

STATE OF UTAH  
 WASTEWATER PROJECT ASSISTANCE PROGRAM  
 INTENDED USE PLAN  
 FY2010

**I. INTRODUCTION**

As required under Sections 606(c) and 610(b) of the Clean Water Act, the State of Utah has agreed to prepare an Intended Use Plan (IUP) for FY2010. The IUP has two purposes. First, the IUP identifies the intended uses of the State Revolving Fund (SRF) and describes how these uses support SRF goals. The IUP also identifies the intended uses of the Utah Wastewater Loan Program (UWLP). Second, the IUP facilitates the negotiation process for the federal SRF Capitalization Grant agreement and the schedule of payments. The FY2010 IUP is subject to public comment and review and includes the following information:

1. Project List.
2. Long and Short Term Goals.
3. Supporting Information on SRF Activities.
4. Assurances and Specific Proposals.
5. Criteria and Method for Distribution of Funds.
6. Proposed SRF Payments Schedule.

**II. LIST OF SRF PROJECTS**

The State of Utah is considering the following list of eligible projects for FY2010 State Revolving Funds:

**Municipal Wastewater Construction Projects – Loans Closed w/ Remaining Draws**

<u>Recipient</u>	<u>Project Type</u>	<u>Amount</u>
Central Valley WRF	Disinfection	\$3,690,000
Central Weber SID	Advanced treatment	2,422,225
Eagle Mountain City	Advanced treatment	2,646,829
Perry City	Advanced treatment and new interceptors	5,675,000
South Valley WRF	Advanced treatment	1,830,000
	<i>Total Remaining Draws</i>	<u>\$16,264,054</u>

**Municipal Wastewater Construction Projects – Authorized Loans**

<u>Recipient</u>	<u>Project Type</u>	<u>Amount</u>
Central Weber SID	Advanced treatment	\$11,055,000
Div. of Wildlife Resources	Non-point source	520,788
Elwood Town	New collectors and interceptors	1,560,000
Kearns Improvement District	New collectors	5,025,000
Mona City	Advanced treatment and new collectors	7,350,000
Ogden City	Non-point source	1,000,000
Orem City	Advanced treatment	11,889,000
Parowan Town	Secondary treatment	
512,000		
Price City	Major sewer rehabilitation	1,729,000
Riverdale City	Major sewer rehabilitation	1,502,000
Roosevelt City	Major sewer rehabilitation	2,882,000
Salt Lake City	Secondary treatment	
6,920,000		
Salt Lake City	Non-point source	577,500
Salt Lake County	Non-point source	484,200
Santaquin Town	Advanced treatment	4,772,000
Snyderville Basin	Advanced treatment	22,110,000
Snyderville Basin	Non-point source	300,000
South Valley Sewer District	Advanced treatment and new interceptors	11,055,000
Stockton Town	Secondary treatment and new collectors	
10,764,000		
Utah State University Research	Non-point source	500,000
	<i>Total Authorized Loans</i>	<u>\$102,507,488</u>

**Municipal Wastewater Construction Projects – Anticipated Loans**

<u>Recipient</u>	<u>Project Type</u>	<u>Estimated Amount</u>
Bear Lake SSD	Secondary treatment & new collectors	\$7,000,000
Bluff Service Area	New collectors	2,500,000
Monroe	Secondary treatment & new collectors	<u>10,000,000</u>
	<i>Total Anticipated Loans</i>	<u>\$19,500,000</u>

**Non-Point Source Projects**

Reserve for projects yet to be identified \$1,000,000

**Underground Wastewater Disposal System Projects**

Reserve for projects yet to be identified \$300,000

TOTAL SRF Projects \$139,571,542

This data is a projection of funding for the listed projects. The Utah Water Quality Board will determine loan amounts and financing terms as projects are authorized.

The Department of Environmental Quality – Division of Water Quality will use an amount equal to four percent (4%) of the SRF Capitalization Grant award and a Loan Origination Fee equal to 0.5% of the principal loan amount for costs incurred for program administration. The Division of Water Quality estimates that \$160,000 will be collected from Loan Origination Fees by the end of Fiscal Year 2010 and available for use during Fiscal Year 2011. Projects may receive funding from the following sources: (a) SRF Capitalization Grants; (b) SRF loan repayments; and (c) State match funds. If a project is financed through the Utah Wastewater Loan Program, the project may be removed from the SRF project list. If a project does not proceed, this Intended Use Plan is extended to include the entire FY2010 Project Priority List as potential SRF projects. Projects will be considered according to priority and readiness to proceed. For further information regarding financial assistance agreements, please refer to Table 1 & Table 2.

