

**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 (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)
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)



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

FROM: Jim Griffiths, Finance Director
Wes Williams, Assistant Finance Director

RE: Annual Review, Approval and Adoption of the Colorado Water Resources
and Power Development Authority ("Authority") Investment Policy

The Authority Investment Policy follows this memo and contains suggested changes (shown in redline) for the Board's review and consideration for approval and adoption.

Section IX of the Investment Policy requires that "the investment policy be formally approved and adopted by the Authority's Board and reviewed annually". Therefore, changes to the policy will need to be approved by the Authority Board.

Attachment: Authority Investment Policy

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY INVESTMENT POLICY

I. Governing Authority

1. *Legality*

The Colorado Water Resources and Power Development Authority (“Authority”) investment program shall be operated in conformance with federal, state, and other legal requirements, including Colorado Revised Statutes (“C.R.S.”) Sections 24-75-601 through 605, and these guidelines.

II. Scope

This policy applies to the investment of all funds, excluding the investment of employees' retirement funds. The Authority contributes to the Combined State and School Division Trust Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (“PERA”). The investment of retirement plan funds is the responsibility of the Board of Directors of the PERA.

III. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. *Safety*

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk, ~~and~~ interest rate risk, ~~custodial risk and concentration risk.~~

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority will minimize credit risk by:

- Limiting investments to the types of securities listed in Section VI of this Investment Policy.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Direct obligations of, or guaranteed by, the U.S. Government are not subject to credit risk. The aggregate amount of a ~~All~~ other investments are limited to five percent (5%) of total investments, except for those investments described in Subparagraph (d) below.

b. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments may be adversely affected by changes in interest rates. The Authority will minimize interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet expected cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds (money market mutual funds that seek to maintain a constant share price, also known as a \$1 net asset value, as required by State statute), or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see Section VII, Paragraph 2).
- Limiting the investment of non-operating funds (excluding debt service reserve funds as noted in the bullet below), to maturities of normal investment maturity dates to five years or less, except as noted below.
- Investments contained in debt service reserve funds may have final maturity dates of twenty years or more and require approval of the Authority's Board of Directors, pursuant to the terms of related bond resolutions.

c. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Authority will not be able to recover the value of its deposit, investment or collateral securities that is in the possession of another party. The Authority is potentially exposed to custodial credit risk on balances in demand deposit accounts (checking), cash in accounts held by its trustee and three-party repurchase agreements, which are not held in the Authority's name.

- Demand deposit accounts are secured over and above the Federal Deposit Insurance Corporation primary insurance in accordance with the Colorado Public Deposit Protection Act (Article 10.5 of Title 11 C.R.S.).
- Accounts maintained by the Authority's trustee periodically contain "fiduciary funds awaiting investment or distribution" (or cash). Pursuant to OCC Regulation 12 CFR 9.10, the trustee is required to provide collateral that is pledged for all such cash balances; however, the collateral is not held in the Authority's name.
- At the direction of the Authority, the trustee enters into three-party repurchase agreements and the trustee is considered both the purchaser and custodian of the investments. The investments are held in the collateral agent's account at the Federal Reserve Bank in book entry form. Custodial risk is minimized by complying with the terms of Section VI, Paragraph 2, Subparagraph (e) of this policy, which governs repurchase agreements as authorized investments.

d. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Due to the nature of the Authority's operations and investment preferences, as discussed below, no concentration limits are established in this policy, except as described in III.1.a. of this policy.

- Colorado State Treasurer's Investment Pool – a majority of the Authority's funds, excluding funds governed by bond resolutions, are invested in this

pool. The State maintains its own policy to control concentration of credit risk.

