

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

PROJECT FINANCE COMMITTEE
MEETING AGENDA

May 29, 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, Wes Williams, Ian Loffert, Kevin Carpenter, Giorgi Gazashvili, and Daniel Lockard

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

AGENDA

1. DWRF Loan Applications:

- Lookout Mountain Water District (Base) – Direct Loan Request – Daniel (**Board Action – Staff recommends consent agenda**)
- North Washinton Street Water and Sanitation District (Base) – Direct Loan Request – Gio (**Board Action – Staff recommends consent agenda**)

Note: A Zoom conference call has been scheduled for **Friday, 9:00 a.m. May 29, 2026**. The link to join via online is: <https://us06web.zoom.us/j/89729943981?pwd=mZTr8tNZKVHdsD3lrGKlmfT0badExe.1> If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **897 2994 3981**. The passcode is: **502402**.



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

May 29, 2026

TO: Project Finance Committee and Karl Ohlsen

FROM: Wesley Williams, Finance Director
Giorgi Gazashvili, Financial Analyst II
Daniel Lockard, Financial Analyst I

RE: Review of the Lookout Mountain Water District and the North Washington Street Water and Sanitation District
Drinking Water Revolving Fund ("DWRP")

The Division of Local Government has forwarded to the DWRP Committee its analyses of the above-listed projects. The DWRP 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:

Lookout Mountain Water District

The Lookout Mountain Water District (the "District"), located in Jefferson County, is seeking a Base direct loan through the DWRP loan program in the amount of \$3,000,000. This project will replace tar-lined steel pipe and is part of the District's effort to address the enforcement order for disinfection byproducts. The District's project was authorized by HJR 13-1007.

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 District in the amount of \$3,000,000. The loan will be for a term of 30 years, at an interest rate of 3.50%. The Board will consider this request on June 5, 2026.

North Washington Street Water and Sanitation District

The North Washington Street Water and Sanitation District (the "District"), located in Denver and Adams County, is seeking a Base direct loan through the DWRP loan program in the amount of \$3,000,000. This project consists of replacements to upgrade water conveyance infrastructure within the District. The District'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 District in the amount of \$3,000,000. The loan will be for a term of 20 years, at an interest rate of 3.25%. The Board will consider this request on June 5, 2026.

Note: A Zoom conference call has been scheduled for **Friday, 9:00 a.m. May 29, 2026**. The link to join via online is: <https://us06web.zoom.us/j/89729943981?pwd=mZTr8tNZKvHdsD3lrGKlmtT0badExe.1> If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **897 2994 3981**. The passcode is: **502402**.

Attachments: Lookout Mountain Water District 2026 DWRP Credit Report
North Washington Street Water and Sanitation District 2026 DWRP Credit Report

DWRF LOAN CREDIT REPORT (2026)

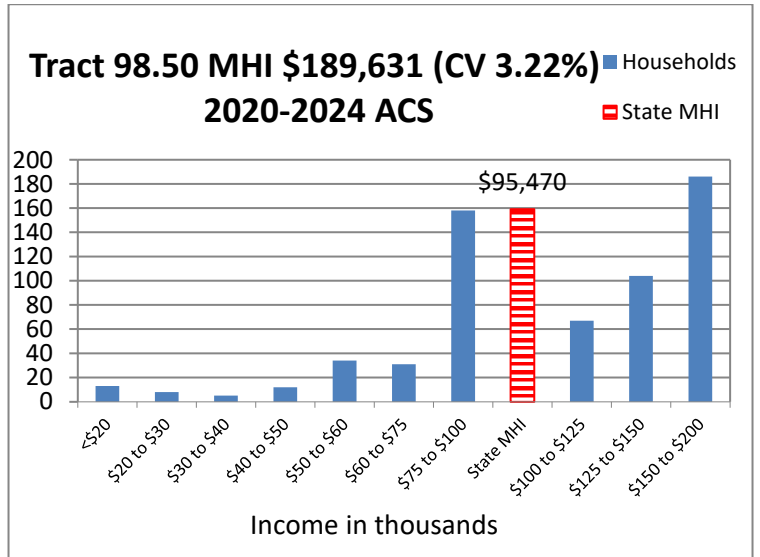
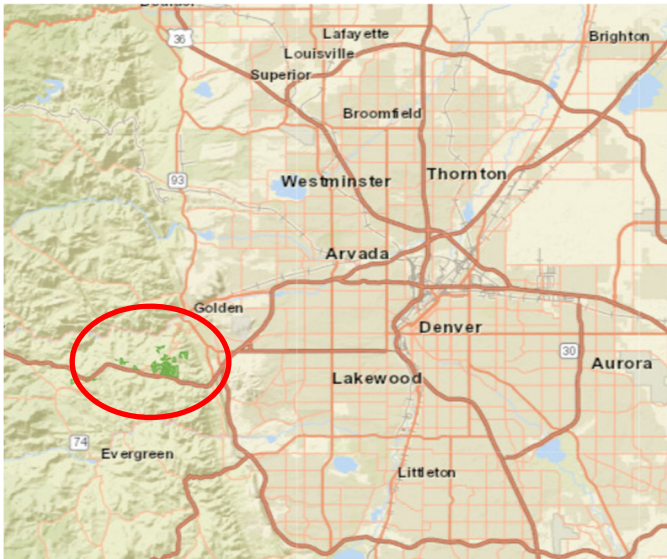
Lookout Mountain Water District (“The District”), Jefferson County

Recommendation:	APPROVAL	Project Budget	
Loan Request:	\$3,000,000	DWRF Loan:	\$3,000,000
Interest Rate & Term:	3.50% & 30 years	Reserves:	\$1,240,248
Annual Debt Service:	\$162,320	Congressionally Directed Spending (CDS) - pending:	\$959,752
Pledge:	General Obligation	Total:	\$5,200,000
Current Rate and Mill Levy:	\$86.85, 16.543 Mills		
Estimated Mill Levy Increase:	3.704 Mills		

PROJECT DESCRIPTION: This project will replace tar-lined steel pipe and is part of the District’s effort to address the enforcement order for disinfection byproducts.

COMMUNITY PROFILE: Lookout Mountain Water District	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
District Population			1,268	1,270	1,273	1,275	1,275	0.15%
Jefferson County Population	583,138	580,840	576,580	577,599	578,437			-0.20%
Jefferson County Jobs	289,459	295,676	302,704	308,429	309,057			1.65%
Number of Water Taps			507	508	509	510	510	0.15%
Assessed Value (\$000)			\$35,068	\$34,403	\$43,825	\$43,766	\$44,871	6.36%
Actual Value (\$000)			\$404,269	\$405,920	\$543,868	\$578,802	\$615,575	11.08%

BORROWER BRIEF: The District is located in the western foothills of Jefferson County, covering an area roughly to the north of I-70 southwest of Golden.



