

**COLORADO WATER RESOURCES  
&  
POWER DEVELOPMENT AUTHORITY**

**PROJECT FINANCE COMMITTEE  
MEETING AGENDA**

**April 22, 2024  
Committee meeting at 9:00 a.m.**

**Via Zoom Conference Call**

Project Finance Committee Members: Chris Treese (Chair), Steve Vandiver (ex-officio), Matt Shuler, 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, Margaret Talbott, Aly Ulibarri, Desi Santerre, Victor Chen, Will Clift, Peter Dieterich, and Monica Munoz-Revelo

**AGENDA**

**1. DWRF Loan Application:**

- City of Manitou Springs (Base and BIL) – Direct Loan Request – Kevin (**Board Action**)

**2. WPCRF Loan Application:**

- City of Manitou Springs (Base) – Direct Loan Request – Kevin (**Board Action**)

**Note:** A Zoom conference call has been scheduled for **Monday, 9:00 a.m. April 22, 2024**. The link to join via online is: <https://us06web.zoom.us/j/85031823866?pwd=KWTKmVqIKyswIXFbFnPjsJHKKbkIXJ.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **850 3182 3866**. The passcode is: **343308**.



## COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939  
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### MEMORANDUM

April 22, 2024

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

**FROM:** Jim Griffiths, Finance Director  
Kevin Carpenter, Financial Analyst II

**RE:** Review of the City of Manitou Springs  
Drinking Water Revolving Fund ("DWRF")

The Division of Local Government has forwarded to the DWRF Committee its analysis of the above-listed project. 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 project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

#### **City of Manitou Springs**

The City of Manitou Springs (the "City"), located in El Paso County, is seeking funds through the DWRF loan program in the total amount of \$4,053,000 (comprised of a \*\$2,494,282 Base loan, a \*\$558,718 Bipartisan Infrastructure Law ("BIL") loan, and a \*\$1,000,000 BIL Principal Forgiveness ("PF") loan). The project consists of water treatment plant upgrades, rehabilitation of the system's storage tank, French Creek diversion, and backwash recovery pond. This project will also make upgrades to the existing distribution system. The City'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 Base & BIL direct loan with the City in the total amount of \$4,053,000 (comprised of a \*\$2,494,282 Base loan, a \*\$558,718 BIL loan, and a \*\$1,000,000 BIL PF loan). The Base and BIL direct loan will be for a term of 20 years, at an interest rate of 3.25%. The Board will consider this request on April 26, 2024.

**Note:** A Zoom conference call has been scheduled for **Monday, 9:00 a.m. April 22, 2024**. The link to join via online is: <https://us06web.zoom.us/j/85031823866?pwd=KWTKmVqIKyswIXFbFnPjsJHKKbkIXJ.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **850 3182 3866**. The passcode is: **343308**.

Attachment: City of Manitou Springs 2024 DWRF Credit Report

\* - Estimated PF and direct loan amounts through the BIL and/or Base programs. The exact amount may be different at the time of loan execution. While no significant differences are anticipated, any significant differences needed to comply with the proportional allocation requirements of the BIL will be discussed with the Finance Director and Executive Director to determine if additional Authority Board approval is needed.

## DWRF LOAN CREDIT REPORT

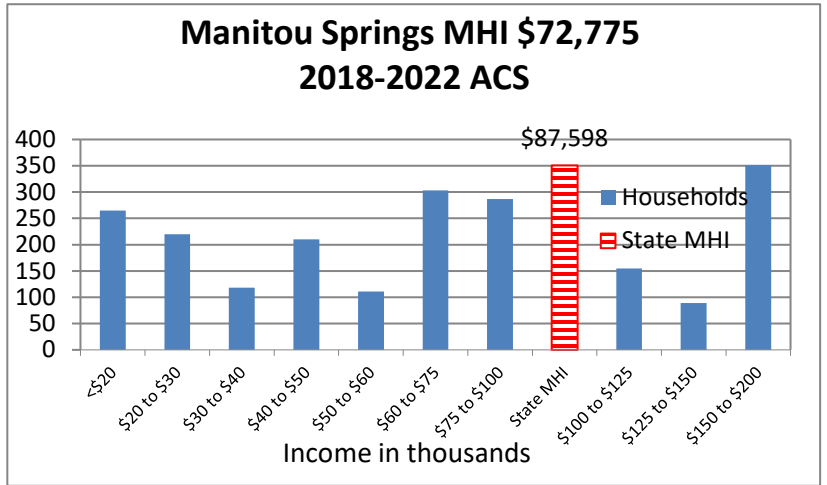
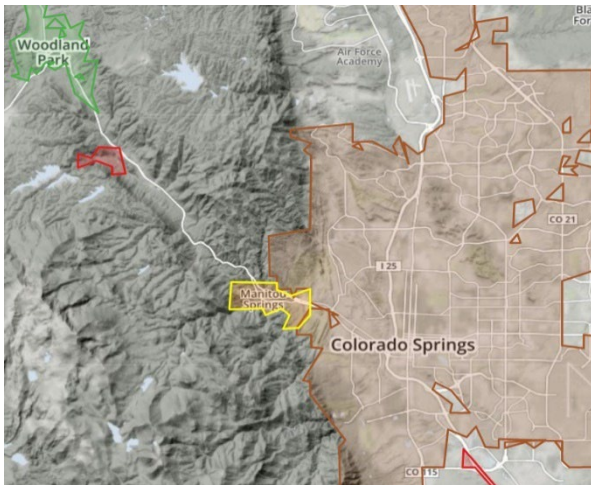
City of Manitou Springs (“The City”), El Paso County

<b>Recommendation:</b>	<b>APPROVAL</b>	<b>Project Budget</b>	
<b>Loan Request:</b>	\$4,053,000	<b>DWRF Base Loan:</b>	\$2,494,282
<b>Interest Rate &amp; Term:</b>	3.25%, 20 Years	<b>DWRF BIL Loan:</b>	\$558,718
<b>Annual Debt Service:</b>	\$208,793	<b>DWRF Principal Forgiveness:</b>	\$1,000,000
<b>Pledge:</b>	Water System Revenue	<b>Total:</b>	\$4,053,000
<b>Current Rate:</b>	\$76.92		
<b>Estimated Rate Increase:</b>	\$0.00		

**PROJECT DESCRIPTION:** This project consists of water treatment plant upgrades, rehabilitation of the system's storage tank, French Creek diversion, and backwash recovery pond. This project will also make upgrades to the existing distribution system.

<b>COMMUNITY PROFILE:</b>								<b>Avg. Annual</b>
<b>City of Manitou Springs</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Change</b>
City Population	4,877	4,884	4,857	4,864	4,864			-0.07%
El Paso County Population	717,812	725,498	732,366	737,202	740,552			0.78%
El Paso County Jobs	380,035	392,712	386,180	397,344	409,100			1.86%
Number of Water Accounts			2,425	2,428	2,431	2,434	2,437	0.12%
Number of Sewer Accounts			2,425	2,428	2,431	2,434	2,437	0.12%
Assessed Value (\$000)			70,490	70,247	81,399	88,738	104,848	10.44%
Actual Value (\$000)			758,426	758,990	881,752	890,498	1,128,437	10.44%

**BORROWER BRIEF:** The City is located 6 miles northwest from downtown Colorado Springs area on US-24 E in El Paso County.



