

**SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES**

**MOTION ON ASSEMBLY BILL 396**

Moved by **Senator Kedzie** that the Senate Committee on Environment and Natural Resources recommends concurrence of Assembly Bill 396

Relating to: Clean Water Fund Program financial hardship assistance for the Elcho Sanitary District.

VOTE ON MOTION:

YES

NO

Signed: *Neal J. Sedzai*  
Date: *2/16/04*

**SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES**

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Relating to: Clean Water Fund Program financial hardship assistance for the Elcho Sanitary District.

*VOTE ON MOTION:*

YES

NO

Signed: *Attegg*

Date: 2-18-04

**SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES**

**MOTION ON ASSEMBLY BILL 396**

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Relating to: Clean Water Fund Program financial hardship assistance for the Elcho Sanitary District.

VOTE ON MOTION:

YES

NO

Signed: Robert W. Wrench

Date: Feb 18, 2004

***SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES***

***MOTION ON ASSEMBLY BILL 396***

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Relating to: Clean Water Fund Program financial hardship assistance for the Elcho Sanitary District.

*VOTE ON MOTION:*

YES

NO

Signed: *Paul A. Rosen*

Date: *2/17/09*

**SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES**

**MOTION ON ASSEMBLY BILL 396**

Moved by **Senator Kedzie** that the Senate Committee on Environment and Natural Resources recommends concurrence of Assembly Bill 396

Relating to: Clean Water Fund Program financial hardship assistance for the Elcho Sanitary District.

VOTE ON MOTION:

YES

NO

Signed: 

Date: 2/18/04

## 2003 AB 396

### Senate Committee on Environment and Natural Resources

Testimony of Robert Ramharter  
Wisconsin Department of Natural Resources  
February 12, 2004

The Department is appearing today as interest may appear. It neither supports nor opposes AB 396.

The Clean Water Fund Program provides low-interest rate loans to municipalities to build wastewater treatment facilities. In certain cases where the municipality is particularly poor and the wastewater user charges are particularly high, the Hardship Program, which is part of the Clean Water Fund Program, will provide additional financial assistance in the form of grants. The program will provide enough financial assistance to reduce the estimated average user charge to 2% of the municipality's Median Household Income (MHI). Current law specifies that the maximum amount of assistance that can be provided is 70% of a project's cost as a grant with the remaining 30% as an interest-free loan.

In 1999 Elcho Sanitary District was awarded Hardship assistance for construction of its wastewater treatment facility. The financial assistance was comprised of a grant for about \$1.3 million and a loan for about \$1.4 million for 20 years at 0.823%. This level of assistance was determined by calculating the loan/grant combination necessary to reduce the projected wastewater user charges to 2% of Elcho's MHI.

A key factor in projecting user charges is estimating the annual Operating, Maintenance and Replacement costs (OM&R). The higher the projected OM&R cost the higher the amount of financial assistance that is provided. Chapter NR 162, Wis. Admin. Code, limits the OM&R used in calculating the amount of financial assistance to no more than two standard deviations from the mean OM&R for similar types of treatment plants. In the case of Elcho, the engineer projected an annual OM&R of about \$66,000. However, the maximum amount allowed by code was about \$36,000, and it was this amount that was used to calculate the financial assistance amount.

AB 396 does several major things. First, it directs us to recalculate the financial assistance amount provided to Elcho using the projected OM&R costs rather than the code prescribed maximum OM&R. Second, the bill would exempt Elcho from the 70% grant maximum and allow whatever percentage of grant necessary to bring the projected user charges down to 2% of Elcho's MHI. Finally, the bill directs the Departments of Natural Resources and Administration to restructure Elcho's existing loan to reflect the level of financial assistance as calculated using the above parameters.

The net effect of the bill would be to reduce the loan balance from \$1,137,491 to \$675,649. Elcho's annual payment on the loan would be reduced from \$80,921 to \$48,066, a difference of \$32,855.

Based on a survey by its engineer, the Elcho Sanitary District has some of the highest wastewater user charges in the state. It is a low-income community with a Median Household Income of \$25,521, which is about 58% of the state MHI. These two factors combine to create an unusually high financial burden on Elcho for the costs of treating its wastewater.

Typically, the Department would oppose any legislation that directs Hardship Program funding to a specific municipality. We have, in the past, taken the position that Hardship funds should be distributed in strict accordance with the standards provided in the statutes and administrative rules. In the case of Elcho we recognize that the residents have an unusually high financial burden for wastewater treatment, and therefore we are not actively opposing the bill. The Department is appearing today neither in support of, nor in opposition to, AB 396.