RECOMMENDATION: The District serves a bedroom mountain residential community in Jefferson County. This proposed loan is necessary to address the enforcement order for disinfection byproducts. The cost of the project will create some debt burden for the community. However, there is community support for the project and the District’s voters recently authorized debt and property tax increases to pay for the proposed loan. The District’s finances are in good condition and rates have been raised annually for at least the past five years. We therefore recommend the DWRF Committee approve a \$3,000,000 direct loan to the Lookout Mountain Water District.

PROJECT SUMMARY:

System summary: Water is produced at the water treatment facility and flows via gravity to an intermediate pump station. A pump station boosts pressure and provides water to a water storage tank. Water flow is then transmitted under gravity to downhill users and passes through pressure reducer valves (PRVs) along the way.

The District owns the Upper Beaver Brook Reservoir (397.4 AF) and the Lower Beaver Brook Reservoir (28.98 AF) and associated dams as its source water infrastructure. These reservoirs are adequate to deliver source water to the water treatment facility. The District also owns the Lookout Mountain Reservoir (125.97 AF) that currently receives water from flushing operations at the end of the main. This water is used for water rights exchanges.

Pretreatment begins with oxidation using sodium permanganate, coagulation, and pH adjustment using sodium hydroxide. These chemicals pass through a static mixer and then through flocculation and sedimentation tanks. The water then passes through basket strainers prior to the microfiltration membrane skids. The permeate is disinfected with sodium hypochlorite in a baffled clearwell before entering the distribution system.

Reason/need: The system is currently under an Enforcement Order for the exceedance of disinfection byproducts (TTHMs and HAA5s). The oversized diameter of the existing transmission mains (14" and 20") results in an increased volume of water in the line, and with the low water usage, it increases the time the water is in the pipeline, also referred to as water age. The elevated water age results in an increase in the contact time between chlorine and organic matter. This leads to an increase in the formation of disinfection byproducts. Additionally, the existing pipe is a tar-lined steel pipe that is believed to contribute to the water quality issues. The project is part of the District's effort to address the enforcement order for disinfection byproducts and will significantly reduce the water age in these sections of the main.

System Compliance: The Lookout Mountain Water District is currently under an enforcement order. The project is intended to return the system to compliance.

Project Delivery Method: Design/Bid/Build

Contingency: 10% of the project cost is included as contingency. In the event that project costs exceed the loan amount, the District will reduce the linear footage of pipes to be replaced.

CURRENT INDICATORS:	2022	2023	2024	Weak	Average	Strong
Total Debt per Capita (\$):	4,363	4,280	4,510	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total + New Debt/Capita (\$):			6,868	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	10,907	10,701	11,276	X >\$5,000	\$2,500 - 5,000	<\$2,500
Total Debt + New Debt/Tap (\$):			17,169	X >\$5,000	\$2,500 - 5,000	<\$2,500
Current Water Debt/Tap (\$):	10,907	10,701	11,276	X >\$2,000	\$1,000 - 2,000	<\$1,000
Current Water + New Water Debt/Tap (\$):			17,169	X >2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	16%	16%	13%	>50%	25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			20%	>50%	25-50%	X <25%
Total Debt/Actual Value:	1.37%	1.34%	1.06%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			1.61%	>10%	5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			9.05%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	127%	156%	132%	<100%	X 100-200%	>200%
Water Fund Reserves/Current Expense:	74%	90%	85%	<50%	X 50-100%	>100%
Water Operating Ratio (OR/OE):	90%	85%	96%	X <100%	100-120%	>120%
Coverage Ratio (TR-OE)/DS:	231%	355%	517%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	216%	332%	492%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			279%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			266%	<110%	110-125%	X >125%
Current Annual Water Rates/MHI:			0.47%	>3.0%	1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			0.64%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			105%	<25%	25-50%	X >50%
Total:			7	2	12	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, twelve are rated strong, two are average and seven are considered weak. Overall, the indicators illustrate that although customers may be burdened by the District's current debt, rates are affordable, and the District has the ability to pay for near- and long-term obligations. Weak indicators reflect that the proposed loan will be a burden on the community. Multiple indicators should be considered as illustrative purposes because the pledge will be property tax revenue.

- The District supports its operations with property tax revenue, which is not included in the operating ratio indicator. Property tax has comprised between 41% to 52% of total revenue in the years analyzed. If the property tax ratio were included in the operating ratio, based on the 2024 financial statements, the 2024 ratio would be strong at 188% indicating adequate revenue to cover expenses.
- Because of voter authorization to use property tax revenues to repay the proposed loan, fluctuations in operating revenue and expenses have a smaller impact on the District's ability to repay the proposed loan.
- Coverage ratio calculations are for illustration only. Based on 2024 financial information, coverage with the proposed loan is 279% with tap fee revenue and 246% without tap fee revenue.
- District voters passed a ballot measure by a vote of 508 to 109 authorizing \$3,000,000 in debt and property taxes to be increased up to \$200,000 annually for the proposed project. The District intends to increase the mill levy as authorized to cover debt service for this proposed loan.
- Multiple indicators should be considered for illustrative purposes as the pledge will be property tax revenue.

Additional Project Financing

The District submitted an application for Congressionally Directed Spending funds for the amount of \$959,752.

DESCRIPTION OF THE LOAN:

A \$3,000,000 direct loan with a thirty-year term, two payments annually at an interest rate of 3.50% will cost the District approximately \$162,320 in debt service annually.

ECONOMIC ANALYSIS: The District has a 2026 population estimated at 1,275 and has grown at an average annual rate of 0.15% since 2022. Jefferson County has experienced a decrease of 0.20% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

The County's economy is dominated by professional, scientific, and technical services; health care and social assistance; retail trade; accommodation and food services; and construction.

The District reports that its largest employers consist of Clear Creek School District, with 50 employees; Foothills Fire Protection District, with 30 employees; City and County of Denver, with 25 employees; Jefferson County, with 20 employees; and Highland Ambulance Rescue, with 10 employees.

The District reports that no customer accounts for more than 3% of utilization. However, the Clear Creek School District accounts for 2.2% of the system's total utilization and 5.8% of the District's total revenue.

