



**COLORADO**  
**Colorado Water  
Conservation Board**  
Department of Natural Resources

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Jared Polis, Governor  
Dan Gibbs, DNR Executive Director  
Lauren Ris, CWCB Acting Director

**TO:** Colorado Water Conservation Board Members

**FROM:** Cole Bedford, P.E., Project Manager  
Kirk Russell, P.E., Finance Section Chief

**DATE:** July 19-20, 2023 Board Meeting

**AGENDA ITEM:** 13b. Change to Existing Loans  
Inverness Water and Sanitation District  
Water Infrastructure and Supply Efficiency (WISE) Phase 2 Infrastructure Project

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#### Staff Recommendation

Staff recommends the Board approve a loan not to exceed \$2,126,050 (\$2,105,000 for project costs and \$21,050 for the 1% service fee) to the Inverness Water and Sanitation District for costs related to the WISE Phase 2 Infrastructure Project, from the Construction Fund. The loan term will remain 20 years at an interest rate of 2.75% per annum. This is an increase of \$698,920 (\$692,000 for Project costs and \$6,920 for the 1% service fee) to CWCB Loan Contract CT2015-0119. Security for the loan shall be in compliance with CWCB Financial Policy #5.

#### Introduction/Background

The Inverness Water and Sanitation District (Inverness) received approval of four separate loan contracts (CT2015-0117, CT2015-0118, CT2015-0119, and CT2015-0120) for costs related to their participation in the Water Infrastructure and Supply Efficiency (WISE) Project at the May 2014 meeting of the CWCB. The combined authorization of the four loans was \$4,908,600 which was 90% of the estimated total Project cost.

Each of the loans covered costs related to one of four separate WISE sub-projects. The first two sub-projects (East Cherry Creek Valley Pipeline Purchase and Phase 1 Infrastructure) are complete and the loans closed out and put into repayment. The second two sub-projects (Phase 2 Infrastructure and Denver International Airport Connection) are ongoing and experiencing cost overruns. As a result, Inverness is requesting an increase to the Phase 2 Infrastructure loan (CT2015-0119). Inverness expects to submit a request to increase the Denver International Airport (DIA) Connection loan later this year. See the attached Project Data Sheet for a location map and project summary and original board memo dated May 2014.



## Project Update

The primary component of the WISE Phase 2 Infrastructure Project is the construction of the Binney Interconnect which directly connects the Prairie Waters Project outfall at the Binney Water Purification Plant and the ECCV Western Pipeline. Work on Phase 2 and the Binney Interconnect began in 2020. Construction efforts were delayed and costs increased due to COVID, but is now nearly complete. Once final electrical infrastructure is complete, the permanent connections can be completed and the temporary connections made during Phase 1 can be removed.

**Permitting:** All permitting required to undertake the project has been completed.

**Schedule:** It is expected that final electrical infrastructure will be installed later this year and that the loan will be closed out soon afterwards.

## Financial Analysis

Table 1 provides a summary of the Project's financial aspects. The loan term shall remain 20 years. The interest rate shall remain at the May 2014 High Municipal Income rate of 2.75%, reduced for a 20 year term.

**TABLE 1: UPDATED FINANCIAL SUMMARY**

Project Item	Original	Current
Project Cost	\$1,570,000	\$2,262,000
Borrower Match <sup>1</sup>	\$157,000	\$157,000
CWCB Loan Amount	\$1,413,000	\$2,105,000
CWCB Loan Amount (Including 1% Service Fee)	\$1,427,130	\$2,126,050
CWCB Annual Loan Payment	\$93,722	\$139,621
CWCB Annual Loan Obligation (1 <sup>st</sup> Ten Years)	\$103,094	\$153,583

<sup>1</sup> In 2014, CWCB policy required that Water Project Loan Program loans cover 90% of project costs matched by a 10% contribution by the Borrower. Policy now allows loans to cover 100% of costs, so no increase to the Borrower Match is recommended as part of this loan increase.

**Creditworthiness:** Inverness carries no debt collateralized by their property tax levies except for their CWCB WISE Loans. At the time of the 2014 loan authorizations, Inverness had two bond issuances (Series 2006A and Series 2012) both of which have since matured. This existing debt is described in Table 2. Financial ratios are shown in Table 3.

