



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**M E M O R A N D U M**

**TO:** Board of Directors  
**FROM:** Brian Thompson, Government Affairs Administrator  
**DATE:** June 16, 2022  
**RE:** June 23, 2022, Board Meeting

**GOVERNED BY:**

The Metropolitan  
Districts of:  
Arrowhead  
Beaver Creek  
Berry Creek  
EagleVail  
Edwards

The Town of Avon

This memorandum shall serve as notice of the Regular Meeting of the Board of Directors of the Upper Eagle Regional Water Authority:

**Thursday, June 23, 2022  
8:30 a.m.**

**This meeting will be held in-person for board members only**

Walter Kirch Room  
Eagle River Water & Sanitation District Vail office  
846 Forest Road  
Vail, Colorado

**Public participants may continue to use Microsoft Teams for virtual attendance.**

Call-in information is available prior to the meeting by emailing [info@erwsd.org](mailto:info@erwsd.org).

**C:**  
ERWSD Managers

Board Materials via Email:  
Caroline Bradford, Independent Consultant  
Steve Coyer, Mountain Star  
Catherine Hayes  
Melissa Nelson, Berry Creek Metropolitan District  
Bill Simmons, Beaver Creek Metropolitan District



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**BOARD OF DIRECTORS REGULAR MEETING**  
Thursday, June 23, 2022  
**8:30 a.m.**  
Walter Kirch Conference Room

**AGENDA**

**GOVERNED BY:**

The Metropolitan  
Districts of:  
Arrowhead  
Beaver Creek  
Berry Creek  
EagleVail  
Edwards

The Town of Avon

- 1. Consultant/Guest Introduction**
- 2. Public Comment\***
- 3. Action/Other Items**
  - 3.1.** Minutes of Meetings – Approval or Modification
    - 3.1.1. Minutes of May 26, 2022, Regular Meeting\*
  - 3.2.** Consideration of FY 2021 Audited Financial Statement – McMahan and Associates\*
  - 3.3.** Information Reports
    - 3.3.1. Development report\*
    - 3.3.2. Board Committees\*
    - 3.3.3. Authority May Meeting Summary – draft\*
- 4. Strategy Items**
  - 4.1.** Board Member Input
- 5. Acting General Manager Report – Siri Roman**
  - 5.1.** GM Information Items
  - 5.2.** Business Administration Report – David Norris
    - 5.2.1. Analysis of Miscellaneous Fees\*
  - 5.3.** Operations Report – Siri Roman\*
    - 5.3.1. EPA PFAS Health Advisory – Kailey Rosema
    - 5.3.2. Avon Wastewater Nutrient Upgrade Project Update – Melissa Marts\*
    - 5.3.3. Fenno Wellhouse Completion – Jeff Schneider\*
    - 5.3.4. Eagle Park Reservoir Quarterly Operations Report†
  - 5.4.** Engineering and Water Resources Report – Jason Cowles\*
    - 5.4.1. Unallocated Water Update
    - 5.4.2. 6 West Final Acceptance
  - 5.5.** Communications and Public Affairs Report – Diane Johnson
- 6. General Counsel Report – Kathryn Winn**
  - 6.1.** Minturn 1041 Intergovernmental Agreement – DRAFT\*
- 7. Water Counsel Report – Kristin Moseley**
- Executive Session**
- 8. Water Counsel Review of Matters in Negotiation – Kristin Moseley†**

☀ **Action Item Attachment**

\* **Informational Attachment**

† **Confidential Attachment**

- Public comment of items not on the agenda is limited to three minutes per person on any particular subject for which public comment is accommodated, pursuant to §18-9-108, C.R.S.

**8.1.** Pursuant to §24-6-402(4)(b), C.R.S., to have a conference with Counsel to receive legal advice on specific legal questions, and §24-6-402(4)(e), C.R.S., to determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators on the following topics:

8.1.1. Minturn Stipulations for Case Nos. 21CW3029 and 21CW3030<sup>†</sup>

**9. General Counsel Review of Matters in Negotiation – Kathryn Winn<sup>†</sup>**

**10. Adjournment**

**This is a hybrid meeting. For Microsoft Teams information to join the meeting, please contact [info@erwsd.org](mailto:info@erwsd.org) prior to the meeting.**



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**GOVERNED BY:**

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The Town of Avon

**BOARD ACTION REQUEST**

**TO:** The Board of Directors  
**FROM:** David Norris  
**DATE:** June 23, 2022  
**RE:** FY 2021 Audited Financial Statement

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**Summary of Subject:** Each year we are required to have an independent auditing firm audit our financial statements. The auditing firm of McMahan and Associates, L.L.C., performs this service. The draft of our audited financial statements for the year ended December 31, 2021, is attached for your review. Matt Miller & Paul Backes, audit partners, attended the Audit Committee meeting on June 14, 2022, to present the material and answer questions.

**Discussion and Background:** The auditors performed the required procedures in May to test internal controls, accounting policies, and audit reported financial balances. They then met with the Audit Committee to review the results of field work, potential for financial misstatement, and risk of fraud. Additionally, they discussed the clean results and advised no material issues or audit adjustments were found.

Attached is the auditor's communications letter discussed with the Audit Committee addressing audit scope, controls and processed audit adjustments. No material items or adjustments were noted.

**Legal Issues:** We are required to file our audited financial statements with the Colorado Department of Local Government no later than July 31<sup>st</sup> and with the EMMA national bond disclosure network no later than August 30<sup>th</sup>.

**Suggested Resolution and Motion:** Upon the recommendation of the audit committee, I move we accept the audited financial statements as presented, and direct final reports to be distributed. I further move we authorize the General Manager and Finance Manager to sign the letter of representation addressed to McMahan and Associates, L.L.C.

Please let me know if you have questions or would like additional information.

**Attached Supporting Documentation:**

Governing Board Letter regarding required communication on Audit Scope – no material items noted.

Draft Audited Financial Statement Report for December 31, 2021.

(Before Printing: Large Doc 58 pages)

Table of Contents:

A section: Auditors opinion – “Clean”

B Section: Management Discussion & Analysis letter

C Section: GAAP Financial Statements - Audited

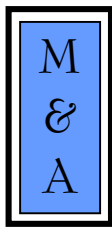
D Section: Footnotes

E Section: Budgetary Basis Financials and Debt service Schedules

F Section: Statistical Data – Charts and graphs

F-1: Rate Maintenance Covenant Tables

F-5 to 8: Schedule of Water and Storage rights with updated value



# McMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## **Audit Committee and the Board of Directors Upper Eagle Regional Water Authority Eagle County, Colorado**

We have audited the financial statements of Upper Eagle Regional Water Authority for the year ended December 31, 2021. Professional standards require that we provide you with the following information related to our audit.

### ***Qualitative Aspects of Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Upper Eagle Regional Water Authority are described in the Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Estimated useful lives for depreciation on fixed assets: Management's estimate of depreciation is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to audit procedures being performed. No such misstatements were identified.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

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***Management Representations***

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

This report is intended solely for the information and use of the Audit Committee and Board of Directors, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

**McMahan and Associates, L.L.C.**

**Upper Eagle Regional Water Authority  
Vail, Colorado**

**Financial Statements  
December 31, 2021 and 2020**

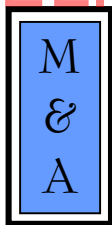




**Upper Eagle Regional Water Authority  
Financial Statements  
December 31, 2021 and 2020**

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# McMAHAN AND ASSOCIATES, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Upper Eagle Regional Water Authority**

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities of Upper Eagle Regional Water Authority (the "Authority"), as of and for the year ended December 31, 2021 and December 31, 2020, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Upper Eagle Regional Water Authority, as of December 31, 2021 and December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Upper Eagle Regional Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The Upper Eagle Regional Water Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

*Member: American Institute of Certified Public Accountants*

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*To the Board of Directors  
Upper Eagle Regional Water Authority*

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**To the Board of Directors  
Upper Eagle Regional Water Authority**

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Eagle Regional Water Authority's basic financial statements. The budgetary comparisons and debt service schedules in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons and debt services schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The statistical data in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**McMahan and Associates, L.L.C.  
Avon, Colorado**

## MANAGEMENT'S DISCUSSION AND ANALYSIS



## Upper Eagle Regional Water Authority Management's Discussion and Analysis December 31, 2021

The discussion and analysis is designed to provide an analysis of the Upper Eagle Regional Water Authority's (the Authority) financial condition and operating results and to inform the reader on the Authority's financial issues and activities.

The Management's Discussion and Analysis (the MD&A) should be read in conjunction with the Authority's financial statements.

### Financial Highlights

In 2021, total net position decreased by \$2,376,121 from \$63,305,069 in 2020 to \$60,928,948 in 2021. Depreciation expense of \$5,369,816 netted with debt payments of \$334,204 and capitalized expenditures of \$17,142,700 are the main reasons for the decrease in net position. Overall for the year, current and other assets decreased by \$13,212,936. A bond issue in 2020 provided cash for the multi-year capital program. Proceeds being held at December 31, 2021, for future capital project spending were \$7,143,902. Capital assets increased by \$11,599,063, which represents total capital additions and contributions, net of changes in accumulated depreciation and disposals. Total liabilities increased \$738,843 during 2021, primarily as a result of ongoing construction.

In 2021, total revenues decreased by \$1,759,259 relative to 2020, and total expenses increased by \$2,613,775 when compared to 2020. The Authority's 2021 financial activity generated a net decrease of \$14,548,271 in net position prior to the depreciation on capital assets. In accordance with Generally Accepted Accounting Principles (GAAP), \$5,369,816 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The net result after GAAP adjustments was a decrease in net position of \$2,376,121 for 2021, compared to an increase in net position of \$1,996,913 in 2020.

In 2020, total revenues decreased by \$2,159,256 relative to 2019, and total expenses increased by \$556,237 when compared to 2019. The Authority's 2020 financial activity generated a net increase of \$26,559,735 in net position prior to the depreciation on capital assets. In accordance with Generally Accepted Accounting Principles (GAAP), \$5,202,025 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The net result after GAAP adjustments was an increase in net position of \$1,996,913 for 2020, compared to an increase in net position of \$4,712,406 in 2019.

### Overview of the Financial Statements

The financial statements of the Authority are presented as a special purpose government engaged only in business type activities - providing water utility services.

The *Statements of Net Position* present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**Upper Eagle Regional Water Authority**  
**Management's Discussion and Analysis**  
**December 31, 2021**  
**(continued)**

**Overview of the Financial Statements (continued)**

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the Authority's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the Authority's cash flows from operating, capital and related financing, and investing activities.

These financial statements distinguish functions of the Authority that will be principally supported by service charges. The functions of the Authority include effective and economical operation of water systems within the jurisdictional boundaries of the Authority. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**NET POSITION**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>			
Current and other assets	\$ 33,422,476	\$ 46,635,412	\$ 15,201,647
Capital assets, net	91,147,971	79,548,908	77,371,455
<b>Total Assets</b>	<u>124,570,447</u>	<u>126,184,320</u>	<u>92,573,102</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	419,346	442,751	13,874
<b>Total Deferred Outflows of Resources</b>	<u>419,346</u>	<u>442,751</u>	<u>13,874</u>
<b>Liabilities:</b>			
Long-term liabilities	58,842,702	59,439,496	28,792,491
Other liabilities	5,218,143	3,882,506	2,486,329
<b>Total Liabilities</b>	<u>64,060,845</u>	<u>63,322,002</u>	<u>31,278,820</u>
<b>Net Position:</b>			
Net investment in capital assets	40,732,008	44,249,694	49,649,611
Restricted:			
Debt	7,891,456	7,367,144	4,090,993
Unrestricted	12,305,484	11,688,231	7,567,552
<b>Total Net Position</b>	<u>\$ 60,928,948</u>	<u>\$ 63,305,069</u>	<u>\$ 61,308,156</u>

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities. The general decline in net position is a result of expensing annual asset depreciation in accordance with GAAP reporting.

**Upper Eagle Regional Water Authority  
Management's Discussion and Analysis  
December 31, 2021  
(continued)**

**Overview of the Financial Statements (continued)**

The largest portion of the Authority's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**REVIEW OF REVENUES**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>			
Operating revenues:			
Service fees	\$ 14,228,792	\$ 13,273,780	\$ 11,300,594
Non-operating revenues:			
Investment income	8,354	43,024	218,910
Interest credit - Build America Bonds	-	253,044	294,369
Settlement proceeds	-	-	5,006,894
Other	38,537	34,868	50,460
Capital contributions:			
Plant investment fees	1,461,423	668,439	2,300,552
Water storage fees	45,784	45,184	192,392
EPRC stock - water rights	-	3,453,871	-
Contributed assets	230,061	-	567,295
<b>Total Revenues</b>	<u>\$ 16,012,951</u>	<u>\$ 17,772,210</u>	<u>\$ 19,931,466</u>

In 2021, service revenues continued to increase year over year. During 2020, the Authority received shares of Eagle Park Reservoir Company from Eagle County. During 2019, the Authority received settlement proceeds related to ongoing litigation from past years.



**Upper Eagle Regional Water Authority  
Management's Discussion and Analysis  
December 31, 2021  
(continued)**

**REVIEW OF EXPENSES**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Expenses:</b>			
Operating Expenses:			
Water treatment	\$ 4,336,052	\$ 4,630,148	\$ 4,419,085
Water distribution	5,756,971	5,431,869	5,708,499
Other operating	985,277	856,278	995,751
General and administrative	5,287,720	3,817,675	2,607,922
Non-operating expenses:			
Interest expense	2,022,062	1,037,704	1,486,235
Other	990	1,623	1,569
<b>Total Expenses</b>	<u>18,389,072</u>	<u>15,775,297</u>	<u>15,219,061</u>
 <b>Change in Net Position</b>	 (2,376,121)	 1,996,913	 4,712,405
 <b>Net Position - Beginning of Year</b>	 <u>63,305,069</u>	 <u>61,308,156</u>	 <u>56,595,750</u>
 <b>Net Position - End of Year</b>	 <u><u>\$ 60,928,948</u></u>	 <u><u>\$ 63,305,069</u></u>	 <u><u>\$ 61,308,156</u></u>

In 2021, total expenses increased year over year. The increase is related to general and administrative costs increasing in 2021.

In 2020, total expenses increased year over year. The increase is related to general and administrative costs increasing in 2020.

In 2019, total expenses increased year over year. The increase is related to the Authority part of the expense of a water distribution project in Beaver Creek at Village Hall parking structure, which totaled 795,981 in 2019.

**Upper Eagle Regional Water Authority  
Management's Discussion and Analysis  
December 31, 2021  
(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets, net of accumulated depreciation, as of December 31, 2021 and 2020, were \$91,147,971 and \$79,548,908, respectively. This investment in capital assets includes land and land improvements, water rights and storage, treatment plants, distribution systems, telemetry, water wells, and construction in process.

Most of the water and storage rights currently used by the Authority were provided by the member government entities at no cost to the Authority. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the Authority's Statement of Net Position at historic cost, totaling \$1,709,148. This cost represents mostly legal expenditures to establish the Authority's ability to use these rights to provide water directly to the customers of each of its members and a small acquisition of new rights. Also, in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost. Management of the Authority believes the actual value of these water and storage rights used by the Authority to be much greater than historical cost at December 31, 2021. See the Schedule of Water and Storage Rights in the Statistical Section (page F5-8) for additional information. Analysis of changes in capital assets in 2021 is as follows:

	<b>1/1/21 Beginning Balance</b>	<b>Additions</b>	<b>Reclasses and Retirements</b>	<b>12/31/21 Ending Balance</b>
Capital assets, not being depreciated:				
Land and land improvements	780,962	-	-	780,962
Water/storage rights	1,709,148	-	-	1,709,148
Construction in progress	12,514,574	17,170,244	(2,621,677)	27,063,141
Total capital assets, not being depreciated	15,004,684	17,170,244	(2,621,677)	29,553,251
Capital assets, being depreciated:				
Treatment plants	41,991,272	928,449	-	42,919,721
Distribution system	93,516,580	1,491,863	-	95,008,443
Water wells	15,267,165	-	-	15,267,165
Total capital assets being depreciated	150,775,017	2,420,312	-	153,195,329
Less accumulated depreciation for:				
Treatment plants	(25,284,227)	(1,610,074)	-	(26,894,301)
Distribution system	(53,444,997)	(3,157,290)	-	(56,602,287)
Water wells	(7,501,569)	(602,452)	-	(8,104,021)
Total accumulated depreciation	(86,230,793)	(5,369,816)	-	(91,600,609)
Total capital assets, being depreciated, net	64,544,224	(2,949,504)	-	61,594,720
<b>Total capital assets, net</b>	<b>79,548,908</b>	<b>14,220,740</b>	<b>(2,621,677)</b>	<b>91,147,971</b>

**Upper Eagle Regional Water Authority  
Management's Discussion and Analysis  
December 31, 2021  
(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Capital Assets (continued)**

In 2021, total net capital assets were \$91,147,971, an increase of \$11,599,063 from the 2020 amount of \$79,548,908. Net capital asset additions of \$16,968,879 were offset by changes in accumulated depreciation of \$5,369,816 for a net increase in capital assets of \$11,599,063.

In 2020, total net capital assets were \$79,548,908, an increase of \$2,177,453 from the 2019 amount of \$77,371,455. Net capital asset additions of \$7,379,478 were offset by changes in accumulated depreciation of \$5,202,025 for a net increase in capital assets of \$2,177,453.

Additional information on the Authority's capital assets can be found in Note III.F to the financial statements.

**Long-term Debt**

At the end of 2021, the Authority had revenue bonds of \$57,979,212 and an assessment payable to Eagle Park Reservoir Company of \$863,490.

At the end of 2020, the Authority had revenue bonds of \$58,476,802 and an assessment payable to Eagle Park Reservoir Company of \$962,694.

**BUDGET VARIANCES AND FUTURE CONSIDERATIONS**

**Budget Variances**

In 2021, revenues were above budget expectations by \$1,586,095. The positive variance is mainly due to the Authority budgeting conservatively for water service fees and plant investment fees. The expenditure budget was \$39,465,021, including \$28,605,477 of capital additions. Actual expenditures were \$9,131,735 less than budget.

**2022 Budget Considerations**

The Authority will continue to promote wise use of water and support a comprehensive water conservation program. Additionally, the Authority will explore opportunities to develop or acquire new water resources.

The approved expenditure budget for 2022 is \$29,139,009 including \$15,870,927 of capital additions.

The 2022 water use rates continue to include base fees and a five-tier usage structure. Each tier allows 7,000 gallons of water use per SFE. The tier pricing progressively increases above previous tier to further promote wise use of water.

The 2022 monthly water rates are \$21.39 service base rate per SFE, plus \$11.98 debt service base rate per SFE, plus \$3.96 capital replacement program base rate per SFE and tiered usage rates of \$4.48 per 1,000 gallons for tier one, \$6.72 per 1,000 gallons for tier two, \$11.72 per 1,000 gallons for tier three, \$22.02 per 1,000 gallons for tier four and \$33.03 per 1,000 gallons for tier five (28,000 gallons and over).

# PRELIMINARY DRAFT

**Upper Eagle Regional Water Authority  
Management's Discussion and Analysis  
December 31, 2021  
(continued)**

## **REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Linn Brooks, General Manager, Eagle River Water and Sanitation District, 846 Forest Road, Vail, Colorado 81657.

## BASIC FINANCIAL STATEMENTS



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**Upper Eagle Regional Water Authority**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents - Unrestricted	6,706,795	4,799,066
Cash and cash equivalents - Restricted	15,035,358	30,736,415
Receivables, net of allowance for uncollectibles:		
Accounts	2,590,862	1,835,786
Interest - Build America Bonds	-	279,155
Current portion of notes receivable	8,194	7,771
Inventory	92,755	-
Prepaid expenses	140,912	127,070
<b>Total Current Assets</b>	<u>24,574,876</u>	<u>37,785,263</u>
<b>Non-current Assets:</b>		
<b>Other Assets:</b>		
Patronage dividend receivable	389,685	384,040
Notes receivable - Due in more than one year	59,442	67,636
Investment in Eagle Park Reservoir Company	8,398,473	8,398,473
<b>Total Other Assets</b>	<u>8,847,600</u>	<u>8,850,149</u>
<b>Capital Assets:</b>		
Land and improvements	780,962	780,962
Water/storage rights	1,709,148	1,709,148
Construction in progress	27,063,141	12,514,574
Treatment plants	42,919,721	41,991,272
Distribution system	95,008,443	93,516,580
Water wells	15,267,165	15,267,165
Less: Accumulated depreciation	(91,600,609)	(86,230,793)
<b>Total Capital Assets</b>	<u>91,147,971</u>	<u>79,548,908</u>
<b>Total Non-current Assets</b>	<u>99,995,571</u>	<u>88,399,057</u>
<b>Total Assets</b>	<u>124,570,447</u>	<u>126,184,320</u>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding	419,346	442,751
<b>Total Deferred Outflows of Resources</b>	<u>419,346</u>	<u>442,751</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>124,989,793</u>	<u>126,627,071</u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority**  
**Statements of Net Position**  
**December 31, 2021 and 2020**  
**(Continued)**

	<u>2021</u>	<u>2020</u>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable - Other	1,854,801	987,898
Accounts payable - ERWSD	3,151,727	2,654,848
Interest payable	186,929	212,930
Loans and bonds payable - Due within one year	359,611	334,204
Deposits	<u>7,227</u>	<u>7,124</u>
<b>Total Current Liabilities</b>	<u>5,560,295</u>	<u>4,197,004</u>
<b>Non-current Liabilities:</b>		
Other payables	17,459	19,706
Loans and bonds payable - Due in more than one year	<u>58,483,091</u>	<u>59,105,292</u>
<b>Total Non-current Liabilities</b>	<u>58,500,550</u>	<u>59,124,998</u>
<b>Total Liabilities</b>	<u>64,060,845</u>	<u>63,322,002</u>
<b>Net Position:</b>		
Net investment in capital assets	40,732,008	44,249,694
Restricted for:		
Debt	7,891,456	7,367,144
Unrestricted	<u>12,305,484</u>	<u>11,688,231</u>
<b>Total Net Position</b>	<u>60,928,948</u>	<u>63,305,069</u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority**  
**Statements of Revenues, Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues:</b>		
Service fees	14,228,792	13,273,780
<b>Total Operating Revenues</b>	<u>14,228,792</u>	<u>13,273,780</u>
<b>Operating Expenses:</b>		
Water treatment	4,336,052	4,630,148
Water distribution	5,756,971	5,431,869
Other operating	985,277	856,278
General and administrative	5,287,720	3,817,675
<b>Total Operating Expenses</b>	<u>16,366,020</u>	<u>14,735,970</u>
<b>Operating Income (Loss)</b>	<u>(2,137,228)</u>	<u>(1,462,190)</u>
<b>Non-operating Revenues (Expenses):</b>		
Investment income	8,354	43,024
Interest credit - Build America Bonds	-	253,044
Other non-operating revenues	38,537	34,868
Interest expense	(2,022,062)	(1,037,704)
Paying agent fees	(990)	(1,623)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(1,976,161)</u>	<u>(708,391)</u>
<b>Income (Loss) Before Capital Contributions</b>	<u>(4,113,389)</u>	<u>(2,170,581)</u>
<b>Capital Contributions:</b>		
Plant investment fees	1,461,423	668,439
Water storage fees, net of refunds	45,784	45,184
EPRC stock	-	3,453,871
Contributed assets	230,061	-
<b>Total Capital Contributions</b>	<u>1,737,268</u>	<u>4,167,494</u>
<b>Change in Net Position</b>	(2,376,121)	1,996,913
<b>Net Position - Beginning of Year</b>	<u>63,305,069</u>	<u>61,308,156</u>
<b>Net Position - End of Year</b>	<u><u>60,928,948</u></u>	<u><u>63,305,069</u></u>

The accompanying notes are an integral part of these financial statements.



