

# Drinking Water Board Packet

May 16, 2023

# 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**  
Kristi Bell, Chair  
Eric Franson, P.E., Vice-Chair  
Dawn Ramsey  
Justin Maughan  
Robert Rolfs  
Jeff Coombs  
David O. Pitcher  
Blake Tullis, Ph.D.  
Kimberly D. Shelley  
Tim Davis  
Executive Secretary

DRINKING WATER BOARD MEETING

May 16, 2023, 1:00 PM

Via Zoom Webinar & In Person:  
Multi-Agency State Office Building  
195 North 1950 West  
Salt Lake City, UT 84116

Tim Davis Cell # 385-226-6511

**AMENDED AGENDA**

1. Call to Order
2. Roll Call – Tim Davis
3. Approval of Meeting Minutes
  - A. March 2, 2023
4. Disclosure for Conflict of Interest
5. Directors Report – Tim Davis
  - A. New Employees; Helen Lau, Jessica Fitzgerald, Noah Zorsky, Shannon Lynch, Cadence Hernandez
  - B. Emerging Contaminant Funding
  - C. Enforcement Report (Board Packet Item Only)
  - D. Other
6. Rural Water Association Report – Dale Pierson
7. Rulemaking Activities
  - A. Current Rulemaking Activities – Michael Grange
    - i. Authorization to Adopt R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program
    - ii. Authorization to Adopt R309-705 Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program
    - iii. Authorization to Adopt R309-800 Capacity Development Program

8. Financial Assistance Committee Report

- A. [Status Report](#) – Michael Grange
- B. [Project Priority List](#) – Michael Grange
- C. Cashflow – Michael Grange
- D. SRF Applications
  - i. State
    - a. [Manti City](#) – Michael Grange
    - b. [Junction Town](#) – Kjori Shelley
  - ii. Federal
    - a. [Paragonah Town Water System](#) – Heather Pattee
    - b. [Brian Head Town Water System](#) – Kjori Shelley
    - c. [Virgin Town](#) – Michael Grange
    - d. [Leamington Town Water System](#) – Kjori Shelley
    - e. [Wales Town Water System](#) – Allyson Spevak
    - f. [Stockton Town Water System](#) – Heather Pattee
    - g. [Spring City](#) – Kjori Shelley
    - h. [Green River City](#) – Michael Grange
    - i. [Green Hills Country Estates Water & Sewer](#) – Heather Pattee
  - iii. Additional Funding
    - a. [Brian Head Town Water System](#) – Kjori Shelley
    - b. [Genola](#) – Heather Pattee
    - c. [Henefer Town Water System](#) – Heather Pattee
    - d. [High Valley Water](#) – Heather Pattee
    - e. [M&J Trailer Home Community/Jennamac LLC](#) – Heather Pattee

9. Public Comment Period

10. Open Board Discussion

11. Other

12. Next Board Meeting

Date: Tuesday, June 27, 2023  
Time: 1:00 PM  
Place: Multi Agency State Office Building / Zoom Webinar  
195 N 1950 W  
Salt Lake City, Utah 84116

13. Adjourn



# Agenda Item

3(A)



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Tim Davis  
Executive Secretary

DRINKING WATER BOARD MEETING

March 2, 2023 9:00 AM

Via Zoom Webinar & In Person:  
Dixie Convention Center  
1835 S Convention Center Dr  
St George, Utah 84790

**DRAFT MINUTES**

1. Call to Order

Kristi Bell, Chair, called the Drinking Water Board (DWB) meeting to order at 9:00 AM.

2. Roll Call – Tim Davis

Board Members present at roll call: Kristi Bell, David Pitcher, Eric Franson, Justin Maughan, Robert Rolfs, Kim Shelley, Blake Tullis. Jeff Coombs arrived after roll call.

Division of Drinking Water (DDW, Division) staff present: Tim Davis, Michael Grange, Allyson Spevak, Heather Pattee, Linda Ross, Kjori Shelley, Rebecca Springer, Kristie Erickson, Nathan Lunstad, Michelle Deras, Wayne Boyce, Brian Pattee, Ryan Dearing.

3. Approval of Meeting Minutes

A. January 10, 2023

- Eric Franson moved to approve the January 10, 2023 Drinking Water Board meeting minutes. David Pitcher seconded. The motion was carried unanimously by the Board.

4. Disclosure for Conflict of Interest

Eric Franson disclosed his engineering firm's conflict of interest in that his firm is working with Helper City on their project. Eric excused himself from discussing and voting on this item.

5. Directors Report – Tim Davis

A. 2023 Legislative Update

**Senate Bill 3 Appropriations Adjustments (passed)**

This bill contains the \$12.73 million State Match required for DDW to receive the remaining three years (2024-2026) of the Federal Bipartisan Infrastructure Law (BIL) funding. This State Match will allow DDW to access approximately \$90 million, including the \$12.73 million State Match.

**Senate Bill 76 Water Amendments (passed)**

This bill creates a Coordinated Growth and Conservation Planning Council across all state water agencies, cities, counties, and water districts. The bill also creates and funds the Division's new planner position within the SRF Section. The bill provides for DDW to establish regional source and storage minimum sizing standards or adjust system-specific sizing standards. The bill provides for enforceable water conservation measures that meet or exceed the Division of Water Resources regional water conservation goals when setting sizing standards. The bill directs Director Davis to undertake a related study in conjunction with the Division of Water Resources and a broad stakeholder group, and to report back to the NRAE Interim Committee by October 2024.

**Senate Bill 158 Local Government Water Amendments (passed)**

Modifies provisions related to determining the basis for an exaction for a water interest imposed by certain local government entities. Ties back to sizing standards and addresses source water protection ordinance.

**Senate Bill 34 Water Infrastructure Funding Study (passed)**

This bill directs the Department of Natural Resources, with DDW's assistance, to study the use of property tax revenue to fund water infrastructure, treatment, and delivery, and make recommendations for future funding.

**House Bill 150 Emergency Water Shortages Amendments (passed)**

This bill addresses water use preferences during a declared temporary water shortage emergency (excludes drought); drinking water has priority. Any water system which takes water out of priority must compensate the senior water rights holder for that water and those water systems serving over 3,300 must comply with the AWIA requirement to have an emergency response plan in place. The bill provides for the use of money in the Agriculture Resource Development Fund for emergency water shortage loans.

**House Bill 8 State Agency and Higher Education Compensation Appropriations (passed)**

This bill includes a 5% Cost of Living Allowance and a 2.5% pay for performance increase for state employees.

B. Lead Service Line Update

Water systems are required to complete initial lead service line (LSL) inventories by October 2024. The Division is working to finalize a contract for a contractor to assist small water systems

with these inventories. The Division is also creating a process for water systems to request this technical assistance which should be ready in the next two weeks.

The Division also sent out a solicitation, open for 30 days, for water systems to apply for up to \$100,000 in grant/loan funding, to hire their own contractor to complete the LSL inventory. As a reminder, the Board recently authorized DWB Executive Secretary Tim Davis and DWB Assistant Executive Secretary Michael Grange to in turn authorize funding up to \$100,000 for LSL inventory and also to address emerging contaminants. DDW received 71 applications which is about 12% of all water systems that need to complete a LSL inventory.

Tim requested that the Board further authorize adding the legal fees on top of the \$100,000 loans that Tim and Michael authorize. This authorization would be specific to loans because there aren't legal fees associated with the grants. Tim estimates the legal fees would be up to \$10,000 in addition to the loan amount.

- Eric Franson moved that the Drinking Water Board authorize the Director and staff to add up to \$10,000 on loan applications to ensure legal fees are covered and that the full \$100,000 gets to the applicant. Justin Maughan seconded. The motion was carried unanimously by the Board.

Kristi has heard that a lot of cities and towns aren't happy with the hardship requirements that must be met in order to receive a lead service line inventory grant. It seems many were under the impression that any water system would qualify for a grant. Kristi suggested altering the hardship requirements or offering a small benchmark to all water systems to help lessen the burden of this mandate.

Tim explained that the Division is limited by the parameters set forth by BIL in that only 49% of this lead service line inventory funding can be granted and the remaining 51% must be loaned. The Division's recommendation for the loans is 0% interest. Tim said that the Division can look into making technical assistance available to the water systems who don't qualify for a grant, through a set-aside contract. At the next Board meeting, Tim can give an update after the LSL inventory contractor is in place and the Division has reviewed the applications to determine the number of grants versus loans.

### C. PFAS and Emerging Contaminants

#### [Fifth Unregulated Contaminant Monitoring Rule \(UCMR 5\)](#)

UCMR 5 requires water systems to sample for a number of contaminants including lithium and many PFAS and PFOA chemicals between 2023 and 2025. While these contaminants are unregulated, if the samples come back above the health advisory detection level, DDW will work with the water systems on the steps they need to take. Also, DDW will explain the results to the water systems. To date, the Division hasn't seen high levels of PFAS/PFOA, but the aforementioned sampling will be much more broad than samples previously taken. In addition, the SRF group will recommend to the Board those systems who should receive grant funding to address emerging contaminants such as manganese, PFAS/PFOA, unregulated

disinfection byproducts, and also cyanotoxins or harmful algal blooms. This funding, \$6.5 million for each of the 5 years of BIL, doesn't require a state match.

Also, Utah will apply for an additional \$19 million in Federal funding, to be reserved for small and disadvantaged communities to address PFAS/PFOA. The aforementioned funding, \$6.5 million per year, will be available to those communities who don't qualify as small and disadvantaged.

The Environmental Protection Agency (EPA) is likely to propose a maximum contaminant level (MCL) for PFAS/PFOA while sampling for and addressing emerging contaminants is being undertaken. Tim will keep the Board informed of what the MCL will be.

#### D. Division of Drinking Water Reorganization

Since Tim started with the Division, it has adopted a [strategic plan](#) and has been working to reorganize staff in order to implement this plan, in particular to be responsive to and work in partnership with water systems. In addition, reorganization will ensure that the Division is supporting its staff and that the managers have the right number and mix of staff and programs.

This reorganization adds one new section at this time, Compliance and Operator Assistance which moves the Operator Certification and Cross Connection Control programs from the Technical Assistance Section and compliance and enforcement from the Rules Section to the new section. This new section will work closely with water systems to maintain certifications, operate their systems, and stay in compliance. Helen Lau starts March 27 as the Compliance and Operator Assistance Section Manager which will trigger the reorganization.

With the Operator Certification and Cross Connection Control programs moving to this new section, the Technical Assistance Section will be renamed the Infrastructure Funding Section focused on the SRF Program, to be managed by Michael Grange.

With the Compliance and Enforcement programs moving to this new section, the Rules Section will be renamed the Water Quality Monitoring and Standards Section focused on rule management, to be managed by Mark Berger.

The Assessment Response Section is now the Field Services Section, managed by Ryan Dearing.

Based on the final 2023 Legislative budget, the Division hopes to add a second new section later this year by splitting the Permitting Section in two – the new section will be Treatment and Source Water Protection with a manager to be hired. The Permitting Section will be renamed Permitting and Engineering Support focused on plan reviews and engineering support, to be managed by Michael Newberry. The new section will allow engineers to focus on and become treatment experts and will add source water protection staff to address the backlog of source water protection plan reviews.

#### E. New Employees; Rebecca Springer, Kristie Erickson, Helen Lau

Rebecca Springer is the new Contract/Grant Analyst with the Administrative Services Section focused on the lead service line and emerging contaminants grants.

Kristie Erickson is the new Field Services Environmental Program Coordinator.

Helen Lau starts March 27 as the Compliance and Operator Assistance Section Manager. (Helen wasn't in attendance at this meeting.)

F. Enforcement Report (Board Packet Item Only)

The Enforcement Report can be found in the Drinking Water Board Packet.

G. Other – nothing today

6. Rural Water Association Report – Dale Pierson

Dale Pierson, Rural Water Association of Utah (RWAU) Executive Director, thanked the Board for holding their meeting in conjunction with the conference. The reports of the three contracted RWAU staff are in the packet.

Dale reported that this was a large conference with over 1,800 people on site; a mix of attendees, vendors and staff. One-hundred twenty-nine people took the operator certification course and exam. Dale thanked the Division for training water systems in order to comply with regulations, and for Tim and his staff for being such a big part of the conference.

7. Financial Assistance Committee Report

A. Status Report – Michael Grange

Michael Grange, Technical Assistance Section Manager, reported that from January 2022 to December 2022, the Board authorized about 67 projects; approximately 40 Federal projects, 19 State projects, and the remaining were American Rescue Plan Act (ARPA) projects.

Federal SRF Program

Michael Grange informed the Board that currently there is a negative balance of (\$50,248,000) in the Federal program. Over the course of the coming year, an additional \$36 million will come back into the program for a negative balance of (\$14,000,000). Page 2 of the Status Report lists the many Federal projects in which SRF group is working toward loan closing.

ARPA Grant Funds

Michael reported that currently there is a balance of \$579,384 in the APRA emergency grant fund established by the Board. A few projects have received this funding which are in various stages of completing the authorized project work or planning.

Tim reminded the Board that ARPA funding must be obligated by 2024 and we'll see where the emergency grant fund is as that date draws near. Furthermore, during the 2023 General Legislative

Session, Representative Albrecht attempted, but ultimately failed to create, from State appropriation, a new \$750,000 emergency fund to replace the ARPA funds. Creation of this fund will be revisited in the future because there is a lot of interest in easily accessible funding for the water systems.

#### Lead APRA Grant Funds

Michael reported that currently there is still \$3,499,801 remaining in the Lead APRA Grant Fund; however, the DDW Lead Team is working diligently to involve more water systems and schools in lead testing and remediation.

Tim reported that statewide, one-third of school taps and some child care facilities have been sampled thus far. Schools must sample by the end of 2023, but child care facility sampling is voluntary. To date, approximately 2,500 of the sampled taps are above the action level. The Division has created a simplified application for the Lead-Free Learning Initiative funding and will soon start disbursing the funds in order to replace those taps.

#### State SRF Program

Michael reported that currently there is just over \$10 million in the State SRF Program. Over the course of the coming year there will be a greater outflow than in inflow with a negative balance of (\$2,700,000). By this time next year, there will be \$11,500,000 in State funding.

The last page of the report lists those State projects which are working toward loan closing and also those currently in progress.

#### B. Cashflow – Michael Grange

The Cashflow report shows the current figures as of January 2023 including the project obligations and authorizations for fiscal years 2023 and 2024. Unobligated, available funds for 2023 is approximately \$19,500,000 and approximately \$11,800,000 for 2024.

As shown in the report, Tim pointed out the Future Base Grants starting in State Fiscal Year 2024, will be \$5,185,920, which is about half the normal amount due to Congressionally Directed Spending, previously known as earmarks. The Division is trying to build that conservatism into the projections, but they're hoping it changes.

#### C. SRF Applications

##### i. ADDITIONAL FUNDING REQUEST

##### a. Weber Meadowview Ranch – Heather Pattee

Representing Weber Meadowview Ranch were President Paul Brown and Consulting Engineer Tavis Timothy of BT Engineering.

Heather Pattee informed the Board that Weber Meadowview was authorized a \$2,100,000 loan for 40 years at 0% interest on November 2, 2021, to construct a new 150,000-gallon tank, install 8" PVC and 4" HDPE waterlines, 15 fire hydrants, a PRV station, upgrade the well pump for

additional TDH and install 55 service connections. Based on the current bid environment, Weber Meadowview has decided it is in their best interest to add a contingency fund of \$100,000 and therefore, are requesting additional funds in the amount of \$100,000.

The local Median Adjusted Gross Income (MAGI) for Weber Meadowview is \$68,700, which is 146% of the State MAGI. The current average water bill is \$57.73/ERC, which is 1.01% of the local MAGI. This number was calculated based on income from water and the number of connections as they currently charge a flat annual fee that includes water service, road maintenance, fencing, common area electricity and other expenses as needed. The estimated after project water bill at full loan which was calculated the same would be \$118.02 / equivalent residential connection (ERC) or 2.06% of the local MAGI. Based on MAGI and average monthly water bill, Weber Meadowview qualifies to be considered for additional subsidy in the form of an extended loan term.

The Financial Assistance Committee recommends that the Drinking Water Board authorize an additional loan amount of \$100,000 for a total loan amount of \$2,200,000 for 40 years at 0% interest to Weber Meadowview Ranch.

- Eric Franson moved that the Drinking Water Board authorize an additional loan amount of \$100,000 for a total loan amount of \$2,200,000 for 40 years at 0% interest to Weber Meadowview Ranch. Robert Rolfs seconded. The motion was carried unanimously by the Board.

#### ii. ADVANCE FUNDING REQUEST

##### a. Helper City – Heather Pattee

Heather informed the Board that Helper City was authorized an ARPA grant in the amount of \$3,416,000 on August 31, 2022, for the construction of replacing a transmission line, well and tank rehabilitation, meter replacement, and a new SCADA system. The City would like to request an advance of \$400,000 from the grant to pay for engineering and design costs as they work through the funding requirements. The total project cost is \$3,450,160 and the City is contributing \$34,160 towards the project.

The local MAGI for Helper City is \$37,000, which is 80% of the State MAGI. The current average water bill is \$64.86/ERC, which is 2.1% of the local MAGI. The estimated after project water bill at full loan would be \$100.44/ERC or 3.26% of the local MAGI.

The Financial Assistance Committee recommends that the Drinking Water Board authorize an advance of \$400,000 from the ARPA grant, not to exceed \$3,416,000 to Helper City.

- Justin Maughan moved that the Drinking Water Board authorize an advance of \$400,000 from the ARPA grant, not to exceed \$3,416,000 to Helper City. Jeff Coombs seconded. The motion was carried unanimously by the Board.

#### iii. DEAUTHORIZATION

##### a. Manila – Kjori Shelley



Kjori Shelley informed the Board that on July 21, 2022, the Drinking Water Board authorized a loan of \$500,000 at 2.28% interest for 30 years to Manila Town Water System to inspect and refurbish three existing culinary wells. On January 19, 2023, staff was notified by Mayor David G. Coombs that the Town of Manila decided to decline the loan.

Division staff recommended that the Drinking Water Board deauthorize the \$500,000 construction loan to the Manila Town Water System.

- David Pitcher moved that the Drinking Water Board deauthorize the \$500,000 construction loan to the Manila Town Water System. Blake Tullis seconded. The motion was carried unanimously by the Board.

8. Public Comment Period

No public comments were made.

9. Open Board Discussion

There was no open board discussion.

10. Other

No other items were discussed.

11. Next Board Meeting

Date: Tuesday, May 16, 2023  
Time: 1:00 PM  
Place: Multi Agency State Office Building / Zoom Webinar  
195 N 1950 W  
Salt Lake City, Utah 84116

12. Adjourn

- Eric Franson moved to adjourn the meeting. David Pitcher seconded. The motion was carried unanimously by the Board.

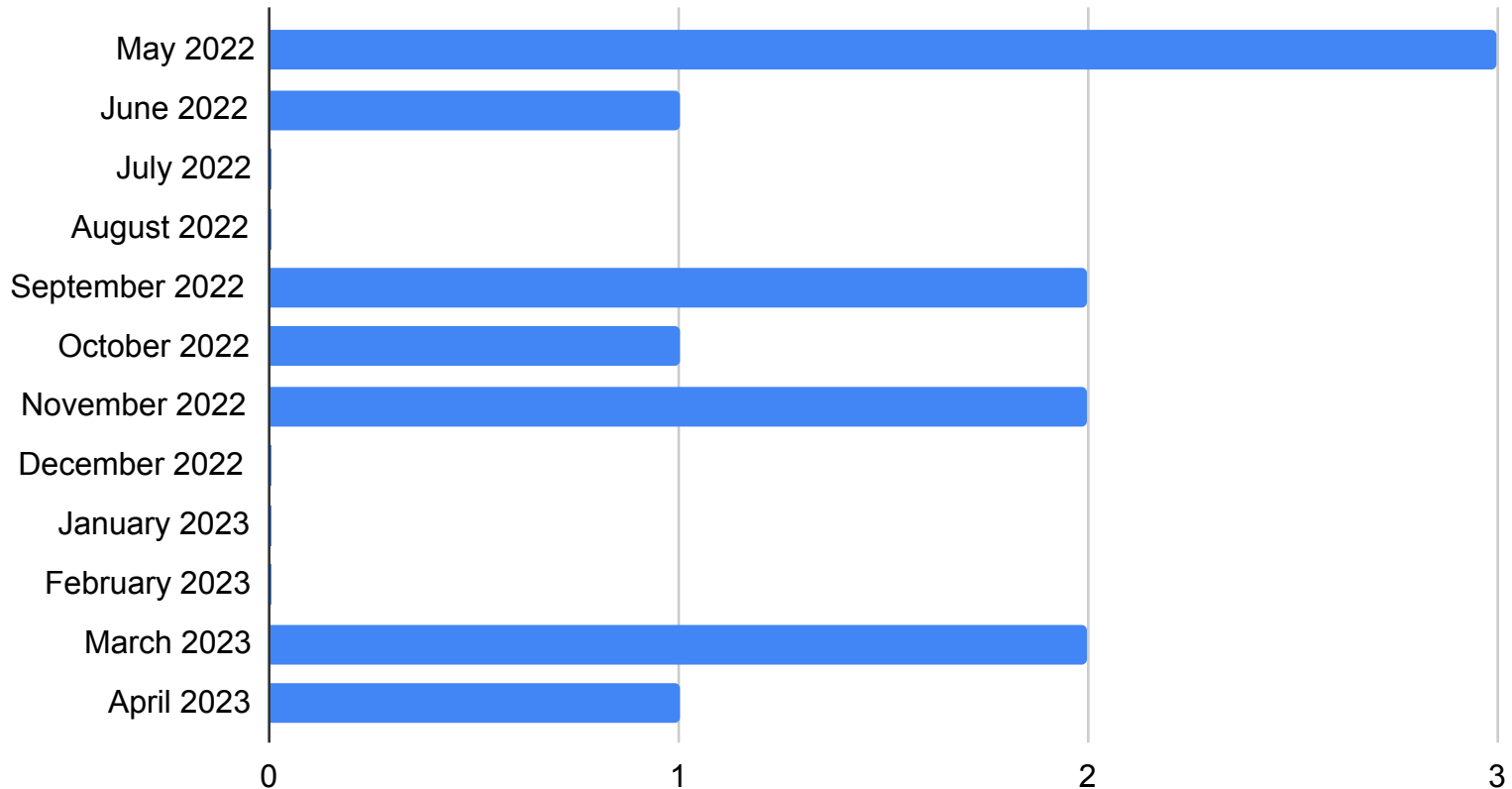
**The meeting adjourned at 9:56 AM.**

# Agenda Item 5(C)

**Board Report As of April 26, 2023**

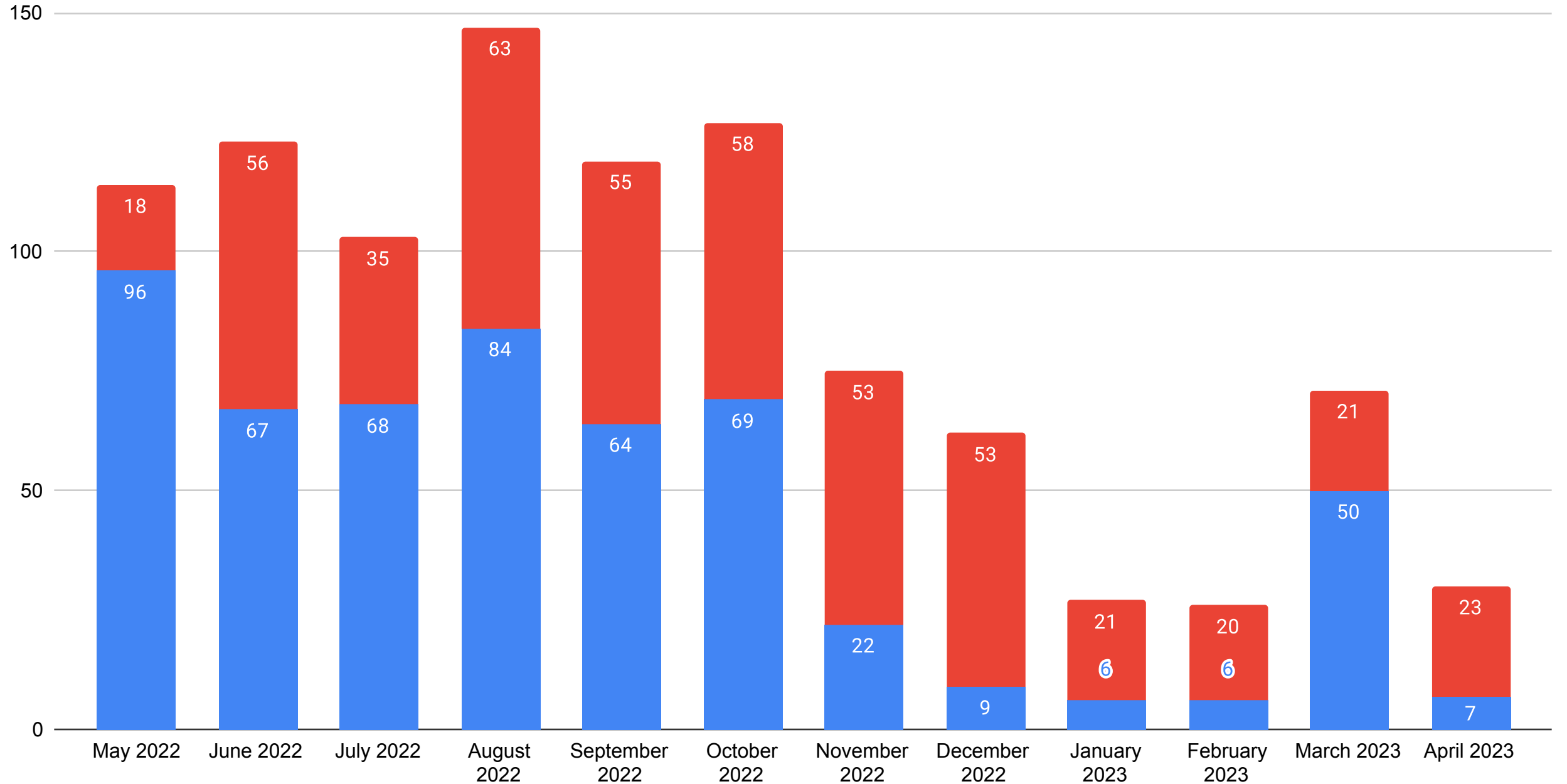
PWS ID	PWS Name	PWS Type	Pop Served	IPS Pts	Rating	Rating Date
<b>Active Administrative Orders</b>						
UTAH11043	OLD MEADOWS	Community	48	115	Not Approved	04/18/2017
<b>Corrective Action Systems</b>						
UTAH17001	BRIDGERLAND WATER CO	Community	240	50	Corrective Action	2/22/2023
UTAH13001	ALTON TOWN WATER SYSTEM	Community	136	205	Corrective Action	6/24/2021
UTAH26033	DEER CREEK PARK	Transient Non-Community	150	335	Corrective Action	7/8/2020
UTAH02010	EAST GROUSE CREEK PIPELINE CO	Community	70	415	Corrective Action	9/9/2020
UTAH22003	ECHO MUTUAL WATER SYSTEM	Community	70	85	Corrective Action	2/24/2023
UTAH18080	EMIGRATION BREWING COMPANY	Transient Non-Community	86	315	Corrective Action	5/10/2022
UTAH25184	BATEMANS MOSIDA FARMS	Community	90	690	Corrective Action	4/24/2020
UTAH18104	MOUNTAIN DELL CAFE AND GOLF COURSE	Transient Non-Community	300	30	Corrective Action	10/14/2020
UTAH18055	MT HAVEN OWNERS ASSOCIATION	Transient Non-Community	85	15	Corrective Action	4/12/2023
UTAH08034	PACIFICORP HUNTINGTON PLANT	Non-Transient	175	5	Corrective Action	4/24/2023
UTAH23075	PENNEYS GRILL LLC	Transient Non-Community	27	85	Corrective Action	3/10/2023
UTAH17023	RENDEZVOUS BEACH	Transient Non-Community	200	15	Corrective Action	3/29/2023
UTAH07067	SOUTH DUCHESNE CULINARY WATER	Community	525	50	Corrective Action	5/25/2022
UTAH08043	TRAIL CYN RESIDENTS ASSN	Community	42	120	Corrective Action	9/2/2020
UTAH29046	VALLEY VIEW STAKE CAMP	Transient Non-Community	300	0	Corrective Action	7/20/2022
UTAH26059	WASATCH MOBILE HOME PARK	Community	31	0	Corrective Action	10/16/2020
<b>Not Approved Systems</b>						
UTAH24051	DESERT SAGE HOA	Community	55	960	Not Approved	1/12/2022
UTAH11099	FOOTHILL WATER USERS ASSOCIATION	Community	28	1090	Not Approved	3/27/2023
UTAH07039	AXIA LAKESIDE, LLC.	Transient Non-Community	28	45	Not Approved	11/3/2016
UTAH02078	M & J TRAILER HOME COMMUNITY	Community	27	1070	Not Approved	8/20/2018
UTAH11043	OLD MEADOWS WATER CO	Community	48	65	Not Approved	4/18/2017
UTAH25077	RIVERBEND GROVE INC	Transient Non-Community	25	600	Not Approved	2/10/2021
UTAH15018	SOUTH ROBINSON SPRINGS WATER USERS	Community	28	160	Not Approved	9/9/2019

# New Active Systems Added



# Significants Identified and Significants Resolved

■ Significants Resolved   ■ Significants Identified



# Agenda Item

6

**DRINKING WATER BOARD PACKET**  
**Rural Water Association Report**

**Table of Contents**

Terry Smith – Compliance Specialist.....2

Janell Braithwaite – Management Technician.....5

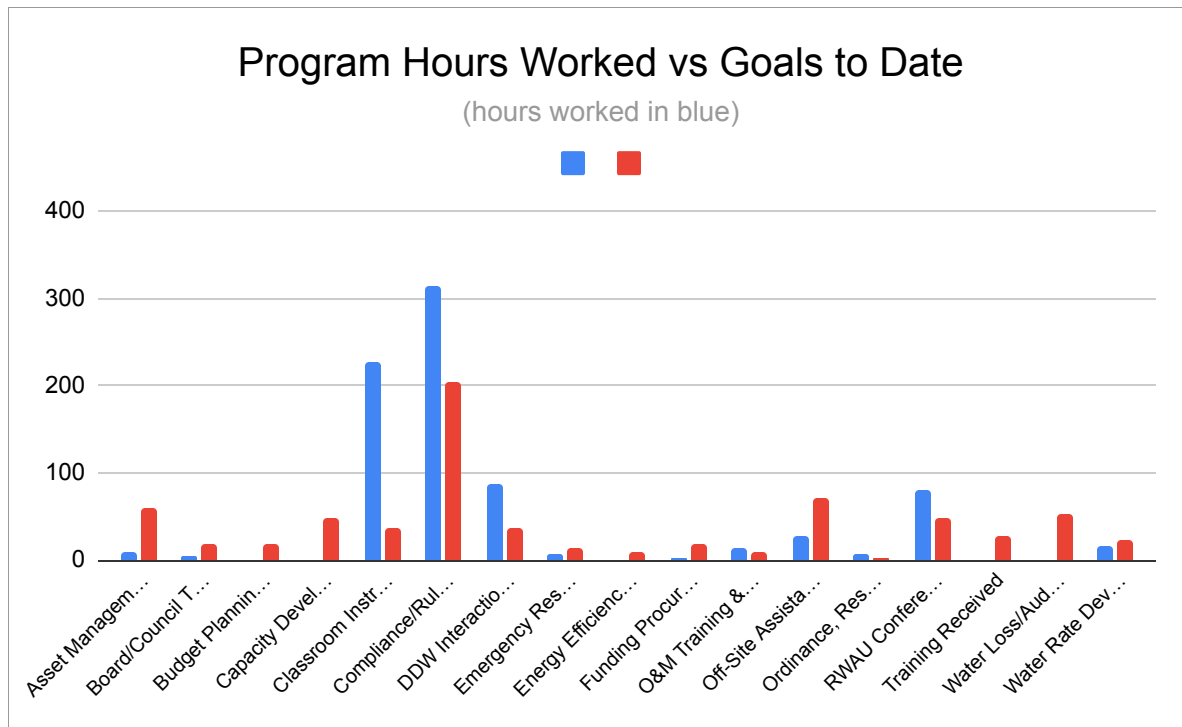
Curt Ludvigson – Management Technician.....9

# Rural Water Association - DWB Report

Report Period: March, 2023

Terry Smith - Compliance Specialist

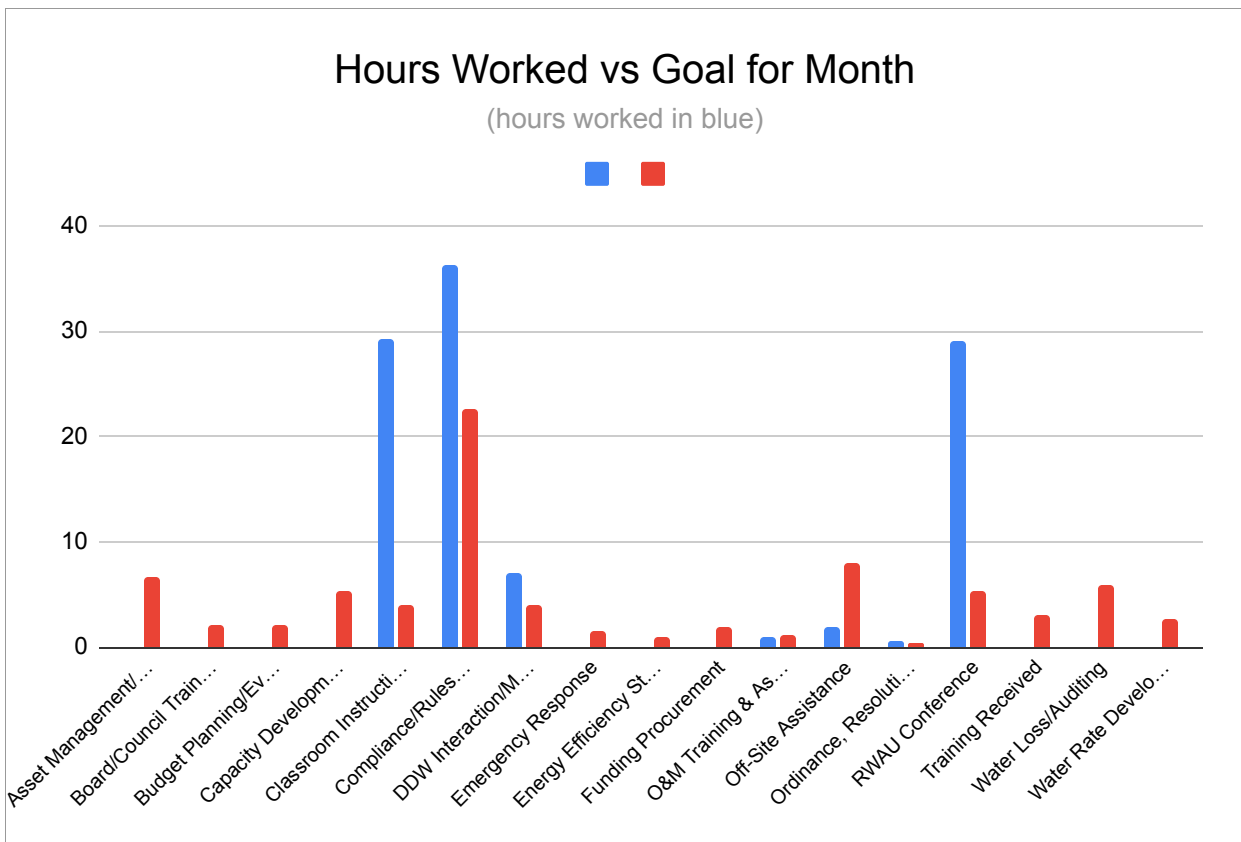
Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Asset Management/Evaluation	9.0	60.0	80.0
Board/Council Training	4.5	19.5	26.0
Budget Planning/Evaluation	1.0	19.5	26.0
Capacity Development/Master Planning	1.0	48.0	64.0
Classroom Instruction/Training	227.0	36.0	48.0
Compliance/Rules Assistance	313.8	204.0	272.0
DDW Interaction/Meetings/Reports	86.5	36.0	48.0
Emergency Response	7.8	13.5	18.0
Energy Efficiency Study	0.0	9.0	12.0
Funding Procurement	1.5	18.0	24.0
O&M Training & Assistance	13.7	10.5	14.0
Off-Site Assistance	27.5	72.0	96.0
Ordinance, Resolutions, By-Laws Development	8.0	3.0	4.0
RWAU Conference	79.8	48.0	64.0
Training Received	0.0	27.0	36.0
Water Loss/Auditing	0.0	54.0	72.0
Water Rate Development/Analysis	15.5	24.0	32.0
<b>Totals:</b>	<b>797</b>	<b>702</b>	<b>936</b>





