COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY

PROJECT FINANCE COMMITTEE
MEETING AGENDA

August 12, 2026
Committee meeting at 9:00 a.m.

Via Zoom Conference Call

Project Finance Committee Members: Bruce Whitehead (Chair), Chris Treese (ex-officio), Eric Wilkinson, Karen Wogsland, and Mike Fabbre

Authority Staff: Keith McLaughlin, Jim Griffiths, Wesley Williams, Ian Loffert, Kevin Carpenter, Giorgi Gazashvili, Daniel Lockard, and Emma Tucker

Others present: Alex Hawley, Aly Ulibarri, James Wheatley, Cynthia Thayer, Victor Chen, Peter Dieterich, and Monica Munoz-Revelo

AGENDA

1. **DWRF DAC Business Case and Loan Applications:**

   - Montezuma County Local Improvement District No. 2023-1 Upper Road 42 – DAC Business Case – Gio **(Board Action)**
   - Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (Base) – Direct Loan Request – Gio **(Board Action)**
   - City of Aurora (Base and IIJA/BIL LSL) – Direct Loan Request – Wes **(Board Action)**
   - Camelot Property Owner's Association (Base) – Direct Loan Request – Ian **(Board Action)**
   - Colorado City Metropolitan District (Base and IIJA/BIL Supp.) – Direct Loan Request – Ian **(Board Action)**
   - Penrose Water District (Base and IIJA/BIL Supp.) – Leveraged and Direct Loan Request – Wes **(Board Action)**
   - Bailey Water and Sanitation District (IIJA/BIL Supp.) – Direct Loan Request – Kevin **(Board Action)**
   - Town of Kremmling (Base) – Supplemental Direct Loan Request – Ian **(Board Action)**

Note: A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 12, 2026**. The link to join via online is: https://us06web.zoom.us/j/86434046643?pwd=bP0FDXrGyJUHCspT1XMDVpl1ahOA7s.1 If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **864 3404 6643**. The passcode is: **163551**.

- Town of Cheyenne Wells (Base and IIJA/BIL Supp.) – Direct Loan Request – Daniel **(Board Action – Staff recommends consent agenda)**

- Town of Dolores (IIJA/BIL Supp.) – Direct Loan Request – Daniel **(Board Action – Staff recommends consent agenda)**

- Town of La Veta (Base) – Supplemental Direct Loan Request – Kevin **(Board Action – Staff recommends consent agenda)**

2. WPCRF Loan Applications and Direct Loan Term Change:

- Town of La Veta (Base and IIJA/BIL Supp.) – Direct Loan Request – Kevin **(Board Action – Staff recommends consent agenda)**

- City of Las Animas (Base and IIJA/BIL Supp.) – Direct Loan Request – Emma **(Board Action – Staff recommends consent agenda)**

- Town of Cheraw (IIJA/BIL) – Direct Loan Term Change Request – Gio **(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 80203-1939
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM
August 12, 2026

TO: Project Finance Committee and Karl Ohlsen

FROM: Wes Williams, Finance Director
Giorgi Gazashvili, Financial Analyst II

RE: Review of the Montezuma County Local Improvement District No. 2023-1 Upper Road 42 Disadvantaged Community ("DAC") Business Case
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 Disadvantaged Communities ("DAC") Business Case and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

Montezuma County Local Improvement District No. 2023-1 Upper Road 42
The Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (the "District"), located in Montezuma County, is seeking approval of a DAC Business Case to allow for potential access to a reduced interest rate through the DWRF program, and DAC approval would qualify the District to receive Infrastructure Investment Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") Principal Forgiveness ("PF") and/or Base DAC PF, if available. If the District is approved for DAC status it would automatically be approved for IIJA/BIL benefits. The District is currently not qualified for IIJA/BIL nor DAC eligibility. The proposed project will include construction of a new domestic water distribution system with booster pumps and a water storage tank. The project will become an extension of the Mancos Rural Water Company water distribution system, providing domestic drinking water to residents reliant on hauling water. The District submitted a Project Needs Assessment ("PNA") on April 7, 2023, and it was determined the District did not qualify for DAC status at the time and have not been determined eligible at loan application. The project cost is high compared to the estimated number of taps and would lead to very high debt burden for the community, but there is no specific demographic data available for this community along Montezuma County Road 42. We therefore forward the District's request for disadvantaged community status to the DWRF committee for consideration with a neutral staff recommendation.

Factor	Entity Figures	Benchmark	Qualify?	Notes
P1: MHI	$128,191	<=$76,736	No	The block group (the smallest geography available) is several times larger than the District and may not be representative of the District's population. CV is 16.57%.
P2: MHV	$423,918	<=$431,520	Yes	
P3: County Unemployment or County Jobs	4.52% 9.82%	>=5.35% <= 0%	No	
S1: County MHI	$65,244	<= $76,376	Yes	
S2: Population change	N/A	<=0.0%		Because the system is not built, there was no change in population served.
S3: AV/Households	$32,333	<=$24,337	No	
S4b: Current system debt	19.40%	>0.21%	Yes	
S5b: Current system cost	4.83%	>0.98%	Yes	

Attachments: Montezuma County Local Improvement District No. 2023-1 Upper Road 42 DWRF 2026 DAC Business Case

Recommendation

The Board has two options regarding this DAC business case: approval of DAC eligibility, which would automatically qualify the District for IIJA/BIL benefits, or denial of the DAC request. Based on the attached Business Case for the District, staff forwards a neutral recommendation to the Project Finance Committee. Any approvals are 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 12, 2026**. The link to join via online is: https://us06web.zoom.us/j/86434046643?pwd=bP0FDXrGyJUHCspT1XMDVpl1ahOA7s.1 If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **864 3404 6643**. The passcode is: **163551**.

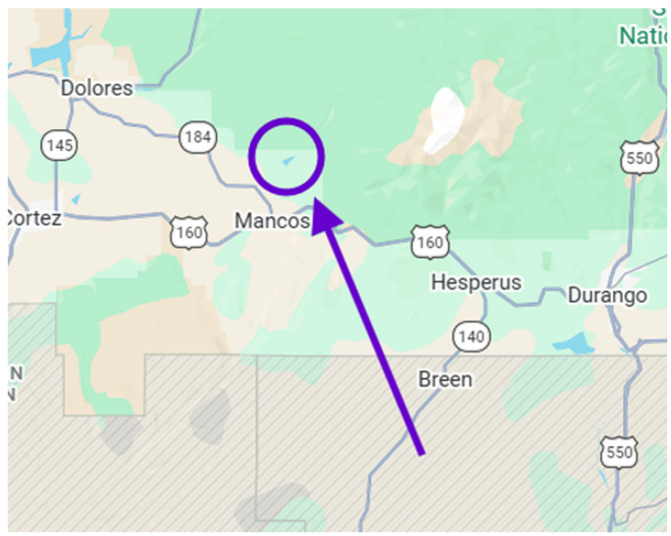
Attachments: Montezuma County Local Improvement District No. 2023-1 Upper Road 42 DWRF 2026 DAC Business Case

BUSINESS CASE REQUEST (2026)

Montezuma County Local Improvement District No. 2023-1 Upper Road 42 ("The District")

Recommendation:	**Neutral**	**Funding sources:**	DWRF Loan:	$2,385,000
Est. Project Total:	$2,494,749		2024 D&E Grant:	$80,000
Est. Amount of Loan:	$2,385,000		2023 Planning Grant:	$7,489
Pledge:	Property assessments		Southwest Basin Roundtable	$22,260
			Total:	$2,494,749

Project Description: Construction of a new domestic water distribution system with booster pumps and a water storage tank. The project will become an extension of the Mancos Rural Water Company water distribution system, providing domestic drinking water to residents reliant on hauling water.



Recommendation: The District was formed to build a water distribution system for a group of households near Mancos State Park, approximately five miles northwest of the Town of Mancos. The properties were developed in the late 1980s and property owners expected that the Mancos Rural Water Company ("MRWC") would extend their system to include their properties. Now, MRWC will only connect those properties to the water system if the property owners build a distribution system. The community of 29 taps that will be served by the new system would be heavily burdened by the cost of the project. The project cost is high compared to the estimated number of taps and would lead to very high debt burden for the community but there is no specific demographic data available for this community along Montezuma County Road 42. We therefore forward the District's request for disadvantaged community status to the DWRF committee for consideration with a neutral staff recommendation.

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

Factor	Entity Figures	Benchmark	Qualify?	Notes
P1: MHI	$128,191	<=$76,736	No	The block group (the smallest geography available) is several times larger than the District and may not be representative of the District's population.
P2: MHV	$423,918	<=$431,520	Yes	

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BACK TO AGENDA

BUSINESS CASE REQUEST (2026)

Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (“The District")

P3: County Unemployment or County Jobs	4.52% 9.82%	>=5.35% <= 0%	No	
S1: County MHI	$65,244	<= $76,376	Yes	
S2: Population change	N/A	<=0.0%		Because the system is not built, there was no change in population served.
S3: AV/Households	$32,333	<=$24,337	No	
S4b: Current system debt	19.40%	>0.21%	Yes	
S5b: Current system cost	4.83%	>0.98%	Yes	

Scoring zero of the three required points, the District is not currently eligible for IIJA/BIL PF and is not a DAC. 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: $2,385,000 loan (no IIJA/BIL or DAC PF; no funds available or ineligible).

Scenario 2: $1,087,369 loan; $1,297,631 IIJA/BIL PF; (business case approved; IIJA/BIL PF and DAC eligible)

The credit report which is being considered during the same application cycle as this business case request is written for a $2,385,000 loan without PF. On November 7, 2023 the District secured voter approval for a $1,728,511 increase in debt with a maximum annual revenue of $99,960. The ballot issue authorizing the debt and tax increases passed 30 to zero. If this business case is not approved, the District will need to return to its voters to obtain authorization to take on the entire loan or find another revenue source. If this business case is approved, the District will likely be able to proceed with the PF and avoid returning to its voters for additional debt and assessments.

Explanation of Factors

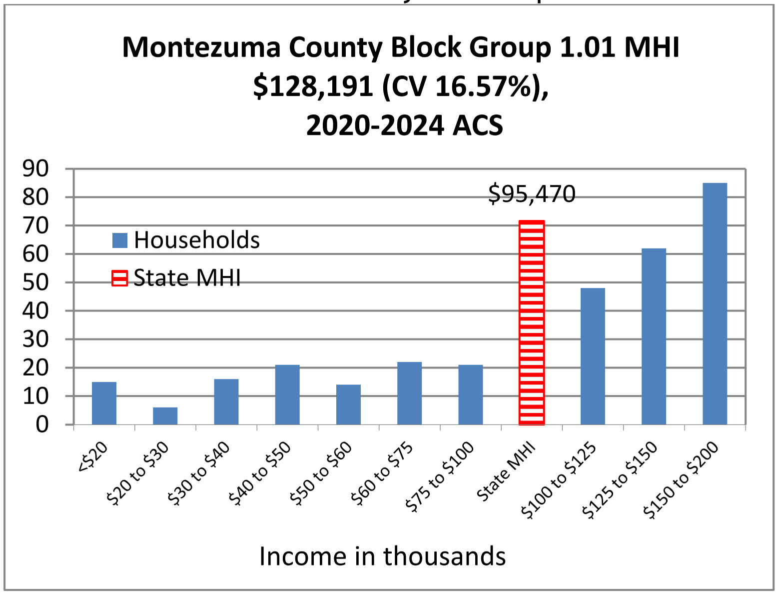
Existing debt as of December 31, 2024:

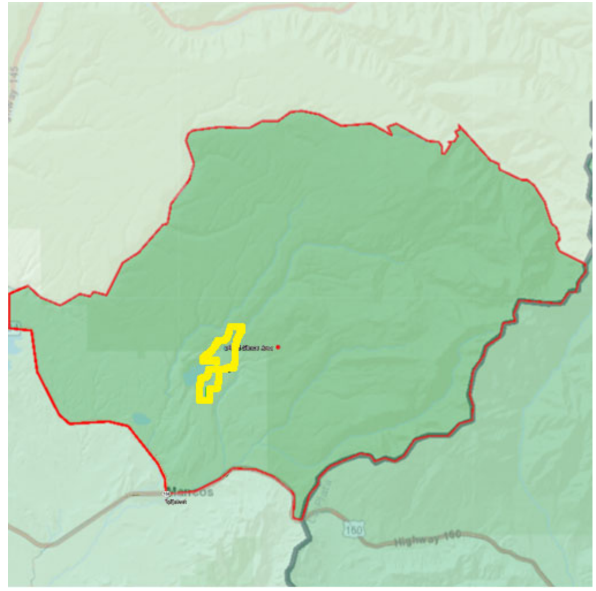
The District has no existing debt as of December 31, 2024.

P1: The smallest geographic area for the ACS dataset is the block group, which encompasses an area far greater than that of the District. In the below map, the block group is outlined in red and the District boundaries are outlined in yellow. The District’s estimated population is 73 while the block group’s estimated population is almost ten times greater at 754.

BUSINESS CASE REQUEST (2026)

Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (“The District")





While the block group estimate does exceed the DAC MHI benchmark, the block group is not geographically representative of the District.

P2: Based on data provided by the Montezuma County Assessor’s Office, the median home value within the District is $423,918, which is slightly below the benchmark of $431,520 (which is 80% of the state median home value). The ACS estimate for the Block Group is $441,700, which is slightly higher than the actual median home value of the District.

P3: The region’s economy is dominated by healthcare, retail, local government, agriculture, and hospitality. Regional services, retirees, agribusiness, and tourism make up the majority of the economy. Montezuma County saw the number of jobs increase from 11,225 to 12,400 from 2020 to 2024, with most jobs sectors expanding except for transportation/warehousing, manufacturing, mining/extraction, healthcare, and manufacturing.

S1: The County’s MHI is below the benchmark.

S2: N/A

S3: The District’s assessed value per housing unit is above the benchmark.

S4: The District’s projected debt per tap compared to MHV, 19.40%, far exceeds both the current benchmark of 0.21% and the 80th percentile benchmark (for DAC category 2 determinations) of 0.77%, reflecting very high debt burden associated with the loan.

S5: The District’s projected full cost per tap compared to MHI, 4.83%, far exceeds both the current benchmark of 0.98% and the 80th percentile benchmark (for DAC category 2 determinations) of 1.58%, reflecting very high cost burden associated with the loan.

Eligibility Determination for Infrastructure Investments Jobs Act/Bipartisan Infrastructure Law (IIJA/BIL) Principal Forgiveness:

In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans.

BUSINESS CASE REQUEST (2026)

Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (“The District")

Additionally, a community with DAC status is automatically eligible for IIJA/BIL principal forgiveness. The District scores zero points using the following criteria:

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.00%	1
2a: County Job Change	0.00%	>	9.82%	
2b: County Unemployment	5.35%	<	4.52%	0
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>		
	$119,338	<	$128,191	-1
4: Rates to MHI	0.76%	<	0.72%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	12.60%	0
7: % Households Housing Burdened	50.00%	<	12.39%	0
8: % Population under 200% Poverty Level	40.00%	<	3.32%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	48.15%	0
10: Meets DAC criteria	Yes		No	0
			Total Points Scored:	0

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

Upper Road 42 Local Improvement District
42115 Road N.25
Mancos, CO 81328
970-379-5715

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

June 16, 2026

Re: Business Case for IIJA/BIL Loan Forgiveness Eligibility

Dear CWRPDA Board of Directors,

The UR42LID is requesting a business case for loan forgiveness eligibility. Without loan forgiveness, the monthly property assessment would be in excess of $400/month per tap, which is unaffordable for the majority of the property owners.

For nearly 40 years, the property owners of this area have been waiting to be connected to Mancos Rural Water Company (MRWC). With no plans for expansion of the MRWC distribution system, the property owners formed the Upper Road 42 Water Association, Inc (UR42WA) in 2019 and received a letter of commitment to serve treated water to the properties from MRWC. With grant funding from the Southwest Basin Roundtable in 2020, a Planning Grant and Design and Engineering loan from CDPHE and SRF, the Association held an election to become a Local Improvement District in Montezuma County in order to qualify for more funding opportunities. There were many setbacks over the last seven years that have significantly delayed this project, and we would like to provide that background information on the timeline up to this point.

Over the last seven years, the UR42WA/LID has been searching and applying for every funding opportunity we qualify for to get this project to the finish line. In January 2026, UR42LID submitted our SRF application and within one day received another call from CDPHE informing us the loan forgiveness was no longer available. We were encouraged to pull our application and hold on to it until the June 2026 deadline, at which point the loan forgiveness may be available again. We were informed that the IIJA/BIL expires in January 2027, so the June deadline is our last opportunity for loan forgiveness.

UR42LID resubmitted our application on June 4, 2026 working closely with CDPHE. The LID has been informed we do not qualify for loan forgiveness as we are not a disadvantaged community according to new DOLA criteria. UR42LID has expressed to DOLA, CDPHE and CWRPDA that without supplemental grant funding or loan forgiveness, the principal payments of more than $400 per month per tap are financially infeasible for the majority of our members. Of the 29 properties in the project boundary, excluding the commercial properties of Mancos State Park and Mancos Water Conservancy District, 25 of the properties are owned by retired residents, living on a fixed income. While two or three of the 29 properties are affluent, the rest are not able to afford a $400 per month property assessment in addition to other monthly costs of living.

The properties in the UR42LID have been hauling water for nearly 40 years. There are no water hauling companies currently serving our area so all water must be hauled privately. The majority of the residents are over 65 years old and the chore of hauling water weekly has become a burden to many. While our neighbors help each other and fill our elderly neighbors' cisterns for them, we have been waiting for uninterrupted, reliable, safe drinking water for nearly four decades, which is less than ¼-mile from the first tap.

This project is not only beneficial to the property owners; it is beneficial to MRWC by providing increased pressure to customers whose pressure doesn't currently meet CDPHE design criteria, and providing their water distribution system with a redundant water storage tank that can be back-fed into the rest of the system or used while another tank is taken offline for maintenance. Radios are planned to be placed atop the tank for MRWC, Mancos Water Conservancy District, BOR, and Mancos State Park for communications and the proposed pump station is a repurposed pump station from the City of Durango, which they would have to pay to have removed/demolished. The water system extension was designed not only by an engineering firm, but in collaboration with water operators to ensure the system that would be handed over would be easily operational on day one and a true upgrade to the MRWC distribution system. This project has the full support of the Southwest Basin Roundtable, the Montezuma Board of County Commissioners, many staff at CDPHE, DOLA, CWRPDA, and has wide community support.

The UR42LID formally requests a business case for loan forgiveness eligibility based on the need for the project, the average age of our residents, the average income, no opportunity for growth, the many challenges and setbacks this project has faced, the mutual benefits this project provides for MRWC's water distribution system and existing MRWC customers, Mancos Water Conservancy District, BOR, and Mancos State Parks communications, community residential and organization support, support from local government officials, and of course, the full support of the members of the UR42LID.

Thank you for your consideration. Should you have any questions or require additional project details or background, please contact us.

Sincerely,

Laura Rieck
District Administrator
Upper Road 42 Local Improvement District
upperroad42water@gmail.com
970-379-5715

ec: UR42LID members
Erick Worker, CDPHE
Ian Loffert, CWRPDA

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MEMORANDUM
August 12, 2026

TO: Project Finance Committee and Karl Ohlsen

FROM: Wesley Williams, Finance Director
Ian Loffert, Assistant Finance Director
Kevin Carpenter, Senior Financial Analyst
Giorgi Gazashvili, Financial Analyst II
Daniel Lockard, Financial Analyst I

RE: Review of Upper Road 42 Water Association, City of Aurora, Camelot Property Owners Association, Colorado City Metropolitan District, Penrose Water District, Bailey Water Sanitation District, Town of Kremmling, Camelot Property Owners Association, Town of Cheyenne Wells, Town of Dolores, Town of La Veta, 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 Colorado Water Resources and Power Development Authority's ("Authority") Project Finance Committee with the following recommendations:

Montezuma County Local Improvement District No. 2023-1 Upper Road 42
The Montezuma County Local Improvement District No. 2023-1 Upper Road 42 (the "District"), located in Montezuma County, is seeking a Base direct loan through the DWRF loan program in the amount of $2,385,000. This project consists of construction of a new domestic water distribution system with booster pumps and a water storage tank. The District's project was authorized by SJR 24-004.

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 Base direct loan with the District in the amount of $2,385,000. The loan will be for a term of 30 years, at an interest rate of 3.50%, subject to increasing property assessments sufficiently to meet the Authority's rate covenant prior to loan execution. The Board will consider this request on August 19, 2026.

City of Aurora
The City of Aurora (the "City"), located throughout Adams, Arapahoe, and Douglas counties, is seeking an Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") Lead Service Line ("LSL") direct loan through the DWRF loan program in the total amount of $26,305,181, (comprised of *$10,000,000 in IIJA/BIL LSL Principal Forgiveness ("PF"), *$7,550,943 in IIJA/BIL LSL Loan, and $8,754,238 Base direct loan). The project consists of the replacement of known LSL's or galvanized lines requiring replacement ("GRR") throughout the City's distribution system. The City'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 IIJA/BIL LSL direct loan with the City in the total amount of $26,305,181, (comprised of *$10,000,000 in IIJA/BIL LSL PF, *$7,550,943 in IIJA/BIL LSL Loan, and $8,754,238 in Base direct loan). The loans will be for a term of 20 years, at an interest rate of 3.25%, subject to approval of a one-time waiver from the direct loan limit (currently $3 million) and the loan covenants (both the standard and additional proposed covenants) and conditions listed at the end of the attached City's 2026 DWRF credit report and to be incorporated into the loan approving resolution or motion (including any modifications and additions made to these

covenants/conditions by the Board of Directors during the approval process). The Board will consider this request on August 19, 2026.

Camelot Property Owner's Association
The Camelot Property Owner's Association (the "Association"), located in El Paso County, is seeking a Base direct loan through the DWRF loan program in the amount of $1,000,000. This project consists of a full replacement of the storage tank with two new water storage tanks and booster pump upgrades. The Association's project was authorized by HJR 23-1007.

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 Base direct loan with the Association in the amount of $1,000,000. The loan will be for a term of 30 years, at an interest rate of 5.00% (comprised of a 4% interest rate and a 1% up-front admin fee for Private Non-Profit loans), subject to the loan covenants (both the standard and additional proposed covenants) and conditions listed at the end of the attached Association's 2026 DWRF credit report and to be incorporated into the loan approving resolution or motion (including any modifications and additions made to these covenants/conditions by the Board of Directors during the approval process). The Board will consider this request on August 19, 2026.

Colorado City Metropolitan District
The Colorado City Metropolitan District (the "District"), located in Pueblo County, is seeking an IIJA/BIL General Supplemental DAC direct loan through the DWRF program in the total amount of $5,000,000, (comprised of *$2,500,000 in IIJA/BIL General Supplemental PF, *$2,094,913 in IIJA/BIL General Supplemental direct loan, and *$2,905,087 in DWRF Base direct loan). The proposed project will consist of upgrades to the District's existing membrane filtration water treatment plant, including the design and construction of a drinking water pretreatment Dissolved Air Flotation ("DAF") system, DAF treatment building and all associated appurtenances. The Water Authority's project was authorized by SJR 16-003.

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 DWRF IIJA/BIL General Supplemental DAC direct loan with the District in the total amount of $5,000,000, (comprised of *$2,500,000 in IIJA/BIL General Supplemental PF, *$2,094,913 in IIJA/BIL General Supplemental direct loan, and *$2,905,087 in Base direct loan). The loan will be for a term of 30 years, at an interest rate of 1.75%, subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to execution and approval of a one-time waiver from the direct loan limit (currently $3 million). The Board will consider this request on August 19, 2026.

Penrose Water District
The Penrose Water District (the "District"), located in Fremont County, is seeking funds through the DWRF loan program in the total amount of $14,860,000, (comprised of a *$13,022,035 leveraged loan plus cost of issuance, *$837,965 in IIJA/BIL General Supplemental direct loan, and *$1,000,000 in IIJA/BIL General Supplemental PF). The project consists of the construction of a new water treatment plant and associated appurtenances, as well as decommissioning of the old treatment plant. The City'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 DWRF loans with the District in the total amount of $14,860,000, (comprised of a *$13,022,035 leveraged loan plus cost of issuance, *$837,965 in IIJA/BIL General Supplemental direct loan, and *$1,000,000 in IIJA/BIL General Supplemental PF). The leveraged loan will be for a term of 30 years, at an interest rate of 85% of the market rate on the Authority's 2026 Series A State Revolving Fund Revenue Bonds. The IIJA/BIL direct loan will be for a term of 30 years, at an interest rate of 3.50%, with all loans 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 19, 2026.

Bailey Water and Sanitation District
The Bailey Water and Sanitation District (the "District"), located in Park County, is seeking an IIJA/BIL General Supplemental DAC direct loan through the DWRF loan program in the total amount of $2,265,498, (comprised of *$1,232,612 in IIJA/BIL General Supplemental PF and *$1,032,886 in IIJA/BIL

General Supplemental direct loan). The proposed project will include the expansion of the facility's hydraulic capacity, additional treatment and pre-treatment processes for heavy metals, as well as the construction of a second infiltration gallery, which will increase the raw water supply, and a new water treatment plant ("WTP") building with adequate space. The District's project was authorized by HJR 19-1005.

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 IIJA/BIL General Supplemental DAC direct loan with the District in the total amount of $2,265,498, comprised of *$1,232,612 in IIJA/BIL PF and *$1,032,886 in IIJA/BIL Loan. The loan will be for a term of 30 years, at an interest rate of 1.75%. The Board will consider this request on August 19, 2026.

Town of Kremmling
The Town of Kremmling (the "Town"), located in Grand County, is seeking a supplemental Base DAC direct loan through the DWRF loan program in the amount of $1,500,000. The Town previously received DWRF funding for this project as a $4,676,154 direct loan with a 30-year term at an interest rate of 1.75% that included $3,000,000 in IIJA/BIL principal forgiveness, and a $11,246,806 leveraged loan with a 30-year term at an interest rate of 3.35%. Both loans were executed on November 22, 2024. The original loans were executed before the Town had the 90% guaranteed maximum price from its contractor and additional funds are needed to complete the project. This project consists of replacement of the existing water treatment facility with the ultrafiltration (UF) treatment skids to aid in raw water quality and finished water quality goals. The project remains the same and consists of three UF treatment skids, eight UF membrane modules, a clearwell, booster pump, and potable water storage tank. The Town's project was authorized by HJR 19-1005.

Recommendation
Based on the attached credit report update, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental Base DAC direct loan with the Town in the amount of $1,500,000. The loan will be for a term of 30 years, at an interest rate of 1.75%, 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 19, 2026.

Town of Cheyenne Wells
The Town of Cheyenne Wells (the "Town"), located in Cheyenne County, is seeking an IIJA/BIL General Supplemental DAC direct loan through the DWRF loan program in the total amount of $5,792,460, (comprised of *$2,500,000 in IIJA/BIL General Supplemental PF, *$2,094,913 in IIJA/BIL General Supplemental direct loan, and *$1,197,547 in DWRF Base direct loan). The proposed project will consist of construction of two ion exchange treatment systems and associated appurtenances to address Nitrate contamination. This will include a Southern Ion Exchange Nitrate Removal Water Treatment Plant to service Feyh Well, a Western Ion Exchange Nitrate Removal Water Treatment Plant to service the North and Snyder Wells, and waste brine storage tanks at each plant for offsite brine disposal. The Town'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 IIJA/BIL General Supplemental DAC direct loan with the Town in the total amount of $5,792,460 (comprised of *$2,500,000 in IIJA/BIL General Supplemental PF, *$2,094,913 in IIJA/BIL General Supplemental direct loan, and *$1,197,547 in DWRF Base direct loan). The loan will be for a term of 20 years, at an interest rate of 1.50%, subject to approval of a one-time waiver from the direct loan limit (currently $3 million). The Board will consider this request on August 19, 2026.

Town of Dolores
The Town of Dolores (the "Town"), located in Montezuma County, is seeking an IIJA/BIL General Supplemental DAC direct loan through the DWRF program in the total amount of $3,233,000, (comprised of *$1,759,011 in IIJA/BIL General Supplemental PF and *$1,473,989 in IIJA/BIL General Supplemental direct loan). The proposed project will include replacing water mains located within public rights-of-way, streets, and alleyways, along with the replacement of all fire hydrants, water service lines to the meter, valves, and re-connections in the project area. 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 a DWRF IIJA/BIL General Supplemental DAC direct loan with the Town in the total amount of $3,233,000, (comprised of *$1,759,011 in IIJA/BIL General Supplemental PF and *$1,473,989 in IIJA/BIL General Supplemental direct loan). The loan will be for a term of 30 years, at an interest rate of 1.75%. The Board will consider this request on August 19, 2026.

Town of La Veta

The Town of La Veta (the "Town"), located in Huerfano County, is seeking a supplemental Base DAC direct loan through the DWRF loan program in the amount of $2,413,000. The Town previously received DWRF funding for this project in the amount of $1,425,903 comprised of an IIJA/BIL direct loan with a 30-year term, at an interest rate of 1.75%, and IIJA/BIL principal forgiveness in the amount of $2,552,097. After requesting construction bids for the new water treatment plant, the Town received bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application. Therefore, the Town is requesting a supplemental loan. The project remains the same and consists of a new water treatment plant using conventional treatment technology with full automation. The project will include a below grade disinfection contact, a clearwell tank, and a building extension to house the new treatment equipment. The Town's project was authorized by HJR 13-1007.

Recommendation

Based on the attached credit report update, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental base DAC direct loan with the Town in the amount of $2,413,000. The loan will be for a term of 30 years, at an interest rate of 1.75%. The Board will consider this request on August 19, 2026.

* - 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.

Note: A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 12, 2026**. The link to join via online is: https://us06web.zoom.us/j/86434046643?pwd=bP0FDXrGyJUHCspT1XMDVpl1ahOA7s.1 If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **864 3404 6643**. The passcode is: **163551**.

Attachments:
- Montezuma County Local Improvement District No. 2023-1 Upper Road 42
- City of Aurora 2026 DWRF Credit Report
- Camelot Property Owner's Association DWRF Credit Report
- Colorado City Metropolitan District DWRF Credit Report
- Penrose Water District DWRF Credit Report
- Bailey Water and Sanitation District DWRF Credit Report
- Town of Kremmling 2026 DWRF Credit Report Update and 2024 DWRF Credit Report
- Town of Cheyenne Wells DWRF Credit Report
- Town of Dolores DWRF Credit Report
- Town of La Veta 2026 DWRF Credit Report Update and 2024 DWRF Credit Report

DWRF LOAN CREDIT REPORT (2026)

Montezuma County Local Improvement District No. 2023-1 Upper Road 42 ("The District"), Montezuma County

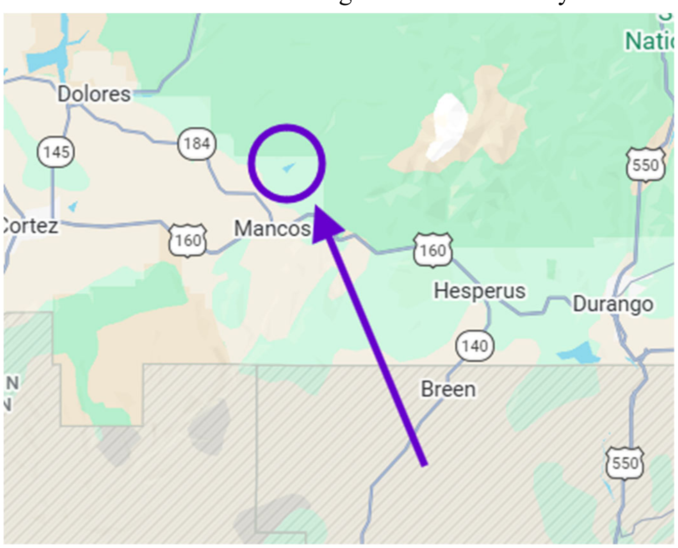
Recommendation:	**CONDITIONAL APPROVAL**	**Project Budget**	
Loan Request:	$2,385,000	**DWRF Loan:**	$2,385,000
Interest Rate & Term:	3.50%, 30 years	**2024 D&E Grant:**	$80,000
Annual Debt Service:	$129,045	**2023 Planning Grant:**	$7,489
Pledge:	Property assessments	**Southwest Basin Roundtable**	$22,260
Current Approved Rate:	$3,447 annually per property	**Total:**	$2,494,749
Estimated Rate Increase:	$1,003 annually per property		

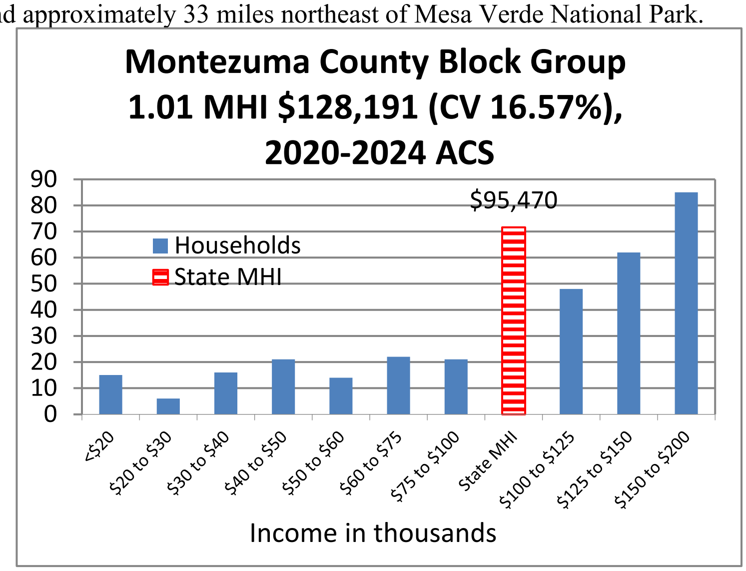
PROJECT DESCRIPTION: Construction of a new domestic water distribution system with booster pumps and a water storage tank. The project will become an extension of the Mancos Rural Water Company water distribution system, providing domestic drinking water to residents reliant on hauling water.

COMMUNITY PROFILE:

Local Improvement District No. 2023-1 Upper Road 42	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
District Population			73	73	73	73	73	0.00%
Montezuma County Population	25,891	26,256	26,511	26,641	26,681			0.75%
Montezuma County Jobs	11,225	11,710	11,957	12,098	12,400			2.52%
Number of Water Taps			29	29	29	29	29	0.00%
Assessed Value ($000)*							$938	N/A
Actual Value ($000)							$148,789	N/A

BORROWER BRIEF: The District is located to immediately east of Mancos State Park in southwest Colorado, approximately five miles northeast of Mancos along Montezuma County Road 42 and approximately 33 miles northeast of Mesa Verde National Park.





RECOMMENDATION: The District serves a rural bedroom community in Montezuma County. This proposed loan is necessary to build a new drinking water system for residents of the District. The community is very small and the project cost is high for the size of the community. However, District voters approved taking on debt and increasing property assessments in order to pay for the proposed loan. We therefore recommend the DWRF Committee approve a $2,385,000 direct loan to the Montezuma County Local Improvement District No. 2023-1 Upper Road 42 on the conditions that the District seek further voter approval for the full loan amount and/or property assessments are further increased for debt service and that the District amends their agreement with Mancos Rural Water Company (MRWC) to own the proposed project until the financing is paid off. A business case for disadvantaged community status was submitted during the same application cycle as this loan application. If the business case is approved, we recommend that the DWRF Committee approve a $1,087,369 disadvantaged communities IIJA/BIL direct loan and $1,297,631 in IIJA/BIL principal forgiveness to the District.

PROJECT SUMMARY:

System summary: The District was created by the Board of County Commissioners of Montezuma County, Colorado, following a successful November 7, 2023, election, where 100% of the votes received supported the formation of the LID. The purpose of the LID is to serve approximately 29 residential and commercial customers along County Road 42, in the town of Mancos, Colorado, with water from the Mancos Rural Water Company (MRWC) Treatment Plant, located at the base of the Jackson Reservoir Dam. The project will install a new 3-inch water main, connected to the end of an existing 4-inch line near County Road N. The 3-inch line would proceed east across Road N on the north side, and then north up County Road 42 on the west side to the last parcel on the east side of County Road 42, with associated service laterals and service connections. Pressure will be provided by a pair of new, redundant water pumps at the treatment plant, tapped into the existing 4-inch main at the plant. The end of the new 3-inch main will include a 20,000-gallon storage/head tank. Once completed, MRWC will assume ownership, operations, repairs and maintenance of the system. However, the District is open to amending the agreement with the MRWC so the District will own the system until the loan is paid off, at which time the system will be granted to MRWC.

Reason/need: The residents of the District are currently hauling water from the Town of Mancos water dock, which has been known to close at any time, without notice, putting residents at risk of running out of water. Alternate water docks are located in Durango, Dolores, and Cortez; however, with round trips ranging from 60–90 minutes, residents report additional wear and tear on vehicles, increased fuel consumption, and a financial burden. Additionally, there are elevated health risks in hauling water, as the potential for contamination increases when water is transferred from the water dock to hauling vessels and again from the vessel to customer cisterns.

System Compliance: There are no compliance issues as this is a new, yet-to-be-built, distribution system.

Project Delivery Method: Design/Bid/Build.

Contingency: 21.5% of the total project cost is included as contingency.

CURRENT INDICATORS:	**2025**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	0		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):	32,897	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	0		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):	82,241	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current Water + New Water Debt/Tap ($):	82,241	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	0.00%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:	254.26%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	0.00%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:	1.60%		>10%		5-10%	X	<5%
Curr. Water Debt + New Debt/Tap/MHI:	64.16%	X	>20%		10-20%		<10%
Water Fund Current Ratio (CA/CL):	N/A		<100%		100-200%		>200%
Water Fund Reserves/Current Expense:	N/A		<50%		50-100%		>100%
Water Operating Ratio (OR/OE):	N/A		<100%		100-120%		>120%
Coverage Ratio (TR-OE)/DS:	N/A		<110%		110-125%		>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A		<110%		110-125%		>125%
Coverage Ratio with New Loan:	N/A		<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:	N/A		<110%		110-125%		>125%
Current Annual Water Rates/MHI:	N/A		>3.0%		1.5-3.0%		<1.5%
Current Water Rates + New Water Debt Service/MHI:	N/A		>3.0%		1.5-3.0%		<1.5%
Operation and Maintenance Reserve:	N/A		<25%		25-50%		>50%
	Total:	**5**		**0**		**6**	

***For illustration only: non-revenue pledge.**

FINANCIAL ANALYSIS: Of the twenty-one current indicators, 10 could not be calculated because the indicators are based on bank statements provided for the Upper Rd 42 Water Association Inc. ("the Association"), which facilitated the planning and design of the proposed project but the Association would not be the borrower. The proposed loan is for the District which has no financial statements to date because the property assessments, while approved, have not yet taken effect. Out of the remaining 11 indicators, six are rated strong, zero are average and five are considered weak. Overall, the indicators illustrate a small system which is preparing to take on debt which will burden the small number of households. The strong indicators show that there is no current debt but the weak indicators reflect that the project cost and the debt will be large compared to the size of the community.

- Because the proposed project is the construction of a new water system to serve the community, there are no financials to analyze or present for water operations.
- The District proposes to pay for the proposed loan with the voter-approved property assessments while the Mancos Rural Water Company ("MRWC") will operate the newly constructed water system as well as collect rates established by the MRWC.
- On November 7, 2023 the District secured voter approval for a $1,728,511 increase in debt with a maximum annual revenue of $99,960. The ballot issue authorizing the debt and tax increases passed 30 to zero.
- The District will pay MRWC the one-time fees associated with connecting the District's taps to the MRWC's water system, more information is provided in the intergovernmental and contributed capital sections below.
- If split equally among all 29 proposed taps, the $129,045 annual debt service will be approximately $4,450 per tap. Voters have only approved a total annual tax of $99,960 for debt service (approximately $3,447 of taxes per tap annually has been approved). Across 29 proposed taps, the difference between the approved tax for debt service and the required annual debt service for this loan is $29,085 total, or approximately $1,003 per tap.
- If the disadvantaged communities business case is approved and principal forgiveness is awarded, the estimated $46,744 annual debt service on the $1,087,369 IIJA/BIL repayable portion of the loan will be approximately $1,612 per tap and no additional tax increase beyond the already approved tax increase would be necessary.

Additional Project Financing
The District received a $7,489 planning grant from the DWRF in 2023 and an $80,000 D&E grant in 2024.

The District submitted a Southwest Basin Roundtable grant application for $22,260, which was awarded in 2020.

DESCRIPTION OF THE LOAN:
An estimated $2,385,000 loan with a thirty-year term with two payments annually at an interest rate of 3.50% will cost the District approximately $129,045 in debt service annually.

If the disadvantaged communities business case is approved and principal forgiveness is awarded, District would qualify for $1,297,631 in IIJA/BIL principal forgiveness and the repayable loan portion of $1,087,369 with a thirty-year term with two payments annually at the disadvantaged communities interest rate of 1.75% would cost the District approximately $46,744 in debt service annually.

ECONOMIC ANALYSIS: Based on the State Demographer's Office estimate of 2.5 people per tap, the District has a 2024 population estimated at 73. Montezuma County has experienced an increase of 0.75% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

The region's economy is dominated by healthcare, retail, local government, agriculture, and hospitality. Regional services, retirees, agribusiness, and tourism make up the majority of the economy.

The area's largest employers consist of the Mancos School District, with 88 employees; Aspen Wood products, with 65 employees; Mesa Verde National Park; with 51 employees, Alpacka Raft, with 45 employees; and the Town of Mancos, with 14 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 Local Improvement District which is a form of government that is an administrative subdivision of Montezuma County. It was formed by resolution of the Board of County Commissioners on September 26, 2023. The District was formed for the construction,

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installation, completion, and acquisition of water system improvements associated with this proposed project. The water utility will be overseen by the Mancos Rural Water Company ("MRWC"), which is staffed by approximately eight FTE.

- Montezuma County, which is the District's parent government, is in compliance with Colorado statutory budgeting and auditing requirements for the past five years. The District has had no revenues or expenses to report so far but will work with the County to be included in County's financial reporting.
- The system has not been built yet, so there is no current general liability insurance coverage associated with the system. The County is expected to maintain general liability insurance coverage once the system is built.
- 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 the following mandatory recommendations:

- F-5 Financial Audit
  - The District must coordinate with its parent government, the County to ensure that its financial statements are appropriately presented in the County's audit.
- F-6 Insurance
  - The District must ensure general liability insurance is maintained for the system.

Capital Improvement Plan
The District did not submit a capital improvement schedule because the water system does not exist yet.

Agreements
An agreement dated December 11, 2025 between the District and MRWC has provisions for the construction, ownership, maintenance, and service for the proposed project. The District is solely responsible for the construction and cost of the proposed project. Upon project completion, the MRWC will assume ownership, operation, repair, and maintenance of the newly constructed water distribution system. For each District property that wants water service, the District will pay a one-time Membership Fee and Tap Fee for connection but the property owners are responsible for installing water service lines from the meter pit to the homes/buildings. Water rates for the District will be established by the MRWC. The District has indicated that they are willing to amend this agreement so that the District will own the proposed project until the loan is paid off.

REVENUE ANALYSIS:
District voters unanimously approved increasing debt by $1,728,511 and special assessments up to $99,960 to pay for the proposed loan. Based on the 29 households that will eventually tap into the drinking water system, these special assessments are anticipated to generate $2,898,840 of total revenue for the repayment of this proposed loan.

While the borrower for the proposed loan would be the District, the Upper Rd 42 Water Association Inc. ("the Association") was formed in 2020 to support the construction of the water distribution system. Because there are no finances to present for the District, a summary of the Association's finances is provided below for illustration purposes only. The Association received a $7,489 planning grant and an $80,000 D&E grant which comprise the entirety of its revenues. Association expenses do not go towards operating a water utility or paying for water, expenses mostly go towards engineering planning and design, as well as legal fees. The source for the below summary is bank statements provided by the Association.

TRENDS	2021	2022	2023	2024	2025
Monthly Water Rate ($)	0.00	0.00	0.00	0.00	0.00
Residential Water Tap Fee ($)	0	0	0	0	0
Total Water Revenue ($)	0	0	0	0	0
Tap/Development Fees ($)	0	0	0	0	0
Water Operating Revenue ($)	0	0	0	0	0
Water Operating Expenses ($)	0	0	0	0	0
Water Net Operating Income ($)	0	0	0	0	0
Water Debt ($)	0	0	0	0	0
Total Debt ($)	0	0	0	0	0
Water Debt Service ($)	0	0	0	0	0

Water Debt Service/Tap/Month ($)	0.00	0.00	0.00	0.00	0.00
Water Fund Reserves ($)	7,261	5,691	18,504	12,845	4,530
Water Fund Current Assets ($)	7,261	5,691	18,504	12,845	4,530

Recent Rate Increases
District residents will pay the below described rates for the MRWC after the project is completed.

User Charges
If District residents are subject to the current water rates charged by the MRWC, the monthly water rate is estimated at $76.93 compared to the 2024 estimated state median of $60.61. The average estimated monthly water rate to be paid to MRWC is based on typical residential consumption of 5,000 gallons per month. Residential users pay a $53.35 base rate up to 2,000 gallons and a volume charge of $7.86 per 1,000 gallons for consumption from 2,000 to 8,000 gallons, $9.88 from 8,001 to 18,000 gallons, $11.85 from 18,001 to 28,000 gallons, $15.66 from 28,001 to 58,000 gallons, $17.18 from 58,001 to 98,000 gallons, and $19.11 for consumption over 98,001 gallons. Commercial users pay a $112.04 base rate up to 4,000 gallons and a volume charge of $7.86 per 1,000 gallons for consumption from 4,000 to 8,000 gallons, $12.76 from 8,001 to 75,000 gallons, $14.64 from 75,001 to 100,000 gallons, and $19.11 for consumption over 100,001 gallons

The MRWC plans to add an electric surcharge to customers in the District for the cost of operating the pumps for the District's system, which the District anticipates to be less than $20 per user per month.

Contributed Capital
The District will pay for the one-time costs of connecting to MRWC's drinking water system, which include a $12,500 Membership Fee and a $2,200 Tap Fee for each owner of property desiring water service. Owners are responsible for the installation and costs of water service lines.

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

Current Fee Summary	
Tap size	Water user/tap fees
¾"	$75.82/$14,700
¾"	$134.51/$14,700

DEBT as of December 31, 2024

The District has no debt as of December 31, 2024.

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: Victor Chen
Date: July 28, 2026

Project # 200351D-Q
Cost Categories: Distribution & Transmission: 90%
Storage: 10%

July 28, 2026 DWRF Credit Report Local Improvement District No. 2023-1 Upper Road 42, Montezuma County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	73
Number of Water Taps/Customers - 2025	29
Total Assessed Valuation - 2026	$938,000
Actual Value of All Real Property - 2026	$148,789,000
Median Household Income (MHI) - 2024	$128,191
Monthly Water Rate - 2025	$0.00
Water Operating Revenue - 2025	$0
Water Total Revenue - 2025 [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.]	$0
Water Tap and System Development Fee Revenue - 2025	$0
Water Operating Expense - 2025	$0
Water Current Expense - 2025	$0
Water Debt - 2025	$0
Total Debt - 2025	$0
Association Reserves - 2025	$4,530
Water Debt Service - 2025	$0
New Water Debt [Requested DWRF loan amount.]	$1,087,369
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual Water Debt Service (two payments annually)	$46,744

Current Indicators (2025)
Local Improvement District No. 2023-1 Upper Road 42 (Water)

1	Total Debt	$0	÷	Population	73	=	$0
	New Debt	$1,087,369	÷	Population	73	=	$14,998
	Total Debt + New Debt	$1,087,369	÷	Population	73	=	$14,998
2	Total Debt	$0	÷	Number of Taps	29	=	$0
	New Debt	$1,087,369	÷	Number of Taps	29	=	$37,495
	Total Debt + New Debt	$1,087,369	÷	Number of Taps	29	=	$37,495
3	Total Debt	$0	÷	Assessed Value	$938,000	=	0.00%
	New Debt	$1,087,369	÷	Assessed Value	$938,000	=	115.92%
	Total Debt + New Debt	$1,087,369	÷	Assessed Value	$938,000	=	115.92%
4	Total Debt	$0	÷	Actual Value	$148,789,000	=	0.00%
	New Debt	$1,087,369	÷	Actual Value	$148,789,000	=	0.73%
	Total Debt + New Debt	$1,087,369	÷	Actual Value	$148,789,000	=	0.73%
5	Current Water Debt	$0	÷	Number of Taps	29	=	$0
	(Current Water Debt + New Water Debt) / Number of Taps	$37,495	÷	MHI	$128,191	=	29.25%
6	Current Ratio (CA / CL)						
	Current Assets	$4,530	÷	Current Liabilities	$0	=	N/A
7	Reserve/Expense Ratio						
	Reserves	$4,530	÷	Current Expenses	$0	=	N/A
8	Operating Ratio (OR / OE)						
	Operating Revenues	$0	÷	Operating Expenses	$0	=	N/A
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$0	-				
	Minus Operating Expenses	<u>$0</u>					
	=	$0	÷	Current Debt Service	$0	=	N/A
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$0					
	Minus Tap and Development Fee Revenu	<u>$0</u>					
	=	$0	÷	Current Debt Service	$0	=	N/A
11	Projected Coverage Ratio						
	Total Revenues	$0					
	Minus Operating Expenses	<u>$0</u>					
	=	$0		Total Debt Service (with new loan)	$46,744	=	0%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$0					
	Minus Tap and Development Fee Revenu	<u>$0</u>					
	=	$0	÷	Total Debt Service (with new loan)	$46,744	=	0%
13	Current Debt Service	$0	÷	Number of Taps	29	=	$0.00
	Annual New Water Debt Service	$46,744	÷	Number of Taps	29	=	$1,611.85
14	2025 Annual Water Rate (Monthly Rate x 12)	$0.00	÷	MHI	$128,191	=	0.00%
	2025 Annual Water Rate + New Annual Debt Service Per Tap	$1,611.85	÷	MHI	$128,191	=	1.26%
15	Current 2025 Monthly User Charge						$0.00
	(Debt Service on DWRF Loan / 2025 Taps / Month)						<u>$134.32</u>
	Total						$134.32
16	Operation and Maintenance Reserve						
	Reserves	$4,530	÷	Operating Expenses	$0	=	N/A

DRINKING WATER REVOLVING FUND BIPARTISAN INFRASTRUCTURE LAW LEAD SERVICE LINE (LSL) REPLACEMENT LOAN CREDIT REPORT (2026)

City of Aurora ("The City"), Adams, Arapahoe, and Douglas Counties

Recommendation:	**APPROVAL**
Loan Request:	$26,305,181
Total Annual Debt Service:	$1,115,102
Base Direct Loan:	$8,754,238
Interest Rate & Term:	3.25% & 20 years
Annual Debt Service:	$598,697
IIJA/BIL LSL Direct Loan:	$7,550,943
Interest Rate & Term:	3.25% & 20 years
Annual Debt Service:	$516,405
Pledge:	Water System Revenue
Current Rate:	$55.68
Estimated Rate Increase:	$0.00

Project Budget

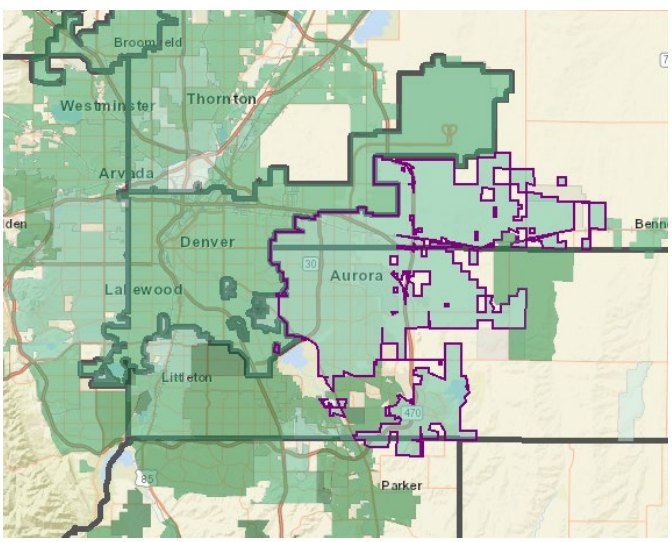
DWRF Base Direct Loan:	$8,754,238
DWRF IIJA/BIL LSL Loan:	$7,550,943
DWRF IIJA/BIL LSL PF:	$10,000,000
Reserves:	$9,100,000
Total:	$35,405,181

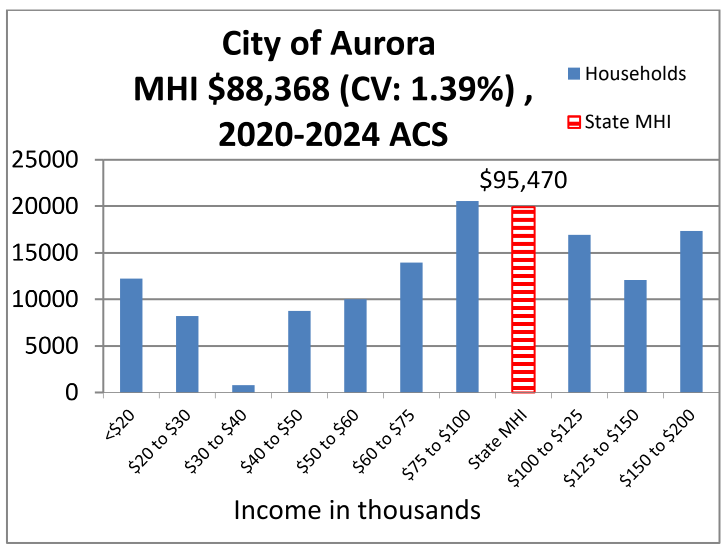
PROJECT DESCRIPTION: This project consists of the replacement of known lead service lines (LSL's) or galvanized lines requiring replacement (GRR) throughout the City's distribution system.

COMMUNITY PROFILE:

City of Aurora	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
City Population	386,753	389,613	392,574	396,409	401,564			0.94%
Adams County Population	520,489	523,505	528,201	535,901	543,760			1.10%
Arapahoe County Population	655,288	656,858	658,069	661,564	666,557			0.43%
Douglas County Population	360,315	369,842	376,444	385,141	394,030			2.26%
Adams County Jobs	260,951	270,414	582,653	292,692	297,811			3.36%
Arapahoe County Jobs	383,519	394,607	404,198	413,424	413,051			1.87%
Douglas County Jobs	163,390	172,832	179,388	185,063	188,152			3.59%
Number of Water Taps	89,568	91,531	93,341	94,977	97,026	98,845	99,284	1.56%
Number of Sewer Taps	88,363	90,247	92,353	93,550	95,537	97,325	97,739	1.43%
Assessed Value ($000)			$6,104,758	$6,505,881	$8,530,933	$8,807,095	$9,093,319	10.47%
Actual Value ($000)			$54,783,612	$56,502,042	$74,393,029	$74,898,554	$81,022,031	10.28%

BORROWER BRIEF: The City is located throughout Adams, Arapahoe, and Douglas counties, with most of its city being in Arapahoe County. It is directly bordered by Denver to its west, Centennial and Greenwood Village to its southwest, and Commerce City to its northwest.





RECOMMENDATION: The City serves a suburban community in Adams, Arapahoe, and Douglas counties. This proposed loan is necessary to replace and verify thousands of potentially hazardous lead or galvanized service lines, which are likely needing replacement, to ensure safe drinking water to the communities being served. The debt is high in a per-capita and per-tap basis. However, there are no rate increases needed to take on the proposed loan, and the City has as well continuously increased rates. We therefore recommend the DWRF Committee approve a $8,754,238 DWRF base direct loan, a $7,550,943 DWRF Bipartisan Infrastructure Law (BIL) Lead Service Line loan, and $10,000,000 in DWRF BIL Lead Service Line principal forgiveness, to the City of Aurora.

PROJECT SUMMARY:

System summary: The City of Aurora, located primarily within Adams and Arapahoe counties, serves a population of over 400,000 residents. The City's water portfolio consists mainly of surface water sources throughout the Colorado, Arkansas, and South Platte river basins which is supplemented by deep aquifer groundwater wells. Raw water is treated across three water treatment plants, the Griswold, Wemlinger, and Binney Facilities. The existing distribution system is made up of approximately 1,500 miles of piping and over 91,000 service connections of varying ages.

Reason/need: Currently, Aurora has verified 1,935 service lines as lead (LSL) or galvanized requiring replacement (GRR). There are an additional 10,209 unknown service connections that need to be verified, and a current analysis has determined that, thus far, 20% of unknowns are GRR and 1.5% are LSL. As such, their analysis assumes that approximately 20% of the remaining unknown service lines may need replacement with a cost estimate of $12,000 per service connection.

System Compliance: The City is in compliance with the Colorado Primary Drinking Water Regulations, and the project is primarily intended to maintain compliance and/or meet future requirements.

Project Delivery Method: Design/Bid/Build.

Contingency: 3.27% of the total project cost is included as contingency. The City has estimated lead service line replacement at approximately $12,000 per line, and thus the cost estimates provided are accurate, thus the reduced contingency. The City is also providing $9,100,000 in reserves for LSL replacements for this project. Additionally, the City is prepared to incur additional costs to replace the remaining LSL's not paid for through the SRF program, and has allocated $3,000,000 annually through 2027 for lead service line work. Lastly, the City has stated it applied for the EPA's WIIN Reducing Lead in Drinking Water Grant Program in December 2024. It is unknown at this time whether grant funds will be awarded.

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	2,153	2,172	2,420	X	>$2,000		$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			2,461	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	9,054	9,067	10,015	X	>$5,000		$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			10,183	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	5,812	5,564	6,723	X	>$2,000		$1,000 - 2,000		<$1,000
Current Water + New Water Debt/Tap ($):			6,891	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	14%	13%	11%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			12%		>50%		25-50%	X	<25%
Total Debt/Actual Value:	1.54%	1.52%	1.31%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			1.33%		>10%		5-10%	X	<5%
Curr. Water Debt + New Debt/Tap/MHI:			7.80%		>20%		10-20%	X	<10%
Water Fund Current Ratio (CA/CL):	484%	396%	370%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	209%	151%	164%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	188%	139%	162%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	471%	435%	560%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	244%	171%	298%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			539%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			287%		<110%		110-125%	X	>125%
Current Annual Water Rates/MHI:			0.76%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:			0.77%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			212%		<25%		25-50%	X	>50%
			Total:	**6**		**0**		**15**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, fifteen are rated strong, none are average, and six are considered weak. Overall, the indicators illustrate a system that is in a strong financial position to take on the proposed debt without causing further burden to ratepayers, as there is no introduction of additional rate increases to take on the proposed debt, but it carries a debt load that is high on a per-capita and per tap basis. The strong indicators indicate a system with healthy liquidity, strong debt service coverage prior to and in addition to the proposed debt service, and low debt relative to the assessed and actual values. The weak indicators indicate that debt levels are high on a per capita and per tap basis.

