

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN

APPLICANT'S REQUEST

The Piute County Special Service District on behalf of Greenwich Water Association is requesting \$130,000 in financial assistance to construct a new chlorination building.

STAFF COMMENTS:

Greenwich Water Association's existing chlorination equipment has reached the end of its service life and the location of the manhole is inaccessible during the winter and spring months of the year. The location of the facility is hard to access, and where the equipment doesn't work properly, the facility has been neglected. The project would consist of constructing a small building, and equipping it with a tablet chlorination system. No power is available at the site so solar service has been included in the project.

The local MAGI for Greenwich is \$35,027, which is approximately 87% of the State's \$40,489 MAGI. The water bill for Greenwich is a flat \$25.00 monthly, which is 0.86% of the local MAGI. In 2011, Greenwich took out a 30-year loan with the Division of Drinking Water for \$201,000 with annual repayments of \$7,500. Greenwich currently does not collect enough revenue to cover this annual debt and it's being paid for by Piute County Special Service District. This current request will also be paid by Piute County SSD.

The base financial evaluation with no grant funding calculated an average water bill after project completion of \$51.46, which would be 1.77% of local MAGI, greater than the 1.75% necessary to qualify for grant. Therefore, the water system qualifies to be considered for grant. A 30-year loan in the amount of \$130,000 with 3.26% interest and \$26,000(20%) in principal forgiveness would allow the town to maintain a water bill of \$46.16 a month at 1.58% of local MAGI.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a \$104,000 construction loan to Piute County with 3.26% interest or fee per annum, for 30 years, with \$26,000 in grant.

APPLICANT'S LOCATION:

The Town of Greenwich is located in Piute County, approximately 30 miles north of Otter Creek Reservoir on State Highway 62.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Greenwich Water Company collects its water from the Parker Springs on the East Side of Grass Valley. They currently have a chlorination building on the Southern-most spring. The existing chlorination equipment has reached the end of its service life and the location of the manhole is inaccessible during the winter and spring months of the year. Where the location of the facility is hard to access, and where the equipment doesn't work properly, the facility has been neglected. There are no paid employees on the Greenwich Water Company and the board members are experienced in years. It would be beneficial for the Water Company to have a more accessible chlorination facility that was above ground if possible.

The project would consist of constructing a small building, and equipping it with a tablet chlorination system. In order to operate, the system would need to incorporate some valves to sustain enough pressure to provide a syphon for the system. The project also includes a new totalizing meter to account for water entering the system. No power is available at the site so a solar service has been included in the project. The facility could be placed within the existing fences surrounding the Company's storage tanks. This should alleviate the need for an Environmental Assessment. The BLM has verbally stated that if it is placed within the fences, a Categorical Exclusion is probable.

The Company has requested all grant where they have no paid employees and struggle to pay for system expenses. If all grant isn't feasible, the Company will likely request cutting the project back and placing the chlorination equipment in a manhole or vault in the same location.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget, the Town of Greenwich is expected to grow at an average annual rate of change of 0.85% through 2040.

	Year	Population	ERC's
Current	2015	67	27
Projected	2040	83	33

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	November 2015
Plans Submitted:	February 2016
Plan Approval:	March 2016
Advertise for Bids:	March 2016
Bid Opening:	April 2016
Loan Closing:	April 2016
Begin Construction:	May 2016
Complete Construction:	August 2016

COST ESTIMATE:

Construction:	\$80,100
Engineering - Design:	\$9,000
Engineering - CMS:	\$9,000
Engineering - CatEx:	\$2,500
Contingency:	\$12,400
Legal/Bonding/Admin:	\$17,000
Total Capital Cost:	<u>\$130,000</u>

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 (3.26%, 30-yr)	\$104,000	80%
DWB Grant	\$26,000	20%
Applicant	\$0	0%
Total Amount:	<u>\$130,000</u>	<u>100.0%</u>

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	\$8,100
Existing Debt Service:	\$0
DDW Debt Service (3.26%, 30yrs):	\$5,486
DDW 10% Coverage:	\$549
15% Coverage & Replacement Reserve:	<u>\$823</u>
Total Annual Cost/ERU:	\$554
Monthly Cost / ERU:	\$46.16
Cost as % of MAGI:	1.58%

CONTACT INFORMATION:

APPLICANT: Piute County Special Service District
550 North Main
Junction, UT 84740
435-577-2509

PRESIDING OFFICIAL &
CONTACT PERSON: Rick Blackwell- Commissioner
550 North Main
Junction, UT 84740
435-577-2509

CONSULTING ENGINEER: Jeff Albrecht
Savage Surveying
1925 South Industrial Park Road
Richfield, UT 84701
435-896-8635
jeff@savagesurveying.com

ATTORNEY: none appointed

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Greenwich Water Company
 COUNTY: Piute
 PROJECT DESCRIPTION: New Chlorination Building

FUNDING SOURCE: Federal SRF

80 % Loan & 20 % P.F.