# HERRLING, CLARK, HARTZHEIM & SIDDALL LTD.

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July 8, 2003

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Lance E. MUELLER  
OF COUNSEL:  
Don R. HERRLING  
Roger W. CLARK

## Committee on Natural Resources

Attn: Representative DuWayne Johnsrud, Chairperson  
Representative Gunderson, Vice-Chairperson  
Representatives Ott, Pettis, Bies, Krawczyk, M. Williams,  
Black, Groneus, Steinbrink and Miller

RE: Elcho Sanitary District

Dear Committee Members:

The Elcho Sanitary District retained my services nearly two years ago to help with serious financial problems.

Elcho had just constructed a new sewer treatment plant under orders from the Department of Natural Resources. The rates being charged to sewer users by the District to continue operations were far in excess of the Department of Natural Resources projected rates. Further, the District had borrowed money from the Town to make debt payments. The Town has also paid legal costs to date to assist to remedy this problem.

An investigation by my office revealed that there were several reasons why the District was having financial difficulty:

1. The income predicted from the treatment of hauled septic and holding tank waste had failed to materialize.
2. The operation and maintenance costs had been underestimated in the Department of Natural Resources financing formulations.
3. Because the operation and maintenance costs had been underestimated, the financing necessary to the District for the plant was also significantly underestimated.

The District was advised that action could legally be taken to help boost the income from the hauled waste. The Town and the District have therefore moved ahead on that legal advice and:

HERRLING CLARK LAW FIRM

GREEN BAY OFFICE: (920) 468-7366 • NEW LONDON OFFICE: (920) 982-9652

1. Authorized Village powers for the Town.
2. Used Village powers to pass ordinances to require septage from the entire Town to be treated at the District Plant.
3. Contracted with each other to monitor and regulate the septage haulers and treatment of sewage.

Some additional income has been generated. However, surrounding Towns and Lake Districts, which had previously indicated that they would use the plant, have not made use of the plant because of the high cost.

The District had further relied on the representation by the DNR that land spreading would be terminated. The prohibition would have further increased the income. Land spreading of hauled waste, however, has not been terminated and it remains as competition for the District treatment plan.

The Town and the Sanitary District have followed all of our recommendations, but the fact remains that they cannot currently pay maintenance costs and are in danger of default on other debt.

The mistakes that resulted in the under-financing are beyond the control of the District. The DNR advises that there can be no remedy for the situation other than Legislative action.

The Department of Administration has reviewed the financial status of the District and is aware of the under-financing and the danger of default on the excessive debt.

Elcho has done everything within its powers to live with and remedy this financial problem. The efforts have failed to significantly improve or change the excess debt and excessive charges to its users which have resulted from mistaken estimates and assumptions when the plant was built.

The last resort for the District is passage of this Legislation. This will allow the District to maintain and pay for the plant with a user charge to its customers at a rate consistent with rates originally projected by the Department of Nature Resources.

Thank you for your consideration,

Respectfully submitted,



ROGER W. CLARK

RWC:jvt



**Elcho Sanitary District  
Collection System and Treatment Plant Upgrade Project  
July 9, 2003**

**Committee on Natural Resources**

**Representatives Johnsrud, *chairperson*, Gunderson, *vice chairperson***

**Representatives Ott, Pettis, Bies, Krawczyk, M. Williams, Black, Gronemus,  
Steinbrink and Miller**

**History**

- 1994 the facility planning for this project started. The original scope was to upgrade the facilities for the Sanitary District only.
- During the planning stages the local Lake Districts, WDNR and the County Sanitarian expressed a need for the new facility to be able to accept septic and holding tank wastes from the surrounding Lake Districts.
- 1997 the facility plan was approved by the WDNR and the design phase started.
- Late 1997 the plans were completed and approved along with the Hardship Funding application through the Clean Water Fund.
- It was evident in late 1997 that the funding formula use for determining the loan and grant amount for the Elcho Sanitary District was flawed. The actual annual user charges were going to greatly exceed the targeted fee of 2% of the annual median household income.
- January, 1998 a variance request was submitted to the WDNR to use actual operation and maintenance costs in the funding formula determination in lieu of the WDNR derived O&M costs for facility types. This variance was denied.
- The Sanitary District felt that they had to go ahead with the project or face enforcement action from the WDNR and the Justice Department.

