

# COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

## PROJECT FINANCE COMMITTEE MEETING AGENDA

**August 16, 2023**  
**Committee meeting at 9:00 a.m.**

### **Via Zoom Conference Call**

Project Finance Committee Members: Chris Treese (Chair), Steve Vandiver (ex-officio), George Corkle, Eric Wilkinson, and Bruce Whitehead

Authority Staff: Keith McLaughlin, Jim Griffiths, Wes Williams, Ian Loffert, Austin Reichel, Kevin Carpenter, and Giorgi Gazashvili

Others present: Mark Henderson, Alex Hawley, Desi Santerre, Victor Chen, Kelly Shen, Will Clift, and Peter Dieterich

## **AGENDA**

### **1. DWRP Loan Applications and BIL Business Cases:**

- Pine Brook Water District (BIL or Base) – Direct Loan Request – Jim (**Board Action & possible Executive Session**)
- Highland Lakes Water District (Base) – Direct Loan Request – Gio (**Board Action**)
- Town of De Beque (Base) – Direct Loan Request – Kevin (**Board Action – Staff Recommends Consent Agenda**)
- Town of Silt (BIL & Base) – Direct and Leveraged Loan Request – Austin (**Board Action**)
- Teller County Water & Sanitation District No. 1 (Base) – Direct Loan Request – Kevin (**Board Action – Staff Recommends Consent Agenda**)
- Town of Walden (BIL) – Direct Loan Request – Kevin (**Board Action – Staff Recommends Consent Agenda**)
- Project 7 Water Authority – **BIL Business Case** – Jim (**Board Action**)
- Byers Water & Sanitation District – **BIL Business Case** – Ian (**Board Action**)

**Note:** A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 16, 2023**. The link to join via online is: <https://us06web.zoom.us/j/86816741554?pwd=MXZ0RUQxcTcrNk93N3UyMUhDVjFZUT09>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **868 1674 1554**. The passcode is: **784746**.

## 2. WPCRF Loan Applications and DAC Business Case:

- City of Boulder (BIL & Base) – Direct, Green, and Leveraged Loan Request – Wes (**Board Action – Staff Recommends Consent Agenda**)
- East Alamosa Water & Sanitation District (BIL) – Direct Loan Request – Gio (**Board Action – Staff Recommends Consent Agenda**)
- Leadville Sanitation District (BIL & Base) – Direct and Leveraged Loan Request – Wes (**Board Action**)
- Town of Ramah (BIL) – Direct Loan Request – Ian (**Board Action**)
- Mesa Water & Sanitation District – **DAC Business Case** – Austin (**Board Action – Staff Recommends Consent Agenda**)

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## COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1942  
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### MEMORANDUM

August 23, 2023

**TO:** Board of Directors and Karl Ohlsen

**FROM:** Jim Griffiths, Finance Director

**RE:** Drinking Water Revolving Fund ("DWRF")  
Bipartisan Infrastructure Law ("BIL")  
Pine Brook Water District BIL Eligibility Review and Conclusions

The Pine Brook Water District (the "District"), located in Boulder County, applied for a direct loan through the DWRF loan program in the amount of \$1,407,650. The Department of Local Affairs ("DOLA") determined that the District met the BIL eligibility criteria and proposed DWRF BIL funding that included \$765,877 of principal forgiveness ("PF") and \$641,773 of loan.

This project consists of building two new water storage tanks and decommissioning the two tanks being replaced. The District's project was authorized by HJR 19-1005.

The District's application was presented at both the May 26, 2023 Project Finance Committee ("PFC") meeting and the June 2, 2023 Board Meeting. The Authority Board questioned the BIL eligibility determination pointing out that some criteria may not be applicable to this District. Consequently, the Board tabled the District's direct loan application and directed staff to review the BIL eligibility determination.

For reference, the original BIL eligibility determination included the following scores and points:

BIL Criteria		Benchmark		Borrower Score	Points
1	5-year % change in population	1.00%	>	0.72%	1
2	County Job Loss or County Unemployment	0 7.10%	> <	14.26% 4.25%	0
3	Median Household Income ("MHI") exceeds 125% of state MHI (-1 point)	\$75,231 \$94,039	> <	\$124,773	-1
4	Rates to MHI	0.81%	<	1.19%	1
5	Project addresses removal of lead or EC	Yes		No	0
6	% Minority	25.00%	<	11.20%	0
7	% Households Housing Burdened	30.00%	<	34.30%	1
8	% Population under 200% Poverty Level	35.00%	<	19.90%	0
9	% Population under 200% Poverty Level + % Population over 65 years old	50.00%	<	54.60%	1
10	Meets DAC Criteria	Yes		No	0
Total Points:					3

The District received points for criteria 1, 4, 7 and 9 above. Staff's review of these four criteria, as well as our conclusions, are as follows:

**Criterion #1 - 5-year % change in population.** Benchmark of 1%. Point received if you are less than the benchmark. The District scored 0.72%.

- Pine Brook is a mature subdivision and is nearly built out. Some, or all, open lots are owned by existing homeowners. You would not expect Pine Brook to have a growth rate of 1% or higher, similar to a typical Colorado municipality or Special District.
- Pine Brook is not a town and would not have the same economic circumstances. When a town employer closes (a mine closure, for example) then population growth may slow, or even decline, as people leave to find jobs. So, this BIL criterion was developed to show possible economic hardship.
- **Staff conclusion: This criterion is not a good fit and is not applicable to this District. No point should be awarded.**

**Criterion #4 - Water user rates to MHI.** Benchmark of 0.81%. Point received if you are higher than the benchmark. The District is higher at 1.19%.

- Pine Brook, like many small water systems, has high user rates. Its water infrastructure includes treated water storage tanks, distribution piping sized for fire flow, valves, meters, and associated appurtenances. The District is located in a hilly area, and this adds to the overall expense of the system.
- MHI, although high at \$124,773, may in fact be misleading in affluent older retiree communities with high assets.
- A high-end, exclusive community can generally afford higher rates, and rates likely don't represent a burden to this District.
- **Staff conclusion: This criterion is not a good fit and is not applicable to this District. No point should be awarded.**

**Criterion #7 - Percent of households that are housing burdened.** Benchmark of 30%. Point received if you are higher than the benchmark. The District is higher at 34.3%.

- Pine Brook is an exclusive community with larger homes and higher home values compared to most other parts of the Denver-Boulder metro area. If a homeowner were truly housing burdened, then they would have the option of selling the high value home and purchasing a home that costs much less, thereby reducing the financial burden.
- There appears to be a high number of retirees in this community and statistically, retirees have lower (or no) mortgage debt.
- **Staff conclusion: This criterion is not a good fit and is not applicable for this District. No point should be awarded.**

**Criterion #9 - Percent population under 200% poverty level + % of population over 65 years old.** Benchmark of 50%. Point received if you are greater than the benchmark. The District is higher at 54.60%.

- A large portion of the 54.60% is comprised of residents that are over 65 years old. While retirees tend to be on a fixed income and/or living on investment income, details of investment portfolios are largely unknown.
- This is an exclusive high-end community, so it is unlikely that the retirees in this community are similar to retirees in the general population. It's likely that this subset of retirees generally has higher net worth.



- Some of the 54.60% are showing incomes at under 200% of the poverty level. This could be the result of investment income that is not shown or measured as income or business owners drawing little to no income.
- **Staff conclusion: There is not a way to get behind the numbers in this criterion. Intuitively, it is highly unlikely that there are folks in this community living below the poverty level. Therefore, this criterion and point may not apply to this District.**

**Overall Criteria Review and Conclusion:**

BIL eligibility allows a community to receive PF. The BIL eligibility criteria were constructed to show economic and financial need and identify underserved, vulnerable populations. Although the Pine Brook Water District was originally determined to be BIL eligible, upon further review, the four points received on criteria 1, 4, 7, and 9 do not apply to this community.

**Staff Recommendation:**

Based on the above conclusions, staff recommends that the Authority Board of Directors approve a DWRF direct loan to the District in the amount of \$1,407,650 with no principal forgiveness (so no BIL funds). The loan will be for a term of up to 20 years at an interest rate of up to 3.00%. The Board will consider this request on August 23, 2023.

## DWRF LOAN CREDIT REPORT

Pine Brook Water District ("The District"), Boulder County

<b>Recommendation:</b>	<b>APPROVAL</b>
<b>Repayable Loan Request:</b>	\$641,773
<b>Interest Rate &amp; Term:</b>	3%, 20 years
<b>Annual Debt Service:</b>	\$42,905
<b>Pledge:</b>	Water revenue
<b>Current Rate:</b>	\$173.95
<b>Estimated Rate Increase:</b>	\$0.00

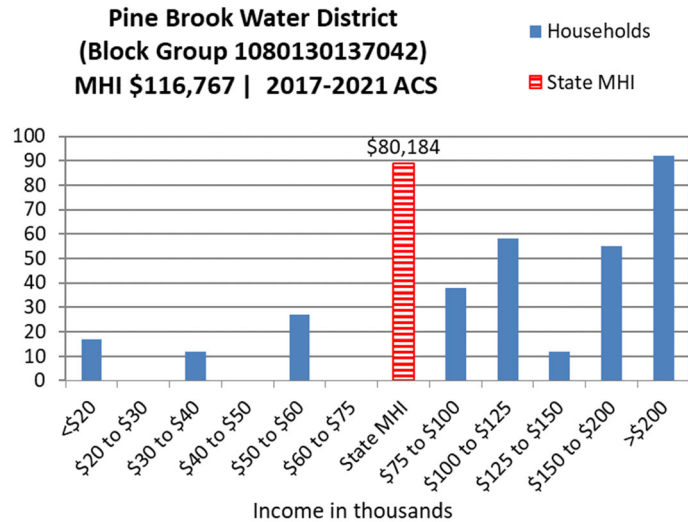
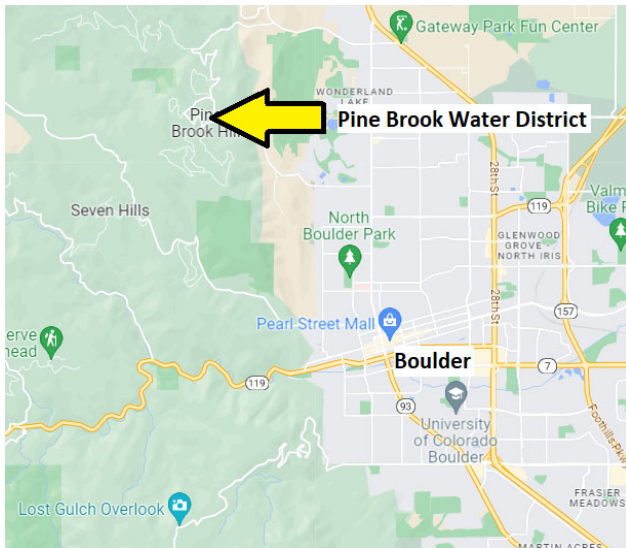
<u>Project Budget</u>	
<b>DWRF BIL Loan:</b>	\$641,773
<b>DWRF BIL Principal Forgiveness:</b>	\$765,877
<b>Reserves:</b>	\$45,614
<b>Total:</b>	\$1,453,264

**PROJECT DESCRIPTION:** This project consists of building new water storage tanks and decommissioning the replaced tanks in the District's service area.

### COMMUNITY PROFILE:

Pine Brook Water District	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			1,040	1,040	1,043	1,043	1,043	0.06%
Boulder County Population	325,414	328,055	328,827	330,814	329,793			0.33%
Boulder County Jobs	233,705	238,431	244,917	233,344	242,887			0.97%
Number of Water Taps			416	416	417	417	417	0.06%
Assessed Value (\$000)			31,720	34,652	34,391	41,263	40,424	6.25%
Actual Value (\$000)			419,796	460,237	461,148	588,436	560,436	7.49%

**BORROWER BRIEF:** Pine Brook Water District serves the Pine Brook Hills subdivision just northwest of the City of Boulder.



### RECOMMENDATION:

The District serves a small community in the foothills of Boulder County. The proposed loan is necessary to rehabilitate and replace aging tank infrastructure and ensure compliance with future water quality requirements. The District is in a strong financial position to take on the proposed loan, and no rate increase is projected to be necessary. Therefore, we recommend that the DWRF committee approve a \$641,773 BIL direct loan and \$765,877 in BIL principal forgiveness to the Pine Brook Water District.

**PROJECT SUMMARY:**

**System summary:** The Pine Brook Water District consists of a filtration plant, approximately 16 miles of distribution pipe, and two pump stations used to transfer water to five water storage tanks throughout the system.

**Reason/need:** Two of the District's tanks (R4 and R7) were assessed in 2021 and identified to be in deteriorated condition and requiring rehabilitation or replacement. The District also exceeded the water quality limits for two quarters in 2019 as a result of water age due to the size and location of tank R7. The proposed project will improve the ability to reduce water age and overall levels of disinfection byproducts throughout the District.

**System Compliance:** The Pine Brook Water District is in compliance with the Colorado Primary Drinking Water Regulations and the project is primarily intended to maintain compliance and meet future requirements.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 15% of the total project cost is included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Weak</b>		<b>Average</b>		<b>Strong</b>	
Total Debt per Capita (\$):	2,736	2,453	2,168	X	>\$2,000		\$1,000-2,000		<\$1,000
Total + New Debt/Capita (\$):			2,783	X	>\$2,000		\$1,000-2,000		<\$1,000
Total Debt/Tap (\$):	6,839	6,132	5,420	X	>\$5,000		\$2,500-5,000		<\$2,500
Total Debt + New Debt/Tap (\$):			6,959	X	>\$5,000		\$2,500-5,000		<\$2,500
Current Water Debt/Tap (\$):	6,839	6,132	5,420	X	>\$2,000		\$1,000-2,000		<\$1,000
Current Water + New Water Debt/Tap (\$):			6,959	X	>\$2,000		\$1,000-2,000		<\$1,000
Total Debt/Assessed Value:	8.21%	7.44%	5.48%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			7.03%		>50%		25-50%	X	<25%
Total Debt/Actual Value:	0.62%	0.55%	0.38%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			0.49%		>10%		5-10%	X	<5%
Current Water Debt + New Debt/Tap/MHI:			5.96%		>20%		10-20%	X	<10%
Water Fund Current Ratio (CA/CL):	123%	135%	135%		<100%	X	100-200%		>200%
Water Fund Reserves/Current Expense:	17%	27%	34%	X	<50%		50-100%		>100%
Water Operating Ratio (OR/OE):	127%	126%	123%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	140%	150%	132%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	140%	140%	132%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			118%		<110%	X	110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			118%		<110%	X	110-125%		>125%
Current Annual Water Rates/MHI:			1.76%		>3.0%	X	1.5-3.0%		<1.5%
Current Water Rates + New Water Debt Service/MHI:			1.85%		>3.0%	X	1.5-3.0%		<1.5%
Operation and Maintenance Reserve:			54%		<25%		25-50%	X	>50%
<b>TOTAL:</b>				<b>7</b>		<b>5</b>		<b>9</b>	

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, nine are rated strong, five are average, and seven are considered weak. Overall, the indicators illustrate a healthy water fund with strong reserves and operating ratio. There is a high community debt burden, but the District has adequate finances to pay for both the existing and proposed debt.

- Based on 2022 financial information, the coverage ratio with the proposed loan and principal forgiveness is 118%. No additional annual revenue is projected to be needed to meet the SRF program's 110% debt service coverage ratio requirement.
  - Without BIL principal forgiveness, the coverage ratio decreases to 105%. Additional annual revenue of \$24,203, or \$4.84 per tap per month, would be necessary to meet the 110% coverage ratio requirement.
- In 2023, the District implemented a \$2.50 increase to the monthly water base fee. Based on an estimate of 417 taps, this is projected to generate \$12,510 in additional annual revenue and increase the projected coverage ratio to 121%.
- The District's operating and current ratio have been above 100% for the past three years.
- A majority of the District's debt is from a 2013 general obligation bond, and paid for exclusively by a property tax in effect until the bond is paid off in 2029.

**Additional Project Financing**

The District has \$45,614 in reserves that it plans to contribute towards this project.

**DESCRIPTION OF THE LOAN:**

Out of a total loan request of \$1,453,264, the District is eligible for \$765,877 in BIL principal forgiveness and \$641,773 as a repayable loan. An estimated \$641,773 direct loan with a twenty year term, two payments annually, and an interest rate of 3.00% will cost the District approximately \$42,905 in annual debt service.

**BIL Principal Forgiveness Eligibility:**

In order to qualify for BIL principal forgiveness, a community must score three points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The District scored **three points** in December 2022, using last year's eligibility criteria. This determination is valid for 18 months, and is still valid at the time of this loan application.

The District qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package.

<b>BIL PF DETERMINATION (based on 2016-2020 ACS data)</b>				
	<b>Benchmark</b>		<b>Borrower</b>	<b>Points</b>
1. Five Year % Change in Population	1.00%	>	0.72%	1
2a: County Job Loss	0	>	14.26%	0
2b: County Unemployment	7.10%	<	4.25%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$75,231	>	\$124,773	-1
	\$94,039	<		
4: Rates to MHI	0.81%	<	1.19%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	25.0%	<	11.2%	0
7: % Households Housing Burdened	30.0%	<	34.3%	1
8: % Population under 200% Poverty Level	35.0%	<	19.9%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	50.0%	<	54.6%	1
10: Meets DAC criteria	Yes		No	0
<b>Total Points Scored:</b>				<b>3</b>

**ECONOMIC ANALYSIS:** The District has a 2023 population estimated at 1,043 and has grown at an average annual rate of 0.06% since 2019. In comparison, Boulder County has experienced an average 0.33% increase in population since 2017, and the state population increased by 0.95%.

Boulder County's economy is dominated by professional and business services (18% of jobs), followed by government (14%) and health services (11%). The area's largest employers consist of the lighting and optical manufacturer Excelitas Technology Corporation (3,000 employees), Corden Pharma (1,570 employees), Google (1,500 employees), the advertising agency Crispin Porter Bogusky (700 employees), and Elevations Credit Union (600 employees).

No customers account for more than 3% of system utilization.

**ORGANIZATIONAL ANALYSIS:****Bond Rating**

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

**Section 37-60-126(2) C.R.S. (Water Conservation Planning)**

The District does not sell more than 2,000 acre-feet of water per year.

**Organizational Structure**

Formed in 1963, the District is a Title 32 special district governed by a five-member Board of Directors. The District is responsible for providing water services to the Pine Brook Hills subdivision, and is staffed by three full-time employees (a manager, assistant manager, and operator). All three individuals are licensed operators.

- The District has generally been in compliance with state statutory budgeting and auditing requirements for the past five years.
- The District maintains general liability insurance coverage through Glatfelter Public Entities.
- There are currently no pending lawsuits against the District.
- There have been no recall elections in the last ten years, and the District is compliant with state elections law.

#### Technical/Managerial/Financial (TMF)

CDPHE and DOLA conducted a review of the District's technical, managerial and financial capacity to operate the water system. The review did not result in any mandatory recommendations.

#### Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule, which anticipates capital outlay of \$848,403 over the next ten years. The plan's largest expense is an anticipated \$443,370 for tank repair and painting in 2027. Capital improvements will be paid for by water revenue, and potentially a new property tax after the current tax expires in 2029.

#### Intergovernmental

The District does not have any intergovernmental agreements.

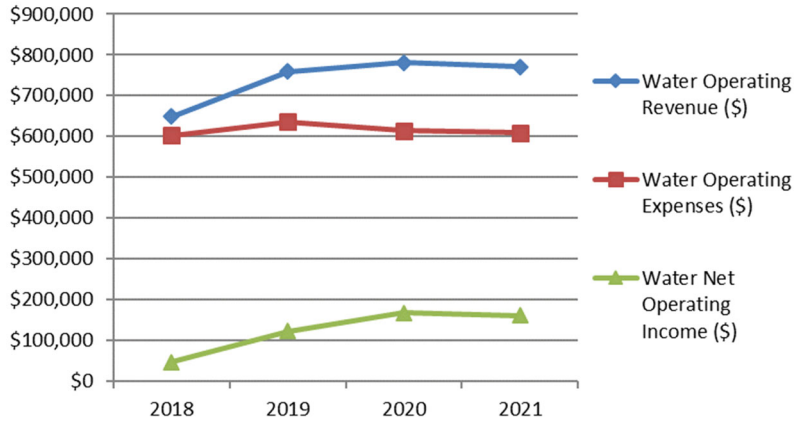
#### REVENUE ANALYSIS:

The District's water revenue stream is healthy, with operating revenue consistently sufficient to cover operating expenses. Furthermore, potentially volatile tap fee revenue is only a small portion of total revenue – averaging 2.90%. The "total revenue" and "debt service" numbers below include property tax revenue that is dedicated solely to cover the debt service for a 2013 general obligation bond.

The District's reserves have steadily increased since 2019, which aligns with a 2019 District policy to set aside approximately \$100,000 every year for capital reserves. The District's reserves are well-above three months of operations and maintenance expenses.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)	157.92	163.95	163.95	168.82	171.45	173.95
Residential Water Tap Fee (\$)	40,000	40,000	40,000	40,000	40,000	
Mill Levy	10.329	10.429	9.533	9.620	8.020	
Total Water Revenue (\$)	1,154,964	1,183,283	1,142,567	1,179,943	1,158,719	
Tap/Development Fees (\$)	128,343	0	0	40,000	0	
Property Tax Revenue (\$)	329,392	330,012	330,038	329,898	330,860	
S.O. Tax Revenue (\$)	17,920	17,818	16,201	16,340	13,793	
Water Operating Revenue (\$)	648,914	759,016	781,106	770,986	809,708	
Water Operating Expenses (\$)	602,221	636,037	613,563	609,589	660,179	
Water Net Operating Income (\$)	46,693	122,979	167,543	161,397	149,529	
Water Debt (\$)	3,394,284	3,123,969	2,844,998	2,557,086	2,259,938	
Total Debt (\$)	3,394,284	3,123,969	2,844,998	2,557,086	2,259,938	
Water Debt Service (\$)	376,929	376,891	376,853	379,479	378,064	
Water Debt Service/Tap/Month (\$)	75.51	75.50	75.49	75.84	75.55	
Water Fund Reserves (\$)	37,963	61,505	167,550	267,382	357,828	

Ratios	2018	2019	2020	2021	2022	5-year Average
Operating Revenue as % of Total Revenue	56%	64%	68%	65%	70%	65%
Operating Revenue as % of Expenses	108%	119%	127%	126%	123%	121%
Tap Fee Revenue as % of Total Revenue	11%	0.00%	0.00%	3.39%	0.00%	2.90%



### Recent Rate Increases

The District's most recent rate increase from a monthly base service fee of \$107.50 to \$110.00 was implemented in 2023.

### User Charges

The District's current monthly water rate is estimated at \$173.95 compared to the 2021 estimated state median of \$55.72. The District's average monthly water rate is based on typical residential consumption of 5,872 gallons per month. Residential users pay a \$110 base rate and an increasing volume charge for every 1,000 gallons that are used:

- \$7 for the first 1,000 gallons
- For each subsequent 1,000 gallons used - \$8, \$9, \$12, \$14, \$16, \$17, \$18

The rate structure for commercial users is the same as for residential users. The District does not serve any out-of-boundary customers – in order to receive services, a property must legally join the District.

### Contributed Capital

Revenue from tap fees has ranged from \$0 to \$128,343 and has averaged 2.90% of total water revenue during the last five years. The District has not increased tap fees in the past five years.

- Residential water tap fees are \$40,000 for in-boundary connections, and \$52,000 for out-of-boundary connections.

Current System Utilization		
	Usage	Revenue
<b>Residential</b>	99%	47%
<b>Non-residential (per EQR)</b>	1%	53%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$160/\$40,000	N/A
¾"	\$160/\$40,000	N/A

### DEBT as of December 31, 2022

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2008	Wells Fargo	2027	Water revenue	\$227,830	4.65%	\$52,000
2013	Wells Fargo	2029	G.O. Revenue (property tax)	\$2,032,108	2.99%	\$326,044

**LOAN COVENANTS:** The District will have to meet the Authority's 110% rate covenant, 3-month operations and maintenance reserve fund covenant, and the 110% additional bonds test (if applicable) on an annual basis.

The District has no current debt with the Authority, including the SRF programs.

Prepared by: Kelly Shen  
Date: May 16, 2023

Project # 190301D-T  
Cost Categories: Planning and Design: 5%, Construction-Storage: 95%

<b>May 16, 2023</b>  <b>DWRF Credit Report</b> <b>Pine Brook Water District, Boulder County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2022</b>	<b>1,043</b>
<b>Number of Water Taps/Customers - 2022</b>	<b>417</b>
<b>Total Assessed Valuation - 2022</b>	<b>\$41,263,000</b>
<b>Actual Value of All Real Property - 2022</b>	<b>\$588,436,000</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$116,767</b>
<b>Monthly Water Rate - 2022</b>	<b>\$171.45</b>
<b>Water Operating Revenue - 2022</b>	<b>\$809,708</b>
<b>Water Total Revenue - 2022</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$1,158,719</b>
<b>Water Tap and System Development Fee Revenue - 2022</b>	<b>\$0</b>
<b>Water Operating Expense - 2022</b>	<b>\$660,179</b>
<b>Water Current Expense - 2022</b>	<b>\$1,038,243</b>
<b>Water Debt - 2022</b>	<b>\$2,259,938</b>
<b>Total Debt - 2022</b>	<b>\$2,259,938</b>
<b>Water Fund Reserves - 2022</b>	<b>\$357,828</b>
<b>Water Debt Service - 2022</b>	<b>\$378,064</b>
<b>New Water Debt</b> [Requested DWRF loan amount.]	<b>\$641,773</b>
<b>Requested DWRF Loan Term</b>	<b>20</b>
<b>Requested DWRF Loan Interest Rate</b>	<b>3.00%</b>
<b>New Loan's Annual Water Debt Service (two payments annually)</b>	<b>\$42,905</b>

<b>Current Indicators (2022)</b> <b>Pine Brook Water District</b> <b>(Water Only)</b>					
1	Total Debt	\$2,259,938	÷	Population	1,043 = \$2,168
	New Debt	\$641,773	÷	Population	1,043 = \$616
	Total Debt + New Debt	\$2,901,711	÷	Population	1,043 = \$2,783
2	Total Debt	\$2,259,938	÷	Number of Taps	417 = \$5,420
	New Debt	\$641,773	÷	Number of Taps	417 = \$1,539
	Total Debt + New Debt	\$2,901,711	÷	Number of Taps	417 = \$6,959
3	Total Debt	\$2,259,938	÷	Assessed Value	\$41,263,000 = 5.48%
	New Debt	\$641,773	÷	Assessed Value	\$41,263,000 = 1.56%
	Total Debt + New Debt	\$2,901,711	÷	Assessed Value	\$41,263,000 = 7.03%
4	Total Debt	\$2,259,938	÷	Actual Value	\$588,436,000 = 0.38%
	New Debt	\$641,773	÷	Actual Value	\$588,436,000 = 0.11%
	Total Debt + New Debt	\$2,901,711	÷	Actual Value	\$588,436,000 = 0.49%
5	Current Water Debt (Current Water Debt + New Water Debt) / Number of Taps	\$2,259,938	÷	Number of Taps	417 = \$5,420
		\$6,959	÷	MHI	\$116,767 = 5.96%
6	Current Ratio (CA / CL)				
	Current Assets	\$1,020,604	÷	Current Liabilities	\$753,222 = 135%
7	Reserve/Expense Ratio				
	Reserves	\$357,828	÷	Current Expenses	\$1,038,243 = 34%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$809,708	÷	Operating Expenses	\$660,179 = 123%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$1,158,719	-		
	Minus Operating Expenses	\$660,179			
	=	\$498,540	÷	Current Debt Service	\$378,064 = 132%
	Coverage Ratio Excluding Tap and				
10	Development Fee Revenue	\$498,540			
	Minus Tap and Development Fee Revenue	\$0			
	=	\$498,540	÷	Current Debt Service	\$378,064 = 132%
11	Projected Coverage Ratio				
	Total Revenues	\$1,158,719			
	Minus Operating Expenses	\$660,179			
	=	\$498,540		Total Debt Service (with new loan)	\$420,969 = 118%
	Projected Coverage Excluding Tap and				
12	Development Fee Revenue	\$498,540			
	Minus Tap and Development Fee Revenue	\$0			
	=	\$498,540	÷	new loan)	\$420,969 = 118%
13	Current Debt Service	\$378,064	÷	Number of Taps	417 = \$906.63
	Annual New Water Debt Service	\$42,905	÷	Number of Taps	417 = \$102.89
	2021 Annual Water Rate (Monthly Rate				
14	x 12)	\$2,057.42	÷	MHI	\$116,767 = 1.76%
	2021 Annual Water Rate + New Annual				
	Debt Service Per Tap	\$2,160.31	÷	MHI	\$116,767 = 1.85%
15	Current 2021 Monthly User Charge				\$168.82
	(Debt Service on DWRF Loan / 2021 Taps / Month)				\$8.57
	Total				\$177.40
16	Operation and Maintenance Reserve				
	Reserves	\$357,828	÷	Operating Expenses	\$660,179 = 54%





### **Priority Point Scoring**

Applicant: **Pine Brook Water District**

DWRF or WPCRF: **DWRF**

#### **WPCRF**

Total WQCD Score:	
DOLA Affordability Score:	
Total Score:	

#### **DWRF**

Water Quality/Public Health Score:	<b>25</b>
DOLA Affordability Score:	<b>45</b>
Total Score	<b>70</b>

Is applicant receiving funds from BASE program, BIL program, or BOTH? **BIL.**

#### **Base Program DWRF Principal Forgiveness**

Eligible as a base program DAC? **No.**

Eligible base program DWRF principal forgiveness percentage: **N/A**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? **Yes.**

Eligible BIL principal forgiveness percentage: **54.408%**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$765,877**



## COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N. Logan Street, Denver, Colorado 80203-1939  
303/830-1550 · Fax 303/832-8205 · [info@cwrpda.com](mailto:info@cwrpda.com)

### MEMORANDUM

August 16, 2023

**TO:** Project Finance Committee and Karl Ohlsen

**FROM:** Jim Griffiths, Finance Director  
Austin Reichel, Financial Analyst II  
Kevin Carpenter, Financial Analyst II  
Giorgi Gazashvili, Financial Analyst I

**RE:** Review of the Highland Lakes Water District, Town of De Beque, Town of Silt, Teller County Water and Sanitation District No. 1, and Town of Walden Drinking Water Revolving Fund ("DWRf")

The Division of Local Government has forwarded to the DWRf Committee its analyses of the above-listed projects. The DWRf Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed projects and agreed to forward the requests to the Authority's Project Finance Committee with the following recommendations:

#### **Highland Lakes Water District**

The Highland Lakes Water District (the "District"), located in Teller County, is seeking a Disadvantaged Communities direct loan through the DWRf loan program in the amount of \$161,598 plus \$646,390 of principal forgiveness. The project consists of construction of a new membrane surface water treatment plant. The District's project was authorized by SJR 10-004.

#### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRf Disadvantaged Communities direct loan with the District in the amount of \$161,598 plus \$646,390 of principal forgiveness. The loan will be for a term of 20 years, at an interest rate of 1.00%. The Board will consider this request on August 23, 2023.

#### **Town of De Beque**

The Town of De Beque (the "Town"), located in Mesa County, is seeking a Disadvantaged Communities direct loan through the DWRf loan program in the amount of \$411,186 plus \$1,644,744 of principal forgiveness. The project consists of expanding the Town's domestic water treatment plant for upgrades to the system's treatment process, constructing a new well, and replacement of distribution lines. The Town's project was authorized by HJR 17-1003.

#### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRf Disadvantaged Communities direct loan with the Town in the amount of \$411,186 plus \$1,644,744 of principal forgiveness. The loan will be for a term of 20 years, at an interest rate of 1.00%. The Board will consider this request on August 23, 2023.

**Town of Silt**

The Town of Silt (the "Town"), located in Garfield County, is seeking funds through the DWRF loan program in the total amount of \$27,250,000, comprised of up to a \*\$14,415,175 leveraged loan plus cost of issuance, a \*\$4,189,825 repayable BIL direct loan, \*\$5,000,000 BIL General Supplemental PF, \*\$1,645,000 BIL Emerging Contaminants PF, and \*\$2,000,000 Disadvantaged Communities base program PF. The project consists of upgrading the existing water treatment plant which includes improvements to the pretreatment to address coagulation, ballasted flocculation, and sedimentation. The project will also upgrade treatment to mixed media filtration for iron and manganese removal and UV disinfection. The Town's project was authorized by HJR 21-1002.

**Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating DWRF loans with the Town in the amount of \$27,250,000, comprised of up to a \*\$14,415,175 leveraged loan plus cost of issuance, a \*\$4,189,825 repayable BIL General Supplemental direct loan, \*\$5,000,000 BIL General Supplemental PF, \*\$1,645,000 BIL Emerging Contaminants PF, and \*\$2,000,000 Disadvantaged Communities base program PF. The leveraged loan will be for a term of 20 years, at an interest rate of 80% of the market rate on the Authority's 2023 Series A State Revolving Fund Revenue Bonds. The BIL direct loan will be for a term of 20 years, at an interest rate of 1.00% on the first \$3 million of repayable funds and 3% on the remaining repayable funds above \$3 million, all subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution. The Board will consider this request on August 23, 2023.

**Teller County Water and Sanitation District No. 1**

The Teller County Water and Sanitation District No. 1 (the "District"), located in Teller County, is seeking a base direct loan through the DWRF loan program in the amount of \$758,942. The project is to make necessary upgrades to address radium maximum contaminant level (MCL) exceedances by installing an ion exchange treatment system. In addition, facility improvements include the replacement of existing chlorine contact line and the rehabilitation of finished water piping gallery in existing water treatment plant. The District's project was authorized by SJR 22-002.

**Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRF base direct loan with the District in the amount of \$758,942. The loan will be for a term of 20 years, at an interest rate of 3.00%. The Board will consider this request on August 23, 2023.

**Town of Walden**

The Town of Walden (the "Town"), located in Jackson County, is seeking a BIL direct loan through the DWRF loan program in the amount of \$1,250,000 with \*\$680,100 in BIL PF and \*\$569,900 in BIL Loan. This project consists of installing new water meters, installing new pumps at the water treatment plant, and mapping and replacing distribution lines. The Town's project was authorized by HJR 11-1008.

**Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRF BIL direct loan with the Town in the amount of \$1,250,000 with \*\$680,100 in BIL PF and \*\$569,900 in BIL loan. The loan will be for a term of 20 years, at an interest rate of 2.00%. The Board will consider this request on August 23, 2023.

**Note:** A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 16, 2023**. The link to join via online is: <https://us06web.zoom.us/j/86816741554?pwd=MXZ0RUQxcTcrNk93N3UyMUhDVFZUT09>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **868 1674 1554**. The passcode is: **784746**.

Attachments: Highland Lakes Water District 2023 DWRF Credit Report  
 Town of De Beque 2023 DWRF Credit Report  
 Town of Silt 2023 DWRF Credit Report  
 Teller County Water and Sanitation District No. 1 2023 DWRF Credit Report  
 Town of Walden 2023 DWRF Credit Report

\* - Estimated PF and direct/leveraged loan amounts through the BIL and/or Base programs.



# COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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## MEMORANDUM

August 16, 2023

**TO:** Project Finance Committee and Karl Ohlsen

**FROM:** Jim Griffiths, Finance Director  
Ian Loffert, Sr. Financial Analyst II

**RE:** Review of the Project 7 Water Authority Bipartisan Infrastructure Law (“BIL”) Business Case and Byers Water and Sanitation District BIL Business Case, Drinking Water Revolving Fund (“DWRF”)

The Division of Local Government has forwarded to the DWRF Committee its analyses of the above-listed projects. The DWRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the CWRPDA, has reviewed the technical and financial aspects of the proposed projects and agreed to forward the requests to the CWRPDA’s Project Finance Committee with the following recommendations:

### Project 7 Water Authority BIL Business Case

The Project 7 Water Authority (the “Authority”), located in Delta, Montrose, and Ouray Counties, is seeking approval of a BIL Business Case to allow for potential access to BIL funds and principal forgiveness through the DWRF program. Intending to pursue a loan in order to improve system resilience and redundancy, the Project 7 Water Authority is proposing to build a new water treatment plant and associated transmission pipeline and connect to a new water source. The new plant will draw water from the Ridgway Reservoir, which is in a separate watershed from the Gunnison River that serves as the water source for the existing plant near Montrose. The Authority submitted a Project Needs Assessment in November of 2022. Upon review, it was determined the Authority did not qualify for BIL principal forgiveness, and the Authority still does not meet the eligibility criteria using current 2023 benchmarks. However, this determination may not be fully reflective of the Authority’s demographic and economic condition due to challenges with data reliability and availability.

2023 BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	1.02%	0
2a: County Job Loss	0.00%	>	13.17%	0
2b: County Unemployment	5.61%	<	4.32%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$60,417	1
	\$100,230	<		
4: Rates to MHI	N/A – the Authority is a wholesale water provider			
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	30.00%	<	26.22%	0
7: % Households Housing Burdened	35.00%	<	23.53%	0
8: % Population under 200% Poverty Level	35.00%	<	30.23%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	54.17%	0
10: Meets DAC criteria	Yes		No	0
Total Points Scored:				1

### Recommendation

Based on the attached Business Case for the Authority, staff recommends the Project Finance Committee forward to the Board a recommendation approving the Authority’s request for BIL eligibility and the corresponding potential access to BIL funds and principal forgiveness. Actual funding and principal forgiveness depend on funding availability and applicable caps and limits in place at the time of loan application.

