

**LOAN FUNDS
FINANCIAL PROJECTIONS**

STATE REVOLVING FUND (SRF)	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017	1st Qtr FY 2018 July - Sept 2017	2nd Qtr FY 2018 Oct - Dec 2017	3rd Qtr FY 2018 Jan - Mar 2018	4th Qtr FY 2018 Apr - June 2018	1st Qtr FY 2019 July - Sept 2018	2nd Qtr FY 2019 Oct-Dec 2018	3rd Qtr FY 2019 Jan-Mar 2019
Funds Available												
SRF - 1st Round (LOC) 2014 Cap Grant	2,049,381	-	-	-	-	-	-	-	-	-	-	-
Less: 2014 Principal Forgiveness Amount	(600,934)	-	-	-	-	-	-	-	-	-	-	-
SRF - 1st Round (LOC) 2015 Cap Grant	6,924,000	-	-	-	-	-	-	-	-	-	-	-
SRF - 1st Round (LOC) 2016 Cap Grant	6,611,000	-	-	-	-	-	-	-	-	-	-	-
State Match	2,867,354	-	-	-	-	-	-	-	-	-	-	-
SRF - 2nd Round	91,965,561	112,487,823	105,449,034	95,203,248	70,108,108	63,923,964	55,978,378	47,243,683	(12,986,073)	(9,169,031)	(7,170,841)	(5,715,328)
Interest Earnings at 0.6%	137,948	140,610	131,811	119,004	87,635	79,905	69,973	59,055	-	-	-	-
Loan Repayments	3,571,513	1,951,601	1,622,402	4,685,856	3,728,221	1,974,509	1,195,332	4,711,189	3,817,043	1,998,190	1,455,512	4,736,781
Total Funds Available	113,525,823	114,580,034	107,203,248	100,008,108	73,923,964	65,978,378	57,243,683	52,013,927	(9,169,031)	(7,170,841)	(5,715,328)	(978,547)
Project Obligations												
Eureka City	(400,000)	-	-	-	-	-	-	-	-	-	-	-
Francis City	(638,000)	-	-	-	-	-	-	-	-	-	-	-
Logan City	-	(9,131,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	-	-	-	-
Loan Authorizations												
None at this time	-	-	-	-	-	-	-	-	-	-	-	-
Anticipated Projects												
Ammonia Projects	-	-	-	-	-	-	-	-	-	-	-	(13,647,000)
Phosphorus Projects	-	-	-	-	-	-	-	-	-	-	-	(23,377,500)
Bear Lake SSD	-	-	(2,000,000)	-	-	-	-	-	-	-	-	-
Kamas City	-	-	-	-	-	-	-	(8,000,000)	-	-	-	-
Morgan City	-	-	-	-	-	-	-	(8,000,000)	-	-	-	-
Payson City	-	-	-	(6,900,000)	-	-	-	-	-	-	-	-
Provo City	-	-	-	-	-	-	-	(30,000,000)	-	-	-	-
Salem City	-	-	-	(13,000,000)	-	-	-	-	-	-	-	-
Spanish Fork	-	-	-	-	-	-	-	(8,000,000)	-	-	-	-
Town of Tropic	-	-	-	-	-	-	-	(1,000,000)	-	-	-	-
Total Obligations	(1,038,000)	(9,131,000)	(12,000,000)	(29,900,000)	(10,000,000)	(10,000,000)	(10,000,000)	(65,000,000)	-	-	-	(37,024,500)
SRF Unobligated Funds	\$ 112,487,823	\$ 105,449,034	\$ 95,203,248	\$ 70,108,108	\$ 63,923,964	\$ 55,978,378	\$ 47,243,683	\$ (12,986,073)	\$ (9,169,031)	\$ (7,170,841)	\$ (5,715,328)	\$ (38,003,047)

UTAH WASTEWATER LOAN FUND (UWLF)	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017	1st Qtr FY 2018 July - Sept 2017	2nd Qtr FY 2018 Oct - Dec 2017	3rd Qtr FY 2018 Jan - Mar 2018	4th Qtr FY 2018 Apr - June 2018	1st Qtr FY 2019 July - Sept 2018	2nd Qtr FY 2019 Oct-Dec 2018	3rd Qtr FY 2019 Jan-Mar 2019
Funds Available												
UWLF	\$ 17,749,874	\$ 13,013,008	\$ 13,889,216	\$ 4,217,566	\$ 5,510,996	\$ 6,023,750	\$ 7,087,533	\$ 8,151,883	\$ 9,413,313	\$ 11,475,321	\$ 12,507,204	\$ 13,578,554
Sales Tax Revenue	-	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875
Loan Repayments	737,012	469,333	426,000	736,080	1,455,404	506,433	507,000	704,080	1,504,657	474,533	514,000	714,080
Total Funds Available	18,486,887	14,379,216	15,212,091	5,850,521	7,863,275	7,427,058	8,491,408	9,752,838	11,814,846	12,846,729	13,918,079	15,189,509
General Obligations												
State Match Transfer	(2,867,354)	-	-	-	-	-	-	-	-	-	-	-
DWQ Administrative Expenses	(339,525)	-	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)
Project Obligations												
Helper City	(1,157,000)	-	-	-	-	-	-	-	-	-	-	-
Murray City	(1,110,000)	-	-	-	-	-	-	-	-	-	-	-
Loan Authorizations												
Eagle Mountain City - White Hills	-	(490,000)	-	-	-	-	-	-	-	-	-	-
Planned Projects												
*Duchesne City	-	-	(250,000)	-	-	-	-	-	-	-	-	-
*Moab City	-	-	(10,405,000)	-	-	-	-	-	-	-	-	-
Wellington City	-	-	-	-	(1,500,000)	-	-	-	-	-	-	-
Total Obligations	(5,473,879)	(490,000)	(10,994,525)	(339,525)	(1,839,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)
UWLF Unobligated Funds	\$ 13,013,008	\$ 13,889,216	\$ 4,217,566	\$ 5,510,996	\$ 6,023,750	\$ 7,087,533	\$ 8,151,883	\$ 9,413,313	\$ 11,475,321	\$ 12,507,204	\$ 13,578,554	\$ 14,849,984

**HARDSHIP GRANT FUNDS
FINANCIAL PROJECTIONS**

HARDSHIP GRANT FUNDS (HGF)	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017	1st Qtr FY 2018 July - Sept 2017	2nd Qtr FY 2018 Oct - Dec 2017	3rd Qtr FY 2018 Jan - Mar 2018	4th Qtr FY 2018 Apr - June 2018	1st Qtr FY 2019 July - Sept 2018	2nd Qtr FY 2019 Oct-Dec 2018	3rd Qtr FY 2019 Jan-Mar 2019
Funds Available												
Beginning Balance	\$ -	\$ 4,344,954	\$ 2,596,187	\$ 142,113	\$ 190,820	\$ 1,261,885	\$ 729,113	\$ 842,381	\$ 1,067,101	\$ 1,911,566	\$ 1,328,384	\$ 1,444,247
Federal HGF Beginning Balance	5,629,539	-	-	-	-	-	-	-	-	-	-	-
State HGF Beginning Balance	800,290	-	-	-	-	-	-	-	-	-	-	-
2014 Principal Forgiveness Amount	600,934	-	-	-	-	-	-	-	-	-	-	-
Interest Earnings at 0.6%	9,645	5,431	3,245	178	239	1,577	911	1,053	1,334	2,389	1,660	1,805
UWLF Interest Earnings at 0.6%	26,625	16,266	17,362	5,272	6,889	7,530	8,859	10,190	11,767	14,344	15,634	16,973
Hardship Grant Assessments	930,197	402,201	-	-	860,865	409,454	-	180,346	787,051	356,178	-	158,498
Interest Payments	177,396	53,335	108,319	43,257	203,074	48,667	103,497	33,132	44,313	43,906	98,569	22,694
Advance Repayments	-	-	-	-	-	-	-	-	-	-	-	-
Total Funds Available	8,174,626	4,822,187	2,725,113	190,820	1,261,885	1,729,113	842,381	1,067,101	1,911,566	2,328,384	1,444,247	1,644,218
Project Obligations												
DWQ-Central Utah Pulic Health Dept - Planning Grant	(50,000)	-	-	-	-	-	-	-	-	-	-	-
Eagle Mountain City - White Hills - Construction Grant	-	(580,000)	-	-	-	-	-	-	-	-	-	-
Emigration Sewer Imp Dist - Planning Grant	(60,000)	-	-	-	-	-	-	-	-	-	-	-
Eureka City - Construction Grant	-	(646,000)	-	-	-	-	-	-	-	-	-	-
Francis City - Construction Grant	-	-	(1,875,000)	-	-	-	-	-	-	-	-	-
Tooele County - Planning Grant	(95,000)	-	-	-	-	-	-	-	-	-	-	-
Wellington City - Planning Advance	(32,000)	-	-	-	-	-	-	-	-	-	-	-
Planned Projects												
*Big Plains - Planning Grant	(38,000)	-	-	-	-	-	-	-	-	-	-	-
*Duchesne City - Construction Grant	-	-	(608,000)	-	-	-	-	-	-	-	-	-
Kamas City - Planning Advance	-	-	(100,000)	-	-	-	-	-	-	-	-	-
*Stonegate - Construction Grant	(221,000)	-	-	-	-	-	-	-	-	-	-	-
Non-Point Source Project Obligations												
(FY11) Gunnison Irrigation Company	(48,587)	-	-	-	-	-	-	-	-	-	-	-
(FY11) DEQ - Willard Spur Study	(113,326)	-	-	-	-	-	-	-	-	-	-	-
(FY12) Utah Department of Agriculture	(717,351)	-	-	-	-	-	-	-	-	-	-	-
(FY13) DEQ - Great Salt Lake Advisory Council	(339,418)	-	-	-	-	-	-	-	-	-	-	-
(FY14) UACD	(47,394)	-	-	-	-	-	-	-	-	-	-	-
(FY15) DEQ - Ammonia Criteria Study	(75,000)	-	-	-	-	-	-	-	-	-	-	-
(FY15) DEQ - Nitrogen Transformation Study	(150,000)	-	-	-	-	-	-	-	-	-	-	-
(FY16) DEQ - San Juan River Monitoring	(200,000)	-	-	-	-	-	-	-	-	-	-	-
FY 2012 - Remaining Payments	(59,540)	-	-	-	-	-	-	-	-	-	-	-
FY 2013 - Remaining Payments	(56,769)	-	-	-	-	-	-	-	-	-	-	-
FY 2014 - Remaining Payments	(227,101)	-	-	-	-	-	-	-	-	-	-	-
FY 2015 - Remaining Payments	(404,018)	-	-	-	-	-	-	-	-	-	-	-
FY 2016 Allocation	(895,167)	-	-	-	-	-	-	-	-	-	-	-
FY 2017 Allocation	-	(1,000,000)	-	-	-	-	-	-	-	-	-	-
FY 2018 Allocation	-	-	-	-	-	(1,000,000)	-	-	-	-	-	-
FY 2019 Allocation	-	-	-	-	-	-	-	-	-	(1,000,000)	-	-
Non-Point Source Projects in Planning												
None at this time	-	-	-	-	-	-	-	-	-	-	-	-
Total Obligations	(3,829,672)	(2,226,000)	(2,583,000)	-	-	(1,000,000)	-	-	-	(1,000,000)	-	-
HGF Unobligated Funds	\$ 4,344,954	\$ 2,596,187	\$ 142,113	\$ 190,820	\$ 1,261,885	\$ 729,113	\$ 842,381	\$ 1,067,101	\$ 1,911,566	\$ 1,328,384	\$ 1,444,247	\$ 1,644,218

**State of Utah
Wastewater Project Assistance Program
Project Priority List**

FY16 Rank	Project Name	Funding Authorized	Total Points	Point Categories				Description of Project Status
				Project Need	Potential Improvement	Population Affected	Special Consideration	
1	Logan City	x	159	50	39	10	60	Planning
2	Price River Water Improvement District	x	145	70	48	7	20	Design
3	Coalville City	x	142	40	40	2	60	Construction
4	Moab City		120	50	24	6	40	Design
5	Eureka City	x	118	50	0	8	60	Construction
6	White Hills - Eagle Mountain	x	106	40	5	1	60	Design
7	Granger-Hunter Improvement District	x	105	35	0	10	60	Construction
8	Salem City	x	94	50	18	6	20	Planning
9	Helper City	x	83	40	0	3	40	Planning
10	Long Valley Sewer Improvement District	x	79	10	7	2	60	Construction
11 (Tie)	Murray City	x	78	10	0	8	60	Construction
	Wellington City	x	78	35	1	2	40	Planning
13	Stonegate		76	70	5	1	0	Design
14	Francis City	x	72	10	0	2	60	Design
15	Payson City	x	70	10	13	7	40	Planning
16	Duchesne City		52	10	0	2	40	Design

STATE OF UTAH
WATER QUALITY STATE REVOLVING FUND
ANNUAL REPORT & FINANCIAL STATEMENTS
State Fiscal Year 2015



(Francis City – Expansion of Lagoon System)

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Executive Summary

The Utah Water Quality Board (the Board) administers financial assistance programs through the Division of Water Quality including the Clean Water State Revolving Fund, the Utah Wastewater Loan Fund, and the Hardship Grant Funds. The Board is comprised of nine members who are appointed by the Governor. The Board's primary responsibilities in administering financial assistance funds include developing administrative rules for program implementation, authorizing loan and hardship grant/principal forgiveness amounts, and determining interest rates and loan terms.

The Division of Water Quality (DWQ) serves as staff for the Board and manages the day-to-day operations of the financial assistance programs. Those responsibilities include administering loans, providing construction assistance, and managing fund transactions. DWQ coordinates their efforts with the Department of Environmental Quality - Office of Support Services, the Utah Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office in order to meet all federal and state requirements.

Both direct and indirect costs are incurred by DWQ for the administration of the financial assistance programs. Those costs are funded with program revenues, which include Clean Water State Revolving Fund (SRF) administrative dollars and loan origination fees. Department of Environmental Quality employees charge time for eligible administrative work on the SRF program. Those employees are covered by the State of Utah personnel benefits plan. Indirect costs for general state expenses are also charged through a cost allocation plan.

Key program results at the end of Fiscal Year 2015 were:

- One hundred and fifteen (115) loans have been closed since August 1988; one hundred and nine (109) of those projects having completed construction.
- As of June 30, 2015, the total loans receivable amount was \$170,898,701.
- During FY15, a total of \$5,501,619 was drawn from the federal line of credit (LOC) for projects under construction.
- SRF activity in FY15 included total loan disbursements of \$7,587,000; principal loan repayments of \$11,503,559; and, loan interest and penalty payments of \$632,975.
- The Federal Hardship fund activity included hardship grant disbursements of \$5,763,762; advance disbursements of \$175,300; advance and loan repayments of \$1,504,195; and, hardship assessment fee and penalty payments of \$1,735,761.
- Construction was completed on two SRF loan projects: Salt Lake City wastewater treatment plant and the Echo Sewer SSD large underground system. Construction began on three SRF loan projects: Ephraim City, Eureka City, and Francis City.

Program History

Utah's Clean Water SRF was established pursuant to Title VI of the Federal Clean Water Act of 1987. The SRF provides low interest rate loans for the funding of water quality and wastewater

infrastructure projects in Utah. The State of Utah – Department of Environmental Quality receives Capitalization Grants from the EPA and provides 20% in state matching funds for obligated grants. The SRF receives revenue from principal loan repayments, interest payments, and interest earned on the investment fund. Expenses for projects under construction are then disbursed from the SRF.

DWQ also operates a state loan program, which provides an alternative source of funding for certain water quality projects, providing additional flexibility for project development without some of the funding conditions or restrictions that accompany the SRF funds. State matching funds for the SRF are generated from this state loan program.

With approval from the Environmental Protection Agency (EPA), the State of Utah established a Federal Hardship Grant Program in 1993. This grant program is funded through hardship assessment fees charged in lieu of interest on SRF loans. The hardship grant assessment fees are deposited into a Federal Hardship Grant Fund, which is separate from the SRF. These monies are used to provide grants to communities that are otherwise financially unable to implement clean water projects with support from the loan programs.

Mission Statement

The mission of the Division of Water Quality is to protect, maintain, and enhance the quality of Utah's surface and underground waters for appropriate beneficial uses; and protect the public health through eliminating and preventing water related health hazards which can occur as a result of improper disposal of human, animal or industrial wastes while giving reasonable consideration to the economic impact.

Program Goals

Projects in the state that preserve and protect water quality are considered for financial assistance. Funded projects may include construction of publicly owned treatment works (POTWs), nonpoint source projects, stormwater projects, energy and water efficiency initiatives, construction of publicly or privately owned decentralized systems, and technical assistance.

Long-Term Program Goals

1. Provide a permanent funding source for water quality construction projects that supplements a community's own resources and/or other funding sources.
 - All projects receiving loans through the SRF are required to make an annual repayment of principal beginning one year after project construction is complete. Since its inception, the fund balance has steadily increased. Cash flow projections indicate that the fund will continue to generate a repayment stream for the funding of future projects.
2. Distribute SRF funds to projects with the highest water quality and infrastructure needs by evaluating and prioritizing proposed projects throughout the state.
 - All projects receiving funding through the SRF meet a critical need as defined by the Utah State Project Priority System.

3. Support EPA's Sustainability Policy by balancing a community's economic and water quality needs with the perpetuity of the SRF program.
 - All projects receiving funding through the SRF are evaluated for their ability to solve critical public health and water quality needs while recognizing community economic conditions. Projects are funded in a manner that will be protective of the environment, affordable to the community, and consistent with EPA's Sustainability Policy.
 - The DWQ conducts financial feasibility reviews of all proposed project that are based on engineering studies and facility plans conducted by SRF applicants prior to requesting Water Quality Board authorization to obligate SRF funds. This review includes an analysis of the value and priority of each project and of the construction loan amount and rate of interest that should be applied. The result of these reviews is to ensure that all funded projects will use loan funds effectively and that the applicants can reasonably afford to repay their loans while properly maintaining constructed systems and meeting their water quality objectives. Loans will not be authorized unless applicants are capable of repaying them.
 - The Hardship Grant Program was created specifically to provide supplemental funding for important water quality projects where the applicants are not able to secure sufficient loan funds due to financial hardship and other constraints.
4. Assist communities with all phases of a project, including sufficient planning, project design, environmental work, and construction.
 - The Water Quality Board assists communities to address the need for adequate wastewater infrastructure. The Board recognizes that wastewater facilities must meet community and water quality needs throughout their design life and that these facilities must be flexible to accommodate growth and changing requirements within that period. Therefore, when helping communities provide wastewater infrastructure for existing and future users, the Board supports and requires strong community planning efforts to establish financial sustainability, coordinated growth, and cost effective development and provision of wastewater services.

Short-Term Program Goals

1. Present eligible projects to the Water Quality Board for authorization by increasing the profile of the SRF program as a potential funding source and by assisting communities through the application and award process.
 - Engineering Section staff works closely with communities to ensure facility planning satisfies water quality needs and program requirements. Staff supports applicants during application preparation to simplify this process, reduce paperwork, and minimize delays and red tape.