**Current Situation**

- The Hardship Program was set up to try to reduce the annual user charge to 2% of the median household income.
- There is some question that the estimated median household income accurately reflects the actual median household income of this unincorporated municipality.
- Actual annual user charge as of 2002 is \$600.00 Actual annual user charge is on the extreme high side for communities of Elcho's size (see graph).
- The District does not have the funds to adequately operate and do the routine maintenance of the system.
- The District does not have the funds to make the annual principle and interest payments on the Clean Water Loan. In the past they have had to borrow funds from the Township to make the loan payments.
- The District does not have the funds to finance the required replacement fund. This fund is required by the WDNR administrative rules. A replacement fund is used to pay for equipment that is schedule to be replaced during the twenty-year design life of the facility.

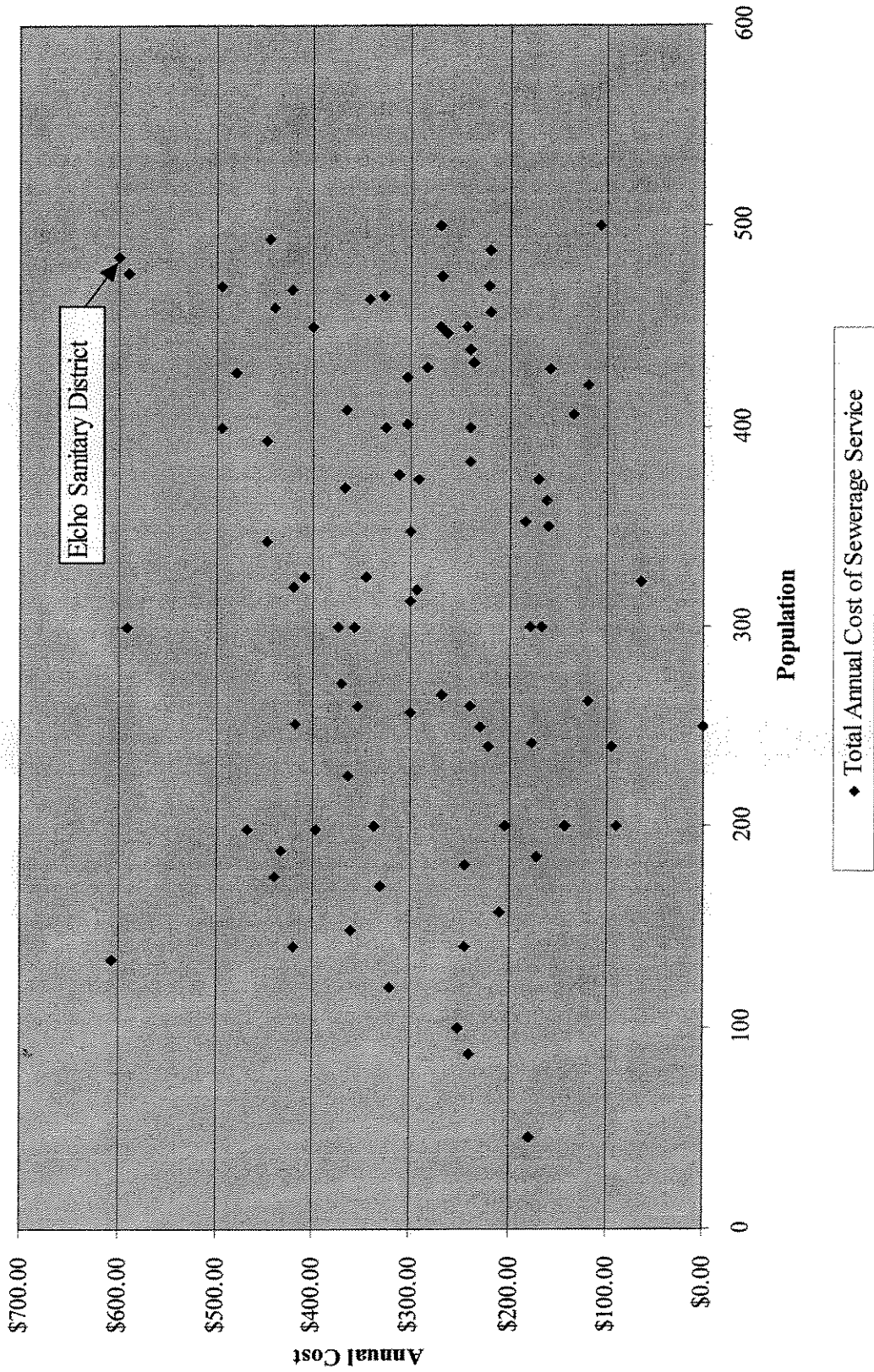
### Funding Determination

- The two crucial factors in the Elcho Sanitary District situation is costs that are used for the operation and maintenance costs and the criteria for a minimum of 30% local funding.
- The original grant/loan calculation, using the WDNR determined annual operation & maintenance cost of \$36,202 resulted in an annual cost for the average residential user of \$600 per year.
- Using the realistic annual operation & maintenance cost of \$66,057 resulted in an annual cost for the average residential user of \$532 per year. This annual cost is still does not bring the cost down to 2% of the median household income due to the provision of the local share being funded at a 30% level by the District.
- Using the realistic annual operation & maintenance cost of \$66,057 and removing the provision of the local share being funded at a 30% level by the District resulted in an annual cost for the average residential user of \$491 per year. This scenario achieves the intent of the program to provide an annual cost of 2% of the median household income.
