

Drinking Water Board Packet

May 24, 2024

Agenda



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Nathan Lunstad, P.E.
Director

Drinking Water Board
Kristi Bell, Chair
Eric Franson, P.E., Vice-Chair
Dawn Ramsey
Justin Maughan
Corinna Harris
Jeff Coombs
Shazelle Terry
Blake Tullis, Ph.D.
Kimberly D. Shelley
Nathan Lunstad
Executive Secretary

DRINKING WATER BOARD MEETING SUPPLEMENTAL
May 24, 2024, 10:00 AM
Via Zoom Webinar

AGENDA

1. Call to Order
2. Roll Call – Michael Grange
3. Disclosure for Conflict of Interest
4. Financial Assistance Committee Report
 - A. SRF Applications
 - i. Federal
 - a. Summit County Service Area #3 (Allyson Spevak)
5. Public Comment Period
6. Open Board Discussion
7. Other
8. Next Board Meeting

Date: June 25, 2024
Time: 1:00 PM
Place: Multi-Agency State Office Building
195 North 1950 West
Salt Lake City, UT 84116

9. Adjourn

Agenda Item

4(A)(i)(a)

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

APPLICANT’S REQUEST:

Summit County Service Area #3 is requesting financial assistance to construct a new 750,000-gallon concrete storage tank at its Cresnet Site to serve as the system’s primary tank. On May 14, 2024 leaks developed in the existing primary tank’s seam causing a loss of 4,000 gallons per hour. The water level was lowered below the leaks to prevent further water loss. On May 20, 2024, inspectors determined that the tank cannot be repaired and is in a dire state. The system is now monitoring the existing tank daily for signs of total failure.

The total project cost is \$3,302,414 and Summit County Service Area #3 is requesting the full amount from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for Summit County Service Area #3 is \$103,300, which is 200% of the State MAGI. The current average water bill is \$203.06/ERC, which is 2.36% of the local MAGI. The estimated after project water bill at full loan would be \$231.04/ERC or 2.68% of the local MAGI. Based on the after-project water bill, Summit County Service Area #3 qualifies to be considered for additional subsidy.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	HGA	Water Bill	% Local MAGI
1	100% / 0%	\$0	\$3,302,414	40 yrs	0.50%	\$239.37	2.78%
2	80% / 20%	\$660,414	\$2,642,000	40 yrs	0.50%	\$231.04	2.68%

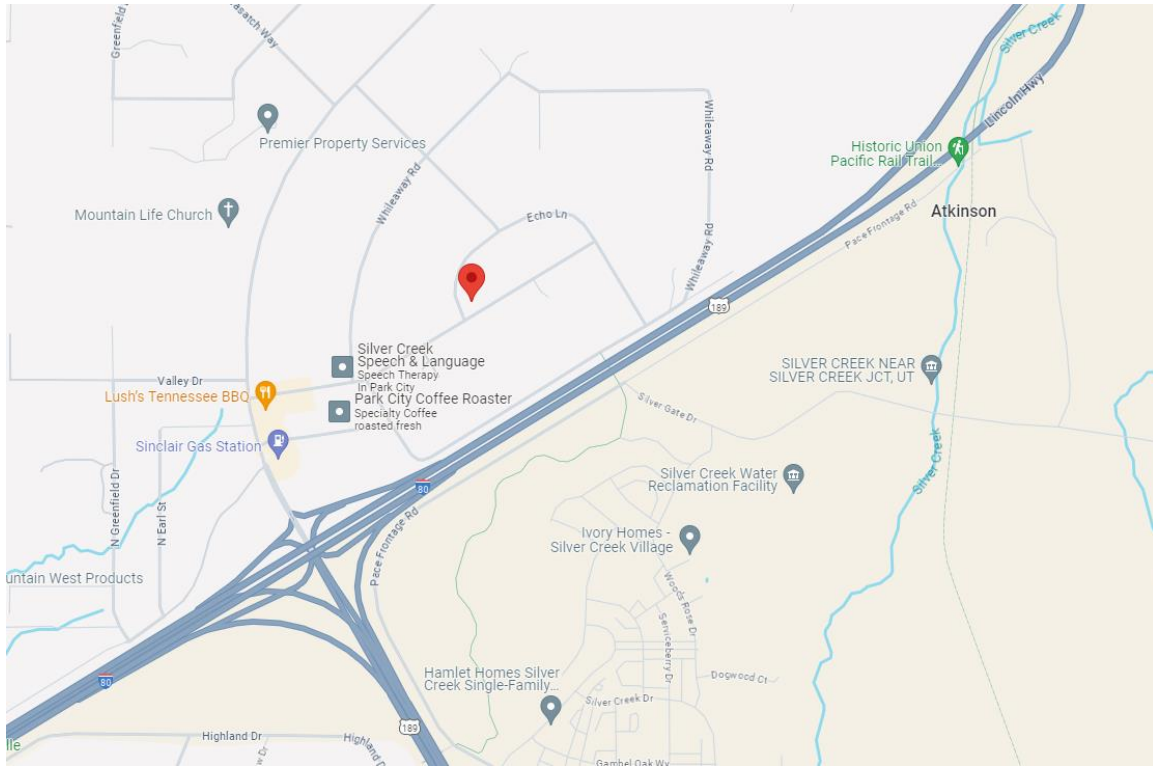
STAFF RECOMMENDATION:

Staff recommends the Drinking Water Board authorize a construction loan of \$3,302,414 with \$660,414 in principal forgiveness to Summit County Service Area #3 Municipality/Water System, for a repayable loan amount of \$2,642,000 at 0.50% for 40 years.

