

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

PROJECT FINANCE COMMITTEE
MEETING AGENDA

September 25, 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 Loan Applications:

- Bristol Water & Sanitation District (IIJA/BIL Supp.) – Direct Loan Request – Kevin (**Board Action**)
- Town of Saguache (IIJA/BIL Supp.) – Direct Loan Request – Daniel (**Board Action – Staff recommends consent agenda**)
- City of Trinidad (Base) – Supplemental Direct Loan Request – Gio (**Board Action – Staff recommends consent agenda**)

2. WPCRF Loan Applications:

- Cucharas Sanitation & Water District (IIJA/BIL Supp.) – Direct Loan Request – Emma (**Board Action – Staff recommends consent agenda**)
- Town of Hugo (IIJA/BIL Supp.) – Direct Loan Request – Gio (**Board Action**)
- Pagosa Springs Sanitation General Improvement District (IIJA/BIL Supp.) – Direct Loan Request – Ian (**Board Action**)

Note: A Zoom conference call has been scheduled for **Friday, 9:00 a.m. September 25, 2026**. The link to join via online is: <https://us06web.zoom.us/j/89619641367?pwd=5v0s3Oo6Vt6PnsySNbfB18LCuo2jMF.1> If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **896 1964 1367**. The passcode is: **667568**.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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

September 25, 2026

TO: Project Finance Committee and Karl Ohlsen

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

RE: Review of Bristol Water and Sanitation District, Town of Saguache, and City of Trinidad Supplemental Loan Request
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:

Bristol Water and Sanitation District

The Bristol Water and Sanitation District (the "District"), located in Prowers County, is seeking a Disadvantaged Communities ("DAC") Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") General Supplemental direct loan through the DWRF loan program in the total amount of \$1,659,000, (comprised of *\$902,629 in IIJA/BIL Principal Forgiveness ("PF"), and a *\$756,371 IIJA/BIL Loan). This project is to address combined radium for which the District was issued an enforcement order for exceeding the maximum contaminant level (MCL) in their potable water supply. The project consists of installing a new Water Treatment Plant, Hydrous Manganese Dioxide (HMO) equipment, constructing evaporative tanks for the waste stream, and complete site work. The District's project was authorized by SJR 10-004.

Recommendation

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DAC DWRF IIJA/BIL General Supplemental direct loan with the District in the amount of \$1,659,000, (comprised of *\$902,629 in IIJA/BIL PF, and a *\$756,371 IIJA/BIL Loan). The loan will be for a term of 30 years, at an interest rate of 1.75%, subject to increasing rates sufficiently to meet the Authority's coverage ratio requirement prior to loan execution. The Board will consider this request on October 2, 2026.

Town of Saguache

The Town of Saguache (the "Town"), located in Saguache County, is seeking a DAC IIJA/BIL General Supplemental direct loan through the DWRF loan program in the total amount of \$2,500,000, (comprised of *\$1,360,200 in IIJA/BIL PF, and *\$1,139,800 in IIJA/BIL Loan). The project consists of the construction of a new water storage tank, rehabilitation of an existing water storage tank, and distribution system improvements. 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 DAC DWRF IIJA/BIL General Supplemental direct loan with the Town in the total amount of \$2,500,000, (comprised of *\$1,360,200 in IIJA/BIL Principal Forgiveness ("PF"), and *\$1,139,800 in IIJA/BIL Loan). The loan will be for a term of 30 years, at an interest rate of 2.75%. The Board will consider this request on October 2, 2026.

City of Trinidad

The City of Trinidad (the “City”), located in Las Animas County, is seeking a supplemental Base DAC direct loan through the DWRF loan program in the amount of \$1,000,000. The City previously received DWRF funding for this project as a \$3,450,000 direct loan with a 20-year term at an interest rate of 2.50% (comprised of \$2,223,229 in IIJA/BIL PF, and \$1,226,771 in IIJA/BIL Loan). The loan was executed on February 25, 2025. Due to cost adjustments, detailed engineering estimates, and an expanded project scope and requirements the total project cost increased and additional funds are needed to complete the project. This project consists of replacing or rehabilitating four municipal water storage tanks (North, South, Allendale, and Monument Lake Reservoir replacement), upgrading distribution system connections to maintain service continuity during tank repairs, and replacing a critical 1920s-era raw water transmission line. The City’s project was authorized by SB 05-011.

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 City in the amount of \$1,000,000. The loan will be for a term of 20 years, at an interest rate of 2.50%. The Board will consider this request on October 2, 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.

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Attachments: Bristol Water and Sanitation District 2026 DWRF Credit Report
 Town of Saguache 2026 DWRF Credit Report
 City of Trinidad 2026 DWRF Credit Report Update and 2024 DWRF Credit Report

DWRF LOAN CREDIT REPORT (2026)

Bristol Water and Sanitation District ("The District"), Prowers County

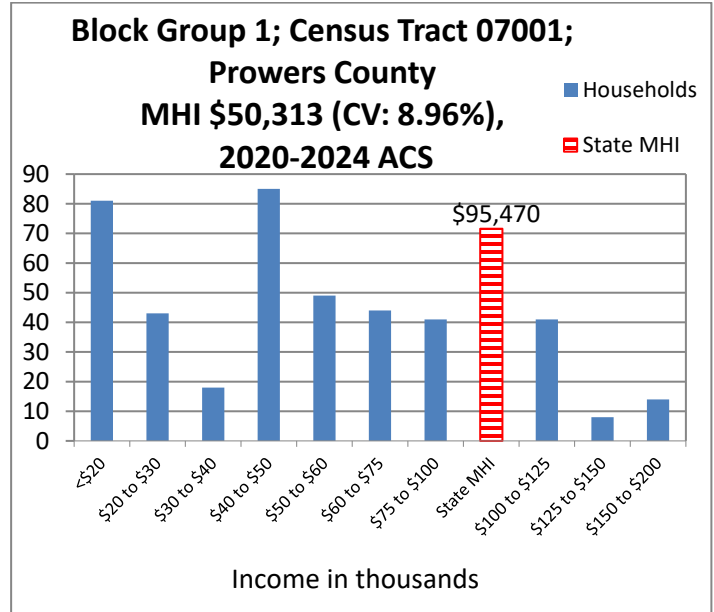
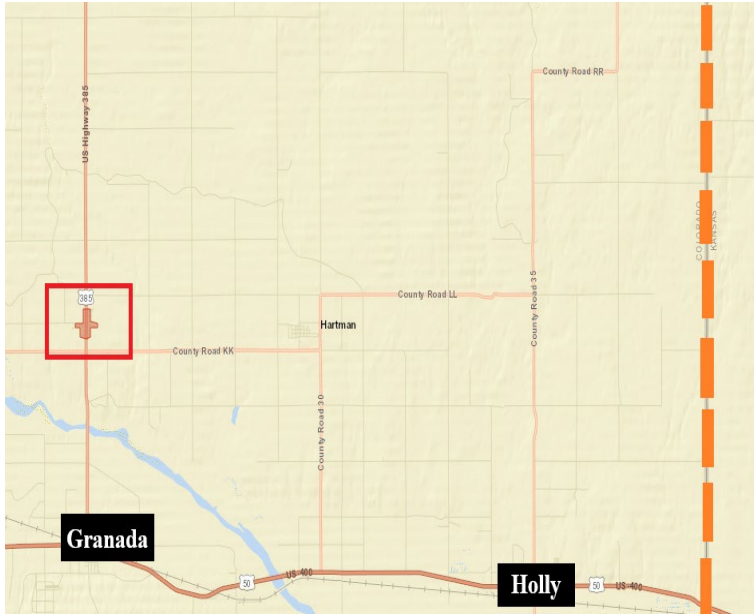
Recommendation:	CONDITIONAL APPROVAL
Loan Request:	\$1,659,000
Interest Rate & Term:	1.75% & 30 Years
Annual Debt Service:	\$32,515
Pledge:	Water and Sewer Revenue
Current Rate:	\$57.57 (Water and Sewer)
Estimated Rate Increase:	\$30.54

<u>Project Budget</u>	
DWRF IJA/BIL Loan:	\$756,371
DWRF IJA/BIL PF:	\$902,629
2026 DOLA EIAF: 2026	\$750,000
Planning Grant:	\$10,000
Total:	\$2,419,000

PROJECT DESCRIPTION: This project is to address combined radium for which the District was issued an enforcement order for exceeding the maximum contaminant level (MCL) in their potable water supply. The project consists of installing a new Water Treatment Plant, Hydrous Manganese Dioxide (HMO) equipment, constructing evaporative tanks for the waste stream, and complete site work.

COMMUNITY PROFILE:								Avg. Annual Change
Bristol Water and Sanitation District	2020	2021	2022	2023	2024	2025	2026	
District Population			158	155	155	158	158	0.00%
Prowers County Population	12,013	11,937	11,825	11,779	11,994			-0.04%
Prowers County Jobs	6,000	6,093	6,309	6,511	6,630			2.53%
Number of Water Taps			63	62	62	63	63	0.00%
Number of Sewer Taps			55	55	56	56	57	0.90%
Assessed Value (\$000)			438	451	386	384	476	2.10%
Actual Value (\$000)			2,087	2,045	1,418	1,433	3,028	9.75%

BORROWER BRIEF: The District serves a small, unincorporated community in the southeastern plains, approximately 19 miles east of Lamar, and approximately six miles west of the Kansas state border.



RECOMMENDATION: The District serves a small rural community in Prowers County. This proposed loan is necessary to return the system to compliance as the District is currently under an Enforcement Order from the CDPHE for exceeding the radium limit. The project is large for the community and comes with substantial rate increases. However, the District is committed to abide by the enforcement order to reduce radium levels and are willing to work with the Authority. We therefore recommend the DWRF Committee approve a \$756,371 disadvantaged communities IJA/BIL direct loan and \$902,629 in IJA/BIL principal forgiveness to the Bristol Water and Sanitation District on the condition rates are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The District's service area is located within Prowers County serving 61 taps with a population estimated at 149 residents. The District receives water from two wells. The water is pumped from the wells to the treatment plant and then delivered to two holding tanks for disinfection contact time using sodium hypochlorite before being sent out to distribution. The District was issued an Enforcement Order by the CDPHE, WQCD on March 28, 2022 for exceeding the maximum contaminant level (MCL) for combined Radium-226 and Radium-228. High levels of Radium-226 and Radium-228 were first observed in 2020.

Reason/need: The District has provided potable drinking water and sanitary sewer services to the community of Bristol since 1951. The District is currently under an Enforcement Order from the CDPHE for exceeding the maximum contaminant level for combined Radium-226 and Radium-228 levels.

System Compliance: The District (CO0150200) has an Enforcement Order (DW.03.22.150200) issued by CDPHE on March 28, 2022 to address exceedance of the combined Radium-226 and Radium-228 maximum contaminant level (MCL). The project is intended to return the system to compliance.

Project Delivery Method: Design/Bid/Build

Contingency: 10% of the total project cost is included as contingency.

CURRENT INDICATORS:	2023	2024	2025	Weak	Average	Strong
Total Debt per Capita (\$):	516	473	430	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			5,310	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	1,290	1,183	1,058	>\$5,000	\$2,500 - 5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			13,064	X >\$5,000	\$2,500 - 5,000	<\$2,500
Current W&S Debt/Tap (\$):	1,290	1,183	1,058	>\$2,000	X \$1,000 - 2,000	<\$1,000
Current W&S + New W&S Debt/Tap (\$):			13,064	X >2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	18%	19%	17%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			214%	X >50%	25-50%	<25%
Total Debt/Actual Value:	3.91%	5.17%	4.65%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			57%	X >10%	5-10%	<5%
Curr. W&S Debt + New Debt/Tap/MHI:			26%	X >20%	10-20%	<10%
W&S Fund Current Ratio (CA/CL):	859%	1,065%	922%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	89%	162%	81%	<50%	X 50-100%	>100%
W&S Operating Ratio (OR/OE):	91%	133%	80%	X <100%	100-120%	>120%
Coverage Ratio (TR-OE)/DS:	77%	315%	-55%	X <110%	110-125%	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	77%	315%	-55%	X <110%	110-125%	>125%
Coverage Ratio with New Loan:			-9%	X <110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			-9%	X <110%	110-125%	>125%
Current Annual Water Rates/MHI:			1.37%	>3.0%	1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			2.40%	>3.0%	X 1.5-3.0%	<1.5%
Operation and Maintenance Reserve:			90%	<25%	25-50%	X >50%
Total:				11	3	7

FINANCIAL ANALYSIS: Of the twenty-one indicators calculated, seven are rated strong, three are average, and eleven are considered weak. Overall, the indicators illustrate a system that is currently in sound financial condition on an existing debt basis, but the proposed debt would place a heavy burden on the community's ratepayers. Strong indicators reflect low existing debt relative to system size, affordable rates compared to median household income, and a solid operations and maintenance reserve. Weak indicators highlight the substantial impact of the proposed debt, which is large relative to the district's customer base and may create affordability challenges for ratepayers on a long-term basis.

- The operating ratio fell from 133% in 2024 to 80% in 2025. An increase in expenditure led to a decrease in this ratio, driven by higher maintenance and operating services costs that were not included in the 2024 audited numbers.
- The water and sewer Fund has a strong current ratio of 922% and a strong operations and maintenance reserve of 90%.
- Based on 2025 financial information, coverage with the proposed loan is -9%. Additional annual revenue of about \$46,741, or \$61.83 per tap per month, would increase the coverage ratio to 110%.
- The District is eligible to receive \$902,629 in IJJA/BIL principal forgiveness. Without principal forgiveness, the coverage ratio moves to -5%. Additional annual revenue of about \$89,896, or \$118.91 per tap per month, would be needed to meet the coverage ratio requirement.

- The District incurred a one-time expense of \$15,350 in 2025 for the replacement of a well pump and motor. When that expense is removed, the coverage ratio for the proposed loan is 30%. Additional revenue of approximately \$31,391, or \$41.52 per tap per month, would increase the coverage ratio to the needed percentage when accounting for principal forgiveness.
- Without principal forgiveness and the removal of the one-time expense, the coverage ratio moves to 15%. Additional annual revenue of about \$74,546, or \$98.61 per tap per month, would be needed to meet the coverage ratio requirement.
- The District passed a resolution in August that increased base rates and volume charges by \$10.98 for typical residential consumption, effective in October. With this adjustment, the removal of the one-time expense, and accounting for principal forgiveness, the projected rate increase drops to \$30.54 when including principal forgiveness, and \$87.63 when excluding it.
- The District plans to redirect property tax revenues, which are used for insurance, legal fees, office expenses, and contract employee expenses, from the enterprise fund into the General Fund, thereby reducing the enterprise's overall revenue and expenses. As a result, based on 2025 financial data, after removing property tax revenue, expenses related to those stated above, and the one-time expense, the coverage ratio for the proposed loan is 36%. Additional annual revenue of approximately \$28,928, or \$38.26 per tap per month, would be needed when accounting for principal forgiveness. Without principal forgiveness, additional annual revenue of approximately \$72,083, or \$95.35 per tap per month, would be needed.
- When considering the removal of property tax revenue, expenses related to those paid through property tax in the enterprise fund, the one-time expense, and the total increase in base rates and volume charges for typical residential consumption based on the August 2026 resolution, the per-tap estimated rate increase decreases to \$27.28 when including principal forgiveness, and \$84.37 when excluding it.

Additional Project Financing

The District received a planning grant for \$10,000, which was awarded in January 2026. The District also submitted an application for an Energy/Mineral Impact Assistance (EIAF) grant for \$750,000, which was awarded in May 2026.

DESCRIPTION OF THE LOAN:

An estimated \$756,371 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the District approximately \$32,515 in debt service annually. The District also qualifies for \$902,629 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	>=	\$50,313	Y
P2: MHV	\$431,520	>=	\$176,000	Y
P3: County Unemployment	5.35%	<=	3.15%	N
County Job Change	0.00%	>=	14.30%	N
S1: County MHI	\$76,376	>=	\$53,508	Y
S2: Ten Year % Change in Population	0.00%	>=	N/A	N/A
S3: Assessed Value per Housing unit	\$24,337	>=	\$6,198	Y
S4b: Curr. and Proj. System Debt	0.21%	<	15.56%	Y
S4b: 80th Percentile	0.77%	<	15.56%	Y
S5b: Proj. System Cost Per Tap to MHI	0.98%	<	6.08%	Y
S5b: 80th Percentile	1.58%	<	6.08%	Y

Based on 2020-2024 American Community Survey data, the District 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 nine points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	0.00%	1
2a: County Job Change	0.00%	>	14.30%	0
2b: County Unemployment	5.35%	<	3.15%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>	\$50,313	1
	\$119,338	<		
4: Rates to MHI	0.76%	<	1.37%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	40.36%	1
7: % Households Housing Burdened	50.00%	<	21.66%	0
8: % Population under 200% Poverty Level	40.00%	<	41.43%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	59.28%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				9

The District 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 District qualifies for approximately \$902,629 in principal forgiveness, leaving an estimated loan of \$756,371.

ECONOMIC ANALYSIS: Based on the State Demographer's estimate of 2.5 people per tap, the District has a 2026 population estimated at 158, which has remained consistent since 2022. Prowers County has experienced a decrease of 0.04% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The region's economy is dominated by agriculture, forestry, fishing, and hunting. Additional base industries include local government; retail trade; health care and social assistance; accommodation and food services. The area's largest employers consist of Prowers County, with 225 employees; Prowers Medical Center, with 200 employees; Lamar Community College, with 123 employees; High Plains Community Health Center, with 120 employees; and Dragon Products (industrial equipment manufacturer), with 100 employees.

The District does have customers who account for more than 3% of the system's total revenue. These are: Tracy Jensen, with 3.65% of the system's total revenue; Craig Shomaker, with 3.57%; and Connie DeForest, with 3.88%.

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 1966. The District only provides water and wastewater services. The utility does not have any full-time employees that staff the water utility. All individuals who perform work for the District (i.e., bookkeeper, meter reader, and the operator responsible charge (ORC)) are classified as contract workers. Additional oversight is provided by the board members, who are paid a nominal director fee. The water utility is overseen by the operator responsible charge (ORC) who reports to 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 Addison Insurance.
- 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

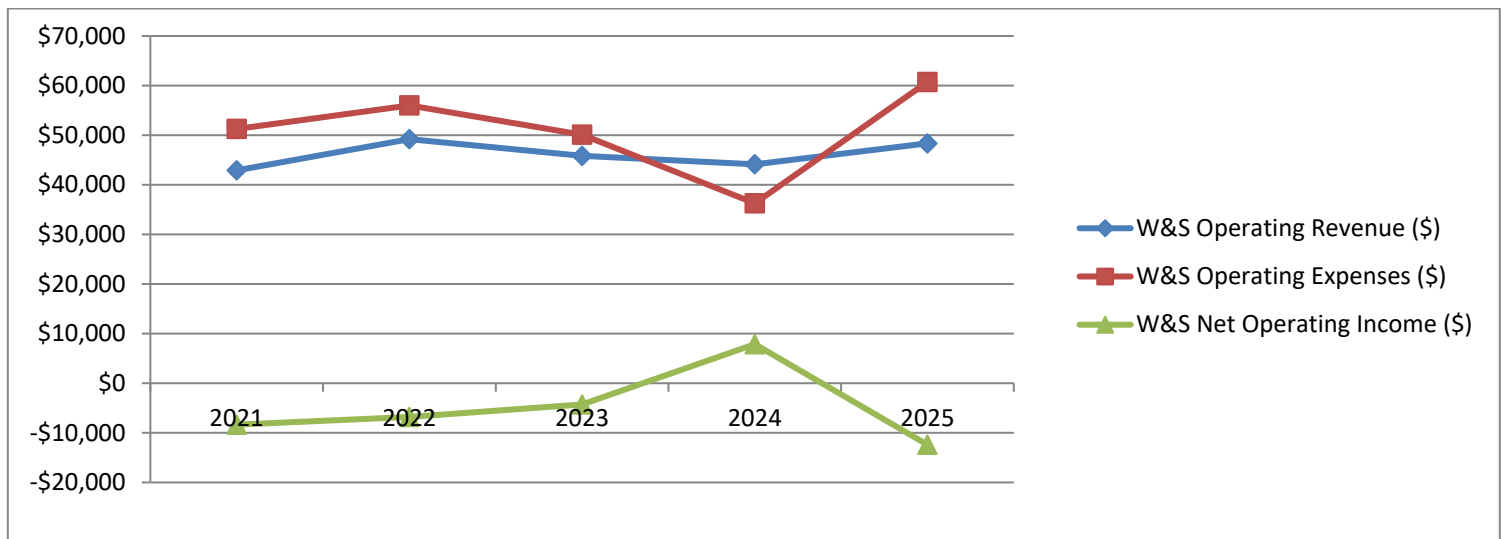
As part of the application process, the District submitted a capital improvement schedule through 2050, which anticipates capital outlay of \$35,000 for the replacement of treatment media and Water Treatment Plant feed pumps, to be funded from reserves.

REVENUE ANALYSIS:

Operating expenses have increased over the last five years due to higher electricity costs and quarterly radium laboratory water testing requirements (per the current CDPHE enforcement order). A billing error made expenses appear lower in 2024: the District charged the full amount for chlorine, which is used to meet CDPHE standards, in 2025 instead of splitting the cost between 2024 and 2025. The audit also excluded expense increase adjustments for insurance and the hiring of a new operator, who required higher fees. Thus, the expenses for 2025 appeared much higher than those seen in 2024. Moreover, there was a one-time expense for the replacement of a well pump, which further increased expenses.

TRENDS	2021	2022	2023	2024	2025	2026
Monthly Water and Sewer Rate (\$)	52.57	57.57	57.57	57.57	57.57	57.57
Residential Water Tap Fee (\$)	1,500	1,500	1,500	1,500	1,500	1,500
Mill Levy	18.090	18.059	18.008	18.497	18.908	
Total W&S Revenue (\$)	51,370	58,238	55,264	54,122	57,095	
Tap/Development Fees (\$)	0	0	0	0	0	
Property Tax Revenue (\$)	7,599	8,019	9,129	9,143	8,453	
S.O. Tax Revenue (\$)	843	827	0	0	0	
W&S Operating Revenue (\$)	42,910	49,197	45,836	44,138	48,344	
W&S Operating Expenses (\$)	51,260	56,008	50,104	36,265	60,736	
W&S Net Operating Income (\$)	-8,350	-6,811	-4,268	7,873	-12,392	
W&S Debt (\$)	93,333	86,667	80,000	73,334	66,667	
Total Debt (\$)	93,333	86,667	80,000	73,334	66,667	
W&S Debt Service (\$)	6,667	6,666	6,667	6,666	6,667	
W&S Debt Service/Tap/Month (\$)	8.96	8.82	8.96	8.96	8.82	
W&S Fund Reserves (\$)	49,638	45,066	50,617	64,338	54,784	

Ratios	2021	2022	2023	2024	2025	Average
Operating Revenue as % of Total Revenue	84%	84%	83%	82%	85%	83%
Operating Revenue as % of Expenses	84%	88%	91%	122%	80%	93%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Recent Rate Increases

The District's most recent rate increase of \$5.00 was implemented in 2022.

User Charges

The District's current monthly water and sewer rate is estimated at \$57.57 compared to the 2024 estimated state median of \$60.61. The District's average monthly water and sewer rate is based on typical residential water consumption of 9,887 gallons per month. Residential users pay a \$50 base rate up to 5,000 gallons and a volume charge of \$1.55 per 1,000 gallons for any consumption over the minimum amount. Commercial users follow the same structure.