ESTIMATED POPULATION:	67	NO. OF CONNECTIONS:	27 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$25.00 *			PROJECT TOTAL:	\$130,000
CURRENT % OF AGI:	0.86%	FINANCIAL PTS:	35	LOAN AMOUNT:	\$104,000
ESTIMATED MEDIAN AGI:	\$35,027			PRINC. FORGIVE.:	\$26,000
STATE AGI:	\$40,489			TOTAL REQUEST:	\$130,000
SYSTEM % OF STATE AGI:	87%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.25%		AFTER REPAYMENT PENALTY & POINTS 3.26%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.25%		3.26%
REQUIRED DEBT SERVICE:	\$3,466.67	\$6,198.22		\$5,485.87
*PARTIAL COVERAGE (15%):	\$0.00	\$929.73		\$822.88
*ADD. COVERAGE AND RESERVE (10%):	\$346.67	\$619.82		\$548.59
ANNUAL NEW DEBT PER CONNECTION:	\$141.23	\$286.95		\$253.98
O & M + FUNDED DEPRECIATION:	\$8,100.00	\$8,100.00		\$8,100.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$578.33	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$321.42	\$300.00		\$300.00
TOTAL SYSTEM EXPENSES	\$12,491.67	\$15,847.77		\$14,957.34
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$38.55	\$48.91		\$46.16
% OF ADJUSTED GROSS INCOME:	1.32%	1.68%		1.58%

* Equivalent Residential Connections

R309-700-5

Greenwich Water Company
 Piute
 July 17, 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	
	\$4,815	
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	X
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	
	87%	
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	
	1.58%	
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	
TOTAL POINTS FOR FINANCIAL NEED	35	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Greenwich Water Company

PROPOSED BOND REPAYMENT SCHEDULE

80 % Loan & 20 % P.F.

PRINCIPAL	\$104,000.00	ANTICIPATED CLOSING DATE	15-Apr-16
INTEREST	3.26%	FIRST P&I PAYMENT DUE	15-Apr-17
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$5,485.87	PRINC. FORGIVE.:	\$26,000.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2016	\$104,000.00		\$0.00 *	\$0.00	\$0.00	\$104,000.00	0
2017	\$104,000.00		\$5,390.40	\$2,000.00	\$3,390.40	\$102,000.00	1
2018	\$102,000.00		\$5,325.20	\$2,000.00	\$3,325.20	\$100,000.00	2
2019	\$100,000.00		\$5,260.00	\$2,000.00	\$3,260.00	\$98,000.00	3
2020	\$98,000.00		\$5,194.80	\$2,000.00	\$3,194.80	\$96,000.00	4
2021	\$96,000.00		\$5,129.60	\$2,000.00	\$3,129.60	\$94,000.00	5
2022	\$94,000.00		\$5,064.40	\$2,000.00	\$3,064.40	\$92,000.00	6
2023	\$92,000.00		\$5,999.20	\$3,000.00	\$2,999.20	\$89,000.00	7
2024	\$89,000.00		\$5,901.40	\$3,000.00	\$2,901.40	\$86,000.00	8
2025	\$86,000.00		\$5,803.60	\$3,000.00	\$2,803.60	\$83,000.00	9
2026	\$83,000.00		\$5,705.80	\$3,000.00	\$2,705.80	\$80,000.00	10
2027	\$80,000.00		\$5,608.00	\$3,000.00	\$2,608.00	\$77,000.00	11
2028	\$77,000.00		\$5,510.20	\$3,000.00	\$2,510.20	\$74,000.00	12
2029	\$74,000.00		\$5,412.40	\$3,000.00	\$2,412.40	\$71,000.00	13
2030	\$71,000.00		\$5,314.60	\$3,000.00	\$2,314.60	\$68,000.00	14
2031	\$68,000.00		\$5,216.80	\$3,000.00	\$2,216.80	\$65,000.00	15
2032	\$65,000.00		\$5,119.00	\$3,000.00	\$2,119.00	\$62,000.00	16
2033	\$62,000.00		\$6,021.20	\$4,000.00	\$2,021.20	\$58,000.00	17
2034	\$58,000.00		\$5,890.80	\$4,000.00	\$1,890.80	\$54,000.00	18
2035	\$54,000.00		\$5,760.40	\$4,000.00	\$1,760.40	\$50,000.00	19
2036	\$50,000.00		\$5,630.00	\$4,000.00	\$1,630.00	\$46,000.00	20
2037	\$46,000.00		\$5,499.60	\$4,000.00	\$1,499.60	\$42,000.00	21
2038	\$42,000.00		\$5,369.20	\$4,000.00	\$1,369.20	\$38,000.00	22
2039	\$38,000.00		\$5,238.80	\$4,000.00	\$1,238.80	\$34,000.00	23
2040	\$34,000.00		\$5,108.40	\$4,000.00	\$1,108.40	\$30,000.00	24
2041	\$30,000.00		\$5,978.00	\$5,000.00	\$978.00	\$25,000.00	25
2042	\$25,000.00		\$5,815.00	\$5,000.00	\$815.00	\$20,000.00	26
2043	\$20,000.00		\$5,652.00	\$5,000.00	\$652.00	\$15,000.00	27
2044	\$15,000.00		\$5,489.00	\$5,000.00	\$489.00	\$10,000.00	28
2045	\$10,000.00		\$5,326.00	\$5,000.00	\$326.00	\$5,000.00	29
2046	\$5,000.00		\$5,163.00	\$5,000.00	\$163.00	\$0.00	30
			\$164,896.80	\$104,000.00	\$60,896.80		

*Interest Only Payment