan Closing	October 2021
Begin Construction	November 2021
Complete Construction	August 2022

COST ESTIMATE

Legal	\$ 15,000	
Environmental Clearances	\$ 40,000	
Engineering – Design/Survey	\$ 140,000	} 11.6%
Engineering – CMS	\$ 125,000	
Construction – New Well	\$ 1,136,050	
Construction – New Tank	\$ 656,950	
Contingency	\$ 165,000	
Total Project Cost	\$ 2,278,000	

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
Local Contribution	\$ 100,000	4%
DWB Loan (30 yrs, 1.0%)	\$ 1,308,000	58%
DWB Principal Forgiveness	\$ 870,000	38%
Total Amount	\$ 2,278,000	100%

IPS SUMMARY

Bicknell currently has 0 Improvement Priority System points.

Bicknell Town

June 8, 2021

Page 4

CONTACT INFORMATION

APPLICANT: Bicknell Town Water System
PO Box 96
Bicknell, UT 84715
435-425-3315
bicknelltown@scinternet.net

PRESIDING OFFICIAL or
CONTACT PERSON: Noreen Johnson
Mayor
PO Box 96
Bicknell, UT 84715
435-691-1710
noreen.johnson@yahoo.com

TREASURER/RECORDER: Connie Durfey
435-425-3315

CONSULTING ENGINEER: Kelly Chappell
Ensign Engineering
255 North 100 East
Richfield, UT 84701
435-896-2983
kchappell@ensignutah.com

BOND ATTORNEY: Richard Chamberlain
Chamberlain Associates, LLC
225 North 100 East
Richfield, UT 84701
435-896-4461
rchamberlain13@gmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Bicknell Town
 COUNTY: Wayne
 PROJECT DESCRIPTION: New well and 300,000-gal tank

FUNDING SOURCE: Federal SRF

60 % Loan & 40 % P.F.

ESTIMATED POPULATION:	327	NO. OF CONNECTIONS:	257 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$47.80 <i>*incl irrigation</i>			PROJECT TOTAL:	\$2,278,000
CURRENT % OF AGI:	1.51%	FINANCIAL PTS:	42	LOAN AMOUNT:	\$1,308,000
ESTIMATED MEDIAN AGI:	\$38,100			PRINC. FORGIVE.:	\$870,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$2,178,000
SYSTEM % OF STATE AGI:	81%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.80%		AFTER REPAYMENT PENALTY & POINTS 1.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.80%		1.00%
REQUIRED DEBT SERVICE:	\$43,600.00	\$65,019.58		\$50,682.53
*PARTIAL COVERAGE (15%):	\$6,540.00	\$9,752.94		\$7,602.38
*ADD. COVERAGE AND RESERVE (10%):	\$4,360.00	\$6,501.96		\$5,068.25
ANNUAL NEW DEBT PER CONNECTION:	\$212.06	\$316.24		\$246.51
O & M + FUNDED DEPRECIATION:	\$40,019.00	\$40,019.00		\$40,019.00
OTHER DEBT + COVERAGE:	\$40,000.00	\$40,000.00		\$40,000.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$311.36	\$311.36		\$311.36
TOTAL SYSTEM EXPENSES	\$134,519.00	\$161,293.47		\$143,372.17
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$56.74	\$65.43		\$59.61
% OF ADJUSTED GROSS INCOME:	1.79%	2.06%		1.88%

\$0.00

Agenda Item

7(C)(ii)(b)

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE

APPLICANT'S REQUEST

East Carbon is requesting financial assistance to construct a new 1.5 MGD conventional water treatment plant. This project scored 105.6 points on the Project Priority List.

The total estimated cost of the project is \$3,650,000. East Carbon first approached USDA Rural Development for funding two years ago. At the time, it was thought USDA could fund half of the project cost at a 50-50 loan/grant mix. More recently, the agency indicates the best terms they can offer would be a 75% loan-25% grant at 1.75% interest for 40 years. In January, the city requested the other half of the project cost from the Community Impact Board (CIB) and the project was put on the pending list while the city explores funding from Drinking Water. The city will be contributing land valued at \$10,000 towards this project. If CIB funds \$1,825,000 of the project cost, East Carbon is requesting **\$1,815,000** from the Drinking Water Board at a 50-50 loan/grant mix.

STAFF COMMENTS

The combined Median Adjusted Gross Income for East Carbon and Sunnyside is \$24,959, which is 53% of the State MAGI. The current average residential water bill is estimated to be \$52.50/month, which is 2.52% of the local MAGI. The after-project water bill at a full loan for 20 years would be \$58.08, which is 2.79% of the local MAGI. The city qualifies to be considered for additional subsidy. The following options were evaluated; Option 2 represents the city's specific request:

Option	Loan / PF	Loan	Principal Forgiveness	Term	Interest/HGA fee	Water Bill	% Local MAGI
Base	100 / 0	\$1,815,000	\$0	20 yrs	1.52%	\$58.08	2.79%
1	70 / 30	\$1,270,000	\$545,000	20 yrs	0.50%	\$54.50	2.62%
2	50 / 50	\$907,000	\$908,000	20 yrs	1.00%	\$51.82	2.49%

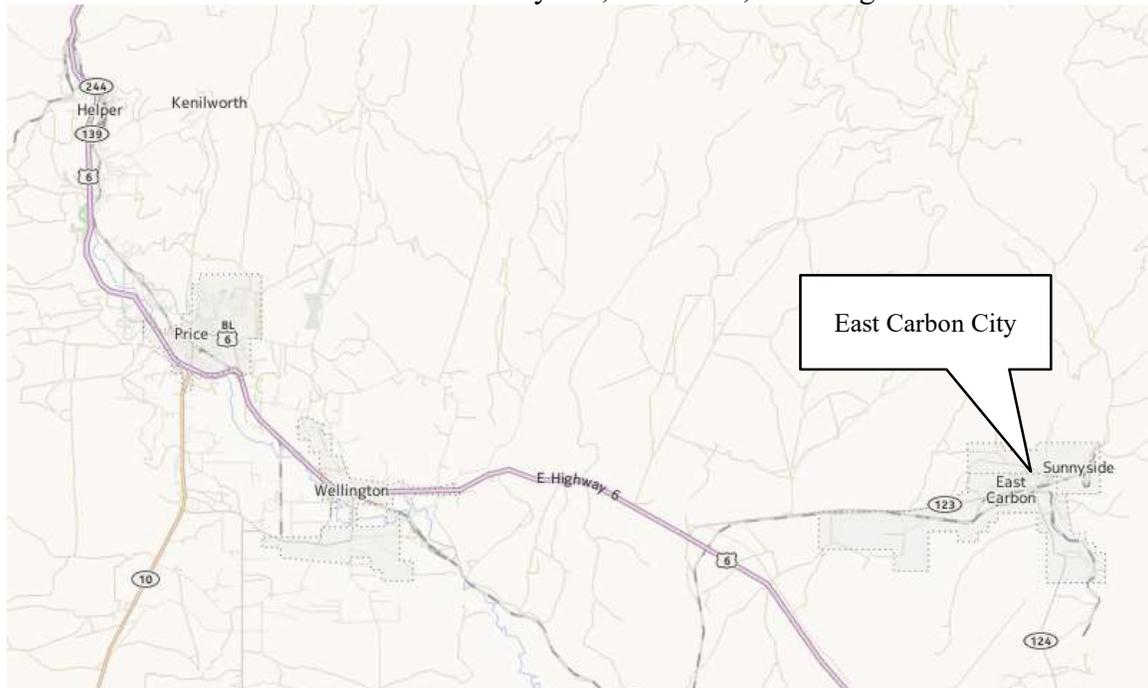
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a loan of \$1,815,000 for 20 years at a 1.0% interest or fee with \$908,000 in Principal Forgiveness for a total repayable amount of \$907,000 to East Carbon City to construct a new water treatment plant.

Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION

East Carbon City is approximately 20 miles east of Price in Carbon County. The city includes the former communities of Sunnyside, Columbia, and Dragerton.



PROJECT DESCRIPTION

East Carbon City proposes to construct a new surface water treatment plant (WTP) to replace the existing plant, which provides all the community's drinking water. The city relies strictly on surface water supply (Grassy Trail Reservoir) and treatment for drinking water, and they do not have any other sources such as springs or wells. The existing plant was constructed in two phases. The first phase was built in 1984 and is now 36 years old. The second phase was placed into operation in 2000 and is now 20 years old. Each phase has a 1.0 MGD capacity, bringing the total existing plant capacity to 2.0 MGD.

The existing plants were constructed using a package plant design and are housed in steel painted tanks. The steel tanks are in poor condition, with rust and pitting occurring. The structural integrity of these tanks is a key element in determining the need for replacement. The pumps, meters, valve actuators, and chemical feed system are all nearing the end of their useful life. Replacement parts for the electrical switch gear and programmable controller can no longer be purchased. The level controllers and turbidimeters are outdated and parts can no longer be purchased for them.

In 2009, a major breakdown (blowup of the filters) occurred on the existing plant. Two of the four filters were destroyed and had to be replaced. Replacement was funded by an emergency grant from CIB and the city's reserve fund. The breakdown occurred after 9 years of operation and it has operated another 10 years since being repaired. There is a

high likelihood that a major breakdown could occur again, as all the operating parameters (i.e., raw water quality and chemical additives) have not changed.

Johansen & Tuttle Engineering prepared a preliminary engineering report to evaluate the existing WTP and make recommendations. In addition to determining if the existing plant could be economically upgraded, a new conventional treatment, direct filtration, micro-membrane filtration, and ultra-filtration systems were also evaluated. The report recommends abandoning the existing WTP and constructing a new conventional treatment type plant at the same site. A new package treatment plant unit will have a 1.5 MGD capacity. State regulations recognize this type of treatment as a proven and acceptable method, crediting it with a 2.5 log reduction for giardia and 2.0 log reduction for viruses. The new plant will utilize on-site sodium hypochlorite generation for disinfection. Energy conservation measures will be included to lower operational costs by using geothermal heat for the building and solar panels for generating electrical power.

The city estimates the current population is 1,745 with 751 residential, 15 commercial, and 5 industrial connections. The preliminary engineering report notes that industrial water usage was 8.8% of the total water plant production in 2010 and 15.7% in 2019. This is a significant amount of water use and produces a significant source of revenue to the city. The Sunnyside Cogeneration Power Plant is one of the industrial connections. PacifiCorp's contract to purchase electricity from Sunnyside expires in 2023 and there is a high level of uncertainty about whether the plant will continue operations or close.

POPULATION GROWTH

Projected population and connections for East Carbon over the next 20 years is based on a modest growth rate estimated by the Governor's Office of Management and Budget. If the Sunnyside Power Plant closes in 2023, the city expects population to decline.

Year	Population	Connections
2020	1,694	771
2030	1,731	786
2040	1,793	815

IMPLEMENTATION SCHEDULE

DWB Authorization	June 2021
Begin Design	July 2021
Complete Design	October 2021
DDW Plan Approval	December 2021
Advertise for Bids	January 2022
Loan Closing	March 2022
Begin Construction	March 2022
Complete Construction	October 2022
DDW Operating Permit	November 2022

COST ESTIMATE

Legal/Admin	\$ 25,000	
Engineering – Design/Survey	\$ 210,000	} 9.59%
Engineering – CMS	\$ 140,000	
Construction – Treatment Facility	\$ 2,766,000	
Construction – Tank, Line	\$ 315,000	
Land Acquisition	\$ 10,000	
Contingency	\$ 184,000	
Total Project Cost	\$ 3,650,000	

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
Local Contribution (land)	\$ 10,000	
DWB Loan (20 yrs, 1.0%)	\$ 907,000	25%
DWB Principal Forgiveness	\$ 908,000	25%
CIB Loan (20 yrs, 1.0%)	\$ 913,000	25%
CIB Grant	\$ 912,000	25%
Total Amount	\$ 3,650,000	100%

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiencies
M007	Lacks on-going enforcement implementation of Cross Connection Control	15		
M006	Lacks written records of Cross Connection Control activities	15		
Total		30		

East Carbon City

June 8, 2021

Page 5

CONTACT INFORMATION

APPLICANT:

East Carbon City
PO Box 70
East Carbon, UT 84520
435-888-6613

PRESIDING OFFICIAL or
CONTACT PERSON:

David Avery
Mayor
PO Box 70
East Carbon, UT 84520
435-888-6613
djavery1972@gmail.com

TREASURER/RECORDER:

Liz Holt
435-888-6613
liz@eastcarboncity.com

CONSULTING ENGINEER:

Merrial Johansen
Johansen & Tuttle Engineering
PO Box 487
Castle Dale, UT 84513
435-381-2523
jt@etv.net

BOND ATTORNEY:

Eric Johnson
Blaisdell, Church, & Johnson, LLC
5995 S Redwood Road
Taylorsville, UT 84123
435-261-3407 ext. 3
eric@bcjlaw.net

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: East Carbon
 COUNTY: Carbon
 PROJECT DESCRIPTION: Water Tx Plant

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	1,745	NO. OF CONNECTIONS:	852 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$52.50 *	(ERC-R)		PROJECT TOTAL:	\$3,650,000
CURRENT % OF AGI:	2.52%	FINANCIAL PTS:	51	LOAN AMOUNT:	\$907,000
ESTIMATED MEDIAN AGI:	\$24,959			PRINC. FORGIVE.:	\$908,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$1,815,000
SYSTEM % OF STATE AGI:	53%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%	AFTER REPAYMENT PENALTY & POINTS 1.00%
SYSTEM			
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%	1.00%
REQUIRED DEBT SERVICE:	\$45,350.00	\$59,286.29	\$50,261.69
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$4,535.00	\$5,928.63	\$5,026.17
ANNUAL NEW DEBT PER CONNECTION:	\$58.58	\$76.59	\$64.93
O & M + FUNDED DEPRECIATION:	\$206,328.00	\$206,328.00	\$206,328.00
OTHER DEBT + COVERAGE:	\$245,207.50	\$245,207.50	\$245,207.50
REPLACEMENT RESERVE ACCOUNT:	\$22,392.20	\$23,089.01	\$22,637.78
ANNUAL EXPENSES PER CONNECTION:	\$556.58	\$557.40	\$556.87
TOTAL SYSTEM EXPENSES	\$523,812.70	\$539,839.43	\$529,461.14
TAX REVENUE:	\$0.00	\$0.00	\$0.00
RESIDENCE			
MONTHLY NEEDED WATER BILL:	\$51.26	\$52.83	\$51.82
% OF ADJUSTED GROSS INCOME:	2.46%	2.54%	2.49%

\$0.00

Agenda Item

7(C)(ii)(c)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST

Irontown is requesting financial assistance to replace and upgrade distribution lines, hydrants, and install new water meters. This project scored 47.1 points on the Project Priority List

The total amount of estimated funding needed is **\$909,000**, of which they are requesting the full amount from the Drinking Water Board.

STAFF COMMENTS

The local MAGI for Irontown (based on ZIP Code 84720) is \$36,900 which is 78% of the state MAGI, and the current average monthly water bill is \$57.70, which is 1.88% of the local MAGI. The after-project monthly water bill at a full loan for 20 years would be \$180.54/ERC, which is 5.87% of the local MAGI.