Contributed Capital

The District has not received revenue from tap fees during the last five years. The District's most recent water tap fee rate increase occurred in 2016.

- Residential and commercial water tap fees are \$1,500.
- The District does not charge a residential or commercial sewer tap fee.

Current System Utilization		
	Usage	Revenue
Residential	99.52%	98.75%
Non-residential (per EQR)	0.48%	1.25%

Current Fee Summary	
Tap size	Water and Sewer user/tap fees
¾"	\$57.57/\$1,500
¾"	\$57.57/\$1,500

DEBT as of December 31, 2025

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2006	CWRPDA	2035	Water Enterprise	\$66,667	0.00%	\$6,666

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

- The District has met the O&M reserve fund covenant for its DWRf loan, dated 2006, for the last 5 years. It has been out of compliance with the Authority's rate covenant 3 out of the last 5 years.

Prepared by: Monica Munoz-Revelo
Date: September 8, 2026

Project #140291D-A,
Cost Categories:

- Construction – Treatment: 77.3%
- Planning and Design Only (non-construction): 15.2%
- Other: 7.1%
- Land Acquisition: 0.4%

September 8, 2026	
DWRF Credit Report Bristol Water and Sanitation District, Prowers County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	155
Number of Water Taps/Customers - 2025	63
Total Assessed Valuation - 2025	\$384,000
Actual Value of All Real Property - 2025	\$1,433,000
Median Household Income (MHI) - 2024	\$50,313
Monthly Water Rate - 2025	\$57.57
Water Operating Revenue - 2025	\$48,344
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.]	\$57,095
Water Tap and System Development Fee Revenue - 2025	\$0
Water Operating Expense - 2025	\$60,736
Water Current Expense - 2025	\$67,403
Water Debt - 2025	\$66,667
Total Debt - 2025	\$66,667
Water Fund Reserves - 2025	\$54,784
Water Debt Service - 2025	\$6,667
New Water Debt [Requested DWRF loan amount.]	\$756,371
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual Water Debt Service (two payments annually)	\$32,515

Current Indicators (2025) Bristol Water and Sanitation District (Water)					
1	Total Debt	\$66,667	÷	Population	155 = \$430
	New Debt	\$756,371	÷	Population	155 = \$4,880
	Total Debt + New Debt	\$823,038	÷	Population	155 = \$5,310
2	Total Debt	\$66,667	÷	Number of Taps	63 = \$1,058
	New Debt	\$756,371	÷	Number of Taps	63 = \$12,006
	Total Debt + New Debt	\$823,038	÷	Number of Taps	63 = \$13,064
3	Total Debt	\$66,667	÷	Assessed Value	\$384,000 = 17%
	New Debt	\$756,371	÷	Assessed Value	\$384,000 = 197%
	Total Debt + New Debt	\$823,038	÷	Assessed Value	\$384,000 = 214%
4	Total Debt	\$66,667	÷	Actual Value	\$1,433,000 = 4.65%
	New Debt	\$756,371	÷	Actual Value	\$1,433,000 = 53%
	Total Debt + New Debt	\$823,038	÷	Actual Value	\$1,433,000 = 57%
5	Current Water Debt	\$66,667	÷	Number of Taps	63 = \$1,058
	(Current Water Debt + New Water Debt) / Number of Taps	\$13,064	÷	MHI	\$50,313 = 26%
6	Current Ratio (CA / CL)				
	Current Assets	\$61,450	÷	Current Liabilities	\$6,666 = 922%
7	Reserve/Expense Ratio				
	Reserves	\$54,784	÷	Current Expenses	\$67,403 = 81%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$48,344	÷	Operating Expenses	\$60,736 = 80%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$57,095	-		
	Minus Operating Expenses	\$60,736			
	=	-\$3,641	÷	Current Debt Service	\$6,667 = -55%
	Coverage Ratio Excluding Tap and				
10	Development Fee Revenue	-\$3,641			
	Minus Tap and Development Fee Revenue	\$0			
	=	-\$3,641	÷	Current Debt Service	\$6,667 = -55%
11	Projected Coverage Ratio				
	Total Revenues	\$57,095			
	Minus Operating Expenses	\$60,736			
	=	-\$3,641		Total Debt Service (with new loan)	\$39,182 = -9%
	Projected Coverage Excluding Tap and				
12	Development Fee Revenue	-\$3,641			
	Minus Tap and Development Fee Revenue	\$0			
	=	-\$3,641	÷	Total Debt Service (with new loan)	\$39,182 = -9%
13	Current Debt Service	\$6,667	÷	Number of Taps	63 = \$105.83
	Annual New Water Debt Service	\$32,515	÷	Number of Taps	63 = \$516.11
	2025 Annual Water Rate (Monthly Rate				
14 x 12)		\$690.84	÷	MHI	\$50,313 = 1.37%
	2025 Annual Water Rate + New Annual				
	Debt Service Per Tap	\$1,206.95	÷	MHI	\$50,313 = 2.40%
15	Current 2025 Monthly User Charge				\$57.57
	(Debt Service on DWRF Loan / 2025 Taps / Month)				\$43.01
	Total				\$100.58
16	Operation and Maintenance Reserve				
	Reserves	\$54,784	÷	Operating Expenses	\$60,736 = 90%

2026 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$	1,659,000
Interest Rate:		3.25%
Term (years):		20
Annual Payment:	\$	113,458

Applicant:	Bristol Water and Sanitation 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

		Benchmark	Applicant	Result	Notes on Data Used
Current Population (2024)	<=	10,000	155	Y	
Population 5 years ago (2020)			155		
Poulation 10 years ago (2015)					

Primary Factors

P1	MHI (Place)	<=	\$	76,376	50,313	Y	Block group
	Margin of Error (MOE)	±			7,416		
P2	MHV (Place)	<=	\$	431,520	176,000	Y	Block group
	Margin of Error (MOE)	±			104,942		
P3	24 Month Unemployment (County)	>=		5.35%	3.15%	N	
	or 10 Year % Chng. Jobs (County)	<=		0.00%	14.30%	N	
	Jobs (2024)				5,955		
	Jobs (2015)				5,210		

Priority Factor Count	2
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Secondary Factors

S1	MHI (County)	<=	\$	76,376	53,508	Y		
	Margin of Error (MOE)	±			8			
S2	10 Year % Chng. Population	<=		0.00%	N/A	N		
S3	Assessed Value / Housing Unit	<=	\$	24,337	\$6,198	Y	Used taps to estimate housing units	
	Assessed Value				384,295			
	Total Housing Units				62			
S4	Current Debt / Tap / MHV	>		0.21%	0.60%	Y	If MHV CV > 18%, calculate result at top of band	Result
W	Current + Projected Debt/Tap/MHV	>		0.21%	15.56%	Y		
	S4b 80th percentile			0.77%	15.56%	Y		
S5	System Full Cost / Tap / MHI	>		1.11%	1.92%	Y	If MHI CV > 18%, calculate result at top of band	Result
	Projected Rate @ 110% Coverage	>		0.98%	6.08%	Y		
	S5b 80th percentile			1.58%	6.08%	Y		

Secondary Factor Count	4
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System Data for S4 and S5: To be completed by DLG

Taps or EQR's	63
Total Debt	66,667
Principal & Interest	6,667
Operating Expenses (including operating transfers out)	60,736
Depreciation	0

WPCRF & DWRF					
		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.73%	0.00%	1.0	2026 v. 2022
	Current Population (2026)		158		
	Poulation five years ago (2022)		158		
2a	10 Year % County Job Change	>= 0	14.30%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.35%	3.15%	0.0	
3	Median Household Income	<= \$ 95,470	50,313	1.0	
		>= \$ 119,338		0.0	
4	Rates compared to MHI	> 0.76%	1.37%	1.0	
W	Monthly Residential Rate	>	57.57		
			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%	40.36%	1.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	21.66%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	41.43%	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%	59.28%	1.0	
	% Population over 65 years old		17.85%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				9.0	



Principal Forgiveness and Priority Point Scoring

Applicant: Bristol Water and Sanitation District
DWRP or WPCRF: DWRP

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: 54.408%,

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$902,629

Base DWRP Principal Forgiveness Scoring

DWRP

Water Quality & Public Health + CPDWR Compliance:	65
DOLA Affordability Score:	115
Total Score	180

Eligible as a base program DAC? Yes

Eligible base program DWRP principal forgiveness percentage: 80%

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

Priority Point Scoring

Total WQCD Score:	75
DOLA Affordability Score:	115
Total Score:	190

2026 IUP DWRF Priority Point Calculations		
	Entity Name:	Bristol Water and Sanitation District
	Date of Scoring	8/10/2026
	SRF Phase:	Loan app
	DOLA Score:	115
	DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

		Points	Entity Value	
P1	MHI		\$50,313	53%
	<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)		1.92%	
	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 x		
S4a	Current water debt per tap compared to MHV		0.60%	
	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		158	
	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		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		6,198	
	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:	10/21/2025	Project Manager	ES Review Engineer	DOLA Representative					
PNA Date Score:	3/10/2026	Siobhan Yoest	Steven Daniels	Monica Muñoz-Revelo					
Project Name:	Bristol Water & Sanitation District								
SRF Project Number:	140291D-A								
ES PQ Project Number:	259727								
ES PNA Project Number:	259995								
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.	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	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).		
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		35	35	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)	20	0	0		PQ/PNA	Engineering Section	Give points to systems reclassified to GWUDI that are under the 18 month clock.		
• Surface water.									
• GWUDI.									
• Groundwater.									
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/BIO related to pressure loss. If chronic low pressure as noted by the acute team or sanitary survey or more than one BWO/BIO 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	
• 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.	RPT Tracker - BWO/BIO Portal Acute Tracking	
• 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		35	35						
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 =		115	115			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	30	30		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 vicos related to the project. Give points if a warning letter has been issues or if there is other correspondence from CAS.	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	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.		
System is currently meeting all CPDWRs.	10	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.	Regulation 11 and/or check the priority contaminated in the WQCD annual report	
Total CPDWR Compliance		30	30						
Total Additional Subsidy Points =		180	180				(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):	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.	I/ISWAP-Protection Phase/SWAP Protection Plans/Substantially Implemented	
• 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	0		PQ/PNA	Engineering Section	If they are working on a plan or you aren't sure, then check with Kristen Hughes or Robert Murphy. 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	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				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 HMMWD (either Michael Bankoff michael.bankoff@state.co.us or our Customer Technical Assistance line at 303-692-3320 or comments.hmmwd@state.co.us) to check with them before granting points. HMMWD 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 SCCR1003-7.								
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		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		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	0		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	0		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		185	190					
Yes								
No								

DWRF LOAN CREDIT REPORT (2026)

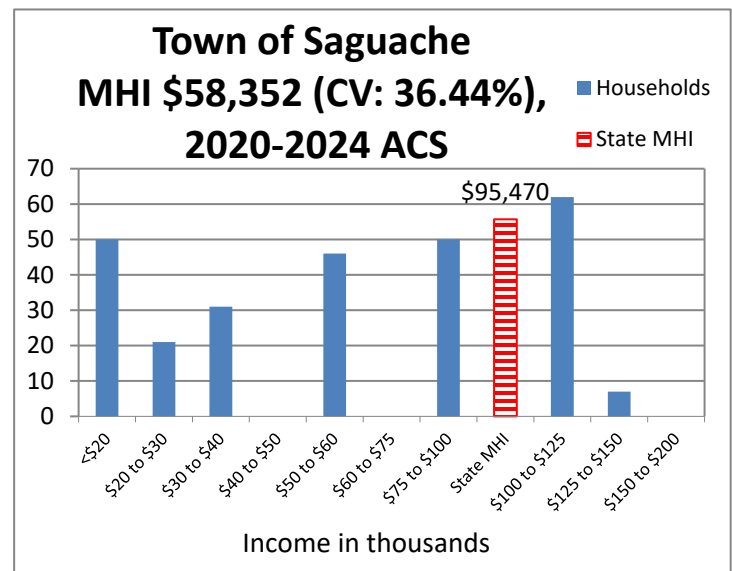
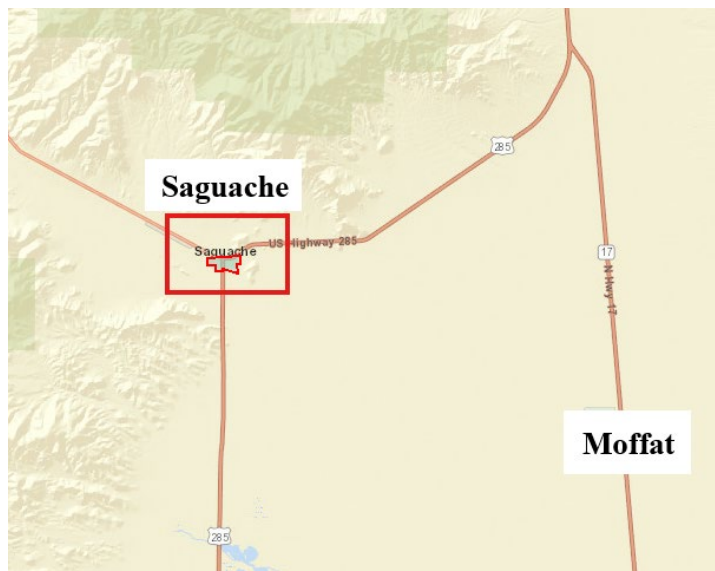
Town of Saguache ("The Town"), Saguache County

Recommendation:	APPROVAL	Project Budget	
Loan Request:	\$2,500,000	DWRF IIA/BIL Loan:	\$1,139,800
Interest Rate & Term:	2.75% & 30 years	DWRF IIA/BIL Principal Forgiveness:	\$1,360,200
Annual Debt Service:	\$56,043	2025 D&E Grant:	\$160,000
Pledge:	Water and Sewer System Revenue	2025 DOLA EIAF:	\$600,000
Current Rate:	\$50.00 (W), \$38.00 (S)	Total:	\$3,260,000
Estimated Rate Increase:	\$0.00		

PROJECT DESCRIPTION: The project consists of the construction of a new water storage tank, rehabilitation of an existing water storage tank, and distribution system improvements.

COMMUNITY PROFILE:								Avg. Annual Change
Town of Saguache	2020	2021	2022	2023	2024	2025	2026	Change
Town Population	530	533	530	527	522			-0.38%
Saguache County Population	6,391	6,509	6,623	6,683	6,682			1.12%
Saguache County Jobs	2,669	2,800	2,775	2,982	3,153			4.25%
Number of Water Taps			441	441	441	441	473	1.77%
Number of Sewer Taps			431	431	431	431	463	1.81%
Assessed Value (\$000)			3,178	3,100	3,399	3,391	5,159	12.88%
Actual Value (\$000)			30,391	30,377	32,162	31,667	59,157	18.12%

BORROWER BRIEF: The Town is located in the south-central region of the State, at the northern gateway to the San Luis Valley. It is positioned at the intersection of U.S. Route 285 and Colorado State Highway 114. As the county seat of Saguache, the Town lies approximately 14 miles west-northwest of Moffat and 53 miles south of Alamosa.



RECOMMENDATION: The Town serves a small, rural/agricultural community in the San Luis Valley. This proposed loan is necessary to begin the initial phase of replacing the Town's water system, starting with a new tank and upgraded valves to enable safer maintenance, prevent acute system failures, and streamline future improvements. Although the Town's debt burden is high for its size (per capita and per tap), it has proactively raised rates over the past decade in preparation for this project and will continue these adjustments as needed to cover expenses and debt service. The system is financially positioned to take on the proposed debt without requiring further rate increases to meet loan covenants. We therefore recommend the DWRF Committee approve a \$1,139,800 IIA/BIL disadvantaged communities' direct loan and \$1,360,200 in IIA/BIL principal forgiveness to the Town of Saguache.

PROJECT SUMMARY:

System summary: The Town's water system was constructed between 1966 and 1969, with much of the original infrastructure still in use today. The system is composed of two potable water wells and pump houses with chlorination disinfection systems. Treated water is metered and pumped to a 100,000-gallon steel water storage tank. The tank is in need of recoating both inside and outside. Water exits the tank through an 8" ductile iron transmission main and is then distributed through 36,000 lineal feet of water distribution pipe, mostly made up of 6" and 4" asbestos cement pipe, some vitrified clay pipe, and some PVC pipe. The distribution system includes 84 system control valves and 64 fire hydrants. The Town does not have customer water meters.

Reason/need: The Town intends to complete an entire water system replacement in phases. With only one water tank, an acute situation would occur if this tank went offline for any reason. This would cause low pressure throughout the entire system, and because of the lack of isolation valves, the whole distribution system would need to be purged and disinfected following the event. Once completed and put into service, the new water tank for this phase will enable rehabilitation of the existing tank. Many of the distribution system gate valves function poorly and some have completely failed. New valves are needed to properly isolate segments of the distribution system for routine maintenance and emergency repairs. This phase is intended to replace valves, hydrants and specific sections of failing distribution system piping that are experiencing excessive leakage.

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

Project Delivery Method: Design/Bid/Build.

Contingency: 13.6% of the total project cost is included as contingency.

CURRENT INDICATORS:	2023	2024	2025	Weak	Average	Strong
Total Debt per Capita (\$):	3,029	2,935	2,813	X >\$2,000	_____	_____ <\$1,000
Total + New Debt/Capita (\$):			4,997	X >\$2,000	_____	_____ <\$1,000
Total Debt/Tap (\$):	3,619	3,475	3,330	_____ >\$5,000	X	_____ <\$2,500
Total Debt + New Debt/Tap (\$):			5,914	X >\$5,000	_____	_____ <\$2,500
Current W&S Debt/Tap (\$):	3,619	3,475	3,330	X >\$2,000	_____	_____ <\$1,000
Current W&S + New W&S Debt/Tap (\$):			5,914	X >2,000	_____	_____ <\$1,000
Total Debt/Assessed Value:	51%	45%	43%	_____ >50%	X	_____ <25%
Total Debt + New W&S Debt/Assessed Value:			77%	X >50%	_____	_____ <25%
Total Debt/Actual Value:	5.25%	4.76%	4.64%	_____ >10%	_____	X <5%
Total Debt + New W&S Debt/Actual Value:			8.24%	_____ >10%	X	_____ <5%
Curr. W&S Debt + New Debt/Tap/MHI:			10%	_____ >20%	X	_____ <10%
W&S Fund Current Ratio (CA/CL):	757%	811%	801%	_____ <100%	_____	X >200%
W&S Fund Reserves/Current Expense:	138%	142%	143%	_____ <50%	_____	X >100%
W&S Operating Ratio (OR/OE):	134%	125%	119%	_____ <100%	X	_____ >120%
Coverage Ratio (TR-OE)/DS:	135%	124%	178%	_____ <110%	_____	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	135%	124%	91%	X <110%	_____	_____ >125%
Coverage Ratio with New Loan:			95%	X <110%	_____	_____ >125%
Coverage Ratio with New Loan Excluding Tap Fees:			49%	X <110%	_____	_____ >125%
Current Annual Water Rates/MHI:			0.86%	_____ >3.0%	_____	X <1.5%
Current Water Rates + New W&S Debt Service/MHI:			1.08%	_____ >3.0%	_____	X <1.5%
Operation and Maintenance Reserve:			175%	_____ <25%	_____	X >50%
Total:				9	5	7

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, seven are rated strong, five are average, and nine are considered weak. Overall, the indicators illustrate a system with a moderately elevated debt burden relative to the size of the community, but the system demonstrates strong cash flow, liquidity, affordability, and debt service capacity. The weak and average indicators show that the proposed debt will represent a significant proportional increase in the Town's debt load relative to its per capita, tap count, and assessed values.

- The operating ratio stands at an average 119%. Although the system has consistently generated enough revenue to cover operating expenses, this trend has weakened over the years examined. The primary driver of this decline is rising payroll costs, which have significantly contributed to higher overall operating expenses.
- The Town had an operations and maintenance reserve of 175% based on 2025 financials. This strong reserve ensures the Town can manage unexpected repair and maintenance costs without financial strain and continue meeting projected debt payments.

- The Town's utility rates remain highly affordable compared to median household income, with the ratio currently at just 0.86%. Even after accounting for debt service, the ratio rises to only 1.08%, which is well below the strong affordability threshold. This indicates that rates remain manageable for the Town's households.
- Based on 2025 financial information, coverage with the proposed loan is 95% with tap fee revenue, and 49% without. When considering tap fees, an additional revenue of approximately \$18,042, or \$3.18 per tap per month, would increase the coverage ratio to the required 110%. Without tap fees, meeting the same coverage ratio would require additional \$73,542 in annual revenue, or \$12.96 per tap per month.
- The Town enacted a \$8 rate increase for 2026. When accounting for this rate increase, the Town would require no additional rate increases to cover the proposed debt when considering tap fees. Without tap fees, the estimated per tap per month rate increase decreases to \$4.96.
- The Town qualifies for \$1,360,200 in IIJA/BIL principal forgiveness. Without principal forgiveness, the coverage ratio drops to 61% with tap fees and 31% without. With tap fees, additional revenue of approximately \$91,610, or \$16.14 per tap per month, would increase the coverage ratio to 110%. Without tap fees, meeting the same coverage ratio would require an additional \$147,110, or \$25.92 per tap per month.
- Without principal forgiveness, but accounting for the implemented \$8 rate increase, the estimated rate increase with tap fees decreases to \$8.14. Without tap fees, the estimated rate increase decreases to \$17.92.

Additional Project Financing:

The Town submitted an Energy Impact Mineral Assistance (EIAF) grant application for \$600,000, which was awarded in 2025. The Town is also using Design and Engineering (D&E) grant funds, \$160,000, awarded in 2025, for this project.

DESCRIPTION OF THE LOAN:

An estimated \$1,139,800 loan with a thirty-year term with two payments annually at an interest rate of 2.75% will cost the Town approximately \$56,043 in debt service annually. The Town also qualifies for \$1,360,200 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	>=	\$58,352	Y
P2: MHV	\$431,520	>=	\$122,956	Y
P3: County Unemployment	5.35%	<=	3.96%	N
County Job Change	0.00%	>=	25.30%	N
S1: County MHI	\$76,376	>=	\$212,600	N
S2: Ten Year % Change in Population	0.00%	>=	-5.61%	Y
S3: Assessed Value per Housing unit	\$24,337	>=	\$9,575	Y
S4b: Curr. and Proj. System Debt	0.57%	<	7.32%	Y
S4b: 80th Percentile	1.57%	<	7.32%	Y
S5b: Proj. System Cost Per Tap to MHI	1.84%	<	2.13%	Y
S5b: 80th Percentile	2.67%	<	2.13%	N

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 as a Category 1 DAC, and will receive a 2.75% interest rate.

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 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	-0.38%	1
2a: County Job Change	0.00%	>	25.30%	
2b: County Unemployment	5.35%	<	3.96%	0
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>		
	\$119,338	<	\$58,352	1
4: Rates to MHI	1.32%	<	1.03%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	64.94%	1
7: % Households Housing Burdened	50.00%	<	29.96%	0
8: % Population under 200% Poverty Level	40.00%	<	41.17%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	53.09%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				7

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 \$1,360,200 in principal forgiveness, leaving an estimated loan of \$1,139,800.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 522 and has declined at an average annual rate of 0.38% since 2020. Saguache County has experienced an increase of 1.12% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The region's economy is dominated by agriculture, forestry, fishing, and hunting. Additional base industries include health care and social assistance; local government; retail trade; and accommodation and food services. The area's largest employers consist of Saguache County, with 100 employees; Mountain Valley School, with 30 employees; Mountain Valley Lumber, with 20 employees; Oasis Restaurant, with 7 employees; and Alta Convenience, with 6 employees.

