

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE
EMERGENCY ASSISTANCE REQUEST**

APPLICANT’S REQUEST:

Holiday Hills Association is requesting financial assistance to replace old, undersized, and failing waterlines with correctly sized waterlines that meet current drinking water standards. The system has experienced a number of recent line breaks and failures, including a break in the line that crossed under the creek. The total estimated cost of the project is \$250,000.

STAFF COMMENTS:

The local MAGI for the Holiday Hills Association, based on ZIP Code, is \$52,600, which is 101.9% of the State MAGI. The current average monthly water bill is reported at \$125.00 per month, or 2.85% of local MAGI. The after-project water bill at full loan is estimated at \$198.77 per month, or 4.53% of local MAGI. Based on estimated after-project water bill the system qualifies as disadvantaged and can be considered for subsidy.

| Option | Loan / Grant | Principal Forgiveness | Loan | Term | Interest Rate | Water Bill | % Local MAGI |
|--------|--------------|-----------------------|-----------|--------|---------------|------------|--------------|
| 1 | 100% /0% | \$0 | \$250,000 | 20 yrs | 3.81% | \$198.77 | 4.53% |
| 2 | 70%/30% | \$75,000 | \$175,000 | 20 yrs | 0.0% | \$178.96 | 4.08% |

STAFF RECOMMENDATION:

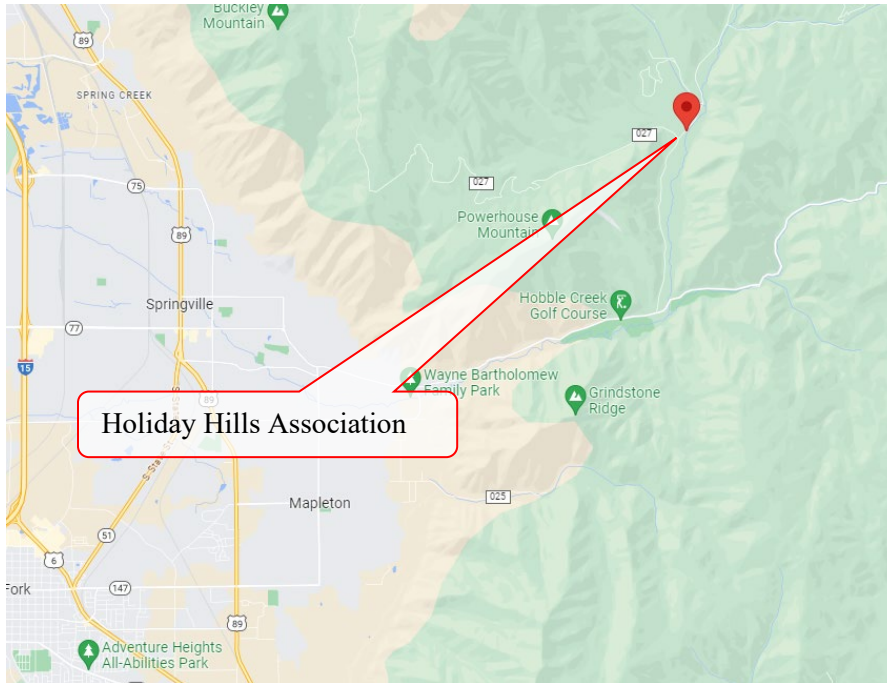
Staff recommends the Drinking Water Board authorize a construction loan of \$250,000 with \$75,000 in Principal Forgiveness, for a repayable amount of \$175,000 at 0.0% for 20 years, to Holiday Hills Association.

Holiday Hills Association currently has no points on its IPS Report

APPLICANT'S LOCATION:

Holiday Hills Association is located in Utah County approximately 6 miles northeast of Springville.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Replace old, failing, undersized waterlines.

POPULATION GROWTH:

| Year | Population | Connections |
|------|------------|-------------|
| 2025 | 80 | 26 |
| 2030 | 80 | 26 |
| 2040 | 80 | 26 |

COST ESTIMATE:

(Itemized list of expenses – add or delete rows as needed)

| | |
|----------------------|------------------|
| Legal/Bonding/Admin | \$5,000 |
| Engineering - Design | \$15,000 |
| Engineering - CMS | \$15,000 |
| Construction - | \$195,000 |
| Contingency (~10%) | \$20,000 |
| Total | \$250,000 |

COST ALLOCATION:

(add or delete rows as needed)

| <u>Funding Source</u> | <u>Cost Sharing</u> | <u>Percent of Project</u> |
|-------------------------|---------------------|---------------------------|
| DWB Loan (0.0%, 20-yrs) | \$175,000 | 70% |
| DWB Grant | \$75,000 | 30% |
| Total | \$250,000 | 100% |

IMPLEMENTATION SCHEDULE:

(Estimated completion dates for major milestones – add or delete rows as needed)

| | |
|----------------------------|----------|
| DWB Funding Authorization: | Nov 2023 |
| Complete Design | Dec 2023 |
| DDW Plan Approval: | Jan 2024 |
| Advertise for Bids: | Jan 2024 |
| Bid Opening: | Feb 2024 |
| Loan Closing: | Mar 2024 |
| Begin Construction: | Apr 2024 |
| Complete Construction: | Jun 2024 |

IPS SUMMARY:

No current IPS Points

CONTACT INFORMATION:

APPLICANT: Holiday Hills Association
204 Hobble Creek Cyn
Springville, UT 84663
Telephone: 801-489-4958
Fax:

PRESIDING OFFICIAL &
CONTACT PERSON:

Telephone:
Fax:

TREASURER/RECORDER:

Telephone:
Fax:

CONSULTING ENGINEER:

Telephone:
Fax:

BOND ATTORNEY:

Telephone:
Fax:

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Holiday Hills
 COUNTY: Utah
 PROJECT DESCRIPTION: Water line replacement

FUNDING SOURCE: Federal SRF

70 % Loan & 30 % P.F.

| | | | | | |
|-------------------------|------------|---------------------|------|------------------|-----------|
| ESTIMATED POPULATION: | 80 | NO. OF CONNECTIONS: | 26 * | SYSTEM RATING: | APPROVED |
| CURRENT AVG WATER BILL: | \$125.00 * | | | PROJECT TOTAL: | \$250,000 |
| CURRENT % OF AGI: | 2.85% | FINANCIAL PTS: | 26 | LOAN AMOUNT: | \$175,000 |
| ESTIMATED MEDIAN AGI: | \$52,600 | | | PRINC. FORGIVE.: | \$75,000 |
| STATE AGI: | \$51,600 | | | TOTAL REQUEST: | \$250,000 |
| SYSTEM % OF STATE AGI: | 102% | | | | |

| | @ ZERO % RATE 0% | @ RBBI MKT RATE 4.47% | | AFTER REPAYMENT PENALTY & POINTS 0.00% |
|----------------------------------------|------------------------|-----------------------------|--|----------------------------------------------|
| <u>SYSTEM</u> | | | | |
| ASSUMED LENGTH OF DEBT, YRS: | 20 | 20 | | 20 |
| ASSUMED NET EFFECTIVE INT. RATE: | 0.00% | 4.47% | | 0.00% |
| REQUIRED DEBT SERVICE: | \$8,750.00 | \$13,418.38 | | \$8,750.00 |
| *PARTIAL COVERAGE (15%): | \$0.00 | \$0.00 | | \$0.00 |
| *ADD. COVERAGE AND RESERVE (10%): | \$875.00 | \$1,341.84 | | \$875.00 |
| ANNUAL NEW DEBT PER CONNECTION: | \$370.19 | \$567.70 | | \$370.19 |
| | | | | |
| O & M + FUNDED DEPRECIATION: | \$43,593.00 | \$43,593.00 | | \$43,593.00 |
| OTHER DEBT + COVERAGE: | \$0.00 | \$0.00 | | \$0.00 |
| REPLACEMENT RESERVE ACCOUNT: | \$2,617.15 | \$2,850.57 | | \$2,617.15 |
| ANNUAL EXPENSES PER CONNECTION: | \$1,777.31 | \$1,786.29 | | \$1,777.31 |
| | | | | |
| TOTAL SYSTEM EXPENSES | \$55,835.15 | \$61,203.78 | | \$55,835.15 |
| TAX REVENUE: | \$0.00 | \$0.00 | | \$0.00 |
| | | | | |
| <u>RESIDENCE</u> | | | | |
| MONTHLY NEEDED WATER BILL: | \$178.96 | \$196.17 | | \$178.96 |
| | | | | |
| % OF ADJUSTED GROSS INCOME: | 4.08% | 4.48% | | 4.08% |

Holiday Hills HOA

Water Main Replacement Funding

Water System Information

Overview:

- Operating with original water system installed 1970's
- 4" pipe (iron); rusting, deteriorating and breaking
- Current hydrants non-functional (undersized according to current code and won't supply fire trucks with enough water.)



Breach/Repair History: Multiple breaks 2022/2023

- Winter 2022, repaired Aug. '22: \$626.70
- Nov '22: \$3181.31
- May '23: \$12,215.21 (temp repair), \$27,569.77 (current repair, pipe attached to bridge)
 - o May 2023 breach left neighborhood with no water for 2-3 days; lost millions of gallons unnecessarily, water contaminated since break was in the stream
- System currently suffering from several smaller leaks, unidentified besides where water usage totals mismatch city readings and low water pressure in homes
- Total spent in last year for repairs: \$43,593

System Repair:

- Upgrade to correct size plumbing (8" HDPE,) isolation valve install, opt. dependent on funding: upgrade services & meters (3,000 ft of line, 26 services, 4 hydrants)
- Engineering bid: \$35,130
- Excavation & plumbing install estimate: \$225,000
- Road repair: \$100,000
- Project timeline: within June – Oct. 2024 (no snow window)

Financial Information

Current

- \$150,00 in HOA account
 - o In 2018, raised rates from \$45 to \$100 per month in anticipation of this project
 - o Annual revenue Sep 2022 – Sep 2023: \$39,000
 - o Annual water cost (to Springville for water usage): \$16,500
 - o Water system repair cost: \$43,593

Funding Options:

- CDBG (potential \$50,000 if awarded)
- RWLF (\$200,00 loan to repay on 10 year plan; strain on neighborhood finances)
- As a private system, not currently able to apply for state or federal funding for public systems

Emergency Status

Demographics

- Elderly, disabled, young children
- Lack of water detrimental

Environment

- Rural, wooded area with multiple fire evacuations and threats
- Stream water contaminating past breaks; freezing or heavy snow affecting current fix (above ground attached to bridge)
- Pipes and services potentially non-compliant