

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

APPLICANT'S REQUEST

The Big Water Town is requesting \$879,000 to refurbish a 100,000 gallon storage tank and install 8-inch distribution line. The water system is currently operating under the Glen Canyon Special Service District. Included in this loan Big Water Town would like to refinance \$349,000 of Glen Canyon Special Service District debt and take ownership and maintenance responsibility going forward. The total funding request is \$1,228,000.

STAFF COMMENTS:

Glen Canyon Special Service District is legal owner of the water system that services Big Water Town. With this construction project and refinancing Big Water Town will become legal owner and operator of the water system and Glen Canyon Special Service District will be dissolved.

The construction project includes 1) refurbishing an existing 100,000 gallon concrete tank for use in the culinary water system 2) add a standby power generator and fuel tank to the well pump house for emergency backup 3) acquire and install radio read meters and data collection system to improve metering accuracy and reduce operational costs and 4) install a new 8" distribution line, and maintenance and replacement of 4 PRV facilities.

Big Water Town's local MAGI of \$29,553 is approximately 70% of the State's \$41,923 MAGI. They currently have an average water bill of approximately \$46.14 per month, which is 1.87% of local MAGI. Due to Big Water Town's MAGI being below 80% of the State's MAGI and its water bill being greater than 1.75% of its MAGI the Town qualifies for principal forgiveness. A loan of \$1,228,000 for 30 years with a 2.45% interest rate and \$176,000 in principal forgiveness would require Big Water Town to maintain an average water bill of \$48.18, 1.96% of local MAGI. The principal forgiveness amount of \$176,000 is the equivalent of 20% of the construction project cost of \$879,000. Big Water Town has a priority rating of 18.5.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a \$1,228,000 construction loan with 2.45% interest/fee per annum, for 30 years, with \$176,000 in principal forgiveness for a repayable amount of \$1,052,000 to Glen Canyon/Big Water Town, with the condition that they resolve all issues on their compliance report.

Glen Canyon/Big Water Town
Presented to the Drinking Water Board
July 8, 2016

APPLICANT'S LOCATION:

Big Water Town City is located in Kane County.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The construction project includes refurbishing an existing 100,000 gallon concrete tank for use in the culinary water system. Add a standby power generator and fuel tank to the well pump house for emergency backup. Acquire and install radio read meters and data collection system to improve metering accuracy and to reduce operational costs. Install a new 8" distribution line, and maintenance and replacement of 4 PRV facilities.

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POPULATION GROWTH:

Big Water Town is estimated by the Governor’s Office of Planning and Budget to grow by 2.4% per year through the year 2040. Big Water Town does not expect grow as fast as these estimates predict.

	Year	Population	Connections/ERC’s
Current	2016	475	382
Projected	2040	840	676

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	July 8, 2016
Plans Submitted:	October 13, 2016
Plan Approval:	November 12, 2016
Advertise for Bids:	November 26, 2016
Bid Opening:	December 26, 2016
Loan Closing:	January 25, 2017
Begin Construction:	January 25, 2017
Complete Construction:	June 24, 2017
Receive DDW OP:	July 24, 2017

COST ESTIMATE:

Legal:	\$25,079
Administrative-Environmental:	\$23,500
Administrative-Financial Consultant:	\$10,000
Administrative-Refinance:	\$349,000
Engineering - Design:	\$41,500
Engineering - CMS:	\$48,000
Engineering-GIS/Geo/Misc:	\$28,500
Construction-Storage Tank:	\$111,400
Construction-Distribution:	\$435,350
Construction-Other	\$63,600
Contingency-10.4% of Const.:	\$91,600
Total Capital Cost (Rounded):	\$1,228,000

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COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (2.45%, 30-yr)	\$1,052,000	86%
DWB-Principal Forgiveness	\$176,000	14%
Applicant	\$0	0%
Total Amount:	<u>\$1,228,000</u>	<u>100.0%</u>

ESTIMATED ANNUAL COST OF WATER SERVICE:

Annual Operation & Maintenance:	\$155,640
Existing Annual Debt Service:*	\$52,082
DDW Annual Debt Service (2.45%, 30yrs):	\$49,928
DDW 10% Coverage:	\$4,993
15% Coverage & Replacement Reserve:	\$10,278
Monthly New Debt Cost/ERC:**	\$7.85
Total Monthly Cost /ERC:	\$48.18
Cost as % of MAGI:	1.96%

* This debt has been refinanced and rolled into the *DDW Annual Debt Service* cost below.