2. Collaborate with other agencies (i.e. Utah Permanent Community Impact Boards, US Department of Agriculture Rural Development, and US Army Corps of Engineers) in order to sufficiently fund projects.
 - Engineering Section staff assists each community from the beginning stages of application, planning, and design and coordinates funding partnerships, particularly for large projects, with other public and private funding entities.
3. Solicit and fund eligible nonpoint source and stormwater projects.
4. Provide funding, equal to at least ten percent (10%) of the capitalization award for recycled water and water reuse projects.

Program Accomplishments

During FY15, the Board authorized funding for four (4) loan projects, namely Francis City, Helper City, Price River Water Improvement District, and Willard City.

- Francis City was identified as a disadvantaged community and, therefore, the Board authorized a combination of loan and hardship grant funding. The loan is for \$5,500,000 with an interest rate of zero percent (0%) and repayable over twenty-five years. The principal forgiveness/hardship grant is \$2,275,000. The funding will be used to expand the existing wastewater treatment lagoon system.
- Helper City received authorization for a \$2,314,000 loan at zero percent (0%) interest and repayable over 30 years to complete a sewer main replacement project
- Price River Water Improvement District received authorization for a \$600,000 loan at one percent (1%) interest and repayable over twenty years. This funding allowed the District to replace its facilities which were either lost or damaged during a flooding event along the Price River.
- Willard City received authorization to refinance its existing loan. Due to a lack of growth in the community, principal payments became unaffordable. The Board restructured the annual principal payments for \$10,740,000 remaining principal at zero percent (0%) interest and repayable over thirty years.

In addition, the Board authorized \$417,600 for planning studies in seven (7) communities; \$1,600,000 for nonpoint source and study activities.

State Revolving Loan and Utah Wastewater Loan funds are not fully obligated until bonds are purchased by the Board; therefore, funds for construction are unavailable to communities until loan closing occurs. During Fiscal Year 2015, the Board held closings for three (3) projects: Ephraim City, Eureka City, and Francis City.

- Ephraim City closed on a \$2,553,000 loan at two percent (2%) interest and repayable over twenty years. Ephraim City used its SRF loan funding in conjunction with a Community Development Block Grant and a local contribution for construction of its wastewater lagoon improvements.
- Eureka City closed on a \$1,300,000 loan at zero percent (0%) interest and repayable over thirty years as well as a \$1,146,000 principal forgiveness/hardship grant agreement.

The rehabilitation of its existing wastewater collection and treatment system is an example of multiple funding agencies coordinating to fund a project. In addition to SRF monies, Eureka City received funding from the Community Impact Board (CIB), the U.S. Department of Agriculture (USDA) Rural Development program, and the U.S. Army Corp of Engineers.

- Francis City closed on a \$5,500,000 loan at zero percent (0%) interest and repayable over twenty-five years as well as a \$2,200,000 principal forgiveness/hardship grant. SRF monies are for the upsizing of the City’s existing wastewater treatment lagoon system.

All funds committed through the SRF are categorized by the EPA “Needs Category.” Figure 1 shows the total amount of SRF dollars committed by Needs Category.

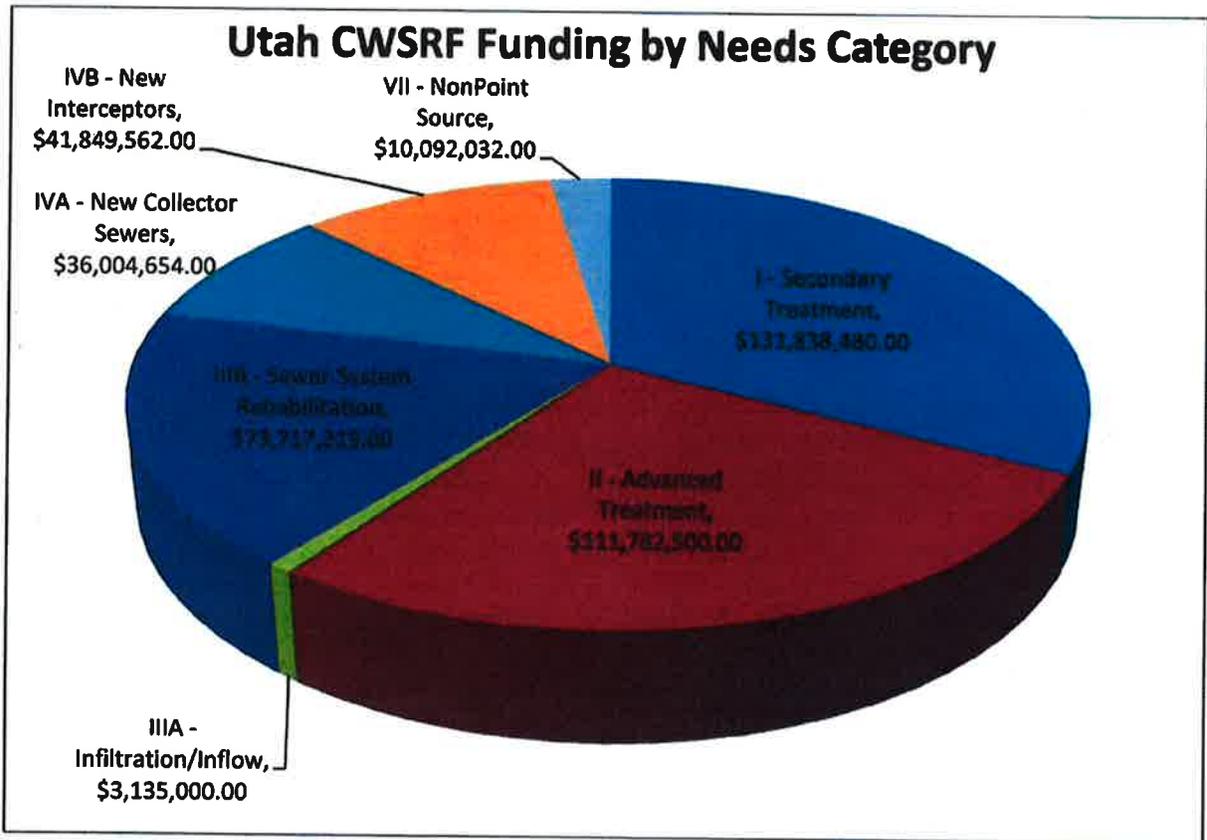


Figure 1

Loan and hardship grant monies are disbursed from financial assistance program accounts for eligible projects costs including study, planning, design, and construction, state match, and program administration. A total of \$20,224,767 was disbursed from restricted accounts during Fiscal Year 2015 and is summarized below.

- **SRF Disbursements** - A total of \$7,587,000 was disbursed for SRF projects under construction during FY15. Figure 2 shows the annual dollar amount of disbursements made from the SRF. Since 1989, total disbursements are \$404,695,447.

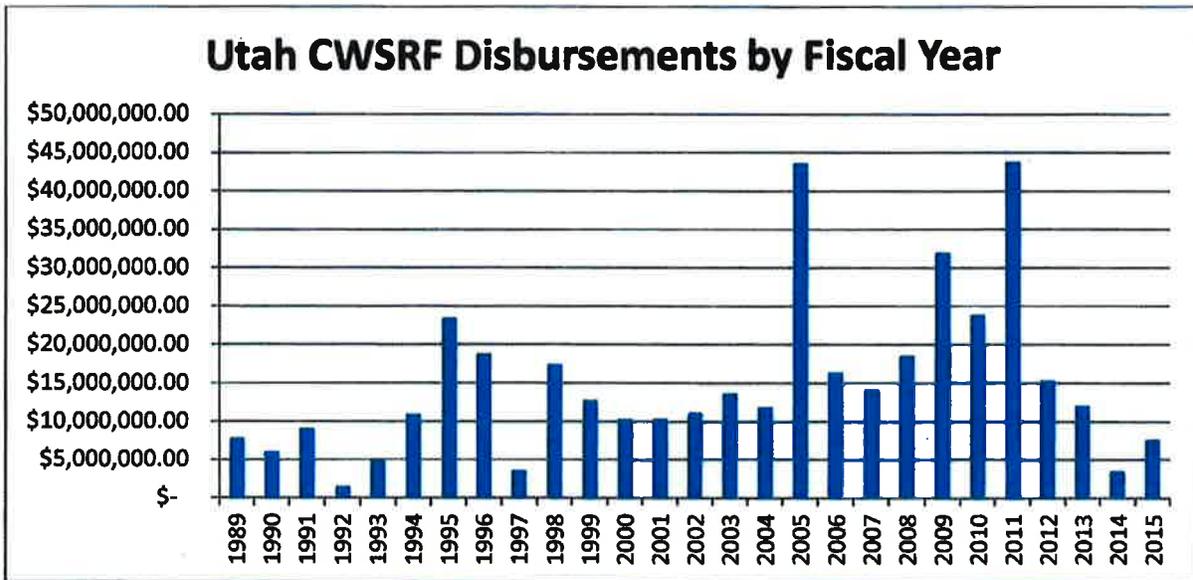


Figure 2

- **UWLF Disbursements** - A total of \$6,503,745 was disbursed including \$1,472,400 in state matching funds, \$3,661,000 for projects under construction, and \$1,370,345 for Division administrative costs.
- **Hardship Grant Funds Disbursements** - The Board may use hardship grant monies to award planning advances, design advances, planning grants, construction hardship grants, and non-point source grants. In FY15, \$6,134,022 was disbursed from the Hardship Grant Funds. Figure 3 demonstrates the total dollar amount and percentage of disbursements made by project type.

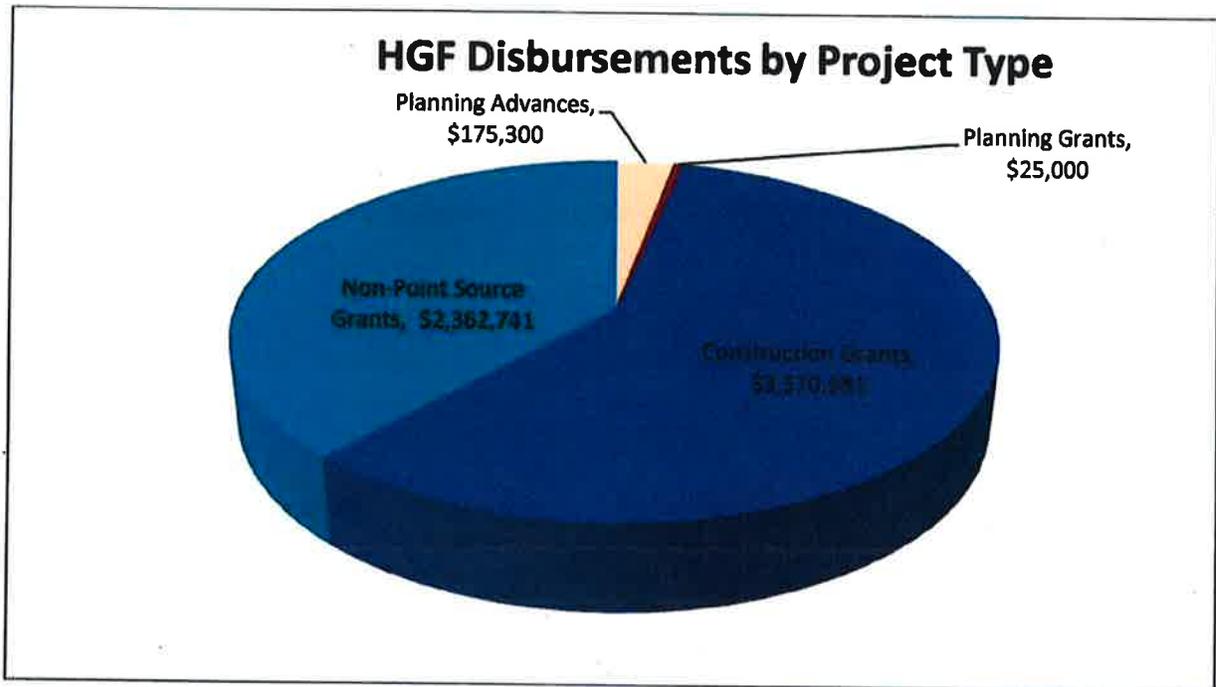


Figure 3

Three construction projects were completed during the year ended June 30, 2015.

- Echo Sewer SSD – Large Underground Wastewater Disposal System
- Salt Lake City – Digester Cover Replacement
- Washington Terrace – Backyard Sewer Project

For the year ended June 30, 2015, there were a total of 115 loans funded through the Utah CWSRF program with 109 of those projects having completed construction. For further details of CWSRF loans, please see Table 1.

Operating Agreement Conditions

The State of Utah has twenty-four conditions in the SRF Operating Agreement with the EPA that set forth program, management, and financial policies and procedures to be implemented. The first twelve conditions have been met and require no further description:

1. Agreement to Accept Payments
2. State Laws and Procedures
3. State Accounting and Auditing Procedures
4. Recipient Accounting and Auditing Procedures
5. Use of the federal Letter of Credit (LOC)
6. Repayments
7. Annual Audit
8. Annual Report

9. Annual Review
10. Anti-lobbying
11. Drug Free Workplace
12. Rural Area Business Enterprise Development Plan

The remaining twelve conditions in the Operating Agreement have also been met and are described below:

13. **Provide State Match** - State match funds are derived from sales tax dollars that are deposited into the Utah Wastewater Loan Fund. As prescribed in the Intended Use Plan, the Division of Water Quality uses the total amount of state match required toward eligible project costs before making draws from the EPA Capitalization Grant.
14. **Repayment Begins within One Year of Construction End** – Principal and interest repayments of loans made through the SRF begin within one year of construction completion. This time allows revenue accumulation for one annual loan repayment.
15. **Extended Term Financing** – Utah ensures that the long-term revolving nature of the fund is protected. Based on Clean Water NIMS data, the three-year rolling average of annual loan commitments for 2013, 2014, and 2015 is \$10,117,000, which is below the established baseline of \$10,770,155.
16. **Expeditious and Timely Expenditure** - Utah has disbursed all cash draws in a timely and expeditious manner. Construction has begun on all SRF projects within a short period after loans are closed. For details on federal cash draw details, please see Table 2 on page 23.
17. **First Use for Enforceable Requirements** - Prior to receiving the Capitalization Grant, Utah had met the requirements of Section 1382(b) (5) of the Clean Water Act. This section requires that all Capitalization Grant funds be used in a manner that assures maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Clean Water Act.
18. **Eligible Activities of the Fund** - All projects that have received SRF loans have expended loan proceeds for eligible costs.
19. **Compliance with Title II Requirements** - In accordance with Section 1382 (b) (6) of the Clean Water Act, the SRF is required to meet sixteen specific Title II “equivalency” requirements for wastewater treatment projects under Section 212 which have been constructed, in whole or part, before October 1, 1994, with funds “directly made available by the Capitalization Grant.” The State has met equivalency requirements up to October 1, 1994 and documented that compliance in previous annual reports. Since there was no requirement under this statute beyond the October 1, 1994 date, there has been no additional reporting for equivalency in this report.
20. **DBE Requirements** - The State negotiated fair share utilization goals with Region VIII for participation on activities financed by the SRF. During the state fiscal year, the SRF

program has met or exceeded the minimum Disadvantaged Business Enterprise (DBE) utilization program requirements. Construction projects have either implemented fair share utilization goals for DBE participation or have demonstrated that a good faith effort was made to provide opportunity for qualified DBE involvement.

- 21. Other Federal Authorities - The State and all recipients of SRF funds, which were made available directly by the Capitalization Grant, have complied with applicable federal authorities. Recipients of SRF assistance agreed to this as a condition of the bond agreement between the loan recipient and the State.
- 22. State Environmental Review Process - During the fiscal year, the State was actively involved in assisting potential SRF projects with planning. Environmental impacts are being carefully considered with each plan. No loans are closed with a community until a Categorical Exclusion, Finding of No Significant Impact, or Environmental Impact Statement is issued.
- 23. Cash Draw Procedures - Table 2 of this report includes the amount of funds drawn from the federal Letter of Credit (LOC) and from the state match for loan projects and administration during the fiscal year.
- 24. Outlay Projections - The FY15 Intended Use Plan (IUP) projected draws for loans from the federal LOC equal to \$6,767,113. During SFY 2015 a total of \$5,779,363 was actually drawn, which is approximately 85% of the projected amount.

Additional Subsidization

Not less than 20% but not more than 30% of the funds made available through the 2013 and 2014 Clean Water SRF capitalization grants must be used to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants. However, this requirement only applies to the portion of the federal appropriation that exceeds \$1 Billion. The minimum and maximum amounts that may be used toward the additional subsidization requirement are:

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
FY 2013 Capitalization Grant	\$330,013	\$495,019
FY 2014 Capitalization Grant	\$400,623	\$600,934

Utah has met the FY13 requirement by providing a total of \$495,019 in principal forgiveness to two (2) projects: Echo Sewer SSD (\$251,000) and Eureka City (\$244,019).

Utah has not yet met the minimum requirement for FY14. However, Francis City has been identified as a disadvantaged community and will draw upon principal forgiveness monies once the community's loan has been expended.

The additional subsidization requirement for the 2015 Clean Water SRF capitalization grant does not obligate the State to a minimum requirement. However, not more than 30% of the award, which is \$2,197,200, may be used in the form of forgiveness of principal, negative interest loans, or grants. The State has not begun expending its FY15 award, but will provide information on any additional subsidization provided in subsequent Intended Use Plans and Annual Reports.

Green Project Reserve

To the extent that there are sufficient eligible projects, not less than 10% of the funds made available through the 2013, 2014, and 2015 Clean Water SRF capitalization grants shall be used for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The minimum amounts to be used toward the green project reserve requirement are:

	<u>Amount</u>
FY 2013 Capitalization Grant	\$700,600
FY 2014 Capitalization Grant	\$736,200
FY 2015 Capitalization Grant	\$737,300

The State of Utah has met the FY13 green project reserve requirement as it has awarded a total of \$700,600 to two (2) projects: Echo Sewer SSD (and \$231,600) and Ephraim City (\$231,600).

Utah has not yet applied any project funding toward the FY14 or FY15 green project reserve requirement. Potential projects will be identified in subsequent Intended Use Plans and Annual Reports.

Current Program Status

Since its inception, the State Revolving Fund has been steadily increasing and has grown into a permanent source of financial assistance for the construction of water quality projects throughout the State of Utah.

Each year, there are water quality projects in Utah that do not receive funding directly from the SRF. Utah encourages community self-reliance through prudent planning and cooperative efforts to utilize other sources of available financial assistance.

