

CAVE BAY COMMUNITY SERVICES

SPECIAL GENERAL MEMBERSHIP MEETING
& VOTE BY MAIL COUNT
Mailed on April 15, 2024

DRINKING WATER FEE ASSESSMENT - BALLOT

YES

NO

Vote YES - You are in Favor of
Raising the fees \$64.00 per Month (\$768/Year)
For the Drinking Water Capitol Improvement Fund starting July 1, 2025.

Vote NO - I do not want to move ahead with the Drinking Water Project.

The Community is in the process of pursuing funding for the Drinking Water Improvement Project and has been offered a loan that will include the \$8.32 M with \$2.35M in a loan forgiveness grant. This leaves the community with just under \$6.M to payback over 30 years at a interest rate of 1.75%. The community is required to have approximately \$250,000.00 to be held in our drinking water capitol improvement fund which is required by DEQ to have within 10 years. Loan payments begin 6 months after the project has been completed.

To achieve this goal, the board is proposing a monthly rate increase of \$64.00 for a total of \$768.00 per year. This rate increase will take place for next Fiscal Year beginning July 1, 2025, depending on the outcome of this vote.

IMPORTANT

US Post Office Mail
Cave Bay Community Services
PO Box 115
Worley, ID 83876

OR

BRING TO THE MEETING IN PERSON

BALLOTS BY MAIL MUST BE RECEIVED BY MAY 10, 2024 @ 4:00 PM

See Enclosed Information

Cave Bay Community Services, Inc.

PO Box 115, Worley, ID, 83876

February, 19, 2024

Cave Bay Membership

Re: Funding Updates for Drinking Water System upgrade

Dear Community:

As you know we have been working for the last several years to find funding sources to upgrade our drinking water system. The system we have today is old (50+ years in most areas) and vulnerable. We have frequent failures of sub-spec infrastructure and repairs occur yearly. Where possible the system is brought up to code, but the cost was prohibitive to fully upgrade.

We received communication from Idaho DEQ (Charlie Parkins, Grant and Loan Supervisor) on Monday last week that a few drinking water systems have opted out of funding for the current fiscal year. The current funding year is 07.01.2023 to 06.30.2024. We were next on the list and so Charlie reached out to see if we were prepared to accept the offer, acknowledging it's a short turn-around time to finalize in June.

The terms offered are full-funding of the \$8.32M final alternative approved by the Board at the November 2023 meeting. Of that \$8.32M, ~\$2.35M of the loan is of principal forgiveness, meaning our total debt obligation would be <\$6M. Further, this would be a 30-year loan at 1.75% interest rate. The first payment would be due 6 months after project completion. We are required to maintain one year's worth of payments throughout the course of the loan.

To recap the alternative approved:

- | | |
|--|----------------|
| ● New well, wellhouse, rehab of existing wellhouse | \$0.93M |
| ● New storage tank and mixers | \$0.59M |
| ● Upsize main pipe (6"), Fire Flow, Service Meters | \$6.80M |
| ● TOTAL | \$8.32M |

How will this impact our fees? If you recall, we provided a briefing paper at our Annual Meeting last June that gave examples of what our best guess was at the time by taking the amount most recently submitted in the Letter of Interest to DEQ for last year and plugging in estimates for the loan terms:

- Full funding of \$7.76M loan and got a 30-year loan at 3% (estimated award rate) would require our DW Capital Improvement Fund fee to be \$1,750/yr/lot. We are already paying \$400 each year for that so **an increase of \$1,350/yr/lot.**

A breakdown of what today's offer means -

- Full funding of \$8.32M, minus \$2.35M in principal forgiveness, means financing less than \$6M. Our payment to DEQ would be \$257,215/yr. With 220 lots that works out to ~\$98/mo/lot. Since we established our drinking water capital improvement fund, we have been paying \$33/mo/lot. Subtracting that from \$98 means, our debt obligation for this loan would mean **an increase of \$65/mo, or \$780/yr**. This is 58% of what I estimated the impact on us might be at last year's meeting and is still a full upgrade to our water system. Full upgrade with pumping, distribution and storage to provide water delivery that

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meets standards for fire flow. Full upgrade that meets maximum daily demand of water during peak season needs. Full upgrade means being able to provide a consistent supply of water to the community and any future residents.

The Board met last Saturday, with a quorum of six attending, and voted unanimously to accept DEQ's offer to receive funding this year and begin the process of upgrading our drinking water system. This is an incredible opportunity for us to be able to revamp our system at $\frac{3}{4}$ the original estimate to finance. Because it's 2023 money, we will be able to start the project at least two years sooner than projected with our last submission (that would be evaluated for 2025 funding). The addition of meters will help us track leaks in the future that may not be found on the mainlines. We can coordinate the upgrade so that road improvements happen installation of pipeline. And, we will have added fire safety and insurance savings with fire hydrants and fire flow.

If you have questions, the board will continue discussions on the water system at our upcoming board meetings.

Cave Bay Community Services, Board of Directors.