** This item only includes the new construction project debt. The refinanced debt plus new construction debt is \$11.98/ERC/Month. Before refinancing water users were paying \$11.36/ERC/Month on their existing debt.

Glen Canyon/Big Water Town
Presented to the Drinking Water Board
July 8, 2016

CONTACT INFORMATION:

APPLICANT:	Big Water Town Drawer 410127 Big Water, Utah 84741 435-675-3760 bigwaterclerk@gmail.com
PRESIDING OFFICIAL & CONTACT PERSON:	David Schmuker-Mayor Drawer 410127 Big Water, Utah 84741 435-675-3760 bigwaterclerk@gmail.com
TREASURER/RECORDER	Jennifer Johnson 435-675-3760 bigwaterclerk@gmail.com
CONSULTING ENGINEER:	Dustyn Shaffer Sunrise Engineering 11 North 300 West Washington, Utah 84780 Phone: 435-652-8450 Email: dshaffer@sunrise-eng.com
FINANCIAL CONSULTANT:	Bruce Williams Zions Public Finance 1 South main, 18 th floor Salt Lake City, Utah 84133 801-844-7377 Bruce.williams@zionsbankcorp.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Glen Canyon/Big Water
 COUNTY: Weber
 PROJECT DESCRIPTION: Refurbish 100,000 gallon storage tank and distribution line

FUNDING SOURCE: Federal SRF

86 % Loan & 14 % P.F.

ESTIMATED POPULATION:	475	NO. OF CONNECTIONS:	382 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$46.14 *			PROJECT TOTAL:	\$1,228,000
CURRENT % OF AGI:	1.87%	FINANCIAL PTS:	44	LOAN AMOUNT:	\$1,052,000
ESTIMATED MEDIAN AGI:	\$29,553			PRINC. FORGIVE.:	\$176,000
STATE AGI:	\$41,923			TOTAL REQUEST:	\$1,228,000
SYSTEM % OF STATE AGI:	70%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.48%		AFTER REPAYMENT PENALTY & POINTS 2.45%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.48%		2.45%
REQUIRED DEBT SERVICE:	\$35,066.67	\$57,055.40		\$49,927.59
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$3,506.67	\$5,705.54		\$4,992.76
ANNUAL NEW DEBT PER CONNECTION:	\$100.98	\$164.30		\$143.77
O & M + FUNDED DEPRECIATION:	\$155,640.00	\$155,640.00		\$155,640.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$9,535.33	\$10,634.77		\$10,278.38
ANNUAL EXPENSES PER CONNECTION:	\$432.40	\$435.27		\$434.34
TOTAL SYSTEM EXPENSES	\$203,748.67	\$229,035.71		\$220,838.73
TAX REVENUE:	\$71,308.00	\$71,308.00		\$71,308.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$44.45	\$49.96		\$48.18
% OF ADJUSTED GROSS INCOME:	1.80%	2.03%		1.96%

*

R309-700-5

Glen Canyon/Big Water
Weber
March 24, 2015

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	X
F. \$5,001 to \$10,000	1	
G. Over \$10,000	0	
	\$3,215	
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	X
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	
	70%	
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	
d. 2 to 5% of project funds	4	
e. Less than 2% of project funds	0	X
	0.0%	
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	
	1.96%	
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	
D. Has a rate structure encouraging conservation	6	X
TOTAL POINTS FOR FINANCIAL NEED	44	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Glen Canyon/Big Water

PROPOSED BOND REPAYMENT SCHEDULE

86 % Loan & 14 % P.F.

