

**DRINKING WATER BOARD
PACKET FOR CONSTRUCTION LOAN**

APPLICANT'S REQUEST:

Taylor-West Weber Water Improvement District (the District) was authorized funding last year for a new well, tank and transmission lines and are currently under construction. Their 50 year old existing well has had sand issues and has recently caved in, so the district is in immediate need of an additional water source. The District is requesting additional funding to drill and equip a new replacement well. The District scored 22.9 points on the project priority list.

The cost of the new well is \$1,497,740 with an additional \$145,744 if American Iron & Steel (AIS) and Davis-Bacon requirements are included (total being \$1,643,514)

STAFF COMMENTS:

The District has a local MAGI of \$31,991, which is approximately 79% of the State's MAGI of \$40,489. Additionally the cost of the project would result in a water bill of \$59.55, which is 2.23% of the local MAGI. Therefore the District qualifies for additional subsidization.

If State funds are utilized, then staff recommends a loan of \$1,198,000 and a grant of \$299,740. If Federal SRF funds are utilized, then it would be a funding package of \$1,643,514 with principle forgiveness of \$329,514 where the repayable amount is \$1,314,000 (equivalent to a loan of \$1,314,000 and a grant of \$329,514). The following tables summarizes the options.

Fund	Loan	Grant	Interest	% MAGI
State	\$1,198,000	\$299,740	1.64%	2.24%
Federal	\$1,314,000	\$329,514	1.64%	2.25%

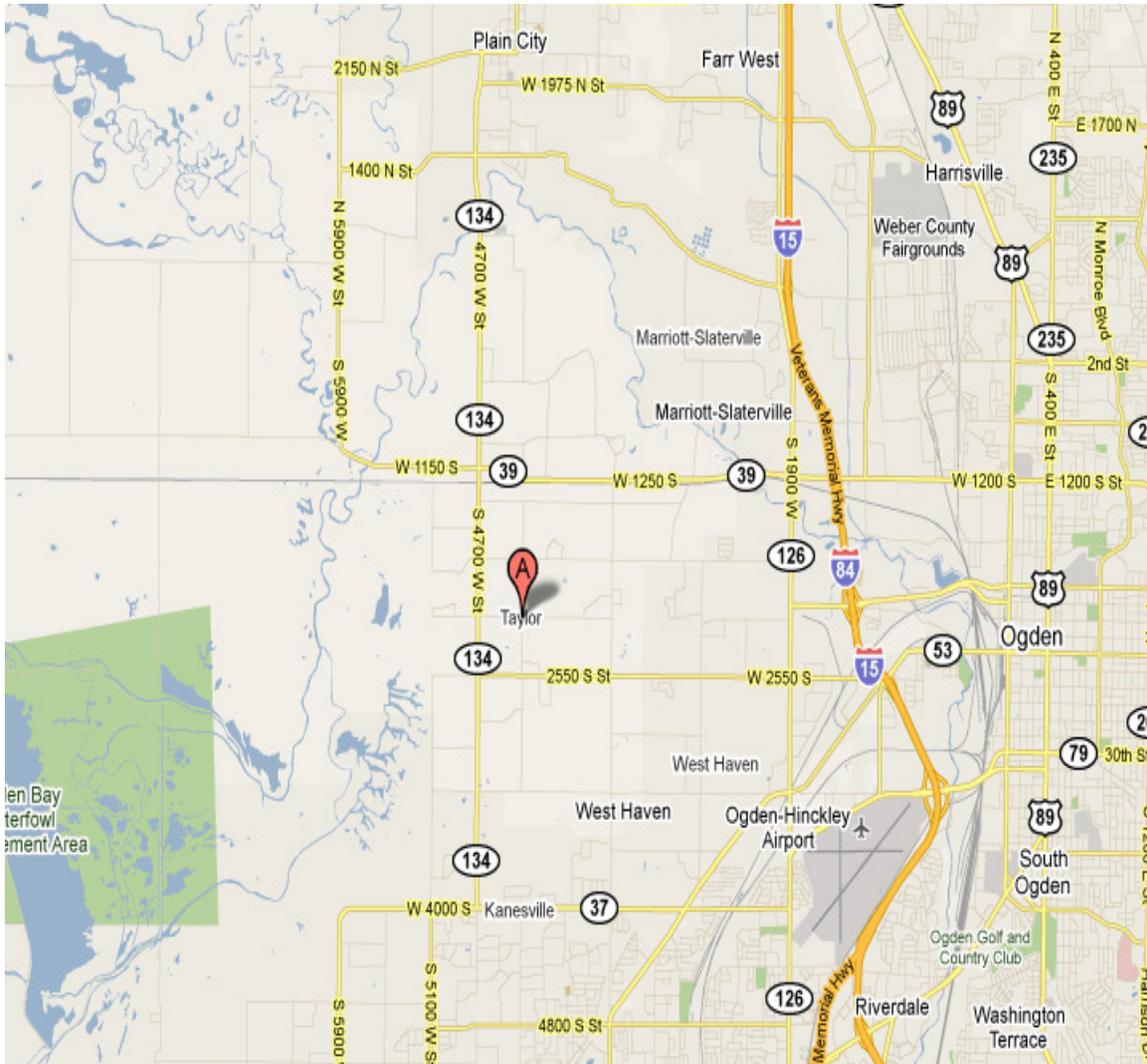
STAFF RECOMMENDATION:

Using State funds, the Drinking Water Board authorize a \$1,198,000 construction loan at 1.64% interest or fee per annum for 30 years with a grant of \$299,740 to the Taylor-West Weber Water Improvement District.

APPLICANT'S LOCATION:

Taylor – West Weber WID is located in Weber County and Serves portions of West Haven, Hooper, and unincorporated portions of Weber county west of I-15

MAP OF APPLICANT'S LOCATION:



PLANNING DESCRIPTION/SCOPE OF WORK:

The District's existing well (drilled about 1965) has had sand issues historically and have become progressively worse. About 10 years ago a new screen was installed. Recently however the well has caved in and the District need a replacement well before summer peak conditions.

IMPLEMENTATION SCHEDULE:

Drinking Water Board Authorization	Dec 2015
Commence Design	Dec 2015
Complete Design	Dec 2015
Receive DDW Plan Approval	Feb 2016
Advertise for Bids	Feb 2016
Bid Opening	Feb 2016
Loan Closing	Mar 2016
Begin Construction	Mar 2016
Complete Construction	May 2016
Receive Operating Permit	Jun 2016

COST ESTIMATE:

Legal	\$40,000
Engineering	\$63,380
Construction (Well)	\$900,000
Construction (Well House)	\$367,600
Contingency (10%)	\$126,760
Total Cost:	<u>\$1,497,740</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:	\$1,198,000	80%
DWB Grant	\$299,740	20%
Total Amount:	<u>\$1,497,740</u>	<u>100%</u>

Taylor-West Weber WID

January 8, 2016

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APPLICANT:

Taylor-West Weber WID
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West Haven, Utah 84401-9791
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Fax: 801-731-7799

PRESIDING OFFICIAL &
CONTACT PERSON:

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West Haven, Utah 84401-9791
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FINANCIAL CONSULTANT:

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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Taylor West Weber WID
 COUNTY: Weber
 PROJECT DESCRIPTION: Tank, Transmission Line, New Well

FUNDING SOURCE: State SRF

80 % Loan & 20 % Grant

ESTIMATED POPULATION:	6,927	NO. OF CONNECTIONS:	2013 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$35.46 *			PROJECT TOTAL:	\$1,497,740
CURRENT % OF AGI:	1.33%	FINANCIAL PTS:	74	LOAN AMOUNT:	\$1,198,000
ESTIMATED MEDIAN AGI:	\$31,991			GRANT AMOUNT:	\$299,740
STATE AGI:	\$40,489			TOTAL REQUEST:	\$1,497,740
SYSTEM % OF STATE AGI:	79%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.39%		AFTER REPAYMENT PENALTY & POINTS 1.64%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.39%		1.64%
REQUIRED DEBT SERVICE:	\$39,933.33	\$72,598.11		\$50,879.35
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$3,993.33	\$7,259.81		\$5,087.93
ANNUAL NEW DEBT PER CONNECTION:	\$21.82	\$39.67		\$27.80
O & M + FUNDED DEPRECIATION:	\$737,452.00	\$737,452.00		\$737,452.00
OTHER DEBT + COVERAGE:	\$583,937.50	\$583,937.50		\$583,937.50
REPLACEMENT RESERVE ACCOUNT:	\$62,226.77	\$63,860.01		\$62,774.07
ANNUAL EXPENSES PER CONNECTION:	\$687.34	\$688.15		\$687.61
TOTAL SYSTEM EXPENSES	\$1,427,542.93	\$1,465,107.43		\$1,440,130.85
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$59.10	\$60.65		\$59.62
% OF ADJUSTED GROSS INCOME:	2.22%	2.28%		2.24%