**RECOMMENDATION:** The City serves a tourist community located northwest of downtown Colorado Springs, in between Garden of the Gods and Pikes Peak. This proposed loan is necessary to improve the effectiveness, safety, and efficiency of the City’s aging water treatment plant (WTP). The City is in a strong financial position to take on the proposed debt, and no rate increases are projected for this project. We therefore recommend the DWRF Committee approve a \$2,494,282 DWRF Base direct loan, a \$558,718 DWRF BIL loan, and \$1,000,000 in DWRF BIL principal forgiveness, to City of Manitou Springs.

**PROJECT SUMMARY:**

**System summary:** Raw water from the City's primary water sources, the South French Creek and Manitou Reservoir, travels through one of three sedimentation basins configured in parallel at the French Creek Diversion prior to being conveyed to the raw water tank at the WTP site. Following the prechlorination and polymer addition, raw water enters the filtration process. The WTP has three Trident Filter Treatment Units set up in parallel configuration. The filtered water from the treatment units is chlorinated directly downstream of filtration. The filtered and chlorinated water is then sent to a clearwell underneath the filtration operations room within the WTP. The water in the clearwell is dosed with a soda ash solution to increase alkalinity. Finished water from the clearwell is conveyed to the Mesa Tank storage tank. The Mesa Tank provides pressure for the City's distribution system and provides additional chlorine contact time for the finished water prior to distribution.

**Reason/need:** The City's water treatment plant complies with current drinking water regulations, however, limited control automation, aging facility equipment, safety, and poor process configuration have adverse impacts on the effectiveness of the treatment process.

**System Compliance:** The City 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 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 (\$):	1,129	1,038	980	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			1,608	>\$2,000	X \$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	2,261	2,079	1,962	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			3,217	>\$5,000	X \$2,500-5,000	<\$2,500
Current Water Debt/Tap (\$):	1,195	1,106	991	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Water + New Water Debt/Tap (\$):			2,247	X >2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	7.78%	0.72%	5.86%	>50%	25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			9.61%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.72%	0.67%	0.54%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.89%	>10%	5-10%	X <5%
Current Water Debt + New Debt/Tap/MHI:			3.09%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	469%	192%	141%	<100%	X 100-200%	>200%
Water Fund Reserves/Current Expense:	121%	92%	44%	X <50%	50-100%	>100%
Water Operating Ratio (OR/OE):	147%	196%	135%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	268%	308%	182%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	226%	293%	160%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			110%	<110%	X 110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			96%	X <110%	110-125%	>125%
Current Annual Water Rates/MHI:			1.15%	>3.0%	1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.26%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			54%	<25%	25-50%	X >50%
<b>Total:</b>			<b>3</b>		<b>4</b>	<b>14</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, fourteen are rated strong, four are average and three are considered weak. Overall, the indicators illustrate strong financial management and the City is in a solid position to take on the proposed debt. The strong indicators show that operating revenues cover operating expenses by a wide margin and debt is relatively affordable for the community. The weak indicators reflect a likely need to continue to raise rates in future years, especially if current tap fee revenues decline.

- The operating ratio averaged a strong 156% between 2018 and 2022. The net operating income was approximately \$563,665 per year during the same time period.
- Based on 2022 financial information, coverage with the proposed loan is roughly 110% with tap fee revenue and roughly 96% without tap fee revenue. No additional rate increases are projected to meet coverage ratio to 110% when including tap fee revenue. With total rate increases of \$7.11 since 2022, no projected rate increases are required without tap fees.

- Projections submitted by the City show total operating revenues decreasing roughly 14.42% annually between 2024 and 2030, in part to conservatively estimating \$7,000 in tap fee revenues annually through those years. The \$7,000 estimate is significantly below the City’s \$62,461 average tap fee revenue from 2018-2022, however the City is older and largely built-out. Operations and maintenance expenses are projected to increase by roughly 12.13% between 2024 and 2030 with annual changes in operations and maintenance expenses at roughly 3.00% through those years. The debt service coverage ratio is estimated to average a healthy 214% through 2030.
- The City is also requesting a \$450,000 loan from the Water Pollution Control Revolving Fund. No projected rate increases are required to take on the additional proposed debt.

**DESCRIPTION OF THE LOAN:**

An estimated \$3,053,000 direct loan with a twenty-year term with two payments at an interest rate of 3.25% will cost the City approximately \$208,793 in debt service annually. This total includes a \$2,494,282 DWRF Base loan and a \$558,718 DWRF BIL loan. The City also qualifies for \$1,000,000 in DWRF BIL supplemental principal forgiveness.

**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 City scored three points as shown below at the February 14, 2023 Pre-qualification meeting.

<b>BIL PF DETERMINATION</b>				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	1.0%	>	-0.77%	1
2a: County Job Loss	0	>	11.34%	0
2b: County Unemployment	7.1%	<	5.25%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$75,231	>	\$65,933	1
	\$94,039	<		
4: Rates to MHI	0.81%	<	0.79%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	25.0%	<	11%	0
7: % Households Housing Burdened	30.0%	<	37%	1
8: % Population under 200% Poverty Level	35.0%	<	21%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	50.0%	<	39%	0
<b>Total Points Scored:</b>				3

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

**ECONOMIC ANALYSIS:**

The City has a 2022 population estimated at 4,864 and has decreased at an average annual rate of 0.07% since 2018. El Paso County has experienced an increase of 0.78% in population since 2018. The state population increased at an average annual rate estimated at 0.71%.

As part of the greater Pikes Peak region and the Front Range, the County’s economy has jobs across all industry sectors and is dominated primarily by government (several military bases and higher education branches), health services, business services, retail trade, and accommodation and food services.

The City’s largest employers consist of the Manitou Springs School District 14 with 225 employees; Pikes Peaks Railway with 120 employees; City of Manitou Springs with 70 employees; Maggie's Farm (retail) with 65 employees; and TAT Enterprises (retail) with 40 employees.

No customer accounts for more than 3% utilization.

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

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

**Organizational Structure**

The City is a home rule municipality governed by a council/mayor form of government and was incorporated in 1876. The City provides services including police and fire protection, water and wastewater services, public works services, cemetery, and parks and recreation services. Approximately 2.5 full-time employees staff the water utility. The water utility is overseen by the Utilities Director, who reports to the Public Services Department Director who reports to the City Manager, who reports to the City Council.

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

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

The WQCD and DLG conducted a review of the City's technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory financial requirements needing follow up by the City.

**Capital Improvement Plan**

As part of the application process, the City submitted a five-year Capital Improvement Plan for the Water Fund for 2024-2028, which anticipates annual capital outlay totaling \$9,597,500 and ranging from \$734,500 to \$2,007,250 annually for infrastructure and equipment replacement costs to be funded from reserves and loans. This includes the water storage tank, water main, water plant, and raw water/reservoir.

**Intergovernmental**

The City has a 2023 intergovernmental agreement (IGA) with Colorado Springs Utilities (CSU) for treatment and disposal of the City's wastewater through CSU's wastewater treatment system. If the City terminates early, the City will pay for the cost of being disconnected from CSU's wastewater treatment system, by removal of the connection facilities, with the cost determined by CSU. This agreement renewed the original 2001 agreement and is in place until 2048.