Based on local MAGI and monthly water bill, the community qualifies to be considered for additional subsidy. The following funding options were evaluated:

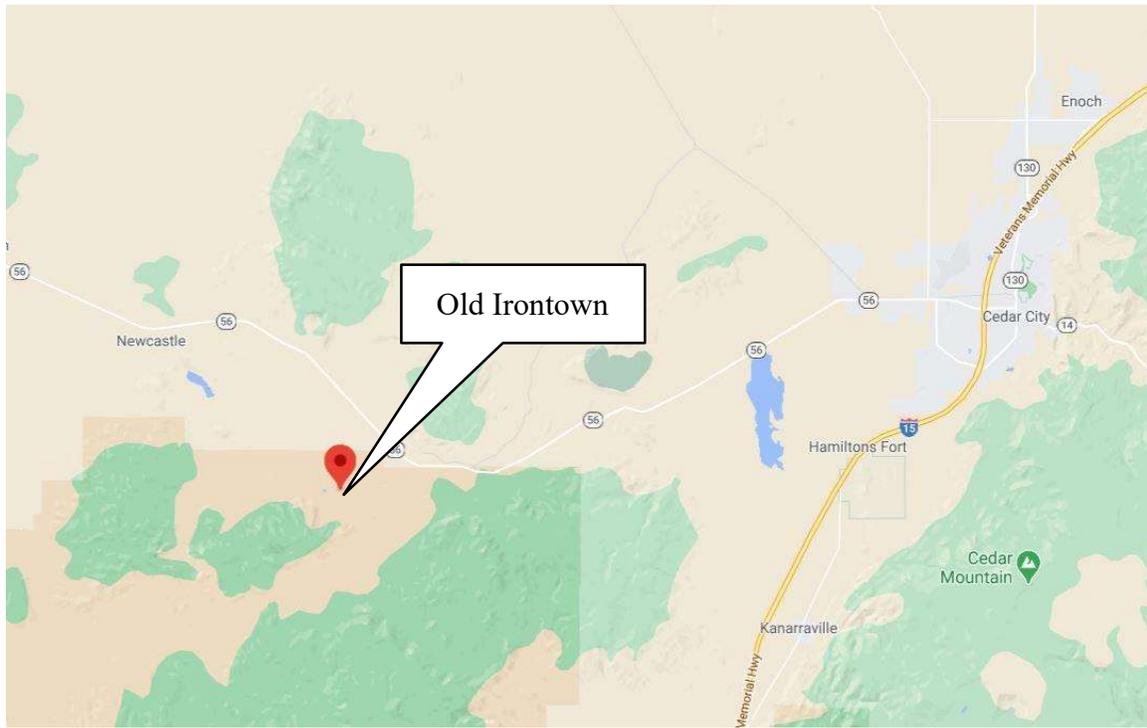
Option	Loan / PF	Loan	Principal Forgiveness	Term	Interest/HGA fee	Water Bill	% Local MAGI
Base	100 / 0	\$ 909,000	\$0	20 yrs	1.84%	\$180.54	5.87%
1	100 / 0	\$909,000	\$0	40 yrs	0%	\$115.16	3.75%
2	50 / 50	\$454,000	\$455,000	40 yrs	0%	\$93.24	3.03%
3	25 / 75	\$227,000	\$682,000	40 yrs	0%	\$82.58	2.69%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a loan of \$909,000 for 40 years at a 0% interest or fee with \$455,000 in Principal Forgiveness for a total repayable amount of \$454,000 to Irontown for distribution system improvements.

APPLICANT'S LOCATION

Old Irontown is in Iron County, approximately 25 miles west of Cedar City.



PROJECT DESCRIPTION

Replace 17,230 ft of 6-inch PVC distribution lines with 8-inch distribution line and replace 12 valves. Replace 1-inch lateral lines to the 50 existing water connections and install new water meters and meter enclosures. Replace 22 existing fire hydrants. These proposed improvements were identified in the Old Iron Town water master plan completed in 2016.

POPULATION GROWTH

Projected population and connections over the next 20 years is estimated by the system:

Year	Population	Connections
2020	95	51
2040	149	64

IMPLEMENTATION SCHEDULE

DWB Authorization	June 2021
Design	September 2021
DDW Plan Approval	December 2021
Advertise for Bids	January 2022
Loan Closing/Begin Construction	February 2022
Complete Construction	June 2022

COST ESTIMATE

Legal/Admin	\$ 8,000	
Engineering – Planning/Design	\$ 55,000	} 11.5%
Engineering – CMS	\$ 50,000	
Construction	\$ 724,000	
Contingency	\$ 72,000	
Total Project Cost	\$ 909,000	

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
DWB Loan (40 yrs, 0%)	\$ 454,000	50%
DWB Principal Forgiveness	\$ 455,000	50%
Total Amount	\$ 909,000	100%

IPS SUMMARY

Irontown currently has 0 Improvement Priority System points.

CONTACT INFORMATION

APPLICANT:

Old Irontown Subdivision
755 S. Main Street Suite 4-128
Cedar City, Utah 84720
(908) 403-8922

PRESIDING OFFICIAL or
CONTACT PERSON:

Barbara Osborne
President
755 S. Main Street Suite 4-128
Cedar City, Utah 84720
(908) 403-8922
boko517@verizon.net

CONSULTING ENGINEER:

Curtis Nielson
Ensign Engineering
88 E Fiddlers Canyon Road, Suite 210
Cedar City, Utah 84721
(435) 864-1453
cnielson@ensignutah.com

TREASURER/RECORDER:

Alise Gardner
(435) 233-0282
eggyali5662@hotmail.com

BOND ATTORNEY

Richard Chamberlain
Chamberlain Associates, LLC
225 North 100 East
Richfield, UT 84701
(435) 896-4461
rchamberlain13@gmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Irontown
 COUNTY: Iron
 PROJECT DESCRIPTION: Replace distribution lines

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	95	NO. OF CONNECTIONS:	51 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$57.70			PROJECT TOTAL:	\$909,000
CURRENT % OF AGI:	1.88%	FINANCIAL PTS:	43	LOAN AMOUNT:	\$454,000
ESTIMATED MEDIAN AGI:	\$36,900			PRINC. FORGIVE.:	\$455,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$909,000
SYSTEM % OF STATE AGI:	78%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		0.00%
REQUIRED DEBT SERVICE:	\$11,350.00	\$18,700.07		\$11,350.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,135.00	\$1,870.01		\$1,135.00
ANNUAL NEW DEBT PER CONNECTION:	\$244.80	\$403.33		\$244.80
O & M + FUNDED DEPRECIATION:	\$25,822.00	\$25,822.00		\$25,822.00
OTHER DEBT + COVERAGE:	\$16,250.00	\$16,250.00		\$16,250.00
REPLACEMENT RESERVE ACCOUNT:	\$2,508.60	\$2,876.10		\$2,508.60
ANNUAL EXPENSES PER CONNECTION:	\$874.13	\$881.34		\$874.13
TOTAL SYSTEM EXPENSES	\$57,065.60	\$65,518.18		\$57,065.60
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$93.24	\$107.06		\$93.24
% OF ADJUSTED GROSS INCOME:	3.03%	3.48%		3.03%

\$0.00

Agenda Item

7(C)(ii)(d)

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE

APPLICANT'S REQUEST

Little Meadows Estates Homeowners Association is requesting financial assistance to construct a booster station, install a chlorination system, install a pressure reducing station and modify existing storage tanks to meet DDW requirements. This project scored 7.9 points on the Project Priority List

The total amount of estimated funding needed is **\$246,000**, of which they are requesting the full amount from the Drinking Water Board.

STAFF COMMENTS

The local MAGI for Antimony (closest community with same ZIP Code as the water system service area) is \$37,000 which is 78% of the state MAGI, and the current average monthly water bill is \$16.67, which is 0.54% of the local MAGI. The after-project monthly water bill at a full loan for 20 years would be \$116.39/ERC, which is 3.77% of the local MAGI.

Based on local MAGI and the after-project monthly water bill, the community qualifies to be considered for additional subsidy. The following funding options were evaluated:

Option	Loan / PF	Loan	Principal Forgiveness	Term	Interest/HGA fee	Water Bill	% Local MAGI
Base	100 / 0	\$ 246,000	\$0	20 yrs	2.14%	\$116.39	3.77%
1	70 / 30	\$ 172,000	\$74,000	25 yrs	0%	\$58.28	1.89%
2	46 / 54	\$ 114,000	\$132,000	20 yrs	1.0%	\$54.37	1.76%

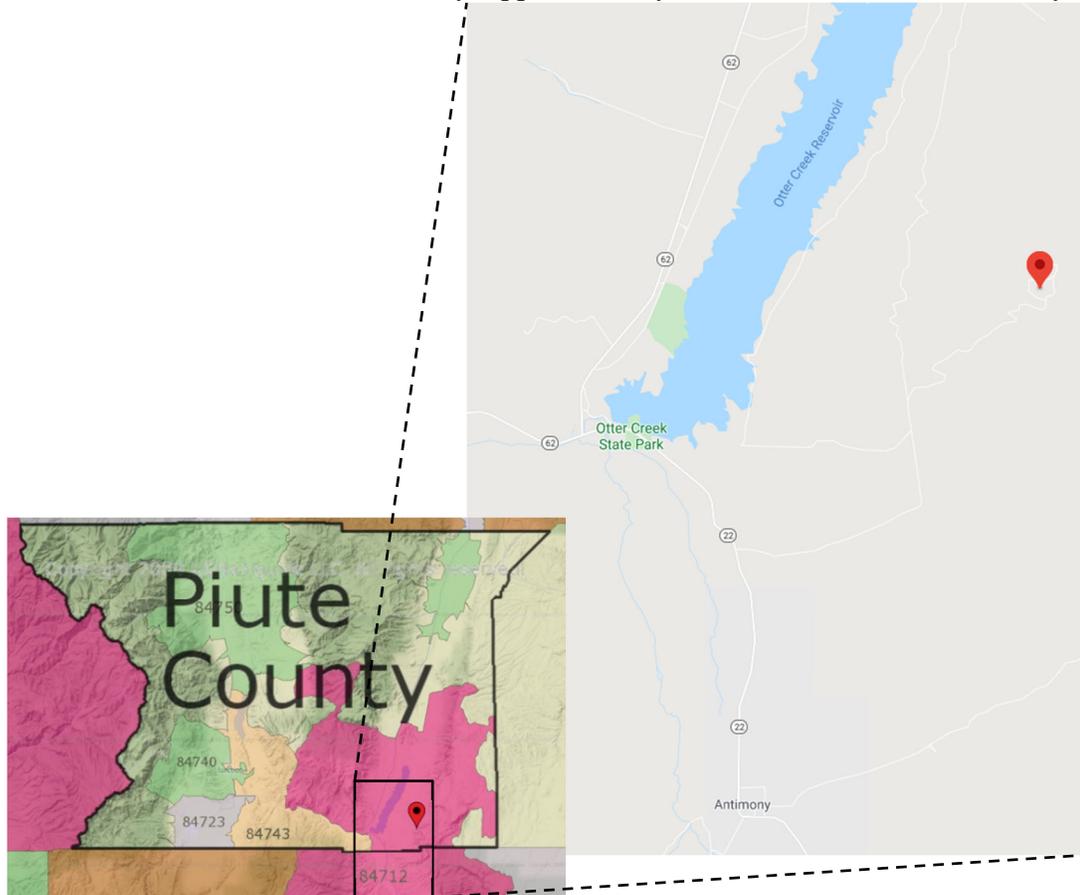
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a loan of \$246,000 for 25 years at a 0% interest or fee with \$74,000 in Principal Forgiveness for a total repayable amount of \$172,000 to Little Meadows Estates HOA for water system improvements.

Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION

Little Meadows Estates is in Piute County, approximately 8 miles northeast of Antimony.



PROJECT DESCRIPTION

Little Meadows Estates is a recreational home development that currently has 15 cabins / active culinary water connections, with the potential of serving up to 42 at full buildout. Due to its remote location and limited accessibility during winter months, this system is available for seasonal use. There are no full-time residents in the development.

The culinary water system includes the community springs, two 17,500-gallon steel tanks, and a distribution system. An engineering evaluation report completed in 2020 identified several deficiencies based on DDW standards and hydraulic modelling. The existing west tank does not have an access hatch and both tanks do not have a venting system. The distribution system cannot currently supply adequate pressure to connections on the upper end of the system, and the system does not have a totalizing meter or a disinfection system.

Proposed improvements include installing a shoebox access hatch and venting to both storage tanks; installing a bypass line from the springs to the system; constructing a booster station below the tanks and removing private booster pumps from the system; installing a small “T-Chlor” dosing chlorination system in the booster station; and installing a PRV to mitigate over pressurization of the lower system.

POPULATION GROWTH

Projected population and connections over the next 20 years is estimated by the system:

Year	Population	Connections
2020	45	15
2040	60	20

IMPLEMENTATION SCHEDULE

DWB Authorization	June 2021
Design	April 2021
DDW Plan Approval	May 2021
Advertise for Bids	June 2021
Loan Closing	July 2021
Begin Construction	July 2021
Complete Construction	September 2021

COST ESTIMATE

Legal/Admin	\$ 13,500	
Engineering – Design	\$ 27,500	} 19.3%
Engineering – CMS	\$ 20,000	
Construction	\$ 154,000	
Contingency	\$ 31,000	
Total Project Cost	\$ 246,000	

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
DWB Loan (25 yrs, 0%)	\$ 172,000	70%
DWB Principal Forgiveness	\$ 174,000	30%
Total Amount	\$ 246,000	100%

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	<i>Pending Significant Deficiencies</i>
SS01	Lacks permanent device to measure spring flow	5		
SS02	Spring collection area not fenced	15		
M020	<i>Cross connection exists – temporary exception granted 9/21/2020. Correct or renew by 9/30/2021</i>			50
D003	<i>Unable to provide 20 psi min. pressure – temporary exception granted; Correct or renew by 9/30/2021</i>			50
3A	Routine Monitoring (Total Coliform) 7/1-7/31/2020		25	
	Total = 45	20	25	

CONTACT INFORMATION

APPLICANT:

Little Meadows Estates HOA
PO Box 172
Kanosh, Utah 84637
(435) 864-7656

PRESIDING OFFICIAL or
CONTACT PERSON:

Paul Blad
HOA President
PO Box 172
Kanosh, Utah 84637
(435) 864-7656
pblad77@gmail.com

CONSULTING ENGINEER:

Brandon Stephenson
Sunrise Engineering
25 East 500 North
Fillmore, Utah 84631
(435) 743-6151
bstephenson@sunrise-eng.com

TREASURER/RECORDER:

Paul Blad
(435) 864-7656
pblad77@gmail.com

BOND ATTORNEY

Richard Chamberlain
Chamberlain Associates, LLC
225 North 100 East
Richfield, UT 84701
(435) 896-4461
rchamberlain13@gmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Little Meadows Estates

FUNDING SOURCE: Federal SRF

COUNTY: Piute

PROJECT DESCRIPTION: Booster station, PRV, chlorination system

70 % Loan & 30 % P.F.

ESTIMATED POPULATION:	45	NO. OF CONNECTIONS:	15 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$16.67			PROJECT TOTAL:	\$246,000
CURRENT % OF AGI:	0.54%	FINANCIAL PTS:	24	LOAN AMOUNT:	\$172,000
ESTIMATED MEDIAN AGI:	\$37,000			PRINC. FORGIVE.:	\$74,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$246,000
SYSTEM % OF STATE AGI:	78%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
	0%	2.70%		0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	25	25		25
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		0.00%
REQUIRED DEBT SERVICE:	\$6,880.00	\$9,550.34		\$6,880.00
*PARTIAL COVERAGE (15%):	\$1,032.00	\$1,432.55		\$1,032.00
*ADD. COVERAGE AND RESERVE (10%):	\$688.00	\$955.03		\$688.00
ANNUAL NEW DEBT PER CONNECTION:	\$573.33	\$795.86		\$573.33
O & M + FUNDED DEPRECIATION:	\$1,890.00	\$1,890.00		\$1,890.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$126.00	\$126.00		\$126.00
TOTAL SYSTEM EXPENSES	\$10,490.00	\$13,827.93		\$10,490.00
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$58.28	\$76.82		\$58.28
% OF ADJUSTED GROSS INCOME:	1.89%	2.49%		1.89%

\$0.00

Agenda Item

7(C)(ii)(e)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT’S REQUEST:

Spring Creek Water User’s is requesting financial assistance to drill a new well.
Spring Creek Water users scored 24.7 points on the Project Priority List.

