

EMIGRATION IMPROVEMENT DISTRICT

The Emigration Improvement District (District) has requested a time extension for the funding of the loan commitment. See the attached request letter dated October 9, 2002. The current commitment due date is October 12, 2002. The letter mentions that it has taken the District much longer than they thought it would to get the project ready for loan closing. The letter mentions some problems the District has had.

On October 13, 2000, the Drinking Water Board (Board) authorized a loan to the District through the federal SRF loan program. On April 13, 2001, the Board approved an increase in the loan amount. On June 8, 2001, the Board extended the term of the loan from 15 years to 20 years. On October 12, 2001 the Board authorized a time extension to October 12, 2002. The current loan is for \$1,846,000 @ 2.01% for 20 years.

As of October 25, 2002 the remaining issues that must be resolved prior to loan closing are:

1. The District has not made the required changes to receive plan approval.
2. The District has proposed building a 1,000,000-gallon above ground bolted steel tank instead of the 1,000,000-gallon buried concrete tank. EPA attorneys have informed us that if the District makes this change the District will be required to prepare an "Environmental Assessment Amendment". Then our office will have to prepare a "FONSI Amendment" and have the District publish it in newspapers giving the public 30 days to comment. If the public response were significant we would have to reopen the environmental review process and require the District to hold public hearings, as a minimum. The Engineer for the District was informed of this on October 17, 2002.
3. The District has not provided the Division of Drinking Water staff with documentation that it has sufficient public support to repay the loan.

SRF/Conservation Committee Recommendation:

Approve a six-month extension of the loan to March 12, 2003.