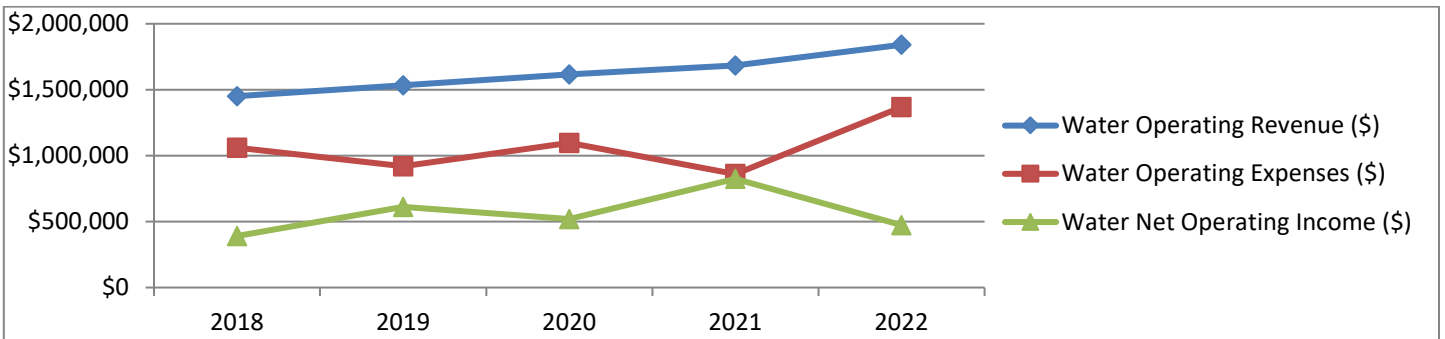
**REVENUE ANALYSIS:**

The City saw consistent revenue increases, but inconstant operating expenses from 2018-2022. The revenue increases align with steady rate increases, averaging \$1.61 annually for water and \$2.58 for sewer, from 2018-2024. Meanwhile the City's population (slight decrease) and number of taps (slight increase) has remained relatively stable (within a 0.12% change for both).

Expenses within the water fund alternated between increases and decreases every year between 2018 and 2022 but the operating ratio remained consistently strong. These fluctuations are attributed primarily to audited adjustments to personnel costs related to retirement funding, as well as inconsistent system repairs and maintenance costs for the WTP.

TRENDS	2018	2019	2020	2021	2022	2023	2024
Monthly Water Rate (\$)	50.02	53.90	58.72	64.02	69.81	73.25	76.92
Monthly Sewer Rate (\$)	34.20	35.25	38.25	41.50	45.02	47.28	49.66
Residential Water Tap Fee (\$)	11,000	11,000	11,000	13,200	13,200	14,520	16,698
Residential Sewer Tap Fee (\$)	2,695	2,695	2,695	2,695	4,043	4,447	5,114
Total Water Revenue (\$)	1,617,717	1,613,776	1,719,468	1,733,944	1,935,623		
Tap/Development Fees (\$)	33,000	66,000	97,970	44,698	70,637		
Water Operating Revenue (\$)	1,451,106	1,532,663	1,616,603	1,684,631	1,840,832		
Water Operating Expenses (\$)	1,060,270	920,855	1,098,067	860,325	1,367,992		
Water Net Operating Income (\$)	390,836	735,963	643,905	951,450	858,930		
Water Debt (\$)	2,153,733	1,937,040	2,898,280	2,685,506	2,409,071		
Total Debt (\$)	5,103,637	4,416,061	5,483,181	5,048,140	4,768,607		
Water Debt Service (\$)	233,236	230,070	231,534	283,351	311,041		
Water Debt Service/Tap/Month (\$)		7.92	7.96	9.73	10.66		
Water Fund Reserves (\$)	688,911	829,176	1,606,458	1,055,483	739,410		

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	90%	95%	94%	97%	95%	94%
Operating Revenue as % of Expenses	137%	166%	147%	196%	135%	156%
Tap Fee Revenue as % of Total Revenue	2.04%	4.09%	5.70%	2.58%	3.65%	3.61%



**Recent Rate Increases**

The City’s most recent rate increase of \$3.67 for water and \$2.37 for sewer was implemented on January 1, 2024.

**User Charges**

The City’s current monthly water rate is estimated at \$76.92 compared to the 2022 estimated state median of \$59.19. The City’s average monthly water rate is based on typical residential consumption of 6,045 gallons per month and maintains a tiered rate structure. Residential users pay a \$19.98 base rate and a volume charge of \$9.42 per 1,000 gallons for consumption up to 7,500 gallons. Above 7,500 gallons of consumption the following volume charges apply: \$12.64 per 1,000 gallons for consumption from 7,501 to 14,999 gallons, and \$15.99 per 1,000 gallons above 15,000 gallons. Commercial users pay a uniform consumption rate of \$10.99 per 1,000 gallons, but with a higher monthly base rate per tap size.

The City’s current monthly sewer rate is estimated at \$49.66 compared to the 2022 estimated state median of \$41.23. The City’s average monthly sewer rate is based on typical residential usage of 3,250 gallons per month. Residential users pay a \$21.25 base rate and a volume charge of \$8.74 per 1,000 gallons. Commercial users pay the same rates.

**Contributed Capital**

Revenue from tap fees has ranged from \$33,000 to \$97,970 and has averaged 4.00% of total water revenue during the last five years. The City’s most recent water tap fee rate increase occurred in January 2024.

- Residential water tap fees are: \$16,698 for single-family residence, \$14,193 each duplex dwelling and multi-family residential unit for ¾” taps.
- Commercial water tap fees vary by tap size: \$20,873 (¾”); \$27,770 (1.0”); \$55,820 (1.5); \$68,095 (2.0); \$48,709 (4.0”); \$1,160,741 (6”).
- Residential sewer tap fees are \$5,114 for single-family residence and \$3,950 per dwelling unit in duplex.
- Commercial sewer tap fees vary by tap size: \$5,625 (4”); \$6,544 (6.0”); \$7,921 (8.0”); \$ 8,840. (10.0”).

Current System Utilization		
	Usage	Revenue
<b>Residential</b>	56%	57%
<b>Non-residential (per EQR)</b>	44%	43%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$76.92/\$16,698	\$49.66/\$5,114
¾"	\$86.41/\$20,873	\$49.66/\$5,625

**DEBT as of December 31, 2022**

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
1985	CWCB	2025	Water Revenue	\$119,437	4.02%	\$59,156
2009	CWRPDA	2030	Water Revenue	\$465,511	0%	\$62,068
2009	CWRPDA	2030	Water Revenue	\$465,511	0%	\$62,068
2009	CWRPDA	2030	Water Revenue	\$201,478	0%	\$26,864
2020	CWRPDA	2040	Water Revenue	\$327,615	2.5%	\$22,714
2020	CWRPDA	2040	Water Revenue	\$774,296	2.5%	\$53,542
2009	CWRPDA	2030	Sewer Revenue	\$31,276	0%	\$4,170
2020	CWRPDA	2040	Sewer Revenue	\$507,400	2.5%	\$47,391
2015	Capital Lease	2024	General Obligation	\$8,092	2.7%	\$4,102
2015	Capital Lease	2024	General Obligation	\$15,991	2.5%	\$8,131
2018	Capital Lease	2027	General Obligation	\$8,124	3.4%	\$3,515
2018	Capital Lease	2027	General Obligation	\$5,488	3.4%	\$2,273
2021	Capital Lease	2025	General Obligation	\$25,689	1.37%	\$8,569

**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 met the Loan Covenants on all of its debt with the Authority. The City has also had no debt service payment issues.