**Report Period: March, 2023**  
**Notable Assistance & Work Performed**

System	Description:
VARIOUS WATER SYSTEMS	Teaching - Compliance A-Z presentation
KOLOB CAMPS	Proctoring exams
MONTE VISTA COM WTR CO	Proctoring exam - Dan
GUNLOCK SSD	Reaching out to DDW regarding Project Approval - chlorine bld
WASHINGTON CO WCD	Proctor exams - St George (3) and Washington WCD (1)
ENTERPRISE CITY	Proctoring D4 exam. Discussion with Arlan pertaining to sampling
LEEDS DOMESTIC WATER	Advising Mark on testing and disinfecting the repaired well/pump.
OLD MEADOW WATER CO	Proctor exam and review compliance issues with David Hewett
CEDAR CITY	Advise Robbie on policy - looping lines, op-cert exam review
WASHINGTON CITY	Proctor exams (2)
MIDVALLEY EST WTR CO	Working with David - liability coverage for contract operator
COLEMAN M-HOME COURT	Exam review with Yvonne Scheck
ORDERVILLE TOWN	Helping Verl with class action lawsuit enrollment.
ENTERPRISE CITY	Discussion with Arlan pertaining to source sampling
SANTA CLARA CITY	Exam review with Keven Fields



# **Rural Water Association of Utah**

## **Water System Assistance Report**

Report Month: March  
 Contract  
 Employee: Terry Smith

Total Work Hours: 156.00  
 Hours Assisting Specific Systems: 40.25

**System assistance percentage of total working hours: 25.80%**

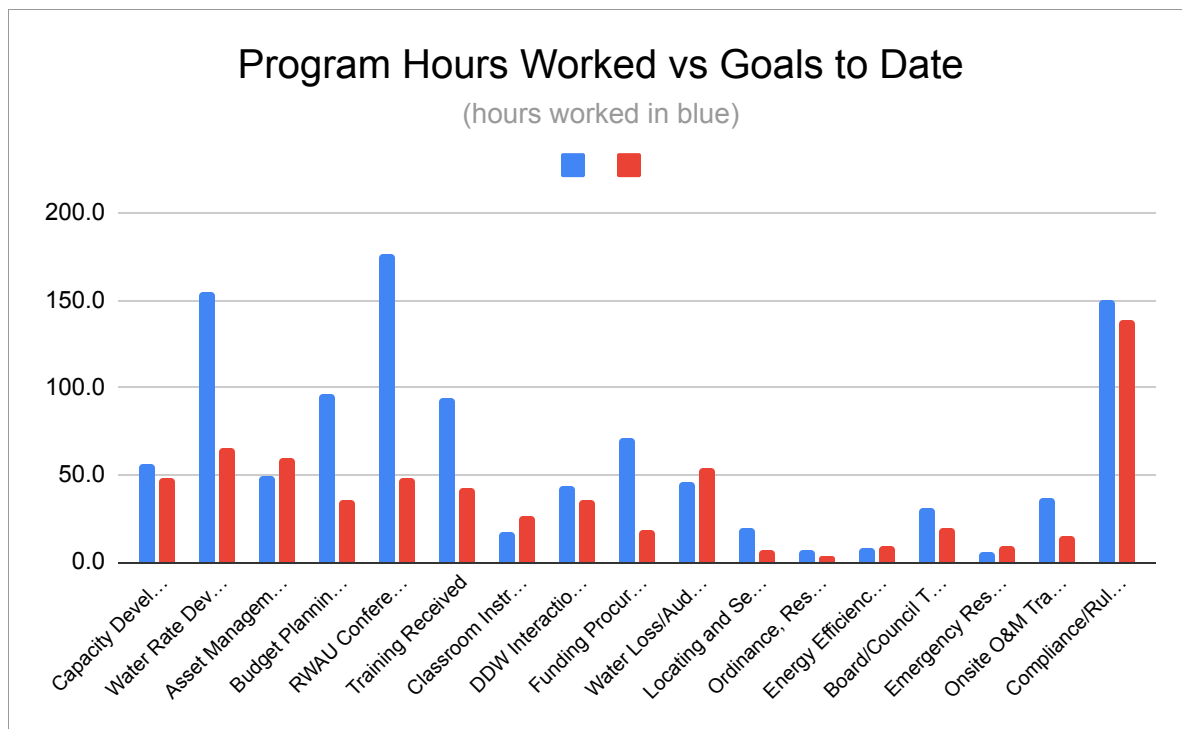
<b>Date:</b>	<b>Description:</b>	<b>Water System:</b>	<b>Task Hours:</b>
3/7/2023	Proctor prep for exams today	KOLOB CAMPS	1.00
3/7/2023	Teaching - Compliance A-Z presentation	VARIOUS WATER SYSTEMS	1.50
3/8/2023	Proctoring exams	KOLOB CAMPS	3.00
3/10/2023	Proctoring exam - Dan	MONTE VISTA COM WTR CO	2.50
3/10/2023	Reaching out to DDW regarding Project Approval - chlorine bld	GUNLOCK SSD	0.50
3/10/2023	Scheduling proctor appointments for St George, Washington City	WASHINGTON CITY	0.75
3/15/2023	Proctor exams - St George (3) and Washington WCD (1)	WASHINGTON CO WCD	3.75
3/16/2023	Proctoring D4 exam. Discussion with Arlan pertaining to sampling	ENTERPRISE CITY	4.00
3/21/2023	Advising Mark on testing and disinfecting the repaired well/pump.	LEEDS DOMESTIC WATER	0.50
3/22/2023	Proctor exam and review compliance issues with David Hewett	OLD MEADOW WATER CO	2.50
3/22/2023	Scheduling exams - Summit WC, Washington City	VARIOUS WATER SYSTEMS	1.00
3/22/2023	Advise Robbie on policy - looping lines, op-cert exam review	CEDAR CITY	0.50
3/22/2023	Follow up to discussion about disinfecting their well/pump	LEEDS DOMESTIC WATER	0.50
3/23/2023	Scheduling with Yvonne - op-cert exam review	COLEMAN M-HOME COURT	0.50
3/24/2023	Proctoring preparation	WASHINGTON CITY	0.50
3/24/2023	Proctor exams (2)	WASHINGTON CITY	3.00
3/24/2023	Scheduling operator exams	VARIOUS WATER SYSTEMS	1.00
3/27/2023	Working on exam review for Yvonne Scheck	COLEMAN M-HOME COURT	2.00
3/27/2023	Setting up exam review for Keven Field	SANTA CLARA CITY	0.50
3/27/2023	Working with Tracey Feltner - Water Fair	CENTRAL IRON COUNTY WCD (110)	0.50
3/28/2023	Working with David - liability coverage for contract operator	MIDVALLEY EST WTR CO	1.00
3/28/2023	Exam review with Yvonne Scheck	COLEMAN M-HOME COURT	2.00
3/28/2023	Helping Verl with class action lawsuit enrollment.	ORDERVILLE TOWN	1.00
3/29/2023	Discussion with Arlan pertaining to source sampling	ENTERPRISE CITY	0.50
3/29/2023	Working on FTF list (Neola, Mountain Green)	VARIOUS WATER SYSTEMS	1.50
3/30/2023	Preparation for exam review - Keven Fields	SANTA CLARA CITY	1.00
3/30/2023	Exam review with Keven Fields	SANTA CLARA CITY	3.25

# Rural Water Association - DWB Report

Report Period: March, 2023

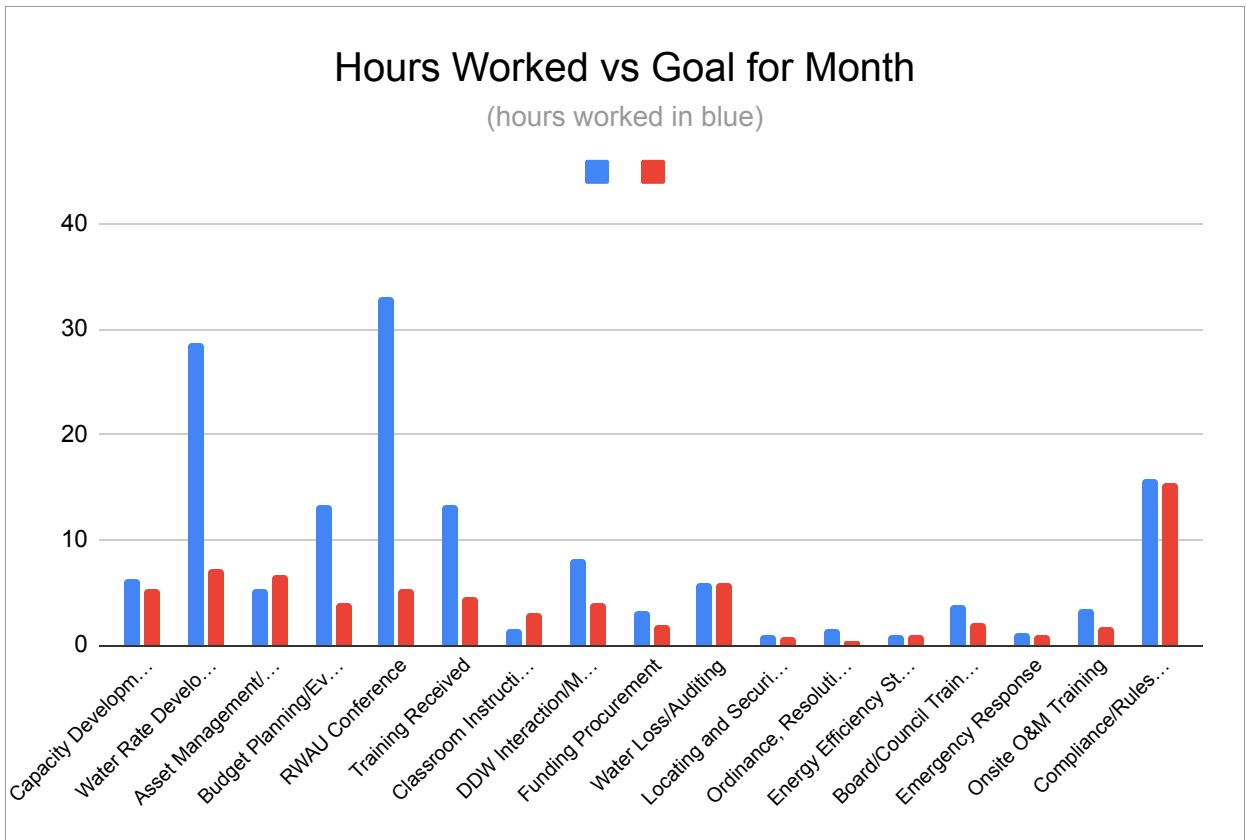
Janell Braithwaite - Management Technician

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Capacity Development/Master Planning	56.7	48.0	64.0
Water Rate Development & Fee Analysis	154.7	65.3	87.0
Asset Management/Evaluation	49.5	60.0	80.0
Budget Planning/Evaluation	96.5	36.0	48.0
RWAU Conference	176.7	48.0	64.0
Training Received	94.0	42.0	56.0
Classroom Instruction/Training	17.0	27.0	36.0
DDW Interaction/Meetings/Reports	43.7	36.0	48.0
Funding Procurement	71.5	18.0	24.0
Water Loss/Auditing	45.7	54.0	72.0
Locating and Securing Engineering	19.2	7.5	10.0
Ordinance, Resolution, By-Law Development	7.0	3.0	4.0
Energy Efficiency Study	8.3	9.0	12.0
Board/Council Training	31.0	19.5	26.0
Emergency Response	6.3	9.0	12.0
Onsite O&M Training	36.2	15.0	20.0
Compliance/Rules Assistance, CCC, Water Monitor	149.8	138.8	185.0
<b>Totals:</b>	<b>1,064</b>	<b>636</b>	<b>848</b>



**Report Period: March, 2023**  
**Notable Assistance & Work Performed**

System	Description:
HOLDEN TOWN	Discuss Holden's significant IPS points w/Jesse, Sunrise Eng.
WASATCH MOBILE HOME PARK	Attend DDW meeting online for compliance issues
FAYETTE TOWN	Work with Nathan to get water op cert renewed, sent info to renew
WASATCH MOBILE HOME PARK	Work on putting income survey together, send to system to send out
SPRING CITY	Meet w/Mayor Anderson, Clerk, Treasurer and Deputy Treasurer
DIAMOND VALLEY ACRES	Call from Maegan, discuss rate study, continue working on rates
	Attend DDW ACS meeting online
COALVILLE CITY	Contacted by Mayor Marsh re: future projects, funding, compliance
SPRING CITY	Meet w/Council, Planning Commission-discuss rates, budget, assets
HIGH VALLEY WATER CO	Contacted by Karen w/budget questions, need help w/rate increase
MIDWAY CITY	Call from Shane re: wondered about DRC, contact Terry
WALES TOWN	Contacted by Kevin, Clerk, for help increasing rates
FOOTHILL WATER USERS ASSO	Online mtg. w/Terry, Curt, Steve Brown, Paul W.-DEQ, Justin-Eng.
L D S WARD WTR SYSTEMS	Proctor Brad Haden and Brent Boylan
NEPHI CITY WATER	Meet w/Justin at Nephi City to discuss IPS to see if they need help



# Rural Water Association of Utah

## Water System Assistance Report

Report Month: March

Contract \_\_\_\_\_

Employee: Janell Braithwaite

**Total Working Hours:** 166.25

**Hours Assisting Specific Systems:** 90.25

**System assistance percentage of total working hours:** 54.29%

Date:	Description:	Water System:	Task Hours:
3/6/2023	Contacted by Karen re: project bids coming in and funding	HIGH VALLEY WATER CO	0.50
3/6/2023	Reviewed info received from Carrie in Myton for rate study	MYTON CITY	0.50
3/6/2023	Contacted Dewey re:water op needed, contact Megan & Justin A.	WHISPERING PINES WC (2004&	0.50
3/6/2023	Contacted by Justin Atkinson re: Whispering Pines water op	WHISPERING PINES WC (2004&	0.25
3/7/2023	Talk w/Curt re: High Valley's need for more funding, project	HIGH VALLEY WATER CO	0.50
3/7/2023	Call from Marcus at JUB Engineers re: funding for Lewiston	LEWISTON CITY	0.50
3/8/2023	Work on updating High Valley budget/rates to afford bond payment	HIGH VALLEY WATER CO	3.25
3/8/2023	Contact Mayor Dennis re: funding questions for project	WENDOVER CITY	0.25
3/8/2023	Work on rate study for Myton	MYTON CITY	0.75
3/8/2023	Contacted by Misty re: funding available for backflow installations	SOUTH SALT LAKE	0.25
3/8/2023	Work on rate study for Myton, determine water loss	MYTON CITY	1.25
3/8/2023	Review Myton's power bills to determine energy efficiency	MYTON CITY	0.75
3/9/2023	Continue researching funding information for Misty (cross connection)	SOUTH SALT LAKE	1.00
3/9/2023	Worked on water rate study and budget for Myton	MYTON CITY	1.50
3/9/2023	Call from Mayor re:rate increase and bond payments,call USDA	STOCKTON TOWN	0.75
3/9/2023	Work on resolution for rate increase	STOCKTON TOWN	0.50
3/9/2023	Work on rate study for Myton	MYTON CITY	1.50
3/9/2023	Work on rate study for Myton	MYTON CITY	1.50
3/10/2023	Work on Myton's water rate study	MYTON CITY	1.50
3/10/2023	Finish Myton rate study, contact Alan and Carrie to set up mtg.	MYTON CITY	1.25
3/10/2023	Contact Karen re: assets, rates and budget	HIGH VALLEY WATER CO	0.25
3/10/2023	Call from Mayor Meli re: rate increase adoption	STOCKTON TOWN	0.25
3/10/2023	Work on Green River rate study	GREEN RIVER CITY	3.00
3/10/2023	Contacted by Karen re: rate increase and set up mtg.	HIGH VALLEY WATER CO	0.25
3/13/2023	Contacted by Karen re: asset report	HIGH VALLEY WATER CO	0.25
3/13/2023	Contacted by Alan re: rate study for Myton, discuss engineers	MYTON CITY	0.25
3/13/2023	Work on rate study for Green River	GREEN RIVER CITY	1.50
3/15/2023	Contacted by Mayor Meli and Curt re: rate increase, put new \$ in	STOCKTON TOWN	0.75
3/15/2023	Follow up w/Dawnie re: water op cert for Nathan King	FAYETTE TOWN	0.25
3/15/2023	Work on rate study for Green River	GREEN RIVER CITY	2.75
3/15/2023	Call from Kristi Bell re: Uintah water rates, budget	UINTAH CITY	0.25
3/15/2023	Call from Jonah re: Centerfield's rates and mtg. tonight	CENTERFIELD TOWN	0.25
3/15/2023	Work on rate study for Green River	GREEN RIVER CITY	2.50
3/15/2023	Work on resolution for rate increase	CENTERFIELD TOWN	1.00
3/15/2023	Attend work session and city council meeting re:rates,budget,projects	CENTERFIELD TOWN	3.75
3/16/2023	Work on rate study for Green River	GREEN RIVER CITY	1.00
3/16/2023	Contacted by Myton City Recorder re: RWAU mailers, contact Emilie	MYTON CITY	0.25
3/16/2023	Work on rate study for Green River	GREEN RIVER CITY	1.00
3/16/2023	Work on budget for Green River, projects and funding	GREEN RIVER CITY	0.50
3/16/2023	Contact Lacey, Recorder, w/LSL inventory for funding	CENTERFIELD TOWN	0.25
3/16/2023	Contact Mayor Meli w/LSL inventory funding information	STOCKTON TOWN	0.25
3/16/2023	Work on budget for Green River, projects and funding	GREEN RIVER CITY	1.50
3/17/2023	Work on budget for Green River, projects and funding	GREEN RIVER CITY	0.75
3/17/2023	Work on project information for Green River	GREEN RIVER CITY	1.50
3/17/2023	Contacted by Curt w/project info for Manti, contact Treasurer-more info	MANTI CITY	0.50
3/17/2023	Contacted by Mayor Leatherwood re: impact of rate increase	CENTERFIELD TOWN	1.00
3/17/2023	Finish up budget, rates, water loss, contact Tyler and set up mtg.	GREEN RIVER CITY	2.50
3/20/2023	Contact Lelilah and Jenna to get rate study started	FORT DUCHESNE	0.25
3/20/2023	Reviewed So Duchesne info for Emergency Response	SOUTH DUCHESNE CUL WTR	0.25
3/20/2023	Call from Curt re: Manti rate study and projects	MANTI CITY	0.50

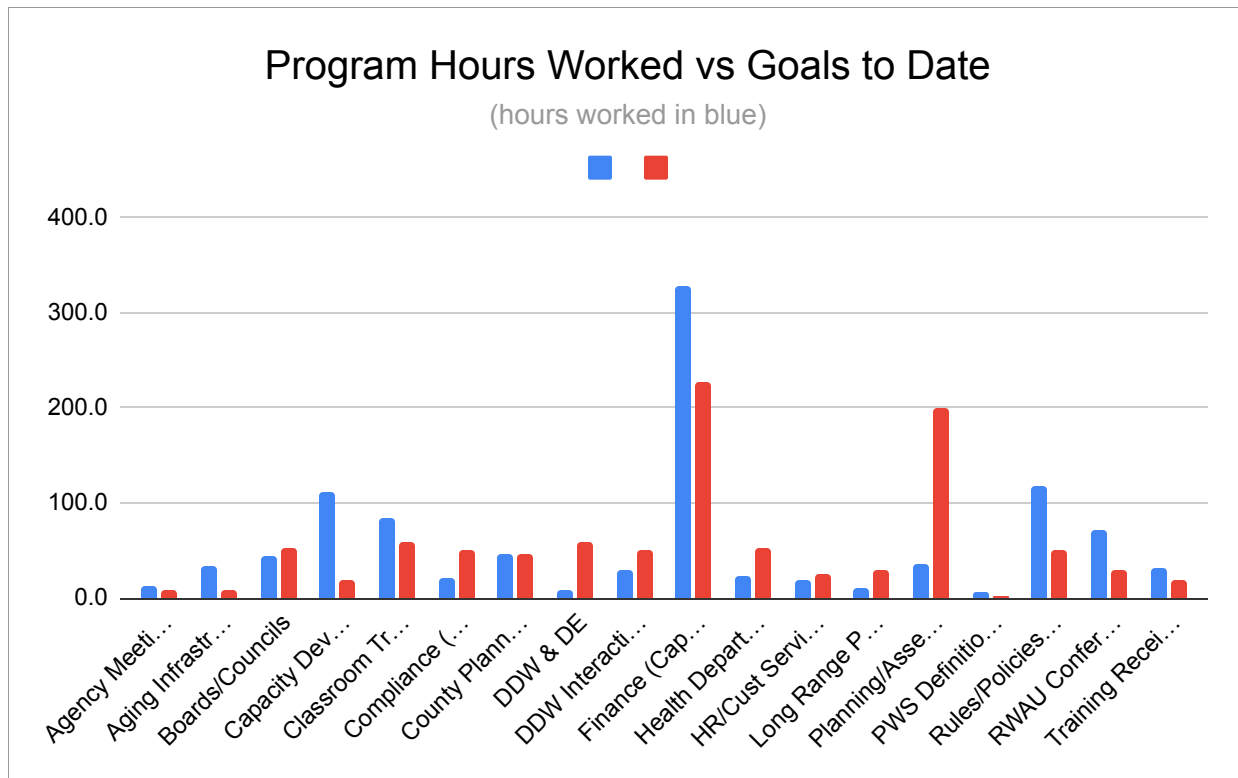
3/20/2023	Contacted by Kevin re: rate increase, budget and asset mgment	WALES TOWN	0.25
3/20/2023	Work on updating usage per Kristi Bell's request, rates and budget	UINTAH CITY	1.25
3/20/2023	Work on updating rate study for Uintah	UINTAH CITY	2.00
3/21/2023	Discuss South Duchesne w/Mike Davis	SOUTH DUCHESNE CUL WTR	0.25
3/21/2023	Meet w/City Recorder, Kim, discuss asset management program	DUCHESNE CITY	0.25
3/21/2023	Discuss situation w/Renee: emergency report, project progress	SOUTH DUCHESNE CUL WTR	0.50
3/21/2023	Meet w/Ryan and public works re: project progress and compliance	ROOSEVELT CITY	0.75
3/21/2023	Meet w/Mayor Cooper, Clerk, Council: budget, rates, projects, assets	MYTON CITY	2.00
3/22/2023	Proctor Travis Brown for D1 exam	MORONI CITY	3.50
3/22/2023	Discuss asset management program w/City Recorder, Carol	MORONI CITY	0.25
3/22/2023	Discuss energy efficiency w/Kevin, need to review power bills	WALES TOWN	0.25
3/22/2023	Discuss meter reads and rates w/water op and treasurer	FOUNTAIN GREEN CITY	0.50
3/23/2023	Call from Mayor Meli re: adjusting rates again	STOCKTON TOWN	0.25
3/23/2023	Work w/Michelle in Manti to get report needed for rate study	MANTI CITY	0.25
3/23/2023	Call from Curt re: Manti rate study	MANTI CITY	0.50
3/23/2023	Discuss project and IPS w/Vickie	SIGURD TOWN WATER	0.25
3/23/2023	Discuss project, budget and rates w/Clint, Town Clerk	AURORA CITY	0.25
3/23/2023	Meet w/Tyler, City Manager and Julie: rates, projects, funding	GREEN RIVER CITY	2.25
3/24/2023	Work on water rate study for Manti-applying for project funding	MANTI CITY	2.25
3/24/2023	Discuss budget, rates and rules w/City Mgr, Tyler	GREEN RIVER CITY	1.50
3/24/2023	Work on water rate study for Manti-applying for project funding	MANTI CITY	3.00
3/25/2023	Work on water rate study for Manti-meter misreads?	MANTI CITY	1.50
3/27/2023	Work with Michelle on questions for rate study	MANTI CITY	0.50
3/27/2023	Review Liberty info and emergency update	LIBERTY PIPELINE	0.25
3/27/2023	Discuss rate study w/Kent Barton to apply for project funding	MANTI CITY	2.00
3/27/2023	Work on finishing up Uintah rate update for budget	UINTAH CITY	1.00
3/27/2023	Update rate study w/customer category itemized, 0 reads reviewed	GREEN RIVER CITY	0.25
3/27/2023	Update rate study, start RFP for engineers	MYTON CITY	0.75
3/28/2023	Review High Valley information for meeting tonight	HIGH VALLEY WATER CO	0.50
3/28/2023	Meet w/High Valley Water Board: rates, assets, budget, funding	HIGH VALLEY WATER CO	2.00
3/29/2023	Meet w/Kristi Bell and Michelle, Recorder: rates, budget, rules	UINTAH CITY	2.25
3/29/2023	Contact Kevin at Wales re: meeting tonight	WALES TOWN	0.25
3/29/2023	Meet w/new operator and Mike re: compliance, testing, etc.	COTTONWOOD MUTUAL	1.00
3/29/2023	Meet w/Wales city council to review projects, funding, budget, rates	WALES TOWN	2.25
3/30/2023	Call from Tyler, needed help w/tiers, meter reads and water loss	GREEN RIVER CITY	0.50
3/30/2023	Contacted by Kaitlyn w/questions on DDW form filling out	FREMONT WATER WORKS	0.25
3/30/2023	Contacted by Ted, Jones & DeMille, re: Mantua rate study	MANTUA TOWN	0.50
3/31/2023	Work on developing rates, budget and project funding for Centerfield	CENTERFIELD TOWN	1.50
3/31/2023	Work on rate study for Mantua-contact Karen to discuss projects	MANTUA TOWN	1.00
3/31/2023	Discuss projects and funding with Curt	WALES TOWN	0.50
3/31/2023	Review book on Developing Rates	CENTERFIELD TOWN	0.75
3/31/2023	Call from Mike Davis re: help Grouse Creek, called Julie	GROUSE CREEK WTR CO	0.50

# Rural Water Association - DWB Report

Report Period: March, 2023

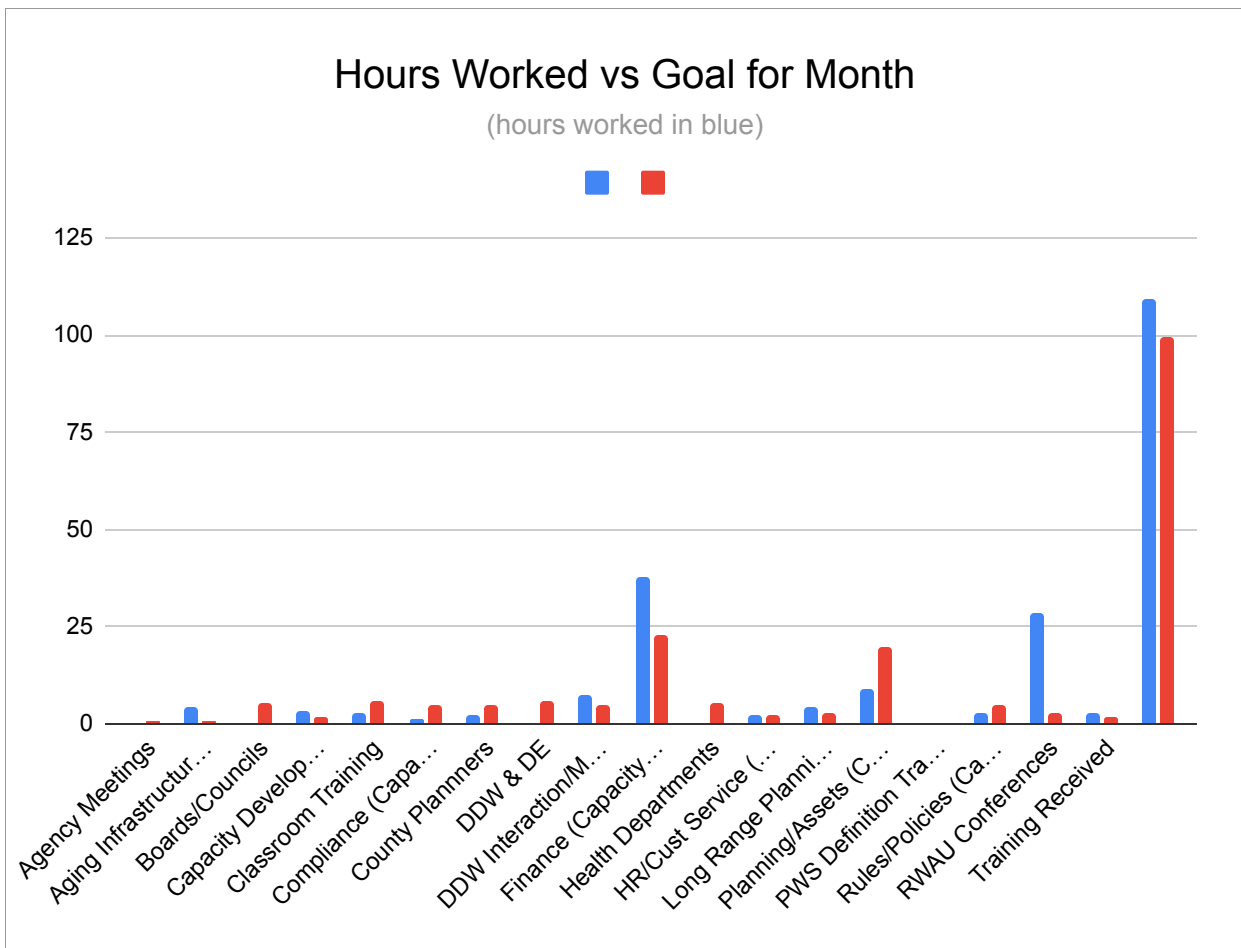
Curt Ludvigson - Development Specialist

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Agency Meetings	13	8	10
Aging Infrastructure Planning	34	8	10
Boards/Councils	45	53	64
Capacity Development Planning	111	20	24
Classroom Training	84	60	72
Compliance (Capacity Development)	21	50	60
County Planners	47	47	56
DDW & DE	9	59	71
DDW Interaction/Meetings	30	50	60
Finance (Capacity Development)	329	227	272
Health Departments	23	53	64
HR/Cust Service (Capacity Development)	20	25	30
Long Range Planning	11	30	36
Planning/Assets (Capacity Development)	37	200	240
PWS Definition Training	6	3	4
Rules/Policies (Capacity Development)	117	50	60
RWAU Conferences	72	30	36
Training Received	32	20	24
<b>Totals:</b>	<b>1,043</b>	<b>994</b>	<b>1,193</b>



**Report Period: March, 2023**  
**Notable Assistance & Work Performed**

System	Description:
HILDALE/COLO CITY	Reviewing Budget and rates for Hildale
FAIRVIEW CITY	I met with the City Recorder and discussed the Apprenticeship progra
HONEYVILLE CITY	I met with the Councilmember over the water and the Town Clerk and
ELWOOD TOWN	I met with the Town Clerk, at her request, and went over their budget.
COVERED BRIDGE CANYON	I met with the President of the Covered Bridge Water Company and v
LEVAN TOWN	I met with the Public Works Department and discussed some projects
FAYETTE TOWN	I met with the Mayor of Fayette and discussed the new Lead and Cop
MANTI CITY	I met with the City Recorder and Treasurer and discussed the informa
SKYLINE MOUNTAIN SSD	I met with Roy Fox of Skyline Mountain SSD again and discussed furl
INDIAN RIDGE WCD	I met with Ann Adkins of the Indian Ridge Water and discussed devel
DELTA CITY	I met with the Delta Public Works Director and discussed some projec
TROPIC TOWN	I met with Brett Chynoweth and discussed projects they are anticipati
BIG WATER MUNICIPAL	I met with the Mayor and Clerk of Big Water and discussed the growth
KANAB CITY	I met iwith the City Recorder and the City Manager and discussed the
HILDALE/COLO CITY	I met with the Hildale Water Advisory Board and discussed Impact Fe





# Rural Water Association of Utah

## Water System Assistance Report

Report Month: March

Contract

Employee: Curt Ludvigson

			<i>Direct System Assistance Percentage:</i>	<b>38%</b>
3/7/2023	Working on rates and budget for Kanab	KANAB CITY		4.00
3/8/2023	Sanpete County Planning Commission Meeting	Sanpete County Planning Comm		2.50
3/9/2023	Reviewing Budget and rates for Hildale	HILDALE/COLO CITY		4.00
3/13/2023	I met with the City Recorder and discussed the Apprenticeship program for their new hire	FAIRVIEW CITY		1.25
3/15/2023	I met with the Councilmember over the water and the Town Clerk and discussed some projects they are planning and also discussed their budget and rates	HONEYVILLE CITY		2.50
3/15/2023	I met with the Town Clerk, at her request, and went over their budget. They need to increase rates on their water and I was able to give her several options. They may want us to do a full rate study.	ELWOOD TOWN		2.00
3/16/2023	I met with the President of the Covered Bridge Water Company and we reviewed the plans for upgrades as presented by their engineer. We discussed the progress being made and steps still to be accomplished	COVERED BRIDGE CANYON		2.50
3/16/2023	I met with the Public Works Department and discussed some projects they are anticipating. We discussed the funding options for the projects and also selecting an engineer.	LEVAN TOWN		2.00
3/16/2023	I met with the Mayor of Fayette and discussed the new Lead and Copper requirements and the different ways they can obtain money to pay for the study	FAYETTE TOWN		1.50
3/17/2023	I met with the City Recorder and Treasurer and discussed the information we need in order to complete rate study for the water system. We discussed the options for the funding for their Water Treatment facility.	MANTI CITY		2.75
3/17/2023	I met with Roy Fox of Skyline Mountain SSD again and discussed further the issues they are having with Skyline Mountain Resort. We discussed the development that is being proposed and some possible zoning changes that will be necessary	SKYLINE MOUNTAIN SSD		2.50
3/17/2023	I met with Ann Adkins of the Indian Ridge Water and discussed development issues they are dealing with. We discussed possible expansion of the system and the need for projects.	INDIAN RIDGE WCD		1.75
3/21/2023	Working on rates and application for Manti City	MANTI CITY		4.50
3/21/2023	I met with the Public Works guys and their engineer and discussed the results of the test wells they have drilled. We discussed the significance of the Prison and the impact it has on their system.	GUNNISON CITY		1.75
3/21/2023	I met with the President of the Axtell SSD and discussed the progress of the project they are working on. The timing of the storms will determine how soon work can begin	AXTELL COM SERVICE DIST		1.75
3/22/2023	Working on budget and rates review in preparation for my meeting with Hildale next week	HILDALE/COLO CITY		5.00
3/24/2023	Proctoring an Operator Certification Exam for an Operator in Delta	DELTA CITY		3.00

3/24/2023	I met with the Delta Public Works Director and discussed some projects they are planning on doing. We discussed their budget and qualifying for funding.	DELTA CITY	2.00
3/27/2023	Working on budget proposal for Honeyville	HONEYVILLE CITY	2.50
3/27/2023	Rates review for Big Water	BIG WATER MUNICIPAL	3.50
3/28/2023	I met with the Town Clerk of Henrieville and did a budget and rates review. We discussed the need they have to increase their rates in order to be able to pay back any loans they might get since they will not get a total grant.	HENRIEVILLE TOWN	2.50
3/28/2023	I met with Brett Chynoweth and discussed projects they are anticipating. We discussed the need for an updated Master Plan and also the possible growth they are planning on, particular in the summer months, increasing the demand on the system	TROPIC TOWN	1.75
3/29/2023	I met with the Mayor and Clerk of Big Water and discussed the growth issues they are experiencing. We discussed Ordinances they need to have upgraded and the process of getting that accomplished.	BIG WATER MUNICIPAL	2.00
3/29/2023	I met with the City Recorder and the City Manager and discussed the rate study they want to do. We talked about projects they are anticipating and the funding options. We discussed growth issues and system expansion and Aging Infrastructure.	KANAB CITY	2.50
3/29/2023	I met with the Hildale Water Advisory Board and discussed Impact Fees and Project Funding options. We discussed engineering, and rates also.	HILDALE/COLO CITY	1.50
3/30/2023	I met with the Operator and clerk and discussed issues dealing with growth and Ordinances	ORDERVILLE TOWN	1.50
3/30/2023	I met with the Town Clerk and discussed issues they are having with people not paying their water bills.	GLENDALE TOWN CORP	1.25
3/30/2023	I met with the Town Clerk and discussed development issues and annexation policies	HATCH TOWN	1.00
3/30/2023	I conducted a Long Range Planning session with the Board of Directors of the Piute/Sevier Deer Creek Water Co.	PIUTE-SEVIER/DEER CR WTR	2.50

Agenda Item

7(A)(i)

**DRINKING WATER BOARD PACKET**  
**Request to Adopt Rule**

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

Presented to the Drinking Water Board May 16, 2023

**PROPOSAL**

During 2022 Division staff updated Drinking Water Rule R309-700 *Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program*. The updated rule was published in the March 1, 2023 Utah Bulletin for general public comment. The public comment period ended on March 31, 2023. The Division did not receive any comments on the proposed rule revision.

