

DRINKING WATER BOARD
PACKET FOR CONSTRUCTION LOAN

APPLICANT'S REQUEST:

North Fork Special Service District (the District) is requesting funding for a new well, pump vault, transmission line and new water tank. If the aquifer & well allow, the project may include Aquifer Storage Recovery (ASR) & energy production to offset the water and power demands. The District scored 90.5 points on the project priority list. The total cost of the project is \$2,397,000 and the District plans to contribute \$198,000.

STAFF COMMENTS:

The District has a local MAGI of \$112,758, which is approximately 278% of the State's MAGI of \$40,489. The cost of the project would result in a water bill of \$151, which is 1.61% of the local MAGI. Therefore the District does not qualify for subsidization, other than the equivalent grant component from the current Revenue Bond Buyers Index (RBBI) to the calculated interest rate of 2.25% which is \$540,750.

Initial evaluation included splitting the project into State and Federal SRF based on AIS (American Iron & Steel) requirements. However due to the energy incentive of 0.25% reduction for having an energy efficiency component, it would save the system money to apply that discount over the entire project.

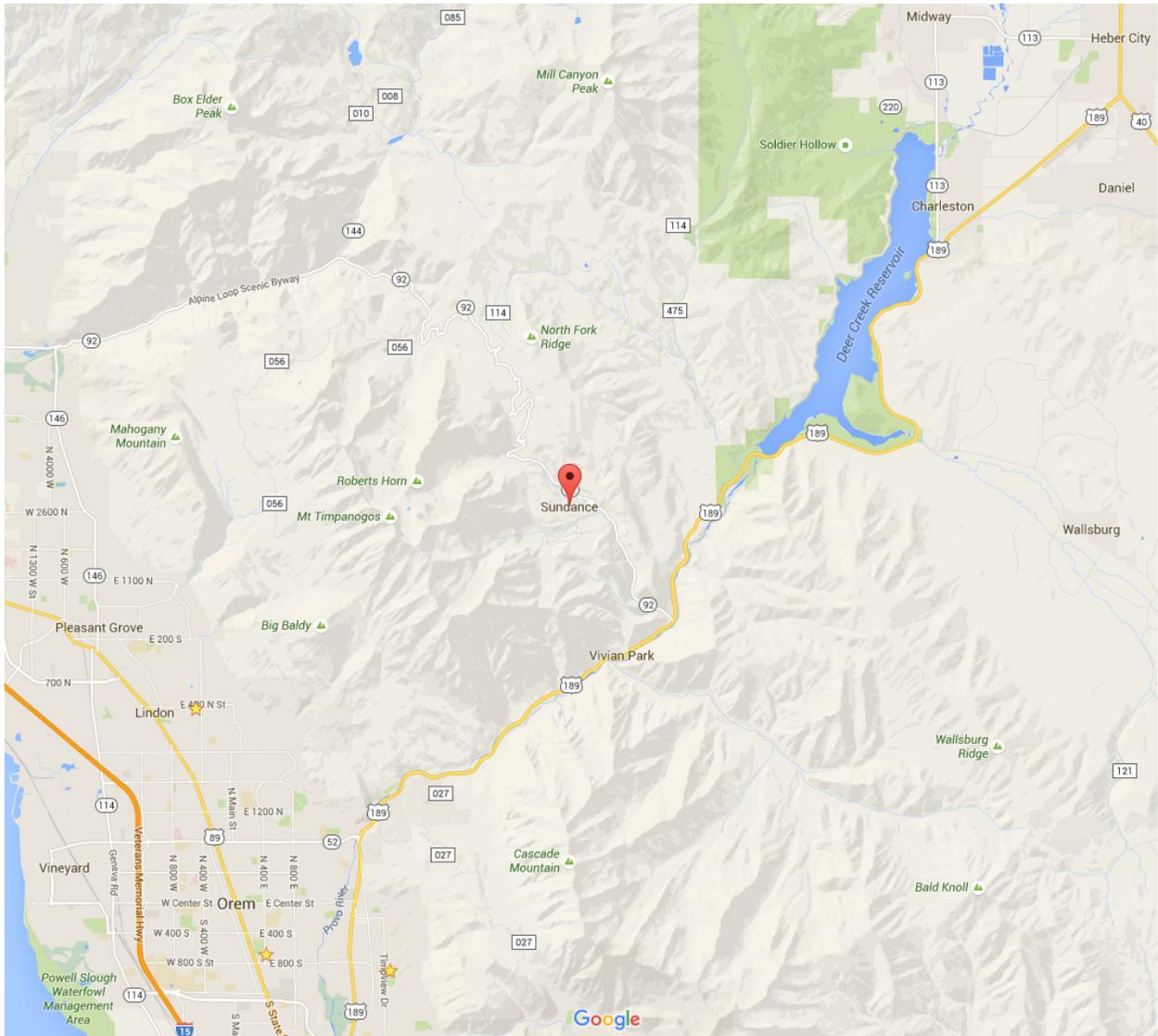
STAFF RECOMMENDATION:

