

Applicant's Name:	Sacheen Lake Water and Sewer District
Project Name:	Sewer Collection & Treatment System
Scoring Date:	July 13, 2010
Name of Rater(s):	Campbell, Gardener, Grigoras
Primary System:	Sanitary Sewer
County:	Pend Oreille
PWTF Loan Request:	\$8,000,000.00
Total Project Cost:	\$8,471,000.00

Scoring Summary

APPLICATION SCORING	Actual Score
Local Management Effort (max 40 points)	24
Fiscal Capacity & Local Management Effort (max 21 points)	20
Readiness-to-Proceed (max 19 points)	4
Project Need (max 60 points)	53
Project Scale/Category (max 8 points)	8
Project Need (max 52 points)	45
TOTAL APPLICATION SCORE (max 100 points)	77

Balancing Factors

The following questions are not scored but may be taken into consideration during Board deliberation of the prioritized project list.

Application Questions	RCW Reference	Applicant's Answer
1.11 Does applicant jurisdiction (cities and counties only) have guidelines to process development permit requests? AND Does applicant jurisdiction abide by the guidelines set for processing permits?	RCW 43.155.070(4)e: Whether the applicant has developed and adhered to guidelines regarding its permitting process for those applying for development permits consistent with section 1(2), chapter 231, Laws of 2007.	N/A
1.12 Has the applicant experienced severe fiscal distress resulting from a natural disaster (e.g., Governor declared emergency) or emergency public works need in the past 12 months?	RCW 43.155.070(4)a: Whether the local government receiving assistance has experienced severe fiscal distress resulting from natural disaster or emergency public works needs.	NO
3.7 Is this project being done in partnership with any other organizations/agencies?	RCW 43.155.070(4)g: The number of communities served by or funding the project.	County is doing road paving
3.14 Is the applicant taking over a failing water system?	RCW 43.155.070(4): Whether the project is the acquisition, expansion, improvement, or renovation by a local government of a public water system that is in violation of health and safety standards, including the cost of extending existing service to such a system.	New system
n/a Current County unemployment rate.	RCW 43.155.070(4)f: The relative benefit of the project to the community, considering the present level of economic activity in the community and the existing local capacity to increase local economic activity in communities that have low economic growth.	15.7
n/a Audit findings.	n/a	n/A

Fiscal Capacity & Local Management Effort

Application Questions		Rater's Notes						Max Score	Actual Score	
1.13	Describe short- and long-term fiscal management strategies, which the applicant jurisdiction uses to maximize its ability to finance the system.	property owners are assessed to repay the loan of \$1,000 per household., M&O will be from rates.						1	1	
1.14 or 1.16	Ratio of debt, cash, and capital per capita. * No data = no points \$1 – \$499 = 2 points \$500 – \$999 = 4 points \$1,000 – \$1,499 = 6 points \$1,500 – \$1,999 = 8 points \$2,000 or more = 10 points	Number of people in jurisdiction	No. of people served by system	No. of people affected by project	Outstanding Debt	Cash & Equiv.	Land & Assets	CALCS	10*	10
		216	216	216	\$22,000	\$0	\$0	-\$102		
		Sanitary Sewer Note: Client lists 2 numbers (215 FT & 900 summer); there's no score difference between the 2 numbers; full points due to brand new system.								
1.15 or 1.17	Source of revenue questions. Affordability Index calculations. ** No answer = no points 0% – 1.00% = 4 points 1.01% – 1.50% = 3 points 1.51% – 2.00% = 2 points 2.01% or more = 1 point	MHI-->	\$ 35,582.67	Current Monthly Rate-->	\$ -	0.00%			4**	4
		Have rates changed during the last 5 years?	YES	There's no sewer system currently; anticipate \$100/month rates upon completion.						
2.6	Other debt incurred by Applicant for this project (other loans (local match) listed in the funding table).	Other Loan #1 -->		Other Loan #2 -->		\$ -				n/a
4.2	What is the applicant's process for establishing the project system's maintenance schedule? How frequently is the system's maintenance schedule reviewed and updated? Give <u>two</u> specific examples of maintenance or operations activities performed on this system.	New system = all points						1	1	
4.3	List two distinct and separate capital improvements, other than this project, made to the system. If unable to give <u>two</u> examples from the prior five years, please explain why not.	New system = all points						1	1	
4.4	Describe the planning and public involvement activities performed that identify and/or prioritize local public works maintenance and capital needs for the applicant system. Give <u>two</u> specific examples of planning activities performed on this system in the last five years.	New system = all points						1	1	
4.5	During the last 12 month period, what three things have been done with the applicant system to demonstrate good stewardship of Washington State's natural resources such as the reduction of greenhouse gas emissions? If nothing has been done, please explain why not.	Third example is not completed at time of application.						3	2	
Fiscal Capacity & Local Management Effort Total								20		