- Colorado Local Government Liquid Asset Trust (COLOTRUST) – in addition to general Authority invested cash, the Authority's loan programs use COLOTRUST for short-term investments of certain bond proceeds, borrower loan repayments held for debt service and other funds on hand.
- Repurchase agreements – federal regulations control the bidding process for the investment of bond proceeds. Only a limited number of financial institutions, that meet the Authority's criteria, participate in the bidding process. Since these repurchase agreements are fully collateralized, a concentration limit is not established.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating and financial requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity) or withdrawal flexibility. Alternatively, a portion of the portfolio may be placed in money market mutual funds (money market mutual funds that seek to maintain a constant share price, also known as a \$1 net asset value, as required by State statute) or local government investment pools that offer same-day liquidity for short-term funds.

3. *Yield*

The investment portfolio shall be designed with the objective of attaining a competitive rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- ~~Changing~~ Changing liquidity needs of the portfolio require that the security be sold.

IV. Standards of Care

1. *Prudence*

The standard of prudence to be used by investment officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

2. *Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

3. *Delegation of Authority*

Authority to manage the investment program is granted to the Investment Committee (Committee) established by the Board of Directors (Board). The Committee consists of the Treasurer, elected by the Board, and the Executive Director. The two Committee members are also referred to as investment officers in this policy. Responsibility for the operation of the investment program is hereby delegated to the investment officers, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: monitoring risks, safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. Furthermore, the Executive Director and Finance Director shall be authorized to invest bond proceeds and bond resolution moneys to meet debt service payments, project draws and other expenses. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officers. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

V. **Safekeeping and Custody**

1. *Delivery vs. Payment*

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

2. *Safekeeping*

The Authority may make such arrangements for the custody, safekeeping and registration of investment securities as will enable the prompt delivery thereof upon maturity or in the event of sale.

Unless the securities are held in book-entry form, all securities purchased shall be delivered to and held by the Authority or a custodian designated by the Authority, which custodian shall be the State Treasurer, a Colorado bank or bank and trust company authorized to do business in Colorado, any trustee under a bond resolution or an agent of the Authority in New York, New York and such delivery shall be simultaneous with payment for the securities. The Authority recognizes that the custodian may designate an agent to act for it to receive and hold certain securities (for example, securities deliverable only in New York City). Deposits in interest bearing accounts shall be made in such manner as to assure that funds are held as deposits in the name of the Authority at all times.

3. *Internal Controls*

The investment officers shall establish a system of internal controls, which shall be documented in writing. The internal controls are subject to review by the independent auditor, during the normal course of the annual audit of the Authority's financial statements. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority.

VI. **Suitable and Authorized Investments**

1. *Authority Cash*

The Authority shall, in accordance with C.R.S. Section 24-75-601.1, restrict its investments of cash assets to one or more of the following instruments:

- a. Direct obligations of, or guaranteed by, the U.S. Government (i.e., Treasury bills, notes and bonds).
- b. Direct obligations of federal agencies (i.e., Government National Mortgage Association) backed by the full faith and credit of the U.S. Government.
- c. Direct obligations of other federal agencies rated in the highest rating category by one or more nationally recognized statistical rating organizations ("NRSRO") that regularly rate such obligations.
 - Federal Farm Credit Bank
 - Federal Land Bank
 - Federal Home Loan Bank
 - Federal Home Loan Mortgage Corporation
 - Federal National Mortgage Association
 - Additional agencies approved in the future by the Board of Directors
- d. Colorado State Treasurer's Investment Pool.

e.

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e. Money market funds registered as an investment company under the federal “Investment Company Act of 1940”, as amended, and rated in the highest rating category by one or more NRSRO’s that regularly rate such funds. Only money market mutual funds whose investment policy includes seeking to maintain a constant share price (\$1 net asset value) as required by State statute will be used.

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f. Local government investment pools organized pursuant to C.R.S. Section 24-75-703.

- The trust must have assets of five hundred million dollars (\$500,000,000) or more and
- Must be rated in the highest rating category by one or more NRSRO’s that regularly rate such funds.

g. Alternative Investments – Unless approved by the Board, the Authority is prohibited from investing in alternative investments (i.e., investments for which a readily determinable fair value does not exist).