The Town does have various customers who account for more than 3% of the system's total revenue. These are: North West Range View, with 7.9% of the system's total revenue; Saguache County, with 4.2%; Puerto Del Norte, with 4%; Mountain Valley School, with 3.5%; and John Baxter Lumber, with 3.4%;

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 six-member board of trustees and was incorporated in 1891. The Town provides services including police and fire protection, water and wastewater services, public works services, and parks and recreation services. Approximately four full-time employees staff the water utility. The water utility is overseen by the certified water operator and public works director, who reports to the board.

- 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

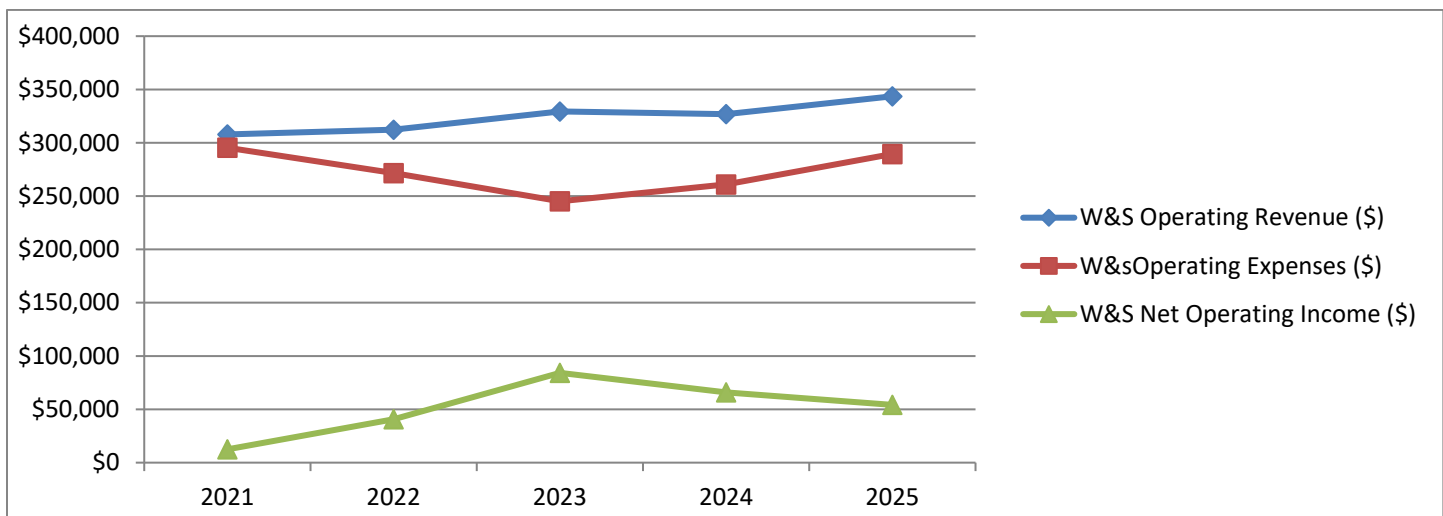
As part of the application process, the Town submitted a capital improvement schedule through 2042, which anticipates capital outlay of \$10,435,200 for the following water rehabilitation system phases related to this project, to be funded from grants, loans, and reserves.

REVENUE ANALYSIS:

Operating revenues consistently cover operating expenses. In preparation for this project, the Town started implementing rate increases in 2017, which have amounted to an overall rate increase of \$20 in the last 10-years, or \$14 in the five years examined. When implementing these, the Town considered the potential impact on the community given the project cost and the rising cost of operating the enterprise and determined that increasing rates gradually would better protect ratepayers. The Town plans to implement further rate increases to ensure compliance with loan covenants and to prepare for additional capital improvement projects (i.e., additional phases for this project). Planning for further rate increases will begin in November 2026 and is expected to be implemented in 2027. The Town has historically transferred funds from the enterprise fund to the general fund to cover payroll expenses. The transfer out of the fund has increased in the last 5 years examined, which has increased the enterprise's expenses. Payroll increases reflect higher employee salaries due to cost-of-living increases and other related employment costs (e.g., health insurance). Tap fees increased significantly in 2025, which increased the enterprises' overall revenue, due to the construction project of 32 residential housing units.

TRENDS	2021	2022	2023	2024	2025	2026
Monthly Water Rate (\$)	36.00	36.00	39.00	39.00	42.00	50.00
Monthly Sewer Rate (\$)	36.00	36.00	37.00	37.00	38.00	38.00
Residential Water Tap Fee (\$)	1,500	1,500	1,500	1,500	1,500	1,500
Residential Sewer Tap Fee (\$)	1,500	1,500	1,500	1,500	1,500	1,500
Total W&S Revenue (\$)	320,727	314,733	331,530	340,334	403,270	
Tap/Development Fees (\$)	3,000	0	0	0	55,500	
W&S Operating Revenue (\$)	307,846	312,284	329,346	326,917	343,617	
W&S Operating Expenses (\$)	295,368	271,557	245,143	260,967	289,433	
W&S Net Operating Income (\$)	12,478	40,727	84,203	65,950	54,184	
Total Debt (\$)	1,723,869	1,660,022	1,596,175	1,532,328	1,468,481	
W&S Debt Service (\$)	63,847	63,847	63,847	63,847	63,847	
W&S Debt Service/Tap/Month (\$)	12.06	12.06	12.06	12.06	12.06	
W&S Fund Reserves (\$)	451,804	394,640	427,380	462,700	506,216	

Ratios	2021	2022	2023	2024	2025	Average
Operating Revenue as % of Total Revenue	96%	99%	99%	96%	85%	95%
Operating Revenue as % of Expenses	104%	115%	134%	125%	119%	120%
Tap Fee Revenue as % of Total Revenue	1%	0%	0%	0%	14%	3%



Recent Rate Increases

The Town's most recent rate increase of \$8.00 was implemented in 2026.

User Charges

The Town's current monthly water rate is \$50 compared to the 2024 estimated state median of \$60.61. Currently, in-Town users pay a flat fee since water service is not metered. However, the Town intends to install meters in the future, which will allow for a usage-based rate structure informed by actual water consumption data and usage. Both commercial and residential in-Town users pay the same flat fee. The Town currently has 8 out-of-Town users who are metered. These users pay a \$100 flat rate for a minimum consumption of 10,000 gallons, plus a \$10 per 1,000 volume charge for consumption exceeding the minimum.

The Town's current monthly sewer rate is \$38 compared to the state median of \$44.65. Both commercial and residential in-Town users pay the same flat fee. The Town currently has 2 out-of-Town users who pay a flat fee of \$76.

The only users who pay a different rate structure are restaurants and gas stations, who pay twice the regular in-Town water and sewer rate.

Contributed Capital

Revenue from tap fees has ranged from \$0 to \$3,000 and has averaged 0.19% of total water revenue during the last five years. The Town's most recent water tap fee rate increase occurred in 2017.

- Residential water and sewer tap fees are \$1,500.
- Commercial water and sewer tap fees are calculated by multiplying the residential rate by a specified number or portion of the residential rate. For example, an apartment building would pay for one tap (\$1,500) plus one-half (\$750) of the tap fee for each additional unit.

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

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$50/\$1,500	\$38/\$1,500
¾"	\$50/\$1,500	\$38/\$1,500

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2018	CWRPDA	2048	Water and Sewer System Revenue	\$1,468,481	0%	\$63,847

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 loan dated 2018 with the Authority. The Town has also had no debt service payment issues.

Project #142411D-Q

Cost Categories:

- Water Storage: 17.8%
- Distribution System: 82.2%

Prepared by: Monica Munoz-Revelo

Date: September 8, 2026

September 8, 2026 DWRF Credit Report Town of Saguache, Saguache County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	522
Number of Water Taps/Customers - 2025	441
Total Assessed Valuation - 2025	\$3,391,000
Actual Value of All Real Property - 2025	\$31,667,000
Median Household Income (MHI) - 2024	\$58,352
Monthly Water Rate - 2025	\$42.00
Water Operating Revenue - 2025	\$343,617
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.]	\$403,270
Water Tap and System Development Fee Revenue - 2025	\$55,500
Water Operating Expense - 2025	\$289,433
Water Current Expense - 2025	\$353,280
Water Debt - 2025	\$1,468,481
Total Debt - 2025	\$1,468,481
Water Fund Reserves - 2025	\$506,216
Water Debt Service - 2025	\$63,847
New Water Debt [Requested DWRF loan amount.]	\$1,139,800
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	2.75%
New Loan's Annual Water Debt Service (two payments annually)	\$56,043

<u>Current Indicators (2025)</u> <u>Town of Saguache</u> <u>(Water)</u>					
1	Total Debt	\$1,468,481	÷	Population	522 = \$2,813
	New Debt	\$1,139,800	÷	Population	522 = \$2,184
	Total Debt + New Debt	\$2,608,281	÷	Population	522 = \$4,997
2	Total Debt	\$1,468,481	÷	Number of Taps	441 = \$3,330
	New Debt	\$1,139,800	÷	Number of Taps	441 = \$2,585
	Total Debt + New Debt	\$2,608,281	÷	Number of Taps	441 = \$5,914
3	Total Debt	\$1,468,481	÷	Assessed Value	\$3,391,000 = 43%
	New Debt	\$1,139,800	÷	Assessed Value	\$3,391,000 = 34%
	Total Debt + New Debt	\$2,608,281	÷	Assessed Value	\$3,391,000 = 77%
4	Total Debt	\$1,468,481	÷	Actual Value	\$31,667,000 = 4.64%
	New Debt	\$1,139,800	÷	Actual Value	\$31,667,000 = 3.60%
	Total Debt + New Debt	\$2,608,281	÷	Actual Value	\$31,667,000 = 8.24%
5	Current Water Debt (Current Water Debt + New Water Debt) / Number of Taps	\$1,468,481	÷	Number of Taps	441 = \$3,330
		\$5,914	÷	MHI	\$58,352 = 10%
6	Current Ratio (CA / CL) Current Assets	\$578,465	÷	Current Liabilities	\$72,249 = 801%
7	Reserve/Expense Ratio Reserves	\$506,216	÷	Current Expenses	\$353,280 = 143%
8	Operating Ratio (OR / OE) Operating Revenues	\$343,617	÷	Operating Expenses	\$289,433 = 119%
9	Coverage Ratio [(TR - OE) / DS] Total Revenues Minus Operating Expenses	\$403,270 \$289,433	-		
	=	\$113,837	÷	Current Debt Service	\$63,847 = 178%
10	Coverage Ratio Excluding Tap and Development Fee Revenue Minus Tap and Development Fee Revenue	\$113,837 \$55,500			
	=	\$58,337	÷	Current Debt Service	\$63,847 = 91%
11	Projected Coverage Ratio Total Revenues Minus Operating Expenses	\$403,270 \$289,433			
	=	\$113,837		Total Debt Service (with new loan)	\$119,890 = 95%
12	Projected Coverage Excluding Tap and Development Fee Revenue Minus Tap and Development Fee Revenue	\$113,837 \$55,500			
	=	\$58,337	÷	Total Debt Service (with new loan)	\$119,890 = 49%
13	Current Debt Service Annual New Water Debt Service	\$63,847 \$56,043	÷	Number of Taps	441 = \$144.78 441 = \$127.08
14	2025 Annual Water Rate (Monthly Rate x 12) 2025 Annual Water Rate + New Annual Debt Service Per Tap	\$504.00 \$631.08	÷	MHI	\$58,352 = 0.86% \$58,352 = 1.08%
15	Current 2025 Monthly User Charge (Debt Service on DWRF Loan / 2025 Taps / Month) Total				\$42.00 \$10.59 \$52.59
16	Operation and Maintenance Reserve Reserves	\$506,216	÷	Operating Expenses	\$289,433 = 175%

2026 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$2,500,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$170,974

Applicant:	Town of Saguache	
	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

		<u>Benchmark</u>	<u>Applicant</u>	<u>Result</u>	<u>Notes on Data Used</u>
Current Population (2024)	<=	10,000	522	Y	
Population 5 years ago (2020)			530		
Poulation 10 years ago (2015)			553		
Primary Factors					
MHI (Place)	<=	\$ 76,376	58,352	Y	
Margin of Error (MOE)	±		34,975		
MHV (Place)	<=	\$ 431,520	122,956	Y	Assessor MHV Data
Margin of Error (MOE)	±				
24 Month Unemployment (County)	>=	5.35%	3.96%	N	
or 10 Year % Chng. Jobs (County)	<=	0.00%	25.30%	N	
Jobs (2024)			2,813		
Jobs (2015)			2,245		

Priority Factor Count	2
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Secondary Factors

S1	MHI (County)	<=	\$	76,376	212,600	N		
	Margin of Error (MOE)	±			28,188			
S2	10 Year % Chng. Population	<=		0.00%	-5.61%	Y		
S3	Assessed Value / Housing Unit	<=	\$	24,337	\$9,575	Y		
	Assessed Value				3,399,187			
	Total Housing Units				355			
S4	Current Debt / Tap / MHV	>		0.57%	2.71%	Y	If MHV CV > 18%, calculate result at top of band	Result
WS	Current + Projected Debt/Tap/MHV	>		0.57%	7.32%	Y		
	S4b 80th percentile			1.57%	7.32%	Y		
S5	System Full Cost / Tap / MHI	>		2.03%	1.44%	N	If MHI CV > 18%, calculate result at top of band	Result
	Projected Rate @ 110% Coverage	>		1.84%	2.13%	Y		
	S5b 80th percentile			2.67%	2.13%	N		

Secondary Factor Count	3
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System Data for S4 and S5: To be completed by DLG

Taps or EQR's	441
Total Debt	1,468,481
Principal & Interest	63,847
Operating Expenses (including operating transfers out)	289,433
Depreciation	82,188

WPCRF & DWRF					
		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.73%	-0.38%	1.0	
	Current Population (2024)		522		
	Poulation five years ago (2020)		530		
2a	10 Year % County Job Change	>= 0	25.30%	0.0	
	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.35%	3.96%	0.0	
3	Median Household Income	<= \$ 95,470	58,352	1.0	
		>= \$ 119,338		0.0	
4	Rates compared to MHI	> 1.32%	1.03%	0.0	Confirmed
WS	Monthly Residential Rate	>	50.00		
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%	64.94%	1.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	29.96%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	41.17%	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%	53.09%	0.0	
	% Population over 65 years old		11.92%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				7.0	



Principal Forgiveness and Priority Point Scoring

Applicant: Town of Saguache
DWRP or WPCRFP: DWRP

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): \$1,360,200

Base DWRP Principal Forgiveness Scoring

DWRP

Water Quality & Public Health + CPDWR Compliance:	60
DOLA Affordability Score:	125
Total Score	185

Eligible as a base program DAC? Yes

Eligible base program DWRP/WPCRFP principal forgiveness percentage: 80%

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

Priority Point Scoring

Total WQCD Score:	105
DOLA Affordability Score:	125
Total Score:	230

2026 IUP DWRF Priority Point Calculations		
	Entity Name:	Town of Saguache
	Date of Scoring	8/10/2026
	SRF Phase:	Loan app
	DOLA Score:	125
	DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

		Points	Entity Value	
P1	MHI		\$58,352	61%
	<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)		1.44%	
	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 x		
S4a	Current water debt per tap compared to MHV		2.71%	
	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 x		
	Debt is between 0.57% and 1.26%	25		
	Debt is < 0.57%	0		
	Population served		522	
	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		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		9,575	
	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:	8/29/2024	Project Manager	ES Review Engineer					
PNA Date Score:	6/24/2025	Erick Worker	Juan Guzman - CDPHE	<juan.guzman@state.co.us>				
Project Name:	Town of Saguache, Water System Rehabilitation							
SRF Project Number:	142411D-Q							
ES Prequal Project Number:	ES.24.SRF.08819							
ES PNA Project Number:	ES.25.SRF.09468							
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)	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.	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)	20							
• Surface water.		0	0		PQ/PNA	Engineering Section	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).	
• GWUDI.							Give points to systems reclassified to GWUDI that are under the 18 month clock.	
• Groundwater.								
Project corrects exceedances of secondary drinking water standards.	10	0	0		PQ/PNA	Engineering Section	secondary standards. If data shows more	n/a
	25					Engineering Section		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).		0	0		PQ/PNA		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.	
Project will correct or prevent: (points are not additive, scores points only in one category)	20							
• Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages).		20	20		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	SDWIS comp report, OnBase
• Inadequate distribution due to chronic low pressure.	15	0	0		PQ/PNA	Engineering Section		RPT Tracker - BWO/BO Portal Acute Tracking
• Inadequate storage.	10	0	10		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 & Public Health Points =	20		30					
Affordability	Possible Points	PQ Points Scored (leave blank if not)	PNA Points Scored	Comments		Responsible Party	Scoring criteria	Resources
Total Financial / Affordability Points scored by DOLA =		185	125			DOLA		
CPDWR Compliance Points	Possible Points	PQ Points Scored (leave blank if not)	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	20	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 vicos 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	system has any outstanding violations. Give	SDWIS comp report,
Total CPDWR Compliance Points =		10	30					
Total Additional Subsidy Points =		215	185			(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)	PNA Points Scored	Comments		Responsible Party	Scoring criteria	Resources
Project addresses vulnerability to potential pollution by conditions	15	0	0		PQ/PNA	Engineering Section	implemented SWAP (see folder link). If they	I:SWAP-Protection
Project establishes a protective zone to address potential pollution as a result of wildfire in burn areas	10	0	0		PQ/PNA	Engineering Section	addresses potential pollution as a result of	WFDSS tracking.
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	check with applicant	
• Seasonal rates.	10		0		PQ/PNA	SRF Team	check with applicant	
• Uniform.	0		0		PQ/PNA	SRF Team	check with applicant	
Project will implement water metering, leak detection and/or other water conservation and efficiency infrastructure applications at a minimum of	10			meters included in	PQ/PNA	SRF Team	score. If not enough information, score as 0	
Sustainability Points	Possible Points	PQ Points Scored (leave blank if not)	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	10		0	0	PQ/PNA	Engineering Section	consolidation or regionalization is included. If	n/a
• Correct and/or improve security of the water system.	10		0	10	PQ/PNA	Engineering Section	requirements of Item 1.2.11 Security and	Design Criteria
• Incorporate beneficial uses or water treatment plant storage and/or alternative wastewater management options in an approved Beneficial Use	10		0	0	PQ/PNA	Engineering Section	sludge control process incorporated into the	
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:	5							
• Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure as needed.			0	0	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	0		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	5	5		PQ/PNA	Engineering Section	demonstrate planning and have been	n/a
Readiness to Proceed Points	Possible Points	PQ Points Scored (leave blank if not)	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 provider.	10	0	10		PQ/PNA	SRF Team	award or a commitment from another funding agency for the same project being funded by SRF.	
Total Points Scored		240	230					
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: City of Trinidad ("the City") DWRF Credit Report Update
 DATE: September 8, 2026

Project Budget	
DWRF Supplemental Base Loan:	\$1,000,000
2025 DWRF IIJA/BIL Loan:	\$1,226,771
2025 DWRF IIJA/BIL Supp. PF:	\$2,223,229
2025 EIAF Supplemental:	\$750,000
2024 EIAF Grant:	\$1,000,000
2022 ARPA Grant:	\$1,000,000
Reserves:	\$798,556
TOTAL:	\$7,998,556

This project consists of replacing or rehabilitating four municipal water storage tanks (North, South, Allendale, and Monument Lake Reservoir replacement), upgrading distribution system connections to maintain service continuity during tank repairs, and replacing a critical 1920s-era raw water transmission line.

The City previously received DWRF funding for this project in the amount of \$1,226,771 as an IIJA/BIL direct loan with a 20-year term, at an interest rate of 2.50% and IIJA/BIL principal forgiveness in the amount of \$2,223,229. However, cost adjustments, detailed engineering estimates, and expanded project scope and requirements pushed the total updated project cost to \$7,998,556. Therefore, the City is requesting a supplemental loan for \$1,000,000.

When considering the original 2025 loan, the City's 2025 financials show that this proposed loan represents a growing but modest debt burden for the community. With approved rate increases of 2.5% scheduled annually, no further rate increases are projected to be required. We therefore recommend the DWRF Committee approve a \$1,000,000 supplemental DWRF base direct loan with the same terms as the original loan, to the City of Trinidad.

CURRENT INDICATORS:	2023	2024	2025	Weak	Average	Strong
Total Debt per Capita (\$):	510	464	558	— >\$2,000	— \$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			679	— >\$2,000	— \$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	1,113	1,113	1,225	— >\$5,000	— \$2,500 - 5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			1,491	— >\$5,000	— \$2,500 - 5,000	X <\$2,500
Current Water Debt/Tap (\$):	426	393	618	— >\$2,000	— \$1,000 - 2,000	X <\$1,000
Current Water + New Water Debt/Tap (\$):			885	— >2,000	— \$1,000 - 2,000	X <\$1,000
Total Debt/Assessed Value:	5.41%	4.77%	5.66%	— >50%	— 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			6.90%	— >50%	— 25-50%	X <25%
Total Debt/Actual Value:	0.72%	0.56%	0.67%	— >10%	— 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.81%	— >10%	— 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			1.69%	— >20%	— 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	414%	443%	443%	— <100%	— 100-200%	X >200%
Water Fund Reserves/Current Expense:	139%	173%	251%	— <50%	— 50-100%	X >100%
Water Operating Ratio (OR/OE):	117%	130%	125%	— <100%	— 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	374%	737%	367%	— <110%	— 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	488%	737%	367%	— <110%	— 110-125%	X >125%
Coverage Ratio with New Loan:			293%	— <110%	— 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			293%	— <110%	— 110-125%	X >125%
Current Annual Water Rates/MHI:			0.59%	— >3.0%	— 1.5-3.0%	X <1.5%
Current Water Rates + New Water Debt Service/MHI:			0.62%	— >3.0%	— 1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			271%	— <25%	— 25-50%	X >50%
Total:			0	0	21	





COLORADO
Department of Local Affairs
 Division of Local Government

Financial Analysis

Based on 2025 financial figures for this supplemental loan request, all twenty-one calculated indicators are rated strong. Overall, the indicators demonstrate exceptional operational stability, robust debt coverage, and a strong liquidity position that easily supports the addition of new debt. The strong indicators highlight very low debt relative to population, tap count, property valuation, and median household income, alongside healthy current cash reserves and high coverage ratios.

Including the original 2025 loan (which will cost the City \$79,303 annually) does not change any financial indicators, with all twenty-one remaining strong. One indicator, water operating ratio, moved from average to strong when compared with the original 2024 credit report when assuming the new loan.

- Based on 2025 financials alone, the coverage ratio for this \$1,000,000 DWRP supplemental loan is 293% without tap fee revenue and a rate increase is not projected to be necessary to meet the 110% coverage ratio. When accounting for full debt service, the coverage ratio drops to 271%, but a rate increase is still not projected to be required.
- The City has raised water rates by \$1.27 since 2024 and plans automatic 2.5% annual rate increases beginning in 2027. No further increase is projected following the approval of the new rate structure for this project.
- The City is considered a Category 1 disadvantaged community, as reflected by the initial interest rate. The City does not qualify for further principal forgiveness given it reached the current cap of \$2,000,000 on the 2025 loan.