### **Byers Water and Sanitation District BIL Business Case**

The Byers Water and Sanitation District (the "District"), located in Arapahoe County, is seeking approval of a BIL Business Case to allow for potential access to BIL funds and principal forgiveness through the DWRF program. Intending to pursue a direct loan in order improve system redundancy and capacity, as well as replace aging infrastructure, the Byers Water and Sanitation District is looking to upgrade their distribution system and storage tanks. The proposed improvements include new and replaced pipelines, improved and recoated storage tanks, new fire hydrants, and new and replaced valves. The District submitted a Project Needs Assessment in December of 2022. Upon review, it was determined the District did not qualify for BIL principal forgiveness. The District currently scores two out of three points necessary to qualify for BIL funding, and the current unreliability of its MHI estimate prevents the District from qualifying outright. Other factors, such as a median home value (MHV) and projected debt to MHV, are below DAC benchmarks, suggesting that Byers is a community with economic challenges that may not be accurately represented in 2017-2021 ACS estimates.

<b>2023 BIL PF DETERMINATION</b>				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	0.42%	1
2a: County Job Loss	0.00%	>	17.86%	0
2b: County Unemployment	5.61%	<	4.82%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$90,682	0
	\$100,230	<		
4: Rates to MHI	0.83%	<	0.50%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	30.00%	<	43.96%	1
7: % Households Housing Burdened	35.00%	<	22.97%	0
8: % Population under 200% Poverty Level	35.00%	<	18.98%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	33.63%	0
10: Meets DAC criteria	Yes		No	0
<b>Total Points Scored:</b>				<b>2</b>

### **Recommendation**

Based on the attached Business Case for the District, staff provides no recommendation (neutral) to the Project Finance Committee on the District's request for BIL eligibility and the corresponding potential access to BIL funds and principal forgiveness. Actual funding and principal forgiveness depend on funding availability and applicable caps and limits in place at the time of loan application.

**Note:** A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 16, 2023**. The link to join via online is: <https://us06web.zoom.us/j/86816741554?pwd=MXZ0RUQxcTcrNk93N3UyMUhDVjFZUT09>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **868 1674 1554**. The passcode is: **784746**.

Attachments: Project 7 Water Authority DWRF 2023 BIL Business Case  
Byers Water and Sanitation District DWRF 2023 BIL Business Case



## DWRF LOAN CREDIT REPORT

Highland Lakes Water District ("The District"), Teller County

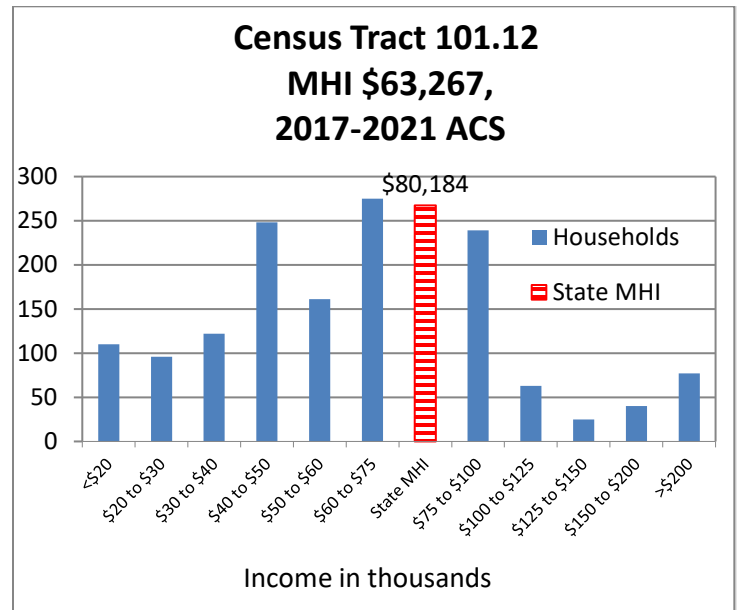
<b>Recommendation:</b>	<b>APPROVAL</b>	<b><u>Project Budget</u></b>	
<b>Total SRF Request</b>	\$807,988	<b>DWRF Loan:</b>	\$161,598
<b>Interest Rate &amp; Term:</b>	20 years, 1.00%	<b>DWRF Principal Forgiveness:</b>	\$646,390
<b>Annual Debt Service:</b>	\$8,935	<b>EIAF:</b>	\$683,682
<b>Pledge:</b>	Water revenues	<b>D&amp;E Grants:</b>	\$141,550
<b>Current Rate:</b>	\$87.47	<b>Total:</b>	\$1,633,220
<b>Estimated Rate Increase:</b>	\$0.00		

**PROJECT DESCRIPTION:** This project serves to construct a new membrane surface water treatment plant.

### COMMUNITY PROFILE:

Highland Lakes Water District	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			903	905	913	913	913	0.28%
Teller County Population	24,153	24,523	24,678	24,738	24,922			0.79%
Teller County Jobs	10,410	10,595	10,636	10,030	10,453			0.10%
Number of Water Taps		359	361	362	365	365	365	0.28%
Assessed Value (\$000)			7,335	9,032	9,111	10,165	9,943	7.90%
Actual Value (\$000)			93,645	117,306	118,603	134,184	135,119	9.60%

**BORROWER BRIEF:** The District is located just northwest of Pikes Peak in the southern part of the Front Range, approximately 30 miles west of Colorado Springs on State Highway 24.



**RECOMMENDATION:** The District serves a small bedroom community in mountainous Teller County. This proposed loan is necessary to construct a new drinking water treatment facility to be in compliance with Groundwater Under Direct Influence (GWUDI) of surface water regulation requirements. Although the proposed loan will be a burden on a smaller community, the District appears to be in good condition in order to take on the proposed loan and no rate increases are projected to be necessary. In addition, the District is eligible for a large portion of the proposed loan to be forgiven, reducing the debt burden on the community. We therefore recommend the DWRF Committee approve a \$161,598 Disadvantaged Community direct loan (and \$646,390 in DWRF base principal forgiveness) to the Highland Lakes Water District.

**PROJECT SUMMARY:**

**System summary:** The District is located in Teller County, Colorado. The water system consists of approximately 360 service connections and serves approximately 875 individuals on average. The current groundwater system is sourced by piped water from twenty four groundwater wells that are under the direct influence of surface water. The water then enters into the treatment plant where the water is treated with chlorine. The treated water then enters into a 106,000 gallon storage tank before going out to distribution.

**Reason/need:** The District's drinking water system was previously classified as being served by a groundwater source. The District was reclassified as being served by a source classified as Groundwater Under Direct Influence (GWUDI). The District was given an 18-month deadline of March 15, 2023 to come into compliance with the surface water treatment regulations. Without the proposed drinking water treatment facility improvements, the District will not meet the Primary Drinking Water Regulation requirements.

**System Compliance:** The District has a compliance schedule to perform activities to meet the Surface Water Treatment Rule Requirements by March 15, 2023. The project is intended to return the system to compliance. The District is currently in communication with the WQCD Compliance Assurance Section in regards to passing the installation deadline to obtain funding for the project.

**Project Delivery Method:** Design/Bid/Build

**Contingency:** 20% of total project cost included as contingency.

CURRENT INDICATORS:	2020	2021	2022	Weak	Average	Strong
Total Debt per Capita (\$):	1,316	1,230	1,153	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,330	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,290	3,074	2,882	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,325	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Current Water Debt/Tap (\$):	3,290	3,074	2,882	X >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water + New Water Debt/Tap (\$):			3,325	X >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	13.19%	12.32%	10.35%	___ >50%	___ 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			11.94%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	1.02%	0.95%	0.78%	___ >10%	___ 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.90%	___ >10%	___ 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			5.26%	___ >20%	___ 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	421%	416%	375%	___ <100%	___ 100-200%	X >200%
Water Fund Reserves/Current Expense:	159%	139%	174%	___ <50%	___ 50-100%	X >100%
Water Operating Ratio (OR/OE):	146%	116%	162%	___ <100%	___ 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	207%	186%	283%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	182%	117%	235%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan:			258%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			214%	___ <110%	___ 110-125%	X >125%
Current Annual Water Rates/MHI:			1.66%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.70%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			247%	___ <25%	___ 25-50%	X >50%
<b>Total:</b>				<b>2</b>	<b>6</b>	<b>13</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, thirteen are rated strong, six are average and two are considered weak. Overall, the indicators illustrate that while the proposed loan may be a burden, the system is in good financial condition to take on the debt which appears to be affordable. The strong indicators show that the current ratio, projected coverage ratio including tap fees, and reserves are sufficient. The weak indicators reflect a degree of community debt burden and the possible need for rate increases in the future.

- Based on 2022 financial information, coverage with the proposed loan is 258% with tap fee revenue and 214% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- Operating expenses were significantly higher in 2018 and 2019 due to repairs and water hauling.
- The District supports operations with property taxes, which are not included in the operating revenue amounts presented in this analysis.
- Projections submitted by the District show operating expenses increasing by roughly 6% each year and total revenue increasing by roughly 2% each year. Despite the higher projected growth of expenses, the projections show the District meeting the 110% coverage ratio requirement through the life of the proposed loan.

#### Additional Project Financing

The District submitted an Energy and Mineral Impact Assistance Fund (EIAF) application for \$683,682 which was awarded in July 2023.

#### DESCRIPTION OF THE LOAN:

An estimated \$161,598 loan with a twenty-year term with two payments annually at an interest rate of 1.00% will cost the District approximately \$8,935 in debt service annually. The District also qualifies for \$646,390 in principal forgiveness.

#### Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$63,267	Y	S1: County MHI	\$64,147	>=	\$68,677	N
P2: MHV	\$397,500	>=	\$309,000	Y	S2: Population Loss	N/A - not evaluated for special districts			
P3: County Unemployment	5.61%	<=	4.20%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$24,962	N
County Job Loss	0.00%	>=	7.05%	N	S4b: Curr. and Proj. System Debt	0.36%	<	1.71%	Y
Benchmarks based on 2017-2021 American Community Survey data and the most recent available financial audit data.					S4b: 80th Percentile	1.38%	<	1.71%	Y
					S5b: Proj. System Cost Per Tap to MHI	1.12%	<	1.96%	Y
					S5b: 80th Percentile	1.74%	<	1.96%	Y

Based on 2017-2021 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the Town qualifies for the lowest interest rate available (Category 2 DAC, 1%).

#### BIL Principal Forgiveness Eligibility:

As a DAC, the District is automatically eligible for BIL Principal Forgiveness, however, the District will receive a greater loan forgiveness amount under the base DWRP program.

**ECONOMIC ANALYSIS:** Based on the State Demographer's estimate of 2.5 people per tap, the District has a 2021 population estimated at 913 and has grown at an average annual rate of 0.25% since 2017. Teller County has experienced an increase of 0.79% in population since 2017. The state population increased at an average annual rate estimated 0.95%.



The region's economy is dominated by tourism, government, professional services, construction, and mining. The region's largest employers consist of Cripple Creek Casinos, with 836 employees; Newmont Mining, with 400 employees; Walmart, with 265 employees; Woodland Park School District, with 260 employees; and Teller County, with 200 employees.

#### ORGANIZATIONAL ANALYSIS:

##### Bond Rating

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

#### Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The District does not sell more than 2,000 acre-feet of water per year.

#### Organizational Structure

The District is a Title 32-Article 1 water district governed by a five-member board of directors and was organized in 1977. The District provides water services. Approximately one full-time employee staffs the water utility. The water utility is overseen by the Director of Operations who reports to the District Board.

- The District has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The District maintains general liability insurance coverage through the Colorado Special Districts Property and Liability Pool.
- There are currently no pending lawsuits against the District.
- There have been no recall elections in the last ten years.

#### Technical/Managerial/Financial (TMF)

The WQCD and DLG conducted a review of the District's technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory recommendations.

#### Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule, which anticipates capital outlay of \$925,531 through 2025 for water treatment plant upgrades (including this proposed project), wellhead improvements, distribution system improvements, line replacements, mapping, and dam repairs to be funded from a combination of reserves, grants, and loans.

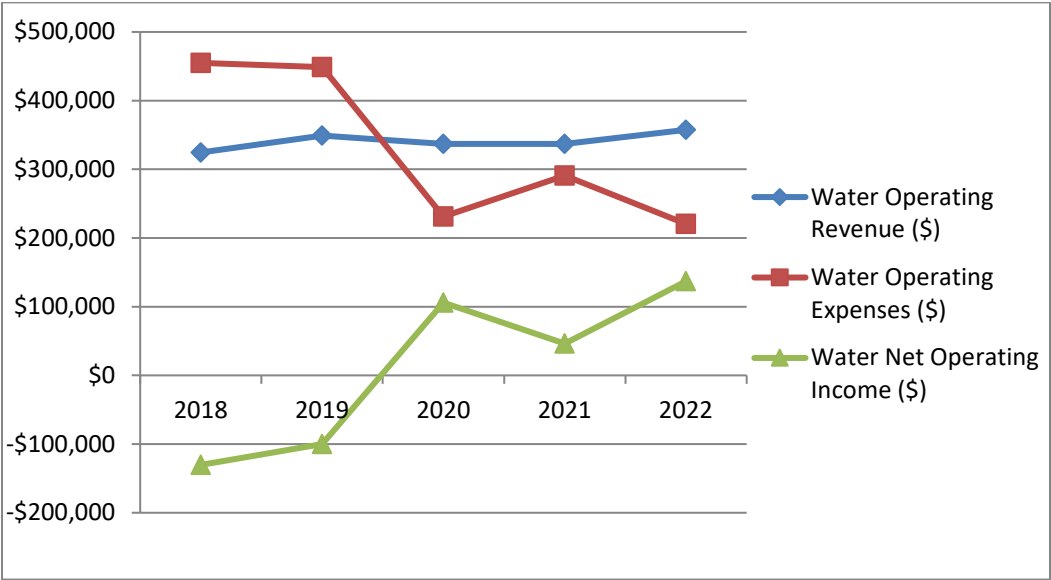
#### REVENUE ANALYSIS:

Operating revenues have been steady over the five-year period examined. Even though operating expenses increased due to water hauling in 2018 and 2019, operating revenue still averaged 110% of expenses over the five-year period. Tap fee revenue has averaged 7% of total revenues over the past five years and projections submitted by the District do not anticipate significant growth in tap fee revenue. The District also supports operations with property tax revenue, which accounts for approximately 12% of the District's total revenue.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)		77.47	77.47	87.47	87.47	87.47
Residential Water Tap Fee (\$)		11,432	11,741	12,082	12,940	13,743
Mill Levy		7.000	6.045	6.407	6.064	6.608
Total Water Revenue (\$)	424,279	441,232	421,949	461,751	480,627	
Tap/Development Fees (\$)	22,306	22,585	23,482	63,472	43,810	
Property Tax Revenue (\$)	51,201	48,690	51,928	54,487	61,643	
S.O. Tax Revenue (\$)	6,273	6,236	5,374	6,403	6,276	
Water Operating Revenue (\$)	324,566	349,000	337,108	337,014	357,493	
Water Operating Expenses (\$)	454,926	449,037	231,127	290,832	220,514	
Water Net Operating Income (\$)	-130,360	-100,037	105,981	46,182	136,979	
Water Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Total Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Water Debt Service (\$)	104,540	85,300	92,067	92,064	92,058	

Water Debt Service/Tap/Month (\$)	24	20	21	21	21
Water Fund Reserves (\$)	696,202	674,299	515,062	531,818	544,712

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	76%	79%	80%	73%	74%	77%
Operating Revenue as % of Expenses	71%	78%	146%	116%	162%	115%
Tap Fee Revenue as % of Total Revenue	5.26%	5.12%	5.57%	14%	9.12%	8%



Recent Rate Increases

The District’s most recent rate increase of \$10.00 was implemented on January 1, 2021.

User Charges

The District’s current monthly water rate is estimated at \$87.47 compared to the 2021 estimated state median of \$55.72. The District’s average monthly water rate is based on typical residential consumption of 2,400 gallons per month. Residential users pay a \$35.00 base in addition to volume charges of \$2.18 per 100 gallons for consumption from 0 to 2,000 gallons, \$2.23 per 100 gallons from 2,100 to 5,000 gallons, \$2.28 per 100 gallons from 5,100 to 7,000 gallons, \$2.33 per 100 gallons from 7,100 to 8,000 gallons, \$5.50 per 100 gallons from 8,100 to 9,000 gallons, \$8.00 per 100 gallons from 9,100 to 10,000 gallons, and \$12.00 per 100 gallons for usage over 10,100 gallons. All users are subject to this rate schedule. There are no commercial customers.

Contributed Capital

Revenue from tap fees has ranged from \$22,306 to \$63,472 and has averaged 7% of total water revenue during the last five years. The District’s most recent water tap fee rate increase occurred in 2023.

- Water tap fees are \$13,743 and the tap fee is increased each year by the Mountain Plains Consumer Price Index.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%

Current Fee Summary	
Tap size	Water user/tap fees
¾”	\$87.47/\$13,743

DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	CWRPDA	2035	Water revenues	\$1,122,110	2.00%	\$92,292

**LOAN COVENANTS:** The Town will have to meet the Authority’s 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The District has met the Loan Covenants on its DWRf direct loan dated 2015 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Victor Chen  
Date: August 10, 2023

Project # 141261D-B  
Cost Categories: New Drinking Water Treatment Plant  
- 100%

## DWRF LOAN CREDIT REPORT

Town of De Beque ("The Town"), Mesa County

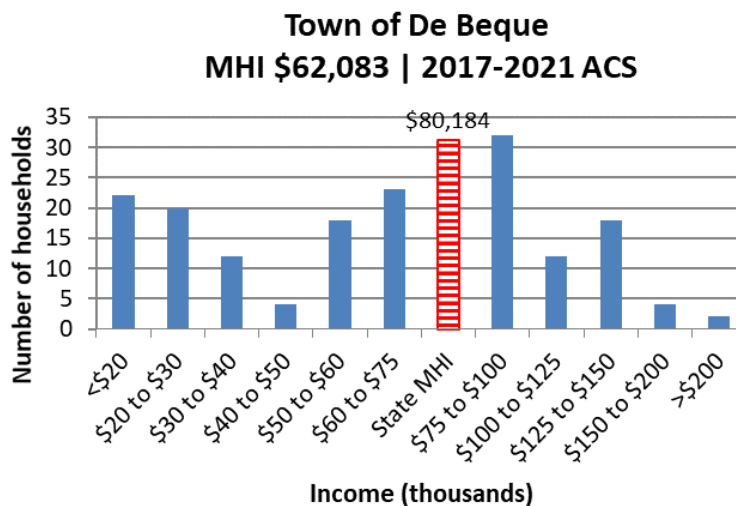
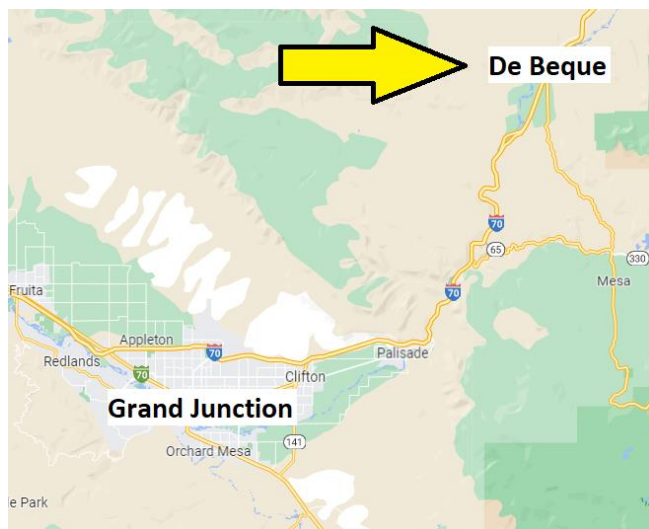
<b>Recommendation:</b>	<b>APPROVAL</b>
<b>Loan Request:</b>	\$2,500,000
<b>Interest Rate &amp; Term:</b>	1.00%, 20 years
<b>Annual Debt Service:</b>	\$27,646
<b>Pledge:</b>	Water revenue
<b>Current Rate:</b>	\$34.64
<b>Estimated Rate Increase:</b>	\$0.00

<b>Project Budget</b>	
<b>DWRF Base Loan:</b>	\$500,000
<b>DWRF Base Principal Forgiveness:</b>	\$2,000,000
<b>D&amp;E Grant:</b>	\$300,000
<b>2023 EIAF:</b>	\$1,000,000
<b>American Rescue Plan Act:</b>	\$200,000
<b>Small Communities Grant (state grant):</b>	\$191,013
<b>Total:</b>	\$4,191,013

**PROJECT DESCRIPTION:** The project consists of expanding the Town's domestic water treatment plant for upgrades to the system's treatment process, constructing a new well, and replacement of distribution lines.

<b>COMMUNITY PROFILE:</b> Town of De Beque	2017	2018	2019	2020	2021	2022	2023	<b>Avg. Annual Change</b>
Town Population	487	497	497	492	489			0.10%
Mesa County Population	152,148	154,047	155,109	155,950	157,323			0.84%
Mesa County Jobs	77,985	79,745	80,740	77,321	81,335			1.06%
Number of Water Taps			354	354	354	354	354	0.00%
Number of Sewer Taps			217	217	217	217	217	0.00%
Assessed Value (\$000)			5,882	6,287	6,192	7,232	9,351	12.29%
Actual Value (\$000)			27,955	34,117	34,080	40,656	46,799	13.75%

**BORROWER BRIEF:** The Town is a small community located along the Colorado River and Roan Plateau in northern Mesa County. Located on I-70, the Town is 25 miles east of Grand Junction and 212 miles west of Denver.



**RECOMMENDATION:** The Town serves a small community along I-70 in Mesa County. This proposed loan is necessary to maintain compliance and to allow the water system to improve treated water production during periods of high turbidity in the Colorado River. The Town's water fund is moderately strong, with a generally healthy current ratio and ample reserves. However, the fund's operating ratio was negative in 2022. To address this, the Town passed a resolution in July 2022 to begin raising rates to meet the SRF program's 110% coverage ratio requirement and three-month operations and maintenance reserve requirement.

The Town is eligible for a total loan package of \$2,500,000, comprised of a \$500,000 repayable loan and \$2,000,000 in DWRF principal forgiveness.

Therefore, we recommend that the DWRF Committee approve a \$500,000 Disadvantaged Communities direct loan and \$2,000,000 in DWRF base program principal forgiveness to the Town of De Beque.

**PROJECT SUMMARY:**

**System summary:** The Town's water treatment plant was constructed in 1978 and consists of micro-filtration skid and conventional skid treatment processes. The Town's raw water supply is taken from an intake structure on the Colorado River that was constructed at the same time as the plant. The system has a pre-settling tank to pretreat the often turbid water of the Colorado River, and there are two existing water storage tanks with 530,000 gallons of storage.

**Reason/need:** The current treatment process is challenged to produce treated water at the rated design capacity due to high levels of turbid water conditions in the Colorado River. The new ultra filtration system along with a new well will improve the system's production of treated water during high turbidity conditions in the Colorado River. The new treatment process will also reduce the total trihalomethanes (THMs) that the system has seen increase in recent years.

**System Compliance:** The Town is in compliance with the Colorado Primary Drinking Water Regulations, and the project is primarily intended to maintain compliance.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 10% of the total project cost.

<b>CURRENT INDICATORS:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	81	69	57	>\$2,000	\$1,000-2,000	X <\$1,000
Total + New Debt/Capita (\$):			1,079	>\$2,000	X \$1,000-2,000	<\$1,000
Total Debt/Tap (\$):	112	96	78	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			1,491	>\$5,000	\$2,500-5,000	X <\$2,500
Current Water Debt/Tap (\$):	112	96	78	>\$2,000	\$1,000-2,000	X <\$1,000
Current Water + New Water Debt/Tap (\$):			1,491	>\$2,000	X \$1,000-2,000	<\$1,000
Total Debt/Assessed Value:	0.63%	0.55%	0.38%	>50%	25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			7.30%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.12%	0.10%	0.07%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			1.30%	>10%	5-10%	X <5%
Current Water Debt + New Debt/Tap/MHI:			2.40%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	435%	592%	520%	<100%	100-200%	X >200%
Water Fund Reserves/Current Expense:	74%	114%	95%	<50%	X 50-100%	>100%
Water Operating Ratio (OR/OE):	108%	120%	98%	X <100%	100-120%	>120%
Coverage Ratio (TR-OE)/DS:	154%	807%	532%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	151%	739%	263%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			116%	<110%	X 110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			57%	X <110%	110-125%	>125%
Current Annual Water Rates/MHI:			0.67%	>3.0%	1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			0.79%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			98%	<25%	25-50%	X >50%
<b>TOTAL:</b>	<b>2</b>	<b>4</b>	<b>15</b>			

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, fifteen are rated strong, four are average, and two are considered weak. Overall, the indicators illustrate a moderately strong financial position, with a strong current ratio and ample reserves. However, operating ratio has declined over the past three years and the debt service coverage ratio with the proposed loan is low.

- Over the past three years, the water fund's operating ratio has generally declined. The latest (2022) audit shows an operating ratio below 100% with insufficient revenue to cover expenses. Net operating income was -\$5,357.
  - Negative operating income was caused by increased operating expenses in 2022 due largely to repairs and maintenance expenses which were estimated in the 2023 budget to be roughly \$49,000 higher in 2022 compared to 2021.
- Based on 2022 financial information, debt service coverage with the proposed loan is 116% with tap fee revenue and 57% without tap fee revenue. With tap fee revenue, no additional annual revenue is projected to be needed to meet the program's 110% debt service coverage ratio requirement. Without tap fee revenue, the additional annual revenue necessary increases to approximately \$18,600, or \$4.38 per tap per month.

**Additional Project Financing:**

The Town submitted an EIAF application for \$1,000,000, which was awarded in July 2023. The Town was also awarded a Small Communities Grant for \$191,013, with a funding period from May 2022 to May 2025, and \$200,000 from the American Rescue Plan Act.

**DESCRIPTION OF THE LOAN:**

The Town is eligible for a total loan package of \$2,500,000, comprised of a \$500,000 repayable loan and \$2,000,000 in DWRf base program principal forgiveness. With a twenty-year term, two payments annually, and an interest rate of 1%, the loan's annual debt service is estimated at \$27,646.

**Disadvantaged Community:** Based on 2017-2021 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1. Due to its projected rates to MHI and MHV exceeding the 80th percentile, the Town qualifies as a Category II DAC and will receive a 1% interest rate.

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$62,083	Y	S1: County MHI	\$64,147	>=	\$62,127	Y
P2: MHV	\$397,500	>=	\$164,400	Y	S2: Population Loss	0.00%	>=	-1.61%	Y
P3: County Unemployment	5.61%	<=	4.86%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$35,800	N
County Job Loss	0.00%	>=	9.23%	N	S4b: Current and Projected System Debt	0.36%	<	4.34%	Y
					S4b: 80th Percentile	1.38%	<	4.34%	Y
					S5b: Projected System Cost Per Tap to MHI	1.12%	<	1.98%	Y
					S5b: 80th Percentile	1.74%	<	1.98%	Y

**BIL Principal Forgiveness Eligibility:**

As a disadvantaged community, the Town qualifies for BIL principal forgiveness. However, the Town receives a better funding package through the base DWRf Disadvantaged Communities program.

**ECONOMIC ANALYSIS:** The Town has a 2021 population of 489 and has grown at an average annual rate of 0.10% since 2017. Mesa County has grown faster than the Town, with an average annual population increase of 0.84% since 2017. The state population increased at an average annual rate of 0.95%.

The region's economy is dominated by health services (15% of county jobs) and government (14% of county jobs). Accordingly, the area's major employers consist of School District 51 (2,554 employees), City Market (1,656 employees), St. Mary's Hospital (1,494 employees), the State of Colorado (973), and Mesa County (962).

There are no customers that account for more than 3% of system utilization.

**ORGANIZATIONAL ANALYSIS:****Bond Rating**

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

**Section 37-60-126(2) C.R.S. (Water Conservation Planning)**

The Town does not sell more than 2,000 acre-feet of water per year.

**Organizational Structure**

Incorporated in 1885, the Town is statutory town governed by a mayor-board form of government. The Town provides water and wastewater, parks and recreation, and police service to its residents. No full-time employees staff the water utility. The public works team (four employees) and the Town's administrative staff (town manager, treasurer, clerk, administrative assistant, and 0.75 deputy clerk) are 30% allocated to the water utility. The water utility is overseen by the Public Works Supervisor who reports to the Town Manager.

- The Town has generally been in compliance with Colorado statutory budgeting, auditing, and election requirements for the past five years.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

#### Technical/Managerial/Financial (TMF)

CDPHE and DLG conducted a review of the Town's technical, managerial and financial capacity to operate the water system. The review resulted in the following mandatory recommendations:

- F-2: Cash flow projection/analysis/financial plan
  - Please update the Town's five-year cash flow to demonstrate a plan to generate adequate revenue to meet the SRF program's debt service coverage ratio and operations and maintenance reserve requirements.
  - The Town's five-year cash flow currently shows a negative operating income for the next five years, and water fund revenue supplemented by increasing transfers from the Town's general fund. Furthermore, the cash flow does not specifically demonstrate adequate reserves to cover three months of operations and maintenance expenses.

#### Capital Improvement Plan

The Town does not have a formalized capital improvement plan, but will be working towards accomplishing this long-term planning to assist with the budgeting process. Anticipated projects include the water treatment facility improvements with the proposed SRF loan and a \$1.2 million sewer upgrade project. The Town has secured congressionally directed spending for the sewer project.

#### Intergovernmental

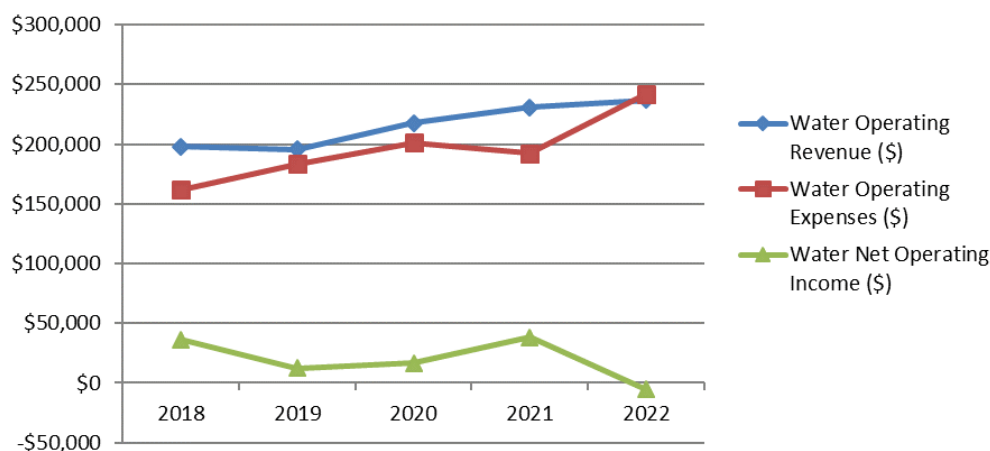
The Town does not have any intergovernmental agreements related to its water and wastewater operations and finances.

#### REVENUE ANALYSIS:

- Despite a negative operating income in 2022, operating revenue has averaged 111% of operating expenses over the past five years, suggesting generally adequate revenues to cover expenses.
  - In 2022, negative operating income was attributed to a \$50,000 increase in operating expenses due to repairs and maintenance.
- Total revenue has increased year over year for the past five years, attributed to:
  - Increased water rates in 2022 in order to take on the proposed loan.
  - Annual transfers in from the general fund. Over the past three years, these transfers have increased from \$17,000 in 2020 to \$21,860 in 2021 and \$25,660 in 2022.
  - A \$15,000 increase in tap fee revenue in 2022. The Town does anticipate continued development and tap fee revenue.
- On average, over the past five years, tap fee revenue comprised a small part (2.85%) of total revenue.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)	26.12	26.90	27.71	27.71	34.62	34.64
Monthly Sewer Rate (\$)	38.85	40.02	41.22	41.22	61.99	67.04
Residential Water Tap Fee (\$)	5,100	5,100	5,100	5,100	5,100	5,100
Residential Sewer Tap Fee (\$)	6,000	6,000	6,000	6,000	6,000	6,000
Total Water Revenue (\$)	217,938	225,888	235,078	257,979	283,141	
Tap/Development Fees (\$)	0	10,200	600	5,550	20,785	
Water Operating Revenue (\$)	198,073	195,619	217,478	230,569	236,696	
Water Operating Expenses (\$)	161,805	183,416	201,099	192,385	242,053	
Water Net Operating Income (\$)	36,268	12,203	16,379	38,184	-5,357	
Water Debt (\$)	111,982	58,913	39,711	33,872	27,742	
Total Debt (\$)	111,982	58,913	39,711	33,872	27,742	
Water Debt Service (\$)	42,564	43,269	22,104	8,126	7,721	
Water Debt Service/Tap/Month (\$)	10.02	10.19	5.20	1.91	1.82	
Water Fund Reserves (\$)	124,673	144,620	164,499	227,870	237,921	

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	91%	87%	93%	89%	84%	89%
Operating Revenue as % of Expenses	122%	107%	108%	120%	98%	111%
Tap Fee Revenue as % of Total Revenue	0.00%	4.52%	0.26%	2.15%	7.34%	2.85%



### Recent Rate Increases

The Town's most recent rate increase of from a base rate of \$34.32 to \$34.64 and a volumetric rate from \$8.18 to \$8.26 per 1,000 gallons (over 3,000 gallons) was implemented in 2023.

### User Charges

The Town's current monthly water rate is estimated at \$34.64 compared to the 2021 estimated state median of \$55.72. Residential users pay a \$34.64 base rate up to 3,000 gallons and a volume charge of \$8.26 per 1,000 gallon for consumption above 3,000 gallons. Commercial users have the same rate structure with an additional \$5 added to the base rate. Mobile home parks and schools have a separate rate structure. Out-of-boundary residential users pay a \$48.55 base rate up to 3,000 gallons and a volume charge of \$9.93 per 1,000 gallon for consumption above 3,000 gallons.

The Town's estimated average monthly residential sewer rate is \$67.04 compared to the 2021 estimated state median of \$40.38.

### Contributed Capital

Revenue from tap fees has ranged from \$0 to \$20,785 and has averaged 2.85% of total water revenue during the last five years. Tap fee revenue peaked in 2022, comprising 7.34% of total revenue. The Town has not increased their water tap fee in the past five years.

- Residential water tap fees are \$5,100.
- Residential sewer tap fees are \$6,000.