- The Chart below presents the funding impacts summary to the Elcho Sanitary District. The calculations are attached. These calculations have included the annual revenue from the holding tank waste that the plant has received. This is not normally used in the WDNR calculation for funding.

<b>Alternative</b>	<b>O&amp; M Costs</b>	<b>Grant Amount</b>	<b>Loan Amount</b>	<b>Estimate User Charge</b>
Original calculation	\$36,202/yr.	\$1,329,472	\$1,417,935	\$600 (actual)
Option using realistic O&M costs	\$66,057/yr.	\$1,752,983	\$994,424	\$532
Option using realistic O&M costs & 23% local Contribution	\$66,057/yr.	\$1,926,572	\$820,835	\$491

- The original funding calculation has put a great burden on the District and has not fulfilled the intent of the Hardship program to provide assistance to poor communities to provide an affordable wastewater treatment system.

# Total Annual Cost of Sewerage Service for 45-500 Population



**HARDSHIP CALCULATION - Enter data in boxed fields below.**

**Original Funding Calculation**

**Elcho SD #1**

1990 MEDIAN HOUSEHOLD INCOME =	<b>\$ 18,939</b>	Census	<b>Eligibility &amp; Amount</b>
INCREASE IN COUNTY'S PER CAPITA INCOME =	<b>33.8%</b>		<b>96 Tier 1 Project</b>
ADJUSTED MEDIAN HOUSEHOLD INCOME =	<b>\$25,340</b>	(MHI)	<b>Langlade Co.</b>
NUMBER OF RESIDENTIAL USERS =	<b>161</b>	(N) UCS	

TOTAL PROJECT COSTS =	<b>\$ 2,747,407</b>	Bids
INELIGIBLE PROJECT COSTS =	<b>\$ -</b>	
GRANTS FROM OTHER SOURCES =	<b>\$ -</b>	

TOTAL ELIGIBLE PROJECT COSTS = **\$ 2,747,407**

PARALLEL COST RATIO = **91.15%** Approved

INDUSTRY/FUTURE MARKET COSTS = **\$243,146**

2/3 RULE MARKET COSTS = **\$0**

TOTAL COSTS AT MARKET RATE = **\$243,146**

ANNUAL MARKET PAYMENT (4.800%) = **\$19,181 (M)**

ELIGIBLE FOR BELOW MARKET RATE = **\$ 2,504,261 (P)**  
 ANNUAL TIER RATE PAYMENT (2.640%) = **\$162,773 (AT)**

ESTI. OPER., MAINT. & REPL. COSTS =	<b>\$66,057</b>	Application
MEAN OPER., MAINT., & REPL. COSTS =	<b>\$36,202</b>	Pop.=485; NR/L
ALLOWABLE ANNUAL OM&R COSTS =	<b>\$36,202</b>	(O)

RESIDENTIAL PERCENTAGE = **68.99%** (R) UCS

OUTSTANDING P+I ON OLD WW DEBT =	<b>\$ 82,993</b>	Northwoods Note + FMHA
DEBT > 10 YEARS FOR INELIGIBLES =	<b>\$ -</b>	
TOTAL PRIOR WASTEWATER DEBT =	<b>\$ 82,993</b>	
ANNUAL PRIOR DEBT =	<b>\$4,150 (W)</b>	

