

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

**PROJECT FINANCE COMMITTEE
MEETING AGENDA**

**September 30, 2024
Committee meeting at 9:00 a.m.**

Via Zoom Conference Call

Project Finance Committee Members: Chris Treese (Chair), Steve Vandiver (ex-officio), Matt Shuler, Eric Wilkinson, and Bruce Whitehead

Authority Staff: Keith McLaughlin, Jim Griffiths, Wes Williams, Ian Loffert, Austin Reichel, Kevin Carpenter, and Giorgi Gazashvili

Others present: Mark Henderson, Alex Hawley, Margaret Talbott, Aly Ulibarri, Desi Santerre, Victor Chen, Peter Dieterich, and Monica Munoz-Revelo

AGENDA

1. DWRP Bipartisan Infrastructure Law (“BIL”) Loan Application:

- Highland Lakes Water District (BIL) – Supplemental Direct Loan Request – Gio (**Board Action – Staff Recommends Consent Agenda**)

2. WPCRF Base Loan Application:

- Town of Lake City (Base) – Supplemental Direct Loan Request – Austin (**Board Action**)

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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

September 30, 2024

TO: Project Finance Committee and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Giorgi Gazashvili, Financial Analyst II

RE: Review of the Highland Lakes Water District
Drinking Water Revolving Fund ("DWRF")

The Division of Local Government has forwarded to the DWRF Committee its analysis of the above-listed project. The DWRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

Highland Lakes Water District

On August 23, 2023, the Authority Board of Directors approved the Highland Lakes Water District (the "District"), located in Teller County, for a Disadvantaged Communities ("DAC") direct loan through the DWRF loan program in the amount of \$161,598 for a base direct loan plus \$646,390 of base Principal Forgiveness ("PF"). The loan was subsequently executed on October 19, 2023. The project scope has not changed and the project serves to construct a new membrane surface water treatment plant.

Due to the District receiving bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application, the District is seeking a supplemental Bipartisan Infrastructure Law ("BIL") General Supplemental DAC direct loan through the DWRF loan program in the amount of \$464,145 (comprised of a *\$165,043 BIL loan and a *\$299,102 BIL PF loan). The District's project was authorized by SJR 10-004.

Recommendation

Based on the attached credit report update and the 2023 credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental DWRF BIL General Supplemental DAC direct loan with the District in the amount of \$464,145 (comprised of a *\$165,043 BIL loan and a *\$299,102 BIL PF loan). The loan will be for a term of 20 years, at an interest rate of 1.00%. The Board will consider this request on October 4, 2024.

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

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.

Attachments: Highland Lakes Water District 2024 DWRF Credit Report Update and 2023 DWRF Credit Report



COLORADO
Department of Local Affairs
 Division of Local Government

TO: Jim Griffiths and Members of the Board of the
 CWRPDA
 FROM: Victor Chen, DLG
 SUBJECT: Highland Lakes Water District (“the District”) DWRF
 Credit Report Update
 DATE: September 17, 2024

<u>Project Budget</u>	
DWRF Supplemental Loan	\$165,043
DWRF BIL Principal Forgiveness	\$299,102
2023 DWRF Base Loan:	\$161,598
2023 DWRF Base Principal Forgiveness:	\$646,390
2023 D&E Grant:	\$141,550
2023 EIAF Grant	\$683,682
<u>2024 EIAF Grants</u>	<u>\$171,145</u>
Total:	\$2,268,510

Project Description: This project serves to construct a new membrane surface water treatment plant. The District previously received DWRF funding for this project in the amount of \$807,988, consisting of \$161,598 of DWRF base DAC loan with a 20 year term at 1.00% as well as DWRF base principal forgiveness in the amount of \$646,390. After requesting bids for the new water treatment plant, the District received bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application. Therefore, the District is requesting a supplemental loan.

When including the previous 2023 DWRF loan, the District’s 2022 financials show that the system is in good financial condition to take on the debt. Even with the proposed supplemental loan, no rate increases are projected to be necessary to meet the 110% coverage ratio requirement. As a disadvantaged community (DAC), the District is eligible for BIL funding. We therefore recommend the DWRF Committee approve a \$165,043 supplemental Disadvantaged Community DWRF BIL direct loan with the same terms as the original loan, in addition to \$299,102 in DWRF BIL principal forgiveness, to the Highland Lakes Water District.

CURRENT INDICATORS:	2020	2021	2022	Weak	Average	Strong
Total Debt per Capita (\$):	1,316	1,230	1,153	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,334	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,290	3,074	2,882	___ >\$5,000	X \$2,500 - 5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,334	___ >\$5,000	X \$2,500 - 5,000	___ <\$2,500
Current Water Debt/Tap (\$):	3,290	3,074	3,325	X >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water + New Water Debt/Tap (\$):			3,777	X >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	13%	12%	10%	___ >50%	___ 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			12%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	1.02%	0.95%	0.78%	___ >10%	___ 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.91%	___ >10%	___ 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			5.48%	___ >20%	___ 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	421%	416%	375%	___ <100%	___ 100-200%	X >200%
Water Fund Reserves/Current Expense:	159%	139%	174%	___ <50%	___ 50-100%	X >100%
Water Operating Ratio (OR/OE):	146%	116%	162%	___ <100%	___ 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	207%	186%	283%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	182%	117%	235%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan:			257%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			214%	___ <110%	___ 110-125%	X >125%
Current Annual Water Rates/MHI:			1.52%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.56%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			247%	___ <25%	___ 25-50%	X >50%
Total:				2	6	13





COLORADO

Department of Local Affairs

Division of Local Government

Financial Analysis

- Based on 2022 financials, coverage with the original 2023 DWRP loan is 258% with tap fee revenue and 214% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- When considering the \$8,935 annual payment for the original 2023 DWRP loan with the 2022 financials, the coverage ratio with the proposed loan is 236% with tap fee revenue and 196% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- According to the indicators, the total of the additional proposed supplemental loan and the original DWRP loan appears to be affordable for the community.
- Even when considering the debt and debt service for the original 2023 loan, there is no change in 21 indicators since the credit report for the original loan. While the weak and average indicators showing that the debt might be a burden on the community, the strong indicators show that, the system is in a good financial position to take on the loan.



August 28, 2024

DWRF Credit Report
Highland Lakes Water District, Teller County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2022	913
Number of Water Taps/Customers - 2022	365
Total Assessed Valuation (in thousands) - 2022	\$10,165,000
Actual Value of All Real Property (in thousands) - 2022	\$134,184,000
Median Household Income (MHI) - 2022	\$68,977
Monthly Water Rate - 2022	\$87.47
Water Operating Revenue - 2022	\$357,493
Water Total Revenue - 2022 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$480,627
Water Tap and System Development Fee Revenue - 2022	\$43,810
Water Operating Expense - 2022	\$220,514
Water Current Expense - 2022	\$312,572
Water Debt - 2022	\$1,051,911
Total Debt - 2022	\$1,213,509
Water Fund Reserves - 2022	\$544,712
Water Debt Service - 2022	\$92,058
New Water Debt [Requested DWRF loan amount.]	\$166,373
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	1.00%
New Loan's Annual Water Debt Service (two payments annually)	\$9,199

Current Indicators (2022)				
Highland Lakes Water District				
(Water Only)				
1	Total Debt	\$1,213,509	÷ Population	913 = \$1,330
	New Debt	\$166,373	÷ Population	913 = \$182
	Total Debt + New Debt	\$1,379,882	÷ Population	913 = \$1,512
2	Total Debt	\$1,213,509	÷ Number of Taps	365 = \$3,325
	New Debt	\$166,373	÷ Number of Taps	365 = \$456
	Total Debt + New Debt	\$1,379,882	÷ Number of Taps	365 = \$3,780
3	Total Debt	\$1,213,509	÷ Assessed Value	\$10,165,000 = 11.94%
	New Debt	\$166,373	÷ Assessed Value	\$10,165,000 = 1.64%
	Total Debt + New Debt	\$1,379,882	÷ Assessed Value	\$10,165,000 = 13.57%
4	Total Debt	\$1,213,509	÷ Actual Value	\$134,184,000 = 0.90%
	New Debt	\$166,373	÷ Actual Value	\$134,184,000 = 0.12%
	Total Debt + New Debt	\$1,379,882	÷ Actual Value	\$134,184,000 = 1.03%
5	Current Water Debt (Current Water Debt + New Water Debt) / Number of Taps	\$1,051,911	÷ Number of Taps	365 = \$2,882
		\$3,338	÷ MHI	\$68,977 = 4.84%
6	Current Ratio (CA / CL)			
	Current Assets	\$742,929	÷ Current Liabilities	\$198,217 = 375%
7	Reserve/Expense Ratio			
	Reserves	\$544,712	÷ Current Expenses	\$312,572 = 174%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$357,493	÷ Operating Expenses	\$220,514 = 162%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$480,627	-	
	Minus Operating Expenses	\$220,514		
	=	\$260,113	÷ Current Debt Service	\$92,058 = 283%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$260,113		
	Minus Tap and Development Fee Revenue	\$43,810		
	=	\$216,303	÷ Current Debt Service	\$92,058 = 235%
11	Projected Coverage Ratio			
	Total Revenues	\$480,627		
	Minus Operating Expenses	\$220,514		
	=	\$260,113	Total Debt Service (with new loan)	\$101,257 = 257%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$260,113		
	Minus Tap and Development Fee Revenue	\$43,810		
	=	\$216,303	÷ Total Debt Service (with new loan)	\$101,257 = 214%
13	Current Debt Service	\$92,058	÷ Number of Taps	365 = \$252.21
	Annual New Water Debt Service	\$9,199	÷ Number of Taps	365 = \$25.20
14	2022 Annual Water Rate (Monthly Rate x 12)	\$1,049.64	÷ MHI	\$68,977 = 1.52%
	2022 Annual Water Rate + New Annual Debt Service Per Tap	\$1,074.84	÷ MHI	\$68,977 = 1.56%
15	Current 2022 Monthly User Charge (Debt Service on DWRF Loan / 2022 Taps / Month)			\$87.47
	Total			\$2.10
				\$89.57
16	Operation and Maintenance Reserve			
	Reserves	\$544,712	÷ Operating Expenses	\$220,514 = 247%

2024 IUP DWRP Priority Point Calculations

Entity Name:	Highland Lakes WD
Date of Scoring	8/28/2024
SRF Phase:	Loan app
DOLA Score:	155
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

		Points	Entity Value	
P1	MHI		\$68,977	79%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20 x		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
S5b	User Fees (projected water rate at 110%/tap/MHI)		1.70%	
	Rates are > 1.63%	45 x		
	Rates are between 1.08% and 1.63%	25		
S5b	OR			
	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		1.54%	
	Debt is > 1.05%	45 x		
	Debt is between 0.30% and 1.05%	25		
S4b	OR			
	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		913	
	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		24,962	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20 x		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		

DWRF LOAN CREDIT REPORT

Highland Lakes Water District (“The District”), Teller County

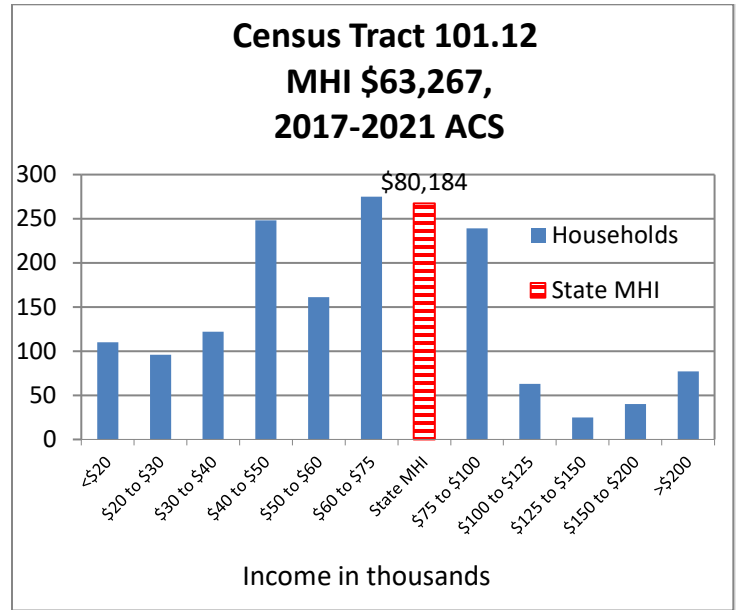
Recommendation:	APPROVAL	<u>Project Budget</u>	
Total SRF Request	\$807,988	DWRF Loan:	\$161,598
Interest Rate & Term:	20 years, 1.00%	DWRF Principal Forgiveness:	\$646,390
Annual Debt Service:	\$8,935	EIAF:	\$683,682
Pledge:	Water revenues	D&E Grants:	\$141,550
Current Rate:	\$87.47	Total:	\$1,633,220
Estimated Rate Increase:	\$0.00		

PROJECT DESCRIPTION: This project serves to construct a new membrane surface water treatment plant.

