

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

APPLICANT'S REQUEST:

Trenton, Clarkston and Newton Towns are requesting financial assistance in the amount of \$1,263,000 to redevelop the North Fork and Birch Springs. The springs are a shared source by the three towns.

STAFF COMMENTS:

A Microscopic Particulate Analysis (MPA) was conducted by the Division on May 26, 2015. The results concluded that the Big Birch Spring is under the direct influence of surface water. The North Fork Spring flows into the Big Birch Spring collection box and recent camera investigations have demonstrated that the collection lines are smashed, root intrusion is visible and there are portions of the collection area that are placed in a way that prevents access for cleaning. The source is shared equally by Trenton, Clarkston and Newton Town.

All three towns have agreed to be equally financially responsible for the redevelopment of the two springs. Trenton Town has applied for the financial assistance and the water revenue bond for the loan portion of the funding will be in their name. The other two towns have agreed to establish inter-local agreements before loan closing, which will establish the repayment of their portion of the loan back to Trenton.

The local MAGI for the Trenton Town is \$34,163, which is 84% of the State MAGI. They currently have a water bill of approximately \$52 per month, which is 1.83% of local MAGI. Based on this information, Trenton Town qualifies to be considered for additional subsidization. Staff is proposing a 50/50 split in loan/grant funding. Trenton is responsible for 1/3 of this funding. A loan, for their third of the total funding, of \$210,667 at 1.0 % for 30 years, with a grant of \$210,333, will require an increase in their water bill to approximately \$63 per connection, which is 2.23% of the local MAGI. An financial analysis will be done on Newton and Clarkston before loan closing to determine what their water bill will need to be increased to, in order to cover their portion of the annual loan repayment.

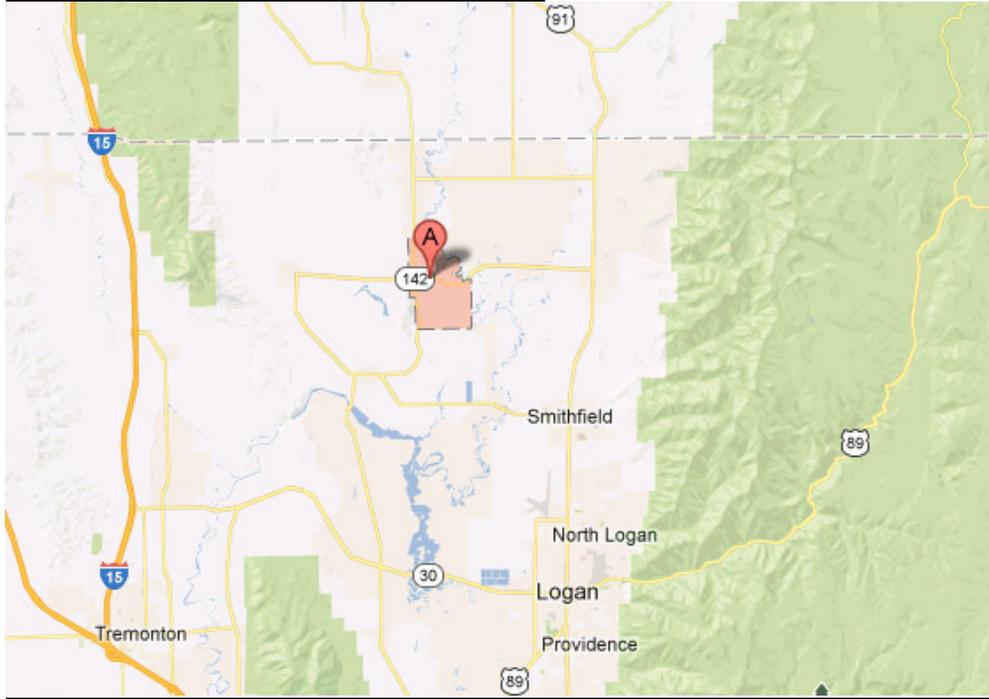
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$632,000 at 1.0% interest for 30 years to the Town of Trenton with \$631,000 in grant. The funding is contingent on the Towns of Newton and Clarkston establishing inter-local agreements with Trenton Town, establishing their equal responsibility in the annual loan repayment.

