

DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN

APPLICANT'S REQUEST:

Plymouth Town is requesting financial assistance in the amount of \$880,000 to construct a new 500,000 gallon water tank. During the summer months, Plymouth's water demand during the peak hours has drained their existing water tanks on multiple occasions.

STAFF COMMENTS:

The local MAGI for Plymouth Town is \$43,284 which is 107% of the State MAGI. They currently have a water bill of approximately \$24.94 per month, which is 0.69% of local MAGI. Due to Plymouth Town's high MAGI and low water bill relative to its MAGI the town doesn't qualify for grant. A loan of \$880,000 for 20 years with a 3.29% interest rate would require the Town to maintain an average water bill of \$51.38, 1.42% of local MAGI.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize an \$880,000 construction loan to the Town of Plymouth with a 3.29% interest/fee per annum, for 20 years, with the condition that they resolve all issues on their compliance report.

APPLICANT'S LOCATION:

Plymouth Town is located in Box Elder County.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Plymouth Town proposes to construct a new 500,000 gallon water tank. During the summer months, Plymouth's water demand during the peak hours has drained their existing water tanks on multiple occasions. During this time, if there were to be a fire, Plymouth would not have adequate water. A new 500,000 gallon water tank would provide the adequate water storage and fire protection to meet the needs of the City. The project will include building a new 500,000 gallon water tank adjacent to the existing water tanks which have a capacity of 240,000 gallons.

POPULATION GROWTH:

According to the Utah State Governor's Office of Planning and Budgeting, the anticipated growth rate for Plymouth Town is approximately 1.5 % per year over the next 20 years.

	<u>Year</u>	<u>Population</u>
Current:	2014	411
Projected:	2030	553

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	November 25, 2014
SRF Committee Conference Call:	January 28, 2015
DWB Funding Authorization:	February 26, 2015
Complete Design:	May 1, 2015
Plan Approval:	June 1, 2015
Advertise for Bids:	June 15, 2015
Bid Opening:	July 15, 2015
Loan Closing:	July 20, 2015
Begin Construction:	August 1, 2015
Complete Construction:	October 30, 2015
Receive Operating Permit:	December 1, 2015

COST ESTIMATE:

Legal and Bonding	\$14,500
Administrative- Environmental	\$15,000
Administrative- Funding Assistance	\$5,000
Engineering- Design	\$55,000
Engineering- CMS	\$62,000
Engineering- Geotechnical	\$9,000
Construction-Storage Tank	\$596,000
Contingency	\$90,000
Land Acquisition	\$25,000
Loan Origination Fee 1%	\$8,715
Total Project Cost	\$880,000

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%, 20-yr)	\$880,000	100%
DWB Grant	\$0	0%
Total Amount	\$880,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance plus Depreciation: \$51,111.00
Existing DW Debt Service: \$0
DDW Debt Service (3.29%, 20-yrs): \$60,747.07
DDW Debt Reserve: \$6,074.71
Replacement Reserve Account: \$2,800.00
Annual Cost/ERC: \$346.73
Monthly Cost/ERC: \$51.38
Cost as % MAGI: 1.42%

APPLICANT: Plymouth Town
20120 North 5200 West
P.O. Box 130
Plymouth, Utah 84330
plytown@digis.net
435-239-8389

PRESIDING OFFICIAL &
CONTACT PERSON: Curtis Murray-Mayor
20120 North 5200 West
P.O. Box 130
Plymouth, Utah 84330
plytown@digis.net
435-239-8389

TREASURER/RECORDER: Sharon Hess
435-788-8343
plytown@digis.net
435-239-8389

CONSULTING ENGINEER: Ryan Jolley
Jones & Demille Engineering, Inc.
1535 South 100 West
Richfield, Utah 84701
435-896-8266
ryanj@jonesanddemille.com

FINANCIAL CONSULTANT: Scott Archibald, P.E
Sunrise Engineering
26 South Main
Smithfield, Utah 84335
435-563-3734
sarchibald@sunrise-eng.com

BOND ATTORNEY: None Specified

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Plymouth
 COUNTY: Box Elder
 PROJECT DESCRIPTION: Storage Tank

