

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN

APPLICANT’S REQUEST:

Wooden Shoe Water Company is requesting \$413,292 in funding to replace approximately 4,580 feet of old, leaking water lines and install water meters for all connections.

STAFF COMMENTS:

On July 13, 2012, The Drinking Water Board authorized Wooden Shoe Water Company a \$201,000 construction loan for 30 years at 1% interest. Based on the bids coming in over the anticipated budget, the Board amended the authorization on June 11, 2014, to also include a grant of \$121,850.

The United States Environmental Protection Agency (EPA) has issued an Administrative Order against Wooden Shoe Water Company. They currently have 325 IPS points against their system and are rated “Not Approved.” The significant deficiencies that have been identified against the system are that they lack a storage facility, they fail to provide adequate pressure to all of their connections and their spring source has been determined to be under the direct influence of surface water. The project scope that the Board approved resolved these deficiencies and was in compliance with EPA’s Administrative Order. The new well and storage tank have been constructed and upon connecting these facilities to the system, it became readily evident that the distribution system (installed in the 1930s) was losing water at a rapid rate. The tank would be drained within a couple of hours with the well pump running and no water was received at the homes. They conducted investigations, using outside resources, for several days, and have concluded that the existing system is no longer valid to be used to distribute water.

Wooden Shoe Water Company is located in Peoa within Summit County. The local MAGI is \$35,933, which is approximately 89% of the State’s MAGI. Based on the original loan, they raised their water rates to approximately \$54/month per ERC which is 1.8% of their MAGI. Based on their existing water bill, they are eligible to be considered for additional subsidization. Staff looked at two options:

	Total Funding	Principal Forgiveness	Loan	Term	Interest Rate	Water Bill	% of Local MAGI
Option 1	\$413,292	\$206,292	\$207,000	30yrs	0%	\$90.53	3.02%
Option 2	\$413,292	\$413,292	\$0	n/a	n/a	\$54.00	1.8%

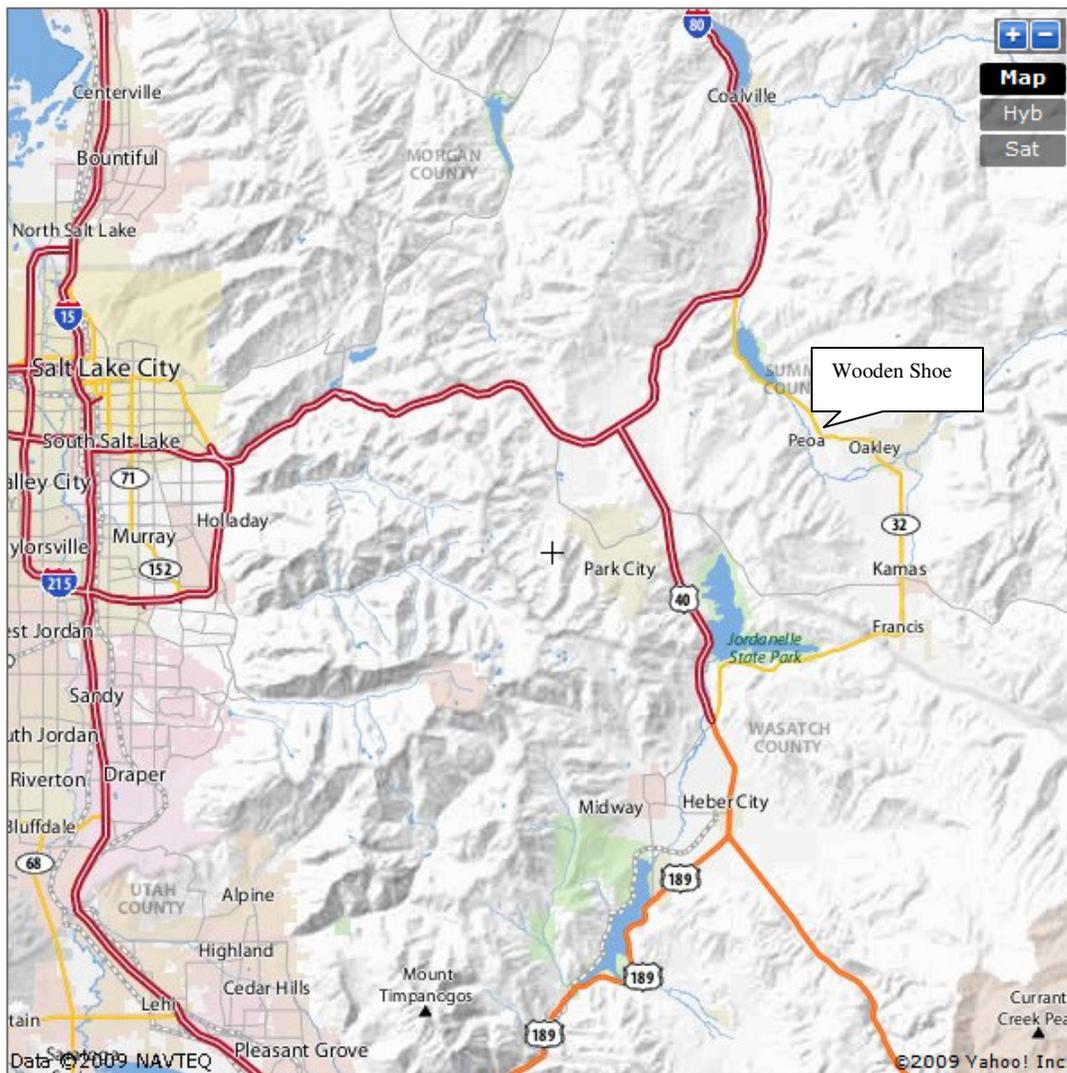
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a \$413,292 construction loan to Wooden Shoe Water Company with \$413,292 in principal forgiveness.