The total project cost is \$323,800 and they are requesting the full amount from the Board.

STAFF COMMENTS:

The local MAGI for Spring Creek Water Users is \$36,900, which is 78% of the State MAGI. The current average water bill is \$40.66/ERC, which is 1.32% of the local MAGI. The estimated after project water bill at full loan would be \$69.85/ERC or 2.27% of the local MAGI. Based on MAGI and average monthly water bill, Spring Creek Water Users qualifies to be considered for additional subsidy.

Option	Loan / Grant	Loan	Principal Forgiveness	Term	Interest Rate (HGA Fee)	Water Bill	% Local MAGI
1	100% loan	\$0	\$323,800	20 yrs	0%	\$69.85	2.27%
2	50/50	\$162,000	\$161,800	20 yrs	0%	\$61.04	1.98%
3	50/50	\$162,000	\$161,800	30 yrs	0%	\$58.10	1.89%
4	40/60	\$131,000	\$192,800	30 yrs	0%	\$56.97	1.85%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$323,800 at 0% interest/Fee for 30 years, with \$161,800 in principal forgiveness, for a repayable amount of \$162,000 to Spring Creek Water Users.

APPLICANT'S LOCATION:

Spring Creek Water Users is located in Iron County approximately 7 miles Southwest from Cedar City.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Spring Creek Water Users needs to drill a new well, next to the existing well and plumb it into the existing tank. The existing well is old and Spring Creek has had to pump gravel pack up the well column. After discussion with a hydrologist it was determined that due to the age of the column, the well needs to be replaced

POPULATION GROWTH:

There is no information available from the DEA website so a modest 1.5% growth rate was applied.

Year	Population	Connections
2020	208	86
2030	214	88
2040	220	88

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	June 2021
Complete Design:	July 2021
Plan Approval:	July 2021
Begin Construction:	Aug 2021
Complete Construction:	Sep 2021

COST ESTIMATE:

Legal – Bonding, Admin	\$11,500
Engineering- Plan, Design, CMS	\$35,100
Construction – generator	\$252,000
Total Project Cost	\$323,800

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	\$131,000	40%
DWB Principal forgiveness	\$192,800	60%
Total	\$323,800	100%

Spring Creek Water Users

June 8, 2021

Page 4

CONTACT INFORMATION:

APPLICANT:

Spring Creek Water Users
PO Box 1765
Cedar City, Utah 84720
435-590-5500

PRESIDING OFFICIAL &
CONTACT PERSON:

Gerald Van Iwaarden
President
PO Box 1765
Cedar City, Utah 84720
435-590-5500
jerryvi@netutah.com

CONSULTING ENGINEER:

Daniel Hawley
Jones & Demille Engineering
1535 South 100 West
Richfield, Utah 84321
435-896-8266
Daniel.h@jonesanddemille.com

RECORDER:

Charlotte Sommers
760-953-4440

CITY ATTORNEY:

James Jensen
James Jensen Law Firm
250 South Main
PO Box 726
Cedar City, Utah 84720

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Spring Creek Water Users
 COUNTY: Iron
 PROJECT DESCRIPTION: New well

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	204	NO. OF CONNECTIONS:	88 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$40.66 *			PROJECT TOTAL:	\$323,800
CURRENT % OF AGI:	1.32%	FINANCIAL PTS:	34	LOAN AMOUNT:	\$162,000
ESTIMATED MEDIAN AGI:	\$36,900			PRINC. FORGIVE.:	\$161,800
STATE AGI:	\$47,200			TOTAL REQUEST:	\$323,800
SYSTEM % OF STATE AGI:	78%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.80%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.80%		0.00%
REQUIRED DEBT SERVICE:	\$5,400.00	\$8,052.88		\$5,400.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$540.00	\$805.29		\$540.00
ANNUAL NEW DEBT PER CONNECTION:	\$67.50	\$100.66		\$67.50
O & M + FUNDED DEPRECIATION:	\$52,514.00	\$52,514.00		\$52,514.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$2,895.70	\$3,028.34		\$2,895.70
ANNUAL EXPENSES PER CONNECTION:	\$629.66	\$631.16		\$629.66
TOTAL SYSTEM EXPENSES	\$61,349.70	\$64,400.52		\$61,349.70
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$58.10	\$60.99		\$58.10
% OF ADJUSTED GROSS INCOME:	1.89%	1.98%		1.89%

\$0.00

Agenda Item

7(C)(ii)(f)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Wellington City is requesting financial assistance to replace asbestos concrete pipe, installing PRV stations and replacement of service meters.

Wellington City scored 110.6 points on the Project Priority List.

The total project cost is \$7,580,170. Wellington City has applied for funding from the Community Impact Board requesting a total of \$5,863,170 and they are requesting the balance of \$1,717,000 from the Drinking Water Board. They would also like to request a design advance of \$476,00 to start designing the project while the loan closing process is taking place.

STAFF COMMENTS:

The local MAGI for the Wellington City is \$34,800, which is 74% of the State MAGI. The current average water bill is \$73.05/ERC, which is 2.52% of the local MAGI. The estimated after project water bill at full loan would be \$89.83/ERC or 3.10% of the local MAGI. Based on MAGI and average monthly water bill, Wellington City qualifies to be considered for additional subsidy.

Option	Loan / Grant	Loan	Principal Forgiveness	Term	Interest/HGA Fee	Water Bill	% Local MAGI
1	60/40	\$1,000,000	\$717,000	30 yrs	1.0%	\$86.20	2.97%
2	50/50	\$859,000	\$858,000	30 yrs	1.0%	\$85.48	2.95%
3	40/60	\$717,000	\$1,000,000	30 yrs	1.0%	\$84.77	2.92%

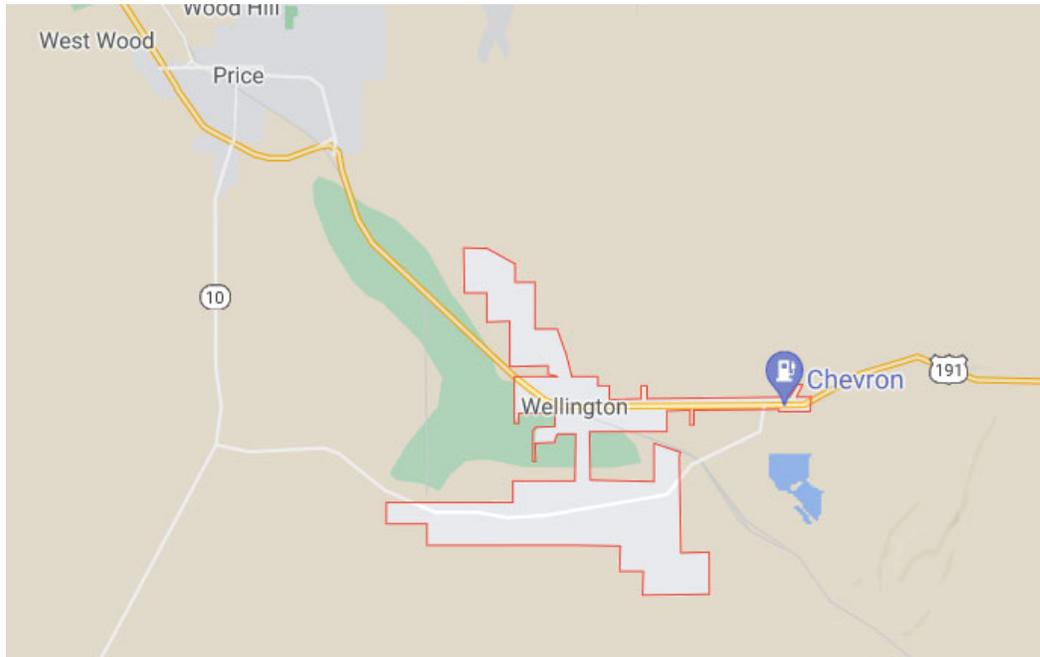
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$ 1,717,000 at 1.0% interest/Fee for 30 years, with \$717,000 in principal forgiveness to Wellington City, for a repayable amount of \$1,000,000 and a design advance of \$476,000 to be deducted from the principal forgiveness amount, not to exceed \$717,000 in total principal forgiveness.

APPLICANT'S LOCATION:

Wellington City is located in Carbon County, approximately 6 miles South of Price City.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Wellington City's water system consists of PVC, Ductile Iron Pipe, Class Pipe, and Asbestos Concrete (AC) Pipe. Most of the pipe in the system is the AC pipe, including much of the pipe that serves the central area of the City. The AC pipe is very difficult to connect to and work with and presents a health hazard to those that are working on it. The City has experienced a surge in water leaks, line breaks and service saddle failures over the past few years, often with multiple leaks occurring in a single week. Many of these leaks have occurred where the water line is very deep, which presents a particularly dangerous trenching situation for the City employees that are called upon to fix these leaks. Nearly all the pipe failures and repairs have occurred in the older part of the system with AC pipe.

The City has been systematically installing radio read water meters throughout their system for the past five years, and currently has approximately half of the system replaced. With the increased need for accurate water use data and reporting requirement, the City will upgrade the remaining portion of the system to radio read meters. The improvements will also include the addition of fire hydrants in areas that currently do not have adequate fire hydrant coverage, and a new PRV station will be installed to improve system capacity in the lower pressure zone of the system.

POPULATION GROWTH:

The population growth is based on the estimate from Wellington City which estimates a 1.17% growth rate.

Year	Population	Connections
2020	1752	813
2030	1917	889
2040	2117	982

COST ESTIMATE:

Legal/Bonding/Admin	45,000
Engineering - Design	376,000
Engineering - CMS	420,000
Construction -	5,558,125
Other	54,000
Contingency (~10%)	1,127,045
Total	7,580,170

COST ALLOCATION:

(add or delete rows as needed)

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1%, 30-yr)	\$1,000,000	13%
DWB Grant	\$717,000	10 %
CIB	\$5,863,170	77%
Total	\$7,580,170	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	June 2021
Complete Design	January 2022
DDW Plan Approval:	February 2022
Advertise for Bids:	February 2022
Bid Opening:	March 2022
Loan Closing:	April 2022
Begin Construction:	May 2022
Complete Construction:	December 2022

Wellington City

June 8, 2021

Page 4

CONTACT INFORMATION:

APPLICANT:

Wellington City
150 West Main Street
Wellington, Utah 84542
Telephone:435-637-5213 x3

PRESIDING OFFICIAL &
CONTACT PERSON:

Paula Noyes, Mayor
150 West Main Street
Wellington, Utah 84542
Telephone:435-637-5213
mayornoyes@wellingtonutah.org

TREASURER/RECORDER:

Glenna Nelson
gnelson@wellingtonutah.org

CONSULTING ENGINEER:

Mario Gonzales
Sunrise Engineering
635 North Main, ste 675
Richfield, Utah 84701
Telephone:435-201-6688
mgonzales@sunrise-eng.com

BOND ATTORNEY:

Eric Johnson
Blaisdell, Church & Johnson
5995 South Redwood Road
Salt Lake City, Utah 84123
Telephone:801-261-3407 x 3
eric@bcjlaw.net

CITY ATTORNEY:

John Schindler
435-636-3243
wellingtonattorney@gmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Wellington City
 COUNTY: Carbon
 PROJECT DESCRIPTION: Pipeline replacement, PRV's, meter replacement

FUNDING SOURCE: Federal SRF

58 % Loan & 42 % P.F.

ESTIMATED POPULATION:	1,620	NO. OF CONNECTIONS:	734 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$73.05 *			PROJECT TOTAL:	\$7,580,170
CURRENT % OF AGI:	2.52%	FINANCIAL PTS:	38	LOAN AMOUNT:	\$1,000,000
ESTIMATED MEDIAN AGI:	\$34,800			PRINC. FORGIVE.:	\$717,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$1,717,000
SYSTEM % OF STATE AGI:	74%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 1.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		1.00%
REQUIRED DEBT SERVICE:	\$33,333.33	\$49,060.81		\$38,748.11
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$3,333.33	\$4,906.08		\$3,874.81
ANNUAL NEW DEBT PER CONNECTION:	\$49.95	\$73.52		\$58.07
O & M + FUNDED DEPRECIATION:	\$477,244.00	\$477,244.00		\$477,244.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$25,528.87	\$26,315.24		\$25,799.61
ANNUAL EXPENSES PER CONNECTION:	\$684.98	\$686.05		\$685.35
TOTAL SYSTEM EXPENSES	\$539,439.53	\$557,526.13		\$545,666.53
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$85.49	\$87.55		\$86.20
% OF ADJUSTED GROSS INCOME:	2.95%	3.02%		2.97%

\$0.00

Agenda Item

7(C)(ii)(g)

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

APPLICANT'S REQUEST

The Provo River Water Users Association (the Association, PRWUA) is requesting financial assistance to replace the Association's source water intake structure at Deer Creek Dam and Reservoir. This project scored 25 points on the Project Priority List.

The estimated total project cost is \$60,986,000. The Association will contribute \$16,986,000 to the project and is requesting **\$44,000,000** from the Drinking Water Board.

STAFF COMMENTS

The Association provides raw water from Jordanelle Reservoir and Deer Creek Reservoir to water systems along the southern Wasatch Front from Salt Lake Valley to Utah Valley. Over 1.5 million Utah residents receive drinking water from this source. The source water intake structure at Deer Creek Reservoir is over 75 years old and has reached the end of its useful life. The structure itself is difficult to access and replacement parts are no longer available, making repair all but impossible. This project is included in the Association's 2014 Capital Improvement Plan.

The project cost estimate does not include costs for environmental review. The project site is located on Bureau of Reclamation property and the Bureau has indicated that it will conduct the environmental review and prepare the associated documentation.

Due to the Association's nature as a raw water provider to many drinking water systems along the Wasatch Front, staff has determined that a Median Adjusted Gross Income analysis will not provide a meaningful indication of the Association's financial condition or its ability to repay a loan. Instead, staff reviewed the Association's financial statements and determined that the Provo River Water Users Association has sufficient financial capacity to repay the requested financial assistance. The proposed financial assistance package is based on terms the Board recently approved for other large infrastructure construction projects for water conservancy districts.

FINANCIAL ASSISTANCE RECOMMENDATION

The Financial Assistance Committee recommends the Drinking Water Board authorize a \$44,000,000 construction loan for 20 years at 1.5% interest or Hardship Grant Assessment Fee to the Provo River Water Users Association to replace the Deer Creek Intake Structure.

POPULATION GROWTH

The population served by this water supply is estimated to increase by 75% by 2060.