**HISTORY/CONTEXT**

The current update removes outdated references, implements current Board policies, and includes new language required by House Bill 269 *Capital Assets Related to Water* to implement asset management plans and programs at Utah’s drinking water systems. HB269 was passed in the 2022 General Legislative Session and signed into law by Governor Cox. The law requires water providers to “commit to adopt capital asset management plans under certain circumstances” namely when applying for financial assistance from the Drinking Water Board.

The law requires the Drinking Water Board to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of an asset management plan for retail water providers. The Division has updated rule R309-700 to meet these requirements as well as for other purposes stated earlier.

Prior to publication, the proposed rule received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

**DIVISION STAFF/DIRECTOR RECOMMENDATION**

The Division recommends that the Drinking Water Board adopt Rule R309-700 *Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program* and instruct Division staff to file the appropriate action with the Office of Administrative Rules.

**IMPLEMENTATION SCHEDULE**

Request Drinking Water Board Approval to File the Rule:	01/10/2023
Deadline to file rule with OAR:	02/15/2023
Publication of Rule in Utah State Bulletin:	03/01/2023
End of 30-Day Comment Period:	03/31/2023
Request Drinking Water Board Approval to Adopt the Rule:	05/16/2023

**COST ESTIMATE**

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.

**R309. Environmental Quality, Drinking Water.**

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

**R309-700-1. Purpose.**

This rule establishes criteria for financial assistance to public drinking water systems in accordance with Section 73-10c, using funds made available by the 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 Section 73-10c.

**R309-700-3. Definitions and Eligibility.**

Section 73-10c-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.

"Asset Management Plan" A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five core asset management components at R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.

"Asset Management Program" The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.

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

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

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

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

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

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

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

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

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

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

- (1) It is the responsibility of the applicant to obtain the necessary financial, legal and engineering counsel to prepare its application and an effective and appropriate financial assistance agreement.
- (2) The applicant is required to submit a 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 [the Department of Environmental Quality's resident]~~ district engineer may accompany the application. Comments from other interested parties such as an association of governments will also be accepted. Those costs incurred subsequent to the submission of a completed funding application form to the Board and prior to the execution of a financial assistance agreement and which meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.
- (3) 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,] Section 73-10c~~ 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 ~~[-]~~ any increase in user rates, and impact and connection fees. The notice shall state that water users may respond to the Sponsor in writing or in the public hearing. The public hearing shall be held within ten days after the date of the notice. A copy of all written responses and a certified record of ~~[a]~~the 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]~~ Board's bond counsel 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(2)(c) of the Utah Code, the ~~[Director]~~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 ~~[Director]~~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 escrow 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]~~ensure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to ~~[insure]~~ensure the system will have adequate resources to provide acceptable service.
- ~~[(14) A plan of operation for the completed project, including staffing with an appropriately certified (in accordance with R309-300) operator, staff training, and procedures to assure efficient start-up, operation and maintenance of the project, must be submitted by the applicant and approved by the Board, its Director or other designee.]~~
- ~~[(15)]~~14 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 easements and rights-of-way ~~and~~ at the project site and throughout the system, 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. q

**R309-700-5. Implementing an Asset Management Program.**

- (1) Retail water suppliers seeking financial assistance through Utah's State Revolving Fund must commit to develop and implement an asset management program. An asset management program provides the following benefits to water systems:
  - (a) Prolonging asset life
  - (b) Reducing overall costs for operations, maintenance, and capital expenditures
  - (c) Improving decisions about asset maintenance, 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 shall address the following 5 core components.
  - (a) The current state of the utility's assets
    - (i) Prepare an asset inventory
    - (ii) Develop a system map
    - (iii) Develop a method to assess and prioritize assets based on condition
    - (iv) Assess remaining useful life of the asset
    - (v) Determine asset value and replacement cost
  - (b) The utility's 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) Develop a capital improvement plan and an operations and maintenance strategy
  - (iv) Identify and compare the cost of rehabilitation versus replacement
  - (v) 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 financial 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 importance
- (4) All water systems subject to this rule shall complete the following:
  - (a) Prepare an asset management plan as described above
  - (b) Systems governing body shall formally adopt the asset management plan
  - (c) System shall submit proof of adoption to the Division
- (5) In addition to the above requirements, water systems applying for financial assistance under Utah's State Revolving Fund Financial Assistance Program must also submit their asset management plan to the Division of Drinking Water or request sufficient funds to create an asset management plan.

**R309-700-[5]6. Loan, Credit Enhancement, Interest Buy-Down, and Hardship Grant Consideration Policy.**

- (1) Board Priority Determination. ~~[In determining]~~To determine an applicant's ~~[the-]~~priority for financial assistance, the Board shall consider~~[-:]~~ the following.
  - (a) The ~~[ability of the applicant]~~applicant's ability to obtain funds for the drinking water project from other sources or to finance such project from its own ~~[resources;]~~resources.
  - (b)The ~~[ability of the applicant]~~applicant's ability to repay the loan or other project ~~[obligations;]~~obligations.
  - (c) Whether a good faith effort has been made 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,]~~42 U.S.C. Section 300(f) 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]~~Section 19-4 or similar or successor statute~~[-:]~~; or
    - (vi) is needed ~~[as a result of]~~due to 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. [?]
- (h) Other criteria that the Board may deem appropriate.

TABLE 1  
NEED FOR PROJECT

	POINTS
1. PUBLIC HEALTH AND WELFARE (SELECT ONE)	
A. There is evidence that waterborne illnesses have occurred	15
B. There are reports of illnesses which may be waterborne	10
C. No reports of waterborne illness, but high potential for such exists	5
D. No reports of possible waterborne illness and low potential for such exists	0
2. WATER QUALITY RECORD (SELECT ONE)	
A. Primary Maximum Contaminant Level (MCL) violation more than 6 times in preceding 12 months	15
B. In the past 12 months violated a primary MCL 4 to 6 times	12
C. In the past 12 months violated a primary MCL 2 to 3 times or exceeded the Secondary Drinking Water Standards by double	9
D. In the past 12 months violated MCL 1 time	6
E. Violation of the Secondary Drinking Water Standards	5
F. Does not meet all applicable MCL goals	3
G. Meets all MCLs and MCL goals	0
3. VERIFICATION OF POTENTIAL SHORTCOMINGS (SELECT ONE)	
A. Has had sanitary survey within the last year	5
B. Has had sanitary survey within the last five years	3
C. Has not had sanitary survey within last five years	0
4. GENERAL CONDITIONS OF EXISTING FACILITIES (SELECT ALL THOSE WHICH ARE TRUE AND PROJECT WILL REMEDY)	
A. The necessary water treatment facilities do not exist, not functioning, functioning but do not meet the requirements of the Utah Public Drinking Water Rules (UPDWR)	10
B. Sources are not developed or protected according to UPDWR	10
C. Source capacity is not adequate to meet current demands and system occasionally goes dry or suffers from low pressures	10
D. Significant areas within distribution	

system have inadequate fire protection	8
E. Existing storage tanks leak excessively or are structurally flawed	5
F. Pipe leak repair rate is greater than 4 leaks per 100 connections per year	2
G. Existing facilities are generally sound and meeting existing needs	0
5. ABILITY TO MEET FUTURE DEMANDS (Select One)	
A. Facilities have inadequate capacity and cannot reliably meet current demands	10
B. Facilities will become inadequate within the next three years	5
C. Facilities will become inadequate within the next five to ten years	3
6. OVERALL URGENCY (Select One)	
A. System is generally out of water. There is no fire protection or water for flushing toilets	10
B. System delivers water which cannot be rendered safe by boiling	10
C. System delivers water which can be rendered safe by boiling	8
D. System is occasionally out of water	5
E. Situation should be corrected, but is not urgent	0
 TOTAL POSSIBLE POINTS FOR NEED FOR PROJECT	 100

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

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

(a) An evaluation based upon the criteria in Table 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~~]RBI 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 percent (80.0%)]~~80% 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.

TABLE 2  
FINANCIAL CONSIDERATIONS

	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	
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. ABILITY TO REPAY LOAN:	
5. 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
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

- (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]7. Planning Grant.**

- (1) ~~[A Planning Grant can only be made to a political subdivision with a population less than 10,000 people demonstrating an urgent need to evaluate its drinking water system's technical, financial—and managerial capacity, and lacks the financial means to readily accomplish such an evaluation.]~~  
The Drinking Water Board may make loans or grants from the security account to political subdivisions for planning for drinking water projects.
- (2) Qualifying for a Planning Grant will be based on the criteria listed in R309-700-[5]6(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]8. Planning Loan.**

- ~~[(1) A Planning Loan can only be made to a political subdivision which demonstrates a financial hardship preventing the completion of project planning.]~~
- ~~[(2)]~~1 A Planning Loan is made to a political subdivision with the intent to provide interim financial assistance for project planning until the long-term project financing can be secured. The Planning Loan must be repaid to the Board unless the payment obligation is waived by the Board.
- ~~[(3)]~~2 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.
- ~~[(4)]~~3 The recipient of a Planning Loan must first receive written approval from the Division Director for any cost increases or changes to the scope of work.
- ~~[(5)]~~4 A copy of the document(s) prepared by means of the planning loan shall be submitted to the Division.

**R309-700-[8]9. 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.]~~

- (1) For purposes of R309-700-9, project design means preparing 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 Section 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]~~10. 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]~~6. 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]~~11. 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]~~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]~~12. Loans.**

The Board may make loans to finance all or part of a drinking water project only after credit enhancement agreements and interest buy-down agreements have been evaluated and found either unavailable or unreasonably expensive. The financing alternative chosen should be the one most economically advantageous for the state and its political subdivisions. 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]13. 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 nonmonetary considerations. If it is anticipated that a project will be a candidate for financial assistance from the Board, the Staff should be contacted, and the plan of study for the engineering report (if required) should be approved before the planning is initiated.

Once the application form and other related documents have been reviewed and assessments made, 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]14. Financial Evaluations.**

- (1) The Board considers it a proper function to assist and give direction to project applicants in obtaining funding from such State, Federal or private financing sources as may be available to achieve the most effective utilization of resources in meeting the needs of the State. This may also include joint financing arrangements with several funding agencies to complete a total project.
- (2) Hardship Grants will be evidenced by a grant agreement.
- (3) In providing any form of financial assistance in the form of a loan, the Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of recognized municipal bond counsel to the effect that the bonds are legal and binding under applicable Utah law (including, if applicable, the Utah Municipal Bond Act). For bonds of \$150,000 or less the Board will not require this opinion.
  - (a) In providing any form of financial assistance in the form of a loan, the Board may purchase either a taxable or non-taxable bonds; provided that it shall be the general preference of the Board to purchase bonds issued by the applicant only if the bonds are tax exempt and are accompanied by a legal opinion of recognized municipal bond counsel to the effect that interest on the bonds is exempt from federal income taxation. Such an opinion must be obtained by the applicant in the following situations:
    - (i) Bonds which are issued to finance a project which will also be financed in part at any time by the proceeds of other bonds which are exempt from federal income taxation.
    - (ii) Bonds which are not subject to the arbitrage rebate provisions of Section 148 of the Internal Revenue Code of 1986 (or successor provision of similar intent), including,



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

- (b) In any other situations, the Board may purchase taxable bonds if it determines, after evaluating all relevant circumstances including the applicant's ability to pay, that the purchase of the taxable bonds is in the best interests of the State and applicant.
  - (c) If more than 25 percent of the project is to serve industry, bond counsel must evaluate the loan to ensure the ~~[tax-exempt]~~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]~~10, 11, and 12). If a project is Authorized to receive a loan, the Board will establish the portion of the construction cost to be included in the loan and will set the terms for the loan. The Board will require the applicants to repay the loan as rapidly as is reasonably consistent with the financial capability of the applicant. It is the Board's intent to avoid repayment schedules which would exceed the design life of the project facilities.
- (5) Normal engineering and investigation costs incurred by the Department of Environmental Quality or Board during preliminary project investigation and prior to Board Authorization will not become a charge to the applicant if the project is found infeasible, denied by the Board, or if the applicant withdraws the Application prior to the Board's Authorization. ~~[If the credit enhancement agreement or interest buy-down agreement does not involve a loan of funds from the Board, then administrative costs will not be charged to the project. However, if the project is Authorized to receive a loan or grant of funds from the Board, all costs from the beginning of the project will be charged to the project and paid by the applicant as a part of the total project cost. If the applicant decides not to build the project after the Board has Authorized the project, all costs accruing after the Authorization will be reimbursed by the applicant to the Board.]~~
- (6) The Board shall determine the date on which the scheduled payments of principal and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system ~~[one year]~~up to 18 months of actual use of the project facilities before the first repayment of principal is required.
- (7) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.
- (8) LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.
- (9) The Board will not forgive the applicant of any payment after the payment is due.
- (10) The Board will require a debt service reserve account be established by the applicant at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the annual payment. The debt service reserve account shall be continued until the bond is retired. ~~[Annual reports/statements will be~~

- ~~required.]~~ Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual reports/statements will be required.
- (11) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or interest on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system and to notify the Board prior to making any disbursements from the fund so the Board can confirm that any expenditure is for an acceptable purpose. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual reports/statements will be required.
  - (12) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.

#### **R309-700-[14]15. Committal of Funds and Approval of Agreements.**

~~[After the 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.]~~

- (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.

#### **R309-700-[15]16. Construction.**

The Division of Drinking Water staff may conduct inspections and will report to the applicant and applicant's engineer. Contract change orders must be properly negotiated with the contractor and approved in writing. ~~[Change orders in excess of \$10,000 must receive prior written approval by the Director before execution.]~~ All Change orders must be reviewed by staff to determine eligibility for reimbursement within the SRF program requirements and determine there are sufficient funds in the amount authorized by the Drinking Water Board to complete the project as authorized. The applicant shall notify the ~~[Director]~~ Executive Secretary when the project is near completion and request a final inspection. ~~[When the project is complete to the satisfaction of the applicant, the applicant's engineer, and the Director, written approval will be issued by the Director in accordance with R309-500-9 to commence using the project facilities.]~~ 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.

**KEY: financial assistance, loans, interest buy-downs, credit enhancements, hardship grants**

**Date of Enactment or Last Substantive Amendment: [~~July 1, 2011~~]March 31, 2023**

**Notice of Continuation: March 12, 2020**

**Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c; 73-10g-5**

Agenda Item

7(A)(ii)

**DRINKING WATER BOARD PACKET**  
**Request to Adopt Rule**

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

Presented to the Drinking Water Board May 16, 2023

**PROPOSAL:**

During 2022 Division staff updated Drinking Water Rule R309-705 *Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program*. The updated rule was published in the March 1, 2023 Utah Bulletin for general public comment. The public comment period ended on March 31, 2023. The division did not receive any comments on the proposed rule revision.

**HISTORY/CONTEXT**

The current update removes outdated references, implements current Board policies, and includes new language required by House Bill 269 Capital Assets Related to Water and the federal America’s Water Infrastructure Act of 2018 to implement asset management plans and programs at Utah’s drinking water systems. HB269 was passed in the 2022 General Legislative Session and signed into by Governor Cox. The law requires water providers to “commit to adopt capital asset management plans under certain circumstances” namely when applying for financial assistance from the Drinking Water Board. The federal AWIA of 2018 requires states to “encourage development by public water systems of asset management plans that include best practices for asset management”.

HB269 requires the Drinking Water Board to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of an asset management plan for retail water providers. The Division has updated rule R309-705 to meet these requirements as well as for other purposes stated earlier.

Prior to publication, the proposed rule received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

**DIVISION STAFF/DIRECTOR RECOMMENDATION**

The Division recommends that the Drinking Water Board adopt Rule R309-705 *Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program* and instruct Division staff to file the appropriate action with the Office of Administrative Rules.

**IMPLEMENTATION SCHEDULE**

Request Drinking Water Board Approval to File the Rule:	01/10/2023
Deadline to file rule with OAR:	02/15/2023
Publication of Rule in Utah State Bulletin:	03/01/2023
End of 30-Day Comment Period:	03/31/2023
Request Drinking Water Board Approval to Adopt the Rule:	05/16/2023

**COST ESTIMATE**

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.

**R309. Environmental Quality, Drinking Water.**

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

**R309-705-1. Purpose.**

The purpose of this rule is to establish criteria for financial assistance to public drinking water systems 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~~] Section 73-10c.

**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.

“Asset Management Plan” A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five-core asset management components at R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.

“Asset Management Program” The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.

"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 SDWA Amendments that provides a framework for states and water systems to work together to protect public health. R309-800 Capacity Development Program governs the state’s capacity development program.

"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 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 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 costs, 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.

~~["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 nonecommunity 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, or 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 Section 73-10c-2 [of the Utah Code] or as allowed by 42 U.S.C.A. 300f et seq. Those costs incurred subsequent to the submission of a funding application to the Board and prior to the execution of a financial assistance agreement and which meet the above criteria are eligible for reimbursement from the proceeds of the financial assistance agreement.

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

(a) Loans.

To qualify for negative interest or principal forgiveness, the system must qualify as a "disadvantaged community" as defined in section 3 of this rule. Upon application, the Board will make a ~~[case-by-case]~~ 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]R309-705-3.[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) 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 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 after project completion. Project completion shall be defined as the date the funded project is capable of operation and a notice of beneficial occupancy is given to the general contractor. Where a project has been phased or segmented, the repayment requirement applies to the completion of individual phases or segments.

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

(~~iii~~)iv) Principal Forgiveness.

Eligible water systems meeting the definition of disadvantaged community may qualify for financial assistance in the form of forgiveness of a portion 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.

(~~i~~)v) 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.

(vi) 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 debt obligations of 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)]~~SDWA as though they were projects receiving initial financing from the SRF.

(c) Credit Enhancement Agreements and Interest Buy-Down Agreements.

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

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

- (i) A financing agreement between the Board and applicant whereby a specified sum is loaned to the applicant. The loaned funds shall be placed in a trust account, which shall be used exclusively to reduce the cost of financing for the project.
- (ii) A financing agreement between the Board and the applicant whereby the proceeds of bonds purchased by the Board is combined with proceeds from publicly issued bonds to finance the project. The rate of interest on bonds purchased by the Board may carry an interest rate lower than the interest rate on the publicly issued bonds, which when blended together will provide a reduced annual debt service for the project.
- (iii) Any other legal method of financing which reduces the annual payment amount on publicly issued bonds. The financing alternative chosen should be the one most economically advantageous for the State and the applicant.

(d) Technical Assistance.

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

This fund will provide low interest loans for technical assistance and any other eligible purpose as defined by ~~[Section 1452 of the Safe Drinking Water Act (SDWA)]~~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.]~~The Board may forgive the principal amount of a technical assistance loan, in whole or in part, for any eligible water system whether the system qualifies as a disadvantaged community or not.

- (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 <sup>[^]</sup>or change the amount of the fee from time to time as ~~[they determine meets]~~it determines 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]~~SDWA.

(3) Ineligible Projects.

Projects ~~[which are ]~~ineligible for financial assistance include~~[-]~~ the following.

- (a) Any project for a water system in significant non-compliance, ~~[as]~~ measured by a not approved ~~[(R309-400)]~~ rating defined in R309-400, unless the project will resolve ~~[all outstanding]~~the 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)]~~ii 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)]~~(iii) Laboratory fees for monitoring;
  - ~~[(v)]~~(iv) Operation and maintenance costs;
  - ~~[(vi)]~~(v) 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)~~ Retail water suppliers seeking financial assistance through the State Revolving Fund must commit to develop and implement an asset management program as defined in R309-800. Capacity Development Program.

~~(5)~~ 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)~~~~(6)~~ 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)~~~~(7)~~ 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)~~~~(8)~~ As authorized in 19-4-106(2)(c) of the Utah Code, the Director may review plans, specifications, and other data pertinent to proposed or expanded water supply systems to insure proper design and construction, as specified in rule R309-500-4 General. Construction of a public drinking water project shall not begin until complete plans and specifications have been approved in writing by the Director.

~~(8)~~~~(9)~~ 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)~~~~(10)~~ If a revenue bond is to be used to secure a loan, a User Charge Ordinance, or water rate structure, must be submitted to the Board for review and approval to insure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure the system will have adequate resources to provide acceptable service.

~~(40)~~~~(11)~~ 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.
- [(41)](12) 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.
- [(42)](13) 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.
- [(43)](14) 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.
- [(44)](15) 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.
- [(45)](16) 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.
- [(46)](17) The applicant shall open bids for the project.
- [(47)](18) LOAN ONLY - The Board shall give final approval to purchase the bonds and execute the loan contract.
- [(48)](19) LOAN ONLY - The closing of the loan is conducted.
- [(49)](20) A preconstruction conference shall be held.
- [(20)](21) 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 will use Table 1 to assign applicants for financial assistance a priority rank. The Board may~~;~~ ~~at its option,~~ modify ~~[a project's priority rating]~~ an applicant's priority rank based on the following considerations~~;~~.

- (a) The project plans, specifications, contract, financing, ~~[etc.,]~~ or other measures of a project's readiness to proceed to construction of a ~~[lesser rated project]~~ lower priority applicant 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**

Points

Deficiency Description

Available

Health Risk/Compliance with SDWA (select all that apply)

- A. Treatment system cannot consistently meet log removal requirements, turbidity standards, or other enforceable drinking water quality standards. 25
- B. The required disinfection facilities are not installed, are inadequate, or fail to provide adequate water quality. 25
- C. Treatment system is subject to impending failure, or has failed. 25

-or-

Treatment system equipment does not meet demands of UPDWR including the lead and/or copper action levels. 20

-or-

System equipment is projected to become inadequate without upgrades. 5

Total 75

**Storage**

Points

Deficiency Description

Available

Health Risk / Compliance with SDWA (select all that apply)

- A. Storage system is subject to impending failure, or has 25

failed.	
-or-	
System is old, cannot be easily cleaned, or subject to contamination.	15
B. Storage system is inadequate for existing demands.	20
-or-	
Storage system demand exceeds 90% of storage capacity.	10
C. Applicable contact time requirements cannot be met without an upgrade.	15
D. System suffers from low static pressures.	15
Total	75

**Distribution**

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

**Emergencies**

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

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

Where:

\* ~~Rate Factor = (Average System Water Bill / Average State Water Bill)~~

\*\* ~~AGI Factor = (State Median AGI / System Median AGI)~~

(2) Financial Assistance Determination. The amount and type of financial assistance offered will be based upon the criteria shown in Table 2. As determined by Board resolution, disadvantaged communities may also receive zero-percent loans, or other financial assistance as described herein. Effective rate calculation methods will be determined by Board resolution from time to time, using the Revenue Bond ~~[Buyer]~~ Index ~~[(RBB)]~~ RBI as a basis point, the points assigned in Table 2, and a method to reduce the interest rate from a recent ~~[(RBB)]~~ RBI 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	
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. ABILITY TO REPAY LOAN:	
4A. 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	
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, Hardship Grant Assessment, and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system up to one year of actual use of the project facilities before the first repayment of principal is required.
- (9) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.
- (10) **LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY** - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.
- (11) The Board will not forgive the applicant of any payment after the payment is due.
- (12) The Board will require that a debt service reserve account be established by the applicant at or before the time that the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the annual payment. The debt service reserve account shall be continued until the bond is retired. Failure to maintain the reserve account will constitute a technical default on the bond(s).
- (13) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or Hardship Grant Assessment on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed.

- (14) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.
- (15) The applicant must have adopted a Water Management and Conservation Plan prior to executing the loan agreement.

**R309-705-9. Emergency Assistance.**

- (1) Authority: Title 73, Chapter 10c of State Statute and the SDWA Amendment of 1996 give the Board authority to provide emergency assistance to drinking water systems.
- (2) Eligibility: Generally, any situation occurring as defined in Section R309-705-3 would qualify for consideration for emergency funding. However, prior to authorizing funds for an emergency, the Board may consider one or more of the various factors listed below:
  - (i) Was the emergency preventable? Did the utility / water system have knowledge that this emergency could be expected? If not. Should it have been aware of the potential for this problem? Did its management take reasonable action to either prevent it or to be as prepared as reasonably possible to correct the problem when it occurred (prepared financially and technically for the event causing the problem)?
  - (ii) Has the utility / system established a capital improvement replacement reserve fund? Has the utility / system been charging reasonably high rates in order to establish a reserve fund to cover normal infrastructure replacement and emergencies?
  - (iii) Is the community a disadvantaged (hardship) community?
  - (iv) Is the potential for illness, injury, or other harm to the public or system operators sufficiently high that the value of providing financial assistance outweighs other factors that would preclude providing this assistance. (Even though the State does not have any legal obligation to provide financial assistance to help correct the problem.).
- (3) Requirements for the Applicant: The applicant will be required to do the following as a condition of receiving financial assistance to cope with a drinking water emergency:
  - (i) To the extent feasible, the utility / system shall first use its own resources, e.g. capital improvement replacement fund, to correct the problem.
  - (ii) If the utility / system is not placing funds into a reserve fund on a regular basis and / or is charging relatively low water rates it shall be required to examine its current rate structure and policies for placing funds into a reserve account. The Board may require the utility / system to establish a reserve account and / or to revise its rate structure (increasing its rate) as a condition of the loan.
  - (iii) The Board may place other requirements on the utility / system.
- (4) Financial Agreements, Bonding, etc: The State will work with the Applicant to help secure obligating documents. For example, the Board:
  - (i) Could waive the 30-day notice period, if legally possible.
  - (ii) Could accept a generic bond.
  - (iii) Could accept an unsecured loan or bond.
- (5) Funding Alternatives: An Applicant may be authorized to receive a loan by any of the financial assistance methods specified in R309-705-4 for funding an emergency project. The Board may set and revise the methodology and factors to be considered when determining the terms of any financial assistance it provides including assigning a priority it deems appropriate. The terms of the loan, including length of repayment period, interest or hardship grant assessment, and principal forgiveness (grant) or repayment waivers will be determined at the time the emergency funding is authorized.
- (6) Funding Process - The Board must find that an emergency exists according to the criteria in R309-705-9(2). It is anticipated that under normal emergency conditions time restraints will not allow a request for emergency funding to be placed on the agenda of a regularly scheduled Board meeting or adoption and advertisement of a project priority list. Therefore, the following procedures will be followed in processing a loan application for emergency assistance:
  - (i) Division staff will evaluate each application for emergency funding according to the criteria listed in R309-705-9(2). Staff will solicit recommendations from the LHD and District Engineer about the

proposed project to mitigate the emergency. Staff will submit a report of its findings to the Board Chairperson or designee.

- (ii) The Board Chairperson or designee will arrange for a timely meeting of the Board to consider authorizing assistance for the emergency. This meeting may be conducted by telephone or virtual means using readily available computer platforms.

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

~~[After the Director 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, 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; and,
- (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.

**R309-705-11. Construction.**

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

Build America, Buy America Act Pub. L. No. 117-58, Sections 70901-52

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

Davis-Bacon Wage Act, Pub. L. 107-217

Endangered Species Act, Pub. L. 92-583

Environmental Justice, Executive Order 12898  
Floodplain Management, Executive Order 11988 as amended by Executive Order 12148  
Protection of Wetlands, Executive Order 11990  
Farmland Protection Policy Act, Pub. L. 97-98  
Fish and Wildlife Coordination Act, Pub. L. 85-624  
National Environmental Policy Act of 1969 (NEPA), Pub. L. 91-190  
National Historic Preservation Act of 1966, PL 89-665, as amended  
Safe Drinking Water Act, Pub. L. 93-523, as amended  
Wild and Scenic Rivers Act, Pub. L. 90-542, as amended  
Age Discrimination Act of 1975, Pub. L. 94-135  
Title VI of the Civil Rights Act of 1964, Pub. L. 88-352  
Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)  
Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)  
The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient)  
Equal Employment Opportunity, Executive Order 11246  
Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432  
Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590  
Anti-Lobbying Provisions (40 CFR Part 30)  
Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended  
Procurement Prohibitions under Section 306 of the Clean Water Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans  
Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended  
Debarment and Suspension, Executive Order 12549  
Accounting procedures, whereby applicants agree to maintain a separate project account in accordance with Generally Accepted Accounting Standards and Utah State Uniform Accounting requirements.

**KEY: SDWA, financial assistance, loans**

**Date of Enactment or Last Substantive Amendment: ~~July 1, 2011~~ March 31, 2023**

**Notice of Continuation: March 12, 2020**

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

Agenda Item

7(A)(iii)

**DRINKING WATER BOARD PACKET**  
**Request to Adopt Rule**

**R309-800 Capacity Development Program**

Presented to the Drinking Water Board May 16, 2023

**PROPOSAL**

During 2022 Division staff updated Drinking Water Rule R309-800 *Capacity Development Program*. The updated rule was published in the March 1, 2023 Utah Bulletin for general public comment. The public comment period ended on March 31, 2023. The Division did not receive any comments on the proposed rule revision.

**HISTORY/CONTEXT**

The current update removes outdated references, implements current Board policies, and includes language required by the federal America’s Water Infrastructure Act of 2018 “encourage development by public water systems of asset management plans that include best practices for asset management” and provides outlines of what constitutes basic asset management programs and asset management plans.

Prior to publication, the proposed rule received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

**DIVISION STAFF/DIRECTOR RECOMMENDATION**

The Division recommends that the Drinking Water Board adopt Rule R309-800 *Capacity Development Program* and instruct Division staff to file the appropriate action with the Office of Administrative Rules.

**IMPLEMENTATION SCHEDULE**

Request Drinking Water Board Approval to File the Rule:	01/10/2023
Deadline to file rule with OAR:	02/15/2023
Publication of Rule in Utah State Bulletin:	03/01/2023
End of 30-Day Comment Period:	03/31/2023
Request Drinking Water Board Approval to Adopt the Rule:	05/16/2023

**COST ESTIMATE**

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.



**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 for new community and non-transient non-community systems and existing community, non-transient non-community, and transient non-community systems and governing the allotment of federal funds to public water systems to assist them to comply with the ~~[Federal 1996 Reauthorized]~~ Safe Drinking Water Act (SDWA).

**R309-800-2. Purpose.**

- (1) The SDWA makes certain federal funds available to states, through the Drinking Water State Revolving Fund Financial Assistance Program ~~[Loan Program as defined in section 1452(k)(2)(C)]~~ to provide assistance to ~~[any public water system]~~ eligible public water systems as part of a capacity development strategy developed and implemented in accordance with ~~[section]~~ 42 U.S.C. 1420(c) 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 for new and existing systems is to enhance and ensure ~~[the]~~ system technical, managerial, and financial capacity ~~[of water systems]~~ and encourage water systems to develop and implement an asset management program. The Program's goals are:
- (a) to promote long-term compliance with federal drinking water regulations ~~[, and]~~;
  - (b) to promote the public health protection objectives of the SDWA ~~[,]~~ and
  - (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]~~ to promote and encourage water systems to implement best practices and other activities associated with an asset management program.

