

WATER INFRASTRUCTURE FINANCE AUTHORITY



12/31/2014

2014 Annual Report



The *Mission* of the **Water Infrastructure Finance Authority** is to maintain and improve water quality in Arizona by providing financial assistance and technical assistance for basic water infrastructure.

Water Infrastructure Finance Authority

2014 ANNUAL REPORT

OVERVIEW OF WIFA

The Arizona Legislature established the Water Infrastructure Finance Authority of Arizona (WIFA) in 1989. As an independent agency of the state of Arizona, WIFA works to maintain and improve water quality in the state by financing the construction, rehabilitation and improvement of drinking water and wastewater facilities.

Maintaining water quality in Arizona requires communities to make large investments in drinking water and wastewater infrastructure. State revolving funds are the primary resources for helping communities meet their continuing and significant water infrastructure needs. WIFA maintains Arizona's revolving loan fund programs, capitalized by the Environmental Protection Agency (EPA), to provide low cost financing for water infrastructure projects.

Sustainable Infrastructure

The effective management of water infrastructure is one of the main challenges faced by water systems across the nation and in Arizona. Sustainable infrastructure and systems are essential to ensuring the environmental and economic sustainability of communities.

Sustainability can be achieved through strong infrastructure planning and management practices. To help communities in Arizona, WIFA provides low-interest loans and planning and design technical assistance funding for drinking water and wastewater projects designed to ensure safe, reliable drinking water and proper wastewater treatment. Most of WIFA's funding is directed toward its loan program which can assist with design, improvement, construction and acquisition. WIFA's technical assistance program is available for the planning and design phase of an infrastructure project. A wide variety of drinking water and wastewater projects can be funded through WIFA.



Example projects include storage tanks, meters, wells and booster pumps, arsenic treatment systems, water and sewer distribution line replacement, solar, new wastewater facilities, plant upgrades, and reclaimed water projects. WIFA can also fund stormwater management and green infrastructure projects.

Organization

WIFA is governed by a twelve-member Board of Directors, who provides leadership in setting WIFA's administrative policies and approving loans and other assistance for borrowers. WIFA's Board of Directors offers expertise on environment, finance, business, and government policies.

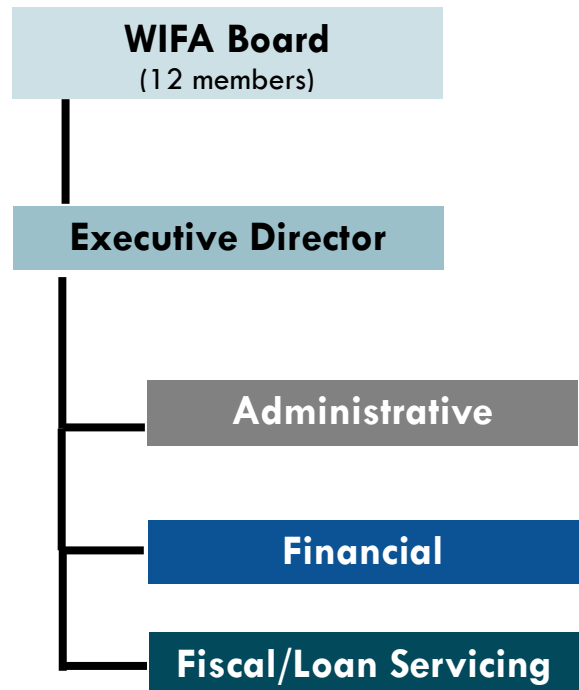
- **Henry Darwin, Chairman** - Arizona Department of Environmental Quality
- **Paul Gardner, Vice Chairman** - Water systems which serve more than 500 people
- Ron Doba - Municipalities of more than 50,000 residents
- Kevin Donnellan - Office of State Treasurer
- Tiffany Frechette - Arizona Department of Commerce
- William Garfield - Water systems which serve less than 500 people
- Stanley Gibson - Municipalities with population less than 50,000 and Counties less than 500,000
- Mark Heberer - Sanitary Districts from Counties less than 500,000
- Michael Lacey - Arizona Department of Water Resources
- Steve Olea - Arizona Corporation Commission

WIFA Board Members

There are currently two vacant positions representing tribes and counties with population more than 500,000.

WIFA is administered by Executive Director, Sandra Sutton, Chief Financial Officer, Trish Incognito, Controller, Mike Clark, and a strong team of 15 additional staff. WIFA's friendly and helpful staff has broad state and local government experience as well as private sector business and finance experience. WIFA's staff is committed to providing exceptional service to Arizona's communities.

| | |
|------------------------|----------------------------------|
| Sandy Sutton | Executive Director |
| Trish Incognito | Chief Financial Officer |
| Mike Clark | Controller |
| Susan Craig | Communications Director |
| Julie Flores | Accounting Supervisor |
| Melanie Ford | Technical Program Supervisor |
| Rebecca Gomez | Accountant |
| Brenda Guerra | Administrative Assistant |
| Rodney Held | Senior Loan Officer |
| Ruby Hernandez | Loan Processing Coordinator |
| Sara Konrad | Environmental Program Supervisor |
| James Manalac | Database Administrator |
| Yolanda Mendoza | Business Manager |
| Andrew Smith | Environmental Program Specialist |
| Angelica Romero | Accountant |
| Chris Unnewehr | Network Administrator |
| Angie Valenzuela | Senior Loan Officer |



WIFA's Credit Profile

WIFA maintained "AAA" credit ratings (the highest level of ratings) from Moody's, Standard and Poor's, and Fitch. The ratings are based on:

- Program structure that provides significant over-collateralization to the bonds
- Strong credit quality of the local borrowers
- Loan portfolio and investments (Figure 1) with the ability to withstand substantial losses to revenue
- Large size and diversity of loan portfolio
- Strong management practices and policies



Figure 1: Funds Invested Dollars invested are primarily used to provide security for WIFA's bond portfolio and can be used to originate loans to WIFA borrowers. Interest generated from the invested funds helps subsidize WIFA borrower rates.

