

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN

APPLICANT'S REQUEST:

Sheep Creek Cove HOA is requesting \$90,000 in financial assistance to construct a new point of diversion for their water source. The project includes a shallow well, filtration, chlorination, and a backup generator. Sheep Creek Cove HOA scored 6 points on the priority system.

STAFF COMMENTS:

Sheep Creek Cove HOA is classified as a transient, non-community system. They are a cabin-home subdivision, with no primary residents. Their current source of water, the Wilson (Gibbs) Spring, does not provide adequate flow throughout the year, so the water system has received an approval for a change of diversion on their water source. They plan to install a 20-foot deep well in a stream bed as the new diversion point. Since this will be classified as surface water, the project also includes filtration, disinfection and monitoring equipment. Additionally, the water system plans to install a backup generator.

Since this is a secondary home subdivision, the Sheep Creek Cove HOA does not qualify for additional subsidization. As in previous projects authorized by the Drinking Water Board, the interest / fee will be 90% of the market rate of 5.35%, resulting in a 4.82% interest or fee rate.

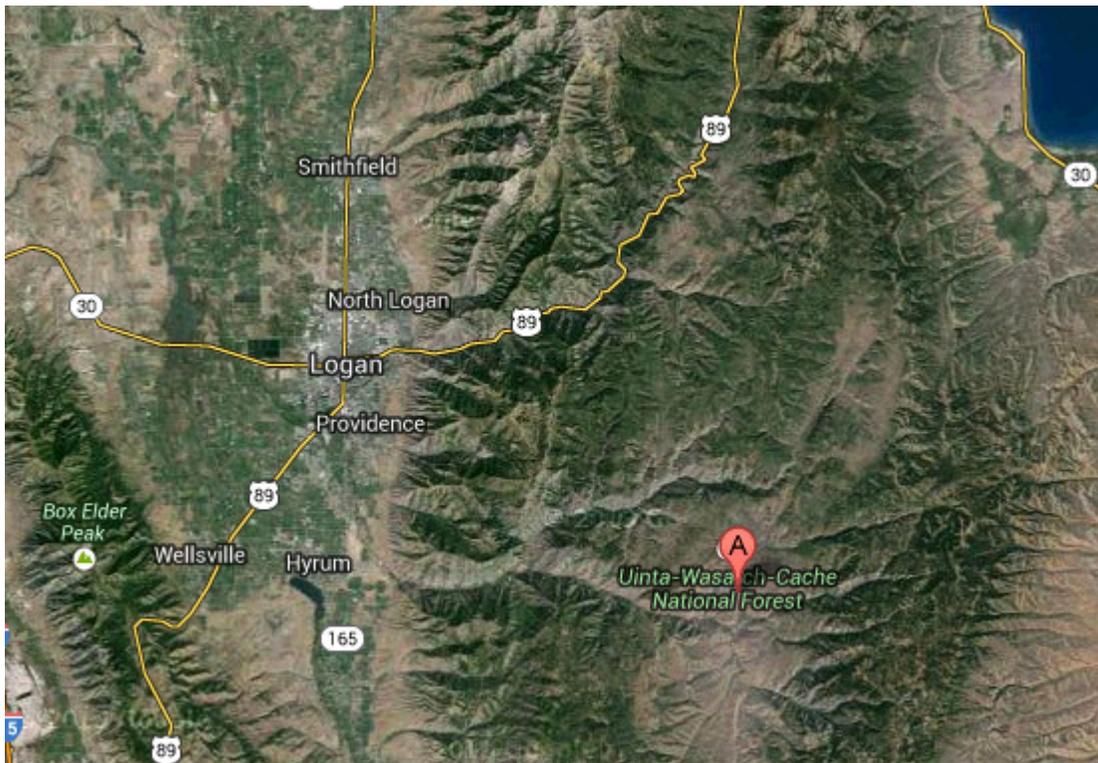
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a \$90,000 construction loan to Sheep Creek Cove HOA at 4.82% annual interest or fee for 20 years.

APPLICANT'S LOCATION:

Sheep Creek Cove HOA is located in Cache County, approximately six miles south of Hardware Ranch near Hyrum.

MAP OF APPLICANT'S LOCATION:



IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	November 2013
DWB Funding Authorization:	January 2014
Complete Design:	February 2014
Plan Approval:	March 2014
Advertise for Bids:	April 2014
Bid Opening:	May 2014
Loan Closing:	June 2014
Begin Construction:	July 2014
Complete Construction:	November 2014
Receive Operating Permit:	January 2015

COST ESTIMATE:

Admin / Legal	\$10,000
Engineering	\$20,000
Construction- Treatment Facility	\$25,000
Construction- Backup Generator	\$26,000
Contingency	\$8,000
Loan Origination Fee	\$890
Total Project Cost:	\$89,890

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	\$90,000	100%

CONTACT INFORMATION:

APPLICANT:

Sheep Creek Cove HOA
4602 W. 4950 S.
Hooper, UT 84315
Telephone: 801-985-2437

**PRESIDING OFFICIAL &
CONTACT PERSON:**

David Prevedel - Director
4602 W. 4950 S.
Hooper, UT 84315
Telephone: 801-985-2437
Email: gprevedel@msn.com

