

COLORADO WATER RESOURCES and POWER DEVELOPMENT AUTHORITY

9:00 A.M. – October 2, 2020

Via Zoom Meeting

<https://zoom.us/j/93531597346?pwd=cXVxQWpzNUxqRXBHYWJObFhPVzE4QT09>

OR Call in number: 1-669-900-6833

Meeting ID: [935 3159 7346](#)

Passcode: 308468

AGENDA

*(Order & contents subject to change by action of the Authority)
Check www.cwrpda.com for agenda changes and other information)*

1. **CALL TO ORDER** – Chair Webb Jones
2. **ROLL CALL, DECLARATION OF A QUORUM & CONSENT AGENDA APPROVAL**
3. **APPROVAL OF MINUTES** – August 28, 2020
4. **INTRODUCTION OF GUESTS**
5. **OTHER AGENCY REPORTS**
 - (a) **Report of CWCB** – Kirk Russell
 - (b) **Report of WQCD** – Ron Falco
 - (c) **Report of DOLA** – Scott Olene
6. **AUTHORITY REPORTS**
 - (a) **Public and/or Board Member Comment**
 - (b) **Report of Chair** – Webb Jones
 - (c) **Report of Treasurer** – Judy Skram
 - (d) **Report of Executive Director** – Keith McLaughlin
 - Appointment of Assistant Secretaries, Resolution No. 20-29
 - Appointment of Assistant Treasurer, Resolution No. 20-30
 - Appointment of Authority General Counsel, Resolution No. 20-31
 - Investment Policy Review
 - Equal Pay Act Update
 - (e) **Report of Legal Counsel** – Karl Ohlsen
7. **UNFINISHED BUSINESS – Drinking Water Revolving Fund**
 - (a) **Loan Application**
 - City of Lamar Credit Report, Resolution No. 20-32
 - (b) **Status of Projects**
8. **UNFINISHED BUSINESS – Water Pollution Control Revolving Fund**
 - (a) **Town of Nucla – WPCRF 2018 Direct Loan – Debt Service Deferment Request and Credit Report**
 - (b) **Request for Additional Design & Engineering Grant Funds**
 - (c) **State Revolving Fund 2020 Series B Bond Resolution No. 20-33**
 - (d) **Status of Projects**
9. **UNFINISHED BUSINESS – Small Hydropower Loan Program**
 - (a) **Status Report**
10. **UNFINISHED BUSINESS – Water Revenue Bonds**
 - (a) **Status Report**
11. **UNFINISHED BUSINESS – La Plata Future Projects Escrow & ALP Project**
 - (a) **Status Report**
12. **UNFINISHED BUSINESS – COMMITTEE REPORTS**
 - (a) **Project Finance Committee**
 - (b) **Board Program Work Session**
13. **NEW BUSINESS**
 - (a) **Budget & Audit Committee**
 - Approval of BKD 2020 Audit Engagement
 - Presentation of the 2021 Budget
 - (b) **Legislative Issues and other Business of Interest to the Authority**
14. **Arrangements for Future Meetings**

December 4, 2020 – Denver, CO
January 29, 2021 – Denver, CO
March 5, 2021 – Denver, CO
15. **Adjournment**

SLIDES

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CONSENT AGENDA

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

August 28, 2020

Call to Order

Chair Webb Jones called the meeting to order at 9:01 a.m. via video and audio tele-conferencing due to COVID-19 related restrictions.

Board Member Identification and Declaration of a Quorum

Board members present: Webb Jones (Chair), Bob Wolff (Vice-Chair), George Corkle, Mike Fabbre, Roy Heald, Steve Price, Chris Treese and Steve Vandiver. Secretary/Treasurer Judy Skram was absent. A quorum was declared with eight Board members present.

Approval of Consent Agenda

Chair Jones reviewed the items for consideration on the Consent Agenda: 8(a) Loan Applications for the Town of Genoa (Resolution No. 20-25) and the City of Las Animas (Resolution No. 20-26). Director Heald requested the Town of Genoa (Resolution No. 20-25) be removed from the Consent Agenda for further discussion, leaving only the City of Las Animas (Resolution No. 20-26) for consideration. A motion was made to accept the Consent Agenda, as amended.

Motion: Roy Heald
2nd: Steve Vandiver
Vote: Motion carried

Introduction of Guests

Chair Jones instructed Office Manager Sabrina Speed to keep a list of all participants on the video and audio tele-conferencing call for the record.

Approval of Minutes – June 5, 2020

The June 5, 2020, Minutes were presented for approval. A motion was made to approve the Minutes for June 5, 2020, as presented.

Motion: Steve Price
2nd: Bob Wolff
Vote: Motion carried

Other Agency Reports

Report of Colorado Water Conservation Board (“CWCB”)

Kirk Russell, Finance Section Chief of the CWCB, referred to the provided written report and stated the CWCB met virtually on July 15th and 16th due to the COVID-19 pandemic. At that meeting, the CWCB Board approved three new agriculture related loans, and no municipal loans were included in the loan approvals. The Board also approved \$8.5 million in Water Plan Grants that were submitted prior to the application date of February 1, 2020. Mr. Russell continued the agency report with an update on the state budget. The CWCB’s Construction Fund has been “tagged” for a \$33 million Emergency Reserve appropriation for FY 20/21. If necessary, this \$33 million may be needed upon a disaster declaration by Governor Polis to address a disaster such as COVID-19 pandemic response or emergency wildfire support. The CWCB’s interest rates hit a new historic low, with the 30-year rate for agricultural borrowers at 1.25%. Mr. Russell concluded his agency report by stating the next CWCB Board meeting will be held virtually

and will include a meeting of the Finance Committee to begin the process of preparing project funding requests in the 2021 Projects Bill.

Report of Water Quality Control Division

Ron Falco, Safe Drinking Water Program Manager, referred to the written report and stated the Water Quality Control Commission will hold an administrative action hearing for the 2021 annual Intended Use Plans ("IUP") on October 13, 2020. The IUPs will be out for public comment on September 7, 2020. Mr. Falco also reported that the transition from in-person meetings to remote access for all rulemaking hearings and briefings the Water Quality Control Commission held, has went well and the Commission has experienced good participation. Most of the Water Quality Control Division staff is also working remotely and that will likely continue until further notice. Additionally, most of the coaching and training activities have taken place remotely via webinar and/or telephone and that process has been successful. Mr. Falco concluded his report with an update on the Town of Louisville and stated they were victim of a recent ransomware attack from hackers and ultimately paid the ransom fee. There was a subsequent attack on another utility recently, and that utility is still exploring its available options for resolution.

Report of Department of Local Affairs

Scott Olene, Manager of Local Government Services, referred to the written report and stated the Energy and Mineral Impact Assistance Program Tier I and Tier II awards were made, and recipients were notified. Due to reduced funding availability in State FY 2021, there will be only two application cycles for \$15,000,000 each, instead of the traditional three application cycles. The application deadlines will be October 1 for a mid-November Tier I award determination and late-January 2021 for Tier II award determination and March 1, 2021 for late-April Tier I award determination and mid-July 2021 for Tier II award determination. Mr. Olene provided an update on the Department's outreach and education activities and stated a joint presentation will be made at the Special District Association of Colorado's annual conference in September on Co-Funding Water and Wastewater Projects. The presentation will be provided by staff from the Authority, DOLA and USDA. Mr. Olene concluded the agency report with an update on the Small Communities Technical Services Pilot Program and referred to the provided written report in the Board materials. Mr. Olene noted that the Division is likely to seek additional funding in its next budget request to the Authority to continue this pilot program, as it has been deemed successful by DOLA.

Authority Reports

Public and/or Board Member Comment

Director Heald stated an issue arose during the Town of Genoa's credit review at the Project Finance Committee and that prompted him to ask to remove it from the Consent Agenda and that he would like to discuss it in detail at the appropriate time during today's meeting. Director Wolff also thanked the Board for its robust discussion at the Board Program Work Session. Chair Jones thanked all the Board members for attending the last Project Finance Committee meeting and stated it helped to foster the discussion and saw value in having all Board members in attendance, particularly with numerous credits. Chair Jones also noted many Board members were scheduled to attend the upcoming Colorado Water Congress Virtual Summer Conference and asked Board members in attendance to share any information learned that may be of value to the Authority and noted there is still time to sign up if interested.

Report of the Treasurer – In the absence of Secretary/Treasurer Skram, Controller Justin Noll referred to the provided Treasurer's Report and reviewed certain key elements contained within. Mr. Noll stated financials were provided through June 2020 and reviewed the state match totals for the 2020 Capitalization Grants, noting approximately \$2.5 million in the WPCRF and \$4.4 million in the DWRF. Additionally, the Authority's pension liability for 2020 will be approximately \$3.4 million, representing an approximate \$0.6 million decrease from 2019. PERA's total liability went from \$11 billion to \$9.7 billion. The Accounting staff is preparing for the September 1st debt service for both the DWRF and WPCRF programs. Mr. Noll also reported on the Authority's plan to purchase managed devices (laptop computers) for half of the Authority staff by the end of the current year and budget for the other half to receive managed devices for

added security in 2021. Mr. Noll followed up on Director Skram's question about a possible rebate for staff's parking at Logan Tower not utilized during the pandemic and stated the company was not receptive to the rebate suggestion and instructed Mr. Noll to refer to the contract. A motion was made to accept the Treasurer's report.

Motion: Roy Heald
2nd: Chris Treese
Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report provided in the Board materials and shared congratulations and pictures of Greyson Fox Williams, born July 28, 2020, to Financial Analyst Beth Williams and former Senior Financial Analyst John Williams. Mr. McLaughlin also congratulated Accounting Technician Jennifer Flores, who is celebrating her 14th year work anniversary today. Mr. McLaughlin also extended congratulations and words of gratitude to Finance Director Jim Griffiths, who was named to EPA's Region 8 Workgroup. Mr. McLaughlin updated the Board on PERA's decision to discontinue health insurance for Anthem Blue Cross and Blue Shield members and that all current Anthem plan members will have to switch their health insurance plans to Kaiser Permanente if they continue insurance through PERA. Mr. McLaughlin noted that 1/3 of the Authority staff currently have Anthem coverage and he was actively seeking alternate coverage options, if available. Director Heald noted that the HUB International, the insurance broker previously recommended for Directors & Officers Insurance, can also provide assistance with health insurance. Finally, Director Fabbre thanked Mr. McLaughlin and staff for setting up the email domains for Board members. Mr. McLaughlin stated that option would remain available for others if interested.

Resolution of Appreciation for Patrick Pfaltzgraff, Resolution No. 20-22

Mr. McLaughlin referred to Resolution No. 20-22, a Resolution of appreciation to Patrick Pfaltzgraff, former Executive Director of the Colorado Department of Public Health and Environment's Water Quality Control Division. Mr. Pfaltzgraff left the Division earlier this year and the Board and staff would like to express its appreciation for his partnership during his tenure. For the record, the Resolution was read in its entirety and a motion was made to adopt Resolution No. 20-22.

Motion: Roy Heald
2nd: Steve Vandiver
Vote: Motion carried

Watershed Protection and Forest Health Program Update

Mr. McLaughlin briefly reviewed the Board's previous discussion on the Watershed Protection and Forest Health Program ("WPFH") and referred to the August 24, 2020, memorandum in the Board materials. At the Authority's June 5, 2020, Board meeting, Authority Directors requested Authority staff and general counsel to ascertain the Authority's ability to issue WPFH grants, similar to the ones issued under the SRF Programs. After review, it was determined the Authority's statute does not explicitly authorize WPFH grants or principal forgiveness. The WPFH statute does, however, allow the Authority to make loans from bond proceeds subject to term and conditions deemed by the Authority to be consistent with the purpose of the loan. Further, the Authority may provide certain incentives and subsidies to borrowers under a WPFH program, utilizing one of two methods. First, the Authority can contribute its own funds to provide subsidies (including grants) to borrowers by issuing bonds under current legislation. Second, the Authority could provide uncommitted funds, funds provided by the state, or funds obtained as part of the proceeds of a bond issuance under WPFH in a newly-created debt service reserve fund for watershed protection and forest health projects. Earnings from this reserve could be used to subsidize (including grants) WPFH projects. After careful review of both viable options, the concern of sustainability was discussed. The Authority would likely need to commit a large amount of resources to establish either a debt service reserve fund or an internal fund from which it could provide subsidy to governmental agencies borrowing for WPFH projects. The Authority doesn't expect an entity to apply for funding through this program until next year so there is likely time to explore all funding alternatives.

Equal Pay Act Update

Office Manager Sabrina Speed provided a brief update on Colorado SB 19-085, concerning the creation of the “Equal Pay for Equal Work Act” in order to implement measures to prevent pay disparities. This law becomes effective January 1, 2021, and the Authority has taken a proactive approach to be in compliance with this law. In addition to requiring employers to provide equal pay for substantially similar work, other components of the law require employers to maintain records of job descriptions and pay history on all employees for the duration of their employment plus two years, requires employers to provide notice of all promotional opportunities to all employees of an organization and also prohibits the use of pay history as a factor for prospective employees. The Authority’s management team has had several meetings regarding this new legislation and Mr. McLaughlin signed an Engagement letter with Employers Council to conduct a Proactive Pay Equity Analysis. This was signed with the approval from both Chair Jones and Director Heald, Chair of the Personnel Committee. The Authority submitted the data collection forms and engagement letter and were placed in the queue for processing on July 16, 2020. Future updates will be provided as necessary.

Report of Legal Counsel

Karl Ohlsen reported that the Glenview Owners Association loan agreement is near completion and staff is working through one final debt service issue with US Bank. Mr. Ohlsen commended Financial Analyst Ian Loffert for his untiring efforts seeing this project through completion as it was a long, difficult process. Mr. Ohlsen also reported he’s working with Keith McLaughlin on the Watershed Protection and Forest Health Program and asked Board members to contact him if they wanted to discuss the statutory interpretation further.

Following the legal report, Mr. McLaughlin notified Chair Jones that representatives from the Water Quality Control Division joined the call and suggested Agenda item 8(d) PFAS presentation and Discussion be moved up, if the Board was favorable.

Water Pollution Control Revolving Fund

PFAS Presentation & Discussion

David Dani and Meg Parish from the Colorado Department of Public Health & Environment Water Quality Control Division were introduced and started the per- and polyfluoroalkyl substances (“PFAS”) presentation. Mr. Dani began the presentation with an update on the two new bills addressing PFAS. House Bill 20-1119, providing the authority to regulate PFAS and State Bill 20-218, authorizing fees to help impacted communities. Mr. Dani also reported on the status of SB20-218 Cash Fund, as of August 2020 and said the fund started collecting fees on July 1 and it will be several months until there are revenue projections for a grant fund. The plan will likely start the grant program in 2021. The presentation continued with the known PFAS facts in Colorado and provided the 2020 drinking water sampling project results. Meg Parish continued the presentation with an update on Policy 20-1, which limits PFAS entering state waters, and reviewed implementation methods. Chair Jones thanked Mr. Dani and Ms. Parish for the informative presentation. Director Heald, who has had extensive experience with PFAS issues at Security Water & Sanitation District opined that it was a painful and expensive process.

The meeting returned to its regular agenda order.

Prior to the consideration of loan applications, Chair Jones noted that all Board members were present on the Project Finance Committee conference call on August 24, 2020 and participated in the discussions and heard the Committee’s recommendations. As such, Chair Jones noted staff would move rather quickly through the loan applications unless the Board wanted to discuss any project in greater detail.

Drinking Water Revolving Fund

Town of Deer Trail, Resolution No. 20-23

Ian Loffert presented the Town of Deer Trail's request for a Disadvantaged Communities supplemental direct loan through the DWRP loan program in the amount of \$250,000, at an interest rate of 0.5%, for a term of 30 years. The project consists of improvements to the water treatment system include raw water sample taps, valves, and chlorine storage tank upgrades. Distribution system upgrades include adding multiple loops, replacement of the existing I-70 pipeline crossing, new fire hydrants, a service line to town hall and distribution system entry point sample hydrants for the wells. The project also includes storage tank improvements and back flow prevention through the addition of dual check assemblies for all customer meter pits on the east side of I-70. The Town is utilizing a Design, Bid, Build model for its bid process. This project received a favorable recommendation from members of the Project Finance Committee and SRF Committee. A motion was made to adopt Resolution No. 20-23, approving a drinking water direct loan to the Town of Deer Trail and execution of a loan agreement and other necessary documents therefor.

Motion: Steve Vandiver
2nd: Bob Wolff
Vote: Motion carried

Town of La Jara Debt Service Deferment Request

Keith McLaughlin briefly reviewed the Town of La Jara's deferment request for the November 1, 2020, and May 2021, debt service payments for the 2005 DWRP, 2006 WPCRF, and 2015 WPCRF loans due to COVID-19 outbreak-related revenue concerns. If approved, future debt service payments will not increase, because the deferred payment will be added to the end of the current repayment schedule, which is possible because the Town's loans all have 20-year terms. This request received a favorable recommendation from the Board Program Work Session on August 27, 2020 however, to approve only the November 1, 2020 payment deferment. A motion was made to approve the Town's deferment request for the November 1, 2020, debt service payment only at this time.

Motion: Steve Vandiver
2nd: Chris Treese
Vote: Motion carried

Town of Larkspur Debt Service Deferment Request

Similarly, Jim Griffiths reviewed the Town of Larkspur's deferment request for the November 1, 2020, and May 1, 2021, debt service payments for the 2014 DWRP loan due to COVID-19 outbreak-related revenue concerns related to the cancelled Colorado Renaissance Festival. If approved, future debt service payments will increase because this loan carries and is limited to a 30-year term. Director Fabbre voiced his concern about this setting a precedent and being consistent. This request received a favorable recommendation from the Board Program Work Session on August 27, 2020, to approve only the November 1, 2020, and May 1, 2021 payments. A motion was made to approve the Town's deferment request for the November 1, 2020 and May 1, 2021 payments.

Motion: Bob Wolff
2nd: Chris Treese
Vote: Motion carried on a roll call vote 7-1, Director Corkle opposed

Administrative Fee Discussion

Jim Griffiths reviewed the Board's previous discussions on the Authority's use of administrative fees to operate the WPCRF and DWRP programs and the Board Program Work Session recommendation to approve the four recommendations outlined in the August 28, 2020 memorandum in the Board materials. The four action items include: (1) issuing a large, negotiated loan (similar to a direct loan), (2) decreasing the leveraged loan subsidy (from 70% of the AAA bond market rate to 75% of the AAA bond market rate), (3) applying excess interest as administrative fees, and (4) establishing a leveraged loan floor. Mr. Griffiths noted these actions would be implemented at staff's discretion and items (1) and (3) could be implemented immediately and items (2) and (4) would require a change to the Intended Use Plan ("IUP"). The Water Quality Control Commission must approve the proposed IUP changes in October 2020 for these changes to be implemented in 2021. Director Heald questioned if the Board would have the opportunity to further

discuss these changes and Mr. Griffiths confirmed that the Board would have an opportunity when considering approval on individual loans, as applicable. Director Heald followed-up by asking if the IUP could be broadened to include a range for the leverage loan subsidy of 0.70 to 0.80, rather than an individual number, and Mr. Griffiths stated the language that would be incorporated into the IUP would provide even greater flexibility so future changes could easily be adopted without revising the IUP. Chair Jones questioned if the EPA would allow such vague language and Mr. Griffiths stated the EPA is prescriptive on the IUP requirements, but not about specific language contained within. It was also noted that any prospective changes are discussed with the EPA as necessary prior submitting to the Water Quality Control Commission for adoption. A motion was made to authorize staff to implement the four changes described above.

Motion: Chris Treese
2nd: Steve Vandiver
Vote: Motion carried

Disadvantaged Communities (DAC) Category Adjustment

Jim Griffiths reviewed the Board's previous discussions on changing the Disadvantaged Communities (DAC) criteria to move the measurements of the metrics S4b and S5b to the 80th percentile from the median percentile for new DAC loans going forward, starting in 2021, and continue to monitor the need to address future changes. S4b is defined as the loan burden relative to the median home value and S5b is defined as the system cost relative to the median household income. This change would help to evenly distribute the number of DAC borrowers between Category 1 (current interest rate of 1.5%) and Category 2 (current interest rate of 0.5%) as there are currently significantly more Category 2 DAC borrowers than Category 1 DACs. This change will effectively make it more difficult to qualify as a Category 2 DAC. The proposed change received a favorable recommendation from the Board Program Work Session. A motion was made to change the line between Category 1 and Category 2 DACs as outlined in the August 28, 2020, memorandum.

Motion: Steve Price
2nd: Mike Fabbre
Vote: Motion carried

Status of Projects

Austin Reichel referred to the Set-aside update provided in the Board materials and reported that one supplemental loan application is expected at the October Board meeting from the City of Lamar in the amount of approximately \$1,089,200. The City of Manitou Springs is also expected to submit a loan application for consideration at a future Board meeting. Since the June Board meeting, one Planning Grant was issued to the City of Salida for \$10,000. There is \$120,000 remaining for 2020 Planning Grants in 2020. Additionally, since the June Board meeting, one Design & Engineering Grant was issued to the Town of Eckley in the amount of \$135,209, and \$681,939, remains available for 2020. Mr. Reichel stated that the Glenview Owners' Association, the first private, not-for-profit loan issued by the Authority, added one lot approved by the County prior to loan execution and this helped the Association avoid a dues increase. Mr. Reichel concluded the DWRP status report by stating that Denver Water has hired an independent consultant to assist them with meeting the Federal requirements associated with the SRF program for its lead service line project.

Water Pollution Control Revolving Fund

Loan Application – City of Evans

Ian Loffert presented the City of Evans' request for a leveraged loan through the WPCRF loan program in the amount of \$8,600,000, plus cost of issuance, at an interest rate of 70% of the market rate on the Authority bonds (conservatively estimated interest rate of 2.5%), for a term of 20 years. The City will be pledging stormwater enterprise revenues for loan repayment. The project consists of construction of two major stormwater construction projects designed to mitigate severe localized flooding and exercise best management practices that will reduce the discharge of pollutants from the system. The project will be

completed through a Construction Manager at Risk (“CMAR”) contract and includes 10% of the total project cost as the contingency. The City’s request received a favorable recommendation from both the Project Finance Committee and SRF Committee. Mr. Loffert confirmed the loan agreement will include a condition that states the City cannot draw funds until its Water Use Efficiency Plan is fully approved and on file at the Colorado Water Conservation Board. The proposed loan is necessary to reduce flooding of residential and commercial properties during heavy precipitation events. The City increased stormwater rates substantially in 2019, so no additional rate increases are required for the proposed loan. A motion was made to approve and begin negotiating a WPCRF leveraged loan with the City of Evans in the amount of \$8,600,000, plus cost of issuance at 70% of the interest rate received by the Authority on the associated bond issue for a term of 20 years plus construction, and to authorize staff to begin drafting a preliminary official statement incorporating the City.

Motion: George Corkle
2nd: Roy Heald
Vote: Motion carried

Loan Application – Town of La Veta, Resolution No. 20-24

Ian Loffert reported the Town of La Veta executed a \$1.5 million WPCRF DAC direct loan in October 2018. Due to increasing costs associated with the project, construction delays and only one initial over budget bid received, the Town is seeking a supplemental DAC loan in the amount of \$1.9 million, plus a request for a one-time direct loan limit waiver of an additional \$400,000 increase to the current WPCRF direct loan limit of \$3,000,000. The Town is pledging sewer system revenue for repayment. The project scope has not changed and consists of a new mechanical wastewater treatment facility and associated appurtenances. The bid process is design, bid, build and contingency is 5% of the total project cost (approximately \$200,000). The Town’s request comes with a favorable recommendation from both the Project Finance Committee and SRF Committee. The proposed supplemental loan is necessary to build a new wastewater treatment facility that will remove ammonia and inorganic nitrogen and satisfy the requirements of its discharge permit. The Town is subject to a compliance schedule and constructing this project will keep the system on course to meet its requirements. A motion was made to adopt Resolution No. 20-24, approving a wastewater supplemental direct loan to the Town of La Veta and execution of a loan agreement and other documents necessary therefore, subject to the Town increasing user rates sufficiently to meet the Authority’s coverage requirement and a one-time direct loan limit waiver request of an additional \$400,000.

Motion: Chris Treese
2nd: Steve Price
Vote: Motion carried

Following the vote, Director Treese exited the meeting.

Loan Application – Town of Genoa, Resolution No. 20-25

Austin Reichel presented the Town of Genoa’s request for a Disadvantaged Communities direct loan through the WPCRF loan program in the amount of \$50,000, at an interest rate of 0.5%, for a term of 20 years. The Town is pledging sewer system revenue for repayment. There will not be a rate increase required for the proposed loan. The project consists of replacing the polypropylene liners in three lagoon cells. The bid process will be a design, bid, build with a 15% contingency. This project received a favorable recommendation from both the Project Finance Committee and SRF Committee. Mr. Griffiths added that following the favorable recommendation from the Project Finance Committee, Director Heald noted the high interest rate on the Town’s USDA loan and would like to discuss possible refinancing of the USDA loan to further benefit the Town. If the Authority was to refinance this USDA loan within the SRF program, the requirements of the initial loan in 2004 would apply. After initial review, it appears the Town would not meet the 2004 SRF requirements. As an alternative, Mr. Griffiths noted the Board has, on occasion, utilized Authority resources to fund refinancing opportunities such as this. Director Heald suggested taking the items in succession and made a motion to approve Resolution No. 20-25, approval of a wastewater

direct loan to the Town of Genoa and execution of a loan agreement and other documents necessary therefor.

Motion: Roy Heald
2nd: George Corkle
Vote: Motion carried

Following the vote, Director Heald suggested the Authority offer the Town the opportunity to refinance its relatively high interest USDA loan (4.5%) for the liners that are no longer serviceable. Director Heald noted this would be a one-time action and didn't believe this would set a precedent for future borrowers. The refinancing would utilize Authority funds and not be associated with the SRF program. Mr. Griffiths confirmed the outstanding loan balance is approximately \$119,800 and the proposed refinancing would be a negotiated rate between 1.5% and 2.5% for a term of 20 years. If accepted, the Town's request would be presented to the Board as early as the October Board meeting. A motion was made to direct staff to proceed with the proposed refinancing for the Town of Genoa's USDA loan.

Motion: Roy Heald
2nd: Steve Vandiver
Vote: Motion carried

Loan Application – West Jefferson County Metropolitan District, Resolution No. 20-27

Jim Griffiths presented the West Jefferson County Metropolitan District's request for a loan through the WPCRF loan program in the total amount of \$6,000,000, comprised of a \$3,000,000 Green Project Reserve direct loan and a \$3,000,000 leveraged loan. The Green Project Reserve direct loan will be issued at an interest rate of 0.5% for a term of up to 30 years. The accompanying leveraged loan will be issued at an interest rate of 70% of the market rate on the Authority's 2020 Series B State Revolving Fund Revenue bonds, for a term of up to 30 years. The District's request received a favorable recommendation from the Project Finance Committee. Mr. Griffiths also noted no rate increase is necessary as the District has ample reserves of approximately \$5 million. Mr. Griffiths also noted that the Authority allocated \$5 million for the Green Project Reserve account for 2020 and the City of Sterling qualified for \$3 million of that amount and only \$2 million remains available. If approved, this loan to West Jefferson County Metropolitan District would require an additional \$1 million allocation to the Green Project Reserve fund. A motion was made to approve Resolution No. 20-27, approval of a wastewater Green Project Reserve direct loan to the West Jefferson County Metropolitan District and execution of a loan agreement and other documents necessary therefor.

Motion: George Corkle
2nd: Steve Vandiver
Vote: Motion carried

A subsequent motion was made to approve and begin negotiating a WPCRF leveraged loan with the West Jefferson County Metropolitan District in the amount of \$3,000,000, plus cost of issuance at 70% of the interest rate received by the Authority on the associated bond issue for a term of up to 30 years and to authorize staff to begin drafting a preliminary official statement incorporating the District.

Motion: Roy Heald
2nd: Steve Price
Vote: Motion carried

Following the vote, Mr. McLaughlin suggested an additional motion to approve the increase of \$1,000,000, to the current, allocated amount in the Green Project Reserve fund. A motion was made to approve the increase as suggested.

Motion: Roy Heald
2nd: Mike Fabbre
Vote: Motion carried

Loan Application – City of Sterling, Resolution No. 20-28

Prior to the presentation of the City of Sterling's loan request, Chair Jones welcomed George Good, Public Works Director, who was a listening participant on the conference call. Jim Griffiths presented the City of Sterling's request for a leveraged loan through the WPCRF loan program in the amount of \$34,000,000, plus cost of issuance, at an interest rate of 70% of the market rate on the Authority's 2020 Series B State Revolving Fund Revenue Bonds for a term of up to 30 years. The City is also requesting a Green Project Reserve direct loan in the amount of \$3,000,000, at an interest rate of 1.5% for a term of up to 30 years. The total amount of both loans is \$37,000,000. The request received a favorable recommendation from the Project Finance Committee. The recent rate increases will allow the City to meet the Authority's rate covenant and the City's citizens voted favorably for this project. A motion was made to approve Resolution No. 20-28, approval of a wastewater Green Project Reserve direct loan to the City of Sterling and execution of a loan agreement and other documents necessary therefor.

Motion: Steve Vandiver
2nd: Steve Price
Vote: Motion carried

A subsequent motion was made to approve and begin negotiating a WPCRF leveraged loan with the City of Sterling in the amount of \$34,000,000, plus cost of issuance at 70% of the interest rate received by the Authority on the associated bond issue for a term of up to 30 years and to authorize staff to begin drafting a preliminary official statement incorporating the District. Mr. Griffiths noted both loans are subject to the City obtaining an approved Water Efficiency Plan from the Colorado Water Conservation Board before drawing funds.

Motion: Bob Wolff
2nd: Roy Heald
Vote: Motion carried

Following the vote, the City's representative George Good thanked the Board for its consideration of their loan request.

2020 Capitalization Grant Requirements

Austin Reichel confirmed that the Authority received the WPCRF Capitalization Grant on May 27, 2020, in the amount of \$12,712,000, representing an increase of \$2,000 from the previous year (FFY 2019). Mr. Reichel confirmed that the grant conditions were the same as last year, including Davis Bacon wage rates and American Iron and Steel. The capitalization grant also includes a requirement to use a minimum of 10% of the capitalization grant funds for "green" projects. The additional subsidy requirement of no less than 10% but no more than 40% is also attached as a condition and is utilized to fund the Design & Engineering Grants. Staff recommends that approximately 11.8% or \$1,500,000, of the capitalization grant be allocated to additional subsidy for the WPCRF. Additional subsidy funds not budgeted for Design & Engineering Grants will be provided as loan principal forgiveness during the year (rather than year-end) as approved by the Authority Board at the June 2018 Board meeting. A motion was made to accept the 2020 Capitalization Grant and allocate \$1,500,000, as additional subsidy and \$5,000,000, for the Green Project Reserve fund for 2020.

Motion: George Corkle
2nd: Roy Heald
Vote: Motion carried

Status of Projects

Jim Griffiths noted that August 1st is one of the Authority's major debt service payment dates for leveraged loans and the Authority received all payments on time despite the COVID-19 pandemic. The next major payment date will be on November 1st for direct loans. No loan applications are anticipated for the October Board meeting in the WPCRF program. Additionally, no Planning Grants were issued since the last Board meeting and four Design and Engineering Grants issued since the June Board meeting: City of Las Animas

(\$300,000), City of Creede (\$220,772), Town of Genoa (\$10,000) and St. Mary's Glacier WSD (\$300,000). There is \$231,371, of budgeted funds available for Design & Engineering loans available for the remainder of 2020. Mr. Griffiths confirmed there will be a WPCRF fall bond issue that will include the City of Sterling, West Jefferson County Metropolitan District, and City of Evans loans approved at this meeting. Authority staff is currently preparing the Intended Use Plan for 2021 and will submit it to the Water Quality Control Commission for consideration and approval in October.

Small Hydropower Loan Program

Ian Loffert briefly review the program terms: eligible projects of 10 megawatts or less, a \$5 million maximum loan amount, a 30-year maximum term and a fixed 2.5% interest rate. Mr. Loffert confirmed no matching grants have been awarded this year and \$150,000, of budgeted funds remain available for 2020. Seven small hydropower loans remain outstanding in the program with an approximate balance of \$8.9 million. Mr. Loffert concluded the program update by stating a presentation for the upcoming Special District Association's annual conference includes information on the Authority's Small Hydropower Loan Program.

Water Revenue Bond Program

WRBP 2020 Series A Bond Sale Results

Jim Griffiths reported that the Town of Telluride's loan and associated bond issue wrapped up in June and it closed during the pandemic and presented new challenges. Mr. Griffiths reviewed certain elements of the WRBP 2020 Series A bond issue and noted the issue required the Authority to seek bond insurance and secure a surety bond prior to closing. The Town of Telluride utilized the entire \$250,000 allocation for cost of issuance and the Town paid the remaining balance of approximately \$74,033. The bond insurer also required the Authority to increase its O&M reserve requirement from three months to six months due to the pandemic. The Town received an interest rate of 3.13% which is higher than previous issues but was grateful to complete the project's financing.

Status Report

Austin Reichel noted that no applications are anticipated for the October Board meeting and the City of Fountain is seeking a refunding for its 2011 Series A loan.

