

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

**PROJECT FINANCE COMMITTEE
MEETING AGENDA**

**December 2, 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, Desi Santerre, Victor Chen, Peter Dieterich, and Monica Munoz-Revelo

AGENDA

1. DWRF Loan Applications and DAC Business Case:

- Cucharas Sanitation and Water District (BIL) – Direct Loan Request – Kevin (**Board Action – Staff Recommends Consent Agenda**)
- City of Trinidad (BIL) – Direct Loan Request – Gio (**Board Action – Staff Recommends Consent Agenda**)
- City of Fort Lupton – DAC Business Case – Austin (**Board Action**)

2. WPCRF Loan Application:

- Town of Limon (Base & BIL) – Direct Loan Request – Austin (**Board Action**)

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. December 2, 2024**. The link to join via online is: <https://us06web.zoom.us/j/84727090473?pwd=X8SbywtpdnOXtEmbuboBJY0Lc2ZSfz.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **847 2709 0473**. The passcode is: **378788**.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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

December 2, 2024

TO: Project Finance Committee and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Kevin Carpenter, Senior Financial Analyst I
Giorgi Gazashvili, Financial Analyst II

RE: Review of the Cucharas Sanitation and Water District and the City of Trinidad Drinking Water Revolving Fund ("DWRF")

The Division of Local Government has forwarded to the DWRF Committee its analyses of the above-listed projects. The DWRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed projects and agreed to forward the requests to the Colorado Water Resources and Power Development Authority ("Authority")'s Project Finance Committee with the following recommendations:

Cucharas Sanitation and Water District

The Cucharas Sanitation and Water District (the "District"), located in Huerfano County, is seeking a Bipartisan Infrastructure Law ("BIL") General Supplemental Disadvantaged Communities ("DAC") direct loan through the DWRF loan program in the total amount of \$1,259,300 (comprised of a *\$447,789 BIL Loan and a *\$811,511 BIL Principal Forgiveness ("PF") loan). The project consists of rehabilitating the existing Baker Creek Resort water treatment facility, replacing water treatment components, and constructing a water intake line. The District's project was authorized by HJR 13-1007.

Recommendation

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRF BIL General Supplemental DAC direct loan with the District in the total amount of \$1,259,300 (comprised of a *\$447,789 BIL Loan and a *\$811,511 BIL PF loan). The loan will be for a term of 20 years, at an interest rate of 2.50%. The Board will consider this request on December 6, 2024.

City of Trinidad

The City of Trinidad (the "City"), located in Las Animas County, is seeking a BIL General Supplemental DAC direct loan through the DWRF loan program in the total amount of \$3,450,000 (comprised of a *\$1,226,771 BIL Loan and a *\$2,223,229 BIL PF loan). The project consists of either replacing or rehabilitating four water storage tanks and improvements to the distribution system. The City's project was authorized by SB 05-011.

Recommendation

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a DWRF BIL General Supplemental DAC direct loan with the City in the total amount of \$3,450,000 (comprised of a *\$1,226,771 BIL Loan and a *\$2,223,229 BIL PF loan). The loan will be for a term of 20 years, at an interest rate of 2.50%. The Board will consider this request on December 6, 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. December 2, 2024**. The link to join via online is: <https://us06web.zoom.us/j/84727090473?pwd=X8SbywtpdnOXtEmbuboBJY0Lc2ZSfz.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **847 2709 0473**. The passcode is: **378788**.

Attachments: Cucharas Sanitation and Water District 2024 DWRF Credit Report
City of Trinidad 2024 DWRF Credit Report

DWRF LOAN CREDIT REPORT

Cucharas Sanitation and Water District (“The District”), Huerfano County

Recommendation: APPROVAL

Total Request: \$1,259,300

Interest Rate & Term: 2.50%, 20 years

Annual Debt Service: \$28,588

Pledge: Water and sewer revenue

Current Rate (W&S): \$90.00

Estimated Rate Increase: \$0.00

Project Budget

DWRF BIL Loan: \$447,789

DWRF BIL Principal Forgiveness: \$811,511

2022 Planning Grant: \$10,000

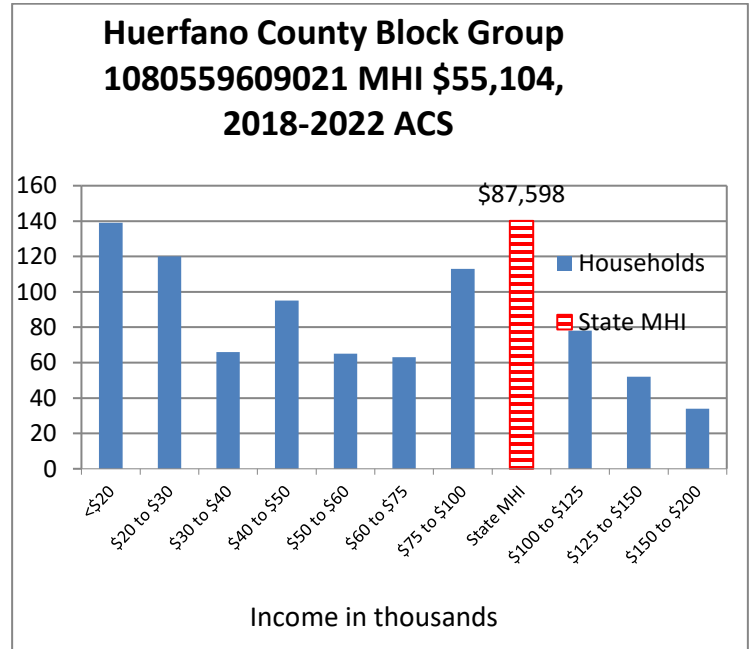
2023 D&E Grant: \$211,700

Total: \$1,481,000

PROJECT DESCRIPTION: This project consists of rehabilitating the existing Baker Creek Resort water treatment facility, replacing water treatment components, and constructing a water intake line.

Cucharas Sanitation and Water District	2018	2019	2020	2021	2022	2023	2024	Avg. Annual Change
District Population			1,633	1,653	1,658	1,663	1,668	0.53%
Huerfano County Population	6,758	6,778	6,833	6,948	7,104			1.26%
Huerfano County Jobs	2,611	2,631	2,689	2,720	2,662			0.48%
Number of Water Taps			653	661	663	665	667	0.43%
Number of Sewer Taps			647	649	651	653	655	0.25%
Assessed Value (\$000)			11,456	11,468	12,666	12,492	12,153	1.49%
Actual Value (\$000)			128,102	129,530	142,558	144,743	146,411	3.40%

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



RECOMMENDATION: The District serves a rural mountain community in Huerfano County. This proposed loan is necessary to make water treatment and intake improvements. This project would cause some debt burden. However, the District is in good financial condition with healthy revenues and is in a good position to take on the proposed debt. We therefore recommend that the DWRF Committee approve a \$447,789 disadvantaged community direct loan and \$811,511 in principal forgiveness under the Bipartisan Infrastructure Law to the Cucharas Sanitation and Water District

PROJECT SUMMARY:

System summary: The District was established in 1974 to provide water and sewer services. It serves approximately 1,668 people in Huerfano County, Colorado. The water system includes one actively used water treatment plant, two inactive water treatment plants, four storage tanks and three booster pump stations serving eight pressure zones.

Reason/need: In 2007, the Baker Creek Resort Water Treatment Plant was placed on emergency standby treatment facility status. The District is currently dependent on the Spanish Peaks Water Treatment Plant which is in need of numerous upgrades. System reliability and resiliency will be increased by reinstating Baker Creek Resort Water Treatment Plant. This will enable either water treatment plant to be taken off-line for maintenance or other operational issues.

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

Project Delivery Method: Design/Bid/Build.

Contingency: 14.4% of total project cost included as contingency.

CURRENT INDICATORS:	2021	2022	2023	Weak	Average	Strong
Total Debt per Capita (\$):	763	904	860	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total + New Debt/Capita (\$):			1,130	>\$2,000	X \$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	1,908	2,261	2,143	>\$5,000	\$2,500 - 5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			2,817	>\$5,000	X \$2,500 - 5,000	<\$2,500
Current W&S Debt/Tap (\$):	1,908	2,261	2,143	X >\$2,000	\$1,000 - 2,000	<\$1,000
Current W&S + New W&S Debt/Tap (\$):			2,817	X >2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	11%	12%	11%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			15%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.97%	1.05%	0.98%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			1.29%	>10%	5-10%	X <5%
Curr. W&S Debt + New Debt/Tap/MHI:			5.11%	>20%	10-20%	X <10%
W&S Fund Current Ratio (CA/CL):	483%	436%	431%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	119%	109%	123%	<50%	50-100%	X >100%
W&S Operating Ratio (OR/OE):	100%	104%	110%	<100%	X 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	65%	143%	230%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	65%	177%	216%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			183%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			172%	<110%	110-125%	X >125%
Current Annual W&S Rates/MHI:			1.30%	>3.0%	1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			1.38%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			143%	<25%	25-50%	X >50%
			Total:	2	3	16

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, 16 are rated strong, three are average, and two are considered weak. Overall, the indicators illustrate a system in good financial condition to take on the proposed debt. The strong indicators show high capacity to service debt, healthy reserves, and an ability to cover expenses. The weak indicators reflect some degree of debt burden for the community. However rates and other debt indicators appear affordable.

- Operating revenues generally cover operating expenses; the operating ratio averaged 110% over the past five years. The District also uses property tax revenues to cover expenses.
- Based on 2023 financial information, coverage with the proposed loan is 183% with tap fee revenue and 172% without tap fee revenue. No additional revenue is projected to be needed to meet the 110% coverage ratio requirement.
- Projections submitted by the District show expenses generally increasing 3% annually with rates generally increasing 5% every one to three years.
- Without principal forgiveness, the coverage ratio moves to 133% with tap fee revenue and 125% without tap fee revenue.

DESCRIPTION OF THE LOAN:

An estimated \$447,789 loan with a twenty-year term with two payments annually at an interest rate of 2.50% will cost the District approximately \$28,588 in debt service annually. The District also qualifies for \$811,511 in BIL principal forgiveness.

Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$70,078	>=	\$55,104	Y	S1: County MHI	\$70,078	>=	\$49,631	Y
P2: MHV	\$465,900	>=	\$331,600	Y	S2: Population Loss	0.00%	>=	N/A	N/A
P3: County Unemployment	5.38%	<=	5.94%	Y	S3: Assessed Value per Housing unit	\$24,963	>=	\$19,104	Y
County Job Change	0.00%	>=	0.30%	N	S4b: Curr. and Proj. System Debt	0.67%	<	1.22%	Y
					S4b: 80th Percentile	2.15%	<	1.22%	N
					S5b: Proj. System Cost Per Tap to MHI	1.94%	<	2.43%	Y
					S5b: 80th Percentile	2.90%	<	2.43%	N

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

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the District qualifies as a Category 1 DAC, and will receive a 2.50% interest rate.

BIL Principal Forgiveness Eligibility:

In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. As a DAC, the District automatically qualifies for BIL principal forgiveness and scores 7.5 points as shown below.

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	0.38%	1
2a: County Job Change	0.00%	>	0.30%	0.5
2b: County Unemployment	5.38%	<	5.94%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$87,598	>	\$55,104	1
	\$109,498	<		
4: Rates to MHI	1.38%	<	2.17%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	17.74%	0
7: % Households Housing Burdened	50.00%	<	25.37%	0
8: % Population under 200% Poverty Level	40.00%	<	33.09%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	85.78%	1
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				7.5

The District qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. Using an estimated principal forgiveness award of 64.441% the District qualifies for approximately \$811,511 in principal forgiveness, leaving an estimated loan of \$447,789.

ECONOMIC ANALYSIS: Based on the State Demographer’s estimate of 2.5 people per tap, the District’s 2022 population is estimated at 1,658 and has grown at an average annual rate of 0.53% since 2019. Huerfano County has experienced an increase of 1.26% in population since 2018. The state population increased at an average annual rate estimated at 0.71%.

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

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

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

The District is a water and sanitation district governed by a five-member board of directors form of government and was organized in 1974. The District provides water and wastewater services. Approximately five full-time employees staff the water utility. The water utility is overseen by the General Manager, who reports to the board of directors.

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

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 extending through 2045. This schedule projects a capital investment of \$2,280,000 for upgrades to the water treatment plant, pump replacements, tank painting, and improvements to the water system. The funding is expected to come from loans and reserves. Additionally, upgrades to the wastewater treatment facility will be necessary to comply with nutrient regulations. While the total cost for these upgrades has not been fully determined, they are anticipated to be significant.

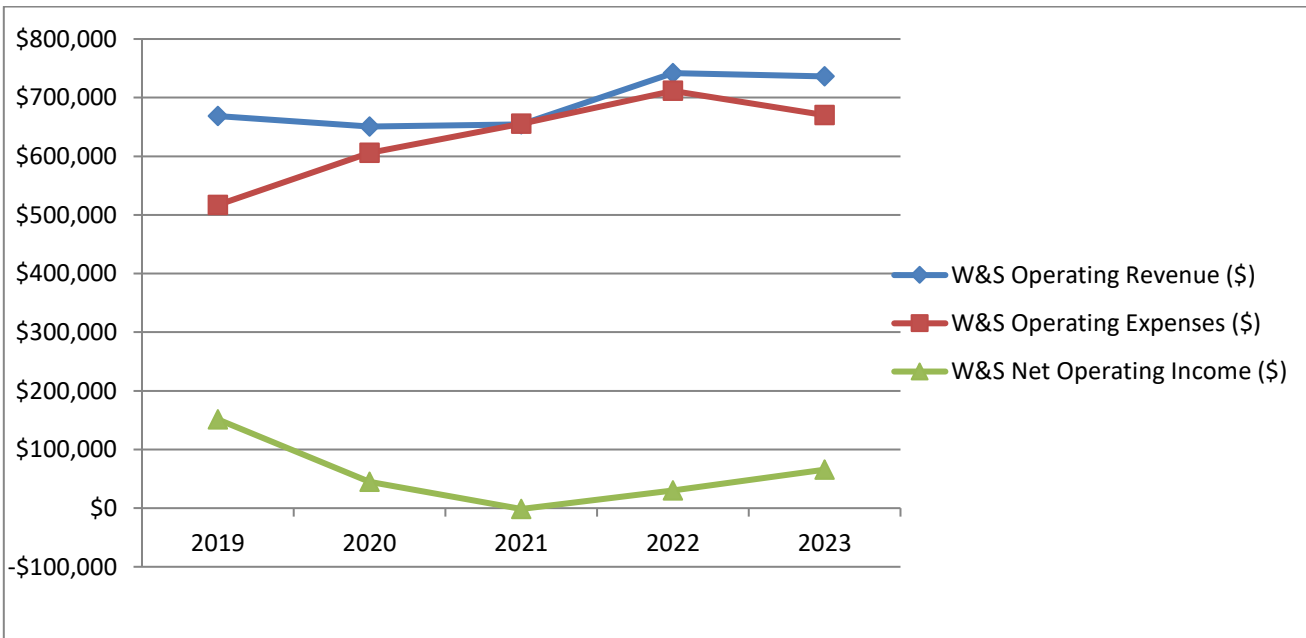
REVENUE ANALYSIS:

The District’s operating revenues from charges/fees generally covers operating expenses and has trended upwards. Personnel costs led to increases in operating expenses in 2021 and 2022. However, net operating income has increased for the past two years. The District also levies property taxes as a revenue source.

