

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

APPLICANT'S REQUEST:

Pleasant View City is planning to drill a new culinary well and construct a 500,000 gallon storage tank. The cost of the project is estimated to be \$2,327,000. The applicant is planning to contribute \$350,000 in order to bring down their interest rate. Therefore they are requesting financial assistance in the amount of \$1,977,000.

STAFF COMMENTS:

The local MAGI for Pleasant View is \$65,452 (174% of the state MAGI). Their after project water bill is well under 1.75%. Therefore they do not qualify for principal forgiveness. However the city is willing to take advantage of the early repayment incentive and repay the loan within 15 years, which reduces their interest rate by 0.10%

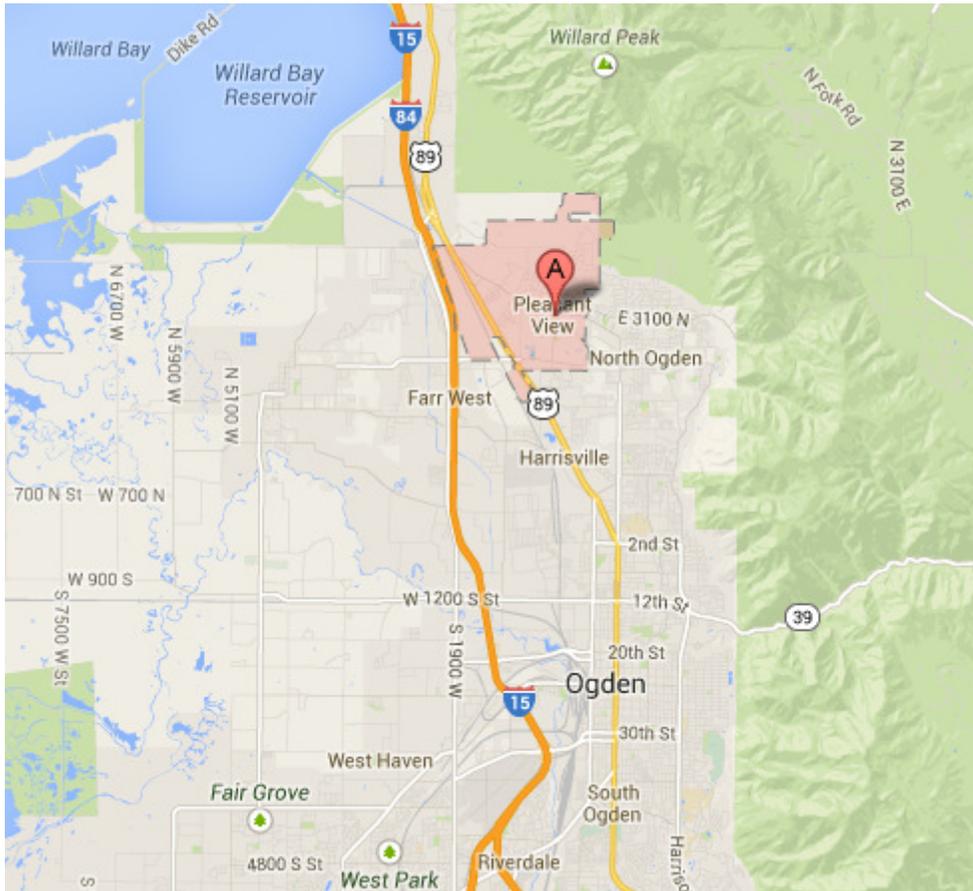
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize \$1,977,000 loan to Pleasant View City with an interest rate of 3.65% for 15 years. Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION:

Pleasant View is located in Weber County approximately 8 miles north of Ogden.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The project consists of constructing a 500,000 gallon reservoir, installing a 12-inch diameter distribution line, and the construction of a 14-inch diameter drinking water well and well house.

POPULATION GROWTH:

Pleasant View City is expected to grow at an average annual rate of change of 3% through 2040. Projected populations and number of connections are shown in the table below:

Year	Population	Connections
2010	7386	1911
2015	8562	2216
2020	9926	2568
2025	11507	2978
2030	13339	3452
2035	15464	4002
2040	17642	4565

IMPLEMENTATION SCHEDULE:

FA Committee Conference Call:	Dec 2013
DWB Funding Authorization:	Jan 2014
Complete Design:	Mar 2014
Plan Approval:	Apr 2014
Advertise for Bids:	May 2014
Begin Construction:	Jun 2014
Complete Construction:	Jun 2015
Receive Operating Permit:	Jun 2015