**Upper Eagle Regional Water Authority**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers and others	13,473,712	14,405,315
Cash payments for goods and services	<u>(10,122,261)</u>	<u>(8,344,689)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>3,351,451</u>	<u>6,060,626</u>
<b>Cash Flows From Non-capital Financing Activities:</b>		
Patronage dividend received	29,043	45,905
Other cash receipts and settlement proceeds	<u>3,849</u>	<u>452,207</u>
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<u>32,892</u>	<u>498,112</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Proceeds from bond issuance, including premium	-	46,512,550
Cash received from system development fees	1,461,423	668,439
Cash received from water storage fees	45,784	45,184
Interest subsidy payment received - Build America Bonds	279,155	-
Cash (paid) received for return of capital asset deposit	103	(120)
Cash paid for principal on debt	(334,204)	(1,144,077)
Cash paid for interest and paying agent fees on debt	(2,288,238)	(1,460,162)
Cash paid to refunded bond escrow agent to retire bond principal	-	(15,096,652)
Cash paid for capital acquisitions	<u>(16,357,819)</u>	<u>(7,378,115)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(17,193,796)</u>	<u>22,147,047</u>
<b>Cash Flows From Investing Activities:</b>		
Interest income received	4,244	38,513
Interest received on notes receivable	4,110	4,511
Principal received on notes receivable	<u>7,771</u>	<u>7,369</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>16,125</u>	<u>50,393</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(13,793,328)	28,756,178
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>35,535,481</u>	<u>6,779,303</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>21,742,153</u></u>	<u><u>35,535,481</u></u>
<b>Represented by Balance Sheet Captions:</b>		
Cash and cash equivalents - Unrestricted	6,706,795	4,799,066
Cash and cash equivalents - Restricted	15,035,358	30,736,415
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>21,742,153</u></u>	<u><u>35,535,481</u></u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**  
**(Continued)**

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	<u>(2,137,228)</u>	<u>(1,462,190)</u>
<b>Adjustments:</b>		
Depreciation	5,369,816	5,202,025
Prior year capitalized assets expensed in the current year	403,882	-
(Increase) decrease in accounts receivable	(755,080)	1,131,536
(Increase) decrease in inventory	(92,755)	-
(Increase) decrease in prepaid expenses	(13,842)	(126,170)
Increase (decrease) in accounts payable - Other	82,026	87,797
Increase (decrease) in accounts payable - ERWSD	496,879	1,275,974
Increase (decrease) in other liabilities	(2,247)	(48,346)
<b>Total Adjustments</b>	<u>5,488,679</u>	<u>7,522,816</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>3,351,451</u>	<u>6,060,626</u>
<b>Non-cash Investing, Capital, and Financing Activities:</b>		
Contribution of capital assets and EPRC stock	<u>230,061</u>	<u>3,453,871</u>

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021**

**I. Summary of Significant Accounting Policies**

Upper Eagle Regional Water Authority (the “Authority”) was formed September 18, 1984 pursuant to an establishing contract by the following entities located in Eagle County, Colorado (the “members”):

- Arrowhead Metropolitan District
- Town of Avon
- Beaver Creek Metropolitan District
- Berry Creek Metropolitan District
- Eagle-Vail Metropolitan District
- Edwards Metropolitan District

The Authority, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The Authority was established to make the best practical use of the members’ joint resources to supply water and to further develop water resources and facilities in a portion of Eagle County, Colorado. The Authority also provides water service to the Traer Creek (the Village at Avon), Cordillera and Bachelor Gulch developments (the “contracting parties”) through contracts with members.

The Authority may not be terminated while bonds, notes, or other obligations are outstanding, unless provision for full payment of such obligation has been made. At December 31, 2021, the Authority had debt with maturities through 2050.

The Authority has a service contract with the members. Under the terms of the agreement, the Authority provides residents of the members water service; the Authority bills these residents at rates which are expected to cover its costs of providing water services and other functions. Such costs specifically include debt service requirements, depreciation, replacements, operations, and maintenance. As part of the agreement, the members have leased all of their rights, associated easements, and improvements to the Authority at no cost. As return consideration, the Authority has agreed to maintain the associated improvements and to administer and protect the members’ plan for augmentation and water decrees at no cost to the members.

Effective July 1, 2015, the members approved an Amended and Restated Master Service Contract (the “Master Service Contract”). In addition to the provisions described above, the Master Service Contract stipulated that:

- The members convey their individual water systems to the Authority.
- All member customers become customers of the Authority.
- Tap fees and water surcharges, in addition to Authority fees, can be imposed by members and contracting parties on customers within their respective jurisdictional boundaries and will remain revenue of that individual member or contracting party. Tap fees are collected by Arrowhead Metropolitan District, the Town of Avon, Traer Creek, Cordillera, and Bachelor Gulch. Water surcharges are collected by the Town of Avon, Traer Creek and Cordillera.
- Maintenance of the existing individual water systems becomes the responsibility of the Authority.
- Extensions of existing lines and construction of system additions may be approved by the Authority and the cost of extensions or construction may be passed on to developers. Once constructed and accepted by the Authority, extensions and additions will become part of the Authority’s water system.
- The members retain ownership of water rights and an interest in assets, including rights to capacity in the system to the extent necessary to ensure service to their service areas and to retain individual enterprise status.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

The Authority has no employees; all operations and administrative functions are contracted with Eagle River Water and Sanitation District (the "District"), as subsequently explained.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Authority. Organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the Authority is not financially accountable for any other entity nor is the Authority a component unit of any other government.

**B. Fund Accounting**

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Authority uses a proprietary fund-type, an enterprise fund, to account for its activity, providing water services to residents within the Authority's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**1. Long-term Economic Focus and Accrual Basis**

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Financial Statement Presentation**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Financial Statement Accounts and Accounting Policies**

**1. Cash, Cash Equivalents and Investments**

For purposes of the Statements of Cash Flows, the Authority considers cash on hand, demand deposits, U.S. government obligations and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Authority's investment policy is detailed at note III.A.

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of \$0 and \$0 had been established at December 31, 2021 and 2020, respectively, to estimate uncollectible accounts.

**3. Capital Assets**

Capital assets, which include water/storage rights, land and improvements, construction in progress, treatment plants, distribution systems, and water wells, are reported in the financial statements. The Authority defines capital assets as assets with an initial cost of \$5,000 or more. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**3. Capital Assets (continued)**

The cost of water and storage rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed. See the Schedule of Water and Storage Rights in the Statistical Section (pages F5-F7) for additional information.

Each of the participating members leased or subleased sufficient water rights to the Authority at no cost to the Authority to meet their projected needs upon full build-out within their current boundaries.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed.

Treatment plants, distribution systems, and water wells are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Treatment plants	5 - 40
Distribution systems	5 - 40
Water wells	5 - 40

In the event of the dissolution of the Authority, all of the assets of the Authority shall immediately vest in the participating members, subject to any outstanding liens, mortgages, or other pledges of such assets. The interest in the assets of the Authority conveyed to each member shall be that proportion which the average annual amount of treated water sold within the boundaries of each member, bears to the average annual total amount of all treated water sold by the Authority.

**4. Net Position**

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**5. Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the respective debt using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

The deferred cost on bond refunding is being amortized over the lesser of the life of the new bond or the remaining life of the refunded bonds using the straight-line method which approximates the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

**6. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any items that qualify for reporting in this category at December 31, 2021.

**7. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the Authority's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**8. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.



**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations and all appropriations lapse at year-end.

As required by Colorado statutes, the Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2021:

1. The Authority submitted, on or before October 15, 2020, a recommended budget that detailed the necessary revenues to meet the Authority's operating requirements.
2. On or prior to December 31, 2020, after a required publication of "Notice of Budget" and a public hearing, the Authority adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year.
3. After adoption of the budget resolution, the Authority may make the following changes: a) it may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) it may approve emergency appropriations; and c) it may reduce appropriations for which originally estimated revenues are insufficient.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from state and local governments, are excluded from the provisions of TABOR. The Authority's management believes its operations qualify for this exclusion.

The Authority believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Authority's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amounts of the Authority's cash and cash equivalents were \$21,742,153 and \$35,535,481 as of December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, the Authority had the following cash and investments with the following maturities:

<b>December 31, 2021</b>				
	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>One to five years</b>
<i>Deposits:</i>				
Checking	Not rated	29,117	29,117	-
Money market	Not rated	5,660	5,660	-
<i>Investment pools</i>	AAAm	21,707,376	21,707,376	-
<b>Total</b>		<u>21,742,153</u>	<u>21,742,153</u>	<u>-</u>
<b>December 31, 2020</b>				
	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>One to five years</b>
<i>Deposits:</i>				
Checking	Not rated	789,662	789,662	-
Money market	Not rated	4,713	4,713	-
<i>Investment pools</i>	AAAm	34,741,106	34,741,106	-
<b>Total</b>		<u>35,535,481</u>	<u>35,535,481</u>	<u>-</u>

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price, and is measured at net asset value. The Authority has no regulatory oversight for the pool.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than two years from the purchase date.

**Credit Risk.** The Authority's investment policy implements the prudent investor rule as a guideline for investment decisions.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**Concentration of Credit Risk.** According to the Authority's investment policy, it is permitted to invest up to the following maximum limits:

<u>Investment Type</u>	<u>Maximum Percentage</u>
U.S. Treasury obligations	100%
Qualified certificates of deposit	50%
Qualified local government investment pools	100%
Federal instrumentality securities	50%
Repurchase agreements collateralized by U.S. Treasury obligations	100%
Bankers acceptances and commercial paper - combined total	30%

*Fair Value of Investments* The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Unrealized gains / losses were \$0, which reflects the change in fair market value of investments. At December 31, 2021, the Authority had the following recurring measurements:

<u>Investments Measured at Net Asset Value</u>	<u>12/31/21</u>	<u>12/31/20</u>
Colotrust	21,707,376	34,741,106

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**B. Summary of Cash and Investments**

The Authority's cash and cash equivalents are disclosed in the following financial statement captions:

	<b>12/31/21</b>	<b>12/31/20</b>
Cash and cash equivalents - Unrestricted	6,706,795	4,799,066
Cash and cash equivalents - Restricted	15,035,358	30,736,415
<b>Total</b>	<b>21,742,153</b>	<b>35,535,481</b>

The Authority's cash has been restricted for the following purposes:

	<b>12/31/21</b>	<b>12/31/20</b>
Debt covenant and operations reserves	7,291,456	6,767,144
Rate stabilization funds	600,000	600,000
Capitalized interest funds	-	920,429
Unspent bond proceeds	7,143,902	22,448,842
<b>Total</b>	<b>15,035,358</b>	<b>30,736,415</b>

**C. Notes Receivable**

The following is an analysis of changes in notes receivable for the past two fiscal years:

	<b>1/1/20</b>			<b>12/31/20</b>			<b>12/31/21</b>
	<b>Beginning</b>			<b>Ending</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>
Traer Creek	82,776	-	(7,369)	75,407	-	(7,771)	67,636
	82,776	-	(7,369)	75,407	-	(7,771)	67,636
Less: Current portion	(7,369)			(7,771)			(8,194)
Long-term portion	75,407			67,636			59,442

**1. Traer Creek Metropolitan District ("Traer Creek")**

On November 4, 2002, the Authority entered into a service agreement with Traer Creek for augmentation water. This agreement requires Traer Creek to pay an amount equal to the cost of 300 shares of Eagle Park Reservoir Company (the "Reservoir Company") stock for use in connection with the augmentation water. The Authority is to remain the record titleholder of the 300 shares of the Reservoir Company stock and will retain all shareholder rights. Pursuant to this agreement, the purchase price of the Reservoir Company stock was \$163,070. Annual combined principal and interest payments of \$11,880 are due to the Authority on September 15<sup>th</sup> through 2028. The loan bears interest at 5.45% per annum.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**D. Patronage Dividend Receivable**

The Authority has a dividend receivable from Holy Cross Electric Association ("Holy Cross") which represents allocated refundable operating profits. These amounts are held by Holy Cross as working capital until the financial condition of Holy Cross permits a refund. Refunds are normally received annually approximately ten years in arrears. During the years ended December 31, 2021 and 2020, the Authority received refunds of \$29,044 and \$45,905, respectively, from Holy Cross. The balances due to the Authority at December 31, 2021 and 2020, were \$389,685 and \$384,040, respectively.

**E. Investment in Eagle Park Reservoir Company**

The Eagle Park Reservoir Company (the "Reservoir Company"), a Colorado nonprofit corporation was formed May 8, 1998 to acquire water diversion, storage facilities and water rights to operate its water storage facilities located in Eagle County, Colorado, and to direct releases of water from the reservoir on behalf of its stockholders. An investment in the Reservoir Company allows the owner to augment its existing water rights.

In 1998, the Authority acquired 3830 Class A Shares (approximately 19%) and 125 Class B shares of the stock in the Reservoir Company for \$2,216,574 and the contribution/pledge of certain water rights. The \$2,216,574 was financed through an assessment obligation payable to the Reservoir Company, which is explained in Note III.H.1, and is recorded as an investment in Eagle Park Reservoir Company, along with \$143,420 of legal costs related to the issuance of the assessment payable. Since 1998, the Authority has acquired additional shares of the Reservoir Company through various transactions. As of December 31, 2010, the Authority held 5390 Class A Shares (approximately 21%), 125 Class B Series 1 and 131.5 Class B Series 2 shares of the stock in the Reservoir Company at a cost of 4,445,917.

During 2011 through 2017, the Authority's investment in the Reservoir Company was unchanged.

In March 2018 Eagle County and Eagle River Water and Sanitation Districted transferred 125.6024 and 16.8789 Class A, Series 2 shares to the Authority, respectively, valued at \$498,685.

During 2020, the Board of Commissioners of Eagle County transferred 874.3976 Class A, Series 2 shares to the Authority, valued at \$3,453,871.

As of December 31, 2021, the Authority held 6,406.8789 Class A Shares (approximately 21.4%), 125 Class B Series 1 and 131.5 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$8,398,473. See the Schedule of Water and Storage Rights in the Statistical Section (pages F5-F7) for additional information.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**F. Capital Assets**

Capital asset activity for the past two fiscal years was as follows:

	<b>1/1/20 Beginning Balance</b>	<b>Additions</b>	<b>Reclasses and Retirements</b>	<b>12/31/20 Ending Balance</b>	<b>Additions</b>	<b>Reclasses and Retirements</b>	<b>12/31/21 Ending Balance</b>
Capital assets, not being depreciated:							
Land and land improvements	780,962	-	-	780,962	-	-	780,962
Water/storage rights	1,709,148	-	-	1,709,148	-	-	1,709,148
Construction in progress	8,497,210	7,797,557	(3,780,193)	12,514,574	17,170,244	(2,621,677)	27,063,141
Total capital assets, not being depreciated	10,987,320	7,797,557	(3,780,193)	15,004,684	17,170,244	(2,621,677)	29,553,251
Capital assets, being depreciated:							
Treatment plants	41,234,573	756,699	-	41,991,272	928,449	-	42,919,721
Distribution system	90,911,165	2,605,415	-	93,516,580	1,491,863	-	95,008,443
Water wells	15,267,165	-	-	15,267,165	-	-	15,267,165
Total capital assets being depreciated	147,412,903	3,362,114	-	150,775,017	2,420,312	-	153,195,329
Less accumulated depreciation for:							
Treatment plants	(23,698,474)	(1,585,753)	-	(25,284,227)	(1,610,074)	-	(26,894,301)
Distribution system	(50,431,884)	(3,013,113)	-	(53,444,997)	(3,157,290)	-	(56,602,287)
Water wells	(6,898,410)	(603,159)	-	(7,501,569)	(602,452)	-	(8,104,021)
Total accumulated depreciation	(81,028,768)	(5,202,025)	-	(86,230,793)	(5,369,816)	-	(91,600,609)
Total capital assets, being depreciated, net	66,384,135	(1,839,911)	-	64,544,224	(2,949,504)	-	61,594,720
<b>Total capital assets, net</b>	<b>77,371,455</b>	<b>5,957,646</b>	<b>(3,780,193)</b>	<b>79,548,908</b>	<b>14,220,740</b>	<b>(2,621,677)</b>	<b>91,147,971</b>

Depreciation expense for the years ended 2020 and 2021 was charged to the following departments:

	<b>2021</b>	<b>2020</b>
Water treatment	2,212,525	2,188,912
Water distribution	3,157,291	3,013,113
<b>Total</b>	<b>5,369,816</b>	<b>5,202,025</b>

Fully depreciated assets totaled \$18,849,649 and \$19,127,119 for the years ended 2020 and 2021, respectively.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt**

The Authority had the following long-term debt outstanding during the past two fiscal years:

**1. 1998 Assessment Obligation Note**

As previously explained in Note III.F, the Authority financed its 1998 investment in the Reservoir Company through the execution of an assessment obligation note in the amount of \$2,216,574. This note bears interest at 5.45% annually. Debt service payments of \$151,671 are due annually on September 16<sup>th</sup> through 2028.

The obligation is secured by the Authority's ownership of common stock of the Reservoir Company and certain water rights owned by participating members and leased to the Authority. The agreement contains release provisions for the collateral based on the timely payment of scheduled obligations. The assessment payable is subject to annual appropriation.

The Authority is maintaining a reserve equal to the next fiscal year's principal and interest payments for this obligation.

**2. Tax-Exempt Water Revenue Bonds, Series 2010**

The Authority issued \$8,695,000 of tax-exempt water revenue bonds in February 2010, the proceeds of which were used to retire the 2000 CWRPDA loan, finance deposits to Reserve Fund (which is subsequently explained), and pay the costs of issuance. The interest rates on the bonds range from 2.50% to 4.00%. Interest is payable on June 1<sup>st</sup> and December 1<sup>st</sup>, through 2020. The principal is payable on December 1<sup>st</sup> and matures in various increments through 2020.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net pledged revenues. Such net revenue includes income derived from the water treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the Authority has adopted a resolution imposing a new Water Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating, maintenance, system improvement, insurance, and other expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

These bonds and the Taxable Water Revenue Bonds, Series 2010 (collectively referred to as the "2010 Bonds"), are secured by a common Reserve Fund equal to the least of 1) 10% of the aggregate principal amount of outstanding 2010 Bonds and any Reserve Fund Bonds (as defined in the bond documents), 2) the maximum annual principal and interest on outstanding 2010 Bonds and any Reserve Fund Bonds, or 3) 125% of average principal and interest on the bonds and any Reserve Fund Bonds. The Authority has purchased an insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt (continued)**

**2. Tax-Exempt Water Revenue Bonds, Series 2010 (continued)**

In conjunction with the issuance of the 2010 Bonds, the Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increases in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

In accordance with bond indentures, the Authority has restricted cash and net position equal to one-sixth (1/6) of the next installment and one-twelfth (1/12) of the next principal installment.

Pursuant to bond documents, the Authority has also created an Operations Reserve in an amount equal to three months of operations and maintenance expenses as set forth in the Authority's annual budget.

These bonds were fully repaid during 2020.

**3. Taxable Water Revenue Bonds, Series 2010**

The Authority issued \$14,650,000 of taxable water revenue bonds in February 2010, the proceeds of which were used to finance improvements to the water system, finance deposits to Reserve Fund (which is subsequently explained), and pay the costs of issuance. The interest rates on the bonds range from 5.36% to 6.52%. Interest is payable on June 1<sup>st</sup> and December 1<sup>st</sup>, through 2039. This bond issue consists of term bonds due on December 1, 2025, December 1, 2030, and December 1, 2039; these bonds are subject to mandatory sinking fund redemption at par, plus accrued interest to the redemption date.

These bonds are Qualified Build America Bonds, which indicates the bonds are not tax-exempt. Under the Build America Program, the Authority may apply for interest cost subsidies from the federal government. Such subsidies will be used by the Authority to pay debt service on these bonds. During the fiscal year ended December 31, 2021, the Authority recognized revenue of \$- related to this subsidy.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net pledged revenues. Such net revenue includes income derived from the water treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the Authority has adopted a resolution imposing a new Water Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating, maintenance, system improvement, insurance, and other expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.



**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt (continued)**

**3. Taxable Water Revenue Bonds, Series 2010 (continued)**

As previously discussed, these bonds and the Tax-Exempt Water Revenue Bonds, Series 2010 (collectively referred to as the "2010 Bonds"), are secured by a common Reserve Fund equal to the least of 1) 10% of the aggregate principal amount of outstanding 2010 Bonds and any Reserve Fund Bonds (as defined in the bond documents), 2) the maximum annual principal and interest on outstanding 2010 Bonds and any Reserve Fund Bonds, or 3) 125% of average principal and interest on the bonds and any Reserve Fund Bonds. The Authority has purchased an insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

In conjunction with the issuance of the 2010 Bonds, the Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increases in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

In accordance with bond indentures, the Authority has restricted cash and net position equal to one-sixth (1/6) of the next installment and one-twelfth (1/12) of the next principal installment.

Pursuant to bond documents, the Authority has also created an Operations Reserve in an amount equal to three months of operations and maintenance expenses as set forth in the Authority's annual budget.

These bonds are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

During 2020, the Water Revenue Bonds, Series 2010, were refunded with the issuance of the Series 2020 Water Revenue Refunding and Improvement Bonds.

**4. Tax-Exempt Water Revenue Bonds, Series 2013A**

The Authority issued \$11,905,000 of tax-exempt water revenue bonds in April 2013, with annual interest rates ranging from 2.5% to 4.25%. Interest is payable June 1 and December 1, through 2042. The principal is payable on December 1 and matures in various increments through 2042. The proceeds of these bonds were used to finance improvements to the water system. This bond issue consists of term bonds due on December 1, 2023, December 1, 2028, December 1, 2033, December 1, 2036 and December 1, 2042; these bonds are subject to mandatory sinking fund redemption at par, plus accrued interest to the redemption date.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net pledged revenues. Such net revenue includes income derived from the water treatment facilities and other legally available revenue after payment of operation and maintenance expenses of the system.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt (continued)**

**4. Tax-Exempt Water Revenue Bonds, Series 2013A (continued)**

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

The Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

In accordance with bond indentures, the Authority has restricted cash and net position equal to one-sixth (1/6) of the next installment and one-twelfth (1/12) of the next principal installment.

Pursuant to bond documents, the Authority has also created an Operations Reserve in an amount equal to three months of operations and maintenance expenses as set forth in the Authority's annual budget.

The bonds maturing on or before December 1, 2023, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

**5. Tax-Exempt Water Revenue Refunding Bonds, Series 2013C**

The Authority issued \$940,000 of tax-exempt water revenue bonds in April 2013, with annual interest rates ranging from 2.0% to 2.25%. Interest is payable June 1 and December 1, through 2022. The principal is payable on December 1 and matures in various increments through 2022. The proceeds were used to refund the outstanding Authority's 2002 Water Refunding and Improvement Revenue Bonds, purchase municipal bond insurance, and pay the costs of issuance.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net pledged revenues. Such net revenue includes income derived from the water treatment facilities and other legally available revenue after payment of operation and maintenance expenses of the system.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt (continued)**

**5. Tax-Exempt Water Revenue Refunding Bonds, Series 2013C (continued)**

The Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

In accordance with bond indentures, the Authority has restricted cash and net position equal to one-sixth (1/6) of the next installment and one-twelfth (1/12) of the next principal installment.