IMPLEMENTATION SCHEDULE

DWB Authorization	August 2021
Complete Design	May 2022
DDW Plan Approval	June 2022
Advertise for Bids	November 2021
Loan Closing	December 2021
Begin Construction	January 2022
Complete Construction	July 2023

COST ESTIMATE

Legal	\$ 328,000	
DDW Loan Origination Fee	\$ 440,000	
Prefund Debt Service Reserve Account	\$ 335,000	
Community Awareness	\$ 500,000	
Engineering – Project Planning	\$ 400,000	
Engineering – Design	\$ 4,257,000	
Engineering – Feasibility Study	\$ 2,500,000	22.8%
Engineering – Program Management	\$ 1,158,000	
Engineering – CMS	\$ 5,500,000	
Construction	\$ 41,100,000	
Contingency	\$ 4,468,000	10.9%
Total Project Cost	\$ 60,986,000	

COST ALLOCATION

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution	\$ 16,986,000	27.85%
DWB Loan (20 years, 1.5%)	\$ 44,000,000	72.15%
Total Amount	\$ 60,986,000	100.00%

CONTACT INFORMATION

APPLICANT: Provo River Water Users Association
285 West 1100 North
Pleasant Grove, UT 84062
801-796-8770
gkd@prwua.org

PRESIDING OFFICIAL or
CONTACT PERSON: G. Keith Denos
General Manager
Pleasant Grove, UT 84062
801-796-8770
gkd@prwua.org

TREASURER/RECORDER: G. Keith Denos
801-796-8770

CONSULTING ENGINEER: Deon Stockert
AE2S
3400 North Ashton Boulevard, Ste 105
Lehi, UT 84043
701-690-3693
deon.stockert@ae2s.com

BOND ATTORNEY: Eric Hunter
Chapman and Cutler
215 South State Street, Ste 800
Salt Lake City, UT 84111
801-533-0066
ehunter@chapman.com

ASSOCIATION ATTORNEY: Shaun Draney
Snow Christiansen and Martineau
10 Exchange Place 11th Floor
Salt Lake City, UT 84111
801-521-9000
sdraney@scmlaw.com

ENVIRONMENTAL
CONSULTANT: Jared Baxter
US Bureau of Reclamation
302 East 1860 South
Provo, UT 84606
801-379-1081
jbaxter@usbr.gov

Provo River Water Users Association

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$44,000,000.00	ANTICIPATED CLOSING DATE	15-Dec-21
INTEREST	1.50%	FIRST P&I PAYMENT DUE	01-Jan-24
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$2,562,812.38	PRINC. FORGIVE.:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2023	\$44,000,000.00		\$689,333.33 *	\$0.00	\$689,333.33	\$44,000,000.00	0
2024	\$44,000,000.00		\$2,563,000.00	\$1,903,000.00	\$660,000.00	\$42,097,000.00	1
2025	\$42,097,000.00		\$2,562,455.00	\$1,931,000.00	\$631,455.00	\$40,166,000.00	2
2026	\$40,166,000.00		\$2,562,490.00	\$1,960,000.00	\$602,490.00	\$38,206,000.00	3
2027	\$38,206,000.00		\$2,563,090.00	\$1,990,000.00	\$573,090.00	\$36,216,000.00	4
2028	\$36,216,000.00		\$2,563,240.00	\$2,020,000.00	\$543,240.00	\$34,196,000.00	5
2029	\$34,196,000.00		\$2,562,940.00	\$2,050,000.00	\$512,940.00	\$32,146,000.00	6
2030	\$32,146,000.00		\$2,563,190.00	\$2,081,000.00	\$482,190.00	\$30,065,000.00	7
2031	\$30,065,000.00		\$2,562,975.00	\$2,112,000.00	\$450,975.00	\$27,953,000.00	8
2032	\$27,953,000.00		\$2,562,295.00	\$2,143,000.00	\$419,295.00	\$25,810,000.00	9
2033	\$25,810,000.00		\$2,563,150.00	\$2,176,000.00	\$387,150.00	\$23,634,000.00	10
2034	\$23,634,000.00		\$2,562,510.00	\$2,208,000.00	\$354,510.00	\$21,426,000.00	11
2035	\$21,426,000.00		\$2,562,390.00	\$2,241,000.00	\$321,390.00	\$19,185,000.00	12
2036	\$19,185,000.00		\$2,562,775.00	\$2,275,000.00	\$287,775.00	\$16,910,000.00	13
2037	\$16,910,000.00		\$2,562,650.00	\$2,309,000.00	\$253,650.00	\$14,601,000.00	14
2038	\$14,601,000.00		\$2,563,015.00	\$2,344,000.00	\$219,015.00	\$12,257,000.00	15
2039	\$12,257,000.00		\$2,562,855.00	\$2,379,000.00	\$183,855.00	\$9,878,000.00	16
2040	\$9,878,000.00		\$2,563,170.00	\$2,415,000.00	\$148,170.00	\$7,463,000.00	17
2041	\$7,463,000.00		\$2,562,945.00	\$2,451,000.00	\$111,945.00	\$5,012,000.00	18
2042	\$5,012,000.00		\$2,562,180.00	\$2,487,000.00	\$75,180.00	\$2,525,000.00	19
2043	\$2,525,000.00		\$2,562,875.00	\$2,525,000.00	\$37,875.00	\$0.00	20
			\$51,945,523.33	\$44,000,000.00	\$7,945,523.33		

*Interest Only Payment

Agenda Item

7(C)(ii)(h)

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE

APPLICANT'S REQUEST

Cannonville Town's request for emergency financial assistance to construct a replacement 300,000-gallon concrete storage tank was presented to the Drinking Water Board on April 22, 2021. Per the Board's request, the town has updated their original request to include the costs of replacing 10 fire hydrants and 25 gate valves that are due for replacement soon. This project scored 67.3 points on the Project Priority List.

Total construction costs are estimated at **\$2,177,000**, of which the town is requesting the full amount from the Drinking Water Board.

STAFF COMMENTS

The Median Adjusted Gross Income for Cannonville is \$32,600, which is 69% of the State MAGI and the current average monthly water bill is \$41.45/connection*, which is 1.53% of the local MAGI. The after-project water bill at a full loan for 20 years would be \$176.37/connection, which is 6.49% of the local MAGI.

Based on the local MAGI and the after-project monthly water bill, the community qualifies to be considered for additional subsidy. The following funding options were evaluated:

Option	Loan / PF	Loan	Principal Forgiveness	Term	Interest/HGA fee	Water Bill	% Local MAGI
Base	100 / 0	\$2,177,000	\$0	20 yrs	1.89%	\$176.37	6.49%
1	100 / 0	\$2,177,000	\$0	40 yrs	0%	\$106.93	3.94%
2	50 / 50	\$1,088,000	\$1,089,000	40 yrs	0%	\$84.24	3.10%
3	25 / 75	\$544,000	\$1,633,000	40 yrs	0%	\$72.91	2.68%

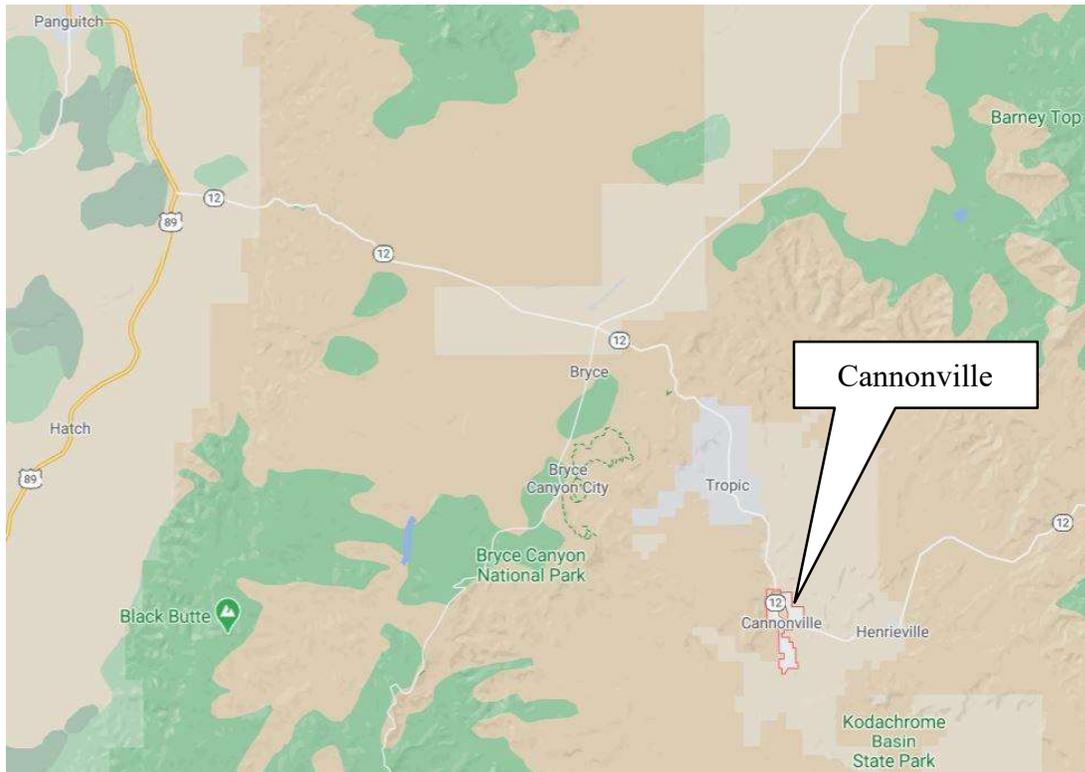
**115 total connections: 91 residential, 11 commercial, 6 industrial, 7 institutional. All connections pay a base rate of \$35 for up to 20,000 gallons, \$1.50 per 1,000 gal over.*

STAFF RECOMMENDATION

Staff defers their recommendation to the Drinking Water Board.

APPLICANT'S LOCATION

Cannonville is in Garfield County, approximately 17 miles from Bryce Canyon City.



PROJECT DESCRIPTION

Cannonville currently has two concrete water storage tanks: a 300,000-gallon tank that is approximately 40 years old and a 200,000-gallon tank constructed in 2009 to replace a failed concrete tank at the same location.

The 300,000-gallon tank is located on a small ridge adjacent to Highway 12, approximately one mile north of town. Earlier this year, the water operator noticed severe settlement adjacent to the tank and water manifesting at the toe of the ridge. The tank was leak tested and found that it was losing as much as 10 gpm. The Town drained the tank and hired a tank protection consultant to seal visible hairline cracks in the floor of the tank. The effort initially appeared to slow the leaking, but it soon accelerated back to the rate initially estimated. In the meantime, fissures appeared in the ground adjacent to the tank where settlement had first appeared, and the far side of the slope facing Highway 12 also began to show signs of sloughing and water surfacing. The Town immediately drained the tank again and has since had it offline, leaving Cannonville with only the 200,000-gallon tank for storage capacity.

A preliminary engineering site evaluation suggests that the settlement, fissures, and slope sloughing could be a symptom of overall slope failure of the entire ridge on which the tank is constructed. It may be possible to remediate the tank and stabilize the slope, but it

is anticipated that effort would be costly, requiring significant geotechnical and structural evaluations, and in the end may not prove successful.

The 200,000-gallon tank is located approximately one mile north of the 300,000-gallon tank and is currently connected to the system by a single 8-inch line that serves as both the fill line and discharge line. The system has historically had problems with stagnant water in both tanks and added a separate discharge line to the 300,000-gallon tank in 2009 to improve the water circulation in the 300,000-gallon tank.

The proposed solution is to acquire additional property adjacent to the existing 200,000-gallon tank and construct a replacement 300,000-gallon concrete tank. The existing 8-inch line will be used as a dedicated fill line to the tanks, and an additional 12-inch discharge line would be installed from the site of the existing 200,000-gallon tank to the site of the failed 300,000-gallon tank where it will tie into the existing supply line to the distribution system.

The 200,000-gallon tank is currently supporting the Town's offseason demands. This situation places the Town at risk of not being able to support a fire flow demand, and it is critical that the replacement tank be constructed as soon as possible to support the Town's peak demands during the summer.

POPULATION GROWTH

Projected population and connections for Cannonville over the next 20 years is based on a 1.0% growth rate estimated by the town:

Year	Population	Connections
2021	175	115
2030	195	129
2040	216	142

IMPLEMENTATION SCHEDULE

DWB Authorization	June 2021
Complete Design/Plan Approval	August 2021
Advertise for Bids/Loan Closing	September 2021
Begin Construction	October 2021
Complete Construction	December 2021

COST ESTIMATE

	<u>Updated</u>	<i><u>Original</u></i>
Legal	\$ 15,000	\$ 15,000
Engineering – Planning/Design	\$ 175,500	\$ 154,000
Engineering – CMS	\$ 140,000	\$ 120,000
Land Purchase	\$ 25,000	\$25,000
Construction – Mobilization	\$ 130,000	\$ 112,000
Construction – New Tank	\$ 540,000	\$ 540,000
Construction – New Supply Line	\$ 510,000	\$ 510,000
Construction – Demo old tank, other	\$ 171,000	\$ 151,000
Construction – New Hydrants, Valves	\$ 162,500	-
Contingency (20%)	\$ 308,000	\$ 268,000
Total Project Cost	\$ 2,177,000	<i>\$ 1,894,000</i>

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiencies
TP002	Chlorine Room Air Inlet Not Located Near Ceiling Through Wall Louvers	15		
71	CCR Report 07/01/2015/-06/30/2016		15	
71	CCR Report 07/01/2001/-06/30/2002		15	
	Total = 45	15	30	

Cannonville Town

June 8, 2021

Page 5

CONTACT INFORMATION

APPLICANT: Cannonville Town Water System
15 South Red Rock Drive
Cannonville, UT 84718
435-679-8784

PRESIDING OFFICIAL or
CONTACT PERSON: William Stock
Mayor
15 South Red Rock Drive
Cannonville, UT 84718
435-616-8553
wjstock@scinternet.net

TREASURER/RECORDER: Machele Nelson
435-679-8784
canvtown@scinternet.net

CONSULTING ENGINEER: Jesse Ralphs
Sunrise Engineering
25 East 500 North
Fillmore, UT 84631
435-743-1145
jralphs@sunrise-eng.com

BOND ATTORNEY: Richard Chamberlain
Chamberlain Associates, LLC
225 North 100 East
Richfield, UT 84701
435-896-4461
rchamberlain13@gmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cannonville Town
 COUNTY: Garfield
 PROJECT DESCRIPTION: Tank/hydrant/valve Replacement

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	175	NO. OF CONNECTIONS:	115 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$41.45			PROJECT TOTAL:	\$2,177,000
CURRENT % OF AGI:	1.53%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$2,177,000
ESTIMATED MEDIAN AGI:	\$32,600			PRINC. FORGIVE.:	\$0
STATE AGI:	\$47,200			TOTAL REQUEST:	\$2,177,000
SYSTEM % OF STATE AGI:	69%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 1.89%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		1.89%
REQUIRED DEBT SERVICE:	\$108,850.00	\$142,300.16		\$131,729.06
*PARTIAL COVERAGE (15%):	\$16,327.50	\$21,345.02		\$19,759.36
*ADD. COVERAGE AND RESERVE (10%):	\$10,885.00	\$14,230.02		\$13,172.91
ANNUAL NEW DEBT PER CONNECTION:	\$1,183.15	\$1,546.74		\$1,431.84
O & M + FUNDED DEPRECIATION:	\$78,725.25	\$78,725.25		\$78,725.25
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$684.57	\$684.57		\$684.57
TOTAL SYSTEM EXPENSES	\$214,787.75	\$256,600.45		\$243,386.58
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$155.64	\$185.94		\$176.37
% OF ADJUSTED GROSS INCOME:	5.73%	6.84%		6.49%

\$0.00

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cannonville Town
 COUNTY: Garfield
 PROJECT DESCRIPTION: Tank/hydrant/valve Replacement