These ratings support WIFA's low cost of borrowing from investors when WIFA issues bonds. In turn, this allows WIFA to pass on the benefit to its borrowers and the citizens of Arizona in the form of low interest loans. In FY 2014, WIFA's average interest rate for public entities was **2.74%**.

WIFA is able to maintain a diverse portfolio of borrowers by balancing the needs of low-credit borrowers with high-credit borrowers. The presence of strongly rated borrowers within the portfolio benefits all program participants.

Another indicator of WIFA's responsible fiscal fund management is the annual audit performed by Moss Adams LLP. WIFA's 2014 Audited Financial Statements are attached and available on WIFA's website - www.azwifa.gov/publications.

FINANCIAL ASSISTANCE

WIFA operates as a “bond bank” and is able to issue water quality bonds on behalf of communities for water and wastewater infrastructure. Through an active portfolio and sound financial management, WIFA provides significant savings to borrowers by offering loans with below market interest rates.

WIFA’s means for providing low interest financial assistance are the Clean Water Revolving Fund (for publicly-held wastewater treatment facilities) and the Drinking Water Revolving Fund (for both publicly and privately-held drinking water systems). Both funds were established by the EPA and are funded by federal capitalization grants, state matching funds, loan repayments and WIFA bond proceeds.

In addition to loans, WIFA also offers planning and design technical assistance funding. Twice per year, funding awards are made to eligible wastewater and drinking water systems for the planning or design phase of a project. The purpose of the program is to help prepare water and wastewater facilities for the construction of a capital improvement project.

WIFA is making a difference in Arizona. Over \$2 billion has been invested in the state since WIFA’s inception in 1989 and WIFA has funded more than 400 projects across the state. Each project results in the creation of construction and engineering jobs.

2014 Highlights

- Approved 13 new loans and one amendment, and provided more than \$47.5 million in financial assistance to cities, towns, districts and private water companies (Figures 2 & 3)