Readiness-to-Proceed

Application Questions		Rater's Notes						Max Score	Actual Score
4.1	All responses are based on "at the time of application." If the applicant is not required to do a particular task, list N/A in " % completed at time of application" box and explain why the task is not required. In order to receive points for a task marked "N/A," an explanation must be included in the box below.								
	Applicant certifies that the status of engineering and design is complete. Name and license number of certified engineer assigned to the project are required.	60%						0,2,5	2
	Applicant certifies that all applicable permits are in hand.	0%						0,2,4	0
	Applicant certifies that bid documents are ready	0%						0,2,4	0
	Applicant certifies that right-of-way/easement for project is acquired.	15%						0,1,3	1
	Applicant certifies that cultural and historic and environmental reviews are complete.	15%						0,1,2	1
	Applicant certifies that project is in a current and adopted Capital Facilities Plan.	75%						0,1	0
Readiness-to-Proceed Total								4	

Project Scale/Category

2012 P WTF Construction Loan Application Scoring Sheet

3.1	For the applicant's primary system, as selected at the top of this application, identify the sub-category that is most affected by the proposed project. Check only one.	8 points	6 points	4 points	2 points	1 point	1 point	1 point	1 point
	Domestic Water	Treatment	Primary Supply or Source	Secondary Supply or Source	Storage or Reservoir	Transmission	Distribution	Telemetry or Equipment	Conservation or Other
	Sanitary Sewer	Treatment/Reclamation	Interceptor or Trunk Line	Pump Lift Station	Collector	Telemetry or Equipment	Conservation or Other		
	Storm Water	Treatment	Storage or Detention	Interceptor or Trunk Line	Collector	Other			
	Solid Waste/Recycling	Remedial Action	Final Disposal	Transfer Station	Waste Reduction or Recycling	Other			
	Road/Street or Bridge	Principal Arterial	Minor Arterial	Major Collector	Minor Collector	Local/Other			
Project Scale/Category Total								8	

Project Need

Application Questions	Rater's Notes
3.2 Please describe the current age, condition, and materials which make up the components of the system being corrected by the project	study done by EWU concluded that the lake is declining, water quality, high milfoil pop, algal blooms, and lack of DO in lower lake strata. Lake is one of few communities with such high population density but no com sewer system. 300 dwellings more than half of them ha no documented o9r permitted WW system. dry wells, ces pool, adn 55 gallon drums which do nothing to treat. old resort that uses that uses drums and is not required by law to upgrade due to grandfathering. many of them are providing a direct conduit for sewage into the lake
3.3 What are the impacts the existing situation has, or will have, on the system's operation and expenses, if this project is not completed?	each homeowner will be responsible for own expense for their on site system. Many will find that the new on site rules will prohibit direct replacements. Some recent installations have cost as much as \$20K.
3.4 What are the impacts the existing situation has, or will have, on the environment and/or endangered species, if this project is not completed?	Documented detrimental impacts of "on-site" systems on the lake.
3.5 What will happen, not already answered above, if this project is not completed?	Eutropication of the lake will continue.
3.6 What are the community/regional/statewide benefits of this project?	Lake is reg. rec. center. Project will enhance & preserve health & useability of lake.
3.7 Is this project being done in partnership with any other organizations/agencies? If Yes, please identify the partner(s) and describe the roles of each partner.	County is doing road improvements along some collection system routes. Would save paving costs.
3.8 Are there any barriers or time constraints restricting or delaying the completion of this project? If Yes, please describe.	Site acquisition is dependent on economic conditions (lack of competition to own site) and goodwill of Simpson Timber (to sell).
3.9 Is this project being done to meet emerging regulatory requirements or economic opportunities? If yes, please describe.	Pending TMDL on the drainage of the Little Spokane River of which Sacheen Lk is part. Ecy may dictate stringent requirements on existing on-site systems w/in the drainage systems. Const. of off-site system preempts impacts on Sacheen Lk resid.
3.10 Have any other measures/activities been undertaken to address the problem/situation/opportunity? If Yes, please describe. If No, why not?	Milfoil removal, lake level control efforts (keeping water level low helps prevent sewage seepage into lake).
3.11 What is the system's current capacity level?	N/A
What is the system's maximum capacity?	N/A
What is the system's remaining capacity at the time of this application?	N/A