TRENDS	2019	2020	2021	2022	2023	2024
Monthly Water Rate (\$)		45.00	45.00	50.00	50.00	50.00
Monthly Sewer Rate (\$)		35.00	35.00	40.00	40.00	40.00
Residential Water Tap Fee (\$)		7,500	7,500	7,500	7,500	7,500
Residential Sewer Tap Fee (\$)		7,500	7,500	7,500	7,500	7,500
Mill Levy	8.094	8.094	8.094	8.094	8.094	8.094
Total W&S Revenue (\$)	835,885	776,547	868,859	921,166	923,821	
Tap/Development Fees (\$)	0	0	93,000	15,000	15,000	
Property Tax Revenue (\$)	92,826	102,605	103,804	114,351	111,795	

S.O. Tax Revenue (\$)	12,087	0	0	0	0
W&S Operating Revenue (\$)	668,404	650,783	654,257	741,830	736,025
W&S Operating Expenses (\$)	517,078	605,746	655,687	711,433	670,361
W&S Net Operating Income (\$)	151,326	45,037	-1,430	30,397	65,664
W&S Debt (\$)	2,242,164	1,714,962	1,260,896	1,498,968	1,425,290
Total Debt (\$)	2,242,164	1,714,962	1,260,896	1,498,968	1,425,290
W&S Debt Service (\$)	80,713.00	560,318	184,733	110,154	110,162
W&S Debt Service/Tap/Month (\$)	10.30	71.51	23.29	13.85	13.80
W&S Fund Reserves (\$)	2,232,325	987,489	999,638	898,457	958,446

Ratios	2019	2020	2021	2022	2023	Average
Operating Revenue as % of Total Revenue	80%	84%	75%	81%	80%	80%
Operating Revenue as % of Expenses	129%	107%	100%	104%	110%	110%
Tap Fee Revenue as % of Total Revenue	0.00%	0.00%	11%	1.63%	1.62%	2.79%



Recent Rate Increases

The District’s most recent rate increase of \$5.00 for water and \$5.00 for sewer was implemented on January 1, 2022.

User Charges

The District’s current monthly water rate is estimated at \$50.00 compared to the 2022 estimated state median of \$59.19. The District’s average monthly water rate is based on typical residential consumption of 5,500 gallons per month. Residential users pay a flat \$50.00 base rate up to 80,000 gallons and a volume charge of \$1.75 per 1,000 gallons for consumption over 80,000 gallons. The District’s current estimated average monthly residential sewer rate is \$40.00 compared to the 2022 estimated state median of \$41.23.

Commercial users pay a flat rate for both water and sewer usage of \$65.00 for a ¾” tap, \$100 for a 1” tap, \$250 for a 2” tap, and \$300 for a 3” tap and a volume charge of \$4.000 per 1,000 gallons of consumption.

Contributed Capital

Revenue from tap fees has ranged from \$0 to \$93,000 and has averaged 2.79% of total water revenue during the last five years. The District has not recently increased the water tap fee.

- Residential water tap fees are \$7,500.

- Residential sewer tap fees are \$7,500.
- Commercial tap fees are determined by the District based on an EQR schedule.

Current System Utilization		
	Usage	Revenue
Residential	90%	89%
Non-residential (per EQR)	10%	11%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$50.00/\$7,500	\$40.00/\$7,500
¾"	\$65.00/EQR determines tap fees	

DEBT as of December 31, 2023

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2012	CWPRDA	2033	Water and sewer revenues	\$1,379,647	2.00%	\$5,299
2019	CWPRDA	2039	Water and sewer revenues	\$45,643	2.50%	\$105,151

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

The District has met the Loan Covenants on its DWRf direct loans dated 2012 and 2019 with the Authority. The District has also had no debt service payment issues.

Prepared by: Victor Chen
 Date: November 12, 2024

Project # 140622D-F Cost Categories: Construction – Treatment 95% Construction – Source 5%

November 15, 2024

DWRF Credit Report
Cucharas Sanitation and Water District, Huerfano County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2022	1,658
Number of Water Taps/Customers - 2023	665
Total Assessed Valuation (in thousands) - 2023	\$12,492,000
Actual Value of All Real Property (in thousands) - 2023	\$144,743,000
Median Household Income (MHI) - 2023	\$55,104
Monthly Water Rate - 2023	\$50.00
Water Operating Revenue - 2023	\$736,025
Water Total Revenue - 2023 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$923,821
Water Tap and System Development Fee Revenue - 2023	\$15,000
Water Operating Expense - 2023	\$670,361
Water Current Expense - 2023	\$780,523
Water Debt - 2023	\$1,425,290
Total Debt - 2023	\$1,425,290
Water Fund Reserves - 2023	\$958,446
Water Debt Service - 2023	\$110,162
New Water Debt [Requested DWRF loan amount.]	\$447,789
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	2.50%
New Loan's Annual Water Debt Service (two payments annually)	\$28,588

Current Indicators (2023)				
Cucharas Sanitation and Water District				
(Water)				
1	Total Debt	\$1,425,290	÷ Population	1,658 = \$860
	New Debt	\$447,789	÷ Population	1,658 = \$270
	Total Debt + New Debt	\$1,873,079	÷ Population	1,658 = \$1,130
2	Total Debt	\$1,425,290	÷ Number of Taps	665 = \$2,143
	New Debt	\$447,789	÷ Number of Taps	665 = \$673
	Total Debt + New Debt	\$1,873,079	÷ Number of Taps	665 = \$2,817
3	Total Debt	\$1,425,290	÷ Assessed Value	\$12,492,000 = 11.41%
	New Debt	\$447,789	÷ Assessed Value	\$12,492,000 = 3.58%
	Total Debt + New Debt	\$1,873,079	÷ Assessed Value	\$12,492,000 = 14.99%
4	Total Debt	\$1,425,290	÷ Actual Value	\$144,743,000 = 0.98%
	New Debt	\$447,789	÷ Actual Value	\$144,743,000 = 0.31%
	Total Debt + New Debt	\$1,873,079	÷ Actual Value	\$144,743,000 = 1.29%
5	Current Water Debt	\$1,425,290	÷ Number of Taps	665 = \$2,143
	(Current Water Debt + New Water Debt) / Number of Taps	\$2,817	÷ MHI	\$55,104 = 5.11%
6	Current Ratio (CA / CL)			
	Current Assets	\$1,248,061	÷ Current Liabilities	\$289,615 = 431%
7	Reserve/Expense Ratio			
	Reserves	\$958,446	÷ Current Expenses	\$780,523 = 123%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$736,025	÷ Operating Expenses	\$670,361 = 110%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$923,821	-	
	Minus Operating Expenses	\$670,361		
	=	\$253,460	÷ Current Debt Service	\$110,162 = 230%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$253,460		
	Minus Tap and Development Fee Revenue	\$15,000		
	=	\$238,460	÷ Current Debt Service	\$110,162 = 216%
11	Projected Coverage Ratio			
	Total Revenues	\$923,821		
	Minus Operating Expenses	\$670,361		
	=	\$253,460	Total Debt Service (with new loan)	\$138,750 = 183%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$253,460		
	Minus Tap and Development Fee Revenue	\$15,000		
	=	\$238,460	÷ Total Debt Service (with new loan)	\$138,750 = 172%
13	Current Debt Service	\$110,162	÷ Number of Taps	665 = \$165.66
	Annual New Water Debt Service	\$28,588	÷ Number of Taps	665 = \$42.99
	2023 Annual Water Rate (Monthly Rate			
14	x 12)	\$600.00	÷ MHI	\$55,104 = 1.09%
	2023 Annual Water Rate + New Annual Debt Service Per Tap	\$642.99	÷ MHI	\$55,104 = 1.17%
15	Current 2023 Monthly User Charge			\$50.00
	(Debt Service on DWRP Loan / 2023 Taps / Month)			\$3.58
	Total			\$53.58
16	Operation and Maintenance Reserve			
	Reserves	\$958,446	÷ Operating Expenses	\$670,361 = 143%

2024 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$ 1,259,300
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 86,123

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

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2022)	<= 10,000	1,658	Y	
Population 5 years ago (2018)		1,633		
Population 10 years ago (2013)				
Primary Factors				
P1 MHI (Place)	<= \$ 70,078	55,104	Y	BG used. Unreliable but OK at top of band.
Margin of Error (MOE)	±	13,521	OK	
Reliability (CV)	<= 18.00%	14.92%	Y	
P2 MHV (Place)	<= \$ 465,900	331,600	Y	
Margin of Error (MOE)	±	34,623		
Reliability (CV)	<= 18.00%	6.35%	Y	
P3 24 Month Unemployment (County) or 10 Year % Chng. Jobs (County)	>= 5.38%	5.94%	Y	
Jobs (2022)	<= 0.00%	0.30%	N	
Jobs (2013)		2,662		
		2,654		

Priority Factor Count	3
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Secondary Factors

S1 MHI (County)	<= \$ 70,078	49,631	Y		
Margin of Error (MOE)	±	5,676			
Reliability (CV)	<= 18.00%	6.95%	Y		
S2 10 Year % Chng. Population	<= 0.00%	N/A	N/A		
S3 Assessed Value / Housing Unit	<= \$ 24,963	\$19,104	Y		
Assessed Value		12,665,960			
Total Housing Units		663			
S4 Current Debt / Tap / MHV	> 0.67%	0.65%	N	If MHV CV > 18%, calculate result at top of band	Result
WS Current + Projected Debt/Tap/MHV	> 0.67%	1.22%	Y		
S4b 80th percentile	> 2.15%	1.22%	N		
S5 System Full Cost / Tap / MHI	> 2.14%	3.04%	Y	If MHI CV > 18%, calculate result at top of band	Result
Projected Rate @ 110% Coverage	> 1.94%	2.43%	Y		
S5b 80th percentile	> 2.90%	2.43%	N		

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

Taps or EQR's	663
Total Debt	1,425,290
Principal & Interest	110,162
Operating Expenses (including operating transfers out)	670,361
Depreciation	439,180

DWRF Only

		Benchmark	Applicant	Points	Notes on Data Used
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.71%	0.38%	1.0	
	Current Population (2021)		1,658		
	Population five years ago (2017)		1,633		
2a	10 Year % County Job Change	>= 0	0.30%	0.0	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.38%	5.94%	0.5	
3	Median Household Income	<= \$ 87,598	55,104	1.0	If MHI CV > 40%, calculate result at top of band
	Reliability (CV)	>= \$ 109,498		0.0	Result
		<= 40.00%	14.92%	Y	
4	Rates compared to MHI	> 1.38%	2.17%	1.0	If MHI CV > 40%, calculate result at top of band
WS	Monthly Residential Rate	>	99.63		Result
<i>based on 2022 confirmed water rates</i>					
5	Project addresses removal of lead or emerging contaminants	Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	> 40.00%	17.74%	0.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	25.37%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	33.09%	0.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>= 55.00%	85.78%	1.0	
	% Population over 65 years old		52.69%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				7.5	

DWRF LOAN CREDIT REPORT
 City of Trinidad (“The City”), Las Animas County

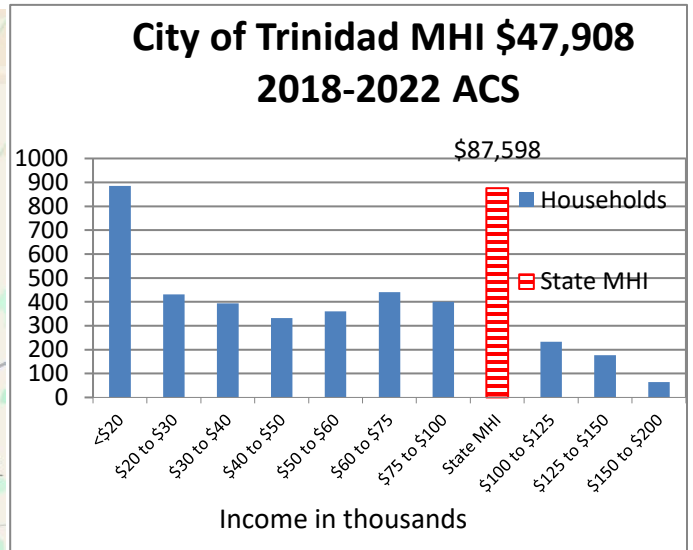
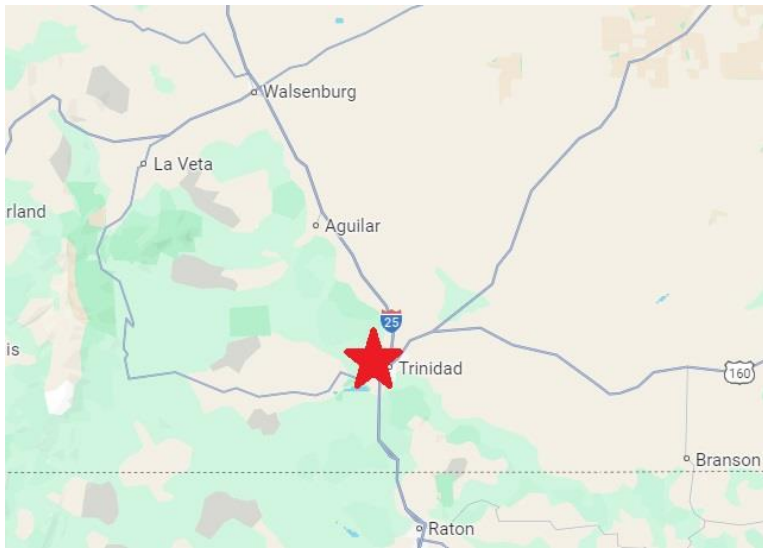
Recommendation:	APPROVAL	Project Budget	
Loan Request:	\$3,450,000	DWRF BIL Loan:	\$1,226,771
Interest Rate & Term:	2.50%, 20 years	DWRF BIL Principal Forgiveness:	\$2,223,229
Annual Debt Service:	\$78,321	2024 EIAF Grant:	\$1,000,000
Pledge:	Water Revenue	2023 ARPA:	\$1,000,000
Current Rate:	\$24.75	Water Fund Reserves	\$798,556
Estimated Rate Increase:	\$0.00	Total:	\$6,248,556

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

COMMUNITY PROFILE:

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

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



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

PROJECT SUMMARY:

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

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

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

Project Delivery Method: Design/Bid/Build.