**TABLE 2: EXISTING DEBT**

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWCB (CT2015-0117)	\$1,845,270	\$1,392,504	\$121,182	2037	Property Tax Levy
CWCB (CT2015-0118)	\$431,914	\$381,081	\$28,365	2039	Property Tax Levy
CWCB (CT2015-0120)	\$454,500 <sup>1</sup>	\$347,920	\$29,848 <sup>2</sup>	Open	Property Tax Levy
		\$2,121,505	\$180,395		

<sup>1</sup> Including 1% Service Fee

<sup>2</sup> Assumes that the loan closes out after disbursing the full loan authorization

**TABLE 3: UPDATED FINANCIAL RATIOS**

Financial Ratio	Past Years	Future w/ Project	Future w/ Increase
Operating Ratio (revenues/expenses) weak: <100%   average: 100% - 120%   strong: >120%	104% (average) \$5.3M/\$5.1M	100% (average) \$5.4M/\$5.4M	100% (average) \$5.4M/\$5.4M
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100%   average: 100% - 120%   strong: >120%	109% (average) <u>(\$5.3M-\$2.7M)</u> \$2.4M	100% (average) <u>(\$5.4M-\$2.7M)</u> \$2.7M	100% <sup>1</sup> (average) <u>(\$5.4M-\$5.1M)</u> \$0.3M
Cash Reserves to Current Expenses weak: <50%   average: 50% - 100%   strong: >100%	138% (strong) \$7.0M/\$5.1M	129% (strong) \$7.0M/\$5.4M	78% (average) \$4.2M/\$5.4M
Average Monthly Water Bill weak: >\$60   average: \$30 - \$60   strong: <\$30	\$50 (average)	\$55 (average)	\$55 (average)

<sup>1</sup> Both Bond Series 2006A and Series 2012 have matured since the original loan review. Because this long-term debt has been paid off, the Debt Service Coverage Ratio is stronger than projected in 2014.

**Collateral:** Security for this loan will remain a pledge of Inverness's property tax revenues as evidenced by annual financial reporting. Parity status will be required with all existing revenue-secured loans. This security is in compliance with the CWCB financial Policy #5 (Collateral).

cc: Luis Tovar, General Manager, Inverness Water and Sanitation District  
 Jennifer Mele, Colorado Attorney General's Office

Attachments: Original Board Memo (May 2014)  
 Water Project Loan Program - Project Data Sheet

# STATE OF COLORADO

## Colorado Water Conservation Board Department of Natural Resources

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John W. Hickenlooper  
Governor

Mike King  
DNR Executive Director

James Eklund  
CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Derek Johnson, P.E., Project Manager DRJ  
Kirk Russell, P.E., Chief VGR  
Finance Section

DATE: May 9, 2014 (Updated May 23, 2014)

SUBJECT: **Agenda Item 30b, May 21-22, 2014 Board Meeting**  
**Water Infrastructure and Supply Efficiency (WISE) Project Loans**  
**Inverness Water and Sanitation District**

### Introduction

The Inverness Water & Sanitation District (Inverness or District) is requesting a loan for its participation in the Water Infrastructure and Supply Efficiency (WISE) Project. The WISE Project is included in the CWCB Projects Bill (HB14-1333). For the purposes of this loan, the Project is defined as the District's participation therein. The goal of the Project is to reduce the District's dependence on non-renewable water sources. The District is requesting a loan from the CWCB for 90% of its \$5,400,000.00 participation cost. See attached Project Data Sheet for a location map and a project summary.

### Staff Recommendation (Board approved staff recommendation on May 22, 2014)

Staff recommends the Board approve a total loan amount not to exceed \$4,908,600 (\$4,860,000 for Project costs and \$ 48,600 for the 1% Loan Service Fee) to the Inverness Water & Sanitation District for its participation in the Water Infrastructure and Supply Efficiency (WISE) Project from the Construction Fund. The loan terms shall be 20 years at the reduced high- income municipal interest rate of 2.75% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

(INFORMATION IN SMALL CAPS IS COMMON TO ALL WISE LOANS)

### **WISE Project Overview**

THE WISE PROJECT IS THE RESULT OF REGIONAL COOPERATIVE PLANNING EFFORTS BETWEEN DENVER WATER, AURORA WATER, AND 10 REGIONAL WATER PROVIDERS IN THE SOUTH METROPOLITAN AREA.

