

DULUTH NORTH SHORE SANITARY DISTRICT Special Assessment Estimate and Methodology

April 25, 2002

Project Cost	\$ 13.58 million
Less Water Infrastructure Fund (WIF) Grant	- \$ 6.0 million
Less Corps of Engineers (COE) Grant	<u>- \$ 0.5 million</u>
Net State Revolving Fund Loan	\$ 7.08 million
Annual Debt Service Payment	\$ 454,162
First Year of 20-Year Property Tax Assessment, per Residential Equivalent Unit (REU)	\$ 825
First Year of 20-Year Property Tax Assessment with Knife River Capacity Purchase and 2003 COE Grant, per REU	\$660
Alternate Upfront Payment, per REU	\$ 12,870
Alternate Upfront Payment with Knife River and 2003 COE Grant, per REU	\$ 10,325
Estimated Monthly Sewage Treatment and Maintenance Charge	\$35
Estimated Upfront Connection Cost to Customer (Not fundable from District Sources)	\$500 - \$3,000
Community Development Block Grants are available for City residents and may be available for County residents.	
Future Connection Fee, per REU	\$15,000

METHODOLOGY

1. There is assumed to be 420 initial connections, representing 550 REUs. (See Commercial Schedule on Back Page)
2. Annual Special Assessment to repay a 20-Year Loan at 2.5% interest.
3. User Charges will be billed on a fixed fee basis. Larger customers will be billed on a per thousand gallon basis by metering water consumption.
4. All DNSSD customers share equally, on an REU basis, the benefits of the WIF and COE grants.
5. Significant numbers of Alternate Upfront Payments will result in re-amortization of the loan and reduced First-Year Annual Special Assessments. Smaller numbers of Alternate Upfront Payments will result in a reduced term of the loan.

RESIDENTIAL EQUIVALENT UNIT SCHEDULE

Type of Commercial Customer	Number of REUs
Single family dwellings, duplexes, mobile homes, condominiums, and townhouses.	1.00
Apartment units, cabins greater than 700 SF	0.70
Hotels, motels, cabins less than 700 SF with no kitchens (per room)	0.40
with kitchens or kitchenettes (per room)	0.55
Hotels and motels (add to per room REU) with restaurants open 12 hours or less per day, per seat	0.10
with restaurants open more than 12 hours per day, per seat	0.20
Restaurants and Bars open 12 hours or less each day, per seat	0.10
open more than 12 hours each day, per seat	0.20
Bar Only, per Seat	0.05
Service Stations with Wash Rack or Maintenance Bay	1.00 2.00
Shopping Centers and Stores, per 1000 square feet of floor space	0.35
Travel Park/Camper Park (Transient) Full Hookups, per space	0.40
No sewer hookup but with central showers, per space	0.10
Laundry, per washing machine	0.50
Car Wash, per wash bay	1.00
Warehouses and Offices, per 1000 square feet of floor space	0.35
Beauty and Barber Shops, per chair with wash station	0.25
Churches with Eating/Banquet Facilities	1.00 2.00

An REU is defined to be a customer that generates 125 gallons per average day during dry weather and 469 gallons per day on a peak hourly basis during wet weather.