

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

APPLICANT'S REQUEST:

Cole Canyon Water Company is requesting emergency financial assistance in the amount of \$125,000. Their project includes an emergency connection to Liberty Pipeline Company.

STAFF COMMENTS:

The local MAGI for Cole Canyon Water Company is approximately \$75,864 (165% of the state MAGI), their after project water bill at a full loan would be \$46.64 which is 0.74% of the local MAGI. Therefore they do not qualify for additional subsidy.

| Option # | Description | Repayable Loan Amount | Interest Rate | Term | Grant or Principal Forgiveness | Monthly Water Rate | % Local MAGI |
|----------|-------------|-----------------------|---------------|--------|--------------------------------|--------------------|--------------|
| 1 | Full Loan | \$125,000 | 3.25% | 20 yrs | 0 | \$46.64 | 0.74 % |

STAFF RECOMMENDATION:

The Drinking Water Board authorize a loan of \$125,000 at 3.25% interest for 20 years. Conditions include that they resolve all issues on their compliance report. A 1.0% loan origination fee of \$1,250 will be assessed which can be either absorbed by the authorized loan amount or paid by the water system, out of the system funds at loan closing.

APPLICANT'S LOCATION:

Cole Canyon Water Company is located in Weber County approximately 2.6 miles North of Liberty.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Cole Canyon's spring has a history of total coliform and has been determined to be under the direct influence of surface water resulting in significant deficiencies. There was confirmation of E. coli at the source (spring) resulting in a required boil order and an alternate source of water. The immediate need for a solution resulted in a couple of possibilities, including hauling water or a connection to another system.

Cole Canyon has determined an emergency connection to Liberty Pipeline Company is the best solution at this time. They do plan to look into solutions for using the spring in the future, which may include redeveloping the spring or adding treatment.

We have included additional costs for engineering so they may begin the process of an engineering study to determine the best course of action to bring the spring back on line.

IMPLEMENTATION SCHEDULE:

| | |
|----------------------------|-----------|
| DWB Funding Authorization: | July 2019 |
| Complete Design: | June 2019 |
| Plan Approval: | June 2019 |
| Begin Construction: | June 2019 |
| Complete Construction: | June 2020 |

COST ESTIMATE:

| | |
|--------------------------------|------------------|
| Legal Fees | \$5,000 |
| Engineering- Plan, Design, CMS | \$20,000 |
| Construction – lines | \$100,000 |
| Total Project Cost | \$125,000 |

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 | \$125,000 | 100% |
| Total | \$125,000 | 100% |

IPS SUMMARY:

| Code | Description | Physical Facilities | Quality & Monitoring | Significant Deficiency Violations |
|------|--|---------------------|----------------------|-----------------------------------|
| M001 | Current Emergency Response Program | -10 | | |
| TD25 | Disinfection is required but is intermittent or not continuous | 35 | | |
| V006 | Storage facility vent not 24-36 in above surface | 2 | | |
| V008 | Storage access not a min of 4 in above surface | 3 | | |
| 1A | Microbial Rule violation (positive E Coli) | | 50 | |
| | Total = 80 | 30 | 50 | 0 |

Cole Canyon Water Company

July 3, 2019

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CONTACT INFORMATION:

APPLICANT:

Cole Canyon Water Company
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Liberty, Utah 84310
801-791-6021

PRESIDING OFFICIAL &
CONTACT PERSON:

Diana Marchione
President
2503 Shaw Drive
Liberty, Utah 84310
801-791-6021

CONSULTING ENGINEER:

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DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cole Canyon
 COUNTY: Weber
 PROJECT DESCRIPTION: Emergency connection to Liberty

FUNDING SOURCE: Federal SRF

100 % Loan & 0 % P.F.

| | | | | | |
|-------------------------|-----------|---------------------|------|------------------|-----------|
| ESTIMATED POPULATION: | 93 | NO. OF CONNECTIONS: | 36 * | SYSTEM RATING: | APPROVED |
| CURRENT AVG WATER BILL: | \$27.08 * | | | PROJECT TOTAL: | \$125,000 |
| CURRENT % OF AGI: | 0.43% | FINANCIAL PTS: | 4 | LOAN AMOUNT: | \$125,000 |
| ESTIMATED MEDIAN AGI: | \$75,864 | | | PRINC. FORGIVE.: | \$0 |
| STATE AGI: | \$45,895 | | | TOTAL REQUEST: | \$125,000 |
| SYSTEM % OF STATE AGI: | 165% | | | | |

| | @ ZERO % RATE 0% | @ RBBI MKT RATE 3.92% | | AFTER REPAYMENT PENALTY & POINTS 3.25% |
|--|------------------------|-----------------------------|--|--|
| <u>SYSTEM</u> | | | | |
| ASSUMED LENGTH OF DEBT, YRS: | 20 | 20 | | 20 |
| ASSUMED NET EFFECTIVE INT. RATE: | 0.00% | 3.92% | | 3.25% |
| REQUIRED DEBT SERVICE: | \$6,250.00 | \$9,132.68 | | \$8,597.36 |
| *PARTIAL COVERAGE (15%): | \$937.50 | \$1,369.90 | | \$1,289.60 |
| *ADD. COVERAGE AND RESERVE (10%): | \$625.00 | \$913.27 | | \$859.74 |
| ANNUAL NEW DEBT PER CONNECTION: | \$217.01 | \$317.11 | | \$298.52 |
| | | | | |
| O & M + FUNDED DEPRECIATION: | \$9,400.00 | \$9,400.00 | | \$9,400.00 |
| OTHER DEBT + COVERAGE: | \$0.00 | \$0.00 | | \$0.00 |
| REPLACEMENT RESERVE ACCOUNT: | \$0.00 | \$0.00 | | \$0.00 |
| ANNUAL EXPENSES PER CONNECTION: | \$261.11 | \$261.11 | | \$261.11 |
| | | | | |
| TOTAL SYSTEM EXPENSES | \$17,212.50 | \$20,815.85 | | \$20,146.70 |
| TAX REVENUE: | \$0.00 | \$0.00 | | \$0.00 |
| | | | | |
| <u>RESIDENCE</u> | | | | |
| MONTHLY NEEDED WATER BILL: | \$39.84 | \$48.18 | | \$46.64 |
| | | | | |
| % OF ADJUSTED GROSS INCOME: | 0.63% | 0.76% | | 0.74% |

* Equivalent Residential Connections