Many of the larger wastewater treatment facilities located in high population areas of the State are able to afford construction financing without utilization of the State Revolving Fund. Medium-sized communities rely heavily on the SRF to provide additional assistance, making wastewater treatment affordable to their citizens. To achieve efficient and affordable public health and water quality solutions, communities with small populations use the USDA Rural Development and Utah Wastewater Project Assistance Program financing for loans and grants for their wastewater projects. The Utah Community Impact Board funding is used by communities located within impacted (mineral extracting) counties.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF NET ASSETS
June 30, 2015**

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 87,856,106
Receivables:	
Amount due from EPA	15,368
Amount due from State	3
Loan interest	663,555
Hardship assessments	507,224
Loans Receivable	<u>11,025,683</u>
Total current assets	<u>100,067,939</u>

NONCURRENT ASSETS

Loans receivable	<u>159,873,018</u>
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TOTAL ASSETS

259,940,957

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Deposits	-
Due to State	100,915
Due to Other Funds	89,996
Accounts Payable	<u>113,127</u>

TOTAL LIABILITIES

304,038

NET ASSETS

Unrestricted	<u>259,636,919</u>
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TOTAL NET ASSETS

\$ 259,636,919

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2015**

	Total
OPERATING REVENUES	
Loan interest	\$ 634,405
Hardship assessments	1,692,239
Late Fees	5,494
EPA Program Administration Fees	287,041
Loan Origination Fees	93,530
Total Operating Revenues	2,712,709
 OPERATING EXPENSES	
Hardship grants	5,812,308
Principal Forgiveness	244,019
EPA Program Administration	287,042
Total Operating Expenses	6,343,369
 OPERATING INCOME (LOSS)	(3,630,660)
 NONOPERATING REVENUES (EXPENSES)	
Investment income	434,567
EPA capitalization grants - Loans	5,257,600
EPA capitalization grants - Principal Forgiveness	244,019
State match	1,472,400
Transfers in	-
Transfers out	(58,993)
Total nonoperating revenues(expenses)	7,349,593
 CHANGE IN NET ASSETS	3,718,933
 NET ASSETS, BEGINNING OF YEAR	255,917,986
 NET ASSETS, END OF YEAR	\$ 259,636,919

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF CASH FLOWS
June 30, 2015**

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from loan interest and penalties	\$ 632,986
Cash received from hardship assessments	1,735,750
Loan origination fees received	93,530
Loans disbursed	(7,762,300)
Hardship grants disbursed	(5,763,762)
Principal received on loans receivable	13,007,754
Principal forgiveness disbursed	(244,019)
Grant awards	277,744
Program administration	(203,582)
Charges for services	-
Project administration	-
Net cash (required) by operating activities	1,774,101
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Funds received from EPA capitalization grants - Loans	5,257,600
Funds received from EPA capitalization grants - Principal Forgiveness	244,019
Transfers in	-
Transfers out	(58,993)
Funds received from State of Utah	1,472,400
Net cash provided by noncapital financing activities	6,915,026
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment income received	434,567
Net cash provided by investing activities	434,567
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,123,694
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 87,856,106
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (3,630,660)
Changes in assets and liabilities related to operations:	
(Increase)/Decrease in loan interest receivable	(6,912)
(Increase)/Decrease in hardship assessments receivable	43,512
(Increase)/Decrease in amount due from EPA	(9,298)
(Decrease)/Increase in amount due from State	1,000
(Decrease)/Increase accounts payable	(25,979)
(Decrease)/Increase in amount deposits	-
(Decrease)/Increase in amount due to State	83,460
(Decrease)/Increase in amount due to Other Funds	79,175
(Increase)/Decrease accounts receivable	-
(Increase)/Decrease loans receivable	5,239,803
Net cash (required) by operating activities	\$ 1,774,101

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

Unaudited

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Utah Department of Environmental Quality, Division of Water Quality - State Revolving Fund (SRF or Fund) program was established pursuant to federal action in order to provide low interest rate loans to public wastewater systems for preservation and protection projects that meet eligibility requirements. The United States Environmental Protection Agency (EPA) allows up to four percent (4%) of the Capitalization Grant award to be used for administrative costs incurred by the program. Funding from the 4% administrative portion of the capitalization grant and from the collection of loan origination fees allows for the supervision of the SRF program as well as for oversight of individual projects.

The Water Quality Board (the Board) is comprised of nine members appointed by the Governor. The Board develops policies and procedures for program implementation and authorizes loans under the SRF program. The Utah Department of Environmental Quality (DEQ) and the Board jointly manage the SRF program. DEQ - Division of Water Quality reviews loan applications for eligibility, prioritizes eligible projects, monitors loan disbursements and repayments, and conducts project inspections. Through the Utah Code, the legislature has given the Board rule making authority that meets federal law requirements. The Board reviews each loan applicant to determine its ability to repay the loan, its readiness to proceed with the project, and its ability to complete the project.

The SRF program receives assistance and support from the Department of Environmental Quality - Office of Support Services, the Department of Administrative Services - Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office. Salaries and benefits of employees, as well as indirect costs based on direct salary costs, are accumulated in the state's general fund and charged to the SRF based on actual time spent on SRF activities. Employees who charge time to the SRF are covered by the State of Utah personnel benefits plan. The SRF program is funded by a series of capitalization grant awards from EPA. Grant conditions require States to provide twenty percent (20%) matching funds to the federal Capitalization Grant.

The Fund follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

Unaudited

The SRF program and activities are included in the Utah Comprehensive Annual Financial Report (CAFR) as part of the Proprietary Funds (Water Loan Programs). The SRF assets, liabilities, and net assets are combined with other state programs and are not separately identifiable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund conform to generally accepted accounting principles as applicable to a governmental unit accounted for as a proprietary enterprise fund. The enterprise fund is used since the Fund's powers are related to those operated in a manner similar to a for profit business where an increase in net assets is an appropriate determination of accountability.

Basis of Accounting

The SRF financial statements are presented as an enterprise fund. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. All assets and liabilities associated with the operation of the SRF are included in the statement of net assets. The SRF has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board (GASB), as well as statements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

In accordance with the Money Management Act, Section 51-7 of the Utah Code, the State Treasurer administers cash and manages investments in the State. The Money Management Act specifies the investments that may be made, which are only high-grade securities. Investments include variable rate corporate notes and obligations of U.S. government agencies that base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate. Therefore, there is very little market risk because the investments follow the normal swings of interest rates. Cash equivalents are generally considered short-term highly liquid investments with maturity of three months or less from the purchase date.

All funds deposited with the Treasurer are considered to be cash or cash equivalents regardless of the actual maturities of the underlying investments in the statement of cash flows. Investments in debt and equity securities are reported at fair value in the statement of net assets, and all investment income, including changes in the fair value, are reported in the statement of revenue, expenses, and changes in fund net assets.

Operating Revenues and Expenses

The SRF distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net assets. Operating revenues and expenses generally result from carrying out the purpose of the SRF, which is to provide low interest loans to communities and provide assistance for prevention programs and administration. Operating revenues consist of loan interest repayments from borrowers. Operating expenses include

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

Unaudited

allocated direct salary costs and benefits, allocated indirect costs and allowance for bad debt. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

The EPA capitalization grant and the associated State match are recorded as capital contributions, except for principal forgiveness which is reported as non-operating revenue, and the 4% administrative match which is reflected as operating revenue.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to follow the State of Utah's policy as defined in the State of Utah Comprehensive Annual Financial Report.

Hardship Assessments

The Board has the option to charge a hardship assessment in lieu of interest on loans made from the repayment stream (2nd Round). Hardship assessments are calculated and paid in the same manner as interest. The restriction for the use of hardship assessments differs from the restriction for the use of interest. Hardship assessments can be used for purposes other than loans, including grants to disadvantaged communities.

Loan Origination Fee

The Water Quality Board may charge a Loan Origination Fee up to 1% of the principal loan amount. This fee may be used for any allocable activities under the Act and administration of the loan program.

Budgets

The SRF, as an enterprise fund of the State, does not require appropriation, and therefore, the SRF is not included in Utah's annual appropriation.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes during the reporting period. Actual results could differ from those estimates.

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, loan repayments and interest earnings. Interest is calculated from the date that funds are advanced. After the final disbursement has been made, the loan agreement is adjusted for the actual amounts disbursed. Loans are amortized for up to 30 years. Loan repayments must begin within one year of construction completion and are made on an annual basis. For projects receiving principal

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
Unaudited**

forgiveness grants, monies are advanced and forgiven as each disbursement occurs. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

Allowance for Bad Debts

The allowance for bad debts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Loans receivable are charged against the allowance for bad debts when management believes that the uncollectibility of the principal is probable. The allowance for bad debts was \$0 at June 30, 2015.

NOTE 3 – CASH AND INVESTMENTS

All monies of the SRF are deposited with the Utah State Treasurer and are considered cash and cash equivalents. All cash deposited with the State Treasurer is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short term securities and other investments.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF. Details of the investments of the PTIF can be obtained from the State Treasurer.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities which minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Income, gains and losses, and net of administration fees of the PTIF are allocated to participants on the ratio of the participants' share of the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, the investments are valued at fair value. The SRF has adjusted the PTIF funds to fair value as of June 30, 2015.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
Unaudited**

Investments in PTIF are not categorized because they are not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents are presented below:

Pooled cash held by State Treasurer	\$ 185,987
Public Treasurer's Investment Fund	<u>87,670,119</u>
Total cash and cash equivalents	<u>\$87,856,106</u>

NOTE 4 – LOANS RECEIVABLE

Loans are made to qualifying entities for projects that meet eligibility criteria. The SRF loan awards are comprised of the following funding sources: (1) the federal EPA Capitalization Grants; (2) State match funds; (3) loan repayments; (4) interest payments; and (5) SRF interest earnings. Projects are funded through the purchase of incremental disbursement bonds and proceeds are deposited into an escrow account based on a quarterly schedule of anticipated costs. Loan interest begins accruing when funds are deposited in the escrow account. Principal repayment must begin no later than one year after the completion of the project. Effective interest rates and hardship assessments on loans vary between 0.0 and 5.0 percent and are generally repaid over 20-30 years. The interest rates on the loans are generally lower than market rates and, in some cases, are non-interest bearing. Loans mature at various intervals and recipients make annual payments.

Loans mature at various intervals through June 30, 2043 and the scheduled principal repayments on loans follows:

LOANS RECEIVABLE	
Year Ending June 30,	Amount
	11,025,682
2016	10,927,652
2017	10,847,219
2018	11,296,023
2019	11,374,302
2020	55,200,324
2021 – 2025	41,458,009
2026 – 2030	13,644,747
2031 – 2035	4,178,000
2036 – 2040	946,743
2041 – 2043	<u>\$170,898,701</u>

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

Unaudited

Loans to Major Local Agencies

The Fund has made loans to the following major local agencies. The aggregate outstanding loan balances for each of these agencies exceed 5 percent of total loans receivable. The combined outstanding loan balances at June 30, 2015 of these major local agencies represent approximately 38 percent of the total loans receivable and are as follows:

LOANS TO MAJOR LOCAL AGENCIES		
Borrower	Authorized Loan Amount	Outstanding Loan Balance
Central Weber Sewer Improvement	\$10,050,000	\$9,224,568
Hooper City	12,665,000	10,595,000
North Davis County Sewer	21,650,000	17,933,000
Orem City	11,889,000	10,107,000
South Valley Water Reclamation	22,110,000	18,454,000
Total	\$78,364,000	\$66,313,568

NOTE 5 – DUE TO STATE OF UTAH

Due to State of Utah balances are an aggregation of amounts due to employees for salaries and benefits and/or vendors and miscellaneous suppliers paid by the state.

NOTE 6 – CAPITAL CONTRIBUTIONS

The following table summarized the activity of the State's Clean Water Revolving Loan Fund by award year:

CAPITAL CONTRIBUTIONS					
Year	Grant Award	Funds Drawn as of June 30, 2014	Funds Drawn During Year Ended June 30, 2015	Total Funds Drawn as of June 30, 2015	Available Funds as of June 30, 2015
1988 – 2005	\$135,393,094	\$135,393,094	\$ -	\$135,393,094	\$ -
2006	4,560,700	4,560,700	-	4,560,700	-
2007	5,596,300	5,596,300	-	5,596,300	-
2008	3,521,700	3,521,700	-	3,521,700	-
2009	3,521,600	3,521,600	-	3,521,600	-
2009 ARRA	20,649,900	20,649,900	-	20,649,900	-
2010	10,736,000	10,736,000	-	10,736,000	-
2011	7,759,000	7,759,000	-	7,759,000	-
2012	7,422,000	7,422,000	-	7,422,000	-
2013	7,006,000	2,993,401	4,012,599	7,006,000	-
2014	7,362,000	-	1,776,063	1,776,063	5,585,937
2015	7,324,000	-	-	-	7,324,000
Totals	\$220,852,294	\$202,153,695	\$5,788,662	\$207,942,357	\$12,909,937

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
Unaudited**

The following table summarizes the amount of state contributions made to meet match requirements of the EPA grant:

State match paid as of June 30, 2014	\$38,115,244
State match paid during the year ended June 30, 2015	<u>1,472,400</u>
State match paid as of June 30, 2015	\$39,587,644

NOTE 7 – RISK MANAGEMENT

The SRF is included in Utah's Risk Management Fund, which provides insurance in case of loss or claims against the SRF. The State has elected, with a few exceptions, to be self-insured against loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, settled claims have not exceeded insurance coverage in the last three fiscal years. Refer to the State's Risk Management disclosure in the June 30, 2014 Comprehensive Annual Financial Reports.

NOTE 8 – CONTINGENCIES AND SUBSEQUENT EVENTS

As of June 30, 2015, the total remaining draws for SRF projects with closed loans was \$4,288,981. Draws will be completed during future fiscal years in order to complete wastewater projects in these communities. As of June 30, 2015, the Board had authorized an additional \$70,000,000 in loan funding for one community. However, loan closing had not been completed for the projects.

NOTE 9 – NET ASSETS

Governmental Accounting Standards Board Statement No. 34 provides for three components of net assets: invested in capital assets, net of related debt, restricted and unrestricted. As of June 30, 2015, the Fund had no restricted net assets or net assets invested in capital assets, net of related debt. Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted. Although the Fund reports unrestricted net assets on the face of the statements of net assets, unrestricted net assets are to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and are to remain in the Fund.

SUPPLEMENTARY INFORMATION

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF NET ASSETS
June 30, 2015**

	SRF Fund	Loan Origination Fee Fund	Hardship Fund	Total
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 81,538,335	\$ 469,487	\$ 5,848,284	\$ 87,856,106
Receivables:				
Amount due from EPA	15,368	-	-	15,368
Amount due from State	3	-	-	3
Loan interest	663,555	-	-	663,555
Hardship assessments	-	-	507,224	507,224
Loans Receivable	10,973,241	-	52,442	11,025,683
Total current assets	93,190,502	469,487	6,407,950	100,067,939
NONCURRENT ASSETS				
Loans receivable	158,737,891	-	1,135,127	159,873,018
TOTAL ASSETS	251,928,393	469,487	7,543,077	259,940,957
LIABILITIES AND NET ASSETS				
LIABILITIES				
CURRENT LIABILITIES				
Deposits	-	-	-	-
Due to State	100,915	-	-	100,915
Due to Other Funds	-	-	89,996	89,996
Accounts Payable	-	-	113,127	113,127
TOTAL LIABILITIES	100,915	-	203,123	304,038
NET ASSETS				
Unrestricted	251,827,478	469,487	7,339,954	259,636,919
TOTAL NET ASSETS	\$ 251,827,478	\$ 469,487	\$ 7,339,954	\$ 259,636,919

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2015**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
OPERATING REVENUES				
Loan interest	\$ 634,405	\$ -	\$ -	\$ 634,405
Hardship assessments	-	-	1,692,239	1,692,239
Late Fees	5,483	-	11	5,494
EPA Program Administration Fees	287,041	-	-	287,041
Loan Origination Fees	-	93,530	-	93,530
Total Operating Revenues	<u>926,929</u>	<u>93,530</u>	<u>1,692,250</u>	<u>2,712,709</u>
OPERATING EXPENSES				
Hardship grants	-	-	5,812,308	5,812,308
Principal Forgiveness	244,019	-	-	244,019
EPA Program Administration	287,042	-	-	287,042
Total Operating Expenses	<u>531,061</u>	<u>-</u>	<u>5,812,308</u>	<u>6,343,369</u>
OPERATING INCOME (LOSS)	<u>395,868</u>	<u>93,530</u>	<u>(4,120,058)</u>	<u>(3,630,660)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	403,158	-	31,409	434,567
EPA capitalization grants - Loans	5,257,600	-	-	5,257,600
EPA capitalization grants - Principal Forgiveness	244,019	-	-	244,019
State match	1,472,400	-	-	1,472,400
Transfers in	-	-	-	-
Transfers out	-	(58,993)	-	(58,993)
Total nonoperating revenues(expenses)	<u>7,377,177</u>	<u>(58,993)</u>	<u>31,409</u>	<u>7,349,593</u>
CHANGE IN NET ASSETS	<u>7,773,045</u>	<u>34,537</u>	<u>(4,088,649)</u>	<u>3,718,933</u>
NET ASSETS, BEGINNING OF YEAR	<u>244,054,433</u>	<u>434,950</u>	<u>11,428,603</u>	<u>255,917,986</u>
NET ASSETS, END OF YEAR	<u>\$ 251,827,478</u>	<u>\$ 469,487</u>	<u>\$ 7,339,954</u>	<u>\$ 259,636,919</u>

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF CASH FLOWS
June 30, 2015**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from loan interest and penalties	\$ 632,975	\$ -	\$ 11	\$ 632,986
Cash received from hardship assessments	-	-	1,735,750	1,735,750
Loan origination fees received	-	93,530	-	93,530
Loans disbursed	(7,587,000)	-	(175,300)	(7,762,300)
Hardship grants disbursed	-	-	(5,763,762)	(5,763,762)
Principal received on loans receivable	11,503,559	-	1,504,195	13,007,754
Principal forgiveness disbursed	(244,019)	-	-	(244,019)
Grant awards	277,744	-	-	277,744
Program administration	(203,582)	-	-	(203,582)
Charges for services	-	-	-	-
Project administration	-	-	-	-
Net cash (required) by operating activities	<u>4,379,677</u>	<u>93,530</u>	<u>(2,699,106)</u>	<u>1,774,101</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Funds received from EPA capitalization grants - Loans	5,257,600	-	-	5,257,600
Funds received from EPA capitalization grants - Principal Forgiveness	244,019	-	-	244,019
Transfers in	-	-	-	-
Transfers out	-	(58,993)	-	(58,993)
Net funds received from State of Utah	<u>1,472,400</u>	<u>-</u>	<u>-</u>	<u>1,472,400</u>
Net cash provided by noncapital financing activities	<u>6,974,019</u>	<u>(58,993)</u>	<u>-</u>	<u>6,915,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment income received	403,158	-	31,409	434,567
Net cash provided by investing activities	<u>403,158</u>	<u>-</u>	<u>31,409</u>	<u>434,567</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,756,854	34,537	(2,667,697)	9,123,694
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>69,781,481</u>	<u>434,950</u>	<u>8,515,981</u>	<u>78,732,412</u>
	<u>\$ 81,538,335</u>	<u>\$ 469,487</u>	<u>\$ 5,848,284</u>	<u>\$ 87,856,106</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 395,868	\$ 93,530	\$ (4,120,058)	\$ (3,630,660)
Changes in assets and liabilities related to operations:				
(Increase)/Decrease in loan interest receivable	(6,912)	-	-	(6,912)
(Increase)/Decrease in hardship assessments receivable	-	-	43,512	43,512
(Increase)/Decrease in amount due from EPA	(9,298)	-	-	(9,298)
(Decrease)/Increase in amount due from State	-	-	1,000	1,000
(Decrease)/Increase accounts payable	-	-	(25,979)	(25,979)
(Decrease)/Increase in deposits	-	-	-	-
(Decrease)/Increase in amount due to State	83,460	-	-	83,460
(Decrease)/Increase in amount due to Other Funds	-	-	79,175	79,175
(Increase)/Decrease accounts receivable	-	-	-	-
(Increase)/Decrease loans receivable	3,916,559	-	1,323,244	5,239,803
Net cash (required) by operating activities	<u>\$ 4,379,677</u>	<u>\$ 93,530</u>	<u>\$ (2,699,106)</u>	<u>\$ 1,774,101</u>

The accompanying notes are an integral part of the financial statements.