The Drinking Water Board authorize a \$2,199,000 construction loan at 2.00% for 20 years using Federal SRF funds with a contribution of \$198,000 to the North Fork Special Service District. Conditions include resolving any issues on their compliance report.

APPLICANT'S LOCATION:

North Fork SSD is located in Utah County up Provo Canyon and serves the area surrounding the Sundance Resort and North Fork of the Provo River

MAP OF APPLICANT'S LOCATION:



PLANNING DESCRIPTION/SCOPE OF WORK:

Construct a new water tank as described in the 2015 master plan to meet pressure and storage regulations for peak day. Drill and equip a new well to supplement existing spring water sources and improve reliability. If the well allows the project may include ASR & energy production to offset the water and power demands.

IMPLEMENTATION SCHEDULE:

Drinking Water Board Authorization	Mar 2016
Commence Design	Jan 2016
Complete Design	Apr 2016
Receive DDW Plan Approval	Apr 2016
Advertise for Bids	Apr 2016
Bid Opening	Apr 2016
Loan Closing	May 2016
Begin Construction	May 2016
Complete Construction	Nov 2016
Receive Operating Permit	Jan 2017

North Fork SSD

March 3, 2016

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APPLICANT:

North Fork SSD
8838 N Alpine Loop Rd
Provo Canyon, Utah, 84604
801-225-7263
admin@nfssd.org

PRESIDING OFFICIAL &
CONTACT PERSON:

Stephen Miche
Operations Manager
8838 N Alpine Loop Rd
Provo Canyon, Utah, 84604
801-225-7263
stephen@nfssd.org

CONSULTING ENGINEER:

Ryan Taylor
Epic Engineering
50 E 100 South
Heber City, Utah 84032
435-654-6600
rtaylor@epiceng.net

TREASURER

Rashell Anderson
801-225-7263
admin@nfssd.org

FINANCIAL CONSULTANT:

n/a

CITY ATTORNEY:

Lee Kapaloski
Parsons, Behle and Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
801-532-1234
lkapaloski@parsonsbehle.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: North Fork SSD
 COUNTY: Utah
 PROJECT DESCRIPTION: new water tank, new well, WL and pump vault

