

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN**

APPLICANT'S REQUEST:

In the November 2014 Drinking Water Board Meeting, Daggett County requested funding in the amount of \$362,000 (1.72% interest and 20% principal forgiveness) in financial assistance to repair two storage tanks, upgrade the disinfection system in the water treatment plant, replace filter media, and add meters within the Dutch John system. The funding request was tabled due to the issue that the tank repair would provide about 15 years of tank use, yet the loan term was 30 years. Dutch John is requesting that the Drinking Water Board consider funding a tank replacement project rather than repair. The total cost of tank replacement is \$1,020,000. Dutch John scored 18.4 points on the project priority list.

STAFF COMMENTS:

Due to the condition of the tanks, the original request to repair the tanks would provide an estimated 10 – 15 years of use for the tanks. Daggett County expressed that after the 10 – 15 years, they would look at replacing the storage tank anyway. Staff looked into funding a tank replacement project instead of tank repair, using state funds to see if additional grant would allow Daggett County to replace the tank now. The funding scenario is summarized in the table below:

Scenario	Loan	P.F.	Interest	Water Bill	% MAGI	Annual Payment
Tank Repair	\$288,000	\$74,000	1.72%	\$70.98	1.95%	\$12,369
Tank Replacement (proposed)	\$510,000	\$510,000	0.0%	\$74.08	2.04%	\$17,000

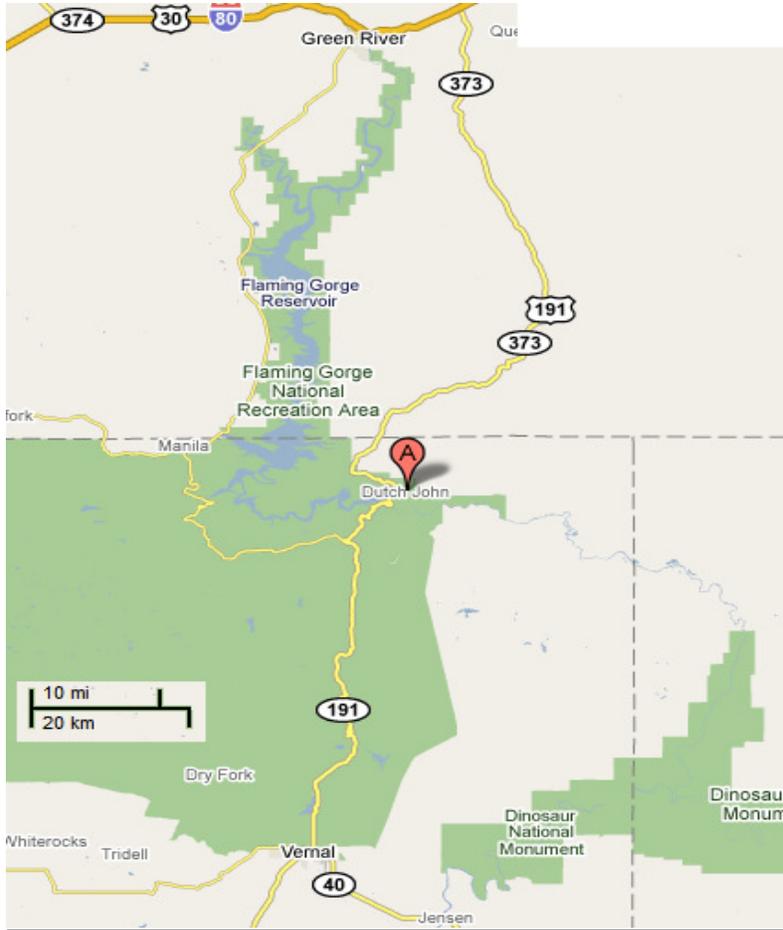
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Financial Assistance Committee did not have enough members present to pass a recommendation, but the Committee discussed the project and had no objections to fund a \$510,000 loan at 0.0% interest for 30 years with an additional \$510,000 grant to Daggett County - Dutch John, using the state SRF funds.

APPLICANT'S LOCATION:

The Dutch John Water System is located in Daggett County, approximately 40 miles north of Vernal.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The Dutch John Water System will demolish and replace two storage tanks with a larger tank, upgrade the disinfection system in the water treatment plant, replace filter media, and add meters within the system.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget the Dutch John Water System service area is expected to grow at an average annual rate of change of approximately 1% through 2030.