La Plata Future Projects Escrow & Animas La Plata Project

Keith McLaughlin reported that Long Hollow Reservoir hit its high point in water storage on April 8, 2020 and measured 5,163-acre feet. The max fill is at 5,309-acre feet, and when reached, switches the project from construction to operations and the Authority can stop a majority of its payments for the project and shift the financial responsibility to the District. Mr. McLaughlin stated that Authority staff is working closely with the Animas-La Plata Water Conservancy District to sell the remaining 121-acre feet of water and the sale should be complete before October 1, 2020. If complete by October 1st, the proportional share of operations and expense shifts from the Authority to the District. Director Wolff confirmed that the District will complete its incremental purchase by Tuesday, September 1, 2020, and thanked the Authority on behalf of Southwestern Colorado.

Unfinished Business – Committee Reports

Project Finance Committee

Committee Chair Vandiver thanked all Board members for attending the last Project Finance Committee meeting and appreciated the added input during the meeting. Chair Jones echoed the sentiments of Director Vandiver and noted the benefit of additional participation from all Board members and asked the Board members to consider making it to the Project Finance Committee meeting if available. Director Heald noted that although no longer on the Project Finance Committee, he still finds great value in participating in the meetings and will continue to participate as available. Chair Jones encouraged Board members to participate, especially when there are a large number of loan applications to consider.

Board Program Work Session

Mr. McLaughlin noted that Director Treese exited the meeting earlier and Chair Jones referred to the provided minutes that summarized the discussions and recommendations.

New Business

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin noted there wasn't much to report as the State legislature is not in session. On the Federal level, it looks less likely that there will be any infrastructure funding prior to the November general election. There are two Senate bills that staff is monitoring, including the American's Water Infrastructure Act and Drinking Water Infrastructure Act. Both bills include an increase in SRF funding, and the Board will be updated as necessary although neither is expected to be passed before the November elections. Mr. McLaughlin noted the Water Resources Development Act ("WRDA") bill may pass before the November elections as it did in 2014, 2016 and 2018. This may include an additional SRF allocation. Mr. McLaughlin concluded his report by noting the article included in the Board's materials regarding D&O insurance rates rising 44% in the first quarter of 2020, largely related to the COVID-19 pandemic.

Arrangements for Future Meetings

The next Board meeting will be held on October 2, 2020, and the Board initially anticipated traveling for this meeting but Chair Jones noted it may likely be held remotely due to the current conditions relating to the pandemic. The October meeting is also designated as the Authority's annual meeting and will include discussions on the 2021 budget and annual appointments of certain officers.

Adjournment

Chair Jones adjourned the meeting at 12:49 p.m.

Respectfully submitted,

Sabrina Speed, Assistant Secretary

NOTE-FOR INFORMATION ONLY - COPIES OF THE DOCUMENTS REFERRED TO IN THE TEXT OF THESE MINUTES ARE ON FILE IN THE AUTHORITY OFFICE AND MAY BE OBTAINED BY SUBMITTING A "REQUEST FOR PUBLIC RECORDS." PLEASE CALL SABRINA SPEED AT (303) 830-1550, EXT. 1010, FOR INFORMATION.



Board Report - Colorado Water Resources & Power Development Authority

October 2020

REPORT INDEX

1. **WQCC actions (current and future)**
 2. **WQCD highlights**
 - 2.1. Emerging issues/status updates/success stories
 - 2.2. Budget
 - 2.3. Legislative
 - 2.4. Grants and Loans Updates
 3. **Drinking Water Program**
 - 3.1. Project reporting
 - 3.2. Source water protection
 - 3.3. Coaching and training
 4. **Clean Water Program**
 - 4.1. WPCRF Project Budget / Expenditures
-

1. **WQCC actions (current and future)**

Past WQCC actions include:

- On June 8th and 9th, 2020, the WQCC held a rulemaking hearing for Regulation No. 38, South Platte River water quality standards.
- On July 13th and 14th, 2020, the WQCC held an administrative action hearing for the PFAS Narrative, Policy 20-1. The policy was approved by the WQCC.
- On August 10th, 2020 the WQCC held a number of hearings and briefings.
 - There were informational briefings from three watershed authorities including: the Cherry Creek Basin Watershed Authority, the Chatfield Watershed Authority and the Bear Creek Watershed Authority.
 - There was an Administrative Hearing to consider extending the expiration date for the Aquatic Life Policy 10-1 to 2023.
 - There was an Administrative Action Hearing to consider approval of updates to the Pikes Peak Area Council of Governments Section 208 Plan.
 - There was a triennial review of the HCSFO Financial Assurance Criteria Regulations for Colorado Housed Commercial Swine Feeding Operations.
 - There were rulemaking hearings for Regulation #84, the Reclaimed Water Control Regulation and for Regulation #11, the Colorado Primary Drinking Water Regulations.

Upcoming rulemaking hearings and briefings include:

- On September 14th and 15th the WQCC will hold its annual planning meeting.
- On October 13th, 2020 the WQCC will hold a Triennial Review Informational Hearing for the Nutrients Control Regulation, Regulation #85. They will also hold an Administrative Action Hearing for Policy 17-1, the Nutrients Voluntary Incentive Program policy.
- On October 13th, 2020 the WQCC will hold an administrative action hearing for the 2021 Annual Intended Use Plans. The IUPs will be out for public comment on September 7, 2020
- NOTE: The Water Quality Control Commission will be conducting all commission meetings, prehearing conferences, and status conferences as remote meetings only. This will continue until there are no longer significant bans on large gatherings. Opportunity will be made available for parties to rulemaking hearings and interested members of the public to participate remotely in the meeting and provide testimony and public comment. [Please see here for a remote meetings Zoom guide.](#)





2. WQCD highlights

2.1. Emerging issues/status updates/success stories

- Most of the WQCD staff is continuing to work remotely and will until further notice.
- The department appointed Jennifer Opila as the division director. Jennifer is also the division director for the Hazardous Materials Division. The Department is planning to re-evaluate the position in a year to see what the next steps might be for another director. Jennifer will be evaluating the division's operations and identifying needed structural changes for better efficiencies.

2.2. Budget

- The state continues to look at the fiscal impacts of Covid and additional budget cuts may be required. We will continue to update the board as the division gets additional information.

2.3. Legislative

- The division is currently working to develop and implement the programs identified in SB20-218, which included a grant program and take-back program for PFAS. A framework of the program should be established in the first part of next year.

2.4. Grants and Loans Unit Updates

- Grants and Loans completed the updates and edits to the 2021 DWRF and WPCRF Intended Use Plans. The draft Intended Use Plans are out for public comment ahead of the October 13th WQCC administrative action hearing.
- Grants and Loans is excited to have Aly Ulibarri from WQCD Clean Water Enforcement assist the unit on a part-time basis. She is splitting her time with her enforcement work to assist with managing SRF and state grant projects.

Pre-qualification Meetings (8/13 to 9/15)			
Entity	Date	Estimated Project Cost	Program
None			

3. Drinking Water Program

3.1. Project Reporting

DWRF Project Budget Pursuing excellence program, system improvement pilot project updates:

- No new updates

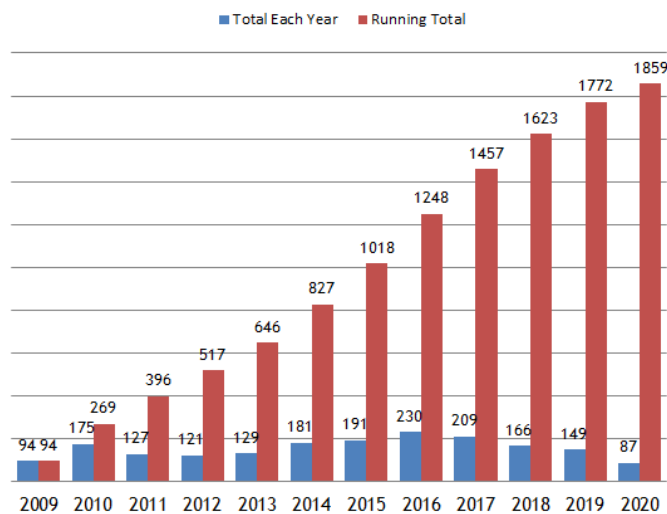
3.2. Source water protection

- The following source water protection planning grants were approved or funded during this report period:
 - Town of Somerset for \$5,000
 - Norwood Water Commission for \$5,000
- Colorado Rural Water Association (CRWA) continues to work on source water protection planning and Wildland Fire Decision Support System (WFDSS) projects while planning and conducting the protection planning work remotely. CRWA has completed and is implementing a statewide WFDSS analysis for projects in high priority areas during this reporting period. A new temporary summer intern (Marshall Cain - Colorado School of Mines student) was hired to accelerate the WFDSS data collection process and is actively pursuing priority public water systems to participate in the WFDSS program. We have been receiving strong support from the USFS on our WFDSS efforts.

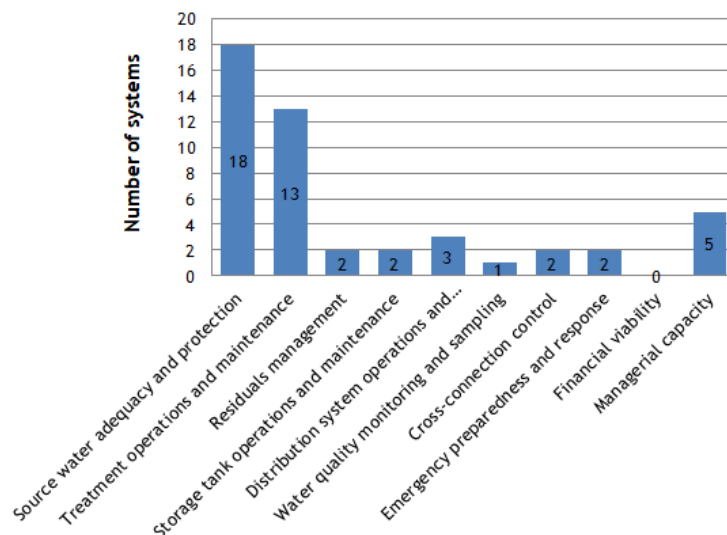


3.3. Coaching and training

- The team provided “Managing and Operating for Regulatory Compliance” training via webinar on August 12th . The training sessions were attended by 26 certified operators or other water professionals and represented 13 public water systems.
- The Local Assistance Unit finalized an ORC (operator in responsible charge) Hiring and Contracting Guide. This tool is designed to help water and wastewater facilities not only make the best ORC hiring or contracting decisions, but also develop written agreements that clearly define roles and responsibilities. Through the process of preparing effective agreements, system owners will position themselves to appropriately support and oversee the in-charge operators.
- As of September 14, 2020, the 2020 annual running monthly average is 73% of all systems that received one-on-one assistance are making at least one improvement.
- Total coaching and training events:



- 2020 improved performance as a result of assistance:



- Specific examples of improvements made at systems as a result of assistance during this reporting period:
 - Collected representative data for GWUDI determination.



4. Clean Water Program
4.1. WPCRF Project Budget

Contract	Contract Amount	Balance
Colorado State University - E Coli	\$122,615	\$77,436
Lower Arkansas Valley Water Conservancy-Selenium	\$14,098	\$0
Coalition for the Upper So Platte-Watershed	\$23,831	\$0
Mancos Conservation District-Watershed	\$17,995	\$9,724
Mountain Studies Institute-Post Fire Impacts	\$7,076	\$0
San Miguel Watershed Coalition-Watershed	\$5,000	\$0
Colorado School of Mines-EBR	\$17,439	\$0
Colorado School of Mines-Database	\$1,569	\$0
Standards Development	\$37,786	\$11,767
Dept of Ag-Selenium	\$61,063	\$0
DNR-Selenium	\$34,041	\$0
DNR-Johnny Darter	\$51,375	\$18,652
Colorado State University E-Rams	\$150,000	\$91,086
Colorado Rural Water Assoc	\$150,000	\$95,055
Terracon-Selenium Feasibility	\$500	\$0
Moxicran C17G	\$25,000	\$15,532
Trout Unlimited C18G	\$24,984	\$22,939
Tetra Tech C19G	\$68,400	\$62,500
Chaffee County C20G	\$149,950	\$149,950
Brooks Applied Labs C21G	\$15,480	\$15,480
Aquatic Assoc C22G	\$16,830	\$16,830
TOTAL	\$995,037	\$586,951





To: Colorado Water Resources and Power Development Authority Board
From: Scott Olene, Desi Santerre, DLG
Date: September 23, 2020
Re: DOLA Agency Update

Energy and Mineral Impact Assistance Program

Due to reduced funding availability in State FY 2021, there will be two application cycles for \$15,000,000 each, instead of the usual three application cycles. The application deadlines will be October 1 for a mid- November Tier I award determination and late- January Tier II award determination, and March 1 for late- April Tier I award determination and mid-July Tier II award determination.

Outreach and Education:

The subcommittee is in the process of finalizing slides and logistics for the 3 SRF 101 webinars to be held on October 6, 13, and 20. The topics for each presentation are as follows:

October 6, 2020: The Financial Benefits of the SRF Program (includes discussion of other DOLA and CDPHE grant opportunities)

October 13, 2020: The Process & Program Requirements

October 20, 2020: The Regulations (planning for future regulations and the SRF program)

To-date, around 175 people have registered for the webinars. The webinars will include about 45-60 minutes of content and then allow about 30-45 minutes for Q&A. Registrants wanting to speak about specific projects will be given the opportunity to speak to SRF staff directly at the later date. The sessions will be recorded and posted for those who were unable to attend or those who wish to view again.

Small and Rural Communities Technical Services Contractor:

There are not significant updates to the projects that have recently begun work with DOLA's contractor. Both projects are still open at this time.



Current Projects

Owner	Type	Recommendation / Analysis	Project Status
Town of Dove Creek	Water	Recommended installation of an active tank mixer.	Open
Town of Dove Creek	Wastewater	DOLA's contractor reviewed and provided analysis of the Town's 5-year sampling and evaluation plan proposed for the Town's DSV application.	Open
Round Mountain Water & Sanitation District	Water	Pending	Open

Water & Wastewater Annual Rate Survey

Each year, DOLA sends a survey to local governments that provide water and wastewater services. The survey gathers data about typical water and wastewater rates to compare with DOLA's methodology for estimating state median rates. The survey also gathers information about an additional topic that rotates annually, for example conservation programs. This year the additional topic will be COVID-19 and the survey will request some information that will help to gauge the financial impacts of COVID-19 on water and wastewater utilities in Colorado so far. The survey will be sent to local governments in the next week. Once results have been received and analyzed a memorandum will be shared with the CWRPDA Board.



Treasurer's Report for Board of Directors Meeting October 2, 2020

The financial reports are located after the Treasurer's Report in your electronic documents.

Authority – July 2020 statements

Balance Sheet

- Assets totaled \$57.3 million
- Most of the Authority funds are invested in COLOTRUST.

Statement of Changes in Net Assets (Income Statement)

- Certain expense line items exceed the respective budgeted amounts.
- After, seven months of activity 58% of the total budget is expected, but at this time the line items on these statements should be within the annual budget by year end.

The Financial Highlights Report for July

- State Treasurers Cash Pool interest rate was 1.54%.
- COLOTRUST interest rate was 0.39%

Financing Programs

- Financial statements for July are included in your packet.
- All programs continue to function normally.

Accounting Department Activities

The accounting department staff is involved in the following activities, in addition to usual monthly transaction processing:

- The annual National Information Management System (NIMS) reports required by the EPA for both the Clean Water and Drinking Water programs were electronically submitted.
- On September 1st, staff completed preparations for, and the trustee executed the payment of debt service that totaled \$10.3 million for the DWRF and \$22.5 million for the WPCRF.
- On September 2nd, deallocation (release of debt service reserve fund investments) totaled \$15.9 million for DWRF and \$22.3 million for WPCRF. These amounts were deposited into the respective program Reloan Accounts.
- The 2021 Draft Budget was reviewed by the Budget and Audit Committee on September 18th and the budget will be presented according to the approved meeting agenda.
- Staff is gathering POS information for the upcoming bond issue.
- Valerie attended the SDA virtual conference in September.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
CASH EXPENDITURES for the MONTH ENDING AUGUST 31, 2020

CHECKS				
Date	Check#	Payee	Description	Amount
08/18/20	25853	Arbitrage Compliance Specialists	WPCRF & DWRF Abritrage Calculations	2,050.00
08/18/20	25854	Carlson, Hammond & Paddock	July Legal Fees	15,459.08
08/18/20	25855	CIT	Monthly Phone Service	483.10
08/18/20	25856	Colorado Dept of Local Affairs	WPCRF & DWRF 2nd Qtr Admin	111,108.33
08/18/20	25857	Curbside Recycling	Monthly Recycling	90.00
08/18/20	25858	Federal Express	Misc Deliveries	8.78
08/18/20	25859	Interior Concepts	Screens for Reception Desk and Installation	1,047.50
08/18/20	25860	Iron Mountain	Monthly Records Storage	389.57
08/18/20	25861	Mytech Partners	Monthly IT and Office 365 Agreements	3,964.00
08/18/20	25862	Nationwide	Office Contents Insurance Renewal	4,231.00
08/18/20	25863	Office Depot	Misc Office Supplies	334.81
08/18/20	25864	Wells Fargo Corporate Card	McLaughlin, Noll & Speed Credit Card Expenses	2,675.84
TOTAL CHECKS \$				141,842.01

WIRE TRANSFERS (INCOMING / OUTGOING)				
Date		Payee	Description	Amount
08/17/20		CWRPDA	WRBP 2020A COI Reimbursement	1,220.95
08/18/20		CWRPDA	SRF DWRF 2020A COI Reimbursement	38.93
08/18/20		CWRPDA	SRF WPCRF 2020A COI Reimbursement	92.76
08/18/20		La Plata Water Conservancy District	La Plata River Escrow Draw	(5,604.25)
TOTAL WIRE TRANSFERS \$				(4,251.61)

ACH PAYMENTS				
Date		Payee	Description	Amount
08/03/20		IRS	Federal Payroll Withholdings	5,538.81
08/03/20		Colorado Department of Revenue	State Payroll Withholdings	1,408.00
08/04/20		Town of Empire	DWRF Pre-Loan Planning Grant	400.00
08/10/20		Clearly	Monthly Phone Service	205.53
08/13/20		Authority Staff	Payroll	30,277.81
08/13/20		PERA	Authority Staff PERA Contributions	13,756.17
08/13/20		Voya	Authority Staff 401k Contributions	4,552.37
08/17/20		IRS	Federal Payroll Withholdings	5,362.57
08/17/20		Colorado Department of Revenue	State Payroll Withholdings	1,361.00
08/18/20		SK Global Software	eBanking Maintenance Renewal	350.00
08/28/20		Authority Staff & Board Members	Payroll and 8/28 Board Meeting Per Diem	31,981.23
08/31/20		PERA	PERACare Insurance Payment	23,729.94
TOTAL ACH PAYMENTS \$				118,923.43

TOTAL CASH EXPENDITURES for the MONTH ENDING August 31, 2020

\$ 256,513.83

Colorado Water Resources and Power Development Authority Credit Card Expenses for the Month Ending September 30, 2020

Last Four Digits of Wells Fargo Credit		Transaction	Transaction		
Card Number	Cardholder	Date	Amount	Payee	Description
0938	Keith McLaughlin	8/15/2020	<u>16.23</u>	Zoom	Meeting use
			16.23		
3920	Justin Noll	8/17/2020	85.28	Office Depot	Printer cartridges for Valerie
3920	Justin Noll	8/31/2020	159.98	GoDaddy	SSL Renewal
3920	Justin Noll	9/1/2020	<u>2,100.00</u>	LAZ Parking	September employee parking
			2,345.26		
1700	Sabrina Speed	8/7/2020	21.97	Amazon	Charging stand for Apple pencil
1700	Sabrina Speed	8/20/2020	125.68	Amazon	Infrared Thermometers
1700	Sabrina Speed	8/24/2020	4,750.00	Colorado Water Congress	Mike, Roy, Keith, Jim, Wesley, Steve P., Steve V., & Bob Conference registration
1700	Sabrina Speed	8/25/2020	250.00	Colorado Water Congress	Rachel Conference registration
1700	Sabrina Speed	8/25/2020	250.00	Colorado Water Congress	Valerie Conference registration
1700	Sabrina Speed	8/25/2020	109.62	Veldkamps	Get well flowers for Beth & John
1700	Sabrina Speed	8/25/2020	93.50	Veldkamps	Get well flowers for Wes' step-mom
1700	Sabrina Speed	8/28/2020	64.09	Amazon	Printer cartridges
1700	Sabrina Speed	9/3/2020	<u>4.33</u>	Amazon	Cheryl personal purchase in error (reimbursed Authority with a check)
			5,669.19		
Total			<u><u>8,030.68</u></u>		

**Colorado Water Resources
and
Power Development Authority**

**Authority Balance Sheet
as of
July 31, 2020**

	<u>As of 7/31/20</u>	<u>As of 7/31/19</u>
<u>ASSETS:</u>		
Cash - US Bank (Checking Account)	1,177,326.02	1,333,951.10
State Treasurers Cash Pool	240,545.68	1,650,119.66
COLOTRUST Checking Investment Account	<u>23,328,626.71</u>	<u>10,468,698.37</u>
Total Cash & Equivalents	\$ 24,746,498.41	\$ 13,452,769.13
Interest Receivable on Investments	-	-
Receivable From SWRP Loan Payoff	-	-
Interest Receivable - I Loans	25,934.98	29,640.00
Interest Receivable - SHLP	-	-
Interest Receivable - ALP Water Rights Purchase	-	-
Interest Receivable-Leases	1,638.02	-
Accounts Receivable - Misc	-	-
WPCRF Reimbursement Receivable	1,069,889.55	1,002,687.15
DWRF Reimbursement Receivable	<u>827,388.74</u>	<u>744,846.54</u>
Total Receivables	\$ 1,924,851.29	\$ 1,777,173.69
State Treasurers Cash Pool-Self Insurance Fund	1,510,245.09	810,823.78
COLOTRUST SWRP DSRF	-	8,626,796.73
State Treasurers Cash Pool-La Plata River Escrow	164,162.06	560,547.96
COLOTRUST - Authority Project Accounts	126,307.37	125,941.22
COLOTRUST - SHLP Project Accounts	1,286,651.68	4,026,027.43
COLOTRUST - Vilas Project Account	58,433.99	-
COLOTRUST - I Loan Projects	-	-
Loans Receivable - SHLP	8,894,367.71	7,423,289.87
Loans Receivable - ALP Water Rights Purchase	2,815,845.39	3,004,439.09
Loans Receivable - Authority Loan	108,502.41	112,596.83
Loans Receivable - Interim Loan	-	-
Loan Receivable - WPCRF State Match	2,768,106.24	3,225,706.24
Loan Receivable - DWRF State Match	10,591,957.69	12,098,330.18
Leases Receivable	393,125.38	-
Prepaid Expenses	-	-
Deposits	21,592.16	21,592.16
Depreciable Assets	93,017.91	92,950.80
Accumulated Depreciation	(62,960.65)	(63,671.43)
Lease Assets	1,889,518.60	-
TOTAL ASSETS	<u>\$ 57,330,222.73</u>	<u>\$ 55,295,313.68</u>
Deferred Outflows-Pension Contributions	240,258.94	231,448.08
Deferred Outflows-Investment Earnings Difference	201,895.48	155,414.29
Deferred Outflows-Experience Difference	114,301.88	123,712.87
Deferred Outflows-Proportional Share Change	6,813.29	30,704.81
Deferred Outflows-Change in Assumptions	210,464.29	1,377,681.78
Deferred Outflows-HCTF Cntr	12,726.54	12,340.69
Deferred Outflows-InvErnd HCTF	1,119.22	-
Deferred Outflows-Exp Dif HCTF	706.39	880.40
Deferred Outflows-Prop Shr HCTF	826.35	1,028.32
Deferred Outflows-ChgAssm HCTF	1,365.27	-
<u>LIABILITIES and EQUITY:</u>		
Accounts Payable Trade	1,397,744.17	49.49
Lease Liability	1,942,946.60	-
Interest Payable-Leases	8,095.61	-
Prepayment Payable	-	-
Other Accrued Expenses	7,343.61	8,269.83
Flexplan Spending Withheld	(810.16)	1,375.45
Due to Authority	-	-
Project Costs Payable - Long Term	1,134,941.75	2,905,190.58
Accrued Vacation and Sick Leave	219,212.10	202,681.35
Pension Liability	3,997,036.56	7,934,212.44
HCTF Liability	<u>194,625.65</u>	<u>186,163.66</u>
Total Liabilities	\$ 8,901,135.89	\$ 11,237,942.80
Deferred Inflows-Experience Difference	-	-
Deferred Inflows-Proportional Share Change	502,259.34	-
Deferred Inflows-Change in Assumptions	2,064,007.80	-
Deferred Inflows-Inv Earn Diff	-	454,244.95
Deferred Inflows-Exp Dif HCTF	296.26	-
Deferred Inflows-PropChg HCTF	250.43	-
Deferred Inflows-Inv Ern HCTF	-	3,114.47
Deferred Inflows-Leases	384,141.48	-
Net Assets:	47,001,147.91	45,607,779.58
Net Income / (Loss)	<u>(732,538.73)</u>	<u>(74,556.88)</u>
TOTAL LIABILITIES and EQUITY	<u>\$ 55,169,745.07</u>	<u>\$ 56,771,165.50</u>

**Colorado Water Resources
and
Power Development Authority**

**Authority Income Statement
Budget To Actual
Calendar Year-To-Date as of July 31, 2020**

	Budget For 2020	Actual Year-To-Date	Balance	% Actual/ Budget
<u>INCOME:</u>				
Interest Income - COLOTRUST (Investment)		\$ 189,016.49		0%
Interest Income - State Treasurer Cash Pool		40,694.33		0%
Int Inc-COLOTRUST I-Loan Projects		0.00		0%
Interest Income - WPCRF		0.00		0%
Interest Income - From SWRP/WRBP		0.00		0%
Subtotal Interest Income	670,000	229,710.82	440,289.18	34%
Interest Income - La Plata River Escrow	2,500	795.49	\$ 1,704.51	32%
Interest Income - Loans	810,000	52,384.47	757,615.53	6%
Interest Income-Leases	0	0.00	-	0%
Lease Income	50,000	23,738.50	26,261.50	47%
Gain/Loss on Sale of Assets	0	0.00	-	0%
Miscellaneous Income	20,000	0.00	20,000.00	0%
TOTAL INCOME	\$ 1,552,500.00	\$ 306,629.28	\$ 1,245,870.72	20%
<u>EXPENSES:</u>				
<u>BOARD EXPENSES:</u>				
Per Diems & P.E.R.A. on Per Diems	18,000	\$ 8,000.00	\$ 10,000.00	44%
Travel, Lodging, Meals, etc.	40,000	9,270.98	30,729.02	23%
Meeting Expenses	20,000	2,992.50	17,007.50	15%
Memberships	13,000	10,018.00	2,982.00	77%
Board Insurance	30,000	-	30,000.00	0%
TOTAL Board Expenses	\$ 121,000	\$ 30,281.48	\$ 90,718.52	
<u>SALARIES EXPENSE:</u>				
Staff Salaries	1,257,000	708,087.24	548,912.76	56%
Temporary Services	20,000	0.00	20,000.00	0%
Annual Vacation & Sick Leave Accrual	50,000	0.00	50,000.00	0%
TOTAL Salaries Expense	\$ 1,327,000	\$ 708,087.24	\$ 618,912.76	
<u>EMPLOYEE BENEFITS:</u>				
Pension Expense*	257,600	145,416.12	112,183.88	56%
Healthcare Trust Expense	13,400	0.00	13,400.00	0%
Medical and Dental Insurance	315,000	155,982.26	159,017.74	50%
HRA Reimbursement	0	11,669.59	(11,669.59)	0%
LTD/Life Insurance	12,500	7,443.79	5,056.21	60%
Medicare - Employer's Match	19,000	10,303.57	8,696.43	54%
Denver City Tax - Employer's Match	800	368.00	432.00	46%
State Workman's Comp. Insurance	4,000	1,783.00	2,217.00	45%
Tuition Reimbursement	15,000	6,477.36	8,522.64	43%
Public Transportation Incentive	1,400	0.00	1,400.00	0%
TOTAL Employee Benefits	\$ 638,700	\$ 339,443.69	\$ 299,256.31	
<u>OUTSIDE SERVICES EMPLOYED:</u>				
General Legal Fees	50,000	46,069.34	3,930.66	92%
General Consulting Services	50,000	3,368.75	46,631.25	7%
Audit and Budgetary Fees	8,500	8,056.00	444.00	95%
TOTAL Outside Services	\$ 108,500	\$ 57,494.09	\$ 51,005.91	
<u>EMPLOYEE / ADMIN. EXPENSES:</u>				
Travel, Lodging, Meals, etc.	14,000	4,004.86	9,995.14	29%
Registration and Training Fees	7,000	1,959.50	5,040.50	28%
Contributions and Sponsorships	40,000	17,825.00	22,175.00	45%
Dues, Subscriptions and Publications	8,500	4,116.23	4,383.77	48%
TOTAL Employee/Admin. Expenses	\$ 69,500	\$ 27,905.59	\$ 41,594.41	

**Colorado Water Resources
and
Power Development Authority**

**Authority Income Statement
Budget To Actual
Calendar Year-To-Date as of July 31, 2020**

	Budget For 2020	Actual Year-To-Date	Balance	% Actual/ Budget
<u>GENERAL OFFICE EXPENSES:</u>				
Office Rent and Deposits	232,000	144,796.73	87,203.27	62%
Interest Expense-Leases*	0	0.00	0.00	0%
Telephone and Internet Charges	15,000	9,416.15	5,583.85	63%
Postage and Delivery Fees	3,000	499.59	2,500.41	17%
Copying and Printing Costs	3,000	191.00	2,809.00	6%
Office Supplies	18,000	9,093.93	8,906.07	51%
Technical Support Activities	75,000	25,368.47	49,631.53	34%
Office Insurance	6,000	798.00	5,202.00	13%
Records Retention	6,000	3,034.67	2,965.33	51%
TOTAL General Office Expenses	\$ 358,000	\$ 193,198.54	\$ 164,801.46	
<u>OFFICE ASSETS EXPENSES:</u>				
Furniture & Fixtures	15,000	0.00	15,000.00	0%
Machines	20,000	1,054.40	18,945.60	5%
Computer Software	20,000	2,576.73	17,423.27	13%
Depreciation Expense	N/A	0.00	N/A	0%
Machine Maintenance & Maint. Contracts	15,000	6,990.45	8,009.55	47%
Other Expense	0	179.09	(179.09)	0%
Office Improvements	10,000	1,524.50	8,475.50	15%
TOTAL Office Assets	\$ 80,000	\$ 12,325.17	\$ 67,674.83	
TOTAL OPERATING EXPENSES	\$ 2,702,700	\$ 1,368,735.80	\$ 1,333,964.20	51%
<u>EXPENSES ALLOCATED TO PROGRAMS</u>				
Salaries Allocated to Project Exp's	\$ (40,000)	(33,244.00)	\$ (6,756.00)	83%
Allocated Salaries Expense - WPCRF	(389,000)	(199,843.00)	(189,157.00)	51%
Allocated Employee Benefits - WPCRF	(242,000)	(127,219.56)	(114,780.44)	53%
Allocated Overhead Expense - WPCRF	(193,000)	(79,465.55)	(113,534.45)	41%
Allocated Salaries Expense - DWRF	(370,000)	(172,104.00)	(197,896.00)	47%
Allocated Employee Benefits - DWRF	(230,000)	(109,498.71)	(120,501.29)	48%
Allocated Overhead Expense - DWRF	(176,000)	(71,014.00)	(104,986.00)	40%
TOTAL Allocated Expenses	\$ (1,640,000)	\$ (792,388.82)	\$ (847,611.18)	48%
NET OPERATING EXPENSES	\$ 1,062,700	\$ 576,346.98	\$ 486,353.02	54%
<u>APPROVED PROJECTS</u>				
Animas-La Plata Expenses	\$ 31,500	1,750.00	\$ 29,750.00	6%
Small Water Resource Projects Expenses	25,000	10,165.00	14,835.00	41%
Water Revenue Bonds Program Expenses	175,000	89,648.24	85,351.76	51%
La Plata River Escrow Expenses	150,000	77,584.59	72,415.41	52%
Small Hydro Loan Program Expenses	30,000	11,155.10	18,844.90	37%
Watershed Protection & Forest Health Program Expenses	65,000	0.00	65,000.00	0%
Small Hydro Loan Program Planning & Design Grants	140,000	22,518.10	117,481.90	16%
Principal Forgiveness-Loans Rec	0	0.00	0.00	0%
<u>POTENTIAL PROJECTS</u>				
Other Potential Projects	1,000,000	0.00	1,000,000.00	
TOTAL PROJECT EXPENSES	\$ 1,616,500	\$ 212,821.03	\$ 1,403,678.97	13%
TOTAL EXPENSES	\$ 2,679,200	\$ 789,168.01	1,890,031.99	29%
OPERATING INCOME / (LOSS)		\$ (482,538.73)		
Transfer in From SWRP		\$ -		
Transfers In / (Out)		\$ (250,000.00)		
Change in Net Position		\$ (732,538.73)		

*These numbers are based on contributions instead of budgeted amounts

Colorado Water Resources and Power Development Authority
Financial Highlights
July 31, 2020