COST ESTIMATE:

Legal – Bonding	\$25,000
Engineering- Plan, Design, CMS	\$140,000
Construction – Source	\$1,200,000
Construction – Storage	\$650,000
Construction – Distribution	\$100,000
Contingency	\$190,000
DDW Admin Fee	\$19,770
Total Project Cost	\$2,326,770

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 (3.65%, 15-yr)	\$1,977,000	85%
Self-Contribution	\$350,000	15%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance: \$295,609
Existing DW Debt Service: \$202,958
DDW Debt Service (3.65%, 15 yrs): \$173,489
DDW Debt Reserve (10%): \$17,349
DDW Coverage (15%): n/a
Replacement Reserve Account (5%): \$42,463
Annual Cost/ERC: \$346.59
Monthly Cost/ERC: \$28.88
Cost as % MAGI: 0.53%

CONTACT INFORMATION:

APPLICANT: Pleasant View
520 West Elberta Drive
Pleasant View, UT 84414
Telephone: (801) 782-8529

PRESIDING OFFICIAL &
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RECORDER: Laurie Hellstrom
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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Pleasant View
 COUNTY: Weber
 PROJECT DESCRIPTION: new well and storage tank

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	6,500	NO. OF CONNECTIONS:	2258	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$26.00 *			PROJECT TOTAL:	\$2,327,000
CURRENT % OF AGI:	0.48%	FINANCIAL PTS:	34	LOAN AMOUNT:	\$1,977,000
ESTIMATED MEDIAN AGI:	\$65,452			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$37,718			TOTAL REQUEST:	\$1,977,000
SYSTEM % OF STATE AGI:	174%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.23%		AFTER REPAYMENT PENALTY & POINTS 3.65%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	15	15		15
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.23%		3.65%
REQUIRED DEBT SERVICE:	\$131,800.00	\$193,441.26		\$173,489.41
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$13,180.00	\$19,344.13		\$17,348.94
ANNUAL NEW DEBT PER CONNECTION:	\$64.21	\$94.24		\$84.52
O & M + FUNDED DEPRECIATION:	\$295,609.00	\$295,609.00		\$295,609.00
OTHER DEBT + COVERAGE:	\$253,697.50	\$253,697.50		\$253,697.50
REPLACEMENT RESERVE ACCOUNT:	\$40,379.00	\$43,461.06		\$42,463.47
ANNUAL EXPENSES PER CONNECTION:	\$261.15	\$262.52		\$262.08
TOTAL SYSTEM EXPENSES	\$734,665.50	\$805,552.95		\$782,608.32
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$27.11	\$29.73		\$28.88
% OF ADJUSTED GROSS INCOME:	0.50%	0.55%		0.53%

R309-700-5

Pleasant View

Weber

November 21, 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	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	
	\$1,031	
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	
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	X
	174%	
3. PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)		
a. Greater than 25% of project funds	17	
b. 15 to 25% of project funds	14	X
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	
	15.0%	
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
	0.53%	
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	34	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Pleasant View

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % P.F.

PRINCIPAL	\$1,977,000.00	ANTICIPATED CLOSING DATE	15-Mar-14
INTEREST	3.65%	P&I PAYMT DUE	01-Jan-16
TERM	15	REVENUE BOND	
NOMIN. PAYMENT	\$173,489.41	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2015	\$1,977,000.00		\$57,327.51 *	\$0.00	\$57,327.51	\$1,977,000.00	0
2016	\$1,977,000.00		\$173,160.50	\$101,000.00	\$72,160.50	\$1,876,000.00	1
2017	\$1,876,000.00		\$173,474.00	\$105,000.00	\$68,474.00	\$1,771,000.00	2
2018	\$1,771,000.00		\$173,641.50	\$109,000.00	\$64,641.50	\$1,662,000.00	3
2019	\$1,662,000.00		\$173,663.00	\$113,000.00	\$60,663.00	\$1,549,000.00	4
2020	\$1,549,000.00		\$173,538.50	\$117,000.00	\$56,538.50	\$1,432,000.00	5
2021	\$1,432,000.00		\$173,268.00	\$121,000.00	\$52,268.00	\$1,311,000.00	6
2022	\$1,311,000.00		\$173,851.50	\$126,000.00	\$47,851.50	\$1,185,000.00	7
2023	\$1,185,000.00		\$173,252.50	\$130,000.00	\$43,252.50	\$1,055,000.00	8
2024	\$1,055,000.00		\$173,507.50	\$135,000.00	\$38,507.50	\$920,000.00	9
2025	\$920,000.00		\$173,580.00	\$140,000.00	\$33,580.00	\$780,000.00	10
2026	\$780,000.00		\$173,470.00	\$145,000.00	\$28,470.00	\$635,000.00	11
2027	\$635,000.00		\$173,177.50	\$150,000.00	\$23,177.50	\$485,000.00	12
2028	\$485,000.00		\$173,702.50	\$156,000.00	\$17,702.50	\$329,000.00	13
2029	\$329,000.00		\$174,008.50	\$162,000.00	\$12,008.50	\$167,000.00	14
2030	\$167,000.00		\$173,095.50	\$167,000.00	\$6,095.50	\$0.00	15
			\$2,659,718.51	\$1,977,000.00	\$682,718.51		