Prepared by: Peter Dieterich  
Date: April 9, 2024

Project # DWRP Project No.141713D-B, El Paso County  
PWSID #CO0121450

**Cost Categories:**

Planning and Design: 13.8%  
Construction-Treatment: 36%  
Construction-Transmission and distribution: 15.8%  
Construction-Source: 3.5%  
Construction-Storage: 12.4%  
Other: 18.5%



April 12, 2024

**DWRF Credit Report**  
**Manitou Springs, El Paso County, CO**  
**Using most recent data available**  
**(Census, audits, local records)**

<b>Estimated Population - 2022</b>	<b>4,864</b>
<b>Number of Water Taps/Customers - 2022</b>	<b>2,431</b>
<b>Total Assessed Valuation (in thousands) - 2022</b>	<b>\$81,399,000</b>
<b>Actual Value of All Real Property (in thousands) - 2022</b>	<b>\$881,752,000</b>
<b>Median Household Income (MHI) - 2022</b>	<b>\$72,775</b>
<b>Monthly Water Rate - 2022</b>	<b>\$69.81</b>
<b>Water Operating Revenue - 2022</b>	<b>\$1,840,832</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>\$1,935,623</b>
<b>Water Tap and System Development Fee Revenue - 2022</b>	<b>\$70,637</b>
<b>Water Operating Expense - 2022</b>	<b>\$1,367,992</b>
<b>Water Current Expense - 2022</b>	<b>\$1,679,033</b>
<b>Water Debt - 2022</b>	<b>\$2,409,071</b>
<b>Total Debt - 2022</b>	<b>\$4,768,607</b>
<b>Water Fund Reserves - 2022</b>	<b>\$739,410</b>
<b>Water Debt Service - 2022</b>	<b>\$311,041</b>
<b>New Water Debt</b> [Requested DWRF loan amount.]	<b>\$3,053,000</b>
<b>Requested DWRF Loan Term</b>	<b>20</b>
<b>Requested DWRF Loan Interest Rate</b>	<b>2.25%</b>
<b>New Loan's Annual Water Debt Service (two payments annually)</b>	<b>\$208,793</b>

<b>Current Indicators (2022)</b>					
<b>City of Manitou Springs</b>					
<b>(Water Only)</b>					
<b>1</b>	<b>Total Debt</b>	\$4,768,607	÷	<b>Population</b>	4,864 = \$980
	<b>New Debt</b>	\$3,053,000	÷	<b>Population</b>	4,864 = \$628
	<b>Total Debt + New Debt</b>	\$7,821,607	÷	<b>Population</b>	4,864 = \$1,608
<b>2</b>	<b>Total Debt</b>	\$4,768,607	÷	<b>Number of Taps</b>	2,431 = \$1,962
	<b>New Debt</b>	\$3,053,000	÷	<b>Number of Taps</b>	2,431 = \$1,256
	<b>Total Debt + New Debt</b>	\$7,821,607	÷	<b>Number of Taps</b>	2,431 = \$3,217
<b>3</b>	<b>Total Debt</b>	\$4,768,607	÷	<b>Assessed Value</b>	\$81,399,000 = 5.86%
	<b>New Debt</b>	\$3,053,000	÷	<b>Assessed Value</b>	\$81,399,000 = 3.75%
	<b>Total Debt + New Debt</b>	\$7,821,607	÷	<b>Assessed Value</b>	\$81,399,000 = 9.61%
<b>4</b>	<b>Total Debt</b>	\$4,768,607	÷	<b>Actual Value</b>	\$881,752,000 = 0.54%
	<b>New Debt</b>	\$3,053,000	÷	<b>Actual Value</b>	\$881,752,000 = 0.35%
	<b>Total Debt + New Debt</b>	\$7,821,607	÷	<b>Actual Value</b>	\$881,752,000 = 0.89%
<b>5</b>	<b>Current Water Debt</b>	\$2,409,071	÷	<b>Number of Taps</b>	2,431 = \$991
	<b>(Current Water Debt + New Water Debt) / Number of Taps</b>	\$2,247	÷	<b>MHI</b>	\$72,775 = 3.09%
<b>6</b>	<b>Current Ratio (CA / CL)</b>				
	<b>Current Assets</b>	\$2,547,537	÷	<b>Current Liabilities</b>	\$1,808,127 = 141%
<b>7</b>	<b>Reserve/Expense Ratio</b>				
	<b>Reserves</b>	\$739,410	÷	<b>Current Expenses</b>	\$1,679,033 = 44%
<b>8</b>	<b>Operating Ratio (OR / OE)</b>				
	<b>Operating Revenues</b>	\$1,840,832	÷	<b>Operating Expenses</b>	\$1,367,992 = 135%
<b>9</b>	<b>Coverage Ratio [(TR - OE) / DS]</b>				
	<b>Total Revenues</b>	\$1,935,623	-		
	<b>Minus Operating Expenses</b>	\$1,367,992			
	=	\$567,631	÷	<b>Current Debt Service</b>	\$311,041 = 182%
	<b>Coverage Ratio Excluding Tap and</b>				
<b>10</b>	<b>Development Fee Revenue</b>	\$567,631			
	<b>Minus Tap and Development Fee Revenue</b>	\$70,637			
	=	\$496,994	÷	<b>Current Debt Service</b>	\$311,041 = 160%
<b>11</b>	<b>Projected Coverage Ratio</b>				
	<b>Total Revenues</b>	\$1,935,623			
	<b>Minus Operating Expenses</b>	\$1,367,992			
	=	\$567,631		<b>Total Debt Service (with new loan)</b>	\$519,834 = 110%
	<b>Projected Coverage Excluding Tap and</b>				
<b>12</b>	<b>Development Fee Revenue</b>	\$567,631			
	<b>Minus Tap and Development Fee Revenue</b>	\$70,637			
	=	\$496,994	÷	<b>Total Debt Service (with new loan)</b>	\$519,834 = 96%
<b>13</b>	<b>Current Debt Service</b>	\$311,041	÷	<b>Number of Taps</b>	2431 = \$127.95
	<b>Annual New Water Debt Service</b>	\$190,406	÷	<b>Number of Taps</b>	2431 = \$78.32
	<b>2022 Annual Water Rate (Monthly Rate</b>				
<b>14</b>	<b>x 12)</b>	\$837.78	÷	<b>MHI</b>	\$72,775 = 1.15%
	<b>2022 Annual Water Rate + New Annual Debt Service Per Tap</b>	\$916.10	÷	<b>MHI</b>	\$72,775 = 1.26%
<b>15</b>	<b>Current 2022 Monthly User Charge</b>				\$69.81
	<b>(Debt Service on DWRF Loan / 2022 Taps / Month)</b>				\$6.53
	<b>Total</b>				\$76.34
<b>16</b>	<b>Operation and Maintenance Reserve</b>				
	<b>Reserves</b>	\$739,410	÷	<b>Operating Expenses</b>	\$1,367,992 = 54%