2. *Bond Proceeds and Other Funds Pursuant to the Terms of Bond Resolutions*

The Authority shall, in accordance with Colorado and federal law and the authorizing bond resolution, restrict its investment of bond proceeds and bond resolution moneys to one or more of the following instruments:

a. Direct obligations of, or guaranteed by, the U.S. Government (i.e., Treasury bills, notes and bonds).

b. Direct obligations of federal agencies (i.e., Government National Mortgage Association) backed by the full faith and credit of the U.S. Government.

c. Direct obligations of other federal agencies rated in the highest rating category by one or more NRSRO’s that regularly rate such obligations.

- Federal Farm Credit Bank
- Federal Land Bank
- Federal Home Loan Bank
- Federal Home Loan Mortgage Corporation
- Federal National Mortgage Association
- Export-Import Bank
- Additional federal agencies approved in the future by the Board of Directors

d. Commercial Paper that, at the time of purchase, is rated in the highest rating category by one or more NRSRO’s that regularly rate such obligations.

e. Repurchase agreements concerning any securities referred to in Subparagraphs (a), (b), (c) and (d) above that can otherwise be purchased under

those paragraphs if all of the conditions of Section VII and all of the following conditions are met:

- The securities subject to the repurchase agreement must be marketable.
- The market value of such securities must at all times be at least equal to 102% of the funds invested by the Authority and marked to market value no less frequently than weekly.
- The title to or a perfected security interest in such securities along with the necessary transfer documents must be transferred to the Authority or to a custodian acting on behalf of the Authority.
- Such securities must be actually delivered to the Authority or to a third-party custodian or third-party trustee for safe keeping on behalf of the Authority.

f. Money market funds authorized by Colorado statutes (money market mutual funds that seek to maintain a constant share price (\$1 net asset value)) and rated in the highest rating category by one or more nationally recognized organizations that regularly rate such obligations.

g. Local government investment pools organized pursuant to C.R.S. 24-75-703.

- The trust must have assets of five hundred million dollars (\$500,000,000) or more and
- Must be rated in the highest rating category by one or more NRSRO's that regularly rate such funds.

h. Alternative Investments – Unless approved by the Board, the Authority is prohibited from investing in alternative investments (i.e., investments for which a readily determinable fair value does not exist).

VII. Investment Parameters

1. *Diversification*

The investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- Limiting investment in securities that have higher credit risks,
- Investing in the Colorado State Treasurer's Investment Pool that has varying maturities, and
- Investing a portion of the portfolio in readily available funds such as local government investment pools (e.g. COLOTRUST) or qualifying money market funds (money market mutual funds that seek to maintain a constant share price, also known as a \$1 net asset value, as required by State statute) to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. *Maximum Maturities*

To the extent possible, the Authority shall attempt to match its investments with anticipated cash flow requirements. Unless approved by the Board, the Authority will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with Colorado statutes.

Bond debt service reserve funds may contain investments with terms similar to the bonds secured. For specific programs, the Board approves these long-term investments pursuant to certain bond resolutions. The investments ~~may~~^{normally} have partial, annual maturities over a period not exceeding the maturity of the bonds. Because of inherent difficulties in accurately forecasting cash flow requirements for specific programs, a portion of the portfolio should be continuously invested in readily available funds such as the Colorado State Treasurer's Investment Pool, local government investment pools (e.g. COLOTRUST), or other qualified money market funds (money market mutual funds that seek to maintain a constant share price, also known as a \$1 net asset value, as required by State statute) to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. *Competitive Bids*

Excluding securities purchased through the State Treasurer's Office, the investment officer shall obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchased on the secondary market. The Committee may waive this requirement for amounts involving less than one million dollars (\$1,000,000).