### III. LIST OF FEDERAL HARDSHIP GRANTS

The State of Utah is considering the following list of eligible projects for FY2010 Federal Hardship Grant Funds:

#### **Municipal Wastewater Projects – Authorized Grants**

<u>Recipient</u>	<u>Grant Type</u>	<u>Amount</u>
Mona City	Construction	4,318,000
Stockton Town	Hardship Grant	50,000
Ticaboo	Construction	232,000
Willard City	Construction	4,712,000
	<i>Total Authorized Grants</i>	<u>\$9,312,000</u>

#### **Municipal Wastewater Projects – Anticipated Grants**

<u>Recipient</u>	<u>Grant Type</u>	<u>Amount</u>
None at this time		
	<i>Total Planned Grants</i>	<u>\$ 0</u>
	<b>TOTAL Federal Hardship Grants</b>	<u><b>\$9,312,000</b></u>

### IV. LIST OF UTAH WASTEWATER LOAN PROGRAM PROJECTS

The State of Utah is considering the following list of eligible projects for FY2010 Utah Wastewater Loan Program (UWLP) Funds:

**UWLP - Loans Closed w/ Remaining Draws**

<u>Recipient</u>	<u>Project Type</u>	<u>Amount</u>
Enterprise City	Secondary treatment	\$946,000
Perry City	Advanced Treatment & New collection system	\$998,000
South Valley Sewer District	Treatment system upgrade	\$1,000,000
Willard City	New collection	\$5,374,000
	<i>Total Remaining Draws</i>	<u>\$8,318,000</u>

**UWLP – Authorized Loans**

<u>Recipient</u>	<u>Project Type</u>	<u>Amount</u>
Ticaboo	Secondary treatment	<u>\$232,000</u>
	<i>Total Authorized Loans</i>	<u>\$232,000</u>

**UWLP – Anticipated Loans**

<u>Recipient</u>	<u>Project Type</u>	<u>Estimated Amount</u>
None at this time		
	<i>Total Anticipated Loans</i>	\$ _____ 0
	<b>TOTAL UWLP Projects</b>	<u>\$ 8,550,000</u>

The Department of Environmental Quality – Division of Water Quality anticipates its full measure of sales tax dollars, which is \$3,587,500 per year. Utah Wastewater Loan Program funds will be used to meet the twenty-percent state match requirement for the federal Capitalization Grant.

**V. LIST OF STATE HARDSHIP GRANTS**

The State of Utah has the following list of eligible projects for FY2010 State Hardship Grant Funds:

<u>Recipient</u>	<u>Type</u>	<u>Amount</u>
Bluff Service Area	Planning Advance	\$104,000
Deseret Peaks	Planning Advance	30,000
DWQ – Nutrient Study	Grant	695,000
Elwood City	Design Advance	576,000
Monroe	Planning Advance	23,500
Orem City	Design Advance	673,000
Parowan City	Design Advance	27,000
Scofield Town	Planning Advance	22,000
Springdale City	Planning Advance	34,000
West Point City	Design Advance	60,000

Non-Point Source Allocation	Grant	<u>1,000,000</u>
	TOTAL State Hardship Grants	<u>\$3,244,500</u>

## **VI. LONG AND SHORT TERM GOALS**

### **Long-Term Goals of the State Revolving Fund**

- 1. To finance water quality construction projects by providing a permanent funding source which supplements a community's own resources and/or other funding sources.*
- 2. To distribute SRF funds to the most environmentally needy projects by evaluating and prioritizing water quality construction needs and environmental needs for proposed projects throughout the state.*
- 3. To provide sufficient and affordable project funding for water quality construction projects by evaluating the economic and environmental needs of a community as well as the use and perpetuity of the SRF.*
- 4. To assist a community receiving SRF financing throughout construction and beyond.*

To address needs for adequate wastewater infrastructure and facilities, the Utah Water Quality Board recognizes that a community must be sized for future growth. The Board should be satisfied that proper and adequate planning has been performed to avoid fostering the environmental and quality of life problems associated with sprawl.

### **Short-Term Goals for the SRF Program**

- 1. To authorize funding for projects listed in this Intended Use Plan by assisting communities during facility planning and throughout the application and award process.*
- 2. To secure additional funding through the federal EPA Capitalization Grant for wastewater treatment projects.*
- 3. To partner with other granting agencies in order to sufficiently fund unusually large projects.*

In order to meet the EPA Order, the Department of Environmental Quality – Division of Water Quality chooses to use the one-page worksheet. Furthermore, the State of Utah agrees to complete a one-page worksheet for all binding commitments.