**DWRF Priority Point Calculations**

DOLA Score: **95**

**Benchmarks**

**\$87,598 2018-2022 State MHI estimate**

		<b>Points</b>	<b>Entity Value</b>	
<b>P1</b>	<b>MHI</b>		\$72,775	83%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	<b>20</b>		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
<b>S5b</b>	<b>User Fees (projected water rate at 110%/tap/MHI)</b>		1.14%	
	Rates are > 1.63%	45		
	Rates are between 1.08% and 1.63%	<b>25</b>		
	<b>OR</b>			
<b>S5b</b>	<b>User Fees for a combined water &amp; sewer fund</b>			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
<b>S4b</b>	<b>Projected water debt per tap compared to MHV</b>		0.53%	
	Debt is > 1.05%	45		
	Debt is between 0.30% and 1.05%	<b>25</b>		
	<b>OR</b>			
<b>S4b</b>	<b>Projected water &amp; sewer debt (for combined systems)</b>			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	<b>Population served</b>		4,864	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	<b>15</b>		
	Between 5,000 and 10,000	5		
	>10,000	0		
<b>S3</b>	<b>Assessed Value/Household</b>		35,296	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20		
	AV per household is between \$24,963 and \$43,240	<b>10</b>		
	AV per household is greater than \$43,240	0		



## Principal Forgiveness and Priority Point Scoring

Applicant: City of Manitou Springs  
 DWRF or WPCRF: DWRF

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

### BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes. Eligible at Pre-Qualification

Eligible BIL principal forgiveness percentage: 64.115%

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

### Base DWRF Principal Forgiveness Scoring

#### DWRF

Water Quality & Public Health + CPDWR Compliance:	10
DOLA Affordability Score:	95
Total Score	105

Eligible as a base program DAC? No

Eligible base program DWRF principal forgiveness percentage: No

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

### Priority Point Scoring

Total WQCD Score:	20
DOLA Affordability Score:	95
Total Score:	115



## 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

April 22, 2024

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

**FROM:** Jim Griffiths, Finance Director  
Kevin Carpenter, Financial Analyst II

**RE:** Review of the City of Manitou Springs  
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:

#### **City of Manitou Springs**

The City of Manitou Springs (the "City"), located in El Paso County, is seeking a Base direct loan through the WPCRF loan program in the amount of \$450,000. The project includes the removal and replacement of the existing sanitary sewer system within Midland Avenue. The City'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 WPCRF Base direct loan with the City in the amount of \$450,000. The loan will be for a term of 20 years, at an interest rate of 3.25%. The Board will consider this request on April 26, 2024.

**Note:** A Zoom conference call has been scheduled for **Monday, 9:00 a.m. April 22, 2024**. The link to join via online is: <https://us06web.zoom.us/j/85031823866?pwd=KWTKmVqIKyswIXFbFnPjsJHKKbkIXJ.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **850 3182 3866**. The passcode is: **343308**.

Attachment: City of Manitou Springs 2024 WPCRF Credit Report

**WPCRF LOAN CREDIT REPORT**  
 City of Manitou Springs (“The City”), El Paso County

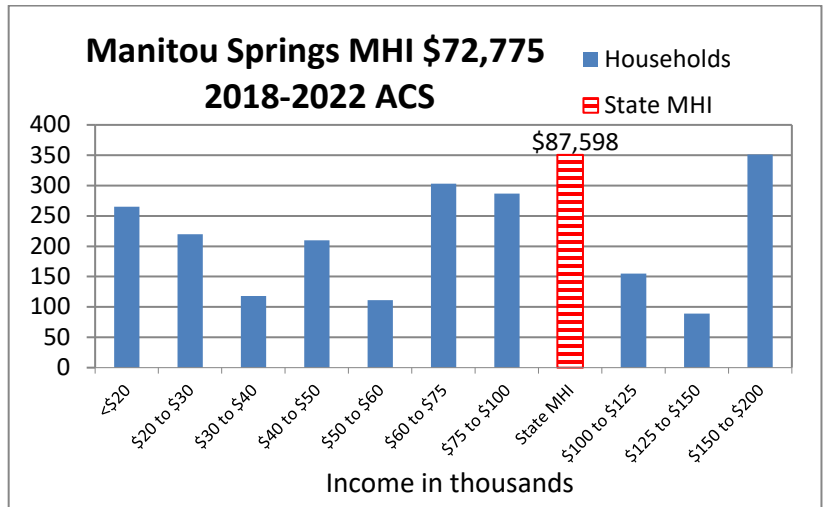
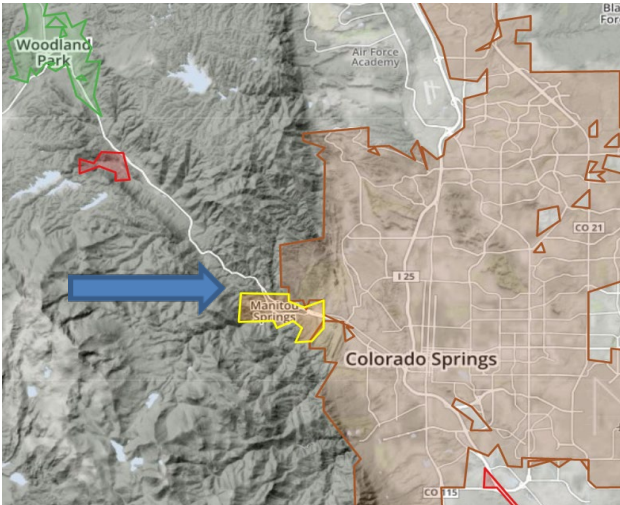
**Recommendation:** APPROVAL  
**Loan Request:** \$450,000  
**Interest Rate & Term:** 3.25%, 20 Years  
**Annual Debt Service:** \$30,775  
**Pledge:** Sewer System Revenue  
**Current Rate:** \$49.66  
**Estimated Rate Increase:** \$0.00

<u>Project Budget</u>	
<b>WPCRF Loan:</b>	\$450,000
<b>Reserves:</b>	\$65,000
<b>Total:</b>	\$515,000

**PROJECT DESCRIPTION:** The project includes the removal and replacement of the existing sanitary sewer system within Midland Avenue.

COMMUNITY PROFILE:								Avg. Annual Change
	2018	2019	2020	2021	2022	2023	2024	
City of Manitou Springs								
City Population	4,877	4,884	4,857	4,864	4,864			-0.07%
El Paso County Population	717,812	725,498	732,366	737,202	740,552			0.78%
El Paso County Jobs	380,036	392,712	386,180	397,344	409,104			1.86%
Number of Sewer Taps			2,425	2,428	2,431	2,434	2,437	0.12%
Number of Water Taps			2,525	2,428	2,431	2,434	2,437	-0.88%
Assessed Value (\$000)			71,891	71,609	82,910	88,738	104,847	5.40%
Actual Value (\$000)			758,426	758,990	881,752	890,497	1,128,436	4.09%

**BORROWER BRIEF:** The City is located 6 miles northwest from downtown Colorado Springs area on US-24 E. The City is located in El Paso County. The City encompasses about 2,616 acres, with approximately 4,864 residents and 2,349 households.