Pursuant to bond documents, the Authority has also created an Operations Reserve in an amount equal to three months of operations and maintenance expenses as set forth in the Authority's annual budget.

The bond is not subject to redemption prior to the maturity date.

**6. Tax Exempt Water Revenue Improvement Bonds, Series 2020**

The Authority issued \$27,125,000 of tax-exempt water revenue bonds in October 2020, with annual interest rates ranging from 2.0% to 2.25%. Interest is payable June 1 and December 1, through 2050. The principal is payable on December 1 and matures in various increments through 2050. The bonds included an issuance premium of \$4,132,135. The proceeds of these bonds were used to finance improvements to the water system. This bond issue consists of term bonds due on December 1, 2040, December 1, 2045, and December 1, 2050; these bonds are subject to mandatory sinking fund redemption at par, plus accrued interest to the redemption date.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net revenues derived from the Authority's water system. Net revenues are defined as revenues after deducting Operation and Maintenance Expenses.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

The Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Pursuant to bond documents, the Authority has also created a Reserve Fund maintained in accordance with the 2020 Bond Resolution.

The bonds maturing on or before December 1, 2030, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Long-Term Debt (continued)**

**7. Tax Exempt Water Revenue Refunding Bonds, Series 2020**

The Authority issued \$12,790,000 of tax-exempt water revenue bonds in October 2020, with annual interest rates ranging from 2.0% to 2.25%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2050. The bonds included an issuance premium of \$2,465,414. The proceeds of these bonds were used to refund all of the Authority's remaining Taxable Water Revenue Bonds, Series 2010B. The Net Present Value of savings was \$2,632,895.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net revenues derived from the Authority's water system. Net revenues are defined as revenues after deducting Operation and Maintenance Expenses.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

The Authority is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Pursuant to bond documents, the Authority has also created a Reserve Fund maintained in accordance with the 2020 Bond Resolution.

The bonds maturing on or before December 1, 2030, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**H. Long-term Liability Activity Schedules**

Long-term liability activity for 2020 was as follows:

	<b>1/1/20 Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/20 Ending Balance</b>	<b>Due Within One Year</b>
1998 assessment obligation note	1,056,771	-	(94,077)	962,694	99,204
2010 tax-exempt revenue bonds	950,000	-	(950,000)	-	-
2010 taxable revenue bonds	14,650,000	-	(14,650,000)	-	-
2013 tax-exempt revenue bonds	11,905,000	-	-	11,905,000	130,000
2013 tax-exempt refunding revenue bonds	310,000	-	(100,000)	210,000	105,000
2020 tax-exempt revenue bonds	-	27,125,000	-	27,125,000	-
2020 tax-exempt refunding revenue bonds	-	12,790,000	-	12,790,000	-
Unamortized bond premiums	33,888	6,521,162	-	6,555,050	-
Unamortized bond discounts	(113,168)	-	4,920	(108,248)	-
<b>Total</b>	<b>28,792,491</b>	<b>46,436,162</b>	<b>(15,789,157)</b>	<b>59,439,496</b>	<b>334,204</b>

Long-term liability activity for 2021 was as follows:

	<b>1/1/21 Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/21 Ending Balance</b>	<b>Due Within One Year</b>
1998 assessment obligation note	962,694	-	(99,204)	863,490	104,611
2013 tax-exempt revenue bonds	11,905,000	-	(130,000)	11,775,000	150,000
2013 tax-exempt refunding revenue bonds	210,000	-	(105,000)	105,000	105,000
2020 tax-exempt revenue bonds	27,125,000	-	-	27,125,000	-
2020 tax-exempt refunding revenue bonds	12,790,000	-	-	12,790,000	-
Unamortized bond premiums	6,555,050	-	(267,510)	6,287,540	-
Unamortized bond discounts	(108,248)	-	4,920	(103,328)	-
<b>Total</b>	<b>59,439,496</b>	<b>-</b>	<b>(596,794)</b>	<b>58,842,702</b>	<b>359,611</b>

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**I. Debt Service Schedules**

Aggregate debt service requirements at December 31, 2021, were as follows for the Authority:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	359,611	2,127,066	2,486,677
2023	425,312	2,115,253	2,540,565
2024	546,324	2,097,616	2,643,940
2025	1,242,664	2,072,701	3,315,365
2026	1,299,349	2,013,184	3,312,533
2027 - 2031	7,025,230	9,096,060	16,121,290
2032 - 2036	8,285,000	7,512,248	15,797,248
2037 - 2041	9,970,000	5,833,350	15,803,350
2042 - 2045	12,030,000	3,776,600	15,806,600
2046 - 2050	11,475,000	1,170,200	12,645,200
<b>Total</b>	<u>52,658,490</u>	<u>37,814,278</u>	<u>90,472,768</u>

The Authority is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

**IV. Other Information**

**A. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Authority pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

The Authority carries commercial insurance coverage for other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**B. Intergovernmental Agreements**

**1. Interconnect**

The Authority and Eagle River Water and Sanitation District (the "District") entered into an intergovernmental agreement ("IGA") in 1994 to construct an interconnect between their two water systems to enable the transfer of water between the parties for the purposes of achieving operational flexibility.

**Upper Eagle Regional Water Authority  
Notes to the Financial Statements  
December 31, 2021  
(Continued)**

**IV. Other Information (continued)**

**B. Intergovernmental Agreements (continued)**

**1. Interconnect (continued)**

In accordance with the IGA, the deliveries between the two systems are to be measured daily (net distribution of water) with the net amount owed by either party to the other to be recorded by the owing party at a rate equal to 75 percent of the then current water rate charges by the owing party.

The intent of the parties is to provide long-term service to each other through the availability of peak use season and emergency supplemental water supply. The agreement provides for a payment calculation year of May 1 to April 30. If at the end of the payment year there is a net distribution of water to one of the parties that party shall make payment to the other party. It should be noted that historically towards the end of each payment year (April 30) the system is run to create a zero balance outstanding, such that no payment is due to or from either party. For the payment years ended April 30, 2021 and 2020, the balance outstanding was \$0.

The value of water distributed by the District to the Authority through the interconnect was \$17,459 and \$19,706 during the year ended December 31, 2021 and 2020, respectively. As the system is brought to a zero balance by the end of each payment year (April 30), the District has chosen to forgo immediate payment and carry this receivable forward. The District reserves the right to request payment from the Authority at any time in the future.

**2. Management and Operations Agreement**

Through an agreement, the District provides administration, operations, accounting and maintenance services to the Authority. The District bills customers for the water service provided and collects and remits the monies to the Authority. Additionally, the District provides capital program management services, which are eventually capitalized by the Authority as part of the cost basis of the completed facility. Costs incurred during 2021 under the terms of this agreement amounted to \$7,151,924 and \$5,701,662 for operating and billing expenses, and \$387,760 and \$493,755 for capitalized management services, totaling \$7,539,684 and \$6,195,417 during the years ended December 31, 2021 and 2020, respectively. Outstanding management fees due to the District as of December 31, 2021 and 2020 totaled \$3,151,727 and \$2,654,848, respectively. Additionally, there was \$0 and \$0 related to management fees due to the Authority as a result of the annual cost study adjustment as December 31, 2021 and 2020, respectively. There were other outstanding payables, for operation services, due to the District as of December 31, 2021 and 2020 totaling \$3,151,727 and \$1,146,136, respectively. As of December 31, 2021 there was \$2,590,862 due from the District, for water service billed, included in the \$2,515,612 accounts receivable balance.

**3. Ground Lease**

On April 30, 1985, the Authority entered into a lease agreement with the Town of Avon for the land upon which the water treatment facility is located. The term of the lease is for 99 years. Minimal consideration for the lease was paid in advance. In addition, the Town of Avon has reserved the right to use the airspace above the water treatment facility for construction of municipal facilities.

**Upper Eagle Regional Water Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(Continued)**

**IV. Other Information (continued)**

**C. Commitments and Contingencies**

**1. Federal and State Grants and Financial Sources**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

**2. Construction Commitments**

The Authority had the following significant contract commitments at December 31, 2021:

<b>Project</b>	<b>Vendor</b>	<b>Contract Commitment</b>	<b>Completed</b>	<b>Remaining</b>
ADWF Administration Expansion	Eidos Architects	353,316	(286,512)	66,804
Traer Creek Tank	Cesare, Inc.	114,085	(101,431)	12,654
Arrowhead Transmission Line	Tetra Tech	310,438	(30,253)	280,185



## SUPPLEMENTARY INFORMATION



**Upper Eagle Regional Water Authority**  
**Schedule of Revenues, Expenditures, and Changes in Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for the Year Ended 2020)**

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
Water service fees	13,789,103	13,789,103	14,228,792	439,689	13,273,780
Investment income	101,174	101,174	8,354	(92,820)	43,024
Plant investment fees	220,752	220,752	1,461,423	1,240,671	668,439
Water storage fees	-	-	45,784	45,784	45,184
Proceeds from issuance of bonds	-	-	-	-	46,512,550
Principal collections of notes receivable	7,771	7,771	7,771	-	7,369
Interest credit - Build America Bonds	-	-	-	-	253,044
Other	80,120	80,120	32,891	(47,229)	51,457
<b>Total Revenues</b>	<b>14,198,920</b>	<b>14,198,920</b>	<b>15,785,015</b>	<b>1,586,095</b>	<b>60,854,847</b>
<b>Expenditures:</b>					
<b>Water Treatment:</b>					
Management contract	923,992	923,992	1,161,349	(237,357)	1,523,951
Utilities	581,000	581,000	590,215	(9,215)	578,058
Chemicals and supplies	366,000	366,000	371,963	(5,963)	339,226
<b>Subtotal - Water Treatment</b>	<b>1,870,992</b>	<b>1,870,992</b>	<b>2,123,527</b>	<b>(252,535)</b>	<b>2,441,235</b>
<b>Water Distribution:</b>					
Management contract	1,671,590	1,671,590	1,671,590	-	1,457,297
Utilities	310,000	310,000	341,670	(31,670)	337,704
Repairs and maintenance	335,000	335,000	586,420	(251,420)	623,754
<b>Subtotal - Water Distribution</b>	<b>2,316,590</b>	<b>2,316,590</b>	<b>2,599,680</b>	<b>(283,090)</b>	<b>2,418,755</b>
<b>Other Operating:</b>					
Utilities	15,000	15,000	14,028	972	8,884
Repairs and maintenance	1,212,400	1,202,400	729,195	473,205	585,473
Outside services	376,592	376,592	244,301	132,291	310,266
<b>Subtotal - Other Operating</b>	<b>1,603,992</b>	<b>1,593,992</b>	<b>987,524</b>	<b>606,468</b>	<b>904,623</b>
<b>General and Administrative:</b>					
Insurance	125,000	125,000	127,070	(2,070)	121,608
Legal - General	70,000	70,000	32,067	37,933	41,685
Legal - Water rights	250,000	250,000	222,609	27,391	309,828
Engineering	36,000	36,000	55,992	(19,992)	31,513
Consulting	8,500	8,500	16,829	(8,329)	10,500
Management and accounting	1,829,418	1,829,418	4,339,319	(2,509,901)	2,739,598
Conservation awareness	15,000	15,000	7,726	7,274	6,739
Directors' fees and expenses	12,000	12,000	14,103	(2,103)	9,732
Watershed projects	50,000	50,000	50,000	-	50,000
Other	63,500	63,500	17,699	45,801	496,069
<b>Subtotal - General and Administrative</b>	<b>2,459,418</b>	<b>2,459,418</b>	<b>4,883,414</b>	<b>(2,423,996)</b>	<b>3,817,272</b>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority**  
**Schedule of Revenues, Expenditures, and Changes in Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for the Year Ended 2020)**  
**(Continued)**

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued):					
Debt Service:					
Principal payments	334,204	334,204	334,204	-	1,144,077
Interest payments	2,281,848	2,281,848	2,261,247	20,601	1,091,397
Paying agent fees	2,500	2,500	990	1,510	1,623
Payment to refunded bond escrow agent	-	-	-	-	15,096,652
Subtotal - Debt Service	2,618,552	2,618,552	2,596,441	22,111	17,333,749
Other:					
Capital outlay	25,563,644	28,605,477	17,142,700	11,462,777	7,379,478
Subtotal - Other	25,563,644	28,605,477	17,142,700	11,462,777	7,379,478
Total Expenditures	36,433,188	39,465,021	30,333,286	9,131,735	34,295,112
Excess (Deficiency) of Revenues Over Expenditures	(22,234,268)	(25,266,101)	(14,548,271)	10,717,830	26,559,735
Funds Available - Beginning of Year	33,922,463	33,922,463	33,922,463	-	7,362,728
Funds Available - End of Year	11,688,195	8,656,362	19,374,192	10,717,830	33,922,463
Funds available at year-end is computed as follows:					
Current assets			24,574,876		37,785,263
Current liabilities			(5,560,295)		(4,197,004)
Current portion of long-term obligations			359,611		334,204
			19,374,192		33,922,463
Reconciliation to GAAP Basis:					
Excess (deficiency) of revenues over expenditures			(14,548,271)		26,559,735
Contributed assets from developers			230,061		-
Contributed EPRC stock			-		3,453,871
Proceeds from bond issue			-		(46,512,550)
Payment to refunded bond escrow agent			-		15,096,652
Change in patronage dividends receivable			5,221		(16,995)
Collection of notes receivable - Principal			(7,771)		(7,369)
Depreciation			(5,369,816)		(5,202,025)
Bond and loan issue cost amortization					
Amortization of bond premiums, discounts, and deferred refunding costs			239,185		53,694
Debt principal payments			334,204		1,144,077
Capitalized assets			17,142,700		7,379,478
Prior year capitalized assets expensed in the current year			(403,882)		-
Change in other long-term payables (interconnect)			2,248		48,345
Change in Net Position - GAAP Basis			(2,376,121)		1,996,913

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority  
Schedule of Debt Service Requirements to Maturity  
December 31, 2021**

**1998 Assessment Obligation Note  
Payable to Eagle Park Reservoir Company  
Original Principal - \$2,216,574  
Interest Rate - 5.45%**

<b>Year Ending December 31,</b>	<b>Principal Due September 16</b>	<b>Interest Due September 16</b>	<b>Total</b>
2022	104,611	47,060	151,671
2023	110,312	41,359	151,671
2024	116,324	35,347	151,671
2025	122,664	29,007	151,671
2026	129,349	22,322	151,671
2027	136,399	15,272	151,671
2028	143,831	7,840	151,671
	<u>863,490</u>	<u>198,207</u>	<u>1,061,697</u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority  
Schedule of Debt Service Requirements to Maturity  
December 31, 2021**

<b>2013A Tax-Exempt Water Revenue Bonds</b> <b>Revenue Bonds</b> <b>Original Principal - \$11,905,000</b> <b>Interest Rate - 2.50% to 4.25%</b>			
<b>Year Ending December 31,</b>	<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>
2022	150,000	458,844	608,844
2023	165,000	455,094	620,094
2024	180,000	450,969	630,969
2025	195,000	444,894	639,894
2026	210,000	438,312	648,312
2027	230,000	431,225	661,225
2028	250,000	423,462	673,462
2029	275,000	415,025	690,025
2030	305,000	404,712	709,712
2031	325,000	393,275	718,275
2032	360,000	381,087	741,087
2033	390,000	367,587	757,587
2034	410,000	352,962	762,962
2035	445,000	335,537	780,537
2036	490,000	316,625	806,625
2037	540,000	295,800	835,800
2038	585,000	274,200	859,200
2039	630,000	250,800	880,800
2040	1,805,000	225,600	2,030,600
2041	1,880,000	153,400	2,033,400
2042	1,955,000	78,200	2,033,200
	<u>11,775,000</u>	<u>7,347,610</u>	<u>19,122,610</u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority  
Schedule of Debt Service Requirements to Maturity  
December 31, 2021**

2013C Tax-Exempt Water Revenue Refunding Bonds			
Revenue Bonds			
Original Principal - \$940,000			
Interest Rate - 2.00% to 2.25%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	105,000	2,362	107,362
	105,000	2,362	107,362

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority**  
**Schedule of Debt Service Requirements to Maturity**  
**December 31, 2021**

<b>2020 Tax-Exempt Water Revenue Improvement Bonds</b> <b>Revenue Bonds</b> <b>Original Principal - \$27,125,000</b> <b>Interest Rate - 2.00% - 2.25%</b>			
<b>Year Ending</b> <b>December 31,</b>	<b>Principal Due</b> <b>December 1</b>	<b>Interest Due</b> <b>June 1 and</b>	<b>Total</b>
		<b>December 1</b>	
2022	-	1,097,200	1,097,200
2023	150,000	1,097,200	1,247,200
2024	250,000	1,089,700	1,339,700
2025	310,000	1,077,200	1,387,200
2026	310,000	1,061,700	1,371,700
2027	320,000	1,046,200	1,366,200
2028	320,000	1,030,200	1,350,200
2029	325,000	1,014,200	1,339,200
2030	325,000	997,950	1,322,950
2031	330,000	981,700	1,311,700
2032	320,000	968,500	1,288,500
2033	315,000	955,700	1,270,700
2034	325,000	943,100	1,268,100
2035	320,000	930,100	1,250,100
2036	310,000	917,300	1,227,300
2037	290,000	904,900	1,194,900
2038	280,000	896,200	1,176,200
2039	270,000	887,800	1,157,800
2040	250,000	879,700	1,129,700
2041	255,000	872,200	1,127,200
2042	265,000	862,000	1,127,000
2043	2,310,000	851,400	3,161,400
2044	2,400,000	759,000	3,159,000
2045	2,500,000	663,000	3,163,000
2046	2,600,000	563,000	3,163,000
2047	2,700,000	459,000	3,159,000
2048	2,810,000	351,000	3,161,000
2049	2,925,000	238,600	3,163,600
2050	3,040,000	121,600	3,161,600
	<u>27,125,000</u>	<u>24,517,350</u>	<u>51,642,350</u>

The accompanying notes are an integral part of these financial statements.

**Upper Eagle Regional Water Authority  
Schedule of Debt Service Requirements to Maturity  
December 31, 2021**

<b>2020 Tax-Exempt Water Revenue Refunding Bonds</b> <b>Revenue Bonds</b> <b>Original Principal - \$12,790,000</b> <b>Interest Rate - 2.00% - 2.25%</b>			
<b>Year Ending December 31,</b>	<b>Principal Due December 1</b>	<b>Interest Due</b>	<b>Total</b>
		<b>June 1 and December 1</b>	
2022	-	521,600	521,600
2023	-	521,600	521,600
2024	-	521,600	521,600
2025	615,000	521,600	1,136,600
2026	650,000	490,850	1,140,850
2027	680,000	458,350	1,138,350
2028	715,000	424,350	1,139,350
2029	745,000	388,600	1,133,600
2030	780,000	351,350	1,131,350
2031	820,000	312,350	1,132,350
2032	850,000	279,550	1,129,550
2033	885,000	245,550	1,130,550
2034	920,000	210,150	1,130,150
2035	955,000	173,350	1,128,350
2036	990,000	135,150	1,125,150
2037	1,035,000	95,550	1,130,550
2038	1,060,000	64,500	1,124,500
2039	1,090,000	32,700	1,122,700
	<u>12,790,000</u>	<u>5,748,750</u>	<u>18,538,750</u>

The accompanying notes are an integral part of these financial statements.

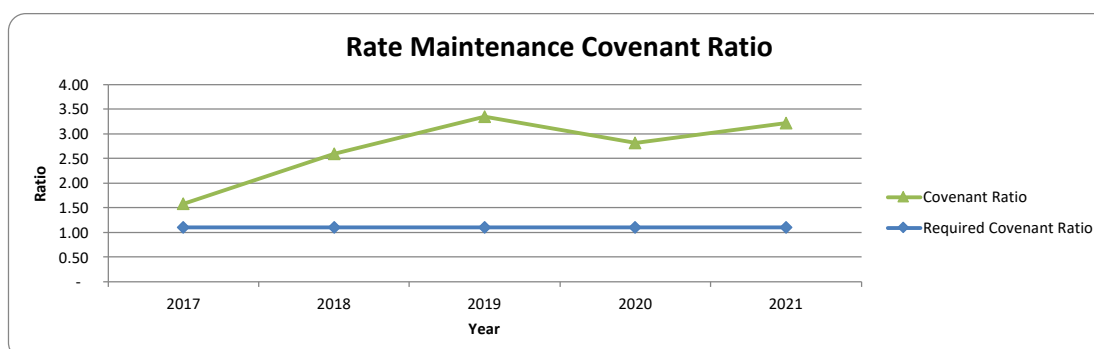
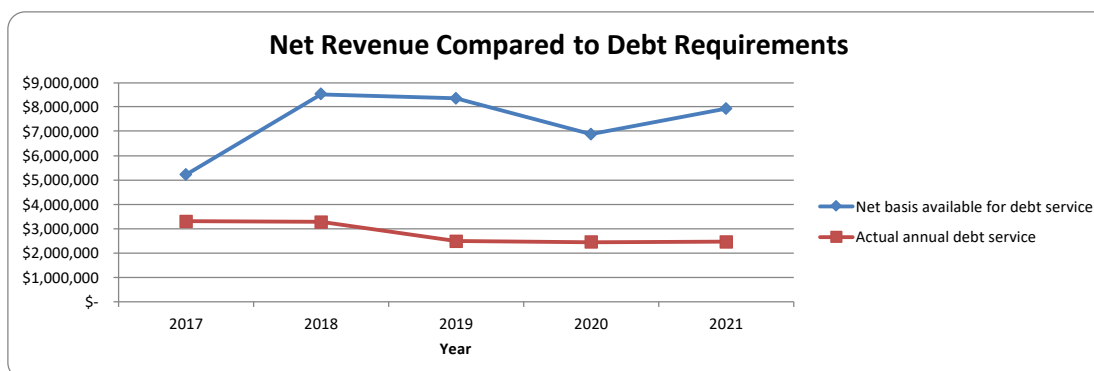


## STATISTICAL SECTION



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**Upper Eagle Regional Water Authority  
Rate Maintenance Covenant  
Five Year Comparison  
December 31, 2021  
(Unaudited)**



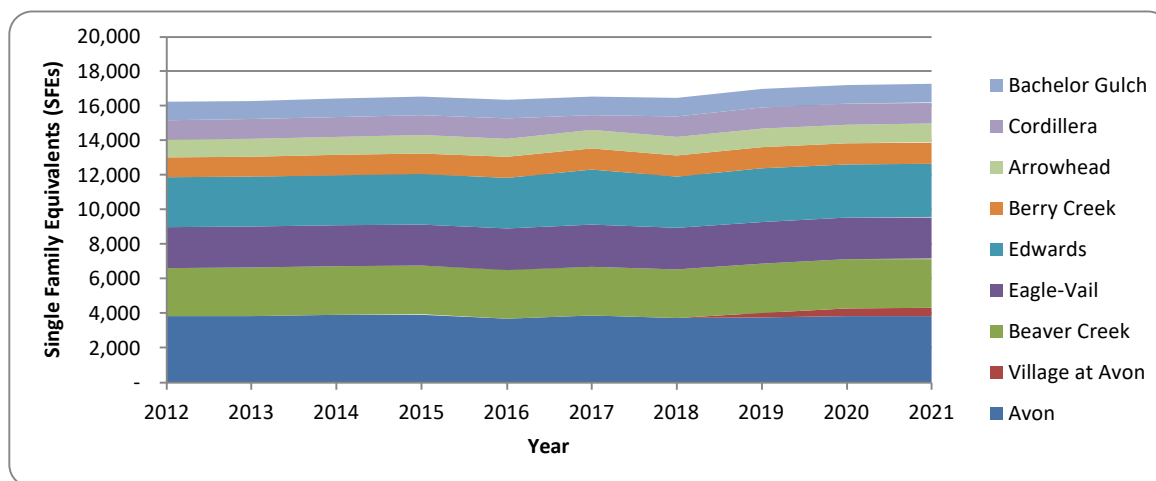
Per the bond covenants, the Authority is to assess a fee to cover operations and maintenance and 110% of debt service.