**ELIGIBILITY FORMULA:**

$$S = \frac{(AT + M + O + W)R}{(MHI)(N)}$$

**WW CHARGES AS PERCENT OF MHI = 3.759%**

**CALCULATION OF HARDSHIP AMOUNT:**

$(MHI)(N)(.02) = A$

$A / R = B$

$B - O - W - M = C$

$P / 20 = D$

$D - C = H$

(Median Income)(# of Res. Users)(2%) = Amt. Res. Users Can Afford =	<b>\$81,596.03 (A)</b>
Amt. Res. Users Can Afford/Residential % = Amt. Entire Muni Can Afford =	<b>\$118,272.26 (B)</b>
Amount Muni Can Afford - O,M&R - Prior Debt - Annual Market Rate Cost = Amount Muni Can Afford to Pay Annually for CWF Debt Service =	<b>\$58,739.45 (C)</b>
Proj. Costs Eligible for Below Market Rate/20 = Annual Debt Service at 0% =	<b>\$125,213.07 (D)</b>
Annual Debt Service at 0% - Amt. Muni Can Afford for CWF Debt Service = Annual Grant Amount =	<b>\$66,473.62 (H)</b>

IF H IS POSITIVE, THE FOLLOWING EQUATION APPLIES:

H(20) = Annual Grant Amount(20) = Total Grant Needed to Get to 2% = Maximum Grant =	<b>\$1,329,472</b>
70% of Project Costs Eligible for Below Market Rate Interest =	<b>\$1,752,983</b>
<b>Total Grant =</b>	<b>\$1,329,472</b>
<b>Total Market Rate Amount =</b>	<b>\$243,146</b>
<b>Total Eligible Project Cost - Total Market Amount - Maximum Grant =</b>	
<b>Total 0% Loan =</b>	<b>\$ 1,174,789</b>
<b>Total Amount of Assistance Muni is Eligible for =</b>	<b>\$2,747,407</b>

IF H IS NEGATIVE, PERFORM INTEREST RATE CALCULATION ON HP CALCULATOR:

- |                                    |               |
|------------------------------------|---------------|
| a. ANSWER IN COLUMN D, LINE 57 (C) | -C = Payment  |
| b. ENTER                           | P = Principal |
| c. CHS                             | 20 = Term     |
| d. PMT                             |               |
| e. ANSWER IN COLUMN B, LINE 22 (P) |               |
| f. PV                              |               |
| g. 20                              |               |
| h. n                               |               |
| i. i                               |               |

IF H IS POSITIVE, USE THIS FORM TO CALCULATE ESTIMATED AVERAGE USER CHARGE

Total P&I to be paid to CWF @ 0% =	\$ 1,174,789	
Multiply by 110% for Debt Coverage =	\$ 1,292,268	
Multiply by Residential %	68.99%	
Residential Portion of 0% Loan =	<u>\$891,536</u>	
Divided by 20 years =	\$44,577	Annual CWF Payment @ 0%
Divided by Number of Residential Users =	\$277	0% Debt Serv. Per House Per Year
Annual Market Payment to CWF	\$19,181	
Multiply by 110% for Debt Coverage	\$21,099	
Multiply by Residential %	68.99%	
Residential Portion of Annual Market Amt.	<u>\$14,556</u>	
Divided by Number of Residential Users =	\$90	4.80% Debt Service Per House Per Year
Estimated Annual OM&R =	\$66,057	
Multiply by Residential %	68.99%	
Annual Residential OM&R =	<u>\$45,573</u>	
Divided by Number of Residential Users =	\$283	OM&R Per Household Per Year
Annual Prior Wastewater Debt =	\$4,150	
Multiply by Residential %	68.99%	
Annual Residential Prior Debt =	<u>\$2,863</u>	
Divided by Number of Residential Users =	\$18	Prior Debt Service Per House Per Year
Annual Fees Collected from Septage Receiving =	\$16,433	(\$23,820 X .6899)
Divided by Number of Residential Users =	<u>\$102</u>	
Household Debt Service + Household OM&R =	\$566	Average Annual User Charge
Divided by 12 Months =	\$47	Per Month

IF H IS NEGATIVE, USE THIS FORM TO CALCULATE ESTIMATED AVERAGE USER CHARGE

Total P&I to be paid to CWF @ 2.998% =	\$	-
Multiply by 110% for Debt Coverage =	\$	-
Multiply by Residential %		68.99%
Residential Portion of 0% Loan =		\$0
Divided by 20 years =		\$0
Divided by Number of Residential Users =		\$0

Annual CWF Payment @ _____ %
_____ % Debt Serv. Per House Per Year

Annual Market Payment to CWF	\$19,181
Multiply by 110% for Debt Coverage =	\$21,099
Multiply by Residential %	68.99%
Residential Portion of Annual Market Amt.	\$14,556
Divided by Number of Residential Users =	\$90 5.45% Debt Service Per House Per Year