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

The District is a Title 32 Article 1 water district governed by a five-member board of directors' form of government and was organized in 1988. The District provides water services. There are no full-time employees in the water utility. All operations and daily matters are overseen by contractors, who coordinate with the District manager. On long-term issues and direction, the District's legal council will coordinate with the District's administrator and President of the Board.

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

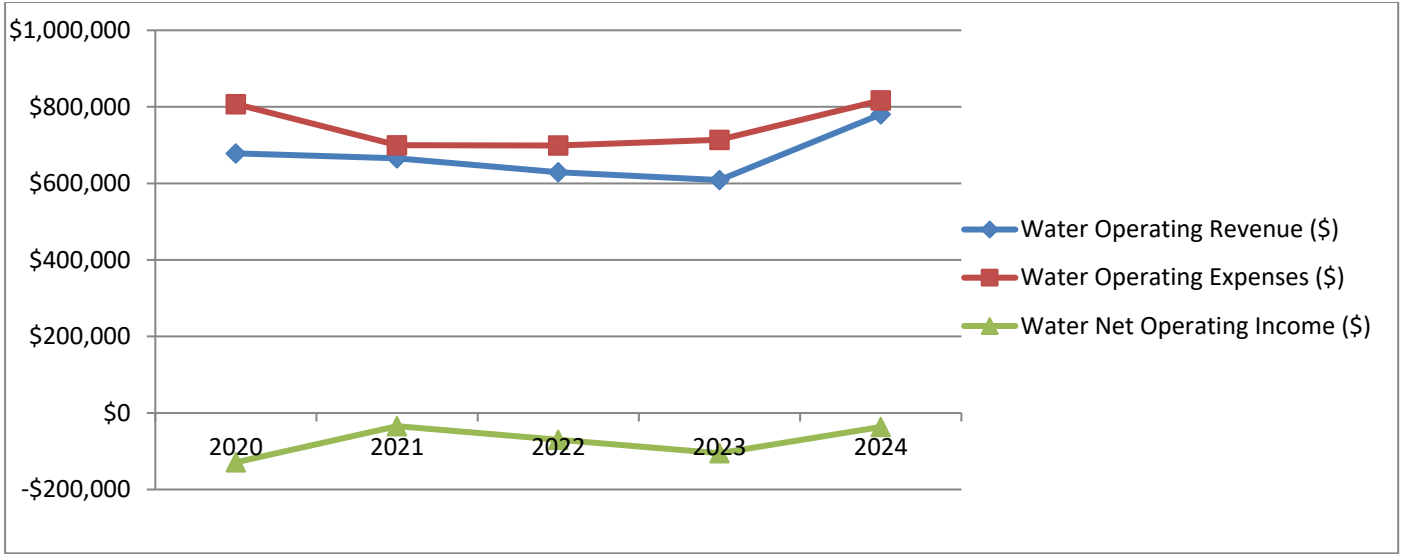
Capital Improvement Plan

As part of the application process, the District submitted a capital improvement plan, which anticipates capital outlay of \$18,900,000 for the proposed project, replacement of remaining tar-lined pipe in the transmission main, and replacement of lateral distribution piping, to be funded from a combination of reserves, grants, and loans. The District intends to complete these improvements within 20 years.

REVENUE ANALYSIS:

The District supports operations with property taxes in addition to user charges, which covered an average of 90% of expenses in the past five years. Property taxes averaged 43% of total revenue over the past five years. Total revenue far exceeded operating expenses in all years examined. In January 2024, the District began charging a capital infrastructure fee to all users, in addition to increasing base rates by 12%. This caused an increase in operating revenue between 2023 and 2024. Operating expenses increased in 2024 due to the increase in contract costs for the District's operator, as well as higher-than-normal maintenance repairs at the water treatment plant. The District supports operations with property and specific ownership taxes, which are not included in the net operating income calculation. The District has not historically issued or offered new taps. Instead, it retains taps revoked for nonpayment of fees and sells them to new customers at below market prices if the property will connect to a high-cost lateral. The District can also refer customers with taps for sale if their documentation is in order. This approach aims to increase density on high-cost laterals, thereby reducing replacement costs per household.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate (\$)	43.00	44.00	45.00	57.80	73.80	81.85	86.85
Residential Water Tap Fee (\$)	1,150	1,150	1,150	1,475	1,650	1,950	1,950
Mill Levy	17.700	17.700	17.700	18.099	16.543		
Total Water Revenue (\$)	1,334,374	1,359,448	1,400,218	1,446,928	1,799,649		
Tap/Development Fees (\$)	47,038	46,662	45,432	46,309	115,709		
Property Tax Revenue (\$)	549,378	573,455	619,758	617,671	751,560		
S.O. Tax Revenue (\$)	41,900	43,197	42,613	44,561	42,969		
Water Operating Revenue (\$)	678,349	665,563	629,216	608,809	780,784		
Water Operating Expenses (\$)	807,041	699,599	699,120	713,741	817,130		
Water Net Operating Income (\$)	-128,692	-34,036	-69,904	-104,932	-36,346		
Total Debt (\$)	2,759,305	5,657,548	5,530,003	5,436,224	5,739,244		
Water Debt Service (\$)	271,210	215,385	303,659	206,591	190,126		
Water Debt Service/Tap/Month (\$)	44.93	35.47	49.91	33.89	31.13		
Water Fund Reserves (\$)	671,739	693,766	740,092	824,200	858,264		
Ratios	2020	2021	2022	2023	2024	Average	
Operating Revenue as % of Total Revenue	51%	49%	45%	42%	43%	46%	
Operating Revenue as % of Expenses	84%	95%	90%	85%	96%	90%	
Tap Fee Revenue as % of Total Revenue	3.5%	3.4%	3.2%	3.2%	6.4%	4.0%	



Recent Rate Increases

The District’s most recent rate increase of \$5 was implemented in January 2026.

User Charges

The District’s current monthly water rate is estimated at \$86.85 compared to the 2024 estimated state median of \$60.61. The District’s average monthly water rate is based on typical residential consumption of 3,300 gallons per month. In addition to the base rate, users pay a monthly capital infrastructure fee of \$20. Users pay a \$57.25 base rate up to 3,000 gallons and a volume charge of \$0.032 per gallon for consumption from 3,001 to 5,000 gallons. From consumption between 5,001 to 7,000 gallons, a \$0.042 per gallon volume charge is applied. For consumption between 7,001 to 10,000 gallons, a \$0.063 per gallon volume charge is applied. For consumption between 10,001 to 13,000 gallons, a \$0.095 per gallon volume charge is applied. For consumption exceeding 13,001 gallons, a \$0.098 per gallon volume charge is applied.