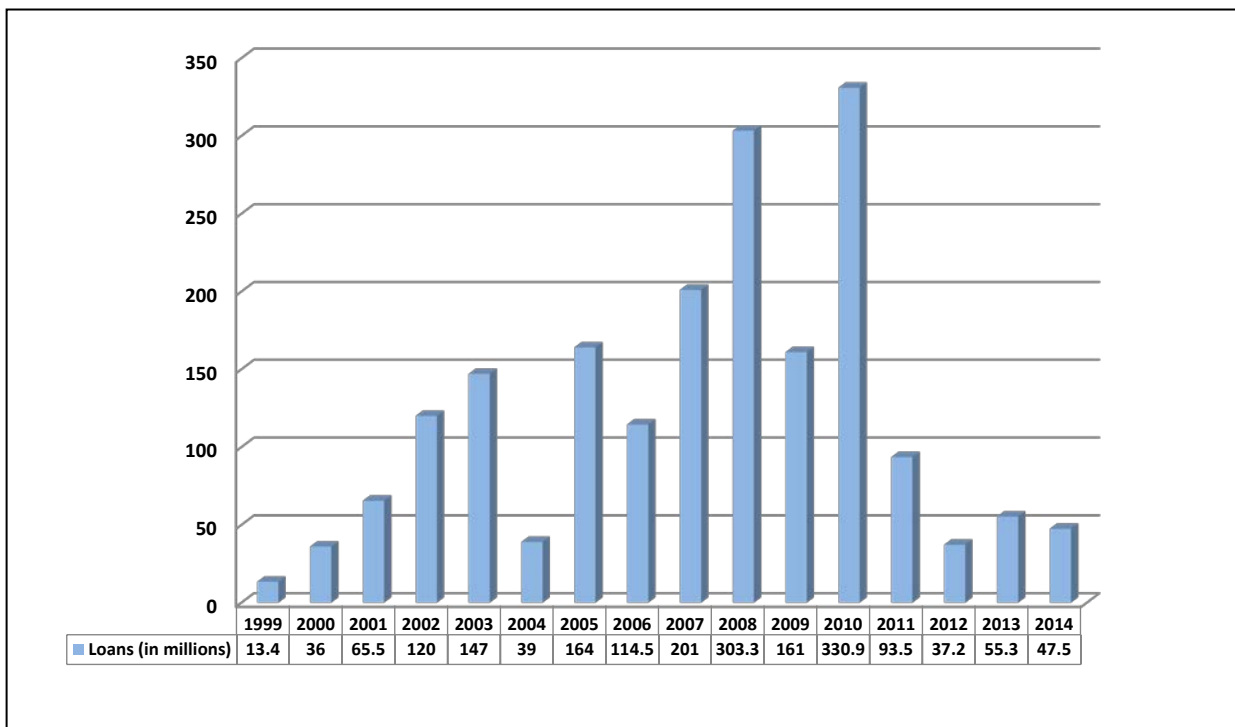


Figure 2: Amount of Loan Originations by Fiscal Year

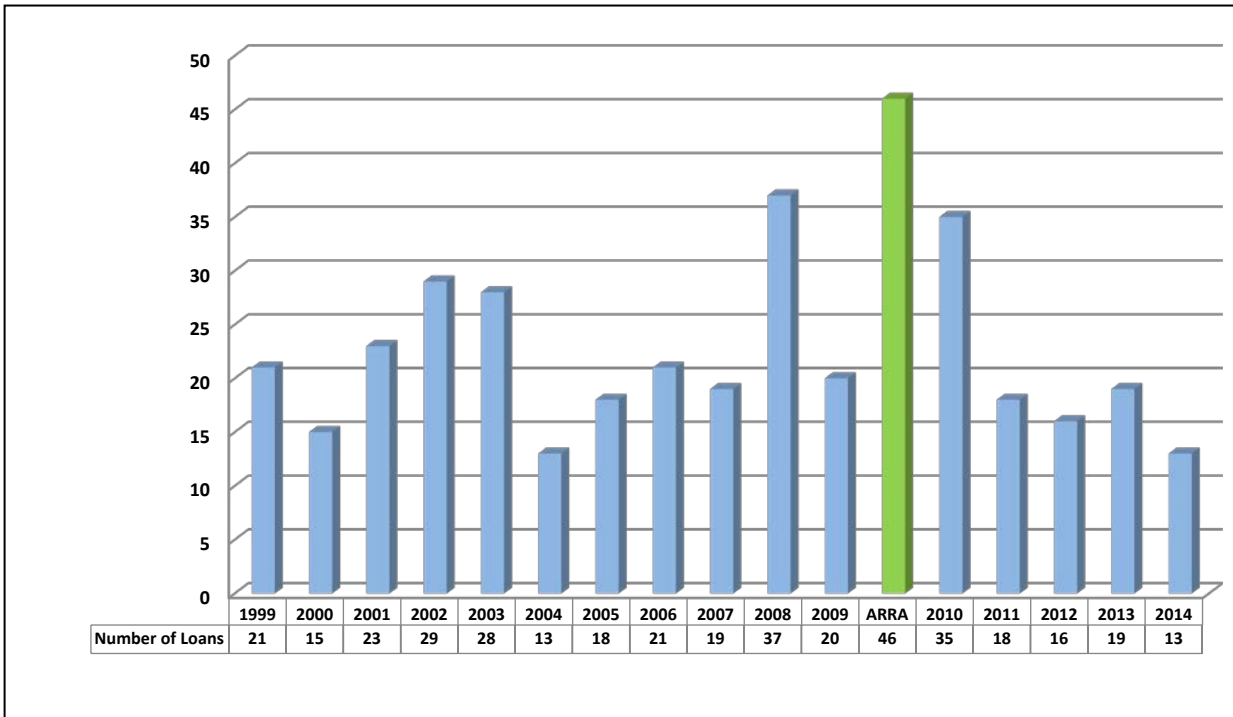


Figure 3: Number of Loan Originations by Fiscal Year

- Maintained “AAA” credit ratings (the highest level of ratings) due to demonstrated commitment to responsible fiscal fund management
- Funded five sustainable (“green”) construction projects focused on energy and water efficiency (~\$9.5 million)
- Co-financed ten projects with contributions from other agencies and local entities
- Processed loan documents, on average, in less than one week - from Board action (loan resolution approval) to distribution of loan documents
- Processed \$65 million in disbursements and administered disbursement requests, on average, in six business days
- Provided \$37 million in funding to maintain or achieve compliance
- Assisted disadvantaged communities by providing \$3.6 million in forgivable principal for four projects
- Conducted the 2013-14 Arizona Water and Wastewater Residential Rates Survey and increased participation to include 90% of the state’s utilities. The survey was completed at the end of FY 2014, and WIFA released a new and improved Rates Dashboard at the start of FY 2015. This free, interactive rates and financial benchmarking dashboard is designed to help Arizona utility managers, finance directors, and council/board members with rates analyses and rate-setting decisions. Additional associated resources include a summary report and detailed rate tables, and are available on WIFA’s new Water Rates Survey webpage at www.azwifa.gov/waterrates/.

- Provided outreach and assistance to small and rural communities - over 50% of drinking water loans (Figure 4) and 75% of new clean water loans for wastewater projects (Figure 5) were provided to communities serving fewer than 10,000 people

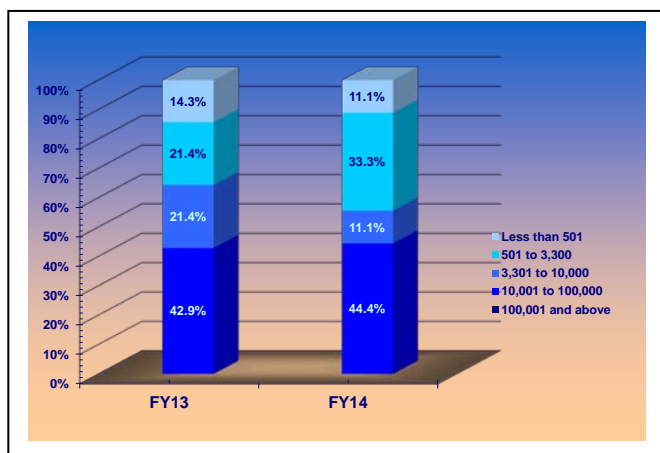


Figure 4: Drinking Water Assistance by Population
Percentage based on number of loan agreements.