WATER PROVIDERS IN THE SOUTH METROPOLITAN DENVER AREA RELY PRIMARILY ON BEDROCK GROUNDWATER TO SUPPLY MUNICIPAL AND INDUSTRIAL WATER NEEDS. ALTHOUGH THERE IS A SUBSTANTIAL AMOUNT OF GROUNDWATER IN BEDROCK AQUIFERS UNDERLYING THE DENVER AREA, THESE SUPPLIES DO NOT HAVE A NATURAL SOURCE OF REPLENISHMENT AND ARE THUS CONSIDERED TO BE NON-RENEWABLE. GROUNDWATER AND WELL PRODUCTION DATA INDICATE THAT GROUNDWATER LEVELS ARE DECLINING IN MANY AREAS AS A RESULT OF GROUNDWATER PUMPING. AREA WATER PROVIDERS RECOGNIZE THE NEED TO TRANSITION TO RENEWABLE WATER SUPPLY SOURCES.

THE SOUTH METRO WISE AUTHORITY (WISE AUTHORITY) IS COMPRISED OF TEN GOVERNMENTAL WATER PROVIDERS IN DOUGLAS AND ARAPAHOE COUNTIES BOUND TOGETHER BY A 2013 INTERGOVERNMENTAL AGREEMENT. STAFF IS RECOMMENDING FOUR WISE AUTHORITY MEMBERS FOR LOAN FUNDING THROUGH CWCB.

THE WISE PROJECT WILL UTILIZE EXCESS CAPACITY IN AURORA'S PRAIRIE WATERS PROJECT AND AS-AVAILABLE REUSABLE RETURN FLOWS FROM DENVER WATER AND AURORA WATER TO CREATE A NEW SURFACE WATER SUPPLY FOR WISE AUTHORITY MEMBERS. REUSABLE RETURN FLOWS WILL BE DELIVERED FROM THE SOUTH PLATTE RIVER THROUGH AURORA'S PRAIRIE WATERS SYSTEM TO ITS BINNEY WATER PURIFICATION FACILITY. TREATED WATER WILL THEN BE DELIVERED TO A MASTER METER FOR FURTHER DISTRIBUTION TO WISE AUTHORITY MEMBERS.

WATER DELIVERIES RESULTING FROM THE WISE PROJECT WILL BE VARIABLE AND, AT TIMES, INTERMITTENT. WATER DELIVERIES THROUGH THE WISE PROJECT CAN BE DIRECTLY USED IN PARTICIPANTS' DISTRIBUTION SYSTEMS WHEN DEMANDS COINCIDE WITH THE AVAILABILITY OF SUPPLIES. TO THE DEGREE THAT DELIVERIES EXCEED DEMAND (IN ANY GIVEN MONTH OR DAY), EXCESS WATER CAN BE PUT INTO STORAGE FOR LATER WITHDRAWAL. STORAGE SITES THAT MAY BE UTILIZED INCLUDE RUETER-HESS RESERVOIR AND AQUIFER STORAGE AND RECOVERY (ASR).

WATER WILL BE DELIVERED TO PARTICIPANTS BASED ON THE AMOUNTS DEFINED IN THE WATER DELIVERY AGREEMENT BETWEEN AURORA WATER, DENVER WATER AND THE WISE AUTHORITY. THIS DEFINED VOLUME IS REFERRED TO AS THE SUBSCRIPTION LEVEL, AND IS BASED ON AVERAGE ANNUAL WATER DELIVERIES OVER A 10-YEAR BLOCK OF TIME IN ACRE-FEET PER YEAR. THE FOLLOWING *TABLE 1: WISE PARTICIPANTS & DELIVERIES* LISTS THE AMOUNT OF WATER TO WHICH EACH WISE AUTHORITY MEMBER HAS COMMITTED IN THE WATER DELIVERY AGREEMENT.

**TABLE 1: WISE PARTICIPANTS & DELIVERIES**

<b>WISE Authority Member</b>	<b>10-Year Guar. Delivery (acre-feet)</b>	<b>Subscription Level (acre-feet per year)</b>
<b>Cottonwood *</b>	<b>4,000</b>	<b>400</b>
<b>Inverness *</b>	<b>5,000</b>	<b>500</b>
<b>Parker *</b>	<b>12,000</b>	<b>1,200</b>
<b>Pinery *</b>	<b>5,000</b>	<b>500</b>
Rangeview	5,000	500
Castle Rock	10,000	1,000
Centennial	10,000	1,000
Dominion	13,250	1,325
Stonegate	5,000	500
Meridian	3,000	300
<b>Totals</b>	<b>72,250</b>	<b>7,225</b>