Current System Utilization		
	Usage	Revenue
Residential	91%	93%
Non-residential (per EQR)	9%	7%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$34.64/\$5,100	\$67.04/\$6,000
¾"	\$39.49/\$5,100	\$83.71/\$6,000

### DEBT as of December 31, 2022

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2007	DOLA	2026	Water Revenue	\$27,742	4.85%	\$7,824

**LOAN COVENANTS:** The Town will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.



Prepared by: Kelly Shen  
Date: August 8, 2023

Project #170091D-Q  
Cost Categories: Treatment (70%); Transmission and  
distribution (20%); Source (10%)

<b>August 8, 2023</b>  <b>DWRF Credit Report</b> <b>Town of De Beque, Mesa County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2021</b>	<b>489</b>
<b>Number of Water Taps/Customers - 2022</b>	<b>354</b>
<b>Total Assessed Valuation (in thousands) - 2022</b>	<b>\$7,231,530</b>
<b>Actual Value of All Real Property (in thousands) - 2022</b>	<b>\$40,655,570</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$62,083</b>
<b>Monthly Water Rate - 2022</b>	<b>\$34.62</b>
<b>Water Operating Revenue - 2022</b>	<b>\$236,696</b>
<b>Water Total Revenue - 2022</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$283,141</b>
<b>Water Tap and System Development Fee Revenue - 2022</b>	<b>\$20,785</b>
<b>Water Operating Expense - 2022</b>	<b>\$242,053</b>
<b>Water Current Expense - 2022</b>	<b>\$249,774</b>
<b>Water Debt - 2022</b>	<b>\$27,742</b>
<b>Total Debt - 2022</b>	<b>\$27,742</b>
<b>Water Fund Reserves - 2022</b>	<b>\$237,921</b>
<b>Water Debt Service - 2022</b>	<b>\$7,721</b>
<b>New Water Debt</b> [Requested DWRF loan amount.]	<b>\$500,000</b>
<b>Requested DWRF Loan Term</b>	<b>20</b>
<b>Requested DWRF Loan Interest Rate</b>	<b>1.00%</b>
<b>New Loan's Annual Water Debt Service (two payments annually)</b>	<b>\$27,646</b>

<b>Current Indicators (2022)</b>				
<b>Town of De Beque</b>				
<b>(Water Only)</b>				
<b>1 Total Debt</b>	\$27,742	÷ Population	489	= \$57
<b>New Debt</b>	\$500,000	÷ Population	489	= \$1,022
<b>Total Debt + New Debt</b>	\$527,742	÷ Population	489	= \$1,079
<b>2 Total Debt</b>	\$27,742	÷ Number of Taps	354	= \$78
<b>New Debt</b>	\$500,000	÷ Number of Taps	354	= \$1,412
<b>Total Debt + New Debt</b>	\$527,742	÷ Number of Taps	354	= \$1,491
<b>3 Total Debt</b>	\$27,742	÷ Assessed Value	\$7,231,530	= 0.38%
<b>New Debt</b>	\$500,000	÷ Assessed Value	\$7,231,530	= 6.91%
<b>Total Debt + New Debt</b>	\$527,742	÷ Assessed Value	\$7,231,530	= 7.30%
<b>4 Total Debt</b>	\$27,742	÷ Actual Value	\$40,655,570	= 0.07%
<b>New Debt</b>	\$500,000	÷ Actual Value	\$40,655,570	= 1.23%
<b>Total Debt + New Debt</b>	\$527,742	÷ Actual Value	\$40,655,570	= 1.30%
<b>5 Current Water Debt</b>	\$27,742	÷ Number of Taps	354	= \$78
<b>(Current Water Debt + New Water Debt) / Number of Taps</b>	\$1,491	÷ MHI	\$62,083	= 2.40%
<b>6 Current Ratio (CA / CL)</b>				
<b>Current Assets</b>	\$294,550	÷ Current Liabilities	\$56,629	= 520%
<b>7 Reserve/Expense Ratio</b>				
<b>Reserves</b>	\$237,921	÷ Current Expenses	\$249,774	= 95%
<b>8 Operating Ratio (OR / OE)</b>				
<b>Operating Revenues</b>	\$236,696	÷ Operating Expenses	\$242,053	= 98%
<b>9 Coverage Ratio [(TR - OE) / DS]</b>				
<b>Total Revenues</b>	\$283,141	-		
<b>Minus Operating Expenses</b>	\$242,053			
=	\$41,088	÷ Current Debt Service	\$7,721	= 532%
<b>Coverage Ratio Excluding Tap and Development Fee Revenue</b>	\$41,088			
<b>Minus Tap and Development Fee Revenue</b>	\$20,785			
=	\$20,303	÷ Current Debt Service	\$7,721	= 263%
<b>11 Projected Coverage Ratio</b>				
<b>Total Revenues</b>	\$283,141			
<b>Minus Operating Expenses</b>	\$242,053			
=	\$41,088	<b>Total Debt Service (with new loan)</b>	\$35,367	= 116%
<b>Projected Coverage Excluding Tap and Development Fee Revenue</b>	\$41,088			
<b>Minus Tap and Development Fee Revenue</b>	\$20,785			
=	\$20,303	<b>Total Debt Service (with new loan)</b>	\$35,367	= 57%
<b>13 Current Debt Service</b>	\$7,721	÷ Number of Taps	354	= \$21.81
<b>Annual New Water Debt Service</b>	\$27,646	÷ Number of Taps	354	= \$78.09
<b>2022 Annual Water Rate (Monthly Rate x 12)</b>	\$415.44	÷ MHI	\$62,083	= 0.67%
<b>2022 Annual Water Rate + New Annual Debt Service Per Tap</b>	\$493.53	÷ MHI	\$62,083	= 0.79%
<b>15 Current 2022 Monthly User Charge</b>				\$34.62
<b>(Debt Service on DWRP Loan / 2022 Taps / Month)</b>				\$6.51
<b>Total</b>				\$41.13
<b>16 Operation and Maintenance Reserve</b>				
<b>Reserves</b>	\$237,921	÷ Operating Expenses	\$242,053	= 98%



### **Priority Point Scoring**

Applicant: **Town of De Beque**

DWRF or WPCRF: **DWRF**

#### **WPCRF**

Total WQCD Score:	
DOLA Affordability Score:	
Total Score:	

#### **DWRF**

Water Quality/Public Health Score:	<b>40</b>
DOLA Affordability Score:	<b>155</b>
Total Score	<b>195</b>

Is applicant receiving funds from BASE program, BIL program, or BOTH? **BASE.**

#### **Base Program DWRF Principal Forgiveness**

Eligible as a base program DAC? **Yes.**

Eligible base program DWRF principal forgiveness percentage: **80%**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$2,000,000**

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? **Yes – but project may not meet CDPHE BIL requirements.**

Eligible BIL principal forgiveness percentage: **54.41%**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **None – better funding package through base program.**

## DWRF LOAN CREDIT REPORT

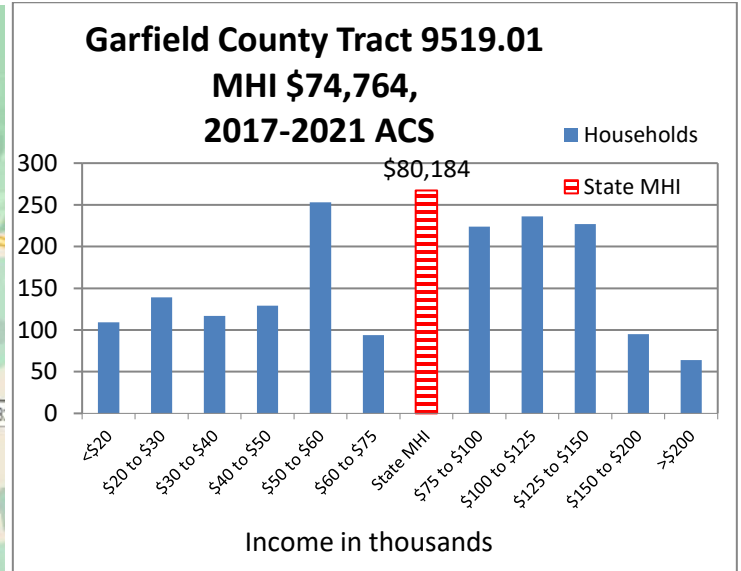
### Town of Silt ("The Town"), Garfield County

<b>Recommendation:</b>	<b>CONDITIONAL APPROVAL</b>	<b>Project Budget</b>	
<b>Loan Request:</b>	\$20,250,000	<b>DWRF BIL Loan:</b>	\$4,189,825
<b>Total Est. Annual Debt Service:</b>	\$1,257,352	<b>DWRF Base Loan:</b>	\$14,415,175
<b>Leveraged Loan:</b>	\$15,605,000	<b>DWRF BIL Emerging Contaminants PF:</b>	\$1,645,000
<b>Est. Interest Rate &amp; Term:</b>	3.50%, 20 years	<b>DWRF BIL Supplemental PF:</b>	\$5,000,000
<b>Direct Loan:</b>	\$3,000,000	<b>DWRF Base Principal Forgiveness:</b>	\$2,000,000
<b>Est. Interest Rate &amp; Term:</b>	1.00%, 20 years	<b>2023 D&amp;E Grant:</b>	\$300,000
<b>Pledge:</b>	Water & sewer revenue	<b>2023 Garfield County FML District Grant:</b>	\$450,000
<b>Current Rate:</b>	\$53.61 (W), \$71.56 (S)	<b>Total:</b>	\$28,000,000
<b>Estimated Rate Increase:</b>	\$61.17		

**PROJECT DESCRIPTION:** The project consists of overhauling and expanding the existing water treatment plant which includes improvements to pretreatment to include coagulation, ballasted flocculation, and sedimentation. The project replaces the existing membranes with mixed media filtration that will remove iron and manganese. Additionally, UV disinfection will be installed.

<b>COMMUNITY PROFILE:</b>								<b>Avg. Annual Change</b>
<b>Town of Silt</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
Town Population	3,348	3,415	3,478	3,538	3,581			1.70%
Garfield County Population	58,871	59,769	60,558	61,780	62,150			1.36%
Garfield County Jobs	33,892	34,480	34,486	32,637	33,902			0.01%
Number of Water Taps		1,648	1,685	1,731	1,771	1,810	1,836	2.18%
Number of Sewer Taps		1,404	1,435	1,468	1,515	1,563	1,588	2.49%
Assessed Value (\$000)			32,109	36,450	37,584	41,286	41,938	6.90%
Actual Value (\$000)			291,455	343,924	349,085	384,031	392,930	7.75%

**BORROWER BRIEF:** The Town of Silt is located about 20 miles west of the City of Glenwood Springs and 68 miles east of the City of Grand Junction on I-70 in Garfield County.



**RECOMMENDATION:** The Town serves a bedroom community in Garfield County. This proposed loan is necessary to ensure the water treatment plant can operate at design capacity, meet current demands, and support future growth by addressing high sediment content in the Town's water source and upgrading treatment for iron and manganese. The cost of this project is large and the associated rate increases are high, however, the Town has been actively engaging residents about the necessity of this project and believes residents support it. We therefore recommend the DWRF Committee approve a \$3,000,000 Disadvantaged Community base direct loan, a \$15,506,000 leveraged loan, a \$5,000,000 DWRF BIL supplemental principal forgiveness, \$1,645,000 DWRF BIL Emerging Contaminants principal forgiveness, and \$2,000,000 base principal forgiveness to the Town of Silt on the condition rates are increased to meet loan requirements.

**PROJECT SUMMARY:**

**System summary:** The Town's current system is a microfiltration plant that is rated for a capacity of 1 million gallons per day (MGD) with two membrane filters. The system's intake structure is located on the bank of the Colorado River.

**Reason/need:** The Town's current treatment plant is not able to operate at the current rated capacity due to equipment age and high amounts of sedimentation coming off the Colorado River from burn scar runoff from the 2021 Grizzly Creek fire. The improvements to the water treatment plant will address the existing deficiencies and expand the plant to 2 million gallons per day. This will allow the system to meet current demands and future growth while shoring up the Town's treatment resiliency.

**System Compliance:** The Town is in compliance with the Colorado Primary Drinking Water Regulations, and the project is primarily intended to maintain compliance.

**Project Delivery Method:** Construction Manager at Risk (CMAR).

**Contingency:** 15% of total project cost included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	954	861	731	>\$2,000	—	X <\$1,000
Total + New Debt/Capita (\$):			5,927	X >\$2,000	—	— <\$1,000
Total Debt/Tap (\$):	1,968	1,760	1,479	>\$5,000	—	X <\$2,500
Total Debt + New Debt/Tap (\$):			11,984	X >\$5,000	—	— <\$2,500
Current W&S Debt/Tap (\$):	1,920	1,729	1,463	>\$2,000	X	— <\$1,000
Current W&S + New W&S Debt/Tap (\$):			11,969	X >2,000	—	— <\$1,000
Total Debt/Assessed Value:	10%	8.36%	6.97%	>50%	—	X <25%
Total Debt + New W&S Debt/Assessed Value:			56%	X >50%	—	— <25%
Total Debt/Actual Value:	1.14%	0.89%	0.75%	>10%	—	X <5%
Total Debt + New W&S Debt/Actual Value:			6.08%	>10%	X	— <5%
Current W&S Debt + New Debt/Tap/MHI:			16%	>20%	X	— <10%
W&S Fund Current Ratio (CA/CL):	509%	530%	626%	<100%	—	X >200%
W&S Fund Reserves/Current Expense:	125%	109%	109%	<50%	—	X >100%
W&S Operating Ratio (OR/OE):	138%	130%	110%	<100%	X	— >120%
Coverage Ratio (TR-OE)/DS:	140%	139%	321%	<110%	—	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	111%	96%	38%	X <110%	—	— >125%
Coverage Ratio with New Loan:			88%	X <110%	—	— >125%
Coverage Ratio with New Loan Excluding Tap Fees:			10%	X <110%	—	— >125%
Current Annual Water Rates/MHI:			0.72%	>3.0%	—	X <1.5%
Current Water Rates + New W&S Debt Service/MHI:			1.66%	>3.0%	X	— <1.5%
Operation and Maintenance Reserve:			137%	<25%	—	X >50%
<b>Total:</b>			<b>7</b>		<b>5</b>	<b>9</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, nine are rated strong, five are average and seven are considered weak. Overall, the indicators illustrate a system in good financial health for which the proposed loan amount is quite large. The strong indicators show a low amount of current debt, strong ability to meet short and long term obligations, and ample reserves. The weak indicators reflect the large amount of proposed debt and the necessity to raise rates to meet loan requirements.

- The Town consistently maintains a good operating ratio. The five year average is strong at 137% and the 2021 operating ratio was 110%.
- Based on 2021 financial information, coverage with the proposed loan is 88% with tap fee revenue and 10% without tap fee revenue. However, the Town collected an unusually large amount of tap fees in 2021 when the River Valley Metropolitan District pre-paid for about 96 taps. The Town considers this a one-time increase to tap fee revenue. When using the average tap fee revenue for 2017-2020, \$200,903, the projected coverage ratio is 22%. Additional annual revenue of \$1,525,453, or about \$70.23 per EQR per month, brings the coverage ratio to 110% when using the average tap fee revenue instead. The Town has raised rates by about \$9.06 per month per

EQR since 2021, so the remaining required rate increase is about \$61.17 per month per EQR. The Town plans to enact across the board per EQR rate increases and also intends to phase in the rate increases.

- The River Valley Metropolitan District is located within the Town and was formed to finance the construction of public infrastructure for a new development. Residents and commercial businesses within the District will be Town water customers and will be billed directly as in-Town water users by the Town. The Town states that upon completion of construction, the water infrastructure and rights will be conveyed to the Town. At buildout, the District will have a total of 253 housing units and two commercial taps. The Town believes about 148 of these units will be under construction or completed in the next 2-3 years. More tap fees will be collected as the project progresses. These new customers will eventually positively benefit the Town's operating revenue and overall economy of scale.

#### Additional Project Financing

The Town submitted three requests for Congressionally Directed Spending ("CDS") for this project in the amounts of \$5 million, and made two \$2.1 million requests for the same project to two separate congressional offices. The Town does not know when to expect a decision on these requests and plans to move forward with this loan without the additional funding if awards are not made before this loan is finalized.

In 2023, the Town was awarded a \$450,000 grant by the Garfield County Federal Mineral Lease District.

#### DESCRIPTION OF THE LOAN:

An estimated \$3,000,000 direct loan with a twenty-year term with two payments annually at an interest rate of 1.00% will cost the Town approximately \$165,873 in debt service annually. An estimated \$15,605,000 leveraged loan with a twenty-year term with two payments annually at an interest rate of about 3.50% will cost the Town approximately \$1,091,479 in debt service annually. The Town also qualifies for \$5,000,000 in DWRP BIL supplemental principal forgiveness, \$2,000,000 in DWRP base program principal forgiveness, and \$1,645,000 in DWRP Emerging Contaminants principal forgiveness.

#### Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$74,764	no	S1: County MHI	\$64,147	>=	\$77,212	no
P2: MHV	\$397,500	>=	\$333,400	yes	S2: Population Loss	0.00%	>=	13.39%	no
P3: County Unemployment	5.61%	<=	3.94%	no	S3: Assessed Value per Housing unit	\$23,022	>=	\$32,512	no
County Job Loss	0.00%	>=	6.39%	no	S4b: Current and Projected System Debt	0.82%	<	4.78%	yes
					S4b: 80th Percentile	2.50%	<	4.78%	yes
					S5b: Projected System Cost Per Tap to MHI	2.07%	<	3.20%	yes
					S5b: 80th Percentile	3.09%	<	3.20%	yes

Based on 2017-2021 American Community Survey data, the Town does not meet the requirements of a DAC. While the Town does not qualify as a DAC based on current criteria, a business case for DAC status for the Town was approved by the CWRPDA board on March 3, 2023, and the Town is eligible for DAC benefits.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the Town qualifies for the lowest interest rate available (Category 2 DAC, 1.00%).

#### BIL Principal Forgiveness Eligibility:

In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The Town scores nine (9) points as shown below.

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	1.70%	0
2a: County Job Loss	0.00%	>	6.39%	0
2b: County Unemployment	5.61%	<	3.94%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$74,764	1
	\$100,230	<		
4: Rates to MHI	1.44%	<	2.01%	1
5: Project addresses removal of lead or emerging contaminants	Yes		Yes	1
6: % Minority	30.00%	<	38.71%	1
7: % Households Housing Burdened	35.00%	<	45.56%	1
8: % Population under 200% Poverty Level	35.00%	<	38.25%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	45.25%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				9

The Town qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The Town qualifies for approximately \$5,000,000 in principal forgiveness, which is the current maximum for BIL DWRF supplemental principal forgiveness.

**ECONOMIC ANALYSIS:** The Town has a 2021 population estimated at 3,581 and has grown at an average annual rate of 1.70% since 2017. Garfield County has experienced an increase of 1.36% in population since 2017. The state population increased at an average annual rate estimated at 0.95%.

The region's economy is dominated by regional services, retirees, tourism, and government. Correspondingly, the County's largest job sectors are government, construction, retail trade, health services, and accommodation and food services.

The Town's largest employers consist of Hyel Construction LLC with 43 employees, U.S. Bureau of Land Management with 35 employees, the Town with 28 employees, Miner's Claim Restaurant with 25 employees, and Silt Medical Center with 15 employees.

#### ORGANIZATIONAL ANALYSIS:

##### Bond Rating

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

#### Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The Town does not sell more than 2,000 acre-feet of water per year.

#### Organizational Structure

The Town is a home rule municipality governed by an administrator/board form of government and was incorporated in 1915. The Town provides services including public safety, irrigation, housing, water and wastewater, public works, and parks and recreation. Approximately four full-time employees staff the water utility. The water utility is overseen by the Operator in Responsible Charge, who reports to the Public Works Director.

- The Town has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The Town maintains general liability insurance coverage through the Colorado Intergovernmental Risk Sharing Agency (CIRSA).
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.



### Technical/Managerial/Financial (TMF)

The WQCD and DLG conducted a review of the Town's technical, managerial and financial capacity to operate the water system. There are no outstanding mandatory recommendations.

### Capital Improvement Plan

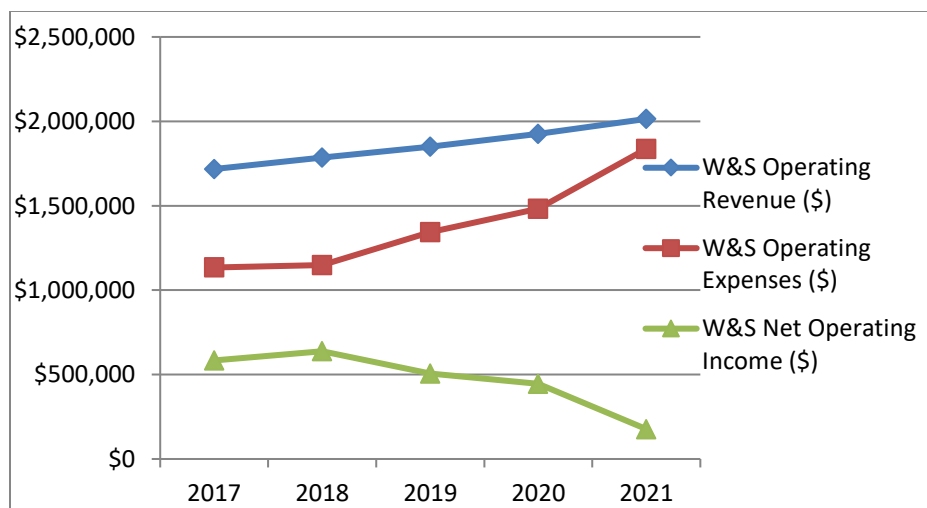
The Town is planning for a variety of water and wastewater projects including a new water tank, tank refurbishment, mainline replacement, meter and manhole replacements, as well as a major wastewater treatment plant project in the next 5-10 years. The total costs are estimated at about \$69 million, and the Town plans to fund these projects with loans, grants, and reserves.

### REVENUE ANALYSIS:

The Town's total and operating revenue have increased annually and at a relatively steady rate. However, the 2019-2021 audits show that operating expenses have increased more quickly than operating revenue, and net operating income has declined over the past five years. The Town states this is due to deferred maintenance being addressed. The Town also states that the deferred maintenance projects are complete and will not impact future operating expenses. As mentioned in the Financial Analysis section of this report, the Town also saw a one-time increase in tap fee revenue in 2021, which is not expected to continue at this level.

TRENDS	2017	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)		40.85	42.05	43.28	44.55	45.85	53.61
Monthly Sewer Rate (\$)		54.21	55.84	57.51	59.24	61.01	71.56
Residential Water Tap Fee (\$)		5,836	5,836	5,836	5,836	5,836	10,500
Residential Sewer Tap Fee (\$)		5,836	5,836	5,836	5,836	5,836	10,500
Total W&S Revenue (\$)	1,986,484	2,005,165	2,008,894	2,134,575	3,355,358		
Tap/Development Fees (\$)	259,468	202,670	138,896	202,576	1,340,516		
W&S Operating Revenue (\$)	1,717,678	1,786,025	1,850,694	1,925,887	2,014,392		
W&S Operating Expenses (\$)	1,134,470	1,147,897	1,344,809	1,481,384	1,837,239		
W&S Net Operating Income (\$)	583,208	638,128	505,885	444,503	177,153		
W&S Debt (\$)	3,894,572	3,564,751	3,235,000	2,992,400	2,591,800		
Total Debt (\$)	3,952,664	3,600,903	3,316,621	3,047,364	2,619,278		
W&S Debt Service (\$)	479,534	484,925	473,209	470,108	473,520		
W&S Debt Service/Tap/Month (\$)		25	23	23	22		
W&S Fund Reserves (\$)	1,634,750	2,019,858	2,048,466	2,123,687	2,516,104		

Ratios	2017	2018	2019	2020	2021	Average
Operating Revenue as % of Total Revenue	86%	89%	92%	90%	60%	84%
Operating Revenue as % of Expenses	151%	156%	138%	130%	110%	137%
Tap Fee Revenue as % of Total Revenue	13%	10%	6.91%	9.49%	40%	16%



### Recent Rate Increases

The Town's most recent water rate increase of \$7.76 was implemented on January 1, 2023.

### User Charges

The Town's current monthly water rate is estimated at \$53.61 per EQR compared to the 2021 estimated state median of \$55.72. The Town's average monthly water rate is based on typical residential consumption of 2,550 gallons per month. The standard residential base rate is \$52.62 per EQR for the first 2,000 gallons used. Volume charges for use above 2,000 gallons are as follows: \$0.99 per 1,000 gallons from 2,001 to 6,000 gallons, \$1.99 per 1,000 gallons from 6,001 to 10,000 gallons, \$3.31 per 1,000 gallons from 10,001 to 14,000 gallons, \$6.61 per 1,000 gallons above 14,001 gallons.

The Town's current estimated average monthly residential sewer rate is \$71.56 per EQR compared to the 2021 estimated state median of \$40.38. The Town's average monthly sewer rate is based on typical residential utilization of 1,950 gallons per month. The standard residential base rate is \$71.56 per EQR for the first 6,000 gallons used. Use over 6,000 gallons costs \$2.65 per 1,000 gallons.

For both water and sewer rates, the Town charges half the base rate for senior residents and twice the base rate for Out-of-Town customers.

### Contributed Capital

Revenue from tap fees has ranged from \$138,896 to \$1,340,516 and has averaged 16% of total water revenue during the last five years. The Town's most recent water tap fee rate increase occurred on January 1, 2023.

- Water tap fees are \$10,500 per EQR. Out-of-Town tap fees are three times the In-Town rate.
- Sewer tap fees are \$10,500 per EQR. Out-of-Town tap fees are three times the In-Town rate.

Current System Utilization		
	Usage	Revenue
Residential	78%	78%
Non-residential (per EQR)	22%	22%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"(W)/ 4"(S)	\$53.61/\$10,500	\$71.56/\$10,500
¾"(W)/ 4"(S)	\$53.61/\$10,500	\$71.56/\$10,500

### DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2020	Water & Wastewater Refunding Bonds	2027	Water and Wastewater	\$2,591,800	Variable from 2.20%	\$465,305

**LOAN COVENANTS:** The Town will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The Town has no existing loans with the State Revolving Fund.

Prepared by: Desi Santerre  
Date: August 8, 2023

Project #210321D-Q  
Cost Categories: Treatment- 100%

<b>Date</b> <b>8-Aug-23</b> <b>DWRF Credit Report</b> <b>Town of Silt, Garfield County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>			
Estimated Population - 2021	3,581		
Number of Water Taps/Customers - 2021	1,771		
Total Assessed Valuation (in thousands) - 2021	\$37,584,000		
Actual Value of All Real Property (in thousands) - 2021	\$349,085,000		
Median Household Income (MHI) - 2020	\$74,764		
Monthly Water Rate - 2021	\$44.55		
W&S Operating Revenue - 2021	\$2,014,392		
W&S Total Revenue - 2021 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$3,355,358		
W&S Tap and System Development Fee Revenue - 2021	\$1,340,516		
W&S Operating Expense - 2021	\$1,837,239		
W&S Current Expense - 2021	\$2,310,759		
W&S Debt - 2021	\$2,591,800		
Total Debt - 2021	\$2,619,278		
W&S Fund Reserves - 2021	\$2,516,104		
W&S Debt Service - 2021	\$473,520	Leveraged Loan	Direct Loan
New W&S Debt [Requested DWRF loan amount.]	\$18,605,000	\$15,605,000	\$3,000,000
Requested DWRF Loan Term	20	20	20
Requested DWRF Loan Interest Rate	1.00% & 3.50%	3.50%	1.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$1,257,352	\$1,091,479	\$165,873

<b>Current Indicators (2021)</b>					
<b>Town of Silt</b>					
<b>(Water Only)</b>					
<b>1 Total Debt</b>	\$2,619,278	÷	Population	3,581	= \$731
<b>New Debt</b>	\$18,605,000	÷	Population	3,581	= \$5,195
<b>Total Debt + New Debt</b>	\$21,224,278	÷	Population	3,581	= \$5,927
<b>2 Total Debt</b>	\$2,619,278	÷	Number of Taps	1,771	= \$1,479
<b>New Debt</b>	\$18,605,000	÷	Number of Taps	1,771	= \$10,505
<b>Total Debt + New Debt</b>	\$21,224,278	÷	Number of Taps	1,771	= \$11,984
<b>3 Total Debt</b>	\$2,619,278	÷	Assessed Value	\$37,584,000	= 6.97%
<b>New Debt</b>	\$18,605,000	÷	Assessed Value	\$37,584,000	= 49.50%
<b>Total Debt + New Debt</b>	\$21,224,278	÷	Assessed Value	\$37,584,000	= 56.47%
<b>4 Total Debt</b>	\$2,619,278	÷	Actual Value	\$349,085,000	= 0.75%
<b>New Debt</b>	\$18,605,000	÷	Actual Value	\$349,085,000	= 5.33%
<b>Total Debt + New Debt</b>	\$21,224,278	÷	Actual Value	\$349,085,000	= 6.08%
<b>5 Current W&amp;S Debt</b>	\$2,591,800	÷	Number of Taps	1,771	= \$1,463
<b>(Current W&amp;S Debt + New W&amp;S Debt)</b>					
<b>/ Number of Taps</b>	\$11,969	÷	MHI	\$74,764	= 16.01%
<b>6 Current Ratio (CA / CL)</b>					
<b>Current Assets</b>	\$2,994,525	÷	Current Liabilities	\$478,421	= 626%
<b>7 Reserve/Expense Ratio</b>					
<b>Reserves</b>	\$2,516,104	÷	Current Expenses	\$2,310,759	= 109%
<b>8 Operating Ratio (OR / OE)</b>					
<b>Operating Revenues</b>	\$2,014,392	÷	Operating Expenses	\$1,837,239	= 110%
<b>9 Coverage Ratio [(TR - OE) / DS]</b>					
<b>Total Revenues</b>	\$3,355,358	-			
<b>Minus Operating Expenses</b>	<u>\$1,837,239</u>				
=	\$1,518,119	÷	Current Debt Service	\$473,520	= 321%
<b>Coverage Ratio Excluding Tap and</b>					
<b>10 Development Fee Revenue</b>	\$1,518,119				
<b>Minus Tap and Development Fee Revenue</b>	<u>\$1,340,516</u>				
=	\$177,603	÷	Current Debt Service	\$473,520	= 38%
<b>11 Projected Coverage Ratio</b>					
<b>Total Revenues</b>	\$3,355,358				
<b>Minus Operating Expenses</b>	<u>\$1,837,239</u>				
=	\$1,518,119		<b>Total Debt Service (with new loan)</b>	\$1,730,872	= 88%
<b>Projected Coverage Excluding Tap and</b>					
<b>12 Development Fee Revenue</b>	\$1,518,119				
<b>Minus Tap and Development Fee Revenue</b>	<u>\$1,340,516</u>				
=	\$177,603	÷	<b>Total Debt Service (with new loan)</b>	\$1,730,872	= 10%
<b>13 Current Debt Service</b>	\$473,520	÷	Number of Taps	1771	= \$267.37
<b>Annual New W&amp;S Debt Service</b>	\$1,257,352	÷	Number of Taps	1771	= \$709.97
<b>2021 Annual W&amp;S Rate (Monthly Rate</b>					
<b>14 x 12)</b>	\$534.60	÷	MHI	\$74,764	= 0.72%
<b>2021 Annual W&amp;S Rate + New Annual</b>					
<b>Debt Service Per Tap</b>	\$1,244.57	÷	MHI	\$74,764	= 1.66%
<b>15 Current 2021 Monthly User Charge</b>					\$44.55
<b>(Debt Service on DWRF Loan / 2021 Taps / Month)</b>					<u>\$59.16</u>
<b>Total</b>					\$103.71
<b>16 Operation and Maintenance Reserve</b>					
<b>Reserves</b>	\$2,516,104	÷	Operating Expenses	\$1,837,239	= 137%



### **Priority Point Scoring**

Applicant: Town of Silt  
DWRF or WPCRF: DWRF

#### **WPCRF**

Total WQCD Score:	
DOLA Affordability Score:	
Total Score:	

#### **DWRF**

Water Quality/Public Health Score:	25
DOLA Affordability Score:	115
Total Score	140

Is applicant receiving funds from BASE program, BIL program, or BOTH? Both

#### **Base Program DWRF Principal Forgiveness**

Eligible as a base program DAC? yes

Eligible base program DWRF principal forgiveness percentage: 60%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$2,000,000

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? yes

Eligible BIL principal forgiveness percentage: 54.408%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$5,000,000

## DWRF LOAN CREDIT REPORT

Teller County Water and Sanitation District No. 1 ("the District"), Teller County

<b>Recommendation:</b>	<b>APPROVAL</b>
<b>Loan Request:</b>	\$758,942
<b>Interest Rate &amp; Term:</b>	3%, 20 years
<b>Annual Debt Service:</b>	\$50,738
<b>Pledge:</b>	Water and sewer revenue
<b>Current Rate:</b>	\$79.38 (W), \$38.50 (S)
<b>Estimated Rate Increase:</b>	\$0.00

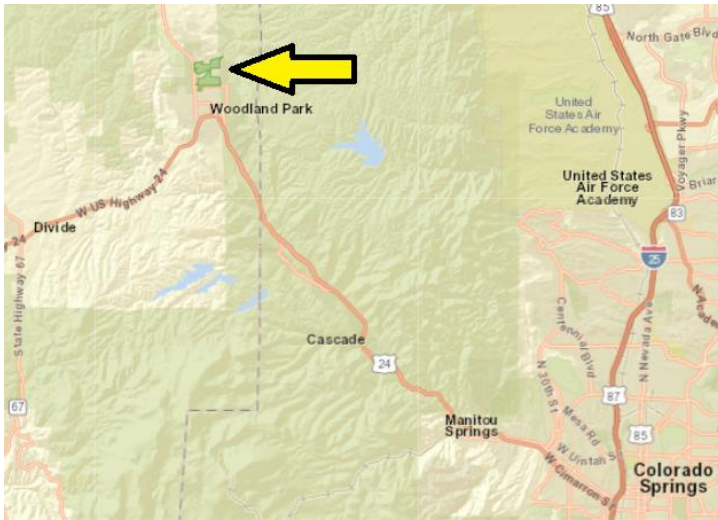
<u><b>Project Budget</b></u>	
<b>DWRF Loan:</b>	\$758,942
<b>2023 EIAF:</b>	\$653,908
<b>Total:</b>	\$1,412,850

**PROJECT DESCRIPTION:** This project is to make necessary upgrades to address radium maximum contaminant level (MCL) exceedances by installing an ion exchange treatment system. In addition, facility improvements include the replacement of existing chlorine contact line and the rehabilitation of finished water piping gallery in existing water treatment plant.

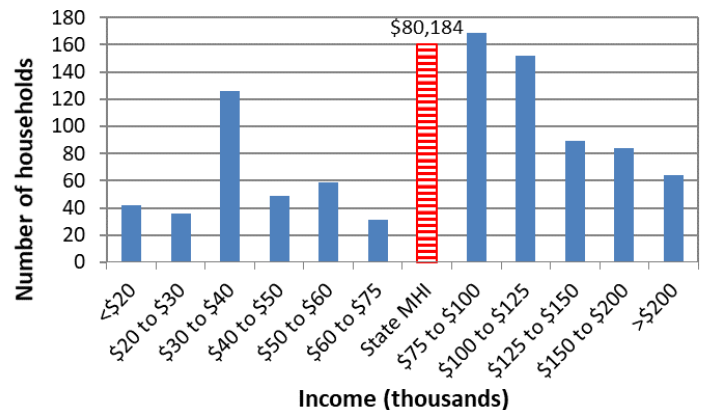
### COMMUNITY PROFILE:

Teller County WSD No. 1	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			618	618	618	618	618	0.00%
Teller County Population	24,153	24,523	24,679	24,738	24,922			0.79%
Teller County Jobs	10,410	10,595	10,636	10,030	10,453			0.10%
Number of Water Taps			247	247	247	247	247	0.00%
Number of Sewer Taps			207	207	207	207	207	0.00%
Assessed Value (\$000)			4,806	6,038	6,081	6,994	6,790	9.02%
Actual Value (\$000)			66,488	84,655	84,955	97,841	97,806	10.13%

**BORROWER BRIEF:** On the eastern border of Teller County, the Teller County Water and Sanitation District No. 1 serves two subdivisions in northern Woodland Park. Woodland Park is located along Highway 24 approximately 20 miles northwest of Colorado Springs.



**Teller County Water and Sanitation District No. 1**  
MHI \$104,688 | 2017-2021 ACS (block group)



**RECOMMENDATION:** The District serves a bedroom community of Colorado Springs in eastern Teller County. The proposed loan is necessary to install radium treatment and return the system to compliance with maximum contaminant levels for Radium 226 and 228. The District is in a relatively healthy financial position, but has a high community debt burden. No projected rate increase is needed to afford the proposed loan. Therefore, we recommend the DWRF Committee approve a \$758,942 direct loan to the Teller County Water and Sanitation District No. 1.

**PROJECT SUMMARY:**

**System summary:** The existing potable water system for the District consists of prefilters, granular activated carbon pressure filters, chlorine disinfection, and corrosion control. Disinfection is achieved through 250 feet of 24" ductile iron pipe before the potable water enters the distribution system.

**Reason/need:** The District has been in operation since 1965. In 2021, the District exceeded the maximum contaminant level for Radium 226 & 228. Due to the exceedance, a notice of violation was issued. The District does not have the ability to remove radium from the raw water in its current facility or operations. The proposed project will provide the treatment to remove radium.

**System Compliance:** The District (Permit No. CO0160600) has a notice of violation issued November 19, 2021 to address the exceedance of the maximum contaminant level for Radium 226 & 228. The compliance violation is to be remedied as quickly as possible. The project is intended to address the enforcement order and return the system to compliance.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 15% of total project cost included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	1,666	1,610	1,389	>\$2,000	X	<\$1,000
Total + New Debt/Capita (\$):			2,619	X >\$2,000		<\$1,000
Total Debt/Tap (\$):	4,165	4,025	3,474	>\$5,000	X	<\$2,500
Total Debt + New Debt/Tap (\$):			6,546	X >\$5,000		<\$2,500
Current W&S Debt/Tap (\$):	4,165	4,025	3,474	X >\$2,000		<\$1,000
Current + New W&S Debt/Tap (\$):			6,546	X >\$2,000		<\$1,000
Total Debt/Assessed Value:	17%	16%	12%	>50%		X <25%
Total Debt + New W&S Debt/Assessed Value:			23%	>50%		X <25%
Total Debt/Actual Value:	1.22%	1.17%	0.88%	>10%		X <5%
Total Debt + New W&S Debt/Actual Value:			1.65%	>10%		X <5%
Current W&S Debt + New Debt/Tap/MHI:			6.25%	>20%		X <10%
W&S Fund Current Ratio (CA/CL):	353%	441%	483%	<100%		X >200%
W&S Fund Reserves/Current Expense:	74%	113%	120%	<50%		X >100%
W&S Operating Ratio (OR/OE):	120%	145%	122%	<100%		X >120%
Coverage Ratio (TR-OE)/DS:	169%	209%	167%	<110%		X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	162%	209%	167%	<110%		X >125%
Coverage Ratio with New Loan:			112%	<110%	X	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			112%	<110%	X	>125%
Current Annual W&S Rates/MHI:			1.33%	>3.0%		X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			1.53%	>3.0%	X	<1.5%
Operation and Maintenance Reserve:			166%	<25%		X >50%
<b>TOTAL:</b>	<b>4</b>	<b>5</b>	<b>12</b>			

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, twelve are rated strong, five are average, and four are considered weak. Overall, the indicators illustrate a relatively healthy fund with ample reserves. However, the weak indicators suggest a high community debt burden.

- For the past three years, the District's operating ratio has consistently been above 120%.
- Based on 2022 financial information, coverage with the proposed loan is 112%. No additional revenue is projected to be needed to meet the 110% debt service coverage ratio requirement.
- The District has adequate reserves to cover more than one year of operations and maintenance expenses.

**Additional Project Financing**

The District submitted an EIAF application for \$653,908, which was awarded in July 2023.

**DESCRIPTION OF THE LOAN:**

A \$758,942 direct loan with a 20-year term, two payments annually at an interest rate of 3% will cost the District approximately \$50,738 in annual debt service.

**ECONOMIC ANALYSIS:** The District has a 2023 population of approximately 618, which has remained the same since 2019. Teller County has grown by 0.79% annually from 2017-2021. For the same time frame, the state population increased at an average annual rate of 0.95%.

The region's economy is dominated by tourism (28% of county jobs) and regional services like healthcare and transportation (16% of jobs). Most individuals commute to Colorado Springs for work. The region also has a large population of retirees that is projected to increase over the next decade.

No customers account for more than 3% of system utilization.

## **ORGANIZATIONAL ANALYSIS:**

### **Bond Rating**

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

### **Section 37-60-126(2) C.R.S. (Water Conservation Planning)**

The District does not sell more than 2,000 acre-feet of water per year.

### **Organizational Structure**

Organized in 1971, the District is a Title 32-1 special district governed by a five member board of directors. The District provides water and sewer services to the Paint Pony Ranch and Sunnywood Loop subdivisions north of Woodland Park.

The District contracts for a water operator and administrative services. These contractors work closely with the Board of Directors.

- The District has generally been in compliance with Colorado statutory budgeting, auditing, and election requirements for the past five years.
- The District maintains general liability insurance coverage through F&W Insurance (Pinnacol Assurance Company and National Union Fire Insurance Company of Pittsburgh).
- There are currently no pending lawsuits against the District.
- There have been no recall elections in the last ten years.

### **Technical/Managerial/Financial (TMF)**

CDPHE and DOLA conducted a review of the District's technical, managerial and financial capacity to operate the water system. The review resulted in the following mandatory recommendations:

- Installation of treatment in order to resolve the notice of violation for Radium 226 and 228.