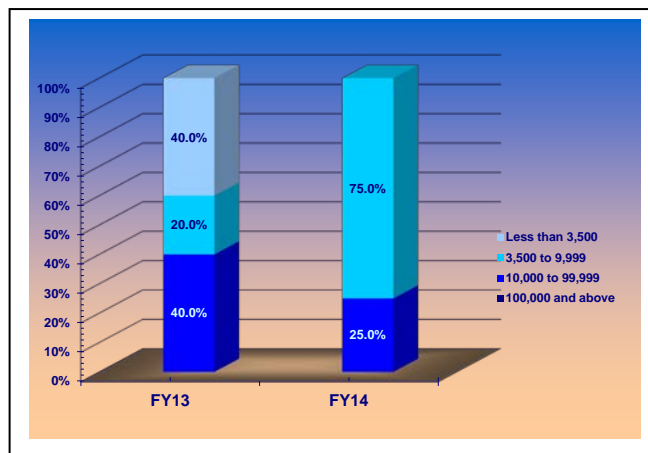


Figure 5: Clean Water Assistance by Population
Percentage based on number of loan agreements. All new clean water loan agreements in FY2014 were provided to communities serving less than 20,000.

Loan Agreements Executed in FY 2014

WIFA executed 13 new loans and one amendment in FY 2014, including nine drinking water loans and five wastewater loans (four new loans and one amendment). The following water and wastewater service providers obtained financing through WIFA:

| Borrower | Project Title | Amount (\$) |
|---|--|--------------|
| Drinking Water Loans | | |
| *City of Somerton | Water Meter/MXU Retrofit | \$912,000 |
| Granite Mountain Water Company | Well #5 Replacement & Tank #3 Addition | \$181,320 |
| *Town of Oro Valley | Advanced Metering Infrastructure & Meter Replacement Program | \$5,000,000 |
| Payson Water Company | Mesa del Caballo Supplemental Water Supply Project | \$275,000 |
| Holiday Water Company | Water System Upgrades - Well, Storage & Distribution | \$225,000 |
| Humboldt Water Company | Water Treatment Facility | \$301,528 |
| *City of Globe | Water Distribution System Improvements | \$5,500,000 |
| Apache Junction Water Utilities Community Facilities District | Water Treatment Facility and Water Resource Acquisition | \$9,077,296 |
| Town of Queen Creek | Acquisition of H2O, Inc. Water Utility | \$16,000,000 |

| Borrower | Project Title | Amount (\$) |
|-----------------------------|--|---------------------|
| Wastewater Loans | | |
| *City of Douglas | Douglas WWTP Solar Power Generation System | \$1,300,000 |
| *City of Bisbee | San Jose WWTP Solar Addition | \$1,600,000 |
| Pinewood Sanitary District | Sewering of East and West Commercial Areas, North Lodge Subdivision and Northernaire Subdivision | \$3,000,000 |
| Town of Quartzsite | Quartzsite WWTP | \$1,653,112 |
| City of Buckeye | (Loan Amendment) | \$2,500,000 |
| Drinking Water Total | | \$37,472,144 |
| Wastewater Total | | \$10,053,112 |
| TOTAL | | \$47,525,256 |

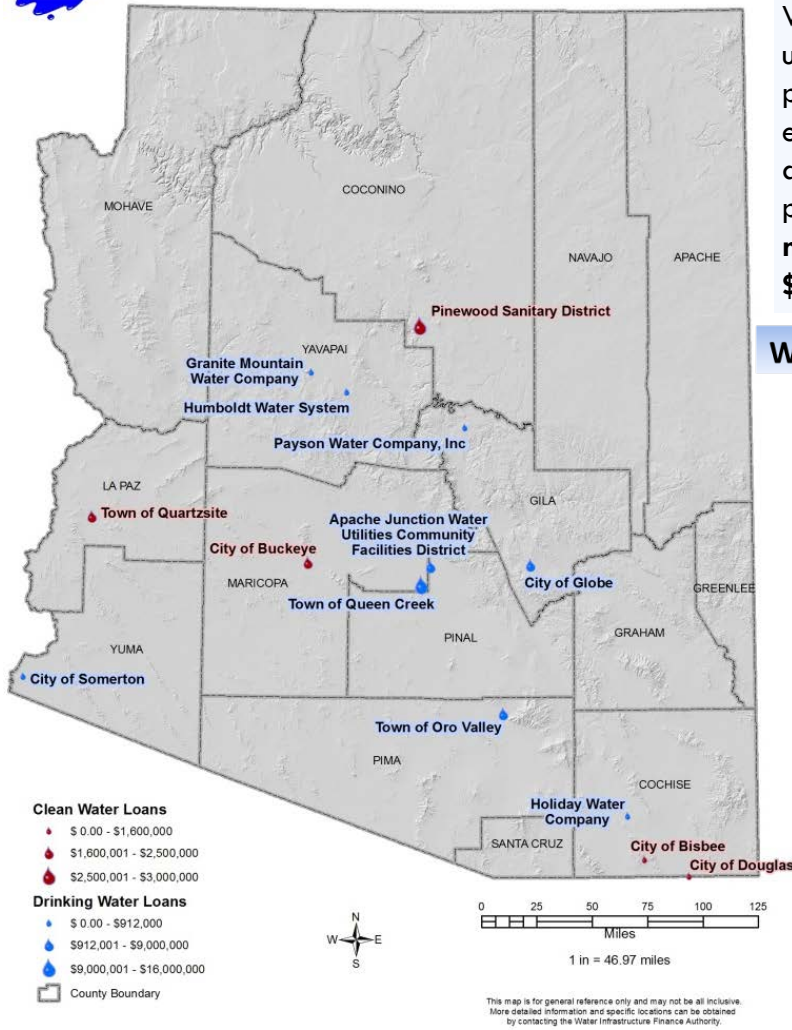
* Green project

GREEN PROJECT RESERVE

WIFA reserves a portion of the EPA Clean Water capitalization grant for sustainable construction efforts such as water efficiency, energy efficiency, green stormwater infrastructure and other environmentally innovative projects. WIFA offers a financial incentive for projects that qualify as green according to EPA guidelines.