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	175	NO. OF CONNECTIONS:	115 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$41.45			PROJECT TOTAL:	\$2,177,000
CURRENT % OF AGI:	1.53%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$2,177,000
ESTIMATED MEDIAN AGI:	\$32,600			PRINC. FORGIVE.:	\$0
STATE AGI:	\$47,200			TOTAL REQUEST:	\$2,177,000
SYSTEM % OF STATE AGI:	69%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		0.00%
REQUIRED DEBT SERVICE:	\$54,425.00	\$89,669.72		\$54,425.00
*PARTIAL COVERAGE (15%):	\$0.00	\$13,450.46		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$5,442.50	\$8,966.97		\$5,442.50
ANNUAL NEW DEBT PER CONNECTION:	\$520.59	\$974.67		\$520.59
O & M + FUNDED DEPRECIATION:	\$78,725.25	\$78,725.25		\$78,725.25
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$8,973.84	\$0.00		\$8,973.84
ANNUAL EXPENSES PER CONNECTION:	\$762.60	\$684.57		\$762.60
TOTAL SYSTEM EXPENSES	\$147,566.59	\$190,812.41		\$147,566.59
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$106.93	\$138.27		\$106.93
% OF ADJUSTED GROSS INCOME:	3.94%	5.09%		3.94%

\$0.00

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cannonville Town
 COUNTY: Garfield
 PROJECT DESCRIPTION: Tank/hydrant/valve Replacement

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	175	NO. OF CONNECTIONS:	115 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$41.45			PROJECT TOTAL:	\$2,177,000
CURRENT % OF AGI:	1.53%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$1,088,000
ESTIMATED MEDIAN AGI:	\$32,600			PRINC. FORGIVE.:	\$1,089,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$2,177,000
SYSTEM % OF STATE AGI:	69%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		0.00%
REQUIRED DEBT SERVICE:	\$27,200.00	\$44,814.27		\$27,200.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$2,720.00	\$4,481.43		\$2,720.00
ANNUAL NEW DEBT PER CONNECTION:	\$260.17	\$428.66		\$260.17
O & M + FUNDED DEPRECIATION:	\$78,725.25	\$78,725.25		\$78,725.25
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$7,612.59	\$8,493.31		\$7,612.59
ANNUAL EXPENSES PER CONNECTION:	\$750.76	\$758.42		\$750.76
TOTAL SYSTEM EXPENSES	\$116,257.84	\$136,514.25		\$116,257.84
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$84.24	\$98.92		\$84.24
% OF ADJUSTED GROSS INCOME:	3.10%	3.64%		3.10%

\$0.00

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cannonville Town
 COUNTY: Garfield
 PROJECT DESCRIPTION: Tank/hydrant/valve Replacement

FUNDING SOURCE: Federal SRF

25 % Loan & 75 % P.F.

ESTIMATED POPULATION:	175	NO. OF CONNECTIONS:	115 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$41.45			PROJECT TOTAL:	\$2,177,000
CURRENT % OF AGI:	1.53%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$544,000
ESTIMATED MEDIAN AGI:	\$32,600			PRINC. FORGIVE.:	\$1,633,000
STATE AGI:	\$47,200			TOTAL REQUEST:	\$2,177,000
SYSTEM % OF STATE AGI:	69%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.70%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.70%		0.00%
REQUIRED DEBT SERVICE:	\$13,600.00	\$22,407.13		\$13,600.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,360.00	\$2,240.71		\$1,360.00
ANNUAL NEW DEBT PER CONNECTION:	\$130.09	\$214.33		\$130.09
O & M + FUNDED DEPRECIATION:	\$78,725.25	\$78,725.25		\$78,725.25
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$6,932.59	\$7,372.95		\$6,932.59
ANNUAL EXPENSES PER CONNECTION:	\$744.85	\$748.68		\$744.85
TOTAL SYSTEM EXPENSES	\$100,617.84	\$110,746.05		\$100,617.84
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$72.91	\$80.25		\$72.91
% OF ADJUSTED GROSS INCOME:	2.68%	2.95%		2.68%

\$0.00

Agenda Item

8(A)(i)

**DRINKING WATER BOARD
BOARD PACKET FOR RULE REVISION
PRESENTED TO THE DRINKING WATER BOARD**

BACKGROUND

The America's Water Infrastructure Act (AWIA) became law in 2018. AWIA modified many aspects of the federal Safe Drinking Water Act (SDWA), including terms and conditions in the Drinking Water State Revolving Fund Financial Assistance Program and the Capacity Development Program. These changes required that Utah revise existing program rules to meet the new federal definitions and requirements. The following Financial Assistance Program Rules were reviewed and revised: R309-700 Financial Assistance: State Drinking Water Revolving Fund (SRF) Loan Program, R309-705 Financial Assistance: Federal Drinking Water Revolving Fund (SRF) Loan Program, and R309-800 Capacity Development Program.

For each of these rules Staff updated existing rule language, drafted new rule language where necessary, reordered certain rule sections to clarify meaning and intent, and verified and updated references to other rules and statutes within the rules. Draft rules were circulated to Division Management for comment. Copies of the revised rules are attached for the Board's review and comment.

INFORMATION

Division staff is ready to take the next step in the rule-making process for Financial Assistance Program Rules: R309-700 Financial Assistance: State Drinking Water Revolving Fund (SRF) Loan Program, R309-705 Financial Assistance: Federal Drinking Water Revolving Fund (SRF) Loan Program, and R309-800 Capacity Development Program.

The next step is an external stakeholder review to receive and incorporate appropriate comments and suggestions from subject matter experts outside of the Division. Staff proposes sending the revised rules to a select number of external stakeholders by June 18 for review and comment and allow a thirty-day comment period.

Staff further proposes to come before the Board at the August 31, 2021 meeting to request authorization to begin the formal rule-making process by submitting the revised rules to the Division of Administrative Rules for publication and the required thirty-day public comment period.

R309-700. ~~Financial Assistance~~: Utah Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program.

Table of Contents

R309-700-1. Purpose.	3
R309-700-2. Statutory Authority.	3
R309-700-3. Definitions and Eligibility.	3
R309-700-4. Application and Project Initiation Procedures.	5
R309-700-5. Loan, Credit Enhancement, Interest Buy-Down, and Hardship Grant Consideration	8
R309-700-6. Planning Grant.	12
R309-700-7. Planning Loan.	13
R309-700-8. Design Grant or Loan.	13
R309-700-9. Credit Enhancement Agreements.	14
R309-700-10. Interest Buy-Down Agreements.	14
R309-700-11. Loans.	15
R309-700-12. Project Authorization (Reference R309-700-4(4)).	15
R309-700-13. Financial Evaluations.	15
R309-700-14. Committal of Funds and Approval of Agreements.	18
R309-700-15. Construction.	18

This Page Intentionally Left Blank

R309-700. ~~Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan~~ Financial Assistance 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, 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 Water Board.

"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.

"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" 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.

"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.

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

"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.

"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.

"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.

"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~~

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

~~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.

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

(2) The applicant is required to submit 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 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). 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 which agreement and which~~ meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.

(3) Division staff will evaluate the application and supporting documentation, calculate proposed terms of financial assistance, prepare a report for review by the Board, and present said report to the Board 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 R309-700-10(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 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 R309-700-13(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 ~~ensure~~^{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.

(12) If a project is designated to be financed by the Board through a loan or an interest buy-down agreement as described in R309-700-10(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 R309-700-10(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 ~~ensure~~^{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~~

R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

~~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.~~

(14~~5~~) 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.

(15) 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.

(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).

(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 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		
1. PUBLIC HEALTH AND WELFARE (SELECT ONE)		POINTS
	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 2 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 or the local median adjusted gross income (MAGI) is less than or equal to eighty ~~0~~-percent (80~~.0~~%) of the State's median adjusted gross income. 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. 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 filings for a given zip code or city). The Board will also consider the applicant's level of contribution to the project.

R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

TABLE 2 FINANCIAL CONSIDERATIONS		
1. COST EFFECTIVENESS RATIO (SELECT ONE)		POINTS
	A. Project cost \$0 to \$500 per benefitting connection	16
	B. \$501 to \$1,500	14
	C. \$1,501 to \$2,000	11
	D. \$2,001 to \$3,000	8
	E. \$3,001 to \$5,000	4
	F. \$5,001 to \$10,000	1
	G. Over \$10,000	0
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)		
	A. Less than 70% of State Median AGI	19
	B. 71 to 80% of State Median AGI	16
	C. 81 to 95% of State Median AGI	13
	D. 96 to 110% of State Median AGI	9
	E. 111 to 130% of State Median AGI	6
	F. 131 to 150% of State Median AGI	3
	G. Greater than 150% of State Median AGI	0
3. APPLICANT'S COMMITMENT TO PROJECT PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)		
	A. Greater than 25% of project funds	17
	B. 15 to 25% of project funds	14
	C. 10 to 15% of project funds	11
	D. 5 to 10% of project funds	8
	E. 2 to 5% of project funds	4
	F. Less than 2% of project funds	0
4 and 5. ABILITY TO REPAY LOAN		
4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)		
	A. Greater than 2.50% of local median AGI	16
	B. 2.01 to 2.50% of local median AGI	12
	C. 1.51 to 2.00% of local median AGI	8
	D. 1.01 to 1.50% of local median AGI	3
	E. 0 to 1.00% of local median AGI	0
5. SPECIAL INCENTIVES: Applicant (SELECT ALL THAT APPLY.)		
	A. Has a replacement fund receiving annual deposits of about 5% of the system's annual drinking water (DW) budget and fund has already accumulated a	5

	minimum of 10% of said annual DW budget in this reserve	
	B. Has, in addition to item 5.A., accumulated an amount equal to at least 20% of its annual DW budget in its replacement fund	5
	C. Is creating or enhancing a regionalization plan	16
	D. Has a rate structure encouraging conservation	6
1TOTAL 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) ~~The Drinking Water Board may make loans or grants from the security account to political subdivisions for planning for drinking water projects. 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.~~
- (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.
- (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.
- (5) The recipient of a Planning Grant must first receive written approval for any cost increases or changes to the scope of work.

(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.~~

~~(12)~~ 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 as authorized by statute.

~~(23)~~ 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 or the Board may choose to provide the funds in incremental disbursements as the applicant incurs expenses on the project.

~~(34)~~ The recipient of a Planning Loan must first receive written approval for any cost increases or changes to the scope of work.

~~(45)~~ 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

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

most economically advantageous for the state and its political subdivisions. A loan origination fee is a fee assessed to the loan recipient as a percentage of the principal balance of the loan. This fee will not be charged to any disadvantaged community receiving a loan subsidy as part Drinking Water State Revolving Fund financial assistance.

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, 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 non-monetary 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, 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.

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

(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 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 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.

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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 ~~18 months~~ 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

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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.

(1) The Executive Secretary, or designee, may execute the loan agreement, credit enhancement agreement, or interest buy-down agreement when the following are complete:

(i) All financial assistance authorization conditions, as outlined in the Authorization Letter sent to the Recipient, have been met; including Division approval of all submitted legal documents and other items required by this rule.

(ii) The Recipient has received written plan approval of the engineering plans and specifications for the authorized project from the Division of Drinking Water.

(2) If the approved scope of work has changed significantly since the Board's initial authorization, the Board shall review the modified project scope of work to determine if it meets the Board's requirements. If satisfied, the Board shall authorize the Executive Secretary, or designee, to proceed with executing the loan agreement, credit enhancement agreement or interest buy-down agreement.

~~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

R309-700 ~~Financial Assistance~~: State Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

and approved in writing. All Change orders must be reviewed by staff to determine eligibility for reimbursement within the SRF program and determine there are sufficient funds in the amount authorized by the Drinking Water Board to complete the project as authorized. 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, but before facilities can be placed into service, the recipient must request an operating permit in accordance with current Division of Drinking Water rules 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: July 1, 2011
Notice of Continuation: March 23, 2010
Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

R309-705. Financial Assistance: Federal Drinking Water Project Revolving Loan Financial Assistance Program.

Table of Contents

R309-705-1. Purpose.	3
R309-705-2. Statutory Authority.	3
R309-705-3. Definitions.	3
R309-705-4. Financial Assistance Methods.	7
(1) Eligible Activities of the SRF.	7
(2) Types of Financial Assistance Available for Eligible Water Systems.....	8
(3) Ineligible Projects.....	11
R309-705-5. Application and Project Initiation Procedures.	12
R309-705-6. Applicant Priority System and Selection of Terms of Assistance.. 15	
(1) Priority Determination.....	15
(2) Financial Assistance Determination.....	18
R309-705-7. Project Authorization.	19
R309-705-8. Financial Evaluations.	20
R309-705-9. Emergency Assistance.	22
R309-705-10. Committal of Funds and Approval of Agreements.	24
R309-705-11. Construction.	25
R309-705-12. Compliance with Federal Requirements.	25

This Page Intentionally Left Blank

R309-705. ~~Financial Assistance:~~ Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance 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.

"Capacity Development" is a process for water systems to acquire and maintain adequate technical, managerial, and financial (TMF) capability. Capacity Development is a fundamental component of the 1996 Safe Drinking Water Act (SDWA) Amendments which provide a framework for states and water systems to work together to protect public health. (See Rule R309-800)

"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.

"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" 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.

"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.

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

"Emergency" means an unexpected, serious occurrence of a 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.

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

"Hardship Grant Assessment" means an assessment fee applied to a loan. 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.

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

"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.

"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.

"Programmatic Financing" is a financial assistance option under the DWSRF Program that is designed to provide funding for a water system's Capital Improvement Plan, or any portion thereof, so long as the projects are eligible and comply with DWSRF Program requirements.

"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; + asset management plans and related system software; 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.

"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.

"Technical Assistance" means financial assistance provided for a feasibility study, or master plan, or consolidation assessment 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.

~~"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. 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. 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 after submitting 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~~ 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. 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) Loan Origination Fee (LOF)

A fee assessed to the loan recipient as a percentage of the principal balance of the loan. This fee will not be charged to any disadvantaged community receiving a loan subsidy as part of DWSRF financial assistance.

(~~ii~~) Hardship Grant Assessment.

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

(~~iii~~) Repayment.

Annual repayments of principal, interest, fees and/or Hardship Grant Assessment generally commence not later than ~~one year~~ 18 months 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~~ 30 years after project completion or not later than ~~30~~ 40 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.

R309-705. ~~Financial Assistance~~: Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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" (R309-400) 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 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~~ ensure 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.

(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 R309-705. ~~Financial Assistance:~~ Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

Board for review and approval to ~~insure~~ ensure 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	20

	copper action levels.	
	-or-	
	System equipment is projected to become inadequate without upgrades.	5
	Total	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

(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 (RBI) as a basis point, the points assigned in Table 2, and a method to reduce the interest rate from ~~a recent RBI the index~~ 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	16
B.	\$501 to \$1,500	14
C.	\$1,501 to \$2,000	11
D.	\$2,001 to \$3,000	8
E.	\$3,001 to \$5,000	4
F.	\$5,001 to \$10,000	1
G.	Over \$10,000	0
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)		
A.	Less than 70% of State Median AGI	19
B.	71 to 80% of State Median AGI	16
C.	81 to 95% of State Median AGI	13
D.	96 to 110% of State Median AGI	9
E.	111 to 130% of State Median AGI	6
F.	131 to 150% of State Median AGI	3
G.	Greater than 150% of State Median AGI	0
3. APPLICANT'S COMMITMENT TO PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)		
A.	Greater than 25% of project funds	17
B.	15 to 25% of project funds	14
C.	10 to 15% of project funds	11
D.	5 to 10% of project funds	8
E.	2 to 5% of project funds	4
F.	Less than 2% of project funds	0

R309-705. ~~Financial Assistance:~~ Federal Drinking Water State Revolving Fund (SRF) Loan ~~Financial Assistance~~ Program

4 ABILITY TO REPAY LOAN:		
4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)		
A.	Greater than 2.50% of local median AG	16
B.	2.01 to 2.50% of local median AGI	12
C.	1.51 to 2.00% of local median AGI	8
D.	1.01 to 1.50% of local median AGI	3
E.	0 to 1.00% of local median AGI	0
6. SPECIAL INCENTIVES Applicant (SELECT ALL THAT APPLY.)		
A.	Has a replacement fund receiving annual deposits of about 5% of the system's annual drinking water (DW) budget, and fund has already accumulated a minimum of 10% of said annual DW budget in this reserve fund.	5
B.	Has, in addition to item 5.A., accumulated an amount equal to at least 20% of its annual DW budget in its replacement fund	5
C.	Is creating or enhancing a regionalization plan	16
D.	Has a rate structure encouraging conservation	6
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, and Hardship Grant Assessment Fee, and or 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~~ 18 months 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) ~~In accordance with Utah Code Annotated 73-10-32, the applicants with more than 500 connections~~ 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~~ qualifies 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

R309-705. ~~Financial Assistance~~: Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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

R309-705. ~~Financial Assistance~~: Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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.~~

(1) The Executive Secretary, or designee, may execute the loan agreement, credit enhancement agreement, or interest buy-down agreement when the following are complete:

(i) All financial assistance authorization conditions, as outlined in the Authorization Letter sent to the Recipient, have been met; including Division approval of all submitted legal documents and other items required by this rule.