Bond proceeds that are invested in repurchase agreements shall be done in accordance with the safe harbor provisions of 26 CFR Part 1, Section 1.148-5(d)(6)(iii). The Authority shall purchase repurchase agreements pursuant to a competitive bidding process (in which bids are solicited from at least three reasonably competitive providers and received from at least three providers with no material financial interest in the bonds being issued (at least one of which is a reasonably competitive provider)) from the provider offering the highest yield.

VIII. Reporting

The Treasurer shall report investment performance to the Board no less frequently than at regularly scheduled Board of Director meetings. These reports shall describe such items as investment balances, income and yields.

1. Investments, including deposit and investment risk disclosures, will be reported in the Authority's annual financial statements in accordance with all applicable Governmental Accounting Standards Board ("GASB") statements.

IX. Approval of Investment Policy

The investment policy shall be formally approved and adopted by the Authority's Board and reviewed annually.



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 debt service payments.

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.

The content of this message, and any attachments, contains information that is, or may be, covered by electronic communications privacy laws is confidential. If you have received it by mistake, please inform us by an email reply and then delete the message. It is forbidden to copy, forward, or in any way reveal the contents of this message to anyone. The integrity and security of this email cannot be guaranteed over the Internet. Therefore, the sender will not be held liable for any damage caused by the message. 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.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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303/830-1550 • Fax 303/832-8205 • info@cwprpda.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.

DWSRF Set-Asides

10/1/2020

DW Program Funding Structure

Federal Funds

PPG

Set-Aside*

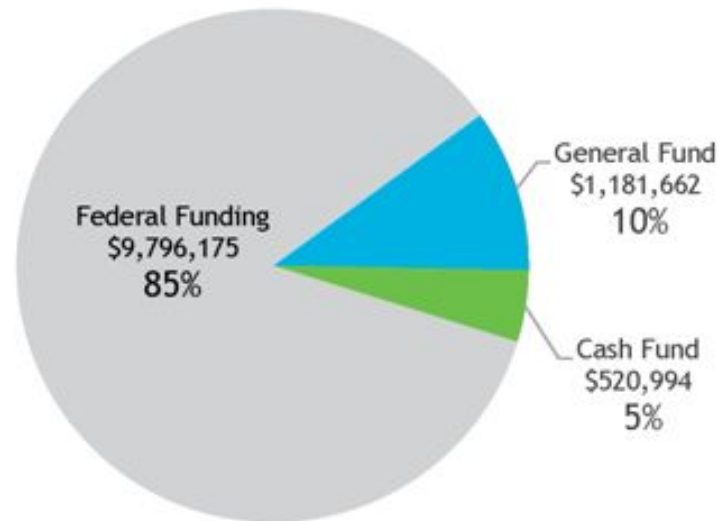
Admin Fee

General Fund

Cash Fund (Fees)

*also includes SRF administration (4%)