COMMUNITY PROFILE:

Highland Lakes Water District	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			903	905	913	913	913	0.28%
Teller County Population	24,153	24,523	24,678	24,738	24,922			0.79%
Teller County Jobs	10,410	10,595	10,636	10,030	10,453			0.10%
Number of Water Taps		359	361	362	365	365	365	0.28%
Assessed Value (\$000)			7,335	9,032	9,111	10,165	9,943	7.90%
Actual Value (\$000)			93,645	117,306	118,603	134,184	135,119	9.60%

BORROWER BRIEF: The District is located just northwest of Pikes Peak in the southern part of the Front Range, approximately 30 miles west of Colorado Springs on State Highway 24.



RECOMMENDATION: The District serves a small bedroom community in mountainous Teller County. This proposed loan is necessary to construct a new drinking water treatment facility to be in compliance with Groundwater Under Direct Influence (GWUDI) of surface water regulation requirements. Although the proposed loan will be a burden on a smaller community, the District appears to be in good condition in order to take on the proposed loan and no rate increases are projected to be necessary. In addition, the District is eligible for a large portion of the proposed loan to be forgiven, reducing the debt burden on the community. We therefore recommend the DWRF Committee approve a \$161,598 Disadvantaged Community direct loan (and \$646,390 in DWRF base principal forgiveness) to the Highland Lakes Water District.

PROJECT SUMMARY:

System summary: The District is located in Teller County, Colorado. The water system consists of approximately 360 service connections and serves approximately 875 individuals on average. The current groundwater system is sourced by piped water from twenty four groundwater wells that are under the direct influence of surface water. The water then enters into the treatment plant where the water is treated with chlorine. The treated water then enters into a 106,000 gallon storage tank before going out to distribution.

Reason/need: The District's drinking water system was previously classified as being served by a groundwater source. The District was reclassified as being served by a source classified as Groundwater Under Direct Influence (GWUDI). The District was given an 18-month deadline of March 15, 2023 to come into compliance with the surface water treatment regulations. Without the proposed drinking water treatment facility improvements, the District will not meet the Primary Drinking Water Regulation requirements.

System Compliance: The District has a compliance schedule to perform activities to meet the Surface Water Treatment Rule Requirements by March 15, 2023. The project is intended to return the system to compliance. The District is currently in communication with the WQCD Compliance Assurance Section in regards to passing the installation deadline to obtain funding for the project.

Project Delivery Method: Design/Bid/Build

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

CURRENT INDICATORS:	2020	2021	2022	Weak	Average	Strong
Total Debt per Capita (\$):	1,316	1,230	1,153	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,330	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,290	3,074	2,882	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,325	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Current Water Debt/Tap (\$):	3,290	3,074	2,882	X >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water + New Water Debt/Tap (\$):			3,325	X >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	13.19%	12.32%	10.35%	___ >50%	___ 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			11.94%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	1.02%	0.95%	0.78%	___ >10%	___ 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.90%	___ >10%	___ 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			5.26%	___ >20%	___ 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	421%	416%	375%	___ <100%	___ 100-200%	X >200%
Water Fund Reserves/Current Expense:	159%	139%	174%	___ <50%	___ 50-100%	X >100%
Water Operating Ratio (OR/OE):	146%	116%	162%	___ <100%	___ 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	207%	186%	283%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	182%	117%	235%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan:			258%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			214%	___ <110%	___ 110-125%	X >125%
Current Annual Water Rates/MHI:			1.66%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.70%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			247%	___ <25%	___ 25-50%	X >50%
Total:			2	6	13	

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, thirteen are rated strong, six are average and two are considered weak. Overall, the indicators illustrate that while the proposed loan may be a burden, the system is in good financial condition to take on the debt which appears to be affordable. The strong indicators show that the current ratio, projected coverage ratio including tap fees, and reserves are sufficient. The weak indicators reflect a degree of community debt burden and the possible need for rate increases in the future.

- Based on 2022 financial information, coverage with the proposed loan is 258% with tap fee revenue and 214% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- Operating expenses were significantly higher in 2018 and 2019 due to repairs and water hauling.
- The District supports operations with property taxes, which are not included in the operating revenue amounts presented in this analysis.
- Projections submitted by the District show operating expenses increasing by roughly 6% each year and total revenue increasing by roughly 2% each year. Despite the higher projected growth of expenses, the projections show the District meeting the 110% coverage ratio requirement through the life of the proposed loan.

Additional Project Financing

The District submitted an Energy and Mineral Impact Assistance Fund (EIAF) application for \$683,682 which was awarded in July 2023.

DESCRIPTION OF THE LOAN:

An estimated \$161,598 loan with a twenty-year term with two payments annually at an interest rate of 1.00% will cost the District approximately \$8,935 in debt service annually. The District also qualifies for \$646,390 in 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	\$64,147	>=	\$63,267	Y	S1: County MHI	\$64,147	>=	\$68,677	N
P2: MHV	\$397,500	>=	\$309,000	Y	S2: Population Loss	N/A - not evaluated for special districts			
P3: County Unemployment	5.61%	<=	4.20%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$24,962	N
County Job Loss	0.00%	>=	7.05%	N	S4b: Curr. and Proj. System Debt	0.36%	<	1.71%	Y
Benchmarks based on 2017-2021 American Community Survey data and the most recent available financial audit data.					S4b: 80th Percentile	1.38%	<	1.71%	Y
					S5b: Proj. System Cost Per Tap to MHI	1.12%	<	1.96%	Y
					S5b: 80th Percentile	1.74%	<	1.96%	Y

Based on 2017-2021 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%).

BIL Principal Forgiveness Eligibility:

As a DAC, the District is automatically eligible for BIL Principal Forgiveness, however, the District will receive a greater loan forgiveness amount under the base DWRP program.

ECONOMIC ANALYSIS: Based on the State Demographer’s estimate of 2.5 people per tap, the District has a 2021 population estimated at 913 and has grown at an average annual rate of 0.25% since 2017. Teller County has experienced an increase of 0.79% in population since 2017. The state population increased at an average annual rate estimated 0.95%.

The region's economy is dominated by tourism, government, professional services, construction, and mining. The region's largest employers consist of Cripple Creek Casinos, with 836 employees; Newmont Mining, with 400 employees; Walmart, with 265 employees; Woodland Park School District, with 260 employees; and Teller County, with 200 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 district governed by a five-member board of directors and was organized in 1977. The District provides water services. Approximately one full-time employee staffs the water utility. The water utility is overseen by the Director of Operations who reports to the District Board.

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

Technical/Managerial/Financial (TMF)

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

Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule, which anticipates capital outlay of \$925,531 through 2025 for water treatment plant upgrades (including this proposed project), wellhead improvements, distribution system improvements, line replacements, mapping, and dam repairs to be funded from a combination of reserves, grants, and loans.

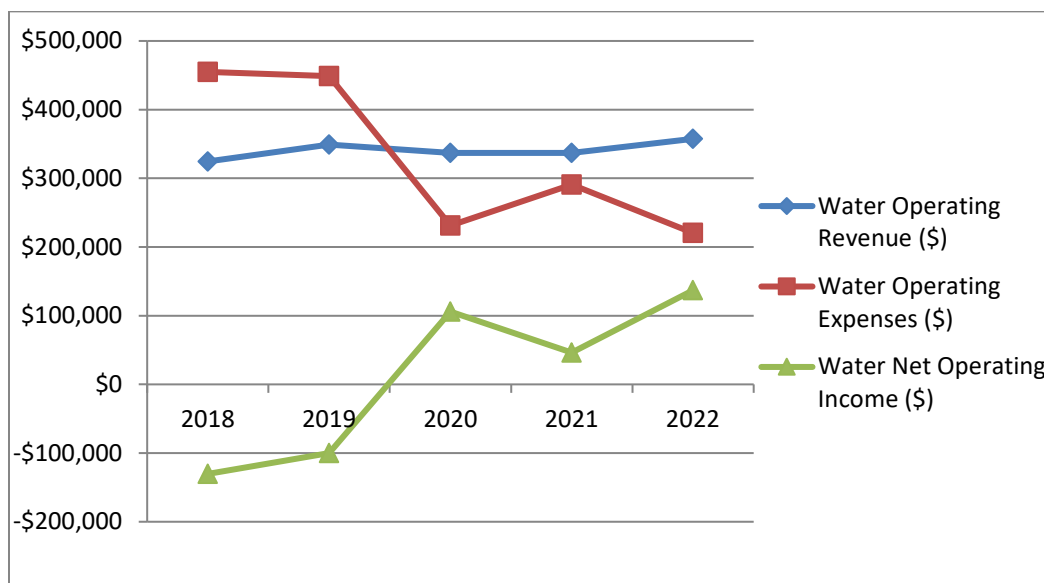
REVENUE ANALYSIS:

Operating revenues have been steady over the five-year period examined. Even though operating expenses increased due to water hauling in 2018 and 2019, operating revenue still averaged 110% of expenses over the five-year period. Tap fee revenue has averaged 7% of total revenues over the past five years and projections submitted by the District do not anticipate significant growth in tap fee revenue. The District also supports operations with property tax revenue, which accounts for approximately 12% of the District's total revenue.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)		77.47	77.47	87.47	87.47	87.47
Residential Water Tap Fee (\$)		11,432	11,741	12,082	12,940	13,743
Mill Levy		7.000	6.045	6.407	6.064	6.608
Total Water Revenue (\$)	424,279	441,232	421,949	461,751	480,627	
Tap/Development Fees (\$)	22,306	22,585	23,482	63,472	43,810	
Property Tax Revenue (\$)	51,201	48,690	51,928	54,487	61,643	
S.O. Tax Revenue (\$)	6,273	6,236	5,374	6,403	6,276	
Water Operating Revenue (\$)	324,566	349,000	337,108	337,014	357,493	
Water Operating Expenses (\$)	454,926	449,037	231,127	290,832	220,514	
Water Net Operating Income (\$)	-130,360	-100,037	105,981	46,182	136,979	
Water Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Total Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Water Debt Service (\$)	104,540	85,300	92,067	92,064	92,058	

Water Debt Service/Tap/Month (\$)	24	20	21	21	21
Water Fund Reserves (\$)	696,202	674,299	515,062	531,818	544,712

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	76%	79%	80%	73%	74%	77%
Operating Revenue as % of Expenses	71%	78%	146%	116%	162%	115%
Tap Fee Revenue as % of Total Revenue	5.26%	5.12%	5.57%	14%	9.12%	8%



Recent Rate Increases

The District's most recent rate increase of \$10.00 was implemented on January 1, 2021.