APPLICANT’S LOCATION:

Summit County Service Area #3 is located in Summit County approximately 10 miles northeast from Park City.

MAP OF APPLICANT’S LOCATION:



PROJECT DESCRIPTION:

Service Area No. 3 is a public water supplier located in the Snyderville Basin of western Summit County. The Service Area manages the water system, which services the lower Silver Creek neighborhood, as well as roads and trails for all of the Silver Creek area. It also manages Service Area owned water rights for the majority of the lots in the upper section. The Service Area is composed mostly of single-family residential lots (about 2 to 10 acres in size), although there are several businesses in the southern portion of the Service Area.

The Service Area’s primary storage tank was installed in 1980 and is well past the expected life of a steel above ground tank. Additionally, the 50-foot tank gives head pressure, but due to the elevation, only the top 1/3 of the tank gives that pressure. A leak of 4,000 gallons/hour has recently been detected along with 2 other areas of weeping. On May 20, 2024, inspectors determined that repairs could not be made and that the tank is in dire condition. The Service Area has identified a new location for a replacement

750,000 gal in-ground concrete tank which is at a higher elevation than the current location which will allow for full head pressure and meet current and future fire flow requirements.

The Service Area has three water sources available, including: the District Well (WS001), Greenfield Well (WS002) and an emergency consecutive connection with Mountains Regional SSD (UTAH22137). The Greenfield Well (WS002) has levels of Arsenic above the Maximum Contaminant Level of 10 ug/L and cannot be operated independently. Operation of the Greenfield Well depends on the Primary Tank.

The Greenfield Well has levels of Arsenic ranging from 28.8ug/L to 1.6ug/L. For the Greenfield Well to be a viable source of drinking water it must first be blended with the District Well in the Primary tank, making the Primary Tank a critical piece of infrastructure in delivering safe drinking water.

Without the Primary Tank operating in full capacity, the system needs to identify alternative sampling locations to ensure that the blend is executed to reduce levels of Arsenic.

If the blend cannot be executed to reduce Arsenic levels before the first connection, it may be necessary for Summit County Service Area #3 to cease use of the Greenfield Well and utilize the emergency consecutive connection with Mountain Regional SSD.

POPULATION GROWTH:

Population is based on Summit County Service Area #3's estimates.

Year	Population	Connections
Current	600	200
2029	650	220
2034	700	230

COST ESTIMATE:

Engineering – Design	\$187,100
Engineering – CMS	\$172,700
Funding/Legal/Bonding –	\$64,800
Construction –	\$2,502,414
Contingency (~10%)	\$375,400
Total	\$3,302,414

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (.50%, 40-yr)	\$2,642,000	80%
DWB Grant	\$660,414	20%
Total	\$3,302,414	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	June 2024
Complete Design	July 2024
DDW Plan Approval:	August 2024
Advertise for Bids:	August 2024
Bid Opening:	September 2024
Loan Closing:	October 2024
Begin Construction:	October 2024
Complete Construction:	August 2025

IPS SUMMARY:

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
SP04	Active Source Lacks Approved Updates to DWSP Plan	5		
SP04	Active Source Lacks Approved Updates to DWSP Plan	5		
	Total =	10		

CONTACT INFORMATION:

APPLICANT:

Summit County Service Area #3
629 Parkway Dr
Park City, UT 84098
Telephone: 435-500-6260

**PRESIDING OFFICIAL &
CONTACT PERSON:**

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BOND ATTORNEY:

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Salt Lake City, UT 84111
Telephone: 801-413-1600

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Summit County Service Area #3
 COUNTY: Summit County
 PROJECT DESCRIPTION: New Primary Tank

FUNDING SOURCE: Federal SRF

80 % Loan & 20 % P.F.

ESTIMATED POPULATION:	600	NO. OF CONNECTIONS:	210 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$203.06 *			PROJECT TOTAL:	\$3,302,414
CURRENT % OF AGI:	2.36%	FINANCIAL PTS:	32	LOAN AMOUNT:	\$2,642,000
ESTIMATED MEDIAN AGI:	\$103,300			PRINC. FORGIVE.:	\$660,414
STATE AGI:	\$51,600			TOTAL REQUEST:	\$3,302,414
SYSTEM % OF STATE AGI:	200%				

	@ ZERO % RATE	@ RBBI MKT RATE	@ CALCULATED INTEREST RATE
SYSTEM	0%	4.08%	0.50%
ASSUMED LENGTH OF DEBT, YRS:	40	40	40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.08%	0.50%
REQUIRED DEBT SERVICE:	\$66,050.00	\$135,076.34	\$73,039.46
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$6,605.00	\$13,507.63	\$7,303.95
ANNUAL NEW DEBT PER CONNECTION:	\$345.98	\$707.54	\$382.59
O & M + FUNDED DEPRECIATION:	\$462,437.00	\$462,437.00	\$462,437.00
OTHER DEBT + COVERAGE:	\$12,172.50	\$12,172.50	\$12,172.50
REPLACEMENT RESERVE ACCOUNT:	\$26,911.25	\$30,362.57	\$27,260.72
ANNUAL EXPENSES PER CONNECTION:	\$2,388.19	\$2,404.63	\$2,389.86
TOTAL SYSTEM EXPENSES	\$574,175.75	\$653,556.04	\$582,213.63
TAX REVENUE:	\$0.00	\$0.00	\$0.00
RESIDENCE			
MONTHLY NEEDED WATER BILL:	\$227.85	\$259.35	\$231.04
% OF ADJUSTED GROSS INCOME:	2.65%	3.01%	2.68%

\$0.00