CONSULTING ENGINEER:

Kris Blauer
Earth Fax
7324 South Union Park Ave.
Midvale, UT 84047
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ATTORNEY:

Jonathan Nash
Hillyard, Anderson, and Olsen Law Office
595 S Riverwoods Pkwy, Ste 100
Logan, UT 84321

FACILITIES CONSULTANT:

Mike Zimmerman
Mike Zimmerman Well Service, LLC
PO Box 8
Magna, UT 84044
Telephone: 801-250-1400
Email: zdrillerteam@yahoo.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Sheep Creek Cove HOA
 COUNTY: Cache
 PROJECT DESCRIPTION: New Source and Treatment

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	180	NO. OF CONNECTIONS:	60 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$5.00 *			PROJECT TOTAL:	\$90,000
CURRENT % OF AGI:	0.16%	FINANCIAL PTS:	20	LOAN AMOUNT:	\$90,000
ESTIMATED MEDIAN AGI:	\$37,718			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$37,718			TOTAL REQUEST:	\$90,000
SYSTEM % OF STATE AGI:	100%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.35%		AFTER REPAYMENT PENALTY & POINTS 4.82%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.35%		4.82%
REQUIRED DEBT SERVICE:	\$4,500.00	\$7,437.69		\$7,108.98
*PARTIAL COVERAGE (15%):	\$675.00	\$1,115.65		\$1,066.35
*ADD. COVERAGE AND RESERVE (10%):	\$450.00	\$743.77		\$710.90
ANNUAL NEW DEBT PER CONNECTION:	\$93.75	\$154.95		\$148.10
O & M + FUNDED DEPRECIATION:	\$3,600.00	\$3,600.00		\$3,600.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$60.00	\$60.00		\$60.00
TOTAL SYSTEM EXPENSES	\$9,225.00	\$12,897.12		\$12,486.23
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$12.81	\$17.91		\$17.75
% OF ADJUSTED GROSS INCOME:	0.41%	0.57%		0.56%

* Equivalent Residential Connections

R309-700-5

Sheep Creek Cove HOA
Cache
November 26, 2013

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	X
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	
	\$1,500	
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	X
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	
	100%	
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	
d. 1.01 to 1.50% of local median AGI	3	
e. 0 to 1.00% of local median AGI	0	X
	0.55%	
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	
D. Has a rate structure encouraging conservation	6	
TOTAL POINTS FOR FINANCIAL NEED	20	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Sheep Creek Cove HOA

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$90,000.00	ANTICIPATED CLOSING DATE	30-May-14
INTEREST	4.82%	P&I PAYMT DUE	01-Jan-15
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$7,108.98	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2015	\$90,000.00		\$2,539.91 *	\$0.00	\$2,539.91	\$90,000.00	0
2016	\$90,000.00		\$7,333.50	\$3,000.00	\$4,333.50	\$87,000.00	1
2017	\$87,000.00		\$7,189.05	\$3,000.00	\$4,189.05	\$84,000.00	2
2018	\$84,000.00		\$7,044.60	\$3,000.00	\$4,044.60	\$81,000.00	3
2019	\$81,000.00		\$6,900.15	\$3,000.00	\$3,900.15	\$78,000.00	4
2020	\$78,000.00		\$6,755.70	\$3,000.00	\$3,755.70	\$75,000.00	5
2021	\$75,000.00		\$7,611.25	\$4,000.00	\$3,611.25	\$71,000.00	6
2022	\$71,000.00		\$7,418.65	\$4,000.00	\$3,418.65	\$67,000.00	7
2023	\$67,000.00		\$7,226.05	\$4,000.00	\$3,226.05	\$63,000.00	8
2024	\$63,000.00		\$7,033.45	\$4,000.00	\$3,033.45	\$59,000.00	9
2025	\$59,000.00		\$6,840.85	\$4,000.00	\$2,840.85	\$55,000.00	10
2026	\$55,000.00		\$6,648.25	\$4,000.00	\$2,648.25	\$51,000.00	11
2027	\$51,000.00		\$7,455.65	\$5,000.00	\$2,455.65	\$46,000.00	12
2028	\$46,000.00		\$7,214.90	\$5,000.00	\$2,214.90	\$41,000.00	13
2029	\$41,000.00		\$6,974.15	\$5,000.00	\$1,974.15	\$36,000.00	14
2030	\$36,000.00		\$6,733.40	\$5,000.00	\$1,733.40	\$31,000.00	15
2031	\$31,000.00		\$7,492.65	\$6,000.00	\$1,492.65	\$25,000.00	16
2032	\$25,000.00		\$7,203.75	\$6,000.00	\$1,203.75	\$19,000.00	17
2033	\$19,000.00		\$6,914.85	\$6,000.00	\$914.85	\$13,000.00	18
2034	\$13,000.00		\$6,625.95	\$6,000.00	\$625.95	\$7,000.00	19
2035	\$7,000.00		\$7,337.05	\$7,000.00	\$337.05	\$0.00	20
			\$144,493.76	\$90,000.00	\$54,493.76		