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

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

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

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

Additional Project Financing

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

DESCRIPTION OF THE LOAN:

An estimated \$1,226,771 loan with a twenty-year term with two payments annually at an interest rate of 2.50% will cost the City approximately \$78,321 in debt service annually. The City also qualifies for \$2,223,229 in BIL principal forgiveness.

Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$70,078	>=	\$47,908	Yes	S1: County MHI	\$70,078	>=	\$48,965	Yes
P2: MHV	\$465,900	>=	\$185,000	Yes	S2: Ten Year % Change in Population	0.00%	>=	-5.68%	Yes
P3: County Unemployment	5.38%	<=	4.80%	No	S3: Assessed Value per Housing unit	\$24,963	>=	\$17,553	Yes
County Job Change	0.00%	>=	-0.82%	Yes	S4b: Current and Projected System Debt	0.30%	<	0.62%	Yes
					S4b: 80th Percentile	1.05%	<	0.62%	No
					S5b: Projected System Cost Per Tap to MHI	1.08%	<	1.66%	Yes
					S5b: 80th Percentile	1.63%	<	1.66%	Yes

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

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the City qualifies as a Category 1 DAC, and will receive a 2.50% interest rate.

BIL Principal Forgiveness Eligibility:

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

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

The City qualifies for BIL principal forgiveness and has expressed interest in receiving a proportional loan with principal forgiveness funding package. Using an estimated principal forgiveness award of 64.441%, the City qualifies for approximately \$2,223,229 in principal forgiveness, leaving an estimated loan of \$1,226,771.

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

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

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

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

ORGANIZATIONAL ANALYSIS:

Bond Rating

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

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

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

Organizational Structure

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

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

Technical/Managerial/Financial (TMF)

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

Capital Improvement Plan

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

Intergovernmental

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

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

- The City has a 2023 master meter contract with the Sunflower Valley Pipeline Association (“SVPA”). Under this agreement, the City agrees to deliver water to SVPA for domestic, livestock, and fire protection uses only for the 203 single family residences. The IGA continues in perpetuity.
- The City has a 1998 water purchase contract with the Santa Fe Trail Ranch Metropolitan District (“SFTRMD”), and signed a modified agreement in 2008. Under this agreement, the City agrees to furnish potable treated water meeting applicable purity standards of the Colorado Department of Health and to reserve sufficient water taps to accommodate the maximum build out of homes (449 tracts). The IGA was renewed in 2023 and continues in perpetuity.
- The City has a 1981 water purchase contract with the Pinon Water and Sanitation District (“PWSD”), and signed the seventh amendment in to the agreement in 2018. Under this agreement, the City agrees to furnish water from its water supply distribution system and to reserve sufficient water taps. The contract’s amendments have revised that number with new development. Through the seventh amendment, the City agrees to reserve future purchases of four additional $\frac{3}{4}$ ” residential water taps within the Pinon Ridge No. 1 Subdivision, possibly extending the total from 25 to 29. All residential water taps reserved are subject to the provisions in Chapter 12, Article 5, of the City’s code. This contract may be renewed or extended for three subsequent periods of ten years; each such period of ten years being referred to as an extended term. While it expired in 2021, the City continues to provide services and receives payment from PWSD.
- The City has a 1981 water purchase contract with the Colorado Canyon Water Association (the “CCWA”). Under this agreement, the City agrees to furnish the CCWA potable treated water meeting applicable purity standards of the State of Colorado in such quantity as may be required by the CCWA and limited to four household service lines. The number of service lines may be increased only by written consent of the City. The IGA’s initial term of 10 years was renewed several times, most recently in 2023 and continues in perpetuity.
- The City has a 1978 water purchase agreement with the Chicosa Water Users Association (the “CWUA”). Under this agreement, the City agreed to furnish CWUA potable treated water meeting CDPHE standards in a quantity not to exceed 20 residential taps with a maximum meter size of $\frac{3}{4}$ ”. The IGA was renewed in 2018 and continues in perpetuity.
- The City has a 1977 water purchase contract with the Greetville-Carbondale Water Association (“GCWA”), and signed a modified agreement in 1991. Under this agreement, the City agrees to furnish potable treated water meeting applicable purity standards of the Colorado Department of Health in such quantity as may be required by GCWA limited to the use of 66 domestic service lines and taps. While it expired in 2017, the City continues to provide services and receives payment from GCWA.

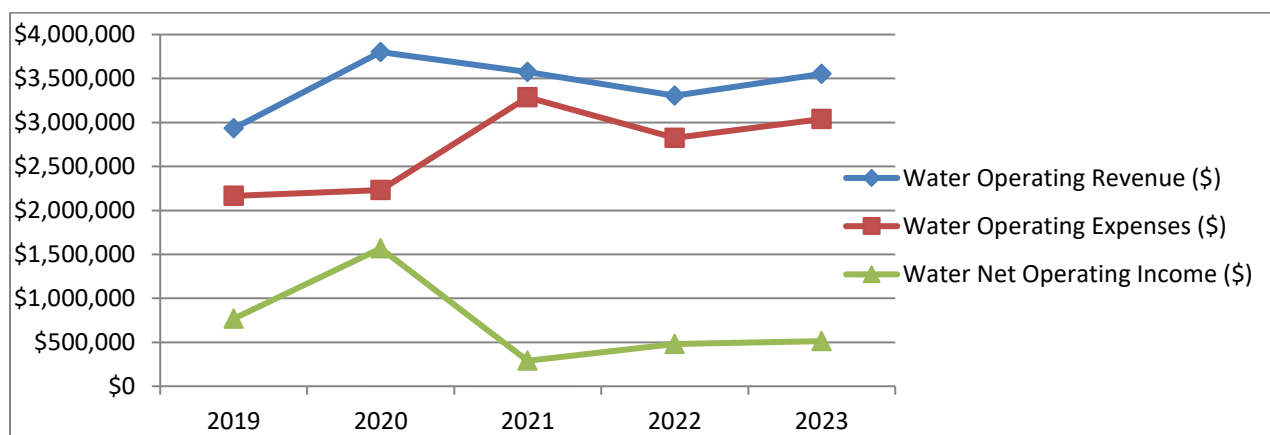
REVENUE ANALYSIS:

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

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

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

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



Recent Rate Increases

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

User Charges

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

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

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

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

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

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

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

Contributed Capital

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

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

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

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

DEBT as of December 31, 2023

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

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

The City has no current debt with the Authority, including the SRF programs.

Prepared by: Peter Dieterich
Date: November 12, 2024

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

November 15, 2024

DWRF Credit Report
City of Trinidad, Las Animas County, CO
Using most recent data available
(Census, audits, local records)

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

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

2024 SRF Disadvantaged Community Criteria

Loan Terms

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

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

Priority Factor Count 2

Secondary Factors

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

Secondary Factor Count 4

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

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

DWRF Only

		<u>Benchmark</u>	<u>Applicant</u>	<u>Points</u>	<u>Notes on Data Used</u>
Eligibility Criteria					
1	Population loss or growth is slower than the state's over 5 years	<= 0.71%	-0.57%	1.0	
	Current Population (2021)		8,251		
	Population five years ago (2017)		8,442		
2a	10 Year % County Job Change	>= 0	-0.82%	0.5	
2b	County 24 Month unemployment rate exceeds the state's plus 1%	>= 5.38%	4.80%	0.0	
3	Median Household Income	<= \$ 87,598	47,908	1.0	If MHI CV > 40%, calculate result at top of band
	Reliability (CV)	>= \$ 109,498		0.0	Result
		<= 40.00%	7.15%	Y	
4	Rates compared to MHI	> 0.81%	0.62%	0.0	If MHI CV > 40%, calculate result at top of band
W	Monthly Residential Rate	>	24.75		Result
<i>based on application only, needs to be confirmed</i>					
5	Project addresses removal of lead or emerging contaminants	Yes	No	0.0	
6	% Population that identifies as minority is greater than 40%	> 40.00%	52.83%	1.0	
7	% Population that are housing burdened is greater than 50%	> 50.00%	30.94%	0.0	
8	% Population under 200% Poverty Level is greater than 40%	> 40.00%	41.87%	1.0	
9	% Population under 200% Poverty Level + % Population over 65 years old is equal to or greater than two thirds of communities in the state	>= 55.00%	64.19%	1.0	
	% Population over 65 years old		22.32%		
10	Meets base program DAC criteria?		Yes	3.0	
BIL Eligibility Points				8.5	

2024 IUP DWRP Priority Point Calculations

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

Benchmarks

\$87,598 2018-2022 State MHI estimate

		Points	Entity Value	
P1	MHI		\$47,908	55%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
S5b	User Fees (projected water rate at 110%/tap/MHI)		1.656%	
	Rates are > 1.63%	45		
	Rates are between 1.08% and 1.63%	25		
	OR			
S5b	User Fees for a combined water & sewer fund			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
S4b	Projected water debt per tap compared to MHV		0.62%	
	Debt is > 1.05%	45		
	Debt is between 0.30% and 1.05%	25		
	OR			
S4b	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		8,251	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		17,553	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		



Principal Forgiveness and Priority Point Scoring

Applicant:

DWRF or WPCRF: DWRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 64.441%

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

Base DWRF Principal Forgiveness Scoring

DWRF

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

Eligible as a base program DAC?

Eligible base program DWRF principal forgiveness percentage:

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

Priority Point Scoring

Total WQCD Score:	65
DOLA Affordability Score:	115
Total Score:	180



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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

MEMORANDUM

December 2, 2024

TO: Project Finance Committee and Karl Ohlsen

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

RE: Review of the City of Fort Lupton Disadvantaged Community ("DAC") Business Case
Drinking Water Revolving Fund ("DWRF")

The Division of Local Government has forwarded to the Authority its analysis of the above-listed project. The Authority has reviewed the Disadvantaged Communities ("DAC") Business Case and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

City of Fort Lupton DAC Business Case

The City of Fort Lupton (the "City"), located in Weld County, is seeking approval of a DAC Business Case to allow for potential access to additional DWRF Bipartisan Infrastructure Law ("BIL") Supplemental Principal Forgiveness ("PF"), and a reduced interest rate for the first \$3 million of repayable loan. The City intends to pursue a loan to construct an elevated storage tank, pump station, and distribution and transmission piping. The City narrowly missed qualifying for DAC status due to an MHI that was only slightly above the benchmark. Historically, the City's MHI data has consistently been above the DAC threshold of 80% of state MHI; however, it is growing at a rate slower than that of the state and has been getting closer to the 80% benchmark over time. Furthermore, the impact of the proposed debt will pose a burden to this community that reports a recent record number of utility bill delinquencies and job loss.

<u>Factor</u>	<u>Entity Figures</u>	<u>Benchmark</u>	<u>Qualify?</u>	<u>Notes</u>
P1: MHI	\$71,293	<=\$70,078	N	+/- \$10,654; The City's MHI exceeds the benchmarks with a reliable 9.08% CV.
P2: MHV	\$346,800	<=\$465,900	Y	
P3: County Unemployment or County Jobs	3.27% 24.24%	>=5.38% <=0%	N	
S1: County MHI	\$89,182	<=\$70,078	N	
S2: Population change	18.07%	<=0%	N	
S3: AV/Households	\$97,385	<=\$24,963	N	
S4a: Current system debt	2.83%	>0.30%	Y	
S5a: Current system cost	1.80%	>1.23%	Y	

Recommendation

Based on the attached Business Case for the City, staff provides no recommendation (neutral) to the Project Finance Committee for the City's request for Category 1 DAC status and the corresponding potential access to additional BIL PF and a reduced interest rate, subject to limits, caps, maxes, and availability of funds in place at the time of loan approval.

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. December 2, 2024**. The link to join via online is: <https://us06web.zoom.us/j/84727090473?pwd=X8SbywtpdnOXtEmbuboBJY0Lc2ZSfz.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **847 2709 0473**. The passcode is: **378788**.

Attachments: City of Fort Lupton DWRF 2024 DAC Business Case and Request Letter

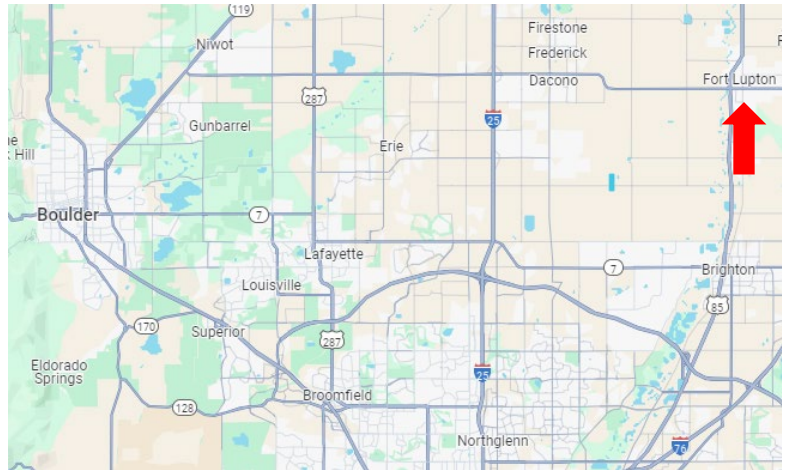
BUSINESS CASE REQUEST

City of Fort Lupton (the “City”), Weld County

Recommendation:	No Recommendation	<u>Project Budget</u>	
Est. Project Total:	\$13,990,000	DWRF Loan:	\$11,000,000
Est. Loan Request:	\$11,000,000	EIAF (Pending):	\$1,000,000
Pledge:	Water Revenue	Reserves:	\$1,990,000
Current Rate:	\$71.00	Total:	\$13,990,000

Project Description: The proposed project consists of constructing an elevated storage tank, pump station, and distribution and transmission piping.

Recommendation: The City narrowly missed qualifying for Disadvantaged Community (DAC) status due to an MHI that was only slightly above the benchmark. Historically, the City’s MHI data has consistently been above the DAC threshold of 80% of state MHI, but the City’s MHI is growing at a rate slower than that of the state and has been getting closer to the 80% benchmark over time. For these reasons, the City requested a business case for DAC status, which we forward to the CWRPDA board for consideration.



