COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

BOARD PROGRAM WORK SESSION (BPWS) AGENDA

December 3, 2026
3:00 p.m. – 5:30 p.m.

Board Members: Karen Wogsland (Chair), Mike Fabbre, Eric Wilkinson, Steve Vandiver, Chris Treese, Patti Wells, Matt Shuler, Roy Heald, and Bruce Whitehead.

Authority Staff: Keith McLaughlin, Heather Newton, Jim Griffiths, Justin Noll, Wesley Williams, Ian Loffert, and Kevin Carpenter

Others present: Cynthia Thayer (DOLA), Victor Chen (DOLA), Alex Hawley (WQCD), Ron Falco (WQCD, Nicole Rowan (WQCD), Mike Beck (WQCD), Amsale Kassa (WQCD), MaryAnn Nason (WQCD), and Joy Moore (WQCD).

AGENDA

1. Economic Update and Interest Rates for all Authority Loan Programs – discussion and possible action. **(Kevin, Wes)**

2. DAC Criteria Modifications Update – discussion and possible action **(Ian, Victor)**

3. Drinking Water Revolving Fund Sustainability Project – discussion only **(Keith, Jim, Alex)**

4. Planning for possible Joint Meeting with the Water Quality Control Commission and the Colorado Water Conservation Board in 2027 and 2028 – discussion only **(Keith, Nicole)**

COLORADO WATER RESOURCES
POWER DEVELOPMENT AUTHORITY
The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1942
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

December 04, 2026

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

FROM: **Wesley Williams, Finance Director**
Ian Loffert, Assistant Finance Director and Compliance Officer

RE: **Disadvantaged Communities (DAC) Criteria Updates – Final Criteria Selection**

At the August 2026 Board meeting, staff presented detailed options for modifying the existing IIJA/BIL criteria to replace the current existing DAC eligibility criteria with a points-based methodology while still meeting Federal requirements for DAC review methodology. The Board provided feedback and requested further consideration of several issues related to community affordability, data availability (substituting MHV for MHI where possible), project need, and system ownership. The DAC Subcommittee has since evaluated the Board's feedback and refined the proposed criteria. Staff's recommendations are provided below, with additional detail included in the attached memorandum.

Staff Recommendations: Staff recommends continuing development of a points-based DAC methodology developed and used for IIJA and seeks Board approval of the proposed DAC criteria below to be included in the benchmark and weighting analyses. Based on the attached DAC Subcommittee memorandum and review that includes detailed metrics, staff recommends the following:

Broad Criterion Category	Recommendation
Population ≤ 10,000	Retain
Population Growth/Loss	Retain
Jobs/Unemployment	Retain
Median Household Income (MHI)	Retain
Rates as % of MHI	Retain
Minority Population	Retain
Housing-Burdened Population	Retain
Population Below 200% of Poverty Level	Retain
Poverty + Population Over 65	Retain
Median Home Value (MHV)	Retain
Assessed Value per Household	Retain
Current and Projected System Debt per Tap Relative to MHV	Retain
System Full Cost/Required Revenue per Tap Relative to MHI	Retain
Mobile Home Communities	Add

Board Action: Motion to approve the DAC criteria as outlined above to be included in the development of a revised DAC scoring methodology for the post-IIJA SRF.

Next Steps: Upon Board approval of the proposed criteria, staff will conduct data analysis to establish appropriate benchmarks, point allocations, and an overall DAC qualification threshold. Staff will return to the Board with the proposed scoring methodology for review and approval at a future Board meeting. The Business Case process would remain available to address unique circumstances not adequately captured by the proposed criteria.

Attachments: November 2026 DAC Criteria Updates DAC Subcommittee Memo – Final Criteria Selection

MEMORANDUM

To: SRF Committee

From: DAC Subcommittee

Date: November 24, 2026

Re: DAC Criteria Updates - Final Criteria Selection

Background/Reason and Need

After presenting the Authority Board with detailed options for modifying IIJA/BIL criteria to replace existing Disadvantaged Community (DAC) eligibility criteria at the August 2026 Board meeting, the Board discussed several issues. Below is an analysis and recommendations regarding those issues: Median Household Value (MHV) as a direct substitute for Median Household Income (MHI), broader consideration of project need (such as water hauling as a criterion), broader consideration of affordability issues, and a criterion for system ownership. After the issue analysis and recommendations is a list of the proposed criteria which were refined at the direction of the Board.

Staff seeks Board approval of the following proposed criteria. After approval of the criteria, staff will perform data analysis for establishing benchmarks, a number of points associated with each criterion, and a total points threshold for DAC status to be presented for review and approval by the Board.

Issue Analysis and Recommendations

- Median Household Value (MHV) as a direct substitute for Median Household Income (MHI)
    - Background: The Board has expressed concerns with how the existing process deals with applicants that do not have representative data for Median Household Income (MHI) or whose population is too small for the Census Bureau to provide a reliable estimate for MHI. The proposed criteria reduces the relative importance of MHI in making DAC determinations. The Clean Water Act requires states to consider income when formulating affordability criteria so staff believes it would be inconsistent with federal statute to completely remove MHI from the DAC criteria. MHI is used as a proxy to measure income,

and MHV is used as a proxy to measure wealth. While there is a very strong correlation between them, staff does not believe that they are directly substitutable for the purposes of affordability analysis. Every year, DOLA conducts entirely separate analyses for MHI and MHV by comparing each Colorado municipality's MHI to the cost of running its water or wastewater systems as well as its MHV to municipal debt. An example of the difference between MHI and MHV came about during the property tax policy issues earlier this decade. While MHVs were rising due to surging housing demand and rapidly increasing property prices, many individuals and communities expressed that their actual wealth and their ability to afford the cost of living did not improve with the increased assessed value of their homes.

