

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

APPLICANT'S REQUEST:

Woods Cross City Water System is requesting an additional \$344,000 in funding due to the construction bids coming in over the estimated amount.

STAFF COMMENTS:

On July 12, 2013, The Drinking Water Board authorized Woods Cross City Water System a \$4,156,000 construction loan at 0% for 20 years. Their project consists of constructing a new water treatment facility for PCE / TCE removal, which includes the necessary infrastructure to connect the treatment plant to the water system.

The project budget is summarized in the table below:

Cost	Original	Revised
Non-Construction	\$727,000	\$622,593
Construction	\$3,362,000	\$4,151,663
Contingency	\$430,000 (9.5%)	\$207,583 (5%)
Total	\$4,519,000	\$4,981,593

Although, Staff is not comfortable with only 5% contingency, Woods Cross is confident with the proposed budget, and understands that they will be liable for any additional costs. For the parameters resolution, a bond of \$4,500,000 was approved, so by increasing the funding amount by \$344,000 to a total of \$4,500,000, Woods Cross will be able to proceed with their project without having to approve a new bond parameters resolution. For additional information, please see the attached letter and proposed budget from Woods Cross.

Additionally, the contribution from Woods Cross would increase from \$403,000 to \$481,593.

STAFF RECOMMENATION:

The Drinking Water Board authorize an increase of \$344,000 in funding to Woods Cross City to a total funding of \$4,500,000 at 0% interest for 20 years.

CONTACT INFORMATION:

APPLICANT: Woods Cross City Corporation
1555 South 800 West
Woods Cross, UT 84087
801-292-4421

PRESIDING OFFICIAL &
CONTACT PERSON: Gary Uresk, City Administrator
1555 South 800 West
Woods Cross, UT 84087
801-292-4421

CONSULTING ENGINEER: Greg Seegmiller
J.U.B. Engineers. Inc.
466 North 900 West
Kaysville, UT 84037
801-756-0309

CITY ATTORNEY: Michael Mazuran
Mazuran & Hayes
2118 East 3900 South, Ste B300
Salt Lake City, UT 84124
801-272-8998

BOND ATTORNEY: Randy Larsen
Ballard Spahr Andrew & Ingersoll
201 South Main, Ste 600
Salt Lake City, UT 84111
801-531-3079

FINANCIAL CONSULTANT: Johnathan Ward
Zions Bank Public Finance
One South Main, 18th Floor
Salt Lake City, UT 84111
801-844-7379

**06021 Woods Cross
Compliance Report
June 19, 2013**

Administration:

No Issues

Operator Certification:

No Issues

Bacteriological Information:

Possible monitoring violation (DBP)

Chemical Monitoring:

No Issues

Lead/Copper:

No Issues

Consumer Confidence Report:

No Issues

Physical Facilities:

No Issues

Drinking Water Source Protection:

Woods Cross is in compliance with all source protection requirements as of this date.

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Woods Cross
 COUNTY: Davis
 PROJECT DESCRIPTION: Water Treatment Plant

FUNDING SOURCE: Federal SRF

ORIGINAL REQUEST

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	9,932	NO. OF CONNECTIONS:	4209 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$34.13 *			PROJECT TOTAL:	\$4,559,000
CURRENT % OF AGI:	0.85%	FINANCIAL PTS:	37	LOAN AMOUNT:	\$4,156,000
ESTIMATED MEDIAN AGI:	\$48,410			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$37,718			TOTAL REQUEST:	\$4,156,000
SYSTEM % OF STATE AGI:	128%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<u>SYSTEM</u>	0%	4.33%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.33%		0.00%
REQUIRED DEBT SERVICE:	\$207,800.00	\$314,808.19		\$207,800.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$20,780.00	\$31,480.82		\$20,780.00
ANNUAL NEW DEBT PER CONNECTION:	\$54.31	\$82.27		\$54.31
O & M + FUNDED DEPRECIATION:	\$631,400.00	\$631,400.00		\$631,400.00
OTHER DEBT + COVERAGE:	\$505,161.25	\$505,161.25		\$505,161.25
REPLACEMENT RESERVE ACCOUNT:	\$62,166.45	\$67,516.86		\$62,166.45
ANNUAL EXPENSES PER CONNECTION:	\$284.80	\$286.07		\$284.80
TOTAL SYSTEM EXPENSES	\$1,427,307.70	\$1,550,367.12		\$1,427,307.70
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$43.43	\$45.86		\$43.43
% OF ADJUSTED GROSS INCOME:	1.08%	1.14%		1.08%

* Equivalent Residential Connections

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Woods Cross
 COUNTY: Davis
 PROJECT DESCRIPTION: Water Treatment Plant

FUNDING SOURCE: Federal SRF

POST-BID REQUEST

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	9,932	NO. OF CONNECTIONS:	4209 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$34.13 *			PROJECT TOTAL:	\$4,981,839
CURRENT % OF AGI:	0.85%	FINANCIAL PTS:	37	LOAN AMOUNT:	\$4,500,000
ESTIMATED MEDIAN AGI:	\$48,410			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$37,718			TOTAL REQUEST:	\$4,500,000
SYSTEM % OF STATE AGI:	128%				