During FY2010, the State of Utah intends to provide extended financing of up to 30 years for Elwood Town, Mona City, and Stockton Town. To date, the Utah Water Quality Board has provided extended financing agreements to five SRF recipients: Bear Lake SSD, Nibley City, Fairview City, Hooper City, and Richmond 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 any adjustment for inflation.

The Utah Water Quality Board provides financial assistance to communities based on an "affordable" sewer bill of no more than 1.4% of the community's median adjusted gross income (MAGI). This calculation establishes a threshold to the loan amount that a community may qualify for, even at a 0% interest rate. However, in cases of extreme hardship, the maximum affordable loan amount may not provide sufficient capital to cover project costs. Therefore, the Board would have to provide a hardship grant to make the community's project feasible. Extended-term financing can increase the loan amount that a community qualifies for under the 1.4% MAGI rule. The extended terms also benefit the SRF program by replacing an award of grant dollars with additional loan repayments, albeit in years 21-30.

## **VII. ACTIVITIES & OUTCOMES**

### **Anticipated Activities<sup>1</sup>:**

1. Finance three (3) projects to protect and improve water quality through an integrated planning and priority system.
2. Finance six (6) projects to upgrade wastewater treatment plants operating at the secondary treatment level.
3. Finance three (3) projects for major sewer rehabilitation.
4. Finance five (5) projects for new collectors and new interceptor sewer systems.
5. Finance six (6) projects for non-point source.

### **Anticipated Outcomes<sup>2</sup>:**

1. Complete one (1) project financed for new collectors and new interceptor sewer systems.
2. Complete four (4) projects financed for advanced treatment.

Note<sup>1</sup>

Cost Categories from Table 1 "Authorized Loans" were used.

Note<sup>2</sup>

Cost Categories from Table 1 "Loans Closed w/ Remaining Draws" were used.

## **VIII. SUPPORTING INFORMATION FOR SRF ACTIVITIES**

For convenience, Table 1 and Table 2 have been attached to the FY2010 Intended Use Plan in order to provide additional information regarding anticipated SRF activities. As identified previously, the State of Utah intends to use an amount equal to 4% of the federal Capitalization Grant award and Loan Origination Fees equal to 0.5% of the principal loan amount for administrative support.

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 (1<sup>st</sup> 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 (2<sup>nd</sup> Round), the assessment may be used to provide grants to communities for projects that are economically unfeasible without grant assistance.

## **IX. ASSURANCES AND SPECIFIC PROPOSALS**

The State of Utah has assured compliance with the following sections of the law in the State/EPA Operating Agreement, Section XVI, Scope and Roles. In addition, the State has developed specific implementation rules of those assurances in the Utah Administrative Code, R-317-102, Utah Wastewater State Revolving Fund (SRF) Program.

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 Department of Environmental Quality – Division of Water Quality will fulfill the state match requirement of 20% with monies from the Utah Wastewater Loan Program subaccount. These funds are comprised of Utah Wastewater Program loan repayments and sales tax revenue.

## **X. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

Utah 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 & 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.

\*Binding commitments are defined as the date of loan closing.

## **XI. PROPOSED SRF PAYMENTS SCHEDULE**

If the dollar amount of projects in the FY2010 Intended Use Plan exceeds the actual amount of funds available during the planning period, one of the following may occur:

1. Projects which are 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 refer to Table 2 for the proposed cash draw and payment schedule.

## **XII. ADDITIONAL SUBSIDIZATION**

The 2010 Capitalization Grant requires that not less than 15.7% of assistance provided is in the form of additional subsidies. The State of Utah will meet this objective by providing principal forgiveness to Mona City or other projects that are ready to proceed and meet requirements for principal forgiveness.

## **XIII. GREEN INFRASTRUCTURE**

The 2010 Capitalization Grant requires that at least 20% of the funds be utilized for water or energy efficiency, green infrastructure, or other environmentally innovative activities. The State of Utah will meet this objective by funding, in whole or in part, Salt Lake City, Roosevelt City, and any other projects that are ready to proceed and meet green infrastructure requirements.