September 8, 2026 DWRF Credit Report City of Trinidad, Las Animas County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	8,235
Number of Water Taps/Customers - 2025	3,749
Total Assessed Valuation - 2025	\$81,078,000
Actual Value of All Real Property - 2025	\$687,195,000
Median Household Income (MHI) - 2024	\$52,273
Monthly Water Rate - 2025	\$25.49
Water Operating Revenue - 2025	\$5,993,608
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.]	\$6,159,063
Water Tap and System Development Fee Revenue - 2025	\$0
Water Operating Expense - 2025	\$3,011,372
Water Current Expense - 2025	\$3,263,579
Water Debt - 2025	\$2,317,028
Total Debt - 2025	\$4,591,251
Water Fund Reserves - 2025	\$8,175,724
Water Debt Service - 2025	\$252,207
New Water Debt [Requested DWRF loan amount.]	\$1,000,000
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	2.50%
New Loan's Annual Water Debt Service (two payments annually)	\$63,843

Current Indicators (2025)					
City of Trinidad					
(Water)					
1	Total Debt	\$4,591,251	÷ Population	8,235	= \$558
	New Debt	\$1,000,000	÷ Population	8,235	= \$121
	Total Debt + New Debt	\$5,591,251	÷ Population	8,235	= \$679
2	Total Debt	\$4,591,251	÷ Number of Taps	3,749	= \$1,225
	New Debt	\$1,000,000	÷ Number of Taps	3,749	= \$267
	Total Debt + New Debt	\$5,591,251	÷ Number of Taps	3,749	= \$1,491
3	Total Debt	\$4,591,251	÷ Assessed Value	\$81,078,000	= 5.66%
	New Debt	\$1,000,000	÷ Assessed Value	\$81,078,000	= 1.23%
	Total Debt + New Debt	\$5,591,251	÷ Assessed Value	\$81,078,000	= 6.90%
4	Total Debt	\$4,591,251	÷ Actual Value	\$687,195,000	= 0.67%
	New Debt	\$1,000,000	÷ Actual Value	\$687,195,000	= 0.15%
	Total Debt + New Debt	\$5,591,251	÷ Actual Value	\$687,195,000	= 0.81%
5	Current Water Debt	\$2,317,028	÷ Number of Taps	3,749	= \$618
	(Current Water Debt + New Water Debt) / Number of Taps	\$885	÷ MHI	\$52,273	= 1.69%
6	Current Ratio (CA / CL)				
	Current Assets	\$6,901,694	÷ Current Liabilities	\$1,558,619	= 443%
7	Reserve/Expense Ratio				
	Reserves	\$8,175,724	÷ Current Expenses	\$3,263,579	= 251%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$5,993,608	÷ Operating Expenses	\$3,011,372	= 199%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$6,159,063	-		
	Minus Operating Expenses	\$3,011,372			
	=	\$3,147,691	÷ Current Debt Service	\$252,207	= 1248%
	Coverage Ratio Excluding Tap and Development Fee Revenue	\$3,147,691			
10	Minus Tap and Development Fee Revenue	\$0			
	=	\$3,147,691	÷ Current Debt Service	\$252,207	= 1248%
11	Projected Coverage Ratio				
	Total Revenues	\$6,159,063			
	Minus Operating Expenses	\$3,011,372			
	=	\$3,147,691	Total Debt Service (with new loan)	\$316,050	= 996%
	Projected Coverage Excluding Tap and Development Fee Revenue	\$3,147,691			
12	Minus Tap and Development Fee Revenue	\$0			
	=	\$3,147,691	÷ Total Debt Service (with new loan)	\$316,050	= 996%
13	Current Debt Service	\$252,207	÷ Number of Taps	3749	= \$67.27
	Annual New Water Debt Service	\$63,843	÷ Number of Taps	3749	= \$17.03
	2024 Annual Water Rate (Monthly Rate x 12)	\$305.88	÷ MHI	\$52,273	= 0.59%
	2024 Annual Water Rate + New Annual Debt Service Per Tap	\$322.91	÷ MHI	\$52,273	= 0.62%
15	Current 2024 Monthly User Charge				\$24.75
	(Debt Service on DWRF Loan / 2024 Taps / Month)				\$1.42
	Total				\$26.17
16	Operation and Maintenance Reserve				
	Reserves	\$8,175,724	÷ Operating Expenses	\$3,011,372	= 271%

2026 SRF Disadvantaged Community Criteria**Loan Terms**

Amount of Loan:	\$ 1,000,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 68,389

Applicant:	City of Trinidad		
	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	

		<u>Benchmark</u>	<u>Applicant</u>	<u>Result</u>	<u>Notes on Data Used</u>
Current Population (2024)	<=	10,000	8,235	Y	
Population 5 years ago (2020)			8,332		
Poulation 10 years ago (2015)			8,748		
<u>Primary Factors</u>					
MHI (Place)	<=	\$ 76,376	52,273	Y	
Margin of Error (MOE)	±		14,790		
MHV (Place)	<=	\$ 431,520	374,600	Y	
Margin of Error (MOE)	±		77,869		
24 Month Unemployment (County)	>=	5.35%	3.72%	N	
or 10 Year % Chng. Jobs (County)	<=	0.00%	-20.84%	Y	
Jobs (2024)			5,777		
Jobs (2015)			7,298		

Priority Factor Count

3

Secondary Factors

S1	MHI (County)	<=	\$	76,376	52,074	Y		
	Margin of Error (MOE)	±			5,521			
	Reliability (CV)	<=		18.00%	6.45%	Y		
S2	10 Year % Chng. Population	<=		0.00%	-5.86%	Y		
S3	Assessed Value / Housing Unit	<=	\$	24,337	\$18,961	Y		
	Assessed Value				81,077,650			
	Total Housing Units				4276			
S4	Current Debt / Tap / MHV	>		0.21%	0.16%	N	If MHV CV > 18%, calculate result at top of band	Result
W	Current + Projected Debt/Tap/MHV	>		0.21%	0.24%	Y		
	S4b 80th percentile			0.77%	0.24%	N		
S5	System Full Cost / Tap / MHI	>		1.11%	1.93%	Y	If MHI CV > 18%, calculate result at top of band	Result
	Projected Rate @ 110% Coverage	>		0.98%	1.72%	Y		
	S5b 80th percentile			1.58%	1.72%	Y		

Secondary Factor Count

4

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

Taps or EQR's	3,749
Total Debt	2,317,028
Principal & Interest	252,207
Operating Expenses (including operating transfers out)	3,011,372
Depreciation	773,267

2026 IUP DWRF Priority Point Calculations

Entity Name:	City of Trinidad
Date of Scoring	8-Sep-26
SRF Phase:	Loan app
DOLA Score:	90
DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

		Points	Entity Value	
P1	MHI		\$52,273	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)		1.93%	
	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		0.16%	
	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		8,235	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		18,961	
	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: City of Trinidad
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:	90
Total Score	100

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:	65
DOLA Affordability Score:	90
Total Score:	155

Previously approved
for reference

DWRF LOAN CREDIT REPORT

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

Recommendation: APPROVAL
Loan Request: \$3,450,000
Interest Rate & Term: 2.50%, 20 years
Annual Debt Service: \$78,321
Pledge: Water Revenue
Current Rate: \$24.75
Estimated Rate Increase: \$0.00

Project Budget

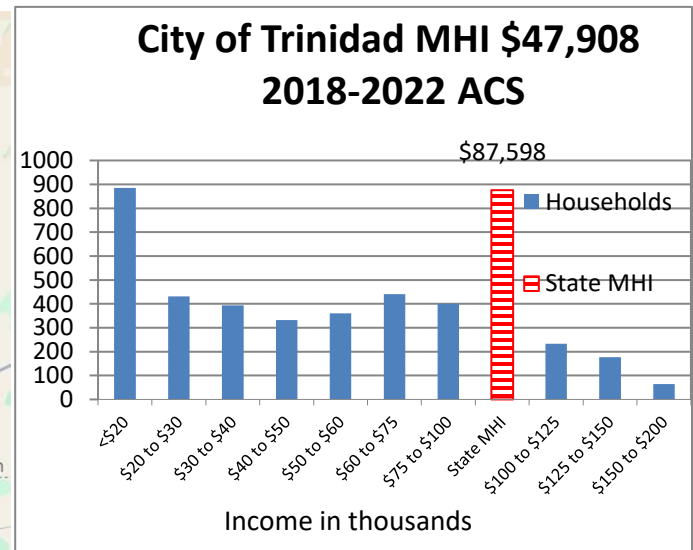
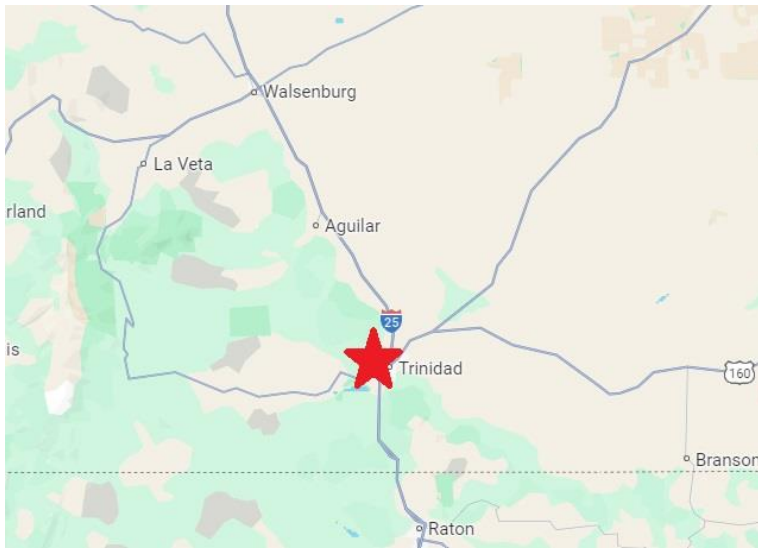
DWRF BIL Loan:	\$1,226,771
DWRF BIL Principal Forgiveness:	\$2,223,229
2024 EIAF Grant:	\$1,000,000
2023 ARPA:	\$1,000,000
Water Fund Reserves	\$798,556
Total:	\$6,248,556

PROJECT DESCRIPTION: This project consists of either replacing or rehabilitating four water storage tanks and improvements to the distribution system.

COMMUNITY PROFILE:

City of Trinidad	2019	2020	2021	2022	2023	2024	Avg. Annual Change
City Population	8,442	8,332	8,342	8,289	8,251		-0.57%
Las Animas County Population	14,644	14,479	14,330	14,297	14,373		-0.47%
Las Animas County Jobs	6,946	6,740	6,772	6,901	6,774		-0.62%
Number of Water Taps		4,389	4,416	4,422	4,422	4,421	0.18%
Number of Sewer Taps		3,646	3,660	3,661	3,655	3,633	-0.09%
Assessed Value (\$000)		74,135	74,434	76,882	77,654	80,067	1.94%
Actual Value (\$000)		482,984	517,341	620,694	581,991	680,825	8.96%

BORROWER BRIEF: The City is located in southeastern Colorado about 76 miles south of Pueblo and about 12 miles north of the Colorado/New Mexico state line along the I-25 corridor in Las Animas County.



RECOMMENDATION: The City serves small urban community in Las Animas County just north of the New Mexico border. This proposed loan is necessary for the City to continue to meet state standards for providing safe drinking water and mitigate the worsening condition of the four aging storage tanks. The City is in a very strong position to take on the proposed debt and has also received significant financial support for this project totaling \$2,000,000. We therefore recommend the DWRF Committee approve a \$1,226,771 disadvantaged community BIL Supplemental direct loan, and \$2,223,229 in BIL principal forgiveness to the City of Trinidad.

Previously approved for reference

PROJECT SUMMARY:

System summary: The City is located in Las Animas County, Colorado. The City's water system provides for the treatment, storage, and distribution of water throughout the City and a substantial part of the developed rural area outside the City.

Reason/need: Diver Inspection Reports from November 2020 showed that four water storage tanks are in poor to fair condition. The recommendations include immediate rehabilitation for three tanks, North, South, and Allendale, and the replacement of the Monument Lake Reservoir in order to continue to meet state standards for providing safe drinking water. The improvements to the distribution system are required to ensure water supply to residents is not interrupted as individual tanks are taken out of service to be repaired.

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

Project Delivery Method: Design/Bid/Build.

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

CURRENT INDICATORS:	2021	2022	2023	Weak	Average	Strong
Total Debt per Capita (\$):	534	525	510	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			658	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	1,008	983	951	>\$5,000	\$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			1,228	>\$5,000	\$2,500-5,000	X <\$2,500
Current Water Debt/Tap (\$):	419	392	364	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Water + New Water Debt/Tap (\$):			641	>2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Assessed Value:	5.98%	5.66%	5.41%	>50%	25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			6.99%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.86%	0.70%	0.72%	>10%	5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.93%	>10%	5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			1.34%	>20%	10-20%	X <10%
Water Fund Current Ratio (CA/CL):	924%	966%	414%	<100%	100-200%	X >200%
Water Fund Reserves/Current Expense:	120%	144%	139%	<50%	50-100%	X >100%
Water Operating Ratio (OR/OE):	109%	117%	117%	<100%	X 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	324%	277%	369%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	324%	277%	369%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			261%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			261%	<110%	110-125%	X >125%
Current Annual Water Rates/MHI:			0.62%	>3.0%	1.5-3.0%	X <1.5%
Curr. Water Rates + New Water Debt Service/MHI:			0.66%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			147%	<25%	25-50%	X >50%
Total:	0	1	20			

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, twenty are rated strong, one is average and zero are considered weak. Overall, the indicators illustrate a system in strong financial condition and well-positioned to take on the proposed loan, which indicators show to be affordable despite an increased debt burden.

- Based on 2023 financial information, coverage with the proposed loan is 261% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- Operating revenue has remained average over the past five years but has consistently covered expenses. Reserves, current ratio, and projected coverage ratio are all rated strong.
- The City's water rates are comparatively low, however they remain sufficient to cover expenses and future debt. Rate increases of 3% are planned for 2025.
- Without principal forgiveness, the coverage ratio decreases to 171% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.

Previously approved for reference

Additional Project Financing

In July 2024 the City was awarded an EIAF grant request of \$1,000,000. Additionally, the City received American Rescue Plan Act (ARPA) funds in 2023 and will use \$1,000,000 for this project. The City has also pledged \$798,556 in its water fund reserves for this project.

DESCRIPTION OF THE LOAN:

An estimated \$1,226,771 loan with a twenty-year term with two payments annually at an interest rate of 2.50% will cost the City approximately \$78,321 in debt service annually. The City also qualifies for \$2,223,229 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	>=	\$47,908	Yes	S1: County MHI	\$70,078	>=	\$48,965	Yes
P2: MHV	\$465,900	>=	\$185,000	Yes	S2: Ten Year % Change in Population	0.00%	>=	-5.68%	Yes
P3: County Unemployment	5.38%	<=	4.80%	No	S3: Assessed Value per Housing unit	\$24,963	>=	\$17,553	Yes
County Job Change	0.00%	>=	-0.82%	Yes	S4b: Current and Projected System Debt	0.30%	<	0.62%	Yes
					S4b: 80th Percentile	1.05%	<	0.62%	No
					S5b: Projected System Cost Per Tap to MHI	1.08%	<	1.66%	Yes
					S5b: 80th Percentile	1.63%	<	1.66%	Yes

Based on 2018-2022 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 not exceeding the 80th percentile, the City qualifies as a Category 1 DAC, and will receive a 2.50% interest rate.

BIL Principal Forgiveness Eligibility:

In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. The City scores 8.5 points as shown below.

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	-0.57%	1
2a: County Job Change	0.00%	>	-0.82%	0.5
2b: County Unemployment	5.38%	<	4.80%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$87,598	>	\$47,908	1
	\$109,498	<		
4: Rates to MHI	0.81%	<	0.62%	0
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	52.83%	1
7: % Households Housing Burdened	50.00%	<	30.94%	0
8: % Population under 200% Poverty Level	40.00%	<	41.87%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	64.19%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				8.5

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The City 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 64.441%, the City qualifies for approximately \$2,223,229 in principal forgiveness, leaving an estimated loan of \$1,226,771.

ECONOMIC ANALYSIS: The City has a 2023 population estimated at 8,251 and has lost population at an average annual rate of 0.57% since 2019. Las Animas County has experienced a decrease of 0.47% in population since 2019. The state population increased at an average annual rate estimated 0.71%.

The region's economy is dominated by retirees, regional services, agriculture, government, and tourism. The region's largest job sectors reflect the region's economy and are government, retail, health services, agriculture, and accommodation and food services. The region is the site of Colorado's newest state park; Fisher's Peak State Park opened in late 2020.

The area's largest employers consist of the Trinidad Correctional Facility with 500 employees, Mt. San Rafael Hospital with 256 employees, City of Trinidad with 189 employees, Las Animas County with 150 employees, and Trinidad State Junior College with 148 employees.

Four customers account for more than 3% utilization: Colorado Department of Corrections-Trinidad Correctional Facility at 4.00% of total water usage and 5.80% of system revenues, El Moro-Hoehne Pipeline Association with 3.78% of system revenues, Santa Fe Trail Property Owners Association with 3.62% of system revenues, and Sunflower Valley Pipeline Association with 3.17% of system revenues.

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

The City is a home rule municipality governed by a council/mayor form of government and was incorporated in 1876. The City provides services including police and fire protection, water and wastewater services, public works services, cemetery, and parks and recreation services. Approximately 14 full-time employees staff the water utility, excluding the billing office. The water utility is overseen by the Water Utilities Director, who reports to the City Manager, who reports to the City Council.

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

Technical/Managerial/Financial (TMF)

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

Capital Improvement Plan

The City does not currently have a Capital Improvement Plan (CIP), however, one is planned by 2026. The City identified a capital outlay budget of about \$300,000 annually for various future operations & maintenance projects to be funded from water fund revenues through 2046 following the replacement or rehabilitation of the four water storage tanks. Other projects identified after 2026 include several water infrastructure improvements including the Old Soprs Road Transmission Line and Stonewall Street Water Line. These projects have not yet been funded and the City plans to rely on reserves, grants, or possibly loans.

Intergovernmental

The City maintains a total of seven agreements with municipalities, water associations, and public non-profits (PNPs):

- The City has a 1980 water purchase contract with the Town of Starkville (the "Town"), and signed a new agreement on May 3, 2022. Under this agreement, the Town serves as a consecutive system, purchasing treated water from the City and conveying it to Town customers. Taps served by the Town are limited to 80. The Town is responsible for the maintenance of its own system and pays a master meter rate set by City ordinances. The IGA continues in perpetuity, unless the City ceases to own the water main that serves the Town.

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- The City has a 2023 master meter contract with the Sunflower Valley Pipeline Association (“SVPA”). Under this agreement, the City agrees to deliver water to SVPA for domestic, livestock, and fire protection uses only for the 203 single family residences. The IGA continues in perpetuity.
- The City has a 1998 water purchase contract with the Santa Fe Trail Ranch Metropolitan District (“SFTRMD”), and signed a modified agreement in 2008. Under this agreement, the City agrees to furnish potable treated water meeting applicable purity standards of the Colorado Department of Health and to reserve sufficient water taps to accommodate the maximum build out of homes (449 tracts). The IGA was renewed in 2023 and continues in perpetuity.
- The City has a 1981 water purchase contract with the Pinon Water and Sanitation District (“PWSD”), and signed the seventh amendment in to the agreement in 2018. Under this agreement, the City agrees to furnish water from its water supply distribution system and to reserve sufficient water taps. The contract’s amendments have revised that number with new development. Through the seventh amendment, the City agrees to reserve future purchases of four additional ¾” residential water taps within the Pinon Ridge No. 1 Subdivision, possibly extending the total from 25 to 29. All residential water taps reserved are subject to the provisions in Chapter 12, Article 5, of the City’s code. This contract may be renewed or extended for three subsequent periods of ten years; each such period of ten years being referred to as an extended term. While it expired in 2021, the City continues to provide services and receives payment from PWSD.
- The City has a 1981 water purchase contract with the Colorado Canyon Water Association (the “CCWA”). Under this agreement, the City agrees to furnish the CCWA potable treated water meeting applicable purity standards of the State of Colorado in such quantity as may be required by the CCWA and limited to four household service lines. The number of service lines may be increased only by written consent of the City. The IGA’s initial term of 10 years was renewed several times, most recently in 2023 and continues in perpetuity.
- The City has a 1978 water purchase agreement with the Chicosa Water Users Association (the “CWUA”). Under this agreement, the City agreed to furnish CWUA potable treated water meeting CDPHE standards in a quantity not to exceed 20 residential taps with a maximum meter size of ¾”. The IGA was renewed in 2018 and continues in perpetuity.
- The City has a 1977 water purchase contract with the Greektown-Carbondale Water Association (“GCWA”), and signed a modified agreement in 1991. Under this agreement, the City agrees to furnish potable treated water meeting applicable purity standards of the Colorado Department of Health in such quantity as may be required by GCWA limited to the use of 66 domestic service lines and taps. While it expired in 2017, the City continues to provide services and receives payment from GCWA.

REVENUE ANALYSIS:

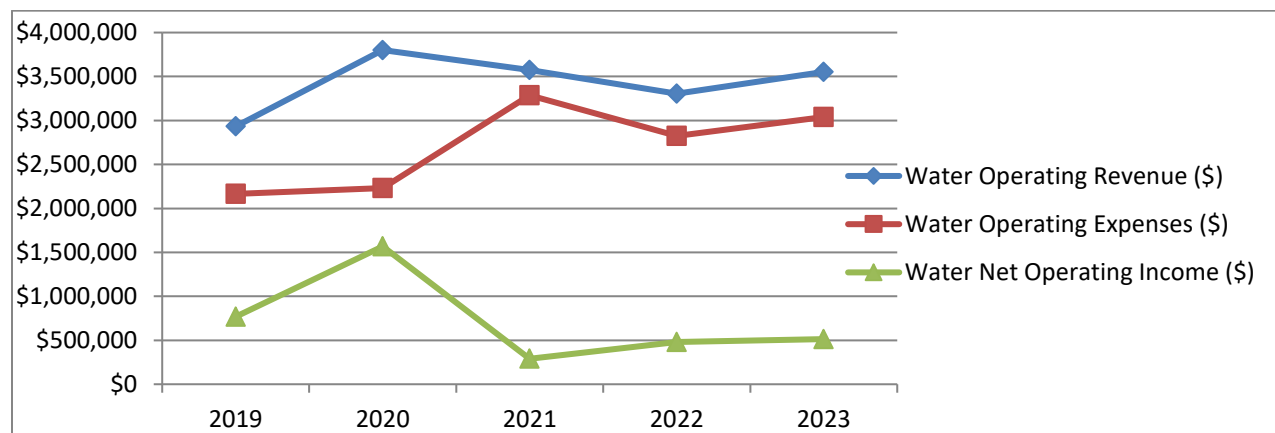
Operating revenue peaked in 2020, then decreased slightly the next two years before increasing again in 2023. While charges for service have remained relatively consistent, “Other” revenue experienced fluctuations correlating with the City’s revenue trends, in particular marijuana cultivation fees. Additional “Other” revenue includes: miscellaneous jobbing, water resale, and water leases, among other items. From 2020-2023, the marijuana cultivation fee specifically accounted for about 35% of the operating revenue, but is expected to decline after City Council reduced the assessment fees in 2023. Overall, the operating ratio has averaged a strong 130%.

