

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
PRESENTED TO THE DRINKING WATER BOARD**

APPLICANT'S REQUEST

Boulder Farmstead Water Company is requesting additional funding in the amount of \$35,000 from the Drinking Water Board to finish the construction of their 2014 water line project.

STAFF COMMENTS:

On May 9, 2014 the Board authorized a loan of \$2,000,000 with \$1,000,000 principle forgiveness for 30 years at 0.0% interest to Boulder Farmstead for the project. The actual water system components of the project are substantially complete, but there is final grading and road repair work that still needs to be completed, one of the PRV vaults needs a sump pump, and the engineer is requesting additional funding for the remaining construction management.

The cost estimate includes \$10,000 for legal and bonding if the Board authorizes loan, which would require Boulder Farmstead to go through the bonding process for the additional funding. As discussed in the Financial Assistance Committee conference call it is understood that the \$10,000 for legal/bonding should not be needed if the Board authorizes 100% principle forgiveness, but it can be left in the authorized amount as contingency that will only be used if a change order is approved by the Division.

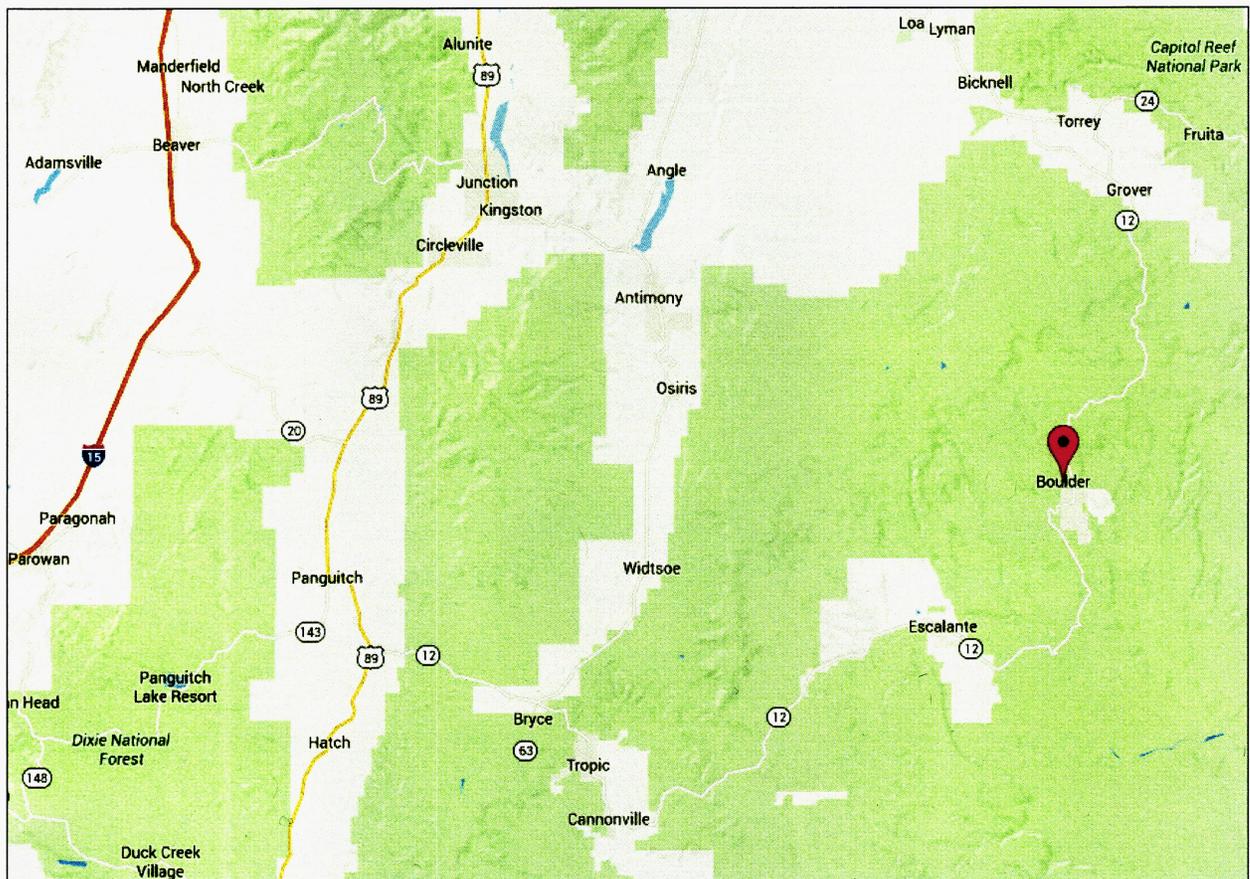
Based on information from the Utah State Tax commission, the 2014 Median Adjusted Gross Income (MAGI) for Boulder Farmstead is \$22,697, which is 54% of the State MAGI of \$41,923. The current average monthly water bill is calculated as \$30.75, which is 1.63% of the local MAGI. The base evaluation returned an interest rate of 2.10% for 20 years and resulted in a water bill of 1.78% of the local MAGI. Therefore, Boulder Farmstead qualifies as a disadvantaged community based on both the local MAGI being less than 80% of the state MAGI and the post project average water bill being more than 1.75% of the local MAGI.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

Drinking Water Board authorize a \$35,000 construction loan with \$35,000 in principle forgiveness to Boulder Farmstead for completion of the 2014 project.