	@ ZERO % RATE	@ RBBI MKT RATE		AFTER REPAYMENT PENALTY & POINTS
<u>SYSTEM</u>	0%	4.33%		0.00%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.33%		0.00%
REQUIRED DEBT SERVICE:	\$225,000.00	\$340,865.46		\$225,000.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$22,500.00	\$34,086.55		\$22,500.00
ANNUAL NEW DEBT PER CONNECTION:	\$58.80	\$89.08		\$58.80
O & M + FUNDED DEPRECIATION:	\$631,400.00	\$631,400.00		\$631,400.00
OTHER DEBT + COVERAGE:	\$505,161.25	\$505,161.25		\$505,161.25
REPLACEMENT RESERVE ACCOUNT:	\$63,026.45	\$68,819.72		\$63,026.45
ANNUAL EXPENSES PER CONNECTION:	\$285.01	\$286.38		\$285.01
TOTAL SYSTEM EXPENSES	\$1,447,087.70	\$1,580,332.98		\$1,447,087.70
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$43.82	\$46.46		\$43.82
% OF ADJUSTED GROSS INCOME:	1.09%	1.15%		1.09%

* Equivalent Residential Connections

Woods Cross

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$4,500,000.00	ANTICIPATED CLOSING DATE	03-Sep-13
INTEREST	0.00%	P&I PAYMT DUE	01-Sep-14
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$225,000.00	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2014	\$4,500,000.00		\$0.00 *	\$0.00	\$0.00	\$4,500,000.00	0
2015	\$4,500,000.00		\$110,000.00	\$110,000.00	\$0.00	\$4,390,000.00	1
2016	\$4,390,000.00		\$110,000.00	\$110,000.00	\$0.00	\$4,280,000.00	2
2017	\$4,280,000.00		\$110,000.00	\$110,000.00	\$0.00	\$4,170,000.00	3
2018	\$4,170,000.00		\$110,000.00	\$110,000.00	\$0.00	\$4,060,000.00	4
2019	\$4,060,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,950,000.00	5
2020	\$3,950,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,840,000.00	6
2021	\$3,840,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,730,000.00	7
2022	\$3,730,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,620,000.00	8
2023	\$3,620,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,510,000.00	9
2024	\$3,510,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,400,000.00	10
2025	\$3,400,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,290,000.00	11
2026	\$3,290,000.00		\$110,000.00	\$110,000.00	\$0.00	\$3,180,000.00	12
2027	\$3,180,000.00		\$397,000.00	\$397,000.00	\$0.00	\$2,783,000.00	13
2028	\$2,783,000.00		\$397,000.00	\$397,000.00	\$0.00	\$2,386,000.00	14
2029	\$2,386,000.00		\$397,000.00	\$397,000.00	\$0.00	\$1,989,000.00	15
2030	\$1,989,000.00		\$397,000.00	\$397,000.00	\$0.00	\$1,592,000.00	16
2031	\$1,592,000.00		\$398,000.00	\$398,000.00	\$0.00	\$1,194,000.00	17
2032	\$1,194,000.00		\$398,000.00	\$398,000.00	\$0.00	\$796,000.00	18
2033	\$796,000.00		\$398,000.00	\$398,000.00	\$0.00	\$398,000.00	19
2034	\$398,000.00		\$398,000.00	\$398,000.00	\$0.00	\$0.00	20
			\$4,500,000.00	\$4,500,000.00	\$0.00		

*Interest Only Payment

Woods Cross

DWB Loan Terms

Local Share (total):	\$	481,839
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	4,500,000
DWB Loan Term:		20
DWB Loan Interest:		0.00%
DWB Loan Payment:	\$	225,000

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	5,026,839
Existing Facility O&M Expense:	\$	561,400
Proposed Facility O&M Expense:	\$	561,400
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	404,129

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		4,209
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	2,123
Current Monthly User Charge:	\$	18.97
Needed Average Monthly User Charge:	\$	28.65