The City already qualifies for DWRF BIL supplemental funding, which includes a current principal forgiveness cap of \$1.5 million for non-DACs. If approved, the City will have access to additional DWRF BIL supplemental principal forgiveness, with a total cap of \$3 million for DACs, and a reduced interest rate for the first \$3 million of repayable loan.

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

<u>Factor</u>	<u>Entity Figures</u>	<u>Benchmark</u>	<u>Qualify?</u>	<u>Notes</u>
P1: MHI	\$71,293	<=\$70,078	No	+/- \$10,654; The City’s MHI exceeds the benchmarks with a reliable 9.08% CV.
P2: MHV	\$346,800	<=\$465,900	Yes	
P3: County Unemployment or County Jobs	3.27% 24.24%	>=5.38% <= 0%	No	
S1: County MHI	\$89,182	<=\$70,078	No	

BUSINESS CASE REQUEST
City of Fort Lupton (the "City"), Weld County

S2: Population change	18.07%	<=0%	No
S3: AV/Households	\$97,385	<=\$24,963	No
S4: Current system debt	2.83%	>0.30%	Yes
S5: Current system cost	1.80%	>1.23%	Yes

The City is currently eligible for BIL PF. The City's funding package will ultimately depend on the amount of the loan request and availability of funds. However, based on current funding levels and PF caps/maxes, there are a few potential funding scenarios:

Scenario 1: \$11 million loan (no BIL or DAC PF; no funds available or ineligible).

Scenario 2: \$9.5 million loan; \$1.5 million BIL PF (BIL eligible, DAC business case rejected).

Scenario 3: \$8 million loan; \$3 million BIL PF; (business case approved; DAC eligible).

It should be noted that the requested loan amount is expected to change as the City moves through the design process, and the above scenarios are for illustration only.

At this time, it appears the City may not need to raise rates to meet the 110% coverage ratio requirement for the full \$11 million estimated loan amount.

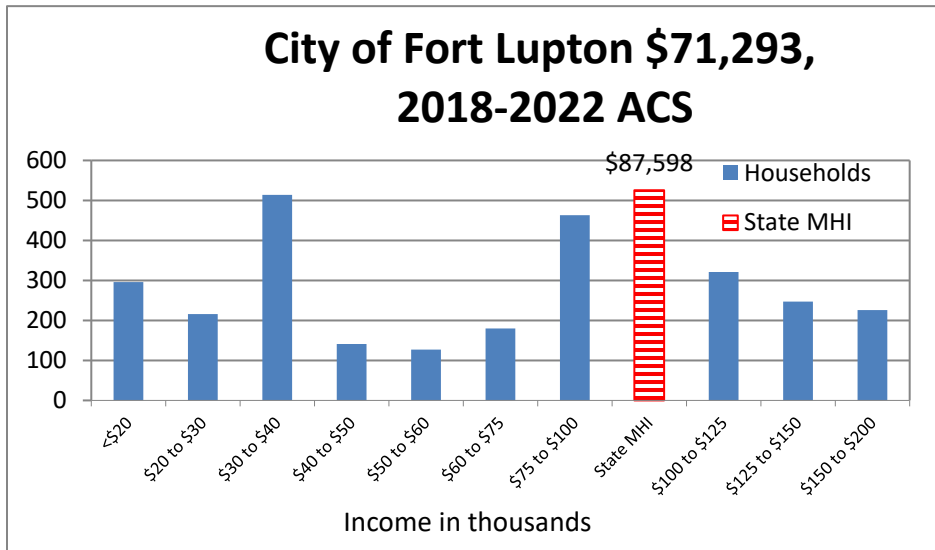
Explanation of Factors

Existing water debt as of December 31, 2023:

Executed	Lender	DAC?	Term End	Pledge	Outstanding	Interest Rate	Annual Payment
1997	Colorado Water Conservation Board	n/a	2037	Water Revenues	\$1,549,539	2%	\$124,688
2005	Colorado Water Resources and Power Development Authority Water Revenue Bond Program	n/a	2025	Water Revenues	\$325,000	4.625%	\$145,000
2017	Revenue Bond Issue	n/a	2047	Water Revenues	\$24,860,000	2 to 5%	\$110,000
2018	Bank of Colorado	n/a	2038	Water Revenues (CBT Shares)	\$4,591,591	4.95%	\$191,478

BUSINESS CASE REQUEST
 City of Fort Lupton (the “City”), Weld County

P1: The City’s MHI exceeded the benchmark by \$1,215 and is considered highly reliable with a coefficient of variation (CV) of 9.08%. The full band of the City’s possible MHI is \$60,639 to \$81,947. This means that the Census Bureau has determined at the 90% statistical confidence level that the City’s actual MHI may fall anywhere in that band.



Looking at the City’s MHI trend, it appears the City’s MHI growth

lags behind that of the state; the ratio of the City’s MHI relative to that of the state has decreased from 92% to 81% over the five most recent data sets. If this trend continues, the City’s MHI might be below the DAC benchmark in the ACS 19-23 dataset.

MHI History					
ACS	MHI	MOE	CV	CO MHI	% of CO MHI
14-18	\$63,548	± \$6,072	5.81%	\$68,811	92%
15-19	\$63,646	± \$5,170	4.94%	\$72,331	88%
16-20	\$66,056	± \$8,656	7.97%	\$75,231	88%
17-21	\$68,295	± \$8,079	7.19%	\$80,184	85%
18-22	\$71,293	± \$10,654	9.08%	\$87,598	81%

P2: The City’s MHV has consistently been well below the benchmark, ranging from 67%-77% of the state MHV. While home values are increasing, the City is not experiencing the same boom in housing prices seen across the state.

MHV History					
ACS	MHV	MOE	CV	CO MHV	% of CO MHV
14-18	\$210,800	± \$17,288	4.99%	\$313,600	67%
15-19	\$240,500	± \$18,471	4.67%	\$343,300	70%
16-20	\$284,100	± \$21,723	4.65%	\$369,900	77%
17-21	\$306,100	± \$16,376	3.25%	\$397,500	77%
18-22	\$346,800	± \$14,321	2.51%	\$465,900	74%

P3: Weld County (the “County”) has experienced job growth over the last 10-years and the 24-month unemployment rate was lower than the benchmark.

BUSINESS CASE REQUEST

City of Fort Lupton (the “City”), Weld County

The County’s largest job sectors are construction, manufacturing, retail trade, government, and health services. Correspondingly the base industries are commuters, agriculture, regional services, and retirees.

Commuters are defined as residents who commute to jobs outside the county. The high percentage of commuters combined with growth of jobs in the county and a low unemployment rate could indicate people are unable to find work closer to home, or it could reflect the low cost of living in the area.

The City provided additional information about their local economy. According to the City, Halliburton is the City’s largest employer and has slashed its local workforce by 56%, or about 677 jobs since 2020. Smaller employers have similarly reduced their workforces and the City’s Economic Development Office notes there was a reduction of about 930 jobs within the City between 2020 and 2024. These are crucial details that illustrate a declining local economy within a County that is not thriving based on job and unemployment data.

S1: The County MHI exceeded the benchmark.

S2: The City experienced approximately 18% population growth over the last 10-years.

S3: The City’s assessed value per housing unit exceeded the benchmark. This benchmark is typically expected to be met when a community has a lower MHV. In the City’s case, residential property comprises only about 22% of the total assessed valuation. The following categories drive the high assessed value:

- Oil & Gas 32%
- Commercial 17%
- Industrial 14%
- State assessed 14%

S4: With a score of 2.83%, the City meets this benchmark, which measures current debt per tap relative to MHV.

As the City looks to complete the drinking water project, it anticipates approximately \$11,000,000 in additional debt according to the project needs assessment. The loan request may increase or decrease depending on how project costs change prior to loan application. Using an estimated loan of \$11,000,000, the City will meet/exceed the S4b benchmark (0.30%) for this criterion at 3.83%.

S5: The City’s ratio of current system cost per tap compared to MHI, 1.80%, meets the benchmark, which measures system cost compared to MHI.

When including the projected debt of \$11,000,000, the City will meet/exceed the S5b benchmark (1.08%) for this criterion at 2.57%.

BUSINESS CASE REQUEST
City of Fort Lupton (the “City”), Weld County

Other Data: In the letter requesting this business case, the City noted several additional indicators of economic distress in the community.

- Record utility shut offs or delinquent accounts. As of October, approximately 9% of customers had bills delinquent from July or longer.
- Rising food insecurity as measured by use of the Fort Lupton Food and Clothing Bank. The food bank reported a 39% increase in demand for services between last year and this year.
- The CDC’s social vulnerability index score for the City, which is higher than 67% of Census tracts nationwide.

For more information, please see the City’s request letter and supporting document.

Eligibility Determination for Bipartisan Infrastructure Law (BIL) Principal Forgiveness:

The City was deemed eligible for BIL principal forgiveness during the August 2, 2023 pre-qualification meeting and meets current criteria as well. In order to qualify for BIL principal forgiveness, a community must score three (3) points using the BIL Principal Forgiveness Eligibility Criteria outlined in the Intended Use Plans. Additionally, a community with DAC status is automatically eligible for BIL principal forgiveness. The City scores 5 points using the following criteria:

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	2.89%	0
2a: County Job Change	0.00%	>	24.24%	0
2b: County Unemployment	5.38%	<	3.27%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$87,598	>	\$71,293	1
	\$109,498	<		
4: Rates to MHI	0.81%	<	1.12%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	62.44%	1
7: % Households Housing Burdened	50.00%	<	32.13%	0
8: % Population under 200% Poverty Level	40.00%	<	41.01%	1
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	55.35%	1
10: Meets DAC criteria	Yes		No	0
Total Points Scored:				5

2024 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$ 11,000,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 752,284

Applicant:	
Test Result	N
	N
	N

	Benchmark	Applicant	Result
Current Population (2022)	<= 10,000	8,862	Y
Population 5 years ago (2018)		7,907	
Population 10 years ago (2013)		7,506	

Primary Factors

P1	MHI (Place)	<= \$ 70,078	71,293	N
	Margin of Error (MOE)	±	10,654	Sub
	Reliability (CV)	<= 18.00%	9.08%	Y
P2	MHV (Place)	<= \$ 465,900	346,800	Y
	Margin of Error (MOE)	±	14,321	
	Reliability (CV)	<= 18.00%	2.51%	Y
P3	24 Month Unemployment (County)	>= 5.38%	3.27%	N
	or 10 Year % Chng. Jobs (County)	<= 0.00%	24.24%	N
	Jobs (2022)		146,584	
	Jobs (2013)		117,983	

Priority Factor Count

1

Secondary Factors

S1	MHI (County)	<= \$ 70,078	89,182	N
	Margin of Error (MOE)	±	1,677	
	Reliability (CV)	<= 18.00%	1.14%	Y
S2	10 Year % Chng. Population	<= 0.00%	18.07%	N
S3	Assessed Value / Housing Unit	<= \$ 24,963	\$97,385	N
	Assessed Value		286,798,380	
	Total Housing Units		2945	
S4	Current Debt / Tap / MHV	> 0.30%	2.83%	Y
W	Current + Projected Debt/Tap/MHV	> 0.30%	3.83%	Y
	S4b 80th percentile	1.05%	3.83%	Y
S5	System Full Cost / Tap / MHI	> 1.23%	1.80%	Y
	Projected Rate @ 110% Coverage	> 1.08%	2.57%	Y
	S5b 80th percentile	1.63%	2.57%	Y

Secondary Factor Count

2

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

Taps or EQR's	3,189
Total Debt	31,326,130
Principal & Interest	2,101,906
Operating Expenses (including operating transfers out)	2,714,557
Depreciation	1,369,984



City Administrator
130 S. McKinley Avenue Phone: 720.466.6103
Fort Lupton, CO 80621 Fax: 303.857.0351
www.fortluptonco.gov

October 30, 2024

RE: Business Case for Requesting Determination of Disadvantaged Community status

Dear Members of the CWRPDA Board:

The City of Fort Lupton respectfully requests determination as a Disadvantaged Community. The demographics of our community have shifted dramatically in the last decade, creating many opportunities but also new challenges in meeting community needs.

MEDIAN HOUSEHOLD INCOME – PRIMARY FACTOR 1

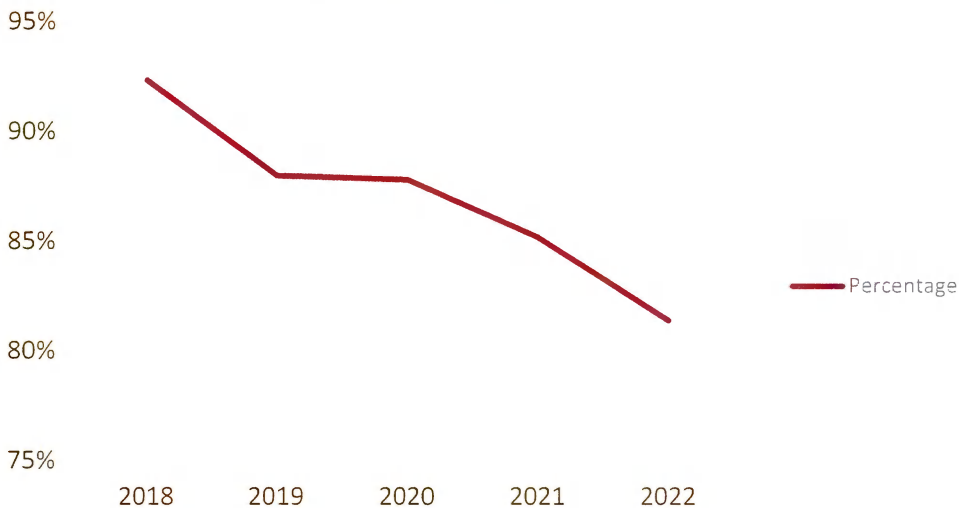
Currently, the City’s status as a Disadvantaged Community (DAC), hinges on one primary criterion: median household income (MHI). We are just on the cusp of meeting eligibility on this factor, and once we do, we fully meet the benchmarks used by DOLA to make the DAC determination.

Our business case to you is disadvantaged because the Census Bureau will not release 2023 ACS 5-year data until December 12, 2024 – one week after meeting at which you will be reviewing this letter.

We are confident that once 2023 data are available Fort Lupton will fully meet the MHI criterion for DAC status.

Over the last five years, Fort Lupton’s MHI as a percentage of the state’s MHI has been steadily declining. It’s now within 1.4 percentage points of meeting the threshold of 80% (see chart below). Since 2018, MHI in Fort Lupton has declined from 92.4% of the state MHI to 81.4%—a drop of 11 percentage points over four years.