APPLICANT'S LOCATION:

Boulder Farmstead provides drinking water to the community of Boulder, which is located in Garfield County, approximately 20 miles northeast of Escalante.



PROJECT DESCRIPTION:

The additional funding will be used to finish the 2014 project, including gravel and paved road repair, sump pump installation in a PRV vault, construction management, and if needed, legal costs associated with the municipal revenue bonding process.

POPULATION GROWTH:

A growth rate of 1.0% is used to in the population projections.

IMPLEMENTATION SCHEDULE:

Apply to DWB for Funding:	June 2016
DWB Funding Authorization:	Aug 2016
Loan Closing:	Oct 2016
Begin Construction:	Oct 2016
Complete Construction:	July 2017

COST ESTIMATE:

Construction:	\$20,000
Engineering / Const Management:	\$5,000
Legal/Bonding/Admin:	\$10,000
Total Cost:	<hr/> \$35,000

Boulder Farmstead

August 30, 2016

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CONTACT INFORMATION:

APPLICANT:

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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Boulder Farmstead
 COUNTY: Garfield
 PROJECT DESCRIPTION: Additional Funding to finish 2014 Waterline project

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	226	NO. OF CONNECTIONS:	337 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$30.75 *			PROJECT TOTAL:	\$35,000
CURRENT % OF AGI:	1.63%	FINANCIAL PTS:	49	LOAN AMOUNT:	\$35,000
ESTIMATED MEDIAN AGI:	\$22,697			PRINC. FORGIVE.:	\$0
STATE AGI:	\$41,923			TOTAL REQUEST:	\$35,000
SYSTEM % OF STATE AGI:	54%				

	@ ZERO % RATE	@ RBBI MKT RATE	AFTER REPAYMENT PENALTY & POINTS
SYSTEM	0%	3.52%	2.10%
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.52%	2.10%
REQUIRED DEBT SERVICE:	\$1,750.00	\$2,467.10	\$2,161.20
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$175.00	\$246.71	\$216.12
ANNUAL NEW DEBT PER CONNECTION:	\$5.71	\$8.05	\$7.05
O & M + FUNDED DEPRECIATION:	\$43,864.00	\$43,864.00	\$43,864.00
OTHER DEBT + COVERAGE:	\$65,741.25	\$65,741.25	\$65,741.25
REPLACEMENT RESERVE ACCOUNT:	\$4,910.35	\$4,946.20	\$4,930.91
ANNUAL EXPENSES PER CONNECTION:	\$339.81	\$339.92	\$339.87
TOTAL SYSTEM EXPENSES	\$116,440.60	\$117,265.26	\$116,913.48
TAX REVENUE:	\$0.00	\$0.00	\$0.00
RESIDENCE			
MONTHLY NEEDED WATER BILL:	\$33.59	\$33.80	\$33.71
% OF ADJUSTED GROSS INCOME:	1.78%	1.79%	1.78%

* Equivalent Residential Connections

R309-700-5

Boulder Farmstead
Garfield
July 12, 2016

TABLE 2 FINANCIAL CONSIDERATIONS

	POINTS	
1. COST EFFECTIVENESS RATIO (SELECT ONE)		
A. Project cost \$0 to \$500 per benefitting connection	16	X
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	
	\$104	
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)		
A. Less than 70% of State Median AGI	19	X
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	
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	
	54%	
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	
	1.78%	
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	X
TOTAL POINTS FOR FINANCIAL NEED	49	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Boulder Farmstead