*\* Entities in bold are recommended for CWCB funding.*

FACILITIES TO BE CONSTRUCTED OR ACQUIRED FOR THE WISE PROJECT CAN BE CONSIDERED CORE OR LOCAL COMPONENTS. CORE INFRASTRUCTURE COMPONENTS ARE THOSE DOWNSTREAM OF AURORA'S BINNEY WATER PURIFICATION FACILITY (BWPF) CLEAR WELL AND MASTER METER THAT ARE NECESSARY FOR SERVICE TO ALL OR MOST OF THE PARTICIPANTS, AND RELATED COSTS THEREFORE ARE DISTRIBUTED AMONG ALL WISE AUTHORITY PARTICIPANTS ACCORDING TO THEIR COMMITTED DELIVERY SUBSCRIPTION LEVEL. LOCAL INFRASTRUCTURE COMPONENTS ARE NECESSARY ELEMENTS FOR INDIVIDUAL OR SMALLER GROUPS OF WISE AUTHORITY PARTICIPANTS, AND ARE DIRECTLY APPLIED TO THE BENEFITING MEMBERS. THE CWCB LOANS FOR THE OVERALL PROJECT HAVE BEEN DIVIDED INTO FOUR SEPARATE LOAN CONTRACTS ACCORDING TO FUNDING, TIMELINE, AND LOCATION:

CONTRACT #1 - EAST CHERRY CREEK VALLEY (ECCV) PIPELINE PURCHASE: DELIVERIES TO THE WISE AUTHORITY MEMBERS WILL BE BROUGHT SOUTH THROUGH AURORA'S PRAIRIE WATERS PIPELINE TO A DELIVERY AND MASTER METER POINT LOCATED AT AURORA'S BWPF. SUBSEQUENT DELIVERY TO AREAS WEST WILL BE MADE VIA THE ECCV WESTERN PIPELINE. THE WISE AUTHORITY WILL PURCHASE AN 85% OWNERSHIP INTEREST IN THE 15-MILE ECCV WESTERN PIPELINE, WITH THE REMAINING 15% OWNERSHIP TO BE HELD BY DENVER WATER. ECCV WILL RETAIN RIGHTS TO CARRYING CAPACITY IN THE PIPELINE.

CONTRACT #2 - PHASE 1 INFRASTRUCTURE: COMPONENTS INCLUDED IN THIS PHASE/LOAN INCLUDE A TEMPORARY DIRECT CONNECTION TO AURORA'S DISTRIBUTION SYSTEM TO PROVIDE SHORT-TERM DELIVERIES, AND MODIFICATIONS TO THE ECCV WESTERN PIPELINE NECESSARY TO MAKE WISE WATER DELIVERIES. LOCAL COMPONENTS CONSIST OF SEVERAL TURNOUTS TO BE CONSTRUCTED TO DELIVER WATER DIRECTLY TO WISE PARTICIPANTS WITH SYSTEMS ADJACENT TO THE PIPELINE. ADDITIONAL PUMP STATIONS WILL BE CONSTRUCTED TO DELIVER WATER TO STORAGE IN RUETER-HESS RESERVOIR AND CONVEY WATER TO PARTICIPANTS LOCATED SOUTH OF RUETER-HESS RESERVOIR. THIS PHASE INCLUDES TWO PUMP STATIONS, AND 45 MILES OF NEW PIPELINES VARYING BETWEEN 8- AND 42- INCHES IN DIAMETER.

CONTRACT #3 - PHASE 2 INFRASTRUCTURE: COMPONENTS INCLUDED IN THIS PHASE/LOAN INCLUDE A PUMP STATION AND PIPELINE FROM THE BWPF TO THE EXISTING ECCV PIPELINE, REPLACING THE

TEMPORARY INTERCONNECT WITH THE AURORA DISTRIBUTION SYSTEM AND INCREASING THE CAPACITY OF THE OVERALL SYSTEM. WATER WILL BE PUMPED GENERALLY WEST TO A HIGH POINT, THEN WEST ALONG THE HIGHWAY E-470/C-470 CORRIDOR THROUGH THE EXISTING ECCV WESTERN PIPELINE.