* Equivalent Residential Connections

R309-700-5

Taylor West Weber WID
Weber
January 14, 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	X
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	
	\$744	
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	X
C. 81 to 95% of State Median AGI	13	
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	
	79%	
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	X
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	
	2.23%	
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	74	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Taylor West Weber WID

PROPOSED BOND REPAYMENT SCHEDULE

80 % Loan & 20 % Grant

PRINCIPAL	\$1,198,000	ANTICIPATED CLOSING DATE	01-Mar-16
INTEREST	1.64%	P&I PAYMT DUE	01-Mar-17
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$50,879.35	GRANT AMOUNT:	\$299,740

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2017	\$1,198,000.00		\$29,470.80 *	\$0.00	\$29,470.80	\$1,198,000.00	0
2018	\$1,198,000.00		\$50,647.20	\$31,000.00	\$19,647.20	\$1,167,000.00	1
2019	\$1,167,000.00		\$51,138.80	\$32,000.00	\$19,138.80	\$1,135,000.00	2
2020	\$1,135,000.00		\$50,614.00	\$32,000.00	\$18,614.00	\$1,103,000.00	3
2021	\$1,103,000.00		\$51,089.20	\$33,000.00	\$18,089.20	\$1,070,000.00	4
2022	\$1,070,000.00		\$50,548.00	\$33,000.00	\$17,548.00	\$1,037,000.00	5
2023	\$1,037,000.00		\$51,006.80	\$34,000.00	\$17,006.80	\$1,003,000.00	6
2024	\$1,003,000.00		\$50,449.20	\$34,000.00	\$16,449.20	\$969,000.00	7
2025	\$969,000.00		\$50,891.60	\$35,000.00	\$15,891.60	\$934,000.00	8
2026	\$934,000.00		\$51,317.60	\$36,000.00	\$15,317.60	\$898,000.00	9
2027	\$898,000.00		\$50,727.20	\$36,000.00	\$14,727.20	\$862,000.00	10
2028	\$862,000.00		\$51,136.80	\$37,000.00	\$14,136.80	\$825,000.00	11
2029	\$825,000.00		\$50,530.00	\$37,000.00	\$13,530.00	\$788,000.00	12
2030	\$788,000.00		\$50,923.20	\$38,000.00	\$12,923.20	\$750,000.00	13
2031	\$750,000.00		\$51,300.00	\$39,000.00	\$12,300.00	\$711,000.00	14
2032	\$711,000.00		\$50,660.40	\$39,000.00	\$11,660.40	\$672,000.00	15
2033	\$672,000.00		\$51,020.80	\$40,000.00	\$11,020.80	\$632,000.00	16
2034	\$632,000.00		\$51,364.80	\$41,000.00	\$10,364.80	\$591,000.00	17
2035	\$591,000.00		\$50,692.40	\$41,000.00	\$9,692.40	\$550,000.00	18
2036	\$550,000.00		\$51,020.00	\$42,000.00	\$9,020.00	\$508,000.00	19
2037	\$508,000.00		\$51,331.20	\$43,000.00	\$8,331.20	\$465,000.00	20
2038	\$465,000.00		\$50,626.00	\$43,000.00	\$7,626.00	\$422,000.00	21
2039	\$422,000.00		\$50,920.80	\$44,000.00	\$6,920.80	\$378,000.00	22
2040	\$378,000.00		\$51,199.20	\$45,000.00	\$6,199.20	\$333,000.00	23
2041	\$333,000.00		\$50,461.20	\$45,000.00	\$5,461.20	\$288,000.00	24
2042	\$288,000.00		\$50,723.20	\$46,000.00	\$4,723.20	\$242,000.00	25
2043	\$242,000.00		\$50,968.80	\$47,000.00	\$3,968.80	\$195,000.00	26
2044	\$195,000.00		\$51,198.00	\$48,000.00	\$3,198.00	\$147,000.00	27
2045	\$147,000.00		\$50,410.80	\$48,000.00	\$2,410.80	\$99,000.00	28
2046	\$99,000.00		\$50,623.60	\$49,000.00	\$1,623.60	\$50,000.00	29
2047	\$50,000.00		\$50,820.00	\$50,000.00	\$820.00	\$0.00	30
			\$1,555,831.60	\$1,198,000.00	\$357,831.60		