### **Capital Improvement Plan**

As part of the application process, the District submitted a capital improvement schedule, which anticipates capital outlay of \$179,000 for the next five years. The largest expenses include \$55,000 for perimeter fencing at the water treatment plant and \$45,000 to replace the granular activated carbon hose.

Over the next 20 years, the District anticipates total capital expenses closer to \$1,153,000.

### **Intergovernmental**

In July 1993, the District entered into an intergovernmental agreement with the City of Woodland Park in order for the District to transfer raw water to the City in exchange for augmentation water. As part of the agreement, the City constructed the necessary consolidation infrastructure (lines, treatment building, chemical feed system, pumping system, and metered distribution system), which the District will own after the capital costs are paid off. The District pays for augmentation water at a one to five ratio for augmentation water to nonconsumptive District well water.

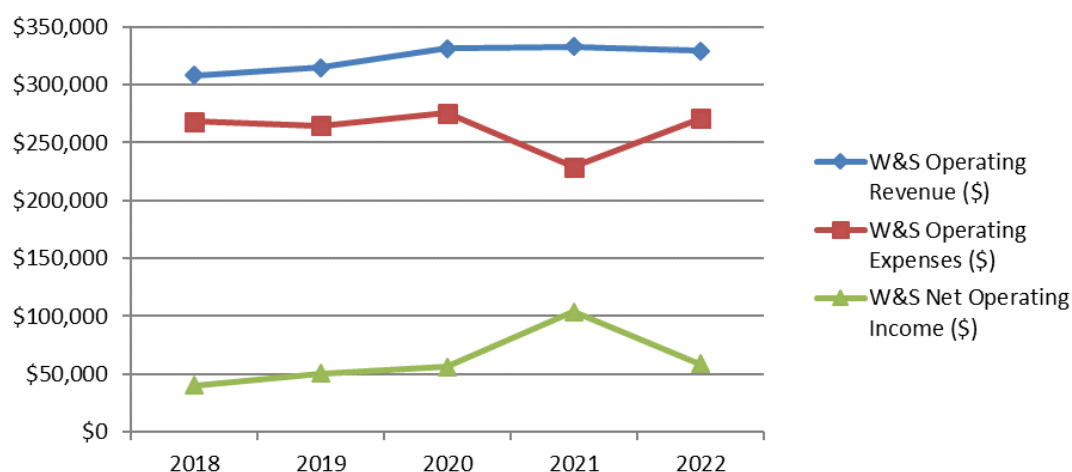
## **REVENUE ANALYSIS:**

- Net operating income has remained consistently positive for the past five years. On average, operating revenue has comprised 124% of operating expenses.
  - The nearly doubled net operating income in 2021 was attributed to a \$50,000 decrease in operating expenses.
- For the majority of the past five years, the District's total revenues did not include tap fee revenue – which suggests that the water and sewer fund generates enough user charges to sustain its operations.



<b>TRENDS</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Monthly Water Rate (\$)	74.18	76.18	79.38	79.38	79.38	79.38
Monthly Sewer Rate (\$)	35.00	36.00	36.00	37.00	37.00	38.50
Residential Water Tap Fee (\$)	14,500	14,500	14,500	14,500	14,500	14,500
Residential Sewer Tap Fee (\$)	7,500	7,500	7,500	7,500	7,500	7,500
Total W&S Revenue (\$)	450,032	436,996	454,747	447,350	445,336	
Tap/Development Fees (\$)	0	0	7,589	0	0	
W&S Operating Revenue (\$)	308,433	315,082	331,400	332,845	329,504	
W&S Operating Expenses (\$)	268,241	264,580	275,477	229,143	270,811	
W&S Net Operating Income (\$)	40,192	50,502	55,923	103,702	58,693	
W&S Debt (\$)	1,192,708	1,111,512	1,028,684	994,192	858,002	
Total Debt (\$)	1,192,708	1,111,512	1,028,684	994,192	858,002	
W&S Debt Service (\$)	104,380	104,375	106,172	104,504	104,501	
W&S Debt Service/Tap/Month (\$)	35.50	35.21	35.82	35.26	35.26	
W&S Fund Reserves (\$)	153,366	211,033	281,261	377,235	448,849	

<b>Ratios</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Average</b>
Operating Revenue as % of Total Revenue	69%	72%	73%	74%	74%	72%
Operating Revenue as % of Expenses	115%	119%	120%	145%	122%	124%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	1.67%	0.00%	0.00%	0.33%



### Recent Rate Increases

The District's most recent rate increase was implemented in 2023, increasing the average monthly residential water rate from \$76.18 to \$79.83. This was caused by an increase in the volumetric charge per 1,000 gallons from \$11 to \$12.

### User Charges

The District's current monthly water rate is estimated at \$79.38 compared to the 2021 estimated state median of \$55.72. The District's average monthly water rate is based on typical residential consumption of 3,198 gallons per month. Residential users pay a \$41.00 base rate and a volume charge of \$12.00 per 1,000 gallons.

The District's current estimated average monthly residential sewer rate is \$38.50 compared to the 2021 estimated state median of \$40.38. Sewer charges are billed as a monthly flat fee.

The District has no commercial users.

**Contributed Capital**

Revenue from tap fees has ranged from \$0 to \$7,589 has averaged 0.33% of total water revenue during the last five years. The District has not increased tap fees in the past five years.

- Residential water tap fees are \$14,500.
- Residential sewer tap fees are \$7,500.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$79.38/\$14,500	\$38.50/\$7,500

**DEBT as of December 31, 2022**

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2010	CWRPDA – DWRP	2031	W&S Revenue	\$858,002	2%	\$104,645

**LOAN COVENANTS:** The District will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The District has met the Loan Covenants on its DWRP direct loan dated 2010 with the Authority. The District has also had no debt service payment issues.

Prepared by: Kelly Shen

Date: August 8, 2023

Project # 220400-D-B  
 Cost Categories: Planning and design - non-construction (10%),  
 Construction - treatment (80%), Construction - source (10%)

<b>August 8, 2023</b>  <b>DWRF Credit Report</b> <b>Teller County Water and Sanitation District No. 1, Teller County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2022</b>	<b>618</b>
<b>Number of Water Taps/Customers - 2022</b>	<b>247</b>
<b>Total Assessed Valuation - 2022</b>	<b>\$6,994,000</b>
<b>Actual Value of All Real Property - 2022</b>	<b>\$97,841,000</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$104,688</b>
<b>Monthly W&amp;S Rate - 2022</b>	<b>\$116.38</b>
<b>W&amp;S Operating Revenue - 2022</b>	<b>\$329,504</b>
<b>W&amp;S Total Revenue - 2022</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$445,336</b>
<b>W&amp;S Tap and System Development Fee Revenue - 2022</b>	<b>\$0</b>
<b>W&amp;S Operating Expense - 2022</b>	<b>\$270,811</b>
<b>W&amp;S Current Expense - 2022</b>	<b>\$375,312</b>
<b>W&amp;S Debt - 2022</b>	<b>\$858,002</b>
<b>Total Debt - 2022</b>	<b>\$858,002</b>
<b>W&amp;S Fund Reserves - 2022</b>	<b>\$448,849</b>
<b>W&amp;S Debt Service - 2022</b>	<b>\$104,501</b>
<b>New W&amp;S Debt</b> [Requested DWRF loan amount.]	<b>\$758,942</b>
<b>Requested DWRF Loan Term</b>	<b>20</b>
<b>Requested DWRF Loan Interest Rate</b>	<b>3.00%</b>
<b>New Loan's Annual W&amp;S Debt Service (two payments annually)</b>	<b>\$50,738</b>

<b>Current Indicators (2022)</b>					
<b>Teller County Water and Sanitation District No. 1</b>					
<b>(Water and Sewer)</b>					
1	Total Debt	\$858,002	÷	Population	618 = \$1,389
	New Debt	\$758,942	÷	Population	618 = \$1,229
	Total Debt + New Debt	\$1,616,944	÷	Population	618 = \$2,619
2	Total Debt	\$858,002	÷	Number of Taps	247 = \$3,474
	New Debt	\$758,942	÷	Number of Taps	247 = \$3,073
	Total Debt + New Debt	\$1,616,944	÷	Number of Taps	247 = \$6,546
3	Total Debt	\$858,002	÷	Assessed Value	\$6,994,000 = 12.27%
	New Debt	\$758,942	÷	Assessed Value	\$6,994,000 = 10.85%
	Total Debt + New Debt	\$1,616,944	÷	Assessed Value	\$6,994,000 = 23.12%
4	Total Debt	\$858,002	÷	Actual Value	\$97,841,000 = 0.88%
	New Debt	\$758,942	÷	Actual Value	\$97,841,000 = 0.78%
	Total Debt + New Debt	\$1,616,944	÷	Actual Value	\$97,841,000 = 1.65%
5	Current W&S Debt	\$858,002	÷	Number of Taps	247 = \$3,474
	(Current + New W&S Debt) / Number of Taps	\$6,546	÷	MHI	\$104,688 = 6.25%
6	Current Ratio (CA / CL)				
	Current Assets	\$566,022	÷	Current Liabilities	\$117,173 = 483%
7	Reserve/Expense Ratio				
	Reserves	\$448,849	÷	Current Expenses	\$375,312 = 120%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$329,504	÷	Operating Expenses	\$270,811 = 122%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$445,336	-		
	Minus Operating Expenses	\$270,811			
	=	\$174,525	÷	Current Debt Service	\$104,501 = 167%
	Coverage Ratio Excluding Tap and Development Fee Revenue	\$174,525			
10	Minus Tap and Development Fee Revenue	\$0			
	=	\$174,525	÷	Current Debt Service	\$104,501 = 167%
11	Projected Coverage Ratio				
	Total Revenues	\$445,336			
	Minus Operating Expenses	\$270,811			
	=	\$174,525		Total Debt Service (with new loan)	\$155,239 = 112%
	Projected Coverage Excluding Tap and Development Fee Revenue	\$174,525			
12	Minus Tap and Development Fee Revenue	\$0			
	=	\$174,525	÷	Total Debt Service (with new loan)	\$155,239 = 112%
13	Current Debt Service	\$104,501	÷	Number of Taps	247 = \$423.08
	Annual New W&S Debt Service	\$50,738	÷	Number of Taps	247 = \$205.42
	2022 Annual W&S Rate (Monthly Rate x 12)	\$1,396.56	÷	MHI	\$104,688 = 1.33%
14	2022 Annual W&S Rate + New Annual Debt Service Per Tap	\$1,601.98	÷	MHI	\$104,688 = 1.53%
15	Current 2022 Monthly User Charge				\$79.38
	(Debt Service on DWRF Loan / 2022 Taps / Month)				\$17.12
	Total				\$96.50
16	Operation and Maintenance Reserve				
	Reserves	\$448,849	÷	Operating Expenses	\$270,811 = 166%



### **Priority Point Scoring**

Applicant: **Teller County Water and Sanitation District No. 1**

DWRF or WPCRF: **DWRF**

#### **WPCRF**

Total WQCD Score:	
DOLA Affordability Score:	
Total Score:	

#### **DWRF**

Water Quality/Public Health Score:	65
DOLA Affordability Score:	35
Total Score	100

Is applicant receiving funds from BASE program, BIL program, or BOTH? **BASE.**

#### **Base Program DWRF Principal Forgiveness**

Eligible as a base program DAC? **No.**

Eligible base program DWRF principal forgiveness percentage: **N/A**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? **No.**

Eligible BIL principal forgiveness percentage: **N/A**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

## DWRF LOAN CREDIT REPORT

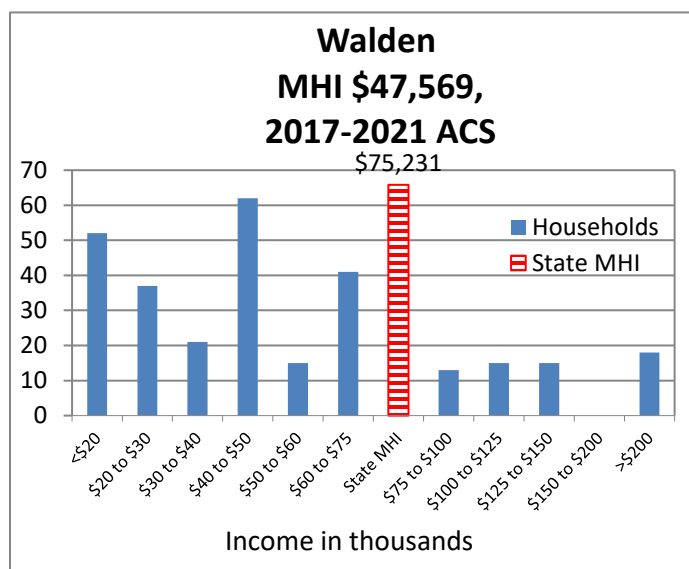
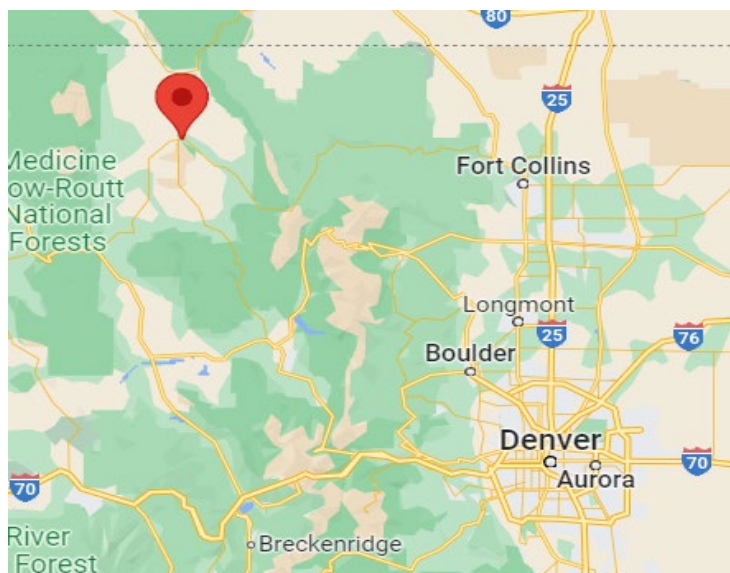
### Town of Walden ("The Town"), Jackson County

<b>Recommendation:</b>	<b>APPROVAL</b>	<b><u>Project Budget</u></b>	
<b>Total SRF Request:</b>	\$1,250,000	<b>DWRF BIL Loan:</b>	\$569,900
<b>Interest Rate &amp; Term:</b>	2.00%, 20 years	<b>BIL Principal Forgiveness:</b>	\$680,100
<b>Annual Debt Service:</b>	\$34,713	<b>2023 EIAF:</b>	\$750,000
<b>Pledge:</b>	Water and sewer revenues	<b>Planning, D&amp;E Grants:</b>	\$160,000
<b>Current Rate:</b>	\$60.00	<b>Total:</b>	\$2,160,000
<b>Estimated Rate Increase:</b>	\$0.00		

**PROJECT DESCRIPTION:** The project consists of installing new water meters, installing new pumps at the water treatment plant; and distribution system mapping and replacing distribution lines.

<b>COMMUNITY PROFILE:</b>								<b>Avg. Annual Change</b>
<b>Town of Walden</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
Town Population	600	597	601	605	593			-0.29%
Jackson County Population	1,357	1,377	1,379	1,379	1,379			0.40%
Jackson County Jobs	840	850	848	823	880			1.17%
Number of Water Taps			479	505	546	548	548	0.00%
Number of Sewer Taps			479	505	546	548	548	0.00%
Assessed Value (\$000)			4,858	5,594	5,622	8,011	7,997	13.27%
Actual Value (\$000)			37,405	44,422	43,129	60,137	60,632	12.83%

**BORROWER BRIEF:** The Town is located in the North Park basin near the headwaters of the North Platte River, approximately 22 miles south of the Wyoming border and 56 miles north of Granby on State Highway 125.



**RECOMMENDATION:** The Town serves a rural mountain community in Jackson County. This proposed loan is necessary to improve the water distribution system and avoid costly repairs. While the operating ratio was below 100% and reserves were low in 2021, the Town has recently raised both water and sewer rates to increase operating revenues. The proposed loan also appears to be affordable for the community based on current indicators. We therefore recommend the DWRF Committee approve a \$569,900 Disadvantaged Communities direct loan to the Town of Walden. Additionally, we recommend the Town be approved to receive a proportional loan with principal forgiveness in the amount of \$680,100 under the Bipartisan Infrastructure Law, which would make the community debt burden more affordable and decrease future rate increases necessary to comply with the coverage ratio requirement.

**PROJECT SUMMARY:**

**System summary:** The Town's water system is supplied by surface water from the Michigan River and two groundwater wells. The source water is treated at the Town's water treatment plant and stored at the Town's two elevated storage tanks.

**Reason/need:** The Town's transmission system is comprised of wrapped steel and ductile iron piping that is beyond its useful life. The transmission lines need constant emergency repairs and pose a threat of contamination. The existing metering system is inadequate and does not provide sufficient data to effectively manage the system, and the metering system needs to be upgraded to provide accurate information to system operators. Mapping the existing distribution system will assist the Town with making timely repairs and enhance operational efficiency.

**System Compliance:** The Town is in compliance with the Colorado Primary Drinking Water Regulations, and the project is primarily intended to maintain compliance.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 15% of total project cost included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	834	771	687	>\$2,000	—	X <\$1,000
Total + New Debt/Capita (\$):			2,225	X >\$2,000	—	— <\$1,000
Total Debt/Tap (\$):	647	603	527	>\$5,000	—	X <\$2,500
Total Debt + New Debt/Tap (\$):			1,705	>\$5,000	—	X <\$2,500
Current W&S Debt/Tap (\$):	647	603	527	>\$2,000	—	X <\$1,000
Current W&S + New Water Debt/Tap (\$):			1,705	>2,000	X	— <\$1,000
Total Debt/Assessed Value:	10%	8.34%	7.25%	>50%	—	X <25%
Total Debt + New W&S Debt/Assessed Value:			23%	>50%	—	X <25%
Total Debt/Actual Value:	1.34%	0.07%	0.94%	>10%	—	X <5%
Total Debt + New W&S Debt/Actual Value:			3.06%	>10%	—	X <5%
Curr. W&S Debt + New Debt/Tap/MHI:			3.58%	>20%	—	X <10%
W&S Fund Current Ratio (CA/CL):	421%	455%	351%	<100%	—	X >200%
W&S Fund Reserves/Current Expense:	170%	54%	47%	X <50%	—	— >100%
W&S Operating Ratio (OR/OE):	61%	82%	96%	X <100%	—	— >120%
Coverage Ratio (TR-OE)/DS:	-367%	-127%	165%	<110%	—	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	-369%	-128%	164%	<110%	—	X >125%
Coverage Ratio with New Loan:			108%	X <110%	—	— >125%
Coverage Ratio with New Loan Excluding Tap Fees:			108%	X <110%	—	— >125%
Current Annual Water Rates/MHI:			1.04%	>3.0%	—	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			1.19%	>3.0%	—	X <1.5%
Operation and Maintenance Reserve:			55%	<25%	—	X >50%
<b>Total:</b>				<b>5</b>	<b>1</b>	<b>15</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, fifteen are rated strong, one is average and five are considered weak. Overall, the indicators illustrate that while the cash flow indicators are not strong, the debt appears to be affordable for the community. The strong indicators show a healthy reserve and current ratio, in addition to affordable system costs and debt. The weak indicators reflect slightly weak cash flow in the 2021 financials which the Town has since addressed with rate increases in 2023.

- The operating ratio averaged 140% between 2017 and 2021.
- Based on 2021 financial information, coverage with the proposed loan is 108% with tap fee revenue and 108% without tap fee revenue. Additional annual revenue of about \$1,742, or \$0.26 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue. Additional annual revenue of about \$2,192 or \$0.33 per tap per month, would increase the coverage ratio to 110% excluding tap fee revenue.

- In June 2023, the Town increased the water volume usage rate from \$1.00 to \$4.00 per 1,000 gallons used, which should increase the typical water monthly rate from \$41.25 to \$60.00. This approximately \$18.75 per month rate increase is projected increase the coverage ratio to 230% for the proposed loan.
- Projections submitted by the Town show operating revenues increasing by roughly 15% for 2024 and 2% annually thereafter. Operating expenses are projected to increase by roughly 1.5% annually.

#### Additional Project Financing

The Town submitted an Energy and Mineral Assistance Fund (EIAF) grant application for \$750,000, which was awarded in July 2023

#### DESCRIPTION OF THE LOAN:

An estimated \$569,900 loan with a twenty-year term with two payments annually at an interest rate of 2.00% will cost the Town approximately \$34,713 in debt service annually. The Town also qualifies for \$680,100 in BIL principal forgiveness.

#### Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$47,569	Y	S1: County MHI	\$64,147	>=	\$44,667	Y
P2: MHV	\$397,500	>=	\$175,700	Y	S2: Population Loss	0.00%	>=	1.19%	N
P3: County Unemployment	5.61%	<=	2.76%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$15,446	Y
County Job Loss	0.00%	>=	12.97%	N	S4b: Curr. and Proj. System Debt	0.82%	<	1.22%	Y
Benchmarks based on 2017-2021 American Community Survey data and the most recent available financial audit data.					S4b: 80th Percentile	2.50%	<	1.22%	N
					S5b: Proj. System Cost Per Tap to MHI	2.07%	<	1.61%	Y
					S5b: 80th Percentile	3.09%	<	1.61%	N

Based on 2017-2021 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the Town qualifies as a Category 1 DAC, and will receive a 2% interest rate.

#### BIL Principal Forgiveness Eligibility:

In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. As a DAC, the Town automatically qualifies for BIL principal forgiveness. The Town has expressed interest in receiving a proportional loan with principal forgiveness funding package. Using an estimated principal forgiveness award of 54.408%, the Town qualifies for approximately \$680,100 in principal forgiveness, leaving an estimated loan of \$569,900.

**ECONOMIC ANALYSIS:** The Town has a 2021 population estimated at 593 which has decreased at an average annual rate of 0.29% since 2017. Jackson County has experienced an increase of 0.40% in population since 2017. The state population increased at an average annual rate estimated 0.95%.

The region's economy is dominated by agriculture, retail, accommodations, food services, and government. The region's largest employers consist of the North Park School District, with 60 employees; Moore ReDev, with 100 employees; Sessions General Contractor, with 60 employees; Jackson County, with 50 employees; and the US Forest Service, with 28 employees.



**ORGANIZATIONAL ANALYSIS:****Bond Rating**

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

**Section 37-60-126(2) C.R.S. (Water Conservation Planning)**

The Town does not sell more than 2,000 acre-feet of water per year.

**Organizational Structure**

The Town is a statutory town governed by a mayor/board five-member board of directors of government and was incorporated in 1890. The Town provides services including water and wastewater services, natural gas services, public works services, and parks and recreation services. Approximately four full-time employees staff the water utility. The water utility is overseen by the Public Works Director who reports to the Mayor.

- The Town has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

**Technical/Managerial/Financial (TMF)**

The WQCD and DLG conducted a review of the Town's technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory recommendations.

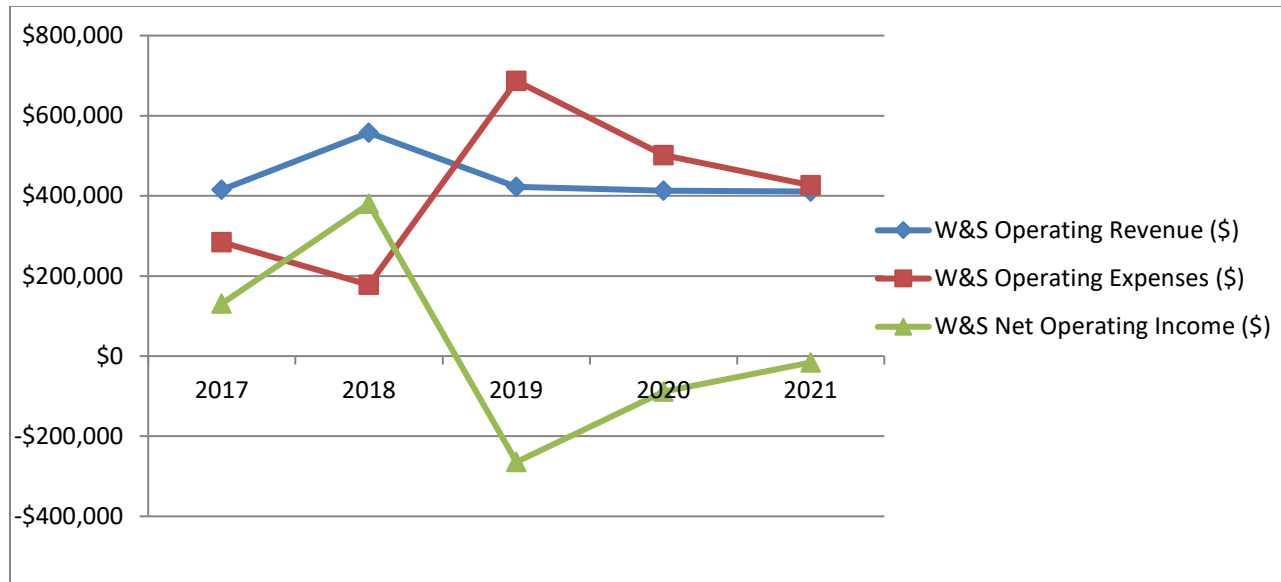
**Capital Improvement Plan**

As part of the application process, the Town submitted a capital improvement schedule, which anticipates capital outlay of \$3,780,000 for water needs such as distribution system improvements and water treatment plant improvements in addition to capital outlay of \$4,190,000 for sewer needs such as collection system improvements and wastewater treatment plant improvements to be funded from a combination of reserves, grants, and loans.

**REVENUE ANALYSIS:**

Operating expenses increased significantly in 2019 and remained elevated in 2020 due to a major sewer project to line and repair cracked, broken, and disconnected sewer lines. As this project was completed, sewer operating expenses decreased from \$361,463 in 2019 to \$57,530 in 2021. Although operating revenues declined between 2018 and 2021, the water and sewer rate increases implemented in 2023 should address this negative trend.

<b>TRENDS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Monthly Water Rate (\$)			41.25	41.25	41.25	41.25	60.00
Monthly Sewer Rate (\$)			23.00	23.00	23.00	23.00	23.00
Residential Water Tap Fee (\$)			750	750	750	750	3,500
Residential Sewer Tap Fee (\$)			750	750	750	750	750
Total W&S Revenue (\$)	418,672	590,736	439,423	417,039	536,630		
Tap/Development Fees (\$)	1,000	1,000	1,250	800	450		
W&S Operating Revenue (\$)	415,334	557,440	422,225	413,154	410,761		
W&S Operating Expenses (\$)	284,486	177,722	686,677	501,849	426,714		
W&S Net Operating Income (\$)	130,848	379,718	-264,452	-88,695	-15,953		
W&S Debt (\$)	633,338	578,859	501,056	466,391	407,546		
Total Debt (\$)	633,338	578,859	501,056	466,391	407,546		
W&S Debt Service (\$)	67,265	66,297	67,401	66,938	66,794		
W&S Debt Service/Tap/Month (\$)		7.14	7.26	7.21	7.19		
W&S Fund Reserves (\$)	493,080	289,385	415,228	308,141	234,130		
<b>Ratios</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Average</b>	
Operating Revenue as % of Total Revenue	99%	94%	96%	99%	804%	94%	
Operating Revenue as % of Expenses	146%	314%	61%	82%	96%	140%	
Tap Fee Revenue as % of Total Revenue	0.24%	0.17%	0.28%	0.19%	0.09%	0.19%	



### Recent Rate Increases

The Town's most recent rate increase of \$18.75 was implemented in June 2023.

### User Charges

The Town's current monthly water rate is estimated at \$60.00 compared to the 2021 estimated state median of \$55.72. The Town's average monthly water rate is based on typical residential consumption of 6,250 gallons per month. Rates are based on Equivalent Residential Units (EQRs). The EQR rate for in-Town residential users pay a \$35.50 base rate in addition to a volume charge of \$4.00 per 1,000 gallons. Out-of-Town residential users pay a \$53.25 base rate in addition to a volume charge of \$4.50 per 1,000 gallons. In-Town commercial users pay a \$53.25 base rate in addition to a volume charge of \$4.00 per 1,000 gallons. Out-of-Town commercial users pay an \$88.75 base rate in addition to a volume charge of \$4.50 per 1,000 gallons.

The Town's current estimated average monthly residential sewer rate is \$23.00 compared to the 2021 estimated state median of \$40.38. The EQR rate for in-Town residential sewer users pay a \$23.00 flat rate. Out-of-Town residential sewer users pay a \$46.00 flat rate. In-Town commercial sewer users pay a \$46.00 base rate. Out-of-Town commercial sewer users pay a \$69.00 flat rate.

### Contributed Capital

Revenue from tap fees has ranged from \$450 to \$1,250 and has averaged 0.19% of total water revenue during the last five years. The Town's most recent tap fee rate increase occurred in 2019.

- Water tap fees are \$3,500 for ¾" taps, \$4,900 for 1" taps, \$6,300 for 1 ½" taps, \$10,150 for 2" taps, \$38,500 for 3" taps, \$49,000 for 4" taps, and \$73,500 for 6" taps.
- Sewer tap fees are \$3,500 for ¾" taps. Tap fees for larger sewer taps are negotiated on a case-by-case basis.

Current System Utilization		
	Usage	Revenue
Residential	78%	77%
Non-residential (per EQR)	22%	23%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$60.00/\$3,500	\$23.00/\$3,500
¾"	\$78.25/\$3,500	\$46.00/\$3,500

**DEBT as of December 31, 2021**

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2006	CWRPDA	2032	Water and sewer revenues	\$407,546	1.75%	\$44,602

**LOAN COVENANTS:**

The Town will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The Town has met the Loan Covenants on its DWRf direct loan dated 2006 with the Authority. The Town has also had no debt service payment issues.

Prepared by:

Victor Chen

Date:

August 8, 2023

Project # 961151D-Q

Cost Categories: Transmission System, replacement of meters - 100%

<b>August 10, 2023</b>  <b>DWRF Credit Report</b> <b>Walden, Jackson County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2021</b>	<b>593</b>
<b>Number of Water Taps/Customers - 2021</b>	<b>546</b>
<b>Total Assessed Valuation (in thousands) - 2021</b>	<b>\$5,622,000</b>
<b>Actual Value of All Real Property (in thousands) - 2021</b>	<b>\$43,129,000</b>
<b>Median Household Income (MHI) - 2020</b>	<b>\$47,569</b>
<b>Monthly Water Rate - 2021</b>	<b>\$41.25</b>
<b>Water Operating Revenue - 2021</b>	<b>\$410,761</b>
<b>Water Total Revenue - 2021</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$536,630</b>
<b>Water Tap and System Development Fee Revenue - 2021</b>	<b>\$450</b>
<b>Water Operating Expense - 2021</b>	<b>\$426,714</b>
<b>Water Current Expense - 2021</b>	<b>\$493,508</b>
<b>Water Debt - 2021</b>	<b>\$407,546</b>
<b>Total Debt - 2021</b>	<b>\$407,546</b>
<b>Water Fund Reserves - 2021</b>	<b>\$234,130</b>
<b>Water Debt Service - 2021</b>	<b>\$66,794</b>
<b>New Water Debt</b> [Requested DWRF loan amount.]	<b>\$569,900</b>
<b>Requested DWRF Loan Term</b>	<b>20</b>
<b>Requested DWRF Loan Interest Rate</b>	<b>2.00%</b>
<b>New Loan's Annual Water Debt Service (two payments annually)</b>	<b>\$34,713</b>

<b>Current Indicators (2021)</b>					
<b>Walden</b>					
<b>(Water Only)</b>					
<b>1 Total Debt</b>	\$407,546	÷	Population	593	= \$687
<b>New Debt</b>	\$569,900	÷	Population	593	= \$961
<b>Total Debt + New Debt</b>	\$977,446	÷	Population	593	= \$1,648
<b>2 Total Debt</b>	\$407,546	÷	Number of Taps	546	= \$746
<b>New Debt</b>	\$569,900	÷	Number of Taps	546	= \$1,044
<b>Total Debt + New Debt</b>	\$977,446	÷	Number of Taps	546	= \$1,790
<b>3 Total Debt</b>	\$407,546	÷	Assessed Value	\$5,622,000	= 7.25%
<b>New Debt</b>	\$569,900	÷	Assessed Value	\$5,622,000	= 10.14%
<b>Total Debt + New Debt</b>	\$977,446	÷	Assessed Value	\$5,622,000	= 17.39%
<b>4 Total Debt</b>	\$407,546	÷	Actual Value	\$43,129,000	= 0.94%
<b>New Debt</b>	\$569,900	÷	Actual Value	\$43,129,000	= 1.32%
<b>Total Debt + New Debt</b>	\$977,446	÷	Actual Value	\$43,129,000	= 2.27%
<b>5 Current Water Debt</b>	\$407,546	÷	Number of Taps	546	= \$746
<b>(Current Water Debt + New Water Debt) / Number of Taps</b>	\$1,790	÷	MHI	\$47,569	= 3.76%
<b>6 Current Ratio (CA / CL)</b>					
<b>Current Assets</b>	\$327,567	÷	Current Liabilities	\$93,437	= 351%
<b>7 Reserve/Expense Ratio</b>					
<b>Reserves</b>	\$234,130	÷	Current Expenses	\$493,508	= 47%
<b>8 Operating Ratio (OR / OE)</b>					
<b>Operating Revenues</b>	\$410,761	÷	Operating Expenses	\$426,714	= 96%
<b>9 Coverage Ratio [(TR - OE) / DS]</b>					
<b>Total Revenues</b>	\$536,630	-			
<b>Minus Operating Expenses</b>	\$426,714				
<b>=</b>	\$109,916	÷	Current Debt Service	\$66,794	= 165%
<b>Coverage Ratio Excluding Tap and Development Fee Revenue</b>	\$109,916				
<b>Minus Tap and Development Fee Revenue</b>	\$450				
<b>=</b>	\$109,466	÷	Current Debt Service	\$66,794	= 164%
<b>11 Projected Coverage Ratio</b>					
<b>Total Revenues</b>	\$536,630				
<b>Minus Operating Expenses</b>	\$426,714				
<b>=</b>	\$109,916		<b>Total Debt Service (with new loan)</b>	\$101,507	= 108%
<b>Projected Coverage Excluding Tap and Development Fee Revenue</b>	\$109,916				
<b>Minus Tap and Development Fee Revenue</b>	\$450				
<b>=</b>	\$109,466	÷	<b>Total Debt Service (with new loan)</b>	\$101,507	= 108%
<b>13 Current Debt Service</b>	\$66,794	÷	Number of Taps	546	= \$122.33
<b>Annual New Water Debt Service</b>	\$34,713	÷	Number of Taps	546	= \$63.58
<b>2021 Annual Water Rate (Monthly Rate x 12)</b>	\$495.00	÷	MHI	\$47,569	= 1.04%
<b>2021 Annual Water Rate + New Annual Debt Service Per Tap</b>	\$558.58	÷	MHI	\$47,569	= 1.17%
<b>15 Current 2021 Monthly User Charge</b>					\$41.25
<b>(Debt Service on DWRF Loan / 2021 Taps / Month)</b>					\$5.30
<b>Total</b>					\$46.55
<b>16 Operation and Maintenance Reserve</b>					
<b>Reserves</b>	\$234,130	÷	Operating Expenses	\$426,714	= 55%

**2023 SRF Disadvantaged Community Criteria****Loan Terms**

Amount of Loan:	\$ 1,250,000
Interest Rate:	3.00%
Term (years):	20
Annual Payment:	\$ 83,568

<b>Applicant:</b>	Town of Walden	
	<b>Test Result</b>	<b>Conditions met to be DAC</b>
	Y	Test 1: P1 & P2 or P3
	N	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	N	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

	<b>Benchmark</b>	<b>Applicant</b>	<b>Result</b>	<b>Notes on Data Used</b>
Current Population (2021)	<= 10,000	593	Y	
Population 5 years ago (2017)		600		
Population 10 years ago (2012)		586		

**Primary Factors**

P1	MHI (Place)	<= \$ 64,147	47,569	Y	
	Margin of Error (MOE)	±	7,632	OK	
	Reliability (CV)	<= 18.00%	17.11%	Y	
P2	MHV (Place)	<= \$ 397,500	175,700	Y	
	Margin of Error (MOE)	±	35,738		
	Reliability (CV)	<= 18.00%	12.36%	Y	
P3	24 Month Unemployment (County)	>= 5.61%	2.76%	N	
	or 10 Year % Chng. Jobs (County)	<= 0.00%	12.97%	N	
	Jobs (2021)		880		
	Jobs (2012)		779		

**Priority Factor Count**

2

**Secondary Factors**

S1	MHI (County)	<= \$ 64,147	44,667	Y	
	Margin of Error (MOE)	±	12,575		
	Reliability (CV)	<= 18.00%	17.11%	Y	
S2	10 Year % Chng. Population	<= 0.00%	1.19%	N	
S3	Assessed Value / Housing Unit	<= \$ 23,022	15445.96	Y	
	Assessed Value		5,622,329		
	Total Housing Units		364		
S4	Current Debt / Tap / MHV	> 0.82%	0.30%	N	If MHV CV > 18%, calculate result at top of band
WS	Current + Projected Debt/Tap/MHV	> 0.82%	1.22%	Y	
	S4b 80th percentile	> 2.50%	1.22%	N	
S5	System Full Cost / Tap / MHI	> 2.22%	1.70%	N	If MHI CV > 18%, calculate result at top of band
	Projected Rate @ 110% Coverage	> 2.07%	1.61%	N	
	S5b 80th percentile	> 3.09%	1.61%	N	

**Secondary Factor Count**

2

**System Data for S4 and S5: To be completed by DLG**

Taps or EQR's	774
Total Debt	407,546
Principal	58,903
Interest	7,891
Operating Expenses	236,714
Operating Transfers Out	190,000
Depreciation	198,410



### **Priority Point Scoring**

Applicant: Town of Walden

DWRF or WPCRF: DWRF

#### **DWRF**

Water Quality/Public Health Score:	30
DOLA Affordability Score:	85
Total Score	115

Is applicant receiving funds from BASE program, BIL program, or BOTH? BIL program

#### **Base Program DWRF Principal Forgiveness**

Eligible as a base program DAC? Yes

Eligible base program DWRF principal forgiveness percentage: 40%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$0

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 54.408%

Amount of principal forgiveness awarded (accounting for any applicable cap/max) : \$680,100

**BUSINESS CASE REQUEST - BIPARTISAN INFRASTRUCTURE LAW ELIGIBILITY**

Project 7 Water Authority (“the Authority”), Delta/Montrose/Ouray Counties

<b>Recommendation:</b>	APPROVAL	<b>Funding sources:</b>	DWRF:	\$73,260,763
<b>Est. Project Total:</b>	\$152,502,300		WIFIA (pending):	\$79,241,537
<b>Est. Amount of Loan:</b>	\$73,260,763		<b>Total:</b>	\$152,502,300
<b>Pledge:</b>	Water Revenue			

**Project Description:** Currently, the seven communities served by the Project 7 Water Authority rely on a single water source and treatment plant. In order to improve system resilience and redundancy, the Project 7 Water Authority is proposing to build a new water treatment plant and associated transmission pipeline, and connect to a new water source. The new plant will draw water from the Ridgway Reservoir, which is in a separate watershed from the Gunnison River that serves as the water source for the existing plant near Montrose.