	Year	Population	ERC's
Current	2009	260	120
Projected	2030	324	162

IMPLEMENTATION SCHEDULE:

Apply to DWB for Funding:	September 2014
DWB Funding Authorization:	November 2014
Plans Submitted:	December 2014
Plan Approval:	January 2015
Advertise for Bids:	January 2015
Loan Closing:	January 2015
Begin Construction:	February 2015
Complete Construction:	May 2015

COST ESTIMATE:

Construction:	\$750,000
Engineering:	\$155,000
Contingency:	\$105,000
Admin/Legal/Bonding:	\$10,000
Total Capital Cost:	<u>\$1,020,000</u>

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	\$91,677.00
DDW Debt Service (0.0%, 30 yrs):	\$17,000.00
DDW 10% Coverage:	<u>\$1,700.00</u>
Total Annual Cost / ERU:	\$758.19
Monthly Cost / ERU:	\$74.08
Cost as % of MAGI:	2.04%

CONTACT INFORMATION:

APPLICANT:

Dutch John Water System
PO Box 219
Manila, UT 84046
435-784-3154

PRESIDING OFFICIAL &
CONTACT PERSON:

Warren Blanchard, County Commissioner
95 N 1st West
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TREASURER / RECORDER

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CONSULTING ENGINEER:

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1256 West 400 South, Ste. 1
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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Dutch John
 COUNTY: Daggett
 PROJECT DESCRIPTION: Tank Repair, Upgrade Treatment Plant

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	185	NO. OF CONNECTIONS:	143 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$56.01 *			PROJECT TOTAL:	\$1,020,000
CURRENT % OF AGI:	1.54%	FINANCIAL PTS:	38	LOAN AMOUNT:	\$510,000
ESTIMATED MEDIAN AGI:	\$43,604			PRINC. FORGIVENESS:	\$510,000
STATE AGI:	\$39,325			TOTAL REQUEST:	\$1,020,000
SYSTEM % OF STATE AGI:	111%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.35%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.35%		0.00%
REQUIRED DEBT SERVICE:	\$17,000.00	\$34,511.49		\$17,000.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,700.00	\$3,451.15		\$1,700.00
ANNUAL NEW DEBT PER CONNECTION:	\$130.77	\$265.47		\$130.77
O & M + FUNDED DEPRECIATION:	\$91,677.00	\$91,677.00		\$91,677.00
OTHER DEBT + COVERAGE:	\$10,875.00	\$10,875.00		\$10,875.00
REPLACEMENT RESERVE ACCOUNT:	\$5,868.85	\$6,744.42		\$5,868.85
ANNUAL EXPENSES PER CONNECTION:	\$758.19	\$764.31		\$758.19
TOTAL SYSTEM EXPENSES	\$127,120.85	\$147,259.07		\$127,120.85
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$74.08	\$85.82		\$74.08
% OF ADJUSTED GROSS INCOME:	2.04%	2.36%		2.04%

* Equivalent Residential Connections

Dutch John

PROPOSED BOND REPAYMENT SCHEDULE

50 % Loan & 50 % P.F.