Estimated Annual OM&R =	\$61,800
Multiply by Residential %	68.99%
Annual Residential OM&R =	\$42,636
Divided by Number of Residential Users =	\$265 OM&R Per Household Per Year

Extra O&M	\$38,700
Divided by 144	\$269

Annual Prior Wastewater Debt =	\$4,150
Multiply by Residential %	68.99%
Annual Residential Prior Debt =	\$2,863
Divided by Number of Residential Users =	\$18 Prior Debt Service Per House Per Year

Annual Hookup Fee from Other Municipality(s) =	\$0
Divided by Number of Residential Users =	\$0

Household Debt Service + Household OM&R = \$373 Average Annual User Charge  
 Divided by 12 Months = \$31 Per Month

**HARDSHIP CALCULATION - Enter data in boxed fields below.**  
**Actual O&M costs used with 30% local fund requirement**

**Elcho SD #1**  
**Eligibility & Amount**  
**96 Tier 1 Project**  
**Langlade Co.**

1990 MEDIAN HOUSEHOLD INCOME = 

\$	18,939
----	--------

 Census  
 INCREASE IN COUNTY'S PER CAPITA INCOME = 

	33.8%
--	-------

  
 ADJUSTED MEDIAN HOUSEHOLD INCOME = 

	\$25,340 (MHI)
--	----------------

  
 NUMBER OF RESIDENTIAL USERS = 

	161 (N) UCS
--	-------------

TOTAL PROJECT COSTS = 

\$	2,747,407
----	-----------

 Bids  
 INELIGIBLE PROJECT COSTS = 

\$	-
----	---

  
 GRANTS FROM OTHER SOURCES = 

\$	-
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TOTAL ELIGIBLE PROJECT COSTS = \$ 2,747,407

PARALLEL COST RATIO = 

	91.15%
--	--------

 Approved

INDUSTRY/FUTURE MARKET COSTS = \$243,146  
 2/3 RULE MARKET COSTS = 

	\$0
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 TOTAL COSTS AT MARKET RATE = \$243,146

ANNUAL MARKET PAYMENT (4.800%) = \$19,181 (M)

ELIGIBLE FOR BELOW MARKET RATE = \$ 2,504,261 (P)  
 ANNUAL TIER RATE PAYMENT (2.640%) = \$162,773 (AT)

ESTI. OPER., MAINT. & REPL. COSTS = 

	\$66,057
--	----------

 Application  
 MEAN OPER., MAINT., & REPL. COSTS = 

	\$36,202
--	----------

 Pop.=485; NR/L  
 ALLOWABLE ANNUAL OM&R COSTS = 

	\$66,057 (O)
--	--------------

RESIDENTIAL PERCENTAGE = 

	68.99%
--	--------

 (R) UCS

OUTSTANDING P+I ON OLD WW DEBT = 

\$	82,993
----	--------

 Northwoods Note + FMHA  
 DEBT > 10 YEARS FOR INELIGIBLES = 

\$	-
----	---

  
 TOTAL PRIOR WASTEWATER DEBT = \$ 82,993  
 ANNUAL PRIOR DEBT = \$4,150 (W)

**ELIGIBILITY FORMULA:**

$$S = \frac{(AT + M + O + W)R}{(MHI)(N)}$$

**WW CHARGES AS PERCENT OF MHI = 4.264%**



**CALCULATION OF HARDSHIP AMOUNT:**

$(MHI)(N)(.02) = A$

$A / R = B$

$B - O - W - M = C$

$P / 20 = D$

$D - C = H$

(Median Income)(# of Res. Users)(2%) = Amt. Res. Users Can Afford =	<b>\$81,596.03 (A)</b>
Amt. Res. Users Can Afford/Residential % = Amt. Entire Muni Can Afford =	<b>\$118,272.26 (B)</b>
Amount Muni Can Afford - O,M&R - Prior Debt - Annual Market Rate Cost = Amount Muni Can Afford to Pay Annually for CWF Debt Service =	<b>\$28,884.45 (C)</b>
Proj. Costs Eligible for Below Market Rate/20 = Annual Debt Service at 0% =	<b>\$125,213.07 (D)</b>
Annual Debt Service at 0% - Amt. Muni Can Afford for CWF Debt Service = Annual Grant Amount =	<b>\$96,328.62 (H)</b>

IF H IS POSITIVE, THE FOLLOWING EQUATION APPLIES:

H(20) = Annual Grant Amount(20) = Total Grant Needed to Get to 2% = Maximum Grant =	<b>\$1,926,572</b>
70% of Project Costs Eligible for Below Market Rate Interest =	<b>\$1,752,983</b>
<b>Total Grant =</b>	<b>\$1,752,983</b>
<b>Total Market Rate Amount =</b>	<b>\$243,146</b>
<b>Total Eligible Project Cost - Total Market Amount - Maximum Grant =</b> <b>Total 0% Loan =</b>	<b>\$ 751,278</b>
<b>Total Amount of Assistance Muni is Eligible for =</b>	<b>\$2,747,407</b>

IF H IS NEGATIVE, PERFORM INTEREST RATE CALCULATION ON HP CALCULATOR:

- |                                    |               |
|------------------------------------|---------------|
| a. ANSWER IN COLUMN D, LINE 57 (C) | -C = Payment  |
| b. ENTER                           | P = Principal |
| c. CHS                             | 20 = Term     |
| d. PMT                             |               |
| e. ANSWER IN COLUMN B, LINE 22 (P) |               |
| f. PV                              |               |
| g. 20                              |               |
| h. n                               |               |
| i. i                               |               |

IF H IS POSITIVE, USE THIS FORM TO CALCULATE ESTIMATED AVERAGE USER CHARGE

Total P&I to be paid to CWF @ 0% =	\$	751,278	
Multiply by 110% for Debt Coverage =	\$	826,406	
Multiply by Residential %		68.99%	
Residential Portion of 0% Loan =		<u>\$570,138</u>	
Divided by 20 years =		\$28,507	Annual CWF Payment @ 0%
Divided by Number of Residential Users =		\$177	0% Debt Serv. Per House Per Year

Annual Market Payment to CWF		\$19,181	
Multiply by 110% for Debt Coverage		\$21,099	
Multiply by Residential %		68.99%	
Residential Portion of Annual Market Amt.		<u>\$14,556</u>	
Divided by Number of Residential Users =		\$90	4.80% Debt Service Per House Per Year

Estimated Annual OM&R =		\$66,057	
Multiply by Residential %		68.99%	
Annual Residential OM&R =		<u>\$45,573</u>	
Divided by Number of Residential Users =		\$283	OM&R Per Household Per Year

Annual Prior Wastewater Debt =		\$4,150	
Multiply by Residential %		68.99%	
Annual Residential Prior Debt =		<u>\$2,863</u>	
Divided by Number of Residential Users =		\$18	Prior Debt Service Per House Per Year

Annual Fees Collected from Septage Receiving =		\$5,864	\$8,500.00	0.6899
Divided by Number of Residential Users =		<u>\$36</u>		

Household Debt Service + Household OM&R =		\$532	Average Annual User Charge
Divided by 12 Months =		\$44	Per Month

**HARDSHIP CALCULATION - Enter data in boxed fields below.**  
**Actual O&M costs used without 30% local fund requirement**

**Elcho SD #1**

**Eligibility & Amount**

**96 Tier 1 Project**

**Langlade Co.**

1990 MEDIAN HOUSEHOLD INCOME = 

\$	18,939
----	--------

 Census  
 INCREASE IN COUNTY'S PER CAPITA INCOME = 

	33.8%
--	-------

  
 ADJUSTED MEDIAN HOUSEHOLD INCOME = 

	\$25,340 (MHI)
--	----------------

  
 NUMBER OF RESIDENTIAL USERS = 

	161 (N) UCS
--	-------------

TOTAL PROJECT COSTS = 

\$	2,747,407
----	-----------

 Bids  
 INELIGIBLE PROJECT COSTS = 

\$	-
----	---

  
 GRANTS FROM OTHER SOURCES = 

\$	-
----	---

TOTAL ELIGIBLE PROJECT COSTS = \$ 2,747,407

PARALLEL COST RATIO = 

91.15%
--------

 Approved

INDUSTRY/FUTURE MARKET COSTS = \$243,146  
 2/3 RULE MARKET COSTS = 

\$0
-----

  
 TOTAL COSTS AT MARKET RATE = \$243,146

ANNUAL MARKET PAYMENT (4.800%) = \$19,181 (M)

ELIGIBLE FOR BELOW MARKET RATE = \$ 2,504,261 (P)  
 ANNUAL TIER RATE PAYMENT (2.640%) = \$162,773 (AT)

ESTI. OPER., MAINT. & REPL. COSTS = 

\$66,057
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 Application  
 MEAN OPER., MAINT., & REPL. COSTS = 

\$36,202
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 Pop.=485; NR/L  
 ALLOWABLE ANNUAL OM&R COSTS = 

\$66,057 (O)
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RESIDENTIAL PERCENTAGE = 