Solar at Water Treatment Facility
City of Somerton



WIFA provides funds for both rural and urban communities, and has financed projects all over the state. In FY 2014, WIFA executed **five** (four new loans and one amendment) clean water loans (wastewater projects) for a total of **\$10,053,112** and **nine** drinking water loans for a total of **\$37,472,144**.

Wastewater



Drinking Water



PLANNING AND DESIGN TECHNICAL ASSISTANCE FUNDING

WIFA provides planning and design technical assistance funding to cities, towns, special districts, tribal communities and Arizona Corporation Commission-regulated private water companies to help prepare water and wastewater facilities for capital improvement project construction. Typically, awards are made to facilities with limited resources that need assistance in completing the planning and/or design phase of an infrastructure project. Funding is provided to employ the services of an engineer or other consultant to complete these activities. Awards are capped at \$35,000 per project. Project examples include:

- Feasibility Studies
- Rate Studies/Financial Audits
- District formation
- Capital Improvement Plans
- Preliminary Engineering Reports
- Environmental Assessments
- Engineering Plans and Specifications

The following planning and design technical assistance awards were made in FY 2014:

| Awardee | Project Title | Amount (\$) |
|--|--|--------------------|
| Drinking Water Technical Assistance | | |
| Villa Grande Domestic Water Improvement District | Nitrate Mitigation | \$15,877 |
| *Ray Water Company | Water and Energy Efficiency Study | \$35,000 |
| City of Globe | Distribution System Improvements PER | \$35,000 |
| Community Water Company of Green Valley | High Sulfate Impact on Arsenic Filtration Systems Pilot Study | \$30,000 |
| Elfrida Water Improvement District | Distribution System Improvements PER and Environmental Report | \$24,600 |
| Avra Water Co-op | Waterline Replacement Program | \$23,654 |
| Clay Springs DWID | Preliminary Engineering Report for System Improvements and Water Loss Remediation | \$14,612 |
| Payson Water Company | East Verde Park Supply Study | \$35,000 |
| Mayer DWID | Production Well Aquifer Study, Energy Efficiency Analysis & SCADA Preliminary Design | \$34,950 |
| Picacho Water Improvement Corporation | Design of Replacement Water System Campus | \$21,000 |
| Alpine DWID | San Francisco River Waterline Relocation Project | \$15,900 |
| Town of Fredonia | Filtration Plant Backwash Basin Re-engineering | \$18,602 |
| City of Nogales | Extreme West Pressure Zone Storage Tank | \$9,936 |
| Wastewater Technical Assistance | | |
| City of Casa Grande | Water Reclamation Facility Selenium Reduction Study | \$18,850 |
| *City of Mesa | Low Impact Development Toolbox (LID Tools) | \$35,000 |
| *Pima County Regional Wastewater Reclamation Department | Wastewater Reclamation Facility Energy Audits | \$35,000 |
| City of Flagstaff | Wildcat Hill WWTP POC Monitor Well Design | \$18,472 |
| *City of Somerton | Effluent Management Feasibility Study | \$20,956 |
| *City of Tucson | Green Stormwater Infrastructure for Tucson's Airport Wash | \$35,000 |
| Drinking Water Total | | \$ 314,131 |
| Wastewater Total | | \$ 163,881 |
| TOTAL | | \$ 478,012 |

* Green project

CUSTOMER SURVEY

In October 2013, WIFA conducted a customer survey to improve processes and services provided. WIFA requested feedback based on customers' experiences, and the information was used to make business improvements to provide better customer service to water and wastewater providers across Arizona.

The conclusions of the survey include:

- 71% of the people who responded had obtained a loan or technical assistance award from WIFA so the data received was valuable based on real customer experience.
- 92% of respondents are extremely satisfied (73%) or moderately satisfied (19%) with WIFA's customer service (ability to answer questions) and professionalism.
- 75% are extremely satisfied (53%) or moderately satisfied (22%) with WIFA's convenience for funding needs and interest rates offered.
- 79% are extremely satisfied (41%) or moderately satisfied (38%) with WIFA's application process.
- 73% are extremely satisfied (45%) or moderately satisfied (28%) with WIFA's disbursement and repayment process.
- 100% of respondents say WIFA is responsive. Comments on responsiveness include:
 - "You have absolutely saved our small water company."
 - "Staff was extremely helpful even before we began the application process."
 - "Staff has been extremely helpful and helped me through the entire process."
 - "WIFA was always there to answer questions or supply information."
- 98% are satisfied with WIFA (70% extremely satisfied, 22% moderately and 6% average satisfaction).
- 92% of respondents will consider WIFA when looking for a loan. Of the people who have received a WIFA loan, 76% answered that they will come to WIFA again.