PRINCIPAL	\$1,052,000.00	ANTICIPATED CLOSING DATE	25-Jan-17
INTEREST	2.45%	FIRST P&I PAYMENT DUE	01-Jul-18
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$49,927.59	PRINC. FORGIVE.:	\$176,000.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2017	\$1,052,000.00		\$11,168.73 *	\$0.00	\$11,168.73	\$1,052,000.00	0
2018	\$1,052,000.00		\$49,774.00	\$24,000.00	\$25,774.00	\$1,028,000.00	1
2019	\$1,028,000.00		\$50,186.00	\$25,000.00	\$25,186.00	\$1,003,000.00	2
2020	\$1,003,000.00		\$49,573.50	\$25,000.00	\$24,573.50	\$978,000.00	3
2021	\$978,000.00		\$49,961.00	\$26,000.00	\$23,961.00	\$952,000.00	4
2022	\$952,000.00		\$50,324.00	\$27,000.00	\$23,324.00	\$925,000.00	5
2023	\$925,000.00		\$49,662.50	\$27,000.00	\$22,662.50	\$898,000.00	6
2024	\$898,000.00		\$50,001.00	\$28,000.00	\$22,001.00	\$870,000.00	7
2025	\$870,000.00		\$50,315.00	\$29,000.00	\$21,315.00	\$841,000.00	8
2026	\$841,000.00		\$49,604.50	\$29,000.00	\$20,604.50	\$812,000.00	9
2027	\$812,000.00		\$49,894.00	\$30,000.00	\$19,894.00	\$782,000.00	10
2028	\$782,000.00		\$50,159.00	\$31,000.00	\$19,159.00	\$751,000.00	11
2029	\$751,000.00		\$50,399.50	\$32,000.00	\$18,399.50	\$719,000.00	12
2030	\$719,000.00		\$49,615.50	\$32,000.00	\$17,615.50	\$687,000.00	13
2031	\$687,000.00		\$49,831.50	\$33,000.00	\$16,831.50	\$654,000.00	14
2032	\$654,000.00		\$50,023.00	\$34,000.00	\$16,023.00	\$620,000.00	15
2033	\$620,000.00		\$50,190.00	\$35,000.00	\$15,190.00	\$585,000.00	16
2034	\$585,000.00		\$50,332.50	\$36,000.00	\$14,332.50	\$549,000.00	17
2035	\$549,000.00		\$49,450.50	\$36,000.00	\$13,450.50	\$513,000.00	18
2036	\$513,000.00		\$49,568.50	\$37,000.00	\$12,568.50	\$476,000.00	19
2037	\$476,000.00		\$49,662.00	\$38,000.00	\$11,662.00	\$438,000.00	20
2038	\$438,000.00		\$49,731.00	\$39,000.00	\$10,731.00	\$399,000.00	21
2039	\$399,000.00		\$49,775.50	\$40,000.00	\$9,775.50	\$359,000.00	22
2040	\$359,000.00		\$49,795.50	\$41,000.00	\$8,795.50	\$318,000.00	23
2041	\$318,000.00		\$49,791.00	\$42,000.00	\$7,791.00	\$276,000.00	24
2042	\$276,000.00		\$49,762.00	\$43,000.00	\$6,762.00	\$233,000.00	25
2043	\$233,000.00		\$49,708.50	\$44,000.00	\$5,708.50	\$189,000.00	26
2044	\$189,000.00		\$50,630.50	\$46,000.00	\$4,630.50	\$143,000.00	27
2045	\$143,000.00		\$50,503.50	\$47,000.00	\$3,503.50	\$96,000.00	28
2046	\$96,000.00		\$49,352.00	\$47,000.00	\$2,352.00	\$49,000.00	29
2047	\$49,000.00		\$50,200.50	\$49,000.00	\$1,200.50	\$0.00	30
			\$1,508,946.23	\$1,052,000.00	\$456,946.23		

*Interest Only Payment

Glen Canyon/Big Water

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	176,000
DWB Loan Amount:	\$	1,052,000
DWB Loan Term:		30
DWB Loan Interest:		2.45%
DWB Loan Payment:	\$	49,928

DW Expenses (Estimated)

Proposed Facility Capital Cost:	#VALUE!
Existing Facility O&M Expense:	\$ 155,640
Proposed Facility O&M Expense:	\$ 155,640
O&M Inflation Factor:	1.0%
Existing Debt Service:	\$ -

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		382
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	46.14
Needed Average Monthly User Charge:	\$	48.18