Fort Lupton Median Household Income
As a Percentage of Colorado MHI



Source: U.S. Census Bureau, American Community Survey, 5-Year Averages

OTHER DATA AS EVIDENCE OF ECONOMIC CHALLENGES FACING OUR COMMUNITY

Job Losses

As a small community, a shift in just one major employer can ripple through the entire town. For years, Halliburton has been Fort Lupton's largest employer. Prior to the pandemic, their employment outstripped the next largest employer by more than 850 employees—or more than 10% of the City's population at the time. However, by 2024, Halliburton had slashed its workforce by more than half (56%), resulting in a loss of 677 jobs since 2020. We've seen smaller employers cut employment by 69% to 94%. In total, the City's Economic Development Office has documented more than 930 job losses in Fort Lupton from 2020 to 2024.

Burdensome Utility Bills

The City of Fort Lupton provides water and sewer to its residents. Because of state-mandated improvements to its water and wastewater systems, Fort Lupton residents are already burdened by some of the highest water and sewer rates—the median of \$127 monthly per household. This is greater than the State median of \$100 for the same utilities.

Record Shut-Offs

The burdensome high rates created a storm of people unable to pay their bills and record numbers of customers whose service was terminated due to non-payment. Service would be shut off once bills were 60 days past due, following several notices. In 2023, the City averaged more than 100 shut-offs—every single month! The process became so burdensome to Finance and Public Works staff, that it ceased shut-offs. Instead, all delinquent accounts are sent to the county where they appear as a special assessment on property tax bills. While this reduced the load on City staff and temporarily ensures that residents are able to keep their vital water and sewer service, it only postpones the economic burden for homeowners, who now must be able to pay their delinquent bills with their property tax. As of October this year, at least 277 customers had bills delinquent from July or older.

Increasing Numbers of Electric Customers Needing Assistance

Similarly, our colleagues at United Power have shared with us data on their customers who need LEAP or other assistance with their utility bills. These numbers more than doubled from 2021 to 2023. (Data for 2024 are not yet available.)

Food Insecurity on the Rise

Similarly, the Fort Lupton Food and Clothing Bank reports a significant increase in demand for services. For example, the number of food boxes distributed through October 24, 2024 is 57% higher than the number distributed through the entire month of October last year. The Food Bank served than 18,000 individuals in all 12 months of 2023, with almost 17,700 served already this year.* Year-to-date comparisons reveal that almost 5,000 more people have been served through October 24, 2024 versus through October 31, 2023, an increase of 39%. This aligns with data reported by the Weld County Food Bank, which has also reported a 40% increase in demand for food assistance.

Social Vulnerability Index

These factors help explain why Fort Lupton is categorized as experiencing a higher than average level of social vulnerability, according to the CDC/ATSDR Social Vulnerability Index.† The SVI index examines data at the Census tract level and on various factors. Overall, Fort Lupton's index is .67, which means that its

*Numbers are not unduplicated; they represent the number of persons per household served by each distribution.

†All information in this section is drawn from "Is the Fort Lupton Community Underserved?" produced for Weld County Department of Public Health and Environment, Oct, 2023; included with this request as an attachment. We are grateful for the Weld County Department of Public Health and Environment for sharing this research document with us.

vulnerability is higher than 67% of Census tracts nationwide. Broken down by certain household characteristics and racial & ethnic minority status, the indices average .74 and .79, respectively. The maps included in the Appendix illustrate how Fort Lupton and its surrounding areas experience the highest levels of social vulnerability in all of Weld County and other communities adjacent to Weld County.

Conclusion

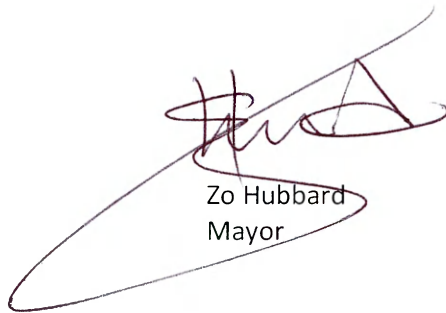
Not being recognized as a DAC means Fort Lupton's pending SRF loan for essential water infrastructure projects would increase by at least \$1 million. This result would require the City to raise water rates even higher on its residents, requiring each to pay an additional \$330 over the life of the loan excluding the interest cost. In summary, not receiving \$1 million in loan forgiveness would result in additional hardship to Fort Lupton's residents and small businesses at a time when they are still recovering financially from the pandemic and crippling inflation.

Based on these factors, we ask the CWRPDA Board to proactively assign Fort Lupton Disadvantaged Community status.

Sincerely,



Chris Cross
City Administrator



Zo Hubbard
Mayor

Is the Fort Lupton Community Underserved?

Payton Pohlman, MPH(c)
Weld County Department of Public Health and Environment
October 17, 2023

CDC/ATSDR Social Vulnerability Index

The CDC/ATSDR SVI utilizes U.S. Census information to establish social vulnerability by census tract. This measurement tool/database was created to quantify community needs to aid preparation and response efforts in the case of a public health emergency. The CDC/ATSDR SVI primarily measures variables related to socioeconomic status, household characteristics, racial and ethnic minority status, and housing type and transportation.

The CDC describes the SVI as the following, “A percentile ranking represents the proportion of tracts (or counties) that are equal to or lower than a tract (or county) of interest in terms of social vulnerability” (CDC, 2022). What this means in lay terms is that the closer the index is to 0, the less socially vulnerable it is; and the closer the index is to 1, the more socially vulnerable it is.

The mean social vulnerability index for Fort Lupton, as determined by individual census tracts that comprise the city, is **0.6739**. Weld County’s SVI is similarly 0.6667. Both Fort Lupton and Weld County are categorized as experiencing a **medium to high levels of vulnerability**. Though highly dependent on census tract, Fort Lupton is more prone to vulnerabilities related to household characteristics and racial & ethnic minority status as indicated by SVI averages 0.7441 and 0.7916, respectively.

HRSA Medically Underserved Area and Medically Underserved Population (MUA/P) & Health Professional Shortage Area (HPSA) Designations

The Health Resources & Services Administration (HRSA) is an agency of the U.S. Department of Health and Human Services that integrates data with external sources, like the U.S. Census Bureau, to provide data, maps, and reports about HRSA’s health care programs to the public (HRSA, 2023).

Medically Underserved Areas/Populations (MUA/P) categorize geographic areas and populations lacking access to primary care services (HRSA, 2023). Medically Underserved Areas (MUA) can include entire counties and groups of surrounding counties, civil or county divisions, and urban census tracts.

Medically Underserved Populations (MUP) entail a shortage of primary care services for an explicit population subgroup within a designated geographic area. An example of a MUP could include migrant farm workers in Weld County, Colorado.

A Health professional Shortage Area (HPSA) can be defined as a population, facility, or geographic area experiencing a shortage of primary, mental health, or dental providers (HRSA, 2023).

Fort Lupton is a **medically underserved community** as it is experiencing the following: **it is in a MUA/P and in a primary care, mental health, and dental health HPSA.**

**CENTERS FOR DISEASE CONTROL AND PREVENTION/AGENCY FOR TOXIC
SUBSTANCES AND DISEASE REGISTRY SOCIAL VULNERABILITY INDEX OF FORT
LUPTON, COLORADO**

Fort Lupton Census Tracts and CDC/ATSDR SVI Variables

Census Tract	Socioeconomic Status	Household Characteristics	Racial & Ethnic Minority Status	Housing type & Transportation	CDC/ATSDR SVI ranking variable for overall vulnerability
19.05	0.8052	0.5003	0.9074	0.8505	0.8274
19.06	0.7339	0.9197	0.865	0.4256	0.7568
19.09	0.2102	0.9951	0.8163	0.341	0.5863
19.10	0.8331	0.9853	0.7829	0.3843	0.8281
19.11	0.8785	0.7648	0.6959	0.4661	0.7736
19.12	0.2996	0.2994	0.682	0.2096	0.2711
AVERAGE	0.6266	0.7441	0.7916	0.4462	0.6739

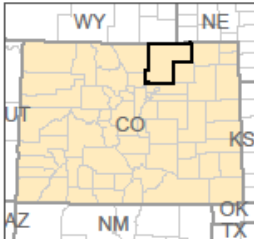
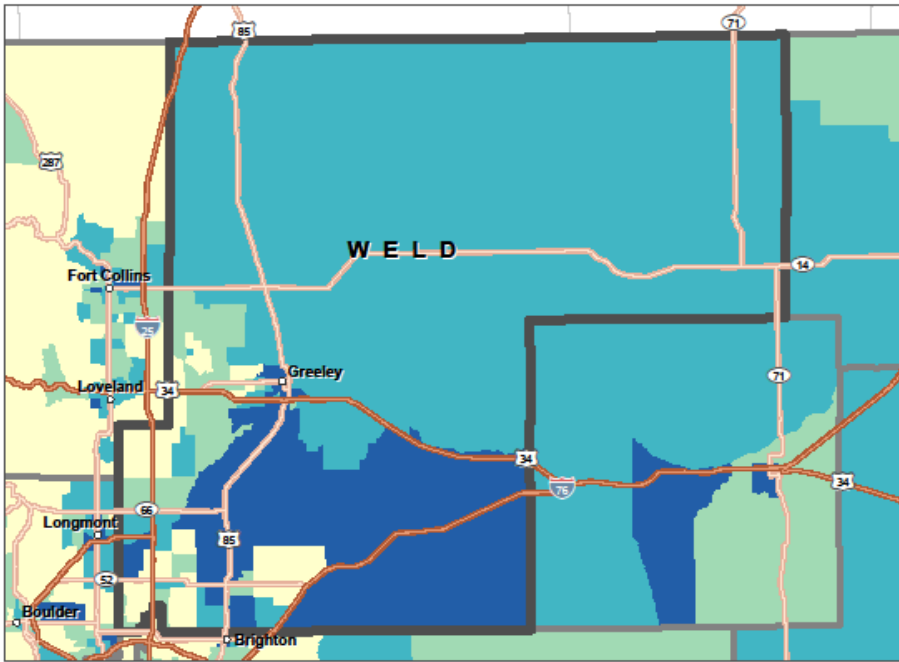
CDC/ATSDR SVI Themes & Social Factors:

- Socioeconomic status (below 150% poverty, unemployed, housing cost burden, no high school diploma, no health insurance)
- Household characteristics (aged 65 or older, aged 17 or younger, civilian with a disability, single-parent households, English language proficiency)
- Racial and ethnic minority status (Hispanic or Latino (of any race); Black and African American, Not Hispanic or Latino; American Indian and Alaska Native, Not Hispanic or Latino; Asian, Not Hispanic or Latino; Native Hawaiian and Other Pacific Islander, Not Hispanic or Latino; Two or More Races, Not Hispanic or Latino; Other Races, Not Hispanic or Latino)
- Housing type & transportation (multi-unit structures, mobile homes, crowding, no vehicle, group quarters)

Source: https://www.atsdr.cdc.gov/placeandhealth/svi/at-a-glance_svi.html



Overall Social Vulnerability¹



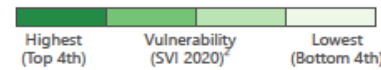
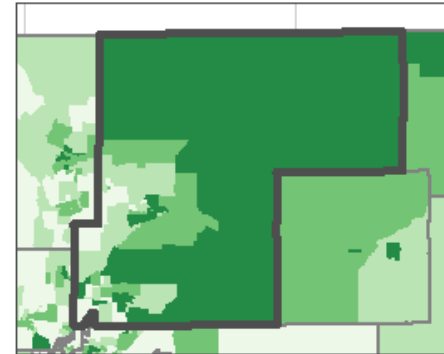
Social vulnerability refers to a community's capacity to prepare for and respond to the stress of hazardous events ranging from natural disasters, such as tornadoes or disease outbreaks, to human-caused threats, such as toxic chemical spills. The **CDC/ATSDR Social Vulnerability Index (CDC/ATSDR SVI 2020)**² County Map depicts the social vulnerability of communities, at census tract level, within a specified county. CDC/ATSDR SVI 2020 groups sixteen census-derived factors into four themes that summarize the extent to which the area is socially vulnerable to disaster. The factors include economic data as well as data regarding education, family characteristics, housing, language ability, ethnicity, and vehicle access. Overall Social Vulnerability combines all the variables to provide a comprehensive assessment.



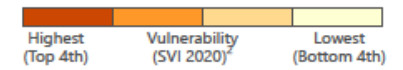
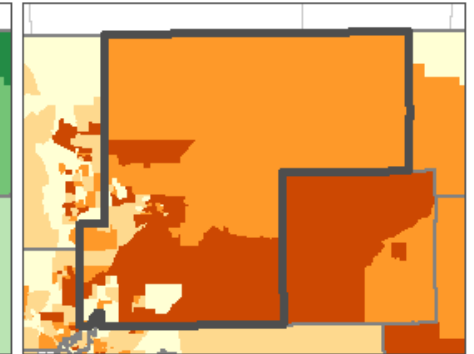
Geospatial Research, Analysis, and Services Program

CDC/ATSDR SVI Themes

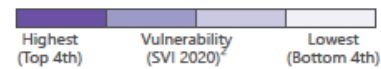
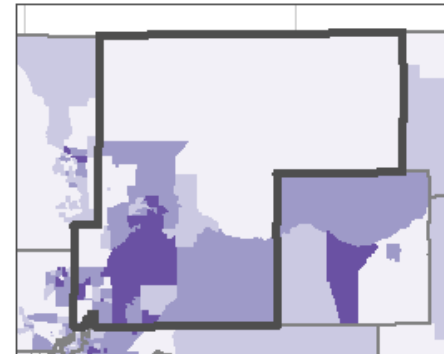
Socioeconomic Status⁵



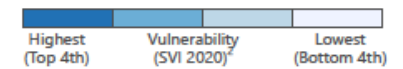
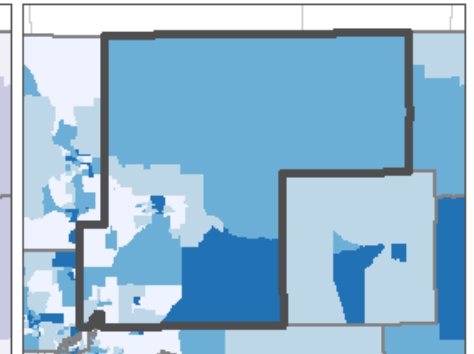
Household Characteristics⁶



Racial and Ethnic Minority Status⁷



Housing Type/Transportation⁸



Data Sources: ¹CDC/ATSDR/GRASP, U.S. Census Bureau, Esri® StreetMap™ Premium.
Notes: ²Overall Social Vulnerability: All 16 variables. ³Census tracts with 0 population. ⁴The CDC/ATSDR SVI combines percentile rankings of US Census American Community Survey (ACS) 2016-2020 variables, for the state, at the census tract level. ⁵Socioeconomic Status: Below 150% Poverty, Unemployed, Housing Costs Burden, No High School Diploma, No Health Insurance. ⁶Household Characteristics: Aged 65 and Older, Aged 17 and Younger, Civilian with a Disability, Single-Parent Household, English Language Proficiency. ⁷Race/Ethnicity: Hispanic or Latino (of any race), Black and African American, Not Hispanic or Latino; American Indian and Alaska Native, Not Hispanic or Latino; Asian, Not Hispanic or Latino; Native Hawaiian and Other Pacific Islander, Not Hispanic or Latino; Two or More Races, Not Hispanic or Latino; Other Races, Not Hispanic or Latino. ⁸Housing Type/Transportation: Multi-Unit Structures, Mobile Homes, Crowding, No Vehicle, Group Quarters.
Projection: WGS 1984 UTM Zone 13N.
References: Flanagan, B.E., et al., A Social Vulnerability Index for Disaster Management. *Journal of Homeland Security and Emergency Management*, 2011. 8(1).
 CDC/ATSDR SVI web page: <https://www.atsdr.cdc.gov/placeandhealth/svi/index.html>.