Sanitary Sewer/Storm Water Projects (in the last five years)

Application Questions	Rater's Notes
3.18 Is the applicant currently meeting National Pollutant Discharge Elimination System (NPDES) permit and/or State Waste Discharge Permit (SWDP) limits?	N/A
3.19 Has the applicant had violation(s) of NPDES and/or SWDP permit(s)? If yes, indicate the type of violation, when it occurred, and how (or if) it was resolved.	Brand new system.
3.20 Has the applicant had any Combined Sewer Overflows (CSO)? If yes, indicate the type of violation, when it occurred, the volume of the violation, and how (or if) it was resolved.	Brand new system.
3.21 Has the applicant's system caused any environmental degradation (i.e., shellfish bed closures, water temperature increase, 303(d) list water body, etc.)? If yes, indicate the type of degradation, when it occurred, and how (or if) it was resolved.	Yes. Existing on-site septics have led to lake quality deterioration per study done by EWU.
3.22 Has the applicant's system had hookup moratoriums? If yes, indicate when, for how long, and how (or if) the moratorium was lifted.	Sort of; moratoria were put in place for cluster drainfield systems while the district worked to modify/revise the comprehensive plan. This was done in anticipation of a comprehensive sewer system to serve entire lake.

2012 PWTf Construction Loan Application Scoring Sheet

Need and Solution Narrative

Application Questions	Rater's Notes
<p>3.32 Please include a Problem-Solution-Result narrative about the problem being solved. This is the applicant's opportunity to state the problem or possibility, its impact on the community, and the benefits to be achieved through this project.</p>	<p>Building a new system; too many and too many failing septic systems; lake water quality issues due to malfunctioning septic systems.</p>