FUNDING SOURCE: State SRF

100 % Loan & 0 % Grant

ESTIMATED POPULATION:	411	NO. OF CONNECTIONS:	219 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$24.94 *			PROJECT TOTAL:	\$880,000
CURRENT % OF AGI:	0.69%	FINANCIAL PTS:	32	LOAN AMOUNT:	\$880,000
ESTIMATED MEDIAN AGI:	\$43,284			GRANT AMOUNT:	\$0
STATE AGI:	\$40,489			TOTAL REQUEST:	\$880,000
SYSTEM % OF STATE AGI:	107%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.39%		AFTER REPAYMENT PENALTY & POINTS 3.29%
<u>SYSTEM</u>				
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.39%		3.29%
REQUIRED DEBT SERVICE:	\$44,000.00	\$67,007.72		\$60,747.07
*PARTIAL COVERAGE (15%):	\$6,600.00	\$10,051.16		\$9,112.06
*ADD. COVERAGE AND RESERVE (10%):	\$4,400.00	\$6,700.77		\$6,074.71
ANNUAL NEW DEBT PER CONNECTION:	\$251.14	\$382.46		\$346.73
O & M + FUNDED DEPRECIATION:	\$51,111.00	\$51,111.00		\$51,111.00
OTHER DEBT + COVERAGE:	\$7,993.75	\$7,993.75		\$7,993.75
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
ANNUAL EXPENSES PER CONNECTION:	\$269.88	\$269.88		\$269.88
TOTAL SYSTEM EXPENSES	\$114,104.75	\$142,864.40		\$135,038.59
TAX REVENUE:	\$0.00	\$0.00		\$0.00
<u>RESIDENCE</u>				
MONTHLY NEEDED WATER BILL:	\$43.42	\$54.36		\$51.38
% OF ADJUSTED GROSS INCOME:	1.20%	1.51%		1.42%

* Equivalent Residential Connections

R309-700-5

Plymouth
Box Elder
January 15, 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	
C. \$1,501 to \$2,000	11	
D. \$2,001 to \$3,000	8	
E. \$3,001 to \$5,000	4	X
F. \$5,001 to \$10,000	1	
G. Over \$10,000	0	
	\$4,018	
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	X
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	
	107%	
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	
d. 1.01 to 1.50% of local median AGI	3	X
e. 0 to 1.00% of local median AGI	0	
	1.42%	
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	
D. Has a rate structure encouraging conservation	6	X
TOTAL POINTS FOR FINANCIAL NEED	32	
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100	

Plymouth

PROPOSED BOND REPAYMENT SCHEDULE

100 % Loan & 0 % Grant

PRINCIPAL	\$880,000.00	ANTICIPATED CLOSING DATE	15-Mar-15
INTEREST	3.29%	FIRST P&I PAYMENT DUE	15-May-16
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$60,747.07	GRANT AMOUNT:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2015	\$880,000.00		\$4,825.33 *	\$0.00	\$4,825.33	\$880,000.00	0
2016	\$880,000.00		\$60,952.00	\$32,000.00	\$28,952.00	\$848,000.00	1
2017	\$848,000.00		\$60,899.20	\$33,000.00	\$27,899.20	\$815,000.00	2
2018	\$815,000.00		\$60,813.50	\$34,000.00	\$26,813.50	\$781,000.00	3
2019	\$781,000.00		\$60,694.90	\$35,000.00	\$25,694.90	\$746,000.00	4
2020	\$746,000.00		\$60,543.40	\$36,000.00	\$24,543.40	\$710,000.00	5
2021	\$710,000.00		\$60,359.00	\$37,000.00	\$23,359.00	\$673,000.00	6
2022	\$673,000.00		\$61,141.70	\$39,000.00	\$22,141.70	\$634,000.00	7
2023	\$634,000.00		\$60,858.60	\$40,000.00	\$20,858.60	\$594,000.00	8
2024	\$594,000.00		\$60,542.60	\$41,000.00	\$19,542.60	\$553,000.00	9
2025	\$553,000.00		\$61,193.70	\$43,000.00	\$18,193.70	\$510,000.00	10
2026	\$510,000.00		\$60,779.00	\$44,000.00	\$16,779.00	\$466,000.00	11
2027	\$466,000.00		\$60,331.40	\$45,000.00	\$15,331.40	\$421,000.00	12
2028	\$421,000.00		\$60,850.90	\$47,000.00	\$13,850.90	\$374,000.00	13
2029	\$374,000.00		\$60,304.60	\$48,000.00	\$12,304.60	\$326,000.00	14
2030	\$326,000.00		\$60,725.40	\$50,000.00	\$10,725.40	\$276,000.00	15
2031	\$276,000.00		\$61,080.40	\$52,000.00	\$9,080.40	\$224,000.00	16
2032	\$224,000.00		\$60,369.60	\$53,000.00	\$7,369.60	\$171,000.00	17
2033	\$171,000.00		\$60,625.90	\$55,000.00	\$5,625.90	\$116,000.00	18
2034	\$116,000.00		\$60,816.40	\$57,000.00	\$3,816.40	\$59,000.00	19
2035	\$59,000.00		\$60,941.10	\$59,000.00	\$1,941.10	(\$0.00)	20
			\$1,219,648.63	\$880,000.00	\$339,648.63		