HEALTH RESOURCES & SERVICES ADMINISTRATION (HRSA) MEDICALLY UNDERSERVED AREA AND MEDICALLY UNDERSERVED POPULATION (MUA/P) DESIGNATIONS OF WELD COUNTY, CO

Overview		Type		Rural Status					
State/Territory	County Name	MUA/P Name	MUA/P ID	MUA/P Type	MUA/P Sub-Type	Rural Status	MUA/P Score	MUA/P Update Da..	Reset
Colorado	Weld County,..	All	All	All	All	All	All	All	

MUA/P by Rural Status



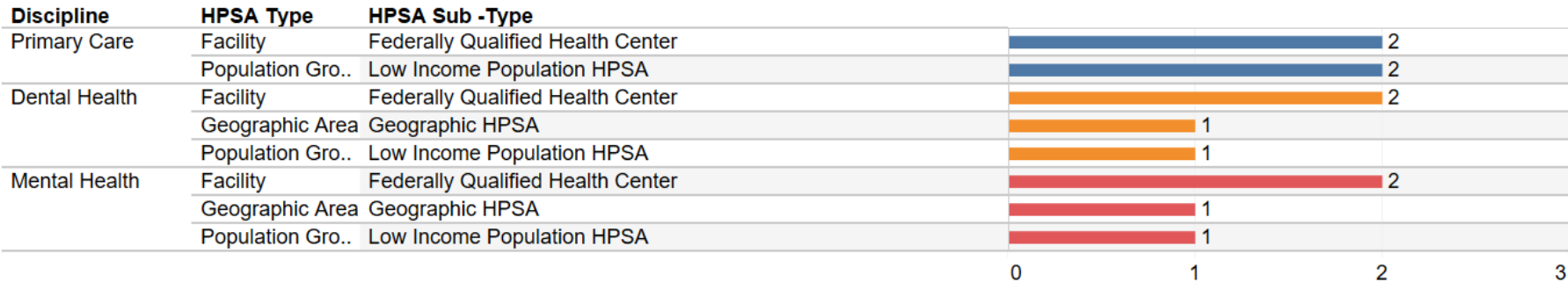
MUA/P Status Detail

State/Territory	County	MUA/P Name	MUA/P ID	MUA/P Type	MUA/P Sub-Type	Rural Status	MUA/P Sc..	MUA/P Update Date
Colorado	Weld	Weld Service Area	00456	Medically Un..	Medically Underserved Area	Partially Rural	61.3	05/03/1994

042
 HEALTH RESOURCES & SERVICES ADMINISTRATION (HRSA) HEALTH PROFESSIONAL SHORTAGE AREA (HPSA) DESIGNATIONS OF
 WELD COUNTY, CO

Overview	Type	Score	Rural Status					
Discipline All	State/Territory Colorado	County Weld	HPSA ID All	HPSA Name All	HPSA Type All	HPSA Status All	Last Update Date All	Reset

HPSA Type



HPSA Type by Discipline

Discipline	Facility	Geographic Area	Population Group	Total
Primary Care	2		2	4
Dental Health	2	1	1	4
Mental Health	2	1	1	4

HPSA Type Detail

State/Territory	County	HPSA ID	HPSA Name	Discipline	HPSA Type	HPSA Status	Last Update Date
Colorado	Weld	1084462569	LI Greeley Downtown	Primary Care	Population Group	Designated	02/18/2022
		1084815109	LI-Weld County	Primary Care	Population Group	Proposed For ..	09/10/2021
		1089990890	Plan De Salud Del Valle, Inc.	Primary Care	Facility	Designated	11/08/2021
		1089990891	SUNRISE COMMUNITY HEALTH	Primary Care	Facility	Designated	06/18/2021
		6081737559	Low Income - Weld County	Dental Health	Population Group	Proposed For ..	09/09/2021
		6087544246	Weld County	Dental Health	Geographic Area	Designated	09/09/2021
		6089990832	Plan De Salud Del Valle, Inc.	Dental Health	Facility	Designated	09/11/2021
		6089990833	SUNRISE COMMUNITY HEALTH	Dental Health	Facility	Designated	06/18/2021
		7083624910	Weld County	Mental Health	Geographic Area	Designated	09/10/2021
		7088702167	LI-Weld County	Mental Health	Population Group	Proposed For ..	05/24/2021
		7089990813	Plan De Salud Del Valle, Inc.	Mental Health	Facility	Designated	09/11/2021
		7089990814	SUNRISE COMMUNITY HEALTH	Mental Health	Facility	Designated	09/12/2021

HEALTH RESOURCES & SERVICES ADMINISTRATION (HRSA) FIND SHORTAGE AREAS BY ADDRESS OF FORT LUPTON, CO

Standardized address

130 S McKinley Ave, Fort Lupton, Colorado, 80621

HPSA Data as of 10/17/2023

MUA Data as of 10/17/2023

[+] More about this address

In a Dental Health HPSA: ✔ Yes

HPSA Name: Weld County

ID: 6087544246

Designation Type: Geographic HPSA

Status: Designated

HPSA Score: 9

Designation Date: 09/09/2021

Last Update Date: 09/09/2021

HPSA Name: Low Income - Weld County

ID: 6081737559

Designation Type: HPSA Population

Status: Proposed For Withdrawal

HPSA Score: 11

Designation Date: 09/06/2002

Last Update Date: 09/09/2021

In a Mental Health HPSA: ✔ Yes

HPSA Name: Weld County

ID: 7083624910

Designation Type: Geographic HPSA

Status: Designated

HPSA Score: 14

Designation Date: 05/24/2021

Last Update Date: 09/10/2021

HPSA Name: LI-Weld County

ID: 7088702167

Designation Type: HPSA Population

Status: Proposed For Withdrawal

HPSA Score: 13

Designation Date: 06/03/2010

Last Update Date: 05/24/2021

In a Primary Care HPSA: ✔ Yes

HPSA Name: LI-Weld County

ID: 1084815109

Designation Type: HPSA Population

Status: Proposed For Withdrawal

HPSA Score: 10

PC MCTA Score: NA

Designation Date: 03/20/1980

Last Update Date: 09/10/2021

In a MUA/P: ✔ Yes

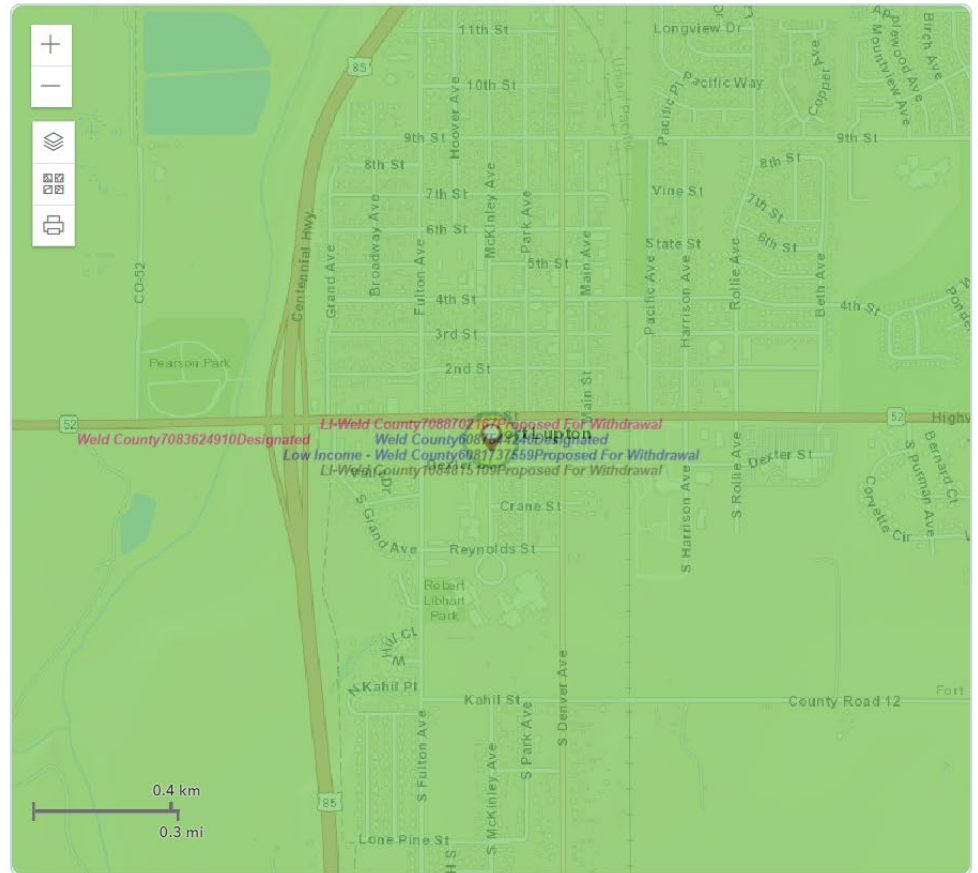
Service Area Name: Weld Service Area

ID: 00456

Designation Type: Medically Underserved Area

Designation Date: 06/03/1982

Last Update Date: 05/03/1994



Note: The address you entered is geocoded and then compared against the HPSA and MUA/P data in data.HRSA.gov. Due to geoprocessing limitations, the designation cannot be guaranteed to be 100% accurate and does not constitute an official determination. Please consult your program of interest to determine if a HPSA in "Proposed For Withdrawal" status will provide eligibility.

CDC/ATSDR SVI Spreadsheet Keys

SVI Variable	Theme	Column
RPL_THEME1	Socioeconomic Status theme	CG
RPL_THEME2	Household Characteristics theme	CN
RPL_THEME3	Racial & Ethnic Minority Status theme	CQ
RPL_THEME4	Housing Type & Transportation theme	CX
RPL_THEMES	CDC/ATSDR SVI ranking variable for overall vulnerability	CZ

Census Tract	Row
19.05	1404
19.06	1405
19.09	1406
19.10	1407
19.11	1408
19.12	1409

Sources

CDC/ATSDR SVI Interpretation: https://www.atsdr.cdc.gov/placeandhealth/svi/faq_svi.html

Census tracts determined at:

https://www2.census.gov/geo/maps/DC2020/DC20BLK/st08_co/cousub/cs0812391349_fort_lupton/DC20BLK_CS0812391349.pdf

2020 Colorado Dataset of Census Tracts (CSV file) found at:

https://www.atsdr.cdc.gov/placeandhealth/svi/data_documentation_download.html

2020 Colorado Interactive Map by County (displayed on page 3):

https://www.atsdr.cdc.gov/placeandhealth/svi/interactive_map.html

HRSA Information: <https://bhw.hrsa.gov/workforce-shortage-areas/shortage-designation>; <https://data.hrsa.gov/about>

Health Resources & Services Administration (HRSA) Medically Underserved Areas/Populations (MUA/P) (displayed on page 4): <https://data.hrsa.gov/topics/health-workforce/shortage-areas?tab=muapHeader>

Health Resources & Services Administration (HRSA) Health Professional Shortage Areas (HPSA) (displayed on page 5):

<https://data.hrsa.gov/topics/health-workforce/shortage-areas?tab=muapHeader>

Health Resources & Services Administration (HRSA) Find Shortage by Address (displayed on pages 6 & 7):

<https://data.hrsa.gov/tools/shortage-area/by-address>

*Address entered is the City of Fort Lupton Government Office at 130 S McKinley Ave, Fort Lupton, Colorado, 80621



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

December 2, 2024

TO: Project Finance Committee and Karl Ohlsen

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

RE: Review of the Town of Limon
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 Limon

The Town of Limon (the "Town"), located in Lincoln County, is seeking a Base & Bipartisan Infrastructure Law ("BIL") General Supplemental Disadvantaged Communities ("DAC") direct loan through the WPCRF loan program in the total amount of \$3,660,000 (comprised of a *\$1,741,633 Base Loan, *\$918,367 BIL Loan, and a *\$1,000,000 BIL Principal Forgiveness ("PF") loan). The project consists of replacing collection system piping, as well as adding and removing manholes. The sewer piping replacement is necessary due to back pitch, maintenance holes degradation, and over-capacity issues. 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 WPCRF Base & BIL General Supplemental DAC direct loan with the Town in the total amount of \$3,660,000 (comprised of a *\$1,741,633 Base Loan, *\$918,367 BIL Loan, and a *\$1,000,000 BIL PF loan). The loan will be for a term of 20 years, at an interest rate of 2.50%. The Board will consider this request on December 6, 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. December 2, 2024**. The link to join via online is: <https://us06web.zoom.us/j/84727090473?pwd=X8SbywtpdnOXtEmbubobJY0Lc2ZSfz.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **847 2709 0473**. The passcode is: **378788**.