**TABLE 1
UTAH STATE REVOLVING FUND
FINANCIAL ASSISTANCE PROVIDED THROUGH JUNE 30, 2015**

Recipient Name	Project Number	Equivalency	Type L = Loan PF = Principal Forgiveness	Interest Rate	Hardship Assessment Rate	Term	SRF Needs Category	Assistance Amount	Binding Commitment	Construction Start	Construction Completion
1 Smithfield City	101	x	L	0.00%		20 yrs	Iva&b	3,630,300	Aug-88	Aug-88	Aug-90
2 South Davis SID - North	102	x	L	3.00%		20 yrs	I	4,498,000	Jan-89	Sep-88	Oct-91
3 Central Davis SID - Ph 4	103a	x	L	3.00%		20 yrs	I	1,250,000	Feb-89	Feb-89	Aug-91
4 Providence City	104	x	L	0.00%		18 yrs	Iva & b	3,500,000	Sep-89	Nov-90	Jan-91
5 Solitude ID Phase I	105	x	L	0.00%		20 yrs	Ivb	2,993,000	Mar-90	Apr-90	Jan-92
6 Central Davis SID - Ph 5&6	103b	x	L	3.00%		20 yrs	I	1,150,000	Apr-90	Feb-89	Aug-91
7 Central Davis SID - Ph 5&6	108	x	L	5.00%		20 yrs	I	850,000	Apr-90	Jan-90	Jun-91
8 South Davis SID - North	107	x	L	5.00%		20 yrs	I	4,205,000	Aug-90	Feb-89	Nov-82
9 Solitude ID (phase II & III)	112	x	L	0.00%		20 yrs	Ivb&Iva	2,376,716	May-91	Apr-90	May-91
10 Hyde Park City	106	x	L	0.00%		18 yrs	IV b	800,000	Dec-91	Jan-92	Mar-95
11 South Weber City	114	x	L	0.00%		20 yrs	Ivb&Iva	3,056,000	May-92	Jul-92	Oct-95
12 South Davis SID - South	115	x	L	4.00%		20 yrs	I	4,475,000	Sep-92	Oct-92	Oct-95
13 Aurora City	119	x	L	0.00%		20 yrs	Ivb,Iva&I	965,000	Apr-93	Nov-93	Sep-94
14 Timpanogos SD (sludge)	125	x	L	3.50%		10 yrs	II	1,300,000	Jun-93	Jun-93	Dec-93
15 St George City	123	x	L	3.50%		20 yrs	I	4,000,000	Dec-93	Nov-94	Oct-98
16 Santaquin City	109	x	L	0.00%		20 yrs	Ivb,Iva&I	1,307,000	Feb-94	Apr-94	Dec-93
17 Orem City	128	x	L		3.50%	20 yrs	I	3,500,000	Apr-94	Aug-94	Jun-97
18 North Davis Co. SID	126	x	L		3.50%	20 yrs	II	4,000,000	Jun-94	Aug-94	Apr-96
19 Snyderville Basin SID	122	x	L	0.00%		20 yrs	I	2,500,000	Jun-94	Aug-94	Jun-97
20 Magna ID	132	x	L		3.50%	20 yrs	Ivb, I	2,320,000	Jun-94	Jul-94	Jul-95
21 Timpanogos SD	135	x	L		4.00%	20 yrs	II	2,900,000	Jul-94	Jul-94	Apr-96
22 Cedar City	117	x	L		2.75%	20 yrs	I,II & Ivb	12,010,000	Aug-94	Sep-94	Jun-97
23 Provo City	131		L		3.50%	7 yrs	II	1,185,000	Apr-95	Apr-95	Oct-96
24 Jordanelle SAD	130	x	L		3.00%	10 yrs	Ivb	2,736,000	May-95	May-95	Dec-01
25 Midway Sanitation District	113	x	L		3.00%	10 yrs	Ivb	151,000	May-95	May-95	Dec-01
26 Mapleton City	116	x	L	0.00%		20 yrs	Iva & Ivb	6,330,000	Jun-95	Jul-95	Dec-96
27 Snyderville Basin SID	134	x	L	5.00%		15 yrs	II	1,500,000	Jul-95	Aug-95	Apr-97
28 Grantsville City	124	x	L	0.00%		20 yrs	I	3,278,000	Aug-95	Sep-95	Oct-96
29 Moab City	129	x	L		4.50%	10 yrs	I	1,821,000	Sep-96	Oct-96	Mar-98
30 Highland City	144	x	L		4.00%	20 yrs	Iva & b	2,176,000	May-97	Apr-97	Apr-99
31 Central Davis Co. SD	140		L		4.50%	20 yrs	I	5,100,000	Jul-97	Aug-97	Oct-99
32 Nibley City	142	x	L	0.00%		30 yrs	Iva & b	6,104,000	Jul-01	Aug-01	May-04
33 St. George City	138	x	L		1.00%	20 yrs	I & II	12,000,000	Sep-97	Oct-97	Aug-02
34 Mapleton City	143		L	0.00%		20 yrs	Iva&b	3,070,000	Dec-97	Jul-95	Dec-96
35 Tooele City	111	x	L		3.50%	20 yrs	I & II	7,570,000	Dec-97	Jan-98	Apr-01
36 Washington City	213		L		2.00%	20 yrs	Ivb&IIia	3,356,000	May-99	Jun-99	Jul-03
37 Ephraim City	212	x	L		3.60%	20yrs	I	2,100,000	Sep-99	Oct-99	Jul-00
38 Minersville City	209		L		1.00%	20 yrs	I	525,000	Sep-99	Oct-99	Mar-00
39 Escalante City	214		L		2.00%	20yrs	I	563,000	Oct-99	Oct-99	Mar-00
40 Richfield City	204		L		4.00%	20yrs	IIb	4,000,000	Nov-99	Jan-99	Aug-02
41 Price River WID	145	x	L	4.00%		20yrs	I	1,000,000	May-00	Jun-00	Mar-01
42 Green River City	110	x	L	0.00%		20yrs	IIb	870,000	Jun-00	Jul-00	May-02
43 Salina City	211	x	L	1.00%		20yrs	IIb & IVb	2,725,000	Aug-00	Sep-00	Nov-03
44 Salina City (increase)	218	x	L	1.00%		20yrs	IIb & IVb	400,000	Aug-00	Sep-00	Nov-03
45 Snyderville Basin (PR)	146	x	L	2.00%		10yrs	I	4,190,000	Dec-00	Feb-01	Aug-03
46 Sunnyside City	154	x	L	0.00%		20yrs	IIb	635,000	Apr-01	May-01	Oct-02
47 West Haven SD	152	x	L	0.00%		20yrs	Ivb	6,536,000	Apr-01	May-01	Nov-03
48 Hilldale City	118	x	L	0.00%		20 yrs	I & IVb	1,565,000	Aug-01	Sep-01	Nov-02
49 Payson City	148	x	L	4.00%		20yrs	I	7,479,000	Aug-01	Sep-01	Oct-04
50 Bear Lake SSD	220	x	L	0.00%		25yrs	I	2,230,000	Jul-03	Aug-03	Jul-07
51 Beaver City	217		L		4.00%	20yrs	I & IVb	2,050,000	Dec-01	Feb-02	Jul-03
52 Oakley City	221	x	L	0.00%		20yrs	I	400,000	Jul-02	Aug-02	Jun-03
53 South Salt Lake City	202	x	L	0.00%		20yrs	I	1,230,000	Aug-02	Nov-02	Dec-99
54 Mapleton City	160		L		2.00%	20yrs	I	1,100,000	Feb-04	Jul-04	Jun-04
55 Nibley City (increase)	142	x	L	0.00%		30yrs	IIa & IVb	1,360,000	Feb-03	Mar-03	May-04
56 Nibley City (increase)	142	x	L	0.00%		30yrs	IIa & IVb	275,000	Jan-04	Mar-03	May-04
57 Hyrum City	209		L		1.30%	20yrs	I	4,220,000	Dec-03	Aug-03	Feb-06

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TABLE 1 (continued)
UTAH STATE REVOLVING FUND
FINANCIAL ASSISTANCE PROVIDED THROUGH JUNE 30, 2015

58	Fairview City	120	x	L	0.00%		30yrs	IVa, IVb, I	2,400,000	Jan-04	Feb-04	Jul-05
59	Gubler	NPS002		L	0.00%		12yrs	NPS	43,838	Feb-04	Jul-03	Jan-04
60	North Davis Sewer District	157		L		2.74%	20yrs	I, II	20,000,000	Jun-04	Jul-04	Feb-06
61	North Davis Sewer District (Increase)	157		L		2.32%	20yrs	I, II	900,000	Mar-05	Jul-04	Jul-09
62	North Davis Sewer District (Increase)	157		L		2.32%	20yrs	I, II	750,000	Mar-05	Jul-04	Jul-09
63	Central Davis County SD	155	x	L	1.90%		20yrs	IVa & b, I	2,700,000	May-03	Jun-03	Jun-03
64	Central Davis County SD (Increase)	156	x	L	0.50%		20yrs	IVa & b, I	405,000	Apr-05	Jun-03	Nov-08
65	Central Valley WRF	158		L		3.00%	20yrs	IIIb	35,000,000	Apr-05	Apr-05	Mar-10
66	Moroni City	150	x	L	0.50%		20yrs	II	3,700,000	Jun-05	Jun-05	Jul-07
67	Parowan City	151	x	L	2.75%		20yrs	IVb	3,772,000	Aug-05	Aug-05	Dec-06
68	Hooper City	136	x	L	0.00%		30yrs	IVa	12,000,000	Jun-06	Jun-06	Apr-08
69	Gardner	NPS003		L	0.00%		20yrs	NPS	83,200	May-07	May-07	May-07
70	Waldron	NPS001		L	0.00%		20yrs	NPS	94,640	Jul-06	Jul-06	Jul-06
71	Jensen	NPS004		L	0.00%		20yrs	NPS	41,600	Mar-07	Mar-07	Mar-07
72	North Fork SSD	227	x	L	3.00%		20yrs	I & II	3,810,000	Nov-06	Nov-06	Oct-08
73	Ward	NPS005		L	0.00%		20yrs	NPS	31,200	Jun-07	Jun-07	Jun-07
74	Ward	NPS006		L	0.00%		20yrs	NPS	23,920	Jun-07	Jun-07	Jun-07
75	Wolf Creek	837		L		3.00%	20yrs	I	5,300,000	Jun-07	Jun-07	Jun-07
76	Magna Water Co.	838	x	L	3.00%		20	II	5,000,000	Aug-07	Aug-07	Dec-09
77	Beckstead	NPS007		L	0.00%		20yrs	NPS	47,320	Dec-07	Dec-07	Dec-07
78	Anhder	NPS008		L	0.00%		20yrs	NPS	20,800	Jan-08	Jan-08	Jan-08
79	South Valley WRF	162		L		2.30%	20yrs	II	20,100,000	Apr-08	Apr-08	Jan-11
80	South Valley WRF	NPS162		L		2.30%	20yrs	NPS	2,010,000	Apr-08	Apr-08	
81	Richmond City	241	x	L	0.00%		20yrs	I & II	3,316,000	Apr-08	Apr-08	Mar-10
82	Central Weber SID	242		L		2.30%	20yrs	II	10,050,000	Apr-08	Dec-08	Mar-10
83	Central Weber SID	NPS242		L		2.30%	20yrs	II	1,005,000	Apr-08	Dec-08	Dec-11
84	Wayment	NPS010		L	0.00%		20yrs	NPS	114,026	Sep-08	Sep-08	Sep-08
85	Eagle Mountain City	234	x	L	1.00%		20yrs	II	6,665,000	Jul-08	Jul-08	Jan-10
86	Hooper City (Increase)	136	x	L	0.00%		30yrs	IVa	1,000,000	Dec-03	Dec-08	Apr-08
87	Perry City	244		L		3.00%	20yrs	II & IVb	5,675,000	Dec-03	Dec-08	Aug-10
88	Stockton Town	171	x	L	0.00%		30yrs	I & IVa	7,400,000	Sep-09	Sep-09	Oct-11
89	Riverdale City	178		L		3.00%	20yrs	IIIb	1,502,000	Oct-09	Oct-09	Nov-11
90	Salt Lake City Corporation	173	x	L	0.00%		20yrs	I	6,450,000	Nov-09	Nov-09	Jul-14
91	Kearns Improvement District	174	x	L	0.00%		20yrs	IIIb	5,025,000	Dec-09	Dec-09	Dec-11
92	Price City	177	x	L	0.00%		20yrs	IIIb	850,000	Dec-09	Dec-09	Jan-11
93	Roosevelt City	175	x	L	0.00%		20yrs	I & IIIb	2,882,000	Dec-09	Dec-09	Nov-12
94	Salt Lake County	183	x	PF	0.00%		n/a	VII-K	484,200	Aug-09	Aug-09	Nov-10
95	Orem City	172	x	L	0.00%		20yrs	I	11,889,000	Feb-10	Feb-10	Dec-12
96	Parowan City	176	x	L	0.00%		20yrs	I	512,000	Feb-10	Feb-10	Aug-10
97	Utah State University Research Foundation	180	x	PF	0.00%		n/a	II	500,000	Aug-09	Aug-09	May-10
98	Snyderville Basin WRD	181	x	PF	0.00%		n/a	VII-K	300,000	Aug-09	Aug-09	Aug-12
99	Ogden City	184	x	PF	0.00%		n/a	VII-K	1,150,000	Sep-09	Sep-09	Dec-12
100	Salt Lake City Corporation - Green	182	x	PF	0.00%		n/a	VII-K	577,500	Aug-09	Aug-09	Nov-10
101	Utah Division of Wildlife Resources	179	x	PF	0.00%		n/a	VII-K	540,788	Aug-09	Aug-09	Nov-11
102	Mona City	166	x	L & PF	0.00%		30yrs	I	11,668,000	Oct-10	Oct-10	May-12
103	Mona City	CO42	x	PF	0.00%		n/a	I & IVa	610,000	Sep-11	Oct-10	May-12
104	Washington Terrace	187		L	2.50%		20yrs	IIIb	835,000	Dec-10	Apr-11	Sep-14
105	Stansbury Park	186		L	2.50%		20yrs	I	3,000,000	Dec-10	Apr-11	Mar-12
106	Ogden City	184-B	x	PF	0.00%		n/a	VII-K	1,000,000	Dec-10	Dec-10	Dec-12
107	Lindon City	188		L	2.50%		20yrs	IIIb	3,000,000	Apr-11	Apr-11	Apr-13
108	Elwood Town	168	x	L & PF	0.00%		30yrs	I & IVa/b	2,941,399	Oct-11	Nov-11	Nov-12
109	Kearns Improvement District	192		L		3.00%	20yrs	IIIb	6,555,000	Dec-11	Jan-12	
110	Granger-Hunter Improvement District	193		L	2.50%		20yrs	IIIb	6,202,000	Jan-12	Feb-12	
111	Santaquin City	169	x	L	1.00%		20yrs	II	6,934,000	Feb-12	Mar-12	Mar-14
112	Echo SSD	196	x	L & PF	0.00%		20yrs	VII-L	469,000	Dec-13	Dec-13	Dec-14
113	Ephraim City	191	x	L	2.00%		20yrs	I	2,353,000	Sep-14	Sep-14	
114	Eureka City	199	x	L & PF	0.00%		30yrs	IIIb	1,544,019	Mar-15	Mar-15	
115	Francis City	197	x	L & PF	0.00%		25yrs	I	5,750,981	Apr-15	Apr-15	
									TOTAL LOANS	408,419,447		
									TOTAL ADMIN COSTS THROUGH FY15	8,405,126		
									416,824,573			

TABLE 2
UTAH STATE REVOLVING FUND
CASH DRAW SCHEDULE FOR STATE FISCAL YEAR 2015

Recipient Name	Project Number	Source of Draws		Total Funding Amount	Previously Disbursed	SFY	SFY	SFY	SFY	SFY	*Balance of Funding
		Cap Grant ❖	Second Round ●			2015 July - Sept 1st Qtr	2015 Oct - Dec 2nd Qtr	2015 Jan - Mar 3rd Qtr	2015 Apr - June 4th Qtr	2015 Total	
Ephraim City	191	❖		2,353,000	0	728,000	1,000,000	625,000	0	2,353,000	0
Eureka City	199	❖		1,544,019	0	0	0	1,144,019	0	1,144,019	400,000
Francis City	197	❖		5,750,981	0	0	0	0	2,162,000	2,162,000	3,588,981
Granger Hunter Improvement District	193		●	6,202,000	5,500,000	0	0	0	702,000	702,000	0
Keams Improvement District	192	❖		7,615,000	6,000,000	350,000	600,000	0	365,000	1,315,000	300,000
South Valley WRF	162		●	22,110,000	21,955,000	0	155,000	0	0	155,000	0
DWQ Administrative Costs						69,385	82,199	105,391	95,936	352,911	
TOTAL				45,575,000	33,455,000	1,147,385	1,837,199	1,874,410	3,324,936	8,183,930	4,288,981
Federal LOC						1,128,335	1,667,001	1,148,777	1,844,548	5,788,661	
Loan Origination Fees						19,050	15,198	13,095	18,527	65,868	
State Match						0	0	712,539	759,861	1,472,400	
SRF Repayment Fund						0	155,000	0	702,000	857,000	

CWSRF Benefits Reporting

Loan: UT59 Borrower: Ephraim City Assistance Type: Loan Loan Amount \$: \$2,353,000 <input type="checkbox"/> Final Amount	<input type="checkbox"/> Entry Complete Loan Execution Date: 09/09/2014 Loan Interest Rate: 2.00% Repayment Period: 20 % Funded by CWSRF: 85%	Tracking #: 191 Other #: Incremental Funding: N Phase #: 0 Original Tracking #: Linked to Tracking#: Same Environmental Results: <input type="checkbox"/> ARRA Funding: <input type="checkbox"/> Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/> Total NPS Projects: 0
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Project: 1 of 1 **CW Needs Survey Number :** **# of NPS Projects:** U

Project Description: Construction of wastewater lagoon improvements

Facility Name: Ephraim City lagoon

Population Served (Current) :
 by the Project: 6,174
 by the Facility: 6,174

Wastewater Volume (Design Flow) :
 by the Project: 1.1700mgd **Volume Eliminated/Conserved:** 0.1100mgd
 by the Facility: 1.1700mgd

Discharge Information:

<input type="checkbox"/> Ocean Outfall	<input type="checkbox"/> Estuary/Coastal Bay	<input type="checkbox"/> Wetland	<input checked="" type="checkbox"/> Surface Water	<input type="checkbox"/> Groundwater	<input type="checkbox"/> Land Application
<input type="checkbox"/> Other/Reuse	<input type="checkbox"/> Eliminates Discharge	<input type="checkbox"/> No Change / No Discharge	<input type="checkbox"/> NEP Study	<input type="checkbox"/> Seasonal Discharge	