	<u>YIELD:</u>	<u>BALANCE:</u>
<u>Unrestricted:</u>		
Cash - US Bank (Checking Account)	0.00%	\$ 1,177,326.02
State Treasurers Cash Pool	1.54%	\$ 240,545.68
COLOTRUST Checking Investment Account (Average Daily Yield)	0.39%	\$ 23,328,626.71
COLOTRUST Authority Loan Account (Average Daily Yield)	0.39%	\$ 126,307.37
<u>Board Designated:</u>		
State Treasurers Cash Pool - La Plata River Escrow	1.54%	\$ 164,162.06
State Treasurers Cash Pool - Self Insurance Fund	1.54%	\$ 1,510,245.09
<u>Restricted:</u>		
COLOTRUST - I Loan Projects (Average Daily Yield)	0.39%	\$ -
SHLP Loan Program	0.39%	\$ 210,143.92
SHLP Project Accounts	0.39%	\$ 1,076,507.76
Authority Project Account	0.39%	\$ 58,433.99

WPCRF State Match Receivable	<u>Budget</u>	<u>Balance</u>
Loans Receivable - WPCRF State Match 1/1/2020		225,706.24
State Match Transferred to Holding Account	2,800,000.00	2,542,400.00
Repayment from WPCRF Administrative Fees	(3,000,000.00)	
Loans Receivable - WPCRF State Match YTD Balance		<u>\$ 2,768,106.24</u>

DWRF State Match Receivable	<u>Budget</u>	<u>Balance</u>
Loans Receivable - DWRF State Match 1/1/2020		8,098,330.18
State Match Transferred to Holding Account	4,800,000.00	2,493,627.51
Repayment from DWRF Administrative Fees	(6,000,000.00)	
Loans Receivable - DWRF State Match YTD Balance		<u>\$ 10,591,957.69</u>

Interim Loans Receivable	<u>Budget</u>	<u>Balance</u>
I Loans Receivable 1/1/2020		-
I Loan Funds Drawn	15,000,000.00	-
I Loan Repayments	(15,000,000.00)	-
I Loans Receivable YTD Balance		<u>\$ -</u>

	<u>1/1/2020 Balance</u>	<u>Misc Additions/ Subtractions</u>	<u>Admin Draws</u>	<u>St Match Loan Payment</u>	<u>7/31/2020 Balance</u>
Admin Accounts					
WPCRF - COLOTRUST	11,652,672.50	5,195,061.26	(2,149,451.04)		14,698,282.72
DWRF - COLOTRUST	4,587,848.68	3,276,467.37	(935,059.24)		6,929,256.81

	<u>Reloan Balance</u>	<u>Project Grant Funds Available</u>	<u>Bond Proceeds Available</u>	<u>Project Costs Payable</u>	<u>7/31/2020 Unobligated Funds</u>
Reloan Accounts					
WPCRF - COLOTRUST	84,946,373.28	11,863,337.39	26,133,203.66	(103,030,624.51)	19,912,289.82
DWRF - COLOTRUST	81,626,570.29	13,814,703.28	18,290,459.93	(96,528,458.59)	17,203,274.91

**COLORADO WATER RESOURCES
and
POWER DEVELOPMENT AUTHORITY**
ANIMAS - LA PLATA ESCROW ACCOUNT

**as of
July 31, 2020**

BALANCE SHEET

	As of 7/31/20
<u>ASSETS:</u>	
State Treasurer Cash Pool - Unsegregated	\$ 9,130.34
State Treasurer Cash Pool - Segregated	-
Total Cash	<u>9,130.34</u>
YTD Water Depletion Rights-ALP (Bureau of Reclamation draws)	379,409.58
Infrastructure-Durango Specific Costs	-
Interest Receivable - State Treasurer's Cash Pool	-
TOTAL ASSETS	<u>\$ 388,539.92</u>
<u>LIABILITIES and EQUITY:</u>	
Durango Specific Costs Deposit	\$ -
Equity	
Net Position	388,539.58
Change in Net Position	<u>0.34</u>
TOTAL EQUITY	<u>388,539.92</u>
TOTAL LIABILITIES and EQUITY	<u>\$ 388,539.92</u>

INCOME STATEMENT

<u>INCOME:</u>	
Interest Income - State Treasurer Cash Pool	\$ 0.34
<u>EXPENSES:</u>	
OPERATING INCOME/(LOSS)	<u>\$ 0.34</u>
Transfers In / (Out)	\$ -
Change in Net Position	<u>\$ 0.34</u>

Colorado Water Resources & Power Development Authority
Drinking Water Rev Fund
Statement of Net Position
As of July 31, 2020

Current Assets:	
Cash and Equivalents	88,563,339
Federal Grants Receivable	0
Investment Income Receivable	0
Loans Receivable	0
Leases Receivable	
Due From Other Funds	
Accounts Receivable-Borrowers	0
Interest Receivable-Leases	
Other Assets	
Restricted Assets:	
Cash and cash equivalents	0
Investments	0
Investment income receivable	0
Total Current Assets	<u>88,563,339</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Equivalents	51,972,175
Investments	23,317,637
Investment Income Receivable	0
Advance Receivable	
Loans Receivable	361,526,011
Leases Receivable	
Water Depletion Rights-ALP	
Capital Assets-Equipment, Net of	
Accumulated Depreciation	0
Lease Assets	
Other Assets	
Total Noncurrent Assets	<u>436,815,822</u>
Total Assets	<u>525,379,161</u>
Deferred Outflows-Refundings	54,278
Deferred Outflows-Pension	
Deferred Outflows-OPEB	
Current Liabilities:	
Project Costs Payable - Current	0
Bonds Payable	0
Lease Liability	
Accrued Interest Payable	0
Accounts Payable-Borrowers	1,076,485
Interest Payable-Leases	
Due to Other Funds	0
Accounts Payable-Other	6,026
Other Liabilities	
Total Current Liabilities	<u>1,082,510</u>
Noncurrent Liabilities:	
Project Costs Payable - Long Term	96,528,459
Advance Payable	10,591,958
Bonds Payable, net	101,850,000
Lease Liability	
Pension Liability	
HCTF Liability	
Debt Service Reserve Deposit	
Other Liabilities	1,568,057
Total Noncurrent Liabilities	<u>210,538,473</u>
Total Liabilities	<u>211,620,984</u>
Deferred Inflows-Refundings	10,839
Deferred Inflows-Pension	
Deferred Inflows-OPEB	
Deferred Inflows-Leases	
Fund Net Position:	
Invested in Capital Assets	0
Restricted	313,801,617
Unrestricted	0
Total Fund Net Position	<u>313,801,617</u>
	0

Colorado Water Resources and Power Development Authority
Drinking Water Rev Fund
Statement of Changes in Net Position
July 31, 2020

Operating Revenues:	
Interest on Loans	1,369,502
Interest on Investments	732,947
Administrative Fee	1,846,369
EPA Grants	1,651,319
Other	<u>2,722</u>
Total Operating Revenues	<u>5,602,860</u>
Operating Expenses:	
Interest on Bonds	631,915
Grant Administration	697,661
EPA Set Asides	1,123,119
Principal Forgiven	1,780,729
Other	<u>14,209</u>
Total Operating Expenses	<u>4,247,633</u>
Operating Income	<u>1,355,227</u>
EPA Capitalization Grants	6,309,998
Operating Transfers In/(Out)	<u>114,018</u>
Change in Net Position	<u>7,779,244</u>
Fund Net Position-Beginning of Year	<u>306,022,373</u>
Fund Net Position-End of Year	<u><u>313,801,617</u></u>

Colorado Water Resources & Power Development Authority
Water Pollution Ctrl Rev Fund
Statement of Net Position
As of July 31, 2020

Current Assets:	
Cash and Equivalents	99,697,689
Federal Grants Receivable	0
Investment Income Receivable	0
Loans Receivable	0
Leases Receivable	
Due From Other Funds	
Accounts Receivable-Borrowers	0
Interest Receivable-Leases	
Other Assets	
Restricted Assets:	
Cash and cash equivalents	0
Investments	0
Investment income receivable	0
Total Current Assets	<u>99,697,689</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Equivalents	91,636,613
Investments	44,669,023
Investment Income Receivable	0
Advance Receivable	
Loans Receivable	559,544,336
Leases Receivable	
Water Depletion Rights-ALP	
Capital Assets-Equipment, Net of Accumulated Depreciation	
Lease Assets	
Other Assets	
Total Noncurrent Assets	<u>695,849,972</u>
Total Assets	<u>795,547,662</u>
Deferred Outflows-Refundings	1,864,496
Deferred Outflows-Pension	
Deferred Outflows-OPEB	
Current Liabilities:	
Project Costs Payable - Current	0
Bonds Payable	0
Lease Liability	
Accrued Interest Payable	0
Accounts Payable-Borrowers	1,163,232
Interest Payable-Leases	
Due to Other Funds	190
Accounts Payable-Other	16,438
Other Liabilities	
Total Current Liabilities	<u>1,179,860</u>
Noncurrent Liabilities:	
Project Costs Payable - Long Term	103,030,625
Advance Payable	2,768,106
Bonds Payable, net	227,535,000
Lease Liability	
Pension Liability	
HCTF Liability	
Debt Service Reserve Deposit	
Other Liabilities	4,946,472
Total Noncurrent Liabilities	<u>338,280,203</u>
Total Liabilities	<u>339,460,063</u>
Deferred Inflows-Refundings	31,568
Deferred Inflows-Pension	
Deferred Inflows-OPEB	
Deferred Inflows-Leases	
Fund Net Position:	
Invested in Capital Assets	
Restricted	457,920,527
Unrestricted	
Total Fund Net Position	<u>457,920,527</u>

Colorado Water Resources and Power Development Authority
Water Pollution Ctrl Rev Fund
Statement of Changes in Net Position
July 31, 2020

Operating Revenues:	
Interest on Loans	3,762,190
Interest on Investments	1,240,756
Administrative Fee	3,023,221
EPA Grants	303,692
Total Operating Revenues	<u>8,329,859</u>
Operating Expenses:	
Interest on Bonds	1,511,650
Grant Administration	815,523
Principal Forgiven	(27,282)
Other	8,804
Total Operating Expenses	<u>2,308,694</u>
Operating Income	6,021,165
EPA Capitalization Grants	5,689,860
Operating Transfers In/(Out)	<u>(114,018)</u>
Change in Net Position	11,597,006
Fund Net Position-Beginning of Year	<u>446,323,520</u>
Fund Net Position-End of Year	<u><u>457,920,527</u></u>

Colorado Water Resources and Power Development Authority
Water Revenue Bonds Program
Statement of Net Position
As of July 31, 2020

Current Assets:	
Cash and Equivalents	\$ -
Investment Income Receivable	-
Loans Receivable	-
Due From Other Funds	-
Accounts Receivable-Borrowers	-
Other Assets	-
Restricted Assets:	
Cash and cash equivalents	-
Investments	-
Investment income receivable	-
Total Current Assets	<u>-</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Equivalents	12,653,169
Investments	-
Investment Income Receivable	-
Loans Receivable	58,290,000
Other Assets	232,647
Total Noncurrent Assets	<u>71,175,816</u>
Total Assets	<u><u>71,175,816</u></u>
Deferred Outflows-Refundings	241,387
Current Liabilities:	
Project Costs Payable - Current	-
Bonds Payable	-
Accrued Interest Payable	-
Accounts Payable-Borrowers	29,432
Due to Other Funds	-
Accounts Payable-Other	-
Other Liabilities	-
Total Current Liabilities	<u>29,432</u>
Noncurrent Liabilities:	
Project Costs Payable - Long Term	7,843,828
Bonds Payable, net	60,165,000
Debt Service Reserve Deposit	1,733,200
Other Liabilities	-
Total Noncurrent Liabilities	<u>69,742,028</u>
Total Liabilities	<u><u>69,771,460</u></u>
Deferred Inflows-Refundings	
Fund Net Position:	
Invested in Capital Assets	-
Restricted	1,645,743
Unrestricted	-
Total Fund Net Position	<u><u>\$ 1,645,743</u></u>

Colorado Water Resources and Power Development Authority
Water Revenue Bonds Program
Statement of Changes in Net Position
July 31, 2020

Operating Revenues:	
Interest on Loans	\$ 2,579,486
Interest on Investments	18
Total Operating Revenues	<u>2,579,504</u>
Operating Expenses:	
Interest on Bonds	2,001,418
Bond Issuance Expense	<u>167,802</u>
Total Operating Expenses	<u>2,169,220</u>
Operating Income	410,284
Operating Transfers In/(Out)	<u>250,000</u>
Change in Net Position	660,284
Fund Net Position-Beginning of Year	<u>985,459</u>
Fund Net Position-End of Year	<u><u>\$ 1,645,743</u></u>



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
EXECUTIVE DIRECTOR'S REPORT
October 2, 2020, Board Meeting

MAJOR ACTIVITIES SINCE LAST MEETING

1. September 1-20, several Authority employees attended the Colorado Water Congress (CWC) virtual summer conference.
2. On September 1, the Authority processed bond debt service.
3. On September 2, the Authority processed deallocation.
4. On September 2, I attended the CWC virtual Board meeting.
5. On September 2, I attended the Colorado Water Conservation Board's (CWCB) demand management virtual workshop.
6. On September 3, I presented at the Water Education Colorado (WECO) virtual water fluency webinar.
7. On September 4, Jim Griffiths, Wes Williams and I attended a "obligated person" conference call with the Authority's bond counsel and disclosure counsel.
8. On September 4, I attended a call with Steve Price with regards to serving an additional term on the Authority Board.
9. On September 9, I attended a call with Judy Skram with regards to serving an additional term on the Authority Board.
10. On September 9, I attended a call with the Matt Morgrette at the Denver Department of Public Health & Environment to discuss Public Health Orders.
11. On September 10, Justin and I attended a conference call to discuss the 2021 budget.
12. On September 11, Authority management met virtually to discuss final implementation of the Denver Department of Public Health Public Health & Environment Orders.
13. On September 14, I attended a call with the Matt Morgrette at the Denver Department of Public Health & Environment to discuss Public Health Orders.
14. On September 14, Authority employees began working in the office on a staggered schedule.
15. On September 14, Justin, Sabrina, Jim and I met to discuss the revised pay philosophy statement.
16. On September 16, I attended and presented at the CWCB virtual Board meeting.
17. On September 16, I attended a conference call with the Water Quality Control Division's (WQCD) Michael Beck to discuss the 2021 budget and a drinking water administrative fee strategy.
18. On September 18, Justin Noll, the accounting staff and I attended the virtual Budget and Audit Committee meeting.
19. On September 23-25, several Authority employees attended the Special District Association (SDA) virtual conference.
20. On September 23, I attended a legal conference call to discuss Cares Act implementation with Michelle Magruder, Esq. at RWO, P.C.
21. On September 25, Jim, Wes and I will attend a phase 4 stimulus call with the WQCD.
22. On September 28, Authority staff will attend the 9:00 am Project Finance Committee (PFC) video conference call.

23. On October 1, Authority staff will attend the 3:00 pm Board Program Work Session (BPWS) video conference call.
24. On October 2, Authority staff will attend the 9:00 am Authority Board meeting video conference call.

FUTURE ACTIVITIES

1. On October 6th, 13th and 20th, DOLA, WQCD and the Authority will conduct SRF 101 virtual training sessions.
2. On October 13, Jim Griffiths and I will attend the Water Quality Control Commission hearing.
3. On October 19, I will attend a CWC treasurer's meeting.
4. November 9-19, Several Authority employees will attend the Colorado Government Finance Officers Association's (CGFOA) virtual conference.
5. On November 16, I will attend a CWC treasurer's meeting.
6. On November 18, I will attend the CWC Board meeting.
7. Justin Noll will publish the Authority's draft 2020 budget for public inspection.
8. Personnel Committee (Date & Time, TBD)

FUTURE MEETINGS

December 3, 2020 - Denver, Board Program Work Session (Time, TBD)
December 3 or 4, 2020- Denver, Personnel Committee (Time, TBD)
December 4, 2020 – Denver (9:00 am at the Authority office)
January 29, 2021 – Denver (9:00 am at the Authority office)
March 4, 2021- Denver, Board Program Work Session (Time, TBD)
March 5, 2021- Denver (9:00 am at the Authority office)
April 22, 2021 – Denver, Board Program Work Session (Time, TBD)
April 23, 2021- Denver (9:00 am at the Authority office)
June 3, 2021- Denver, Board Program Work Session (Time, TBD)
June 4, 2021- Denver (9:00 am at the Authority office)



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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MEMORANDUM

September 28, 2020

TO: Project Finance Committee and Karl Ohlsen

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

RE: Review of the City of Lamar – Supplemental Direct Loan Request
Drinking Water Revolving Fund ("DWRF")

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

City of Lamar

On January 27, 2016, the Authority Board of Directors approved the City of Lamar's ("City") request for a Disadvantaged Communities direct loan through the DWRF loan program. The loan was subsequently executed on August 26, 2016, in the amount of \$1,612,800 (which comprised of \$1,417,300 principal forgiveness funds) for a term of up to 30 years at an interest rate of 0%. The project scope has not changed and consists of replacing the distribution and service pipelines along with associated appurtenances.

This original, phased project was only for two phases to be completed in conjunction with the Colorado Department of Transportation ("CDOT") Main Street Road Resurfacing Project. Phase 2 was postponed due to CDOT delaying their portion of the project (the delay was reportedly due to CDOT budget constraints). The City needs to pursue Phase 2 of the project prior to funding expiration deadlines without CDOT's involvement. The City hopes to coordinate with CDOT for the final Phase of the project (Phase 3). Phase 2 bids then came back higher than expected (because of the delay). The City plans to keep the Phase 2 contractor for Phase 3 in order to cut costs on rebidding and demobilization/mobilization.

Due to higher than anticipated bids and increasing costs associated with the project from the CDOT delay, the City is seeking a Disadvantaged Communities supplemental direct loan through the DWRF loan program in the amount of \$1,089,200. The City's project was authorized by HJR 13-1007.

Recommendation

Based on the attached 2020 DWRF credit report and the 2016 DWRF credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental DWRF Disadvantaged Communities direct loan with the City in the amount of \$1,089,200. The loan term will be for up to 30 years, at an interest rate of 0.5%. The Board will consider this request on October 2, 2020.

Note: A Zoom conference call has been scheduled for Monday, 9:00 a.m. September 28, 2020. The link to join via online is: <https://zoom.us/j/96093646479?pwd=WkNPOFFVbXlxZkozczUJwS0hTUTNjdz09>. If you prefer to dial-in, the call-in number is: 1-669-900-6833, and the Meeting ID is: 960 9364 6479. The Passcode is: 326304.

Attachment: City of Lamar 2020 DWRF Credit Report and 2016 DWRF Credit Report

DWRf DIRECT LOAN CREDIT REPORT

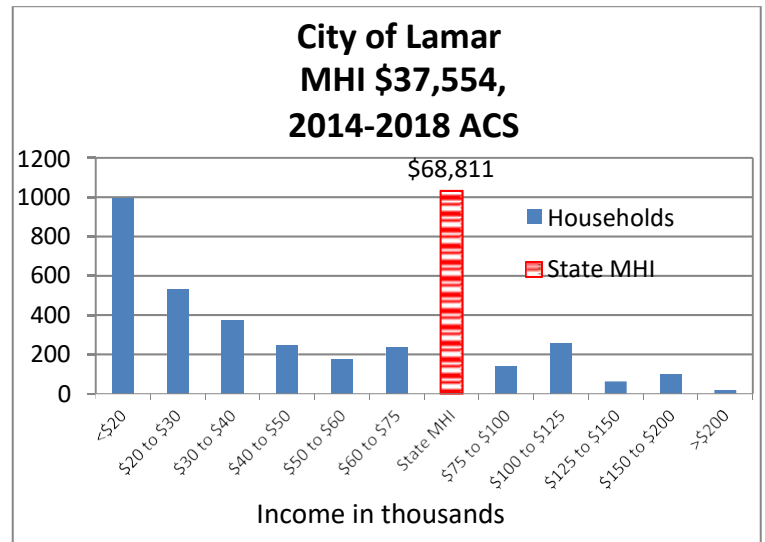
City of Lamar ("The City"), Prowers County

Recommendation:	APPROVAL	Project Budget	
Loan Request:	\$1,089,200	SRF Loan (Loan closed 8/26/16)	\$195,500
Interest Rate & Term:	0.5%, 30 years	SRF Loan Principal Forgiveness (8/26/16)	\$1,417,300
Annual Debt Service:	\$39,143	SRF Supplemental (8/15/20 application)	\$1,089,200
Pledge:	Water and sewer revenues	Planning Grant	\$10,000
Current Water Rate:	\$52.18	D&E Grant	\$112,000
Estimated Rate Increase:	\$0.00	EIAF Tier I (2016)	\$112,000
		EIAF Tier II (2016)	\$1,612,800
		<u>EIAF Tier II (2020)</u>	<u>\$800,000</u>
		Total	\$5,348,800

PROJECT DESCRIPTION: This project consists of replacing the distribution and service pipelines along with associated appurtenances.

COMMUNITY PROFILE:							Avg. Annual Change
Lamar	2015	2016	2017	2018	2019	2020	
City Population	7,415	7,417	7,442	7,468	7,509		0.25%
Prowers County Population	11,928	11,934	11,992	12,051	12,122		0.32%
Prowers County Jobs	5,954	5,897	5,954	5,670			-1.21%
Number of Water Taps	3,448	3,478	3,489	3,485	3,472	3,498	0.24%
Number of Sewer Taps	3,306	3,319	3,334	3,333	3,324	3,352	0.23%
Assessed Value (\$000)		33,558	33,443	32,394	32,463	34,002	0.22%
Actual Value (\$000)		248,752	248,811	253,426	257,217	271,429	1.46%

BORROWER BRIEF: The City is the Prowers County seat and is located on the Arkansas River, located 123 miles east of Pueblo.



RECOMMENDATION: The City serves a rural community in northwest Prowers County. This proposed loan is necessary to replace distribution and service pipelines. There is some existing debt but the City's water and sewer fund appears to be in a healthy position to take on the proposed debt. Current rates and total proposed debt appear to be affordable and the water and sewer fund has maintained high operating ratios. We therefore recommend the DWRf Committee approve a \$1,089,200 Disadvantaged Communities direct loan to the City of Lamar.

PROJECT SUMMARY:

System summary: The City of Lamar (City) is located east of Pueblo in the southeast corner of Colorado, approximately 30 miles from the Kansas border, in northwest Prowers County. The City owns and operates a community water system. The PWSID number of the water treatment system is CO0150700. The City has a current population of 7,804 people. Modest residential and commercial development is anticipated over the 20-year planning period with a projected population of 9,129 people. The City of Lamar's existing water distribution system consists of 6, 8, 12, and 18- inch diameter pipe composed primarily of old asbestos cement and cast iron. Approximately 75% of the existing services under US-287 are lead service lines.

Reason/need: Phase III of the Lamar Main Street Water Distribution System Replacement Project. The phased project has been in progress since approximately 2015 to replace the water distribution system beneath Main Street concurrently with CDOT during their Main Street Road Resurfacing Project. Delays in the CDOT project schedule forced the City to complete the next phases of the project alone prior to funding expiration deadlines. The necessity to expeditiously complete the water distribution system improvements project has only been increased by the recent CDOT project delays. Due to the age and condition of the existing system, replacing the existing mains and services is required in conjunction with the Resurfacing Project. The water infrastructure work must be completed in order to protect the longevity and effectiveness of the distribution system.

System Compliance: The City of Lamar is in compliance with the Colorado Primary Drinking Water Regulations.

Project Delivery Method: Design/Bid/Build.

Contingency Allocated for the Project: 8% of total project cost included as contingency.

Project Usable Life: The project has an estimated usable life of greater than 30 years.

CURRENT INDICATORS:	2017	2018	2019	Weak	Average	Strong
Total Debt per Capita (\$):	1,308	1,452	1,294	___ >\$2,000	<u>X</u> \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,439	___ >\$2,000	<u>X</u> \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	2,790	3,111	2,798	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,112	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Current Water Debt/Tap (\$):	2,369	2,586	2,376	<u>X</u> >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water/Sewer + New W&S Debt/Tap (\$):			2,689	<u>X</u> >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	29%	33%	30%	___ >50%	<u>X</u> 25-50%	___ <25%
Total Debt + New Water/Sewer Debt/Assessed Value:			33%	___ >50%	<u>X</u> 25-50%	___ <25%
Total Debt/Actual Value:	3.9%	4.3%	3.8%	___ >10%	___ 5-10%	<u>X</u> <5%
Total Debt + New Water/Sewer Debt/Actual Value:			4.2%	___ >10%	___ 5-10%	<u>X</u> <5%
Curr. Water/Sewer Debt + New Debt/Tap/MHI:			7.2%	___ >20%	___ 10-20%	<u>X</u> <10%
Water/Sewer Fund Current Ratio (CA/CL):	180%	235%	219%	___ <100%	___ 100-200%	<u>X</u> >200%
Water/Sewer Fund Reserves/Current Expense:	62%	66%	64%	___ <50%	<u>X</u> 50-100%	___ >100%
Water/Sewer Operating Ratio (OR/OE):	180%	167%	183%	___ <100%	___ 100-120%	<u>X</u> >120%
Coverage Ratio (TR-OE)/DS:	141%	155%	154%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	139%	153%	154%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio with New Loan:			148%	___ <110%	___ 110-125%	<u>X</u> >125%
Coverage Ratio with New Loan Excluding Tap Fees:			148%	___ <110%	___ 110-125%	<u>X</u> >125%
Current Annual W&S Rates/MHI:			1.7%	___ >3.0%	<u>X</u> 1.5-3.0%	___ <1.5%
Current Water/Sewer Rates + New W&S Debt Service/MHI:			1.7%	___ >3.0%	<u>X</u> 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			85%	___ <25%	___ 25-50%	<u>X</u> >50%
TOTAL:	2	9	10			

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, 10 are rated strong, nine are average and two are considered weak. Overall, the indicators illustrate that the financial state of the combined water and sewer fund is operationally healthy. The strong indicators show a strong operating ratio, high projected coverage ratios, and affordable rates relative to MHI. The weak indicators reflect a degree of debt burden that is mitigated by strong operating revenues.

- The City's water and sewer fund shows consistent operating revenues that support operating expenses at an average operating ratio of 166% from 2015 to 2019.
- Based on 2019 financial information, coverage with the proposed loan is 148% with or without tap fee revenue, which was zero for 2019. No additional revenue is projected to be necessary in order to meet the 110% coverage requirement.
- The cash flow projections submitted with the application are straight-line projections with revenues and expenditures escalating at 2.85% per year.

Additional Project Financing

The City submitted an EIAF application for \$800,000, which was awarded in August 2020. The previous 2015 phase of this project had a project budget of \$3,459,600, which had the following financing components: DWRP Loan: \$195,500, DWRP Principal Forgiveness: \$1,417,300, DWRP D&E Grant: \$112,000, DWRP Planning Grant \$10,000, EIAF Tier II Grant: \$1,612,800, EIAF Tier I Grant: \$112,000.

DESCRIPTION OF THE LOAN: A \$1,089,200 direct loan with a thirty-year term, two payments annually at an interest rate of 0.5% will cost the City approximately \$39,143 in debt service annually.

Disadvantaged Community:

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$55,049	>	\$37,554	Y	S1: County MHI	\$55,049	>	\$40,907	Y
P2: MHV	\$313,600	>	\$87,500	Y	S2: Population Loss	0.00%	>	-3.94%	Y
P3: Unemployment	4.15%	<	2.90%	N	S3: Assessed Value per Housing unit	\$19,939	>	\$8,887	Y
Job Loss	0	>	-7.9%	Y	S4b: Curr. and Proj. System Debt	1.00%	<	3.30%	Y
					S5b: System Cost Per Tap to MHI	2.05%	<	2.08%	Y

The City met the requirements of a disadvantaged community and due to its projected rates to MHI and MHV, qualifies for the lowest interest rate available (0.5%).

ECONOMIC ANALYSIS: The City has a 2019 population estimated at 7,509 and has grown at an average annual rate of 0.25% since 2015. Prowers County has experienced an increase of 0.32% in population since 2015. The state population increased at an average annual rate estimated 1.1%. Despite the small increases in population since 2015, both the City and Prowers County have experienced overall population declines since the 1990s.

The region's economy is dominated by government, agriculture, retail, and healthcare. The City is a regional hub for services in southeastern Colorado and is also served by the Amtrak Southwest Chief rail line.

The region's largest employers consist of Prowers Medical Center, with 200 employees, Dragon Products, a manufacturer with 200 employees, the City, with 190 employees, Walmart, with 174 employees, and the High Plains Community Health Center, with 120 employees.

The City's Fairmont cemetery is the only customer that accounts for more than 3% utilization at 3.3% utilization of total water usage and 2.5% of total 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. In 2009, the City's credit rating was rated A by Standard & Poor's.

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 home rule City is a municipality governed by a council/mayor form of government and was incorporated in 1886. The City provides services including police and fire protection, water and wastewater, electricity distribution, solid waste, and parks and recreation services. Approximately nine full-time employees staff the water and wastewater utility. The water and wastewater supervisor, who reports to the public works director, who in turn reports to the city administrator, oversees the water and wastewater utility.

- 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 CIRSA.
- There are currently no pending lawsuits against the City.

- There have been no recall elections in the last ten years.

Capital Improvement Plan

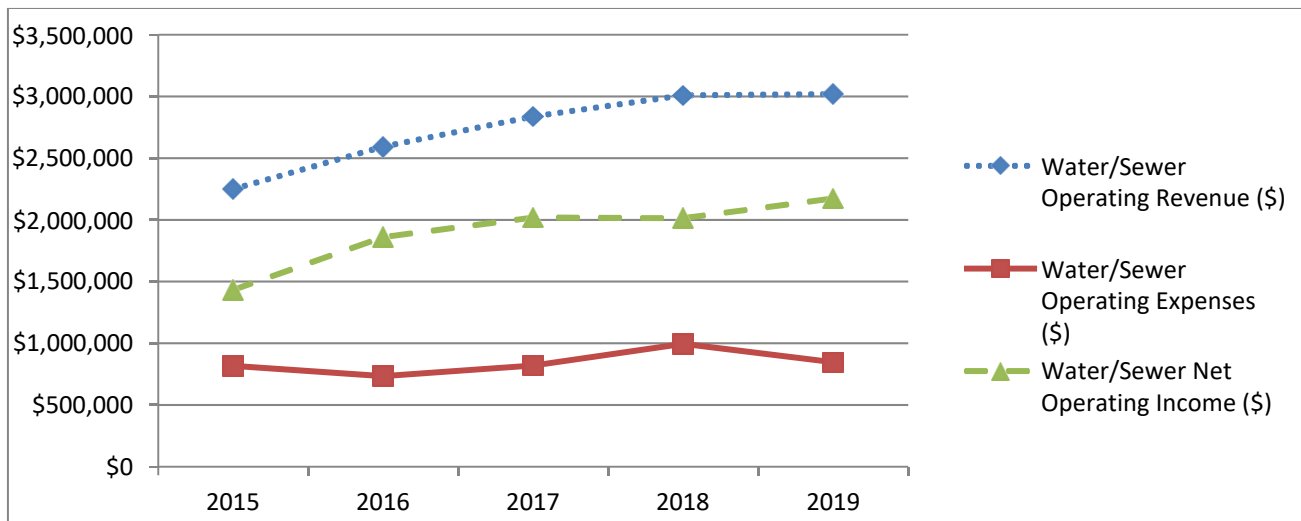
The City is currently working on a grant for a new Master Plan and Rate Study that will include an updated CIP.

REVENUE ANALYSIS:

The City's water and sewer fund shows consistent operating revenues that support operating expenses in addition to a healthy reserve fund. Operating revenues have increased from 2015-2019. The water and sewer fund is not overly reliant on tap fee revenues, which have averaged less than 1% of total revenue from 2015-2019. Significant capital outlay in 2013 and 2014 appear to have led to current liabilities exceeding current assets in 2015, reserves have since improved.

TRENDS	2015	2016	2017	2018	2019	2020
Monthly Water Rate (\$)	36.80	47.68	51.18	52.18	52.18	53.18
Monthly Sewer Rate (\$)	13.50	14.32	18.32	19.32	19.32	20.32
Residential Water Tap Fee (\$)	1,300	1,300	1,300	1,300	1,300	
Residential Sewer Tap Fee (\$)	650	650	650	650	650	
Total Water/Sewer Revenue (\$)	2,267,756	2,602,933	2,861,397	3,047,295	3,024,458	
Tap/Development Fees (\$)	0	8,069	17,007	12,971	0	
Water/Sewer Operating Revenue (\$)	2,248,199	2,592,324	2,836,626	3,007,240	3,017,310	
Water/Sewer Operating Expenses (\$)	1,630,619	1,589,136	1,574,475	1,800,517	1,651,182	
Water/Sewer Net Operating Income (\$)	617,580	1,003,188	1,262,151	1,206,723	1,366,128	
Water/Sewer Debt (\$)	9,561,639	9,021,177	8,264,111	9,012,997	8,247,744	
Total Debt (\$)	9,752,589	10,750,008	9,734,593	10,841,627	9,714,736	
Water/Sewer Debt Service (\$)	895,244	906,477	911,937	805,007	891,652	
Water/Sewer Debt Service/Tap/Month (\$)	21.64	21.72	21.78	19.25	21.40	
Water/Sewer Fund Reserves (\$)	-206,885	129,450	1,306,290	1,461,710	1,409,393	
Water/Sewer Fund Current Assets (\$)	1,061,014	1,152,455	2,947,881	2,544,583	2,589,651	

Ratios	2015	2016	2017	2018	2019	Average
Operating Revenue as % of Total Revenue	99%	100%	99%	99%	100%	99%
Operating Revenue as % of Expenses	138%	163%	180%	167%	183%	166%
Tap Fee Revenue as % of Total Revenue	0.0%	0.3%	0.6%	0.4%	0.0%	0.3%



Recent Rate Increases

The City's most recent rate increase of \$1.00 to the base rates was implemented in 2020.