Both residential and commercial users follow the same rate structure.

The District also has a tax-exempt rate structure. Users that fall into this category include the Clear Creek School District. These users are charged a higher rate structure based on the lack of property taxes collected. Users under this category also pay a monthly capital infrastructure fee of \$20. Users pay a \$176 base rate for up to 3,000 gallons and a volume charge of \$0.070 for consumption between 3,001 and 7,000 gallons. For consumption between 7,001 to 10,000 gallons, a \$0.085 per gallon volume charge is applied. For consumption exceeding 10,001 gallons, a \$0.1065 per gallon volume charge is applied.

Contributed Capital

Revenue from tap fees has ranged from \$45,432 to \$115,709 and has averaged 4% of total water revenue during the last five years. The District’s most recent water tap fee rate increase occurred in 2025.

- Residential and commercial water tap fees are \$1,950.

Current System Utilization		
	Usage	Revenue
Residential	92%	85%
Non-residential (per EQR)	8%	15%

Current Fee Summary	
Tap size	Water user/tap fees
¾”	\$86.85/\$1,950
¾”	\$86.85/\$1,950

Property Tax

The District proposes to pay for the loan with property tax revenues. On November 4, 2025, the District secured voter approval for a \$3,000,000 increase in debt with a maximum annual repayment of \$200,000. The ballot issue authorizing the debt and tax increases passed 508 to 109. In 2024, the District’s mill levy was 16.543 compared to the state average of 6.450.

Using the 2024 assessed value of \$43,825,591, a mill levy of increase of 3.704 would be necessary to generate enough revenue for a debt service of \$162,320 if only new property taxes were used to repay the loan.

Property Tax Analysis	2020	2021	2022	2023	2024
Mill levy	17.700	17.700	17.700	18.099	16.543
Assessed Value (000)	31,673	31,900	35,068	34,403	43,825
Property tax revenue	549,378	573,455	619,758	617,671	751,560
%Property tax revenue/total revenue	41%	43%	46%	44%	52%

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2016	Colorado Water Conservation Board	2048	Water System Revenue	\$2,385,324	3.25%	\$144,668
2021	Colorado Water Conservation Board	2054	Water System Revenue	\$3,353,950	2.05%	\$150,784

LOAN COVENANTS: The Lookout Mountain Water District (the “District”) will have to meet the Authority’s 3-month operations and maintenance reserve fund covenant on an annual basis. The District has no existing debt with the Authority, including the SRF programs.

Prepared by: Monica Munoz-Revelo and Victor Chen
 Date: May 12, 2026

Project #141652D-I Cost Categories: <ul style="list-style-type: none"> • Construction – Transmission and Distribution: 90% • Other: 10%
--

May 12, 2026

DWRF Credit Report
Lookout Mountain Water District, Jefferson County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2024	1,273
Number of Water Taps/Customers - 2024	509
Total Assessed Valuation - 2024	\$43,825,000
Actual Value of All Real Property - 2024	\$543,868,000
Median Household Income (MHI) - 2023	\$189,631
Monthly Water Rate - 2024	\$73.80
Water Operating Revenue - 2024	\$780,784
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.]	\$1,799,649
Water Tap and System Development Fee Revenue - 2024	\$46,309
Water Operating Expense - 2024	\$817,130
Water Current Expense - 2024	\$1,007,256
Water Debt - 2024	\$5,739,244
Total Debt - 2024	\$5,739,244
Water Fund Reserves - 2024	\$858,264
Water Debt Service - 2024	\$190,126
New Water Debt [Requested DWRF loan amount.]	\$3,000,000
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	3.50%
New Loan's Annual Water Debt Service (two payments annually)	\$162,320

Current Indicators (2024)				
Lookout Mountain Water District				
(Water)				
1	Total Debt	\$5,739,244	÷ Population	1,273 = \$4,510
	New Debt	\$3,000,000	÷ Population	1,273 = \$2,358
	Total Debt + New Debt	\$8,739,244	÷ Population	1,273 = \$6,868
2	Total Debt	\$5,739,244	÷ Number of Taps	509 = \$11,276
	New Debt	\$3,000,000	÷ Number of Taps	509 = \$5,894
	Total Debt + New Debt	\$8,739,244	÷ Number of Taps	509 = \$17,169
3	Total Debt	\$5,739,244	÷ Assessed Value	\$43,825,000 = 13.10%
	New Debt	\$3,000,000	÷ Assessed Value	\$43,825,000 = 6.85%
	Total Debt + New Debt	\$8,739,244	÷ Assessed Value	\$43,825,000 = 19.94%
4	Total Debt	\$5,739,244	÷ Actual Value	\$543,868,000 = 1.06%
	New Debt	\$3,000,000	÷ Actual Value	\$543,868,000 = 0.55%
	Total Debt + New Debt	\$8,739,244	÷ Actual Value	\$543,868,000 = 1.61%
5	Current Water Debt	\$5,739,244	÷ Number of Taps	509 = \$11,276
	(Current Water Debt + New Water Debt) / Number of Taps	\$17,169	÷ MHI	\$189,631 = 9.05%
6	Current Ratio (CA / CL)			
	Current Assets	\$3,516,232	÷ Current Liabilities	\$2,657,968 = 132%
7	Reserve/Expense Ratio			
	Reserves	\$858,264	÷ Current Expenses	\$1,007,256 = 85%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$780,784	÷ Operating Expenses	\$817,130 = 96%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$1,799,649	-	
	Minus Operating Expenses	\$817,130		
	=	\$982,519	÷ Current Debt Service	\$190,126 = 517%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$982,519		
	Minus Tap and Development Fee Revenue	\$46,309		
	=	\$936,210	÷ Current Debt Service	\$190,126 = 492%
11	Projected Coverage Ratio			
	Total Revenues	\$1,799,649		
	Minus Operating Expenses	\$817,130		
	=	\$982,519	Total Debt Service (with new loan)	\$352,446 = 279%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$982,519		
	Minus Tap and Development Fee Revenue	\$46,309		
	=	\$936,210	÷ Total Debt Service (with new loan)	\$352,446 = 266%
13	Current Debt Service	\$190,126	÷ Number of Taps	509 = \$373.53
	Annual New Water Debt Service	\$162,320	÷ Number of Taps	509 = \$318.90
	2024 Annual Water Rate (Monthly Rate			
14	x 12)	\$885.60	÷ MHI	\$189,631 = 0.47%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	\$1,204.50	÷ MHI	\$189,631 = 0.64%
15	Current 2024 Monthly User Charge			\$57.80
	(Debt Service on DWRF Loan / 2024 Taps / Month)			\$26.58
	Total			\$84.38
16	Operation and Maintenance Reserve			
	Reserves	\$858,264	÷ Operating Expenses	\$817,130 = 105%