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%	4	382	211,498	-	71,308	282,806	-	-	1,052,000	-	-	-	155,640	155,640	-
1	1.0%	4	386	223,151	-	71,308	294,459	49,774	4,993	1,028,000	24,000	25,774	-	155,640	210,407	2.79
2	1.0%	4	390	225,464	-	71,308	296,772	50,186	4,993	1,003,000	25,000	25,186	-	157,196	212,375	2.78
3	1.0%	4	394	227,776	-	71,308	299,084	49,574	4,993	978,000	25,000	24,574	-	158,768	213,335	2.83
4	1.0%	4	398	230,089	-	71,308	301,397	49,961	4,993	952,000	26,000	23,961	-	160,356	215,310	2.82
5	1.0%	3	401	231,823	-	71,308	303,131	50,324	4,993	925,000	27,000	23,324	-	161,960	217,276	2.81
6	1.0%	5	406	234,713	-	71,308	306,021	49,663	4,993	898,000	27,000	22,663	-	163,579	218,234	2.87
7	1.0%	4	410	237,026	-	71,308	308,334	50,001	4,993	870,000	28,000	22,001	-	165,215	220,209	2.86
8	1.0%	4	414	239,338	-	71,308	310,646	50,315	4,993	841,000	29,000	21,315	-	166,867	222,175	2.86
9	1.0%	4	418	241,651	-	71,308	312,959	49,605	4,993	812,000	29,000	20,605	-	168,536	223,133	2.91
10	1.0%	4	422	243,963	-	71,308	315,271	49,894	4,993	782,000	30,000	19,894	-	170,221	225,108	2.91
11	1.0%	4	426	246,276	-	71,308	317,584	50,159		751,000	31,000	19,159	-	171,923	222,082	2.90
12	1.0%	4	430	248,588	-	71,308	319,896	50,400		719,000	32,000	18,400	-	173,643	224,042	2.90
13	1.0%	5	435	251,479	-	71,308	322,787	49,616		687,000	32,000	17,616	-	175,379	224,995	2.97
14	1.0%	4	439	253,791	-	71,308	325,099	49,832		654,000	33,000	16,832	-	177,133	226,964	2.97
15	1.0%	4	443	256,104	-	71,308	327,412	50,023		620,000	34,000	16,023	-	178,904	228,927	2.97
16	1.0%	5	448	258,994	-	71,308	330,302	50,190		585,000	35,000	15,190	-	180,693	230,883	2.98
17	1.0%	4	452	261,307	-	71,308	332,615	50,333		549,000	36,000	14,333	-	182,500	232,833	2.98
18	1.0%	5	457	264,197	-	71,308	335,505	49,451		513,000	36,000	13,451	-	184,325	233,776	3.06
19	1.0%	4	461	266,510	-	71,308	337,818	49,569		476,000	37,000	12,569	-	186,168	235,737	3.06
20	1.0%	5	466	269,400	-	71,308	340,708	49,662		438,000	38,000	11,662	-	188,030	237,692	3.07
21	1.0%	5	471	272,291	-	71,308	343,599	49,731		399,000	39,000	10,731	-	189,910	239,641	3.09
22	1.0%	4	475	274,603	-	71,308	345,911	49,776		359,000	40,000	9,776	-	191,809	241,585	3.10
23	1.0%	5	480	277,494	-	71,308	348,802	49,796		318,000	41,000	8,796	-	193,728	243,523	3.11
24	1.0%	5	485	280,384	-	71,308	351,692	49,791		276,000	42,000	7,791	-	195,665	245,456	3.13
25	1.0%	5	490	283,275	-	71,308	354,583	49,762		233,000	43,000	6,762	-	197,622	247,384	3.15
26	1.0%	5	495	286,165	-	71,308	357,473	49,709		189,000	44,000	5,709	-	199,598	249,306	3.18
27	1.0%	5	500	289,056	-	71,308	360,364	50,631		143,000	46,000	4,631	-	201,594	252,224	3.14
28	1.0%	5	505	291,946	-	71,308	363,254	50,504		96,000	47,000	3,504	-	203,610	254,113	3.16
29	1.0%	5	510	294,837	-	71,308	366,145	49,352		49,000	47,000	2,352	-	205,646	254,998	3.25
30	1.0%	5	515	297,728	-	71,308	369,036	50,201		-	49,000	1,201	-	207,702	257,903	3.21
Total Paid in Debt Service =										1,052,000	445,778					