APPLICANT'S LOCATION:

Trenton Town is located in Cache County.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The Big Birch and North Fork Springs Redevelopment project will include the following tasks:

- Redevelopment of the collection areas
- Purchase property around the spring or purchase permanent easements
- New spring collection boxes
- Replacement of the 6-inch transmission line connecting the two spring collection boxes
- Replacement of the 12-inch transmission line from the Big Birch Spring collection box and the splitter box, where the flow is divided between Clarkston, Newton and Clarkston

POPULATION GROWTH:

According to the Utah State Governor's Office of Planning and Budgeting, the anticipated growth rate for Trenton Town Water System is approximately 1.1% per year over the next 40 years

	<u>Year</u>	<u>Population</u>
Current:	2014	446
Projected:	2030	673

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	September 2015
SRF Committee Conference Call:	October 2015
DWB Funding Authorization:	November 2015
Advertise Environmental Assessment:	n/a
Complete Design:	November 2015
Plan Approval:	December 2015
Advertise for Bids:	January 2016
Bid Opening:	February 2016
Loan Closing:	March 2016
Begin Construction:	March 2016
Complete Construction:	June 2016
Receive Operating Permit:	June 2016

COST ESTIMATE:

Legal and Bonding	\$10,000
Rights of Way, Easements, Property	\$115,000
Financial Consultant	\$8,500
Environmental Clearances	\$5,000
Engineering- Planning	\$8,800
Engineering- Design	\$57,000
Engineering- CMS	\$66,400
Construction- Source	\$630,300
Construction- Transmission Line	\$204,000
Contingency	<u>\$158,000</u>
Total Project Cost	\$1,263,000

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 (1%, 30-years)	\$632,000	50%
DWB Grant	\$631,000	50%
Total Amount	\$1,263,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance plus Depreciation: \$45,000
Existing DW Debt Service: \$94,065
DDW Debt Service for Trenton's portion (\$210,667, 1.0%, 30-yrs): \$8,162.95
DDW Debt Reserve: \$816.29
Replacement Reserve Account: \$6,420.75
Annual Cost/ERC: \$760.91
Monthly Cost/ERC: \$63.41
Cost as % MAGI: 2.23%

Trenton Town
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APPLICANT: Trenton Town Water System
17 East Main
P.O. Box 77
Trenton, Utah 84338

PRESIDING OFFICIAL &
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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Trenton Town
 COUNTY: Cache
 PROJECT DESCRIPTION: Spring Redevelopment

FUNDING SOURCE: State SRF

50 % Loan & 50 % Grant

ESTIMATED POPULATION:	469	NO. OF CONNECTIONS:	203 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$51.98 *			PROJECT TOTAL:	\$1,263,000
CURRENT % OF AGI:	1.83%	FINANCIAL PTS:	58	LOAN AMOUNT:	\$210,667
ESTIMATED MEDIAN AGI:	\$34,163			GRANT AMOUNT:	\$210,333
STATE AGI:	\$40,489			TOTAL REQUEST:	\$421,000
SYSTEM % OF STATE AGI:	84%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.35%		AFTER REPAYMENT PENALTY & POINTS 1.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.35%		1.00%
REQUIRED DEBT SERVICE:	\$7,022.23	\$14,255.75		\$8,162.95
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$702.22	\$1,425.58		\$816.29
ANNUAL NEW DEBT PER CONNECTION:	\$38.05	\$77.25		\$44.23
O & M + FUNDED DEPRECIATION:	\$45,000.00	\$45,000.00		\$45,000.00
OTHER DEBT + COVERAGE:	\$94,065.00	\$94,065.00		\$94,065.00
REPLACEMENT RESERVE ACCOUNT:	\$6,363.71	\$6,725.39		\$6,420.75
ANNUAL EXPENSES PER CONNECTION:	\$716.40	\$718.18		\$716.68
TOTAL SYSTEM EXPENSES	\$153,153.17	\$161,471.71		\$154,464.99
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$62.87	\$66.29		\$63.41
% OF ADJUSTED GROSS INCOME:	2.21%	2.33%		2.23%

* Equivalent Residential Connections

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<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.35%		1.00%
REQUIRED DEBT SERVICE:	\$21,066.67	\$42,767.18		\$24,488.81
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$2,106.67	\$4,276.72		\$2,448.88
ANNUAL NEW DEBT PER CONNECTION:	\$114.15	\$231.74		\$132.70
O & M + FUNDED DEPRECIATION:	\$45,000.00	\$45,000.00		\$45,000.00
OTHER DEBT + COVERAGE:	\$94,065.00	\$94,065.00		\$94,065.00
REPLACEMENT RESERVE ACCOUNT:	\$7,065.93	\$8,150.96		\$7,237.04
ANNUAL EXPENSES PER CONNECTION:	\$719.86	\$725.20		\$720.70
TOTAL SYSTEM EXPENSES	\$169,304.27	\$194,259.86		\$173,239.73
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$69.50	\$79.75		\$71.12
% OF ADJUSTED GROSS INCOME:	2.44%	2.80%		2.50%