(ii) The Recipient has received written plan approval of the engineering plans and specifications for the authorized project from the Division of Drinking Water.

(2) If the approved scope of work has changed significantly since the Board's initial authorization, the Board shall review the modified project scope of work to determine if

R309-705. ~~Financial Assistance:~~ Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

it meets the Board's requirements. If satisfied, the Board shall authorize the Executive Secretary, or designee, to proceed with executing the loan agreement, credit enhancement agreement or interest buy-down agreement.

R309-705-11. Construction.

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~~ will be reviewed to determine eligibility for reimbursement and to ensure sufficient funds remain in the construction escrow account to cover any increase in project costs. 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

R309-705. ~~Financial Assistance:~~ Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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

R309-705. ~~Financial Assistance~~: Federal Drinking Water State Revolving Fund (SRF) Loan Financial Assistance Program

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: July 1, 2011

Notice of Continuation: March 23, 2010

Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

R309. Environmental Quality, Drinking Water.

R309-800. Capacity Development Program.

R309-800-1. Authority.

~~(1) Under authority granted in Utah Code Subsection 19-4-104(1)(a)(v), the Drinking Water Board adopts this rule implementing the capacity development program and governing the allotment of federal funds to public water systems to assist them to comply with the Federal Statute.1996 Reauthorized Safe Drinking Water Act (SDWA).~~

R309-800-2. Purpose.

(1) The Safe Drinking Water Act (SDWA) SDWA makes certain federal funds available to states, through the Drinking Water State Revolving Loan Program ~~as defined in section 1452(k)(2)(C)~~ to provide assistance to any public water system as part of a capacity development strategy developed and implemented in accordance with the SDWA ~~section 1420(e)~~ to ensure all new public water systems will be able to comply with the SDWA, to enhance existing public water systems' capability to comply with the SDWA, and determine which public water systems applying for financial assistance are eligible to use the State Revolving Funds.

(2) The purpose of the Capacity Development Program is to enhance and ensure the technical, managerial, and financial capacity of water systems. The Program's goals are:

(a) to promote long-term compliance with drinking water regulations, and

(b) to promote the public health protection objectives of the SDWA.

~~(c) to promote compliance with the requirements of the State of Utah's Groundwater Rule, R309-215-16, in identifying and correcting significant deficiencies in technical, managerial, and/or financial capacity.~~

R309-800-3. Definitions.

~~(1) Definitions for terms used in this rule are given in R309-110, except as modified below.~~

"Asset Management" The practice of managing infrastructure assets to minimize the total cost of owning and operating these assets while delivering the desired service levels.

~~(2) "Capacity Development" means the~~The technical, managerial, and financial capabilities of the water system to plan for, achieve, and maintain compliance with applicable drinking water standards.

"New Water System" A newly proposed or discovered water system that will become a regulated community water system or non-transient, non-community water system.

~~(3) "Drinking Water Region Planning" means a county wide water plan, administered locally by a coordinator, who facilitates the input of representatives of each public water system in the county with a selected consultant, to determine how each public water system will either collectively or individually comply with source protection, operator certification, monitoring including consumer confidence reports, capacity development including technical, financial and managerial aspects, environmental issues, available funding and related studies.~~

~~(4) "Small Water System" means a water system with less than~~

~~3,300 people being served.~~

~~"Non-Transient Non-Community Water System" (NTNCWS) means a A public water system, that is not a community water system, that regularly serves at least 25 of the same nonresident persons per day for more than six months per year. Examples of such systems are those serving the same individuals (industrial workers, school children, church members) by means of a separate system.~~

~~(5) "Public Water System" means a A system providing water for human consumption and other domestic uses through pipes or other constructed conveyances, which has at least 15 service connections or serves an average of at least 25 individuals daily at least 60 days out of the year.~~

~~(6) "Non-Community Water System" (NCWS) means a public water system that is not a community water system. There are two types of NCWS's: transient and non-transient.~~

~~(7) Non-Transient Non-Community Water System (NTNCWS) means a public water system that regularly serves at least 25 of the same nonresident persons per day for more than six months per year. Examples of such systems are those serving the same individuals (industrial workers, school children, church members) by means of a separate system.~~

~~(8) "New Water System" means a system that will become a community water system or non-transient, non-community water system on or after October 1, 1999.~~

~~(9) "Required reserve" means fFunds set aside to meet requirements set forth in a loan covenant/bond indenture.~~

"Small Water System" A water system with less than 3,300 people being served.

R309-800-4. General.

(1) Capacity development criteria ~~are to~~ may be used as a guideline for all water systems. These criteria constitute a standard applied when reviewing new water systems applications, reviewing applications for financial assistance and assessing capacity of water systems rated unapproved or in significant non-compliance with SDWA requirements or State drinking water rules by the State or the EPA.

(2) ~~Water~~ New or proposed water systems or water systems applying for financial assistance, shall meet the following criteria:

(a) Technical Capacity Criteria:

(i) Finished water shall meet all drinking water standards as required by Utah State Rules. †

(ii) Personnel shall operate the system in accordance with the operations and maintenance manual. †

(iii) ~~A valid water right shall be obtained~~ Water systems shall have sufficient water rights. †

(iv) Water system shall meet source, storage, and distribution requirements as ~~per~~ required by Utah State Rules. †

(v) ~~Water system shall not be rated unapproved or in significant noncompliance~~ Unapproved or noncompliant water systems as determined by the State or the EPA, shall agree to undertake appropriate action to resolve noncompliance or become an approved system.

(b) Managerial Capacity Criteria:

(i) The system owner(s) and any management changes shall be clearly identified to the ~~Director~~ Executive Secretary of the Drinking

Water Board.

(ii) The system shall meet all of the operator certification requirements ~~as per~~ defined in R309-300 and backflow technician certification requirements ~~as per~~ defined in R309-305.

(iii) ~~A~~ The system or method shall be in-place shall implement a program to effectively maintain all requisite system records, including distribution system histories, maps, asset inventory, and compliance information. ~~;~~

(iv) ~~An~~ The system shall develop an operating plan shall that includes system operator names and certification levels names and certification level of the system operator(s), facility operation and maintenance manuals, routine maintenance procedures, water quality monitoring plan and violations response procedures, ~~water quality monitoring plan,~~ training plan, and emergency response plan. ~~;~~

~~(v) The Director shall be informed of management changes.~~

(c) Financial Capacity Criteria:

(i) Revenues shall be greater than expenses. ~~;~~

(ii) ~~A financial statement compilation by a Certified Public Accountant, or~~ A Certified Public Accountant must prepare a financial statement or perform an audit if otherwise required of the water system, shall be completed at least every three years. ~~;~~

(iii) The water system shall devise and implement a managerial budget and accounting process in accordance with generally accepted accounting principles. ~~principals;~~

(iv) The operating ratio (operating revenue divided by operating expenses excluding depreciation and required reserves) shall be greater than 1.0. ~~;~~

(v) The coverage ratio (total revenues minus operating expenses excluding depreciation and required reserves divided by annual debt service) shall be greater than 1.0. ~~;~~

(vi) Customers shall be metered or the water system shall take action to install meters. ~~;~~ and

(vii) An emergency/replacement reserve account shall be created and funded.

(3) Public Water Systems that use ground water, ~~except those that combine all of their ground water with surface water or with ground water under the direct influence of surface water prior to treatment, but including consecutive systems receiving finished ground water shall be subject to the~~ shall comply with established sanitary survey and significant deficiency requirements of R309-100-7 and the significant deficiency requirements of R309-215-16(3) in order to be in compliance with the Capacity Development Program requirements.

R309-800-5. Implementing an Asset Management Program.

(1) Implementing an asset management program provides the following benefits to water systems in the State.

(a) Prolonging asset life

(b) Reducing overall costs for both operators and capital expenditures

(c) Improving decisions about asset rehabilitation, repair, and replacement

(d) Meeting consumer demands with a focus on system sustainability

- (e) Meeting service expectations and regulatory requirements
 - (f) Improving responses to emergencies
 - (g) Improving the security and safety of assets
 - (h) Budgeting focused on critical activities for sustained performance
 - (i) Setting rates based on sound operational and financial planning
- (2) An effective asset management program includes detailed asset inventories, operation and maintenance tasks and long-range financial planning. These items should be captured in an asset management plan, which can be tailored to fit individual water system size and complexity.
- (3) The asset management plan framework shall address the following 5 core components:
- (a) The current state of the utility assets
 - (i) Prepare an asset inventory
 - (ii) Develop a system map
 - (iii) Develop a method to assess and rate asset condition
 - (iv) Assess remaining useful life of the asset
 - (v) Determine asset value and replacement cost
 - (b) The utilities required "sustainable" level of service
 - (i) Analyze current customer demand and satisfaction
 - (ii) Analyze anticipated customer demand and satisfaction
 - (iii) Understand current regulatory requirements
 - (iv) Communicate system performance goals with the public
 - (v) Identify standard levels of service and track system performance
 - (c) Assets that are critical to sustained performance
 - (i) Conduct a failure analysis on all assets
 - (ii) Determine probability of failure
 - (iii) Analyze risk and consequences of failure
 - (iv) Prioritize system assets based on criticality to system operation
 - (v) Develop specific response plans based on potential asset failure
 - (d) Minimum infrastructure life-cycle cost
 - (i) Implement an appropriate maintenance schedule including costs for all assets
 - (ii) Identify life cycle costs for all assets
 - (iii) Identify and compare the cost of rehabilitation versus replacement
 - (iv) Determine the related costs of responding to asset failure
 - (e) Long term budgeting strategy
 - (i) Regularly review system budget
 - (ii) Establish and fund a capital facilities account
 - (iii) Implement a rate structure to ensure sustainability
 - (iv) Explore asset renewal and replacement financing
 - (v) Identify financial assistance options for major asset repair or replacement
 - (vi) Prioritize financial resources based on asset condition and criticality
- (4) All water systems subject to the rule shall complete the following:
- (a) Prepare an asset management plan as described above

(b) The system's governing body shall formally adopt the asset management plan

(c) Submit proof of plan adoption to the Division

(5) In addition to the above requirements, water systems applying for financial assistance under the Federal State Revolving Fund Program must also submit their asset management plan to the Division for review or request sufficient funds to create an asset management plan. Plans completed as part of DWSRF-funded project must be submitted to the Division for review.

R309-800-65. Requirements for New Community and New Non-transient, Non-community Water Systems.

(1) Feasibility Review, (See R309-100-6).

(2) Each proposed, new water system must demonstrate that it has adequate technical, managerial, and financial capacity before it may provide water for human consumption. Proposed These water systems shall submit the following for Capacity Assessment Review:

(a) ~~(3)~~ Project Notification form, available on the Internet at www.drinkingwater.utah.gov/blank_forms.htm Division of Drinking Water website.

(b) ~~(4)~~ A business plan, which includes a facilities plan, management plan, and financial plan.

(i) ~~(a)~~ Facilities plan. The facilities plan shall describe the scope of the water services to be provided and shall include the following:

(A) ~~(i)~~ A description of the nature and extent of the area to be served, and provisions for extending the water supply system to include additional area. The description shall include population and land use projections and forecasts of water usage. ~~+~~

(B) ~~(ii)~~ An assessment of current and expected drinking water compliance based on monitoring data from the proposed water source. ~~+~~

(C) ~~(iii)~~ A description of the alternatives considered, including interconnections with other existing water systems, and the reasons for selecting the method of providing water service. This description shall include the technical, managerial, financial, and operational reasons for the selected method. ~~+~~ ~~and~~

(D) ~~(iv)~~ An engineering description of the facilities to be constructed, including the construction phases and future phases and future plans for expansion. This description shall include an estimate of the full cost of any required construction, operation, and maintenance. ~~+~~

(ii) ~~(b)~~ Management plan. The management plan shall describe what is needed to provide for effective management and operation of the system and shall include the following:

(A) ~~(i)~~ Documentation that the applicant has the legal right and authority to take the measures necessary for the construction, operation, and maintenance of the system. The documentation shall include evidence of ownership if the applicant is the owner of the system or, if the applicant is not the owner, legally enforceable management contracts or agreements. ~~+~~

(B) ~~(ii)~~ An operating plan that describes the tasks to be performed in managing and operating the system. The operating plan shall consist of administrative and management organization charts, plans for staffing the system with certified operators, and provisions for

an operations and maintenance manual. ~~;~~ and

~~(C)~~ ~~(iii)~~ Documentation of credentials of management and operations personnel, cooperative agreements or service contracts including demonstration of compliance with R309-300 water system operator certification rule. ~~;~~ and

~~(iii)~~ ~~(e)~~ Financial plan. The financial plan shall describe the system's expected revenues, cash flow, income and issuance and repayment of debt for meeting the costs of construction, and the costs of operation and maintenance for at least five years from the date the applicant expects to begin system operation.

~~(c)~~ ~~(5)~~ After the information submitted by the applicant is complete, the Division of Drinking Water shall conduct a Capacity Assessment Review. The applicant shall be notified in writing whether or not the new system has demonstrated adequate capacity. No new community or non-transient, non-community system will be approved if it lacks adequate capacity.

~~(d)~~ ~~(6)~~ Those systems constructed without approval shall be subject to: points as specified in R309-400, and/or administrative and/or civil penalties and fines.

R309-800-76. Minimum Capacity Required for Financial Assistance Under Provisions of R309-700 and R309-705.

(1) Applicants for financial assistance shall complete an application form, available on the [Division of Drinking Water website Internet at www.drinkingwater.utah.gov/blank_forms.htm](http://www.drinkingwater.utah.gov/blank_forms.htm). The application shall include project information and water system financial information and will be used to determine eligibility, establish project priority ranking, and provide a basis for determining financial assistance parameters.

(2) (a) As described in (3) below, applicants for financial assistance from the Federal Drinking Water State Revolving Loan Program are required to complete and submit Capacity Development worksheets to the Executive Secretary.

(b) As described in (4) below, the Executive Secretary may require an applicant for a loan from the State's Revolving Loan Program to complete and submit Capacity Development worksheets for review.

(3) Financial assistance under the provisions of R309-705, Financial Assistance: Federal Drinking Water State Revolving Fund Loan Program. Financial assistance shall not be available to a water system that lacks the technical, managerial, or financial capability to maintain SDWA compliance, or is in significant non-compliance with any provisions of R309-200 through 225 or 500 through 550, unless:

(a) The use of the financial assistance will ensure compliance with SDWA and Utah rules; or

(b) The owner of the system agrees to undertake feasible and appropriate changes in operation to ensure technical, managerial, and financial capacity to maintain long-term compliance with SDWA.