DWRF LOAN CREDIT REPORT (2026)

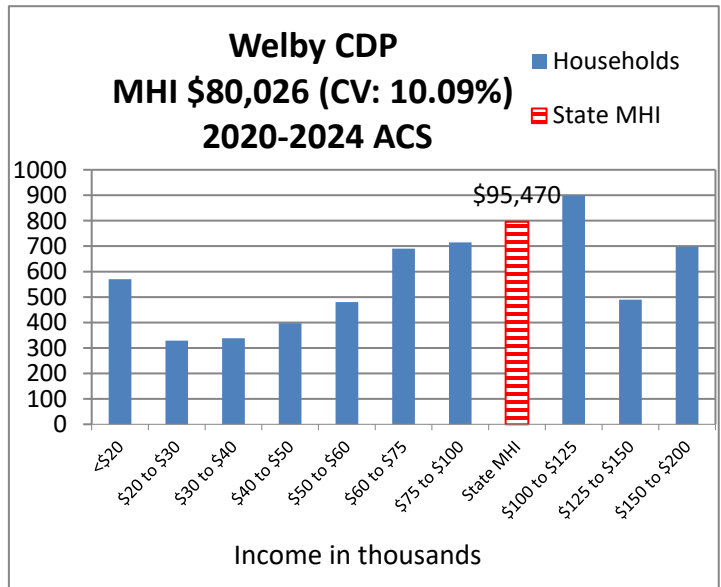
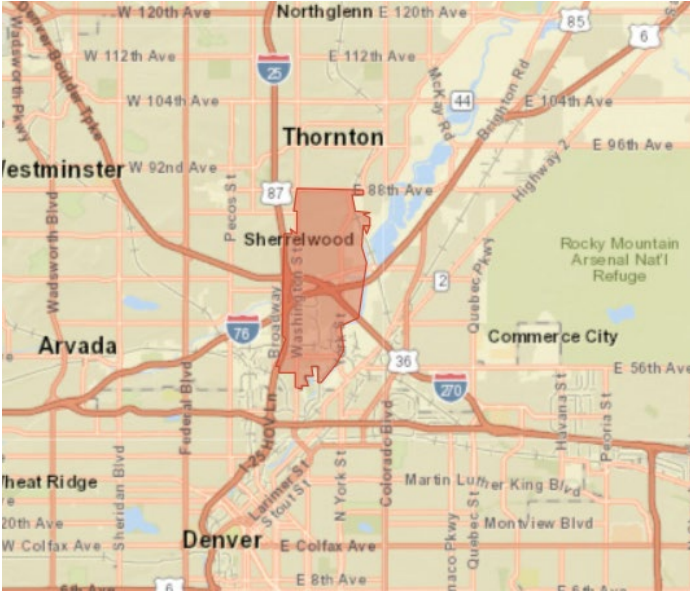
North Washington Street Water and Sanitation District (“The District”), Denver and Adams County

Recommendation:	APPROVAL	<u>Project Budget</u>	
Loan Request:	\$3,000,000	DWRF Loan:	\$3,000,000
Interest Rate & Term:	3.25% & 20 years	Reserves:	\$2,210,000
Annual Debt Service:	\$205,168	Total:	\$5,210,000
Pledge:	Water System Revenue		
Current Rate:	\$66.39		
Estimated Rate Increase:	\$0.00		

PROJECT DESCRIPTION: This project consists of replacements to upgrade water conveyance infrastructure within the District.

COMMUNITY PROFILE:								Avg.
North Washington Street Water and Sanitation District								Annual
	2020	2021	2022	2023	2024	2025	2026	Change
District Population			9,088	9,098	9,103	9,110	9,110	-0.06%
Adams County Population	520,489	523,505	528,201	535,901	543,760			1.10%
Adams County Jobs	290,951	270,414	282,653	292,691	296,759			0.50%
Denver County Population	717,626	711,487	714,747	720,885	728,309			0.37%
Denver County Jobs	566,443	594,807	634,027	651,774	648,245			3.43%
Number of Water Taps			3,635	3,639	3,641	3,644	3,644	0.06%
Number of Sewer Taps			3,588	3,592	3,593	3,599	3,599	0.08%
Assessed Value (\$000)			\$593,257	\$601,496	\$737,745	\$744,507	\$812,254	8.17%
Actual Value (\$000)			\$2,430,151	\$2,460,523	\$3,686,649	\$3,165,944	\$3,640,983	10.64%

BORROWER BRIEF: The District is located approximately 8 miles north of downtown Denver, and primarily in Adams County, with a small portion in the City and County of Denver. It is bordered by East 88th Avenue to the north, East 52nd Avenue to the south, I-25 to the West, and the South Platte River to the east.



RECOMMENDATION: The District serves a residential community in addition to many commercial and industrial customers in Adams County and North Denver. The District is in a strong financial position to take on the proposed loan, and no rate increase is projected to be necessary. We therefore recommend the DWRF Committee approve a \$3,000,000 direct loan to the North Washington Street Water and Sanitation District.

PROJECT SUMMARY:

System summary: The North Washington WSD is located in Adams County, CO and serves approximately 9,110 residents. The North Washington Street WSD receives their water via three separate master meter connections from Denver Water. The distribution system is separated into a northern and southern zone. The northern zone is served by two of the three master meter connections to Denver Water. The current distribution lines were installed in the 1950s and constructed of cast iron.

Reason/need: Over the past five years, the northern zone has experienced multiple main line failures resulting in pressure failure and road damage. The District is preparing to replace the current 10-inch cast iron line with a new 12-inch main line that will ensure reliability of the infrastructure and consistent pressure to residential customers. To limit the impact of construction related road closures and to limit surface disturbances, this project will be completed in two phases.

System Compliance: The North Washington Street Water and Sanitation District has an active water provider's agreement with Denver Water. The project is primarily intended to increase resiliency.