Based on suggestions from the survey, WIFA is currently working on a new electronic application system that will be complete in FY2015.

MARKETING AND OUTREACH

The following is a list of WIFA's outreach and marketing efforts for FY2014:

- Wrote an editorial titled *Ailing Water Infrastructure - WIFA Can Help*, which was distributed to WIFA's listserv (over 400 people) and published in the Arizona Water Association's *Kachina News*. Resulted in interest/leads from a new group, the Maricopa County Community Development Advisory Committee.
- Provided sponsorship to the Association of General Contractors (AGC) of America and a member profile to be featured in AGC's E-bulletin sent to over 5,000 construction related companies, public/private owners and affiliated organizations.
- Held five funding workshops around the state to share information on the availability of financial assistance for drinking water, wastewater and stormwater projects. Outreached to over 80 potential customers.

- Created a quarterly update, which covers all projects (loans and planning and design technical assistance projects) completed during the quarter. The update highlights each of the project's successes, and demonstrates the results of the funding that WIFA provides to Arizona's communities. The updates are multi-purpose as they are sent to the WIFA Board of Directors and published in the Arizona Water Association's *Kachina News* publication. Q1 through Q3 updates are attached for reference.
- Attended 15 conferences and numerous outreach events. Reached nearly 1,000 people.
- Sponsored the League of Cities and Towns conference, and provided WIFA brochures in the conference bags distributed to attendees (~800). The Bronze level sponsorship includes public recognition of sponsorship on the conference program, signage, mobile app, website, and at the opening general session. WIFA was also able to attend the sponsor reception attended by elected officials.
- Sent out numerous e-mails (~25) throughout the year to WIFA's listserv (~400 people), containing information about upcoming events, trainings, resources and funding opportunities.
- Organized and presented at the Rural Water Infrastructure Committee Funding Forum attended by ~60 people.
- Partnered with Dan McNicol, best-selling author and former White House Appointee, and Case Construction on the Dire States Tour to raise awareness of ailing water infrastructure. WIFA organized a tour with the City of Buckeye to demonstrate water infrastructure projects going on in Arizona and also presented at the Dire States Tour event held in Phoenix and attended by ~50 people.
- Developed a new video about WIFA funding with Case Construction and the City of Buckeye which will be used as an outreach tool at conferences and on social media outlets.

RURAL WATER INFRASTRUCTURE COMMITTEE (RWIC)

Led by WIFA, the Rural Water Infrastructure Committee (RWIC) is an informal partnership of various organizations, mainly federal and state agencies, who provide loans, grants and technical assistance to Arizona's rural communities. RWIC serves as a "One-Stop Shop" for rural communities with a population of less than 10,000.

RWIC core members include: WIFA, Arizona Department of Environmental Quality (ADEQ), USDA Rural Development (USDA-RD), Arizona Department of Housing (ADOH), North American Development Bank (NADBank), Border Environment Cooperation Commission (BECC), Rural Community Assistance Corporation (RCAC), Governor's Office of Energy Policy and U.S. Department of Housing & Urban Development (HUD).

RWIC: One-Stop Shopping in Arizona

- A resource for applicants to locate federal, state and local financial assistance programs
- Affordable funding solutions and technical assistance to small, rural communities throughout Arizona

In FY 2014, RWIC held regular quarterly meetings utilizing the new meeting format where small communities present about their project needs and Executive Committee members discuss and follow-up with how they can provide assistance. On December 3rd, 2013, RWIC held its third annual Funding Forum, which featured a presentation on water/wastewater energy efficiency followed by member agencies presenting on the funding and technical assistance they could offer. After the presentations and a sponsored lunch, RWIC partner agencies set up informational booths and met with communities one-on-one to discuss potential projects. RWIC plans to continue the combined training/funding format next year.



Forum Evaluation

New this year, WIFA requested that the attendees of the RWIC Funding Forum fill out an evaluation survey. The results were very positive.

Results of the evaluation include:

- 26 out of 27 attendees rated the usefulness of the information on water and wastewater energy efficiency practices as very good or good.
- 26 out of 27 attendees rated the information provided in the presentations on funding opportunities as very good or good.
- 100% of the respondents rated the format/organization of the funding forum as very good or good.
- 100% of the respondents rated the information as relevant to their work.

There were some helpful comments and ideas for future funding forums (e.g. case studies of co-funded projects, handouts on the funding sources, rates and finance training) that WIFA will implement next year.

###

QUARTERLY UPDATES

MAKING A DIFFERENCE IN ARIZONA Completed Projects: Q1 - Q3 2014 Updates

Below is a summary of the projects that have been completed during the year, both through construction loans and planning and design technical assistance funding.

Q1 Summary:

11 projects completed

- \$61,294,603
 - \$61,062,012 in loans
 - \$232,591 in technical assistance funding
- 10 projects completed by small/rural communities
 - 6 drinking water projects
 - 4 clean water (wastewater) projects
- 1 clean water (wastewater) project completed by a large community (Peoria)

Completed Loans

Clarkdale, Town of

Population: 4,097

Twin 5s Water Main Replacement

Loan Amount: \$1,531,961

Project Results: The Town of Clarkdale replaced and relocated two above-ground 5-inch steel water mains. The 90-year old exposed water mains were vulnerable to natural disasters and introduction of chemical or biological agents. By implementing these improvements, the Town of Clarkdale has eliminated the security risk and resolved operation and maintenance issues. The project won WIFA's 2013 Drinking Water Project of the Year Award.