- Operating revenues consistently exceed expenses, with a strong 162% operating ratio, demonstrating the system can comfortably cover all existing and proposed debt.

- Based on 2024 financial information, coverage with the proposed loan is 539% with tap fee revenue and 287% without tap fee revenue. There are no projected increases in rates required to take on the proposed loan.
- The City presents an operations and maintenance reserve of 212%. This details that even if the City were to experience an unprecedented hardship in repair and maintenance activities, it would not constitute an excessive financial burden, and the City would still be able to continue meeting its projected payments.
- Despite the various fluctuations and rising in operating expenses, which are further detailed in the "financial analysis" section of this report, indicators related to the City's overall finances are considered strong.

DESCRIPTION OF THE LOAN:
An estimated $8,754,238 direct loan with a twenty-year term with two payments annually at an estimated interest rate of 3.25% will cost the City approximately $598,697 in debt service annually. An estimated $7,550,943 IIJA/BIL Lead Service Line (LSL) direct loan with a twenty-year term with two payments annually at an interest rate of 3.25% will cost the City approximately $516,405 in debt service annually. The total annual debt service is $1,115,102. The City also qualifies for $10,000,000 in DWRF IIJA/BIL Lead Service Line principal forgiveness.

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

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.94%	0
2a: County Job Change	0.00%	>	10.55%	
2b: County Unemployment	5.35%	<	4.19%	0
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>		
	$119,338	<	$88,368	1
4: Rates to MHI	0.76%	<	0.76%	0
5: Project addresses removal of lead or emerging contaminants	Yes		Yes	1
6: % Minority	40.00%	<	59.05%	1
7: % Households Housing Burdened	50.00%	<	38.96%	0
8: % Population under 200% Poverty Level	40.00%	<	26.73%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	39.15%	0
10: Meets DAC criteria	Yes		No	0
			Total Points Scored:	3

The City qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The City qualifies for approximately $10,000,000 in principal forgiveness, which is the current maximum for DWRF IIJA/BIL Lead Service Line principal forgiveness.

ECONOMIC ANALYSIS: The City has a 2024 population estimated at 401,564 and has grown at an average annual rate of 0.94% since 2020. Adams County has experienced an increase of 1.10% in population since 2020. Arapahoe County has experienced an increase of 0.43% in population since 2020. Douglas County has experienced an increase of 2.26% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

As part of the Denver metropolitan area and sitting within the central portion of the Front Range Urban Corridor, the region's economy is dominated by professional, scientific, and technical services; health care and social assistance; retail trade; accommodation food services; and local government services.

The area's largest employers consist of Buckley Air Force Base, with 12,100 employees; the University of Colorado Anschutz, with 6,560 employees; Aurora Public Schools, with 5,000 employees; Children's Hospital Colorado, with 4,270 employees; and the University of Colorado Hospital, with 4,000 employees.

The City does note that WISE accounts for 5.7% of the system's total usage and 4.2% of the total revenue.

ORGANIZATIONAL ANALYSIS:
Bond Rating
The City's debt was rated by Fitch, Moody's, or Standard & Poor's in 2024, where it received an AA+ credit rating.

Section 37-60-126(2) C.R.S. (Water Conservation Planning)
The City sells more than 2,000 acre-feet of water per year. The City is currently out of compliance with an approved Water Use Efficiency Plan. However, the City is currently and actively working with the Colorado Water Conservation Board (CWCB) on the submittal of a draft.

Organizational Structure
The City is a Home Rule governed by a Council-Manager form of government and was incorporated in 1891. The City provides services including police and fire protection, water and wastewater services, public works services, and parks and recreation services. Approximately 522 full-time employees staff the water utility. The water utility is overseen by the general manager, who reports to the city manager, who then reports to the mayor and city council.

- The City has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The City is insured through the Association of Cooperative Operations Research and Development (ACORD).
- 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 recommendations.

Capital Improvement Plan
As part of the application process, the City submitted a capital improvement schedule through 2042 which anticipates capital outlay of $7,343,834,625 for a series of projects. Among these are: annual vault/valve rehabilitation; solar construction; the development of master plans; improvement of the billing system software; raw water pump stations design, construction, and upgrades; waterline replacements; transmission main assessment, design, and construction; tank acquisition, design and construction; among others. These projects are to be funded from a combination of grants and reserves.

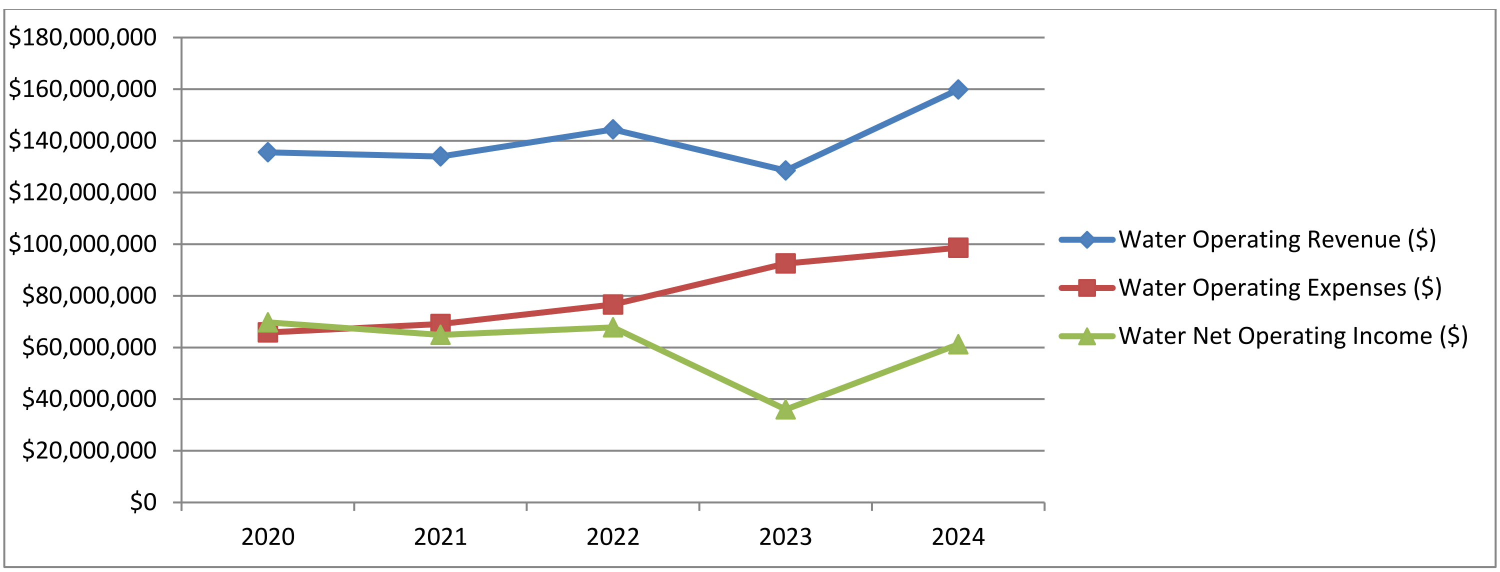
Intergovernmental
The City has various active IGAs with various entities. The following summaries provide an overall explanation of the system's function and relation with others:

1. **The WISE Partnership***:* Originally executed 2012 and amended in 2025, the WISE Partnership is designed to deliver an average of 10,000 acre-feet per year of treated water from reusable supplies provided by Aurora Water and Denver Water, conveyed through Prairie Waters to South Metro. This water is distributed to eleven third-party members: (1) Town of Castle Rock; (2) Dominion Water and Sanitation District; (3) Stonegate Village Metropolitan District; (4) Cottonwood Water and Sanitation District; (5) Denver Southeast Suburban Water and Sanitation District (also known as Pinery Water and Wastewater District); (6) Centennial Water and Sanitation District; (7) Rangeview Metropolitan District; (8) Parker Water and Sanitation District; (9) Meridian Metropolitan District; (10) Inverness Water and Sanitation District; and (11) Douglas County. Each third-party member currently owns or may in the future own or operate water utility infrastructure within its service area and requires supplemental water supplies. However, their specific needs and circumstances vary.
2. Roxborough Water and Sanitation District Contracts: Under the Intergovernmental Agreement dated December 20, 2010 (the "Roxborough Agreement"), which superseded earlier agreements dating back to 1972, the City, acting through Aurora Water, committed to supplying Roxborough Water and Sanitation District ("Roxborough") with a perpetual source of raw water. This supply may be delivered either from the Rampart Pipeline to the Roxborough treatment plant or via the WISE Partnership through an East Cherry Creek Valley Water and Sanitation District pipeline.
3. Dominion Water and Sanitation District Contracts: Under a comprehensive Intergovernmental Agreement executed and renewed in 2025, the City, acting through Aurora Water, provides Dominion Water and Sanitation District ("Dominion") with water services under the 230 Water, 250 Water, and Temporary 570 Water agreements. Dominion participates in the WISE Partnership as a subscriber for 1,325 acre-feet and is also a member of South Metro.

REVENUE ANALYSIS:
Operating revenue has increased over the years examined, driven by a consistent increase in base rates. In 2023, operating revenue decreased due to a decline in charges for services, as a wetter-than-normal spring reduced outdoor water usage among customers. However, it later increased in 2024 due to an increase in charges for services resulting from a drier-than-normal spring, which drove higher-than-normal outdoor water consumption. Operating expenses have increased over the years examined, generally attributable to a rise in costs of sales and services associated with inflation, depreciation, and a general increase in operating costs; in 2023, operating expenses rose at a higher-than-normal rate, driven by increased operating costs and costs of sales, including pension expenses, higher purchased water expenses, and intergovernmental agreements.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)	49.59	49.59	50.08	51.49	52.66	53.60	55.68
Monthly Sewer Rate ($)	18.61	18.61	18.61	19.58	20.96	23.05	24.89
Residential Water Tap Fee ($)	9,760	10,798	10,284	12,341	13,631	14,313	14,313
Residential Sewer Tap Fee ($)	1,804	1,804	1,920	2,041	2,449	2,939	3,527
Total Water Revenue ($)	200,653,833	193,731,522	204,871,567	217,396,112	260,758,275		
Tap/Development Fees ($)	57,219,210	58,560,561	61,893,769	75,801,038	93,509,466		
Water Operating Revenue ($)	135,565,946	133,945,565	144,413,185	128,512,257	159,845,651		
Water Operating Expenses ($)	65,816,272	69,063,516	76,634,537	92,512,411	98,612,286		
Water Net Operating Income ($)	69,749,674	64,882,049	67,778,648	35,999,846	61,233,365		
Water Debt ($)	389,675,000	554,275,000	542,532,955	528,468,967	652,280,899		
Total Debt ($)	633,200,411	850,335,566	845,121,846	861,180,313	971,751,869		
Water Debt Service ($)	20,925,026	23,340,576	27,208,735	28,718,219	28,942,365		
Water Debt Service/Tap/Month ($)	19.47	21.25	24.29	25.20	24.86		
Water Fund Reserves ($)	154,170,420	276,361,212	217,190,006	183,159,780	209,262,636		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	68%	69%	70%	59%	61%	66%
Operating Revenue as % of Expenses	206%	194%	188%	139%	162%	178%
Tap Fee Revenue as % of Total Revenue	29%	30%	30%	35%	36%	32%



Recent Rate Increases
The City's most recent rate increase of $2.08 was implemented on January 1, 2026.

User Charges
The City's current monthly water rate is estimated at $55.68 compared to the 2024 estimated state median of $60.61. The City's average monthly water rate is based on typical residential consumption of 6,506 gallons per month. Residential users use a tiered structure. Users pay a volume charge of $5.80 per 1,000 gallons for consumption from 0 to 5,000 gallons. For consumption from 5,001 to 10,000 gallons, a volume charge of $7.30 per 1,000 gallons applies. For consumption from 10,001 to 19,999 gallons, a volume charge of $10.42 per 1,000 gallons applies. For consumption beginning at 20,000 gallons and any exceeding of it, a volume charge of $14.60 per 1,000 gallons applies.

Commercial users are given a "annual block allocation". This is an individualized water budget allocated each calendar year, determined by the General Manager, based on projected demand as defined by the city water engineer standards and specifications for the utility's cost recovery. The user may request a review or appeal process for which the current annual allotments may be adjusted. The purpose of this is to ensure the user is using best water management practices, not wasting water, and clearly show water efficiency measures have been implemented. Users are charged on a per 1,000 gallons basis, for which the cost per 1,000 gallons used up to 100% of the annual block allocation is $7.11, and the cost per 1,000 gallons used greater than the set annual allocation is $12.59.

All user types pay a monthly service charge which is dependent on the meter size. This starts at $15.69 for a 5/8'' and ¾'' meter, and go up to $585.46 for a 8'' meter.

The City's current estimated average monthly residential sewer rate is $24.89 compared to the 2024 estimated state median of $44.65. Users pay a monthly service charge based upon the size of the meter. These start at $5.95 for a 5/8'' and ¾'' meter and go up to $594.78 for a 6'' and 8'' meter. In addition to this, users pay $5.46 per 1,000 gallons utilized. All users follow the same structure.

Contributed Capital
Revenue from tap fees has ranged from $57,219,210 to $93,509,466 and has averaged 32% of total water revenue during the last five years. The City's most recent water tap fee rate increase occurred in January 1, 2026.

- Residential and commercial water tap fees are $14,313.
- Residential sewer tap fees are $3,527. Commercial sewer tap fees start at $12,822 for a ¾'' tap, with cost increasing in direct relation to the size of the tap.

Current System Utilization		
	Usage	Revenue
Residential	75%	77%
Non-residential (per EQR)	25%	23%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	$55.68/$14,313	$24.89/$3,527
¾"	$70.20/$14,313	$24.89/$12,822

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2009	Series 2009, General Obligation Bonds	2029	General Fund	$200,000	5.250%	$55,500
2010	Series 2010, General Obligation Bonds	2031	General Fund	$152,000	5.450%	$30,284
2010	Series 2010, General Obligation Bonds	2031	General Fund	$195,000	4.990%	$39,731
2011	Series 2011, General Obligation Bonds	2031	General Fund	$1,025,000	4.380%	$199,895
2015	Series 2015, Certificates of Participation	2040	General Fund	$17,030,000	3.500%	$1,498,675
2016	Aurora Urban Renewal Authority	2041	General Fund	$16,420,000	1.750%	$1,187,350
2016	Series 2016, First-Lien Water Improvement Revenue Bonds	2046	Water Revenue	$125,935,000	3.000% - 5.000%	$16,861,300

2016	Series 2016, First-Lien Sewer Improvement Revenue Bonds	2026	Sewer Revenue	$3,085,000	1.560%	$3,133,126
2017	Series 2017, Certificates of Participation	2042	General Fund	$22,700,000	5.000%	$1,998,400
2017	Series 2017B, Certificates of Participation	2037	General Fund	$19,440,000	5.000%	$1,998,369
2017	Key Government Finance	2032	General Fund	$5,225,000	2.650%	$823,891
2017	Series 2017, General Obligation Bonds	2032	General Fund	$193,000	3.270%	$31,311
2017	Series 2017, Murphy Creek Golf Course	2026	Golf Enterprise	$534,000	2.000%	$544,680
2018	Series 2018A, First-Lien Sewer Improvement Revenue Bonds	2030	Sewer Revenue	$1,074,728	3.035%	$234,886
2018	Series 2018B, First-Lien Sewer Improvement Revenue Bonds	2030	Sewer Revenue	$15,249,673	1.231% - 1.322%	$3,168,235
2019	Series 2019, Refunding and Improvement Certificates of Participation	2031	General Fund	$36,025,000	5.000%	$7,096,250
2019	JP Morgan Equipment Finance	2026	General Fund	$577,208	1.768%	$587,413
2020	Series 2020, Certificates of Participation	2045	General Fund	$29,315,000	4.000%	$1,998,700
2021	Key Government Finance	2028	General Fund	$3,609,389	1.064%	$1,228,822
2021	Series 2021, First-Lien Water Improvement Revenue Bonds	2051	Water Revenue	$122,760,000	2.250%	$2,762,100
2021	Series 2021B, First-Lien Water Improvement Revenue Bonds	2046	Water Revenue	$250,085,000	0.923% - 2.720%	$9,241,395
2021	Series 2021, First-Lien Sewer Improvement Revenue Bonds	2051	Sewer Revenue	$43,970,000	4.000% - 5.000%	$2,005,800
2022	Series 2022, Certificates of Participation	2029	General Fund	$3,631,837	2.60%	$967,722
2022	Banck of America Public Capital Corp	2032	General Fund	$5,759,975	3.31%	$990,832
2022	NBH Capital Finance	2039	TIF Revenues of Lodge Rax, Sales & Use Tax, Property Tax, Net Garage Revenues and Net Conference Center Revenues	$18,045,000	4.060%	$1,717,627
2023	JP Morgan Equipment Finance	2030	General Fund	$5,758,671	3.709%	$1,282,997
2023	Series 2023, First-Lien Sewer Improvement Revenue Bonds	2053	Sewer Revenue	$43,780,000	4.000% - 5.000%	$1,867,450
2024	Banc of America Public Capital Corp	2031	General Fund	$5,674,810	3.8249%	$1,153,913

2024	Series 2024, First-Lien Water Improvement Revenue Bonds	2054	Water Revenue	$133,935,000	4% - 5%	$8,574,700
2024	Internal Lease	2029	Golf Enterprise	$868,324	2.700%	$231,929
**2025	Banc of America Public Capital Corp	2032	General Fund	$5,759,975	3.31%	$990,832
**2025	Series 2025, Certificates of Participation	2054	General Fund	$25,090,000	5%	$1,663,813
**2025	BOK Financial Public Finance, Inc.	2030	Golf Enterprise	$1,428,924	4.070%	$321,607
**2025	Series 2025, First-Lien Sewer Improvement Revenue Bonds	2055	Sewer Revenue	$84,530,000	4.125% - 5.000%	$2,573,323

****NOTE:** 2025 financial lending notes, bonds, and COPs are not yet present in the most recent audit presented to OSA. However, the City has provided documentation stating that these have been closed at the time of the presentation of this credit report and will cause additional debt burden to the related fund. The inclusion of these is for informative purposes to better present the City's overall financial standing.

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 current debt with the Authority, including the SRF programs.

Project #140131D-I
Cost Categories:

- Planning and Design: 10
- Construction: Transmission and Distribution: 90

Prepared by: Monica Munoz-Revelo
Date: July 28, 2026

July 28, 2026 DWRF Credit Report City of Aurora, Adams, Arapahoe, and Douglas Counties, CO Using most recent data available (Census, audits, local records)			
Estimated Population - 2024	401,564		
Number of Water Taps/Customers - 2024	97,026		
Total Assessed Valuation - 2024	$8,530,933,000		
Actual Value of All Real Property - 2024	$74,393,029,000		
Median Household Income (MHI) - 2023	$88,368		
Monthly Water Rate - 2024	$0.00		
Water Operating Revenue - 2024	$159,845,651		
Water Total Revenue - 2024 [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.]	$260,758,275		
Water Tap and System Development Fee Revenue - 2024	$75,801,038		
Water Operating Expense - 2024	$98,612,286		
Water Current Expense - 2024	$127,554,651		
Water Debt - 2024	$652,280,899		
Total Debt - 2024	$971,751,869		
Water Fund Reserves - 2024	$209,262,636		
Water Debt Service - 2024	$28,942,365	Base Direct Loan	IIJA/BIL LSL Loan
New Water Debt [Requested DWRF loan amount.]	$16,305,181	$8,754,238	$7,550,943
Requested DWRF Loan Term	20	20	20
Requested DWRF Loan Interest Rate	3.25%	3.25%	3.25%
New Loan's Annual Water Debt Service (two payments annually)	$1,115,102	$598,697	$516,405

Current Indicators (2024)
City of Aurora
(Water)

1	Total Debt	$971,751,869	÷	Population	401,564	=	$2,420
	New Debt	$16,305,181	÷	Population	401,564	=	$41
	Total Debt + New Debt	$988,057,050	÷	Population	401,564	=	$2,461
2	Total Debt	$971,751,869	÷	Number of Taps	97,026	=	$10,015
	New Debt	$16,305,181	÷	Number of Taps	97,026	=	$168
	Total Debt + New Debt	$988,057,050	÷	Number of Taps	97,026	=	$10,183
3	Total Debt	$971,751,869	÷	Assessed Value	$8,530,933,000	=	11.39%
	New Debt	$16,305,181	÷	Assessed Value	$8,530,933,000	=	0.19%
	Total Debt + New Debt	$988,057,050	÷	Assessed Value	$8,530,933,000	=	11.58%
4	Total Debt	$971,751,869	÷	Actual Value	$74,393,029,000	=	1.31%
	New Debt	$16,305,181	÷	Actual Value	$74,393,029,000	=	0.02%
	Total Debt + New Debt	$988,057,050	÷	Actual Value	$74,393,029,000	=	1.33%
5	Current Water Debt	$652,280,899	÷	Number of Taps	97,026	=	$6,723
	(Current Water Debt + New Water Debt) / Number of Taps	$6,891	÷	MHI	$88,368	=	7.80%
6	Current Ratio (CA / CL)						
	Current Assets	$286,776,952	÷	Current Liabilities	$77,514,316	=	370%
7	Reserve/Expense Ratio						
	Reserves	$209,262,636	÷	Current Expenses	$127,554,651	=	164%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$159,845,651	÷	Operating Expenses	$98,612,286	=	162%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$260,758,275	-				
	Minus Operating Expenses	$98,612,286					
	=	$162,145,989	÷	Current Debt Service	$28,942,365	=	560%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$162,145,989					
	Minus Tap and Development Fee Revenu	$75,801,038					
	=	$86,344,951	÷	Current Debt Service	$28,942,365	=	298%
11	Projected Coverage Ratio						
	Total Revenues	$260,758,275					
	Minus Operating Expenses	$98,612,286					
	=	$162,145,989		Total Debt Service (with new loan)	$30,057,467	=	539%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$162,145,989					
	Minus Tap and Development Fee Revenu	$75,801,038					
	=	$86,344,951	÷	Total Debt Service (with new loan)	$30,057,467	=	287%
13	Current Debt Service	$28,942,365	÷	Number of Taps	97026	=	$298.29
	Annual New Water Debt Service	$1,115,102	÷	Number of Taps	97026	=	$11.49
14	2024 Annual Water Rate (Monthly Rate x 12)	$0.00	÷	MHI	$88,368	=	0.00%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$11.49	÷	MHI	$88,368	=	0.01%
15	Current 2024 Monthly User Charge						$0.00
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$0.96
	Total						$0.96
16	Operation and Maintenance Reserve						
	Reserves	$209,262,636	÷	Operating Expenses	$98,612,286	=	212%

Principal Forgiveness and Priority Point Scoring

Applicant: City of Aurora
DWRF or WPCRF: DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes.

Eligible BIL principal forgiveness percentage: 56.977%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): $10,000,000

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	25
DOLA Affordability Score:	95
Total Score	120

Eligible as a base program DAC? No.

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

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

Priority Point Scoring

Total WQCD Score:	40
DOLA Affordability Score:	95
Total Score:	135

2026 IUP DWRF Priority Point Calculations

Entity Name:	City of Aurora
Date of Scoring	6/8/2026
SRF Phase:	Loan app
DOLA Score:	95
DAC:	Not DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$88,368	93%
	<50% of state MHI	35			
	Between 51% and 80% of state MHI	20			
	Between 81% and 100% of state MHI	5	x		
	>100% state MHI	0			
S5a	**User Fees (current water rate at 110%/tap/MHI)**			1.60%	
	Rates are > 1.55%	45	x		
	Rates are between 1.11% and 1.55%	25			
	Rates are < 1.11%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45			
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current water debt per tap compared to MHV**			2.10%	
	Debt is > 0.63%	45	x		
	Debt is between 0.21% and 0.63%	25			
	Debt is < 0.21%	0			
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25			
	Debt is < 0.57%	0			
	Population served			401,564	
	Less than 500	35			
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0	x		
S3	**Assessed Value/Household**			55,986	
	AV per household is < $12,722	35			
	AV per household is between $12,272 and $24,337	20			
	AV per household is between $24,337 and $46,151	10			
	AV per household is greater than $46,151	0	x		

Date:	3/27/2024			
Project Name:	Aurora Water Lead Replacement Program			
SRF Project Number:	140131D-I			
ES Project Number:	ES.24.SRF.08418			
Drinking Water Revolving Fund Priority Scoring Model (Attachment I DWRF IUP 2024)				
Drinking Water Quality and Public Health Points	**Possible Points**	**Points Scored**	**WHO SCORES**	
Project addresses a documented waterborne disease outbreak associated with the system within the last 24 months.	35	0	Engineering Section	
Project corrects or prevents violations of MCLs (primary standards)1 **(may score points in multiple categories)**				
• Nitrate, nitrite, TCR.	30	0	Engineering Section	
• Total trihalomethanes, total haloacetic acids.	25	0	Engineering Section	
• Arsenic, selenium.	20	0	Engineering Section	
• Other regulated contaminants.	15	15	Engineering Section	
1 This accommodates repeat violations and provides indicators for both chronic and acute health hazards				
Project corrects or prevents exceedances of MCLs for radionuclides.	35	0	Engineering Section	
Project corrects inadequate treatment techniques that are unable to satisfy the requirements for: (scores total 20 points one or more of the following)	20	0	Engineering Section	
• Surface water.				
• GWUDI.				
• Groundwater.				
Project corrects exceedances of secondary drinking water standards.	10	0	Engineering Section	
System has inadequate supply* to meet all current domestic water supply demands (*system must provide records of water usage to substantiate supply is inadequate).	25	0	Engineering Section	
Project will correct or prevent: (points are not additive, scores points only in one category)				
• Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages).	20	0	Engineering Section	
• Inadequate distribution due to chronic low pressure.	15	0	Engineering Section	
• Inadequate storage.	10	0	Engineering Section	
• Demand exceeding design capacity.	5	0	Engineering Section	
Project incorporates fluoridation.	10	0	Engineering Section	
Total Drinking Water Quality & Public Health Score =		15		
Affordability				
Total Financial / Affordability Points scored by DOLA =			DOLA	
CPDWR Compliance Points	**Possible Points**			
(Points are not additive. Can score points only in one category)				
Project addresses an enforcement action by a regulatory agency and the facility is currently in violation of CPDWRs.	30	0	Engineering Section	
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order, notice of violation or other enforcement action.	20	0	Engineering Section	
Project is designed to maintain CPDWR compliance, meet new requirements, or address contaminants included in the priority list submitted by the Division to the Commission for which standards may be considered.	15	0	Engineering Section	
System is currently meeting all CPDWRs.	10	10	Engineering Section	
Total CPDWR Compliance Points=		10		
Total Addtional Subsidy Points =		25	(Sum of Drinking Water Quality&Public Health + Affordability + CPDWR Compliance points)	
Points scored in highest priority drinking water & public health criteria sections? (Enter "Yes only if points scored for addressing water borne disease outbreaks, Nitrate/Nitrite/TCR, or radionuclides - RED boxes)		No	Grants&Loans	
Source Protection and Conservation	**Possible Points**			
Project addresses vulnerability to potential pollution by conditions identified in an approved source water protection area assessment: (scores a total of 15 points for one or more of the following)	15	0	Engineering Section	
• Point source discharge within a delineated area.				
• Areas impacted by agricultural chemical use or run-off.				
• Area subject to oil/gas/mineral operations.				
• Unprotected watershed area.				
Project establishes a protective zone to address potential pollution as a result of wildfires in burn scar areas	10	0	Engineering Section	
Utility rate structure currently in place:				
• Increasing block rates.	15	15	Grants& Loans	
• Seasonal rates.	10	0	Grants& Loans	
• Uniform.	0	0	Grants& Loans	

Project will implement water metering, leak detection and/or other water conservation and efficiency infrastructure applications at a minimum of 20% of total project costs.	**10**	0	**Grants&Loans**	
Sustainability Points	**Possible Points**			
Project seeks to:				
● Correct compliance issues, water quality problems, and/or water supply problems through physical consolidation and regionalization of water systems.	**10**	0	**Engineering Section**	
● Correct and/or improve security of the water system.	**10**	0	**Engineering Section**	
● Incorporate beneficial uses of water treatment plant sludge and/or alternative concentrate management options in an approved Beneficial Use Plan2	**10**	0	**Engineering Section**	
2 The Hazardous Materials and Waste Management Division is the agency responsible for implementing the Regulations Pertaining to the Beneficial Use of Water Treatment Sludge and Fees applicable to the Beneficia				
Project promotes sustainable utilities and/or communities through a utility management plan that:				
● Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure as needed.	**5**	0	**Engineering Section**	
● Provides sufficient revenues to meet O&M and capital needs.	**5**	0	**Engineering Section**	
● Demonstrates that the facility has maintained licensed/certified operators, adequate staffing to properly operate and maintain the facility and will continue to do so.	**5**	0	**Engineering Section**	
● Incorporates a fix-it-first planning methodology.	**5**	0	**Engineering Section**	
Readiness to Proceed Points	**Possible Points**			
Project has secured one or more of the following:	**10**	0	**Engineering Section**	
● Plans and specifications approved.				
Project has funding secured by multiple assistance provider.	**10**	0	**Grants&Loans**	
	Total Points Scored	**40**		
Yes				
No				

DWRF LOAN CREDIT REPORT (2026)

Camelot Property Owner's Association (the "Association"), El Paso County

Recommendation:	**CONDITIONAL APPROVAL**
Loan Request:	$1,000,000
Interest Rate & Term:	5.00%, 30 years
Annual Debt Service:	$64,707
Pledge:	All Association Revenues
Current Dues & Rates:	$277.29
Estimated Dues Increase:	$6.46

Project Budget

DWRF Loan:	$1,000,000
Total:	$1,000,000

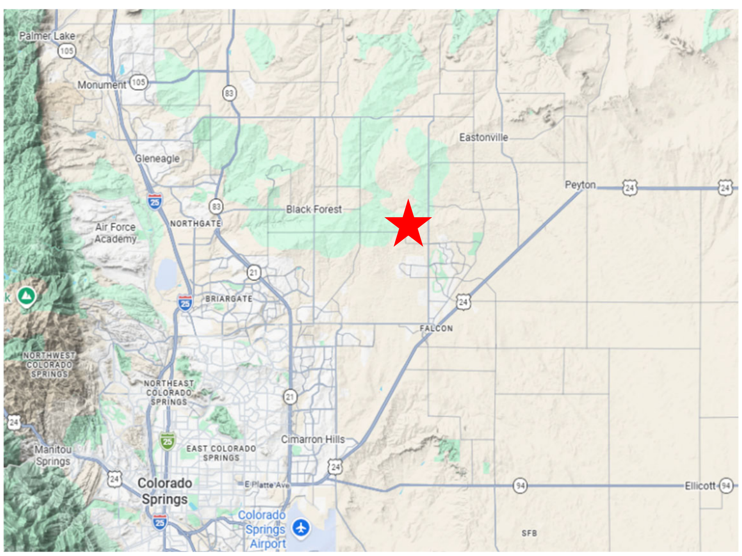
PROJECT DESCRIPTION: This project consists of a full replacement of the storage tank with two new 30,000-gallon water storage tanks and booster pump upgrades.

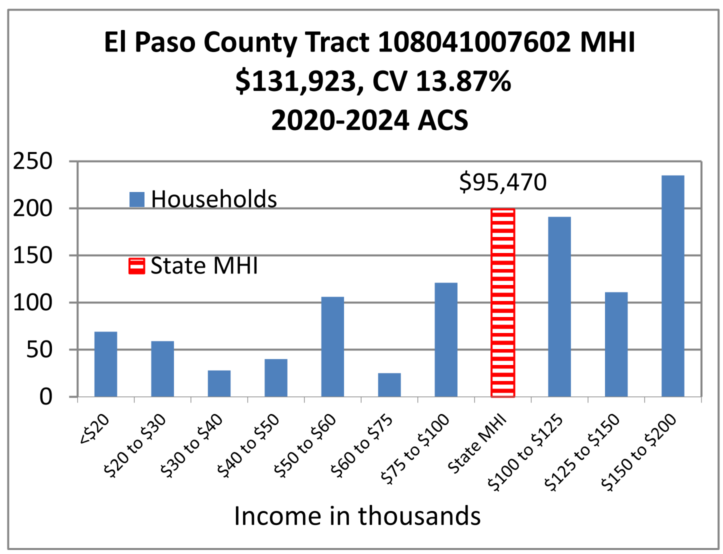
COMMUNITY PROFILE:

Camelot Property Owner's Association	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Avg. Annual Change**
Association Population			70	70	70	70	70	0.00%
El Paso County Population	733,831	738,767	742,583	746,917	752,892			0.64%
El Paso County Jobs	332,322	347,236	358,657	372,363	374,875			3.06%
Number of Water Taps			28	28	28	28	28	0.00%

*No assessed or actual values provided because the Association is not a taxing entity

BORROWER BRIEF: Camelot Property Owner's Association is located in northeastern El Paso County. The Association is located between State Highway 24 to its east and State Highway 83 to the west and is located approximately 16 miles northeast of downtown Colorado Springs and 4 miles north of Falcon.





RECOMMENDATION: The Association serves a small residential community in northeastern El Paso County. This proposed loan is necessary to replace this failing infrastructure before the tank collapses or the water becomes unsafe to drink. The small community relies on a single, structurally failing water tank and two aging well pumps that keep radioactive radium levels safe for a community serving only 28 lots. The Association has a very small financial base, making large capital projects financially burdensome. However, the Association raised dues via its water infrastructure fee significantly ($90.00) in 2026 and plans to raise the water infrastructure and consumption fees annually. The current projected dues increase is $6.46, and well within its approved amount for increases. We therefore recommend the DWRF Committee approve a $1,000,000 direct loan to the Camelot Property Owner's Association on the condition Association dues are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The Association is a small community serving a population of 70 residents located in El Paso County. The water system was originally constructed in 2002. The system receives water from two groundwater wells, which are blended to reduce the concentration of Radium 226/228 in the finished water. The water is pumped to a treatment plant for chemical injection. It is then stored in a finished water tank for contact time disinfection before being sent out to distribution.

Reason/need: The Association's potable water system serves 28 single-family residential lots in El Paso County, Colorado. The system needs significant upgrades due to aging infrastructure, potential health risks, and operational inefficiencies. Specifically, the only water storage tank and booster pump station have deteriorated, with the water storage tank being the priority due to structural integrity concerns. There is no direct access to backup potable water if this water tank fails. A second possible compliance issue stems from the system's ongoing need to meet the Maximum Contaminant Level (MCL) for Radium 226/228. The Association relies on blending water from two wells to reduce radium concentrations, but aging equipment for Well No. 1 threatens the system's ability to maintain compliance. Without upgrades, the reliability of blending ratios and consistent water quality could be compromised, leading to potential violations.

System Compliance: The Association 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: 8.5% of the total project cost

CURRENT INDICATORS:	2023	2024	2025		Weak		Average		Strong
Total Debt per Capita ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):			14,286	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	0	0	0		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			35,714	X	>$5,000		$2,500 - 5,000		<$2,500
Current Association Debt/Tap ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current Association + New Association Debt/Tap ($):			35,714	X	>2,000		$1,000 - 2,000		<$1,000
Curr. Assoc. Debt + New Debt/Tap/MHI: Association			27%	X	>20%		10-20%		<10%
Current Ratio (CA/CL):			N/A		<100%		100-200%	X	>200%
Association Fund Reserves/Current Expense:			487%		<50%		50-100%	X	>100%
Association Operating Ratio (OR/OE):	206%	251%	237%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:			N/A		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:			N/A		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			59%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			59%	X	<110%		110-125%		>125%
Current Annual Assoc. Rates*/MHI:			1.68%		>3.0%	X	1.5-3.0%		<1.5%
Current Assoc. Rates* + New Assoc. Debt Service/MHI:			3.44%	X	>3.0%		1.5-3.0%		<1.5%
Operation and Maintenance Reserve:			487%		<25%		25-50%	X	>50%
*Total dues include annual Association dues, water infrastructure fees (base rates), and consumption charges			**Total:**	**7**		**1**		**9**	

FINANCIAL ANALYSIS: Of the seventeen current indicators calculated, nine are rated strong, seven are considered weak, and one is considered average. Overall, the indicators illustrate a well-run and financially responsible system willing to take on significant debt. Strong indicators highlight robust reserves and solid operating and coverage ratios, with zero debt. While weak indicators reflect significant future debt, the Association is fully prepared to absorb it through sufficient planning and dues increases.

- Audited statements were used for the 2025 analysis; the audit covers October 1, 2024, to October 31, 2025. Expenses and revenues were then pro-rated to reflect a standard 12-month fiscal year. Prior to 2025, numbers came from the Association's records; as such, assets and liabilities were excluded.
- The Association charges annual dues, a monthly water infrastructure fee, and a monthly water usage fee. In 2026, the total monthly charges averaged $277.29, consisting of: $24.92 in Association dues ($299.00 billed annually), $190.00 for the water infrastructure fee, and an average $62.37 water consumption charge.
- The five-year average operating ratio is 184%. Only once (2021) has it dropped below the threshold for "strong," and following that year, the Association drastically increased its water infrastructure fees and subsequent revenues.
- Based on 2024/2025 financial information, coverage with the proposed loan is 59%. Additional annual revenue of about $33,138 or $98.63 per tap per month, would increase the coverage ratio to 110%. When incorporating the $90.00 increase and water consumption rate changes in 2026, the projected increase is estimated at only $6.46.

- Projections submitted by the Association show that it plans to increase volume charges by 3% every year in addition to increasing the water infrastructure base charge by 1% every other year.
- Indicators comparing current and projected debt to assessed and actual values are not included in this analysis. The Association is not a local government and does not receive these values from the County.

DESCRIPTION OF THE LOAN:
A $1,000,000 direct loan with a thirty-year term, two payments annually at an interest rate of 5% (4% loan interest rate and 1% up-front PNP Administration Fee) will cost the Association approximately $64,707 in debt service annually.

ECONOMIC ANALYSIS: Based on the State Demographer's estimate of 2.5 persons per tap, the Association has a 2025 population estimated at 70 and remains unchanged through the years observed. El Paso County has experienced an increase of 0.64% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

El Paso County's economy is dominated primarily by regional service, government and retirees. The County's largest job sectors include government (26%), retirees (15%), Education and Health Services (12%), and Professional and Business Services (11%). The area's largest employers consist of 4th Infantry Division & Fort Carson (36,000), Peterson Space Force Base (10,650), Schriever Space Force Base (8,000), the United States Air Force Academy (7,650), and UCHealth Memorial Health System (6,000).

Two customers account for more than 3% utilization: Account 128 is responsible for 15% total usage and 6.3% total revenue, while Account 125 is responsible for 10% total usage and 5.3% total revenue. The high usage is from a swimming pool and extensive landscaping. If these high-volume users were to significantly reduce their water consumption, it would have a direct impact on the Association's operations and maintenance budget. In that situation, the Association stated it would need to adjust rates accordingly to ensure adequate funding for ongoing system operations and maintenance needs. The Association completes an annual rate analysis to address shortfalls and is prepared to vote to increase usage rates more than the planned inflationary 3% annually.

ORGANIZATIONAL ANALYSIS:
Bond Rating
The Association'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 Association does not sell more than 2,000 acre-feet of water per year.

Organizational Structure
The Association is a Colorado nonprofit corporation, organized according to the Colorado Revised Nonprofit Corporation Act, (C.R.S. 7-121 to 7-127) in 2001. The Association is governed by a Board which has no fewer than three Directors. However, the bylaws also state that after control by the declarant terminates, the total number of directors can be subsequently increased or decreased by an affirmative vote of a majority of the members at an annual meeting. The Association currently operates with three board members. The articles of incorporation state that the purpose of the Association is to operate and manage the water system; maintain common areas, parks, roads, and street lighting; perform snow removal; and create and enforce community covenants.

The Association provided its articles of incorporation and bylaws for analysis as part of the application process.

The Association has no employees. The water utility is overseen by a contract operator, who reports to the Association Board.
- The Association completed a CPA audit of FY 2024/2025 financials per CWRPDA policy.
- The Association maintains general liability insurance coverage through Continental Casualty Company.
- There are currently no pending lawsuits against the Association.

Membership
Every person or entity who is a record owner of a fee or undivided interest in any lot subject to assessments is automatically a member of the Association. Membership is tied directly to lot ownership and cannot be separated from it. There are 28 lots in the Association, and it is fully built out.

The Association has distinct classes of voting membership:
- Class A (Built Lots): Owners of residential units are entitled to three (3) votes per unit. If multiple people own the same lot, they must decide among themselves how to vote, but no more than three votes can be cast per lot as an entirety.
- Class B (Vacant Lots): Owners of lots without a residential unit get one (1) vote per vacant lot. Multiple owners of a vacant lot are restricted to a single vote cast as an entirety.

Authority to collect assessments and take on debt
The Board must prepare an annual budget estimating common expenses, alongside a capital budget spanning at least five (5) years to establish a reserve fund for replacing or repairing community assets.

Copies of the budget and the annual general assessment totals must be emailed/posted on internal website at least 30 days before the annual meeting. The assessment can automatically increase year-over-year based on the percentage increase in the "Cost of Living Index". If a proposed budget exceeds this maximum authorized amount, a special meeting must be called where the budget can be vetoed by a majority of a quorum of members.

Both monthly installments and special assessments must be fixed at a uniform rate across all lots. However, a specific developer discount dictates that the rate for lots owned by the developer is fixed at exactly one-third of the regular assessment rate.

The Association has the explicit right to borrow money to improve common areas, buy additional land, or build facilities. However, the Board cannot borrow an amount exceeding 15% of the current annual general budget unless it is explicitly approved by a 75% vote of the membership present or represented by proxy at a meeting.

On April 12, 2025, a 3% water rate increase was proposed based on the annual water rates analyses report and passed unanimously supporting system operations and future upgrades. Additionally, on April 11, 2026, Association members approved an infrastructure fee increase of $90 per month, bringing the total dues to $277.29 per lot per month. Members also approved a maximum potential water infrastructure increase of $120 per lot per month, allowing the infrastructure fee to rise to as much as $220 per lot per month if needed. Additionally, on May 21, 2026, Bond Counsel confirmed that the Association has the approved authority to incur this proposed debt.

Fee collection and enforcement
The Association has the authority to levy charges and assessments in addition to collecting and enforcing payment. Every assessment is considered a lien on the lot and if unpaid, the Association may file a lawsuit to collect the debt or foreclose on the lien in the same manner as a mortgage under Colorado law.

Technical/Managerial/Financial (TMF)
The WQCD and DLG conducted a review of the Association's technical, managerial and financial capacity to operate the water system. The review resulted in the following mandatory recommendations:

- #F-2: Cash Flow Projection- The Association will be required to raise Association dues to meet and maintain the 110% coverage ratio requirement.

Capital Improvement Plan
The Association does not anticipate any other major projects for the next 5-10 years.

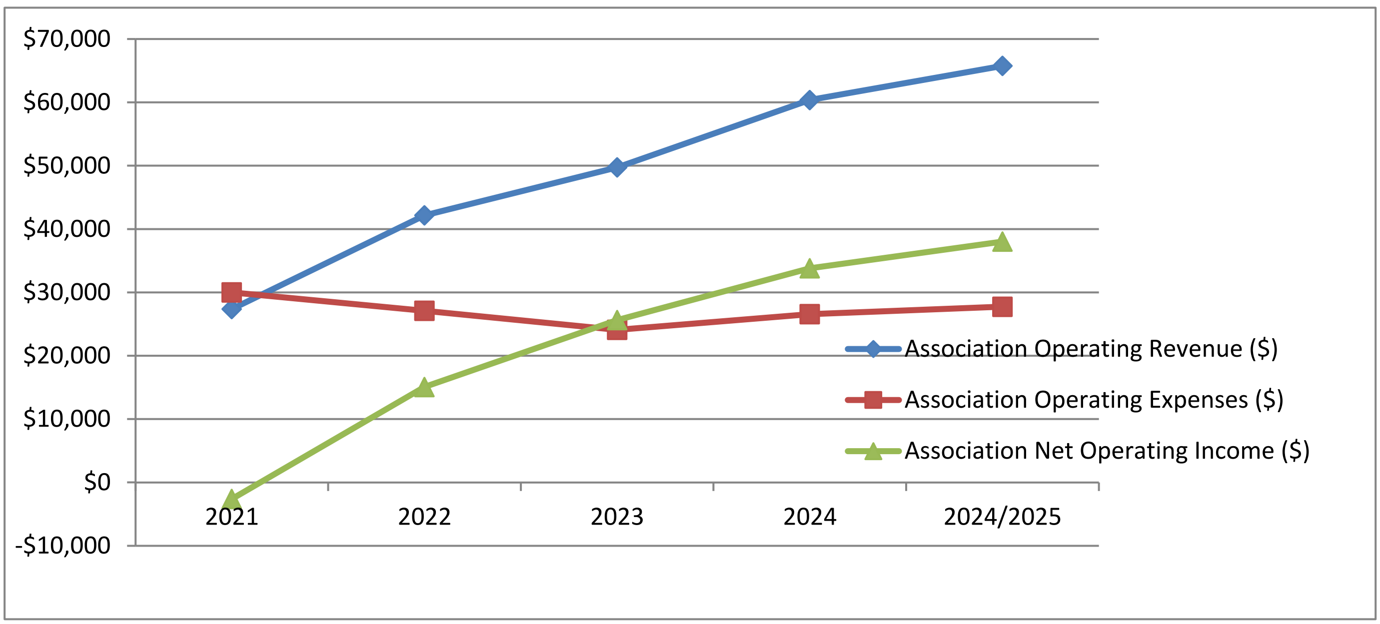
REVENUE ANALYSIS:
The Association's revenues have experienced strong, consistent growth over the observed five-year period, climbing each year. This steady upward trajectory was driven primarily by significant, ongoing adjustments to the monthly Association water infrastructure dues, which nearly tripled from 2021 to 2022, before continuing to rise by 2024/2025, and again rose significantly in 2026. In addition, the water consumption rates more than doubled between 2023 and 2024. Because tap and development fees remained nonexistent as a built-out community, operating revenues accounted for 100% of the Association's total revenue.

Association operating expenses remained relatively stable and well-managed over the same period, fluctuating slightly between a low of $24,097 in 2023 and a high of $29,998 in 2021. In 2021, operating revenues fell short of expenses, resulting in a net operating loss of $2,610 and an operating ratio of 91%. However, following the substantial dues increase in 2022, the Association's financial health pivoted sharply, and net operating income surged into positive territory. As a result of revenue outpacing expenses by a widening margin, the operating ratio climbed dramatically year-over-year with a robust five-year average of 184%. The Association carries no debt and has strong reserves.

Association reserves prior to 2025 could not be calculated as they were not audited and thus could not isolate assets and liabilities. However, the 2021-2024 financial documents were sufficient to perform the remaining financial analysis. For 2024/2025, the Association's audit was used for this analysis. The full audit covered October 1, 2024-October 31, 2025, in order to apply for a loan application during 2026. All figures were adjusted by a ratio of 12/13 months for consistency and to match the Association's standard fiscal year of January – December.

TRENDS	2021	2022	2023	2024	24/2025	2026
Monthly Total Association Dues ($)	73.43	148.43	150.79	183.71	185.12	277.29
Total Association Revenue ($)	27,388	42,169	49,733	60,372	65,783	
Tap/Development Fees ($)	0	0	0	0	0	
Association Operating Revenue ($)	27,388	42,169	49,733	60,372	65,783	
Association Operating Expenses ($)	29,998	27,103	24,097	26,565	27,744	
Association Net Operating Income ($)	-2,610	15,066	25,636	33,807	38,039	
Association Debt ($)	0	0	0	0	0	
Total Debt ($)	0	0	0	0	0	
Association Debt Service ($)	0	0	0	0	0	
Association Debt Service/Tap/Month ($)	0.00	0.00	0.00	0.00	0.00	
Association Reserves ($)	0	0	0	0	135,187	

Ratios	2021	2022	2023	2024	‘24/2025	Average
Operating Revenue as % of Total Revenue	100%	100%	100%	100%	100%	100%
Operating Revenue as % of Expenses	91%	156%	206%	227%	237%	184%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Recent Rate Increases
The Association’s most recent water infrastructure fee (base rate) increase of $90.00 ($92.16 total increase) was implemented on June 1, 2026.

User Charges
The Association’s current monthly water infrastructure fee plus water consumption rate is estimated at $252.37 combined, compared to the 2024 estimated state median of $60.61. The Association’s average monthly water rate is based on typical residential consumption of 9,407 gallons per month. Residential users pay a $190.00 base water infrastructure rate and a water volume charge of $0.00663 per gallon for consumption from 1-10,000 gallons. Above 10,000 gallons of consumption the following volume charges apply:

- $0.00895 per gallon for consumption from 10,001 - 35,000 gallons.
- $0.0133 per gallon for consumption from 35,001- 50,000 gallons.
- $100 surcharge plus $0.0133 per gallon for consumption above 50,000 gallons.

Contributed Capital
Revenue from tap fees has not been collected during the last five years as the community is built out.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%
Non-residential (per EQR)	0%	0%

Current Fee Summary	
Tap size	Association Dues plus Water Consumption/ Association Base Infrastructure Rate
¾”	$252.37/$190.00
¾”	N/A

DEBT as of October 31, 2025

The Association currently has no debt as of October 31, 2025. The Association has no existing debt with the Authority, including the SRF programs.

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

In addition to our standard covenants, Staff recommends the following:

1. The Association will establish a Debt Service Reserve Fund (DSRF) in an amount equal to one annual debt service payment (approximately $64,707). The reserve will be restricted as to use, and it will be held by the Authority’s Trustee (currently U.S. Bank). The DSRF account will be owned by the Association, held by U.S. Bank, and may be accessed by the Trustee/Loan Servicer (U.S. Bank) in the event of a full or partial missed payment. The Association will receive all accrued interest from the DSRF account (annually). Should the Trustee need to access the DSRF account to make a full or partial payment on behalf of the Association, the Association will be required to replenish this DSRF account as soon as practical, but no longer than a six-month period. The DSRF funds will be returned to the Association when the loan is paid in full. This DSRF must be fully funded prior to the Association’s loan repayment commencement date.

2. The Association will covenant to have a Certified Public Accountant prepare an annual CPA compilation, review, or audit, as required by total Association revenues or expenses.

3. When Association dues are received by the Association bookkeeper, the bookkeeper will be required to separate the portion of the dues allocable to upcoming loan payments and place this portion into a subaccount or separate account so that it is not commingled with dues allocable to operations of the Association. The objective is to physically separate funds to enhance accurate accounting and preparation for upcoming loan payments.

4. The Association must maintain a minimum of 3 Board Directors throughout the life of the loan.

Project # 230081D-Q
Cost Categories:

Planning and Design Only (non-construction): 12%
Construction - Transmission and distribution- 25%
Construction – Storage: 45%
Land Acquisition: 5%
Other: 13%
Total: 100%

Prepared by: Peter Dieterich
Date: July 28, 2026

July 28, 2026 DWRF Credit Report Camelot Property Owner's Association, El Paso County Using most recent data available (Census, audits, local records)	
Estimated Population - 2025	70
Number of Water Taps/Customers - 2025	28
Total Assessed Valuation - 2025	$0
Actual Value of All Real Property - 2025	$0
Median Household Income (MHI) - 2024	$131,923
Monthly Water Rate - 2025	$185.12
Water Operating Revenue - 2025	$65,783
Water Total Revenue - 2025 [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.]	$65,783
Water Tap and System Development Fee Revenue - 2024	$0
Water Operating Expense - 2025	$27,744
Water Current Expense - 2025	$27,744
Water Debt - 2025	$0
Total Debt - 2025	$0
Water Fund Reserves - 2025	$135,187
Water Debt Service - 2025	$0
New Water Debt [Requested DWRF loan amount.]	$1,000,000
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	5.00%
New Loan's Annual Water Debt Service (two payments annually)	$64,707

Current Indicators (2024)
Camelot Property Owner's Association
(Water)

1	Total Debt	$0	÷	Population	70	=	$0
	New Debt	$1,000,000	÷	Population	70	=	$14,286
	Total Debt + New Debt	$1,000,000	÷	Population	70	=	$14,286
2	Total Debt	$0	÷	Number of Taps	28	=	$0
	New Debt	$1,000,000	÷	Number of Taps	28	=	$35,714
	Total Debt + New Debt	$1,000,000	÷	Number of Taps	28	=	$35,714
3	Total Debt	$0	÷	Assessed Value	$0	=	N/A
	New Debt	$1,000,000	÷	Assessed Value	$0	=	N/A
	Total Debt + New Debt	$1,000,000	÷	Assessed Value	$0	=	N/A
4	Total Debt	$0	÷	Actual Value	$0	=	N/A
	New Debt	$1,000,000	÷	Actual Value	$0	=	N/A
	Total Debt + New Debt	$1,000,000	÷	Actual Value	$0	=	N/A
5	Current Water Debt	$0	÷	Number of Taps	28	=	$0
	(Current Water Debt + New Water Debt) / Number of Taps	$35,714	÷	MHI	$131,923	=	27.07%
6	Current Ratio (CA / CL)						
	Current Assets	$135,187	÷	Current Liabilities	$0	=	N/A
7	Reserve/Expense Ratio						
	Reserves	$135,187	÷	Current Expenses	$27,744	=	487%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$65,783	÷	Operating Expenses	$27,744	=	237%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$65,783	-				
	Minus Operating Expenses	$27,744					
	=	$38,039	÷	Current Debt Service	$0	=	N/A
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$38,039					
	Minus Tap and Development Fee Revenu	$0					
	=	$38,039	÷	Current Debt Service	$0	=	N/A
11	Projected Coverage Ratio						
	Total Revenues	$65,783					
	Minus Operating Expenses	$27,744					
	=	$38,039		Total Debt Service (with new loan)	$64,707	=	59%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$38,039					
	Minus Tap and Development Fee Revenu	$0					
	=	$38,039	÷	Total Debt Service (with new loan)	$64,707	=	59%
13	Current Debt Service	$0	÷	Number of Taps	28	=	$0.00
	Annual New Water Debt Service	$64,707	÷	Number of Taps	28	=	$2,310.96
14	2024 Annual Water Rate (Monthly Rate x 12)	$2,221.46	÷	MHI	$131,923	=	1.68%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$4,532.41	÷	MHI	$131,923	=	3.44%
15	Current 2024 Monthly User Charge						$150.79
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$192.58
	Total						$343.37
16	Operation and Maintenance Reserve						
	Reserves	$135,187	÷	Operating Expenses	$27,744	=	487%

2026 IUP DWRF Priority Point Calculations

Entity Name:	Camelot Property Owner's Association
Date of Scoring	8/5/2026
SRF Phase:	Loan app
DOLA Score:	35
DAC:	Not DAC

	Benchmarks			
$95,470	**2020-2024 State MHI estimate**			
		Points	**Entity Value**	
P1	**MHI**		$131,923	138%
	<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		
S5a	**User Fees (current water rate at 110%/tap/MHI)**		0.75%	
	Rates are > 1.55%	45		
	Rates are between 1.11% and 1.55%	25		
	Rates are < 1.11%	0		
	OR			
S5a	**User Fees for a combined water & sewer fund**			
	Rates are > 2.70%	45		
	Rates are between 2.03% and 2.70%	25		
	Rates are < 2.03%	0		
S4a	**Current water debt per tap compared to MHV**		0.00%	
	Debt is > 0.63%	45		
	Debt is between 0.21% and 0.63%	25		
	Debt is < 0.21%	0		
	OR			
S4a	**Current water & sewer debt (for combined systems)**			
	Debt is > 1.26%	45		
	Debt is between 0.57% and 1.26%	25		
	Debt is < 0.57%	0		
	Population served		70	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Betweeen 5,000 and 10,000	5		
	>10,000	0		
S3	**Assessed Value/Household**		#DIV/0!	
	AV per household is < $12,722	35		
	AV per household is between $12,272 and $24,337	20		
	AV per household is between $24,337 and $46,151	10		
	AV per household is greater than $46,151	0		

Principal Forgiveness and Priority Point Scoring

Applicant: Camelot Property Owner's Association
DWRF or WPCRF:DWRF

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

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): $0

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	10
DOLA Affordability Score:	35
Total Score	45

Eligible as a base program DAC?