*Interest Only Payment

Pleasant View

DWB Loan Terms

Local Share (total):	\$	350,000
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	1,977,000
DWB Loan Term:		15
DWB Loan Interest:		3.65%
DWB Loan Payment:	\$	173,489

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	2,346,770
Existing Facility O&M Expense:	\$	295,609
Proposed Facility O&M Expense:	\$	295,609
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	202,958

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		2,258
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	3,000
Current Monthly User Charge:	\$	26.00
Needed Average Monthly User Charge:	\$	28.88

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%	23	2,258	704,460	69,000	-	773,460	-	-	1,977,000	-	-	202,958	295,609	498,567	-	
1	1.0%	23	2,281	790,580	69,000	-	859,580	173,161	17,349	1,876,000	101,000	72,161	202,958	295,609	689,076	1.50	
2	1.0%	22	2,303	798,205	66,000	-	864,205	173,474	17,349	1,771,000	105,000	68,474	202,958	298,565	692,346	1.50	
3	1.0%	23	2,326	806,177	69,000	-	875,177	173,642	17,349	1,662,000	109,000	64,642	202,958	301,551	695,499	1.52	
4	1.0%	24	2,350	814,495	72,000	-	886,495	173,663	17,349	1,549,000	113,000	60,663	202,958	304,566	698,536	1.55	
5	1.0%	23	2,373	822,467	69,000	-	891,467	173,539	17,349	1,432,000	117,000	56,539	202,958	307,612	701,457	1.55	
6	1.0%	24	2,397	830,785	72,000	-	902,785	173,268	17,349	1,311,000	121,000	52,268	202,958	310,688	704,263	1.57	
7	1.0%	24	2,421	839,103	72,000	-	911,103	173,852	17,349	1,185,000	126,000	47,852	202,958	313,795	707,953	1.59	
8	1.0%	24	2,445	847,421	72,000	-	919,421	173,253	17,349	1,055,000	130,000	43,253	202,958	316,933	710,492	1.60	
9	1.0%	25	2,470	856,086	75,000	-	931,086	173,508	17,349	920,000	135,000	38,508	202,958	320,102	713,917	1.62	
10	1.0%	24	2,494	864,404	72,000	-	936,404	173,580	17,349	780,000	140,000	33,580	202,958	323,303	717,190	1.63	
11	1.0%	25	2,519	873,069	75,000	-	948,069	173,470		635,000	145,000	28,470	202,958	326,536	702,964	1.65	
12	1.0%	25	2,544	881,734	75,000	-	956,734	173,178		485,000	150,000	23,178	202,958	329,802	705,937	1.67	
13	1.0%	26	2,570	890,746	78,000	-	968,746	173,703		329,000	156,000	17,703	202,958	333,100	709,760	1.69	
14	1.0%	26	2,596	899,757	78,000	-	977,757	174,009		167,000	162,000	12,009	202,958	336,431	713,397	1.70	
15	1.0%	25	2,621	908,422	75,000	-	983,422	173,096		-	167,000	6,096	202,958	339,795	715,848	1.71	
Total Paid in Debt Service =											<u>1,977,000</u>	<u>625,391</u>					

29014 Pleasant View City Water System
Compliance Report
November 25, 2013

Administration:

See Attached IPS Report

Operator Certification:

See Attached IPS Report

Bacteriological Information:

See Attached IPS Report

Chemical Monitoring:

See Attached IPS Report

Lead/Copper:

See Attached IPS Report

Consumer Confidence Report

See Attached IPS Report

Physical Facilities:

See Attached IPS Report

Drinking Water Source Protection:

No issues

Plan Review:

Missing Operating Permit #8029

Missing Operating Permit #7313

Missing Operating Permit #7648

Missing Operating Permit #7130

Missing Operating Permit #5363