NPDES Permit Number: UT0025984 No NPDES Permit
 Other Permit Type: Other Permit Number:

Affected Waterbodies:	<u>Waterbody Name</u>	<u>Waterbody ID</u>	<u>State Waterbody ID</u>	<u>Receiving Waterbody</u>
Primary Impacted :	San Pitch River	16030004		<input checked="" type="checkbox"/>
Other Impacted :				<input type="checkbox"/>

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality	Not Applicable
b. Allows the system to	Maintain Compliance.
c. Affected waterbody is	Impaired.
d. Allows the system to address.....	<input checked="" type="checkbox"/> Existing TMDL <input type="checkbox"/> Projected TMDL <input type="checkbox"/> Watershed Management Plan

Designated Surface Water Uses (Selected):	Protection:	Restoration:
Class 2B – Secondary contact recreation	Secondary	
Class 3C – Non-game fish and other aquatic life	Secondary	
Class 3D – Wildlife habitat	Secondary	
Class 4 – Agricultural	Secondary	

Other Uses and Outcomes (Selected):	Protection:	Restoration:
Infrastructure Improvement		Primary
Water Reuse/Recycling/Conservation	Primary	

Comments: Utah Wastewater Loan - \$200,000
 Local Contribution - \$219,327

CWSRF Benefits Reporting

Loan: UT60 Borrower: Eureka City Assistance Type: Loan Loan Amount \$: \$1,544,019 <input type="checkbox"/> Final Amount	<input checked="" type="checkbox"/> Entry Complete Loan Execution Date: 03/04/2015 Loan Interest Rate: 0.00% Repayment Period: 30 % Funded by CWSRF: 19%	Tracking #: 199 Other #: Incremental Funding: N Phase #: 0 Original Tracking #: Linked to Tracking#: Same Environmental Results: <input type="checkbox"/> ARRA Funding: <input type="checkbox"/>
Multiple nonpoint source projects with similar Environmental Results:		<input type="checkbox"/> Total NPS Projects: 0

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: Rehabilitation of existing wastewater collection and treatment system

Facility Name: Eureka Lagoon

Population Served (Current) :
 by the Project: 674
 by the Facility: 674

Wastewater Volume (Design Flow) :
 by the Project: 0.2340mgd **Volume Eliminated/Conserved:** 0.0000mgd
 by the Facility: 0.2340mgd

Discharge Information:

- | | | | | | |
|--|---|---|--|---|---|
| <input type="checkbox"/> Ocean Outfall | <input type="checkbox"/> Estuary/Coastal Bay | <input type="checkbox"/> Wetland | <input type="checkbox"/> Surface Water | <input type="checkbox"/> Groundwater | <input type="checkbox"/> Land Application |
| <input type="checkbox"/> Other/Reuse | <input type="checkbox"/> Eliminates Discharge | <input type="checkbox"/> No Change / No Discharge | <input type="checkbox"/> NEP Study | <input type="checkbox"/> Seasonal Discharge | |
- NPDES Permit Number: UT0024601 No NPDES Permit
 Other Permit Type: Other Permit Number:

Affected Waterbodies:	<u>Waterbody Name</u>	<u>Waterbody ID</u>	<u>State Waterbody ID</u>	<u>Receiving Waterbody</u>
Primary Impacted :		16030003		<input type="checkbox"/>
Other Impacted :				<input type="checkbox"/>

Project Improvement/Maintenance of Water Quality:

- | | |
|--------------------------------------|---|
| a. Contributes to water quality | Not Applicable |
| b. Allows the system to | Maintain Compliance. |
| c. Affected waterbody is | Not Applicable |
| d. Allows the system to address..... | <input type="checkbox"/> Existing TMDL <input type="checkbox"/> Projected TMDL <input type="checkbox"/> Watershed Management Plan |

Designated Surface Water Uses (Selected):

- Class 2B – Secondary contact recreation
- Class 4 – Agricultural

Protection:
Restoration:
 Primary
 Primary

Other Uses and Outcomes (Selected):

Infrastructure Improvement

Protection:
Restoration:
 Primary

Comments:

CWSRF Benefits Reporting

Loan: UT61 Borrower: Francis City Assistance Type: Loan Loan Amount \$: \$5,750,981 <input type="checkbox"/> Final Amount	<input type="checkbox"/> Entry Complete Loan Execution Date: 04/15/2015 Loan Interest Rate: 0.00% Repayment Period: 25 % Funded by CWSRF: 100%	Tracking #: 197 Other #: Incremental Funding: N Phase #: 0 Original Tracking #: Linked to Tracking#: Same Environmental Results: <input type="checkbox"/> ARRA Funding: <input type="checkbox"/> Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/> Total NPS Projects: 0
---	--	--

Project: 1 of 1 **CW Needs Survey Number :** **# of NPS Projects:** 0

Project Description: Upsizing of wastewater treatment lagoon system

Facility Name: Francis City

Population Served (Current) :

by the Project:	1,114
by the Facility:	1,114

Wastewater Volume (Design Flow) :

by the Project:	0.3600mgd	Volume Eliminated/Conserved:	0.0000mgd
by the Facility:	0.3600mgd		

Discharge Information:

<input type="checkbox"/> Ocean Outfall	<input type="checkbox"/> Estuary/Coastal Bay	<input type="checkbox"/> Wetland	<input type="checkbox"/> Surface Water	<input type="checkbox"/> Groundwater	<input checked="" type="checkbox"/> Land Application
<input type="checkbox"/> Other/Reuse	<input type="checkbox"/> Eliminates Discharge	<input type="checkbox"/> No Change / No Discharge	<input type="checkbox"/> NEP Study	<input type="checkbox"/> Seasonal Discharge	

NPDES Permit Number: No NPDES Permit
 Other Permit Type: Other Permit Number:

Affected Waterbodies:

	<u>Waterbody Name</u>	<u>Waterbody ID</u>	<u>State Waterbody ID</u>	<u>Receiving Waterbody</u>
Primary Impacted :				<input type="checkbox"/>
Other Impacted :				<input type="checkbox"/>

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality	Not Applicable
b. Allows the system to	Maintain Compliance.
c. Affected waterbody is	Not Applicable
d. Allows the system to address.....	<input type="checkbox"/> Existing TMDL <input type="checkbox"/> Projected TMDL <input type="checkbox"/> Watershed Management Plan

Other Uses and Outcomes (Selected):

Infrastructure Improvement Water Reuse/Recycling/Conservation	Protection:	Restoration: Primary Primary
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Comments:



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

Water Quality Board
Myron E. Bateman, Chair
Shane E. Pace, Vice-Chair
Clyde L. Bunker
Steven K. Earley
Gregg A. Galecki
Jennifer Grant
Michael D. Luers
Alan Matheson
Walter L. Baker
Executive Secretary

MEMORANDUM

TO: Utah Water Quality Board

THROUGH: Walter L. Baker, P.E.

FROM: Emily Cantón
Administrative Services Manager 

DATE: April 15, 2016

SUBJECT: Request for Public Comment on the FY 2016 Intended Use Plan & Project Priority List

The Division of Water Quality is requesting approval from the Utah Water Quality Board to go to public comment for feedback regarding the FY 2016 Intended Use Plan (IUP) and Project Priority List (PPL).

As a condition of CWSRF funding, the U.S. Environmental Protection Agency requires that the State of Utah provide an annual IUP and PPL. The IUP identifies both long- and short-term goals and addresses specific program requirements such as additional subsidy, green project reserve, and proportionality of state match. The PPL shows current projects ranked using criteria like project need, potential improvement, and population affected. However, due to the dynamic nature of wastewater projects, the documents will be updated on an ongoing basis throughout the fiscal year. The Water Quality Board will be apprised of these updates by way of the Financial Status Report, the Project Priority List, and feasibility reports.

The Division of Water Quality will publish a notification in the newspaper to advertise the IUP and PPL and will also send notification to interested parties. Staff will post both documents on the Division of Water Quality's website for public review and comment.

Following the public comment period, the IUP and PPL will be submitted to EPA as part of the 2016 CWSRF Capitalization Grant application.

**STATE OF UTAH
CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN FOR FISCAL YEAR
2016**



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INTRODUCTION

As required under Sections 606(c) and 610(b) of the Clean Water Act, the State of Utah has prepared an Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) program. The purpose of the IUP is to facilitate the negotiation process for the Fiscal Year 2016 CWSRF Capitalization Grant agreement. This IUP outlines the short-term and long-term goals of the program and proposes a schedule of payment between the Department of Environmental Quality – Division of Water Quality and the Environmental Protection Agency – Region 8. This document also describes the intended uses for: the State Revolving Fund (SRF), the Utah Wastewater Loan Fund (UWLF) and the Hardship Grant Funds (HGFs). All data provided in the 2016 IUP are projections of funding for the listed projects. Ultimately, the Utah Water Quality Board will determine loan amounts and financing terms as projects are presented for authorization.

The CWSRF is a financial assistance program that provides low-cost financing for treatment works, sewerage systems, storm water projects, decentralized systems, and nonpoint source projects. The operation of Utah's CWSRF program is coordinated between the Utah Water Quality Board (the Board) and the Department of Environmental Quality – Division of Water Quality. Projects financed through the State Revolving Fund may receive funding from the following sources: (a) SRF Capitalization Grants; (b) SRF loan repayments; and (c) State matching funds. Occasionally, an SRF-eligible project will be financed through the Utah Wastewater Loan Program or Hardship Grant Funds. If this occurs, the project may be removed from the SRF Project Priority List. Similarly, if an SRF-eligible project does not proceed, it may be removed from this list. The Intended Use Plan includes any project listed on the FY 2016 Project Priority List as well as any unanticipated projects that may be added during the year. Projects are listed on the Project Priority List prior to being presented to the Water Quality Board for authorization. Projects will be considered for funding according to their priority and readiness to proceed.

PROGRAM OPERATIONS

Since its inception in 1989, Utah's CWSRF program has received appropriations from the federal government through capitalization grants. For FY16, Utah estimates its capitalization grant award will be approximately \$7,200,000.

In addition to federal dollars, The Department of Environmental Quality – Division of Water Quality is required to provide a twenty percent (20%) state match. Utah has met the state match requirement by using money from the Utah Wastewater Loan Fund (UWLF). Revenues into the UWLF are comprised of principal repayments from state loans and from state sales taxes. For FY16, Utah anticipates receiving its full measure of sales tax dollars, which is \$3,587,500. The entire 20% state matching amount will be used toward eligible project costs before draws are made from the capitalization grant. Once the requirement is met, draws will be made from the federal letter of credit (LOC) as a 100% federal share.

The Department of Environmental Quality – Division of Water Quality will use SRF administrative funds of up to \$400,000 for costs associated with administering the program. In addition, loan origination fees, equal to 1% of the principal loan amount, are charged to loan recipients. That revenue may also be used for program administration expenses. The Division of Water Quality estimates that \$750,000 will be collected from loan origination fees by the end of

Fiscal Year 2016.

EXTENDED FINANCING TERMS

As of July 1, 2015, the Utah Water Quality Board has provided extended financing agreements to eight SRF recipients: Bear Lake SSD, Nibley City, Fairview City, Hooper City, Stockton Town, Mona City, Elwood Town, and Eureka City. The Division of Water Quality estimates that the long term impact of extended financing on the SRF program is less than a 1% revolving level reduction over 60 years. This estimate does not include an adjustment for inflation.

In cases of extreme hardship, the maximum affordable loan amount may not provide sufficient capital to cover project costs. In these cases, the Board would be requested to provide a hardship grant funds to make these projects feasible. Extended-term financing can increase the loan amount that a community qualifies for under the 1.4% median adjusted gross household income (MAGI) affordability guideline. The extended terms also benefit the SRF program by replacing an award of grant dollars with additional loan repayments, albeit in years 21-30.

ADDITIONAL SUBSIDIZATION

The FY16 capitalization grant allows states to provide additional subsidization in the form of principal forgiveness and negative interest loans. Minimum and maximum additional subsidization amounts will be outlined in the programmatic terms and conditions of the award. The Water Quality Board uses principal forgiveness agreements as its mechanism for awarding additional subsidization.

Additional subsidy may be provided to disadvantaged communities, communities addressing water-efficiency or energy-efficiency goals, communities mitigating storm water runoff, or to encourage sustainability. For the Water Quality Board to qualify a community as disadvantaged, the estimated annual cost of sewer service must exceed 1.4% of the MAGI. Currently, two projects have been identified as disadvantaged: Eureka City and Francis City. However, the Water Quality Board may authorize principal forgiveness to additional projects presented for authorization during the year.

GREEN PROJECT RESERVE

The FY16 capitalization grant allocation requires that, to the extent there are sufficient eligible projects applications, not less than 10% of the SRF funds shall be used for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The State of Utah will meet this objective by identifying projects that meet green infrastructure requirements and providing funding, in whole or in part, as they proceed to construction.

PROGRAM ASSURANCES

The State of Utah must comply with its Operation Agreement with EPA and Utah Administrative Code, R-317-102, Utah Wastewater State Revolving Fund (SRF). Assurances include:

- Section 602(a)-Environmental Reviews
- Section 602(b)(3)-Certify binding commitments within one year
- Section 602(b)(4)-Certify expeditious and timely expenditures
- Section 602(b)(5)-First use for enforceable requirements

The Division of Water Quality will complete the one-page worksheet through the Clean Benefits Reporting database for all binding commitments in the quarter that they are made.

FY16 CWSRF PROJECT FUNDING

Eligible projects to be funded by the SRF include loans closed with remaining draws, authorized loans, and anticipated loans. Loans closed with remaining draws are projects that are currently under construction. Authorized loans are projects that have been authorized by the Utah Water Quality Board and are in the design phase. Anticipated loans are projects that are in the beginning stages of planning.

Funding through the SRF can include federal dollars from the capitalization grant awards, principal repayments, interest payments, and investment fund interest earnings. Figure 1 shows the proposed projects that are expected to be funded from the Clean Water SRF. Projects must meet specific programmatic requirements including federal cross cutters and “super cross-cutters,” Davis-Bacon wages, American Iron and Steel (AIS), NEPA-like environmental review, Single Audit Act, Disadvantaged Business Enterprise (DBE), and Architectural and Engineering Services procurement.

As determined by the Utah Water Quality Board, SRF loan recipients may be charged a hardship grant assessment in lieu of interest. Upon collection, the hardship grant assessment will be placed into the Federal Hardship Grant Fund. If a hardship grant assessment is derived from a loan funded directly by EPA Capitalization Grant loans (1st Round), the assessment shall be used for purposes identified in 40 CFR Part 31.25. If a hardship grant assessment is derived from a loan funded by SRF loan repayments (2nd Round), the assessment may be used to provide grants to communities for projects that are economically unfeasible without grant assistance.

LONG-TERM GOALS

1. Provide a permanent funding source for water quality construction projects that supplements a community’s own resources and/or other funding sources.
2. Distribute SRF funds to projects with the highest water quality and infrastructure needs by evaluating and prioritizing proposed projects throughout the state.
3. Support EPA’s Sustainability Policy by balancing a community’s economic and water quality needs with the perpetuity of the SRF program.
4. Assist communities with all phases of a project, including sufficient planning, project design, environmental work, and construction.

SHORT-TERM GOALS

1. Present eligible projects to the Water Quality Board for authorization by increasing the profile of the SRF program as a potential funding source and by assisting communities through the application and award process.
2. Collaborate with other agencies (i.e. Utah Permanent Community Impact Board, U.S. Department of Agriculture Rural Development, and U.S. Army Corps of Engineers) in order to sufficiently fund projects.
3. Solicit and fund eligible nonpoint source and storm water projects.

4. Provide funding, equal to at least ten percent (10%) of the capitalization award, for recycled water and water reuse projects.

Figure 1: FY16 List of SRF Projects

Loan Recipient	Permit Number	Needs Category	Assistance Amount	Interest Rate	Term (Yrs)	Additional Subsidy Amount	Green Project Reserve Amount	Binding Commitment
Loans Closed with Remaining Draws								
Eureka City	UT0024601	IV(a) – New Collector Sewers	\$1,300,000	0%	30	\$244,019	\$0	Mar 2015
Francis City	n/a	I – Secondary Wastewater Treatment	\$4,300,000	0%	20	\$495,000	\$2,000,000	Mar 2015
Logan City	UT0021920	II – Advanced Wastewater Treatment	\$70,000,000	0.75%	20	\$0	\$0	Mar 2016
Anticipated Loans								
Bear Lake SSD	n/a	IV(a) – New Collector Sewers	\$2,000,000				UNKNOWN	
Kamas City	UT0020966	I – Secondary Wastewater Treatment	\$8,000,000				UNKNOWN	
Morgan City	UT0020893	I – Secondary Wastewater Treatment	\$8,000,000				UNKNOWN	
Payson City	UT0020427	II – Advanced Wastewater Treatment	\$6,900,000				UNKNOWN	
Provo City	UT0021717	II – Advanced Wastewater Treatment	\$30,000,000				UNKNOWN	
Salem City	UT0020249	I – Secondary Wastewater Treatment	\$13,000,000				UNKNOWN	
Spanish Fork City	UT0020109	I – Secondary Wastewater Treatment	\$8,000,000				UNKNOWN	
Town of Tropic	n/a	I – Secondary Wastewater Treatment	\$1,000,000				UNKNOWN	

FY16 UTAH WASTEWATER LOAN PROGRAM

The Utah Wastewater Loan program is a state-funded loan program similar to the SRF. Revenue for the Utah Wastewater Loan program is derived from sales tax dollars and principal

repayments. Monies may be authorized in the form of loans or interest-rate buy downs.

Projects eligible for funding through the Utah Wastewater Loan program have been divided into three categories: closed loans with remaining draws, authorized loans, and anticipated loans. Closed loans with remaining draws are projects that have held loan closing and are currently under construction. Authorized loans are those projects which have received authorization from the Utah Water Quality Board, but have not yet held loan closing and are still in the planning or design phase. Anticipated loans are those projects that may be presented to the Utah Quality Board for authorization in the next fiscal year.

Please refer to Figure 2 for a list of proposed projects to be funded from the Utah Wastewater Loan Fund.

Figure 2: FY16 List of UWLF Projects

Loan Recipient	Assistance Amount	Interest Rate	Term (Yrs)	Binding Commitment
Loan Closed w/ Remaining Draws				
Helper City	\$2,314,000	0%	30	Oct 2015
Long Valley Sewer Improvement District	\$1,150,000	0%	30	Oct 2014
Murray City	\$2,626,000	2.5%	20	June 2012
Price River Water ID	\$600,000	1%	20	Apr 2015
Authorized Loans				
Eagle Mountain City	\$490,000	1%	20	Unknown
Anticipated Loans				
Moab City	\$10,450,000	UNKNOWN		
Duchesne City	\$250,000	UNKNOWN		
Wellington City	\$1,500,000	UNKNOWN		

FY16 HARDSHIP GRANT FUNDING

The Hardship Grant Funds receive revenue from hardship grant assessment fees charged in lieu of an interest rate on certain SRF loans, interest payments charged on UWLF loans, and investment fund interest earnings.