*Interest Only Payment

Plymouth

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	880,000
DWB Loan Term:		20
DWB Loan Interest:		3.29%
DWB Loan Payment:	\$	60,747

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	888,800
Existing Facility O&M Expense:	\$	35,124
Proposed Facility O&M Expense:	\$	35,124
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	6,395

DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		219
Projected Growth Rate:		1.0%
Impact Fee/Connection Fee:	\$	5,000
Current Monthly User Charge:	\$	24.94
Needed Average Monthly User Charge:	\$	51.38

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%	2	219	65,554	10,000	-	75,554	-	-	880,000	-	-	6,395	35,124	41,519	-
1	1.0%	2	221	136,272	10,000	-	146,272	60,952	6,075	848,000	32,000	28,952	6,395	35,124	108,546	1.65
2	1.0%	2	223	137,505	10,000	-	147,505	60,899	6,075	815,000	33,000	27,899	6,395	35,475	108,844	1.66
3	1.0%	3	226	139,355	15,000	-	154,355	60,814	6,075	781,000	34,000	26,814	6,395	35,830	109,113	1.76
4	1.0%	2	228	140,588	10,000	-	150,588	60,695	6,075	746,000	35,000	25,695	6,395	36,188	109,353	1.71
5	1.0%	2	230	141,821	10,000	-	151,821	60,543	6,075	710,000	36,000	24,543	6,395	36,550	109,563	1.72
6	1.0%	2	232	143,055	10,000	-	153,055	60,359	6,075	673,000	37,000	23,359	6,395	36,916	109,744	1.74
7	1.0%	3	235	144,904	15,000	-	159,904	61,142	6,075	634,000	39,000	22,142	6,395	37,285	110,896	1.82
8	1.0%	2	237	146,138	10,000	-	156,138	60,859	6,075	594,000	40,000	20,859	6,395	37,658	110,986	1.76
9	1.0%	3	240	147,987	15,000	-	162,987	60,543	6,075	553,000	41,000	19,543	6,395	38,034	111,047	1.87
10	1.0%	2	242	149,221	10,000	-	159,221	61,194	6,075	510,000	43,000	18,194	6,395	38,415	112,078	1.79
11	1.0%	2	244	150,454	10,000	-	160,454	60,779	6,075	466,000	44,000	16,779	6,395	38,799	105,973	1.81
12	1.0%	3	247	152,304	15,000	-	167,304	60,331	6,075	421,000	45,000	15,331	6,395	39,187	105,913	1.92
13	1.0%	2	249	153,537	10,000	-	163,537	60,851	6,075	374,000	47,000	13,851	6,395	39,579	106,825	1.84
14	1.0%	3	252	155,387	15,000	-	170,387	60,305	6,075	326,000	48,000	12,305	6,395	39,974	106,674	1.96
15	1.0%	2	254	156,620	10,000	-	166,620	60,725	6,075	276,000	50,000	10,725	6,395	40,374	107,495	1.88
16	1.0%	3	257	158,470	15,000	-	173,470	61,080	6,075	224,000	52,000	9,080	6,395	40,778	108,253	1.97
17	1.0%	2	259	159,703	10,000	-	169,703	60,370	6,075	171,000	53,000	7,370	6,395	41,186	107,950	1.92
18	1.0%	3	262	161,553	15,000	-	176,553	60,626	6,075	116,000	55,000	5,626	6,395	41,598	108,618	2.01
19	1.0%	3	265	163,403	15,000	-	178,403	60,816	6,075	59,000	57,000	3,816	6,395	42,013	109,225	2.03
20	1.0%	2	267	164,636	10,000	-	174,636	60,941	6,075	-	59,000	1,941	6,395	42,434	109,770	1.96

Total Paid in Debt Service = 880,000 334,823