Water operating expenses have followed a similar pattern as operating revenues, with the exception of 2020, where expenses remained similar to 2019 but revenue rose considerably. Operating expenses have fluctuated by transfers out of the water fund to the City’s general fund and other business funds for infrastructure improvements, in part to the marijuana cultivation fees collected. In 2021, operating expenses peaked along with the total amount transferred out, thus explaining the significant increase experienced that year. Moving forward operating and expense ratios are expected to remain consistent.

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TRENDS	2019	2020	2021	2022	2023	2024
Monthly Water Rate (\$)		16.50	16.50	16.50	24.75	24.75
Monthly Sewer Rate (\$)		48.02	48.02	48.02	53.17	53.17
Residential Water Tap Fee (\$)		1,200	1,200	1,200	3,000	3,000
Residential Sewer Tap Fee (\$)		1,500	1,500	1,500	2,000	2,000
Total Water Revenue (\$)	2,992,742	3,845,150	3,591,751	3,343,716	3,741,278	
Tap/Development Fees (\$)	0	0	0	0	0	
Water Operating Revenue (\$)	2,932,544	3,800,660	3,575,849	3,303,110	3,552,185	
Water Operating Expenses (\$)	2,165,203	2,232,942	3,285,955	2,824,023	3,039,000	
Water Net Operating Income (\$)	767,341	1,567,718	289,894	479,087	513,185	
Water Debt (\$)	1,937,352	1,874,090	1,851,785	1,733,829	2,015,620	
Total Debt (\$)	5,148,873	4,559,671	4,452,005	4,348,623	4,204,416	
Water Debt Service (\$)	161,542	137,049	94,269	187,932	190,501	
Water Debt Service/Tap/Month (\$)		2.60	1.78	3.54	3.59	
Water Fund Reserves (\$)	5,709,842	4,609,993	4,071,648	4,334,007	4,477,210	

Ratios	2019	2020	2021	2022	2023	Average
Operating Revenue as % of Total Revenue	98%	99%	100%	99%	95%	98%
Operating Revenue as % of Expenses	135%	170%	109%	117%	117%	130%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Recent Rate Increases

The City's most recent rate increases of \$8.25 for water and \$5.15 for sewer were both implemented in May 2023.

User Charges

The City's current monthly water rate is estimated at \$24.75 compared to the 2022 estimated state median of \$59.19. The City's average monthly water rate is based on typical residential/small commercial consumption of 6,264 gallons per month. Residential users pay a \$24.75 base rate up to 7,500 gallons and a volume charge of \$3.30 per 1,000 gallons for consumption above 7,500 gallons. Residents outside the City pay a \$41.25 base rate up to \$7,500 gallons and a volume charge of \$5.50 per 1,000 gallons above \$7,500 gallons.

Large commercial and large residential customers in the City are charged increasing base rates size and a volume charge of \$3.30 per 1,000 gallons above varying minimum consumption thresholds. Base rates and minimum consumption amounts range from \$43.32/13,125 gallons (1 ½" meter) to \$1,237.50/375,000 gallons (8" meter).

Large commercial, industrial, and water associations outside the City are charged increasing base rates size and a volume charge of \$3.30 per 1,000 gallons above varying minimum consumption thresholds. Base rates and minimum consumption amounts range from \$86.63/13,125 gallons (1 ½" meter) to \$2,475/375,000 gallons (8" meter).

The City's current estimated average monthly residential sewer rate is \$53.17 compared to the 2022 estimated state median of \$41.23. The City's average monthly water rate is based on typical residential consumption of 6,297 gallons per month. Residential users pay a

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\$38.50 base rate plus a volume charge of \$2.33 per 1,000 gallons up to a maximum of 7,500 gallons. Residents outside the City pay a \$52.50 base rate plus a volume charge of \$2.33 per 1,000 gallons up to a maximum of 7,500 gallons.

Non-residential customers in the City pay monthly minimum sewer charge by water meter size up to a minimum consumption amount. A monthly incremental charge of \$3.84 per 1,000 gallons is assessed based upon 85% of the same month's metered water usage, above the minimum amount. Base rates and minimum consumption amounts range from \$38.50/7,500 gallons (5/8"-1" meter) to \$1,461.25/375,000 gallons (8" meter).

Commercial, industrial, and water associations outside the City pay monthly minimum sewer charge by water meter size up to a minimum consumption amount. The per month charge shall be the greater of the monthly minimum charge by water meter size or 85% of the same month's metered use calculated \$6.80 per 1,000 gallons. Base rates and minimum consumption amounts range from \$52.50/7,500 gallons (3/4"-1" meter) to \$2,905/375,000 gallons (8" meter).

Contributed Capital

The City has not collected tap fee revenue during the years examined and the tap fee has remained the same during these same years. The City's most recent water tap fee rate increase occurred in May 2023. Tap fees for both residential and commercial water and sewer are based on water meter size:

- Residential water tap fees range from (inside/outside City): \$3,000/\$4,500 (3/4" or smaller) to \$63,000/\$94,500 (4")
- Residential sewer tap fees range from (inside/outside City): \$2,000/\$3,000 (3/4" or smaller) to \$42,000/\$63,000 (4")

Current System Utilization		
	Usage	Revenue
Residential	45%	48%
Non-residential (per EQR)	55%	52%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
3/4"	\$24.75/\$3,000	\$53.17/\$2,000
3/4"	\$34.75/\$3,000	\$38.50/\$2,000

DEBT as of December 31, 2023

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2018	Equipment Lease Purchase Agreement	2033	Water Fund Revenues	\$2,015,620	3.84%	\$191,702

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.

Prepared by: Peter Dieterich
Date: November 12, 2024

Project #: 142751D-S
Cost Categories:
96% Construction – Storage
4% Construction – Transmission and distribution

November 15, 2024	
DWRF Credit Report City of Trinidad, Las Animas County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2023	8,251
Number of Water Taps/Customers - 2023	4,422
Total Assessed Valuation (in thousands) - 2023	\$77,654,000
Actual Value of All Real Property (in thousands) - 2023	\$581,991,000
Median Household Income (MHI) - 2023	\$47,908
Monthly Water Rate - 2023	\$24.75
Water Operating Revenue - 2023	\$3,552,185
Water Total Revenue - 2023 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$3,741,278
Water Tap and System Development Fee Revenue - 2023	\$0
Water Operating Expense - 2023	\$3,039,000
Water Current Expense - 2023	\$3,229,501
Water Debt - 2023	\$1,608,706
Total Debt - 2023	\$4,204,416
Water Fund Reserves - 2023	\$4,477,210
Water Debt Service - 2023	\$190,501
New Water Debt [Requested DWRF loan amount.]	\$1,226,771
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	2.50%
New Loan's Annual Water Debt Service (two payments annually)	\$78,321

Current Indicators (2023)					
City of Trinidad					
(Water)					
1	Total Debt	\$4,204,416	÷	Population	8,251 = \$510
	New Debt	\$1,226,771	÷	Population	8,251 = \$149
	Total Debt + New Debt	\$5,431,187	÷	Population	8,251 = \$658
2	Total Debt	\$4,204,416	÷	Number of Taps	4,422 = \$951
	New Debt	\$1,226,771	÷	Number of Taps	4,422 = \$277
	Total Debt + New Debt	\$5,431,187	÷	Number of Taps	4,422 = \$1,228
3	Total Debt	\$4,204,416	÷	Assessed Value	\$77,654,000 = 5.41%
	New Debt	\$1,226,771	÷	Assessed Value	\$77,654,000 = 1.58%
	Total Debt + New Debt	\$5,431,187	÷	Assessed Value	\$77,654,000 = 6.99%
4	Total Debt	\$4,204,416	÷	Actual Value	\$581,991,000 = 0.72%
	New Debt	\$1,226,771	÷	Actual Value	\$581,991,000 = 0.21%
	Total Debt + New Debt	\$5,431,187	÷	Actual Value	\$581,991,000 = 0.93%
5	Current Water Debt (Current Water Debt + New Water Debt) / Number of Taps	\$1,608,706	÷	Number of Taps	4,422 = \$364
		\$641	÷	MHI	\$47,908 = 1.34%
6	Current Ratio (CA / CL)				
	Current Assets	\$5,904,525	÷	Current Liabilities	\$1,427,315 = 414%
7	Reserve/Expense Ratio				
	Reserves	\$4,477,210	÷	Current Expenses	\$3,229,501 = 139%
8	Operating Ratio (OR / OE)				
	Operating Revenues	\$3,552,185	÷	Operating Expenses	\$3,039,000 = 117%
9	Coverage Ratio [(TR - OE) / DS]				
	Total Revenues	\$3,741,278	-		
	Minus Operating Expenses	\$3,039,000			
	=	\$702,278	÷	Current Debt Service	\$190,501 = 369%
	Coverage Ratio Excluding Tap and Development Fee Revenue	\$702,278			
10	Minus Tap and Development Fee Revenue	\$0			
	=	\$702,278	÷	Current Debt Service	\$190,501 = 369%
11	Projected Coverage Ratio				
	Total Revenues	\$3,741,278			
	Minus Operating Expenses	\$3,039,000			
	=	\$702,278		Total Debt Service (with new loan)	\$268,822 = 261%
	Projected Coverage Excluding Tap and Development Fee Revenue	\$702,278			
12	Minus Tap and Development Fee Revenue	\$0			
	=	\$702,278	÷	Total Debt Service (with new loan)	\$268,822 = 261%
13	Current Debt Service	\$190,501	÷	Number of Taps	4422 = \$43.08
	Annual New Water Debt Service	\$78,321	÷	Number of Taps	4422 = \$17.71
	2023 Annual Water Rate (Monthly Rate x 12)	\$297.00	÷	MHI	\$47,908 = 0.62%
14	2023 Annual Water Rate + New Annual Debt Service Per Tap	\$314.71	÷	MHI	\$47,908 = 0.66%
15	Current 2023 Monthly User Charge (Debt Service on DWRF Loan / 2023 Taps / Month)				\$24.75
	Total				\$1.48
					\$26.23
16	Operation and Maintenance Reserve				
	Reserves	\$4,477,210	÷	Operating Expenses	\$3,039,000 = 147%

2024 SRF Disadvantaged Community Criteria**Loan Terms**

Amount of Loan:	\$ 3,450,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 235,944

Applicant:	City of Trinidad	
	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

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2022)	<= 10,000	8,251	Y	2023, 2019, and 2014 data
Population 5 years ago (2018)		8,442		
Population 10 years ago (2013)		8,748		
Primary Factors				
MHI (Place)	<= \$ 70,078	47,908	Y	
Margin of Error (MOE)	±	5,635	OK	
Reliability (CV)	<= 18.00%	7.15%	Y	
MHV (Place)	<= \$ 465,900	185,000	Y	
Margin of Error (MOE)	±	11,541		
Reliability (CV)	<= 18.00%	3.79%	Y	
24 Month Unemployment (County)	>= 5.38%	4.80%	N	
or 10 Year % Chng. Jobs (County)	<= 0.00%	-0.82%	Y	
Jobs (2022)		6,901		
Jobs (2013)		6,958		

Priority Factor Count

2

Secondary Factors

MHI (County)	<=	\$ 70,078	48,965	Y		
Margin of Error (MOE)	±		3,893			
Reliability (CV)	<=	18.00%	4.83%	Y		
10 Year % Chng. Population	<=	0.00%	-5.68%	Y		
Assessed Value / Housing Unit	<=	\$ 24,963	\$17,553	Y		
Assessed Value			77,654,089			
Total Housing Units			4424			
Current Debt / Tap / MHV	>	0.30%	0.20%	N	If MHV CV > 18%, calculate result at top of band	Result
Current + Projected Debt/Tap/MHV	>	0.30%	0.62%	Y		
S4b 80th percentile		1.05%	0.62%	N		
System Full Cost / Tap / MHI	>	1.23%	1.80%	Y	If MHI CV > 18%, calculate result at top of band	Result
Projected Rate @ 110% Coverage	>	1.08%	1.66%	Y		
S5b 80th percentile		1.63%	1.66%	Y		

Secondary Factor Count

4

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

Taps or EQR's	4,422
Total Debt	1,608,706
Principal & Interest	190,501
Operating Expenses (including operating transfers out)	3,039,000
Depreciation	779,919

DWRF Only					
		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.71%	-0.57%	1.0	
	Current Population (2021)		8,251		
	Population five years ago (2017)		8,442		
2a	10 Year % County Job Change	>= 0	-0.82%	0.5	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.38%	4.80%	0.0	
3	Median Household Income	<= \$ 87,598	47,908	1.0	<u>If MHI CV > 40%, calculate result at top of band</u>
	Reliability (CV)	>= \$ 109,498		0.0	<u>Result</u>
		<= 40.00%	7.15%	Y	
4	Rates compared to MHI	> 0.81%	0.62%	0.0	<u>If MHI CV > 40%, calculate result at top of band</u>
W	Monthly Residential Rate	>	24.75		<u>Result</u>
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%	52.83%	1.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	30.94%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	41.87%	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%	64.19%	1.0	
	% Population over 65 years old		22.32%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				8.5	

2024 IUP DWRP Priority Point Calculations

Entity Name:	City of Trinidad
Date of Scoring	11/15/2024
SRF Phase:	Loan app
DOLA Score:	115
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

		Points	Entity Value	
P1	MHI		\$47,908	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)		1.656%	
	Rates are > 1.63%	45		
	Rates are between 1.08% and 1.63%	25		
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		0.62%	
	Debt is > 1.05%	45		
	Debt is between 0.30% and 1.05%	25		
S4b	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		8,251	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		17,553	
	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:

DWRF or WPCRf: DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 64.441%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$2,223,229

Base DWRF Principal Forgiveness Scoring

DWRF

Water Quality & Public Health + CPDWR Compliance:	10
DOLA Affordability Score:	115
Total Score	125

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:	65
DOLA Affordability Score:	115
Total Score:	180



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

September 25, 2026

TO: Project Finance Committee and Karl Ohlsen

FROM: Wesley Williams, Finance Director
Ian Loffert, Assistant Finance Director
Giorgi Gazashvili, Financial Analyst II
Emma Tucker, Financial Analyst I

RE: Review of the Cucharas Sanitation and Water District, Town of Hugo, and Pagosa Springs Sanitation General Improvement District 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:

Cucharas Sanitation and Water District

The Cucharas Sanitation and Water District (the "District"), located in Huerfano County, is seeking funds through the WPCRF Disadvantaged Communities ("DAC") loan program in the total amount of \$959,833 (comprised of a \$489,515 Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") General Supplemental direct loan, and \$470,318 in IIJA/BIL Principal Forgiveness ("PF")). The project entails upgrades to the headworks. 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 WPCRF DAC loan with the District in the total amount of \$959,833 (comprised of a \$489,515 IIJA/BIL General Supplemental direct loan, and \$470,318 in IIJA/BIL PF). The loans will be for a term of 20 years, at an interest rate of 2.50%. The Board will consider this request on October 2, 2026.

Town of Hugo

The Town of Hugo (the "Town"), located in Lincoln County, is seeking funds through the WPCRF DAC loan program in the total amount of \$1,559,900 (comprised of a \$795,549 IIJA/BIL General Supplemental direct loan, and \$764,351 in IIJA/BIL PF). This project includes replacement of the sanitary sewer main, manholes and the ultimate reconnection of the lines. In addition and prior to completion, the project will include surface restoration. This project includes C sanitary sewer main and manhole replacements to include service line reconnections. Other components include surface restoration, which will consist of asphalt and gravel replacement. The Town's project was authorized by SJR 08-003.

Recommendation

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a WPCRF DAC loan with the Town in the total amount of \$1,559,900 (comprised of a \$795,549 IIJA/BIL General Supplemental direct loan, and \$764,351 in IIJA/BIL PF). 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 October 2, 2026.

Pagosa Springs Sanitation General Improvement District

The Pagosa Springs Sanitation General Improvement District (the "District"), located in Archuleta County, is seeking funds through the WPCRF DAC loan program in the total amount of \$3,000,000 (comprised of an *\$1,530,000 IIJA/BIL General Supplemental direct loan, and *\$1,470,000 in IIJA/BIL PF). This project consists of constructing a new lift station, force main, and emergency overflow vault; constructing additional emergency overflow vaults at existing lift stations throughout the District; and replacing failing collection system segments. The District'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 a WPCRF DAC loan with the District in the total amount of \$3,000,000 (comprised of an *\$1,530,000 IIJA/BIL General Supplemental direct loan, and *\$1,470,000 in IIJA/BIL PF). 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 October 2, 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 **Friday, 9:00 a.m. September 25, 2026**. The link to join via online is: <https://us06web.zoom.us/j/89619641367?pwd=5v0s3Oo6Vt6PnsySNbfB18LCuo2jMF.1> If you prefer to dial in, the call-in number is: **1-719-359-4580**, and the Meeting ID is **896 1964 1367**. The passcode is: **667568**.

Attachment: Cucharas Sanitation and Water District 2026 WPCRF Credit Report
Town of Hugo 2026 WPCRF Credit Report
Pagosa Springs Sanitation General Improvement District 2026 WPCRF Credit Report

WPCRF LOAN CREDIT REPORT (2026)

Cucharas Sanitation and Water District ("The District"), Huerfano County

Recommendation:	APPROVAL
Loan Request:	\$959,833
Interest Rate & Term:	2.5%, 20 years
Annual Debt Service:	\$31,252
Pledge:	Water and sewer revenues
Current Rate:	\$50.00 (S) \$60.00 (W)
Estimated Rate Increase:	\$0.00

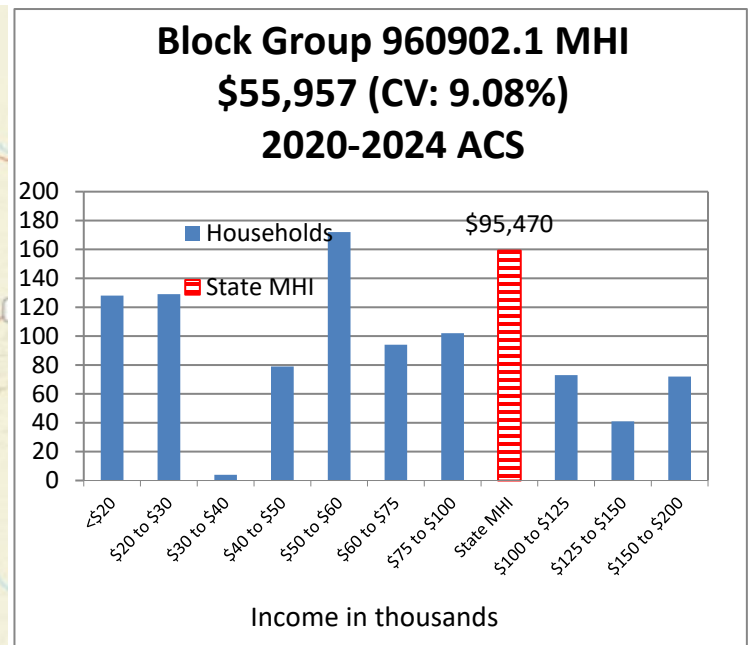
<u>Project Budget</u>	
WPCRF BIL/IIJA Loan:	\$489,515
WPCRF BIL/IIJA PF:	\$470,318
2026 EIAF Grant	\$150,000
2026 D&E Grant:	\$45,000
2026 Planning Grant:	\$10,000
Total:	\$1,164,833

PROJECT DESCRIPTION: The project entails upgrades to the headworks.

COMMUNITY PROFILE: Cucharas Sanitation and Water District

District	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
District Population			1,490	1,710	1,680	1,683	1,648	2.54%
Huerfano County Population	14,491	14,333	14,308	14,419	14,565			0.13%
Huerfano County Jobs	6,834	6,950	7,101	7,059	7,025			0.69%
Number of Sewer Taps			596	684	672	673	659	2.54%
Number of Water Taps			663	665	667	669	672	0.34%
Assessed Value (\$000)			12,666	12,492	12,153	12,128	16,556	6.92%
Actual Value (\$000)			142,558	144,743	146,411	146,262	226,043	12.21%

BORROWER BRIEF: The District is located at the feet of the Spanish Peaks in southwest Huerfano County, approximately 27 miles southwest of the City of Walsenburg on State Highway 12, and 11 miles south of the Town of La Veta.



RECOMMENDATION: The District serves a rural mountain community in Huerfano County. This proposed loan is necessary to replace and improve the District's headworks system. The District is a smaller community that has recently taken on debt. However, the District has raised rates to improve its strong financial condition and no further rate increases are projected to be necessary for this proposed project. We therefore recommend the WPCRF Committee approve a \$489,515 disadvantaged communities loan and \$470,318 in principal forgiveness to the Cucharas Sanitation and Water District.

PROJECT SUMMARY:

System summary: The District's Wastewater Treatment Facility headworks include a mechanical bar screen, a grit collector, a dewatering screw, and an influent flow meter. The treatment sequence uses two sequencing batch reactor basins equipped with floating decant clarifier units, followed by activated sludge and aerobic digestion processes. Disinfection is achieved with sodium hypochlorite in a dedicated chlorine-contact chamber, followed by dechlorination with liquid sodium bisulfite. Effluent is discharged by pipe to the Cucharas River.

Reason/need: To enhance the performance, efficiency, and operations of the headworks system for plant staff, the current headworks screen and grit system need to be replaced as it has exceeded its useful lifespan.

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

Project Delivery Method: Design/Bid/Build.

Contingency: 8.5% of the total project cost is included as contingency.

CURRENT INDICATORS:	2022	2023	2024	Weak	Average	Strong
Total Debt per Capita (\$):	1,006	834	803	— >\$2,000	— \$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			1,077	— >\$2,000	X \$1,000 - 2,000	— <\$1,000
Total Debt/Tap (\$):	2,515	2,084	2,009	— >\$5,000	— \$2,500 - 5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			2,692	— >\$5,000	X \$2,500 - 5,000	— <\$2,500
Current W&S Debt/Tap (\$):	2,515	2,084	2,009	X >\$2,000	— \$1,000 - 2,000	— <\$1,000
Current W&S + New W&S Debt/Tap (\$):			2,692	X >\$2,000	— \$1,000 - 2,000	— <\$1,000
Total Debt/Assessed Value:	11.83%	11.41%	11.11%	— >50%	— 25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			14.89%	— >50%	— 25-50%	X <25%
Total Debt/Actual Value:	1.05%	0.98%	0.92%	— >10%	— 5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			1.24%	— >10%	— 5-10%	X <5%
Curr. W&S Debt + New Debt/Tap/MHI:			4.81%	— >20%	— 10-20%	X <10%
W&S Fund Current Ratio (CA/CL):	436%	431%	328%	— <100%	— 100-200%	X >200%
W&S Fund Reserves/Current Expense:	109%	123%	96%	— <50%	X 50-100%	— >100%
W&S Operating Ratio (OR/OE):	104%	110%	101%	— <100%	X 100-120%	— >120%
Coverage Ratio (TR-OE)/DS:	190%	230%	242%	— <110%	— 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	177%	216%	181%	— <110%	— 110-125%	X >125%
Coverage Ratio with New Loan:			189%	— <110%	— 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			141%	— <110%	— 110-125%	X >125%
Current Annual W&S Rates/MHI:			0.86%	— >3.0%	— 1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			0.94%	— >3.0%	— 1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			111%	— <25%	— 25-50%	X >50%
Total:				2	4	15

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, 15 are rated strong, four are average and two are considered weak. Overall, the indicators illustrate a smaller system which is in good financial condition. The strong indicators show strong cash flow and affordability. The weak indicators reflect that the proposed debt will burden the community to some degree.