APPLICANT'S LOCATION:

Wooden Shoe Water Company is located in Peoa within Summit County, approximately 40 miles east of Salt Lake City, Utah.

MAP OF APPLICANT'S LOCATION:



POSITION ON PROJECT PRIORITY LIST:

Wooden Shoe Water Company scored 21.6 points on the Project Priority List.

PROJECT DESCRIPTION:

The project will include replacing the entire existing distribution system and installing water meters at each home. Approximately 4,580 feet of new 4-inch water line will be installed, replacing the old leaking lines.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget, Summit County is estimated to grow at an annual average rate of change of approximately 3.2% through the year 2050.

	<u>Year</u>	<u>Population</u>	<u>ERC's</u>
Current:	2015	47	19
Projected:	2050	104	42

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	September 2015
DWB Funding Authorization:	November 2015
Complete Design:	November 2015
Plan Approval:	December 2015
Advertise for Bids:	December 2015
Bid Opening:	December 2015
Loan Closing:	January 2016
Begin Construction:	January 2016
Complete Construction:	February 2016
Receive Operating Permit:	May 2016

COST ESTIMATE:

Legal	\$10,000
Engineering- Design	\$13,270
Engineering- CMS	\$25,262
Construction- Water Lines	\$331,600
Contingency	\$33,160
Total Project Cost:	\$413,292

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 Grant	\$413,292	100%
Total Amount	\$413,292	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance plus Depreciation:	\$2,280
Existing Debt Service plus coverage	\$9,735
Replacement Reserve Account:	\$503.40
Annual Cost/ERC:	\$658.86
Monthly Cost/ERC:	\$54.91
Cost as % MAGI:	1.83%

Wooden Shoe Water Company

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November 13, 2015

CONTACT INFORMATION:

APPLICANT:

Wooden Shoe Water Company
4700 North Wooden Shoe Lane,
Peoa, Utah 84061
Telephone: 435-783-5781

PRESIDING OFFICIAL &
CONTACT PERSON:

John Feild, President
4877 North Wooden Shoe Lane
Peoa, Utah 84061
Telephone: 435-783-5613
Mobile: 435-300-4939

CONSULTING ENGINEER:

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TREASURER/RECORDER:

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ATTORNEY:

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201 South Main Street, Suite 1300
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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Woodenshoe Water Company
 COUNTY: Summit
 PROJECT DESCRIPTION: Water line replacement and new meters

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	47	NO. OF CONNECTIONS:	19 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$54.00 *			PROJECT TOTAL:	\$413,292
CURRENT % OF AGI:	1.80%	FINANCIAL PTS:	61	LOAN AMOUNT:	\$207,000
ESTIMATED MEDIAN AGI:	\$35,933			PRINC. FORGIVENESS:	\$206,292
STATE AGI:	\$40,489			TOTAL REQUEST:	\$413,292
SYSTEM % OF STATE AGI:	89%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.20%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.20%		0.00%
REQUIRED DEBT SERVICE:	\$6,900.00	\$12,263.22		\$6,900.00
*PARTIAL COVERAGE (15%):	\$1,035.00	\$1,839.48		\$1,035.00
*ADD. COVERAGE AND RESERVE (10%):	\$690.00	\$1,226.32		\$690.00
ANNUAL NEW DEBT PER CONNECTION:	\$453.95	\$806.79		\$453.95
O & M + FUNDED DEPRECIATION:	\$2,280.00	\$2,280.00		\$2,280.00
OTHER DEBT + COVERAGE:	\$9,735.00	\$9,735.00		\$9,735.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$632.37	\$632.37		\$632.37
TOTAL SYSTEM EXPENSES	\$20,640.00	\$27,344.02		\$20,640.00
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$90.53	\$119.93		\$90.53
% OF ADJUSTED GROSS INCOME:	3.02%	4.01%		3.02%