(4) Financial assistance under the provisions of R309-700 Financial Assistance: State Drinking Water State Revolving Fund Loan Program. A Capacity Development Assessment may be necessary before the Executive Secretary considers whether a project is eligible for financial assistance under the State's Revolving Loan Program. The decision will be based on available water system information obtained through sanitary surveys, site visits, monitoring and reporting data,

or other valid means. ~~If, after review of~~ After reviewing available information, the Executive Secretary ~~determines~~ may determine that a Capacity Development Assessment is necessary, and ~~he~~ will require that the applicant complete and submit the Capacity Development worksheets to the Division. Otherwise, a Capacity Development Assessment is not required.

KEY: drinking water, funding, regionalization, capacity development
Date of Enactment or Last Substantive Amendment: May 23, 2011
Notice of Continuation: March 13, 2015
Authorizing, and Implemented or Interpreted Law: 19-4-104

Agenda Item

9

DRINKING WATER BOARD PACKET
Rural Water Association Report

Table of Contents

Terry Smith – Compliance Specialist.....2

Janell Braithwaite – Management Technician.....4

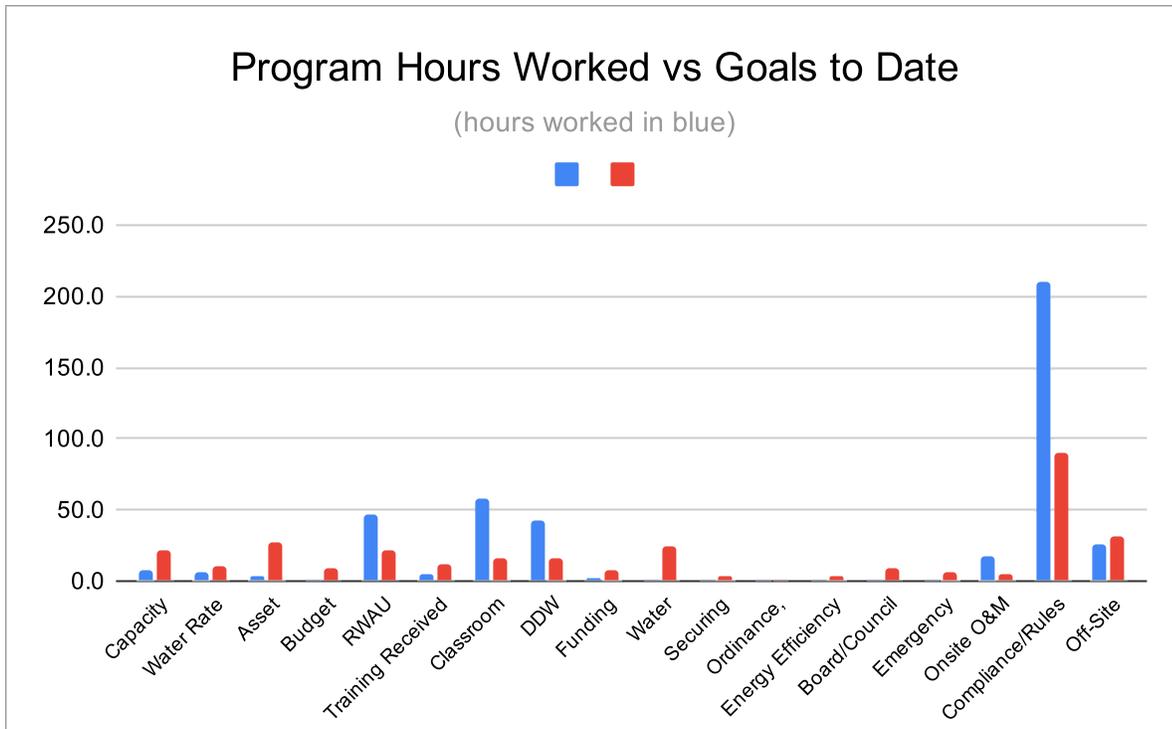
Curt Ludvigson – Management Technician.....6

Rural Water Association - DWB Report

Report Period: April, 2021

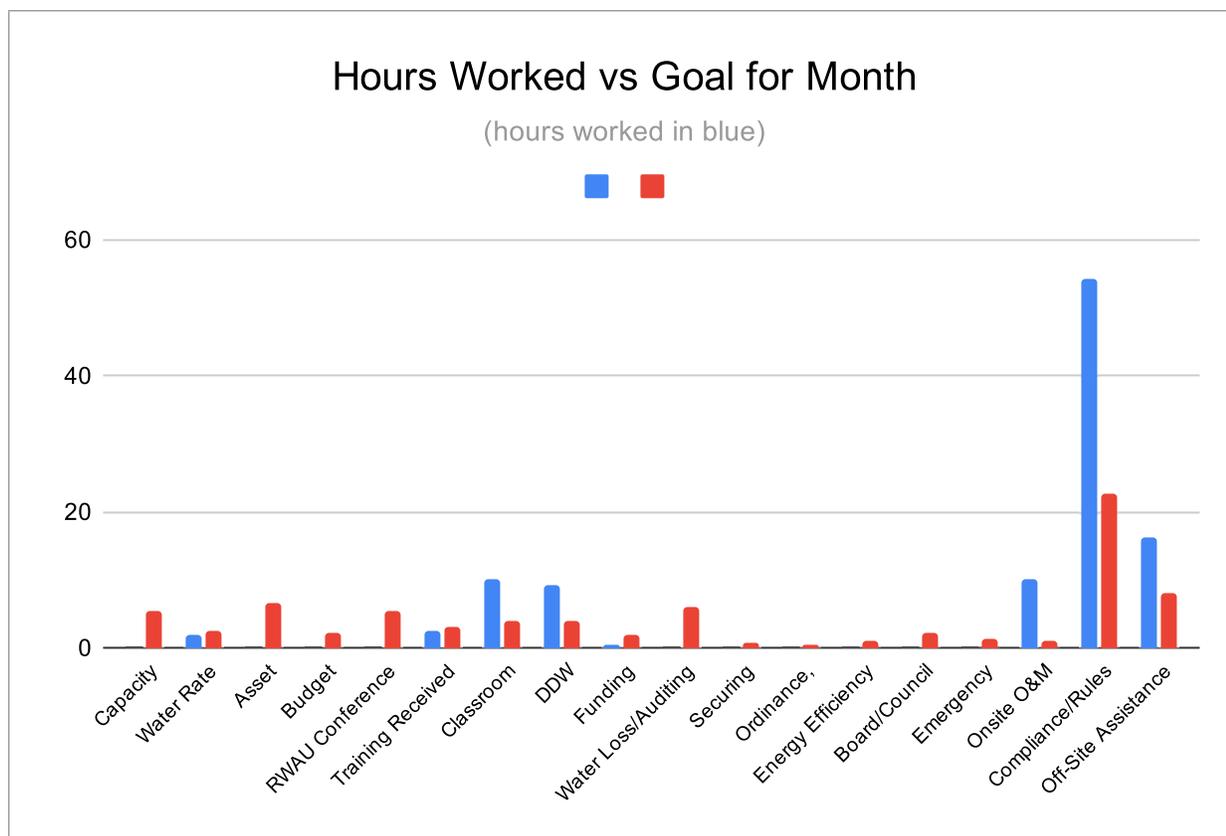
Terry Smith - Compliance Specialist

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Capacity Development/Master Planning	7.8	21.3	64.0
Water Rate Development/Analysis	6.0	10.7	32.0
Asset Management/Evaluation	4.0	26.7	80.0
Budget Planning/Evaluation	0.0	8.7	26.0
RWAU Conference	46.3	21.3	64.0
Training Received	5.5	12.0	36.0
Classroom Instruction/Training	57.7	16.0	48.0
DDW Interaction/Meetings/Reports	42.0	16.0	48.0
Funding Procurement	1.5	8.0	24.0
Water Loss/Auditing	1.0	24.0	72.0
Securing Engineering	0.0	3.3	10.0
Ordinance, Resolutions, By-Laws Development	0.8	1.3	4.0
Energy Efficiency Study	0.0	4.0	12.0
Board/Council Training	0.0	8.7	26.0
Emergency Response	0.5	6.0	18.0
Onsite O&M Training	17.2	4.7	14.0
Compliance/Rules Assistance	209.5	90.7	272.0
Off-Site Assistance	26.3	32.0	96.0
Totals:	426	315	946



Report Period: April, 2021
Notable Assistance & Work Performed

System	Description:
TOQUERVILLE TOWN	Advise Lance on purchasing water rights
MONA CITY	Advised Chad on minimum pressure rule/home booster pumps
STANDING BEAR RV PARK (20072)	Responding to email from Jennifer - vault drainage rule/blow-off
PARADISE WEST SUB (03103)	Working on compliance items. Virtual meeting with Bruce
TOQUERVILLE TOWN	Created spreadsheet to evaluate Toquerville water rights purchase
ESCALANTE VLY HOUSING	Working on SP update
PINION FORREST (07073)	Assisting Pinion Forrest with compliance deficiencies
NORTH SALT LAKE	Advise North Salt Lake on tank disinfection/putting into service
ESCALANTE TOWN (09004)	Advise Blaine on disinfection requirement - new main line
WANSHIP MUTUAL WATER CO	Responded to request for water conservation resources
TEASDALE SSD	Working with Janell - Teasdale water rates analysis
BULL MOOSE (22114)	Helping Tom Clyde with chlorine and operator rule
MAYFIELD TOWN	Working on confined space plan/recommendation for Brandi
COLEMAN M-HOME COURT	Research & email to Madeline - overview of compliance, IPS,
OLD MEADOW WATER CO	Helping Joel in their search for a new water operator

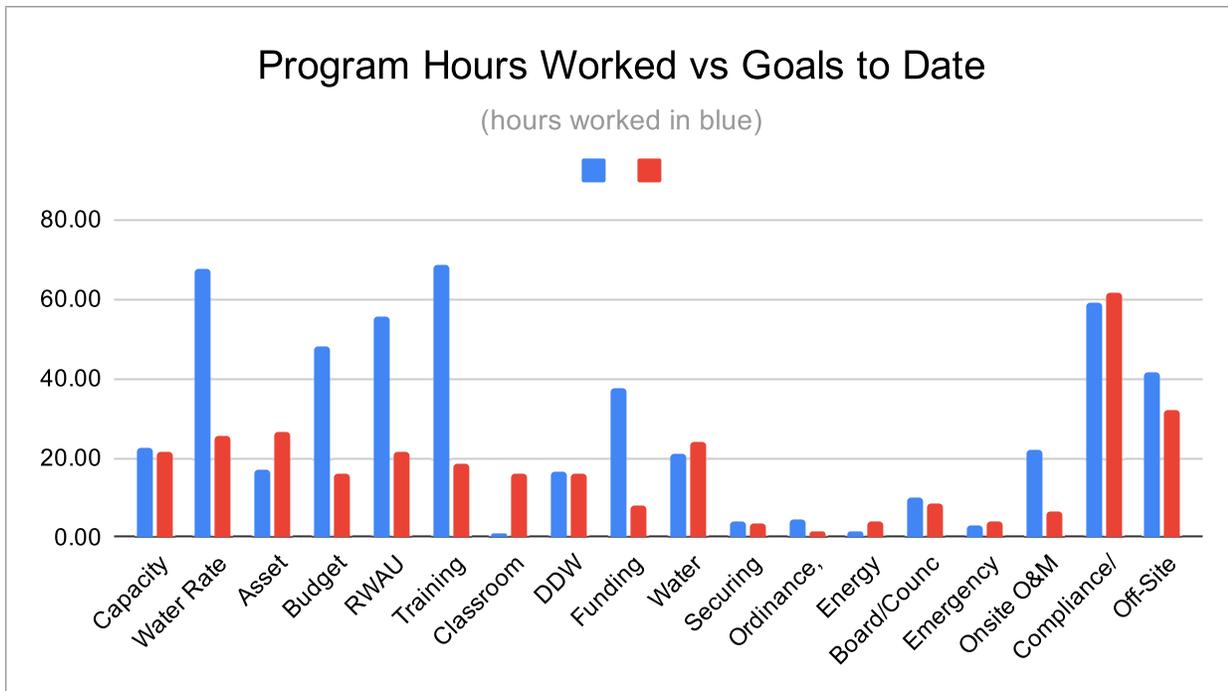


Rural Water Association - DWB Report

Report Period: April, 2021

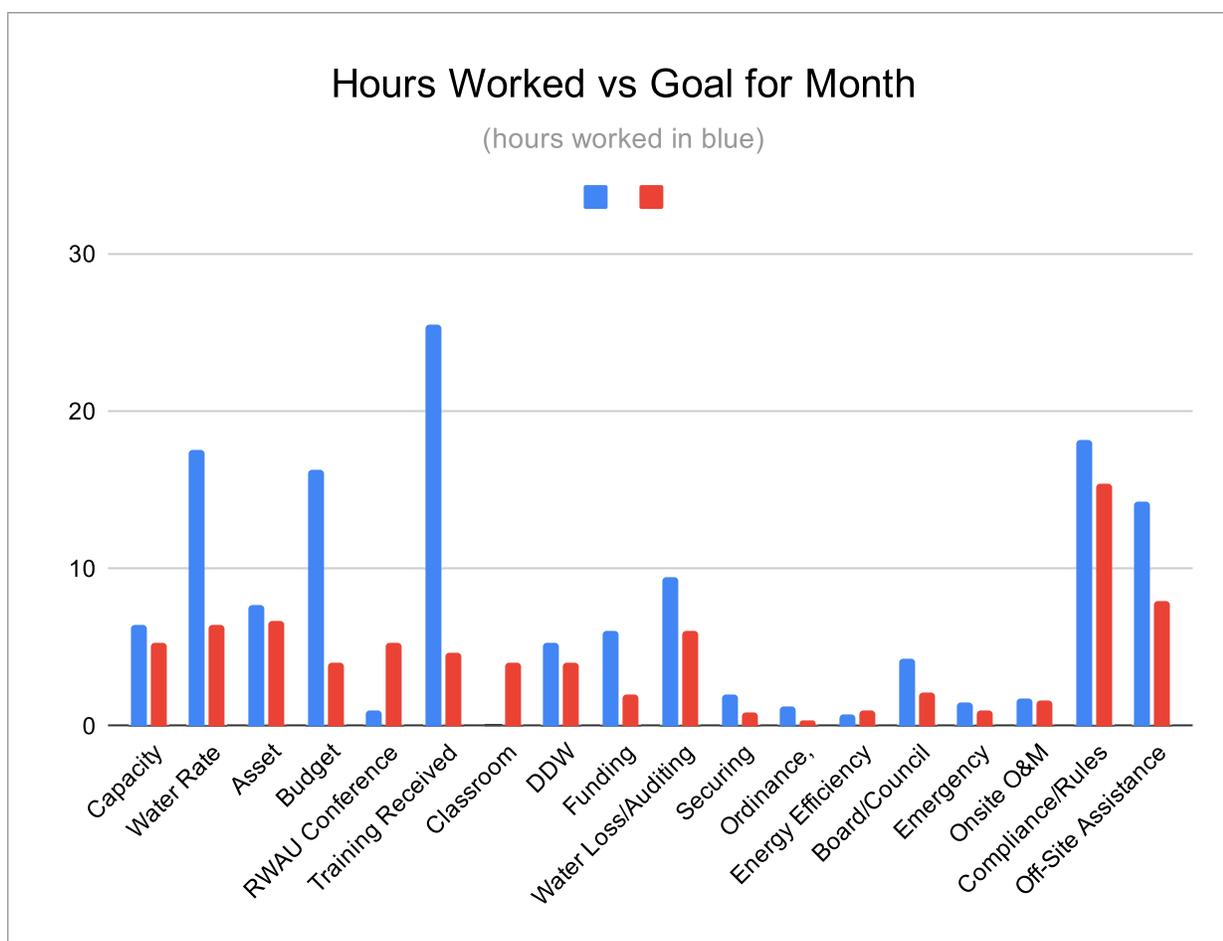
Janell Braithwaite - Management Technician

