

**Town of Luray
Page County, Virginia
Sanitary System Improvements Project**

Probable Construction Cost Estimate	=	\$3,957,000
Estimated Soft Costs	=	\$793,000
Estimated Total Project Costs	=	\$4,750,000
Weighted MHI Determination	=	\$47,341

USDA Rural Development:

Rate	Median Household Income	Interest	A/P Factor	Grant
Market	≥ \$53,493	3.50%	0.0469	0%
Intermediate	\$42,794 to \$53,493	2.75%	0.0416	≤ 45 %
Poverty	≤ \$42,794	2.125%	0.03745	≤ 75 %

USDA Rural Development Funding Scenario:

Loan (at 70%)	=	\$4,750,000.00	x	70%	=	\$3,325,000.00
Grant (at 30%)	=	\$4,750,000.00	x	30%	=	\$1,425,000.00

Rate Calculation Steps:

Step 1.	Loan Amount	x	A/P Factor	=	Minimum Loan Payment
Step 2.	Minimum Loan Payment	x	Debt Ratio	=	Loan Payment
Step 3.	Loan Payment	+	Change in O&M	=	Loan + O&M Change
Step 4.	Loan + O&M Change	+	R&R Payment	=	Additional Annual Revenue
Step 5.	Additional Annual Revenue	÷	Current Annual Revenue	=	Revenue Increase Factor
Step 6.	Revenue Increase Factor	x	100%	=	Percent Increase

Therefore:

Step 1.	\$3,325,000.00	x	0.0416	=	138,320.00
Step 2.	\$138,320.00	x	1.1	=	\$152,152.00
Step 3.	\$152,152.00	+	\$1,497.60	=	\$153,649.60
Step 4.	\$153,649.60	+	\$31,170.00	=	\$184,819.60
Step 5.	\$184,819.60	÷	\$1,108,470.00	=	0.1667
Step 6.	0.1667	x	100%	=	16.67%

Therefore Potential Rate Change:

Existing Tariff Levels	Existing Rate	Increase	Proposed Rate
Minimum Fee – Includes up to 1,000 gallons	\$32.97 / 1,000	16.67%	\$38.47 / 1,000
1,001 to 10,000 gallons	\$6.90 / 1,000	16.67%	\$8.05 / 1,000
10,001 to 25,000 gallons	\$7.04 / 1,000	16.67%	\$8.21 / 1,000
25,001 to 50,000 gallons	\$7.17 / 1,000	16.67%	\$8.37 / 1,000
50,001 to 100,000 gallons	\$7.31 / 1,000	16.67%	\$8.53 / 1,000
100,001 gallons and up	\$7.46 / 1,000	16.67%	\$8.70 / 1,000
Sewer Rates Outside of Town Corporate Limits	Above Rates + 50%	16.67%	Above Rates + 50%
Septage Tipping Fee	\$0.15 / 1,000	16.67%	\$0.18 / 1,000