The State of Utah provides hardship grants for several types of projects. First, hardship grant funds may be authorized as planning advances or grants and design advances. Advances are repaid once construction funding has been secured through a loan closing. Second, funds may be

awarded as hardship construction grants to entities that may not otherwise be able to afford to complete an eligible project. The Water Quality Board may consider authorizing a hardship grant when the estimated annual cost of sewer service exceeds 1.4% of the local MAGI. Third, hardship grants may be awarded to entities for non-point source projects that improve water quality, including water quality studies and educational outreach efforts. Projects eligible for Hardship Grant Funds are added to the list once authorization has been received from the Board.

Please refer to Figure 3 for a list of proposed projects to be funded from the Hardship Grant Funds.

Figure 3: FY15 List of Hardship Grant Projects

Recipient	Assistance Amount	Type
Hardship Grants		
Big Plains	38,000	Planning Grant
Duchesne City	608,000	Construction Grant
Eagle Mountain City (White Hills)	580,000	Construction Grant
Emigration Sewer Improvement District	60,000	Planning Grant
Eureka City	646,000	Construction Grant
Francis City	1,875,000	Construction Grant
Kamas City	100,000	Planning Advance
Stonegate	221,000	Construction Grant
Summit County – Interceptor Project	200,000	Planning Advance
Tooele County	95,000	Planning Grant
Wellington City	32,000	Planning Advance
Non-Point Source Grants		
DEQ - Ammonia Criteria	75,000	NPS Grant
DEQ – Willard Spur Study	113,326	NPS Grant
DEQ – Nitrogen Transformation Study	150,000	NPS Grant
DEQ – San Juan River Monitoring	200,000	NPS Grant
Great Salt Lake Advisory Council	339,418	NPS Grant
Gunnison Irrigation Company	48,587	NPS Grant
UACD	47,394	NPS Grant
Utah Department of Agriculture	717,351	NPS Grant
FY12 – FY16 Remaining Payments	1,569,041	Various NPS Grants

PAYMENT SCHEDULE

Utah's Clean Water SRF has met "first use" requirements of Section 602(b)(5). SRF funds will be distributed using the method, criteria, and eligible activities that are outlined in Section R-317-101 and 102 of the Utah Administrative Code. The methods and criteria provide affordable assistance as well as maximum benefit to the long-term viability of the fund.

If the dollar amount of projects in the FY 2016 Intended Use Plan exceeds the actual amount of funds available during the planning period, one of the following may occur:

1. Projects listed may not be funded.
2. Projects may be funded using available credit enhancement techniques.
3. Projects may need to be delayed until funds are available.

Please see the attached Cash Flow Projections for the detail of revenue and expenses for the State Revolving Fund, Utah Wastewater Loan Fund, and Hardship Grant Funds.

LOAN FUNDS FINANCIAL PROJECTIONS

Cash Flow Projections -
STATE REVOLVING FUND (SRF)

	CURRENT FUND STATUS	2016				2017			
		Apr-June 2016	July-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	July-Sept 2017	Oct-Dec 2017	Jan-Mar 2018
SRF Capitalization Grant Funds Available		\$ 19,251,735	\$ 18,113,735	\$ 18,013,735	\$ 26,913,735	\$ 6,913,735	\$ 6,813,735	\$ 6,713,735	\$ 6,613,735
FY14 Award - Remaining Balance	\$ 2,049,381	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY15 Award - Remaining Balance	\$ 7,324,000	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY16 Award (estimate)	\$ 7,011,000	\$ -	\$ 0	\$ 7,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
20% State Match Requirement for FY15 & FY16 Awards	\$ 2,867,354	\$ -	\$ 0	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capitalization Grant Funds Available	\$ 19,251,735	\$ 19,251,735	\$ 18,113,735	\$ 27,013,735	\$ 26,913,735	\$ 6,913,735	\$ 6,813,735	\$ 6,713,735	\$ 6,613,735
General Obligations									
DWQ Administrative Costs	\$ -	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Loans Closed w/ Remaining Draws									
Eureka City	\$ -	\$ (400,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Francis City	\$ -	\$ (638,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized Loans									
None at this time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anticipated Loans									
Payson City	\$ -	\$ -	\$ -	\$ -	\$ (6,900,000)	\$ -	\$ -	\$ -	\$ -
Salem City	\$ -	\$ -	\$ -	\$ -	\$ (13,000,000)	\$ -	\$ -	\$ -	\$ -
Spanish Fork City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,000,000)
Total "First Round" Funds Obligated	\$ -	\$ (1,138,000)	\$ (100,000)	\$ (100,000)	\$ (20,000,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (8,100,000)
SRF "Second Round" Funds Available									
Beginning Balance	\$ 91,965,561	\$ 91,965,561	\$ 95,675,022	\$ 88,639,136	\$ 78,394,497	\$ 73,197,944	\$ 67,035,962	\$ 59,111,025	\$ 50,395,024
Interest Earnings (0.6%)	\$ -	\$ 137,948	\$ 143,513	\$ 132,959	\$ 117,592	\$ 109,797	\$ 100,554	\$ 88,667	\$ 75,593
Loan Repayments	\$ -	\$ 3,571,513	\$ 1,951,601	\$ 1,622,402	\$ 4,685,856	\$ 3,728,221	\$ 1,974,509	\$ 1,195,332	\$ 4,711,189
Total "Second Round" Funds Available	\$ 91,965,561	\$ 95,675,022	\$ 97,770,136	\$ 90,394,497	\$ 83,197,944	\$ 77,035,962	\$ 69,111,025	\$ 60,395,024	\$ 55,181,805
Loans Closed w/ Remaining Draws									
Logan City	\$ -	\$ -	\$ (9,131,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)
Authorized Loans									
None at this time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anticipated Loans									
Bear Lake SSD	\$ -	\$ -	\$ -	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Kamas City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,000,000)
Morgan City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,000,000)
Provo City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,000,000)
Town of Tropic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,000,000)
Total "Second Round" Funds Obligated	\$ -	\$ -	\$ (9,131,000)	\$ (12,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)	\$ (57,000,000)
Unobligated SRF "Second Round" Funds	\$ 91,965,561	\$ 95,675,022	\$ 88,639,136	\$ 78,394,497	\$ 73,197,944	\$ 67,035,962	\$ 59,111,025	\$ 50,395,024	\$ (1,818,195)
Total Unobligated SRF Amount	\$ 111,217,296	\$ 113,788,757	\$ 106,652,871	\$ 105,308,232	\$ 80,111,679	\$ 73,849,697	\$ 65,824,760	\$ 57,008,759	\$ (3,304,460)

LOAN FUNDS FINANCIAL PROJECTIONS

Utah Wastewater Loan Fund (UWLF)

CURRENT
FUND
STATUS

		Apr-June 2016	July-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	July-Sept 2017	Oct-Dec 2017	Jan-Mar 2018
Funds Available									
UWLF Beginning Balance	\$ 17,749,874	\$ 14,882,520	\$ 13,909,882	\$ 14,446,565	\$ 4,774,915	\$ 6,068,345	\$ 6,581,099	\$ 7,644,882	\$ 8,709,232
Sales Tax Revenue	\$ -	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875
Loan Repayments	\$ -	\$ 737,012	\$ 469,333	\$ 426,000	\$ 736,080	\$ 1,455,404	\$ 506,433	\$ 507,000	\$ 704,080
<i>Total Funds Available</i>	\$ 17,749,874	\$ 16,516,407	\$ 15,276,090	\$ 15,769,440	\$ 6,407,870	\$ 8,420,624	\$ 7,984,407	\$ 9,048,757	\$ 10,310,187
General Obligations									
20% State Match Transfer to SRF	\$ (2,867,354)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DWQ Administrative Expenses (TMDL, etc.)	\$ -	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)
Loans Closed w/ Remaining Draws									
Helper City	\$ -	\$ (1,157,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Murray City	\$ -	\$ (1,110,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized Loans									
Eagle Mountain City	\$ -	\$ -	\$ (490,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anticipated Loans									
Duchesne City	\$ -	\$ -	\$ -	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Moab City	\$ -	\$ -	\$ -	\$ (10,405,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Wellington City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -
<i>Total Funds Obligated</i>	\$ (2,867,354)	\$ (2,606,525)	\$ (829,525)	\$ (10,994,525)	\$ (339,525)	\$ (1,839,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)
Total Unobligated UWLF Amount	\$ 14,882,520	\$ 13,909,882	\$ 14,446,565	\$ 4,774,915	\$ 6,068,345	\$ 6,581,099	\$ 7,644,882	\$ 8,709,232	\$ 9,970,662

GRANT FUNDS FINANCIAL PROJECTIONS

CASH FLOW PROJECTIONS -
Hardship Grant Funds

CURRENT FUND STATUS	CURRENT FUND STATUS				CURRENT FUND STATUS			
	Apr-June 2016	July-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	July-Sept 2017	Oct-Dec 2017	Jan-Mar 2018
Beginning Balance								
Federal HGF Beginning Balance	\$ 5,629,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardship Grant Assessment Fees	\$ -	\$ 930,197	\$ 402,201	\$ -	\$ -	\$ 860,865	\$ 409,454	\$ 180,346
State HGF Beginning Balance	\$ 800,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earnings	\$ -	\$ 9,645	\$ 5,664	\$ 3,041	\$ -	\$ -	\$ -	\$ -
Interest Earnings from UWLF	\$ -	\$ 26,625	\$ 16,266	\$ 17,362	\$ 5,272	\$ 6,889	\$ 7,530	\$ 10,190
UWLF Interest Payments	\$ -	\$ 177,396	\$ 53,335	\$ 108,319	\$ 43,257	\$ 203,074	\$ 48,667	\$ 103,497
Hardship Advance Repayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hardship Grant/PF Funds Available	\$ 6,429,829	\$ 7,573,692	\$ 4,253,487	\$ 2,156,209	\$ (378,262)	\$ (457,434)	\$ 8,217	\$ (879,427)
Project Obligations/Authorizations								
DWQ-Central Utah Public Health Dept - Planning Grant	\$ -	\$ (50,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eagle Mountain City - White Hills - Construction Grant	\$ -	\$ -	\$ (580,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Emigration Sewer Improvement Dist - Planning Grant	\$ -	\$ (60,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eureka City - Construction Grant	\$ -	\$ -	\$ (646,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Francis City - Construction Grant	\$ -	\$ -	\$ -	\$ (1,875,000)	\$ -	\$ -	\$ -	\$ -
Tooele County - Planning Grant	\$ -	\$ (95,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellington City - Planning Advance	\$ -	\$ -	\$ -	\$ -	\$ (1,150,000)	\$ -	\$ -	\$ -
Planned Projects								
Big Plains - Planning Grant	\$ -	\$ (38,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Duchesne City - Construction Grant	\$ -	\$ -	\$ -	\$ (608,000)	\$ -	\$ -	\$ -	\$ -
Kamas City - Planning Advance	\$ -	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -
Stonegate - Construction Grant	\$ -	\$ (221,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NPS Project Obligations/Authorizations								
Gunnison Irrigation Company	\$ -	\$ (48,587)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - Willard Spur Study	\$ -	\$ (113,326)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utah Department of Agriculture	\$ -	\$ (717,351)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - Great Salt Lake Advisory Council	\$ -	\$ (339,418)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UACD	\$ -	\$ (47,394)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - Ammonia Criteria	\$ -	\$ (75,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - Nitrogen Transformation Study	\$ -	\$ (150,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - San Juan River Monitoring	\$ -	\$ (200,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2012 - Remaining Payments	\$ -	\$ (59,540)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2013 - Remaining Payments	\$ -	\$ (56,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2014 - Remaining Payments	\$ -	\$ (227,101)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2015 - Remaining Payments	\$ -	\$ (404,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2016 - Remaining Payments	\$ -	\$ (895,167)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2017 Allocation	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2018 Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ -
Total Hardship Grant Funds Obligated	\$ -	\$ (3,797,671)	\$ (2,226,000)	\$ (2,583,000)	\$ (1,150,000)	\$ -	\$ (1,000,000)	\$ -
Total Unobligated HGF Amount	\$ 6,429,829	\$ 3,776,021	\$ 2,027,487	\$ (426,791)	\$ (1,528,262)	\$ (457,434)	\$ (991,783)	\$ (879,427)

**State of Utah
Wastewater Project Assistance Program
Project Priority List**

FY16 Rank	Project Name	Funding Authorized	Total Points	Point Categories				Description of Project Status
				Project Need	Potential Improvement	Population Affected	Special Consideration	
1	Logan City	x	159	50	39	10	60	Planning
2	Price River Water Improvement District	x	145	70	48	7	20	Design
3	Coalville City	x	142	40	40	2	60	Construction
4	Moab City		120	50	24	6	40	Design
5	Eureka City	x	118	50	0	8	60	Construction
6	White Hills - Eagle Mountain	x	106	40	5	1	60	Design
7	Granger-Hunter Improvement District	x	105	35	0	10	60	Construction
8	Salem City	x	94	50	18	6	20	Planning
9	Helper City	x	83	40	0	3	40	Planning
10	Long Valley Sewer Improvement District	x	79	10	7	2	60	Construction
11 (Tie)	Murray City	x	78	10	0	8	60	Construction
	Wellington City	x	78	35	1	2	40	Planning
13	Stonegate		76	70	5	1	0	Design
14	Francis City	x	72	10	0	2	60	Design
15	Payson City	x	70	10	13	7	40	Planning
16	Duchesne City		52	10	0	2	40	Design



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Gregg A. Galecki
Jennifer Grant
Michael D. Luers
Alan Matheson
Walter L. Baker
Executive Secretary

Application Number:

Date Received:

Presented to WQB:

April 1, 2016

April 27, 2016

WATER QUALITY BOARD
FEASIBILITY REPORT FOR HARDSHIP PLANNING GRANT

AUTHORIZATION

APPLICANT:	Big Plains Water & Sewer Special Service District 1777 Meadowlark Drive Apple Valley, Utah 84737 Telephone: (435)-877-1190.
PRESIDING OFFICIAL/CONTACT:	Harold Merritt, Chairman
TREASURER/RECORDER:	Neil Duncan, Secretary
CONTACT PERSON:	Curtis Nielson, Engineer
CONSULTING ENGINEER:	Rod Mills, P.E. Ensign Engineering & Land Surveying 1870 N. Main Street, Suite 104 Cedar City, Utah 84721 Telephone: (435) 865-1453
CITY ATTORNEY:	Gary Kuhlmann Turner & Kuhlmann 107 South 1470 East, Suite 105 St. George, Utah 84790 Telephone: (435) 656-6156
BOND COUNSEL:	Chamberlain Associates 225 North 100 East Richfield, UT 84701 Telephone: (435) 496-4461

APPLICANT'S REQUEST:

Big Plains Water & Sewer Special Service District is requesting a **hardship planning grant** in the amount of **\$38,000** to develop a wastewater management plan for the two communities served by the District: Apple Valley and Cedar Pointe.

APPLICANT'S LOCATION

Big Plains Water & Sewer Special Service District is located approximately 50 miles south of Cedar City and 30 miles east of St. George.



PROJECT NEED

Big Plains Water & Sewer Special Service District was formed in 2011 with the combination of two water companies: Cedar Pointe and Apple Valley Water Companies. Wastewater from both communities is currently disposed using onsite systems that are not managed by the District.

Growth and plans for subdivision development in the District have raised concerns over protection of groundwater quality, particularly in Apple Valley where good water is in short supply and found only in the upper (shallow) aquifer. The 1997 Washington County Water Conservancy District county-wide study (known as the “HAL study”) established septic density guidelines for Apple Valley (5 to 7 acres per ERU) but not for Cedar Pointe which is hydrologically separated and different. The District needs to understand how to apply these or other guidelines to the expected growth in these communities and then develop plans for its long-term management of wastewater.

PROJECT DESCRIPTION:

The purpose of the proposed engineering study is to develop community wastewater information and engineering recommendations that will guide community development decisions and establish the need and direction for wastewater management in the District. The project scope is as follows.

- I. Project Technical Data Development
- II. Water Quality and Public Health Risks Analysis
- III. Environmental Review
- IV. Alternatives Analysis
 - a. Onsite and Alternate Systems
 - b. Regionalization
 - c. Hybrid Options
 - d. Lagoon Treatment
- V. Engineering Report

IMPLEMENTATION SCHEDULE:

The project will be completed by September 2016.

COST ESTIMATE:

Data Development	\$	9,600
Risk Analysis	\$	4,700
Environmental Review	\$	4,500
	\$	17,200
	\$	2,000
Total	\$	38,000

The Median Adjusted Gross Income (MAGI) in Apple Valley is \$32,468, which is 77 percent of the statewide average. For the zip code the MAGI is \$35,479 and 85 percent of the statewide average.

STAFF COMMENTS AND RECOMMENDATION:

This project is being presented as a request for planning grant authorization to the Water Quality Board. The District does not currently provide sewer services or have sewer revenue with which to repay these funds nor and it is likely that a construction loan will result from the project. Staff has had detailed discussions with the District and its engineer about this project and is supportive of the need for an engineering evaluation that will address growth, groundwater protection, and the need for wastewater management that will responsibly protect water resources in a regional sense, consistent with the HAL study objectives. Staff has reviewed and discussed the financial position of the District and has concluded that the County has no reserve capacity with which to

conduct the project absent grant assistance. Staff recommends the Board authorize the amount requested as a hardship planning grant to assist the District in completing these planning efforts.

SPECIAL CONDITIONS:

1. The Division of Water Quality must approve the engineering agreement and plan of study before the advance will be executed.
2. This Planning Advance is a grant and will not be repaid.