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	78	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			408	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	0	0	195	>\$5,000	\$2,500 - 5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			1,019	>\$5,000	\$2,500 - 5,000	X <\$2,500
Current Water Debt/Tap (\$):	0	0	195	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Water + New Water Debt/Tap (\$):			1,019	>2,000	X \$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	0.00%	0.00%	0.10%	>50%	25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			0.50%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.00%	0.00%	0.02%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.10%	>10%	5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			1.27%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	2,308%	1,693%	1,291%	<100%	100-200%	X >200%
Water Fund Reserves/Current Expense:	312%	429%	268%	<50%	50-100%	X >100%
Water Operating Ratio (OR/OE):	139%	136%	108%	<100%	X 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	N/A	N/A	2,859%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A	N/A	2,228%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			428%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			334%	<110%	110-125%	X >125%
Current Annual Water Rates/MHI:			0.90%	>3.0%	1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			0.97%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			269%	<25%	25-50%	X >50%
Total:			0		2	19

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, nineteen are rated strong, two are average, and none are considered weak. Overall, the indicators illustrate that the system is in a strong financial position to take on the proposed debt without imposing a detrimental debt burden on ratepayers. The average indicators show that the proposed and current debt per tap may be rising, but they remain manageable for ratepayers.

- Based on 2024 financial information, coverage with the proposed loan is 428% with tap fee revenue and 381% without tap fee revenue. No additional revenue is projected to be needed to meet the 110% coverage requirement.
- In 2024, the Water Fund recorded \$1,019,759 in transfers out. This transfer also moved the operating ratio, which was strong in the previous two years, to average. The District confirmed that this transfer out was a one-time allocation of investment funds between the water and sewer funds. When this transfer is excluded, the projected coverage ratio increases to 851% with tap fee revenue and 804% without tap fee revenue. Additionally, excluding this transfer out would increase the operating ratio to a strong 129%, and would increase the already strong operation and maintenance reserve to 321%.
- The current ratio (current assets/current liabilities) indicator decreased vastly from 2022 to 2024 due to the District changing the fund type from a single combined fund to separate Water, Sewer, and General/Administrative Funds

- The operations and maintenance reserve stands at a strong 269%. This indicates that even if the District were to experience unprecedented hardship in its repair and maintenance activities, it would not impose a financial burden on ratepayers and would continue to make its projected payments.
- The District estimates that operations and maintenance expenses will not be significantly impacted as a result of the proposed project.

DESCRIPTION OF THE LOAN:

An estimated \$3,000,000 loan with a twenty-year term with two payments annually at an interest rate of 3.25% will cost the District approximately \$205,168 in debt service annually.

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 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	N/A	0
2a: County Job Change	0.00%	>	32.93%	0
2b: County Unemployment	5.35%	<	4.04%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>	\$80,026	1
	\$119,338	<		
4: Rates to MHI	0.76%	<	1.00%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	66.06%	1
7: % Households Housing Burdened	50.00%	<	43.21%	0
8: % Population under 200% Poverty Level	40.00%	<	30.39%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	39.72%	0
10: Meets DAC criteria	Yes		No	0
Total Points Scored:				3

The District qualifies for IIJA/BIL principal forgiveness under the current criteria, but did not meet the Disadvantaged Community (DAC) criteria. Per policy, entities that do not meet the DAC criteria can access IIJA/BIL funds only once. The District accessed these funds in 2024 through a \$1,600,000 grant/loan combo, receiving \$870,530 in IIJA/BIL principal forgiveness. Therefore, despite increased limits since then, the District is ineligible for additional IIJA/BIL principal forgiveness.

ECONOMIC ANALYSIS: The District has a 2026 population estimated at 9,110 and has declined at an average annual rate of 0.06% since 2022. Adams County has experienced an increase of 1.10% in population since 2020. Denver County has experienced an increase of 0.37% in population since 2020. The state population increased at an average annual rate estimated 0.73%.

As part of the greater Denver region and the Front Range, the region’s economy has jobs across all industry sectors and is dominated by technical professional services, health care and social assistance, hospitality, transportation and warehousing, and local government services.

The District’s largest employers consist of Fiore & Sons, with 1,400 employees; Biose Cascade, with 625 employees; Trustile Doors, with 375 employees; Apollo Mechanical, with 340 employees; and Waste Connections, with 165 employees.

The District does not have any customers that represent more than 3% of the system’s revenues.

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 sell more than 2,000 acre-feet of water per year, and as a Distributer, the District is subject to the Water Use Efficiency Plan submitted by Denver Water to the Colorado Water Conservation Board pursuant to Section 37-60-126 C.R.S. However, Denver Water is out of compliance for an approved plan at this time and will need to submit an amended plan to the Department of Natural Resources (DNR).

Organizational Structure

The District is a Title 31 Article 1 special district governed by a 5-member board of directors’ form of government and was organized in January 1, 1952. The District provides services including police and fire protection, water and wastewater services. Approximately 15 full-time employees staff the water utility. The water utility is overseen by the District Manager, who reports to the Board of Directors.

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

Technical/Managerial/Financial (TMF)

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

Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule through 2040, which anticipates capital outlay of \$142,455,000 to be funded from reserves, system development charges, and rate increases. Funding options will be evaluated annually during budget season. Planned capital projects include the proposed project, other distribution line projects. The District also estimates an additional \$5,094,000 capital outlay for the replacement and introduction of new equipment throughout the same period to be funded through the same sources mentioned above.

Intergovernmental

The District has two IGAs with Denver Water:

- The 2025 Integrated System Agreement (ISD) with the City and County of Denver, acting by and through its Board of Water Commissioners (Denver Water), allows Denver Water and the District to be considered an integrated system per Colorado Primary Drinking Water Regulation 11, which will allow the District to save money on monitoring, recordkeeping, reporting, and other compliance costs. The IGA outlines which responsibilities will be Denver Water's and which will be the District's. The agreement is effective through May 31, 2030, unless extended by mutual written agreement.
- The 2003 Water Service Agreement with the City and County of Denver acting by and through its Board of Water Commissions, to supply the District with all of the potable water necessary for the full development of the service area, making the District a consecutive system to Denver Water. This contract supersedes the Master Meter Distributors Contract Number 192, dated May 17, 1963, and all amendments thereto; and any other water supply contract existing between the parties. This contract shall remain in force until terminated by mutual written agreement.