User Charges

The City's current monthly water rate is estimated at \$41.68 compared to the 2018 estimated state median of \$47.14. The City's average monthly water rate is based on typical residential consumption of 10,000 gallons per month (approximately 1,337 cubic feet). Residential in-City ¾" users pay a \$12.40 base rate up to 3,740 gallons (500 cubic feet), a volume charge of \$18.00 per 7,481 gallons (1,000 cubic feet) for consumption from 3,741 to 9,725 gallons and a volume charge of \$24.80 per 7,481 gallons for consumption over 9,725 gallons. Commercial in-City ¾" users pay a \$13.40 base rate up to 3,740 gallons (500 cubic feet), a volume charge of \$24.30 per 7,481 gallons for consumption over 9,725 gallons. Out-of-city users pay base and volume rates that are exactly twice the amount of in-city base and volume rates.

The City's current monthly flat in-city residential sewer rate is \$11.32 compared to the 2018 estimated state median of \$33.35. Out-of-city users pay a flat sewer rate of \$22.64. Commercial in-city users pay a flat sewer rate of \$6.67 and commercial out-of-city users pay a flat sewer rate of \$13.34.

Contributed Capital

Revenue from tap fees has ranged from zero to \$17,007 and has averaged 0.24% of total water and sewer revenue during the last five years. The City's most recent water tap fee rate increase occurred in 2010.

- Water tap fees are charged in an amount that corresponds to the tap size: \$1,300 for ¾", \$2,167 for 1", \$4,333 for 1½", \$6,933 for 2", \$13,859 for 3", \$21,667 for 4", and \$43,333 for 6".
- Sewer tap fees are also charged in an amount that corresponds to the tap size: \$650 for ¾", \$1,083 for 1", \$2,167 for 1½", \$3,467 for 2", \$6,930 for 3", \$10,833 for 4", and \$21,667 for 6".

Current System Utilization		
	Usage	Revenue
Residential	62%	65%
Non-residential (per EQR)	38%	35%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$41.68/\$1,300	\$11.32/\$650.00
¾"	\$32.49/\$1,300	\$6.67/\$650.00

DEBT as of December 31, 2018

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
12/17/2009	CWRPDA-DWRF	6/15/2030	Water and Sewer	\$684,587.31	2.50%	\$197,618.76
12/17/2009	CWRPDA-DWRF (ARRA)	6/15/2030	Water and Sewer	\$2,272,615.54	0.00%	\$68,864.90
5/27/2010	CWRPDA-WPCRF	5/1/2031	Water and Sewer	\$1,355,463	2.00%	\$123,094
8/28/2016	CWRPDA-DWRF	5/1/2047	Water and Sewer	\$185,725	0.00%	\$6,516
11/10/2014	CWCB	10/1/2044	Water	\$540,517	2.25%	\$28,505
6/17/2016	CWCB	2029	Water	\$83,200	1.95%	\$9,238

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 met the Loan Covenants on its DWRF ARRA and Disadvantaged Community direct loans dated 2009 and 2016 respectively, as well as its WPCRF direct loan dated 2010 with the Authority. The City has also had no debt service payment issues.

Prepared by: Victor Chen
Date: September 17, 2020

August 31, 2020

**DWRF Credit Report
Lamar, Prowers County, CO
Using most recent data available
(Census, audits, local records)**

2019 Population (Estimated)	7,509
Number of Water Taps (or customers) - 2019	3,472
Total 2019 Assessed Valuation	\$34,784,000
Actual Value of all Real Property (2019)	\$257,217,000
Median Household Income (MHI)	\$37,554
Monthly Water Rate (2019)	\$40.68
Water Operating Revenue (2019)	\$3,017,310
Water Total Revenue (2019) [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.]	\$3,024,458
Water Tap and System Development Fee Revenue (2019)	\$0
Water Operating Expense (2019)	\$1,651,182
Water Current Expense (2019)	\$2,202,573
Water Debt (2019)	\$8,247,744
Total Debt (2019)	\$9,714,736
Water Reserves [2019 current assets minus current liabilities]	\$1,409,393
All Fund Reserves [2019 current assets minus current liabilities]	
Water Debt Service (2019)	\$891,652
New Water Debt (requested DWRF loan amount)	\$1,089,200
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	0.50%
New Loan's Annual Water Debt Service [two payments annually]	\$39,143

Current Indicators (2019)

Lamar

(Water Only)

1 Total Debt	\$9,714,736 ÷ Population	7,509 =	\$1,294
New Debt	\$1,089,200 ÷ Population	7,509 =	\$145
Total Debt + New Debt	\$10,803,936 ÷ Population	7,509 =	\$1,439
2 Total Debt	\$9,714,736 ÷ Number of Taps	3,472 =	\$2,798
New Debt	\$1,089,200 ÷ Number of Taps	3,472 =	\$314
Total Debt + New Debt	\$10,803,936 ÷ Number of Taps	3,472 =	\$3,112
3 Total Debt	\$9,714,736 ÷ Assessed Value	\$34,784,000 =	27.93%
New Debt	\$1,089,200 ÷ Assessed Value	\$34,784,000 =	3.13%
Total Debt + New Debt	\$10,803,936 ÷ Assessed Value	\$34,784,000 =	31.06%
4 Total Debt	\$9,714,736 ÷ Actual Value	\$257,217,000 =	3.78%
New Debt	\$1,089,200 ÷ Actual Value	\$257,217,000 =	0.42%
Total Debt + New Debt	\$10,803,936 ÷ Actual Value	\$257,217,000 =	4.20%
5 Current Water Debt	\$8,247,744 ÷ Number of Taps	3,472 =	\$2,376
(Current Water Debt + NewWater Debt)/Number of Taps	\$2,689 ÷ MHI	\$37,554 =	7.16%
6 Current Ratio [CA/CL]			
Current Assets	\$2,589,651 ÷ Current Liabilities	\$1,180,258 =	219%
7 Reserve/Expense Ratio			
Reserves	\$1,409,393 ÷ Current Expenses	\$2,202,573 =	64%
8 Operating Ratio [OR÷OE]			
Operating Revenues	\$3,017,310 ÷ Operating Expenses	\$1,651,182 =	183%

9 Coverage Ratio [(TR - OE)/DS]					
Total Revenues	\$3,024,458	-			
minus Operating Expenses	<u>\$1,651,182</u>				
	=	\$1,373,276	÷ Current Debt Service	\$891,652	= 154%
10 Coverage Ratio Excluding Tap & Development Fee Revenue					
Coverage Ratio Excluding Tap & Development Fee Revenue	\$1,373,276				
minus Tap and Dev. Fee Revenue	<u>\$0</u>				
	=	\$1,373,276	÷ Current Debt Service	\$891,652	= 154%
11 Projected Coverage Ratio					
Total Revenues	\$3,024,458				
minus Operating Expenses	<u>\$1,651,182</u>				
	=	\$1,373,276	Total Debt Service (with new loan)	\$930,795	= 148%
12 Projected Coverage Excluding Tap & Dev. Fee Revenue					
Projected Coverage Excluding Tap & Dev. Fee Revenue	\$1,373,276				
minus Tap & Dev. Fee Rev.	<u>\$0</u>				
	=	\$1,373,276	Total Debt Service (with new loan)	\$930,795	= 148%
13 Current Debt Service					
Current Debt Service	\$891,652	÷ Number of Taps	3472	=	\$256.81
Annual New Water Debt Service	\$39,143	÷ Number of Taps	3472	=	\$11.27
14 2019 Annual Water Rate (monthly rate x 12)					
2019 Annual Water Rate (monthly rate x 12)	\$488.16	÷ MHI	\$37,554	=	1.30%
2019 Annual Water Rate + New Annual Debt Service per Tap	\$499.43	÷ MHI	\$37,554	=	1.33%
15 Current 2019 Monthly User Charge					
Current 2019 Monthly User Charge					\$40.68
Debt Service on DWRF/2019 Taps/month					<u>\$0.94</u>
Total					\$41.62
16 Operation and Maintenance Reserve					
Reserves	\$1,409,393	÷ Operating Expenses	\$1,651,182	=	85%

2020 SRF Disadvantaged Community Criteria Applicant:**Loan Terms**

Amount of Loan:	\$ 1,089,200
Interest Rate:	0.5%
Term (years):	30
Annual Payment:	\$ 39,143

Test Result**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
Current Population	<=	10,000	7,509	Y
Population 10 years ago			7,817	

Primary Factors

P1	MHI (Place)	<=	\$ 55,049	37,554	Y	Range / Geography Policy or Survey if unreliable or geographic mismatch
	Margin of Error (MOE)	±		3,142	OK	
	Reliability (CV)	<=	12.0%	5.1%	Y	
P2	MHV (Place)	<=	\$ 313,600	87,500	Y	Assessor Residential Parcel Data if unreliable or geographic mismatch
	Margin of Error (MOE)	±		14,332		
	Reliability (CV)	<=	12.0%	10.0%	Y	
P3	24 Month Unemployment (County)	>=	4.2%	2.90%	N	
	or 10 Year % Chng. Jobs (County)	<=	0.0%	-7.9%	Y	
	Jobs (2018)			5,670		
	Jobs (2009)			6,158		

Possible Substitute**Priority Factor Count****Secondary Factors**

S1	MHI (County)	<=	\$ 55,049	40,907	Y	Range / Geography Policy if unreliable or geographic mismatch
	Margin of Error (MOE)	±		2,720		
	Reliability (CV)	<=	12.0%	4.1%	Y	
S2	10 Year % Chng. Population	<=	0.00%	-3.94%	Y	
S3	Assessed Value / Housing Unit	<=	\$ 19,939	8,887	Y	
	Assessed Value			34,002,233		
	Total Housing Units			3826		
S4	Current Debt / Tap / MHV	>	1.00%	2.94%	Y	Range / Geography Policy or Survey
ws	Current + Projected Debt/Tap/MHV	>	1.00%	3.30%	Y	
S5	System Full Cost / Tap / MHI	>	2.16%	1.70%	N	Range / Geography Policy or Survey
	Projected Rate @ 110% Coverage	>	2.05%	2.08%	Y	

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

Taps or EQR's	3,498
Total Debt	9,012,997
Principal	668,414
Interest	136,593
Operating Expenses	1,397,566
Operating Transfers Out	402,951
Depreciation	435,407

DWRF DIRECT LOAN CREDIT REPORT

City of Lamar ("The City"), Prowers County

Recommendation:	APPROVAL
Funding Request:	\$1,612,800
Interest Rate & Term:	0%, 30 years
Annual Debt Service:	\$53,760
Pledge:	Water and Sewer System Revenue
Current Rate:	\$36.30
Estimated Rate Increase:	\$0.00

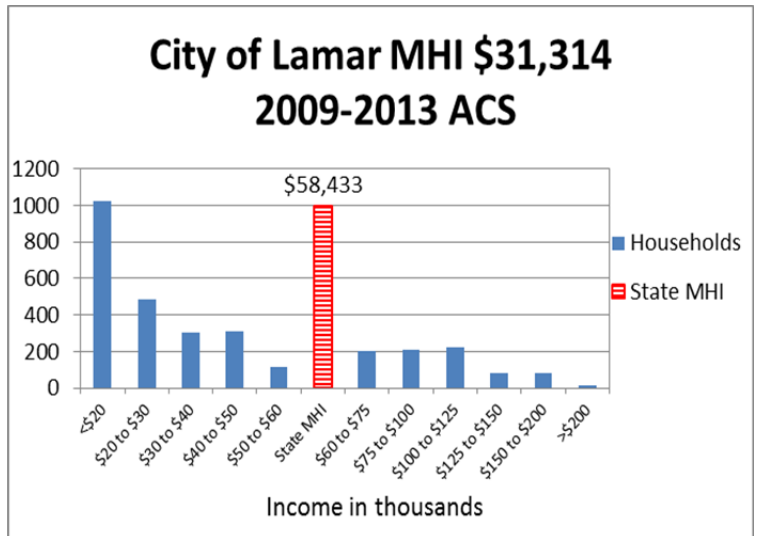
Project Budget	
DWRF Loan:	\$195,500
DWRF Principal Forgiveness:	\$1,417,300
DWRF D&E Grant:	\$112,000
DWRF Planning Grant	\$10,000
EIAF Tier II Grant:	\$1,612,800
EIAF Tier I Grant:	\$112,000
Total	\$3,459,600

PROJECT DESCRIPTION: The project consists of distribution system replacement and improvements to align with the Colorado Department of Transportation (CDOT) road replacement project. The project will replace the distribution and service pipelines along with associated appurtenances.

COMMUNITY PROFILE:

City of Lamar	2010	2011	2012	2013	2014	Avg. Annual Change
City Population	7,792	7,748	7,685	7,610	7,444	-0.91%
Prowers County Population	12,531	12,456	12,361	12,243	11,985	-0.89%
Prowers County Jobs	6,070	6,209	6,026	5,986	5,760	-1.04%
Number of Water Taps	3,486	3,501	3,513	3,447	3,434	-0.30%
Number of Sewer Taps	3,427	3,442	3,387	3,362	3,327	-0.59%
Assessed Value (\$000)	33,375	33,658	34,429	34,348	34,481	0.65%
Actual Value (\$000)	251,265	255,862	255,871	247,397	247,831	-0.27%

BORROWER BRIEF: The City is the Prowers County seat and is located on the Arkansas River.



RECOMMENDATION: The City serves a rural community in northwest Prowers County. This proposed loan is necessary to remove lead service lines, improve water quality, and reduce operation and maintenance costs. The regional economy has been challenging and has not grown significantly in recent years, with both population and job numbers declining. The City has undertaken numerous civic projects, including several large water and sewer capital projects, and has maintained a positive operating ratio for its water and sewer utilities. A rate increase averaging \$13.72 per water tap is planned for 2016, which is estimated to increase annual operating revenue by \$565,575 and allow the City to easily meet the requirements for the proposed debt. We therefore recommend the DWRF Committee approve a \$195,500 direct loan and a \$1,417,300 principal forgiveness loan to the City of Lamar.

PROJECT SUMMARY: The project consists of distribution system replacement and improvements to align with the Colorado Department of Transportation (CDOT) road replacement project. The project will replace the distribution and service pipelines along with associated appurtenances.

System summary: The City is located east of Pueblo in the southeast corner of Colorado, approximately 30 miles from the Kansas border, in northwest Prowers County. The City owns and operates a community water system. The City has a current population of 7,444 people. Modest residential and commercial development is anticipated over the 20-year planning period with a projected population of 9,129 people. The City's population is currently declining. The City's existing water distribution system consists of 6, 8, 12, and 18- inch diameter pipe composed primarily of old asbestos cement and cast iron. Approximately 75% of the existing services under US-287 are lead service lines.

Reason/need: CDOT plans to bid the Lamar Main Street Resurfacing Project in multiple phases beginning in March of 2016. The Water Distribution System Improvement Project consists of replacing all water main, services, fire hydrants, and valves from Lamar Canal Road to Saddle Club Drive. The Project will be constructed during the first two phases of CDOT's Resurfacing Project and will be completed within three years of SRF loan execution. Due to the age and condition of the existing system, replacing the existing mains and services is required in conjunction with the Resurfacing Project. The water infrastructure work must be completed in order to protect the longevity and effectiveness of the water distribution system, improve water quality, and reduce operation and maintenance costs.

System Compliance: The City is in compliance with the Colorado Primary Drinking Water Regulations.

CURRENT INDICATORS:	2012	2013	2014	Weak	Average	Strong
Total Debt per Capita (\$):	1,813	1,577	1,983	___ >\$2,000	<u>X</u> \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			2,008	<u>X</u> >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,966	3,483	4,394	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			4,451	___ >\$5,000	<u>X</u> \$2,500-5,000	___ <\$2,500
Current W&S Debt/Tap (\$):	3,417	3,327	2,991	<u>X</u> >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current W&S + New Water Debt/Tap (\$):			3,048	<u>X</u> >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	40%	35%	44%	___ >50%	<u>X</u> 25-50%	___ <25%
Total Debt + New Water Debt/Assessed Value:			44%	___ >50%	<u>X</u> 25-50%	___ <25%
Total Debt/Actual Value:	5.44%	4.85%	6.09%	___ >10%	<u>X</u> 5-10%	___ <5%
Total Debt + New Water Debt/Actual Value:			6.17%	___ >10%	<u>X</u> 5-10%	___ <5%
Curr. W&S Debt + New Debt/Tap/MHI:			9.73%	___ >20%	___ 10-20%	<u>X</u> <10%
Water & Sewer Fund Current Ratio (CA/CL):	502%	158%	120%	___ <100%	<u>X</u> 100-200%	___ >200%
Water & Sewer Fund Reserves/Current Expense:	176%	32%	11%	<u>X</u> <50%	___ 50-100%	___ >100%
Water & Sewer Operating Ratio (OR/OE):	184%	187%	177%	___ <100%	___ 100-120%	<u>X</u> >120%
Coverage Ratio (TR-OE)/DS:	202%	156%	120%	___ <110%	<u>X</u> 110-125%	___ >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	200%	156%	119%	___ <110%	<u>X</u> 110-125%	___ >125%
Coverage Ratio with New Loan:			119%	___ <110%	<u>X</u> 110-125%	___ >125%
Coverage Ratio with New Loan Excluding Tap Fees:			118%	___ <110%	<u>X</u> 110-125%	___ >125%
Current Annual Rates/MHI:			1.39%	___ >3.0%	___ 1.5-3.0%	<u>X</u> <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.40%	___ >3.0%	___ 1.5-3.0%	<u>X</u> <1.5%
Operation and Maintenance Reserve:			-16%	<u>X</u> <25%	___ 25-50%	___ >50%
TOTAL:			5		12	4

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, four are rated strong, twelve are average and five are considered weak. Overall, the indicators illustrate affordable water rates, limited reserves, and significant amounts of debt relative to the size and property values of the City. The strong indicators show rates as a percent of income to be affordable, and a consistently strong operating ratio. The weak indicators reflect that debt is high on a per capita and per tap basis, and unrestricted reserve amounts need to be increased.

- The water and sewer operating revenues have been strong, ranging from 177% to 187% of operating expenses in the last three years. The water and sewer fund makes annual transfers to the general fund to reimburse for services provided by the general fund.
- Based on 2014 financial information, coverage with the proposed loan is 119% with tap fee revenue and 118% without tap fee revenue. Additional annual revenue is not needed to pay for the proposed loan.
- When the additional revenue of \$565,575 from the planned 2016 rate increase of \$1.91 per tap per month is factored in, coverage with the new loan increases to 182%.
- An operations and maintenance reserve equal to 3 months of annual operating expenses is required for the DWRf program. The City's reserves are calculated by subtracting the water and sewer fund's current assets from its current liabilities. When the restricted assets held in the water and sewer fund for debt service are factored in, reserves as a percent of O&M result in a figure of -16%.
- This project is expected to reduce water loss and reduce system maintenance costs, therefore helping to control long-term operating costs.

Additional Project Financing

On November 25, 2015 a DWRf design and engineering grant in the amount of \$112,000 was awarded. The City was also awarded a \$10,000 DWRf planning grant on July 15, 2015. The City has also been coordinating additional funding for the project with the Department of Local Affairs, and has received two grant awards for this project. On June 8, 2015 the City was awarded an EIAF grant of \$112,000, to help pay for engineering and design and on December 8, 2015 a request for \$1,612,800 was funded to pay for a portion of the construction costs.

DESCRIPTION OF THE LOAN: A \$1,612,800 direct loan with a thirty year term, two payments annually at an interest rate of 0% will cost the City approximately \$6,517 in debt service annually. Using the Census Bureau's 2009-2013 five-year American Community Survey information, the City's MHI is less than 61% of the state's MHI at 54% and meets criteria for a 0% loan under the DWRf Disadvantaged Community Program.

- If principal forgiveness had not been available to support this request, annual debt service of \$53,760 would have been required to repay the requested \$1,612,800 loan.

ECONOMIC ANALYSIS: The City has a 2014 population estimated at 7,444 and the area's employment is dominated by agriculture. Prowers County has experienced a decrease of 17% in population since 2000. Closures of major employers in recent years have eliminated many jobs in the region.

The City's largest employers consist of the City of Lamar with 257 employees, School District RE-2 with 225 employees, Prowers Medical Center with 217 employees, Prowers County government with 193 employees, and the Wal-Mart Super Center with 174 employees.

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 home rule City was incorporated in 1886 and governed by a council/mayor form of government. It provides police and fire protection, water and wastewater, electricity distribution, solid waste, and parks and recreation services. Approximately 14 full-time employees staff the water utility. The water utility is overseen by the water and wastewater supervisor, who reports to the water resources manager, who in turn reports to the city administrator.

- 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 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 the following mandatory items:

- The City must augment its unrestricted operations and maintenance reserve to the required three months.

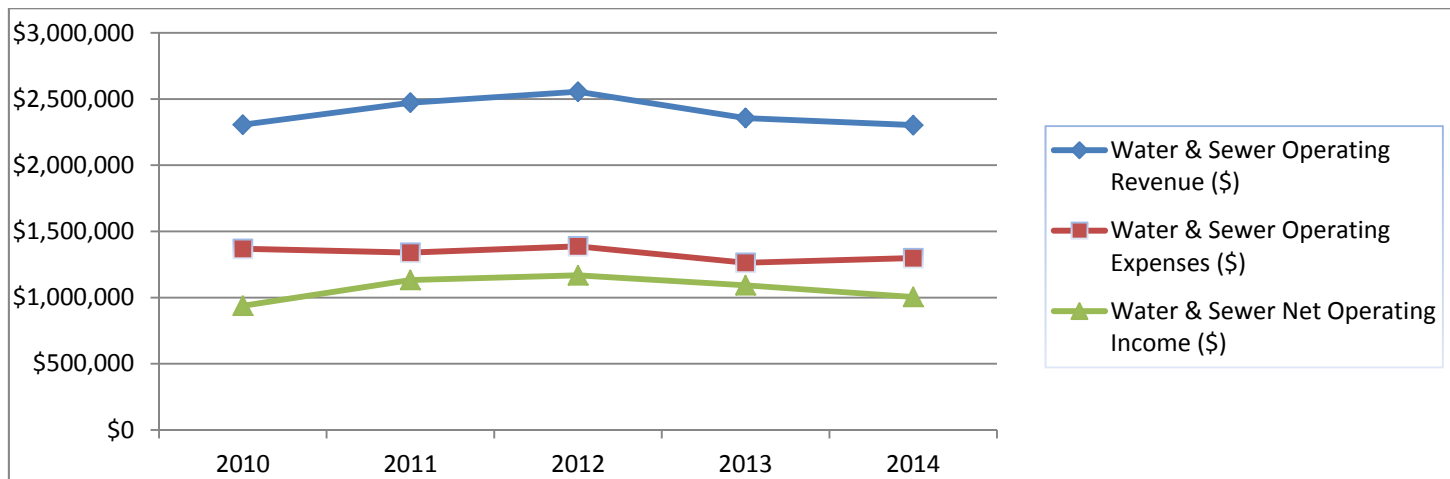
Capital Improvement Plan

As part of the application process, the City submitted a capital improvement schedule, which anticipates capital outlay of \$1,155,000 for other water system upgrades including transmission lines between wells and drainage improvements to be funded from the water and sewer cash reserves.

REVENUE ANALYSIS: Water and sewer operating revenue has been stable in recent years, averaging 98% of total revenue. Small amounts of tap fee revenue have been collected, averaging \$4,426 over the past four years.

TRENDS	2010	2011	2012	2013	2014	2015
Monthly Water Rate (\$)		36.30	36.30	36.30	36.30	36.30
Monthly Sewer Rate (\$)		13.50	13.50	13.50	13.50	13.50
Residential Water Tap Fee (\$)		1,300	1,300	1,300	1,300	1,300
Residential Sewer Tap Fee (\$)		650	650	650	650	650
Total Water & Sewer Revenue (\$)	2,366,359	2,548,166	2,605,363	2,378,469	2,362,493	
Tap/Development Fees (\$)		5,975	6,961	1,300	3,467	
Water & Sewer Operating Revenue (\$)	2,305,992	2,471,936	2,554,904	2,355,790	2,302,336	
Water & Sewer Operating Expenses (\$)	1,367,662	1,338,849	1,386,833	1,262,861	1,297,696	
Water & Sewer Net Operating Income (\$)	938,330	1,133,087	1,168,071	1,092,929	1,004,640	
Water & Sewer Debt (\$)	8,469,465	8,043,386	12,002,206	11,467,471	10,270,276	
Total Debt (\$)	11,024,465	10,263,386	13,931,391	12,004,346	15,087,910	
Water & Sewer Debt Service (\$)	279,330	514,231	604,378	715,714	890,810	
Water & Sewer Debt Service/Tap/Month (\$)	6.68	12.24	14.34	17.30	21.62	
Water & Sewer Fund Reserves (\$)	3,420,601	1,973,981	3,505,564	627,632	238,376	

Ratios	2010	2011	2012	2013	2014	Average
Operating Revenue as % of Total Revenue	97%	97%	98%	99%	97%	98%
Operating Revenue as % of Expenses	169%	185%	184%	187%	177%	180%
Tap Fee Revenue as % of Total Revenue	0.0%	0.2%	0.3%	0.1%	0.1%	0.1%



Recent Rate Increases

The City's most recent rate increase of \$2.22 was implemented in January 2009. A rate increase is being developed for 2016 which is expected to increase annual operating revenues by \$576,575. The increase will raise the facility investment fee by \$0.50 for both water and sewer, add a new volume tier for consumption between 500 and 1,000 cubic feet, and increase the volume charges.

User Charges

The City measures its water for billing purposes based on cubic feet. The City's current residential water rate is estimated at \$36.30 compared to the 2014 estimated state average of \$47.61. The City's average monthly water rate is based on typical residential consumption of 13,484 gallons (1,803 cu. ft.) per month. Residential users pay an \$11.05 base rate up to 3,740 gallons (500 cu. ft.) and a pro-rated volume charge of \$14.40 per 7,480 gallons (1,000 cu. ft.) for consumption above 3,740 gallons. A facility investment fee of \$6.50 is added to every customer's bill. Customers outside the city limits pay double the inside rates, including the facility investment fee.

Commercial customers pay \$29.55 for the same amount of water. Their rate includes the \$11.05 base rate for up to 6,732 gallons (900 cu. ft.) and a pro-rated volume charge of \$14.40 per 7,480 gallons (1,000 cu. ft.) for consumption above 6,732 gallons. A facility investment fee of \$5.50 is added to every customer's bill. Commercial customers outside the city limits pay double this rate.

The City's current average monthly residential sewer rate is \$13.50 compared to the 2014 estimated state average of \$23.11. This rate is comprised of a \$10 flat monthly fee, and a \$3.50 facility investment fee. Residential customers outside the City pay \$20 per month and a \$7.00 facility investment fee.

Contributed Capital

The City's audit does not report tap fee revenues separately from operating revenues, but in its loan application provided details of recent tap fee revenues it has received. Revenue from tap fees has ranged from \$1,300 to \$6,961 and has averaged 0.1% of total water revenue during the last five years. The City's most recent water tap fee increase occurred in 2009.

- Residential and commercial water tap fees start at \$1,300 for a 3/4" water tap plus materials and labor.
- Residential and commercial sewer tap fees start at \$650 for customers with a 3/4" water tap plus materials and labor.

Current System Utilization		
	Usage	Revenue
Residential	54%	56%
Non-residential (per EQR)	46%	44%

Current Fee Summary		
Tap size	Water user/tap fees	Sewer user/tap fees
¾"	\$36.30/\$1,300	\$13.50/\$650
¾"	\$29.55/\$1,300	\$15.50/\$650

DEBT as of December 31, 2014

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2009	Refunding bonds	2019	Water & Sewer	\$690,000	2.5%	\$142,645 – \$205,813
2013	Bank of America	2027	Water & Sewer	\$3,027,664	2.95%	\$270,000 – \$334,000
2009	CWRPDA	2030	Water & Sewer	\$859,416	2.5%	\$68,865
2009	CWRPDA	2030	Water & Sewer	\$2,964,281	0%	\$197,619
2010	CWRPDA	2031	Water & Sewer	\$1,676,367	2.00%	\$123,094
2015	CWCB	2044	Water & Sewer	\$616,994	2.25%	\$28,504
Total:				\$9,834,722		

LOAN COVENANTS: The City will have to meet the Authority's 110% rate covenant, 3 month operation and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis. The City has met the Loan Covenants on its WPCRF direct loan and two DWRP direct loans dated 2010, 2009, and 2009 ARRA, respectively, with the Authority for the last 5 years. The City has also had no debt service payment issues.

Prepared by: Barry Cress
Date: January 7, 2016

Project #: 141511D-I Cost Categories: Transmission & Distribution – 100%

January 7, 2016

**DWRF Credit Report
City of Lamar, Prowers County
Using most recent data available
(Census, audits, local records)**

2013 Population (Estimated)	7,610
Number of Water Taps (or customers) - 2014	3,434
Total 2013 Assessed Valuation	\$34,348,000
Total 2014 Assessed Valuation	\$34,481,000
Actual Value of all Real Property (2013)	\$247,397,000
Actual Value of all Real Property (2014)	\$247,831,000
Median Household Income (MHI)	\$31,314
Monthly Water Rate (2014)	\$36.30
Water Operating Revenue (2014)	\$2,302,336
Water Total Revenue (2014) [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.]	\$2,362,493
Water Tap and System Development Fee Revenue (2014)	\$3,467
Water Operating Expense (2014)	\$1,297,696
Water Current Expense (2014)	\$2,188,506
Water Debt (2014)	\$10,270,276
Total Debt (2014)	\$15,087,910
Water Reserves [2014 current assets minus current liabilities]	\$238,376
All Fund Reserves [2014 current assets minus current liabilities]	\$12,194,020
Water Debt Service (2014)	\$890,810
New Water Debt (requested DWRF loan amount)	\$195,500
Requested DWRF Loan Term	30
Requested DWRF Loan Interest Rate	0.00%
New Loan's Annual Water Debt Service [two payments annually]	\$6,517

Current Indicators (2014)

City of Lamar

(Water and Sewer)

1 Total Debt	\$15,087,910	÷ Population	7,610	=	\$1,983
New Debt	\$195,500	÷ Population	7,610	=	\$26
Total Debt + New Debt	\$15,283,410	÷ Population	7,610	=	\$2,008
2 Total Debt	\$15,087,910	÷ Number of Taps	3,434	=	\$4,394
New Debt	\$195,500	÷ Number of Taps	3,434	=	\$57
Total Debt + New Debt	\$15,283,410	÷ Number of Taps	3,434	=	\$4,451
3 Total Debt	\$15,087,910	÷ Assessed Value	\$34,481,000	=	43.76%
New Debt	\$195,500	÷ Assessed Value	\$34,481,000	=	0.57%
Total Debt + New Debt	\$15,283,410	÷ Assessed Value	\$34,481,000	=	44.32%
4 Total Debt	\$15,087,910	÷ Actual Value	\$247,831,000	=	6.09%
New Debt	\$195,500	÷ Actual Value	\$247,831,000	=	0.08%
Total Debt + New Debt	\$15,283,410	÷ Actual Value	\$247,831,000	=	6.17%
5 Current Water Debt	\$10,270,276	÷ Number of Taps	3,434	=	\$2,991
(Current Water Debt + NewWater Debt)/Number of Taps	\$3,048	÷ MHI	\$31,314	=	9.73%
6 Current Ratio [CA/CL]					
Current Assets	\$1,415,066	÷ Current Liabilities	\$1,176,690	=	120%
7 Reserve/Expense Ratio					
Reserves	\$238,376	÷ Current Expenses	\$2,188,506	=	11%
8 Operating Ratio [OR÷OE]					
Operating Revenues	\$2,302,336	÷ Operating Expenses	\$1,297,696	=	177%

9 Coverage Ratio [(TR - OE)/DS]					
Total Revenues	\$2,362,493	-			
minus Operating Expenses	<u>\$1,297,696</u>				
	=	\$1,064,797	÷ Current Debt Service	\$890,810	= 120%
10 Coverage Ratio Excluding Tap & Development Fee Revenue					
Coverage Ratio Excluding Tap & Development Fee Revenue	\$1,064,797				
minus Tap and Dev. Fee Revenue	<u>\$3,467</u>				
	=	\$1,061,330	÷ Current Debt Service	\$890,810	= 119%
11 Projected Coverage Ratio					
Total Revenues	\$2,362,493				
minus Operating Expenses	<u>\$1,297,696</u>				
	=	\$1,064,797	Total Debt Service (with new loan)	\$897,327	= 119%
12 Projected Coverage Excluding Tap & Dev. Fee Revenue					
Projected Coverage Excluding Tap & Dev. Fee Revenue	\$1,064,797				
minus Tap & Dev. Fee Rev.	<u>\$3,467</u>				
	=	\$1,061,330	Total Debt Service (with new loan)	\$897,327	= 118%
13 Current Debt Service					
Current Debt Service	\$890,810	÷ Number of Taps	3434	=	\$259.41
Annual New Water Debt Service	\$6,517	÷ Number of Taps	3434	=	\$1.90
14 2014 Annual Water Rate (monthly rate x 12)					
2014 Annual Water Rate (monthly rate x 12)	\$435.60	÷ MHI	\$31,314	=	1.39%
2014 Annual Water Rate + New Annual Debt Service per Tap	\$437.50	÷ MHI	\$31,314	=	1.40%
15 Current 2014 Monthly User Charge					
Current 2014 Monthly User Charge					\$36.30
Debt Service on DWRF/2014 Taps/month					<u>\$0.16</u>
Total					\$36.46
16 Operation and Maintenance Reserve					
Reserves	-\$212,840	÷ Operating Expenses	\$1,297,696	=	-16%

SET ASIDE UPDATE
September 24, 2020

Program	Grant Year	Grant Amount	Funds Remaining	% Complete
Admin	1997-2019	\$ 13,754,184	\$ 0	100%
	2009 ARRA	\$ 1,374,080	\$ 0	100%
	2020	\$ 870,200	\$ 0	100%
	Totals	\$ 15,998,464	\$ 0	100%
SSTTA	1997-2017	\$ 6,408,860	\$ 0	100%
	2018	\$ 438,920	\$ 196,262	55%
	2019	\$ 434,820	\$ 434,820	0%
	2020	\$ 435,100	\$ 435,100	0%
	Totals	\$ 7,717,700	\$ 1,066,182	86%
PWSS	2000-2018	\$ 25,195,728	\$ 0	100%
	2019	\$ 2,174,100	\$ 1,521,147	30%
	2020	\$ 2,175,500	\$ 2,175,500	0%
	Totals	\$ 29,545,328	\$ 3,696,647	87%
Cap. Development	1997-2017	\$ 25,391,280	\$ 0	100%
	2018	\$ 2,194,600	\$ 0	100%
	2019	\$ 2,174,100	\$ 1,938,787	11%
	2020	\$ 2,175,500	\$ 2,175,500	0%
	Totals	\$ 31,935,480	\$ 4,114,287	87%
Well Head	1997-2017	\$ 12,969,266	\$ 0	100%
	2018	\$ 1,097,300	\$ 77,267	93%
	2019	\$ 1,087,050	\$ 1,087,050	0%
	2020	\$ 1,087,750	\$ 1,087,750	0%
	Totals	\$ 16,241,366	\$ 2,252,067	86%

Note: All set asides issued in 2014 and later are required to be spent within 3 years from the grant "date of award".