*Interest Only Payment

Sheep Creek Cove HOA

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	90,000
DWB Loan Term:		20
DWB Loan Interest:		4.82%
DWB Loan Payment:	\$	7,109

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	90,900
Existing Facility O&M Expense:	\$	3,600
Proposed Facility O&M Expense:	\$	3,600
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	-

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		60
Projected Growth Rate:		0.0%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	5.00
Needed Average Monthly User Charge:	\$	17.75

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	0.0%	0	60	3,600	-	-	3,600	-	-	90,000	-	-	-	3,600	3,600	-
1	0.0%	0	60	12,780	-	-	12,780	7,334	711	87,000	3,000	4,334	-	3,600	11,644	1.25
2	0.0%	0	60	12,780	-	-	12,780	7,189	711	84,000	3,000	4,189	-	3,636	11,536	1.27
3	0.0%	0	60	12,780	-	-	12,780	7,045	711	81,000	3,000	4,045	-	3,672	11,428	1.29
4	0.0%	0	60	12,780	-	-	12,780	6,900	711	78,000	3,000	3,900	-	3,709	11,320	1.31
5	0.0%	0	60	12,780	-	-	12,780	6,756	711	75,000	3,000	3,756	-	3,746	11,213	1.34
6	0.0%	0	60	12,780	-	-	12,780	7,611	711	71,000	4,000	3,611	-	3,784	12,106	1.18
7	0.0%	0	60	12,780	-	-	12,780	7,419	711	67,000	4,000	3,419	-	3,821	11,951	1.21
8	0.0%	0	60	12,780	-	-	12,780	7,226	711	63,000	4,000	3,226	-	3,860	11,797	1.23
9	0.0%	0	60	12,780	-	-	12,780	7,033	711	59,000	4,000	3,033	-	3,898	11,643	1.26
10	0.0%	0	60	12,780	-	-	12,780	6,841	711	55,000	4,000	2,841	-	3,937	11,489	1.29
11	0.0%	0	60	12,780	-	-	12,780	6,648		51,000	4,000	2,648	-	3,977	10,625	1.32
12	0.0%	0	60	12,780	-	-	12,780	7,456		46,000	5,000	2,456	-	4,016	11,472	1.18
13	0.0%	0	60	12,780	-	-	12,780	7,215		41,000	5,000	2,215	-	4,057	11,271	1.21
14	0.0%	0	60	12,780	-	-	12,780	6,974		36,000	5,000	1,974	-	4,097	11,071	1.25
15	0.0%	0	60	12,780	-	-	12,780	6,733		31,000	5,000	1,733	-	4,138	10,872	1.28
16	0.0%	0	60	12,780	-	-	12,780	7,493		25,000	6,000	1,493	-	4,179	11,672	1.15
17	0.0%	0	60	12,780	-	-	12,780	7,204		19,000	6,000	1,204	-	4,221	11,425	1.19
18	0.0%	0	60	12,780	-	-	12,780	6,915		13,000	6,000	915	-	4,263	11,178	1.23
19	0.0%	0	60	12,780	-	-	12,780	6,626		7,000	6,000	626	-	4,306	10,932	1.28
20	0.0%	0	60	12,780	-	-	12,780	7,337		-	7,000	337	-	4,349	11,686	1.15

Total Paid in Debt Service = 90,000 51,954

Utah Department of Environmental Quality Division of Drinking Water Public Water System IPS Report

UTAH03063 SHEEP CREEK COVE

Run Date:
12/04/2013 11:52 am

PWS ID: UTAH03063 **Name:** SHEEP CREEK COVE
Legal Contact: PREVEDEL, DAVID A
 DAVID A PREVEDEL
Address: 4602 W. 4950 S.
 HOOPER, UT 84315
Phone Number: 801-985-2437
City Served (Area):
County: CACHE COUNTY

Rating: Approved
Rating Date: 07/14/2003
Activity Status: A

Consumptive Use Zone
 Irrigation Zone Number: 2 02/15/2013

System Type: Non-community

Last Inv Update: 06/05/2012
Last Snty Srv Dt: 10/24/2011
Surveyor: DONALD K LORE
Oper Period: 5/1 to 10/31

Population: 73

Total IPS Points: -10 **Rating Date:** 07/14/2003 **Rating:** Approved

Admin & Physical Facilities: -10
*** Quality & Monitoring Violations:** 0
Operator Certification: 0

* Total Admin & Physical Facilities demerit points may not agree with the detail section. The detail section shows all 'open' physical deficiencies; the Total Admin & Physical Facilities value adjusts for duplicate deficiencies

Physical Facility, Administrative, & Source Protection Deficiencies from Site Visits

Facility	Code	Description	Activity Status	Severity	Date Determined	Point Not Effective	Point Effective
	M001	CURRENT EMERGENCY RESPONSE PROGRAM					
		SHEEP CREEK COVE HAS DEVELOP AN EMERGENCY RESPONSE PLAN	REC		5/12/2005		-10

Total Admin & Physical Facility Deficiency -10

Operator Certification Points

Level Required	Distribution	Treatment	Total Points
Highest Certificate on Record	0	0	0