Project Need Scoring Table

System Status	Purpose of Project	Documentation Clarity of project need and solution	Public Health & Safety			Environmental Health			System Performance (Repair/Replacement)			Growth/Economic Development		
			Clear w/ Impact	Clear w/o Impact	Unclear	Clear w/ Impact	Clear w/o Impact	Unclear	Clear w/ Impact	Clear w/o Impact	Unclear	Clear w/ Impact	Clear w/o Impact	Unclear
SEVERE SITUATION - or - CHANCE OPPORTUNITY: Systems in violation of regulations, have failed, or are in imminent danger of failing	Project is to fix systems that have failed, are in imminent danger of failing, and/or are currently out of regulatory compliance (under an active regulatory order).	Regulatory Order	52	49	46	48	45	42	44	41	38			
		External Agency	51	48	45	47	44	41	43	40	37	38	35	32
		Negotiated Letter of Agreement	50	47	44	46	43	40	42	39	36	37	34	31
		Completed Studies	49	46	43	45	42	39	41	38	35	36	33	30
		Internal Monitoring	48	45	42	44	41	38	40	37	34	35	32	29
	An economic opportunity has presented itself provided that the local government improves infrastructure to enable the opportunity.	Regulatory Order	47	44	41	43	40	37	39	36	33			
		External Agency	46	43	40	42	39	36	38	35	32	33	30	27
		Negotiated Letter of Agreement	45	42	39	41	38	35	37	34	31	32	29	26
		Completed Studies	44	41	38	40	37	34	36	33	30	31	28	25
		Internal Monitoring	43	40	37	39	36	33	35	32	29	30	27	24
MODERATE: Systems currently in compliance, but required to meet new standards	The project is being done to meet emerging regulatory requirements and/or the project is being done to bring a non-compliant (but not under regulatory order) system up to existing standards.	External Agency	42	39	36	38	35	32	34	31	28	29	26	23
		Negotiated Letter of Agreement	41	38	35	37	34	31	33	30	27	28	25	22
		Completed Studies	40	37	34	36	33	30	32	29	26	27	24	21
		Internal Monitoring	39	36	33	35	32	29	31	28	25	26	23	20
		Aware of Problem-Documented	38	35	32	34	31	28	30	27	24	25	22	19
	Aware of Problem-Not Documented	37	34	31	33	30	27	29	26	23	24	21	18	
	Local government is improving the local business climate for future business expansion.	External Agency	36	33	30	32	29	26	28	25	22	23	20	17
		Completed Studies	35	32	29	31	28	25	27	24	21	22	19	16
		Internal Monitoring	34	31	28	30	27	24	26	23	20	21	18	15
		Aware of Problem-Documented	33	30	27	29	26	23	25	22	19	20	17	14
Aware of Problem-Not Documented		32	29	26	28	25	22	24	21	18	19	16	13	
POTENTIAL/ PREVENTATIVE: Systems currently in compliance	Project is necessary for the repair or replacement (end of lifecycle).	Completed Studies	31	28	25	27	24	21	23	20	17	18	15	12
		Internal Monitoring	30	27	24	26	23	20	22	19	16	17	14	11
		Aware of Problem-Documented	29	26	23	25	22	19	21	18	15	16	13	10
		Aware of Problem-Not Documented	28	25	22	24	21	18	20	17	14	15	12	9
	Project is being done to enable potential opportunities for growth and/or economic development.	Completed Studies	27	24	21	23	20	17	19	16	13	14	11	8
		Internal Monitoring	26	23	20	22	19	16	18	15	12	13	10	7
		Aware of Problem-Documented	25	22	19	21	18	15	17	14	11	12	9	6
		Aware of Problem-Not Documented	24	21	18	20	17	14	16	13	10	11	8	5
NO ANSWER			0			0			0			0		
Rater's Notes:														

Project Need Total **45**

Risk Scoring	
Risk Factor (max 65 points)	20
Risk Status (High, Medium, Low)	30.77%
0-45% = LOW 46% - 65% = MEDIUM 66% - 100% = HIGH	
Financial Risk Assessment	LOW RISK