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Jennifer Grant
Michael D. Luers
Alan Matheson
Walter L. Baker
Executive Secretary

Application Number:

Date Received: Amended April 7, 2016

Presented to WQB: April 27, 2016

WATER QUALITY BOARD
FEASIBILITY REPORT FOR WASTEWATER TREATMENT PROJECT
AUTHORIZATION

APPLICANT: Moab City
217 East Center Street
Moab, Utah 84532

PRESIDING OFFICIAL: Mayor David Sakrison

TREASURER/RECORDER: Rachel Stenta, City Recorder

CONSULTING ENGINEER: Jeff Beckman
Bowen, Collins & Associates, Inc.
Draper, UT 84020
Telephone: (801) 495-2224

BOND COUNSEL: Fred Philpot
Lewis Young, Robertson & Burningham, Inc.
41 North Rio Grande Street, Ste. 101
Salt Lake City, UT 84101
Telephone (801) 596-0700

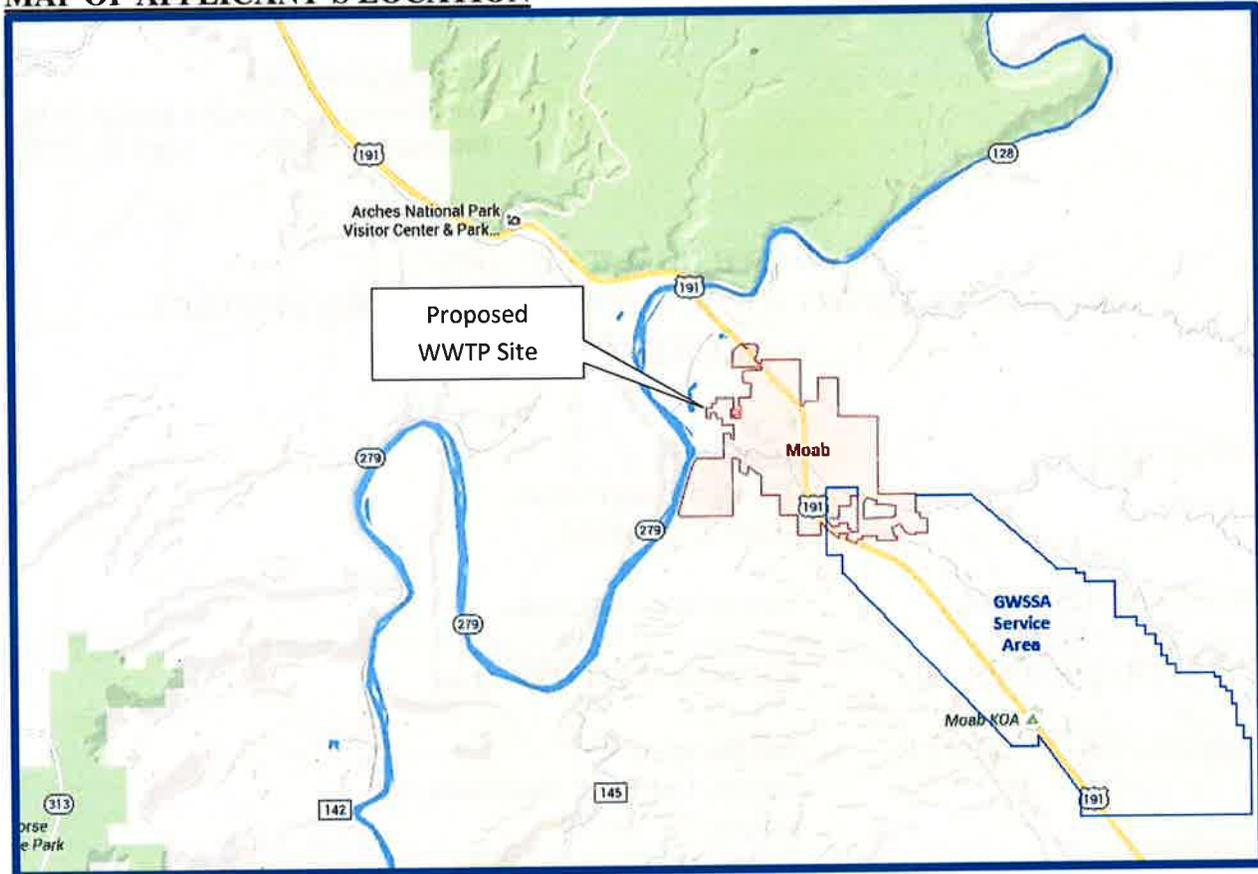
APPLICANT'S REQUEST:

Moab City is requesting a 20 years term construction loan from the Utah Water Quality Board in the amount of \$10,400,000 to construct a new wastewater treatment plant.

APPLICANT'S LOCATION:

Moab City is located in Grand County (south eastern region of Utah) east of the Colorado River. Arches National Park, Canyonlands National Park and Deadhorse Point State Park are all within 30 miles of Moab City.

MAP OF APPLICANT'S LOCATION



PROJECT NEED:

The Moab City wastewater treatment plant (WWTP) was originally constructed in the 1950s to provide primary treatment of the Moab area domestic wastewater. Secondary treatment trickling filters were added in 1967. Additional modifications have been completed over the life of the plant with the latest expansion being completed in 1996. Today, the City's WWTP provides regional service to Moab City, Grand Water & Sewer Service Agency (GWSSA), and septage haulers. In the future, the new WWTP must also accommodate loads received from the planned Utah State University Extension campus (USU) and San Juan Spanish Valley Special Services District (SJSVSSD).

Area wastewater treatment and disposal needs have been met by the WWTP since the beginning. Population growth, and increased recreation and tourist visitation to nearby national and state

parks and lands, have produced organic loadings that exceed the WWTP's capacity, resulting in a number of treatment performance limitations, discharge permit parameter exceedances, and odor complaints. In spite of much effort to overcome these problems with engineered and operational solutions, several permit violations have occurred.

Moab City's WWTP plant accepts approximately 1.5 million gallons of hauled (septage) waste per year. Much of this waste is derived from nearby National and State Park facilities; however, as the only publically owned mechanical WWTP in the entire southern quarter of the state, it has been the most reliable (available) point for legal disposal of residential and commercial septage from an area well beyond its City and County boundaries. The characteristics of septage make it difficult and expensive to treat.

Moab City's willingness to accept septage regionally benefits the state because affordable disposal contributes to better management of onsite wastewater systems which, in turn reduces the number of failed systems. Failed onsite systems are a public health hazard and a nonpoint source (NPS) threat to water quality. Accepting septage has contributed to the treatment capacity, performance, and operational challenges of the plant.

Septage receipt facilities, biological treatment, and sludge management components of the WWTP need to be upgraded to ensure full compliance with the City's discharge permit. Several other components are 50 years old, have exceeded their useful life, and need replacement to establish reliable service.

PROJECT DESCRIPTION:

Moab City and its engineering consultant prepared a Wastewater Treatment Facilities Master Plan in 2015 that evaluated alternatives to address problems with aging infrastructure, treatment performance, and growth. Alternatives evaluated included taking no action, upgrading existing facilities, and constructing a new WWTP. The recommended alternative is to build a new mechanical WWTP on raw land that is adjacent to the existing facility. The proposed facility will incorporate new headworks and septage receiving station, a sequencing batch reactor (SBR) secondary treatment process, effluent equalization, ultraviolet light (UV) disinfection, biosolids holding and dewatering, and associated infrastructure. The existing WWTP will be demolished following the new construction.

The proposed WWTP will treat an average daily flow rate of 1.5 MGD with an annual average daily BOD concentration of 345 mg/L. The plant capacity was established to accommodate the 20-year planning period loads from Moab City, GWSSA, SJSVSSD, USU, and area hauled wastes. The facility will be designed to produce effluent quality that consistently meets Utah secondary standards, a total phosphorus concentration of 1.0 mg/L and a total nitrogen concentration of 10 mg/L.

In addition to the Facilities Plan, the City and its consultants have completed a geotechnical evaluation of the proposed project site and are finishing up two necessary studies: Cost of Services (COS) study and an Environmental Assessment (EA). The geotechnical evaluation indicates that the site soils are suitable and groundwater is manageable during and after construction. Work on the COS study was applied in updating the City's progressive rate

structure for both residential and commercial users. New user fees have been adopted by the City. The EA has established, with the general concurrence of the State Historical Preservation Officer (SHPO), the mitigation requirements for protection of historic and archaeological resources for the two sites. Other environmental (cross-cutting) issues, such as for rehabilitation of the outfall pipeline, are being addressed and are expected to be resolved within the remainder of the design period.

POSITION ON PROJECT PRIORITY LIST:

This project is ranked **No. 4** of 16 projects on the Wastewater Treatment Project Priority List.

POPULATION GROWTH:

The population of Moab City is projected to grow at an annual rate of 1.1% by the Governor's Office of Planning and Budget. Growth in GWSSA is estimated to be 2 percent. Current populations and associated effective residential units (ERUs) are shown in the table below.

	Moab City	GWSSA	Hauled Waste	Total
2014 Population	5,140	5,550		10,690
ERUs	5,467	2,503	2,300 ¹	7,790

¹ The hauled waste ERUs are included in the Moab City ERUs

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT:

Moab City and GWSSA have held several public meetings regarding the treatment plant project. The community has expressed strong support for the project throughout this process. Moab City Council has adopted and implemented a sewer fee structure that increased residential and commercial service fees in preparation for funding the project. GWSSA has also increased its rates.

Moab City and GWSSA have worked closely to update their existing Interlocal Agreement for treatment of wastewater delivered by GWSSA to Moab's WWTP. The framework of the Interlocal Agreement has been established in a Memorandum of Understanding (MOU) between the two parties that, among other things, establishes a date certain for completion of the Interlocal Agreement. The MOU was undergoing final review at this writing. Additional public meetings will be required for facility plan adoption and bonding once funding is authorized.

IMPLEMENTATION SCHEDULE:

The planned schedule for implementation of the Moab City WWTP construction project is as follows:

WQB Introduction	June 24, 2015
WQB Funding Authorization:	April 27, 2016
Facility Plan Approval:	May 2016
Issue Construction Permit	September 2016

Bid Opening

December 2016

Complete Construction

May 2018

APPLICANT'S CURRENT USER CHARGE:

The 2014 median adjusted gross income (MAGI) for Moab City is \$31,922, which is 24 percent lower than the state average of \$41,923.

The City has implemented user fee increases in anticipation of the WWTP project. In 2013, user fees were increased 5 percent and in June 2015, residential rates were increased an average bill of \$16.90 per month to \$20.28 per month (about 20 percent). Commercial rates were similarly increased to about \$26.12 per month. Grand Water & Sewer Service Agency also raised their rates in this timeframe, resulting in the current rate shown below.

Moab Residential:	\$12.00/month + \$1.40/1,000 gal. winter water use
Moab Commercial:	\$15.90/month + \$1.55/1,000 gal. winter water use
Moab Septage Tipping Fee:	\$0.14/gal. (planned)
GWSSA:	\$27.20/month; commercial varies

Moab City uses a graduated rate schedule to support conservation efforts and reduce wastewater loadings to the WWTP.

COST ESTIMATE:

The estimated cost of the proposed WWTP project is outlined in the following table. Staff prepared a static cost model for this project that is attached.

Item	Moab City Contribution	Funded Project Cost
Legal/Bonding		\$ 50,000
DWQ Loan Origination		\$ 104,000
Engineering – Planning	\$ 47,000	
Engineering – Design	\$ 657,000	
Engineering – CMS		\$ 700,000
Site Prep./Property & ROW	\$ 800,000	
Construction		\$ 9,150,000
Contingency		\$ 996,000
Total	\$ 1,504,000	\$ 11,000,000
Project Cost	\$ 12,504,000	

The cost model shows a significant increase in operations and maintenance (O&M) costs for sewer service (treatment and collections). These higher costs are due to two principal factors. First, in conjunction with replacing the WWTP, the City has implemented a sewer upgrade and repair program that has added \$425,000 per year to the cost of managing its sewers. These

sewers were constructed 50 to 60 years ago and have many serious problems. At this increased level of funding, the City can restore about one or two miles of sewer per year. They have 34 miles. Second, the new WWTP is technologically more advanced than the existing plant and will require more skilled labor to operate and maintain. This new system will also require significantly more electricity than the current plant to achieve the desired capabilities for advanced treatment.

COST SHARING:

The City has paid for development of the Facilities Plan and will complete the design without need of financial support. The City intends to expedite site preparation and complete acquisition of the site and rights-of-way prior to loan closing and at its own expense to expedite the project. The City will also invest \$600,000 cash in the project. In total, the City will bring \$2,104,000 in local contribution to the project.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution (upfront expenses)	\$ 1,504,000	12%
Local Contribution (cash)	\$ 600,000	5%
WQB Loan	\$ 10,400,000	83%
Total	\$ 12,504,000	100%

STAFF SUPPORT & RECOMMENDATIONS:

Staff supports the new Moab City WWTP project. It is an important water quality project that will enable the City to consistently meet secondary standards and future total phosphorus and nitrogen limits when necessary. The existing facilities have insufficient capacity to treat current loads and their condition is that of a facility that has exceeded its useful life. The proposed new treatment train is modern, flexible, and efficient. Building the new WWTP on an adjoining property is most cost effective because the land is inexpensive, operational complications from upgrading (replacing) a plant while keeping it running are avoided, interferences and old buried utilities can be avoided, and hence, construction can be simplified, expedited, and cost effective.

The attached static cost model shows that the required user rates will be below the Board's affordability criteria of 1.4% of MAGI, i.e., a loan is affordable at interest rates that exceed those of the current market. To establish an appropriate interest rate for this loan, staff reviewed the City's recent financial statements, its bonding capacity (rating), "hardship" status, several bond indexes, the SRF portfolio status and its recent lending history.

Current rates at other funding agencies (USDA Rural Development and the Community Impact Board) and municipal bond indices (Municipal Market Data, 11-Bond, 20-Bond, etc., indices) are currently between 2.20% and 2.5% for comparable borrowers. Staff recommends the Board discount its rate by 1.0-1.25% based on the following factors:

1. The project's need, including water quality protection and regional importance;
2. Costs to Moab City associated with the Board's loan such as programmatic costs, Davis-Bacon wages, American Iron & Steel, and DBE requirements;

3. Community support of the project including interlocal agency cooperation, graduated rates that support water conservation, and fair commercial/septage user fees; and
4. "Green reserve" contribution, i.e., NPS minimization via regional and affordable septage disposal service.

Staff recommends the Board assign an interest rate of 1.15 percent on this 20 years term loan in the amount \$10,400,000 to Moab City with the following special conditions:

1. Moab City must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
2. Moab City must maintain an updated Water Conservation and Management Plan.
3. Moab City must execute an Interlocal Agreement with GWSSA for treatment of wastewater collected by and delivered to Moab by GWSSA.

Attachment: Moab City Cost Model DWQ-2016-008682

DWQ-2016-008681.docx
File: Moab, Admin, Section 1

**STATIC COST MODEL
MOAB CITY 2016**

Project Costs

Upfront Expenses (planning/design, site prep)	\$	1,504,000
Legal/Bonding	\$	50,000
DWQ Loan Origination Fee	\$	104,000
Engineering - Special		
Engineering - CMS	\$	700,000
Property, Easements, & R.O.W.		
Construction	\$	9,150,000
Contingency (approx 15% const. cost)	\$	996,000
Total Project Cost:	\$	12,504,000

Project Funding

Applicant Contribution	\$	600,000
Applicant's Upfront Expenses	\$	1,504,000
WQB Loan	\$	10,400,000
	\$	-
Total Project Cost:	\$	12,504,000

Current Customer Base & User Charges

ERUs Moab City	5,467
ERUs GWSSA	2,503
Total ERUs	7,970
MAGI Moab:	\$31,922
Affordable Monthly Rate at 1.4%	\$37.24
Current Impact Fee (per ERU):	\$2,819.00
Moab Current Monthly User Fee (per ERU)	\$23.20
GWSSA Current Monthly User Fee (per ERU)	\$27.20
Existing O&M expenses Treatment & Collection	\$1,125,000
New O&M expenses Treatment & Collection	\$1,525,000
Existing Sewer Debt Service	\$0

1 Combined residential / commercial rate estimate

Funding Conditions

Loan Repayment Term:	20
Reserve Funding Period:	6

ESTIMATED COST OF SEWER SERVICE

WQB Loan Amount	WQB Loan Interest Rate	WQB Loan Debt Service	WQB Loan Reserve	Annual Sewer O&M Cost	Existing Sewer Debt Service	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI
10,400,000	0.00%	520,000	130,000	1,525,000	-	2,175,000	22.74	0.85%
10,400,000	0.25%	533,758	133,439	1,525,000	-	2,192,197	22.92	0.86%
10,400,000	0.50%	547,731	136,933	1,525,000	-	2,209,664	23.10	0.87%
10,400,000	0.75%	561,919	140,480	1,525,000	-	2,227,398	23.29	0.88%
10,400,000	1.00%	576,319	144,080	1,525,000	-	2,245,399	23.48	0.88%
10,400,000	1.15%	585,062	146,265	1,525,000	-	2,256,327	23.59	0.89%
10,400,000	1.25%	590,932	147,733	1,525,000	-	2,263,665	23.67	0.89%
10,400,000	1.50%	605,756	151,439	1,525,000	-	2,282,195	23.86	0.90%
10,400,000	1.75%	620,789	155,197	1,525,000	-	2,300,986	24.06	0.90%
10,400,000	2.00%	636,030	159,007	1,525,000	-	2,320,037	24.26	0.91%
10,400,000	2.25%	651,478	162,869	1,525,000	-	2,339,347	24.46	0.92%
10,400,000	2.50%	667,130	166,783	1,525,000	-	2,358,913	24.66	0.93%
10,400,000	2.75%	682,986	170,746	1,525,000	-	2,378,732	24.87	0.93%
10,400,000	3.00%	699,043	174,761	1,525,000	-	2,398,804	25.08	0.94%



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Steven K. Earley
Gregg A. Galecki
Jennifer Grant
Michael D. Luers
Alan Matheson
Walter L. Baker
Executive Secretary

Application Number:

Date Received: April 8, 2016

Presented to WQB: April 27, 2016

WATER QUALITY BOARD
FEASIBILITY REPORT FOR WASTEWATER TREATMENT PROJECT

INTRODUCTION

APPLICANT:

Duchesne City
500 East Main Street
Duchesne City, Utah 84021
Telephone: (435) 738-2464

PRESIDING OFFICIAL:

Rojean Rowley, Mayor
Telephone: (435) 738-2464

CONTACT PERSON

Diane Miller, City Recorder

CONSULTING ENGINEER:

Byron Colton, P.E.
Horrocks Engineers, Inc
157 South, 300 East
Roosevelt, UT 84066
Telephone: (435) 722-0968

BOND COUNSEL:

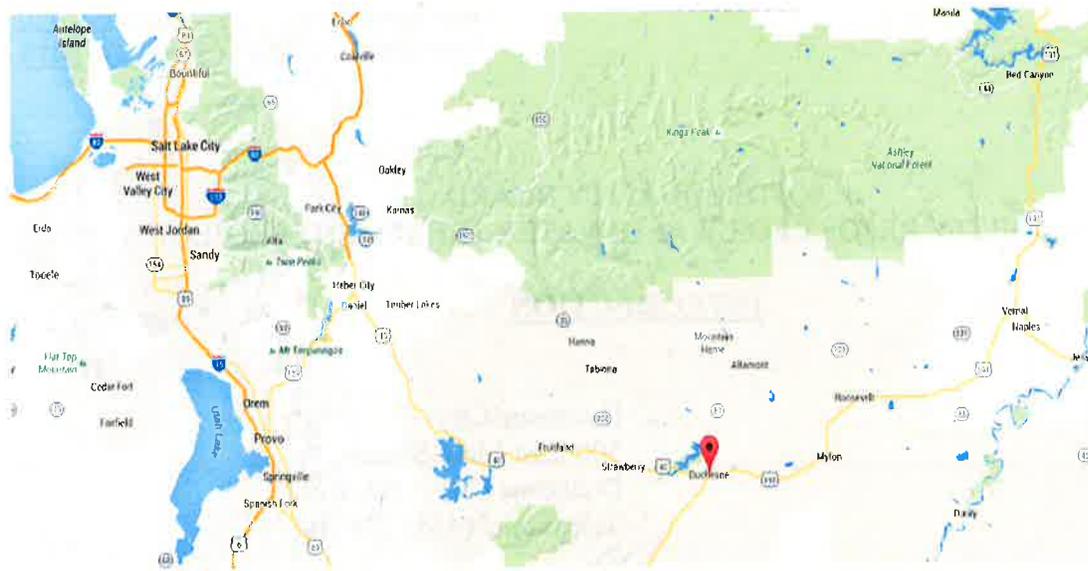
Eric Johnson
Blaisdell, Church & Johnson, P.C.
5995 South, Redwood Road
Taylorsville, Utah 84123
(801) 261-3407

APPLICANT'S REQUEST:

Duchesne City is requesting financial assistance in the amount of \$627,500 grant and a \$250,000 loan at an interest rate of 2.5% repayable over 20 years for rehabilitation of the existing lagoon wastewater treatment system.

