

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN

UPDATE:

On February 27, 2014, the Board authorized a loan of \$1,250,000 with \$369,000 principle forgiveness (repayable amount of \$881,000). When bids were opened on June 18, 2014, bids came in over budget.

Keeping the same loan to grant ratio of 30% Principle Forgiveness, it is proposed that the total funding be increased to \$1,438,986 with \$438,986 principle forgiveness (with a repayable amount of \$1,000,000). This scenario allows for 3% in contingency.

NEW STAFF RECOMMENDATION:

The Drinking Water Board authorize a loan of \$1,438,986 with an interest rate of 0% for 30 years with \$438,986 in Principle Forgiveness. The repayable amount would be \$1,000,000. Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION:

Forest Glen A Homeowners Association is located in Salt Lake County near Brighton Ski Resort

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

A Complete rebuild of the water system consisting of redevelopment of the existing spring, installation of new finished water storage tank and approximately 3,000 feet of transmission line to the development. Also replace the existing 40 year old PVC pipe in the development which is subject to freezing. They also plan to install a small solar powered chlorination system using sodium hypochlorite (which has been used in a neighboring system).

POPULATION GROWTH:

The Association is expected to grow very little based on the current circumstances through 2040. Projected populations and number of connections are shown in the table below and taken from the application.

Year	Population	Connections
2013	58	37
2015	60	38
2020	60	38
2025	63	39
2030	63	39
2035	66	40

IMPLEMENTATION SCHEDULE:

FA Committee Conference Call:	Jan 2014
DWB Funding Authorization:	Feb 2014
Complete Design:	May 2014
Plan Approval:	Jun 2014
Advertise for Bids:	Jun 2014
Begin Construction:	Apr 2015
Complete Construction:	Sep 2017
Receive Operating Permit:	Sep 2017

COST ESTIMATE:

Admin	\$15,523
Engineering- Plan, Design, CMS	\$134,340
Construction – Source	\$1,291,653
Contingency	\$38,750
DDW Admin Fee	\$0
Total Project Cost	\$1,480,266

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 (0%, 30-yr)	\$1,000,000	68%
DWB Grant	\$438,986	30%
Self-Contribution	\$41,280	3%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance	\$8,068
Existing DW Debt Service	\$0
DDW Debt Service (0%, 30 yrs):	\$33,333
DDW Debt Reserve (10%):	\$3,333
DDW Coverage (15%):	\$5,000
Replacement Reserve Account (5%):	n/a
Annual Cost/ERC:	\$1,344
Monthly Cost/ERC:	\$112.02
Cost as % MAGI:	2.39%

CONTACT INFORMATION:

APPLICANT:	Forest Glen A Homeowners Association 12491 East Lupine Ridge Brighton, UT 84121 801-209-8333
PRESIDING OFFICIAL & CONTACT PERSON:	Bruce Warren President 12491 East Lupine Ridge Brighton, UT 84121 801-209-8333 forestglena@yahoo.com
CONSULTING ENGINEER:	Chet Hovey Advanced Environmental Engineering 1975 North Main Suite #3 Layton, UT 84041 (801) 733-3155 chovey@ae2eng.com
RECORDER:	AnnMarie Hannon (801) 205-7425 hannonsathome@msn.com
FINANCIAL CONSULTANT:	n/a
CITY ATTORNEY:	Jim Blakesley 2595 East 3300 South Salt Lake City, UT 84109 801.485.1555 jim@blakesleylaw.com
OTHER:	Steve McIntosh Watermaster Box 8124, Alta, UT 84092 (801) 330-3448 steve@canyonwater.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Forest Glen A Homeowners Association

FUNDING SOURCE: Federal SRF

COUNTY: Salt Lake

PROJECT DESCRIPTION: Spring Redevelopment, new tank & transmission line, replace distribution lines

69.5 % Loan & 30.5 % P.F.

ESTIMATED POPULATION:	58	NO. OF CONNECTIONS:	37 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$33.33 *			PROJECT TOTAL:	\$1,480,266
CURRENT % OF AGI:	0.71%	FINANCIAL PTS:	29	LOAN AMOUNT:	\$1,000,000
ESTIMATED MEDIAN AGI:	\$56,185			PRINC. FORGIVENESS:	\$438,986
STATE AGI:	\$39,325			TOTAL REQUEST:	\$1,438,986
SYSTEM % OF STATE AGI:	143%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.39%		AFTER REPAYMENT PENALTY & POINTS 0.00%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.39%		0.00%
REQUIRED DEBT SERVICE:	\$33,333.33	\$67,971.68		\$33,333.33
*PARTIAL COVERAGE (15%):	\$5,000.00	\$10,195.75		\$5,000.00
*ADD. COVERAGE AND RESERVE (10%):	\$3,333.33	\$6,797.17		\$3,333.33
ANNUAL NEW DEBT PER CONNECTION:	\$1,126.13	\$2,296.34		\$1,126.13
O & M + FUNDED DEPRECIATION:	\$8,068.00	\$8,068.00		\$8,068.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$218.05	\$218.05		\$218.05
TOTAL SYSTEM EXPENSES	\$49,734.67	\$93,032.60		\$49,734.67
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$112.02	\$209.53		\$112.02
% OF ADJUSTED GROSS INCOME:	2.39%	4.48%		2.39%