CONTRACT #4 - DENVER INTERNATIONAL AIRPORT (DIA) CONNECTION: THE DIA CONNECTION PROJECT COMPONENT, A 24-INCH 6 MILE PIPELINE INTERCONNECTION BETWEEN DENVER WATER'S TREATED DISTRIBUTION SYSTEM NEAR DIA AND AURORA'S PRAIRIE WATERS PIPELINE, WILL PROVIDE BLEND WATER DELIVERIES FOR THE WISE AUTHORITY MEMBERS. DENVER WATER WILL OWN AND OPERATE THE DIA CONNECTION.

**TABLE 2: WISE AUTHORITY PROJECT COSTS**

WISE Authority Member	ECCV Pipeline Purchase	Phase 1 & 2 Infrastructure	DIA Connection	Totals
<b>Cottonwood *</b>	\$ 420,000	\$ 4,140,000	\$ 400,000	\$ 4,960,000
<b>Inverness *</b>	\$ 2,030,000	\$ 2,870,000	\$ 500,000	\$ 5,400,000
<b>Parker *</b>	\$ 4,870,000	\$ 11,226,000	\$ 1,210,000	\$ 17,306,000
<b>Pinery *</b>	\$ 2,030,000	\$ 8,390,000	\$ 500,000	\$ 10,920,000
Range view	\$ 2,030,000	\$ 3,903,900	\$ 500,000	\$ 6,433,900
Castle Rock	\$ 4,060,000	\$ 34,934,900	\$ 1,000,000	\$ 39,994,900
Centennial	\$ 4,060,000	\$ 4,046,900	\$ 1,000,000	\$ 9,106,900
Dominion	\$ 5,370,000	\$ 37,008,400	\$ 1,330,000	\$ 43,708,400
Meridian	\$ 1,220,000	\$ 1,272,700	\$ 300,000	\$ 2,792,700
Stonegate	\$ 2,030,000	\$ 4,304,300	\$ 500,000	\$ 6,834,300
Component Totals	\$ 28,120,000	\$ 112,097,100	\$ 7,240,000	\$ 147,457,100

*\* Entities in bold are recommended for CWCB funding.*

**SCHEDULE:** ALL FACILITIES ARE SCHEDULED TO BE CONSTRUCTED BY MID-2020. MAJOR MILESTONES TO NOTE INCLUDE:

- ALL AGREEMENTS WILL BE FINALIZED BY THE MIDDLE OF 2014
- PURCHASE OF THE ECCV PIPELINE IS EXPECTED IN 2014
- DESIGN OF PHASE 1 INFRASTRUCTURE AND A DIRECT CONNECTION TO AURORA WATER'S DISTRIBUTION SYSTEM WILL BEGIN IN 2014. CONSTRUCTION OF THESE COMPONENTS WILL BEGIN IN 2015 AND IS PLANNED TO BE COMPLETED MID-2016.
- DESIGN OF PERMANENT PHASE 2 INFRASTRUCTURE TO REPLACE THE TEMPORARY CONNECTION TO THE AURORA WATER DISTRIBUTION SYSTEM WILL BEGIN IN 2018. CONSTRUCTION OF THESE COMPONENTS WILL BEGIN IN 2019 AND IS PLANNED TO BE COMPLETED MID-2020.
- DENVER WATER HAS AGREED TO DESIGN AND CONSTRUCT THE DIA CONNECTION ON OR BEFORE MAY 31, 2020.

## **Borrower: Inverness Water and Sanitation District**

In 1973, Inverness was formed pursuant to Article 1 of Title 32 C.R.S. to provide water supply and treatment systems for the customers within their service area. The District meets the requirement for a state-approved conservation plan by virtue of its participation in the cooperative Douglas County Water Conservation Plan, which combines the individual conservation plans of 15 regional water providers into a single document.

The District is located in Arapahoe and Douglas Counties. The District contains about 1,000 acres with approximately 2/3 of the development in unincorporated Arapahoe County and 1/3 in unincorporated Douglas County. Current annual water demands are between 1,000 and 1,100 acre-feet per year for both potable and non-potable uses. Current water delivery is approximately 50% from Denver Water and 50% from non-tributary well pumping. The District currently serves 2,400 single family equivalents (SFEs).

The District has an independent water system with potable water provided from 4 non-tributary wells, and through a permanent water lease with Denver Water. Denver Water supplies are delivered through the systems of the Southgate Water District and the Castlewood Water District, both distributors of Denver Water.