Safe Drinking Water Program Budget



DWSRF Loan Fund

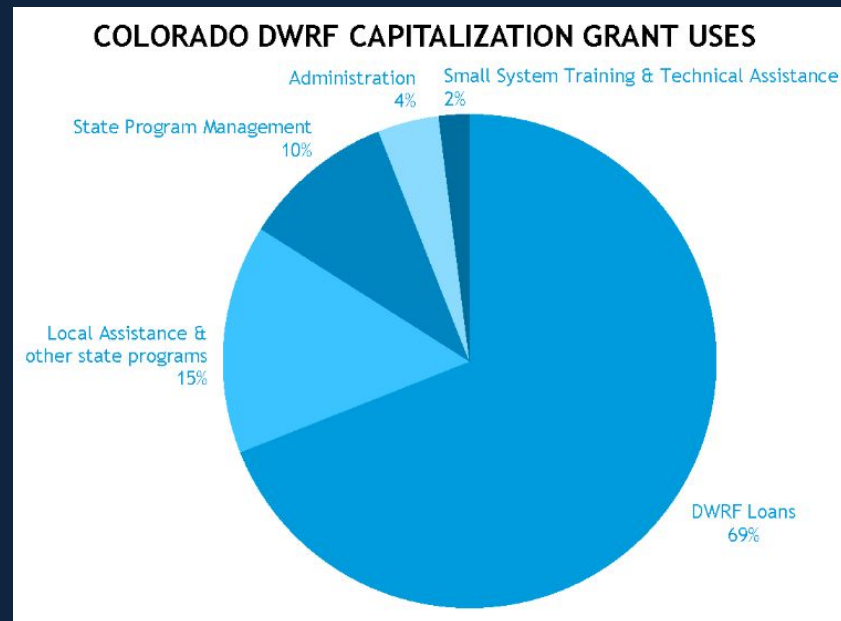
- The Drinking Water State Revolving Loan Fund (DWSRF) was established by the 1996 amendments to the Safe Drinking Water Act (SDWA).
- The DWSRF is a financial assistance program to help water systems and states to achieve the health protection objectives of the SDWA.
- The program is a powerful partnership between EPA and the states.
- Congress appropriates funding for the DWSRF. EPA then awards capitalization grants to each state for their DWSRF based upon the results of the most recent Drinking Water Infrastructure Needs Survey and Assessment. The state provides a 20 percent match.
- States have the option of taking a variety of set-asides.

Set-Aside Overview

- States have the option of taking a variety of set-asides.
- Set-asides help fund state programs and activities to ensure safe drinking water.
- States may take up to 31% of their capitalization grant in set-asides (\$6,744,050 FY20).
- Set-Asides must have an approved workplan by the EPA which includes activities and budget directly related to drinking water activities.
- After taking the set-asides, states place the balance of their capitalization grant, together with the state match, into a dedicated revolving loan fund. This revolving fund provides loans and other authorized assistance to water systems for eligible infrastructure projects.
- Colorado funds about 37 FTE through the set-asides

Eligible Set-Asides

- Administration and Technical Assistance - 4%
- Small System Technical Assistance - 2%
- State Program Management - 10%
- Local Assistance and Other State Programs
 - Capacity Development- 10%
 - Wellhead - 5%



Administration and Technical Assistance

Amount \$870,200

- Colorado uses for the direct administration and implementation of the DWSRF
 - CDPHE, CWRPDA, and DOLA expenses (Personal Services and Operating)
- Can be used to provide direct technical assistance to DW systems of all sizes
 - Colorado used this to assist with spending down the balance in 2013, 2014 and 2015, however the workplan expired and this set aside is no longer used for that.

Small System Technical Assistance

Amount \$435,100

- Provide technical assistance and training to help small systems (<10,000) build the capacity they need to provide safe drinking water.
- Assistance in planning new infrastructure projects
- Payments to third-party technical assistance providers and specialized small system training.
- Colorado primarily uses this set-aside for coaching costs (division has 3 coaches)
- Historically Colorado provided \$10,000 grants for the planning portion, but placed that program on hold as a result of the federal funding uncertainty in 2014-2015
- Colorado also used this set-aside for technical and managerial training (regional trainings).

State Program Management

Amount \$2,175,500

- Develop and implement water system Capacity Development and Operator Certification Programs
- Administer Source Water Protection Programs
- Support other state drinking water program activities
- There is a broad range of eligible activities for administering and implementing the state program:
 - Capacity Development Work
 - Sanitary Surveys (inspections)
 - Engineering Reviews
 - Overall DW Program Management
 - Compliance related activities

Local Assistance and Other State Programs

Capacity Development- \$2,175,500

- Overall Technical, Managerial and Financial Assistance to water systems
 - Classroom trainings
 - Asset management
- Issue training contracts to assist drinking water systems with various activities (i.e. monitoring, regulatory, preparation for sanitary survey setc.)
- Assistance for newly discovered water systems
- Individualized Coaching assistance directly to water systems (supplements SSTTA set-aside)
 - Operations
 - Systems that may have been reclassified
- DOVE (Disinfection Outreach Verification Effort)

Local Assistance and Other State Programs Cont.