**R309-800-3. Definitions.**

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

~~[(2)]~~ "Asset Management Plan" A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five core asset management components at Subsection R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.

"Asset Management Program" The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.

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

"Community Water System" An existing 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 at least 60 days out of the year.

~~[(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.~~
- (5) ~~"Public Water System" means 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)]~~ "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.

"Non-Transient Non-Community Water System" (NTNCWS) [means a]An existing 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 such as [(c)]industrial workers, school children, or church members[)] by means of] using 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]Reserve" [means funds.]Funds set aside to meet requirements set forth in a loan or bond covenant[/~~bond~~] or indenture.

"Transient Non-community Water System" An existing public water system, that is not a community water system, that regularly serves at least 25 of the same people over 6 months per year. Examples of such systems include commercial or not-for-profit establishments that have their own water supply such as restaurants, roadside stops, campgrounds, and hotels.

Additional definitions are provided in Rule R309-110.

#### **R309-800-4. General.**

- (1) ~~Capacity development criteria[are to be used as a guideline for all water systems. These criteria] constitute a standard applied [when reviewing new 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.]in the following situations:~~
- ~~(a) when reviewing new or proposed water system applications, including newly discovered water systems previously unknown to the Division that are providing drinking water to the public;~~
  - ~~(b) when reviewing applications for financial assistance; or~~
  - ~~(c) when assessing capacity of all water systems that are rated unapproved or are in significant noncompliance with SDWA requirements or State drinking water rules as determined by the state's Improvement Priority System or the Environmental Protection Agency's (EPA) Enforcement Targeting Tool.~~
- These criteria may be used as a guideline for other water systems. Water systems may refer to the State's Existing System Capacity Development Strategy, available on the Division's website, for additional information on capacity development and assessments.
- (2) ~~[Water systems shall meet the following criteria]Capacity Development 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 provide proof of sufficient water rights or valid water purchase contracts.~~
    - ~~(iv) Water systems shall meet source, storage, and distribution requirements as per Utah State Rules[;].~~

(v) ~~Water system shall not be rated unapproved or in significant noncompliance by the State or the EPA.~~ Existing systems rated unapproved or with a history of significant noncompliance, 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 or ownership 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 Rules R309-300 and ~~backflow technician certification requirements as per~~ R309-305.

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

(iv) ~~An~~ The system shall develop and maintain an operating plan ~~shall include~~ that includes system operator names and certification levels ~~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 must prepare a financial statement or perform ~~or~~ 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 principals. ~~;~~

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

(v) The coverage ratio, calculated as the ~~(~~ 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 ~~;~~ and or the water system shall take action to install meters.

(vii) ~~An~~ The water system shall create and fund an emergency account ~~or a replacement reserve account.~~ ~~shall be created and funded.~~

(d) Asset Management.

(i) Existing systems are encouraged to develop and implement an asset management plan that addresses the technical, managerial, and financial aspects of the five core components of asset management defined in Subsection R309-800-5(3).

(ii) Retail water suppliers seeking financial assistance through Utah's State Revolving Fund must commit to develop and implement an asset management program as referenced in Section R309-700-5.

(iii) Retail water suppliers seeking financial assistance through the federal State Revolving Fund must commit to develop and implement an asset management program as referenced in Section R309-705-5.

~~(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 sanitary survey 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.]~~

Capacity Development Worksheets are required for all systems seeking financial assistance from the Drinking Water State Revolving Fund Program.

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

- (1) Water systems are encouraged to develop and implement an asset management program. An asset management program provides the following benefits to water systems:
  - (a) Prolong asset life.
  - (b) Reducing overall costs for operations, maintenance, and capital expenditures.
  - (c) Improving decisions about asset maintenance, rehabilitation, repair, and replacement.
  - (d) Meeting customer demands with a focus on system sustainability.
  - (e) Meeting service expectations and regulatory requirements.
  - (f) Improving responses to emergencies.
  - (g) Improving asset safety and security.
  - (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 shall address the following five core components:
  - (a) The current state of the utility's assets.
    - (i) Prepare an asset inventory.
    - (ii) Develop a system map.
    - (iii) Develop a method to assess and prioritize assets based on condition.
    - (iv) Assess the asset's remaining useful life.
    - (v) Determine asset value and replacement cost.
  - (b) The utility's 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 services 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 importance to system operation.
    - (v) Develop specific response plans based on potential asset failure.
  - (d) Minimum infrastructure life-cycle costs.
    - (i) Implement an appropriate maintenance schedule, including costs for all assets.
    - (ii) Identify life-cycle costs for all assets.
    - (iii) Develop a capital improvement plan and an operations and maintenance strategy.
    - (iv) Identify and compare the cost of rehabilitation versus replacement.
    - (v) 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 financial sustainability.
    - (iv) Explore asset renewal and replacement financing.
    - (v) Identify financial assistance resources based on asset condition and importance.
- (4) All water systems subject to this rule shall complete the following:
  - (a) Prepare and asset management plan as described in Subsection R309-800-5(3).
  - (b) System's governing body shall formally adopt the asset management plan.
  - (c) Submit proof of adoption to the Division.

(5) In addition to the requirements in Subsection R309-800-5(4), water systems applying for financial assistance from either the federal or state Drinking Water State Revolving Fund Financial Assistance Program must also submit their asset management plan to the Division for review or request sufficient funds to create an asset management plan. Asset management plans prepared using financial assistance from the Drinking Water Board shall be submitted to the Division for review.

**R309-800-6. Requirements for New Community and New Non-transient, Non-community Water Systems.**

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

~~[(2)]~~(1) 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[;].

~~[(3)]~~(a) Project Notification form, available on the ~~[Internet at~~ [www.drinkingwater.utah.gov/blank\\_forms.htm](http://www.drinkingwater.utah.gov/blank_forms.htm)~~].~~ ~~Division's website.~~

~~[(4)]~~(b) A business plan, which includes a facilities plan, management plan, ~~[and-]financial plan, and~~ an asset management plan.

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

~~[(i)]~~(A) 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[;].

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

~~[(iii)]~~(C) 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~~].

~~[(iv)]~~(D) 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[;].

~~[(b)]~~(ii) 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:

~~[(i)]~~(A) Documentation that the ~~[applicant-]water system~~ 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;]~~

~~[(ii)]~~(B) 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~~].

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

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

(iv) Asset Management Plan. The asset management plan shall include all the elements described in Subsection R309-800-5(3).

~~(5)~~(c) After the information required in this section has been submitted by the ~~[applicant]~~ water system and is deemed complete, the Division ~~[of Drinking Water]~~ shall conduct a Capacity Assessment Review. The ~~[applicant]~~ water system 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.

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

**R309-800-~~(6)~~7. Minimum Capacity Required for Financial Assistance Under ~~[Provisions of]~~ Rules R309-700 and R309-705.**

(1) Applicants for financial assistance shall complete an application form, available on the ~~[Internet at~~ www.drinkingwater.utah.gov/blank\_forms.htm] Division website. The application shall include project information and water system financial information. ~~[and]~~ This information will be used to determine project and water system 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)~~(2) Financial assistance under the ~~[provisions of]~~ Rule R309-705 ~~[;]~~ Financial Assistance: Federal Drinking Water State Revolving Fund Loan Program. 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. 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]~~ noncompliance with ~~[any provisions of]~~ Rules R309-200 through R309-225 or Rules R309-500 through R309-550, 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)~~(3) Financial assistance under ~~[the provisions of]~~ Rule R309-700 Financial Assistance: State Drinking Water State Revolving Fund Loan Program. ~~[A Capacity Development Assessment may be necessary]~~ The Executive Secretary may require an applicant for a loan from the state Revolving Loan Program to complete and submit Capacity Development worksheets for review before [the Executive Secretary considers] considering 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 available information, the Executive Secretary determines that a Capacity Development Assessment is necessary, ~~[he will require that]~~ the applicant must 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 Last Change: ~~[May 23, 2011]~~2023**

**Notice of Continuation: March 12, 2020**

**Authorizing, and Implemented or Interpreted Law: 19-4-104**

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Agenda Item

8(A)

**DIVISION OF DRINKING WATER**

**FEDERAL SRF**

AS OF March 31, 2023

FIRST ROUND FUND		FEDERAL SECOND ROUND FUND		Hardship Fund
1997 thru 2021 SRF Grants		Principal Repayments	Earnings on Invested Cash Balance	Total:
Net Federal SRF Grants:	\$217,452,581	Principal (P):	\$50,099,608	\$2,748,056
Total State Matches:	\$48,874,100	Interest (I):	\$23,015,211	
Closed Loans:	-\$255,535,761	<b>Total P &amp; I:</b>	<b>\$73,114,819</b>	
<b>Total Grant Dollars:</b>	<b>\$10,790,920</b>			<b>Total:</b> <b>\$1,873,244</b>

SUMMARY	
Total Federal State Revolving Fund:	\$86,653,795
Total Federal Hardship Fund:	\$1,873,244
Subtotal:	\$88,527,039

LESS AUTHORIZED & PARTIALLY DISBURSED	Less:	
	Authorized & Partially Disbursed Closed Loans:	\$135,696,784
	Authorized Federal Hardship:	\$838,663
	Subtotal:	\$136,535,447

PROPOSED	Proposed Federal Project(s):	\$42,673,332
	Proposed Federal Hardship Project(s):	\$0
	Subtotal:	\$42,673,332

AS OF: March 31, 2023	<b>TOTAL REMAINING LOAN FUNDS:</b>	<b>-\$91,716,321</b>
	<b>TOTAL REMAINING HARDSHIP FUNDS:</b>	<b>\$1,034,581</b>

**Total Balance of ALL Funds after deducting proposed actions: -\$90,681,740**

Projected Receipts thru March 31, 2024	
2023 Fed SRF Supplemental and Base grant & State Match	\$24,312,820
Interest on Investments	\$1,314,000
Principal Payments	\$8,582,603
Interest on loans	\$782,409
Hardship & Technical Assistance fees	\$924,342
Fund 5215 principal & int payments	\$111,200
<b>Total:</b>	<b>\$36,027,374</b>

Receive 60% in January

Total Estimated Federal SRF Funds Available through: 03/31/2024 **-\$54,654,367**  
See "SRF Cash Flow Forecast" table for additional information

Subsidization Requirements - Base Program					
Grant Year	Minimum	Maximum	Closed Subsidy	Authorized/Not Closed Subsidy	Status
2021	\$2,200,200	\$5,390,490	\$809,868	\$12,640,606	<b>INCOMPLETE</b>
2022					<b>COMPLETE</b>
<b>Total:</b>	<b>\$2,200,200</b>	<b>\$5,390,490</b>	<b>\$809,868</b>	<b>\$12,640,606</b>	





DIVISION OF DRINKING WATER  
**ARPA Grant FUNDS**  
AS OF March 31, 2023

SUMMARY		
	FY21 ARPA Appropriation:	\$25,000,000
	FY22 ARPA Appropriation:	\$21,500,000
	Subtotal:	\$46,500,000
<b>LESS AUTHORIZED</b>	Less:	
	Authorized Grants & Closed Grants in Construction:	\$45,920,616
	Subtotal:	\$45,920,616
	<b>Total available after Authorized deducted</b>	<b>\$579,384</b>
<b>PROPOSED</b>	Proposed Loan Project(s):	\$0
	Subtotal:	\$0
<b>AS OF:</b> March 31, 2023	<b>TOTAL REMAINING ARPA GRANT FUNDS:</b>	<b>\$579,384</b>

*(see Page 2 for details)*

*(see Page 2 for details)*

**Total Balance of Funds: \$579,384**

Projected Receipts Next Twelve Months:	
FY2023 Appropriation and Federal Funding	
Total Projections	\$0

Total Estimated ARPA Funds Available through 03-31-2024	<b>\$579,384</b>
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DIVISION OF DRINKING WATER  
**LEAD ARPA Grant FUNDS**  
AS OF July 31, 2022

SUMMARY		
	FY22 ARPA Appropriation:	\$3,500,000
	Subtotal:	\$3,500,000
	Less:	
<b>LESS AUTHORIZED</b>	Authorized Grants & Closed Grants in Construction:	\$2,717,461
	Subtotal:	\$2,717,461
	<b>Total available after Authorized deducted</b>	<b>\$782,539</b>
<b>PROPOSED</b>	Proposed Loan Project(s):	\$0
	Subtotal:	\$0
<b>AS OF:</b> July 31, 2022	<b>TOTAL REMAINING ARPA GRANT FUNDS:</b>	<b>\$782,539</b>

*(see Page 2 for details)*

*(see Page 2 for details)*

Total Balance of Funds:      **\$782,539**

Projected Receipts Next Twelve Months:	
FY2023 Appropriation and Federal Funding	
Total Projections	<b>\$0</b>

Total Estimated ARPA Funds Available through 08-01-2023	<b>\$782,539</b>
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DIVISION OF DRINKING WATER  
**STATE LOAN FUNDS**  
AS OF March 31, 2023

SUMMARY		
	Total State Fund:	\$22,780,578
	Total State Hardship Fund:	\$3,418,150
	Subtotal:	\$26,198,728
<b>LESS AUTHORIZED</b>	Less:	
	Authorized Loans & Closed loans in construction:	\$13,327,500
	Authorized Hardship:	\$2,802,775
	Subtotal:	\$16,130,275
	<b>Total available after Authorized deducted</b>	<b>\$10,068,453</b>
<b>PROPOSED</b>	Proposed Loan Project(s):	\$8,092,646
	Proposed Hardship Project(s):	\$120,000
	Subtotal:	\$8,212,646
<b>AS OF:</b>		
March 31, 2023	<b>TOTAL UNCOMMITTED STATE LOAN FUNDS:</b>	<b>\$1,360,432</b>
	<b>TOTAL UNCOMMITTED STATE HARDSHIP FUNDS:</b>	<b>\$495,374</b>

*(see Page 2 for details)*

*(see Page 2 for details)*

**Total Balance of ALL Funds: \$1,855,807**

Projected Receipts Next Twelve Months: and Sales Tax Revenue	
<b>Annual Maximum Sales Tax Projection</b>	<b>\$3,587,500</b>
Less Seven County Infrastructure Coalition	(\$400,000)
Less State Match for 2023 Base/BIL Grants	(\$3,057,600)
Less Appropriation to DDW Operating Budg	(\$1,073,400)
<b>SUBTOTAL Sales Tax Revenue including adjustments:</b>	<b>-\$943,500</b>
Payment:	
Interest on Investments (Both Loan and Hardship Accounts)	\$600,000
Principal payments	\$2,731,000
Interest payments	\$612,417
Total Projections:	\$2,999,917
<b>Total Estimated State SRF Funds Available through 03-31-2024</b>	<b>\$4,855,724</b>

**DIVISION OF DRINKING WATER  
STATE LOAN FUNDS  
PROJECTS AUTHORIZED BUT NOT YET CLOSED  
AS OF March 31, 2023**

Community	Terms	Loan #	Cost Estimate	Date Authorized	Date Closed/Anticipated	Authorized Funding		
						Loan (5235)	Grant (5240)	Total
Circleville Town 470k loan .5% 30yrs		3S1825	3,500,000	Jan-22		470,000		470,000
Bear River WCD-HARPER WARD 1% 20yrs (#2068)		3S1849	6,251,400	Jun-22		2,840,000		2,840,000
North Emery SSD 0% int 30 yrs		3S1863	512,000	Jun-22		512,000		512,000
Austin SSD 1.88% 30yrs		3S1803	436,000	Jun-22		436,000		436,000
Ephraim City 1% 20yrs		3S1828	500,000	Jan-22		500,000		500,000
Enoch City 1% 20yrs		3S1834	645,000	Mar-22	Apr-23	645,000		645,000
Lynnndyl Town 0% int 30 yrs		3S1858	1,873,000	Jun-22			1,610,000	1,610,000
Cedarview Montwell SSD 0% int 40 yrs		3S1869	4,715,000	Jul-22		1,165,000		1,165,000
Manila 2.28% int 30 yrs PWS 05003		3S1872	505,000	Jul-22		0		0
Uintah Town 2.0% for 20 yrs		3S1841	4,273,831	Aug-22		1,000,000		1,000,000
Fruitland Wtr SSD 2.64% 30 yrs PWS 07058		3S1891	289,869	Aug-22		287,000		287,000
Angell Springs SSD 100% grant		3S1886	81,000	Jul-22	4/??/2023		81,000	81,000
Eastland SSD - PWS 19013		3S1901	70,000	Nov-22			70,000	70,000
Oak City - PWS 14010 2.62 int 20 yrs 50% loan		3S1902	275,000	Nov-22		245,000		245,000
Stockton Town PWS #23010 2% int @ 30 yrs		3S1899	640,000	Nov-22		640,000		640,000
								0
<b>Subtotal Loans and Grants Authorized</b>						<b>8,740,000</b>	<b>1,761,000</b>	<b>10,501,000</b>
<b>PLANNING LOANS / GRANTS IN PROCESS</b>								
Thompson SSD		3S1747P	29,500	Jan-20	Feb-20		3,975	3,975
Glen Canyon SSD of Big Water		3S1801P	39,000	May-21	Jun-21		39,300	39,300
Hatch Town 100% grant		3S1885P	20,000	Jul-21	Oct-22		17,930	17,930
Stockton Town PWS #23010 100% grant (emerg)		3S1899	640,000	Aug-22	Oct-22		640,000	640,000
Price Municipal Corp		3S1895P	280,000	Aug-22	Oct-22		100,000	100,000
Uintah Town (#29020)		3S1810P	39,500	Aug-21	Nov-22		830	830
Myton City - pws 07002		3S1893P	40,000	Jul-22	Nov-22		40,000	40,000
Big Plains Water & Sewer SSD-Apple Valley #27069		3S1811P	60,000	Nov-21	Sep-22		26,740	26,740
Lynnndyl Town		3S1858	173,000	Jun-22	4/??/2023		173,000	173,000
<b>Subtotal Planning in Process</b>						<b>0</b>	<b>1,041,775</b>	<b>1,041,775</b>
<b>CLOSED LOANS (partially disbursed)</b>								
Pleasant Grove City 1.6% 20yrs		3S1796	5,400,000	Jun-21	Feb-22	2,300,000		2,300,000
Powder Mountain WSID 2.54% 30yrs		3S1830	1,895,000	Jan-22	Jun-22	947,500		947,500
Fillmore 1% int, 30 yrs PWS 14002		3S1903	3,064,200	Nov-22	16-Feb-23	750,000		750,000
Tridell Lapoint SSD 0% 40 yrs PWS #24009		3S1836	4,420,000	Mar-22	30-Mar-23	590,000		590,000
<b>Subtotal Closed Loans Partially Disbursed</b>						<b>4,587,500</b>	<b>0</b>	<b>4,587,500</b>
<b>TOTAL AUTHORIZED/PLANNING/OR CLOSED BUT NOT YET FUNDED</b>						<b>\$13,327,500</b>	<b>\$2,802,775</b>	<b>\$16,130,275</b>
<b>PROPOSED PROJECTS FOR May 2023</b>								
Junction Town Water System	1%, 30 yrs	3S1915	\$ 1,854,611			480,000	\$120,000	600,000
Manti (irrigation)	.5%, 30 yrs	3S1924	7,762,646			7,612,646		7,612,646
								0
								0
								0
								0
								0
								0
<b>Total Proposed Projects</b>						<b>8,092,646</b>	<b>120,000</b>	<b>8,212,646</b>

Agenda Item

8(B)



**DRINKING WATER BOARD  
BOARD PACKET FOR PROJECT PRIORITY LIST**

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

**Brian Head Town** scored 77.1 priority rating points. Their project is for new well drilling and equipping, replacing the main line, existing well maintenance/improvements, generator for existing central pump station and upgrade to Public Works Facility.

**Leamington Town** scored 73.6 priority rating points. Their project is to build a new 200,000 gal concrete storage tank as well as upsize existing pipe and install a back up well.

**Virgin Town** scored 53.5 priority rating points. Their project is to build a new 500,000 gallon water tank and waterline.

**Stockton Town** scored 31.4 priority rating points. Their project is to build a new well.

**Neola** scored 27.6 priority rating points. Their project is for water main lines, service connections, fire hydrants, well development and canal crossings.

**Green Hills Estates WSID** scored 27.2 priority rating points. Their project is a new pump house.

**Wales Town** scored 22.5 priority points. Their project is for new meters.

**Paragonah** scored 16.5 priority points. Their project is for water lines, a new well, and a 250,000 gallon tank.

**Spring City** scored 13.8 priority points. Their project is to install a new 12” pipeline, replace old pipeline, a new well, and re-equip another well.

**STAFF RECOMMENDATION:**

**The Financial Assistance Committee recommended the Drinking Water Board approve the updated Project Priority List.**

# Utah Federal SRF Program

## Project Priority List

December 14, 2022

date	bill no	type	%Green	Priority Points	Total Unmet Needs:		Total Needs, incl. Recent funding		Authorized		Project Segments				Partial Eligibility Question	Avg. of App. Proj. Seg's	Avg. Monthly Water Bill	Median AGI	fire-eligible	growth-eligible	second h	other-eligible	Principal Forgiveness	
					System Name	County	Pop.	ProjectTitle	Project Total	SRF Assistance	Bill funds authorized	Funds Authorized	Source	Treat.										Stor.
N					77.1	Brian Head Town	Iron		New Well drilling and equipping, replace main line, existing we	\$6,427,292.00	\$5,141,834						\$77.69	\$24,900						
N					73.6	Leamington Town	Millard		New 200,000 gal concrete storage tank, upsized pipe, install ne	\$3,000,000.00	\$2,750,000													
N					53.5	Virgin Town	Washington		New 500,000 gal water tank and waterline	\$2,248,000.00	\$1,848,000						\$51.00	\$42,700						
N					31.4	Stockton Town	Tooele		New Well	\$3,000,000.00	\$3,000,000						\$41.51	\$50,576						
N					27.6	Neola	Duchesne		Water main, service connections, fire hydrants, well developm	\$3,534,650.00	\$3,465,000													
N					27.2	Green Hills Estates WSID	Weber		New pump house	\$2,085,287.00	\$1,921,076													
N					22.5	Wales Town	Sanpete		Meters	\$80,000.00	\$80,000													
N					16.5	Paragonah	Iron		Waterlines, new well, 250,000 gallon tank	\$7,452,000.00	\$7,300,000						\$31.22	\$40,500						
N					13.8	Spring City	Sanpete		Install of a new 12" pipeline, replace other old pipeline, new we	\$6,359,770.00	\$6,198,000						\$37.58	\$40,400						
A					105.6	East Carbon City	Carbon	1,600	1.5 MGD conventional treatment plant	\$3,988,000	\$1,989,000											\$	995,000	
A					99.3	M&J Trailer Home	Box Elder	27	New well, tank, dist line, arsenic trmt	\$1,660,000	\$1,540,000													
A					65.8	Brian Head Town	Iron	165	Install new transmission line/fire hydrants along Snow Shoe Dr	\$857,986	\$507,870						\$82.92	\$24,900						
A					64.4	Johnson WID	Uintah	1,880	upgrading 24,000 ft undersized waterlines	\$2,452,000	\$2,352,000						\$58.80	\$36,120				\$	2,352,000	
A					63.6	Roosevelt City	Duchesne	6,800	pipeline replacement, lining of DI pipe, new pipe to bypass tan	\$2,951,400	\$2,841,400						\$87.92	\$41,000						
A					62.6	High Valley Water Co.	Summit	850	2 PRV, new mainline, service connections, meters, hydrants	\$3,609,000	\$3,309,000						\$100.22	\$63,300						
A					55.9	Ballard Water ID	Uintah	1,367	800,000 gal tank, well, 3.5 miles of 12" trans line	\$7,287,000	\$7,100,000						\$113.10	\$44,100				\$	3,500,000	
A					48.6	Escalante	Garfield	800	spring redevelopment, collection box, source protection	\$87,000	\$39,400						\$40,000							
A					48.5	Pinion Forest SSD	Duchesne	640	Water treatment improvements: chlorination and addressing c	\$300,000	\$300,000						\$299,000	50	\$43.35	\$44,160				
A					47.2	Pine Valley Mountain Farms	Washington	144	Tank refurbishment, trans line replacement, solar pump, meter	\$418,485	\$348,500							\$92.51	\$53,300					
A					45.4	Beaver City	Beaver	3,860	Waterline replacement, well building,	\$2,679,146	\$2,652,620						\$50.96	\$33,300						
A					43.9	Wilson Arch	San Juan	27	New water lines, water meters, booster pump, and 30,000-ga	\$1,138,000.00	\$1,138,000						\$85.00	\$38,300				\$	569,000	
A					42.6	Levan	Juab	862	lead-joined Iron service line upgrades	\$2,895,000	\$2,866,050						\$40.26	\$51,400				\$	1,433,050	
A					39.2	Ogden City	Davis	88,221	Replace the transmission line that runs down Ogden Canyon.	\$87,000,000.00	\$34,370,000						\$40.78	\$38,700				\$	3,500,000	
A					36.3	Cornish Town	Cache	270	well house, RO/Chlorine Treatment, Booster, 250K tank	\$1,704,922	\$1,504,922						\$1,504,922	10	25	25				
A					33.3	Granger Hunter	Salt Lake		Reservoir storage, Dist lines, booster station, well trmt	\$20,000,000	\$20,000,000						\$20,000,000	25	35	20				
A					31.7	Weber Meadow View Ranches	Summit	65	150K tank, waterlines, hydrants, PRV station, well pump upgr	\$2,158,400	\$2,100,000						\$2,100,000		50	30				
A					30.7	Canyon Meadows	Wasatch	100	Additional funding: Trans line, Dist line, Tank, treatment pla	\$287,879	\$287,879							\$109.37	\$82,699					
A					29	Hanna Water and Sewer District	Duchesne	742	200,000 gallon tank, booster pump station, dist line	\$3,483,838	\$3,483,838						\$44.14	\$30,100						
A					28.1	Upper Whittemore	Utah	128	chlorinator	\$500,000	\$500,000						\$500,000	10	25				\$	250,000
A					28	Leeds Domestic Water	Washington	797	New well, chlorinator, main line and dist line replacement	\$7,524,500	\$7,519,500						\$7,519,500	20	5	40				
A					27.4	Walsburg Town	Wasatch	300	500,000 gallon tank, new pipeline, PRV	\$6,933,000	\$6,933,000						\$6,933,000		50	30				
A					26.7	North Emery SSD	Emery	1,500	new 250,000-gallon tank, replace PRV vaults, replace 4000 ft	\$2,550,000	\$2,050,000						\$2,050,000						\$	1,538,000
A					26.6	Elk Meadows SSD	Beaver	303	New Line, hydrants, isolation valves, PRV stations	\$1,660,000	\$1,660,000						\$1,660,000							
A					22.6	Lynndyl Town	Millard	110	purchase property, new infrastructure, water rights, etc.	\$1,744,152	\$1,744,152						\$1,744,000						\$	1,744,000
A					21	Skyline Mountain SSD	Sanpete	225	41K tank and well house, impact fee study, loan refi.	\$3,123,000	\$3,123,000						\$3,123,000							
A					15.1	Provo (De-auth 11/1/2022 DWB)	Utah	126,000	20 MGD Water treatment plant and 2,850-foot transmission li	\$36,750,000	\$36,750,000						\$36,750,000	10						
A					13.5	Desert Sage AVWID	Uintah	55	Watermain replacement, hydrants, meters, service line replac	\$598,460	\$578,460						\$578,000							
A					11.5	Bristlecone	Garfield	180	SCADA, drainage and overflow relocation	\$93,500	\$93,500						\$93,500	8		15				
A					10.4	Myton Town	Duchesne	590	New waterline and connections, hydrants.	\$650,000	\$650,000						\$650,000							
A					10.4	Panguitch	Garfield	1,730	9000 if 10-in mainline, valves, hydrants, connect to existing cul	\$1,629,000	\$1,609,000						\$1,609,000							
A					11.5	Scipio (De-auth 11/1/2022 DWB)	Millard	334	Spring redevelopment	\$3,545,000	\$3,520,000						\$3,520,000	25						
A					9.8	Holden Town	Millard	450	New well, tank, dist lines, meters, chlorination upgrades	\$8,841,000	\$8,691,000						\$8,691,000	20	5	15	20			
N					8.5	Hidden Lake Association	Summit	364	New well, distribution line, 50,800 gal concrete tank	\$3,838,040.00	\$3,838,040						\$3,838,040							
A					7.5	Enoch City	Iron	6,500	New 2M Gallon steel tank	\$1,639,440	\$645,000						\$645,000							
A					6.5	Bridgerland Water Co.	Rich	240	Connect to Garden City system, 2 booster stations, SCADA, r	\$1,128,170	\$1,350,000						\$1,350,000							
A					0	Henefer (Secondary Irrigation)	Summit	1,025	Secondary irrigation	\$2,100,000	\$2,100,000						\$2,100,000							

N = New Application  
 A = Authorized  
 P = Potential Project- no application

E= Energy Efficiency  
 W= Water Efficiency  
 G= Green Infrastructure  
 I= Environmentally Innovative



Agenda Item

8(C)

**DW SRF LOAN FUNDS  
CASH FLOW FORECAST REPORT  
March 2023**

FEDERAL STATE REVOLVING FUND (FSRF - 5210)	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030
<b>Funds Available</b>								
Future Base Grants (est w/o inc & less set-asides)	-	3,654,120	3,654,120	3,654,120	3,654,120	3,654,120	3,654,120	3,654,120
Future Base Grant State Match (est @ 20%)	-	987,600	987,600	987,600	987,600	987,600	987,600	987,600
2022 Base & BIL Grant rcd 9/2022	10,790,920	-	-	-	-	-	-	-
2022 State Match for Base & Bil grants combined	-	-	-	-	-	-	-	-
Future BIL SRF-Capitalization Grants (est)*	-	15,580,700	16,716,600	18,107,800	18,107,800	-	-	-
Future BIL State Match (est)	-	1,799,200	4,518,000	4,894,000	4,894,000	-	-	-
<b>SRF - 2nd Round</b>	73,114,819	92,026,498	43,540,105	8,471,481	24,667,855	59,106,565	71,714,293	89,451,353
Interest Earnings at 2% (5 mo in fy 2023)	1,097,000	1,840,530	870,802	169,430	493,357	1,182,131	1,434,286	1,789,027
Interest Payments decrease @ 2% (5210)	586,807	782,409	766,761	751,426	736,397	721,669	707,236	693,091
Loan Repayments (est inc @ 5%)	6,436,952	8,582,603	9,011,733	9,462,320	9,935,436	10,432,208	10,953,818	11,501,509
<b>Total Funds Available</b>	92,026,498	125,253,660	80,065,721	46,498,176	63,476,565	76,084,293	89,451,353	108,076,700
<b>PROJECT OBLIGATIONS</b>								
Granger Hunter Improvement District		(2,500,000)	(3,999,200)					
Kearns Improvement District		(2,500,000)						
Hyde Park City		(1,500,000)						
Moroni 3F1772		(2,307,000)						
Bicknell		(678,000)						
East Carbon		(2,300,000)						
<b>PROJECT AUTHORIZATIONS</b>								
Authorized Projects Under 2 Million		(4,662,658)	(4,662,658)					
Weber Meadowview Ranch		(655,000)	(1,405,000)					
Skyline Mountain SSD		(2,883,000)	(240,000)					
High Valley Water Company		(1,504,500)	(1,804,500)					
Roosevelt City		(840,000)	(2,001,400)					
Henefer Secondary Water		(2,100,000)						
Johnson WID		(2,352,000)						
Levan		(1,171,050)	(1,695,000)					
Beaver City		(1,173,474)	(1,479,146)					
Granger Hunter Improvement District		(5,000,000)	(5,000,000)	(3,811,820)				
Holden Town		(3,032,250)	(5,658,750)					
Wallsburg Town		(388,000)	(2,135,000)	(4,410,000)				
Leeds Domestic Users Assn		(1,703,196)	(4,396,494)	(1,692,810)				
Hanna Water & Sewer		(167,254)	(2,695,893)	(620,691)				
TimberLakes SSD 3F1877		(3,263,000)						
Ballard Water ID 3F1896		(305,000)	(5,500,000)	(1,295,000)				
Wilson Arch Water & Sewer		(1,138,000)						
Hidden Lake Assn		(3,838,040)						
Ogden City		(10,000,000)	(10,000,000)	(10,000,000)	(4,370,000)	(4,370,000)		
<b>Proposed Projects</b>								
High Valley Water Company		(700,000)						
Henefer Town		(1,100,000)						
M & J Trailer Home Community		(1,094,000)	(1,094,000)					
Brian Head Town		(903,934)						
Virgin Town		(924,000)	(924,000)					
Brian Head Town		(2,741,874)	(2,741,874)					

**DW SRF LOAN FUNDS  
CASH FLOW FORECAST REPORT**

**March 2023**

Paragonah		(3,650,000)	(3,650,000)					
Leamington Town		(1,375,000)	(1,375,000)					
Green River		(2,787,500)	(2,787,500)					
Spring City		(3,099,000)	(3,099,000)					
Neola		(1,749,825)	(1,749,825)					
Stockton Town		(1,500,000)	(1,500,000)					
Wales Town		(80,000)						
Green Hills Estates WSID		(2,047,000)						
<b>Est Total Outflow</b>	-	(81,713,555)	(71,594,240)	(21,830,321)	(4,370,000)	(4,370,000)	-	-
<b>Est Fund Balance Available</b>	\$ 92,026,498	\$ 43,540,105	\$ 8,471,481	\$ 24,667,855	\$ 59,106,565	\$ 71,714,293	\$ 89,451,353	\$ 108,076,700

\*EPA grant awards are usually delayed until the following state fiscal year: ie gy22 was rcd 9/2022.