COLORADO
Department of Local Affairs
Division of Local Government

TO: Jim Griffiths and Members of the Board of the CWRPDA
FROM: Desi Santerre, DLG
SUBJECT: Town of Nucla ("the Town") WPCRF Debt Service Deferment Request
DATE: September 15, 2020

Project Budget	
2018 WPCRF Supplemental Loan:	\$250,000
2013 Planning Grant:	\$10,000
2017 Design & Engineering Grant:	\$135,257
2017 EIAF Grant:	\$735,000
2017 WPCRF (full principal forgiveness):	\$600,000
Cash Reserves:	\$33,814
Total:	\$1,764,071

The Town is currently scheduled to make the first debt service payment for their WPCRF loan in November 2020. The project is approximately 81% complete with the final phase to be completed November 2021. The Town has not spent any funds because the Town was awaiting CDPHE approval of their process design report. This approval was received on August 27, 2020. The Town requests a revision of their loan repayment schedule, delaying the first repayment date to November 1, 2021. The debt service amount will not change as a result of this postponement. The Town will eventually need to increase rates by a minimal amount in order to meet coverage ratio requirements because operating expenses have increased since the original analysis, but rates and debt remain affordable for the Town. We therefore recommend the WPCRF Committee approve the Town's request to delay the Town's first debt service payment.

CURRENT INDICATORS:	2018	Weak	Average	Strong
Total Debt per Capita (\$):	88	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Tap (\$):	185	>\$5,000	\$2,500-5,000	X <\$2,500
Current Sewer Debt/Tap (\$):	0	>\$2,000	\$1,000 - 2,000	X <\$1,000
Total Debt/Assessed Value:	1.73%	>50%	25-50%	X <25%
Total Debt/Actual Value:	0.22%	>10%	5-10%	X <5%
Curr. Sewer Debt + New Debt/Tap/MHI:	0.00%	>20%	10-20%	X <10%
Sewer Fund Current Ratio (CA/CL):	820%	<100%	100-200%	X >200%
Sewer Fund Reserves/Current Expense:	140%	<50%	50-100%	X >100%
Sewer Operating Ratio (OR/OE):	99%	X <100%	100-120%	>120%
Coverage Ratio (TR-OE)/DS:	N/A	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	N/A	<110%	110-125%	X >125%
Current Annual Sewer Rates/MHI:	1.23%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:	133%	<25%	25-50%	X >50%
TOTAL:	1	0	10	

Financial Analysis

- In 2018, operating expenses exceeded operating revenue and the coverage ratio was 99%. Operating expenses in 2018 were about \$22,500 higher than 2017, while operating revenues remained about the same.
- The Town states the increased operating expenses are due to increased salaries, insurance, fuel costs, and repairs and replacement of sewer collection lines.
- Effective in July 2020, sewer rates were increased by \$3.00 per tap per month.
- The 2018 WPCRF loan is not reflected in the 2018 audit. When that loan amount of \$250,000 and associated debt service is taken into consideration, the coverage ratio moves to 8%. Additional annual revenue of \$12,791, or \$3.18 per tap per month, will bring the coverage ratio to 110%. After the 2020 rate increase, the per tap increase needed drops to \$0.18 per tap per month.
- The 2018 WPCRF loan is the only debt in the sewer fund. The Town's debt is reasonable compared to population and rates are affordable when compared to MHI.



Wesley Williams

From: clerk.nucla@gmail.com
Sent: Monday, August 10, 2020 2:15 PM
To: Ian Loffert; 'Worker - CDPHE, Erick'
Cc: Jennifer.Petruno@usbank.com; lucy.vang@usbank.com; 'Vue, Yia'
Subject: RE: Town of Nucla Revised Loan Repayment Schedule - Delayed First Payment

Follow Up Flag: Follow up
Flag Status: Completed

Good Afternoon Ian,

I hope this email finds you well.

I am writing to inquire about revising the loan repayment schedule yet again as we have not used any of the funds again this year, I believe mainly due to COVID 19.

We are currently waiting to hear about the final PDR which was submitted in February to CDPH&E and has been assigned to Kristen Harris. However, we do not know when the review process is even scheduled to start al we were told was Kristen would contact us once she started the review.

Please let me know how to proceed as the Town is not in any position to start repaying money we haven't spent.

As well please note that the Town has changed our email addresses and while I still have access to the @NNTCwireless.com address it is not be checked regularly.

Thank you

Have a great day!

Melissa L. Lampshire
Town Clerk/Treasurer
Town of Nucla
320 Main Street, PO Box 219
Nucla, CO 81424
(970)864-7351

Sender and receiver should be mindful that all my incoming and outgoing emails may be subject to the Colorado Open Records Act, § 24-72-100.1, et seq.

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COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

Logan Tower Bldg - Suite 620, 1580 Logan Street, Denver, Colorado 80203-1942
303/830-1550 • Fax 303/832-8205 • info@cwrpda.com

MEMORANDUM

October 2, 2020

TO: Board of Directors and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Ian Loffert, Financial Analyst

RE: Water Pollution Control Revolving Fund ("WPCRF")
Request for Additional Design & Engineering ("D&E") Grant Funds

Colorado's WPCRF loan program provides D&E grants to Disadvantaged Communities ("DACs") for project design and engineering. The Authority Board approved a 2020 WPCRF D&E grant budget of \$1,500,000. Through September 21, 2020, WPCRF D&E grants awarded, executed, or scheduled to execute, totaled \$1,268,629 leaving a remainder of \$231,371. Staff anticipates two additional D&E grants totaling approximately \$450,000 before year-end.

The 2020 WPCRF Federal Capitalization Grant ("Cap Grant") provided a range of 10% (\$1,271,200) to 40% (\$5,084,800) to be used for Additional Subsidy* ("Add Sub"). Staff recommended, and the Board approved, 11.8% (\$1,500,000) of the Cap Grant to be used for Add Sub. Due to demand, Staff is recommending an increase of up to \$300,000 in the 2020 WPCRF D&E grant budget (\$450,000 anticipated D&E - \$231,371 remaining = \$218,629 needed, plus some cushion). Because D&E funds come from Cap Grant Add Sub, Staff is also requesting to increase Add Sub funds by \$300,000, bringing the total requested Add Sub funds to 14.2% of the WPCRF Cap Grant.

2020 WPCRF D&E grants awarded, executed or scheduled to execute:

Town of Bethune	\$146,902
Town of Arriba	\$52,103
Town of Alma	\$238,852
City of Las Animas	\$300,000
Town of Genoa	\$10,000
St. Mary's Glacier WSD	\$300,000
City of Creede	\$220,772
Subtotal – awarded/executed/scheduled to execute:	\$1,268,629
WPCRF 2020 D&E remaining (\$1,500,000 - \$1,268,629):	\$231,371
Town of Julesburg	\$250,000
Town of Naturita	\$200,000
Subtotal – anticipated to be awarded (estimate):	\$450,000
Total:	\$1,718,629
Anticipated Shortage (\$1,500,000 - \$1,718,629)	-\$218,629
Requested amount (Additional Subsidy to be used for D&E grants):	\$300,000

*Additional Subsidy is the portion of the annual WPCRF Capitalization Grant (10% up to 40% in 2020) that states are required to provide as "grant" (also referred to as principal forgiveness). Colorado's WPCRF program uses Add Sub for design and engineering grants as previously approved by the Authority Board.

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

**PROJECT FINANCE COMMITTEE
MEETING AGENDA**

September 28, 2020

Committee meeting at 9:00 a.m.

Via Zoom Conference Call

Project Finance Committee Members: Steve Vandiver (Chair), Webb Jones (ex-officio), Steve Price, George Corkle, Bob Wolff

Authority Staff: Keith McLaughlin, Jim Griffiths, Wes Williams, Ian Loffert, Austin Reichel

Others present: Mark Henderson, Joe McConnell, Desi Santerre, Victor Chen

AGENDA

1. DWRF Loan Application

- City of Lamar Supplemental Loan Request – Austin (**Board Action**)

2. Future Committee Meeting Times (Board Discussion)

Note: A Zoom conference call has been scheduled for Monday, 9:00 a.m. September 28, 2020. The link to join via online is: <https://zoom.us/j/96093646479?pwd=WkNPOFFVbXIxZkozUjwS0hTUTNjdz09>. If you prefer to dial-in, the call-in number is: **1-669-900-6833**, and the Meeting ID is: 960 9364 6479, Passcode: 326304.

**COLORADO WATER RESOURCES &
POWER DEVELOPMENT AUTHORITY**

BOARD PROGRAM WORK SESSION (BPWS) AGENDA

**October 1, 2020
BPWS at 3:00 pm**

Via Zoom meeting

(click this link to join the meeting)

<https://zoom.us/j/92687676131?pwd=eWNGYnNWTUFLMStYWVhFUUVI1dE96dz09>

Meeting ID: 926 8767 6131

Passcode: 116650

OR Call in number: 1-669-900-6833 US

Board Members: Chris Treese (Chair), Webb Jones, Judy Skram, Steve Price, Roy Heald, Bob Wolff, George Corkle, Mike Fabbre and Steve Vandiver

Authority Staff: Keith McLaughlin, Jim Griffiths, Sabrina Speed, Justin Noll, and Wesley Williams.

Others Present: Ron Falco (WQCD), Michael Beck (WQCD), Mark Henderson (WQCD), Scott Olene (DOLA), Desi Santerre (DOLA),

AGENDA

1. Investment Policy Review – discussion and possible action (Jim/Wes)
2. Town of Nucla: WPCRf 2018 Direct Loan – debt service deferment request – discussion and possible action (Wes)
3. Request for Additional WPCRf Design & Engineering Grant Funds – discussion and possible action (Jim/Wes)
4. Set Aside Review - discussion (Mike Beck /Ron Falco)
5. Executive Director Activities/Goals and Progress– discussion (Keith)
6. Policy Resource for the Board – discussion (Keith, Wes)

**BUDGET AND AUDIT COMMITTEE
MINUTES
September 18, 2020
9:00 a.m. Conference Call**

COMMITTEE MEMBERS PRESENT: Judy Skram, Chris Treese, Mike Fabbre, Roy Heald and Web Jones (Ex-officio)

COMMITTEE MEMBERS ABSENT: None

NONCOMMITTEE MEMBERS PRESENT: Steve Vandiver

STAFF: Keith McLaughlin, Justin Noll, Jim Griffiths, Claudia Walters, Valerie Lovato, Jennifer Flores and Rachel Renteria

WQCD GUESTS: Michael Beck, Nicole Rowan and Aimee Konowal

Judy Skram called the meeting to order at 9:01 a.m. Justin Noll presented the proposed agenda items outlined in his notes and the documents included in the mailing to the Committee.

Mr. Noll then called on Mike Beck from the Water Quality Control Division (WQCD) to present their 2021 budget request. Mr. Beck referred to the letter and supporting documentation dated August 21, 2020, from Jennifer Opila. Mr. Beck started with the DWRF program. Mr. Beck stated that the overall budget was reduced by about \$50,000 to reflect strategies implemented to reduce the strain on the DWRF admin fees. Mr. Beck commented on each line item in the DWRF budget highlighting certain cost savings. Mr. Beck next talked about the WPCRF budget for the WQCD. There was a slight increase in the overall WPCRF budget for 2021. Mr. Beck pointed out the projects budget of \$1.3 million and the Disaster Support line item for \$200,000. Mr. Beck noted they have allocated most of the 2020 budget and have spent about 42% of the original amount. Mr. Beck then referred to the Set-Asides budget and noted it covers field services, engineering and compliance. Mr. McLaughlin thanked Mr. Beck for his presentation and willingness to look at tightening their budget now and in the future to ensure the DWRF program remains solvent. Ms. Skram had a question on the projects line item. Mr. Beck referred to the proposed projects section of the budget and noted the project status column that specified whether the proposed project was an existing project or a new project. Mr. Treese asked if other states support as many FTE (Full Time Employees) as Colorado does. Mr. Beck did not know that information off hand but believed CIFA (Council on Infrastructure Financing Authorities) or Region 8 EPA may have that information and would get back to him. Mr. Treese also asked how flexible the WQCD department is to be able to adjust their expenses to account for potentially fewer admin fees coming into the DWRF program. Mr. Beck said they are looking into that issue but mentioned that a lot of their DWRF budget is funded from Set-Asides. Mr. Treese's final question was about whether the Disaster Support / Contingency line item was one or the other or both. Mr. Beck stated that originally it was both but has evolved more to a dedicated Disaster Support line item. Mr. Beck concluded by reminding the board the WQCD Drinking Water Program relies heavily on the Set-Asides to operate and if the drinking water capitalization grants were reduced it would hurt that program significantly.

Ms. Skram thanked Mr. Beck for their presentation and then called on Mr. Noll to discuss the Authority's portion of the budget.

Mr. Noll reviewed the highlights of the Water Operations Fund, the Water Pollution Control Revolving Fund (WPCRF) and Drinking Water Revolving Fund (DWRF). Mr. Noll started with the Water Operations Fund that is made up of the General Authority, Water Revenue Bonds Program (WRBP), Small Hydro Loan Program (SHLP), and the Watershed Protection & Forest Health Program. Mr. Noll stated that COVID-19 and the low interest rate environment played a significant role and made the budget particularly challenging this year. Mr. Noll presented the following line items:

- Investment Interest Income – Money market rates have decreased significantly in 2020. The Fed has stated they will keep rates low in the long term. Therefore, investment interest income is estimated to decrease significantly in 2021.

- The WRBP program – Decrease in bond proceeds because it is estimated the demand on the programs for loans and bonds will be less next year. Jim Griffiths stated that based on the pre-applications they have seen so far this year, the demand for leveraged loans does not seem to be as high next year. It takes approximately 9 months to close a loan from the pre-application meeting and those that have been scheduled are lower in number. This line item and the SRF line items could be revisited if demand seems higher.
- The Water Rights Installment Purchase – The Animas La Plata Water Conservancy District made their final payment in 2020, thus the need to reduce this line item and the miscellaneous income to zero.

Mr. Noll continued by discussing the Authority's personnel costs:

- Salaries - The Authority is estimating a \$68,000 increase in salaries for the 2021 budget. Included in the total is a 4% raise based on employee current salaries and some adjustments for promotions.
- Pension and Healthcare Trust Expense - Mr. Noll stated that the employer contribution percentage will increase to 20.95% in 2021. Of this amount, 1.02% of it goes to the Healthcare Trust Expense. The budgeted numbers are for contributions. The final expenses in the financials will be different because of GASB accounting rules.
- Medical and Dental Insurance & HRA - There will be an increase of \$35,000 to this budget line item for 2021. The increase is due to an estimated 15% average annual increase in premiums. PERACare has let the Authority know it is dropping the Anthem Healthcare option in 2021. The Authority is looking into a potential replacement for this plan. The actual rates were received for the other Healthcare option (Kaiser) and they only increased approximately 1.6%. If the PERACare Kaiser only option is chosen, this line item could decrease. Also included in this line item is \$3,500 per employee for the HRA.

Mr. Noll then discussed the following Outside Services line items:

- General Legal Fees – The Authority will likely spend more than it's budgeted 2020 legal expenses and believes higher legal expenses will continue in 2021. Thus, the budget shows an increase of \$50,000 in 2021.
- Audit and Budgetary Fees – More of a reclassification than an increase in fees. Needed to reclassify audit fees from the SWRP and ALP programs since these programs no longer exist.

Mr. Noll then discussed the following general office expense line items of the budget:

- Office Rent - This line item was increased by \$5,000. The amount budgeted is for the entire floor that includes the space the Colorado Water Congress occupies. The amount budgeted is also the amount we will be paying to the lessor. With the implementation of the GASB Lease rules the final expense on this line item will be different than what is actually paid each year.
- Telephone, Internet Charges – The Authority is budgeting for an increase of \$3,000 for 2021 due to the conference bridge line being more expensive than anticipated. Ms. Skram asked if the Authority had seen internet charges increase since COVID-19 happened? Mr. Noll responded that he had not seen any increase in their internet charges to date.
- Machines - This line item was increased by \$10,000. Since COVID-19 came about the employees at the Authority have been working remotely a majority of the time. In order to work remotely the employees must login from their own devices. While the connection is secure the device may not be, causing a possible security issue. To take the security risk away the Authority is replacing its PC's with laptops the employees can take home to work remotely.
- Computer Software – this line item was increase by \$3,000. Because of COVID-19 the Authority is signing and creating more documents electronically. The increase is for software the Authority will need to meet its growing need to create electronic documents.

Mr. Noll then discussed the following approved projects expense line items of the budget:

- La Plata River Projects Expenses – The Authority will continue to see costs associated with this project until the first fill protocols have been met. This line item might need to be increased before December because of ongoing leakage issues at the dam. Mr. Treese asked what is our percentage allocation of costs in the project? Mr. Noll stated we do not have an allocated percentage of operating and maintenance (O&M) costs, rather we pay for project costs. Mr. McLaughlin stated the Authority has an overall budget for project costs that cover several expenses associated with the dam construction.

Mr. Noll then moved on to the two State Revolving Fund (SRF) program budgets. Mr. Noll noted that most of the line items associated with loans and bonds in both SRF programs decreased as a result of the estimated reduced demand in each program that was discussed earlier in the budget discussion.

- WPCRF program budget:
 - Investment Interest Income - Mr. Noll noted that, similar to the Water Operations budget, money market rates are estimated to be low. Thus, a decrease in investment income is estimated.
 - Bond Proceeds - The Authority expects demand to decrease for leveraged loans in the WPCRF program in 2021. Therefore, the Bond Proceeds line item was reduced to \$20 million.
 - Refunding Bond Proceeds - The Authority continues to evaluate refunding possibilities; thus, the Authority is budgeting \$30 million for a potential refunding bond issue.
 - Administrative Expenses – This line item decreased by \$12,000. This mainly reflects the decrease in WQCD's 2021 budget. These are costs from the Authority, WQCD and DOLA. A more detailed look at these costs is in the budget documentation and the budget request letters from WQCD and DOLA.
 - Leveraged Loans Made - Mr. Noll noted earlier in the presentation the projected decrease in bond issuances. Generally, with a decrease in bonds, leveraged loans will decrease as well. The Leveraged Loans Made line item was decreased to \$50 million to account for this decrease.
 - Project Costs Paid-Direct Loans line item - This line item reflects how the direct loans are budgeted. It is also a difficult item to estimate because the funds a borrower might need over the year so often changes. The Authority tries to be more aggressive with this number just in case there are more draws than expected.
- DWRF program budget: The numbers are different in the DWRF program but have many of the same reasons for adjustments.
 - A decrease is estimated in investment income. Money market rates expected to be low.
 - Bond Proceeds - The Authority expects demand to decrease for leveraged loans in the DWRF program in 2021. Therefore, the Bond Proceeds line item was reduced to \$20 million.
 - Refunding Bond Proceeds - The Authority continues to evaluate refunding possibilities; thus, the Authority is budgeting \$20 million for a possible refunding bond issue.
 - One major difference between the DWRF and the WPCRF is the Set-Asides. The WQCD sets this budget line item. These dollars go to fund the State Drinking Water Program Ron Falco administers at the WQCD.
 - Administrative expenses decreased slightly.
 - A decrease in estimated bond issuances (Bond Proceeds), and related to that, a decrease in estimated leveraged loans (Leveraged Loans Made).
 - Similar to the WPCRF program, direct loans (Project Costs Paid – Direct Loans) are budgeted more aggressively.

This concluded Mr. Noll's report.

Ms. Skram asked Mr. Noll to talk about the Watershed Protection and Forest Health Program. Mr. Noll stated this is a program that has been in the budget for a while but has never had much interest. It was created by the legislature to combat the beetle kill in Colorado forests and later expanded to include additional watershed protections. It was authorized for a 10-year period and the legislature renewed it for another 10 years. It has been difficult for entities to utilize this program due to the difficulties in securing a reliable revenue stream to repay the loan. Mr. McLaughlin noted that the South West Environmental Impact Fund, the board received a presentation on a year ago in Durango, has the best potential to use this program and he is optimistic they will be completing an application sometime next year..

Motion: The Budget and Audit Committee on September 18, 2020, forward the Colorado Water Resources and Power Development Authority's 2021 Draft Budget to the Board of Directors with a favorable recommendation to authorize publication of the budget for public inspection.

Motion By: Judy Skram

Second: Roy Heald

Vote: Motion carried unanimously

Mr. Noll next discussed the engagement letter from BKD, outlining BKD's audit of the Authority's 2020 financial statements. Mr. Noll noted that the letter is similar to past engagement letters. The fees for the 2020 audit engagement are \$95,030. This is an increase of 2.5% over the 2019 engagement as was previously agreed to by both parties. The Authority will pay an added \$2,000 for the additional test work required for the statement the auditors must make to our trustee for requirements in some of the Authority's older bond issues. Mr. Noll noted that a statement was put in the letter to address potential COVID-19 accounting issues.

Motion: To forward BKD's 2020 engagement letter to the full Board of Directors with a favorable recommendation.

Motion: Judy Skram

Second: Roy Heald

Vote: Motion carried unanimously.

Mr. Noll then stated that this was the final year of the 5-year agreement and the 15th year in total the Authority has used BKD for audit services. Mr. Noll asked the B&A committee members and other board members attending to get their thoughts on whether they would like the Authority to do a Request for Proposal (RFP) to solicit bids for new audit services or retain BKD for another term. Mr. Heald stated he does not have any issue with sticking with the same firm. He stated the firm might stay the same, but the individuals performing the audit usually change so it is like a fresh set of eyes looking at things every year. He also noted that it can be difficult to ensure the fees are fair. Mr. Jones stated we are in difficult times with COVID-19 and to make an auditor change at this time would be difficult and might not be the most prudent thing to take on currently. Mr. McLaughlin noted these difficulties and also the fact we have 3 key employees in new positions this year, including himself, so holding off on new auditors would be helpful. Ms. Skram noted that when Northern went out for an RFP for auditors the proposed fees they received were all within \$1,000 of each other. Ms. Skram also noted that a compromise to think about is to have BKD rotate off everyone that has been on the audit, including the partner, to take a completely fresh look.

Mr. McLaughlin concluded the discussion of the Authority's budget with a few general comments regarding upcoming Board committee meetings.

The meeting adjourned at 10:27 a.m.

August 19, 2020

Budget and Audit Committee and Board of Directors
Mr. Keith McLaughlin, Executive Director
Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to the Colorado Water Resources and Power Development Authority (the Authority).

ENGAGEMENT OBJECTIVES AND SCOPE

We will audit the basic financial statements of the Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- ✓ Expressing an opinion on the financial statements
- ✓ Issuing a report on your compliance based on the audit of your financial statements
- ✓ Issuing a report on your internal control over financial reporting based on the audit of your financial statements.
- ✓ Expressing an opinion on your compliance, in all material respects, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that are applicable to each of your major federal award programs
- ✓ Issuing a report on your internal control over compliance based on the audit of your compliance with the types of compliance requirements that are applicable to each of your major federal award programs
- ✓ Issuing a report on your schedule of expenditures of federal awards

In addition, we will examine the Authority's compliance with the requirements outlined in Section 8.04 of the applicable bond resolutions for the DWRF Series 2005AR and WPCRF Series, Series 2001 A, and Series 2005 AR & AR2 for the year ended December 31, 2020.

The objective of our examination is the expression of an opinion in a written report about whether the subject matter is in accordance with (or based on) the criteria, in all material respects. We will also issue a negative assurance letter over compliance with the Authority's debt covenants.

The criteria to be used consists of the requirements outlined in section 8.04 of the Bond Resolution for the DWRF Series 2005AR and WPCRF, Series 2001A, and Series 2005 AR & AR2. Our report is intended solely for the information and use of the Authority and its Trustee and is not intended to be and should not be used by anyone other than these specified parties.

OUR RESPONSIBILITIES

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- ✓ The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.
- ✓ The audit of compliance with the types of compliance requirements described in the OMB, *Compliance Supplement* applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Marcella Ardan, Managing Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Directors of the Authority. You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether the Regulatory Basis Schedules of Revenues, Expenditures and Changes in Funds Available - (non-GAAP Budgetary Basis) and Budget, and all other schedules listed as supplementary information in the table of contents of the Authority's basic financial statements (supplementary information) are fairly stated, in all material respects, in relation to the financial statements as a whole.

We will conduct our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable rather than absolute assurance about whether the subject matter as measured or evaluated against the criteria is free of material misstatement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the examination is properly planned and performed in accordance with the attestation standards.

Our engagement will not include a detailed examination of every transaction and cannot be relied on to disclose all errors, fraud or illegal acts that may exist. However, we will inform you of any such matters, if material, that come to our attention.

We cannot provide assurance that an unmodified opinion will be expressed on the examination. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement. If we discover conditions which may prohibit us from issuing a standard examination report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

YOUR RESPONSIBILITIES

Our audit will be conducted on the basis that management acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities including your federal award programs; and
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and

- c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

To facilitate our attestation engagement, management is responsible for providing a written assertion about the measurement or evaluation of the subject matter against the criteria, supplying us with all necessary information and for allowing us access to personnel to assist in performing our services. It should be understood that management is responsible for the accuracy and completeness of these items for the subject matter and the written assertion(s) referred to above and for selecting and determining the appropriateness of the criteria.

At the conclusion of our attestation engagement, management will provide to us a letter confirming these responsibilities, whether it is aware of any material misstatements in the subject matter or assertion, and that it has disclosed all known events subsequent to the period (or point

in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion.

Management is responsible for establishing and maintaining effective internal control over financial reporting and setting the proper tone; creating and maintaining a culture of honesty and high ethical standards; and establishing appropriate controls to prevent, deter and detect fraud and illegal acts. Management is also responsible for identifying and ensuring compliance with the laws and regulations applicable to your activities and for establishing and maintaining effective internal control over compliance.

OTHER SERVICES

Electronic Submission

We will also complete the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse. We will not make the submission on your behalf. You will review a draft(s) of the submission prior to transmission and agree that you are solely responsible for approving the final draft for transmission as well as for the auditee submission and certification.

We will provide you with the following nonattest services:

- Assisting with the printing and formatting of the financial statements

In addition, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

The fee for our service will be as follows:

Financial Statement and Single Audit	\$	95,030
Attestation Engagement		<u>2,000</u>
Total Fees	\$	<u>97,030</u>

The fee for the financial statement and single audit includes one major program under Uniform Guidance. If a second major program is required to be audited under Uniform Guidance, the fee for that program will be \$9,000.

Our fees above do not include any significant additional time for assistance provided relating to the implementation of new accounting standards or complex transactions entered into by the Authority during the year. Charges for such services will be billed separately.

Our fees do not consider additional efforts related to the SARS-CoV-2 virus and the incidence of COVID-19 environment and the impact of accounting and auditing issues such other-than-temporary impairment of investments, collectability of receivables, compliance with debt agreements, modification of lease terms, additional major programs subject to Single Audit, etc. Such amounts will be billed based on time expended.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

To the extent allowed by governing statutes, and subject to the limitations set forth in the Colorado Governmental Immunity Act, C.R.S. Section 24-10-101 et seq., you agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

You agree to assume full responsibility for maintaining your original data and records and that BKD has no responsibility to maintain this information. You agree you will not rely on BKD to provide hosting, electronic security or backup services, *e.g.*, business continuity or disaster recovery services, to you unless separately engaged to do so. You understand that your access to data, records and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and you will not rely on using this to host your data and records.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

The Authority may wish to include our report on these financial statements in an exempt offering document. The Authority agrees that the aforementioned auditor's report, or reference to our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by the Authority with which we are not involved will clearly indicate that we are not involved by including a disclosure such as, “**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP**, also has not performed any procedures relating to this offering document.”

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report accompanies this letter.

Colorado Water Resources and Power
Development Authority
August 19, 2020
Page 11

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a “duplicate original” of this agreement.

BKD, LLP

Acknowledged and agreed to on behalf of:

**COLORADO WATER RESOURCES AND POWER
DEVELOPMENT AUTHORITY**

BY _____
H. Webster Jones, Chair of the Board

DATE _____

BY _____
Keith McLaughlin, Executive Director

DATE _____



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

Logan Tower Bldg - Suite 620, 1580 Logan Street, Denver, Colorado 80203-1942
303/830-1550 • Fax 303/832-8205 • info@cwrpda.com

MEMORANDUM

September 15, 2020

TO: Judy Skram (Chair), Mike Fabbre, Roy Heald, Chris Treese and
Web Jones (ex-officio)

FROM: Justin Noll, Controller *JN*

RE: Transmittal of the Draft 2021 Budget and Budget Documentation

2021 Draft Budget

Attached are copies of the Draft 2021 Budget, Budget Documentation, and other supporting documents. The Committee will meet via Zoom on **September 18, 2020, at 9:00 a.m.** Certain WQCD staff plan to attend the meeting and will be available for questions from the Committee.

Zoom meeting link: <https://zoom.us/j/92233817182>. **Alternatively, you can use the following call in number to join the meeting: 1-669-900-6833 and use the meeting ID: 922 3381 7182.**

The Board will consider this Draft 2021 Budget at its meeting on October 2nd. During the October meeting, the Board will review the draft budget, including any additional changes, and authorize staff to publish a notice that the draft budget will be available for public inspection. During October and November, the Authority staff will continue to review the budgeted amounts and may propose adjustments to the Board at the December 4, 2020, meeting.

Summarized below are some of the more significant items for your consideration:

1. The budget consists of three sections.
 - Water Operations Fund – Includes the Authority operating revenues and expenses, and the financial activity for the Water Revenue Bonds Program (WRBP), the La Plata River Escrow Fund, the two newer programs – the Small Hydropower Loan Program and the Watershed Protection and Healthy Forests Program.
 - Water Pollution Control Revolving Fund (WPCRF)
 - Drinking Water Revolving Fund (DWRF)
2. The 2021 Draft Budget has been prepared under existing Colorado law.

3. Note that for certain line items the 2020 Estimated Actual Expenditures exceed the Approved Budget amounts and may require amendments to those budgeted amounts. During the coming months, and prior to presenting the 2021 budget for final approval at the December Board meeting, I will update the projected 2020 actual amounts with the most current information. Amendments to the budget will be made in accordance with the Authority's existing policy. Based upon financial information available at this time, the possibility exists that the total budgeted expenditures for certain funds may exceed the total 2020 approved spending group amounts and, therefore, the Authority may be required to republish the 2020 budget for the public inspection process.
4. The "temporary" last column on the right computes the changes between the 2021 and 2020 budget line items. This column is provided for your analysis of the draft budget.
5. In the Water Operations Fund budget, the WRBP bonds/loans budget totals \$20 million. Also, the WRBP program budget includes refunding bonds that may be issued if favorable market conditions develop during 2021. Borrowers continue to prepay their loans. To account for this, an additional amount is added to the loans and bonds budget line items.
6. The SWRP program had its final maturity in November 2019. Therefore, we will not budget any loans or bonds for 2021 in the SWRP program.
7. Interim loans have been a valuable tool allowing borrowers to obtain short-term project funding until the long-term loans can be included in the next bond issue. The expenditure for interim loans made is estimated to be \$12.5 million. Loans are made from Authority cash resources. Any interim loans funded in 2021 are budgeted for repayment the same year, although such loans may carry over into subsequent years (interim loans may be made for up to 2 years).
8. During the 2008 Colorado legislative session, SB 08-221 was passed authorizing the Authority to issue up to \$50 million in "moral obligation" bonds and make loans to communities to mitigate the pine bark beetle infestation in Colorado. To date no applications for funding have been received. This program was scheduled to sunset on July 1, 2013, but the legislature chose to extend this program another 10 years and change the definition of forest health projects to include biomass projects. They also changed the eligibility for forest health project borrowers to include private entities. We have had some interest from some entities in Southwest Colorado on this type of funding.
9. During 2008, the Authority Board approved the implementation of the Small Hydropower Loan Program (SHLP) and the associated matching feasibility grant program. In 2017, the Board chose to make the SHLP a revolving fund. This means loan repayments received will go back into the SHLP program to be loaned out again. Included in the 2021 budget is \$6.0 million for loans and \$66,500 for grants, which includes a possible carryover of prior years' grants. These loans and grants will be funded from the Authority's cash reserves.
10. The 2021 Draft Salary Expense budget increased by \$68,000 from the 2020 budget. The increase is due to raises and potential promotions for 2021. The line item includes an average 4% salary adjustment for existing staff.