Attachment: Town of Limon 2024 WPCRF Credit Report

WPCRF LOAN CREDIT REPORT
Town of Limon (“The Town”), Lincoln County

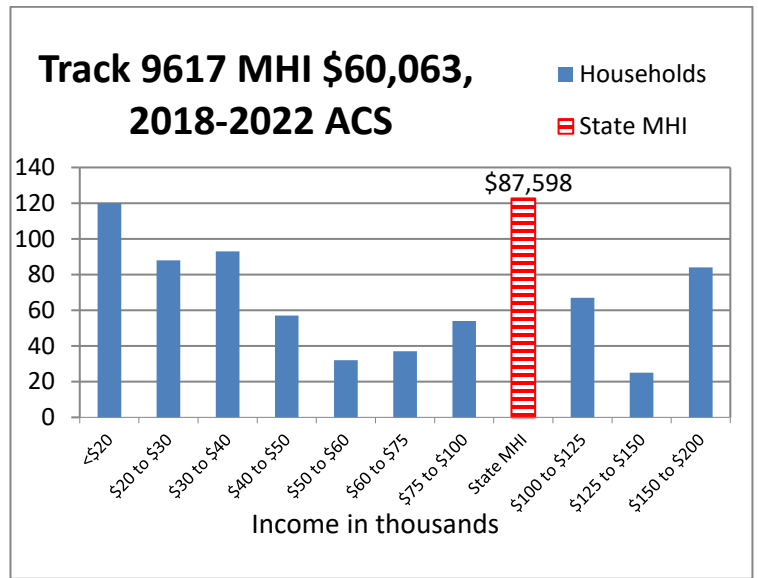
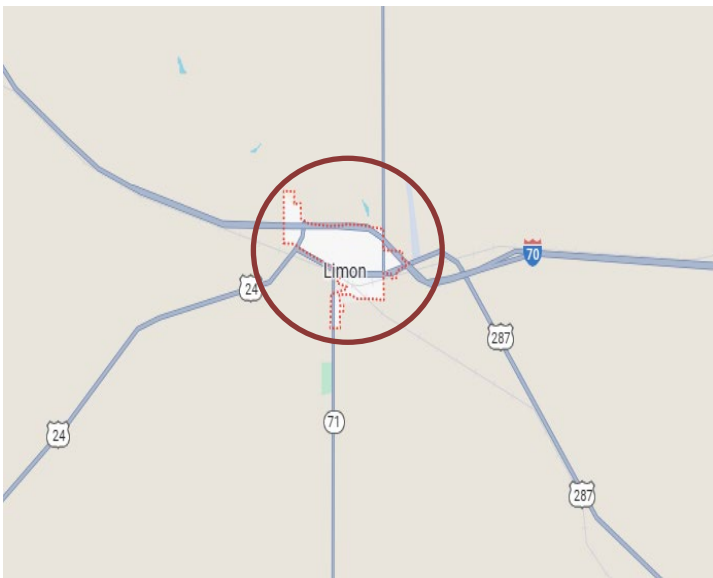
Recommendation:	APPROVAL	Project Budget	
Loan Request:	\$3,660,000	WPCRF Loans:	\$2,660,000
Interest Rate & Term:	2.5% & 20 years	WPCRF BIL Principal Forgiveness:	\$1,000,000
Annual Debt Service:	\$169,822	2024 Planning Grant:	\$10,000
Pledge:	Water and Sewer System Revenue	Total:	\$3,670,000
Current Rate:	\$43.42 (W) , \$16.69(S)		
Estimated Rate Increase:	\$39.68		

PROJECT DESCRIPTION: This project involves replacing a collection system piping and adding and removing manholes. The sewer piping replacement is necessary due to back pitch, maintenance hole degradation, and over-capacity issues.

COMMUNITY PROFILE:

Town of Limon	2018	2019	2020	2021	2022	2023	2024	Avg. Annual Change
Town of Limon Population	1,997	2,007	2,035	2,039	2,027	2,021		-0.17%
Lincoln County Population	5,621	5,642	5,662	5,470	5,513	5,500		-0.64%
Lincoln County Jobs	3,176	3,149	3,120	3,072	3,090	3,180		0.25%
Number of Sewer Taps		882	891	902	896	895	897	0.17%
Number of Water Taps		960	970	986	982	989	991	0.54%
Assessed Value (\$000)		20,505	22,574	23,280	26,704	26,415	29,079	6.54%
Actual Value (\$000)		119,088	148,236	151,346	180,399	180,170	204,768	8.41%

BORROWER BRIEF: Limon is a statutory town and the largest municipality in Lincoln County. It is situated about 89 miles east of Denver, at the junction of I-70 and U.S. Highways 24, 40, 71, and 287.



RECOMMENDATION: The Town of Limon serves a rural community in Lincoln County. The proposed loan is crucial for upgrading the sewer collection system. This project will replace approximately 4,630 feet of sewer pipes and involve the addition and removal of maintenance holes. The Town must replace these sewer pipes due to issues with back pitch, deteriorating maintenance holes, and over-capacity. Although the proposed loan may impose some debt burden on the community, the Town is increasing rates to help minimize this impact. Therefore, we recommend that the WPCRF Committee approve a \$1,741,633 Base disadvantaged community loan, a \$918,367 BIL loan, and \$1,000,000 in BIL principal forgiveness for the Town of Limon, contingent upon the Town increasing rates to meet the loan covenant requirements.

PROJECT SUMMARY:

System summary: The Town WWTF consists of four aerated lagoons, two polishing ponds, and a chlorine contact basin. Effluent is discharged into an unnamed tributary of the Big Sandy Creek Basin.

Reason/need: The collection system was originally constructed with vitrified clay pipe (VCP), but polyvinylchloride (PVC) and cast-iron pipe (CI) were installed as the Town expanded. The new piping will consist of 8, 12, or 15-inch PVC pipe and the new manholes will be precast concrete manholes. A new 24-inch steel casing will be installed under Highway 287 with a 15-inch carrier pipe.

System Compliance: The Town of Limon's Wastewater Treatment Facility complies with the conditions of its discharge permit, and the project is primarily intended to maintain compliance.

Project Delivery Method: Design/Bid/Build.

Contingency: 11% of the total project cost is included as contingency.

CURRENT INDICATORS:	2021	2022	2023	Weak	Average	Strong
Total Debt per Capita (\$):	3,679	3,490	3,248	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total + New Debt/Capita (\$):			4,561	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	8,316	7,896	7,357	X >\$5,000	\$2,500 - 5,000	<\$2,500
Total Debt + New Debt/Tap (\$):			10,329	X >\$5,000	\$2,500 - 5,000	<\$2,500
Current Sewer Debt/Tap (\$):	1,819	1,527	1,178	>\$2,000	X \$1,000 - 2,000	<\$1,000
Current W&S + New W&S Debt/Tap (\$):			4,150	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	32.22%	26.49%	24.93%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			35.00%	>50%	X 25-50%	<25%
Total Debt/Actual Value:	4.96%	3.92%	3.65%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			5.13%	>10%	X 5-10%	<5%
Curr. W&S Debt + New Debt/Tap/MHI:			8.46%	>20%	10-20%	X <10%
W&S Fund Current Ratio (CA/CL):	705%	638%	514%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	222%	201%	164%	<50%	50-100%	X >100%
W&S Operating Ratio (OR/OE):	180%	153%	124%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	163%	141%	74%	X <110%	110-125%	>125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	158%	129%	69%	X <110%	110-125%	>125%
Coverage Ratio with New Loan:			51%	X <110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:			47%	X <110%	110-125%	>125%
Current Annual W&S Rates/MHI:			0.38%	>3.0%	1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			0.77%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			230%	<25%	25-50%	X >50%
			Total:	9	3	9

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, nine are rated strong, three are average, and nine are considered weak. The indicators suggest that the system is robust but is experiencing significant strain due to the proposed debt. The strong indicators show a high operating ratio, meaning the system has consistently adjusted its rates to cover rising expenses. Furthermore, the system has enough funds to meet both short-term and long-term obligations and substantial reserves. However, the weak indicators point out that the proposed debt is disproportionately high compared to the size of the system, which adds to the challenges associated with this debt.

- Although the operating ratio has decreased over the last five-years examined, the Town has consistently covered its operating expenses by a healthy margin.
- The Town has affordable rates compared to MHI when considering the addition of the total and proposed debt. Even though the proposed debt may burden the community, the Town has continuously increased rates to minimize the impact on the community.
- The Town maintains a strong operation and maintenance reserve of 230% based on the financials for 2023. This indicates that the introduction of unexpected expenses, such as repairs and maintenance, would not place an undue burden on the Town or the community. Additionally, the Town will be able to continue making the necessary payments on the proposed loan.
- Based on the 2023 financial information, the coverage with the proposed loan is 51%, including tap fee revenue. An additional annual revenue of approximately \$321,806, or \$29.90 per tap per month, is required to increase the coverage ratio to 110%.
- In January 2024, the Town received approval for a Drinking Water Revolving Fund (DWRF) loan of \$1,500,000. The total annual debt service for this loan will be \$95,764. Based on the approved loan and the financial information from 2023, the

projected debt coverage ratio decreases to 43%, including tap fee revenue. To comply with the covenant requiring a 110% debt coverage ratio, an estimated \$427,147 will be necessary, or approximately \$39.68 per tap per month.

- In October 2024, the Town enacted an ordinance to raise sewer rates by \$5, effective January 2025. After factoring in the proposed and approved DWRF debt, the estimated remaining rate increase is \$34.68 per tap per month, including tap fee revenue.
- In October 2024, the Town passed a resolution indicating its intent to make a final balloon payment in January 2025 for the Series 2012 water revenue and improvement bonds, which will free up approximately \$310,000 previously allocated for debt service.
- The Town has a pending \$1,000,000 DOLA Energy Mineral and Impact Assistance Fund (EIAF) grant request. If awarded, the Town plans to reduce the loan requested; the coverage for the proposed loan will increase to 57% with tap fee revenue. Additional revenue of approximately \$251,579, or \$23.37 per tap per month, would increase the coverage ratio to 110%.

Additional Project Financing

The Town has submitted an application to the Energy Impact and Mineral Assistance Fund (EIAF) for \$1,000,000. The application is currently pending, but the Town intends to reduce the requested loan amount if it is approved.

DESCRIPTION OF THE LOAN:

An estimated \$2,660,000 loans (\$1,741,633 Base loan and \$918,367 BIL loan) with a twenty-year term with two payments annually at an interest rate of 2.50% will cost the Town approximately \$169,822 in debt service annually. The Town also qualifies for \$1,000,000 in BIL principal forgiveness.

Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$70,078	>=	\$60,063	Y	S1: County MHI	\$70,078	>=	\$59,167	Y
P2: MHV	\$465,900	>=	\$233,900	Y	S2: Ten Year % Change in Population	0.00%	>=	4.70%	N
P3: County Unemployment	5.38%	<=	2.87%	N	S3: Assessed Value per Housing unit	\$24,963	>=	\$12,255	Y
County Job Change	0.00%	>=	3.90%	N	S4b: Curr. and Proj. System Debt	0.67%	<	4.41%	Y
					S4b: 80th Percentile	2.15%	<	4.41%	Y
					S5b: Proj. System Cost Per Tap to MHI	1.94%	<	2.83%	Y
					S5b: 80th Percentile	2.90%	<	2.83%	N

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

BIL Principal Forgiveness Eligibility:

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

BIL PF DETERMINATION				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	0.71%	>	0.37%	1
2a: County Job Change	0.00%	>	3.90%	0
2b: County Unemployment	5.38%	<	2.87%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$87,598	>	\$60,063	1
	\$109,498	<		
4: Rates to MHI	0.81%	<	1.33%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	40.00%	<	10.55%	0
7: % Households Housing Burdened	50.00%	<	31.33%	0
8: % Population under 200% Poverty Level	40.00%	<	23.43%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	55.00%	<	45.81%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				6

In order to qualify for BIL principal forgiveness, a community must qualify as a DAC. The Town meets the DAC scenario described above.

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

ECONOMIC ANALYSIS: The Town has a 2022 population estimated at 2,027 and has grown at an average annual rate of 0.37% since 2018. Lincoln County has experienced a decrease of 0.48% in population since 2018. The state population increased at an average annual rate estimated at 0.71%.

Agriculture, government, and regional government services dominate the region's economy. The region's most significant job sectors are government services, agriculture, and retail trade.

The area's largest employers are the Colorado Department of Correction, with approximately 100 employees; Limon Public School District RE-4J, with approximately 70 employees; TA Truck Stop, with 30 employees; the Town of Limon, with 25 employees; and MVEA, with 25 employees.

The Colorado Department of Corrections utilizes approximately 34% of the system's total usage and contributes about 13% of total revenue.

ORGANIZATIONAL ANALYSIS:**Bond Rating**

In 2021, Standard & Poor's rated the Town's debt, and it received an A rating.

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

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

Organizational Structure

The Town is a Statutory Town governed by a mayor and six-member board of trustees and was incorporated in 1909. The Town provides services including police and fire protection, water and wastewater services, public works services, and parks and recreation services. Approximately four full-time employees staff the water and sewer utility in addition to a contracted firm to perform operations, maintenance, and replacement. The water and sewer utilities are overseen by the Superintendent, who reports to the Town Manager, who in turn reports to the Town Board.

- The Town has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.

- The Town maintains general liability insurance coverage through the Colorado Intergovernmental Risk Sharing Agency.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

As part of the application process, the Town submitted a capital improvement schedule through 2050, which anticipates a capital outlay of \$13,073,000 for drinking water and wastewater system improvements, such as addressing nutrient regulations, paint storage tanks, rehabilitating the water treatment plant, and replacing well pumps, to be funded from loans, grants, and reserves.

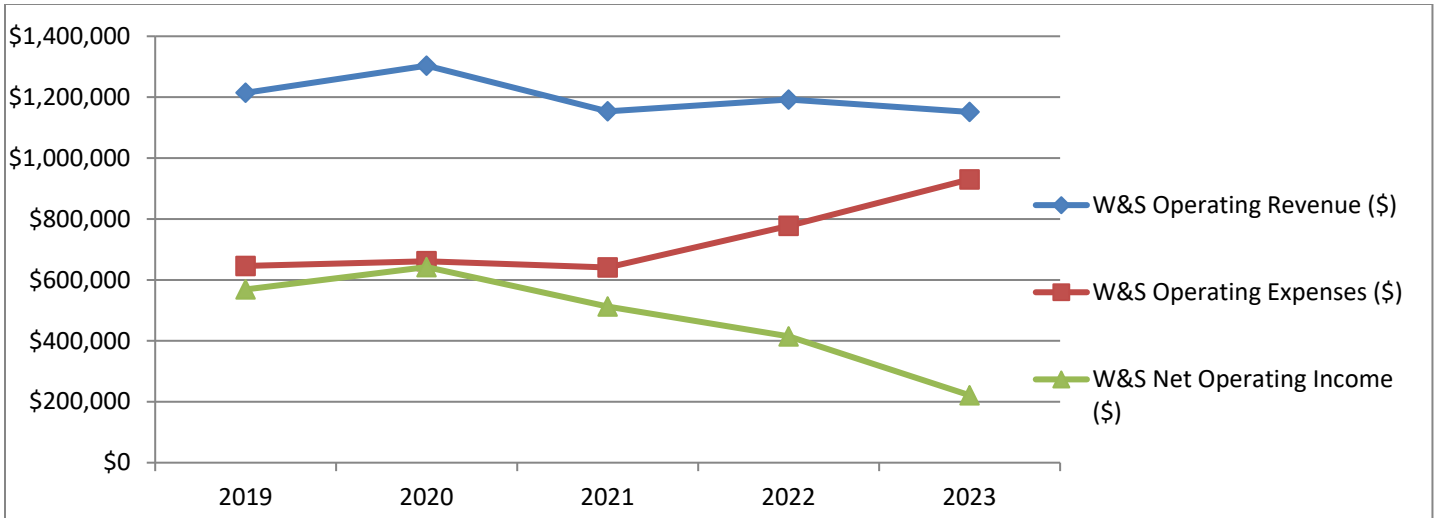
Intergovernmental

The Town maintains a 1991 intergovernmental agreement (IGA) with the State of Colorado Department of Corrections (DOC) regarding a wastewater service agreement to provide final collection, pre-treatment, conveyance, and final wastewater treatment services to the Limon Correctional Facility. Through this IGA, the DOC and the Town have established a dedicated capital reserve account to ensure the availability of required funds to provide preventative maintenance, with the DOC depositing funds every month in a dedicated reserve account. The contract remains in force until unilaterally terminated by the State of Colorado.