<b>UTAH SRF FUND (STATE SRF FUND 5235)</b>	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030
<b>Funds Available</b>								
WDSF thru 3/31/23 & est	\$ 22,780,578	\$ 17,394,828	\$ 9,606,458	\$ 9,038,358	\$ 8,709,158	\$ 8,500,858	\$ 14,302,058	\$ 20,238,058
Sales Tax Revenue	-	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500
Loan Repayments	1,000,000	2,812,930	2,954,000	3,102,000	3,257,000	3,420,000	3,591,000	3,771,000
<b>Total Funds Available</b>	<b>23,780,578</b>	<b>23,795,258</b>	<b>16,147,958</b>	<b>15,727,858</b>	<b>15,553,658</b>	<b>15,508,358</b>	<b>21,480,558</b>	<b>27,596,558</b>
<b>General Obligations</b>								
State Match Transfers	-	(2,786,800)	(5,505,600)	(5,881,600)	(5,881,600)	-	-	-
DDW Administrative Expenses est inc of 3%	(803,250)	(1,071,000)	(1,104,000)	(1,137,100)	(1,171,200)	(1,206,300)	(1,242,500)	(1,279,800)
<b>Project Obligations</b>								
Pleasant Grove City	(2,300,000)							
Powder Mtn WSID	(947,500)							
Tridell Lapoint SSD 0% 40 yrs	(50,000)	(840,000)	-	-	-	-	-	-
Fillmore		(1,500,000)						
<b>Loan Authorizations</b>								
Circleville Town 470k loan .5% 30yrs	(50,000)	(420,000)						
Bear River WCD-HARPER WARD 1% 20yrs	(1,440,000)	(1,400,000)						
North Emery SSD 0% int 30 yrs	(50,000)	(462,000)						
Austin SSD 1.88% 30yrs	(50,000)	(386,000)						
Ephraim City 1% 20yrs	-							
Enoch City 1% 20yrs	(645,000)		(500,000)					
Lynndyl Town 0% int 30 yrs		(436,000)						
Cedarview Montwell SSD 0% int 40 yrs		(665,000)						
Manila 2.28% int 30 yrs		(500,000)						
Uintah Town 2.0% for 20 yrs	(50,000)	(950,000)						
Fruitland SSD		(287,000)						
Oak City		(275,000)						
Fillmore		(1,500,000)						
Eastland SSD		(70,000)						
Stockton Town		(640,000)						
<b>Planned Projects</b>								
			(7,109,600)	(7,018,700)	(7,052,800)	(1,206,300)	(1,242,500)	(1,279,800)
			\$ 9,038,358	\$ 8,709,158	\$ 8,500,858	\$ 14,302,058	\$ 20,238,058	\$ 26,316,758
<b>Total Obligations</b>	(6,385,750)	(14,188,800)						

**DW SRF LOAN FUNDS**  
**CASH FLOW FORECAST REPORT**  
**March 2023**

<b>WDSF Unobligated Funds</b>	<u>\$ 17,394,828</u>	<u>\$ 9,606,458</u>	17,509,839	33,377,013	67,607,423	86,016,351	109,689,411	134,393,458
<b>Total SRF Funds</b>	109,421,326	53,146,563						

Agenda Item

8(D)(i)(a)

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

**APPLICANT’S REQUEST:**

Manti City is requesting financial assistance to build a new water treatment plant to comply with drinking water quality standards and requirements. Total project cost is estimated at \$7,687,000. Manti City is contributing \$150,000 to the project and is requesting the remaining \$7,537,000 from the Drinking Water Board.

**STAFF COMMENTS:**

After the Financial Assistance Committee conference call Manti City identified that the operation and maintenance information presented to the Committee did not include the additional estimated costs associated with the new treatment plant. The City also pointed out that, as a disadvantaged community, it should not be charged a loan origination fee. Those discrepancies have been corrected and the evaluation recalculated. The local MAGI for Manti City is \$37,400, which is 80.4% of the State MAGI. The current average water bill is \$40.81/ERC, which is 1.31% of the local MAGI. The after-project water bill at full loan is estimated at \$71.77/ERC or 2.30% of the local MAGI. Calculated average water bills include a \$9.00 per month per connection secondary irrigation water bill. Manti City meets the disadvantaged community criteria and qualifies to be considered for subsidy.

Option	Loan / Grant	Grant	Loan	Term	Interest Rate	Water Bill	% Local MAGI
FAC	100% / 0%	\$0	\$7,612,000	30 yrs	0.50%	\$56.95	1.83%
Base	100% / 0%	\$0	\$7,537,000	30 yrs	2.93%	\$71.77	2.30%
1	100% / 0%	\$0	\$7,537,000	40 yrs	0.50%	\$57.77	1.85%
2	100% / 0%	\$0	\$7,537,000	40 yrs	0.00%	\$56.27	1.81%

Calculations include updated O&M expenses.

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**Staff proposes this project receive financial assistance from the State Program.**

**Using the inaccurate operations and maintenance data presented to it, the Financial Assistance Committee recommended the Drinking Water Board authorize a construction loan of \$7,612,000 at 0.50% interest for 30 years to Manti City.**



**However, given the more accurate O&M information presented by Manti City and the updated evaluation, staff proposes the Drinking Water Board consider the following financial assistance recommendation for Manti City:**

**The Drinking Water Board authorize a \$7,537,000 construction loan at 0% interest for 40 years to Manti City, with a graduated repayment schedule as suggested in the attached document.**

**Manti City has no IPS Points**

Note: A graduated repayment schedule does not change the Division's calculated/recommended average monthly water bill per connection. Rather, it gives the water system flexibility in how water rates are structured to meet the system's current and future expenses and debt repayment demands as rates are increased over time.

**APPLICANT'S LOCATION:**

Manti City is located in Sanpete County approximately 15 miles northeast of Gunnison.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Manti City needs to build a water treatment plant to comply with drinking water quality requirements and standards.

**POPULATION GROWTH:**

Year	Population	Connections
Current	3429	1369
2030	3940	1704
2040	4682	2123

**COST ESTIMATE:**

Legal/Bonding/Admin	\$75,000
Engineering - Design	\$450,000
Engineering - CMS	\$500,000
Engineering - GeoTech/Startup/Other	\$126,000
Construction	\$5,430,000
Contingency (~20%)	\$1,086,000
Land	\$20,000
<hr/>	
1% Loan Origination Fee	
<b>Total</b>	<b>\$7,687,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0.0%, 40-yr)	\$7,537,000	98%
Local Contribution	\$150,000	2%
<hr/>		
<b>Total</b>	<b>\$7,687,000</b>	

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Sep 2023
DDW Plan Approval:	Oct 2023
Advertise for Bids:	Oct 2023
Bid Opening:	Dec 2023
Loan Closing:	Jan 2024
Begin Construction:	Feb 2024
Complete Construction:	Feb 2026

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
	None			
	<b>Total =</b>			

**CONTACT INFORMATION:**

APPLICANT: Manti City  
50 South Main #1  
Manti, UT 84642  
Telephone: 435-835-2401  
Email: joannotten@manticity.com

PRESIDING OFFICIAL &  
CONTACT PERSON: Alfred (Chuck) Bigelow, Mayor  
50 South Main #1  
Manti, UT 84642  
Telephone: 435-835-2401

TREASURER/RECORDER: Joann Otten  
50 South Main #1  
Manti, UT 84642  
Telephone: 435-835-2401  
Email: joannotten@manticity.com

CONSULTING ENGINEER: Ben Coray  
Sunrise Engineering  
25 East 500 North  
Fillmore, UT 84631  
Telephone: 435-562-4046  
Email: bcoray@sunrise-eng.com

BOND ATTORNEY:  
  
Telephone:  
Fax:

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Manti City  
 COUNTY: Sanpete  
 PROJECT DESCRIPTION: new treatment plant and connecting pipeline

FUNDING SOURCE: State SRF

### 100 % Loan & 0 % Grant

ESTIMATED POPULATION:	3,620	NO. OF CONNECTIONS:	1275 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$40.81 *			PROJECT TOTAL:	\$7,687,000
CURRENT % OF AGI:	1.31%	FINANCIAL PTS:	37	LOAN AMOUNT:	\$7,537,000
ESTIMATED MEDIAN AGI:	\$37,400			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$0
SYSTEM % OF STATE AGI:	80.4%			TOTAL REQUEST:	\$7,537,000

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		2.93%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		2.93%
REQUIRED DEBT SERVICE:	\$251,233.33	\$427,962.17		\$381,060.93
*PARTIAL COVERAGE (15%):	\$37,685.00	\$64,194.33		\$57,159.14
*ADD. COVERAGE AND RESERVE (10%):	\$25,123.33	\$42,796.22		\$38,106.09
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$246.31</b>	<b>\$419.57</b>		<b>\$373.59</b>
O & M + FUNDED DEPRECIATION:	\$377,844.00	\$377,844.00		\$377,844.00
OTHER DEBT + COVERAGE:	\$106,250.00	\$106,250.00		\$106,250.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$379.68</b>	<b>\$379.68</b>		<b>\$379.68</b>
TOTAL SYSTEM EXPENSES	\$798,135.67	\$1,019,046.71		\$960,420.16
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$61.17	\$75.60		\$71.77
% OF ADJUSTED GROSS INCOME:	1.96%	2.43%		2.30%

\$0.00

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Manti City  
 COUNTY: Sanpete  
 PROJECT DESCRIPTION: new treatment plant and connecting pipeline

FUNDING SOURCE: State SRF

### 100 % Loan & 0 % Grant

ESTIMATED POPULATION:	3,620	NO. OF CONNECTIONS:	1275 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$40.81 *			PROJECT TOTAL:	\$7,687,000
CURRENT % OF AGI:	1.31%	FINANCIAL PTS:	33	LOAN AMOUNT:	\$7,537,000
ESTIMATED MEDIAN AGI:	\$37,400			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$0
SYSTEM % OF STATE AGI:	80%			TOTAL REQUEST:	\$7,537,000

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		0.50%
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.50%
REQUIRED DEBT SERVICE:	\$188,425.00	\$372,337.61		\$208,364.27
*PARTIAL COVERAGE (15%):	\$0.00	\$55,850.64		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$18,842.50	\$37,233.76		\$20,836.43
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$162.56</b>	<b>\$365.04</b>		<b>\$179.77</b>
O & M + FUNDED DEPRECIATION:	\$377,844.00	\$377,844.00		\$377,844.00
OTHER DEBT + COVERAGE:	\$106,250.00	\$106,250.00		\$106,250.00
REPLACEMENT RESERVE ACCOUNT:	\$32,563.45	\$0.00		\$33,560.41
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$405.22</b>	<b>\$379.68</b>		<b>\$406.00</b>
TOTAL SYSTEM EXPENSES	\$723,924.95	\$949,516.01		\$746,855.12
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$56.32	\$71.06		\$57.81
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>1.81%</b>	<b>2.28%</b>		<b>1.85%</b>

\$0.00

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Manti City  
 COUNTY: Sanpete  
 PROJECT DESCRIPTION: new treatment plant and connecting pipeline

FUNDING SOURCE: State SRF

### 100 % Loan & 0 % Grant

ESTIMATED POPULATION:	3,620	NO. OF CONNECTIONS:	1275 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$40.81 *			PROJECT TOTAL:	\$7,687,000
CURRENT % OF AGI:	1.31%	FINANCIAL PTS:	33	LOAN AMOUNT:	\$7,537,000
ESTIMATED MEDIAN AGI:	\$37,400			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$0
SYSTEM % OF STATE AGI:	80%			TOTAL REQUEST:	\$7,537,000

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.00%
REQUIRED DEBT SERVICE:	\$188,425.00	\$372,337.61		\$188,425.00
*PARTIAL COVERAGE (15%):	\$0.00	\$55,850.64		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$18,842.50	\$37,233.76		\$18,842.50
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$162.56</b>	<b>\$365.04</b>		<b>\$162.56</b>
O & M + FUNDED DEPRECIATION:	\$377,844.00	\$377,844.00		\$377,844.00
OTHER DEBT + COVERAGE:	\$106,250.00	\$106,250.00		\$106,250.00
REPLACEMENT RESERVE ACCOUNT:	\$32,563.45	\$0.00		\$32,563.45
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$405.22</b>	<b>\$379.68</b>		<b>\$405.22</b>
TOTAL SYSTEM EXPENSES	\$723,924.95	\$949,516.01		\$723,924.95
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
<b>MONTHLY NEEDED WATER BILL:</b>	<b>\$56.32</b>	<b>\$71.06</b>		<b>\$56.32</b>
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>1.81%</b>	<b>2.28%</b>		<b>1.81%</b>

\$0.00



## Manti City

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % Grant

PRINCIPAL	\$7,537,000.00	ANTICIPATED CLOSING DATE	August 1, 2023
HARDSHIP GRANT ASSESSMENT FEE	0.00%	FIRST P&I PAYMENT DUE	July 1, 2026
TERM	40	REVENUE BOND	\$7,537,000
NOMIN. PAYMENT	\$188,425.00	PRINC. FORGIVE.:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2024	\$7,537,000.00	July 1, 2024	\$0.00 *	\$0.00	\$0.00	\$7,537,000.00	0
2025	\$7,537,000.00	July 1, 2025	\$0.00 *	\$0.00	\$0.00	\$7,537,000.00	0
2026	\$7,537,000.00	July 1, 2026	\$188,000.00	\$188,000.00	\$0.00	\$7,349,000.00	1
2027	\$7,349,000.00	July 1, 2027	\$188,000.00	\$188,000.00	\$0.00	\$7,161,000.00	2
2028	\$7,161,000.00	July 1, 2028	\$188,000.00	\$188,000.00	\$0.00	\$6,973,000.00	3
2029	\$6,973,000.00	July 1, 2029	\$188,000.00	\$188,000.00	\$0.00	\$6,785,000.00	4
2030	\$6,785,000.00	July 1, 2030	\$188,000.00	\$188,000.00	\$0.00	\$6,597,000.00	5
2031	\$6,597,000.00	July 1, 2031	\$188,000.00	\$188,000.00	\$0.00	\$6,409,000.00	6
2032	\$6,409,000.00	July 1, 2032	\$189,000.00	\$189,000.00	\$0.00	\$6,220,000.00	7
2033	\$6,220,000.00	July 1, 2033	\$188,000.00	\$188,000.00	\$0.00	\$6,032,000.00	8
2034	\$6,032,000.00	July 1, 2034	\$189,000.00	\$189,000.00	\$0.00	\$5,843,000.00	9
2035	\$5,843,000.00	July 1, 2035	\$188,000.00	\$188,000.00	\$0.00	\$5,655,000.00	10
2036	\$5,655,000.00	July 1, 2036	\$189,000.00	\$189,000.00	\$0.00	\$5,466,000.00	11
2037	\$5,466,000.00	July 1, 2037	\$188,000.00	\$188,000.00	\$0.00	\$5,278,000.00	12
2038	\$5,278,000.00	July 1, 2038	\$189,000.00	\$189,000.00	\$0.00	\$5,089,000.00	13
2039	\$5,089,000.00	July 1, 2039	\$188,000.00	\$188,000.00	\$0.00	\$4,901,000.00	14
2040	\$4,901,000.00	July 1, 2040	\$189,000.00	\$189,000.00	\$0.00	\$4,712,000.00	15
2041	\$4,712,000.00	July 1, 2041	\$188,000.00	\$188,000.00	\$0.00	\$4,524,000.00	16
2042	\$4,524,000.00	July 1, 2042	\$189,000.00	\$189,000.00	\$0.00	\$4,335,000.00	17
2043	\$4,335,000.00	July 1, 2043	\$188,000.00	\$188,000.00	\$0.00	\$4,147,000.00	18
2044	\$4,147,000.00	July 1, 2044	\$189,000.00	\$189,000.00	\$0.00	\$3,958,000.00	19
2045	\$3,958,000.00	July 1, 2045	\$188,000.00	\$188,000.00	\$0.00	\$3,770,000.00	20
2046	\$3,770,000.00	July 1, 2046	\$189,000.00	\$189,000.00	\$0.00	\$3,581,000.00	21
2047	\$3,581,000.00	July 1, 2047	\$188,000.00	\$188,000.00	\$0.00	\$3,393,000.00	22
2048	\$3,393,000.00	July 1, 2048	\$189,000.00	\$189,000.00	\$0.00	\$3,204,000.00	23
2049	\$3,204,000.00	July 1, 2049	\$188,000.00	\$188,000.00	\$0.00	\$3,016,000.00	24
2050	\$3,016,000.00	July 1, 2050	\$189,000.00	\$189,000.00	\$0.00	\$2,827,000.00	25
2051	\$2,827,000.00	July 1, 2051	\$188,000.00	\$188,000.00	\$0.00	\$2,639,000.00	26
2052	\$2,639,000.00	July 1, 2052	\$189,000.00	\$189,000.00	\$0.00	\$2,450,000.00	27
2053	\$2,450,000.00	July 1, 2053	\$188,000.00	\$188,000.00	\$0.00	\$2,262,000.00	28
2054	\$2,262,000.00	July 1, 2054	\$189,000.00	\$189,000.00	\$0.00	\$2,073,000.00	29
2055	\$2,073,000.00	July 1, 2055	\$188,000.00	\$188,000.00	\$0.00	\$1,885,000.00	30
2056	\$1,885,000.00	July 1, 2056	\$189,000.00	\$189,000.00	\$0.00	\$1,696,000.00	31
2057	\$1,696,000.00	July 1, 2057	\$188,000.00	\$188,000.00	\$0.00	\$1,508,000.00	32
2058	\$1,508,000.00	July 1, 2058	\$189,000.00	\$189,000.00	\$0.00	\$1,319,000.00	33
2059	\$1,319,000.00	July 1, 2059	\$188,000.00	\$188,000.00	\$0.00	\$1,131,000.00	34
2060	\$1,131,000.00	July 1, 2060	\$189,000.00	\$189,000.00	\$0.00	\$942,000.00	35
2061	\$942,000.00	July 1, 2061	\$188,000.00	\$188,000.00	\$0.00	\$754,000.00	36
2062	\$754,000.00	July 1, 2062	\$189,000.00	\$189,000.00	\$0.00	\$565,000.00	37
2063	\$565,000.00	July 1, 2063	\$188,000.00	\$188,000.00	\$0.00	\$377,000.00	38
2064	\$377,000.00	July 1, 2064	\$189,000.00	\$189,000.00	\$0.00	\$188,000.00	39
2065	\$188,000.00	July 1, 2065	\$188,000.00	\$188,000.00	\$0.00	\$0.00	40
			\$7,537,000.00	\$7,537,000.00	\$0.00		

\*Interest Only Payment

## Manti City

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % Grant

PRINCIPAL	\$7,537,000.00	ANTICIPATED CLOSING DATE	August 1, 2023
HARDSHIP GRANT ASSESSMENT FEE	0.00%	FIRST P&I PAYMENT DUE	July 1, 2026
TERM	40	REVENUE BOND	\$7,537,000
NOMIN. PAYMENT	\$188,425.00	PRINC. FORGIVE.:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2024	\$7,537,000.00	July 1, 2024	\$0.00 *	\$0.00	\$0.00	\$7,537,000.00	0
2025	\$7,537,000.00	July 1, 2025	\$0.00 *	\$0.00	\$0.00	\$7,537,000.00	0
2026	\$7,537,000.00	July 1, 2026	\$178,000.00	\$178,000.00	\$0.00	\$7,359,000.00	1
2027	\$7,359,000.00	July 1, 2027	\$179,000.00	\$179,000.00	\$0.00	\$7,180,000.00	2
2028	\$7,180,000.00	July 1, 2028	\$179,000.00	\$179,000.00	\$0.00	\$7,001,000.00	3
2029	\$7,001,000.00	July 1, 2029	\$179,000.00	\$179,000.00	\$0.00	\$6,822,000.00	4
2030	\$6,822,000.00	July 1, 2030	\$180,000.00	\$180,000.00	\$0.00	\$6,642,000.00	5
2031	\$6,642,000.00	July 1, 2031	\$183,000.00	\$183,000.00	\$0.00	\$6,459,000.00	6
2032	\$6,459,000.00	July 1, 2032	\$183,000.00	\$183,000.00	\$0.00	\$6,276,000.00	7
2033	\$6,276,000.00	July 1, 2033	\$183,000.00	\$183,000.00	\$0.00	\$6,093,000.00	8
2034	\$6,093,000.00	July 1, 2034	\$183,000.00	\$183,000.00	\$0.00	\$5,910,000.00	9
2035	\$5,910,000.00	July 1, 2035	\$184,000.00	\$184,000.00	\$0.00	\$5,726,000.00	10
2036	\$5,726,000.00	July 1, 2036	\$186,000.00	\$186,000.00	\$0.00	\$5,540,000.00	11
2037	\$5,540,000.00	July 1, 2037	\$186,000.00	\$186,000.00	\$0.00	\$5,354,000.00	12
2038	\$5,354,000.00	July 1, 2038	\$186,000.00	\$186,000.00	\$0.00	\$5,168,000.00	13
2039	\$5,168,000.00	July 1, 2039	\$186,000.00	\$186,000.00	\$0.00	\$4,982,000.00	14
2040	\$4,982,000.00	July 1, 2040	\$187,000.00	\$187,000.00	\$0.00	\$4,795,000.00	15
2041	\$4,795,000.00	July 1, 2041	\$192,000.00	\$192,000.00	\$0.00	\$4,603,000.00	16
2042	\$4,603,000.00	July 1, 2042	\$192,000.00	\$192,000.00	\$0.00	\$4,411,000.00	17
2043	\$4,411,000.00	July 1, 2043	\$192,000.00	\$192,000.00	\$0.00	\$4,219,000.00	18
2044	\$4,219,000.00	July 1, 2044	\$192,000.00	\$192,000.00	\$0.00	\$4,027,000.00	19
2045	\$4,027,000.00	July 1, 2045	\$192,000.00	\$192,000.00	\$0.00	\$3,835,000.00	20
2046	\$3,835,000.00	July 1, 2046	\$192,000.00	\$192,000.00	\$0.00	\$3,643,000.00	21
2047	\$3,643,000.00	July 1, 2047	\$192,000.00	\$192,000.00	\$0.00	\$3,451,000.00	22
2048	\$3,451,000.00	July 1, 2048	\$192,000.00	\$192,000.00	\$0.00	\$3,259,000.00	23
2049	\$3,259,000.00	July 1, 2049	\$192,000.00	\$192,000.00	\$0.00	\$3,067,000.00	24
2050	\$3,067,000.00	July 1, 2050	\$192,000.00	\$192,000.00	\$0.00	\$2,875,000.00	25
2051	\$2,875,000.00	July 1, 2051	\$192,000.00	\$192,000.00	\$0.00	\$2,683,000.00	26
2052	\$2,683,000.00	July 1, 2052	\$192,000.00	\$192,000.00	\$0.00	\$2,491,000.00	27
2053	\$2,491,000.00	July 1, 2053	\$192,000.00	\$192,000.00	\$0.00	\$2,299,000.00	28
2054	\$2,299,000.00	July 1, 2054	\$192,000.00	\$192,000.00	\$0.00	\$2,107,000.00	29
2055	\$2,107,000.00	July 1, 2055	\$192,000.00	\$192,000.00	\$0.00	\$1,915,000.00	30
2056	\$1,915,000.00	July 1, 2056	\$192,000.00	\$192,000.00	\$0.00	\$1,723,000.00	31
2057	\$1,723,000.00	July 1, 2057	\$191,000.00	\$191,000.00	\$0.00	\$1,532,000.00	32
2058	\$1,532,000.00	July 1, 2058	\$192,000.00	\$192,000.00	\$0.00	\$1,340,000.00	33
2059	\$1,340,000.00	July 1, 2059	\$191,000.00	\$191,000.00	\$0.00	\$1,149,000.00	34
2060	\$1,149,000.00	July 1, 2060	\$192,000.00	\$192,000.00	\$0.00	\$957,000.00	35
2061	\$957,000.00	July 1, 2061	\$191,000.00	\$191,000.00	\$0.00	\$766,000.00	36
2062	\$766,000.00	July 1, 2062	\$192,000.00	\$192,000.00	\$0.00	\$574,000.00	37
2063	\$574,000.00	July 1, 2063	\$191,000.00	\$191,000.00	\$0.00	\$383,000.00	38
2064	\$383,000.00	July 1, 2064	\$192,000.00	\$192,000.00	\$0.00	\$191,000.00	39
2065	\$191,000.00	July 1, 2065	\$191,000.00	\$191,000.00	\$0.00	\$0.00	40
			\$7,537,000.00	\$7,537,000.00	\$0.00		

\*Interest Only Payment

# Agenda Item

8(D)(i)(b)

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

**APPLICANT’S REQUEST:**

The Junction Town Water System is requesting financial assistance to install a new 350,000-gallon concrete tank, upgrade multiple 8-inch supply lines in town, and complete upgrades to resolve their IPS points.

The total estimated project cost is \$1,854,611. Junction Town received an ARPA grant from the County for \$1,244,611. They are contributing \$10,000 towards the project and are requesting the balance of \$600,000 from the Drinking Water Board.

**STAFF COMMENTS:**

The local MAGI for Junction Town is \$23,500, which is 51% of the State MAGI. The current average water bill is \$25.50/ERC, which is 1.3% of the local MAGI. The estimated after project water bill at full loan for 30 years with 3.0% interest would be \$40.45/ERC or 2.07% of the local MAGI. Based on the after-project water bill and local MAGI, Junction Town qualifies to be considered for additional subsidy.

Option	Loan / Grant	Grant	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
1	100/0	0	\$600,000	30 yrs	3.0%	\$40.45	2.07%
2	100/0	0	\$600,000	30 yrs	0%	\$35.47	1.81%
3	80/20	\$120,000	\$480,000	30 yrs	1.0%	\$34.83	1.78%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

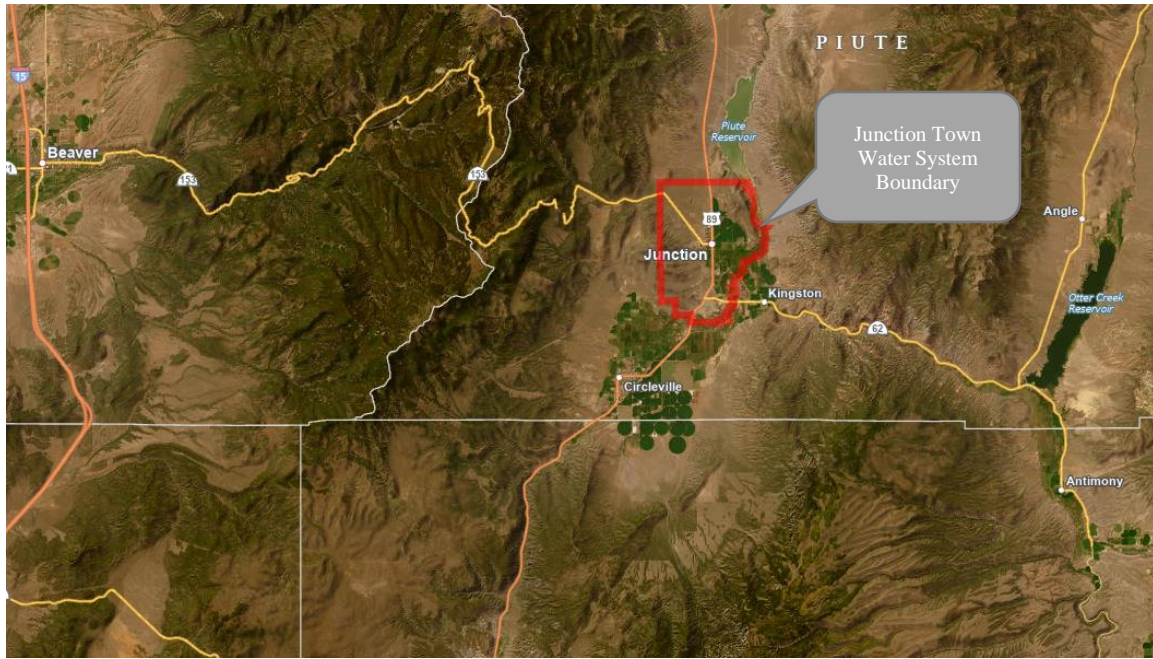
**The Drinking Water Board authorize a construction loan of \$480,000 at 1.0% for 30 years and a construction grant of \$120,000 to the Junction Town Water System.**

**Conditions include they resolve all points on their IPS report.**

**APPLICANT'S LOCATION:**

Junction Town is located in Piute County approximately 40 miles east of Beaver.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

A new 350,000-gallon concrete storage tank will be constructed near the existing storage tanks. One of the existing storage tanks has been leaking and this project will also seal the existing leaks of that storage tank. There have been many failures to the existing distribution line, consisting of breaks in the line. Replacing those sections of lines is proposed in this project. In town 8-inch supply line upgrades; upgrades to fix IPS Points.

Junction is a small rural community. As the infrastructure continues to grow and expand it will create opportunities for regionalization with smaller surrounding communities. Private developers will have access to water after development infrastructure has been installed.

Improvements will be on Federal land; an environmental assessment is close to completion. Utility easements will be acquired for work done outside the town's right of way, on private and federal lands.

**POPULATION GROWTH:**

Year	Population	Connections
2020	-	-
2030	233	155
2040	257	171

**COST ESTIMATE:**

Legal/Bonding/Admin	\$35,000
Engineering – Design	\$67,000
Engineering - CMS	\$60,000
Construction -	\$1,686,611
Contingency (~10%)	\$6,000
1% Loan Origination Fee	Moved To Contingency
<b>Total</b>	<b>\$1,854,611</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1.0%, 30yr)	\$480,000	26%
DWB Grant	\$120,000	6%
County ARPA Grant	\$1,244,611	67%
Local Contribution – In-kind	\$10,000	1%
<b>Total</b>	<b>\$1,854,611</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	October 2022
DDW Plan Approval:	October 2022
Advertise for Bids:	October 2022
Bid Opening:	November 2022
Begin Construction:	March 2023
Complete Construction:	July 2023

**IPS SUMMARY:**

Junction Town has 75 IPS points on their system.

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M004	CCC-NO ANNUAL PUBLIC EDUCATION OR AWARENESS	15		
V021	STORAGE TANK ROOF OR SIDEWALLS SHOW SIGNS OF MILD OR MODERATE DETERIORATION – EAST TANK	15		
V004	STORAGE TANK LADDERS IN EXCESS OF 20 FEET LACK SAFETY FEATURE SUCH AS CAGE, HARNESS OR PLATFORM	15		
V021	STORAGE TANK ROOF OR SIDEWALLS SHOW SIGNS OF MILD OR MODERATE DETERIORATION -WEST TANK	15		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN – CITY CREEK SPRING #1	5		
S015	WELL LACKS A MEANS TO MEASURE WATER LEVELS PERIODICALLY	5		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN – TOWN WELL	5		
	<b>Total =</b>	<b>75</b>		

**CONTACT INFORMATION:**

APPLICANT: Junction Town Water System  
105 North 200 West  
Junction UT 84740  
435-577-2777  
junction.town@yahoo.com

PRESIDING OFFICIAL &  
CONTACT PERSON: Greg Pearson, Mayor  
105 North 200 West  
Junction UT 84740  
435-577-2777  
junction.town@yahoo.com

TREASURER/RECORDER: Teresa Pearson

CONSULTING ENGINEER: Tyson Jewkes  
Ensign Engineering  
225 North 100 East  
Richfield UT 84701  
435-896-2983  
tjewkes@ensignutah.com

BOND ATTORNEY: Richard Chamberlain  
Olsen & Chamberlain  
225 North 100 East  
Richfield UT 84701  
435-896-4461



## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Junction Town Water System                      FUNDING SOURCE: Federal SRF  
 COUNTY: Piute  
 PROJECT DESCRIPTION: New 350,000 gal tank, 8 inch supply line ugrades, IPS point corrections

**80 % Loan & 20 % P.F.**

ESTIMATED POPULATION:	200	NO. OF CONNECTIONS:	211 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$25.50 *			PROJECT TOTAL:	\$1,854,611
CURRENT % OF AGI:	1.30%	FINANCIAL PTS:	34	LOAN AMOUNT:	\$480,000
ESTIMATED MEDIAN AGI:	\$23,500			PRINC. FORGIVE.:	\$120,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$600,000
SYSTEM % OF STATE AGI:	51%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%	AFTER REPAYMENT PENALTY & POINTS 1.00%
<b>SYSTEM</b>			
ASSUMED LENGTH OF DEBT, YRS:	30	30	30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%	1.00%
REQUIRED DEBT SERVICE:	\$16,000.00	\$27,255.12	\$18,599.09
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,600.00	\$2,725.51	\$1,859.91
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$83.41</b>	<b>\$142.09</b>	<b>\$96.96</b>
O & M + FUNDED DEPRECIATION:	\$28,965.00	\$28,965.00	\$28,965.00
OTHER DEBT + COVERAGE:	\$35,000.00	\$35,000.00	\$35,000.00
REPLACEMENT RESERVE ACCOUNT:	\$3,648.25	\$4,211.01	\$3,778.20
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$320.44</b>	<b>\$323.11</b>	<b>\$321.06</b>
TOTAL SYSTEM EXPENSES	\$85,213.25	\$98,156.64	\$88,202.21
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<b>RESIDENCE</b>			
MONTHLY NEEDED WATER BILL:	\$33.65	\$38.77	\$34.83
% OF ADJUSTED GROSS INCOME:	1.72%	1.98%	1.78%

\$0.00

Agenda Item

8(D)(ii)(a)

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

**APPLICANT’S REQUEST:**

Paragonah Municipal Water System is requesting financial assistance to install approximately 10,000 feet of 10” and approximately 22,000 feet of 8” culinary water line with fire hydrants and meter assemblies, drilling a new well and constructing a new 250,000 gallon storage tank.

This project scored 16.5 points on the Project Priority List.

The total project cost is \$7,452,100. Paragonah will be contributing \$152,100 towards the project and they are requesting the balance of \$7,300,000 from the Drinking Water Board.

**STAFF COMMENTS:**

The local MAGI for Paragonah Municipal Water System is \$40,500, which is 87% of the State MAGI. The current average water bill is \$31.22/ERC, which is 0.92% of the local MAGI. The estimated after project water bill at full loan would be \$100.43/ERC or 2.98% of the local MAGI. Based on MAGI and after project water bill, Paragonah qualifies to be considered for additional subsidy.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
Base	100% loan		\$7,300,000	40 yrs	1.0%	\$100.43	2.98%
1	70/30	\$2,190,000	\$5,110,000	30 yrs	0.5%	\$86.17	2.55%
2	70/30	\$2,190,000	\$5,110,000	30 yrs	0%	\$81.16	2.40%
3	70/30	\$2,190,000	\$5,110,000	40 yrs	0.5%	\$70.38	2.09%
4	70/30	\$2,190,000	\$5,110,000	40 yrs	0%	\$65.37	1.94%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$7,300,000 with \$2,190,000 in principal forgiveness to Paragonah Municipal Water System, for a repayable loan amount of \$5,110,000 at 0% for 40 years. With a design advance from the principal forgiveness portion in the amount of \$300,000.**

**APPLICANT'S LOCATION:**

Paragonah Municipal Water System is located in Iron County approximately 5 miles North of Parowan.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

The proposed improvements for this project are the installation of approximately 10,000 LF of 10" and 22,125 LF of 8" culinary water piping along with fire hydrants, meter assemblies. Additionally, drilling and equipping a new culinary water well and constructing a new 250,000 gallon culinary water storage tank.

A master plan was completed in December 2018 and all these projects were included in that plan to cover the next 20 years for the system, barring any unexpected growth in the system.

**POPULATION GROWTH:**

Population growth is based on Paragonah’s estimates.