11. In 2015, the Authority added the ALP water rights loan and the ALP water rights installment purchase. The budget includes \$195,000 for principal loan repayments and \$57,000 for interest payments on the water rights loan to the City of Durango. There is also a line item for the installment purchase principal and cost recovery (misc. income). The Animas La Plata Water Conservancy District made the final installment purchase in 2020. Therefore, these line items are reduced to zero.
12. Both the WPCRF and the DWRF budgets contain resources and expenditures that are based upon estimates supplied by the Authority's staff, WQCD's staff and DLG's staff, in addition to known amounts from existing loans and bonds. The 2021 budgets are based upon the assumption that the 2021 SRF grants will equal the 2020 grant amounts. Grant amounts for the WPCRF and DWRF programs are difficult to predict because of the uncertainty of the federal budget.
13. The 2021 budgets for the WPCRF & DWRF programs include \$20 million in each respective program for potential bond issues. Amounts have also been included in resources and expenditures for refunding certain series of bonds in both the WPCRF and DWRF programs. Also, included in the Loan Principal Forgiveness line item for both programs are Design & Engineering principal forgiveness loans.

Also, included with your documents is the BKD (Authority's auditors) Engagement Letter for the audit of the 2020 financial statements. The letter outlines BKD's proposed services and includes audit fees totaling \$95,030. The audit fees include the requirement of conducting a Single Audit on one SRF program. At year-end, BKD will conduct a test of federal expenditures to determine whether a Single Audit on both SRF programs is necessary. If both SRF programs are subject to Single Audit testing, BKD's fees will increase by \$9,000. Generally, a single audit on the second program is not necessary. An additional fee of \$2,000 will be included in the 2020 audit engagement for additional attestation services required under certain bond resolutions. One other thing of note, there is a statement in the fees section that talks about additional efforts related to COVID-19 accounting issues.

If you have any questions about these draft budgets, please feel free to contact me at 303-830-1550, extension 1019 or jnoll@cwrpda.com.

Attachments

- 2021 Draft Budget
- 2021 Draft Budget Documentation
- 2021 Summary of Net Resources for Water Operations Fund
- BKD's 2020 Audit Engagement Letter
- WQCD Budget Request Letter dated August 21, 2020, and Attachments
- DLG Budget Request Letter dated August 11, 2020 & August 19, 2019

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 1 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
ESTIMATED RESOURCES:					
Authority Investment Interest Income	723,489.00	261,000.00	670,000.00	69,000.00	(601,000.00)
WPCRF State Match Loan Repayment	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	-
DWRF State Match Loan Repayment	4,000,000.00	4,000,000.00	6,000,000.00	6,000,000.00	-
WRBP Loan Interest Income	5,350,274.00	9,300,000.00	9,300,000.00	3,600,000.00	(5,700,000.00)
WRBP Loan Principal Repayments	1,920,000.00	62,000,000.00	62,000,000.00	13,500,000.00	(48,500,000.00)
WRBP Bond Proceeds	-	7,400,000.00	100,000,000.00	20,000,000.00	(80,000,000.00)
WRBP Refunding Bond Proceeds	-	-	30,000,000.00	30,000,000.00	-
SWRP Loan Interest Income	66,729.00	-	-	-	-
SWRP Loan Principal Payments	2,474,166.00	-	-	-	-
SWRP Refunding Bond Proceeds	-	-	-	-	-
Interim Loan Principal Repayments	-	4,500,000.00	15,000,000.00	12,500,000.00	(2,500,000.00)
Interim Loan Interest Income	-	20,000.00	500,000.00	300,000.00	(200,000.00)
Water Rights Purchase Principal Repayments (Durango)	186,772.00	190,500.00	200,000.00	195,000.00	(5,000.00)
Water Rights Purchase Interest Income (Durango)	59,189.16	60,500.00	60,000.00	57,000.00	(3,000.00)
Water Rights Installment Purchase Principal (ALPWCD)	339,622.00	388,540.00	180,000.00	-	(180,000.00)
Authority Loan Principal Repayments (Cokedale)	4,094.00	4,094.00	4,100.00	4,100.00	-
Small Hydro Loan Principal Payments	347,118.00	430,000.00	425,000.00	465,000.00	40,000.00
Small Hydro Loan Interest Income	132,451.00	170,000.00	200,000.00	200,000.00	-
Watershed Protection & Forest Health Prgm Loan Principal	-	-	1,700,000.00	1,700,000.00	-
Watershed Protection & Forest Health Prgm Loan Interest	-	-	2,000,000.00	2,000,000.00	-
Watershed Protection & Forest Health Prgm Bond Proceeds	-	-	50,000,000.00	50,000,000.00	-
Interest Income- Animas-La Plata Project Fund	37,722.00	-	-	-	-
Interest Income-La Plata Escrow Fund	2,791.00	1,200.00	2,500.00	500.00	(2,000.00)
Income from Sub-Lease (Colorado Water Congress)	23,640.00	44,000.00	50,000.00	45,500.00	(4,500.00)
Miscellaneous Revenue	25,723.00	7,400.00	20,000.00	-	(20,000.00)
TOTAL AVAILABLE RESOURCES	18,693,780.16	91,777,234.00	281,311,600.00	143,636,100.00	(137,675,500.00)
OPERATING EXPENSES:					
<u>BOARD EXPENSES</u>					
Per Diems	10,700.00	16,500.00	18,000.00	18,000.00	-
Travel, Lodging, Meals, etc.	29,812.00	14,300.00	40,000.00	40,000.00	-
Meeting Expenses	14,537.00	5,000.00	20,000.00	20,000.00	-
Memberships	11,144.00	12,100.00	13,000.00	13,000.00	-
Board Insurance	-	-	30,000.00	30,000.00	-
Sub-total	66,193.00	47,900.00	121,000.00	121,000.00	-

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 2 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
<u>SALARIES EXPENSE</u>					
Staff Salaries	1,293,473.00	1,208,000.00	1,257,000.00	1,325,000.00	68,000.00
Temporary Services	-	-	20,000.00	20,000.00	-
Annual Employment Vacation and Sick Leave Accrual	54,519.00	25,000.00	50,000.00	60,000.00	10,000.00
Less: Salaries Allocated to Project Expenses	(34,404.00)	(44,000.00)	(40,000.00)	(37,000.00)	3,000.00
Sub-total	1,313,588.00	1,189,000.00	1,287,000.00	1,368,000.00	81,000.00
<u>EMPLOYEE BENEFITS</u>					
Pension Expense	252,985.00	250,000.00	257,600.00	268,000.00	10,400.00
Healthcare Trust Expense	16,126.00	13,000.00	13,400.00	14,000.00	600.00
Medical and Dental Insurance & HRA	215,692.00	231,000.00	315,000.00	350,000.00	35,000.00
Life and LT Disability Insurance and Unemployment Cost	11,559.00	12,000.00	12,500.00	12,500.00	-
Medicare - Employer's Match	18,159.00	17,300.00	19,000.00	20,000.00	1,000.00
Denver City Tax - Employer's Match	660.00	700.00	800.00	800.00	-
State Workman's Compensation Insurance	1,681.00	1,800.00	4,000.00	4,000.00	-
Tuition Reimbursement	8,527.00	15,000.00	15,000.00	15,000.00	-
Public Transportation Incentive	-	-	1,400.00	1,400.00	-
Sub-total	525,389.00	540,800.00	638,700.00	685,700.00	47,000.00
<u>OUTSIDE SERVICES EMPLOYED</u>					
General Legal Fees	17,888.00	82,000.00	50,000.00	100,000.00	50,000.00
General Consulting Services	7,070.00	6,400.00	50,000.00	50,000.00	-
Audit and Budgetary Fees	6,516.00	8,050.00	8,500.00	13,500.00	5,000.00
Sub-total	31,474.00	96,450.00	108,500.00	163,500.00	55,000.00
<u>EMPLOYEE / ADMINISTRATIVE EXPENSES</u>					
Travel, Lodging, Meals, etc.	12,749.00	6,005.00	14,000.00	14,000.00	-
Registration and Training Fees	3,730.00	4,000.00	7,000.00	7,000.00	-
Contributions & Sponsorships	24,750.00	19,825.00	40,000.00	40,000.00	-
Dues, Subscriptions, and Publications	6,617.00	4,250.00	8,500.00	8,500.00	-
Sub-total	47,846.00	34,080.00	69,500.00	69,500.00	-

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 3 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
GENERAL OFFICE EXPENSES					
Office Rent Expense	162,220.00	219,800.00	232,000.00	237,000.00	5,000.00
Telephone, Internet Charges and Web Site Fees	9,596.00	16,500.00	15,000.00	18,000.00	3,000.00
Postage and Delivery Fees	1,837.00	1,500.00	3,000.00	3,000.00	-
Copying, Printing and Advertising Costs	2,057.00	2,200.00	3,000.00	3,000.00	-
Office Supplies	15,382.00	15,100.00	18,000.00	18,000.00	-
Technical Support Activities	67,666.00	60,400.00	75,000.00	75,000.00	-
Office Insurance	4,582.00	5,300.00	6,000.00	6,000.00	-
Records Retention	4,513.00	5,500.00	6,000.00	6,000.00	-
Sub-total	267,853.00	326,300.00	358,000.00	366,000.00	8,000.00
OFFICE ASSETS EXPENSES					
Furniture and Fixtures	5,606.00	550.00	15,000.00	20,000.00	5,000.00
Machines	29,376.00	16,000.00	20,000.00	30,000.00	10,000.00
Computer Software	11,555.00	13,000.00	20,000.00	23,000.00	3,000.00
Machine Maintenance and Maintenance Contracts	8,864.00	8,500.00	15,000.00	15,000.00	-
Office Improvements	2,769.00	2,000.00	10,000.00	10,000.00	-
Sub-total	58,170.00	40,050.00	80,000.00	98,000.00	18,000.00
OPERATING EXPENSES ALLOCATED TO OTHER FUNDS: WPCRF and DWRF					
Allocated Salaries Expense - WPCRF	(336,342.00)	(382,550.00)	(389,000.00)	(414,000.00)	(25,000.00)
Allocated Employee Benefits - WPCRF	(183,891.00)	(220,000.00)	(242,000.00)	(241,000.00)	1,000.00
Allocated General Overhead Expenses - WPCRF	(119,933.00)	(157,700.00)	(193,000.00)	(173,300.00)	19,700.00
Allocated Salaries Expense - DWRF	(324,064.00)	(327,100.00)	(370,000.00)	(370,000.00)	-
Allocated Employee Benefits - DWRF	(179,522.00)	(188,000.00)	(230,000.00)	(216,000.00)	14,000.00
Allocated General Overhead Expenses - DWRF	(117,675.00)	(134,900.00)	(176,000.00)	(156,200.00)	19,800.00
Sub-total	(1,261,427.00)	(1,410,250.00)	(1,600,000.00)	(1,570,500.00)	29,500.00
SUB-TOTAL: OPERATING EXPENSES	1,049,086.00	864,330.00	1,062,700.00	1,301,200.00	238,500.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 4 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
CAPITAL EXPENSES:					
<u>APPROVED PROJECTS</u>					
Animas-La Plata Expenses	414,162.00	10,750.00	31,500.00	-	(31,500.00)
Small Water Resource Projects Expenses	28,327.00	10,300.00	25,000.00	-	(25,000.00)
Water Revenue Bonds Program Expenses	67,875.00	100,500.00	175,000.00	150,000.00	(25,000.00)
Small Hydroelectric Power Program Expenses	17,822.00	22,000.00	30,000.00	35,000.00	5,000.00
Watershed Protection & Forest Health Program Expenses	38.00	50.00	65,000.00	65,000.00	-
Small Hydroelectric Power Program Planning & Design Grants	18,828.00	35,500.00	140,000.00	66,500.00	(73,500.00)
WPCRF State Match Loan	2,052,264.00	2,542,400.00	2,800,000.00	2,800,000.00	-
DWRF State Match Loan	4,348,200.00	2,493,628.00	4,800,000.00	4,800,000.00	-
La Plata River Projects Expenses	611,286.00	133,000.00	150,000.00	150,000.00	-
Small Hydroelectric Power Loan Draws	1,388,558.00	3,000,000.00	8,500,000.00	6,000,000.00	(2,500,000.00)
Interim Loans	-	4,500,000.00	15,000,000.00	12,500,000.00	(2,500,000.00)
Sub-total	8,947,360.00	12,848,128.00	31,716,500.00	26,566,500.00	(5,150,000.00)
<u>POTENTIAL PROJECTS</u>					
Other Potential Projects	-	-	1,000,000.00	1,000,000.00	-
Sub-total	-	-	1,000,000.00	1,000,000.00	-
<u>SMALL WATER RESOURCES PROJECTS</u>					
SWRP Bond Interest Expense	114,154.00	-	-	-	-
SWRP Bond Principal Payments	2,840,000.00	-	-	-	-
SWRP Bond Issuance Expense	-	-	-	-	-
SWRP Refunding Escrow Payments	-	-	-	-	-
SWRP Refunding Issuance Costs	-	-	-	-	-
SWRP Arbitrage Rebate	-	-	-	-	-
Sub-total	2,954,154.00	-	-	-	-
<u>WATER REVENUE BONDS PROGRAM</u>					
WRBP Bond Interest Expense	5,374,633.00	9,500,000.00	9,500,000.00	3,800,000.00	(5,700,000.00)
WRBP Bond Principal Payments	1,920,000.00	62,000,000.00	62,000,000.00	13,500,000.00	(48,500,000.00)
WRBP Bond Issuance Expense	19,800.00	270,000.00	3,000,000.00	600,000.00	(2,400,000.00)
WRBP Loans Made	-	7,400,000.00	100,000,000.00	20,000,000.00	(80,000,000.00)
WRBP Refunding Escrow Payments	-	-	30,000,000.00	30,000,000.00	-
WRBP Refunding Issuance Costs	-	-	900,000.00	900,000.00	-
Sub-total	7,314,433.00	79,170,000.00	205,400,000.00	68,800,000.00	(136,600,000.00)
<u>WATERSHED PROTECTION & HEALTHY FORESTS PROGRAM</u>					
Watershed Protection & Forest Health Program Bond Interest	-	-	2,000,000.00	2,000,000.00	-
Watershed Protection & Forest Health Program Bond Principal	-	-	1,700,000.00	1,700,000.00	-
Watershed Protection & Forest Health Program Bond COI	-	-	1,500,000.00	1,500,000.00	-
Watershed Protection & Forest Health Program Loans Made	-	-	50,000,000.00	50,000,000.00	-
Sub-total	-	-	55,200,000.00	55,200,000.00	-
SUB-TOTAL:					
CAPITAL EXPENSES	19,215,947.00	92,018,128.00	293,316,500.00	151,566,500.00	(141,750,000.00)
OPERATING and CAPITAL EXPENSES	20,265,033.00	92,882,458.00	294,379,200.00	152,867,700.00	(141,511,500.00)
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	(1,571,252.84)	(1,105,224.00)	(13,067,600.00)	(9,231,600.00)	3,836,000.00
Beginning Water Operations Fund Net Position - January 1	49,061,537.00	47,490,284.16	47,490,284.16	46,385,060.16	(1,105,224.00)
Ending Water Operations Fund Net Position - December 31	47,490,284.16	46,385,060.16	34,422,684.16	37,153,460.16	2,730,776.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER POLLUTION CONTROL REVOLVING FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 5 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
ESTIMATED RESOURCES:					
Net Investment Interest Income	5,251,276.00	2,895,000.00	5,000,000.00	2,200,000.00	(2,800,000.00)
Other Income	-	-	-	-	-
Administrative Fee Income	5,904,434.00	6,350,000.00	7,750,000.00	6,850,000.00	(900,000.00)
Loan Interest Income	6,999,256.00	6,895,000.00	11,450,000.00	8,000,000.00	(3,450,000.00)
Capital Contributions - EPA	11,393,683.00	16,800,000.00	20,300,000.00	14,600,000.00	(5,700,000.00)
Capital Contributions - Colorado State Match	2,052,264.00	2,542,400.00	2,800,000.00	2,800,000.00	-
Loan Principal Repayments	42,692,715.00	42,000,000.00	49,550,000.00	47,800,000.00	(1,750,000.00)
WPCRF Bond Proceeds	10,900,000.00	26,678,000.00	58,275,000.00	20,000,000.00	(38,275,000.00)
Refunding Bond Proceeds	-	-	84,250,000.00	30,000,000.00	(54,250,000.00)
TOTAL AVAILABLE RESOURCES	85,193,628.00	104,160,400.00	239,375,000.00	132,250,000.00	(107,125,000.00)
ESTIMATED EXPENSES:					
Bond Interest Expense	8,618,862.00	10,125,000.00	14,500,000.00	10,300,000.00	(4,200,000.00)
Administrative Expenses*	4,371,302.00	4,400,000.00	4,814,839.00	4,802,407.00	(12,432.00)
Planning Grants to Small Local Governments	49,872.00	30,000.00	180,000.00	120,000.00	(60,000.00)
Authority State Match Loan Payments	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	-
Transfer Administrative Fees to DWRF	223,681.00	171,000.00	328,000.00	305,000.00	(23,000.00)
Bond Principal Payments	23,360,000.00	22,000,000.00	29,000,000.00	25,500,000.00	(3,500,000.00)
Loan Principal Forgiveness	1,275,131.00	900,000.00	3,000,000.00	2,600,000.00	(400,000.00)
Payment To Refunded Bond Escrow	-	-	83,407,500.00	29,700,000.00	(53,707,500.00)
Refunding Bonds Issuance Cost	-	-	842,500.00	300,000.00	(542,500.00)
Other Expenses (Put Agreement Fees, Arbitrage Rebate, Etc.)	-	-	200,000.00	300,000.00	100,000.00
WPCRF Leveraged Loans Made	37,746,700.00	90,360,860.00	175,000,000.00	50,000,000.00	(125,000,000.00)
Project Costs Paid - Direct Loans	16,068,964.00	26,100,000.00	64,500,000.00	46,500,000.00	(18,000,000.00)
Capital Asset Acquisitions	-	-	5,000.00	5,000.00	-
TOTAL WPCRF EXPENSES	94,714,512.00	157,086,860.00	378,777,839.00	173,432,407.00	(205,345,432.00)
*Includes expenses from the WQCD. The Board has approved multiple year, future expenses for the WQCD that are not included in the current year budgeted amount.					
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	<u>(9,520,884.00)</u>	<u>(52,926,460.00)</u>	<u>(139,402,839.00)</u>	<u>(41,182,407.00)</u>	98,220,432.00
Beginning WPCRF Net Position - January 1	430,826,214.00	421,305,330.00	421,305,330.00	368,378,870.00	(52,926,460.00)
Ending WPCRF Net Position - December 31	<u>421,305,330.00</u>	<u>368,378,870.00</u>	<u>281,902,491.00</u>	<u>327,196,463.00</u>	45,293,972.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
DRINKING WATER REVOLVING FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2021 to DECEMBER 31, 2021
 (Page 6 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2019	ESTIMATED CURRENT YEAR 2020	AMENDED BUDGET YEAR 2020	DRAFT BUDGET 2021	Changes
ESTIMATED RESOURCES:					
Net Investment Interest Income	4,104,623.00	1,645,000.00	3,250,000.00	1,315,000.00	(1,935,000.00)
Other Income	-	-	-	-	-
Administrative Fee Income - Loans	4,187,376.00	4,662,500.00	6,600,000.00	5,800,000.00	(800,000.00)
Transfer Administrative Fees from WPCRF	223,681.00	171,000.00	328,000.00	305,000.00	(23,000.00)
Loan Interest Income	2,925,502.00	3,925,000.00	6,400,000.00	4,400,000.00	(2,000,000.00)
Capital Contributions - EPA	18,337,058.00	15,200,000.00	23,200,000.00	18,900,000.00	(4,300,000.00)
Capital Contributions - Colorado State Match	4,348,200.00	2,493,628.00	4,800,000.00	4,800,000.00	-
EPA Grant Set Aside Income	5,326,094.00	5,493,974.00	6,619,047.00	6,723,850.00	104,803.00
Loan Principal Repayments	25,863,336.00	25,300,000.00	29,300,000.00	27,200,000.00	(2,100,000.00)
DWRF Bond Proceeds	5,915,000.00	4,880,000.00	24,750,000.00	20,000,000.00	(4,750,000.00)
Refunding Bond Proceeds	13,315,000.00	-	20,000,000.00	20,000,000.00	-
TOTAL AVAILABLE RESOURCES	84,545,870.00	63,771,102.00	125,247,047.00	109,443,850.00	(15,803,197.00)
ESTIMATED EXPENSES:					
Bond Interest Expense	3,602,691.00	5,125,000.00	7,000,000.00	5,500,000.00	(1,500,000.00)
Administrative Expenses*	2,857,774.00	2,400,000.00	3,431,993.00	3,385,940.00	(46,053.00)
Planning Grants to Small Local Governments	39,032.00	132,000.00	215,000.00	205,000.00	(10,000.00)
Authority State Match Loan Payments	4,000,000.00	4,000,000.00	6,000,000.00	6,000,000.00	-
Bond Principal Payments	39,585,000.00	10,400,000.00	14,000,000.00	11,000,000.00	(3,000,000.00)
Loan Principal Forgiveness	1,159,129.00	4,643,229.00	7,900,000.00	7,600,000.00	(300,000.00)
Payment To Refunded Bond Escrow	23,760,000.00	-	19,800,000.00	19,800,000.00	-
Refunding Bonds Issuance Cost	263,288.00	-	200,000.00	200,000.00	-
DWRF Leveraged Loans Made	24,020,780.00	22,474,748.00	75,000,000.00	50,000,000.00	(25,000,000.00)
Project Costs Paid - Direct Loans	11,292,670.00	36,300,000.00	64,000,000.00	62,000,000.00	(2,000,000.00)
EPA Capitalization Grant Set-Asides (excluding Admin. Exp)	4,485,976.00	4,594,252.00	5,769,047.00	5,873,850.00	104,803.00
Arbitrage Rebate Payments	225,273.00	-	200,000.00	200,000.00	-
Capital Asset Acquisitions	-	-	5,000.00	5,000.00	-
TOTAL DWRF EXPENSES	115,291,613.00	90,069,229.00	203,521,040.00	171,769,790.00	(31,751,250.00)
*Includes expenses from the WQCD. The Board has approved multiple year, future expenses for the WQCD that are not included in the current year budgeted amount.					
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	(30,745,743.00)	(26,298,127.00)	(78,273,993.00)	(62,325,940.00)	15,948,053.00
Beginning DWRF Net Position - January 1	283,090,130.00	252,344,387.00	252,344,387.00	226,046,260.00	(26,298,127.00)
Ending DWRF Net Position - December 31	<u>252,344,387.00</u>	<u>226,046,260.00</u>	<u>174,070,394.00</u>	<u>163,720,320.00</u>	<u>(10,350,074.00)</u>

**2021 APPROVED WATER OPERATIONS FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Authority Investment Interest Income - Income from authorized investments in the State Treasurer's Cash Pool and COLOTRUST (For 2021 - interest rates assumed was 0.5% to 0.8%.)	69,000
WPCRF State Match Loan Repayment - repayment amount of Authority funds loaned to the WPCRF to provide the 20% State Match.	3,000,000
DWRF State Match Loan Repayment - repayment amount of Authority funds loaned to the DWRF to provide the 20% State Match.	6,000,000
WRBP Loan Interest Income - Received from loan recipients	3,600,000
WRBP Loan Principal Repayments - Received from loan recipients	13,500,000
WRBP Bond Proceeds-provides for potential loan activity in the program.	20,000,000
WRBP Refunding Bond Proceeds-includes the potential refunding of certain bond issues,	30,000,000
SWRP Loan Interest Income - Received from borrowers. (Program ended in 2019)	0
SWRP Loan Principal Payments - scheduled loan principal payments from borrowers. Amount includes potential loan prepayments from borrowers. (Program ended in 2019)	0
SWRP Refunding Bond Proceeds-includes the potential refunding of certain bond issues, depending on market conditions and terms established by the insurer, FGIC. (Program ended in 2019)	0
Interim Loan Principal Repayments-assumes any loans made are repaid with the year.	12,500,000
Interim Loan Interest Income - charged only on outstanding balances.	300,000
Water Rights Purchase Principal Repayments - City of Durango took out a \$4 million loan to purchase 3,800 acre ft. of the Authority's water rights in the Animas La Plata Project.	195,000
Water Rights Purchase Interest Income - Interest on the City of Durango loan.	57,000
Water Rights Installment purchase Principal - The Animas La Plata Water Conservancy Districts installment purchase of 500 acre ft. of the Authority's water rights in the Animas La Plata Project. (Paid off in 2020)	0
Authority Loan - The Authority refinanced 2 of Cokedale's loans with DOLA at 0%	4,100
Small Hydro Loan Principal Payments- principal payments annually.	465,000
Small Hydro Loan Interest Income - loan interest on existing and potential loans.	200,000
Watershed Protection & Forest Health Prgm Loan Principal Repayments - new loan program, principal payments annually.	1,700,000
Watershed Protection & Forest Health Prgm Loan Interest - estimated loan interest on potential loans.	2,000,000
Watershed Protection & Forest Health Prgm - Bond Proceeds	50,000,000
Animas-La Plata Project Fund-Interest Income	0
La Plata River Escrow Fund-Interest Income - by contract, fund growth limited to the annual rate of 3%. Earnings in excess of 3% are retained by the Authority. Estimated rate 0.8%	500
Income from Sub-Lease - The Authority will lease the whole floor it is on and sub-lease part of it to the Colorado Water Congress	45,500
Miscellaneous Revenue - Cost Recovery rate received from the ALPWCD water rights Installment purchase.	0
TOTAL AVAILABLE RESOURCES	\$ 143,636,100

OPERATING EXPENSES**BOARD EXPENSES**

Per Diems	Allows for the attendance of nine Board members at seven meetings. Also included is the required PERA match.	\$ 18,000
Travel, Lodging, Meals, etc.	Actual amounts vary depending on member expenses in conjunction with meeting attendance. Included in this item are costs for board meetings held at locations outside of Denver.	40,000
Meeting Expenses	Refreshments, meals, room rental, visual aids, etc., for meetings, including the additional off-site meetings.	20,000
Memberships	Membership dues to Colorado Water Congress, Council of Infrastructure Financing Authorities, Mountain States Employers Council, Colorado Municipal League, and other related associations.	13,000
Board Insurance	Public Official D&O Insurance - Authority is currently self insured due to sharp rise in policy premiums. Should those rates become cost beneficial during the year, a policy may be purchased.	30,000
Sub-total		<hr/> \$ 121,000 <hr/>

SALARIES EXPENSE

Salaries Expense	The amount assumes: fully staffed at 14, and also includes annual staff salary adjustments. The Personnel Committee meets in December to review personnel compensation with the Executive Director. (14 FTE's)	\$ 1,325,000
Employment/Temporary Services	Employment agency fees if a candidate is hired. Also includes Includes costs for temporary help on an as needed basis.	20,000
Annual Employment Vacation and Sick Leave Accrual	To cover accrued annual vacation and sick leave compensation upon termination of employment.	60,000
Less: Salaries Allocated to Project Expenses	Labor costs allocated to other project expenses (Animas-La Plata, Small Water Resources Projects Program, Water Revenue Bonds Program, Small Hydro Loan Program and Bark Beetle Bond Program)	(37,000)
Sub-total		<hr/> \$ 1,368,000 <hr/>

EMPLOYEE BENEFITS

Pension Expense	The Authority's contributions to PERA. The actual expense could be higher. We budget for contributions, not the expense recorded.	\$ 268,000
Healthcare Trust Expense	1.02% of the Authority's portion contributed to PERA. This is a subsidy PERA provides for health insurance to keep premiums down for retiree's. The actual expense could be higher. We budget for contributions, not the expense recorded.	14,000
Medical and Dental Insurance & HRA Plan	Cost includes coverage for staff of 14, and includes a 15% PERACare premium increase. The amount is reduced by the implementation of 20% employee premium cost sharing.	350,000
Employee Insurance	Amount for employees' long term disability, and life insurance, plus Unemployment Provision (self insured).	12,500
Medicare - Employer's Match	Authority must pay 1.45% of gross salary to match the employees' Medicare tax withheld.	20,000
Denver City Tax - Employer's Match	Denver Occupational Tax - The employer's portion of this tax is \$4 / month per employee. City assessed \$50 license fee.	800
State Workman's Compensation Insurance	The amount of coverage, premiums, etc., is set by statute. Includes coverage for nine board members.	4,000

Tuition Reimbursement	Covers cost of tuition for employees who are receiving additional education in order to enhance skills for their positions.	15,000
Public Transportation Incentive	The budgeted amount includes use of public transportation.	1,400
	Sub-total	<u>\$ 685,700</u>
<u>OUTSIDE SERVICES EMPLOYED</u>		
General Legal Fees	General legal services for the Authority. The balance of other legal services are charged to other programs.	\$ 100,000
General Consulting Services	Covers financial, technical and other consulting services for potential projects, legislative issues, employee flex/HRA plan consulting, etc. Also includes fees associated with pre-employment background checks and drug testing.	50,000
Audit and Budgetary Fees	Includes annual audit expenses and budget expenses for the Authority. Audit expenses for WPCRf, DWRF, ALP SWRP & WRBP are incorporated into the respective programs.	\$ 13,500
	Sub-total	<u>\$ 163,500</u>
<u>EMPLOYEE / ADMINISTRATIVE EXPENSES</u>		
Travel, Lodging, Meals, etc.	Includes staff expenses to attend board meetings, workshops, seminars, conferences, and other meetings. Covers additional board meetings to be held at locations outside of Denver.	\$ 14,000
Registration and Training Fees	Registration fees for attending conferences, meetings, workshops, and continuing education classes.	7,000
Contributions & Sponsorships	Funding provided to various organizations (CSU, Water Ed. Foundation, Colorado Water Congress etc), Memorial donations.	40,000
Dues, Subscriptions, and Publications	Dues to professional organizations, periodical, subscriptions, and costs of other published materials.	8,500
	Sub-total	<u>\$ 69,500</u>
<u>GENERAL OFFICE EXPENSES</u>		
Office Rent Expense	Includes rent and parking costs based upon the lease renewal and prorata increase in operating expenses.	\$ 237,000
Telephone and Internet Charges	Phone system equipment lease and monthly fees, internet access and website fees.internet access and website fees.	18,000
Postage and Delivery Fees	Covers postage for all U.S. Mail and Authority deliveries. Federal Express and local delivery service charges are allocated to the various programs as specified.	3,000
Copying, Printing and Advertising Costs	Covers the copying and/or printing costs for stationery, envelopes, business cards, the Authority annual report, any newsletters, brochures and other marketing costs that are not otherwise allocated to the financing programs, by a commercial printer. Also includes advertising for new hires and ads in conference programs.	3,000
Office Supplies	Covers the purchase of standard office supplies, cost of recycling pickup, etc.	18,000
Office Support Activities	Computer hardware/software technical support for local area network, e-mail server, Laserfiche, accounting system.	75,000
Office Insurance	Amount for property, casualty and general liability insurance, plus employee dishonesty coverage.	6,000
Records Retention	Includes off site storage for permanent records, computer software, back-up tapes, and retrieval of boxes.	6,000
	Sub-total	<u>\$ 366,000</u>

OFFICE ASSETS EXPENSES

Furniture and Fixtures	Allows for purchase of additional furniture or fixtures.	\$ 20,000
Machines	Upgrades to IT system including desktop systems, printers, copiers, servers and tablets.	30,000
Computer Software and maintenance plans.	Server operating system upgrades, additional software upgrades, Office 365 and Accounting & Laserfiche agreements.	23,000
Machine Maintenance and Maintenance Contracts	Coverage for copier, postage equipment, telephone system, printers and other equipment or office repairs.	15,000
Office Improvements	Potential costs for miscellaneous improvements to the office space including any significant repairs or modifications.	10,000
Sub-total		<hr/> \$ 98,000 <hr/>
SUB-TOTAL: OPERATING EXPENDITURES		<hr/> \$ 2,871,700 <hr/>

OPERATING EXPENSES ALLOCATED TO OTHER FUNDS:

Allocated Salaries Expense- WPCRF	\$	(414,000)
Allocated Employee Benefits- WPCRF		(241,000)
Allocated General Overhead Expenses - WPCRF		(173,300)
Allocated Salaries Expense- DWRF		(370,000)
Allocated Employee Benefits- DWRF		(216,000)
Allocated General Overhead Expenses - DWRF		(156,200)
		<hr/>
Sub-total	\$	(1,570,500)
		<hr/>
SUB-TOTAL: NET OPERATING EXPENSES	\$	1,301,200