Eligible base program DWRF/WPCRF principal forgiveness percentage:

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

Priority Point Scoring

Total WQCD Score:	40
DOLA Affordability Score:	35
Total Score:	75

DWRF LOAN CREDIT REPORT (2026)

Colorado City Metropolitan District ("The District"), Pueblo County

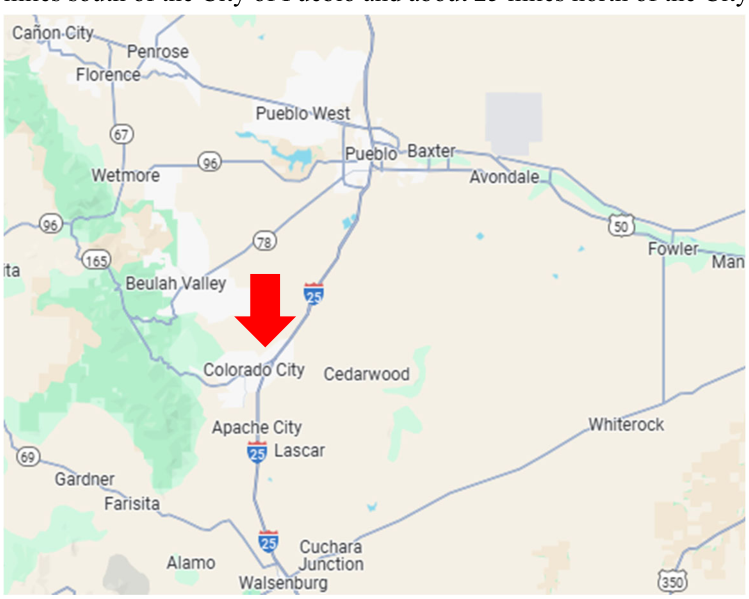
		Project Budget	
Recommendation:	**CONDITIONAL APPROVAL**	**DWRF Base Loan:**	$2,905,087
Total SRF Request:	$7,500,000	**DWRF BIL/IIJA Loan:**	$2,094,913
SRF Loan:	$5,000,000	**DWRF BIL/IIJA Principal Forgiveness:**	$2,500,000
Interest Rate & Term:	1.75%, 30 years	**2026 USDA Loan:**	$13,368,000
Annual Debt Service:	$214,939	**2026 USDA Grant:**	$2,550,000
Pledge:	Water and sewer revenues	**2024 EIAF Grant:**	$1,000,000
Current Rate:	$75.51 (W) $52.46 (S)	**District Reserves:**	$1,125,000
Estimated Rate Increase:	$36.34	**Total:**	$25,543,000

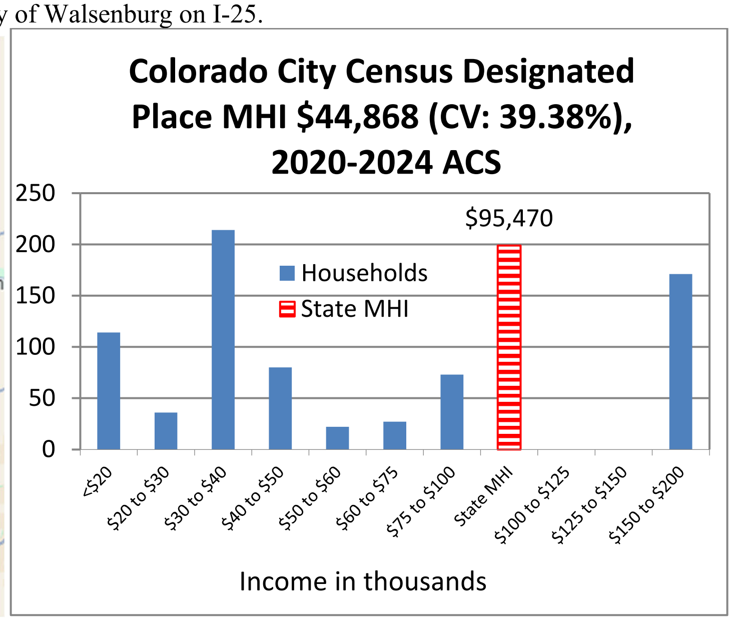
PROJECT DESCRIPTION: The project consists of upgrades to the District's existing membrane filtration water treatment plant, including the design and construction of a drinking water pretreatment Dissolved Air Flotation (DAF) system, DAF treatment building and all associated appurtenances.

COMMUNITY PROFILE:

Colorado City Metropolitan District	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Avg. Annual Change**
District Population			2,920	2,973	2,988	3,000	2,973	0.45%
Pueblo County Population	168,339	169,307	169,404	169,681	169,916			0.23%
Pueblo County Jobs	71,089	71,407	73,058	73,625	73,929			0.98%
Number of Water Taps			1,168	1,189	1,195	1,200	1,189	0.45%
Number of Sewer Taps			1,148	1,169	1,175	1,180	1,180	0.69%
Assessed Value ($000)		$24,891	$29,098	$29,251	$48,213	$47,699	$41,524	9.30%
Actual Value ($000)			$254,397	$265,437	$366,719	$430,969	$411,903	12.80%

BORROWER BRIEF: The District serves an unincorporated community in Southern Pueblo County. It is located approximately 23 miles south of the City of Pueblo and about 25 miles north of the City of Walsenburg on I-25.





RECOMMENDATION: The District serves a bedroom community in southern Pueblo County. This proposed loan is necessary to reduce turbidity and increase the removal of Total Organic Carbon, which will improve water quality. This proposed loan is large for the size of the community and the District has previously submitted an unsuccessful application for DWRF funding for this project. However, the District has secured grant funding from USDA and DOLA in addition to addressing the issues which were identified during the previous loan application for this project. The District has increased rates significantly and indicates that it plans to further increase rates to meet coverage ratio requirements. We therefore recommend the DWRF Committee approve a $2,905,087 disadvantaged communities direct base loan, a $2,094,913 disadvantaged communities IIJA/BIL loan, and $2,500,000 in principal forgiveness to the Colorado City Metropolitan District on the condition rates are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The District is located approximately 23 miles south of the City of Pueblo off State Highway 165. The District's water treatment plant serves a population of approximately 2,973 based on 1,189 service connections. The treatment plant receives surface water from Beckwith Reservoir, where it is filtered and treated with chlorine at the existing membrane treatment plant before entering the distribution system. The District has made significant progress in addressing water loss by replacing outdated or inaccurate water meters, resolving water treatment plant operations that used excessive amounts of water, and repairing breaks in 6-inch and 8-inch water lines. The District's average monthly unaccounted for water for May 2026 is now in the range of twenty percent.

Reason/need: The District's primary raw water source, Beckwith Reservoir, contains high levels of turbidity and total organic carbon (TOC), a precursor to disinfection byproduct (DBP) formation. As a result of treatment system inadequacies, the District has been subject to water quality compliance violations due to exceedances in DBPs and other factors. A DAF pretreatment assembly was selected after analyzing the needs of the District. Public health benefits are related to increased potable water quality, potable water treatment capacity, and resolving distribution system-related water losses. This project will provide the following benefits: improve overall finished water quality, increase run times on existing membrane units by decreasing the turbidity in the feed water, increase run times and clean-in-place intervals by reducing turbidity, increase the removal of TOCs, which in turn lowers DBP levels in the distribution system, and improve community health and economic development.

System Compliance: The District (CO0151200) has an enforcement order (DW.03.18.151200) issued March 8, 2019, to address disinfection byproducts (DBPs). A second enforcement order (DW.09.23.151200) was issued September 27, 2023, to address noncompliance with the first order and ongoing DBP issues. A Compliance Order on Consent (COC) was issued on October 10, 2024, resulting from an appeal process. The District has a compliance schedule in order to perform activities to meet compliance with the DBP maximum contaminant level. The District must begin construction of system improvements by either: (a) December 31, 2025, or (b) within one hundred eight (180) calendar days of Department approval of the design plans and specifications for system improvements, whichever comes later. The schedule also dictates that the District must complete construction within seven hundred eighty-five (785) calendar days of beginning construction of system improvements. The project is intended to return the system to compliance.

Project Delivery Method: Design/Bid/Build.

Contingency: 8.6% of the total project cost is included as contingency.

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	1,240	1,145	1,067		>$2,000	X	$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			2,741	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	3,100	2,862	2,668		>$5,000	X	$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			6,852	X	>$5,000		$2,500 - 5,000		<$2,500
Current W&S Debt/Tap ($):	3,072	2,853	2,668	X	>$2,000		$1,000 - 2,000		<$1,000
Current W&S + New W&S Debt/Tap ($):			6,852	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	12%	12%	6.61%		>50%		25-50%	X	<25%
Total Debt + New W&S Debt/Assessed Value:			17%		>50%		25-50%	X	<25%
Total Debt/Actual Value:	1.42%	1.28%	0.87%		>10%		5-10%	X	<5%
Total Debt + New W&S Debt/Actual Value:			2.23%		>10%		5-10%	X	<5%
Curr. W&S Debt + New Debt/Tap/MHI:			15%		>20%	X	10-20%		<10%
W&S Fund Current Ratio (CA/CL):	501%	521%	475%		<100%		100-200%	X	>200%
W&S Fund Reserves/Current Expense:	148%	126%	114%		<50%		50-100%	X	>100%
W&S Operating Ratio (OR/OE):	123%	104%	120%		<100%	X	100-120%		>120%
Coverage Ratio (TR-OE)/DS:	219%	180%	239%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	140%	59%	174%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			142%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			103%	X	<110%		110-125%		>125%

Current Annual Water Rates/MHI:	2.02%	____	>3.0%	X	1.5-3.0%	____	<1.5%
Current W&S Rates + New W&S Debt Service/MHI:	2.42%	____	>3.0%	X	1.5-3.0%	____	<1.5%
Operation and Maintenance Reserve:	132%		<25%		25-50%	X	>50%
	Total:	**5**		**6**		**10**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, ten are rated strong, six are average and five are considered weak. Overall, the indicators illustrate a system which has sufficient revenues to cover expenses. The strong indicators show that the community is in good financial condition. The weak indicators reflect that the debt will be a burden for the community when compared to the number of households.

- The District is pledging water and sewer revenues for the proposed loan. The District's audit presents the water and sewer funds as separate funds. For the purposes of this financial analysis and indicators, the water and sewer funds have been added together.
- Over the past five years, operating revenues have averaged 118% of expenses.
- The District received a Letter of Conditions from USDA for a funding package with a $13,368,000 loan and a $2,550,000 grant. The estimated repayment cost of the loan is $562,776 annually.
- Based on 2024 financial information, estimated repayment on the USDA loan, as well as increased payments for existing water and wastewater debt, coverage with the proposed loan is 65% with tap fee revenue and 47% without tap fee revenue. Additional annual revenue of about $518,452, or $36.34 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue. Additional annual revenue of about $723,452, or $50.70 per tap per month, would increase the coverage ratio to 110% excluding tap fee revenue.
- The District anticipates operations and maintenance costs to decrease approximately $511,391 from the current operations and maintenance baseline. This projected decrease is due to less need for professional services related to current projects in addition to automated processes and reduced backwashing leading to lower costs related to monitoring and testing. Cost savings are also anticipated in chemical and energy costs as a result of more efficient equipment and reduced backwashing.
- If the estimated operations and maintenance costs savings from the proposed project are realized, the projected coverage ratio rises to 109% with tap fee revenue and 92% without tap fee revenue. With tap fee revenue, additional annual revenue of about $7,061, or $0.49 per tap per month, is estimated to be necessary to meet the coverage ratio requirement. Excluding tap fee revenue, additional annual revenue of about $212,061, or $14.86 per tap per month, would be necessary.
- Projections submitted by the District shows a 40% increase in rates starting 2027, with rate revenue increasing roughly 2.4% annually after the initial 40% increase. A 40% increase should be sufficient to meet the coverage ratio requirement on the proposed loan.
- Without principal forgiveness, the coverage ratio moves to 59% with tap fee revenue and 43% without tap fee revenue. Additional annual revenue of about $636,669, or $44.62 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue.

Additional Project Financing

The District submitted a USDA application and received a Letter of Conditions on April 9, 2026, for a $13,368,000 loan and a $2,550,000 grant.

The District submitted an Energy and Mineral Impact Assistance Fund grant application for $1,000,000 which was awarded in March 2024.

DESCRIPTION OF THE LOAN:

An estimated $5,000,000 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the District approximately $214,939 in debt service annually. The District also qualifies for $2,500,000 in IIJA/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?

P1: MHI	$76,376	>=	$44,868	Y
P2: MHV	$431,520	>=	$259,100	Y
P3: County Unemployment	5.35%	<=	5.10%	N
County Job Change	0.00%	>=	10.04%	N
S1: County MHI	$76,376	>=	$64,010	Y
S2: Ten Year % Change in Population	0.00%	>=	N/A	N/A
S3: Assessed Value per Housing unit	$24,337	>=	$40,346	N
S4b: Curr. and Proj. System Debt	0.57%	<	3.45%	Y
S4b: 80th Percentile	1.57%	<	3.45%	Y
S5b: Proj. System Cost Per Tap to MHI	1.84%	<	5.57%	Y
S5b: 80th Percentile	2.67%	<	5.57%	Y

Based on 2020-2024 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 District qualifies for the lowest interest rate available (Category 2 DAC, 1.75%).

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

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	1.93%	0
2a: County Job Change	0.00%	>	10.04%	
2b: County Unemployment	5.35%	<	5.10%	0
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>		
	$119,338	<	$44,868	1
4: Rates to MHI	0.76%	<	3.42%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	10.22%	0
7: % Households Housing Burdened	50.00%	<	39.12%	0
8: % Population under 200% Poverty Level	40.00%	<	33.96%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	74.52%	1
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	6

The District qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The District qualifies for approximately $2,500,000 in principal forgiveness, which is the current maximum for IIJA/BIL DWRF supplemental principal forgiveness.

ECONOMIC ANALYSIS: Based on the State Demographer's estimate of 2.5 people per tap, the District had a 2024 population estimated at 2,988 and has grown at an average annual rate of 0.45% since 2020. Pueblo County has experienced an increase of 0.23% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

The County's economy is dominated by education and health services, retirees, government, households with public assistance income (excluding retirees), and manufacturing. Correspondingly, the largest job sectors in the county are government, health services, retail trade, accommodation and food, and construction.

The District's largest employers consist of Siete Inc, with 45 employees; Alcon, with 30 employees; Colorado City Unified School District, with 28 employees; the District itself, with 17 employees; and CSS Potato Farms, with 15 employees.

No customer accounts for more than 3% 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
The District is a Title 32, Article 1 special district governed by a five-member board of directors form of government and was organized in 1964. The District provides services including roads, parks and recreation, and water and wastewater services. Approximately four full-time employees staff the water utility. The water utility is overseen by the supervisor for plant operations, who reports to the District manager.

- 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 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 the following mandatory recommendations:

- Financial Criterion #F-2: Cash flow projection/analysis/financial plan

  The District should also be prepared to raise rates as necessary to meet the 110% debt coverage ratio requirement.

When the District previously applied to the DWRF for project funding, the WQCD identified several items needing follow up. Below is an update of those items:

- Water loss in the distribution system continues to be a chronic issue and while the District continues to attempt to address this concern by replacing all outdated water meters, water loss is still significant.
  - Update: The District has made significant progress in addressing water loss by replacing outdated or inaccurate water meters, resolving wastewater treatment plant operations that used excessive amounts of water, and repairing breaks found in 6-inch and 8-inch water lines. The District's average monthly unaccounted for water for May 2026 is now in the range of 20%, previously estimated to be 50%.
- Concerns regarding procurement of BABA-compliant (Build-America, Buy-America) water treatment equipment persist.
  - Update: The District is coordinating BABA compliance efforts through the USDA Rural Development, which is the lead funding agency. The District has provided confirmation to the WQCD that a BABA-compliant 1.5 MGD DAF pretreatment system will be installed.
- The District expects that the project may reduce operating costs by up to $500,000 however, the WQCD has not received any information to substantiate this amount.
  - Update: The District has provided an explanation and calculations demonstrating how annual operation and maintenance costs will be reduced by approximately $511,391 upon project completion. Cost savings will be seen in a reduction of energy usage, less treatment process chemicals will be needed, and monitoring and testing needs are expected to decrease substantially. The project will reduce the cost of buying new filters for the plant, at a rate of $158,000 every two years, and reduce chlorine usage by 50% because the District will no longer have to clean filters daily or backwash every 20 minutes.

- The current project scope presented for the SRF loan application is inconsistent with the Environmental Assessment. The EA includes dam rehabilitation and a new raw water pipeline, however, the SRF Project Needs Assessment and subsequent loan application do not include dam rehabilitation.
  - Update: Early in the planning process, the District had combined two distinctly separate projects into one environmental assessment: the DAF Pretreatment project and the Dam Embankment Modification project. This was done because the projects are adjacent to one another and at the time, development of one EA made sense. The dam embankment project is not included in this project.
- The local, state and federal agency consultations required for the Environmental Assessment (EA) are out of date. Due to design changes and project scope changes, consultations with the agencies listed need to be re-initiated. Consultation with the following agencies has not yet occurred or the agency comments from the initial EA were not addressed:
    - CDPHE Air Quality Control Division
    - State Engineer's Office
    - Local Floodplain Permitting Officer
    - Colorado Parks and Wildlife
    - U.S. Fish and Wildlife Office
    - State Historical Preservation Office
    - Department of Natural Resources
  - Update: Colorado City Metropolitan District has fulfilled the obligations required per the State Environmental Review Process (SERP). Though the official environmental determination will be finalized by USDA, CDPHE considers the environmental assessment complete and will defer to the determination published by USDA.

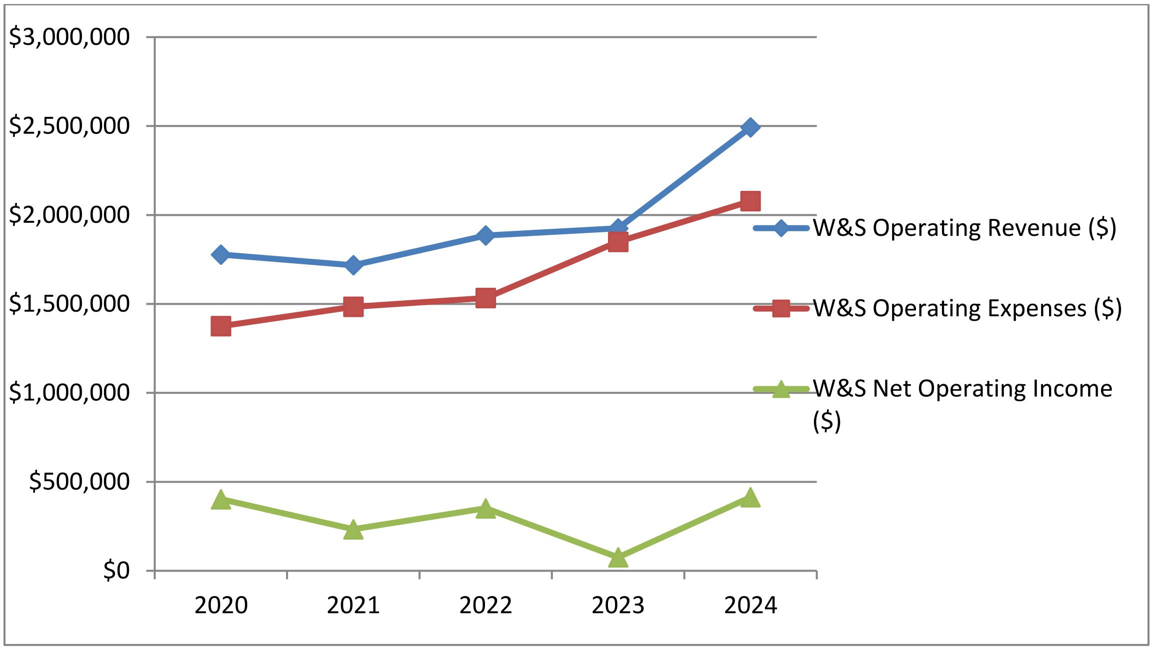
Capital Improvement Plan
As part of the application process, the District submitted a capital improvement schedule through 2028, which anticipates capital outlay of $13,212,175 for system-wide meter replacements, Lake Beckwith dam rehabilitation, and a leak detection project to be funded from a combination of grants, loans, and reserves.

Intergovernmental
The District has a 2018 intergovernmental agreement with the Town of Rye. The District treats the Town's wastewater. The Town is billed according to a master meter. The agreement is for a term of 20 years, unless terminated earlier by mutual agreement.

REVENUE ANALYSIS:
Operating revenues from the water and sewer funds have covered operating expenses for four of the five years examined. While operating expenses have consistently increased, operating revenues are also on a positive trend and net operating income increased between 2023 and 2024. The District is planning a 40% increase to rates to meet the additional bonds test on an existing Bank of the San Juans loan in addition to meet interest payments on the interim loan for USDA-RD financing. Operating expenses have increased due to outside contracted services.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)			49.27	53.67	75.51	75.51	75.51
Monthly Sewer Rate ($)			47.46	47.46	52.46	52.46	52.46
Residential Water Tap Fee ($)			5,100	11,000	15,000	15,000	15,000
Residential Sewer Tap Fee ($)			4,900	9,000	10,000	10,000	10,000
Total W&S Revenue ($)	2,357,876	2,161,618	2,222,699	2,416,751	2,826,392		
Tap/Development Fees ($)	524,310	361,145	249,250	380,500	205,000		
W&S Operating Revenue ($)	1,777,396	1,717,532	1,884,608	1,924,726	2,492,253		
W&S Operating Expenses ($)	1,375,074	1,484,017	1,533,319	1,849,156	2,077,984		
W&S Net Operating Income ($)	402,322	233,515	351,289	75,570	414,269		
W&S Debt ($)	3,969,592	3,769,917	3,587,860	3,391,999	3,187,729		
Total Debt ($)	4,034,083	3,816,792	3,620,691	3,402,980	3,188,120		
W&S Debt Service ($)	2,905,551	334,722	314,299	314,958	312,572		
W&S Debt Service/Tap/Month ($)			22.42	22.07	21.80		
W&S Funds Reserves ($)	1,453,903	1,505,057	2,729,850	2,736,997	2,736,075		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	75%	79%	85%	80%	88%	81%
Operating Revenue as % of Expenses	129%	116%	123%	104%	120%	118%
Tap Fee Revenue as % of Total Revenue	22%	17%	11%	16%	7%	15%



Recent Rate Increases
The District's most recent water rate increase of $21.84 and sewer rate increase of $5.00 were implemented on January 25, 2024.

User Charges
The District's current monthly water rate is estimated at $75.51 compared to the 2024 estimated state median of $60.61. The District's average monthly water rate is based on typical residential consumption of 5,000 gallons per month. Residential users with a ¾" tap pay a $37.37 base rate and a volume charge of $7.627 per 1,000 gallons for consumption up to 5,000 gallons, $9.918 between 5,001 and 15,000 gallons, $11.904 between 15,001 and 35,000 gallons, and $15.486 for consumption over 35,000 gallons. Residential users with a 1" tap pay a higher base fee of $43.01 but the same volume charges. Commercial users with a ¾" tap pay a $38.48 base rate, which increases with tap size up to $76.87 for commercial users with a 2" tap. All commercial users pay a volume charge of $10.856 per 1,000 gallons.

District's current estimated average monthly residential sewer rate is $52.46 compared to the 2024 estimated state median of $44.65. Residential users pay a base rate of $18.36 and a volume charge of $6.82 per 1,000 gallons of the average water consumption in December, January, and February. Commercial users pay a base rate of $18.81 and a volume charge of $8.17 per 1,000 gallons of actual water usage.

Contributed Capital
Revenue from tap fees has ranged from $137,100 to $279,860 and has averaged 15% of total water revenue during the last five years. The District's most recent water tap fee rate increase occurred in 2024.

- Residential and commercial water tap fees are $15,000.
- Residential and commercial sewer tap fees are $10,000.

Current System Utilization		
	Usage	Revenue
Residential	82%	83%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	$75.51/$15,000	$52.46/$10,000

Non-residential (per EQR)	18%	17%	¾”	$79.33/$15,000	$59.21/$10,000

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2020	Bank of the San Juans	2030	Water and sewer fund revenues	$3,187,729	3.39%	$261,404

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.

Prepared by: Victor Chen
Date: July 28, 2026

Project # 160121D-Q
Cost Categories: Planning and Design Only (non-construction): 15.5%
Construction - Treatment: 76.5%
Other: 8%

August 28, 2026

DWRF Credit Report
Colorado City Metropolitan District, Pueblo County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2024	2,988
Number of Water Taps/Customers - 2024	1,195
Total Assessed Valuation - 2024	$48,213,000
Actual Value of All Real Property - 2024	$366,719,000
Median Household Income (MHI) - 2023	$44,868
Monthly Water Rate - 2024	$75.51
W&S Operating Revenue - 2024	$2,492,253
W&S Total Revenue - 2024 [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.]	$2,826,392
W&S Tap and System Development Fee Revenue - 2024	$205,000
W&S Operating Expense - 2024	$2,077,984
W&S Current Expense - 2024	$2,390,556
W&S Debt - 2024	$3,187,729
Total Debt - 2024	$3,188,120
W&S Fund Reserves - 2024	$2,736,075
W&S Debt Service - 2024	$312,572
New W&S Debt [Requested DWRF loan amount.]	$5,000,000
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual W&S Debt Service (two payments annually)	$214,939

Current Indicators (2024)
Colorado City Metropolitan District
(Water and Sewer Funds)

1	Total Debt	$3,188,120	÷	Population	2,988	=	$1,067
	New Debt	$5,000,000	÷	Population	2,988	=	$1,674
	Total Debt + New Debt	$8,188,120	÷	Population	2,988	=	$2,741
2	Total Debt	$3,188,120	÷	Number of Taps	1,195	=	$2,668
	New Debt	$5,000,000	÷	Number of Taps	1,195	=	$4,184
	Total Debt + New Debt	$8,188,120	÷	Number of Taps	1,195	=	$6,852
3	Total Debt	$3,188,120	÷	Assessed Value	$48,213,000	=	6.61%
	New Debt	$5,000,000	÷	Assessed Value	$48,213,000	=	10.37%
	Total Debt + New Debt	$8,188,120	÷	Assessed Value	$48,213,000	=	16.98%
4	Total Debt	$3,188,120	÷	Actual Value	$366,719,000	=	0.87%
	New Debt	$5,000,000	÷	Actual Value	$366,719,000	=	1.36%
	Total Debt + New Debt	$8,188,120	÷	Actual Value	$366,719,000	=	2.23%
5	Current Water Debt	$3,187,729	÷	Number of Taps	1,195	=	$2,668
	(Current Water Debt + New Water Debt) / Number of Taps	$6,852	÷	MHI	$44,868	=	15.27%
6	Current Ratio (CA / CL)						
	Current Assets	$3,465,318	÷	Current Liabilities	$729,243	=	475%
7	Reserve/Expense Ratio						
	Reserves	$2,736,075	÷	Current Expenses	$2,390,556	=	114%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$2,492,253	÷	Operating Expenses	$2,077,984	=	120%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$2,826,392	-				
	Minus Operating Expenses	$2,077,984					
	=	$748,408	÷	Current Debt Service	$312,572	=	239%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$748,408					
	Minus Tap and Development Fee Revenu	$205,000					
	=	$543,408	÷	Current Debt Service	$312,572	=	174%
11	Projected Coverage Ratio						
	Total Revenues	$2,826,392					
	Minus Operating Expenses	$2,077,984					
	=	$748,408		Total Debt Service (with new loan)	$527,511	=	142%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$748,408					
	Minus Tap and Development Fee Revenu	$205,000					
	=	$543,408	÷	Total Debt Service (with new loan)	$527,511	=	103%
13	Current Debt Service	$312,572	÷	Number of Taps	1195	=	$261.57
	Annual New Water Debt Service	$214,939	÷	Number of Taps	1195	=	$179.87
14	2024 Annual Water Rate (Monthly Rate x 12)	$906.06	÷	MHI	$44,868	=	2.02%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$1,085.93	÷	MHI	$44,868	=	2.42%
15	Current 2024 Monthly User Charge						$53.67
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$14.99
	Total						$68.66
16	Operation and Maintenance Reserve						
	Reserves	$2,736,075	÷	Operating Expenses	$2,077,984	=	132%

2026 SRF Disadvantaged Community Criteria

Applicant:	Colorado City Metropolitan District
Test Result	**Conditions met to be DAC**
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

Loan Terms

Amount of Loan:	$	7,500,000
Interest Rate:		3.25%
Term (years):		20
Annual Payment:	$	512,921

				Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=		10,000	2,988	Y	
	Population 5 years ago (2020)				2,768		
	Poulation 10 years ago (2015)						
	Primary Factors						
P1	MHI (Place)	<=	$	76,376	44,868	Y	
	Margin of Error (MOE)	±			29,065		Census Designated Place
P2	MHV (Place)	<=	$	431,520	259,100	Y	
	Margin of Error (MOE)	±			108,143		Census Designated Place
P3	24 Month Unemployment (County)	>=		5.35%	5.10%	N	
	or 10 Year % Chng. Jobs (County)	<=		0.00%	10.04%	N	
	Jobs (2024)				73,560		
	Jobs (2015)				66,847		
	Priority Factor Count					2	
	Secondary Factors						
S1	MHI (County)	<=	$	76,376	64,010	Y	
	Margin of Error (MOE)	±			2,208		
	Reliability (CV)	<=		18.00%	2.10%	Y	
S2	10 Year % Chng. Population	<=		0.00%	#DIV/0!	#DIV/0!	
S3	Assessed Value / Housing Unit	<=	$	24,337	$40,346	N	
	Assessed Value				48,212,945		
	Total Housing Units				1195		Used # of housing units to estimate taps.

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.57%	1.03%	Y		
WS	Current + Projected Debt/Tap/MHV	>	0.57%	3.45%	Y		
	S4b 80th percentile		1.57%	3.45%	Y		
						If MHI CV > 18%, calculate result at top of band	**Result**
S5	System Full Cost / Tap / MHI	>	2.03%	5.00%	Y		
	Projected Rate @ 110% Coverage	>	1.84%	5.57%	Y		
	S5b 80th percentile		2.67%	5.57%	Y		
	Secondary Factor Count				3		

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

Taps or EQR's	1,195
Total Debt	3,187,729
Principal & Interest	312,572
Operating Expenses (including operating transfers out)	2,077,984
Depreciation	601,920

WPCRF & DWRF

			Benchmark	Applicant	Points	Notes on Data Used	Result
	Eligiblity Criteria						
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	1.93%	0.0		
	Current Population (2024)			2,988			
	Poulation five years ago (2020)			2,768			
2a	10 Year % County Job Change	>=	0	10.04%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	5.10%	0.0		
3	Median Household Income	<=	$ 95,470	44,868	1.0	If MHI CV > 40%, calculate result at top of band	Result
		>=	$ 119,338		0.0		
						If MHI CV > 40%, calculate result at top of band	Result
4	Rates compared to MHI	>	1.32%	3.42%	1.0		
WS	Monthly Residential Rate	>		127.97			
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>	40.00%	10.22%	0.0		
7	% Population that are housing burdened is greater than 50%	>	50.00%	39.12%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	33.96%	0.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	74.52%	1.0		
	% Population over 65 years old			40.56%			
10	Meets base program DAC criteria?			Yes	3.0		
	BIL Eligibility Points				6.0		

Principal Forgiveness and Priority Point Scoring

Applicant: Colorado City Metropolitan District
DWRF or WPCRF: DWRF

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

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): $2,500,000

Base DWRF Principal Forgiveness Scoring

DWRF

Water Quality & Public Health + CPDWR Compliance:	55
DOLA Affordability Score:	130
Total Score	185

Eligible as a base program DAC? Yes

Eligible base program DWRF/WPCRF principal forgiveness percentage: 80%

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

Priority Point Scoring

Total WQCD Score:	95
DOLA Affordability Score:	130
Total Score:	225

2026 IUP DWRF Priority Point Calculations

Entity Name:	Colorado City Metropolitan District
Date of Scoring	6/30/2026
SRF Phase:	Loan app
DOLA Score:	130
DAC:	DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$44,868	47%
	<50% of state MHI	35	x		
	Between 51% and 80% of state MHI	20			
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5a	**User Fees (current water rate at 110%/tap/MHI)**			5.00%	
	Rates are > 1.55%	45			
	Rates are between 1.11% and 1.55%	25			
	Rates are < 1.11%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45	x		
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current water debt per tap compared to MHV**			1.03%	
	Debt is > 0.63%	45			
	Debt is between 0.21% and 0.63%	25			
	Debt is < 0.21%	0			
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25	x		
	Debt is < 0.57%	0			
	Population served			2,988	
	Less than 500	35			
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15	x		
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			40,346	
	AV per household is < $12,722	35			
	AV per household is between $12,272 and $24,337	20			
	AV per household is between $24,337 and $46,151	10	x		
	AV per household is greater than $46,151	0			

DWRF LOAN CREDIT REPORT (2026)

Penrose Water District (“District”), Fremont County

Recommendation:	**CONDITIONAL APPROVAL**
Loan Request:	$14,860,000
Total Annual Debt Service:	$794,574
Base Leveraged Loan:	$13,022,035
Interest Rate & Term:	4.00% & 30 years
Annual Debt Service:	$749,235
DWRF IIJA/BIL Loan:	$837,965
Interest Rate & Term:	3.50% & 30 years
Annual Debt Service:	$45,340
Pledge:	Water System Revenue
Current Rate:	$77.70
Estimated Rate Increase:	$12.12

Project Budget

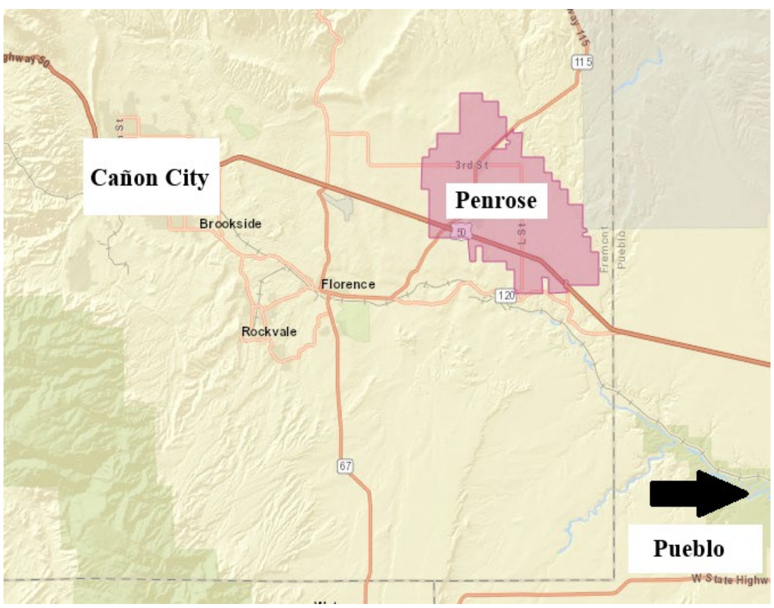
DWRF Leveraged Loan:	$13,022,035
DWRF IIJA/BIL Loan:	$837,965
DWRF IIJA/BIL PF:	$1,000,000
2026 EIAF:	$500,000
Reserves	$2,000,000
Total:	$17,360,000

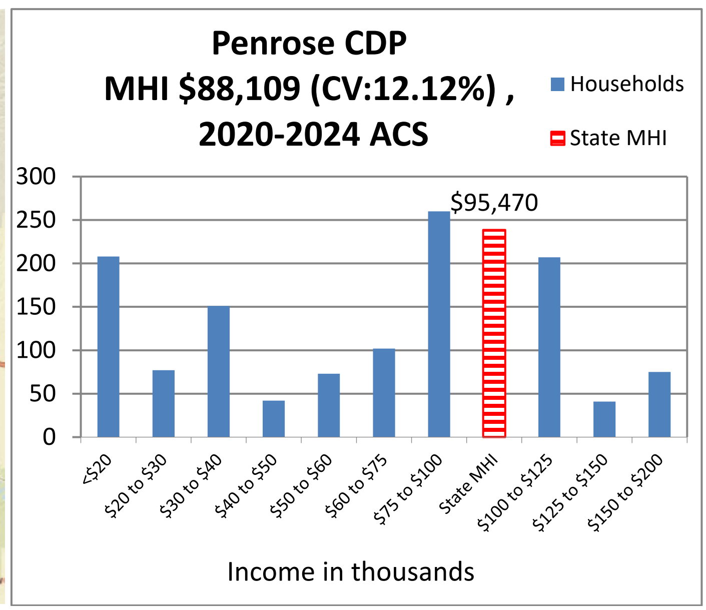
PROJECT DESCRIPTION: The project consists of the construction of a new water treatment plant and associated appurtenances, as well as decommissioning of the old treatment plant.

COMMUNITY PROFILE: Penrose Water District	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
**District Population			4,468	4,475	4,513	4,515	4,515	0.26%
Fremont County Population	48,891	49,251	49,588	50,372	50,071			0.60%
Fremont County Jobs	16,513	17,074	17,165	17,576	18,139			2.38%
Number of Water Taps		1,766	1,787	1,790	1,805	1,806	1,806	0.26%
Assessed Value ($000)			$39,116	$39,249	$40,839	$42,368	$49,431	6.03%
Actual Value ($000)			$389,033	$393,564	$422,294	$436,952	$558,506	9.46%

**Special district population estimates are based on the standard state demographer’s metric of 2.5 persons per tap.

BORROWER BRIEF: The District serves the unincorporated community of Penrose, located off the Arkansas River between Cañon City and Pueblo. The District is located approximately 40 miles southwest of Colorado Springs.





RECOMMENDATION: The District serves an unincorporated community in Fremont County. This proposed loan is necessary due to the water treatment plan being outdated, unable to manage rising contaminants, and no longer meet state requirements due to increased demand during the summer months. The loan is large relative to the size of the District, and there are concerns regarding the elevated debt levels and long-term affordability due to insufficient reserves and increased debt per tap. However, the District has steadily raised rates over the past five years to prepare for debt service on the proposed loan. Moreover, the District’s board understands that further rate increases will be required and is prepared to take all necessary financial steps to complete the project. We therefore recommend the DWRF Committee approve a $13,022,035 leveraged loan, a $837,965 IIJA/BIL loan, and $1,000,000 in IIJA/BIL principal forgiveness to the Penrose Water District on the condition rates are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The Penrose Water District is located in Fremont County and serves 1,806 customer accounts. The District's water system relies on a blend of surface water and groundwater under the direct influence of surface water, drawing from the Brush Hollow Supply Ditch, Beaver Park Ditch (via Brush Hollow Reservoir), and six alluvial wells along the Arkansas River. Raw water is processed at a centralized treatment facility originally constructed in 1992, providing conventional filtration and chlorine disinfection. The existing distribution system is maintained through gravity and pumped pressurization zones to residential neighborhoods and agricultural properties.

Reason/need: The current water treatment plant has reached the end of its useful life and is experiencing operational limitations. The outdated facility lacks the automated controls needed to handle rising manganese concentrations, summertime algae blooms, and increasing disinfection byproducts caused by total organic carbons in the raw water. Furthermore, peak summer water demands have exceeded the plant's rated capacity, creating a vulnerability that violates state redundancy requirements.

System Compliance: The 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: 11.7% of the total project cost is included as contingency.

CURRENT INDICATORS:	**2023**	**2024**	**2025**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	1,555	1,493	1,441		>$2,000	X	$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			4,511	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	3,887	3,732	3,604		>$5,000	X	$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			11,278	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	3,887	3,732	3,604	X	>$2,000		$1,000 - 2,000		<$1,000
Current Water + New Water Debt/Tap ($):			11,278	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	18%	16%	15%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			48%		>50%	X	25-50%		<25%
Total Debt/Actual Value:	1.77%	1.60%	1.49%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			4.66%		>10%		5-10%	X	<5%
Curr. Water Debt + New Debt/Tap/MHI:			13%		>20%	X	10-20%		<10%
Water Fund Current Ratio (CA/CL):	119%	116%	116%		<100%	X	100-200%		>200%
Water Fund Reserves/Current Expense:	38%	34%	35%	X	<50%		50-100%		>100%
Water Operating Ratio (OR/OE):	130%	133%	122%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	188%	216%	180%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	169%	200%	164%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			65%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			59%	X	<110%		110-125%		>125%
Current Annual Water Rates/MHI:			1.06%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:			1.56%		>3.0%	X	1.5-3.0%		<1.5%
Operation and Maintenance Reserve:			47%		<25%	X	25-50%		>50%
			Total:	7		7		7	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, seven are rated strong, seven are average, and seven are considered weak. Overall, the indicators illustrate a generally manageable financial position for the enterprise, with elevated debt levels and rate affordability as areas of concern. The strong indicators show affordability relative to current annual water rates and median household income (MHI), and debt service coverage ratios that comfortably exceed minimum thresholds, indicating the system's ability to meet its existing debt obligations from operating revenues. The weak indicators reflect elevated current and proposed total and water debt per tap, reflecting a heavier proposed debt burden on rate payers; insufficient reserves relative to current expense; and a reduced coverage ratio with the inclusion of the proposed loan relative to MHI, raising affordability concerns for the community's households.

- Based on 2025 financial information, coverage with the proposed loan is 65% with tap fee revenue and 59% without tap fee revenue. Additional annual revenue of about $558,329, or $25.76 per tap per month, would increase the coverage ratio to the required 110% when including tap fee revenue. Without tap fees, an additional annual revenue of about $632,329 or $29.18 per tap per month, would be needed.
- In 2025, the District incurred $186,934 in engineering costs relating to this project. When these are removed from the enterprise's operating expenses, the coverage ratio moves to 80% with tap fee revenue. Additional revenue of approximately $371,395, or $17.14 per tap per month, would increase the coverage ratio to the required 110%. Without tap fee revenue, the

coverage ratio moves to 74%. Additional revenue of approximately $445,395, or $20.55 per tap per month, would increase the coverage ratio to the required 110%.
- In December 2025, the District adopted a resolution to increase base rates and volume charges for a total of $5.02 for typical residential consumption. With this adjustment, the projected rate increase drops to $12.12 when including tap fee revenue, and $15.53 when excluding tap fee revenue.
- The District is eligible to receive $1,000,000 in IIJA/BIL principal forgiveness. Without principal forgiveness, the coverage ratio moves to 62% with tap fee revenue. Additional annual revenue of approximately $624,780, or $28.83 per tap per month, would increase the coverage ratio to the necessary 110%.
- Without principal forgiveness and without tap fee revenue, the coverage ratio moves to 56%. Additional revenue of approximately $698,780, or $32.24 per tap per month, would increase the coverage ratio to the required 110%.
- The District's operating expenses have increased in the years examined. The proposed loan is expected to address these issues, as they primarily pertain to the operation of the water plant. The completion of the project is expected to reduce maintenance costs and staff demand (by decreasing the overtime hours needed). The decrease in operating expenses will later improve indicators related to it, further strengthening the system's financial standing.
- Over the years examined, the enterprise's operating ratio has exceeded the strong benchmark. However, it is in a downward trend due to the previously discussed increase in operating expenses.
- The District has reported a total of 1,806 taps, but has 1,935 customer accounts due to taps larger than 3/4'' serving multi-residential properties.
- The District has been consistently increasing rates and tap fees over the years examined. Documentation states that these rates and fees have been increased to ensure the District's enterprise can "generate sufficient revenues to meet annual debt service of loans, capital projects, and the necessary operating and maintenance costs of operating the system".

Additional Project Financing
The District submitted an Energy/Mineral Impact Assistance Fund (EIAF) grant application for $500,000, which was awarded in May 2026.

DESCRIPTION OF THE LOAN:
An estimated $13,022,035 leveraged loan with a thirty-year term with two payments annually at an interest rate of 4.00% will cost the District approximately $749,235 in debt service annually. An estimated $837,965 IIJA/BIL loan with a thirty-year term with two payments annually at an interest rate of 3.50% will cost the District approximately $45,340 in debt service annually. The total annual debt service is approximately $794,574. The District also qualifies for $1,000,000 in IIJA/BIL principal forgiveness.

IIJA/BIL Principal Forgiveness Eligibility:
In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The District scores 3.5 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.26%	1
2a: County Job Change	0.00%	>	13.63%	0.5
2b: County Unemployment	5.35%	<	5.55%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>	$88,109	1
	$119,338	<		
4: Rates to MHI	0.76%	<	1.06%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	19.82%	0
7: % Households Housing Burdened	50.00%	<	29.49%	0
8: % Population under 200% Poverty Level	40.00%	<	27.08%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	47.54%	0
10: Meets DAC criteria	Yes		No	0
Total Points Scored:				3.5

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

In 2020, the District was determined to be a disadvantaged community (DAC). As of now with the application for this proposed loan, the District's Median Household income estimate exceeds the current benchmark for DAC status.

ECONOMIC ANALYSIS: The District has a 2026 population estimated at 4,515 and has grown at an average annual rate of 0.26% since 2022. Special district population estimates are based on the standard state demographer's metric of 2.5 persons per tap. Fremont County has experienced an increase of 0.60% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The regions economy is dominated by retirees (i.e., retiree spending from sources such as Social Security, pension, and investment income), tourism, government, regional services (i.e., services that serve a multi-county region such as trade, transport, business services, etc.), and agriculture. Fremont county's economy is dominated by health care and social assistance, retail trade, local government, construction, accommodation and food services.

The District reports that its largest employers consist of the RE-2 School District, with 25 employees; Estes Industries (manufacturer), with 25 employees; US Transport, with 25 employees; Alta Convenience Store, with 10 employees; and Dollar General, with 10 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 special district governed by 5-member board of directors' form of government and was organized 1967. The District is a single-purpose special district with the purpose of providing drinking water to users within the District's boundaries. Approximately 7 full-time employees staff the water utility. The water utility is overseen by the Operator Responsible Charge (ORC), who reports to the District's 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 (CSD 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 the following mandatory recommendations:

- **Financial Criterion #F-2:** Cash Flow Projection/Analysis/Financial Plan: The District should be prepared to raise rates as needed to meet loan coverage ratio requirements.

Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule through 2040, which anticipates capital outlay of $165,500 for a variety of projects which include distribution system upgrades, additional storage, interior and exterior tank painting, and the construction of a raw water pump station at Brush Hollow Reservoir to be funded from reserves.

Intergovernmental

The District has two IGAs with Southeastern Colorado Water Conservancy District for excess capacity storage and water exchange related to the Fryingpan-Arkansas (Fry-Ark) Project, both effective in 2016.

- The excess capacity storage agreement gives the District up to 400-acre feet of storage space in the Pueblo reservoir annually. The District will pay the excess capacity rate plus an annual administrative charge. If the master contract is terminated, this one will be as well.

- The exchange, storage, and use agreement relates to the District's rights to an annual allocation of water from the Fry-Ark Project. The agreement establishes the terms and conditions for the District's exchange and storage of project water in nonproject facilities.

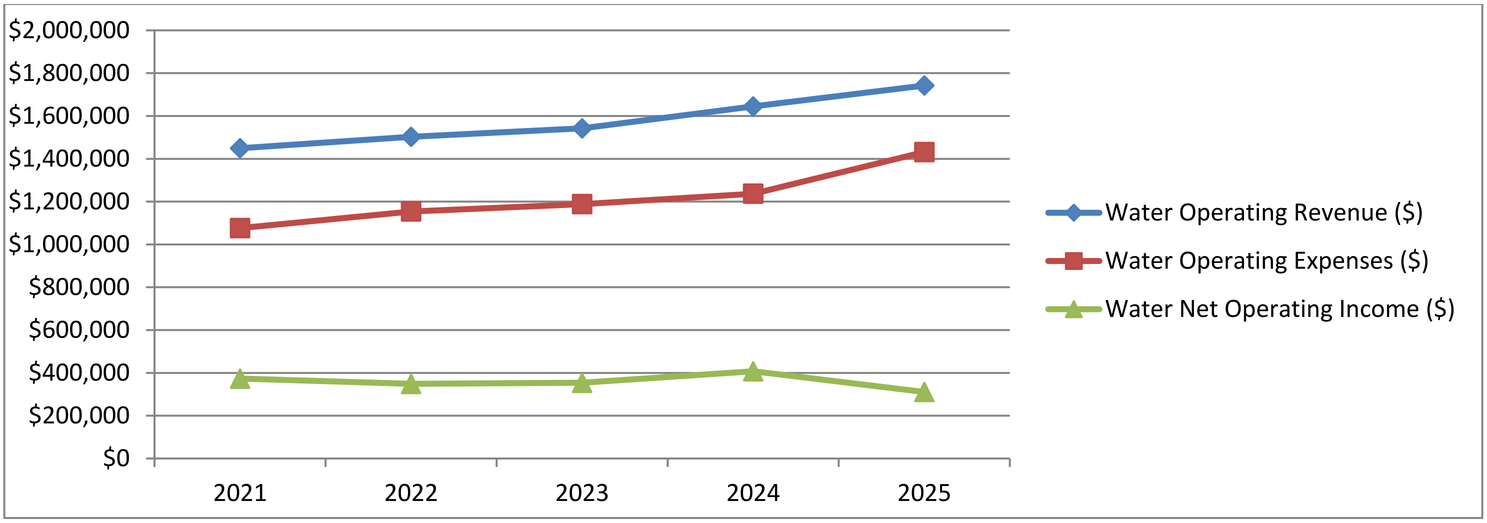
The District has an agreement in place with Beaver Park Water, Inc., a mutual ditch company that was originally put in place in 1990 and renewed in 2019. The District requires a minimum of 350-acre feet of raw water annually from Beaver Park, and may purchase up to 1,000-acre feet, for a current price of $429 per acre foot. This agreement may be renewed and the rate negotiated in five-year increments until 2090.

The District has a second agreement in place with Beaver Park signed in 2010, wherein the District purchased 500-acre feet of storage space in the Brush Hollow Reservoir, which is owned by Beaver Park. As part of the agreement, the District constructed a pipeline from the Arkansas River, including an inlet to the reservoir and granted Beaver Park the use of excess capacity in the pipeline. The District obtained funding from CWCB (loan agreement executed in 2010 with a term ending in 2045) to finance this pipeline and storage purchase.

REVENUE ANALYSIS:
Operating expenses have steadily increased over the past five years for several reasons. The District cites price inflation, higher chemical demand, and costs due to the outdated water plant, ongoing maintenance needs related to aging infrastructure, and increased wages to retain staff. The District expects that completing the proposed project will address most of these reasons and help reduce operating expenses. Additionally, in 2025, the expenses increased by $186,934 due to engineering costs related to this project. Project engineering costs are expected to decrease with the approval of this project, further decreasing operating expenses for future years. The District supports operations with property and specific ownership taxes, which are not included in the net operating income calculation. Of the District's 5.627 mill levy, 2.627 have been voter approved for operating expenses, and the remaining 3.000 mills are covenanted to the CWCB loan. Operating income has been steadily increasing due to a yearly increase in rates and tap fees. Each year, the District assesses projected costs as part of the budget process and the board adjusts rates as necessary to provide a balanced budget. Moreover, rate increases in the last five-years examined have been directly related to the Districts anticipation of debt service for the proposed project. In 2024, there was an increase in revenue due to an increase in sales of taps related to new development.

TRENDS	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)	57.13	59.81	63.98	67.66	72.68	77.70
Residential Water Tap Fee ($)	12,000	15,000	16,000	16,500	18,000	21,000
Mill Levy	5.627	5.627	5.627	5.627	5.627	
Total Water Revenue ($)	2,383,511	2,199,352	2,021,536	2,195,593	2,240,399	
Tap/Development Fees ($)	241,050	405,200	83,400	69,200	74,000	
Property Tax Revenue ($)	185,879	221,211	220,547	274,582	235,152	
S.O. Tax Revenue ($)	29,825	28,577	28,996	28,251	28,236	
Water Operating Revenue ($)	1,449,408	1,502,665	1,542,146	1,644,564	1,742,255	
Water Operating Expenses ($)	1,076,270	1,153,982	1,188,325	1,237,050	1,431,561	
Water Net Operating Income ($)	373,138	348,683	353,821	407,514	310,694	
Water Debt ($)	7,381,411	7,173,349	6,958,588	6,736,910	6,508,092	
Total Debt ($)	7,381,411	7,173,349	6,958,588	6,736,910	6,508,092	
Water Debt Service ($)	445,389	441,193	444,267	444,211	448,305	
Water Debt Service/Tap/Month ($)	21.02	20.57	20.68	20.51	20.69	
Water Fund Reserves ($)	499,234	620,574	613,996	576,266	666,579	

Ratios	2021	2022	2023	2024	2025	Average
Operating Revenue as % of Total Revenue	61%	68%	76%	75%	73%	70%
Operating Revenue as % of Expenses	135%	130%	130%	133%	133%	132%
Tap Fee Revenue as % of Total Revenue	10%	18%	4.13%	3.15%	3.30%	8.95%



Recent Rate Increases
The District's most recent rate increase of $5.02 was implemented in January 2026.

User Charges
The District's current monthly water rate is estimated at $77.70 compared to the 2024 estimated state median of $60.61. The District's average monthly water rate is based on typical residential consumption of 5,390 gallons per month. Residential users pay a $56.00 base rate up to 2,000 gallons and a volume charge of $6.40 per 1,000 gallons for consumption exceeding 2,000 gallons. Commercial users follow the same rate structure as residential users.

Base charges increase as the meter size increases. For users with a 1'' meter, the monthly charge increases to $99.60. For a 1.5'' meter, the monthly charge increases to $224. For a 2'' meter, the monthly charge increases to $398. For any meter larger than 3'', the charge for it is determined at the time of approval by the board.

Bulk water sold by the District is metered and charged at a rate of $11 per 1,000 gallons (or $1.10 per 100 gallons) or portion of thereof.

Contributed Capital
Revenue from tap fees has ranged from $69,200 to $405,200 and has averaged 8.95% of total water revenue during the last five years. The District's most recent water tap fee rate increase occurred in January 2026.

- Residential and commercial water tap fees are $21,000.

Current System Utilization		
	Usage	Revenue
Residential	89.6%	89.9%
Non-residential (per EQR)	10.4%	10.1%

Current Fee Summary	
Tap size	Water user/tap fees
¾"	$77.70/$21,000
¾"	$77.70/$21,000

Property Tax
The District proposed to pay for the proposed loan with water system revenue. The District levies a property tax for general operations, which accounted for approximately 11% of total revenues in 2025.

Property Tax Analysis	2021	2022	2023	2024	2025
Mill levy	5.627	5.627	5.627	5.627	5.627
Assessed Value (000)	33,057	39,116	39,249	40,839	42,368
Property tax revenue	185,879	221,211	220,547	274,582	235,152
%Property tax revenue/total revenue	8%	10%	11%	13%	11%

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	Colorado Water Conservation Board (CWCB)	2045	Base Water Revenues and 3.000 mill levy	$6,446,058	3.25%	$443,353
2020	Colorado Water Resources and Power Development Authority (CWRPDA)	2050	Water System Revenue	$62,034	0.50%	$1,939

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 loan dated 2020 with the SRF. The District has also had no debt service payment issues.

Project #143052D-A
Cost Categories:

- Planning and Design Only: 8%
- Construction - Treatment: 84%
- Construction - Transmission and Distribution: 2%
- Other: 6%

Prepared by: Monica Munoz-Revelo
Date: July 28, 2026

July 28, 2026

DWRF Credit Report
Penrose Water District, Fremont County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2025	4,515		
Number of Water Taps/Customers - 2025	1,806		
Total Assessed Valuation - 2025	$42,368,000		
Actual Value of All Real Property - 2025	$436,952,000		
Median Household Income (MHI) - 2024	$88,109		
Monthly Water Rate - 2026	$77.70		
Water Operating Revenue - 2025	$1,742,255		
Water Total Revenue - 2025 [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.]	$2,240,399		
Water Tap and System Development Fee Revenue - 2025	$74,000		
Water Operating Expense - 2025	$1,431,561		
Water Current Expense - 2025	$1,879,866		
Water Debt - 2025	$6,508,092		
Total Debt - 2025	$6,508,092		
Water Fund Reserves - 2025	$666,579		
Water Debt Service - 2025	$448,305	Leveraged Loan	IIJA/BIL Loan
New Water Debt [Requested DWRF loan amount.]	$13,860,000	$13,022,035	$837,965
Requested DWRF Loan Term	30	30	30
Requested DWRF Loan Interest Rate	4.00% & 3.50%	4.00%	3.50%
New Loan's Annual Water Debt Service (two payments annually)	$794,574	$749,235	$45,340

Current Indicators (2025)
Penrose Water District
(Water)

1	Total Debt	$6,508,092	÷	Population	4,515	=	$1,441
	New Debt	$13,860,000	÷	Population	4,515	=	$3,070
	Total Debt + New Debt	$20,368,092	÷	Population	4,515	=	$4,511
2	Total Debt	$6,508,092	÷	Number of Taps	1,806	=	$3,604
	New Debt	$13,860,000	÷	Number of Taps	1,806	=	$7,674
	Total Debt + New Debt	$20,368,092	÷	Number of Taps	1,806	=	$11,278
3	Total Debt	$6,508,092	÷	Assessed Value	$42,368,000	=	15.36%
	New Debt	$13,860,000	÷	Assessed Value	$42,368,000	=	32.71%
	Total Debt + New Debt	$20,368,092	÷	Assessed Value	$42,368,000	=	48.07%
4	Total Debt	$6,508,092	÷	Actual Value	$436,952,000	=	1.49%
	New Debt	$13,860,000	÷	Actual Value	$436,952,000	=	3.17%
	Total Debt + New Debt	$20,368,092	÷	Actual Value	$436,952,000	=	4.66%
5	Current Water Debt	$6,508,092	÷	Number of Taps	1,806	=	$3,604
	(Current Water Debt + New Water Debt) / Number of Taps	$11,278	÷	MHI	$88,109	=	12.80%
6	Current Ratio (CA / CL)						
	Current Assets	$4,711,603	÷	Current Liabilities	$4,045,024	=	116%
7	Reserve/Expense Ratio						
	Reserves	$666,579	÷	Current Expenses	$1,879,866	=	35%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$1,742,255	÷	Operating Expenses	$1,431,561	=	122%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$2,240,399	-				
	Minus Operating Expenses	$1,431,561					
	=	$808,838	÷	Current Debt Service	$448,305	=	180%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$808,838					
	Minus Tap and Development Fee Revenu	$74,000					
	=	$734,838	÷	Current Debt Service	$448,305	=	164%
11	Projected Coverage Ratio						
	Total Revenues	$2,240,399					
	Minus Operating Expenses	$1,431,561					
	=	$808,838		Total Debt Service (with new loan)	$1,242,879	=	65%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$808,838					
	Minus Tap and Development Fee Revenu	$74,000					
	=	$734,838	÷	Total Debt Service (with new loan)	$1,242,879	=	59%
13	Current Debt Service	$448,305	÷	Number of Taps	1806	=	$248.23
	Annual New Water Debt Service	$794,574	÷	Number of Taps	1806	=	$439.96
14	2026 Annual Water Rate (Monthly Rate x 12)	$932.35	÷	MHI	$88,109	=	1.06%
	2026 Annual Water Rate + New Annual Debt Service Per Tap	$1,372.32	÷	MHI	$88,109	=	1.56%
15	Current 2026 Monthly User Charge						$77.70
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$36.66
	Total						$114.36
16	Operation and Maintenance Reserve						
	Reserves	$666,579	÷	Operating Expenses	$1,431,561	=	47%

WPCRF & DWRF

#	Eligiblity Criteria		Benchmark	Applicant	Points	Notes on Data Used
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	0.26%	1.0	2026 v. 2022
	Current Population (2024)			4,515		
	Poulation five years ago (2020)			4,468		
2a	10 Year % County Job Change	>=	0	13.63%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	5.55%	0.5	
3	Median Household Income	<=	$ 95,470	88,109	1.0	If MHI CV > 40%, calculate result at top of band — Result
		>=	$ 119,338		0.0	
	Reliability (CV)	<=	40.00%	N/A	N	
4	Rates compared to MHI	>	0.76%	1.06%	1.0	If MHI CV > 40%, calculate result at top of band — Result
W	Monthly Residential Rate	>		77.70		*Based on Resolution No. 2025-17*
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	>	40.00%	19.82%	0.0	
7	% Population that are housing burdened is greater than 50%	>	50.00%	29.49%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	27.08%	0.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	47.54%	0.0	
	% Population over 65 years old			20.46%		
10	Meets base program DAC criteria?			No	0.0	
	BIL Eligibility Points				3.5	

Principal Forgiveness and Priority Point Scoring

Applicant: Penrose Water District
DWRF or WPCRF: DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 68.724%

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

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	10
DOLA Affordability Score:	75
Total Score	85

Eligible as a base program DAC? No.