Risk Factors

Application Questions		Discussion	Scoring System	Result	Max Score	Actual Score	
1.9	PWTf Loan Request.	Loan request on top of their existing debt will trigger rate increases to cover annual debt service. Capital improvements to the system through PWTf fund loan will impact the financial position of the system. Divide the PWTf Loan request amount by the current Number of the People Served by the System (IF Road/Street or Bridge, choose the lower number between Jurisdiction Population or Number of the People Served by the System) divided by 12 months divided by the loan term	\$0.01-\$2.50 = 0 point \$2.51-\$5.00 = 2 points \$5.01-\$10.00 = 4 points \$10.01-\$15.00 = 6 points \$15.01-\$20.00 = 8 points \$20.01 or more = 10 points	\$154.32	10*	10	
1.14 or 1.16	Describe short- and long-term fiscal management strategies, which the applicant jurisdiction uses to maximize its ability to finance the system described in this application.	Total outstanding debt for the system	Outstanding Debt per Capita = Debt divided by Population or the Number of People Served by the System. This is to measure the value of the system's debt expressed in terms of the amount attributable to each member under the system's jurisdiction. The level of debt per capita is an important factor to analyze a system's ability to continue paying its existing debt service costs and its capacity to incur more debt. In this analysis, the level of debt per capita is broken down on a monthly basis for the period of 20 years.	\$0.01-\$2.50 = 0 points \$2.51-\$5.00 = 2 points \$5.01-\$10.00 = 4 points \$10.01-\$15.00 = 6 points \$15.01-\$20.00 = 8 points \$20.01 or more = 10 points	\$0.42	10*	0
		Cash & Cash Equivalents	Debt minus Cash & Cash Equivalents is called Net Debt. This is to know how much debt an applicant is carrying and if an applicant can afford the debt if it runs into financial trouble. Debt minus Cash & Cash Equivalents divided by Population or the Number of People Served by the System is called Net Debt Per Capita . The level of net debt per capita is an important factor to consider when analyzing an applicant's ability to continue or to incur debt and to pay its debt service costs through its current levels of revenue (tax or operating revenue). It is the Public Works Board staff personal opinion that Debt Per Cash & Cash Equivalents ratio of 1:1 is not healthy either. This may indicate that a jurisdiction does not leverage its cash assets to increase equity. A 2:1 ratio is considered healthy in this exercise.	\$0.01-\$2.50 = 0 point \$2.51-\$7.50 = 1 point \$7.51-\$12.50 = 3 points \$12.51-\$17.50 = 5 points \$17.51-\$20.00 = 7 points \$20.01 or more = 10 points	\$0.42	10*	0
		Land and Capital Assets, net of depreciation	Debt divided by Equity (Cash & Cash Equivalents + Land and Capital Assets) plus Debt is called Debt to Equity Ratio. A ratio of closer to one (1) means assets are mainly financed with debt, a ratio closer to zero (0) means equity provides a majority of the financing. If the ratio is high (financed more with debt) then the system/applicant is in a risky position as a result of the additional interest expense - especially if interest rates are on the rise.	0.01%-10% = 1 point 10.01%-20% = 2 points 20.01%-30% = 3 points 30.01%-40% = 4 points 40.01%-50% = 5 points 50.01%-60% = 6 points 60.01%-70% = 7 points 70.01%-80% = 8 points 80.01%-90% = 9 points 90.01% or more = 10 points	100.00%	10*	10
1.15 or 1.17	List of Average monthly ERU rates per 1,000 CF for the last five years.	Stagnant rates for couple of years could future financial issues to a jurisdiction. There will be no foundation from which to project cash-flows on a system with no historical rate structure. Applicant may avail the 5-year deferral Public Works Board policy. It is encouraged that the applicant provides an anticipated rate structure and # of customers when the project is at its operational stage.	Yes = 5 points No = 0 point	YES	5*	0	

	Source of revenue questions. Affordability Index calculations.	Customers currently paying a monthly bill of \$50.00 a month is already a 1.2% Affordability Index (AI), based on a statewide Annual Median Household Income (AMHI) of \$51,794 (2005 projections). AI = Yearly Utility Rate divided by the State or County Median Household Income. AI is defined as percent of monthly household income dedicated to water utility services. Rates paid should not exceed 1.2 to 1.5%.	0.01%–0.50% = 1 point 0.51%–0.75% = 2 points 0.76%–0.90% = 3 points 0.91%–1.20% = 4 points 1.21%–1.40% = 5 points 1.41%–1.60% = 6 points 1.61%–1.80% = 7 points 1.81%–2.0% = 8 points 2.01% or more = 10 points	0.00%	10*	0
2.6	Total Project Funding.	If approved, loan request(s) from other funding agencies or banks for the project on top of their PWTF loan request will have a substantial impact to annual debt service capacity and future financial position of the system. \$5,000 or more debt service per customer. Loans from Other Sources: planned, applied or awarded, divided by the current Number of the People Served by the System). Debt service of \$5,000 or more per customer on top of current rate may result to a higher Affordability Index	\$0.01–\$2.50 = 0 point \$2.51–\$5.00 = 2 points \$5.01–\$10.00 = 4 points \$10.01–\$15.00 = 6 points \$15.01–\$20.00 = 8 points \$20.01 or more = 10 points	0.00	10*	0
TOTAL						20