- Operating revenues covered operating expenses for four out of the last five years, averaging 105% of operating expenses.
- In addition to operating revenues from charges, the District supports operations with property taxes.
- Based on 2024 financial information, coverage with the proposed loan is 189% with tap fee revenue and 141% without tap fee revenue.
- In 2025, the District executed a DWRF loan in the amount of \$447,789 with \$811,511 in principal forgiveness for a total DWRF funding package of \$1,259,300. Annual debt service on this loan will be \$28,516.
- When including debt service on the 2025 DWRF loan, coverage with the proposed loan is 157% with tap fee revenue and 117% without tap fee revenue. No rate increases are projected to be necessary to meet the 110% coverage ratio requirement.
- Projections submitted by the District show that the District expects revenue growth over the next twenty years from new taps added. The District does not anticipate significant increases in operating expenses.
- Without principal forgiveness, the coverage ratio moves to 133% with tap fee revenue and 100% without tap fee revenue. Additional annual revenue of about \$20,883, or \$2.64 per tap per month, would increase the coverage ratio to 110% when excluding tap fee revenue.

Additional Project Financing

The District submitted a DOLA Energy and Mineral Impact Assistance Fund grant application for \$554,917. In May 2026, \$150,000 was awarded. The District also received a \$45,000 D&E grant and a \$10,000 planning grant in 2026.

DESCRIPTION OF THE LOAN:

An estimated \$489,515 loan with a twenty-year term with two payments annually at an interest rate of 2.50% will cost the District approximately \$31,252 in debt service annually. The District also qualifies for \$470,318 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	>=	\$55,957	Y
P2: MHV	\$431,520	>=	\$415,400	Y
P3: County Unemployment	5.35%	<=	6.42%	Y
County Job Change	0.00%	>=	15.90%	N
S1: County MHI	\$76,376	>=	\$52,526	Y
S2: Ten Year % Change in Population	0.00%	>=	N/A	N/A
S3: Assessed Value per Housing unit	\$24,337	>=	\$18,059	Y
S4b: Curr. and Proj. System Debt	0.57%	<	0.83%	Y
S4b: 80th Percentile	1.57%	<	0.83%	N
S5b: Proj. System Cost Per Tap to MHI	1.84%	<	2.44%	Y
S5b: 80th Percentile	2.67%	<	2.44%	N

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 not exceeding the 80th percentile, the Town qualifies as a Category 1 DAC, and will receive a 2.50% interest rate.

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 6.5 points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	3.35%	0
2a: County Job Change	0.00%	>	15.90%	0.5
2b: County Unemployment	5.35%	<	6.42%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>	\$55,957	1
	\$119,338	<		
4: Rates to MHI	1.32%	<	2.36%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	15.96%	0
7: % Households Housing Burdened	50.00%	<	25.78%	0
8: % Population under 200% Poverty Level	40.00%	<	26.57%	0

9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	83.42%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				6.5

The District qualifies for IIA/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%, the District qualifies for approximately \$470,318 in principal forgiveness, leaving an estimated loan of \$489,515.

ECONOMIC ANALYSIS: Based on the State Demographer's estimate of 2.5 people per tap, the District has a 2024 population estimated at 1,680 and has grown at an average annual rate of 0.25% since 2020. Huerfano County has experienced an increase of 0.13% in population since 2020. The state population increased at an average annual rate estimated at 0.73%.

The region's economy is dominated by government, retail, agriculture, hospitality, and health services. Historically, mining and extraction played a significant role in the economy, but they have declined. Retirees make up a large portion of economic activity.

The District's largest employers consist of La Veta School District, with 44 employees; Dog Bar, with 20 employees; Yellow Pine Guest House, with five employees; and the District itself, with five employees.

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

The District is a Title 32, Article 1 water and sanitation district governed by a five-member board of directors and was organized in 1974. The District provides water and wastewater services. Approximately five full-time employees staff the sewer utility. The sewer utility is overseen by the General 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 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

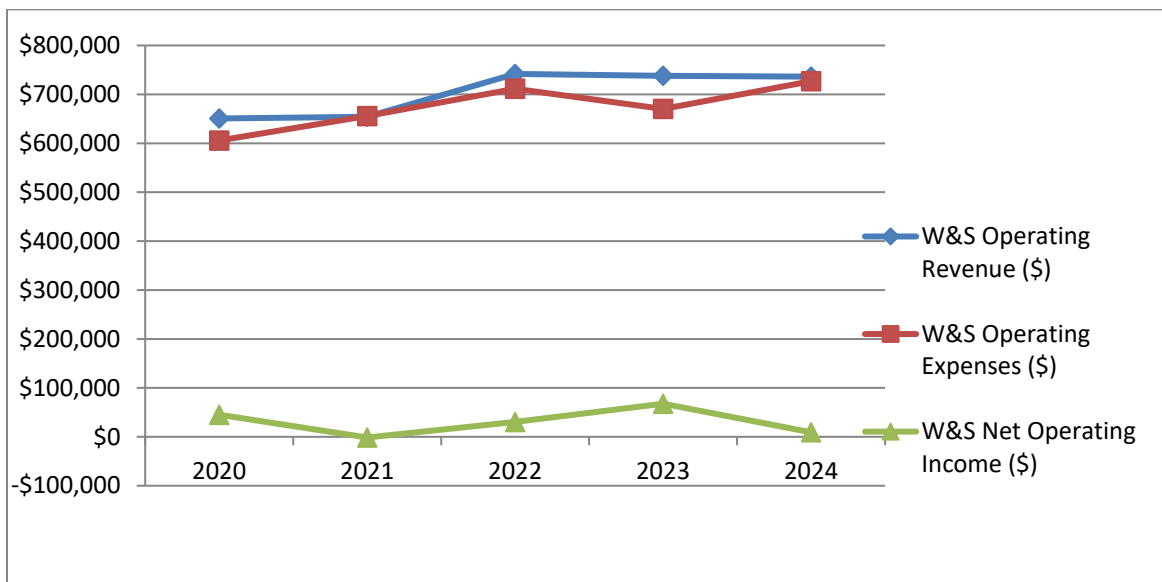
As part of the application process, the District provided information about anticipated capital improvements. The District expects to complete an outflow measurement project in the range of \$10,000 to \$20,000 in 2027 which would be paid from reserves. In addition, the District anticipates capital outlay of \$500,000 for storage tank painting in the longer term.

REVENUE ANALYSIS:

Personnel costs led to increases in operating expenses in 2021, 2022, as well as 2024. The District also levies property taxes as a revenue source to support operations. Even without property tax revenue, the District's operating revenues are generally sufficient to cover operating expenses, with net operating revenue dipping slightly negative in 2021. The District increased water and sewer rates in 2025. Based on 659 taps, the \$20 increase is expected to generate \$158,160 in additional annual revenue, which is anticipated to further strengthen the District's cash flow and projected coverage ratio for the proposed loan.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Sewer Rate (\$)			40.00	40.00	40.00	50.00	50.00
Monthly Water Rate (\$)			50.00	50.00	50.00	60.00	60.00
Residential Sewer Tap Fee (\$)			7,500	7,500	7,500	10,000	15,000
Residential Water Tap Fee (\$)			7,500	7,500	7,500	10,000	15,000
Mill Levy	8.094	8.094	8.094	8.094	8.094		
Total W&S Revenue (\$)	776,547	868,859	921,166	923,821	993,439		

Tap/Development Fees (\$)	0	93,000	15,000	15,000	67,500
Property Tax	102,605	103,804	114,351	101,297	124,511
S.O. Tax	0	0	0	10,498	10,102
W&S Operating Revenue (\$)	650,783	654,257	741,830	738,023	736,279
W&S Operating Expenses (\$)	605,746	655,687	711,433	670,361	726,981
W&S Net Operating Income (\$)	45,037	-1,430	30,397	67,662	9,298
W&S Debt (\$)	1,714,962	1,260,896	1,498,968	1,425,290	1,349,780
Total Debt (\$)	1,714,962	1,260,896	1,498,968	1,425,290	1,349,780
W&S Debt Service (\$)	560,318	184,733	110,154	110,162	110,061
W&S Debt Service/Tap/Month (\$)			15.40	13.42	13.65
W&S Fund Reserves (\$)	987,489	999,638	898,457	958,446	805,678



Recent Rate Increases

The District's most recent sewer rate increase of \$10.00 and water rate increase of \$10.00 was implemented on January 1, 2025.

User Charges & System Utilization

The District's current estimated average monthly residential sewer rate is a flat rate of \$50.00 compared to the 2024 estimated state median of \$44.65. Multi-family residences that are less than 650 square feet pay a lower flat rate of \$35.00. Commercial users pay a combined water and sewer rate based on tap size (\$65.00 for ¾", \$100.00 for 1", \$250.00 for 2", and \$300.00 for 3") in addition to a volume charge of \$4.50 per thousand gallons of water consumed. The District uses Equal Quantity Ration (EQR) to determine rates for commercial users.

The District's current monthly water rate is estimated at \$60.00 compared to the 2024 estimated state median of \$60.61. Residential users pay a \$60.00 monthly base rate up to 80,000 gallons of consumption a year. Residences that are less than 650 square feet pay a monthly base rate of \$42.00. A volume charge of \$1.75 per 1,000 gallons for consumption from over 80,000 gallons per year.

Contributed Capital

Revenue from tap fees has ranged from \$0 to \$93,000 and has averaged 4.15% of total sewer revenue during the last five years. The District's most recent sewer tap fee rate increase occurred in 2026.

- Residential sewer tap fees are \$15,000.
- Residential water tap fees are \$15,000.
- Commercial tap fees are determined on a case by case basis.

Current System Utilization

Current Fee Summary

	Usage	Revenue
Residential	97%	97%
Non-residential (per EQR)	3%	3%

Tap size	Sewer user/tap fees	Water user/tap fees
¾"	\$50.00/\$15,000	\$60.00/\$15,000
¾"	\$76.45/Determined by District	\$76.45/Determined by District

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2019	CWRPDA-DWRF	2039	Water and sewer revenues	\$1,577,262	2.5%	105,151
2012	CWRPDA-DWRF	2033	Water and sewer revenues	\$45,045	2%	\$5,299

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 their DWRF direct loans dated 2019 and 2012 with the Authority.

The District has also had no debt service payment issues.

Prepared by: Victor Chen
Date: September 8, 2026

Project # 142611W-B
Cost Categories: 100% Secondary Treatment (Category I)

September 8, 2026 WPCRF Credit Report Cucharas Sanitation and Water District, Huerfano County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	1,680
Number of Sewer Taps/Customers - 2024	672
Total Assessed Valuation - 2024	\$12,153,000
Actual Value of All Real Property - 2024	\$146,411,000
Median Household Income (MHI) - 2024	\$55,957
Monthly Sewer Rate - 2024	\$40.00
W&S Operating Revenue - 2024	\$736,279
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.]	\$993,439
W&S Tap and System Development Fee Revenue - 2024	\$67,500
W&S Operating Expense - 2024	\$726,981
W&S Current Expense - 2024	\$837,042
W&S Debt - 2024	\$1,349,780
Total Debt - 2024	\$1,349,780
W&S Fund Reserves - 2024	\$805,678
W&S Debt Service - 2024	\$110,061
New W&S Debt [Requested WPCRF loan amount.]	\$489,515
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.50%
New Loan's Annual W&S Debt Service (two payments annually)	\$31,252

Current Indicators (2024) Cucharas Sanitation and Water District (Sewer Only)					
1	Total Debt	\$1,349,780	÷	Population	1,680 = \$803
	New Debt	\$489,515	÷	Population	1,680 = \$291
	Total Debt + New Debt	\$1,839,295	÷	Population	1,680 = \$1,095
2	Total Debt	\$1,349,780	÷	Number of Taps	672 = \$2,009
	New Debt	\$489,515	÷	Number of Taps	672 = \$728
	Total Debt + New Debt	\$1,839,295	÷	Number of Taps	672 = \$2,737
3	Total Debt	\$1,349,780	÷	Assessed Value	\$12,153,000 = 11.11%
	New Debt	\$489,515	÷	Assessed Value	\$12,153,000 = 4.03%
	Total Debt + New Debt	\$1,839,295	÷	Assessed Value	\$12,153,000 = 15.13%
4	Total Debt	\$1,349,780	÷	Actual Value	\$146,411,000 = 0.92%
	New Debt	\$489,515	÷	Actual Value	\$146,411,000 = 0.33%
	Total Debt + New Debt	\$1,839,295	÷	Actual Value	\$146,411,000 = 1.26%
5	Current W&S Debt (Current W&S Debt + New W&S Debt) / Number of Taps	\$1,349,780 \$2,737	÷	Number of Taps MHI	672 = \$2,009 \$55,957 = 4.89%
6	Current Ratio (CA / CL) Current Assets	\$1,158,952	÷	Current Liabilities	\$353,274 = 328%
7	Reserve/Expense Ratio Reserves	\$805,678	÷	Current Expenses	\$837,042 = 96%
8	Operating Ratio (OR / OE) Operating Revenues	\$736,279	÷	Operating Expenses	\$726,981 = 101%
9	Coverage Ratio [(TR - OE) / DS] Total Revenues Minus Operating Expenses =	\$993,439 \$726,981 \$266,458	- ÷	Current Debt Service	\$110,061 = 242%
10	Coverage Ratio Excluding Tap and Development Fee Revenue Minus Tap and Development Fee Revenue =	\$266,458 \$67,500 \$198,958	 ÷	Current Debt Service	\$110,061 = 181%
11	Projected Coverage Ratio Total Revenues Minus Operating Expenses =	\$993,439 \$726,981 \$266,458	 ÷	Total Debt Service (with new loan)	\$141,313 = 189%
12	Projected Coverage Excluding Tap and Development Fee Revenue Minus Tap and Development Fee Revenue =	\$266,458 \$67,500 \$198,958	 ÷	Total Debt Service (with new loan)	\$141,313 = 141%
13	Current Debt Service Annual New W&S Debt Service	\$110,061 \$31,252	÷	Number of Taps	672 = \$163.78 672 = \$46.51
14	2024 Annual Sewer Rate (Monthly Rate x 12) 2024 Annual Sewer Rate + New Annual Debt Service Per Tap	\$480.00 \$526.51	÷	MHI	\$55,957 = 0.86% \$55,957 = 0.94%
15	Current 2024 Monthly User Charge (Debt Service on WPCRF Loan / 2024 Taps / Month) Total				\$40.00 \$3.88 \$43.88
16	Operation and Maintenance Reserve Reserves	\$805,678	÷	Operating Expenses	\$726,981 = 111%

2026 SRF Disadvantaged Community Criteria**Loan Terms**

Amount of Loan:	\$ 959,833
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 65,642

Applicant:	Cucharas Sanitation and Water 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

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2024)	<= 10,000	1,683	Y	
Population 5 years ago (2020)		1,475		
Population 10 years ago (2015)				

Primary Factors

P1	MHI (Place)	<= \$ 76,376	55,957	Y	BG 1
	Margin of Error (MOE)	±	8,356	OK	
	Reliability (CV)	<= 18.00%	9.08%	Y	
P2	MHV (Place)	<= \$ 431,520	415,400	Y	BG 1
	Margin of Error (MOE)	±	52,937		
	Reliability (CV)	<= 18.00%	7.75%	Y	
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%	#DIV/0!	#DIV/0!		
S3	Assessed Value / Housing Unit	<=	\$	24,337	\$18,059	Y		
	Assessed Value				12,153,458			
	Total Housing Units				673		Taps used to estimate housing units	
S4	Current Debt / Tap / MHV	>		0.57%	0.48%	N	If MHV CV > 18%, calculate result at top of band	Result
WS	Current + Projected Debt/Tap/MHV	>		0.57%	0.83%	Y		
	S4b 80th percentile			1.57%	0.83%	N		
S5	System Full Cost / Tap / MHI	>		2.03%	3.05%	Y	If MHI CV > 18%, calculate result at top of band	Result
	Projected Rate @ 110% Coverage	>		1.84%	2.44%	Y		
	S5b 80th percentile			2.67%	2.44%	N		

Secondary Factor Count

3

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

Taps or EQR's	673
Total Debt	1,349,780
Principal & Interest	110,061
Operating Expenses (including operating transfers out)	726,981
Depreciation	422,682

WPCRF & DWRP

		<u>Benchmark</u>	<u>Applicant</u>	<u>Points</u>	<u>Notes on Data Used</u>
<u>Eligibility Criteria</u>					
1	Population loss or growth is slower than the state's over 5 years	<= 0.73%	3.35%	0.0	
	Current Population (2024)		1,683		
	Population five years ago (2020)		1,475		
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	55,957	1.0	<u>If MHI CV > 40%, calculate result at top of band</u>
	Reliability (CV)	>= \$ 119,338		0.0	<u>Result</u>
		<= 40.00%	9.08%	Y	
4	Rates compared to MHI	> 1.32%	2.36%	1.0	<u>If MHI CV > 40%, calculate result at top of band</u>
WS	Monthly Residential Rate	>	110.00		<u>Result</u>
					\$110 flat per month for residential water and sewer service.
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%	15.96%	0.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	25.78%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	26.57%	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%	83.42%	1.0	
	% Population over 65 years old		56.85%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				6.5	



Principal Forgiveness and Priority Point Scoring

Applicant: Cucharas Sanitation and Water District
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: 49%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$489,515

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	0
DOLA Affordability Score:	105
Total Score	105

Eligible as a base program DAC? Yes

Eligible base program DWRF/WPCRF principal forgiveness percentage: 40%

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

Priority Point Scoring

Total WQCD Score:	5
DOLA Affordability Score:	105
Total Score:	110

2026 IUP WPCRF Priority Point Calculations

Entity Name:	Cucharas SWD
Date of Scoring	8/18/2026
SRF Phase:	Loan app
DOLA Score:	105
DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

P1	MHI		\$55,957	59%
	<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)		3.05%	
	Rates are > 1.14%	45		
	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 x		
	Rates are between 2.03% and 2.70%	25		
	Rates are < 2.03%	0		
S4a	Current SEWER debt per tap compared to MHV		0.48%	
	Debt is > 0.53%	45		
	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 x		
	Population served		1,683	
	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		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		18,059	
	AV per household is < \$12,722	35		
	AV per household is between \$12,722 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		

WPCRF LOAN CREDIT REPORT (2026)

Town of Hugo ("The Town"), Lincoln County

Recommendation: **CONDITIONAL APPROVAL**

Loan Request:	\$1,559,900
Interest Rate & Term:	1.75%, 30 years
Annual Debt Service:	\$34,199
Pledge:	Sewer revenues
Current Rate:	\$57.31
Estimated Rate Increase:	\$20.83

Project Budget

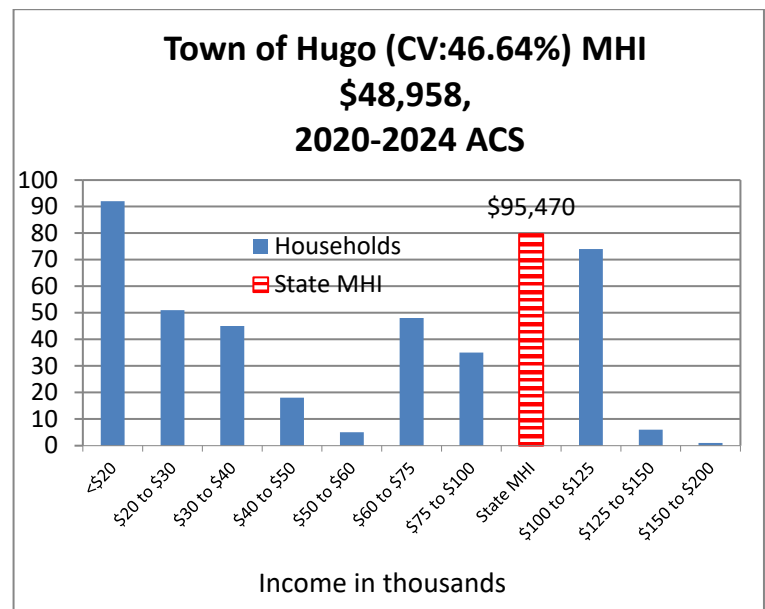
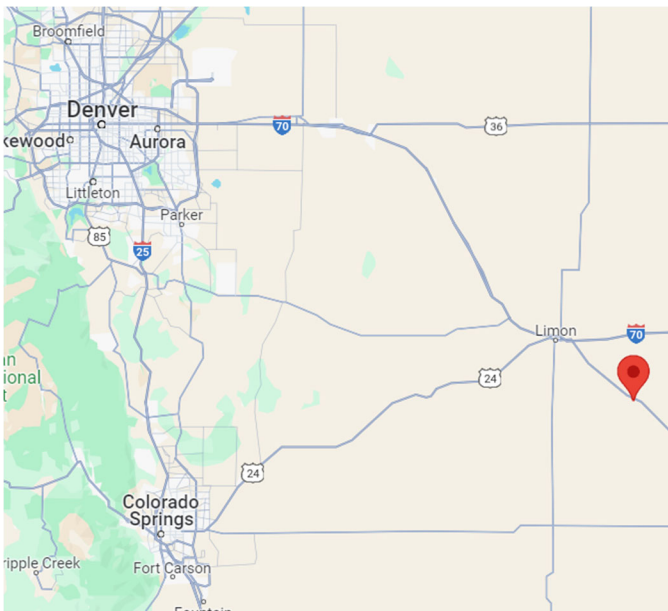
WPCRF IJA/BIL Loan:	\$795,549
WPCRF IJA/BIL PF:	\$764,351
2026 CDBG	\$600,000
2025 CDBG-DEEC	\$100,000
2026 D&E Grant:	\$140,100
Total:	\$2,400,000

PROJECT DESCRIPTION: This project includes replacement of the sanitary sewer main, manholes and the ultimate reconnection of the lines. In addition and prior to completion, the project will include surface restoration. This project includes C sanitary sewer main and manhole replacements to include service line reconnections. Other components include surface restoration, which will consist of asphalt and gravel replacement.

COMMUNITY PROFILE:

Town of Hugo	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
Town Population	784	791	786	781	774			-0.39%
Lincoln County Population	5,662	5,476	5,522	5,501	5,575			-0.32%
Lincoln County Jobs	6,130	6,180	6,258	6,365	6,316			0.75%
Number of Water Taps			422	422	429	422	422	0.00%
Number of Sewer Taps			411	411	408	412	412	0.06%
Assessed Value (\$000)			\$4,830	\$4,835	\$5,005	\$4,320	\$6,321	6.96%
Actual Value (\$000)			\$49,213	\$49,942	\$53,410	\$41,581	\$72,148	10.04%

BORROWER BRIEF: The Town is the county seat of Lincoln County and located approximately 16 miles southeast of Limon on State Highway 287 and approximately 107 miles southeast of Denver.



RECOMMENDATION: The Town serves a small, rural community on the Eastern Plains in Lincoln County. This proposed loan is necessary to replace large portions of the sewer sanitary system, which is in poor condition and requires emergency repairs. The Town has taken on debt in recent years to deal with needed sewer utility improvements. However, the Town has consistently raised rates to cover the cost of operations and is undergoing a rate study. We therefore recommend the WPCRF Committee approve a \$795,549 Infrastructure Investments and Jobs Act/Bipartisan Infrastructure Law ("IIJA/BIL") disadvantaged communities loan and \$764,351 in IIJA/BIL

principal forgiveness (“PF”) to the Town of Hugo on the condition that rates are increased sufficiently, if necessary to meet the 110% coverage ratio requirement.