CAPITAL EXPENSES**APPROVED PROJECTS**

Animas-La Plata	Allocated Authority staff time, consulting fees and other direct costs.	\$ -
Small Water Resources Projects	Includes direct and allocated expenses of the SWRP - trustee fees, arbitrage rebate calculations, audit fees, legal fees, consulting fees, miscellaneous direct expenses, allocated labor costs.	-
Water Revenue Bonds Program	Includes Authority expenses allocated to WRBP - trustee fees, arbitrage rebate calculations, allocated labor costs, marketing etc.	150,000
Small Hydroelectric Power Program Expenses	Direct loan program-includes Authority staff time and direct costs associated with implementing and marketing the loan program.	35,000
Watershed Protection & Forest Health Program Expenses	Loan/bond program-includes Authority staff time and direct costs associated with implementing the program.	65,000

Small Hydroelectric Power Program Planning Grants	A program that provides matching grants of up to \$15,000 per entity for assisting in the planning and design of small hydro-power units, prior to applying for a loan from the Authority.	66,500
WPCRF State Match Loans	Moneys to be transferred to the WPCRF to provide for the 20% State Match based upon anticipated 2020 grant award.	2,800,000
DWRF State Match Loans	Moneys to be transferred to the DWRF to provide for the 20% State Match based upon anticipated 2020 grant award.	4,800,000
La Plata River Escrow	The construction of the Long Hollow Dam and Reservoir	150,000
Small Hydroelectric Power Loan Draws	Includes maximum remaining amount of loan funds approved for current year of the program.	6,000,000
Interim Loans	Money from Authority operating cash for all programs as needed. Potential interim loans in 2020	12,500,000
	Sub-total	<hr/> \$ 26,566,500 <hr/>
<u>POTENTIAL PROJECTS</u>		
Other Potential Projects	Unknown at this time.	\$ 1,000,000
	Sub-total	<hr/> \$ 1,000,000 <hr/>
<u>SMALL WATER RESOURCES PROJECTS</u>		
SWRP Bond Interest Expense	Interest expense paid on outstanding bonds.	\$ -
SWRP Bond Principal Payments	Principal paid on outstanding bonds, includes a provision for bond calls related to potential loan prepayments.	0
SWRP Bond Issuance Expense	Bond insurance amortization	0
SWRP Refunding Escrow	Deposit of refunding bond proceeds into escrow to defease selected bonds, if market conditions are favorable.	0
SWRP Refunding Issuance Costs	Costs to issue refunding bonds	0
SWRP Arbitrage Rebate	Potential rebate payable to the IRS.	0
	Sub-total	<hr/> \$ - <hr/>
<u>WATER REVENUE BONDS PROGRAM</u>		
WRBP Bond Interest Expense	Interest expense paid on outstanding bonds.	\$ 3,800,000
WRBP Bond Principal Payments	Principal paid on outstanding bonds.	13,500,000
WRBP Bond Issuance Expense	Implemented GASB 65, directly expense all COI expenses, except bond insurance which is amortized.	600,000
WRBP Loans Made	WRBP Loans anticipated to be made during 2020 for new projects.	20,000,000
WRBP Refunding Escrow	Deposit of refunding bond proceeds into escrow to defease selected bonds, if market conditions are favorable.	30,000,000
WRBP Refunding Issuance	Costs to issue refunding bonds	900,000
	Sub-total	<hr/> \$ 68,800,000 <hr/>

WATERSHED PROTECTION & HEALTHY FORESTS PROGRAM

Watershed Protection & Forest Health Program Bond Interest	Bond interest expense assumes bonds are taxable and are outstanding for a portion of the year.	2,000,000
Watershed Protection & Forest Health Program Bond Principal	Bond principal payments.	1,700,000
Watershed Protection & Forest Health Program Bond Issuance (COI)	Issuance costs relating to potential bonds issued.	1,500,000
Watershed Protection & Forest Health Program Loans Made	Potential loans that may be funded from bond proceeds of the new loan program.	50,000,000
	Sub-total	<u>\$ 55,200,000</u>
SUB-TOTAL: CAPITAL EXPENSES		<u>\$ 151,566,500</u>
TOTAL OPERATING and CAPITAL EXPENSES		<u>\$ 152,867,700</u>
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - WATER OPERATIONS FUND		<u>\$ (9,231,600)</u>
Beginning Water Operations Fund Net Position - January 1, 2021		<u>\$ 46,424,860</u>
Ending Water Operations Fund Net Position - December 31, 2021		<u>\$ 37,193,260</u>

**2021 RECONCILIATION OF WATER OPERATIONS FUND
OPERATING EXPENSES BUDGET**

TOTAL OPERATING EXPENSES PER THE WATER OPERATIONS FUND BUDGET		\$ 1,301,200
ADD BACK OPERATING EXPENSES ALLOCATED TO OTHER PROGRAMS:		
Allocated Salaries Expense- WPCRF		414,000
Allocated Employee Benefits- WPCRF		241,000
Allocated General Overhead Expenses- WPCRF		173,300
Allocated Salaries Expense- DWRF		370,000
Allocated Employee Benefits- DWRF		216,000
Allocated General Overhead Expenses- DWRF		156,200
SUB-TOTAL: OPERATING EXPENSES ALLOCATED TO OTHER PROGRAMS		<u>\$ 1,570,500</u>
TOTAL OPERATING EXPENSES FOR THE WATER OPERATIONS FUND BUDGET BEFORE ALLOCATIONS TO OTHER PROGRAMS		<u>\$ 2,871,700</u>

**2021 APPROVED WATER POLLUTION CONTROL REVOLVING FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Net Investment Interest Income - earned by all accounts in the WPCRF Program	\$ 2,200,000
Administrative Fee Income - Received from loan recipients	6,850,000
Loan Interest Income - Received from loan recipients	8,000,000
Capital Contributions - EPA - Total project and administration expense grant draws	14,600,000
Capital Contributions - Colorado State Match - 20% matching funds transferred to the WPCRF Match Holding Account upon grant award for 2020	2,800,000
Loan Principal Repayments - Received from loan recipients	47,800,000
WPCRF Bond Proceeds - anticipated leveraged loans to:	20,000,000
Refunding Bond Proceeds - refunding would be transacted if market conditions are favorable	30,000,000
TOTAL AVAILABLE RESOURCES	<hr/> \$ 132,250,000 <hr/>

ESTIMATED EXPENSES

Bond Interest Expense - Interest on Clean Water Bonds		\$ 10,300,000
Administrative Expenses - Covers the administrative costs of the following three agencies:		4,802,407
Authority		1,169,300
Allocated Labor/Benefit Costs		655,000
Allocated General Overhead Exp.'s		173,300
Consulting, Inspection and Other Activities		50,000
Legal Fees		50,000
Audit/Accounting Fees		40,000
Trustee Fees		125,000
Arbitrage Rebate Calculations		26,000
Other Direct Expenses		50,000
(Travel, Training, Postage, marketing, etc.)		
WQCD-	Water Quality Control Division FTEs=12.05	3,415,597
DLG -	Colorado Dept. of Local Affairs FTEs=1.25	167,510
	Small and Rural Communities Technical Services Contractor	50,000
Planning Grants to small local governments (Paid from loan admin fees) including 15 grants of \$10,000 each, plus unexpended grants awarded in previous years.		120,000
Authority State Match Loan payments represent the repayment of loan principal to the Authority for providing the 20% State Match. Funds will be provided from the loan administrative fees collected, if available.		3,000,000
Transfer of Administrative Fees to the DWRF - will be used to pay Authority administrative costs not eligible from the Admin set aside, thus freeing up DWRF loan admin fees to provide the state match funds and/or reimbursement of the state match loan.		305,000
Bond Principal Payments - Principal payments on Clean Water Bonds		25,500,000
Loan Principal Forgiveness -Includes potential Design & Engineering (D&E) grants to qualifying borrowers. If not all D&E grants are issued, the remainder of funds will be used to reduce direct loan borrowers principal.		2,600,000
Payment To Refunded Bond Escrow - refunding would be transacted if market conditions are favorable		29,700,000
Refunding Bond Issuance Costs		300,000
Other Expenses - PUT agreement fees, arbitrage rebate payments to US Treasury, etc.		300,000
WPCRF Leveraged Loans Made - Total bond proceeds and State Match provided by the Authority on leveraged loans		50,000,000
Project Costs Paid - Direct Loans - Construction proceeds requested from the fund during the calendar year on direct loans		46,500,000
Capital asset acquisitions		5,000
TOTAL EXPENSES		\$ 173,432,407
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - WATER POLLUTION CONTROL REVOLVING FUND		\$ (41,182,407)
Beginning WPCRF Net Assets - January 1, 2021		\$ 368,378,870
Ending WPCRF Net Assets - December 31, 2021		\$ 327,196,463

**2021 APPROVED DRINKING WATER REVOLVING FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Net Investment Interest Income - earned by all accounts in the DWRF Program	\$ 1,315,000
Administrative Fee Income - Received from loan recipients	5,800,000
Transfer Administrative Fees from WPCRF	305,000
Loan Interest Income - Received from loan recipients	4,400,000
Capital Contributions - EPA - Estimated actual EPA draws to be made	18,900,000
Capital Contributions - Colorado State Match	4,800,000
Set Asides - EPA Draws (including Administrative Expenses)	6,723,850
Loan Principal Repayments - Received from loan recipients	27,200,000
DWRF Bond Proceeds - anticipated leveraged loans to: Potential borrowers not specifically identified	20,000,000
Refunding Bond Proceeds - refunding would be transacted if market conditions are favorable	20,000,000
TOTAL AVAILABLE RESOURCES	<hr/> \$ 109,443,850 <hr/>

ESTIMATED EXPENSES

Bond Interest Expense - Interest on Drinking Water Bonds		\$ 5,500,000
Administrative Expenses - Covers the administrative costs of the following three agencies:		3,385,940
Authority		1,107,000
Allocated Labor/Benefit Costs		586,000
Allocated General Overhead Exp.'s		216,000
Consulting, Inspection and Other Activities		50,000
Legal Fees		50,000
Audit/Accounting Fees		40,000
Trustee Fees		100,000
Arbitrage Rebate Calculations		15,000
Other Direct Expenses		50,000
(Travel, Training, Postage, marketing, etc.)		
WQCD-	Water Quality Control Division	2,086,430
	FTEs= 13.05	
DLG -	Colorado Dept. of Local Affairs	167,510
	FTEs=1.25	
	Small and Rural Communities Technical Services	
	Contractor	25,000
Planning Grants to small local governments (Paid from loan admin fees)		205,000
including 15 grants of \$10,000 each, plus unexpended grants awarded in previous years.		
Authority State Match Loan payments represent the repayment of loan principal to the Authority for providing the 20% State Match. Funds will be provided from the loan administrative fees collected, as available.		6,000,000
Bond Principal Payments - Principal payments on Drinking Water Bonds.		11,000,000
Loan Principal Forgiveness -Includes potential Design & Engineering (D&E) grants to qualifying borrowers. If not all D&E grants are issued, the remainder of funds will be used to reduce direct loan borrowers principal.		7,600,000
Payment To Refunded Bond Escrow - refunding would be transacted if market conditions are favorable		19,800,000
Refunding Bond Issuance Costs		200,000
DWRF Leveraged Loans Made - Total bond proceeds and State Match provided on leveraged loans.		50,000,000
Project Costs Paid - Direct Loans (Construction loan proceeds requisitioned)		62,000,000
EPA Capitalization Grant Set-Asides - Disbursements (excluding administration)		5,873,850
	Well Head Protection	1,087,750
	Small Systems Technical Training (SSTTA)	435,100
	Capacity Development	2,175,500
	Public Water Systems Supervision (PWSS)	2,175,500
Arbitrage Rebate Payments Anticipated		200,000
Capital asset acquisitions		5,000
TOTAL EXPENSES		\$ 171,769,790
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - DRINKING WATER REVOLVING FUND		\$ (62,325,940)
Beginning DWRF Net Assets - January 1, 2021		\$ 226,046,260
Ending DWRF Net Assets - December 31, 2021		\$ 163,720,320

Colorado Water Resources & Power Development Authority
Summary of Net Resources for Water Operations Fund

	Actual Prior Year 2019	Estimated Current Year 2020	Budget Current Year 2020	Proposed Budget 2021
Net Revenues (under) Expenses - Authority	(566,702)	(547,424)	(7,370,100)	(5,927,600)
Net Revenues (under) Expenses - WRBP	(44,159)	(470,000)	(4,100,000)	(1,700,000)
Net Revenues (under) Expenses - Watershed	0	0	(1,500,000)	(1,500,000)
Net Revenues (under) Expenses - La Plata River	(608,495)	(131,800)	(147,500)	(149,500)
Net Resources (under) Expenses	<u>(1,219,356)</u>	<u>(1,149,224)</u>	<u>(13,117,600)</u>	<u>(9,277,100)</u>

Colorado Water Resources & Power Development Authority
Analysis of the Authority's Operations within Water Operations Fund

	Actual Prior Year 2019	Estimated Current Year 2020	Budget Current Year 2020	Proposed Budget 2021
<u>Estimated Resources</u>				
Authority Investment Interest Income	723,489	261,000	670,000	69,000
WPCRF State Match Loan Repayment	3,000,000	3,000,000	3,000,000	3,000,000
DWRF State Match Loan Repayment	4,000,000	4,000,000	6,000,000	6,000,000
Miscellaneous Revenue	25,723	7,400	20,000	0
Total Available Resources	7,749,212	7,268,400	9,690,000	9,069,000
<u>Operating Expenses</u>				
Board Expenses	66,193	47,900	121,000	121,000
Net Salaries Expense	1,313,588	1,189,000	1,287,000	1,368,000
Employee Benefits	525,389	540,800	638,700	685,700
Outside Services Employed	31,474	96,450	108,500	163,500
Employee/Administrative Expenses	47,846	34,080	69,500	69,500
General Office Expenses	267,853	326,300	358,000	366,000
Office Assets Expenses	58,170	40,050	80,000	98,000
Subtotal Operating Expenses	2,310,513	2,274,580	2,662,700	2,871,700
Less: Allocated Operating Expenses	(1,261,427)	(1,410,250)	(1,600,000)	(1,570,500)
Net Operating Expenses	1,049,086	864,330	1,062,700	1,301,200
<u>Approved Projects</u>				
Animas-La Plata Expenses	414,162	10,750	31,500	0
Small Water Resource Projects Expenses	28,327	10,300	25,000	0
Water Revenue Bonds Program Expenses	67,875	100,500	175,000	150,000
Small Hydro Loan Program Expenses	17,822	22,000	30,000	35,000
Small Hydro Planning and Design Grants	18,828	35,500	140,000	66,500
Watershed Bond Program Expenses	38	50	65,000	65,000
WPCRF State Match Loans	2,052,264	2,542,400	2,800,000	2,800,000
DWRF State Match Loans	4,348,200	2,493,628	4,800,000	4,800,000
Total Approved Projects	6,947,516	5,215,128	8,066,500	7,916,500
Potential Projects	0	0	1,000,000	1,000,000
Total Capital Expenses	6,947,516	5,215,128	9,066,500	8,916,500
Total Operating and Capital Expenses	7,996,602	6,079,458	10,129,200	10,217,700
Operating Revenues over Operating and Capital Expenses	(247,390)	1,188,942	(439,200)	(1,148,700)
<u>Other Loans</u>				
Interim Loan Principal Repayments	0	4,500,000	15,000,000	12,500,000
Interim Loan Interest Income	0	20,000	500,000	300,000
Water Rights Purchase Principal	186,772	190,500	200,000	195,000
Water Rights Purchase Interest Income	59,189	60,500	60,000	57,000
Water Rights Installment Purchase	339,622	388,540	180,000	0
Authority Loan Principal Repayments	4,094	4,094	4,100	4,100
Small Hydro Loan Principal Repayments	347,118	430,000	425,000	465,000
Small Hydro Loan Interest Income	132,451	170,000	200,000	200,000
Total Loan Resources	1,069,246	5,763,634	16,569,100	13,721,100
Interim Loans Made	0	4,500,000	15,000,000	12,500,000
Small Hydro Loans Made	1,388,558	3,000,000	8,500,000	6,000,000
Net Other Loans	(319,312)	(1,736,366)	(6,930,900)	(4,778,900)
Net Revenues over Expenses - Including Interim Loans	(566,702)	(547,424)	(7,370,100)	(5,927,600)
Less: State Match Loan Repayment*				(9,000,000)
Estimated Funds Available at 1-1-21				39,306,868
Estimated Funds Available at 12-31-21				24,379,268

*Amount is already figured into Estimated Funds Available 1-1-21

Colorado Water Resources & Power Development Authority
Analysis of Other Operations within Water Operations Fund

	Actual Prior Year 2019	Estimated Current Year 2020	Budget Current Year 2020	Proposed Budget 2021
<u>Water Revenue Bonds Program (WRBP)</u>				
Loan Interest Income	5,350,274	9,300,000	9,300,000	3,600,000
Loan Principal Payments	1,920,000	62,000,000	62,000,000	13,500,000
Bond Proceeds	0	7,400,000	100,000,000	20,000,000
Refunding Bond Proceeds	0	0	30,000,000	30,000,000
Total WRBP Resources	7,270,274	78,700,000	201,300,000	67,100,000
WRBP Bond Interest Expense	5,374,633	9,500,000	9,500,000	3,800,000
WRBP Bond Principal Payments	1,920,000	62,000,000	62,000,000	13,500,000
WRBP Bond Issuance Expense	19,800	270,000	3,000,000	600,000
WRBP Loans Made	0	7,400,000	100,000,000	20,000,000
Refunding (Escrow Payments)	0	0	30,000,000	30,000,000
Refunding Issuance Costs	0	0	900,000	900,000
Total WRBP Expenses	7,314,433	79,170,000	205,400,000	68,800,000
Net WRBP Resources over Expenses	(44,159)	(470,000)	(4,100,000)	(1,700,000)
<u>Watershed Protection & Health Forests Program</u>				
Loan Interest Income	0	0	1,700,000	1,700,000
Loan Principal Payments	0	0	2,000,000	2,000,000
Bond Proceeds	0	0	50,000,000	50,000,000
Total Resources	0	0	53,700,000	53,700,000
Bond Interest Expense	0	0	2,000,000	2,000,000
Bond Principal Payments	0	0	1,700,000	1,700,000
Bond Issuance Costs (COI)	0	0	1,500,000	1,500,000
Loans Made	0	0	50,000,000	50,000,000
Total BBBP Expenses	0	0	55,200,000	55,200,000
Net Resources over Expenses	0	0	(1,500,000)	(1,500,000)
<u>La Plata River Future Projects Escrow</u>				
Interest Income-La Plata Escrow Fund	2,791	1,200	2,500	500
La Plata River Projects Expenses	611,286	133,000	150,000	150,000
Net Resources over Expenses	(608,495)	(131,800)	(147,500)	(149,500)
Estimated cash available at 1-1-21				114,762
Estimated cash available at 12-31-21				(34,738)

Colorado Water Resources & Power Development Authority
Estimated Authority Cash Resources
at December 31, 2020

<u>Existing Cash Plus Known Significant Receipts</u>	<u>07/31/20</u>
Cash - US Bank (Checking Account)	1,177,326
State Treasurers Cash Pool	240,546
COLOTRUST Checking Investment Account	23,328,627
COLOTRUST - Authority Project Accounts	126,307
Receivable from WPCRF	1,069,606
Receivable from DWRF	827,350
Estimated investment income before YE	
State Treasurers Cash Pool-Self Insurance Fund	1,510,245
Designated	<u>(1,500,000)</u>
Undesignated	10,245
COLOTRUST SWRP DSRF	8,626,797
	<u>(8,500,000)</u>
	126,797
State Match Loan Receipt from WPCRF	2,768,106
State Match Loan Receipt from DWRF	10,591,958
I Loan Receivable	0
COLOTRUST - I Loan Projects	<u>0</u>
Subtotal Cash	40,266,868
Less: Estim operating expenses remaining for 2020	(1,000,000)
Less: Possible SHLP Loan	0
Less: WPCRF State Match	0
Less: DWRF State Match	0
Less: Transfer to La Plata Escrow	0
Estim interest - Aug to Dec	40,000
Estimated Funds Available at 1-1-20	<u><u>39,306,868</u></u>
Other Estimated Cash Balances	
La Plata River Escrow Fund at 7-31-19	164,162
Estimated draws Aug - Dec	(50,000)
Transfer from Authority	0
Estimated Interest	<u>600</u>
Estimated Funds Available at 1-1-20	114,762

August 19, 2020

Budget and Audit Committee and Board of Directors
Mr. Keith McLaughlin, Executive Director
Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to the Colorado Water Resources and Power Development Authority (the Authority).

ENGAGEMENT OBJECTIVES AND SCOPE

We will audit the basic financial statements of the Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- ✓ Expressing an opinion on the financial statements
- ✓ Issuing a report on your compliance based on the audit of your financial statements
- ✓ Issuing a report on your internal control over financial reporting based on the audit of your financial statements.
- ✓ Expressing an opinion on your compliance, in all material respects, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that are applicable to each of your major federal award programs
- ✓ Issuing a report on your internal control over compliance based on the audit of your compliance with the types of compliance requirements that are applicable to each of your major federal award programs
- ✓ Issuing a report on your schedule of expenditures of federal awards

In addition, we will examine the Authority's compliance with the requirements outlined in Section 8.04 of the applicable bond resolutions for the DWRF Series 2005AR and WPCRF Series, Series 2001 A, and Series 2005 AR & AR2 for the year ended December 31, 2020.

The objective of our examination is the expression of an opinion in a written report about whether the subject matter is in accordance with (or based on) the criteria, in all material respects. We will also issue a negative assurance letter over compliance with the Authority's debt covenants.

The criteria to be used consists of the requirements outlined in section 8.04 of the Bond Resolution for the DWRF Series 2005AR and WPCRF, Series 2001A, and Series 2005 AR & AR2. Our report is intended solely for the information and use of the Authority and its Trustee and is not intended to be and should not be used by anyone other than these specified parties.

OUR RESPONSIBILITIES

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- ✓ The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.
- ✓ The audit of compliance with the types of compliance requirements described in the OMB, *Compliance Supplement* applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Marcella Ardan, Managing Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Directors of the Authority. You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether the Regulatory Basis Schedules of Revenues, Expenditures and Changes in Funds Available - (non-GAAP Budgetary Basis) and Budget, and all other schedules listed as supplementary information in the table of contents of the Authority's basic financial statements (supplementary information) are fairly stated, in all material respects, in relation to the financial statements as a whole.

We will conduct our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable rather than absolute assurance about whether the subject matter as measured or evaluated against the criteria is free of material misstatement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the examination is properly planned and performed in accordance with the attestation standards.

Our engagement will not include a detailed examination of every transaction and cannot be relied on to disclose all errors, fraud or illegal acts that may exist. However, we will inform you of any such matters, if material, that come to our attention.

We cannot provide assurance that an unmodified opinion will be expressed on the examination. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement. If we discover conditions which may prohibit us from issuing a standard examination report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

YOUR RESPONSIBILITIES

Our audit will be conducted on the basis that management acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities including your federal award programs; and
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and

- c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

To facilitate our attestation engagement, management is responsible for providing a written assertion about the measurement or evaluation of the subject matter against the criteria, supplying us with all necessary information and for allowing us access to personnel to assist in performing our services. It should be understood that management is responsible for the accuracy and completeness of these items for the subject matter and the written assertion(s) referred to above and for selecting and determining the appropriateness of the criteria.

At the conclusion of our attestation engagement, management will provide to us a letter confirming these responsibilities, whether it is aware of any material misstatements in the subject matter or assertion, and that it has disclosed all known events subsequent to the period (or point

in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion.

Management is responsible for establishing and maintaining effective internal control over financial reporting and setting the proper tone; creating and maintaining a culture of honesty and high ethical standards; and establishing appropriate controls to prevent, deter and detect fraud and illegal acts. Management is also responsible for identifying and ensuring compliance with the laws and regulations applicable to your activities and for establishing and maintaining effective internal control over compliance.

OTHER SERVICES

Electronic Submission

We will also complete the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse. We will not make the submission on your behalf. You will review a draft(s) of the submission prior to transmission and agree that you are solely responsible for approving the final draft for transmission as well as for the auditee submission and certification.

We will provide you with the following nonattest services:

- Assisting with the printing and formatting of the financial statements

In addition, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

The fee for our service will be as follows:

Financial Statement and Single Audit	\$	95,030
Attestation Engagement		<u>2,000</u>
Total Fees	\$	<u>97,030</u>

The fee for the financial statement and single audit includes one major program under Uniform Guidance. If a second major program is required to be audited under Uniform Guidance, the fee for that program will be \$9,000.

Our fees above do not include any significant additional time for assistance provided relating to the implementation of new accounting standards or complex transactions entered into by the Authority during the year. Charges for such services will be billed separately.

Our fees do not consider additional efforts related to the SARS-CoV-2 virus and the incidence of COVID-19 environment and the impact of accounting and auditing issues such other-than-temporary impairment of investments, collectability of receivables, compliance with debt agreements, modification of lease terms, additional major programs subject to Single Audit, etc. Such amounts will be billed based on time expended.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

To the extent allowed by governing statutes, and subject to the limitations set forth in the Colorado Governmental Immunity Act, C.R.S. Section 24-10-101 et seq., you agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

You agree to assume full responsibility for maintaining your original data and records and that BKD has no responsibility to maintain this information. You agree you will not rely on BKD to provide hosting, electronic security or backup services, *e.g.*, business continuity or disaster recovery services, to you unless separately engaged to do so. You understand that your access to data, records and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and you will not rely on using this to host your data and records.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

The Authority may wish to include our report on these financial statements in an exempt offering document. The Authority agrees that the aforementioned auditor's report, or reference to our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by the Authority with which we are not involved will clearly indicate that we are not involved by including a disclosure such as, “**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP**, also has not performed any procedures relating to this offering document.”

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report accompanies this letter.

Colorado Water Resources and Power
Development Authority
August 19, 2020
Page 11

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a “duplicate original” of this agreement.

BKD, LLP

Acknowledged and agreed to on behalf of:

**COLORADO WATER RESOURCES AND POWER
DEVELOPMENT AUTHORITY**

BY _____
H. Webster Jones, Chair of the Board

DATE _____

BY _____
Keith McLaughlin, Executive Director

DATE _____

Report on the Firm's System of Quality Control

To the Partners of
BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.



Baton Rouge, Louisiana
October 6, 2017

August 21, 2020

Mr. Keith McLaughlin, Executive Director
Colorado Water Resources and Power Development Authority
1580 Logan Street
Denver, Colorado 80203

Re: 2021 Water Quality Control Division Budget

Dear Mr. McLaughlin,

The 2021 Water Quality Control Division budget is being submitted in accordance with the memorandum of agreements for consideration by the Colorado Water Resources and Power Development Authority Board of Directors. Attached are several spreadsheets detailing information for the Drinking Water Revolving Fund (DWRF), the Water Pollution Control Revolving Fund (WPCRF), and the Drinking Water Set-Asides.

Personal Services

In order to level out expenditures on the drinking water admin fees while we work through future recommendations, the drinking water personal service budget request has been reduced slightly for 2021. The clean water personal service budget request also remains relatively flat for 2021. This line item request covers employee's salaries, health, life and dental benefits (4% Federal Grant/Loan Admin Fees).

Operating Costs

- DWRF operating, travel, and document storage costs remain the same as 2020-\$32,288 (\$16,913 4% Federal Grant and \$15,375 Loan Admin Fees).
- WPCRF operating, travel, and document storage costs remain the same as 2020-\$37,852 (\$20,342 4% Federal Grant and \$17,510 from Loan Admin Fees).

Information Management Projects and OIT Contract Services(50% WPCRF and 50% DWRF Admin Fees)

- Colorado Environmental Online System (CEOS) remains the same as 2020-\$60,000. This funding is for the SRF portion of the annual operating expense along with funding to support any additional system improvements as needed.

DWRF and WPCRF Program Activities

The programs activity budget requests remain the same as 2020 and are submitted per the memorandum of agreements. Also attached is a list of proposed WPCRF projects that the division will consider in 2021.

Drinking Water Set Asides

The Drinking Water Set Aside budgets are included in the attached spreadsheet and are consistent with EPA approved work plans.

Michael Beck, Nicole Rowan, Ron Falco and I are available to meet with you, your staff and the Budget Committee to review our budget request and answer questions. I appreciate the work you, staff, the Board, and the Water Quality Control Commission have done over the years which has led to a more coordinated approach for funding the water quality priorities in the State of Colorado.

Sincerely,



Jennifer Opila, Interim Director
Water Quality Control Division

Cc: Nicole Rowan, CDPHE
Ron Falco, CDPHE
Michael Beck, CDPHE
Aimee Konowal, CDPHE
Justin Noll, CWRPDA
Bina Desai, CDPHE
Anna, Provencher, CDPHE

Attachments: Drinking Water Revolving Fund Budget
Water Pollution Control Revolving Fund Budget
Drinking Water Set Asides Budget
2021 Proposed WPCRF Project List





Drinking Water Revolving Fund 2021 Budget Request

	2020 Approved Budget	CY2021 Request
<u>Personal Services/Fringe Benefits</u>	\$ 1,589,998 13.05 FTE	\$ 1,551,218 13.05 FTE
Fringe is included in salary figures. The percentage of basic salary varies depending on benefits selected by each employee. May include any of the following: Health, life, disability and dental.		
4% Federal Grant	\$ 496,439	\$ 484,331
Loan Admin Fees	\$ 1,093,559	\$ 1,066,887
<u>DWRF Admin Activities</u>	\$ 150,000	\$ 150,000
Excellence Program *	\$ 150,000	\$ 150,000
4% Federal Grant		
Loan Admin Fees	\$ 150,000	\$ 150,000
<u>Operating & Travel</u>	\$ 32,288	\$ 32,288
General O&T	\$ 32,288	\$ 32,288
4% Federal Grant	\$ 16,913	\$ 16,913
Loan Admin Fees	\$ 15,375	\$ 15,375
<u>Information Management Projects</u>	\$ 30,000	\$ 30,000
CEOS	\$ 30,000	\$ 30,000
4% Federal Grant		\$
Loan Admin Fees	\$ 30,000	\$ 30,000
<u>Indirect</u>	\$ 334,960	\$ 322,924
Approved Federal Rates:		
on-site 19.8%		
off-site 14.5%		
flow-thru 2.3%		
4% Federal Grant	\$ 103,184	\$ 99,246
Loan Admin Fees	\$ 231,776	\$ 223,678
Total	\$ 2,137,246	\$ 2,086,430
Total 4% Federal Grant	\$ 616,536	\$ 600,490
Total Loan Admin Fees	\$ 1,520,710	\$ 1,485,940

*The proposed project has been reviewed by the WQCD and determined to be eligible under the EPA's fee guidance for allowable uses of administrative



Water Pollution Control Revolving Fund 2021 Budget Request

	<u>2020 Approved Budget</u>	<u>CY2021 Request</u>
<u>Personal Services/Fringe Benefits</u>	\$ 1,479,059 12.05 FTE	\$ 1,484,086 12.05 FTE
Fringe is included in salary figures. The percentage of basic salary varies depending on benefits selected by each employee. May include any of the following: Health, life, disability and dental.		
4% Federal Grant	\$ 496,439	\$ 509,204
Loan Admin Fees	\$ 982,620	\$ 974,882
<u>Operating & Travel</u>	\$ 37,852	\$ 37,852
General O&T	\$ 37,852	\$ 37,852
4% Federal Grant	\$ 20,342	\$ 20,342
Loan Admin Fees	\$ 17,510	\$ 17,510
<u>WPCRF Admin Activities</u>	\$ 1,500,000	\$ 1,500,000
Program Priority Projects*	\$ 1,300,000	\$ 1,300,000
Disaster Support/Contingency	\$ 200,000	\$ 200,000
4% Federal Grant		
Loan Admin Fees	\$ 1,500,000	\$ 1,500,000
<u>Information Management Projects</u>	\$ 30,000	\$ 30,000
CIMPLE/SRF Lean Implementation	\$ 30,000	\$ 30,000
4% Federal Grant		
Loan Admin Fees	\$ 30,000	\$ 30,000
<u>Indirect</u>	\$ 362,179	\$ 363,659
Approved Federal Rates:		
on-site 19.8%		
off-site 14.5%		
flow-thru 2.3%		
4% Federal Grant	\$ 103,873	\$ 104,850
Loan Admin Fees	\$ 258,306	\$ 258,809
<u>Total</u>	\$ 3,409,090	\$ 3,415,597
Total 4% Federal Grant	\$ 620,654	\$ 634,396
Total Loan Admin Fees	\$ 2,788,436	\$ 2,781,201

*The proposed projects have been reviewed by the WQCD and determined to be eligible under the EPA's fee guidance for allowable uses of administrative fees.