REVENUE ANALYSIS:

- Since 2016, the Town has increased water and sewer rates annually based on the previous year's Denver-Boulder Consumer Price Index. This practice will continue each year as mandated by Town Ordinance to maintain the 110% coverage ratio requirement throughout the life of the loan. Additionally, in October 2024, the Town passed an ordinance committing to a \$5 increase in the sewer rate.
- Operating expenses have increased by approximately 80% since 2020. This rise is largely due to higher maintenance costs resulting from the Town's meter replacement initiative. Additionally, salary costs associated with hiring maintenance contractors to meet the state requirements for maintaining a Water Treatment Class B license, given that the Town serves over 5,000 users, have increased. Furthermore, the Town has had to expand its staffing to locate maintenance holes and to cover the added equipment costs needed for this task.
- The Town has experienced a decrease in net income of 61%. As improvements in repairs are completed, the Town is expecting a decrease in operating expenses.

TRENDS	2019	2020	2021	2022	2023	2024
Monthly Sewer Rate (\$)	14.25	14.64	15.02	15.06	15.45	16.69
Monthly Water Rate (\$)	34.43	37.20	36.98	38.81	40.18	43.42
Residential Sewer Tap Fee (\$)	1,020	1,020	1,020	1,020	1,020	1,020
Residential Water Tap Fee (\$)	2,565	2,565	2,565	2,565	2,565	2,565
Total W&S Revenue (\$)	1,417,274	1,360,017	1,179,007	1,250,708	1,204,196	
Tap/Development Fees (\$)	179,479	45,903	18,840	41,516	18,152	
W&S Operating Revenue (\$)	1,214,650	1,303,536	1,153,522	1,192,354	1,151,483	
W&S Operating Expenses (\$)	645,784	661,361	640,884	777,573	930,217	
W&S Net Operating Income (\$)	568,866	642,175	512,638	414,781	221,266	
W&S Debt (\$)	2,193,736	1,901,463	1,640,619	1,368,203	1,054,116	
Total Debt (\$)	2,549,853	2,228,352	7,501,035	7,074,767	6,584,310	
W&S Debt Service (\$)	358,387	366,950	329,617	334,812	371,801	
W&S Debt Service/Tap/Month (\$)	33.86	34.32	30.45	31.14	34.62	
W&S Fund Reserves (\$)	1,617,664	1,915,881	2,152,048	2,240,647	2,139,048	
Ratios	2019	2020	2021	2022	2023	Average
Operating Revenue as % of Total Revenue	86%	96%	98%	95%	96%	94%
Operating Revenue as % of Expenses	188%	197%	180%	153%	124%	168%
Tap Fee Revenue as % of Total Revenue	12.66%	3.38%	1.60%	3.32%	1.51%	4.49%



Recent Rate Increases

The Town’s most recent rate increase of \$2.88 for water and \$1.76 for sewer was implemented on January 1st, 2024.

User Charges & System Utilization

The Town’s current estimated average monthly residential sewer rate is \$16.69 compared to the 2022 estimated state median of \$41.23. This sewer rate is based on a typical monthly residential consumption of 6,159 gallons.

Residential and commercial users (excluding restaurants) pay a base rate of \$10.90 and a standard treatment charge of \$5.79 per 1,000 gallons for the first 6,000 gallons. For any consumption above 6,000 gallons, they pay \$0.97 per 1,000 gallons.

Restaurants pay the same base rate of \$10.90 but incur a standard treatment charge of \$9.20 for the initial 6,000 gallons. For usage beyond 6,000 gallons, they pay \$1.53 per 1,000 gallons. Fast food restaurants also start with the \$10.90 base rate, but they face a standard treatment charge of \$7.14 for the first 6,000 gallons; for consumption exceeding this amount, they are charged \$1.23 per 1,000 gallons.

The Town estimates that the residential monthly water rate in 2024 is \$43.42, compared to the 2022 estimated state median of \$59.19. This average rate comes from a typical monthly residential consumption of 8,580 gallons. The Town uses a tiered fee structure for water charges. Both residential and commercial users pay a base rate of \$20.65 plus the following consumption fees:

- \$4.97 per 1,000 gallons for the first 14,999 gallons.
- \$5.17 per 1,000 gallons for consumption between 15,000 and 33,999 gallons.
- \$5.39 per 1,000 gallons for usage exceeding 34,000 gallons.

Commercial customers, including the Limon Correctional Facility, the largest utility, follow this same rate schedule.

Contributed Capital

Revenue from tap fees has ranged from \$18,152 to \$179,479 and has averaged 4.49% of total sewer revenue during the last five years.

The Town’s most recent sewer tap fee rate increase occurred in 2002.

- Residential sewer tap fees are \$1,020. Commercial, industrial, and restaurants are charged \$1,020 per 15 fixture unit equivalents.
- Water tap fees start at \$2,565 for a ¾” tap and increase as tap size increases.

Current System Utilization		
	Usage	Revenue
Residential	54.2%	53%
Non-residential (per EQR)	45.8%	47%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$16.69/\$1,020	\$38.89/\$2,565
¾”	\$16.69/\$1,020	\$38.89/\$2,565

DEBT as of December 31, 2023

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2012	Water Funding and Improvement Bonds	2025	Utility Fund Water Revenues	\$905,000	2%	\$295,000
2013	Lease-Purchase Agreement with Eastern Colorado Bank	2028	General Government and various Non-Major Funds	\$158,941	2.9%	\$75,282
2021	Sales Tax Bond	2046	Sales and Use Tax Revenue	\$5,305,000	4%	\$150,000

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 will have to meet loan covenants on its DWRf Direct Loan dated 2024 for debt starting in 2024 with the SRF. The Town has also had no debt service payment issues.

Prepared by: Monica Munoz-Revelo
Date: November 15th, 2024

Project #140851W-H
Cost Categories: Sewer System Rehabilitation: 100%

November 15th, 2024			
WPCRF Credit Report Town of Limon, Liconln County, CO Using most recent data available (Census, audits, local records)			
Estimated Population - 2023	2,021		
Number of Sewer Taps/Customers - 2023	895		
Total Assessed Valuation (in thousands) - 2023	\$26,415		
Actual Value of All Real Property (in thousands) - 2023	\$180,170		
Median Household Income (MHI) - 2022	\$60,063		
Monthly Sewer Rate - 2023	\$15.45		
W&S Operating Revenue - 2023	\$1,151,483		
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.]	\$1,204,196		
W&S Tap and System Development Fee Revenue - 2023	\$18,152		
W&S Operating Expense - 2023	\$930,217		
W&S Current Expense - 2023	\$1,302,018		
W&S Debt - 2023	\$1,054,116		
Total Debt - 2023	\$6,584,310		
W&S Fund Reserves - 2023	\$2,139,048		
W&S Debt Service - 2023	\$371,801	Base	BIL
New W&S Debt [Requested WPCRF loan amount.]	\$2,660,000	\$ 1,741,633	\$ 918,367
Requested WPCRF Loan Term	20	20	20
Requested WPCRF Loan Interest Rate	2.50%	2.50%	2.50%
New Loan's Annual Sewer Debt Service (two payments annually)	\$169,822	\$111,191	\$58,631

Current Indicators (2023)				
Town of Limon				
(Sewer Only)				
1 Total Debt	\$6,584,310	÷	Population	2,021 = \$3,258
New Debt	\$2,660,000	÷	Population	2,021 = \$1,316
Total Debt + New Debt	\$9,244,310	÷	Population	2,021 = \$4,574
2 Total Debt	\$6,584,310	÷	Number of Taps	895 = \$7,357
New Debt	\$2,660,000	÷	Number of Taps	895 = \$2,972
Total Debt + New Debt	\$9,244,310	÷	Number of Taps	895 = \$10,329
3 Total Debt	\$6,584,310	÷	Assessed Value	\$26,415,000 = 24.93%
New Debt	\$2,660,000	÷	Assessed Value	\$26,415,000 = 10.07%
Total Debt + New Debt	\$9,244,310	÷	Assessed Value	\$26,415,000 = 35.00%
4 Total Debt	\$6,584,310	÷	Actual Value	\$180,170,000 = 3.65%
New Debt	\$2,660,000	÷	Actual Value	\$180,170,000 = 1.48%
Total Debt + New Debt	\$9,244,310	÷	Actual Value	\$180,170,000 = 5.13%
5 Current W&S Debt	\$1,054,116	÷	Number of Taps	895 = \$1,178
(Current W&S Debt + New W&S Debt)				
/ Number of Taps	\$4,150	÷	MHI	\$60,063 = 6.91%
6 Current Ratio (CA / CL)				
Current Assets	\$2,655,399	÷	Current Liabilities	\$516,351 = 514%
7 Reserve/Expense Ratio				
Reserves	\$2,139,048	÷	Current Expenses	\$1,302,018 = 164%
8 Operating Ratio (OR / OE)				
Operating Revenues	\$1,151,483	÷	Operating Expenses	\$930,217 = 124%
9 Coverage Ratio [(TR - OE) / DS]				
Total Revenues	\$1,204,196	-		
Minus Operating Expenses	<u>\$930,217</u>			
=	\$273,979	÷	Current Debt Service	\$371,801 = 74%
Coverage Ratio Excluding Tap and				
10 Development Fee Revenue	\$273,979			
Minus Tap and Development Fee Revenue	<u>\$18,152</u>			
=	\$255,827	÷	Current Debt Service	\$371,801 = 69%
11 Projected Coverage Ratio				
Total Revenues	\$1,204,196			
Minus Operating Expenses	<u>\$930,217</u>			
=	\$273,979		Total Debt Service (with new loan)	\$541,623 = 51%
Projected Coverage Excluding Tap and				
12 Development Fee Revenue	\$273,979			
Minus Tap and Development Fee Revenue	<u>\$18,152</u>			
=	\$255,827	÷	new loan)	\$541,623 = 47%
13 Current Debt Service	\$371,801	÷	Number of Taps	895 = \$415.42
Annual New W&S Debt Service	\$169,822	÷	Number of Taps	895 = \$189.75
2023 Annual Sewer Rate (Monthly Rate				
14 x 12)	\$185.40	÷	MHI	\$60,063 = 0.31%
2023 Annual Sewer Rate + New Annual				
Debt Service Per Tap	\$375.15	÷	MHI	\$60,063 = 0.62%
15 Current 2023 Monthly User Charge				\$15.45
(Debt Service on WPCRF Loan / 2023 Taps / Month)				<u>\$15.81</u>
Total				\$31.26
16 Operation and Maintenance Reserve				
Reserves	\$2,139,048	÷	Operating Expenses	\$930,217 = 230%

2024 IUP WPCRF Priority Point Calculations

Entity Name:	Town of Limon
Date of Scoring	9/17/2024
SRF Phase:	PNA
DOLA Score:	125
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

P1	MHI		\$60,063	69%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20	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	25	
S4b	Projected SEWER debt per tap compared to MHV		4.60%	
	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	45	
	Debt is between 0.67% and 2.15%	25		
	Population served		2,027	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15	15	
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		12,255	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20	20	
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		

2024 SRF Disadvantaged Community Criteria

Applicant:	Town of Limon
Test Result	
	Y
	Y
	N

Loan Terms

Amount of Loan:	\$ 3,660,000
Interest Rate:	2.50%
Term (years):	20
Annual Payment:	\$ 233,665

		Benchmark	Applicant	Result
Current Population (2022)	<=	10,000	2,027	Y
Population 5 years ago (2018)			1,997	
Population 10 years ago (2013)			1,936	

Primary Factors

P1	MHI (Place)	<=	\$ 70,078	60,063	Y
	Margin of Error (MOE)	±		17,233	Sub
	Reliability (CV)	<=	18.00%	17.44%	Y
P2	MHV (Place)	<=	\$ 465,900	233,900	Y
	Margin of Error (MOE)	±		126,356	
	Reliability (CV)	<=	18.00%	32.84%	N
P3	24 Month Unemployment (County)	>=	5.38%	2.87%	N
	or 10 Year % Chng. Jobs (County)	<=	0.00%	3.90%	N
	Jobs (2022)			3,090	
	Jobs (2013)			2,974	

Priority Factor Count	2
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Secondary Factors

S1	MHI (County)	<=	\$ 70,078	59,167	Y
	Margin of Error (MOE)	±		10,020	
	Reliability (CV)	<=	18.00%	10.29%	Y
S2	10 Year % Chng. Population	<=	0.00%	4.70%	N
S3	Assessed Value / Housing Unit	<=	\$ 24,963	\$12,255	Y
	Assessed Value			29,079,987	
	Total Housing Units			2373	
S4	Current Debt / Tap / MHV	>	0.67%	3.03%	Y
WS	Current + Projected Debt/Tap/MHV	>	0.67%	4.60%	Y
	S4b 80th percentile		2.15%	4.60%	Y
S5	System Full Cost / Tap / MHI	>	2.14%	1.91%	N
	Projected Rate @ 110% Coverage	>	1.94%	2.34%	Y
	S5b 80th percentile		2.90%	2.34%	N

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

Taps or EQR's	997
Total Debt	7,074,767
Principal & Interest	334,812
Operating Expenses (including operating transfers out)	777,573
Depreciation	365,770



Principal Forgiveness and Priority Point Scoring

Applicant: Town of Limon
 DWRF or WPCRF: WPCRF

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

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: 52.128%

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

Base DWRF Principal Forgiveness Scoring

DWRF

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

Eligible as a base program DAC?

Eligible base program DWRF principal forgiveness percentage:

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

Priority Point Scoring

Total WQCD Score:	5
DOLA Affordability Score:	125
Total Score:	130