**Recommendation:** Due to a lack of reliable and geographically-specific data, the anticipated cost burden of the proposed loan, and presence of economically challenged communities within the Authority’s service area, we recommend approval of the Authority’s request to be eligible for Bipartisan Infrastructure Law (BIL) funding.

If approved, the Authority will have access to DWRF BIL supplemental funding and approximately 50% loan forgiveness, up to a current cap of \$5 million. Actual funding and principal forgiveness depends on funding availability and applicable limits at the time of loan application.

The Authority scored only one of three required points for BIL eligibility, but narrowly missed (by 0.83%) scoring an additional point, and could not be evaluated for a third criterion because the Authority does not directly bill individual water customers. However, further analysis of select criterion suggests that the community served will be disproportionately impacted by increased household water costs. Additionally, with such a sprawling service area, it is difficult to access appropriate data to use for this evaluation. Data reliability and availability are limited in rural areas due to small sample sizes and geographic remoteness.

Finally, an analysis of individual municipalities and counties in the Authority’s service area shows that the majority of the communities served are economically disadvantaged, with median household income and home values that are lower than the state median. The projected community debt burden is also very high for the proposed project (\$3,742 per tap). By allowing access to the once-in-a-generation capital funding provided by the Bipartisan Infrastructure Law, this is an opportunity for the SRF to assist a valuable project with the potential to transform water security and resilience in the region.

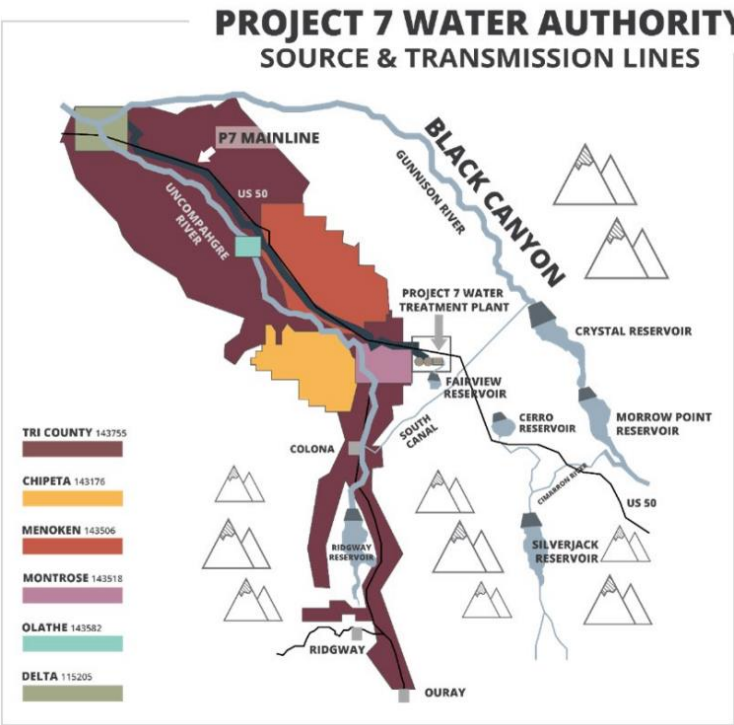


Figure 1. The Authority’s service area and source and transmission lines. Adapted from Project 7 Water Authority.



## BUSINESS CASE REQUEST - BIPARTISAN INFRASTRUCTURE LAW ELIGIBILITY

Project 7 Water Authority (“the Authority”), Delta/Montrose/Ouray Counties

### BIL Eligibility Criteria

In order to qualify for BIL principal forgiveness, a community must score three points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The Authority provided a list of block groups they believe to best represent their service area. Using these block groups, the Authority scored one point using the following criteria:

2023 BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	1.02%	0
2a: County Job Loss	0.00%	>	13.17%	0
2b: County Unemployment	5.61%	<	4.32%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$60,417	1
	\$100,230	<		
4: Rates to MHI	N/A - the Authority is a wholesale water provider			
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	30.00%	<	26.22%	0
7: % Households Housing Burdened	35.00%	<	23.53%	0
8: % Population under 200% Poverty Level	35.00%	<	30.23%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	54.17%	0
10: Meets DAC criteria	Yes		No	0
Total Points Scored:				1

Tract and county data were also evaluated as part of this analysis, but the Authority did not meet the eligibility criteria using data from these different geographies.

Please see the Authority’s Appendix B - ACS Project 7 Data, “People over Age 65” tab for a full list of block groups analyzed. The above analysis excluded 2017-2021 ACS data for the Town of Ridgway and City of Ouray, which are not served by the Authority. SRF staff, using the same methodology used to calculate state benchmarks, were not able to reproduce the data cited by the Authority. However, staff did utilize the block groups listed by the Authority in the above BIL eligibility evaluation.

### Explanation of Factors

Project 7 Water Authority did not qualify for BIL principal forgiveness during their Project Needs Assessment review in November 2022 and the Authority still does not meet the eligibility criteria using current 2023 benchmarks.

However, this determination may not be fully reflective of the Authority’s demographic and economic condition due to challenges with data reliability and availability, with particular attention to:

- Criteria #4: Rates to MHI
- Criteria #9: % population under 200% poverty level + population over 65 years old
- Criteria #10: Meets DAC criteria

## BUSINESS CASE REQUEST - BIPARTISAN INFRASTRUCTURE LAW ELIGIBILITY

Project 7 Water Authority (“the Authority”), Delta/Montrose/Ouray Counties

### *Challenges to Data Availability and Reliability*

In remote, western Colorado, Project 7 Water Authority serves three municipalities, three special districts, and one water association within the Uncompahgre River Valley. American Community Survey (ACS) sampling in rural areas is already challenging due to small population sizes and geographic remoteness, and the COVID-19 pandemic only compounded these difficulties.

According to the 2017-2021 ACS, about 4% of households in the state did not have a computer. In contrast, about 12% of households within the Authority’s service area did not have a computer. The physical distancing requirements during COVID-19 likely meant a greater reliance on computers and the internet for gathering Census data, and subsequently greater difficulty to get an accurate estimate in communities like those served by the Authority.

Additionally, the Census typically undercounts racial minorities like the Hispanic or Latino population. The Uncompahgre River Valley has a large agricultural economy, and the Authority has noted a large population of migrant farmworkers in the area that may not be well-represented within Census data. These individuals would still be impacted by changes to water availability and cost in the valley. The region also has a significant number of retirees on a fixed income, some of whom are not necessarily wealthy (see BIL Eligibility Criteria #9).

These sampling challenges lead to challenges with data reliability. The State Demography Office has stated that data reliability issues have increased with the inclusion of 2020 data in the ACS five-year estimates, which were used to evaluate the Authority’s BIL eligibility status. In particular, the office is concerned with the use of block group data because it generally has low reliability. However, an analysis of more reliable tract and county data did not change the Authority’s eligibility status.

### *Criteria #4: Rates to Median Household Income (MHI)*

As a wholesale water provider, the rates to MHI criterion cannot be calculated because the Authority only bills its member entities, and does not determine the rates that individual water customers pay. However, it is important to consider the potential impact of the proposed project on the rates of the water systems served by the Authority, as demonstrated below.

Based on an MHI estimate of \$60,147, an average monthly rate of \$41.61 or greater would meet the benchmark for state water rates compared to MHI (0.83%). Based on system financial data, the estimated 2020 water rate for the three municipalities served by the Authority, including the largest water system served, are as follows:

- Delta - \$29.77
- Olathe - \$31.89
- Montrose - \$42.85

In order to pay for this project, the Authority is expecting to increase their wholesale rates by approximately 300% in the next 30 years (from \$1.45 per 1,000 gallons in 2023 to \$4.60 per 1,000 gallons in 2052). According to the Authority, wholesale water charges generally account for between 20% to 30% of a system’s expenses. Thus, the Authority estimates that a 100% increase in wholesale rates will translate to a 20% to 30% increase in individual system rates, subject to the discretion of each individual system within the Authority.

*Table 1. Project 7 Water Authority’s proposed rate increases*

Year	Rate \$/kgal	Increase
2023	\$ 1.45	
2024	\$ 2.00	\$ 0.55
2025	\$ 2.55	\$ 0.55
2026	\$ 3.10	\$ 0.55
2027	\$ 3.65	\$ 0.55
2028	\$ 4.20	\$ 0.55
2029-2044	\$ 4.20	--
2045	\$ 4.25	\$ 0.05
2046	\$ 4.30	\$ 0.05
2047	\$ 4.35	\$ 0.05
2048	\$ 4.40	\$ 0.05
2049	\$ 4.45	\$ 0.05
2050	\$ 4.50	\$ 0.05
2051	\$ 4.55	\$ 0.05
2052	\$ 4.60	\$ 0.05

**BUSINESS CASE REQUEST - BIPARTISAN INFRASTRUCTURE LAW ELIGIBILITY**  
Project 7 Water Authority (“the Authority”), Delta/Montrose/Ouray Counties

For a 300% wholesale rate increase, this translates to an approximately 60% rate increase for each individual system. As an example scenario, this may increase municipal rates to the following:

- Delta - \$47.63
- Olathe - \$51.02
- Montrose - \$68.56

These projected rates are well-above the monthly rate of \$41.61 needed to qualify for this criteria, and demonstrate that communities served by the Authority, when compared to the rest of the state, will likely need to contribute a greater portion of their household income towards paying water bills. This limits their ability to pay for other needs like housing, food, and transportation.

**Criteria #9: Percentage under 200% poverty level + over 65 years old**

The Authority narrowly misses qualifying for BIL principal forgiveness due to a population of those under 200% of the poverty level and over 65 years old that is 1% below the benchmark. However, the Authority met this criteria in 2022.

Data	% of those above 65	% of those under 200% poverty level	Total Project 7 Water Authority Estimate	Benchmark
ACS 2016-2020	22.10%	33.40%	55.50%	50.00%
ACS 2017-2021	23.94%	30.23%	54.17%	55.00%

The change between ACS 2016-2020 data and ACS 2017-2021 data may be attributed to data reliability challenges as described above.

This metric is intended to show the impact of utility rate changes on populations with the least flexibility to absorb rate increases, and a majority of the population served by the Authority falls into this category. In both years analyzed, over 50% of the service area is above 65 or under 200% of the poverty level. Alongside a median household income that is below the state median, it is clear that the Authority serves a population that will be disproportionately impacted with an increased household water bill.

**Criteria #10: Meets Disadvantaged Communities (DAC) Criteria**

While the Authority is too large to qualify for DAC status, analyzing DAC criteria for individual communities within the Authority shows that the Authority serves communities that are facing economic challenges.

In order to qualify as a disadvantaged community (DAC), an applicant must have a population below 10,000 and meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

**BUSINESS CASE REQUEST - BIPARTISAN INFRASTRUCTURE LAW ELIGIBILITY**

Project 7 Water Authority (“the Authority”), Delta/Montrose/Ouray Counties

	Benchmark		City of Montrose	Met?	City of Delta	Met?	Town of Olathe	Met?
Population	10,000	>=	20,098	No	9,036	Yes	1,874	Yes
P1: Median Household Income (MHI)	\$64,147	>=	\$54,260	Yes	\$44,551	Yes	\$52,857	Unknown - unreliable estimate
P2: Median Home Value (MHV)	\$397,500	>=	\$261,600	Yes	\$195,500	Yes	\$176,700	Yes
P3: County Unemployment	5.61%	<=	4.27%	No	4.59%	No	4.27%	No
County Job Loss	0.00%	>=	14.61%	No	6.07%	No	14.61%	No

The City of Montrose has too large a population to be a DAC, but the City meets MHI and MHV criteria, indicating a less wealthy community. The City of Delta meets both MHI and MHV criteria and qualifies as a DAC. The Town of Olathe lacks reliable data for a DAC determination, but separately meets BIL eligibility criteria.

A broader-scale analysis of Montrose and Delta counties, the two counties that include the majority of the Authority’s service area, shows that these counties have a MHI below 80% of the state median and MHV below the state median. This suggests that economic challenges in the region are more widespread than just the three municipalities analyzed.

The Authority is estimated to serve a population of 56,905, of which approximately 50% resides in one of the three municipalities analyzed. While the Authority has the economy of scale to support large-scale infrastructure investments, the Authority clearly serves communities that are economically challenged and for whom the additional debt and capital cost would pose a significant burden.

## BUSINESS CASE REQUEST

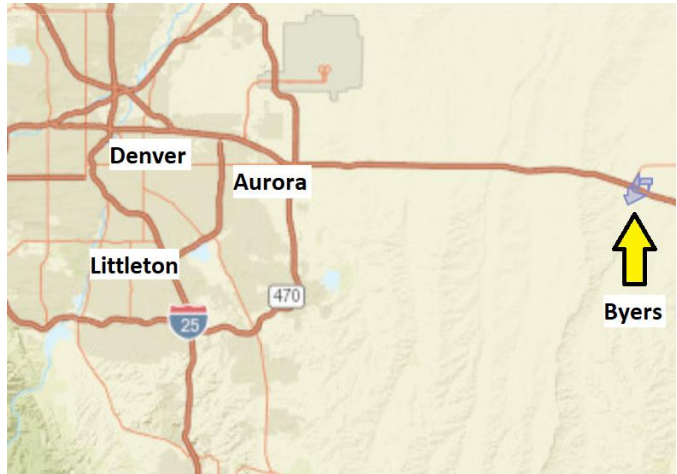
Byers Water and Sanitation District (“the District”), Arapahoe County

<b>Recommendation:</b>	<b>NO RECOMMENDATION</b>	<b>Funding sources:</b>	Est. DWRf Loan:	\$1,538,000
<b>Est. Project Total:</b>	\$3,795,000		DOLA EIAF grant:	\$1,000,000
<b>Est. Amount of Loan:</b>	\$1,538,000		Arapahoe County ARPA:	\$1,257,000
<b>Pledge:</b>	W&S Revenue		<b>Total</b>	<b>\$3,795,000</b>

**Project Description:** In order to improve system redundancy and capacity as well as replace aging infrastructure, the Byers Water and Sanitation District is looking to upgrade their distribution system and storage tanks. This project consists of the construction of a new transmission line, new distribution lines, additional fire hydrants, repairs and upgrades to the existing water storage tanks, and upgrades to a well.

**Recommendation:** Due to a lack of highly reliable data and anticipated cost burden of the proposed loan, we have no recommendation for the District’s request to be eligible for Bipartisan Infrastructure Law (BIL) funding, but recommend that the Authority Board consider the District’s request.

If approved, the District will have access to DWRf BIL supplemental funding and approximately 50% loan forgiveness, up to \$5 million (the current cap for principal forgiveness). Actual funding and principal forgiveness depends on funding availability and applicable caps and limits at the time of loan application. It is not projected that the District will need a rate increase to afford the proposed loan, but BIL principal forgiveness would increase the projected debt service coverage ratio from 145% to 289% and allow additional District funds to be utilized for additional capital projects and other needs.



The District did not qualify for DAC or BIL status due to a high median household income (MHI). Looking at historical data, the District’s MHI has consistently been above the DAC threshold of 80% of state MHI. However, the District’s MHI has historically been below the BIL threshold of 100% of state MHI, and only recently increased to above the state MHI. This recent increase is combined with a decrease in data reliability, likely attributed to sampling challenges in small, rural areas compounded by the COVID-19 pandemic.

The District currently scores two out of three points necessary to qualify for BIL funding, but its MHI estimate prevents the District from qualifying outright. Other factors, such as a median home value (MHV) and projected debt to MHV, are below DAC benchmarks, suggesting that Byers is a community with economic challenges that may not be accurately represented in 2017-2021 ACS estimates.

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### DAC and BIL Eligibility Criteria

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

**BUSINESS CASE REQUEST**

Byers Water and Sanitation District (“the District”), Arapahoe County

<u>Factor</u>	<u>Entity Figures</u>	<u>Benchmark</u>	<u>Qualify?</u>	<u>Notes</u>
P1: MHI	\$90,682	<=\$64,147	?	+/- \$34,186; The District’s MHI does not meet the benchmark, but is not highly reliable with a 22.92% CV. The upper bound of the MHI is \$124,868 and the lower bound is \$56,496.
P2: MHV	\$331,200	<=\$397,500	Yes	
P3: County Unemployment or County Jobs	4.82% 17.86%	>=5.61% <= 0.00%	No	
S1: County MHI	\$84,947	<=\$64,147	No	
S2: Population change	N/A	<=0.00%	No	
S3: AV/Households	\$19,688	<=\$23,022	Yes	
S4: Current system debt	0.00%	>0.82%	No	
S5: Current system cost	0.67%	>2.22%	?	Does not meet the benchmark using the top of MHI band: 0.49%.

In order to qualify for BIL principal forgiveness, a community must score three points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The District scored two points using the following criteria:

<b>2023 BIL PF DETERMINATION</b>				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	0.42%	1
2a: County Job Loss	0.00%	>	17.86%	0
2b: County Unemployment	5.61%	<	4.82%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$90,682	0
	\$100,230	<		
4: Rates to MHI	0.83%	<	0.50%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	30.00%	<	43.96%	1
7: % Households Housing Burdened	35.00%	<	22.97%	0
8: % Population under 200% Poverty Level	35.00%	<	18.98%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	33.63%	0
10: Meets DAC criteria	Yes		No	0
<b>Total Points Scored:</b>				<b>2</b>

## BUSINESS CASE REQUEST

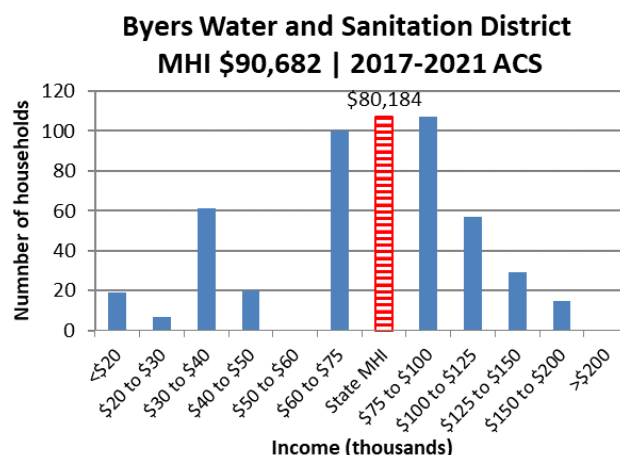
Byers Water and Sanitation District ("the District"), Arapahoe County

### Explanation of Factors

**Existing debt as of December 31, 2021:** The District has no existing debt.

**P1:** The District's MHI did not meet the benchmark, but is not considered a highly reliable estimate due to a coefficient of variation (CV) that is above the DAC acceptance criteria of 18%. The full band of the District's possible MHI is \$56,496 to \$124,868. This means that the Census Bureau has determined at the 90% statistical confidence level that the District's actual MHI may fall anywhere in that band. The District's estimated MHI is above DAC benchmark, but the lower MHI bound falls under the benchmark.

Over the past five years, the District's estimated MHI has been consistently above the 80% of State MHI threshold for DAC status.



MHI History					
ACS	MHI	MOE	CV	CO MHI	% of CO MHI
13-17	\$64,688	± \$11,742	11.03%	\$65,458	99%
14-18	\$65,000	± \$11,163	10.44%	\$68,811	94%
15-19	\$69,776	± \$7,869	6.86%	\$72,331	96%
16-20	\$85,104	± \$27,983	19.99%	\$75,231	113%
17-21	\$90,682	± \$34,186	22.92%	\$80,184	113%

The block group and tract data are both unreliable and similarly above 80% of State MHI. The County has reliable data that exceeds the benchmark and is a good substitute MHI per a T-test, suggesting that the District's MHI is likely above the DAC benchmark as well.

MHI - ACS 17-21			
ACS - Geography	MHI	MOE	CV
Byers	\$90,682	± \$34,186	22.92%
Block Group 2	\$91,364	± \$35,837	23.84%
Tract: 71.01	\$95,655	± \$22,685	14.42%
Arapahoe County	\$84,947	± \$1,156	0.83%

**P2:** The District's MHV is below 100% of the state MHV, with a reliable data estimate.

**S1:** The County MHI exceeded the benchmark, and, per a T-test, is representative of the District.

**S2:** As a special district, population data is evaluated based on the number of taps, which was not available for the past ten years. However, from 2017 to 2021, the District's population increased and does not meet the S2 benchmark (0.00% population growth).

**S3:** The District's assessed value per housing unit met the benchmark.

**S4:** The District did not meet the benchmark because the District does not currently have any debt.

As the District looks to complete the drinking water project, it anticipates approximately \$1,538,000 in additional debt according to the project needs assessment. The loan request may increase or decrease depending on how project costs change prior to loan application. Using an estimated loan of \$1,538,000, the District is projected to meet the S4b benchmark (0.82%) for this criterion at 0.96%.

## BUSINESS CASE REQUEST

Byers Water and Sanitation District (“the District”), Arapahoe County

**S5:** The District’s ratio of current system cost per tap compared to MHI, 0.67%, does not meet the benchmark (2.22%) when using the MHI of \$90,682. However, because the MHI is unreliable, the top of the MHI band must also be considered. When using the top of the MHI band, \$124,868, the calculation moves to 0.49%, which also does not meet the 2.22% benchmark.

When including the projected debt of \$1,538,000, the calculation moves to 0.79%, which does not meet the S5b benchmark of 2.07%. The benchmark is also not met when using the top of the MHI band (\$124,868), calculated at 0.58%.

### Bipartisan Infrastructure Law (BIL) Principal Forgiveness Criteria:

The District was deemed ineligible for BIL principal forgiveness during the pre-qualification meeting in December 2022 and using updated criteria during the District’s Project Needs Assessment review in June 2023.

However, as discussed above, the District’s MHI exceeds the benchmark for BIL criteria #3 (MHI), and also does not meet #4 (Rates to MHI). Data reliability for the District’s estimated MHI has declined since 2020. Prior to 2020, the District’s MHI estimate was more reliable and between 94% to 99% of the State MHI, which would have qualified the District for BIL funding.

MHI History					
ACS	MHI	MOE	CV	CO MHI	% of CO MHI
13-17	\$64,688	± \$11,742	11.03%	\$65,458	99%
14-18	\$65,000	± \$11,163	10.44%	\$68,811	94%
15-19	\$69,776	± \$7,869	6.86%	\$72,331	96%
16-20	\$85,104	± \$27,983	19.99%	\$75,231	113%
17-21	\$90,682	± \$34,186	22.92%	\$80,184	113%

The District suggested that there have been no demographic changes on-the-ground that would have justified the District’s increase in MHI relative to the state’s MHI starting in 2020. Combined with a decrease in data reliability, this suggests that there may have been sampling challenges in the American Community Survey in 2020 and 2021. The State Demography Office has communicated that data reliability issues have increased with the inclusion of 2020 data in the ACS five-year estimates. Sampling in small communities like Byers is already challenging due to a small population size and geographic remoteness, and the COVID-19 pandemic only compounded these difficulties. According to the 2017-2021 ACS, about 4% of households in the state did not have a computer. Closer to 7% of households in Byers did not have a computer. Furthermore, approximately 90% had a broadband internet subscription in the state whereas fewer households (about 85%) in Byers had broadband. The physical distancing requirements during COVID-19 likely meant a greater reliance on the internet for gathering Census data, and subsequently greater difficulty to get an accurate estimate in communities like Byers.

In 2020 and 2021, at the lower end of the District’s range of possible MHI, the District would have met the MHI benchmark for BIL eligibility. With this MHI criteria met, the District would meet the requirements for BIL eligibility.



# BYERS WATER & SANITATION DISTRICT

P.O BOX 301, 421 S. SHERMAN ST. BYERS, CO 80103  
P:303-822-5384 F:303-822-9727 E: BH2OS@NETECIN.NET

July 13, 2023

Board of Directors  
Colorado Water Resources and Power Development Authority  
1580 Logan Street, Ste 820  
Denver, CO 80203

RE: Byers Water and Sanitation District  
Water System Improvements

Dear Board of Directors:

This correspondence is submitted to request a business case be completed on behalf of the Byers Water and Sanitation District (BWSD) for Bipartisan Infrastructure Loan (BIL) funding or Disadvantaged Community (DAC) status. BWSD has submitted a Project Needs Assessment (PNA) as part of the process of the Drinking Water Revolving Fund (DWRF) loan application process.

BWSD received the PNA review letter which indicated that we did not qualify for BIL funding. This was due to the median household income (MHI) of Byers being estimated at \$90,682, which is approximately \$10,000 over the maximum. We feel this MHI is not representative of the residents of Byers. We received the table below from Arapahoe County showing the household income estimates from the ACS for Byers, Arapahoe County and the State of Colorado for the years 2016 to 2021.

Year	Byers Arapahoe County		Colorado			
	MHI 1)	MOE 2)	MHI 1)	MOE 2)	MHI 1)	MOE 2)
2021	\$90,682	34,186	\$84,947	1,156	\$80,184	450
2020	\$85,104	27,983	\$80,291	1,154	\$75,231	379
2019	\$69,776	7,869	\$77,469	1,006	\$72,331	370
2018	\$65,000	11,163	\$73,925	902	\$68,811	364
2017	\$64,668	11,742	\$69,553	846	\$65,458	317
2016	\$56,000	10,010	\$66,288	628	\$62,520	287
1)	MHI = Median Household Income, American Community Survey					
2)	MOE = Margin of Error, American Community Survey					

As the table indicates, the margin of error for the State and County are relatively small; however, it is quite large for Byers. For instance, utilizing the margin of error, the MHI for Byers for the year 2021 falls somewhere between \$56,496 and \$124,868. In addition, there was a major increase in the MHI for Byers in 2020. Prior to 2020, Byers'

## BYERS WATER & SANITATION DISTRICT

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MHI was lower than County and State estimates. The demographics of Byers did not change considerably in the last five years that would justify the change. Also, it is worth noting that the defined area for Byers is larger than the District boundaries which may include larger, more wealthy land owners, which would skew the data.

Based on this information, we request that a business case be opened and the MHI for Byers be re-examined. We thank you for your consideration.

Sincerely,



7/13/23  
Craig White, District Manager

CW/cag  
Enclosures



## COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939  
303/830-1550 · Fax 303/832-8205 · [info@cwrpda.com](mailto:info@cwrpda.com)

### MEMORANDUM

August 16, 2023

**TO:** Project Finance Committee and Karl Ohlsen

**FROM:** Jim Griffiths, Finance Director  
Wesley Williams, Assistant Finance Director  
Ian Loffert, Sr. Financial Analyst II  
Austin Reichel, Financial Analyst II  
Giorgi Gazashvili, Financial Analyst I

**RE:** Review of the City of Boulder, East Alamosa Water and Sanitation District, Leadville Sanitation District, and Town of Ramah Water Pollution Control Revolving Fund ("WPCRF")

The Division of Local Government has forwarded to the WPCRF Committee its analyses of the above-listed projects. The WPCRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed projects and agreed to forward the requests to the Authority's Project Finance Committee with the following recommendations:

#### **City of Boulder**

The City of Boulder (the "City"), located in Boulder County, is seeking a funding package through the WPCRF loan program in the amount of \$18,000,000, comprised of up to a \$12,122,449 leveraged loan plus cost of issuance, \$3,000,000 repayable Green Project Reserve ("GPR") direct loan, \$1,377,551 repayable BIL General Supplemental direct loan, and \$1,500,000 BIL General Supplemental PF. The project consists of modifications to the aeration system to improve nutrient removal, replacing aeration blowers, construction of a hydrocyclone facility, converting the existing pre-dewatering storage tank into a redundant post-aerobic tank, and replacing the internal mechanisms of the primary clarifier. The City's project was authorized by SJR 18-003.

#### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating WPCRF loans with the City in the amount of \$18,000,000, comprised of up to a \$12,122,449 leveraged loan plus cost of issuance, \$3,000,000 repayable Green Project Reserve ("GPR") direct loan, \$1,377,551 repayable BIL General Supplemental direct loan, and \$1,500,000 BIL General Supplemental PF. The leveraged loan will be for a term of 20 years, at an interest rate of 80% of the market rate on the Authority's 2023 Series A State Revolving Fund Revenue Bonds. The GPR direct loan will be for a term of 20 years, at an interest rate of 0.5%, and the BIL repayable loan will be for a term of 20 years at an interest rate of 3%. The Board will consider this request on August 23, 2023.

#### **East Alamosa Water and Sanitation District**

The East Alamosa Water and Sanitation District (the "District"), located in Alamosa County, is seeking a BIL General Supplemental direct loan through the WPCRF loan program in the amount of \$497,305 with up to \$259,233 of BIL General Supplemental PF funds. The project consists of replacing two lift stations. The District's project was authorized by SJR 08-003.

#### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a WPCRF BIL General Supplemental direct loan with the District in the amount of \$497,305 with up to \$259,233 of BIL General Supplemental PF funds. The loan will be for a term of up to 30 years, at an interest rate of up to 2.25%, subject to the District having a formal/written Intergovernmental Agreement ("IGA") in place with the City for the transmission and treatment of the District's wastewater flows prior to loan execution. The IGA should be for a duration no less than the term of the loan agreement. The Board will consider this request on August

23, 2023.

### **Leadville Sanitation District**

The Leadville Sanitation District (the “District”), located in Lake County, is seeking a funding package through the WPCRF loan program in the amount of \$17,000,000, comprised of up to a \$12,500,000 leveraged loan plus cost of issuance, \$1,622,449 repayable Base Disadvantaged Communities direct loan, \$1,377,551 repayable BIL General Supplemental direct loan, and \$1,500,000 BIL General Supplemental PF. The project consists of improvements to the wastewater facility, including upgrades and repairs to the aeration basins, clarifiers, solids handling, disinfection, septage receiving station, and headworks. The District’s project was authorized by HJR 21-1002.

### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating WPCRF loans with the District in the amount of \$17,000,000, comprised of up to a \$12,500,000 leveraged loan plus cost of issuance, \$1,622,449 repayable Base Disadvantaged Communities direct loan, \$1,377,551 repayable BIL General Supplemental direct loan, and \$1,500,000 BIL General Supplemental PF. The leveraged loan will be for a term of 20 years, at an interest rate of 80% of the market rate on the Authority’s 2023 Series A State Revolving Fund Revenue Bonds. The Base and BIL direct loan will be for a term of 20 years, at an interest rate of 2.00% on the first \$3 million of repayable loan, and 3% on the repayable loan amount above \$3 million, all subject to increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution. The Board will consider this request on August 23, 2023.

### **Town of Ramah**

The Town of Ramah (the “Town”), located in El Paso County, is seeking a BIL General Supplemental direct loan through the WPCRF loan program in the amount of \$1,292,557 and up to \$673,784 of BIL General Supplemental PF funds. The project consists of constructing three evaporation ponds located on property purchased by the Town outside of the 100-year floodplain, and constructing a lift station and force main to transport liquid from the collection system to the evaporation ponds. The Town’s project was authorized by authorized by HJR 17-1003.

### **Recommendation**

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a WPCRF BIL General Supplemental direct loan with the Town in the amount of \$1,292,557 and up to \$673,784 of BIL General Supplemental PF funds. The loan will be for a term of up to 30 years, at an interest rate of up to 1.25%, subject to increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution. The Board will consider this request on August 23, 2023.

**Note:** A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 16, 2023**. The link to join via online is: <https://us06web.zoom.us/j/86816741554?pwd=MXZ0RUQxcTcrNk93N3UyMUhDVFZUT09>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **868 1674 1554**. The passcode is: **784746**.

Attachment: City of Boulder 2023 WPCRF Credit Report  
East Alamosa Water and Sanitation District 2023 WPCRF Credit Report  
Leadville Sanitation District 2023 WPCRF Credit Report  
Town of Ramah 2023 WPCRF Credit Report

\* - Estimated PF and direct/leveraged loan amounts through the BIL and/or Base programs.





## COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939  
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

### MEMORANDUM

August 16, 2023

**TO:** Project Finance Committee and Karl Ohlsen

**FROM:** Jim Griffiths, Finance Director  
Austin Reichel, Financial Analyst II

**RE:** Review of the Mesa Water and Sanitation District Disadvantaged Community ("DAC") Business Case  
Water Pollution Control Revolving Fund ("WPCRF")

The Division of Local Government has forwarded to the WPCRF Committee its analysis of the above listed project. The WPCRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

#### Mesa Water and Sanitation District DAC Business Case

The Mesa Water and Sanitation District (the "District"), located in Mesa County, is seeking approval of a DAC Business Case to allow for potential access to a Design and Engineering grant, a reduced interest rate through the WPCRF program, and would qualify the District to potentially receive Bipartisan Infrastructure Law ("BIL") Principal Forgiveness ("PF") and/or DAC PF. The project intends to pursue a direct loan to replace distribution piping in addition to installing two additional pressure reducing valve stations. The District submitted a Project Needs Assessment on March 15, 2023. Upon review, it was determined the District did not qualify for DAC status due to the lack of geographically specific data and the anticipated cost burden of the proposed loan. The block group (which covers a far greater area than the District boundaries) is not representative of the District.

	Benchmarks	Borrower
P1: MHI	≤\$64,147	+/- \$6,267; The District's MHI exceeds the benchmark by \$10,114. The block group (the smallest geography available) is several hundred square miles larger than the District and is not representative of the District's population. The upper bound of the District's MHI is \$80,528 and the lower bound is \$67,994. \$74,261
	C.V. ≤12.00%	5.13%
P2: MHV	≤\$397,500	\$238,675
P3: Unemployment	≥5.61%	4.86%
Job Loss	≤0.0%	9.23%
S1: County MHI	≤\$64,147	\$62,127
S2: Population Loss	<0.0%	N/A
S3: Assessed Value per Household	<\$23,022	\$18,820
S4a: Current System Debt	>0.82%	0.30%

Meets criteria
Unreliable data
Does not meet criteria
N/A

S5a: Current System Cost	>2.22%	<div>Current system cost per tap meets the benchmark when using the MHI of \$64,147.</div> <div>2.71%</div>
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**Recommendation**

Based on the attached Business Case for the District, staff recommends the Project Finance Committee forward to the Board a recommendation approving the District’s request for Category 1 DAC status and the corresponding potential access to a Design and Engineering Grant, reduced interest rate of 2.00% and would qualify the District to potentially receive BIL Principal Forgiveness PF and/or DAC PF, subject to limits, caps, maxes, and availability of PF funds in place at the time of loan application.

**Note:** A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 16, 2023**. The link to join via online is: <https://us06web.zoom.us/j/86816741554?pwd=MXZ0RUQxcTcrNk93N3UyMUhDVjFZUT09>. If you prefer to dial-in, the call-in number is: **1-669-900-6833**, and the Meeting ID is: **868 1674 1554**. The passcode is: **784746**.

Attachments: Mesa County Water and Sanitation District WPCRF 2023 DAC Business Case

## WPCRF LOAN CREDIT REPORT

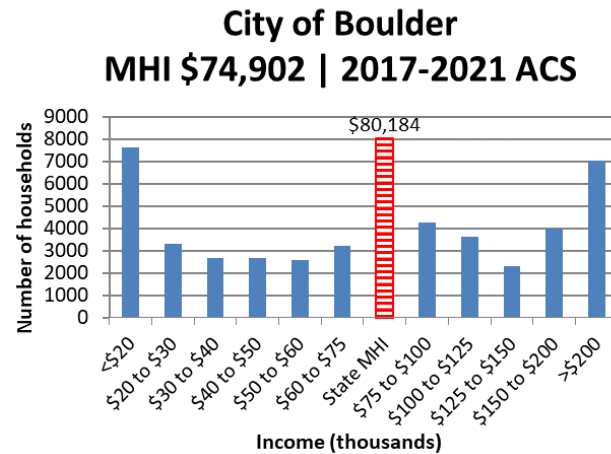
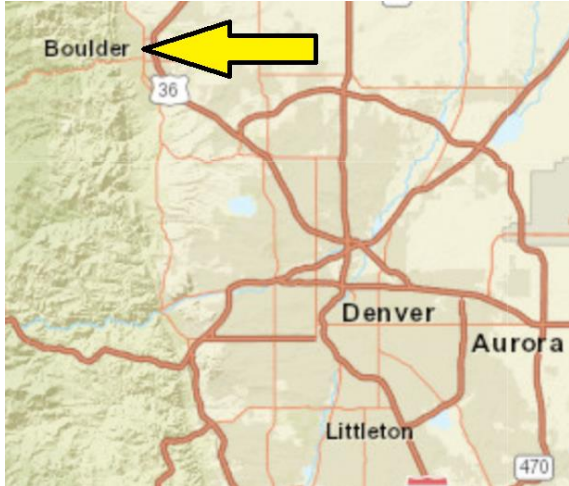
City of Boulder ("the City"), Boulder County

<b>Recommendation:</b>	<b>APPROVAL</b>	<b>Project Budget</b>	
<b>Loan Request:</b>	\$18,000,000	<b>WPCRF GPR Direct Loan:</b>	\$3,000,000
<b>Estimated Interest Rate &amp; Term:</b>	3.0% (BIL), 0.5% (GPR) and 3.5% (leveraged); 20 years	<b>WPCRF Base Leveraged Loan and BIL Direct Loan:</b>	\$13,500,000
<b>Estimated Annual Debt Service:</b>	\$1,097,802	<b>WPCRF BIL Principal Forgiveness:</b>	\$1,500,000
<b>Pledge:</b>	Sewer System Revenue	<b>City Bonds:</b>	\$7,728,000
<b>Current Rate:</b>	\$43.73	<b>Total:</b>	\$25,728,000
<b>Estimated Rate Increase:</b>	\$0.00		

**PROJECT DESCRIPTION:** This project includes modifications to the existing treatment facility to improve nutrient removal, replacing aeration blowers, construction of a hydrocyclone facility, converting the existing pre-dewatering storage tank into a redundant post-aerobic tank, and replacing the internal mechanisms of the primary clarifier.