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Capacity Development/Master Planning	22.5	21.3	64.0
Water Rate Development/Analysis	67.7	25.7	17.5
Asset Management/Evaluation	17.0	26.7	80.0
Budget Planning/Evaluation	48.3	16.0	48.0
RWAU Conference	55.5	21.3	64.0
Training Received	68.5	18.7	56.0
Classroom Instruction/Training	0.8	16.0	48.0
DDW Interaction/Meetings/Reports	16.5	16.0	48.0
Funding Procurement	37.5	8.0	24.0
Water Loss/Auditing	21.0	24.0	72.0
Securing Engineering	3.8	3.3	10.0
Ordinance, Resolutions, By-Laws Development	4.5	1.3	4.0
Energy Efficiency Study	1.3	4.0	12.0
Board/Council Training	9.8	8.7	26.0
Emergency Response	2.7	4.0	12.0
Onsite O&M Training	22.0	6.7	20.0
Compliance/Rules Assistance	59.0	61.7	185.0
Off-Site Assistance	41.8	32.0	96.0
Totals:	500	315	886



Report Period: April, 2021
Notable Assistance & Work Performed

System	Description:
ALTA TOWN	Zoom meeting w/Jen and Piper at Town of Alta to analyze budget
	Staff meeting-prepare for fall conference w/Michael Grange
LYMAN WATER SYSTEM	Visited with Lane, Water Op, about Lyman's water system, their IPS poi
TEASDALE SSD	Meet with Melissa, Teasdale SSD Secretary to review budget, water rat
TORREY TOWN WATER	Visited w/Dustin, Water Op, in Torrey regarding their grant obtained and
LOA WATERWORKS	Met w/Matt, Public Works, at Loa re: project and new metering system,
KOOSHAREM WTR SYSTEM	Visit w/Allison, Town Clerk, at Koosharem re: progress in obtaining new
FAYETTE TOWN	Review water rate study, fees and budget with Fayette Town Council
MANTI CITY	Visit w/JoAnn Otten, City Recorder, re: verify RRA and ERP are in place
MT PLEASANT CITY	Contacted Mt. Pleasant, Dave Oxman, re: AWIA- RRA and ERP deadlin
MANTUA TOWN	Phone call from Will Hodgins in Mantua requesting help with rates. Dis
SIGURD TOWN WATER	Sigurd Town Council meeting-explained budget, water rate study, depre
LIBERTY PIPELINE	Contacted Jodi at Liberty Pipeline to get more info re: funding questions
OAKLEY CITY	Phone call from Amy at Oakley, their committee is suggesting rate incre
BALLARD W/S DISTRICT	Contacted Karl w/USDA re: Ballard and Johnson looking for ECWAG m



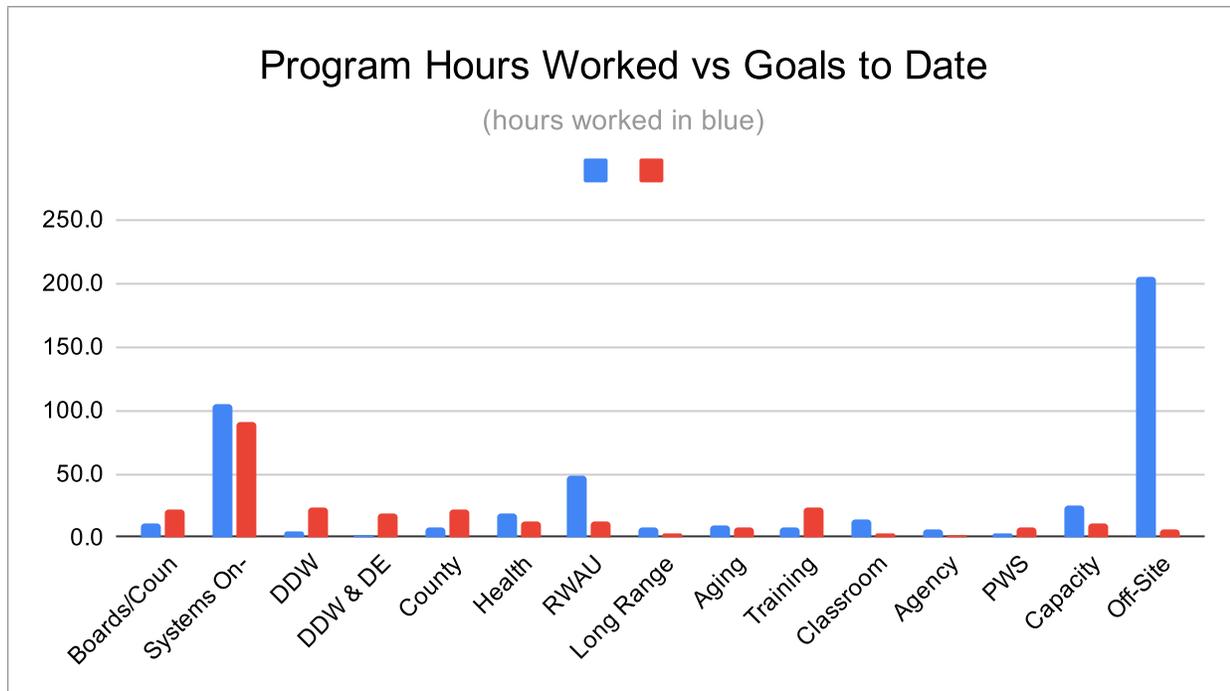
Rural Water Association - DWB Report

Report Period: April, 2021

Curt Ludvigson - Development Specialist

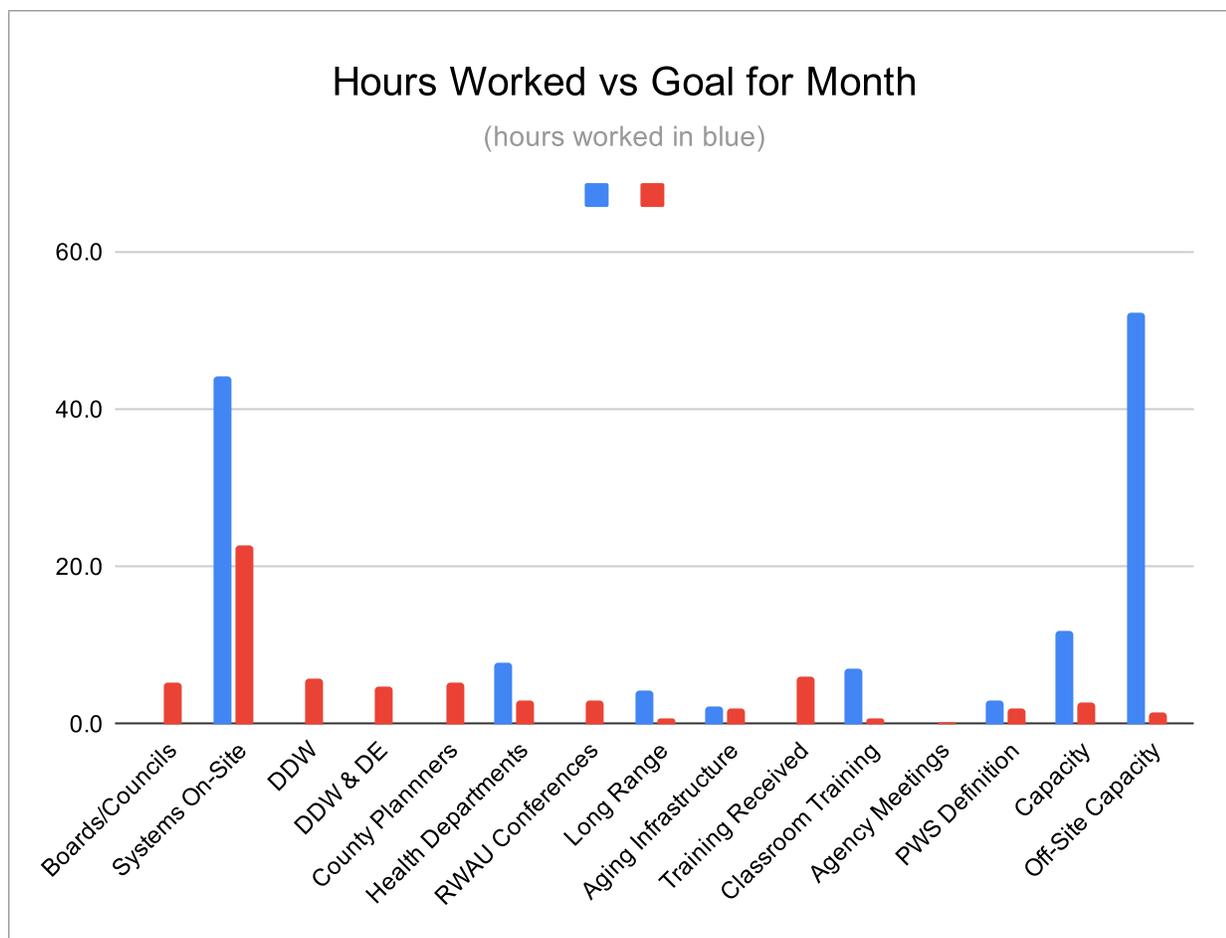
Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Boards/Councils	11.5	21.3	64.0
Systems On-Site	104.0	90.7	272.0
DDW Interaction/Meetings	4.5	23.7	71.0
DDW & DE	1.5	18.7	56.0
County Planners	8.0	21.3	64.0
Health Departments	18.5	12.0	36.0
RWAU Conferences	48.3	12.0	36.0
Long Range Planning	8.0	3.3	10.0
Aging Infrastructure Planning	10.0	8.0	24.0
Training Received	8.0	24.0	72.0
Classroom Training	13.5	3.3	10.0
Agency Meetings	6.0	1.3	4.0
PWS Definition Training	3.0	8.0	24.0
Capacity Development Planning	25.3	10.7	32.0
Off-Site Capacity Development	204.7	6.0	18.0

Totals: 474.75 264 793



Report Period: April, 2021
Notable Assistance & Work Performed

System	Description:
DUCHESNE CITY	I met with the Mayor and Recorder and did a review of their budget and
UTAH COUNTY HEALTH DEPARTMENT	I met with the Utah County Health Department and discussed the work
Weber/Morgan Health Dept.	I met with the Weber/Morgan Health Department and discussed how th
OAKLEY CITY	I met with the City Recorder and went over the spreadsheet rates that v
COALVILLE CITY	I met with the Recorder and one of the Public Works guys and discusse
Juab County Commission	Met with the Juab County Planning Commission and did a training on w
OAK CITY	I met with the Town Clerk and discussed their rates and budget. We als
SPRING CITY	I met with the Town Clerk and went over their budget and rates in antici
JOSEPH TOWN	I met with the Town Clerk and discussed the need they have to do a Ma
WELLINGTON CITY	I met with the Recorder and the Councilmember over their water and di
NORTH EMERY WTR SSD	I met with the North Emery Water Secretary and discussed projects the
Central Utah Health Dept	Central Utah Health Department Board Meeting
BICKNELL TOWN	I met with Mayor Johnson and discussed the drought problems and als
BEAR RIVER WCD	I met with the Bear River Water Conservative District and discussed so
COTTONWOOD IMP DIST	I met with Mike Johanson with the Cottonwood Mutual Water Co. and d



Agenda Item

10(A)

Board Report As of May 25, 2021

PWS ID	PWS Name	PWS Type	Pop Served	IPS Pts	Rating	Rating Date
Active Administrative Orders						
UTAH18028	SANDY CITY	Community	99750	2	Approved	03/11/1980
UTAH11043	OLD MEADOWS	Community	48	115	Not Approved	04/18/2017
Compliance Agreement Enforcement Order Systems						
UTAH02078	M & J TRAILER HOME COMMUNITY	Community	27	245	Not Approved	8/20/2018
UTAH22001	CLUFFWARD PIPELINE	Community	188	100	Corrective Action	9/30/2019
UTAH27093	BIG PLAINS CANAAN RANCH	Community	56	135	Corrective Action	7/31/2020
UTAH25179	RIGTRUP EGG FARM	Non-Transient	35	50	Corrective Action	8/11/2020
UTAH02062	WILLOW CREEK WATER	Community	175	75	Corrective Action	8/11/2020
UTAH18005	COPPERTON IMPROVEMENT DISTRICT	Community	990	30	Corrective Action	8/11/2020
UTAH15013	COTTONWOOD MUTUAL	Community	2600	50	Corrective Action	8/26/2020
UTAH22003	ECHO MUTUAL	Community	70	150	Corrective Action	8/28/2020
UTAH08043	TRAIL CANYON RESIDENTS	Community	42	95	Corrective Action	9/1/2020
UTAH02010	EAST GROUSE CREEK PIPELINE	Community	70	100	Corrective Action	9/9/2020
UTAH26059	WASATCH MOBILE HOME PARK	Community	31	95	Corrective Action	9/21/2020
UTAH18104	MOUNTAIN DELL	Non-Community	300	60	Corrective Action	10/15/2020
UTAH23022	TOOELE ARMY DEPOT	Non-Tranist	541	30	Corrective Action	2/9/2021
UTAH22114	BULL MOOSE WATERWORKS	Transit Non Community	136	175	Corrective Action	
UTAH25013	GOSHEN TOWN WATER SYSTEM	Community	925	195	Corrective Action	3/8/2016
UTAH09077	BRISTLECONE	Non-Community	180	65	Corrective Action	1/23/2019
UTAH25133	JEHOVAHS WITNESS CHURCH	Non-Community	100	165	Corrective Action	9/16/2019
UTAH25184	BATEMANS MOSIDA FARMS	Community	90	260	Corrective Action	4/14/2020
UTAH27093	CANAAN SPRINGS/BIG PLAINS SSD	Community	48	335	Corrective Action	11/12/2019
UTAH27086	NORTH VALLEY RANCHES	Community	25	200	Corrective Action	6/2/2020
UTAH06006	KAYSVILLE CITY	Community	27300	40	Approved (per rc)	3/10/2020
UTAH18179	L & B RESOURCES	Non-Transient	100	555	Corrective Action	12/17/2019
Not Approved Systems						
UTAH09084	JNB MARINE	Non-Community	36	60	Not Approved	9/17/2002
UTAH07039	ESCAPE RV-LAKESIDE PARK	Non-Community	28	85	Not Approved	11/3/2016
UTAH03005	CORNISH TOWN WATER SYSTEM	Community	60	60	Not Approved	9/27/2018
UTAH15018	SOUTH ROBINSON SPRINGS	Community	28	105	Not Approved	9/9/2019
UTAH09028	CALF CREEK	Non-Community	300	65	Not Approved	9/9/2019
UTAH04052	MADSEN BAY WATER COMPANY	Non-Community	30	100	Not Approved	12/17/2019
UTAH15029	STODDARD INN	Non-Community	25	285	Not Approved	4/24/2020
UTAH10018	BUCKS GRILL HOUSE	Transient Non-Community	150	180	Not Approved	6/2/2020
UTAH25077	RIVERBEND GROVE, INC.	Non-Community	25	420	Not Approved	12/13/2016
UTAH07067	SOUTH DUCHESNE	Community	128	205	Not Approved	4/24/2019