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

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

Priority Point Scoring

Total WQCD Score:	45
DOLA Affordability Score:	75
Total Score:	120

2026 IUP DWRF Priority Point Calculations

Entity Name:	Penrose Water District
Date of Scoring	6/10/2026
SRF Phase:	Loan app
DOLA Score:	75
DAC:	Not DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$88,109	92%
	<50% of state MHI	35			
	Between 51% and 80% of state MHI	20			
	Between 81% and 100% of state MHI	5	x		
	>100% state MHI	0			
S5a	**User Fees (current water rate at 110%/tap/MHI)**			1.08%	
	Rates are > 1.55%	45			
	Rates are between 1.11% and 1.55%	25			
	Rates are < 1.11%	0	x		
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45			
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current water debt per tap compared to MHV**			1.17%	
	Debt is > 0.63%	45	x		
	Debt is between 0.21% and 0.63%	25			
	Debt is < 0.21%	0			
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25			
	Debt is < 0.57%	0			
	Population served			4,515	
	Less than 500	35			
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15	x		
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			25,179	
	AV per household is < $12,722	35			
	AV per household is between $12,272 and $24,337	20			
	AV per household is between $24,337 and $46,151	10	x		
	AV per household is greater than $46,151	0			

PreQual Date Score:	5/20/2025	Project Manager	ES Review Engineer	DOLA Representative
PNA Date Score:	1-12-2026	Jeff Zajdel	Kristen Harris	Monica Muñoz-Revelo
Project Name:	Penrose Water District			
SRF Project Number:	143052D-A			
ES PQ Project Number:	ES.25.SRF.09437			
ES PNA Project Number:	259833			

Drinking Water Revolving Fund Priority Scoring Model (Attachment I DWRF IUP 2025)

Drinking Water Quality and Public Health Points	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments	When to Score	Responsible Party	Scoring criteria	Resources
Project addresses a documented waterborne disease outbreak associated with the system within the last 24 months.	35	0	0		PQ/PNA	Engineering Section	For active sources, check SDWIS for violations. For new sources or for sources taken offline related to a violation, review any submitted data. If SDWIS or data shows more than one exceedance or treatment issue, then give the points for each MCL or treatment issue. For systems with multiple primary MCL issues, score based on the highest value. Systems don't get multiple points (e.g., both arsenic and selenium). Give points to systems reclassified to GWUDI that are under the 18 month clock.	SDWIS comp report, OnBase
Project corrects or prevents violations of MCLs (primary standards) 1 (may score points in multiple categories)								
• Nitrate, nitrite, TCR.	30	0	0		PQ/PNA	Engineering Section		
• Total trihalomethanes, total haloacetic acids.	25	0	0		PQ/PNA	Engineering Section		
• Arsenic, selenium.	20	0	0		PQ/PNA	Engineering Section		
• Other regulated contaminants.	15	0	0		PQ/PNA	Engineering Section		
1 This accommodates repeat violations and provides indicators for both chronic and acute health hazards								
Project corrects or prevents exceedances of MCLs for radionuclides.	35	0	0		PQ/PNA	Engineering Section		
Project corrects inadequate treatment techniques that are unable to satisfy the requirements for: (scores total 20 points one or more of the following) • Surface water. • GWUDI. • Groundwater.	20	0	0		PQ/PNA	Engineering Section		
Project corrects exceedances of secondary drinking water standards.	10	0	0		PQ/PNA	Engineering Section	Review any submitted data related to secondary standards. If data shows more than one exceedance of a secondary standard, then give the points.	n/a
System has inadequate supply* to meet all current domestic water supply demands (*system must provide records of water usage to substantiate supply is inadequate).	25	0	0		PQ/PNA	Engineering Section	Review self-reported data on supply issue. Data must show that the system has inadequate water supply capabilities for their existing demand/population. Must show an ongoing issue not related to an emergency event (e.g., fire, water line break). SRF funds generally cannot be used to fund growth.	n/a
Project will correct or prevent: (points are not additive, scores points only in one category)								
• Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages).	20	0	0		PQ/PNA	Engineering Section	For system deterioration and chronic low pressure, confirm self-reported data on by reviewing recent sanitary survey letters/spreadsheets for DS issues. Also, review Onbase for BWO/BO related to pressure loss. If chronic low pressure as noted by the acute team or sanitary survey or more than one BWO/BO in more than a year, then give points. If no mention in the file, review self-reported data and supporting information on distribution system issue. If self-reported and nothing in the file, system will need to provide records of system deterioration and low pressure mapping.	SDWIS comp report, OnBase RPT Tracker - BWO/BO Portal Acute Tracking
• Inadequate distribution due to chronic low pressure.	15	0	0		PQ/PNA	Engineering Section		
• Inadequate storage.	10	0	0		PQ/PNA	Engineering Section	Review Onbase to see if mentioned in a recent sanitary survey. If no mention, system must provide a justification of distribution system tank sizing (e.g. peak day demands, fire flow). No design criteria but justification but detail how the system determined that they had inadequate storage. Project has to be related to drinking water capacity demand, not just for fire flow.	
• Demand exceeding design capacity.	5	0	0		PQ/PNA	Engineering Section	Review Onbase to see if mentioned in a recent sanitary survey. If no mention, system must provide a justification of the distribution system being inadequately sized. No design criteria but justification but detail how the system determined that they had inadequate design capacity. Project has to be related to drinking water capacity demand, not just for fire flow.	
Project incorporates fluoridation.	10	0	0		PQ/PNA	Engineering Section	Review proposed project to determine if fluoridation is included. Grant points if included	n/a
Total Drinking Water Quality & Pub		0	0					

Affordability	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments		Responsible Party	Scoring criteria	Resources
Total Financial / Affordability Points scored by DOLA =		100	75			DOLA		

CPDWR Compliance Points	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments		Responsible Party	Scoring criteria	Resources
(Points are not additive. Can score points only in one category)								
Project addresses an enforcement action by a regulatory agency and the facility is currently in violation of CPDWRs.	30	0	0		PQ/PNA	Engineering Section	Check OnBase and/or comp report to see if system has an enforcement order. Give points if an EO has been issued that the proposed project will address or partially address.	SDWIS comp report, OnBase
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order, notice of violation or other enforcement action.	20	0	0		PQ/PNA	Engineering Section	Check OnBase see if system has been issued an enforcement order warning letter. If not, check comp report to see if vios related to the project. Give points if a warning letter has been issues or if there is other correspondence from CAS. Give points to systems reclassified to GWUDI that are under the 18 month clock. Project to bring inactive source with MCL violations online, projects that resolve sanitary survey violations, required OCCT under the LCR, etc.	SDWIS comp report, OnBase
Project is designed to maintain CPDWR compliance, meet new requirements, or address contaminants included in the priority list submitted by the Division to the Commission for which standards may be considered.	15	0	0		PQ/PNA	Engineering Section	Verify contaminate or treatment tech is listed in either Reg 11 or the WQCD report to the WQCC. If so, give points. For new requirements, review situation to see if appropriate. Some possible situations include: TNC reclassified to NTNC/CWS and associated treatment, upgrade SCADA system for cybersecurity, Mn removal to prevent PN.	Regulation 11 and/or check the priority contaminated in the WQCD annual report
System is currently meeting all CPDWRs.	10	10	10		PQ/PNA	Engineering Section	Check OnBase and/or comp report to see if system has any outstanding violations. Give points if no outstanding violations.	SDWIS comp report, OnBase
Total CPDWR Compliance		10	10					

Total Additional Subsidy Points =		110	85			(Sum of Drinking Water Quality&Public Health + Affordability + CPDWR Compliance points)		
Points scored in highest priority drinking water & public health criteria sections? (Enter "Yes" only if points scored for addressing water borne disease outbreaks, Nitrate/Nitrite/TCR, or radionuclides - RED boxes)		No	No			SRF Team		

Source Protection and Conservation	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments		Responsible Party	Scoring criteria	Resources
Project addresses vulnerability to potential pollution by conditions identified in an approved source water protection area assessment: (scores a total of 15 points for one or more of the following): • Point source discharge within a delineated area. • Areas impacted by agricultural chemical use or run-off. • Area subject to oil/gas/mineral operations. • Unprotected watershed area.	15	0	0		PQ/PNA	Engineering Section	Confirm system has a substantially implemented SWAP (see folder link). If they have a plan in the folder (about 10% of systems have plans) that mentions potential contamination sources and/or BMPs which the project addresses then give them the points. If they are working on a plan or you aren't sure, then check with Kristen Hughes or Robert Murphy.	I:\SWAP-Protection Phase\SWAP Protection Plans\Substantially Implemented
Project establishes a protective zone to address potential pollution as a result of wildfires in burn scar areas.	10	0	0		PQ/PNA	Engineering Section	If proposed project includes working on or addresses potential pollution as a result of wildfires in burn scar areas then give points. To verify, the system should be working on a wildland fire decision support system (WFDSS) with the SWAP group and are on the WFDSS list or if they have wildfire as a potential contamination source in their SWAP then give them points. No set design standards for fire mitigation.	WFDSS tracking document
Utility rate structure currently in place (points for rate structure are not additive, score points only in one category):								
• Increasing block rates.	15	15	15		PQ/PNA	SRF Team	If information not provided in PQ or PNA check with applicant	

• Seasonal rates.	**10**	0	0		**PQ/PNA**	**SRF Team**	If information not provided in PQ or PNA check with applicant	
• Uniform.	0	0	0		**PQ/PNA**	**SRF Team**	If information not provided in PQ or PNA check with applicant	
Project will implement water metering, leak detection and/or other water conservation and efficiency infrastructure applications at a minimum of 20% of total project costs.	**10**	0	0		**PQ/PNA**	**SRF Team**	If detailed information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	
Sustainability Points	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Project seeks to:								
• Correct compliance issues, water quality problems, and/or water supply problems through physical consolidation and regionalization of water systems.	**10**	0	0		**PQ/PNA**	**Engineering Section**	Review proposed project to see if consolidation or regionalization is included. If so, score points. If information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	n/a
• Correct and/or improve security of the water system.	**10**	0	0		**PQ/PNA**	**Engineering Section**	Security improvements must meet the requirements of Item 1.2.11 Security and Emergency Response Program of the Design Criteria. Review if submittal indicates both physical security design/improvements and a security and emergency response program will be created, then give the points. If information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	Design Criteria
• Incorporate beneficial uses of water treatment plant sludge and/or alternative concentrate management options in an approved Beneficial Use Plan.2	**10**	0	0		**PQ/PNA**	**Engineering Section**	For improvements to an existing or a new sludge control process incorporated into the proposed project. Please reach out to HMWMD (either Michael Bankoff michael.bankoff@state.co.us or our Customer Technical Assistance line at 303-692-3320 or comments.hmwmd@state.co.us) to check with them before granting points. HMWMD can let you know if they are approved for beneficial use of the sludge/concentrate or give insight if the proposed project would be approved.	
2 The Hazardous Materials and Waste Management Division is the agency responsible for implementing the Regulations Pertaining to the Beneficial Use of Water Treatment Sludge and Fees applicable to the Beneficial Use of Sludges pursuant to 5CCR1003-7.								
Project promotes sustainable utilities and/or communities through a utility management plan that:								
• Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure as needed.	**5**	0	5		**PNA**	**Engineering Section**	Presence/absence. As long as the 20-year cash flow plan has a capital improvements line or some type of replacement fund line then score points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
• Provides sufficient revenues to meet O&M and capital needs.	**5**	0	5		**PNA**	**Engineering Section**	Presence/absence. If the 20-year cash flow plan has an O&M line then score points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
• Demonstrates that the facility has maintained licensed/certified operators, adequate staffing to properly operate and maintain the facility and will continue to do so.	**5**	5	5		**PQ/PNA**	**Engineering Section**	Check OnBase/Comp report to see any system's operator issues and that the current operator meets the certification levels. If project will not impact the operator certification level, give points. If the project will impact the op certification level, the system must either have an operator certified to the new level or have a plan to get a properly certified operator to get points.	SDWIS comp report, OnBase
• Incorporates a fix-it-first planning methodology.	**5**	**0**	**5**	PER; O&M schedule - tank painting project budgeted for 2035	**PQ/PNA**	**Engineering Section**	System submits documentation to demonstrate planning and have been following through on the plans. For example: have a master plan, asset management plan or capital improvement plan, O&M schedule for repairs. If documentation is provided then give points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
Readiness to Proceed Points	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Project has secured one or more of the following:								
• Plans and specifications approved.	**10**	**0**	**0**		**PQ/PNA**	**Engineering Section**	Give points if system has approval letter for the project as described in the PQ/IUP application or that covers the majority of the proposed project (roughly 80%).	PWS Search/ RAW Database
Project has funding secured by multiple assistance providers.	**10**	**0**	**10**		**PQ/PNA**	**SRF Team**	Give points if applicant can document an award or a commitment from another funding agency for the same project being funded by SRF.	
Total Points Score		**130**	**130**					
Yes								
No								

DWRF LOAN CREDIT REPORT (2026)

Bailey Water and Sanitation District ("The District"), Park County

Recommendation:	**APPROVAL**
Total SRF Request:	$2,265,498
Interest Rate & Term:	1.75%, 30 years
Annual Debt Service:	$44,401
Pledge:	Water and sewer revenues
Current Rate:	$60.50 (W) $81.50 (S)
Estimated Rate Increase:	$0.00

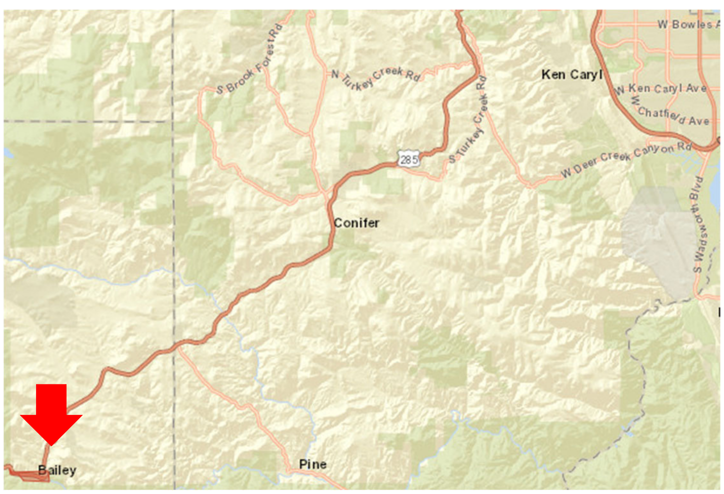
Project Budget

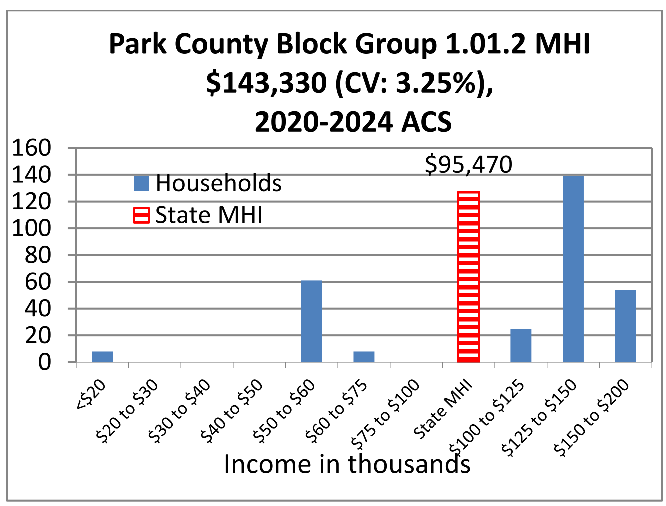
DWRF IIJA/BIL Loan:	$1,032,886
DWRF IIJA/BIL Principal Forgiveness	$1,232,612
2023 D&E Grant:	$215,000
2026 EIAF Grant	$750,000
Park County Grant:	$500,000
Total:	$3,730,498

PROJECT DESCRIPTION: The proposed project will include the expansion of the facility's hydraulic capacity, additional treatment and pre-treatment processes for heavy metals, as well as the construction of a second infiltration gallery, which will increase the raw water supply, and a new water treatment plant (WTP) building with adequate space.

COMMUNITY PROFILE: Bailey Water and Sanitation District	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Avg. Annual Change**
District Population			310	310	310	310	310	0.00%
Park County Population	17,419	17,740	17,914	18,124	18,327			1.28%
Park County Jobs	4,512	4,787	4,923	5,121	5,365			4.42%
Number of Water Taps			124	124	124	124	124	0.00%
Number of Sewer Taps			124	124	124	124	124	0.00%
Assessed Value ($000)			$4,601	$4,640	$5,158	$5,119	$5,541	4.76%
Actual Value ($000)			$30,580	$30,622	$35,459	$34,652	$40,682	7.40%

BORROWER BRIEF: The District serves a small unincorporated mountain community in northwest Park County, approximately 47 miles to the southwest of Denver on State Highway 285, close to the border of Jefferson and Park Counties.





RECOMMENDATION: The District serves a small rural community in Park County. This proposed loan is necessary to improve water treatment and replace outdated filtration systems. The system is small and the proposed loan will be a burden on the community. However, the District has increased rates in the past few years and has successfully obtained grant financing from other sources. We therefore recommend the DWRF Committee approve a $1,032,886 Disadvantaged Communities IIJA/BIL direct loan and $1,232,612 in IIJA/BIL principal forgiveness to the Bailey Water and Sanitation District.

PROJECT SUMMARY:

System summary: The District serves a population of approximately 310 individuals with 124 taps. The water treatment plant (WTP) capacity is 30 gallons per minute (gpm). The existing source of water is an infiltration gallery located underneath the North Fork of the South Platte River. The WTP also has a bypass to pull water directly from the river in the event of high demand and poor infiltration gallery performance. Treatment at the existing WTP includes polymer injection, pressure filtration through a pressure sand filter, filtration through strain-rite bag filters, UV disinfection, and chlorine disinfection. The facility currently does not have appropriate treatment processes to treat for metals.

Reason/need: The existing WTP is outdated, and the current filtration systems are in poor physical condition and past their useful life. The current building also lacks the necessary space for any expansion to install additional treatment processes.

System Compliance: The District 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: 8.45% of the total project cost is included as contingency. However, 12.6% of the construction cost is included as contingency.

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):			7,308	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	0	0	0		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			18,270	X	>$5,000		$2,500 - 5,000		<$2,500
Current W&S Debt/Tap ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current W&S + New W&S Debt/Tap ($):			18,270	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	0%	0%	0%		>50%		25-50%	X	<25%
Total Debt + New W&S Debt/Assessed Value:			44%		>50%	X	25-50%		<25%
Total Debt/Actual Value:	0%	0%	0%		>10%		5-10%	X	<5%
Total Debt + New W&S Debt/Actual Value:			6.39%		>10%	X	5-10%		<5%
Curr. W&S Debt + New Debt/Tap/MHI:			13%		>20%	X	10-20%		<10%
W&S Fund Current Ratio (CA/CL):	442%	411%	291%		<100%		100-200%	X	>200%
W&S Fund Reserves/Current Expense:	172%	181%	82%		<50%	X	50-100%		>100%
W&S Operating Ratio (OR/OE):	41%	60%	37%	X	<100%		100-120%		>120%
Coverage Ratio (TR-OE)/DS:	N/A	N/A	N/A		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A	N/A	N/A		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			-119%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			-150%	X	<110%		110-125%		>125%
Current Annual Water Rates/MHI:			0.41%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New W&S Debt Service/MHI:			0.96%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			82%		<25%		25-50%	X	>50%
			Total:	**6**		**4**		**11**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, eleven are rated strong, four are average and six are considered weak. Overall, the indicators illustrate a small system which will be burdened by the proposed debt. The strong indicators show that the system has no current debt and that rates appear to be affordable. The weak indicators reflect that the debt will be a burden for the size of the community and that system costs had risen in 2024.

- The District supports operations with property tax revenues in addition to water and sewer charges.
- Based on 2024 financial information, coverage with the proposed loan is -261%. Additional annual revenue of about $164,619, or $110.63 per tap per month, would increase the coverage ratio to 110%.

- The District identified $105,130 in 2024 one-time expenses for leak repair, changing electric service, water treatment facility design, and engineering services. In 2026, the District increased both water and sewer rates for an estimated combined total increase of $44.10, which is anticipated to bring in $65,620.80 of additional annual revenue compared with 2024. Once these one-time expenses are removed and the impact of the rate increase is considered, coverage with the proposed loan increases to 124% and no further rate increases are projected to be necessary.
- The District has discussed and anticipates further rate increase to support debt service and will determine a final increase during loan execution while considering CMAR value engineering implementations.
- Projections submitted by the District show revenues and expenses increasing by approximately 3% annually.
- District voters approved $5,000,000 in debt for planning, design, construction, and operations/maintenance of water and sewer infrastructure with 40 for and 24 against the ballot measure at the November 7, 2023, election.
- Without principal forgiveness, the coverage ratio moves to 56% and additional annual revenue of about $52,153 or $35.05 per tap per month, would increase the coverage ratio to 110%.

Additional Project Financing
The District submitted an Energy and Mineral Impact Assistance Fund grant application for $1,000,000 and $750,000 was awarded in May 2026.

The District submitted an application for grant funds from the Park County Land and Water Trust Fund and $500,000 was approved in May 2026.

DESCRIPTION OF THE LOAN:
An estimated $1,032,886 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the District approximately $44,401 in debt service annually. The District also qualifies for $1,232,612 in IIJA/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?
P1: MHI	$76,376	>=	$143,330	N
P2: MHV	$431,520	>=	$347,891	Y
P3: County Unemployment	5.35%	<=	3.20%	N
County Job Change	0.00%	>=	33.10%	N
S1: County MHI	$76,376	>=	$103,670	N
S2: Ten Year % Change in Population	0.00%	>=	N/A	N/A
S3: Assessed Value per Housing unit	$24,337	>=	$41,600	N
S4b: Curr. and Proj. System Debt	0.57%	<	5.25%	Y
S4b: 80th Percentile	1.57%	<	5.25%	Y
S5b: Proj. System Cost Per Tap to MHI	1.84%	<	3.49%	Y
S5b: 80th Percentile	2.67%	<	3.49%	Y

Based on 2020-2024 American Community Survey data, the District did not meet the requirements of a DAC due the lack of reliable and specific data for the small community. Because there is no geographically specific demographic data, the CWRPDA Board approved the District's business case for DAC status on January 29, 2026.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the District qualifies for the lowest interest rate available (Category 2 DAC, 1.5% or 1.75%).

IIJA/BIL Principal Forgiveness Eligibility:
In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. While the District originally scored zero points, the CWRPDA Board approved the District's business case for BIL eligibility on January 29, 2026 which increases the total score to three points.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.20%	1
2a: County Job Change	0.00%	>	33.10%	
2b: County Unemployment	5.35%	<	3.20%	0
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>		
	$119,338	<	$143,330	-1
4: Rates to MHI	1.32%	<	1.19%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	15.42%	0
7: % Households Housing Burdened	50.00%	<	8.26%	0
8: % Population under 200% Poverty Level	40.00%	<	14.90%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	32.55%	0
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	3

The District qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The District qualifies for $1,232,612 in principal forgiveness, leaving an estimated loan of $1,032,886.

ECONOMIC ANALYSIS: The District has a 2024 population estimated at 310 and has grown at an average annual rate of 0.20% since 2020. Park County has experienced an increase of 1.28% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

Retirees, commuters, tourists, and regional services make up most of Park County's economy. The sectors of professional services, construction, government, agriculture, hospitality, and waste management and remediation services dominate the regional economy.

The District indicated that the area's largest employers consist of education, food and lodging, construction, retail, and professional and technical services.

The Bailey Self Service Station, a convenience store and gas station, represents 13% of total system usage.

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 32-1 special district governed by a five-member board of directors and was organized in 1967. The District provides water and wastewater services. Approximately 1.25 full-time employees staff the water utility. The water utility is overseen by the contract ORC who reports the District Administrator.

- 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.

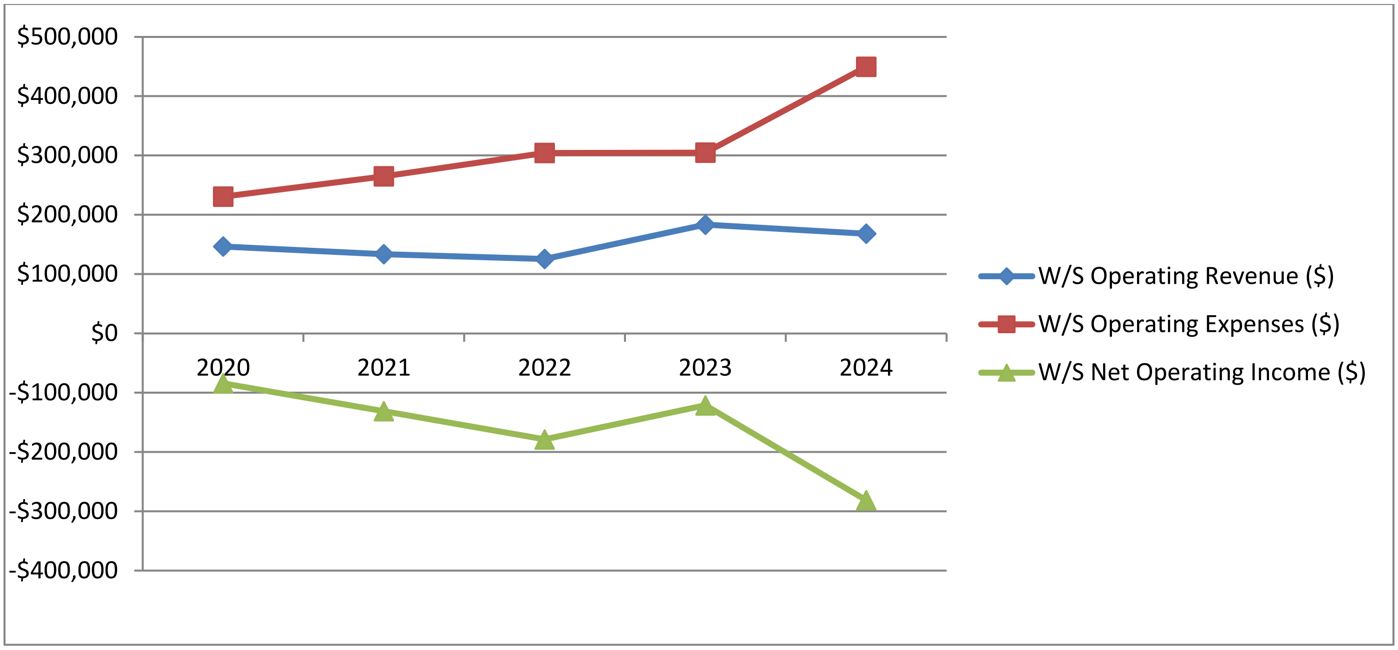
Capital Improvement Plan
As part of the application process, the District submitted its capital improvement plan, which anticipates capital outlay of approximately $6,000,000 for replacement of the wastewater treatment facility. Other anticipated projects which do not have cost estimates yet include lift station improvements, water line replacements, and water storage tank lining.

REVENUE ANALYSIS:
Water and sewer charges make up the majority of fund revenues. Net operating income has been negative, but the District also uses property taxes to cover operating expenses. Operating expenses have been on an increasing trend for the past five years; however, rate increases in 2023 increased revenues from charges and large rate increases in 2026 are expected to further increase operating revenues. 2024 operating expenses increased due to increased contractor and professional services, supplies, chemicals, repairs, and maintenance.

Prior to 2026, water and sewer charges were a combined charge based on water usage, for illustration below that combined charge has been split evenly between the water and sewer rate rows.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)			22.15	48.95	48.95	48.95	60.50
Monthly Sewer Rate ($)			22.15	48.95	48.95	48.95	81.50
Residential Water Tap Fee ($)			15,000	15,000	15,000	15,000	15,000
Residential Sewer Tap Fee ($)			15,000	15,000	15,000	15,000	15,000
Mill Levy	25.392	25.392	25.392	25.392	25.392		
Total W/S Revenue ($)	304,568	269,446	265,135	370,466	333,709		
Tap/Development Fees ($)	20,000	0	0	30,000	0		
Property Tax Revenue ($)	119,733	119,534	119,610	120,539	130,518		
S.O. Tax Revenue ($)	15,574	15,807	13,484	13,495	12,071		
W/S Operating Revenue ($)	146,526	133,598	125,415	183,350	168,050		
W/S Operating Expenses ($)	230,744	264,866	304,164	304,696	449,486		
W/S Net Operating Income ($)	-84,218	-131,268	-178,749	-121,346	-281,436		
W/S Debt ($)	0	0	0	0	0		
Total Debt ($)	0	0	0	0	0		
W/S Debt Service ($)	0	0	0	0	0		
W/S Debt Service/Tap/Month ($)			0.00	0.00	0.00		
W/S Fund Reserves ($)	623,921	613,206	524,633	550,518	367,740		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	48.11%	49.58%	47.30%	49.49%	50.36%	48.97%
Operating Revenue as % of Expenses	63.50%	50.44%	41.23%	60.17%	37.39%	50.55%
Tap Fee Revenue as % of Total Revenue	6.57%	0.00%	0.00%	8.10%	0.00%	2.93%



Recent Rate Increases
The District's most recent water and sewer rate increase of $44.10 was implemented on June 1, 2026

User Charges
The District's current monthly water rate is estimated at $60.50 compared to the 2024 estimated state median of $60.61. The District's average monthly water rate is based on typical residential consumption of 3,100 gallons per month. Users pay a $45.00 base and volume charges of $5.00 per 1,000 gallons for consumption from 0 to 6,000 gallons and $6.00 per 1,000 for consumption over 6,000 gallons. Bulk water is sold at $0.10 per gallon. Residential and commercial users pay the same rates.

The District's current estimated average monthly residential sewer rate is $81.50 compared to the 2024 estimated state median of $44.65. Users pay a $66.00 base and volume charges of $5.00 per 1,000 gallons for usage from 0 to 6,000 gallons and $6.00 per 1,000 for usage over 6,000 gallons. The unmetered sewer fee is $90 per month.

Contributed Capital
Revenue from tap fees has ranged from $0 to $30,000 and has averaged 2.93% of total water revenue during the last five years. The District's most recent water tap fee rate increase occurred in 2010.

- Residential water tap fees are $15,000
- Residential sewer tap fees are $15,000

Current System Utilization		
	Usage	Revenue
Residential	57%	65%
Non-residential (per EQR)	43%	35%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	$60.50/$	$81.50/$15,000
¾"	$60.50/$	$81.50/$15,000

DEBT as of December 31, 2024

The District has no debt as of December 31, 2024.

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.

Prepared by: Victor Chen
Date: July 28, 2026

Project # 190121D-Q
Cost Categories: Construction - Treatment - 90%,
Construction - Source - 10%

July 28, 2026 DWRF Credit Report Bailey Water and Sanitation District, Park County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	**310**
Number of Water Taps/Customers - 2024	**124**
Total Assessed Valuation - 2024	**$5,158,000**
Actual Value of All Real Property - 2024	**$35,459,000**
Median Household Income (MHI) - 2023	**$143,330**
Monthly Water Rate - 2024	**$48.95**
Water Operating Revenue - 2024	**$168,050**
W/S Total Revenue - 2024 **[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.]**	**$333,709**
W/S Tap and System Development Fee Revenue - 2024	**$0**
W/S Operating Expense - 2024	**$449,486**
W/S Current Expense - 2024	**$449,486**
W/S Debt - 2024	**$0**
Total Debt - 2024	**$0**
W/S Fund Reserves - 2024	**$367,740**
W/S Debt Service - 2024	**$0**
New W/S Debt **[Requested DWRF loan amount.]**	**$1,032,886**
Requested DWRF Loan Term	**30**
Requested DWRF Loan Interest Rate	**1.75%**
New Loan's Annual Water Debt Service (two payments annually)	**$44,401**

Current Indicators (2024)
Bailey Water and Sanitation District
(Water and Sewer Fund)

1	Total Debt	$0	÷	Population	310	=	$0
	New Debt	$1,032,886	÷	Population	310	=	$3,332
	Total Debt + New Debt	$1,032,886	÷	Population	310	=	$3,332
2	Total Debt	$0	÷	Number of Taps	124	=	$0
	New Debt	$1,032,886	÷	Number of Taps	124	=	$8,330
	Total Debt + New Debt	$1,032,886	÷	Number of Taps	124	=	$8,330
3	Total Debt	$0	÷	Assessed Value	$5,158,000	=	0.00%
	New Debt	$1,032,886	÷	Assessed Value	$5,158,000	=	20.02%
	Total Debt + New Debt	$1,032,886	÷	Assessed Value	$5,158,000	=	20.02%
4	Total Debt	$0	÷	Actual Value	$35,459,000	=	0.00%
	New Debt	$1,032,886	÷	Actual Value	$35,459,000	=	2.91%
	Total Debt + New Debt	$1,032,886	÷	Actual Value	$35,459,000	=	2.91%
5	Current Water Debt	$0	÷	Number of Taps	124	=	$0
	(Current Water Debt + New Water Debt) / Number of Taps	$8,330	÷	MHI	$143,330	=	5.81%
6	Current Ratio (CA / CL)						
	Current Assets	$560,718	÷	Current Liabilities	$192,978	=	291%
7	Reserve/Expense Ratio						
	Reserves	$367,740	÷	Current Expenses	$449,486	=	82%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$168,050	÷	Operating Expenses	$449,486	=	37%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$333,709	-				
	Minus Operating Expenses	<u>$449,486</u>					
	=	-$115,777	÷	Current Debt Service	$0	=	#DIV/0!
10	Coverage Ratio Excluding Tap and Development Fee Revenue	-$115,777					
	Minus Tap and Development Fee Revenu	<u>$0</u>					
	=	-$115,777	÷	Current Debt Service	$0	=	#DIV/0!
11	Projected Coverage Ratio						
	Total Revenues	$333,709					
	Minus Operating Expenses	<u>$449,486</u>					
	=	-$115,777		Total Debt Service (with new loan)	$44,401	=	-261%
12	Projected Coverage Excluding Tap and Development Fee Revenue	-$115,777					
	Minus Tap and Development Fee Revenu	<u>$0</u>					
	=	-$115,777	÷	Total Debt Service (with new loan)	$44,401	=	-261%
13	Current Debt Service	$0	÷	Number of Taps	124	=	$0.00
	Annual New Water Debt Service	$44,401	÷	Number of Taps	124	=	$358.08
14	2024 Annual Water Rate (Monthly Rate x 12)	$587.40	÷	MHI	$143,330	=	0.41%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$945.48	÷	MHI	$143,330	=	0.66%
15	Current 2024 Monthly User Charge						$48.95
	(Debt Service on DWRF Loan / 2024 Taps / Month)						<u>$29.84</u>
	Total						$78.79
16	Operation and Maintenance Reserve						
	Reserves	$367,740	÷	Operating Expenses	$449,486	=	82%

2026 SRF Disadvantaged Community Criteria

Applicant: Bailey Water and Sanitation District

Test Result	Conditions met to be DAC
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

Loan Terms

Amount of Loan:	$ 2,265,498
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 154,936

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	310	Y	
	Population 5 years ago (2020)			308		
	Poulation 10 years ago (2015)					
	Primary Factors					
P1	MHI (Place)	<=	$ 76,376	143,330	N	
	Margin of Error (MOE)	±		7,659		
P2	MHV (Place)	<=	$ 431,520	347,891	Y	Assessor MHV
	Margin of Error (MOE)	±				
P3	24 Month Unemployment (County)	>=	5.35%	3.20%	N	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	33.10%	N	
	Jobs (2024)			5,485		
	Jobs (2015)			4,121		
	Priority Factor Count				0	
	Secondary Factors					
S1	MHI (County)	<=	$ 76,376	103,670	N	
	Margin of Error (MOE)	±		17,612		
	Reliability (CV)	<=	18.00%	10.33%	Y	
S2	10 Year % Chng. Population	<=	0.00%	N/A	N/A	
S3	Assessed Value / Housing Unit	<=	$ 24,337	$41,600	N	Used number of taps to estimate housing units
	Assessed Value			5,158,417		
	Total Housing Units			124		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.57%	0.00%	N		
WS	Current + Projected Debt/Tap/MHV	>	0.57%	5.25%	Y		
	S4b 80th percentile		1.57%	5.25%	Y		

			Benchmark	Applicant	Result	If MHI CV > 18%, calculate result at top of band	Result
S5	System Full Cost / Tap / MHI	>	2.03%	2.66%	Y		
	Projected Rate @ 110% Coverage	>	1.84%	3.49%	Y		
	S5b 80th percentile		2.67%	3.49%	Y		

Secondary Factor Count 2

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

Taps or EQR's	124
Total Debt	0
Principal & Interest	0
Operating Expenses (including operating transfers out)	449,486
Depreciation	23,509

WPCRF & DWRF

#				Benchmark	Applicant	Points	Notes on Data Used	Result
	Eligiblity Criteria							
1	Population loss or growth is slower than the state's over 5 years	<=		0.73%	0.20%	1.0		
	Current Population (2024)				310			
	Poulation five years ago (2020)				308			
2a	10 Year % County Job Change	>=		0	33.10%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=		5.35%	3.20%	0.0		
3	Median Household Income	<=	$	95,470	143,330	0.0	**If MHI CV > 40%, calculate result at top of band**	**Result**
		>=	$	119,338		-1.0		
							If MHI CV > 40%, calculate result at top of band	**Result**
4	Rates compared to MHI	>		1.32%	1.19%	0.0		
WS	Monthly Residential Rate	>			142.00			
					2026 rates and 3,100 gallons of typical resisdental consumption			
5	Project addresses removal of lead or emerging contaminants			Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>		40.00%	15.42%	0.0		
7	% Population that are housing burdened is greater than 50%	>		50.00%	8.26%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>		40.00%	14.90%	0.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=		55.00%	32.55%	0.0		
	% Population over 65 years old				17.65%			
10	Meets base program DAC criteria?				Yes	3.0		
	BIL Eligibility Points					3.0		

COLORADO
Department of Local Affairs
Division of Local Government

TO: Wesley Williams and Members of the Board of the CWRPDA
FROM: Victor Chen, DLG
SUBJECT: Town of Kremmling ("The Town"), DWRF Credit Report Update
DATE: August 19, 2026

Project Budget	
DWRF Supplemental Loan:	$1,500,000
2024 DWRF Base and IIJA Loan:	$12,922,960
2024 DWRF IIJA/BIL PF:	$3,000,000
2024 EIAF Grant:	$1,000,000
2023 D&E Grant:	$300,000
Total:	$18,722,960

This project consists of replacing the Town's existing water treatment facility with ultrafiltration (UF) treatment skids to aid in raw water quality and finished water quality goals. The new water treatment facility project includes three UF treatment skids and eight UF membrane modules housed in a new treatment plant building. Other new additions include a clearwell, booster pump, and potable water storage tank.

The Town previously received DWRF funding for this project as a $4,676,154 direct loan with a thirty-year term at an interest rate of 1.75% that included $3,000,000 of IIJA/BIL principal forgiveness, and a $11,246,806 leveraged loan with a thirty-year term at an interest rate of 3.35%. Both loans were executed on November 22, 2024. The original loans were executed before the Town had the 90% guaranteed maximum price from their contractor and additional funds are needed to complete the project. Therefore, the Town is requesting a supplemental loan.

When including the previous 2024 DWRF loan, the Town's 2024 financials show that this proposed supplemental loan represents a growing but manageable debt burden for the rural mountain community in Grand County. Due to increased Median Household Income (Census Bureau American Communities Survey), the Town no longer meets the criteria for disadvantaged community status; however, current policy states supplemental loans receive the same interest rate as the initial loan or the prevailing interest rate, whichever is lower. We therefore recommend the DWRF Committee approve a $1,500,000 supplemental DWRF base direct loan over 30 years at an interest rate of 1.75% to the Town of Kremmling on the condition that rates are increased to meet the 110% coverage ratio requirement (approximate required rate increase of $14.20).

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	756	697	7,937	X	>$2,000		$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			8,932	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	1,594	1,434	16,142	X	>$5,000		$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			18,166	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	1,594	1,434	16,142	X	>$2,000		$1,000 - 2,000		<$1,000
Current Water + New Water Debt/Tap ($):			18,166	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	5.59%	5.20%	46%		>50%	X	25-50%		<25%
Total Debt + New Water Debt/Assessed Value:			52%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	0.67%	0.62%	5.18%		>10%	X	5-10%		<5%
Total Debt + New Water Debt/Actual Value:			5.83%		>10%	X	5-10%		<5%
Curr. Water Debt + New Debt/Tap/MHI:			23%	X	>20%		10-20%		<10%
Water Fund Current Ratio (CA/CL):	999%	1,161%	2,705%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	318%	310%	1,788%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	191%	152%	130%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	242%	258%	141%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	235%	178%	85%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan:			105%	X	<110%		110-125%		>125%

COLORADO
Department of Local Affairs
Division of Local Government

Coverage Ratio with New Loan Excluding Tap Fees:	63%	X	<110%		110-125%		>125%
Current Annual Water Rates/MHI:	0.97%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:	1.08%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:	2,430%		<25%		25-50%	X	>50%
	Total:	**11**		**3**		**7**	

Financial Analysis
Of the twenty-one current indicators calculated, seven are rated strong, three are average and eleven are considered weak. Overall, the indicators illustrate a system that can successfully take on the proposed debt with a moderate rate increase. The strong indicators show strong reserves and a healthy operating cash flow. The weak indicators reflect high debt burden for the community with a coverage ratio that is below the requirement.

- Operating revenues have consistently covered operating expenses for each of the five years examined.
- In 2024, the Town paid off a series of Water Revenue Bonds issued in 2004, which freed up additional cashflow for debt service.
- Based on 2024 financial information and including debt service on the original 2024 DWRF loans for this project, coverage with the proposed loan is 31% with tap fee revenue and 21% without tap fee revenue. Additional annual revenue of about $674,591 or roughly $73.97 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue. Additional annual revenue of about $760,954, or roughly $83.44 per tap per month, would increase the coverage ratio to 110% excluding tap fee revenue.
- The Town has almost doubled water rates (increasing from $62.50 in 2024 to $121.40 in 2026) to meet coverage ratio requirements on the original 2024 DWRF loans. Based on 760 taps, annual operating revenues are estimated to increase by $537,168 compared to 2024. This increases the projected coverage ratio to 94% with tap fee revenue and 84% without tap fee revenue. Additional annual revenue of about $137,423 or roughly $15.07 per tap per month would increase the coverage ratio to 110% when including tap fee revenue. Additional annual revenue of about $223,786, or roughly $24.54 per tap per month, would increase the coverage ratio to 110% excluding tap fee revenue.
- In 2024, the Town had one-time expenses of $7,929 for distribution repairs. By removing these one-time expenses, it increases the projected coverage ratio to 95% with tap fee revenue and 85% without tap fee revenue. Additional annual revenue of about $129,494, or roughly $14.20 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue. Additional annual revenue of $215,857, or roughly $23.67 per tap per month, would increase the coverage ratio to 110% excluding tap fee revenue.
- Projections submitted by the Town show water fund revenues increasing annually by approximately 3% and expenses increasing annually by approximately 3% as well. The Town is considering further rate increases in 2027.

July 28, 2026 DWRF Credit Report Town of Kremmling, Grand County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	1,507
Number of Water Taps/Customers - 2024	741
Total Assessed Valuation - 2024	$25,855,000
Actual Value of All Real Property - 2024	$230,782,000
Median Household Income (MHI) - 2024	$77,407
Monthly Water Rate - 2024	$62.50
Water Operating Revenue - 2024	$686,568
Water Total Revenue - 2024 [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.]	$794,660
Water Tap and System Development Fee Revenue - 2024	$106,000
Water Operating Expense - 2024	$528,271
Water Current Expense - 2024	$717,831
Water Debt - 2024	$11,960,994
Total Debt - 2024	$11,960,994
Water Fund Reserves - 2024	$12,838,211
Water Debt Service - 2024	$189,560
New Water Debt [Requested DWRF loan amount.]	$1,500,000
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual Water Debt Service (two payments annually)	$64,482

Current Indicators (2024)
Kremmling
(Water)

1	Total Debt	$11,960,994	÷	Population	1,507	=	$7,937
	New Debt	$1,500,000	÷	Population	1,507	=	$995
	Total Debt + New Debt	$13,460,994	÷	Population	1,507	=	$8,932
2	Total Debt	$11,960,994	÷	Number of Taps	741	=	$16,142
	New Debt	$1,500,000	÷	Number of Taps	741	=	$2,024
	Total Debt + New Debt	$13,460,994	÷	Number of Taps	741	=	$18,166
3	Total Debt	$11,960,994	÷	Assessed Value	$25,855,000	=	46.26%
	New Debt	$1,500,000	÷	Assessed Value	$25,855,000	=	5.80%
	Total Debt + New Debt	$13,460,994	÷	Assessed Value	$25,855,000	=	52.06%
4	Total Debt	$11,960,994	÷	Actual Value	$230,782,000	=	5.18%
	New Debt	$1,500,000	÷	Actual Value	$230,782,000	=	0.65%
	Total Debt + New Debt	$13,460,994	÷	Actual Value	$230,782,000	=	5.83%
5	Current Water Debt	$11,960,994	÷	Number of Taps	741	=	$16,142
	(Current Water Debt + New Water Debt) / Number of Taps	$18,166	÷	MHI	$77,407	=	23.47%
6	Current Ratio (CA / CL)						
	Current Assets	$13,331,010	÷	Current Liabilities	$492,799	=	2705%
7	Reserve/Expense Ratio						
	Reserves	$12,838,211	÷	Current Expenses	$717,831	=	1788%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$686,568	÷	Operating Expenses	$528,271	=	130%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$794,660	-				
	Minus Operating Expenses	$528,271					
	=	$266,389	÷	Current Debt Service	$189,560	=	141%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$266,389					
	Minus Tap and Development Fee Revenu	$106,000					
	=	$160,389	÷	Current Debt Service	$189,560	=	85%
11	Projected Coverage Ratio						
	Total Revenues	$794,660					
	Minus Operating Expenses	$528,271					
	=	$266,389		Total Debt Service (with new loan)	$254,042	=	105%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$266,389					
	Minus Tap and Development Fee Revenu	$106,000					
	=	$160,389	÷	Total Debt Service (with new loan)	$254,042	=	63%
13	Current Debt Service	$189,560	÷	Number of Taps	741	=	$255.82
	Annual New Water Debt Service	$64,482	÷	Number of Taps	741	=	$87.02
14	2024 Annual Water Rate (Monthly Rate x 12)	$750.00	÷	MHI	$77,407	=	0.97%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$837.02	÷	MHI	$77,407	=	1.08%
15	Current 2024 Monthly User Charge						$62.50
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$7.25
	Total						$69.75
16	Operation and Maintenance Reserve						
	Reserves	$12,838,211	÷	Operating Expenses	$528,271	=	2430%

DWRF LOAN CREDIT REPORT (2024)

Town of Kremmling ("The Town"), Grand County

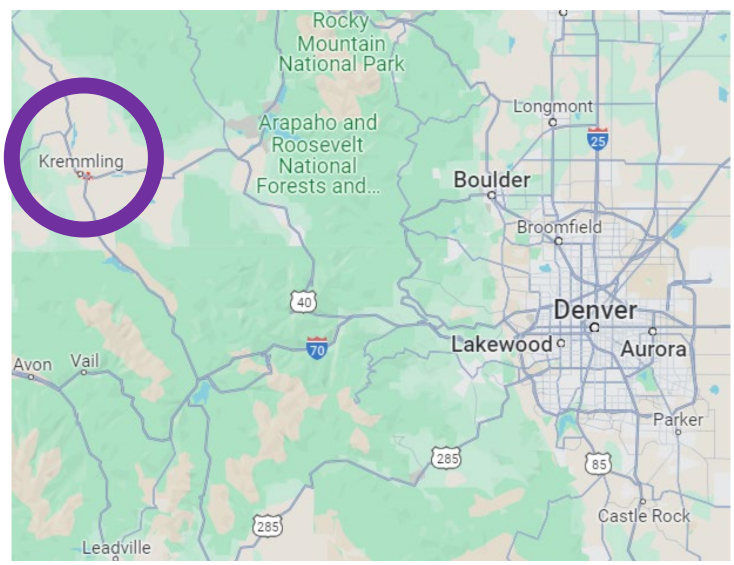
Recommendation:	**CONDITIONAL APPROVAL**
Loan Request:	$15,922,960
Total Est. Annual Debt Service:	$699,715
Leveraged Loan:	$11,246,806
Interest Rate & Term:	3.75%, 30 years
Direct Loan:	$1,676,154
Interest Rate & Term:	1.75%, 30 years
Pledge:	Water revenues
Current Rate:	$63.50
Estimated Rate Increase:	$68.41

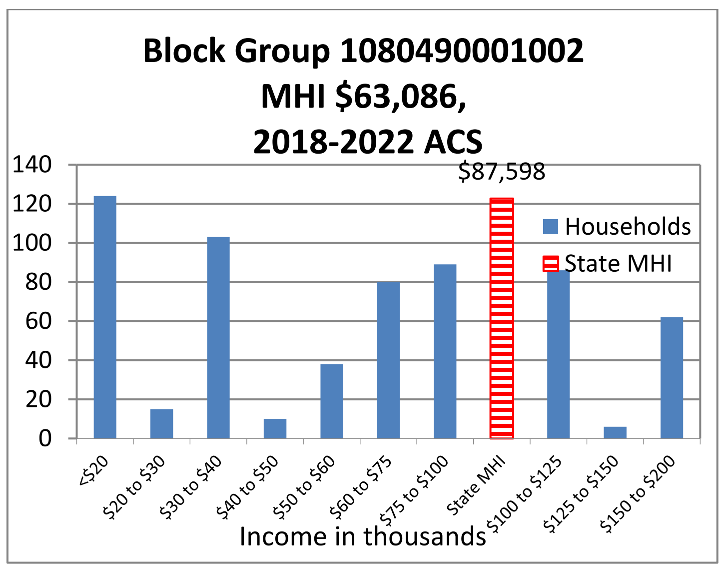
Project Budget	
DWRF BIL Loan:	$1,676,154
DWRF BIL Supplemental PF:	$3,000,000
DWRF Base Loan:	$11,246,806
Planning, D&E Grants:	$300,000
Total:	$16,222,960

PROJECT DESCRIPTION: This project consists of replacing the Town's existing water treatment facility with ultrafiltration (UF) treatment skids to aid in raw water quality and finished water quality goals. The new water treatment facility project includes three UF treatment skids and eight UF membrane modules housed in a new treatment plant building. Other additions include a clearwell, booster pump, and potable water storage tank.

COMMUNITY PROFILE: Town of Kremmling	2018	2019	2020	2021	2022	2023	2024	Avg. Annual Change
Town Population	1,342	1,350	1,499	1,534	1,478			2.44%
Grand County Population	15,268	15,408	15,748	15,860	15,748			0.78%
Grand County Jobs	10,280	10,352	9,381	9,987	10,253			-0.07%
Number of Water Taps			704	710	712	731	741	1.29%
Assessed Value ($000)			17,053	17,313	20,314	20,152	25,855	10.96%
Actual Value ($000)			141,932	144,880	168,537	168,887	230,782	12.92%

BORROWER BRIEF: The Town is located on the northern bank of the Colorado River in western Grand County, approximately 37 miles north of Silverthorne on State Highway 9 and approximately 34 miles downstream of Lake Granby on the Colorado River.





RECOMMENDATION: The Town serves a rural mountain community in Grand County. This proposed loan is necessary to make improvements to the Town's water treatment facility which does not currently meet State Design Criteria. The proposed loan would be a significant burden on the community. However, the Town's water fund is currently in good financial condition and the Town is prepared to implement high rate increases which were recently presented to the Town Board. We therefore recommend the DWRF Committee approve a $1,676,154 disadvantaged communities DWRF BIL supplemental direct loan, a $11,246,806 leveraged loan, and $3,000,000 in DWRF BIL supplemental principal forgiveness to the Town on the condition rates are increased to meet loan requirements.

PROJECT SUMMARY:

System summary: The Town's water treatment facility (WTF) receives surface water primarily from Sheep Creek that is treated in two microfloc package plants. The treatment facility consists of flocculation basins and gaseous chlorine. The treated water is sent to two storage tanks before being distributed to the 710 service connections in the area, mostly consisting of single-family residences.

Reason/need: The Town's existing water treatment facility (WTF) consists of two filtration units from 1979 that do not currently meet the State Design Criteria for Potable Water Systems. The system is outdated and the WTF requires higher chlorine dose which presents a higher risk for disinfection byproduct formation. The Town's site-specific issues include capacity and demand; raw water quality and finished water quality goals; site space availability; potential for future expansion; and offers desirable operational characteristics. The proposed project will address these issues. The proposed project will be a complete replacement of existing WTF. This will replace an aging building showing signs of corrosion, increase the removal of turbidity and microorganisms from raw water, replacement of gas chlorine with liquid sodium hypochlorite, and increase storage capability from 500k gallons to 1.5 million gallon capacity.

System Compliance: The Town of Kremmling 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: 9.78% of total project cost included as contingency.

CURRENT INDICATORS:	**2020**	**2021**	**2022**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	868	795	768		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):			9,511	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	1,848	1,717	1,594		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			19,744	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	1,848	1,717	1,594		>$2,000	X	$1,000 - 2,000		<$1,000
Current Water + New Water Debt/Tap ($):			19,744	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	7.63%	7.04%	5.59%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			69%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	0.92%	0.84%	0.67%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			8.34%		>10%	X	5-10%		<5%
Curr. Water Debt + New Debt/Tap/MHI:			31%	X	>20%		10-20%		<10%
Water Fund Current Ratio (CA/CL):	1,046%	482%	999%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	300%	280%	318%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	195%	168%	191%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	254%	178%	242%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	233%	171%	235%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			39%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			38%	X	<110%		110-125%		>125%
Current Annual Water Rates/MHI:			1.19%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:			2.75%		>3.0%	X	1.5-3.0%		<1.5%
Operation and Maintenance Reserve:			443%		<25%		25-50%	X	>50%
			Total:	**7**		**3**		**11**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, 11 are rated strong, three are average, and seven are considered weak. Overall, the indicators illustrate a small system covering expenses but needing additional revenues to pay for the large proposed loan. The strong indicators show that the water system is in good financial condition with sufficient reserves and operating ratios. The weak indicators reflect that the proposed loan will burden the community and that rates will need to be raised to meet the coverage ratio requirement.

- Operating revenues have consistently covered operating expenses, with a strong average operating ratio of 205% over the past five years examined. Operating revenues averaged 97% of total revenue during the same period.
- Based on 2022 financial information and an estimated annual increase in operations and maintenance expenses of $27,500, coverage with the proposed loan is 36% with tap fee revenue and 35% without tap fee revenue. Additional annual revenue of about $617,237, or $69.41 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue. The Town raised rates by $1 in 2023, reducing the rate increase to $68.41.
- While the rate increases are high, the Town has performed multiple rate studies and is preparing to increase the rates to meet the 110% coverage ratio requirement. The Town Board is currently considering three rate increase scenarios that were presented by

the Rural Community Assistance Corporation in June 2024. The rate increase scenario with the lowest rate increase would raise the typical residential user's monthly bill by roughly $85.50. If the Town adopts any of the rate increase scenarios under consideration, the water fund is projected to meet the 110% coverage ratio requirement on the proposed loan.

- In 2025, the Town is expected to pay off a series of water revenue bonds issued in 2004. This will decrease expenses by the current annual payment of $38,972, strengthening the water fund's position.
- Projections submitted by the Town show an annual increase in operations and maintenance expenses of $27,500 and a steadily increasing number of taps, which should increase revenue. All three of the rate increase scenarios under consideration by the Town would increase rates by approximately 5% every year.
- Without principal forgiveness, the coverage ratio moves to 31% with tap fee revenue and 30% without tap fee revenue. Additional annual revenue of about $782,775, or $88.03 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue.

DESCRIPTION OF THE LOAN:
An estimated $1,676,154 direct loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the Town approximately $72,054 in debt service annually. An estimated $11,246,806 leveraged loan with a thirty-year term with two payments annually at an interest rate of 3.75% will cost the Town approximately $627,661 in debt service annually. The Town also qualifies for $3,000,000 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	$70,078	>=	$63,086	Y	S1: County MHI	$70,078	>=	$79,367	N
P2: MHV	$465,900	>=	$314,200	Y	S2: Population Loss	0.00%	>=	10.71%	N
P3: County Unemployment	5.38%	<=	2.69%	N	S3: Assessed Value per Housing unit	$24,963	>=	$29,229	N
County Job Change	0.00%	>=	12.68%	N	S4b: Curr. and Proj. System Debt	0.30%	<	7.62%	Y
					S4b: 80th Percentile	1.05%	<	7.62%	Y
					S5b: Proj. System Cost Per Tap to MHI	1.08%	<	3.77%	Y
					S5b: 80th Percentile	1.63%	<	3.77%	Y

Based on 2018-2022 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's proposed direct loan qualifies for the lowest interest rate available (Category 2 DAC, 1.75%).

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 five points as shown below.

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	2.44%	0
2a: County Job Change	0.00%	>	12.68%	0
2b: County Unemployment	5.38%	<	2.69%	
3: Median Household Income, or MHI exceeds 125%	$87,598	>	$63,086	1
of state MHI (-1 point)	$109,498	<		
4: Rates to MHI	0.81%	<	1.21%	1

5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	39.29%	0
7: % Households Housing Burdened	50.00%	<	34.59%	0
8: % Population under 200% Poverty Level	40.00%	<	34.80%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	48.01%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				5

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 $3,000,000 in principal forgiveness, which is the current maximum for BIL DWRF supplemental principal forgiveness.

ECONOMIC ANALYSIS: The Town has a 2022 population estimated at 1,478 and has grown at an average annual rate of 2.44% since 2018. Grand County has experienced an increase of 0.78% in population since 2018. The state population increased at an average annual rate estimated 0.71%.

The region's economy is dominated by government, accommodation and food services, arts, retail, and construction. Tourism is the largest base industry in Grand County.