*Interest Only Payment

Taylor West Weber WID

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	299,740
DWB Loan Amount:	\$	1,198,000
DWB Loan Term:		30
DWB Loan Interest:		1.64%
DWB Loan Payment:	\$	50,879

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	1,497,740
Existing Facility O&M Expense:	\$	737,452
Proposed Facility O&M Expense:	\$	737,452
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	467,150

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		2,013
Projected Growth Rate:		3.0%
Impact Fee/Connection Fee:	\$	5,228
Current Monthly User Charge:	\$	35.46
Needed Average Monthly User Charge:	\$	59.62

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	3.0%	60	2,013	856,602	313,680	-	1,170,282	-	-	1,198,000	-	-	467,150	737,452	1,204,602	-
1	3.0%	60	2,073	1,483,056	313,680	-	1,796,736	50,647	5,088	1,167,000	31,000	19,647	467,150	737,452	1,260,337	2.05
2	3.0%	63	2,136	1,528,127	329,364	-	1,857,491	51,139	5,088	1,135,000	32,000	19,139	467,150	744,827	1,268,203	2.15
3	3.0%	64	2,200	1,573,913	334,592	-	1,908,505	50,614	5,088	1,103,000	32,000	18,614	467,150	752,275	1,275,127	2.23
4	3.0%	66	2,266	1,621,131	345,048	-	1,966,179	51,089	5,088	1,070,000	33,000	18,089	467,150	759,798	1,283,125	2.33
5	3.0%	68	2,334	1,669,779	355,504	-	2,025,283	50,548	5,088	1,037,000	33,000	17,548	467,150	767,396	1,290,181	2.43
6	3.0%	70	2,404	1,719,858	365,960	-	2,085,818	51,007	5,088	1,003,000	34,000	17,007	467,150	775,069	1,298,314	2.53
7	3.0%	72	2,476	1,771,368	376,416	-	2,147,784	50,449	5,088	969,000	34,000	16,449	467,150	782,820	1,305,507	2.64
8	3.0%	74	2,550	1,824,309	386,872	-	2,211,181	50,892	5,088	934,000	35,000	15,892	467,150	790,648	1,313,778	2.74
9	3.0%	77	2,627	1,879,396	402,556	-	2,281,952	51,318	5,088	898,000	36,000	15,318	467,150	798,555	1,322,110	2.86
10	3.0%	78	2,705	1,935,198	407,784	-	2,342,982	50,727	5,088	862,000	36,000	14,727	467,150	806,540	1,329,506	2.97
11	3.0%	81	2,786	1,993,147	423,468	-	2,416,615	51,137		825,000	37,000	14,137	467,150	814,606	1,332,893	3.09
12	3.0%	84	2,870	2,053,242	439,152	-	2,492,394	50,530		788,000	37,000	13,530	467,150	822,752	1,340,432	3.23
13	3.0%	86	2,956	2,114,767	449,608	-	2,564,375	50,923		750,000	38,000	12,923	467,150	830,979	1,349,053	3.35
14	3.0%	89	3,045	2,178,439	465,292	-	2,643,731	51,300		711,000	39,000	12,300	467,150	839,289	1,357,739	3.48
15	3.0%	91	3,136	2,243,542	475,748	-	2,719,290	50,660		672,000	39,000	11,660	467,150	847,682	1,365,492	3.61
16	3.0%	94	3,230	2,310,791	491,432	-	2,802,223	51,021		632,000	40,000	11,021	467,150	856,159	1,374,330	3.76
17	3.0%	97	3,327	2,380,186	507,116	-	2,887,302	51,365		591,000	41,000	10,365	467,150	864,720	1,383,235	3.90
18	3.0%	100	3,427	2,451,728	522,800	-	2,974,528	50,692		550,000	41,000	9,692	467,150	873,368	1,391,210	4.06
19	3.0%	103	3,530	2,525,416	538,484	-	3,063,900	51,020		508,000	42,000	9,020	467,150	882,101	1,400,271	4.21
20	3.0%	106	3,636	2,601,250	554,168	-	3,155,418	51,331		465,000	43,000	8,331	467,150	890,922	1,409,404	4.37
21	3.0%	109	3,745	2,679,230	569,852	-	3,249,082	50,626		422,000	43,000	7,626	467,150	899,832	1,417,608	4.54
22	3.0%	112	3,857	2,759,357	585,536	-	3,344,893	50,921		378,000	44,000	6,921	467,150	908,830	1,426,901	4.70
23	3.0%	116	3,973	2,842,345	606,448	-	3,448,793	51,199		333,000	45,000	6,199	467,150	917,918	1,436,267	4.88
24	3.0%	119	4,092	2,927,479	622,132	-	3,549,611	50,461		288,000	45,000	5,461	467,150	927,097	1,444,709	5.07
25	3.0%	123	4,215	3,015,475	643,044	-	3,658,519	50,723		242,000	46,000	4,723	467,150	936,368	1,454,242	5.26
26	3.0%	126	4,341	3,105,617	658,728	-	3,764,345	50,969		195,000	47,000	3,969	467,150	945,732	1,463,851	5.44
27	3.0%	130	4,471	3,198,621	679,640	-	3,878,261	51,198		147,000	48,000	3,198	467,150	955,189	1,473,537	5.64
28	3.0%	135	4,606	3,295,203	705,780	-	4,000,983	50,411		99,000	48,000	2,411	467,150	964,741	1,482,302	5.87
29	3.0%	138	4,744	3,393,930	721,464	-	4,115,394	50,624		50,000	49,000	1,624	467,150	974,389	1,492,162	6.07
30	3.0%	142	4,886	3,495,519	742,376	-	4,237,895	50,820		-	50,000	820	467,150	984,133	1,502,103	6.28