User Charges

The District's current monthly water rate is estimated at \$87.47 compared to the 2021 estimated state median of \$55.72. The District's average monthly water rate is based on typical residential consumption of 2,400 gallons per month. Residential users pay a \$35.00 base in addition to volume charges of \$2.18 per 100 gallons for consumption from 0 to 2,000 gallons, \$2.23 per 100 gallons from 2,100 to 5,000 gallons, \$2.28 per 100 gallons from 5,100 to 7,000 gallons, \$2.33 per 100 gallons from 7,100 to 8,000 gallons, \$5.50 per 100 gallons from 8,100 to 9,000 gallons, \$8.00 per 100 gallons from 9,100 to 10,000 gallons, and \$12.00 per 100 gallons for usage over 10,100 gallons. All users are subject to this rate schedule. There are no commercial customers.

Contributed Capital

Revenue from tap fees has ranged from \$22,306 to \$63,472 and has averaged 7% of total water revenue during the last five years. The District's most recent water tap fee rate increase occurred in 2023.

- Water tap fees are \$13,743 and the tap fee is increased each year by the Mountain Plains Consumer Price Index.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%

Current Fee Summary	
Tap size	Water user/tap fees
¾"	\$87.47/\$13,743

DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	CWRPDA	2035	Water revenues	\$1,122,110	2.00%	\$92,292

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 District has met the Loan Covenants on its DWRF direct loan dated 2015 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Victor Chen
Date: August 10, 2023

Project # 141261D-B Cost Categories: New Drinking Water Treatment Plant - 100%
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COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

September 30, 2024

TO: Project Finance Committee and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Austin Reichel, Financial Analyst II

RE: Review of the Town of Lake City
Water Pollution Control Revolving Fund ("WPCRF")

The Division of Local Government has forwarded to the WPCRF Committee its analysis of the above-listed project. The WPCRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

Town of Lake City

On January 25, 2023, the Authority Board of Directors approved the Town of Lake City (the "Town"), located in Hinsdale County, for a Disadvantaged Communities ("DAC") direct loan through the WPCRF loan program in the amount of \$3,016,500 with \$1,500,000 in Bipartisan Infrastructure Law ("BIL") Principal Forgiveness ("PF"), \$1,377,551 in BIL supplemental loan, and \$138,949 in base loan. On April 21, 2023, the Authority Board of Directors approved the Town for a supplemental DAC base direct loan through the WPCRF loan program in the amount of \$600,000, to deal with increased project costs. Both approvals were subsequently executed in one loan agreement on June 23, 2023. The project scope has not changed and consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements.

Due to several challenges implementing this project, from changes in suppliers to rising material costs to securing procurement for the remote area, and the closure of the Dillon Pinnacles Bridge, the Town is seeking a supplemental DAC base direct loan through the WPCRF loan program in the amount of \$900,000. The Town's project was authorized by SJR 04-003.

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 supplemental WPCRF DAC base direct loan with the Town in the amount of \$900,000. The loan will be for a term of 20 years, at an interest rate of 2.00%, 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 4, 2024.

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.

Attachment: Town of Lake City 2024 and 2023 WPCRF Credit Reports

WPCRF LOAN CREDIT REPORT

Town of Lake City (“The Town”), Hinsdale County

Recommendation:	CONDITIONAL APPROVAL
Loan Request:	\$900,000
Interest Rate & Term:	2.00%, 20 years
Annual Debt Service:	\$54,820
Pledge:	Water & Sewer Revenue
Current Rate:	\$57.50 (Sewer), \$45.00 (Water)
Estimated Rate Increase:	\$7.51 (Sewer)

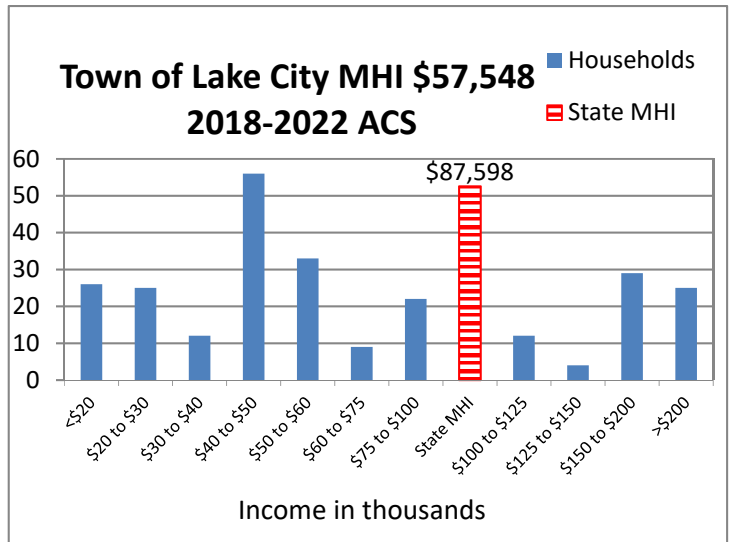
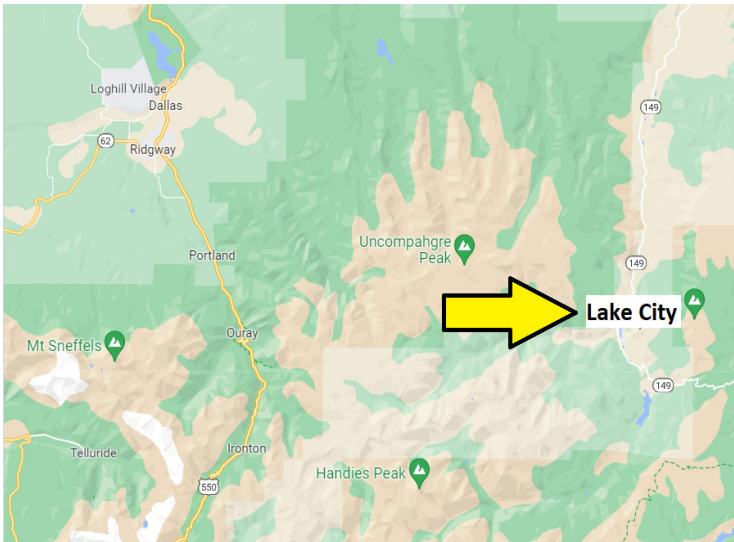
Project Budget	
2024 WPCRF Supplemental Base Loan:	\$900,000
2023 WPCRF Supplemental Base Loan:	\$600,000
2023 WPCRF Base Loan:	\$138,949
2023 WPCRF BIL Loan:	\$1,377,551
2023 WPCRF BIL Supplemental Loan Forgiveness:	\$1,500,000
2024 EIAF Supplemental Grant:	\$375,000
2022 EIAF Grant:	\$750,000
2022 D&E Grant:	\$300,000
Town Reserves:	\$100,000
Total	\$6,041,500

PROJECT DESCRIPTION: The project consists of expanding the existing wastewater treatment facility and includes various upgrades and treatment process improvements.

COMMUNITY PROFILE:

Town of Lake City	2018	2019	2020	2021	2022	2023	2024	Avg. Annual Change
Town Population	427	431	434	428	428			0.06%
Hinsdale County Population	801	798	792	778	779			-0.69%
Hinsdale County Jobs	440	445	437	444	445			0.28%
Number of Sewer Taps			538	543	547	540	543	0.23%
Number of Water Taps			600	598	543	613	614	0.58%
Assessed Value (\$000)			14,646	14,306	15,047	14,789	14,415	-0.40%
Actual Value (\$000)			137,284	137,488	147,787	148,093	149,704	2.19%

BORROWER BRIEF: Situated to the west of the San Luis Valley, the Town of Lake City is the most populous community and the sole incorporated municipality in Hinsdale County. The Town is located 55 miles southwest of Gunnison on Highway 149.



RECOMMENDATION: The Town of Lake City serves a remote, rural community in Hinsdale County. The proposed loan is necessary to expand and upgrade an existing wastewater treatment plant that has reached its treatment capacity. The Town has faced several challenges implementing this project, from changes in suppliers to rising material costs to securing procurement for the remote area. The closure of the Dillon Pinnacles Bridge on U.S. 50 in April 2024 further complicated the situation as the Town was even less accessible for contractors. However, the Town has now secured a contractor upon the award of this supplemental loan. The Town is projected to need a modest rate increase (\$7.51) with this loan to meet requirements, and is prepared to do so. We therefore recommend that the WPCRF Committee approve a \$900,000 disadvantaged communities WPCRF base supplemental loan for the Town of Lake City with the same terms as their initial loan on the condition rates are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The Town's wastewater service area includes residential and commercial customers with no industrial users. The existing treatment facility, built circa 1983, is a three-cell lagoon system with aeration and chlorine disinfection and discharges to the Lake Fork of the Gunnison River. The plant is rated at 0.225 million gallons daily (MGD).

Reason/need: The existing facilities are approaching the rated organic loading capacity. Flows into the facility vary significantly between the summer and winter due to most residences being vacant during the winter. Peak loading periods occur in the summer when tourism fills restaurants, hotels, RV parks, and related short-term residential units. During these periods, the facility has, on occasion, exceeded its organic capacity. Additionally, an investigation of the earthen lagoon cell liners suggests that leakage exceeds allowable limits. The proposed treatment expansion to 0.275 MGD and organic load of 1,032 PPD is intended to address capacity limitations, provide treatment for all areas currently served, and allow for the connection of some properties currently served by individual septic systems. The improvements generally include constructing three new synthetically lined earthen basins, each with a baffle curtain bifurcating the basin. All of Cell 1 and the upstream half of Cell 2 will be capable of operating with a complete mix flow regime, and the downstream half of Cell 2 and a portion of the upstream section of Cell 3 includes a fixed film module. The downstream section of Cell 3 will be quiescent. All basins will have an insulated cover. The plan intends to reuse existing headworks, an existing concrete basin, and a chlorine contact basin. Blowers, aeration equipment, and electrical and control equipment will all be upgraded. This project will also position the Town to meet more stringent future nutrient and ammonia limits for the next 20 years while maintaining the existing operations and maintenance processes. O&M would remain similar to what is currently required without having to upgrade to a more expensive mechanical plant.

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

Project Delivery Method: Design/Bid/Build.

Contingency: 7% total project cost included as contingency.

CURRENT INDICATORS:	2021	2022	2023	Weak	Average	Strong
Total Debt per Capita (\$):	2,560	2,470	7,307	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total + New W&S Debt/Capita (\$):			9,410	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	2,018	1,932	5,792	X >\$5,000	\$2,500-5,000	<\$2,500
Total Debt + New W&S Debt/Tap (\$):			7,458	X >\$5,000	\$2,500-5,000	<\$2,500
Current W&S Debt/Tap (\$):	2,018	1,932	5,792	X >\$2,000	\$1,000 - 2,000	<\$1,000
Current W&S + New W&S Debt/Tap (\$):			7,458	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	7.66%	7.02%	21%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			27%	>50%	X 25-50%	<25%
Total Debt/Actual Value:	0.80%	0.72%	2.11%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			2.72%	>10%	5-10%	X <5%
Current W&S Debt + New W&S Debt/Tap/MHI:			13%	>20%	X 10-20%	<10%
W&S Fund Current Ratio (CA/CL):	2,566%	860%	2,087%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	200%	288%	771%	<50%	50-100%	X >100%
W&S Operating Ratio (OR/OE):	106%	158%	126%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	31%	712%	255%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	16%	557%	245%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			140%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			134%	<110%	110-125%	X >125%
Current Annual W&S Rates/MHI:			1.07%	>3.0%	1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			1.25%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			864%	<25%	25-50%	X >50%
Total:			6		2	13

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, thirteen are rated strong, two are average, and six are considered weak. Overall, the indicators illustrate a financially healthy water and sewer fund. The strong indicators show manageable debt, revenue covering expenses, and strong reserves. The weak indicators reflect that the existing and proposed debt is large relative to the size of the community.