Lake Havasu, City of

Population: 18,625 (project area)

Lake Havasu City Wastewater System Expansion PY 8

Loan Amount: \$59,090,051

Project Results: This is the last Lake Havasu City loan for the sewer project, referred to as Project Year 8 (PY8). This phase included sewerage the Chemehuevi, Mockingbird and Trotwood areas, as well as a Water Resource Recharge Project, and work on the wastewater treatment plant.

Oak Creek Water Co., No. 1

Population: 1,800

Oak Creek Water Infrastructure Project

Loan Amount: \$440,000

Project Results: The project included various infrastructure upgrades to the small water system located in Sedona, including a new 116,000 gallon reservoir to meet storage criteria, pipeline replacement and necessary upgrades to an existing booster pump station.

Completed Technical Assistance Projects

Community Water Company of Green Valley

Population: 20,000

High Sulfate Impact on Arsenic Filtration Systems Pilot Study

TA Amount: \$30,000

Project Results: Community Water completed a pilot study to determine the potential effects of an approaching sulfate plume on its arsenic filtration system. The Company states that they have determined the limitations and design requirements needed to continue delivery of safe water and will be able to make more informed decisions on treatment facility modifications.

Kachina Village Improvement District

Population: 2,899

Energy Audit of Drinking Water System

TA Amount: \$35,000

Project Results: The funding that was awarded allowed the Improvement District to complete an energy audit of their water system. Currently they are looking at a cost/benefit analysis of the recommendations from the energy audit to determine which recommendations will be implemented.

Livco Sewer Company

Population: 50

Create Improvement District and Repair Pumps

TA Amount: \$15,050

Project Results: The project created an Improvement District to take over the failing system. In addition to the District formation, the funding was also used for a facilities assessment report to prioritize necessary repairs and replacements. They are considering WIFA as a source of financing for fixing priority items such as pumps and manholes.

Park Water Company

Population: 355

Master Plan

TA Amount: \$27,741

Project Results: Park Water Company completed system mapping, modeling and a master plan to address low pressure, dead end lines, undersized lines and water loss.

Peoria, City of

Population: 156,780

Butler Drive WRF Reclaimed Water System Expansion-Phase II

TA Amount: \$35,000

Project Results: This project involved the design of a new booster pump station and 100,000 gallon storage reservoir to support expansion of the reclaimed water system in the Old Town area and Pioneer Park of Peoria. The project also included a recharge well impact study.

Wellton, Town of
Population: 1,295
Water Loss Study and Valve Assessment
TA Amount: \$34,500

Project Results: The project has identified leaks and valves to be repaired or replaced throughout the system. They are considering WIFA as a source of financing for the line replacements as well as for a project to upgrade their water treatment plant.

Wickenburg, Town of
Population: 5,590
Wickenburg Wastewater Treatment Plant Solar Project
TA Amount: \$35,000

Project Results: The project allowed the Town of Wickenburg to complete the design of a 350kW Photovoltaic (PV) Solar Array to capture enough solar power during the daylight hours to run the facility at 100%.

Yuma County
Population: 190 (project area)
Gila Acres District Formation, Sewer Collection and Conveyance
TA Amount: \$20,300

Project Results: This project addressed a cluster of homes on septic systems in a commercial/industrial sector of the City of Yuma. The homes are within proximity to a levee and are at risk for flooding, the groundwater table is too high for effective use of septic systems, and the Yuma County Environmental Division has received numerous complaints of septic system failures in the past twenty years. The project began the district formation process and produced a Preliminary Engineering Report and Environmental Report so that residents can be connected to the City of Yuma's municipal sewer system. The County states they will likely come to WIFA for a portion of the financing once the district formation is complete. (Note: Gila Acres was renamed Valle Verde Estates during this process.)

Q2 Summary:

5 projects completed

- \$11,534,325
 - \$11,499,475 in loans
 - \$34,850 in technical assistance
- 4 drinking water projects
 - 2 completed by small/rural communities (less than 10,000)
- 1 clean water (wastewater) project

Completed Loans

City of Eloy

Population: 11,125

Houser/Toltec Waterline Improvements

Loan Amount: \$2,000,000

Project Results: This project addressed inadequate water distribution infrastructure to meet the needs of customers in the Toltec Highway and Sunland Gin Road areas located in the western portion of the City of Eloy. To secure sufficient distribution and loop the system to increase reliability, the City made improvements to the existing booster station, including new pumps to provide a capacity of 4000 gpm; added new 16-inch water main from the booster station to Toltec Highway; and added new 12-inch water main along the Toltec Highway to connect to the existing 12-inch water main currently serving Sunland Gin Road.



Metropolitan Domestic Water Improvement District

Population: 47,954

Purchase of Thim Water Systems

Loan Amount: \$4,218,531

Project Results: The Metropolitan Water District in Tucson entered into an asset purchase agreement to acquire three water systems that were in need of upgrades and resolution of compliance problems. Upgrades completed after the purchase included a fixed network system and automated meter reading conversion, installation of arsenic treatment, a new well, and storage tank replacement. The purchase and upgrades have consolidated operations and management of these systems, produced greater economy of scale through the increased customer base and revenues, and brought the systems back into compliance.