* Equivalent Residential Connections

R309-700-5

Woodenshoe Water Company
Summit
October 1, 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	
F. \$5,001 to \$10,000	1	
G. Over \$10,000	0	X
	\$21,752	
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	
	89%	
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	X
b. 2.01 to 2.50% of local median AGI	12	
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	
	3.02%	
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	61	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Woodenshoe Water Company

PROPOSED BOND REPAYMENT SCHEDULE

50 % Loan & 50 % P.F.

PRINCIPAL	\$207,000.00	ANTICIPATED CLOSING DATE	01-Dec-15
INTEREST	0.00%	P&I PAYMT DUE	01-Jan-17
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$6,900.00	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2014	\$207,000.00		\$0.00 *	\$0.00	\$0.00	\$207,000.00	0
2015	\$207,000.00		\$7,000.00	\$7,000.00	\$0.00	\$200,000.00	1
2016	\$200,000.00		\$7,000.00	\$7,000.00	\$0.00	\$193,000.00	2
2017	\$193,000.00		\$7,000.00	\$7,000.00	\$0.00	\$186,000.00	3
2018	\$186,000.00		\$7,000.00	\$7,000.00	\$0.00	\$179,000.00	4
2019	\$179,000.00		\$7,000.00	\$7,000.00	\$0.00	\$172,000.00	5
2020	\$172,000.00		\$7,000.00	\$7,000.00	\$0.00	\$165,000.00	6
2021	\$165,000.00		\$7,000.00	\$7,000.00	\$0.00	\$158,000.00	7
2022	\$158,000.00		\$7,000.00	\$7,000.00	\$0.00	\$151,000.00	8
2023	\$151,000.00		\$7,000.00	\$7,000.00	\$0.00	\$144,000.00	9
2024	\$144,000.00		\$7,000.00	\$7,000.00	\$0.00	\$137,000.00	10
2025	\$137,000.00		\$7,000.00	\$7,000.00	\$0.00	\$130,000.00	11
2026	\$130,000.00		\$7,000.00	\$7,000.00	\$0.00	\$123,000.00	12
2027	\$123,000.00		\$7,000.00	\$7,000.00	\$0.00	\$116,000.00	13
2028	\$116,000.00		\$7,000.00	\$7,000.00	\$0.00	\$109,000.00	14
2029	\$109,000.00		\$7,000.00	\$7,000.00	\$0.00	\$102,000.00	15
2030	\$102,000.00		\$7,000.00	\$7,000.00	\$0.00	\$95,000.00	16
2031	\$95,000.00		\$7,000.00	\$7,000.00	\$0.00	\$88,000.00	17
2032	\$88,000.00		\$7,000.00	\$7,000.00	\$0.00	\$81,000.00	18
2033	\$81,000.00		\$7,000.00	\$7,000.00	\$0.00	\$74,000.00	19
2034	\$74,000.00		\$7,000.00	\$7,000.00	\$0.00	\$67,000.00	20
2035	\$67,000.00		\$7,000.00	\$7,000.00	\$0.00	\$60,000.00	21
2036	\$60,000.00		\$7,000.00	\$7,000.00	\$0.00	\$53,000.00	22
2037	\$53,000.00		\$7,000.00	\$7,000.00	\$0.00	\$46,000.00	23
2038	\$46,000.00		\$7,000.00	\$7,000.00	\$0.00	\$39,000.00	24
2039	\$39,000.00		\$7,000.00	\$7,000.00	\$0.00	\$32,000.00	25
2040	\$32,000.00		\$6,000.00	\$6,000.00	\$0.00	\$26,000.00	26
2041	\$26,000.00		\$7,000.00	\$7,000.00	\$0.00	\$19,000.00	27
2042	\$19,000.00		\$6,000.00	\$6,000.00	\$0.00	\$13,000.00	28
2043	\$13,000.00		\$7,000.00	\$7,000.00	\$0.00	\$6,000.00	29
2044	\$6,000.00		\$6,000.00	\$6,000.00	\$0.00	\$0.00	30
			\$207,000.00	\$207,000.00	\$0.00		

*Interest Only Payment

Woodenshoe Water Company

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	206,292
DWB Loan Amount:	\$	207,000
DWB Loan Term:		30
DWB Loan Interest:		0.00%
DWB Loan Payment:	\$	6,900

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	413,292
Existing Facility O&M Expense:	\$	2,280
Proposed Facility O&M Expense:	\$	2,280
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	7,788