PROJECT SUMMARY:

System summary: The Town is located within eastern Colorado in Lincoln County and serves approximately 412 sewer connections. The Town operates an evaporative lagoon system and wastewater collection system.

Reason/need: The Town owns and operates a wastewater collection and treatment facility (WWTF), built in the early 1960s. Much of the sanitary sewer system is still in its original condition. In 2023, after a sewer collapse, the Town completed a preliminary Engineering Report to shift from reactionary to proactive management. Emergency repairs included replacing deteriorated lines crossing Highway 287 and the Union Pacific Railroad. The Town used smoke testing, cleaning, and video inspections to evaluate system condition. Approximately one-third of the system was inspected, focusing on critical, high-flow areas. Inspected segments are in poor condition and require replacement. Ongoing, phased sewer rehabilitation is needed to reduce emergency repairs and control costs.

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: 18.6% of the total project cost is included as contingency.

CURRENT INDICATORS:	2022	2023	2024	Weak	Average	Strong
Total Debt per Capita (\$):	267	322	581	___ >\$2,000 ___	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			724	___ >\$2,000 ___	\$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	3,489	4,193	7,939	X >\$5,000 ___	\$2,500 - 5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			9,889	X >\$5,000 ___	\$2,500 - 5,000	___ <\$2,500
Current Sewer Debt/Tap (\$):	3,489	4,193	7,939	X >\$2,000 ___	\$1,000 - 2,000	___ <\$1,000
Current Sewer + New Sewer Debt/Tap (\$):			9,889	X >2,000 ___	\$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	30.49%	36.60%	65%	X >50% ___	25-50%	___ <25%
Total Debt + New Sewer Debt/Assessed Value:			81%	X >50% ___	25-50%	___ <25%
Total Debt/Actual Value:	2.99%	3.54%	6.06%	___ >10% X	5-10%	___ <5%
Total Debt + New Sewer Debt/Actual Value:			7.55%	___ >10% X	5-10%	___ <5%
Curr. Sewer Debt + New Debt/Tap/MHI:			20%	X >20% ___	10-20%	___ <10%
Sewer Fund Current Ratio (CA/CL):	866%	702%	271%	___ <100% ___	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	217%	243%	82%	___ <50% X	50-100%	___ >100%
Sewer Operating Ratio (OR/OE):	163%	261%	110%	___ <100% X	100-120%	___ >120%
Coverage Ratio (TR-OE)/DS:	281%	537%	42%	X <110% ___	110-125%	___ >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	281%	537%	42%	X <110% ___	110-125%	___ >125%
Coverage Ratio with New Loan:			33%	X <110% ___	110-125%	___ >125%
Coverage Ratio with New Loan Excluding Tap Fees:			33%	X <110% ___	110-125%	___ >125%
Current Annual Sewer Rates/MHI:			1.31%	___ >3.0% ___	1.5-3.0%	X <1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			1.48%	___ >3.0% ___	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			117%	___ <25% ___	25-50%	X >50%
Total:				11	4	6

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, six are rated strong, four are average and 11 are considered weak. Overall, the indicators illustrate a small system which will be burdened by the proposed debt. The strong indicators show affordable rates relative to Median Household Income and strong reserves. The weak indicators reflect high debt burden and the need for further rate increases.

- Operating revenues covered operating expenses consistently for the past five years. Operating revenues averaged 196% of operating expenses over this period and have increased every year, helping the Town cover increased sewer operating expenses in 2024.
- Based on 2024 financial information, coverage with the proposed loan is 33%. Additional annual revenue of about \$123,065, or \$24.89 per tap per month, would increase the coverage ratio to 110%.

- Sewer rates have been increased twice for a total increase of \$4.06 since 2024. Based on 412 taps, this is expected to increase annual sewer revenues by approximately \$20,073. This increases the projected coverage ratio to 46%. Additional annual revenue of about \$102,992, or \$20.83 per tap per month, would increase the coverage ratio to 110%.
- The Town indicated that a rate study is underway and that it will account for the proposed debt and future Capital Improvement Plan as well as increases required by inflation.
- Projections submitted by the Town show operating expenses increasing by approximately 2% annually. The projections indicated that the Town will increase sewer rates by 5% as necessary to meet the 110% coverage ratio requirement and that significant rate increases are expected in 2027.
- Without principal forgiveness, the coverage ratio moves to 38%. Additional annual revenue of about \$139,135, or \$28.14 per tap per month, would increase the coverage ratio to 110%.
- The Office of the State Auditor granted an audit extension to the Town for the 2025 audit, so 2024 financial information was used for this analysis.

Additional Project Financing

The Town submitted a CDBG Design, Engineering, and Environmental Clearance application for \$100,000 which was awarded in 2025 in addition to submitting a CDBG application for constructions costs for the proposed project for \$600,000 which was awarded in 2026. The Town also received a \$140,100 D&E grant in 2026.

DESCRIPTION OF THE LOAN:

An estimated \$795,549 loan with a thirty-year term with two payments annually at an interest rate of 1.75% will cost the Town approximately \$34,199 in debt service annually. The Town also qualifies for \$764,351 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	>=	\$48,958	Y
P2: MHV	\$431,520	>=	\$254,400	Y
P3: County Unemployment	5.35%	<=	3.20%	N
County Job Change	0.00%	>=	3.59%	N
S1: County MHI	\$76,376	>=	\$62,861	Y
S2: Ten Year % Change in Population	0.00%	>=	4.03%	N
S3: Assessed Value per Housing unit	\$24,337	>=	\$8,688	Y
S4b: Curr. and Proj. System Debt	0.15%	<	4.59%	Y
S4b: 80th Percentile	0.75%	<	4.59%	Y
S5b: Proj. System Cost Per Tap to MHI	0.73%	<	2.74%	Y
S5b: 80th Percentile	1.10%	<	2.74%	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 seven points as shown below.

IIJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	-0.32%	1
2a: County Job Change	0.00%	>	3.59%	0
2b: County Unemployment	5.35%	<	3.20%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>	\$48,958	1
	\$119,338	<		
4: Rates to MHI	0.56%	<	1.31%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	21.13%	0
7: % Households Housing Burdened	50.00%	<	31.70%	0
8: % Population under 200% Poverty Level	40.00%	<	38.91%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	57.16%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				7

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%, the Town qualifies for approximately \$764,351 in principal forgiveness, leaving an estimated loan \$795,549.

ECONOMIC ANALYSIS: The Town has a 2024 population estimated at 774 and has declined at an average annual rate of -0.39% since 2020. Lincoln County has experienced a decrease of -0.32% in population since 2020. The state population increased at an average annual rate estimated 0.73% since 2000.

The Town's economy is similar to other Eastern Plains local economies with railroad and agricultural origins. The region's economy is dominated by agriculture, government, retail, accommodation services, and construction.

The region's largest employers consist of Lincoln County Community Hospital, with 125 employees; Lincoln County, with 120 employees; Genoa-Hugo School District, with 42 employees; First National Bank, with eight employees; and the Town, with eight employees.

No customer accounts for more than 3% of system utilization.

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

The Town is a Statutory Town governed by a seven-member board of trustees and was incorporated in 1909. The Town provides services including police protection, trash collection, elderly housing, cemetery services, library services, water and wastewater services, public works services, and parks and recreation services. Approximately one full-time employee staffs the sewer utility. The sewer utility is overseen by the sewer supervisor 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 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.

Capital Improvement Plan

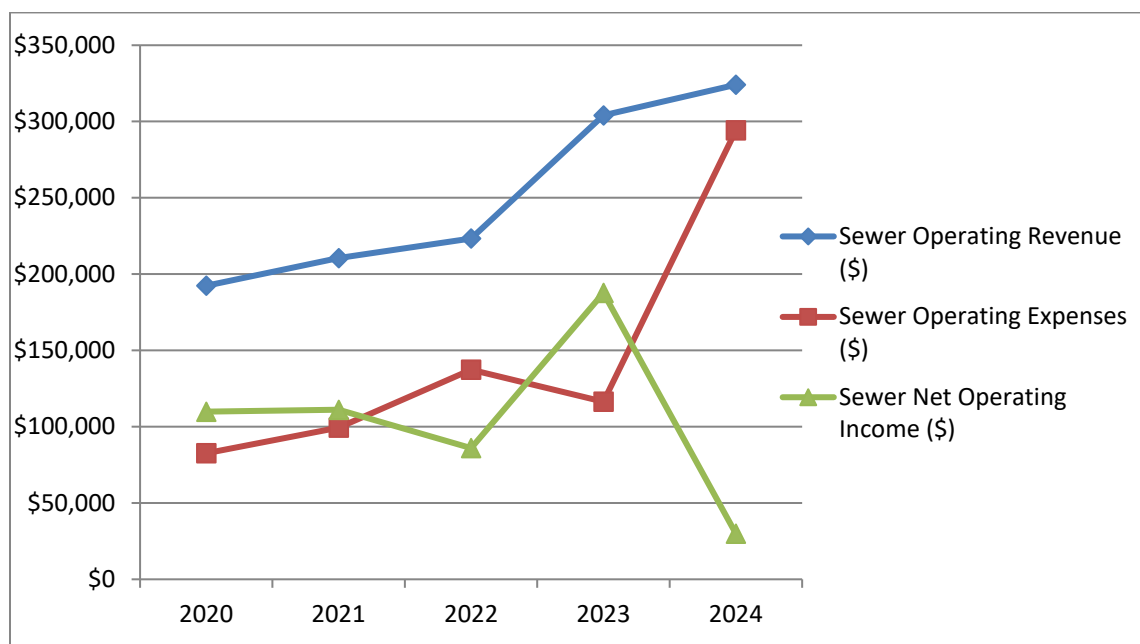
As part of the application process, the Town submitted a capital improvement schedule through 2045, which anticipates capital outlay of \$3,250,000 for work on the collection system as well replacing a lift station pump to be funded from a combination of grants, loans, and reserves.

REVENUE ANALYSIS:

Operating revenues have steadily increased in all years examined, which reflects the numerous rate increases that have been implemented in the past five years. Operating expenses increased in 2024 due to hiring a sewer supervisor, bookkeeping expenses, increased personnel costs including health care, and engineering costs. Net operating income is consistently positive.

TRENDS	2020	2021	2022	2023	2024	2025	2026
Monthly Water Rate (\$)			40.50	47.84	55.54	57.99	60.99
Monthly Sewer Rate (\$)			45.32	53.25	53.25	54.77	57.31
Residential Water Tap Fee (\$)			2,500	2,500	2,500	2,500	2,500
Residential Sewer Tap Fee (\$)			1,000	1,000	1,000	1,000	1,000
Total Sewer Revenue (\$)	192,912	260,093	309,632	392,132	347,866		
Tap/Development Fees (\$)	0	0	0	0	0		
Sewer Operating Revenue (\$)	192,451	210,491	223,334	304,024	324,091		
Sewer Operating Expenses (\$)	82,607	99,383	137,370	116,357	294,230		
Sewer Net Operating Income (\$)	109,844	111,108	85,964	187,667	29,861		
Sewer Debt (\$)	47,501	1,500,000	1,472,567	1,769,493	3,239,145		
Total Debt (\$)	47,501	1,500,000	1,472,567	1,769,493	3,239,145		
Sewer Debt Service (\$)	0	7,587	61,221	51,385	126,438		
Sewer Debt Service/Tap/Month (\$)			12.09	10.15	24.56		
Sewer Fund Reserves (\$)	347,195	431,163	431,739	407,178	344,088		

Ratios	2020	2021	2022	2023	2024	Average
Operating Revenue as % of Total Revenue	100%	81%	72%	78%	93%	85%
Operating Revenue as % of Expenses	233%	212%	163%	261%	110%	196%
Tap Fee Revenue as % of Total Revenue	0%	0%	0%	0%	0%	0%



Recent Rate Increases

The Town's most recent sewer rate increase of \$1.28 was implemented on January 1, 2026.

User Charges & System Utilization

The Town's current estimated average monthly residential sewer rate is \$57.31 compared to the 2024 estimated state median of \$44.65. All users pay the same flat sewer rate.

The Town's current monthly water rate is estimated at \$60.99 compared to the 2024 estimated state median of \$60.61. The Town's average monthly water rate is based on typical residential consumption of 7,810 gallons per month. In-Town users pay a \$52.42 base rate and out-of-Town users pay a \$57.89 base rate for up to 4,000 gallons and a volume charge of \$2.25 per 1,000 gallons for consumption over 4,000 gallons. Residential and commercial users pay the same rates.

Contributed Capital

The Town's most recent water tap fee rate increase occurred in 2023. The Town does not have a separate non-residential tap fee rate.

- Water tap fees for ¾" taps are \$2,500.
- Water tap fees for 1" taps are \$3,000.
- Sewer tap fees are \$1,000.

Current System Utilization		
	Usage	Revenue
Residential	68%	87%
Non-residential (per EQR)	32%	13%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾"	\$57.31/\$1,000	\$60.99/\$2,500
¾"	\$57.31/\$1,000	\$60.99/\$2,500

DEBT as of December 31, 2024

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2023	USDA-RD	2062	Sewer revenues	\$2,328,157	1.25%	\$62,641
2020	CWRPDA-WPCRF	2051	Sewer revenues	\$1,474,504	0.50%	\$54,612
2024	CWRPDA-WPCRF	2053	Sewer revenues	\$523,245	2.75%	\$25,959

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 not met the Rate Covenants on its WPCRF Direct Loans with the Authority, one out of the four years examined. However, as mentioned in the Credit Report, the Town has been proactive in raising rates to address the issue. The Town has also had no debt service payment issues.

Prepared by: Victor Chen
Date: September 8, 2026

Project # 142793W-H
Cost Categories: Sewer System Rehabilitation 100%

October 8, 2027 DWRF Credit Report Town of Hugo, Lincoln County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	5,575
Number of Sewer Taps/Customers - 2024	408
Total Assessed Valuation - 2024	\$5,005,000
Actual Value of All Real Property - 2024	\$53,410,000
Median Household Income (MHI) - 2024	\$48,958
Monthly Sewer Rate - 2024	\$53.25
Sewer Operating Revenue - 2024	\$324,091
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.]	\$347,866
Sewer Tap and System Development Fee Revenue - 2024	\$0
Sewer Operating Expense - 2024	\$294,230
Sewer Current Expense - 2024	\$420,668
Sewer Debt - 2024	\$3,239,145
Total Debt - 2024	\$3,239,145
Sewer Fund Reserves - 2024	\$344,088
Sewer Debt Service - 2024	\$126,438
New Sewer Debt [Requested DWRF loan amount.]	\$795,549
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	1.75%
New Loan's Annual Sewer Debt Service (two payments annually)	\$34,199

Current Indicators (2024)					
Town of Hugo					
(Sewer)					
1 Total Debt	\$3,239,145	÷	Population	5,575	= \$581
New Debt	\$795,549	÷	Population	5,575	= \$143
Total Debt + New Debt	\$4,034,694	÷	Population	5,575	= \$724
2 Total Debt	\$3,239,145	÷	Number of Taps	408	= \$7,939
New Debt	\$795,549	÷	Number of Taps	408	= \$1,950
Total Debt + New Debt	\$4,034,694	÷	Number of Taps	408	= \$9,889
3 Total Debt	\$3,239,145	÷	Assessed Value	\$5,005,000	= 64.72%
New Debt	\$795,549	÷	Assessed Value	\$5,005,000	= 15.90%
Total Debt + New Debt	\$4,034,694	÷	Assessed Value	\$5,005,000	= 80.61%
4 Total Debt	\$3,239,145	÷	Actual Value	\$53,410,000	= 6.06%
New Debt	\$795,549	÷	Actual Value	\$53,410,000	= 1.49%
Total Debt + New Debt	\$4,034,694	÷	Actual Value	\$53,410,000	= 7.55%
5 Current Sewer Debt	\$3,239,145	÷	Number of Taps	408	= \$7,939
(Current Sewer Debt + New Sewer Debt) / Number of Taps	\$9,889	÷	MHI	\$48,958	= 20.20%
6 Current Ratio (CA / CL)					
Current Assets	\$545,855	÷	Current Liabilities	\$201,767	= 271%
7 Reserve/Expense Ratio					
Reserves	\$344,088	÷	Current Expenses	\$420,668	= 82%
8 Operating Ratio (OR / OE)					
Operating Revenues	\$324,091	÷	Operating Expenses	\$294,230	= 110%
9 Coverage Ratio [(TR - OE) / DS]					
Total Revenues	\$347,866	-			
Minus Operating Expenses	\$294,230				
=	\$53,636	÷	Current Debt Service	\$126,438	= 42%
Coverage Ratio Excluding Tap and Development Fee Revenue	\$53,636				
Minus Tap and Development Fee Revenue	\$0				
=	\$53,636	÷	Current Debt Service	\$126,438	= 42%
11 Projected Coverage Ratio					
Total Revenues	\$347,866				
Minus Operating Expenses	\$294,230				
=	\$53,636		Total Debt Service (with new loan)	\$160,637	= 33%
Projected Coverage Excluding Tap and Development Fee Revenue	\$53,636				
Minus Tap and Development Fee Revenue	\$0				
=	\$53,636	÷	Total Debt Service (with new loan)	\$160,637	= 33%
13 Current Debt Service	\$126,438	÷	Number of Taps	408	= \$309.90
Annual New Sewer Debt Service	\$34,199	÷	Number of Taps	408	= \$83.82
2024 Annual Sewer Rate (Monthly Rate x 12)	\$639.00	÷	MHI	\$48,958	= 1.31%
2024 Annual Sewer Rate + New Annual Debt Service Per Tap	\$722.82	÷	MHI	\$48,958	= 1.48%
15 Current 2024 Monthly User Charge					\$47.84
(Debt Service on DWRF Loan / 2024 Taps / Month)					\$6.99
Total					\$54.83
16 Operation and Maintenance Reserve					
Reserves	\$344,088	÷	Operating Expenses	\$294,230	= 117%

2026 SRF Disadvantaged Community Criteria**Loan Terms**

Amount of Loan:	\$ 1,559,900
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 106,681

Applicant:	Town of Hugo	
	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

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2024)	<= 10,000	774	Y	
Population 5 years ago (2020)		784		
Poulation 10 years ago (2015)		744		

Primary Factors

P1	MHI (Place)	<= \$ 76,376	48,958	Y	
	Margin of Error (MOE)	±	37,562	Sub	
P2	MHV (Place)	<= \$ 431,520	254,400	Y	
	Margin of Error (MOE)	±	24,198		
P3	24 Month Unemployment (County)	>= 5.35%	3.20%	N	
	or 10 Year % Chng. Jobs (County)	<= 0.00%	3.59%	N	
	Jobs (2024)		2,596		
	Jobs (2015)		2,506		

Priority Factor Count

2

Secondary Factors

S1	MHI (County)	<= \$ 76,376	62,861	Y	
	Margin of Error (MOE)	±	10,620		
	Reliability (CV)	<= 18.00%	10.27%	Y	
S2	10 Year % Chng. Population	<= 0.00%	4.03%	N	
S3	Assessed Value / Housing Unit	<= \$ 24,337	\$8,688	Y	
	Assessed Value		4,126,592		
	Total Housing Units		475		
S4	Current Debt / Tap / MHV	> 0.15%	3.10%	Y	If MHV CV > 18%, calculate result at top of band
S	Current + Projected Debt/Tap/MHV	> 0.15%	4.59%	Y	
	S4b 80th percentile	> 0.75%	4.59%	Y	
S5	System Full Cost / Tap / MHI	> 0.80%	1.55%	Y	If MHI CV > 18%, calculate result at top of band
	Projected Rate @ 110% Coverage	> 0.73%	2.74%	Y	
	S5b 80th percentile	> 1.10%	2.74%	Y	

Secondary Factor Count

4

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

Taps or EQR's	411
Total Debt	3,239,145
Principal & Interest	126,438
Operating Expenses (including operating transfers out)	294,230
Depreciation	18,588

WPCRF & DWRF

		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.73%	-0.32%	1.0	
	Current Population (2024)		774		
	Population five years ago (2020)		784		
2a	10 Year % County Job Change	>= 0	3.59%	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	48,958	1.0	If MHI CV > 40%, calculate result at top of band
		>= \$ 119,338		0.0	Result
	Reliability (CV)	<= 40.00%	#REF!	#REF!	
4	Rates compared to MHI	> 0.56%	1.31%	1.0	If MHI CV > 40%, calculate result at top of band
5	Monthly Residential Rate	>	53.25		Result
					\$53.25 per open water account per month
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%	21.13%	0.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	31.70%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	38.91%	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%	57.16%	1.0	
	% Population over 65 years old		18.25%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				7.0	



Principal Forgiveness and Priority Point Scoring

Applicant: Town of Hugo
DWRP 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: 49%

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$764,351

Base WPCRF Principal Forgiveness Scoring

WPCRF

Water Quality & Public Health + CPDWR Compliance:	0
DOLA Affordability Score:	170
Total Score	170

Eligible as a base program DAC? Yes

Eligible base program WPCRF principal forgiveness percentage: 60%

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

Priority Point Scoring

Total WQCD Score:	40
DOLA Affordability Score:	170
Total Score:	210

2026 IUP WPCRF Priority Point Calculations

Entity Name:	Town of Hugo
Date of Scoring	8/19/2026
SRF Phase:	Pre-qual
DOLA Score:	170
DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

P1	MHI		\$48,958	51.28%
	<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)		1.55%	
	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		3.10%	
	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		774	
	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		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		8,688	
	AV per household is < \$12,722	35 x		
	AV per household is between \$12,722 and \$24,337	20		
	AV per household is between \$24,337 and \$46,151	10		
	AV per household is greater than \$46,151	0		

WPCRF LOAN CREDIT REPORT (2026)

Pagosa Springs Sanitation General Improvement District ("The District"), Archuleta County

Recommendation:	CONDITIONAL APPROVAL	Project Budget	
Loan Request:	\$3,000,000	WPCRF IJA/BIL Loan:	\$1,530,000
Interest Rate & Term:	1.75%, 30 years	WPCRF IJA/BIL PF:	\$1,470,000
Annual Debt Service:	\$65,771	2026 D&E Grant:	\$300,000
Pledge:	Sanitation Fund Revenue	2026 Planning Grant:	\$10,000
Current Rate:	\$76.25	Reserves:	\$97,500
Estimated Rate Increase:	\$28.92	Total:	\$3,407,500

PROJECT DESCRIPTION: This project consists of constructing a new lift station, force main, and emergency overflow vault; constructing additional emergency overflow vaults at existing lift stations throughout the District; and replacing failing collection system segments.