Year	Population	Connections
Current	561	281
2030	602	301
2040	659	330

**COST ESTIMATE:**

Legal/Bonding/Admin	\$128,600
Engineering – Planning/Design	\$419,000
Engineering - CMS	\$497,000
Construction – Source	\$991,800
Construction - Dist	\$4,037,800
Construction – Storage	\$541,300
Contingency (~15%)	\$836,600
1% Loan Origination Fee	\$0
<b>Total</b>	<b>\$7,452,100</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1%, 40-yr)	\$3,800,000	51%
DWB Grant	\$3,500,000	47%
Local Contribution	\$152,100	2%
<b>Total</b>	<b>\$7,452,100</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Aug 2024
DDW Plan Approval:	Sep 2024
Advertise for Bids:	Sep 2024
Bid Opening:	Sep 2024
Loan Closing:	Oct 2024
Begin Construction:	Oct 2024
Complete Construction:	Dec 2025

**IPS SUMMARY:**

Paragonah does not have any IPS points

**CONTACT INFORMATION:**

APPLICANT: Paragonah Municipal Water System  
44 North 100 East  
PO Box 600247  
Paragonah, Utah 84760  
Telephone: 435-477-8979  
Paragonahtown@qwestoffice.net

PRESIDING OFFICIAL &  
CONTACT PERSON: Todd Robinson, Mayor  
44 North 100 East  
PO Box 600247  
Paragonah, Utah 84760  
Telephone: 435-477-8979  
Paragonahtown@qwestoffice.net

TREASURER/RECORDER: Marsha Robinson

CONSULTING ENGINEER: Nathan Wallentine  
Sunrise Engineering  
11 North 300 West  
Washington, Utah 84780  
Telephone: 435-652-8450  
Nwallentine@sunrise-eng.com

BOND ATTORNEY: TBD

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Paragonah  
 COUNTY: Iron  
 PROJECT DESCRIPTION: Water line replacement, new well, 250,000 gallon tank

FUNDING SOURCE: Federal SRF

**70 % Loan & 30 % P.F.**

ESTIMATED POPULATION:	561	NO. OF CONNECTIONS:	281 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$31.22 *			PROJECT TOTAL:	\$7,452,100
CURRENT % OF AGI:	0.92%	FINANCIAL PTS:	31	LOAN AMOUNT:	\$5,110,000
ESTIMATED MEDIAN AGI:	\$40,500			PRINC. FORGIVE.:	\$2,190,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$7,300,000
SYSTEM % OF STATE AGI:	87%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	4.03%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.03%		0.00%
REQUIRED DEBT SERVICE:	\$127,750.00	\$259,328.76		\$127,750.00
*PARTIAL COVERAGE (15%):	\$19,162.50	\$38,899.31		\$19,162.50
*ADD. COVERAGE AND RESERVE (10%):	\$12,775.00	\$25,932.88		\$12,775.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$568.28</b>	<b>\$1,153.60</b>		<b>\$568.28</b>
O & M + FUNDED DEPRECIATION:	\$52,319.00	\$52,319.00		\$52,319.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$186.19</b>	<b>\$186.19</b>		<b>\$186.19</b>
TOTAL SYSTEM EXPENSES	\$212,006.50	\$376,479.94		\$212,006.50
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$65.37	\$114.15		\$65.37
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>1.94%</b>	<b>3.38%</b>		<b>1.94%</b>

\* Equivalent Residential Connections

Agenda Item

8(D)(ii)(b)



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

**APPLICANT’S REQUEST:**

The Brian Head Town Water System is requesting financial assistance for the following infrastructure improvements; drilling of a new well, existing well improvements on two wells, replacement of a steel wrapped main line, looping of current dead end water mains for improved fire flow, a generator for an existing pump station, and SCADA and meter upgrades.

This project scored 77.1 points on the Project Priority List.

The total project cost is estimated at \$6,769,206. Brian Head Town will be applying to the Community Impact Board (CIB) for the public works building portion of the project for a total of \$1,285,458, requesting a mix 50% loan and 50% grant. They are requesting the balance of \$5,483,748 from the Drinking Water Board.

**STAFF COMMENTS:**

The local MAGI for Brian Head Town is \$24,900, which is 54% of the State MAGI. The current average water bill is \$78.45/ERC, which is 3.78% of the local MAGI. The estimated after-project water bill at full loan for 30 years at 2.5% interest would be \$102.72/ERC or 4.95% of the local MAGI. Based on MAGI and the after-project water bill, Brian Head Town qualifies to be considered for additional subsidy.

Option	Loan / PF	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	100 / 0	0	\$3,838,000	30 yrs	2.5%	\$102.72	4.95%
2	70 / 30	\$1,645,748	\$3,838,000	30 yrs	0%	\$93.77	4.52%
3	70 / 30	\$1,645,748	\$3,838,000	40 yrs	0%	\$91.65	4.42%

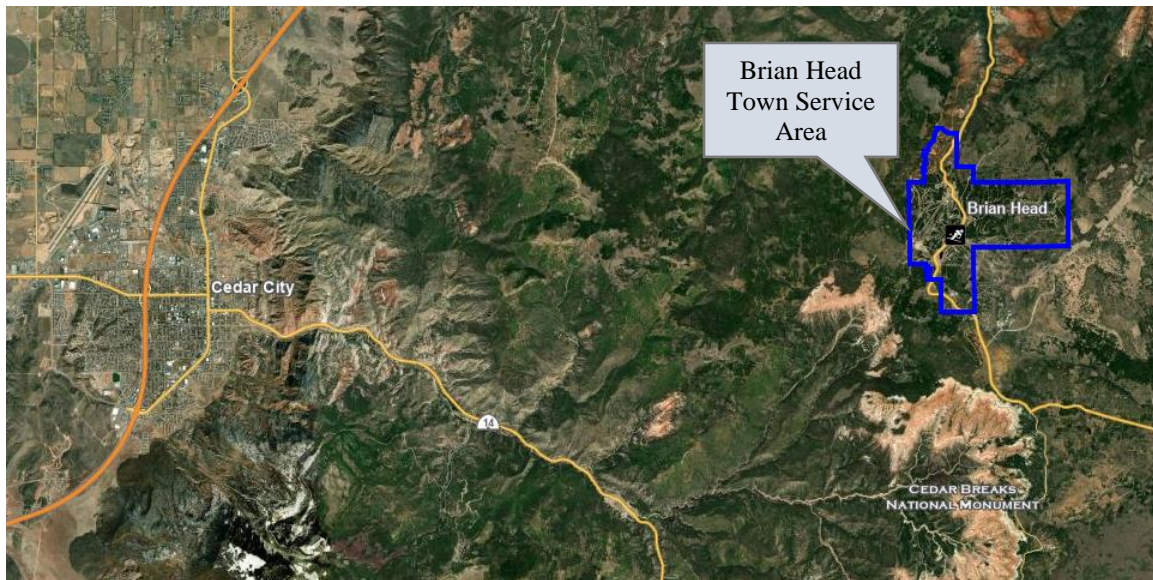
**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$5,483,748 with \$1,645,748 in principal forgiveness to Brian Head Town, for a repayable loan amount of \$3,838,000 at 0% interest for 40 years.**

**APPLICANT'S LOCATION:**

The Brian Head Town Water System is located in Iron County approximately 31 miles northeast from Cedar City.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

This infrastructure project will consist of the following improvements. A new well will be drilled and equipped. Replacement of steel wrapped main line. Looping of current dead end water mains for improved fire flow. Installation of new upgraded SCADA system. Installation of meter reading towers for improved meter reading, catching leaks sooner for better water management. Existing well maintenance/improvements on two wells. Generator project for existing central pump station and an upgrade to the current Public Works Facility.

**POPULATION GROWTH:**

Year	Population	Connections
2020	160	1348
2030	201	1411
2040	265	1432

**COST ESTIMATE:**

Legal/Bonding/Admin	
Engineering - Design	\$624,599
Construction	\$5,128,827
Contingency (~15%)	\$1,015,780
1% Loan Origination Fee	Moved To Contingency
<b>Total</b>	<b>\$6,769,206</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0%, 40yr)	\$3,838,000	57%
DWB PF	\$1,645,748	24%
CIB	\$1,285,458	19%
<b>Total</b>	<b>\$6,769,206</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	September 2023
DDW Plan Approval:	December 2023
Advertise for Bids:	February 2024
Bid Opening:	March 2024
Begin Construction:	June 2024
Complete Construction:	October 2024

**IPS SUMMARY:** The system has no IPS points

**CONTACT INFORMATION:**

APPLICANT: Brian Head Town  
56 North Highway 143  
PO Box 190068  
Brian Head, UT 84719  
Phone: 435-667-2029  
Fax: 435-667-3661  
abiasi@bhtown.utah.gov

PRESIDING OFFICIAL &  
CONTACT PERSON: Aldo Biasi  
Public Works Director  
56 North Highway 143  
PO Box 190068  
Brian Head, UT 84719  
Phone: 435-667-2029  
Fax: 435-667-3661  
abiasi@bhtown.utah.gov

TREASURER/RECORDER: Shane Williamson  
Phone: 435-667-2029  
Fax: 435-667-3661  
sewilliamson@bhtown.utah.gov

CONSULTING ENGINEER: Todd Gardner  
Alpha Engineering  
43 South 100 East  
St. George, UT 84770  
Phone: 435-628-6500  
Fax: 435-628-6553  
toddgardner@alphaengineering.com

BOND ATTORNEY: Eric Johnson  
Blaisdell, Church & Johnson  
5995 South Redwood Road  
Salt Lake City, UT 84123  
Phone: 801-261-3407  
Fax: 801-261-3503  
eric@bcjlaw.net

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Brian Head Town Water System

FUNDING SOURCE: Federal SRF

COUNTY: Iron

PROJECT DESCRIPTION: Drilling of new well, replacement of main water line, 2 well improvements, generator for pump station, SCADA System & meter upgrades.

**70 % Loan & 30 % P.F.**

ESTIMATED POPULATION:	165	NO. OF CONNECTIONS:	1450 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$78.45 *			PROJECT TOTAL:	\$6,769,206
CURRENT % OF AGI:	3.78%	FINANCIAL PTS:	55	LOAN AMOUNT:	\$3,838,000
ESTIMATED MEDIAN AGI:	\$24,900			PRINC. FORGIVE.:	\$1,645,748
STATE AGI:	\$46,500			TOTAL REQUEST:	\$5,483,748
SYSTEM % OF STATE AGI:	54%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%	AFTER REPAYMENT PENALTY & POINTS 0.00%
<b><u>SYSTEM</u></b>			
ASSUMED LENGTH OF DEBT, YRS:	40	40	40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%	0.00%
REQUIRED DEBT SERVICE:	\$95,950.00	\$189,602.20	\$95,950.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$9,595.00	\$18,960.22	\$9,595.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$72.79</b>	<b>\$143.84</b>	<b>\$72.79</b>
O & M + FUNDED DEPRECIATION:	\$927,281.00	\$927,281.00	\$927,281.00
OTHER DEBT + COVERAGE:	\$491,116.25	\$491,116.25	\$491,116.25
REPLACEMENT RESERVE ACCOUNT:	\$70,806.20	\$75,488.81	\$70,806.20
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$1,027.04</b>	<b>\$1,030.27</b>	<b>\$1,027.04</b>
TOTAL SYSTEM EXPENSES	\$1,594,748.45	\$1,702,448.48	\$1,594,748.45
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<b><u>RESIDENCE</u></b>			
MONTHLY NEEDED WATER BILL:	\$91.65	\$97.84	\$91.65
% OF ADJUSTED GROSS INCOME:	4.42%	4.72%	4.42%

\$0.00

Agenda Item

8(D)(ii)(c)

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

**APPLICANT'S REQUEST:**

Virgin Town is requesting financial assistance to build a new 500,000-gallon storage tank and install new distribution waterlines throughout the water system. Total project cost is estimated at \$3,470,489. Virgin Town is contributing \$400,000 to the project and is requesting the remaining \$3,070,489 from the Drinking Water Board. Virgin scored 53.5 points on the project priority list ranking.

**STAFF COMMENTS:**

After the Financial Assistance Committee conference call Virgin Town submitted updated project cost estimates that are significantly higher than the original estimates. The calculations in the table below are based on the updated project cost estimates. The local MAGI for Virgin Town is \$42,700, which is 92% of the State MAGI. The current average water bill is \$51.00/ERC, which is 1.43% of the local MAGI. The estimated after project water bill at full loan would be \$93.80/ERC or 2.64% of the local MAGI. Based on the after-project water bill, Virgin Town qualifies to be considered for additional subsidy.

Option	Loan / Subsidy	Loan	Principal Forgiveness	Term	Interest Rate	Water Bill	% Local MAGI
Base	100/0	\$3,070,489	\$0	30 yrs	2.54%	\$93.80	2.64%
2	80/20	\$2,450,000	\$620,489	40 yrs	0.0%	\$77.21	2.17%
3	70/30	\$2,140,000	\$930,489	40 yrs	0.0%	\$75.71	2.13%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

Based on the original cost estimates and evaluation, the Financial Assistance Committee recommended the Drinking Water Board authorize a construction loan of \$1,848,000 with \$370,000 in principal forgiveness, an 80/20 loan to subsidy ratio, to Virgin Town, for a repayable loan amount of \$1,478,000 at 1.0% for 40 years. The resulting estimated after-project water bill for that financial assistance package was \$74.08 per month, or 2.08% of local MAGI.

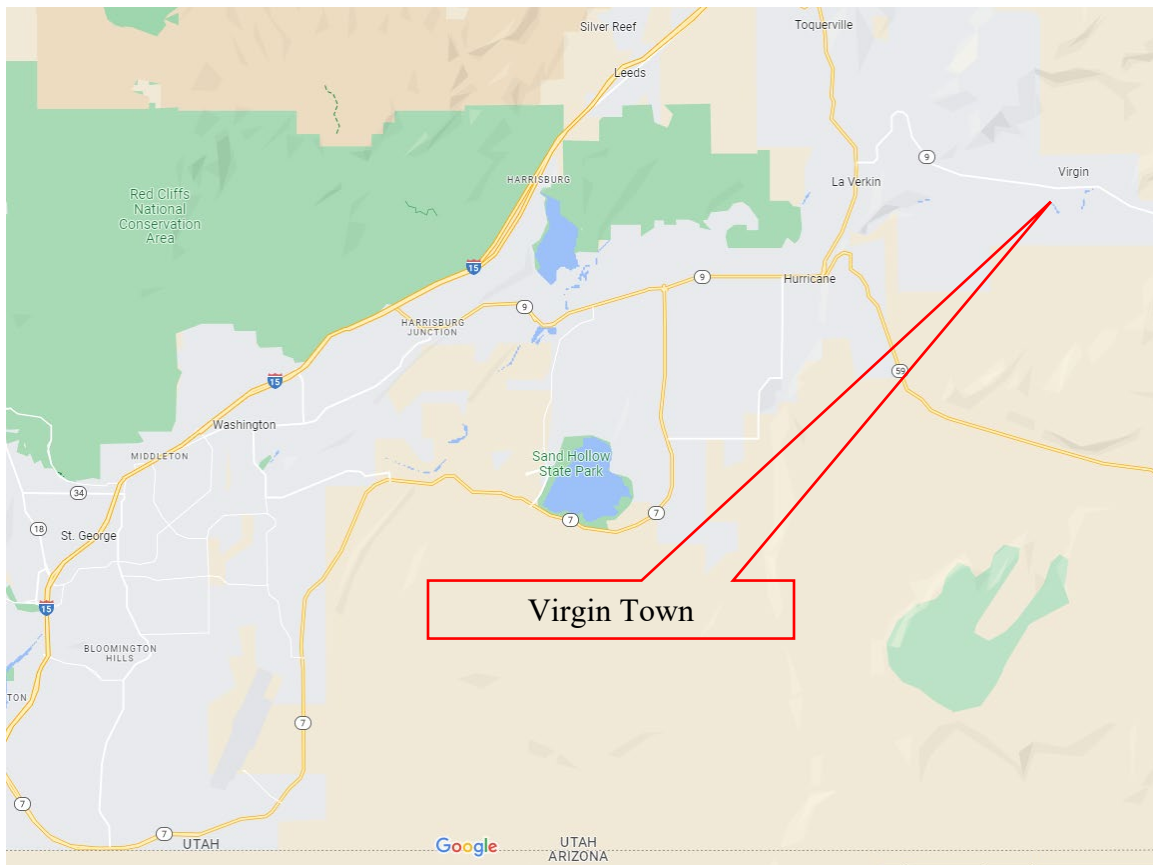
However, based on the updated project cost estimates and evaluation, staff requests the Drinking Water Board consider authorizing a \$3,070,489 construction loan with \$930,489 in principal forgiveness, a 70/30 loan to subsidy ratio, to Virgin Town for a repayable loan amount of \$2,140,000 at 0.0% for 40 years.

**Conditions include they resolve all points on their IPS report.**

**APPLICANT'S LOCATION:**

Virgin Town is located in Washington County approximately 25 miles northeast of St. George.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Virgin Town needs to build a new 500,000-gallon storage tank and connecting waterline as well as upgrade existing waterlines within Town boundaries.



**POPULATION GROWTH:**

Year	Population	Connections
Current	707	293
2030	781	335
2040	812	345

**COST ESTIMATE:**

Legal/Bonding/Admin	\$20,000
Rights-of-Way	\$7,000
Financial Consultant	\$4,000
Environmental Clearances	\$2,000
Engineering – Design	\$150,000
Engineering – MS	\$75,000
Construction – Waterline	\$521,089
Construction – Storage Tank	\$1,950,000
Contingency (~10%)	\$741,400
1% Loan Origination Fee	\$31,015
<b>Total</b>	<b>\$3,501,194</b>
<b>Total (w/o LOF)</b>	<b>\$3,470,489</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1.0%, 40-yrs)	\$2,140,000	61.7%
DWB Subsidy	\$930,489	26.8%
Local Contribution	\$400,000	11.5%
<b>Total</b>	<b>\$3,470,489</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

(Estimated completion dates for major milestones – add or delete rows as needed)

DWB Funding Authorization:	May 2023
Complete Design	June 2023
DDW Plan Approval:	July 2023
Advertise for Bids:	Aug 2023
Bid Opening:	Sep 2023
Loan Closing:	Oct 2023
Begin Construction:	Nov 2023
Complete Construction:	Mar 2024

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M006	CCC-Lacks Written Records	15		
	<b>Total =</b>			

**CONTACT INFORMATION:**

APPLICANT:

Virgin Town  
114 Mill Rd.  
Virgin, UT 84779  
Telephone: 435-635-4696  
Email: [clerk@virgin.utah.gov](mailto:clerk@virgin.utah.gov)

PRESIDING OFFICIAL &  
CONTACT PERSON:

Jean Krause, Mayor  
114 Mill Rd.  
Virgin, UT 84779  
Telephone: 435-635-4696  
Fax: 435-635-0265  
Email: [clerk@virgin.utah.gov](mailto:clerk@virgin.utah.gov)

TREASURER/RECORDER:

Krystal Percival  
114 Mill Rd.  
Virgin, UT 84779  
Telephone: 435-635-4696  
Fax: 435-635-0265  
Email: [clerk@virgin.utah.gov](mailto:clerk@virgin.utah.gov)

CONSULTING ENGINEER:

Rod Mills  
Galloway  
2015 W. Grove Pkwy Ste H  
Pleasant Grove, UT 84062  
Telephone: 801-918-7203  
Email: [rodmills@gallowayus.com](mailto:rodmills@gallowayus.com)

BOND ATTORNEY:

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Virgin Town  
 COUNTY: Washington  
 PROJECT DESCRIPTION: new tank and transmission line

FUNDING SOURCE: State SRF

### 100 % Loan & 0 % Grant

ESTIMATED POPULATION:	707	NO. OF CONNECTIONS:	498 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$51.00 *			PROJECT TOTAL:	\$3,470,489
CURRENT % OF AGI:	1.43%	FINANCIAL PTS:	47	LOAN AMOUNT:	\$3,070,489
ESTIMATED MEDIAN AGI:	\$42,700			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$0
SYSTEM % OF STATE AGI:	92%			TOTAL REQUEST:	\$3,070,489

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		2.54%
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		2.54%
REQUIRED DEBT SERVICE:	\$102,349.63	\$174,346.97		\$147,484.25
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$10,234.96	\$17,434.70		\$14,748.43
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$226.07</b>	<b>\$385.10</b>		<b>\$325.77</b>
O & M + FUNDED DEPRECIATION:	\$372,331.00	\$372,331.00		\$372,331.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$23,734.03	\$27,333.90		\$25,990.76
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$795.31</b>	<b>\$802.54</b>		<b>\$799.84</b>
TOTAL SYSTEM EXPENSES	\$508,649.63	\$591,446.57		\$560,554.44
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
<b>MONTHLY NEEDED WATER BILL:</b>	<b>\$85.12</b>	<b>\$98.97</b>		<b>\$93.80</b>
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>2.39%</b>	<b>2.78%</b>		<b>2.64%</b>

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Virgin Town  
 COUNTY: Washington  
 PROJECT DESCRIPTION: new tank and transmission line

FUNDING SOURCE: State SRF

### 80 % Loan & 20 % Grant

ESTIMATED POPULATION:	707	NO. OF CONNECTIONS:	498 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$51.00 *			PROJECT TOTAL:	\$3,470,489
CURRENT % OF AGI:	1.43%	FINANCIAL PTS:	43	LOAN AMOUNT:	\$2,450,000
ESTIMATED MEDIAN AGI:	\$42,700			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$620,489
SYSTEM % OF STATE AGI:	92%			TOTAL REQUEST:	\$3,070,489

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.00%
REQUIRED DEBT SERVICE:	\$61,250.00	\$121,033.19		\$61,250.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$6,125.00	\$12,103.32		\$6,125.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$135.29</b>	<b>\$267.34</b>		<b>\$135.29</b>
O & M + FUNDED DEPRECIATION:	\$372,331.00	\$372,331.00		\$372,331.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$21,679.05	\$24,668.21		\$21,679.05
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$791.18</b>	<b>\$797.19</b>		<b>\$791.18</b>
TOTAL SYSTEM EXPENSES	\$461,385.05	\$530,135.72		\$461,385.05
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$77.21	\$88.71		\$77.21
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>2.17%</b>	<b>2.49%</b>		<b>2.17%</b>

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Virgin Town  
 COUNTY: Washington  
 PROJECT DESCRIPTION: new tank and transmission line

FUNDING SOURCE: State SRF

### 70 % Loan & 30 % Grant

ESTIMATED POPULATION:	707	NO. OF CONNECTIONS:	498 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$51.00 *			PROJECT TOTAL:	\$3,470,489
CURRENT % OF AGI:	1.43%	FINANCIAL PTS:	43	LOAN AMOUNT:	\$2,140,000
ESTIMATED MEDIAN AGI:	\$42,700			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			GRANT AMOUNT:	\$930,489
SYSTEM % OF STATE AGI:	92%			TOTAL REQUEST:	\$3,070,489

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<b>SYSTEM</b>	0%	3.85%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.00%
REQUIRED DEBT SERVICE:	\$53,500.00	\$105,718.79		\$53,500.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$5,350.00	\$10,571.88		\$5,350.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$118.17</b>	<b>\$233.52</b>		<b>\$118.17</b>
O & M + FUNDED DEPRECIATION:	\$372,331.00	\$372,331.00		\$372,331.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$21,291.55	\$23,902.49		\$21,291.55
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$790.41</b>	<b>\$795.65</b>		<b>\$790.41</b>
TOTAL SYSTEM EXPENSES	\$452,472.55	\$512,524.15		\$452,472.55
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$75.71	\$85.76		\$75.71
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>2.13%</b>	<b>2.41%</b>		<b>2.13%</b>

Agenda Item

8(D)(ii)(d)

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

**APPLICANT’S REQUEST:**

Leamington Town is requesting financial assistance for a new 200,000-gallon concrete storage tank, installation of a new back up well and radio read meters, and upsizing of deficient distribution lines.

This project scored 73.6 points on the Project Priority List.

The total estimated project cost is \$3,000,000. Leamington Town will contribute \$250,000. They are requesting the balance of \$2,750,000 from the Drinking Water Board.

**STAFF COMMENTS:**

The local MAGI for Leamington Town is \$60,500, which is 130% of the State MAGI. The current average water bill is \$142.03/ERC, which is 2.82% of the local MAGI. The estimated after project water bill at full loan for 30 years with 2.9% interest would be \$256.58/ERC or 5.09% of the local MAGI. Based on the after-project water bill, Leamington Town qualifies to be considered for additional subsidy.

Option	Loan / PF	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	100/0	0	\$2,750,000	30 yrs	2.9%	\$256.58	5.09%
2	100/0	0	\$2,750,000	40 yrs	1.0%	\$191.24	3.79%
3	70/30	\$825,000	\$1,925,000	40 yrs	0.5%	\$155.50	3.08%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$2,750,000 with \$825,000 in principal forgiveness to Leamington Town, for a repayable loan amount of \$1,925,000 at 0.5% for 40 years.**

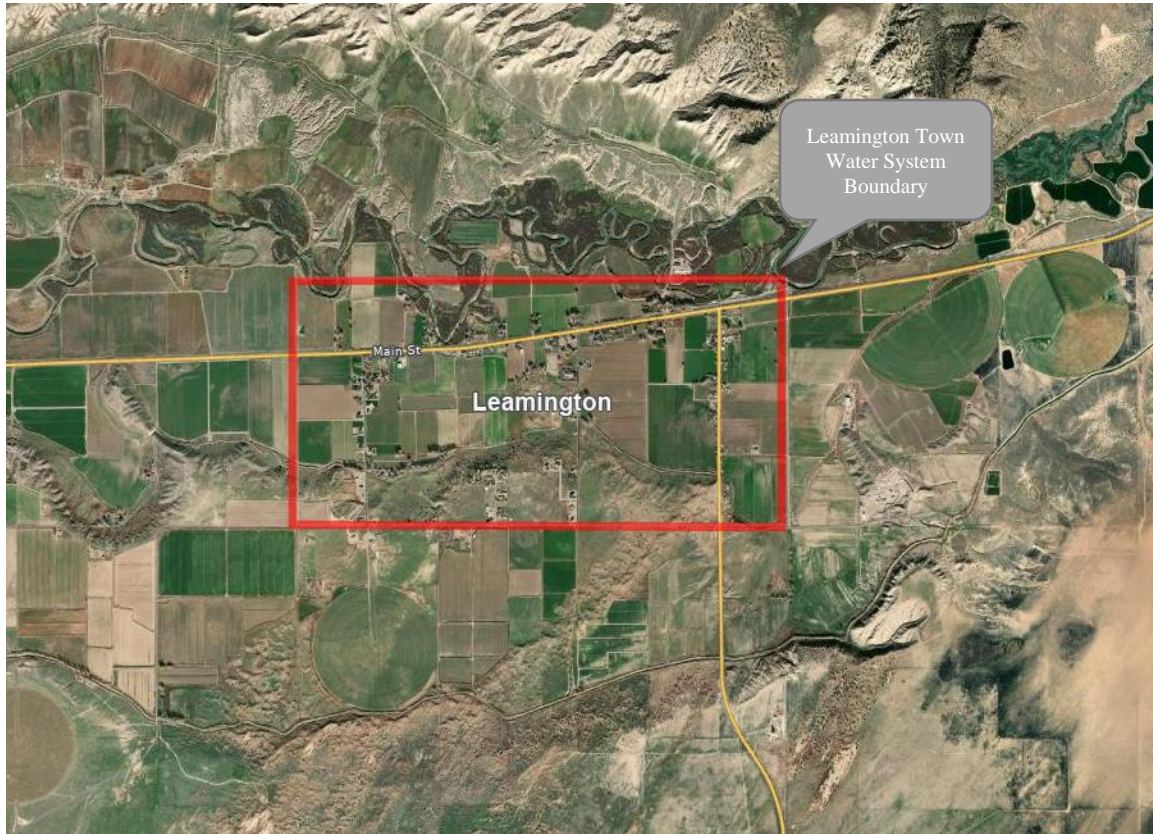
**Conditions include they resolve all points on their IPS report.**



**APPLICANT'S LOCATION:**

Leamington Town is located in Millard County approximately 29 miles southwest of Nephi.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

The project will include drilling a backup well for the system. Recent issues with their current well and demands for water have shown that the source capacity in Leamington is an issue. Their largest spring was turned out due to surface water infiltration. It was redeveloped in 2014 to address surface water issues. Surface water treatment would be required to address the spring due to past redevelopments failing to prevent surface water from entering the spring collection area.

This project would add a new storage tank. The tank would be concrete and partially buried. The existing railroad car storage tank will be abandoned as part of this project. The project would upgrade the undersized pump line from the well to the storage tanks to allow for more flow from the well and address pressure and other deficiencies on the distribution line including upsizing existing pipe and installing new radio read meters to monitor flows more adequately throughout the system.

**POPULATION GROWTH:**

Year	Population	Connections
2020	-	109
2030	270	114
2040	-	125

**COST ESTIMATE:**

Legal/Bonding/Admin	\$47,000
Engineering - Design	\$219,000
Engineering - CMS	\$150,000
Construction -	\$2,268,700
Other (land	\$50,000
Contingency (~10%)	\$265,300
1% Loan Origination Fee	Moved To Contingency
<b>Total</b>	<b>\$3,000,000</b>

**COST ALLOCATION:**

Funding Source	Cost Sharing	Percent of Project
DWB Loan (0.5%, 40yr)	\$1,925,000	64%
DWB Grant	\$825,000	28%
Local Contribution	\$250,000	8%
<b>Total</b>	<b>\$3,000,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	March 2024
DDW Plan Approval:	April 2024
Advertise for Bids:	May 2024
Bid Opening:	May 2024
Loan Closing:	June 2024
Begin Construction:	July 2024
Complete Construction:	June 2025

**IPS SUMMARY:**

Leamington Town has 15 IPS points on their water system.

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
TD10	CHLORINE ROOM AIR INLET NOT LOCATED NEAR CEILING THROUGH WALL LOUVERS	15		
	<b>Total =</b>	<b>15</b>		

Leamington Town

May 16, 2023

Page 5

**CONTACT INFORMATION:**

APPLICANT:

Leamington Town  
61 West Main Street  
PO Box 38101  
Leamington UT 84638  
435-864-8910

PRESIDING OFFICIAL &  
CONTACT PERSON:

Russ Finlison, Mayor  
61 West Main Street  
PO Box 38101  
Leamington UT 84638  
707-738-5996  
rkjfinny1@yahoo.com

TREASURER/RECORDER:

Chad McPherson  
435-660-0583  
chad\_mc@hotmail.com

CONSULTING ENGINEER:

Daniel Hawley  
Jones and DeMille Engineering  
1535 South 100 West  
Richfield UT 84701  
435-896-8266  
daniel.h@jonesanddemille.com

BOND ATTORNEY:

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Leamington Town

FUNDING SOURCE: Federal SRF

COUNTY: Millard

PROJECT DESCRIPTION: New storage tank, new back up well, and distribution line.

**70 % Loan & 30 % P.F.**

ESTIMATED POPULATION:	256	NO. OF CONNECTIONS:	89 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$142.03 *			PROJECT TOTAL:	\$3,000,000
CURRENT % OF AGI:	2.82%	FINANCIAL PTS:	36	LOAN AMOUNT:	\$1,925,000
ESTIMATED MEDIAN AGI:	\$60,500			PRINC. FORGIVE.:	\$825,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$2,750,000
SYSTEM % OF STATE AGI:	130%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%		AFTER REPAYMENT PENALTY & POINTS 0.50%
<b><u>SYSTEM</u></b>				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.50%
REQUIRED DEBT SERVICE:	\$48,125.00	\$95,097.51		\$53,217.62
*PARTIAL COVERAGE (15%):	\$7,218.75	\$14,264.63		\$7,982.64
*ADD. COVERAGE AND RESERVE (10%):	\$4,812.50	\$9,509.75		\$5,321.76
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$675.91</b>	<b>\$1,335.64</b>		<b>\$747.44</b>
O & M + FUNDED DEPRECIATION:	\$64,549.00	\$64,549.00		\$64,549.00
OTHER DEBT + COVERAGE:	\$35,000.00	\$35,000.00		\$35,000.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$1,118.53</b>	<b>\$1,118.53</b>		<b>\$1,118.53</b>
TOTAL SYSTEM EXPENSES	\$159,705.25	\$218,420.88		\$166,071.03
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b><u>RESIDENCE</u></b>				
MONTHLY NEEDED WATER BILL:	\$149.54	\$204.51		\$155.50
% OF ADJUSTED GROSS INCOME:	2.97%	4.06%		3.08%

\$0.00

Agenda Item

8(D)(ii)(e)

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

**APPLICANT’S REQUEST:**

Wales Town is requesting financial assistance to replace meters with new culinary water meters as part of an advanced metering infrastructure system. The project scored 22.5 points on the Project Priority List.

The total project cost is \$80,000. Wales is requesting the full amount from the Drinking Water Board.

**STAFF COMMENTS:**

The local MAGI for Wales Town is \$40,400, which is 87% of the State MAGI. The current average water bill is \$46.01/ERC, which is 1.37% of the local MAGI. The estimated after project water bill at full loan would be \$56.53/ERC or 1.68% of the local MAGI. Based on the small amount of funding requested, staff recommends principal forgiveness.

Option	Loan / Grant	Grant (Principal Forgiveness)	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
1	0 /100	\$80,000	\$0			\$52.67	1.56%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

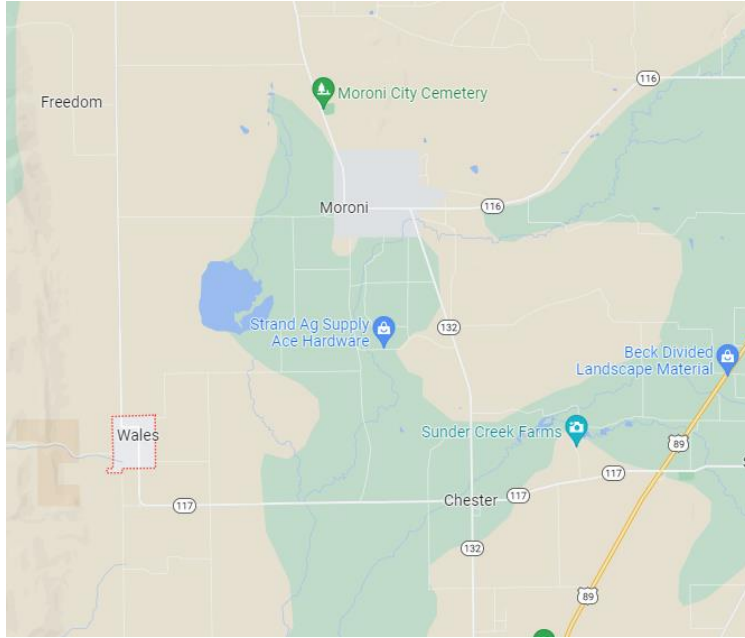
**The Drinking Water Board authorize a construction loan of \$80,000 with 100% in principal forgiveness to Wales Town Water System.**

**Conditions include they resolve all points on their IPS report.**

**APPLICANT’S LOCATION:**

Wales Town is located in Sanpete County approximately 9 miles southwest from Moroni.