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	1,500	NO. OF CONNECTIONS:	235 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$156.60 **			PROJECT TOTAL:	\$2,397,000
CURRENT % OF AGI:	1.67%	FINANCIAL PTS:	48	LOAN AMOUNT:	\$2,199,000
ESTIMATED MEDIAN AGI:	\$112,758			PRINC. FORGIVE.:	\$0
STATE AGI:	\$40,489			TOTAL REQUEST:	\$2,199,000
SYSTEM % OF STATE AGI:	278%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.83%	AFTER REPAYMENT PENALTY & POINTS 2.00%
<u>SYSTEM</u>			
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.83%	2.00%
REQUIRED DEBT SERVICE:	\$109,950.00	\$159,379.93	\$134,483.62
*PARTIAL COVERAGE (15%):	\$0.00	\$23,906.99	\$20,172.54
*ADD. COVERAGE AND RESERVE (10%):	\$10,995.00	\$15,937.99	\$13,448.36
ANNUAL NEW DEBT PER CONNECTION:	\$514.66	\$847.77	\$715.34
O & M + FUNDED DEPRECIATION:	\$244,324.00	\$244,324.00	\$244,324.00
OTHER DEBT + COVERAGE:	\$14,325.00	\$14,325.00	\$14,325.00
REPLACEMENT RESERVE ACCOUNT:	\$18,286.70	\$0.00	\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$1,178.45	\$1,100.63	\$1,100.63
TOTAL SYSTEM EXPENSES	\$397,880.70	\$457,873.92	\$426,753.53
TAX REVENUE:	\$71,463.00	\$71,463.00	\$71,463.00
<u>RESIDENCE</u>			
MONTHLY NEEDED WATER BILL:	\$141.09	\$162.37	\$151.33
% OF ADJUSTED GROSS INCOME:	1.50%	1.73%	1.61%

* Equivalent Residential Connections

** includes tax revenue

R309-700-5

North Fork SSD
Utah
February 1, 2016

TABLE 2 FINANCIAL CONSIDERATIONS

	POINTS	
1. COST EFFECTIVENESS RATIO (SELECT ONE)		
A. Project cost \$0 to \$500 per benefitting connection	16	
B. \$501 to \$1,500	14	
C. \$1,501 to \$2,000	11	
D. \$2,001 to \$3,000	8	
E. \$3,001 to \$5,000	4	
F. \$5,001 to \$10,000	1	
G. Over \$10,000	0	X
	\$10,200	
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)		
A. Less than 70% of State Median AGI	19	
B. 71 to 80% of State Median AGI	16	
C. 81 to 95% of State Median AGI	13	
D. 96 to 110% of State Median AGI	9	
E. 111 to 130% of State Median AGI	6	
E. 131 to 150% of State Median AGI	3	
F. Greater than 150% of State Median AGI	0	X
	278%	
3. PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)		
a. Greater than 25% of project funds	17	
b. 15 to 25% of project funds	14	
c. 10 to 15% of project funds	11	
c. 5 to 10% of project funds	8	X
d. 2 to 5% of project funds	4	
e. Less than 2% of project funds	0	
	8.3%	
4. ABILITY TO REPAY LOAN		
4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)		
a. Greater than 2.50% of local median AGI	16	
b. 2.01 to 2.50% of local median AGI	12	
c. 1.51 to 2.00% of local median AGI	8	X
d. 1.01 to 1.50% of local median AGI	3	
e. 0 to 1.00% of local median AGI	0	
	1.63%	
5. SPECIAL INCENTIVE POINTS Applicant: (Mark all that apply)		
A. has a replacement fund receiving annual deposits of 5% of the system's drinking water budget been established, and has already accumulated a minimum of 10% of said annual DW budget in this reserve fund.	5	X
B. Has a replacement fund equal to at least 15% or 20% of annual DW budget.	5	X
C. Is creating or enhancing a regionalization plan	16	X
D. Has a rate structure encouraging conservation	6	X
TOTAL POINTS FOR FINANCIAL NEED	48	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