According to the Town, the region's largest industries consist of agriculture, with approximately 100 employees; construction, with approximately 167 employees; education, health, and social services, with approximately 117 employees; transportation, warehousing, and utilities, with approximately 90 employees; arts, recreation, and food services, with approximately 58 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 form of government and was incorporated in 1904. The Town provides services including police protection, water, sanitation, public works, a cemetery, an airport mosquito control, and parks and recreation. Approximately three full-time employees staff the water utility. The water utility is overseen by the Public Works Director who reports to the Town Manager.

- 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.
- 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 the following mandatory recommendations:

Financial Criterion #F-2: Cash Flow Analysis and Financial Plan

- The Town should raise rates as necessary in order to meet the 110% coverage ratio requirement for the proposed loan.

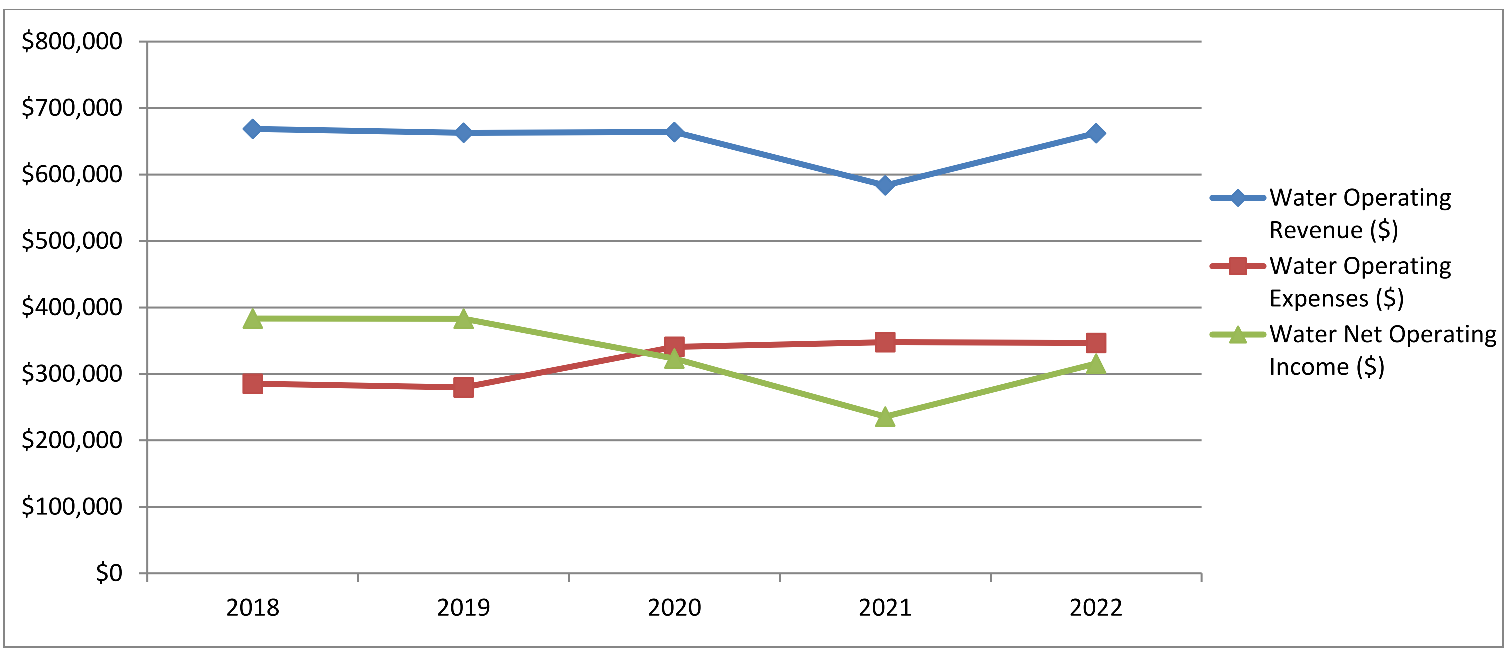
Capital Improvement Plan

As part of the application process, the Town submitted a capital improvement schedule through 2053, which anticipates capital outlay of $15,193,500 for storage tank improvements, the proposed new water treatment facility, and a pump station to be funded from grants, loans, and reserves.

REVENUE ANALYSIS:
Operating revenues have covered operating expenses by a healthy margin for the past five years. 2021 operating revenues decreased due to the addition of a franchise agreement to provide reclaimed water to park systems and other government entities for non-potable use and irrigation. The Town conducted a rate study with the assistance of the Rural Community Assistance Corporation and presented the rate study results in June 2024. The rate study described three scenarios for rate increases, all of which involve significant increases to both the base and volume rates, in addition to restricting the rate model so that commercial users are charged significantly more than residential users. Based on typical residential consumption of 11,400 gallons per month, the scenario with the lowest rate increases would increase the estimated monthly rate of a residential user by $85.50, which would be sufficient for the water fund to meet the 110% coverage ratio requirement on the proposed loan. The scenario with the highest rate increases would increase the estimated monthly rate of a residential user by $97.50. These scenarios, which include a “low” rate increase option and a “high” rate increase option as described in addition to a “middle” rate increase option in between, are all under consideration by the Town Board. Any of the three rate increase options described in the rate study would put the Town’s water fund in a strong financial position to take on the proposed debt and maintain a healthy operating ratio.

TRENDS	2018	2019	2020	2021	2022	2023	2024
Monthly Water Rate ($)			61.50	61.50	62.50	62.50	63.50
Residential Water Tap Fee ($)			4,800	5,000	5,000	5,500	6,500
Total Water Revenue ($)	681,947	697,141	694,574	593,270	676,429		
Tap/Development Fees ($)	9,600	28,800	28,950	9,600	10,000		
Water Operating Revenue ($)	668,552	662,814	663,936	583,583	662,167		
Water Operating Expenses ($)	285,245	279,705	340,772	347,753	346,623		
Water Net Operating Income ($)	383,307	383,109	323,164	235,830	315,544		
Water Debt ($)	1,454,387	1,381,355	1,301,281	1,219,079	1,134,659		
Total Debt ($)	1,454,387	1,381,355	1,301,281	1,219,079	1,134,659		
Water Debt Service ($)	137,365	136,014	139,476	137,814	136,271		
Water Debt Service/Tap/Month ($)			16.51	16.18	15.95		
Water Fund Reserves ($)	1,319,121	1,255,113	1,440,909	1,361,360	1,534,123		

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	98%	95%	96%	98%	98%	97%
Operating Revenue as % of Expenses	234%	237%	195%	168%	191%	205%
Tap Fee Revenue as % of Total Revenue	1.41%	4.13%	4.17%	1.62%	1.48%	2.56%



Recent Rate Increases
The Town's most recent rate increase of $1.00 was implemented on October 18, 2023.

User Charges
The Town's current monthly water rate is estimated at $63.50 compared to the 2022 estimated state median of $59.19. The Town's average monthly water rate is based on typical residential consumption of 11,400 gallons per month. Residential users pay a $50.00 base rate up to 6,000 gallons and a volume charge of $2.50 per 1,000 gallons for consumption over 6,000 gallons. Commercial users pay a $58.00 base rate up to 10,000 gallons and a volume charge of $3.00 per 1,000 gallons for consumption over 10,000 gallons.

Contributed Capital
Revenue from tap fees has ranged from $9,600 to $28,950 and has averaged 3% of total water revenue during the last five years. The Town's most recent water tap fee rate increase occurred in 2024.

- Residential water tap fees are $6,500 for a ¾" tap, $13,000 for a 1" tap, $17,500 for a 1 ½" tap, and $25,000 for a 2" tap. Commercial users pay the same water tap fees.

Current System Utilization		
	Usage	Revenue
Residential	80%	81%
Non-residential (per EQR)	20%	19%

Current Fee Summary	
Tap size	Water user/tap fees
¾"	$63.50/$6,500
¾"	$62.20/$6,500

DEBT as of December 31, 2022

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2004	Water Revenue Bonds	2036	Water revenues	$100,000	2.5%-5.7%	$100,706
2004	CWCB	2025	Water revenues	$1,034,659	4.25%	$38,972

LOAN COVENANTS: The Town will have to meet Authority's 110% rate covenant, 3 months 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: Victor Chen
Date: August 6, 2024

Project # 190251D-B
Cost Categories:
Planning and Design - 3%
Construction - Treatment - 70.6%
Construction - Storage - 8.5%
Restructuring - 1.4%
Land Acquisition - 1.1%

August 6, 2024 DWRF Credit Report Kremmling, Grand County, CO Using most recent data available (Census, audits, local records)			
Estimated Population - 2022	1,478		
Number of Water Taps/Customers - 2022	712		
Total Assessed Valuation (in thousands) - 2022	$20,314,000		
Actual Value of All Real Property (in thousands) - 2022	$168,537,000		
Median Household Income (MHI) - 2022	$63,086		
Monthly Water Rate - 2022	$62.50		
Water Operating Revenue - 2022	$662,167		
Water Total Revenue - 2022 [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.]	$676,429		
Water Tap and System Development Fee Revenue - 2022	$10,000		
Water Operating Expense - 2022	$346,623		
Water Current Expense - 2022	$482,894		
Water Debt - 2022	$1,134,659		
Total Debt - 2022	$1,134,659		
Water Fund Reserves - 2022	$1,534,123		
Water Debt Service - 2022	$136,271	Leveraged Loan	Direct Loan
New Water Debt [Requested DWRF loan amount.]	$12,922,960	$11,246,806	$1,676,154
Requested DWRF Loan Term	30	30	30
Requested DWRF Loan Interest Rate		3.75%	1.75%
New Loan's Annual Water Debt Service (two payments annually)	$699,715	$627,661	$72,054

Current Indicators (2022) Town of Kremmling (Water Only)							
1	Total Debt	$1,134,659	÷	Population	1,478	=	$768
	New Debt	$12,922,960	÷	Population	1,478	=	$8,744
	Total Debt + New Debt	$14,057,619	÷	Population	1,478	=	$9,511
2	Total Debt	$1,134,659	÷	Number of Taps	712	=	$1,594
	New Debt	$12,922,960	÷	Number of Taps	712	=	$18,150
	Total Debt + New Debt	$14,057,619	÷	Number of Taps	712	=	$19,744
3	Total Debt	$1,134,659	÷	Assessed Value	$20,314,000	=	5.59%
	New Debt	$12,922,960	÷	Assessed Value	$20,314,000	=	63.62%
	Total Debt + New Debt	$14,057,619	÷	Assessed Value	$20,314,000	=	69.20%
4	Total Debt	$1,134,659	÷	Actual Value	$168,537,000	=	0.67%
	New Debt	$12,922,960	÷	Actual Value	$168,537,000	=	7.67%
	Total Debt + New Debt	$14,057,619	÷	Actual Value	$168,537,000	=	8.34%
5	Current Water Debt	$1,134,659	÷	Number of Taps	712	=	$1,594
	(Current Water Debt + New Water Debt) / Number of Taps	$19,744	÷	MHI	$63,086	=	31.30%
6	Current Ratio (CA / CL)						
	Current Assets	$1,704,791	÷	Current Liabilities	$170,668	=	999%
7	Reserve/Expense Ratio						
	Reserves	$1,534,123	÷	Current Expenses	$482,894	=	318%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$662,167	÷	Operating Expenses	$346,623	=	191%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$676,429	-				
	Minus Operating Expenses	$346,623					
	=	$329,806	÷	Current Debt Service	$136,271	=	242%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$329,806					
	Minus Tap and Development Fee Revenu	$10,000					
	=	$319,806	÷	Current Debt Service	$136,271	=	235%
11	Projected Coverage Ratio						
	Total Revenues	$676,429					
	Minus Operating Expenses	$346,623					
	=	$329,806		Total Debt Service (with new loan)	$835,986	=	39%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$329,806					
	Minus Tap and Development Fee Revenu	$10,000					
	=	$319,806	÷	Total Debt Service (with new loan)	$835,986	=	38%
13	Current Debt Service	$136,271	÷	Number of Taps	712	=	$191.39
	Annual New Water Debt Service	$699,715	÷	Number of Taps	712	=	$982.75
14	2022 Annual Water Rate (Monthly Rate x 12)	$750.00	÷	MHI	$63,086	=	1.19%
	2022 Annual Water Rate + New Annual Debt Service Per Tap	$1,732.75	÷	MHI	$63,086	=	2.75%
15	Current 2022 Monthly User Charge						$62.50
	(Debt Service on DWRF Loan / 2022 Taps / Month)						$81.90
	Total						$144.40
16	Operation and Maintenance Reserve						
	Reserves	$1,534,123	÷	Operating Expenses	$346,623	=	443%

Principal Forgiveness and Priority Point Scoring

Applicant: Town of Kremmling
DWRF or WPCRF: DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 64.155%

Amount of principal forgiveness awarded (accounting for any applicable cap/max: $3,000,000

Base DWRF Principal Forgiveness Scoring

DWRF

Water Quality & Public Health + CPDWR Compliance:	15
DOLA Affordability Score:	140
Total Score	155

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): $0

Priority Point Scoring

Total WQCD Score:	20
DOLA Affordability Score:	140
Total Score:	160

2024 IUP DWRF Priority Point Calculations

Entity Name:	Town of Kremmling
Date of Scoring	7/1/2024
SRF Phase:	Loan app
DOLA Score:	140
DAC:	DAC

	Benchmarks				
$87,598	**2018-2022 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$63,086	72%
	<50% of state MHI	35			
	Between 51% and 80% of state MHI	20	x		
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5b	**User Fees (projected water rate at 110%/tap/MHI)**			3.77%	
	Rates are > 1.63%	45	x		
	Rates are between 1.08% and 1.63%	25			
	OR				
S5b	**User Fees for a combined water & sewer fund**				
	Rates are > 2.90%	45			
	Rates are between 1.94% and 2.90%	25			
S4b	**Projected water debt per tap compared to MHV**			7.62%	
	Debt is > 1.05%	45	x		
	Debt is between 0.30% and 1.05%	25			
	OR				
S4b	**Projected water & sewer debt (for combined systems)**				
	Debt is > 2.15%	45			
	Debt is between 0.67% and 2.15%	25			
	Population served			1,478	
	Less than 500	35			
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20	x		
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			29,229	
	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	x		
	AV per household is greater than $43,240	0			

DWRF LOAN CREDIT REPORT (2026)

Town of Cheyenne Wells ("The Town"), Cheyenne County

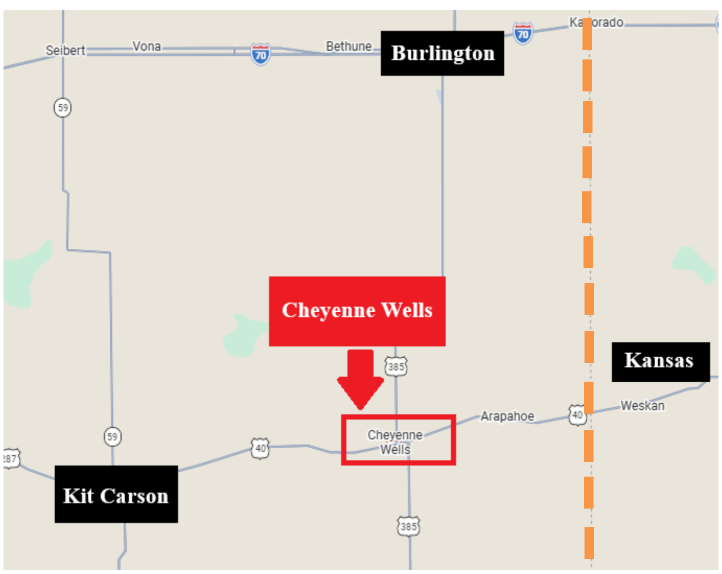
Recommendation:	**APPROVAL**
Loan Request:	$5,792,460
Interest Rate & Term:	1.50% & 20 years
Annual Debt Service:	$191,161
Pledge:	Water System Revenue
Current Rate:	$64.38
Estimated Rate Increase:	$0.00

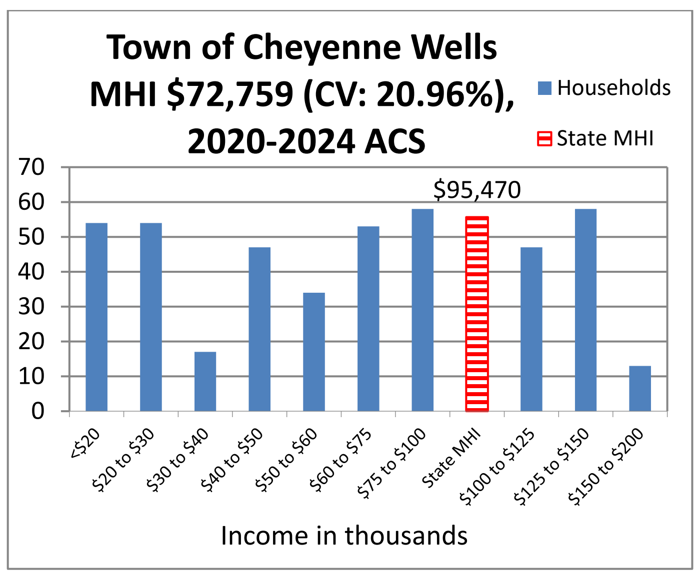
Project Budget	
DWRF Loan:	$1,197,547
DWRF IIJA/BIL Loan:	$2,094,913
DWRF IIJA/BIL PF:	$2,500,000
2024 D&E Grant:	$300,000
2026 EIAF:	$475,000
Reserves:	$39,650
Total:	$6,607,110

PROJECT DESCRIPTION: The Project consists of construction of two ion exchange treatment systems and associated appurtenances to address Nitrate contamination, including: Southern Ion Exchange Nitrate Removal Water Treatment Plant to service the Feyh Well; Western Ion Exchange Nitrate Removal Water Treatment Plant to service the North and Snyder Wells; and waste brine storage tanks at each plant for offsite brine disposal.

COMMUNITY PROFILE: **Town of Cheyenne Wells**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Avg. Annual Change**
Town Population	750	735	733	724	723			-0.91%
Cheyenne County Population	1,745	1,717	1,733	1,741	1,737			-0.11%
Cheyenne County Jobs	917	927	924	960	987			1.86%
Number of Water Taps		519	519	521	521	522	525	0.29%
Assessed Value ($000)			$6,657	$6,380	$5,857	$5,910	$7,514	3.07%
Actual Value ($000)			$56,619	$57,255	$39,570	$54,242	$81,278	9.46%

BORROWER BRIEF: Cheyenne Wells is located on the Eastern Plains, approximately 16 miles west of the Kansas border. As the county seat of Cheyenne County, it sits at the intersection of US Highways 40 and 385, about 28 miles east of Kit Carson and 38 miles south of Burlington.





RECOMMENDATION: The Town serves a rural-agricultural community in Cheyenne County. This proposed loan is necessary to secure a reliable water supply as rising nitrates in the Ogalla Aquifer have left the Town with only two usable drinking water wells. The Town is small, and taking on significant new debt would have a greater impact since the community currently carries no debt. However, the system is in a strong financial position to take on the proposed debt and will continue raising rates annually to ensure the enterprise generates enough revenue to cover all expenses. We therefore recommend the DWRF Committee approve a $1,197,547 Disadvantaged Communities direct loan, a $2,094,913 IIJA/BIL loan, and $2,500,000 in IIJA/BIL principal forgiveness to the Town of Cheyenne Wells.

PROJECT SUMMARY:
System summary: Cheyenne Wells operates the North Well and Snyder Well as regular supply wells. The yield from both wells is treated by chlorination before filling two storage tanks with a cumulative 325,000-gallon capacity and then being distributed to the service area. The Town also owns two other wells which are only used in emergency capacity, the Doty Well and the Feyh Well.

Reason/need: Due to increasing nitrate levels in the Ogallala Aquifer, the Town of Cheyenne Wells has limited water sources supplying their drinking water distribution system, and they are at risk of losing their primary drinking water sources. The Town is only able to use the Snyder Well and North Well to provide drinking water, even though the Town owns three other wells that were previously used as drinking water sources.

The Aquifer's elevated nitrate levels require the Town to enhance treatment at its two operating wells and install new treatment to return the Feyh Well (which is currently relegated to emergency status due to nitrate levels) to regular service. This will increase yield and will improve system resilience by preventing the loss of another source to high nitrates or mechanical failure.

System Compliance: The Town of Cheyenne Wells 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: 20% of the total project cost is included as contingency.

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):			4,554	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	0	0	0		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			6,320	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current Water + New Water Debt/Tap ($):			6,320	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	0.00%	0.00%	0.00%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			56.21%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	0.00%	0.00%	0.00%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			8.32%		>10%	X	5-10%		<5%
Curr. Water Debt + New Debt/Tap/MHI:			8.69%		>20%		10-20%	X	<10%
Water Fund Current Ratio (CA/CL):	2,147%	2,723%	2,938%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	397%	321%	402%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	116%	129%	137%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:			N/A		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:			N/A		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			99%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			99%	X	<110%		110-125%		>125%
Current Annual Water Rates/MHI:			0.65%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:			1.15%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			402%		<25%		25-50%	X	>50%
			Total:	**6**		**1**		**14**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, fourteen are rated strong, one is average and six are considered weak. Overall, the indicators illustrate that the proposed debt is large and there may be long-term affordability concerns for the community with the reduction of financial flexibility. However, the system is in a strong financial position to take on the proposed debt as it has very strong liquidity, reserves, and long-term operating performance. The strong indicators show the community's present lack of debt, and sufficient reserves. The weak indicators reflect a high amount of debt with the proposed loan when compared with the size of the community and ratepayers (taps).

- Based on 2024 financial information, coverage with the proposed loan is 99%. Additional annual revenue of about $20,224, or $3.21 per tap per month, would increase the coverage ratio to 110%.
- The Town is eligible to receive the current maximum in IIJA/BIL principal forgiveness of $2,500,000. Without principal forgiveness, the coverage ratio decreases to 57%. Additional annual revenue of about $179,890, or $28.55 per tap per month, would increase the coverage ratio to 110%.

- In February 2025, the Town enacted an ordinance to raise base water rates for all users by a total of $18.75 for the year, with the increases being implemented in quarterly installments. Accounting for these rate increases and the total amount of principal forgiveness to which it is eligible to receive, the Town does not have any estimated rate increases to take on the proposed loan.
- Without principal forgiveness, but considering the already passed and enacted rate increases, the estimated monthly rate increase per tap required to achieve the 110% debt coverage ratio is reduced from $28.55 to $9.80.
- The current ratio has increased from 2,147% in 2022 to 2,938% in 2024, demonstrating a substantial strengthening of the enterprise's liquidity position.
- The operating ratio has increased in the years examined, increasing from 116% to 137% in 2025. The improvement of this ratio demonstrates that operating revenues are increasingly exceeding existing operating expenses, strengthening the enterprise' capacity to generate revenues for debt service.
- The Town maintains a strong operations and maintenance reserve of 402%. This indicates that the introduction of unexpected expenses, such as repairs and maintenance, would not place an undue burden on the Town. Additionally, the Town would be able to make the necessary payments on the proposed loan.

Additional Project Financing
The Town submitted an Energy/Impact Assistance Fund (EIAF) grant application for $475,000, which was awarded in May 2026. The Town is also using the Design and Engineering (D&E) grant funds, awarded in 2024, for this project.

DESCRIPTION OF THE LOAN:
An estimated $3,292,460 loan with a twenty-year term with two payments annually at an interest rate of 1.50% will cost the Town approximately $191,161 in debt service annually. The Town also qualifies for $2,500,000 in IIJA/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?
P1: MHI	$76,376	>=	$72,759	Y
P2: MHV	$431,520	>=	$173,100	Y
P3: County Unemployment	5.35%	<=	2.40%	N
County Job Change	0.00%	>=	10.11%	N
S1: County MHI	$76,376	>=	$70,865	Y
S2: Ten Year % Change in Population	0.00%	>=	-11.18%	Y
S3: Assessed Value per Housing unit	$24,337	>=	$12,570	Y
S4b: Curr. and Proj. System Debt	0.21%	<	6.37%	Y
S4b: 80th Percentile	0.77%	<	6.37%	Y
S5b: Proj. System Cost Per Tap to MHI	0.98%	<	2.19%	Y
S5b: 80th Percentile	1.58%	<	2.19%	Y

Based on 2020-2024 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, 1.5%).

IIJA/BIL Principal Forgiveness Eligibility:
In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The Town scores 6 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	-0.91%	1
2a: County Job Change	0.00%	>	10.11%	0
2b: County Unemployment	5.35%	<	2.40%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>	$72,759	1
	$119,338	<		
4: Rates to MHI	0.76%	<	0.99%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	22.06%	0
7: % Households Housing Burdened	50.00%	<	17.17%	0
8: % Population under 200% Poverty Level	40.00%	<	30.17%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	51.42%	0
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	6

The Town qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. The Town qualifies for approximately $2,500,000 in principal forgiveness, which is the current maximum for IIJA/BIL DWRF supplemental principal forgiveness.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 723 and has declined at an average annual rate of 0.91% since 2020. Cheyenne County has experienced a decrease of 0.11% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

The region's economy is dominated by agriculture, retirees, regional services, commuters (residents who commute to jobs outside the region), and transfer payments (jobs providing services to recipients of public assistance programs). Cheyenne County's economy is dominated by local government services; agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; finance and insurance; and retail trade.

The area's largest employers consist of Keefe Memorial Hospital, with 75 employees; Tumbleweed Midstream, LLC, with 50 employees; 21st Century, with 20 employees; the county courthouse; with 30 employees, and the county social services; with 10 employees.

The Town has customers who represent more than 3% of the systems revenues. The five largest customers of the system and their percentage they make up of the system's total revenue are: Brink Construction, with 6.5%; Keefe Memorial Hospital, with 6%; Cheyenne County School District RE-5, with 5%; Cheyenne County, with 4%; and Halde Sand and Gravel, with 3.5%.

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 manager/trustee form of government and was incorporated in 1890. The Town provides water services, public works services, and parks and recreation services. Approximately 3 full-time employees staff the water utility. The water utility is overseen by the Town manager who reports to the Town clerk administrator.

- 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.

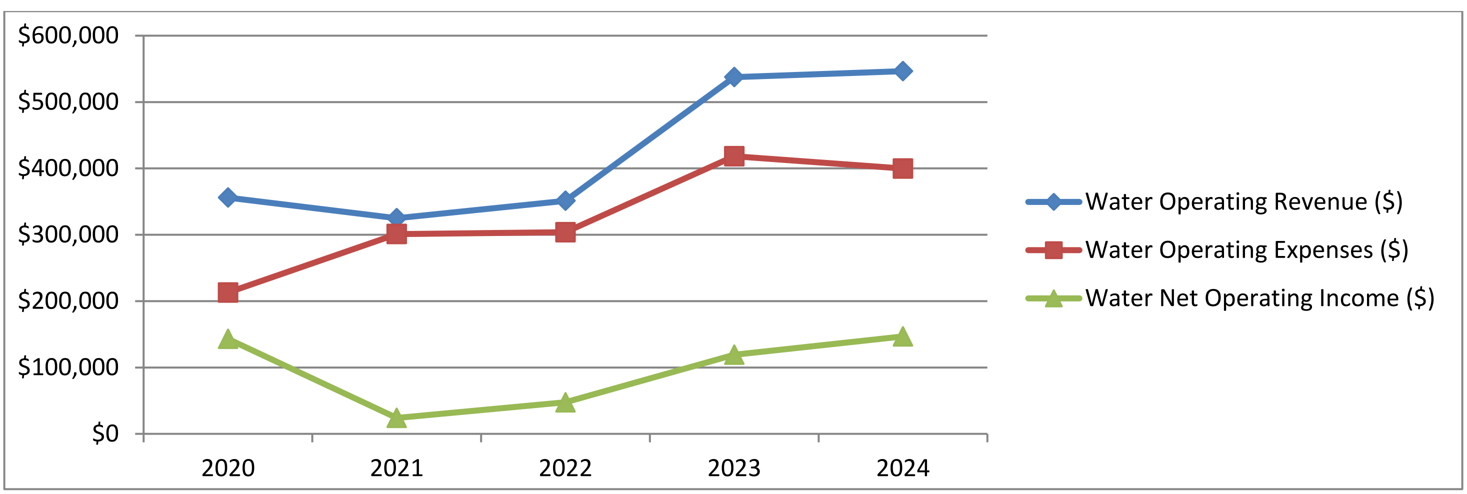
Technical/Managerial/Financial (TMF)
The WQCD and DLG conducted a review of the Town's technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory recommendations.

Capital Improvement Plan
As part of the application process, the Town submitted a capital improvement schedule through 2056, which anticipates capital outlay of $7,419,000 for projects such as water line replacements, meter replacements, tank relining, water source acquisitions, among others, to be funded through a combination of grants and loans.

REVENUE ANALYSIS:
The number of taps has increased over the five years examined, though no additional revenue was received from these as they were changed from inactive to active status; the Town, however, does expect an increase in taps being added to the system with the construction of new buildings within Town limits, for which fees will be assessed and received as revenue to the system. Operating revenue has increased over the years examined, primarily due to annual rate increases from 2021 to 2025; in 2023, operating revenue spiked due to an increase in water rates for commercial businesses outside Town limits that purchase bulk freshwater, which accounts for approximately 2% of the Towns total revenue. No rate increase was implemented in 2026, as the Town implemented a quarterly base rate increase for all users in 2025 to bring rates in line with the State median, raising the base charge from $41.25 in March to $60 by year-end; the Town plans to propose a further rate increase for 2027 at its October/November Town meeting. Operating expenses have also increased in the years examined, which the Town attributes to a combination of increased system maintenance and inflation; notable spikes in expenses included a water main replacement in 2021, and a 2023 water main breakage caused by extreme cold. The Town has consistently transferred sales tax revenue from its public works into the water enterprise and intends to continue this practice annually in perpetuity to fund water system improvements.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)	27.25	28.10	29.53	34.38	39.38	64.38	64.38
Residential Water Tap Fee ($)	450	450	450	450	500	525	525
Total Water Revenue ($)	363,889	549,384	422,235	552,717	589,818		
Tap/Development Fees ($)	0	0	0	0	0		
Water Operating Revenue ($)	356,003	324,943	351,203	537,581	546,530		
Water Operating Expenses ($)	212,923	301,002	303,744	418,310	399,765		
Water Net Operating Income ($)	143,080	23,941	47,459	119,271	146,765		
Water Debt ($)	0	0	0	0	0		
Total Debt ($)	0	0	0	0	0		
Water Debt Service ($)	0	0	0	0	0		
Water Debt Service/Tap/Month ($)	0.00	0.00	0.00	0.00	0.00		
Water Fund Reserves ($)	1,105,773	1,148,297	1,206,895	1,342,122	1,605,465		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	98%	59%	83%	97%	93%	86%
Operating Revenue as % of Expenses	167%	108%	116%	129%	137%	131%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Recent Rate Increases
The Town's most recent rate increase of $25 was implemented in 2025.

User Charges
The Town's current monthly water rate is estimated at $64.38 compared to the 2024 estimated state median of $60.61. The Town's average monthly water rate is based on typical residential consumption of 7,500 gallons per month. Residential users within Town limits pay a $60 base rate up to 5,000 gallons and a volume charge of $1.75 per 1,000 gallons for consumption from 5,001 to 50,000 gallons. For consumption from 50,001 to 70,000 gallons, a $3 per 1,000 gallons volume charge applies. For consumption exceeding 70,001 gallons, a $3.50 per 1,000 gallons volume charge applies.

Residential users outside Town limits pay a $100 base rate up to 5,000 gallons and a volume charge of $2 per 1,0000 gallons for consumption from 5,001 to 50,000 gallons. For consumption from 50,001 to 70,000 gallons, a $3 per 1,000 gallons volume charge applies. For consumption exceeding 70,001 gallons, a $3.50 per 1,000 gallons volume charge applies.

Large consumers, which have a 100,000-gallon minimum consumption rate, pay a $500 base rate and a volume charge of $2 per 1,000 gallons for consumption from 100,001 to 200,000. For consumption from 200,001 to 400,000 gallons, a $7.50 per 1,000 gallons volume charge applies. For consumption from 400,001 and that exceeding 640,000 gallons, a $12 per 1,000 gallons volume charge applies.

The Town also provides the purchase of bulk freshwater which is separated into two categories: agriculture and local businesses; and commercial businesses outside Town limits. Agriculture and local businesses pay a $125 base rate up to 5,000 gallons and a volume charge of $8 per 1,000 gallons for consumption exceeding the base minimum. Commercial businesses outside Town limits pay a $150 base rate up to 4,000 gallons and a volume charge of $12 per 1,000 gallons for consumption exceeding the base minimum.

Contributed Capital
The Town has not received any revenue from tap fees in the last five years. The Town's most recent water tap fee rate increase occurred in 2025.

- Water tap fees for all users (residential and commercial) within the incorporated limits of the Town are $525.
- Water tap fees for all users (residential and commercial) outside the incorporated limits of the Town are $6,000.

All users are charged an additional amount dependent on the cost of supplies, equipment and labor. This amount is determined on an individual basis.

Current System Utilization		
	Usage	Revenue
Residential	65%	50%
Non-residential (per EQR)	35%	50%

Current Fee Summary	
Tap size	Water user/tap fees
¾”	$64.38/$525
¾”	$500/$525

DEBT as of December 31, 2024
As of December 31, 2024, the Town has no debt.

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: Monica Munoz-Revelo
Date: July 28, 2026

Project #104441D-S
Cost Categories:

- Planning and Desing Only (non-construction): 13.22%
- Construction – Treatment: 70.37%
- Other: 16.41%

July 28, 2026 DWRF Credit Report Town of Cheyenne Wells, Cheyenne County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	723
Number of Water Taps/Customers - 2024	521
Total Assessed Valuation - 2024	$5,857,000
Actual Value of All Real Property - 2024	$39,570,000
Median Household Income (MHI) - 2023	$72,759
Monthly Water Rate - 2024	$39.38
Water Operating Revenue - 2024	$546,530
Water Total Revenue - 2024 [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.]	$589,818
Water Tap and System Development Fee Revenue - 2024	$0
Water Operating Expense - 2024	$399,765
Water Current Expense - 2024	$399,765
Water Debt - 2024	$0
Total Debt - 2024	$0
Water Fund Reserves - 2024	$1,605,465
Water Debt Service - 2024	$0
New Water Debt [Requested DWRF loan amount.]	$3,292,460
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	1.50%
New Loan's Annual Water Debt Service (two payments annually)	$191,161

Current Indicators (2024)
Town of Cheyenne Wells
(Water)

1	Total Debt	$0	÷	Population	723	=	$0
	New Debt	$3,292,460	÷	Population	723	=	$4,554
	Total Debt + New Debt	$3,292,460	÷	Population	723	=	$4,554
2	Total Debt	$0	÷	Number of Taps	521	=	$0
	New Debt	$3,292,460	÷	Number of Taps	521	=	$6,320
	Total Debt + New Debt	$3,292,460	÷	Number of Taps	521	=	$6,320
3	Total Debt	$0	÷	Assessed Value	$5,857,000	=	0.00%
	New Debt	$3,292,460	÷	Assessed Value	$5,857,000	=	56.21%
	Total Debt + New Debt	$3,292,460	÷	Assessed Value	$5,857,000	=	56.21%
4	Total Debt	$0	÷	Actual Value	$39,570,000	=	0.00%
	New Debt	$3,292,460	÷	Actual Value	$39,570,000	=	8.32%
	Total Debt + New Debt	$3,292,460	÷	Actual Value	$39,570,000	=	8.32%
5	Current Water Debt	$0	÷	Number of Taps	521	=	$0
	(Current Water Debt + New Water Debt) / Number of Taps	$6,320	÷	MHI	$72,759	=	8.69%
6	Current Ratio (CA / CL)						
	Current Assets	$1,662,030	÷	Current Liabilities	$56,565	=	2938%
7	Reserve/Expense Ratio						
	Reserves	$1,605,465	÷	Current Expenses	$399,765	=	402%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$546,530	÷	Operating Expenses	$399,765	=	137%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$589,818	-				
	Minus Operating Expenses	$399,765					
	=	$190,053	÷	Current Debt Service	$0	=	N/A
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$190,053					
	Minus Tap and Development Fee Revenu	$0					
	=	$190,053	÷	Current Debt Service	$0	=	N/A
11	Projected Coverage Ratio						
	Total Revenues	$589,818					
	Minus Operating Expenses	$399,765					
	=	$190,053		Total Debt Service (with new loan)	$191,161	=	99%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$190,053					
	Minus Tap and Development Fee Revenu	$0					
	=	$190,053	÷	Total Debt Service (with new loan)	$191,161	=	99%
13	Current Debt Service	$0	÷	Number of Taps	521	=	$0.00
	Annual New Water Debt Service	$191,161	÷	Number of Taps	521	=	$366.91
14	2024 Annual Water Rate (Monthly Rate x 12)	$472.50	÷	MHI	$72,759	=	0.65%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$839.41	÷	MHI	$72,759	=	1.15%
15	Current 2024 Monthly User Charge						$34.38
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$30.58
	Total						$64.95
16	Operation and Maintenance Reserve						
	Reserves	$1,605,465	÷	Operating Expenses	$399,765	=	402%

BACK TO AGENDA

2026 SRF Disadvantaged Community Criteria

Applicant: Town of Cheyenne Wells

Test Result	Conditions met to be DAC
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

Loan Terms

Amount of Loan:	$ 5,792,460
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 396,143

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	723	Y	
	Population 5 years ago (2020)			750		
	Poulation 10 years ago (2015)			814		
	Primary Factors					
P1	MHI (Place)	<=	$ 76,376	72,759	Y	
	Margin of Error (MOE)	±		25,086		
P2	MHV (Place)	<=	$ 431,520	173,100	Y	
	Margin of Error (MOE)	±		48,977		
P3	24 Month Unemployment (County)	>=	5.35%	2.40%	N	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	10.11%	N	
	Jobs (2024)			980		
	Jobs (2015)			890		
	Priority Factor Count				2	
	Secondary Factors					
S1	MHI (County)	<=	$ 76,376	70,865	Y	
	Margin of Error (MOE)	±		12,520		
	Reliability (CV)	<=	18.00%	10.74%	Y	
S2	10 Year % Chng. Population	<=	0.00%	-11.18%	Y	
S3	Assessed Value / Housing Unit	<=	$ 24,337	$12,570	Y	
	Assessed Value			5,857,508		
	Total Housing Units			466		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.21%	0.00%	N		
W	Current + Projected Debt/Tap/MHV	>	0.21%	6.37%	Y		
	S4b 80th percentile		0.77%	6.37%	Y		
						If MHI CV > 18%, calculate result at top of band	**Result**
S5	System Full Cost / Tap / MHI	>	1.11%	1.31%	Y		
	Projected Rate @ 110% Coverage	>	0.98%	2.19%	Y		
	S5b 80th percentile		1.58%	2.19%	Y		
	Secondary Factor Count				4		

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

Taps or EQR's	525
Total Debt	0
Principal & Interest	0
Operating Expenses (including operating transfers out)	399,765
Depreciation	102,299

BACK TO AGENDA

WPCRF & DWRF

#	Eligiblity Criteria		Benchmark	Applicant	Points	Notes on Data Used
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	-0.91%	1.0	
	Current Population (2024)			723		
	Poulation five years ago (2020)			750		
2a	10 Year % County Job Change	>=	0	10.11%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	2.40%	0.0	
3	Median Household Income	<=	$ 95,470	72,759	1.0	If MHI CV > 40%, calculate result at top of band — Result
		>=	$ 119,338		0.0	
	Reliability (CV)	<=	40.00%	N/A	N	
4	Rates compared to MHI	>	0.76%	0.99%	1.0	If MHI CV > 40%, calculate result at top of band — Result
W	Monthly Residential Rate	>		60.00		
						Confirmed
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	>	40.00%	22.06%	0.0	
7	% Population that are housing burdened is greater than 50%	>	50.00%	17.17%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	30.17%	0.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	51.42%	0.0	
	% Population over 65 years old			21.25%		
10	Meets base program DAC criteria?			Yes	3.0	
	BIL Eligibility Points				6.0	

Principal Forgiveness and Priority Point Scoring

Applicant: Town of Cheyenne Wells
DWRF or WPCRF: DWRF

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

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): $2,500,000

Base DWRF Principal Forgiveness Scoring

DWRF

Water Quality & Public Health + CPDWR Compliance:	45
DOLA Affordability Score:	115
Total Score	160

Eligible as a base program DAC? Yes

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

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

Priority Point Scoring

Total WQCD Score:	80
DOLA Affordability Score:	115
Total Score:	195

2026 IUP DWRF Priority Point Calculations

Entity Name:	Town of Cheyenne Wells
Date of Scoring	6/8/2026
SRF Phase:	Loan app
DOLA Score:	115
DAC:	DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$72,759	76%
	<50% of state MHI	35			
	Between 51% and 80% of state MHI	20	x		
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5a	**User Fees (current water rate at 110%/tap/MHI)**			1.31%	
	Rates are > 1.55%	45			
	Rates are between 1.11% and 1.55%	25	x		
	Rates are < 1.11%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45			
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current water debt per tap compared to MHV**			0.00%	
	Debt is > 0.63%	45			
	Debt is between 0.21% and 0.63%	25			
	Debt is < 0.21%	0	x		
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25			
	Debt is < 0.57%	0			
	Population served			723	
	Less than 500	35	x		
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			12,570	
	AV per household is < $12,722	35	x		
	AV per household is between $12,272 and $24,337	20			
	AV per household is between $24,337 and $46,151	10			
	AV per household is greater than $46,151	0			

PreQual Date Score:	None	Project Manager	ES Review Engineer	DOLA
PNA Date Score:	March 30, 2026	Erin Reilley	J.C. Acuna	Monica Munoz-Revelo
Project Name:	Town of Cheyenne Wells Ion Exchange Treatment			
SRF Project Number:	140441D-S			
ES Project Number:	ES.24.SRF.08714			

Drinking Water Revolving Fund Priority Scoring Model (Attachment I DWRF IUP 2024)

Drinking Water Quality and Public Health Points	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Revised PNA Points Scored	Comments	When to Score	Responsible Party
Project addresses a documented waterborne disease outbreak associated with the system within the last 24 months.	35		0	0		PQ/PNA	Engineering Section
Project corrects or prevents violations of MCLs (primary standards) 1 (may score points in multiple categories)							
• Nitrate, nitrite, TCR.	30		30	30		PQ/PNA	Engineering Section
• Total trihalomethanes, total haloacetic acids.	25		0	0		PQ/PNA	Engineering Section
• Arsenic, selenium.	20		0	0		PQ/PNA	Engineering Section
• Other regulated contaminants.	15		0	0		PQ/PNA	Engineering Section
Project corrects or prevents exceedances of MCLs for radionuclides.	35		0	0		PQ/PNA	Engineering Section
Project corrects inadequate treatment techniques that are unable to satisfy the requirements for: (scores total 20 points one or more of the following) • Surface water. • GWUDI. • Groundwater.	20		0	0		PQ/PNA	Engineering Section
Project corrects exceedances of secondary drinking water standards.	10		0	0		PQ/PNA	Engineering Section
System has inadequate supply* to meet all current domestic water supply demands (*system must provide records of water usage to substantiate supply is inadequate).	25		0	0		PQ/PNA	Engineering Section
Project will correct or prevent: (points are not additive, scores points only in one category)							
• Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages).	20		0	0		PQ/PNA	Engineering Section
• Inadequate distribution due to chronic low pressure.	15		0	0		PQ/PNA	Engineering Section
• Inadequate storage.	10		0	0		PQ/PNA	Engineering Section
• Demand exceeding design capacity.	5		0	0		PQ/PNA	Engineering Section
Project incorporates fluoridation.	10		0	0		PQ/PNA	Engineering Section
Total Drinking Water Quality & Publ		0	30	30			
Affordability	**Possible Points**	**PQ Points Scored (leave**	**PNA Points Scored**	**Revised PNA Points**	**Comments**		**Responsible Party**
Total Financial / Affordability Points scored by DOLA =				105			DOLA
CPDWR Compliance Points	**Possible Points**	**PQ Points Scored (leave**	**PNA Points Scored**	**Revised PNA Points**	**Comments**		**Responsible Party**
(Points are not additive. Can score points only in one category)							
Project addresses an enforcement action by a regulatory agency and the facility is currently in violation of CPDWRs.	30		0	0		PQ/PNA	Engineering Section
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order, notice of violation or other enforcement action.	20		0	0		PQ/PNA	Engineering Section
Project is designed to maintain CPDWR compliance, meet new requirements, or address contaminants included in the priority list submitted by the Division to the Commission for which standards may be considered.	15		15	15		PQ/PNA	Engineering Section
System is currently meeting all CPDWRs.	10		0	0		PQ/PNA	Engineering Section
Total CPDWR Compliance		0	15	15			
Total Additional Subsidy Points =		0	45	150			(Sum of Drinking Water Quality&Public Health + Affordability + CPDWR Compliance points)
Points scored in highest priority drinking water & public health criteria sections? (Enter "Yes" only if points scored for addressing water borne disease outbreaks, Nitrate/Nitrite/TCR, or radionuclides - RED boxes)							SRF Team
Source Protection and Conservation	**Possible Points**	**PQ Points Scored (leave**	**PNA Points Scored**	**Revised PNA Points**	**Comments**		**Responsible Party**
Project addresses vulnerability to potential pollution by conditions identified in an	15		0	0		PQ/PNA	Engineering Section
Project establishes a protective zone to address potential pollution as a result of	10		0	0		PQ/PNA	Engineering Section
Utility rate structure currently in place (points for rate structure are not additive, score points only in one category):							
• Increasing block rates.	15			15		PQ/PNA	SRF Team
• Seasonal rates.	10					PQ/PNA	SRF Team
• Uniform.	0					PQ/PNA	SRF Team
Project will implement water metering, leak detection and/or other water	10					PQ/PNA	SRF Team
Sustainability Points	**Possible Points**	**PQ Points Scored (leave**	**PNA Points Scored**	**Revised PNA Points**	**Comments**		**Responsible Party**
Project seeks to:							
• Correct compliance issues, water quality problems, and/or water supply problems	10		0	0	0	PQ/PNA	Engineering Section
• Correct and/or improve security of the water system.	10		0	0	0	PQ/PNA	Engineering Section
• Incorporate beneficial uses of water treatment plant sludge and/or alternative	10		0	0	0	PQ/PNA	Engineering Section
2 The Hazardous Materials and Waste Management Division is the agency responsible for implementing the Regulations Pertaining to the Beneficial Use of Water Treatment Sludge and Fees applicable to the Beneficial Use of Sludges pursuant to 5CCR1003-7.							
Project promotes sustainable utilities and/or communities through a utility management plan that:							

• Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure as needed.	5		5	5	0	PNA	Engineering Section
• Provides sufficient revenues to meet O&M and capital needs.	5		5	5		PNA	Engineering Section
• Demonstrates that the facility has maintained licensed/certified operators, adequate staffing to properly operate and maintain the facility and will continue to do so.	5		5	5		PQ/PNA	Engineering Section
• Incorporates a fix-it-first planning methodology.	5		5	5		PQ/PNA	Engineering Section
Readiness to Proceed Points	**Possible Points**	**PQ Points Scored (leave**	**PNA Points Scored**	**Revised PNA Points**	**Comments**		**Responsible Party**
Project has secured one or more of the following:							
• Plans and specifications approved.	10		0	0		PQ/PNA	Engineering Section
Project has funding secured by multiple assistance provider.	10					PQ/PNA	SRF Team
Total Points Score		0	65	185			

DWRF LOAN CREDIT REPORT (2026)

Town of Dolores ("The Town"), Montezuma County

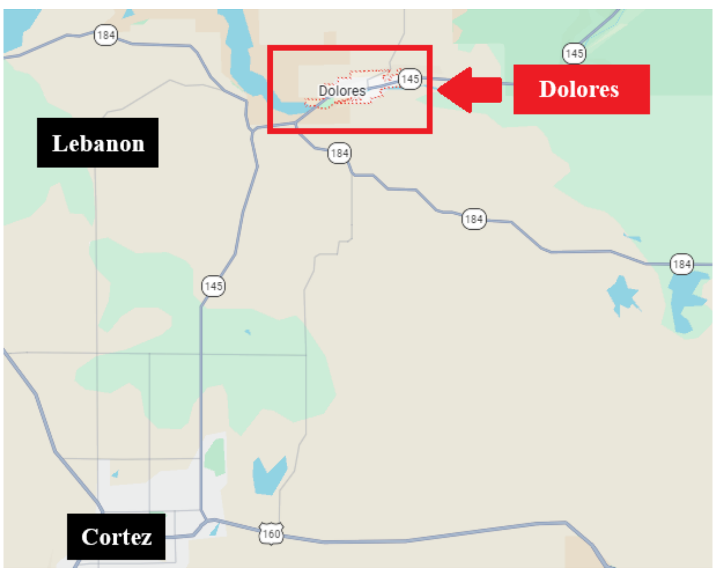
Recommendation:	**APPROVAL**
Loan Request:	$3,233,000
Interest Rate & Term:	1.75% & 30 years
Annual Debt Service:	$63,364
Pledge:	Water System Revenue
Current Rate:	$47.00
Estimated Rate Increase:	$0.00

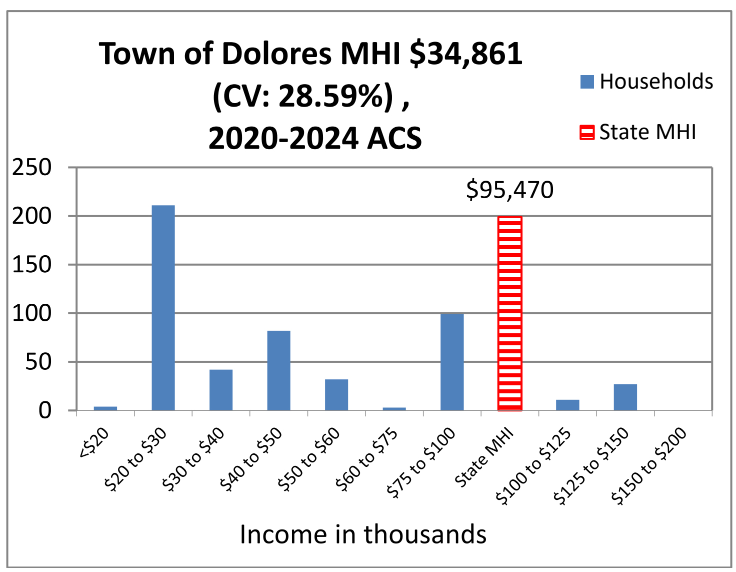
Project Budget	
DWRF IIJA/BIL Loan:	$1,473,989
DWRF IIJA/BIL PF:	$1,759,011
2026 EIAF - Design Grant:	$200,000
2026 EIAF - Construction Grant:	$700,000
2024 Congressionally Directed Spending (CDS):	$750,000
2023 Planning Grant:	$10,000
2026 D&E Grant:	$247,476
Total:	$5,140,476

PROJECT DESCRIPTION: The project includes replacing water mains located within public rights-of-way, streets, and alleyways, along with the replacement of all fire hydrants, water service lines to the meter, valves, and re-connections in the project area.

COMMUNITY PROFILE: Town of Dolores	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
Town Population	888	906	919	923	936			1.32%
Montezuma County Population	25,891	26,256	26,511	26,641	26,861			0.92%
Montezuma County Jobs	11,225	11,710	11,957	12,098	12,400			2.52%
Number of Water Taps			554	555	556	557	538	-0.73%
Number of Sewer Taps			179	480	484	486	486	0.36%
Assessed Value ($000)			$9,359	$9,127	$9,730	$9,788	$12,067	6.56%
Actual Value ($000)			$85,928	$86,060	$95,688	$95,737	$130,090	10.92%

BORROWER BRIEF: Dolores is a small town in Montezuma County in the Southwestern corner of the State, along State Highway 145. The Town is situated approximately 12 miles north of Cortez, and approximately 45 miles northwest of Durango.





RECOMMENDATION: The Town serves a small rural community in Montezuma County. This proposed loan is necessary to replace the Town's current pipelines due to these being undersized and often not buried deep enough, leading to frequent water main breaks during extreme freezes. The Town is in a strong financial position to take on the proposed debt, and it has prepared by continuously increasing rates to avoid a sudden financial burden on its ratepayers. We therefore recommend the DWRF Committee approve a $1,473,989 Disadvantaged Communities IIJA/BIL direct loan, and $1,759,011 in IIJA/BIL principal forgiveness to the Town of Dolores.

PROJECT SUMMARY:

System summary: Dolores is a statutory town in Montezuma County, with a population of approximately 936, and approximately 538 water taps. The distribution system consists of approximately 58,400 linear feet of water lines, one pressure zone, and a 300,000-gallon welded steel water storage tank. It includes a well-constructed in 1959, equipped with a well pump, and a surface water diversion from the Dolores River. Booster pumps are used to transport treated water to the storage tank. The surface water treatment plant was built between 1984 and 1985. Most of the Town's water lines are 4- or 6-inch diameter cast iron pipes, which were originally installed in the 1960s.

Reason/need: Overall, the Town's transmission and distribution pipelines are in serviceable condition but are undersized and were not buried at an adequate depth in some locations. The Town has historically observed water main breaks in the fall and spring in pipes buried at inadequate depths, associated with extreme freezing events. The current distribution system does not meet recommended system pressures, and experiences water loss.

System Compliance: The Town of Dolores 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 construction cost is included as contingency.

CURRENT INDICATORS:	**2023**	**2024**	**2025**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	588	640	553		>$2,000		$1,000 - 2,000	X	<$1,000
Total + New Debt/Capita ($):			2,128	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	978	1,078	930		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			3,576		>$5,000	X	$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	409	380	347		>$2,000		$1,000 - 2,000	X	<$1,000
Current Water + New Water Debt/Tap ($):			2,993	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	5.95%	6.16%	5.29%		>50%		25-50%	X	<25%
Total Debt + New Water Debt/Assessed Value:			20%		>50%		25-50%	X	<25%
Total Debt/Actual Value:	0.63%	0.63%	0.54%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			2.08%		>10%		5-10%	X	<5%
Curr. Water Debt + New Debt/Tap/MHI:			8.59%		>20%		10-20%	X	<10%
Water Fund Current Ratio (CA/CL):	1,689%	1,788%	1,764%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	174%	165%	174%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	123%	118%	160%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	514%	226%	816%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	342%	226%	669%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			240%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			197%		<110%		110-125%	X	>125%
Current Annual Water Rates/MHI:			1.53%		>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:			190%		<25%		25-50%	X	>50%
			Total:	**2**		**3**		**16**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, sixteen are rated strong, three are average, and two are considered weak. Overall, the indicators indicate a system in a strong financial position to take on the proposed debt without causing financial stress on the system and ratepayers. The strong indicators show a very manageable existing and proposed debt burden on both a per-capita and per-tap basis; current and proposed rates remain highly affordable relative to MHI, posing little financial hardship for ratepayers; and a strong capacity to take on the proposed debt from current operating revenues. The weak indicators reflect a small system where the addition of the proposed debt to its current debt per capita is becoming increasingly high.

- The 2025 operating ratio was a strong 160%, which is an improvement over the previous four years.
- The Town maintains a strong operations and maintenance reserve of 190%. This indicates that the introduction of unexpected expenses, such as repairs and maintenance, would not place an undue burden on the Town. Additionally, the Town would be able to continue making the necessary payments on the proposed loan.
- Based on 2025 financial information, coverage with the proposed loan is 240% with tap fee revenue and 227% without tap fee revenue. No additional annual revenue is projected to be needed to meet the SRF program's 110% coverage requirement under either scenario.

- Without principal forgiveness, the coverage ratio moves to 130% with tap fee revenue and 123% without tap fee revenue. No additional annual revenue is projected to be needed to meet the SRF program's 110% coverage requirement under either scenario.
- The enterprise fund's current ratio is 816%, a large increase over previous years. The large increase was driven by higher total revenue resulting from resolutions passed to raise rates.

Additional Project Financing
The Town has obtained various additional financing sources for this project, including:
- A planning grant for $10,000 which was awarded in 2023.
- A submitted application for Energy/Impact Mineral Assistance (EIAF) – Design grant for $200,000, which was awarded in 2026.
- A submitted application for Energy/Impact Mineral Assistance (EIAF) – Construction grant for $700,000, which was awarded in 2026.
- A design and engineering (D&E) grant for $247,476, which was awarded in 2026.
- An EPA Congressionally Directed Spending (CDS) grant for $750,000, which was awarded in 2024.

DESCRIPTION OF THE LOAN:
An estimated $1,473,989 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the Town approximately $63,364 in debt service annually. The Town also qualifies for $1,759,011 in IIJA/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?
P1: MHI	$76,376	>=	$34,861	Y
P2: MHV	$431,520	>=	$308,100	Y
P3: County Unemployment	5.35%	<=	4.52%	N
County Job Change	0.00%	>=	9.82%	N
S1: County MHI	$76,376	>=	$65,244	Y
S2: Ten Year % Change in Population	0.00%	>=	3.77%	N
S3: Assessed Value per Housing unit	$24,337	>=	$19,042	Y
S4b: Curr. and Proj. System Debt	0.21%	<	2.00%	Y
S4b: 80th Percentile	0.77%	<	2.00%	Y
S5b: Proj. System Cost Per Tap to MHI	0.98%	<	2.88%	Y
S5b: 80th Percentile	1.58%	<	2.88%	Y

Based on 2020-2024 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, 1.75%).

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

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	1.32%	0
2a: County Job Change	0.00%	>	9.82%	0
2b: County Unemployment	5.35%	<	4.52%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>	$34,861	1
	$119,338	<		
4: Rates to MHI	0.76%	<	1.62%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	40.74%	1
7: % Households Housing Burdened	50.00%	<	60.47%	1
8: % Population under 200% Poverty Level	40.00%	<	52.18%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	73.10%	1
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	9

The Town qualifies for IIJA/BIL principal forgiveness and 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 $1,759,011 in principal forgiveness, leaving an estimated loan of $1,473,989.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 936 and has grown at an average annual rate of 1.32% since 2020. Montezuma County has experienced an increase of 0.92% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The region’s economy is dominated by tourism, retirees, regional services, government, and agriculture. Montezuma County’s largest job sectors are local government; health care and social assistance; retail trade; accommodation and food services; and construction.

The area’s largest employers consist of Ute Mountain Ute Tribe, with 1,300 employees; the Montezuma-Cortez School District RE-1, with 325 employees; Southwest Memorial Hospital, with 300 employees; Walmart, with 224 employees; and Montezuma County, with 206 employees.