**MAP OF APPLICANT’S LOCATION:**



**PROJECT DESCRIPTION:**

The town intends to install approximately 134 new culinary water meters complete with module endpoints as the main components of an Advanced Metering Infrastructure (AMI) system throughout the service area. These new meters would replace ~100% of the existing outdated meters and will require the town water system operator to locate the existing culinary meter for each service connection. The existing meter will then be replaced with a new upgraded meter.



**POPULATION GROWTH:**

Population growth is based on Wales Town’s estimates

Year	Population	Connections
Current	345	121
2030	375	133
2040	405	143

**COST ESTIMATE:**

Construction -	\$80,000
<b>Total</b>	<b>\$80,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Principal Forgiveness	<u>\$80,000</u>	<u>100%</u>
<b>Total</b>	<b>\$80,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Loan Closing:	June 2023
Begin Construction:	June 2023
Complete Construction:	Nov 2023

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
V021	Storage tank roof or sidewalls show signs of mild or moderate deterioration	15		
SP04	Active source lacks approved updates to DWSP plan (WS001)	5		
SP04	Active source lacks approved updates to DWSP plan (WS003)	5		
36	Failure to monitor and report distribution system chlorine residuals		15	
	<b>Total =</b>	<b>25</b>	<b>15</b>	

**CONTACT INFORMATION:**

APPLICANT:

Wales Town  
150 North State  
HC 13 Box 4274  
Wales, UT 84667  
Telephone: 435-436-9345

PRESIDING OFFICIAL &  
CONTACT PERSON:

Bryon Davis, Mayor  
150 North State  
HC 13 Box 4274  
Wales, UT 84667  
Telephone: 435-436-9345  
Email: wales@cut.net

TREASURER/RECORDER:

Kevin Washburn  
Telephone: 435-436-9345  
Email: wales@cut.net

CONSULTING ENGINEER:

BOND ATTORNEY:

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Wales Town  
 COUNTY: Sanpete  
 PROJECT DESCRIPTION: Meter Replacement

FUNDING SOURCE: Federal SRF

**0 % Loan & 100 % P.F.**

ESTIMATED POPULATION:	345	NO. OF CONNECTIONS:	128 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$46.01 *			PROJECT TOTAL:	\$80,000
CURRENT % OF AGI:	1.37%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$0
ESTIMATED MEDIAN AGI:	\$40,400			PRINC. FORGIVE.:	\$80,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$80,000
SYSTEM % OF STATE AGI:	87%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%	AFTER REPAYMENT PENALTY & POINTS 2.57%
<b><u>SYSTEM</u></b>			
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%	2.57%
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
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
O & M + FUNDED DEPRECIATION:	\$62,185.00	\$62,185.00	\$62,185.00
OTHER DEBT + COVERAGE:	\$15,000.00	\$15,000.00	\$15,000.00
REPLACEMENT RESERVE ACCOUNT:	\$3,709.25	\$3,709.25	\$3,709.25
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$631.99</b>	<b>\$631.99</b>	<b>\$631.99</b>
TOTAL SYSTEM EXPENSES	\$80,894.25	\$80,894.25	\$80,894.25
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<b><u>RESIDENCE</u></b>			
MONTHLY NEEDED WATER BILL:	\$52.67	\$52.67	\$52.67
% OF ADJUSTED GROSS INCOME:	1.56%	1.56%	1.56%

\$0.00

# Agenda Item

8(D)(ii)(f)

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

**APPLICANT'S REQUEST:**

Stockton Town is requesting financial assistance to drill a new well.  
This project scored 31.4 points on the Project Priority List.

The total project cost is \$3,000,000 and they are requesting the full amount from the Drinking water Board.

**STAFF COMMENTS:**

The local MAGI for Stockton Town is \$50,576, which is 109% of the State MAGI. The current average water bill is \$35.71/ERC, which is 0.85% of the local MAGI. The recent loan that was authorized did increase their water bill to \$41.51. The estimated after project water bill at full loan would be \$93.48/ERC or 2.22% of the local MAGI. Based on the after project water bill, Stockton Town qualifies to be considered for additional subsidy.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
Base	100% loan	\$0	\$3,000,000	30 yrs	3.85%	\$93.48	2.22%
1	80/20	\$600,000	\$2,400,000	30 yrs	2.50%	\$73.21	1.74%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$3,000,000 with \$600,000 in principal forgiveness to Stockton Town, for a repayable loan amount of \$2,400,000 at 2.50% for 30 years.**

**APPLICANT'S LOCATION:**

Stockton Town is located in Tooele County, approximately 7 miles south of Tooele.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

This project is to construct a new drinking water source well. After the Jacob City fire the City's spring source is compromised and it has also been decreasing in production over the past several years by more than 70%. This project will provide a new approximately 600 gpm well as a replacement source for the springs and become a second reliable source. It will connect to the nearby existing system.

**POPULATION GROWTH:**

Year	Population	Connections
Current	755	281
2030	978	365
2040	1,201	445

**COST ESTIMATE:**

Legal/Bonding/Admin	\$100,000
Engineering - Design	\$203,500
Engineering - CMS	\$100,000
Construction -	\$2,260,000
Other (land	\$35,500
Contingency (~10%)	\$301,000
1% Loan Origination Fee	Added to contingency
<b>Total</b>	<b>\$3,000,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1 %, 30-yr)	\$2,400,000	80%
DWB Grant	\$600,000	20%
<b>Total</b>	<b>\$3,000,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Dec 2023
DDW Plan Approval:	Jan 2024
Advertise for Bids:	Jan 2024
Bid Opening:	Feb 2024
Loan Closing:	March 2024
Begin Construction:	April 2024
Complete Construction:	Jan 2025

**CONTACT INFORMATION:**

APPLICANT: Stockton Town  
18 North Johnson Street  
Stockton, Utah 84071  
Telephone: 435-882-3877

PRESIDING OFFICIAL &  
CONTACT PERSON: Nando Meli, Mayor  
18 North Johnson Street  
Stockton, Utah 84071  
Telephone: 435-882-3877  
nmeli@stocktontown.org

TREASURER/RECORDER: Tara  
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CONSULTING ENGINEER: Ted Mickelson  
Jones and Demille Engineering  
775 West 1200 North ste 200A & 200D  
Springville, Utah 84663  
Telephone: 801-692-0219 ext 603  
Ted.m@jonesanddemille.com

BOND ATTORNEY: Eric Johnson  
Johnson, Patterson and Yellowhorse  
PO Box 831  
Pleasant Grove, Utah 84062  
Telephone: 801-894-4364  
eric@publicprivatelaw.com



## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Stockton Town  
 COUNTY: Tooele  
 PROJECT DESCRIPTION: New well

FUNDING SOURCE: Federal SRF

**80 % Loan & 20 % P.F.**

ESTIMATED POPULATION:	755	NO. OF CONNECTIONS:	286 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$35.71 *			PROJECT TOTAL:	\$3,000,000
CURRENT % OF AGI:	0.85%	FINANCIAL PTS:	23	LOAN AMOUNT:	\$2,400,000
ESTIMATED MEDIAN AGI:	\$50,576			PRINC. FORGIVE.:	\$600,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$3,000,000
SYSTEM % OF STATE AGI:	109%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%		AFTER REPAYMENT PENALTY & POINTS 2.50%
<b><u>SYSTEM</u></b>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		2.50%
REQUIRED DEBT SERVICE:	\$80,000.00	\$136,275.60		\$114,666.34
*PARTIAL COVERAGE (15%):	\$12,000.00	\$20,441.34		\$17,199.95
*ADD. COVERAGE AND RESERVE (10%):	\$8,000.00	\$13,627.56		\$11,466.63
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$349.65</b>	<b>\$595.61</b>		<b>\$501.16</b>
O & M + FUNDED DEPRECIATION:	\$68,193.00	\$68,193.00		\$68,193.00
OTHER DEBT + COVERAGE:	\$39,715.00	\$39,715.00		\$39,715.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$377.30</b>	<b>\$377.30</b>		<b>\$377.30</b>
TOTAL SYSTEM EXPENSES	\$207,908.00	\$278,252.50		\$251,240.92
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b><u>RESIDENCE</u></b>				
MONTHLY NEEDED WATER BILL:	\$60.58	\$81.08		\$73.21
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>1.44%</b>	<b>1.92%</b>		<b>1.74%</b>

\$0.00

Agenda Item

8(D)(ii)(g)

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

**APPLICANT'S REQUEST:**

Spring City is requesting financial assistance to install and replace multiple distribution lines, install a new well, and re-equip an existing well.

This project scored 13.8 points on the Project Priority List.

The total estimated project cost is \$6,298,000. Spring City is contributing \$100,000 toward the project. They are requesting the balance of \$6,198,000 from the Drinking Water Board. Since meeting with the Financial Assistance Committee, Spring City would also like to request a design advance of up to \$366,000.

**STAFF COMMENTS:**

The local MAGI for Spring City is \$40,400, which is 87% of the State MAGI. The current average water bill is \$37.58/ERC, which is 1.12% of the local MAGI. The estimated after project water bill at full loan with 3.3% interest for 30 years would be \$106.86/ERC or 3.17% of the local MAGI. Based on the after project local MAGI, Spring City qualifies to be considered for additional subsidy.

Option	Loan / PF	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	100/0	0	\$6,198,000	30 yrs	3.3%	\$106.86	3.17%
2	100/0	0	\$6,198,000	40 yrs	1.0%	\$77.64	2.31%
3	70/30	\$1,860,000	\$4,338,000	40 yrs	1.0%	\$65.84	1.96%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

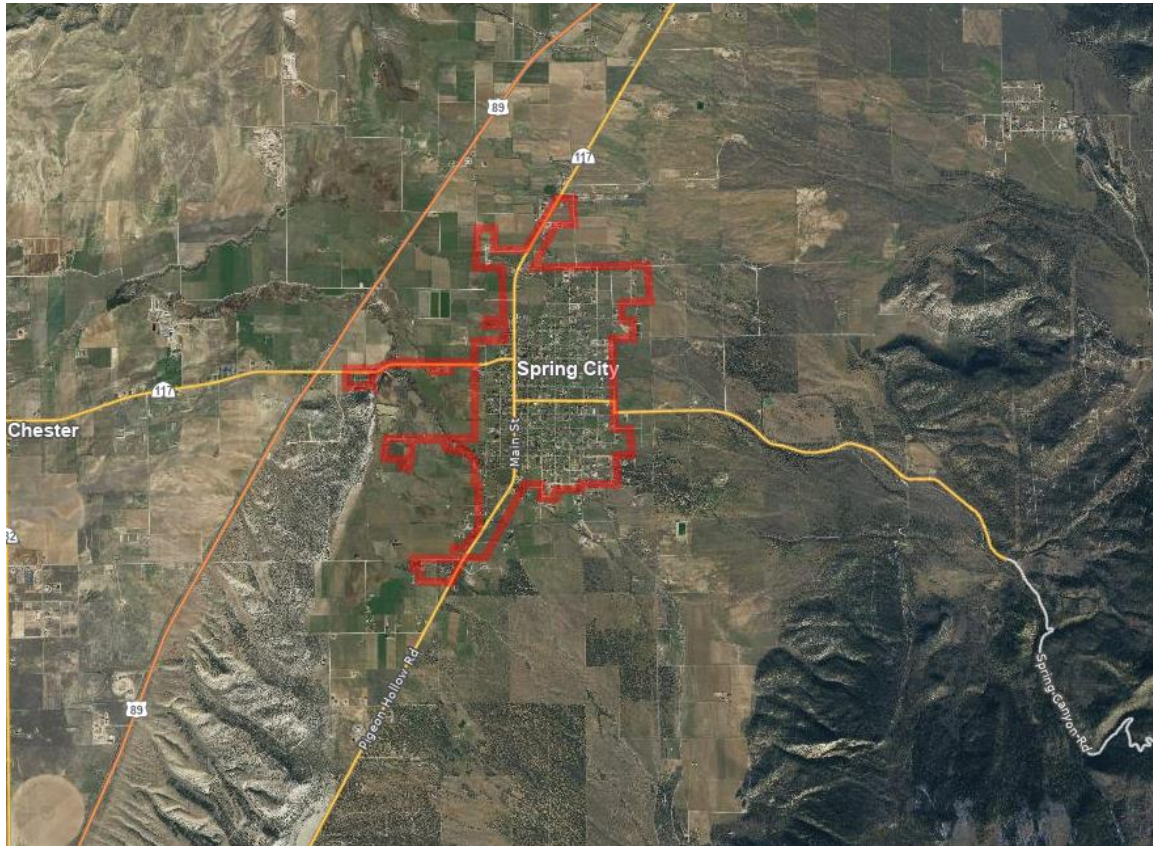
**The Drinking Water Board authorize a construction loan of \$6,198,000 with \$1,860,000 in principal forgiveness to Spring City, for a repayable loan amount of \$4,338,000 at 1.0% for 40 years, with a design advance of up to \$366,000 from principal forgiveness.**

**Conditions include they resolve all points on their IPS report.**

**APPLICANT'S LOCATION:**

Spring City is located in Sanpete County approximately 18 miles northeast from Manti.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

The project will include the installation of a new 12” pipeline from the City tanks to the upper and lower pressure zones to increase the capacity of the supply lines from the tanks to the system. The existing 6” line that runs along 700 East will also be replaced with a new 10” line, and the existing 6” line along 600 South from 400 East to 700 East will also be replaced with a new 10” line. The project will also include a new well site on the northwest area of town and a new 8” line will be installed to connect to the existing West well. The West well will be re-equipped. These improvements will enable the system to provide adequate system pressures and fire flow capacity to the system in these areas and will improve the capacity of the entire distribution system in the process.

**POPULATION GROWTH:**

Year	Population	Connections
5 yr	1257	529
15 yr	1441	587
25 yr	1625	645

**COST ESTIMATE:**

Legal/Bonding/Admin	\$38,000
Engineering – Design	\$413,000
Engineering - CMS	\$400,000
Construction -	\$4,506,660
Other (land acquisition)	\$40,000
Contingency (~10%)	\$900,132
1% Loan Origination Fee	0
<b>Total</b>	<b>\$6,297,792</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1%, 40yr)	\$4,338,000	69%
DWB PF	\$1,860,000	29%
Local Contribution	\$100,000	2%
<b>Total</b>	<b>\$6,298,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	November 2023
DDW Plan Approval:	January 2024
Advertise for Bids:	February 2024
Bid Opening:	March 2024
Loan Closing:	April 2024
Begin Construction:	May 2024
Complete Construction:	December 2024

**IPS SUMMARY:**

Spring City currently has 75 IPS points on their system.

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
SS196	MONITORING, ROUTINE MAJOR - CIOC		25	
SS196	MONITORING, ROUTINE MAJOR – NITRATE		50	
	<b>Total =</b>		<b>75</b>	

**CONTACT INFORMATION:**

APPLICANT: Spring City  
45 South 100 East  
Spring City UT 84662  
Telephone: 435-462-2244  
Fax: 435-462-2654  
recorder@springcityutah.org

PRESIDING OFFICIAL &  
CONTACT PERSON: Chris Anderson, Mayor  
45 South 100 East  
Spring City UT 84662  
Telephone: 435-462-2244  
Fax: 435-462-2654  
mayor@springcityutah.org

TREASURER/RECORDER: Ruth Ann McCain

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 and Associates  
225 North 100 East  
Richfield UT 84701  
435-896-4461  
baxterse@hotmail.com

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Spring City  
 COUNTY: Sanpete  
 PROJECT DESCRIPTION: Multiple water line replacements, new well, re-equip west well

FUNDING SOURCE: Federal SRF

**70 % Loan & 30 % P.F.**

ESTIMATED POPULATION:	1,165	NO. OF CONNECTIONS:	500 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$37.58 *			PROJECT TOTAL:	\$6,298,000
CURRENT % OF AGI:	1.12%	FINANCIAL PTS:	27	LOAN AMOUNT:	\$4,338,000
ESTIMATED MEDIAN AGI:	\$40,400			PRINC. FORGIVE.:	\$1,860,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$6,198,000
SYSTEM % OF STATE AGI:	87%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%		AFTER REPAYMENT PENALTY & POINTS 1.00%
<b><u>SYSTEM</u></b>				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		1.00%
REQUIRED DEBT SERVICE:	\$108,450.00	\$214,302.85		\$132,116.38
*PARTIAL COVERAGE (15%):	\$16,267.50	\$32,145.43		\$19,817.46
*ADD. COVERAGE AND RESERVE (10%):	\$10,845.00	\$21,430.28		\$13,211.64
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$271.13</b>	<b>\$535.76</b>		<b>\$330.29</b>
O & M + FUNDED DEPRECIATION:	\$143,813.00	\$143,813.00		\$143,813.00
OTHER DEBT + COVERAGE:	\$86,081.25	\$86,081.25		\$86,081.25
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$459.79</b>	<b>\$459.79</b>		<b>\$459.79</b>
TOTAL SYSTEM EXPENSES	\$365,456.75	\$497,772.81		\$395,039.73
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b><u>RESIDENCE</u></b>				
MONTHLY NEEDED WATER BILL:	\$60.91	\$82.96		\$65.84
% OF ADJUSTED GROSS INCOME:	1.81%	2.46%		1.96%

\$0.00



Agenda Item

8(D)(ii)(h)

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

**APPLICANT’S REQUEST:**

Green River City is requesting financial assistance to upgrade and/or refurbish the following infrastructure: the water treatment plant, finished water clear well, PRV station, portions of the SCADA system, replacing 1,150 linear feet of 6-inch PVC pipe with a new 8-inch PVC pipe along Solomon Street, and repairing and recoating the steel tank interior and exterior. The project scored 36.9 points on the Project Priority List.

The total estimated project cost is \$5,575,000 and Green River is requesting the full amount from the Drinking Water Board. The City is requesting that \$3,530,000 of the total estimated project cost be allocated from the Bipartisan Infrastructure Law’s Emerging Contaminant Assistance Fund to cover the cost of building the water treatment plant **to treat unregulated disinfection byproducts, which are eligible for financial assistance under the BIL’s Emerging Contaminants funding criteria.**

**STAFF COMMENTS:**

The local median adjusted gross income (MAGI) for Green River City is \$33,500 which is 72% of the State MAGI. The current average water bill is \$37.50/ERC, which is 1.34% of the local MAGI. The estimated after project water bill at full loan is \$56.39/ERC or 2.02% of the local MAGI. Financial assistance from the Bipartisan Infrastructure Law’s Emerging Contaminant Assistance Fund must be provided to systems as 100% subsidy. Green River City, as a disadvantaged community, qualifies to receive assistance from this fund as indicated in the table below.

Option	Loan / Subsidy	Subsidy	Loan	Term	Interest Rate	Water Bill	% Local MAGI
Base	100% / 0%	\$ 0	\$5,575,000	30 yrs	3.16%	\$56.39	2.02%
1	37% / 63%	\$3,530,000	\$2,045,000	30 yrs	3.16%	\$36.24	1.30%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$5,575,000 with \$3,530,000 in principal forgiveness to Green River City, for a repayable loan amount of \$2,045,000 at 3.16% interest for 30 years.**

**Conditions include they resolve all points on their IPS report.**

**APPLICANT'S LOCATION:**

Green River City is located on Interstate 70 in Emery County approximately 60 miles west of the Utah-Colorado border.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

The project consists of upgrades to the City of Green River's overall water system infrastructure including the water treatment plant, finished water clear well, and distribution system. The City of Green River has been struggling to consistently meet the disinfection by-product (DBP) regulatory requirements for several years. The Drinking Water SRF program provided a planning grant to compare two advanced treatment technologies on their respective effectiveness to reduce the DBP levels at the far ends of the City's distribution system.

The study determined that the addition of granular activated carbon (GAC) filters between the existing finished water clear well and the entry point to the distribution system resulted in more DBP reduction than the pre-ozone alternative. The selected

process enhancements to the water treatment plant to address the DBP formation potential issue include the addition of two GAC filters with the associated hydraulic modifications to allow for flow through the additional process. The City will also be considering the addition of baffling to the existing clear well to optimize the required chlorine contact time and chlorine concentration in order further reduce DBP formation.

The City of Green River is now requesting construction SRF funding to design and construct the recommended treatment enhancements to address this water quality issue, protect the residents of their community from the long-term effects of exposure to high DBPs, and to resolve intermittent compliance issues. Although the City of Green River was not required to participate in the UCMR4 monitoring program, there is a high likelihood that their struggles with the regulated DBPs is also causing a high occurrence of unregulated DBPs which are listed as emerging contaminants. **Therefore, the City is asking that the Water Treatment Plant portion of this project be considered eligible for the Emerging Contaminant Grant Program.**

The proposed project also consists of critical upgrades to portions of the existing water distribution system including an existing water line main, water tank refurbishing, PRV station upgrades, and upgrades to portions of the SCADA system. The water line main replacement consists of 1150 linear feet of the existing 6-inch PVC pipe with a new 8-inch PVC pipe along Solomon Street. The steel water tank requires repairs and coating replacement of the tank interior and exterior. The PRV Stations and SCADA System also need improvements. Other main lines will need updated for supply and demand as future funding becomes available.

**POPULATION GROWTH:**

Year	Population	Connections
Current	852	470
2030	870	490

**COST ESTIMATE:**

Legal/Bonding/Admin	\$85,000
Engineering - Design	\$336,500
Engineering - CMS	\$384,500
Engineering -UDOT Coord	\$12,500
Construction - Waterlines	\$166,000
Construction - Treatment	\$3,530,000
Construction - Tank	\$320,000
Construction - SCADA	\$120,000
Contingency (~15%)	\$620,500
<b>Total</b>	<b>\$5,575,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (3.16%, 30-yrs)	\$2,045,000	37%
DWB P.F. (Emerging Contaminants Fund)	\$3,530,000	63%
<b>Total</b>	<b>\$5,575,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Jan 2024
DDW Plan Approval:	Mar 2024
Advertise for Bids:	Mar 2024
Bid Opening:	Apr 2024
Loan Closing:	Apr 2024
Begin Construction:	May 2024
Complete Construction:	Jan 2025

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M007	CCC-LACKS ON-GOING ENFORCEMENT IMPLEMENTATION	15		
M006	CCC-LACKS WRITTEN RECORDS OF CCC ACTIVITIES	15		
T076	INADEQUATE WATER SUPPLY	15		
SP04	LACKS APPROVED UPDATES TO DWSP PLAN	5		
	<b>Total =</b>	<b>50</b>		

**CONTACT INFORMATION:**

**APPLICANT:**

Green River City  
460 East Main  
PO Box 620  
Green River, UT 84525  
Telephone: 435-564-3448  
Email: cblack@greenriverutah.com

**PRESIDING OFFICIAL &  
CONTACT PERSON:**

Ren Hatt, Mayor  
460 East Main  
PO Box 620  
Green River, UT 84525  
Telephone: 435-564-3448  
Email: mayor@greenriverutah.com

**TREASURER/RECORDER:**

Loni Meadows  
460 East Main  
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Green River, UT 84525  
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Email: lmeadows@greenriverutah.com

**CONSULTING ENGINEER:**

Jonathan Johansen  
Johansen & Tuttle Engineering  
90 S 100 E  
PO Box 487 Castle Dale, UT 84513  
Telephone: 435-381-2523  
Email: jonathan@jandtengineering.com

**BOND ATTORNEY:**

Richard Chamberlain  
Chamberlain Associates  
225 N 100 E  
Richfield, UT 84701  
Telephone: 435-896-4461  
Email: baxterse@hotmail.com

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Green River City  
 COUNTY: Emery  
 PROJECT DESCRIPTION: Water Treatment Plant, Storage Tank, Waterlines

FUNDING SOURCE: Federal SRF  
**BIL - Emerging Contaminants Subsidy**

**37 % Loan & 63 % P.F.**

ESTIMATED POPULATION:	847	NO. OF CONNECTIONS:	938 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$37.50 *			PROJECT TOTAL:	\$5,575,000
CURRENT % OF AGI:	1.34%	FINANCIAL PTS:	31	LOAN AMOUNT:	\$2,045,000
ESTIMATED MEDIAN AGI:	\$33,500			LOF AMOUNT:	\$0
STATE AGI:	\$46,500			PRINC. FORGIVE.:	\$3,530,000
SYSTEM % OF STATE AGI:	72%			TOTAL REQUEST:	\$5,575,000

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%	AFTER REPAYMENT PENALTY & POINTS 3.16%
<b><u>SYSTEM</u></b>			
ASSUMED LENGTH OF DEBT, YRS:	30	30	30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%	3.16%
REQUIRED DEBT SERVICE:	\$68,166.67	\$116,118.17	\$106,503.76
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$6,816.67	\$11,611.82	\$10,650.38
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$79.94</b>	<b>\$136.17</b>	<b>\$124.90</b>
O & M + FUNDED DEPRECIATION:	\$271,800.00	\$271,800.00	\$271,800.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00	\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$16,998.33	\$19,395.91	\$18,915.19
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$307.89</b>	<b>\$310.44</b>	<b>\$309.93</b>
TOTAL SYSTEM EXPENSES	\$363,781.67	\$418,925.89	\$407,869.33
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<b><u>RESIDENCE</u></b>			
MONTHLY NEEDED WATER BILL:	\$32.32	\$37.22	\$36.24
% OF ADJUSTED GROSS INCOME:	1.16%	1.33%	1.30%



# Agenda Item

8(D)(ii)(i)

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

**APPLICANT'S REQUEST:**

Green Hills Estates WSID is requesting financial assistance to install a new pump house and associated piping, upgrade the SCADA system, and a multimedia filtration with a side stream reverse osmosis system to remove manganese. **The treatment process to remove manganese qualifies for financial assistance from the Bipartisan Infrastructure Law's Emerging Contaminant fund.** This project scored 27.2 points on the Project Priority List.

The total project cost is \$2,067,000. Green Hills will be contributing an ARPA grant in the amount of \$20,000 and is requesting the balance of \$2,047,000 from the Drinking Water Board, **including \$500,000 from the BIL Emerging Contaminant fund.**

**STAFF COMMENTS:**

The MAGI for Huntsville was used as it is the closest community to Green Hills Estates and is \$69,500, which is 149% of the State MAGI. The current average water bill is \$85.11/ERC, which is 1.47% of the local MAGI. The estimated after project water bill at full loan would be \$192.77/ERC or 3.33% of the local MAGI. Based on after project average monthly water bill, Green Hills Estates qualifies to be considered for additional subsidy.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	45/55	\$1,121,000	\$926,000	30 yrs	1.0%	\$122.75	2.12%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a construction loan of \$2,047,000 with \$1,121,000 in principal forgiveness to Green Hills Estates Water and Sewer District, for a repayable loan amount of \$926,000 at 1.0% for 30 years.**

**Conditions include they resolve all points on their IPS report.**

**APPLICANT'S LOCATION:**

Green Hills Estates WSID is located in Weber County approximately 16 miles East of Ogden City.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Work is envisioned to install a new pump house and associated piping containing a automatic pump to waste valve and the potential addition of an inline turbidity meter and upgraded SCADA system to allow for continuous monitoring and rapid adjustments to the well operations. A multimedia filter treating full flow with a side stream reverse osmosis system treating approximately 20% of flow appears to be the preferred alternative.

**POPULATION GROWTH:**

Green Hills Estates is unsure what the population is as around 20% of their connections are part time residents. They do anticipate adding 2 lots per year

Year	Population	Connections
Current		103
2030		113
2040		123

**COST ESTIMATE:**

Legal/Bonding/Admin	\$198,000
Engineering - Design	\$269,400
Engineering - CMS	\$39,850
Construction -	\$1,309,938
Other (land	
Contingency (~10%)	\$249,812
1% Loan Origination Fee	
<b>Total</b>	<b>\$2,067,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan ( 1.0%, 30-yr)	\$936,000	45%
DWB Grant	\$621,000	30%
DWB BIL EC Grant	\$500,000	24%
Local Contribution	\$20,000	1%
<b>Total</b>	<b>\$2,067,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Sep 2023
DDW Plan Approval:	Oct 2023
Advertise for Bids:	Oct 2023
Bid Opening:	Oct 2023
Loan Closing:	Nov 2023
Begin Construction:	Dec 2023
Complete Construction:	June 2024

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
PS14	PUMP STATION BUILDING NOT PROPERLY HEATED, LIGHTED OR VENTILATED	5		
PS03	PUMP FACILITY LACKS PRESSURE GAUGE ON DISCHARGE LINE	15		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN (WS001)	5		
SO27	NO SHUT OFF VALVE ON WELL DISCHARGE PIPING	5		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN (WS002)	5		
	<b>Total =</b>	<b>35</b>		

**CONTACT INFORMATION:**

APPLICANT: Green Hills Estates Water and Sewer Improvement District  
PO Box 453  
Huntsville, Utah 84317  
Telephone: 801-710-5842

PRESIDING OFFICIAL &  
CONTACT PERSON: Jean Brill, General Manager  
PO Box 453  
Huntsville, Utah 84317  
Telephone: 801-710-5842  
genmgrghwsd@gmail.com

TREASURER/RECORDER: Jean Brill

CONSULTING ENGINEER: Ryan Taylor  
T-O Engineers/Ardurra  
2175 West 3000 South ste 200  
Heber City, Utah 84032  
Telephone: 435-315-3168  
rtaylor@ardurra.com

BOND ATTORNEY:

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Green Hills WSID  
 COUNTY: Weber  
 PROJECT DESCRIPTION: Pump house, SCADA upgrade, filter tmnt w/RO

FUNDING SOURCE: Federal SRF

### 45 % Loan & 55 % P.F.

ESTIMATED POPULATION:	205	NO. OF CONNECTIONS:	103 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$85.11 *			PROJECT TOTAL:	\$2,067,000
CURRENT % OF AGI:	1.47%	FINANCIAL PTS:	26	LOAN AMOUNT:	\$926,000
ESTIMATED MEDIAN AGI:	\$69,500			PRINC. FORGIVE.:	\$1,121,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$2,047,000
SYSTEM % OF STATE AGI:	149%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%		AFTER REPAYMENT PENALTY & POINTS 1.00%
<b>SYSTEM</b>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		1.00%
REQUIRED DEBT SERVICE:	\$30,866.67	\$52,579.67		\$35,880.75
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$3,086.67	\$5,257.97		\$3,588.08
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$329.64</b>	<b>\$561.53</b>		<b>\$383.19</b>
O & M + FUNDED DEPRECIATION:	\$105,193.00	\$105,193.00		\$105,193.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$6,802.98	\$7,888.63		\$7,053.69
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$1,087.34</b>	<b>\$1,097.88</b>		<b>\$1,089.77</b>
TOTAL SYSTEM EXPENSES	\$145,949.32	\$170,919.27		\$151,715.52
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$118.08	\$138.28		\$122.75
% OF ADJUSTED GROSS INCOME:	2.04%	2.39%		2.12%

\$0.00

Agenda Item

8(D)(iii)(a)



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

**APPLICANT’S REQUEST:**

On June 7, 2022, Brian Head Town was authorized an ARPA Grant in the amount of \$507,870 to install new transmission lines, fire hydrants, a PRV, and an air-vac station.

After going out to bid, costs came back much higher. Now the total project cost is \$1,761,920. Brian Head Town is contributing \$350,116 towards the project. They are requesting additional financial assistance from the Drinking Water Board in the amount of \$903,934 to cover the balance.

**STAFF COMMENTS:**

The local MAGI for Brian Head Town is \$24,900, which is 54% of the State MAGI. The current average water bill is \$73.25/ERC, which is 3.53% of the local MAGI. The after-project water bill at full loan for 40 years with 1.5% interest for the additional request, would be \$72.09/ERC or 3.47% of the local MAGI. Based on MAGI and the after-project water bill, Brian Head Town qualifies to be considered for additional subsidy.

Option	Loan / PF	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	100 / 0	0	\$903,934	40 yrs	1.5%	\$72.09	3.47%
2	70/30	\$271,934	\$632,000	40 yrs	0%	\$70.10	3.38%
3	70/30	\$271,934	\$632,000	30 yrs	0%	\$70.43	3.39%

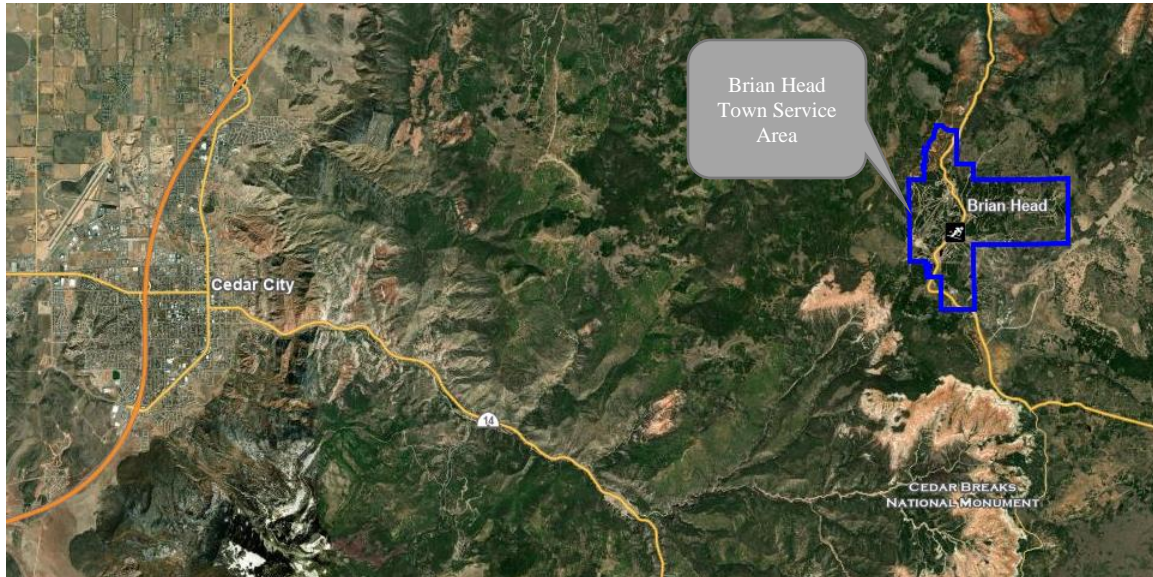
**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize an additional \$903,934 construction loan with \$271,934 in principal forgiveness to Brian Head Town, for a repayable loan amount of \$632,000 at 0% interest for 40 years.**

**APPLICANT’S LOCATION:**

The Brian Head Town Water System is located in Iron County approximately 31 miles northeast from Cedar City.

**MAP OF APPLICANT’S LOCATION:**



**PROJECT DESCRIPTION:**

The Snow Shoe Drive and Toboggan Lane water line project is located in Brian Head Utah. This project consists of the installation of 3030 ft of new 8in ductile iron main line. Thirteen new fire hydrants will also be installed along with one pressure reducing station and one air vac station. Nineteen new 8 in valves along with four 22.5 ductile iron angle fittings, five ductile iron tees and one 8in ductile iron cap.