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		19
Projected Growth Rate:		3.2%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	54.00
Needed Average Monthly User Charge:	\$	90.53

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	3.2%	1	19	12,312	-	-	12,312	-	-	207,000	-	-	7,788	2,280	10,068	-
1	3.2%	1	20	21,726	-	-	21,726	7,000	690	200,000	7,000	-	7,788	2,280	17,758	1.32
2	3.2%	0	20	21,726	-	-	21,726	7,000	690	193,000	7,000	-	7,788	2,303	17,781	1.31
3	3.2%	1	21	22,813	-	-	22,813	7,000	690	186,000	7,000	-	7,788	2,326	17,804	1.39
4	3.2%	1	22	23,899	-	-	23,899	7,000	690	179,000	7,000	-	7,788	2,349	17,827	1.46
5	3.2%	0	22	23,899	-	-	23,899	7,000	690	172,000	7,000	-	7,788	2,373	17,851	1.46
6	3.2%	1	23	24,985	-	-	24,985	7,000	690	165,000	7,000	-	7,788	2,396	17,874	1.53
7	3.2%	1	24	26,072	-	-	26,072	7,000	690	158,000	7,000	-	7,788	2,420	17,898	1.60
8	3.2%	0	24	26,072	-	-	26,072	7,000	690	151,000	7,000	-	7,788	2,444	17,922	1.60
9	3.2%	1	25	27,158	-	-	27,158	7,000	690	144,000	7,000	-	7,788	2,469	17,947	1.67
10	3.2%	1	26	28,244	-	-	28,244	7,000	690	137,000	7,000	-	7,788	2,494	17,972	1.74
11	3.2%	1	27	29,331	-	-	29,331	7,000	690	130,000	7,000	-	7,788	2,519	17,307	1.81
12	3.2%	1	28	30,417	-	-	30,417	7,000	690	123,000	7,000	-	7,788	2,544	17,332	1.88
13	3.2%	1	29	31,503	-	-	31,503	7,000	690	116,000	7,000	-	7,788	2,569	17,357	1.96
14	3.2%	1	30	32,589	-	-	32,589	7,000	690	109,000	7,000	-	7,788	2,595	17,383	2.03
15	3.2%	0	30	32,589	-	-	32,589	7,000	690	102,000	7,000	-	7,788	2,621	17,409	2.03
16	3.2%	1	31	33,676	-	-	33,676	7,000	690	95,000	7,000	-	7,788	2,647	17,435	2.10
17	3.2%	1	32	34,762	-	-	34,762	7,000	690	88,000	7,000	-	7,788	2,673	17,461	2.17
18	3.2%	1	33	35,848	-	-	35,848	6,000	690	82,000	6,000	-	7,788	2,700	16,488	2.40
19	3.2%	2	35	38,021	-	-	38,021	7,000	690	75,000	7,000	-	7,788	2,727	17,515	2.39
20	3.2%	1	36	39,107	-	-	39,107	6,000	690	69,000	6,000	-	7,788	2,754	16,542	2.64

Total Paid in Debt Service = 138,000 -

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Woodenshoe Water Company
 COUNTY: Summit
 PROJECT DESCRIPTION: Water line replacement and new meters

FUNDING SOURCE: Federal SRF

0 % Loan & 100 % P.F.

ESTIMATED POPULATION:	47	NO. OF CONNECTIONS:	19 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$54.00 *			PROJECT TOTAL:	\$413,292
CURRENT % OF AGI:	1.80%	FINANCIAL PTS:	53	LOAN AMOUNT:	\$0
ESTIMATED MEDIAN AGI:	\$35,933			PRINC. FORGIVENESS:	\$413,292
STATE AGI:	\$40,489			TOTAL REQUEST:	\$413,292
SYSTEM % OF STATE AGI:	89%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.20%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.20%		0.00%
REQUIRED DEBT SERVICE:	\$0.00	\$0.00		\$0.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$0.00	\$0.00		\$0.00
ANNUAL NEW DEBT PER CONNECTION:	\$0.00	\$0.00		\$0.00
O & M + FUNDED DEPRECIATION:	\$2,280.00	\$2,280.00		\$2,280.00
OTHER DEBT + COVERAGE:	\$9,735.00	\$9,735.00		\$9,735.00
REPLACEMENT RESERVE ACCOUNT:	\$503.40	\$503.40		\$503.40
ANNUAL EXPENSES PER CONNECTION:	\$658.86	\$658.86		\$658.86
TOTAL SYSTEM EXPENSES	\$12,518.40	\$12,518.40		\$12,518.40
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$54.91	\$54.91		\$54.91
% OF ADJUSTED GROSS INCOME:	1.83%	1.83%		1.83%

* Equivalent Residential Connections