

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

APPLICANT'S REQUEST:

Duchesne City has requested funding to construct a system wide SCADA system. The cost of the project associated with the water system is estimated to be \$69,000.

STAFF COMMENTS:

The local MAGI for Duchesne City is \$46,236 (114% of the state MAGI), however their after project water bill is over 2% of the local MAGI. Therefore they do qualify as a hardship community. The calculated interest rate is 1.95%. It is recommended that this funding come from the State SRF program and that a 0% loan be authorized.

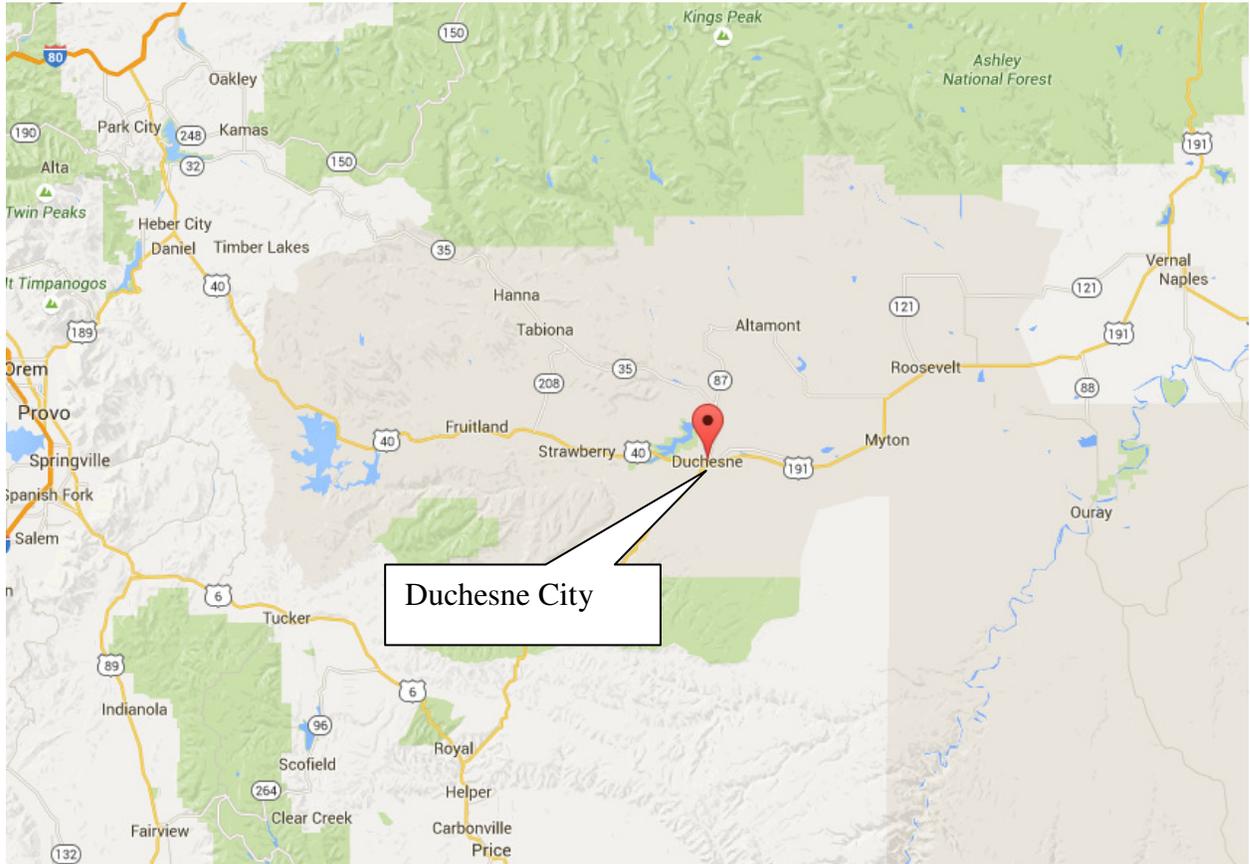
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board to authorize a loan of \$69,000 with an interest rate of 0% for 10 years. Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION:

Duchesne City is located in Duchesne County approximately 60 miles west of Vernal.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Installing a SCADA system for the City's water, sewer and the pool.