* Equivalent Residential Connections

Forest Glen A Homeowners Association

PROPOSED BOND REPAYMENT SCHEDULE

69.5 % Loan & 30.5 % P.F.

PRINCIPAL	\$1,000,000.00	ANTICIPATED CLOSING DATE	15-Oct-14
INTEREST	0.00%	P&I PAYMT DUE	15-Oct-16
TERM	30	REVENUE BOND	
NOMIN. PAYMENT	\$33,333.33	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2015	\$1,000,000.00		\$0.00 *	\$0.00	\$0.00	\$1,000,000.00	0
2016	\$1,000,000.00		\$20,000.00	\$20,000.00	\$0.00	\$980,000.00	1
2017	\$980,000.00		\$33,000.00	\$33,000.00	\$0.00	\$947,000.00	2
2018	\$947,000.00		\$33,000.00	\$33,000.00	\$0.00	\$914,000.00	3
2019	\$914,000.00		\$33,000.00	\$33,000.00	\$0.00	\$881,000.00	4
2020	\$881,000.00		\$33,000.00	\$33,000.00	\$0.00	\$848,000.00	5
2021	\$848,000.00		\$33,000.00	\$33,000.00	\$0.00	\$815,000.00	6
2022	\$815,000.00		\$33,000.00	\$33,000.00	\$0.00	\$782,000.00	7
2023	\$782,000.00		\$34,000.00	\$34,000.00	\$0.00	\$748,000.00	8
2024	\$748,000.00		\$34,000.00	\$34,000.00	\$0.00	\$714,000.00	9
2025	\$714,000.00		\$34,000.00	\$34,000.00	\$0.00	\$680,000.00	10
2026	\$680,000.00		\$34,000.00	\$34,000.00	\$0.00	\$646,000.00	11
2027	\$646,000.00		\$34,000.00	\$34,000.00	\$0.00	\$612,000.00	12
2028	\$612,000.00		\$34,000.00	\$34,000.00	\$0.00	\$578,000.00	13
2029	\$578,000.00		\$34,000.00	\$34,000.00	\$0.00	\$544,000.00	14
2030	\$544,000.00		\$34,000.00	\$34,000.00	\$0.00	\$510,000.00	15
2031	\$510,000.00		\$34,000.00	\$34,000.00	\$0.00	\$476,000.00	16
2032	\$476,000.00		\$34,000.00	\$34,000.00	\$0.00	\$442,000.00	17
2033	\$442,000.00		\$34,000.00	\$34,000.00	\$0.00	\$408,000.00	18
2034	\$408,000.00		\$34,000.00	\$34,000.00	\$0.00	\$374,000.00	19
2035	\$374,000.00		\$34,000.00	\$34,000.00	\$0.00	\$340,000.00	20
2036	\$340,000.00		\$34,000.00	\$34,000.00	\$0.00	\$306,000.00	21
2037	\$306,000.00		\$34,000.00	\$34,000.00	\$0.00	\$272,000.00	22
2038	\$272,000.00		\$34,000.00	\$34,000.00	\$0.00	\$238,000.00	23
2039	\$238,000.00		\$34,000.00	\$34,000.00	\$0.00	\$204,000.00	24
2040	\$204,000.00		\$34,000.00	\$34,000.00	\$0.00	\$170,000.00	25
2041	\$170,000.00		\$34,000.00	\$34,000.00	\$0.00	\$136,000.00	26
2042	\$136,000.00		\$34,000.00	\$34,000.00	\$0.00	\$102,000.00	27
2043	\$102,000.00		\$34,000.00	\$34,000.00	\$0.00	\$68,000.00	28
2044	\$68,000.00		\$34,000.00	\$34,000.00	\$0.00	\$34,000.00	29
2045	\$34,000.00		\$34,000.00	\$34,000.00	\$0.00	\$0.00	30
			\$1,000,000.00	\$1,000,000.00	\$0.00		

*Interest Only Payment