

CENTRAL LAKES REGION SANITARY DISTRICT
FEBRUARY 7, 2008

Phase I—Roland Hamborg of Army Corps of Engineers along with representatives from Senator Coleman and Klobuchar offices to discuss the WRDA phase I funds. This is a two million grant which was authorized in the WRDA legislation but is not included in the appropriation bill. It is up to our senators and congress folks to get this included. There is still a slight chance for this year but need to look at funding for next year. Under this program. The Corps and CLRSD work together with the Corps putting in 75% and CLRSD 25%. The Corps is in charge of the actual construction. If the phase I project starts this year and this funding is not available now, a portion of project will need to be delayed until funds are available. **EVERYONE NEEDS TO CONTACT THEIR SENATORS AND REPRESENTATIVES.**

A meeting was held on January 30 with Rural Development, there remain a few issues that need to be resolved. The big one is the required Archaeological study that must be completed before other areas can move ahead. There are some areas around Lobster that must be checked out. If this involves digging, they will have to wait until frost is out which will be a delay. The rate of interest is still unknown as this is tied up in the unsigned farm bill. The difference in the rate between the House and Senate version could amount to over \$100,000 per year to the district.

The Service contract with ALASD was reviewed. There are a few minor issues that are being discussed. Pat Conway is working with ALSAD to resolve these.

SEE DISCUSSION ON ALL PHASES FOR FUNDING DETAILS, SCHEDULE. ETC.

Phase II—Discussion continues on what areas are economically feasible to be served. A meeting of representatives in this area will meet in next few weeks to discuss this.

Phase III---Still waiting for final permit from MPCA. The EAW and NPDES need to be published with a 30 day public review comment period. If no hearings are requested, information would be presented to MPCA Citizens Board for final review and approval. A tentative date is last part of April.

All Phases---An Easement policy was approved. The district needs to move ahead on obtaining the necessary easements, if problems occur this could be costly and delay construction by several months.

Bruce Kimmel from Springsted Incorporated presented a comprehensive financing plan that treats everyone in the district the same regardless of what phase they are in. **The assumptions used in this plan are attached.**

The estimated cost based on the assumptions is as follows:

Projected Impact of first 30 years of system operation (2010-2039)

\$200,000 house – annual impact	monthly impact
Operating costs \$449	\$37
Capital Costs \$855	\$71
Total \$1,304	\$109

This includes the debt service on the \$10,000 initial assessment, hook up charge, and user fee. This includes all costs except the cost of hook up from the house to the main line. If the \$10,000 was paid up front, the annual cost would be about 600/year or 50/month. The balance of the 10,000 can be paid off at any time.

On a \$400,000 house the cost would be about \$1467/year or 122/month which includes the debt service on the \$10,000 initial assessment, hook up charge and monthly user fee.

Once the majority of the yet to be resolved items are taken care of, a public meeting needs to be held to present all of the details of construction and financing to the public. The district would like to have this meeting in April. Prior to this meeting, the LLA would like to have a meeting to discuss just the issues that are related to the Lobster Lake Area. We will post these days on web site as soon as they are known.

The next meeting of CLRSD is March 6th at 7:30 pm at Leaf Valley Town Hall.

Assumptions:

COMPREHENSIVE DISTRICT FINANCING PLAN

- 1 There are 2,085 Initial Assessment Units.
There are 900 Future Assessment Units, approximately 45 annually over 20 years, for a total of 2,985 AUs.
- 2 There are 1,294 Initial Equivalent Dwelling Units (EDUs - units generating wastewater).
There are 900 Future Equivalent Dwelling Units, approximately 45 annually for 20 years, for a total of 2,194 EDUs.
- 3 Engineer's estimated total project cost is \$51,275,000.
- 4 Phase I: Rural Development Loan Financing at 4.25% for 40 years beginning in 2010 for \$12,000,000.
(\$12.725MM Project Costs - \$2.0MM Federal Grant + \$2,500 ALASD hook-up fee for a total of 510 EDUs (\$1.275MM)
- 5 Phase 2: Rural Development Loan Financing at 4.25% for 40 years beginning in 2011 for \$12,000,000.
- 6 Phase 3: MN PF A Loan Financing at 1.25% for 20 years beginning in 2010 for \$21,800,000.
District will receive \$4.0 million loan from the State's Wastewater Infrastructure Fund.
WIF loan will be deferred for 20 years at 0.0% or until PF A funding is repaid. Annual payments begin at amortment of PF A loan payment.
With WIF, the District must set aside an annual repair & replacement amount equal to annual gallons/1,000 treated x \$0.50.
The plant is sized for 345,000 gpd so the maximum annual set aside is projected to be \$62,963 (345,000/1,000 * 365 * \$0.50).
- 7 Each Initial Assessment Unit will be assessed \$10,000, which can be amortized over 30 years at 5.75%.
The assessment rate will be 1.50% over the estimated Rural Development Loan rate, or 5.75% total, to cover administrative costs and risk of nonpayment.
- 8 All Future Assessment Units (those not included in the 2,085 Initial AU count) will pay a connection charge at platting.
The connection charge will start at \$10,000 and increase 5% annually, and can be amortized over 30 years at 5.75%.
- 9 2007 Net Tax Capacity (NTC) of comprehensive service area is \$4,079,301.
- 10 NTC of existing property is projected to increase 3% annually.
- 11 NTC will also grow due to new development, assumed at \$2,000 new NTC (\$200,000 TMV) per EDU.
This \$200,000 average TMV growth increase is a 2008 value and will inflate 3% annually.
- 12 Annual operating expenditures are \$230,000 in 2010, \$300,000 in 2011 (2007 dollars) and will increase 4% annually.
- 13 User fees will begin at \$20/month in 2010 and increase 4.0% annually.

Prepared by Springsted Incorporated