APPLICANT'S LOCATION:

Duchesne City is located in Duchesne County.

MAP OF APPLICANT'S LOCATION**BACKGROUND:**

Duchesne City owns and operates a 25-acre, four cell lagoon system for treatment and disposal of the community's wastewater. The wastewater treatment plant was originally constructed in 1968 as a non-discharging system. The system was later converted to a discharging lagoon system with discharge to the Duchesne River under a UPDES permit. The need to discharge is intermittent and infrequent. The system was last upgraded in 1985 and has a design flow rate of 420,000 gallons per day (gpd). Lagoon Cell 1 provides primary treatment and Cells 2, 3 and 4 provide secondary treatment.

In 2014, staff assisted the City with an evaluation of accumulated sludge in the lagoon system. Three to four feet of sludge was present in the six feet deep lagoon Cells 1 and 2. This amount of sludge accumulation causes treatment limitations and nuisance conditions at certain times of year and needs to be remediated. To minimize the impacts of this situation, the City has stopped receiving hauled septage which, although protective of the treatment system, is restrictive to septic tank maintenance objectives of the county and state.

The Duchesne City wastewater treatment lagoons are located immediately adjacent to the Duchesne River. High Spring flow in 2011 threatened the embankment that protects and contains Cell 1 of the system. The City's engineering analysis indicates that to ensure the lagoons are protected from such high flows, the stream bed should be re-routed at the point where the river intersects the lagoon bank.

PROJECT NEED:

Lagoon Cells 1 and 2 need to be remediated to preserve the facility's capacity and correct treatment deficiencies. To implement these corrective measures, the City needs to install pipes and gates that will allow it to bypass Cells 1 and 2 independently. This will allow the City to take a cell offline for rehabilitation. This proposed infrastructure will also provide the City with long-term flexibility in operating the lagoons, which will help relieve the solids accumulation problem in the future and improve treatment performance.

The facility's septage receiving capabilities need to be improved so this waste can be better distributed into the lagoons and receive treatment. Past practice was to release the hauled waste on the lagoon bank which allowed local accumulation, poor treatment, and deteriorated the bank.

The City needs to protect its lagoon treatment plant infrastructure from high Duchesne River flows. If the City can gain approval to modify the stream route slightly, long-term protection can be achieved.

ALTERNATIVES EVALUATION

The City and its consulting engineer prepared an engineering evaluation and facilities plan for upgrading the lagoon system. The follow alternatives were analyzed.

1. No action
2. Sludge reduction by proprietary supplement
3. Cleaning and Maintenance of Cell 1 only
4. Cleaning Cells 1 and 2 and Infrastructure Upgrades
5. Add a Cell, Clean Cells 1 and 2, and Infrastructure Upgrades
6. Land application
7. River Realignment
8. Analyze Collection System Impacted by Duchesne County Event Center

PROJECT DESCRIPTION:

The recommended alternatives were as follows:

- Dredging Cells 1 and 2
- Headworks upgrade, addition of diversion manholes, and cells bypass piping
- River realignment

POSITION ON PROJECT PRIORITY LIST:

The Duchesne City project is ranked No. 16 out of 16 projects on the FY 2016 Wastewater

Treatment Project Priority List.

POPULATION GROWTH:

Population growth through the year 2040 was estimated to be 1.3% in the funding application.

	<u>Year</u>	<u>Total</u>
Current Population	2016	1,876
Design Population:	2040	2,336

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT:

On March 22, 2016, the City held a public meeting to inform the community about the project and its intention to pursue funding for the project. The City will hold a public hearing in June 2016.

IMPLEMENTATION SCHEDULE:

Public Meeting	March 22, 2016
Apply to WQB for Funding:	April 2016
WQB Funding Authorization:	June 2016
Public Hearing:	July 2016
Advertise EA (FONSI):	August 2016
Engineering Report Approval:	August 2016
Commence Design:	September 2016
Issue Construction Permit:	May 2017
Bid Opening:	June 2017
Commence Construction:	July 2017
Complete Construction:	July 2021

COST ESTIMATE:

<u>Task</u>	<u>Cost Estimate</u>
Engineering – Facility Plan	\$40,000
Engineering-Design	\$156,000
Engineering - CMS	\$180,000
Construction	\$2,135,000
In-Kind Service	\$30,000
Contingency	\$118,000
DWQ Origination Fee	\$2,500
Legal and bonding	\$20,000
Total:	\$2,681,500

COST SHARING:

Duchesne City requests the following cost sharing approach for the project:

Funding Source	Funding Amount	Percent of Project
Duchesne City	\$70,000	3%
CIB Grant	\$1,480,500	55%
CIB Loan	\$250,000	9%
WQB Grant	\$631,000	24%
WQB Loan	\$250,000	9%
Total Amount:	\$2,681,500	100%

ESTIMATED ANNUAL COST FOR SEWER SERVICE:

Operation & Maintenance - Annual	\$156,000
WQB Debt Service (2.5%; 20 yrs)	\$16,000
WQB Required Reserves (1½ pmt/6 yr)	\$4,000
Existing Sewer Debt Service	\$82,000
Total Annual Cost	\$274,000
Monthly Cost / ERU	\$29.06
Cost calculated as % of MAGI (\$46,236)	\$53.94

**Using requested funding assistance level*

STAFF COMMENTS:

This assistance request is being presented as an introduction of the project. Staff comments and recommendations will be provided at the request for funding authorization Water Quality Board Meeting.

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File: Duchesne City, Admin, Section 1

**STATIC COST MODEL
Duchesne City - Water Quality Board**

Project Costs

Planning & Equipment	\$	70,000
Legal/Bonding	\$	20,000
DWQ Loan Origination Fee	\$	2,500
Engineering - Design	\$	156,000
Engineering - CMS	\$	180,000
Construction	\$	2,135,000
Contingency (~5% const. cost)	\$	118,000
Total Project Cost:	\$	2,681,500

Project Funding

Local	\$	70,000
CIB Loan	\$	250,000
CIB Grant	\$	1,480,500
WQB Loan	\$	250,000
WQB Grant	\$	631,000
Total Project Cost:	\$	2,681,500

Current Customer Base & User Charges

Total ERU's	786
MAGI (2014):	\$46,236
Affordable Monthly Rate at 1.4%	\$53.94
Current Impact Fee (per ERU):	\$5,500.00
Current Monthly Fee (per ERU)	\$21.00
Existing O&M expenses Treatment & Collection	\$156,000
New O&M expenses Treatment & Collection	\$156,000
Existing Sewer Debt Service	\$82,000

Funding Conditions

Loan Repayment Term:	20
Reserve Funding Period:	6

ESTIMATED COST OF SEWER SERVICE

WQB Grant Amount	WQB Loan Amount	WQB Loan Interest Rate	WQB Loan Debt Service	WQB Loan Reserve	Annual Sewer O&M Cost	Existing Debt Service	New CIB Debt Service ¹	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI
631,000	250,000	2.50%	16,037	4,009	156,000	82,000	\$16,037	274,083	29.06	0.75%
631,000	250,000	0.00%	12,500	3,125	156,000	82,000	\$100,794	354,419	37.58	0.98%
631,000	250,000	1.00%	13,854	3,463	156,000	82,000	\$100,794	356,112	37.76	0.98%
631,000	250,000	2.00%	15,289	3,822	156,000	82,000	\$100,794	357,906	37.95	0.98%
631,000	250,000	2.50%	16,037	4,009	156,000	82,000	\$100,794	358,840	38.04	0.99%
631,000	250,000	3.00%	16,804	4,201	156,000	82,000	\$100,794	359,799	38.15	0.99%
190,500	440,500	0.00%	22,025	5,506	156,000	82,000	\$100,794	366,325	38.84	1.01%
190,500	440,500	1.00%	24,410	6,103	156,000	82,000	\$100,794	369,307	39.15	1.02%
190,500	440,500	2.00%	26,940	6,735	156,000	82,000	\$100,794	372,469	39.49	1.02%
190,500	440,500	3.00%	29,609	7,402	156,000	82,000	\$100,794	375,805	39.84	1.03%
-	881,000	0.00%	44,050	11,013	156,000	82,000	\$100,794	393,857	41.76	1.08%
-	881,000	1.00%	48,821	12,205	156,000	82,000	\$100,794	399,820	42.39	1.10%
-	881,000	1.25%	50,059	12,515	156,000	82,000	\$100,794	401,368	42.55	1.10%
-	881,000	1.50%	51,314	12,829	156,000	82,000	\$100,794	402,937	42.72	1.11%
-	881,000	2.00%	53,879	13,470	156,000	82,000	\$100,794	406,143	43.06	1.12%
-	881,000	2.50%	56,514	14,128	156,000	82,000	\$100,794	409,436	43.41	1.13%
-	881,000	3.00%	59,217	14,804	156,000	82,000	\$100,794	412,816	43.77	1.14%
-	2,611,500	0.75%	141,101	35,275	156,000	82,000	\$0	414,376	43.93	1.14%
-	2,611,500	1.00%	144,717	36,179	156,000	82,000	\$0	418,896	44.41	1.15%
-	2,611,500	1.25%	148,386	37,097	156,000	82,000	\$0	423,483	44.90	1.17%
-	2,611,500	1.50%	152,109	38,027	156,000	82,000	\$0	428,136	45.39	1.18%
-	2,611,500	1.75%	155,884	38,971	156,000	82,000	\$0	432,855	45.89	1.19%
-	2,611,500	2.00%	159,711	39,928	156,000	82,000	\$0	437,638	46.40	1.20%
-	2,611,500	2.25%	163,590	40,897	156,000	82,000	\$0	442,487	46.91	1.22%
-	2,611,500	2.50%	167,520	41,880	156,000	82,000	\$0	447,400	47.43	1.23%

¹ CIB Debt Service based on \$1,730,500 loan; 20 year term at 1.5% Effective interest



Application Number:
 Date Received: April 2016
 Presented to WQB: April 27, 2016

WATER QUALITY BOARD
 FEASIBILITY REPORT FOR NONPOINT SOURCE POLLUTION PROJECT

INTRODUCTION

APPLICANT:	TriCounty Health Department 133 S 500 E Vernal Zip Code: 84078 435-247-1172
PRESIDING OFFICIAL:	Jordan D. Mathis - Health Officer
CONTACT PERSON:	Jordan D. Mathis - Health Officer
TREASURER:	Wendi Long (Uintah County Treasurer)
CONSULTING ENGINEER:	Aaron Averett 363 East Main Street Sunrise Engineering Inc. Vernal, UT 84078 435-789-7364
CITY ATTORNEY:	Jared Tingey Duchesne County Attorney PO Box 206 Duchesne, UT 84021 435-738-1236

APPLICANT'S REQUEST:

TriCounty Health Department requests a **hardship grant in the amount of \$442,000** to construct a land drain to address public health and water quality problems from failing onsite systems caused by high groundwater at Stonegate.

APPLICANT'S LOCATION

The Stonegate Subdivision is located in unincorporated Duchesne County approximately one mile west of Roosevelt City.



BACKGROUND

The Water Quality Board (WQB) authorized a planning grant on April 27, 2015, to the TriCounty Health Department (TriCounty) for the commission of a facility plan. The purpose of this plan was to evaluate various alternatives to address public health and water quality issues in the Stonegate subdivision, located in the Hancock Cove area of Duchesne County just to the east of Roosevelt City (the City). This subdivision (comprised of ~ 49 residences) has experienced multiple failed septic tanks associated with high groundwater and it is suspected that others are not operating as intended.

The facility plan was completed at the end of 2015 and the recommended alternative was to install gravity sewer in the Stonegate subdivision and connect it to Roosevelt City's sewer system. However, the City's policy is that they don't provide extra-territorial service for sewer and Stonegate would need to be annexed into the City to receive this service. A public meeting with

the residents of Stonegate was held on November 10, 2015, to present the results of the planning effort including the alternatives evaluated. Roosevelt City stated that they wanted to be a good neighbor to the residents of Stonegate and should they choose to be annexed into the City, the City would sponsor funding efforts for and provide sewer service to the subdivision. In December 2015, residents submitted an annexation plan that was accepted by the City.

In January 2016, the City prepared and submitted funding applications to both the Division of Water Quality (DWQ) and the Permanent Community Impact Board (CIB) to fully fund the sewer construction project. However, on February 11, 2016, before funding requests were presented to either agency, fifteen residents in Stonegate filed a claim informing five government entities that they intend to sue. Roosevelt City and TriCounty were two of those named entities. Roosevelt City subsequently withdrew their funding applications from both agencies and informed the residents of Stonegate that they would not move forward until the residents waive their right to sue Roosevelt City.

TriCounty continues to work diligently to address the public health concerns and potential groundwater contamination associated with the failing and poorly functioning septic tanks in this subdivision. As a preliminary and mitigating step in ultimately resolving this problem, TriCounty is proposing to install a land drain on the property to the east of Stonegate. Historical data as well as engineering analysis indicate that groundwater in the subdivision is consistently 2-3 feet from the ground surface and the expectation is that this land drain will help lower the water table and improve the functioning of the septic tanks.

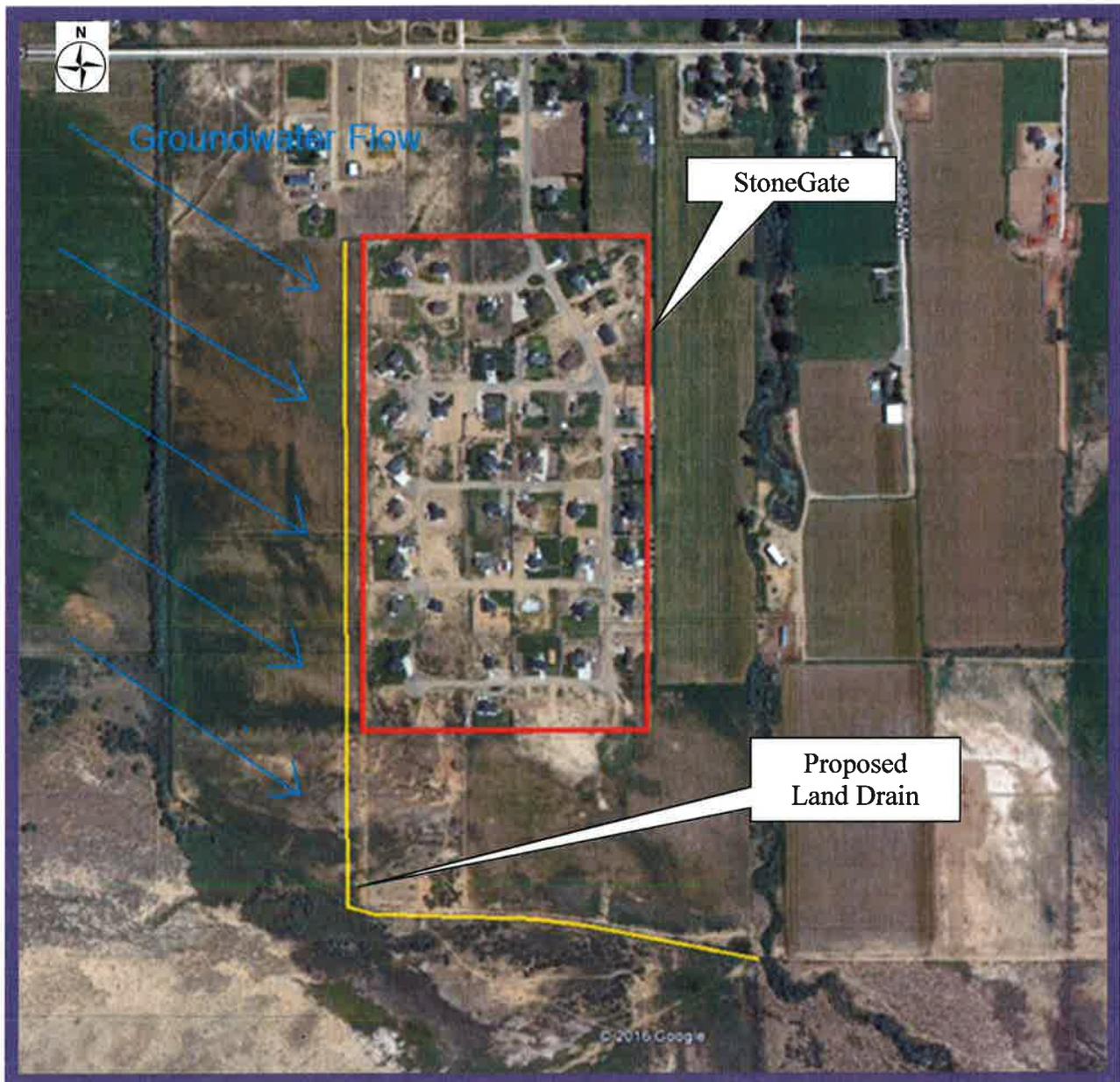
Duchesne County is equally committed to addressing this problem and is supportive of this project. The County is going to provide the gravel for the land drain, which accounts for nearly 20% of the total project cost.

PROJECT DESCRIPTION:

This project was not the recommended alternative according to the facility plan. However, incorporating similar drainage was a component of that alternative. While sewerage of the subdivision remains the long-term goal, installing a land drain now will provide immediate improvement in the functioning of the affected septic tanks.

TriCounty intends to construct a 10-12 foot deep land drain to be located up gradient on the private property adjacent to Stonegate. The drain will be located in an easement located 100-ft west of the property line and TriCounty is in the process of finalizing this easement. The land drain will be approximately three thousand feet long and will outfall into an existing wash to the southeast of the property.

TriCounty and Duchesne County are both directly involved and committed to resolving this problem. However, TriCounty is taking the lead as the funding applicant and sponsoring government body because of the significant and immediate public health concerns.



IMPLEMENTATION SCHEDULE:

WQB Funding Authorization:	April 27, 2016
Complete Design:	July 2016
Issue Construction Permit	November 2016
Bid Opening	December 2016
Complete Construction	July 2017

PROJECT PRIORITY LIST

This project is currently ranked **13th** out of 16 projects.

COST ESTIMATE:

Engineering (Planning)	\$	7,000
Engineering (Design)	\$	37,000
Engineering (other)	\$	8,000
Engineering (CMS)	\$	33,000
Construction	\$	405,000
Contingency (~ 11%)	\$	45,000
Rights of Way, Easements, Misc.	\$	6,000
Geotech, mapping	\$	9,000
Total	\$	550,000

COST SHARING:

<u>Funding Source</u>		<u>Cost Sharing</u>
Local Contribution (gravel donated by Duchesne County)	\$	93,000
Local Contribution (cash)	\$	15,000
WQB Grant	\$	442,000
Total	\$	550,000

STAFF COMMENTS AND RECOMMENDATION:

This assistance request is being presented as an introduction of the project. Staff comments and recommendations will be provided at the request for funding authorization Water Quality Board Meeting.

eDocs: DWQ-2016-008698

File: TriCounty Health Dept – Stonegate, Admin, Section 1