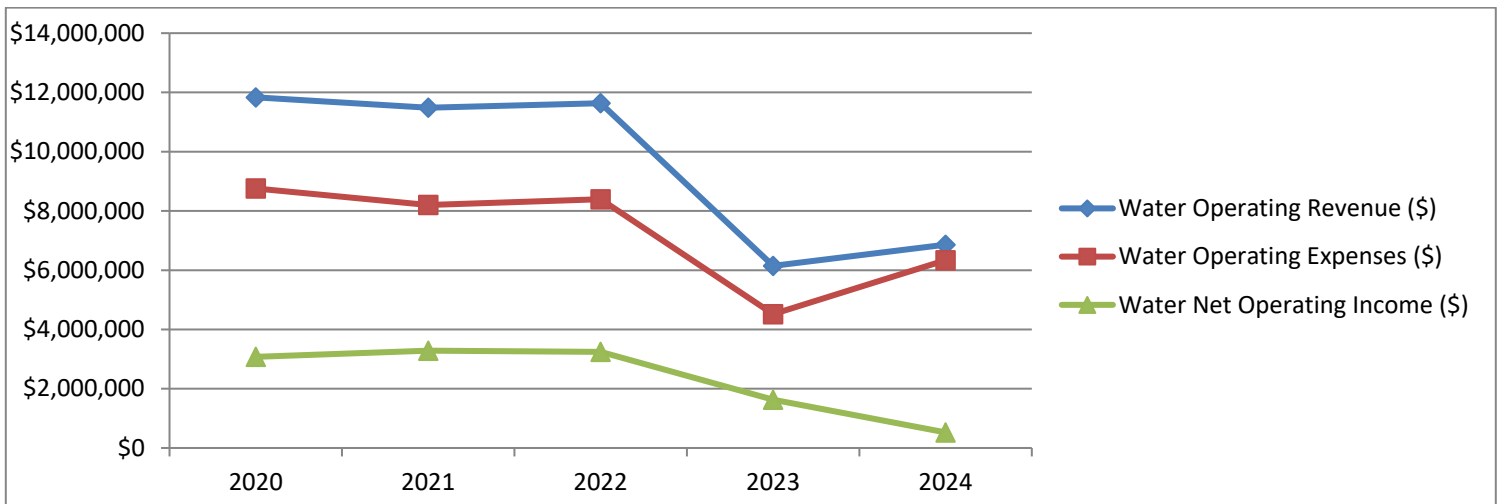
REVENUE ANALYSIS:

Prior to 2023, the District utilized a single fund for all revenues and expenses, which included property tax revenue. Due to the District separating the single fund into Water, Sewer, and General/Administrative Funds in 2023, trends before 2023 and starting 2023 should not be compared directly, and the apparent decrease in revenues and expenses starting 2023 is not relevant to the financial health of the Water Fund. Numbers following the separation of funds are expected to be more consistent moving forward. The District is planning to conduct a full rate study this summer, with the main objective of addressing changes in the construction and water/sanitary markets that have disrupted long-term financial planning. Additionally, the District is moving to a tiered water structure to promote water conservation, has plans to introduce drought restrictions that reduce water consumption, enforce watering restrictions and apply a surcharge from the water provider. Operating revenue has consistently covered expenses, with these averaging 132% of expenses over the past five years examined. Operating expenses increased in 2024 due to a one-time allocation of investment funds between the water and sewer funds and an increased payment to Denver Water for the purchase of wholesale water.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate (\$)	55.41	55.41	55.41	57.64	60.21	63.24	66.39
Monthly Sewer Rate (\$)	39.01	39.01	39.01	41.35	44.33	48.76	51.20
Residential Water Tap Fee (\$)	6,203	6,203	6,203	7,100	7,400	8,140	8,140
Residential Sewer Tap Fee (\$)	5,297	5,297	5,297	6,000	6,200	6,800	6,800

Total Water Revenue (\$)	13,461,499	12,018,563	12,370,109	6,968,088	7,368,479
Tap/Development Fees (\$)	1,027,688	16,944	30,000	227,880	113,950
Property Tax Revenue (\$)	387,646	391,946	457,674	0	0
S.O. Tax Revenue (\$)	28,186	31,582	32,808	0	0
Water Operating Revenue (\$)	11,833,877	11,485,077	11,637,564	6,146,632	6,860,865
Water Operating Expenses (\$)	8,757,787	8,200,669	8,392,613	4,517,385	6,335,312
Water Net Operating Income (\$)	3,076,090	3,284,408	3,244,951	1,629,247	525,553
Water Debt (\$)	0	0	0	0	709,343
Total Debt (\$)	0	0	0	0	709,343
Water Debt Service (\$)	0	0	0	0	36,137
Water Debt Service/Tap/Month (\$)	0.00	0.00	0.00	0.00	0.83
Water Fund Reserves (\$)	24,638,566	26,185,657	26,184,969	19,380,864	17,056,619

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	88%	96%	94%	88%	93%	92%
Operating Revenue as % of Expenses	135%	140%	139%	136%	108%	132%
Tap Fee Revenue as % of Total Revenue	7.63%	0.14%	0.24%	3.27%	1.55%	2.57%



Recent Rate Increases

The District’s most recent rate increase of \$3.15 was implemented in January 2026.

User Charges

The District’s current monthly water rate is estimated at \$66.39 compared to the 2024 estimated state median of \$60.61. The District’s average monthly water rate is based on typical residential consumption of 6,606 gallons per month. Residential users pay a \$45.41 base rate up to 4,000 gallons, plus a volume charge of \$8.05 per 1,000 gallons for exceeding the minimum 4,000 gallons. There is no additional rate structure for residential users.

Commercial users follow a rate structure based on tap size. For 5/8” and 3/4” taps, users pay a minimum monthly charge of \$89.22 for consumption up to 10,500 gallons. For a 1” tap, users pay a minimum monthly charge of \$167.95 for consumption up to 17,500 gallons. For a 1 1/2” tap, users pay a minimum monthly charge of \$326.29 for consumption up to 35,000 gallons. For a 2” tap, users pay a minimum monthly charge of \$559.45 for consumption up to 52,500 gallons. For a 3” tap, users pay a minimum monthly charge of \$1,155.56 for consumption up to 105,000 gallons. For a 4” tap, users pay a minimum monthly charge of \$2,260.99 for consumption up to 210,000 gallons. Regardless of tap size, all users pay a \$8.05 per 1,000 gallons of consumption exceeding the covered base consumption.

The table below shows the commercial structure:

Tap Size	Base Consumption	Minimum Commercial Monthly Charges	Cost Per 1,000 Gallons
5/8”	10,500	\$89.22	\$8.05
3/4”	10,500	\$89.22	\$8.05

1"	17,500	\$167.95	\$8.05
1 1/2"	35,000	\$326.29	\$8.05
2"	52,500	\$559.45	\$8.05
3"	105,000	\$1,155.56	\$8.05
4"	210,000	\$2,260.99	\$8.05

The District’s current base fee is \$51.20 compared to the 2024 estimated state median of \$44.65. The District charges its users a minimum base fee based on meter size. For a 5/8” and 3/4” meter, users are charged \$51.20. The District tracks each customer's water usage through a meter during the winter months (November, December, January) and calculates their average consumption for those months. The winter average monthly consumption is multiplied by the rate of \$2.78 per 1,000 gallons for the remainder of the year.