    - Recommendation: The proposed criteria reduce the relative importance of MHI in DAC determinations. MHV is incorporated into multiple proposed DAC criteria. Given the differences in what MHI and MHV measure, staff recommends adopting the proposed criteria as presented without substituting MHV for MHI in all of the criteria.
- Broader consideration of project need (such as water hauling as a criterion)
    - Background: The Authority Board discussed broader consideration of project need or urgency in the context of a lack of a usable water supply (e.g., contamination, hauling water, failing system). The Priority Points scoring system considers similar needs such as inadequate supply, system deterioration, WQCD enforcement, drought resilience, security, among other considerations in order to prioritize projects that address multiple needs when funding is limited.
    - Recommendation: Broader consideration of project needs is incorporated into the Priority Points scoring system to ensure funding for systems that have a lack of usable water supply, as well as other needs. Based on staff understanding of federal statute, DAC criteria should focus on affordability issues, which would be addressed in the proposed criteria that analyze rates compared to housing burden, poverty, age, debt compared to MHV, MHI, and system cost compared to MHI. In cases where the need for a project is not adequately addressed by the DAC criteria or there are other unique need considerations for a project, staff recommends the continued use of the business case process for DAC determinations.
- Broader consideration of affordability issues
    - Background: The Authority Board discussed broader consideration of affordability issues in the context of low population, high project cost, and other extreme need reasons. The most common affordability issue is brought on by a combination of low population and high project cost.
    - Recommendation: Several of the proposed criteria address the number of taps or number of households, as well as considering how the operational cost and indebtedness of borrowers are impacted. These are benchmarked against DOLA's statewide compendium of municipal finances. Projects with high project costs in small communities should meet more of the proposed criteria (such as

debt compared to MHV, rates compared to MHI, and system cost compared to MHI) than other more affordable projects. In rare cases where the affordability for a project is not adequately addressed by the DAC criteria, or there are other unique need considerations for a project, staff recommends the continued use of the business case process for DAC determinations.

- A DAC criterion regarding system ownership
    - Background: Currently, SRF loans can only be made to entities that own and control the water or wastewater system. The SRF program supports system consolidation efforts and has funded several successful projects to tie in smaller systems with larger systems.
    - Recommendation: A consolidation effort, while generally costly, is not, by itself, an indication of affordability issues. High costs of a consolidation project would be measured by several of the proposed criteria below, including rates to MHI, percentage of population living under 200% of the poverty level, current & projected debt to MHV, and system full-cost per tap to MHI or required revenue per tap to MHI. If the cost of a consolidation effort presents affordability issues, staff believes those issues would be reflected in the proposed indicators.

Proposed DAC Criteria

Population Limit

The current population limit for DACs is 10,000. Staff does not recommend changing this threshold because funding small communities remains a priority for the SRF program.

Proposed DAC Criteria

1. Population loss or growth slower than the state's over 5 years (benchmark is 0.61%). (1 point). Total possible score of 1 point.
    a. Data source: State Demography Office population data or number of taps used to estimate population
2. Jobs/Unemployment
    a. County-level job loss over 10-years. (0.5 points)
    b. Counties with ≥ a 24-month average unemployment rate that exceeds the state's plus 1% (benchmark is 4.47%). (0.5 points)
    c. Data source: Bureau of Labor Statistics
3. Median Household Income
    a. Community MHI less than the State MHI (benchmark is $92,470): (1 point)
    b. Community MHI exceeds 125% of the State MHI (benchmark is $115,588): (-1 point).
    c. Data source: Census Bureau American Communities Survey 5-year estimates (ACS)
4. Rates compared to MHI exceed the ratio of estimated annual median rates to state Median Household Income.

   a. Benchmarks are 1.35% for combined sewer and drinking water, 0.79% for water, and 0.56% for sewer. (1 point)
   b. Data source: ACS and DLG Compendium of municipal finances
5. The percentage of the population within a community that identifies as minority. (benchmark is 40%) (1 point)
   a. Data source: ACS
6. The percentage of the population within a community that is housing-burdened. (benchmark is 50%). (1 point)
   a. Data source: ACS
7. The percentage of the population within a community living under 200% of the poverty level. (benchmark is 40%). (1 point)
   a. Data source: ACS
8. Combined percent of population living under 200% of poverty level + percent of population over 65 years is greater than or equal to two-thirds of communities in the state (benchmark is 55%). (1 point)
   a. Data source: ACS
9. Median Home Value (1 point)
   a. Community MHV less than 80% of State MHV (benchmark is $431,520)
   b. Data Source: ACS and County Assessor data
10. Assessed value/household (1 point)
   a. The community's total assessed value is below the median for Colorado municipalities.
   b. Data Source: ACS and County Assessor data
11. Current & projected system debt per tap to MHV (1 point, used for DAC 1/DAC 2)
   a. Debt per tap to MHV is greater than that of the median Colorado municipality.
   b. Data source: ACS and DLG Compendium of municipal finances
12. System full-cost per tap to MHI or required revenue per tap to MHI (1 point, used for DAC 1/DAC 2)
   a. Full cost is greater than the median Colorado municipality or required revenue is greater than the median Colorado municipality.
   b. Data source: ACS and DLG Compendium of municipal finances
13. Mobile home communities (1 point)
   a. Mobile home parks that meet DOLA's definition automatically qualify as a disproportionately impacted community under the state definition. Private mobile home parks are not eligible for SRF funding. At the August 2026 Board meeting, the Board indicated that it was not in favor of using this criterion as an automatic qualifier outside of the points threshold.