## **Water Rights**

The District has non-tributary ground water rights amounting to 2,402 acre-feet annually in the Dawson, Arapahoe and Laramie-Fox Hills Aquifers. Currently the District has developed potable water wells only in the Arapahoe Aquifer with the ability to deliver 1,305 acre-feet per year. Dawson Aquifer Wells have also been constructed but are low producing wells and quality precludes direct use in the potable system. The contract with Denver Water allows delivery of 593 acre-feet of renewable surface water supply. Both the non-tributary ground water and the Denver contract supply are reusable.

Water supply is delivered through the District's distribution system and potable water storage. Wastewater treated at the Lone Tree Creek Water Reclamation Facility, which is owned and operated by the Arapahoe County Water and Wastewater Authority. Inverness stores the treated effluent in a 425 acre-foot reservoir and then fully reuses this supply for irrigation of a golf course and numerous commercial and multi-family residential projects.

## **Borrower's Participation**

Inverness has subscribed to 500 acre-feet of water on an average annual basis through the WISE Project.

Inverness will have a connection to the East Cherry Creek Valley (ECCV) Western Pipeline near the intersection of South Jamaica Street and E-470. Immediately downstream of the connection will be a below-grade vault with flow control and metering equipment. Downstream of the vault will be approximately 1,800 feet of 10-inch pipe to connect to the existing Inverness distribution system.

In addition, Inverness may participate in the pipeline, pump station, and Rueter-Hess Reservoir fill pipeline being constructed by Parker as part of the WISE Project. The District is continuing to evaluate its participation to provide supplemental storage. If added, Inverness will fund these improvements through existing cash reserves.

The estimated total project cost for all of the WISE Project components is \$147.5M. The amount that each WISE Authority member is required to pay depends on the amount of water each WISE Authority member has committed to taking, as well as the amount of local infrastructure that must be constructed to deliver each member's WISE water. The District's funding is shown in Table 3 below:



**TABLE 3: LOAN CONTRACTING SUMMARY**

Contract	Earliest Contract Date	Time of Performance	Project Cost *	CWCB Loan Contract Amount (w/o service fee)	Project Activity
1	7/1/2014	2 Years	\$ 2,030,000	\$ 1,827,000	ECCV Pipeline Purchase
2	1/1/2015	4 Years	\$ 1,300,000	\$ 1,170,000	Phase 1 Infrastructure
3	1/1/2015	8 Years	\$ 1,570,000	\$ 1,413,000	Phase 2 Infrastructure
4	7/1/2014	8 Years	\$ 500,000	\$ 450,000	DIA Connection
<b>Totals</b>			<b>\$ 5,400,000</b>	<b>\$ 4,860,000</b>	

\* *Project Cost is defined as the District's participation cost in the overall WISE Project.*

**Contracting:** In anticipation of a multi-year and multi-phased project, CWCB will enter into multiple contracts, for increments of the approved loan limit. This will put the District into repayment on completed portions of the Project and allow CWCB to best utilize its loan funds. CWCB will enter into contracts for project activities no sooner than the dates shown in the above table. Given the potentially long Time of Performance of each contract, interest during construction will be required to be paid annually unless otherwise approved by CWCB.

### Loan Feasibility Study

Black & Veatch prepared a Loan Feasibility on behalf of the WISE Authority dated October 23, 2013 and titled "*Water Infrastructure and Supply Efficiency Project Loan Feasibility Study*". This study was prepared in accordance with CWCB guidelines and includes an alternatives analysis, conceptual design descriptions, exhibits, cost estimates, and financial statements audited by Simmons and Wheeler, PC. Additional clarification and information was provided by Eric Hecox and Rick Marsicek, P.E. of South Metro Water Supply Authority (SMWSA).

### Financial Analysis

The District qualifies for a high-income municipal interest rate of 2.75% for a 20-year term (reduced from a 3.00% rate per CWCB Loan Policy #7). The District will use cash reserves to fund its required match. Table 4 shows a summary of the financial aspects of the Project.

**TABLE 4: PROJECT FINANCIAL SUMMARY**

Total Project Cost	\$ 5,400,000
Borrower Match	\$ 540,000
CWCB Loan	\$ 4,860,000
CWCB Loan (Including 1% Service Fee)	\$ 4,908,600
CWCB Annual Loan Payment	\$ 322,356
CWCB Annual Loan Obligation (including 10% debt reserve funding)	\$ 354,592
Monthly Cost of Loan per SFE (2400 SFEs)	\$ 6.89
Cost per Acre-Foot of Subscribed Deliveries (500 AF)	\$ 10,800

**Creditworthiness:** Per the District's 2012 financial statements, the District has \$21,315,000 in outstanding debt. CWCB will disburse loan funds at a rate of up to 90% of Project Cost, up to the approved loan contract limit. The District's debt per assessed value is less than 10%.