Commercial users are also charged a minimum base fee based on their meter size. For 5/8” and 3/4” taps, users are charged \$77.89. For a 1” tap, users pay are charged \$93.47. For a 1 1/2” tap, users pay are charged \$109.05. For a 2” tap, users pay are charged \$342.72. For a 3” tap, users pay are charged \$498.49. For a 4” tap, users pay are charged \$650.06. Water usage is tracked during the winter months to determine the average consumption. Each user will have a different average monthly charge for the remainder of the year based on their consumption during the winter months. The average monthly consumption is then multiplied by the rate of \$6.59 per 1,000 gallons. Commercial users are not charged an additional volume charge if they exceed their determined average monthly consumption, as the District assumes that any additional consumption (generally observed during Summer months) is due to irrigation and outdoor use and that the water will not enter the sewer system.

Contributed Capital

Revenue from tap fees has ranged from \$16,944 to \$1,027,688 and has averaged 2.57% of total water revenue during the last five years. The District’s most recent water tap fee rate increase occurred in 2025.

- Residential and commercial water tap fees start at \$8,140 for 3/4” meters and increase with size.
- Residential sewer tap fees are \$6,800 per EQR.
- Commercial sewer tap fees start at \$12,350 for 3/4” meters and increase with size.

Current System Utilization		
	Usage	Revenue
Residential	54%	57%
Non-residential (per EQR)	46%	43%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
3/4"	\$66.39/\$8,140	\$51.20/\$6,800
3/4"	\$89.22/\$8,140	\$77.89/\$12,350

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2024	CWRPDA	2043	Water System Revenue	\$709,343	3%	\$49,251

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 2024 with the Authority. The District has also had no debt service payment issues.

Prepared by: Monica Munoz-Revelo
 Date: May 12, 2026

Project #230352D-I Cost Categories: <ul style="list-style-type: none"> • Planning and Design (non-construction): 12% • Transmission and Distribution (construction): 80% • Other: 8%
--

May 12, 2026

DWRF Credit Report
North Washington Street Water and Sanitation District, Adams and Denver Counties, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2024	9,103
Number of Water Taps/Customers - 2024	3,641
Total Assessed Valuation - 2024	\$737,745,000
Actual Value of All Real Property - 2024	\$3,686,649,000
Median Household Income (MHI) - 2023	\$80,026
Monthly Water Rate - 2024	\$60.21
Water Operating Revenue - 2024	\$6,860,865
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.]	\$7,368,479
Water Tap and System Development Fee Revenue - 2024	\$227,880
Water Operating Expense - 2024	\$6,335,312
Water Current Expense - 2024	\$6,371,449
Water Debt - 2024	\$709,343
Total Debt - 2024	\$709,343
Water Fund Reserves - 2024	\$17,056,619
Water Debt Service - 2024	\$36,137
New Water Debt [Requested DWRF loan amount.]	\$3,000,000
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	3.25%
New Loan's Annual Water Debt Service (two payments annually)	\$205,168

Current Indicators (2024)				
North Washington Street Water and Sanitation District				
(Water)				
1	Total Debt	\$709,343	÷ Population	9,103 = \$78
	New Debt	\$3,000,000	÷ Population	9,103 = \$330
	Total Debt + New Debt	\$3,709,343	÷ Population	9,103 = \$408
2	Total Debt	\$709,343	÷ Number of Taps	3,641 = \$195
	New Debt	\$3,000,000	÷ Number of Taps	3,641 = \$824
	Total Debt + New Debt	\$3,709,343	÷ Number of Taps	3,641 = \$1,019
3	Total Debt	\$709,343	÷ Assessed Value	\$737,745,000 = 0.10%
	New Debt	\$3,000,000	÷ Assessed Value	\$737,745,000 = 0.41%
	Total Debt + New Debt	\$3,709,343	÷ Assessed Value	\$737,745,000 = 0.50%
4	Total Debt	\$709,343	÷ Actual Value	\$3,686,649,000 = 0.02%
	New Debt	\$3,000,000	÷ Actual Value	\$3,686,649,000 = 0.08%
	Total Debt + New Debt	\$3,709,343	÷ Actual Value	\$3,686,649,000 = 0.10%
5	Current Water Debt	\$709,343	÷ Number of Taps	3,641 = \$195
	(Current Water Debt + New Water Debt) / Number of Taps	\$1,019	÷ MHI	\$80,026 = 1.27%
6	Current Ratio (CA / CL)			
	Current Assets	\$18,489,328	÷ Current Liabilities	\$1,432,709 = 1291%
7	Reserve/Expense Ratio			
	Reserves	\$17,056,619	÷ Current Expenses	\$6,371,449 = 268%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$6,860,865	÷ Operating Expenses	\$6,335,312 = 108%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$7,368,479	-	
	Minus Operating Expenses	<u>\$6,335,312</u>		
	=	\$1,033,167	÷ Current Debt Service	\$36,137 = 2859%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$1,033,167		
	Minus Tap and Development Fee Revenue	<u>\$227,880</u>		
	=	\$805,287	÷ Current Debt Service	\$36,137 = 2228%
11	Projected Coverage Ratio			
	Total Revenues	\$7,368,479		
	Minus Operating Expenses	<u>\$6,335,312</u>		
	=	\$1,033,167	Total Debt Service (with new loan)	\$241,305 = 428%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$1,033,167		
	Minus Tap and Development Fee Revenue	<u>\$227,880</u>		
	=	\$805,287	÷ Total Debt Service (with new loan)	\$241,305 = 334%
13	Current Debt Service	\$36,137	÷ Number of Taps	3641 = \$9.93
	Annual New Water Debt Service	\$205,168	÷ Number of Taps	3641 = \$56.35
14	2024 Annual Water Rate (Monthly Rate x 12)	\$722.57	÷ MHI	\$80,026 = 0.90%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	\$778.92	÷ MHI	\$80,026 = 0.97%
15	Current 2024 Monthly User Charge			\$57.64
	(Debt Service on DWRP Loan / 2024 Taps / Month)			<u>\$4.70</u>
	Total			\$62.33
16	Operation and Maintenance Reserve			
	Reserves	\$17,056,619	÷ Operating Expenses	\$6,335,312 = 269%