* Equivalent Residential Connections

Trenton Town

PROPOSED BOND REPAYMENT SCHEDULE

50 % Loan & 50 % Grant

PRINCIPAL	\$632,000.00	ANTICIPATED CLOSING DATE	01-Mar-16
INTEREST	1.00%	P&I PAYMT DUE	01-Jan-17
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$24,488.81	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2017	\$632,000.00		\$5,266.67 *	\$0.00	\$5,266.67	\$632,000.00	0
2018	\$632,000.00		\$24,320.00	\$18,000.00	\$6,320.00	\$614,000.00	1
2019	\$614,000.00		\$24,140.00	\$18,000.00	\$6,140.00	\$596,000.00	2
2020	\$596,000.00		\$24,960.00	\$19,000.00	\$5,960.00	\$577,000.00	3
2021	\$577,000.00		\$24,770.00	\$19,000.00	\$5,770.00	\$558,000.00	4
2022	\$558,000.00		\$24,580.00	\$19,000.00	\$5,580.00	\$539,000.00	5
2023	\$539,000.00		\$24,390.00	\$19,000.00	\$5,390.00	\$520,000.00	6
2024	\$520,000.00		\$24,200.00	\$19,000.00	\$5,200.00	\$501,000.00	7
2025	\$501,000.00		\$24,010.00	\$19,000.00	\$5,010.00	\$482,000.00	8
2026	\$482,000.00		\$24,820.00	\$20,000.00	\$4,820.00	\$462,000.00	9
2027	\$462,000.00		\$24,620.00	\$20,000.00	\$4,620.00	\$442,000.00	10
2028	\$442,000.00		\$24,420.00	\$20,000.00	\$4,420.00	\$422,000.00	11
2029	\$422,000.00		\$24,220.00	\$20,000.00	\$4,220.00	\$402,000.00	12
2030	\$402,000.00		\$24,020.00	\$20,000.00	\$4,020.00	\$382,000.00	13
2031	\$382,000.00		\$24,820.00	\$21,000.00	\$3,820.00	\$361,000.00	14
2032	\$361,000.00		\$24,610.00	\$21,000.00	\$3,610.00	\$340,000.00	15
2033	\$340,000.00		\$24,400.00	\$21,000.00	\$3,400.00	\$319,000.00	16
2034	\$319,000.00		\$24,190.00	\$21,000.00	\$3,190.00	\$298,000.00	17
2035	\$298,000.00		\$24,980.00	\$22,000.00	\$2,980.00	\$276,000.00	18
2036	\$276,000.00		\$24,760.00	\$22,000.00	\$2,760.00	\$254,000.00	19
2037	\$254,000.00		\$24,540.00	\$22,000.00	\$2,540.00	\$232,000.00	20
2038	\$232,000.00		\$24,320.00	\$22,000.00	\$2,320.00	\$210,000.00	21
2039	\$210,000.00		\$24,100.00	\$22,000.00	\$2,100.00	\$188,000.00	22
2040	\$188,000.00		\$24,880.00	\$23,000.00	\$1,880.00	\$165,000.00	23
2041	\$165,000.00		\$24,650.00	\$23,000.00	\$1,650.00	\$142,000.00	24
2042	\$142,000.00		\$24,420.00	\$23,000.00	\$1,420.00	\$119,000.00	25
2043	\$119,000.00		\$24,190.00	\$23,000.00	\$1,190.00	\$96,000.00	26
2044	\$96,000.00		\$24,960.00	\$24,000.00	\$960.00	\$72,000.00	27
2045	\$72,000.00		\$24,720.00	\$24,000.00	\$720.00	\$48,000.00	28
2046	\$48,000.00		\$24,480.00	\$24,000.00	\$480.00	\$24,000.00	29
2047	\$24,000.00		\$24,240.00	\$24,000.00	\$240.00	\$0.00	30
			\$739,996.67	\$632,000.00	\$107,996.67		

*Interest Only Payment