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$35,000.00	ANTICIPATED CLOSING DATE	01-Oct-16
INTEREST	2.10%	FIRST P&I PAYMENT DUE	01-Jan-18
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$2,161.20	PRINC. FORGIVE.:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2017	\$35,000.00		\$183.75 *	\$0.00	\$183.75	\$35,000.00	0
2018	\$35,000.00		\$1,735.00	\$1,000.00	\$735.00	\$34,000.00	1
2019	\$34,000.00		\$1,714.00	\$1,000.00	\$714.00	\$33,000.00	2
2020	\$33,000.00		\$2,693.00	\$2,000.00	\$693.00	\$31,000.00	3
2021	\$31,000.00		\$2,651.00	\$2,000.00	\$651.00	\$29,000.00	4
2022	\$29,000.00		\$2,609.00	\$2,000.00	\$609.00	\$27,000.00	5
2023	\$27,000.00		\$2,567.00	\$2,000.00	\$567.00	\$25,000.00	6
2024	\$25,000.00		\$2,525.00	\$2,000.00	\$525.00	\$23,000.00	7
2025	\$23,000.00		\$2,483.00	\$2,000.00	\$483.00	\$21,000.00	8
2026	\$21,000.00		\$2,441.00	\$2,000.00	\$441.00	\$19,000.00	9
2027	\$19,000.00		\$2,399.00	\$2,000.00	\$399.00	\$17,000.00	10
2028	\$17,000.00		\$2,357.00	\$2,000.00	\$357.00	\$15,000.00	11
2029	\$15,000.00		\$2,315.00	\$2,000.00	\$315.00	\$13,000.00	12
2030	\$13,000.00		\$2,273.00	\$2,000.00	\$273.00	\$11,000.00	13
2031	\$11,000.00		\$1,231.00	\$1,000.00	\$231.00	\$10,000.00	14
2032	\$10,000.00		\$2,210.00	\$2,000.00	\$210.00	\$8,000.00	15
2033	\$8,000.00		\$2,168.00	\$2,000.00	\$168.00	\$6,000.00	16
2034	\$6,000.00		\$1,126.00	\$1,000.00	\$126.00	\$5,000.00	17
2035	\$5,000.00		\$2,105.00	\$2,000.00	\$105.00	\$3,000.00	18
2036	\$3,000.00		\$1,063.00	\$1,000.00	\$63.00	\$2,000.00	19
2037	\$2,000.00		\$2,042.00	\$2,000.00	\$42.00	\$0.00	20
			\$42,890.75	\$35,000.00	\$7,890.75		

*Interest Only Payment

Boulder Farmstead

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	35,000
DWB Loan Term:		20
DWB Loan Interest:		2.10%
DWB Loan Payment:	\$	2,161

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	35,000
Existing Facility O&M Expense:	\$	43,864
Proposed Facility O&M Expense:	\$	43,864
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	52,593

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		337
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	25.95
Needed Average Monthly User Charge:	\$	28.91

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%	3	337	104,955	-	-	104,955	-	-	35,000	-	-	52,593	43,864	96,457	-
1	1.0%	3	340	117,954	-	-	117,954	1,735	216	34,000	1,000	735	52,593	43,864	98,408	1.36
2	1.0%	4	344	119,342	-	-	119,342	1,714	216	33,000	1,000	714	52,593	44,303	98,826	1.38
3	1.0%	3	347	120,383	-	-	120,383	2,693	216	31,000	2,000	693	52,593	44,746	100,248	1.37
4	1.0%	4	351	121,770	-	-	121,770	2,651	216	29,000	2,000	651	52,593	45,193	100,653	1.39
5	1.0%	3	354	122,811	-	-	122,811	2,609	216	27,000	2,000	609	52,593	45,645	101,063	1.40
6	1.0%	4	358	124,199	-	-	124,199	2,567	216	25,000	2,000	567	52,593	46,102	101,478	1.42
7	1.0%	3	361	125,240	-	-	125,240	2,525	216	23,000	2,000	525	52,593	46,563	101,897	1.43
8	1.0%	4	365	126,627	-	-	126,627	2,483	216	21,000	2,000	483	52,593	47,028	102,320	1.45
9	1.0%	4	369	128,015	-	-	128,015	2,441	216	19,000	2,000	441	52,593	47,498	102,749	1.46
10	1.0%	3	372	129,056	-	-	129,056	2,399	216	17,000	2,000	399	52,593	47,973	103,182	1.47
11	1.0%	4	376	130,444	-	-	130,444	2,357	216	15,000	2,000	357	52,593	48,453	103,403	1.49
12	1.0%	4	380	131,831	-	-	131,831	2,315	216	13,000	2,000	315	52,593	48,938	103,846	1.51
13	1.0%	4	384	133,219	-	-	133,219	2,273	216	11,000	2,000	273	52,593	49,427	104,293	1.53
14	1.0%	3	387	134,260	-	-	134,260	1,231	216	10,000	1,000	231	52,593	49,921	103,745	1.57
15	1.0%	4	391	135,647	-	-	135,647	2,210	216	8,000	2,000	210	52,593	50,421	105,224	1.56
16	1.0%	4	395	137,035	-	-	137,035	2,168	216	6,000	2,000	168	52,593	50,925	105,686	1.57
17	1.0%	4	399	138,423	-	-	138,423	1,126	216	5,000	1,000	126	52,593	51,434	105,153	1.62
18	1.0%	4	403	139,810	-	-	139,810	2,105	216	3,000	2,000	105	52,593	51,948	106,646	1.61
19	1.0%	4	407	141,198	-	-	141,198	1,063	216	2,000	1,000	63	52,593	52,468	106,124	1.65
20	1.0%	4	411	142,586	-	-	142,586	2,042	216	-	2,000	42	52,593	52,992	107,627	1.64
Total Paid in Debt Service =											35,000	7,707				