- Based on 2023 financial information, coverage with the proposed loan is 140% with tap fee revenue.
- In 2023, the Town was approved for \$2,116,500 in a combination of WPCRF BIL, base, and supplemental loans and this debt was included in the financial analysis. The Town began paying debt service on these loans in 2023 (\$66,253) with regular debt service beginning in 2024 (\$176,715). The Town’s coverage ratio with the new loan request decreases from 140% to 73% when including tap fee revenue. Additional yearly revenue of \$85,672, or \$13.15 per tap per month, would be needed to increase the coverage ratio to meet the 110% coverage requirement. The Town raised sewer rates by \$6.00 in 2024; when including this rate increase, the estimated remaining required rate increase is \$7.51.
- The Town has raised sewer rates by a total of \$17.50 per tap since 2022 and is prepared to raise future rates to ensure debt coverage requirements are met along with anticipated inflation. The Town is currently conducting a sewer rate study and expects a final recommendation in October 2024. Sewer rates are expected to increase about \$8.00-\$10.00 per tap in 2025, depending on the results of the sewer rate study.

Additional Project Financing

On September 11, 2024, the Town was awarded a supplemental EIAF grant request of \$375,000. The Town has also pledged \$100,000 in its water and sewer fund reserves for this project.

DESCRIPTION OF THE LOAN:

An estimated \$900,000 loan with a twenty-year term with two payments annually at an interest rate of 2.00% will cost the Town approximately \$54,820 in debt service annually.

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	>=	\$57,548	Yes	S1: County MHI	\$70,078	>=	\$58,712	Yes
P2: MHV	\$465,900	>=	\$341,700	Yes	S2: Population Loss	0.00%	>=	3.88%	No
P3: County Unemployment	5.38%	<=	2.52%	No	S3: Assessed Value per Housing unit	\$24,963	>=	\$30,584	No
County Job Change	0.00%	>=	1.37%	No	S4b: Current and Projected System Debt	0.67%	<	1.69%	Yes
					S4b: 80th Percentile	2.15%	<	2.18%	Yes
					S5b: Projected System Cost Per Tap to MHI	1.94%	<	2.34%	Yes
					S5b: 80th Percentile	2.90%	<	2.34%	No

Based on 2018-2022 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the Town qualifies as a Category 1 DAC, and will receive a 2.00% interest rate, the same as the initial rate approved in January 2023.

BIL Principal Forgiveness Eligibility:

The Town was determined to be BIL eligible and was awarded \$1,500,000 in principal forgiveness in January 2023, and is therefore not eligible for additional benefits for this project.

ECONOMIC ANALYSIS:

The Town has a 2022 population estimated at 428 and has grown at an average annual rate of 0.06% since 2018. Hinsdale County has experienced a population decrease of -0.69% since 2018. In contrast, the state population increased at an average annual rate of 0.71%. The Town’s population is lower than the number of taps because the service area of the Town’s water and sewer utility extends beyond the Town’s boundaries. Furthermore, many taps belong to part-time residents that are only present over the summer.

The region's economy is dominated by tourism with the next largest base industries consisting of retirees and regional services such as healthcare and transportation. In Hinsdale County, government accounts for the largest job sector (22%). The Town's remote location at the edge of the San Juan Mountains attracts outdoor recreation enthusiasts ranging from hikers and cyclists to snowmobilers and ice climbers. Correspondingly, Hinsdale County's second most popular job sector is accommodation and food services (16%).

The Town's largest employers are primarily local governments, including Hinsdale County (40 employees), Hinsdale County School District (25 employees), Lake City Medical Center (12 employees), the Town of Lake City (6 employees), and Lake City Brewing Company (5 employees).

The largest single customer is the Lake City Ice Climbs program, comprising 5.68% of total system usage. No other customers account 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

Incorporated in 1875, Lake City is a statutory town governed by a mayor-board form of government. The Town provides services including water and wastewater, public works, and parks and recreation services. Approximately three full-time employees staff the water and sewer utilities, including the Public Works Director who oversees the utility.

- Due to staff turnover and shortages, the Town was delinquent with 2019 and 2020 audits until submitting all required audits in 2021. With the assistance of an audit firm, the Town is currently up-to-date with all audits and has retained the same firm to assist with audits through 2026. In 2019, the Town's auditor had concerns about the water and sewer fund's lack of appropriate evidence to justify the fund's stated inventory. The Town worked on the concerns and the most recent (2020-2022) audits had favorable auditor opinions.
- The Town is currently compliant with the state's budget law. However, over the past five years, the Town submitted late budgets in 2020, and 2021.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

The Town does not currently have a Capital Improvement Plan (CIP). However, the Town has recently hired a contractor to complete an Asset Inventory/CIP and intends to have it completed by the end of 2024, as the previous CIP expired in 2021. While priorities are subject to change based on findings and available funding, the Town identified rehabilitation of the water distribution and sewer collection systems as the most likely project utilizing water and sewer revenue over the next 10 years. This project will be examined after the completion of the wastewater treatment plant and does not yet have a cost or scope of work.

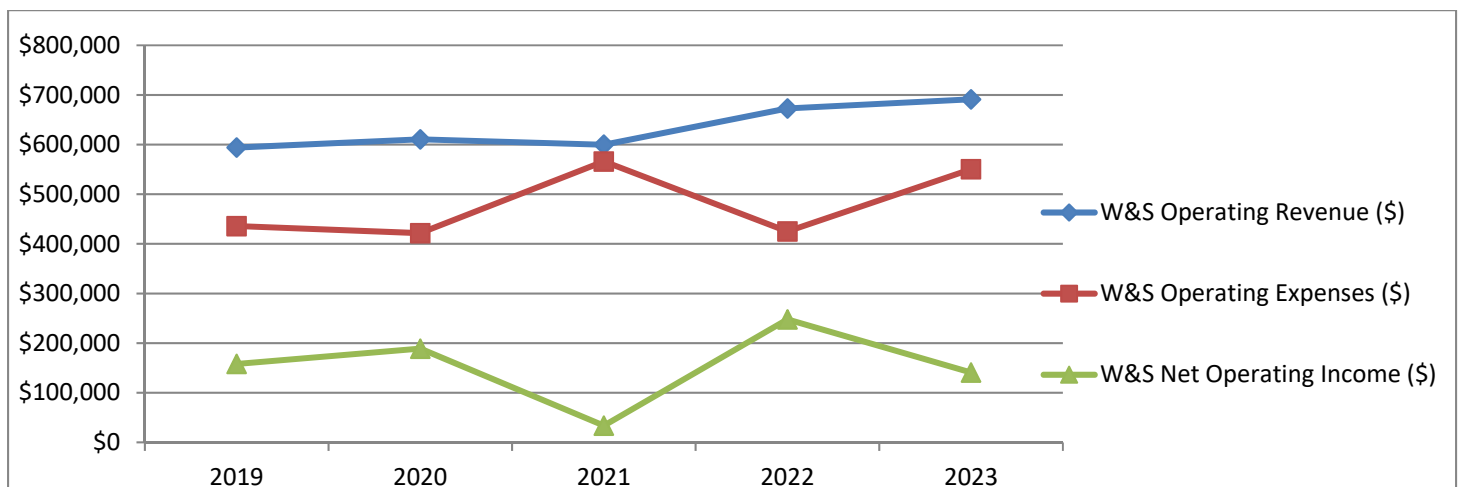
REVENUE ANALYSIS:

The Town's combined water and sewer system revenues have been stable over the last five years, with a significant increase in 2022 followed by a modest increase in 2023. The operational revenue increase in 2022 was due to greater usage along with rate increases, while the total revenue was bolstered by prepaid tap fees. The Town raised tap fees in July 2022 and experienced a rush of new taps prior to the increase: \$70,703 in 2022 compared to \$7,000 in 2023. Operating revenues have consistently covered operating expenses and averaged 134% over the five-year period.

Similarly, operating expenses have fluctuated with sharp increases in 2021, a decrease in 2022, and then another increase in 2023. Most of the increases in operating expenses in 2021 were attributed to an overdue project removing sludge, while in 2023 the Town experienced increased maintenance costs related to the wastewater treatment facility.

TRENDS	2019	2020	2021	2022	2023	2024
Monthly Sewer Rate (\$)		40.00	40.00	42.50	51.50	57.50
Monthly Water Rate (\$)		40.00	40.00	42.50	42.50	45.00
Residential Sewer Tap Fee (\$)		2,750	2,750	7,000	7,000	7,000
Residential Water Tap Fee (\$)		2,750	2,750	6,000	6,000	6,000
Total W&S Revenue (\$)	628,685	627,248	630,545	749,395	719,516	
Tap/Development Fees (\$)	25,750	14,250	30,750	70,703	7,000	
W&S Operating Revenue (\$)	594,062	610,493	599,783	672,707	691,176	
W&S Operating Expenses (\$)	435,898	421,582	566,068	424,965	550,499	
W&S Net Operating Income (\$)	158,164	188,911	33,715	247,742	140,677	
W&S Debt (\$)	1,325,000	1,293,062	1,095,593	1,057,024	3,127,521	
Total Debt (\$)	1,325,000	1,293,062	1,095,593	1,057,024	3,127,521	
W&S Debt Service (\$)	16,667	39,383	205,818	45,554	66,253	
W&S Debt Service/Tap/Month (\$)	2.58	6.10	31.59	6.94	10.22	
W&S Fund Reserves (\$)	1,927,178	1,675,428	1,545,053	1,356,327	4,757,586	

Ratios	2019	2020	2021	2022	2023	Average
Operating Revenue as % of Total Revenue	94%	97%	95%	90%	96%	95%
Operating Revenue as % of Expenses	136%	145%	106%	158%	126%	134%
Tap Fee Revenue as % of Total Revenue	4.10%	2.27%	4.88%	9.43%	0.97%	4.33%



Recent Rate Increases

The Town's most recent sewer rate increase from a monthly base rate of \$51.50 to \$57.50 was implemented on January 1, 2024. At the same time, the Town also increased the water rate from a monthly base rate of \$42.50 to \$45.00.

User Charges & System Utilization

The Town's current monthly sewer rate is estimated at \$57.50 compared to the 2022 estimated state median of \$41.23. The Town's average monthly sewer rate is based on a typical residential consumption of 3,100 gallons per month. All metered customers in the Town are charged a monthly base fee of \$57.50 (\$69.00 outside the Town) per customer.

Commercial and non-residential users are charged the same sewer fee schedule listed above with an additional fee of \$4.25 per 1,000 gallons used over 13,999, bi-monthly.

The Town's current monthly residential water rate is \$45.00 compared to the 2022 estimated state median of \$59.19. The Town's average monthly water rate is based on a typical residential consumption of 3,235 gallons per month. Similar to the sewer fee structure, all metered water customers in the Town are charged a \$45.00 monthly (\$54.00 outside the Town) per customer with an additional fee of:

- \$3.00 per 1,000 gallons for over 13,999 and up to 17,999 gallons used bi-monthly.
- \$4.25 per 1,000 gallons for over 17,999 and up to 23,999 gallons used bi-monthly.
- \$5.50 per 1,000 gallons for over 23,999 gallons used bi-monthly.

Contributed Capital

Over the past five years, water and sewer tap fee revenue has ranged from \$7,000 to \$70,703, averaging 4.33% of total water and sewer fund revenue. The Town’s most recent tap fee rate increase was in July 2022.

- Residential sewer tap fees are: \$7,000 (¾” or smaller), \$12,444 (1”), \$28,000 (1½”), \$49,778 (2”), \$112,000 (3”), \$199,111 (4”).
- Residential water tap fees are: \$6,000 (¾” or smaller), \$10,667 (1”), \$24,000 (1½”), \$42,667 (2”), \$96,000 (3”), \$170,667 (4”).

The above fees are the same for non-residential as well as commercial users.

