

October 14, 2022

Scott Cowman  
Routt County- Community of Phippsburg  
PO Box 770087  
Steamboat Springs, CO 80487

Re: Routt County Community of Phippsburg Water Pollution Control Revolving Fund (WPCRF)  
Project Needs Assessment (PNA) Review Letter  
WPCRF Project No. 150461W-A, Routt County  
CDPS #COG588141

Dear Scott Cowman:

The Water Quality Control Division (Division) has reviewed the Water Pollution Control Revolving Fund (WPCRF) PNA prepared by Aquaworks, and dated August 24, 2022 for the Routt County Community of Phippsburg. Further information is required prior to approval. Please submit written responses to all comments listed in the sections below.

#### **General PNA Review Comments**

Please provide a written response to the following comments.

- Public meeting has not been held. The PNA indicated that the public meeting would be held at a later date. The public meeting is a requirement of the SRF process and specifically the environmental review process. Please provide an estimated date for the public meeting.

#### **Engineering Section Review Comments**

No further information required at this time. Engineering Section review requirements for the project will be included in the PNA approval letter.

#### **Final Environmental Determination**

The Preliminary Environmental Determination included in the Pre-Qualification Review Letter dated July 8, 2022 requires a preparation of an Environmental Assessment (EA). Further information was provided in the Project Needs Assessment and is under review. The final environmental determination and associated conditions will be included in the PNA Approval letter.

#### **Financial Analysis Comments**

- An updated financial analysis has been completed by DOLA and is attached to this memo. Please review the memo for important notes and recommendations.

#### **Bipartisan Infrastructure Law (BIL) Principal Forgiveness Eligibility Review:**

- The DOLA analyst reviewed the applicant's eligibility for BIL principal forgiveness based on the eligibility criteria outlined in the 2022 WPCRF Intended Use Plan. Based on the evaluation, it appears the project qualifies for principal forgiveness. This is not a guarantee of funds and may be subject to prioritization, potential caps, and availability of funds. The determination was made at

the June 28, 2022 pre-qualification meeting is effective for 18-months from the date of the determination. If the loan application is received after 18-months from the date of the determination, the eligibility must be re-evaluated at that time using current criteria.

- Confirmation of applicant's request for BIL funding is required and will be used to evaluate the loan package, including the amount of BIL principal forgiveness the applicant may be eligible for at loan application. **Please provide a written response indicating if Routt County requests BIL funding.**

This letter does not guarantee the award of funds. Award of funds is subject to meeting technical and SRF requirements, and approval by the Authority Board of Directors. Availability and terms of funding for both BIL and base program SRF funds are subject to change at any time.

Questions or clarifications can be directed to me via telephone at 720-248-7364, or via e-mail at [james.wheatley@state.co.us](mailto:james.wheatley@state.co.us).

Sincerely,

James Wheatley  
Project Manager  
Grants and Loans Unit  
Water Quality Control Division

ec: Adam Sommers- Aquaworks  
Amy Zimmerman- Aquaworks  
Emily Wong- Review Engineer, WQCD Engineering Section  
Victor Chen- Finance and Research Analyst, Department of Local Affairs  
Austin Reichel- Colorado Water Resources Power Development Authority  
Matt Alms- GLU Environmental Coordinator, WQCD Grants and Loans Unit  
Alex Hawley- GLU Unit Work Group Lead, WQCD Grants and Loans Unit  
Mark Henderson- GLU Unit Manager, WQCD Grants and Loans Unit





## MEMORANDUM

**To:** James Wheatley, WQCD Grants and Loans Unit  
**Cc:** Austin Reichel, CWRPDA  
**From:** Kelly Shen and Desi Santerre, Division of Local Government  
**Date:** September 29, 2022  
**Re:** *WPCRF PNA Review for the Phippsburg Enterprise of Routt County (the "Enterprise")*

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We have reviewed the materials associated with the Phippsburg Enterprise of Routt County's (the "Enterprise") WPCRF project needs assessment. As a part of this review, we utilized existing 2020 financial statements and updated our financial analysis based on the selected alternative.

### Financial Analysis Update

Although the Enterprise's operating ratio is strong, this project is projected to add a significant debt burden for the community. Even with potential loan forgiveness, this project is likely to need additional grants and funding to be affordable. All additional funding should be secured prior to loan application.

- The Enterprise's operating ratio is strong (135%), as is its operation and maintenance reserves (185%).
- Assuming a loan request of \$4,086,816, the Enterprise's projected coverage is 14% with or without tap fee revenue. A projected rate increase of \$168.93 per tap per month may be necessary to meet the 110% debt service coverage ratio requirement.
  - The Enterprise has increased sewer rates by about \$4 and water rates by \$5 since 2020, and the revenue generated by this increase is not accounted for in the estimates.
  - The Enterprise also plans to conduct a rate study through the Rural Community Assistance Corporation in the fall of 2022, and use the results to inform potential rate changes.
- As discussed during the pre-qualification meeting, the Enterprise is currently eligible for Bipartisan Infrastructure Law (BIL) loan forgiveness.
  - Assuming a maximum loan forgiveness amount of \$1,500,000, the Enterprise's projected coverage increases to 21% and the estimated rate increase necessary decreases to \$102.18 per tap per month.
  - Actual loan forgiveness amounts may vary depending on availability and applicable maximum limits at the time of loan application.

Please contact us if we can provide additional information or assistance.