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%	42	4,209	958,000	89,166	-	1,047,166	-	-	4,500,000	-	-	404,129	561,400	965,529	-
1	1.0%	42	4,251	1,461,528	89,166	-	1,550,694	110,000	22,500	4,390,000	110,000	-	404,129	561,400	1,098,029	1.92
2	1.0%	43	4,294	1,476,311	91,289	-	1,567,600	110,000	22,500	4,280,000	110,000	-	404,129	567,014	1,103,643	1.95
3	1.0%	43	4,337	1,491,095	91,289	-	1,582,384	110,000	22,500	4,170,000	110,000	-	404,129	572,684	1,109,313	1.96
4	1.0%	43	4,380	1,505,879	91,289	-	1,597,168	110,000	22,500	4,060,000	110,000	-	404,129	578,411	1,115,040	1.98
5	1.0%	44	4,424	1,521,006	93,412	-	1,614,418	110,000	22,500	3,950,000	110,000	-	404,129	584,195	1,120,824	2.00
6	1.0%	44	4,468	1,536,134	93,412	-	1,629,546	110,000	22,500	3,840,000	110,000	-	404,129	590,037	1,126,666	2.02
7	1.0%	45	4,513	1,551,605	95,535	-	1,647,140	110,000	22,500	3,730,000	110,000	-	404,129	595,937	1,132,566	2.04
8	1.0%	45	4,558	1,567,077	95,535	-	1,662,612	110,000	22,500	3,620,000	110,000	-	404,129	601,897	1,138,526	2.06
9	1.0%	45	4,603	1,582,548	95,535	-	1,678,083	110,000	22,500	3,510,000	110,000	-	404,129	607,916	1,144,545	2.08
10	1.0%	46	4,649	1,598,363	97,658	-	1,696,021	110,000	22,500	3,400,000	110,000	-	404,129	613,995	1,150,624	2.10
11	1.0%	47	4,696	1,614,522	99,781	-	1,714,303	110,000	22,500	3,290,000	110,000	-	404,129	620,135	1,134,264	2.13
12	1.0%	47	4,743	1,630,681	99,781	-	1,730,462	110,000	22,500	3,180,000	110,000	-	404,129	626,336	1,140,465	2.15
13	1.0%	47	4,790	1,646,840	99,781	-	1,746,621	397,000	22,500	2,783,000	397,000	-	404,129	632,600	1,433,729	1.39
14	1.0%	48	4,838	1,663,343	101,904	-	1,765,247	397,000	22,500	2,386,000	397,000	-	404,129	638,926	1,440,055	1.41
15	1.0%	49	4,887	1,680,189	104,027	-	1,784,216	397,000	22,500	1,989,000	397,000	-	404,129	645,315	1,446,444	1.42
16	1.0%	48	4,935	1,696,692	101,904	-	1,798,596	397,000	22,500	1,592,000	397,000	-	404,129	651,768	1,452,897	1.43
17	1.0%	50	4,985	1,713,883	106,150	-	1,820,033	398,000	22,500	1,194,000	398,000	-	404,129	658,286	1,460,415	1.45
18	1.0%	50	5,035	1,731,073	106,150	-	1,837,223	398,000	22,500	796,000	398,000	-	404,129	664,869	1,466,998	1.46
19	1.0%	50	5,085	1,748,263	106,150	-	1,854,413	398,000	22,500	398,000	398,000	-	404,129	671,517	1,473,646	1.47
20	1.0%	51	5,136	1,765,798	108,273	-	1,874,071	398,000	22,500	-	398,000	-	404,129	678,232	1,480,361	1.49

Total Paid in Debt Service = 4,500,000

Woods Cross City



January 24, 2014

Jesse Johnson
Division of Drinking Water
P.O. Box 144830
Salt Lake City, Utah 84114-4830

Dear Jesse,

On Wednesday, January 22nd we opened the bids for the Water Treatment Plant and the associated off site piping project. The bid totals for both projects came in a little over 4 million dollars. The piping project bid was considerably more than was estimated by the engineers.

Please find attached a spreadsheet that shows the anticipated cost of the project which is now just a little short of 5 million dollars. The Drinking Water Board approved a 4.156 million dollar loan which now does not meet the cost of the project due to the increased costs. I would like to request the Drinking Water Board consider increasing the bond amount to 4.5 million to help us cover these increased costs. The parameter resolution adopted by the City Council allows us to bond up to 4.5 million dollars.

We increased our water rates by \$9.00 per month per connection effective January 1, 2014 in anticipation to cover the cost of retiring the bonds and the operating costs of the treatment plant, as well as some needed replacement projects. Since we will not have to make payment on the bond and pay the operating costs during the six month construction period, we estimate we will have approximately \$135,000 to cover any additional costs above those projected for the project. Increasing the bond amount to 4.5 million will meet our needs for this project.

We would like to proceed with the February 6th closing if possible. Any assistance you can provide us in getting Bond approval of the increased amount would be greatly appreciated. If we need to delay the closing to provide the Board time to review our request please let me know and we will plan accordingly.

Sincerely,

Gary Uresk
City Administrator

Enclosure

p.c. Scott Anderson
Greg Seegmiller
Jonathan Ward

Drinking Water Treatment Facility (DWTF) Program Cost Estimates

Updated January 24, 2014 with Bid Results from Bid Opening Held January 22, 2014

Item #	Description	Amount	Comment
1	Offsite Piping	\$ 1,080,851	This is the low bid value from bid opening. Silver Spur Construction.
2	Treatment Facility	\$ 3,057,995	This is the low bid value from bid opening. COP Construction.
3	Owner sourced SCADA system	\$ 12,817	Direct quote from City's SCADA provider
4	Construction Contingency	\$ 207,583	Shown at 5% of low bid construction costs
	<i>Subtotal Construction Costs</i>	\$ 4,359,246	
5	Engineering	\$ 539,593	J-U-B Engineers executed contract for design and CA services
6	Geotechnical	\$ 8,000	Terracon, direct contract with Owner
7	Utility Locator Service	\$ 50,000	UMS, direct contract with Owner
8	Easements	\$ 25,000	Owner secured easement for private parcel
	<i>Subtotal Non-Construction Costs</i>	\$ 622,593	
	Total all Construction and Non-Construction Costs	\$ 4,981,839	