Attachment

DWRF Grant Set Aside Budget for 2021

WQCD - to supply amounts in yellow shaded cells

Authority Supplied Data

Non Admin Set Aside Programs	2019	2020	2021	Change	Pct Change
Well Head Protection	750,000	1,181,589	1,087,750	(93,839)	-7.9%
Small Systems Technical Training (SSTTA)	260,000	391,465	435,100	43,635	11.1%
Capacity Development	1,900,000	1,922,744	2,100,500	177,756	9.2%
Capacity Development - SWAP Component	110,000	51,676	75,000	23,324	45.1%
Public Water Systems Supervision (PWSS)	3,040,000	2,221,573	2,175,500	(46,073)	-2.1%
Subtotal Set Asides (excl. admin)	6,060,000	5,769,047	5,873,850	104,803	1.8%
Administration	850,000	850,000			
Total Set Aside Expenses	6,910,000	6,619,047	-	(6,910,000)	

Enter Estimates Below

	Original Budget	2020 7/31/20 Actual-below	8-1 to 12-31 Projected	Estimated Total 2020	Estimated Under(Over)
Well Head Protection	1,181,589	228,521.88	724,545	228,522	953,067
Small Systems Technical Training (SSTTA)	391,465	56,528.70	278,408	56,529	334,936
Capacity Development	1,974,420	287,995.16	\$1,346,754	287,995	1,686,425
Public Water Systems Supervision (PWSS)	2,221,573	550,073.68	1,121,426	550,074	1,671,499
	5,769,047	1,123,119.42	3,471,132	1,123,119	4,645,928
Administration	850,000	528,199.31	371,523	899,722	(49,722)
Total set aside grant income	6,619,047	1,651,318.73	371,523	2,022,841	4,596,206

	2020 Cash Receipts	2019 Exp Accrual	2020 YTD Exp
Well Head Protection	677,924.12	(449,402.24)	228,521.88
Small Systems Technical Training (SSTTA)	95,823.83	(39,295.13)	56,528.70
Capacity Development	1,032,760.57	(744,765.41)	287,995.16
Public Water Systems Supervision (PWSS)	1,713,082.93	(1,163,009.25)	550,073.68
	3,519,591.45	(2,396,472.03)	1,123,119.42
Administration	854,464.93	(326,265.62)	528,199.31
	4,374,056.38	(2,722,737.65)	1,651,318.73



COLORADO

Water Quality Control Division
Department of Public Health & Environment

2021 Proposed Projects

Project Scope	Project Status	Project Goal / Anticipated Deliverables	Estimated Amount
Standards Discharger Specific Variance (DSV) Support	Existing Project	This effort is to continue to support the development of discharger specific variances (DSV). The work in 2021 includes the development of ammonia DSVs for small lagoon systems.	\$125,000
Measureable Results Program (MRP)	Existing Project	This project support long standing work and analytical funding for the Measureable Results Program that evaluates SRF funded projects. Funding is used to support lab analyses, field time and travel.	\$100,000
SWAP	Existing Project	This project is the annual contract for Colorado Rural Water to support the state's Source Water Protection.	\$150,000
eRAMS modules maintenance and development.	Existing Project	Develop assessment and maintain tools to be used widely through the integration of baseline code into eRAMS for long-term Reg 85 nutrient data analysis and reporting. The anticipated deliverables are: development of new, priority modules; modules that are current, user-friendly and accessible; systematic troubleshooting to resolve any reported issues with use of the modules; outreach events to promote the use of the tools; and server space to house the tools.	\$90,000
TMDL data collection and analysis support	Existing Project	Support on-going data and analysis needs for TMDL development and implementation. The anticipated deliverables are: sampling and analysis plans; data; statistical tools; model input, model development, model runs for new scenarios.	\$150,000
Roadmap Treatment Competition/Synergy Study	New Project	A key consideration of the WQ roadmap is the complexity of treatment necessary to meet the ammonia, selenium, and nutrient criteria that will be adopted in 2027. Since treatment processes for all of these pollutants are interrelated, planning for only one parameter at a time may result in more inefficiencies (i.e. capital, treatment, infrastructure, and personnel resources) than planning for all aspects at once. Alternately, addressing all parameters at once may require capital expenditures that exceed available budget capacities. This work will provide a better understanding of these complexities and provide resources	\$50,000

		and guidance to assist systems in meeting permit limits as soon as possible.	
Temperature monitoring and analysis	New Project	There are areas across the state where temperatures are exceeding the adopted temperature standards. More information is needed to understand these areas. This study would focus on real time temperature monitoring stations and doppler flow equipment.	\$50,000
Nonpoint source water quality public perception survey	New Project	The goal of this project is to update NPS water quality public perception survey/focus group information in order to inform implementation of the NPS management plan. The NPS program has conducted water quality public perception surveys every five to seven years to help identify opportunities to connect with the public regarding nonpoint source pollution reduction to help inform how we market the NPS program and how we distribute our funding for local NPS projects. It has been five years since our last survey. The anticipated deliverables are survey and focus group results and an analysis of how survey and focus group results have changed over time.	\$150,000
NPS and TMDL modeling support	New Project	This project will assess selenium and nutrient loading in the Arkansas River Basin hydrologic system due to changes in management practices and climate. Selenium and nutrient concentration (mg/L) and loading (kg/day) will be assessed for soil water, groundwater, river water, and reservoir water. Management practices such as reduced fertilizer loading, reduced irrigation volumes (i.e. improved irrigation efficiency), enhanced riparian buffer zones, canal sealing, land fallowing, and agricultural runoff treatment will be assessed. Future climate scenarios will be a combination of downscaled global climate model data (precipitation, temperature) and simulated wet and dry periods that mimic historical conditions.	\$75,000
NPS outreach	New Project	This project will focus on building a partnership with Rocky Mountain Restoration Initiative to build NPS priority outreach messaging.	\$50,000
WQ Roadmap: Ammonia	New Project	These studies will support effort to develop and implement statewide ammonia criteria per the Roadmap in 2027. More information is needed to understand ammonia sensitive species distribution and preferences throughout Colorado. Deliverables scoped to	\$80,000

include eDNA profile development, modeling to determine potentially suitable habitat, literature reviews to understand host species, and analytical work to support division sampling efforts.

Standards Development	New Project	These studies will support a better understanding of ephemeral waters in Colorado. Deliverables include the development of appropriate sampling methods for resident species, gear to support biological and flow sampling, and chemistry and biological analytical costs to support division sampling efforts.	\$50,000
Roadmap: Selenium and Arsenic	New Project	These studies will support the development of selenium and arsenic standards for the 2027 Roadmap. Deliverables include fish tissue analyses for selenium and arsenic to characterize selenium bioaccumulation and ratios of inorganic/total arsenic in edible fish from Colorado waters. This is also part of a WQCC directive under the arsenic temporary modification.	\$60,000
Roadmap: Temperature	New Project	These studies will support a multi-year research project for warm water fish thermal tolerance. Deliverables include thermal tolerance data regarding appropriate standards for warm water fish across Colorado (primarily applies on the Front Range and Western Slope).	\$100,000
Post fire/flood NPS BMPs	Recurring	This project will reduce post-disaster NPS pollution impacts in collaboration with local groups and local governments. The anticipated deliverables are: BMPs; data and other information; outreach materials; progress and final reports.	\$200,000
			\$1,480,000



COLORADO
Department of Local Affairs
Division of Local Government

MEMORANDUM

To: Justin Noll
From: Chantal Unfug *Chantal Unfug*
Subject: 2021-2022 WPCRF and DWRF Budgets
Date: August 11, 2020

Listed below is DOLA'S Fiscal Year '21 (July 1, 2020 through June 30, 2021) budget and estimate of what will be needed for State Fiscal Year 2022 program costs.

	<u>FY21</u>	<u>FY22</u>
<u>Program Cost</u>		
Personal Services	192,513	198,289
Operating (1)	20,000	20,000
Travel	4,000	4,000
Indirect Cost (per SB17-254)	<u>46,781</u>	<u>48,184</u>
Total:	263,294	270,473
 <u>Database/Program Support</u>		
Personal Services	46,873	48,279
Operating	7,000	7,000
Travel	2,000	2,000
Indirect Cost (rate = 28.6%)	<u>11,390</u>	<u>11,732</u>
Total:	67,263	69,011
 <u>Grand Total:</u>	<u>330,557</u>	<u>339,484</u>
 Small Community Water & Wastewater Technical Services	37,500	37,500

- (1) Combined operating costs for each year include rent \$10,000 (FY21/20), IT cost \$10,000 (FY21/22), workman's comp \$2,200 (FY21/22), risk management \$2,000 (FY21/22). The remaining \$2,800 will cover additional operating costs, such as printing, phones, etc. The past year has seen an increase to the IT cost due to usage related to actual year charges for agency applications and line of business support. IT has also increased based on the overall common line increase.

DOLA'S anticipated calendar year of January 1, 2021 to December 31, 2022 budget request is \$335,020.50 (total is half of FY20 and half of FY21 grant totals). The above numbers are State Fiscal Year program costs.

DOLA is requesting an additional \$75,000 in calendar year of January 1, 2021 to December 31, 2021 for the Small Community Water & Wastewater Project.

With respect to future activities of the Division, we plan to continue to support Intended use Plan (IUP) development, identify and educate potential SRF borrowers, conduct outreach efforts and produce publications, perform credit reports, and assist the Authority with direct loan portfolio monitoring. Please contact Desi Santerre at 864-7733 if you have any questions.



COLORADO

Department of Local Affairs

Division of Local Government

MEMORANDUM

To: Justin Noll
From: Chantal Unfug
Subject: 2020-2021 WPCRF and DWRF Budgets
Date: August 19, 2019

Listed below is DOLA'S Fiscal Year '20 (July 1, 2019 through June 30, 2020) budget and estimate of what will be needed for State Fiscal Year 2021 program costs.

	<u>FY20</u>	<u>FY21</u>
<u>Program Cost</u>		
Personal Services	189,582	192,513
Operating (1)	36,593	20,000
Travel	2,423	4,000
Indirect Cost (per SB17-254)	<u>46,573</u>	<u>35,986</u>
Total:	275,171	252,499
 <u>Database/Program Support</u>		
Personal Services	44,577	46,873
Operating	7,000	7,000
Travel	1,900	2,000
Indirect Cost (rate = 28.6%)	<u>12,660</u>	<u>13,312</u>
Total:	66,137	69,185
 <u>Grand Total:</u>	<u>341,308</u>	<u>321,684</u>

- (1) Combined operating costs for each year include rent, IT cost, workman's comp, risk management and additional operating costs, such as printing, phones, etc. The past year has seen an increase to the IT cost due to usage related to actual year charges for agency applications and line of business support. IT has also increased based on the overall common line increase.

DOLA'S anticipated calendar year of January 1, 2020 to December 31, 2021 budget request is \$331,496 (total is half of FY20 and half of FY21 grant totals). The above numbers are State Fiscal Year program costs.

With respect to future activities of the Division, we plan to continue to support Intended use Plan (IUP) development, identify and educate potential SRF borrowers, conduct outreach efforts and produce publications, perform credit reports, and assist the Authority with direct loan portfolio monitoring. Please contact Paul Young at 864-7898 if you have any questions.

cc: Sherry Hubbard, Budget Manager
Rachel Harlow-Schalk, Deputy Director DLG
James McCoy, Budget Director
Nhi Huynh, Program Acct



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

Mr. Keith McLaughlin, Executive Director
Colorado Water Resources & Power Development Authority
1580 Logan Street, Suite 620
Denver, CO 80203

RE: DWSRF Annual Review

Dear Mr. McLaughlin

The U.S. Environmental Protection Agency, Region 8, has conducted an annual review of the Colorado Drinking Water State Revolving Fund (DWSRF or DWRF) for calendar year 2019 (January 1, 2019 through December 31, 2019) in accordance with the EPA's State Revolving Fund (SRF) Annual Review Guidance.

Three separate state agencies have distinct roles in the management of the Colorado DWRF program. The grantee is the Colorado Water Resources and Power Development Authority (Authority), which provides state match and conducts various financial functions for the SRF programs; including working with loan recipients on financial and audit issues and coordinating an annual financial audit of the DWRF program. Responsibilities of the Water Quality Control Division (WQCD or Division) include primacy duties for the Safe Drinking Water Act, working with communities in completing necessary planning, design, and construction activities associated with each DWRF project, and managing the two percent, four percent, 10 percent and 15 percent set-asides. Responsibilities of the Department of Local Affairs (DOLA) include outreach to local communities and conducting financial analyses of potential and existing loan borrowers.

This annual review includes consideration of the legal, managerial, technical, financial and operational capabilities and performance of the Authority, WQCD and DOLA in administering the DWRF. Activities incorporated into the annual review were an analysis of the 2019 and 2020 IUPs, the Colorado Drinking Water Revolving Fund Summary Report covering January 1, 2019 to December 31, 2019, data from the Drinking Water National Information System (DWNIMS) and the project benefits database, files for two projects (Buffalo Mountain Metro District and Sheridan Lake Water District), four cash draws (listed below), 2019 financial statements, and Colorado's DWRF financial indicators. Due to the COVID-19 pandemic, The EPA conducted a virtual annual review during the week of June 8, 2020.

Four DWSRF Cash Draws

FS998832-18; February 14, 2019; \$571,353.92
FS998832-18; May 8, 2019; \$19,552.50
FS998832-18; August 19, 2019; \$290,282.62
FS998832-19; October 18, 2019; \$65,582.00



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OBSERVATIONS: The State of Colorado managed its DWRF program during 2019 in accordance with applicable statutes, regulations and guidance. The state has made tremendous progress starting in mid-2014 with its ULO situation and continuing through 2019 (discussed below). Overall, the need for drinking water infrastructure in the state is apparent. Colorado’s 2019 IUP shows approximately \$1.6 billion in new drinking water projects on its project priority/fundable list and \$8.5 billion on its overall project eligibility list.

For the year, the Colorado DWRF provided 15 separate funding agreements to 12 municipalities totaling \$42.9 million with a range of effective interest rates from 0.0 percent to 2.50 percent. Of the 15 agreements, five were with full principal forgiveness to fund only design and engineering phases and 10 went to disadvantaged communities. The total \$42.9 million was an increase from 2018 (\$34 million), continuing the positive momentum. As of June 11, 2020 the Authority estimated the current DWRF capacity to be down to \$37.5 million. By leveraging the DWRF, Colorado has been able to fund an additional \$271 million in projects.

The state continues to manage a robust electronic file system called the Colorado Electronic Online System that allows all three State agencies to retrieve/view/work-on documents as part of project management.

Unliquidated Obligations

In April 2014, EPA issued a ULO policy for the DWSRF with two strategic targets, 1) FY13 and prior year grants would be fully spent by September 30, 2016; and 2) future year grants (FY14 and newer) would be fully spent within two years of award with a one-year extension available for set-aside use.

In calendar year 2019, Colorado spent \$12.6 million in DWSRF grant funds, \$8.5 million in loan fund expenses, and \$4.2 million in set-asides. Colorado was awarded their FY20 capitalization grant, totaling \$21.76 million, on April 28, 2020. With the addition of the FY20 grant, as of June 30, 2020, there was \$29.8 million in unspent federal funds (\$0.6 million from the FY 18 grant, \$7.4 million from the FY19 grant and the recently awarded FY20 grant). The state is meeting the spending targets outlined in the ULO policy.

Additional Subsidy and Equivalency

For additional subsidy, in 2015 Colorado began providing principal forgiveness for the design and engineering phase(s) for borrowers, enhancing readiness to proceed for DWRF projects. Colorado met additional subsidy funding levels through its FY18 grant and is currently at 32.2 percent for its required FY19 subsidy level.

The Colorado DWRF met the FY18 equivalency requirement with the award of two loans. The first, a \$16.8 million project to construct the new Lower Basin Water Treatment Plant, transmission line and associated project components for the town of Eagle. The second, a portion of a \$22.7 million project to construct a new 1.5 MGD water treatment plant, pump station and raw water pipeline for Mt. Crested Butte Water and Sanitation District. The remaining \$17.4 million of the Mt. Crested Butte W&SD project covers a portion of the FY19 equivalency requirement.

DWSRF Project Progress

For more traditional measures, the Colorado DWRF is summarized below with the following table,

which presents fund use rate and pace of construction at the end of 2019.

Colorado DWSRF Program Summary - December 31, 2019 (\$ Millions)				
DWSRF Funds Available For Projects	Assistance Provided	Fund Use Rate	Project Disbursements	Pace of Construction
\$722.0	\$699.9	97%	\$619.5	89%

Colorado DWSRF Set-Aside Summary - December 31, 2019 (\$ Millions)			
Set-Aside	Set-Aside Amount	Set-Aside Amount Expended	% of Set-Aside Expended
Administrative	\$15.1	\$14.8	98%
Small System TA	\$7.3	\$6.5	89%
State Program	\$27.4	\$23.7	87%
Local Asst.	\$46.6	\$41.2	88%
TOTALS	\$96.4	\$86.2	89%

The *fund use* rate for the Colorado DWRF increased in 2019 from 92 percent to a robust 97 percent. The remaining three percent equaled just \$22.1 million, a record low. As mentioned above, drinking water project demand in Colorado should remain strong for the foreseeable future and the Colorado DWRF should continue to commit all funds to projects in a timely manner.

The *pace of construction* (disbursements divided by total project amounts) slightly increased from 88 percent to 89 percent during the year. The state disbursed \$43.6 million in project expenses in 2019. Overall, Colorado DWRF staff manages projects well. For another indicator, the \$43.6 million in construction expenses relative to \$9.6 million in federal cash draws, and Colorado's cumulative DWRF *Federal Return* increased from 2.12 to 2.20.

A key component of strategic SRF fund management is the balancing of cash inflows and outflows. The following ratio shows how efficiently Colorado's DWRF is revolving by examining the program's disbursement rate over a set time and comparing it to the amount of cash on hand. The ratio is calculated by subtracting total project disbursements (\$619.5 million) from total funds available (\$722.0 million) and comparing this number (\$102.5 million) to the average annual disbursements over the past three years (\$33.0 million). For the Colorado DWRF, this ratio is 3.10 (years), which shows that this program in 2019 was using all funds in a little more than three years.

Colorado DWRF project milestones accomplishments as of June 30, 2019, as provided from DWNIMS, are as follows (in \$ millions). The percentage of project completions to funds available decreased

slightly from 80 percent to 74 percent, remaining above the national average of 61 percent.

June 30, 2019 Data (\$ million)

- DWRF Funds Available: \$744.5
- Project Assistance: 221 projects at \$691.7
- Construction Starts: 213 at \$661.3
- Project Completions: 199 at \$554.4

Overall, the Colorado DWRF is performing well in getting drinking water projects built to further the goals of SDWA.

Financial Sustainability

Based on information from DWNIMS, the Colorado DWRF's *Net Return* increased to \$14.3 million as of June 30, 2019. In FY19, the state collected \$3.1 million in interest payments, \$5.9 million in interest earnings and paid \$4.9 million in bond interest expense. The *Net Return on Contributed Capital* (contributed capital being the sum of federal outlays for loan fund and deposited state match) increased slightly from 3.9 percent to 4.3 percent.

DWRF Project Funding Capacity through 2025

By using the EPA's SRF Financial Planning Model and a suite of assumptions, it is estimated that the Colorado DWRF will be able to fund approximately \$382.5 million in new drinking water projects over the next six years or through the end of FY25.

Some critical assumptions to produce this estimate include:

- Annual capitalization grants - \$43.5 million for the FY19 and FY20 grants awarded between 7/1/19 and 6/31/2020 and \$21.7 million annually for FY21 through FY25;
- Full use of set-asides at 31 percent;
- Discount rate: 4.0 percent;
- Loan Yield: 1.2 percent;
- Sum of Leveraged Bonds issued from FY20 through FY25: \$125.6 million;
- Fund Use Rate: at 98.5% by FY20; and
- Principal Forgiven as a % of Loan Disbursements: 15 percent.

Financial Management and Proportionality

The DWRF shows sound financial health and management. There have been no defaults and all loans are secured by revenues from user charges and/or full faith and credit of the borrowing entities. The net position (including undrawn loan fund grants) as of December 31, 2019 was \$312.3 million, an increase of seven percent over the 2018 net position of \$290.8 million. All four cash draws listed on page one above were done with a 100 percent federal proportionality ratio; the full state match was disbursed prior to federal draws. Furthermore, the payment requests for the cash draws were for eligible costs and were adequately documented. No costs were questioned, and there were no improper payments.

In April 2020, BKD issued audited financial statements on the DWRF for the year ending December 31, 2019. No issues or recommendations were identified with this document. There were no findings related

to the Colorado DWRP program on the statewide single audit for Colorado for the period ending December 31, 2019.

Set-Aside Use and DWSRF-PWSS Integration

Colorado routinely takes the full 31 percent of set-asides from its annual DWSRF grant. At the end of 2019, set-aside spending rate was at 89 percent. As mentioned above, the state spent \$4.2 million in set-asides in 2019, and there was \$10.2 million remaining at the end of the year. The \$10.2 million was comprised of \$0.4 million remaining in the administrative set-aside, \$0.8 million in small system technical assistance, \$3.7 million remaining in the state program set-aside, and \$5.3 million remaining in the local assistance set-aside. The WQCD continues to use set-aside funds for a wide range of drinking water program and technical assistance activities, including sanitary surveys, capacity development and source water protection activities.

The Colorado DWRP staff interact frequently, and usually on an informal basis, with the PWSS program to help ensure DWRP funds are used consistent with the state's drinking water priorities.

PRIOR RECOMMENDATIONS: There were no (0) recommendations from last year's review.

NEW RECOMMENDATIONS: There are no (0) new recommendations with this year's annual review.

The Colorado DWSRF assessment has been completed by SRF Coordinator, Breana Whittaker, in collaboration with the EPA Region 8 SRF team.

Benjamin Bents, Chief
Technical and Financial Services Branch

cc: Michael Beck, Department of Public Health and Environment
Desiree Santerre, Department of Local Affairs



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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DENVER, CO 80202-1129
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Mr. Keith McLaughlin, Executive Director
Colorado Water Resources & Power Development Authority
1580 Logan Street, Suite 620
Denver, CO 80203

RE: WPCRF Annual Review

Dear Mr. McLaughlin:

The U.S. Environmental Protection Agency, Region 8, has conducted an annual review of the Colorado Water Pollution Control Revolving Fund (WPCRF or CWSRF) for Calendar Year 2019 (January 1, 2019 through December 31, 2019) in accordance with the EPA's State Revolving Fund (SRF) Annual Review Guidance.

Three separate state agencies have distinct roles in the management of each SRF program. The grantee is the Colorado Water Resources and Power Development Authority (Authority), which provides state match and conducts various financial functions for the WPCRF program; including working with loan recipients on financial and audit issues and coordinating an annual financial audit of the WPCRF program. Responsibilities of the Water Quality Control Division (WQCD or Division) include working with communities in completing necessary planning, design, and construction activities associated with each SRF project. Responsibilities of the Department of Local Affairs (DOLA) include outreach to local communities and conducting financial analyses of potential and existing loan borrowers. The required 20 percent state match is provided by an internal zero percent loan from the Authority that is repaid from administrative fees earned on WPCRF loans.

This annual review includes consideration of the legal, managerial, technical, financial and operational capabilities, and performance of the Authority, WQCD, and DOLA in administering the WPCRF. Activities incorporated into the Annual Review were an analysis of the 2019 and 2020 Intended Use Plans (IUP), the 2019 WPCRF annual report, audited 2019 financial statements, files for two projects (Boxelder Sanitation District and Louviers Water & Sanitation District), four cash draws listed below, information logged into the Clean Water National Information Management System (CWNIMS) and Clean Water Benefits Reporting database (CBR), and Colorado's CWSRF financial indicators. Due to the COVID-19 pandemic, The EPA conducted a virtual annual review during the week of June 8, 2020.



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Four CWSRF Cash Draws

CS080001-18; January 11, 2019; \$132,466.91

CS080001-18; March 19, 2019; \$37,881.68

CS080001-19; November 4, 2019; \$1,509,187.59

CS080001-19; December 18, 2019; \$193,527.27

OBSERVATIONS: The State of Colorado managed its WPCRF program during 2019 in accordance with applicable statutes, regulations, and guidance. For the year, the Colorado WPCRF provided 21 separate funding agreements to 15 municipalities totaling \$60.9 million. Of the 21 agreements, 7 were with full principal forgiveness to fund only design and engineering phases and 16 went to disadvantaged communities. The total \$60.9 million was an increase from 2018 (\$48.3 million), continuing the positive momentum with another big year. As of June 11, 2020, the Authority estimated the current WPCRF capacity to be down to \$15.7 million. The 2020 IUP shows approximately \$1.7 billion in new projects on its projected loans list and \$10 billion on its overall project priority list. By leveraging the WPCRF, Colorado has been able to fund an additional \$689 million in projects, more than double what would have been possible with a direct loan program.

The state continues to manage a robust electronic file system called the Colorado Electronic Online System that allows all three state agencies to retrieve/view/work-on documents as part of project management.

Unliquidated Obligations

In calendar year 2019, the Colorado WPCRF spent \$14.3 million in federal grant funds, almost doubling the year prior (\$7.5 million). The total for the past three years is at \$41.6 million, and the WPCRF had just \$5.9 million remaining in unspent CWSRF capitalization grant funds or unliquidated obligations (ULOs). The state is now currently spending its capitalization grants in less than two years from award, which is a very good result.

Green Project Reserve, Additional Subsidy and Equivalency

The Colorado WPCRF has not yet identified a project to meet its FY19 Green Project Reserve (GPR) requirement. The FY18 GPR requirement was met with energy efficiency components related to wastewater treatment facility upgrades for the Town of Nederland and the City of Gunnison.

The state recently changed its additional subsidy strategy, providing principal forgiveness for design and engineering phase(s) for WPCRF borrowers. For communities that struggle to afford projects, this approach enhances readiness to proceed for future capital projects. Colorado met additional subsidy funding levels through its FY18 grant and is currently at 63.8 percent for its required FY19 subsidy level.

The Colorado WPCRF met the FY19 equivalency requirements with the award of a \$23.3 million project for the City of Westminster. The project consists of cured in place pipe lining, replacement of several areas of the Big Dry Creek sewer interceptor and installing a parallel gravity sewer interceptor along Big Dry Creek.

CWSRF Project Progress

For more traditional measures, the CWSRF is summarized below with the following table, which presents fund use rate and pace of construction at the end of 2019.

Colorado WPCRF Program Summary - December 31, 2019 (\$ millions)				
CWSRF Funds Available For Projects	Assistance Provided	Fund Use Rate	Project Disbursements	Pace of Construction
\$1,366.1	\$1,278.9	94%	\$1,198.7	94%

As of December 31, 2019, Colorado's WPCRF *fund use rate* was at 94 percent with approximately \$87.2 million uncommitted, a decrease from the end of 2018. As of June 11, 2020, the Authority estimated the current WPCRF capacity to be down to \$15.7 million. The WPCRF fund use rate has remained in the lower 90's percentile for the last four years. Overall, the state is committing all funds to projects in under two years and the 2020 projected loans list had approximately \$1.7 billion in potential projects, easily identifying sufficient uses for all CWSRF funds including its FY20 grant.

In 2019, the WPCRF spent \$42.1 million in construction expenses, and the *pace of construction* (disbursements divided by total project amounts) decreased slightly from 95 percent to 94 percent. Overall, Colorado SRF staff manages projects very well.

A key component of strategic SRF fund management is the balancing of cash inflows and outflows. The following ratio shows how efficiently Colorado's WPCRF is revolving by examining the program's disbursement rate over a set time and comparing it to the amount of cash on hand. The ratio is calculated by subtracting total project disbursements (\$1,198.7 million) from total funds available (\$1,366.1 million) and comparing this number (\$167.4 million) to the average annual disbursements over the past three years (\$59.6 million). For the Colorado WPCRF, this ratio is 2.81 (years), which shows that this program in 2019 was using all funds in under three (3) years, a good result and a huge decrease from the ratio of over six (6) years in 2014.

Colorado WPCRF project milestones accomplishments as of June 30, 2019, as provided from CWNIMS, are as follows (in \$ millions). The percentage of project completions to funds available is a stellar 81 percent, above the national average of 71 percent.

June 30, 2019 Data (\$ millions)

- CWSRF Funds Available: \$1,359.3
- Project Assistance: 270 projects at \$1,278.0
- Construction Starts: 250 at \$1,215.6
- Project Completions: 238 at \$1,101.6

While the fund use rate for the Colorado WPCRF remains in the low to mid 90's percentile, other program measures that relate more closely to economic and environmental benefit shows

that projects are being funded and completed in a timely manner.

Financial Sustainability

Based on information from CWNIMS and as of June 30, 2019, the Colorado WPCRF's *Net Return* increased in FY18 from \$25.6 million to \$28.2 million. In FY19, the state collected \$7.0 million in interest payments and \$5.4 million in interest earnings, respectively, and paid \$9.8 million in interest expense. The *Net Return on Contributed Capital* (contributed capital being the sum of federal outlays and deposited state match) increased to 6.5 percent (from 6.1 percent in FY18). Attached to this report is a table that shows each indicator in further detail for the past five years.

WPCRF Project Funding Capacity through 2025

By using the EPA's SRF Financial Planning Model and a suite of assumptions, it is estimated that the Colorado WPCRF will be able to fund approximately \$535 million in new water quality projects over the next six years or through the end of FY25.

Some critical assumptions to produce this estimate include:

- Annual capitalization grants - \$25.4 million for the FY19 and FY20 grants awarded between 7/1/19 and 6/31/2020 and \$12.7 million annually for FY21 through FY25;
- Discount rate: 4.0 percent;
- Loan Yield: 1.8 percent;
- Sum of Leveraged Bonds issued from FY20 through FY25: \$145.6 million;
- Fund Use Rate: at 98.5 percent by July 1, 2021; and
- Principal Forgiven as a % of Loan Disbursements: 3.5 percent.

Financial Management and Proportionality

The Colorado WPCRF shows sound financial health and management. There was one payment default in 2016, the delinquent payment was made, and the loan was restructured to a 30-year term to provide a more affordable payment. There have been no other defaults and all municipal loans are secured by revenues from user charges and/or full faith and credit of the borrowing entities. The total net position as of December 31, 2019 was \$440.2 million (including undrawn federal grant funds), a three percent increase over the 2018 net position of \$425.9 million. The two cash draws associated with the FY18 capitalization grant were done with an 83.33 percent federal proportionality ratio. The two cash draws associated with the FY19 capitalization grant were done with a 100 percent federal proportionality ratio; the full state match was disbursed prior to federal draws with a loan to the City of Durango on January 31, 2019. Furthermore, the payment requests for the cash draws were for eligible costs and were adequately documented. No costs were questioned and there were no improper payments.

In April 2020, BKD CPAs and Advisors issued audited financial statements on the WPCRF for the year ending December 31, 2019. No issues or recommendations were identified with this document. There were no findings related to the Colorado WPCRF program on the statewide single audit for Colorado for the period ending December 31, 2019.

PRIOR RECOMMENDATIONS: There were no (0) recommendations from last year's review.

NEW RECOMMENDATIONS: There are no (0) new recommendations with this year's annual review.

The Colorado CWSRF assessment has been completed by SRF Coordinator, Breana Whittaker, in collaboration with the EPA Region 8 SRF team.

Benjamin Bents, Chief
Technical and Financial Services Branch

cc: Michael Beck, Department of Public Health and Environment
Desiree Santerre, Department of Local Affairs



September 9, 2020

Keith McLaughlin
Executive Director
Colorado Water Resources & Power Development Authority
1580 Logan St., Suite 620
Denver CO 80203

Re: Colorado Water Resources & Power Development Authority ("CWRPDA") Status in the Animas-La Plata Operations, Maintenance, and Replacement Association ("Association")

Dear Keith:

Thank you for providing a copy of the "Partial Assignment and Assumption" Agreement between CWRPDA and the Animas-La Plata Water Conservancy District ("ALPWCD"), dated September 1, 2020 (the "Acquisition Agreement"). By the terms of the Acquisition Agreement, the CWRPDA transferred 150 acre-feet of statutory water allocation to the ALPWCD, bringing the total amount transferred to the ALPWCD to 700 acre-feet. This is the full amount that was contemplated for the CWRPDA to transfer to the ALPWCD over time, pursuant to the "Agreement for Acquisition of Municipal and Industrial Water Supply From the Animas-La Plata Water Conservancy District Depletion Allocation in the Animas-La Plata Project, Colorado," dated December 21, 2012.

The CWRPDA originally held 2,600 acre-feet of statutory water allocation in the ALP Project, of which 1,900 acre-feet was transferred to the City of Durango, and now 700 acre-feet has now been transferred to the ALPWCD. With this latest transfer, the CWRPDA has conveyed all of its interest in the ALP Project to other entities. Pursuant to Section 2.3.2 of the Intergovernmental Agreement that established the Association, dated March 4th, 2009 (the "IGA"), "[o]nce a transferor divests its interest entirely in the ALP, the transferor shall no longer be a Member in the Association and its successor(s) shall hold the membership rights." This section of the IGA further provides that the CWRPDA does not need to obtain the consent of the other Members of the Association to be released from its obligations under the IGA upon the transfer of its interest to the City of Durango and the ALPWCD.

With this letter, the Association acknowledges that the CWRPDA is no longer a Member of the Association because it has divested all of its interest in the project, and the CWRPDA is released from all of its obligations pursuant to the IGA. The Association recognizes the pivotal role that the CWRPDA played in the success of the ALP Project and the Association. If it were not for the CWRPDA's significant contributions, going back decades to the 1986 Cost Sharing Agreement, and its support of the federal legislation that was enacted in 2000, the ALP Project likely would not be a reality today. Thanks to CWRPDA's leadership and support, along with all of the other strong voices in support of the project, Lake Nighthorse will provide a secure water supply for many in Southwest Colorado and Northwest New Mexico for generations to come.

Sincerely,

Russell Howard,
General Manager