Total Paid in Debt Service = 1,198,000 328,361

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Taylor West Weber WID
 COUNTY: Weber
 PROJECT DESCRIPTION: Tank, Transmission Line, New Well

FUNDING SOURCE: Federal SRF

80 % Loan & 20 % P.F.

ESTIMATED POPULATION:	6,927	NO. OF CONNECTIONS:	2013 *	SYSTEM RATING:	APPROVED
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STATE AGI:	\$40,489			TOTAL REQUEST:	\$1,643,514
SYSTEM % OF STATE AGI:	79%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.39%		AFTER REPAYMENT PENALTY & POINTS 1.64%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.39%		1.64%
REQUIRED DEBT SERVICE:	\$43,800.01	\$79,627.66		\$55,805.90
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$4,380.00	\$7,962.77		\$5,580.59
ANNUAL NEW DEBT PER CONNECTION:	\$23.93	\$43.51		\$30.50
O & M + FUNDED DEPRECIATION:	\$737,452.00	\$737,452.00		\$737,452.00
OTHER DEBT + COVERAGE:	\$583,937.50	\$583,937.50		\$583,937.50
REPLACEMENT RESERVE ACCOUNT:	\$62,420.10	\$64,211.48		\$63,020.40
ANNUAL EXPENSES PER CONNECTION:	\$687.44	\$688.33		\$687.73
TOTAL SYSTEM EXPENSES	\$1,431,989.61	\$1,473,191.41		\$1,445,796.39
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$59.28	\$60.99		\$59.85
% OF ADJUSTED GROSS INCOME:	2.22%	2.29%		2.25%

* Equivalent Residential Connections