The Town tracks several entities that account for more than 3% of the system's total usage. The Town of Dolores Water Dispenser represents 5.18%, the Dolores School District represents 4.9%, the Town of Dolores Town Hall (Outdoor) represents 3.01%, the Housing Authority at 300 N 15th Street represents 3.09%, and the Town of Dolores Town Hall (Outdoor) represents 3.01%.

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 1990. The Town provides water and wastewater services, public works services, and parks and recreation services. Approximately 0.88 full-time employees staff the water utility. The water utility is overseen by the utility manager, who reports to the Town manager.

- 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)

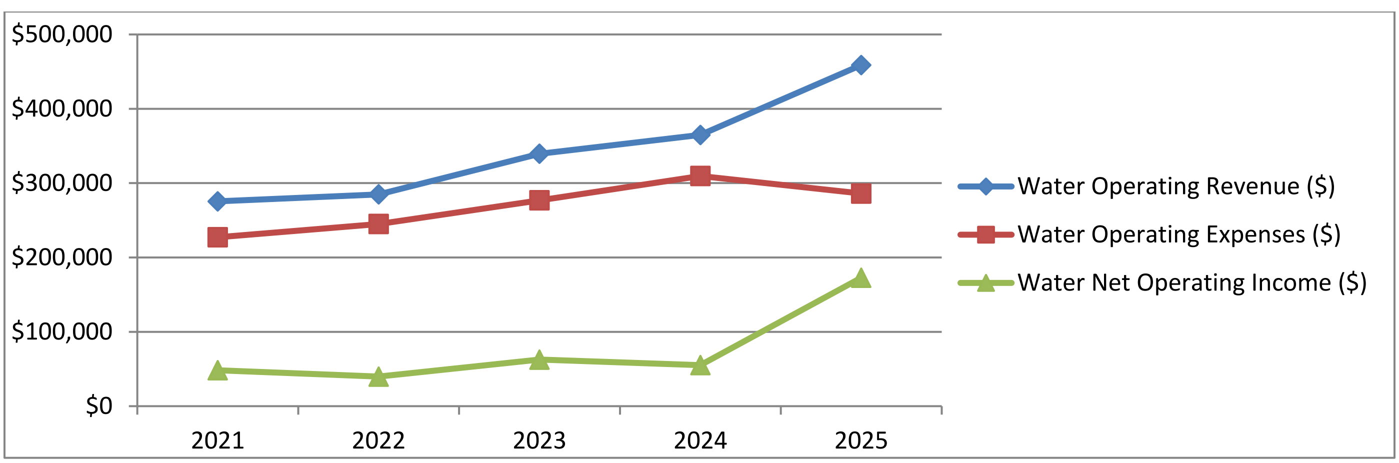
The WQCD and DLG conducted a review of the Town’s technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory recommendations.

Capital Improvement Plan
As part of the application process, the Town submitted a capital improvement schedule through 2042, which anticipates capital outlay of $13,277,200 for improvements/projects related to the raw water supply (i.e. resleeving, pump and meter replacements), water treatment plant and storage tanks (i.e. drainage improvements, treatment water turbine, interior/exterior tank rehabilitation), transmission and distribution (i.e. waterline improvements, distribution replacement), and maintenance (i.e. rate studies, GIS mapping updates of infrastructure) to be funded from a combination of grants, loans, and reserves.

REVENUE ANALYSIS:
In August 2024, the Town acknowledged the need for significant improvements to its water and sewer lines, as costs have continued to rise due to inflationary pressures. Rates were initially increased by $10 on January 1, 2025. An amended resolution was introduced to allow for further rate increases to offset additional anticipated costs related to the improvement projects and increased service costs due to inflation. Effective January 1, 2026, the rates for all users, whether inside or outside the Town limits, are increased by 3% annually through January 1, 2030. The Town's total debt increased in 2024 due to obtaining an annually renewable equipment-financed purchase agreement for a Caterpillar Backhoe. Operating costs have steadily increased in the years reviewed; the Town cites that the reasoning behind these is due to the rising price of electricity, water treatment chemicals, and shipping of those chemicals. The shipping of these chemicals is higher due to the Town not being near a major highway. Operating expenses spiked in 2024 due to the installation of an emergency generator and the payment of contractors for its installation.

TRENDS	2021	2022	2023	2024	2025	2026
Monthly Water Rate ($)	31.84	32.84	33.84	34.84	44.34	47.00
Monthly Sewer Rate ($)	31.16	31.16	31.16	31.16	38.35	39.50
Residential Water Tap Fee ($)	4,500	4,500	4,500	4,500	4,500	
Residential Sewer Tap Fee ($)	4,500	4,500	4,500	4,500	4,500	
Total Water Revenue ($)	280,764	293,858	392,476	364,805	501,915	
Tap/Development Fees ($)	5,230	9,000	38,800	0	12,000	
Water Operating Revenue ($)	275,534	284,858	339,571	364,805	458,848	
Water Operating Expenses ($)	227,207	245,028	276,896	309,571	286,086	
Water Net Operating Income ($)	48,327	39,830	62,675	55,234	172,762	
Water Debt ($)	256,422	239,295	227,017	211,517	193,139	
Total Debt ($)	655,863	598,059	542,934	599,234	517,781	
Water Debt Service ($)	24,410	26,459	22,466	24,424	26,444	
Water Debt Service/Tap/Month ($)	3.68	3.98	3.37	3.66	3.96	
Water Fund Reserves ($)	462,867	466,422	520,045	552,095	543,254	

Ratios	2021	2022	2023	2024	2025	Average
Operating Revenue as % of Total Revenue	98%	97%	87%	100%	91%	95%
Operating Revenue as % of Expenses	121%	116%	123%	118%	160%	128%
Tap Fee Revenue as % of Total Revenue	1.86%	3.06%	9.89%	0.00%	2.39%	3.44%



BACK TO AGENDA

Recent Rate Increases
The Town's most recent rate increase of $2.66 was implemented on January 1, 2026.

User Charges
The Town's current monthly residential water rate is estimated at $47.00 compared to the 2024 estimated state median of $60.61. The Town's average monthly water rate is based on typical residential consumption of 3,450 gallons per month. Residential users pay a $47.00 base rate up to 5,000 gallons and a volume charge of $3.28 per 1,000 gallons for consumption from 5,001 to 10,000 gallons. For consumption between 10,001 and 20,000 gallons, a volume charge of $4.37 per 1,000 gallons applies. For any consumption exceeding 20,001 gallons, a volume charge of $5.46 per 1,000 gallons applies. For users outside the incorporated limits, users pay a $61.76 base rate up to 5,000 gallons and a volume charge of $4.92 per 1,000 gallons for consumption from 5,001 to 10,000 gallons. For consumption between 10,001 and 20,000 gallons, a volume charge of $6.55 per 1,000 gallons applies. For any consumption exceeding 20,001 gallons, a volume charge of $8.19 per 1,000 gallons applies. Commercial water users follow the same structure depending on whether they are inside or outside Town limits.

The Town's current monthly residential sewer rate is $39.50 compared to the 2024 estimated state median of $44.65. Users outside the incorporated limits pay a $62.14 base charge. There is no volume charges attached to sewer rates. Commercial sewer users follow a tiered structure. For those within Town limits, the base rate up to 10,000 gallons is $38.36. For consumption between 10,001 and 20,000 gallons, a volume charge of $2.90 per 1,000 gallons applies. For any consumption exceeding 20,001 gallons, a volume charge of $3.06 per 1,000 gallons applies. For commercial sewer users outside the incorporated limits, users pay a $60.34 base rate up to 10,000 gallons. For consumption between 10,001 and 20,000 gallons, a volume charge of $4.00 per 1,000 gallon applies. For any consumption exceeding 20,001 gallons, a volume charge of $4.61 per 1,000 gallons applies.

Contributed Capital
Revenue from tap fees has ranged from $0 to $38,800 and has averaged 3.44% of total water revenue during the last five years. The Town's most recent water tap fee rate increase occurred in 2021.

- Water and sewer tap fees for users (residential or commercial) within the Town limits are $4,500.
- Water and sewer tap fees for users (residential or commercial) outside the Town limits are $6,500.

Tap fee pricing increases as the meter and tap size increases.

Current System Utilization		
	Usage	Revenue
Residential	51%	69%
Non-residential (per EQR)	49%	31%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	$47.00/$4,500	$39.50/$4,500
¾"	$47.00/$4,500	$38.36/$4,500

DEBT as of December 31, 2025

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2018	Caterpillar Financial Services Corporation	2028	General Fund	$45,388	4.199%	$1,904
2022	Dolores State Bank	2027	General Fund	$63,536	4.00%	$2,909
2024	Caterpillar Financial Services Corporation	2029	General Fund	$98,949	6.99%	$2,088
2025	Dolores State Bank	2035	Water System Revenue	$193,139	4.00%	$24,399

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.

Project #210071D-I
Cost Categories:
- Planning and Design: 9%
- Construction – Transmission and Distribution: 90%
- Land Acquisition: 1%

Prepared by: Monica Munoz-Revelo
Date: July 28, 2026

July 28, 2026 DWRF Credit Report Town of Dolores, Montezuma County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	936
Number of Water Taps/Customers - 2025	557
Total Assessed Valuation - 2025	$9,788,000
Actual Value of All Real Property - 2025	$95,737,000
Median Household Income (MHI) - 2024	$34,861
Monthly Water Rate - 2026	$47.00
Water Operating Revenue - 2025	$458,848
Water Total Revenue - 2025 [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.]	$501,915
Water Tap and System Development Fee Revenue - 2025	$38,800
Water Operating Expense - 2025	$286,086
Water Current Expense - 2025	$312,530
Water Debt - 2025	$193,139
Total Debt - 2025	$517,781
Water Fund Reserves - 2025	$543,254
Water Debt Service - 2025	$26,444
New Water Debt [Requested DWRF loan amount.]	$1,473,989
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual Water Debt Service (two payments annually)	$63,364

Current Indicators (2025)
Town of Dolores
(Water)

1	Total Debt	$517,781	÷	Population	936	=	$553
	New Debt	$1,473,989	÷	Population	936	=	$1,575
	Total Debt + New Debt	$1,991,770	÷	Population	936	=	$2,128
2	Total Debt	$517,781	÷	Number of Taps	557	=	$930
	New Debt	$1,473,989	÷	Number of Taps	557	=	$2,646
	Total Debt + New Debt	$1,991,770	÷	Number of Taps	557	=	$3,576
3	Total Debt	$517,781	÷	Assessed Value	$9,788,000	=	5.29%
	New Debt	$1,473,989	÷	Assessed Value	$9,788,000	=	15.06%
	Total Debt + New Debt	$1,991,770	÷	Assessed Value	$9,788,000	=	20.35%
4	Total Debt	$517,781	÷	Actual Value	$95,737,000	=	0.54%
	New Debt	$1,473,989	÷	Actual Value	$95,737,000	=	1.54%
	Total Debt + New Debt	$1,991,770	÷	Actual Value	$95,737,000	=	2.08%
5	Current Water Debt	$193,139	÷	Number of Taps	557	=	$347
	(Current Water Debt + New Water Debt) / Number of Taps	$2,993	÷	MHI	$34,861	=	8.59%
6	Current Ratio (CA / CL)						
	Current Assets	$575,893	÷	Current Liabilities	$32,639	=	1764%
7	Reserve/Expense Ratio						
	Reserves	$543,254	÷	Current Expenses	$312,530	=	174%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$458,848	÷	Operating Expenses	$286,086	=	160%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$501,915	-				
	Minus Operating Expenses	<u>$286,086</u>					
	=	$215,829	÷	Current Debt Service	$26,444	=	816%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$215,829					
	Minus Tap and Development Fee Revenu	<u>$38,800</u>					
	=	$177,029	÷	Current Debt Service	$26,444	=	669%
11	Projected Coverage Ratio						
	Total Revenues	$501,915					
	Minus Operating Expenses	<u>$286,086</u>					
	=	$215,829		Total Debt Service (with new loan)	$89,808	=	240%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$215,829					
	Minus Tap and Development Fee Revenu	<u>$38,800</u>					
	=	$177,029	÷	Total Debt Service (with new loan)	$89,808	=	197%
13	Current Debt Service	$26,444	÷	Number of Taps	557	=	$47.48
	Annual New Water Debt Service	$63,364	÷	Number of Taps	557	=	$113.76
14	2025 Annual Water Rate (Monthly Rate x 12)	$564.00	÷	MHI	$34,861	=	1.62%
	2025 Annual Water Rate + New Annual Debt Service Per Tap	$677.76	÷	MHI	$34,861	=	1.94%
15	Current 2026 Monthly User Charge						$47.00
	(Debt Service on DWRF Loan / 2025 Taps / Month)						<u>$9.48</u>
	Total						$56.48
16	Operation and Maintenance Reserve						
	Reserves	$543,254	÷	Operating Expenses	$286,086	=	190%

BACK TO AGENDA

2026 SRF Disadvantaged Community Criteria

Applicant: Town of Dolores

Test Result	Conditions met to be DAC
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

Loan Terms

Amount of Loan:	$ 3,233,000
Interest Rate:	1.75%
Term (years):	30
Annual Payment:	$ 138,980

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	936	Y	
	Population 5 years ago (2020)			888		
	Poulation 10 years ago (2015)			902		
	Primary Factors					
P1	MHI (Place)	<=	$ 76,376	34,861	Y	
	Margin of Error (MOE)	±		16,397		
P2	MHV (Place)	<=	$ 431,520	308,100	Y	
	Margin of Error (MOE)	±		54,190		
P3	24 Month Unemployment (County)	>=	5.35%	4.52%	N	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	9.82%	N	
	Jobs (2024)			12,255		
	Jobs (2015)			11,159		
	Priority Factor Count				2	
	Secondary Factors					
S1	MHI (County)	<=	$ 76,376	65,244	Y	
	Margin of Error (MOE)	±		4,313		
	Reliability (CV)	<=	18.00%	4.02%	Y	
S2	10 Year % Chng. Population	<=	0.00%	3.77%	N	
S3	Assessed Value / Housing Unit	<=	$ 24,337	$19,042	Y	
	Assessed Value			9,730,300		
	Total Housing Units			511		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.21%	0.11%	N		
W	Current + Projected Debt/Tap/MHV	>	0.21%	2.00%	Y		
	S4b 80th percentile		0.77%	2.00%	Y		

			Benchmark	Applicant	Result	If MHI CV > 18%, calculate result at top of band	Result
S5	System Full Cost / Tap / MHI	>	1.11%	1.85%	Y		
	Projected Rate @ 110% Coverage	>	0.98%	2.41%	Y		
	S5b 80th percentile		1.58%	2.41%	Y		

Secondary Factor Count: 3

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

Taps or EQR's	557
Total Debt	193,139
Principal & Interest	26,444
Operating Expenses (including operating transfers out)	286,086
Depreciation	73,267

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WPCRF & DWRF

#			Benchmark	Applicant	Points	Notes on Data Used
	Eligiblity Criteria					
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	1.32%	0.0	
	Current Population (2024)			936		
	Poulation five years ago (2020)			888		
2a	10 Year % County Job Change	>=	0	9.82%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	4.52%	0.0	
3	Median Household Income	<=	$ 95,470	34,861	1.0	If MHI CV > 40%, calculate result at top of band — Result
		>=	$ 119,338		0.0	
	Reliability (CV)	<=	40.00%	N/A	N	If MHI CV > 40%, calculate result at top of band — Result
4	Rates compared to MHI	>	0.76%	1.62%	1.0	
W	Monthly Residential Rate	>		47.00		*Confirmed based on resolution No. 667 Series 2025*
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	>	40.00%	40.74%	1.0	
7	% Population that are housing burdened is greater than 50%	>	50.00%	60.47%	1.0	
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	52.18%	1.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	73.10%	1.0	
	% Population over 65 years old			20.92%		
10	Meets base program DAC criteria?			Yes	3.0	
	BIL Eligibility Points				9.0	

Principal Forgiveness and Priority Point Scoring

Applicant: Town of Dolores
DWRF or WPCRF: DWRF

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

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): $1,759,011

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	25
DOLA Affordability Score:	125
Total Score	150

Eligible as a base program DAC? Yes

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

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

Priority Point Scoring

Total WQCD Score:	45
DOLA Affordability Score:	125
Total Score:	170

2026 IUP DWRF Priority Point Calculations

Entity Name:	Town of Dolores
Date of Scoring	6/8/2026
SRF Phase:	Loan app
DOLA Score:	125
DAC:	DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
		Points		**Entity Value**	
P1	**MHI**			$34,861	37%
	<50% of state MHI	35	x		
	Between 51% and 80% of state MHI	20			
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5a	**User Fees (current water rate at 110%/tap/MHI)**			1.85%	
	Rates are > 1.55%	45	x		
	Rates are between 1.11% and 1.55%	25			
	Rates are < 1.11%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45			
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current water debt per tap compared to MHV**			0.11%	
	Debt is > 0.63%	45			
	Debt is between 0.21% and 0.63%	25			
	Debt is < 0.21%	0	x		
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25			
	Debt is < 0.57%	0			
	Population served			936	
	Less than 500	35			
	Between 500 and 1,000	25	x		
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			19,042	
	AV per household is < $12,722	35			
	AV per household is between $12,272 and $24,337	20	x		
	AV per household is between $24,337 and $46,151	10			
	AV per household is greater than $46,151	0			

BACK TO AGENDA

		Project Manager	ES Review Engineer	DOLA Representative
PNA Date Score:		Kathy Boyer	Austin Houser	Monica Muñoz-Revelo
Project Name:	Town of Dolores			Monica Munoz-Revelo - DOLA
SRF Project Number:	210071D-I			
ES PQ Project Number:				
ES PNA Project Number:				

Drinking Water Revolving Fund Priority Scoring Model (Attachment I DWRF IUP 2025)

Drinking Water Quality and Public Health Points	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments	When to Score	Responsible Party	Scoring criteria	Resources
Project addresses a documented waterborne disease outbreak associated with the system within the last 24 months.	**35**		0		**PQ/PNA**	**Engineering Section**	For active sources, check SDWIS for violations. For new sources or for sources taken offline related to a violation, review any submitted data. If SDWIS or data shows more than one exceedance or treatment issue, then give the points for each MCL or treatment issue. For systems with multiple primary MCL issues, score based on the highest value. Systems don't get multiple points (e.g., both arsenic and selenium). Give points to systems reclassified to GWUDI that are under the 18 month clock.	SDWIS comp report, OnBase
Project corrects or prevents violations of MCLs (primary standards) 1 (may score points in multiple categories)								
• Nitrate, nitrite, TCR.	**30**		0		**PQ/PNA**	**Engineering Section**		
• Total trihalomethanes, total haloacetic acids.	**25**		0		**PQ/PNA**	**Engineering Section**		
• Arsenic, selenium.	**20**		0		**PQ/PNA**	**Engineering Section**		
• Other regulated contaminants.	**15**		0		**PQ/PNA**	**Engineering Section**		
1 This accommodates repeat violations and provides indicators for both chronic and acute health hazards								
Project corrects or prevents exceedances of MCLs for radionuclides.	**35**		0		**PQ/PNA**	**Engineering Section**		
Project corrects inadequate treatment techniques that are unable to satisfy the requirements for: (scores total 20 points one or more of the following) **• Surface water.** **• GWUDI.** **• Groundwater.**	**20**		0		**PQ/PNA**	**Engineering Section**		
Project corrects exceedances of secondary drinking water standards.	**10**		0		**PQ/PNA**	**Engineering Section**	Review any submitted data related to secondary standards. If data shows more than one exceedance of a secondary standard, then give the points.	n/a
System has inadequate supply* to meet all current domestic water supply demands (*system must provide records of water usage to substantiate supply is inadequate).	**25**		0		**PQ/PNA**	**Engineering Section**	Review self-reported data on supply issue. Data must show that the system has inadequate water supply capabilities for their existing demand/population. Must show an ongoing issue not related to an emergency event (e.g., fire, water line break). SRF funds generally cannot be used to fund growth.	n/a
Project will correct or prevent: (points are not additive, scores points only in one category)								
• Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages).	**20**		0	PNA did not include clear indication of issues due to line breaks	**PQ/PNA**	**Engineering Section**	For system deterioration and chronic low pressure, confirm self-reported data on by reviewing recent sanitary survey letters/spreadsheets for DS issues. Also, review Onbase for BWO/BO related to pressure loss. If chronic low pressure as noted by the acute team or sanitary survey or more than one BWO/BO in more than a year, then give points. If no mention in the file, review self-reported data and supporting information on distribution system issue. If self-reported and nothing in the file, system will need to provide records of system deterioration and low pressure mapping.	SDWIS comp report, OnBase RPT Tracker - BWO/BO Portal Acute Tracking
• Inadequate distribution due to chronic low pressure.	**15**		15	System provided low pressure mapping that indicates many locations under 45 psi. Project proposes increases pipe size and looping.	**PQ/PNA**	**Engineering Section**		
• Inadequate storage.	**10**		0		**PQ/PNA**	**Engineering Section**	Review Onbase to see if mentioned in a recent sanitary survey. If no mention, system must provide a justification of distribution system tank sizing (e.g. peak day demands, fire flow). No design criteria but justification but detail how the system determined that they had inadequate storage. Project has to be related to drinking water capacity demand, not just for fire flow.	
• Demand exceeding design capacity.	**5**		0		**PQ/PNA**	**Engineering Section**	Review Onbase to see if mentioned in a recent sanitary survey. If no mention, system must provide a justification of the distribution system being inadequately sized. No design criteria but justification but detail how the system determined that they had inadequate design capacity. Project has to be related to drinking water capacity demand, not just for fire flow.	
Project incorporates fluoridation.	**10**		0		**PQ/PNA**	**Engineering Section**	Review proposed project to determine if fluoridation is included. Grant points if included	n/a
Total Drinking Water Quality & Publ		**0**	**15**					
Affordability	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Total Financial / Affordability Points scored by DOLA =			**150**			**DOLA**		
CPDWR Compliance Points	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
(Points are not additive. Can score points only in one category)								
Project addresses an enforcement action by a regulatory agency and the facility is currently in violation of CPDWRs.	**30**		0		**PQ/PNA**	**Engineering Section**	Check OnBase and/or comp report to see if system has an enforcement order. Give points if an EO has been issued that the proposed project will address or partially address.	SDWIS comp report, OnBase
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order, notice of violation or other enforcement action.	**20**		0		**PQ/PNA**	**Engineering Section**	Check OnBase see if system has been issued an enforcement order warning letter. If not, check comp report to see if vios related to the project. Give points if a warning letter has been issues or if there is other correspondence from CAS. Give points to systems reclassified to GWUDI that are under the 18 month clock. Project to bring inactive source with MCL violations online, projects that resolve sanitary survey violations, required OCCT under the LCR, etc.	SDWIS comp report, OnBase
Project is designed to maintain CPDWR compliance, meet new requirements, or address contaminants included in the priority list submitted by the Division to the Commission for which standards may be considered.	**15**		0		**PQ/PNA**	**Engineering Section**	Verify contaminate or treatment tech is listed in either Reg 11 or the WQCD report to the WQCC. If so, give points. For new requirements, review situation to see if appropriate. Some possible situations include: TNC reclassified to NTNC/CWS and associated treatment, upgrade SCADA system for cybersecurity, Mn removal to prevent PN.	Regulation 11 and/or check the priority contaminated in the WQCD annual report
System is currently meeting all CPDWRs.	**10**		10		**PQ/PNA**	**Engineering Section**	Check OnBase and/or comp report to see if system has any outstanding violations. Give points if no outstanding violations.	SDWIS comp report, OnBase
Total CPDWR Compliance		**0**	**10**					
Total Additional Subsidy Points =		**0**	**175**			**(Sum of Drinking Water Quality&Public Health + Affordability + CPDWR Compliance points)**		
Points scored in highest priority drinking water & public health criteria sections? (Enter "Yes" only if points scored for addressing water borne disease outbreaks, Nitrate/Nitrite/TCR, or radionuclides - RED boxes)						**SRF Team**		
Source Protection and Conservation	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Project addresses vulnerability to potential pollution by conditions identified in an approved source water protection area assessment: (scores a total of 15 points for one or more of the following): **• Point source discharge within a delineated area.** **• Areas impacted by agricultural chemical use or run-off.** **• Area subject to oil/gas/mineral operations.** **• Unprotected watershed area.**	**15**		0		**PQ/PNA**	**Engineering Section**	Confirm system has a substantially implemented SWAP (see folder link). If they have a plan in the folder (about 10% of systems have plans) that mentions potential contamination sources and/or BMPs which the project addresses then give them the points. If they are working on a plan or you aren't sure, then check with Kristen Hughes or Robert Murphy.	I:\SWAP-Protection Phase\SWAP Protection Plans\Substantially Implemented
Project establishes a protective zone to address potential pollution as a result of wildfires in burn scar areas.	**10**		0		**PQ/PNA**	**Engineering Section**	If proposed project includes working on or addresses potential pollution as a result of wildfires in burn scar areas then give points. To verify, the system should be working on a wildland fire decision support system (WFDSS) with the SWAP group and are on the WFDSS list or if they have wildfire as a potential contamination source in their SWAP then give them points. No set design standards for fire mitigation.	WFDSS tracking document
Utility rate structure currently in place (points for rate structure are not additive, score points only in one category):								
• Increasing block rates.	**15**				**PQ/PNA**	**SRF Team**	If information not provided in PQ or PNA check with applicant	
• Seasonal rates.	**10**				**PQ/PNA**	**SRF Team**	If information not provided in PQ or PNA check with applicant	
• Uniform.	0				**PQ/PNA**	**SRF Team**	If information not provided in PQ or PNA check with applicant	
Project will implement water metering, leak detection and/or other water conservation and efficiency infrastructure applications at a minimum of 20% of total project costs.	**10**				**PQ/PNA**	**SRF Team**	If detailed information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	
Sustainability Points	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Project seeks to:								
• Correct compliance issues, water quality problems, and/or water supply problems through physical consolidation and regionalization of water systems.	**10**		0		**PQ/PNA**	**Engineering Section**	Review proposed project to see if consolidation or regionalization is included. If so, score points. If information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	n/a

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• Correct and/or improve security of the water system.	**10**		0		**PQ/PNA**	**Engineering Section**	Security improvements must meet the requirements of Item 1.2.11 Security and Emergency Response Program of the Design Criteria. Review if submittal indicates both physical security design/improvements and a security and emergency response program will be created, then give the points. If information included at PQ, then score. If not enough information, score as 0 and score at PNA step.	Design Criteria
• Incorporate beneficial uses of water treatment plant sludge and/or alternative concentrate management options in an approved Beneficial Use Plan.2	**10**		0		**PQ/PNA**	**Engineering Section**	For improvements to an existing or a new sludge control process incorporated into the proposed project. Please reach out to HMWMD (either Michael Bankoff michael.bankoff@state.co.us or our Customer Technical Assistance line at 303-692-3320 or comments.hmwmd@state.co.us) to check with them before granting points. HMWMD can let you know if they are approved for beneficial use of the sludge/concentrate or give insight if the proposed project would be approved.	
2 The Hazardous Materials and Waste Management Division is the agency responsible for implementing the Regulations Pertaining to the Beneficial Use of Water Treatment Sludge and Fees applicable to the Beneficial Use of Sludges pursuant to 5CCR1003-7.								
Project promotes sustainable utilities and/or communities through a utility management plan that:								
• Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure as needed.	**5**		5	20-year cash flow present with capital funding	**PNA**	**Engineering Section**	Presence/absence. As long as the 20-year cash flow plan has a capital improvements line or some type of replacement fund line then score points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
• Provides sufficient revenues to meet O&M and capital needs.	**5**		5	20-year cash flow present with O&M provision	**PNA**	**Engineering Section**	Presence/absence. If the 20-year cash flow plan has an O&M line then score points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
• Demonstrates that the facility has maintained licensed/certified operators, adequate staffing to properly operate and maintain the facility and will continue to do so.	**5**		5	Adequate licensed operator on staff	**PQ/PNA**	**Engineering Section**	Check OnBase/Comp report to see any system's operator issues and that the current operator meets the certification levels. If project will not impact the operator certification level, give points. If the project will impact the op certification level, the system must either have an operator certified to the new level or have a plan to get a properly certified operator to get points.	SDWIS comp report, OnBase
• Incorporates a fix-it-first planning methodology.	**5**		**5**	Project was broken into 2 phases. Phase 1 was completed in 2020.	**PQ/PNA**	**Engineering Section**	System submits documentation to demonstrate planning and have been following through on the plans. For example: have a master plan, asset management plan or capital improvement plan, O&M schedule for repairs. If documentation is provided then give points. If information included at PQ, then score. If not enough information, leave blank and score at PNA step.	n/a
Readiness to Proceed Points	**Possible Points**	**PQ Points Scored (leave blank if not scored)**	**PNA Points Scored**	**Comments**		**Responsible Party**	**Scoring criteria**	**Resources**
Project has secured one or more of the following:								
• Plans and specifications approved.	**10**		**0**		**PQ/PNA**	**Engineering Section**	Give points if system has approval letter for the project as described in the PQ/IUP application or that covers the majority of the proposed project (roughly 80%).	PWS Search/ RAW Database
Project has funding secured by multiple assistance providers.	**10**				**PQ/PNA**	**SRF Team**	Give points if applicant can document an award or a commitment from another funding agency for the same project being funded by SRF.	
Total Points Score		**0**	**195**					
Yes								
No								

COLORADO
Department of Local Affairs
Division of Local Government

TO: Wesley Williams and Members of the Board of the CWRPDA
FROM: Peter Dieterich, DLG
SUBJECT: Town of La Veta ("the Town") DWRF Credit Report Update
DATE: July 28, 2026

Project Budget	
DWRF Supplemental Base Loan:	$2,413,000
2025 DWRF IIJA/BIL Loan:	$1,425,903
2025 DWRF IIJA/BIL Supp. PF:	$2,552,097
2023 EIAF Grant:	$1,000,000
2024 Supplemental EIAF Grant:	$236,681
2024 D&E Grant	$300,000
TOTAL:	**$7,927,681**

This project consists of a new water treatment plant using conventional treatment technology with full automation. There will be three pre-engineered clarifier units, a below grade disinfection contact, a clearwell tank, and a building extension to house the new treatment equipment.

The Town previously received DWRF funding for this project in the amount of $1,425,903 as an IIJA/BIL direct loan with a 30-year term, at an interest rate of 1.75% and IIJA/BIL principal forgiveness in the amount of $2,552,097. After requesting construction bids for the new water treatment plant, the Town received bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application. Therefore, the Town is requesting a supplemental loan.

When including the previous 2024 DWRF loan, the Town's 2024 financials show that this proposed loan represents a growing but manageable debt burden for a small, mountainous community. With approved rate increases taking effect on September 1, 2026, no further rate increases are projected to be required. We therefore recommend the DWRF Committee approve a $2,413,000 supplemental DWRF base direct loan with the same terms as the original loan, to the Town of La Veta.

CURRENT INDICATORS:	2022	2023	2024		Weak		Average		Strong
Total Debt per Capita ($):	4,741	4,591	4,437	X	>$2,000		$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			7,046	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	7,575	7,248	6,933	X	>$5,000		$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			11,009	X	>$5,000		$2,500 - 5,000		<$2,500
Current Water Debt/Tap ($):	1,637	1,550	1,464		>$2,000	X	$1,000 - 2,000		<$1,000
Current Water + New Water Debt/Tap ($):			5,540	X	>2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	48%	47%	45%		>50%	X	25-50%		<25%
Total Debt + New Water Debt/Assessed Value:			71%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	4.74%	4.55%	4.65%		>10%		5-10%	X	<5%
Total Debt + New Water Debt/Actual Value:			7.39%		>10%	X	5-10%		<5%
Curr. Water Debt + New Debt/Tap/MHI:			10%		>20%	X	10-20%		<10%
Water Fund Current Ratio (CA/CL):	2,081%	1,721%	2,243%		<100%		100-200%	X	>200%
Water Fund Reserves/Current Expense:	586%	583%	523%		<50%		50-100%	X	>100%
Water Operating Ratio (OR/OE):	213%	207%	164%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	319%	369%	290%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	319%	319%	290%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			116%		<110%	X	110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			116%		<110%	X	110-125%		>125%
Current Annual Water Rates/MHI:			1.12%		>3.0%		1.5-3.0%	X	<1.5%
Current Water Rates + New Water Debt Service/MHI:			1.45%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			669%		<25%		25-50%	X	>50%
			Total:	**6**		**6**		**9**	

BACK TO AGENDA

COLORADO
Department of Local Affairs
Division of Local Government

Financial Analysis

Based on 2024 financial information for this supplemental loan, of the twenty-one current indicators calculated, nine were rated strong, six were average, and six were considered weak. Overall, the indicators illustrate a high debt burden for users, but a strong operating ratio and high reserves enables the Town to pay for the project. The strong indicators show ability to meet near and long-term obligations. The weak indicators reflect existing and future debt. When considering the original loan was approved in 2024, the above indicators do not reflect its impact. When factoring in the 2024 loan debt and the proposed loan, eight are considered strong, three are average, and ten are weak. Six indicators decreased from the original 2024 credit report when assuming the new loan.

- Based on 2024 financials, the coverage ratio for this $2,413,000 DWRF supplemental loan is 116% without tap fee revenue and a rate increase is not projected to be necessary to meet the 110% coverage ratio.
- However, when considering the $61,296 annual payment for the 2024 original $1,425,903 DWRF loan with the 2024 financials, the coverage ratio with the proposed loan drops to 86% without tap fee revenue, additional annual revenue of $57,029 or $8.01 per tap per month is projected to be necessary to meet the 110% coverage ratio.
    - When including the recently approved rate increases of $29.82, no further rate increases are projected for the Town to meet the 110% coverage ratio.
- When considering the debt and debt service for the original 2024 loan and this supplemental request, a total of six of the twenty-one indicators changed since the credit report for the original loan: Current Water Debt/Tap and Current Water plus New Water Debt/Tap, went from average to weak; Total Debt/Actual Value and Current Water Debt plus New Debt/Tap/MHI moved from strong to average; and Coverage Ratio with New Loan and Coverage Ratio with New Loan Excluding Tap Fees moved from strong to weak.
- While the weak and average indicators show that the debt might be an increasing burden on the community along with a weakening coverage ratio, the strong indicators show that the debt appears to be affordable to the community based on the Town's assessed value, actual value, and MHI. Additionally, the Town continues to maintain strong reserves.
- The Town's water rates had not been raised since 2021; however, they remained sufficient to cover expenses to this point. The Town approved significant rate increases on July 21, 2026, for both sewer and water, that begin September 1, 2026. No further increase is projected following the approval of the new rate structure for this project.
- The Town is considered a Category 2 disadvantaged community, as reflected by the initial interest rate. The Town does not qualify for further principal forgiveness given it reached its $2,500,000 cap on the 2024 loan.

July 28, 2026 DWRF Credit Report Town of La Veta, Huerfano County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	**925**
Number of Water Taps/Customers - 2024	**592**
Total Assessed Valuation - 2024	**$9,155,000**
Actual Value of All Real Property - 2024	**$88,234,000**
Median Household Income (MHI) - 2024	**$52,804**
Monthly Water Rate - 2024	**$49.33**
Water Operating Revenue - 2024	**$404,456**
Water Total Revenue - 2024 **[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.]**	**$447,603**
Water Tap and System Development Fee Revenue - 2024	**$0**
Water Operating Expense - 2024	**$246,903**
Water Current Expense - 2024	**$316,035**
Water Debt - 2024	**$866,553**
Total Debt - 2024	**$4,104,433**
Water Fund Reserves - 2024	**$1,652,608**
Water Debt Service - 2024	**$69,132**
New Water Debt **[Requested DWRF loan amount.]**	**$2,413,000**
Requested DWRF Loan Term	**30**
Requested DWRF Loan Interest Rate	**1.75%**
New Loan's Annual Water Debt Service (two payments annually)	**$103,730**

Current Indicators (2024)
Town of La Veta
(Water)

1	Total Debt	$4,104,433	÷	Population	925	=	$4,437
	New Debt	$2,413,000	÷	Population	925	=	$2,609
	Total Debt + New Debt	$6,517,433	÷	Population	925	=	$7,046
2	Total Debt	$4,104,433	÷	Number of Taps	592	=	$6,933
	New Debt	$2,413,000	÷	Number of Taps	592	=	$4,076
	Total Debt + New Debt	$6,517,433	÷	Number of Taps	592	=	$11,009
3	Total Debt	$4,104,433	÷	Assessed Value	$9,155,000	=	44.83%
	New Debt	$2,413,000	÷	Assessed Value	$9,155,000	=	26.36%
	Total Debt + New Debt	$6,517,433	÷	Assessed Value	$9,155,000	=	71.19%
4	Total Debt	$4,104,433	÷	Actual Value	$88,234,000	=	4.65%
	New Debt	$2,413,000	÷	Actual Value	$88,234,000	=	2.73%
	Total Debt + New Debt	$6,517,433	÷	Actual Value	$88,234,000	=	7.39%
5	Current Water Debt	$866,553	÷	Number of Taps	592	=	$1,464
	(Current Water Debt + New Water Debt) / Number of Taps	$5,540	÷	MHI	$52,804	=	10.49%
6	Current Ratio (CA / CL)						
	Current Assets	$1,729,714	÷	Current Liabilities	$77,106	=	2243%
7	Reserve/Expense Ratio						
	Reserves	$1,652,608	÷	Current Expenses	$316,035	=	523%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$404,456	÷	Operating Expenses	$246,903	=	164%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$447,603	-				
	Minus Operating Expenses	$246,903					
	=	$200,700	÷	Current Debt Service	$69,132	=	290%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$200,700					
	Minus Tap and Development Fee Revenu	$0					
	=	$200,700	÷	Current Debt Service	$69,132	=	290%
11	Projected Coverage Ratio						
	Total Revenues	$447,603					
	Minus Operating Expenses	$246,903					
	=	$200,700		Total Debt Service (with new loan)	$172,862	=	116%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$200,700					
	Minus Tap and Development Fee Revenu	$0					
	=	$200,700	÷	Total Debt Service (with new loan)	$172,862	=	116%
13	Current Debt Service	$69,132	÷	Number of Taps	592	=	$116.78
	Annual New Water Debt Service	$103,730	÷	Number of Taps	592	=	$175.22
14	2024 Annual Water Rate (Monthly Rate x 12)	$591.94	÷	MHI	$52,804	=	1.12%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	$767.15	÷	MHI	$52,804	=	1.45%
15	Current 2024 Monthly User Charge						$49.33
	(Debt Service on DWRF Loan / 2024 Taps / Month)						$14.60
	Total						$63.93
16	Operation and Maintenance Reserve						
	Reserves	$1,652,608	÷	Operating Expenses	$246,903	=	669%

2026 SRF Disadvantaged Community Criteria

Applicant: Town of LaVeta

Test Result	Conditions met to be DAC
Y	Test 1: P1 & P2 or P3
	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

Loan Terms

Amount of Loan:	$ 2,413,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 165,024

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	925	Y	
	Population 5 years ago (2020)			903		
	Poulation 10 years ago (2015)			875		
	Primary Factors					
P1	MHI (Place)	<=	$ 76,376	52,804	Y	
	Margin of Error (MOE)	±		10,885		
P2	MHV (Place)	<=	$ 431,520	389,300	Y	
	Margin of Error (MOE)	±		72,761		
P3	24 Month Unemployment (County)	>=	5.35%	6.42%	Y	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	15.90%	N	
	Jobs (2024)			2,609		
	Jobs (2015)			2,251		
	Priority Factor Count				3	
	Secondary Factors					
S1	MHI (County)	<=	$ 76,376	52,526	Y	
	Margin of Error (MOE)	±		5,017		
	Reliability (CV)	<=	18.00%	5.81%	Y	
S2	10 Year % Chng. Population	<=	0.00%	5.71%	N	
S3	Assessed Value / Housing Unit	<=	$ 24,337	$14,837	Y	
	Assessed Value			9,154,575		
	Total Housing Units			617		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.21%	0.38%	Y		
W	Current + Projected Debt/Tap/MHV	>	0.21%	1.42%	Y		
	S4b 80th percentile		0.77%	1.42%	Y		
						If MHI CV > 18%, calculate result at top of band	**Result**
S5	System Full Cost / Tap / MHI	>	1.11%	1.12%	Y		
	Projected Rate @ 110% Coverage	>	0.98%	1.61%	Y		
	S5b 80th percentile		1.58%	1.61%	Y		
	Secondary Factor Count				4		

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

Taps or EQR's	592
Total Debt	866,553
Principal & Interest	69,132
Operating Expenses (including operating transfers out)	246,903
Depreciation	104,129

WPCRF & DWRF

			Benchmark	Applicant	Points	Notes on Data Used	Result
	Eligiblity Criteria						
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	0.60%	1.0		
	Current Population (2024)			925			
	Poulation five years ago (2020)			903			
2a	10 Year % County Job Change	>=	0	15.90%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	6.42%	0.5		
3	Median Household Income	<=	$ 95,470	52,804	1.0	If MHI CV > 40%, calculate result at top of band	Result
		>=	$ 119,338		0.0		
	Reliability (CV)	<=	40.00%	N/A	N		
						If MHI CV > 40%, calculate result at top of band	Result
4	Rates compared to MHI	>	0.76%	1.12%	1.0		
W	Monthly Residential Rate	>		49.33			
				based on application only, needs to be confirmed			
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>	40.00%	4.23%	0.0		
7	% Population that are housing burdened is greater than 50%	>	50.00%	31.58%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	30.22%	0.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	89.42%	1.0		
	% Population over 65 years old			59.20%			
10	Meets base program DAC criteria?			Yes	3.0		
	BIL Eligibility Points				7.5		

2026 IUP DWRF Priority Point Calculations

Entity Name:	Town of La Veta
Date of Scoring	7/28/26
SRF Phase:	Loan app
DOLA Score:	115
DAC:	DAC

		Benchmarks			
	$95,470	**2020-2024 State MHI estimate**			
			Points	**Entity Value**	
P1		**MHI**		$52,804	55%
		<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		
S5a		**User Fees (current water rate at 110%/tap/MHI)**		1.12%	
		Rates are > 1.55%	45		
		Rates are between 1.11% and 1.55%	25		
		Rates are < 1.11%	0		
		OR			
S5a		**User Fees for a combined water & sewer fund**			
		Rates are > 2.70%	45		
		Rates are between 2.03% and 2.70%	25		
		Rates are < 2.03%	0		
S4a		**Current water debt per tap compared to MHV**		0.38%	
		Debt is > 0.63%	45		
		Debt is between 0.21% and 0.63%	25		
		Debt is < 0.21%	0		
		OR			
S4a		**Current water & sewer debt (for combined systems)**			
		Debt is > 1.26%	45		
		Debt is between 0.57% and 1.26%	25		
		Debt is < 0.57%	0		
		Population served		925	
		Less than 500	35		
		Between 500 and 1,000	25		
		Between 1,000 and 2,000	20		
		Between 2,000 and 5,000	15		
		Betweeen 5,000 and 10,000	5		
		>10,000	0		
S3		**Assessed Value/Household**		14,837	
		AV per household is < $12,722	35		
		AV per household is between $12,272 and $24,337	20		
		AV per household is between $24,337 and $46,151	10		
		AV per household is greater than $46,151	0		

Principal Forgiveness and Priority Point Scoring

Applicant: Town of La Veta
DWRF or WPCRF: DWRF

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

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):$0

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	5
DOLA Affordability Score:	115
Total Score	120

Eligible as a base program DAC? No

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

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

Priority Point Scoring

Total WQCD Score:	35
DOLA Affordability Score:	115
Total Score:	150

DWRF LOAN CREDIT REPORT

Town of La Veta ("The Town"), Huerfano County

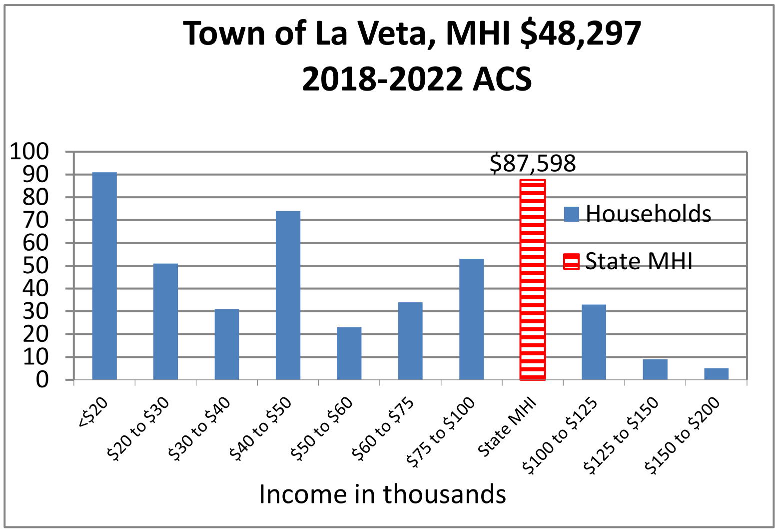
Recommendation:	**APPROVAL**
Loan Request:	$3,978,000
Interest Rate & Term:	1.75%, 30 years
Annual Debt Service:	$61,296
Pledge:	Water System Revenue
Current Rate:	$49.33
Estimated Rate Increase:	$0.00

Project Budget	
DWRF BIL Loan:	$1,425,903
DWRF BIL Supplemental PF:	$2,552,097
2023 EIAF Grant:	$1,000,000
2024 D&E Grant:	$300,000
Total:	$5,278,000

PROJECT DESCRIPTION: This project consists of a new water treatment plant using conventional treatment technology with full automation. There will be three pre-engineered clarifier units, a below grade disinfection contact, a clearwell tank, and a building extension to house the new treatment equipment.

COMMUNITY PROFILE: Town of La Veta	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Avg. Annual Change**
Town Population	895	899	860	875	891			-0.11%
Huerfano County Population	6,758	6,778	6,833	6,948	7,104			1.26%
Huerfano County Jobs	2,611	2,631	2,689	2,720	2,662			0.48%
Number of Water Taps			597	599	602	604	604	0.29%
Number of Sewer Taps			580	582	585	587	587	0.30%
Assessed Value ($000)			8,494	8,569	9,303	9,112	9,155	1.89%
Actual Value ($000)			83,265	84,196	94,062	94,064	88,234	1.46%

BORROWER BRIEF: The Town of La Veta is located at the base of the Spanish Peaks of the San Juan Mountains in south central Huerfano County. State Highway 12 serves as the Town's Main Street, and is located approximately 57 miles southwest of Pueblo and 46 miles east of Alamosa.



RECOMMENDATION: The Town serves a small, rural community in southern Huerfano County. This proposed loan is necessary to build a new water treatment plant (WTP) using conventional treatment technology with full automation and replace the current, aging WTP. Furthermore, the Town is subject to a compliance schedule and constructing this project will keep the system on course to meet its requirements. The Town has also received strong financial support in the form of grants totaling $1,300,000. With the grants, the Town's eligibility for BIL funding, and classification as a disadvantaged community, the project is considerably more affordable. We therefore recommend the DWRF Committee approve a $1,425,903 direct BIL loan, and $2,552,097 in BIL principal forgiveness to the Town of La Veta.

PROJECT SUMMARY:

System summary: The Town receives water from the Cucharas River and is stored in North and South La Veta lakes. The water is pumped to a filtration system with a bead clarifier and small clearwell. The finished water is stored in two contact time tanks before being sent to the 586 service connections in the distribution system.

Reason/need: The original facility was constructed in 1972. In 1996, the existing treatment equipment was converted to a Microfloc type upflow clarifier, three rapid rate gravity filters and a clearwell. In 2009, the Town constructed a new metal building over the original WTP building as the original 1972 metal building had severe corrosion. In 2011, the upflow clarifier was reclassified and the WTP treatment process reclassified as direct filtration. This increased the required disinfection contact time of the WTP. In 2013, the CDPHE Disinfection Outreach Verification Effort (DOVE) program reduced the disinfection contact efficiency of the storage tanks, further restricting the usable volume of the tanks. In 2023, the Town received an enforcement order for the MCL exceedance of the disinfection byproduct HAA5. The WTP is in very poor condition. The existing treatment processes, upflow clarification and filtration, are manually operated and require considerable operator attention.

System Compliance: The Town (CO0128500) has an enforcement order issued November 13, 2023 to address disinfection byproducts, specifically HAA5. The Town has a compliance schedule to perform activities to complete construction by October 31, 2025. The project is intended to return the system to compliance.

Project Delivery Method: Design/Bid/Build

Contingency: 8% of total project cost included as contingency.

CURRENT INDICATORS:	**2020**	**2021**	**2022**	**Weak**	**Average**	**Strong**
Total Debt per Capita ($):	1,551	5,301	5,007	X >$2,000	$1,000 - 2,000	<$1,000
Total + New Debt/Capita ($):			6,608	X >$2,000	$1,000 - 2,000	<$1,000
Total Debt/Tap ($):	2,234	7,743	7,411	X >$5,000	$2,500-5,000	<$2,500
Total Debt + New Debt/Tap ($):			9,780	X >$5,000	$2,500-5,000	<$2,500
Current Water Debt/Tap ($):	1,772	1,689	1,602	>$2,000	X $1,000 - 2,000	<$1,000
Current Water + New Water Debt/Tap ($):			3,970	X >2,000	$1,000 - 2,000	<$1,000
Total Debt/Assessed Value:	16%	54%	48%	>50%	X 25-50%	<25%
Total Debt + New Water Debt/Assessed Value:			63%	X >50%	25-50%	<25%
Total Debt/Actual Value:	1.60%	5.51%	4.74%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			6.26%	>10%	X 5-10%	<5%
Current Water Debt + New Debt/Tap/MHI:			8.22%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	1,290%	1,672%	2,081%	<100%	100-200%	X >200%
Water Fund Reserves/Current Expense:	361%	498%	586%	<50%	50-100%	X >100%
Water Operating Ratio (OR/OE):	172%	180%	213%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	210%	871%	319%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	203%	266%	319%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			169%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			169%	<110%	110-125%	X >125%
Current Annual Water Rates/MHI:			1.23%	>3.0%	1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.44%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			796%	<25%	25-50%	X >50%
			Total:	**6**	**3**	**12**

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FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, twelve are rated strong, three are average and six are considered weak. Overall, the indicators show this proposed loan represents a growing but manageable debt burden for a small community. Moreover, the new debt should not result in user fee increases. The strong indicators show a strong operating ratio and reserves, affordable current and projected rates, and the ability to meet short and long-term obligations. The weak indicators reflect the proposed debt is large relative to the size of the community

- Based on 2022 financial information, coverage with the proposed loan is 169% without tap fee revenue. No additional annual revenue is projected to be needed to meet the SRF program's 110% coverage requirement.
- Over the past three years, the water fund's operating ratio and current ratio has exceeded the benchmark for a "strong" indicator, thus demonstrating consistent financial stewardship of the water fund.
- The Town's water rates have not been raised since 2021, however, they remain sufficient to cover expenses. Rate increases may be considered following the final cost determinations for this project, but the Town is not planning any increases at this time.
- Without principal forgiveness, the coverage ratio decreases to 92% without tap fee revenue. Additional annual revenue of about $43,999, or $6.07 per tap per month, would increase the coverage ratio to 110%.

Additional Project Financing:
In July 2023, the Town was awarded an Energy/Mineral Impact Assistance Grant (EIAF) for $1,000,000. The Town also received a Design & Engineering (D&E) grant totaling $300,000 in March 2024.

DESCRIPTION OF THE LOAN:
An estimated $1,425,903 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the Town approximately $61,296 in debt service annually. The Town also qualifies for $2,552,097 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	$70,078	>=	$48,297	Yes	S1: County MHI	$70,078	>=	$49,631	Yes
P2: MHV	$465,900	>=	$291,700	Yes	S2: Population Loss	0.00%	>=	3.13%	No
P3: County Unemployment	5.38%	<=	5.94%	Yes	S3: Assessed Value per Housing unit	$24,963	>=	$15,403	Yes
County Job Change	0.00%	>=	0.30%	No	S4b: Current and Projected System Debt	0.30%	<	2.81%	Yes
					S4b: 80th Percentile	1.05%	<	2.81%	Yes
					S5b: Projected System Cost Per Tap to MHI	1.08%	<	1.95%	Yes
					S5b: 80th Percentile	1.63%	<	1.95%	Yes

Based on 2018-2022 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, 1.75%).

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 7.5 points as shown below.

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	-0.11%	1
2a: County Job Change	0.00%	>	0.30%	
2b: County Unemployment	5.38%	<	5.94%	0.5
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$87,598	>		
	$109,498	<	$48,297	1
4: Rates to MHI	0.81%	<	1.23%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	13.37%	0
7: % Households Housing Burdened	50.00%	<	29.88%	0
8: % Population under 200% Poverty Level	40.00%	<	32.89%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	87.34%	1
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	7.5

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 64.115%, the Town qualifies for approximately $2,552,097 in principal forgiveness, leaving an estimated loan of $1,425,903.

ECONOMIC ANALYSIS: The Town has a 2022 population estimated at 891 and has changed at an average annual rate of -0.11% since 2018. Huerfano County has experienced an increase of 1.26% in population since 2018. The state population increased at an average annual rate estimated 0.71%.

The region's economy is dominated by retirees and the next largest base industries consist of tourism, government and regional services such as healthcare and transportation. In Huerfano County, Government accounts for the largest job sector (18%), along with Health Service and Retail Trade (16%). The area's largest employers consist of the Le Veta School District (45 employees); Spanish Peaks Medical Clinic (15 employees); Sangre Agro Tech (12 employees); the Town of La Veta (10 employees); and Charlie's Market (8 employees).

No single customer accounts for more than 3% 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
The Town is a statutory town governed by a board of trustees and was incorporated in 1876. The Town provides services including Marshal (police) and fire protection, water and wastewater services, public works services, and parks and recreation services. The Town reports a full time operator staffs the system, 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 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 $700,000 for several maintenance projects for the water fund. These projects begin in 2035 and last through 2050 and include replacement of process pumps at the WTP, replacement of customer meters, and distribution system replacement. These projects will be funded from reserves.

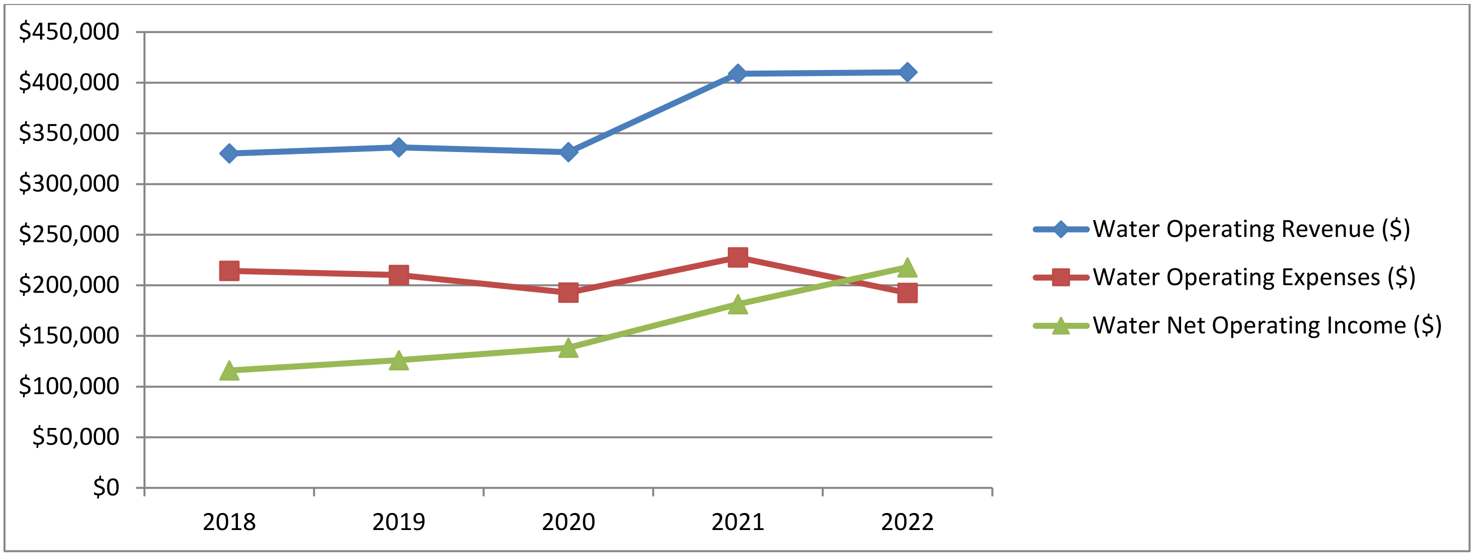
Intergovernmental
The Town has a 2017 Intergovernmental Agreement (IGA) with the Navajo Western Water District (the District), where the District leases 5.0 acre feet annually of consumptive use of the District Water Rights to the Town. The Town may terminate the lease if it determines it will be impossible or impractical to obtain approval of a substitute water supply plan. In the event of litigation between the parties regarding the performance of either party's obligations, the prevailing party shall be awarded its costs and reasonable attorney fees. The agreement shall terminate in December 2042, unless the District reaches 75% buildout prior to 2037. Should the District achieve 75% buildout, the agreement will expire in December five years after that point.

REVENUE ANALYSIS:
The Town's water system revenues have been steady over the last several years, with an increase in 2021, before leveling off again in 2022. The 2021 revenue increases were attributed to greater usage accompanying new development and taps. Tap fee revenue has been an inconsistent source of revenue over the last five years, but operating revenues have consistently covered operating expenses by a wide margin. The Town expects moderate growth at about a 1% per year moving forward, and has 12 affordable homes scheduled to be built in the next four years.

Operating expenditures declined slightly from 2018-2020, then peaked in 2021, before decreasing again in 2022. The modest 2021 increase was attributed to supply cost increases stemming from the pandemic and ordering more parts given the shortage. In 2022, operating expenditures declined as fewer maintenance purchases were needed.