Current System Utilization		
	Usage	Revenue
Residential	65%	75%
Non-residential (per EQR)	35%	25%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$57.50/\$7,000	\$45.00/\$6,000
¾”	\$57.50/\$7,000	\$45.00/\$6,000

DEBT as of December 31, 2023

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	CWRPDA - DWRF	2045	Water and sewer revenue	\$358,332	0.00%	\$16,667
2019	CWRPDA - WPCRF	2049	Water and sewer revenue	\$659,905	1.00%	\$22,121
2023	CWPRDA - WPCRF	2043	Water and sewer revenue	\$2,109,284	2.00%	\$131,162

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

The Town has met the Loan Covenants on its DWRF Direct Loan dated 2015, WPCRF Direct Loan dated 2019, and WPCRF Direct Loan dated 2023 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Peter Dieterich
Date: September 17, 2024

Project # 140772W-B Cost Categories: Category I- Secondary Treatment: 60% Category II – Advanced Treatment: 40%

September 20, 2024

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2022	428
Number of Sewer Taps/Customers - 2023	540
Total Assessed Valuation (in thousands) - 2023	\$14,789
Actual Value of All Real Property (in thousands) - 2023	\$148,093
Median Household Income (MHI) - 2022	\$57,548
Monthly Sewer Rate - 2023	\$51.50
W&S Operating Revenue - 2023	\$691,176
W&S 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.]	\$719,516
W&S Tap and System Development Fee Revenue - 2023	\$7,000
W&S Operating Expense - 2023	\$550,499
W&S Current Expense - 2023	\$616,752
W&S Debt - 2023	\$3,127,521
Total Debt - 2023	\$3,127,521
W&S Fund Reserves - 2023	\$4,757,586
W&S Debt Service - 2023	\$66,253
New W&S Debt [Requested WPCRF loan amount.]	\$900,000
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$54,820

Current Indicators (2023)				
Town of Lake City				
(Water & Sewer)				
1	Total Debt	\$3,127,521 ÷	Population	428 = \$7,307
	New Debt	\$900,000 ÷	Population	428 = \$2,103
	Total Debt + New W&S Debt	\$4,027,521 ÷	Population	428 = \$9,410
2	Total Debt	\$3,127,521 ÷	Number of Taps	540 = \$5,792
	New Debt	\$900,000 ÷	Number of Taps	540 = \$1,667
	Total Debt + New W&S Debt	\$4,027,521 ÷	Number of Taps	540 = \$7,458
3	Total Debt	\$3,127,521 ÷	Assessed Value	\$14,789,000 = 21.15%
	New Debt	\$900,000 ÷	Assessed Value	\$14,789,000 = 6.09%
	Total Debt + New W&S Debt	\$4,027,521 ÷	Assessed Value	\$14,789,000 = 27.23%
4	Total Debt	\$3,127,521 ÷	Actual Value	\$148,093,000 = 2.11%
	New Debt	\$900,000 ÷	Actual Value	\$148,093,000 = 0.61%
	Total Debt + New W&S Debt	\$4,027,521 ÷	Actual Value	\$148,093,000 = 2.72%
5	Current W&S Debt	\$3,127,521 ÷	Number of Taps	540 = \$5,792
	(Current W&S Debt + New W&S Debt)			
	/ Number of Taps	\$7,458 ÷	MHI	\$57,548 = 12.96%
6	Current Ratio (CA / CL)			
	Current Assets	\$4,997,066 ÷	Current Liabilities	\$239,480 = 2087%
7	Reserve/Expense Ratio			
	Reserves	\$4,757,586 ÷	Current Expenses	\$616,752 = 771%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$691,176 ÷	Operating Expenses	\$550,499 = 126%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$719,516 -		
	Minus Operating Expenses	<u>\$550,499</u>		
	=	\$169,017 ÷	Current Debt Service	\$66,253 = 255%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$169,017		
	Minus Tap and Development Fee Revenue	<u>\$7,000</u>		
	=	\$162,017 ÷	Current Debt Service	\$66,253 = 245%
11	Projected Coverage Ratio			
	Total Revenues	\$719,516		
	Minus Operating Expenses	<u>\$550,499</u>		
	=	\$169,017	Total Debt Service (with new loan)	\$121,073 = 140%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$169,017		
	Minus Tap and Development Fee Revenue	<u>\$7,000</u>		
	=	\$162,017 ÷	Total Debt Service (with new loan)	\$121,073 = 134%
13	Current Debt Service	\$66,253 ÷	Number of Taps	540 = \$122.69
	Annual New W&S Debt Service	\$54,820 ÷	Number of Taps	540 = \$101.52
	2023 Annual Sewer Rate (Monthly Rate			
14	x 12)	\$618.00 ÷	MHI	\$57,548 = 1.07%
	2023 Annual Sewer Rate + New Annual			
	Debt Service Per Tap	\$719.52 ÷	MHI	\$57,548 = 1.25%
15	Current 2023 Monthly Sewer User Charge			\$51.50
	(Debt Service on WPCRF Loan / 2023 Taps / Month)			\$8.46
	Total			\$59.96
16	Operation and Maintenance Reserve			
	Reserves	\$4,757,586 ÷	Operating Expenses	\$550,499 = 864%

2024 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$	900,000
Interest Rate:		3.25%
Term (years):		20
Annual Payment:	\$	61,550

Applicant:	Town of Lake City	
Test Result	Y	Conditions met to be DAC
		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	428	Y	
Population 5 years ago (2018)		427		
Population 10 years ago (2013)		412		
Primary Factors				
MHI (Place)	<= \$ 70,078	57,548	Y	
Margin of Error (MOE)	±	15,378	Sub	
Reliability (CV)	<= 18.00%	16.24%	Y	
MHV (Place)	<= \$ 465,900	341,700	Y	
Margin of Error (MOE)	±	96,672		
Reliability (CV)	<= 18.00%	17.20%	Y	
24 Month Unemployment (County)	>= 5.38%	2.52%	N	
or 10 Year % Chng. Jobs (County)	<= 0.00%	1.37%	N	
Jobs (2022)		445		
Jobs (2013)		439		

Priority Factor Count 2

Secondary Factors

MHI (County)	<= \$ 70,078	58,712	Y		
Margin of Error (MOE)	±	8,376			
Reliability (CV)	<= 18.00%	8.67%	Y		
10 Year % Chng. Population	<= 0.00%	3.88%	N		
Assessed Value / Housing Unit	<= \$ 24,963	\$30,584	N		
Assessed Value		15,047,159			
Total Housing Units		492			
Current Debt / Tap / MHV	> 0.67%	1.69%	Y	If MHV CV > 18%, calculate result at top of band	Result
Current + Projected Debt/Tap/MHV	> 0.67%	2.18%	Y		
S4b 80th percentile	2.15%	2.18%	Y		
System Full Cost / Tap / MHI	> 2.14%	2.55%	Y	If MHI CV > 18%, calculate result at top of band	Result
Projected Rate @ 110% Coverage	> 1.94%	2.34%	Y		
S5b 80th percentile	2.90%	2.34%	N		

Secondary Factor Count 3

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

Taps or EQR's	540
Total Debt	3,127,521
Principal & Interest	66,253
Operating Expenses (including operating transfers out)	585,499
Depreciation	206,065

2024 IUP WPCRF Priority Point Calculations

Entity Name:	Town of Lake City
Date of Scoring	9/20/2024
SRF Phase:	Loan app
DOLA Score:	135
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

P1	MHI		\$57,548	66%
	<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 SEWER rate at 110%/tap/MHI)		2.34%	
	Rates are > 1.24%	45		
	Rates are between 0.76% and 1.24%	25		
	OR			
S5b	User Fees for a combined water & sewer fund			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
S4b	Projected SEWER debt per tap compared to MHV		2.18%	
	Debt is > 0.92%	45		
	Debt is between 0.20% and 0.92%	25		
	OR			
S4b	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		428	
	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		30,584	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		



Principal Forgiveness and Priority Point Scoring

Applicant: Town of Lake City
DWRP 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: N/A

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$0.00

Priority Point Scoring

Total WQCD Score:	60
DOLA Affordability Score:	135
Total Score:	195



Town of Lake City

P.O. Box 544
230 North Bluff Street
Lake City, Colorado 81235
970 • 944-2333

August 5, 2024

Austin Reichel, Financial Analyst II
Colorado Water Resources & Power Development Authority
1580 N. Logan Street, Suite 820
Denver, CO 80203
areichel@cwrpda.com

Erick Worker, Project Manager
Grants & Loans Unit
4300 Cherry Creek Drive South,
Denver, Colorado 80246
erick.worker@state.co.us

re: Lake City WWTP Renovation
Request for Supplemental Assistance

Gentlemen

We appreciate the support for our wastewater treatment plant from both of your organizations. Unfortunately, due to some challenges outlined below, the Town needs to request a supplemental loan to make the project viable. The Town's supplemental loan request is for \$1,133,500 which would cover the full projected shortfall with about 5% contingencies. While we are asking for the full shortfall, the impact on rates for that full amount would be quite significant. Concurrently we are applying for some additional funding. If we are successful with any of the applications for funding, we would hope to be able to reduce the loan and its associated debt service.

The need for additional funding is the result of several procurement challenges. Lake City's very remote location and the abundance of available work has made it very difficult to attract contractors to Lake City. In addition, in the summer of 2023 as we were initially bidding the project, the concrete supplier notified the Town that they could no longer deliver large quantities of concrete to Lake City. The plant was redesigned to minimize the need for large concrete structures.

In March of this year, the Town of Lake City issued another request for bids for their plant renovation with an updated design to minimize the need for concrete. Several west slope contractors initially expressed interest in the project. However, on April 18th CDOT closed the bridge at the Dillon Pinnacles indefinitely. This caused previously interested contractors to re-evaluate the practicality of bidding on the Lake City project. Bids were due for the plant renovation project on 4/30 and no bids were received. At least one of the likely bidders let us know he did not submit a bid due to the bridge closure and its impact on his workers.

The CDOT bridge issues has also resulted in restrictions on the type of vehicles and the loads that are allowed on the routes to Lake City from the west which is making it more expensive to get materials and equipment to Lake City.

Both the contractors and suppliers are being hit by rapidly increasing prices. For example, the fixed film modules for ammonia removal and aeration equipment were quoted last December at \$598,351. The cost for the same equipment provided last week is for \$1,287,833. Working with the supplier we found a way to reduce the cost a little, but it is still at about \$1.1 million which is still almost double what it was last December.

Davis Bacon wages have also changed several times since late 2023. Most of the change has been related to electrical work. The hourly rate for an electrician was \$35.26 in December, went up to \$39.72 in February and just went up to \$49.06.

The Town and the general contractor with whom we have been negotiating are ready to commence construction in a couple of weeks. However, the Town is reluctant to execute a contract without knowing how they will fund the full costs. Even if the Town can't execute the contract until October, the contractor would like to get started on parts of the project before winter. The Town is currently unable to meet the ammonia limits that went into place last December. Without some progress on the plant renovation this fall, the Town will be out of compliance again in the first quarter of 2025. In addition, the longer it takes to get started, the more the plant will cost to construct.

We appreciate your consideration of our request. Please let us know if you have questions or would like additional information.



Alexander Mulhall, Town Manager

**COLORADO****Department of Local Affairs**

Division of Local Government

TO: Jim Griffiths and Members of the CWRPDA Board
 FROM: Kelly Shen, DOLA
 SUBJECT: Town of Lake City (the "Town") WPCRF Credit Report Update
 DATE: April 4, 2023

Project Budget	
WPCRF Base Supplemental Loan	\$600,000
WPCRF Base Loan	\$138,949
WPCRF BIL Loan	\$1,377,551
WPCRF BIL Loan Principal Forgiveness	\$1,500,000
2022 D&E Grant	\$300,000
2022 EIAF Grant	\$750,000
Total	\$4,666,500

Approved in January 2023, the Town's initial loan of \$1,516,500 (base loan of approximately \$138,949 and BIL loan of approximately \$1,377,551) was necessary to expand and upgrade an existing wastewater treatment plant that had reached its treatment capacity. However, due to significantly increased costs for equipment, larger blowers, the blower room, and larger ammonia removal basins, the Town is requesting a \$600,000 supplemental loan, which will receive the same loan repayment term as the initial loan and the prevailing Category I Disadvantaged Communities interest rate (20 years at a 2% interest rate).

