

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

APPLICANT'S REQUEST:

On November 13, 2015, Trenton, Clarkston and Newton Towns received authorization for a \$632,000 loan at 1.0% interest for 30 years with a grant of \$631,000 to redevelop the North Fork and Big Birch Springs, which are a shared source by the three towns. Bids for the project recently came in higher than available funds. The potential spring collection area was larger than originally anticipated and they felt it important to maximize the spring production potential. The applicant is requesting an increase of \$200,000 to the original authorization.

STAFF COMMENTS:

A Microscopic Particulate Analysis (MPA) was conducted by the Division on May 26, 2015. The results concluded that the Big Birch Spring is under the direct influence of surface water. The North Fork Spring flows into the Big Birch Spring collection box and recent camera investigations have demonstrated that the collection lines are smashed, root intrusion is visible and there are portions of the collection area that are placed in a way that prevents access for cleaning. The source is shared equally by Trenton, Clarkston and Newton Town.

All three towns have agreed to be equally financially responsible for the redevelopment of the two springs. Trenton Town has applied for the financial assistance and the water revenue bond for the loan portion of the funding will be in their name. The other two towns have agreed to establish inter-local agreements before loan closing, which will establish the repayment of their portion of the loan back to Trenton.

The local MAGI for the Trenton Town is \$34,163, which is 84% of the State MAGI. They currently have a water bill of approximately \$52 per month, which is 1.83% of local MAGI. Trenton is responsible for 1/3 of this funding. The funding previously authorized, required an increase in their water bill to approximately \$63 per connection, which is 2.23% of the local MAGI. They are requesting that the \$200,000 increase in funding be the same loan/grant ratio that was originally authorized. This will increase the loan portion for each community to \$244,000, which will increase Trenton's water bill to approximately \$64 per connection.

STAFF RECOMMENDATION:

The Drinking Water Board authorize an increase in the original funding to the Town of Trenton to a \$732,000 construction loan at 1.0% interest for 30 years and a grant of \$731,000. The funding is contingent on the Towns of Newton and Clarkston establishing inter-local agreements with Trenton Town, establishing their equal responsibility in the annual loan repayment.