The project will provide a new distribution line into an area of Brian Head where currently residents are having to haul water. With the installation of the Prv as part of this project, two pressure zones will be connected. This connection will also improve the current system as it provides one more line connection from the storage tank to bring water down to the system if other lines have to be taken out of service due to leak repair.

**POPULATION GROWTH:**

Projected population and connections for Brian Head Town are based on a 2.4% rate:

Year	Population	Connections
2020	165	1348
2042	265	1432

**COST ESTIMATE:**

Legal/Bonding/Admin	
Engineering – Design	\$37,204
Engineering - CMS	\$37,688
Construction -	\$1,492,371
Contingency (~10%)	\$194,657
1% Loan Origination Fee	0
<b>Total</b>	<b>\$1,761,920</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0%, 40yr)	\$632,000	36%
DWB Principal Forgiveness	\$271,934	15%
DWB ARPA Grant	\$507,870	29%
Local Contribution	\$350,116	20%
<b>Total</b>	<b>\$1,761,920</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	June 2022
Complete Design	January 2023
DDW Plan Approval:	February 2023
Advertise for Bids:	March 2023
Bid Opening:	March 2023
Loan Closing:	April 2023
Begin Construction:	June 2023
Complete Construction:	September 2023

**IPS SUMMARY:**

Brian Head Town water system has 0 IPS points.

**CONTACT INFORMATION:**

**APPLICANT:**

Brian Head Town  
56 North Highway 143  
Brian Head UT 84719  
435-677-2029

**PRESIDING OFFICIAL &  
CONTACT PERSON:**

Aldo Biasi, Public Works Director  
56 North Highway 143  
PO Box 190068  
Brian Head UT 84719  
435-677-2029  
abiasi@bhtown.utah.gov

**CONSULTING ENGINEER:**

Todd Gardner  
Alpha Engineering  
43 South 100 East  
St. George UT 84770  
435-628-6500  
toddgardner@alphaengineering.com

**BOND ATTORNEY:**

Eric Johnson  
Blaisdell, Church and Johnson, LLC.  
599 South Redwood Road  
Taylorsville UT 84123  
801-699-1976  
eric@bcjlaw.com

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Brian Head Town - Redo  
 COUNTY: Iron  
 PROJECT DESCRIPTION: Water line replacement, well building

FUNDING SOURCE: Federal SRF

**70 % Loan & 30 % P.F.**

ESTIMATED POPULATION:	165	NO. OF CONNECTIONS:	1510 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$73.25 *			PROJECT TOTAL:	\$1,761,920
CURRENT % OF AGI:	3.53%	FINANCIAL PTS:	79	LOAN AMOUNT:	\$632,000
ESTIMATED MEDIAN AGI:	\$24,900			PRINC. FORGIVE.:	\$271,934
STATE AGI:	\$46,500			TOTAL REQUEST:	\$903,934
SYSTEM % OF STATE AGI:	54%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.85%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<b>SYSTEM</b>				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.85%		0.00%
REQUIRED DEBT SERVICE:	\$15,800.00	\$31,221.62		\$15,800.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,580.00	\$3,122.16		\$1,580.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$11.51</b>	<b>\$22.74</b>		<b>\$11.51</b>
O & M + FUNDED DEPRECIATION:	\$705,926.00	\$705,926.00		\$705,926.00
OTHER DEBT + COVERAGE:	\$491,116.25	\$491,116.25		\$491,116.25
REPLACEMENT RESERVE ACCOUNT:	\$55,730.95	\$56,502.03		\$55,730.95
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$829.65</b>	<b>\$830.16</b>		<b>\$829.65</b>
TOTAL SYSTEM EXPENSES	\$1,270,153.20	\$1,287,888.07		\$1,270,153.20
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$70.10	\$71.08		\$70.10
% OF ADJUSTED GROSS INCOME:	3.38%	3.43%		3.38%

\$0.00

Agenda Item

8(D)(iii)(b)

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

**APPLICANT’S REQUEST:**

Genola City has a project consisting of a 1MG concrete storage tank and a new culinary well.

Genola was authorized funding by the Drinking Water Board on March 3, 2022, in the form of a loan of \$4,884,400 with \$2,611,400 in principal forgiveness for a repayable loan amount of \$2,273,000 and an advance of \$250,000 from the principal forgiveness portion.

Genola is actively under construction for their project and has had a couple of factors that have increased the cost of the project significantly enough that they need to request additional funds to cover them.

Therefore, Genola City is requesting an additional \$530,000 to be able to complete the construction on their project. As there will be additional loan funds and the need to hold another bond closing, Genola requests to refinance the original loan amount with the additional funds so they only have a single loan payment, with the option to change the loan term from 30 years to 40 years.

**STAFF COMMENTS:**

The local MAGI for Genola City is approximately \$53,288 (116% of the state MAGI), the after project water bill at a full loan would be \$131.19 which is 2.95% of the local MAGI. Therefore, they do qualify as a hardship community to receive additional subsidy.

The analysis is based on the total project cost, however since they have already closed the funding package for the initial amount these numbers are for information purposes only and to help determine the terms for the additional funding request.

\*Option 1 is the original funding that has been closed

Option #	Description Loan/PF	Repayable Loan Amount	Interest Rate	Term	Principal Forgiveness	Monthly Water Rate	% Local MAGI
*1	47/53	\$2,273,000	0.00%	30 yrs	\$2,611,400	\$87.46	1.97%
2	47/53	\$2,538,000	0.00%	30 yrs	\$2,876,400	\$92.31	2.08%
3	47/53	\$2,538,000	0.00%	40 yrs	\$2,876,400	\$88.12	1.98%

Option 2 & 3 uses the same percentage of principal forgiveness as the original funding

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a loan of \$530,000 at 0% interest for 40 years with \$265,000 in principal forgiveness including the refinance of a loan of \$4,884,400 with \$2,611,400 in principal forgiveness that included an advance from the principal forgiveness of \$250,000 for a total repayable amount of \$2,538,000.**

**\*Note: Genola does not have any IPS points**





74 W. 800 S.  
Genola, UT. 84655  
801-754-5300 Office  
townofgenola.org  
[cityclerk@townofgenola.org](mailto:cityclerk@townofgenola.org)

April 25, 2023

*Via email*

Mr. Michael Grange, P.E.

Utah Division of Drinking Water

195 North 1950 West

Salt Lake City, Utah 84114

[mgrange@utah.gov](mailto:mgrange@utah.gov)

Re: Additional Funding Request for Genola Quarry Hills Tank and Well  
(Loan #3F1732, Water System #25012, File #11821)

Dear Mr. Grange:

On March 3, 2022, the Drinking Water Board authorized a loan of \$4,884,400 to the Town of Genola for drinking water system improvements including a 1 MG storage tank and a new culinary well. At this time, the Town of Genola would like to request an additional \$530,000 for the completion of the project.

There are three main contributing factors for the additional costs.

- 1) **Rock Excavation** – Originally, it was believed that the tank site was located on BLM property. At the time the bidding documents were issued, the right-of-way permit from BLM was not finalized and they would not authorize ground disturbing geotechnical

investigation. Therefore, a seismic investigation was completed, and the quantities of soil and rock required for the tank excavation were estimated. The contract was bid assuming that about half of the excavation was soil and half was rock. When construction began, it was determined that over 85% of the excavation was rock. This resulted in an increase in the construction cost of approximately \$220,000.

- 2) **Borehole Stabilization** – As the borehole for the new culinary well was drilled, it was found that the material was quite fractured and was sloughing into the borehole, In order to stabilize the hole, an additional 16-inch diameter casing was installed down to 700 feet. The cost for the additional drilling and casing is about \$160,000.
- 3) **Extended Construction Management** – Due to trouble finalizing the right-of-way permit with BLM and contractor/driller availability, the period of time for construction management has been extended by over 6 months. This has resulted in an estimated increase in engineering fees of \$150,000.

The Town of Genola would like to request that the Drinking Water Board authorize an additional \$530,000 of funding at similar terms as previously authorized. Depending on if principal forgiveness is available for all or a portion of the additional costs, then the Town requests that the Board consider extending the terms of the loan to 0% interest for 40 years.

We would appreciate it if this matter could be addressed at the Drinking Water Board's upcoming meeting on May 16, 2023. The Genola Town Council would like to sincerely thank you for the consideration and accommodation given to us thus far with this project.

If you have any questions, please contact Lauren Ploeger with Franson Civil Engineers at 801-756-0309 or [lploeger@fransonicivil.com](mailto:lploeger@fransonicivil.com).

Sincerely,

A handwritten signature in blue ink that reads "Martin Larson". The signature is fluid and cursive, with the first name "Martin" being larger and more prominent than the last name "Larson".

Mayor Marty Larson

cc: Heather Pattee, [hpattee@utah.gov](mailto:hpattee@utah.gov)  
Lauren Ploeger, [lploeger@fransonicivil.com](mailto:lploeger@fransonicivil.com)  
Lucinda Thomas, [cityclerk@townofgenola.org](mailto:cityclerk@townofgenola.org)  
Marty Larson, [mlarson@shlcco.com](mailto:mlarson@shlcco.com)

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Genola  
 COUNTY: Utah  
 PROJECT DESCRIPTION: Tank and well

FUNDING SOURCE: Federal SRF

**47 % Loan & 53 % P.F.**

ESTIMATED POPULATION:	1,500	NO. OF CONNECTIONS:	484 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$85.95 *			PROJECT TOTAL:	\$5,414,400
CURRENT % OF AGI:	1.94%	FINANCIAL PTS:	24	LOAN AMOUNT:	\$2,538,000
ESTIMATED MEDIAN AGI:	\$53,288			PRINC. FORGIVE.:	\$2,876,400
STATE AGI:	\$45,895			TOTAL REQUEST:	\$5,414,400
SYSTEM % OF STATE AGI:	116%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.92%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<b><u>SYSTEM</u></b>				
ASSUMED LENGTH OF DEBT, YRS:	40	40		40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.92%		0.00%
REQUIRED DEBT SERVICE:	\$63,450.00	\$126,706.08		\$63,450.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$6,345.00	\$12,670.61		\$6,345.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$144.20</b>	<b>\$287.97</b>		<b>\$144.20</b>
O & M + FUNDED DEPRECIATION:	\$187,505.00	\$187,505.00		\$187,505.00
OTHER DEBT + COVERAGE:	\$116,250.00	\$116,250.00		\$116,250.00
REPLACEMENT RESERVE ACCOUNT:	\$17,197.75	\$20,360.55		\$17,197.75
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$663.13</b>	<b>\$669.66</b>		<b>\$663.13</b>
TOTAL SYSTEM EXPENSES	\$390,747.75	\$463,492.24		\$390,747.75
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b><u>RESIDENCE</u></b>				
MONTHLY NEEDED WATER BILL:	\$108.94	\$121.46		\$108.94
<b>% OF ADJUSTED GROSS INCOME:</b>	<b>2.45%</b>	<b>2.74%</b>		<b>2.45%</b>

\$0.00

Agenda Item

8(D)(iii)(c)

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

**APPLICANT'S REQUEST:**

Henefer Town was authorized financial assistance in the amount of \$2,100,000 for 30 years at 1.0% Hardship Grant Assessment Fee to install a secondary water system including transmission and distribution on June 7, 2022.

The total project cost is \$7,635,000. Henefer will be contributing \$377,000 towards the project and they have received a WaterSMART WEEG grant in the amount of \$1,500,000 and a loan from the Division of Water Resources in the amount of \$1,496,000. They will be requesting additional financial assistance from the Division of Water Resources as well as applying for an additional grant from UDAF. They are requesting an additional \$1,100,000 from the Drinking Water Board bringing the full request to \$3,200,000.

**STAFF COMMENTS:**

The local MAGI for Henefer Town is \$68,700, which is 148% of the State MAGI. The current average water bill is \$41.45/ERC, which is 0.72% of the local MAGI. The estimated after project water bill at full loan, with the additional request, would be \$105.92/ERC or 1.85% of the local MAGI.

Option	Loan / Grant	Grant (Principal Forgiveness)	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
1	100% Loan	\$	\$3,200,000	30 yrs	1.0%	\$105.92	1.85%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize an additional \$1,100,000 for a total loan of \$3,200,000 at 1.0% interest for 30 years to Henefer Town**

Conditions include they resolve all points on their IPS report.

**APPLICANT'S LOCATION:**

Henefer Town is located in Summit County approximately 10 miles North of Coalville.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Henefer Town had a master plan completed in 2018 and the most cost effective solution for the system is to install a secondary irrigation system. Without the secondary irrigation system they would need to install many improvements to the culinary system to meet current and future requirements in source, storage, distribution and water rights

Constructing a secondary water system, including transmission and distribution. The Distribution System will include 260 water connections and fix asphalt and road areas. The Transmission Line will include 19,949 ft of 20" HDPE pipe, 3180 ft of 18" HDPE pipe, 1980 ft of 14" HDPE, and 80 ft of 12" HDPE pipe.

This project will be constructed in 2 phases, as separate projects and funded separately.

1. Henefer Secondary – This is the original project that was funded with a WEEG grant (WaterSmart) of \$1.5M and a loan from Water Resources. The project is to install distribution lines to individual connections with meters and the Henefer Ditch lining project to conserve water seeping from the ditch for the secondary system. (This is the project that will seek UDAF funding.)
2. Henefer Upper Ditch – This is the project to replace/upsized the existing Henefer Upper pipeline from the Echo Reservoir to feed the Henefer Secondary distribution system. This is the project the town approached Drinking Water about funding.

**POPULATION GROWTH:**

Population growth is based on Henefer’s estimates.

Year	Population	Connections
Current	1,025	315
2030	2,155	664
2040	3,285	1,014

**COST ESTIMATE:**

Legal/Bonding/Environ	\$141,926
Engineering - Design	\$154,000
Engineering - CMS	\$154,000
Construction -	\$2,750,074
Contingency (~10%)	Included above
1% Loan Origination Fee	
<b>Total</b>	<b>\$3,200,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan 2%, 20-yr	\$3,200,000	42%
DWRe loan	\$2,135,000	28%
WaterSMART Grant	\$1,500,000	20%
Local Contribution	\$377,000	5%
UDAF Grant	\$423,000	5%
<b>Total</b>	<b>\$7,635,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	Aug 2022
DDW Plan Approval:	NA
Advertise for Bids:	March 2023
Bid Opening:	March 2023
Loan Closing:	July 2023
Begin Construction:	Aug 2023
Complete Construction:	Jan 2024

**IPS SUMMARY:**

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M007	CCC-LACKS ON-GOING ENFORCEMENT IMPLEMENTATION	15		
M005	CCC-LACKS OPERATOR TRAINING	15		
SS01/WS001	LACKS A PERMANENT DEVICE FOR MEASURING SPRING FLOW	5		
SS01/WS002	LACKS A PERMANENT DEVICE FOR MEASURING SPRING FLOW	5		
SS01/WS003	LACKS A PERMANENT DEVICE FOR MEASURING SPRING FLOW	5		
SS01/WS004	LACKS A PERMANENT DEVICE FOR MEASURING SPRING FLOW	5		
SS01/WS005	LACKS A PERMANENT DEVICE FOR MEASURING SPRING FLOW	5		
	<b>Total =</b>	<b>55</b>		



**CONTACT INFORMATION:**

APPLICANT:	Henefer Town 150 West Center St Henefer, Utah 84033 Telephone: 435-336-5365
PRESIDING OFFICIAL & CONTACT PERSON:	Kay H. Richins, Mayor 150 West Center Street Henefer, Utah 84033 Telephone: 435-336-5365 henefermayor@gmail.com
TREASURER/RECORDER:	Shelly Richins 435-336-5365 henefertown@gmail.com
CONSULTING ENGINEER:	Brian Deeter JUB Engineers 466 North 900 West Kaysville, Utah 84037 Telephone: 801-547-0393 brd@jub.com
BOND ATTORNEY:	Eric Johnson Johnson, Patterson & Yellowhorse PO Box 831 Pleasant Grove, Utah 84062 801-895-4364 eric@publicprivatelaw.com

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Henefer Town  
 COUNTY: Summit  
 PROJECT DESCRIPTION: Secondary irrigation

FUNDING SOURCE: Federal SRF

**100 % Loan & 0 % P.F.**

ESTIMATED POPULATION:	1,025	NO. OF CONNECTIONS:	315 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$41.45 *			PROJECT TOTAL:	\$7,634,994
CURRENT % OF AGI:	0.72%	FINANCIAL PTS:	26	LOAN AMOUNT:	\$3,200,000
ESTIMATED MEDIAN AGI:	\$68,700			PRINC. FORGIVE.:	\$0
STATE AGI:	\$46,500			TOTAL REQUEST:	\$3,200,000
SYSTEM % OF STATE AGI:	148%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 2.23%		AFTER REPAYMENT PENALTY & POINTS 1.00%
<b><u>SYSTEM</u></b>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	2.23%		1.00%
REQUIRED DEBT SERVICE:	\$106,666.67	\$147,437.83		\$123,993.96
*PARTIAL COVERAGE (15%):	\$0.00	\$22,115.67		\$18,599.09
*ADD. COVERAGE AND RESERVE (10%):	\$10,666.67	\$14,743.78		\$12,399.40
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$372.49</b>	<b>\$585.07</b>		<b>\$492.04</b>
O & M + FUNDED DEPRECIATION:	\$108,139.00	\$108,139.00		\$108,139.00
OTHER DEBT + COVERAGE:	\$137,240.00	\$137,240.00		\$137,240.00
REPLACEMENT RESERVE ACCOUNT:	\$16,229.88	\$0.00		\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$830.50</b>	<b>\$778.98</b>		<b>\$778.98</b>
TOTAL SYSTEM EXPENSES	\$378,942.22	\$429,676.28		\$400,371.45
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b><u>RESIDENCE</u></b>				
MONTHLY NEEDED WATER BILL:	\$100.25	\$113.67		\$105.92
% OF ADJUSTED GROSS INCOME:	1.75%	1.99%		1.85%

\$0.00

Agenda Item

8(D)(iii)(d)

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

**APPLICANT’S REQUEST:**

High Valley Water Company was authorized financial assistance in the amount of \$3,309,000 at 0% for 20 years on March 3, 2022, to replace approximately 20,000 LF of distribution line, install 2 PRV stations, install new service connections with meter assemblies, add approximately 50 new valves and 24 new fire hydrants. This project scored 62.6 points on the Project Priority List.

High Valley went out to bid on the project, and the bids came in higher than anticipated. Therefore, they would like to request an additional \$700,000. This amount will cover the low bidder and add a small amount to the contingency fund. They would also like to request the loan term be changed to 30 years to help offset the increase in water bill.

**STAFF COMMENTS:**

The local MAGI for the High Valley Water Company is \$63,300, which is 136% of the State MAGI. The current average water bill is \$100.22/ERC, which is 1.9% of the local MAGI. The estimated after project water bill at full loan at market rate would be \$184.54/ERC or 3.50% of the local MAGI. Based on MAGI and average monthly water bill, High Valley Water Company qualifies to be considered for additional subsidy.

\*Original funding authorized

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate /HGA	Water Bill	% Local MAGI
1	100% Loan	\$0	\$4,009,000	30 yrs	1.70%	\$172.10	3.26%
2	50/50	\$2,004,000	\$2,005,000	30 yrs	0%	\$131.60	2.49%
*3	50/50	\$1,650,000	\$1,659,000	20 yrs	0%	\$137.73	2.61%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

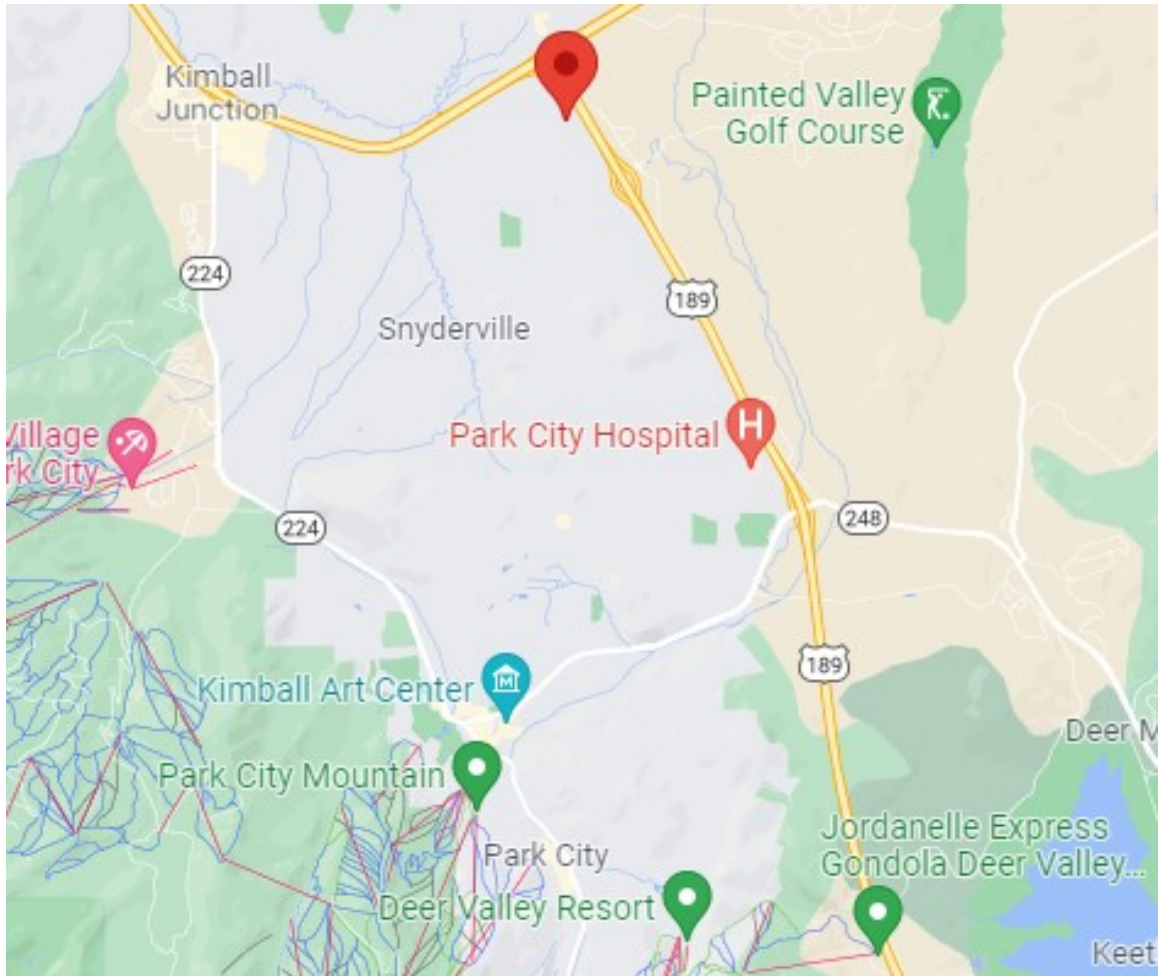
The Drinking Water Board authorize an additional \$700,000 with 50% principal forgiveness for total loan of \$4,009,000 with \$2,004,000 in principal forgiveness, for a repayable amount of \$2,005,000 at 0% interest for 30 years, to High Valley Water Company.

\*Note: They do not have any IPS points

**APPLICANT'S LOCATION:**

High Valley Water Company is located in Summit County approximately 8 miles Northeast of Park City.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

High Valley Water Company is requesting financial assistance to replace approximately 20,000 LF of distribution line, install 2 PRV stations, install new service connections with meter assemblies, add approximately 50 new valves and 24 new fire hydrants.

**POPULATION GROWTH:**

Population growth is based on the water system’s estimates.

Year	Population	Connections
Current	780	252
2030	790	260
2040	800	265

**COST ESTIMATE:**

Legal/Bonding/Admin	\$52,500
Engineering - Design	\$238,000
Engineering – CMS/Env	\$242,000
Construction – Dist	\$3,605,000
Contingency (~10%)	\$171,500
<b>Total</b>	<b>\$4,309,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0 %, 40-yr)	\$2,005,000	47%
DWB Grant	\$2,004,000	46%
Local Contribution	\$300,000	7%
<b>Total</b>	<b>\$4,309,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	March 2022
Complete Design	Nov 2022
DDW Plan Approval:	Dec 2022
Advertise for Bids:	Dec 2022
Bid Opening:	Jan 2023
Loan Closing:	Feb 2023
Begin Construction:	April 2023
Complete Construction:	Nov 2023

**CONTACT INFORMATION:**

APPLICANT: High Valley Water Company  
PO Box 3435  
Park City, Utah 84060  
Telephone: 435-645-8415

PRESIDING OFFICIAL &  
CONTACT PERSON: Karen Sawyer, Manager  
PO Box 3435  
Park City, Utah 84060  
Telephone: 435-645-8415  
contact@highvalleywater.com

TREASURER/RECORDER: Bryce Sacks  
435-640-5698  
brycesacks@outlook.com

CONSULTING ENGINEER: Cliff Linford  
Sunrise Engineering  
6875 S 900 E  
SLC, UT 84047  
Telephone: 801-838-8305  
clinford@sunrise-eng.com

CITY ATTORNEY: Beatrice Peck  
Beatrice peck Law  
2699 E Kentucky  
Holladay, UT 84117  
801-910-9422  
Bpeck@bpecklaw.net

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: High Valley Water Co  
 COUNTY: Summit  
 PROJECT DESCRIPTION: 2 PRV stations, Dist line, service connections, valves & fire hydrants

FUNDING SOURCE: Federal SRF

### 50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	780	NO. OF CONNECTIONS:	252 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$100.22 *			PROJECT TOTAL:	\$4,309,000
CURRENT % OF AGI:	1.90%	FINANCIAL PTS:	39	LOAN AMOUNT:	\$2,005,000
ESTIMATED MEDIAN AGI:	\$63,300			PRINC. FORGIVE.:	\$2,004,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$4,009,000
SYSTEM % OF STATE AGI:	136%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 1.97%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<b>SYSTEM</b>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	1.97%		0.00%
REQUIRED DEBT SERVICE:	\$66,833.33	\$89,154.23		\$66,833.33
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$6,683.33	\$8,915.42		\$6,683.33
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$291.73</b>	<b>\$389.17</b>		<b>\$291.73</b>
O & M + FUNDED DEPRECIATION:	\$305,817.00	\$305,817.00		\$305,817.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$18,632.52	\$19,748.56		\$18,632.52
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$1,287.50</b>	<b>\$1,291.93</b>		<b>\$1,287.50</b>
TOTAL SYSTEM EXPENSES	\$397,966.18	\$423,635.22		\$397,966.18
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<b>RESIDENCE</b>				
MONTHLY NEEDED WATER BILL:	\$131.60	\$140.09		\$131.60
% OF ADJUSTED GROSS INCOME:	2.49%	2.66%		2.49%

\$0.00



Agenda Item

8(D)(iii)(e)

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

**APPLICANT'S REQUEST:**

M & J Trailer Home Community, DBA Jenamac LLC, was authorized financial assistance on June 7, 2022 in the amount of \$1,540,000 to install 9,150 ft of distribution line, meters and a fire hydrant. This project scored 99.3 points on the Project Priority List.

After months of meetings and discussions, an updated cost estimate was prepared to differentiate project costs between Jenamac LLC and Ukon Water. This updated cost estimate is for \$2,248,000 (Rounded up from \$2,247,349.20). Jenamac LLC will be contributing \$60,000 towards the project and is asking for the balance of \$2,188,000 from the Drinking Water Board.

This project will require Jenamac LLC to purchase water shares in the Ukon Water Company to provide water to the trailer home community. The construction portion of this project will be to install an 8" water main from Ukon to M&J, fire hydrants, connections to the existing water main in Ukon and service connections to existing homes.

**STAFF COMMENTS:**

M & J Trailer Home Community has a significant number of deficiencies on their IPS report, is a "not approved" water system and has a "no-use" order. They have a signed CA/EO with the Division to correct the deficiencies and become an approved water system. They have a total of 670 IPS points. A large portion of these deficiencies will be corrected with this project once they are connected to Ukon Water.

This project will be to install a new transmission line from Ukon Water Company to the M&J Trailer Home Community, distribution lines to each connection and fire hydrants, which will be operated by Ukon Water after construction. At the trailer home community, new service lines will be installed to replace the existing deteriorating lines with individual connecting meters which will be owned and managed by Jenamac, LLC.

The local MAGI for M&J Trailer Home Community is \$24,965, which is 53% of the State MAGI. M&J Trailer Home Community does not have an operating water system at this time; therefore they do not have income and the only expense is the cost to buy bottled water for the residents. The estimated after project water bill at full loan would be \$471.81/ERC or 23.02% of the local MAGI. Based on MAGI and average monthly water bill, M&J Trailer Home Community qualifies to be considered for additional subsidy.

\*Option 1 is the original authorization\*

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	12/88	\$1,360,000	\$180,000	20 yrs	0.0%	\$36.76	1.79%
2	12/88	\$1,800,000	\$388,000	40 yrs	0.0%	\$59.44	2.90%
3	20/80	\$1,750,000	\$438,000	40 yrs	0.0%	\$67.10	3.27%
5	30/70	\$1,530,000	\$658,000	40 yrs	0.0%	\$100.80	4.92%

**FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a loan of \$708,000 at 0% interest for 40 years with \$270,000 in principal forgiveness, for a repayable loan amount of \$438,000 to M&J Trailer Home Community.**

**The Drinking Water Board authorized a loan of \$1,480,000 with 100 % principal forgiveness to Ukon Water Company for the construction of connecting the M&J Trailer Community to Ukon's water system.**

**APPLICANT'S LOCATION:**

M & J Trailer Home Community is located in Box Elder County approximately 11 miles North of Tremonton.

**MAP OF APPLICANT'S LOCATION:**



**PROJECT DESCRIPTION:**

Jenamac LLC has had an engineering pre-design report completed to evaluate many options to determine the best and most cost-effective method to bring the system into compliance. Based on this report, the best option is to connect to Ukon Water. They will install 9,150 feet of distribution line and a fire hydrant. They will also install meters at each connection and purchase shares in the Ukon Water Company.

**POPULATION GROWTH:**

Projected populations and number of connections are shown in the table below:

Year	Population	Connections
Current	22	17
2025	22	17
2030	22	17
2035	22	17
2040	22	17

**COST ESTIMATE:**

Legal/Bonding/water rights	\$20,000
Purchase water shares	\$510,000
Engineering – Environmental	\$40,000
Engineering	\$68,000
Construction -	\$1,341,000
Contingency (~20%)	\$269,000
1% Loan Origination Fee	
<b>Total</b>	<b>\$2,248,000</b>

**COST ALLOCATION:**

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0 %, 30-yr)	\$438,000	19%
DWB Grant to M&J	\$299,000	13%
DWB Grant to Ukon	\$1,366,000	65%
Local Contribution	\$60,000	3%
<b>Total</b>	<b>\$2,248,000</b>	<b>100%</b>

**IMPLEMENTATION SCHEDULE:**

DWB Funding Authorization:	May 2023
Complete Design	July 2023
DDW Plan Approval:	Aug 2023
Advertise for Bids:	Sep 2023
Bid Opening:	Oct 2023
Loan Closing:	Nov 2023
Begin Construction:	Dec 2023
Complete Construction:	May 2024

**CONTACT INFORMATION:**

APPLICANT:	M&J Trailer Home Community 18250 North 4400 West Fielding, Utah 84311 Telephone: 801-973-5106
PRESIDING OFFICIAL & CONTACT PERSON:	Jesse Boone, CEO Jenamac LLC PO Box 1651 Sandy, Utah 84091 Telephone: 801-554-2894 <a href="mailto:jessebooneemail@gmail.com">jessebooneemail@gmail.com</a>
TREASURER/RECORDER:	Lourdes Laurito 801-973-5106 <a href="mailto:jennamacllc@gmail.com">jennamacllc@gmail.com</a>
CONSULTING ENGINEER:	Bill Bigelow Hansen Allen & Luce 859 West South Jordan Parkway, ste 200 South Jordan, Utah 84095 Telephone: 801-566-5599 <a href="mailto:bbigelow@halengineers.com">bbigelow@halengineers.com</a>
UKON Water Co. Treasurer	Clarinda Wood PO Box 35 Fielding, Utah 84311 435-279-0245 <a href="mailto:ukonwater@gmail.com">ukonwater@gmail.com</a>
UKON Water Co. Board President	Derek Oyler PO Box 35 Fielding, Utah 84311 435-279-0245 <a href="mailto:DOyler@bcutah.org">DOyler@bcutah.org</a>
UKON Consulting Engineer	Brett Jones Jones & Associates Consulting Engineers 6080 Fashion Point Drive South Ogden, Utah 84403 801-476-9767 <a href="mailto:brettj@jonescivil.com">brettj@jonescivil.com</a>

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: M & J Trailer  
 COUNTY: Box Elder  
 PROJECT DESCRIPTION: Connect to Ukon

FUNDING SOURCE: Federal SRF

**20 % Loan & 80 % P.F.**

ESTIMATED POPULATION:	36	NO. OF CONNECTIONS:	17 *	SYSTEM RATING:	NOT APPROVED
CURRENT AVG WATER BILL:	\$0.00 *			PROJECT TOTAL:	\$2,248,000
CURRENT % OF AGI:	0.00%	FINANCIAL PTS:	39	LOAN AMOUNT:	\$438,000
ESTIMATED MEDIAN AGI:	\$24,596			PRINC. FORGIVE.:	\$1,750,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$2,188,000
SYSTEM % OF STATE AGI:	53%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.01%	AFTER REPAYMENT PENALTY & POINTS 0.00%
<b>SYSTEM</b>			
ASSUMED LENGTH OF DEBT, YRS:	40	40	40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.01%	0.00%
REQUIRED DEBT SERVICE:	\$10,950.00	\$18,979.56	\$10,950.00
*PARTIAL COVERAGE (15%):	\$1,642.50	\$2,846.93	\$1,642.50
*ADD. COVERAGE AND RESERVE (10%):	\$1,095.00	\$1,897.96	\$1,095.00
<b>ANNUAL NEW DEBT PER CONNECTION:</b>	<b>\$805.15</b>	<b>\$1,395.56</b>	<b>\$805.15</b>
O & M + FUNDED DEPRECIATION:	\$0.00	\$0.00	\$0.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00	\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00	\$0.00
<b>ANNUAL EXPENSES PER CONNECTION:</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
TOTAL SYSTEM EXPENSES	\$13,687.50	\$23,724.46	\$13,687.50
TAX REVENUE:	\$0.00	\$0.00	\$0.00
<b>RESIDENCE</b>			
MONTHLY NEEDED WATER BILL:	\$67.10	\$116.30	\$67.10
% OF ADJUSTED GROSS INCOME:	3.27%	5.67%	3.27%

\$0.00