Based on 2021 financial statements, the Town's finances remain strong. However, the additional debt will require additional annual revenue and a total rate increase of approximately \$14.94 per tap per month. We therefore recommend approval of the \$600,000 WPCRF base supplemental loan to the Town of Lake City on the condition that rates are increased to meet the loan's 110% debt service coverage ratio requirement.

CURRENT INDICATORS:	2021	Weak	Average	Strong
Total Debt per Capita (\$):	2,572 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Total + New Debt/Capita (\$):	7,540 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Total Debt/Tap (\$):	2,018	>\$5,000	\$2,500-5,000	<u>X</u> <\$2,500
Total Debt + New Debt/Tap (\$):	5,915 <u>X</u>	>\$5,000	\$2,500-5,000	<\$2,500
Current W&S Debt/Tap (\$):	2,018 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Current + New W&S Debt/Tap (\$):	5,915 <u>X</u>	>2,000	\$1,000-2,000	<\$1,000
Total Debt/Assessed Value:	7.66%	>50%	25-50%	<u>X</u> <25%
Total Debt + New W&S Debt/Assessed Value:	22%	>50%	25-50%	<u>X</u> <25%
Total Debt/Actual Value:	0.80%	>10%	5-10%	<u>X</u> <5%
Total Debt + New W&S Debt/Actual Value:	2.34%	>10%	5-10%	<u>X</u> <5%
Current + New W&S Debt/Tap/MHI:	15%	>20%	<u>X</u> 10-20%	<10%
W&S Fund Current Ratio (CA/CL):	2,566%	<100%	100-200%	<u>X</u> >200%
W&S Fund Reserves/Current Expense:	251%	<50%	50-100%	<u>X</u> >100%
W&S Operating Ratio (OR/OE):	106%	<100%	<u>X</u> 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	132%	<110%	110-125%	<u>X</u> >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	69% <u>X</u>	<110%	110-125%	>125%
Coverage Ratio with New Loan:	36% <u>X</u>	<110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:	19% <u>X</u>	<110%	110-125%	>125%
Current Annual W&S Rates/MHI:	2.60%	>3.0%	<u>X</u> 1.5-3.0%	<1.5%
Current W&S Rates + New W&S Debt Service/MHI:	3.21% <u>X</u>	>3.0%	1.5-3.0%	<1.5%
Operation and Maintenance Reserve:	273%	<25%	25-50%	<u>X</u> >50%
TOTAL:	9	3	9	

Financial Analysis

If approved, the requested base supplemental loan is not projected to have a significant negative impact on the Town's water and sewer fund. With the base supplemental loan, one indicator (total and new debt per tap) drops from average to weak, which indicates a continued large debt burden for the community. All other indicators remain at the same level (weak, average, or strong).





With the base supplemental loan, the projected rate increases necessary to meet the 110% debt service coverage ratio requirement increases from approximately \$8.82 to \$14.94 per tap per month.

- Debt service coverage for the initial \$1,516,500 loan was 46%, which estimated an additional \$13.82 per tap per month to meet the 110% coverage ratio requirement.
 - In January 2022, the Town implemented a \$10 increase to the bi-monthly base fee for water and sewer services, reducing the required rate increase to \$8.82 per tap per month.
- A \$600,000 base supplemental loan at a 2% interest rate for twenty years will cost the Town approximately \$36,547 in annual debt service. Combined with the initial loan, this increases total annual debt service to approximately \$128,919.
 - With the base supplemental loan, the projected coverage decreases to 36%, with an estimated \$19.94 per tap per month needed to meet the 110% coverage ratio requirement.
 - Factoring in the Town's January 2022 rate increase, the remaining rate increase is approximately \$14.94 per tap per month.



April 4, 2023

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2021	426
Number of Sewer Taps/Customers - 2021	543
Total Assessed Valuation (in thousands) - 2021	\$14,306
Actual Value of All Real Property (in thousands) - 2021	\$137,488
Median Household Income (MHI) - 2021	\$52,250
Monthly W&S Rate - 2021	\$85.00
W&S Operating Revenue - 2021	\$599,783
W&S Total Revenue - 2021 [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.]	\$630,545
W&S Tap and System Development Fee Revenue - 2021	\$30,750
W&S Operating Expense - 2021	\$566,068
W&S Current Expense - 2021	\$614,780
W&S Debt - 2021	\$1,095,593
Total Debt - 2021	\$1,095,593
W&S Fund Reserves - 2021	\$1,545,053
W&S Debt Service - 2021	\$48,712
New W&S Debt [Requested WPCRF loan amount.]	\$2,116,500
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$128,919

Current Indicators (2021)				
Town of Lake City				
(Water & Sewer)				
1 Total Debt	\$1,095,593	÷	Population	426 = \$2,572
New Debt	\$2,116,500	÷	Population	426 = \$4,968
Total Debt + New Debt	\$3,212,093	÷	Population	426 = \$7,540
2 Total Debt	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
New Debt	\$2,116,500	÷	Number of Sewer Taps	543 = \$3,898
Total Debt + New Debt	\$3,212,093	÷	Number of Sewer Taps	543 = \$5,915
3 Total Debt	\$1,095,593	÷	Assessed Value	\$14,306,482 = 7.66%
New Debt	\$2,116,500	÷	Assessed Value	\$14,306,482 = 14.79%
Total Debt + New Debt	\$3,212,093	÷	Assessed Value	\$14,306,482 = 22.45%
4 Total Debt	\$1,095,593	÷	Actual Value	\$137,487,643 = 0.80%
New Debt	\$2,116,500	÷	Actual Value	\$137,487,643 = 1.54%
Total Debt + New Debt	\$3,212,093	÷	Actual Value	\$137,487,643 = 2.34%
5 Current W&S Debt (Current W&S Debt + New W&S Debt) / Number of Taps	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
	\$5,915	÷	MHI	\$52,250 = 11.32%
6 Current Ratio (CA / CL)				
Current Assets	\$1,607,707	÷	Current Liabilities	\$62,654 = 2566%
7 Reserve/Expense Ratio				
Reserves	\$1,545,053	÷	Current Expenses	\$614,780 = 251%
8 Operating Ratio (OR / OE)				
Operating Revenues	\$599,783	÷	Operating Expenses	\$566,068 = 106%
9 Coverage Ratio [(TR - OE) / DS]				
Total Revenues	\$630,545	-		
Minus Operating Expenses	<u>\$566,068</u>			
=	\$64,477	÷	Current Debt Service	\$48,712 = 132%
Coverage Ratio Excluding Tap and Development Fee Revenue				
Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	<u>\$30,750</u>			
=	\$33,727	÷	Current Debt Service	\$48,712 = 69%
11 Projected Coverage Ratio				
Total Revenues	\$630,545			
Minus Operating Expenses	<u>\$566,068</u>			
=	\$64,477		Total Debt Service (with new loan)	\$177,631 = 36%
Projected Coverage Excluding Tap and Development Fee Revenue				
Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	<u>\$30,750</u>			
=	\$33,727	÷	Total Debt Service (with new loan)	\$177,631 = 19%
13 Current Debt Service	\$48,712	÷	Number of Sewer Taps	543 = \$89.71
Annual New Sewer Debt Service	\$128,919	÷	Number of Sewer Taps	543 = \$237.42
2021 Annual W&S Rate (Monthly Rate x 12)	\$1,020.00	÷	MHI	\$52,250 = 1.95%
2021 Annual W&S Rate + New Annual Debt Service Per Tap	\$1,257.42	÷	MHI	\$52,250 = 2.41%
15 Current 2021 Monthly Sewer User Charge (Debt Service on WPCRF Loan / 2021 Taps / Month) Total				\$40.00 <u>\$19.78</u> \$59.78
16 Operation and Maintenance Reserve				
Reserves	\$1,545,053	÷	Operating Expenses	\$566,068 = 273%



Priority Point Scoring

Applicant: **Town of Lake City**

DWRF or WPCRF: **WPCRF**

WPCRF

Total WQCD Score:	0
DOLA Affordability Score:	110
Total Score:	110

DWRF

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

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

Supplemental loan will be BASE funds only.

Base Program DWRF Principal Forgiveness

Eligible as a base program DAC? **Yes, but WPCRF.**

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

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? **Yes**

Eligible BIL principal forgiveness percentage: **None – reached \$1,500,000 cap with initial loan**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$0.00**



Town of Lake City

P. O. Box 544
230 North Bluff Street
Lake City, Colorado 81235
970 • 944-2333

Dear Colorado Water Resources and Power Development Authority,

The Town of Lake City is currently working with Triplepoint Environmental on defining and potentially directly purchasing equipment for BOD and ammonia removal. A few weeks ago we received an updated cost estimate which is \$350,000 more than what we had in the budget. Triplepoint also needs a larger ammonia removal basin and more air than was originally projected. Part of the increase in equipment costs is the addition of equipment to reduce inorganic nitrogen which was not part of the original scope. Electrical and concrete costs have also gone up and some of the existing electrical equipment we had planned to continue to use has been found to be too out of date and needs to be replaced. These increases combined added more than \$500,000 to the project costs. Due to these increased costs, the Town of Lake City is requesting a supplemental loan in the amount of \$600,000. Thank you for your time and consideration.

Sincerely,

Dave Roberts
Mayor
Town of Lake City

WPCRF LOAN CREDIT REPORT

Town of Lake City (“The Town”), Hinsdale County

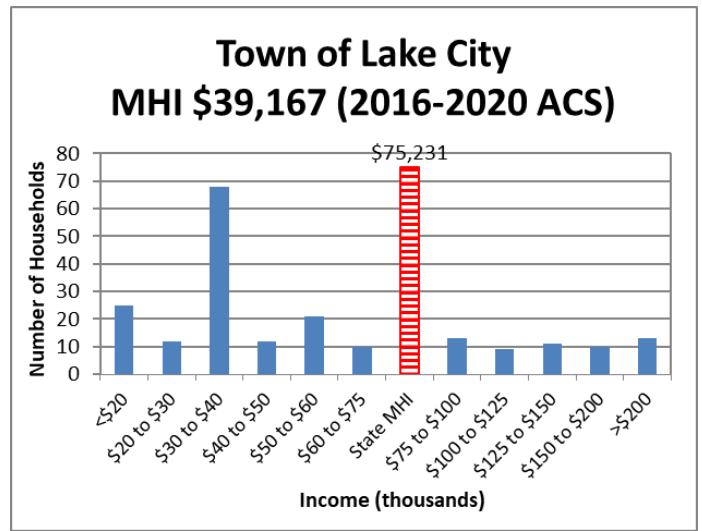
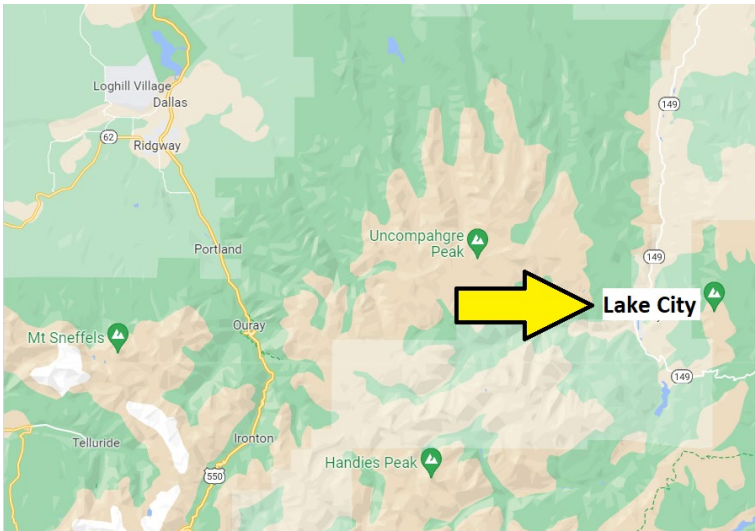
Recommendation:	CONDITIONAL APPROVAL	Project Budget	
Loan Request:	\$1,516,500	WPCRF Base Loan:	\$138,948.98
Interest Rate & Term:	2%, 20 years	WPCRF BIL Supp. Loan:	\$1,377,551.02
Annual Debt Service:	\$92,372	WPCRF BIL Supp. Loan Forgiveness:	\$1,500,000
Pledge:	Water & Sewer Revenue	2022 D&E Grant:	\$300,000
Current Rate:	\$42.50 (sewer), \$42.50 (water)	2022 EIAF Grant:	\$750,000
Estimated Rate Increase:	\$8.82/tap/month	Total	\$4,066,500

PROJECT DESCRIPTION: The project consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements.