	2017	2018	2019	2020	2021
Operating revenue	11,539,107	11,660,639	11,300,594	13,273,780	14,228,792
Plus:					
Plant investment fees and water storage fees	1,050,991	1,216,759	2,492,944	713,623	1,507,207
Investment income	136,508	228,589	218,910	43,024	8,354
Interest credit - Build America Bonds	292,175	293,272	294,369	253,044	-
Proceeds from sale of system	-	-	-	-	-
Other non-operating revenues	62,114	57,260	50,460	34,868	38,537
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	13,680,895	14,056,519	14,957,277	14,918,339	16,382,890
Expenses	15,725,554	12,961,564	13,731,256	14,735,970	16,366,020
Less:					
Interest expense	(1,741,855)	(1,545,717)	(1,486,235)	(1,037,704)	(2,022,062)
Depreciation	(4,779,293)	(4,908,262)	(5,154,524)	(5,202,025)	(5,369,816)
Major capital additions	(748,778)	(980,415)	(479,483)	(460,184)	(512,572)
Total expenses available for debt service	8,455,628	5,527,170	6,611,014	8,036,057	8,461,570
<b>Net basis available for debt service</b>	<b>5,225,267</b>	<b>8,529,349</b>	<b>8,346,263</b>	<b>6,882,282</b>	<b>7,921,320</b>
<b>Actual annual debt service</b>	<b>3,304,947</b>	<b>3,289,672</b>	<b>2,491,902</b>	<b>2,451,902</b>	<b>2,464,381</b>
<b>Covenant Ratio</b>	<b>1.58</b>	<b>2.59</b>	<b>3.35</b>	<b>2.81</b>	<b>3.21</b>
<b>Required Covenant Ratio</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>

**Rate Maintenance Covenant:** The Authority's Series 2003, 2007, 2010 A&B and 2013 A&C bonds include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 110% of each Fiscal Year's Bond Requirements of the Bonds, (iii) an amount equal to current costs of improvements to the System, excluding major capital additions, made in the ordinary course of business, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Revenues or any securities payable therefrom, and (v) 100% of any account relating to the Net Revenues or any securities payable therefrom, and Policy Costs then due and owing. The 2003 and 2007 series bonds were repaid in 2018, the series 2010 bonds were refunded in 2020, and the series 2020 bonds debt service payments begin in 2021.

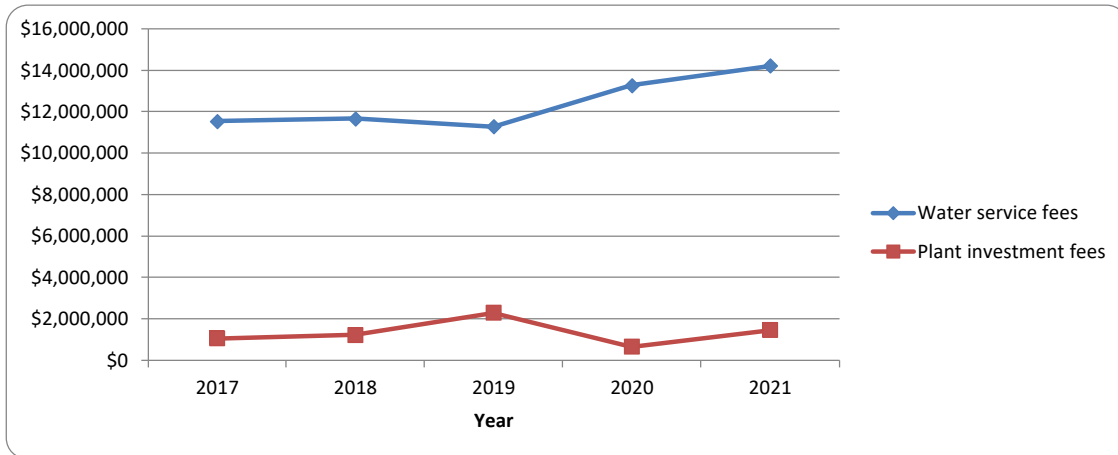
The above Rate Maintenance Covenant is tested annually. It is the Authority's policy to use unrestricted cash (\$6,706,795 at December 31, 2021) to meet the Rate Maintenance Covenant if necessary.

**Upper Eagle Regional Water Authority  
Single Family Equivalents (SFEs) in Service  
Ten Year Comparison  
December 31, 2021  
(Unaudited)**



	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Avon	3,814	3,831	3,897	3,924	3,687	3,847	3,696	3,750	3,803	3,821
Village at Avon	-	-	-	-	-	-	-	268	464	492
Beaver Creek	2,801	2,801	2,807	2,823	2,825	2,829	2,827	2,831	2,834	2,834
Eagle-Vail	2,374	2,376	2,381	2,390	2,389	2,433	2,406	2,410	2,411	2,411
Edwards	2,870	2,874	2,892	2,912	2,934	3,202	2,958	3,104	3,077	3,081
Berry Creek	1,167	1,177	1,186	1,192	1,206	1,220	1,230	1,237	1,235	1,243
Arrowhead	1,025	1,029	1,038	1,048	1,059	1,063	1,067	1,078	1,080	1,091
Cordillera	1,116	1,127	1,143	1,154	1,183	877	1,197	1,204	1,211	1,218
Bachelor Gulch	1,061	1,067	1,065	1,072	1,068	1,076	1,071	1,075	1,076	1,089
<b>Total SFEs</b>	<u>16,227</u>	<u>16,282</u>	<u>16,408</u>	<u>16,515</u>	<u>16,351</u>	<u>16,547</u>	<u>16,452</u>	<u>16,957</u>	<u>17,191</u>	<u>17,280</u>
Percent increase	<u>0.30%</u>	<u>0.34%</u>	<u>0.77%</u>	<u>0.65%</u>	<u>-0.99%</u>	<u>1.20%</u>	<u>-0.57%</u>	<u>3.07%</u>	<u>1.38%</u>	<u>0.52%</u>

**Upper Eagle Regional Water Authority  
Water Statistics  
Five Year Comparison  
December 31, 2021  
(Unaudited)**



	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Water service fees</b>	11,539,107	11,660,639	11,300,594	13,273,780	14,228,792
Average single family equivalent (SFE)	<u>16,638</u>	<u>16,717</u>	<u>16,956</u>	<u>17,191</u>	<u>17,280</u>
Average service fee per SFE	<u>694</u>	<u>698</u>	<u>666</u>	<u>772</u>	<u>823</u>
 <b>Plant investment fees</b>	 <u>1,050,991</u>	 <u>1,216,759</u>	 <u>2,300,552</u>	 <u>668,439</u>	 <u>1,461,423</u>
 Gallons sold (in thousands)	 1,297,193	 1,361,256	 1,185,821	 1,359,775	 1,224,580
Average single family equivalent (SFE)	<u>16,638</u>	<u>16,717</u>	<u>16,956</u>	<u>17,191</u>	<u>17,280</u>
Factor (days per year)	<u>365</u>	<u>365</u>	<u>365</u>	<u>365</u>	<u>365</u>
Average gallons sold per day per SFE	<u>214</u>	<u>223</u>	<u>192</u>	<u>217</u>	<u>194</u>

# PRELIMINARY DRAFT

Upper Eagle Regional Water Authority  
Top 10 Customers  
December 31, 2021  
(Unaudited)

Customer Type	Service Area	1,000 Gallons	Sales Dollar Amount	% of Total Sales Dollars
Apartment Complex	Edwards	25,594	\$ 185,735	1.3%
Hotel/Resort	Bachelor Gulch	26,979	182,547	1.3%
Apartment Complex	Avon	19,373	160,758	1.1%
Hotel/Resort/Offices	Avon	16,169	119,993	0.8%
Mobile Home Park	Avon	15,164	112,450	0.8%
Apartment Complex	Avon	11,566	111,003	0.8%
Hotel/Resort	Beaver Creek	11,422	110,910	0.8%
Ski Resort/Hotels/Offices	Beaver Creek	10,890	98,771	0.7%
Condominiums/HOA	Avon	8,448	88,832	0.6%
Condominiums/HOA	Avon	7,633	79,305	0.6%
<b>Total - Top 10 Customers</b>		153,238	1,250,303	8.8%
<b>Total - All Other Customers</b>		1,071,342	12,978,489	91.2%
<b>Total Service Fees</b>		1,224,580	\$ 14,228,792	100.0%

**Upper Eagle Regional Water Authority  
Schedule of Water & Storage Rights  
December 31, 2021  
(Unaudited)**

Most of the in basin consumptive use water rights and the Beaver Creek direct flow water rights used by the Authority were provided by the member government entities through lease at no cost to the Authority; the Homestake Reservoir water was obtained through negotiation at no cost; and the Black Lakes, Green Mountain Reservoir and Wolford Mountain Reservoir water are obtained by lease and did not involve a purchase. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the Authority's Statement of Net Position at historic cost, totaling \$1,539,404. This cost represents mostly legal expenditures to establish the Authority's ability to use these rights to provide water directly to the customers of each of its members and a small acquisition of new rights. Also in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of \$4,944,602. Management of the Authority believes the actual value of these water and storage rights used by the Authority to be greater than historical cost at December 31, 2021.

The appraisal value as of January 10, 2021 (the latest available information), performed by Porzak Browning & Bushong LLP (Special Water Rights Counsel for the Authority) is recited here solely for informational purposes.

<b>Water Right</b>	<b>Quantity (a.f.)</b>	<b>Price per a.f.</b>	<b>Historical Cost</b>	<b>Appraisal Value</b>
Eagle Park Reservoir Water	640.68789	\$41,000	\$4,944,602	\$26,268,203
Homestake Reservoir	256.5	41,000	0	10,516,500
Black Lakes Lease	300	2,000	0	600,000
Green Mtn. Res. contract	548	2,000	0	1,096,000
Wolford Mtn. Res. contract	710.8	3,805	0	2,704,594
In-basin consumptive use	2,040.004	10,000	1,539,404	20,400,040
Beaver Creek (summer)	215	10,000	0	2,150,000
Beaver Creek (winter)	17	41,000	0	697,000
Conditional storage	224	100	0	22,400
<b>TOTAL</b>			<b>\$6,484,006</b>	<b>\$64,454,737</b>

## **Water Rights Owned**

### Eagle Park Reservoir Water

The Authority owns or has a perpetual contractual right to the water rights in connection with Eagle Park Reservoir (640.68789 a.f.). Refer to footnote III.F. for additional terms. The value of Eagle Park Reservoir is based on the Authority's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the Authority's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the Authority's service area.

### Homestake Reservoir

The Authority owns or has a perpetual contractual right to the water rights in connection with Homestake Reservoir (256.5 a.f.). The value of Homestake Reservoir storage is based on the Authority's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the Authority's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the Authority's service area.

**Upper Eagle Regional Water Authority  
Schedule of Water & Storage Rights  
December 31, 2021  
(Unaudited)  
(continued)**

Blue Lakes Lease

The Authority has a lease with the Eagle River Water & Sanitation District to use 425 a.f. of water that is released for instream flow purposes from Black Lakes. While the Authority cannot command when the water is released, it does have an approved augmentation plan for 300a.f. of this water. Thus, a nominal value (\$2,000 per acre-feet) is given to this water for that 300 a.f..

Green Mountain Reservoir

The Authority owns water related contracts in connection with Green Mountain Reservoir (548 a.f.).

Contract 9-07-60-W0413: This contract was executed on July 17, 1989, for 220 acre-feet per year. The annual lease payment is \$10 per acre-foot, which can be adjusted to cover operation and maintenance costs if such costs exceed \$10 per acre-foot. This lease is for a term of 40 years (expires July 16, 2029), with an option to renew for an additional 40 years. By virtue of an assignment from Kensington Partners, Squaw Creek Metropolitan District, and Cordillera Metropolitan District of 255 acre-feet of water annually from Kensington Partner's Green Mountain Reservoir Contract No. 4-07-60-W1015, the Bureau is amending the Authority's Contract 9-07-60-W0413 to include this assigned amount, resulting in a total of 475 acre-feet under this contract. All of the terms of the Authority's Contract 9-07-60W0413 will apply to the entire 475 acre-feet of water per year.

Contract 9-07-60-W0401: This contract was executed by Kensington Partners on January 11, 1989, for 25 acre-feet per year, and it was amended on October 25, 1989, to include an additional 48 acre-feet per year, for a total of 73 acre-feet of water per year. The annual lease payment is \$10 per acre-foot, which can be adjusted to cover operation and maintenance costs if such costs exceed \$10 per acre-foot. This lease is for a term of 40 years (expires January 10, 2020), with an option to renew for an additional 40 years. Kensington Partners assigned this contract to Squaw Creek Metropolitan District and Cordillera Metropolitan District, and they assigned it to the Authority on March 25, 2004. The Bureau approved the assignment to the Authority effective October 4, 2010.

Green Mountain Reservoir contract water value is based on the fact that Green Mountain Reservoir is a finite pool, that there are no new contracts being let by the U.S. Bureau of Reclamation for this pool, but also reflecting its lower value compared with Wolford Mountain Reservoir contract water due to less reliability and transfer issues with the Bureau. The term of the Green Mountain Reservoir contract is also less than the term of the Wolford Mountain Reservoir contract.

Wolford Mountain Reservoir

The Authority owns water related contracts in connection with Wolford Mountain Reservoir (710.8 a.f.).

Contract CW08011: This contract was executed on February 10, 2009, for 500 acre-feet per year. The base price was \$260.25 per acre-foot for the first year, and annual contract payments are \$260.25 per acre-foot, but they can be increase each year up to the amount of increase in the Consumer Price Index plus New Growth Index. It is for an initial term of 75 years (expiring February 9, 2084), with a right of first refusal at the end of the initial term on the same terms at which the River District is offering similar supplies to other municipal water providers.

**Upper Eagle Regional Water Authority  
Schedule of Water & Storage Rights  
December 31, 2021  
(Unaudited)  
(continued)**

Wolford Mountain Reservoir (continued)

Contract CW02020: This contract was executed by the Squaw Creek Metropolitan District on December 13, 2002, and it was assigned from Squaw Creek Metropolitan District to the Authority on June 4, 2004. It is for 200 acre-feet per year, and the initial cost was \$105.00 per acre-foot, with an annual lease payment is \$105.00 per acre-foot, which can be increased each year up to the increase in the Boulder-Denver Metro Area Consumer Price Index. It is for an initial term of 40 years (expiring December 12, 2042), with a right to renew for an additional 35 years.

Contract CW03005: This contract was executed by Traer Creek Metropolitan District on February 3, 2003, and it was assigned from Traer Creek Metropolitan District to the Authority on April 16, 2003. It is for 10.8 acre-feet per year, with an initial cost of \$750.00 per acre-foot. The annual lease payment is \$20.00 per acre-foot, which can be adjusted every five (5) years based on the cumulative in the Boulder-Denver Metro Area Consumer Price Index. It is for an initial term of 40 years (expires February 2, 2043), with a right to renew for an additional 35 years.

Wolford Mountain Reservoir contract water value is based on a ten (10) year cost at \$380.50 per acre-foot per year, or a total of \$3,805 per acre-foot. A ten year lease cost is an approximation of the purchase value of this water.

In-Basin Consumptive Use

The Authority owns or has a perpetual contractual right to in-basin consumptive use water rights (650.35 a.f.). In-basin consumptive use credits are valued at the Authority's dedication replacement cost of \$10,000 per acre-foot of irrigation season water. This replacement cost is established by the Authority's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the Authority's service area.

**Water Rights Leased**

In-Basin Consumptive Use

The Authority has leased in-basin consumptive use water rights (1,389.654 a.f.) from its members and Traer Creek Metropolitan District. This does not include the 302.8 af leased to the Authority and committed to the fill of Eagle Park Reservoir. The essential terms of the leases are that the members lease these water rights at no cost to the Authority for so long as the Authority exists and provides water service to these members. In-basin consumptive use credits are valued at the Authority's dedication replacement cost of \$10,000 per acre-foot of irrigation season water. This replacement cost is established by the Authority's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the Authority's service area.

Beaver Creek

The Authority has leased water rights (232 a.f.) from Beaver Creek. The essential terms of the lease is that the members lease these water rights at no cost to the Authority for so long as the Authority exists and provides water service to these members. The Beaver Creek direct flow summer rights are valued at the Authority's dedication replacement cost of \$10,000 per acre foot of irrigation season water, and the Beaver Creek direct flow winter rights are valued at the Authority's dedication replacement cost of \$41,000 per acre foot of non-irrigation season water. These replacement costs are established by the Authority's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the Authority's service area.



**Upper Eagle Regional Water Authority  
Schedule of Water & Storage Rights  
December 31, 2021  
(Unaudited)  
(continued)**

Conditional Storage

Conditional in-basin storage was given a nominal value (\$100 per acre-foot) due to the high cost of developing these storage rights.

# ERWSD New Development Report

June 2022



Type of Use

SFEs Proposed

Location

Projected  
Water Demand  
Annual Acre-Feet  
Augmentation (AF)

Development Approval  
Process Step:

Construction Approval  
Process Step:

## Projects Requiring Water Rights Dedication

534 E Lionshead Circle - Elevation	Residential	12	Vail	0.49	2. Water Analysis	0. Conceptual
500 E Lionshead Circle - Legacy	Residential	23	Vail	0.31	2. Water Analysis	2. Plan Approval
Alura (Miradoro)	Residential	10	Vail	0.83	1. Connection Application	1. Plan Review

## Projects Under Construction

Belden Place (1200 Block Main St)	Residential	41	Vail	N/A	N/A	2 Plan Approval
Highline (Double Tree Expansion)	Residential	43.65	Vail	0.79	6. Ability to Serve Letter	1. Plan Review
North Minturn PUD	Residential	184	Minturn	--	N/A	1. Plan Review
The Residences at Main Vail	Residential	72	Vail	0.81	6. Ability to Serve Letter	2. Plan Approval
S. Frontage Rd Roundabout	Infrastructure	N/A	Vail	--	N/A	2. Plan Approval
Vail Mountain View Phase II	Mixed Use	37	Vail	--	6. Ability to Serve Letter	N/A
VVMC Phase II-East Wing	Commercial	--	Vail	--	N/A	2. Plan Approval
Vail Marriott Residence Inn	Mixed Use	75	Vail	--	N/A	2. Plan Approval

## Projects In Warranty Period

3010 Basingdale (Phase II), 841/851 Main St Minturn, Red Sandstone Parking Garage

Process

<b>Construction Approval Process Steps:</b>	0. Conceptual	1. Plan Review	2. Plan Approval	3. Acceptance	4. Warranty Period	5. Final Acceptance
<b>Development Approval Process Steps:</b>	1. Connection Application	2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation	5. Water Service Agreement	6. Ability to Serve Letter

# UERWA New Development Report

June 2022



Type of Use

SFEs Proposed

Location

Projected  
Water Demand  
Annual Acre-Feet  
Augmentation (AF)

Development Approval  
Process Step:

Construction Approval  
Process Step:

## Projects Requiring Water Rights Dedication

Edwards River Park PUD	Mixed Use	440+com	Edwards	61.8	3. Cond. Capacity	0. Conceptual
Margaux PUD	Residential	32	Edwards	3.56	3. Cond. Capacity	0. Conceptual
Mountain Hive	Residential	188	Edwards	10.5-15.2	3. Cond. Capacity	0. Conceptual
NorthStar PUD Amendment	Commercial	TBD	Edwards	3.7	5. Water Service Agreement	1. Plan Review
Riverwalk Edwards Ammendment	Residential	18	Edwards	1.8	3. Cond. Capacity	N/A
Vogelman Parcel (Carwash)	Mixed Use	1.5	Edwards	1.1-2.6	2. Water Analysis	1. Plan Review
Warner Building 2 Conversion	Residential	13.25	Eagle-Vail	0.07	3. Cond. Capacity	N/A
West End PUD Ammendment	Residential	335	Edwards	34.3	3. Cond. Capacity	0. Conceptual

## Projects Under Construction

140 W Beaver Creek Blvd	Residential	112	Avon	--	N/A	0. Conceptual
Avon Hotel Development (Traer Tract J)	Commercial	85.05	Avon	--	6. Ability to Serve Letter	1. Plan Review
CMC Student Housing	Residential	36	Edwards	--	5. Water Service Agreement	1. Plan Review
CVC Clubhouse Residences	Residential	9	Edwards	1.34	6. Ability to Serve Letter	2. Plan Approval
ECO School District Housing	Residential	37	Edwards	3.7	5. Water Service Agreement	2. Plan Approval
Fox Hollow Amended PUD	Mixed Use	108	Edwards	14	6. Ability to Serve Letter	1. Plan Review
Frontgate (CO World Resorts)	Mixed Use	84	Avon	2.6	6. Ability to Serve Letter	2. Plan Approval
Kudel Parcel	Residential	4	Edwards	2.4	6. Ability to Serve Letter	2. Plan Approval
Maverik Gas Station	Commercial	2.6	Avon	1.03	6. Ability to Serve Letter	2. Plan Approval
McGrady Acres	Residential	24	Avon	--	N/A	2. Plan Approval
Riverfront Lot 1	Residential	53	Avon	--	N/A	2. Plan Approval
Stolport Restaurant (Traer Tract J)	Commercial	TBD	Avon	--	6. Ability to Serve Letter	1. Plan Review
Swift Gulch	Residential	42	Avon	Under Review	1. Connection Application	0. Conceptual
Tract Y- Metcalf Road	Residential	54	Avon	Under Review	1. Connection Application	1. Plan Review

## Projects Completing Warranty Period

6 West Apartments, 185 Elk Tract, Piedmont Apartments, Riverfront Village, Stillwater

Upper Eagle Regional Water Authority

Process

Construction Approval Process Steps:	0. Conceptual	1. Plan Review	2. Plan Approval	3. Acceptance	4. Warranty Period	5. Final Acceptance
Development Approval Process Steps:	1. Connection Application	2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation	5. Water Service Agreement	6. Ability to Serve Letter



## BOARD COMMITTEES

### DISTRICT

<i>Audit/Budget</i>	Dick Cleveland Steve Coyer
<i>Employee Housing</i>	Steve Coyer Dick Cleveland
<i>Retirement Plans</i>	Bob Warner Linn Brooks David Norris
<i>Organizational Development</i>	Bob Warner Dick Cleveland
<i>Facilities Master Plan</i>	George Gregory Bob Warner

### JOINT

<i>Water Quality</i>	Sarah Smith Hymes (A) Timm Paxson (D)
<i>Rules and Regulations</i>	Kim Bell Williams (A) Bob Warner (D)
<i>Water Supply Planning</i>	Sarah Smith Hymes (A) Mick Woodworth (A) Kate Burchenal (D) Steve Coyer (D)
<i>Climate Action Plan</i>	Sarah Smith Hymes (A) Kate Burchenal (D) Timm Paxson (D)

(A) = Authority, (D) = District

### AUTHORITY

<i>Audit/Budget</i>	Geoff Dreyer George Gregory
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**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**GOVERNED BY:**

The Metropolitan  
Districts of:  
Arrowhead  
Beaver Creek  
Berry Creek  
EagleVail  
Edwards

The Town of Avon

**MEMORANDUM**

**TO:** Board of Directors  
**FROM:** Diane Johnson, Communications & Public Affairs Manager  
**DATE:** June 16, 2022  
**RE:** Summary of Authority's May 26, 2022, Board Meeting

The following is a summary of items discussed at the May 26, 2022, Authority Board Meeting.