North Fork SSD

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$2,199,000.00	ANTICIPATED CLOSING DATE	15-Sep-15
INTEREST	2.00%	FIRST P&I PAYMENT DUE	15-Sep-16
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$134,483.62	PRINC. FORGIVE.:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2015	\$2,199,000.00		\$0.00 *	\$0.00	\$0.00	\$2,199,000.00	0
2016	\$2,199,000.00		\$134,980.00	\$91,000.00	\$43,980.00	\$2,108,000.00	1
2017	\$2,108,000.00		\$134,160.00	\$92,000.00	\$42,160.00	\$2,016,000.00	2
2018	\$2,016,000.00		\$134,320.00	\$94,000.00	\$40,320.00	\$1,922,000.00	3
2019	\$1,922,000.00		\$134,440.00	\$96,000.00	\$38,440.00	\$1,826,000.00	4
2020	\$1,826,000.00		\$134,520.00	\$98,000.00	\$36,520.00	\$1,728,000.00	5
2021	\$1,728,000.00		\$134,560.00	\$100,000.00	\$34,560.00	\$1,628,000.00	6
2022	\$1,628,000.00		\$134,560.00	\$102,000.00	\$32,560.00	\$1,526,000.00	7
2023	\$1,526,000.00		\$134,520.00	\$104,000.00	\$30,520.00	\$1,422,000.00	8
2024	\$1,422,000.00		\$134,440.00	\$106,000.00	\$28,440.00	\$1,316,000.00	9
2025	\$1,316,000.00		\$134,320.00	\$108,000.00	\$26,320.00	\$1,208,000.00	10
2026	\$1,208,000.00		\$134,160.00	\$110,000.00	\$24,160.00	\$1,098,000.00	11
2027	\$1,098,000.00		\$134,960.00	\$113,000.00	\$21,960.00	\$985,000.00	12
2028	\$985,000.00		\$134,700.00	\$115,000.00	\$19,700.00	\$870,000.00	13
2029	\$870,000.00		\$134,400.00	\$117,000.00	\$17,400.00	\$753,000.00	14
2030	\$753,000.00		\$134,060.00	\$119,000.00	\$15,060.00	\$634,000.00	15
2031	\$634,000.00		\$134,680.00	\$122,000.00	\$12,680.00	\$512,000.00	16
2032	\$512,000.00		\$134,240.00	\$124,000.00	\$10,240.00	\$388,000.00	17
2033	\$388,000.00		\$134,760.00	\$127,000.00	\$7,760.00	\$261,000.00	18
2034	\$261,000.00		\$134,220.00	\$129,000.00	\$5,220.00	\$132,000.00	19
2035	\$132,000.00		\$134,640.00	\$132,000.00	\$2,640.00	\$0.00	20
			\$2,689,640.00	\$2,199,000.00	\$490,640.00		

*Interest Only Payment

North Fork SSD

DWB Loan Terms

Local Share (total):	\$	198,000
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	2,199,000
DWB Loan Term:		20
DWB Loan Interest:		2.00%
DWB Loan Payment:	\$	134,484

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	2,418,990
Existing Facility O&M Expense:	\$	244,324
Proposed Facility O&M Expense:	\$	244,324
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	11,460

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		235
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	5,000
Current Monthly User Charge:	\$	156.60
Needed Average Monthly User Charge:	\$	151.33