COMMUNITY PROFILE:

Town of Lake City	2017	2018	2019	2020	2021	2022	Avg. Annual Change
Town Population	422	427	431	434	426		0.24%
Hinsdale County Population	805	801	798	791	777		-0.88%
Hinsdale County Jobs	454	449	437	419	455		-2.64%
Number of Sewer Taps	534	534	538	538	543	547	0.48%
Number of Water Taps	610	610	592	600	598	598	-0.40%
Assessed Value (\$000)		15,717	15,706	14,646	14,306	15,047	-1.08%
Actual Value (\$000)		144,031	144,734	137,284	137,488	147,787	0.65%

BORROWER BRIEF: Nestled just west of the San Luis Valley, the Town of Lake City is the most populous community and only incorporated municipality in Hinsdale County. The Town is 55 miles southwest of Gunnison on Highway 149.



RECOMMENDATION: The Town serves a remote, rural community in Hinsdale County. The proposed loan is necessary to expand and upgrade an existing wastewater treatment plant that has reached its treatment capacity. The Town is currently in strong financial shape, though the additional debt will require additional annual revenue and rate increases. We therefore recommend the WPCRF Committee approve a total funding package of \$3,016,500 (\$1,516,500 Disadvantaged Communities direct loan and \$1,500,000 in BIL principal forgiveness) to the Town of Lake City on the condition that rates are increased to meet the loan’s 110% debt service coverage ratio requirement.

PROJECT SUMMARY:

System summary: The Town's wastewater service area is a mix of residential and commercial customers with no industrial users. The existing treatment facility, built circa 1983, is a three cell lagoon system with aeration and chlorine disinfection and discharges to the Lake Fork of the Gunnison River. The plant is rated at 0.225 million gallons daily.

Reason/need: The existing facilities are approaching treatment capacity. Flows into the facility vary significantly between summer and winter seasons since most residences are vacant during the winter. Peak loading periods occur in the summer months when tourism fills restaurants, hotels, RV parks, and short term rental residential units.

Additionally, investigation of the earthen lagoon cell liners suggests that leakage is exceeding allowable limits. The proposed treatment expansion to 0.275 million gallons daily is intended to address capacity limitations, replace the liners, upgrade treatment to improve nutrient removal, and allow for connection of some properties currently served by individual septic systems. The improvements generally include: constructing two new aeration basins, a polishing pond, a new fixed-film ammonia treatment basin, new synthetic liners, and installing insulated covers. This project will also position the Town to meet more stringent future nutrient and ammonia limits for the next 20 years without having to convert to a mechanical plant. Operations and maintenance processes would remain similar to what is currently required.

System Compliance: The Town is in compliance with the conditions of the wastewater treatment facility discharge permit and the project is primarily intended to both maintain compliance as well as meet future requirements.

Project Delivery Method: Design/Bid/Build.

Contingency: 15% total project cost included as contingency.

CURRENT INDICATORS:	2019	2020	2021	Weak	Average	Strong
Total Debt per Capita (\$):	3,074	2,979	2,572	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total + New Debt/Capita (\$):			6,132	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total Debt/Tap (\$):	2,463	2,403	2,018	___ >\$5,000	___ \$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			4,810	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Current W&S Debt/Tap (\$):	2,463	2,403	2,018	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Current + New W&S Debt/Tap (\$):			4,810	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total Debt/Assessed Value:	8.44%	8.83%	7.66%	___ >50%	___ 25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			18%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	0.92%	0.94%	0.80%	___ >10%	___ 5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			1.90%	___ >10%	___ 5-10%	X <5%
Current + New W&S Debt/Tap/MHI:			12%	___ >20%	X 10-20%	___ <10%
W&S Fund Current Ratio (CA/CL):	2,206%	2,388%	2,566%	___ <100%	___ 100-200%	X >200%
W&S Fund Reserves/Current Expense:	426%	363%	251%	___ <50%	___ 50-100%	X >100%
W&S Operating Ratio (OR/OE):	136%	145%	106%	___ <100%	X 100-120%	___ >120%
Coverage Ratio (TR-OE)/DS:	1,157%	522%	132%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	1,002%	486%	69%	X <110%	___ 110-125%	___ >125%
Coverage Ratio with New Loan:			46%	X <110%	___ 110-125%	___ >125%
Coverage Ratio with New Loan Excluding Tap Fees:			24%	X <110%	___ 110-125%	___ >125%
Current Annual W&S Rates/MHI:			2.60%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			3.04%	X >3.0%	___ 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			273%	___ <25%	___ 25-50%	X >50%
Total:				8	4	9

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, nine are rated strong, four are average, and eight are considered weak. Overall, the indicators illustrate a relatively healthy existing financial system. The strong indicators show a healthy current ratio and ample reserves. The weak indicators show a high community debt burden and low debt service coverage ratio.

- Based on a repayable loan of \$1,516,500 and BIL principal forgiveness of \$1,500,000, debt service coverage with the proposed loan is 46% with tap fee revenue. Additional annual revenue of \$90,715, or \$13.82 per tap per month, would increase the coverage ratio to the required 110%.
 - Without BIL principal forgiveness, debt service coverage for a \$3,016,500 loan would drop to 28%.
- In January 2022, the Town implemented a \$10 increase to the bi-monthly base fee for water and sewer services. This change reduces the projected rate increases to \$8.82 per tap per month.
- The Town’s debt service coverage ratio has declined from 2019 through 2021, largely due to an additional WPCRF loan executed in 2019. The loan was re-amortized in 2021 and \$157,106 was returned to CWRPDA, which reduces future debt service payments.

Additional Project Financing

On September 26, 2022, the Town was awarded a \$300,000 design and engineering grant in order to help cover costs associated with design and engineering of the proposed project.

In December 2022, the Town was also awarded a \$750,000 EIAF grant award.

DESCRIPTION OF THE LOAN:

A total funding package of \$3,016,500 is comprised of both repayable loan and BIL principal forgiveness. A \$1,516,500 repayable loan with a twenty-year term and 2% interest rate will cost the Town approximately \$92,372 in annual debt service. The Town also qualifies for \$1,500,000 in BIL principal forgiveness, which is considered in the above financial analysis.

Disadvantaged Community (DAC) Eligibility: The Town met the requirements of a disadvantaged community and as a Category 1 disadvantaged community, qualifies for a lower interest rate (2% for a 20-year loan term).

DISADVANTAGED COMMUNITY (DAC) DETERMINATION									
Primary Factors	Benchmark		Borrower	Met?	Secondary Factors	Benchmark		Borrower	Met?
P1: MHI	\$60,185	>	\$39,167	Y	S1: County MHI	\$60,185	>	\$39,038	Y
P2: MHV	\$369,900	>	\$299,100	Y	S2: Population Loss	0.00%	>	6.37%	N
P3: County Unemployment	7.10%	<	3.80%	N	S3: Assessed Value per Housing Unit	\$21,569	>	\$31,582	N
County Job Loss	0	>	-10.9%	Y	S4b: Current and Projected System Debt	0.73%	<	2.53%	Y
					S4b: 80th Percentile	2.09%	<	2.53%	Y
					S5b: Projected System Cost Per Tap to MHI	2.15%	<	3.96%	Y
					S5b: 80th Percentile	3.14%	<	3.96%	U

Based on 2016-2020 American Community Survey data, the Town met the requirements of a disadvantaged community. Of the primary factors evaluated, the Town met the benchmarks for MHI, MHV, and county job loss. The Town also met three of the five secondary factors.

Since the Town’s projected system cost compared to MHI (S5b) did not exceed the 80th percentile, the Town qualified as a Category 1 disadvantaged community and is eligible for a 2% interest rate. The Town’s MHI estimate was not highly reliable, which means that the projected system cost compared to MHI (S5b) was evaluated for the full range of possible MHI values. At the top of the MHI range, S5b did not meet the 80th percentile benchmark.

Bipartisan Infrastructure Law (BIL) Principal Forgiveness (PF) Eligibility:

The Town qualifies for BIL PF and has expressed interest in receiving a proportional loan with principal forgiveness. In order to qualify for BIL principal forgiveness, a community must score 3 points using the BIL PF Eligibility Criteria outlined in the Intended Use Plans. The Town scores 6.5 points as shown below.

BIL PF DETERMINATION Credit Report				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	1.00%	>	3.58%	0
2a: County Job Loss	0	>	-10.87%	0.5
2b: County Unemployment	7.10%	<	3.80%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$75,231	>	\$39,167	1
	\$94,039	<		
4: Rates to MHI	1.39%	<	2.77%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	25.0%	<	15.0%	0
7: % Households Housing Burdened	30.0%	<	40.0%	1
8: % Population under 200% Poverty Level	35.0%	<	25.0%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	50.0%	<	43.0%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				6.5

The Town qualifies for \$1,500,000 in principal forgiveness, which is the current maximum for BIL WPCRF supplemental principal forgiveness. The remaining amount of repayable loan is \$1,516,500.

ECONOMIC ANALYSIS: The Town has a 2021 population estimated at 426 and has grown at an average annual rate of 0.24% since 2017. Hinsdale County has experienced a population decrease of 0.88% since 2017. In contrast, the state population increased at an average annual rate of 0.95%. The Town's population is lower than the number of taps because the service area of the Town's water and sewer utility extends beyond the Town's boundaries. Furthermore, many taps belong to part-time residents that are only present over the summer.

Hinsdale County's economy is dominated by retirees (34% of jobs in the County) and tourism (31% of jobs in the County). The Town's remote location at the edge of the San Juan mountains attracts outdoor recreation enthusiasts ranging from hikers and cyclists to snowmobilers and ice climbers. Correspondingly, Hinsdale County's second most popular job sector is accommodation and food services.

The Town's largest employers are primarily local governments. Some of the largest employers include Hinsdale County (40 employees), Hinsdale County School District (25 employees), the Town of Lake City (six employees), Lake City Medical Center (12 employees), and Lake City Brewing Company has five employees.

The largest single customer is the Lake City Ice Climbs program, comprising 5.68% of total system usage. The Town's domestic water is currently used to create a recreational ice wall, but in 2023, the Town plans to switch to non-domestic water from Henson Creek to create the wall. No other customers account 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

Incorporated in 1875, Lake City is a statutory town governed by a mayor-board form of government. The Town provides services including water and wastewater, public works, and parks and recreation services. Approximately two full-time employees staff the water and sewer utilities, including the Public Works Director who oversees the utility.

- Due to staff turnover and shortages, the Town was delinquent with 2019 and 2020 audits until submitting all required audits in 2021. With the assistance of an audit firm, the Town is currently up-to-date with all audits and has retained the same firm to assist with audits through 2026. In 2019, the Town's auditor had concerns about the water and sewer fund's lack of appropriate evidence to justify the fund's stated inventory. The Town worked on the concerns and the most recent (2020 and 2021) audits had favorable auditor opinions.

- The Town is currently compliant with the state’s budget law. However, over the past five years, the Town submitted late budgets in 2020 and 2021.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

The Town does not currently have a Capital Improvement Plan, but has budgeted \$50,000 for a consultant to assist with the development of a plan in 2023.