<b>COMMUNITY PROFILE:</b> City of Boulder	2017	2018	2019	2020	2021	2022	2023	<b>Avg. Annual Change</b>
City Population	108,484	108,380	108,497	108,142	106,978			-0.35%
Boulder County Population	325,414	328,055	328,827	330,814	329,793			0.33%
Boulder County Jobs	233,705	238,431	244,917	233,344	242,887			0.97%
Number of Sewer Taps		27,853	27,884	27,974	27,868	27,909	27,940	0.05%
Number of Water Taps		29,505	29,621	29,592	29,579	29,746	29,746	0.11%
Assessed Value (\$000)		3,667,034	3,659,653	4,028,405	4,038,453	4,281,858	4,227,302	3.67%
Actual Value (\$000)		32,090,662	32,128,912	35,687,364	36,031,881	39,168,910	39,354,249	5.20%

**BORROWER BRIEF:** The City of Boulder is an urban community in the Front Range, located approximately 30 miles northwest of Denver on US-36.



**RECOMMENDATION:** The City serves an urban community in the Front Range. This proposed loan is necessary to address upcoming phosphorus removal requirements by enabling phosphorus removal and improving the system's nitrogen removal capabilities. The project also includes energy efficiency upgrades, making the City eligible for Green Project Reserve (GPR) funding. The City's sewer fund is in a strong financial position and no rate increase is projected to be needed to afford the proposed loan.

Therefore, we recommend the WPCRF Committee approve a total funding package of \$18,000,000 for the City of Boulder, comprised of the following:

- \$3,000,000 Green Project Reserve direct loan
- \$13,500,000 base leveraged loan and Bipartisan Infrastructure direct loan
- \$1,500,000 Bipartisan Infrastructure Law principal forgiveness

**PROJECT SUMMARY:**

**System summary:** The City's wastewater treatment facility serves 106,978 people. The facility is permitted and is rated for a hydraulic capacity of 25 MGD. The system service area comprises 25.9 square miles which is served by over 380 miles of sanitary sewer lines. The facility is in generally good condition with the need for some repair of existing equipment. The facility is currently unable to meet future phosphorus removal requirements.

**Reason/need:** Through a series of capital improvements and operational optimization projects, the City's Water Resource Recovery Facility has been out-performing Regulation 85 Nitrogen limitations. To address upcoming phosphorus removal requirements, the City is completing a project that will both enable phosphorus removal and enhance its nitrogen removal capabilities.

In 2021, the City updated their Nutrient Compliance Study. This study identified and evaluated alternatives to implement sustainable phosphorus removal, improve nitrogen removal efficiency, maintain effective solids processing, and mitigate operational issues associated with side stream processes. The resulting project scope was developed from this study.

**System Compliance:** The City is in compliance with the conditions of its discharge permit, and the project is primarily intended to meet future requirements.

**Project Delivery Method:** Construction Manager at Risk (CMAR).

**Contingency:** Construction contingency 5% of the total contract value. Bidding contingency 3% of the total contract value.

<b>CURRENT INDICATORS:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	2,072	1,862	1,735	>\$2,000	X \$1,000-2,000	<\$1,000
Total + New Debt/Capita (\$):			1,889	>\$2,000	X \$1,000-2,000	<\$1,000
Total Debt/Tap (\$):	8,062	7,198	6,659	X >\$5,000	\$2,500-5,000	<\$2,500
Total Debt + New Debt/Tap (\$):			7,251	X >\$5,000	\$2,500-5,000	<\$2,500
Current Sewer Debt/Tap (\$):	1,284	934	832	>\$2,000	\$1,000-2,000	X <\$1,000
Current Sewer + New Sewer Debt/Tap (\$):			1,424	>\$2,000	X \$1,000-2,000	<\$1,000
Total Debt/Assessed Value:	6.14%	5.00%	4.60%	>50%	25-50%	X <25%
Total Debt + New Sewer Debt/Assessed Value:			5.00%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.70%	0.56%	0.52%	>10%	5-10%	X <5%
Total Debt + New Sewer Debt/Actual Value:			0.56%	>10%	5-10%	X <5%
Current Sewer Debt + New Debt/Tap/MHI:			1.90%	>20%	10-20%	X <10%
Sewer Fund Current Ratio (CA/CL):	491%	397%	425%	<100%	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	171%	133%	129%	<50%	50-100%	X >100%
Sewer Operating Ratio (OR/OE):	211%	198%	210%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	337%	262%	304%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	285%	237%	281%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			245%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			227%	<110%	110-125%	X >125%
Current Annual Sewer Rates/MHI:			0.63%	>3.0%	1.5-3.0%	X <1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			0.68%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			178%	<25%	25-50%	X >50%
<b>TOTAL:</b>	<b>2</b>	<b>3</b>	<b>16</b>			

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, sixteen are rated strong, three are average and two are considered weak. Overall, the indicators illustrate a very healthy sewer fund with ample reserves, and a strong operating and current ratio. The weak and average indicators demonstrate a large debt burden per tap.

- The City's net operating income is consistently positive and sufficient to cover expenses.
- The City's reserves are well-above the amount needed to cover three months of operations and maintenance expenses.
- Based on 2021 financial information, debt service coverage with the proposed loan is 245%. No additional revenue is projected to be needed to meet the 110% debt service coverage ratio requirement.
  - Without \$1,500,000 in BIL principal forgiveness, the City's debt service coverage decreases to 234%, still above the 110% coverage ratio requirement.



### Additional Project Financing

The City plans to issue \$7,728,000 in municipal bonds for the remainder of the project that is above the \$18,000,000 WPCRF loan limit, and will align with the timing of CWRPDA's bond issue.

### DESCRIPTION OF THE LOAN:

A \$16,500,000 loan package and \$1,500,000 in BIL principal forgiveness with a 20-year term and two payments annually will cost the City approximately \$1,097,802 in annual debt service. The loan package includes:

- \$3,000,000 Green Project Reserve (GPR) direct loan at a 0.5% interest rate.
- \$13,500,000 comprised of a WPCRF base leveraged loan at an estimated 3.5% interest rate and BIL direct loan at 3.0%.

The project qualifies for Green Project Reserve funding, with 29% of the total project cost and 34% of the project construction cost considered as "green". Since the City's green components are greater than 20% of the project cost, the City is eligible for a reduced interest rate (0.5%) for the first \$3,000,000 of the proposed loan.

### BIL Principal Forgiveness Eligibility:

The City qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness and loan funding package. The City qualifies for approximately \$1,500,000 in principal forgiveness, which is the current maximum for BIL WPCRF supplemental principal forgiveness.

Before May 8, 2023, a community could qualify for BIL principal forgiveness by scoring at least three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans (IUP). At the City's pre-qualification meeting in November 2022, the City scored four points as shown below. This determination is effective for 18-months from the date of the pre-qualification meeting, expiring in June 2024.

<b>BIL PF DETERMINATION Credit Report</b>				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	1.00%	>	-1.39%	1
2a: County Job Loss	0	>	14.26%	0
2b: County Unemployment	7.10%	<	4.25%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$75,231	>	\$72,279	1
	\$94,039	<		
4: Rates to MHI	1.39%	<	1.55%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	25%	<	21%	0
7: % Households Housing Burdened	30%	<	43%	1
8: % Population under 200% Poverty Level	35%	<	33%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	50%	<	44%	0
10: Meets DAC criteria	Yes		No	0
<b>Total Points Scored:</b>				<b>4</b>

**ECONOMIC ANALYSIS:** The City has a 2021 population estimated at 106,978 that has declined at an average annual rate of 0.35% since 2017. In contrast, Boulder County has experienced a population increase of 0.33% since 2017. The state population increased at an average annual rate of 0.95%.

The area's economy is dominated by professional, scientific, and technical services (18% of county jobs). This is followed by government (15% of county jobs), health services (11%), and manufacturing jobs (9%). The City's largest employers consist of three educational institutions: the University of Colorado (7,312 employees), Boulder Valley School District (4,000 employees), and St. Vrain School District (3,238 employees), and two manufacturers: Ball Corporation (2,938 employees) and IBM (2,000 employees).

In addition to being a major employer, the University of Colorado is the only entity that generates over 3% of sewer system revenues (3.4%).

## ORGANIZATIONAL ANALYSIS:

### Bond Rating

The City's debt was last rated AAA by Standard & Poor's in 2022.

### Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The City does not sell more than 2,000 acre-feet of water per year.

### Organizational Structure

Organized in 1871, the City is a home-rule city governed by council-manager form of government. The City provides many services, including library, fire, older adult, parks and recreation, police, and water and wastewater services. The Boulder Water Resource Recovery Facility staff include nine operators, one process engineer, five plant automation systems staff, and five industrial mechanics. All of these staff are full-time and report to the wastewater treatment manager.

- The City has generally been in compliance with Colorado statutory budgeting, auditing, and election requirements for the past five years.
- The City maintains general liability insurance coverage through IMA, Inc.
- There is one currently pending lawsuit against the City pertaining to disability discrimination (*Josslyn Montoya, et al. v. City of Boulder*, U.S. District Court Case No. 23-cv-1394-SKC (filed June 1, 2023)).
- There have been no recall elections in the last ten years.

### Capital Improvement Plan

As part of the application process, the City submitted a capital improvement schedule, which anticipates capital outlay of \$100,031,000 for the next five years to be funded from the sewer fund and related financing. The largest expenses are approximately \$22 million for wastewater treatment plan improvements in 2023 (a portion of which is related to this project), and approximately \$27 million for trunk replacement projects.

### Intergovernmental

The City has a significant number of IGAs pertaining to its wastewater finances and operations, largely including agreements to provide services to annexed land, connect particular residents to wastewater services, and assist with improvements to different reservoirs. These agreement include (but are not limited to):

- A 2009 agreement with the Town of Nederland to contribute funds for the construction, operation, and maintenance for a certain treatment process at the new wastewater treatment facility in Nederland.
- A 2019 agreement with the Knollwood Metropolitan District to annex and transition municipal water and wastewater services to the City of Boulder.
- A 2003 agreement to with several Boulder County entities (City of Lafayette, City of Longmont, City of Louisville, Town of Erie, Town of Jamestown, Town of Lyons, Town of Nederland, Town of Superior, Boulder County) to coordinated a countywide Comprehensive Development Plan, including provisions allowing any Designated Municipal Party to provide extraterritorial water and/or sewer services as designated in the Party's underlying plan.
- A 2010 agreement with Boulder County to connect thirty-six properties along Gapter Road to the City of Boulder's municipal water and wastewater systems.
- A number of memoranda of understanding for wastewater surveillance, energy management surveillance, distillate transfers, and biosolid transport and removal.

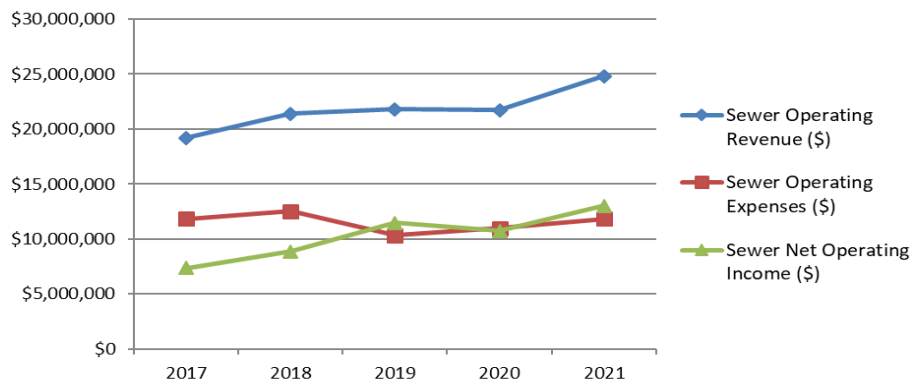
**REVENUE ANALYSIS:**

- The City's net operating income has increased from 2017 to 2021. On average, operating revenue was 190% of operating expenses.
- On average, over the past five years, tap fees comprised a small percentage (4.75%) of the sewer fund's total revenue.

<b>TRENDS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Monthly Sewer Rate (\$)		33.95	35.67	37.45	39.34	41.31	43.38
Monthly Water Rate (\$)		47.52	52.04	55.68	60.14	64.35	69.50
Residential Sewer Tap Fee (\$)		4,215	4,266	4,326	4,382	4,448	4,586
Residential Water Tap Fee (\$)		10,806	10,936	11,089	11,233	11,402	11,755
Total Sewer Revenue (\$)	19,577,000	22,181,000	25,064,000	23,991,000	25,725,000		
Tap/Development Fees (\$)	810,000	317,000	2,251,000	1,230,000	1,050,000		
Sewer Operating Revenue (\$)	19,213,000	21,393,000	21,821,000	21,741,000	24,833,000		
Sewer Operating Expenses (\$)	11,849,000	12,514,000	10,351,000	11,002,000	11,834,000		
Sewer Net Operating Income (\$)	7,364,000	8,879,000	11,470,000	10,739,000	12,999,000		
Sewer Debt (\$)	39,766,000	39,597,000	35,794,000	26,139,000	23,176,000		
Total Debt (\$)	141,549,000	216,061,000	224,800,000	201,364,000	185,579,000		
Sewer Debt Service (\$)	4,078,000	4,401,000	4,366,000	4,963,000	4,567,000		
Sewer Debt Service/Tap/Month (\$)	12.22	13.17	12.28	13.98	12.87		
Sewer Fund Reserves (\$)	19,167,000	25,169,000	25,184,000	21,307,000	21,114,000		

<b>Ratios</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>5-year Average</b>
Operating Revenue as % of Total Revenue	98%	96%	87%	91%	97%	94%
Operating Revenue as % of Expenses	162%	171%	211%	198%	210%	190%
Tap Fee Revenue as % of Total Revenue	4.14%	1.43%	8.98%	5.13%	4.08%	4.75%

**Recent Rate Increases**

The City's most recent sewer rate increase from a base rate of \$13.51 to \$14.18 and volumetric charge of \$6.95 to \$7.30 per 1,000 gallons was implemented in 2023.

**User Charges & System Utilization**

The City's current monthly sewer rate is estimated at \$43.38 compared to the 2021 estimated state median of \$40.38. This rate is based on average monthly sewer consumption of 4,000 gallons. Sewer charges are comprised of a base rate based on meter size and a volumetric charge of \$7.30 per 1,000 gallons for in-boundary users and \$10.95 per 1,000 gallons for out-of-boundary users. The base rate for a ¾" meter is \$14.18 for in-boundary users and \$21.28 for out-of-boundary users. Additional charges may be levied for "excess strength sewage", including factors such as excess total suspended solids, phosphorus, and nitrogen.

The City's current estimated average monthly residential water rate is \$69.50 compared to the 2021 estimated state median of \$55.72. The City's average monthly water rate is based on typical residential consumption of 7,000 gallons per month. Water charges are comprised of a base rate based on meter size and a volumetric charge based on water consumption (measured as a percent of household water budget). The base rate for a ¾" meter is \$17.08 for in-boundary users and \$25.61 for out-of-boundary users. The blocks are tiered as follows:

	<b>Block Rates (per 1,000 gallons of water)</b>	<b>Block Size (% of monthly water budget)</b>
Block 1	\$4.47	0-60%
Block 2	\$5.97	61-100%
Block 3	\$11.93	101-150%
Block 4	\$17.90	151-200%
Block 5	\$29.83	Greater than 200%

### Contributed Capital

Revenue from tap fees has ranged from \$317,000 to \$2,251,000 and has averaged 4.73% of total sewer revenue during the last five years. The City's most recent sewer tap fee increase occurred on January 1, 2023.

- Residential sewer tap fees are \$4,586 for a single unit dwelling.
  - For a multi-unit dwelling, the fee ranges from \$3,056 to \$5,349 depending on the size of the dwelling.
  - Non-residential tap fees are calculated depending on the entity's average winter consumption and meter size, with tap fees ranging from \$1,910 to \$10,506 for a ¾" meter.
- Residential water tap fees are \$11,755 for indoor use in a single unit dwelling. Additional charges are added depending on the amount of irrigable area on the property.
  - For a multi-unit dwelling, the fee ranges from \$7,837 to \$13,713 depending on the size of the dwelling. Additional charges may also be added depending on the amount of irrigable area on the property.
  - Non-residential tap fees are calculated depending on the entity's average winter consumption and meter size, with tap fees ranging from \$4,889 to \$29,936 for a ¾" meter.

Current System Utilization		
	Usage	Revenue
<b>Residential</b>	68%	72%
<b>Non-residential (per EQR)</b>	32%	28%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	\$43.38/\$4,586	\$69.50/\$11,755
¾"	\$65.08/\$1,910 to \$10,506	\$75.11/\$4,899 to \$29,936

### DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2012	Municipal bond	2025	W&S Revenues	11,000,000	4%	Approx. 50% of net revenues
2015	Municipal bond	2034	W&S Revenues	16,700,000	2%	Approx. 50% of net revenues
2015	Municipal bond	2035	W&S Revenues	7,500,000	2%	Approx. 50% of net revenues
2016	Municipal bond	2035	W&S Revenues	26,000,000	3%	Approx. 50% of net revenues
2018	Municipal bond	2038	W&S Revenues	34,300,000	3%	Approx. 50% of net revenues
2022	Municipal bond	2042	W&S Revenues	42,000,000	4%	Approx. 50% of net revenues

**LOAN COVENANTS:** The City will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The City has no existing loans with the State Revolving Fund.

Prepared by: Kelly Shen

Date: August 8, 2023

Project #180041W-B  
Cost Categories: Advanced Treatment (Category II) – 100%

<b>August 8, 2023</b>  <b>WPCRF Credit Report</b> <b>City of Boulder, Boulder County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2021</b>	<b>106,978</b>
<b>Number of Sewer Taps/Customers - 2021</b>	<b>27,868</b>
<b>Total Assessed Valuation (in thousands) - 2021</b>	<b>\$4,038,453</b>
<b>Actual Value of All Real Property (in thousands) - 2021</b>	<b>\$36,031,881</b>
<b>Median Household Income (MHI) - 2020</b>	<b>\$74,902</b>
<b>Monthly Sewer Rate - 2021</b>	<b>\$39.34</b>
<b>Sewer Operating Revenue - 2021</b>	<b>\$24,833,000</b>
<b>Sewer Total Revenue - 2021</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$25,725,000</b>
<b>Sewer Tap and System Development Fee Revenue - 2021</b>	<b>\$1,050,000</b>
<b>Sewer Operating Expense - 2021</b>	<b>\$11,834,000</b>
<b>Sewer Current Expense - 2021</b>	<b>\$16,401,000</b>
<b>Sewer Debt - 2021</b>	<b>\$23,176,000</b>
<b>Sewer Debt - 2021</b>	<b>\$185,579,000</b>
<b>Sewer Fund Reserves - 2021</b>	<b>\$21,114,000</b>
<b>Sewer Debt Service - 2021</b>	<b>\$4,567,000</b>
<b>New Sewer Debt</b> [Requested WPCRF loan amount.]	<b>\$16,500,000</b>
<b>Requested WPCRF Loan Term</b>	<b>20</b>
<b>Requested WPCRF Loan Interest Rate</b>	<b>3.0% (BIL), 0.5% (GPR) and 3.5% (Base)</b>
<b>New Loan's Annual Sewer Debt Service (two payments annually)</b>	<b>\$1,097,802</b> (\$157,812 GPR loan and \$92,095 BIL loan and \$847,895 leveraged loan)

<b>Current Indicators (2021)</b>					
<b>City of Boulder</b>					
<b>(Sewer Only)</b>					
<b>1 Total Debt</b>	\$185,579,000	÷	<b>Population</b>	106,978	= \$1,735
<b>New Debt</b>	\$16,500,000	÷	<b>Population</b>	106,978	= \$154
<b>Total Debt + New Debt</b>	\$202,079,000	÷	<b>Population</b>	106,978	= \$1,889
<b>2 Total Debt</b>	\$185,579,000	÷	<b>Number of Taps</b>	27,868	= \$6,659
<b>New Debt</b>	\$16,500,000	÷	<b>Number of Taps</b>	27,868	= \$592
<b>Total Debt + New Debt</b>	\$202,079,000	÷	<b>Number of Taps</b>	27,868	= \$7,251
<b>3 Total Debt</b>	\$185,579,000	÷	<b>Assessed Value</b>	\$4,038,453,000	= 4.60%
<b>New Debt</b>	\$16,500,000	÷	<b>Assessed Value</b>	\$4,038,453,000	= 0.41%
<b>Total Debt + New Debt</b>	\$202,079,000	÷	<b>Assessed Value</b>	\$4,038,453,000	= 5.00%
<b>4 Total Debt</b>	\$185,579,000	÷	<b>Actual Value</b>	\$36,031,881,000	= 0.52%
<b>New Debt</b>	\$16,500,000	÷	<b>Actual Value</b>	\$36,031,881,000	= 0.05%
<b>Total Debt + New Debt</b>	\$202,079,000	÷	<b>Actual Value</b>	\$36,031,881,000	= 0.56%
<b>5 Current Sewer Debt</b>	\$23,176,000	÷	<b>Number of Taps</b>	27,868	= \$832
<b>(Current Sewer Debt + New Sewer Debt) / Number of Taps</b>	\$1,424	÷	<b>MHI</b>	\$74,902	= 1.90%
<b>6 Current Ratio (CA / CL)</b>					
<b>Current Assets</b>	\$27,613,000	÷	<b>Current Liabilities</b>	\$6,499,000	= 425%
<b>7 Reserve/Expense Ratio</b>					
<b>Reserves</b>	\$21,114,000	÷	<b>Current Expenses</b>	\$16,401,000	= 129%
<b>8 Operating Ratio (OR / OE)</b>					
<b>Operating Revenues</b>	\$24,833,000	÷	<b>Operating Expenses</b>	\$11,834,000	= 210%
<b>9 Coverage Ratio [(TR - OE) / DS]</b>					
<b>Total Revenues</b>	\$25,725,000	-			
<b>Minus Operating Expenses</b>	\$11,834,000				
=	\$13,891,000	÷	<b>Current Debt Service</b>	\$4,567,000	= 304%
<b>Coverage Ratio Excluding Tap and</b>					
<b>10 Development Fee Revenue</b>	\$13,891,000				
<b>Minus Tap and Development Fee Revenue</b>	\$1,050,000				
=	\$12,841,000	÷	<b>Current Debt Service</b>	\$4,567,000	= 281%
<b>11 Projected Coverage Ratio</b>					
<b>Total Revenues</b>	\$25,725,000				
<b>Minus Operating Expenses</b>	\$11,834,000				
=	\$13,891,000		<b>Total Debt Service (with new loan)</b>	\$5,664,802	= 245%
<b>Projected Coverage Excluding Tap and</b>					
<b>12 Development Fee Revenue</b>	\$13,891,000				
<b>Minus Tap and Development Fee Revenue</b>	\$1,050,000				
=	\$12,841,000	÷	<b>Total Debt Service (with new loan)</b>	\$5,664,802	= 227%
<b>13 Current Debt Service</b>	\$4,567,000	÷	<b>Number of Taps</b>	27868	= \$163.88
<b>Annual New Sewer Debt Service</b>	\$1,097,802	÷	<b>Number of Taps</b>	27868	= \$39.39
<b>2021 Annual Sewer Rate (Monthly Rate x 12)</b>	\$472.08	÷	<b>MHI</b>	\$74,902	= 0.63%
<b>2021 Annual Sewer Rate + New Annual Debt Service Per Tap</b>	\$511.63	÷	<b>MHI</b>	\$74,902	= 0.68%
<b>15 Current 2021 Monthly User Charge</b>					\$39.34
<b>(Debt Service on WPCRF Loan / 2021 Taps / Month)</b>					\$3.30
<b>Total</b>					\$42.64
<b>16 Operation and Maintenance Reserve</b>					
<b>Reserves</b>	\$21,114,000	÷	<b>Operating Expenses</b>	\$11,834,000	= 178%



### **Priority Point Scoring**

Applicant: **City of Boulder**  
DWRP or WPCRF: **WPCRF**

#### **WPCRF**

Total WQCD Score:	<b>0</b>
DOLA Affordability Score:	<b>5</b>
Total Score:	<b>5</b>

#### **DWRP**

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

Is applicant receiving funds from BASE program, BIL program, or BOTH? **BOTH.**

#### **Base Program DWRP Principal Forgiveness**

Eligible as a base program DAC? **No.**

Eligible base program DWRP principal forgiveness percentage: **N/A**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? **Yes.**

Eligible BIL principal forgiveness percentage: **52.128%**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$1,500,000**

## WPCRF LOAN CREDIT REPORT

East Alamosa Water and Sanitation District (“The District”), Alamosa County

<b>Recommendation:</b>	<b>APPROVAL</b>
<b>Loan Request:</b>	\$497,305
<b>Interest Rate &amp; Term:</b>	2.25%, 30 years
<b>Annual Debt Service:</b>	\$10,956
<b>Pledge:</b>	Water and Sewer Revenue
<b>Current Rate:</b>	\$43.54 (S), \$52.06 (W)
<b>Estimated Rate Increase:</b>	\$0.00

<u>Project Budget</u>	
<b>WPCRF BIL Loan:</b>	\$238,072
<b>WPCRF BIL Principal Forgiveness:</b>	\$259,233
<b>Planning Grant:</b>	\$7,194
<b>D&amp;E Grant:</b>	\$79,263
<b>Total</b>	<b>\$583,762</b>

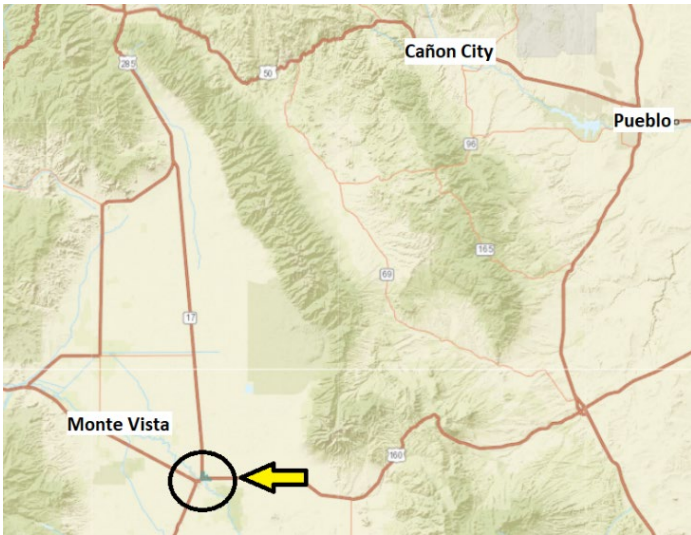
**PROJECT DESCRIPTION:** The project consists of replacing two wastewater lift stations.

### COMMUNITY PROFILE:

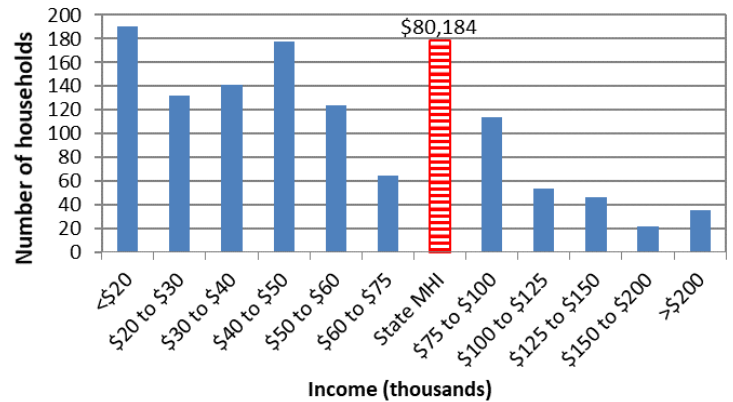
#### East Alamosa Water and Sanitation District

	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			1,220	1,220	1,220	1,223	1,223	0.05%
Alamosa County Population	16,053	16,184	16,247	16,366	16,516			0.71%
Alamosa County Jobs	10,253	10,222	10,327	9,926	10,325			0.18%
Number of Sewer Taps			488	488	488	489	489	0.05%
Number of Water Taps			404	404	404	409	409	0.31%
Assessed Value (\$000)		9,379	9,284	9,348	9,464	9,825	9,743	1.21%
Actual Value (\$000)		73,548	73,408	75,867	76,033	82,350	81,920	2.78%

**BORROWER BRIEF:** East Alamosa Water and Sanitation District serves a small community in the San Luis Valley, just outside of the City of Alamosa. The District is located approximately 120 miles southwest of the City of Pueblo, at the intersection of Highways 285, 17, and 160.



### East Alamosa Water and Sanitation District MHI \$41,750 | 2017-2021 ACS (tract)



**RECOMMENDATION:** The District serves a small urban community in the San Luis Valley. This proposed loan is necessary to replace two aging lift stations (No. 3 and No. 6) and ensure the continued provision of wastewater services to the community. The District is in a strong financial condition and no rate increases are projected to be necessary to take on the proposed loan.

Therefore, we recommend that the WPCRF Committee approve a \$238,072 Disadvantaged Communities loan and \$259,233 in Bipartisan Infrastructure Law (“BIL”) principal forgiveness to the East Alamosa Water and Sanitation District.



**PROJECT SUMMARY:**

**System summary:** The East Alamosa Water and Sanitation District (District) is located adjacent to and northeast of the City of Alamosa serving the populated area that is not served by the City of Alamosa. The District operates a total of nine lift stations, 51,287 feet of collection system pipe and serves approximately 1,698 customers. The District is solely responsible for providing water distribution and wastewater collection utility services.

**Reason/need:** The District is proposing the replacement of Lift Station No. 3 and Lift Station No. 6 due to a combination of factors that include the lift stations nearing the end of useful service life, continued maintenance issues including access, and routine equipment failures. New lift stations and emergency overflow manholes will be constructed downstream from the existing lift stations and the existing lift stations will be converted into conveyance manholes to collect gravity flows from the upstream sanitary sewer mains.

**System Compliance:** The project is intended to maintain compliance. The District does not have a discharge permit; flows are discharged to the City of Alamosa for treatment.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 20% of total project cost included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	956	1,048	1,071	___ >\$2,000	<u>X</u> \$1,000-2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,266	___ >\$2,000	<u>X</u> \$1,000-2,000	___ <\$1,000
Total Debt/Tap (\$):	2,391	2,621	2,672	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,159	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Current W&S Debt/Tap (\$):	2,391	2,621	2,672	<u>X</u> >\$2,000	___ \$1,000-2,000	___ <\$1,000
Current + New W&S Debt/Tap (\$):			3,159	<u>X</u> >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total Debt/Assessed Value:	12%	14%	13%	___ >50%	___ 25-50%	<u>X</u> <25%
Total Debt + New W&S Debt/Assessed Value:			16%	___ >50%	___ 25-50%	<u>X</u> <25%
Total Debt/Actual Value:	1.54%	1.68%	1.59%	___ >10%	___ 5-10%	<u>X</u> <5%
Total Debt + New W&S Debt/Actual Value:			1.88%	___ >10%	___ 5-10%	<u>X</u> <5%
Current + New W&S Debt/Tap/MHI:			7.57%	___ >20%	___ 10-20%	<u>X</u> <10%
W&S Fund Current Ratio (CA/CL):	406%	324%	339%	___ <100%	___ 100-200%	<u>X</u> >200%
W&S Fund Reserves/Current Expense:	199%	138%	97%	___ <50%	<u>X</u> 50-100%	___ >100%
W&S Operating Ratio (OR/OE):	149%	172%	160%	___ <100%	___ 100-120%	<u>X</u> >120%
Coverage Ratio (TR-OE)/DS:	227%	361%	230%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	227%	350%	210%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio with New Loan:			208%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio with New Loan Excluding Tap Fees:			189%	___ <110%	___ 110-125%	<u>X</u> >125%
Current Annual W&S Rates/MHI:			2.20%	___ >3.0%	<u>X</u> 1.5-3.0%	___ <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			2.25%	___ >3.0%	<u>X</u> 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			125%	___ <25%	___ 25-50%	<u>X</u> >50%
<b>TOTAL:</b>			<b>2</b>		<b>7</b>	<b>12</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, twelve are rated strong, seven are average and two are considered weak. Overall, the indicators illustrate a healthy water and sewer fund with strong operating and current ratios, adequate reserves, and the ability to take on the proposed loan. However, the weak indicators suggest high debt burden per capita.

- Operating revenue increased each year for the past five years.
- Based on 2022 financial information, coverage with the proposed loan is 208% with tap fee revenue. No additional revenue is projected to be needed to pay for the proposed loan.
- In 2021, the District executed a \$1,379,742 DWRF loan, which increased debt service payments in 2022.

**DESCRIPTION OF THE LOAN:**

A total funding package of \$497,305 is comprised of both repayable loan and BIL principal forgiveness. An estimated \$238,072 loan with a 30-year term with two payments annually at an interest rate of 2.25% will cost the District approximately \$10,910 in debt service annually. The District also qualifies for \$259,233 in BIL principal forgiveness, which is considered in the above financial analysis.

**Disadvantaged Community (DAC):** Based on 2017-2021 American Community Survey data, the District meets DAC Scenario 1 (see below). Since its projected rates to MHI and MHV are not above the 80th percentile, the District qualifies as a Category 1 DAC, and will receive a 2.25% interest rate for a 30-year term.

In order to qualify as a disadvantaged community, an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$41,750	Y	S1: County MHI	\$64,147	>=	\$46,217	Y
P2: MHV	\$397,500	>=	\$174,400	Y	S2: Population Loss	N/A - not evaluated for special districts			
P3: County Unemployment	5.61%	<=	4.78%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$20,092	Y
County Job Loss	0.00%	>=	8.55%	N	S4b: Current and Projected System Debt	0.82%	<	2.12%	Y
Benchmarks based on 2017-2021 American Community Survey data and the most recent available financial audit data.					S4b: 80th Percentile	2.50%	<	2.12%	N
					S5b: Projected System Cost Per Tap to MHI	2.07%	<	2.40%	Y
					S5b: 80th Percentile	3.09%	<	2.40%	N

### BIL Principal Forgiveness Eligibility:

In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans or qualify as a disadvantaged community. As a disadvantaged community, the District is eligible for BIL principal forgiveness.

**ECONOMIC ANALYSIS:** The District has a 2023 population estimated at 1,223 and has grown at an average annual rate of 0.05% since 2019. Alamosa County has experienced a population increase of 0.71% since 2017, and the state population increased at an average annual rate of 0.95%.

The region's economy is dominated by government (22% of county jobs) and four of the top five employers in the area are governmental agencies. These are Adams State University (515 employees), the Alamosa School District (320 employees), City of Alamosa (250 employees), and Alamosa County (215 employees). The largest employer in the area is the San Luis Regional Medical Center (750 employees), and correspondingly the county's second most popular industry is health services (18% of county jobs).

Cottonwood Trailer Park, comprising 3.7% of system revenue, is the only entity that generates over 3% of system revenue.

### ORGANIZATIONAL ANALYSIS:

#### Bond Rating

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

#### Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The District does not sell more than 2,000 acre-feet of water per year.

#### Organizational Structure

Established in 1961, the District is a Title 32-1 special district governed by a five-member board of directors. The District provides water and wastewater services to residents of East Alamosa. Approximately one full-time employee and two part-time employees staff the water utility. The District staff includes a full time administrator, a part time office assistant, and a part-time seasonal maintenance worker. The District contracts with the City of Alamosa for operations and maintenance of the water and sewer system.

- The District has generally been in compliance with Colorado statutory budgeting, auditing, and election requirements for the past five years.
- The District maintains general liability insurance coverage through the Colorado Special Districts Property and Liability Pool.
- There are currently no pending lawsuits against the District.
- There have been no recall elections in the last ten years.

#### Capital Improvement Plan

As part of the application process, the District submitted a capital improvement plan that was last updated in September 2019. The plan anticipates \$7,654,127 in capital outlay for the wastewater system, including the replacement of Lift Station No. 3 and No. 6 proposed in this project. The District plans to pay for additional capital improvements through reserves, additional financing, and/or grants.

#### Intergovernmental

On October 17, 1990, the District entered into an intergovernmental agreement with the City of Alamosa that states that the City agrees to accept and treat domestic wastewater discharged by the District, up to a maximum contracted flow quantity. In return, the District pays the City a sewage treatment charge comprised of the District's proportional share of treatment charges and a 3% contribution towards the

capital costs of the City's wastewater treatment facility. The agreement is in effect for 20 years, with automatic five year renewals thereafter unless either party notifies the other in writing at least two years before the date of intent not to renew.