Board members present and acting were Chair George Gregory, Vice Chair Sarah Smith Hymes, Treasurer Geoff Dreyer, Mick Woodworth, Kevin Hillgren, and alternate director Steven Barber.

**Oaths of Office** Kevin Hillgren and Mike Trueblood were sworn in after being appointed as a director and alternate director, respectively, by the Beaver Creek and Edwards metropolitan districts, respectively.

**In-person meetings** Chair Gregory said now that in-person meetings had resumed, directors should attend meetings in-person other than exceptional circumstances.

**Potential Conflicts of Interest** Kathryn Winn reviewed requirements for disclosing possible conflicts and will send a questionnaire for all board members to complete.

**Election of Officers** The board elected George Gregory as Chair, Sarah Smith Hymes as Vice Chair, Kim Bell Williams as Secretary, Geoff Dreyer as Treasurer, and Kevin Hillgren and Mick Woodworth as Assistant Secretaries/Treasurers.

**Meeting Minutes** The board approved the Apr. 28, 2022, regular and joint meeting minutes.

**Eagle Park Res. Co.** Geoff Dreyer will represent the Authority on the EPRC board of directors.

**Board Committees** Directors made no changes to subcommittee membership.

**Affordable housing** Sarah Smith Hymes suggested a review of Eagle County's criteria for use of Eagle Park water dedicated to affordable housing and noted the Authority is not a land use authority.

**Colorado Water Congress** Linn Brooks stated the important role that Colorado Water Congress plays in statewide water matters and said it may launch a campaign to rebuild reserves.

**Osprey in Avon** Siri Roman commended the immediate collaborative response of District staff, its contractors, and Colorado Parks and Wildlife to create a suitable location on the Avon wastewater property for osprey to nest.

**Mill Creek Fishkill** Siri Roman said Colorado Department of Public Health and Environment sent a Notice of Violation to Vail Resorts.

**Construction Costs** Jeff Schneider reviewed impacts to current and future construction projects and noted that alternative delivery methods result in successful projects.

**Unallocated water** Jason Cowles said the unallocated water amounts are unchanged as they are working through two projects in Avon.

**Eagle River Valley State of the River** Diane Johnson said the annual State of the River public meeting will be held June 2 in collaboration with the Colorado River District.

**Turf Replacement** Kristin Moseley said HB1151 passed and is slated for Gov. Polis's signature.

**Managed by Eagle River Water & Sanitation District**

846 Forest Road Vail, Colorado 81657 Tel (970) 476-7480 [erwsd.org](http://erwsd.org)



## MEMORANDUM

**TO:** Boards of Directors  
**FROM:** David Norris, Director of Business Administration  
**DATE:** June 23, 2022  
**RE:** Analysis of Miscellaneous Fees

### Background

Historically, the District and Authority have unbundled some of the costs of miscellaneous ancillary services related to producing water and treating wastewater, creating special service charges to cover these costs. These service charges are designed to require the customer who uses the services to pay for these costs through separate fees and charges.

Below is a breakdown of the District and Authority's current fee schedules:

Type	Current Rates
Backflow Non-Compliance Fee	\$500 Per Violation/Month
Delinquent/Non Compliance Turn off Service	\$100
Fire Hydrant Meter Relocation Fee	\$168
Impact Inclusion Fee	\$1,000
Lien Fee for Unpaid Charges	\$200
Meter Inspection and Re-inspection	\$168
Penalty for Non-Compliance Fee	\$100 per SFE/Month
Recording Fee	Actual Costs
Returned Check	\$25
Service and Inspection Calls Fee	\$84
System or Water Tampering Fine	\$5000 per Violation
Turn On/Off Service	\$84
Unathorized Use	\$2,000
Waste Hauler Discharge Annual Permit Fee	\$200
Waste Hauler Discharge Fee	\$.25 per Gallon
Water Rights Dedication Cash In Lieu Non -Summer Fee	\$43,000/Consumptive Acre Foot
Water Rights Dedication Cash In Lieu Summer Fee	\$10,500/Consumptive Acre Foot
Water Rights Dedication Review Deposit Fee	\$1,500

## Analysis

After a comprehensive analysis of a variety of entities, there are three (3) commonly charged fees that are recommended the District and Authority adds to its fee schedules.

**Fee 1: Transfer of Service Fee** This fee would be assessed upon each request for a transfer of service from the land and title companies upon a potential sale. Whether the property closes or not the work involved in processing the request is identical. In 2020 and 2021 the number of requests equaled 2000-2150. In 2022, the trends are showing similar numbers, and therefore are expecting this trend to come to fruition. The total costs associated with the work are currently \$145.

**Fee 2: Reactivation Fee** This fee is associated with accounts that sit dormant for a time of >1 year and are requested to reactivate the account. The total costs associated with this work is currently \$100.

**Fee 3: Construction Application Fee** In 2021 there were 166 applications in our system, where in 2022 we are on track to have similar applications for construction. Currently we do not have a fee for this, where it is common practice to have an application fee associated with the review and processing of the application. The total costs associated with the process is currently \$125.

In addition to these new fees, it is important to not get behind on our fees associated with rising costs. Some of our current fees have not been changed in many years, and with this there are seven (7) current fees identified that need an adjustment as listed below.

Type	Current Rates	Recommended Fees
Delinquent/Non Compliance Turn off Service	\$100	\$125
Fire Hydrant Meter Relocation Fee	\$168	\$200
Lien Fee for Unpaid Charges	\$200	\$250
Meter Inspection and Re-inspection	\$168	\$200
Returned Check	\$25	\$50
Service and Inspection Calls Fee	\$84	\$200
Turn On/Off Service	\$84	\$100

If approved, the overall projected yield would equate to an estimated \$354,700 annually for the District and Authority. Further analysis is warranted to provide a more comprehensive look at other fees that the District and Authority are not currently assessing those other utilities are for certain functions and will be presented in the 2023 budget proposal.

Staff Recommends the approval to post a 30-day notice for the changes to fees.

Next Steps if the board approves to move forward would include:

- Post 30-day notice for rate changes
- Hold a public hearing with board action
- Update Rules & Regulations Appendix A to reflect the changes

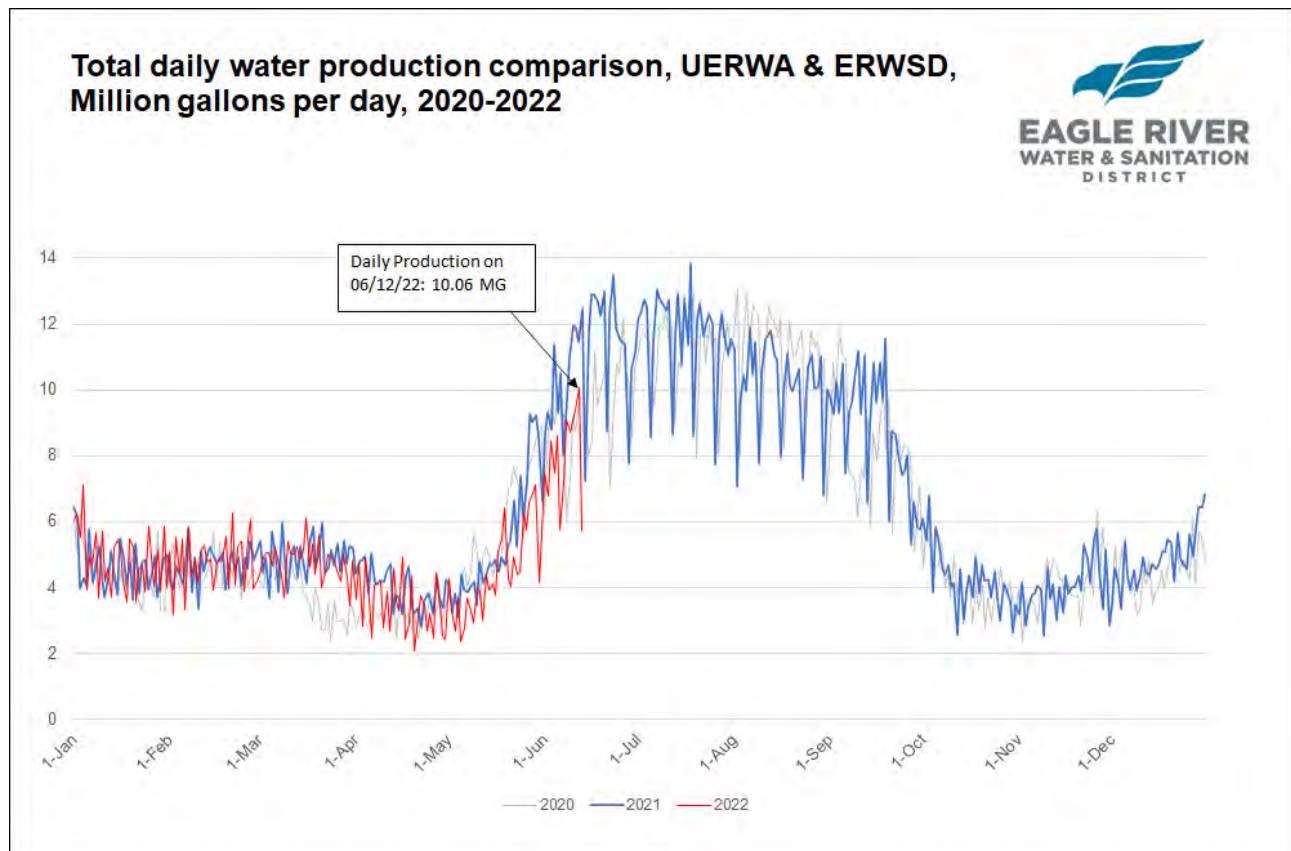


## OPERATIONS MONTHLY REPORT JUNE 2022

### WATER

Brad Zachman

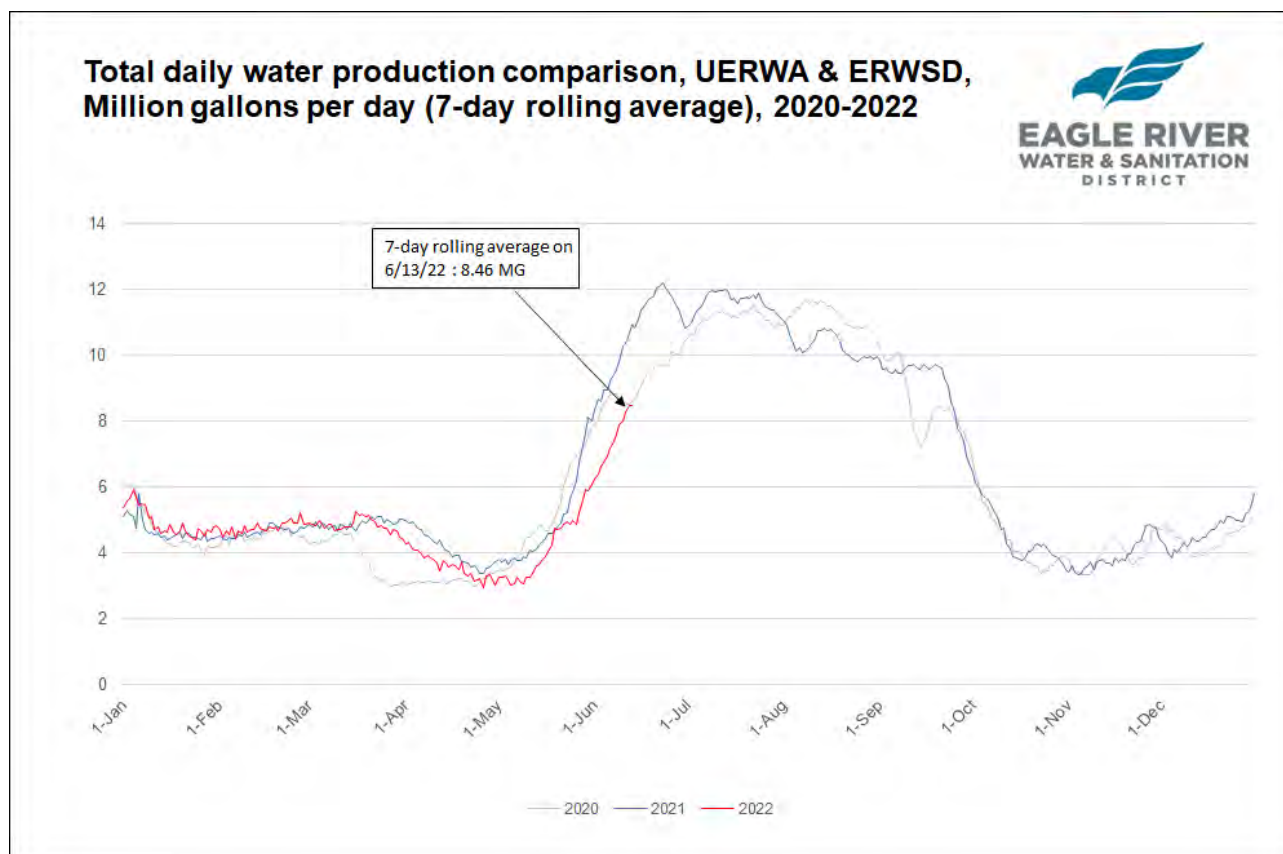
The system-wide water production comparison was updated through Jun. 13. System production is rapidly increasing to meet summer irrigation demand.



**Clean Water. Quality Life.™**

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The Water Department is focused on ramping-up production at the treatment facilities, managing treatment during runoff, and preparing for the upcoming District Sanitary Survey, which is scheduled for Aug. 24-26.

The 2022 water storage tank capital improvements project is underway. The project includes overflow and hatch improvements at 12 water storage tanks. The project is being phased to prioritize work at the sites in the District system prior to the upcoming Colorado Department of Public Health and Environment (CDPHE) Sanitary Survey.



*Construction of Water Storage Tank Risers and Hatches  
(Gore Tank 2 on Left; Gore Valley Drinking Water Facility on Right)*

The Eagle Park Reservoir (EPR) and Black Lakes Reservoirs are at full pool. The East Fork Pump Station (EFPS) pumped 114 acre-ft of water into EPR this season.

The Black Lakes fish stocking event occurred on Jun. 14.





*Black Lakes Fish Stocking on June 14*

#### LABORATORY & WATER QUALITY MATTERS

Leah Cribari

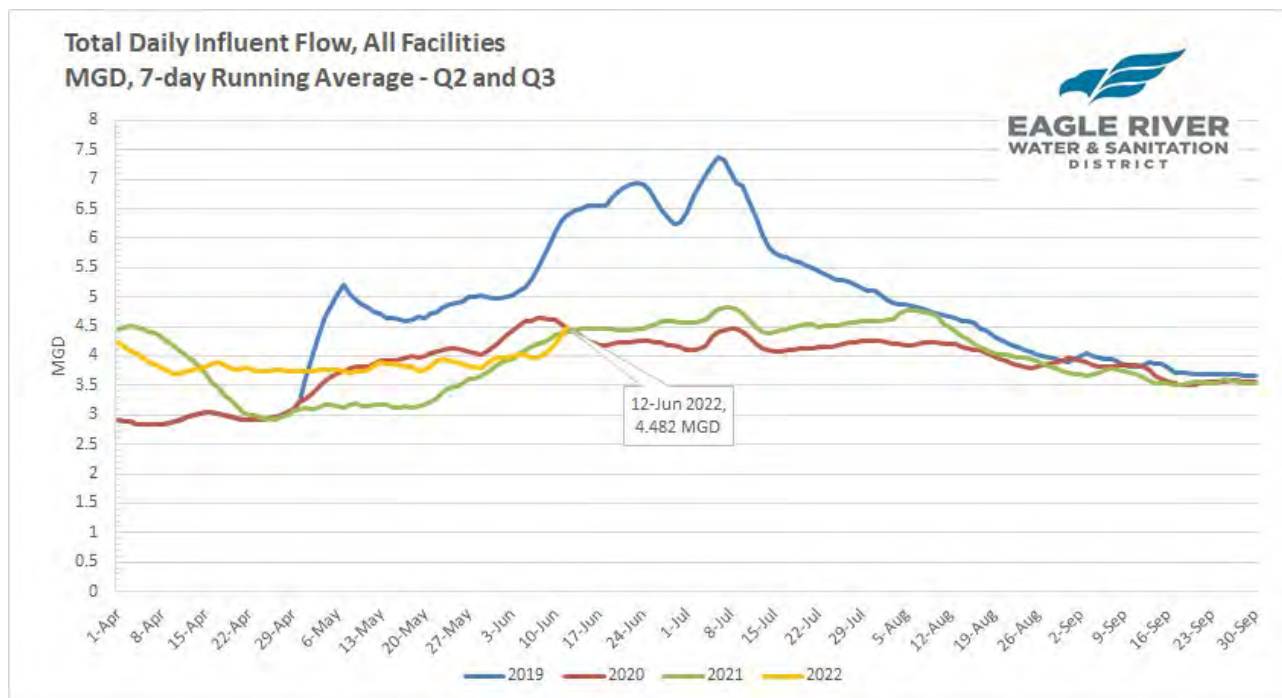
CDPHE's Water Quality Control Division (Division) has issued a data call for Regulation #93 for development of the 2024 303(d) List of Impaired Waters and Monitoring and Evaluation List. This effort requires a compilation of recent water quality parameters including biological, physical, chemical, and other related information collected from 2017 through 2021. The Division specifically requests data collected in the Upper Colorado, North Platte, and Lower Colorado river basins (Regulations #33 and #37). Data must be submitted to the division by Sept. 1. District Staff and consultants are reviewing and determining what data will be submitted.

#### WASTEWATER

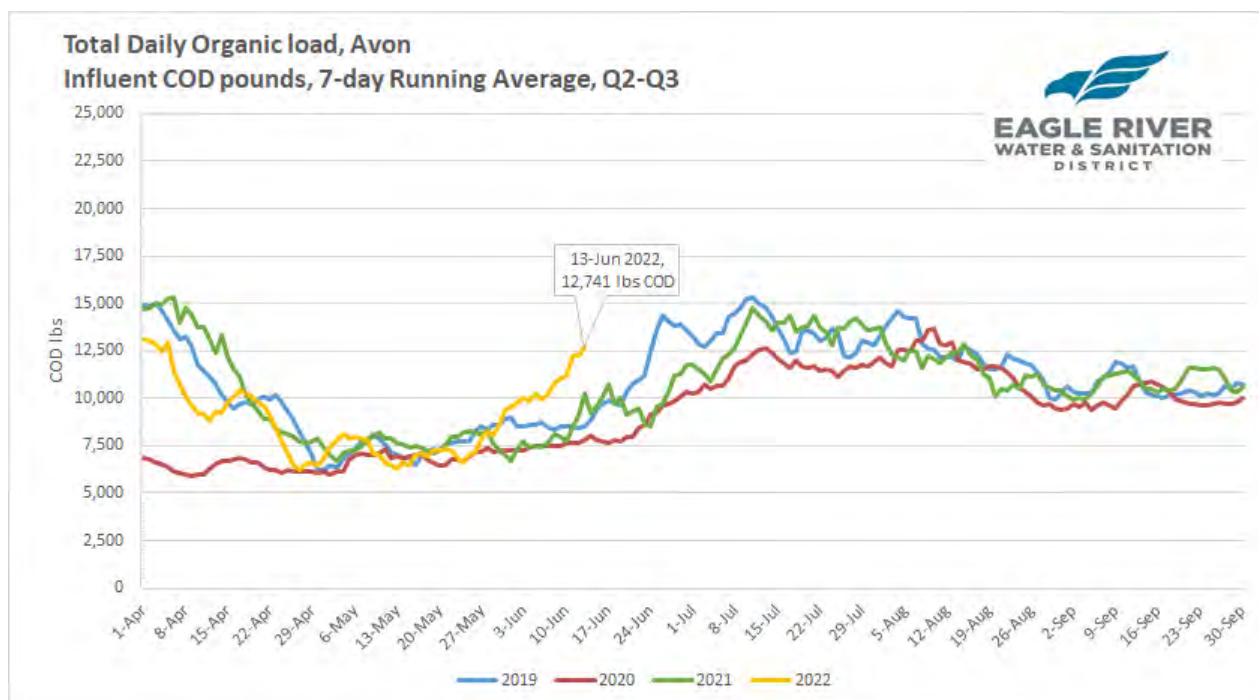
Rob Ringle

Influent flow remained flat for the month of May at all three wastewater (WW) facilities, although at a higher baseline relative to 2021. Some drop in flow was observed during times of colder weather, which likely indicates a drop in contributions from inflow and infiltration (I&I) during these times. Influent flow has since trended up in early June.





Influent organic loading, as measured by pounds of carbonaceous oxygen demand (COD lbs), has trended above recent years in late May and early June. Organic loading is more indicative of the actual activity and occupancy rates in the sewershed respective to the treatment facility, as it is not directly impacted by I&I. The plot below shows 7-day average loading for the Avon WW facility. Loading observed in the week of Jun. 13, 2022, is consistent with what would typically be expected for late June. Organic loading typically trends up during the month of June, with a summer season peak typically around the Fourth of July. A similar trend is observed for the Vail WW facility.



Vail WW staff continue to work through the collaborative design process for the Vail WW Master Plan Improvements capital project. Staff work to adapt plant operations to accommodate investigative work to help inform subsequent design, cost estimating, and repair work. The contractor's team recently visited the facility for further evaluation of some of the structural repairs, including the vertical cracking in the basin wall, as pictured below.



*Vail WW aeration basin #4, vertical wall crack evaluation.*

Staff at Avon WW continue to adapt operations to accommodate major impacts related to the Nutrient Upgrade Project, and to optimize new process systems as those come online. Two major procedures related to the secondary process were recently completed successfully. On May 19 staff worked in the very early morning hours to stop forward flow through the plant and facilitate construction of the tie-in point for the new secondary clarifier effluent flow. This included significant prep work ahead of the event to provide sufficient equalization volume. The second procedure involved an extended shutdown of the return activated sludge (RAS) system on Jun. 2. The RAS system normally operates continuously and serves to maintain a healthy inventory of active biology in the treatment process. Staff manipulated equipment as necessary to accommodate this shutdown and also monitored the treatment process throughout the event. Process adjustments made during and following the procedure allowed the facility to meet permit requirements through this critical event.