**TABLE 5: EXISTING DEBT**

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
Series 2006A Bonds	\$ 17,000,000	\$ 11,315,000	\$ 1,706,828	12/1/2019	Property Tax Levy
Series 2012 Bonds	\$ 10,000,000	\$ 10,000,000	\$ 668,723	12/1/2022	Property Tax Levy
<b>Totals</b>	<b>\$ 27,000,000</b>	<b>\$ 21,315,000</b>	<b>\$ 2,375,551</b>		

**TABLE 6: FINANCIAL RATIOS**

Financial Ratio	Past 3 Years	Future w/ Project
<b>Operating Ratio (revenues/expenses)</b> weak: <100% - average: 100% - 120% - strong: >120%	104% (average) \$5.3M/\$5.1M	100% (average) \$5.4M/\$5.4M
<b>Debt Service Coverage Ratio</b> (revenues-expenses)/debt service weak: <100% - average: 100% - 120% - strong: >120%	109% (average) (\$5.3M-\$2.7M)/\$2.4M	100% (average) (\$5.4M-\$2.7M)/\$2.7M
<b>Cash Reserves to Current Expenses</b> weak: <50% - average: 50% - 100% - strong: >100%	138% (strong) \$7.0M/\$5.1M	129% (strong) \$7.0M/\$5.4M
<b>Monthly Residential Water Bill</b> weak: >\$60 - average: \$30 - \$60 - strong: <\$30	\$50 (average)	\$55 (average)

**Collateral** - Security for this loan will be a pledge of the District's property tax revenues backed by a rate covenant and annual financial reporting. Parity status will be required with all existing loans secured with the same revenue as this loan. This security is in compliance with CWCB Loan Policy #5 (Collateral).

cc: Patrick Mulhern, General Manger, Inverness Water & Sanitation District  
Eric Hecox, Executive Director, South Metro Water Supply Authority  
Susan Schneider/Jennifer Mele, Colorado Attorney General's Office

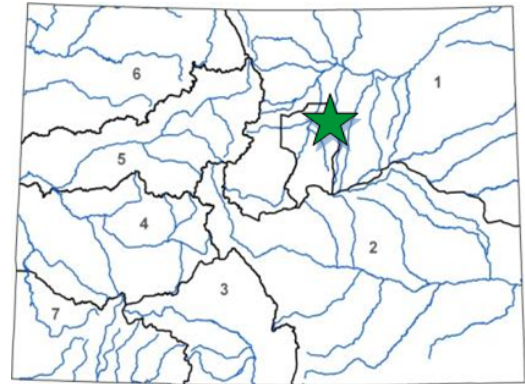
Attachment: Water Project Loan Program – Project Data Sheet

## WISE Phase 2 Infrastructure

### Inverness Water and Sanitation District

July 2023 Board Meeting (Increase)

LOAN DETAILS	
Project Cost:	\$2,262,000
CWCB Loan (with 1% Service Fee):	\$2,126,050
Loan Term and Interest Rate:	20 Yrs @ 2.75%
Funding Source:	Construction Fund
BORROWER TYPE	
Agriculture	Municipal
0%	0% Low - 0% Mid - 100% High
Commercial	0%
PROJECT DETAILS	
Project Type:	New Water Supply
Average Annual Diversions:	1,100 AF



In 1973, the Inverness Water and Sanitation District was formed to provide water supply and treatment systems for customers within its service area.

LOCATION	
County:	Douglas & Arapahoe
Water Source:	South Platte
Drainage Basin:	South Platte
Division: 1	District: 8

In 2013, Inverness joined the Water Infrastructure and Supply (WISE) Authority and in 2014, the CWCB Board and the Colorado General Assembly authorized the Water Project Loan Program to provide a series of loans to the WISE Authority members for costs associated with their participation in the WISE Efficiency Projects. One of the projects was the Phase 2 Infrastructure. Its primary component of the second phase was the construction of the Binney Interconnect which would directly connect the Prairie Waters Project outfall at the Binney Water Purification Plant and the East Cherry Creek Valley Western Pipeline. Work on Phase 2 and the Binney Interconnect began in 2020. Construction efforts were delayed and costs increased due to COVID, but as of 2023 was nearly complete.