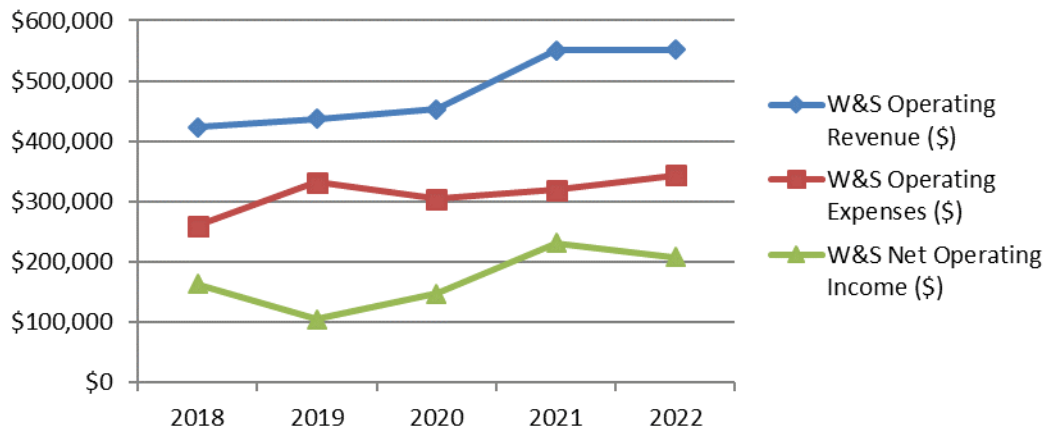
Additionally, for the District's water system, the District entered into an intergovernmental agreement with the City of Alamosa on December 5, 2007. The agreement allows the District to send the City raw water, requires the City to treat the water for arsenic removal, and for the treated water to be returned to the District's potable water system. The District pays the City a monthly water treatment charge for the incoming raw water flows into the City, which is based on the flow proportions from the previous year. The agreement is in effect for 20 years, with automatic five year renewals unless either party notifies the other in writing at least two years before the date of intent not to renew.

#### REVENUE ANALYSIS:

- The District's water and sewer fund is in a strong position, with consistently sufficient revenues to cover system expenses.
- On average, over the past five years, net operating income increased by around \$50,000, primarily attributed to increasing operating revenues.
- Tap fee revenue generally comprised a small percentage (1.87%) of District revenue over the past five years.
  - The District's tap fee revenue tripled from 2021 to 2022 due to an increase in the tap fee amount in order to keep up with capital infrastructure expenses. In 2023, the District expects significant tap fee revenue due to the addition of an apartment complex. Typically, the District budgets for two to four single unit taps every year.

TRENDS	2018	2019	2020	2021	2022
Monthly Sewer Rate (\$)	25.00	25.00	25.00	33.00	33.00
Monthly Water Rate (\$)	33.97	33.97	33.97	43.09	43.54
Residential Sewer Tap Fee (\$)	2,500	2,500	2,500	2,500	3,072
Residential Water Tap Fee (\$)	2,500	2,500	2,500	2,500	3,072
Total W&S Revenue (\$)	428,502	463,133	456,447	560,450	575,282
Tap/Development Fees (\$)	2,500	17,500	0	7,500	21,005
W&S Operating Revenue (\$)	423,315	436,606	452,904	550,626	551,404
W&S Operating Expenses (\$)	259,738	331,756	304,965	319,698	343,833
W&S Net Operating Income (\$)	163,577	104,850	147,939	230,928	207,571
W&S Debt (\$)	1,300,000	1,233,333	1,166,667	1,279,136	1,306,691
Total Debt (\$)	1,300,000	1,233,333	1,166,667	1,279,136	1,306,691
W&S Debt Service (\$)	66,667	66,667	66,666	66,667	100,413
W&S Debt Service/Tap/Month (\$)	N/A	11.38	11.38	11.38	17.11
W&S Fund Reserves (\$)	849,861	881,088	738,057	533,553	428,716

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	99%	94%	99%	98%	96%	97%
Operating Revenue as % of Expenses	163%	132%	149%	172%	160%	155%
Tap Fee Revenue as % of Total Revenue	0.58%	3.78%	0.00%	1.34%	3.65%	1.87%



#### Recent Rate Increases

The District's most recent sewer rate increase of \$8.00 (from \$25.00 to \$33.00) was implemented in 2021. Wates rates last increased in 2023, with a \$0.10 addition to the volumetric charge for each consumption level. The average monthly water residential rate increased from \$43.09 to \$43.54.

### User Charges & System Utilization

The District's current monthly sewer rate is a flat fee of \$33.00 compared to the 2021 estimated state median of \$40.38. Commercial users pay \$43.00 plus \$2.00 per thousand gallons above 4,000 gallons.

The District's current estimated average monthly residential water rate is \$43.54 compared to the 2021 estimated state median of \$55.72. The District's average monthly water rate is based on typical residential consumption of 8,485 gallons per month. Residential users pay a \$33.00 base rate up to 4,000 gallons and a volume charge of:

- \$2.35 per 1,000 gallons for 4,000 to 10,000 gallons
- \$2.85 per 1,000 gallons for 10,000 to 20,000 gallons
- \$3.35 per 1,000 gallons for consumption above 20,000 gallons

Commercial users pay a base rate of \$35.00, and the same volume charges as residential users.

### Contributed Capital

Revenue from tap fees has ranged from \$0 to \$21,005 and has averaged 1.87% of total sewer revenue during the last five years. The District's most recent sewer tap fee rate increase occurred in 2022.

- Residential water and sewer tap fees are \$3,072.
- Commercial water and sewer tap fees are \$4,608.

Current System Utilization		
	Usage	Revenue
<b>Residential</b>	94%	94%
<b>Non-residential (per EQR)</b>	6%	6%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	\$33.00/\$3,072	\$43.54/\$3,072
¾"	\$43.00/\$4,608	\$45.54/\$4,608

### DEBT as of December 31, 2022

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2008	CWRPDA – DWRF	2038	W&S Revenue	\$1,033,323	0%	\$66,667
2021	CWRPDA – DWRF	2051	W&S Revenue	\$273,368	1.5%	\$13,743

**LOAN COVENANTS:** The District will have to meet the Authority's 110% rate covenant, 3-month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis. The District has met the Loan Covenants on its DWRF direct loans dated 2008 and 2021 with the Authority. The District has also had no debt service payment issues.

Prepared by: Kelly Shen  
Date: August 8, 2023

Project # 140371W-H  
Cost Categories: New Interceptors – Category IVB (92.0%); Infiltration/Inflow – Category IIA (4.5%); Sewer System Rehabilitation – Category IIIB (3.5%)

August 8, 2023

**WPCRF Credit Report**  
**East Alamosa Water and Sanitation District, Alamosa County, CO**  
Using most recent data available  
(Census, audits, local records)

<b>Estimated Population - 2021</b>	<b>1,220</b>
<b>Number of Sewer Taps/Customers - 2022</b>	<b>489</b>
<b>Total Assessed Valuation - 2022</b>	<b>\$9,825,758</b>
<b>Actual Value of All Real Property - 2022</b>	<b>\$82,349,602</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$41,750</b>
<b>Monthly W&amp;S Rate - 2022</b>	<b>\$76.54</b>
<b>W&amp;S Operating Revenue - 2022</b>	<b>\$551,404</b>
<b>W&amp;S Total Revenue - 2022</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$575,282</b>
<b>W&amp;S Tap and System Development Fee Revenue - 2022</b>	<b>\$21,005</b>
<b>W&amp;S Operating Expense - 2022</b>	<b>\$343,833</b>
<b>W&amp;S Current Expense - 2022</b>	<b>\$444,246</b>
<b>W&amp;S Debt - 2022</b>	<b>\$1,306,691</b>
<b>Total Debt - 2022</b>	<b>\$1,306,691</b>
<b>W&amp;S Fund Reserves - 2022</b>	<b>\$428,716</b>
<b>W&amp;S Debt Service - 2022</b>	<b>\$100,413</b>
<b>New W&amp;S Debt</b> [Requested WPCRF loan amount.]	<b>\$238,072</b>
<b>Requested WPCRF Loan Term</b>	<b>30</b>
<b>Requested WPCRF Loan Interest Rate</b>	<b>2.25%</b>
<b>New Loan's Annual W&amp;S Debt Service (two payments annually)</b>	<b>\$10,956</b>

<b>Current Indicators (2022)</b>					
<b>East Alamosa Water and Sanitation District</b>					
<b>(Water and Sewer)</b>					
1 Total Debt	\$1,306,691	÷	Population	1,220	= \$1,071
New Debt	\$238,072	÷	Population	1,220	= \$195
Total Debt + New Debt	\$1,544,763	÷	Population	1,220	= \$1,266
2 Total Debt	\$1,306,691	÷	Number of Taps	489	= \$2,672
New Debt	\$238,072	÷	Number of Taps	489	= \$487
Total Debt + New Debt	\$1,544,763	÷	Number of Taps	489	= \$3,159
3 Total Debt	\$1,306,691	÷	Assessed Value	\$9,824,758	= 13.30%
New Debt	\$238,072	÷	Assessed Value	\$9,824,758	= 2.42%
Total Debt + New Debt	\$1,544,763	÷	Assessed Value	\$9,824,758	= 15.72%
4 Total Debt	\$1,306,691	÷	Actual Value	\$82,349,602	= 1.59%
New Debt	\$238,072	÷	Actual Value	\$82,349,602	= 0.29%
Total Debt + New Debt	\$1,544,763	÷	Actual Value	\$82,349,602	= 1.88%
5 Current W&S Debt (Current Debt + New W&S Debt) / Number of Taps	\$1,306,691	÷	Number of Taps	489	= \$2,672
	\$3,159	÷	MHI	\$41,750	= 7.57%
6 Current Ratio (CA / CL)					
Current Assets	\$607,983	÷	Current Liabilities	\$179,267	= 339%
7 Reserve/Expense Ratio					
Reserves	\$428,716	÷	Current Expenses	\$444,246	= 97%
8 Operating Ratio (OR / OE)					
Operating Revenues	\$551,404	÷	Operating Expenses	\$343,833	= 160%
9 Coverage Ratio [(TR - OE) / DS]					
Total Revenues	\$575,282	-			
Minus Operating Expenses	\$343,833				
=	\$231,449	÷	Current Debt Service	\$100,413	= 230%
Coverage Ratio Excluding Tap and					
10 Development Fee Revenue	\$231,449				
Minus Tap and Development Fee Revenue	\$21,005				
=	\$210,444	÷	Current Debt Service	\$100,413	= 210%
11 Projected Coverage Ratio					
Total Revenues	\$575,282				
Minus Operating Expenses	\$343,833				
=	\$231,449		Total Debt Service (with new loan)	\$111,369	= 208%
Projected Coverage Excluding Tap and					
12 Development Fee Revenue	\$231,449				
Minus Tap and Development Fee Revenue	\$21,005				
=	\$210,444	÷	Total Debt Service (with new loan)	\$111,369	= 189%
13 Current Debt Service	\$100,413	÷	Number of Taps	489	= \$205.34
Annual New Sewer Debt Service	\$10,956	÷	Number of Taps	489	= \$22.40
2022 Annual W&S Rate (Monthly Rate x 12)	\$918.48	÷	MHI	\$41,750	= 2.20%
2022 Annual W&S Rate + New Annual Debt Service Per Tap	\$940.88	÷	MHI	\$41,750	= 2.25%
15 Current 2022 Monthly User Charge (Debt Service on WPCRF Loan / 2022 Taps / Month)					\$33.00
Total					\$1.87
					\$34.87
16 Operation and Maintenance Reserve					
Reserves	\$428,716	÷	Operating Expenses	\$343,833	= 125%



### **Priority Point Scoring**

Applicant: **East Alamosa Water and Sanitation District**  
 DWRP or WPCRF: **WPCRF**

#### **WPCRF**

Total WQCD Score:	<b>0</b>
DOLA Affordability Score:	<b>125</b>
Total Score:	<b>125</b>

#### **DWRP**

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

Is applicant receiving funds from BASE program, BIL program, or BOTH? **BIL.**

#### **Base Program DWRP Principal Forgiveness**

Eligible as a base program DAC? **Yes.**

Eligible base program DWRP principal forgiveness percentage: **N/A – WPCRF project.**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? **Yes.**

Eligible BIL principal forgiveness percentage: **52.128%**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$259,233**

## WPCRF LOAN CREDIT REPORT

Leadville Sanitation District ("The District"), Lake County

<b>Recommendation:</b>	<b>CONDITIONAL APPROVAL</b>	<b>Project Budget</b>	
<b>Loan Request:</b>	\$17,000,000	<b>WPCRF BIL Direct Loan:</b>	\$1,377,551
<b>Total Est. Annual Debt Service:</b>	\$1,057,036	<b>WPCRF BIL Principal Forgiveness:</b>	\$1,500,000
<b>Leveraged Loan:</b>	\$12,500,000	<b>WPCRF Leveraged Base Loan:</b>	\$12,500,000
<b>Est. Interest Rate &amp; Term:</b>	3.50%, 20 years	<b>WPCRF Direct Base Loan:</b>	\$1,622,449
<b>Direct Loan:</b>	\$3,000,000	<b>2022 Planning Grant:</b>	\$10,000
<b>Est. Interest Rate &amp; Term:</b>	2.00%, 20 years	<b>2022 D&amp;E Grant:</b>	\$300,000
<b>Pledge:</b>	Sewer System Revenue	<b>2022 EIAF Grant:</b>	\$750,000
<b>Current Rate:</b>	\$35.50	<b>Total:</b>	\$18,060,000
<b>Estimated Rate Increase:</b>	\$13.53		

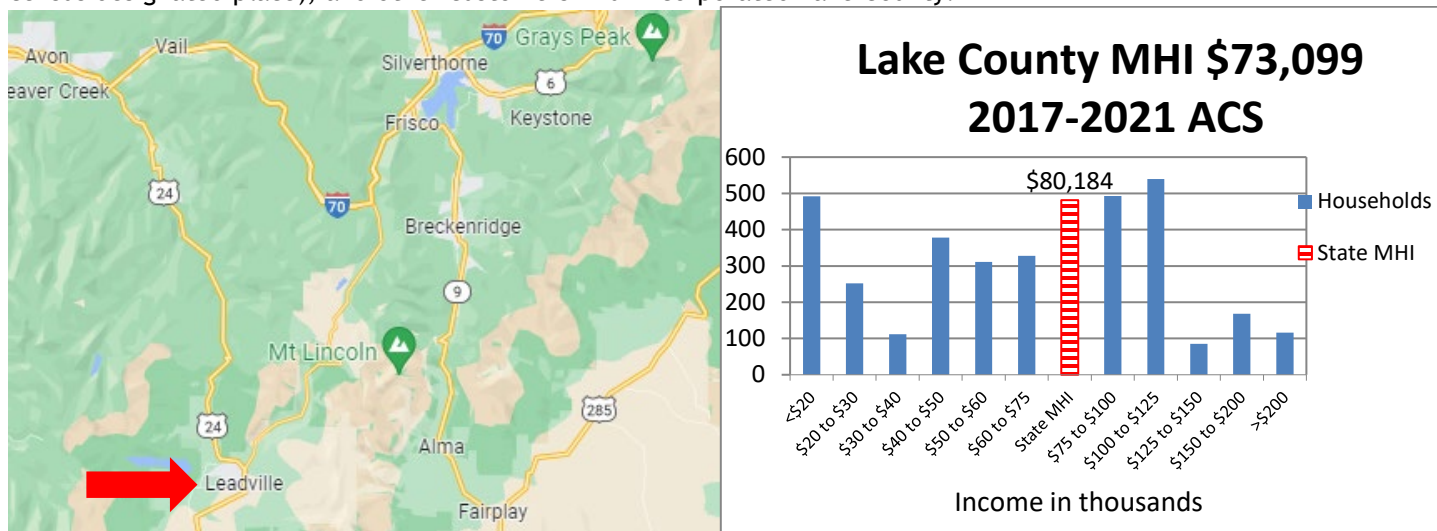
**PROJECT DESCRIPTION:** The project consists of improvements to the wastewater facility, including upgrades and repairs to the headworks, aeration basins, clarifiers, solids handling, disinfection, and addition of a septicage receiving station.

### COMMUNITY PROFILE:

#### Leadville Sanitation

District	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			8,355	8,435	8,508	8,590	8,970	1.79%
Lake County Population	7,352	7,332	7,555	7,408	7,387			0.12%
Lake County Jobs	3,062	3,121	3,202	3,048	3,158			0.77%
Number of Sewer Taps		3,329	3,342	3,374	3,403	3,436	3,588	1.79%
Assessed Value (\$000)			40,576	55,156	55,756	61,992	60,723	10.60%
Actual Value (\$000)			395,193	556,486	567,716	659,001	678,775	14.48%

**BORROWER BRIEF:** The District is located in a rural area about 35 miles south of the Eagle-Vail area and about 35 miles north of the Town of Buena Vista on US-24 in Lake County. The District serves the City of Leadville, Leadville North (a census designated place), and other customers in unincorporated Lake County.



**RECOMMENDATION:** The District serves a high elevation, geographically isolated, tourist community. This proposed loan is necessary to upgrade and repair many of the treatment facility infrastructure as described above that has reached the end of its useful life, and to ensure the wastewater treatment facility continues to meet permit limits. The District appears to be in a good position to take on the requested debt. While rate increases will be required, the size of the rate increase appears affordable. We therefore recommend the WPCRF Committee approve a \$1,377,551 Disadvantaged Community direct BIL loan, a \$1,622,449 Disadvantaged Community direct base loan, a \$12,500,000 base program leveraged loan, and \$1,500,000 in WPCRF BIL principal forgiveness to the Leadville Sanitation District on the condition rates are increased to meet loan requirements.



**PROJECT SUMMARY:**

**System summary:** The District owns and operates a mechanical wastewater treatment plant, which includes a headworks building, two aeration basins, two secondary clarifiers, a polishing pond, and chlorine gas disinfection. There is also solids processing and handling which consists of two aerobic digesters and a belt filter press. The wastewater treatment plant provides wastewater services to the City of Leadville and surrounding areas and has a capacity of 1.15 million gallons per day.

**Reason/need:** The District identified treatment improvements needed to address the aging infrastructure which is operating beyond its useful life. The improvements are necessary to ensure that the District can continue to reliably and consistently comply with discharge permit effluent limits.

**System Compliance:** The District is in compliance with the conditions of its discharge permit, and the project is primarily intended to maintain compliance.

**Project Delivery Method:** Construction Manager at Risk (CMAR)

**Contingency:** 20% of the total project cost is included as a contingency

<b>CURRENT INDICATORS:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	4.85	2.55	0	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			1,822	>\$2,000	X \$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	12	6.39	0	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			4,555	>\$5,000	X \$2,500-5,000	<\$2,500
Current Sewer Debt/Tap (\$):	12	6.39	0	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Sewer + New Sewer Debt/Tap (\$):			4,555	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	0.10%	0.04%	0.00%	>50%	25-50%	X <25%
Total Debt + New Sewer Debt/Assessed Value:			28%	>50%	X 25-50%	<25%
Total Debt/Actual Value:	0.01%	0.00%	0.00%	>10%	5-10%	X <5%
Total Debt + New Sewer Debt/Actual Value:			2.73%	>10%	5-10%	X <5%
Curr. Sewer Debt + New Debt/Tap/MHI:			6.23%	>20%	10-20%	X <10%
Sewer Fund Current Ratio (CA/CL):	1,429%	1,422%	1,538%	<100%	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	348%	380%	326%	<50%	50-100%	X >100%
Sewer Operating Ratio (OR/OE):	102%	115%	89%	X <100%	100-120%	>120%
Coverage Ratio (TR-OE)/DS:	1,885%	2,086%	4,765%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	1,193%	1,555%	-63%	X <110%	110-125%	>125%
Coverage Ratio with New Loan:			100%	X <110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			-1.33%	X <110%	110-125%	>125%
Current Annual Sewer Rates/MHI:			0.48%	>3.0%	1.5-3.0%	X <1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			0.90%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			331%	<25%	25-50%	X >50%
<b>Total:</b>			<b>5</b>		<b>3</b>	<b>13</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, thirteen are rated strong, three are average and five are considered weak. Overall, the indicators illustrate a system with low current debt that is well-positioned to take on the proposed debt. The strong indicators show ability to meet short and long term obligations, affordable rates to MHI, and strong reserves. The weak indicators reflect a negative 2021 operating ratio and the need to raise rates to meet requirements for the requested loan.

- The 2021 operating ratio was weak at 89%. However, the 2017-2021 average operating ratio is 100%. Rate increases in 2022 and 2023 should ensure future operating revenue covers operating expenses.
- Based on 2021 financial information, coverage with the proposed loan is 100% with tap fee revenue and -1.33% without tap fee revenue.
- The District finished repayment of a loan in 2021, freeing about \$22,695 annually for future debt service.
- Additionally the District collected an abnormally high amount of tap fee revenue in 2021 for taps being paid by new developments. The District anticipates more tap fees from these developments in the future, but budgeted for lower tap fee revenue in 2022 and 2023.
- Additional annual revenue of about \$865,599, or \$20.03 per EQR per month, would increase the coverage ratio to 110% when using 2017-2021 average tap fee revenue and excluding the 2021 debt service for the fully repaid loan.
- The District has raised rates by \$6.50 since 2021, so the remaining required rate increase is \$13.53 per EQR per month.
- If the District does not receive BIL principal forgiveness, the required rate increase moves slightly higher to \$16.21 per EQR per month.

### Additional Project Financing

In December 2022, the District was awarded a \$750,000 DOLA EIAF grant. In 2022, the District received a \$10,000 planning grant and a \$300,000 design and engineering grant.

### DESCRIPTION OF THE LOAN:

An estimated \$3,000,000 direct loan with a twenty-year term with two payments annually at an interest rate of 2.00% will cost the District approximately \$182,734 in debt service annually. An estimated \$12,500,000 leveraged loan with a twenty-year term with two payments annually at an interest rate of about 3.50% will cost the District approximately \$874,302 in debt service annually. The District also qualifies for \$1,500,000 in WPCRF BIL supplemental principal forgiveness.

### Disadvantaged Community

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$73,099	no	S1: County MHI	\$64,147	>=	\$73,099	no
P2: MHV	\$397,500	>=	\$274,036	yes	S2: Population Loss	0.00%	>=	N/A	N/A
P3: County Unemployment	5.61%	<=	3.60%	no	S3: Assessed Value per Housing unit	\$23,022	>=	\$16,384	yes
County Job Loss	0.00%	>=	12.67%	no	S4b: Curr. and Proj. System Debt	0.21%	<	1.82%	yes
					S4b: 80th Percentile	1.03%	<	1.82%	yes
					S5b: Proj. System Cost Per Tap to MHI	0.81%	<	1.11%	yes
					S5b: 80th Percentile	1.27%	<	1.11%	no

Based on 2017-2021 American Community Survey data, the District does not meet the requirements of a DAC. While the District does not qualify as a DAC based on current criteria, a business case for DAC status for the District was approved by the CWRPDA board on August 24, 2022, and the District is eligible for DAC benefits.

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the District qualifies as a Category 1 DAC, and will receive a 2% interest rate.

### BIL Principal Forgiveness Eligibility:

The District qualified for BIL principal forgiveness by qualifying as a DAC via a business case as described above.

The District qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The District qualifies for \$1,500,000 in principal forgiveness, which is the current maximum for BIL WPCRF supplemental principal forgiveness.

**ECONOMIC ANALYSIS:** The District has a 2023 population estimated at 8,970 and has grown at an average annual rate of 1.79% since 2019. Lake County has experienced an annual increase of 0.12% in population since 2017. The state population increased at an average annual rate estimated at 0.95%.

The County's primary base industries are retirees, tourism, mining, education and health services, and commuters. The county's largest job sectors are government, construction, accommodation and food service, retail, and special trade contractors.

The region's largest employers consist of Climax Molybdenum (mining) with 499 employees, Lake County Government, Lake County School District, and Ski Cooper all with estimated 249 employees, and St. Vincent Hospital with 99 employees.

The Eagle's Nest Apartment Complex is the system's largest customer, generating 3.33% of the District's annual revenue.

### ORGANIZATIONAL ANALYSIS:

#### Bond Rating

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

### Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The District does not sell more than 2,000 acre-feet of water per year.

### Organizational Structure

The District is a Title 32 Article 1 special district governed by a five-member board of director form of government and was organized in 1949. The District is a single purpose district that provides wastewater service. Approximately five full-time employees staff the sewer utility. The sewer utility is overseen by the Wastewater/Labor operator, who reports to the Board of Directors.

- The District has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The District maintains general liability insurance coverage through Colorado Special District Property and Liability Pool.
- There is one pending lawsuit against the District, but it is not expected to result in financial impact to the District.
- There have been no recall elections in the last ten years.

### Capital Improvement Plan

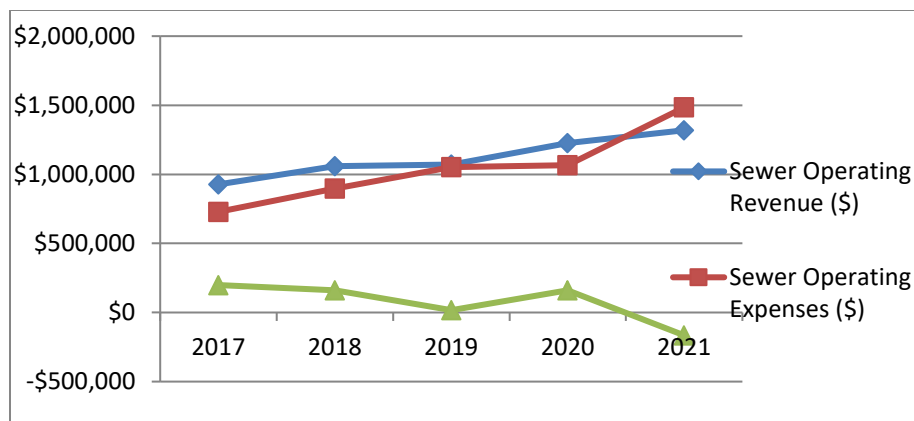
The District anticipates capital outlay of \$2,156,220 for collection system line replacements in 2024 to be funded from reserves.

### REVENUE ANALYSIS:

The 2021 audit shows the District collected far more in tap/development fees than in previous years. In 2021 the District sold 111 EQRs in two new area developments and about 7 EQRs to St. Vincent Hospital for the new hospital. The District anticipates selling an additional 208 EQRs to the new developments in the coming years as construction progresses. The 2023 budget projects tap fee revenue at \$359,176 in 2022 and \$431,427 in 2023.

Operating revenue and operating expenses have generally increased year over year, but expenses exceeded revenue in 2021. The District states the 2021 operating expense increase is related to an increase in engineering expense for the project and the permit compliance schedule. According to the District, some of the increase in engineering expenses is temporary as the District's engineer also reviews development applications, and the costs are passed through to the developers. Rate increases since 2021 are expected to correct the negative operating income in subsequent years.

TRENDS	2017	2018	2019	2020	2021	2022	2023
Monthly Sewer Rate (\$)		25.00	26.00	28.00	29.00	31.00	35.50
Residential Sewer Tap Fee (\$)		4,000	6,500	6,500	6,500	8,500	10,000
Mill Levy	3.216	3.222	3.222	2.422	2.490		
Total Sewer Revenue (\$)	1,280,248	1,673,298	1,387,956	1,496,101	2,565,602		
Tap/Development Fees (\$)	45,925	197,874	123,224	109,810	1,095,890		
Property Tax	125,654	127,432	131,139	133,137	134,117		
S.O. Tax	7,111	7,362	9,096	6,390	12,735		
Sewer Operating Revenue (\$)	927,162	1,059,388	1,070,077	1,225,653	1,318,864		
Sewer Operating Expenses (\$)	728,595	897,865	1,052,400	1,065,022	1,484,116		
Sewer Net Operating Income (\$)	198,567	161,523	17,677	160,631	-165,252		
Sewer Debt (\$)	70,308	55,769	40,502	21,549	0		
Total Debt (\$)	70,308	55,769	40,502	21,549	0		
Sewer Debt Service (\$)	17,823	18,515	17,800	20,661	22,695		
Sewer Debt Service/Tap/Month (\$)		0.46	0.44	0.51	0.56		
Sewer Fund Reserves (\$)	3,053,067	3,664,328	3,727,086	4,120,600	4,907,217		
Ratios	2017	2018	2019	2020	2021	Average	
Operating Revenue as % of Total Revenue	72%	63%	77%	82%	51%	69%	
Operating Revenue as % of Expenses	127%	118%	102%	115%	89%	110%	
Tap Fee Revenue as % of Total Revenue	3.59%	12%	8.88%	7.34%	43%	15%	



### Recent Rate Increases

The District's most recent rate increase of \$2.50 was implemented on June 14, 2023.

### User Charges & System Utilization

The District's current monthly sewer rate is a flat rate of \$35.50 per EQR compared to the 2021 estimated state median of \$40.38. The out-of-district rate is \$53.25 per EQR per month.

### Contributed Capital

Revenue from tap fees has ranged from \$45,925 to \$1,095,890 and has averaged 15% of total sewer revenue during the last five years. The District's most recent sewer tap fee rate increase occurred on January 1, 2023.

- Sewer tap fees are \$10,000 per EQR.

Current System Utilization			Current Fee Summary	
	Usage	Revenue	Tap size	Sewer user/tap fees
Residential	67%	67%	¾"	\$35.50/\$10,000
Non-residential (per EQR)	33%	33%	¾"	\$35.50/\$10,000

### Property Tax -

The District supports operations with property taxes. The revenue generated is typically less than 10% of total District revenue. The District will not use property tax revenue to repay this loan.

Property Tax Analysis	2017	2018	2019	2020	2021
Mill levy	3.216	3.222	3.222	2.422	2.490
Assessed Value (000)	38,816	39,659	40,576	55,156	55,756
Property tax revenue	125,654	127,432	131,139	133,137	134,117
% Property tax revenue/total revenue	9.81%	7.62%	9.45%	8.90%	5.23%

**DEBT** The District has no debt as of as of December 31, 2021

**LOAN COVENANTS:** The District will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The District has no existing loans with the State Revolving Fund.

Prepared by: Desi Santerre  
Date: August 8, 2023

Project # 210216W-Q  
Cost Categories: Secondary Treatment- 100%

<b>Date</b> <b>8-Aug-23</b> <b>WPCRF Credit Report</b> <b>Leadville Sanitation District, Lake County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>			
Estimated Population - 2021	8,508		
Number of Sewer Taps/Customers - 2021	3,403		
Total Assessed Valuation (in thousands) - 2021	\$55,756		
Actual Value of All Real Property (in thousands) - 2021	\$567,716		
Median Household Income (MHI) - 2020	\$73,099		
Monthly Sewer Rate - 2021	\$29.00		
Sewer Operating Revenue - 2021	\$1,318,864		
Sewer Total Revenue - 2021 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$2,565,602		
Sewer Tap and System Development Fee Revenue - 2021	\$1,095,890		
Sewer Operating Expense - 2021	\$1,484,116		
Sewer Current Expense - 2021	\$1,506,811		
Sewer Debt - 2021	\$0		
Sewer Debt - 2021	\$0		
Sewer Fund Reserves - 2021	\$4,907,217		
Sewer Debt Service - 2021	\$22,695	Leveraged Loan	Direct Loan
New Sewer Debt [Requested WPCRF loan amount.]	\$15,500,000	\$12,500,000	\$3,000,000
Requested WPCRF Loan Term	20	20	20
Requested WPCRF Loan Interest Rate	3.50% & 2.00%	3.50%	2.00%
New Loan's Annual Sewer Debt Service (two payments annually)	\$1,057,036	\$874,302	\$182,734

<b>Current Indicators (2021)</b> <b>Leadville Sanitation District</b> <b>(Sewer Only)</b>					
1	Total Debt	\$0	÷	Population	8,508 = \$0
	New Debt	\$15,500,000	÷	Population	8,508 = \$1,822
	Total Debt + New Debt	\$15,500,000	÷	Population	8,508 = \$1,822
2	Total Debt	\$0	÷	Number of Taps	3,403 = \$0
	New Debt	\$15,500,000	÷	Number of Taps	3,403 = \$4,555
	Total Debt + New Debt	\$15,500,000	÷	Number of Taps	3,403 = \$4,555
3	Total Debt	\$0	÷	Assessed Value	\$55,756,000 = 0.00%
	New Debt	\$15,500,000	÷	Assessed Value	\$55,756,000 = 27.80%
	Total Debt + New Debt	\$15,500,000	÷	Assessed Value	\$55,756,000 = 27.80%
4	Total Debt	\$0	÷	Actual Value	\$567,716,000 = 0.00%
	New Debt	\$15,500,000	÷	Actual Value	\$567,716,000 = 2.73%
	Total Debt + New Debt	\$15,500,000	÷	Actual Value	\$567,716,000 = 2.73%
5	Current Sewer Debt	\$0	÷	Number of Taps	3,403 = \$0
	(Current Sewer Debt + New Sewer Debt) / Number of Taps	\$4,555	÷	MHI	\$73,099 = 6.23%
6	Current Ratio (CA / CL)				
	Current Assets	\$5,248,543	÷	Current Liabilities	\$341,326 = 1538%
7	Reserve/Expense Ratio				
	Reserves	\$4,907,217	÷	Current Expenses	\$1,506,811 = 326%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$1,318,864	÷	Operating Expenses	\$1,484,116 = 89%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$2,565,602	-		
	Minus Operating Expenses	\$1,484,116			
	=	\$1,081,486	÷	Current Debt Service	\$22,695 = 4765%
	Coverage Ratio Excluding Tap and Development Fee Revenue	\$1,081,486			
10	Development Fee Revenue	\$1,081,486			
	Minus Tap and Development Fee Revenue	\$1,095,890			
	=	-\$14,404	÷	Current Debt Service	\$22,695 = -63%
11	Projected Coverage Ratio				
	Total Revenues	\$2,565,602			
	Minus Operating Expenses	\$1,484,116			
	=	\$1,081,486		Total Debt Service (with new loan)	\$1,079,731 = 100%
	Projected Coverage Excluding Tap and Development Fee Revenue	\$1,081,486			
12	Development Fee Revenue	\$1,081,486			
	Minus Tap and Development Fee Revenue	\$1,095,890			
	=	-\$14,404	÷	Total Debt Service (with new loan)	\$1,079,731 = -1%
13	Current Debt Service	\$22,695	÷	Number of Taps	3403 = \$6.67
	Annual New Sewer Debt Service	\$1,057,036	÷	Number of Taps	3403 = \$310.62
	2021 Annual Sewer Rate (Monthly Rate x 12)	\$348.00	÷	MHI	\$73,099 = 0.48%
14	2021 Annual Sewer Rate + New Annual Debt Service Per Tap	\$658.62	÷	MHI	\$73,099 = 0.90%
15	Current 2021 Monthly User Charge (Debt Service on WPCRF Loan / 2021 Taps / Month)				\$29.00
	Total				\$25.88
					\$54.88
16	Operation and Maintenance Reserve				
	Reserves	\$4,907,217	÷	Operating Expenses	\$1,484,116 = 331%



### **Priority Point Scoring**

Applicant: Leadville Sanitation District  
DWRP or WPCRF: WPCRF

#### **WPCRF**

Total WQCD Score:	0
DOLA Affordability Score:	100
Total Score:	100

#### **DWRP**

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

Is applicant receiving funds from BASE program, BIL program, or BOTH? both

#### **Base Program DWRP Principal Forgiveness**

Eligible as a base program DAC?

Eligible base program DWRP principal forgiveness percentage:

Amount of principal forgiveness awarded (accounting for any applicable cap/max):

#### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? Yes, via a DAC business case that was approved on August 24, 2022

Eligible BIL principal forgiveness percentage: approx 50%

Amount of principal forgiveness awarded (accounting for any applicable cap/max: \$1,500,000

## WPCRF LOAN CREDIT REPORT

### Town of Ramah ("The Town"), El Paso County

Recommendation:	CONDITIONAL APPROVAL
Loan Request:	\$1,292,557
Interest Rate & Term:	1.25%, 30 year term
Annual Debt Service:	\$24,798
Pledge:	Water & Sewer System Revenue
Current Rate:	\$34.50 (S), \$36.00 (W)
Estimated Rate Increase:	\$20.92

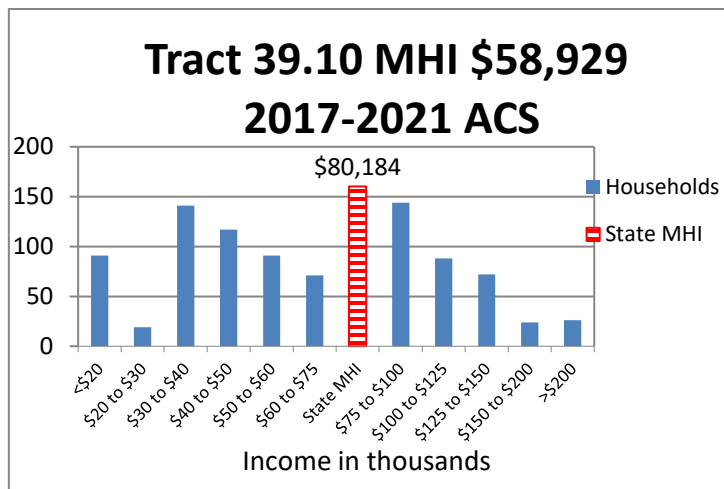
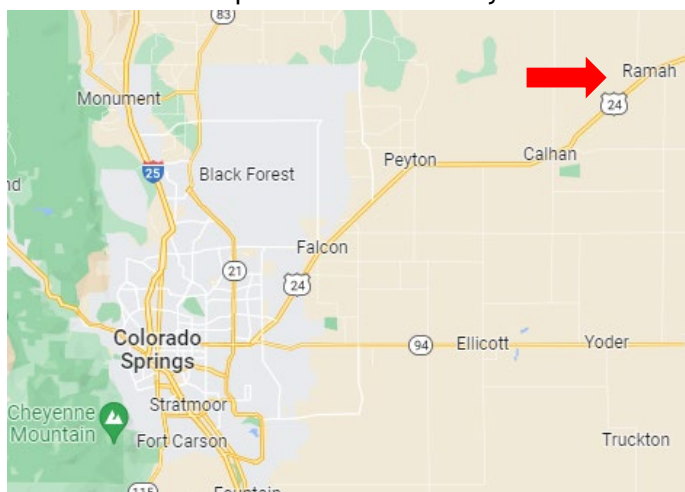
Project Budget	
WPCRF BIL Loan:	\$618,773
WPCRF BIL Principal Forgiveness:	\$673,784
2023 EIAF Grant:	\$700,000
2016 Planning Grant:	\$5,444
2021 D&E Grant:	\$197,209
2022 El Paso County ARPA Grant:	\$2,000,000
Reserves:	\$12,700
<b>Total:</b>	<b>\$4,207,910</b>

**Project Description:** The project consists of constructing three evaporation ponds located on property purchased by the Town, and constructing a lift station and force main to transport wastewater from the collection system to the new evaporation ponds.