*Avon WW aeration secondary clarifier gallery, vertical RAS tie-in procedure.*

Edwards WW staff recently adapted plant operations in consideration of the WW Master Plan Update effort. Staff are working to optimize the secondary treatment process in the A2O (anaerobic-anoxic-oxic) configuration, which involves major changes to operating conditions in the first two process basins. This will allow the facility to improve the binding of phosphorus in the secondary process, as will be required to achieve compliance with future effluent limits for nutrients. The WW Master Plan Update effort aims to characterize the downstream impacts of A2O operation on the solids handling process so that the capital improvements needed in this area can be better understood. Improvements to the secondary process will also be needed for long-term operation in the A2O configuration; staff plan to convert the process back to the prior configuration in advance of the peak loading period in late Dec. With this process, staff have improved nutrient removal performance to meet or exceed the future nutrient regulations during the period of lower influent loading observed this spring.

#### FIELD OPERATIONS

Niko Nemcanin

Annual summer field system maintenance is underway. Field Operators have started fire hydrant flushing, system valve maintenance, and booster pump station maintenance. Collection system jetting (five year rotation) is underway in East Vail; followed by the closed circuit television (CCTV) of the system.

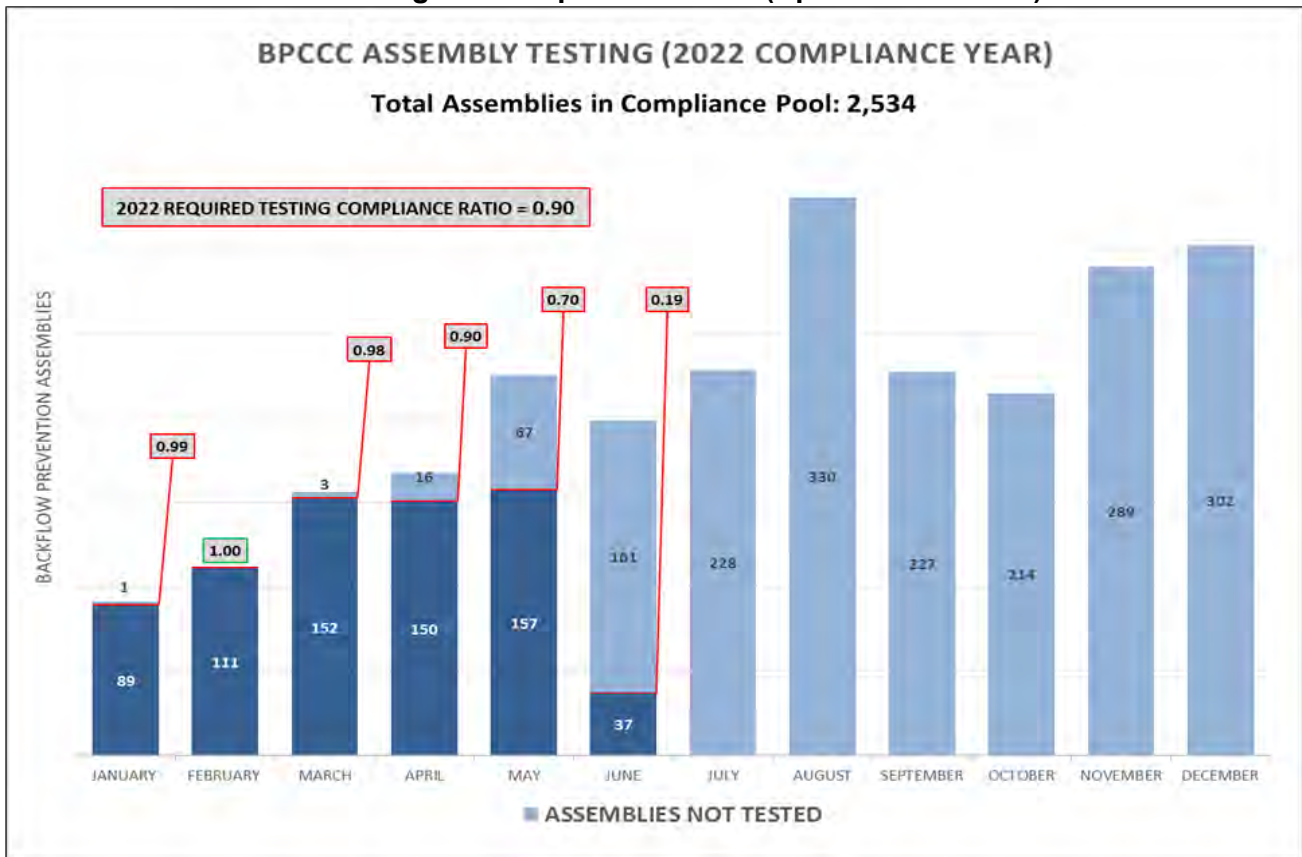
## UTILITY SERVICES

Shane Swartwout

### Backflow Prevention and Cross Connection Control

New for 2022, the BPCCC team has implemented a deadline of Jul. 31 for irrigation system backflow prevention assembly testing. Approximately 35% of the assemblies in the compliance pool are for irrigation systems. Staff has been communicating this message to our customers since April. The goal is to test all irrigation system assemblies during irrigation season and prior to winterization of the systems when the assemblies can no longer be tested.

### BPCCC Program Compliance Status (Updated 6-14-2022)



### Meter Services – Advanced Metering Infrastructure Status (Updated 6-14-2022)

The meter services team is extremely busy with construction season demands. Anywhere between 35 - 40 construction meters are currently being rented. The team is also experiencing an increase in meter sets and inspections for new development and renovations. Supply chain issues are still a major concern and staff is currently researching different options in meter manufactures to improve supply issues.

Report Date:	6/14/2022
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AMI SYSTEM STATUS	ERWSD	UERWA	TOTAL
(1) Total No. of Meters	3186	6806	9992
(2) No. of AMI Meters	2933	5552	8485
(3) System Percentage of AMI Meters	92%	82%	86%
Meters Remaining to Reach 100% AMI	253	1254	1507

#### ENGINEERING

Jeff Schneider

#### WATER PROJECTS

#### Radio Telemetry Unit (RTU) System Upgrades

Carter Keller

General Project Scope: This project is a systematic approach to install standardized communication equipment to increase the reliability of the telemetry system throughout the distribution system (82 sites) and develop a standard (i.e., non-proprietary) telemetry platform to allow competitive pricing for upgrades, replacement, and system maintenance. Implementation is anticipated over a three-year period with a highly detailed sequence and schedule to limit distribution system disruptions.

Project Update: Spring commissioning is underway and consists of seven sites, two in Edwards and five in Cordillera. Completion of the spring schedule is set for Jun. 30. Preliminary construction is underway such as conduit and concrete work to support construction of towers and equipment racks.



## **Traer Creek Water Storage Tank**

Mark Mantua

General Project Scope: This project consists of the replacement of the Traer Creek Water Storage Tank. In addition to the tank replacement, the scope includes piping, appurtenances, and selective replacement of identified equipment including the RTUs and control cabinets.

Project Update: Electrical improvements and telemetry installation are nearly complete and commissioned. District staff completed draining the tank to the sanitary sewer in an effort to recover the testing water. A third-party testing consultant was retained to perform ultrasonic testing on the dome roof to ensure no structural deficiencies. The third-party tester found no major structural abnormalities in the roof but located certain areas of concern. The contractor is addressing those areas in the tank dome using crack injection methods. District staff is currently reviewing closeout documentation provided by the contractor. We anticipate the tank being ready for service in mid-July.

## **Avon Drinking Water Facility (ADWF) PLC Upgrades**

Jenna Beairsto

General Project Scope: This project includes replacement of two of the programmable logic controllers (PLCs) at ADWF. Additionally, a new server room will be constructed within the facility. All programming and PLC logic will be reverse engineered to determine required updates and improvements associated with the modification and replacement of the existing PLCs.

Project Update: Hensel Phelps has been contracted to complete this work. A preconstruction meeting will be scheduled in the coming weeks with procurement of major equipment expected to begin the week of Jun. 13. Construction of the server room is expected to start later this year.

## **Edwards Spur Road Phase 2 Water Main**

Mark Mantua

General Project Scope: The Edwards Spur Road Phase 2 consists of two projects. The first is installation of 1,700 linear feet of water main that was installed in conjunction with the CDOT Edwards Spur Road project. The second is installation of a water main that will run parallel and under the railroad tracks to connect the Edwards Drinking Water Facility to the water main that was previously installed during the 2019 Spur Road project and to a main near Miller Ranch Road. The project will alleviate hydraulic issues in the Edwards low pressure zone.

Project Update: The contractor has installed approximately 1,100 linear feet of 24" pipe which connects a 16" distribution main to the Edwards Drinking Water Facility, leaving approximately 300 linear feet to be installed. Three tie-ins remain before the project is complete. Each tie-in procedure contains unique operational changes that must be closely coordinated with the Water and the Field Operations Department. Engineering, Water and Field Operations composed and tested the plans to ensure continual service in critical areas during the remaining tie-ins. The new waterline is expected to be online by Jul. 31.

## **Fenno Wellhouse and Raw Water Conveyance**

Jeffrey Schneider

General Project Scope: The project consists of complete replacement of a small treatment facility in Cordillera that treats water from seven groundwater wells and pumps into the distribution system. The previous facility did not meet electrical code, had some safety concerns, and was generally at the end of its useful life. Improvements to the wells and raw water piping are also included in this project.

Project Update: The treatment facility reached substantial completion on May 27 and is scheduled for final completion on June 17. Minor punchlist and cleanup items are underway. A detailed memorandum is included in the packet describing the project.

Work on evaluating the wells will begin in late June as easement documentation work has progressed well with the Cordillera Metro District and associated homeowners. Wells will be systematically accessed, pulled, inspected, repaired (if necessary) and permanent improvements to the raw water conveyance consisting of piping, controls, and electrical will be designed based on the findings of the investigative work.

## **Water Production and Treatment Masterplan**

Jenna Beairsto

General Project Scope: The masterplan will be a wholistic look at all production and treatment facilities system-wide including treatment plants and wells. The goal is to do a thorough risk-based analysis and provide a roadmap for future capital project implementation in light of threats from climate change, low stream flows, wildfires, etc. along with a detailed condition assessment of existing assets.

Project Update: Carollo is under contract for the masterplan and has begun review of the existing hydraulic model data. The District is working on gathering all data and information requested by Carollo to get the project underway. A visioning workshop and site visit to all of the water facilities is scheduled for the week of Jun. 21.

## **Arrowhead Transmission Main & Valve Vault**

Mark Mantua

General Project Scope: This project consists of the replacement of 2,300 linear feet of water transmission main and a valve vault which both serve Arrowhead Tank 1. The existing ductile iron transmission main pipe is severely corroded and is nearing the end of its service life. The valve vault will reduce operational issues in the water distribution system. The new valve vault will include a new flow control valve allowing Arrowhead Tank 1 to hydraulically balance better with the Cordillera Valley Club (CVC) tank.

Project Update: District staff has decided to review an alternate alignment for this project proposed by the Construction Review Team in Cresta Road to explore elimination of creek crossing. Additional survey and geotechnical work is complete along the Cresta Road alignment. The design

engineer is working to provide 30% level design plans and a recommendation for the final design alignment.

### **Avon Wastewater Treatment Facility (WWTF) Fire Flow Improvements** Woodson Spring

General Project Scope: The Avon WWTF Fire Flow Improvements consist of two major components. The first is installation of 1,100 linear feet of 12" water main down Millie's Lane and into the Avon WWTF site. The second is modifications within the Avon Drinking Water Facility (DWF) to transfer water from the high zone to the low zone. The project will bring the Avon WWTF into compliance with fire flow requirements and address a long-standing deficiency.

Project Update: The pipeline subcontractor installed a tee and valve assembly on the west side of West Beaver Creek Boulevard on the 16-inch water main on May 26. A full road closure south of the railroad tracks was organized with Town of Avon. The contractor installed pipe through the intersection of West Beaver Creek Boulevard and Millie's Lane for a total of 154 feet of 12-inch water main to date. Scheduled water outages will occur on Tuesdays Jun. 14 and Jun. 21 to complete tie-ins to the existing water. Other portions of work are scheduled for later in the summer and are tightly coordinated with AWWTF Nutrient Upgrades Project critical precast concrete deliveries and crane demobilization.



*New valve installed*



*Project site after installation*

## **WASTEWATER PROJECTS**

### **Avon Wastewater Treatment Facility (AWWTF) Nutrient Upgrades**

Melissa Marts

General Project Scope: The Avon WWTF requires upgrades to meet Regulation 85, which requires a reduction of the concentrations of nitrogen and phosphorus in the effluent. The scope of this project includes the following: addition of 0.6 million gallons of aeration basin capacity, a new secondary clarifier, structural modifications to the existing aeration basins to remove the existing

double-tees and replace with a building structure, a new odor control study and system, and other improvements throughout the facility. This project also includes improvements identified in a 2017 condition assessment in other process areas throughout the facility.

Project Update: An update memo will be included in the June Board Report and an update will be presented at the June Board Meeting.

## **Dowd Junction Collection System Improvements**

Jenna Beairsto

General Project Scope: The project consists of four major components, all of which are at the end of their useful lives: the aerial interceptor crossing at Dowd Junction; Lift Station 4, which conveys all of Minturn's wastewater; the aerial interceptor crossing at the Minturn Road bridge; and the force main downstream of Lift Station 4. The project will also include capacity for growth in its respective service areas, most notably the Minturn area improvements.

Project Update: *West Vail Interceptor Aerial Crossing:* The Contractor has remobilized to the site and taken delivery of the bridge. The Contractor is now installing the sanitary sewer pipe and communication conduits on the bridge. They are planning to fly the bridge in to place the second week in July. Final contract negotiations for the extension in to the 2022 construction season are complete and a change order to document this change will be issued in the coming weeks.

*Lift Station 4 and Force Main Replacement:* This project combines three packages of work into one large project. Package A includes the lift station 4 replacement, package B is replacement of the exiting force main with two 8" HDPE force mains, and package C in partnership with Eco Trails (Eagle County) to connect the bike trails from the lift station to the West Vail Interceptor crossing. Gould Construction is under contract for the full scope of work associated with the three work packages and is expected to mobilize to the site in mid-July. An intergovernmental agreement (IGA) with Eagle County is ready for signatures. A preconstruction meeting was held on Jun. 7. The Contractor has already begun procurement and the engineers are working through early submittals.





*Bridge with pipe installation ongoing*



*Flying in the bridge segments*

### **Avon Lab Improvements**

Melissa Marts

General Project Scope: A new inductively coupled plasma mass spectrometer (ICP-MS) purchased by the District will be installed in the lab. This will provide improved analytical capability to our internal and external customers. This device enables District staff to perform in-house metals analyses that are normally outsourced. Lab and architectural modifications will be constructed, including a new gas cabinet, duct chase, and fume hood. During design, the makeup air unit (MAU) serving the lab was identified to be at the end of its useful life; the HVAC system for the lab and lab offices will also be replaced.

Project Update: After receiving no bids for this project after competitive solicitation, Moltz submitted a proposal for the work. The project team is working through cost increases from increased scope to replace the HVAC system for the lab, roofing replacement of the administration building, and cost increases due to inflation. Contingent upon successful negotiation, work is anticipated to be underway in the fall of 2022.

### **Vail Wastewater Treatment Facility (VWWTF) Master Plan Improvements**

Melissa Marts

General Project Scope: A condition assessment of the Vail WWTF conducted as part of the 2017 Master Plan identified various upgrades required to keep the facility in reliable and operable condition. The scope includes a new, larger diesel generator and associated electrical, structural repairs in the aeration basin, equalization, and clarifier rooms, replacement of the aging ultraviolet (UV) system, and construction and installation of an external facility bypass.

Project Update: Due to long lead times of crucial electrical equipment that provides backup power to the VWWTF, the project team issued an early-out generator/ automated transfer switch (ATS) package for PCL Construction to develop a Guaranteed Maximum Price (GMP) proposal which will be submitted late July. The exterior modifications related to the generator/ATS package were presented to the Town of Vail Design Review Board on May 18 and unanimously approved. Additional exterior modifications included in the main design package will be brought to the Design Review Board in August. Black and Veatch submitted the 60% main package design submittal, and PCL and Black and Veatch will deliver pricing models in July. Long equipment lead times also necessitate early procurement of membrane diffusers and ultraviolet (UV) disinfection equipment.

## GENERAL CAPITAL

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### Vail Office Remodel

Jenna Beairsto

General Project Scope: The project will provide a safe and secure singular entry point for facility visitors by reconfiguring the vestibule entrance. The scope also includes reconfiguring and reorganizing of the Vail Administration Office. Most of the construction will be concentrated on the south half of the first floor; however, reorganization will occur building wide. In addition to the front entrance, the project will provide improved ADA access to the building. Several departments will shift within the lower level to allow for additional office and meeting space. The project includes cubicle and office furniture purchase and replacement for some of the improved areas.

Project Update: Maverick was hired to replace additional carpet on the first floor, which was complete on Jun. 10. Stucco repairs have begun on the exterior of the building. The painter will be onsite later this week after the building is pressure washed to paint the exterior of the building.



*Stucco repair on the exterior of the building*



*Carpet in the finance hallway*





## MEMORANDUM

**TO:** Board of Directors  
**FROM:** Melissa Marts, P.E.  
**DATE:** June 14, 2022  
**RE:** Avon WWTF Nutrient Upgrade Project Construction Update

This memorandum is to provide an update on the Avon Wastewater Treatment Facility (AWWTF) Nutrient Upgrades Project. A PowerPoint presentation showing project progress will be provided during the Board meeting.

### *Work Completed in 2020*

Moltz Construction, the general contractor, mobilized on May 4, 2020. Work began with site demolition, and installation of a construction fence with noise mitigation fabric along the west property line near LiftView condominiums. Concrete work for expansion of the aeration basins was completed and concrete placements started for the new secondary clarifier tank. The tower crane, erected on a micropile foundation, can be seen from Nottingham Lake.



Figure 1: Construction site aerial image (May 2022)

### *Work Completed in 2021*

Structural shotcrete was applied to the existing aeration basin 2 walls allowing for the walkways to be poured. The building over the new aeration basin volume was erected, with precast concrete wall and roof panels set during a single week. The process was repeated in November 2021 and the building over existing aeration basin 2 was set in less than a week. New screens, screw conveyor, and washer compactors were installed and commissioned in the headworks, and an increase in screenings capture quantity was immediately observed. Moltz crews also installed the new secondary clarifier mechanism and scum skimmer. Significant progress has been made with installation of the carbon scrubber odor control equipment. In order to perform the work in the primary treatment process, the entire flow through the facility was bypassed using a temporary pipeline and pumps for the duration of one month.

### *Work Completed in 2022*

The project team completed the largest commissioning event of the project, bringing half of the new aeration basin volume, blowers, diffusers, instrumentation, and associated piping online in early January 2022. This event essentially started the new secondary wastewater process, improving process control, access, and treatment capability. Once the new internal mix liquor recycle (IMLR) system is commissioned in June, the facility will be able to operate in either an A2O or 5-stage Bardenpho configurations which enable nutrient removal exceeding Regulation 85 nutrient requirements. Since the startup of aeration basin 2, Moltz has commissioned the primary and secondary clarifiers and constructed the building around the new secondary clarifier.



Figure 2: Secondary clarifier and new building construction

The team performed an overnight shutdown to tie the secondary effluent piping together requiring the entire flow to be diverted and held in the equalization basins. Due to thorough planning and dedicated staff who arrived at midnight, the shutdown was a success and effluent quality was maintained. Moltz has also made progress on the internal mixed liquor (IMLR) and return activated sludge (RAS) pump station and piping.

Aeration basin 1 modifications continue as Moltz has removed soils and tees from atop aeration basin 1, constructed zone baffle walls, and applied reinforced shotcrete. Walkways are currently being constructed and the basin prepared for the precast building placement scheduled for August.





Figure 3. Shotcrete application in aeration basin 1

ERWSD is partnering with LiftView to construct additional useable area for both parties. Moltz has constructed a two-tier boulder wall and built-up the flat area using excess spoils from the Fire Flow Project. New fencing will be placed along the property line.



Figure 4. Additional usable area for AWWTF and LiftView

Additional upcoming project work will include

- modifications of aeration basin 1 including pouring walkways, equipment installation, and building erection
- exterior painting of AWWTF buildings
- commissioning of the carbon scrubber odor control equipment
- installation and commissioning of IMLR and waste pumps and piping

- placement of sand/oil separator and stormwater improvements

An annual report as required by the 1041 Permit was submitted to, and accepted by, the Town of Avon in March. The only outstanding submittal to the Town of Avon is the proposed architectural fence design which will require a retaining wall that is currently in design.

District staff and the Engineer continue to be pleased with the quality of work from Moltz. The project is on schedule to meet the final completion date of January 9, 2023. Through the end of April 2022 \$33,683,133 has been billed of the \$49,627,732 contractor budget, about 68%. Currently, the project schedule is 80% complete and has used less than 25% of the owner's contingency. District operations staff deserves special recognition for supporting the needs of the construction project while keeping the Avon WWTF operating efficiently and in compliance.



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**GOVERNED BY:**

The Metropolitan  
Districts of:  
Arrowhead  
Beaver Creek  
Berry Creek  
EagleVail  
Edwards

The Town of Avon

**M E M O R A N D U M**

**TO:** Board of Directors  
**FROM:** Jeffrey Schneider, P.E.  
**DATE:** 6/14/2022  
**RE:** Fenno Wellhouse Project Completion Report

**Summary of Subject:** This Memorandum is to provide the Board of Directors with an update on the completion of the Fenno Wellhouse project and will be accompanied by a presentation at the Board Meeting. The Fenno Wellhouse is a water treatment facility located in the Cordillera subdivision that treats groundwater from nearby wells and pumps treated water into the water distribution system. The new wellhouse replaced an aging facility that was at the end of its life and lacked code compliance related to electrical safety and chemical storage. The project reached substantial completion on May 27 with a final construction contract value within 3% of the original bid price.

**Discussion and Background:** The Fenno Wellhouse was part of the Cordillera subdivision's original water system infrastructure conveyed to the Upper Eagle Regional Water Authority in the mid-1990s. The original wellhouse provided chlorination to groundwater from up to seven nearby groundwater wells, known as the Fenno Wells. A cursory study was conducted in approximately 2013 to evaluate the facility, which recommended replacement. In 2018, the Board of Directors approved the capital budget request for replacement of the facility, and design was underway immediately following approval.

The previous facility was too small, and electrical equipment tended to overheat in summer months due to inadequate heating, ventilation, and air conditioning (HVAC). Chemical storage was also not in a code-compliant room, and mechanical equipment was at the end of its useful life. Many capital projects involve retrofits of facilities during either short windows or during operational periods; this project is unique in that the project team was able to take the treatment facility completely offline, demolish, and rebuild in place.

The new facility was designed by SGM Engineers and included many features not present in the original facility, including:

- A separate chemical storage room for chemical feed (Sodium Hypochlorite and Fluoride)
- Safety-related HVAC and eyewash for chemical feed
- A separate electrical room with sufficient HVAC
- A restroom facility for staff
- Sustainable building practices including wood framing and fully electric HVAC
- Paved driveway access and roof hatches for easy pump removal
- A standby generator to run the facility in the event of a power outage
- Aesthetics and architectural design approved by the Cordillera Design Review Board
- Fully redundant contact time for disinfection in the larger clearwell

The design phase included a robust permitting process on a state and local level. As a new treatment facility, design approval from Colorado Department of Public Health and Environment (CDPHE) Water Quality Control Division (WQCD) was obtained. Then, a Location and Extents Application (LEA) was submitted to Eagle County and approved by the Eagle County Planning Commission. Prior to LEA, the project was approved by the design review board (DRB) of Cordillera Metro District (CMD).