**RECOMMENDATION:** The City serves a tourist community located northwest of downtown Colorado Springs, in between Garden of the Gods and Pikes Peak. This proposed loan is necessary to replace the deteriorating clay pipe sewer system in Midland Avenue. The City is in a strong financial position and taking on this loan will not cause a burden to the community. We therefore recommend the WPCRF Committee approve a \$450,000 direct loan to the City.

**PROJECT SUMMARY:**

**System summary:** The City operates sanitary sewer lines throughout its service area. The sanitary system is gravity-fed to and collected by Colorado Springs Utility for treatment.

**Reason/need:** The existing system in Midland Avenue consists of deteriorating clay pipe which has outlived its useful life.

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

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

**Contingency:** 8.7% 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 (\$):	515	468	390	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			482	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	1,031	938	780	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			965	>\$5,000	\$2,500-5,000	X <\$2,500
Current Sewer Debt/Tap (\$):	292	276	236	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Sewer + New Sewer Debt/Tap (\$):			421	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Assessed Value:	3.49%	2.75%	2.14%	>50%	25-50%	X <25%
Total Debt + New Sewer Debt/Assessed Value:			2.64%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.33%	0.26%	0.21%	>10%	5-10%	X <5%
Total Debt + New Sewer Debt/Actual Value:			0.26%	>10%	5-10%	X <5%
Curr. Sewer Debt + New Debt/Tap/MHI:			0.58%	>20%	10-20%	X <10%
Sewer Fund Current Ratio (CA/CL):	1,809%	1,042%	2,032%	<100%	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	308%	172%	298%	<50%	50-100%	X >100%
Sewer Operating Ratio (OR/OE):	153%	117%	181%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	1,221%	345%	1,126%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	1,146%	322%	1,104%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			822%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			806%	<110%	110-125%	X >125%
Current Annual Sewer Rates/MHI:			0.72%	>3.0%	1.5-3.0%	X <1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			0.73%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			328%	<25%	25-50%	X >50%
			<b>Total:</b>	<b>0</b>	<b>0</b>	<b>21</b>

**FINANCIAL ANALYSIS:** Of the twenty-one current indicators calculated, all of them are rated strong. Overall, the indicators illustrate that the proposed debt would not be a burden for the community. The City would be able to take on this new debt without having to increase their current rates as they exceedingly meet their 110% coverage ratio requirement with the proposed loan.

- Based on 2022 financial information, coverage with the proposed loan is 1,126%, including tap fees. There are no projected increases in rates required to be able to take on the loan.
- The 2022 operating ratio was a strong 181%. Through the years examined, the City has been able to maintain a consistently high ratio, revealing efficiency and effectiveness in the utilization of their revenue.
- The 2022 operating and maintenance reserve is a high 328%, demonstrating that the City would be able to cover their expenses and debt service even if they were to encounter an unforeseen expense.
- The City is also requesting a \$4,053,000 loan from the Drinking Water Revolving Fund. No projected rate increases are required to take on the additional proposed loan.

**DESCRIPTION OF THE LOAN:**

A \$450,000 loan with a twenty year term, two payments annually at an interest rate of 3.25% will cost the City approximately \$30,775 in debt service annually.

**ECONOMIC ANALYSIS:** The City has a 2022 population estimated at 4,864 and has decreased at an average annual rate of 0.07% since 2018. El Paso County has experienced an increase of 0.78% in population since 2018. The state population increased at an average annual rate estimated at 0.71%.

The County's economy is dominated primarily by government, health services, business services, retail trade, and accommodation and food services.

The City's largest employers consist of the Manitou Springs School District 14 with 225 employees, Pikes Peaks Railway with 120 employees, City of Manitou Springs with 70 employees, Maggie's Farm (retail) with 65 employees, and TAT Enterprises (retail) with 40 employees.

**ORGANIZATIONAL ANALYSIS:**

**Bond Rating**

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

**Organizational Structure**

The City is a Home Rule Municipality governed by a mayor/council form of government and was incorporated in 1876. The City provides services including police and fire protection, water and wastewater services, public works services, and parks and recreation services. Approximately 2.5 full-time employees staff the sewer utility. The sewer system is overseen by the Utilities Director, who reports to the Public Services Department Director who reports to the City Manager, who reports to the City Council.

- The City has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The City maintains general liability insurance coverage through the Colorado Intergovernmental Risk Sharing Agency (CIRSA).
- There are currently no pending lawsuits against the City.
- 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. The wastewater operations anticipate a capital outlay of \$42,554,274 between 2023 and 2028. They are planning to pay for these improvements with a combination of applications of loans and grants through the State, loans or reserves for equipment purchases, and periodic rate increases through rate studies.

**Intergovernmental**

The City has a 2023 intergovernmental agreement (IGA) with Colorado Springs Utilities (CSU) for treatment and disposal of the City’s wastewater through CSU’s wastewater treatment system. If the City terminates early, the City will pay for the cost of being disconnected from CSU’s wastewater treatment system, by removal of the connection facilities, with the cost determined by CSU. This agreement renewed the original 2001 agreement and is in place until 2048.

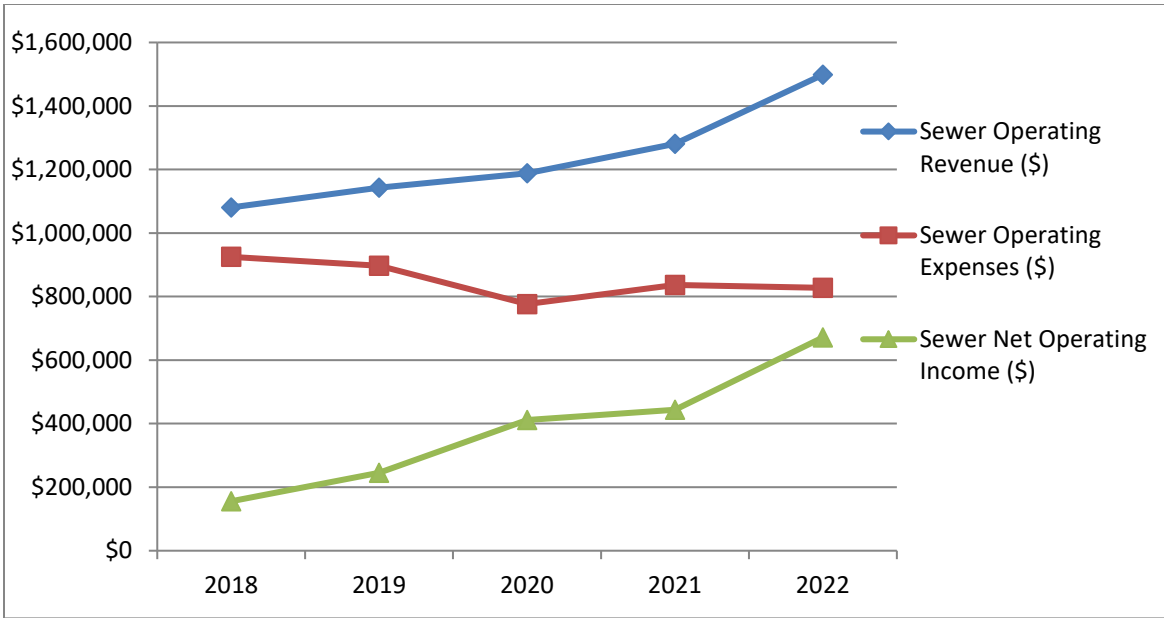
**REVENUE ANALYSIS:**

- The City’s sewer fund reserves have increased 67% in the last five-years. The City is in a strong financial position to take on this new debt as there is a lower chance of insolvency. The possibility of unexpected expenses (i.e., repairs, maintenance) would not present a financial burden to the community.
- The City’s monthly sewer rate has increased approximately 34% in the last five-years. This is due to a rate study performed in 2019, which established a six-year schedule of percentage increases to ensure positive net positions.