TRENDS	2018	2019	2020	2021	2022	2023	2024
Monthly Water Rate ($)			39.79	49.33	49.33	49.33	49.33
Monthly Sewer Rate ($)			35.82	49.82	49.82	49.82	49.82
Residential Water Tap Fee ($)			5,000	7,000	7,000	7,000	7,000
Residential Sewer Tap Fee ($)			2,500	4,000	4,000	4,000	4,000
Total Water Revenue ($)	331,232	345,313	337,602	828,094	412,334		
Tap/Development Fees ($)	0	8,000	5,000	417,500	0		
Water Operating Revenue ($)	330,078	336,101	331,304	408,841	410,285		
Water Operating Expenses ($)	214,214	210,116	192,817	227,513	192,426		
Water Net Operating Income ($)	115,864	125,985	138,487	181,328	217,859		
Water Debt ($)	1,147,743	1,103,324	1,057,955	1,011,615	964,283		
Total Debt ($)	1,462,743	1,398,824	1,333,955	4,638,217	4,461,610		
Water Debt Service ($)	68,932	68,924	68,919	68,914	68,910		
Water Debt Service/Tap/Month ($)			9.62	9.59	9.54		
Water Fund Reserves ($)	721,179	868,602	944,255	1,475,704	1,531,749		

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	100%	97%	98%	49%	100%	89%
Operating Revenue as % of Expenses	154%	160%	172%	180%	213%	176%
Tap Fee Revenue as % of Total Revenue	0.00%	2.32%	1.48%	50%	0.00%	11%



Recent Rate Increases
The Town's most recent rate increase of $9.54 for water and $14.00 for sewer were implemented on January 1, 2021.

User Charges
The Town's current monthly water rate is estimated at $49.33 compared to the 2022 estimated state median of $59.19. The Town's average monthly water rate is based on typical residential consumption of 4,537 gallons per month. Residential users pay a $31.18 base rate ($9.16 for debt service and $22.02 O&M) and a volume charge of $4.00 per 1,000 gallons for consumption. Commercial users are charged per an EQR schedule.

The Town's current monthly sewer rate is a flat $49.82 ($23.82 debt service and $26.00 O&M) compared to the 2022 estimated state median of $41.23. Commercial users are charged per an EQR schedule.

Contributed Capital
Revenue from tap fees has ranged from $0.00 to $417,500 and has averaged 11% of total water revenue during the last five years. The Town's most recent water tap fee rate increase occurred in January 2021.

- Residential water tap fees are $7,000.
- Residential sewer tap fees are $4,000.
- Commercial users are charged per an EQR schedule for the type of business and ranges from .01 to 1.20 EQR.

Current System Utilization		
	Usage	Revenue
Residential	86%	95%
Non-residential (per EQR)	14%	5%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	$49.33/$7,000	$49.82/$4,000
¾"	$49.33/$7,000	$49.82/$4,000

DEBT as of December 31, 2022

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2008	CWRPDA	2039	Water System Revenue	$708,429	1.875%	$50,118
2014	CWCB	2040	Water System Revenue	$255,854	3.0%	$19,014

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 2008 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Peter Dietrich
Date: August 6, 2024

Project # 141451D-B

Cost Categories:
Planning and Design Only (non-construction) – 9.8%
Construction - Treatment 84.8%
Other – 5.4%

August 8, 2024 DWRF Credit Report La Veta, Huerfano County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2022	**891**
Number of Water Taps/Customers - 2022	**602**
Total Assessed Valuation (in thousands) - 2022	**$9,303,000**
Actual Value of All Real Property (in thousands) - 2022	**$94,062,000**
Median Household Income (MHI) - 2022	**$48,297**
Monthly Water Rate - 2022	**$49.33**
Water Operating Revenue - 2022	**$410,285**
Water Total Revenue - 2022 **[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.]**	**$412,334**
Water Tap and System Development Fee Revenue - 2022	**$0**
Water Operating Expense - 2022	**$192,426**
Water Current Expense - 2022	**$261,336**
Water Debt - 2022	**$964,283**
Total Debt - 2022	**$4,461,610**
Water Fund Reserves - 2022	**$1,531,749**
Water Debt Service - 2022	**$68,910**
New Water Debt [Requested DWRF loan amount.]	**$1,425,903**
Requested DWRF Loan Term	**30**
Requested DWRF Loan Interest Rate	**1.75%**
New Loan's Annual Water Debt Service (two payments annually)	**$61,296**

Current Indicators (2022)
Town of La Veta
(Water Only)

1	Total Debt	$4,461,610	÷	Population	891	=	$5,007
	New Debt	$1,425,903	÷	Population	891	=	$1,600
	Total Debt + New Debt	$5,887,513	÷	Population	891	=	$6,608
2	Total Debt	$4,461,610	÷	Number of Taps	602	=	$7,411
	New Debt	$1,425,903	÷	Number of Taps	602	=	$2,369
	Total Debt + New Debt	$5,887,513	÷	Number of Taps	602	=	$9,780
3	Total Debt	$4,461,610	÷	Assessed Value	$9,303,000	=	47.96%
	New Debt	$1,425,903	÷	Assessed Value	$9,303,000	=	15.33%
	Total Debt + New Debt	$5,887,513	÷	Assessed Value	$9,303,000	=	63.29%
4	Total Debt	$4,461,610	÷	Actual Value	$94,062,000	=	4.74%
	New Debt	$1,425,903	÷	Actual Value	$94,062,000	=	1.52%
	Total Debt + New Debt	$5,887,513	÷	Actual Value	$94,062,000	=	6.26%
5	Current Water Debt	$964,283	÷	Number of Taps	602	=	$1,602
	(Current Water Debt + New Water Debt) / Number of Taps	$3,970	÷	MHI	$48,297	=	8.22%
6	Current Ratio (CA / CL)						
	Current Assets	$1,609,061	÷	Current Liabilities	$77,312	=	2081%
7	Reserve/Expense Ratio						
	Reserves	$1,531,749	÷	Current Expenses	$261,336	=	586%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$410,285	÷	Operating Expenses	$192,426	=	213%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$412,334	-				
	Minus Operating Expenses	$192,426					
	=	$219,908	÷	Current Debt Service	$68,910	=	319%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$219,908					
	Minus Tap and Development Fee Revenu	$0					
	=	$219,908	÷	Current Debt Service	$68,910	=	319%
11	Projected Coverage Ratio						
	Total Revenues	$412,334					
	Minus Operating Expenses	$192,426					
	=	$219,908		Total Debt Service (with new loan)	$130,206	=	169%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$219,908					
	Minus Tap and Development Fee Revenu	$0					
	=	$219,908	÷	Total Debt Service (with new loan)	$130,206	=	169%
13	Current Debt Service	$68,910	÷	Number of Taps	602	=	$114.47
	Annual New Water Debt Service	$61,296	÷	Number of Taps	602	=	$101.82
14	2022 Annual Water Rate (Monthly Rate x 12)	$591.94	÷	MHI	$48,297	=	1.23%
	2022 Annual Water Rate + New Annual Debt Service Per Tap	$693.76	÷	MHI	$48,297	=	1.44%
15	Current 2022 Monthly User Charge						$49.33
	(Debt Service on DWRF Loan / 2022 Taps / Month)						$8.49
	Total						$57.81
16	Operation and Maintenance Reserve						
	Reserves	$1,531,749	÷	Operating Expenses	$192,426	=	796%

2024 SRF Disadvantaged Community Criteria

Applicant: Town of La Veta

Test Result	Conditions met to be DAC
Y	Test 1: P1 & P2 or P3
	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

Loan Terms

Amount of Loan:	$ 3,978,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 272,053

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2022)	<=	10,000	891	Y	
	Population 5 years ago (2018)			895		
	Poulation 10 years ago (2013)			864		
	Primary Factors					
P1	MHI (Place)	<=	$ 70,078	48,297	Y	
	Margin of Error (MOE)	±		12,680	OK	
	Reliability (CV)	<=	18.00%	15.96%	Y	
P2	MHV (Place)	<=	$ 465,900	291,700	Y	
	Margin of Error (MOE)	±		46,799		
	Reliability (CV)	<=	18.00%	9.75%	Y	
P3	24 Month Unemployment (County)	>=	5.38%	5.94%	Y	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	0.30%	N	
	Jobs (2022)			2,662		
	Jobs (2013)			2,654		
	Priority Factor Count				3	
	Secondary Factors					
S1	MHI (County)	<=	$ 70,078	49,631	Y	
	Margin of Error (MOE)	±		5,676		
	Reliability (CV)	<=	18.00%	6.95%	Y	
S2	10 Year % Chng. Population	<=	0.00%	3.13%	N	
S3	Assessed Value / Housing Unit	<=	$ 24,963	$15,403	Y	
	Assessed Value			9,303,345		
	Total Housing Units			604		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.30%	0.55%	Y		
W	Current + Projected Debt/Tap/MHV	>	0.30%	2.81%	Y		
	S4b 80th percentile		1.05%	2.81%	Y		
						If MHI CV > 18%, calculate result at top of band	**Result**
S5	System Full Cost / Tap / MHI	>	1.23%	1.07%	N		
	Projected Rate @ 110% Coverage	>	1.08%	1.95%	Y		
	S5b 80th percentile		1.63%	1.95%	Y		
	Secondary Factor Count				3		

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

Taps or EQR's	602
Total Debt	964,283
Principal & Interest	68,910
Operating Expenses (including operating transfers out)	192,426
Depreciation	118,687

DWRF Only

#			Benchmark	Applicant	Points	Notes on Data Used	
	Eligiblity Criteria						
1	Population loss or growth is slower than the state's over 5 years	<=	0.71%	-0.11%	1.0		
	Current Population (2021)			891			
	Poulation five years ago (2017)			895			
2a	10 Year % County Job Change	>=	0	0.30%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.38%	5.94%	0.5		
3	Median Household Income	<=	$ 87,598	48,297	1.0	**If MHI CV > 40%, calculate result at top of band**	**Result**
		>=	$ 109,498		0.0		
	Reliability (CV)	<=	40.00%	15.96%	Y	**If MHI CV > 40%, calculate result at top of band**	**Result**
4	Rates compared to MHI	>	0.81%	1.23%	1.0		
W	Monthly Residential Rate	>		49.33			
				based on application only, needs to be confirmed			
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>	40.00%	13.37%	0.0		
7	% Population that are housing burdened is greater than 50%	>	50.00%	29.88%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	32.89%	0.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	87.34%	1.0		
	% Population over 65 years old			54.45%			
10	Meets base program DAC criteria?			Yes	3.0		
	BIL Eligibility Points				7.5		

2024 IUP DWRF Priority Point Calculations

Entity Name:	Town of La Veta
Date of Scoring	7/8/2024
SRF Phase:	Loan app
DOLA Score:	155
DAC:	DAC

		Points	Entity Value	
	Benchmarks			
$87,598	**2018-2022 State MHI estimate**			
P1	**MHI**		$48,297	55%
	<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		
S5b	**User Fees (projected water rate at 110%/tap/MHI)**		1.95%	
	Rates are > 1.63%	45		
	Rates are between 1.08% and 1.63%	25		
	OR			
S5b	**User Fees for a combined water & sewer fund**			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
S4b	**Projected water debt per tap compared to MHV**		2.81%	
	Debt is > 1.05%	45		
	Debt is between 0.30% and 1.05%	25		
	OR			
S4b	**Projected water & sewer debt (for combined systems)**			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		891	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Betweeen 5,000 and 10,000	5		
	>10,000	0		
S3	**Assessed Value/Household**		15,403	
	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		

Principal Forgiveness and Priority Point Scoring

Applicant: Town of La Veta
DWRF or WPCRF:DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 64.115%

Amount of principal forgiveness awarded (accounting for any applicable cap/max: $3,000,000

Base DWRF Principal Forgiveness Scoring

DWRF

Water Quality & Public Health + CPDWR Compliance:	15
DOLA Affordability Score:	155
Total Score	170

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): $0

Priority Point Scoring

Total WQCD Score:	20
DOLA Affordability Score:	155
Total Score:	175

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 12, 2026

TO: Project Finance Committee and Karl Ohlsen

FROM: Wesley Williams, Finance Director
Kevin Carpenter, Senior Financial Analyst I
Giorgi Gazashvili, Financial Analyst II
Emma Tucker, Financial Analyst I

RE: Review of the Town of La Veta, City of Las Animas, and Town of Cheraw Loan Term Change Request
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 Colorado Water Resources and Power Development Authority's ("Authority") Project Finance Committee with the following recommendations:

Town of La Veta

The Town of La Veta (the "Town"), located in Huerfano County, is seeking funds through the WPCRF Disadvantaged Communities ("DAC") loan program in the total amount of $2,220,000 (comprised of an * $877,200 Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") General Supplemental direct loan, an *$842,800 IIJA/BIL General Supplemental Principal Forgiveness ("PF"), and a $500,000 Base PF). The project consists of the construction of a new mechanical dewatering system in a new building located adjacent to the existing wastewater treatment facility ("WWTF") building. The Town's project was authorized by SJR 12-003.

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 DAC loans with the Town in the total amount of $2,220,000 (comprised of an *$877,200 IIJA/BIL General Supplemental direct loan, an *$842,800 IIJA/BIL General Supplemental PF direct loan, and a $500,000 Base PF). The loans will be for a term of 30 years, at an interest rate of 1.75%, with all loans subject to increasing user rates sufficiently, if necessary, to meet the Authority's rate covenant prior to loan execution. The Board will consider this request on August 19, 2026.

City of Las Animas

The City of Las Animas (the "City"), located in Bent County, is seeking funds through the WPCRF DAC loan program in the total amount of $1,507,600 (comprised of a *$513,876 IIJA/BIL General Supplemental direct loan, *$493,724 IIJA/BIL General Supplemental PF, and $500,000 Base PF). The project consists of replacing the failing force main to prevent any collapses and sewer spills in the future. 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 WPCRF DAC loans with the City in the total amount of $1,507,600 (comprised of a *$513,876 IIJA/BIL General Supplemental direct loan, * $493,724 IIJA/BIL General Supplemental PF, and $500,000 Base PF). The loans will be for a term of 30 years, at an interest rate of 1.75%. The Board will consider this request on August 19, 2026.

Town of Cheraw

The Town of Cheraw (the "Town"), located in Otero County, was approved for an IIJA/BIL General Supplemental DAC direct loan through the WPCRF loan program in the total amount of $944,000 (comprised of a *$451,915 IIJA/BIL General Supplemental direct loan and a *$492,085 IIJA/BIL General Supplemental PF) on March 6, 2026. The approved loan terms were for a 20-year repayment at 1.5% interest rate. The project consists of replacing the existing lift station with a new above-ground lift station. The Town's project was authorized by SJR 22-002.

During staff negotiations with the Town to execute the loan, the Town expressed interest in changing the 20-year loan repayment term to 30 years instead, in order to ease the burden of the required rate increase on its residents. After checking in with the SRF project team and CDPHE engineers, the project components qualify for this loan term change. Changing the loan repayment term from 20 to 30 years also means that the interest rate would increase from 1.5% to 1.75%, per the current terms. With these term changes, the Town goes from requiring a rate increase estimated at $23.97 to $19.13 to take on the approved debt and meet the coverage ratio requirement.

Recommendation

Based on the attached updated credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation to approve the Town's request to change the repayment terms of the approved loan from 20 years at 1.5% to 30 years at 1.75%, subject to increasing user rates sufficiently, if necessary, to meet the Authority's rate covenant prior to loan execution. The Board will consider this request on August 19, 2026.

* - Estimated PF and direct loan amounts through the IIJA/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 IIJA/BIL will be discussed with the Finance Director and Executive Director to determine if additional Authority Board approval is needed.

Note: A Zoom conference call has been scheduled for **Wednesday, 9:00 a.m. August 12, 2026**. The link to join via online is: https://us06web.zoom.us/j/86434046643?pwd=bP0FDXrGyJUHCspT1XMDVpl1ahOA7s.1 If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **864 3404 6643**. The passcode is: **163551**.

Attachment: Town of La Veta 2026 WPCRF Credit Report
City of Las Animas 2026 WPCRF Credit Report
Town of Cheraw Updated 2026 WPCRF Credit Report and Original 2026 WPCRF Credit Report

WPCRF LOAN CREDIT REPORT (2026)

Town of La Veta ("The Town"), Huerfano County

Recommendation:	**APPROVAL**
Loan Request:	$2,220,000
Interest Rate & Term:	1.75%, 30 years
Annual Debt Service:	$37,709
Pledge:	Sewer Fund
Current Rate:	*$66.00 (S) $77.92 (W)
Estimated Rate Increase:	*$0.00

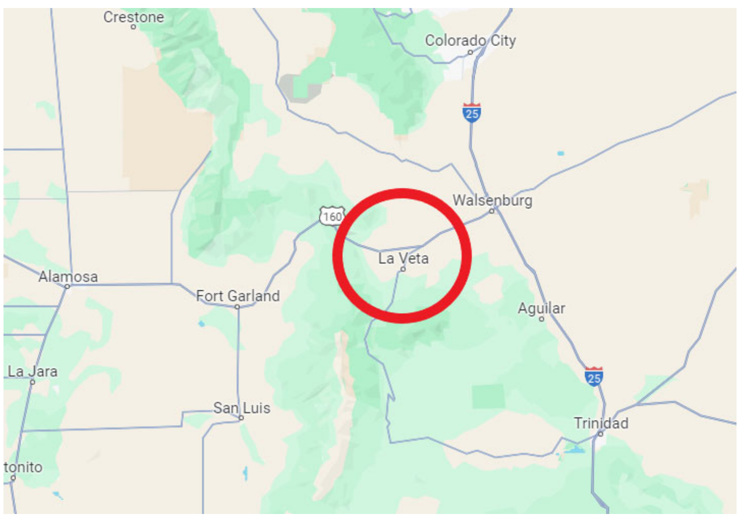
*Represents approved rate beginning September 1, 2026

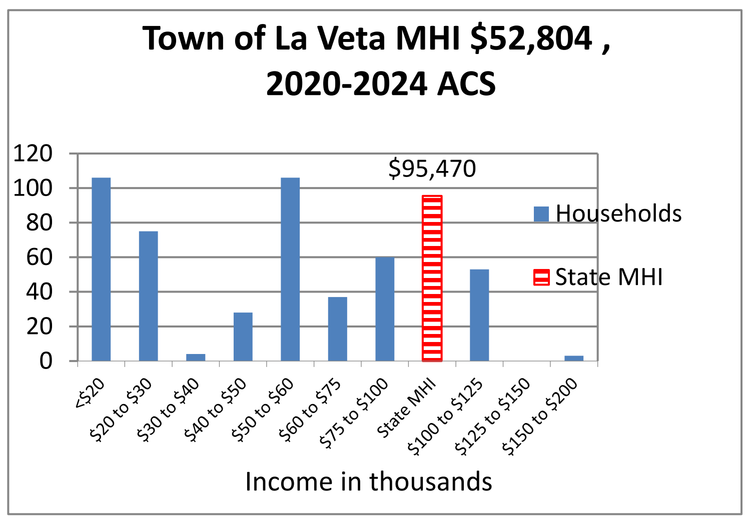
Project Budget	
WPCRF IIJA/BIL Loan:	$877,200
WPCRF IIJA/BIL PF:	$842,800
WPCRF Base PF:	$500,000
2026 EIAF Grant	$400,000
2026 D&E Grant:	$300,000
2024 Planning Grant:	$10,000
Total:	$2,930,000

PROJECT DESCRIPTION: The project consists of the construction of a new mechanical dewatering system in a new building located adjacent to the existing wastewater treatment facility (WWTF) building.

COMMUNITY PROFILE: Town of La Veta	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
Town Population	903	921	941	933	925			0.60%
Huerfano County Population	6,834	6,950	7,101	7,059	7,025			0.69%
Huerfano County Jobs	2,349	2,399	2,384	2,452	2,542			1.99%
Number of Sewer Taps			581	583	584	585	585	0.17%
Number of Water Taps			589	591	592	593	593	0.17%
Assessed Value ($000)			$9,297	$9,112	$9,155	$9,137	$12,442	7.56%
Actual Value ($000)			$94,062	$94,064	$88,234	$88,306	$147,303	12%

BORROWER BRIEF: The Town of La Veta is located at the base of the Spanish Peaks of the San Juan Mountains in south central Huerfano County. State Highway 12 serves as the Town's Main Street and is located approximately 57 miles southwest of Pueblo and 46 miles east of Alamosa.





RECOMMENDATION: The Town serves a small, rural community in southern Huerfano County. This proposed loan is necessary to lower and stabilize long-term operational costs, especially related to rising costs needed to haul liquid sludge and maintain compliance and meet future requirements. Current costs are unsustainable and this project will streamline the Town's solids handling process by adding a dewatering facility (squeezing out the water) before shipping the waste away. Despite a projected rate increase, this project remains affordable thanks to strong financial support, including $710,000 in grants received by the Town. With the grants, the Town's eligibility for IIJA/BIL and base funding, plus its classification as a disadvantaged community, the project is considerably more affordable. We therefore recommend the WPCRF Committee approve a $877,200 IIJA/BIL repayable loan, $500,000 in WPCRF Base principal forgiveness, and $842,800 in IIJA/BIL principal forgiveness to the Town of La Veta.

PROJECT SUMMARY:

System summary: The Town is located in Huerfano County, approximately 17 miles southwest of Walsenburg serving 925 residents. The facility installed in 2022, processes consist of preliminary treatment (mechanical self-cleaning screen and grit separation), influent flow monitoring, two sequencing batch reactors (SBR), flow equalization tanks, disinfection using an ultraviolet (UV) light radiation system, and effluent flow monitoring. The solids handling process includes aerobic digestion and a digested sludge holding tank. Currently, the concentrated stabilized sludge is transferred from the aerobic digester to the holding tank and stored for offsite disposal.

Reason/need: Initially, the Town planned to find a nearby landowner willing to accept stabilized sludge for land application. However, despite years-long effort, no suitable landowners were identified. A contract sludge hauler is disposing of the liquid sludge which is very expensive and not financially sustainable. As a result, the Town's best alternative is to install a biosolids dewatering facility, which will allow for dewatered sludge to be transported offsite for disposal. The operational cost for dewatering and sludge hauling is substantially lower than hauling liquid sludge. The proposed dewatering facility will include a day tank with a tank mixer, a sludge feed pump, a rotary fan press sludge dewatering system, and equipment to handle and temporarily store dewatered biosolids for regular removal and disposal by a contract hauler. The equipment will be housed inside a new building located adjacent to the existing WWTF building. Additional improvements will include process piping and a pump to transfer stabilized sludge into the day tank and return the filtrate to the treatment facility's headworks. This project will streamline the Town's solids handling process, providing a cost-effective solution for disposal of its stabilized sludge while maintaining compliance with water quality standards.

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

Project Delivery Method: Design/Bid/Build

Contingency: 9% of the total project cost

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	4,741	4,591	4,437	X	>$2,000		$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			5,386	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	7,679	7,348	7,028	X	>$5,000		$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			8,530	X	>$5,000		$2,500 - 5,000		<$2,500
Current Sewer Debt/Tap ($):	6,019	5,777	5,544	X	>$2,000		$1,000 - 2,000		<$1,000
Current Sewer + New Sewer Debt/Tap ($):			7,046	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	48%	47%	45%		>50%	X	25-50%		<25%
Total Debt + New Sewer Debt/Assessed Value:			54%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	5%	5%	5%		>10%		5-10%	X	<5%
Total Debt + New Sewer Debt/Actual Value:			6%		>10%	X	5-10%		<5%
Curr. Sewer Debt + New Debt/Tap/MHI:			13%		>20%	X	10-20%		<10%
Sewer Fund Current Ratio (CA/CL):	611%	1,013%	556%		<100%		100-200%	X	>200%
Sewer Fund Reserves/Current Expense:	499%	353%	260%		<50%		50-100%	X	>100%
Sewer Operating Ratio (OR/OE):	258%	183%	120%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	194%	156%	72%	X	<110%		110-125%		>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	194%	156%	72%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan:			57%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			57%	X	<110%		110-125%		>125%
Current Annual Sewer Rates/MHI:			1.13%		>3.0%		1.5-3.0%	X	<1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			1.25%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			361%		<25%		25-50%	X	>50%
			Total:	**11**		**3**		**7**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, seven are rated strong, three are average and eleven are considered weak. Overall, the indicators show this proposed loan represents a growing but manageable debt burden for a small community. The strong indicators show revenues consistently exceed expenses as well as strong reserves. The weak indicators reflect that the proposed debt is large relative to the size of the community.

- Based on 2024 financial information, coverage with the proposed loan is 57% without tap fee revenue. Additional annual revenue of about $93,677, or $13.34 per tap per month, would increase the coverage ratio to 110%. When including the recently approved rate increases of $16.18, no further rate increases are projected for the Town to meet the 110% coverage ratio.
    - When excluding the nearly $90,000 spent on sludge removal in 2024, the coverage with the proposed loan increases to 108% and both related indicators move from weak to strong.
- Over the past three years, the sewer fund's operating ratio and current ratio have exceeded the benchmark for a "strong" indicator, thus demonstrating consistent financial stewardship of the sewer fund.

- The Town's sewer rates had not been raised since 2021; however, they remained sufficient to cover expenses to this point. The Town approved significant rate increases on July 21, 2026, for both sewer and water, that begin September 1, 2026. No further increase is projected following the approval of the new rate structure.
- Without principal forgiveness, the coverage ratio decreases to 43% without tap fee revenue. Additional annual revenue of about $157,174, or about $22 per tap per month, would increase the coverage ratio to 110%.

Additional Project Financing

In May 2026, the Town was awarded an Energy/Mineral Impact Assistance Grant (EIAF) for $400,000. The Town also received a Design and Engineering grant totaling $300,000 in 2026 as well as a Planning Grant in 2024 totaling $10,000.

DESCRIPTION OF THE LOAN:

An estimated $877,200 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the Town approximately $37,709 in debt service annually. The Town also qualifies for $500,000 in WPCRF Base principal forgiveness and $842,800 in IIJA/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?
P1: MHI	$76,376	>=	$52,804	Yes
P2: MHV	$431,520	>=	$389,300	Yes
P3: County Unemployment	5.35%	<=	6.85%	Yes
County Job Change	0.00%	>=	15.90%	No
S1: County MHI	$76,376	>=	$52,526	Yes
S2: Ten Year % Change in Population	0.00%	>=	5.71%	No
S3: Assessed Value per Housing unit	$24,337	>=	$14,837	Yes
S4b: Curr. and Proj. System Debt	0.15%	<	2.40%	Yes
S4b: 80th Percentile	0.75%	<	2.40%	Yes
S5b: Proj. System Cost Per Tap to MHI	0.73%	<	2.20%	Yes
S5b: 80th Percentile	1.10%	<	2.20%	Yes

Based on 2020-2024 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, 1.75%).

IIJA/BIL Principal Forgiveness Eligibility:
In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The Town scores 7.5 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.60%	1
2a: County Job Change	0.00%	>	15.90%	
2b: County Unemployment	5.35%	<	6.85%	0.5
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>		
	$119,338	<	$52,804	1
4: Rates to MHI	0.56%	<	1.13%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	4.23%	0
7: % Households Housing Burdened	50.00%	<	31.58%	0
8: % Population under 200% Poverty Level	40.00%	<	30.22%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	89.42%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				7.5

The Town qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. Using an estimated principal forgiveness award of 49.00%, the Town qualifies for approximately $842,800 in IIJA/BIL principal forgiveness after application of the $500,000 base principal forgiveness limit, leaving an estimated loan of $877,200. Due to the availability of funds and the Additional Subsidy requirements of the SRF, the Town will receive both Base principal forgiveness funds and IIJA/BIL principal forgiveness.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 925 and has grown at an average annual rate of 0.60% since 2020. Huerfano County has experienced an increase of 0.69% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The region's economy is dominated by retirees and the next largest base industries consist of regional services (such as healthcare and transportation), agriculture, and transfer payment. In Huerfano County, Government accounts for the largest job sector (18%), along with Health Service and Retail Trade (16%). The area's largest employers consist of the La Veta School District (45 employees); Spanish Peaks Medical Clinic (15 employees); Sangre Agro Tech (12 employees); the Town of La Veta (10 employees); and Charlie's Market (8 employees).

One customer accounts for more than 3% of utilization; La Veta School accounts for 0.94% of total usage and 3.27% of total revenue.

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.

Organizational Structure
The Town is a statutory town governed by a board of trustees and was incorporated in 1876. The Town provides services including Marshal (police) and fire protection, water and wastewater services, public works services, and parks and recreation services. The Town reports a full-time operator staffs the system, 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 CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan
As part of the application process, the Town submitted a capital improvement schedule, which anticipates capital outlay of $234,500 for several maintenance projects for the sewer fund. These projects begin in 2031 and last through 2050 and include replacement of the sanitary sewer collection system (2035 & 2050), WWTF Submersible pumps and mixers for SBR (2031 & 2043), Pumps and Mixers for WWTF equalization basin (2034 & 2049), and blowers for the WWTF in 2039. These projects will be funded by reserves.

Intergovernmental
The Town has a 2017 Intergovernmental Agreement (IGA) with the Navajo Western Water District (the District), where the District leases 5.0 acre feet annually of consumptive use of the District Water Rights to the Town. The Town may terminate the lease if it determines it will be impossible or impractical to obtain approval of a substitute water supply plan. In the event of litigation between the parties regarding the performance of either party's obligations, the prevailing party shall be awarded its costs and reasonable attorney fees. The agreement shall terminate in December 2042, unless the District reaches 75% buildout prior to 2037. Should the District achieve 75% buildout, the agreement will expire in December five years after that point.

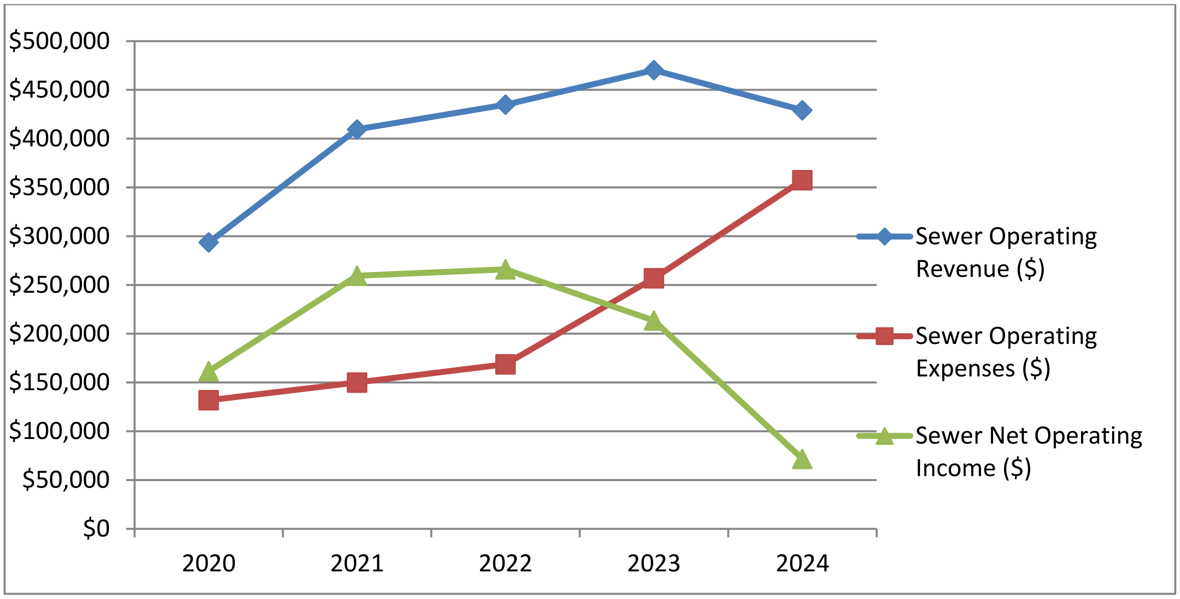
REVENUE ANALYSIS:

The Town's sewer system revenues have been generally steady over the last several years, with a substantial spike in 2021 before leveling off again from 2022 through 2024. The significant 2021 revenue increase was driven heavily by tap fees of $284,500 that year alongside ongoing system usage. Tap fee revenue has historically been an inconsistent source of revenue over the observed five-year period, dropping to $0 in all other years—but operating revenues have consistently covered operating expenses by a wide margin. Operating revenues have shown a generally positive trend, climbing sequentially from 2020 to a peak in 2023, before experiencing a decline in 2024. This 2024 decline was driven by the Town's auditor reclassifying approximately $37,000 from grant revenue to operating revenue. The Town disputed this reclassification as inaccurate and subsequently hired a new auditor in 2024. Excluding the reclassified $37,000, operating revenue decreased by only about $2,000. Monthly sewer rates and residential sewer tap fees remained entirely flat over the observed multi-year period.

Sewer operating expenditures increased consistently each year. Because operating revenues consistently outpaced expenses, the Town's sewer operating ratio remained exceptionally strong, averaging 211% over the five-year period, though it contracted from a high of 273% in 2021 down to 120% in 2024 as expenditures rose due to the cost of hauling sludge.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Sewer Rate ($)			49.82	49.82	49.82	49.82	49.82
Monthly Water Rate ($)			48.10	48.10	48.10	48.10	48.10
Residential Sewer Tap Fee ($)			4,000	4,000	4,000	4,000	4,000
Residential Water Tap Fee ($)			7,000	7,000	7,000	7,000	7,000
Total Sewer Revenue ($)	295,581	696,579	437,864	473,529	457,816		
Tap/Development Fees ($)	0	284,500	0	0	0		
Sewer Operating Revenue ($)	293,566	409,517	434,790	470,359	429,161		
Sewer Operating Expenses ($)	131,919	149,996	168,653	256,835	357,471		
Sewer Net Operating Income ($)	161,647	259,521	266,137	213,524	71,690		
Sewer Debt ($)	276,000	3,626,602	3,497,327	3,367,754	3,237,880		
Total Debt ($)	1,333,955	4,638,217	4,461,610	4,283,691	4,104,433		
Sewer Debt Service ($)	19,500	50,190	138,676	138,675	138,675		
Sewer Debt Service/Tap/Month ($)			19.89	19.82	19.79		
Sewer Fund Reserves ($)	742,246	3,626,827	1,534,546	1,397,329	1,289,375		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	99%	59%	99%	99%	94%	90%
Operating Revenue as % of Expenses	223%	273%	258%	183%	120%	211%
Tap Fee Revenue as % of Total Revenue	0.00%	41%	0.00%	0.00%	0.00%	8.17%



Recent Rate Increases
The Town's most recent rate increase of $16.18 for sewer and $29.82 for water was approved on July 21, 2026 and will be implemented on September 1, 2026.

User Charges & System Utilization
The Town's upcoming monthly sewer rate is a flat $66.00 ($23.82 debt service, $41.18 O&M, and a $1.00 processing fee) compared to the 2024 estimated state median of $44.65. Commercial users are charged per EQR schedule.

The Town's upcoming monthly water rate is estimated at $77.92 compared to the 2024 estimated state median of $60.61. The Town's average monthly water rate is based on typical residential consumption of 4,230 gallons per month. Residential users will pay a $61.00 base rate ($29.46 for debt service and $31.54 for O&M) and a volume charge of $4.00 per 1,000 gallons for consumption. Commercial users are charged per EQR schedule.

Contributed Capital
Sewer revenue from tap fees has ranged from $0.00 to $284,500 and has averaged 8% of total sewer revenue during the last five years as 2021 was the only year observed to record tap fee revenue. The Town's most recent sewer tap fee rate increase occurred in January 2021.

- Residential sewer tap fees are $4,000 (combined tap and connect fees).
- Residential water tap fees are $7,000 (combined tap and connect fees).
- Commercial users are charged per an EQR schedule for the type of business and ranges from .01 to 1.20 EQR.

Current System Utilization		
	Usage	Revenue
Residential	79%	78%
Non-residential (per EQR)	21%	22%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	$66.00/$4,000	$77.92/$7,000
¾"	$66.00/$4,000	$77.92/$7,000

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2014	CWRPDA	2034	Sewer System Revenue	$135,000	$0.0	$13,500
2015	CWRPDA	2034	Sewer System Revenue	$63,000	$0.0	$6,000
2018	CWRPDA	2051	Sewer System Revenue	$1,325,000	$0.0	$50,000
2020	CWRPDA	2051	Sewer System Revenue	$1,714,880	0.5%	$69,175
2008	CWRPDA	2039	Water System Revenue	$633,717	1.875%	$50,118
2014	CWCB	2040	Water System Revenue	$232,836	3.0%	$19,014

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 WPCRF direct loans dated 2014, 2015, 2018 and 2020 and its 2008 DWRF direct loan with the Authority. The Town has also had no debt service payment issues.

Prepared by: Peter Dieterich
Date: July 28, 2026

Project # 142882W-B

Cost Categories:
Secondary Treatment (Category I) 100%

August 5, 2026 WPCRF Credit Report Town of La Veta, Huerfano County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	**925**
Number of Sewer Taps/Customers - 2024	**584**
Total Assessed Valuation - 2024	**$9,155,000**
Actual Value of All Real Property - 2024	**$88,234,000**
Median Household Income (MHI) - 2024	**$52,804**
Monthly Sewer Rate - 2024	**$49.82**
Sewer Operating Revenue - 2024	**$429,161**
Sewer Total Revenue - 2024 **[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.]**	**$457,816**
Sewer Tap and System Development Fee Revenue - 2024	**$0**
Sewer Operating Expense - 2024	**$357,471**
Sewer Current Expense - 2024	**$496,146**
Sewer Debt - 2024	**$3,237,880**
Total Debt - 2024	**$4,104,433**
Sewer Fund Reserves - 2024	**$1,289,375**
Sewer Debt Service - 2024	**$138,675**
New Sewer Debt [Requested WPCRF loan amount.]	**$877,200**
Requested WPCRF Loan Term	**30**
Requested WPCRF Loan Interest Rate	**1.75%**
New Loan's Annual Sewer Debt Service (two payments annually)	**$37,709**

Current Indicators (2024)
Town of La Veta
(Sewer Only)

1	Total Debt	$4,104,433	÷	Population	925	=	$4,437
	New Debt	$877,200	÷	Population	925	=	$948
	Total Debt + New Debt	$4,981,633	÷	Population	925	=	$5,386
2	Total Debt	$4,104,433	÷	Number of Taps	584	=	$7,028
	New Debt	$877,200	÷	Number of Taps	584	=	$1,502
	Total Debt + New Debt	$4,981,633	÷	Number of Taps	584	=	$8,530
3	Total Debt	$4,104,433	÷	Assessed Value	$9,155,000	=	44.83%
	New Debt	$877,200	÷	Assessed Value	$9,155,000	=	9.58%
	Total Debt + New Debt	$4,981,633	÷	Assessed Value	$9,155,000	=	54.41%
4	Total Debt	$4,104,433	÷	Actual Value	$88,234,000	=	4.65%
	New Debt	$877,200	÷	Actual Value	$88,234,000	=	0.99%
	Total Debt + New Debt	$4,981,633	÷	Actual Value	$88,234,000	=	5.65%
5	Current Sewer Debt	$3,237,880	÷	Number of Taps	584	=	$5,544
	(Current Sewer Debt + New Sewer Debt) / Number of Taps	$7,046	÷	MHI	$52,804	=	13.34%
6	Current Ratio (CA / CL)						
	Current Assets	$1,572,424	÷	Current Liabilities	$283,049	=	556%
7	Reserve/Expense Ratio						
	Reserves	$1,289,375	÷	Current Expenses	$496,146	=	260%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$429,161	÷	Operating Expenses	$357,471	=	120%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$457,816	-				
	Minus Operating Expenses	$357,471					
	=	$100,345	÷	Current Debt Service	$138,675	=	72%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$100,345					
	Minus Tap and Development Fee Revenu	$0					
	=	$100,345	÷	Current Debt Service	$138,675	=	72%
11	Projected Coverage Ratio						
	Total Revenues	$457,816					
	Minus Operating Expenses	$357,471					
	=	$100,345		Total Debt Service (with new loan)	$176,384	=	57%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$100,345					
	Minus Tap and Development Fee Revenu	$0					
	=	$100,345	÷	Total Debt Service (with new loan)	$176,384	=	57%
13	Current Debt Service	$138,675	÷	Number of Taps	584	=	$237.46
	Annual New Sewer Debt Service	$37,709	÷	Number of Taps	584	=	$64.57
14	2024 Annual Sewer Rate (Monthly Rate x 12)	$597.84	÷	MHI	$52,804	=	1.13%
	2024 Annual Sewer Rate + New Annual Debt Service Per Tap	$662.41	÷	MHI	$52,804	=	1.25%
15	Current 2024 Monthly User Charge						$49.82
	(Debt Service on WPCRF Loan / 2024 Taps / Month)						$5.38
	Total						$55.20
16	Operation and Maintenance Reserve						
	Reserves	$1,289,375	÷	Operating Expenses	$357,471	=	361%

2026 SRF Disadvantaged Community Criteria

Applicant: Town of La Veta

Test Result	Conditions met to be DAC
Y	Test 1: P1 & P2 or P3
	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

Loan Terms

Amount of Loan:	$ 2,220,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 151,825

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	925	Y	
	Population 5 years ago (2020)			903		
	Poulation 10 years ago (2015)			875		
	Primary Factors					
P1	MHI (Place)	<=	$ 76,376	52,804	Y	
	Margin of Error (MOE)	±		10,885		
P2	MHV (Place)	<=	$ 431,520	389,300	Y	
	Margin of Error (MOE)	±		72,761		
P3	24 Month Unemployment (County)	>=	5.35%	6.85%	Y	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	15.90%	N	
	Jobs (2024)			2,609		
	Jobs (2015)			2,251		
	Priority Factor Count				3	
	Secondary Factors					
S1	MHI (County)	<=	$ 76,376	52,526	Y	
	Margin of Error (MOE)	±		5,017		
	Reliability (CV)	<=	18.00%	5.81%	Y	
S2	10 Year % Chng. Population	<=	0.00%	5.71%	N	
S3	Assessed Value / Housing Unit	<=	$ 24,337	$14,837	Y	
	Assessed Value			9,154,575		
	Total Housing Units			617		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.15%	1.42%	Y		
S	Current + Projected Debt/Tap/MHV	>	0.15%	2.40%	Y		
	S4b 80th percentile		0.75%	2.40%	Y		

			Benchmark	Applicant	Result	If MHI CV > 18%, calculate result at top of band	Result
S5	System Full Cost / Tap / MHI	>	0.80%	1.29%	Y		
	Projected Rate @ 110% Coverage	>	0.73%	2.20%	Y		
	S5b 80th percentile		1.10%	2.20%	Y		
	Secondary Factor Count				4		

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

Taps or EQR's	584
Total Debt	3,237,880
Principal & Interest	138,675
Operating Expenses (including operating transfers out)	357,471
Depreciation	40,213

WPCRF & DWRF

#	Eligiblity Criteria		Benchmark	Applicant	Points	Notes on Data Used	Result
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	0.60%	1.0		
	Current Population (2024)			925			
	Poulation five years ago (2020)			903			
2a	10 Year % County Job Change	>=	0	15.90%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	6.85%	0.5		
3	Median Household Income	<=	$ 95,470	52,804	1.0	If MHI CV > 40%, calculate result at top of band	Result
		>=	$ 119,338		0.0		
	Reliability (CV)	<=	40.00%	N/A	N		
						If MHI CV > 40%, calculate result at top of band	Result
4	Rates compared to MHI	>	0.56%	1.13%	1.0		
S	Monthly Residential Rate	>		49.82			
						based on application only, needs to be confirmed	
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>	40.00%	4.23%	0.0		
7	% Population that are housing burdened is greater than 50%	>	50.00%	31.58%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	30.22%	0.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	89.42%	1.0		
	% Population over 65 years old			59.20%			
10	Meets base program DAC criteria?			Yes	3.0		
	BIL Eligibility Points				7.5		

2026 IUP WPCRF Priority Point Calculations

Entity Name:	Town of La Veta
Date of Scoring	7/28/2026
SRF Phase:	Loan app
DOLA Score:	155
DAC:	DAC

	Benchmarks				
$95,470	**2020-2024 State MHI estimate**				
P1	**MHI**			$52,804	55%
	<50% of state MHI	35			
	Between 51% and 80% of state MHI	20	x		
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5a	**User Fees (current SEWER rate at 110%/tap/MHI)**			1.29%	
	Rates are > 1.14%	45	x		
	Rates are between 0.80% and 1.14%	25			
	Rates are < 0.80%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.70%	45			
	Rates are between 2.03% and 2.70%	25			
	Rates are < 2.03%	0			
S4a	**Current SEWER debt per tap compared to MHV**			1.42%	
	Debt is > 0.53%	45	x		
	Debt is between 0.15% and 0.53%	25			
	Debt is < 0.15%	0			
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.26%	45			
	Debt is between 0.57% and 1.26%	25			
	Debt is < 0.57%	0			
	Population served			925	
	Less than 500	35			
	Between 500 and 1,000	25	x		
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			14,837	
	AV per household is < $12,722	35			
	AV per household is between $12,272 and $24,337	20	x		
	AV per household is between $24,337 and $46,151	10			
	AV per household is greater than $46,151	0			

Principal Forgiveness and Priority Point Scoring

Applicant: Town of La Veta
DWRF or WPCRF: WPCRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 49.00%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): $842,800

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	0
DOLA Affordability Score:	155
Total Score	155

Eligible as a base program DAC? Yes

Eligible base program DWRF/WPCRF principal forgiveness percentage:

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

Priority Point Scoring

Total WQCD Score:	30
DOLA Affordability Score:	155
Total Score:	185

WPCRF LOAN CREDIT REPORT (2026)

City of Las Animas ("The City"), Bent County

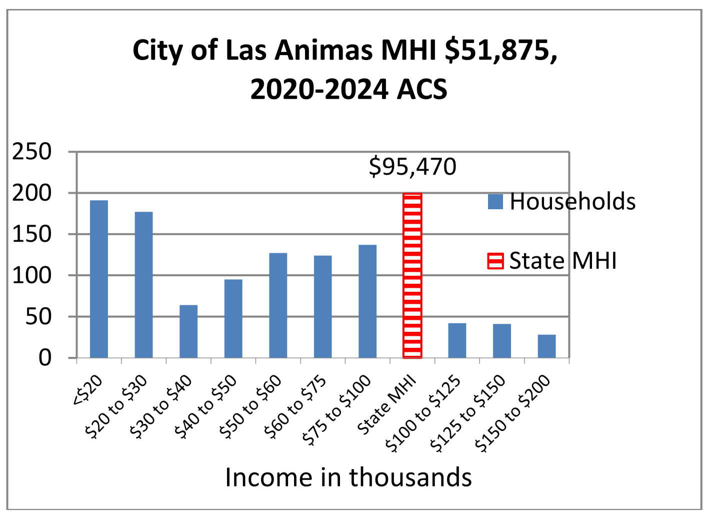
Recommendation:	**APPROVAL**
Loan Request:	$1,507,600
Interest Rate & Term:	1.75%, 30 years
Annual Debt Service:	$22,090
Pledge:	Sewer Fund
Current Rate:	$36.61 (S) $41.05 (W)
Estimated Rate Increase:	$0.00

Project Budget	
WPCRF IIJA/BIL Loan:	$513,876
WPCRF IIJA/BIL PF:	$493,724
WPCRF Base PF:	$500,000
2024 D&E Grant:	$294,400
2025 CDBG Grant:	$600,000
Total:	$2,402,000

PROJECT DESCRIPTION: The purpose of the proposed project is to replace the failing force main to prevent any collapses and sewer spills in the future.

COMMUNITY PROFILE: City of Las Animas	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Avg. Annual Change**
City Population	2,281	2,326	2,315	2,363	2,331			0.54%
Bent County Population	5,479	5,343	5,425	5,700	5,744			1.19%
Bent County Jobs	1,321	1,327	1,358	1,432	1,593			4.79%
Number of Sewer Taps		1,100	1,106	1,112	1,094	1,088	1,087	-0.43%
Number of Water Taps		1,189	1,194	1,195	1,213	1,171	1,162	-0.68%
Assessed Value ($000)			$6,654	$6,621	$5,371	$5,159	$8,523	6.38%
Actual Value ($000)			$57,947	$59,443	$49,105	$49,041	$97,697	13.95%

BORROWER BRIEF: The City of Las Animas is located along the banks of the Arkansas River in northwestern Bent County. U.S. Highway 50 serves as the City's Main Street and is located approximately 82 miles east of Pueblo and 36 miles west of Lamar.



RECOMMENDATION: The City serves a rural community in southeastern Colorado. This proposed loan is necessary to proactively prevent a public health emergency before the degraded force main fails. The City's wastewater force main has lost 50% of its wall thickness and serves over 90% of the City and it is now so thin that it is highly susceptible to collapsing under pressure or shifting soil. A collapse would result in the immediate loss of service as well as potentially contaminating large portions of the City and even spreading to the Arkansas River. However, the City is in a strong position to take on this loan and is not projected to need a rate increase given the funding support from grants as well as qualifying for principal forgiveness as a disadvantaged community. We therefore recommend the WPCRF Committee approve a $513,876 IIJA/BIL repayable loan, $500,000 in WPCRF Base principal forgiveness, and $493,724 in IIJA/BIL principal forgiveness to the City of Las Animas.

PROJECT SUMMARY:

System summary: The City serves a population of 2,331 in Bent County. The current collection system was largely constructed in the early 1900s using clay pipe with brick-and-mortar manholes. The collection system travels to their traditional wastewater treatment facility where it is treated and discharged through three discharge points and ultimately ends up in the Arkansas River.

Reason/need: In 2022, the City undertook a wastewater system improvements project in which approximately 15,300 lineal feet of sanitary sewer collection system main was replaced with 8, 10, and 12-inch PVC. While replacing a section of the collection system piping in Moore Ave, the City's existing force main was damaged. The Contractor repaired the force main but noted that the pipe wall was very thin. After further inspection, it was determined that the force main has lost half of its wall thickness, making the force main susceptible to failure due to collapse. Since the force main was damaged, the force main has undergone inspection in other areas and it has been further confirmed that the wall thickness has the potential of failure since it is so thin. This force main serves over 90% of the City and failure of the force main could have serious consequences.

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: 10.8% of the total project

CURRENT INDICATORS:	2022	2023	2024		Weak		Average		Strong
Total Debt per Capita ($):	1,226	1,157	1,078		>$2,000	X	$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			1,299		>$2,000	X	$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	2,565	2,459	2,297		>$5,000		$2,500 - 5,000	X	<$2,500
Total Debt + New Debt/Tap ($):			2,767		>$5,000	X	$2,500 - 5,000		<$2,500
Current Sewer Debt/Tap ($):	1,667	1,578	1,522		>$2,000	X	$1,000 - 2,000		<$1,000
Current Sewer + New Sewer Debt/Tap ($):			1,992		>$2,000	X	$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	43%	41%	47%		>50%	X	25-50%		<25%
Total Debt + New Sewer Debt/Assessed Value:			56%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	4.90%	4.60%	5.12%		>10%	X	5-10%		<5%
Total Debt + New Sewer Debt/Actual Value:			6.16%		>10%	X	5-10%		<5%
Curr. Sewer Debt + New Debt/Tap/MHI:			3.84%		>20%		10-20%	X	<10%
Sewer Fund Current Ratio (CA/CL):	795%	599%	962%		<100%		100-200%	X	>200%
Sewer Fund Reserves/Current Expense:	312%	124%	135%		<50%		50-100%	X	>100%
Sewer Operating Ratio (OR/OE):	162%	120%	127%		<100%		100-120%	X	>120%
Coverage Ratio (TR-OE)/DS:	355%	124%	172%		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	350%	121%	170%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			140%		<110%		110-125%	X	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			139%		<110%		110-125%	X	>125%
Current Annual Sewer Rates/MHI:			0.82%		>3.0%		1.5-3.0%	X	<1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			0.86%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			160%		<25%		25-50%	X	>50%
			Total:	**1**		**8**		**12**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, twelve are rated strong, eight are average and one is considered weak. Overall, the indicators show that the system is in a strong financial position to take on the proposed loan, despite some existing debt. The strong indicators show a well-managed system with strong reserves, and consistently robust current and operating ratios. The weak indicator reflects high debt ratios with the proposed loan per capita and per tap.

- Based on 2024 financial information, coverage with the proposed loan is 140% with tap fee revenue and 139% without tap fee revenue. No additional annual revenue is projected to be needed to meet the SRF program’s 110% coverage requirement under either scenario.
- Over the past three years, the sewer fund’s operating ratio and current ratio have both far exceeded the benchmark for a “strong” indicator, thus demonstrating consistent financial stewardship of the sewer fund.
- The City’s sewer rates were raised in 2024 and 2025 and beginning in 2025 the City enacted annual CPI adjustments (1.4% and 2.1% respectively) to the sewer and water rates to prepare for future debt.
- Without principal forgiveness, the coverage ratio moves to 103% with tap fee revenue and 102% without tap fee revenue. Additional annual revenue of about $10,800, or $0.83 per tap per month, would increase the coverage ratio to 110% when including tap fee revenue.

Additional Project Financing
In January 2025, the City was awarded a Community Development Block Grant (CDBG) of $600,000.

The City also received a design and engineering grant for $294,400 in June 2024.

DESCRIPTION OF THE LOAN:

An estimated $513,876 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the City approximately $22,090 in debt service annually. The City also qualifies for $500,000 in WPCRF base principal forgiveness and $493,724 in IIJA/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?
P1: MHI	$76,376	>=	$51,875	Yes
P2: MHV	$431,520	>=	$132,700	Yes
P3: County Unemployment	5.35%	<=	3.42%	No
County Job Change	0.00%	>=	13.22%	No
S1: County MHI	$76,376	>=	$50,179	Yes
S2: Ten Year % Change in Population	0.00%	>=	0.60%	No
S3: Assessed Value per Housing unit	$24,337	>=	$4,266	Yes
S4b: Curr. and Proj. System Debt	0.15%	<	2.18%	Yes
S4b: 80th Percentile	0.75%	<	2.18%	Yes
S5b: Proj. System Cost Per Tap to MHI	0.73%	<	1.30%	Yes
S5b: 80th Percentile	1.10%	<	1.30%	Yes

Based on 2020-2024 American Community Survey data, the City met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the City qualifies for the lowest interest rate available (Category 2 DAC, 1.75%).

166 BACK TO AGENDA

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

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.54%	1
2a: County Job Change	0.00%	>	13.22%	0
2b: County Unemployment	5.35%	<	3.42%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$95,470	>	$51,875	1
	$119,338	<		
4: Rates to MHI	0.56%	<	0.82%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	56.97%	1
7: % Households Housing Burdened	50.00%	<	40.85%	0
8: % Population under 200% Poverty Level	40.00%	<	55.16%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	76.93%	1
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	9

The City qualifies for IIJA/BIL principal forgiveness and has expressed interest in receiving a proportional loan with a principal forgiveness funding package. Using an estimated principal forgiveness award of 49.00%, the City qualifies for approximately $493,724 in IIJA/BIL principal forgiveness after application of the $500,000 base principal forgiveness limit, leaving an estimated loan of $513,876. Due to the availability of funds and the Additional Subsidy requirements of the SRF, the City will receive both Base principal forgiveness funds and IIJA/BIL principal forgiveness.

ECONOMIC ANALYSIS: The City has a 2024 population estimated at 2,331 and has grown at an average annual rate of 0.54% since 2020. Bent County has experienced an increase of 1.19% in population since 2020. The state population increased at an average annual rate, estimated 0.73%.

The region's largest job sectors are agriculture, regional services, retirees and government. In Bent County, agribusiness accounts for the largest job sector (28%), along with government (23%), and retirees (17%). The area's largest employers consist of Bent County Correctional Facility with 230 employees, Mountain Prairie (agriculture) with 120 employees, Bent County Healthcare Facility with 82 employees, Las Animas School District RE-2 with 80 employees, and Bent County with 40 employees.

One customer accounts for more than 3% utilization: CoreCivic, owner of the Bent County Correctional Facility, accounts for 33% of total usage and 23% of total revenue.

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.

Organizational Structure
The City is a statutory city governed by a council/mayor form of government and was incorporated in 1882. The City provides services including public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and water and wastewater services. Approximately six full-time employees staff the sewer utility. The sewer utility is overseen by the Treatment Operator who can delegate tasks to other full-time city employees and who reports to the Public Works Director, who reports to the Mayor.

- 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, which anticipates capital outlay of $320,000 for various sewer projects to be funded from reserves through 2050. These projects include replacement sanitary sewer collection lines, lift station pump replacement, and aeration equipment repair/replacement.

Intergovernmental
The City has an agreement in perpetuity with Bent County, and correspondingly with Corrections Corporation of America (CCA) to provide water and sewer service to the Bent County Correctional Facility. The agreement replaced a previous agreement with the County for a different prison contractor, and stipulates the tap sizes, responsibilities, etc. and designates authority. The IGA does not have stipulations concerning guaranteed revenues if the Facility downsizes or closes.

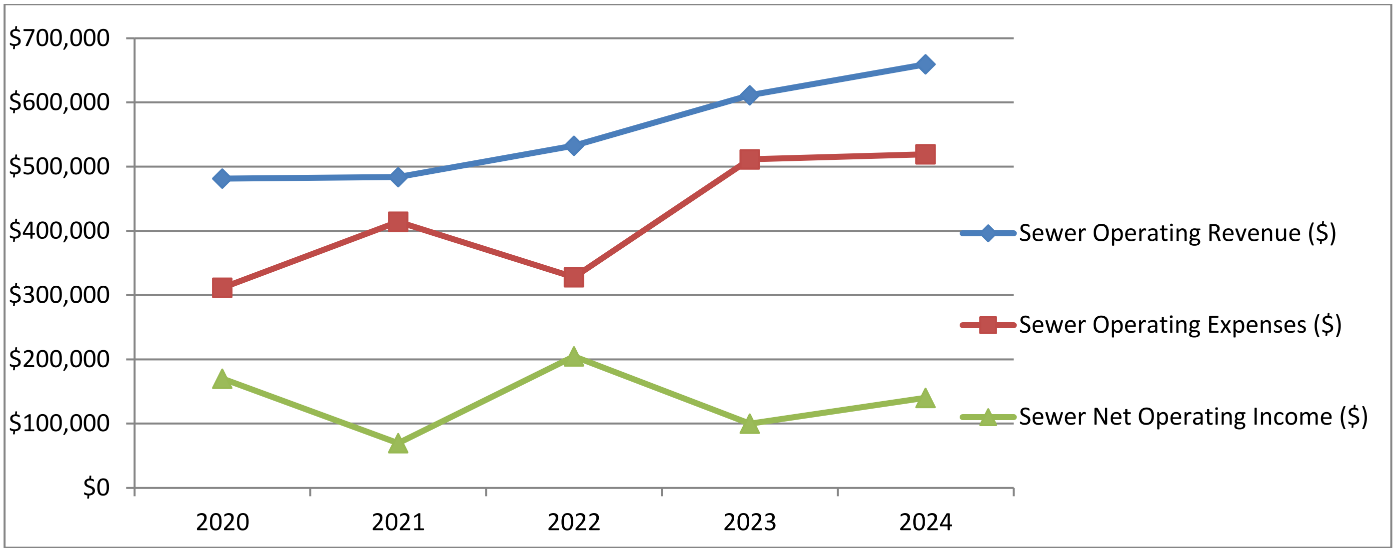
REVENUE ANALYSIS:

Sewer system revenues have been on a positive trend over the last several years, increasing steadily from 2021 through 2024. Monthly sewer rates were held constant from 2022 through 2024 ($35.36) before rate increases in 2025 and 2026. Tap and development fees have consistently represented a minor fraction of the total revenue, making up less than 1% of total revenue each year and averaging just 0.39% overall. Despite this minimal connection to new development, operating revenues have steadily climbed annually, consistently covering operating expenses by a healthy margin.