The project was originally scheduled for bidding in early 2020. Due to uncertainties associated with revenue and staffing capacity at the onset of the COVID-19 pandemic, staff decided to hold the project for one year. Once it was determined that revenues were largely unaffected, the project was advertised for bidding in January 2021. Bids were opened on February 21, 2021 and four bids were received. The construction contract was awarded to RN Civil Construction at an original contract value of \$2,126,200.

The project began with clearing and grubbing and demolition of the existing facility including removal of the below grade wetwell tank. Next, subgrade preparation for the below grade concrete structure and construction of the concrete foundation and walls. Underground utility work occurred concurrent with below grade foundation work. The wetwell structure passed leak testing and the structure was waterproofed and backfilled. The superstructure was constructed, including framing, sheathing, roofing, etc. Mechanical installation in the building began with pipe and pump installation on the raw and finished water sides, and chemical feed lines, plumbing, and electrical work occurring into late fall 2021.



Figure 1: Demolition of Previous Wellhouse



Figure 2: Concrete baffle walls in Clearwell structure



Photo 3: Roofing and Sheathing installation



Photo 4: Pump discharge header and piping

The project was subject to severe supply-chain related disruptions with the main electrical panel being delayed approximately 8 months. This pushed the original contractual completion date from mid-November 2021 to May 2022. Due to water quality concerns in the Cordillera area, a temporary power source was installed and the station was placed into limited service on April 11, 2022. Following successful water quality sampling, the station was taken offline for final electrical equipment installation.

A second, full station startup was conducted on May 16 with the full electrical capacity of the station online. A few minor items came up as a result of startup, but nothing out of the ordinary. Substantial Completion of the facility was granted on May 27 and Final Completion is on track for June 17.





Figure 5: Completed Fenno Wellhouse

Every project has challenges and risk and this project is no different. Specific to the Fenno Wellhouse, the one year delay from design completion to bidding may have led to some operational coordination items being lost. There were a normal amount of owner-initiated changes and minor plans and specification discrepancies which resulted in some change orders. Unsuitable bearing soil conditions were encountered beneath the building foundation, which required over-excavation and subgrade stabilization, and some discrepancies relative to buried water infrastructure led to some minor changes during construction.

A unique challenge for the project was personnel. The Authority project manager changed roles three times, and the Engineer's project manager also underwent multiple transitions. These difficulties in bringing new staff up to speed on an existing project were significant and highlighted the importance of maintaining a consistent project team throughout. As mentioned earlier, the most significant challenge was the supply chain issues affecting electrical equipment, which pushed the project schedule out seven months beyond its intended date. Fortunately, the budget implications stemming from the supply chain issues are relatively minor, but the operational difficulties it caused were significant and would have been avoided if the station was online in the winter months.

**Budget Implication:** The total project budget for the Fenno Wellhouse and Raw Water Conveyance project is \$3,899,955, which includes approximately \$1.3 million for undefined design and construction work at six of the seven production wells. Because of that large figure included in the account, the reporting on the project's finances is relative to its original cost at time of construction contract award.

Table 1: Construction Contract Summary

Original Contract Amount	\$ 2,126,200
Sum of Change Orders	\$ 59,625
Final Contract Amount	\$ 2,185,825
Change Order Percentage	2.8%
Original Substantial Completion	October 31 2021
Actual Substantial Completion	May 27, 2022

The engineering services during construction saw some large increases throughout the project. It is believed that the root cause was that the initial estimate was far too low to adequately capture the needed engineering support for the project. Some inefficiencies related to personnel transition are also included. Finally, the Authority added some engineering scope, namely an additional startup phase and a comprehensive, project-wide Operations and Maintenance Manual.


Table 2: Engineering Services During Construction

Original Construction Phase Services	\$29,822
Change Order 3	\$45,499
Change Order 4	\$31,942
Total Construction Phase Engineering	\$107,263

Despite the dramatic increase in construction phase services, the \$107,263 figure equates to less than 5% of construction contract value; typically we plan on approximately 7.5% of construction contract value, so this work is well within acceptable ranges. Overall, the project is successful and within budget. Most importantly, our operations teams and customers have a new treatment facility to provide potable water to Cordillera.



## MEMORANDUM

**TO:** District and Authority Boards of Directors  
**FROM:** Jason Cowles, P.E.   
**DATE:** June 15, 2022  
**RE:** Engineering & Water Resources Report

### Authority Unallocated Water Update

The Authority's unallocated water is still currently projected at 227.31 acre feet. This includes 51.19 acre feet of unrestricted Eagle Park Reservoir water, which includes the 25 acre feet pledged to the Authority by the District. It also includes 78.13 acre feet of Eagle Park Reservoir water committed to workforce housing, and 97.98 historic irrigation season consumptive use credits.

At this point in time, I am not including allocations of water from the unallocated water pool for the two proposed projects in Avon, Mountain Star Tract Y and the new hotel in the Sheraton Mountain Vista Subdivision. Upon review of Avon's existing SFE allocations with Town of Avon staff, it appears that both projects can potentially be served under the Authority's existing water service commitment to the Town of Avon.

### 6 West Apartments Final Acceptance

On May 30, 2019, the District and Authority granted construction acceptance for infrastructure constructed as part of the 6 West Apartments project in Edwards. Water and sewer mainline infrastructure was constructed by Hudspeth, Inc. for West Apartments, LLC. Our field inspectors identified several alarming deficiencies during construction and acceptance testing that had to be corrected prior to acceptance. Due to the extent and nature of construction deficiencies, the District and Authority entered into an Agreement to Conditionally Accept Water and Sewer Improvements with 6 West Apartments, LLC that extended the standard two-year warranty period to three-years and required 6 West Apartments, LLC to escrow security in the amount of \$341,730 for the warranty. The extended three-year warranty period ended on May 30, 2022 without issue, and the infrastructure passed all required final inspections. Pursuant to the Agreement to Conditionally Accept Water and Sewer Improvements, the escrowed security funds were returned to 6 West Apartments, LLC on June 10, 2022.

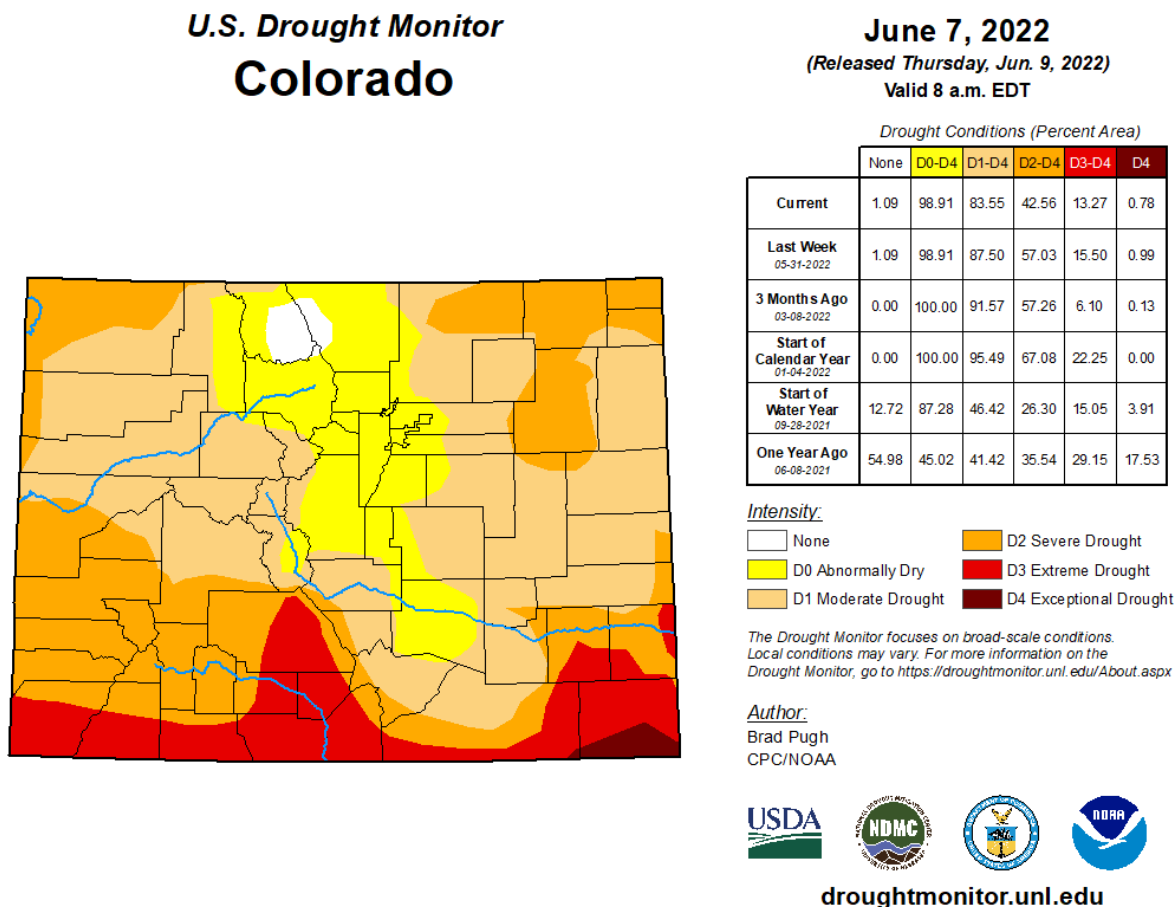
### Water Resources Update

The latest U.S. Drought Monitor shows that Colorado again has regions experiencing all levels of drought, as shown below in Figure 1. Eagle County is nearly completely in "D1" including the entire Eagle River Watershed.



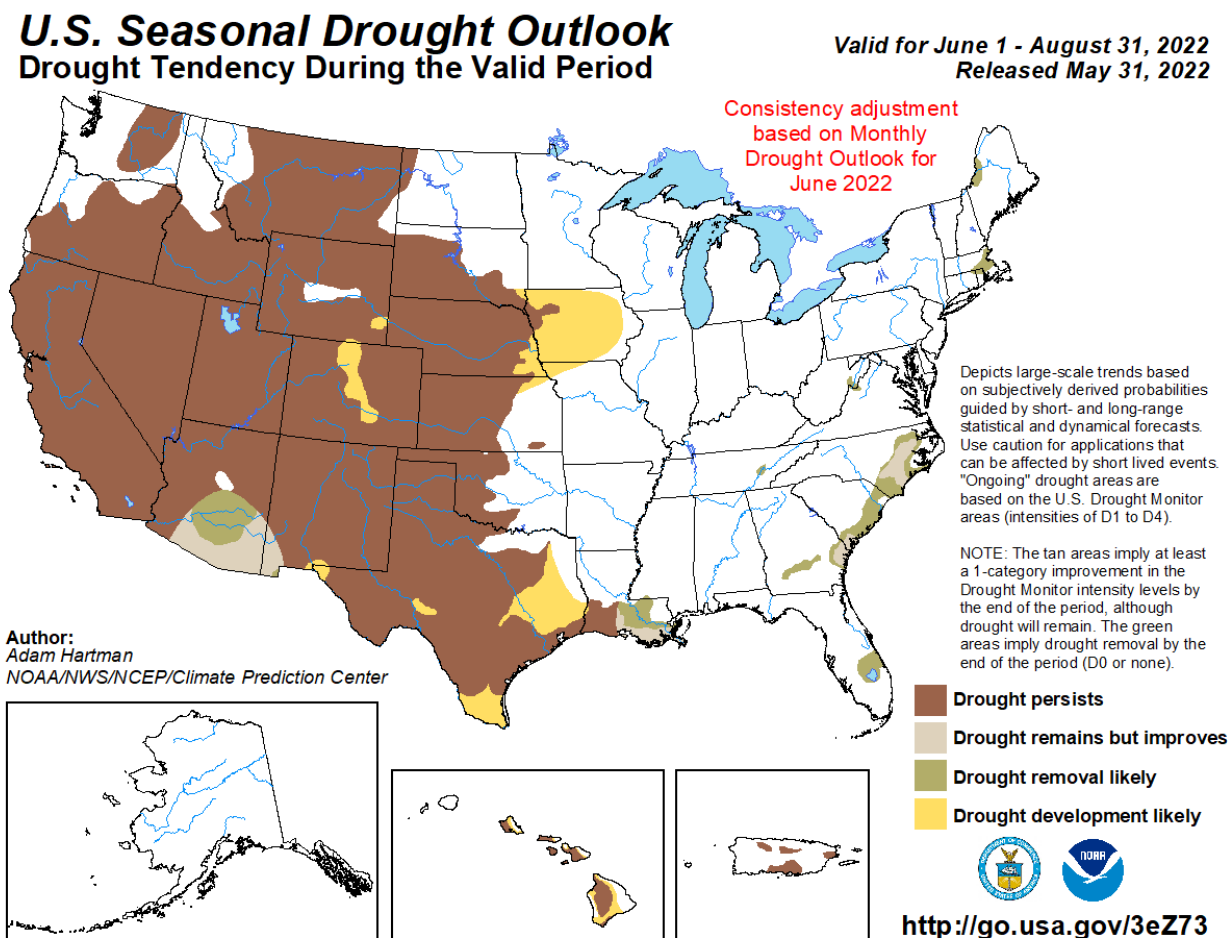
Figure 1. Colorado Drought Monitor, June 7, 2022.

(<https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CO>).



The seasonal drought outlook is expected to persist in Colorado through August 2022 based on current NOAA climate simulations for temperature and precipitation.

Figure 2. US Seasonal Drought Outlook through August 31, 2022 (NOAA).



Peak Snow Water Equivalent ended below the median peak average for 4 of the 5 local SNOTEL sites (Vail, Beaver Creek Village, Fremont Pass, and Copper Mountain). McCoy Park was the one outlier, peaking at 16.3 inches on April 13, above the median value of 14.3 on April 6. Vail and Fremont Pass SNOTEL plots are shown below in Figures 3 and 4. Vail ended at 4.3 inches of snow water equivalent below the Median Peak at 17.0 inches. The peak SWE was measured on both April 15 and April 18. The median peak SWE for Vail Mountain is 21.3 inches on April 27. The SWE peaked at 17.6 inches on May 6 at the Fremont Pass SNOTEL site, which is 87% of the median value of 20.2 inches, occurring on May 14.

Figure 3. Snow Water Equivalent, Vail Mountain SNOTEL, June 14, 2022 (USDA).

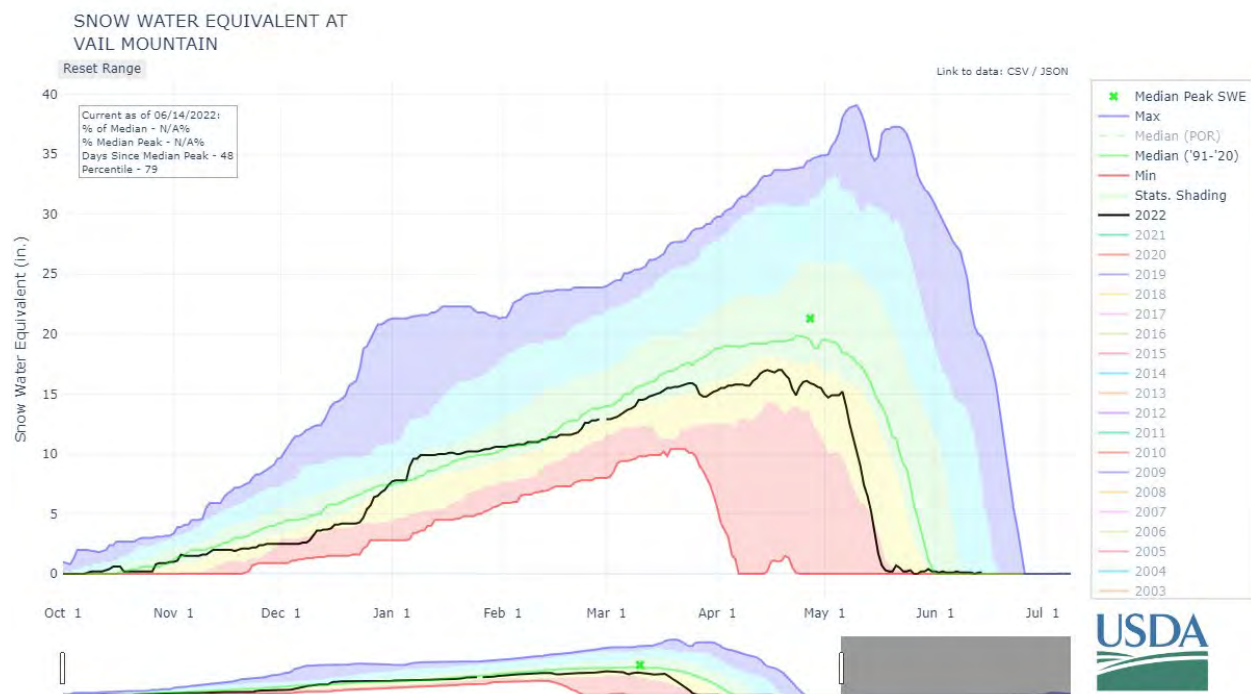
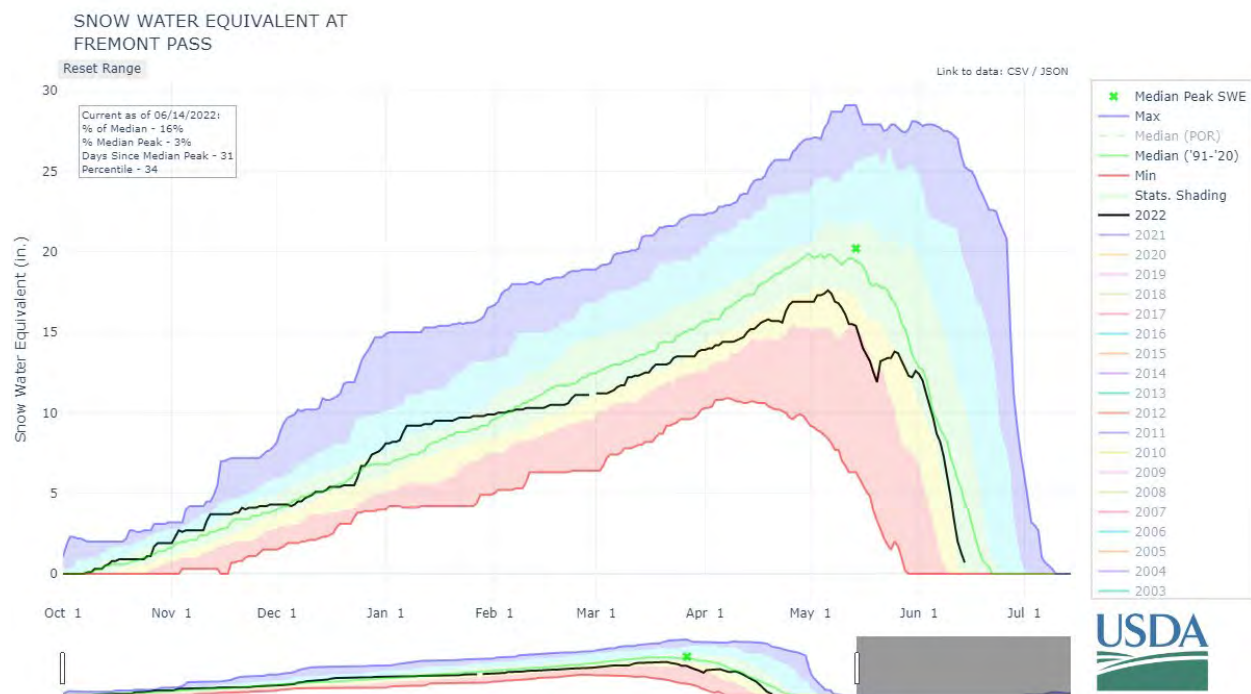


Figure 4. Snow Water Equivalent, Fremont Pass SNOTEL, June 14, 2022 (USDA).



Cumulative water year-to-date precipitation at Vail Mountain and Fremont Pass are shown in Figures 5 and 6. Both are tracking below the mean value for early June. Fremont Pass is only 1.8 inches below the mean for June 14, however Vail Mountain is full 6.6 inches below the mean value. This is 24% of the mean value for June 14, which is a very significant precipitation deficit heading into the summer months.

Figure 4. Cumulative Precipitation, Vail Mountain SNOTEL, June 15, 2022 (USDA).

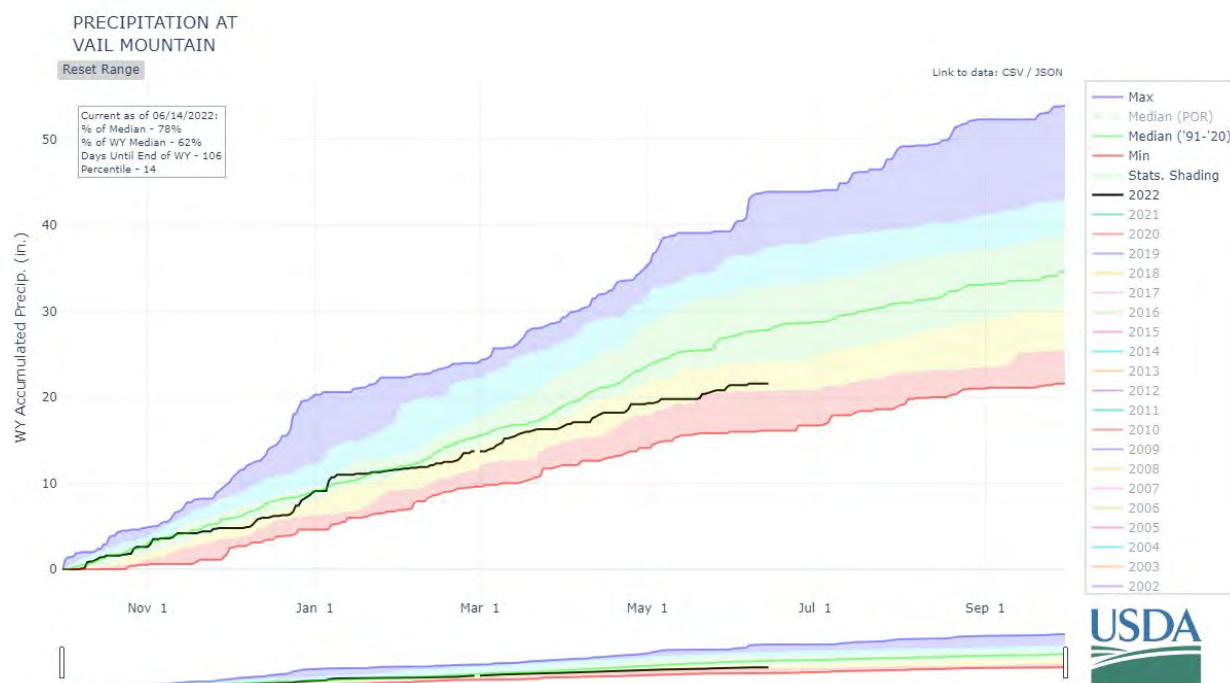
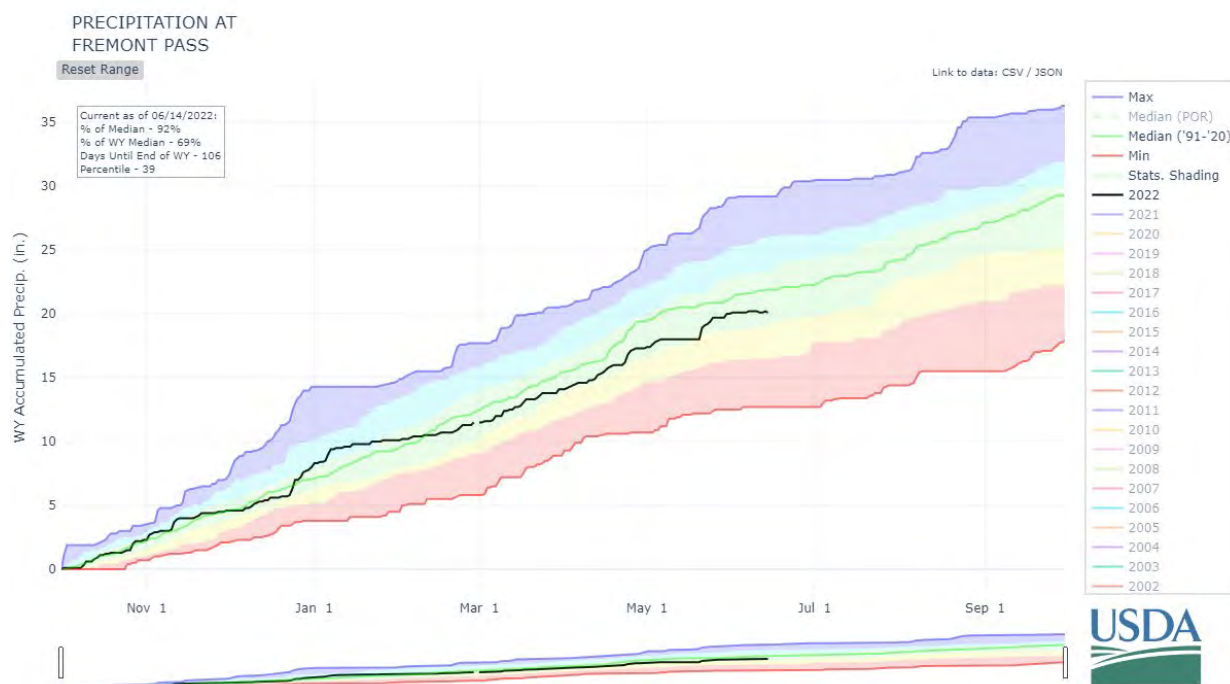


Figure 5. Cumulative Precipitation, Fremont Pass SNOTEL, June 15, 2022 (USDA).