City of Prescott

Population: 30,252

Sundog Filter Replacement & Denitrification

Loan Amount: \$1,480,944

Project Results: The City of Prescott used loan funds to remove and replace the under-drain system at the City's Sundog WWTP, the City's largest wastewater treatment plant. Sundog receives the majority of the City's wastewater flow and was last upgraded and expanded in 1989. By replacing the under-drain at the Sundog WWTP, the City of Prescott was able to ensure proper wastewater treatment and improve water quality.

City of Show Low

Population: 1,131 (project area)

Pineview Water System Acquisition and Improvement Project

Loan Amount: \$3,800,000

Project Results: The City of Show Low acquired Pineview Water Company, a private water company which served 1,131 residential and commercial customers in and around the City. The City then completed significant improvements to bring the infrastructure into compliance with ACC water loss requirements and to connect the system to the City's distribution system. Cross-connecting these systems into one system has increased the overall quality and quantity of water available to all residents. Due to economies of scale, this purchase has led to decreased operational costs. Savings from these decreased costs will be put back into system improvements or used for rate stabilization.



Completed Technical Assistance Projects

Holiday Water Company

Population: 550

Water Distribution and Storage Improvements

TA Amount: \$34,850

Project Results: The Company applied for funding after receiving a Notice of Violation from ADEQ in September 2012 for failure to provide adequate storage and pressure. The TA award provided funds for design and permitting of a replacement well, assistance with an ACC rate and finance case, and construction contract development and bidding. As a result, the Company successfully closed on a WIFA loan in May of this year, and will soon begin construction of the new well, additional storage, and new pressure sustaining valves.

Q3 Summary:

10 projects completed

- \$7,437,538
 - \$7,275,945 in loans
 - \$161,593 in technical assistance funding
- 5 drinking water projects completed by small/rural communities (less than 10,000)
- 5 clean water (wastewater) projects
 - 2 completed by small/rural communities (less than 10,000)

Completed Loans

City of El Mirage

Population: 30,000

WWTP Contact Chlorination Station

Loan Amount: \$1,406,078

Project Results: El Mirage constructed a new wastewater treatment facility where the chlorination station was located (at the site of the decommissioned facilities). The City used the loan funds to construct a new chlorination station within an enclosed facility adjacent to the new treatment facilities.

City of El Mirage

Population: 35,500

Water Reclamation Facility Efficiencies

Loan Amount: \$500,000 **Project Results:** More than 24% of the operating expenses associated with the City's wastewater treatment facility were related to energy consumption to pump water into the treatment facility and to use ultraviolet treatment. Replacing the internal pump station with gravity flow and replacing ultraviolet treatment with chlorination resulted in expected energy costs savings of \$102,000 annually.

Apache Junction Water Utilities Community Facilities District

Population: 9,000

WUCFD Mesa Interconnect

Loan Amount: \$4,956,200

Project Results: Problems with the District's three wells left it unable to provide sufficient supply, and temporary package treatment facilities were constructed as an interim solution. This project constructed a water line, booster station and storage tank to receive water from the City of Mesa to meet demand.



Town of Eagar**Population: 4,535****Water System Expansion****Loan Amount: \$413,667**

Project Results: The Town utilized the WIFA funds to install a new well and well connector line as well as replace water lines on Spanish Trail and Burk Street.

Completed Technical Assistance Projects**Avra Water Co-op, Inc.****Population: 5,687****Waterline Replacement Program****TA Amount: \$23,654**

Project Results: The Co-op was experiencing high leakage from its water lines and used the technical assistance funds to conduct a water leak study and develop a waterline replacement plan. The Co-op has stated the project has been a great benefit, as they now have updated maps that indicate age, type, size, condition, and expected life of the co-op's waterlines.

City of Casa Grande**Population: 48,571****Water Reclamation Facility Selenium Reduction Study****TA Amount: \$18,850**

Project Results: After exceeding its AZPDES permit for selenium, Casa Grande used the technical assistance funds to conduct a selenium reduction study. The study identified an improved testing method to obtain more accurate lab results, resulting in compliance with the permit. The study also identified a chemical injection process for enhanced selenium removal with minimal capital or operating costs should selenium levels rise beyond current levels.

Maricopa Mountain Domestic Water Improvement District**Population: 822****Groundwater Well Siting Study and Technical Specifications****TA Amount: \$26,900**

Project Results: Maricopa Mountain Domestic Water Improvement District needed to plan for the addition of a new production well. The District used the technical assistance funding to determine the best location for the well based on yield and quality, and to develop technical specifications for permitting and construction of the new well. The District has stated they are now prepared to make a decision on location and purchase land for the new well, and may seek WIFA and/or USDA funding.

Sunrise Water Co.**Population: 4,100****Arsenic Remediation Well #2****TA Amount: \$22,409**

Project Results: Well #2 had been taken out of production in 2006 because it exceeded the arsenic standard implemented then. The Company used these funds to design an arsenic treatment system for the well. Recently, the Company received a loan from WIFA for the installation of the arsenic treatment system.

Town of Superior

Population: 3,254

Preliminary Engineering Report for WWTP

TA Amount: \$34,800

Project Results: The Town used the funds to develop a Preliminary Engineering Report (PER) to address needed repairs, rehabilitation and upgrades to its WWTP. The Town has stated they are now ready to approach USDA and/or CDBG for construction funding.

Tri-city Regional Sanitary District

Population: 4,014

Special Assessment Process for Septic to Sewer Planning

TA Amount: \$34,980

Project Results: This project addressed a cluster of homes on septic systems between the Town of Miami and the City of Globe. The technical assistance funded the district formation process. The District is already on WIFA's Project Priority List for a future loan.