Sewer operating expenditures experienced some volatility over the observed five-year period. Expenses spiked significantly in 2021 to $414,178 before dropping back down in 2022 and jumping again in 2023, where they remained relatively flat through 2024.. The large drop in 2022 was due to deferred maintenance on swabbing main lines, which picked up again in 2023. 2023 saw a rise in large part from the renewed swabbing projects as well as the implementation of significant salary increases for the City to remain competitive in the area. Because operating revenues consistently outpaced these changing costs, the City's operating ratio remained positive every year, averaging 136% overall. Net operating income peaked in 2022 following the rate hike, before stabilizing in 2024.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Sewer Rate ($)			35.36	35.36	35.36	35.88	36.61
Monthly Water Rate ($)			39.66	39.66	39.66	40.24	41.05
Residential Sewer Tap Fee ($)		500	500	500	500	500	500
Residential Water Tap Fee ($)		1,000	1,000	1,000	1,000	1,000	1,000
Total Sewer Revenue ($)	492,900	492,177	593,839	631,419	686,445		
Tap/Development Fees ($)	0.00	3,078	3,700	2,700	2,000		
Sewer Operating Revenue ($)	481,390	483,734	532,588	611,282	659,362		
Sewer Operating Expenses ($)	311,482	414,178	327,929	511,426	519,321		
Sewer Net Operating Income ($)	169,908	69,556	204,659	99,856	140,041		
Sewer Debt ($)	418,489	1,913,091	1,843,989	1,754,541	1,664,849		
Total Debt ($)	1,600,889	3,037,224	2,837,056	2,733,897	2,513,311		
Sewer Debt Service ($)	41,120	41,047	74,856	96,906	96,941		
Sewer Debt Service/Tap/Month ($)		3.11	5.64	7.26	7.38		
Sewer Fund Reserves ($)	541,647	1,971,352	1,255,471	756,058	832,115		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	98%	98%	90%	97%	96%	96%
Operating Revenue as % of Expenses	155%	117%	162%	120%	127%	136%
Tap Fee Revenue as % of Total Revenue	0.00%	0.63%	0.62%	0.43%	0.29%	0.39%



Recent Rate Increases
The City's most recent sewer rate increase of $0.73 was implemented on January 1, 2026. Water rates increased by $0.81 on the same date.

User Charges & System Utilization
The City's current monthly sewer rate is estimated at $36.61, compared to the 2024 estimated state median of $44.65. The City's average monthly sewer rate is based on typical residential utilization of 4,088 gallons per month. Residential and commercial users pay a base rate of $35.20 monthly for up to 3,000 gallons and $1.30 per 1,000 gallons over 3,000. The base rate for non-resident users is $59.00 monthly for up to 3,000 gallons and $1.30 per 1,000 gallons over 3,000.

The City's current estimated average monthly residential water rate is $41.05 compared to the 2024 estimated state median of $60.61. The City's average monthly water rate is based on typical residential consumption of 5,787 gallons per month. Users with a ¾" tap pay a $35.20 base rate up to 3,000 gallons and volume charges as follows: $2.10 per 1,000 gallons for consumption from 3,001 to 10,000 gallons; $3.37 per 1,000 gallons from 10,001 to 30,000 gallons; $4.22 per 1,000 gallons for 30,001 to 40,000 gallons, and $5.83 per 1,000 gallons for use over 40,000 gallons. The base rate for out-of-town users with ¾" taps is $64.75. The base rate and volume charges increase depending on meter size up to 6'.

Industrial and commercial users with meters of 2" or more, and who do not use water from the meter to irrigate vegetation pay the allotted minimum and are then charged by the following schedule: $2.10/1,000 gallons after minimum up to 200,000 gallons; $3.50/1,000 from 200,001 gallons to 800,000; and $5.31/1,000 gallons for 800,001 and above.

Contributed Capital
Revenue from tap fees has ranged from $0.00 to $3,700 and has averaged 0.39% of total sewer revenue during the last five years. The City's most recent sewer tap fee rate increase occurred prior to the observed five years.

- Residential sewer tap fees are $500. Multiple unit dwellings are $500 plus $300/each additional unit, and commercial taps are $600.
- Residential and commercial water tap fees are $1,000.

Current System Utilization		
	Usage	Revenue
Residential	47%	48%
Non-residential (per EQR)	53%	52%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	$36.61/$500	$38.84/$1,000
¾"	$36.61/$500	$38.84/$1,000

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2008	CWRPDA-WPCRF	2028	Sewer revenue	$75,400	0%	$18,850
2011	CWRPDA-WPCRF	2032	Sewer revenue	$118,350	0%	$15,780
2013	CWRPDA-WPCRF	2034	Sewer revenue	$60,674	0%	$6,387
2021	CWRPDA-WPCRF	2051	Sewer revenue	1,410,425	0.50%	$55,909
2008	CWRPDA-DWRF	2038	Water revenue	$378,935	0%	$27,067
2022	Water Refunding	2027	Water revenue	$144,527	2.25%	$48,262
2022	Water Refunding	2033	Water revenue	$325,000	2.75%	$8,938

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 their WPCRF direct loans dated 2008, 2011, 2013, and 2021 and DWRF loan dates 2008 with the Authority. The City has also had no debt service payment issues.

Prepared by: Peter Dieterich
Date: July 28, 2026

Project # 140841W-B

Cost Categories:
Sewer System Rehabilitation (Category IIIB)- 100%

July 28, 2026 WPCRF Credit Report City of Las Animas, Bent County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	**2,331**
Number of Sewer Taps/Customers - 2024	**1,094**
Total Assessed Valuation - 2024	**$5,371,000**
Actual Value of All Real Property - 2024	**$49,105,000**
Median Household Income (MHI) - 2024	**$51,875**
Monthly Sewer Rate - 2024	**$35.36**
Sewer Operating Revenue - 2024	**$659,362**
Sewer Total Revenue - 2024 **[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.]**	**$686,445**
Sewer Tap and System Development Fee Revenue - 2024	**$2,000**
Sewer Operating Expense - 2024	**$519,321**
Sewer Current Expense - 2024	**$616,262**
Sewer Debt - 2024	**$1,664,849**
Total Debt - 2024	**$2,513,311**
Sewer Fund Reserves - 2024	**$832,115**
Sewer Debt Service - 2024	**$96,941**
New Sewer Debt [Requested WPCRF loan amount.]	**$508,776**
Requested WPCRF Loan Term	**30**
Requested WPCRF Loan Interest Rate	**1.75%**
New Loan's Annual Sewer Debt Service (two payments annually)	**$21,871**

Current Indicators (2024)
City of Las Animas
(Sewer Only)

1	Total Debt	$2,513,311	÷	Population	2,331	=	$1,078
	New Debt	$508,776	÷	Population	2,331	=	$218
	Total Debt + New Debt	$3,022,087	÷	Population	2,331	=	$1,296
2	Total Debt	$2,513,311	÷	Number of Taps	1,094	=	$2,297
	New Debt	$508,776	÷	Number of Taps	1,094	=	$465
	Total Debt + New Debt	$3,022,087	÷	Number of Taps	1,094	=	$2,762
3	Total Debt	$2,513,311	÷	Assessed Value	$5,371,000	=	46.79%
	New Debt	$508,776	÷	Assessed Value	$5,371,000	=	9.47%
	Total Debt + New Debt	$3,022,087	÷	Assessed Value	$5,371,000	=	56.27%
4	Total Debt	$2,513,311	÷	Actual Value	$49,105,000	=	5.12%
	New Debt	$508,776	÷	Actual Value	$49,105,000	=	1.04%
	Total Debt + New Debt	$3,022,087	÷	Actual Value	$49,105,000	=	6.15%
5	Current Sewer Debt	$1,664,849	÷	Number of Taps	1,094	=	$1,522
	(Current Sewer Debt + New Sewer Debt) / Number of Taps	$1,987	÷	MHI	$51,875	=	3.83%
6	Current Ratio (CA / CL)						
	Current Assets	$928,692	÷	Current Liabilities	$96,577	=	962%
7	Reserve/Expense Ratio						
	Reserves	$832,115	÷	Current Expenses	$616,262	=	135%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$659,362	÷	Operating Expenses	$519,321	=	127%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$686,445	-				
	Minus Operating Expenses	$519,321					
	=	$167,124	÷	Current Debt Service	$96,941	=	172%
10	Coverage Ratio Excluding Tap and Development Fee Revenue	$167,124					
	Minus Tap and Development Fee Revenu	$2,000					
	=	$165,124	÷	Current Debt Service	$96,941	=	170%
11	Projected Coverage Ratio						
	Total Revenues	$686,445					
	Minus Operating Expenses	$519,321					
	=	$167,124		Total Debt Service (with new loan)	$118,812	=	141%
12	Projected Coverage Excluding Tap and Development Fee Revenue	$167,124					
	Minus Tap and Development Fee Revenu	$2,000					
	=	$165,124	÷	Total Debt Service (with new loan)	$118,812	=	139%
13	Current Debt Service	$96,941	÷	Number of Taps	1094	=	$88.61
	Annual New Sewer Debt Service	$21,871	÷	Number of Taps	1094	=	$19.99
14	2024 Annual Sewer Rate (Monthly Rate x 12)	$424.32	÷	MHI	$51,875	=	0.82%
	2024 Annual Sewer Rate + New Annual Debt Service Per Tap	$444.31	÷	MHI	$51,875	=	0.86%
15	Current 2024 Monthly User Charge						$35.36
	(Debt Service on WPCRF Loan / 2024 Taps / Month)						$1.67
	Total						$37.03
16	Operation and Maintenance Reserve						
	Reserves	$832,115	÷	Operating Expenses	$519,321	=	160%

WPCRF & DWRF

#	Criteria		Benchmark	Applicant	Points	Notes on Data Used	Result
	Eligiblity Criteria						
1	Population loss or growth is slower than the state's over 5 years	<=	0.73%	0.54%	1.0		
	Current Population (2024)			2,331			
	Poulation five years ago (2020)			2,281			
2a	10 Year % County Job Change	>=	0	13.22%	0.0		
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	5.35%	3.42%	0.0		
3	Median Household Income	<=	$ 95,470	51,875	1.0	**If MHI CV > 40%, calculate result at top of band**	**Result**
		>=	$ 119,338		0.0		
	Reliability (CV)	<=	40.00%	N/A	N	**If MHI CV > 40%, calculate result at top of band**	**Result**
4	Rates compared to MHI	>	0.56%	0.82%	1.0		
S	Monthly Residential Rate	>		35.36			
				based on application only, needs to be confirmed			
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0		
6	% Population that identifies as minority is greater than 40%	>	40.00%	56.97%	1.0		
7	% Population that are housing burdened is greater than 50%	>	50.00%	40.85%	0.0		
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	55.16%	1.0		
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	76.93%	1.0		
	% Population over 65 years old			21.77%			
10	Meets base program DAC criteria?			Yes	3.0		
	BIL Eligibility Points				9.0		

2026 SRF Disadvantaged Community Criteria

Applicant:	City of Las Animas

Test Result	Conditions met to be DAC
Y	Test 1: P1 & P2 or P3
	Test 2: P1, Not P2 or P3, & 2+ S1-S5
	Test 3: P1 ??, P2 & P3, & 2+ S1-S5

Loan Terms

Amount of Loan:	$ 1,497,600
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 102,420

		Benchmark	Applicant	Result	Notes on Data Used
Current Population (2024)	<=	10,000	2,331	Y	
Population 5 years ago (2020)			2,281		
Poulation 10 years ago (2015)			2,317		
Primary Factors					
MHI (Place)	<=	$ 76,376	51,875	Y	
Margin of Error (MOE)	±		10,249		
MHV (Place)	<=	$ 431,520	132,700	Y	
Margin of Error (MOE)	±		54,040		
24 Month Unemployment (County)	>=	5.35%	3.42%	N	
or 10 Year % Chng. Jobs (County)	<=	0.00%	13.22%	N	
Jobs (2024)			1,576		
Jobs (2015)			1,392		
Priority Factor Count				2	
Secondary Factors					
MHI (County)	<=	$ 76,376	50,179	Y	
Margin of Error (MOE)	±		7,108		
Reliability (CV)	<=	18.00%	8.61%	Y	
10 Year % Chng. Population	<=	0.00%	0.60%	N	
Assessed Value / Housing Unit	<=	$ 24,337	$4,266	Y	
Assessed Value			5,371,290		
Total Housing Units			1259		

		Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
Current Debt / Tap / MHV	>	0.15%	1.15%	Y		
Current + Projected Debt/Tap/MHV	>	0.15%	2.18%	Y		
S4b 80th percentile		0.75%	2.18%	Y		

		Benchmark	Applicant	Result	If MHI CV > 18%, calculate result at top of band	Result
System Full Cost / Tap / MHI	>	0.80%	1.32%	Y		
Projected Rate @ 110% Coverage	>	0.73%	1.30%	Y		
S5b 80th percentile		1.10%	1.30%	Y		
Secondary Factor Count				4		

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

Taps or EQR's	1,094
Total Debt	1,664,849
Principal & Interest	96,941
Operating Expenses (including operating transfers out)	519,321
Depreciation	227,701

2026 IUP WPCRF Priority Point Calculations

Entity Name:	City of Las Animas
Date of Scoring	7/28/2026
SRF Phase:	Loan app
DOLA Score:	160
DAC:	DAC

	Benchmarks			
$95,470	**2020-2024 State MHI estimate**			
P1	**MHI**		$51,875	54%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20 x		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
S5a	**User Fees (current SEWER rate at 110%/tap/MHI)**		1.32%	
	Rates are > 1.14%	45 x		
	Rates are between 0.80% and 1.14%	25		
	Rates are < 0.80%	0		
	OR			
S5a	**User Fees for a combined water & sewer fund**			
	Rates are > 2.70%	45		
	Rates are between 2.03% and 2.70%	25		
	Rates are < 2.03%	0		
S4a	**Current SEWER debt per tap compared to MHV**		1.15%	
	Debt is > 0.53%	45 x		
	Debt is between 0.15% and 0.53%	25		
	Debt is < 0.15%	0		
	OR			
S4a	**Current water & sewer debt (for combined systems)**			
	Debt is > 1.26%	45		
	Debt is between 0.57% and 1.26%	25		
	Debt is < 0.57%	0		
	Population served		2,331	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15 x		
	Betweeen 5,000 and 10,000	5		
	>10,000	0		
S3	**Assessed Value/Household**		4,266	
	AV per household is < $12,722	35 x		
	AV per household is between $12,272 and $24,337	20		
	AV per household is between $24,337 and $46,151	10		
	AV per household is greater than $46,151	0		

Principal Forgiveness and Priority Point Scoring

Applicant: City of Las Animas
DWRF or WPCRF:WPCRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 49%

Amount of principal forgiveness awarded (accounting for any applicable cap/max):$493,724

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	0
DOLA Affordability Score:	160
Total Score	160

Eligible as a base program DAC? Yes

Eligible base program DWRF/WPCRF principal forgiveness percentage:

Amount of principal forgiveness awarded (accounting for any applicable cap): $500,000

Priority Point Scoring

Total WQCD Score:	45
DOLA Affordability Score:	160
Total Score:	205

BACK TO AGENDA

TO: Members of the CWRPDA Board and Karl Ohlsen
FROM: Wesley Williams, Ian Loffert, and Giorgi Gazashvili, CWRPDA
SUBJECT: Town of Cheraw (the "Town") WPCRF Loan Year Term Change- Credit Report Update
DATE: August 19, 2026

Project Budget	
WPCRF IIJA/BIL Loan:	$451,915
WPCRF IIJA/BIL Principal Forgiveness:	$492,085
2024 D&E Grant:	$300,000
2023 Planning Grant:	$10,000
Total:	**$1,254,000**

The CWRPDA Board approved the Town for a WPCRF funding package of $1.25 million on March 6, 2026. The March loan application was approved for a repayment term of 20 years. Due to the rate increase that was associated with application, the Town has requested an amendment to the Board-approved loan to change the term of 20 years to 30 years, in order to ease the burden of the required rate increase on the Town residents. The associated term change would result in the Town receiving the 30-year interest rate of 1.75%, as opposed to the approved 20-year and interest rate of 1.5%. After checking with the SRF project team and CDPHE engineers, the project qualifies for a 30-year term with the SRF due to the project's useful life being 30 years or more.

Based on 2024 financial statements, the Town's finances largely remain the same with a few minor changes due to the interest rate and term change. The indicators related to the coverage ratio and the new debt calculation have improved but stayed in their respective categories.

CURRENT INDICATORS	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	1,574		>$2,000	X	$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):	3,565	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	2,770		>$5,000	X	$2,500-5,000		<$2,500
Total Debt + New Debt/Tap ($):	6,273	X	>$5,000		$2,500-5,000		<$2,500
Current Sewer Debt/Tap ($):	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current Sewer + New Sewer Debt/Tap ($):	3,503	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	87%	X	>50%		25-50%		<25%
Total Debt + New Sewer Debt/Assessed Value:	196%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	6.87%		>10%	X	5-10%		<5%
Total Debt + New Sewer Debt/Actual Value:	16%	X	>10%		5-10%		<5%
Curr. Sewer Debt + New Debt/Tap/MHI:	9.09%		>20%		10-20%	X	<10%
Sewer Fund Current Ratio (CA/CL):	216%		<100%		100-200%	X	>200%
Sewer Fund Reserves/Current Expense:	144%		<50%		50-100%	X	>100%
Sewer Operating Ratio (OR/OE):	63%	X	<100%		100-120%		>120%
Coverage Ratio (TR-OE)/DS:	N/A		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:	-88%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:	-88%	X	<110%		110-125%		>125%
Current Annual W&S Rates/MHI:	0.62%		>3.0%		1.5-3.0%	X	<1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:	1.01%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve	144%		<25%		25-50%	X	>50%
TOTAL:		**9**		**3**		**9**	

Financial Analysis

The financials, when considering the change of term from 20-years to 30-years which comes with an interest rate change from 1.5% to 1.75%, improve the coverage ratio indicators, which decreases the required rate increase from $23.97 to $19.13

- The Coverage Ratio with a 20-year term and 1.5% interest was approximately -65%, which seems higher than the new coverage ratio of -88%. However, this is due to the Operating income being a negative number. The Debt Service actually decreases which makes the Town's financials and coverage ratio better.
- If the change request is approved, the annual debt service of $26,238 with the approved loan terms of 1.50% interest rate over 20 years, will decrease to $19,427 with the suggested loan terms of 1.75% interest rate over 30 years.

WPCRF LOAN CREDIT REPORT (2026)

Town of Cheraw ("The Town"), Otero County

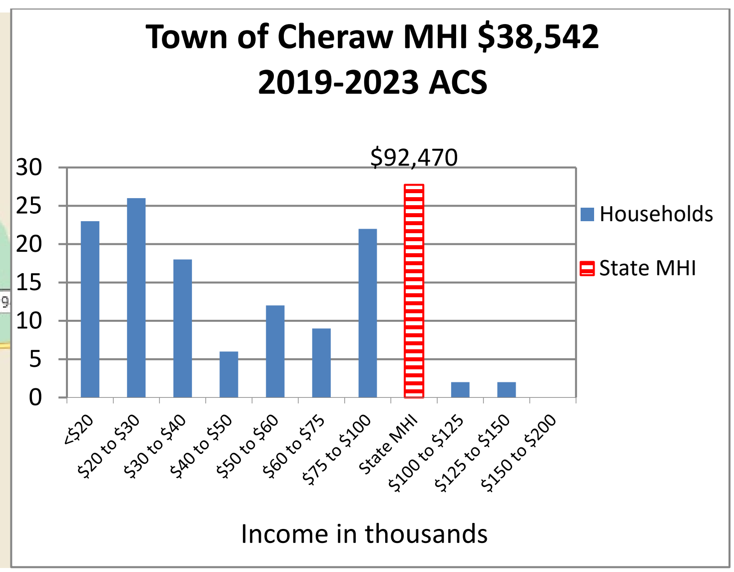
Recommendation:	**CONDITIONAL APPROVAL**
Loan Request:	$944,000
Interest Rate & Term:	1.5%, 20 years
Annual Debt Service:	$26,238
Pledge:	Sewer System Revenue
Current Rate:	$25.70
Estimated Rate Increase:	$23.97

Project Budget	
WPCRF IIJA/BIL Loan:	$451,915
WPCRF IIJA/BIL Principal Forgiveness:	$492,085
2023 Planning Grant:	$10,000
2025 D&E Grant:	$300,000
Total:	$1,254,000

PROJECT DESCRIPTION: The proposed project includes replacing the existing lift station with a new above-ground lift station.

COMMUNITY PROFILE: **Town of Cheraw**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Avg. Annual Change**
Town Population	237	236	232	230	227		-1.07%
Otero County Population	18,670	18,527	18,277	18,142	17,916		-1.03%
Otero County Jobs	7,022	7,119	7,167	7,249	7,216		0.68%
Number of Sewer Taps		129	129	129	129	129	0.00%
Number of Water Taps		119	119	119	119	119	0.00%
Assessed Value ($000)		513	529	505	412	425	-4.60%
Actual Value ($000)		5,886	5,962	5,960	5,198	5,253	-2.80%

BORROWER BRIEF: The Town of Cheraw is located about 75 miles east of the City of Pueblo and 10 miles north of the City of La Junta in Otero County in southeast Colorado.



RECOMMENDATION: The Town serves a small, rural community in Otero County. This proposed loan is necessary to replace a lift station that is at the end of its useful life. The Town will need to nearly double sewer rates to complete this project, however, the Town has spent a substantial amount of time educating residents on the need for the project and is prepared to make the required rate increases. We therefore recommend the WPCRF Committee approve a $451,915 WPCRF IIJA/BIL supplemental loan, and $492,085 in principal forgiveness to the Town of Cheraw on the condition rates are increased to meet coverage requirements for this WPCRF request and to come into compliance with the outstanding DWRF loans.

178 BACK TO AGENDA

PROJECT SUMMARY:

System summary: The Town's sanitary sewer system consists of a collection system that was installed in 1980. The entire collection system flows by gravity to the Town's lift station. The collection system feeds into the treatment facility, that is comprised of three interconnected wastewater evaporative ponds.

Reason/need: The Town's existing lift station is at the end of its useful life and is in need of replacement. The existing lift station is exhibiting signs of corrosion and exposed concrete aggregate in the wetwell walls. This is increasing the risk of the lift station becoming inoperable, which would make the collection system fail.

System Compliance: The Town 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: 10% of the total project cost is included as contingency.

CURRENT INDICATORS:	**2022**	**2023**	**2024**		**Weak**		**Average**		**Strong**
Total Debt per Capita ($):	1,621	1,605	1,574		>$2,000	X	$1,000 - 2,000		<$1,000
Total + New Debt/Capita ($):			3,565	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Tap ($):	2,915	2,862	2,770		>$5,000	X	$2,500 - 5,000		<$2,500
Total Debt + New Debt/Tap ($):			6,273	X	>$5,000		$2,500 - 5,000		<$2,500
Current Sewer Debt/Tap ($):	0	0	0		>$2,000		$1,000 - 2,000	X	<$1,000
Current Sewer + New Sewer Debt/Tap ($):			3,503	X	>$2,000		$1,000 - 2,000		<$1,000
Total Debt/Assessed Value:	71%	73%	87%	X	>50%		25-50%		<25%
Total Debt + New Sewer Debt/Assessed Value:			196%	X	>50%		25-50%		<25%
Total Debt/Actual Value:	6.31%	6.19%	6.87%		>10%	X	5-10%		<5%
Total Debt + New Sewer Debt/Actual Value:			16%	X	>10%		5-10%		<5%
Curr. Sewer Debt + New Debt/Tap/MHI:			9.09%		>20%		10-20%	X	<10%
Sewer Fund Current Ratio (CA/CL):	2,128%	537%	216%		<100%		100-200%	X	>200%
Sewer Fund Reserves/Current Expense:	334%	181%	144%		<50%		50-100%	X	>100%
Sewer Operating Ratio (OR/OE):	110%	64%	63%	X	<100%		100-120%		>120%
Coverage Ratio (TR-OE)/DS:	N/A	N/A	N/A		<110%		110-125%	X	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A	N/A	N/A		<110%		110-125%	X	>125%
Coverage Ratio with New Loan:			-65%	X	<110%		110-125%		>125%
Coverage Ratio with New Loan Excluding Tap Fees:			-65%	X	<110%		110-125%		>125%
Current Annual Sewer Rates/MHI:			0.62%		>3.0%		1.5-3.0%	X	<1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			1.15%		>3.0%		1.5-3.0%	X	<1.5%
Operation and Maintenance Reserve:			144%		<25%		25-50%	X	>50%
			Total:	**9**		**3**		**9**	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, nine are rated strong, three are average and nine are considered weak. Overall, the indicators illustrate a system where sewer expenses exceed system revenues, and the proposed debt is anticipated to be large for the community. The strong indicators show the lack of existing sewer debt and affordable rates with both the current and requested debt. The weak indicators reflect inadequate revenue to cover expenses, the need to raise rates for the projected loan, and the Town's existing and requested debt being large relative to community size and wealth.

- The Town's operating ratio was negative in 2023 and 2024, meaning operating expenses exceeded operating revenue in those years. This deficit is explained in the revenue section below.
- Based on 2024 financial information, coverage with the proposed loan is -65%. Additional annual revenue of about $45,931, or $29.67 per tap per month, would increase the coverage ratio to 110%. The Town has raised sewer rates by $5.70 since 2024, which decreases the required rate increase to $23.97.
- Without principal forgiveness, the coverage ratio moves to -31%. Additional annual revenue of about $77,359, or $49.97 per tap per month.
- The Town states "public reception to the anticipated rate increases has been mixed but generally constructive. The Town has been transparent about the financial condition of the sewer fund, the need for the project, and the consequences of inaction, which has helped residents better understand why rate increases are necessary. While there is understandable concern about affordability and the impact on household budgets, much of the feedback has reflected recognition that the infrastructure improvements are essential and long overdue."

Additional Project Financing

The Town received a $10,000 planning grant and a $300,000 design and engineering grant in 2025.

DESCRIPTION OF THE LOAN:
An estimated $451,915 loan with a twenty-year term with two payments annually at an interest rate of 1.5% will cost the Town approximately $26,238 in debt service annually. The Town also qualifies for $492,085 in IIJA/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

Credit Report				
	Benchmark		Borrower	Met?
P1: MHI	$73,976	>=	$38,542	Yes
P2: MHV	$401,760	>=	$97,900	Yes
P3: County Unemployment	4.47%	<=	4.72%	Yes
County Job Change	0.00%	>=	5.04%	No
S1: County MHI	$73,976	>=	$54,897	Yes
S2: Ten Year % Change in Population	0.00%	>=	-1.73%	Yes
S3: Assessed Value per Housing unit	$24,308	>=	$3,434	Yes
S4b: Curr. and Proj. System Debt	0.16%	<	7.47%	Yes
S4b: 80th Percentile	0.88%	<	7.47%	Yes
S5b: Proj. System Cost Per Tap to MHI	0.76%	<	2.39%	Yes
S5b: 80th Percentile	1.18%	<	2.39%	Yes

Based on 2019-2023 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, 1.5% or 1.75%).

IIJA/BIL Principal Forgiveness Eligibility:
In order to qualify for IIJA/BIL principal forgiveness, a community must score three (3) points using the IIJA/BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The Town scores 8.5 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.61%	>	-1.07%	1
2a: County Job Change	0.00%	>	5.04%	
2b: County Unemployment	4.47%	<	4.72%	0.5
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	$92,470	>	$38,542	
	$115,588	<		1
4: Rates to MHI	0.56%	<	0.78%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	16.59%	0
7: % Households Housing Burdened	50.00%	<	32.50%	0
8: % Population under 200% Poverty Level	40.00%	<	40.28%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	70.61%	1
10: Meets DAC criteria	Yes		Yes	3
			Total Points Scored:	8.5

The Town qualifies for IIJA/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 $492,085 in principal forgiveness, leaving an estimated loan of $451,915.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 227 and has decreased at an average annual rate of -1.07% since 2020. Otero County has experienced a decrease of -1.03% in population since 2020. The state population increased at an average annual rate, estimated at 0.95%.

The County's economy is dominated by agribusiness, retirees, education and health care, public assistance income (excluding retirees), and government. Otero County's largest job sectors are health services, government, retail, accommodation and food service, and manufacturing. The County's jobs have been stagnant over the past five years, though they have increased when looking at a 10-year span.

The area's largest employers consist of Cheraw School District with 40 employees, Frontier Diner with 5 employees, Bruce Well Service with 4 employees, Town of Cheraw with 3 employees, and Phillips Communication with 3 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 council/mayor form of government and was incorporated in 1917. The Town provides services including street maintenance, water, sewer and garbage disposal services. Approximately 1 full-time employee plus contract operator staff the sewer utility. The sewer utility is overseen by the superintendent, 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 Pinnacol Assurance.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

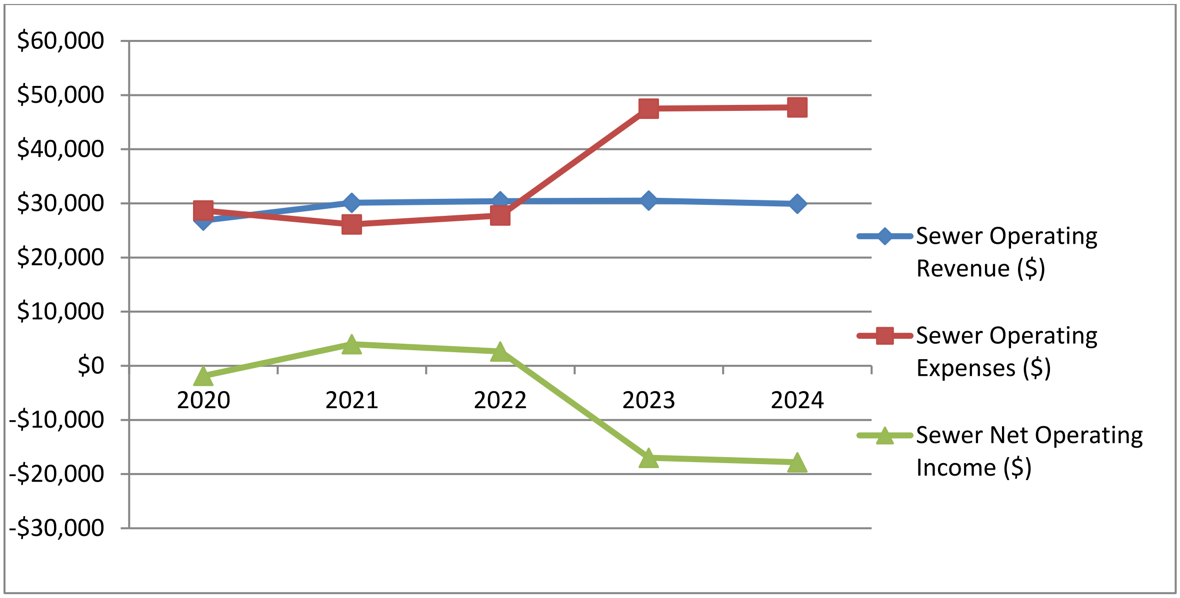
The Town does not maintain a capital improvement plan. Anticipated upcoming capital improvement projects include the replacement of the lining of the third lagoon in 2028, and the replacement of the Town's water meters with smart meters in the next 2-5 years. The anticipated costs are approximately $2,600,000 to be funded from grant and loans.

REVENUE ANALYSIS:

In 2023, the Town changed how it accounted for sewer fund expenses. Sewer expenses that we previously billed to the general fund were reallocated to the sewer fund, causing the rise in expenses there. The higher 2023 and 2024 sewer fund expenses are expected to be the normal moving forward. Now that the Town has a more accurate understanding of the expenses, the Town has been taking incremental steps to ensure the fund is self-sufficient by implementing annual rate increases, though a larger rate increase will be necessary for the proposed loan.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Sewer Rate ($)		20.00	20.00	20.00	20.00	25.00	25.70
Monthly Water Rate ($)		24.51	43.01	45.01	45.01	47.68	58.72
Residential Sewer Tap Fee ($)		5,000	5,000	5,000	5,000	5,000	51,000
Residential Water Tap Fee ($)		5,000	5,000	5,000	5,000	5,000	51,000
Total Sewer Revenue ($)	26,947	30,286	30,427	30,528	30,653		
Tap/Development Fees ($)	0	0	0	0	0		
Sewer Operating Revenue ($)	26,835	30,112	30,410	30,510	29,916		
Sewer Operating Expenses ($)	28,681	26,122	27,757	47,494	47,722		
Sewer Net Operating Income ($)	-1,846	3,990	2,653	-16,984	-17,806		
Sewer Debt ($)	0	0	0	0	0		
Total Debt ($)	0	0	376,040	369,163	357,303		
Sewer Fund Reserves ($)	71,962	97,743	92,803	85,837	68,768		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	100%	99%	100%	100%	98%	99%
Operating Revenue as % of Expenses	94%	115%	110%	64%	63%	89%
Tap Fee Revenue as % of Total Revenue	0%	0%	0%	0%	0%	0%



Recent Rate Increases
The Town's most recent rate increase of $0.70 was implemented on December 8, 2025.

User Charges & System Utilization
The Town's current monthly sewer rate is a flat $25.70 compared to the 2024 estimated state median of $44.65.

The Town's current estimated average monthly residential water rate is $58.72 compared to the 2024 estimated state median of $60.61. The Town's average monthly water rate is based on typical residential consumption of 5,340 gallons per month. Residential and commercial customers pay a $38.04 base rate, a $10 facility charge, and $2.00 per 1,000 gallons of consumption.

Contributed Capital
The Town has not collected any revenue from tap fees during the last five years. The Town has not changed their tap fees in the past five years.

- Sewer tap fees are $1,000.
- Water tap fees are $1,000.

Current System Utilization		
	Usage	Revenue
Residential	91%	94%
Non-residential (per EQR)	9%	6%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	$25.70/$1,000	$58.72/$51,000
¾"	$25.70/$1,000	$58.72/$51,000

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2022	DWRF	2052	Water Revenue	$159,209	0.50%	$6,311
2022	DWRF	2052	Water Revenue	$186,175	0.50%	$7,380

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 had no debt service payment issues.

- The Town has met the O&M reserve fund covenant for its 2022 DWRF loans in recent two years. However, the Town failed to meet the 110% rate covenant on their 2022 DWRF loans. The Town has already raised rates to meet this covenant

Town of Cheraw Water Revenue Pledge				
Year	**Rate Covenant**	**In Compliance (Y/N)**	**O&M Reserve Fund***	**In Compliance (Y/N)**
2023	-315%	N	$204.50	Y
2024	-169%	N	$296.50	Y

*Dollar amount reserved above the 3-month O&M expenses.

Prepared by: Desi Santerre
Date: February 10, 2026

Project #220061W-B
Cost Categories: 100% - Sewer System Rehabilitation

Date 10-Feb-26 WPCRF Credit Report Town of Cheraw, Otero County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	**227**
Number of Sewer Taps/Customers - 2024	**129**
Total Assessed Valuation (in thousands) - 2024	**$412**
Actual Value of All Real Property (in thousands) - 2024	**$5,198**
Median Household Income (MHI) - 2023	**$38,542**
Monthly Sewer Rate - 2024	**$20.00**
Sewer Operating Revenue - 2024	**$29,916**
Sewer Total Revenue - 2024 **[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.]**	**$30,653**
Sewer Tap and System Development Fee Revenue - 2024	**$0**
Sewer Operating Expense - 2024	**$47,722**
Sewer Current Expense - 2024	**$47,722**
Sewer Debt - 2024	**$0**
Total Debt - 2024	**$357,303**
Sewer Fund Reserves - 2024	**$68,768**
Sewer Debt Service - 2024	**$0**
New Sewer Debt [Requested WPCRF loan amount.]	**$451,915**
Requested WPCRF Loan Term	**20**
Requested WPCRF Loan Interest Rate	**1.50%**
New Loan's Annual Sewer Debt Service (two payments annually)	**$26,238**

Current Indicators (2024)
Town of Cheraw
(Sewer Only)

1	Total Debt	$357,303	÷	Population	227	=	$1,574
	New Debt	$451,915	÷	Population	227	=	$1,991
	Total Debt + New Debt	$809,218	÷	Population	227	=	$3,565
2	Total Debt	$357,303	÷	Number of Taps	129	=	$2,770
	New Debt	$451,915	÷	Number of Taps	129	=	$3,503
	Total Debt + New Debt	$809,218	÷	Number of Taps	129	=	$6,273
3	Total Debt	$357,303	÷	Assessed Value	$412,000	=	86.72%
	New Debt	$451,915	÷	Assessed Value	$412,000	=	109.69%
	Total Debt + New Debt	$809,218	÷	Assessed Value	$412,000	=	196.41%
4	Total Debt	$357,303	÷	Actual Value	$5,198,000	=	6.87%
	New Debt	$451,915	÷	Actual Value	$5,198,000	=	8.69%
	Total Debt + New Debt	$809,218	÷	Actual Value	$5,198,000	=	15.57%
5	Current Sewer Debt	$0	÷	Number of Taps	129	=	$0
	(Current Sewer Debt + New Sewer Debt) / Number of Taps	$3,503	÷	MHI	$38,542	=	9.09%
6	Current Ratio (CA / CL)						
	Current Assets	$127,817	÷	Current Liabilities	$59,049	=	216%
7	Reserve/Expense Ratio						
	Reserves	$68,768	÷	Current Expenses	$47,722	=	144%
8	Operating Ratio (OR / OE)						
	Operating Revenues	$29,916	÷	Operating Expenses	$47,722	=	63%
9	Coverage Ratio [(TR - OE) / DS]						
	Total Revenues	$30,653	-				
	Minus Operating Expenses	$47,722					
	=	-$17,069	÷	Current Debt Service	$0	=	#DIV/0!
10	Coverage Ratio Excluding Tap and Development Fee Revenue	-$17,069					
	Minus Tap and Development Fee Revenu	$0					
	=	-$17,069	÷	Current Debt Service	$0	=	#DIV/0!
11	Projected Coverage Ratio						
	Total Revenues	$30,653					
	Minus Operating Expenses	$47,722					
	=	-$17,069		Total Debt Service (with new loan)	$26,238	=	-65%
12	Projected Coverage Excluding Tap and Development Fee Revenue	-$17,069					
	Minus Tap and Development Fee Revenu	$0					
	=	-$17,069	÷	Total Debt Service (with new loan)	$26,238	=	-65%
13	Current Debt Service	$0	÷	Number of Taps	129	=	$0.00
	Annual New Sewer Debt Service	$26,238	÷	Number of Taps	129	=	$203.40
14	2024 Annual Sewer Rate (Monthly Rate x 12)	$240.00	÷	MHI	$38,542	=	0.62%
	2024 Annual Sewer Rate + New Annual Debt Service Per Tap	$443.40	÷	MHI	$38,542	=	1.15%
15	Current 2024 Monthly User Charge						$20.00
	(Debt Service on WPCRF Loan / 2024 Taps / Month)						$16.95
	Total						$36.95
16	Operation and Maintenance Reserve						
	Reserves	$68,768	÷	Operating Expenses	$47,722	=	144%

BACK TO AGENDA

2025 SRF Disadvantaged Community Criteria

Applicant: Town of Cheraw

Test Result	Conditions met to be DAC
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

Loan Terms

Amount of Loan:	$ 944,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	$ 64,560

			Benchmark	Applicant	Result	Notes on Data Used
	Current Population (2024)	<=	10,000	227	Y	
	Population 5 years ago (2020)			237		
	Poulation 10 years ago (2015)			231		
	Primary Factors					
P1	MHI (Place)	<=	$ 73,976	38,542	Y	
	Margin of Error (MOE)	±		14,161	OK	
	Reliability (CV)	<=	18.00%	22.34%	N	
P2	MHV (Place)	<=	$ 401,760	97,900	Y	
	Margin of Error (MOE)	±		13,209		
	Reliability (CV)	<=	18.00%	8.20%	Y	
P3	24 Month Unemployment (County)	>=	4.47%	4.72%	Y	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	5.04%	N	
	Jobs (2023)			8,375		
	Jobs (2014)			7,973		
	Priority Factor Count				3	
	Secondary Factors					
S1	MHI (County)	<=	$ 73,976	54,897	Y	
	Margin of Error (MOE)	±		7,068		
	Reliability (CV)	<=	18.00%	7.83%	Y	
S2	10 Year % Chng. Population	<=	0.00%	-1.73%	Y	
S3	Assessed Value / Housing Unit	<=	$ 24,308	$3,434	Y	
	Assessed Value			412,123		
	Total Housing Units			120		

			Benchmark	Applicant	Result	If MHV CV > 18%, calculate result at top of band	Result
S4	Current Debt / Tap / MHV	>	0.16%	0.00%	N		
S	Current + Projected Debt/Tap/MHV	>	0.16%	7.47%	Y		
	S4b 80th percentile		0.88%	7.47%	Y		

			Benchmark	Applicant	Result	If MHI CV > 18%, calculate result at top of band	Result
S5	System Full Cost / Tap / MHI	>	0.84%	1.48%	Y		
	Projected Rate @ 110% Coverage	>	0.76%	2.39%	Y		
	S5b 80th percentile		1.18%	2.39%	Y		
	Secondary Factor Count				5		

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

Taps or EQR's	129
Total Debt	0
Principal & Interest	0
Operating Expenses (including operating transfers out)	47,722
Depreciation	25,917

BACK TO AGENDA

WPCRF & DWRF

			Benchmark	Applicant	Points	Notes on Data Used
	Eligiblity Criteria					
1	Population loss or growth is slower than the state's over 5 years	<=	0.61%	-1.07%	1.0	
	Current Population (2024)			227		
	Poulation five years ago (2020)			237		
2a	10 Year % County Job Change	>=	0	5.04%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>=	4.47%	4.72%	0.5	
3	Median Household Income	<=	$ 92,470	38,542	1.0	**If MHI CV > 40%, calculate result at top of band** — **Result**
		>=	$ 115,588		0.0	
	Reliability (CV)	<=	40.00%	22.34%	Y	**If MHI CV > 40%, calculate result at top of band** — **Result**
4	Rates compared to MHI	>	0.56%	0.78%	1.0	
S	Monthly Residential Rate	>		25.00		
				Confirmed Resolution No. 120824		
5	Project addresses removal of lead or emerging contaminants		Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	>	40.00%	16.59%	0.0	
7	% Population that are housing burdened is greater than 50%	>	50.00%	32.50%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	>	40.00%	40.28%	1.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>=	55.00%	70.61%	1.0	
	% Population over 65 years old			30.33%		
10	Meets base program DAC criteria?			Yes	3.0	
	BIL Eligibility Points				8.5	

Principal Forgiveness and Priority Point Scoring

Applicant: Town of Cheraw
DWRF or WPCRF: WPCRF

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

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: $492,085

Base WPCRF Principal Forgiveness Scoring

WPCRF

Water Quality & Public Health + CPDWR Compliance:	0
DOLA Affordability Score:	150
Total Score	150

Eligible as a base program DAC?

Eligible base program DWRF principal forgiveness percentage:

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

Priority Point Scoring

Total WQCD Score:	5
DOLA Affordability Score:	150
Total Score:	155

2025 IUP WPCRF Priority Point Calculations

Entity Name:	Town of Cheraw
Date of Scoring	9-Jan-26
SRF Phase:	Loan app
DOLA Score:	150
DAC:	DAC

	Benchmarks				
$92,470	**2019-2023 State MHI estimate**				
P1	**MHI**			$38,542	42%
	<50% of state MHI	35	x		
	Between 51% and 80% of state MHI	20			
	Between 81% and 100% of state MHI	5			
	>100% state MHI	0			
S5a	**User Fees (current SEWER rate at 110%/tap/MHI)**			1.48%	
	Rates are > 1.17%	45	x		
	Rates are between 0.84% and 1.17%	25			
	Rates are < 1.17%	0			
	OR				
S5a	**User Fees for a combined water & sewer fund**				
	Rates are > 2.98%	45			
	Rates are between 2.12% and 2.98%	25			
	Rates are < 2.12%	0			
S4a	**Current SEWER debt per tap compared to MHV**			0.00%	
	Debt is > 0.67%	45			
	Debt is between 0.16% and 0.67%	25			
	Debt is < 0.16%	0	x		
	OR				
S4a	**Current water & sewer debt (for combined systems)**				
	Debt is > 1.49%	45			
	Debt is between 0.64% and 1.49%	25			
	Debt is < 0.64%	0			
	Population served			227	
	Less than 500	35	x		
	Between 500 and 1,000	25			
	Between 1,000 and 2,000	20			
	Between 2,000 and 5,000	15			
	Betweeen 5,000 and 10,000	5			
	>10,000	0			
S3	**Assessed Value/Household**			3,434	
	AV per household is < $12,721	35	x		
	AV per household is between $12,271 and $24,308	20			
	AV per household is between $24,308 and $46,143	10			
	AV per household is greater than $46,143	0			

PreQual Date Score:	5	Project Manager	ES Review Engineer
PNA Date Score:	155	S. Oliver	S. Daniels
Project Name:	replacement & Lift Station		
SRF Project Number:	220061W-B		
ES Project Number:	ES.25.SRF.09522		

Water Pollution Control Revolving Fund Priority Scoring Model (Attachment I WPCRF IUP 2024)

Water Quality Improvement Criteria	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments	When to Score	Responsible Party	Scoring Criteria	Resources
Project addresses a water quality impairment identified in the 303(d) list or a groundwater standard that has been exceeded.	**40**	0	0		**PQ/PNA**	**Engineering Section**	Verify if the discharging segment and project addresses water bodies that are classified as impaired. If project addresses a water quality impairment identified in the 303(d) list or a groundwater standard, award points.	Regulation 93 - Colorado Regulation No. 93 is comprised of Colorado's Section 303(d) List of impaired waters. Regulation 93 Dashboard - Allows to verify what segments are impaired (303(d) and TMDL)
Project will implement an approved TMDL (total maximum daily load): (Points are not additive. Can score points only in one category)								
• 1 TMDL.	**50**	0	0		**PQ/PNA**	**Engineering Section**	Check permit and/or Water Quality Planning Target (WQPT) to verify if a system is discharging into a segment with a TMDL. If project addresses the specific TMDL, award points.	TMDLs represent the maximum amount of a pollutant that a water body can receive while still meeting water quality standards. Addressing TMDLs often requires wastewater projects designed to reduce the discharge of pollutants. For example, if a stream segment has a TMDL for phosphorus and the project is implementing advanced treatment processes to remove nitrogen and phosphorus, award points. If older permit, review permit fact sheet for TMDL. Approved TMDLs located at the bottom of page for each basin Onbase - Obtain most recent permit or WQPT
• 2 TMDLs.	**75**	0	0		**PQ/PNA**	**Engineering Section**		
• 3 or more TMDLs.	**80**	0	0		**PQ/PNA**	**Engineering Section**		
Project applies BMPs to mitigate against erosion, sedimentation, pollution runoff including:								
• Creation of riparian buffers, floodplains, vegetated buffers, slope stabilization and additional stream restoration methods.	**10**	0	0		**PQ/PNA**	**Engineering Section**	If project includes BMPs for environmental management such as riparian buffers, floodplains, vegetated buffers, slope stabilization and additional stream restoration methods, award points	
• Supports wetland protection, restoration or creation by means of constructed wetlands.	**10**	0	0		**PQ/PNA**	**Engineering Section**	If project includes wetland protection strategies such as restoration projects (active restoration projects to restore the hydrology, vegetation, and functions of degraded wetlands), landuse planning and zoning, education and public awareness, or includes constructed wetlands, award points.	
Project corrects individual sewage disposal systems or exfiltration for sewers shown to be polluting either surface or groundwater and mitigates a public health emergency and/or a confirmed repeated contamination of a supply source by listed parameters by E. coli, fecal coliform or nitrate above established standards.	**50**	0	0		**PQ/PNA**	**Engineering Section**	Submittal should document groundwater or surface water pollution, and public health emergency and/or confirmed repeated contamination of a supply source by listed parameters. If documented and project corrects ISDS or sewer exfiltration, award points. Strategies to manage and mitigate exfiltration in sewer systems includes upgrading and repairing systems (e.g., piping lining, joint sealing manhole rehabilitation, material upgrades and proper installation).	
Total Water Quality Improveme		**0**	**0**					
Financial /Affordability Criteria*								
Total Financial / Affordability Points scored by DOLA for this section =			**150**			**DOLA**		
Total Addtional Subsidy Points =		**0**	**150**			**Total WQ Improvement Score + Financial/Affordability Points**		
Permit Compliance (Points are not additive. Can score points only in one category)								
Project is designed to maintain permit compliance or meet new permit effluent limits	**40**	0	0		**PQ/PNA**	**Engineering Section**	Review permit and Water Quality Planning Targets. System should not have ongoing violations. For example, a wastewater treatment plant has proposed a project to meet the Regulation 31 interim numeric effluent limits for phosphorus and nitrogen, effective by December 31, 2027. Although the current system complies with nutrient limits, its existing treatment configuration is constrained and cannot achieve the stringent Regulation 31 limits.	Enforcement and Compliance History Online (ECHO) - View DMR data and compliance history ICIS Data - Contact David Kurz to obtain effluent discharge data related to National Pollutant Discharge Elimination System (NPDES) permit. Engineering Search Tool - Comprehensive information on wastewater system
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order or other enforcement action.	**25**	0	0		**PQ/PNA**	**Engineering Section**	Identify if the project is focused on a facility's proactive and voluntary initiatives to identify and correct enforcement issues that could lead to regulatory violations. The facility aims to resolve any possible violations before an enforcement action such as notice of violation or consent orders are imposed by the Division.	Enforcement and Compliance History Online (ECHO) - View DMR data and compliance history OnBase - View Compliance history and correspondence
Project addresses an enforcement action by a regulatory agency and the facility is currently in significant non-compliance.	**15**	0	0		**PQ/PNA**	**Engineering Section**	Determine if facility is under enforcement action and currently in significant non-compliance (SNC). If a facility is under an formal enforcement action (e.g., Notice of Violation, Compliance Order on Consent, and Cease and Desist Order), then the facility is under SNC. SNC includes but not limited to violations ranging from numeric effluent limit violations, DMR reporting violations, permit compliance violations, and unpermitted discharges. If they facility has a compliance advisory, it may not be in SNC. Contact compliance officer to verify SNC. If the project addresses the enforcement action and SNC award points	WQCD Clean Water Program Enforcement Management System - Document describes the compliance monitoring, data management, enforcement escalation, and formal enforcement processes and procedures of the Division. Clean Water Enforcement Dashboard - Check enforcement's internal tracker for active enforcement cases. On the left sidebar case history dashboard, click Sectors, then type of permit (PPU Individual/General) Clean Water Enforcement Actions - Specifies ongoing enforcement actions
Sustainability / Green Project Reserve (GPR)								
Project incorporates one or several of the following planning methodologies:								
• Regionalization and consolidation.	**5 (scores total of 5 points if one or more of the following are met below)**	5	0		**PQ/PNA**	**Engineering Section**	Review proposed project to see if consolidation or regionalization is included. Award points if Regionalization and consolidation principles are used.	Regionalization involves sharing physical infrastructure in a defined geographic area when a political or private entity provides wastewater service by means of physically connecting existing and future communities to a regional or centralized treatment facility. Examples of regionalization include a sewer district connecting the flows of three privately owned treatment facilities to a centralized facility and a municipality connecting several small facilities by extending a sewer line. The EPA defines the consolidation of wastewater treatment plants as the process of merging two or more wastewater treatment facilities into a single, larger facility or system. This process often involves the physical and administrative integration of existing plants to improve efficiency, reduce costs, and enhance service delivery. When a physical consolidation occurs, one system is dissolved, and its customers are provided wastewater service by another existing system.
• Promoting sustainable utilities and/or communities through:								
o Fix it first.			5		**PQ/PNA**	**Engineering Section**	"Fix it First" is typically specified in the analysis of the existing facilities and on operations and maintenance issues of the PNA report. Award points if project prioritizes maintenance, repair, and upgrading of existing infrastructure over new construction.	"Fix it first" is a strategy that prioritizes the maintenance, repair, and rehabilitation of existing wastewater infrastructure over the construction of new facilities. This strategy focuses on ensuring that the current infrastructure operates efficiently and effectively, thereby extending its lifespan. Common "Fix it first" strategies for repair and rehabilitation of the collection system includes cured-in-place pipe, pipe bursting, and slip lining to repair or replace deteriorating pipes to control inflow/infiltration. Fix It First" also encourages replacement of older infrastructure. Replacement is allowed for similar equipment designed for the same intent. For example, replacement of outdated or inefficient equipment in wastewater treatment plants to enhance treatment efficiency and reduce operational costs. This may include aeration systems, chemical dosing systems, and sludge management equipment.
o Asset Management Planning					**PNA**	**Engineering Section**	Typically presented in capital costs associated with the selected alternative and 20 year cash flow projection. Award points if asset management planning principles are used.	EPA About Asset Management - Asset management involves minimizing the total cost of owning, operating, and maintaining wastewater assets while ensuring the system remains compliant. This practice includes the regular maintenance of wastewater components over extended planning cycles, ultimately replacing them when their deterioration makes further maintenance impractical. An asset management program, typically outlined in a written asset management plan, is used to implement this approach. Collection Systems
o Full cost pricing					**PNA**	**Engineering Section**	Typically presented in capital costs associated with the selected alternative and 20 year cash flow projection. Award points if life cycle cost analysis principles are used.	Full cost pricing is to ensure that the rates charged for wastewater services cover not only the operational and maintenance costs but also the full life-cycle costs of the project (i.e., initial capital costs, annual O&M costs and replacement costs).
o Life cycle cost analysis.					**PNA**	**Engineering Section**	Typically presented in capital costs associated with the selected alternative and 20 year cash flow projection. Award points if life cycle cost analysis principles are used.	Life cycle cost analysis assesses the total economic impact of a wastewater treatment system over its entire life span. This includes the initial capital costs, operation and maintenance costs, energy costs, replacement costs, and any other costs that might be incurred during the system's lifetime. The goal of this analysis is to help decision-makers select the most cost-effective option by considering all relevant costs associated with a project.
o Evaluation of innovative alternatives to traditional solutions					**PNA**	**Engineering Section**	Innovative alternatives are not covered by the design criteria. Award points if project evaluated alternatives are not covered by the design criteria and require alternative technology review.	Research on Innovative and Alternative Wastewater Technologies - Innovative alternatives to traditional wastewater treatment solutions include a variety of advanced technologies and methods aimed at improving efficiency, reducing costs, and minimizing environmental impact.
• Conservation easements and/or land-use restrictions.					**PQ/PNA**	**Engineering Section**	Review proposed project to see if conservation easements and/or land-use restrictions is included. Award points if conservation easements and land-use restrictions principles are used.	Sustainable Water Infrastructure - Sustainable utilities with conservation easements and/or land-use restrictions in wastewater infrastructure involve incorporating environmental conservation strategies into the planning, operation, and maintenance of wastewater systems. These approaches aim to protect natural resources, ensure long-term sustainability, and enhance environmental stewardship while maintaining effective wastewater management services. By integrating conservation easements and land-use restrictions, wastewater utilities can achieve greater sustainability, protect natural resources, and ensure reliable service delivery while safeguarding the environment.
Project incorporates Green Project Reserve Components at a minimum of 20 percent of total project costs: (Need approved GPR submittal to score points, may score points in more than one category)								
• Green infrastructure.	**10**	0	0		**PQ/PNA**	**SRF Team**	Coordinate with SRF Compliance Specilist to review GPR eligibility	
• Water efficiency.	**10**				**PQ/PNA**	**SRF Team**	Coordinate with SRF Compliance Specilist to review GPR eligibility	

PreQual Date Score:	5	Project Manager	ES Review Engineer
PNA Date Score:	155	S. Oliver	S. Daniels
Project Name:	replacement & Lift Station		
SRF Project Number:	220061W-B		
ES Project Number:	ES.25.SRF.09522		

Water Pollution Control Revolving Fund Priority Scoring Model (Attachment I WPCRF IUP 2024)

Water Quality Improvement Criteria	Possible Points	PQ Points Scored (leave blank if not scored)	PNA Points Scored	Comments	When to Score	Responsible Party	Scoring Criteria	Resources
• Environmentally innovative.	5				PQ/PNA	SRF Team	Coordinate with SRF Compliance Specilist to review GPR eligibility	
• Energy efficiency.	5				PQ/PNA	SRF Team	Coordinate with SRF Compliance Specilist to review GPR eligibility	
• Project is categorically eligible for the GPR and does NOT require a business case (bonus points).	5				PQ/PNA	SRF Team	Coordinate with SRF Compliance Specilist to review GPR eligibility	
Readiness to Proceed Points								
Project has secured the following:								
• Plans and specifications approved.	5	0	0		PQ/PNA	Engineering Section	Award points if facility has received Process Design Report approval or if Self-Certification form has been acknowledged.	
Project implements one or more of the following planning instruments: (Scores a total 5 points for one more of the following)	5	0	0		PQ/PNA	Engineering Section	Points will be awarded only if the planning instrument is submitted and there is a thorough discussion on how the project specifically addresses the issues identified in the planning instrument. For example, if a project targets nutrient reduction, specifically nitrogen and phosphorus, and the Watershed Management Plan has identified excessive levels of these nutrients from the wastewater treatment plant, then readiness to proceed points can be awarded.	
• Watershed management plan.					PQ/PNA	Engineering Section		
• Source water protection plan.					PQ/PNA	Engineering Section		
• Nonpoint source management plan.					PQ/PNA	Engineering Section		
• Approved 305(b) Report Category 4b designation.					PQ/PNA	Engineering Section		
• Nutrient management plan.					PQ/PNA	Engineering Section		
• Comprehensive land use planning.					PQ/PNA	Engineering Section		
Project has funding secured by multiple financial assistance provider(s)	10				PQ/PNA	SRF Team	Give points if applicant can document an award or a commitment from another funding agency for the same project being funded by SRF.	
	Total Points Scored	5	155					