Wellhead - \$1,087,750

- Source Water Protection Grants (budget \$70K a year/ 14 grants @ \$5K)
 - Planning activities that include source water vulnerability analysis, BMP recommendation, wildfire support decision
- Source Water Protection Implementation
 - Construction of BMP
 - Education Programs
 - Signage

Questions



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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MEMORANDUM

September 24, 2020

TO: Authority Board of Directors (Board) and Karl Ohlsen

FROM: Keith McLaughlin, Executive Director

RE: 2020 Executive Director Activities/Goals and Progress

The 2020 Executive Director Activities/Goals and Progress list is attached for your review. The green highlights indicate completed projects, while yellow highlights indicate tasks that are currently in progress. These “in progress” projects will either be completed by the end of the current fiscal (calendar) year or will continue to be addressed in 2021. Unhighlighted projects consist of tasks and goals that have been delayed or moved to 2021, as noted.

Please be aware, the attached list of activities/goals does not include all current Authority projects or year-end goals. I will briefly discuss the list of activities/goals and progress at the Board Program Work Session, October 1, at 3 pm.

Attachments: 2020 Executive Director Activities/Goals and Progress.

2020 – EXECUTIVE DIRECTOR ACTIVITIES/GOALS & PROGRESS

1. Coordinate the confirmation hearing process for Steve Vandiver, George Corkle and Mike Fabbre.
2. Continue to collaborate and assist with financing for Windy Gap and NISP.
3. Possible meeting with the Rating Agencies to review new leveraged structure, as applicable. Note: Delay due to COVID restrictions.
4. Implement succession planning. Note: 2021 goal/project.
5. Continue the joint meetings with the Water Quality Control Commission, WQCD staff, Authority Board member and Executive Director. Continue “liaison” meeting process. Note: Delay due to COVID restrictions.
6. Conduct an Authority Board of Directors Bond Resolution workshop.
7. Conduct a salary/benefit survey and work with Employers Council to implement compliance with the new Pay Equity Law.
8. Strategic planning including potential mission, vision and values update with Authority Board. Note: Likely 2021 goal/project.
9. Continued participation in the CWC State Affairs Committee, Federal Affairs Committee and the Colorado Water Stewardship Project Committee.
10. Continue to monitor, evaluate and strengthen net DWRF administrative fees.
11. Continue to provide Authority reports to the Colorado Water Conservation Board.
12. Shepherd the Project Eligibility List Joint Resolution through the legislative process.
13. Continued collaboration/monitoring of the CEOS process and evaluate its effectiveness
14. In concert with the CWCB, continue to seek financing mechanisms in accordance with the Colorado Water Plan, perhaps including legislation to provide more support for project sponsors.
15. Investigate potential uses of SWRP deallocated reserve funds.
16. Continue participation and promote ideas generated from the Quantity/Quality meetings with the CWCB/DNR and WQCD.

17. Plan with the Chair of the Board any “away” meetings or site visits that the Board may be interested in (October in Sterling, if possible). Note: Delay due to COVID.

18. Continue to monitor any refunding opportunities.

19. Continue participation in CWCB’s demand management- funding sessions.

20. Continue to work toward “close out” of the Long Hollow and Animas La Plata Projects.

21. Seek options for expanding the Authority’s marketing opportunities to reach a broader market. There are 3 virtual 101 sessions in October and a SDA recorded virtual conference session in September.

22. Consult with staff on opportunities for job/credential enhancement.

23. Continue working on final transition to new Executive Director.

24. Continue efforts with respect to Forest Health Projects and their funding.

25. Work closely with Authority staff and the auditors (BKD) to complete the annual Financial Statements and Single Audits successfully and timely.

= Completed

= In progress

= Delayed or future project