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%	2	235	441,613	10,000	71,463	523,076	-	-	2,199,000	-	-	11,460	244,324	255,784	-
1	1.0%	2	237	430,385	10,000	71,463	511,848	134,980	13,448	2,108,000	91,000	43,980	11,460	244,324	404,212	1.83
2	1.0%	3	240	435,833	15,000	71,463	522,296	134,160	13,448	2,016,000	92,000	42,160	11,460	246,767	405,836	1.89
3	1.0%	2	242	439,465	10,000	71,463	520,928	134,320	13,448	1,922,000	94,000	40,320	11,460	249,235	408,463	1.86
4	1.0%	3	245	444,913	15,000	71,463	531,376	134,440	13,448	1,826,000	96,000	38,440	11,460	251,727	411,076	1.92
5	1.0%	2	247	448,545	10,000	71,463	530,008	134,520	13,448	1,728,000	98,000	36,520	11,460	254,245	413,673	1.89
6	1.0%	2	249	452,177	10,000	71,463	533,640	134,560	13,448	1,628,000	100,000	34,560	11,460	256,787	416,255	1.90
7	1.0%	3	252	457,625	15,000	71,463	544,088	134,560	13,448	1,526,000	102,000	32,560	11,460	259,355	418,823	1.95
8	1.0%	2	254	461,257	10,000	71,463	542,720	134,520	13,448	1,422,000	104,000	30,520	11,460	261,948	421,377	1.92
9	1.0%	3	257	466,705	15,000	71,463	553,168	134,440	13,448	1,316,000	106,000	28,440	11,460	264,568	423,916	1.98
10	1.0%	3	260	472,153	15,000	71,463	558,616	134,320	13,448	1,208,000	108,000	26,320	11,460	267,214	426,442	2.00
11	1.0%	2	262	475,785	10,000	71,463	557,248	134,160		1,098,000	110,000	24,160	11,460	269,886	415,506	1.97
12	1.0%	3	265	481,233	15,000	71,463	567,696	134,960		985,000	113,000	21,960	11,460	272,585	419,005	2.02
13	1.0%	2	267	484,865	10,000	71,463	566,328	134,700		870,000	115,000	19,700	11,460	275,310	421,470	1.99
14	1.0%	3	270	490,313	15,000	71,463	576,776	134,400		753,000	117,000	17,400	11,460	278,064	423,924	2.05
15	1.0%	3	273	495,760	15,000	71,463	582,223	134,060		634,000	119,000	15,060	11,460	280,844	426,364	2.07
16	1.0%	3	276	501,208	15,000	71,463	587,671	134,680		512,000	122,000	12,680	11,460	283,653	429,793	2.08
17	1.0%	2	278	504,840	10,000	71,463	586,303	134,240		388,000	124,000	10,240	11,460	286,489	432,189	2.06
18	1.0%	3	281	510,288	15,000	71,463	596,751	134,760		261,000	127,000	7,760	11,460	289,354	435,574	2.10
19	1.0%	3	284	515,736	15,000	71,463	602,199	134,220		132,000	129,000	5,220	11,460	292,248	437,928	2.13
20	1.0%	3	287	521,184	15,000	71,463	607,647	134,640		-	132,000	2,640	11,460	295,170	441,270	2.14

Total Paid in Debt Service = 2,199,000 490,640

IPS Report

IPS Summary

Total IPS Points	Admin & Physical Facilities	Quality & Monitoring	Operator Certification	Significant Deficiency
60	5	35	20	0

Physical Facility Points

Code	Description	Severity	Point Effective		
M001	CURRENT EMERGENCY RESPONSE PROGRAM REC				-10
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed
			11/07/2012		-10
SS01	SPRING LACKS A PERMANENT FLOW MEASURING DEVICE	MIN			5
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed
WS002 STEWART CASCADE SPRING	STEWART CASCADE SPRING NEEDS FLOW MEASURE DEVICE	Active	10/22/2002		5
WS003 TIMPANOGAS SPRING	TIMPANOGOS SPRING NEEDS FLOW MEASURE DEVICE	Active	10/22/2002		5
SS10	SPRING BOX LACKS A GASKET ON LID	MIN			5
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed
WS001 ASPEN GROVE SPRING	EVEN THOUGH THE SPRING BOX IS LOCATED INSIDE THE PUMP HOUSE BUILDING, THE SPRING BOX SHOULD BE PROPERLY GASKETED.	Active	10/22/2002		5
SSL2	NO VENT ON THE SPRING COLLECTION BOX	REC			0
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed
WS001 ASPEN GROVE SPRING		Active	08/23/2006		0
WS002 STEWART CASCADE SPRING		Active	08/23/2006		0
WS003 TIMPANOGAS SPRING		Active	08/23/2006		0
TD09	CL2 IMPROPER LOCATION FOR VENTILATING FAN SUCTION	MIN			5
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed
TP001 ASPEN GROVE CHLORINATOR		Active	10/26/2009		5
Total Effective Points: 5					

Microbial Rule Violations

Determined	Compliance Period	Code	Violation Type	Return To Compliance	Point Effective
01/19/2016	11/01/2015 - 11/30/2015	23	MONITORING (TCR), ROUTINE MAJOR	N	35

Operator Certification Points

Type	Level Required	Highest Certificate	Point Effective
Distribution	Dist 1		30
Treatment			0

Total Effective Points: 20