<b>TRENDS</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Monthly Sewer Rate (\$)	34.20	35.25	38.25	41.50	45.02	47.32	49.66
Monthly Water Rate (\$)	50.02	53.90	58.72	64.02	69.81	73.25	76.92
Residential Sewer Tap Fee (\$)	2,695	2,695	2,695	2,695	4,043	4,447	5,114
Residential Water Tap Fee (\$)	11,000	11,000	11,000	13,200	13,200	14,520	16,698
Total Sewer Revenue (\$)	1,177,882	1,179,199	1,220,620	1,298,020	1,507,237		
Tap/Development Fees (\$)	8,085	16,170	27,318	13,475	18,867		
Sewer Operating Revenue (\$)	1,080,723	1,142,766	1,188,039	1,280,931	1,498,493		
Sewer Operating Expenses (\$)	925,009	897,039	776,572	836,837	827,089		
Sewer Net Operating Income (\$)	155,714	245,727	411,467	444,094	671,404		
Sewer Debt (\$)	204,007	173,719	707,338	668,945	573,409		
Total Debt (\$)	2,786,149	2,355,397	2,499,826	2,276,829	1,896,260		
Sewer Debt Service (\$)	53,660	37,924	36,370	59,086	83,238		
Sewer Debt Service/Tap/Month (\$)			1.25	2.03	2.85		
Sewer Fund Reserves (\$)	1,351,972	1,569,742	2,502,121	1,985,607	2,716,025		

<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	92%	97%	97%	99%	99%	97%
Operating Revenue as % of Expenses	117%	127%	153%	153%	181%	146%
Tap Fee Revenue as % of Total Revenue	0.69%	1.37%	2.24%	1.04%	1.25%	1.32%





**Recent Rate Increases**

The City’s most recent rate increase of \$2.34 for sewer and \$3.67 for water was implemented on January 1<sup>st</sup>, 2024.

**User Charges & System Utilization**

The City’s current monthly sewer rate is estimated at \$49.66 compared to the 2022 estimated state median of \$41.23. The City’s monthly average sewer rate is based on typical residential consumption of 3,250 gallons per month. Residential and commercial users pay a \$21.25 base rate and a volume charge of \$8.74 per 1,000 gallons.

The City’s current estimated average monthly residential water rate is \$50.60 compared to the 2022 estimated state median of \$59.19. The City’s average monthly water rate is based on typical residential consumption of 6,045 gallons per month. Residential users pay a \$19.98 monthly service charge and a volume charge of \$9.42 per 1,000 gallons. Above 7,500 gallons of consumption the following volume charges apply: \$12.64 per 1,000 gallons for consumption from 7,501 to 14,999 gallons, and \$15.99 per 1,000 gallons above 15,000 gallons. Commercial users pay a \$19.98 monthly service charge, and a volume charge of \$10.99 per 1,000 gallons.

**Contributed Capital**

Revenue from tap fees has ranged from \$8,085 to \$27,318 and has averaged approximately 1.32% of total sewer revenue during the last five years. The City’s most recent sewer tap fee rate increase occurred on January 1<sup>st</sup>, 2024.

- Residential sewer tap fees are \$5,114 per ¾” tap. Commercial sewer tap fees are \$5,625 per 4” tap.
- Residential water tap fees are \$16,698 per ¾” tap. Commercial water tap fees are \$20,873 per ¾” tap.

Current System Utilization		
	Usage	Revenue
<b>Residential</b>	56%	57%
<b>Non-residential (per EQR)</b>	44%	43%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$49.66/\$5,114	\$76.92/\$16,698
4”	\$49.66/\$5,625	\$86.41/\$20,873

**DEBT as of December 31, 2022**

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2009	CWRPDA	2030	Sewer Revenue	\$31,276	0%	\$4,170
2020	CWRPDA	2040	Sewer Revenue	\$507,400	2.5%	\$47,391
1985	CWCB	2025	Water Revenue	\$119,437	4.02%	\$59,156
2009	CWRPDA	2030	Water Revenue	\$465,511	0%	\$62,068
2009	CWRPDA	2030	Water Revenue	\$465,511	0%	\$62,068
2009	CWRPDA	2030	Water Revenue	\$201,478	0%	\$26,864
2020	CWRPDA	2040	Water Revenue	\$327,615	2.5%	\$22,714
2020	CWRPDA	2040	Water Revenue	\$774,296	2.5%	\$53,542
2015	Capital Lease	2024	General Obligation	\$8,092	2.7%	\$4,102
2015	Capital Lease	2024	General Obligation	\$15,991	2.5%	\$8,131
2018	Capital Lease	2027	General Obligation	\$8,124	3.4%	\$3,515
2018	Capital Lease	2027	General Obligation	\$5,488	3.4%	\$2,273
2021	Capital Lease	2025	General Obligation	\$25,689	1.37%	\$8,569

**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 met the Loan Covenants on all of its debt with the Authority. The City has also had no debt service payment issues.

Prepared by: Monica Munoz-Revelo  
Date: April 9, 2024

Project #170182W-H Cost Categories: <ul style="list-style-type: none"> <li>Sewer System Rehabilitation (Category IIIB): 100%</li> </ul>
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April 9, 2024

**WPCRF Credit Report**  
**Manitou Springs, El Paso County, CO**  
Using most recent data available  
(Census, audits, local records)

<b>Estimated Population - 2022</b>	<b>4,864</b>
<b>Number of Sewer Taps/Customers - 2022</b>	<b>2,431</b>
<b>Total Assessed Valuation (in thousands) - 2022</b>	<b>\$82,910</b>
<b>Actual Value of All Real Property (in thousands) - 2022</b>	<b>\$881,752</b>
<b>Median Household Income (MHI) - 2021</b>	<b>\$72,775</b>
<b>Monthly Sewer Rate - 2022</b>	<b>\$45.02</b>
<b>Sewer Operating Revenue - 2022</b>	<b>\$1,498,493</b>
<b>Sewer 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>\$1,507,237</b>
<b>Sewer Tap and System Development Fee Revenue - 2022</b>	<b>\$18,867</b>
<b>Sewer Operating Expense - 2022</b>	<b>\$827,089</b>
<b>Sewer Current Expense - 2022</b>	<b>\$910,327</b>
<b>Sewer Debt - 2022</b>	<b>\$573,409</b>
<b>Sewer Debt - 2022</b>	<b>\$1,896,260</b>
<b>Sewer Fund Reserves - 2022</b>	<b>\$2,716,025</b>
<b>Sewer Debt Service - 2022</b>	<b>\$83,238</b>
<b>New Sewer Debt</b> [Requested WPCRF loan amount.]	<b>\$450,000</b>
<b>Requested WPCRF Loan Term</b>	<b>20</b>
<b>Requested WPCRF Loan Interest Rate</b>	<b>3.25%</b>
<b>New Loan's Annual Sewer Debt Service (two payments annually)</b>	<b>\$30,775</b>

