

# Memorandum

November 20, 2018

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**TO:** Infrastructure Finance Authority Board  
**FROM:** Chris Cummings, Assistant Director  
**SUBJ:** Funding Opportunity of \$1,500,000—Water/Wastewater Financing Program for Prairie City, Faiman Wells Water System Connection, No. 228-13379

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## Requested Action

Informational Only       For Board Input       For Board Action (see Recommended Motion)

## Request

The city of Prairie City, located in Grant County has submitted a Water/Wastewater Financing Program (W/WW) application for \$1,500,000 to develop and improve their water system.

In June 2018, the city declared a water supply emergency imposing mandatory water restrictions. In August 2018, the city declared a water supply emergency and water was hauled from a neighboring community to meet basic water supply needs. The city has completed multiple investigations to increase water supply sources. An existing city owned well will be connected to the water system. This project is the last feasible water supply option.

## Proposed Project

The city will contract for final design and construction services to make improvements to their water system, which includes development of the city's existing Faiman wells, electrical improvements, pump station installation, water transmission main line to city system, and installation of a hypochlorite chlorination system.

## Funding Summary

Based on 2018 American Community Survey data, the Medium Household Income (MHI) for the city is \$41,417 which is below the state MHI of \$53,270. The water rate per Equivalent Dwelling Unit (EDU) of \$57.67 by the end of the project is above community's Affordability Rate (AR is  $\$41,417 \times 1.25\% / 12$ ) of \$43.14. These qualify the community as Disadvantaged and eligible for a reduced interest rate of 1.76% and loan term of 30 years. The city's projected water rate per EDU by the end of the project is \$57.67 which is above the 115% AR rate of \$49.61. This qualifies the project for a recommended \$550,000 grant award.

## Recommended Motion

Move to approve an award of \$1,500,000 in Water/Wastewater Financing Program funding to the city of Prairie City, comprised of a \$950,000 loan at 1.76% for 30 years and a \$550,000 grant to construct the Faiman Wells Water System Connection project.