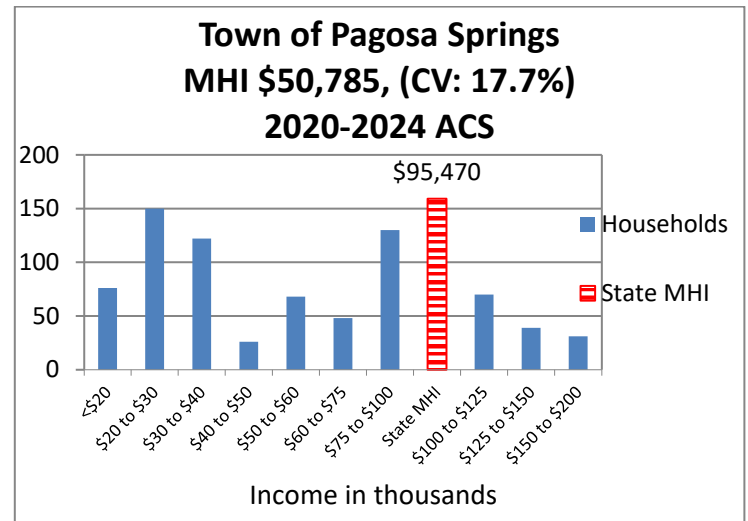
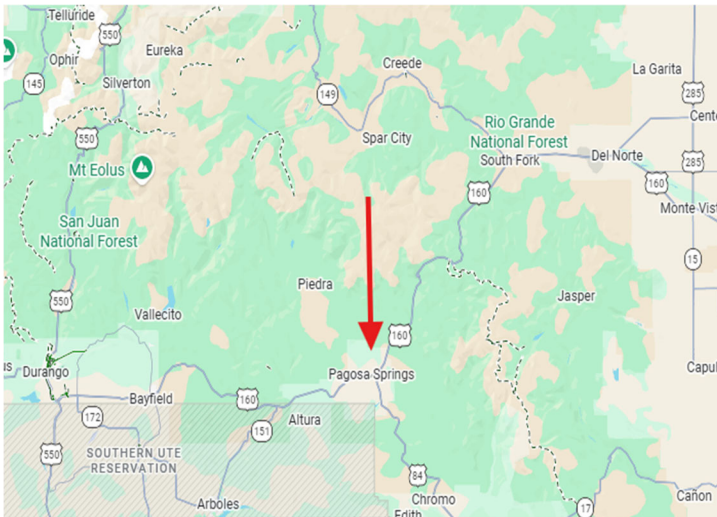
COMMUNITY PROFILE:

Pagosa Springs Sanitation

General Improvement District

	2020	2021	2022	2023	2024	2025	2026	Avg. Annual Change
District Population	1,577	1,633	1,670	1,729	1,748			2.61%
Archuleta County Population	13,429	13,815	13,993	14,182	14,137			1.29%
Archuleta County Jobs	6,406	6,663	6,745	6,931	7,281			3.25%
Number of Sewer Taps		147	153	159	165	171	177	3.71%
Assessed Value (\$000)			\$50,296	\$51,234	\$63,845	\$63,923	\$90,379	16%
Actual Value (\$000)			\$352,458	\$360,269	\$496,157	\$500,711	\$652,039	17%

BORROWER BRIEF: The District encompasses approximately five square miles serving the Town of Pagosa Springs (the Town) in central Archuleta County, situated along the San Juan River in the upper San Juan Basin. U.S. Highway 160 serves as the primary east-west thoroughfare through the District, situated approximately 60 miles east of Durango and 47 miles west of Wolf Creek Pass.



RECOMMENDATION: The District serves a mountainous community in Archuleta County. This proposed loan is necessary to replace failing collection system segments, construct a new lift station and force main across the San Juan River following flood damage to the 1st Street bridge crossing, and install concrete emergency overflow vaults to restore regulatory compliance. While the District will increase its existing debt burden, it is receiving substantial grant and principal forgiveness support totaling \$1,780,000 to improve project affordability. We therefore recommend the WPCRF Committee approve a \$1,530,000 IJA/BIL direct loan and \$1,470,000 in IJA/BIL principal forgiveness to the Pagosa Springs Sanitation General Improvement District, on the condition that user rates are managed appropriately to ensure compliance with rate covenants.

PROJECT SUMMARY:

System summary: The District's wastewater collection system includes three lift stations and roughly 126,000 lineal feet of pipe (8" to 18" in diameter) conveying flow to two large pump stations, where it is pumped uphill via a 7.5-mile force main to the Pagosa Area Water and Sanitation District's Vista WWTF for treatment.

Reason/need: In October 2025, flood debris destroyed a 50-foot suspended pipe crossing at the 1st Street bridge within the 100-year floodplain. The project will suspend a new force main under an upstream pedestrian bridge above the floodplain, requiring a new lift station. Additionally, inflow and infiltration ("I/I") accounts for roughly 20% of annual flows, necessitating collection line replacements. Following overflow events, CDPHE directed the District to construct concrete overflow vaults at all lift stations.

System Compliance: The District operates under Notice of Violation/Cease and Desist Order No. DO-230509-3 issued by CDPHE on May 9, 2023, regarding sanitary sewer overflows; the proposed improvements are intended to achieve full compliance.

Project Delivery Method: Design/Bid/Build.

Contingency: 13.4% of total project cost.

CURRENT INDICATORS:	2022	2024	2025	Weak	Average	Strong
Total Debt per Capita (\$):	1,841	1,687	4,269	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total + New Debt/Capita (\$):			5,145	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	20,014	17,876	43,642	X >\$5,000	\$2,500 - 5,000	<\$2,500
Total Debt + New Debt/Tap (\$):			52,590	X >\$5,000	\$2,500 - 5,000	<\$2,500
Current Sewer Debt/Tap (\$):	20,014	17,876	0	>\$2,000	\$1,000 - 2,000	X <\$1,000
Current Sewer + New Sewer Debt/Tap (\$):			52,590	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	6.21%	4.62%	11.7%	>50%	25-50%	X <25%
Total Debt + New Sewer Debt/Assessed Value:			14.1%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.88%	0.59%	1.49%	>10%	5-10%	X <5%
Total Debt + New Sewer Debt/Actual Value:			1.80%	>10%	5-10%	X <5%
Curr. Sewer Debt + New Debt/Tap/MHI:			104%	X >20%	10-20%	<10%
Sewer Fund Current Ratio (CA/CL):	245%	203%	542%	<100%	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	55%	44%	222%	<50%	50-100%	X >100%
Sewer Operating Ratio (OR/OE):	107%	125%	118%	<100%	X 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	154%	157%	113%	<110%	X 110-125%	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	66%	137%	103%	X <110%	110-125%	>125%
Coverage Ratio with New Loan:			99%	X <110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			91%	X <110%	110-125%	>125%
Current Annual Sewer Rates/MHI:			1.68%	>3.0%	X 1.5-3.0%	<1.5%
Current Sewer Rates + New Sewer Debt Service/MHI:			2.44%	>3.0%	X 1.5-3.0%	<1.5%
Operation and Maintenance Reserve:			311%	<25%	25-50%	X >50%
			Total:	9	4	8

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, eight are rated strong, four are average, and nine are considered weak. Overall, the indicators illustrate an elevated debt burden relative to community size, combined with expenses from recent major emergency repairs and infrastructure spending. The strong indicators reflect very low debt relative to the community's assessed and actual property values as well as healthy reserves. The weak indicators highlight elevated total and new debt per capita/tap, alongside narrow debt service coverage ratios.

- Audits indicate that operating revenues were insufficient to cover total operating expenses in 2025 due to \$661,336 in non-recurring costs (\$505,047 in emergency capital repairs and \$156,289 in bond issuance costs). Considering these were temporary, project-related expenditures, this amount was excluded from baseline operating expenses to normalize the financial analysis.
- Based on 2025 financials, the projected coverage with the new loan is 99% including tap fees and 91% excluding tap fees. Additional annual revenue of \$59,326, or \$28.91 per tap per month would be needed to achieve the required 110% coverage ratio with tap fee revenues; without tap fee revenues, additional revenue of \$104,385, or \$50.87 per tap per month is the projected requirement.
- However, voters approved a new 1.00% Town sales tax dedicated exclusively to the sanitation fund in November 2025 (effective January 2026), which is projected to generate \$3,000,000 in 2026 and increase in future years. Additionally, monthly sewer rates were raised to \$71.25 in 2025 and \$76.25 in 2026 as part of scheduled annual rate adjustments.
 - When excluding the \$661,336 in emergency/one-time expenses and including the \$5.00 rate increase, as well as the anticipated \$3,000,000 sales tax increase, the District is not projected to require a rate increase.
- Without principal forgiveness, the coverage ratio moves to 89% with tap fees. Additional annual revenue of about \$128,838, or about \$63 per tap per month, would increase the coverage ratio to 110%.

Additional Project Financing

The District is contributing \$97,500 from its sewer fund reserves, \$300,000 from a 2026 Design and Engineering (D&E) Grant, and \$10,000 from a 2026 Planning Grant toward the overall \$3,407,500 project budget.

DESCRIPTION OF THE LOAN:

An estimated \$1,530,000 WPCRF IJA/BIL direct loan with a 30-year term with two payments annually at an interest rate of 1.75% will cost the District approximately \$65,771 in debt service annually. The District also qualifies for \$1,470,000 in WPCRF IJA/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	>=	\$50,785	Y
P2: MHV	\$431,520	>=	\$374,600	Y
P3: County Unemployment	5.35%	<=	3.72%	N
County Job Change	0.00%	>=	26.33%	N
S1: County MHI	\$76,376	>=	\$83,065	N
S2: Ten Year % Change in Population	0.00%	>=	10.84%	N
S3: Assessed Value per Housing unit	\$24,337	>=	\$55,614	N
S4b: Curr. and Projected System Debt	0.15%	<	0.99%	Y
S4b: 80th Percentile	0.75%	<	0.99%	Y
S5b: Proj. System Cost Per Tap to MHI	0.73%	<	1.94%	Y
S5b: 80th Percentile	1.10%	<	1.94%	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%).

IJA/BIL Principal Forgiveness Eligibility:

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

IJA/BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.73%	>	2.54%	0
2a: County Job Change	0.00%	>	26.33%	0
2b: County Unemployment	5.35%	<	3.72%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$95,470	>	\$50,785	1
	\$119,338	<		
4: Rates to MHI	0.56%	<	1.68%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	60.53%	1
7: % Households Housing Burdened	50.00%	<	46.71%	0
8: % Population under 200% Poverty Level	40.00%	<	62.81%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	78.79%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				8

The District qualifies for IJA/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 District qualifies for approximately \$1,470,000 in IJA/BIL principal forgiveness, leaving an estimated repayable loan of \$1,530,000.

ECONOMIC ANALYSIS: The District has a 2024 population estimated at 1,748 and has grown at an average annual rate of 2.61% since 2020. Archuleta County has experienced an increase of 1.29% in population since 2020. The state population increased at an average annual rate estimated at 0.95%.

The region's economy is primarily supported by tourism, resort services, construction, retail trade, and local government. Archuleta County's jobs are dominated by services, government, construction, and retail trade. The area's largest commercial employers consist of the San Juan Motel (15 employees), Riverwalk Inn (10 employees), Wolf Creek Run Motorcoach Resort (8 employees), Fireside Cabins (8 employees), and Pagosa River Domes (8 employees).

No customer accounts for more than 3% utilization.

ORGANIZATIONAL ANALYSIS:**Bond Rating**

The District's debt was rated BBB by Standard & Poor's in 2024.

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 was established as a general improvement district and is governed by the Town Council of the Town of Pagosa Springs acting ex officio as the District Board. The Town of Pagosa Springs was incorporated in 1891 and operates under a Council-Manager form of government. The District provides sanitary sewer collection services, while treatment services are provided by the Pagosa Area Water and Sanitation District (PAWSD). System operations and management are staffed by Town of Pagosa Springs administrative and public works personnel.

- 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 Intergovernmental Risk Sharing Agency (CIRSA).
- 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 schedule through 2028, which anticipates capital outlay for major collection system and pipeline rehabilitation projects, including work coordinated with the US 160 construction corridor. Funding sources include WPCRF loan proceeds, state grants, dedicated enterprise revenues, reserves, and proceeds from a 1% dedicated municipal sales tax approved by voters in November 2025 (effective January 2026) specifically dedicated to sanitation infrastructure.

Intergovernmental

The District has two Intergovernmental Agreements (IGAs) with the Pagosa Area Water and Sanitation District (PAWSD).

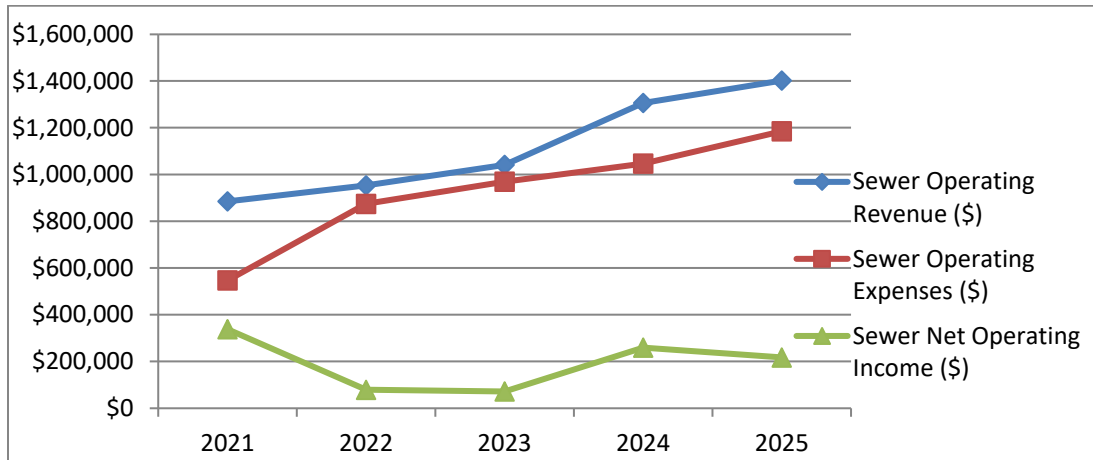
The District entered into an Amended and Restated Intergovernmental Agreement (IGA) with the Pagosa Area Water and Sanitation District (PAWSD) on June 17, 2016 (amended March 26, 2018). Under this agreement, the District conveys raw sewage from its service area to PAWSD's Vista Wastewater Treatment Plant (Vista WWTP) for treatment and discharge. The 2018 First Amendment established terms for decommissioning PAWSD Lift Stations 17 and 18, diverting wastewater flows to District Pump Station 2 (PS2), and defining pro-rata cost-sharing mechanisms for PS2 operations, maintenance, and future capital expansions.

The District entered into an Intergovernmental Agreement (IGA) with the Pagosa Area Water and Sanitation District (PAWSD) on January 3, 2012 (amended September 8, 2022). Under the agreement, PAWSD provides wastewater treatment services for sewage collected by the District, and the District pays PAWSD for its proportional share of treatment costs and debt service obligations associated with the shared treatment facility.

REVENUE ANALYSIS:

The District's sewer operating revenues have experienced steady growth over the observed five-year period, climbing from \$885,312 in 2021 to \$1,402,077 in 2025. Total sewer revenues reached \$1,721,924 in 2025, supported by \$76,019 in property tax revenues and \$45,059 in tap and system development fees. Operating expenditures increased in 2025 (after deducting non-recurring expenses), producing a positive net operating income. To establish long-term financial sustainability and support ongoing capital improvements, voters approved a dedicated 1% municipal sales tax in November 2025 (effective January 2026), which is projected to generate \$3,000,000 in 2026 and increase in future years to support the sanitation fund.

TRENDS	2021	2022	2023	2024	2025	2026
Monthly Sewer Rate (\$)		50.08	53.50	66.50	71.25	76.25
Residential Sewer Tap Fee (\$)		4,550	5,000	7,500	7,500	7,500
Total Sewer Revenue (\$)	1,176,339	1,177,714	1,413,264	1,498,908	1,721,924	
Tap/Development Fees (\$)	64,947	138,626	255,626	59,662	45,059	
Property Tax	56,035	59,480	60,362	74,716	76,019	
Sewer Operating Revenue (\$)	885,312	953,264	1,040,880	1,305,913	1,402,077	
Sewer Operating Expenses (\$)	547,138	874,363	969,123	1,046,592	1,184,851	
Sewer Net Operating Income (\$)	338,174	78,901	71,757	259,321	217,226	
Sewer Debt (\$)	3,636,352	3,411,185	3,182,260	2,949,505	7,462,851	
Total Debt (\$)	3,636,352	3,411,185	3,182,260	2,949,505	7,462,851	
Sewer Debt Service (\$)	482,264	287,657	287,657	287,658	476,410	
Sewer Debt Service/Tap/Month (\$)	273.39	156.68	150.76	145.28	232.17	
Sewer Fund Reserves (\$)	657,230	695,378	582,196	391,310	3,681,069	
Ratios	2021	2022	2023	2024	2025	Average
Operating Revenue as % of Total Revenue	75%	81%	74%	87%	81%	79%
Operating Revenue as % of Expenses	162%	109%	107%	125%	118%	126%
Tap Fee Revenue as % of Total Revenue	5.52%	12%	18%	3.98%	2.62%	9.84%



Recent Rate Increases

The District's most recent sewer rate increase of \$5.00 was implemented on January 1, 2026.

User Charges & System Utilization

The District's current monthly sewer rate is \$76.25, compared to the 2024 estimated state median of \$44.65. Flat-rate user charges are assessed per equivalent unit (EU) across residential and commercial accounts. Scheduled future user rates include \$81.50 (2027), \$87.50 (2028), \$93.50 (2029), and \$99.75 (2030).

Contributed Capital

- Revenue from tap and Capital Improvement Fees (CIF) has ranged from \$45,059 to \$255,626 over the last five years, averaging 9.84% of total sewer revenue. The District's current Capital Improvement Fee is \$7,500 per EU (effective January 2026, up from \$6,520 in 2025) for both residential and commercial connections. Under the District's adoption plan, the CIF will increase by \$2,500 every five years (\$10,000 in 2031 and \$12,500 in 2036).

Current System Utilization			Current Fee Summary	
	Usage	Revenue	Tap size	Sewer user/tap fees
Residential	78%	78%	¾"	\$76.25/\$7,500
Non-residential (per EQR)	22%	22%	¾"	\$76.25/\$7,500

DEBT as of December 31, 2025

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2025	Wastewater Revenue Bonds (Series 2025)	1-Mar-45	Enterprise Property & Net Wastewater Revenues	\$4,750,000	4.125% - 5.500%	\$254,150
2014	Colorado Water Resources and Power Development Authority (CWRPDA)	1-May-35	Sanitation Pipeline Infrastructure & Net Revenues	\$1,019,097	1.00%	\$112,718
2012	Pagosa Area Water and Sanitation District (PAWSD)	30-Nov-36	Sanitation Pipeline Infrastructure & Shared Treatment Revenues	\$1,693,754	2.19%	\$174,940

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 WPCRF direct loan dated 2014 with the Authority. The District has also had no debt service payment issues.

Prepared by: Peter Dieterich
Date: September 8, 2026

Cost Categories:

III-A. Infiltration/Inflow Correction: 12%

III-B. Sewer Replacement/Rehabilitation: 88%

September 8, 2026 WPCRF Credit Report Pagosa Springs SGID, Archuleta County, CO Using most recent data available (Census, audits, local records)	
Estimated Population - 2024	1,748
Number of Sewer Taps/Customers - 2025	171
Total Assessed Valuation - 2025	\$63,923,000
Actual Value of All Real Property - 2025	\$500,711,000
Median Household Income (MHI) - 2024	\$50,785
Monthly Sewer Rate - 2025	\$71.25
Sewer Operating Revenue - 2025	\$1,402,077
Sewer 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.]	\$1,721,924
Sewer Tap and System Development Fee Revenue - 2025	\$45,059
Sewer Operating Expense - 2025	\$1,184,851
Sewer Current Expense - 2025	\$1,661,261
Sewer Debt - 2025	\$7,462,851
Total Debt - 2025	\$7,462,851
Sewer Fund Reserves - 2025	\$3,681,069
Sewer Debt Service - 2025	\$476,410
New Sewer Debt [Requested WPCRF loan amount.]	\$1,530,000
Requested WPCRF Loan Term	30
Requested WPCRF Loan Interest Rate	1.75%
New Loan's Annual Sewer Debt Service (two payments annually)	\$65,771

2026 SRF Disadvantaged Community Criteria**Loan Terms**

Amount of Loan:	\$ 3,000,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 205,168

Applicant:	Pagosa Springs SGID		
	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	

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2024)	<= 10,000	1,748	Y	
Population 5 years ago (2020)		1,581		
Population 10 years ago (2015)		1,577		

Primary Factors

P1	MHI (Place)	<=	\$ 76,376	50,785	Y	
	Margin of Error (MOE)	±		14,790		
P2	MHV (Place)	<=	\$ 431,520	374,600	Y	
	Margin of Error (MOE)	±		77,869		
P3	24 Month Unemployment (County)	>=	5.35%	3.72%	N	
	or 10 Year % Chng. Jobs (County)	<=	0.00%	26.33%	N	
	Jobs (2024)			7,298		
	Jobs (2015)			5,777		

Priority Factor Count

3

Secondary Factors

S1	MHI (County)	<=	\$	76,376	83,065	N		
	Margin of Error (MOE)	±			7,046			
	Reliability (CV)	<=		18.00%	5.16%	Y		
S2	10 Year % Chng. Population	<=		0.00%	10.84%	N		
S3	Assessed Value / Housing Unit	<=	\$	24,337	\$55,682	N		
	Assessed Value				63,922,820			
	Total Housing Units				1148			
S4	Current Debt / Tap / MHV	>		0.15%	1.14%	Y	If MHV CV > 18%, calculate result at top of band	Result
S	Current + Projected Debt/Tap/MHV	>		0.15%	1.60%	Y		
	S4b 80th percentile			0.75%	1.60%	Y		
S5	System Full Cost / Tap / MHI	>		0.80%	1.86%	Y	If MHI CV > 18%, calculate result at top of band	Result
	Projected Rate @ 110% Coverage	>		0.73%	2.18%	Y		
	S5b 80th percentile			1.10%	2.18%	Y		

Secondary Factor Count

4

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

Taps or EQR's	1,748
Total Debt	7,462,851
Principal & Interest	476,410
Operating Expenses (including operating transfers out)	1,184,851
Depreciation	463,836

WPCRF & DWRF

		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.73%	2.54%	0.0	
	Current Population (2024)		1,748		
	Population five years ago (2020)		1,581		
2a	10 Year % County Job Change	>= 0	26.33%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.35%	3.72%	0.0	
3	Median Household Income	<= \$ 95,470	50,785	1.0	If MHI CV > 40%, calculate result at top of band
	Reliability (CV)	>= \$ 119,338		0.0	
		<= 40.00%	N/A	N	
4	Rates compared to MHI	> 0.56%	1.68%	1.0	If MHI CV > 40%, calculate result at top of band
S	Monthly Residential Rate	>	71.25		
					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%	60.53%	1.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	46.71%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	62.81%	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%	78.79%	1.0	
	% Population over 65 years old		15.98%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				8.0	

2026 IUP WPCRF Priority Point Calculations

Entity Name:	Pagosa Springs S GID
Date of Scoring	9/8/2026
SRF Phase:	Loan app
DOLA Score:	130
DAC:	DAC

Benchmarks

\$95,470 2020-2024 State MHI estimate

P1	MHI		\$50,785	53%
	<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 SEWER rate at 110%/tap/MHI)		1.86%	
	Rates are > 1.14%	45		
	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		1.14%	
	Debt is > 0.53%	45		
	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		1,748	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		55,682	
	AV per household is < \$12,722	35		
	AV per household is between \$12,722 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: Pagosa Springs Sanitation GID
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): \$1,470,000

Base DWRF/WPCRF Principal Forgiveness Scoring

DWRF/WPCRF

Water Quality & Public Health + CPDWR Compliance:	50
DOLA Affordability Score:	130
Total Score	180

Eligible as a base program DAC? Yes

Eligible base program DWRF/WPCRF principal forgiveness percentage: No

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

Priority Point Scoring

Total WQCD Score:	65
DOLA Affordability Score:	130
Total Score:	195