68.99%
--------

 (R) UCS

OUTSTANDING P+I ON OLD WW DEBT = 

\$	82,993
----	--------

 Northwoods Note + FMHA  
 DEBT > 10 YEARS FOR INELIGIBLES = 

\$	-
----	---

  
 TOTAL PRIOR WASTEWATER DEBT = 

\$	82,993
----	--------

  
 ANNUAL PRIOR DEBT = \$4,150 (W)

**ELIGIBILITY FORMULA:**

$$S = \frac{(AT + M + O + W)R}{(MHI)(N)}$$

**WW CHARGES AS PERCENT OF MHI = 4.264%**

**CALCULATION OF HARDSHIP AMOUNT:**

$$(MHI)(N)(.02) = A$$

$$A/R = B$$

$$B - O - W - M = C$$

$$P/20 = D$$

$D - C = H$

(Median Income)(# of Res. Users)(2%) = Amt. Res. Users Can Afford =	\$81,596.03 (A)
Amt. Res. Users Can Afford/Residential % = Amt. Entire Muni Can Afford =	\$118,272.26 (B)
Amount Muni Can Afford - O,M&R - Prior Debt - Annual Market Rate Cost = Amount Muni Can Afford to Pay Annually for CWF Debt Service =	\$28,884.45 (C)
Proj. Costs Eligible for Below Market Rate/20 = Annual Debt Service at 0% =	\$125,213.07 (D)
Annual Debt Service at 0% - Amt. Muni Can Afford for CWF Debt Service = Annual Grant Amount =	\$96,328.62 (H)

IF H IS POSITIVE, THE FOLLOWING EQUATION APPLIES:

H(20) = Annual Grant Amount(20) = Total Grant Needed to Get to 2% = Maximum Grant =	\$1,926,572	
70% of Project Costs Eligible for Below Market Rate Interest =	\$1,752,983	
<b>Total Grant =</b>	<b>\$1,926,572</b>	76.93%
<b>Total Market Rate Amount =</b>	<b>\$243,146</b>	
<b>Total Eligible Project Cost - Total Market Amount - Maximum Grant =</b>		
<b>Total 0% Loan =</b>	<b>\$ 577,689</b>	
<b>Total Amount of Assistance Muni is Eligible for =</b>	<b>\$2,747,407</b>	

IF H IS NEGATIVE, PERFORM INTEREST RATE CALCULATION ON HP CALCULATOR:

- |                                    |                      |
|------------------------------------|----------------------|
| a. ANSWER IN COLUMN D, LINE 57 (C) | <i>-C = Payment</i>  |
| b. ENTER                           | <i>P = Principal</i> |
| c. CHS                             | <i>20 = Term</i>     |
| d. PMT                             |                      |
| e. ANSWER IN COLUMN B, LINE 22 (P) |                      |
| f. PV                              |                      |
| g. 20                              |                      |
| h. n                               |                      |
| i. i                               |                      |

IF H IS POSITIVE, USE THIS FORM TO CALCULATE ESTIMATED AVERAGE USER CHARGE

Total P&I to be paid to CWF @ 0% =	\$ 577,689
Multiply by 110% for Debt Coverage =	\$ 635,458
Multiply by Residential %	68.99%
Residential Portion of 0% Loan =	<u>\$438,403</u>
Divided by 20 years =	\$21,920 Annual CWF Payment @ 0%
Divided by Number of Residential Users =	\$136 0% Debt Serv. Per House Per Year

Annual Market Payment to CWF	\$19,181	
Multiply by 110% for Debt Coverage	\$21,099	
Multiply by Residential %	68.99%	
Residential Portion of Annual Market Amt.	<u>\$14,556</u>	
Divided by Number of Residential Users =	\$90	4.80% Debt Service Per House Per Year

Estimated Annual OM&R =	\$66,057	
Multiply by Residential %	68.99%	
Annual Residential OM&R =	<u>\$45,573</u>	
Divided by Number of Residential Users =	\$283	OM&R Per Household Per Year

Annual Prior Wastewater Debt =	\$4,150	
Multiply by Residential %	68.99%	
Annual Residential Prior Debt =	<u>\$2,863</u>	
Divided by Number of Residential Users =	\$18	Prior Debt Service Per House Per Year

Annual Fees Collected from Septage Receiving =	\$5,864	\$8,500.00	0.6899
Divided by Number of Residential Users =	\$36		

Household Debt Service + Household OM&R =		\$491	Average Annual User Charge
Divided by 12 Months =		\$41	Per Month