POPULATION GROWTH:

The City is expected to grow about 10% in the 5 years then taper off for the next 15 years. Projected populations and number of connections are shown in the table below and taken from the application.

Year	Population	Connections
2015	1880	733
2020	2071	772
2025	2163	808
2030	2256	844
2035	2296	850

COST ESTIMATE:

Construction – SCADA (water system)	\$69,000
Total Project Cost	\$69,000

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 (0%, 10-yr)	\$69,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance	\$552,898
Existing DW Debt Service	\$157,020
DDW Debt Service (1.95%, 10 yrs):	\$6,900
DDW Debt Reserve (10%):	\$690
DDW Coverage (15%):	n/a
Replacement Reserve Account (5%):	\$34,270
Annual Cost/ERC:	\$955
Monthly Cost/ERC:	\$79.60
Cost as % MAGI:	2.07%

CONTACT INFORMATION:

APPLICANT:

Duchesne City
PO Box 974
Duchesne, Utah
435-738-2464

PRESIDING OFFICIAL &
CONTACT PERSON:

RoJean Rowley
Mayor
PO Box 974
Duchesne, Utah
435-738-2464
duchesne@ubtanet.com

CONSULTING ENGINEER:

n/a

RECORDER:

Diane Miller
435-738-2464
duchesne@ubtanet.com

FINANCIAL CONSULTANT:

n/a

CITY ATTORNEY:

n/a

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Duchesne
 COUNTY: Uintah
 PROJECT DESCRIPTION: SCADA system

FUNDING SOURCE: State SRF

100 % Loan & 0 % Grant

ESTIMATED POPULATION:	1,900	NO. OF CONNECTIONS:	787 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$81.40 *			PROJECT TOTAL:	\$69,000
CURRENT % OF AGI:	2.11%	FINANCIAL PTS:	56	LOAN AMOUNT:	\$69,000
ESTIMATED MEDIAN AGI:	\$46,236			GRANT AMOUNT:	\$0
STATE AGI:	\$40,489			TOTAL REQUEST:	\$69,000
SYSTEM % OF STATE AGI:	114%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.20%		AFTER REPAYMENT PENALTY & POINTS 1.95%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	10	10		10
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.20%		1.95%
REQUIRED DEBT SERVICE:	\$6,900.00	\$8,591.99		\$7,661.45
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$690.00	\$859.20		\$766.14
ANNUAL NEW DEBT PER CONNECTION:	\$9.64	\$12.01		\$10.71
O & M + FUNDED DEPRECIATION:	\$552,898.00	\$552,898.00		\$552,898.00
OTHER DEBT + COVERAGE:	\$157,020.00	\$157,020.00		\$157,020.00
REPLACEMENT RESERVE ACCOUNT:	\$34,270.70	\$34,355.30		\$34,308.77
ANNUAL EXPENSES PER CONNECTION:	\$945.60	\$945.71		\$945.65
TOTAL SYSTEM EXPENSES	\$751,778.70	\$753,724.48		\$752,654.37
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$79.60	\$79.81		\$79.70
% OF ADJUSTED GROSS INCOME:	2.07%	2.07%		2.07%

* Equivalent Residential Connections

R309-700-5

Duchesne

Uintah

September 28, 2015

TABLE 2 FINANCIAL CONSIDERATIONS

	POINTS	
1. COST EFFECTIVENESS RATIO (SELECT ONE)		
A. Project cost \$0 to \$500 per benefitting connection	16	X
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	
	\$88	
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	X
E. 131 to 150% of State Median AGI	3	
F. Greater than 150% of State Median AGI	0	
	114%	
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	X
c. 1.51 to 2.00% of local median AGI	8	
d. 1.01 to 1.50% of local median AGI	3	
e. 0 to 1.00% of local median AGI	0	
	2.05%	
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	
B. Has a replacement fund equal to at least 15% or 20% of annual DW budget.	5	
C. Is creating or enhancing a regionalization plan	16	X
D. Has a rate structure encouraging conservation	6	X
TOTAL POINTS FOR FINANCIAL NEED	56	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Duchesne