Intergovernmental

The Town does not have any intergovernmental agreements that directly impact water and sewer fund revenue.

REVENUE ANALYSIS:

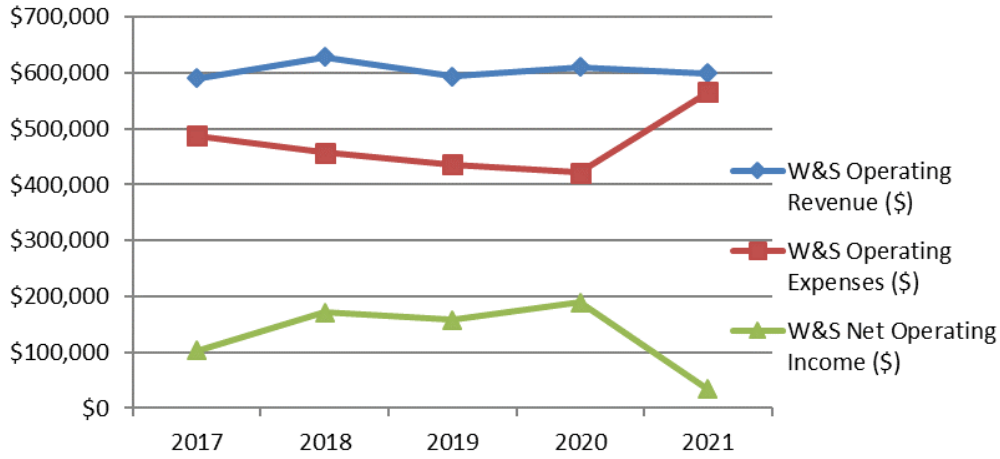
From 2017 to 2021, the Town’s revenue generation has been consistent and adequate to cover system expenses. However, with the proposed loan and increased operating expenses, the Town will need additional annual revenue to cover the additional expenses.

On average, the Town’s operating revenue has exceeded operating expenses by 29%. Recent increases in operating expenses are due to efforts to address deferred maintenance needs. In 2021, a majority of the increase in operating expenses was attributed to \$84,766 for sludge removal that was not completed for many years. The Town expects continued increases in operating expenses due to increased supply costs as well as the addition of a third water/wastewater operator in 2023. However, these annual increases are projected to be smaller than the \$140,000 increase from 2020 to 2021, and the increases are projected to level off at the end of 2023. These expenses are part of an effort to move the utility towards greater self-sufficiency and proactively anticipate and address system needs.

The Town’s increased debt in 2019 was due to a WPCRF loan with CWRPDA. In 2021, the Town returned \$157,106 of the loan to CWRPDA and the loan was re-amortized. New annual debt service is \$45,553, compared to the 2021 debt service estimate of \$48,712 (excluding the payment for principal reduction). In the “Financial Analysis” section, indicators and coverage ratio calculations excluded this principal reduction payment from the 2021 debt service estimate. This was done because the principal reduction payment is not an ongoing principal payment due from the Town.

Despite increased operating expenses and debt service, the Town’s water and sewer fund has maintained reserves well above three months of operations and maintenance expenses. However, the size of the proposed project is larger than the Town’s current reserves, highlighting the need to apply for an SRF loan.

TRENDS	2017	2018	2019	2020	2021	2022
Monthly Sewer Rate (\$)	40.00	40.00	40.00	40.00	40.00	42.50
Monthly Water Rate (\$)	40.00	40.00	40.00	40.00	40.00	42.50
Residential Sewer Tap Fee (\$)	2,750	2,750	2,750	2,750	2,750	7,000
Residential Water Tap Fee (\$)	2,750	2,750	2,750	2,750	2,750	6,000
Total W&S Revenue (\$)	609,438	677,936	628,685	627,248	630,545	
Tap/Development Fees (\$)	14,500	43,750	25,750	14,250	30,750	
W&S Operating Revenue (\$)	590,141	628,239	594,062	610,493	599,783	
W&S Operating Expenses (\$)	487,369	456,909	435,898	421,582	566,068	
W&S Net Operating Income (\$)	102,772	171,330	158,164	188,911	33,715	
W&S Debt (\$)	458,333	441,666	1,325,000	1,293,062	1,095,593	
Total Debt (\$)	458,333	441,666	1,325,000	1,293,062	1,095,593	
W&S Debt Service (\$)	16,667	16,667	16,667	39,383	205,818	
W&S Debt Service/Tap/Month (\$)	2.60	2.60	2.58	6.10	7.48	
W&S Fund Reserves (\$)	1,267,364	1,243,951	1,927,178	1,675,428	1,545,053	
						5-year
Ratios	2017	2018	2019	2020	2021	Average
Operating Revenue as % of Total Revenue	97%	93%	94%	97%	95%	95%
Operating Revenue as % of Expenses	121%	137%	136%	145%	106%	129%
Tap Fee Revenue as % of Total	2.38%	6.45%	4.10%	2.27%	4.88%	4.02%



Recent Rate Increases

The Town’s most recent sewer rate increase from a monthly base rate of \$40.00 to \$42.50 was implemented on January 19, 2022. Similarly, the Town’s most recent water rate increase from a monthly base rate of \$40.00 to \$42.50 was implemented at the same time.

User Charges & System Utilization

The Town’s current monthly sewer rate is estimated at \$42.50 compared to the 2021 estimated state median of \$40.38. The Town’s average monthly sewer rate is based on a typical residential consumption of 3,100 gallons per month. All metered customers are charged a bi-monthly base fee of \$85.00 per EQR, with an additional fee of \$4.25 per 1,000 gallons for all water used over 13,999 gallons.

The Town’s current monthly residential water rate is \$42.50 compared to the 2021 estimated state median of \$55.72. The Town’s average monthly water rate is based on a typical residential consumption of 3,235 gallons per month. Similar to the sewer fee structure, all metered water customers are charged a bi-monthly base fee of \$85.00 per EQR, with an additional usage fee of:

- \$3.00 per 1,000 gallons for over 13,999 and up to 17,999 gallons used
- \$4.25 per 1,000 gallons for over 17,999 and up to 23,999 gallons used
- \$5.50 per 1,000 gallons for over 23,999 gallons used

The above fees are the same for non-residential as well as commercial users.

Contributed Capital

Over the past five years, water and sewer tap fee revenue has ranged from \$14,500 to \$43,750 and has averaged 4.02% of total water and sewer fund revenue. The Town’s most recent tap fee rate increase was in July 2022.

- Residential sewer tap fees are: \$7,000 (¾” or smaller), \$12,444 (1”), \$28,000 (1½”), \$49,778 (2”), \$112,000 (3”), \$199,111 (4”).
- Residential water tap fees are: \$6,000 (¾” or smaller), \$10,667 (1”), \$24,000 (1½”), \$42,667 (2”), \$96,000 (3”), \$170,667 (4”).

The above fees are the same for non-residential as well as commercial users.

Current System Utilization		
	Usage	Revenue
Residential	65.3%	75.3%
Non-residential (per EQR)	34.7%	24.7%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$42.50/\$7,000	\$42.50/\$6,000
¾”	\$42.50/\$7,000	\$42.50/\$6,000

DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual Payment
July 2015	CWRPDA - DWRF	2045	Water and sewer revenue	\$391,667	0%	\$16,667
March 2020	CWRPDA - WPCRF	2049	Water and sewer revenue	\$703,926	1%	\$28,886

LOAN COVENANTS:

The Town will have to meet the Authority's 110% rate covenant, 3-month operations and maintenance reserve fund covenant, and the 110% additional bonds test (if applicable) on an annual basis.

The Town has met the Loan Covenants on its DWRF direct loan dated 2015 and WPCRF direct loan dated 2019 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Kelly Shen
Date: January 10, 2023

Project # 140772W-B Cost Categories: Category I- Secondary Treatment: 60%, Category II – Advanced Treatment: 40%
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January 10, 2023

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2021	426
Number of Sewer Taps/Customers - 2021	543
Total Assessed Valuation (in thousands) - 2021	\$14,306
Actual Value of All Real Property (in thousands) - 2021	\$137,488
Median Household Income (MHI) - 2020	\$39,167
Monthly W&S Rate - 2021	\$85.00
W&S Operating Revenue - 2021	\$599,783
W&S Total Revenue - 2021 [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.]	\$630,545
W&S Tap and System Development Fee Revenue - 2021	\$30,750
W&S Operating Expense - 2021	\$566,068
W&S Current Expense - 2021	\$614,780
W&S Debt - 2021	\$1,095,593
Total Debt - 2021	\$1,095,593
W&S Fund Reserves - 2021	\$1,545,053
W&S Debt Service - 2021	\$48,712
New W&S Debt [Requested WPCRF loan amount.]	\$1,516,500
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$92,372

Current Indicators (2021)				
Town of Lake City				
(Water & Sewer)				
1 Total Debt	\$1,095,593	÷	Population	426 = \$2,572
New Debt	\$1,516,500	÷	Population	426 = \$3,560
Total Debt + New Debt	\$2,612,093	÷	Population	426 = \$6,132
2 Total Debt	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
New Debt	\$1,516,500	÷	Number of Sewer Taps	543 = \$2,793
Total Debt + New Debt	\$2,612,093	÷	Number of Sewer Taps	543 = \$4,810
3 Total Debt	\$1,095,593	÷	Assessed Value	\$14,306,482 = 7.66%
New Debt	\$1,516,500	÷	Assessed Value	\$14,306,482 = 10.60%
Total Debt + New Debt	\$2,612,093	÷	Assessed Value	\$14,306,482 = 18.26%
4 Total Debt	\$1,095,593	÷	Actual Value	\$137,487,643 = 0.80%
New Debt	\$1,516,500	÷	Actual Value	\$137,487,643 = 1.10%
Total Debt + New Debt	\$2,612,093	÷	Actual Value	\$137,487,643 = 1.90%
5 Current W&S Debt (Current W&S Debt + New W&S Debt) / Number of Taps	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
	\$4,810	÷	MHI	\$39,167 = 12.28%
6 Current Ratio (CA / CL)				
Current Assets	\$1,607,707	÷	Current Liabilities	\$62,654 = 2566%
7 Reserve/Expense Ratio				
Reserves	\$1,545,053	÷	Current Expenses	\$614,780 = 251%
8 Operating Ratio (OR / OE)				
Operating Revenues	\$599,783	÷	Operating Expenses	\$566,068 = 106%
9 Coverage Ratio [(TR - OE) / DS]				
Total Revenues	\$630,545	-		
Minus Operating Expenses	\$566,068			
=	\$64,477	÷	Current Debt Service	\$48,712 = 132%
Coverage Ratio Excluding Tap and				
10 Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	\$30,750			
=	\$33,727	÷	Current Debt Service	\$48,712 = 69%
11 Projected Coverage Ratio				
Total Revenues	\$630,545			
Minus Operating Expenses	\$566,068			
=	\$64,477		Total Debt Service (with new loan)	\$141,084 = 46%
Projected Coverage Excluding Tap and				
12 Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	\$30,750			
=	\$33,727	÷	new loan)	\$141,084 = 24%
13 Current Debt Service	\$48,712	÷	Number of Sewer Taps	543 = \$89.71
Annual New Sewer Debt Service	\$92,372	÷	Number of Sewer Taps	543 = \$170.11
2021 Annual W&S Rate (Monthly Rate				
14 x 12)	\$1,020.00	÷	MHI	\$39,167 = 2.60%
2021 Annual W&S Rate + New Annual				
Debt Service Per Tap	\$1,190.11	÷	MHI	\$39,167 = 3.04%
15 Current 2021 Monthly Sewer User Charge (Debt Service on WPCRF Loan / 2021 Taps / Month)				\$40.00
Total				\$14.18
				\$54.18
16 Operation and Maintenance Reserve				
Reserves	\$1,545,053	÷	Operating Expenses	\$566,068 = 273%