Streamflow appeared to peak early this season around May 20, but precipitation in late May that was followed by cooling temperatures provided some respite that slowed the rapid snowmelt that was occurring. Recent trends reached new seasonal peaks for several gages in the ERWSD and UERWA service areas around June 12. Stream hydrographs plotted from the USGS gages on Gore Creek above Red Sandstone Creek and the Eagle River at Avon are shown below in Figures 6 and 7. Streamflow is expected to drop off into the lower percentile ranges for these locations by the end of June.



Figure 6. Streamflow for the USGS station on Gore Creek above Red Sandstone Creek (CBRFC).

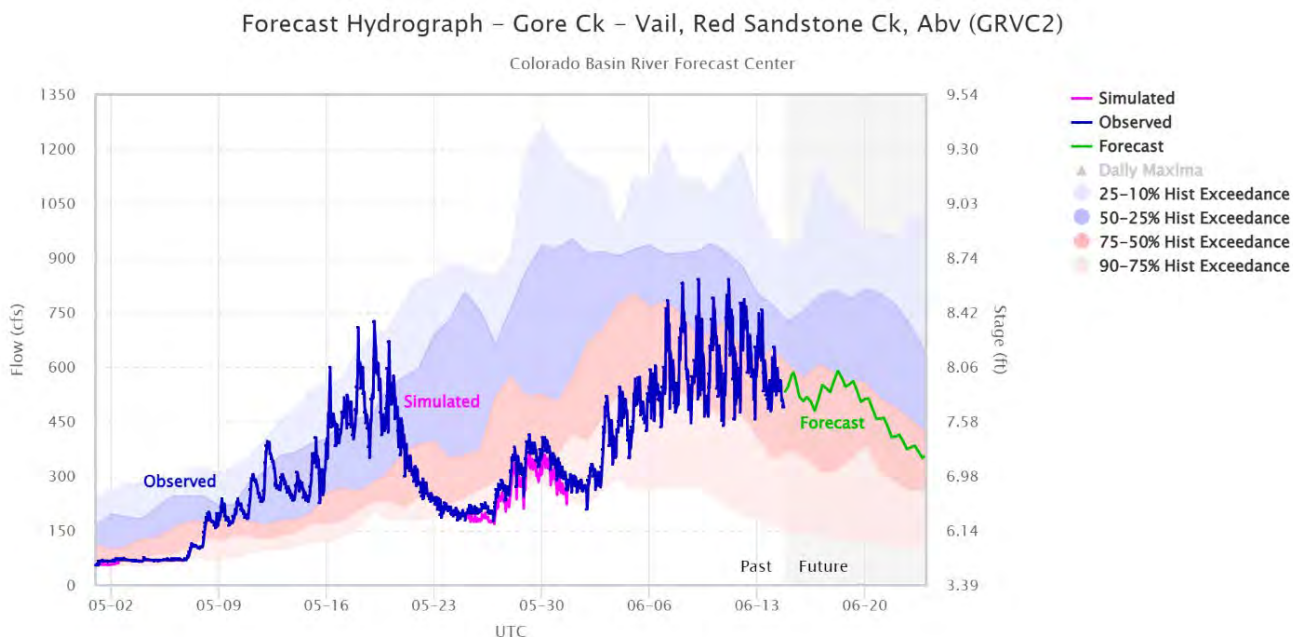
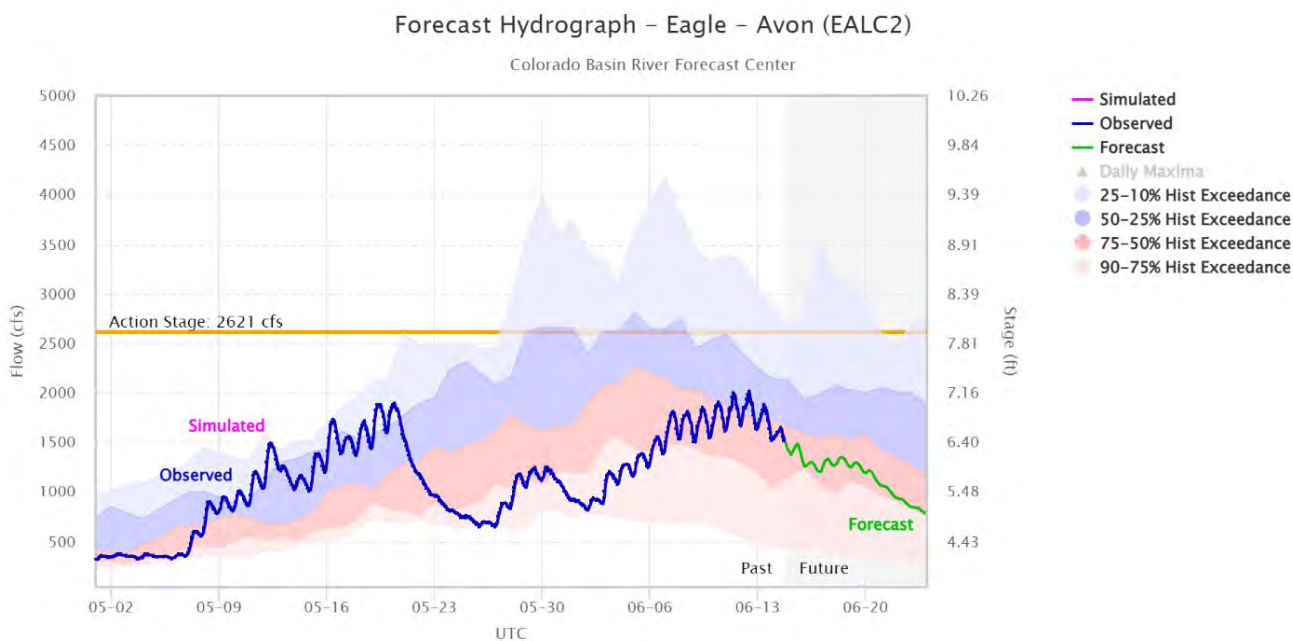


Figure 7. Streamflow for the USGS station on the Eagle River at Avon (CBRFC).



ERWSD and UERWA storage accounts are shown in Table 1 as of June 1, 2022. These values are typical for June as seen in Figures 8 and 9, for 2022 and 2021 respectively.

Table 1. ERWSD and UERWA Storage accounts as of June 1, 2022 (Helton and Williamsen).

Reservoir	ERWSD		UERWA		TOTAL	
<b>Green Mountain</b>	542.58	58%	398.37	73%	940.95	63%
<b>Black Lakes</b>	9.30	2%	9.30	3%	9.30	2%
<b>Eagle Park</b>	428.72	99%	674.25	99%	1102.97	99%
<b>Homestake Res</b>	164.23	66%	38.42	15%	202.66	40%
<b>Wolford Mtn</b>	500.00	100%	599.95	84%	1099.95	91%

Current year reservoir storage is shown below in Figure 13 and may be compared with last year's storage accounting shown in Figure 14. Currently the sum of District and Authority accounts are below the April 2021 values. This past winter, releases from the Homestake Reservoir Exchange account were utilized to preserve storage in Eagle Park. This strategy was successful as Eagle Park Reservoir reached full pool on May 24, 2022. The District and Authority's accounts are both 99% full in anticipation of low streamflows this summer. It is anticipated that the District and Authority's Eagle Park Reservoir accounts will be refilled on September 1, 2022, when the conservation storage account is distributed amongst the shareholders.

Figure 8. Current Water Year, Sum of Storage Accounts (Helton and Williamsen).

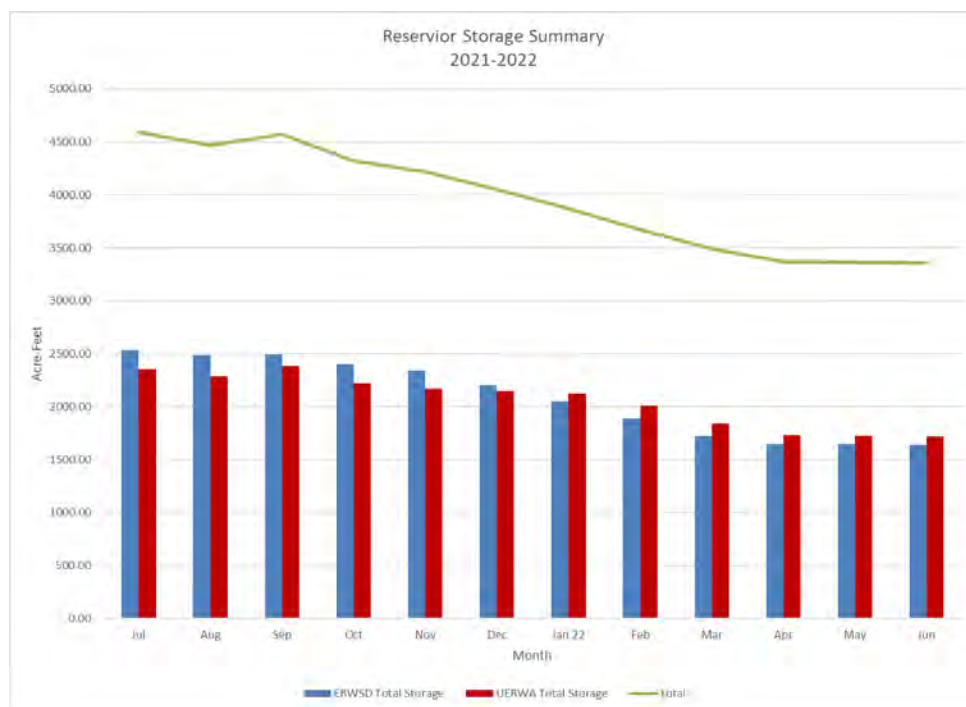
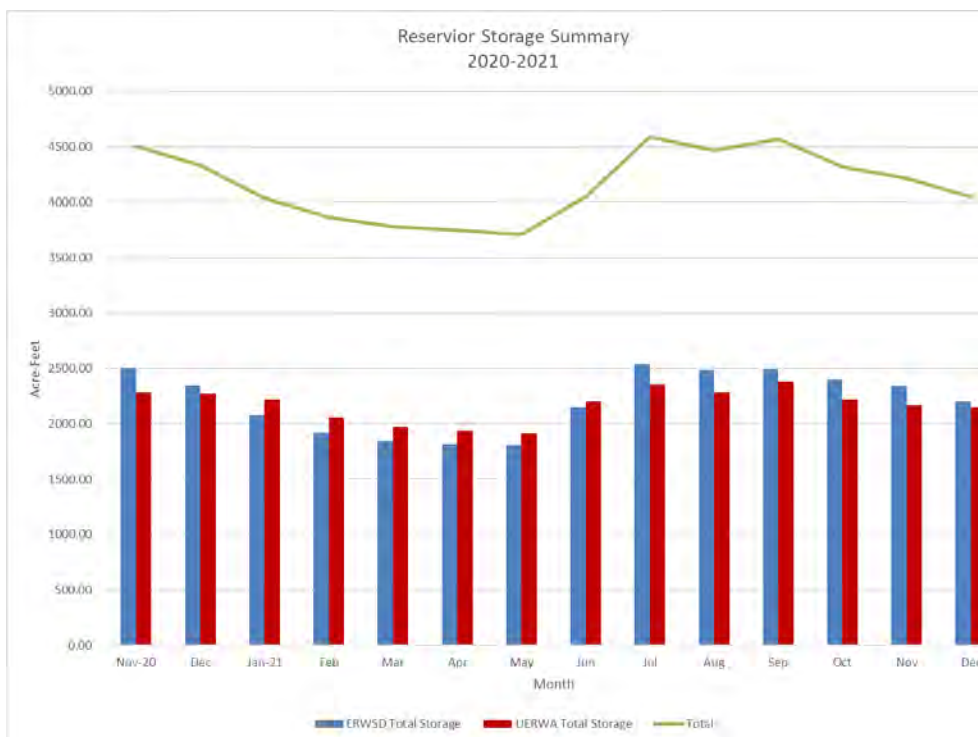


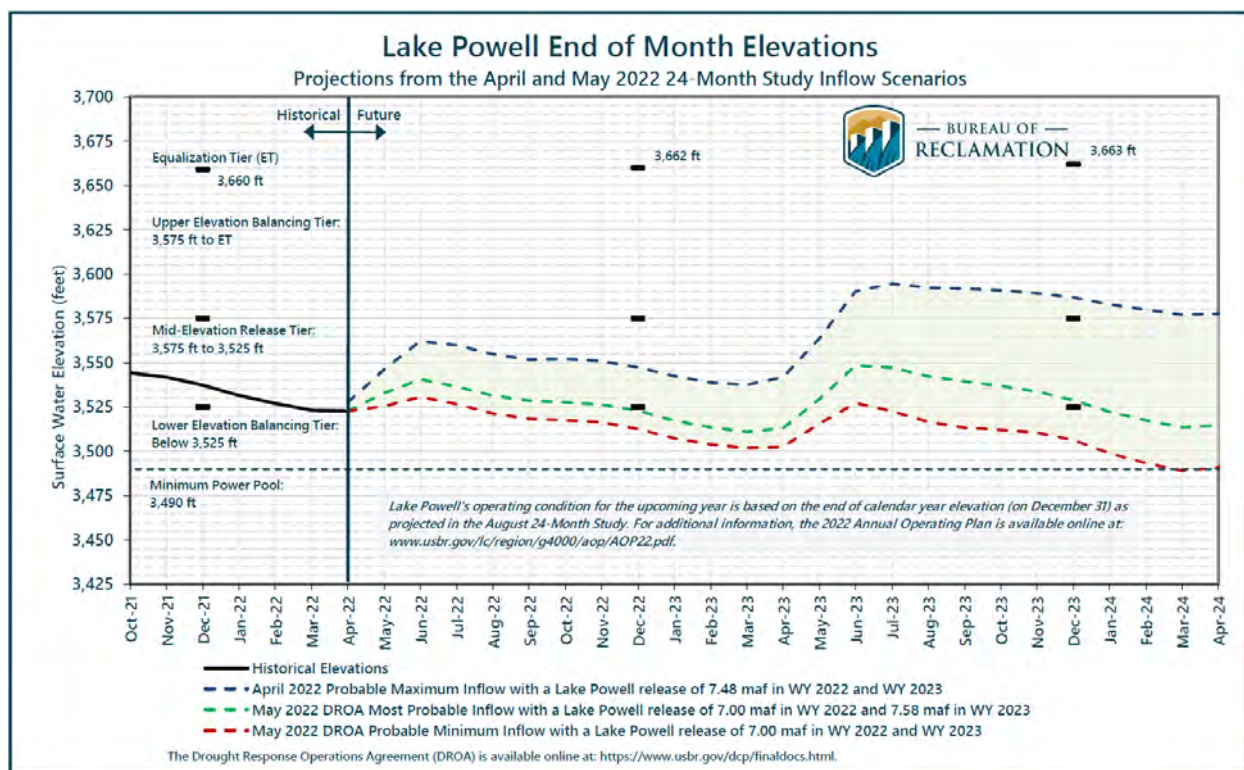
Figure 9. Previous Water Year (2020-2021), Sum of Storage Accounts (Helton and Williamsen).





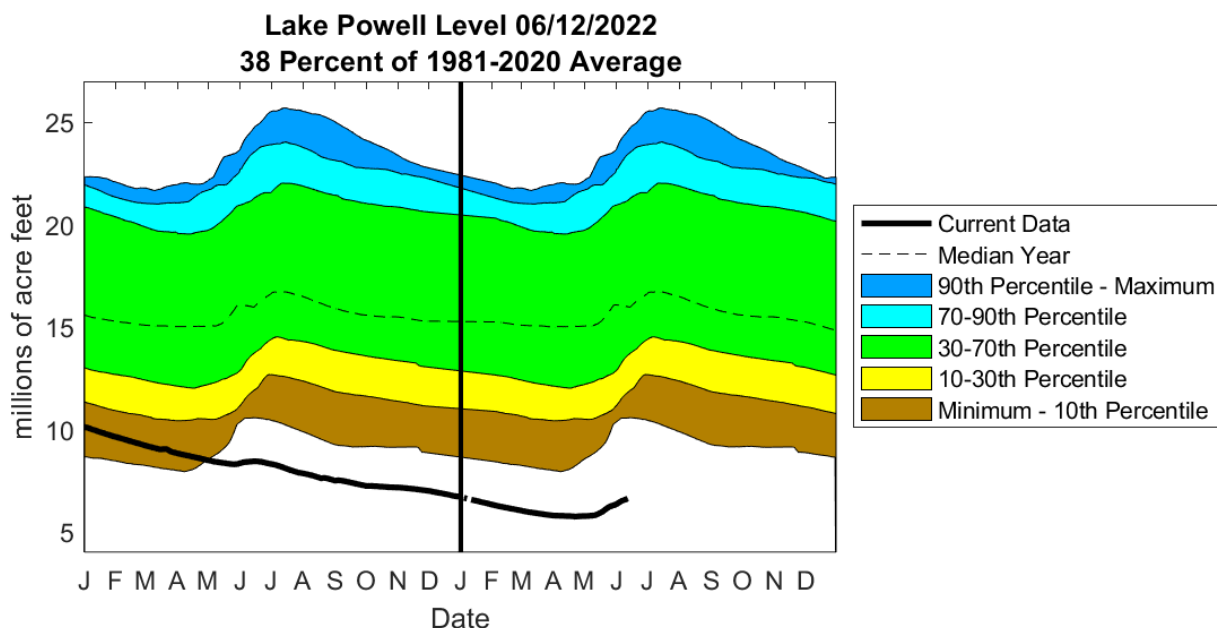
Current projections by the US Bureau of Reclamation for Lake Powell indicate water levels may drop to the power pool elevation over the next 24 months. The current modeled level projection is shown below in Figure 10. The green line represents the water elevation if average hydrologic, river and operations conditions persist over the next 24 months and the red dashed line represents the expected reservoir level if the basin snowpack is well below average next two winters.

Figure 10. USBR Predicted Water Elevation June 2022 (USBR).



The unprecedented conditions currently seen in Lake Powell are clearly depicted in Figure 11, where current levels (Black Line) are at historic lows, below the lowest percentile band of previously recorded levels.

Figure 11. Measured and Historic Water Elevation on Lake Powell June 12, 2022 (USBR).



Current long-range forecasts from the National Weather Service show average conditions are expected for the next three months. Current maps are shown in Figures 12 and 13.

Figure 12. Three-month precipitation outlook May 19, 2022 (NOAA).

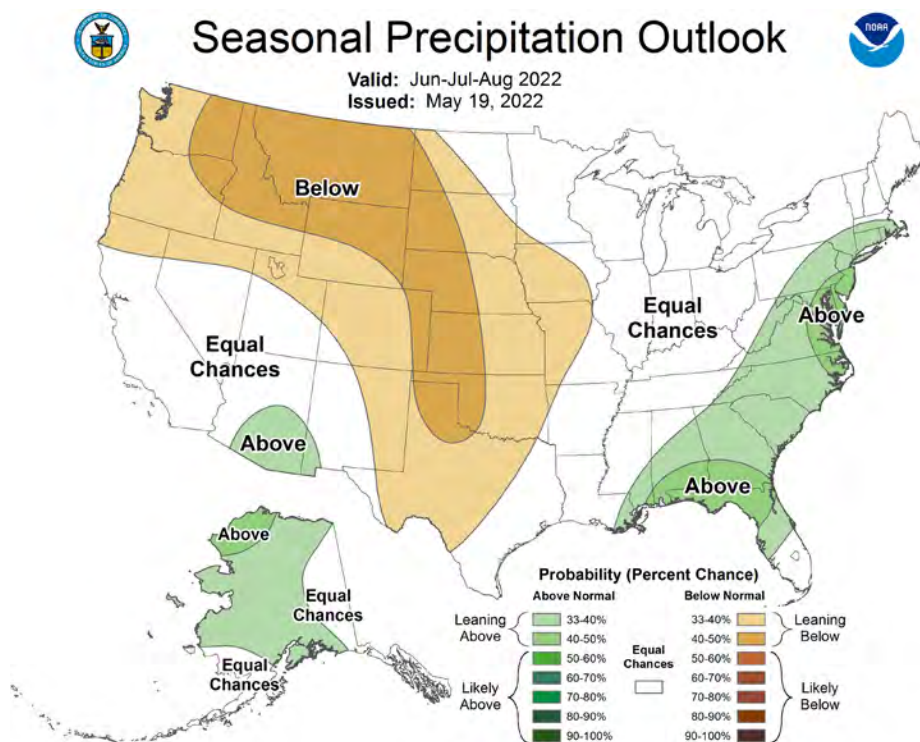


Figure 13. Three-month temperature outlook May 19, 2022 (NOAA).