**Table 1** **UTAH STATE REVOLVING FUND - INTENDED USE PLAN 2010**

Recipient Name	State Project Number	Binding Commit.	Const Start	Const End	Type	Assistance Amount	Interest	Hardship Grant Assessment	Loan Period	Beginning Repayment Date	Type of Project	Cost Categ.	MBE/WBE	Discharge Permit #
<b>Loans Closed w/ Remaining Draws</b>														
Central Valley WRF	158	Apr-05	Apr-05	Sep-09	L	35,000,000		3.00%	20 yrs	May-06	212	II	NO	UT0024392
Central Weber SID	242	Apr-08	Apr-08	Jun-11	L	11,055,000		2.30%	20 yrs	Jun-12	212	II	NO	UT0021911
Eagle Mountain City	234	Jul-08	Jul-08	Nov-09	L	6,665,000	0.00%		20 yrs	Nov-10	212	II	YES	N/A
Perry City	244	Dec-08	Dec-08	May-10	L	5,675,000		3.00%	20 yrs	May-11	212	II & IV(b)	NO	UT0021148
South Valley WRF	162	Apr-08	Apr-08	Mar-10	L	22,110,000		2.30%	20 yrs	Mar-11	212	II	NO	UT0024384
<b>Authorized Loans</b>														
Central Weber SID	242	Jul-11	Jul-11	Jul-12	L	11,055,000		2.30%	20 yrs	Jul-13	212	II	NO	UT0021911
Division of Wildlife Resources - "Green"	179	Nov-09	Nov-09	Nov-10	L	520,788	0.00%		N/A	Feb-12	212	NPS	YES	N/A
Elwood Town	168	Mar-10	Mar-10	Jan-11	L	1,560,000		0.00%	30 yrs	Jan-12	212	IV(a) & IV (b)	NO	N/A
Kearns Improvement District	174	Feb-10	Feb-10	Feb-11	L	5,025,000	3.00%		20 yrs	Feb-12	212	IV(a)	YES	N/A
Mona City	166	Mar-10	Mar-10	Feb-11	L	7,350,000		0.00%	30 yrs	Feb-12	212	II & IV(a)	NO	N/A
Ogden City - "Green"	184	Nov-09	Nov-09	Nov-10	L	1,000,000	0.00%		N/A	Feb-12	212	NPS	YES	N/A
Orem City	172	Feb-10	Feb-10	Feb-11	L	11,889,000	0.00%		20 yrs	Feb-12	212	II	YES	UT0020915
Parowan Town	176	Feb-10	Feb-10	Feb-11	L	512,000	3.00%		20 yrs	Feb-12	212	I	YES	N/A
Price City	177	Feb-10	Feb-10	Feb-11	L	1,729,000	3.00%		20 yrs	Feb-12	212	III(b)	YES	N/A
Riverdale City	178	Dec-09	Dec-09	Dec-10	L	1,502,000		3.00%	20 yrs	Dec-11	212	III(b)	NO	N/A
Roosevelt City	175	Sep-09	Sep-09	Dec-10	L	2,882,000	0.00%		20 yrs	Dec-11	212	III(b)	YES	N/A
Salt Lake City	173	Sep-09	Sep-09	Oct-11	L	6,920,000	0.00%		20 yrs	Oct-12	212	I	YES	UT0021725
Salt Lake City - "Green"	182	Nov-09	Nov-09	Nov-10	L	577,500	0.00%		N/A	Feb-12	212	NPS	YES	N/A
Salt Lake County - "Green"	183	Nov-09	Nov-09	Nov-10	L	484,200	0.00%		N/A	Feb-12	212	NPS	YES	N/A
Santaquin Town	169	Apr-10	Apr-10	Jun-11	L	4,772,000	3.00%		20 yrs	Jun-12	212	II	YES	N/A
Snyderville Basin	243	Jul-11	Jul-11	Jul-12	L	22,110,000		2.30%	20 yrs	Jul-13	212	II	NO	UT0024414
Snyderville Basin - "Green"	181	Nov-09	Nov-09	Nov-10	L	300,000	0.00%		N/A	Feb-12	212	NPS	YES	N/A
South Valley Sewer District	164	Jul-11	Jul-11	Jul-12	L	11,055,000		2.30%	20 yrs	Jul-13	212	II & IV(b)	NO	N/A
Stockton Town	171	Sep-09	Sep-09	Feb-11	L	10,764,000	0.00%		30 yrs	Feb-12	212	I & IV(a)	YES	N/A
Utah State University Research - "Green"	180	Nov-09	Nov-09	Nov-10	L	500,000	0.00%		N/A	Feb-12	212	NPS	YES	N/A
<b>Anticipated Loans</b>														
Bear Lake SSD	-	Jun-11	Jun-11	Jun-12	L	7,000,000	3.0%		20 yrs	Jun-13	212	I & IV(a)	NO	N/A
Bluff Service Area	-	Jun-11	Jun-11	Jun-12	L	2,500,000	0.0%		30 yrs	Jun-13	212	IV(a)	YES	N/A
Monroe	-	Jun-11	Jun-11	Jun-12	L	10,000,000	0.0%		30 yrs	Jun-13	212	I & IV(a)	YES	N/A