<b>Current Indicators (2022)</b>				
<b>City of Manitou Springs</b>				
<b>(Sewer Only)</b>				
<b>1</b>	<b>Total Debt</b>	\$1,896,260 ÷	<b>Population</b>	4,864 = \$390
	<b>New Debt</b>	\$450,000 ÷	<b>Population</b>	4,864 = \$93
	<b>Total Debt + New Debt</b>	\$2,346,260 ÷	<b>Population</b>	4,864 = \$482
<b>2</b>	<b>Total Debt</b>	\$1,896,260 ÷	<b>Number of Taps</b>	2,431 = \$780
	<b>New Debt</b>	\$450,000 ÷	<b>Number of Taps</b>	2,431 = \$185
	<b>Total Debt + New Debt</b>	\$2,346,260 ÷	<b>Number of Taps</b>	2,431 = \$965
<b>3</b>	<b>Total Debt</b>	\$1,896,260 ÷	<b>Assessed Value</b>	\$82,910,000 = 2.29%
	<b>New Debt</b>	\$450,000 ÷	<b>Assessed Value</b>	\$82,910,000 = 0.54%
	<b>Total Debt + New Debt</b>	\$2,346,260 ÷	<b>Assessed Value</b>	\$82,910,000 = 2.83%
<b>4</b>	<b>Total Debt</b>	\$1,896,260 ÷	<b>Actual Value</b>	\$881,752,000 = 0.22%
	<b>New Debt</b>	\$450,000 ÷	<b>Actual Value</b>	\$881,752,000 = 0.05%
	<b>Total Debt + New Debt</b>	\$2,346,260 ÷	<b>Actual Value</b>	\$881,752,000 = 0.27%
<b>5</b>	<b>Current Sewer Debt</b>	\$573,409 ÷	<b>Number of Taps</b>	2,431 = \$236
	<b>(Current Sewer Debt + New Sewer Debt) / Number of Taps</b>	\$421 ÷	<b>MHI</b>	\$72,775 = 0.58%
<b>6</b>	<b>Current Ratio (CA / CL)</b>			
	<b>Current Assets</b>	\$2,856,609 ÷	<b>Current Liabilities</b>	\$140,584 = 2032%
<b>7</b>	<b>Reserve/Expense Ratio</b>			
	<b>Reserves</b>	\$2,716,025 ÷	<b>Current Expenses</b>	\$910,327 = 298%
<b>8</b>	<b>Operating Ratio (OR / OE)</b>			
	<b>Operating Revenues</b>	\$1,498,493 ÷	<b>Operating Expenses</b>	\$827,089 = 181%
<b>9</b>	<b>Coverage Ratio [(TR - OE) / DS]</b>			
	<b>Total Revenues</b>	\$1,764,541 -		
	<b>Minus Operating Expenses</b>	<u>\$827,089</u>		
	=	\$937,452 ÷	<b>Current Debt Service</b>	\$83,238 = 1126%
	<b>Coverage Ratio Excluding Tap and</b>			
<b>10</b>	<b>Development Fee Revenue</b>	\$937,452		
	<b>Minus Tap and Development Fee Revenue</b>	<u>\$18,867</u>		
	=	\$918,585 ÷	<b>Current Debt Service</b>	\$83,238 = 1104%
<b>11</b>	<b>Projected Coverage Ratio</b>			
	<b>Total Revenues</b>	\$1,764,541		
	<b>Minus Operating Expenses</b>	<u>\$827,089</u>		
	=	\$937,452	<b>Total Debt Service (with new loan)</b>	\$114,013 = 822%
	<b>Projected Coverage Excluding Tap and</b>			
<b>12</b>	<b>Development Fee Revenue</b>	\$937,452		
	<b>Minus Tap and Development Fee Revenue</b>	<u>\$18,867</u>		
	=	\$918,585 ÷	<b>Total Debt Service (with new loan)</b>	\$114,013 = 806%
<b>13</b>	<b>Current Debt Service</b>	\$83,238 ÷	<b>Number of Taps</b>	2431 = \$34.24
	<b>Annual New Sewer Debt Service</b>	\$30,775 ÷	<b>Number of Taps</b>	2431 = \$12.66
<b>14</b>	<b>2022 Annual Sewer Rate (Monthly Rate x 12)</b>	\$540.24 ÷	<b>MHI</b>	\$72,775 = 0.74%
	<b>2022 Annual Sewer Rate + New Annual Debt Service Per Tap</b>	\$552.90 ÷	<b>MHI</b>	\$72,775 = 0.76%
<b>15</b>	<b>Current 2022 Monthly User Charge</b>			\$45.02
	<b>(Debt Service on WPCRF Loan / 2022 Taps / Month)</b>			<u>\$1.05</u>
	<b>Total</b>			\$46.07
<b>16</b>	<b>Operation and Maintenance Reserve</b>			
	<b>Reserves</b>	\$2,716,025 ÷	<b>Operating Expenses</b>	\$827,089 = 328%



## Principal Forgiveness and Priority Point Scoring

Applicant: City of Manitou Springs  
 DWRP or WPCR: WPCR

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

### BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 0%, not a DAC.

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

### Base DWRP Principal Forgiveness Scoring

#### DWRP

Water Quality & Public Health + CPDWR Compliance:	
DOLA Affordability Score:	
Total Score	

Eligible as a base program DAC?

Eligible base program DWRP principal forgiveness percentage:

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

### Priority Point Scoring

Total WQCD Score:	0
DOLA Affordability Score:	35
Total Score:	35

## WPCRF Priority Point Calculations

DOLA Score:	35
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### Benchmarks

**\$87,598 2018-2022 State MHI estimate**

<b>P1</b>	<b>MHI</b>		\$65,703	75%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
<b>S5b</b>	<b>User Fees (projected SEWER rate at 110%/tap/MHI)</b>		0.60%	
	Rates are > 1.24%	45		
	Rates are between 0.76% and 1.24%	25		
	<b>OR</b>			
<b>S5b</b>	<b>User Fees for a combined water &amp; sewer fund</b>			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
<b>S4b</b>	<b>Projected SEWER debt per tap compared to MHV</b>		0.09%	
	Debt is > 0.92%	45		
	Debt is between 0.20% and 0.92%	25		
	<b>OR</b>			
<b>S4b</b>	<b>Projected water &amp; sewer debt (for combined systems)</b>			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	<b>Population served</b>		5,098	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
<b>S3</b>	<b>Assessed Value/Household</b>		39,730	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		