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % Grant

PRINCIPAL	\$69,000.00	ANTICIPATED CLOSING DATE	15-Dec-15
INTEREST	1.95%	FIRST P&I PAYMENT DUE	01-Jan-17
TERM	10	REVENUE BOND	
NOMIN. PAYMENT	\$7,661.45	GRANT AMOUNT:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2016	\$69,000.00		\$59.80 *	\$0.00	\$59.80	\$69,000.00	0
2017	\$69,000.00		\$7,345.50	\$6,000.00	\$1,345.50	\$63,000.00	1
2018	\$63,000.00		\$7,228.50	\$6,000.00	\$1,228.50	\$57,000.00	2
2019	\$57,000.00		\$8,111.50	\$7,000.00	\$1,111.50	\$50,000.00	3
2020	\$50,000.00		\$7,975.00	\$7,000.00	\$975.00	\$43,000.00	4
2021	\$43,000.00		\$7,838.50	\$7,000.00	\$838.50	\$36,000.00	5
2022	\$36,000.00		\$7,702.00	\$7,000.00	\$702.00	\$29,000.00	6
2023	\$29,000.00		\$7,565.50	\$7,000.00	\$565.50	\$22,000.00	7
2024	\$22,000.00		\$7,429.00	\$7,000.00	\$429.00	\$15,000.00	8
2025	\$15,000.00		\$7,292.50	\$7,000.00	\$292.50	\$8,000.00	9
2026	\$8,000.00		\$8,156.00	\$8,000.00	\$156.00	\$0.00	10
			\$76,703.80	\$69,000.00	\$7,703.80		

*Interest Only Payment

Duchesne

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	69,000
DWB Loan Term:		10
DWB Loan Interest:		1.95%
DWB Loan Payment:	\$	7,661

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	69,000
Existing Facility O&M Expense:	\$	552,898
Proposed Facility O&M Expense:	\$	552,898
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	125,616

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		787
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	1,500
Current Monthly User Charge:	\$	81.40
Needed Average Monthly User Charge:	\$	79.70

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%	8	787	768,777	12,000	-	780,777	-	-	69,000	-	-	125,616	552,898	678,514	-
1	1.0%	8	795	760,305	12,000	-	772,305	7,346	766	63,000	6,000	1,346	125,616	552,898	686,626	1.65
2	1.0%	8	803	767,956	12,000	-	779,956	7,229	766	57,000	6,000	1,229	125,616	558,427	692,038	1.67
3	1.0%	8	811	775,607	12,000	-	787,607	8,112	766	50,000	7,000	1,112	125,616	564,011	698,505	1.67
4	1.0%	8	819	783,258	12,000	-	795,258	7,975	766	43,000	7,000	975	125,616	569,651	704,009	1.69
5	1.0%	8	827	790,909	12,000	-	802,909	7,839	766	36,000	7,000	839	125,616	575,348	709,569	1.71
6	1.0%	8	835	798,560	12,000	-	810,560	7,702	766	29,000	7,000	702	125,616	581,101	715,185	1.72
7	1.0%	9	844	807,167	13,500	-	820,667	7,566	766	22,000	7,000	566	125,616	586,912	720,860	1.76
8	1.0%	8	852	814,818	12,000	-	826,818	7,429	766	15,000	7,000	429	125,616	592,781	726,593	1.76
9	1.0%	9	861	823,425	13,500	-	836,925	7,293	766	8,000	7,000	293	125,616	598,709	732,384	1.79
10	1.0%	8	869	831,076	12,000	-	843,076	8,156	766	-	8,000	156	125,616	604,696	739,235	1.78

Total Paid in Debt Service = 69,000 7,644