WATER QUALITY PROJECT ASSISTANCE PROGRAM

CASH FLOW PROJECTIONS

STATE FISCAL YEARS 2010 - 2011

UTAH STATE REVOLVING FUND

	SFY	SFY	SFY	SFY	SFY	SFY	SFY	SFY
	2010	2010	2010	2010	2011	2011	2011	2011
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
	Jul - Sept	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sept	Oct - Dec	Jan - Mar	Apr - Jun
Beginning Balance	25,877,347	34,777,608	17,019,114	(557,368)	14,284,921	13,354,137	16,238,160	9,619,636
EPA Capitalization Grant Funds	21,713,356			12,000,000				3,500,000
State Match	529,366	0	448,200	0	954,400	0	2,377,800	2,500,000
Loan Repayments	3,273,961	3,273,961	3,273,961	3,273,961	3,273,961	3,273,961	3,273,961	3,273,961
Interest Earnings	77,632	104,333	51,057	(1,672)	42,855	40,062	48,714	28,859
Reserve for Non Point Source Projects	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Reserve for On Site Disposal Projects	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
Disbursements	(16,369,054)	(20,811,788)	(21,024,700)	(105,000)	(4,877,000)	(105,000)	(11,994,000)	(63,825,000)
<b>BALANCE IN SRF FUND</b>	<b>34,777,608</b>	<b>17,019,114</b>	<b>(557,368)</b>	<b>14,284,921</b>	<b>13,354,137</b>	<b>16,238,160</b>	<b>9,619,636</b>	<b>(45,227,544)</b>

UTAH WASTEWATER LOAN PROGRAM FUND

Beginning Balance	4,710,321	(2,446,220)	(987,395)	255,230	1,946,055	2,682,480	4,373,305	3,686,330
Sales Tax Revenue	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875
Transfers from State Hardship Grant Fund	0	0	0	0	0	0	0	0
Loan Repayments	853,950	853,950	853,950	853,950	853,950	853,950	853,950	853,950
State Match	(529,366)	0	(448,200)	0	(954,400)	0	(2,377,800)	(2,500,000)
Disbursements	(8,378,000)	(292,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
<b>BALANCE IN UWLP FUND</b>	<b>(2,446,220)</b>	<b>(987,395)</b>	<b>255,230</b>	<b>1,946,055</b>	<b>2,682,480</b>	<b>4,373,305</b>	<b>3,686,330</b>	<b>2,877,155</b>

STATE HARDSHIP GRANT FUND

Beginning Balance	682,161	(1,198,476)	(1,573,035)	(1,947,594)	(2,149,284)	(2,095,901)	(2,040,308)	(1,979,643)
UWLP Interest Payments	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545
Interest Earnings from UWLP	14,131	0	0	766	5,838	8,047	13,120	11,059
Interest Earnings	7,291	0	0	0	0	0	0	0
Disbursements	(1,949,604)	(422,104)	(422,104)	(250,000)	0	0	0	0
Transfers to UWLP	0	0	0	0	0	0	0	0
<b>BALANCE IN STATE GRANT FUND</b>	<b>(1,198,476)</b>	<b>(1,573,035)</b>	<b>(1,947,594)</b>	<b>(2,149,284)</b>	<b>(2,095,901)</b>	<b>(2,040,308)</b>	<b>(1,979,643)</b>	<b>(1,921,039)</b>

FEDERAL HARDSHIP GRANT FUND

Hardship Assessment Subfund of Hardship Grant Fund (SRF)	Beginning Balance in Fund	13,901,443	14,077,999	14,073,085	11,588,157	5,489,773	5,691,094	5,893,020	6,095,551
	Hardship Grant Assessments	184,852	184,852	184,852	184,852	184,852	184,852	184,852	184,852
	Interest Earnings	41,704	42,234	42,219	34,764	16,469	17,073	17,679	18,287
	Disbursements	(50,000)	(232,000)	(2,712,000)	(6,318,000)	0	0	0	0
<b>BALANCE IN FEDERAL GRANT FUND</b>	<b>14,077,999</b>	<b>14,073,085</b>	<b>11,588,157</b>	<b>5,489,773</b>	<b>5,691,094</b>	<b>5,893,020</b>	<b>6,095,551</b>	<b>6,298,689</b>	