#### COMMUNITY PROFILE:

Town of Ramah	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
Town Population	119	118	117	111	111			-1.72%
El Paso County Population	704,797	717,812	725,497	732,062	738,532			1.18%
El Paso County Jobs	370,782	379,306	389,083	380,831	395,442			1.62%
Number of Sewer Taps			71	71	72	72	72	0.35%
Number of Water Taps			71	71	72	72	72	0.35%
Assessed Value (\$000)			477	537	546	671	622	6.86%
Actual Value (\$000)			5,168	6,090	6,255	7,293	7,226	8.74%

**BORROWER BRIEF:** The Town is located approximately 45 miles northeast of the City of Colorado Springs in the northeastern most part of El Paso County.



**RECOMMENDATION:** The Town serves a small, rural community in northeastern El Paso County. This proposed loan is necessary to replace an unlined, unpermitted, and undersized stabilization pond with a new facility that is permitted and meets state design criteria. The project costs are large for a small community; however, the Town has secured grants amounting to 85% of the total project cost. We therefore recommend the WPCRF Committee approve a \$618,773 Disadvantaged Community BIL loan and \$673,784 in WPCRF BIL Supplemental principal forgiveness to the Town of Ramah on the condition rates are increased to meet loan requirements.



**PROJECT SUMMARY:**

**System summary:** The Town currently operates an unpermitted, unlined, and undersized stabilization pond that is located in the 100-year floodplain of Antelope Creek.

**Reason/need:** The current stabilization pond is not lined and therefore is likely seeping at a rate greater than what is allowed by state design criteria, and the new ponds will be located outside of the 100-year floodplain.

**System Compliance:** The existing facility was initially constructed without approval and therefore is considered an unpermitted discharge. The existing facility is being replaced with permitted evaporation ponds that meet state design criteria and will not require a discharge permit.

**Project Delivery Method:** Design/Bid/Build.

**Contingency:** 12% of the total project cost is included as contingency.

<b>CURRENT INDICATORS:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Weak</b>	<b>Average</b>	<b>Strong</b>
Total Debt per Capita (\$):	701	663	623	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			6,197	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	1,096	1,022	960	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			9,554	X >\$5,000	\$2,500-5,000	<\$2,500
Current W&S Debt/Tap (\$):	1,096	1,022	960	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current W&S + New W&S Debt/Tap (\$):			9,554	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	14%	13%	10%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			103%	X >50%	25-50%	<25%
Total Debt/Actual Value:	1.28%	1.18%	0.95%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			9.43%	>10%	X 5-10%	<5%
Curr. W&S Debt + New Debt/Tap/MHI:			16%	>20%	X 10-20%	<10%
W&S Fund Current Ratio (CA/CL):	1,029%	358%	351%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	159%	79%	128%	<50%	50-100%	X >100%
W&S Operating Ratio (OR/OE):	100%	76%	146%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	92%	-156%	223%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	18%	-156%	223%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			55%	X <110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			55%	X <110%	110-125%	>125%
Current Annual Sewer Rates/MHI:			0.70%	>3.0%	1.5-3.0%	X <1.5%
Current Sewer Rates + New W&S Debt Service/MHI:			1.29%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			154%	<25%	25-50%	X >50%
<b>Total:</b>			<b>6</b>	<b>2</b>	<b>13</b>	

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, thirteen are rated strong, two are average, and six are weak. Overall, the indicators illustrate a system with limited ability to take on additional debt. The strong indicators show a strong operating ratio and reserves, affordable current and projected rates, and ability to meet short and long term obligations. The weak indicators reflect the proposed debt is large relative to the size of the community.

- The Town's 2023 operating ratio is strong at 146%. The five-year average operating ratio is similar at 120%.
- Based on 2022 financial information, coverage with the proposed loan is 55%. Additional annual revenue of about \$18,073, or \$20.92 per tap per month, would increase the coverage ratio to 110%.
- If BIL principal forgiveness was not awarded and the Town's loan amount is \$1,292,557, the coverage ratio with the proposed loan moves to 30%, and the required rate increase elevates to \$55.30 per tap per month.

**Additional Project Financing**

The Town received a \$5,444 planning grant in 2016 and a \$197,209 design and engineering grant in 2021. In 2022, the Town was awarded a \$2,000,000 ARPA grant from El Paso County for this project. In 2023, the Town received a \$700,000 EIAF grant.

**DESCRIPTION OF THE LOAN:**

An estimated \$618,773 loan with a thirty-year term with two payments annually at an interest rate of 1.25% will cost the Town approximately \$24,798 in debt service annually. The Town also qualifies for \$673,784 in BIL principal forgiveness.

**Disadvantaged Community:**

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	> =	\$58,929	Yes	S1: County MHI	\$64,147	> =	\$75,909	No
P2: MHV	\$397,500	> =	\$108,807	Yes	S2: Population Loss	0.00%	> =	-11.90%	Yes
P3: County Unemployment	5.61%	< =	4.79%	No	S3: Assessed Value per Housing unit	\$23,022	> =	\$11,175	Yes
County Job Loss	0.00%	> =	19.12%	No	S4b: Curr. and Proj. System Debt	0.82%	<	17.38%	Yes
					S4b: 80th Percentile	2.50%	<	17.38%	Yes
					S5b: Proj. System Cost Per Tap to MHI	2.07%	<	3.54%	Yes
					S5b: 80th Percentile	3.09%	<	3.54%	Yes

Based on 2017-2021 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the Town qualifies for the lowest interest rate available (Category 2 DAC, 1.25%).

**BIL Principal Forgiveness Eligibility:**

In order to qualify for BIL principal forgiveness, a community must qualify as a DAC. The Town meets the DAC scenario described above.

The Town qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. Using an estimated principal forgiveness award of 52.128%, the Town qualifies for approximately \$673,784 in principal forgiveness, leaving an estimated repayable loan of \$618,773.

**ECONOMIC ANALYSIS:** The Town has a 2021 population estimated at 111 and has decreased at an average annual rate of 1.72% since 2017. El Paso County has experienced an increase of 1.18% in population since 2017. The state population increased at an average annual rate estimated at 0.95%.

Due to its location, the Town's economy is more similar to the adjacent planning region 5 (Elbert, Lincoln, Kit Carson, and Cheyenne counties), than its own planning region 4 (El Paso, Teller, and Park counties). Region 5's largest base industries are agriculture, commuters, regional services, and retirees. The region's largest job sectors are agriculture, government, local government, crops and livestock production, and construction.

The area's largest employers consist of Rooster's Pizzeria, Loaf 'n Jug, and Dollar General all with about 10-15 employees, and Simla Grocery and the Country Corner Restaurant, both with 5-7 employees. There are no functioning commercial businesses in the Town.

**ORGANIZATIONAL ANALYSIS:****Bond Rating**

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

**Section 37-60-126(2) C.R.S. (Water Conservation Planning)**

The Town does not sell more than 2,000 acre-feet of water per year.

**Organizational Structure**

The Town is a statutory town governed by a mayor/board form of government and was incorporated in 1928. The Town provides parks, streets, cemetery, and water and wastewater services. The sewer utility is overseen by the sole part-time employee, the Water/Wastewater Operator, who reports to the Board of Trustees.

- The Town has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.

- The Town maintains general liability insurance coverage through the Colorado Intergovernmental Risk Sharing Agency (CIRSA).
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

### Capital Improvement Plan

The Town has no additional wastewater or water projects planned in the next 5-10 years.

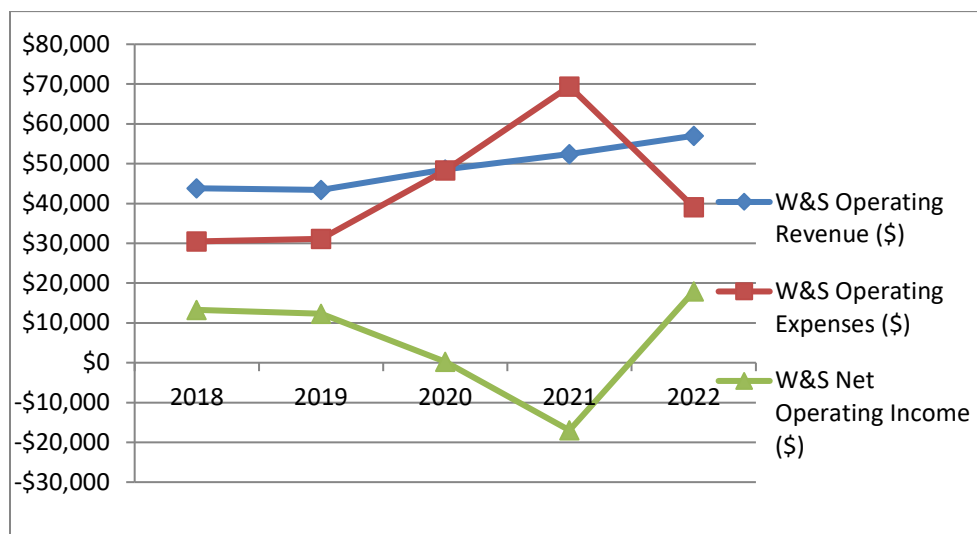
### REVENUE ANALYSIS:

In 2018, the Town used a short form audit, which does not discretely present water and sewer current assets or current liabilities. Therefore, reserves are negative because the only identifiable current asset or liability was debt service. The Town's operating revenue is fairly consistent, while the operating expenses tend to fluctuate more. Fund operating expenses increased in 2020 and 2021, due to repairs and maintenance. The Town completed approximately \$13,000 in sewer repairs and maintenance in 2020, and approximately \$35,000 in water repairs and maintenance in 2021. The Town offset increased 2021 costs using \$16,338 of their ARPA funds, which are not considered operating revenue, and one-time grants are omitted from total revenue. Therefore, the negative net operating income is a little skewed.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Sewer Rate (\$)	18.00	18.00	27.50	34.50	34.50	34.50
Monthly Water Rate (\$)	34.00	34.00	36.00	36.00	36.00	36.00
Residential Sewer Tap Fee (\$)	3,000	3,000	3,000	3,000	3,000	3,000
Residential Water Tap Fee (\$)	3,000	3,000	3,000	3,000	3,000	3,000
Total W&S Revenue (\$)	50,572	44,488	55,808	56,690	57,240	
Tap/Development Fees (\$)	6,000	0	6,000	0	0	
W&S Operating Revenue (\$)	43,787	43,410	48,542	52,432	57,020	
W&S Operating Expenses (\$)	30,475	31,103	48,326	69,417	39,097	
W&S Net Operating Income (\$)	13,312	12,307	216	-16,985	17,923	
W&S Debt (\$)	85,900	82,000	77,800	73,600	69,100	
Total Debt (\$)	85,900	8,200	77,800	73,600	69,100	
W&S Debt Service (\$)	8,136	8,148	8,150	8,142	8,126	
W&S Debt Service/Tap/Month (\$)		9.56	9.57	9.42	9.41	
W&S Fund Reserves (\$)	-8,200	47,974	89,857	60,901	60,240	

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	87%	98%	87%	92%	100%	93%
Operating Revenue as % of Expenses	144%	140%	100%	76%	146%	121%
Tap Fee Revenue as % of Total Revenue	12%	0%	11%	0%	0%	4.52%



### Recent Rate Increases

The Town's most recent sewer rate increase of \$7.00 was implemented on January 1, 2021.

**User Charges & System Utilization**

The Town's current monthly sewer rate is a flat \$34.50 compared to the 2021 estimated state median of \$40.38.

The Town's current residential water rate is estimated at \$36.00 compared to the 2021 estimated state median of \$55.72. The Town's average monthly water rate is based on typical residential consumption of approximately 6,000 gallons per month. Residential users pay a \$34.50 base rate up to 5,000 gallons and the following volume charges: \$1.50 per 1,000 gallons from 5,001 to 10,000 gallons, \$2.00 from 10,001 to 15,000 gallons, \$2.50 per 1,000 gallons from 15,001 to 20,000 gallons, and \$3.00 per 1,000 gallons over 20,000.

**Contributed Capital**

Revenue from tap fees has ranged from \$0 to \$6,000 and has averaged 4.52% of total sewer revenue during the last five years. The Town's most recent sewer tap fee has not changed in the past five years

- Residential sewer tap fees are \$3,000.
- Residential water tap fees are \$3,000 for a ¾" tap, \$4,000 for a 1" tap, \$6,000 for a 1 ½" tap, and \$9,000 for a 2" tap.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	\$34.50/\$3,000	\$36.00/\$3,000

**DEBT as of December 31, 2021**

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
1994	USDA	2034	Water & sewer revenue	\$69,100	5%	\$8,098

**LOAN COVENANTS:** The Town will have to meet the Authority's 110% rate covenant, 3-month operations and maintenance reserve fund covenant, and the 110% additional bonds test (if applicable) on an annual basis.

The Town has no current debt with the Authority, including the SRF programs.

Prepared by: Desi Santerre  
Date: August 8, 2023

Project #170501W-Q  
Cost Categories: Secondary Treatment- 100%

<b>Date</b> <b>8-Aug-23</b> <b>WPCRF Credit Report</b> <b>Town of Ramah, El Paso County, CO</b> <b>Using most recent data available</b> <b>(Census, audits, local records)</b>	
<b>Estimated Population - 2021</b>	<b>111</b>
<b>Number of Sewer Taps/Customers - 2022</b>	<b>72</b>
<b>Total Assessed Valuation (in thousands) - 2022</b>	<b>\$671</b>
<b>Actual Value of All Real Property (in thousands) - 2022</b>	<b>\$7,293</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$58,929</b>
<b>Monthly Sewer Rate - 2022</b>	<b>\$34.50</b>
<b>W&amp;S Operating Revenue - 2022</b>	<b>\$57,020</b>
<b>W&amp;S Total Revenue - 2022</b> [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	<b>\$57,240</b>
<b>W&amp;S Tap and System Development Fee Revenue - 2022</b>	<b>\$0</b>
<b>W&amp;S Operating Expense - 2022</b>	<b>\$39,097</b>
<b>W&amp;S Current Expense - 2022</b>	<b>\$47,223</b>
<b>W&amp;S Debt - 2022</b>	<b>\$69,100</b>
<b>W&amp;S Debt - 2022</b>	<b>\$69,100</b>
<b>W&amp;S Fund Reserves - 2022</b>	<b>\$60,240</b>
<b>W&amp;S Debt Service - 2022</b>	<b>\$8,126</b>
<b>New W&amp;S Debt</b> [Requested WPCRF loan amount.]	<b>\$618,773</b>
<b>Requested WPCRF Loan Term</b>	<b>30</b>
<b>Requested WPCRF Loan Interest Rate</b>	<b>1.25%</b>
<b>New Loan's Annual Sewer Debt Service (two payments annually)</b>	<b>\$24,798</b>

<b>Current Indicators (2022)</b>				
<b>Town of Ramah</b>				
<b>(Sewer Only)</b>				
<b>1 Total Debt</b>	\$69,100	÷	Population	111 = \$623
<b>New Debt</b>	\$618,773	÷	Population	111 = \$5,575
<b>Total Debt + New Debt</b>	\$687,873	÷	Population	111 = \$6,197
<b>2 Total Debt</b>	\$69,100	÷	Number of Taps	72 = \$960
<b>New Debt</b>	\$618,773	÷	Number of Taps	72 = \$8,594
<b>Total Debt + New Debt</b>	\$687,873	÷	Number of Taps	72 = \$9,554
<b>3 Total Debt</b>	\$69,100	÷	Assessed Value	\$671,000 = 10.30%
<b>New Debt</b>	\$618,773	÷	Assessed Value	\$671,000 = 92.22%
<b>Total Debt + New Debt</b>	\$687,873	÷	Assessed Value	\$671,000 = 102.51%
<b>4 Total Debt</b>	\$69,100	÷	Actual Value	\$7,293,000 = 0.95%
<b>New Debt</b>	\$618,773	÷	Actual Value	\$7,293,000 = 8.48%
<b>Total Debt + New Debt</b>	\$687,873	÷	Actual Value	\$7,293,000 = 9.43%
<b>5 Current W&amp;S Debt</b>	\$69,100	÷	Number of Taps	72 = \$960
<b>(Current W&amp;S Debt + New W&amp;S Debt)</b>				
<b>/ Number of Taps</b>	\$9,554	÷	MHI	\$58,929 = 16.21%
<b>6 Current Ratio (CA / CL)</b>				
<b>Current Assets</b>	\$84,216	÷	Current Liabilities	\$23,976 = 351%
<b>7 Reserve/Expense Ratio</b>				
<b>Reserves</b>	\$60,240	÷	Current Expenses	\$47,223 = 128%
<b>8 Operating Ratio (OR / OE)</b>				
<b>Operating Revenues</b>	\$57,020	÷	Operating Expenses	\$39,097 = 146%
<b>9 Coverage Ratio [(TR - OE) / DS]</b>				
<b>Total Revenues</b>	\$57,240	-		
<b>Minus Operating Expenses</b>	\$39,097			
<b>=</b>	\$18,143	÷	Current Debt Service	\$8,126 = 223%
<b>Coverage Ratio Excluding Tap and</b>				
<b>10 Development Fee Revenue</b>	\$18,143			
<b>Minus Tap and Development Fee Revenue</b>	\$0			
<b>=</b>	\$18,143	÷	Current Debt Service	\$8,126 = 223%
<b>11 Projected Coverage Ratio</b>				
<b>Total Revenues</b>	\$57,240			
<b>Minus Operating Expenses</b>	\$39,097			
<b>=</b>	\$18,143		Total Debt Service (with new loan)	\$32,924 = 55%
<b>Projected Coverage Excluding Tap and</b>				
<b>12 Development Fee Revenue</b>	\$18,143			
<b>Minus Tap and Development Fee Revenue</b>	\$0			
<b>=</b>	\$18,143	÷	Total Debt Service (with new loan)	\$32,924 = 55%
<b>13 Current Debt Service</b>	\$8,126	÷	Number of Taps	72 = \$112.86
<b>Annual New W&amp;S Debt Service</b>	\$24,798	÷	Number of Taps	72 = \$344.41
<b>2022 Annual Sewer Rate (Monthly Rate</b>				
<b>14 x 12)</b>	\$414.00	÷	MHI	\$58,929 = 0.70%
<b>2022 Annual Sewer Rate + New Annual</b>				
<b>Debt Service Per Tap</b>	\$758.41	÷	MHI	\$58,929 = 1.29%
<b>15 Current 2022 Monthly User Charge</b>				\$34.50
<b>(Debt Service on WPCRF Loan / 2022 Taps / Month)</b>				\$28.70
<b>Total</b>				\$63.20
<b>16 Operation and Maintenance Reserve</b>				
<b>Reserves</b>	\$60,240	÷	Operating Expenses	\$39,097 = 154%



### **Priority Point Scoring**

Applicant: Town of Ramah  
DWRP or WPCRF: WPCRF

#### **WPCRF**

Total WQCD Score:	0
DOLA Affordability Score:	175
Total Score:	175

#### **DWRP**

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

Is applicant receiving funds from BASE program, BIL program, or BOTH? BIL

### **Base Program DWRP Principal Forgiveness**

Eligible as a base program DAC?

Eligible base program DWRP principal forgiveness percentage:

Amount of principal forgiveness awarded (accounting for any applicable cap/max):

### **BIL Principal Forgiveness**

Eligible for BIL principal forgiveness? yes

Eligible BIL principal forgiveness percentage: WPCRF BIL PF = 52.128% and BIL Loan = 47.872%

Amount of principal forgiveness awarded (accounting for any applicable cap/max: \$673,784

## BUSINESS CASE REQUEST

Mesa Water and Sanitation District ("The District"), Mesa County

<b>Recommendation:</b>	<b>APPROVAL</b>	<b>Funding sources:</b>	<u>Est. DWRF Loan:</u>	<u>\$450,000</u>
			<u>DOLA EIAF Grant</u>	
<b>Est. Project Total:</b>	\$900,000		<u>(Application pending):</u>	<u>\$450,000</u>
<b>Est. Amount of Loan:</b>	\$450,000		<b>Total:</b>	<b>\$900,000</b>
<b>Pledge:</b>	Water and sewer revenues			

**Project Description:** The project consists of replacing existing distribution system pipes with larger diameter pipes along with adding associated appurtenances in the distribution system.

**Recommendation:** Due to the lack of geographically specific data and the anticipated cost burden of the proposed loan, we recommend approval of the District's request for Disadvantaged Community (DAC) status. Census Bureau block group data did not qualify the District as a Disadvantaged Community, however the District believes that the block group (which covers a far greater area than the District boundaries) is not representative of the District. The District's Median Home Value (MHV) as determined by the County Assessor data is substantially lower than the Census Bureau MHV estimate. The block group data is also possibly skewed by the Powderhorn Ski Resort. The District indicated that its water system was originally a private system that was not properly engineered nor constructed with suitable materials, and this project is necessary to address some of those deficiencies. The District is also pursuing DOLA EIAF funding in order to reduce the debt burden on the community.



In order to qualify as a Disadvantaged Community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

<u>Factor</u>	<u>Entity Figures</u>	<u>Benchmark</u>	<u>Qualify ?</u>	<u>Notes</u>
P1: MHI	\$74,261	<=\$64,147	No	The block group (the smallest geography available) is several hundred square miles larger than the District and is not representative of the District's population.
P2: MHV	\$238,675	<=\$397,500	Yes	



**BUSINESS CASE REQUEST**

Mesa Water and Sanitation District (“The District”), Mesa County

P3: County Unemployment or County Jobs	4.86% 9.23%	$\geq 5.61\%$ $\leq 0\%$	No	
S1: County MHI	\$62,127	$\leq \$64,147$	Yes	
S2: Population change	N/A	$\leq 0.0\%$		
S3: AV/Households	\$18,820	$\leq \$23,022$	Yes	
S4: Current system debt	0.30%	$> 0.82\%$	No	
S5: Current system cost	2.71%	$> 2.22\%$	Yes	

The District is not currently eligible for Bipartisan Infrastructure Law (“BIL”) Principal Forgiveness (“PF”). The District’s funding package will ultimately depend on the amount of the loan request and availability of funds. However, based on current funding levels and PF caps/maxes, there are two potential funding scenarios:

## Scenario 1:

- \$450,000 loan at 3.00% (estimated interest rate only, final interest rate will be determined at the time of loan application) over 20 years (no BIL or DAC PF; no funds available or ineligible). Project useful life may allow 30 year term.

## Scenario 2:

- \$225,000 loan at 3.00% (estimated interest rate only, final interest rate will be determined at the time of loan application) over 20 years. Project useful life may allow 30 year term.
- \$225,000 BIL PF or up to \$360,000 DAC PF (one or the other)
- up to \$300,000 D&E (business case approved; DAC eligible)

It should be noted that the requested loan amount is expected to change as the District moves through the design process, and the above scenarios are for illustration only.

**BUSINESS CASE REQUEST**

Mesa Water and Sanitation District ("The District"), Mesa County

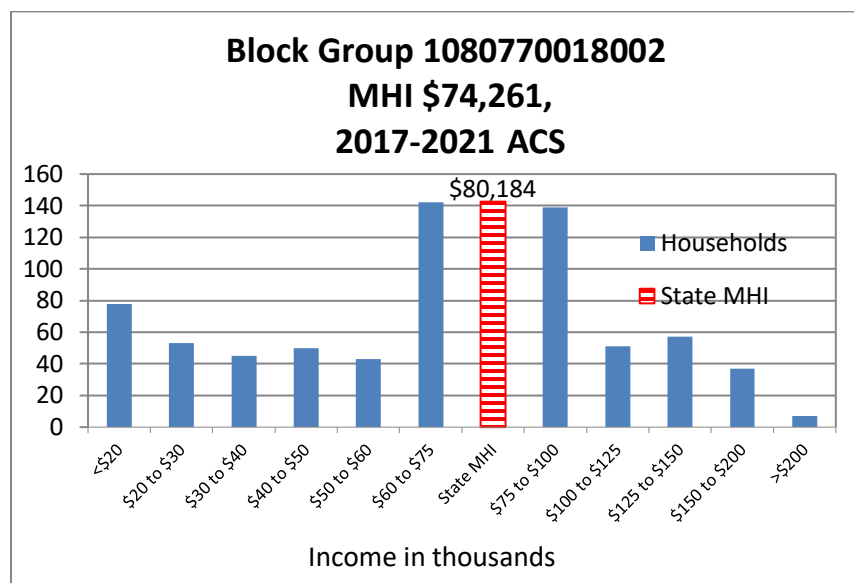
**Explanation of Factors**

Existing debt as of December 31, 2021:

Executed	Lender	DAC?	Term End	Pledge	Outstanding	Interest Rate	Annual Payment
2012	DWRF - CWRPDA	Yes	2041	Water and sewer revenues	\$68,113.93	1.00% and 2.00%	\$5,298.00
2008	USDA	N/A	2022	Water and sewer revenues	\$19,000.00	5.50%	\$20,045.00

**P1:** While the MHI estimate for the block group is reliable, the geography of the block group is much larger than the service area of the District. The block group that includes the District stretches from the northern to southern boundary of Mesa County, containing the Town of DeBeque and the Powderhorn Mountain Resort. While the block group estimate does exceed the DAC MHI benchmark, the block group is not geographically representative of the District. The MHI distribution in the block group shown below suggests that there are a significant number of households with a MHI below \$20,000 and not many households with MHI over \$200,000.

The block group estimate of MHI also appears to lag behind MHI growth of the state, suggesting that incomes have not grown as fast as the rest of the state. In the last five years of MHI estimates, the block group's MHI has steadily decreased from 107% of the state MHI to 93%.



**BUSINESS CASE REQUEST**

Mesa Water and Sanitation District ("The District"), Mesa County

**Block Group MHI History**

ACS	MHI	MOE	CV	CO MHI	% of CO MHI
13-17	\$70,091	± \$8,541	7.41%	\$65,458	107%
14-18	\$71,875	± \$4,700	3.98%	\$68,811	104%
15-19	\$69,241	± \$7,615	6.69%	\$72,331	96%
16-20	\$70,878	± \$4,510	3.87%	\$75,231	94%
17-21	\$74,261	± \$6,267	5.13%	\$80,184	93%

**P2:** Based on property tax year 2023 data provided by the Mesa County Assessor's Office, the median home value within the District is \$238,675. The ACS estimate for the Block Group is \$367,400, which is substantially higher than the actual median home value of the District. This suggests that the Block Group is not representative of the District's demographics.

**Block Group MHV History**

ACS	MHV	MOE	CV	CO MHV	% of CO MHV
13-17	\$258,400	±\$21,130	4.97%	\$286,100	90%
14-18	\$276,100	±\$21,266	4.68%	\$313,600	88%
15-19	\$295,500	±\$29,659	6.10%	\$343,300	86%
16-20	\$359,700	±\$39,080	6.60%	\$369,900	96%
17-21	\$367,400	±\$56,170	9.29%	\$397,500	92%

**P3:** Mesa County has historically had a large oil and gas economic presence, although that has declined in recent years. DOLA collects oil, gas, coal, and metal mining (severance industry) employment data for the purposes of distributing state severance tax revenue to local governments and this data shows that Mesa County employment in severance industries declined from 1,531 in 2019 to 672 in 2023. Because the community of Mesa is unincorporated, DOLA does not have severance industry employment data for Mesa. However, the District indicated that a number of oil and gas jobs have been lost in recent years, which is consistent with County-wide trends.

**S1:** The County MHI met the benchmark.

**S2:** N/A

**S3:** The District's assessed value per housing unit met the benchmark.

**S4:** With a score of 0.30%, the District misses the benchmark of 0.82%, which measures current debt per tap relative to MHV. However, with the proposed \$450,000 loan from the SRF program, the District is projected to meet/exceed this benchmark at loan application with the projected score rising to 1.85%.

**S5:** With a score of 2.71%, the District met the benchmark of 2.22%, which measures current system cost per tap compared to MHI.

**BUSINESS CASE REQUEST**

Mesa Water and Sanitation District ("The District"), Mesa County

**Eligibility Determination for Bipartisan Infrastructure Law (BIL) Principal Forgiveness:**

The District was deemed ineligible for BIL principal forgiveness during the Project Needs Assessment review process. In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. Additionally, a community with DAC status is automatically eligible for BIL principal forgiveness. The District scores one point using the following criteria:

<b>BIL PF DETERMINATION</b>				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.95%	>	1.99%	0
2a: County Job Loss	0.00%	>	9.23%	0
2b: County Unemployment	5.61%	<	4.86%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$80,184	>	\$74,261	1
	\$100,230	<		
4: Rates to MHI	1.44%	<	1.22%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	30.00%	<	10.17%	0
7: % Households Housing Burdened	35.00%	<	32.22%	0
8: % Population under 200% Poverty Level	35.00%	<	30.14%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	51.17%	0
<b>Total Points Scored:</b>				<b>1</b>

If this request is approved, the District will automatically qualify for BIL PF.

**2023 SRF Disadvantaged Community Criteria****Loan Terms**

Amount of Loan:	\$ 450,000
Interest Rate:	3.00%
Term (years):	20
Annual Payment:	\$ 30,084

<b>Applicant:</b>	Mesa Water and Sanitation District	
	<b>Test Result</b>	<b>Conditions met to be DAC</b>
	N	Test 1: P1 & P2 or P3
	N	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	N	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

	<b>Benchmark</b>	<b>Applicant</b>	<b>Result</b>	<b>Notes on Data Used</b>
Current Population (2021)	<= 10,000	198	Y	
Population 5 years ago (2017)		183		
Population 10 years ago (2012)				

**Primary Factors**

P1	MHI (Place)	<= \$ 64,147	74,261	N	BG: 1080770018002
	Margin of Error (MOE)	±	6,267	Sub	
	Reliability (CV)	<= 18.00%	5.13%	Y	
P2	MHV (Place)	<= \$ 238,675	367,400	N	Mesa County Assessor data for all residential parcels
	Margin of Error (MOE)	±	56,170		
	Reliability (CV)	<= 18.00%	9.29%	Y	
P3	24 Month Unemployment (County)	>= 5.61%	4.86%	N	
	or 10 Year % Chng. Jobs (County)	<= 0.00%	9.23%	N	
	Jobs (2021)		81,335		
	Jobs (2012)		74,463		

**Priority Factor Count**

0

**Secondary Factors**

S1	MHI (County)	<= \$ 64,147	62,127	Y	
	Margin of Error (MOE)	±	2,136		
	Reliability (CV)	<= 18.00%	2.09%	Y	
S2	10 Year % Chng. Population	<= 0.00%	N/A	N/A	
S3	Assessed Value / Housing Unit	<= \$ 23,022	\$18,820	Y	
	Assessed Value		1,486,750		
	Total Housing Units		79		
S4	Current Debt / Tap / MHV	> 0.82%	0.30%	N	If MHV CV > 18%, calculate result at top of band
WS	Current + Projected Debt/Tap/MHV	> 0.82%	1.85%	Y	
	S4b 80th percentile	> 2.50%	1.85%	N	
S5	System Full Cost / Tap / MHI	> 2.22%	2.71%	Y	If MHI CV > 18%, calculate result at top of band
	Projected Rate @ 110% Coverage	> 2.07%	2.77%	Y	
	S5b 80th percentile	> 3.09%	2.77%	N	

**Secondary Factor Count**

3

**System Data for S4 and S5: To be completed by DLG**

Taps or EQR's	79
Total Debt	87,114
Principal	15,290
Interest	2,525
Operating Expenses	109,867
Operating Transfers Out	0
Depreciation	49,343

**Mesa Water & Sanitation District**

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Post Office Box 213  
Mesa Colorado 81643  
mesa.water@yahoo.com

6/28/23

Board of Directors  
Colorado Water Resources and Power Development Authority  
1580 Logan Street, Suite 620  
Denver, CO 80203

RE: Determination of Disadvantaged Community Status - Mesa, Colorado

Members of the CWRPDA Board of Directors,

The Mesa Water and Sanitation District ("MWSD") respectfully requests a review of the disadvantaged community status for the area MWSD serves, which is the unincorporated village of Mesa and the surrounding area contained within the Mesa County Village of Mesa Overlay District. It is understood that MWSD's service area has not met the standard program criteria, however, the MWSD believes that by any reasonable standard the community is disadvantaged and MWSD itself is at a significant disadvantage in trying to provide service, such that the future of both the village and MWSD is at risk.

Mesa is located 32 miles from Grand Junction, on the north slope of the Grand Mesa at the western end of the Plateau Valley. The area is largely rural, with the exception of Mesa and the Town of Collbran 12 miles to the east. The primary economic activity in the area is ranching, but that is mostly outside of Mesa and Collbran. Within MWSD's service area, some people are retired, but for those still working employment is generally in the ranching industry, tourism (Powderhorn Ski Resort and Grand Mesa National Forest), local small business, and government (primarily roads maintenance). Many commute to Grand Junction for jobs there. At one time, a number of people worked in the oil and gas industry, but those jobs have largely disappeared.

In recent years there has been some minor residential development, but since oil and gas departed the area and moved east, Mesa has been mostly stagnant, with little new economic activity or development. This does seem poised to change, as there is increasing interest in local real estate and development opportunities, spurred by the recent Covid-19 pandemic and more aggressive marketing of Powderhorn Ski Resort. In fact, it is clear that Mesa has significant potential to develop, IF adequate infrastructure is available. As it now stands, Mesa cannot develop much further because of MWSD's limited and often problematic water and sewer infrastructure.

MWSD was formed in December of 1974, to take over a private system that had been built by a local resident named Bill Johnson. MWSD later issued a bond (1976) and took out a loan from USDA (1992, and just recently retired) to purchase the existing infrastructure. Much of the system that MWSD inherited or purchased was not properly

engineered, and/or was constructed of materials not well suited for a public utility. It worked for a number of years, but as the system has aged failures or performance issues occurred with greater frequency and a greater cost of repairs. This is the burden MWSD bears today. Increasingly reserve funds must be allocated just to stay abreast of the problems and keep the system operational. If this “bleeding” continues, MWSD could be insolvent in a few years.

This is not to say that there hasn’t been some progress. In 2000, MWSD constructed a new water treatment plant, and in 2016 upgraded it with assistance from a CDPHE Small Communities Grant. In 2011, with a grant of \$411,000 from DoLA and a loan of \$200,000 from the Drinking Water Revolving Fund (repaid), MWSD constructed a 160,000 gallon water storage tank a mile south (upgradient) of Mesa and a new 8” water transmission main from the tank to just south of the village. In 2019, with some funding assistance from DoLA, MWSD drilled and equipped a new groundwater supply well to supplement its existing well, and just last year MWSD used American Rescue Plan funds provided by Mesa County to construct a redundant water transmission main west of Highway 65. This transmission main provides fire protection to an area of the village not previously served and allows for development of the southwest portion of the Mesa Overlay District.

However, crippling issues remain with the rest of the MWSD system. These include deteriorating, leaky water lines that limit flow and pressure in the village and developable areas to the north and east, poorly constructed sections of sewer lines that are prone to backups (creating safety and system overflow hazards), and an antiquated clear-well at the water treatment plant. MWSD must resolve these issues and make major system improvements in order to provide the service that will be needed for Mesa to develop, including (and perhaps most important) adequate fire flows.

The 2020 census showed 751 people in the 81643 zip code, but that is a larger area that surrounds MWSD’s service area. Within MWSD’s service area the population is estimated to be 150, and there are currently 80 residential accounts and 5 commercial accounts. A total of 6 taps (water and sewer) have been purchased since 2020, and there are 12 taps that were purchased years ago but remain unused because of issues with the owners and their proposed development.

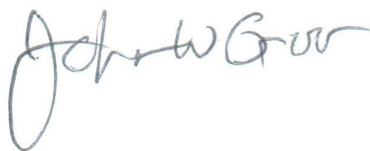
Likewise, it is very difficult to find reliable data for MWSD’s service area pertaining to income, employment, and economic status. In any case, it is clear that using MHI data for all of Mesa County or a larger regional area significantly distorts the reality that currently exists in MWSD’s service area, and should be considered unreliable for determining the disadvantaged community status of that area. The existing circumstances of low household income, limited economic opportunity, and stifled development potential create a disadvantage for residents, and the erosive effect of using limited resources to continually patch decrepit infrastructure creates an operational and strategic disadvantage for MWSD.

MWSD is capable of designing, constructing, and maintaining infrastructure that will support development and keep operation costs low for years to come, and MWSD's service area needs such infrastructure to develop any further. MWSD is willing to take on debt, as it has in the past (as detailed above), but at levels and under terms that can be supported by rate payers and the local tax base. A sustainable and productive future is in sight; the challenge is getting from "here" to "there". MWSD's service area is unquestionably a disadvantaged community at present, but one that has much potential and is capable of elevating itself above that status with some assistance.

MWSD welcomes the opportunity to provide the CWRPDA Board with additional information and data to support its belief that Mesa is indeed a disadvantaged community, counter to the determination based on standard criteria. If MWSD's service area was properly recognized as a disadvantaged community MWSD would qualify for funding assistance it could afford, and with that funding could create efficient and durable infrastructure, the foundation for a truly sustainable future for itself and the community it serves.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "John W. Groo". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Groo".

John W. Groo  
President

cc: Victor Chen, DoLA  
Sean Oliver, CDPHE  
Austin Reichel, CWRPDA