

# COUNCIL RETREAT

Secondary Water Project  
Funding/JVWCD

January 10, 2015

# SECONDARY PUMP STATION

- ◉ Currently Under Construction
- ◉ Construction Cost \$4,750,000
- ◉ Completion April 2015
- ◉ BAN for Construction



# CONSTRUCTION FUNDING BAN

- ◉ Approved June 2014
- ◉ \$5.5M Construction & BAN Costs
- ◉ Callable June 2016



Informational Discussion

# LONG TERM FUNDING OPTIONS



# Board of Water Resources

- ◉ Previously Approved Project for Funding
- ◉ Would Need to Update Application and Take Before Board
- ◉ \$5M, 10 Yr Term, 3% Interest Rate  
Unfavorable Term  
Favorable Rate
- ◉ Water Revenue Bond

# MARKET BOND

- ◉ Water Revenue Bond
- ◉ Amount (Payoff of BAN) Minus any Cash Contributions
- ◉ Interest Rate (Market at time, current market around 2%)
- ◉ Less Restrictive Than BWR

# SALES TAX BONDS

- ◉ Pledges General Fund Sales Tax
- ◉ Water Revenues & Impact Fees to Pay Debt Service
- ◉ Sales Tax Revenue Does Not Need to be Used for Debt Service
- ◉ Does Not Directly Affect Enterprise Fund Coverage Ratios
- ◉ Does Affect General Fund Future Bonding Capacity
- ◉ May not Need Rate Increase



## 2014 WATER RATE ANALYSIS

### Water Rates

- ◉ March of 2014, Water Rates were increased Approx 7% for Fiscal YR 2015
- ◉ The Rate Analysis Recommends a 5% annual increase to Maintain Revenue Requirements W/out Secondary Pump Station Funding

# POTENTIAL RATE SCENARIOS W/ SECONDARY PS FUNDING

- Coverage Ratios Drop Below 1.10 for 2016 & 2017
- # of Days Operating Cash Decreases
- Increase from 5% to 9% Before July 2015
- Coverage Ratios above 1.10
- Days Operating Cash More Favorable
- Future Increases May Decrease from 5% to 3%

Current Rate Analysis 5%

Potential Rate

# PLAN TO MINIMIZE DEBT AMOUNT

- ◉ Use Current Impact Fee and Operation Cash Balances to Pay Down Bond Amount
- ◉ There May be Unused Cash in Prior Bonds Which May be used to Pay Down Bond Amount



# CONTINUE QUEST FOR THE GOLDEN EGG

- ◉ Still Have Some Time Before Decision Needs to be Made
- ◉ Working W/ Zions Bank for More Options
- ◉ I will Be budgeting for Smoke Screens to Divert Gordons Sticky Fingers



Future Use of Water Sources

# JVWCD CONTRACT PLANNING



# HERRIMAN VS. JWCD

- ◉ Less Expensive

- ◉ Very Hard

- ◉ Customer Concerns Over Taste & Hardness

- ◉ Limited Quantity/Source

- ◉ Much Higher Cost

- ◉ Aesthetically Superior

- ◉ Fewer Customer Concerns

- ◉ Approx 60% of Annual Water Use is Currently Purchased From JWCD

Herriman Culinary Sources

JWCD

# WATER USE

- Approximately 55% of Water Purchased or Produced is used for Irrigation
- Irrigation Season is only 5-6 months of the year
- Summer Peak Day Demands Over 12,000,000 GPD
- Winter Peak Day Demands 2,000,000 GPD

## PLANNING FOR THE FUTURE

Higher Quality Water for Indoor Use

- ⦿ Build-out Demands Exceed Herriman Source Capacities
- ⦿ Will Always be Dependent upon JWWCD as a Source
- ⦿ As Water Demands Increase with Growth, Steadily Shift Our Source Water to Irrigation



## CONT.

- ◉ JWCD Higher Quality Water
- ◉ Fully Utilize All Water Sources
- ◉ Canal Water is Seasonal/Use Well Water to Expand Irrigation Seasons
- ◉ Keep Current Culinary Wells to Culinary Standard for Emergency Purposes
- ◉ Multiple Water Sources for Culinary & Secondary

# QUESTIONS

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