PRINCIPAL	\$510,000.00	ANTICIPATED CLOSING DATE	26-Jan-15
INTEREST	0.00%	P&I PAYMT DUE	10-Jan-16
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$17,000.00	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2016	\$510,000.00		\$0.00 *	\$0.00	\$0.00	\$510,000.00	0
2017	\$510,000.00		\$17,000.00	\$17,000.00	\$0.00	\$493,000.00	1
2018	\$493,000.00		\$17,000.00	\$17,000.00	\$0.00	\$476,000.00	2
2019	\$476,000.00		\$17,000.00	\$17,000.00	\$0.00	\$459,000.00	3
2020	\$459,000.00		\$17,000.00	\$17,000.00	\$0.00	\$442,000.00	4
2021	\$442,000.00		\$17,000.00	\$17,000.00	\$0.00	\$425,000.00	5
2022	\$425,000.00		\$17,000.00	\$17,000.00	\$0.00	\$408,000.00	6
2023	\$408,000.00		\$17,000.00	\$17,000.00	\$0.00	\$391,000.00	7
2024	\$391,000.00		\$17,000.00	\$17,000.00	\$0.00	\$374,000.00	8
2025	\$374,000.00		\$17,000.00	\$17,000.00	\$0.00	\$357,000.00	9
2026	\$357,000.00		\$17,000.00	\$17,000.00	\$0.00	\$340,000.00	10
2027	\$340,000.00		\$17,000.00	\$17,000.00	\$0.00	\$323,000.00	11
2028	\$323,000.00		\$17,000.00	\$17,000.00	\$0.00	\$306,000.00	12
2029	\$306,000.00		\$17,000.00	\$17,000.00	\$0.00	\$289,000.00	13
2030	\$289,000.00		\$17,000.00	\$17,000.00	\$0.00	\$272,000.00	14
2031	\$272,000.00		\$17,000.00	\$17,000.00	\$0.00	\$255,000.00	15
2032	\$255,000.00		\$17,000.00	\$17,000.00	\$0.00	\$238,000.00	16
2033	\$238,000.00		\$17,000.00	\$17,000.00	\$0.00	\$221,000.00	17
2034	\$221,000.00		\$17,000.00	\$17,000.00	\$0.00	\$204,000.00	18
2035	\$204,000.00		\$17,000.00	\$17,000.00	\$0.00	\$187,000.00	19
2036	\$187,000.00		\$17,000.00	\$17,000.00	\$0.00	\$170,000.00	20
2037	\$170,000.00		\$17,000.00	\$17,000.00	\$0.00	\$153,000.00	21
2038	\$153,000.00		\$17,000.00	\$17,000.00	\$0.00	\$136,000.00	22
2039	\$136,000.00		\$17,000.00	\$17,000.00	\$0.00	\$119,000.00	23
2040	\$119,000.00		\$17,000.00	\$17,000.00	\$0.00	\$102,000.00	24
2041	\$102,000.00		\$17,000.00	\$17,000.00	\$0.00	\$85,000.00	25
2042	\$85,000.00		\$17,000.00	\$17,000.00	\$0.00	\$68,000.00	26
2043	\$68,000.00		\$17,000.00	\$17,000.00	\$0.00	\$51,000.00	27
2044	\$51,000.00		\$17,000.00	\$17,000.00	\$0.00	\$34,000.00	28
2045	\$34,000.00		\$17,000.00	\$17,000.00	\$0.00	\$17,000.00	29
2046	\$17,000.00		\$17,000.00	\$17,000.00	\$0.00	\$0.00	30
			\$510,000.00	\$510,000.00	\$0.00		

*Interest Only Payment

Dutch John

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	510,000
DWB Loan Amount:	\$	510,000
DWB Loan Term:		30
DWB Loan Interest:		0.00%
DWB Loan Payment:	\$	17,000

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	1,020,000
Existing Facility O&M Expense:	\$	91,677
Proposed Facility O&M Expense:	\$	91,677
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	8,700

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		143
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	56.01
Needed Average Monthly User Charge:	\$	74.08

DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Property Tax Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Debt Service Ratio
0	1.0%	1	143	96,118	-	-	96,118	-	-	510,000	-	-	8,700	91,677	100,377	-
1	1.0%	1	144	128,010	-	-	128,010	17,000	1,700	493,000	17,000	-	8,700	91,677	119,077	1.41
2	1.0%	2	146	129,788	-	-	129,788	17,000	1,700	476,000	17,000	-	8,700	92,594	119,994	1.45
3	1.0%	1	147	130,677	-	-	130,677	17,000	1,700	459,000	17,000	-	8,700	93,520	120,920	1.45
4	1.0%	2	149	132,455	-	-	132,455	17,000	1,700	442,000	17,000	-	8,700	94,455	121,855	1.48
5	1.0%	1	150	133,344	-	-	133,344	17,000	1,700	425,000	17,000	-	8,700	95,399	122,799	1.48
6	1.0%	2	152	135,121	-	-	135,121	17,000	1,700	408,000	17,000	-	8,700	96,353	123,753	1.51
7	1.0%	1	153	136,010	-	-	136,010	17,000	1,700	391,000	17,000	-	8,700	97,317	124,717	1.51
8	1.0%	2	155	137,788	-	-	137,788	17,000	1,700	374,000	17,000	-	8,700	98,290	125,690	1.54
9	1.0%	1	156	138,677	-	-	138,677	17,000	1,700	357,000	17,000	-	8,700	99,273	126,673	1.53
10	1.0%	2	158	140,455	-	-	140,455	17,000	1,700	340,000	17,000	-	8,700	100,266	127,666	1.56
11	1.0%	2	160	142,233	-	-	142,233	17,000	1,700	323,000	17,000	-	8,700	101,268	126,968	1.59
12	1.0%	1	161	143,122	-	-	143,122	17,000	1,700	306,000	17,000	-	8,700	102,281	127,981	1.59
13	1.0%	2	163	144,900	-	-	144,900	17,000	1,700	289,000	17,000	-	8,700	103,304	129,004	1.62
14	1.0%	1	164	145,789	-	-	145,789	17,000	1,700	272,000	17,000	-	8,700	104,337	130,037	1.61
15	1.0%	2	166	147,567	-	-	147,567	17,000	1,700	255,000	17,000	-	8,700	105,380	131,080	1.64
16	1.0%	2	168	149,345	-	-	149,345	17,000	1,700	238,000	17,000	-	8,700	106,434	132,134	1.67
17	1.0%	1	169	150,234	-	-	150,234	17,000	1,700	221,000	17,000	-	8,700	107,498	133,198	1.66
18	1.0%	2	171	152,012	-	-	152,012	17,000	1,700	204,000	17,000	-	8,700	108,573	134,273	1.69
19	1.0%	2	173	153,790	-	-	153,790	17,000	1,700	187,000	17,000	-	8,700	109,659	135,359	1.72
20	1.0%	1	174	154,679	-	-	154,679	17,000	1,700	170,000	17,000	-	8,700	110,756	136,456	1.71
21	1.0%	2	176	156,456	-	-	156,456	17,000	1,700	153,000	17,000	-	8,700	111,863	137,563	1.74
22	1.0%	2	178	158,234	-	-	158,234	17,000	1,700	136,000	17,000	-	8,700	112,982	138,682	1.76
23	1.0%	2	180	160,012	-	-	160,012	17,000	1,700	119,000	17,000	-	8,700	114,112	139,812	1.79
24	1.0%	2	182	161,790	-	-	161,790	17,000	1,700	102,000	17,000	-	8,700	115,253	140,953	1.81
25	1.0%	1	183	162,679	-	-	162,679	17,000	1,700	85,000	17,000	-	8,700	116,405	142,105	1.80
26	1.0%	2	185	164,457	-	-	164,457	17,000	1,700	68,000	17,000	-	8,700	117,570	143,270	1.82
27	1.0%	2	187	166,235	-	-	166,235	17,000	1,700	51,000	17,000	-	8,700	118,745	144,445	1.85
28	1.0%	2	189	168,013	-	-	168,013	17,000	1,700	34,000	17,000	-	8,700	119,933	145,633	1.87
29	1.0%	2	191	169,791	-	-	169,791	17,000	1,700	17,000	17,000	-	8,700	121,132	146,832	1.89
30	1.0%	2	193	171,569	-	-	171,569	17,000	1,700	-	17,000	-	8,700	122,343	148,043	1.92

Total Paid in Debt Service = 510,000

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Dutch John
 COUNTY: Daggett
 PROJECT DESCRIPTION: Tank Repair, Upgrade Treatment Plant

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	185	NO. OF CONNECTIONS:	143 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$56.01 *			PROJECT TOTAL:	\$1,020,000
CURRENT % OF AGI:	1.54%	FINANCIAL PTS:	42	LOAN AMOUNT:	\$1,020,000
ESTIMATED MEDIAN AGI:	\$43,604			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$39,325			TOTAL REQUEST:	\$1,020,000
SYSTEM % OF STATE AGI:	111%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.35%		AFTER REPAYMENT PENALTY & POINTS 3.60%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.35%		3.60%
REQUIRED DEBT SERVICE:	\$34,000.00	\$69,022.98		\$56,155.77
*PARTIAL COVERAGE (15%):	\$0.00	\$10,353.45		\$8,423.37
*ADD. COVERAGE AND RESERVE (10%):	\$3,400.00	\$6,902.30		\$5,615.58
ANNUAL NEW DEBT PER CONNECTION:	\$261.54	\$603.35		\$490.87
O & M + FUNDED DEPRECIATION:	\$91,677.00	\$91,677.00		\$91,677.00
OTHER DEBT + COVERAGE:	\$10,875.00	\$10,875.00		\$10,875.00
REPLACEMENT RESERVE ACCOUNT:	\$6,718.85	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$764.13	\$717.15		\$717.15
TOTAL SYSTEM EXPENSES	\$146,670.85	\$188,830.73		\$172,746.71
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$85.47	\$110.04		\$100.67
% OF ADJUSTED GROSS INCOME:	2.35%	3.03%		2.77%

* Equivalent Residential Connections